

**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 Ontime 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, FY22 GDP growth forecast at 9.5%

Time period	31/1/2022	31/12/2021	31/12/2007
Nifty	17339.85	17354.05	6138
<b>Valuation</b>			
Trailing PE	23.42	24.11	27.62
Trailing PB	4.37	4.37	6.39
Mcap/GDP	1.50	1.51	1.23
<b>Nifty return</b>			
1 year	27.18%	24.12%	54.77%
2 year	20.40%	19.42%	47.11%
3 year	16.98%	16.90%	43.43%
<b>EPS growth</b>			
1 year	98.58%	97.94%	19.13%
2 year	27.85%	29.38%	15.95%
3 year	21.53%	20.14%	17.85%
<b>Other data points</b>			
Credit growth	8.00%	7.30%	25%
10-year bond yield	6.60	6.45	7.57
Brent Oil Futures	91.21	77.78	93.25
USD/INR	74.52	74.46	39.23
Gold (oz/USD)	1795.00	1828.60	843.2

Source: RBI, NSE, ET, Prowess

## MARKET REVIEW

### Indices remain volatile!

In the month of January, Nifty saw a bout of profit-booking and also staged a decent recovery as it followed global cues.

Key developments during the month were,

- ▶ Industrial production for the month of November grew by 1.4% as compared to -1.6% in the same month last year. IIP surged 3.2% in the month of October.
- ▶ India's retail inflation rose sharply to 5.59% in the month of December from 4.91% in November, pushed up by rising prices of manufactured items. Inflation as measured by CPI was 4.59% in the year-ago period. The wholesale inflation across the country rose to 13.56% in December. The wholesale price index (WPI) grew 14.23% during the month of November, while the WPI for October was revised to 13.83% from 12.54%. The WPI in December 2020 was at 1.95%.

- ▶ India's merchandise exports for the month of December 2021 were \$37.8 billion, as compared to \$27.22 billion in the same month last year, an increase of 39%. Meanwhile, imports in reporting month grew 38.6% at 59.48 billion, over imports of \$42.93 billion in December 2020. This leaves India with a trade deficit of \$21.7 billion at the end of December. The trade deficit was \$22.91 billion in November.
- ▶ The Centre's fiscal deficit rose to 50.4% of the FY22 target in April-December 2021, with a huge increase seen in tax collections as well as capital expenditure for the month of December 2021.
- ▶ The gross GST collections for the month of January 2022 at Rs 1,40,986 crores are the highest since the inception of GST. GST collection in January had witnessed a growth of 15% over the year-ago period, on pick up in economic activity and anti-evasion measures

Persisting concerns over rising global inflation and the impending rate hikes by the US Fed triggered selloff in the domestic market. Increasing coronavirus cases, unabated selling by foreign portfolio investors and muted corporate earnings further dampened the sentiment. For the month of January FIIs have net sold shares worth Rs. 41,346.35 crores. Meanwhile, India and the UK formally launched negotiations for a Free Trade Agreement between two countries. The Free Trade Agreement would be a substantial opportunity for both economies and a significant moment in the bilateral relationship. The FM announced Union Budget 2022-23 that aims to provide impetus to growth as focus is on infrastructure. It clearly lacked any populist measures and focused on long term development.

The US Federal Reserve said it is likely to hike interest rates in March and reaffirmed plans to end its bond purchases that month in what US central bank chief Jerome Powell pledged will be a sustained battle to tame inflation. US stocks mostly nudged higher powered by better-than-expected tech sector earnings and fading bets of a big rate increase from the Federal Reserve. Oil prices have been playing a spoilsport (+15% in January) as traders continue to track the threat of a Russian invasion of Ukraine.

### Market Outlook

The World Bank cut growth forecasts for the US, the Euro zone as well as China. It warned that high debt levels, rising income inequality and new coronavirus variants threatened the recovery in developing economies.



