



SYSTEMATIX GROUPTM
Investments Re-defined

Diwali Picks 2024



DIWALI PICKS 2024

Sr. No.	Company Name	M-Cap (Rs. Crs)	Reco Price (Rs.)*	Target Price (Rs.)	Upside (%)
1	PNB Housing Finance Ltd	24,243	933	1,333	43%
2	Shriram Properties Ltd	1,989	117	152	30%
3	Jana Small Finance Bank Ltd	5,637	539	700	30%
4	One 97 Communications Ltd	44,291	696	900	29%
5	Protean eGov Technologies Ltd	7,833	1,932	2,459	27%
6	GMR Airports Infrastructure Ltd	91,282	86	108	25%
7	Lemon Tree Hotels Ltd	9,978	126	155	23%
8	National Aluminium Company Ltd	41,214	224	275	23%
9	Zomato Ltd	2,38,793	270	320	18%
10	Jash Engineering Ltd	3,228	2,580	3,000	16%

*Note: Recommended Price as on 17th Oct 2024



PNB Housing Finance Ltd (Mcap: Rs. 24,243 crs)

Reco Price : Rs. 933

TARGET: Rs. 1,333

UPSIDE: 43%

Investment Thesis:

- PNB Housing Finance, backed by Punjab National Bank, is India's third-largest housing finance company as of FY24, with an AUM of Rs.71,243 Cr and a loan book of Rs. 65,358 Cr. It also holds Rs.17,783 Cr in deposits.
- Company aims to grow its retail loan book to over Rs. 1 lakh Cr by FY27, targeting a CAGR of 16% from FY24 to FY27. Affordable housing is expected to contribute 14-16%, while the emerging markets segment is projected to account for 22-25%.
- Company plans to open 50 new branches annually, targeting a total of 400 branches by FY26. Focusing on South, North, and West regions.
- Company's PPop is projected to grow at an 18% CAGR from FY24 to FY26E with operational expenses expected to stay at or below 1% of AUM.
- Targeting a 2.4%-2.6% ROA over the next three years.
- As the third-largest HFC by AUM, we value the stock at a P/B multiple of 2.0x on the FY26E book value of Rs. 666, this results in a target upside of 37% of Rs. 1,333.

NII (Rs. Cr)		PAT (Rs. Cr)		3 y CAGR (in %)		EPS (Rs.)		P/E (x)	P/BV (x)	Return over (%)				52 Week	
FY24	FY23	FY24	FY23	NII	PAT	FY24	FY23	FY24	FY24	1 m	3 m	6 m	1 y	High	Low
6,742	6,199	1,509	1,035	8	17	58.2	53.2	16	1.7	-11	17	25	25	1201	600



Shriram Properties (Mcap: Rs. 1,989 crs)

Reco Price : Rs. 117

TARGET: Rs. 152

UPSIDE: 30%

Investment Thesis:

- Shriram Properties Ltd is one of the leading residential real estate development companies in South India, primarily focused on the mid-market and affordable housing categories. The low capital-intensive nature of its service model enables it to keep its debt in check, ensures high scalability and efficient use of capital.
- Company remains committed to its growth trajectory, focusing on leveraging its strong operational platform for future profitability. The project pipeline is robust, and with targeted sales volume of 15 msf over next three years will boost overall earnings outlook, the Company will be well positioned to reap benefits of the positive industry outlook and attain leadership in the mid-segments.
- The company's key operating metrics have been robust. As per the management, company aims to double its sales, triple its revenue, and quadruple its profits over the next 3 years. The Company is targeting cumulative sales of over 20 msf predominantly focused on Bengaluru, Chennai and Pune.

Sales (Rs. Cr)		PAT (Rs. Cr)		3 y CAGR (in %)		EPS (Rs.)		P/E (x)	P/BV (x)	Return over (%)				52 Week	
FY24	FY23	FY24	FY23	Sales	PAT	FY24	FY23	FY24	FY24	1 m	3 m	6 m	1 y	High	Low
865	674	75	68	26	45	4.4	3.9	27	1.3	-9	13	-4	23	148	82

Jana Small Finance Bank Ltd (Mcap: Rs. 5,637 crs)

Reco Price : Rs. 539

TARGET: Rs. 700

UPSIDE: 30%

Investment Thesis:

