

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 at -7.3%

Time period	31/8/2021	31/7/2021	31/12/2007
Nifty	17132.2	15763.05	6138
Valuation			
Trailing PE	26.25	27.01	27.62
Trailing PB	4.33	4.12	6.39
Mcap/GDP	1.55	1.46	1.23
Nifty return			
1 year	50.45%	42.35%	54.77%
2 year	24.67%	19.07%	47.11%
3 year	13.62%	11.55%	43.43%
EPS growth			
1 year	85.06%	59.16%	19.13%
2 year	27.07%	19.97%	15.95%
3 year	16.64%	13.19%	17.85%
Other data points			
Credit growth	6.60%	6.50%	25%
10-year bond yield	6.20	6.20	7.57
Brent Oil Futures	72.94	76.33	93.25
USD/INR	72.94	74.33	39.23
Gold (oz/USD)	1818.10	1817.20	843.2

Source: RBI, NSE, ET, Prowess

MARKET REVIEW

Nifty continues its run-up amid volatility!

Global indices, positive India INC results, dovish FED, optimism on vaccinations, normal monsoons and gradual opening-up of the economy were some of the factors that pushed Nifty up amid positive momentum.

Key developments during the month were,

- ▶ India's industrial activity was affected due to the nationwide COVID-19 lockdown last year in April 2021 and May 2021 but had picked up June 2021 onwards. Industrial output for the month of June 2021 rose 13.6%. Index of Industrial Production (IIP) had contracted 16.6% in the same month last year and rose by 29.3% in May 2021.
- ▶ India's retail inflation eased to a three-month low in July 2021 on the back of softening food prices. The consumer price index (CPI) based inflation cooled to 5.59% in the last month from 6.26% in June 2021. Food inflation fell substantially to 3.96% in July 2021 from 5.15% in June 2021. India's

annual rate of inflation based on wholesale price Index (WPI) eased to 11.16% y-o-y in July 2021, from 12.07% in the previous month and steeply above (-0.25%) in July 2020. The high rate of inflation in July 2021 is primarily due to low base effect and rise in prices of crude petroleum & natural gas; mineral oils; manufactured products like basic metals; food products; textiles; chemicals and chemical products etc. as compared with last year corresponding month.

- ▶ India's exports jumped 45.17% to \$33.14 billion in August as against \$22.83 billion in the same month last year. Imports in August rose 51.47% to \$47.01 billion, as against \$31.03 billion in the corresponding month of 2020. The trade deficit in August 2021 was \$13.87 billion, compared to \$8.2 billion in the year-ago period.
- ▶ The August GST collections at Rs 1,12,020 crore were 29.6% higher than in August 2020. In the last 11 months, GST collections have consistently remained over Rs 1 lakh crore, except in June (for sales in May). The GST revenue in August is, however, 3.76% lower than the Rs 1.16 lakh crore mop-up in July.
- ▶ India's gross domestic product (GDP) surged 20.1% in the April-June quarter of FY22. The GDP logged a high growth amid the opening of the economy after the lockdown to arrest COVID-19 and low base effect as the economy witnessed a contraction of 24.4% in the Q1FY21.
- ▶ India's fiscal deficit for April-July period stood at Rs 3.21 lakh crore (\$43.98 billion), which is 21.3% of the full fiscal's target. The deficit figures this fiscal appear much better than the previous financial year, when it soared to 103.1% of the estimate, mainly on account of a jump in expenditure to deal with the COVID-19 pandemic.
- ▶ Foreign direct investments (FDI) into India is on the rise, India has received the highest ever FDI inflow in 2020-21. It surged by 10% to \$81.72 billion and FDI during May 2021 is \$12.1 billion, i.e. 203% higher than May 2020.

The RBI Monetary Policy Committee (MPC) maintained status quo and kept interest rates steady at record lows. Finance minister Nirmala Sitharaman launched a four-year road map for a Rs 6-lakh-crore asset monetisation plan. A large chunk of this will be through brownfield assets of central ministries and public sector entities across roads, railways and power. Market participants closely monitored the potential geopolitical implications of the sudden collapse of the Afghanistan government.



