

# MARKET pulse.se



Dear Investors,

MARKET PULSE, the monthly report from ACMIL, aims to provide insightful perspectives on all aspects of the market, the Fundamental, Technical, and Derivatives. The report contents

## Overall Outlook

- Domestic & Global Update

## Investment Idea

- Gravita India Limited
- Timken India Limited

## Technical View

- Nifty View
- Bank Nifty View

## Derivatives Report

- Rollover Report

## Retail Research Call Performance

## Event Calendar

MARKET PULSE aims to capture the market in all its hues and colors and provides a range of information that helps in making wise investment decisions.

Regards,  
Research Team  
ACMIL

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## Domestic Market Update

The Indian Equity Market gained momentum further and closed second consecutive month in the positive territory. Nifty and Sensex ended positive monthly closing of around 2.6% and 2.5 % respectively. Broader Market outperformed, BSE Midcap and BSE Small cap ended monthly in positive territory and closed around 6.3% and 5.56% respectively. FPI started to showing buying interest after sell off of last one and half year exceptional to some odd months. FPI bought equity worth ₹ 27,856.48 crore and DII sold worth ₹ 3306.35 crore for month of May.

The earning season ended well for Q4 of FY23. The company in general came out with double digit growth in revenue and single digit growth in profit with margin improvement on sequential basis due to recent fall in commodity prices. The Company's from sectors like Banks, Automotive, Auto Ancillary, Capital goods and Engineering, FMCG came out with good set of numbers. The commentary from the management in general optimistic for FY24. Therefore it looks like earning growth momentum with margin improvements to pick up from here on further in FY24.

RBI has come out with notification to close ₹ 2000 currency notes in circulation from the system after 30 September 2023. These was a surprise move and expect liquidity to improve in the system due to it. Easing pressure on short term interest rates started to reflect the same. Minutes of RBI meeting also suggesting softening stance regards to future interest rates hikes supporting growth. Monsoon developments is to watch out in coming months as fear of below monsoon due to El Nino may hamper the growth momentum.

India's PMI data (both Manufacturing and Service) is still showing overall strength due to strong order inflow and domestic demand. Manufacturing PMI came around 58.7 for the month of May which is at 31 month high. CPI for the month of May came around 4.70% which is showing sign of moderating due to recent fall in commodity prices in general. The softening of commodity prices will be beneficiary to control inflation at lower levels moving forward except fear of inch up in food inflation remains due to uncertainty of monsoon in future.

India's trade deficit narrowed down to \$15.2 bn (April 2023). India's GST Tax collection increased 12% from a year earlier to 1.57 lakh crore for the month of May 2023. The Russia's share to India in terms of import of Urals Crude increased to highest levels of 42% in the month of May which is a good sign to control overall trade deficit in coming months and consecutively eases the pressure on INR to depreciate further in near term.

We continue to bullish on some of the sectors like Auto and Auto Ancillary, Cements, Defense, Railways, Capital goods and Engineering, Infrastructure, Construction, Banking and Financials etc. which are going to be outperformer in the rally ahead. Some of the laggard sectors also has some value buying opportunity to accumulate at lower levels includes Information Technology, Specialty Chemicals and Metals etc.

Nifty has a strong support in the range of 16800/17500 levels and resistance around 19000/19200 levels in short term. It's currently trading near upper end of range. Sustain above of these range breakout will lead to sharp trending move in market from medium term perspectives.

## Global Market Update

Global Indices particularly Dow Jones, S&P 500 and Nasdaq composite ended month -3.5%, 0.2% and 7.6 % respectively. Nasdaq Composite remained outperformer among these three indices due to value buy at lower levels and also positive commentary by management of couple of companies from Information technology sector in USA. USA Indices in general has broken out of consolidation of last couple of months on upside showing Bullish trend for short term.

ISM Manufacturing and Service PMI data is showing sign of moderation in USA. ISM PMI came around 46.9 and S&P global PMI came around 48.4 for the month of May. USA Q1CY23 GDP growth came out as annualized 1.30% which is better than estimates. While certain other data is indicating slowdown in economy due to rise in interest rate.

CPI for the month of April came around 4.90% which is showing sign of moderation but pace of its slowing down is still slow. Payroll data is still coming strong showing strong employment and job growth levels in USA economy.

USA Debt ceiling bill passed by House of Representatives with a suspension of debt ceiling limit until January 1, 2025 from \$31.4 tn earlier. Many Fed officials came out with positive commentary to keep a Hold in policy rate for the month of June and evaluate earlier effects of rates hikes and further economic data for future hike in Interest rate policy decision, which is positive sign after 10 consecutive Interest rate hikes by Federal Reserve.

Inflation in Eurozone and UK are showing sign of moderation. It's closer but still away from their comfort level. Their central bankers will continue to rise interest rate but at a moderate pace to control the inflation till it reached towards their comfort levels.

The fear of recent global banking crisis is constantly to watch out for any kind of uncertain risk for global economy. Economic slowdown worry due to rising interest scenario will continue to be a headwind for world economy.

The OPEC Plus cuts Output of around 1.16 million barrels per day came in to effect from May. They have initiated decision to cut further after almost 6 months since November 2022. Though overall world Crude demand is going to increase in second half of calendar year as predicted by IEA and many other agencies. The OPEC plus meeting ended on June 4, 2023 in which Saudi Arabia pledges to reduce output by another 1 million barrels per day from July. That would bring country's production levels to around 9 million barrels per day from next month. These measures will bring price stability ahead of global slowdown fear as per Saudi Energy minister comment. It will continue to give support to Crude oil prices at lower levels.

Conclusively, we are reaching towards upper end of range esp. of Indian equity market indices particularly (Nifty/Sensex). If it's going to be sustainable break out after timewise consolidation of almost 15-18 months, then we can see sharp rally in the coming months on upside for higher levels targets or else it will further consolidate in this range for some more time.

We are in to time wise corrective or consolidation phase of Indian equity market due to near term challenges of Rise in interest rate and Inflation. These both challenges are going to ease further in coming time. The corporate earning is going to improve further in FY24 will be positive trigger for Indian equity markets.

We feel India is in a very good spot in this economic slowdown worry because of its favorable policy reforms and domestic growth. Overall big picture of multi-year growth upcycle in Indian equity is still intact. CII President Mr.R.Dinesh commented in his interview that it's going to be strong decade for Indian economy and expect India GDP to grow at CAGR of 7.8% in next decade.

We continue to reiterate same view that these time wise corrective phase is stock specific buying opportunity for 2 to 3 years Investment perspectives.

## Global Indices Performance

Index	28-Apr-23	31-May-23	Change MoM
Dow Jones	34,098	32,908	-3.5%
S&P 500	4,169	4,180	0.2%
Nasdaq	13,246	14,254	7.6%
CAC 40	7,492	7,099	-5.2%
DAX	15,922	15,664	-1.6%
FTSE 100	7,870	7,453	-5.3%
Nikkei 225	28,856	30,888	7.0%
Hang Seng	19,895	18,234	-8.3%
Shanghai	3,323	3,205	-3.6%
Nifty 50	18,065	18,534	2.6%
BSE Sensex	61,112	62,622	2.5%
Brent Crude (\$)	80.3	72.1	-10.2%
WTI Crude (\$)	76.6	67.6	-11.8%

Sources : Yahoo Finance /BSE

## Domestic & Sectoral Indices Performance

Index	28-Apr-23	31-May-23	Change MoM
Nifty 50	18,065	18,534	2.6%
Nifty IT	27,708	29,320	5.8%
Nifty Next 50	39,514	42,049	6.4%
Nifty Bank	43,234	44,128	2.1%
NIFTY MIDCAP 100	31,795	33,761	6.2%
Nifty 500	15,220	15,766	3.6%
Nifty 100	17,904	18,438	3.0%
Nifty Midcap 50	8,963	9,540	6.4%
Nifty Realty	445	479	7.6%
Nifty Infra	5,356	5,460	1.9%
Nifty Energy	23,735	23,876	0.6%
Nifty FMCG	47,814	51,043	6.8%
Nifty MNC	19,812	20,801	5.0%
Nifty Pharma	12,614	12,678	0.5%
Nifty PSE	4,683	4,800	2.5%
Nifty PSU Bank	4,168	4,030	-3.3%
Nifty Serv Sector	23,734	24,192	1.9%
India VIX	11	12	9.4%
Nifty Auto	13,189	14,199	7.7%
Nifty Metal	5,799	5,890	1.6%
Nifty Media	1,715	1,756	2.4%

Sources : NSE

## Accumulate

### Key Data

DATE	29.05.2023
Reco Price	580-590
Target	732
Sector	Industrial Minerals - Non Ferrous Metals
BSE Code	533282
NSE Code	GRAVITA
EPS (FY23)	29.13
Face Value (Rs.)	2.00
Market Cap (Cr.)	4,071
52-week High/Low (Rs)	600.65 / 230.95

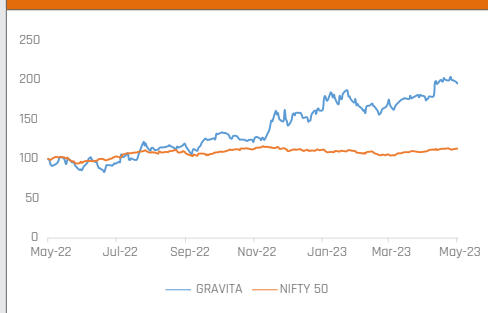
Source : NSE, BSE

### Shareholding pattern (Mar-2023)

	%
Promoters	73.00
DII's	0.25
FII's	3.08
Public	21.67
Others	2.00
<b>Total</b>	<b>100.00</b>

Source : NSE, BSE

### Price Performance



Rebase to 100

## Gravita India Limited

### Company Background

**Gravita India Ltd (GIL)** was established in the early 1990s, with its first recycling plant at Jaipur, Rajasthan in 1994. The Company is one of the largest lead producer in India. The company's business is organized across four specialized verticals: Lead Recycling (flagship), Aluminum recycling, Plastic recycling and Turnkey projects. It enjoys patronage of its products in more than 59 countries. In addition, GIL also provides turnkey solutions to recycling industry and has supplied more than 60 recycling projects across the world.

