

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 | 28/2/2022 | 31/1/2022 | 31/12/2007 |
|--------------------------|-----------|-----------|------------|
| Nifty | 16793.9 | 17339.85 | 6138 |
| Valuation | | | |
| Trailing PE | 21.59 | 23.42 | 27.62 |
| Trailing PB | 4.23 | 4.37 | 6.39 |
| Mcap/GDP | 1.43 | 1.50 | 1.23 |
| Nifty return | | | |
| 1 year | 15.59% | 27.18% | 54.77% |
| 2 year | 22.44% | 20.40% | 47.11% |
| 3 year | 15.88% | 16.98% | 43.43% |
| EPS growth | | | |
| 1 year | 112.28% | 98.58% | 19.13% |
| 2 year | 33.04% | 27.85% | 15.95% |
| 3 year | 23.79% | 21.53% | 17.85% |
| Other data points | | | |
| Credit growth | 7.90% | 8.00% | 25% |
| 10-year bond yield | 6.70 | 6.60 | 7.57 |
| Brent Oil Futures | 100.99 | 91.21 | 93.25 |
| USD/INR | 75.49 | 74.52 | 39.23 |
| Gold (oz/USD) | 1900.7 | 1795.00 | 843.2 |

Source: RBI, NSE, ET, Prowess

MARKET REVIEW

Indices see correction!

Global cues dominated by geo-political tensions triggered a bout of profit-booking in domestic indices during the month of February.

Key developments during the month were,

- ▶ India's Industrial output slumped to a 10-month low of 0.4% in December 2021, dragged down by manufacturing, capital goods and consumer durables output along with an unfavourable base. The IIP had registered a growth of 1.3% a month ago and 2.2% in December 2020.
- ▶ India's inflation based on wholesale price index (WPI) stood at 12.96% in January 2022 compared with 2.51% in January 2021. WPI grew 13.56% in December 2021, while the figure for November 2021 was 14.87%. India's retail inflation jumped to 6.01% in January 2022 compared to 5.56% in December 2021. However, on a month-on-month basis, retail inflation fell by 0.3%.

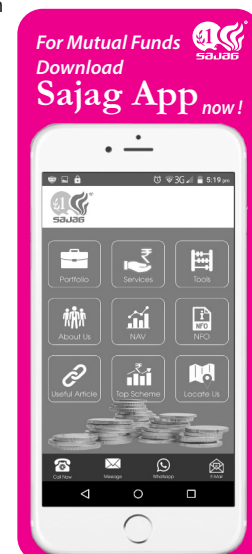
- ▶ India's merchandise exports in February rose 22% to \$33.81 billion as against \$27.63 billion in the same month last year. Meanwhile, imports in February 2022 were \$55.01 billion, an increase of nearly 35% over \$40.75 billion in February 2021. Hence, the trade deficit in February 2022 was \$21.19 billion. Imports during the April-February period rose by 59.21% to \$550.12 billion. India's merchandise export in April 2021-February 2022 was \$374.05 billion, an increase of 45.80% over \$256.55 billion in April 2020-February 2021. Trade deficit during this period widened to \$176.07 billion as against \$88.99 billion during April-February 2020-21.
- ▶ The GST revenue for January (collected in February) stood at Rs 1,33,026 crore. The revenue has surpassed Rs 1.3 lakh for the fifth time since March 2021. The month's revenue collections are 18% higher than the GST revenues in the same month last year and 26% higher than the GST revenues in February 2020, but remain lower than last month (January 2022) which was at Rs 1,40,986 crore.
- ▶ India recorded a gross domestic product (GDP) growth rate of 5.4% for the Q3 of the ongoing financial year 2021-2022. The statistics ministry also said India's GDP will likely grow by 8.9% in FY22, down from its first advance estimate of 9.2%, released in early January 2022.

Ongoing Russia-Ukraine conflict, rising crude oil prices and relentless selling by foreign portfolio investors (FPIs) put pressure on domestic shares. Sensex and Nifty have slipped hard in the month and are down around 10% after scaling their all-time-highs in October 2021. Amidst this backdrop, FIIs' net sold shares worth Rs. 45,720 crores worth of shares in February month on top of more than Rs. 41,346 crore of offloading in January. In its meeting, the MPC said the policy stance will remain "accommodative" as long as needed.

Global stock markets crashed during the month after Russia announced military actions in Ukraine. Russian President Vladimir Putin's decision to put his nuclear forces on a higher alert in reaction to the latest stiff measures weighed on investors' sentiment. As a result, WTI crude surged. Further, US Federal Reserve Chair Jerome Powell backed a quarter-point interest-rate hike this month to commence a series of increases and didn't rule out a larger move at some stage, despite uncertainty caused by Russia's invasion of Ukraine.

Market Outlook

Russia's invasion of Ukraine has raised fresh risks for the global economy.



