



Recommendations - April 2023

SCRIP	CMP*	Target	FV	P/E	BV	52 week	Industry
						High / Low	
Reliance	2341	2640	10	24	1168	2856/2180	Diversified
ABB	3397	3800	2	92	210	3467/2000	Engineering
L&T	2274	2560	2	31	582	2297/1456	Diversified
Gabriel	146	168	1	16	57	200/102	Auto Ancillary
Orient Cement	121	160	1	19	74	157/95	Cement

*As on 06 April 2023. Holding period is 6 months.

Previous Month Review

SCRIP	Reco	Target	Close*	High	Date	Apr%*	Remarks
HDFC Bank	1588	1780	1666	1669	6-Apr	4.91	Hold
BEL	95	110	98	99	3-Apr	3.16	Hold
Zensar Tech	274	310	280	283	3-Apr	2.19	Hold
ICRA	4656	5200	4625	4670	13-Mar	-0.67	Hold
Petronet LNG	232	260	235	239	16-Mar	1.29	Hold
						2.18	

Nifty	17412	17599	1.07%
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Reliance Industries Limited is a Fortune 500 company and the largest private sector corporation in India. It has evolved from being a textiles and polyester company to an integrated player across energy, materials, retail, entertainment and digital services. Reliance's products and services portfolio touches almost all Indians on a daily basis, across economic and social spectrums. Reliance continues to be India's largest exporter, accounting for 7% of India's total merchandise exports and it has access to markets in over 100 countries. Reliance is responsible for almost 5% of the Government of India's total revenue from customs and excise duty. It is also the highest income tax payer in the private sector in India.

ABB India Limited develops and sells products and system solutions to utilities, industries, channel partners, and original equipment manufacturers in India and internationally. The company operates through Motion, Robotics and Discrete Automation, Electrification, and Process Automation segments. The Motion segment produces and provides motors, generators, and drives that provide power, motion, and control for a range of automation applications; and offers solutions and related services. The Robotics and Discrete Automation segment provides value-added solutions in robotics, machine, and factory automation. The Electrification segment offers a range of digital and connected solutions for

low- and medium-voltage applications, including EV infrastructure, solar inverters, modular substations, distribution automation, power protection, wiring accessories, switchgear, enclosures, cabling, sensing, and control products. The Process Automation segment provides products, systems, and services, such as turnkey engineering, control systems, measurement products, life cycle services, outsourced maintenance, and industry specific products for the optimization of the productivity of industrial processes in oil and gas, power, chemicals and pharmaceuticals, pulp and paper, metals and minerals, marine, and turbocharging industries.

Larsen & Toubro Limited engages in engineering, construction, and manufacturing operations worldwide. The Infrastructure segment engineers and constructs building and factories, transportation infrastructure, heavy civil infrastructure, power transmission and distribution, water and effluent treatment, and metallurgical and material handling systems. The Hydrocarbon segment provides engineering, procurement, and construction solutions for the oil and gas industry. The Power segment offers turnkey solutions for coal-based and gas-based thermal power plants, including power generation equipment with associated systems and balance-of-plant packages. The Heavy Engineering segment manufactures and supplies custom designed, engineered critical equipment and systems to the fertilizer, refinery, petrochemical, chemical, oil and gas, and thermal and nuclear power industries. The Defence Engineering segment designs, develops, produces, and supports equipment, systems, and platforms for the defense and aerospace sectors.

Gabriel India Limited manufactures and sells ride control products to the automotive industry in India. The company offers air spring suspension shock absorbers, front forks, hydraulic shock absorbers, strut assemblies, seat dampers, front fork components, mono shoxs, e-assist adjustable damping front forks and absorbers, rear shock absorbers, canister shock absorbers, axle and cabin dampers, and dampers for diesel locomotives and busch coaches, as well as radiator coolants, suspension bush kits, front fork oils, gas springs, and wheel rims. Its products are used in two and three wheelers, passenger cars, commercial vehicles, railways, off highway, and aftermarket applications. The company provides its products through agents, dealers, and retailers. Gabriel India Limited also exports its products to six continents

Orient Cement a mid-sized CK Birla Group cement company having plants in Maharashtra, Karnataka and Telangana. The company plants are located in proximity to its main raw material lime stone and coal to fire its power plant. The company primarily sells its cement in Maharashtra 50%, Karnataka and Telangana 30% and Madhya Pradesh 20% of its overall sales. The company focuses on premium cements to improve its blended realizations and has plan to increase its capacity to 11.5 MTPA from current 8.5 MTPA through debottlenecking and Greenfield project. Due to soft demand in FY23 initial capex plan of 800 Cr in FY23 didn't happened and company estimated to spend 150 Cr. only. The company is not in a hurry to do big capex unless demand revives. Current capacity utilization is slightly less than 70% and company has headroom to increase capacity utilization by 10 to 15% if strong demand emerges. The stock is the biggest underperformer and current prices are what it was there in 2014. One of the main reasons for the stock price underperformance is company failed to deleverage its balance sheets. Now the situation has changed with significant deleverage happened in FY21 and FY22. From peak debt of over 1300 Cr. in FY17 current debt stands around 400 Cr. only. We expect debt to further come down in first half of FY24. Current valuation of the company is extremely attractive with enterprise value at \$40/ Tonne.

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