



**Muhurat Picks
2023-24**

Dear customers,

Wishing you all a Happy and Prosperous Diwali!

Equity Markets, globally, have faced jitters amid the concerns over elevated rates in US as well as geopolitical tension. Nonetheless, unlike Ukraine/Russia, current Israel/Palestine conflict is smaller in scale both in terms of geographical/countries participation as well as global trade impact. Thus, overall impact is likely to be limited in terms of commodity or equities or markets. Moreover, Positive catalysts such as a) robust corporate earnings (likely to grow at 16.5% CAGR over FY23-25) and b) Favourable Growth-Inflation dynamics of India (~6-7% sustainable growth with comfortable inflation of ~5%), indeed, makes India an outlier as an Equity investment destination in the medium to long term amid dwindling global growth milieu.

Our one year forward, Nifty target is at 21500 (20x FY25 EPS) with sectoral bias towards banks, capital goods/infrastructure, power, while avoiding sectors having more global exposure like IT, oil & gas etc.

We continue to see reasonable opportunities across the market spectrum with key filter being quality. We continue to advise investors to utilise equities as a key asset class for long term wealth generation by investing in quality companies with strong earnings growth and visibility, stable cash flows, RoE and RoCE.

Company	Buying Range	CMP	Target Price	Potential Upside	Market Cap ₹ Crore	P/E(x)		P/BV(x)		ROE(%)	
	₹	₹	₹	%		FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Larsen & Toubro Ltd.	2870-2960	2918	3560	22%	410239	38.9	32.3	4.7	4.1	9.6	12
Coromandel International Ltd.	1020-1080	1058	1330	26%	31206	16.3	14.9	3.2	2.6	25.5	22.7
State Bank of India	565-585	572	725	27%	510346	13.1	9.3	1.8	1.5	13.7	16.2
Spandana Sphoorthy Financial Ltd.	840-890	867	1100	27%	6225	9	8.3	1.4	1.2	16	14.9
Bharat Dynamics Ltd.	970-1030	1001	1260	26%	18174	35	22	5.2	4.4	15	20
TV Today Networks Ltd.	185-200	193	260	35%	1159	13.5	8.8	1.3	1.2	9.6	13.5
Century Plyboards (I) Ltd.	595-630	607	750	24%	13646	34.9	26.1	6.1	5	17.4	19.2

Muhurat Pick

Century Plyboards (CENPLY)

Buying Range (₹ 595-630)

- Century Plyboards is India's leading plywood manufacturer with a market share of ~25% in organised segment of the plywood sector. It derives majority of revenues from plywood (56% of FY23 revenue), followed by laminates (18%), and MDF (18%) segments while balance is contributed by fibre cement boards and particle board divisions.
- Plywood, (forming ~56% of FY23 sales), will be driven by healthy traction in mass segment. MDF (~18% of FY23 sales) revenues is likely to be boosted by offtake from new capacities. Similarly, Century's launch of mass brand "Sainik" in laminate segment (18%) will also drive superior growth in the same. We highlight that while muted volume and rise in timber prices have impacted H1FY24, festive demand coupled with underlying new housing led demand will boost growth and profitability.
- We expect ~15% CAGR in revenues over FY23-25 driven by ~31%/15%/11% revenues CAGR in the MDF/Laminate/Plywood. The margins, after some softness in FY24, are likely to revert back to normalised levels of 16.2% in FY24. This, will result in ~19.2% earning CAGR for the company over FY23-25. The company is also well poised on balance sheet with net debt free status and capex largely to be funded through internal accruals.
- Century has led the industry on most metrics and remains a superior player in the segment. With strong housing demand in last 2 years and likely completion of those sold inventory, woodpanel industry is likely to witness a robust demand spurt ahead. We are enthused by strategic expansion plans across segments and relatively diversified positioning of the company. We have valued the company at 32x FY25 P/E to assign a target price of ₹ 750.
- Key Risks:** a) higher RM costs b) supply glut in MDF

