

NIRMAL BANG RETAIL RESEARCH

**MONTHLY REPORT
Aug'24 SERIES**

Market Outlook

FUNDAMENTAL STOCKS	BUY/SELL	CMP	Target	Upside (%)
Artemis Medicare Services	Buy	250	326	30%
L&T Technology Services	Buy	5,210	6,223	20%

Technical Outlook

TECHNICAL STOCK PICKS	BUY/SELL	CMP	TARGET	STOP LOSS
HI-TECH PIPES	Buy	153	200	130
SRF	Buy	2460	2800	2220

Derivatives Outlook

DERIVATIVE STRATEGIES	PREMIUM	TARGET	STOP LOSS
Long Strangle on NIFTY (CMP 24850) Buy NIFTY 08AUG 25000CE at 125 (weekly expiry) Buy NIFTY 08AUG 24600PE at 115 (weekly expiry)	240	500	180
Bull Call Spread on BIOCON (CMP 369) Buy BIOCON 29AUG 370CE at 15 Sell BIOCON 29AUG 400CE at 6	9	21	4

- ❖ Last Month Most of the world market saw some correction but Indian market again outperformed and given positive return. Volatility in the international market was driven by multiple events in different countries. Be it chances of Donald Trump becoming next president in US increased or withdrawal of Joe Biden from the race of President election or disappointment from the third Plenum meeting in China for revival of economy. Anyhow market in US was rallying since last 6-7 months and the correction was overdue.
- ❖ The Finance Minister in the Budget has not done any major changes which can have impact on earnings of companies and as such was Neutral for corporate earnings. Due to volatility seen at the time of Election market participant went into Budget with light position as such even after all round increase in tax for investors, market bounced back. The domestic flow of money into the market is strong enough to absorb any selling. In April to Jun Quarter we had seen inflow of over Rs.94000cr in MF allocated to equity market. Against this in this quarter IPO, FPO, OFS and QIP absorbed around Rs.53000cr and Balance of Rs.41000cr was left for secondary market. Out of the Rs.94000cr inflow in Equity MF large portion is through SIP which gives stability to inflow. As such enough liquid is flowing into the Equity market to absorb any correction and because of this we are not seeing any meaningful correction in the market.
- ❖ Up till now corporate result are mix bag wherein Financials, Chemical, Cement and Steel are reported lower number then expectation and IT, FMCG Capital Goods are reporting better then expected numbers.
- ❖ Valuation of the Nifty is high but not excess whereas valuation of Small Cap and Midcap stocks are in excess Zone.
- ❖ Considering major events are now behind and liquidity situation in the market we expect market to remain positive in near term and expect market to see new high. We expect Nifty range to be 24200-25000 in August Series.

Established in July 2007 by promoters of Apollo Tyres, Artemis Hospital is one of the leading health care service providers in Delhi NCR. Company operates one super specialty hospital in Gurgaon with 713 beds and has also diversified in assets light model with 5 small hospitals having 30-50 beds each. Company has set up 3 Hospitals under Daffodil by Artemis, for Luxury specialty healthcare services for mother and childcare, and 2 hospitals under Artemis Lite, a Friendly neighborhood multispecialty hospital. It also has a Joint venture with Philips Medical Systems Netherlands BV with company holding of 65%, wherein company has setup 7 Cardiac care centers again on an asset light model. These comprehensive cardiology centers at tier 2 and 3 cities provides affordable quality care services.

Expansion at Multi specialty Hospital: The company has a multi specialty hospital at Delhi with 2 towers which are fully operational. Further, company is in process of constructing Tower III which will further add 180 beds to existing 561 beds of the hospital. These beds will be added gradually from Q2FY25 to Q1FY26. Expansion at existing hospital helps faster improvement of utilization and also higher monetization of fixed cost leading to improvement in margins. The operating margin of this hospital has seen improvement from 12% in FY22 to 18% in FY24 partially benefitted from gradual recovery in operations of Tower 2. The management expects to deliver 20%+ operating margins post the full utilization of Tower 3 operations.

Increasing overseas presence: Company has inaugurated its first hospital in Mauritius under Operations and Management Agreement with ~80 beds branded as 'Artemis Curepipe Hospital'. The company is looking into increase its footprint in international market through Operations and Management Agreement. It is expected to receive royalty revenue from this agreement, which will be resulted in 1% uptick in its overall margins.

New Hospital expansion in Assets Light strategy: Artemis Lite and Daffodil collectively have delivered EBITDA loss worth ~Rs. 10 cr in FY24 and it is expected to incur half of this loss in FY25. The management indicated break even performance to be achieved in H2FY25. The expansion in Artemis Lite and Daffodil model has been deferred for FY26. In these hospitals, company do not invest in real estate, but tie up for long term lease.