The company also has expertise in the recycling of used batteries, cable scrap/other Lead scrap, Aluminum scrap, Plastic scrap, etc. The company is headquartered in Jaipur with recycling plants located in India and off shore (majorly in Africa). GIL was the first mover into Africa.

### Company at a glance

- Company having its Deep presence in Asia, Africa, Middle East, Europe and America.
- Gravitas with pan India presence enjoys the logistic benefits by serving:
  - 230+ domestic customers in 22 states in India
  - 90+ overseas customers in 36 countries.
- Company having its own 27 yards with 1500+ touch points.
- Company have achieved a milestone of 205000 MT+ scrap collection.
- Company have achieved a target of 155000 + MT recycled products delivered.

### Outlook and Valuation

Gravita India Limited is a global leading non-ferrous secondary metal and one of India's largest secondary Lead metal producing company. Company's state-of-the-art recycling facilities are located in the established growth centers of Asia, Africa and Central America. Company strong order book, robust growth outlook of lead recycling, favorable government policies and increased product portfolio to drive growth momentum going forward, we believe Gravita India Limited is well placed to capitalize on these opportunities. Going ahead, we expect the company's revenue to grow at a CAGR of ~25.50% over FY23-FY26E. Hence, we recommend Gravita India Limited with a target price of Rs 732 based on FY26E EPS of Rs 59.72; it's available at reasonable forward PE valuation of 9.88 at recommended price. Hence, **we recommend ACCUMULATE rating for the long term.**

### Financial Snapshot

Particulars (Rs Cr.)	FY23	FY24E	FY25E	FY26E	CAGR (FY23-26E)
Revenue	2,800.60	3,500.75	4,393.44	5,535.74	25.50%
EBITDA	197.60	314.42	425.60	565.59	41.98%
EBITDA Margin %	7.06%	8.98%	9.69%	10.22%	200bps
PAT	201.10	219.17	301.28	412.26	27.03%
EPS (Rs.)	29.13	31.75	43.64	59.72	
ROCE	21.47%	21.81%	25.40%	27.28%	

Source : Company, ACMIIL Research

# Investment Idea

## Investment Rationale

### Established geographical presence

The company has diversified presence across India with five plants located in Jaipur, Chittoor, Gandhidham, Kathua and Mundra and seven plants overseas in Africa (Ghana, Mozambique, Senegal, Tanzania and Togo), Central America (Nicaragua) and Asia (Sri Lanka) with a recycling capacity of 2,33,919 MTPA for lead, aluminum, plastics and rubber in FY23 and management expects to expand the current capacity to 4,34,319 MTPA by FY26E.

### Barriers to entry

There are lot of barriers for new entrants in the industry in which the company works. It requires specialist knowledge, OEM Approvals, capacity to develop customized products, multinational procurement network, and Import license in India, which gives an edge among peers in Industry.

### Strategically located manufacturing units

The plants have been set up closer to ports, battery manufacturers and industrial hubs for freight cost savings, easy customer access and lower distribution costs. Further, diversified presence helps to take delivery of scrap in a different region and supply lead from another plant that is the closest to the customer's factory resulting in significant cost savings for its customers.

### Healthy improvement in scale and margins in FY2023 likely to continue to moving forward

On a consolidated basis, the company reported a consistent revenue growth and improving profit margins with rising volumes along with increased capacities and improved sales realization. In terms of profitability, EBITDA margins also increased with more focus on value-added products, which are more margin accretive. We expect sustained healthy performance in the current fiscal, supported by higher share of value-added products and healthy volumetric growth on the back of optimal utilization of its capacities.

### New verticals to give an edge

The Company aims to increase its Non-Lead business to 25% by 2026 and to enter into new verticals like E-Waste, Lithium, Rubber, Copper and Paper. However, sourcing network, strategic locations, logistics management, corporate tie-ups, and strong OEM relationships are key differentiators and competitive strengths.

### Regulatory tailwinds for lead-acid recycling industry to leads the structural shift from unorganized to organized

The Ministry of Environment, Forest and Climate Change, Government of India published the Battery Waste Management Rules, 2022 on 24th August, 2022 to ensure environmentally sound management of waste batteries. This initiative will be game changer for GIL who is operating in Battery recycling space which will benefit them for future growth and it will also lead to gaining market share from un-organized to organized players like GIL.

### Turnkey Solution for Recycling

The company also provides turnkey solutions to develop in-house Recycling Technology. It has executed more than 50 turnkey projects globally including Qatar, UAE, Saudi Arabia, Poland, and Chile. It did AMC contracts with company for the same. It helps many companies in reducing capital expenditure.

### Hedging strategy to mitigate commodity pricing risks

The company develop back to back hedging mechanism to mitigate the risk of commodity prices fluctuation. The Company started hedging of core inventory by taking a forward contract on LME Exchange. Sometimes company do nature hedging as well against customers contracts.

### Environment friendly and reduce in overall production cost

The major factor driving demand for lead and aluminum recycling include growing demand of metals in various industries such as manufacturing, agriculture, etc. Also, the growing usage of aluminum and lead in consumer electronics, household and industrial appliances, as well as in automobiles sector is significantly fuelling market growth. Metal recycling does not emit harmful gases and assists in reducing production costs.



# Investment Idea

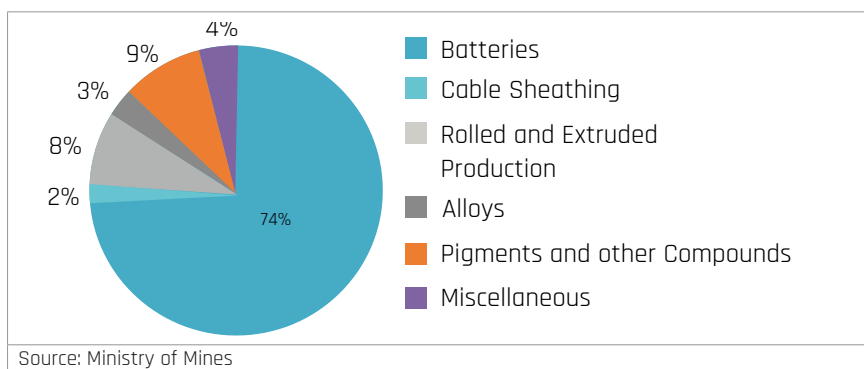
## Company's Strong Partners

## Industry Overview

### Lead Recycling:

Lead sheet used for in Healthcare, Construction Industry. Lead alloys are still used in some bullets, Camera lenses, Optical Instruments, paints & Ornament metal pieces. Recycling of Lead is very high as the metal in batteries, cable sheathing and sheathing against radiation is fully recyclable without losing its properties. The recycled Lead is about 80% of total refined Lead produced in the country in the recent years. In metal Recycling Fuel is a major cost not Power..



Major industrial sectors using Lead in India are Batteries with 74% share followed by pigments & other compounds with 9%, Rolls & extrusions with 8% and Alloys with 3% share in the total use of Lead.

The amount of lead recycled in India stands at about 74-75% of the total lead production. Over 70% of lead consumed in the country goes into manufacturing lead batteries.

Major factors attributed to the growth of the SLI battery market is rising demand for these batteries to power starter motors, lights and ignition systems or other internal combustion engines with high performance, long life and cost-efficiency. Moreover, lead-acid battery is the technology of choice for all SLI battery applications in conventional combustion engine vehicles in India, such as cars and trucks.

The Indian government recently launched the National Electric Mobility Mission, which will witness increased use of lead-acid batteries in electric two-wheelers and e-rickshaws.

### Aluminum Recycling:

The case for recycled aluminum is solid as production of primary aluminum requires a huge amount of energy, while recycling aluminium requires only 5% of the total energy required to produce primary aluminium from the virgin raw material bauxite. Thus, it effectively contributes in climate action and mitigation, reducing the total environmental impact as well as minimizing GHG emissions.

Recycled aluminum can be utilized for almost all aluminum applications, thereby preserving raw materials and ensuring considerable energy savings. Furthermore, it is expected that with the "End of Life Vehicle Policy" being issued by the government and establishing scientific methods for collection of scrap, dependency of the secondary sector on imported scrap will reduce in the future.

