

**Core Purpose** : To continuously delight our customers by offering trustworthy services for Wealth creation

**Core Values** : We meet Statutory and Non-statutory Obligations on Due date.

We do not encourage speculation. Right attitude towards Clients.

Client is always Right. Client deserves Trustworthy Advice. We are Trustee of Client's Assets when in our Custody.

**Our Mission** : To pursue Quality Advice and Overtime Services in Healthy Atmosphere leading to benefit of all Stakeholders

## Index and data indicators

\*Global indices corrected sharply in 2008 January, so the data prior to the month is taken for reference, FY21 GDP contracted by 7.3% as per NSO

Time period	31/5/2021	30/4/2021	31/12/2007
Nifty	15582.8	14631.1	6138
<b>Valuation</b>			
Trailing PE	29.22	32.21	27.62
Trailing PB	4.39	4.19	6.39
Mcap/GDP	1.39	1.21	1.23
<b>Nifty return</b>			
1 year	62.65%	48.39%	54.77%
2 year	14.32%	11.60%	47.11%
3 year	13.22%	10.86%	43.43%
<b>EPS growth</b>			
1 year	24.58%	2.97%	19.13%
2 year	14.85%	6.49%	15.95%
3 year	10.54%	4.09%	17.85%
<b>Other data points</b>			
Credit growth	5.60%	5.40%	25%
10-year bond yield	6.02	6.03	7.57
Brent Oil Futures	69.32	66.60	93.25
USD/INR	72.51	74.05	39.23
Gold (oz/USD)	1911.15	1768.60	843.2

Source: RBI, NSE, ET, Prowess

## MARKET REVIEW

### Market stages a pull-back to hit record high!

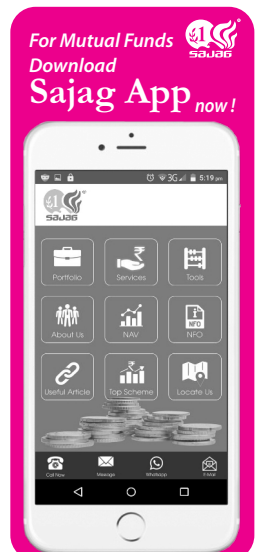
Indian equity bourses ended with strong gains as encouraging quarterly earnings and positive global cues boosted investors sentiment. The moderation in daily new COVID-19 cases in India also improved risk sentiments. The Nifty index settled at record closing high.

Key developments during the month were,

- ▶ Industrial output as measured by the Index of Industrial Production (IIP) grew 22.4% in the month of March 2021 as compared to 16.7% in the year-ago period. This was on the back of a low base effect from last year when the country had enforced nationwide lockdown. Manufacturing sector output surged 25.8% in March 2021, while mining output rose 6.1% and power generation increased by 22.5%.
- ▶ India's retail inflation as measured by the Consumer Price Index (CPI) slowed to 4.29% in the month of April 2021 from 5.52% in March 2021,

mainly due to easing food prices. Food inflation rate eased to 2.02% in April from 4.87% in March this year. April Wholesale Price Index (WPI) stood at 10.49% as compared with 7.39% in March 2021. The annual rate of inflation in April 2021 is high primarily because of rise in prices of crude petroleum, mineraloils viz petrol, diesel etc., and manufactured products as compared to the corresponding month of the previous year.

- ▶ India's exports in April jumped nearly three-fold to \$30.63 billion from \$10.36 billion in the same month last year. Imports also rose to \$45.72 billion last month as against \$17.12 billion in April 2020. Trade deficit widened to \$15.10 billion in April 2021 as against \$6.76 billion in April 2020. The sharp rise in exports and imports was seen in April 2021 due to a low base in trade volumes in the same period last year under a national lockdown.
- ▶ Foreign Direct Investments (FDI) in India grew 19% to \$59.64 billion during 2020-21 on account of measures taken by the government on the fronts of policy reforms, investment facilitation and ease of doing business. The total FDI, including equity, re-invested earnings and capital, rose 10% to the "highest ever" of \$81.72 billion during 2020-21 as against \$74.39 billion in 2019-20.
- ▶ India's fiscal deficit for FY21 stood at 9.3% of GDP. In absolute terms, fiscal deficit stood at Rs 18.21 lakh crore. Revenue deficit during FY21 stood at Rs 14.54 lakh crore, or 7.42% of GDP. Revenue receipts for the year stood at Rs 16.32 lakh crore. Total receipts stood at Rs 16.89 lakh crore. Revenue expenditure stood at Rs 30.86 lakh crore in FY21, while capital expenditure was at Rs 4.24 lakh crore.
- ▶ India's Gross Domestic Product (GDP) contracted by 7.3% in 2020-21, as per provisional National Income estimates released by the National Statistical Office, marginally better than the 8% contraction in the economy projected earlier. GDP growth in 2019-20, prior to the COVID-19 pandemic, was 4%. Though this is the bleakest performance on record for the economy, the Q4FY21 helped moderate the damage, with a higher-than-expected growth of 1.6% in GDP. This marked the second quarter of positive growth after the country entered a technical recession in the first half of the year.
- ▶ Amid a strong second COVID-19 wave, Moody's cut India's FY22 GDP growth forecast to 9.3% for FY22 from earlier