### Performance of key sectoral indices

Nifty IT	-10.14%	Nifty Metal	-1.02%
Nifty Pharma	-7.49%	Nifty Infrastructure	1.97%
Nifty FMCG	-3.20%	Nifty Auto	6.38%
Nifty MNC	-2.23%	Nifty Bank	6.72%
Nifty India Consumption	-1.97%	Nifty Energy	10.27%
Nifty Realty	-1.20%		

- ▶ India's GDP is estimated to rise 9.2% in the current fiscal as compared to a contraction of 7.3% in the FY21. The World Bank noted that India's economic growth is expected to be 8.3% in FY22 and 8.7% in FY23. The IMF raised its forecast for growth in India's GDP in FY23 by 50 bps to 9%. India's GDP growth forecast for FY24 was also raised by 50 bps to 7.1%. Explaining the upward revision in an update to its World Economic Outlook report, the IMF said it expects an improvement in India's credit growth which would boost consumption and investment and "better-than anticipated performance of the financial sector. India's seasonally adjusted IHS Markit Manufacturing Purchasing Managers' Index was at 54.0 in January, down from 55.5 in December and signalling the weakest improvement in the health of the sector since last September. Still, the headline figure remained above its long-run average (53.6).
- ▶ China's factory activity contracted at the sharpest rate in 23 months in January. The Caixin/Markit Manufacturing Purchasing Managers' Index fell to 49.1 in January - its lowest level since February 2020. China's dollar-denominated exports grew 29.9% compared to the past year, and its imports rose 30.1% in the same period. New bank lending in China fell more than expected in December from the previous month. Chinese banks extended 1.13 trillion yuan (\$177.56 billion) in new yuan loans in December, down from 1.27 trillion yuan in November. China's economy grew by 8.1% in 2021, and industrial production rose steadily through the end of the year and offset a drop off in retail sales. China's GDP grew by 2.2% in 2020 from the prior year. China's central bank cut the borrowing costs of its medium-term loans for the first time since April 2020.

- ▶ US manufacturing activity, while still expanding, eased for the third straight month in January as the Institute for Supply Management's factory index, the PMI, slipped by 1.2% in January to 57.6, its lowest level since November 2020. US consumer price growth rose at the fastest pace in almost four decades in December. The CPI increased at a 7% y-o-y last month, a step up from the 6.8% rate registered in November and the largest jump since June 1982. The producer price index for final demand increased 0.2% last month. That was the smallest gain in the PPI since November 2020 and followed a 1% jump in November. The US economy expanded by 5.7% in 2021. It was the strongest calendar-year growth since a 7.2% surge in 1984 after a previous recession. The economy ended the year by growing at a solid 6.9% annual pace from October through December.
- ▶ In Europe, the UK inflation rate soared to a 30-year high in December, as higher energy costs, resurgent demand and supply chain issues continued to drive up consumer prices. Inflation hit an annual 5.4%, its highest since March 1992 and up from 5.1% in November, itself a decade high. UK retail sales jumped in December, growing 4.6% compared with December 2019. In Eurozone, IHS Markit's final manufacturing Purchasing Managers' Index rose to a five-month high of 58.7 in January from December's 58. South Korea's economy grew 1.1% in the fourth quarter of 2021 compared to the previous quarter as per the Bank of Korea. For the full year, GDP expanded by 4% in 2021, the fastest in 11 years.
- ▶ Japan's inflation data showed that core consumer prices rose 0.5% in December compared to a year earlier, as fuel and raw material costs increased. The final au Jibun Bank Japan Manufacturing Purchasing Managers' Index in January rose to 55.4 on a seasonally adjusted basis, up from a 54.6 flash reading and the previous month's final of 54.3. That marked the fastest growth since February 2014 and the 12th straight month of expansion in manufacturing activity.

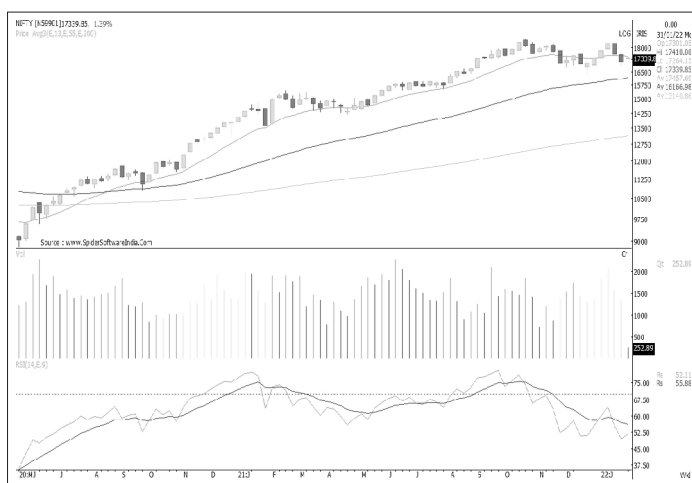
Going ahead, markets would be guided by economic data and geopolitical situations. Indian indices would be guided by global cues alongwith India INC results.