### Plastic Recycling

Favorable initiatives to promote the use of recycled plastics in developed countries, growing acceptance of recycled plastics consumption in the textile industry as fibers in developing countries of the Asia Pacific, and cost effective, sophisticated recycling technologies are some of the key factors driving the global recycled plastics market

Recycled plastic is scrap or waste plastic materials that are processed and re-purposed into useful products. Since most of the polymer materials used globally are non-biodegradable, recycling of these materials is the solution to reduce the burden of polymers present in the environment. Furthermore, increasing restrictions on the usage of single use polymers and initiatives taken by governments in Europe, China, India and Brazil are expected to promote recycling on fast-track basis

Moreover the shift of end use industries, specially packaging and consumer goods towards sustainable or recyclable materials will drive the market growth. Further, the innovation and development of products, including packaging bottles, films, containers and cutlery using post-consumer recycled (PCR) plastics will provide huge opportunities for the market in the future.

# Investment Idea

## Industry Growth Drivers for Recycling of Metals

### Automobile Sector

Auto demand is expected to improve on back of various initiatives taken by the government in the Union Budget 2023 like vehicle scrappage policy for automotive sector. Hence, more the growth in the automobile sector will lead to an increase in business opportunities of Secondary Lead by the Lead acid battery manufacturers.

### Increasing demand for telecommunication and data center applications

Growing population, era of digital and digitalization and 4G services that are well-established in the country are some of the prominent factors contributing to the growing subscriber base in India during the last decade. With increasing subscribers, telecom companies are required to augment the network by increasing the number of telecom towers, which will create considerable demand for lead-acid batteries for backup purposes.

### Power sector (Renewable energy)

Renewable energy and lead batteries, being highly recyclable and economical, offers the required energy density. Generating power from non-renewable sources such as coal or nuclear energy does not need storage of energy. However, with renewable energy such as solar or wind, production is not consistent due to seasonality. It is therefore an imperative to have a low-cost and reliable method to store excess energy generated for use during periods when either production dips or demand spikes. Lead batteries have always stored electricity and it is the oldest, most proven and reliable battery technology available.

**Emerging Segments (E-bikes/EVs):** The government has announced a series of support measures and incentives, as a result of which electric vehicles will see a steady growth in the coming years across the country.

## Other Key Industry Growth Drivers

- The global metal recycling market to grow at a CAGR of around 5.3% during 2022-27.
- The global lead and aluminum recycling market is expected to grow at a CAGR of around 6.8% during 2022-27.
- The global plastic recycling to grow at a CAGR of 7.5% during 2022-27.
- The Indian metal recycling market to grow at a CAGR of 8.3% during 2022-27.
- In India, lead and aluminum recycling projected to rise at a 9% CAGR during 2022-27.
- The plastic recycling market will grow at a CAGR of 8.6% during 2022-27.
- The automotive industry dominated recycled lead and aluminum consumption, accounting for 60.9% of the total market. The automotive sector was followed by construction (14.5%), industrial goods (9.1%), consumer goods (5.7%) and others (9.8%) is key catalysts for future growth.

## Future Key Growth Triggers for Company

- Company is in line with an objective to enter into other verticals like lithium-ion, steel, paper and e-recycling.
- Company's total current capacity is 233919 MTPA in FY23 with a total capacity planned by FY26E is 434319 MTPA (Metric Tonnes Per Annum).
- Rise in awareness about effective use of natural resources and inclination towards recycling of metals for energy savings are major factors fueling growth over the forecast period.
- The company plans to incur a CAPEX in the range of Rs. 600 to 700 crore by FY'26 for its existing and new verticals. Which will be financed through internal accruals with additional debt of approximately Rs. 200 crore to Rs. 300 crore to be taken consciously.
- The company has given a Revenue growth guidance of CAGR 26% for next four years in its vision 2027.
- Number of increase of solar power project & Expansion of telecommunication infra (for 5G) are expected to drive growth & demand for metal recycling.
- The company aims to increase its value-added product from 42% to 50% by 2026, with expansion of value-added production in overseas facilities and replication of the red lead production model to other locations.
- The €34 million ESG loan will improve liquidity for their overseas and India businesses and reduce borrowing costs from approximately 8.5% to 6.5%. It also certifies that the company is following environmental standards at all their overseas plants.
- The company believes that lead recycling would not be a threat with the rise of EV, as lead-acid batteries would still be required, and that there is a bigger opportunity for aluminum recycling, especially with the increasing use of aluminum in car bodies.
- The government is trying to support recycling in an organized manner for all sectors, including e-waste, but it will take some time for the policy to prevent people from misusing it by refurbishing instead of recycling.
- The company believes it is difficult to compete with the unorganized sector in e-waste recycling in India until the recycling is taken into the organized sector, which requires support from policies that provide a level playing field for all companies.
- The company may dilute the stake for more capital raising if required, as an option for Capex funding.

## Story in Charts (in Cr.)

Exhibit 1: Sales Growth

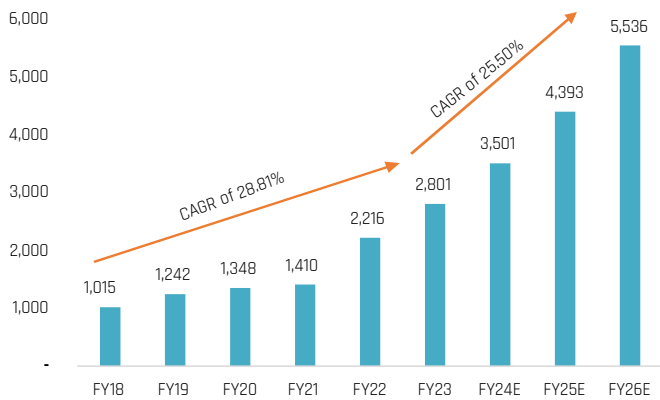


Exhibit 2: EBITDA & EBITDA Margin (%)

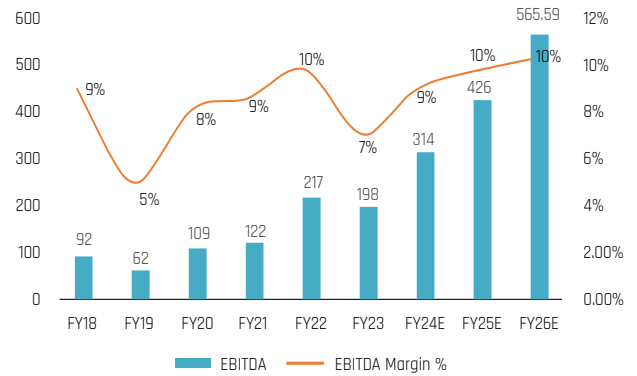


Exhibit 3: PAT Growth

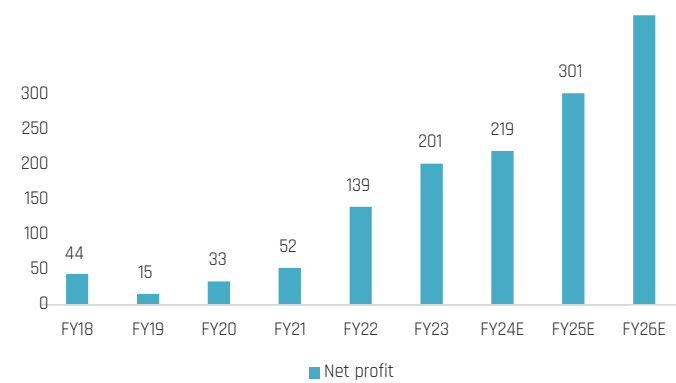


Exhibit 4: Product Wise breakup

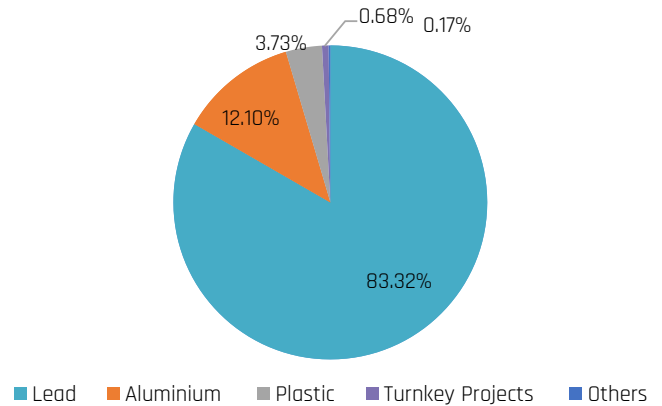


Exhibit 5: Location wise breakup

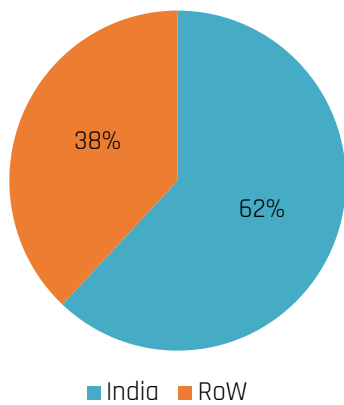
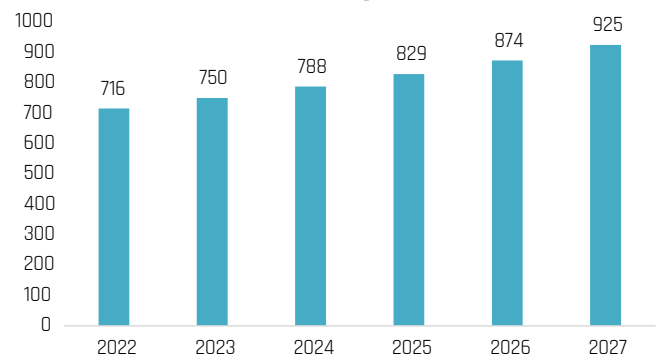


