

HAPPY

*New Year*

2025

December 24, 2024

# NEW YEAR PICKS

# 2025

## TOP 6

### STOCK RECOMMENDATIONS

#### HDFCBANK

Sector: **Bank**

MCap (₹ cr)	*CMP (₹)	^Acc.Range (₹)	Targets (₹)
17,34,792	1,798	1,720-1,810	1,920-2,008

#### LICI

Sector: **Insurance**

MCap (₹ cr)	*CMP (₹)	^Acc.Range (₹)	Targets (₹)
5,63,178	890	840-900	1,045-1,160

#### DLF

Sector: **Realty**

MCap (₹ cr)	*CMP (₹)	^Acc.Range (₹)	Targets (₹)
2,08,347	841	800-850	960-1,050

#### MOTHERSON

Sector: **Auto Ancillaries**

MCap (₹ cr)	*CMP (₹)	^Acc.Range (₹)	Targets (₹)
1,10,470	157	145-160	175-195

#### ARE&M

Sector: **Energy & Mobility**

MCap (₹ cr)	*CMP (₹)	^Acc.Range (₹)	Targets (₹)
21,858	1,194	1,080-1,200	1,350-1,440

#### SENCO

Sector: **Jewellery**

MCap (₹ cr)	*CMP (₹)	^Acc.Range (₹)	Targets (₹)
8,720	1,066	1,010-1,080	1,200-1,330

\*CMP as on 24th December, 2024

^Consider increasing your investment near the lower end of the accumulation band



## New Year 2025: Embracing a Balanced Approach!

The performance of the Indian stock market in 2024 has been notably positive, with significant gains across major indices. On the benchmark front, both Nifty and Sensex, edged higher for the ninth consecutive calendar year and have surged ~9% so far. This upward trend reflects a broader market rally, with both indices consistently reaching new highs, and the Nifty crossing multiple milestones, from 22,000 to 26,000, in a relatively short period. However, in the second half of the year, the market faced challenges such as weak corporate earnings, FII outflows, elevated inflation, and sluggish GDP growth. Despite these headwinds, steady buying by DIIs and strong participation from retail investors has supported the markets.

As we move into 2025, several notable trends are expected to influence markets, both in India and globally. Shifts in U.S. trade policies, including higher tariffs, could alter international trade patterns and supply chains, prompting countries like India to reassess trade agreements and potentially introducing market uncertainty. Additionally, the resolution of ongoing geopolitical conflicts could stabilize global markets and improve economic sentiment. Furthermore, a recovery in corporate earnings is anticipated as businesses rebound from a period of slower growth, supported by higher government capital expenditures and renewed private sector investments. Moreover, as inflationary pressures ease, the demand environment could improve, boosting consumer spending and increasing purchasing power. Together, these factors are likely to create a dynamic environment, offering both opportunities and challenges for investors.

Meanwhile, investors are advised to focus on accumulating fundamentally strong stocks during market dips, particularly those with solid balance sheets and growth potential, to navigate fluctuations.

We have identified six stocks across various sectors with strong fundamentals and triggers for robust performance in 2025. To benefit from the prevailing volatility, we recommend accumulating these stocks at the specified levels.





**BUY**

**HDFC Bank Ltd.**

CMP (₹)  
**1,798**

Acc. Range (₹)  
**1,720-1,810**

Targets (₹)  
**1,920-2,008**

### INVESTMENT RATIONALE

- ◆ **Countries largest private bank:** HDFC Bank is the largest private sector bank with market share of 14.42% in advances and 11.41% in deposits. The bank has presence in core financial segments such as banking, insurance, asset management and securities.
- ◆ **Improving CD ratio:** Following the merger with HDFC, the bank's credit-to-deposit (CD) ratio experienced significant deterioration, reaching levels as high as 108.4%. However, this trend has recently begun to reverse, with the CD ratio falling to 100.7% in Q2 FY25, as the bank has increased its focus on deposit growth.
- ◆ **Asset quality continues to remain Robust:** Asset quality saw marginal deterioration during the quarter but overall asset continues to remain robust as both Gross NPA (GNPA) and Net NPA (NNPA) remain at lower end of its historical range. And is expected to remain around current levels only.
- ◆ **Re-rating potential:** The elevated credit-deposit (CD) ratio has been a significant challenge for HDFC Bank, adversely affecting its margins and growth, which in turn has led to a decline in its valuation multiple. However, as the bank gradually improves its CD ratio, we can expect to see a gradual enhancement in margins over the next few quarters, and the potential for a re-rating should not be overlooked.

