

**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	30/9/2021	31/8/2021	31/12/2007
Nifty	17618.15	17132.2	6138
<b>Valuation</b>			
Trailing PE	26.98	26.25	27.62
Trailing PB	4.41	4.33	6.39
Mcap/GDP	1.62	1.55	1.23
<b>Nifty Return</b>			
1 year	56.64%	50.45%	54.77%
2 year	23.91%	24.67%	47.11%
3 year	17.25%	13.62%	43.43%
<b>EPS Growth</b>			
1 year	89.79%	85.06%	19.13%
2 year	22.67%	27.07%	15.95%
3 year	16.46%	16.64%	17.85%
<b>Other Data Points</b>			
Credit growth	6.70%	6.60%	25%
10-year bond yield	6.20	6.20	7.57
Brent Oil Futures	78.50	72.94	93.25
USD/INR	74.10	74.33	39.23
Gold (oz/USD)	1757.00	1818.10	843.2

Source: RBI, NSE, ET, Prowess

## MARKET REVIEW

### Indices scale record highs!

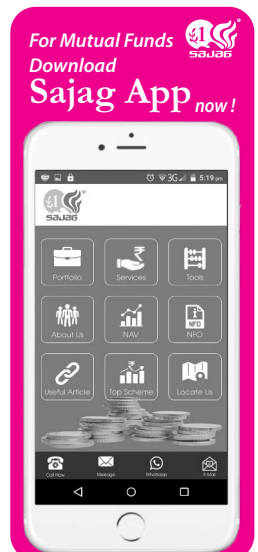
Positive global cues and receding pandemic fears boosted indices amid positive momentum and pushed indices to record highs.

Key developments during the month were,

- ▶ India's Index of Industrial Production (IIP), rose 11.5% on a y-o-y basis in July 2021, but slowed down as against 13.5% in June 2021. Slowdown in IIP on a sequential basis was on the back of deceleration manufacturing, along with mining despite easing pandemic-related restrictions. The IIP for the mining, manufacturing and electricity sectors for July stood at 104.6, 130.9 and 184.7, respectively.
- ▶ India's Consumer Price Index-based Inflation (CPI) for August 2021 came in at 5.30%, compared with 5.59% in July 2021, as food prices cooled further, especially in the case of vegetable inflation. The annual rate of Wholesale Price Index (WPI) based-inflation stood at 11.39%

(provisional) for the month of August 2021 as compared to 0.41% in August 2020. The high rate of inflation in August 2021 is primarily due to rise in prices of non-food articles, mineral oils; crude petroleum & natural gas; manufactured products like basic metals; food products; textiles; chemicals and chemical products etc.

- ▶ India's merchandise exports jumped 45.76% to \$33.28 billion in August 2021, led by petroleum products, gems and jewellery, engineering goods and cotton yarn. Merchandise imports rose 51.72% to \$47.09 billion, as against \$31.03 billion in the corresponding month of 2020. The trade deficit (merchandise) swelled to \$13.81 billion, compared to \$8.2 billion in August 2020. The previous high was \$15.1 billion in April 2021.
- ▶ The Asian Development Bank revised down India's economic growth forecast for the current fiscal to 10%, from 11% predicted earlier, citing the adverse impact of the second wave of the pandemic. The outbreak, however, dissipated faster than anticipated, resulting in several states easing lockdown measures and returning to more normal travel patterns.
- ▶ India has attracted Foreign Direct Investment (FDI) inflow of \$27.37 billion during first four months of this financial year which is 62% higher as compared to corresponding period last financial year. The measures taken by the government on the fronts of FDI policy reforms, investment facilitation and ease of doing business have resulted in increased FDI inflows into the country. FDI equity inflow also grew by 112%.
- ▶ The gross GST revenue collected in the month of September 2021 stood at Rs 1,17,010 crore, up by 23% year on year. Of this, CGST is Rs 20,578 crore, SGST is Rs 26,767 crore, IGST is Rs 60,911 crore (including Rs 29,555 crore collected on import of goods) and Cess is Rs 8,754 crore (including Rs 623 crore collected on import of goods).
- ▶ The government's fiscal deficit stood at Rs 4.68 lakh crore or 31.1% of the budget estimates at the end of August. Net tax receipts were Rs 6.45 lakh crore while total expenditure was Rs 12.77 lakh crore, the data showed.
- ▶ Seasonally adjusted IHS Markit India Manufacturing Purchasing Managers' Index (PMI) rose to 53.7 in September, from 52.3 in August, highlighting a stronger expansion in overall business conditions across the sector.
- ▶ Direct tax collections for the financial year 2021-22, as on 22 September 2021 showed



