

## Week Gone

- ⇒ In the week ended on Friday, 19 March 2021, the Sensex dropped 933.84 points or 1.84% to settle at 49,858.24. The Nifty 50 index lost 286.95 points or 1.91% to settle at 14,744. The BSE Mid-Cap index declined 550.43 or 2.67% to settle at 20,026.78. The BSE Small-Cap index dropped 715.18 points or 3.37% to settle at 20,493.89.
- ⇒ Axis Bank will pick up a 9.9% stake in Fettle Tone, a promoter of Max Bupa Health Insurance Company (MBHI), for Rs 90.80 crore to strengthen its insurance business. The plan is aimed at strengthening Axis Bank's position in the insurance sector.
- ⇒ Fed Chair Jerome Powell said in a press conference that the Fed would need to see a material and sustained move in inflation above 2% before considering changes to its current easy policy stance

## Week Ahead

- ⇒ China will announce Loan Prime Rate for 1 year and 5 years on 22 March 2021.
- ⇒ The United States Durable Goods Orders for February will be declared on 24 March 2021.

## Technical Overview

Index closed with a loss of 1.91% at 14744. Index opened this week on a flat note and remained under pressure throughout the week except the last day of the week where index recovered some losses. Going ahead index has an immediate resistance around 14900-15000, sustenance above the same will open the way for 15150-15300. While on the lower side support is placed at 14600-14480-14350.



Source: Falcon, BP Equities Research



## Weekly Wealth

## DOMESTIC INDICES

Index	19-Mar-21	12-Mar-21	Weekly % Chg
Nifty	14,744	15,031	-1.9
Nifty Next 50	34,076	34,809	-2.1
Nifty 100	14,847	15,140	-1.9
Nifty 500	12,315	12,594	-2.2
Nifty Midcap 100	23,413	24,116	-2.9
Sensex	49,858	50,792	-1.8
BSE 100 Index	14,913	15,208	-1.9
BSE 200 Index	6,295	6,426	-2.0
BSE 500 Index	19,612	20,047	-2.2
BSE Mid-Cap	20,045	20,577	-2.6
BSE Small Cap	20,471	21,209	-3.5

## NIFTY TOP GAINERS (WEEKLY)

Scrip	19-Mar-21	12-Mar-21	Weekly % Chg
ITC Ltd.	223.0	205.2	8.7
JSW Steel	440.6	418.8	5.2
Hindustan Unilever	2,312.1	2,204.8	4.9
Power Grid	230.2	220.1	4.6
Grasim Inds	1,411.3	1,379.5	2.3

## NIFTY TOP LOSERS (WEEKLY)

Scrip	19-Mar-21	12-Mar-21	Weekly % Chg
Coal India	136.3	150.5	-9.4
Hero MotoCorp	3,119.2	3,350.6	-6.9
L&T	1,411.3	1,514.0	-6.8
Adani Ports	686.3	728.2	-5.8
Sun Pharma.	578.3	613.6	-5.8

## WORLD INDICES

Index	19-Mar-21	12-Mar-21	Weekly % Chg
Nikkei Index	29,792	29,718	0.2
Hang Seng Index	28,991	28,740	0.9
Kospi Index	3,040	3,054	-0.5
Shanghai SE Composite	3,405	3,453	-1.4
Strait Times Index	3,135	3,095	1.3
Dow Jones	32,862	32,486	1.2
NASDAQ	13,116	13,399	-2.1
FTSE	6,719	6,734	-0.2

## FOREX

Currency	19-Mar-21	12-Mar-21	Weekly % Chg
US\$ (Rs.)	72.5	72.8	-0.4
GBP (Rs.)	100.3	101.2	-0.8
Euro (Rs.)	86.2	86.8	-0.7
Yen (Rs.) 100 Units	67.0	67.0	0.0

## FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
19-Mar-21	24,193.7	22,775.2	1,418.4
18-Mar-21	7,994.2	6,735.8	1,258.5
17-Mar-21	9,973.2	7,347.4	2,625.8
16-Mar-21	7,819.9	6,127.6	1,692.3
15-Mar-21	6,658.8	7,760.2	-1,101.4
<u>MTD</u>	132,879.6	123,658.4	9,221.2