## TECHNICAL VIEW

Nifty began the New year on a positive note as it continued its recovery from the low of 16410 in earlier month. Nifty successfully crossed the 18000 mark, however, at this level, Nifty witnessed profit-booking which took it lower to 16836. Nifty closed the month at 17339.

As we have been observing in last few days, Nifty has been seeing volatility and profit-booking at higher levels, as it saw in earlier months. It has moved below its 13-week EMA. RSI has moved below the average on weekly charts whereas, monthly chart Nifty as well as RSI is above respective averages. Nifty has formed a 'Doji' on monthly chart, however has respected its trendline.

Going ahead, 17150 (retracement level of the upmove from 16410-18350) would be the immediate support for Nifty below which 16800 is likely to be an important support for Nifty. On the other hand, 17800-17900 is a resistance zone for Nifty. If Nifty crosses this resistance, it would move towards 18300 and 18600.



## MUTUAL FUNDS PERFORMANCE

NAV as on 31 January 2022

Return %

Liquid Funds	NAV	30 DAYS	3 MON	6 MON	1 YR
Axis Liquid Fund (G)	2336.01	0.28	0.89	1.68	3.33
UTI Liquid Cash Plan Reg (G)	3446.47	0.28	0.88	1.68	3.33
Mirae Asset Cash Management Fund (G)	2203.43	0.28	0.87	1.67	3.33

Arbitrage Funds	NAV	30 DAYS	3 MON	6 MON	1 YR
SBI Arbitrage Opp Fund Reg (G)	27.14	0.40	0.88	2.03	4.28
Kotak Equity Arbitrage Fund (G)	30.05	0.42	0.98	1.81	4.21
Axis Arbitrage Fund (G)	15.16	0.47	1.16	2.01	4.21

Hybrid Aggressive Funds	NAV	1 YR	2 YR	3 YR	5 YR
ICICI Pru Equity & Debt Fund (G)	225.12	47.20	27.46	21.28	15.56
Kotak Equity Hybrid (G)	39.96	28.83	21.15	20.12	13.47
DSP Equity & Bond Fund Reg (G)	233.54	22.74	17.88	18.34	13.12
Canara Robeco Equity Hybrid Fund Reg (G)	246.07	24.16	19.90	17.75	14.70

Hybrid Balanced Advantage Funds	NAV	1 YR	2 YR	3 YR	5 YR
Edelweiss Balanced Advantage Fund (G)	35.84	19.35	19.42	16.60	13.77
Tata Balanced Advantage Fund (G)	14.58	16.79	15.81	13.26	N/A
ICICI Pru Balanced Advantage Fund Reg (G)	49.43	16.86	13.79	13.22	11.28
Kotak Balanced Advantage Fund Reg (G)	14.37	12.61	12.72	12.81	N/A

Equity Value Funds	NAV	1 YR	2 YR	3 YR	5 YR
IDFC Sterling Value Fund Reg (G)	90.40	62.39	35.47	23.71	18.17
ICICI Pru Value Discovery Fund (G)	253.94	44.14	33.25	22.47	15.63
Nippon India Value Fund (G)	123.63	42.60	28.16	21.74	17.15
UTI Value Opportunities Fund (G)	100.95	31.03	23.83	20.49	15.82

Equity Focused Funds	NAV	1 YR	2 YR	3 YR	5 YR
IIFL Focused Equity Fund (G)	30.37	34.53	27.45	28.50	19.12
SBI Focused Equity Fund Reg (G)	235.65	37.79	22.10	22.60	18.90
Nippon India Focused Equity Fund (G)	78.86	40.71	28.43	21.94	15.87
Franklin India Focused Equity Fund (G)	67.08	41.29	25.97	20.77	15.60

Tax Saving Schemes	NAV	1 YR	2 YR	3 YR	5 YR
IDFC Tax Advantage Reg (G)	98.45	49.12	32.49	23.71	18.78
Canara Robeco Equity Tax saver Fund Reg (G)	116.19	34.06	29.06	23.54	19.44
Mirae Asset Tax Saver Fund Reg (G)	31.06	35.03	27.55	23.39	20.45
DSP Tax Saver Fund Reg Fund (G)	81.69	37.76	25.39	22.72	16.42
Kotak Tax Saver Scheme (G)	71.86	33.86	21.87	20.56	15.90