- Jana Small Finance Bank, the fourth-largest Small Finance Bank in India, is strategically pivoting its portfolio towards secured lending products, while systematically decreasing its exposure to microlending.
- JSFB's loan book is projected to grow at a robust CAGR of 19.8% over FY24–FY27, primarily driven by strong growth in secured lending segments. Affordable housing loans are anticipated to expand at 38%, while deposits are expecting to grow at a CAGR of 20.0% driven by 31.6% growth in CASA deposits and 16.8% growth in term deposits.
- Bank has strategically shifted focus towards expanding its secured loan portfolio, which has grown from 40% in FY21 to 60% by FY24 and further expect the lending book's exposure to reach 80% by FY27.
- Projected AUM growth of 19-20%, PAT growth 30-40%, ROA 1.8 -2.0%, ROE 19-21%, steady net interest margins and lower NNPA are anticipated to boost profit margins

NII (Rs. Cr)		PAT (Rs. Cr)		3 y CAGR (in %)		EPS (Rs.)		P/E (x)	P/BV (x)	Return over (%)				52 Week	
FY24	FY23	FY24	FY23	NII	PAT	FY24	FY23	FY24	FY24	1 m	3 m	6 m	1 y	High	Low
2,127	1,660	670	256	17	94	90.7	42.6	6	1.6	-8	-22	21	NA	761	365

One 97 Communications Ltd (Mcap : Rs. 44,291 crs)

Reco Price : Rs . 696

TARGET: Rs . 900

UPSIDE: 29%

Investment Thesis:

- Paytm's strategic decision to sell its entertainment business to Zomato for Rs 2,000 Cr represents a positive step towards reinforcing its focus on core payment and financial services. This all-cash transaction, valuing the business at 6.9x FY24 revenue, significantly boosts Paytm's cash reserves, enhancing financial flexibility for future investments. The influx of capital could be strategically allocated to revamp its rewards and cash-back programs, aimed at revitalizing its payment services in light of recent regulatory challenges.
- Paytm's platform facilitates both online and offline digital payments between consumers and merchants. The strength of its business increases with the number of users and merchants, creating a powerful network effect
- The nature of Paytm's business, with minimal fees for consumers and merchants, creates a robust moat that is difficult to disrupt.
- Paytm's vast merchant network, robust sound-box subscriber base, and resilient platform recovery underscore its strong market position and sustainable growth potential, despite regulatory challenges.

Sales (Rs. Cr)		PAT (Rs. Cr)		3 y CAGR (in %)		EPS (Rs.)		P/E (x)	P/BV (x)	Return over (%)				52 Week	
FY24	FY23	FY24	FY23	Sales	PAT	FY24	FY23	FY24	FY24	1 m	3 m	6 m	1 y	High	Low
9,978	7,990	-1,422	-1,776	53	9	-22.3	-28.0	N/A	3.7	5	51	78	-26	998	310



Protean eGov Technologies Ltd (Mcap : Rs. 7,833 crs)

Reco Price : Rs. 1,932

TARGET: Rs. 2,459

UPSIDE: 27%

Investment Thesis:

- Protean is one of only three entities authorized to process PAN applications and holds a substantial 64% market share in cumulative PAN issuance. Additionally, favorable trends such as the formalization of the workforce and the requirement of PAN for accessing financial aid under various schemes provide further tailwinds for growth in this business.
- Protean serves as the central recordkeeping agency for the National Pension System and Atal Pension Yojana, holding over 97% market share. There is a significant growth opportunity in India's pension coverage, which is only 6% for private sector workers compared to 70% in the USA.
- Protean plays a crucial role in developing multi-sector Open Digital Ecosystems, including ONDC, which has gained traction across various sectors. The company is also globalizing its expertise, focusing on Africa and Southeast Asia.
- Protean holds a zero-debt status and boasts a strong cash balance of Rs 700 Cr.

Sales (Rs. Cr)		PAT (Rs. Cr)		3 y CAGR (in %)		EPS (Rs.)		P/E (x)	P/BV (x)	Return over (%)				52 Week	
FY24	FY23	FY24	FY23	Sales	PAT	FY24	FY23	FY24	FY24	1 m	3 m	6 m	1 y	High	Low
882	742	97	107	13	3	23.9	26.5	81	8.5	-4	32	53	NA	2,225	775



GMR Airports Infrastructure Ltd (Mcap: Rs. 91,282 crs)

Reco Price : Rs.86

TARGET: Rs.108

UPSIDE: 25%

Investment Thesis:

- GMR airports infrastructure ltd operates two of India's busiest airports (DIAL and GHIAL), which saw robust passenger traffic growth of 13% and 19% in FY24, and is expanding into non-aeronautical revenue streams, including Duty Free Services at Delhi Airport.
- The company's partnership with Groupe ADP has resulted in a proven ability to raise capital for refinancing and capital expenditures, enhancing GIL's financial stability and growth prospects.
- The successful merger of GIL's subsidiaries, GMR Airports Limited and GMR Infrastructure Development Limited, along with Groupe ADP's reduced stake and co-promoter status, strengthens GIL's governance and financial structure.
- The ongoing expansion and modernization initiatives at its airports, along with successful operational strategies, present significant upside potential for revenue growth and profitability.

