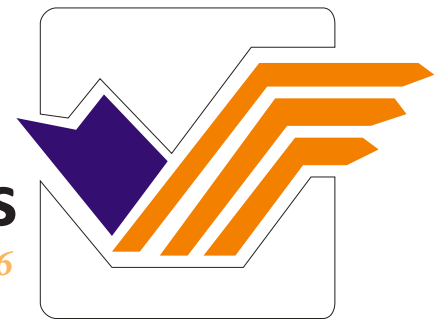


# V. Jethalal Ramji Share Brokers

.... Tracking Market Since 1906



## Market Update

### Amidst Monsoon Fury, Corporate World Shakes and Stirs

The northern Indian state of Himachal Pradesh has been grappling with heavy rainfall over the past few days, leading to severe flooding and landslides across its hilly terrain. While nature wreaks havoc in one part of the country, a flood of news headlines dominates the media landscape elsewhere. From major business decisions to economic indicators, the news cycle is brimming with diverse stories. Amidst this deluge, one story that stands out is the unexpected divorce between two industry giants: Foxconn and Vedanta, which has left India's chip manufacturing dreams hanging in the balance.

Last year, Vedanta had announced a groundbreaking partnership with Foxconn to establish a chip manufacturing facility in India. With the Indian government backing this USD 10 billion financial incentive scheme known as the Production-Linked Incentive (PLI), the joint venture was hailed as a pivotal moment in India's manufacturing history. However, the sudden withdrawal of Foxconn raises serious questions about corporate governance. Why did Vedanta fail to inform the stock exchanges and shareholders about the termination plans a week ago?

Transparency and communication are essential aspects of corporate governance, and the lack thereof raises eyebrows. Lastly, why are Foxconn and Vedanta not obligated to disclose the reasons behind the termination to the government and the public? This leaves room for speculation regarding potential corporate governance issues at either Vedanta or Foxconn. Corporate governance has always been a subject of scrutiny for Vedanta. In its previous avatar as Sterlite Limited, the management had delisted the company using questionable means, only to relist it a few years later.

Delisting attempts were made again in 2020 at a significantly lower price than the fair value, but institutional shareholders' protest led to the withdrawal of the proposal. Shifting gears to a different headline, the GST Council recently recommended the imposition of 28 per cent Goods and Services Tax (GST) on the full value of online gaming, horse racing and casinos. This decision has had a significant impact on related stocks, causing them to plummet. Delta Corp, a prominent player in this segment, was particularly affected. This move has far-reaching implications as the government has knowingly allowed numerous gaming start-ups to flourish in the past decade. These start-ups have benefited from various incentive schemes offered by the government.

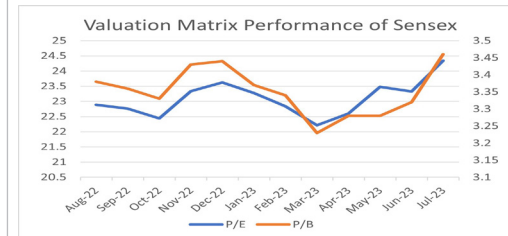
Furthermore, the government has also granted casino licenses. The sudden policy announcement at a crucial juncture sends a strong signal to the global investing community, raising concerns about the stability and consistency of India's policy environment. It further discourages foreign investors already grappling with massive write-downs in their investments in entities like Byjus and Pharmeasy. The move may potentially lead to prolonged litigation, creating an uncertain atmosphere for the entire industry.

Amidst these developments, the US Consumer Price Index (CPI) surprised with a downside in June, providing a glimmer of hope to market participants. As a result, the S & P 500 and Nasdaq Composite surged to 15-month highs, fuelling optimism that the Federal Reserve's interest rate-hiking campaign might be drawing to a close. However, India's CPI remained slightly higher, accompanied by promising Index of Industrial Production (IIP) data. Rising food inflation in India, likely influenced by the unseasonal and excessive rainfall, is exerting pressure on the supply chains and adding to the inflationary concerns.

On the corporate front, the Q1FY24 results from TCS and HCL Tech failed to inspire confidence. TCS reported about 2.8 per cent decline in net profit sequentially, while revenue witnessed a marginal 0.4 per cent increase. Despite this, TCS's share price soared as the profit beat estimates. The upcoming corporate earnings reports will likely dictate the movement of the benchmark indices with further gains depending on whether these earnings manage to surpass forecasts. The focus will be on corporate earnings, particularly from western world banks, as their performance will signal growing confidence in lending and the credit outlook, potentially indicating the Federal Reserve's ability to achieve a soft landing.