Large Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Canara Robeco Bluechip Equity Fund (G)	41.44	26.65	22.68	20.88	17.65
Kotak Bluechip Fund (G)	372.81	28.76	21.47	19.57	15.28
Axis Bluechip Fund (G)	44.93	23.20	18.02	18.82	18.40
SBI Blue Chip Fund Reg (G)	60.36	27.43	20.33	18.47	14.08

Mid Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
SBI Magnum MidCap Fund Reg (G)	140.23	50.70	35.14	26.49	15.42
Kotak Emerging Equity (G)	72.00	43.91	29.01	26.33	17.84
Axis Midcap Fund (G)	67.81	38.44	27.81	25.80	21.69
Nippon India Growth Fund (G)	2052.97	45.87	30.42	25.40	18.37

Other FoFs Domestic	NAV	1 YR	2 YR	3 YR	5 YR
ICICI Pru Asset Allocator Fund (FOF) (G)	78.37	17.43	15.29	13.34	12.09

Large & Mid Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Axis Growth Opportunities Fund Reg (G)	20.62	43.49	29.64	26.66	N/A
Mirae Asset Emerging Bluechip Fund Reg (G)	97.88	37.79	29.61	25.51	20.78
Canara Robeco Emerging equities Reg (G)	162.26	37.07	26.67	22.70	18.29
ICICI Pru Large & Mid Cap Fund Reg (G)	544.25	48.07	27.48	21.22	14.74

Small Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Kotak Smallcap Fund (G)	163.75	61.96	43.26	34.89	21.25
Axis Small Cap Fund Reg (G)	61.94	58.58	33.38	33.35	22.77
Canara Robeco Small Cap Fund Reg (G)	23.55	74.57	49.61	32.80	N/A
Nippon India Small Cap Fund (G)	86.34	72.57	44.65	31.67	22.53

Flexicap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Parag Parikh Flexi Cap Fund Reg (G)	49.54	38.74	34.5	27.96	21.57
UTI Flexi Cap Fund Reg (G)	253.05	29.83	26.79	23.63	19.14
DSP Flexi Cap Fund Reg (G)	65.46	29.81	21.68	22.41	16.44
Canara Robeco Flexi Cap Fund (G)	227.11	33.89	25.13	21.53	18.63
Axis Flexi cap Fund (G)	18.63	29.29	20.52	20.13	N/A

Sector & Thematic Funds	NAV	1 YR	2 YR	3 YR	5 YR
ICICI Pru Technology Fund (G)	158.14	59.09	61.05	37.95	33.20
Aditya Birla SL Digital India Fund Reg (G)	135.20	53.32	53.05	37.64	32.17
Mirae Asset Healthcare Fund (G)	22.38	24.76	39.74	29.32	N/A
Tata Resources & Energy Fund Reg Plan (G)	28.51	48.70	37.24	29.06	16.68
Sundaram Services Fund (G)	20.76	44.74	26.56	26.45	N/A
ICICI Pru Pharma Healthcare And Diagnostics Fund (G)	19.77	16.64	35.56	26.33	N/A
IDFC Infrastructure Fund Reg (G)	24.29	60.65	29.52	21.49	12.48
Aditya Birla SL India Gen Next Fund Reg (G)	135.48	30.82	20.47	20.07	16.90
Aditya Birla SL Infrastructure Fund Reg (G)	49.61	49.29	26.32	19.66	11.88
Tata Banking and Financial Services Fund Reg (G)	25.72	19.54	10.00	15.23	14.89
SBI Banking & Financial Services Fund Reg (G)	24.78	21.30	10.80	14.97	16.54

Index	NAV	1 YR	2 YR	3 YR	5 YR
S&P BSE Sensex	58014.17	25.34	19.33	16.95	15.96
NSE - Nifty 50	17339.85	27.18	20.37	16.97	15.15