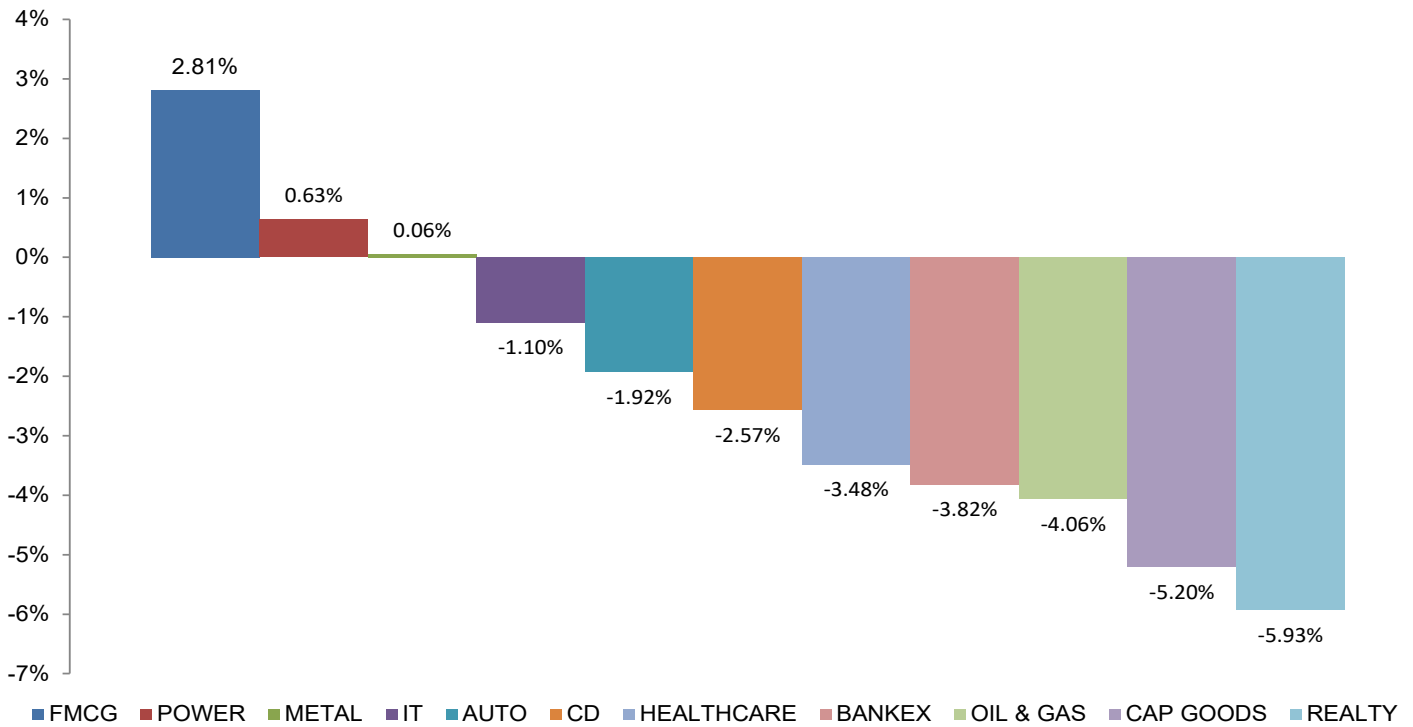
## DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
19-Mar-21	7,503.7	6,944.1	559.6
18-Mar-21	4,692.9	5,809.1	-1116.2
17-Mar-21	5,874.4	6,436.6	-562.2
16-Mar-21	4,518.8	5,687.4	-1168.6
15-Mar-21	4,036.2	4,785.9	-749.7
<u>MTD</u>	74,789.7	79,223.2	-4,433.5

# Weekly Wealth

## BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

### TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	19-Mar-21	12-Mar-21	Weekly % Chg	19-Mar-21	12-Mar-21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
MPHASIS	1677.4	1622.55	3.4	385450	249600	54.4
COFORGE	2975.65	2731.3	8.9	457875	327750	39.7
TRENT	801.3	880.1	-9.0	615525	481400	27.9
LALPATHLAB	2521.9	2338.85	7.8	162500	134000	21.3
ICICIPRULI	431.25	462.65	-6.8	8371500	7494000	11.7

### TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	19-Mar-21	12-Mar-21	Weekly % Chg	19-Mar-21	12-Mar-21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
JSWSTEEL	442.15	419.55	5.4	15657300	32875200	-52.4
SUNTV	479.1	486.55	-1.5	6714000	11854500	-43.4
ITC	223.4	205.7	8.6	83113600	140313600	-40.8
BHEL	52.05	53.6	-2.9	71274000	115983000	-38.5
TATAPOWER	104.15	113.75	-8.4	94432500	141696000	-33.4

### Batteries

#### Company Background

Amara Raja Batteries Limited is a manufacturer of lead-acid storage batteries for industrial and automotive applications in India. The Company's products are supplied to various user segments, such as telecom, railways, power control, solar and uninterruptible power supply (UPS) under industrial battery business, and to automobile original equipment manufacturers (OEMs), replacement market and private label customers under automotive battery business. Its automotive and industrial battery brands are Amaron, PowerZone, Power Stack, AmaronVolt and Quanta. Its industrial batteries include AMARON SLEEK and AMARON QUANTA. The company also provides installation, commissioning and maintenance services.

#### Investment Rationale

##### Prominent player with a diversified revenue stream in domestic storage batteries segment

ARBL's is leading player in the domestic storage battery market. The company has a large distribution network comprised of 23 branches, 32 warehouses, 400+ Amaron Franchisees, 40,000+ Amaron Dealers and 200+ Extensive Service hubs as well across India. With such increasing presence, company has a diversified presence across the automotive segments and industrial segments. (i.e revenue mix ~64% automobile and ~36% industrial) Within both the segments, it has a well-diversified presence in four wheeler segment, two-wheeler segment, HUPS, Telecom, rail and exports as well. Therefore, such diversification helps to offset the dependency on a single segment amid in adverse scenarios.

