

Market snapshot



Equities - India	Close	Chg .%	CYTD.%
Sensex	72,470	-0.5	0.3
Nifty-50	22,005	-0.4	1.3
Nifty-M 100	47,808	1.0	3.5
Equities-Global	Close	Chg .%	CYTD.%
S&P 500	5,204	-0.3	9.1
Nasdaq	16,316	-0.4	8.7
FTSE 100	7,931	0.2	2.6
DAX	18,384	0.7	9.7
Hang Seng	5,825	1.2	1.0
Nikkei 225	40,398	0.0	20.7
Commodities	Close	Chg .%	CYTD.%
Brent (US\$/Bbl)	86	-0.5	10.8
Gold (\$/OZ)	2,179	0.3	5.6
Cu (US\$/MT)	8,748	-0.1	3.4
Almn (US\$/MT)	2,252	-1.1	-4.0
Currency	Close	Chg .%	CYTD.%
USD/INR	83.3	-0.2	0.1
USD/EUR	1.1	0.2	-1.9
USD/JPY	151.6	0.1	7.5
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	7.1	0.00	-0.1
10 Yrs AAA Corp	7.6	0.00	-0.2
Flows (USD b)	26-Mar	MTD	CYTD
FII	0.0	7.02	-2.7
DII	0.60	2.16	6.3
Volumes (INRb)	26-Mar	MTD*	YTD*
Cash	1,071	1047	1194
F&O	3,42,094	3,67,420	3,95,006

Note: Flows, MTD includes provisional numbers.

*Average



Today's top research idea

Shree Cement: Expanding footprint largely in existing markets

- ❖ Shree Cement (SRCM) has been consistent in capacity expansion (mostly through organic routes), with a capacity CAGR of ~12% over FY14-24. The company plans to increase its grinding capacity organically at a similar CAGR over FY24-27E to reach 65mtpa/75mtpa by FY26E/FY27E. However, most of these expansions will focus on its existing markets and a large part of Central and West regions will remain untapped till FY27E.
- ❖ SRCM is one of the lowest-cost producers in the cement industry. Now, it is also focusing on improving brand equity by enhancing consumer pull for its products in the market, and increasing premium product share.
- ❖ We cut EBITDA estimates for FY25/26 by 5% (each) due to pricing pressure (all-India average cement price declined 5- 6% QoQ in 4QFY24E). The stock currently trades at 18x/16x FY25E/FY26E EV/EBITDA. We reiterate our Neutral rating and value SRCM at 17x FY26E EV/EBITDA to arrive at our TP of INR27,700.



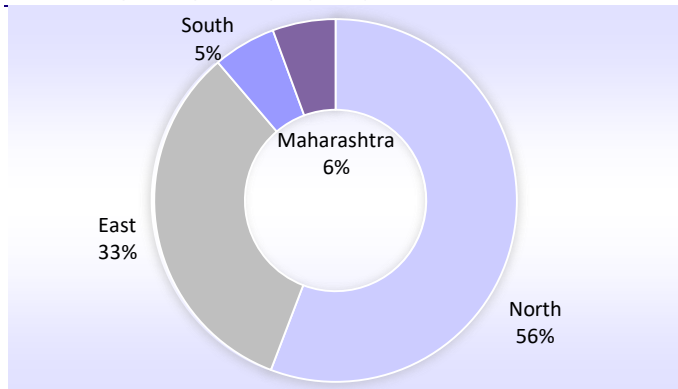
Research covered

Cos/Sector	Key Highlights
Shree Cement	Expanding footprint largely in existing markets
Indian Motor Insurance	Favorable auto sales mix driving premium growth
EcoScope	Current account deficit narrows to 1.2% of GDP in 3QFY24



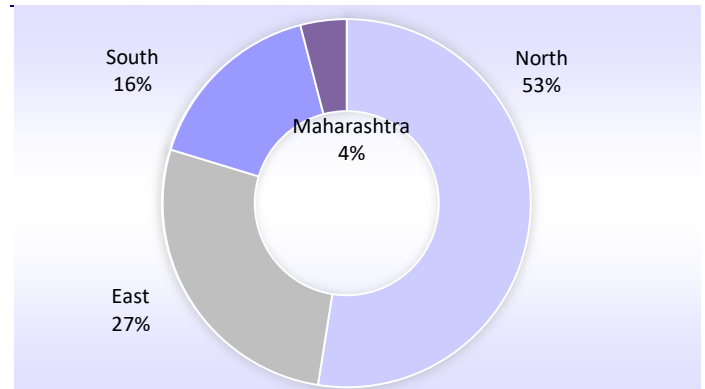
Chart of the Day: Shree Cement (Expanding footprint largely in existing markets)

