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DIWALI Picks For Samvat 2081

Best Stocks To Light Up Your Portfolio

Diwali Portfolio

Market Outlook

- **Recently, the Nifty is undergoing a healthy correction after an extended period of growth, with foreign institutional investors (FIIs) selling more than ₹1 lakh crore in October as they shift their focus toward China following stimulus announcements and elevated domestic market valuations. Demand fluctuations and abnormal weather patterns are expected to impact earnings, presenting challenges for the market. Q2FY25 earnings have been disappointing, reflecting moderated growth across major sectors, and attention will remain on earnings growth and valuations in the near term. Additionally, the upcoming state elections in India and the US elections in November are likely to contribute to market volatility, influencing the Nifty's performance in the short run.**

- **However, India's long-term growth thesis remains robust, supported by compelling structural factors that continue to attract investor interest. Key positive drivers include a demographic dividend characterized by increasing urbanization and rising wealth, an effective regulatory ecosystem, significant government infrastructure investments, a manufacturing sector benefiting from supply chain diversification, sustainable pro-industry policies, and a growing renewable energy capacity. These factors position India favorably for sustained economic growth, ensuring that the long-term outlook for the Nifty remains optimistic.**

- **Our backtesting indicates that historically, rate cut cycles have been associated with positive returns for the Nifty 50. For instance, between July 1995 and March 1997, a cumulative rate cut of 0.75% corresponded with a 12% return on the Nifty 50. Similarly, from September 1998 to June 1999, a 0.75% reduction resulted in a 31% gain. During the more substantial rate cut cycle from January 2001 to June 2004, with a 5.5% cumulative decrease, the Nifty achieved a 17% return. The longest cycle, from September 2007 to December 2015, featured a 5.0% rate cut and saw a 70% Nifty return. Most recently, from July 2019 to March 2022, a 2.25% rate cut period delivered a 53% gain. Hence, during U.S. rate cut cycles, the Nifty 50 has delivered average returns of 30-40%.**

- **Based on our discounted valuation approach, factoring in the anticipated rate cut cycle, we project a potential 15% upside for the Nifty 50 in FY 2025-26, with a target level of approximately 27,800, and we value Nifty at 27,800 i.e. 22x PE on FY26E(i.e. 22x PE on FY25E EPS of Rs. 1280), offering healthy 15% potential upside. This is our 12 months rolling target.**

Company	Buying Range (₹)	CMP (₹)	Target Price (₹)	Market Cap (₹ Crore)	P/E (X)	P/B (X)	ROE(%)
Cigniti Technologies ltd	1450-1400	1430.00	1748	3,892.00	24	4.81	25
Indus Tower	360-330	340.00	430	91,884.00	12.2	3.25	24.2
First Source Solution ltd	360-340	352.00	450	24,778.00	46.2	6.37	4.6
NTPC	420-400	405.00	495	394,897.00	17.9	2.4	13.6
Samvardhan Motherson ltd	195-180	185.00	230	132,036.00	41.5	4.89	7.8
PCBL	450-435	442.00	550	16,686.00	33.4	5.11	16.2
TATA Power	430-400	419.00	525	133,741.00	36.5	4.11	11.3
CG POWER	720-700	710.00	880	108,202.00	121	30.8	57.8
IT Bees	45-44	44.89	51	-	33.4	8.7	-
Pharma Bees	23-22	22.93	28	-	38.1	5.6	-

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Cigniti Technologies Ltd

Cigniti Technologies Limited is a global leader in AI and IP-led Digital Assurance and Digital Engineering Services, aiding businesses in digital transformation. With over 4,200 employees across 25 countries, Cigniti provides software testing, quality assurance, automation, AI/ML solutions, and cloud services. Its proprietary platforms—BlueSwan, Zastra, and iNSta—enhance software quality and automation for sectors such as retail, BFSI, healthcare, and utilities.

Key Highlights

- **Consistent Growth**: The organization has achieved a compound annual growth rate (CAGR) of 13.2% over the past five years, demonstrating a steadfast commitment to excellence.
- **Strategic Scaling Up**: The acquisition of Cigniti enables Coforge to significantly scale its operations, introducing three new verticals in Retail, Hi-Tech, and Healthcare.By expanding into these three verticals, the merged company enhances its vertical diversity, reducing reliance on its traditional sectors.
- **Commitment to Growth and Innovation**: The organization is focused on accelerating its growth trajectory and fostering innovation.
- **Acquisition of New Clients**: In FY 2024, the organization successfully secured 21 new clients, including several Fortune 500 companies, across diverse sectors such as Retail, High-Tech, Banking, FinTech, Insurance, Transportation and Logistics, and Education.
- **Transitioning to a Coforge Company**: As the organization becomes part of Coforge in FY 2025, its synergized capabilities will significantly enhance AI and IP-led Digital Assurance and Digital Engineering IT solutions globally.

