

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 Otime 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 at -7.3%

Time period	30/6/2021	31/5/2021	31/12/2007
Nifty	15721.5	15582.8	6138
Valuation			
Trailing PE	28.33	29.22	27.62
Trailing PB	4.24	4.39	6.39
Mcap/GDP	1.43	1.31	1.23
Nifty Return			
1 year	52.60%	62.65%	54.77%
2 year	15.48%	14.32%	47.11%
3 year	13.63%	13.22%	43.43%
EPS Growth			
1 year	41.78%	24.58%	19.13%
2 year	16.80%	14.85%	15.95%
3 year	10.29%	10.54%	17.85%
Other Data Points			
Credit growth	5.90%	5.60%	25%
10-year bond yield	6.04	6.02	7.57
Brent Oil Futures	75.13	69.32	93.25
USD/INR	74.36	72.51	39.23
Gold (oz/USD)	1771.60	1911.15	843.2

Source: RBI, NSE, ET, Prowess

MARKET REVIEW

Market maintains its positive momentum!

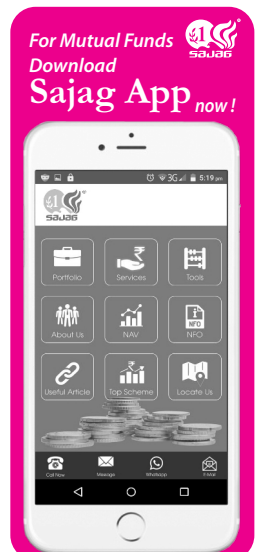
Indices moved ahead amid volatility in the month of June.

Key developments during the month were,

- ▶ India's Index of Industrial Production rose by a sharp 134.44% in April 2021. The numbers are not strictly comparable with April 2020 when the country was in the midst of a national lockdown. April's industrial output was just 0.08% higher than the pre-pandemic levels of April 2019. The manufacturing sector recorded a 197.1% uptick this April, though it was still 0.9% lower than April 2019 levels. Electricity output rose 38.5% from a year ago, and was 6.81% higher than April 2019. Similarly, Mining output grew 37% year-on-year in April 2021, but was only 0.2% higher than the same month in 2019.
- ▶ India's annual rate of inflation, based on monthly Wholesale Price Index (WPI), was 12.94% in May 2021 as compared to -3.37% in May 2020. The

high rate of inflation in May 2021 is primarily due to low base effect and rise in prices of crude petroleum, mineral oils and manufactured products as compared to the corresponding month of the previous year. Consumer Price Index-based inflation (CPI) for the month of May 2021 came in at 6.30%, higher than April 2021's 4.23%. The higher inflation month-on-month was primarily on the back of a substantial hardening of food prices.

- ▶ India's exports in May 2021 were Rs 2,36,426.16 crore in May 2021, as compared to Rs 1,44,166.01 crore in May 2020, registering a positive growth of 64%. Imports in May 2021 were Rs 2,82,453.56 crore, over imports of Rs 1,67,977.68 crore in May 2020. Taking merchandise and services together, overall trade deficit for April-May 2021 is estimated at \$5.85 billion as compared to the surplus of \$4.06 billion in April-May 2020.
- ▶ The gross GST revenue collected for the month of May 2021 stood at Rs 1,02,709 crore of which CGST was Rs 17,592 crore, SGST was Rs 22,653, IGST was Rs 53,199 crore and cess was Rs 9,265 crore. The revenues for the month of May 2021 were 65% higher than the GST revenues in the same month last year. This would be eighth month in a row that GST revenues have crossed Rs 1 lakh crore mark.
- ▶ The figures of direct tax collections for the FY22, as on 15 June 2021 show that net collections are at Rs 1,85,871 crore compared to Rs 92,762 crore over the corresponding period of the preceding year, representing an increase of 100.4% over the collections of the preceding year. The advance tax collections for the first quarter of the FY22 stand at Rs 28,780 crore against advance tax collections of Rs 11,714 crore for the corresponding period of FY21 showing a growth of approximately 146%.
- ▶ Reflecting the rise in economic momentum, India's current account balance showed a deficit of 1% of GDP (\$8.1 billion) in the Q4FY21. The current account was in surplus at 0.1% (\$0.6 billion) in the Q4FY20. For the full year FY21, the balance recorded a surplus of 0.9% of GDP as against a deficit of 0.9% in FY20, according to Reserve Bank of India.
- ▶ Ratings agency CRISIL has lowered India's GDP growth forecast to 9.5% for the current fiscal compared to 11% projected earlier. The downward revision reflects the major hit the two engines of growth - private



