

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, FY23 GDP growth forecast at 7.2%

Time period	30/4/2022	31/3/2022	31/12/2007
Nifty	17102.55	17464.75	6138
Valuation			
Trailing PE	22.01	22.92	27.62
Trailing PB	4.37	4.46	6.39
Mcap/GDP	1.42	1.50	1.23
Nifty return			
1 year	16.89%	18.88%	54.77%
2 year	31.70%	42.52%	47.11%
3 year	13.33%	14.53%	43.43%
EPS growth			
1 year	71.06%	72.20%	19.13%
2 year	32.72%	31.06%	15.95%
3 year	24.72%	23.89%	17.85%
Other data points			
Credit growth	11.20%	8.50%	25%
10-year bond yield	7.13	6.80	7.57
Brent Oil Futures	109.34	107.91	93.25
USD/INR	76.52	75.9	39.23
Gold (oz/USD)	1911.7	1949.2	843.2

Source: RBI, NSE, ET, Prowess

MARKET REVIEW

Indices correct!

The first month of FY23 saw indices turn their heads down after reclaiming 18100, following the global situation and macro-economic data.

Key developments during the month were,

- ▶ The country's factory output (IIP) rose 1.7% in February 2022 compared to a revised estimate of 1.5% in January this year.
- ▶ India's retail inflation jumped to a 17-month high of 6.95% in March from 6.07% in February. India's inflation based on wholesale price index (WPI) stood at 14.55% in March 2022 compared with 7.89% in March 2021. WPI grew 13.11% in February 2021, while the figure for January was 13.68%.
- ▶ India's merchandise trade deficit for March 2022 touched \$18.51 billion as against \$13.64 billion in March 2021 and \$9.98 billion in March 2020. Merchandise exports in March 2022 were \$42.22 billion, as against \$35.26 billion in March 2021, exhibiting a positive growth of 19.76%.

Merchandise imports in March 2022 were \$60.74 billion, an increase of 24.21% over imports of \$48.90 billion in March 2021.

- ▶ Meanwhile, the poverty in India is 12.3% lower in 2019 compared with 2011. The poverty headcount rate has declined from 22.5% in 2011 to 10.2% in 2019. According to policy research working paper of World Bank, poverty reduction was higher in rural areas as against urban India. Rural poverty dropped by 14.7% while urban poverty declined by 7.9% during 2011 to 2019.
- ▶ The unemployment rate in India rose to 7.83% in April from 7.60% in March. The urban unemployment rate rose to 9.22% in April from 8.28% the previous month, while the rural unemployment rate slipped to 7.18% from 7.29% as per the Centre for Monitoring Indian Economy (CMIE).
- ▶ The monthly collection under the Goods and Services Tax (GST) has peaked to an all-time high of Rs 1.68 lakh crore in April 2022. It crossed the Rs 1.5 lakh crore-mark for the first time in April 2022 and Rs 1 lakh crore-mark for the tenth month in a row.

Persistent FII selling in domestic shares, fears of aggressive monetary tightening in the US, Covid-related lockdowns in China and ongoing Russia-Ukraine war impacted sentiment. Domestic indices saw steep losses during the month. The benchmarks Sensex and Nifty witnessed intense drubbing which finally led to over a 2% crash for the month of April. FIIs' too were again seen on a selling spree as they net sold shares worth Rs. 40,652.71 crores worth of shares in April. The Reserve Bank of India also increased the policy repo rate under the liquidity adjustment facility (LAF) by 40 basis points to 4.4% with immediate effect..

Markets were already disappointed when Fed Chair Jerome Powell presented half-a-point rate hike on the table for the month of May. Fed hiked by 50 bps and is set to begin balance sheet reduction from June. On a monthly basis in April, Wall Street also saw a steep decline as Dow Jones Industrial Average, the Nasdaq and the S&P 500 Index cracked nearly 5%, 13% and 8% respectively.

Market Outlook

Heightened uncertainty surrounds the inflation trajectory, which is heavily contingent upon the evolving geopolitical situation, as mentioned by RBI.