### Performance of key sectoral indices

Nifty Metal	-2.20%	Nifty India Consumption	3.78%
Nifty Pharma	0.63%	Nifty Auto	5.47%
Nifty IT	0.95%	Nifty Infrastructure	6.25%
Nifty FMCG	1.83%	Nifty Energy	11.94%
Nifty Bank	2.28%	Nifty Realty	31.96%
Nifty MNC	2.28%		

that net collections are at Rs 5,70,568 crore, a y-o-y increase of 74.4%. In the last financial year, the net collection was Rs 3,27,174 crore.

- ▶ Ratings agency ICRA revised up its 2021-22 real GDP growth estimate for India to 9% from the earlier 8.5%. A ramp-up in COVID-19 vaccination, healthy advance estimates of kharif (summer) crop and faster government spending were the factors which led to the revision. ICRA expects the second half of the fiscal year to have brighter prospects.

Global markets were volatile as concerns that China's second-largest property developer Evergrande could default on its debts is spilling over into China's financial markets and even risks contagion that could spread to markets beyond China. Widening power shortage in China is also a cause of concern for global trade. The Federal Reserve indicated it doesn't see an imminent rollback of the monetary stimulus that has been supporting the economy throughout the pandemic. The Fed did not give a specific timeline on when it may begin moderating its purchases. The Institute of International Finance (IIF), revealed that the global debt soared to a record \$300 trillion in the second quarter. However, debt-to-GDP declined for the first time since the onset of the COVID-19 pandemic as growth recovered. The benchmark S&P 500 was down around 3.8% and its first monthly loss since January.

#### Market Outlook

The Reserve Bank of India (RBI) Governor Shaktikanta Das said that there are signs that the world is emerging from the shadow of coronavirus. He opines that the time is right to plan for an economy that is stronger, more inclusive and sustainable.

- ▶ China's import and export growth accelerated in August. Exports rose 25.6% over a year earlier to \$294.3 billion, up from July's 18.9% growth. Imports rose 33.1% to \$236 billion, up from the previous month's 28.7%. China's consumer price index rose 0.8% year-on-year in August.

Meanwhile, the producer price index jumped 9.5% from a year ago. Retail sales grew by a mere 2.5% in August compared with a year earlier, way down from the 8.5% increase in July. Industrial production grew by 5.3% in August from a year earlier after a 6.4% gain in July. China's manufacturing PMI shrank in September 2021 to 49.6 from 50.1 in August 2021, due to increased curtailment of electricity usage and rising input prices.

- ▶ Japan's economy grew faster than the initially estimated in the April-June quarter. Revised GDP data showed the economy grew an annualised 1.9% in April-June, from an initial estimate of a 1.3% expansion. Japan's exports extended double-digit gains in August, led by strong shipments of chip manufacturing equipment. Exports rose 26.2% in August compared with the same month a year earlier. Japan's factory activity grew at the slowest rate in seven months in September as overall output and new orders shrank. The final au Jibun Bank Flash Japan Composite PMI, which is calculated using both manufacturing and services, remained in contraction, coming in at 47.9, from August's final of 45.5.
- ▶ The US current account deficit increased to a 14-year high in the second quarter as businesses boosted imports to replenish depleted inventories amid robust consumer spending. The current account deficit rose 0.5% to \$190.3 billion last quarter. US consumer prices rose by 0.3% in August, the smallest increase in seven months and a hopeful sign that inflation pressures may be cooling. Industrial production increased 0.4% in August. The US retail sales increased in August, rising 0.7% from the previous month.
- ▶ The Eurozone manufacturing purchasing managers index fell to 58.6 in September from 61.4 in August, posting the largest drop since April 2020, according to IHS Markit. German inflation hit 4.1% in September 2021, its highest level in 29 years. The data showed that price of energy and food items were the most affected by inflation
- ▶ The UK retail sales fell unexpectedly in August 2021, dropping 0.9% month-on-month. The fourth consecutive monthly decline marks the longest negative streak since records began.