Performance of key sectoral indices

Nifty Realty	-3.46%	Nifty Infrastructure	5.59%
Nifty Metal	-1.74%	Nifty Energy	6.53%
Nifty Auto	-1.26%	Nifty India Consumption	7.59%
Nifty Pharma	-1.18%	Nifty FMCG	9.05%
Nifty MNC	4.67%	Nifty IT	12.67%
Nifty Bank	4.79%		

Global sentiment improved as US House passed a measure approving \$3.5 trillion budget blueprint. The US Senate passed a \$1 trillion infrastructure package that is a top priority for US President Joe Biden, a bipartisan victory for the White House that could provide the nation's biggest investment in decades in roads, bridges, airports and waterways. The yield on the 10-year Treasury note fell to 1.3% which to some extent, supported the positivity. At Wall Street, the S&P 500 still managed to mark its seventh consecutive monthly gain, along with Nasdaq and as well as Dow which gained impressively during the month.

Market Outlook

The credit rating agency, CRISIL upgraded India Inc's credit quality outlook for FY22 from "cautiously optimistic" to "positive", based on continued improvement in demand. "Increasing vaccination coverage should also reduce the impact of the third wave if it comes," CRISIL said in a statement.

- ▶ The seasonally adjusted IHS Markit India Manufacturing Purchasing Managers' Index (PMI) stood at 52.3 in August 2021, pointing to an improvement in overall operating conditions for the second straight month. The headline figure fell from 55.3 in July 2021, indicating a softer rate of growth. The seasonally adjusted India Services Business Activity Index stood at 56.7 in August, up from 45.4 in July. The index was above the 50.0 neutral threshold for the first time in four months.
- ▶ China's export growth unexpectedly slowed in July while imports also lost momentum. Exports rose 19.3% from a year ago, compared with a 32.2% gain in June and imports rose 28.1% from a year earlier. Retail sales in China rose 8.5% in July 2021 as compared with a year ago. Meanwhile, industrial production grew 6.4% in July. Profits at China's industrial firms grew at a slower rate of 16.4% on year to \$108.6 billion in July, as elevated commodity prices and supply chain constraints from extreme weather weighed on the sector. The July growth rate compared with a 20% gain in the previous month. The pace of growth has been slowing for five consecutive months. China's factory activity grew at a slower pace in

August as compared with the previous month as official manufacturing Purchasing Managers' Index came in at 50.1, against July's reading of 50.4. China's Caixin/Markit Manufacturing Purchasing Managers' Index (PMI) fell to 49.2 last month, from 50.3 in July.

- ▶ Japanese wholesale prices rose in July at their fastest annual pace in 13 years. The corporate goods price index (CGPI), which measures the price companies charge each other for their goods and services, rose 5.6% in July 2021 from a year earlier. Japan's GDP rose 0.3% in the second quarter as compared with the previous three months, when it contracted 0.9%.
- ▶ Singapore's trade and industry ministry said that the economy grew 14.7% in the second quarter compared to a year ago, better than official advance estimates of a 14.3% expansion. The country also expects its economy to grow between 6% and 7% in 2021, an upgrade from past projections of 4% to 6%.
- ▶ US consumer prices increases slowed in July 2021. Index of consumer confidence slid to a six-month low at 113.8 this month from a revised 125.1 in July. In the 12 months through July 2021, the CPI advanced 5.4%. The drop in the month-to-month inflation rate was the largest in 15 months. Spending at US retailers fell sharply in July, amid cooling purchases of goods and signs of some pullback in consumer demand. Retail sales declined 1.1% in July, a reversal from June's 0.7% increase. And home prices rose 18.6% annually in June, up from a 16.8% increase in May. The ISM index of national factory activity inched up to 59.9 last month from a reading of 59.5 in July. The US trade deficit narrowed more than expected in July as imports declined likely because of shortages and a shift in domestic spending from goods to services. The trade gap fell 4.3% to \$70.1 billion.
- ▶ In Euro-zone, employment in the 19-nation bloc grew 0.5% in the April-June period compared to the previous quarter. IHS Markit's flash composite PMI for the euro zone, which looks at activity across both manufacturing and services, hit 59.5 in August versus 60.2 in July. Germany's finance minister said that the economy is on track for a lasting and strong recovery in the Q3.