Key Risk :Economic Uncertainty: The ongoing recession has increased market volatility, especially in the U.S., requiring a cautious approach to expansion and client acquisition.**2.Geographic Revenue Dependence**: Although there are efforts to diversify across Europe and Asia Pacific, reliance on the U.S. market remains a risk. Agility is essential to navigate potential downturns and capture new opportunities.

₹ Crore	FY-22	FY-23	FY-24
Revenue from Operations	12,418.00	16,475.81	18,150.13
Operating Profit	1131.25	2113.2	1914.22
Operating margin	9.11%	12.83%	10.55%
PAT	917.44	1683.21	1655.92
EPS	32.68	61.21	60.68
P/E	64.92	23.21	47.84
EV-to-EBITDA	41.41	15.25	34.72
ROCE	27.94%	40.1%	32.2%
ROE	22.05%	32.09%	24.95%

Indus Tower Ltd

Indus Towers, recognized as India's largest telecom infrastructure company, plays a pivotal role in the nation's connectivity landscape. The company is engaged in deploying, owning, and managing telecom towers and communication structures, thereby contributing significantly to India's digitalization goals. Indus Towers' unwavering commitment to enhancing customer experience, fostering innovation, and promoting sustainability are the key drivers that reinforce its competitive advantage and underpin its leadership position in the industry.

Key Highlights

- **Renewable Energy Expansion**: Achieved significant growth in renewable energy generation and introduced advanced energy storage solutions as part of a broader sustainability commitment.
- **5G Deployment Leadership**: Played a critical role in India's rapid 5G rollout, deploying over 72,000 5G sites, and positioned itself as a key enabler in the country's digital transformation.
- **Tower Infrastructure Growth**: Expanded macro towers to 219,736, with macro colocations reaching 368,588, and co-locations on leaner towers totaling 10,686. The sharing factor per tower stood at 1.68.
- **Strategic Partnerships & Rural Connectivity**: Strengthened collaborations with telecom service providers (TSPs) and suppliers, facilitating extensive tower installations in rural areas to enhance digital inclusion.
- **Buyback Approval**: Approved a buyback proposal, reflecting strong confidence in future cash flows and commitment to shareholder returns.
- **Bharti Airtel Stake Increase**: Bharti Airtel's stake in the company is set to rise to over 50%, strengthening its control and providing a stable growth platform.

Risks: Vodafone Idea Dues: Unpaid dues from Vodafone Idea are straining Indus Towers' balance sheet and cash flow..**2.Customer Concentration**: Telecom consolidation reduced the tenancy ratio to 1.71, affecting returns.

₹ Crore	FY-22	FY-23	FY-24
Revenue from Operations	27,717.0	28,381.8	28,600.0
Operating Profit	9520	4443	8634
Operating margin	34.35%	15.65%	30.19%
PAT	6170	2040	6036
EPS	23.65	7.57	22.40
P/E	9.65	19.15	13.12
EV-to-EBITDA	5.02	5.58	6.40
ROCE	28.16%	12.4%	21.4%
ROE	32.45%	9.43%	25.07%

First Source Solution Ltd

Firstsource Solutions Limited, a key player in the Business Process Management (BPM) industry, is a part of the RP-Sanjiv Goenka Group. Engaged in providing customer management services such as contact centers, transaction processing, and debt collection, the company's diverse business segments encompass Banking and Financial Services, Healthcare, Communication, Media and Technology, as well as Diverse Industries. The majority of its revenue is generated from the Banking and Financial Services segment. Geographically, a significant portion of its revenue is derived from the United States of America.

