

# HSIE Results Daily

## Contents

### Results Reviews

- **Hindustan Unilever:** HUL's revenue growth of 3.5% YoY was slow but in line with expectations. Volume growth was at 2% (HSIE 3%) and sustained a four-year CAGR at <3%. Rural recovery has been slow despite price cuts and overall softening in the inflation. Home care and BPC saw mid-single-digit volume growth while F&R volumes declined by mid-single digits. Price cuts have impacted the overall growth, and further action seen in skin cleansing and laundry. Local competition remained challenging and further impacted the volume recovery. Small players are growing ahead of large players by 6x for detergent bars and 40% for tea. Benefits of GM expansion (c.700bps YoY) were largely offset by (1) higher A&P spending (up 65%); (2) capability building (restructuring in HFD portfolio); and (3) an increase in royalty rate which limited EBITDAM expansion to 130bps. We model a gradual recovery in demand, given the 2-3 quarter lag seen between price cuts and demand upticks. We maintain our estimates. We value the stock on 47x P/E on Sep-25E EPS to derive a TP of INR 2,550. Maintain REDUCE.
- **ITC:** ITC's Q2 print was a tad below expectations with agri and paper dragging overall performance. Cigarette net revenue/EBIT growth was at 9/8% each, with volume growth at c.5% (inline). The relative stability in taxes backed by deterrent action by agencies on illicit trade continued to support cigarette recovery. We model cigarette revenue/EBIT growth of 7% over FY24-FY26. FMCG growth decelerated in Q2 to 8% YoY due to a high base effect (+15% 2-year CAGR); Nestle clocked 10%. FMCG EBITDA margin expanded by 150bps YoY to 11% while EBITDA grew 25% YoY. Paper performance was impacted due to low-priced Chinese supplies, muted export demand and a sharp reduction in global pulp prices. Hotel revenue was up by 21%. ITC's overall revenue/EBITDA was up by 3% YoY each, and most segments' favourable base was behind. The recent stock run-up (~30% in LTM) and limited earnings surprise scope given higher base limit further rerating potential. We maintain our estimates and value ITC on a SoTP basis to derive a TP of INR 450. The implied target P/E is 24x Sep-25E EPS. Maintain ADD.
- **UltraTech Cement:** We maintain BUY on UltraTech (UTCEM) with an unchanged target price of INR 10,110 (16.5x Sep-25E consolidated EBITDA). We continue to like UTCEM for its robust growth and margin outlook and balance sheet management. It delivered industry-leading 16% YoY volume growth YoY. NSR rose 1% QoQ. Opex rose 3% QoQ on op-lev loss and higher employee/maintenance costs. Unit EBITDA, thus, declined by INR 62 per MT QoQ to INR 956 per MT. Cool-off in fuel and freight costs cushioned the margin decline QoQ. The company noted that Q3 realisation has gone up 5% QoQ and expects further fuel cost reduction in Q3. It is also bolstering its green power capability, reducing its clinker factor. Its phase-2 expansion of ~24.4mn MT is on track for commissioning during FY25/26E.
- **Nestle India:** Nestle reported an in-line Q3CY23 print as revenue grew by 9% while margins (both GM/EBITDAM) expanded. Domestic revenue growth of 10% YoY (HSIE 11%) was broad-based across categories and channels. Prudent pricing was supported by mix and volume (around low-single-digit volume growth). With a stable RM basket and higher net realization, GM expanded by 380bps YoY to 56.5% (57% two years back). While uneven rain

**HSIE Research Team**

[hdfcsec-research@hdfcsec.com](mailto:hdfcsec-research@hdfcsec.com)

and deficit rain can impact prices of maize, sugar, oilseed, spices and green coffee; a healthy winter flush to keep milk prices stable. EBITDA margin expanded by 250bps YoY to 24.8% on better cost control. EBITDA grew by 22% YoY (HSIE 20%). Nestle has announced a sub-division of the face value of shares to INR 1/share. Nestle continues to focus on distribution strengthening, category expansion and capacity building. We remain positive on OOH products and sustain growth for in-home products. We maintain our EPS estimates. We value Nestle at 52x P/E on Sep-25E EPS to derive a TP of INR 20,000. With a rich valuation, the absolute upside is limited in the medium term. Maintain REDUCE.

- **Astral:** We upgrade our rating on Astral to ADD with a revised target price of INR 2,040/sh (60x its Sep-25E EPS). Astral continues to deliver a strong show in its plumbing segment. It also expects to scale up its adhesives & paints (A&P) performance. The bathware segment is gaining traction and Astral expects to turn EBITDA positive by Q4FY24. In Q2FY24, Astral's consolidated revenue/EBITDA/APAT rose 16/53/90% YoY, driven by the strong show in both plumbing and A&P segments. Astral is adding plumbing capacities (across Guwahati, Hyderabad and Kanpur over the next two years), and an adhesive plant in Dahej.
- **Persistent Systems:** Persistent Systems (PSYS) posted industry-leading sequential growth and its highest-ever deal TCV (both new and renewal). PSYS' consistency in its deal velocity provides high visibility for growth ahead (factored 14/17% growth in FY24/25E in USD terms). PSYS' strong revenue growth of 3.1% QoQ and 14.1% YoY in Q2FY24 and 15.6% growth in H1FY24 coupled with strong bookings trajectory will take PSYS' growth premium to tier-1 IT to 10pp in FY24E. PSYS' positives include consistency in winning large deals (vs. tier-1 competition), large client mining progression (USD 5mn+ accounts 2.5x in three years), growth in T50, sequential improvement in cash generation (>70% OCF/EBITDA targeted for FY24E). PSYS's (1) strong digital prowess enabled by a high certification pool (>14.7k certifications in Microsoft, AWS, Google Cloud, Salesforce, IBM), (2) focused vertical approach, and (3) recent leadership additions will support its growth ahead as the company targets doubling revenue in the next four years. Margin upside to accrue from utilisation improvement (~100bps scope for margin improvement), margin improvement in H-Tech vertical and operational efficiencies aggregating to 150bps potential for margin improvement in two years. Maintain BUY on PSYS (top pick in mid-tier IT), with TP of INR 6,705, based on 32x Sep-25E EPS, factoring 24% EPS CAGR over FY23-26E.
- **Cyient:** Cyient reported soft growth in the DET segment (+1% QoQ CC) but margin performance was impressive (at a decade high). The DET growth was driven by the transportation, sustainability and automotive verticals, offset by softness in communications verticals. The growth in DET will be led by (1) continued traction in aerospace driven by MRO, upgrades and defence spending, (2) a strong deal pipeline and five large deal wins, (3) order intake of USD 184mn (+40% YoY), and (4) investments in EV and mobility. The DET margin expanded for the fourth consecutive quarter and was up 400bps YoY. For FY24E, the management expects growth at the lower end of the guidance (15-20% YoY CC) and expects an EBIT margin of ~15-16% (expansion of ~150-250bps). The lower end implies ~2.5% CQGR for H2. We increase our FY24/25E EPS estimates by 5/3% due to better margins. We maintain our ADD rating with a target price of INR 1,870, based on 20x Sep-25E EPS. The stock is trading at 25/21x FY24/25E, a discount of ~32% to LTTS.

