

## Week Gone

- ⇒ Domestic shares tumbled on Monday, 30 March 2020 as the coronavirus pandemic continued to spook investors.
- ⇒ China's official manufacturing PMI bounced to 52 in March, up from a record-low 35.7 in February.
- ⇒ The headline IHS Markit composite PMI for the euro zone collapsed from 51.6 in February to an all-time low of 29.7 in March.
- ⇒ The US Labour Department said Thursday, 2 April 2020 that initial jobless claims surged to more than 6 million last week, reaching a new record as Coronavirus-related shutdowns roll through the country.

## Week ahead

- ⇒ Domestic stock markets will remain closed on Monday, 6 April 2020 on account of Mahavir Jayanti. Markets will also remain closed on Friday, 10 April 2020 on account of Good Friday.
- ⇒ On macroeconomic front, Markit Services PMI for March will be declared on Monday, 6 April 2020.
- ⇒ India's industrial production data for February will be declared on Thursday, 9 April 2020.
- ⇒ Overseas, China will announce inflation rate for March on Friday, 10 April 2020.

## Technical Overview

Index closed with a loss of 6.6% at 8034. Nifty open this week with a gap down and continued to remain under pressure for most of the days and closed near the lows. Bears dominance continues for the seven consecutive week in a row. Going forward index has strong support around 7850, if index continue to trade above the same nifty can inch higher towards 8150-8220-8300 while support past 7850 comes at 7750-7680.



Source: Falcon, BP Equities Research



## Weekly Wealth

## DOMESTIC INDICES

Index	03-Apr-20	27-Mar-20	Weekly % Chg
Nifty	8,083	8,745	-7.6
Nifty Next 50	20,400	20,964	-2.7
Nifty 100	8,240	8,852	-6.9
Nifty 500	6,639	7,160	-7.3
Nifty Midcap 100	11,317	12,661	-10.6
Sensex	27,590	29,916	-7.8
BSE 100 Index	8,180	8,827	-7.3
BSE 200 Index	3,415	3,684	-7.3
BSE 500 Index	10,527	11,359	-7.3
BSE Mid-Cap	10,219	11,141	-8.3
BSE Small Cap	9,409	10,113	-7.0

## WORLD INDICES

Index	03-Apr-20	27-Mar-20	Weekly % Chg
Nikkei Index	17,820	19,389	-8.1
Hang Sang Index	23,236	23,484	-1.1
Kospi Index	1,725	1,718	0.4
Shanghai SE Composite	2,764	2,772	-0.3
Strait Times Index	2,389	2,529	-5.5
Dow Jones	21,235	21,637	-1.9
NASDAQ	7,439	7,502	-0.8
FTSE	5,420	5,511	-1.7

## FOREX

Currency	03-Apr-20	27-Mar-20	Weekly % Chg
US\$ (Rs.)	76.2	75.7	0.7
GBP (Rs.)	93.4	89.7	4.1
Euro (Rs.)	82.2	81.3	1.1
Yen (Rs.) 100 Units	70.2	68.4	2.6

## NIFTY TOP GAINERS (WEEKLY)

Scrip	03-Apr-20	27-Mar-20	Weekly % Chg
GAIL (India) Ltd.	80.9	69.5	16.4
BPCL	317.2	278.8	13.8
Sun Pharma.	376.0	338.3	11.2
Cipla	449.2	407.7	10.2
ITC Ltd.	177.9	163.2	9.0

## FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
03-Apr-20	7,596.8	9,557.8	-1,961.0
01-Apr-20	5,581.9	7,138.3	366.2
31-Mar-20	6,295.4	7,034.7	-1,200.3
30-Mar-20	4,726.5	2,248.7	-1,199.5
MTD	9,161.1	12,636.3	(3,475.3)

## NIFTY TOP LOSERS (WEEKLY)

Scrip	03-Apr-20	27-Mar-20	Weekly % Chg
IndusInd Bank	313.2	411.1	-23.8
Kotak Mahindra Bank	1,140.9	1,399.1	-18.5
ICICI Bank	286.7	339.9	-15.7
HDFC	1,499.6	1,754.0	-14.5
Maruti Suzuki India	4,011.5	4,646.1	-13.7