SRCM's regional grinding capacity mix in FY24E



Source: MOSL, Company, Note: North is including Western UP

SRCM's regional grinding capacity mix in FY27E



Source: MOSL, Company, Note: North is including Western UP

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.



Kindly click on textbox for the detailed news link

1

IndiGo looks to boost productivity and control costs

IndiGo, India's largest airline, has emerged stronger from the Covid pandemic due to its lean cost structure. Despite being completely grounded during the lockdown, the airline now boasts a significant cash reserve of ₹19,199 crore, a 171% increase from March 2021.

2

Standard Chartered Bank likely to sell entire 7.18% stake in CDSL for \$151 mn

Floor price for the block deal has been fixed at Rs 1,672 per share

3

FDI into I&B sector drops 78% to ₹332 cr in Dec qtr

Foreign Direct Investment (FDI) in India's information and broadcasting sector, including print media, decreased by 78% to ₹332 crore in Q3 of FY24, down from ₹1,535 crore in the same period last year. However, the sector received FDI worth ₹6,390 crore in the first nine months of FY24, compared to ₹2,925 crore in the same period in FY23.

4

Sony signs \$100 million media rights deal with New Zealand Cricket

Sony Pictures Networks India secured New Zealand Cricket media rights for \$90-\$100 million. They will broadcast matches in India from 2024-2031, strengthening their sports portfolio. Evaluation of additional cricket rights is in progress.

5

China set to challenge US electric vehicle plans at WTO, says report

China said it was contesting 'discriminatory subsidies' under the US Inflation Reduction Act that it said resulted in the exclusion of goods from China and other WTO countries

6

India's current account deficit narrowed to 1.2% of GDP in Q3: RBI data

Services exports grew due to rising software exports, business and travel services

7

Meesho set to raise \$300 million from Tiger Global, SoftBank

First large funding round to happen in last one year.



Shree Cement

BSE SENSEX 72,470 S&P CNX 22,005

CMP: INR25,600 TP: INR27,700 (+8%) Neutral



Bloomberg	SRCM IN
Equity Shares (m)	36
M.Cap.(INRb)/(USDb)	923.7 / 11.1
52-Week Range (INR)	30738 / 22601
1, 6, 12 Rel. Per (%)	-1/-14/-30
12M Avg Val (INR M)	885
Free float (%)	37.5

Financial Snapshot (INR b)

Y/E MARCH	FY24E	FY25E	FY26E
Sales	194.6	208.6	226.2
EBITDA	41.8	47.5	53.8
Adj. PAT	23.8	22.6	24.2
EBITDA Margin (%)	21.5	22.8	23.8
Adj. EPS (INR)	659	625	671
EPS Gr. (%)	102.4	-5.1	7.4
BV/Sh. (INR)	5,627	6,133	6,654

Ratios

Net D:E	-0.3	-0.2	-0.2
RoE (%)	12.3	10.6	10.5
RoCE (%)	11.8	10.3	10.2
Payout (%)	15.2	19.2	22.3

Valuations

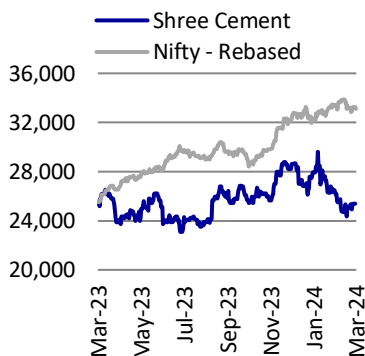
P/E (x)	38.9	40.9	38.1
P/BV (x)	4.5	4.2	3.8
EV/EBITDA(x)	20.3	18.1	16.0
EV/ton (USD)	192	184	159
Div. Yield (%)	0.4	0.5	0.6
FCF Yield (%)	-0.1	-1.0	-0.2