### KEY STOCK DATA

Symbol	HDFCBANK
Market Cap (₹ Cr)	17,34,792
52 week H/L	1,880/1,363
Shares o/s, (Cr)	764.5
3M Avg Volume	1,79,28,484
Face Value (₹)	1

### TECHNICAL CHART



**BUY**

**Life Insurance Corporation of India**

CMP (₹)  
**890**

Acc. Range (₹)  
**840-900**

Targets (₹)  
**1,045-1,160**

### INVESTMENT RATIONALE

- ◆ **Largest domestic insurer:** It is the largest insurance provider company in India. It has a market share of above 58.87% (as on Q2FY25) in new business premium. The company offers participating insurance products and non-participating products like unit-linked insurance products, saving insurance products, term insurance products, health insurance, and annuity & pension products.
- ◆ **Strong product portfolio driving premium growth:** During the Q2FY25, company reported an 11.5% YoY growth in net premium income, reaching ₹1.20 lakh crore, primarily driven by a 23.8% YoY rise in single premium to ₹46,998 crore. The company effectively managed commission costs, which increased by 7.8% YoY to ₹6,163 crore. Strong product portfolio and one of the largest agency forces helps company to derive premium growth.
- ◆ **Increasing share on non-par products:** It has significantly boosted its share in non-participating (non-par) products, enhancing its VONB margins. Over the past year, the contribution of non-par products in individual APE rose from ₹967 crore to ₹3,164 crore, increasing their share from 11.1% to 27.7%. This focus on high-margin non-par products is expected to further improve its margins.
- ◆ **Well positioned in evolving landscape:** LIC of India, a leading life insurer showing strong growth from steady premium income and improved margins from high-margin non-participating products and non-par products. With a strategic focus on expanding its product mix and enhancing profitability, LIC is well-positioned for continued success in the evolving insurance landscape.

### KEY STOCK DATA

Symbol	LICI
Market Cap (₹ Cr)	5,63,178
52 week H/L	1,222/780
Shares o/s, (Cr)	632.5
3M Avg Volume	13,63,927
Face Value (₹)	10

### TECHNICAL CHART





**BUY**

**DLF Ltd.**

CMP (₹)  
**841**

Acc. Range (₹)  
**800-850**

Targets (₹)  
**960-1,050**

### INVESTMENT RATIONALE

- ◆ **A leading player in India's real estate sector:** DLF Limited is one of India's leading real estate companies with 78 years of experience in real estate development. They have developed 180 real estate projects covering an area of ~351 msf. DLF has two business segments: development and rental. Their development portfolio includes residential, commercial, and retail properties.
- ◆ **Strong launch pipeline:** DLF has a robust launch pipeline with a projected sales potential of ₹41,000 crore for FY2025 and ₹63,500 crore in the medium term beyond FY2025, highlighting strong revenue growth potential. Some key upcoming projects include Dahlias (Phase 5), Downtown Gurugram, new developments in Goa and Mumbai, and the next phase of Privana. Further, management has retained a pre-sales guidance of ₹17,000 crore for FY2025.
- ◆ **Strategic expansion and market leadership:** DLF holds a leading position in the Delhi-NCR real estate, supported by extensive land reserves with a development potential of 187 msf. Additionally, the company is strategically expanding its footprint into other key markets, including the Chandigarh Tri-city region, Mumbai, and Goa.
- ◆ **To benefit from India's growing residential demand:** DLF is expected to benefit from the strong growth potential of the real estate industry. The residential segment in India is experiencing a resurgence, with demand exceeding supply in major cities. Urbanization, increasing household incomes, and a desire for homeownership are fueling demand in the residential sector.