Sensex scaled above 60000 mark and Nifty just shy away from 18000. At such levels, profit-booking could be seen, however, buy on dips mentality will support the market and stock specific action is likely to prevail.

## TECHNICAL VIEW



Nifty began the month of September on an optimistic note in an uncharted territory and continued the momentum as it attempted to touch 18000, however faced resistance near 17947. Nifty closed the month at 17618 with a gain of 2.8%.

Nifty is placed above its key averages on weekly as well as monthly charts. Though RSI is above its average, as we have been mentioning, is moving in an over-bought zone. Weekly chart has formed a dark cloud cover, which



demands some caution. On quarterly chart, it is the 6 consecutive quarter that Nifty has ended in green.

Going ahead, it is highly likely that Nifty might take a breather and see some profit-booking where 17200 would act as support. Below this level, 16900 would be the support level. On the other hand, 17900-18100 would act as resistance zone now.

## MUTUAL FUNDS PERFORMANCE

**NAV as on 30 September 2021**

**Return %**

Liquid Funds	NAV	30 DAYS	3 MON	6 MON	1 YR
Mirae Asset Cash Management Fund (G)	2178.78	0.24	0.81	1.64	3.26
Axis Liquid Fund (G)	2309.50	0.24	0.82	1.63	3.20
UTI Liquid Cash Plan Reg (G)	3407.34	0.24	0.81	1.63	3.20
Arbitrage Funds	NAV	30 DAYS	3 MON	6 MON	1 YR
Tata Arbitrage Fund (G)	11.51	0.08	0.81	2.06	3.93
UTI Arbitrage Fund (G)	27.96	0.12	0.84	2.13	3.91
Kotak Equity Arbitrage Fund (G)	29.65	0.10	0.81	2.07	3.91
Hybrid Aggressive Funds	NAV	1 YR	2 YR	3 YR	5 YR
DSP Equity & Bond Fund Reg (G)	237.59	47.96	22.54	19.49	13.59
Kotak Equity Hybrid (G)	39.15	50.74	24.65	19.06	13.32
ICICI Pru Equity & Debt Fund (G)	214.64	71.08	27.77	18.91	15.36
Canara Robeco Equity Hybrid Fund Reg (G)	246.65	42.05	23.96	18.43	14.57
Hybrid Balanced Advantage Funds	NAV	1 YR	2 YR	3 YR	5 YR
Edelweiss Balanced Advantage Fund (G)	35.79	35.52	22.34	16.27	13.34
Kotak Balanced Advantage Fund Reg (G)	14.40	22.99	15.51	13.36	N/A
Aditya Birla SL Balanced Advantage Fund (G)	73.27	32.98	16.74	13.33	10.61
ICICI Pru Balanced Advantage Fund Reg (G)	48.52	28.33	15.32	13.19	11.07
Equity Value Funds	NAV	1 YR	2 YR	3 YR	5 YR
Nippon India Value Fund (G)	122.00	71.51	29.67	21.49	16.23
IDFC Sterling Value Fund Reg (G)	83.93	88.14	35.15	19.28	16.65
UTI Value Opportunities Fund (G)	100.34	61.61	29.14	19.20	14.96
ICICI Pru Value Discovery Fund (G)	244.90	68.02	32.59	18.51	14.48
Equity Focused Funds	NAV	1 YR	2 YR	3 YR	5 YR
SBI Focused Equity Fund Reg (G)	237.85	66.18	27.90	23.01	17.93
Principal Focused Multicap Fund (G)	108.63	61.29	29.88	21.44	16.34
Nippon India Focused Equity Fund (G)	77.06	75.38	31.23	20.99	14.90
Axis Focused 25 Fund Reg (G)	47.31	61.91	26.96	20.99	19.03
Tax Saving Schemes	NAV	1 YR	2 YR	3 YR	5 YR
Mirae Asset Tax Saver Fund Reg (G)	31.11	64.30	32.52	24.06	20.99
Canara Robeco Equity Tax saver Fund Reg (G)	115.29	59.24	32.64	23.82	18.69
DSP Tax Saver Fund Reg Fund (G)	81.44	70.03	28.50	22.73	16.43
Axis Long Term Equity Fund (G)	75.56	62.42	26.91	21.78	17.96
Kotak Tax Saver Scheme (G)	70.47	56.35	26.41	20.14	15.50
Large Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Canara Robeco Bluechip Equity Fund (G)	41.88	53.58	27.94	21.47	17.26
Axis Bluechip Fund (G)	46.84	52.52	22.67	20.83	18.16
Kotak Bluechip Fund (G)	379.52	56.84	26.77	19.65	15.21
SBI Blue Chip Fund Reg (G)	61.60	60.71	24.14	18.83	13.89
Mid Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Nippon India Growth Fund (G)	2047.18	76.20	37.37	26.14	17.72
Axis Midcap Fund (G)	68.77	62.00	34.81	25.98	20.69
Kotak Emerging Equity (G)	70.70	72.58	36.17	25.63	17.59
UTI Mid Cap Fund (G)	185.75	68.25	39.02	24.73	15.14
Other FoFs Domestic	NAV	1 YR	2 YR	3 YR	5 YR
ICICI Pru Asset Allocator Fund (FOF) (G)	77.78	32.31	16.91	14.02	12.66