Performance of key sectoral indices

Nifty Bank	-2.43%	Nifty Realty	1.61%
Nifty Energy	-0.72%	Nifty India Consumption	1.82%
Nifty Infrastructure	-0.01%	Nifty Fmcg	2.08%
Nifty Metal	0.66%	Nifty Mnc	3.33%
Nifty Auto	0.89%	Nifty IT	7.17%
Nifty Pharma	1.58%		

consumption and investment. As per Moody's Investors Service, India's and Brazil's Q1 2021 real GDP data has shown a strong rebound in both economies following a contraction last year of 4.4% in Brazil and 7.1% in India.

The World Bank approved a \$500 million program to support MSMEs in India to increase liquidity access for viable small businesses impacted by COVID-19. Dramatic fall in virus cases acted as the biggest positive catalyst as indices marched towards newer highs. Global markets supported the optimism brought in by good results of India INC.

Global markets remain positive as S&P 500 saw an 8% gain in 2nd quarter and a 15% rise in first half of 2021. The Federal Reserve began closing the door on its pandemic-driven monetary policy as officials projected an accelerated timetable for interest rate increases, opened talks on how to end crisis-era bond-buying, and said the 15-month-old health emergency was no longer a core constraint on US commerce. Signaling that broad changes in policy may happen sooner than expected, US central bank officials moved their first projected rate increases from 2024 into 2023. Oil prices climbed to highs last seen in October 2018 as the United States and Iran wrangled over the revival of a nuclear deal, delaying a surge in Iranian oil exports. Oil prices rose as fuel demand rebounded on strong economic growth while global crude supplies stayed snug as the OPEC and their allies maintained production cuts.

Market Outlook

The World Bank upgraded its growth forecast, with the global economy now expected to grow 5.6% in 2021. That compared against an earlier forecast in January for a 4% global economic expansion in 2021. Still, the organization warned that global output will be about 2% below pre-pandemic projections by the end of this year in spite of the recovery. It projected India's economy to grow at 8.3% in 2021 which earlier, the World Bank had estimated a growth of 10.1% in FY 2021-22.

- China's exports in dollar terms rose 27.9% in May 2021 as compared with a year earlier. China's factory gate prices increased at the fastest pace since

September 2008, while consumer inflation also accelerated but at a slower-than-expected rate. The producer price index rose 9% from a year earlier in May 2021. Growth in China's factory activity dipped to a four-month low in June, weighed by higher raw material costs, a global shortage of semiconductors and a resurgence of Covid-19 cases in the major export province of Guangdong. The official manufacturing Purchasing Manager's Index (PMI) eased slightly to 50.9 in June versus 51.0 in May.

- The US economy added 559,000 jobs in May 2021. It's an improvement from the upwardly revised 278,000 payrolls added in April 2021. The unemployment rate fell to 5.8% from 6.1%. The US trade deficit dipped by \$6.1 billion to \$68.9 billion in April 2021, slightly larger than expected, as exports rose and imports fell. Consumer prices for May 2021 accelerated at their fastest pace since the summer of 2008 amid the economic recovery. The US consumer price index rose 5% from a year ago. The US current account deficit increased to a 14-year high in the first quarter, as it rose 11.8% to \$195.7 billion. The economic activity in the US manufacturing sector continued to expand in June albeit at a softer pace than it did in May with the ISM's Manufacturing PMI declining to 60.6 from 61.2 in May.
- Japan's exports rose at the fastest pace since 1980 in May and a key gauge of capital spending grew. Exports grew 49.6% year-on-year in May 2021, led by US-bound car shipments. The Bank of Japan announced its decision to hold steady on monetary policy as well as an extension of the duration of its pandemic relief program. Japan's factory activity expanded at the slowest pace in four months in June. The au Jibun Bank Flash Japan Manufacturing Purchasing Managers' Index (PMI) fell to a seasonally adjusted 51.5 in June from a final 53.0 in the previous month, largely due to a sharp decline in output.
- In Europe, May's UK retail sales fell 1.4% month on month. Meanwhile, the German Producer Price Index (PPI) rose 1.5% month on month in May. On an annual basis, the PPI was 7.2% against a projection of 6.4%.
- In India, manufacturing activity surprisingly contracted in June for the first time in 11 months. The purchasing managers' index (PMI) for the manufacturing sector dropped to 48.1 in June from 50.8 in May. A figure below 50 indicates contraction

Indices continue to hit record highs in last month. However, markets remain sensitive to more central banks debating the withdrawal of emergency stimulus and this could well become a reason for some profit-booking at higher levels.

