

Week Gone

- ⇒ In the week ended Friday, 19 February 2021, the Sensex dropped 654.54 points or 1.27 % to settle at 50,889.76. The Nifty 50 index shed 181.55 points or 1.20 % to settle at 14,981.75.
- ⇒ Nestle India FMCG major's net profit rose 2.3% to Rs 483.31 crore on 9.16% increase in net sales to Rs. 3,417.52 crore in Q4 December, 2020 over Q4 December, 2019.
- ⇒ India's retail inflation, which is measured by the Consumer Price Index eased to 4.06% in the month of January 2021. The retail inflation during the month of December 2020 was at 4.59%.

Week Ahead

- ⇒ On the macro front, India's gross domestic product (GDP) for the fourth quarter will be released on 26 February 2021.
- ⇒ The United States Durable Goods Orders for January will be declared on 25 February 2021.

Technical Overview

Index closed with a loss of 1.20% at 14982. Index opened this week with minor gap up and print new life high but failed to hold at higher levels and witnessed profit booking to close this week near the lows and with marginal loss. Index has reversed hitting resistance of 161.8% retracement ratio of its prior decline from 12431 to 7511. Also near the resistance area index has formed bearish Engulfing candlestick pattern which indicates caution at higher levels. Going forward index has strong resistance around 15100-15180-15300 and on downside support is placed around 14900-14780-14700.



Source: Falcon, BP Equities Research



Weekly Wealth

DOMESTIC INDICES

Index	19-Feb-21	12-Feb-21	Weekly % Chg
Nifty	14,982	15,163	-1.2
Nifty Next 50	34,906	34,627	0.8
Nifty 100	15,103	15,246	-0.9
Nifty 500	12,439	12,509	-0.6
Nifty Midcap 100	23,119	22,914	0.9
Sensex	50,890	51,544	-1.3
BSE 100 Index	15,144	15,301	-1.0
BSE 200 Index	6,367	6,410	-0.7
BSE 500 Index	19,778	19,888	-0.6
BSE Mid-Cap	20,036	19,911	0.6
BSE Small Cap	19,863	19,911	-0.2

NIFTY TOP GAINERS (WEEKLY)

Scrip	19-Feb-21	12-Feb-21	Weekly % Chg
GAIL India	145.4	132.9	9.4
Power Grid Corpn.	232.2	212.7	9.2
NTPC	104.2	96.0	8.6
ONGC	105.1	97.0	8.4
Adani Ports &Special	653.5	616.6	6.0

NIFTY TOP LOSERS (WEEKLY)

Scrip	19-Feb-21	12-Feb-21	Weekly % Chg
Eicher Motors	2,584.7	2,781.3	-7.1
Nestle India	16,376.4	17,294.3	-5.3
Divi's Lab	3,523.2	3,719.4	-5.3
Cipla	807.4	848.6	-4.9
Titan Company	1,425.6	1,494.2	-4.6

WORLD INDICES

Index	19-Feb-21	12-Feb-21	Weekly % Chg
Nikkei Index	30,018	29,520	1.7
Hang Seng Index	30,645	30,174	1.6
Kospi Index	3,108	3,101	0.2
Shanghai SE Composite	3,696	3,655	1.1
Strait Times Index	2,881	2,925	-1.5
Dow Jones	31,493	31,431	0.2
NASDAQ	13,865	14,026	-1.1
FTSE	6,605	6,537	1.1

FOREX

Currency	19-Feb-21	12-Feb-21	Weekly % Chg
US\$ (Rs.)	72.5	72.6	-0.2
GBP (Rs.)	101.5	100.2	1.3
Euro (Rs.)	88.0	87.8	0.2
Yen (Rs.) 100 Units	69.0	69.0	0.0

FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
19-Feb-21	8,611.1	8,492.3	118.8
18-Feb-21	9,725.8	8,822.7	903.1
17-Feb-21	8,499.2	7,491.0	1008.2
16-Feb-21	6,825.9	5,681.9	1144.1
15-Feb-21	5,121.5	3,887.4	1234.2
<u>MTD</u>	133,881.4	110,006.7	23,874.7