- **Mastek:** Mastek reported better revenue performance (+4.4% QoQ CC) while the margin was below estimate. The organic revenue growth was 2.7% QoQ CC, led by a revival in US growth (+5% QoQ organic) and continued traction in the UK government. The management has indicated that the NHS recovery is taking longer than expected and will recover in FY25E. The deal pipeline continues to remain strong but the decision-making is slow. The order book for the quarter stood at USD 224mn up 20% YoY, fueled by wins in healthcare and life sciences (US) and UK government departments. The acquisition of MST (salesforce) and BizAnalytics (data cloud and gen AI capability) in the US has set the stage for growth. The focus will be on driving growth led by the US (low base), penetration of UK government departments and steady ME. The EBITDA margin in the quarter was impacted due to wage hikes and acquisition; the desired operating range is ~17-19%. We have marginally tweaked the revenue/EPS estimates for FY25/26E and maintain our ADD rating, with a TP of INR 2,500 based on 16x Dec-25E EPS. The stock is trading at 23/17x FY24/25E.

# Hindustan Unilever

## Uninspiring show and commentary

HUL's revenue growth of 3.5% YoY was slow but in line with expectations. Volume growth was at 2% (HSIE 3%) and sustained a four-year CAGR at <3%. Rural recovery has been slow despite price cuts and overall softening in the inflation. Home care and BPC saw mid-single-digit volume growth while F&R volumes declined by mid-single digits. Price cuts have impacted the overall growth, and further action seen in skin cleansing and laundry. Local competition remained challenging and further impacted the volume recovery. Small players are growing ahead of large players by 6x for detergent bars and 40% for tea. Benefits of GM expansion (c.700bps YoY) were largely offset by (1) higher A&P spending (up 65%); (2) capability building (restructuring in HFD portfolio); and (3) an increase in royalty rate which limited EBITDAM expansion to 130bps. We model a gradual recovery in demand, given the 2-3 quarter lag seen between price cuts and demand upticks. We maintain our estimates. We value the stock on 47x P/E on Sep-25E EPS to derive a TP of INR 2,550. Maintain REDUCE.

- In-line revenue, soft volume continues:** Revenue grew 4% YoY (16% in Q2FY23 and 7% in Q1FY24), with home care/BPC/F&R growing 3/5/3% YoY. Domestic volume growth, at 2%, was below our estimate (HSIE: 3%), a 3% four-year CAGR. In-home care (MSD volume growth), fabric wash grew in the mid-single-digit led by premium portfolio while household care grew in the high-single-digit led by dishwash. In BPC (MSD volume growth), skin cleansing had a low-single-digit volume growth while revenue declined further in soaps due to more price cuts. Skincare grew in double digits while hair care registered high-single-digit volume-led growth. Oral care grew in the mid-single-digit, led by Close-Up. In F&R, beverages saw modest growth as within the category, tea remained impacted by down trading from 'premium' to 'loose' tea due to high inflation. HFD delivered price-led mid-single-digit growth. We model mid-high single-digit volume growth in FY24/FY25. Uninspiring
- Sharp GM improvement, high A&P spend:** With softening commodity inflation, GM expanded by 700bps/280bps YoY/QoQ to 52.7%. Employee cost was flat while A&P was up by 65% YoY, while other expenses were up 19% due to capability building spending and higher royalty. EBITDA margin expanded by 130bps YoY to 24.2% (HSIE 23.4%). EBITDA grew by 10% vs. HSIE 6%. We model a 24-24.5% EBITDA margin during FY24/25/26.
- Con call takeaways:** (1) FMCG market volume recovery is slow, urban was better than rural. (2) On a two-year CAGR, market volume grew by 1% and rural volumes were down 1%. (3) The demand environment in the near term remains steady. (4) High A&P to ensure the share of voice remains ahead of the share of the market. (5) HFD gross margin was impacted by inflation and mix. (6) A&P - 1/3rd digital media. It is more advertising-driven.

### Quarterly/annual financial summary

(INR mn)	Q2 FY24	Q2 FY23	YoY (%)	Q1 FY24	QoQ (%)	FY22	FY23	FY24E	FY25E	FY26E
Net Sales	1,52,760	1,47,510	3.6	1,51,480	0.8	5,24,460	6,05,800	6,40,913	6,98,059	7,61,387
EBITDA	36,940	33,740	9.5	35,210	4.9	1,28,570	1,41,490	1,53,992	1,70,268	1,85,614
APAT	26,680	23,790	12.1	25,000	6.7	87,240	97,200	1,08,429	1,20,678	1,31,820
EPS (INR)	11.4	10.1	12.1	10.6	6.8	37.1	41.4	46.2	51.4	56.1
P/E (x)						68.6	61.6	55.2	49.6	45.4
EV / EBITDA (x)						46.0	41.8	38.4	34.6	31.6
Core RoCE (%)						16.6	18.0	19.5	21.0	22.0

Source: Company, HSIE Research

## REDUCE

CMP (as on 19 Oct 2023) INR 2,549

Target Price INR 2,550

NIFTY 19,625

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 2,550	INR 2,550
EPS %	FY24E	FY25E
	0%	0%

### KEY STOCK DATA

Bloomberg code	HUVR IN
No. of Shares (mn)	2,350
MCap (INR bn) / (\$ mn)	5,987/73,208
6m avg traded value (INR mn)	3,919
52 Week high / low	INR 2,770/2,393

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(4.6)	0.7	(1.4)
Relative (%)	(2.4)	(9.5)	(12.4)

### SHAREHOLDING PATTERN (%)

	Mar-23	Jun-23
Promoters	61.90	61.90
FIs & Local MFs	11.58	11.55
FPIs	14.36	14.48
Public & Others	12.16	12.07
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

### Varun Lohchab

varun.lohchab@hdfcsec.com  
+91-22-6171-7334

### Naveen Trivedi

naveen.trivedi@hdfcsec.com  
+91-22-6171-7324

### Paarth Gala

paarth.gala@hdfcsec.com  
+91-22-6171-7336

### Riddhi Shah

riddhi.shah@hdfcsec.com  
+91-22-6171-7359

# ITC

## Steady show; no more fireworks

ITC's Q2 print was a tad below expectations with agri and paper dragging overall performance. Cigarette net revenue/EBIT growth was at 9/8% each, with volume growth at c.5% (inline). The relative stability in taxes backed by deterrent action by agencies on illicit trade continued to support cigarette recovery. We model cigarette revenue/EBIT growth of 7% over FY24-FY26. FMCG growth decelerated in Q2 to 8% YoY due to a high base effect (+15% 2-year CAGR); Nestle clocked 10%. FMCG EBITDA margin expanded by 150bps YoY to 11% while EBITDA grew 25% YoY. Paper performance was impacted due to low-priced Chinese supplies, muted export demand and a sharp reduction in global pulp prices. Hotel revenue was up by 21%. ITC's overall revenue/EBITDA was up by 3% YoY each, and most segments' favourable base was behind. The recent stock run-up (~30% in LTM) and limited earnings surprise scope given higher base limit further rerating potential. We maintain our estimates and value ITC on a SoTP basis to derive a TP of INR 450. The implied target P/E is 24x Sep-25E EPS. Maintain ADD.