₹ crore	FY23	FY24E	FY25E	2 yr CAGR (FY23-25E)
Net Sales	3,620.7	4,047.3	4,763.0	14.7%
Adj. EBITDA	586.0	616.6	773.9	14.9%
Adj. EBITDA Margin (%)	16.2	15.2	16.2	
PAT	366.8	389.6	521.1	19.2%
EPS (₹)	16.5	17.5	23.5	
P/E	37.0	34.9	26.1	
EV/EBITDA	25.3	23.0	18.2	
RoNW (%)	19.3	17.4	19.2	
RoCE (%)	23.1	19.1	21.7	

TV Today Network (TVTNET)

Buying Range (₹ 185-200)

- TV Today Network (TV Today) is a leading news company engaged in broadcasting operations. Part of the India Today Group, the company operates mainly in three segments — digital, television and radio broadcasting. It has consistently maintained its leadership in the Hindi new segment across the last two decades.
- The ad environment has remained challenging with restricted spends by key segments. We also note that ad inventory remained lower to improve viewership experience and stickiness. This led to ~4% decline in TV and other media (Digital segment) revenues and flattish H1FY24. Furthermore, elevated costs in digital segment also impacted profitability sharply
- As we embark on festival season, key election in Hindi speaking states like MP, Rajasthan in Q3FY24 followed by General election led spendings in Q4FY24/Q1FY25, we expect sharp recovery in ad revenue growth from H2FY24, onwards. We highlight that last general election quarter had seen high growth of ~31% in election quarter. We have baked in ~9% revenue CAGR over FY23-25 to ₹ 1040 crore, with ~15% growth likely after flattish H1FY24.
- On the margins front, the company is planning to consolidate the separate entities such as *Tak channels, Lallantop* and others (currently being separately run) which will bring down the overall costs. Considering the same we expect margins to inch up to 18% in FY25 vs. 15.5% in FY23.
- TV Today remain a key proxy for election led ad spending and with further catalysts such as ad recovery kicking in as festivities begin and margins improvement level. We have valued the company at 12x FY25 P/E to assign a target of ₹ 260/share.
- Key Risks** a) Loss in market share b) elevated digital costs

(Year-end March)	FY23	FY24E	FY25E	2 CAGR (FY23-25E)
Net Sales (₹ crore)	884.4	947.4	1,056.3	9.3
EBITDA (₹ crore)	137.5	122.7	190.1	17.6
Net Profit (₹ crore)	95.5	85.7	131.4	17.3
EPS (₹)	16.0	14.4	22.0	
P/E (x)	12.1	13.5	8.8	
Price / Book (x)	1.4	1.3	1.2	
EV/EBITDA (x)	7.0	7.4	4.3	
RoCE (%)	16.0	12.9	18.0	
RoE (%)	12.0	9.6	13.5	

Muhurat Pick

Larsen & Toubro (LARTOU)

Buying Range (₹ 2,870-2,960)

- Larsen & Toubro (L&T) is India's largest engineering & construction (E&C) company, with interest in EPC projects, hi-tech manufacturing and services. The company primarily operates in infrastructure, heavy engineering, defence engineering, power, hydrocarbon, services business segments. As of H1FY24, Infrastructure segment contributes ~47% to consolidated revenue followed by services at 32%.
- The company with diversified presence across business verticals and geographies commands a mammoth order-backlog of | 450000 crore, up 22% YoY as of Q2FY24. This provides strong revenue visibility over next 2-3 years. Coupled with this a strong project pipeline of ₹ 8.8 trillion will ensure 15% order inflow growth in FY24. Strong scale up in services business like IT and Finance also provides cushion to cash flows and cyclical risk of engineering business.
- We remain upbeat on the prospects of the company and believe L&T is the best proxy play on India capex story and preferred large cap capital goods pick. L&T is expected to deliver 18.6% and 26.5% revenue and PAT CAGR over FY23-FY25E, respectively. We believe selective profitable growth, monetisation of non-core assets, strict balance sheet discipline will help L&T to achieve 18% ROE by 2026 and create shareholder value. We value the company on SoTP basis and arrive at a fair value of ₹ 3560.
- Key risks:** a) Slowdown in ordering activity and (b) Delay in margin recovery