## July - Sept., 2023

Valuation Matrix Performance of Sensex



## International Market

Exchange	12-Jul-23	1 Year Change (%)	52-Week L/H
Bovespa	117,666	19.74	95267 / 120752
CAC 40	7,333.01	21.32	5628.42 / 7581.26
DAX	16,023	24.16	11862.84 / 16427.42
Dow Jones	34,347.43	10.85	28666.77 / 34711.63
FTSE 100	7,416.11	2.86	6707.62 / 8047.06
Hang Seng	18,860.95	-9.52	14597.31 / 22700.85
Nasdaq	13,918.96	23.56	10088.83 / 14054.65
Nikkei 225	31,943.93	22.65	25621.96 / 33772.89

## Top Gainers

Company Name	12-Jun-23	12-Jul-23	% change
ICICI Prud. Life Ins. Co.	503.10	598.75	19.01
HDFC Life Ins. Co.	584.15	680.40	16.48
Zydus Lifesciences	509.95	591.30	15.95
Punjab National Bank	51.58	59.14	14.66
Mahindra & Mahindra	1381.05	1566.6	13.44

## Top Losers

Company Name	12-Jun-23	12-Jul-23	% change
Adani Transmission	830.6	745.65	-10.23
Eicher Motors	3592.3	3256.8	-9.34
Ambuja Cements	456.25	416.8	-8.65
SRF	2338.5	2173.8	-7.04
Shree Cement Ltd.	25708.95	24116.3	-6.19

## Performance of other Indices

Index	Price (₹)	1 Year Change (%)
S&P BSE SMALLCAP	33,322.13	29.95%
S&P BSE 500	26,391.97	20.28%
S&P BSE Auto	35,699.78	29.28%
S&P BSE BANKEX	50,440.58	24.57%
S&P BSE CAP GOODS	41,084.21	51.74%
S&P BSE FMCG	19,024.33	29.37%
S&P BSE HEALTHCARE	26,140.75	18.16%
S&P BSE IT	30,007.00	6.62%
S&P BSE METAL	21,118.97	31.31%
S&P BSE Oil & Gas	18,958.95	7.12%
S&P BSE REALTY	4,271.98	27.12%
S&P BSE POWER	3,977.27	-8.17%



## BHARAT PETROLEUM CORPO. LTD.

### Industry Outlook

The oil & gas industry is one of the key sectors in India and has a significant impact on decision-making for other crucial parts of the economy. The growth of India's economy is closely tied to its energy requirements, leading to a projected increase in the demand for oil and gas. This makes the sector favorable for investment. In recent years, global oil markets have been going through a period of adjustment following a series of disruptions caused first by the COVID-19 pandemic and then by Russia's invasion of Ukraine. Benchmark crude oil prices have returned to levels below those seen before the conflict, and the prices of refined oil products have also decreased from their record highs. This shift can be attributed to increased supplies coinciding with a slowdown in the growth of oil demand in advanced economies.

Oil marketing companies (OMCs) hold a strong market position in India for important petroleum products like high-speed diesel (HSD), motor spirit (MS), superior kerosene oil (SKO), and liquefied petroleum gas (LPG). These OMCs play a vital role in ensuring the availability of fuel across the country and are consistently backed by the Government of India (GoI). The GoI provides support to these companies by subsidizing a significant portion of their sales-related losses or under-recoveries through subsidies. This support helps maintain stability in the supply of fuel and ensures the smooth functioning of the market.

### Company Profile

Bharat Petroleum Corporation Ltd (BPCL) is a government undertaking with 52.98 per cent ownership as of March 31, 2023, and a Fortune 500 company, was initially established as Bharat-Shell Refineries Limited (BSRL) on November 03, 1952, by Shell Petroleum Company Limited. In 1977, the company changed its name to BPCL. BPCL operates as an integrated company involved in oil refining and marketing. It is the second-largest oil marketing company (OMC) in India, with a domestic sales volume exceeding 48.92 MMT in FY23. Additionally, BPCL ranks as the third-largest oil refining company in India, with a total refining capacity of 35.30 MMT, which includes the Bina Refinery. This capacity represents approximately 14.13 per cent of India's overall refining capacity.