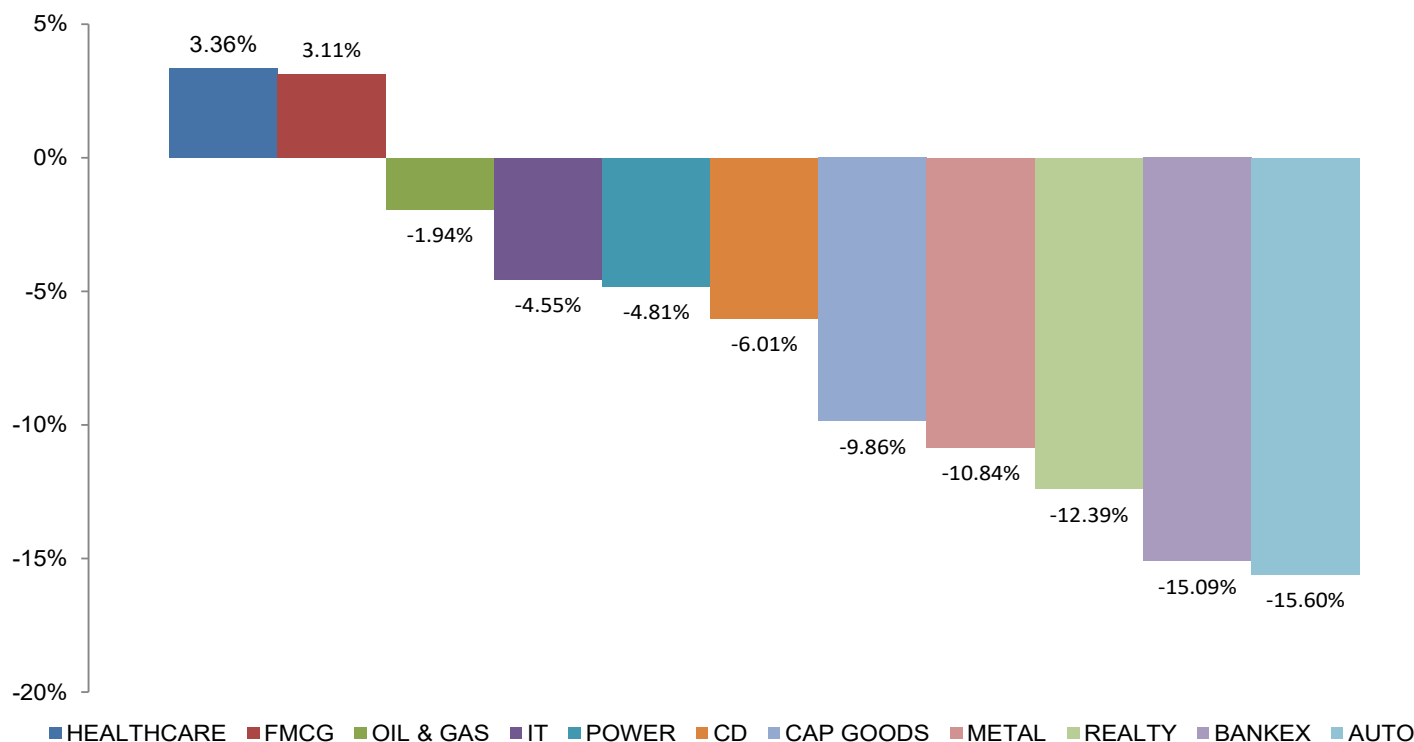
## DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
03-Apr-20	3,568.2	3,341.7	226.6
01-Apr-20	2,772.1	3,222.5	-450.4
31-Mar-20	6,955.4	3,379.2	3,576.2
30-Mar-20	6,314.2	2,763.9	3,550.3
MTD	12,340.1	8,421.9	3,918.2

# Weekly Wealth

## BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

## TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	03-Apr-20	27-Mar-20	Weekly % Chg	03-Apr-20	27-Mar-20	Weekly % Chg
	Share Price (Rs.)	Share Price (Rs.)		Open Interest	Open Interest	
JINDALSTEL	63.55	89.7	-29.2	16630000	4940000	236.6
CUMMINSIND	299.75	362.5	-17.3	888300	443700	100.2
TORNTPHARM	2071.4	1869.9	10.8	309000	196000	57.7
BIOCON	291.75	280	4.2	7447400	4836900	54.0
RBLBANK	110.2	157.45	-30.0	12063000	8478000	42.3

## TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	03-Apr-20	27-Mar-20	Weekly % Chg	03-Apr-20	27-Mar-20	Weekly % Chg
	Share Price (Rs.)	Share Price (Rs.)		Open Interest	Open Interest	
ESCORTS	590.4	658.05	-10.3	1664300	2131800	-21.9
MRF	55325.15	56854.45	-2.7	12590	15610	-19.3
CESC	423.4	393.1	7.7	1188800	1396000	-14.8
TORNTPOWER	276.8	273.9	1.1	1368000	1533000	-10.8
INFRATEL	157.15	158.1	-0.6	6352000	7064000	-10.1

## **New tax regime and other tax changes that will come into effect from April 1**

The new financial year will begin on April 1, 2020, amid a country-wide lockdown. Even though the government has extended various tax-related deadlines (such as filing of income tax return for FY 2018-19, tax-saving for FY 2019-20, linking of [PAN](#) with Aadhaar etc.) certain new tax-related rules will come into effect from April 1. The government via a press release dated March 30, 2020, has clarified that there is no extension of the financial year. Here is a look at the new tax rules that will come into effect from the new financial year, i.e. April 1, 2020..

As announced in Budget 2020, from FY 2020-21, an individual taxpayer not having business income will have the option either to continue with the existing income tax regime and avail deductions and exemptions or avail the new tax regime with lower income tax rates sans deductions and tax-exemptions. However, there is no clarity on certain aspects of the new tax regime. For instance, the option to avail new tax regime comes into effect from April 1, 2020, however, how will tax deduction at source (TDS) work under new tax regime? Can an employee switch between the new tax regime and the existing one during the financial year?

- **Dividend becomes taxable in the hands of an individual**

From April 1, dividend received by you from mutual funds and domestic companies will be taxable in your hands. Till FY 2019-20, dividend paid by mutual funds and domestic companies used to attract dividend distribution tax (DDT) which made dividends up to Rs 10 lakh in the hands of an individual tax-exempt.

- **Deferring tax payment in respect of income pertaining to ESOPs**

Providing relief to employees of startups, the Budget has allowed deferment of TDS on shares allotted to them under employee stock ownership plan (ESOPs). As per the tax amendment, TDS on shares allotted under ESOPs scheme can now be deducted at the time of the employee leaving the company or selling of shares or expiry of five years from the end of the relevant financial year in which shares were allotted, whichever is earlier.

- **Employer's contribution above Rs 7.5 lakh to EPF, superannuation funds, NPS becomes taxable**

As announced in Budget 2020, if employer contribution to Employees' Provident Fund (EPF), National Pension System (NPS) and superannuation fund on an aggregate basis exceeds Rs 7.5 lakh in a financial year, then the excess will be taxable in the hands of the employee. Till FY 2019-20, there was no combined upper limit on the amount of deduction that could be claimed (from total income) for the contribution made by an employer which was giving undue advantage to employees earning higher salaries.

(Source: Economic Times)

## Air Conditioners

### Company Overview

Incorporated in 1990, Amber enterprises India Ltd is engaged in manufacturing of OEM/ODM business of room air conditioners (RAC) in India. It has a dominant presence in RACs complete unit and deals in major RAC components with 10 manufacturing facilities across India focusing on different product segments. With expertise in components like heat exchangers, sheet metal components, injection molding components, and system tubing and motors, the company is strongly positioned to deliver quality products. Moreover, it offers higher energy efficiency and expertise in indoor, outdoor, window AC units and Non AC components.

### Investment Rationale

#### Strong customer base coupled with competitive edge in RAC segment

Amber's RAC division contributes ~65% to its total revenue. Its large scale of production and nearby manufacturing plants to its clients gives company an edge over its competitors to cater required demand within a stipulated time frame. Going ahead, company has built strong and established relationships with customers in past few years, which includes eight out of top 10 brands in India gaining 75% market share. Out of these, five are MNC brands while the remaining three are Indian companies. However, the major contribution to the revenue comes from these top three brands such as Voltas, LG and Panasonic. Hence, with such focus on component business and strong customer base, the company is well poised towards overall profitability.

#### Strengthening its product portfolio by acquiring new entities

Over the last three years, Amber has increased its expansion by acquiring component manufacturing facilities over various entities in India. It has acquired ILJIN and EVER Electronics, to strengthen its component manufacturing capability. Both companies are into manufacturing of PCBs for home appliances, automobile players and serving major industry players like LG, Godrej, LS Automotive, etc. Recently, the company entered the HVAC segment through the acquisition of Sidwal Refrigeration Industries Ltd. Therefore, such acquisition will enable it to contribute substantially to its topline growth.