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	62.6	62.6	62.6
DII	12.6	12.6	12.0
FII	12.3	12.2	12.5
Others	12.6	12.8	13.0

FII Includes depository receipts

Stock's performance (one-year)



Expanding footprint largely in existing markets

Focus shift on improving brand equity

- Shree Cement (SRCM) has been consistent in capacity expansion (mostly through organic routes), with a capacity CAGR of ~12% over FY14-24. The company plans to increase its grinding capacity organically at a similar CAGR over FY24-27E to reach 65mtpa/75mtpa by FY26E/FY27E. However, most of these expansions will focus on its existing markets and a large part of Central and West regions will remain untapped till FY27E.
- SRCM is one of the lowest-cost producers in the cement industry. Now, it is also focusing on improving brand equity by enhancing consumer pull for its products in the market, and increasing premium product share. SRCM has revamped its brand strategy and launched 'Bangur' as the master brand for all product categories across markets.
- SRCM's cumulative capex of INR90b over FY25-26E will exceed total OCF of INR78b over the same period. We cut EBITDA estimates for FY25/26 by 5% (each) due to pricing pressure (all-India average cement price declined 5-6% QoQ in 4QFY24E). The stock currently trades at 18x/16x FY25E/FY26E EV/EBITDA. We reiterate our Neutral rating and value SRCM at 17x FY26E EV/EBITDA to arrive at our TP of INR27,700.

Expanding capacity within the same Geographical reach

- SRCM capacity CAGR slowed down to ~5% over FY20-23 vs. its historical CAGR of over 10%. Now, the company is again scaling up its capacity expansion plan. In FY24, the company increased domestic clinker/grinding capacity by 3.8mtpa/7.0mtpa to 33.4mtpa/53.4mtpa. It commissioned – 1) a greenfield integrated cement plant at Nawalgarh, Rajasthan, having clinker/grinding capacity of 3.8mtpa/3.5mtpa, 2) a greenfield grinding unit at Purulia, West Bengal, with a capacity of 3mtpa; and 3) debottlenecking at Seraikela, Jharkhand, of 0.5mtpa grinding capacity.
- It plans to increase domestic grinding capacity to 65mtpa/75mtpa by FY26E /FY27E and 80mtpa in the long run, through a mix of greenfield/brownfield expansions. SRCM's expansion plans (up to 75mtpa) are largely focused on existing locations (North, East and part of South region). However, a large part of Central and West regions will remain untapped till FY27E.
- We estimate the company's capacity/volume CAGR at ~11%/10% over FY24-26E as compared to capacity/volume CAGR of ~7%/6% over FY19-24. Further, we estimate capacity average utilization at ~70% over FY24-26 vs. average utilization of ~66% over FY19-23.
- SRCM announced foray into RMC business. The company recently acquired five operational plants with an aggregate capacity of 422 cum/hr at a cash consideration of INR335m. These plants are located in Mumbai Metropolitan Region. It also commissioned greenfield RMC plant having a capacity of 90 cum/hr in Hyderabad. The company's combined RMC capacity now stands at 512 cum/hr.

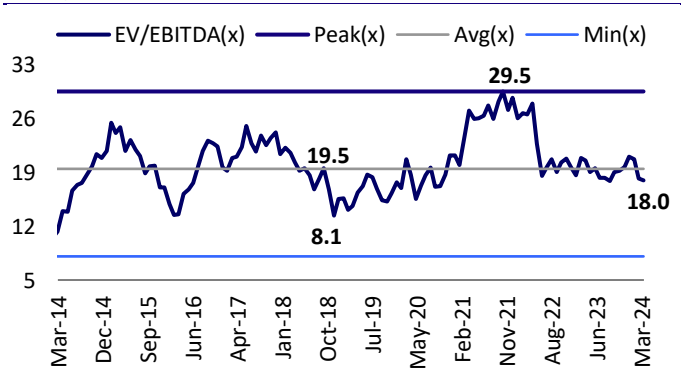
Low-cost producer; now also focusing on improving brand equity