### Performance of key sectoral indices

Nifty Energy	11.50%	Nifty India Consumption	6.96%
Nifty Auto	9.98%	Nifty MNC	6.67%
Nifty Realty	9.89%	Nifty IT	6.15%
Nifty Bank	9.76%	Nifty FMCG	5.15%
Nifty Infrastructure	7.83%	Nifty Pharma	4.07%
Nifty Metal	6.96%		

forecast of 13.7%. It also ruled out a sovereign rating upgrade, at least for now.

The undertone of the market was upbeat amid hopes of reopening of economic activity soon as fresh daily COVID-19 cases declined. Investors' risk appetite improved as the vaccination drive is expected to pick up pace in the coming days. The RBI in its latest bulletin said that the biggest economic impact during the second wave has been on the demand outlook. RBI said demand has seen a sharp fall during the April-May period, but added that the situation is better than the first wave in 2020. According to the central bank, loss of mobility, lower discretionary spending, lack of employment and inventory accumulation are some of the factors that indicate weaker demand during the second wave in India. Stocks listed on BSE scaled a new height as their combined market-capitalisation reached \$3 trillion. However, FII's were net sellers during the month (Rs. 6015 crore), whereas DIIs were buyers (Rs. 2067 crore).

Global agency OECD revised its growth forecasts upwards as it believes the economic outlook is improving as vaccine rollouts allow businesses to resume operations and as the United States pumps trillions of dollars into the world's largest economy. World markets continued the positive momentum and moved higher, while Indian indices followed suit.

#### Market Outlook

As per RBI, real economic growth has suffered due to localised lockdowns imposed by most states during the second wave. Many economic indicators have also taken a big knock during the second wave, though the situation is not as bad as the first wave. In contrast, prices of risky assets have surged across many countries and have touched record high levels during 2020-21 on the back of unparalleled levels of monetary and fiscal stimulus.

- ▶ The Global Trade Update by the United Nations Conference on Trade and Development (UNCTAD) said that in Q1 2021, the value of global trade in goods and services grew by about 4% q-o-q and by about 10% y-o-y. UNCTAD said that India, China and South Africa fared 'relatively better' than other major economies during the Q1 of 2021 even as global trade recovery from COVID-19 impact reached a new high. The data for India said that import of goods grew 45% in Q1 2021 relative to the 2020 average while services imports were up 14%. Export of goods for India

grew 26% for the period under review while services exports grew 2%.

- ▶ India's manufacturing activity in May barely managed to remain in expansion zone, dropping to its lowest in 10 months. IHS Markit manufacturing purchasing managers' index (PMI) fell to 50.8 in May from 55.5 in April.
- ▶ US employers hired 2,66,000 new workers in April 2021. The unemployment rate rose to 6.1% last month amid an escalating shortage of available workers. US consumer inflation surged 4.2% last month compared to April 2020, posting the biggest y-o-y increase since 2008 as the economy recovered from the pandemic. Compared to March of this year, the US CPI rose 0.8% last month, seasonally adjusted, driven by widespread price increases including for used vehicles and food. Existing-home sales fell 2.7% in April to a seasonally adjusted annual rate of 5.85 million annual rate.
- ▶ In Asia, Singapore's economy expanded by 1.3% y-o-y in the Q1. The Ministry of Trade and Industry also announced it would maintain Singapore's GDP growth forecast for 2021 at "4 to 6%."
- ▶ China's industrial output grew 9.8% in April from a year ago, slower than the 14.1% surge in March. Retail sales rose 17.7% y-o-y in April, down from the 34.2% jump seen in March. Exports rose 38% in April from a year earlier, compared with a 16.1% rise in March. China's official manufacturing Purchasing Managers' Index for May came in at 51.0, a slight decrease from the previous month's reading of 51.1.
- ▶ Japan's economy shrank at an annualized rate of 5.1% in January to March. On a seasonally adjusted basis, GDP in Q1 fell 1.3% q-o-q. Japanese retail sales rose 12.0% in April from a year earlier.
- ▶ UK economic activity posted its strongest growth on record in May as the IHS Markit composite PMI hit 62.0, its highest since the survey was launched in 1998 and up from 60.7 the previous month. UK retail sales jumped 9.2% in April, indicating that pent-up consumer demand is beginning to kick in.
- ▶ In the Euro zone, business growth hit its fastest pace for more than three years as the vaccine rollout gathered pace and more businesses in the bloc's dominant services sector reopened. The initial flash composite PMI came in at 56.9 compared to April's 53.8. IHS Markit's final Manufacturing Purchasing Managers' Index (PMI) rose to 63.1 in May from April's 62.9, above an initial 62.8 "flash" estimate and the highest reading since the survey began in June 1997.