Indices are on a gaining spree and with such heavy gains already in pocket, it is likely that we might see some profit-booking. However, it could be seen that markets would be supported by long term buying at lower levels, which further depends on global markets, Covid-scenario and recovery in domestic economy.

TECHNICAL VIEW

Nifty began the month of August on an optimistic note at a new high and continued the momentum as it marked a record new high above 17000. Nifty closed the month at 17132 with a gain of 8.7%. Point to note is that this was one of the fastest 1000 points scale-up that Nifty has seen.

Nifty is placed above its key averages on weekly as well as monthly charts. Monthly RSI is above its average, however, as we have been mentioning, is now moving in an over-bought zone. Weekly RSI is above its average.

Going ahead, it is highly likely that Nifty will test 17500. At this level, Nifty could take a breather as it faces resistance in an un-charted territory. At the downsides, support is placed at 16500 below which support would be sought near 16000.



MUTUAL FUNDS PERFORMANCE

NAV as on 31 August 2021

Return %

Liquid Funds	NAV	30 DAYS	3 MON	6 MON	1 YR
Mirae Asset Cash Management Fund (G)	2173.55	0.28	0.85	1.68	3.29
Axis Liquid Fund (G)	2303.97	0.28	0.85	1.66	3.23
UTI Liquid Cash Plan Reg (G)	3399.14	0.28	0.84	1.65	3.23
Arbitrage Funds	NAV	30 DAYS	3 MON	6 MON	1 YR
Tata Arbitrage Fund (G)	11.50	0.36	1.12	2.41	4.20
Kotak Equity Arbitrage Fund (G)	29.62	0.36	1.13	2.37	4.18
ICICI Pru Equity Arbitrage Fund Reg (G)	27.33	0.35	1.13	2.40	4.12
Hybrid Aggressive Funds	NAV	1 YR	2 YR	3 YR	5 YR
Canara Robeco Equity Hybrid Fund Reg (G)	243.61	40.97	25.55	15.79	14.34
Axis Equity Hybrid Fund (G)	15.37	41.27	22.45	15.31	N/A
Kotak Equity Hybrid (G)	38.21	48.30	25.79	15.30	12.84
DSP Equity & Bond Fund Reg (G)	236.03	45.41	25.26	15.28	13.55
Hybrid Balanced Advantage Funds	NAV	1 YR	2 YR	3 YR	5 YR
Edelweiss Balanced Advantage Fund (G)	35.39	34.10	23.38	13.49	13.03
Kotak Balanced Advantage Fund Reg (G)	14.22	22.67	16.27	12.17	N/A
Aditya Birla SL Balanced Advantage Fund (G)	72.46	29.14	17.83	11.77	10.57
ICICI Pru Balanced Advantage Fund Reg (G)	47.77	25.61	16.36	11.61	10.65
Equity Value Funds	NAV	1 YR	2 YR	3 YR	5 YR
Nippon India Value Fund (G)	117.51	63.51	31.16	15.66	14.85
UTI Value Opportunities Fund (G)	98.58	57.18	30.44	15.24	14.35
ICICI Pru Value Discovery Fund (G)	231.17	56.84	30.08	14.30	12.89
IDFC Sterling Value Fund Reg (G)	80.80	83.30	35.06	13.20	15.73
Equity Focused Funds	NAV	1 YR	2 YR	3 YR	5 YR
Principal Focused Multicap Fund (G)	107.40	59.44	32.64	17.99	15.74
SBI Focused Equity Fund Reg (G)	231.30	55.23	30.76	17.89	17.04
Axis Focused 25 Fund Reg (G)	46.08	57.81	29.38	15.69	18.19
Franklin India Focused Equity Fund (G)	62.58	65.39	27.87	15.58	14.33
Tax Saving Schemes	NAV	1 YR	2 YR	3 YR	5 YR
Mirae Asset Tax Saver Fund Reg (G)	30.334	60.77	33.03	19.80	20.59
Canara Robeco Equity Tax saver Fund Reg (G)	113.88	63.55	35.39	19.42	18.39
DSP Tax Saver Fund Reg Fund (G)	80.36	64.94	31.11	18.30	16.12
Axis Long Term Equity Fund (G)	74.18	59.33	29.40	16.89	17.31
Kotak Tax Saver Scheme (G)	69.33	57.11	28.41	16.26	15.02
Large Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Canara Robeco Bluechip Equity Fund (G)	41.31	50.66	30.61	17.91	16.70
Axis Bluechip Fund (G)	46.27	50.62	26.04	17.12	17.39
Kotak Bluechip Fund (G)	370.01	53.50	28.19	15.53	14.38
Mirae Asset Large Cap Fund Reg (G)	77.20	49.22	25.15	14.82	15.99
Mid Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Axis Midcap Fund (G)	67.38	64.22	37.55	20.82	20.17
Kotak Emerging Equity (G)	68.81	72.02	38.37	19.62	17.00
Nippon India Growth Fund (G)	1951.40	69.03	36.87	19.38	16.82
Tata Mid Cap Growth Fund Reg (G)	237.26	67.15	35.00	18.89	16.57
Other FoFs Domestic	NAV	1 YR	2 YR	3 YR	5 YR
ICICI Pru - Asset Allocator Fund (FOF) (G)	76.51	28.52	17.24	13.16	12.41