Large & Mid Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Mirae Asset Emerging Bluechip Fund Reg (G)	97.58	68.46	35.17	26.65	21.01
Canara Robeco Emerging equities Reg (G)	162.25	62.62	33.61	22.47	18.14
Tata Large & Mid Cap Fund (G)	328.92	56.29	25.46	21.26	14.64
DSP Equity Opp Fund Reg (G)	363.99	66.68	27.63	20.77	15.81

Small Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Kotak Smallcap Fund (G)	159.87	100.67	51.10	32.76	20.44
Axis Small Cap Fund Reg (G)	58.35	75.86	38.69	31.38	21.30
ICICI Pru Smallcap Fund Reg (G)	49.95	92.71	42.28	29.88	17.09
Nippon India Small Cap Fund (G)	81.11	92.39	46.93	27.16	22.23

Flexicap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Parag Parikh Flexi Cap Fund Reg (G)	49.56	57.38	39.62	26.57	22.05
UTI Flexi Cap Fund Reg (G)	263.86	68.72	36.23	25.00	19.15
DSP Flexi Cap Fund Reg (G)	67.43	66.58	27.96	24.07	17.08
Canara Robeco Flexi Cap Fund (G)	226.77	56.87	29.68	22.07	18.09
Axis Flexi cap Fund (G)	19.25	58.44	24.51	22.02	N/A

Sector & Thematic Funds	NAV	1 YR	2 YR	3 YR	5 YR
ICICI Pru Technology Fund (G)	157.23	94.28	62.46	36.61	32.65
Aditya Birla SL Digital India Fund Reg (G)	134.65	87.95	57.07	36.17	31.52
Mirae Asset Healthcare Fund (G)	23.70	36.47	53.22	30.44	N/A
Sundaram Services Fund (G)	20.73	78.22	33.74	27.34	N/A
Tata Resources & Energy Fund Reg Plan (G)	28.80	77.52	42.38	26.99	18.00
ICICI Pru Pharma Healthcare And Diagnostics Fund (G)	21.26	32.88	50.23	26.67	N/A
Aditya Birla SL India Gen Next Fund Reg (G)	137.22	61.19	25.83	22.09	16.36
Aditya Birla SL Infrastructure Fund Reg (G)	50.31	93.35	31.03	18.67	12.13
SBI Banking & Financial Services Fund Reg (G)	25.22	62.98	17.23	18.47	16.47
Tata Banking and Financial Services Fund Reg (G)	26.33	59.93	15.31	18.23	15.13
IDFC Infrastructure Fund Reg (G)	23.60	100.85	28.78	17.64	14.47

Index	NAV	1 YR	2 YR	3 YR	5 YR
S&P BSE Sensex	59126.36	55.32	23.62	17.69	16.23
NSE - Nifty 50	17618.15	56.64	23.88	17.20	15.38