(crore)	FY23	FY24E	FY25E	CARG (FY23-25E)
Net Sales (crore)	110,501	129,467	155,410	18.6%
Grow th (%)	9.4	17.2	20.0	
EBITDA margin (%)	8.4	8.4	9.2	4.4%
PAT (crore)	7,793	10,340	12,468	26.5%
PAT grow th (%)	43.9	32.7	20.6	
P/E (x)	49.7	38.9	32.3	
EV/EBITDA (x)	44.8	37.8	29.1	
RoNW (%)	10.4	13.4	14.6	
RoCE (%)	8.7	9.6	12.0	

Coromandel International (CORINT)

Buying Range ₹ (1,020-1,080)

- Coromandel International, part of Murugappa group, is a major provider of agricultural solutions and leading private sector player in Indian phosphatic industry with consumption-based market share of 17.2% in NPK & DAP segment. In single super phosphate (SSP), it holds top position with a consumption-based market share of 13.8%.
- Coromandel plans to invest ₹1000 crore over the next two years in the above businesses and leverage the macro tailwinds in the chemicals sector to build a business of scale. CDMO business is likely to start generating revenue in 18-24 months once it wins an order.
- In FY23, Coromandel International has developed a new tech product Nano DAP, for which it is setting up a plant in Andhra Pradesh and is expected to introduce in H2FY24. The product has a potential to replace 50% of the traditional DAP in the next five to seven years
- Coromandel has been strengthening its upstream integration capabilities. Via its strategic tie up with leading integrated players like Tifert (Tunisia) and Foskor (South Africa) for meeting its Phosphoric acid requirements. Further, the company is setting up a new 1,650 MT per day design capacity sulphuric acid plant at its fertiliser complex in Visakhapatnam at a cost of ₹400 Crore
- The company foray into drone business represents significant opportunity as it plays a dominant role in precision agriculture. Moreover, the global agriculture drone market is estimated to be US\$ 0.6B in CY22 and projected to reach US\$ 2.5B by CY27, growing at a CAGR of 32%. We believe Coromandel is well positioned to capture the agricultural drone market. We value the company at ₹1330 based on ~16x FY25E P/E multiple
- Key risks:** a) unfavourable weather and government policies (b) crude prices

(₹ Crore)	FY23	FY24E	FY25E	2 year CAGR (FY23-25E)
Net Revenue	29,627.9	29,822.4	30,191.7	0.9%
EBITDA	2,926.2	3,012.1	3,290.9	6.0%
EBITDA Margins (%)	9.9%	10.1%	10.9%	
Adj. PAT	2,012.9	2,220.6	2,389.9	9.0%
Adj. EPS (₹)	68.8	75.5	81.3	
EV/EBITDA	10.8x	10.3x	10.1x	
P/E	16.3x	14.9x	13.8x	
ROE (%)	25.5	22.7	20.2	
ROCE (%)	36.8	30.5	27.1	

Muhurat Pick

State Bank of India (STABAN)

Buying Range (₹ 565-585)

- SBI is a public sector bank and also the largest bank in India with a balance sheet size of over ₹55 lakh crore. Strong distribution network, diversified product mix and large customer base remains core strength of the bank which enables to deliver best operating metrics in the PSU banking space.
- Large customer base and diversified product mix is seen to aid credit growth expected to be in-line with industry at 14-15% in FY24E. Advance growth is seen to remain broad based with focus on MSME and retail (home loans & Xpress credit) segment which will enable business growth as well as support yields. Yields expected to inch up gradually, however, faster accretion in term deposit and repricing of deposit rates is expected to impart some pressure on margins in FY24E.
- Asset quality remained resilient with GNPA/ NNPA at 2.76%/ 0.71% while restructured book stood at ~70 bps of advances. Healthy PCR stands at 76.4% for advances and ~30% coverage on restructured book provides comfort on continued benign credit cost expected at ~30-50 bps ahead.
- SBI has demonstrated its strength in previous quarters both on core operating performance and asset quality. Management confidence on growth (14-15%), steady margins and return ratios remaining at ~1% in FY24-25E warrants a re-rating, and should see strong positive momentum. Plough-back of profits leading to improving RoE of ~16-17% to add to valuation.
- Risk:** 1) Higher than expected increase in cost of deposits amid competition; 2) Slower disbursement traction in corporate segment