TECHNICAL VIEW



Key benchmark indices maintained the positive momentum as Nifty hit record highs in June. Nifty marked a new high of 15915. However, Nifty saw some profit-booking at higher levels and closed the month at 15721, 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 in an over-bought zone. Weekly RSI is above its average, but points downwards. Nifty has closed in green for the fifth consecutive quarter. As we have observed in the last month, Nifty faces strong resistance near 16000 mark.

Going ahead, if Nifty sustains and move above 16000 mark, it will face resistance near 16100. However, it is likely that some profit-booking could happen and indices could take a breather. At the downsides, support is placed at 15500 below which support would be sought near 15300, which is short-term average on monthly chart.

MUTUAL FUNDS PERFORMANCE

NAV as on 30 June 2021

Return %

Liquid Funds	NAV	30 DAYS	3 MON	6 MON	1 YR
Aditya Birla SL Liquid Fund Reg (G)	331.97	0.28	0.8	1.57	3.19
Nippon India Liquid Fund (G)	5037.02	0.27	0.78	1.55	3.15
Arbitrage Funds	NAV	1 YR	2 YR	3 YR	5 YR
L&T Arbitrage Opportunities Fund (G)	15.15	3.97	4.84	5.25	5.62
Kotak Equity Arbitrage Fund (G)	29.41	3.87	4.65	5.23	5.62
UTI Arbitrage Fund (G)	27.72	3.83	4.66	5.23	5.58
Hybrid Balanced Advantage Funds	NAV	1 YR	2 YR	3 YR	5 YR
Edelweiss Balanced Advantage Fund (G)	33.37	34.88	18.16	13.7	12.47
Aditya Birla SL Balanced Advantage Fund (G)	69.56	31.05	13.72	11.75	11.04
ICICI Pru Balanced Advantage Fund Reg (G)	46.24	30.18	12.99	11.48	10.84
Kotak Balanced Advantage Fund Reg (G)	13.73	26.28	13.57	0	0
Tata Balanced Advantage Fund (G)	13.68	28	13.65	0	0
Hybrid - Aggressive Funds	NAV	1 YR	2 YR	3 YR	5 YR
IDFC Hybrid Equity Fund Reg (G)	15.64	52.44	15.84	11.32	0
UTI Hybrid Equity Fund (G)	226.77	49.71	15.63	10.99	11.00
ICICI Pru Equity & Debt Fund (G)	186.73	50.94	16.68	14.49	13.72
ELSS Schemes	NAV	1 YR	2 YR	3 YR	5 YR
Mirae Asset Tax Saver Fund Reg (G)	28.11	66.39	24.47	20.46	21.01
Canara Robeco Equity Taxsaver Fund Reg (G)	103.98	64.37	24.01	20.29	17.69
DSP Tax Saver Fund Reg Fund (G)	73.67	63.46	22.34	18.54	16.34
Kotak Tax Saver Scheme (G)	65.01	57.78	19.07	17.21	15.48
Large & Midcap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Mirae Asset Emerging Bluechip Fund Reg (G)	87.77	68.48	27.03	22.45	20.95
Tata Large & Mid Cap Fund (G)	300.15	55.17	18.86	17.16	14.04
DSP Equity Opp Fund Reg (G)	332.58	61.12	22.37	17.07	15.87
SBI Large & Midcap Fund Reg (G)	331.15	67.4	21.42	16.99	15.17
Kotak Equity Opportunities Fund (G)	178.68	55.59	21.41	16.9	15.79
Canara Robeco Emerging equities Reg (G)	144.72	63.88	23.48	16.65	17.70
Large Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Canara Robeco Bluechip Equity Fund (G)	37.91	49.66	21.56	17.85	16.55
Kotak Bluechip Fund (G)	340.68	54.5	19.48	15.69	13.70
Axis Bluechip Fund (G)	41.79	45	17.76	15.44	16.28
Mirae Asset Large Cap Fund Reg (G)	71.23	52.39	16.54	15.24	15.88
BNP Paribas Large Cap Fund (G)	126.22	43.55	16.98	14.82	12.92
Midcap Funds	NAV	1 YR	2 YR	3 YR	5 YR
PGIM India Mid Cap Opp Fund Reg (G)	36.66	100	42.41	23.88	18.93
Axis Midcap Fund (G)	60.92	62.24	28.43	21.39	19.06
Kotak Emerging Equity (G)	65.18	83.68	29.09	19.76	17.51
Tata Mid Cap Growth Fund Reg (G)	218.13	68.9	24.25	19.57	16.17
Smallcap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Axis Small Cap Fund Reg (G)	52.10	86.67	33.32	25.62	19.78
Kotak Smallcap Fund (G)	141.33	119.76	40.47	24.14	19.64
SBI Small Cap Fund Reg (G)	91.98	88.63	33.62	21.7	21.95
ICICI Pru Smallcap Fund Reg (G)	43.99	108.19	31.24	20.7	16.51
Nippon India Small Cap Fund (G)	72.32	109.4	34.96	20.5	21.29