### Valuation and outlook

Amber Enterprises India Ltd (AEIL) being one of the largest contract manufacturers of RACs in India is set to be one of the biggest beneficiaries of rising outsourcing demand from branded players. Its leadership position in the RAC OEM/ODM industry in India with a strong customer base supports the company order book flow. Going ahead, the focus on component business provides and acquiring new customers helps in gaining traction over its peers. However, an uncertain environment led by the recent outbreak of Covid-19 is expected to impact demand and supply chain. Going ahead, we expect the Revenue and PAT to grow at 24.7% and 35.8% CAGR for FY19-22E respectively backed by strong volume growth and lower corporate tax rate. We have valued the company based on a 20x P/E multiple of FY22E and recommend a Buy rating on this stock with the target price of INR1491 (24% upside).

### Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

### Sector Outlook

Positive

### Stock

CMP (INR)	1,200
Target Price (INR)	1,491
NSE Symbol	AMBER
Bloomberg	AMBER IN
Reuters	AMBE.BO

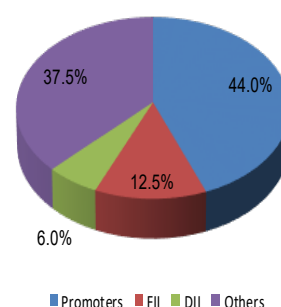
### Key Data

Nifty	8,083
52WeekH/L(INR)	1695/701
O/s Shares (Mn)	31.4
Market Cap (INR bn)	37
Face Value (INR)	10

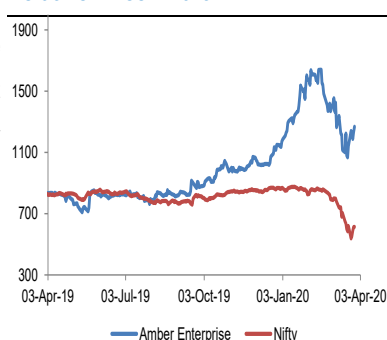
### Average volume

3 months	94,000
6 months	69,000
1 year	44,000

### Share Holding Pattern (%)



### Relative Price Chart



# Weekly Wealth

## Key Financials

YE March (INR mn)	FY18	FY19	FY20E	FY21E	FY22E
<b>Revenue</b>	<b>21,281</b>	<b>27,520</b>	<b>34,070</b>	<b>42,417</b>	<b>53,360</b>
<i>Revenue Growth (Y-o-Y)</i>	28.8%	29.3%	23.8%	24.5%	25.8%
<b>EBIDTA</b>	<b>1,839</b>	<b>2,133</b>	<b>2,828</b>	<b>3,690</b>	<b>4,856</b>
<i>EBIDTA Growth (Y-o-Y)</i>	40.5%	16.0%	32.59%	30.50%	31.58%
<b>Net Profit</b>	<b>623</b>	<b>937</b>	<b>1,295</b>	<b>1,739</b>	<b>2,348</b>
<i>Net Profit Growth (Y-o-Y)</i>	181.4%	50.3%	38.2%	34.3%	35.0%
<b>Diluted EPS</b>	<b>19.8</b>	<b>29.8</b>	<b>41.2</b>	<b>55.3</b>	<b>74.7</b>
<i>Diluted EPS Growth (Y-o-Y)</i>	181.4%	50.3%	38.2%	34.3%	35.0%

## Key Ratios

<b>EBIDTA (%)</b>	<b>8.6%</b>	<b>7.7%</b>	<b>8.3%</b>	<b>8.7%</b>	<b>9.1%</b>
<b>NPM (%)</b>	2.9%	3.4%	3.8%	4.1%	4.4%
<b>RoE (%)</b>	<b>7.0%</b>	<b>9.5%</b>	<b>11.6%</b>	<b>13.5%</b>	<b>15.4%</b>
<b>RoCE (%)</b>	18.9%	18.3%	21.9%	25.2%	28.6%

## Valuation Ratios

<b>P/E (x)</b>	<b>60.8x</b>	<b>40.4x</b>	<b>29.2x</b>	<b>21.8x</b>	<b>16.1x</b>
<b>EV/EBITDA</b>	20.3x	18.4x	6.4x	3.7x	2.8x
<b>P/BV (x)</b>	<b>4.2x</b>	<b>3.8x</b>	<b>3.4x</b>	<b>2.9x</b>	<b>2.5x</b>
<b>Market Cap. / Sales (x)</b>	1.8x	1.4x	1.1x	0.9x	0.7x



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