### CORPORATE ACTIONS IN OCTOBER 2021

COMPANY	RECORD DATE	PURPOSE
Asian Paints	29/10/2021	Interim Dividend
HCL Technologies	23/10/2021	Third Interim Dividend
Hind. Unilever	27/10/2021	Interim Dividend
I R C T C	29/10/2021	Stock Split from Rs.10/- to Rs.2/-
L&T Technology	27/10/2021	Interim Dividend
SRF	14/10/2021	4:1 Bonus Issue of Equity Shares
TCS	19/10/2021	Second Interim Dividend

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

GAINERS			
COMPANY	OPEN	CLOSE	%
Coal India Ltd.	146.6	185.1	26.26%
N T P C Ltd.	116	141.85	22.28%
Oil & Natural Gas Corpn. Ltd.	121.8	144.5	18.64%
Tata Motors Ltd.	289	333.35	15.35%
Kotak Mahindra Bank Ltd.	1753.75	2005.5	14.35%

LOSERS			
COMPANY	OPEN	CLOSE	%
Tata Steel Ltd.	1451.25	1288.9	-11.19%
Bharat Petroleum Corpn. Ltd.	473.25	432.2	-8.67%
Divi'S Laboratories Ltd.	5176	4798.7	-7.29%
Tata Consumer Products Ltd.	871.1	813.6	-6.60%
Ultratech Cement Ltd.	7832	7396.1	-5.57%

## COMPANY ANALYSIS

### BIRLASOFT LIMITED

**CMP** (As on 30 September 2021) – **409**

**INDUSTRY - IT**

**OCTOBER 2021**

**SENSEX – 59126    NIFTY – 17618**

<b>Mkt. Cap.</b>	:	11373.94 Cr
<b>Equity</b>	:	55.53
<b>Trading Vol.</b>	:	110262
<b>52 Week High/Low</b>	:	457/172
<b>Face Value</b>	:	2

<b>BSE Group</b>	:	A
<b>BSE Code</b>	:	532400
<b>NSE Symbol</b>	:	BSOFT
<b>Bloomberg</b>	:	BSOFTIN
<b>Reuters</b>	:	BIRS.BO

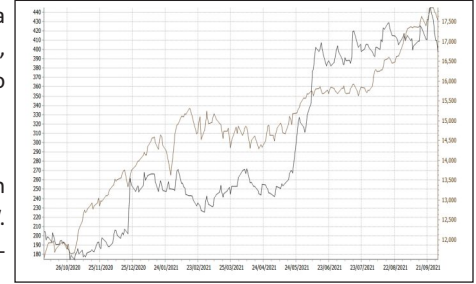
<b>Shareholding Pattern</b>		
<b>Promoters</b>	:	41
<b>Institutions</b>	:	23
<b>Public</b>	:	18
<b>Others</b>	:	18

A part of the CK Birla group, Birlasoft is an IT services provider. Its services span across blockchain, data analytics, clouds among others under Digital segment, SCM, Product Life Management, CRM, Oracle, SAP, etc under Enterprise segment. Under solutions it has various trademark products to offer to industries as per requirement.

#### Investment rationale

- ▶ Q1 revenue grew by 3.4%. EBIDTA margin improved to 16% while PAT margin improved to 12%. In last one year, over 75% business has come from US, 12% from Europe and balance from ROW. Manufacturing segment contributes 45%, BFSI 18%, Energy & Utilities contribute 15% and Life-sciences contributes 23%. It has 291 active clients, while Top 5 clients contribute 30% to revenues.
- ▶ The management is confident of delivering revenue growth in the mid -teens in FY22, driven by strong deal intake, robust deal pipeline and improving win rates, and broad-based demand. Management indicated that the supply-side issue is the only constraint to growth. It remains confident of accelerating revenue growth on the back of broadbased demand and increased traction in the areas of Cloud, Digital and Cybersecurity.
- ▶ Management indicated that Birlasoft will continue to make investments to capitalize on demand. As part of its micro vertical strategy, Birlasoft has identified medical devices (part of Life sciences), high tech (part of Manufacturing; growing at over 20%), heavy industries (Cement, Building Materials; part of Manufacturing), and lending and payment (part of BFSI) as key micro verticals to focus on in order to accelerate growth.