BPCL possesses an extensive marketing network, comprising around 21,029 retail outlets as of March 31, 2023, making it the second-largest marketing setup for petroleum product sales in the country. Furthermore, BPCL, through its wholly owned subsidiary Bharat Petro Resources Limited (BPRL), holds participating interest (PI) in 17 blocks located across various countries. In addition to its stakes in eight blocks in India, BPRL also has PI in nine blocks located in Mozambique, Brazil, Indonesia, and UAE. The company also holds equity stakes in two Russian entities.

### Strong operational profile supported by refining capacity

BPCL operates three major refineries situated in Mumbai, Kochi, and Bina. The Mumbai refinery has a capacity of 12.0 million metric tonnes per annum (MMTPA), while the Kochi refinery has a capacity of 15.5 MMTPA. Additionally, the merger with Bharat Oman Refineries Limited has brought in a refinery in Bina, Madhya Pradesh, with a capacity of 7.8 MMTPA. This merger has resulted in a total refining capacity of 35.3 MMTPA as of March 31, 2023. The company's refineries consistently demonstrate high capacity utilization, showcasing strong operational efficiency. Furthermore, the strategic coastal locations of the Mumbai and Kochi refineries offer a cost-saving advantage by minimizing transportation expenses.



BSE Code : **500547**

CMP : **₹380**

Target Price : **₹455**

### Company Details

Industry	Refineries
Chairman	Krishnakumar Gopalan
Managing Director	Krishnakumar Gopalan
Company Secretary	V Kala
ISIN Code	INE029A01011
Bloomberg Code	BPCL IN
Reuters Code	BPCL.BO

### Key Market Ratio

Latest Date	13-Jul-23
Latest Price (Rs)	379.55
Previous Close (Rs)	386.1
1 Day Price Var %	-1.7
1 Year Price Var %	22.18
52 Week High (Rs)	397.8
52 Week Low (Rs)	288.2
Beta	0.5
Face Value (Rs)	10
Industry PE	26.44
TTM Period	202303
TTM EPS (Rs)	9.82
TTM CEPS(Rs)	29.08
Price/TTM CEPS(x)	13.05
TTM PE (x)	38.64
Price/BV(x)	1.54
EV/TTM EBITDA(x)	11.03
EV/TTM Sales(x)	0.26
Dividend Yield%	1.05
MCap/TTM Sales(x)	0.15
Latest Book Value (Rs)	246.92
Market Cap (Rs in Crores)	82334
EV (Rs)	136591
Latest no. of sharesCrores	217

### Share Holding Pattern as on 202303

Promoter No of shares (Rs in Crores)	13-Jul-23
Promoter %	0.5
FII No of Shares (Rs in Crores)	10
FII %	26.44
Total No of Shares (Rs in Crores)	202303
Free Float %	9.82



In FY23, the company recorded a gross refining margin (GRM) of USD 20.24 per barrel (bbl), a significant increase compared to USD 9.66 per bbl in FY22. Recent disruptions in supplies, primarily due to the Russia-Ukraine conflict, have led to notable growth in product cracks. While the rise in GRMs has been positive, it has been partially offset by the impact of higher crude oil prices, windfall tax imposed by the Government of India (GoI), and stagnant retail prices. These factors have affected BPCL's overall margins during FY23. However, the company's marketing business performance began to improve from Q3FY23 onwards, driven by a reduction in crude prices. This positive trend is expected to continue if crude prices remain stable and there are no reductions in retail prices for petrol and diesel.

### Robust Q4 volume growth

During Q4FY23, BPCL's demonstrated impressive marketing volumes with (motor spirit) MS sales at 2.4 MTPA grew 12.7 YoY and high-speed diesel (HSD) sales at 5.96 MTPA with 15 per cent YoY growth. This is ahead of industry volume growth rate of 10 per cent and 7 per cent for petrol and diesel respectively. For FY23, BPCL's overall market sales were 50.2MTPA including exports of 1.3MTPA. Among PSUs, in MS and HSD, BPCL had retail market share of 29.44 per cent and 28.62 per cent respectively during FY23.