- SRCM is one of the lowest-cost cement producers in the industry, backed by a) a higher share of green power (WHRS, solar and Wind power), which fulfils 57% of its power requirements, b) high dependence on split grinding units, c) high alternative raw material consumption with ~28% in total raw material consumption; and d) lower specific power consumption (68Kwh/t of cement). We believe the company has limited scope for incremental cost savings. Further, in the past few years, its cost-efficiency gap with peers has narrowed.
- Now, it is also focusing on improving brand equity by enhancing consumer pull for its products in the market, and increasing premium product share. SRCM has revamped its brand strategy and launched ‘Bangur’ as the master brand for all product categories across markets. This was implemented with a new brand identity through a new logo and modern packing designs. A new multi-media advertising campaign has been launched across television, outdoor, print, digital, and retail touchpoints.
- It streamlined premium product offerings with one premium product – “Bangur Magna” across the markets. The company’s premium product share stood at ~9% and it targets to increase it to ~15% by FY25.

Valuation expensive; reiterate Neutral

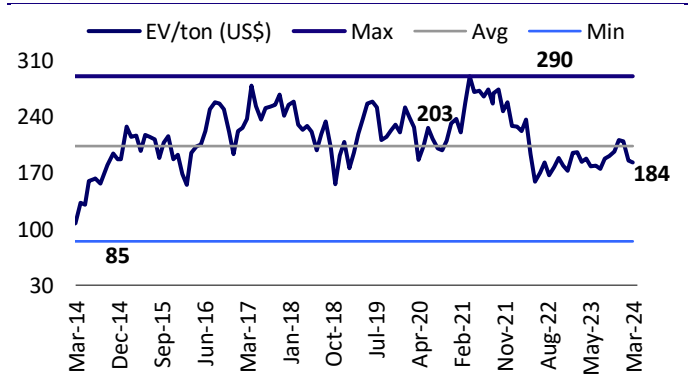
- We estimate SRCM’s EBITDA to report ~13% CAGR over FY24-26, led by ~10% volume growth and ~3% improvement in EBITDA/t. We estimate its blended EBITDA/t at INR1,225/INR1,260 in FY25/FY26 vs. an estimated EBITDA/t of INR1,190 in FY24 (average EBITDA/t stood at INR1,250 over FY19-23).
- We estimate SRCM to generate cumulative OCF of INR78b over FY25-26 while, estimated capex of INR90b. We expect the company to post FCF outflow until FY26 due to accelerated growth plans (capex guidance of INR125b over FY25-FY27), leading to a negative FCF yield. Its net cash is estimated to decline to INR37b vs. INR60b as of Dec’23, given the aggressive expansion plans, which entails a higher capex.
- We cut EBITDA estimates for FY25/26 by 5% (each) due to pricing pressure (all-India average cement price declined 5-6% QoQ in 4QFY24E). The stock trades at 18x/16x FY25E/FY26E EV/EBITDA (vs. its 10-year average one-year forward EV/EBITDA of 20x). We reiterate our **Neutral** rating and value SRCM at 17x FY26E EV/EBITDA to arrive at our TP of INR27,700.

One-year forward EV/EBITDA ratio trend



Source: Company, MOFSL

One-year forward EV/t trend



Source: Company, MOFSL



Indian Motor Insurance

Favorable auto sales mix driving premium growth

Rising share of UVs, CNG, automatics, EVs & top-end models

- The motor insurance premium has seen a CAGR of 5.5% over FY20-23, with YTD growth standing at 15%. Specifically, for Motor OD, the three-year CAGR/YTD growth has been 6.2%/18%, whereas for the Motor TP segment, the CAGR/YTD growth has been 5.1%/11%.
- The auto industry sales for passenger vehicles/2Ws have registered a three-year CAGR of 12%/-4%, while YTD growth stood at 9%/12%.
- New vehicle sales account for a significant portion of the motor segment's insurance premium. However, the correlation is stronger with the value growth of the industry than the volume growth.
- We note that the auto industry trends such as rising share of UVs, preference for top-end models, the growing adoption of CNG/EVs, acceptance of automatic variants, and the rising popularity of scooters and higher cc 2Ws, have all played a favorable role for the motor insurance industry.
- These trends are structural in nature and will provide support to the motor insurance premium growth even in a phase of a slow auto sales growth.
- We note that the insurance premium for CNG vehicles of the same variant is 18% higher, for automatic vehicles, it's 4% higher, and for UVs of the same CC, it is 12% higher.
- We remain positive of ICICIGI as it improves its market share in the auto segment and we maintain our BUY rating on the stock with a one-year price target of INR1,900 (33x FY26E EPS).

