



## Market Cues

Indian markets are likely to open flat tracking global indices and SGX Nifty.

US stocks ended slightly up on Tuesday after a somewhat lackluster session, as investors largely refrained from making significant moves. The Dow ended up 0.3 percent at 31,069 and the Nasdaq rose by 0.3 percent 13,072.

U.K. stocks fell on Tuesday as investors largely stayed cautious and refrained from making significant moves amid persisting worries about rising coronavirus cases. The benchmark FTSE 100 fell by 0.7 per cent to 6,754.

Indian shares hit fresh record highs on Tuesday, led by gains in Reliance Industries and rate-sensitive auto, banking and realty stocks. The benchmark S&P BSE Sensex rallied by 0.5 per cent to 49,517.

## News Analysis

- Retail inflation eases to 4.59% in December; IIP contracts 1.9% in Nov

Detailed analysis on Pg2

## Investor's Ready Reckoner



Key Domestic & Global Indicators



Stock Watch: Latest investment recommendations on 150+ stocks

Refer Pg7 onwards

## Top Picks

Company	Sector	Rating	CMP (₹)	Target (₹)	Upside (%)
Swaraj Engines	Others	Buy	1,412	1,891	33.9
IDFC First Bank	Bank	Buy	47	55	16.6
Persistent Systems	IT	Buy	1,626	1,776	9.2
JK Lakshmi Cement	Cement	Buy	353	422	19.6

More Top Picks on Pg3

Domestic Indices	Chg (%)	(Pts)	(Close)
BSE Sensex	0.5	248	49,517
Nifty	0.5	79	14,563
Mid Cap	0.4	84	19,209
Small Cap	0.2	46	18,923
Bankex	0.6	228	36,751

Global Indices	Chg (%)	(Pts)	(Close)
Dow Jones	0.2	60	31,069
Nasdaq	0.3	36	13,072
FTSE	-0.7	-44	6,754
Nikkei	0.1	25	28,164
Hang Seng	1.3	369	28,277
Shanghai Com	2.2	77	3,608

Advances / Declines	BSE	NSE
Advances	1664	1,035
Declines	1435	911
Unchanged	154	69

Volumes (₹ Cr)	
BSE	4,854
NSE	81,906

Net Inflows (₹ Cr) (Dec'20)	Net	Mtd	Ytd
FII	617	53,500	1,67,252
*MFs	-1,156	-17,396	-49,505

Top Gainers	Price (₹)	Chg (%)
CHENNPETRO	127	8.2
KENNAMET	974	9.3
MAGMA	48	11.5
NEULANLAB	1,235	11.2
BANKBARODA	71	10.2

Top Losers	Price (₹)	Chg (%)
RVNL	33	-5.7
ADANIGREEN	925	-4.4
BANDHANBNK	392	-4.2
ASIANPAINT	2,737	-3.9
HIMATSEIDE	149	-3.7

As on Jan 12, 2020



## News Analysis:

### Retail inflation eases to 4.59% in December; IIP contracts 1.9% in Nov

India's factory output shrank in November after registering two straight months of growth, signalling that the nascent recovery in Asia's third-largest economy is yet to take deep roots.

This is likely to add pressure on finance minister Nirmala Sitharaman to announce more measures to support growth in the economy in her third Budget that is scheduled to be presented on 1 February.

However, in a relief to the government and the central bank, retail inflation sharply slowed to a 14-month low in December, returning to the comfort zone of the Reserve Bank of India as food inflation subsided.

Data released by the National Statistical Office on Tuesday showed the Index of Industrial Production (IIP) declined by 1.9% in November as manufacturing (-1.7%) and mining (-7.3%) contracted. Electricity output, however, grew by 3.5%. Support from a low base available till October vanished beginning November, which could adversely impact factory output growth for the rest of the fiscal to March. Separately, retail inflation decelerated to 4.59% in December from 6.93% a month ago, as vegetable prices fell 10.4% from a year ago with prices of onion easing substantially.

## Economic and Political News

- Commodity inflation for auto sector to be offset by price hikes
- SC stays implementation of three farm laws

## Corporate News

- DGCI issues show-cause notice to Amazon India over Rs 175 cr tax demand
- Bharti Airtel initiates process to revise foreign investment limit to 100%
- Tech Mahindra to acquire Payments Technology Services for Rs 66 cr



## Quarterly Bloomberg Brokers Consensus Estimate

### Infosys Ltd – January 13, 2021

Particulars (₹ cr)	2QFY21E	2QFY20	y-o-y (%)	1QFY21	q-o-q (%)
Sales	25,170	23,092	9.0	24,570	2.4
EBIDTA	7,154	5,801	23.3	7,083	1.0
%	28.4	25.1		28.8	
PAT	5,068	4,457	13.7	4,845	4.6

### Wipro Ltd – January 13, 2021

Particulars (₹ cr)	2QFY21E	2QFY20	y-o-y (%)	1QFY21	q-o-q (%)
Sales	15,491	15,470	0.1	15,097	2.6
EBIDTA	3,503	3,180	10.1	3,437	1.9
%	22.6	20.6		22.8	
PAT	2,552	2,456	3.9	2,466	3.5