Performance of key sectoral indices

| | | | |
|----------------------|---------|-------------------------|--------|
| Nifty Realty | -10.23% | Nifty FMCG | -3.28% |
| Nifty Auto | -7.84% | Nifty MNC | -3.23% |
| Nifty Bank | -5.86% | Nifty India Consumption | -2.92% |
| Nifty Infrastructure | -5.86% | Nifty Pharma | -2.65% |
| Nifty IT | -4.22% | Nifty Metal | 6.62% |
| Nifty Energy | -3.85% | | |

- ▶ US consumer price index rose 0.6% from December, while in the 12 months through January, CPI jumped 7.5%. The US manufacturing expansion neared the 2-year mark, even as new business reached a five-month high and the employment index slipped to its lowest level since October. Overall, the Purchasing Managers' Index (PMI) from the Institute for Supply Management (ISM) rose to 58.6 in February from January's 57.6, which had been the lowest reading since November 2020. The index has been above the 50 division between growth and contraction for 21 months. The US trade deficit surged to a record high in 2021 as imports increased sharply amid the restocking of shelves by businesses to meet robust domestic demand. Meanwhile, the trade deficit increased 27% last year to an all-time high of \$859.1 billion. The deficit was at \$676.7 billion in 2020. The U.S. economy added 467,000 jobs in January and hiring was much stronger at the end of 2021 than originally estimated. Existing-home sales rose by 6.7% in January to a 6.5 million annual rate, while U.S. leading economic indicators dropped 0.3% last month.
- ▶ China's consumer price index for January rose 0.9% as compared with a year ago. Chinese producer inflation for January rose 9.1% as compared with a year earlier. China's official composite PMI, which includes both manufacturing and services activity, stood at 51.2, compared with 50.1 in January. The Caixin China purchasing managers index rose to 50.4 in February from 49.1 in January. Caixin said in a statement that the sub-indexes for both output and total new orders returned to expansionary territory last month, although total new export orders remained in

contraction for seven months in a row. China's economy grew by 4% between October to December 2021. China's GDP exceeded \$18.1 trillion in 2021, registering an increase of 8.1% over the previous year and an average growth of 5.1% over the preceding two years.

- ▶ India's manufacturing sector activity expanded in February as output and new orders grew at accelerated rates, supported by favourable demand conditions. The seasonally adjusted IHS Markit India Manufacturing Purchasing Managers' Index stood at 54.9 in February, up from 54.0 in January. The India Services Business Activity Index, compiled by IHS Markit, stood at 51.8 in February against 51.5 in January. The Composite PMI Output Index, too, rose to 53.5 from 53 in January.
- ▶ Japan's economy expanded 5.4% on an annualized basis in the final quarter of 2021. Japan's January exports came in far below expectations, showing a 9.6% year-on-year rise for that month. Japan's services sector activity shrank in February at the quickest pace in nearly two years, as business took a hit from struggling consumer sentiment after a record spike in infections of the Omicron coronavirus variant. The final au Jibun Bank Japan Services Purchasing Managers' Index (PMI) fell to a seasonally adjusted 44.2 from the prior month's final of 47.6, marking the fastest rate of contraction since May 2020. The composite PMI, which is calculated using both manufacturing and services, fell to 45.8 from January's final of 49.9, contracting at the fastest speed in 18 months.
- ▶ In Europe, U.K. inflation came in at an annual 5.5% in January, remaining at a 30-year high. On a monthly basis, consumer prices contracted by 0.1%. The February PMI hints at accelerating growth, but also gave evidence of second-round price effects in services and manufacturing. It showed a sharp increase in the composite output PMI from 52.3 to 55.8, corresponding to accelerating economic activity.

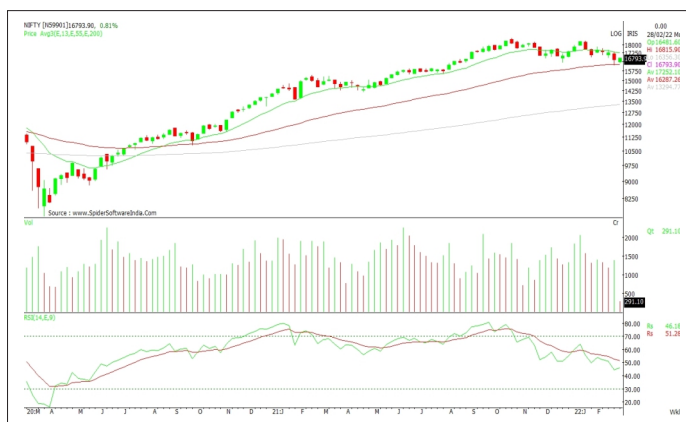
The volatility index (VIX) is increasing indicating at volatility ahead in the market. Risk aversion will prevail, while very long term investors are likely to focus on quality companies to stock-up on.

TECHNICAL VIEW

Nifty began the month of February on a positive note at 17529 as it attempted its recovery from the low of 16800 level in earlier month. However, Nifty witnessed profit-booking at 17800 and saw a deep cut, as it fell to a low of 16203. Nifty closed the month at 16793.

Nifty has been forming lower lows on weekly charts. RSI is below respective averages on weekly as well as monthly chart. Nifty has made a bearish candle after a doji on monthly chart. It has moved below its 13-week and 55-week EMA and is placed very close to its 13-month EMA.

Going ahead, 16130 would be the immediate support for Nifty. Breach of this level could further trigger profit-booking which could take Nifty lower near 15800 level. On the other hand, 16800-17000 (the gap-down window) is a resistance zone for Nifty. If Nifty crosses this resistance, it would move towards 17350.