Passenger vehicle segment seeing marked changes in product mix

- **Top variant:** As per media reports (<https://tinyurl.com/yck9n6kv>), the share of customers choosing the top variant while purchasing a passenger vehicle has increased from 27% to 43% in the past one year. The insurance premium for Swift Zxi is 22% higher than the base variant (Lxi) and 11% higher than the mid-variant (Vxi).
- **CNG:** The share of CNG vehicles in the domestic PV industry has increased to 14% in 9MFY24 from about 4% in FY20. The preference for CNG vehicles has been increasing on the back of multiple launches by OEMs, reduced waiting times at petrol pumps, and the cost advantage of CNG vehicles. For Maruti Swift, we note that the insurance premium for its Zxi model in the CNG variant is 18% higher than that of the petrol variant.
- **Automatic variant:** As per Crisil estimates (<https://tinyurl.com/5n7zmdha>), the share of automatic variants has increased to 27-29% in FY23 from 8-10% in FY18. With increasing traffic and evolution of automatic transmission, the share is expected to increase further to 40-45%. The insurance premium for the automatic variant of Swift Zxi is 4% higher than that of the manual variant.
- **UVs:** The share of utility vehicles in the overall mix has increased to 53% in YTFY24 from 31% in FY20. We note that the insurance premium of 1,200cc UV (Hyundai Exter) is 12% higher than the 1,200cc passenger car (Maruti Swift). In the automatic variant, the insurance premium is higher by 21%.

Growing adoption of electric vehicles

- As per media reports, EV adoption in passenger vehicle sales stood at 2.3% as of December 2023 vs. 0.48% in 2021. Despite the current scale being relatively small, the trend is expected to sustain due to the increasing range of EVs, a growing number of launches, and improving infrastructure for charging.
- The claim experience in the EV segment has been challenging due to higher share of plastic parts and limited availability of spare parts. However, the claim experience in this segment is still evolving, primarily because vehicle usage is currently relatively lower and mostly confined to intra-city travel. Furthermore, EVs are still not the primary vehicle for large section of owners. As the EV market matures, insurance pricing for EVs could potentially increase.
- The insurance premium for Tata Nexon EV is 27% higher than Tata Nexon petrol variant.

Two-wheelers: Rising share of scooters and premiumization of motorcycles

- The share of scooters in the overall two-wheeler sales in India has increased to 32.4% in YTD FY24 from 29.8% in FY22. Higher number of launches, favorable demographics, and poor availability of public transport in lower tier cities have driven the sales for scooters. Average insurance for 125cc scooters is 4% higher than average insurance for 125cc motorcycles.
- Within motorcycles, the share of 125cc has increased to 17.8% YTD FY24 from 13.3% in FY20. This has been at the cost of <125cc segment, wherein the share has reduced to 31.6% in YTD FY24 from 37% in FY20. The average insurance premium of 125cc motorcycles is 11% higher when compared with average insurance premium for 100cc vehicles.
- Also, the share of >300cc has increased to 5.2% YTD from 4% in FY21. The insurance premium for Royal Enfield 350cc classic is ~2.5x of average premium for 125cc vehicles.

Maintain BUY on ICICIGI; management aiming market share improvement in Motor segment