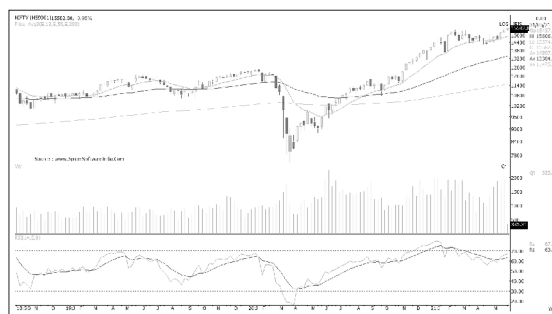
Indices have hit record highs in last month. Future market movements would be guided by the progress made in containing the pandemic, the pace of recovery of global and domestic economies, and developments in global liquidity and financial conditions.

## TECHNICAL VIEW

Key benchmarks indices hit record highs in May as they pulled back and moved up swiftly. Nifty marked a new high of 15606. Nifty closed the month at 15574, again a record monthly closing.

Nifty is placed above its key averages on weekly as well as monthly charts. Monthly RSI is above its average, however, is now moving towards an over-bought zone.

Going ahead, markets are likely to carry on the positive momentum as Nifty attempts to test the 16000 level. However, it is likely that some profit-booking could happen and indices could take a breather. Buying support could be seen near 14800 whereas key support is placed at 14400.



# MUTUAL FUNDS PERFORMANCE

NAV as on 1 June 2021

Return %

Liquid Funds	NAV	30 DAYS	3 MON	6 MON	1 YR	2 YR
Aditya Birla SL - Liquid Fund Reg (G)	331.03	0.26	0.8	1.53	3.28	4.58
Nippon India - Liquid Fund (G)	5023.04	0.25	0.79	1.52	3.22	4.55

Arbitrage Funds	NAV	6 MON	1 YR	2 YR	3 YR
Kotak - Equity Arbitrage Fund (G)	29.29	2.14	3.04	4.59	5.3
BNP Paribas - Arbitrage Fund - Reg Plan (G)	12.76	2.02	2.9	4.67	5.33
L&T - Arbitrage Opportunities Fund (G)	15.09	2.04	3.17	4.79	5.33

Hybrid Aggressive Fund	NAV	1 YR	2 YR	3 YR	5 YR
Can Robeco - Equity Hybrid Fund Reg (G)	221.12	43.56	16.76	14.05	14.49
Kotak - Equity Hybrid (G)	35.79	62.13	18.18	13.92	13.38
Mirae - Asset Hybrid Equity Fund Reg (G)	19.91	48.03	14.89	13.57	14.14
ICICI Pru - Equity & Debt Fund (G)	184.26	55.97	16.09	13.46	14.64
DSP - Equity & Bond Fund Reg (G)	213.82	49.51	17.24	13.44	13.86

Balanced Advantage Fund	NAV	1 YR	2 YR	3 YR	5 YR
Edelweiss - Balanced Advantage Fund (G)	32.88	39.62	16.8	12.9	12.22
Tata - Balanced Advantage Fund (G)	13.50	32.37	13.19	0	0
Aditya Birla SL - Balanced Advantage Fund (G)	68.74	38.78	13.05	10.97	11.89
Kotak - Balanced Advantage Fund Reg (G)	13.55	33.92	12.79	0	0
ICICI Pru - Balanced Advantage Fund Reg (G)	45.87	37.05	12.66	10.86	11.37

Largecap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Can Robeco - Bluechip Equity Fund (G)	37.06	56.64	20.45	16.83	16.56
Axis - Bluechip Fund (G)	40.96	51.2	17.23	15.06	16.12
BNP Paribas - Large Cap Fund (G)	124.97	51.26	16.59	14.24	13.27
Kotak - Bluechip Fund (G)	332.53	63.86	17.64	14.06	13.74

Midcap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Axis - Midcap Fund (G)	58.04	63.82	25.48	18	18.91
Kotak - Emerging Equity (G)	61.46	88.32	25.16	15.5	17.47
Invesco - India Mid Cap Fund (G)	73.85	68.65	22.83	15.48	16.68
Tata - Mid Cap Growth Fund Reg (G)	207.30	73.55	21.68	15.22	16.1

Smallcap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Axis - Small Cap Fund Reg (G)	49.13	88.89	29.45	20.75	19.57
Kotak - Smallcap Fund (G)	133.77	135.49	35.8	19.44	19.44
SBI - Small Cap Fund Reg (G)	88.64	101.2	29.74	16.76	22.17
Nippon India - Small Cap Fund (G)	67.39	120.34	28.11	15.35	21.06
ICICI Pru - Smallcap Fund Reg (G)	41.18	122.23	25.14	14.66	16.44