Key Highlights

- **Revenue Growth Aspirations**: Firstsource aims to achieve a revenue run-rate of USD 1 billion by FY26, bolstered by strong FY24 performance indicators.
- **Strategic Acquisition**: The acquisition of Quintessence Business Solutions (QBSS) enhances Firstsource's technological capabilities, positioning it for growth in the end-to-end Revenue Cycle Management (RCM) sector.
- **Expansion of Client Base**: Secured additional business from a major telecom and media company, focusing on core customer support and Robotic Process Automation (RPA) in the UK, showcasing Firstsource's technological prowess.
- **Transformative Year**: FY24 was marked by strategic restructuring and heightened growth momentum despite macroeconomic challenges, culminating in record deal wins and improved financial margins.
- **Growth and Efficiency Focus**: The market shift towards growth and efficiency has driven Firstsource to adapt its strategy, leveraging advancements in Generative AI and applied AI for competitive advantage.
- **Emerging AI Trends**: Recognizes the transformative potential of AI, particularly in natural language processing, image recognition, and real-time applications facilitated by advancements in 5G/6G and edge computing.

Risks: **Exchange Rate Risk**: 90% of revenue from abroad; currency fluctuations may affect profitability.**2.Global Slowdown**: Economic downturns in key markets (US, UK, Germany) could impact revenues.

₹ Crore	FY- 22	FY-23	FY-24
Revenue from Operations	5,921.15	6,022.30	6,336.20
Operating Profit	710.48	563.32	696.18
Operating margin	12.0%	9.4%	11.0%
PAT	536.53	513.70	514.70
EPS	7.63	7.32	7.34
P/E	16.4	25.70	26.84
EV-to-EBITDA	10.5	8.75	15.10
ROCE	18.7%	16.9%	17.2%
ROE	18.50%	16.20%	14.60%

NTPC Ltd

NTPC Limited, India's largest power generation company, has an installed capacity of 72,254 MW as of March 2023. Established in 1975, NTPC plans to add 20 GW of new power capacity over the next five years. Alongside power generation, NTPC provides consulting services in the power sector and engages in power trading through its subsidiary. Committed to sustainable energy, NTPC aims for 45-50% of its capacity from non-fossil fuels by 2030, targeting 60 GW of renewable energy by 2032, aligning with global environmental goals.

Key Highlights

- **NTPC Green Energy Limited IPO**: The upcoming IPO of NTPC's subsidiary, NTPC Green Energy Limited (NGEL), is a key initiative on the clean energy front, showcasing the company's commitment to sustainability.
- **Nuclear Power Diversification**: NTPC is set to begin groundbreaking work on its first nuclear power project in Mahi Banswara, Rajasthan, in collaboration with NPCIL. Plans to establish NTPC Nuclear Power Company as a wholly-owned subsidiary further cement its entry into nuclear energy.
- **Green Hydrogen Initiatives**: NTPC is making significant advancements in green hydrogen projects and blending initiatives. Collaborative projects with the Indian Army have led to green hydrogen mobility solutions and microgrid setups in remote areas.
- **Capacity Expansion Goals**: On April 8, 2024, NTPC set an ambitious target to increase its installed capacity by 5 GW, aiming for 3 GW in renewable energy (RE) and 2 GW in thermal energy. This reflects the company's balanced focus on clean and reliable energy.
- **Growth in FY24**: NTPC added 3,924 MW to its portfolio in FY24, increasing its total installed capacity to nearly 76 GW. Its RE capacity stands at 3.5 GW, with a pipeline exceeding 20 GW, indicating strong future growth.

Risks: Volatility in Coal Prices Fluctuating coal prices can disrupt operational costs and profit margins in thermal power generation. 2.Delay in Renewable Capacity Execution.

₹ Crore	FY- 22	FY-23	FY-24
Revenue from Operations	132,669.0	176,207.0	178,500.0
Operating Profit	26,491.00	32,937.00	34,889.00
Operating margin	19.0%	18.69%	19.55%
PAT	16,960	17,121	21,332
EPS	15.66	17.90	20.40
P/E	8.81	10.10	15.70
EV-to-EBITDA	10.00	7.90	10.10
ROCE	8.91%	10.11%	10.67%
ROE	12.64%	11.98%	13.53%

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Samvardhan Motherson International Ltd

Samvardhana Motherson International Ltd is a global manufacturing specialist and a top supplier to automotive OEMs and various sectors, including aerospace, logistics, healthcare, and IT. With over 400 facilities in 44 countries, the company's global presence meets diverse customer needs. Focused on organic growth, mergers & acquisitions, and strategic partnerships, its automotive booked business reached approximately USD 83.9 billion as of March 2024, with a powertrain-agnostic portfolio promoting resilience and sustainability.