Exhibit 6: Global metal recycling market forecast volume (in million tons), 2022-2027



Source: Company, Asit C. Mehta Retail Research as of 29th May 2023

## Financial Statements

### Consolidated Profit & Loss Statement:

Particulars (in Cr.)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Sales	1,017.40	1,241.73	1,347.80	1,409.75	2,215.87	2,800.60	3,500.75	4,393.44	5,535.74
Cost of goods sold	925.79	1,179.87	1,239.07	1,288.48	1,998.39	2,603.00	3,186.33	3,967.84	4,970.14
<b>EBITDA</b>	<b>91.61</b>	<b>61.86</b>	<b>108.73</b>	<b>121.27</b>	<b>217.48</b>	<b>197.60</b>	<b>314.42</b>	<b>425.60</b>	<b>565.59</b>
<b>EBITDA Margin %</b>	<b>9.00%</b>	<b>4.98%</b>	<b>8.07%</b>	<b>8.60%</b>	<b>9.81%</b>	<b>7.06%</b>	<b>8.98%</b>	<b>9.69%</b>	<b>10.22%</b>
Other Income	1.59	5.45	-12.24	0.90	5.71	93.08	5.00	7.00	9.00
Interest	20.32	26.16	31.43	30.97	37.99	39.14	42.39	50.52	58.64
Depreciation	8.69	11.56	18.13	20.30	20.56	23.96	32.61	46.11	56.22
Profit before tax	64.19	29.59	46.93	70.90	164.64	227.59	244.41	335.97	459.73
Tax	16.55	10.20	10.35	14.08	16.19	23.50	25.24	34.69	47.47
Tax %	0.26	0.34	0.22	0.20	0.10	0.10	0.10	0.10	0.10
<b>Net profit</b>	<b>44.09</b>	<b>15.49</b>	<b>33.18</b>	<b>52.47</b>	<b>139.39</b>	<b>201.10</b>	<b>219.17</b>	<b>301.28</b>	<b>412.26</b>
Number of Shares	6.87	6.87	6.90	6.90	6.90	6.90	6.90	6.90	6.90
<b>EPS (₹)</b>	<b>6.42</b>	<b>2.25</b>	<b>4.81</b>	<b>7.60</b>	<b>20.19</b>	<b>29.13</b>	<b>31.75</b>	<b>43.64</b>	<b>59.72</b>

Source : Company, ACMIL Research

### Balance Sheet:

Particulars (Cr.)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Liabilities:</b>									
Equity Share Capital	13.74	13.75	13.81	13.81	13.81	13.81	13.81	13.81	13.81
Reserves	175.94	185.57	211.37	255.12	373.04	575.12	590.29	643.57	840.84
Borrowings	232.52	250.28	279.30	261.09	391.12	347.72	400.72	528.72	656.72
Other Liabilities	69.59	122.93	109.88	196.31	219.53	268.55	356.77	374.41	456.92
<b>Total</b>	<b>491.79</b>	<b>572.53</b>	<b>614.36</b>	<b>726.33</b>	<b>997.50</b>	<b>1,205.20</b>	<b>1,361.59</b>	<b>1,560.51</b>	<b>1,968.28</b>
<b>Assets:</b>									
Net Block	108.91	136.52	181.64	172.37	191.26	273.32	448.00	633.39	772.28
WIP	24.00	46.00	15.00	13.00	42.00	46.00	50.00	55.00	52.00
Investments	0.04	0.02	0.01	-	-	1.11	1.00	1.00	1.00
Other Assets	342.38	367.90	397.74	520.61	731.23	847.15	829.57	835.40	1,106.43
cash & bank	16.58	21.87	20.32	19.86	32.52	38.12	33.03	35.72	36.58
<b>Total</b>	<b>491.79</b>	<b>572.53</b>	<b>614.36</b>	<b>726.33</b>	<b>997.50</b>	<b>1,205.20</b>	<b>1,361.59</b>	<b>1,560.51</b>	<b>1,968.28</b>

Source : Company, ACMIL Research

## Risks and Concerns

- Heavy dependence on import of metal scrap is one of the key challenges faced by the lead and aluminum recycling industry in India.
- Supply chain disruption due to prevailing Geo-Political Risk expected to impact Automobile sales.
- Economic slowdown due to external & internal factors can affect overall GDP growth of Country.
- Any kind of unexpected change in government policies & Regulations.

## Accumulate

### Key Data

DATE	01-Jun-23
Reco Price	3,290-3,330
Target	4,300
Sector	Capital Goods - Bearings
BSE Code	522113
NSE Code	TIMKEN
EPS (FY23)	51.95
Face Value (Rs.)	10
Market Cap (Cr.)	25401.6
52-week High/Low (Rs)	3,761 / 2245

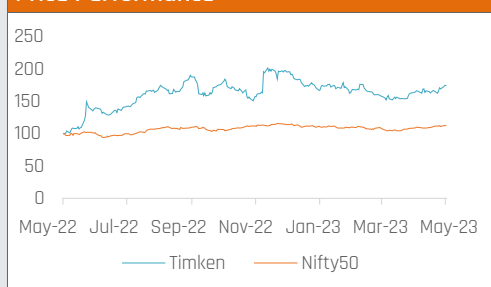
Source : NSE, BSE

### Shareholding pattern (Mar-2023)

	%
Promoters	67.80
DII's	12.45
FII's	3.96
Public	15.78
Others	0.01
<b>Total</b>	<b>100.00</b>

Source : NSE, BSE

### Price Performance



Rebase to 100

## Timken India Limited

### Company Background

Timken India Ltd is engaged in the manufacturing, distribution, and sale of anti-friction bearings, components, accessories, and mechanical power transmission products for the customer base across different sectors. It also provides maintenance contracts, refurbishment services and industrial services. It was incorporated in 1987 and is a part of the global Timken Group.

**We hold a favourable view of the company based on the following factors:**

#### Railways and Metros will be a key catalysts of growth

Increased bearing usage in Railways and Metros are a critical component in railway operations because it maintains the friction between moving parts in railway systems, ensuring that various components do not collide or separate. The bearings used in rails are used in a variety of applications, including the engine, wheels, interiors, and exteriors. Railways (such as Locomotives, Vande-Bharat Trains, Metro Trains) & commercial Vehicle segments are going to be a big opportunity for Timken in the coming 2-3 years by looking at its positioning in these segments as a Market Leader.

#### Robust growth in Automobile with EVs thrust

The automotive segment has emerged as the dominant force in the bearings market, driven by the increasing emphasis on electric vehicles (EVs) and the growing demand for automobiles equipped with technologically advanced solutions, necessitating an increase in vehicle manufacturing. The rise in demand for modern automobiles, as well as the improvements in vehicle capabilities, has increased the demand for bearing in the automotive sector. Bearing market growth is directly proportional to the development of automotive sector. Augmented commercial vehicles production is one of the imperative driving factors of the Roller bearing market in which Timken has huge opportunity.

### Outlook and Valuation

Timken India has significant growth opportunities within the expanding automobile sector, encompassing all segments, including the advent of EVs and the "Make in India" initiative. Moreover, the government's substantial capital expenditure has fostered a surge in industrial and infrastructure activities, with railways receiving the highest budget allocation. This development directly benefits Timken India through order acquisition to supply CRB and SRB bearings for freight wagons. Additionally, the company has the opportunity to secure fresh orders for Vande Bharat Trains, DFC, and Metro rail projects. The company is a much bigger player in the large and medium-sized Bearings segments compared to other peers in the industry.

Additionally, Strong parent support & also scope for expansion of product portfolios in other segments by leveraging the support, technology & network of the parent company gives an edge to Timken India as a good Investment opportunity. Going ahead, we expect the company's revenue to grow at a CAGR of ~19% over FY23- FY26E. Hence, we recommend Timken India with a target price of ₹ 4,300 based on the PE Multiple of ~45x of FY26E EPS of ₹ 95.6; it's currently available at a valuation of 34.82x which is a lower end PE valuation of last 3 years. It's available at a very attractive valuation by looking at strong order inflow and earnings growth visibility in the next 3 years. Hence, **we recommend ACCUMULATE rating for the long term.**

## Financial Snapshot

Particulars (Rs Cr.)	FY23	FY24E	FY25E	FY26E	CAGR (FY23-FY26E)
Revenue	2,806.61	3,178.49	3,877.76	4,730.86	19.01%
EBITDA	560.35	683.38	833.72	1,040.79	22.92%
EBITDA Margin %	19.97%	21.50%	21.50%	22.00%	200bps
PAT	390.75	458.08	566.04	719.09	22.54%
EPS (Rs.)	51.96	60.92	75.27	95.62	22.54%

Source: Company, Asit C. Mehta Research

## Investment Rationale

### Localized manufacturing facilities

The company caters to a comprehensive range of bearings, including Tapered Roller Bearings, Cylindrical Roller Bearings, Spherical Roller Bearings, and Slewing Bearings, with a focus on localized manufacturing. It operates facilities in Jamshedpur and Bharuch, sourcing manufacturing requirements locally. This localization strategy provides a cost advantage to the company. Currently, both plants are operating at full capacity to meet demand requirements.