Sales (Rs. Cr)		PAT (Rs. Cr)		3 y CAGR (in %)		EPS (Rs.)		P/E (x)	P/BV (x)	Return over (%)				52 Week	
FY24	FY23	FY24	FY23	Sales	PAT	FY24	FY23	FY24	FY24	1 m	3 m	6 m	1 y	High	Low
8,755	6,674	-828	-840	35	21	-0.9	-0.3	NA	NA	-8	-8	11	52	104	52

Lemon Tree Hotels Ltd (Mcap: Rs. 9,978 crs)

Reco Price : Rs.126

TARGET: Rs.155

UPSIDE: 23%

Investment Thesis:

- Lemon Tree Hotels Limited (LTHL) is India's leading mid-priced hotel chain and the third-largest overall, based on owned and leased rooms. It operates across both the upscale and mid-priced sectors, covering upper-midscale, midscale, and economy segments.
- The company's asset-light business model and expansion plans are expected to drive growth. With most properties situated in prime business locations, the anticipated recovery in corporate travel and increased activity in the MICE segment should be advantageous. The company has outlined ambitious plans to add new rooms over the next 2-3 years, which are likely to boost both occupancy rates and average room revenue (ARR).
- Management is also confident about achieving strong RevPAR (revenue per available room) following the completion of renovation projects, expected by 2025-26.
- The company is projecting revenues to surpass Rs.1,250 Cr in FY25, with a long-term goal of achieving a return on capital employed (ROCE) above 20% in the years ahead.
- Management plans to use free cash flow to reduce debt, aiming to become debt-free within the next four years.

Sales (Rs. Cr)		PAT (Rs. Cr)		3 y CAGR (in %)		EPS (Rs.)		P/E (x)	P/BV (x)	Return over (%)				52 Week	
FY24	FY23	FY24	FY23	Sales	PAT	FY24	FY23	FY24	FY24	1 m	3 m	6 m	1 y	High	Low
1,071	875	182	141	62	47	1.9	1.5	66	8.5	-4	-14	-8	3	158	101



National Aluminium Company Ltd (Mcap: Rs. 41,214 crs)



Reco Price : Rs. 224

TARGET: Rs. 275

UPSIDE: 23%

Investment Thesis:

- NALCO is an integrated aluminium producer encompassing mining ore to metal. It is one of the lowest cost producers of Alumina
- NTPC signed a non-binding MoU with NALCO to supply about 1,200 MW or more of round-the-clock uninterrupted power to cater to the requirement of NALCO for its expansion of smelter plant capacity in Angul, Odisha
- The brownfield alumina expansion of 1 mtpa is currently on track and is expected to commission in 2HFY26 with full ramp up in FY27. Additional alumina volume will assist in higher topline from FY26 onwards. The aluminium smelter expansion of 0.5 mtpa is also planned over the next few years
- On June 13, 2024, the company signed a mining lease deed with the Odisha State Government for 697.979 hectares in Pottangi for bauxite mining. The mine has an annual production capacity of 3.5 million tonnes and reserves of 111 million tonnes, ensuring a projected mine life of 32 years. This move secures a stable raw material supply for NALCO's refinery and supports future expansions.

Sales (Rs. Cr)		PAT (Rs. Cr)		3 y CAGR (in %)		EPS (Rs.)		P/E (x)	P/BV (x)	Return over (%)				52 Week	
FY24	FY23	FY24	FY23	Sales	PAT	FY24	FY23	FY24	FY24	1 m	3 m	6 m	1 y	High	Low
13,149	14,257	1,988	1,435	14%	9	10.9	7.8	21	2.7	21	13	23	126	233	89



Zomato Ltd (Mcap: Rs. 2,38,793 crs)

Reco Price : Rs.270

TARGET: Rs.320

UPSIDE: 18%

Investment Thesis:

- Zomato reported a YoY growth of 27%-28% in Gross Order Value (GOV) in Q1FY25 and expects to maintain growth above 20% in the near future. Management emphasized a focus on margin expansion while continuing to invest in growth initiatives. The company is targeting contribution margins of 4%-5% as part of its long-term strategy.
- Zomato has consistently gained market share over Swiggy from FY22 to 1QFY25, driven by its stronger execution. Based on reported gross order value (GOV), Zomato's market share increased from 54% in FY22 to 58% in 1QFY25.
- Zomato aims to open 2,000 stores by March 2026, having already launched 113 stores. Management remains confident in maintaining high service quality to attract customers in new markets. Additionally, Blinkit has been steadily expanding its SKU offerings, which has played a key role in driving overall growth.