GAINERS AND LOSERS OF THE MONTH (NIFTY-50)

| GAINERS | | | |
|--------------------------|---------|---------|--------|
| COMPANY | OPEN | CLOSE | % |
| Hindalco Industries Ltd. | 492.8 | 573.75 | 16.43% |
| Tata Steel Ltd. | 1104.9 | 1220.75 | 10.49% |
| Titan Company Ltd. | 2378.8 | 2546.55 | 7.05% |
| Divi'S Laboratories Ltd. | 4055.05 | 4265 | 5.18% |
| Indusind Bank Ltd. | 879 | 920.7 | 4.74% |

| LOSERS | | | |
|---------------------------------|--------|---------|---------|
| COMPANY | OPEN | CLOSE | % |
| H D F C Life Insurance Co. Ltd. | 626.25 | 523.2 | -16.46% |
| U P L Ltd. | 785 | 665.45 | -15.23% |
| S B I Life Insurance Co. Ltd. | 1250 | 1060.15 | -15.19% |
| Bharat Petroleum Corpn. Ltd. | 395 | 349.8 | -11.44% |
| Mahindra & Mahindra Ltd. | 892 | 790.85 | -11.34% |

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MUTUAL FUNDS PERFORMANCE

NAV as on 28 February 2022

Return %

| Liquid Funds | NAV | 30 DAYS | 3 MON | 6 MON | 1 YR |
|---|---------|---------|-------|-------|-------|
| Franklin India Liquid Fund Super Ins (G) | 3170.57 | 0.30 | 0.87 | 1.68 | 3.36 |
| Aditya Birla SL Liquid Fund Reg (G) | 339.38 | 0.30 | 0.85 | 1.66 | 3.34 |
| Axis Liquid Fund (G) | 2342.71 | 0.30 | 0.86 | 1.67 | 3.36 |
| Arbitrage Funds | NAV | 30 DAYS | 3 MON | 6 MON | 1 YR |
| SBI Arbitrage Opp Fund Reg (G) | 27.27 | 0.50 | 1.08 | 2.17 | 4.54 |
| Axis Arbitrage Fund (G) | 15.23 | 0.46 | 1.20 | 2.19 | 4.44 |
| Kotak Equity Arbitrage Fund (G) | 30.18 | 0.46 | 1.08 | 1.96 | 4.39 |
| Hybrid Aggressive Funds | NAV | 1 YR | 2 YR | 3 YR | 5 YR |
| ICICI Pru Equity & Debt Fund (G) | 220.26 | 27.30 | 29.80 | 20.22 | 14.41 |
| Kotak Equity Hybrid (G) | 38.72 | 14.90 | 22.41 | 18.80 | 12.16 |
| Canara Robeco Equity Hybrid Fund Reg (G) | 239.40 | 13.77 | 18.78 | 16.64 | 13.46 |
| DSP Equity & Bond Fund Reg (G) | 224.42 | 11.18 | 16.26 | 16.37 | 11.96 |
| Hybrid Balanced Advantage Funds | NAV | 1 YR | 2 YR | 3 YR | 5 YR |
| Edelweiss Balanced Advantage Fund (G) | 35.10 | 11.18 | 19.35 | 15.81 | 12.39 |
| Tata Balanced Advantage Fund (G) | 14.37 | 10.06 | 16.46 | 12.82 | N/A |
| ICICI Pru Balanced Advantage Fund Reg (G) | 48.94 | 10.10 | 15.16 | 12.72 | 10.50 |
| Kotak Balanced Advantage Fund Reg (G) | 14.17 | 8.04 | 13.37 | 12.04 | N/A |
| Equity Value Funds | NAV | 1 YR | 2 YR | 3 YR | 5 YR |
| ICICI Pru Value Discovery Fund (G) | 246.60 | 28.75 | 37.34 | 21.29 | 13.93 |
| IDFC Sterling Value Fund Reg (G) | 84.81 | 30.90 | 35.67 | 20.58 | 15.14 |
| Nippon India Value Fund (G) | 117.95 | 21.67 | 28.31 | 19.57 | 14.84 |
| UTI Value Opportunities Fund (G) | 95.77 | 15.30 | 23.77 | 18.44 | 13.69 |
| Equity Focused Funds | NAV | 1 YR | 2 YR | 3 YR | 5 YR |
| IIFL Focused Equity Fund (G) | 28.74 | 19.80 | 25.10 | 25.41 | 16.94 |
| SBI Focused Equity Fund Reg (G) | 230.71 | 23.91 | 21.95 | 21.00 | 17.29 |
| Sundaram Focused Fund Reg (G) | 105.57 | 17.05 | 24.13 | 20.63 | 15.29 |
| Nippon India Focused Equity Fund (G) | 74.41 | 13.52 | 28.78 | 19.25 | 13.41 |
| Tax Saving Schemes | NAV | 1 YR | 2 YR | 3 YR | 5 YR |
| Canara Robeco Equity Tax saver Fund Reg (G) | 111.55 | 17.47 | 26.40 | 22.29 | 17.71 |
| Mirae Asset Tax Saver Fund Reg (G) | 29.56 | 16.33 | 28.16 | 21.35 | 17.88 |
| IDFC Tax Advantage Reg (G) | 93.07 | 23.01 | 33.00 | 21.00 | 16.14 |
| DSP Tax Saver Fund Reg Fund (G) | 77.50 | 18.61 | 25.47 | 20.15 | 14.43 |
| Kotak Tax Saver Scheme (G) | 68.69 | 17.25 | 22.71 | 18.54 | 13.74 |
| Large Cap Funds | NAV | 1 YR | 2 YR | 3 YR | 5 YR |
| Canara Robeco Bluechip Equity Fund (G) | 39.93 | 13.70 | 22.03 | 19.77 | 15.78 |
| Axis Bluechip Fund (G) | 43.87 | 13.27 | 17.65 | 17.75 | 16.86 |
| Kotak Bluechip Fund (G) | 355.95 | 13.53 | 22.31 | 17.41 | 13.16 |
| SBI Blue Chip Fund Reg (G) | 58.29 | 10.77 | 22.59 | 16.87 | 12.39 |
| Mid Cap Funds | NAV | 1 YR | 2 YR | 3 YR | 5 YR |
| SBI Magnum MidCap Fund Reg (G) | 133.32 | 24.82 | 34.88 | 24.03 | 13.34 |
| Kotak Emerging Equity (G) | 68.76 | 20.74 | 29.22 | 23.65 | 15.52 |
| Axis Midcap Fund (G) | 65.11 | 20.48 | 26.38 | 22.99 | 19.69 |
| Nippon India Growth Fund (G) | 1950.48 | 23.59 | 28.89 | 22.95 | 15.72 |
| Other FoFs Domestic | NAV | 1 YR | 2 YR | 3 YR | 5 YR |
| ICICI Pru Asset Allocator Fund (FOF) (G) | 77.99 | 11.96 | 16.57 | 13.14 | 11.74 |