- **Cigarette/FMCG/Hotel momentum sustains; Paper disappoints:** Overall revenue grew by 3% YoY as 9/8/21% growth in Cigarette (net)/FMCG/Hotels was partially offset by 2/10% decline in Agri and Paper segments. Cigarette volume growth was at c.5% (in-line). FMCG saw strong performance growing by 8% on a high base (15% 2year CAGR). Growth was robust in both urban and rural markets and across markets and channels. Hotels' performance was led by strong ARRs across properties, driven by retail and MICE segments. Occupancy was flattish due to renovations and relatively fewer wedding dates. Paper revenue reflected the impact of low-priced Chinese supplies, muted demand in export markets, and a sharp reduction in global pulp prices. Ex of wheat and rice exports, agribusiness grew 26% YoY driven by value-added agri products and lead tobacco. We model 8% consolidated revenue CAGR during FY23-26E.
- **EBITDA up 3% YoY:** The cigarette/FMCG/Hotel EBIT grew at 8/37/50% YoY. However, a sudden drop in global pulp prices led to paper EBIT falling 50% YoY resulting in overall EBITDA growth of 3%. FMCG EBITDA margin expanded by 150bps YoY to 11%, led by premiumisation, supply chain optimisation, pricing actions, digital initiatives, strategic cost management and fiscal incentives. We model an 8% EBITDA CAGR for FY23-26.
- **Other takeaways:** (1) Within FMCG, market coverage increased by 2x over pre-pandemic levels. Rural stockists' network was up 3.4x YoY. (2) Within Cigarettes, the focus is on innovation and democratising premiumisation across segments. (3) Global pulp prices have likely bottomed out, green shoots of revival in demand visible. (4) ITC IndiVision facility received regulatory approvals to manufacture nicotine and nicotine derivative products conforming to US and EU pharmacopoeia standards. (5) Hotel demerger progressing as per scheduled timelines.

### Quarterly/annual financial summary

(INR mn)	Q2 FY24	Q2 FY23	YoY (%)	Q1 FY24	QoQ (%)	FY22	FY23	FY24E	FY25E	FY26E
Net Sales	1,77,051	1,71,596	3.2	1,69,955	4.2	6,06,681	7,09,369	7,55,725	8,22,899	8,92,344
EBITDA	60,416	58,643	3.0	62,501	(3.3)	2,06,584	2,56,649	2,78,857	3,00,382	3,25,378
APAT	49,270	44,661	10.3	49,027	0.5	1,55,031	1,94,603	2,11,383	2,26,469	2,45,504
EPS (INR)	4.0	3.6	9.14	3.9	0.2	12.6	15.7	17.0	18.2	19.8
P/E (x)						35.8	28.7	26.5	24.7	22.8
EV / EBITDA (x)						25.4	20.5	18.8	17.4	15.9
Core RoCE (%)						43.9	52.3	55.9	60.0	63.7

Source: Company, HSIE Research

## ADD

CMP (as on 19 Oct 2023)	INR 450
Target Price	INR 450
NIFTY	19,625

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 450	INR 450
EPS %	FY24E	FY25E
	0%	0%

### KEY STOCK DATA

Bloomberg code	ITC IN
No. of Shares (mn)	12,471
MCap (INR bn) / (\$ mn)	5,617/68,682
6m avg traded value (INR mn)	4,947
52 Week high / low	INR 500/323

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(5.9)	13.7	30.9
Relative (%)	(3.8)	3.5	19.8

### SHAREHOLDING PATTERN (%)

	Jun-23	Sep-23
Promoters	0.00	0.00
FIs & Local MFs	41.93	41.93
FPIs	14.52	14.31
Public & Others	43.55	43.76
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

### Varun Lohchab

varun.lohchab@hdfcsec.com  
+91-22-6171-7334

### Naveen Trivedi

naveen.trivedi@hdfcsec.com  
+91-22-6171-7324

### Paarth Gala

paarth.gala@hdfcsec.com  
+91-22-6171-7336

### Riddhi Shah

riddhi.shah@hdfcsec.com  
+91-22-6171-7359



# UltraTech Cement

## Industry-leading volume growth continues

We maintain BUY on UltraTech (UTCEM) with an unchanged target price of INR 10,110 (16.5x Sep-25E consolidated EBITDA). We continue to like UTCEM for its robust growth and margin outlook and balance sheet management. It delivered industry-leading 16% YoY volume growth YoY. NSR rose 1% QoQ. Opex rose 3% QoQ on op-lev loss and higher employee/maintenance costs. Unit EBITDA, thus, declined by INR 62 per MT QoQ to INR 956 per MT. Cool-off in fuel and freight costs cushioned the margin decline QoQ. The company noted that Q3 realisation has gone up 5% QoQ and expects further fuel cost reduction in Q3. It is also bolstering its green power capability, reducing its clinker factor. Its phase-2 expansion of ~24.4mn MT is on track for commissioning during FY25/26E.

- **Q2FY24 performance:** UTCEM's consolidated revenue grew 15% YoY, riding on industry-leading 16% volume growth (grey by 16%, white/putty by 11%). Blended NSR rose 1% QoQ (flat YoY), mainly on higher incentives. Share of trade sales stood flattish at ~67%. The share of premium cement sales went to 22% vs 19% YoY. Opex rose 3% QoQ on higher employee (includes INR 700mn one-off) and elevated maintenance expense, while volumes fell QoQ. Energy/freight costs reduced INR 66/53 per MT QoQ cushioning the impact. Unit EBITDA thus contracted INR 62 per MT QoQ. Consolidated EBITDA/APAT thus went up 37/70% YoY.
- **Con call KTAs, Capex updates and outlook:** UTCEM highlighted that Q3 cement prices are currently ~5% higher QoQ. It expects fuel cost to further come off ~5% QoQ in Q3, owing to its low-cost inventory. Capex programs remain on track and it maintained its FY24E Capex guidance of INR 60-70bn (INR 40bn spent in H1). Of the 4mn MT planned debottlenecking, UTCEM added 1.2mn MT in Magdalla SGU in Gujarat. During Q2, UTCEM added 30/83MW WHRS/Solar capacity. As per earlier guidance, another 40MW WHRS is expected in H2FY24. By H1FY26, UTCEM plans to increase its WHRS/renewal power capacities to 425/1200MW. These would expand green power share to 50%+ by FY26 end vs 20% in FY23. We have cut the FY24E EBITDA estimate by 4% but maintain our FY25/26E EBITDA estimates.