The company begun FY22 on a positive note with healthy growth and improved traction in its Enterprise Solutions business and net new wins. Birlasoft has also improved its partnership status with Microsoft Azure and AWS, while progress on Google cloud has been slow but may soon accelerate. A zero debt company with consistent positive CFO. PAT margin is above 10% and RONW near to 14%. 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	55.46	55.34	54.83	37.9	37.64
Networth	2,179.94	1,892.42	1,713.55	1,816.91	1,582.46
Total debt	128.11	145.03	38.12	310.01	387.15
Sales	3,555.72	3,290.97	2,550.67	2,249.80	3,323.36
Other Income	18.98	42.99	100.42	87.04	46.75
Operating profit	548.21	434.91	406.81	370.33	395.38
PAT	320.83	224.35	292.16	254.37	238.54
Book Value (Rs)	78.62	68.39	62.51	59.73	52.4
EPS (Rs.)	11.57	8.11	10.56	8.31	7.9
Dividend (%)	175	100	100	120	110
Payout (%)	28.63	58.69	27.24	23.35	12.22

#### Latest Results (Rs. Crore)

Quarter Ended (standalone)	Jun-21	Jun-20	Var [%]
Sales	453.23	384.86	17.76
Other Income	23.24	-5.6	-515
PBIDT	106.6	83.01	28.42
PBT	87.59	61.96	41.37
PAT	66.35	40.7	63.02

## COMPANY ANALYSIS REVIEW

### TATA POWER LIMITED

**CMP** (As on 30 September 2021) – **158**

**INDUSTRY - POWER**

**OCTOBER 2021**

<b>Mkt. Cap.</b>	:	50710.04 Cr
<b>Equity</b>	:	319.53
<b>Trading Vol.</b>	:	10597602
<b>52 Week High/Low</b>	:	172/50
<b>Face Value</b>	:	1

<b>BSE Group</b>	:	A
<b>BSE Code</b>	:	500400
<b>NSE Symbol</b>	:	TATAPOWER
<b>Bloomberg</b>	:	TPWRIN
<b>Reuters</b>	:	TTPW.BO

<b>Shareholding Pattern</b>		
<b>Promoters</b>	:	47
<b>Institutions</b>	:	21
<b>Public</b>	:	12
<b>Others</b>	:	21

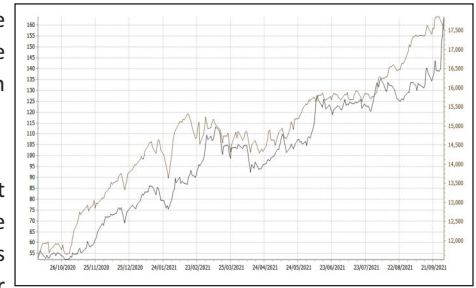
*We had earlier recommended the stock in our Sajag Online publication of December 2015. We remain optimistic about the company owing to strong parentage, presence in renewable energy with an integrated business model.*

Tata Power, together with its subsidiaries and joint entities, is present across the entire power value chain of conventional & renewable energy and next-generation customer solutions. Tata power is the largest integrated power company in India with its presence across the value chain through production, services and infrastructure. It has an installed/managed capacity of 12,808 MW.

#### Investment rationale

- ▶ All existing generation, distribution and transmission business units reported a robust performance despite the challenges presented by the ongoing pandemic in Q1. This can be attributed to the excellent performance of all businesses and capacity additions. Tata power is present in Power supply, Solar rooftops, solar modules & cells, solar RO systems, EV charging, Solar pumps, Microgrids, Home automation solutions and Utility solar EPC.
- ▶ Tata Power aims to scale up its renewable portfolio from the current 4 GW to 15 GW by 2025 and to 25 GW by 2030 thereby achieving 80% clean generation capacity, up from the current 31%. As India's largest integrated solar EPC company, it delivered strong performance in FY21 with Tata Power Solar's order book over Rs 8,700 crore and a capacity of around 2,800 MW. This achievement also strengthens its position as the No. 1 Solar EPC player for seven years in a row. It has five renewable projects registered under the Clean Development Mechanism (CDM) programme by United Nations Framework Convention on Climate Change (UNFCCC). It has nearly reached 1,000 electric vehicle (EV) charging stations. It has recently signed agreement with HPCL to set up EV charging stations at its petrol pumps in multiple cities and major highways across the country.
- ▶ The company has D/E of 1.1. PBDITA margin is 48% while RONW is 4.4%. The CFO has been consistently positive over years.