Large & Mid Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Mirae Asset Emerging Bluechip Fund Reg (G)	95.20	64.38	35.85	21.82	20.67
Tata Large & Mid Cap Fund (G)	324.06	53.05	27.60	17.44	14.17
Kotak Equity Opportunities Fund (G)	191.75	55.38	29.37	16.94	15.44
Canara Robeco Emerging equities Reg (G)	158.19	60.06	35.35	16.68	17.76

Small Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Kotak Smallcap Fund (G)	152.60	101.31	53.01	25.71	19.51
Axis Small Cap Fund Reg (G)	56.48	76.72	39.52	25.67	20.22
ICICI Pru Smallcap Fund Reg (G)	47.26	86.28	41.26	21.45	15.85
Nippon India Small Cap Fund (G)	77.80	91.71	48.87	20.02	21.65

Flexicap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Parag Parikh Flexi Cap Fund Reg (G)	47.79	54.20	39.29	22.88	20.85
UTI Flexi Cap Fund Reg (G)	257.14	68.17	37.84	19.28	18.06
DSP Flexi Cap Fund Reg (G)	66.84	62.29	31.84	18.45	16.74
Canara Robeco Flexi Cap Fund (G)	222.80	55.65	32.03	18.15	17.50
Axis Flexi cap Fund (G)	18.98	56.21	27.83	17.82	N/A

Sector & Thematic Funds	NAV	1 YR	2 YR	3 YR	5 YR
ICICI Pru Technology Fund (G)	152.26	111.35	58.91	35.71	31.26
Aditya Birla SL Digital India Fund Reg (G)	130.59	97.30	55.84	33.15	30.19
Mirae Asset Healthcare Fund (G)	23.83	49.69	52.45	29.35	N/A
Sundaram Services Fund (G)	19.93	70.69	35.41	25.77	N/A
ICICI Pru Pharma Healthcare And Diagnostics Fund (G)	21.54	45.44	49.78	25.73	N/A
Tata Resources & Energy Fund Reg Plan (G)	28.25	72.67	45.96	23.34	17.62
Aditya Birla SL India Gen Next Fund Reg (G)	133.16	54.48	27.86	16.24	15.86
Tata Banking and Financial Services Fund Reg (G)	26.37	52.24	18.93	13.06	14.71
SBI Banking & Financial Services Fund Reg (G)	24.88	52.34	20.14	12.24	15.60
IDFC Infrastructure Fund Reg (G)	23.43	92.21	32.87	11.83	13.77
Aditya Birla SL Infrastructure Fund Reg (G)	47.10	74.06	30.30	11.31	10.77

Index	NAV	1 YR	2 YR	3 YR	5 YR
S&P BSE Sensex	57552.39	48.99	24.09	14.18	15.12
NSE - Nifty 50	17323.60	52.85	26.41	14.72	14.46