- ▶ The World Bank has lowered its global growth forecast for 2022 by nearly a full percentage point, from 4.1% to 3.2%, citing the pressure that Russia's invasion of



Performance of key sectoral indices

Nifty Energy	10.31%	Nifty Bank	-0.58%
Nifty Auto	5.28%	Nifty Pharma	-1.08%
Nifty FMCG	5.18%	Nifty Metal	-1.74%
Nifty India Consumption	3.59%	Nifty Realty	-4.29%
Nifty Infrastructure	2.03%	Nifty IT	-12.71%
Nifty MNC	1.84%		

Ukraine has placed on the global economy. Asian Development Bank (ADB) said that South Asian economies are expected to expand collectively by 7% in 2022 and 7.4% in 2023, with India, the sub-region's largest economy expected to grow 7.5% this fiscal year and 8.0% next fiscal year. ADB said developing Asia's economies are forecast to grow 5.2% this year and 5.3% in 2023, thanks to a robust recovery in domestic demand and continued expansion in exports. The International Monetary Fund (IMF) has cut its growth forecast for India for FY23 by 80 basis points to 8.2%, warning that Russia's invasion of Ukraine would hurt consumption and hence, growth, by way of higher prices.

- ▶ China's producer inflation for March was higher than expected as the producer price index surged 8.3% as compared with a year ago. Consumer inflation also rose more than expected in March, with the consumer price index climbing 1.5% year on year. China has reported GDP of 4.8% in the Q1 of 2022, as against 4% in the Q4 of 2021. China's industrial profits rose 8.5% y-o-y in the January-March period. China's manufacturing activity slumped to its lowest level since February 2020, the latest sign of economic pain as Beijing doggedly pursues its zero-Covid response. The official Purchasing Managers' Index (PMI), a key gauge of manufacturing activity, clocked 47.4 in April as authorities said that a "decline in production and demand" has deepened.
- ▶ US consumer prices rose 8.5% in March as compared with a year ago, the fastest annual gain since December 1981. The core consumer price index which excludes food and energy, however, showed signs it may be ebbing.

It rose 0.3% for the month. The trade deficit in goods widened to a record high in March. The goods trade deficit jumped 17.8% to an all-time high of \$125.3 billion. The increase likely reflected both higher volumes and prices. Imports of goods accelerated 11.5% to \$294.6 billion. US economic growth fell 1.4% annualised in the Q1 of 2022. The data was far worse than the mild increase analysts had expected, and came after the economy had grown 6.9% in the final quarter of 2021.

- ▶ Japan's retail sales rose more than expected in March. Retail sales gained 0.9% as compared with a year earlier. Manufacturing activity grew at a slower pace from the previous month in April as supply chain disruptions and strict Chinese coronavirus lockdown measures hurt overseas demand. The final au Jibun Bank Japan Manufacturing Purchasing Managers' Index (PMI) fell to a seasonally adjusted 53.5 in April from the prior month's 54.1 final.
- ▶ In Europe, the French economy stagnated in the Q1 as weak domestic demand continued despite an easing of COVID-19 restrictions. The euro zone's second-largest economy was unchanged following growth of 0.8% in the final quarter of 2021. The European Central Bank (ECB) kept its monetary policy but confirmed it will end its bond buying in the third quarter. Once the bond buying program is completed, the ECB is expected to begin hiking interest rates, following the same path as the other major central banks across the globe. Eurozone April final manufacturing PMI 55.5 remains a 15-month low with the manufacturing output index slumping to a fresh 22-month low, as euro area factory growth stalls in April.
- ▶ Indian manufacturing activity in April saw a marked increase in new orders and production, with international sales growing "solidly" after having contracted for the first time in nine months in March. The S&P Global India Manufacturing Purchasing Managers' Index (PMI) rose in April, coming in at 54.7, up from 54.0 in March.

Markets will be directed by economic data on inflation and US-FED actions while geo-political factors continue to affect investor sentiments.

TECHNICAL VIEW

Indices got a good start in the month of April as Nifty reclaimed the 18100 mark. However, began to see profit-booking and gradually Nifty fell lower to a mark near 16800.