### Financial Highlights

The company posted excellent financial performance for the quarter ended March 31, 2023 with consolidated revenue of

Rs 1,18,115.39 crore jumped by 13.49 per cent YoY from Rs 1,04,079.84 crore while sequentially stood flat. EBITDA grew by 61.31 per cent YoY and stood at Rs 11,428.97 crore from Rs 7,085.27 crore. Sequentially, EBITDA jumped by 146.96 per cent. Net profit stood at Rs 6,870.47 crore compared to Rs 2,802.74 crore, a YoY growth of 145.13 per cent, and on sequential basis, jumped by 293.27 per cent. The EBITDA margin improved by 287 bps YoY and 579 bps QoQ to 9.7 per cent. Net profit margin improved by 312 bps YoY and 435 bps QoQ and stood at 5.8 per cent.

### Valuation & Outlook

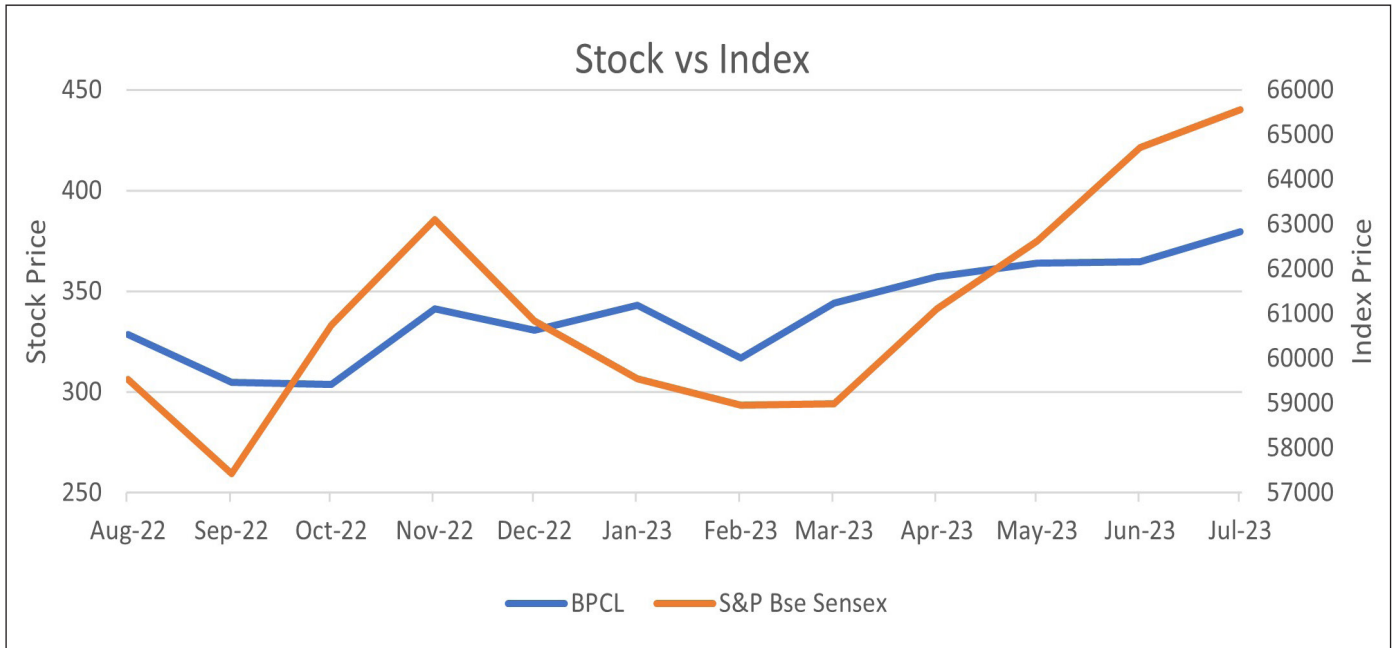
At TTM, BPCL is trading at a P/E of 24.7x which is at its premium to its 3-year median P/E. The company has a compounded sales growth of 18 per cent. The company has an interest coverage ratio of 7.15x over debt to equity of 1.09x. The company has achieved healthy average (5-year) CFO/PAT of 1.43x. The company has a consistent dividend yield of 4.13 per cent.

Even though the stock is available at a premium valuation, the company is well placed to benefit from improving marketing situations and healthy refining profitability. BPCL has also set a capital outlay of Rs 1.4 lakh crore over the next five years for expanding into petrochemical, renewable energy and CGD business. Furthermore, improving marketing environment is expected to drive near term earnings as Q1FY24.

Considering the above factors, we recommend a BUY on BPCL.