CORPORATE ACTIONS IN SEPTEMBER 2021

COMPANY	RECORD DATE	PURPOSE
Power Finance Corporation	01/09/2021	Rs.2.25 per share (22.5%) Interim Dividend
Coal India	03/09/2021	Rs.3.5 per share (35%) Final Dividend
Zee Entertainment	03/09/2021	Rs.2.5 per share (250%) Final Dividend & A.G.M
Vedanta	09/09/2021	Rs.18.5 per share (1850%) First Interim Dividend
NTPC	10/09/2021	Rs.3.15 per share (31.5%) Final Dividend
O N G C	10/09/2021	Rs.1.85 per share (37%) Final Dividend
REC Ltd	17/09/2021	Rs.1.71 per share (17.1%) Final Dividend

GAINERS AND LOSERS OF THE MONTH (NIFTY-50)

GAINERS			
COMPANY	OPEN	CLOSE	%
Bajaj Finance Ltd.	6270	7524.5	20.01%
Tech Mahindra Ltd.	1210	1447.65	19.64%
Bajaj Finserv Ltd.	14375	17148.75	19.30%
Tata Consultancy Services Ltd.	3180	3786.45	19.07%
Bharti Airtel Ltd.	566	664.05	17.32%

LOSERS			
COMPANY	OPEN	CLOSE	%
U P L Ltd.	808.55	741.25	-8.32%
J S W Steel Ltd.	741.4	687.6	-7.26%
Grasim Industries Ltd.	1565	1500.4	-4.13%
Tata Motors Ltd.	299.15	287.3	-3.96%
Bajaj Auto Ltd.	3874	3727.85	-3.77%

COMPANY ANALYSIS

HBL POWER SYSTEMS LIMITED

CMP (As on 31 August 2021) – 50

INDUSTRY - BATTERIES

SEPTEMBER 2021

SENSEX – 57552 NIFTY – 17132

Mkt. Cap.	:	1398.50 Cr
Equity	:	27.72
Trading Vol.	:	1706988
52 Week High/Low	:	57/14
Face Value	:	1

BSE Group	:	B
BSE Code	:	517271
NSE Symbol	:	HBLPOWER
Bloomberg	:	HBPSIN
Reuters	:	HBL.S.BO

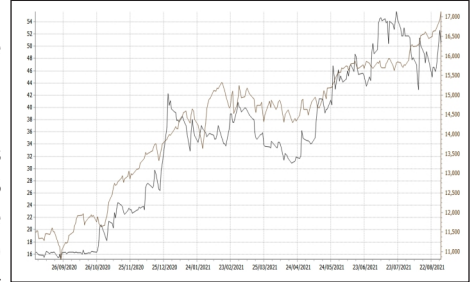
Shareholding Pattern		
Promoters	:	59
Institutions	:	10
Public	:	11
Others	:	21

HBL Power Systems Limited is a leading battery and power systems company based in Hyderabad India. HBL has six manufacturing locations in India and has three International Associate Companies. The business has three verticals - Batteries, Electronics & Defence.

Investment rationale

- Battery division is the flagship vertical at HBL. It manufactures a wide range of lead-acid batteries which cater to the Telecom, UPS, Railways, Solar and Power sectors. HBL is now focusing on UPS segment, Data Centers and other industrial applications. The Company has made considerable progress in its 12V AGM VRLA batteries meant for UPS applications. Pure Lead Thin Plate (PLT) batteries have been another major business driver for HBL. HBL is the world's second largest manufacturers of Nickel Cadmium batteries and the only Indian company with Pure Lead Thin Plate (PLT) VRLA battery technology.
- In the electronics segment, it has rail signaling, Defence Electronics, DC Motors and Controllers. With safety moving higher on the Indian Railways' priority list, TCAS and TMS solutions are expected to witness significant traction over the coming years. The company is now an established player in this segment.
- HBL also supplies batteries for various defence applications, having built credibility with the Defence forces as a reliable supplier of technology solutions and sub-marines. The company has developed high-efficiency motors, using indigenous materials that can be used for traction application in electric vehicles.
- On financial front, sales and PAT have degrown at HBL in last 5 years, however, operating margins have been maintained. Debt has reduced and D/E is 0.1 and CFO has been positive consistently.