### CORPORATE ACTIONS IN FEBRUARY 2022

COMPANY	RECORD DATE	PURPOSE
Container Corpn.	03/02/2022	Rs.2 per share (40%) Second Interim Dividend
SRF	04/02/2022	Rs.4.75 per share (47.5%) Second Interim Dividend
NTPC	05/02/2022	Rs.4 per share (40%) Interim Dividend
Marico	07/02/2022	Rs.6.25 per share (625%) Second Interim Dividend
P & G Hygiene	09/02/2022	Rs.95 per share (950%) Interim Dividend
Bharat Electron	10/02/2022	Rs.1.5 per share (150%) Interim Dividend
Gillette India	10/02/2022	Interim Dividend
Sun Pharma.Inds.	10/02/2022	Rs.7 per share (700%) Interim Dividend
Cholaman.Inv.&Fn	11/02/2022	Rs.1.3 per share (65%) Interim Dividend
Shree Cement	12/02/2022	Interim Dividend
Power Grid Corpn	17/02/2022	Second Interim Dividend
MRF	18/02/2022	Second Interim Dividend
Page Industries	18/02/2022	Third Interim Dividend

## COMPANY ANALYSIS

### ASTRA MICROWAVE LIMITED

**CMP** (As on 31 January 2022) – 217

**INDUSTRY - ELECTRONICS**

**FEBRUARY 2022**

**SENSEX – 58014    NIFTY – 17339**

<b>Mkt. Cap.</b>	: 1885.10 Cr
<b>Equity</b>	: 17.32
<b>Trading Vol.</b>	: 292645
<b>52 Week High/Low</b>	: 290/108
<b>Face Value</b>	: 2

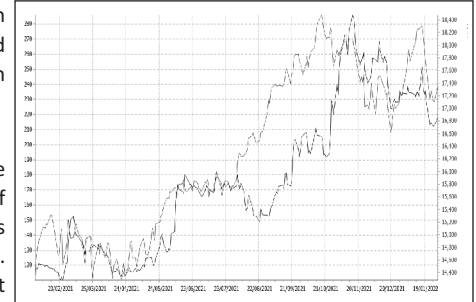
<b>BSE Group</b>	: A
<b>BSE Code</b>	: 532493
<b>NSE Symbol</b>	: ASTRAMICRO
<b>Bloomberg</b>	: ASTMIN
<b>Reuters</b>	: ASTM.BO

<b>Shareholding Pattern</b>	
<b>Promoters</b>	: 9
<b>Institutions</b>	: 35
<b>Public</b>	: 10
<b>Others</b>	: 47

Astra Microwave designs, develops and manufactures sub-systems for RF and microwave systems used in defense, space, meteorology and telecommunication. It was incorporated in 1991 by a team of distinguished scientists with experience in RF/Microwave/Digital electronics and management of projects with high technology content.

**Investment rationale**

- ▶ Astra Microwave has three production units and two R&D units that also include an exclusive space qualified facility. Being a company with a strong R&D Back ground, AMPL has undertaken production of equipment from R&D labs to reduce the production lead times. AMPL has also demonstrated its capability to provide complete solutions from concept to product realization using in house engineering. Starting with a diverse range of microwave products like filters, transmitters, receivers, antennas etc it has produced actual space-borne hardware that has flown on Indian satellites.
- ▶ Astra Microwave has identified certain areas in the anti-drone, EW, satellites, SDRs, and electro-optics areas where it would like to explore opportunities. Some of these are very high margin multi-year opportunities. These are the areas where the company sees there is a good amount of opportunities for scaling up. Success in some of these areas can help it to leapfrog the domestic high-margin revenues in the coming future.
- ▶ AMPL is targeting to move up the value chain using partnerships and helped by the Make in India policy of the Government of India. Downstream defence ancillary companies are now gradually benefiting as larger players start getting new orders. Astra Microwave's efforts and investments made in the last several years are helping it to move up the value chain from the sub-systems vendor to a system vendor.
- ▶ The company has consistently generated positive CFO, except in 2021. It has a very low debt. Operating margin has been nearly 20% in past and RONW of above 10%.



In recent concall the company mentioned that basing on the present market environment and the policy environment, internal capabilities and also the order in pipeline (it has orders from the DRDO, from Missiles and Telemetry and some from the Space segment too), the new initiatives taken, the company is on a path of multi-year growth trajectory. Existing domestic and export order books and the projects like Akash and good opportunities in radar systems give a visibility for the immediate and long term. 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	17.32	17.32	17.32	17.32	17.32
Networth	558.7	540.15	499.56	501.03	449.95
Debt	121.55	59.62	16.8	95.39	137.8
Sales	640.91	467.22	293.49	365.87	419.91
Other Income	10.86	12.16	24.52	8.46	6.03
Operating profit	87.75	99.66	55.13	122.03	109.46
PAT	28.85	44.04	9.76	61.09	57.58
Book Value (Rs)	64.51	62.36	57.68	57.85	51.95
EPS (Rs.)	3.33	5.08	1.13	7.05	6.65
Dividend (%)	60	60	12.5	60	50
Payout (%)	43.42	4.58	82.85	14.27	17.26