### KEY STOCK DATA

Symbol	DLF
Market Cap (₹ Cr)	2,08,347
52 week H/L	968/687
Shares o/s, (Cr)	247.5
3M Avg Volume	35,42,830
Face Value (₹)	2

### TECHNICAL CHART





**BUY**

**Samvardhana Motherson International Ltd.**

CMP (₹)  
**157**

Acc. Range (₹)  
**145-160**

Targets (₹)  
**175-195**

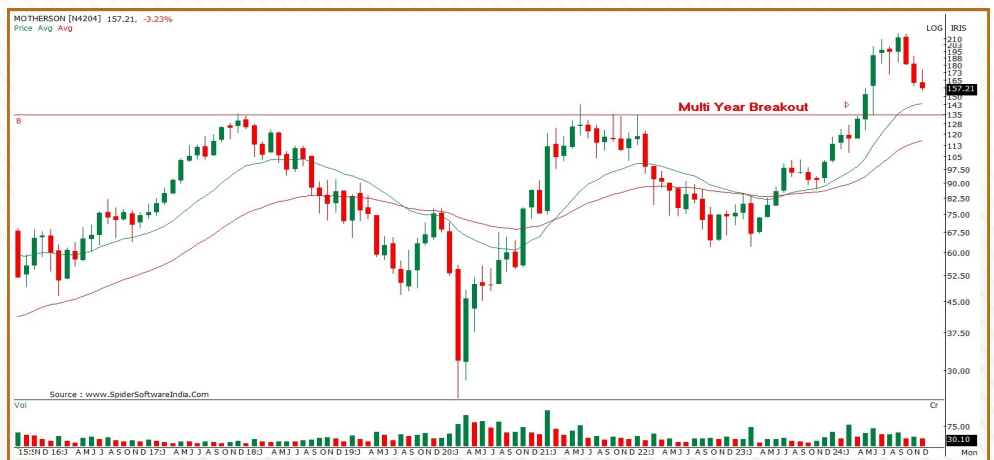
### INVESTMENT RATIONALE

- ◆ **Global automotive supplier:** Samvardhana Motherson International Limited ("SAMIL") is one of the world's largest suppliers to automotive OEMs and serves customers across a range of non-automotive industries, including aerospace, logistics, health and medical, and information technology. With a presence spanning over 400 facilities, including operational units, tech centers, and representative offices, SAMIL operates in 44 countries.
- ◆ **Robust growth outlook:** SAMIL's revenue is expected to grow at a healthy rate, driven by a robust order book, expansion into non-automotive segments, and the full-year impact of recent acquisitions. As of September 2024, the company has an order book of USD 88 billion, with approximately 24% attributed to Electric Vehicles (EVs).
- ◆ **Diversification strategy (3CX10):** SAMIL is focused on diversifying its revenue streams through its "3CX10" strategy, ensuring no single customer, component, or country contributes more than 10% to its overall revenue. This strategy mitigates concentration risk and enhances business stability.
- ◆ **Strategic growth approach:** SAMIL follows a customer-centric acquisition strategy to enhance capabilities and expand product offerings in line with customer needs. With 43 strategic acquisitions completed between 2002 and March 2024, the company emphasizes disciplined capital expenditure and prudent financial governance. Looking ahead, SAMIL will continue its OEM-guided acquisitions, driven by customer requirements and supported by a prudent funding philosophy and a focus on organic expansion.

### KEY STOCK DATA

Symbol	MOTHERSON
Market Cap (₹ Cr)	1,10,470
52 week H/L	217/94
Shares o/s, (Cr)	703.6
3M Avg Volume	175,76,051
Face Value (₹)	1