HBL is diversified with presence in industrial sector, railway systems and defence applications. In last few years, telecom segment under batteries which was a significant contributor under-performed and has become less attractive in the recent past. The company is now focusing on other verticals which are niche technology-based solutions (HBL's core strength) and it is seeing good traction. On the financial front, it continued to monetise surplus assets which helped in optimising debt levels. We recommend investing with a long term perspective.



Consolidated Financial Performance (Rs. Crore)

Year End	Mar-21	Mar-20	Mar-19	Mar-18	Mar-17
Equity	27.72	27.72	27.72	27.72	27.72
Networth	820.87	772.87	766.23	751.69	729.12
Total debt	601.14*	122.73	232.1	366.28	479.03
Sales	912.04	1,091.78	1,265.88	1,634.20	1,537.11
Other Income	9.63	22.53	20.74	28.09	22.77
Operating profit	71.6	103.04	117.92	141.89	149.11
PAT	12.38	26.22	27.73	31.7	38.39
Book Value (Rs)	29.61	27.88	27.64	27.12	26.3
EPS (Rs.)	0.45	0.95	1	1.14	1.39
Dividend (%)	35	30	30	25	25
Payout (%)	78.36	-54.26	26.09	15.87	15.35

Latest Results (Rs. Crore)

Quarter Ended	Jun-21	Jun-20	Var [%]
Sales	222.19	119.56	85.84
Other Income	18.13	2.47	634.01
PBIDT	30.4	-0.16	19,100.00
PBT	19.43	-14.54	233.63
PAT	17.15	-14.23	220.52

*Includes short-term figures

INDOCO REMEDIES LIMITED

CMP (As on 31 August 2021) – 479

INDUSTRY - PHARMACEUTICALS

SEPTEMBER 2021

Mkt. Cap.	:	4418.61 Cr
Equity	:	18.43
Trading Vol.	:	3841820
52 Week High/Low	:	529/213
Face Value	:	2

BSE Group	:	A
BSE Code	:	532612
NSE Symbol	:	INDOCO
Bloomberg	:	INDRIN
Reuters	:	INRM.BO

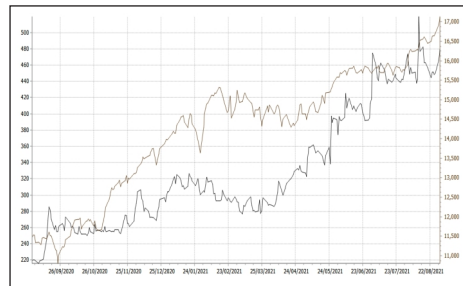
Shareholding Pattern		
Promoters	:	59
Institutions	:	22
Public	:	3
Others	:	17

Indoco manufactures and markets branded formulations and APIs for the domestic and export markets. It has 9 manufacturing facilities, out of which, 6 are for finished dosages and 3 for APIs, supported by a state-of-the-art R&D centre at Rabale, Navi Mumbai and a Clinical Research Organisation at Hyderabad.

Investment rationale

- ▶ Indoco's 9 domestic marketing divisions cater to different therapeutic segments including Respiratory, Anti-Infectives, Dental Care, Pain Management, Gastroenterology, Ophthalmic, Cardiovascular, Anti-Diabetics, Anti-Obesity, etc. The Company enjoys a good position in the domestic market with 27 products ranking amongst the top 5 in their respective sub-segments.
- ▶ Domestic formulations accounts for 51% of revenues. Major therapies are: respiratory, anti-infectives, stomatologicals, gastrointestinal & vitamins. Formulation exports accounted for 40% (regulated markets: 81%) of revenues while APIs contributed 8% with remaining coming from CRAMS.
- ▶ In international markets Indoco operates on CRAMS model (Contract Research And Manufacturing Services) and currently caters to Generic Companies in Europe, USA, Australia, New Zealand and South Africa. While it has established credentials by offering contract manufacturing services, Indoco has now risen in the value chain by offering dossier development services and out-licensing of own dossiers.
- ▶ The company has increased sales in last few quarters. Operating margin is 10%. D/E is 0.3. It has consistently generated positive CFO.