### Strong expertise in the domain

The company's expertise in metallurgy, tribology, and mechanical systems enables fruitful collaboration with OEMs to tailor solutions according to customer requirements and diverse applications through in-house design and development.

### Railways and Metros will be a key catalysts of growth

Indian Railways (IR) is taking various initiatives to modernize and increase the carrying capacity of its network by introducing new trains with better coaches and laying new tracks. On the freight side, Timken has been traditionally a strong player in railway freight wagon bearings. In metro coaches, bearings are required in single/double-stage gearboxes and wheels.

### Government incentives to give an edge

Multiple nationwide projects and initiatives, such as the development of industrial corridors, smart cities, and the 'Make in India' campaign, among others, are expected to significantly boost the performance of the industrial sector in the coming years. Furthermore, several measures are currently being implemented to enhance India's railway infrastructure. These measures encompass the modernization of railway stations, the construction, and expansion of metro stations, as well as the replacement of older coaches. Notably, the Union Budget has allocated INR 1.40 lakh crore to focus on the manufacturing of 400 new-generation Vande-Bharat Trains with improved energy efficiency over the next three years.

### Strong support from parent company

TIL is a subsidiary of the US-based "The Timken Company" which designs a growing portfolio of engineered bearings and power transmission products. With more than a century of knowledge and innovation, it serves a diverse mix of end markets. It continues to be a mainstay in the industrial and transportation sectors, while expanding its presence in areas such as wind and solar energy. OEM relationships of the parent are being leveraged by TIL.

### Scrappage policy to give an edge

The Commercial Vehicle sector will soon be a witness to India's emergence as a segment leader with government's scrappage policy, which aims to phase out CVs older than 15 years and certified unfit for usage.

### Robust growth in Automobiles with EVs thrust

The government is continuously focusing on implementing Electric Vehicles for Public Transport which will aid sustainable growth in the automotive sector. India's Agriculture Tractor Market is expected to grow significantly at a CAGR of 5.8% by volume during 2021-2028 with the increased adoption of precision farming. Strong sales headway and future growth across CV, PV & M&HCV will serve as vital growth catalysts for both industry and company.

### Strong footprints to leverage growth opportunities

With a strong footprint of channel partners across India, TIL reaches out to end markets for its product & services and assists customers in improving the reliability and efficiency of equipment, machinery, and vehicles. The Company, with its visionary leadership, product portfolio, and world-class manufacturing facilities, aims to leverage these growing opportunities in the market and deliver enduring value as it moves forward.

## Strong Export Opportunity

The company has a significant advantage in export opportunities due to its low-cost local manufacturing, coupled with leveraging the supply chain distribution of its parent company on a global scale. Furthermore, the global bearing market is experiencing steady growth, with a projected CAGR of 8% from 2023 to 2032. This presents a substantial opportunity for a strong, established player like Timken on a global scale. Additionally, the establishment of new manufacturing facilities in India for CRB and SRB Bearings will further enhance its competitive edge in the export market, paving the way for future growth opportunities.

## Scope of Margin Expansion

The margin is influenced by the product mix and raw material prices. Based on a recent conference call with management, it is expected that the margin will improve going forward. Considering the recent decline in commodity prices, especially in metal prices, and a better revenue mix, the company is anticipated to enhance its margin moving forward.

## CRBs & SRBs to open Multi-fold business opportunities

The Company announced on November 2022, its plans to set up a new manufacturing plant to manufacture Spherical Roller Bearings ('SRB') and Cylindrical Roller Bearings ('CRB') and components thereof at the same premise of its existing plant located at Bharuch, Gujarat with a capex of Rs 600cr from Internal accruals. The Production will commence on 24 December 2024. It plans to localize the production of CRBs and SRBs, which were imported until now.

## Why is this a good business?

Particulars (Rs Cr.)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	CAGR (FY23-FY26E)
EBITDA	163	289	363	252	511	560	683	834	1,041	22.92%
EBITDA Margin %	13.24%	17.35%	22.42%	17.86%	23.19%	19.97%	21.50%	21.50%	22.00%	200 bps

Source: Company, Asit C. Mehta Research

**Favourable EBITDA Margin trajectory** - We expect a ~23% EBITDA CAGR growth over FY23-FY26E due to an EBITDA margin expansion of over 200bps over FY23-FY26E.

Ratios	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
EBITDA/Sales	13%	17%	22%	18%	23%	19.97%	21.50%	21.50%	22.00%
ROCE	12.84%	10.90%	15.38%	10.38%	19.37%	18.90%	20.55%	21.79%	22.34%

Source: Company, Asit C. Mehta Research

ROCE- Return ratios have bounced back and are expected to remain robust.

## Company Overview

Timken India Limited was incorporated in 1987 as Tata Timken Limited, a JV between Tata Iron and Steel Company and The Timken Company. It commenced commercial production at its Jamshedpur plant in March 1992. TISCO and TIMKEN each held a 40% equity stake in the company and the public held the rest. In 1999, Timken acquired from Tata Steel its 40% stake in Tata Timken Limited. The name of the Company was changed to Timken India Limited on July 2, 1999.

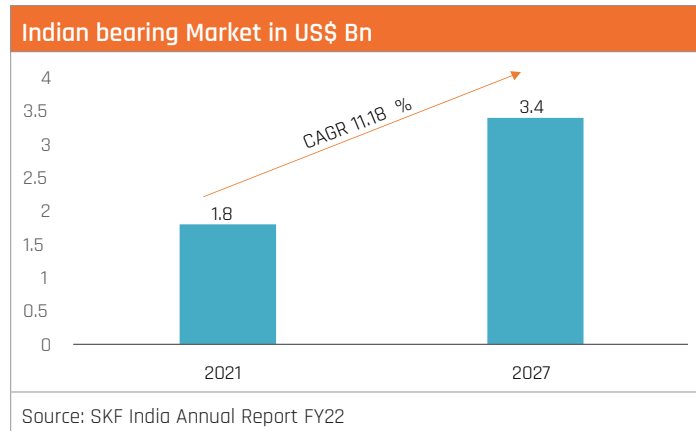
In 2017, the company acquired ABC Bearings which is in to Manufacture tapered and cylindrical roller bearings and industrial bearings including spherical roller bearings and slewing rings. ABC Bearings Limited with manufacturing facilities at Bharuch and Dehradun merged with Timken India Limited.

## Product/ Services Offerings & Clientele

The company's products include a wide range of engineered bearings and power transmission products like Bearings, Linear Motion, Lubrication Systems, Drives & Gears, Belts & Chain Couplings, and Clutches & Brakes under the brand names Timken, Beka, Diamond, Drives, Rollon and a few more. The Company serves diverse markets such as aerospace, mining, railroads, construction, automotive (including trucks), energy, wind sector, and other after-market sectors.

## Industry Overview

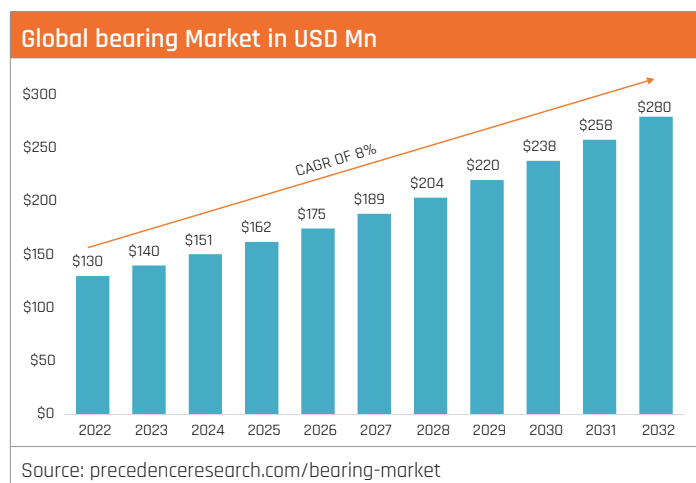
The market for bearings has gained significant impetus led by the growing preference for bearings in motors and the rising popularity of electric vehicles (EV). Several government initiatives such as 'Make in India' and 'Atmanirbhar Bharat' aimed at reviving the manufacturing sector from the impact of Covid-19-related disruptions, work well for the ball bearings demand.



- Indian Bearing Market size was valued at US\$1.8 bn in 2021 and is projected to expand up to US\$ 3.4 bn by the end of 2027. The Market is registering growth at a CAGR of 11.18% during the forecast period 2021-2027.
- The roller Bearing Market dominated the largest share of more than ~50% and further, this segment is anticipated to continue its dominance and emerge as the fastest-growing segment by 2027.
- Growing use of bearings in motors and the demand for automotive electrification are expected to boost market growth.
- Indian Railways has prepared a National Rail Plan (NRP) for India - 2030, which envisages creating a "Future Ready" Railway system. The NRP is aimed to formulate strategies based on both operational capacities and commercial policy initiatives to increase the modal share of the Railways in freight to 45% (currently 27%). The objective of the Plan is to create capacity & upgradation of speed (both Passenger coach & Wagons) ahead of demand by 2030, which leads to strong visible growth from Railway segments.
- The growth in Energy consumption of ~3,000-watt consumption per head in India and the US is 10 times more which will also be a growth driver for the Industry.
- The growth in defence also required a lot of Bearings, particularly in Naval ships, Air-craft Engines, Gear Box, etc. SRB Bearings are used in Revolver and Machine guns.
- Timken India will be the largest beneficiary of this uptick in railways and metro expansion. The company has the largest market share in freight wagon bearings and metro projects.