### Consolidated quarterly/annual financial summary

YE Mar (INR bn)	Q2 FY24	Q2 FY23	YoY (%)	Q1 FY24	QoQ (%)	FY22	FY23	FY24E	FY25E	FY26E
Sales (mn MT)	26.7	23.1	15.5	30.0	(10.9)	94.0	105.7	119.4	128.8	144.2
NSR (INR/MT)	5,999	6,014	(0.2)	5,920	1.3	5,595	5,983	6,025	6,025	6,067
EBITDA (INR/MT)	956	808	18.3	1,018	(6.1)	1,225	1,005	1,155	1,231	1,285
Net Sales	160.1	138.9	15.3	177.4	-9.7	526.0	632.4	719.5	776.3	874.7
EBITDA	25.5	18.7	36.7	30.5	-16.3	115.1	106.2	137.9	158.7	185.3
APAT	12.8	7.6	69.6	16.9	-24.1	56.7	50.6	76.2	91.3	110.1
AEPS (INR)	44.4	26.2	69.6	58.5	-24.1	196.3	175.4	263.8	316.2	381.2
EV/EBITDA (x)						21.5	23.3	17.7	15.1	12.7
EV/MT (INR bn)						20.41	18.41	17.16	15.58	14.11
P/E (x)						43.4	48.5	32.3	26.9	22.3
RoE (%)						12.0	9.7	13.3	14.2	15.3

Source: Company, HSIE Research

**BUY**

CMP (as on 19 Oct 2023)	INR 8,519
Target Price	INR 10,110
NIFTY	19,625

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 10,110	INR 10,110
	FY24E	FY25E
EBITDA %	(4.4)	0.2

### KEY STOCK DATA

Bloomberg code	UTCEM IN
No. of Shares (mn)	289
MCap (INR bn) / (\$ mn)	2,459/30,070
6m avg traded value (INR mn)	2,560
52 Week high / low	INR 8,751/6,250

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	2.3	13.3	33.1
Relative (%)	4.5	3.2	22.1

### SHAREHOLDING PATTERN (%)

	Jun-23	Sep-23
Promoters	59.96	59.96
FIs & Local MFs	16.05	15.15
FPIs	16.33	17.17
Public & Others	7.65	7.50
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

**Rajesh Ravi**

rajesh.ravi@hdfcsec.com

+91-22-6171-7352

**Keshav Lahoti**

Keshav.lahoti@hdfcsec.com

+91-22-6171-7352

# Nestle India

## In-line show

Nestle reported an in-line Q3CY23 print as revenue grew by 9% while margins (both GM/EBITDAM) expanded. Domestic revenue growth of 10% YoY (HSIE 11%) was broad-based across categories and channels. Prudent pricing was supported by mix and volume (around low-single-digit volume growth). With a stable RM basket and higher net realization, GM expanded by 380bps YoY to 56.5% (57% two years back). While uneven rain and deficit rain can impact prices of maize, sugar, oilseed, spices and green coffee; a healthy winter flush to keep milk prices stable. EBITDA margin expanded by 250bps YoY to 24.8% on better cost control. EBITDA grew by 22% YoY (HSIE 20%). Nestle has announced a sub-division of the face value of shares to INR 1/share. Nestle continues to focus on distribution strengthening, category expansion and capacity building. We remain positive on OOH products and sustain growth for in-home products. We maintain our EPS estimates. We value Nestle at 52x P/E on Sep-25E EPS to derive a TP of INR 20,000. With a rich valuation, the absolute upside is limited in the medium term. Maintain REDUCE.

- **Domestic business sustains double-digit growth trend:** Revenue grew by 9% YoY (+18% in Q3CY22; +15% in Q2CY23, HSIE: 11%). Domestic revenue grew by 10% YoY (HSIE: 11%) while export revenue fell by 10% (HSIE: +9%). Domestic growth was broad-based across categories, supported by pricing, mix and volume. All the channels sustained strong momentum, with e-commerce now at 6.1% of sales. Momentum in e-commerce continued to be driven by quick commerce. The retail channel continued to grow in double digits while product transformation led to consistent performance in OOH which saw double-digit volume-led growth. We model a 12% revenue CAGR during CY22-25E.
- **Margin recovery continues:** GM expanded by 380bps YoY (+170bps QoQ) to 56.5%, aided by higher net realizations and stabilizing RM basket. Persistent commodity inflation has impacted Nestle's gross margin over the last two years; GM was at 58% in CY20. Employee/other expenses were up by 23/11% YoY. EBITDA expanded by 250bps YoY to 24.8% (HSIE: 24.1%). EBITDA was up by 22% YoY (HSIE 20% YoY). Prices of maize, sugar, oilseed and spices may be impacted due to uneven rain and rain deficit. Coffee continues to remain volatile while Indian Robusta crop production may be impacted by weather. In fresh milk, healthy flush in winter to keep prices stable. We model 24/25% EBITDA margin during CY23/24/25E.
- **Press release takeaways:** (1) Milk products and nutrition saw strong double-digit growth. (2) KITKAT and MUNCH led strong growth in confectionary. (3) Double-digit growth in beverages. NESCAFE saw highest highest-ever market share and strong household penetration. (4) Announced second interim dividend of INR 140/ share and sub-division of face value of equity shares to INR 1/ share. (5) Exceptional item of INR1.1bn due to write-back of provisions.

### Quarterly/annual financial summary

YE Dec (INR mn)	Q3 CY23	Q3 CY22	YoY (%)	Q2 CY23	QoQ (%)	CY21	CY22	CY23E	CY24E	CY25E
Net Revenue	50,368	46,018	9.5	46,585	8.1	1,47,406	1,68,970	1,92,965	2,14,379	2,38,710
EBITDA	12,468	10,256	21.6	10,663	16.9	35,960	38,146	45,788	51,972	59,626
APAT	8,344	6,659	25.3	7,008	19.1	22,761	24,241	30,328	33,922	38,494
EPS (Rs)	86.5	69.1	25.3	72.7	19.1	236.1	251.4	314.5	351.8	399.2
P/E (x)						102.2	95.9	76.7	68.6	60.4
EV/EBITDA (x)						64.3	60.5	50.4	44.6	38.7
Core RoCE (%)						60.8	52.0	57.7	52.4	52.6

Source: Company, HSIE Research

## REDUCE

CMP (as on 19 Oct 2023)	INR 24,132
Target Price	INR 20,000
NIFTY	19,625

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 20,000	INR 20,000
EPS %	CY23E 0%	CY24E 0%

### KEY STOCK DATA

Bloomberg code	NEST IN
No. of Shares (mn)	96
MCap (INR bn) / (\$ mn)	2,327/24,451
6m avg traded value (INR mn)	1,510
52 Week high / low	INR 24,229/17,880

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	5.2	17.0	22.3
Relative (%)	7.4	6.9	11.2

### SHAREHOLDING PATTERN (%)

	Jun-23	Sep-23
Promoters	62.76	62.76
FIs & Local MFs	9.05	9.32
FPIs	12.38	12.10
Public & Others	15.81	15.82
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

### Varun Lohchab

varun.lohchab@hdfcsec.com  
+91-22-6171-7334

### Naveen Trivedi

naveen.trivedi@hdfcsec.com  
+91-22-6171-7324

### Paarth Gala

paarth.gala@hdfcsec.com  
+91-22-6171-7336

### Riddhi Shah

riddhi.shah@hdfcsec.com  
+91-22-6171-7359

# Astral

## Healthy volume growth; strong outlook in all business

We upgrade our rating on Astral to ADD with a revised target price of INR 2,040/sh (60x its Sep-25E EPS). Astral continues to deliver a strong show in its plumbing segment. It also expects to scale up its adhesives & paints (A&P) performance. The bathware segment is gaining traction and Astral expects to turn EBITDA positive by Q4FY24. In Q2FY24, Astral's consolidated revenue/EBITDA/APAT rose 16/53/90% YoY, driven by the strong show in both plumbing and A&P segments. Astral is adding plumbing capacities (across Guwahati, Hyderabad and Kanpur over the next two years), and an adhesive plant in Dahej.