On weekly chart, Nifty moved below 13-week EMA. After a series of lower closes on weekly chart, Nifty closed higher in the last week of April. It has been forming 'Doji' on the weekly chart. Monthly as well as weekly RSI is below their respective averages.

Nifty has breached the important support near 16800 and has moved below its 200-day EMA. Going ahead, 15800-16000 is an important support for Nifty. Breach of this level could drag it lower till 15600. On the other hand 16800 would be a strong resistance level now.



MUTUAL FUNDS PERFORMANCE

NAV as on 30 April 2022

Return %

Liquid Funds	NAV	30 DAYS	3 MON	6 MON	1 YR
Axis Liquid Fund (G)	2356.5796	0.31	0.90	1.79	3.43
Franklin India Liquid Fund Super Ins (G)	3189.16	0.31	0.89	1.79	3.42
UTI Liquid Cash Plan Reg (G)	3476.44	0.31	0.89	1.78	3.42

Arbitrage Funds	NAV	30 DAYS	3 MON	6 MON	1 YR
SBI Arbitrage Opp Fund Reg (G)	27.40	0.42	1.00	1.87	4.15
Axis Arbitrage Fund (G)	15.31	0.38	0.96	2.14	4.05
Kotak Equity Arbitrage Fund (G)	30.34	0.41	0.98	1.96	4.00

Hybrid Aggressive Funds	NAV	1 YR	2 YR	3 YR	5 YR
ICICI Pru Equity & Debt Fund (G)	225.97	30.33	40.69	18.75	14.36
Kotak Equity Hybrid (G)	39.56	15.19	33.97	16.88	11.49
Canara Robeco Equity Hybrid Fund Reg (G)	238.46	11.69	24.34	14.54	12.04
SBI Equity Hybrid Fund Reg (G)	201.82	15.58	26.51	14.48	12.80

Hybrid Balanced Advantage Funds	NAV	1 YR	2 YR	3 YR	5 YR
Edelweiss Balanced Advantage Fund (G)	35.32	10.96	22.10	14.39	11.39
Tata Balanced Advantage Fund (G)	14.60	11.01	20.04	12.05	N/A
ICICI Pru Balanced Advantage Fund Reg (G)	49.60	10.91	23.03	11.73	10.15
Kotak Balanced Advantage Fund Reg (G)	14.27	7.74	19.60	10.89	N/A

Equity Value Funds	NAV	1 YR	2 YR	3 YR	5 YR
IDFC Sterling Value Fund Reg (G)	89.71	32.61	63.13	20.30	13.78
ICICI Pru Value Discovery Fund (G)	254.31	28.64	46.49	20.14	13.62
Nippon India Value Fund (G)	121.87	24.21	44.29	18.01	13.33
L&T India Value Fund (G)	56.68	21.80	41.96	16.33	10.72

Equity Focused Funds	NAV	1 YR	2 YR	3 YR	5 YR
IIFL Focused Equity Fund (G)	28.48	17.45	36.87	21.27	16.21
Sundaram Focused Fund Reg (G)	106.08	14.88	32.80	18.17	14.14
Nippon India Focused Equity Fund (G)	77.58	20.48	45.21	17.49	12.33
SBI Focused Equity Fund Reg (G)	225.86	17.60	32.72	16.81	15.68

Tax Saving Schemes	NAV	1 YR	2 YR	3 YR	5 YR
IDFC Tax Advantage Reg (G)	97.87	25.68	51.47	19.98	15.29
Mirae Asset Tax Saver Fund Reg (G)	30.28	17.11	39.86	19.54	16.65
Canara Robeco Equity Taxsaver Fund Reg (G)	110.99	15.57	35.85	19.11	15.76
DSP Tax Saver Fund Reg Fund (G)	79.24	18.23	38.67	17.73	13.32
Kotak Tax Saver Scheme (G)	70.69	17.37	36.27	16.72	12.60

Large Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Canara Robeco Bluechip Equity Fund (G)	39.79	11.83	29.57	16.99	14.18
Kotak Bluechip Fund (G)	361.41	14.16	33.77	15.27	12.33
ICICI Pru Bluechip Fund Reg (G)	64.36	18.29	35.43	14.76	12.90
SBI Blue Chip Fund Reg (G)	59.40	14.35	34.10	14.61	11.50