As is apparent from company's plans, Tata Power is transforming itself from a traditional utility company to a consumer facing business and this could open up huge opportunities for future growth. To switch to clean energy, the company will cease to build new coal-based capacity and will not acquire coal-based stressed assets as mentioned in its integrated report. The company is well-placed to benefit from the opportunities which are arising from green energy. 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	319.56	270.5	270.5	515.5	270.5
Networth	22,322.26	19,566.02	18,305.51	16,644.88	13,214.55
Debt	46,708.22	51,936.15	48,506.04	48,344.24	48,815.41
Sales	32,468.10	29,136.37	29,881.06	26,840.27	27,587.59
Other Income	1,923.67	2,301.98	3,854.42	3,873.32	1,891.73
Operating profit	8,695.86	9,085.22	10,256.38	8,880.47	6,770.64
PAT	1,438.65	1,316.44	2,605.66	2,610.85	1,099.63
Book Value (Rs)	63.09	64.35	59.69	52.64	46.41
EPS (Rs.)	3.53	3.76	8.71	8.9	3.31
Dividend (%)	155	155	130	130	130
Payout (%)	45.5	237.64	19.9	-11.05	95.66

#### Latest Results (Rs. Crore)

Quarter Ended (standalone)	Jun-21	Jun-20	Var [%]
Sales	1,818.39	1,412.42	28.74
Other Income	426.49	146.24	191.64
PBIDT	936.66	626.64	49.47
PBT	401.49	72.41	454.47
PAT	198.04	44.93	340.77

## SUNDRAM FASTENERS LIMITED

CMP (As on 30 September 2021) – 914

INDUSTRY - FASTENERS

OCTOBER 2021

Mkt. Cap.	: 19217.29 Cr
Equity	: 21.01
Trading Vol.	: 4263
52 Week High/Low	: 958/391
Face Value	: 1

BSE Group	: A
BSE Code	: 500403
NSE Symbol	: SUNDRMFAST
Bloomberg	: SFIN
Reuters	: SNFS.BO

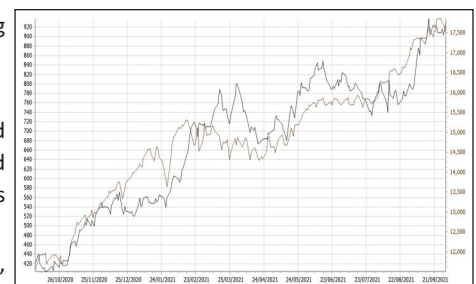
Shareholding Pattern	
Promoters	: 50
Institutions	: 18
Public	: 11
Others	: 21

*We had earlier reviewed the stock in our Sajag Online publication of February 2015. We remain optimistic about the company owing to strong parentage, improving business outlook and stable financials.*

Part of the TVS group, Sundram Fasteners Limited has grown into a global leader, manufacturing critical, high precision components for the automotive, infrastructure, windmill and aviation sectors.

#### Investment rationale

- ▶ It has varied range of productions encompasses fasteners, power train components, sintered metal products, iron powder, cold extruded parts, radiator caps, water pumps, oil pumps and wind energy components. It has both OEM and aftermarket customers in highly competitive markets like India, China, Germany, USA, UK, Italy, France and Brazil.
- ▶ The domestic OEMs have reached 80-85% of pre-Covid levels, except for the CV segment, especially heavy commercial vehicles. The replacement market has also shown a good recovery, while exports continue to do well due to increased interest among global OEMs to source from India. Both domestic and exports businesses look promising.