### Inc/Exp Statement (Consolidated)

Description	2023	2022	2021	2020	2019
Net Sales	533547.29	346791.08	230170.81	284571.9	298225.59
Total Income	535045.51	349062.16	232674.95	286686.68	300263.13
Total Expenditure	522659.18	327656.32	208873.65	275826.23	283113.36
PBIDT	12386.33	21405.84	23801.3	10860.45	17149.77
PAT	-60.87	11681.5	17319.83	3665.78	8527.85
Dividend %	0	160	790	165	190
Adj. EPS(Rs)	10.01	54.86	77.24	15.53	39.67





## Two Buzzing Stocks

### HINDUSTAN CONSTRUCTION CO.LTD.

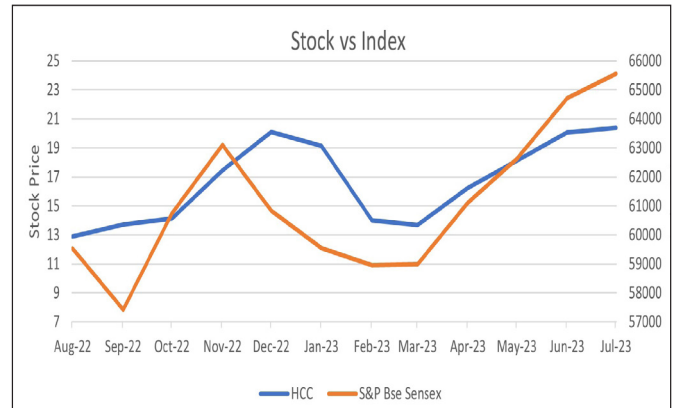
BSE Code : 500185 52 Week High / Low : ₹22.70 / ₹11.90 Face Value : ₹1

**H**CC is one of the largest construction companies in India, engaged in construction activities which include roads, bridges, ports, power stations, water supply, and irrigation projects. The company develops and executes technically complex, high-value projects that span across diverse segments such as transportation, power, marine projects, irrigation and water supply, special buildings, and industrial plants. Steiner AG, HCC's wholly-owned subsidiary, is a leading Swiss real estate service provider with a focus on project development and construction.

In the recent quarter Q4FY23, the revenue of the company stood at Rs 3,094.09 crore which grew by 5.94 per cent on a YoY basis. The operating profit of the company stood at Rs 328.41 crore which declined by 19.38 per cent YoY. While the PAT of the company stood at Rs 187.24 crore growing by 535.77 per cent YoY. The sudden increase in PAT is due to income from other sources which is Rs 185.47 crore. The company PBIDTM% stood at 10.61 per cent in Q4FY23, while in Q4FY22, it was 13.95 per cent.

As of March 2023, the company's order book stood at Rs 14,772 crore, with 51 per cent of orders coming from the transport segment, 26 per cent from hydro, and 16 per cent from water projects. Steiner AG's order intake for FY23 stood at Rs 3,963 crores, with a turnover of 4,379.4 crores and a loss of 352 crores.

In the last few years, the company has faced various challenges in terms of operational and financial constraints, however, still the company is able to secure various projects and we expect these project execution can generate robust growth in revenues and profits of the company.



### Welspun Specialty Solutions Limited

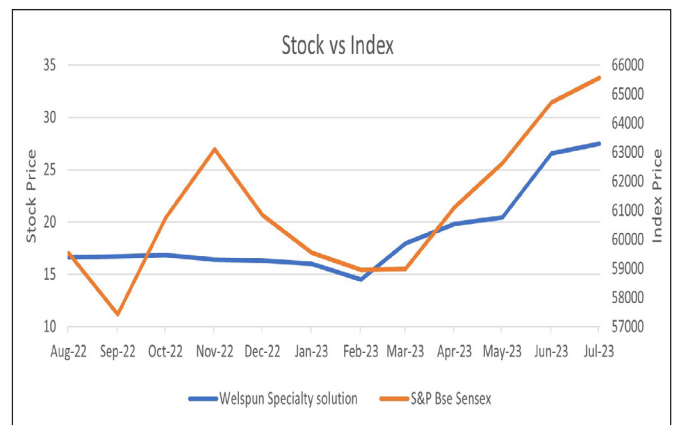
BSE Code : 500365 52 Week High / Low : ₹31.00 / ₹14.00 Face Value : ₹6

**W**elspun Specialty Solutions Limited (WSSL), previously known as RMG Alloy Steel Limited, is primarily engaged in manufacturing alloy and stainless steel products, including seamless tubes and rolled products. The company transitioned from the carbon steel and alloy business to a stainless steel product mix starting from FY21. In Q3FY22, WSSL resumed its steel melting operations.