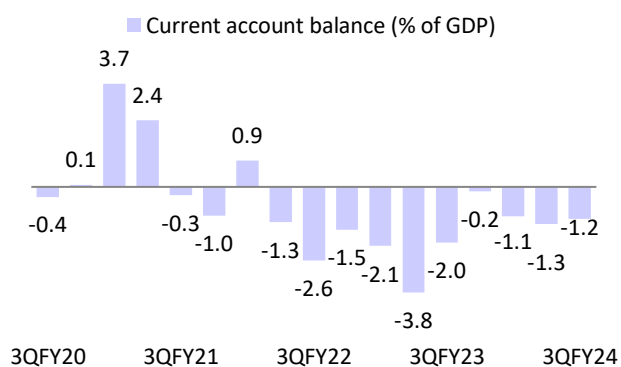
- ICICIGI has underperformed the industry with motor premium CAGR of 1.2%/-3.1%/6% in overall Motor/OD/TP over FY20-23, while YTD growth stood at 12%/13%/10%. During FY20-23, the market share for ICICIGI fell to 13.1% from 17.2% and it further declined to 11.8% in 1HFY24. However, we have seen a recovery in 2HFY24 (up to Feb'24), wherein the market share stood at 13.4%.
- The company has a dominant share in the EV segment with a market share of ~18% in passenger cars and ~28% in two wheelers.
- We believe that in spite of a slowdown in vehicle sales (if any), the insurance premium for the motor segment will continue to be healthy, given the favorable product mix trends, which are expected to sustain over the medium term.
- We maintain our BUY rating on the stock with a one-year price target of INR1,900 (33x FY26E EPS).

Current account deficit narrows to 1.2% of GDP in 3QFY24

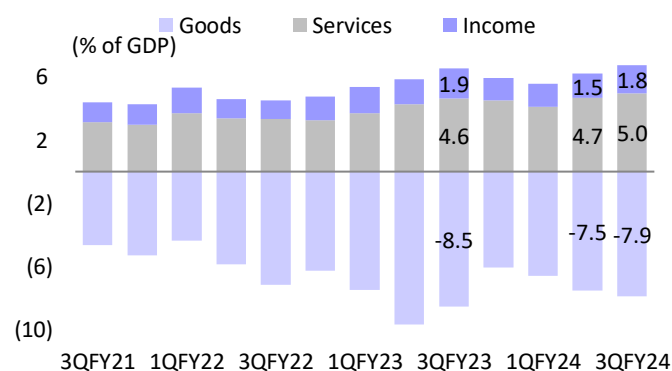
Led by higher invisibles account surplus

- India’s current account deficit (CAD) stood at USD10.5b (or 1.2% of GDP) in 3QFY24, lower than USD11.4b (1.3% of GDP) in 2QFY24 and USD16.8b in 3QFY23. The number was lower than the market consensus of USD12b and our expectation of USD15b (*Exhibit 1*).
- Lower-than-expected CAD can be attributed to a higher services surplus and a higher surplus on income account. The merchandise trade deficit stood at USD71.6b (or 7.9% of GDP) in 3QFY24 vs. USD71.3b (8.5% of GDP) in 3QFY23. The services surplus jumped to USD45b (5% of GDP, highest on record since 1QFY10) in 3QFY24 vs. USD38.7b in 3QFY23. Additionally, the surplus on income account stood at USD16b (1.8% of GDP) in 3QFY24 vs. USD15.8b (1.9% of GDP) in 3QFY23 (*Exhibit 2*).
- The higher services account surplus can be explained by robust services exports (5.2% YoY) on the back of rising exports of software, business and travel services. Additionally, private transfer receipts, mainly representing remittances by Indians employed overseas, amounted to USD31.4b, up 2.1% YoY. Net outgo on the primary income account, mainly reflecting payments of investment income, increased to USD13.2b in 3QFY24 from USD12.7b in 3QFY23. Overall, invisibles surplus increased to USD61.1b (6.7% of GDP) in 3QFY24 from USD54.5b in 3QFY23 (6.5% of GDP).
- Merchandise imports stood at USD178.2b in 3QFY24, higher than USD176.9b in 3QFY23. While imports of petroleum products came down to USD47.5b in 3QFY24 from USD49.6b in 3QFY23, imports of valuables went up sharply to USD20.7b in 3QFY24 from USD16b in 3QFY23. Merchandise exports increased by 1% YoY in 3QFY24 (USD106.6b) vs. a contraction of 3.1% in 3QFY23 (USD105.6b).
- Notably, India’s current account balance (CAB), excluding petroleum products and valuables, posted a surplus of USD30.4b (or 3.3% of GDP) in 3QFY24 vs. a surplus of USD24.2b in 3QFY23 (or 2.9% of GDP) (*Exhibit 3*). Excluding gold, India’s current account surplus (CAS) was 0.4% of GDP in 3QFY24, up from a surplus of 0.1% of GDP in 2QFY24 and a deficit of 1% of GDP in 3QFY23. CAS, excluding petroleum products, surged to USD16.6b (or 1.8% of GDP) during the quarter.
- Capital account inflows came down to USD17.3b (1.9% of GDP) in 3QFY24 from USD28.8b (3.5% of GDP) in 3QFY23 on the back of lower inflows in other investments. Foreign direct investments recorded a net inflow of USD4.2bn compared with a net inflow of USD2bn in 3QFY23. Similarly, foreign portfolio investments recorded a higher net inflow of USD12b in 3QFY24 vs. USD4.6b in 3QFY23. Non-resident deposits recorded a higher net inflow of USD3.9b than USD2.6b a year ago. Accordingly, FXR accretions came down to USD6b in 3QFY24 from USD11b in 3QFY23 (*Exhibit 4*).
- Based on India’s investments and CAD, implied gross domestic savings (GDS) increased to 28.3% of GDP in 3QFY24 from 26.2% of GDP in 3QFY23 (*Exhibit 5*).
- We have decreased our CAD projections to 0.7% of GDP in FY24 from 1.6% earlier on the back of better-than-expected exports of goods and robust services exports. (*Exhibits 6 and 7*)