## Global Bearing Market Size 2023-2032E (USD Mn)

The global bearing market size was valued at USD 130.22 billion in 2022 and it is predicted to hit over USD 279.83 billion by 2032, poised to with a registered CAGR of 8% during the forecast period 2023 to 2032E.





# Investment Idea

- The demand for electric vehicles will be primarily driven by an increase in automobile sales and increased adoption of these vehicles. On average, a passenger automobile has 35 bearings, which vary substantially depending on the model of the vehicle and the widely used technology. The most recent technological advancements in automatic dual-clutch transmissions necessitate the installation of three additional bearings, two main shafts of the second gearbox, and one on the dual-clutch. Furthermore, the development of high-capacity bearings, coupled with enhanced lubrication performance, will significantly drive the growth of the bearings market.
- The bearings are important for delivering energy to a few spinning elements and sustaining the load-bearing features of various mechanical devices. The growing demand for tailored solutions to meet industry-specific requirements, such as aircraft support systems, gas meters, and medical imaging equipment, will substantially drive the growth of the bearings market during the forecast period.
- The factors such as increased bearing usage in railways and rolling mills followed by increased bearing usage in motors, desire for automotive electrification, and demand for bearing in continuously variable transmission have boosted the global bearings market's demand. Further, growing construction activities across the globe also boost the growth of the bearing market globally.

## Key Growth Drivers

- The company is planning to focus on other growth markets in India, including defence, aerospace, food and beverage, and medical equipment.
- The company plans to focus on critical applications in mining, power gen, pulp and paper, metal, wind, gear drives, and port cranes.
- Timken has secured the bulk of the 90,000 wagon orders from Indian railways. 30000 Wagons to be delivered per year for the next three years which is indicating strong earning visibility for the next 3years.
- In the bearing market 80% is organised and dominated by most 3 reputed players including TIL. TIL has a strong market share in Tapered Roller Bearings (TRBs) Market in India.
- The growth in sectors like Automobile, Railways, Infrastructure & Construction, Defence, Capital goods & Engineering, and many others, etc. in the coming 3 to 5 years, will lead to strong growth in earnings & profitability of the company.
- The Spherical Roller Bearing (SRBs) market in India is roughly INR 1,700 crores market and growing at a decent CAGR and Cylindrical Roller Bearing (CRBs) market is INR ~ 2,000 crores market.
- The company is highly optimistic and intends to continue the current growth momentum in revenue and profitability in the coming years, which is supported by a strong order book.
- The company is very well equipped with modern technology such as Robotics, Process Automation, and the Modernisation of plants which leads to timely execution, and process improvements with minimum waste.
- The company's exports currently contribute 25% to 30% of the top line. The company is actively engaged in exporting to Europe, the USA, and other markets. Additionally, the parent company maintains its focus on outsourcing products to low-cost countries such as India. Any revival in the world economy will significantly impact the company's top line and bottom line, leading to strong contributions.
- Over the years, the Timken Company (Parent Company) has actively diversified by acquiring companies and expanding its product portfolio, transitioning from engineered bearings to Industrial motion products and services. This expansion includes couplings, belts, gear drives, automatic lubricant systems, industrial clutches, brakes, and powertrain rebuild & repair services. Timken's access to these products for local production, with the aim of achieving critical mass in India, is an important strategy. It would enable Timken to upgrade from being a component manufacturer to a complete system-based offerings player, potentially turning it into an export hub for the Parent Company.

## Story in Charts (in Cr.)

Exhibit 1: Revenue CAGR of 19.01% (FY23-FY26E)

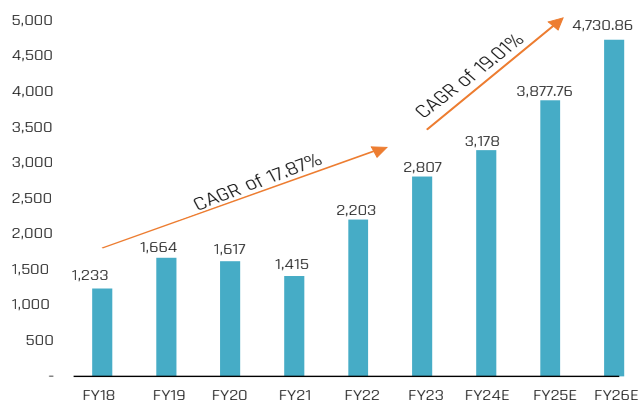


Exhibit 2: EBITDA & EBITDA Margin (%)

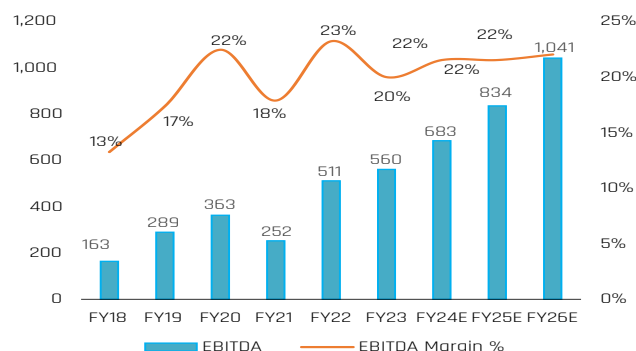


Exhibit 3: PAT & PAT Margin (%)

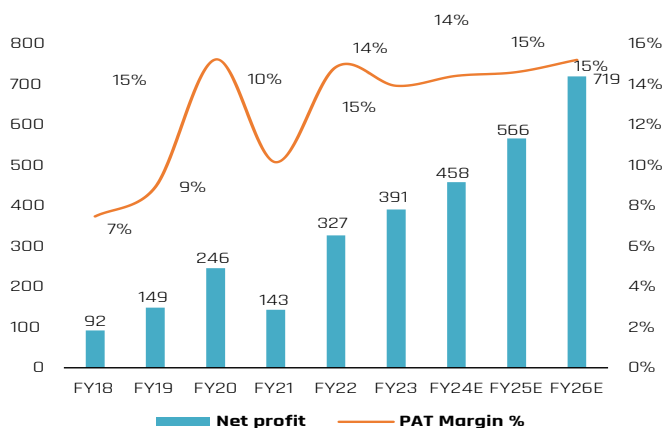
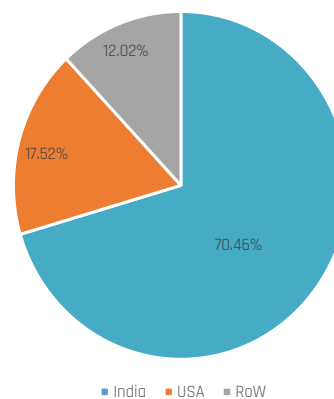


Exhibit 4: Geography wise breakup



Source: Company, Asit C. Mehta Research

## Financial Statements

### Income Statement:

Particulars (in Cr.)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue	1,233.47	1,664.07	1,616.87	1,410.52	2,203.24	2,806.61	3,178.49	3,877.76	4,730.86
EBITDA	163.27	288.64	362.57	251.88	510.85	560.35	683.38	833.72	1,040.79
<b>EBITDA Margin %</b>	<b>13.24%</b>	<b>17.35%</b>	<b>22.42%</b>	<b>17.86%</b>	<b>23.19%</b>	<b>19.97%</b>	<b>21.50%</b>	<b>21.50%</b>	<b>22.00%</b>
Other Income	20.84	16.27	23.4	19.5	14.12	53.17	25.5	28.5	30.5
Interest	1.22	1.76	2.75	1.44	2.45	2.81	3.1	2.5	2.5
Depreciation	43.14	79.33	76.86	74.88	84.34	87.19	95	105	110
<b>Profit before tax</b>	<b>139.75</b>	<b>223.82</b>	<b>306.36</b>	<b>195.06</b>	<b>438.18</b>	<b>523.52</b>	<b>610.78</b>	<b>754.72</b>	<b>958.79</b>
Tax	47.51	75.18	60.26	51.88	111.08	132.77	152.69	188.68	239.7
<b>Net profit</b>	<b>92.23</b>	<b>148.64</b>	<b>246.1</b>	<b>143.18</b>	<b>327.1</b>	<b>390.75</b>	<b>458.08</b>	<b>566.04</b>	<b>719.09</b>
<b>PAT Margin %</b>	<b>7.48%</b>	<b>8.93%</b>	<b>15.22%</b>	<b>10.15%</b>	<b>14.85%</b>	<b>13.92%</b>	<b>14.41%</b>	<b>14.60%</b>	<b>15.20%</b>
Number of Shares	6.8	7.52	7.52	7.52	7.52	7.52	7.52	7.52	7.52
EPS (Rs.)	13.56	19.76	32.72	19.04	43.49	51.96	60.92	75.27	95.62