Management has guided for robust growth in FY22; the company has already registered strong revenue in Q1FY22 (42% growth). US business is expected to grow at robust pace as ANDAs will be commercialized at regular intervals. The company has guided for 30-35% growth in the domestic business in FY22. Growth drivers will be improved productivity for its chronic and sub-chronic area, Covid related boost and new product launches. We recommend investing with a long term perspective.



Consolidated Financial Performance (Rs. Crore)

Year End	Mar-21	Mar-20	Mar-19	Mar-18	Mar-17
Equity	18.43	18.43	18.43	18.43	18.43
Networth	768.93	680.16	661.08	675.56	651.88
Debt	258.2	261.71	296.31	282	279.54
Sales	1,241.53	1,106.58	968.45	1,045.30	1,096.77
Other Income	3.12	2.44	6.15	4.69	3.97
Operating profit	227.38	125.64	82.8	139.62	160.43
PAT	93.22	24.31	-2.7	39.96	76.55
Book Value (Rs)	83.44	73.81	71.74	73.31	70.74
EPS (Rs.)	10.03	2.63	0	4.47	8.41
Dividend (%)	75	15	15	50	80
Payout (%)	2.99	11.38	-324.65	35.78	2.38

Latest Results (Rs. Crore)

Quarter Ended	Jun-21	Jun-20	Var [%]
Sales	381.17	266.8	42.87
Other Income	0.86	0.26	230.77
PBIDT	87.67	49.12	78.48
PBT	61.21	24.24	152.52
PAT	39.61	17.23	129.89

MM FORGINGS LIMITED

CMP (As on 31 August 2021) – **764**

Mkt. Cap.	:	1845.81 Cr
Equity	:	24.14
Trading Vol.	:	12222
52 Week High/Low	:	807/255
Face Value	:	10

INDUSTRY - FORGING/CASTING

BSE Group	:	B
BSE Code	:	522241
NSE Symbol	:	MMFL
Bloomberg	:	MMFGIN
Reuters	:	MMFO.BO

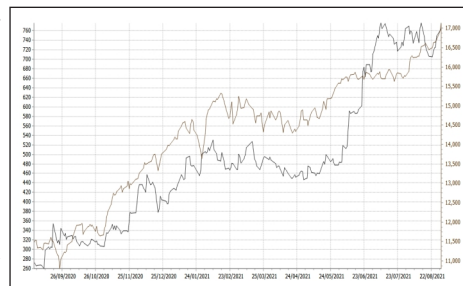
SEPTEMBER 2021

Shareholding Pattern	
Promoters	: 56
Institutions	: 23
Public	: 1
Others	: 20

MM Forgings is a leading manufacturer of automotive components and also one of the largest exporter of forgings in India.

Investment rationale

- ▶ MMF has placed itself as a one stop shop for the closed die forgings needs of both domestic and international customers. It has 9 plants with a capacity of 120000 tonnes. In FY21 production was 48000 tonnes.
- ▶ The CV segment plays a significant role of MMF with sales of 75%. Passenger car segment constitutes 18% and others (agriculture, off highway, etc) 7%. The castings & forgings industry reported a strong 103.7% y-o-y growth in its sales revenues during Q1FY22. CV segment is poised to witness a robust turnaround domestically as well as in North America and Europe. European market has witnessed consistent demand through the years in excess of 300,000+ HCV for the last 3 calendar years. This is expected to perform at these levels till 2025.
- ▶ D/E is 1.2 times. The company has grown sales in last 4 quarters. Net profit margin is in the range of 5-6% while operating margin is near to 15%. It has been generating positive CFO in last few years.



MM Forging is well placed to ride the growth in Domestic CV, North America Class 8 trucks and European HCV markets. North America class 8 truck productions are expected to grow at double digit in next 18 months. The USA's preference to china plus one strategy for diversifying the supply chain would be beneficial to MMF. Domestic CV Industry is expected to grow at double digit as the pent up demand gets fulfilled, for FY22 and FY23 which will also benefit MMF. The stock trades at P/B is 3.5 and PE is 23. We recommend investing with a long term perspective.