| Large & Mid Cap Funds | NAV | 1 YR | 2 YR | 3 YR | 5 YR |
|--|--------|-------|-------|-------|-------|
| Axis Growth Opportunities Fund Reg (G) | 19.51 | 23.01 | 28.54 | 23.57 | N/A |
| Mirae Asset Emerging Bluechip Fund Reg (G) | 92.54 | 18.10 | 28.76 | 23.09 | 17.82 |
| Canara Robeco Emerging equities Reg (G) | 154.70 | 18.76 | 24.81 | 20.36 | 15.88 |
| Edelweiss Large & Mid Cap Fund Reg (G) | 50.03 | 16.11 | 24.22 | 19.37 | 15.43 |

| Small Cap Funds | NAV | 1 YR | 2 YR | 3 YR | 5 YR |
|--------------------------------------|--------|-------|-------|-------|-------|
| Kotak Smallcap Fund (G) | 155.89 | 33.80 | 43.39 | 32.63 | 18.71 |
| Axis Small Cap Fund Reg (G) | 58.54 | 37.58 | 30.8 | 30.57 | 20.46 |
| Canara Robeco Small Cap Fund Reg (G) | 22.47 | 46.77 | 47.69 | 30.50 | N/A |
| Nippon India Small Cap Fund (G) | 80.19 | 37.99 | 43.43 | 28.59 | 19.68 |

| Flexicap Funds | NAV | 1 YR | 2 YR | 3 YR | 5 YR |
|-------------------------------------|--------|-------|-------|-------|-------|
| Parag Parikh Flexi Cap Fund Reg (G) | 47.44 | 27.03 | 34.63 | 25.13 | 19.65 |
| UTI Flexi Cap Fund Reg (G) | 241.27 | 15.31 | 25.62 | 21.17 | 16.81 |
| Canara Robeco Flexi Cap Fund (G) | 218.16 | 19.17 | 23.67 | 19.89 | 16.77 |
| DSP Flexi Cap Fund Reg (G) | 62.02 | 13.46 | 19.53 | 19.69 | 14.56 |
| Axis Flexi cap Fund (G) | 18.10 | 16.40 | 19.82 | 18.86 | N/A |

| Multicap Funds | NAV | 1 YR | 2 YR | 3 YR | 5 YR |
|--|--------|-------|-------|-------|-------|
| Sundaram Multi Cap Fund (Formerly Principal Multi Cap) Reg (G) | 229.56 | 27.88 | 27.93 | 19.59 | 15.00 |
| Invesco India Multicap Fund (G) | 73.77 | 17.24 | 22.27 | 18.51 | 12.68 |
| ICICI Pru Multicap Fund Reg (G) | 423.92 | 15.77 | 23.62 | 15.07 | 11.96 |
| Nippon India Multi Cap Fund (G) | 140.57 | 22.28 | 23.14 | 14.85 | 12.98 |