Source: Company, Asit C. Mehta Research

### Balance Sheet:

Particulars ( in Cr.)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Liabilities:</b>									
Equity Share Capital	67.99	75.21	75.21	75.22	75.22	75.22	75.22	75.22	75.22
Reserves	634.34	1,265.54	1,501.47	1,268.29	1,581.72	1,961.95	2,120.03	2,486.07	3,105.16
Borrowings	15.94	23.08	23.65	35.35	31.73	30.54	33.64	36.14	38.64
Other Liabilities	260.61	410.71	380.11	509.63	505.12	488.41	537.61	727.8	752.64
<b>Total</b>	<b>978.88</b>	<b>1,774.54</b>	<b>1,980.44</b>	<b>1,888.49</b>	<b>2,193.79</b>	<b>2,556.12</b>	<b>2,766.50</b>	<b>3,325.23</b>	<b>3,971.66</b>
<b>Assets:</b>									
Net Block	251.1	794.6	747.99	818.32	860.16	843	1046	1,121.00	1,131.00
WIP	54	64	157	97	50	53	55	75	55
Investments	55.2	175.75	13.2	0.03	98.99	235.89	185.89	185.89	185.89
Other Assets	591.75	716.68	645.73	798.67	1,167.10	1,262.00	1,461.26	1,494.10	2,080.64
cash & bank	26.83	23.51	417	174.47	17.54	162.23	18.35	449.24	519.13
<b>Total</b>	<b>978.88</b>	<b>1,774.54</b>	<b>1,980.44</b>	<b>1,888.49</b>	<b>2,193.79</b>	<b>2,556.12</b>	<b>2,766.50</b>	<b>3,325.23</b>	<b>3,971.66</b>

Source: Company, Asit C. Mehta Research

### Risks and concerns

- Steel is the primary raw material used by the company to manufacture rings, rollers, bars, tubes, wire rods, and cages. Fluctuations in steel prices may impact the company's margins. Margins can be affected by increases in steel prices, currency fluctuations, and changes in the mix of exports and domestic sales.
- Export orders are decent, but there are concerns about a global slowdown and potential recessions in the US and Europe.
- Low cost and easy availability of counterfeit products from unorganized Players pose a threat to the organized ball bearings market in general.
- Any kind of overall slowdown in the GDP growth of the country will affect company's Performance.

## NIFTY



Chart as on 05/06/2023

### NIFTY - DAILY CHART

- The index began the week on a positive note and found trend line resistance. After testing trend line hurdle, the index has witnessed profit booking. Finally, the index has settled the week on a flat note at 18534.
- On a daily scale, the index is facing trend line resistance around 18700 levels. If the index manages to close to 18700 levels, then it will attempt to test previous all-time high of 18888, which will act as the next hurdle.
- The trend line support is placed close to 18450, and the 21-DEMA is placed close to 18326. As long as the index holds 18326, the short term upmove will continue. If the index sustains below 18326 levels, then it could test 18000-17900 levels.
- On a daily basis, the momentum indicator RSI is above the centre point, indicating strength. However, it is on the verge of forming a negative divergence.
- For the short term, 18325 and 18000 will serve as support levels, whereas 18700 and 18900 will serve as resistance levels.

## BANKNIFTY



Chart as on 05/06/2023

### BANK NIFTY - DAILY CHART

- The index started the week on a bullish note, registered a high around 44500, and witnessed profit booking. Finally, the index has settled the week on a marginal negative note at 43938.
- Technically, the index has encountered resistance around trend line resistance and formed a bearish engulfing candlestick pattern on a weekly scale. According to this pattern, as long as the index remains below 44500, profit booking may occur.
- The trend line support is placed close to 43600, and the 21-DEMA is placed close to 43678. Thus, index has formed multiple support base around the 43600 level. If the index sustains below the 43600 level, then the index could test the 42600 and 42000 levels.
- The momentum indicator RSI on the daily scale is placed above the centre point, indicating strength. However, it is on the verge of forming a negative divergence.
- For the short term, 43600 and 42000 will act as support points, whereas 44500 and 45000 will act as resistance points.

## JUNE SERIES VIEW

Bulls maintain their grip on Dalal Street throughout the May expiry month, despite significant volatility in both directions, thanks to favorable Q4FY23 earnings and continuous buying by foreign institutional investors (FIIs). Furthermore, concerns about global uncertainty surrounding interest rates and the US debt ceiling crisis have pushed investors to take profits at regular intervals. Finally, Nifty rose more than 2% during the May series and closed at 18321 with a gain of 406 points (EoE) indicating neutral to positive bias for the short term. Meanwhile, Geopolitical issues, economic slowdown risk, and higher inflation numbers will remain a concern for the markets. Thus, investors should remain cautious on the higher side. On the expiry day, the Nifty futures rollover stood at 71%, which is in line as compared to the last three series average rollover of 70%. Nifty will begin the June series with the open interest at 0.92 crore shares, compared to 0.85 crore shares at the commencement of the May series. Market-wide rollovers stood at 92% as compared to the average rollovers of 93% in the last three series. Going forward, monthly auto sales data, Rupee movement against the Dollar, bond yields, Q4FY23 earnings, Fiis flow, Rbi monetary policy global cues, tensions between Russia and Ukraine, and crude oil price movement will dictate the trend on the bourses next month.

## DERIVATIVES INDICATORS

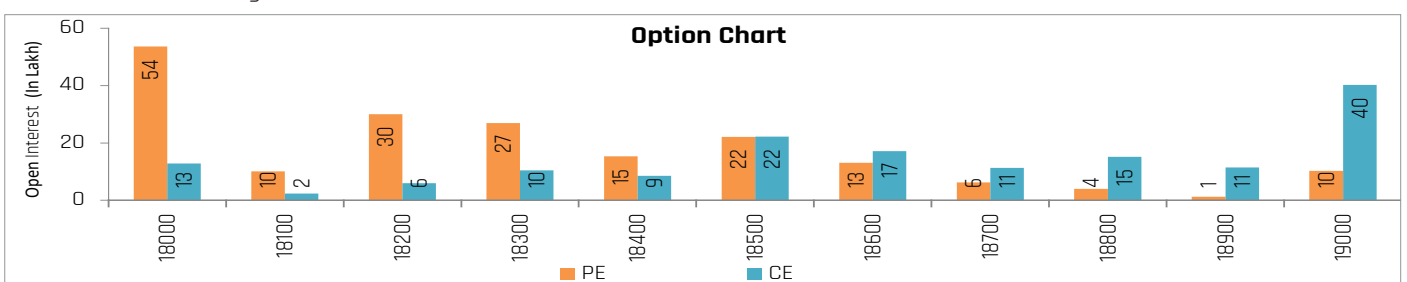
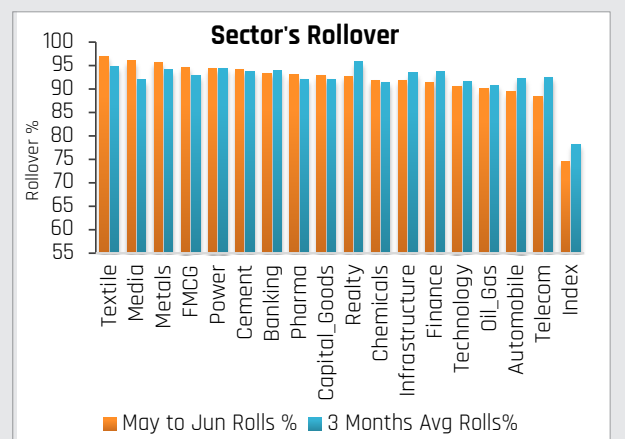
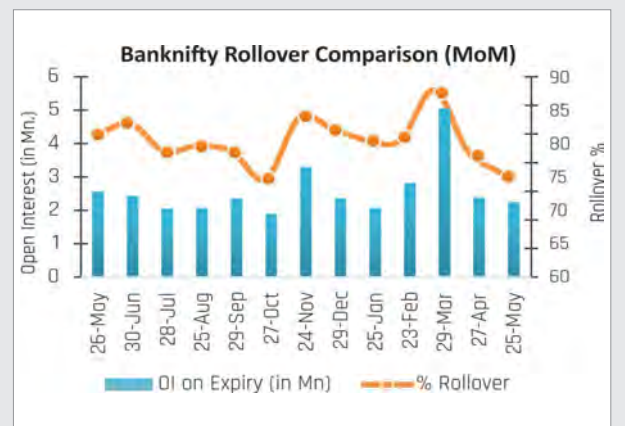
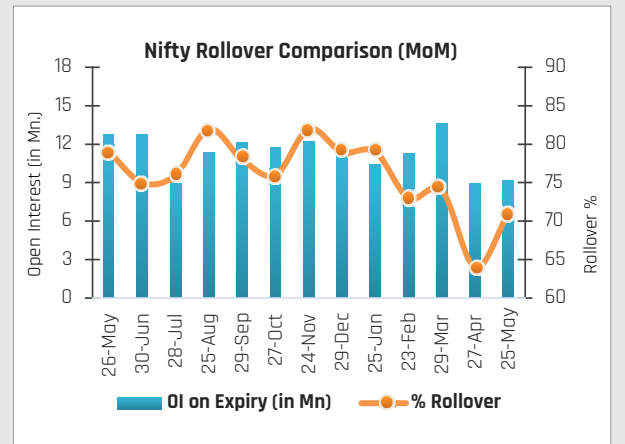
The volatility index, India VIX, is gained by 9.53% after hitting multi-year lows and closed at 12.52 vs. 11.43 level of the previous month. We expect volatility will remain continue due to global cues such as US debt ceiling crisis and economic data. Another leading derivatives indicator, Nifty PCR, opened on a lower note this month at 1.11 against last month's 1.20.