Consolidated Financial Performance (Rs. Crore)

Year End	Mar-21	Mar-20	Mar-19	Mar-18	Mar-17
Equity	24.14	24.14	24.14	12.07	12.07
Networth	500.36	468.3	436.25	369.08	314.6
Total debt	615.11	565.84	687.84	384.98	114.34
Sales	725.65	727.29	903.92	620.62	478.4
Other Income	21.59	18.51	15.87	12.29	11.27
Operating Profit	142.88	143.71	189.11	136.74	104.02
PAT	46.61	46.24	81.35	68.51	43.42
Book Value (Rs)	207.27	193.99	180.71	305.77	260.64
EPS (Rs.)	19.31	19.15	33.7	56.76	35.81
Dividend (%)	50	50	50	100	60
Payout (%)	27.35	30.67	16.34	19.32	19.02

Latest Results (Rs. Crore)

Quarter Ended	Jun-21	Jun-20	Var [%]
Sales	234.44	72.93	221.46
Other Income	4.46	8.04	-44.53
PBIDT	47.88	15.03	218.56
PBT	26.34	-4.95	632.12
PAT	23.84	-4.95	581.62

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)	%
Total Investment :	360000	%	600000	%	960000	%	1200000	%	1800000	%
Aditya Birla SL India Gen Next Fund Reg (G)	549,701	29.5	997,363	20.4	2,083,188	18.8	3,272,373	19.0	7,796,831	17.7
Canara Robeco - Emerging equities Reg (G)	578,590	33.3	1,035,688	22.0	2,340,298	21.6	3,974,893	22.6	9,957,910	20.5
Kotak Equity Opportunities Fund (G)	550,804	29.6	983,534	19.8	1,983,878	17.6	3,013,218	17.5	6,316,079	15.3
Mirae Asset Emerging Bluechip Fd Reg (G)	603,879	36.6	1,117,026	25.1	2,621,277	24.3	4,554,819	25.2	N/A	N/A
SBI Focused Equity Fund Reg (G)	561,029	31.0	1,035,631	22.0	2,132,873	19.4	3,267,738	19.0	8,068,442	18.1

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

INVESTMENT IDEAS - MEDIUM TERM (3-6 MONTHS)

LARSEN & TOUBRO LIMITED

CMP (AS ON 31 AUGUST 2021) - 1672 TARGET - 1975

Larsen & Toubro is an Indian multinational engaged in EPC Projects, Hi-Tech Manufacturing and Services. It operates in over 50 countries worldwide. A strong, customer-focused approach and the constant quest for top-class quality have enabled L&T to attain and sustain leadership in its major lines of business for over eight decades. It has business interests in engineering, construction, manufacturing, technology and financial services, headquartered in Mumbai. Since its last five-year plan announced in CY16, L&T has been strengthening its business model by exiting non-core businesses, going asset-light (no exposure to road HAMs), and sharpening its focus on receivables rather than just execution. L&T is well-placed in the wider capital goods space as a proxy to play India's capex story. L&T Construction, the construction arm of L&T has won a slew of orders in India and abroad for its various businesses. Q1FY22 revenue grew 38.0% y-o-y and net-profit jumped nearly four-fold to Rs 1,174 crores on backdrop of solid order book coupled with large project executions and robust E&C growth amidst pandemic.

CIPLA LIMITED

CMP (AS ON 31 AUGUST 2021) - 947 TARGET - 1150

CIPLA is a leading global pharmaceutical company with presence in 80+ countries and large presence in India, South Africa and the US. Cipla provides over 1,500 products across various therapeutic categories with strong positions in respiratory, anti-retroviral, urology, cardiology, anti-infective and CNS as well as other key therapeutic segments. Cipla's overall revenue grew 27% y-o-y to Rs 5,453 crore, higher than the Rs 4,606.5 crore in the previous quarter. This was led by a strong 68.5% growth in domestic sales that contributed almost half of its overall sales. The US region that contributes about one-fifth of its overall revenue saw stable performance. The South Africa market, where Cipla has its front end, remains a key geography. Cipla's CFO expressed confidence that the company will outperform the domestic formulation market and clock EBITDA margins of 22.5-23% for FY22.

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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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