Key Highlights

- **Strategic Partnerships:**The company has 27 partnerships with global technology leaders across automotive and non-automotive segments. In FY 2023-24, Motherson entered into a strategic partnership with BIEL Crystal, enhancing its capabilities to serve new and existing customers with innovative solutions.
- **Strong Revenue Growth and Expansion:**Company experienced robust revenue growth in FY 2023-24, driven by several new program wins across all business divisions from both existing and new customers. To meet increasing demand, the company announced 18 new Greenfield plants, strategically located near customers, with a significant focus on India and emerging non-automotive markets.
- **Strategic Acquisitions**:Company made 11 acquisitions in FY 2023-24, including key names like Yachiyo's 4W business, AD Industries, Dr. Schneider, and SAS Autosystemtechnik. These acquisitions strengthened its automotive division while diversifying into emerging sectors. The company's strong balance sheet has positioned it as a preferred partner to secure supply chains for its customers.
- **Vision 2025 and Financial Discipline**The company remains on track to achieve its Vision 2025 goals, with pro forma gross revenue reaching approximately USD 24 billion in FY 2023-24. Motherson aims to hit USD 36 billion in revenues with 40% ROCE by 2025. Despite large-scale CAPEX and M&A investments, the company maintained a prudent financial policy, keeping its net leverage ratio at 1.4x.

Risks: Geopolitical risks and regional conflicts may threaten supply chain stability, requiring vigilant management to avoid disruptions.2.Global inflation raise input costs, pressuring profitability despite cost-saving measures.

₹ Crore	FY- 22	FY-23	FY-24
Revenue from Operations	63,774.0	78,788.1	98,691.7
Operating Profit	1,966.90	3,229.40	5,413.80
Operating margin	3.08%	4.10%	5.49%
PAT	509.60	1,495.60	2,716.20
EPS	0.97	2.21	4.01
P/E	96.19	30.70	29.30
EV-to-EBITDA	14.85	9.41	11.25
ROCE	6.45	8.19	11.63
ROE	5.27	6.95	11.18

PCBL Ltd

PCBL Limited, a part of the RP-Sanjiv Goenka Group, is India's largest carbon black manufacturer with over 60 years of expertise. Operating four advanced plants and R&D centers in India and Belgium, the company serves over 50 countries in sectors such as tires, plastics, inks, and batteries. With a production capacity of 770,000 MT and 122 MW of green power, PCBL drives growth through innovation, ESG commitments, and sustainable practices.

Key Highlights:

- **Carbon Black Volumes and Utilization**Carbon black volumes increased, with the Chennai facility operating at 85% utilization. Annual volume growth of 11-12% is anticipated over the next five years, driven by strong export demand, particularly from Europe due to the ban on Russian carbon black. In Q1 FY25, domestic volumes rose 9.9% YoY to 90 KT, while exports surged 55.5% YoY to 63 KT. Specialty carbon black volumes grew 33% YoY, now making up 10.2% of total volumes.
- **Capacity Expansion Plans**Capacity will expand by 20 KT at the Mundra facility and 90 KT at the Chennai site in two phases by FY26. Total capacity is expected to increase by 400 KT over the next 4-5 years, with a capital expenditure (capex) of INR 20-22 billion. A compound annual growth rate (CAGR) of 11-12% in volumes and EBITDA growth of INR 4-5 per kilogram is projected.
- **Entry into New Markets and Financial Outlook**In addition to core carbon black expansion, the organization is entering the silicon anode materials market, targeting revenues of INR 10-12 billion within five years. An anticipated cash flow of INR 100 billion will fund growth initiatives and reduce debt.
- The company has acquired Pune-based Aquapharm Chemicals Private Limited (ACPL) for INR 3,800 crore. Aquapharm plans to add 38 KT capacity in 2-3 quarters with a capex of INR 2.15 billion, followed by a 100 KT expansion over 4-5 years with a capex of INR 4-5 billion.

Risks :**Rising Crude Oil Prices**: Higher crude oil prices may increase working capital needs, potentially affecting financial stability.2.**Tyre Sector Slowdown**: Reduced demand in the tyre sector could lower carbon black sales, posing revenue risks.