Focused Funds	NAV	1 YR	2 YR	3 YR	5 YR
IIFL Focused Equity Fund (G)	26.35	60.96	25.05	22	18.49
Principal Focused Multicap Fund (G)	99.39	57.11	23.35	18.01	15.99
SBI Focused Equity Fund Reg (G)	209.74	52.2	20	16.98	16.49
Franklin India Focused Equity Fund (G)	58.49	62.34	17.01	16.14	14.12
Nippon India Focused Equity Fund (G)	68.80	69.06	19.53	15.01	13.98
Axis Focused 25 Fund Reg (G)	41.31	51.71	19.86	14.62	17.52

Value Funds	NAV	1 YR	2 YR	3 YR	5 YR
IDFC Sterling Value Fund Reg (G)	76.21	100.55	22.64	12.6	15.97
Aditya Birla SL Pure Value Fund Reg (G)	67.28	72.08	15.55	6.44	10.17
Nippon India Value Fund (G)	108.58	69.09	20.06	15.45	14.96
L&T India Value Fund (G)	51.00	65.12	18.36	13.36	14.01
ICICI Pru Value Discovery Fund (G)	215.00	61.56	20.88	14.58	12.24

Flexicap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Parag Parikh Flexi Cap Fund Reg (G)	43.09	59.55	30.3	21.74	19.99
UTI Flexi Cap Fund Reg (G)	232.21	69.26	27.48	18.74	17.24
DSP Flexi Cap Fund Reg (G)	61.17	59.28	23	18.57	17.14
Canara Robeco Flexi Cap Fund (G)	202.26	54.22	21.06	17.55	17.02

Thematic/Sector Funds	NAV	1 YR	2 YR	3 YR	5 YR
ICICI Pru Technology Fund (G)	129.81	135.33	48.88	32.74	25.58
Aditya Birla SL Digital India Fund Reg (G)	114.54	111.95	47.52	32.21	25.44
Mirae Asset Healthcare Fund (G)	22.57	62.22	49.53	N.A	N.A
DSP Healthcare Fund (G)	21.86	60.67	48.69	N.A	N.A
IDFC Infrastructure Fund Reg (G)	21.74	87.41	17.57	10.84	14.35
DSP India T.I.G.E.R. Fund Reg (G)	127.45	75.51	15.14	13.69	12.75