- **Q2FY24 performance:** Net sales rose 16% YoY to INR 13.6bn, driven by similar growth across both plumbing and A&P segments. Pipes volume recorded strong growth of 28/9% YoY/QoQ. The A&P segment revenue grew by 14/11% YoY/QoQ. Plumbing segment EBITDA grew 61% YoY, registering an 18.5% EBITDA margin. Bathware incurred an EBITDA loss of INR 41mn (vs INR 34mn loss QoQ). A&P EBITDA grew 34% YoY, with an EBITDA margin of 14.8%. Owing to strong performance in both segments, APAT rose 90% YoY.
- **Con call KTAs and outlook:** Astral upgraded its FY24 guidance: plumbing volume to 20%+ vs 15% guided earlier. It expects INR 35-40 EBITDA/kg in the plumbing segment. Management believes both PVC and CPVC prices have bottomed out (after sharp correction). For adhesives, it expects 15-20% revenue growth and 15%+ EBITDA margin in FY24E. The bathware segment is expected to turn EBITDA positive by Q4FY24 as dealer counts and revenue are gaining traction. On the capex front, Astral guided Capex outgo of INR 4.2/2.5-3bn for FY24/25E. It debottlenecked 20K MT plumbing capacity by in H1FY24, and further plans to add another 15K MT. It expects to pay INR 2.8bn to Gem Paints in Oct-23 for an 80% stake. The Guwahati plumbing plant (22K MT) tank production has started, and soon pipe production will start. The first phase of the greenfield plant in Hyderabad (30K MT) will start by June-24. Astral also has a 50K MT capacity expansion plant in Kanpur (first/second phase by FY25 end/FY26). The adhesive plant in Dahej will be fully operational by FY24-end. We maintain our FY24/25E APAT estimates. We upgrade Astral to ADD from REDUCE as we roll forward our valuation to 60x PE Sep-25 vs Mar-25 earlier.

### Quarterly/annual financial summary (consolidated)

YE Mar (INR bn)	Q2 FY24	Q2 FY23	YoY (%)	Q1 FY24	QoQ (%)	FY22	FY23	FY24E	FY25E	FY26E
Pipes sales (K MT)	52.1	40.8	27.8	48.0	8.6	149.6	177.6	213.2	245.1	274.5
EBITDA (INR/kg)	35.5	28.3	25.3	35.2	1.0	42.2	36.6	38.2	38.5	38.9
Adhesives* Rev (INR mn)	3.83	3.36	14.0	3.45	11.0	10.28	13.91	16.91	20.68	23.96
Adhesives EBITDAM (%)	14.8	12.6		14.0	15.0	13.1	13.4	14.7	15.2	15.2
Net Sales	13.63	11.72	16.3	12.83	6.2	43.94	51.59	61.66	75.26	86.61
EBITDA	2.20	1.44	52.8	2.02	9.2	7.55	8.10	11.06	13.58	15.63
EBITDAM (%)	16.1	12.3		15.7		17.2	15.7	17.9	18.0	18.0
APAT	1.31	0.69	89.9	1.20	9.5	4.84	4.58	6.67	8.42	9.85
Diluted EPS (Rs)	4.9	2.6	89.9	4.5	9.5	18.1	17.0	24.8	31.3	36.6
EV / EBITDA (x)						65.2	61.0	44.7	36.1	31.3
P/E (x)						102.7	108.4	74.4	59.0	50.5
RoE (%)						22.6	17.2	20.8	22.4	22.4

Source: Company, HSIE Research, \* Adhesives includes paints FY23 onwards

## ADD

CMP (as on 19 Oct 2023)	INR 1,844
Target Price	INR 2,040
NIFTY	19,625

KEY CHANGES	OLD	NEW
Rating	REDUCE	ADD
Price Target	INR 1,820	INR 2,040
APAT	FY24E	FY25E
revision %	0.1	(0.6)

### KEY STOCK DATA

Bloomberg code	ASTRA IN
No. of Shares (mn)	269
MCap (INR bn) / (\$ mn)	495/6,056
6m avg traded value (INR mn)	1,479
52 Week high / low	INR 2,058/1,298

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(3.4)	28.7	19.5
Relative (%)	(1.2)	18.5	8.5

### SHAREHOLDING PATTERN (%)

	Jun-23	Sep-23
Promoters	55.85	55.85
FIs & Local MFs	15.87	13.21
FPIs	15.64	18.50
Public & Others	12.64	12.44
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

### Rajesh Ravi

rajesh.ravi@hdfcsec.com  
+91-22-6171-7352

### Keshav Lahoti

keshav.lahoti@hdfcsec.com  
+91-22-6171-7353-7352



# Persistent Systems

## Cruising ahead

Persistent Systems (PSYS) posted industry-leading sequential growth and its highest-ever deal TCV (both new and renewal). PSYS' consistency in its deal velocity provides high visibility for growth ahead (factored 14/17% growth in FY24/25E in USD terms). PSYS' strong revenue growth of 3.1% QoQ and 14.1% YoY in Q2FY24 and 15.6% growth in H1FY24 coupled with strong bookings trajectory will take PSYS' growth premium to tier-1 IT to 10pp in FY24E. PSYS' positives include consistency in winning large deals (vs. tier-1 competition), large client mining progression (USD 5mn+ accounts 2.5x in three years), growth in T50, sequential improvement in cash generation (>70% OCF/EBITDA targeted for FY24E). PSYS's (1) strong digital prowess enabled by a high certification pool (>14.7k certifications in Microsoft, AWS, Google Cloud, Salesforce, IBM), (2) focused vertical approach, and (3) recent leadership additions will support its growth ahead as the company targets doubling revenue in the next four years. Margin upside to accrue from utilisation improvement (~100bps scope for margin improvement), margin improvement in H-Tech vertical and operational efficiencies aggregating to 150bps potential for margin improvement in two years. Maintain BUY on PSYS (top pick in mid-tier IT), with TP of INR 6,705, based on 32x Sep-25E EPS, factoring 24% EPS CAGR over FY23-26E.