Mid Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
SBI Magnum MidCap Fund Reg (G)	141.11	28.14	55.62	24.18	13.02
Edelweiss Mid Cap Fund Reg (G)	49.67	24.17	47.97	23.67	15.17
Kotak Emerging Equity (G)	72.54	24.05	48.67	23.50	14.79
UTI Mid Cap Fund (G)	182.27	22.73	47.18	22.77	12.75

Other FoFs Domestic	NAV	1 YR	2 YR	3 YR	5 YR
ICICI Pru Asset Allocator Fund (FOF) (G)	79.49	12.45	23.99	12.95	11.64

Large & Mid Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Axis Growth Opportunities Fund Reg (G)	20.14	21.11	39.16	22.88	N/A
Canara Robeco Emerging equities Reg (G)	156.24	18.69	37.45	18.27	13.22
SBI Large & Midcap Fund Reg (G)	368.66	26.06	42.21	18.23	14.27
ICICI Pru Large & Mid Cap Fund Reg (G)	535.64	28.73	44.44	18.06	12.50

Small Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Canara Robeco Small Cap Fund Reg (G)	24.22	48.23	70.31	32.63	N/A
Kotak Smallcap Fund (G)	163.64	32.61	68.06	31.95	17.59
Edelweiss Small Cap Fund (G)	24.24	34.07	60.21	29.92	N/A
Axis Small Cap Fund Reg (G)	60.78	32.50	50.93	29.79	19.61

Flexicap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Parag Parikh Flexi Cap Fund Reg (G)	47.74	19.53	42.78	23.38	19.07
UTI Flexi Cap Fund Reg (G)	239.48	11.21	37.11	18.51	15.68
Canara Robeco Flexi Cap Fund (G)	216.53	15.84	32.29	17.11	14.56
DSP Flexi Cap Fund Reg (G)	61.56	10.09	31.48	16.12	12.48
Axis Flexi cap Fund (G)	17.75	12.41	26.80	15.67	N/A

Multicap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Sundaram Multi Cap Fund (Formerly Principal Multi Cap Growth) Reg (G)	233.18	27.65	41.57	17.54	13.20
Invesco India Multicap Fund (G)	74.80	17.98	35.62	16.94	10.85
Nippon India Multi Cap Fund (G)	150.12	32.42	47.15	14.90	12.69
ICICI Pru Multicap Fund Reg (G)	437.83	20.74	38.82	13.93	11.20

Sector & Thematic Funds	NAV	1 YR	2 YR	3 YR	5 YR
ICICI Pru Technology Fund (G)	144.16	30.40	71.80	33.64	29.80
Aditya Birla SL Digital India Fund Reg (G)	124.78	26.24	61.96	31.91	29.25
Tata Resources & Energy Fund Reg Plan (G)	29.65	22.86	49.74	27.61	15.43
Mirae Asset Healthcare Fund (G)	22.09	8.77	28.21	26.96	N/A
ICICI Pru Pharma Healthcare And Diagnostics Fund (G)	19.46	4.06	26.30	23.53	N/A
Sundaram Services Fund (G)	20.38	28.29	43.99	22.78	N/A
Aditya Birla SL India Gen Next Fund Reg (G)	132.94	18.92	33.03	17.38	13.70
IDFC Infrastructure Fund Reg (G)	23.60	27.91	51.52	16.04	8.44
Aditya Birla SL Infrastructure Fund Reg (G)	48.80	23.95	47.04	15.12	7.93
SBI Banking & Financial Services Fund Reg (G)	23.87	5.19	28.97	9.66	12.39
Tata Banking and Financial Services Fund Reg (G)	24.03	1.94	23.50	8.65	9.11

Index	NAV	1 YR	2 YR	3 YR	5 YR
S&P BSE Sensex	57060.87	14.66	32.06	13.41	13.77
NSE - Nifty 50	17102.55	14.82	33.80	13.26	12.93