Value Funds	NAV	1 YR	2 YR	3 YR	5 YR
ICICI Pru - Value Discovery Fund (G)	211.26	66.82	20.04	13.69	13.1
UTI - Value Opportunities Fund (G)	88.33	66.27	19.27	13.66	13.84
Nippon India - Value Fund (G)	104.85	78.67	17.29	12.77	15.72
IDFC - Sterling Value Fund Reg (G)	72.91	118.03	18.44	9.48	16.37

Large & Midcap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Mirae - Asset Emerging Bluechip Fund Reg (G)	84.79	79.52	24.76	19.72	21.52
Kotak - Equity Opportunities Fund (G)	172.51	62.43	18.29	14.78	15.97
Tata - Large & Mid Cap Fund (G)	292.33	64.13	18.06	14.74	14.12
SBI - Large & Midcap Fund Reg (G)	318.63	75.6	18.83	14.39	14.97
DSP - Equity Opp Fund Reg (G)	323.16	72.36	19.95	14.29	16.16

Flexi Cap Fund	NAV	1 YR	2 YR	3 YR	5 YR
Parag Parikh - Flexi Cap Fund Reg (G)	41.72	66.14	29	20.78	19.39
UTI - Flexi Cap Fund Reg (G)	223.29	75.2	24.81	17.29	16.96
Can Robeco - Flexi Cap Fund (G)	196.28	59.38	19.15	16.01	17.1
DSP - Flexi Cap Fund Reg (G)	58.93	67.23	20.84	15.7	17.18
Union - Flexi Cap Fund (G)	28.58	65.59	19.45	15.07	13.92

Focused Fund	NAV	1 YR	2 YR	3 YR	5 YR
IIFL - Focused Equity Fund (G)	25.22	67.96	22.8	19.72	18.49
Principal - Focused Multicap Fund (G)	96.38	63.83	21.11	16.19	15.94
Franklin - India Focused Equity Fund (G)	58.11	77.22	15.75	14.69	14.86
SBI - Focused Equity Fund Reg (G)	202.14	59.72	17.38	13.82	16.12
ICICI Pru - Focused Equity Fund Reg (G)	42.68	58.96	17.86	13.68	13.45

ELSS	NAV	1 YR	2 YR	3 YR	5 YR
Can Robeco - Equity Taxsaver Fund Reg (G)	101.21	69.22	22.15	18.78	17.8
Mirae - Asset Tax Saver Fund Reg (G)	27.36	79.83	23.13	18.69	21.22
DSP - Tax Saver Fund Reg Fund (G)	71.53	72.23	20.29	16.08	16.54
Kotak - Tax Saver Scheme (G)	62.76	65.5	17.09	15.26	15.74

Thematic Funds	NAV	1 YR	2 YR	3 YR	5 YR
ICICI Pru - Technology Fund (G)	118.16	127.67	41.63	29.4	23.02
Nippon India - Pharma Fund (G)	292.35	57	42.42	29.33	17.16
Tata - India Pharma & HealthCare Fund Reg Plan (G)	16.56	48.98	37.57	26.94	12.44
IDFC - Infrastructure Fund Reg (G)	20.65	100.1	13.66	5.93	14.59
ICICI Pru - Banking and Financial Services Fund Reg (G)	80.18	92.09	7.68	9.98	16.62
SBI - M Comma Fund Reg (G)	64.46	98.88	30.73	19.3	21.11
Can Robeco - Consumer Trends Fund Reg.plan (G)	57.87	57.34	20.75	15.06	17.82

NAME	NAV	1 YEAR	2 YEAR	3 YEAR	5 YEAR
BSE sensex	51849.00	52.28	14.2	13.72	14.05

### CORPORATE ACTIONS IN JUNE 2021

COMPANY	RECORD DATE	PURPOSE
H D F C	01/06/2021	Rs.23 per share (1150%) Dividend
Infosys	01/06/2021	Rs.15 per share (300%) Final Dividend
Asian Paints	11/06/2021	Rs.14.5 per share (1450%) Final Dividend
ITC	11/06/2021	Rs.5.75 per share (575%) Final Dividend
Nippon Life Ind.	11/06/2021	Rs.5 per share (50%) Final Dividend
Reliance Industr	14/06/2021	Rs.7 per share (70%) Final Dividend
Reliance Industr	14/06/2021	Rs.1.75 per share (70%) Final Dividend
Indian Hotels Co	15/06/2021	Rs.0.4 per share (40%) Final Dividend
ICICI Pru Life	17/06/2021	20% Final Dividend
Aarti Industries	23/06/2021	1:1 Bonus Issue of Equity Shares