NAME	NAV	1 YEAR	2 YEAR	3 YEAR	5 YEAR
S&P BSE Sensex	52318.60	47.73	14.8	13.84	14.02

CORPORATE ACTIONS IN JULY 2021

COMPANY	RECORD DATE	PURPOSE
HDFC Life Insur.	01/07/2021	Rs.2.02 per share (20.2%) Final Dividend
Adani Enterp.	02/07/2021	Rs.1 per share(100%)Dividend
L & T Infotech	02/07/2021	Rs.25 per share (2500%) Final Dividend
Petronet LNG	02/07/2021	Rs.3.5 per share (35%) Final Dividend
Power Fin.Corpn.	02/07/2021	Rs.2 per share (20%) Final Dividend
Piramal Enterp.	07/07/2021	Rs.33 per share (1650%) Final Dividend
Crompton Gr. Con	09/07/2021	Rs 2.50 per Share (125%) Final Dividend
Bharat Forge	16/07/2021	Rs.2 per share (100%) Final Dividend
Glaxosmi. Pharma	20/07/2021	Rs.30 per share (300%) Dividend
Dr Lal Pathlabs	22/07/2021	Rs.8 per share (80%) Final Dividend & A.G.M

GAINERS AND LOSERS OF THE MONTH (NIFTY-50)

GAINERS			
COMPANY	OPEN	CLOSE	%
Bajaj Finance Ltd.	5644	6015.85	6.59%
Tech Mahindra Ltd.	1024.7	1095.45	6.90%
Titan Company Ltd.	1608	1732.5	7.74%
Infosys Ltd.	1400	1580.8	12.91%
Tata Consumer Products Ltd.	665.8	754.4	13.31%

LOSERS			
COMPANY	OPEN	CLOSE	%
Adani Ports & S E Z Ltd.	773.1	703.7	-8.98%
I T C Ltd.	218	202.7	-7.02%
Hindalco Industries Ltd.	396	372.05	-6.05%
Kotak Mahindra Bank Ltd.	1815	1705.85	-6.01%
I C I C I Bank Ltd.	664.55	630.9	-5.06%

COMPANY ANALYSIS

SYNGENE INTERNATIONAL LIMITED

CMP (As on 30 June 2021) – **583**

INDUSTRY - BIOTECHNOLOGY

JULY 2021

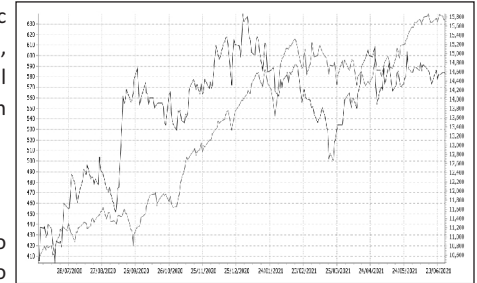
SENSEX – 52482 NIFTY – 15271

Mkt. Cap.	: 23378.46 Cr
Equity	: 400
Trading Vol.	: 323086
52 Week High/Low	: 644/398
Face Value	: 10

BSE Group	: A
BSE Code	: 539268
NSE Symbol	: SYNGENE
Bloomberg	: SYNGIN
Reuters	: SYNN.BO

Shareholding Pattern	
Promoters	: 71
Institutions	: 6
Public	: 15
Others	: 8

Syngene is an integrated research, development and manufacturing organisation providing scientific services from early discovery to commercial supply. It offers services in a wide range of industrial sectors, including pharmaceutical, biotechnology, nutrition, animal health, consumer goods and speciality chemical companies. Syngene is headquartered in Bangalore, India. It has one research campus and two sites in Bangalore, one research campus in Hyderabad and one manufacturing campus in Mangalore. Syngene USA Inc., a US-based wholly-owned subsidiary of Syngene, supports US-based clients.



Investment rationale

- ▶ It has different service segments, where it conducts early-stage research, from target identification to delivery of drug candidates for further development. It also encompasses activities from pre-clinical to clinical trials including drug substance development, drug product development and associated services to demonstrate the safety, tolerability and efficacy of the selected drug candidate. Under contract manufacturing it has services for small and large molecules. It has different business models for different services like full-time equivalent (agreed number of scientists work on client projects) engagements, fee-for-service engagements and long term contracts and agreements.
- ▶ As companies increasingly turn to external partnerships to drive innovation and R&D productivity, the demand to fulfil the complete R&D lifecycle using a single service provider is growing. It has its inherent advantages like a single trusted supplier to manage all process steps; a flexible resource to accommodate rapid scale-up or wind-down as needed; end-to-end project management and tighter project delivery timelines; and affordable costs. This approach allows some clients to transform the fixed cost of R&D operations into a variable cost and for others, often smaller companies and start-ups, it provides a formula that removes the burden of substantial capital investment.
- ▶ It has many top global pharma companies like Bristol Myers Squibb, GSK, Johnson & Johnson, Merck, Bayer and others amongst its client list, availing services for the last five years. 74% client base is from US, 12% is Europe, 5% is Japan, 4% is India.
- ▶ The D/E ratio is 0.3 while PBDITA margin is nearly 35%. RONW is 17%. It has been generating positive CFO in past years. The company has guided a mid-teen growth this year. Biotechnology contributes 10% to the business while balance comes from pharma. Biotech is gaining traction and the company plans to invest Rs. 750-900 crore in this year. The investments will be spread across research and biological facilities as well as for anti-viral production.