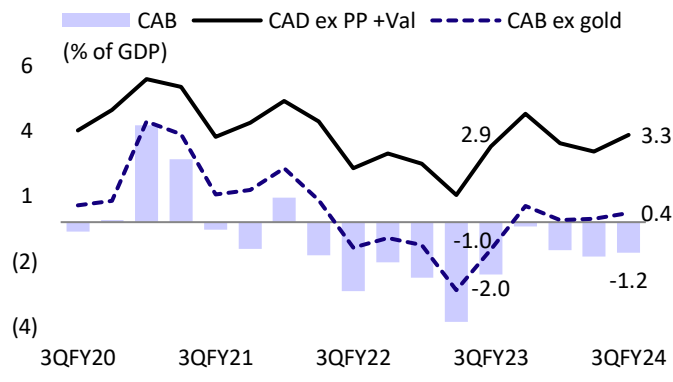
India’s CAD narrows to 1.2% of GDP in 3QFY24...



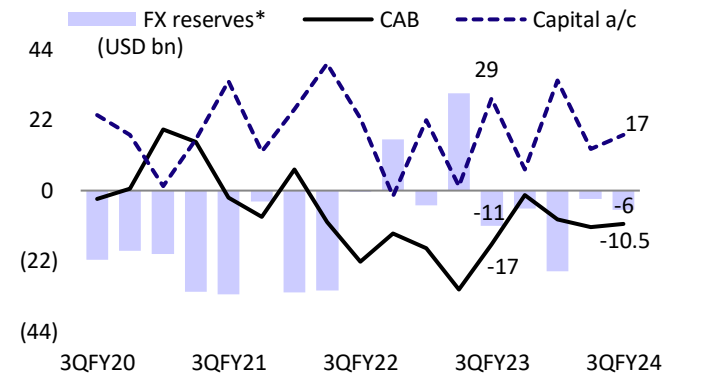
...led by higher services and income account receipts