### GAINERS AND LOSERS OF THE MONTH (NIFTY-50)

GAINERS			
COMPANY	OPEN	CLOSE	%
U P L Ltd.	605.5	815.1	34.62%
Indian Oil Corpn. Ltd.	89.85	109.25	21.59%
State Bank Of India	349.6	424.35	21.38%
Asian Paints Ltd.	2510	2977.5	18.63%
Bharat Petroleum Corpn. Ltd.	419	472	12.65%

LOSERS			
COMPANY	OPEN	CLOSE	%
J S W Steel Ltd.	714	710.9	-0.43%
Hindustan Unilever Ltd.	2343	2340.05	-0.13%
Britannia Industries Ltd.	3439.1	3447.85	0.25%
Shree Cement Ltd.	27500	27578	0.28%
Tata Consumer Products Ltd.	661.85	663.85	0.30%

# COMPANY ANALYSIS

## ORIENT REFRACTORIES LIMITED

**CMP (As on 1 June 2021) – 307**

**INDUSTRY - REFRACTORIES**

**JUNE 2021**

**SENSEX – 51934      NIFTY – 15574**

<b>Mkt. Cap.</b>	:	3686.47 Cr
<b>Equity</b>	:	12.01
<b>Trading Vol.</b>	:	88772
<b>52 Week High/Low</b>	:	339/139
<b>Face Value</b>	:	1

<b>BSE Group</b>	:	A
<b>BSE Code</b>	:	534076
<b>NSE Symbol</b>	:	ORIENTRF
<b>Bloomberg</b>	:	ORIENTIN
<b>Reuters</b>	:	ORRE.BO

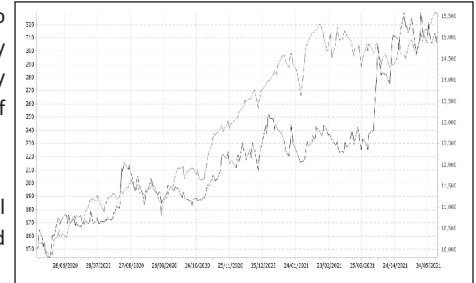
<b>Shareholding Pattern</b>		
<b>Promoters</b>	:	66
<b>Institutions</b>	:	14
<b>Public</b>	:	2
<b>Others</b>	:	17

Orient is in the business of manufacturing and marketing special refractory products, systems and services to the steel industry with global presence. It is market leader for special refractories in India and has many global partners for its international quality products. Orient is a 66% subsidiary of world's largest refractory producer RHI Magnesita. NCLT has sanctioned the scheme of amalgamation of two subsidiary companies of RHI Magnesita in India - RHI Clasil and RHI India into Orient Refractories Ltd.

**Investment rationale**

- ▶ ORL is market leader for special refractories in India and has many global customers for its international quality products. ORL produces nearly 50,000 tonne of refractory per annum including customized products and system solutions.
- ▶ The refractory products are mainly used in high temperature manufacturing processes in iron and steel industry, metal smelters, cement, glass industry and for other industrial products. Demand for refractory is primarily dependent on the consumption of steel, which accounts for about 75% of the total value and the remaining is used for glass, cement, non-ferrous, petrochemicals etc.
- ▶ ORL customers include large domestic integrated steel producers and mini steel plants that include Steel Authority of India, Mukund Steel, Tata Iron and Steel Company, RINL - Vizag, Sunflag Iron, Lloyd Steel, Usha Martin and the Jindal Group. With close to 300 small to medium sized iron and steel producing Indian companies as customers, ORL is a preferred vendor for a large number of steel producers in the country.
- ▶ Orient has a 20% market share in the Indian refractory segment which is likely to grow led by a huge capex cycle in the steel sector. Products of ORL are manufactured at its state-of-the-art manufacturing facility at Bhiwadi, in Rajasthan & Tangi in Orissa.
- ▶ It has grown its sales and PAT at a CAGR of 9% in last 5 years. With consistent cash from operations, it has generated a RONW of 25%. It is a zero debt company.

With a production capacity of 1.5 million tonne the India Refractory Industry is an integral part of the Country's steel eco system as well as other thermally intensive industries such as Cement and Glass. Refractories are used as vital input materials in steel production process, without which the commodity cannot be made. As a result of substantial restructuring and consolidation in the India steel industry, demand for higher performance and better quality solutions has increased, a development which corresponds well to ORL as it is also working to further strengthen its position in the market in terms of cost competitive refractory solutions. We recommend investing with a long term perspective.