Sales (Rs. Cr)		PAT (Rs. Cr)		3 y CAGR (in %)		EPS (Rs.)		P/E (x)	P/BV (x)	Return over (%)				52 Week	
FY24	FY23	FY24	FY23	Sales	PAT	FY24	FY23	FY24	FY24	1 m	3 m	6 m	1 y	High	Low
12,114	7,079	351	-971	82	34	0.40	-1.14	675	10.7	-1	25	45	138	298	101



Jash Engineering Ltd (Mcap : Rs. 3,228 crs)

Reco Price : Rs . 2,580

TARGET: Rs . 3,000

UPSIDE: 16%

Investment Thesis:

- With over five decades of experience, Jash Engineering has established itself as a leader in sustainable practices by focusing on water engineering solutions that address pressing environmental challenges. This commitment aligns with global trends towards sustainability and responsible resource management, further solidifying the company's reputation for excellence and reliability in the engineering sector.
- As of August 1, 2024, the company's consolidated order book stands at Rs 939 Cr, with significant contributions from both domestic (Rs 327 Cr) and international (Rs 612 Cr) markets, indicating strong demand for its products and services.
- The company is expanding its manufacturing capabilities, with a new stainless steel fabricated products plant in Unit-2 and a facility in Glasgow. Upcoming plants in Chennai and the Special Economic Zone aim to boost total capacity to over Rs 900 Cr by 2025.
- The company has set an ambitious target to double its revenue to over Rs 1,000 Cr by FY28, demonstrating confidence in its growth strategy and market opportunities.

Sales (Rs. Cr)		PAT (Rs. Cr)		3 y CAGR (in %)		EPS (Rs.)		P/E (x)	P/BV (x)	Return over (%)				52 Week	
FY24	FY23	FY24	FY23	Sales	PAT	FY24	FY23	FY24	FY24	1 m	3 m	6 m	1 y	High	Low
516	402	67	52	20	30	54.6	42.3	47	9.2	22	29	52	75	2,640	1,251



Sr.No.	Company Name	M-Cap (Rs. Crs*)	Reco Price (Rs.)	Target Price (Rs.)	Returns (%)	CMP (Rs.) (17 Oct)	Target achieved
1	IDFC Ltd	18,240	114	155	36%	108**	No
2	Karnataka Bank Ltd	6,794	217	280	29%	228	Yes
3	Shriram Properties Ltd	1,733	102	124	22%	117	Yes
4	Ugro Capital	2,666	288	350	21%	256	No
5	Mastek Ltd	6,844	2,233	2,600	16%	2,985	Yes
6	Triveni Engineering	7,923	362	421	16%	432	Yes
7	Zomato Ltd	1,00,156	116	140	20%	270	Yes
Note: * Market cap as per Reco. Price. ** IDFC price as on 09 th Oct 2024 (IDFC Ltd. got merged with IDFC First Bank Ltd Record date: 10 th Oct 2024. Ratio fixed was at 155 shares of IDFC First Bank for every 100 shares held in IDFC Ltd.							



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Systematix Shares and Stocks (India) Limited

Registered and Corporate address: The Capital, A-wing, No. 603 – 606, 6th Floor, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

CIN : U65993MH1995PLC268414 | BSE SEBI Reg. No.: INZ000171134 (Member Code: 182) | NSE SEBI Reg. No.: INZ000171134 (Member Code: 11327) | MCX SEBI Reg. No.: INZ000171134 (Member Code: 56625) | NCDEX SEBI Reg. No.: INZ000171134 (Member Code: 1281) | Depository Participant SEBI Reg. No.: IN-DP-CDSL-246-2004 (DP Id: 34600) | PMS SEBI Reg. No.: INP000002692 | Research Analyst SEBI Reg. No.: INH200000840 | Investment Advisor SEBI Reg. No. INA000010414 | AMFI : ARN – 64917



Mumbai

The Capital, A 603 – 606, Bandra Kurla Complex, Bandra (E), Mumbai – 400051. Tel: 022-66198000

Delhi

Co- offiz 2nd Floor, 5 - Park End, Vikas Marg Preet Vihar Delhi - 110092. , Tel: 7011516016

Kolkata

2nd Floor, Tobacco House, 1Old Court House Corner, Dalhousie, Kolkata – 700001. Tel: 033-40331008

Jaipur

Office No. 35, Ground Floor, JSEL Building, Malviya Nagar, Jaipur – 302017. Tel: 0141-5100068

Lucknow

1st Floor, Indrakarn Plaza, Lalbaug Road, Lalbaug, Lucknow – 226001. Tel: 0522-3255347

Indore

206-207, Bansi Trade Centre, 581 / 5, M.G.Road, Indore – 452001. Tel: 0731-3018111

www.systematixgroup.in