CORPORATE ACTIONS IN MAY 2022

COMPANY	RECORD DATE	PURPOSE
Colgate-Palmoliv	07/05/2022	Rs.21 per share (2100%) Interim Dividend
CRISIL	09/05/2022	Rs.7 per share (700%) First Interim Dividend
Vedanta	09/05/2022	Rs.31.5 per share (3150%) First Interim Dividend
Indiamart International	11/05/2022	Buy Back of Shares
Laurus Labs	11/05/2022	Rs.1.2 per share (60%) Second Interim Dividend
HDFC Bank	13/05/2022	Rs.15.5 per share (1550%) Final Dividend
Trent	23/05/2022	Rs.1.1 per share (110%) Final Dividend

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COMPANY ANALYSIS

METRO BRANDS LIMITED

CMP (As on 30 April 2022) – 570

INDUSTRY - FOTWEAR

MAY 2022

SENSEX – 57060 NIFTY – 17102

Mkt. Cap.	:	15478.64 Cr
Equity	:	135.75
Trading Vol.	:	194711
52 Week High/Low	:	673/426
Face Value	:	5

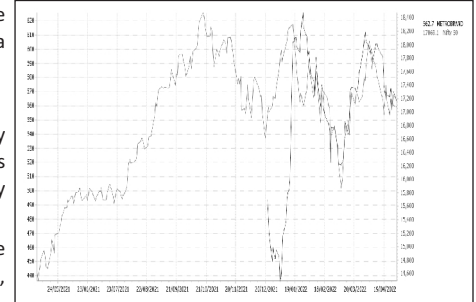
BSE Group	:	B
BSE Code	:	543426
NSE Symbol	:	METROBRAND
Bloomberg	:	METROBRAIN
Reuters	:	METB.BO

Shareholding Pattern		
Promoters	:	74
Institutions	:	05
Public	:	03
Others	:	18

Metro Brands is one of the India's largest footwear retailers and is among the aspirational Indian brands in the footwear category. Company opened its first store under the Metro brand in Mumbai in 1955 and has evolved into a one-stop shop for all footwear needs, by retailing a wide range of branded products.

Investment rationale

- ▶ Today it is present across consumer segments and sells products for all occasions. Metro brands primarily follow the company-owned and company operated (COCO) model of retailing through its Multi Brand Outlets (MBOs) and Exclusive Brand Outlets (EBOs), to better manage customer experience at stores. The company and its Subsidiary Metmill also operate shop-in-shops (SIS) in major departmental stores across India.
- ▶ The company is accelerating store expansion as well has a good number of international tie-ups which is in line with the aspirational story of India. It has largely outsourced its manufacturing. It has products across mass, economical and premium segment. Company retails footwear under its own brands of Metro, Mochi, Walkway, Da Vinci and J. Fontini, as well as certain third-party brands such as Crocs, Skechers, Clarks, Florsheim, and Fitflop, which complement in-house brands.
- ▶ One distinctive point with Metro is that it has emerged as a partner of choice for international footwear players wanting to tap the fast-growing Indian market. It has successfully scaled up the Crocs (a reputed US-based footwear player) business in India. It recently gained exclusive rights for selling the Fitflop brand in the Indian market. Fitflop is a UK-based premium footwear manufacturer.
- ▶ The company has maintained its operating margins above 15% consistently and has been improving. In FY21 it was 27% and net profit margin around 10%. RONW has been above 20%. Debt-equity ratio has been low near 0.6 before IPO. CFO has been consistently positive and increasing.



Footwear industry is already placed in an opportunistic spot when it comes to the shift to organized space and a strong pent-up demand and consumer sentiment. The Indian footwear consumption in value terms is expected to grow at a CAGR of 15% to 17% between FY2022 and FY2025. This is also expected to drive growth of the market share of organized players like Metro Brands. 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	132.77	132.77	132.77	14.73	14.73
Networth	827.57	807.29	649.87	577.14	463.41
Debt	566.91	549.15	424.46	6.02	2.96
Sales	800.06	1,285.16	1,217.07	1,085.30	1,079.68
Other Income	78.48	25.91	19.83	8.91	6.46
Operating profit	251.16	378.75	356.02	234.83	160.95
PAT	65.22	159.73	151.2	141.85	94.58
Book Value (Rs)	30.48	29.73	23.94	21.26	17.07
EPS (Rs.)	2.58	5.84	5.48	5.15	3.33
Dividend (%)	30	30	24	200	135
Payout (%)	63.72	0	30.19	21.64	22.73