₹ billion	FY23	FY24E	FY25E	2 yr CAGR (FY23-25E)
NII	1,447.8	1,726.8	1,851.9	14.0%
PPP	837.1	954.6	1,105.4	16.0%
PAT	502.3	569.8	614.5	11.2%
ABV (₹)	343.2	406.0	469.1	
P/E	10.2	9.0	8.3	
P/ABV	1.7	1.4	1.2	
RoA	1.0	1.0	0.9	
RoE	16.5	16.0	14.9	

Spandana Spoorthy Financial (SPASPH)

Buying Range (₹ 840-890)

- Spandana Spoorthy is a micro finance player primarily engaged in lending to women borrowers. Post Covid, business performance has remained weak, however, post appointment of new management, continued recovery is witnessed in growth as well as operational performance in last 6 quarters.
- Redefining of business model with focus on customers and employees, collection has led to improvement in business metrics. Continued expansion through branch addition (at 1502 as of Sep'23), addition of loan officers (at 8504 as of Sep'23) has led to strong accretion of customer (at ~27 lakhs). Management remained confident of 35-40% growth in AUM, with continued focus on customer addition and steady average ticket size.
- Diversifying liabilities mix, improvement in credit rating is seen to offset pressure of rising interest rates, thus keeping margins steady in FY24-25E. Recovery has been witnessed in asset quality with GNPA at ~1.4% as of Sep 2023. Focus on quality customer accretion (wherein customer has less than 2 lenders), stage 3 coverage of ~70.3%, provides confidence on credit cost remaining steady at ~2% ahead.
- Sustained recovery witnessed in last 6 consecutive quarters translating in improvement in RoA. Continued strong business growth (35-40%), steady margins and moderate credit cost (~2%) is seen to keep RoA healthy above 4.5% (calculated), thereby driving valuation ahead.
- Risk:** 1) Volatility in repayment buckets resulting in higher stress; 2) moderation in growth led by any external factor

₹ crore	FY23	FY24E	FY25E	2 yr CAGR (FY23-25E)
NII	819.6	1,236.0	1,697.1	53.5%
PPP	562.1	880.3	1,220.4	58.6%
PAT	12.4	493.0	696.2	2757.3%
ABV (₹)	435.9	505.2	603.1	
P/E	520.5	13.1	9.3	
P/ABV	2.1	1.8	1.5	
RoA	0.1	4.2	4.6	
RoE	0.4	13.7	16.2	

Muhurat Pick

Bharat Dynamics (BHADYN)

Buying Range (₹ 970-1030)

- Bharat Dynamics (BDL), one of the leading Indian defence PSU, is engaged in manufacturing of missiles like surface to air missiles (SAMs), anti-tank guided missiles (ATGMs), air to air missiles (AAMs), underwater weapons/torpedoes, countermeasures & allied equipments
- Govt's strong focus on indigenization of defence platforms will directly benefit domestic players including defence PSUs in terms of significant order inflows in the coming period
- BDL has been focused on expanding capabilities and developing new products to further enhance its market position & competitiveness through continuous investment in R&D, partnership with global players and expanding infrastructure
- Order backlog stands healthy at ~₹ 23,500 crore (11.3x TTM revenues) gives strong visibility in terms of future revenue growth and profitability. Moreover, orders pipeline remains strong for missiles, torpedoes, countermeasures over the next 3-5 years; provides more comfort on future earnings
- Huge opportunity for BDL in export markets too driven by rising interest from friendly countries with relatively lower manufacturing cost
- PAT CAGR expected at ~53% over FY23-25E, led by pick-up in execution and improvement in margins. Increase in profitability with strong asset turnover to result in healthy return ratios over FY23-24E. **We value BDL at ₹ 1260 i.e. 28x FY25E EPS**
- **Key risks:** Dependence on government contracts, Dependence on foreign OEMs for key components