₹ Crore	FY- 22	FY-23	FY-24
Revenue from Operations	4,446.40	5,774.10	6,419.77
Operating Profit	560.66	635.08	857.03
Operating margin	12.61%	11.00%	13.35%
PAT	426.34	442.19	491.11
EPS	11.81	11.70	13.00
P/E	9.7	9.9	20.8
EV-to-EBITDA	6.79	6.90	13.73
ROCE	19.19%	18.70%	14.64%
ROE	18.73%	16.23%	16.16%

Tata Power Ltd

Tata Power Company Ltd is India's largest integrated power entity, leading in electricity generation, transmission, and distribution. The company is strongly committed to sustainability, aiming to shift its entire electricity production to renewable sources. It is also active in solar rooftop manufacturing and targets establishing 100,000 EV charging stations by 2025, playing a key role in India's transition towards green energy.

Key Highlights

- **Company Renewable Energy Wins 400 MW Hybrid Project in Maharashtra:** Tata Power Renewable Energy Limited (TPREL), a Tata Power subsidiary, has been awarded a 400 MW wind-solar hybrid project by Maharashtra State Electricity Distribution Company Ltd (MSEDCL). With an initial 200 MW capacity and a 200 MW greenshoe option, this marks TPREL's largest renewable project in Maharashtra.
- **1,000 MW Bhivpuri PSP Project to Launch in 2024**: The company's 1,000 MW Bhivpuri PSP brownfield project, with a budget of Rs. 4,700 crore, is slated to start mid-2024 and complete by late 2027.
- **1,800 MW Shirawta PSP Project Set for 2024 Launch**: The company's 1,800 MW Shirawta PSP brownfield project, with a capital outlay of Rs. 7,850 crore, is scheduled to begin mid-2024 and conclude by late 2028.
- **Tata Power Trading and Keppel Partner for Cooling-as-a-Service in India**: Tata Power Trading, a subsidiary of Tata Power, has partnered with Singapore-based asset manager Keppel to introduce Cooling-as-a-Service (CaaS) solutions in India. This initiative provides businesses and building owners with long-term, energy-efficient cooling options, eliminating the need for substantial infrastructure investment while enabling considerable energy and cost savings, according to a joint statement from the companies.

Risks: Availability of Fuel for Thermal Plant at Optimal Cost: Natural disasters such as cyclones, floods, droughts, storms, earthquakes, and lightning pose a significant risk to the availability and cost of fuel for thermal plants. These events can disrupt supply chains, increase transportation costs, damage infrastructure, and lead to fuel shortages, impacting the ability to secure fuel at an optimal cost.

₹ Crore	FY- 22	FY-23	FY-24
Revenue from Operations	42816	55109	61449
Operating Profit	7031	7728	10735
Operating margin	16.42%	14.02%	17.47%
PAT	2535.00	2535	2535
EPS	5.45	10.44	11.57
P/E	44.56	18.24	34.10
EV-to-EBITDA	13.14	8.79	13.13
ROCE	9.13%	12.00%	10.94%
ROE	7.78%	13.03%	12.09%

CG POWER Ltd

CG Power and Industrial Solutions Limited, formerly Crompton Greaves Limited, is a leading B2B provider specializing in power transmission, distribution, and industrial solutions. Its Power Systems unit offers products for high to low voltage systems, while its Industrial Systems unit focuses on rotating machines, drives, control systems, and railway solutions. CG is recognized for its commitment to innovation and quality, making it a reliable partner for efficient power and industrial solutions.

Key Highlights

- **CG Power to Build ₹7,600 Crore Semiconductor Facility in Gujarat:** Company, in partnership with Japan's Renesas Electronics and Thailand's Stars Microelectronics, is launching a ₹7,600 crore semiconductor plant in Sanand, Gujarat. Supported by India's ₹76,000 crore semiconductor incentives, the facility aims to produce 15 million chips daily for various sectors, advancing CG Power's role in the semiconductor market with global expertise.
- **CG Power to Boost Power Transformer Capacity at Mandideep Plant:** The Company is increasing the manufacturing capacity of its Power Transformer Units at the Mandideep Plant in Bhopal from 35,000 MVA to 40,000 MVA at its T3 unit. This follows the board's previous approval to expand capacity from 25,000 MVA to 35,000 MVA in October last year.
- **CG Power Acquires 55% Stake in G.G. Tronics India**: The Company has approved the acquisition of a 55% stake in G.G. Tronics India Private Limited, a specialist in embedded systems and railway supplier.
- **Company to Invest $791 Million in OSAT Facility**: The Company plans to invest $791 million over five years to establish an Outsourced Semiconductor Assembly and Test (OSAT) facility, currently operating at 75% capacity. It aims for a 25% growth in annual sales by 2025.