**Financial Performance (Rs. Crore)**

Year End	Mar-20	Mar-19	Mar-18	Mar-17	Mar-16
Equity	12.01	12.01	12.01	12.01	12.01
Networth	426.67	376.23	322.81	273.27	204.65
Total debt	0	0	0	0	0
Sales	696.09	747.95	637.23	556.2	494.54
Other Income	6.43	18.17	10.62	8.26	5.38
Operating profit	128.49	147.31	138.73	112.18	90.56
PAT	87.25	89.83	85.83	68.91	55.82
Book Value (Rs)	35.52	31.32	26.87	22.75	17.03
EPS (Rs.)	7.26	7.48	7.14	5.74	4.35
Dividend (%)	250	250	250	250	145
Payout (%)	34.42	33.43	34.99	25.28	33.33

**Latest Results (Rs. Crore)**

Quarter Ended	Dec-20	Dec-19	Var [%]
Sales	199.56	167.31	19.28
Other Income	0.83	1.46	-43.15
PBIDT	35.6	29.17	22.04
PBT	32.01	26.18	22.27
PAT	24.14	19.62	23.04

## KIRLOSKAR FERROUS INDUSTRIES LIMITED

**CMP (As on 1 June 2021) – 232**

**INDUSTRY - PIG IRON**

**JUNE 2021**

<b>Mkt. Cap.</b>	:	3226.89 Cr
<b>Equity</b>	:	69.19
<b>Trading Vol.</b>	:	161450
<b>52 Week High/Low</b>	:	270/52
<b>Face Value</b>	:	5

<b>BSE Group</b>	:	B
<b>BSE Code</b>	:	500245
<b>NSE Symbol</b>	:	KIRLFERR
<b>Bloomberg</b>	:	KKFIN
<b>Reuters</b>	:	KRFL.BO

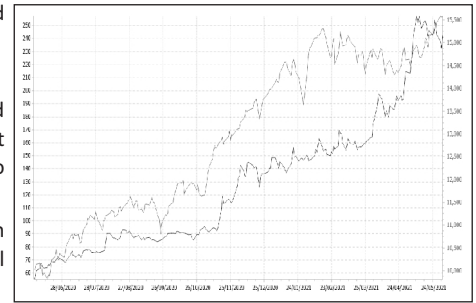
<b>Shareholding Pattern</b>		
<b>Promoters</b>	:	59
<b>Institutions</b>	:	14
<b>Public</b>	:	0
<b>Others</b>	:	27

Kirloskar Ferrous Industries Ltd (KFIL) is one of the fastest growing companies in the business of Pig Iron and Iron Castings.

#### Investment rationale

- ▶ KFIL mainly caters to the automobile and tractor industry through its castings. Its cylinder block, head castings and housing are used in a wide range of engines, across construction machines, farm equipment and utility vehicles made by some of the world's largest automobile manufacturers. Pig iron is used to make a variety of cast iron that finds critical use in a wide range of industries.
- ▶ KFIL has strategically located manufacturing plants at Koppal (1,32,000 MT) and Solapur (42000 MT) with highly advanced manufacturing facilities. The company has been working towards improving operational efficiencies.
- ▶ In Q4, sales improved by 67% and PAT grew by 135%, indicating at an extra-ordinary performance at margin front. One observation on balance sheet is that capital employed is lower than total debt. No clarity on this front as annual report is not yet available.

The demand for both products casting as well as pig iron continues to be quite good. This year KFIL expects increase in volumes of pig iron because Hiriyur plant is operational. KFIL acquired this plant from VSL Steel in December 2020. After the completion of this transaction, the production capacity of pig iron has increased from 3,91,400 metric tonnes per annum to 5,41,400 metric tonnes per annum. Management expects good volume growth coming in the pig iron business as a total. In case of castings expect to grow at least 15 percent of growth compared to the last year. We recommend investing with a long term perspective.



#### Financial Performance (Rs. Crore)

Year End	Mar-20	Mar-19	Mar-18	Mar-17	Mar-16
Equity	68.91	68.82	68.65	68.65	68.65
Networth	721.98	658.11	592.48	582.57	492.03
Debt	311.24	126.88	72.39	111.14	108.24
Sales	1,849.66	2,159.15	1,765.19	1,276.76	1,260.71
Other Income	15.64	5.53	5.16	5.34	2.25
Operating profit	230.95	217.38	114.92	177.5	153.09
PAT	112.37	98.11	38	87.83	57.73
Book Value (Rs)	52.38	47.81	43.05	42.43	35.83
EPS (Rs.)	8.15	7.13	2.77	6.4	3.94
Dividend (%)	40	40	25	35	25
Payout (%)	38.73	32.47	63.24	0	31.68

#### Latest Results (Rs. Crore)

Quarter Ended	Mar-21	Mar-20	Var [%]
Sales	748.7	448.18	67.05
Other Income	0.99	14.27	-93.06
PBIDT	196.69	89.21	120.48
PBT	170.97	71.29	139.82
PAT	135.33	57.49	135.4