| Sector & Thematic Funds | NAV | 1 YR | 2 YR | 3 YR | 5 YR |
|--|--------|-------|-------|-------|-------|
| ICICI Pru Technology Fund (G) | 151.45 | 46.41 | 62.81 | 35.80 | 30.15 |
| Aditya Birla SL Digital India Fund Reg (G) | 128.62 | 39.61 | 53.22 | 33.78 | 29.04 |
| Tata Resources & Energy Fund Reg Plan (G) | 27.97 | 23.94 | 40.12 | 28.18 | 15.71 |
| Mirae Asset Healthcare Fund (G) | 21.42 | 15.90 | 36.79 | 27.70 | N/A |
| Sundaram Services Fund (G) | 19.66 | 24.71 | 24.20 | 23.90 | N/A |
| ICICI Pru Pharma Healthcare And Diagnostics Fund (G) | 18.78 | 8.81 | 34.07 | 23.62 | N/A |
| Aditya Birla SL India Gen Next Fund Reg (G) | 129.29 | 16.59 | 19.94 | 18.53 | 14.90 |
| IDFC Infrastructure Fund Reg (G) | 22.59 | 23.58 | 32.54 | 18.26 | 9.67 |
| Aditya Birla SL Infrastructure Fund Reg (G) | 46.66 | 15.07 | 27.49 | 16.17 | 9.35 |
| SBI Banking & Financial Services Fund Reg (G) | 23.34 | -0.26 | 9.16 | 12.64 | 13.70 |
| Tata Banking and Financial Services Fund Reg (G) | 24.03 | -1.24 | 9.12 | 12.51 | 11.61 |

| Index | NAV | 1 YR | 2 YR | 3 YR | 5 YR |
|----------------|----------|-------|-------|-------|-------|
| S&P BSE Sensex | 56247.28 | 12.83 | 21.16 | 15.97 | 14.18 |
| NSE - Nifty 50 | 16793.90 | 13.77 | 22.41 | 15.63 | 13.42 |

CORPORATE ACTIONS IN MARCH 2022

| COMPANY | RECORD DATE | PURPOSE |
|------------------|-------------|---|
| V I P Inds. | 09/03/2022 | Rs.2.5 per share (125%) Interim Dividend |
| Wockhardt | 09/03/2022 | 3:10 Right Issue of Equity Shares |
| Vedanta | 10/03/2022 | Rs.13 per share (1300%) Third Interim Dividend |
| EID Parry | 11/03/2022 | Rs.5.5 per share (550%) Second Interim Dividend |
| Shriram Trans. | 14/03/2022 | Second Interim Dividend |
| Infibeam Avenues | 15/03/2022 | 1:1 Bonus Issue of Equity Shares |
| NLC India | 15/03/2022 | Interim Dividend |
| Brightcom Group | 16/03/2022 | Bonus issue |
| Shri.City Union. | 17/03/2022 | Second Interim Dividend |
| Sun TV Network | 21/03/2022 | Interim Dividend |
| Bharat Electron | 26/03/2022 | Second Interim Dividend |

COMPANY ANALYSIS

APL APOLLO TUBES LIMITED

CMP (As on 28 February 2022) – **850**

INDUSTRY - STEEL

MARCH 2022

SENSEX – 58014 NIFTY – 16793

| | |
|-------------------------|---------------|
| Mkt. Cap. | : 21263.97 Cr |
| Equity | : 50.02 |
| Trading Vol. | : 289928 |
| 52 Week High/Low | : 1113/521 |
| Face Value | : 2 |

| | |
|-------------------|-------------|
| BSE Group | : A |
| BSE Code | : 533758 |
| NSE Symbol | : APLAPOLLO |
| Bloomberg | : APATIN |
| Reuters | : APLA.BO |

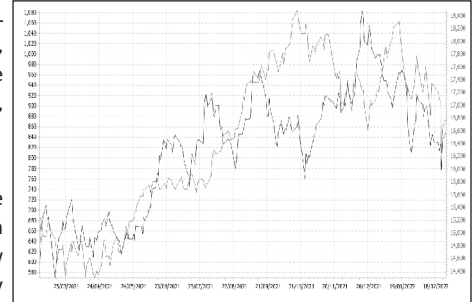
| | |
|-----------------------------|------|
| Shareholding Pattern | |
| Promoters | : 35 |
| Institutions | : 21 |
| Public | : 29 |
| Others | : 16 |

APL Apollo Tubes Limited (APL Apollo) is one of India's leading manufacturers of branded steel products. APL Apollo's multi-product offerings include varieties of MS Black pipes, Galvanized Tubes, Pre-Galvanized Tubes, Structural ERW Steel tubes and Hollow Sections. Headquartered at Delhi NCR, it has a PAN-Indian presence with eight manufacturing units, four at Sikandrabad, Uttar Pradesh, one in Hosur, Tamilnadu, one at Raipur, Chhattisgarh, one in Bengaluru, Karnataka and one in Murbad, Maharashtra.

Investment rationale

- ▶ The large scale big-ticket sized initiatives in infrastructure, the usage of structural steel is redefining the process of construction. This involves usage of structural steel tubes in the range of 150 mm x150 mm diameter to 300 mm x300 mm diameter. APL is hence even venturing to produce and introduce a new 500x500mm diameter steel tube in the near future which would best suit the requirements for heavy infrastructure projects.
- ▶ With state-of-the-art-manufacturing facilities, APL Apollo serves as a one-stop shop' for a wide spectrum of steel structural products, catering to an array of industrial applications such as urban infrastructure, automobile, construction, housing, energy, irrigation, solar plants, greenhouses and engineering. APL Apollo is among the market leaders today in the segment and hold 50% of the total market share.
- ▶ Presently, heavy steel tubes contribute 6% to overall sales volume, but as the infrastructure activities pick up and with more realization from designers, engineers, contractors and such stakeholders involved in construction sector management expect the numbers to scale up to 20-25% in the next five years. Internationally, APL Apollo is already supplying to North America, South America and Middle Eastern regions. About 5% of its sales volumes is driven by exports and it is growing at a decent pace.
- ▶ APL Apollo has grown its sales and operating profit at a CAGR of nearly 20% and PAT at 23% in last 10 years. Operating margin is 6-7% consistently, and PAT margin at 4-5%. It has reduced debt and D/E is 0.2 (in a capital intensive business). It has been consistently generating positive CFO in last years.