**Latest Results** (Rs. Crore)

Quarter Ended (Standalone)	Sep-21	Sep-20	Var [%]
Sales	176.82	104.69	68.9
Other Income	2.79	0.85	228.24
PBIDT	13.44	4	236
PBT	3.52	-6.4	-155
PAT	2.93	-6.12	-147.88

## COMPANY ANALYSIS REVIEW

### KEWAL KIRAN CLOTHING LIMITED

**CMP** (As on 31 January 2022) – 224

**INDUSTRY - READYMADE GARMENTS**

**FEBRUARY 2022**

<b>Mkt. Cap.</b>	: 1383.18 Cr
<b>Equity*</b>	: 61.63
<b>Trading Vol.</b>	: 104103
<b>52 Week High/Low</b>	: 299/153
<b>Face Value</b>	: 1

<b>BSE Group</b>	: B
<b>BSE Code</b>	: 532732
<b>NSE Symbol</b>	: KKCL
<b>Bloomberg</b>	: KEKCIN
<b>Reuters</b>	: KKCL.BO

<b>Shareholding Pattern</b>	
<b>Promoters</b>	: 74
<b>Institutions</b>	: 8
<b>Public</b>	: 2
<b>Others</b>	: 16

\*Adjusted for corporate action

We had earlier recommended the stock in our report on Investment Opportunities – Aspirations.  
We remain optimistic about the company owing to its brand visibility, improving demand with strong financials.

Kewal Kiran Clothing Limited (KKCL) is one of India's largest branded apparel manufacturers, engaged in the designing, manufacturing and marketing of branded jeans and a wide range of western wear, since 1992. With in-house fashion brands Killer, Integriti, LawmanPg3, Esasies, K-Lounge and Addictions, it has created a niche segment for apparel and accessory lovers across India.

#### Investment rationale

- ▶ KKCL has a strong bouquet of brands across various price points. The company's product portfolio is primarily focused on men's casual wear while KKCL has also entered women's and kids wear segment.
- ▶ Currently, the brands produce range of western wear for men and women largely manufactured in-house. Their manufacturing operations are based at Mumbai (stitching), Vapi (processing) and Daman (stitching & finishing).
- ▶ The company markets its products through MBOs, individual stores as well as its brand stores. Jeans (Denims) contribute nearly 52% of its total sales. The company is introducing newer products in different apparel segments and focusing on increasing visibility.
- ▶ KKCL has maintained low debt consistently. It has been generating positive CFO, ROCE above 25% and an average RONW of above 15% in last 5 years (FY21 is an exception where the ratios have been on lower side). Inventory turnover has been 5. In Q3FY22, the company improved sales and nearly doubled its bottom-line.

KKCL is well placed to benefit from robust demand owing to its diversified product portfolio and established distribution network. It aspires to achieve double-digit topline growth through accelerated store addition and increasing share of online space. 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	12.33	12.33	12.33	12.33	12.33
Networth	432.85	445.92	430	399.2	374.12
Debt	46.44	88.01	93.46	48.3	40.51
Sales	302.73	529.67	502.89	462.11	477.09
Other Income	17.42	17.53	21.98	21.09	17.47
Operating profit	36.09	112.62	134.29	119.24	116.27
PAT	19.8	73.03	80.29	73.19	74.55
Book Value (Rs)	70.24	72.36	69.78	64.78	60.71
EPS (Rs.)	3.21	11.85	13.03	11.88	11.32
Dividend (%)	230	430	340	330	190
Payout (%)	190.42	73.87	57.48	62.6	33.54

#### Latest Results (Rs. Crore)

Quarter Ended (Standalone)	Dec-21	Dec-20	Var [%]
Sales	171.41	118.04	45.21
Other Income	3.81	4.5	-15.33
PBIDT	31.35	17.96	74.55
PBT	28.56	14.81	92.84
PAT	21.31	10.86	96.22

## GSFC LIMITED

CMP (As on 31 January 2022) – 128

INDUSTRY - CHEMICALS

FEBRUARY 2022

Mkt. Cap.	: 5124.42 Cr
Equity	: 79.70
Trading Vol.	: 2288097
52 Week High/Low	: 150/71
Face Value	: 2