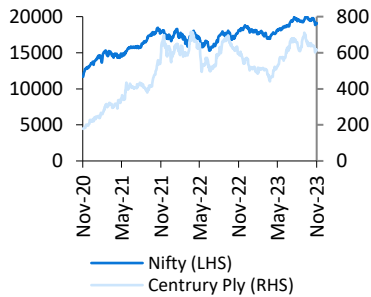
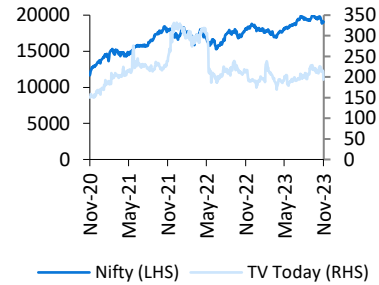
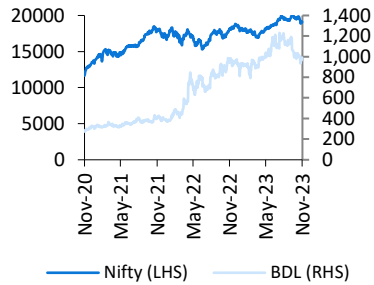
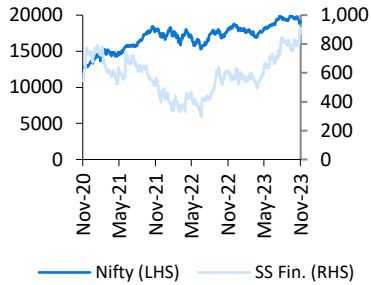
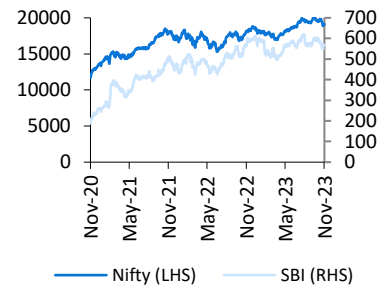
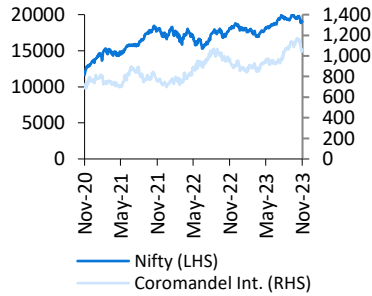
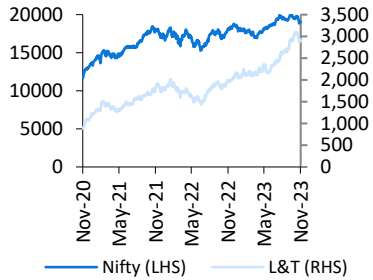
(₹ crore)	FY23	FY24E	FY25E	CAGR
Net Sales	2489	3185	4386	33%
Growth	-12	28	38	
EBITDA Margin (%)	16	20	25	
PAT	352	519	823	53%
PAT Growth	-28	47	59	
P/E (x)	51	35	22	
EV/EBITDA (x)	35	24	15	
RoNW	11	15	20	
RoCE	15	21	28	

Muhurat Pick 2022

Performance of 2022 Muhurat Picks

Company	Reco Price (₹)	Target Price (₹)	Return	Status
Axis Bank	797.9	970	22%	Target Achieved
City Union Bank	183	215	-25%	Exit
Apollo Tyres	269	335	25%	Target Achieved
Eicher Motors	3390	4170	-2%	Exit
Coforge	3593	4375	22%	Target Achieved
Lemon Tree Hotels	85	110	25%	Target Achieved
Healthcare Global Ent	295	345	17%	Target Achieved
Lauras Lab	505	675	-23%	Exit
Container Corp	695	890	-2%	Exit
Havells India	1279	1650	-2%	Exit

Price Charts



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

Disclaimer

ANALYST CERTIFICATION

I/We, Pankaj Pandey Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Prabodh Avadhoot Email address: headservicequality@icicidirect.com Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

Disclaimer

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.