

- The [results summary note](#) highlights a change in course – after 4-5 quarters, the BSE500 is seeing topline acceleration, but margin moderation. Going forward, revenue growth should drive earnings– we think this will largely come from manufacturing. Consensus Nifty EPS forecasts held up through the season and we see little risk to FY24/FY25 estimates. This is a refreshing post-Covid feature: there is little-to-no degradation in earnings estimates as we progress through the years.
- Hyundai Motor India’s proposed IPO is a positive event for the market and benefits all parties concerned. It allows listed-market investors to take exposure to a market leader, in one of the biggest growth industries. Hyundai gets the opportunity to tap into a large investor base and be a part of one of the world’s hottest stock markets. This will also drive greater transparency and disclosures, which will lift the profile of the auto industry. Other MNCs should take the cue. Chirag [highlights the possible re-rating of Maruti Suzuki](#), if Hyundai trades at elevated multiples.
- Eicher Motors is headed for a tough couple of years. The initial growth wave is over and the business is consolidating, as competition from Bajaj-Triumph and Hero-Harley eats into its market share. Moreover, budget motorcycles have outperformed for the last few months, and that is not Eicher’s wheelhouse. Chirag’s downgrade involves a sharp reduction in the valuation multiple (from 25x to 20x PER one-year forward) and that is a very likely outcome. We see EIM getting steadily de-rated over time and is one of our least preferred names in the auto segment.
- [Sabri’s downgrade of Gujarat Gas](#) looks through the narrative and delves into the underlying fundamentals. Volume uncertainty and volatile margins drive a small earnings downgrade and the stock had anyway overshot his TP. It makes little sense to follow the price now and downgrading was the more sensible course. We do believe in the overall PSU re-rating narrative (GGL is quasi-PSU), but it is difficult to keep upgrading in the absence of fundamental triggers.
- Devanshu goes the other way with [his Ethos upgrade](#); taking a risky 25% uptick in the target multiple to an eye-watering 35x EV/E. His logic is sound – the company has been consistently delivering and there is a long runway for growth in this category, in line with India’s burgeoning affluence. Moreover, Ethos’ market position is getting stronger with a strong network impact. The premium valuations do make the stock risky though. The margin of safety is now minimal, and expect a more volatile ride if you own the stock.

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Bloomberg code	Weight in EMP
BHARTI IN Equity	5%
HMCL IN Equity	6%
TTMT IN Equity	4%
MSUMI IN Equity	3%
ZOMATO IN Equity	5%
DABUR IN Equity	3%
ITC IN Equity	7%
RELIANCE IN Equity	10%
ICICIBC IN Equity	9%
HDFCB IN Equity	7%
IIB IN Equity	6%
SHFL IN Equity	5%
MAXF IN Equity	3%
CYL IN Equity	4%
INFO IN Equity	7%
ACEM IN Equity	5%
UTCEM IN Equity	8%
DELHIVER IN Equity	3%

Small Cap Picks

Stock	Reco
Aditya Vision	Buy
Fusion Microfinance	Buy
Saregama India	Buy
Senco Gold	Buy
Emami	Buy
JK Tyre	Buy

Top Sells

Stock	Reco
Britannia Industries	Reduce
Cholamandalam Investment	Reduce
Colgate-Palmolive	Sell
Jubilant FoodWorks	Sell
LTIMindtree	Reduce

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BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

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