## Top Picks

Company	Market Cap (₹ Cr)	CMP (₹)	Target (₹)	Upside (%)	Rationale
Swaraj Engine	1,714	1,412	1,891	33.9	Swaraj Engines is engaged in the business of manufacturing diesel engines and hi-tech engine components. Diesel Engines are specifically designed for tractor application. Going forward, we expect recovery in the tractor industry (due to robust Rabi crop production, hike in MSP & the forecast of a normal monsoon) will benefit players like Swaraj Engines.
IDFC First Bank	26,748	47	55	16.6	We believe efforts to built liability franchise, fresh capital infusion and provision taken on wholesale book will help to tide over this difficult time. The IDFC First Bank is trading ( 0.7 x FY22ABV) at a significant discount to historical average valuations.
Persistent Systems	12,427	1,626	1,776	9.2	Company has won a large deal during the quarter which will ramp up over the next few quarters. We expect the company to post revenue/EBITDA/PAT growth of 11.6%/21.4%/19.7% between FY20-FY22 given negligible impact of Covid-19 on FY21 numbers strong deal wins, ramp up of existing projects along with margins expansion.
JK Lakshmi Cement	4,151	353	422	19.6	JK Lakshmi is predominantly a north India cement company with capacity of 13.3 Mn Mt. Currently, north India is favorable location for the cement industry as it is consolidated to a large extent as well as demand and supply outlook is better compared to other locations. It is also trading at a significant discount compared to other north based cement companies
Hawkins Cooker	3,101	5,861	6,776	15.6	Gaining market share with peer, strong demand post Covid-19 and increase in penetration of cooking gas to drive higher growth.
Metropolis Healthcare	11,174	2,186	2,593	18.6	We are positive on the company given expected long term growth rates of ~15% CAGR. Stable margins profile and moderating competitive intensity
Atul Ltd	19,550	6,591	7,339	11.3	Atul Ltd is one of India's oldest and largest specialty chemical companies with diversified presence across various industries The company has got one of the strongest chemistry skillsets in the Indian chemical space and has got a very strong relationship with global chemical companies with exports accounting for 55-60% of the company's revenues. The company's business has almost normalized in Q2FY2021 with the company posting 4.2% degrowth in revenues to Rs. `1,002 crore as compared to our expectation of a 10% degrowth.. We expect the company to post Revenue/EBIDTA/PAT growth of 10.3%/14.8%/11.8% between FY2020-2022 led by growth in the life science division.



## Continued....

Company	Market Cap (₹ Cr)	CMP (₹)	Target (₹)	Upside (%)	Rationale
Galaxy Surfactants	7,911	2,231	2,569	15.1	Galaxy Surfactants is a market leader in oleochemical-based surfactants, which is used in personal and home care products. The company has been increasing its share of high margin specialty care products in its portfolio which now accounts for ~ 40% of its revenues while the balance is accounted for by the performance surfactant business. The company has a very strong relationship with MNC clients like Unilever, P&G, Henkel, Colgate-Palmolive and supplies raw materials to them not only in India but also in US, EU and MENA region.
Gujarat Gas	26,462	384	450	17.1	Strong Volume Growth – In Q2FY21 Volume stood at 9.85 MMSCMD, which is the highest volume by company in any quarter, Volumes are even better than pre Covid levels. In last 2 years strong volume CAGR of 20%. Industrial Growth in Gujarat – 80% of overall volumes comes from the Industrial sector. Industrial demand is very strong in Morbi. Morbi ceramic to get further boost as strong demand from USA as they have imposed 200%-300% of import duty on Chinese ceramic. Company also ramping up its capacity at Morbi to enable it to handle 8 MMSCMD against current capacity of 5.9 MMSCMD. Margin to sustain – Gujarat gas margins are highest in Q2FY21 at 29%.
Bhandan Bank	63,071	392	525	34.0	Bandhan bank is one of India's leading east based micro finance lending led bank. This places the bank at a significant advantage over other MFIs in the form of very low cost of funds. While Bandhan Bank started off as a MFI it is diversifying its loan book. With the takeover of Gruh Finance mortgages account for ~ 26% of the bank's lending books while commercial banking accounts for ~6.5% of the company's loan book. The company is looking to diversify its loan book and geographical spread over the next 5 years.
Whirlpool India	31,834	2,509	3,032	20.8	Whirlpool of India (WIL) is engaged in manufacturing and selling of Refrigerators, Washing Machines, Air Conditioners, Microwave Ovens, built in and Small appliances and caters to both domestic and international markets. WIL's product portfolios presence in the lower penetration category, which would lead to higher growth. Going forward, we expect healthy profitability on the back of a strong brand, wide distribution network, capacity expansion & strengthening product portfolio.
Narayana Hrudayalaya	9,675	473	500	5.6	Narayana Hrudayalaya is engaged in providing economical healthcare services, specifically surgery related to cardiac. Company having 21 hospitals with Operational beds of 5920. Company major revenue comes from Bangalore and Kolkata region with 38% and 28% respectively.
NRB Bearings	1,071	110	135	22.2	NRB is one of the leading suppliers of bearings to Auto companies. The company supplies bearings to two wheelers, PV, CV, Three wheelers and tractors OEMs and has a wide customer base. The company has also been focusing on exports markets in order to diversify its revenue base.
Ashok Leyland	35,696	122	140	14.8	Ashok Leyland Ltd (ALL) is one of the leading player in India CV industry with a 32% market share in the MHCV segment. The company also has a strong presence in the fast growing LCV segment.