## COMPANY ANALYSIS REVIEW

### KPR MILLS LIMITED

INDUSTRY - TEXTILES

CMP (As on 1 June 2021) – 1533

JUNE 2021

Mkt. Cap.	: 10579.88 Cr
Equity	: 34.41
Trading Vol.	: 41083
52 Week High/Low	: 1631/405
Face Value	: 5

BSE Group	: A
BSE Code	: 532889
NSE Symbol	: KPRMILL
Bloomberg	: KPRIN
Reuters	: KPRM.BO

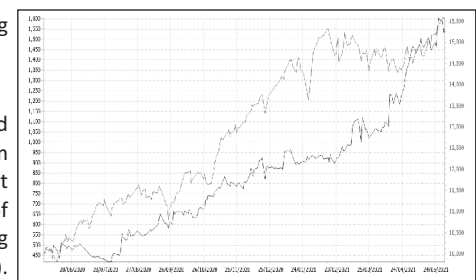
Shareholding Pattern	
Promoters	: 75
Institutions	: 15
Public	: 3
Others	: 7

*We had reviewed this stock earlier in our Sajag Online publication of May 2019. We maintain our positive outlook based on sound fundamentals and improving business scenario.*

KPR Mill is one of the largest vertically integrated textile company with diversified business focus spanning across Yarn, Fabrics, Garments and White Crystal Sugar.

#### Investment rationale

- ▶ KPR Mill has 12 manufacturing units equipped with advanced technology and over 22,000 dedicated personnel. It has the capacity to produce 1,00,000 MT of yarn per annum, 40,000 MT fabrics per annum and 115 million ready-made knitted apparel per annum, thus making it one of the largest garment producers in India. It also has a garment facility in Ethiopia - ETP embedded fabric processing capacity of 22,000 MT per annum equipped with advanced cold processing technology and sophisticated printing division with the capacity to print 7,500 MT per annum (1,00,000 high-fashion garments per day). Recently it has also ventured into the retail sector under its own brand 'FASO', producing first-of-its-kind 100% organic cotton men's wear.
- ▶ It has a co-gen cum sugar plant with a capacity of 30 MW and 5,000 TCD and an ethanol plant with 90 KLPD capacity. Recently it has decided to establish a new sugar mill with sugar capacity of 10,000 tons of cane per day (TCD), power capacity of 47.50 megawatt (MW) and ethanol capacity of 230 kilo litre per day (KLPD).
- ▶ Textile division contributes 80% of sales. On the back of healthy order book, sustained demand for casualwear products which is a key expertise area of KPR, garment volumes jumped 12% y-o-y to 29.7 million pieces in last quarter. Export order book at the end of Q3FY21 was healthy at Rs 575 crore. Demand for cotton yarn globally in the past few months has been pretty robust, translating into significant rise in yarn realisation



- ▶ KPR Mill has witnessed steady growth in business over the last four decades. In Q4, sales improved by 26% and PBIDTA increased by 156%. RONW has been above 20% generally, with interest coverage of 11. CFO has been consistently positive.

In order to cater to the growing market demand and taking a step towards increasing the efforts of tapping potential markets, KPR Mill is investing in garment manufacturing by establishing a new factory with a capacity to manufacture 42 million garments per annum at an estimated project cost of Rs 250 crore. As per the management, cotton prices remain stable. Yarn market was bullish, and garment order levels are also comfortable. The garment orders started bouncing back from the vacuum caused by the pandemic. The consequential thrust in demand for yarn, fabric and processing activities have accelerated the drive in knitwear (back-end products as well). We recommend investing with a long term perspective.

#### Consolidated Financial Performance (Rs. Crore)

Year End	Mar-20	Mar-19	Mar-18	Mar-17	Mar-16
Equity	34.41	36.28	36.95	36.95	37.68
Networth	1,865.87	1,790.17	1,569.98	1,285.96	1,100.60
Total debt	787.64	856.33	647.74	779.02	882.73
Sales	3,352.63	3,384.01	3,025.30	2,816.60	2,600.52
Other Income	36.46	36.9	15.11	27.49	23.89
Operating Profit	658.41	648.65	589.43	590.74	493.46
PAT	376.68	334.87	290.38	286.82	210.71
Book Value (Rs)	271.12	246.72	212.45	174.01	146.05
EPS (Rs.)	54.73	46.15	39.29	38.81	26.44
Dividend (%)	90	15	15	15	100
Payout (%)	10.8	1.88	2.46	1.58	35.93

#### Latest Results (Rs. Crore)

Quarter Ended	Mar-21	Mar-20	Var [%]
Sales	893.45	705.73	26.6
Other Income	11.22	7.17	56.49
PBIDT	220.59	85.15	159.06
PBT	195.9	52.14	275.72
PAT	146.63	40.33	263.58

Source: Company, Prowess, Capital line, Sajag Research

### Systematic investment in different equity oriented Mutual funds at the rate of Rs. 10000/- p.m. and its values at different time intervals.