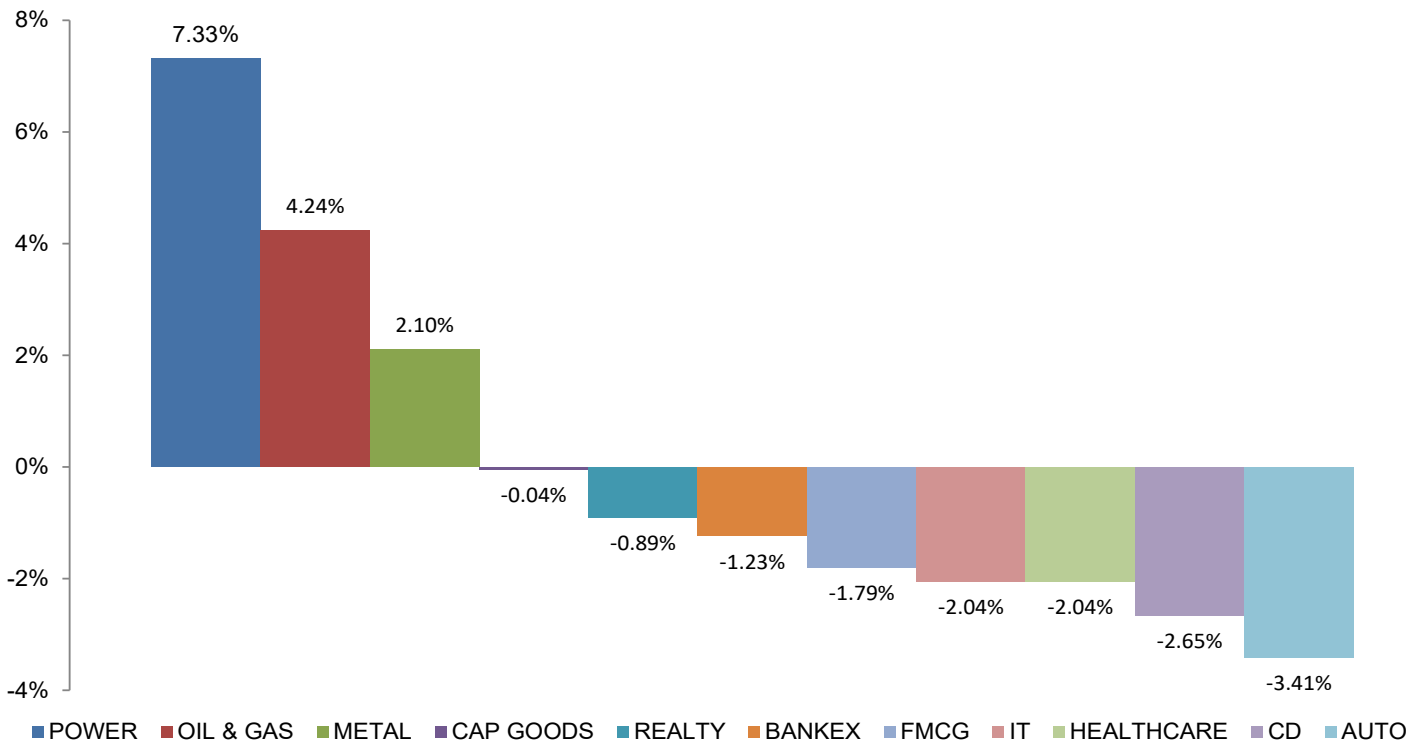
DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
19-Feb-21	3,542.4	4,717.3	-1,175.0
18-Feb-21	5,281.7	6,499.0	-1,217.3
17-Feb-21	4,441.3	5,724.6	-1,283.4
16-Feb-21	4,632.1	6,191.7	-1,559.5
15-Feb-21	4,293.8	5,342.4	-1,048.6
<u>MTD</u>	78,169.4	94,807.9	-16,638.5

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	19-Feb-21	12-Feb-21	Weekly % Chg	19-Feb-21	12-Feb-21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
AMARAJABAT	874.4	981.3	-10.9	2974000	2360000	26.0
APOLLOHOSP	2933.45	2754.95	6.5	1588500	1399500	13.5
GLENMARK	481.75	505.2	-4.6	5292300	4666700	13.4
LUPIN	1021.9	1055.35	-3.2	7702700	7018450	9.7
PFC	124.6	126.8	-1.7	30603200	27931000	9.6

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	19-Feb-21	12-Feb-21	Weekly % Chg	19-Feb-21	12-Feb-21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
GRASIM	1217.7	1244.15	-2.1	6795350	17235850	-60.6
JSWSTEEL	394.95	403.85	-2.2	16173000	33760800	-52.1
ADANI PORTS	655.0	617.6	6.0	28425000	49880000	-43.0
VOLTAS	1004	1083.3	-7.3	2335000	4073000	-42.7
PNB	42.1	38.85	8.4	105792000	178432000	-40.7

Automobile

Company Background

Incorporated in 1945, Mahindra & Mahindra Ltd is an India-based mobility products and farm solutions provider. The Company's segments include Automotive, Farm Equipment, Financial Services, Real Estate, Hospitality and Others. Automotive segment comprises of sale of automobiles, spares, mobility solutions and construction equipment. Its Farm Equipment segment comprises of sale of tractors, implements and spares. Financial Services segment comprises of offering financial products ranging from retail and other loans, housing finance, mutual funds and insurance broking services. Real Estate segment comprises of projects, project management and development, and operating of commercial complexes. Its Hospitality segment comprises of sale of timeshare and vacation ownership. Its Others segment includes after-market, defence and steel trading. It also provides taxi service through its subsidiary Meru Travel Solutions Pvt Ltd.