- **Q2FY24 highlights:** (1) PSYS posted revenue of USD 292mn, +3.1% QoQ and 14.1% YoY (USD 291mn HSIE est.). (2) T5 grew 4.6% QoQ and T50 grew 3.7% QoQ ahead of company average; T1 client grew 3.1% QoQ over two successive quarters of high growth on ramp-up of large deal. (3) Within verticals, growth was led by Healthcare & Lifesciences vertical and Hi-Tech vertical. (4) Deal wins were robust with TCV at USD 479mn, 30% YoY and ACV at USD 316mn, 16% YoY as deal duration (both renewal and new) inched higher. (5) EBITM declined to 13.7%, -122bps QoQ impacted by wage hike (-270bps impact), offset by higher utilisation and absence of visa cost sequentially leading to flat QoQ and 20% YoY in APAT; management maintained medium term outlook of 150-200bps margin expansion.
- **Outlook:** We have factored USD revenue growth of 14.4/17.2/17.4% (15% CAGR in total ACV over FY23-26E) and EBITM of 14.4/16.0/16.5% for FY24/25/26E respectively translating to 24% EPS CAGR over FY23-26E. PSYS trades at valuation of 31x and 25x FY25E and FY26E (5Y average at 26x).

### Quarterly Financial summary

YE March (INR bn)	Q2 FY24	Q2 FY23	YoY (%)	Q1 FY24	QoQ (%)	FY22	FY23	FY24E	FY25E	FY26E
Revenue (USD mn)	292	256	14.1	283	3.1	766	1,036	1,186	1,390	1,631
Net Sales	24.12	20.49	17.7	23.21	3.9	57.11	83.51	98.04	116.72	138.62
EBIT	3.31	2.99	10.8	3.47	(4.6)	7.92	12.47	14.14	18.71	22.82
APAT	2.63	2.20	19.7	2.65	(0.6)	6.90	9.43	11.04	14.60	17.97
Diluted EPS (INR)	34.2	28.6	19.7	34.4	(0.6)	89.7	122.6	143.5	189.7	233.7
P/E (x)						65.2	47.7	40.8	30.8	25.0
EV / EBITDA (x)						44.8	28.4	24.9	18.9	15.2
RoE (%)						22.4	25.1	25.9	28.5	29.2

Source: Company, HSIE Research, Consolidated Financials

### Change in Estimates

YE March (INR bn)	FY24E Old	FY24E Revised	Change %	FY25E Old	FY25E Revised	Change %	FY26E Old	FY26E Revised	Change %
Revenue (USD mn)	1,187	1,186	(0.1)	1,376	1,390	1.0	1,590	1,631	2.6
Revenue	98.13	98.04	(0.1)	115.58	116.72	1.0	135.14	138.62	2.6
EBIT	14.55	14.14	(2.9)	18.52	18.71	1.0	22.25	22.82	2.5
EBIT margin (%)	14.8	14.4	-41bps	16.0	16.0	1bps	16.5	16.5	-1bps
APAT	11.35	11.04	(2.7)	14.45	14.60	1.0	17.33	17.97	3.7
EPS (INR)	148.5	143.5	(3.4)	189.1	189.7	0.4	226.7	233.7	3.1

Source: Company, HSIE Research

## BUY

CMP (as on 19 Oct 2023) INR 5,849

Target Price INR 6,705

NIFTY 19,625

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 6,660	INR 6,705
EPS %	FY24E	FY25E
	-3.4	+0.4

### KEY STOCK DATA

Bloomberg code	PSYS IN
No. of Shares (mn)	77
MCap (INR bn) / (\$ mn)	450/5,502
6m avg traded value (INR mn)	1,919
52 Week high / low	INR 6,035/3,576

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	13.8	35.8	60.0
Relative (%)	16.0	25.6	49.0

### SHAREHOLDING PATTERN (%)

	Mar-23	Jun-23
Promoters	31.26	31.06
FIs & Local MFs	27.61	28.04
FPIs	21.78	21.92
Public & Others	19.35	18.98
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

**Apurva Prasad**

apurva.prasad@hdfcsec.com

+91-22-6171-7327

**Amit Chandra**

amit.chandra@hdfcsec.com

+91-22-6171-7345

**Vinesh Vala**

vinesh.vala@hdfcsec.com

+91-22-6171-7332

# Cyient

## Margin performance impressive

Cyient reported soft growth in the DET segment (+1% QoQ CC) but margin performance was impressive (at a decade high). The DET growth was driven by the transportation, sustainability and automotive verticals, offset by softness in communications verticals. The growth in DET will be led by (1) continued traction in aerospace driven by MRO, upgrades and defence spending, (2) a strong deal pipeline and five large deal wins, (3) order intake of USD 184mn (+40% YoY), and (4) investments in EV and mobility. The DET margin expanded for the fourth consecutive quarter and was up 400bps YoY. For FY24E, the management expects growth at the lower end of the guidance (15-20% YoY CC) and expects an EBIT margin of ~15-16% (expansion of ~150-250bps). The lower end implies ~2.5% CQGR for H2. We increase our FY24/25E EPS estimates by 5/3% due to better margins. We maintain our ADD rating with a target price of INR 1,870, based on 20x Sep-25E EPS. The stock is trading at 25/21x FY24/25E, a discount of ~32% to LTTS.

- **Q2FY23 highlights:** (1) Digital, Engineering and Technology (DET) revenue stood at USD 178.4mn, +1/17.1% QoQ/YoY CC (vs estimate of USD 177.5mn); (2) DET EBIT margin improved 40bps QoQ to 16.5% (estimate of 16.1%) due to SG&A rationalization; (3) five large deal wins with TCV of USD 51.4mn (vs 48mn QoQ); (4) LTM attrition dropped by 260bps QoQ to 20.4%, though still higher than peers; (5) the value of DLM is INR 285/share, taking 15% holding discount; (6) transportation, sustainability and new growth areas grew by 2.6/4.5/5.5% while connectivity declined 8.5% QoQ CC; (7) group revenue was up 4.7% QoQ due to a strong DLM (+29% QoQ).
- **Outlook:** We have factored in +14.5/9.3/11.6% DET USD revenue growth for FY24/25/26E. The consolidated EBIT margin is estimated at 15.1/15.9/16.5% for FY23/24/25E, resulting in an EPS CAGR of 26% over FY23-26E.

### Quarterly Financial summary

YE March (INR bn)	Q2 FY24	Q2 FY23	YoY (%)	Q1 FY24	QoQ (%)	FY22	FY23	FY24E	FY25E	FY26E
Revenue (USD Mn)	215	175	22.9	205	4.7	608	746	869	975	1,119
Net Sales	17.79	13.96	27.4	16.87	5.5	45.34	60.16	71.89	81.90	95.63
EBIT	2.60	1.66	56.6	2.48	4.8	6.30	7.67	10.84	13.05	15.74
APAT	1.83	1.10	66.0	1.77	3.6	5.22	5.65	7.89	9.32	11.33
Diluted EPS (INR)	16.6	10.0	66.0	16.0	3.6	47.3	51.2	71.4	84.4	102.7
P/E (x)						37.3	34.4	24.7	20.9	17.2
EV / EBITDA (x)						22.7	19.2	14.4	12.0	9.9
RoE (%)						17.2	17.2	21.5	22.8	24.6