Company's ARPOB has seen substantial improvement in Q4FY24 at Rs. 78,800 which was mainly led by higher number of surgeries and substantial revenue contribution from international patients. Company's 28% of revenue generated from international patients in FY24.

In May'24, Artemis has raised Rs. 330 cr from IFC to increase bed capacity organically or inorganically, and also introduce advanced specialty services.

We Expect Artemis to report ~9% CAGR growth in number of beds during FY23-FY26E. The Revenue and EBITDA is expected to grow at a CAGR of 22%/36% during FY23-FY26E respectively. With improvement in overall utilisation, the ROE is likely to improve to 21.2% in FY26E. Share is available at 15.2x FY26 EV/EBITDA. We recommend to **BUY** the stock with target price of Rs. 326 based on 1 year forward EV/EBITDA of 20x.

Figures in Rs Cr

Year	Revenues	Growth	EBITDA	Margin	PAT	EPS	PE	EV/EBITDA	ROE
FY23	737	32.9%	94	12.7%	39	2.9	86.9	39.1	9.4%
FY24E	879	19.1%	133	15.1%	49	3.6	69.2	27.7	10.9%
FY25E	1010	14.9%	165	16.4%	75	4.9	51.1	22.2	14.5%
FY26E	1322	30.9%	237	17.9%	136	8.9	28.1	15.5	21.2%

LTTS is an engineering R&D (ER&D) services provider. It offers consultancy, design, development and testing services across the product development life cycle. It primarily operates in three segments: i) Mobility (automotive, commercial vehicles, aerospace), ii) Sustainability (Tech, FMCG, Oil and Gas), and iii) Hi-Tech (Semi-conductors, consumer electronics).

LTTS reported its Q1FY25 results recently and the revenues were down 3.1% CC QoQ. This was below market expectations. 1st Quarter is a seasonally weak quarter for the company; however; the quantum of decline was not expected.

Company had earlier given a guidance of 8-10% CC revenue growth for FY25 in Q4FY24 (March quarter). Despite ~ 3% de-growth in the current quarter (June Qtr), Company has maintained its yearly guidance of 8-10%. This means the company has to deliver a strong CQGR growth of 3.5-4.5% in the next three quarters. This we believe is achievable backed by the increased demand for digitization in the ER&D space and LTTS has a strong presence across verticals. Company also indicated a strong hiring numbers in the coming quarters reiterating strong deal pipeline.

LTTS has been adding good number of clients every quarter. In the recent quarter, Co added 2 deals of \$30 mn and \$20 mn each and 3 deals of \$ 10mn each taking the total number of active clients to 378.

Co is also looking for inorganic opportunities in Automotive, Hyperscallers and Healthcare sectors and further enhance its gamut of offerings. As of March 2024, the company held net cash of Rs.1390 crore.

We expect LTTS to report strong numbers in the coming quarters on the back of increased traction in the ER&D space and overall demand recovery in certain verticals. Stock is available at P/E of 32x FY26E expected earnings and we recommend BUY on the stock.

Figures in Rs Cr

Year	Revenues	Growth	EBIT	Margin	PAT	Margin	EPS	PE	EV/EBIT	ROCE
FY23	8815.5	34.2%	1527.1	17.3%	1216.4	14%	116.3	43.0	33.9	31.2%
FY24	9647.3	9.4%	1647.4	17.1%	1306.3	13.5%	124.7	40.1	31.2	27.7%
FY25E	10570.8	9.6%	1832.2	17.3%	1432.2	13.5%	136.7	36.6	34.6	29.6%
FY26E	11839.3	12.0%	2094.3	17.7%	1631.0	13.8%	155.6	32.1	32.2	32.5%

- ✦ The Nifty rallied strongly in July, reaching a life-time high of 24,854.80. However, after hitting the all-time high, the Bulls continue to be in control, holding strong at higher levels.
- ✦ Technically, the Nifty may face strong resistance near 25,270. A close above 25,270 for two consecutive trading sessions could signal an upward rally towards 25,600/27,000 levels.
- ✦ On the downside, the Nifty has strong support at 24,400-24,000. A break below 24,000 on a closing basis could trigger further selling pressure, potentially pushing the Nifty down to 23,700-23,400.
- ✦ The daily momentum indicator, RSI, suggests a possible uptrend with a sideways movement in the near term. Given the recent rally, profit-taking at higher levels is likely. Investors could consider booking profits at higher levels and wait for potential dips.
- ✦ **BANKNIFTY** :-The Bank Nifty faces immediate Resistance at 52,200. A close above this level could extend the up move towards 53,000/53,800. Support is positioned at 50,600/49,700.