Latest Results (Rs. Crore)

Quarter Ended (Standalone)	Dec-21	Dec-20	Var [%]
Sales	476.05	293.45	62.23
Other Income	11.93	16.97	-29.7
PBIDT	179.16	110.31	62.42
PBT	132.59	70.22	88.82
PAT	100.15	61.61	62.55

GALAXY SURFACTANTS LIMITED

CMP (As on 30 April 2022) – 2917

INDUSTRY - CHEMICALS

MAY 2022

Mkt. Cap.	:	10342.33 Cr
Equity	:	35.45
Trading Vol.	:	13299
52 Week High/Low	:	3600/2587
Face Value	:	10

BSE Group	:	A
BSE Code	:	540935
NSE Symbol	:	GALAXYSURF
Bloomberg	:	GALSURFIN
Reuters	:	GALXNS

Shareholding Pattern		
Promoters	:	71
Institutions	:	14
Public	:	4
Others	:	11

Incorporated in 1986, and promoted by Unnathan Shekhar, Gopalkrishnan Ramakrishnan, Shashikant Shanbhag and Sudhir Dattaram Patil, Galaxy Surfactants manufactures surfactants and other speciality chemicals for the personal and home-care industries.

Investment rationale

- ▶ Galaxy Surfactants is a global supplier to FMCG brands. Around 34% of sales are from India and rest 66% are exports and 65% comprise surfactants and remaining

specialty-care products. There are seven strategic manufacturing facilities and one pilot plant. Five are located in India and one each in Egypt and the US.

- ▶ Over the years, the product profile, client base and geographical footprints have been expanded and diversified. Currently, the product portfolio comprises over 200 grades marketed to more than 1,700 customers in over 70 countries. As many as 47 patents have been registered since the calendar year 2002.
- ▶ Products finds application in a host of consumer-centric personal and home-care segments including skin, oral and hair-care, cosmetics, toiletries and detergent products. Products are supplied to FMCG companies in India such as Cavinkare Pvt Ltd, Colgate Palmolive, Dabur India, Henkel, Himalaya, L'oreal, Procter & Gamble, Reckitt Benckiser, Ayur Herbals and Jyothy Lab. Exports go to Africa Middle East Turkey, Asia Pacific, Americas and Europe FMCG giants.
- ▶ The company has improved operating margins to 15% and RONW to 25% in last year. With consistent positive CFOs, it has low debt and D/E is 0.2. The sales CAGR is 11% and PAT CAGR is 16% in last 10 years. Galaxy Surfactants is positive of achieving a 6-8% volume growth in the next fiscal.



Indian specialty chemical suppliers stand to gain from the ongoing geo-political issues as European suppliers face elevated costs due higher energy prices. As per a recent survey done by the German Economic Institute, one-third of the companies are anticipating a gas supply shortage because of the latest geopolitical tension. As the energy crisis can potentially cap supplies, Indian chemical companies can gain market share. We recommend investing with a long term perspective.

Financial Performance (Rs. Crore)

Year End	Mar-21	Mar-20	Mar-19	Mar-18	Mar-17
Equity	35.45	35.45	35.45	35.45	35.45
Networth	1,301.41	1,067.75	876.73	718.77	574.91
Debt	289.25	395.88	297.8	347.96	392.85
Sales	2,784.06	2,596.38	2,762.99	2,462.51	2,248.04
Other Income	10.86	5.92	4.68	10.14	10.42
Operating Profit	459.69	374.83	358.05	297.85	281.8
PAT	302.14	230.41	190.98	158.03	147.62
Book Value (Rs)	367.11	301.2	247.31	202.76	0
EPS (Rs.)	85.23	65	53.87	44.58	0
Dividend (%)	180	140	80	70	60
Payout (%)	27.91	35.05	25.82	9.47	11.75