Source: Company, HSIE Research, Consolidated Financials

### Change in Estimates

YE Mar (INR bn)	FY24E Old	FY24E Revised	Change %	FY25E Old	FY25E Revised	Change %	FY26E Old	FY26E Revised	Change %
Revenue (USD mn)	857	869	1.4	977	975	-0.2	1,119	1,119	-0.1
Revenue	70.91	71.89	1.4	82.03	81.90	-0.2	95.70	95.63	-0.1
EBIT	10.45	10.84	3.8	12.56	13.05	3.9	15.22	15.74	3.4
EBIT margin (%)	14.7	15.1	34bps	15.3	15.9	62bps	15.9	16.5	55bps
APAT	7.52	7.89	4.9	9.04	9.32	3.1	11.03	11.33	2.7
EPS (INR)	68.1	71.4	4.9	81.8	84.4	3.1	99.9	102.7	2.7

Source: Company, HSIE Research

## ADD

CMP (as on 19 Oct 2023) INR 1,763

Target Price INR 1,870

NIFTY 19,625

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,730	INR 1,870
	FY24E	FY25E
EPS %	+4.9	+3.1

### KEY STOCK DATA

Bloomberg code	CYL IN
No. of Shares (mn)	111
MCap (INR bn) / (\$ mn)	195/2,388
6m avg traded value (INR mn)	920
52 Week high / low	INR 1,945/724

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	18.6	65.0	133.6
Relative (%)	20.8	54.8	122.6

### SHAREHOLDING PATTERN (%)

	Jun-23	Sep-23
Promoters	23.35	23.20
FIs & Local MFs	21.31	21.57
FPIs	36.57	35.71
Public & Others	18.77	19.52
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

**Amit Chandra**

amit.chandra@hdfcsec.com

+91-22-6171-7345

**Apurva Prasad**

apurva.prasad@hdfcsec.com

+91-22-6171-7327

**Vinesh Vala**

vinesh.vala@hdfcsec.com

+91-22-6171-7332

# Mastek

## Steady performance; US growth encouraging

Mastek reported better revenue performance (+4.4% QoQ CC) while the margin was below estimate. The organic revenue growth was 2.7% QoQ CC, led by a revival in US growth (+5% QoQ organic) and continued traction in the UK government. The management has indicated that the NHS recovery is taking longer than expected and will recover in FY25E. The deal pipeline continues to remain strong but the decision-making is slow. The order book for the quarter stood at USD 224mn up 20% YoY, fueled by wins in healthcare and life sciences (US) and UK government departments. The acquisition of MST (salesforce) and BizAnalytica (data cloud and gen AI capability) in the US has set the stage for growth. The focus will be on driving growth led by the US (low base), penetration of UK government departments and steady ME. The EBITDA margin in the quarter was impacted due to wage hikes and acquisition; the desired operating range is ~17-19%. We have marginally tweaked the revenue/EPS estimates for FY25/26E and maintain our ADD rating, with a TP of INR 2,500 based on 16x Dec-25E EPS. The stock is trading at 23/17x FY24/25E.

- **Q2FY24 highlights:** (1) Revenue, at USD 92.6mn (+4.4/+13.5% QoQ/YoY CC), came in higher than our estimate of USD 91.9mn. The US geography reported a healthy growth of 18% QoQ, led by the integration of BizAnalytica, and the UK reported 1.7% QoQ growth, supported by UK government; (2) Retail/financial services/healthcare/government improved +6.0/7.0/19.5/2.8% but manufacturing declined -2.9% QoQ; (3) EBIT margin declined 145bps QoQ to 13.3% (vs our estimate of 14.3%), impacted by wage hike (~130bps) and BizAnalytica integration impact of ~50bps, offset by operational efficiencies; (4) Digital commerce reported revenue growth of 6.3% QoQ, while Oracle cloud remained flat (-0.4% QoQ); Oracle and Salesforce are ~45% of total revenue; (5) Mastek headcount remained flat sequentially while attrition moderated to 19.1% (-130bps QoQ).
- **Outlook:** We expect USD revenue growth of 17.6/13.9/14.2% in FY24/25/26E and an EBITDA margin of 17.2/18.6/19.0% in FY24/25/26E, resulting in revenue/EPS CAGRs of 15/23% in FY23-26E.

### Quarterly Financial summary

YE Mar (INR bn)	Q2 FY24	Q2 FY23	YoY (%)	Q1 FY23	QoQ (%)	FY22	FY23	FY24E	FY25E	FY26E
Revenue (USD mn)	93	78	18.6	88	5.1	293	318	374	426	486
Net Sales	7.66	6.25	22.4	7.25	5.6	21.84	25.63	30.96	35.78	40.85
EBIT	1.02	0.90	13.1	1.07	(4.8)	4.20	3.88	4.53	5.77	6.78
APAT	0.67	0.54	24.5	0.70	(4.5)	2.95	2.68	3.22	4.33	5.12
Diluted EPS (INR)	21.65	17.55	23.4	22.67	(4.5)	96.6	86.6	101.8	136.8	162.0
P/E (x)						24.2	27.0	23.0	17.1	14.4
EV / EBITDA (x)						14.2	16.1	13.7	10.5	8.5
RoE (%)						30.6	19.4	17.7	20.3	20.3

Source: Company, HSIE Research, Consolidated Financials

### Change in Estimates

YE Mar (INR Bn)	FY24E Old	FY24E Revised	Change %	FY25E Old	FY25E Revised	Change %	FY26E Old	FY26E Revised	Change %
Revenue (USD Mn)	374	374	0.1	428	426	(0.6)	489	486	(0.6)
Revenue	30.91	30.96	0.1	35.99	35.78	(0.6)	41.08	40.85	(0.6)
EBIT	4.63	4.53	(2.3)	5.84	5.77	(1.1)	6.85	6.78	(1.0)
EBIT margin (%)	15.0	14.6	-36bps	16.2	16.1	-9bps	16.7	16.6	-7bps
APAT	3.32	3.22	(3.0)	4.33	4.33	(0.2)	5.13	5.12	(0.2)
EPS (INR)	104.9	101.8	(3.0)	137.0	136.8	(0.2)	162.3	162.0	(0.2)

Source: Company, HSIE Research

## ADD

CMP (as on 19 Oct 2023) INR 2,340

Target Price INR 2,500

NIFTY 19,625

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 2,500	INR 2,500
	FY24E	FY25E
EPS %	-3.0	-0.2

### KEY STOCK DATA

Bloomberg code	MAST IN
No. of Shares (mn)	31
MCap (INR bn) / (\$ mn)	72/877
6m avg traded value (INR mn)	361
52 Week high / low	INR 2,540/1,475

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	7.8	47.4	43.4
Relative (%)	10.0	37.3	32.4

### SHAREHOLDING PATTERN (%)

	Jun-23	Sep-23
Promoters	36.57	36.50
FIs & Local MFs	5.85	5.99
FPIs	13.42	13.93
Public & Others	44.16	43.58
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