Syngene also joined an international consortium of 19 organizations in the healthcare space, led by longtime research partner Bristol Myers Squibb. The consortium aims to improve and accelerate various aspects of COVID-19 testing. Key trends in the market like increasing R&D investment and outsourcing, increasing number of small biotech companies, increased complexity in drug development, focus on core competencies by pharmaceutical companies, growing demand for generics and biologics, will drive further growth of companies like Syngene. We recommend investing with a long term perspective.

Consolidated Financial Performance (Rs. Crore) *Mar-2017 is standalone

Year End	Mar-21	Mar-20	Mar-19	Mar-18	Mar-17
Equity	400	400	200	200	200
Networth	2,821.40	2,175.80	1,968.40	1,720.40	1,413.10
Total debt	892.9	772.9	813.3	787.4	806.4
Sales	2,184.30	2,011.90	1,825.60	1,423.10	1,200.90
Other Income	99.6	152.9	75.1	61.8	93.6
Operating profit	771.4	770.8	611.9	526.6	478.3
PAT	379.76	358.49	328.12	289.35	287.3
Book Value (Rs)	70.54	54.4	49.21	43.01	17.03
EPS (Rs.)	10.12	10.3	8.29	7.64	4.35
Dividend (%)	0	0	5	10	10
Payout (%)	0	0	7.29	7.9	0

Latest Results (Rs. Crore)

Quarter Ended	Mar-21	Mar-20	Var [%]
Sales	658.1	607.3	8.36
Other Income	53.4	20.5	160.49
PBIDT	268.6	224.2	19.8
PBT	192	152.6	25.82
PAT	160.5	120	33.75

COMPANY ANALYSIS REVIEW

AMARA RAJA BATTERIES LIMITED

CMP (As on 30 June 2021) – 745

INDUSTRY - AUTO ANCILLARY

JULY 2021

Mkt. Cap.	: 12726.39 Cr
Equity	: 17.08
Trading Vol.	: 600291
52 Week High/Low	: 1025/636
Face Value	: 1

BSE Group	: A
BSE Code	: 500008
NSE Symbol	: AMARAJABAT
Bloomberg	: AMARJIN
Reuters	: AMAR.BO

Shareholding Pattern	
Promoters	: 28
Institutions	: 14
Public	: 49
Others	: 9

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.

Amara Raja Batteries (ARBL), the flagship company of the Amara Raja Group, is one of the largest manufacturers of lead-acid batteries for both industrial and automotive applications in the Indian storage battery industry. Its segment include 70% from automotive & rest from industrial with a market leadership in Telecom segment.

Investment rationale

- Amara Raja produces automotive batteries under the brands Amaron and Powerzone and supplies to various original equipment manufacturers (OEMs) like Ashok Leyland, Ford India, Honda, Hyundai, Mahindra & Mahindra, Maruti Suzuki, and Tata Motors. The company's Industrial and Automotive batteries are exported to 32 countries across the globe. The company plans to expand in a big way globally. The overall company export contribution is about 15% and this is projected to grow as the company globalises its lead acid batteries.
- Management has recently announced energy and mobility as its strategic focus going forward to capitalise on emerging opportunities. The battery major is transitioning from being a lead acid batteries (LAB) maker to a new energy player driving into growth segments such as lithium ion batteries, and solutions for electric mobility. The emergence of lithium as an alternative energy storage technology opens up new and exciting growth opportunities.
- Investments in capacity expansion is in line with the future demand for 2W and 4W. It has inaugurated its "Advance lithium Technology Research Hub" with a Pilot plant facility for cell development project based on the technology transferred from ISRO. It is also evaluating plans for a giga factory to produce batteries for electric vehicles at scale.
- In Q4 revenues grew by 32%. D/E ratio is negligible at 0.02, RONW is 19%. It has been generating positive CFO in past years.