As far as the Indian market for structural steel tubes is concerned APL Apollo and TATAs are the only two majors catering to this segment. The structural steel tubes are now being increasingly used and preferred by architects, designers, project contractors and consultants in replacing RCC pillars and PEBs owing to its added benefits. The potential here is vast and is abundant. 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 | 24.98 | 24.87 | 23.85 | 23.73 | 23.59 |
| Networth | 1,694.66 | 1,356.15 | 964.06 | 837.85 | 703.36 |
| Debt | 520.47 | 834.45 | 858.13 | 775.12 | 594.36 |
| Sales | 8,499.75 | 7,723.23 | 7,152.32 | 5,472.38 | 4,377.65 |
| Other Income | 35.94 | 22.18 | 11.71 | 8.01 | 5.97 |
| Operating profit | 714.65 | 499.52 | 404.55 | 379.05 | 338.94 |
| PAT | 360.19 | 236.82 | 148.17 | 158.17 | 152.1 |
| Book Value (Rs) | 67.84 | 54.53 | 40.42 | 35.31 | 29.82 |
| EPS (Rs.) | 14.42 | 9.57 | 6.22 | 6.66 | 6.45 |
| Dividend (%) | 0 | 0 | 140 | 140 | 120 |
| Payout (%) | 0 | 0 | 26.28 | 25.12 | 26.54 |

Latest Results (Rs. Crore)

| Quarter Ended (Standalone) | Dec-21 | Dec-20 | Var [%] |
|----------------------------|----------|----------|---------|
| Sales | 2,214.68 | 1,738.16 | 27.42 |
| Other Income | 6.22 | 12.12 | -48.68 |
| PBIDT | 109.89 | 106.19 | 3.48 |
| PBT | 83.74 | 74.81 | 11.94 |
| PAT | 62.52 | 55.75 | 12.14 |

BALAJI AMINES LIMITED

INDUSTRY - CHEMICALS

CMP (As on 28 February 2022) – **2856**

MARCH 2022

| | |
|-------------------------|--------------|
| Mkt. Cap. | : 9225.18 Cr |
| Equity | : 6.48 |
| Trading Vol. | : 59692 |
| 52 Week High/Low | : 5220/1553 |
| Face Value | : 2 |

| | |
|-------------------|-------------|
| BSE Group | : A |
| BSE Code | : 530999 |
| NSE Symbol | : BALAMINES |
| Bloomberg | : BLAIN |
| Reuters | : BAMN.BO |

| | |
|-----------------------------|------|
| Shareholding Pattern | |
| Promoters | : 54 |
| Institutions | : 1 |
| Public | : 7 |
| Others | : 39 |

Promoted by the KPR group, Balaji Amines (BAL) is a leading manufacturer of Methylamines, Ethylamines, Derivatives of Specialty Chemicals and Pharma Excipients. Other than these main products, it also has facilities for the manufacture of derivatives, which are down-stream products for various Pharma/Pesticide industries apart from user specific requirements. The company has 5 manufacturing facilities in Hyderabad and Solapur.

Investment rationale

- BAL has diversified into producing derivatives of methyl and ethyl amines, namely, dimethyl amine hydrochloride, choline chloride, dimethyl acetamide, etc. It is a leader in supply of Dimethyl Amines Hydrochloride (used for Metformin - a diabetes drug). It is the only producer in India of porpholine and few other amines.
- The pharma segment is one of the major consumers of amines and speciality chemicals. About 75% of our revenues are generated from the pharma and agrochemical industries. BAL serves pharmaceuticals, agrochemicals, refineries, paints, water treatment chemicals, dyes, coatings, polymers, textiles, personal and home care, animal nutrition etc.
- BAL has the largest installed capacity of Ethylamines in India at 22,500 tons per annum. DMC (di-methyl carbonate) plant's Phase 1 is nearing completion and expected commencement in operations is during Q1FY23. The plant's capacity would be about 10,000 to 12,000 tons per annum. BAL would be the sole manufacturer of di-methyl carbonate in India. The annual domestic demand for the chemical is about 8,000 to 9,000 tons, which is completely met by imports. The company is confident of achieving capacity utilisation of 60-70% at its DMC plant in the first year of operation. DMC is used in the production of polycarbonate and lithium batteries.
- The management expects margins in the range of 27-28%. BAL has generated positive CFO consistently. Low debt company, D/E is 0.1. It has grown sales at a CAGR of 10%, operating profit at 16% and PAT at 20% in last 10 years.