BSE Group	: A
BSE Code	: 500690
NSE Symbol	: GSFC
Bloomberg	: GSFCIN
Reuters	: GSFC.BO

Shareholding Pattern	
Promoters	: 38
Institutions	: 16
Public	: 22
Others	: 24

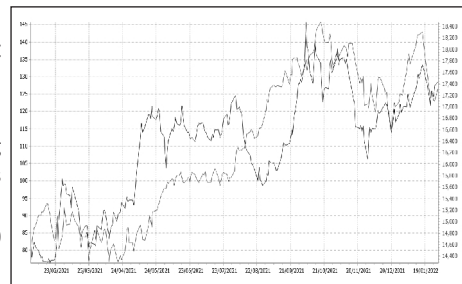
We had earlier recommended the stock in our Sajag Online publication of June 2018.  
We remain optimistic about the company owing to modest valuations, stable financials and beneficial business scenario.

Incorporated in February 1962, Gujarat State Fertilizers & Chemicals Ltd. (GSFC) is principally engaged in manufacturing of fertilizers and chemicals. The company holds 19.80% to be precise promoter stake in GNFC Ltd.

#### Investment rationale

- ▶ GSFC's incessant strive for product diversification and value addition has created a product mix ranging from more than 24 brands of fertilizers to petrochemicals, chemicals, industrial gases, plastics, fibres and other products.
- ▶ The company is the world's second largest ammonia producer. It has a total capacity of around 55,000 metric tonne per annum of melamine, other chemicals. GSFC has two caprolactam plants having rated capacities of 20,000 TPA and 50,000 TPA.
- ▶ GSFC has generated positive CFO consistently. A near-zero debt company now (it repaid debt in FY21), in last 10 years it has grown sales at a CAGR of 9% and BV at 21%. PBDITA margin has been near 10% and RONW near 5-6%. In the past RONW has been higher..

GSFC is a basic chemicals/intermediate product company. It also manufactures industrial chemicals. This is likely to benefit from the import substitution theme and from lower Chinese exports to India. In a major push for Atmanirbhar Bharat, GSFC started selling locally made calcium nitrate. In the quarter, net Sales improved by 25% and PAT by 150%. The stock trades below its book value at P/B of 0.5 and P/E of 8. 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	79.7	79.7	79.7	79.7	79.7
Networth	9,240.20	6,861.45	7,320.68	7,303.41	6,618.95
Debt	35.01	1,559.08	1,068.69	1,092.93	805.24
Sales	7,634.06	7,797.98	8,490.67	6,304.57	5,476.88
Other Income	183.83	109.45	107.55	98.95	61.46
Operating profit	755.13	426.67	856.21	663.72	550.52
PAT	450.11	109.64	493.13	473.71	424.46
Book Value (Rs)	231.89	172.19	183.72	183.28	166.11
EPS (Rs.)	11.3	2.75	12.38	11.89	10.65
Dividend (%)	110	60	110	110	110
Payout (%)	11.45	88.82	17.76	18.43	20.90

### Latest Results (Rs. Crore)

Quarter Ended (Standalone)	Dec-21	Dec-20	Var [%]
Sales	2,566.84	2,086.47	23.02
Other Income	29.98	32.82	-8.65
PBIDT	390.03	149.87	160.25
PBT	343.42	99.61	244.76
PAT	234.72	83.03	182.69

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)	525,683	26.1	961,144	18.9	1,968,157	17.4	3,107,917	18.1	7,558,897	17.3
Canara Robeco Emerging equities Reg (G)	559,746	30.8	1,006,655	20.8	2,149,377	19.5	3,774,971	21.7	9,846,705	20.3
Kotak Equity Opportunities Fund (G)	532,607	27.1	961,322	18.9	1,904,370	16.6	2,924,846	17.0	6,211,423	15.1
Mirae Asset Emerging Bluechip Fd Reg (G)	574,193	32.7	1,071,223	23.3	2,387,730	22.1	4,277,693	24.0	N/A	N/A
SBI Focused Equity Fund Reg (G)	536,533	27.6	1,001,317	20.6	2,021,346	18.1	3,139,922	18.3	7,947,012	17.9

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

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

### BANK OF BARODA LIMITED

**CMP (AS ON 31 JANUARY 2021) - 103 TARGET - 140**

Bank of Baroda is an Indian nationalized banking and financial services company headquartered in the city of Vadodara, India. It is the fourth largest nationalised bank in India. Net Interest Income (NII) of the bank increased to Rs 7,566 crore during Q2 as against Rs 7,410 crore in last year period, registering a growth of 2.11%. On the asset quality front, the Gross non-performing assets (NPA) of the Bank reduced to Rs 59,504 crore in Q2FY22 from the level of Rs 65,698 crore in the same period last year. The Bank's total provisions during the quarter, other than tax, came in at Rs 2,754 crore, down over 2% when compared with last year. Global deposits during the quarter have risen marginally by 0.54% to Rs 9.59 lakh crore on a y-o-y basis. The stock trades at a PE of 14 and P/B of 0.5.