### TECHNICAL CHART



**BUY**

**Amar Raja Energy and Mobility Ltd.**

CMP (₹)  
**1,194**

Acc. Range (₹)  
**1,080-1,200**

Targets (₹)  
**1,350-1,440**

### INVESTMENT RATIONALE

- ◆ **India's one of largest battery manufacturer:** ARE&M is the flagship entity of the Amara Raja Group, is recognized as a technology leader and ranks among the largest producers of lead-acid batteries for industrial and automotive applications within the Indian storage battery sector.
- ◆ **Preferred Supplier among customers:** It serves prestigious OEMs and exports its industrial and automotive batteries to over 50 countries worldwide. In India, it is the preferred supplier for major telecom service providers, telecom equipment manufacturers, the UPS sector, Indian Railways, and the power, oil, and gas industries, among others.
- ◆ **Focus on all high growth areas like data centers, EV battery and 5G capex all high growth:** The company's products are utilized across several high-growth themes, including data centers, EV batteries, and 5G capital expenditures. To capitalize on these sectoral tailwinds, the company is establishing a giga cell plant and an EV battery pack facility. Additionally, it is leveraging its existing distribution network for OEM products in the aftermarket to introduce new offerings, thereby increasing its overall market share.
- ◆ **Capitalizing on emerging markets trends:** ARE&M, one of India's largest battery manufacturers, is recognized for its technological leadership in lead-acid batteries and serves prestigious OEMs while exporting to over 50 countries. The company is a preferred supplier for key sectors in India, including telecom and railways. With a strategic focus on high-growth areas like data centers, EV batteries, and 5G capex, ARE&M is investing in a giga cell plant and an EV battery pack facility, positioning itself to capitalize on emerging market trends.

### KEY STOCK DATA

Symbol	<b>ARE&amp;M</b>
Market Cap (₹ Cr)	21,858
52 week H/L	1,776/738
Shares o/s, (Cr)	18.5
3M Avg Volume	6,04,706
Face Value (₹)	1

### TECHNICAL CHART







**BUY**

**Senco Gold Ltd.**

**CMP (₹)**  
**1,066**

**Acc. Range (₹)**  
**1,010-1,080**

**Targets (₹)**  
**1,200-1,330**

### INVESTMENT RATIONALE

- ◆ **A leading jewellery retailer in eastern India:** Senco Gold Limited is one of the largest organized retail jewellery retailers in Eastern India. The company specializes in gold and diamond jewellery, offering a wide selection of lightweight and affordable designs. Its retail network spans 166 showrooms across 13 states, comprising a mix of company-owned and franchise-operated locations.
- ◆ **Accelerating growth across new markets:** Senco Gold is pursuing a strategic expansion plan, aiming to increase its store count to penetrate new markets. The company's expansion is driven by a calibrated approach that balances company-owned and franchise stores, particularly in eastern and northern India. Management has provided guidance to open 18-20 new jewellery showrooms in FY25, with 8 stores already launched in H1 FY25. Looking ahead, company aims to expand its store network at a CAGR of 12% between FY24 and FY27.
- ◆ **Customs duty cut on gold imports to fuel long term growth:** Further, the recent cut in customs duty on gold imports is expected to boost demand over the long term. Management is optimistic that this move will support their revenue growth target of 18%-20% for FY25, helping drive sustained growth for the company.
- ◆ **Ventures into lab grown diamond market:** Senco Gold is expanding its presence in the lab-grown diamond jewellery market through its sub-brand, Sennes. This brand targets the "aspirational upper middle class," offering luxury lifestyle products including jewellery, leather bags, and lab-grown diamonds. They plan to have 8-10 Sennes stores by the end of FY25.

### KEY STOCK DATA

Symbol	<b>SENCO</b>
Market Cap (₹ Cr)	8,820
52 week H/L	1,544/681
Shares o/s, (Cr)	8.2
3M Avg Volume	4,86,097
Face Value (₹)	10

### TECHNICAL CHART





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Statements on ownership and material conflicts of interest, compensation– Research Analyst (RA)

[Please note that only in case of multiple RAs, if in the event answers differ inter-se between the RAs, then RA specific answer with respect to questions under F(a) to F(j) below, are given separately]

S. No.	Statement	Answer	
		Yes	No
		Tick appropriate	
		Yes	No
	I/we or any of my/our relative has any financial interest in the subject company? <b>[If answer is yes, nature of Interest is given below this table]</b>		No
	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?		No
	I / we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance?		No
	I/we have received any compensation from the subject company in the past twelve months?		No
	I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?		No
	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation for products or services other than brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
	I/we have served as an officer, director or employee of the subject company?		No
	I/we have been engaged in market making activity for the subject company?		No

Nature of Interest ( if answer to F (a) above is Yes :

.....

Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) above, are given below]

SS.No.	Name(s) of RA.	Signatures of RA	Serial Question of question which the signing RA needs to make a separate declaration / answer	Yes	No.

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