Latest Results (Rs. Crore)

Quarter Ended (Standalone)	Dec-21	Dec-20	Var [%]
Sales	656.39	454.35	44.47
Other Income	4.9	1.78	175.28
PBIDT	45.68	74.27	-38.49
PBT	33.21	62.23	-46.63
PAT	24.45	46.48	-47.4

*Company listed in FY22 after IPO

COMPANY ANALYSIS REVIEW

ELGI EQUIPMENTS LIMITED

CMP (As on 30 April 2022) – 346

INDUSTRY - COMPRESSORS

MAY 2022

Mkt. Cap.	: 10988.82 Cr
Equity	: 31.69
Trading Vol.	: 294560
52 Week High/Low	: 422/191
Face Value	: 1

BSE Group	: A
BSE Code	: 522074
NSE Symbol	: ELGIEQUIP
Bloomberg	: ELEQIN
Reuters	: ELGE.BO

Shareholding Pattern	
Promoters	: 31
Institutions	: 17
Public	: 27
Others	: 25

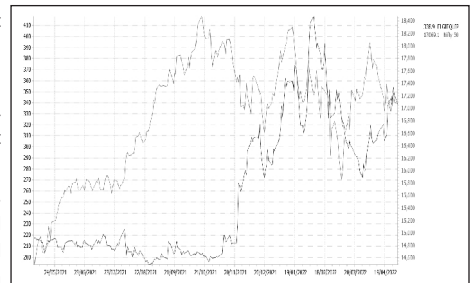
We had earlier recommended the stock in our Sajag Online publication of June 2013.

We remain optimistic about the company owing to sound financials and stable business.

Elgi Equipments (Elgi) manufactures wide range of air compressors (90% of revenue) and automotive equipment (10%).

Investment rationale

- ▶ Air compressors have wide applications in various industries, such as manufacturing, semiconductors & electronics, home appliances, healthcare, oil & gas, food & beverages, and energy. Elgi is the second largest player in the Indian air compressor market (22% market share) and among sixth largest globally.
- ▶ For Elgi, Indian and global business contribution is equal that is 50% each. Elgi acquired Michigan Air Solutions, LLC, an independent compressor distributor in the USA and the Company's European expansion plan gained full traction. Expansion in new international markets will drive long term incremental growth (rest of the world contributed 40% in FY21). Exports grew by 27% in last year. The Oil-free - Disrupted, AB series product has been gaining significant acceptance across different segments in the market and is likely to further aid growth.
- ▶ The firm is also in the process of reshaping its business operations to have the EBITDA of 16% from the current 10-11% and increase ROCE to 30% from the current 20%. It has low debt/equity ratio 0.5 with consistent positive CFOs.



Globally, the air compressor industry is growing at 2-3%, whereas Elgi has been growing at 10-15%. The Indian industry is estimated to be about \$700 million, mainly dominated by four major companies. The domestic market is growing at 10-12% a year. As per CMIE, aggregate net sales of the compressor companies (under General purpose Machinery) surged by 30%. The industry's sales revenues will continue to grow in the March 2022 quarter due to sustained demand from most user industries. However, the industry's margins are likely to remain under pressure in the March 2022 quarter on account of a surge in commodity prices amidst the Russia-Ukraine war. 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	31.69	15.85	15.85	15.85	15.85
Networth	869.89	769	770.92	688.95	606.9
Debt	463.99	448.1	237.74	266.17	251.07
Sales	1,924.05	1,829.39	1,863.47	1,622.24	1,438.05
Other Income	24.91	14.45	11.84	12.99	13.64
Operating profit	242.06	152.02	205.58	187.79	154.41
PAT	102.49	42.57	103.07	95.28	74
Book Value (Rs)	27.62	24.3	24.37	21.78	19.19
EPS (Rs.)	3.23	1.35	3.25	3.01	2.34
Dividend (%)	80	165	130	120	100
Payout (%)	0	46.54	22.43	20.62	26.4

Latest Results (Rs. Crore)