The company has a total installed capacity of 2,01,000 MTPA. Around 15% of the total revenue generated, which came to Rs 185.44 crore, was through exports. In Q3, the demand remained sluggish due to the unavailability of key starting materials (KSMs) for some of products at customers' end in Q3FY22. However, this constraint is now over, and the company is witnessing a substantial pick-up in these products. Its subsidiary, Balaji Speciality Chemicals Private Limited (BSCPL), also has been witnessing a robust financial performance. 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 | 6.48 | 6.48 | 6.48 | 6.48 | 6.48 |
| Networth | 894.39 | 658.14 | 574.46 | 467.06 | 362.46 |
| Debt | 127.07 | 259.57 | 227.4 | 151.85 | 104.93 |
| Sales | 1,311.46 | 935.77 | 943.05 | 874.59 | 730.59 |
| Other Income | 6.07 | 5.01 | 4.23 | 12.13 | 9.26 |
| Operating profit | 379.3 | 185.76 | 197.64 | 194.17 | 158.35 |
| PAT | 238.19 | 104.8 | 117.53 | 113.18 | 82.35 |
| Book Value (Rs) | 276.04 | 203.12 | 177.3 | 144.15 | 111.87 |
| EPS (Rs.) | 73.51 | 32.34 | 36.27 | 34.93 | 25.42 |
| Dividend (%) | 200 | 160 | 140 | 130 | 110 |
| Payout (%) | 0.84 | 15.62 | 7.13 | 6.3 | 9.12 |

Latest Results (Rs. Crore)

| Quarter Ended (Standalone) | Dec-21 | Dec-20 | Var [%] |
|----------------------------|--------|--------|---------|
| Sales | 472.29 | 364.73 | 29.49 |
| Other Income | 2.42 | 2.11 | 14.69 |
| PBIDT | 109.34 | 98.77 | 10.7 |
| PBT | 99.66 | 91.52 | 8.89 |
| PAT | 74.85 | 70.16 | 6.68 |

COMPANY ANALYSIS REVIEW

RALLIS INDIA LIMITED

INDUSTRY - AGRO CHEMICALS

MARCH 2022

CMP (As on 28 February 2022) – 233

| | |
|------------------|--------------|
| Mkt. Cap. | : 4548.63 Cr |
| Equity | : 19.45 |
| Trading Vol. | : 192736 |
| 52 Week High/Low | : 362/226 |
| Face Value | : 1 |

| | |
|------------|-----------|
| BSE Group | : A |
| BSE Code | : 500355 |
| NSE Symbol | : RALLIS |
| Bloomberg | : RALIIN |
| Reuters | : RALL.BO |

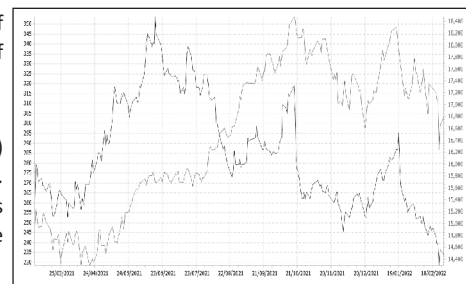
| Shareholding Pattern | |
|----------------------|------|
| Promoters | : 50 |
| Institutions | : 18 |
| Public | : 7 |
| Others | : 25 |

*We had earlier recommended the stock in our Sajag Online publication of July 2019.
We remain optimistic about the company owing to modest valuation, sound financials and stable business.*

Rallis India, a member of Tata Group (50% owned by Tata Chemicals) is engaged in the business of manufacture and marketing of Agri Inputs. The company's Agribusiness division is the distributor of Pesticides, fertilisers, micronutrients, seeds, animal feed and other agro inputs.

Investment rationale

- Rallis India has four production facilities, of which, two are located in Gujarat (at Ankleshwar and Dahej) and two in Maharashtra (at Lote and Akola). All its plants are state-of-art and meet all prescribed norms. The Rallis Agro Research Centre, based in Bangalore, leads in toxicology and entomology research. Its facilities and research practices (GLP) are recognised by Bundesgesundheitsamt (BGA), Germany. The company is investing in a new Formulation plant in Gujarat.
- Most domestic-focused agrochemical companies are investing in backward integration as currently, companies have a significant dependence on China, which they plan to reduce. Rallis India is also looking for backward integration for key molecules. It has done backward integration for one key molecule is looking for more molecules for backward integration. Rallis currently imports about 40-45% of its raw material from China and would look to reduce the dependence.
- In the seed business too, the company is working towards reducing dependence on Kharif crops and is developing products to diversify and develop more



rabi season products too. One of the major trends which has influenced the seed market worldwide is the significant shift in farming practices. Farmers are increasingly buying commercially-produced enhanced seed varieties, as against using seeds from the last harvest due to advantages of higher yield, improved nutritional quality, reduced crop damage and better disease resistance.

- ▶ The company has generated positive CFO for last 5 years. A near zero debt company, D/E is 0.04. The company has grown sales and operating profit at a CAGR of 6% and PAT at 8% in last 10 years. BV has grown at 11%.