- ▶ The company is likely to be back to previous level of capex spend, about Rs 300 crore from FY22. The chip shortage situation will affect the PV business in the short run but is likely to get resolved and reach predictable/stable levels by end of Q3. Sundram Fasteners is well-placed to benefit from technology shift from BS-VI to electric vehicles, especially in emission-control products. Moreover, the company has capabilities to benefit from technological trends shifting towards lightweight and high strength products.
- ▶ Till 2019, Sales CAGR was 6% and PBDITA CAGR was 12%. However, 2021 sales CAGR for 10 years is 3% and PBDITA is 7.5%. Over the years, margins have been improving, operating margin is 18.2%. D/E is 0.3, with consistent positive CFO. RONW is 16-17%.

Sundram Fasteners also sees momentum in its new businesses such as defence, aerospace and electric vehicles. Government policies to promote self-reliance in the defence and the aerospace sectors have centred on the implementation of advanced technologies. It improves the potential for domestic manufacturing and provides more opportunities for SFL. 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	21.01	21.01	21.01	21.01	21.01
Networth	2,347.10	1,995.92	1,869.97	1,531.10	1,236.13
Total debt	710.2	917.07	995.13	700.02	700.51
Sales	3,644.29	3,723.23	4,557.90	3,911.49	3,541.95
Other Income	27.4	28.09	26.8	23.2	15.41
Operating Profit	691.52	620.99	827.22	703.71	602.14
PAT	362.71	326.53	458.97	388.17	338.18
Book Value (Rs)	111.71	95	89	72.87	58.84
EPS (Rs.)	17.1	15.46	21.77	18.4	15.71
Dividend (%)	470	415	510	460	450
Payout (%)	8.33	53.59	23.77	28.27	11.59

#### Latest Results (Rs. Crore)

Quarter Ended (standalone)	Jun-21	Jun-20	Var [%]
Sales	916.39	267.88	242.09
Other Income	9.54	7.64	24.87
PBIDT	192.88	12.99	1,384.83
PBT	151.13	-31.4	NA
PAT	112.55	-23.48	NA

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)	557,769	30.5	1,013,296	21.1	2,104,728	19.0	3,318,948	19.3	7,915,156	17.8
Canara Robeco - Emerging equities Reg (G)	586,294	34.3	1,049,319	22.5	2,342,128	21.6	4,019,606	22.8	10,130,439	20.6
Kotak Equity Opportunities Fund (G)	551,447	29.7	986,491	20.0	1,982,701	17.6	3,022,008	17.6	6,342,882	15.3
Mirae Asset Emerging Bluechip Fd Reg (G)	607,943	37.1	1,125,864	25.4	2,613,796	24.3	4,584,776	25.3	N/A	N/A
SBI Focused Equity Fund Reg (G)	570,536	32.2	1,053,917	22.7	2,158,704	19.7	3,323,401	19.3	8,253,817	18.3

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

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

### M&M LIMITED

**CMP (AS ON 30 SEPTEMBER 2021) - 803 TARGET - 925**

Mahindra & Mahindra Ltd., incorporated in the year 1945, is a leading company operating in Auto sector and makes the best-selling farm tractor in the world, and is amongst top 3 and the fastest-growing brand. September sales slipped 12% to 13,134 units against the year-ago figure of 14,857, however, in the exports market, it sold 1,278 tractors with a growth of 25% y-o-y. The company is more focussed on rural markets. In the SUV and CV segment M&M now has a solid presence across four product lines: Bolero, Scorpio, Thar and XUV300. The divestment of SsangYong and the significant restructuring of US farm business have helped to revive the consolidated earnings. It is also looking to raise funds for its EV segment. The stock trades at a PB of 2.

### BIOCON LIMITED

**CMP (AS ON 30 SEPTEMBER 2021) - 362 TARGET - 415**

Biocon is the leading biotechnology company in India focussed on diabetes, cancer and autoimmune diseases. Its 4 global businesses include generics, biosimilars, research services and novel biologics. In Q1, Biocon has seen a strong 41% y-o-y growth in Research Services and a steady growth in its Biosimilars business, reporting revenue of Rs 758 Crore, up 10% over the same period last year, and 14% over the preceding quarter. Biocon Biologic (a subsidiary) recently announced partnership with SILS (a subsidiary of Serum Institute) which would positively contribute to Biocon's revenue growth. Further, the company's biosimilar portfolio is progressing well now. It announced launch of Everolimus tablets, used in the treatment of some cancers, in the US market. The outlook for the rest of the year is promising with several drug approvals on the anvil.

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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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