Risks: The business is exposed to multiple risks that could impact its performance. Strategic risk arises from potential delays in implementing growth strategies, which may adversely affect operational results. Financial risk is a concern due to volatility in raw material prices and currency fluctuations, potentially impacting profitability.

₹ Crore	FY- 22	FY-23	FY-24
Revenue from Operations	5,484.00	6,973.00	8,046.00
Operating Profit	647.00	1,005.00	1,142.00
Operating margin	11.8%	14.4%	14.2%
PAT	913.00	963.00	1,428.00
EPS	6.33	6.30	9.34
P/E	29.70	47.62	57.87
EV-to-EBITDA	29.53	40.55	64.53
ROCE	75.6%	63.7%	47.3%
ROE	198.8%	68.9%	59.4%

Nifty - IT Bees

- The ITBees, which tracks the performance of Indian IT companies, consists of the same 10 stocks listed on the National Stock Exchange (NSE) as the Nifty IT index. The ITBees index is calculated using the free-float market capitalization method, with a base date of January 1, 1996, and an initial base value of 1000.
- The index level represents the total free-float market value of all the constituent stocks relative to a specific base market capitalization. On May 28, 2004, the base value of the index was revised from 1000 to 100.
- ITBees consists of 10 key stocks from the Indian IT industry, with Infosys and Tata Consultancy Services (TCS) together accounting for more than half of the index's total weight. The full list of companies includes Infosys, TCS, Wipro, HCL Technologies, Tech Mahindra, LTIMindtree, MphasiS, Persistent Systems, Coforge, and Oracle Financial Services Software. These companies represent a significant portion of the IT sector's market capitalization and are among the most actively traded stocks in the industry.
- Each company has a specific weight contributing to the index's performance. Infosys Ltd. holds the largest weight at 27.20%, followed by Tata Consultancy Services Ltd. (TCS) with 24.10%. HCL Technologies Ltd. and Tech Mahindra Ltd. contribute 10.48% and 9.88%, respectively. Other notable companies include Wipro Ltd. with a weight of 7.55%, Persistent Systems Ltd. at 5.71%, and LTIMindtree Ltd. at 5.70%. Coforge Ltd. and MphasiS Ltd. hold weights of 4.59% and 3.35%, while L&T Technology Services Ltd. rounds out the list with 1.44%. These weights reflect each company's influence on the overall performance of the index.
- The IT & BPM sector in India plays a pivotal role in economic growth. Contributing 7.5% to India's GDP in FY23, it is expected to reach 10% by 2025. IT spending is forecasted to rise by 11.1% in 2024, reaching USD 138.6 billion. The public cloud services market, which reached USD 3.8 billion in the first half of 2023, is on track to grow to USD 17.8 billion by 2027.
- Cloud adoption is driving both economic output and job creation. By 2026, widespread cloud utilization could provide employment to 14 million people, adding USD 380 billion to India's GDP. Digital skills are becoming increasingly critical, with an Amazon Web Services survey predicting a nine-fold increase in digitally skilled workers in India by 2025. This combination of increased spending, cloud growth, and digital upskilling is set to reinforce India's position as a global IT hub.
- The recent interest rate cut by the European Central Bank suggests a downward trend in borrowing costs across Europe, likely providing support for lending to both consumers and businesses in the coming months. Additionally, the US central bank is expected to implement its first interest rate reduction in more than four years during its meeting this week.
- With cheaper access to capital, global companies may increase investment in larger, high-stakes IT projects and enhance outsourcing to Indian IT firms. However, the full impact of this trend is expected to be felt by Q4 2024 or Q1 2025. Industry leaders are optimistic about this outlook.
- The IT Bees is currently trading at a price-to-earnings (P/E) ratio of 33.3, which is above its one-year average P/E of 30.42. Anticipating an increase in earnings from Indian IT companies in the coming years, we are projecting higher earnings per share (EPS) and improved corporate earnings in the upcoming quarters and years. This projection aligns with the expected growth in earnings for the constituents of the IT Bees. Investors should consider the potential for appreciation in the IT sector as the industry capitalizes on emerging opportunities and increased project investments.