CAD, excluding gold and petroleum products, increased sharply

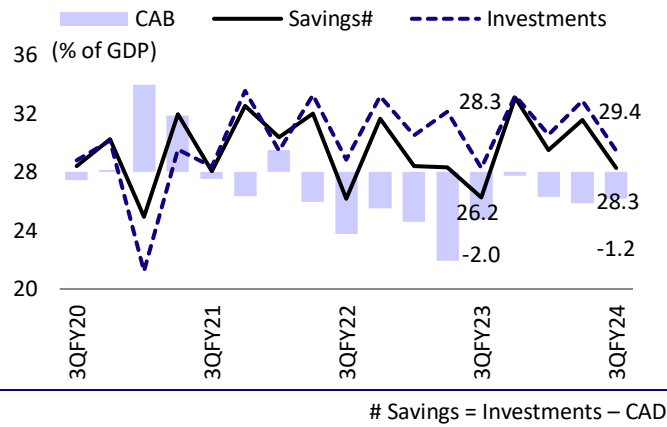


FXR accretions in 3QFY24 amounted to USD6b

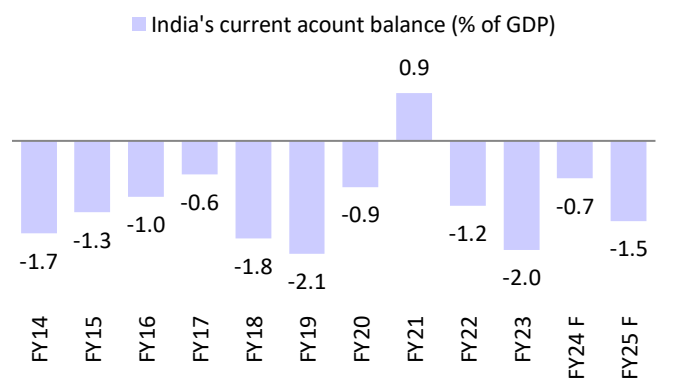


*(-) implies accretion to reserves, (+) implies withdrawal (reduction)

India's domestic savings increased in 3QFY24



We expect CAD at 0.7% of GDP in FY24



Key components of India's Balance of Payments (BoP)

	9MFY22	9MFY23	9MFY24	3QFY23	3QFY24	3QFY24
Current account balance (CAB)	-25.3	-65.6	-31.0	-16.8	-11.4	-10.5
% of GDP	-1.1	-2.6	1.2	-2.0	-1.3	-1.2
Goods	-135.0	-212.7	-192.8	-71.3	-64.5	-71.6
Of which:						
Oil imports	-66.4	-88.7	-74.5	-32.9	-22.0	-27.2
Gold imports	-38.0	-28.4	-36.0	-8.1	-12.6	-13.7
Services	79.2	104.2	120.1	38.7	39.9	45.0
Income	30.5	42.8	41.7	15.8	13.2	16.1
Primary						
Secondary						
Financial account#	87.7	52.5	64.8	28.9	13.1	17.4
FDI	24.8	21.6	8.5	2.0	-0.6	4.2
FPI	-1.6	-3.5	32.7	4.6	4.9	12.0
Foreign exchange reserves*	-63.5	14.7	-33.7	-11.1	-2.5	-6.0
Memo: CAB excl. gold and oil	79.0	51.4	79.5	24.2	23.1	30.4
% of GDP	3.4	2.1	3.0	2.9	2.7	3.3

**Tata Communication : Digital Segment needs to grow more than 30%+ every years; Kabir Ahmed Shakir, CFO**

- Expect margins to get back to the earlier guided range of 23%-25% as new acquisition turn profitable
- Aims to bring down leverage below 2x by next year
- Digital Segment needs to grow more than 30%+ every years
- Focus for Switch and Kaleyra remains on growing topline

[➔ Read More](#)**Prestige Group : Aiming to expand in areas like thane and outskirts; Irfan Razack, Chairman Managing Director**

- Prices cannot breach the affordability barrier
- Sold 1,600 out of the 2,000 units in the mulund projects
- Both malls in Bengaluru are seeing good footfall
- Demand has come back for commercial real estate

[➔ Read More](#)**Zuari Industries : Sugar and Real Estate Business are high growth Areas; Athar Shahab, MD**

- Value unlocking opportunities would be there for operating and investing businesses
- Monetization of land parcels in Goa to aid debt reduction
- Potential cash flows from Dubai project will aid deleveraging
- Group will simplify the structures going ahead

[➔ Read More](#)**RBL Bank : Launching multiple products in respect of assets; R Subramaniakumar, CEO**

- We expect that our commercial loan will start growing
- 2026 we aim to reach around 65:35 ratio or 70:30 ratio for retail to wholesale.
- We want to increase the ROA to 1.3-1.4%.
- The distribution arm will increase from 548 to 800, and we will have 1,300 touch-points, which will help mobilise granular assets and deposits.

[➔ Read More](#)**Bharti Airtel : Bharti Hexacom was in loss for one of last three years; Soumen Ray, CFO**

- Need Felt by TCIL to have independent price discovery in Bharti Hexacom
- IPO seen as best way for the price discovery
- No disagreement between Bharti Airtel & Govt
- Bharti Hexacom was in loss for one of the last three years

[➔ Read More](#)

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

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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