Amara Raja is a strong player in the replacement battery market and is expected to benefit from the emerging replacement demand surge. According to the International Energy Agency, 100-120 GWh of electric vehicle batteries will be retired by 2030, a volume roughly equivalent to current annual battery production. Besides, its effort to increase its market share in OEM is also gaining traction. Upbeat outlook on auto as well as auto ancillary sector suggests that battery manufactures will perform 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	17.08	17.08	17.08	17.08	17.08
Networth	3,655.61	3,335.32	2,937.39	2,593.07	2,115.87
Debt	68.47	58.43	63.53	72.46	74.14
Sales	6,839.46	6,793.11	6,232.98	5,981.39	5,184.34
Other Income	55.05	46.77	66.37	49.24	45.88
Operating profit	1,153.61	998.52	949.6	899.15	868.86
PAT	648.35	482.25	462.69	470.18	486.95
Book Value (Rs)	214.03	195.28	171.98	151.82	123.88
EPS (Rs.)	38.69	28.31	27.59	28.01	28.78
Dividend (%)	1,100.00	708	415	425	425
Payout (%)	44.14	14.88	22.65	0	0

Latest Results (Rs. Crore)

Quarter Ended	Mar-21	Mar-20	Var [%]
Sales	2,102.70	1,581.39	32.97
Other Income	32.09	14.11	127.43
PBIDT	348.59	257.26	35.5
PBT	258.79	178.28	45.16
PAT	189.48	136.65	38.66

VA TECH WABAG LIMITED

CMP (As on 30 June 2021) – 349

INDUSTRY - CAPITAL GOODS

JULY 2021

Mkt. Cap.	: 2174.18 Cr
Equity	: 12.44
Trading Vol.	: 319146
52 Week High/Low	: 396/105
Face Value	: 2

BSE Group	: A
BSE Code	: 533269
NSE Symbol	: WABAG
Bloomberg	: ATWIN
Reuters	: VATE.BO

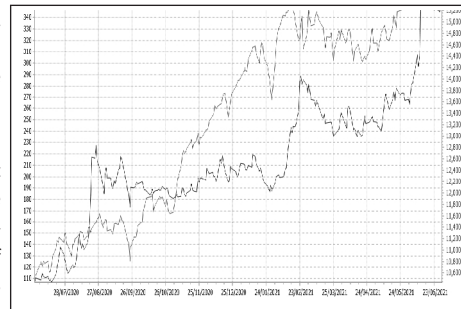
Shareholding Pattern	
Promoters	: 22
Institutions	: 10
Public	: 19
Others	: 49

We had reviewed this stock earlier in our Sajag Online publication of March 2019. We maintain our positive outlook based on improved balance-sheet, a focus on technology and improving business scenario.

VA Tech Wabag is among world's top 50 Private Water Operators and ranked 4th globally by GWI for ensuring safe & clean drinking water and sanitation. The company offerings span across Municipal Drinking Water, Municipal Sewage, Industrial Water, Industrial Effluents, Desalination and Recycle. A technology focused company owns more than 90 IP rights R&D centers located in India, Austria and Switzerland.

Investment rationale

- ▶ In the cycle of a project, the company does design, engineering, technology and operation maintainance, but outsources the civil construction work which enables it to operate with a low asset base and focus on its core competencies. When it comes to execution, then its normal cycle period is to complete a project in two to two-and-a-half-years. When it comes to margins, EPC segment has price escalation clause in the maximum of contracts, in which the price indexes both retail and wholesale are linked with the escalation. As far as O&M is concerned, the margins always remain good.
- ▶ 61% orders are EPC and 29% is O&M. It has order book of Rs. 9500 crore, which provides good revenue visibility. 75% of its orders are from municipal segment while balance is industrial segment. Geographically, 65% is from India, 29% is Europe while others are from rest of world.
- ▶ VA Tech Wabag reported a strong sales performance during Q4FY21. Its revenues rose by 42.4% y-o-y. Its operating expenses rose by 34.8% resulting in a strong 243% growth in operating profit. The operating profit margin expanded by 5.2% to 8.8%. It has improved its financial position as it is again having positive CFO is last 2 years and reduced debt.