Quarter Ended (Standalone)	Dec-21	Dec-20	Var [%]
Sales	408.55	323.02	26.48
Other Income	8.99	5.14	74.9
PBIDT	71.31	54.69	30.39
PBT	61.72	44.94	37.34
PAT	45.78	33.47	36.78

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)	489,857	21.2	901,250	16.3	1,818,336	15.6	2,881,130	16.7	7,103,748	16.6
Canara Robeco Emerging equities Reg (G)	509,467	24.0	923,085	17.3	1,907,432	16.7	3,405,124	19.8	9,072,858	19.4
Kotak Equity Opportunities Fund (G)	502,496	23.0	915,640	17.0	1,789,500	15.2	2,769,508	16.0	5,925,424	14.5
Mirae Asset Emerging Bluechip Fd Reg (G)	521,067	25.7	980,815	19.8	2,127,289	19.3	3,855,006	22.1	N/A	N/A
SBI Focused Equity Fund Reg (G)	484,769	20.4	909,602	16.7	1,817,429	15.5	2,841,502	16.5	7,300,771	16.9

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

INVESTMENT IDEAS - MEDIUM TERM (3-6 MONTHS)

AMBUJA CEMENT LIMITED

CMP (AS ON 30 APRIL 2022) - 372

TARGET - 405

Ambuja Cements Ltd, a part of the global conglomerate Lafarge-Holcim, is among the leading cement companies in India. The principal activity of the company is to manufacture and market cement and clinker for both domestic and export markets. The company has five integrated cement manufacturing plants and eight cement grinding units. It is the first Indian cement manufacturer having a captive port with three terminals along the country's western coastline. Net sales of Ambuja Cements has increased 18.15% to Rs 28965.46 crore in CY2021. Operating profit margin has jumped from 20.42% to 21.44%, leading to 24.07% rise in operating profit to Rs 6,210.40 crore. Its new Marwar cement plant is now operating at full capacity. Additional cement capacity expansions of around 9 million tons at Ropar and Bhatapara are on track. The company's plan is to grow Cement capacity to 100 million tons per annum. Hlocim currently holds 63.1% stake in Ambuja which it is planning to sell.

INDUSIND BANK LIMITED

CMP (AS ON 30 APRIL 2022) - 978

TARGET - 1140

IndusInd Bank Ltd is one of the new generation private sector banks in India. The Bank's business lines include corporate banking, retail banking, treasury and foreign exchange, investment banking, capital markets, non-resident Indian/high-net-worth individual banking, and information technology. IndusInd Bank has maintained the strong profitability growth, while recording healthy 55% growth in the net profit to Rs 1361.37 crore for the Q4FY2022. The asset quality improved with reduction in restructured loans, while bank has posted strong 10 bps sequential improvement in the net interest margins (NIM) to 4.20% in Q4FY2022. The non-interest income growth of the bank was stable, which is mainly driven by 9% growth in the core fee income. Bank has recorded strong 12% growth in the loan book. Bank has strongly expanded network strength adding new 162 branches in Q4FY2022, raising the branch count to 2265 at end March 2022. Gross NPA ratio in the corporate book declined 2.07%, while in the retail loan book GNPA also eased to 2.71% at end March 2022 from 2.15% and 2.86% a quarter ago. Capital adequacy ratio in Q4FY2022 stood at 18.4%.

GAINERS AND LOSERS OF THE MONTH (NIFTY-50)

GAINERS			
COMPANY	OPEN	CLOSE	%
Hero Motocorp Ltd.	2185	2506.65	14.72%
Mahindra & Mahindra Ltd.	811	922.1	13.70%
N T P C Ltd.	138	156.2	13.19%
Adani Ports & SEZ Ltd.	774.5	856.4	10.57%
Hindustan Unilever Ltd.	2054.9	2234.85	8.76%

LOSERS			
COMPANY	OPEN	CLOSE	%
Infosys Ltd.	1886.85	1567.55	-16.92%
Tech Mahindra Ltd.	1499	1259	-16.01%
Hindalco Industries Ltd.	569.9	482.65	-15.31%
Wipro Ltd.	591.7	508.8	-14.01%
Bajaj Finserv Ltd.	17030	14911.15	-12.44%

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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