### Amit Chandra

amit.chandra@hdfcsec.com  
+91-22-6171-7345

### Apurva Prasad

apurva.prasad@hdfcsec.com  
+91-22-6171-7327

### Vinesh Vala

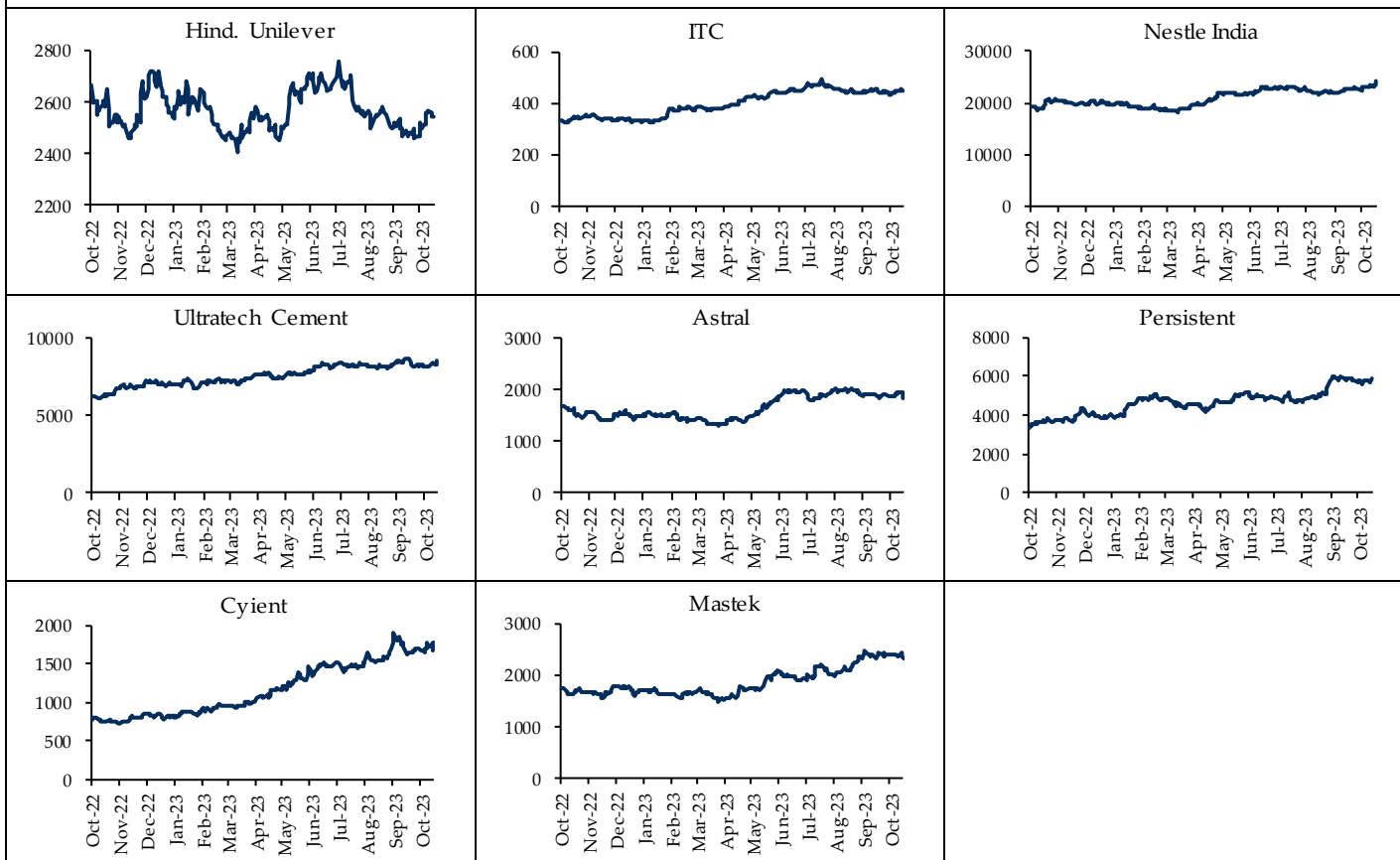
vinesh.vala@hdfcsec.com  
+91-22-6171-7332

**Rating Criteria**

BUY: >+15% return potential  
 ADD: +5% to +15% return potential  
 REDUCE: -10% to +5% return potential  
 SELL: > 10% Downside return potential

**Disclosure:**

Analyst	Company Covered	Qualification	Any holding in the stock
Varun Lohchab	Hindustan Unilever, ITC, Nestle India	PGDM	NO
Naveen Trivedi	Hindustan Unilever, ITC, Nestle India	MBA	NO
Paarth Gala	Hindustan Unilever, ITC, Nestle India	Bcom	NO
Riddhi Shah	Hindustan Unilever, ITC, Nestle India	MBA	NO
Rajesh Ravi	UltraTech Cement, Astral	MBA	NO
Keshav Lahoti	UltraTech Cement, Astral	CA	NO
Apurva Prasad	Persistent Systems, Cyient, Mastek	MBA	NO
Amit Chandra	Persistent Systems, Cyient, Mastek	MBA	NO
Vinesh Vala	Persistent Systems, Cyient, Mastek	MBA	NO

**1 Yr Price movement**




**Disclosure:**

Authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Research Analyst or his/her relative or HDFC Securities Ltd. does not have any financial interest in the subject company. Also Research Analyst or his relative or HDFC Securities Ltd. or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his relative or HDFC Securities Ltd. or its associate does have/does not have any material conflict of interest.

HDFC Securities Limited (HSL) is a SEBI Registered Research Analyst having registration no. INH000002475.

**Disclaimer:**

This report has been prepared by HDFC Securities Ltd and is solely for information of the recipient only. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite or the particular circumstances of an individual investor; readers are requested to take professional advice before investing. Nothing in this document should be construed as investment advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in securities of the companies referred to in this document (including merits and risks) and should consult their own advisors to determine merits and risks of such investment. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete. HSL is not obliged to update this report for such changes. HSL has the right to make changes and modifications at any time.

This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction. If this report is inadvertently sent or has reached any person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk. It should not be considered to be taken as an offer to sell or a solicitation to buy any security.

This document is not, and should not, be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. This report should not be construed as an invitation or solicitation to do business with HSL. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.

HSL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report. As regards the associates of HSL please refer the website.

HSL or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.

HSL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither HSL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.

HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Murli V Karkera Email: [complianceofficer@hdfcsec.com](mailto:complianceofficer@hdfcsec.com) Phone: (022) 3045 3600

HDFC Securities Limited, SEBI Reg. No.: NSE, BSE, MSEI, MCX: INZ000186937; AMFI Reg. No. ARN: 13549; PFRDA Reg. No. POP: 11092018; IRDA Corporate Agent License No.: CA0062; SEBI Research Analyst Reg. No.: INH000002475; SEBI Investment Adviser Reg. No.: INA000011538; CIN - U67120MH2000PLC152193

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

Mutual Funds Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

**HDFC securities**
**Institutional Equities**

Unit No. 1602, 16th Floor, Tower A, Peninsula Business Park,

Senapati Bapat Marg, Lower Parel, Mumbai - 400 013

Board: +91-22-6171-7330 [www.hdfcsec.com](http://www.hdfcsec.com)