HI-TECH PIPES BUY- CMP Rs 153

- Stock is well placed above all the important moving averages on closing basis & Stock is continuously taking support of 100 DMA & 200 DMA.
- Technically, MONTHLY chart suggest that stock is trading in upward rising Channel suggesting up move in near term.
- Interesting fact is that's price is rising along with decent volume indicates strength.
- RSI is showing strength.
- BUY HITECH above 153, ADD on dips at 140 for a Target of Rs 200 with a strict stop loss of Rs 130

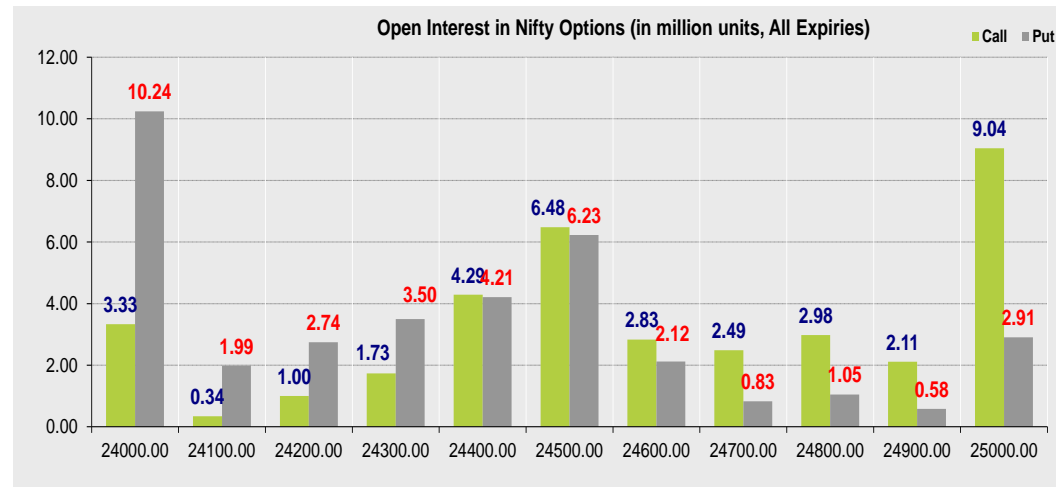


SRF BUY - CMP Rs 2460

- Interesting observation is that the prices are currently trading above the long term average 50DMA -200DMA which is a bullish signal.
- Momentum Indicator RSI showing a positive cross over in daily chart indicates strength.
- The chart indicates breakout of downward sloping trend line.
- SRF BUY above 2460 ADD on dips at 2340 for a Target of Rs 2800 with a strict stop loss of Rs 2220



- ✦ The Nifty Jul rollover of 69.69% is lower than its Three months average of 71.04% and its six months average of 73.92%.
- ✦ The market wide rollover of 91.13% is at par than its three months average of 91.16% and its six months average of 91.28%.
- ✦ Nifty is opening the series with average open interest which means index is likely to witness bullish bias in the August series.
- ✦ The Index options OI for Aug series is indicating that index is likely to remain positive.
- ✦ The PCR and VIX have both cooled down indicating positive bias for the Aug series.
- ✦ **View:** The index is likely to remain bullish In the Aug series and might witness consolidation near resistance placed at 25000-25500 levels and supports placed at 24500-24000 levels.



- ✦ Stocks likely to remain positive through the month; based on Rollovers analysis are as follows:

ADANI PORTS, SBILIFE, INDIACEM, GAIL, ONGC, GMRINFRA.

- ✦ Stocks likely to remain negative through the month; based on Rollovers analysis are as follows:

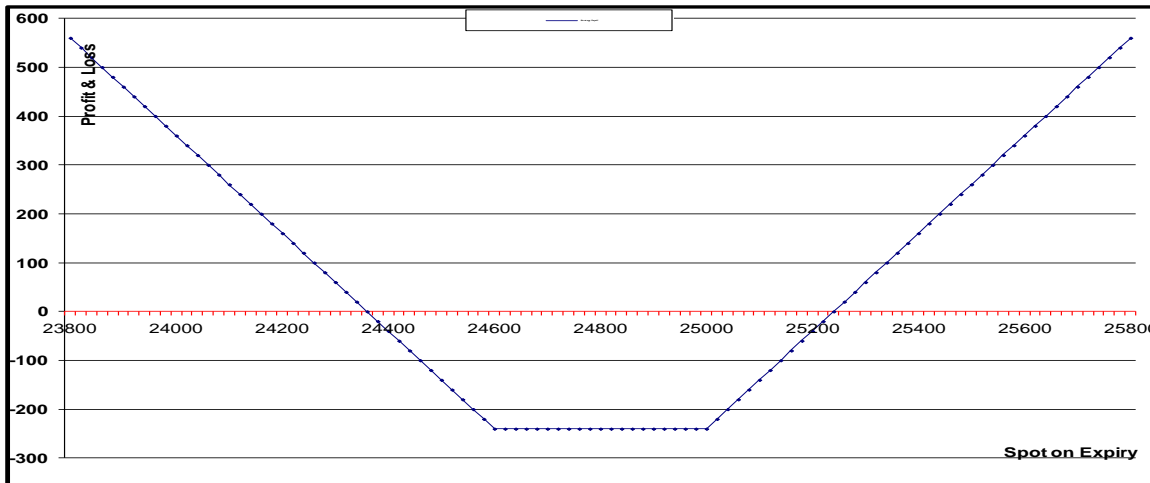
POLYCAB, LTF, VEDL, MANAPURRAM, PFC.

Long Strangle on NIFTY (CMP 24850)

Buy NIFTY 08AUG 25000CE at 125 (weekly expiry)

Buy NIFTY 08AUG 24600PE at 115 (weekly expiry)

- ✦ Total Premium Outflow & Max Loss: 240 pts, Target: 500 pts, Max Gain : Unlimited, SL:180, Lot size: 25.
- ✦ Nifty is having strong resistance at 25000 strike and support at 24500 with major addition of Call & Put writers, once this range gets broken out 300-400 points momentum will be witnessed in index in coming trading sessions which will lead this strategy to gain decent profit.



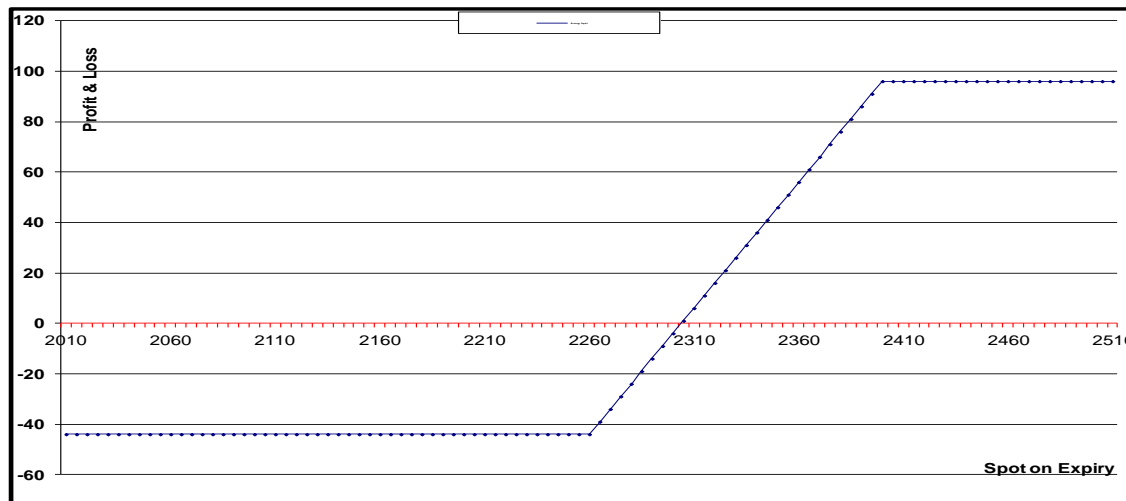
NIFTY	Profit/Loss
23600	19000
23900	11500
24200	4000
24500	-3500
24800	-6000
25100	-3500
25400	4000
25700	11500
26000	19000
26300	26500

Bull Call Spread on BIOCON (CMP 369)

Buy BIOCON 29AUG 370CE at 15

Sell BIOCON 29AUG 400CE at 6

- ◆ Total Premium Outflow & Max Loss: 9 pts, Target & Max Gain : 21pts, SL :4, Lot size:2500.
- ◆ The Stock has witnessed good short covering action with shorts exiting the stock in the recent expiry indicating positive bias. While the OI is trading below its average indicating strong buying will be witnessed in the stock while going forward.



Profit/Loss at different prices	
BIOCON	Profit/Loss
330	-22500
340	-22500
350	-22500
360	-22500
370	-22500
380	2500
390	27500
400	52500
410	52500
420	52500

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