Investment Rationale

Leadership position in domestic tractor industry

The company has a leadership position in the domestic tractor industry in all major regions, and has maintained a market share of over 40%, led by its superior distribution network and product portfolio in farm equipment segment. Thus, strong presence in this segment ensures healthy cash flow and strong profitability. However, in H1FY21, the company lost some market share on account of supply side issues. Going ahead, we believe, its good product development capabilities, proficient channel management along with sufficient production capacity should help maintain strong market position over the medium term despite the impact of increasing competition and cyclical of sector.

Focus on UV segment would enable to gain market share

In Q3FY21, supply chain constraints affected dispatches across the models. However, demand and order book continue to remain strong with waiting period on XUV300 and Thar at 2.5/10 months with low channel inventory. Moreover, company is focusing on creating products that are core to its business and is very confident of carrying forward the 'Thar' success story in its upcoming products as well. Over the next few years, it plans to launch new products like W601, Z101, new Pick-up and Su-pro range, apart from many refresh models. Therefore, such focus on segment and new launches will not only help in gain gaining market share but would also help to leverage its performance in its core segment near future.

Valuation and Outlook

Mahindra and Mahindra is an established player with a strong market presence across its business verticals led by its diversified business across varied sectors, robust profitability and investments. Moreover, its leadership position in tractor segment and recent on-going better sentiments from rural market would lead to higher contribution of this space from total revenue pie, offsetting the temporary slowdown in other verticals. Further, operating leverage benefits and cost control benefits would help to minimize its input cost. On the valuation front, we value the company based on SOTP method and recommend a BUY rating on this stock with a price target of INR 1062 (21% upside from CMP) with a 12 months investment horizon.

Stock Rating

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

Sector Outlook

Positive

Stock

CMP (INR)	879
Target Price (INR)	1062
NSE Symbol	M&M
BSE Code	500520
Bloomberg	MM IN
Reuters	MAHM.BO

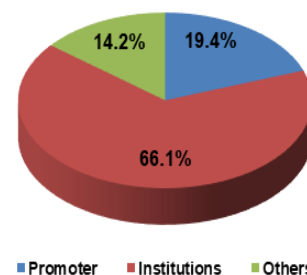
Key Data

Nifty	14,982
52WeekH/L(INR)	962/246
O/s Shares (Mn)	1243
Market Cap (INR bn)	1093
Face Value (INR)	5

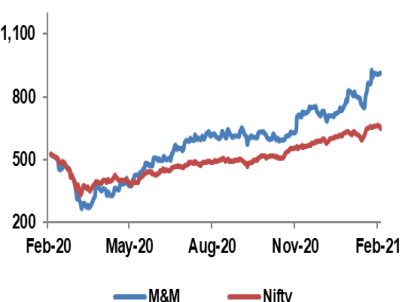
Average volume

3 months	71,97,380
6 months	65,00,520
1 year	69,13,850

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials

YE March (INR Mn)	FY18	FY19	FY20	FY21E	FY22E
Revenue	4,86,856	5,36,140	4,54,878	4,48,055	5,42,594
<i>Revenue Growth (Y-o-Y)</i>	<i>10.5%</i>	<i>10.1%</i>	<i>(15.2%)</i>	<i>(1.5%)</i>	<i>21.1%</i>
EBIDTA	62,240	66,396	57,981	54,215	78,134
<i>EBIDTA Growth (Y-o-Y)</i>	<i>37.9%</i>	<i>6.7%</i>	<i>(12.7%)</i>	<i>(6.5%)</i>	<i>44.1%</i>
Net Profit	43,560	47,960	13,306	23,299	42,865
<i>Net Profit Growth (Y-o-Y)</i>	<i>19.6%</i>	<i>10.1%</i>	<i>(72.3%)</i>	<i>75.1%</i>	<i>84.0%</i>
Diluted EPS	35.0	38.6	10.7	18.7	34.5
<i>Diluted EPS Growth (Y-o-Y)</i>	<i>19.6%</i>	<i>10.1%</i>	<i>(72.3%)</i>	<i>75.1%</i>	<i>84.0%</i>

Key Ratios

EBIDTA margin (%)	12.8%	12.4%	12.7%	12.1%	14.4%
NPM (%)	8.9%	8.9%	2.9%	5.2%	7.9%
RoE (%)	14.4%	14.0%	3.9%	6.4%	10.6%
RoCE (%)	18.7%	18.1%	15.4%	13.7%	17.9%

Valuation Ratios

P/E (x)	25.1x	22.8x	82.1x	46.9x	25.5x
EV/EBITDA	16.9x	15.8x	18.3x	19.5x	13.6x
P/BV (x)	3.6x	3.2x	3.2x	3.0x	2.7x
Market Cap. / Sales (x)	2.2x	2.0x	2.4x	2.4x	2.0x

Source: Company, BP Equities Research



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