During the year, WSSL secured significant orders, including high-value orders for various grades such as Ni-Alloy Grade 6625, Alloy 800H, 8825, Monel 400, among others. The company also booked new export orders of strategic importance, aiming to expand its customer base and enter new geographies. WSSL expects to sustain its improved performance by obtaining new customer approvals, accreditations, developing new products, and entering new markets.

The company has established strong relationships with prominent energy, defense, and engineering companies, including Engineers India Limited, Nuclear Power Corporation of India Limited, Mishra Dhatu Nigam Limited, GSFC, and Gujarat Narmada Valley Fertilizers & Chemicals Limited, among others. WSSL's total order book stood at approximately 3,500 MT valued at around Rs. 155 crores at the end of FY23. The company's products are gaining traction in both domestic and export markets, and it is focusing on higher value-added grades. WSSL is aligned with the government's Make in India initiatives and has implemented BIS and other accreditations.

The company's total income has consistently increased, with a significant growth from FY22 to FY23, more than doubling its value. The EBITDA also showed improvement over the quarters, indicating positive momentum. While WSSL reported a loss for FY23, however, it posted a profit in the last quarter of FY23. Currently, the shares of the company are trading at a market cap to sales ratio of 3x, which is near its long-term average.





## Market Statistics

### DIVIDEND BECOME EX-DATED IN FORTHCOMING DAYS

Company Name	Dividend (%)	Ex Div Date	Company Name	Dividend (%)	Ex Div Date
Superhouse	10	15-Sep-23	Ganesh Housing	24	1-Sep-23
Macrotech Dev	20	8-Sep-23	Ram Ratna Wires	50	1-Sep-23
Ludlow Jute	15	4-Sep-23	B&A Packaging	15	31-Aug-23

### NET INVESTMENT IN EQUITY MARKETS (₹/CR)

Days	FII's	DII's	Days	FII's	DII's
13-Jul-23	2,237.93	-1,196.68	6-Jul-23	2,641.10	-2,351.70
12-Jul-23	-1,242.44	436.71	5-Jul-23	1,603.10	-439
11-Jul-23	1,197.38	-7.25	4-Jul-23	2,134.33	-785.48
10-Jul-23	588.48	288.38	3-Jul-23	1,995.92	-337.8
7-Jul-23	790.4	-2,964.23	30-Jun-23	6,397.13	1,197.64

### SPLIT DECLARED IN LAST FEW DAYS

Company Name	Date Of Announcement	Old Face Value	New Face Value
Square Four Projects India Ltd.	20 July, 23	10	5
Tejnaksh Healthcare Ltd.	19 July, 23	10	5
Ashapuri Gold Ornament Ltd.	18 July, 23	10	1
AKI India Ltd.	22 June, 23	10	2
Tahmar Enterprises Ltd.	15 June, 23	10	1
Varun Beverages Ltd.	15 June, 23	10	5

### EX-BONUS

Company Name	Ex-Bonus Date	Current Holding	Ratio Offered
Kamdhenu Ventures Ltd.	1	1	01 Aug., 23
Remedium Lifecare Ltd	5	9	28 July 23
NDR Auto Components Ltd	1	1	24 July 23
Leading Leasing Finance	1	1	20 July 23
Anmol India Ltd	1	4	18 July 23
Aptech Ltd.	5	2	14 July 23

### RECENT ANNOUNCEMENTS

#### Premier Explosives Ltd

Premier Explosives Ltd secures order worth Rs 552 crore. This intriguing development came after the company received substantial defence orders, propelling its shares to an upper circuit limit.

#### Suzlon Energy

Suzlon Energy receives new order for a 47.6 MW wind power project; company takes pride in the fact that committed customers like The KP Group continue.

#### Tata power

Tata power bags a new order worth Rs 1,744 crore from Chhattisgarh State Power Distribution Company! The stock has returned more than 11 per cent in the last six months.

#### Tata Steel

Tata Steel offers funding for R&D projects in low carbon segment. As part of the 'UK-India Hydrogen Partnership Sprint Series', Tata Steel said it will grant 80,000 pounds (Rs 83 lakh) funding for two innovative projects in the low carbon hydrogen segment.