Scheme	Value & Return (3 Yr)	%	Value & Return (5 Yr)	%	Value & Return (8 Yr)	%	Value & Return (10 Yr)	%	Value & Return (15 Yr)	%
<b>Total Investment :</b>	<b>360000</b>	<b>%</b>	<b>600000</b>	<b>%</b>	<b>960000</b>	<b>%</b>	<b>1200000</b>	<b>%</b>	<b>1800000</b>	<b>%</b>
Aditya Birla SL - India Gen Next Fund Reg (G)	496,188	22.0	905,730	16.5	1,906,815	16.7	2,975,216	17.3	7,087,237	16.6
Can Robeco - Emerging equities Reg (G)	520,339	25.4	941,111	18.0	2,188,016	20.0	3,616,894	20.9	8,957,811	19.3
Kotak - Equity Opportunities Fund (G)	511,591	24.2	916,876	17.0	1,864,518	16.1	2,796,054	16.1	5,869,449	14.4
Mirae - Asset Emerging Bluechip Fd Reg (G)	559,940	30.9	1,040,888	22.2	2,501,003	23.2	4,238,992	23.8		
SBI - Focused Equity Fund Reg (G)	508,606	23.8	942,601	18.1	1,957,833	17.3	2,980,736	17.3	7,309,739	16.9

\*Past performance of Mutual Funds is not an indicator for future performance.

## INVESTMENT IDEAS - MEDIUM TERM (3-6 MONTHS)

### ABFRL

**CMP (AS ON 1 JUNE 2021) - 197**

**TARGET - 240**

ABFRL is part of a leading Indian conglomerate, The Aditya Birla Group. With revenue of Rs. 5,249 cr. spanning retail space of 8.4 million sq. ft. (as on March 31, 2021), it is India's first billion-dollar pure-play fashion powerhouse with an elegant bouquet of leading fashion brands and retail formats. The Company has a network of 3,212 stores across approximately 31,000 multi-brand outlets with 6,800+ point of sales in department stores across India (as on 31st March, 2020). In Q4, it continued with the strong recovery trend through the quarter until the disruption due to second wave of COVID-19. Good sales in smaller towns and cities best ever e-commerce growth across brands and resilient product strategy were drivers of the recovery. Through a slew of cost control measures, despite lower sales, the Company posted a robust improvement in comparable PAT. Equity infusion of Rs. 2,250 crore during FY21 raised through rights issue and preference fund will be used towards debt reduction and investments.

### AMBUJA CEMENT LIMITED

**CMP (AS ON 1 JUNE 2021) - 324**

**TARGET - 390**

Ambuja Cements Ltd, a part of the global conglomerate Lafarge Holcim, is among the leading cement companies in India. Ambuja Cement has provided hassle-free, home-building solutions with its unique sustainable development projects and environment-friendly practices since it started operations. Currently, Ambuja Cement has a cement capacity of 29.65 million tonnes with five integrated cement manufacturing plants and eight cement grinding units across the country. Ambuja Cement delivered strong earnings for fifth consecutive quarter. EBITDA grew 62% YoY at Rs 9.8 billion driven by lower than expected cost. Management's aggressive guidance on new expansions (69% increase in capacity to 50mnt) and cost reduction provides further assurance. The company's operating EBITDA grew by 23% to Rs 2,647 crore and net profit grew by 17% to Rs 1,790 crore in 2020. Net profit margin stood at 16%.

**SAJAG STOCK HOTLINE 020 2530 24 00**

*We have the authorised persons at following locations*

Area	Contact Person	Tel. No.	Area	Contact Person	Tel. No.
Aundh	Mr. Jaydeep Doshi	25890824	Paud Road	Mr. Sadanand Damle	9850845567
Boat Club Road	Mr. Naresh Karpe	41204584	Phadke Haud	Mr. Jayant Mundada	9850990766
Camp	Mr. Naresh Karpe	26346310	Sadashiv Peth	Mr. C. V. Sane	24475457 (Res.)
Dahanukar Colony	Mr. Abhay Oak	25444744	Sahakar Nagar	Mr. Tejas Jaykar	9765173434
ITI Road, Aundh	Mr. Ravi Jadhav	25888511	Aurangabad	Mr. Amit Vaidya	0240-2347584
Kalyani Nagar	Ms. Bernadette Dias	9422449266	Aurangabad	Mr. Abhijit Bhaiwal	0240-2361421
Karve Nagar	Ms. Prajakta Bedekar	8600993930	Sangli	Mr. Dattaji Gaikwad	0233-6600566
Kondhwa	Mr. Santosh Gupte	26836366	Satara	Mr. Vinod Jhamvar	02162-233906
Koregaon Park	Mr. Ajit Godbole/Mr. Ninad Parundekar	26158889	Shrirampur	Mr. Amit Somani	02422-228111

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