The company is also gaining market share in export markets with its new product launches. Private agency Skymet has also re-affirmed normal monsoon for India in 2022. A normal and evenly spread rainfall will lead to an increased crop production and will boost the prospects of the agrochemical companies like Rallis. The stock trades at a PE of 25. 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 | 19.45 | 19.45 | 19.45 | 19.45 | 19.45 |
| Networth | 1,590.80 | 1,409.46 | 1,285.93 | 1,190.58 | 1,111.17 |
| Debt | 75.61 | 93.61 | 72.84 | 24.64 | 39 |
| Sales | 2,429.44 | 2,251.82 | 1,983.96 | 1,808.46 | 1,768.20 |
| Other Income | 49.9 | 45.76 | 30.65 | 13.18 | 171.18 |
| Operating profit | 374.34 | 308.77 | 274.4 | 279.94 | 436.69 |
| PAT | 212.8 | 174.16 | 155.33 | 167.65 | 176.92 |
| Book Value (Rs) | 81.8 | 72.48 | 66.12 | 61.22 | 57.14 |
| EPS (Rs.) | 11.75 | 9.5 | 7.99 | 8.62 | 15.3 |
| Dividend (%) | 300 | 250 | 250 | 250 | 375 |
| Payout (%) | 21.26 | 26.21 | 31.53 | 51.54 | 18.28 |

Latest Results (Rs. Crore)

| Quarter Ended (Standalone) | Dec-21 | Dec-20 | Var [%] |
|----------------------------|--------|--------|---------|
| Sales | 628.08 | 570.47 | 10.1 |
| Other Income | 5.49 | 13.75 | -60.07 |
| PBIDT | 72.88 | 73.87 | -1.34 |
| PBT | 53.06 | 62.04 | -14.47 |
| PAT | 39.55 | 45.63 | -13.32 |

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) | 490,089 | 21.0 | 899,480 | 16.2 | 1,837,356 | 15.8 | 2,908,288 | 16.9 | 7,111,606 | 16.6 |
| Canara Robeco Emerging equities Reg (G) | 519,118 | 25.2 | 938,445 | 17.9 | 1,988,085 | 17.7 | 3,512,710 | 20.3 | 9,260,675 | 19.6 |
| Kotak Equity Opportunities Fund (G) | 496,882 | 22.0 | 902,338 | 16.3 | 1,783,504 | 15.1 | 2,748,210 | 15.8 | 5,866,081 | 14.4 |
| Mirae Asset Emerging Bluechip Fd Reg (G) | 529,954 | 26.7 | 994,130 | 20.3 | 2,200,763 | 20.1 | 3,965,382 | 22.6 | N/A | N/A |
| SBI Focused Equity Fund Reg (G) | 510,916 | 24.0 | 957,612 | 18.7 | 1,929,937 | 17.0 | 3,004,989 | 17.5 | 7,692,800 | 17.5 |

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

INVESTMENT IDEAS - MEDIUM TERM (3-6 MONTHS)

ITC LIMITED

CMP (AS ON 28 FEBRUARY 2022) - 215 TARGET - 260

ITC Ltd is one of India's foremost private sector companies. ITC has a diversified presence in Cigarettes, Hotels, Paperboards & Specialty Papers, Packaging, Agri-Business, Packaged Foods & Confectionery, Information Technology, Branded Apparel, Personal Care, Stationery, Safety Matches and other FMCG products. While ITC is an outstanding market leader in its traditional businesses of Cigarettes, Hotels, Paperboards, Packaging and Agri-Exports, it is rapidly gaining market share even in its nascent businesses of Packaged Foods & Confectionery, Branded Apparel, Personal Care and Stationery. The company has 25 subsidiaries, 4 joint venture companies and 7 associate companies under its roof. ITC's wholly owned Information Technology subsidiary, ITC Infotech India Ltd, provides IT services and solutions to leading global customers. ITC Infotech has carved a niche for itself by addressing customer challenges through innovative IT solutions. In Q3FY22, consolidated net sales increased 30.80% to Rs 17108.16 crore y-o-y. Sales of FMCG-Cigarettes segment gone up 14.24% to Rs 6,958.79 crore (35.72% of total sales), FMCG-Others segment gone up 9.24% to Rs 4,099.47 crore (21.04% of total sales), Agri Business segment has gone up 91.42% to Rs 5,157.36 crore (26.47% of total sales), Paper boards, Paper & Packaging segment has gone up 38.51% to Rs 2,046.48 crore (10.50% of total sales).

WIPRO LIMITED

CMP (AS ON 28 FEBRUARY 2021) - 555 TARGET - 640

Wipro Ltd is India's one of the leading tech-companies, providing IT Services, including Business Process Outsourcing (BPO) services, globally. The company provides comprehensive IT Solutions and Services, including Systems Integration, Information Systems Outsourcing, IT Enabled Services, Package Implementation, Software Application development and maintenance, and Research and Development Services to corporations globally. Wipro For Q3 FY22, Wipro registered a consolidated sales of Rs 20315 crore, a growth of 3% QoQ and 30% yoy basis. On USD terms the revenue for the quarter was up by 2.3% QoQ basis and 27% YoY basis. Eventually the net profit was Rs 2969 crore, up 1.3% QoQ basis. In March 2021, Wipro acquired London-based Capital Markets Company (Capco) for USD 1.45 billion. Capco is a management and technology consultancy firm that provides digital, consulting and technology services to the global banking and financial services industry. Capco and Wipro integration is going on well and the company has built common governance on the large accounts. Wipro BFS and Capco together have won few deals together this quarter. The stock trades at a PE of 26.

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| Area | Contact Person | Tel. No. | Area | Contact Person | Tel. No. |
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| 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 |
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| 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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