### HCL TECHNOLOGIES LIMITED

**CMP (AS ON 31 JANUARY 2021) - 1099 TARGET - 1350**

HCL Technologies is a next-generation global technology company that helps enterprises reimagine their businesses for the digital age. In order to thrive in the digital age, technologies such as analytics, cloud, IoT, and automation occupy center stage. The demand outlook for the technology sector is better than ever before and the need for digital transformation by enterprises is now an issue of survival. In order to offer enterprises the maximum benefit of these technologies to further their business objectives, HCL offers an integrated portfolio of products and services through three business units. These are IT and Business Services (ITBS) - 70% of revenues, Engineering and R&D Services (ERS) - 15% of revenues, and Products and Platforms (P&P) - 14% of revenues. Next generation products form nearly 39% of revenues. In Q3, revenue from operations, rose 15% to Rs. 22,331 crore as against Rs. 19,302 crore in the year-ago period. It reported 13% fall in consolidated net profit at Rs. 3,442 crore.

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

GAINERS			
COMPANY	OPEN	CLOSE	%
Oil & Natural Gas Corpn. Ltd.	142.35	172.6	21.25%
State Bank Of India	462	538.3	16.52%
Maruti Suzuki India Ltd.	7420	8597.3	15.87%
Axis Bank Ltd.	680.25	773.05	13.64%
N T P C Ltd.	125.4	142.05	13.28%

LOSERS			
COMPANY	OPEN	CLOSE	%
Wipro Ltd.	718	572.6	-20.25%
Tech Mahindra Ltd.	1795.05	1479	-17.61%
H C L Technologies Ltd.	1316.35	1099.4	-16.48%
Divi'S Laboratories Ltd.	4689	4036.1	-13.92%
Dr. Reddy'S Laboratories Ltd.	4907	4302.8	-12.31%

Visit us at [www.sajagonline.com](http://www.sajagonline.com)

*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

Visit us at

**WWW.sajagonline.com**

*For opening your account with us and Net Trading  
please contact Kiran - 020 6601 47 37*

**FOR PRIVATE CIRCULATION TO THE REGISTERED CLIENTS OF SAJAG SECURITIES PVT LTD ONLY**

**CERTIFICATION:**

This report is issued by Sajag Securities Pvt. Ltd. (SSP<sub>U</sub>) which is regulated by SEBI and its research activities are as per SEBI Guidelines for Research Analysts December 2014. Registration Number: INH000001923  
The research analyst(s) who prepared this research report hereby certifies that the views expressed in this research report accurately reflect the research analyst's personal views about all of the subject issuers and / or securities, that the analyst have no known conflict of interest and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific views or recommendations contained in this research report. It is confirmed that the Research Analyst do not serve as an officer, director or employee of the companies mentioned in the report.

**DISCLAIMER:**

This Document is for private circulation & for information purposes only. It does not have regard to specific investment objectives, financial situation & the particular needs of any specific person who may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in this report & should understand that statements regarding future prospects may not be realised. In no circumstances to be used or considered as an offer to sell or solicitation of any offer to buy or sell the securities mentioned in it. The information in this document has been obtained from sources believed reliable, but we do not represent that it is accurate or complete. We hereby certify that the views expressed in this research report accurately reflect our personal views about the subject companies & their securities. We certify that we have not been, have not, & will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation in this report. We may or may not hold shares in the recommended companies.

Contact : RASHMI, Tel.No : 020 6601 47 37 or send e-mail at 'rashmi@sajag.co.in' for further clarification.

BOOK - POST

If undelivered please return to :

**Sajag Securities Pvt. Ltd.**

'Regent Chambers', Opp. Garware College,

33/15-B, Karve Road, Pune 411004.

Tel. : 020 - 6601 47 37