## BANKNIFTY

The index saw low rolls of 78% as compared with the 3M average of 86%. BankNifty will start the June series with OI of 2.24 Mn shares as compared with OI of 2.38 Mn shares at the beginning of the May series. As per technical, support for the index stands around 43390 and 42600 whereas resistance stands at 44100 and 44500 for the short term.

## SECTOR/STOCK ROLLOVER ACTIVITY

- From the sectoral action, rollovers accelerated for **TEXTILE, MEDIA, METALS, FMCG, PHARMA** and **CAPITAL GOODS**, sectors in June expiry. However, low rollovers were seen in **TELECOM, AUTOMOBILE, TECHNOLOGY, REALTY** and **Finance** sectors stocks on expiry day as compared to three month's average as highlighted in the chart.
- Within the Nifty50 space, index heavy weights such as **HDFC, ITC, SBIN, APOLLOHOSP,** and **BPCL** saw aggressive rollover in the June series while low rolls were seen in **SBILIFE, MARUTI, HEROMOTOCO, WIPRO** and **HINDUNILVR** compared with the 3M average rollover.
- From the midcap space, **HDFCAMC, MPHASIS, BOSCHLTD, COLPAL,** and **SYNGENE** saw high rollovers whereas **ICICIGI, TORNTPHARM, TATACOMM, INTELLECT,** and **MFSL** saw lower rollover compared with the 3M average.



MT Medium Risk Calls												
Calls Performance	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23
Calls Activated	30	19	32	36	22	24	40	29	18	57	27	59
Successful	21	15	24	18	17	14	21	18	10	39	21	43
Unsuccessful	9	4	8	18	5	10	19	11	8	18	6	16
Success Rate	70%	79%	75%	50%	77%	58%	53%	62%	56%	68%	78%	73%

MT High Risk Calls												
Calls Performance	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23
Calls Activated	42	34	44	53	24	20	24	13	10	19	15	9
Successful	26	27	31	32	16	14	13	7	8	12	11	7
Unsuccessful	16	7	13	21	8	6	11	6	2	7	4	2
Success Rate	62%	79%	70%	60%	67%	70%	54%	54%	80%	63%	73%	78%

Positional Calls												
Calls Performance	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23
Calls Activated	9	11	7	20	7	17	11	9	14	9	8	10
Successful	7	10	7	13	6	16	4	6	12	6	8	10
Unsuccessful	2	1	0	7	1	1	7	3	2	3	0	0
Success Rate	78%	91%	100%	65%	86%	94%	36%	67%	86%	67%	100%	100%

Momentum Call												
Calls Performance	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23
Calls Activated	28	28	19	22	13	11	20	12	16	12	15	10
Successful	13	22	16	16	9	6	11	6	10	6	12	7
Unsuccessful	15	6	3	6	4	5	9	6	6	6	3	3
Success Rate	46%	79%	84%	73%	69%	55%	55%	50%	63%	50%	80%	70%

Techno Funda												
Calls Performance	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23
Calls Activated	2	-	-	-	-	-	-	-	-	-	1	1
Successful	2	-	-	-	-	-	-	-	-	-	1	1
Unsuccessful	0	-	-	-	-	-	-	-	-	-	0	0
Success Rate	100%	-	-	-	-	-	-	-	-	-	100%	100%

# Retail Research Call Performance

## Call Tracker

### Positional Call Top 5 Gainer

Date	Company	REC	Rec Price	Stop Loss	Call Closed at	Target	P/L per Share	All charges	Gain / Loss %	Closed Date
12-Apr	SUDARSCHEM	Accu	400	377	429	440-460	29	-2.80	6.55%	24-May
17-Apr	KOLTEPATIL	Accu	248.5	233	265.5	280-290	17	-1.74	6.14%	03-May
11-Apr	SHARDACROP	Accu	460	425	489	500-530	29	-3.22	5.60%	11-May
3-May	TATAELXSI	Accu	6575	6150	6970	7000-7300	395	-46.03	5.31%	09-May
25-Apr	MASTEK	Accu	1715	1550	1817.5	1900-2000	102.5	-12.01	5.28%	17-May

### Master Trade Medium Risk Top Gainer

Date	Company	Rec	Rec Price	Stop Loss	Call Closed at	Target	P/L per Lot	All charges	Gain / Loss per Lot	Lot	Closed Date
10-May	GUJGASLTD MAY FUT	Buy	459	448	482	472-482	23	421.75	28328.3	1250	11-May
10-May	SBIN MAY FUT	Buy	569	559	576.5	580-590	7.5	605.33	10644.7	1500	11-May
28-Apr	PIDILITIND MAY FUT	Buy	2419	2370	2457.5	2470-2500	38.5	430.06	9194.9	250	3-May
08-May	GUJGASLTD MAY FUT	Buy	460	449	467	472-482	7	408.63	8341.4	1250	9-May
08-May	COLPAL MAY FUT	Buy	1557	1520	1580	1600-1630	23	387.10	7662.9	350	10-May

### Master Trade Medium Risk Top Losers

16-May	AMBUJACEM MAY FUT	Buy	405	398.5	398.5	415-420	-6.5	502.11	-12202.1	1800	20-May
19-May	COLPAL MAY FUT	Buy	1612	1575	1580	1660-1680	-32	387.10	-11587.1	350	25-May

### Master Trade High Risk Top Gainer

Date	Company	Rec	Rec Price	Stop Loss	Call Closed at	Target	P / L per Lot	All charges	Gain / Loss per Lot	Lot	Closed Date
26-May	BHARTIARTL 840 CE JUN	Buy	8.5	3.5	11.5	14-18	3	100.00	2750.0	950	29-May
28-Apr	PVR 1460 PE MAY	Buy	39	25	45.5	60-75	6.5	100.00	2545.5	407	2-May
9-May	PVR 1460 PE MAY	Buy	39	25	45.5	60-75	6.5	100.00	2545.5	407	9-May
02-May	PVR 1460 PE MAY	Buy	36	22	42	60-75	6	100.00	2342.0	407	5-May
8-May	PVR 1460 PE MAY	Buy	40	26	46	60-75	6	100.00	2342.0	407	8-May

### Master Trade High Risk Call Top Losers

4-May	HDFCBANK 1720 CE MAY	Buy	22.5	14	5.5	33-37	-17	100.00	-9450.0	550	5-May
16-May	SRF 2560 CE MAY	Buy	33	16	16	50-70	-17	100.00	-6050.0	350	17-May

### Momentum Call Top Gainer

Date	Company	Rec	Rec Price	Stop Loss	Call Closed At	Target	P / L per Share	All charges	Net Gain / Loss %	Closed Date
25-Apr	KANSAINER	Buy	378	367	390	390-400	12	-2.65	2.47%	03-May
24-Apr	KNRCON	Buy	239.5	232	246.5	248-252	7	-1.68	2.22%	09-May
12-May	KNRCON	Buy	239.5	232	246.5	248-252	7	-1.68	2.22%	15-May
26-May	BHARTIARTL	Buy	817.5	795	841	850-860	23.5	-5.72	2.17%	31-May
22-May	ACC	Buy	1815	1760	1865	1900-1920	50	-12.71	2.05%	23-May

### Momentum Call Top Loser

28-Apr	GSPL	Buy	284	274	274	300	-10	-1.99	-4.22%	09-May
12-May	TATAELXSI	Buy	7075	6890	6860	7400-7500	-215	-49.53	-3.74%	19-May



# Event Calendar

## June 2023

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1 <ul style="list-style-type: none"> <li>Monthly Auto sales</li> <li>S&amp;P Global Manufacturing PMI MAY</li> </ul>	2 <ul style="list-style-type: none"> <li>US Employment Report</li> </ul>	3
4	5	6 <ul style="list-style-type: none"> <li>S&amp;P Global Services PMI MAY</li> </ul>	7	8 <ul style="list-style-type: none"> <li>RBI Interest Rate Decision</li> </ul>	9	10
11	12 <ul style="list-style-type: none"> <li>Industrial Production YoY Apr</li> <li>Manufacturing Production YoY Apr</li> <li>Inflation Rate YoY May</li> </ul>	13 <ul style="list-style-type: none"> <li>Passenger Vehicles Sales MoM MAY</li> <li>US Inflation Rate YoY MAY</li> <li>US Fed Interest Rate Decision</li> </ul>	14 <ul style="list-style-type: none"> <li>WPI Manufacturing YoY May</li> <li>WPI Inflation YoY May</li> <li>US Fed Interest Rate Decision</li> </ul>	15 <ul style="list-style-type: none"> <li>ECB Interest Rate Decision.</li> </ul>	16 <ul style="list-style-type: none"> <li>BOJ Interest Rate Decision</li> </ul>	17
18	19	20	21 <ul style="list-style-type: none"> <li>GB Inflation Rate YoY MAY</li> </ul>	22 <ul style="list-style-type: none"> <li>GB BOE Interest Rate Decision</li> </ul>	23	24
25	26	27	28	29 <ul style="list-style-type: none"> <li>Expiry of Near Month Derivative Contract</li> </ul>	30 <ul style="list-style-type: none"> <li>Government Budget Value MAY</li> </ul>	

Result Updates
  Economic & Other Event

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