Pharma Bees

- NIFTY Pharma is a sectoral index on the National Stock Exchange (NSE) that reflects the performance of India's pharmaceutical sector. Originally composed of just 10 stocks, the index was expanded to include 20 tradable, exchange-listed pharmaceutical stocks as of September 30, 2021

- The Index is a key barometer for gauging the health and performance of India's pharmaceutical sector, one of the largest in the world. The pharmaceutical industry contributes significantly to the country's export revenues and plays a crucial role in global healthcare, being the largest supplier of generic medicines globally and a major supplier of vaccines

- It is crucial for investors looking to capture the growth potential of the Indian pharmaceutical industry. This sector has grown steadily, driven by the demand for affordable healthcare, rising health awareness, and increasing exports. India's strong regulatory framework, combined with an emphasis on R&D and compliance with international standards (like the USFDA), has ensured its growth trajectory in global markets.

- The Index comprises several key pharmaceutical companies, each with a specific weight contributing to the index. Sun Pharmaceutical Industries Ltd. holds the largest weight at 25.53%, followed by Cipla Ltd. with 11.16%. Dr. Reddy's Laboratories Ltd. and Divi's Laboratories Ltd. contribute 10.11% and 8.48%, respectively. Other notable companies include Lupin Ltd. with a weight of 6.48%, Aurobindo Pharma Ltd. at 5.01%, Alkem Laboratories Ltd. at 3.88%, and Torrent Pharmaceuticals Ltd. with 3.85%. Zydus Lifesciences Ltd. holds a weight of 3.28%, while Glenmark Pharmaceuticals Ltd. rounds out the list with 3.09%. These weights reflect each company's influence on the overall performance of the index

- India's pharmaceutical sector plays a vital role not only within the country but also on the global stage, which is reflected in the performance of the Nifty Pharma Index. India is the world's largest supplier of generic medicines, known for producing affordable vaccines and generic drugs at scale. The pharmaceutical industry, currently ranked third in the world by production volume, has been expanding at a robust CAGR of 9.43% over the past nine years. Segments such as generic drugs, over-the-counter medicines, bulk drugs, vaccines, contract research & manufacturing, biosimilars, and biologics contribute significantly to this growth.

- Moreover, India leads in the number of pharmaceutical manufacturing facilities compliant with the US Food and Drug Administration (USFDA), enhancing its reputation for quality and reliability. The country is also a key player in the global active pharmaceutical ingredient (API) market, with over 500 API producers contributing to 8% of worldwide API production. This solid foundation of research, development, and manufacturing capabilities further bolsters the stocks in the Nifty Pharma Index, driving its performance and global competitiveness.

- The Nifty Pharma index is currently trading at a P/E ratio of 29.5, slightly below its one-year average of 31.0. With strong growth prospects ahead, we project a target P/E of 33, reflecting the sector's anticipated earnings expansion. Key drivers include increasing global demand for generics, rising healthcare expenditure, and supportive government initiatives like the PLI scheme, which promote domestic manufacturing. Additionally, Indian pharmaceutical companies are expected to benefit from higher exports and expanding R&D in areas such as biologics and complex generics. These factors contribute to a positive outlook for the sector, with improved profitability and investor confidence in the coming years.

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Diwali Portfolio

Date	Particulars	Buy price	Target Price	P&L (%)	Status
10-11-23	Grasim Industries Limited	1943	2250	15.80%	Achieved
10-11-23	Birlasoft Ltd	583	740	26.93%	Achieved
10-11-23	Cholamandalam Financial Holdings Ltd	1148.25	1360	18.44%	Achieved
10-11-23	PI Industries Ltd	3692	4460	20.80%	Achieved
10-11-23	IDFC LIMITED	117	145	-7.69%	Open
10-11-23	Co-Forge Ltd	5139	6350	23.56%	Achieved
10-11-23	Supreme Industries Ltd	4248	5350	25.94%	Achieved
10-11-23	Bharat Dynamics Ltd	1053	1360	29.15%	Achieved
10-11-23	TATA COMMUNICATIONS LTD	1713	2100	22.59%	Achieved
10-11-23	APL Apollo Tubes Limited	1656	2090	-11.96%	Open
10-11-23	Cyient Limited	1660	2100	26.51%	Achieved
10-11-23	KEI INDUSTRIES LTD	2575	3260	26.60%	Achieved
10-11-23	J.B. Chemicals & Pharmaceuticals Ltd	1502	1850	23.17%	Achieved
10-11-23	JSW Energy Ltd	382	500	30.89%	Achieved
10-11-23	MID 150 BEES	155	170	9.68%	Achieved

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Source: All The Data are from fin2 Research , NSE ,BSE & Company Reports

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