The company's debt build-up over FY16-19 in spite of an asset-light business model had triggered concerns as well as some receivables from government projects were stuck. Positive cashflows helped it to turn net-cash positive and receivables are also expected to be cleared. Current order book is either backed by multilateral agencies or by sovereign entities, implying low or limited collection and execution risk. 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	10.94	10.94	10.93	10.91	10.9
Networth	1,174.44	1,068.91	1,128.66	993.14	920.32
Total debt	519.58	613.32	481.72	313.65	388.43
Sales	2,557.15	2,780.96	3,457.28	3,207.91	2,508.25
Other Income	39.92	7.68	8.21	11.23	7.9
Operating Profit	256.9	201.82	299.97	250.59	223.33
PAT	83.93	89.22	147.05	112.24	90.3
Book Value (Rs)	214.71	195.41	206.53	182.06	168.86
EPS (Rs.)	16.63	19.2	24.06	18.77	16.28
Dividend (%)	0	0	200	200	200
Payout (%)	0	21.35	18.64	29.07	20.02

Latest Results (Rs. Crore)

Quarter Ended	Mar-21	Mar-20	Var [%]
Sales	699.72	491.4	42.39
Other Income	1.37	12.21	-88.78
PBIDT	62.98	30.14	108.96
PBT	44.02	11.54	281.46
PAT	32.82	1.38	2,278.26

Source: Company, Prowess, Capital line, Saja 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)	%
Total Investment :	360000	%	600000	%	960000	%	1200000	%	1800000	%
Aditya Birla SL-India Gen Next Fund Reg (G)	506,996	23.6	921,853	17.2	1,939,673	17.1	3,030,030	17.6	7,234,545	16.8
Can Robeco-Emerging Equities Reg (G)	540,076	28.2	970,962	19.3	2,243,884	20.6	3,736,270	21.5	9,303,911	19.7
Kotak-Equity Opportunities Fund (G)	524,620	26.1	937,008	17.9	1,903,114	16.6	2,866,045	16.6	6,022,096	14.7
Mirae-Asset Emerging Bluechip Fd Reg (G)	570,662	32.3	1,056,213	22.8	2,527,414	23.5	4,312,627	24.2		
SBI-Focused Equity Fund Reg (G)	520,038	25.4	960,608	18.9	1,993,335	17.7	3,034,655	17.7	7,478,245	17.2

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

INVESTMENT IDEAS - MEDIUM TERM (3-6 MONTHS)

JK TYRE & INDUSTRIES

CMP (AS ON 30 JUNE 2021) - 136

TARGET - 180

JK Tyre is a pioneer of radial technology in India and leader in Truck/Bus Radial (TBR) manufacturer. It has state-of-the-art centralized tech centre at Mysore. It is the 1st company in India with OE fitment of tubeless passenger radials and also to launch high performance H, V and Z-rated passenger radial tyres. It acquired smart tyre technology start-up to revolutionise Indian tyre market and launched tyre pressure monitoring system based on sensor technology. It has 12 manufacturing facilities with annual production capacity of ~32 million tyres. 64% business comes from replacement demand, 18% from OEMs and 18% is exports. The company is reducing debt and in FY21 debt reduced by 17%, Net D/E is 1.6 times. In FY21, it improved its margins and doubled EPS.

TATA MOTORS LIMITED

CMP (AS ON 30 JUNE 2021) - 339

TARGET - 420

Tata Motors is India's leading automobile manufacturer, largest commercial vehicle company and fourth-largest passenger vehicles player and also has presence in defence vehicles. Tata Motors is one of India's largest OEMs offering an extensive range of integrated, smart and e-mobility solutions. It has operations in the UK, Spain, South Korea, Thailand, South Africa and Indonesia through a strong global network of subsidiaries and the key amongst them are Jaguar Land Rover, the business comprising two iconic British brands Jaguar and Land Rover and then Tata Daewoo in South Korea. In FY21, passenger vehicles business posted highest growth in 8 years and Nexon and Harrier witnessed their highest sales since launch. It is evaluating opportunities to raise capital from potential strategic partners or investors, including private equity funds and sovereign wealth funds, for its electric vehicle (EV) business as the automaker works towards building a range of affordable electric cars.

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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