##### New Opportunities in E-rickshaw and motive power segment to drive overall growth

In the E-rickshaw segment, company has already started supplying their lead-acid batteries to the e-rickshaw customers across several micro-markets majorly in north and east India regions which provides last-mile connectivity in Tier II and III cities. Moreover, the company is planning to expand its tubular battery capacity from 1.3m to about 1.7m batteries to cater the additional demand of e-rickshaws vehicles. In the motive power segment, the market for forklifts/pallet trucks in India has been limited due to the availability of manual labour. Therefore, with rising mechanization, higher labour costs, conversion of diesel vehicles to electric ones, and the increasing e-commerce boom, the adoption of electric vehicles for forklifts will increase. Overall, tapping such opportunities will facilitate long term growth.

#### Valuation and Outlook

Government initiatives such as FAME-1 & 2, PLI, other incentives on electrification of vehicles is set to change the business model the traditional lead-acid battery manufacturers. Therefore, pertaining to such initiatives, the company has set up a Li-ion technology research hub with plant facility for cell development. Hence, such strategical approach and rising demand for automotive segment and preference for personal mobility is set to augur well for the company in coming years. On the valuation front, we valued the company based on the 22x P/E multiple of FY23E and recommend a BUY rating on this stock with a target price of INR 1048 (21% upside from current levels) with a 12 months investment horizon.

#### Stock Rating

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

#### Sector Outlook

Positive

#### Stock

CMP (INR)	869
Target Price (INR)	1048
NSE Symbol	AMARAJBAT
BSE Code	500008
Bloomberg	AMRJ IN
Reuters	AMAR.BO

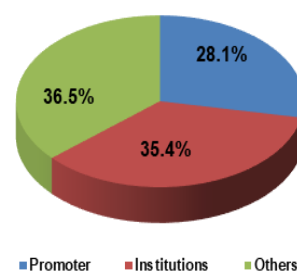
#### Key Data

Nifty	14,744
52WeekH/L(INR)	1025/350
O/s Shares (Mn)	170
Market Cap (INR bn)	149
Face Value (INR)	1

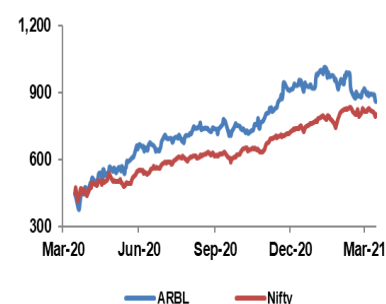
#### Average volume

3 months	10,60,250
6 months	10,38,440
1 year	11,30,310

#### Share Holding Pattern (%)



#### Relative Price Chart



# Weekly Wealth

## Key Financials

YE March (INR Mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>Revenue</b>	<b>67,931</b>	<b>68,395</b>	<b>70,104</b>	<b>80,059</b>	<b>88,466</b>
<i>Revenue Growth (Y-o-Y)</i>	12.1%	0.7%	2.5%	14.2%	10.5%
<b>EBIDTA</b>	<b>9,508</b>	<b>10,983</b>	<b>10,726</b>	<b>12,649</b>	<b>14,243</b>
<i>EBIDTA Growth (Y-o-Y)</i>	7.7%	15.5%	(2.3%)	17.9%	12.6%
<b>Net Profit</b>	<b>4,835</b>	<b>6,608</b>	<b>6,239</b>	<b>7,045</b>	<b>8,139</b>
<i>Net Profit Growth (Y-o-Y)</i>	2.6%	36.7%	(5.6%)	12.9%	15.5%
<b>Diluted EPS</b>	<b>28.3</b>	<b>38.7</b>	<b>36.5</b>	<b>41.2</b>	<b>47.6</b>
<i>Diluted EPS Growth (Y-o-Y)</i>	2.6%	36.7%	(5.6%)	12.9%	15.5%

## Key Ratios

<b>EBIDTA margin (%)</b>	<b>14.0%</b>	<b>16.1%</b>	<b>15.3%</b>	<b>15.8%</b>	<b>16.1%</b>
NPM (%)	7.1%	9.7%	8.9%	8.8%	9.2%
<b>RoE (%)</b>	<b>14.5%</b>	<b>18.1%</b>	<b>15.0%</b>	<b>15.1%</b>	<b>15.4%</b>
RoCE (%)	28.0%	29.7%	25.5%	27.1%	26.9%

## Valuation Ratios

<b>P/E (x)</b>	<b>30.7x</b>	<b>22.5x</b>	<b>23.8x</b>	<b>21.1x</b>	<b>18.2x</b>
EV/EBITDA	15.6x	13.5x	13.9x	11.7x	10.4x
<b>P/BV (x)</b>	<b>4.5x</b>	<b>4.1x</b>	<b>3.6x</b>	<b>3.2x</b>	<b>2.8x</b>
Market Cap. / Sales (x)	2.2x	2.2x	2.1x	1.9x	1.7x

Source: Company, BP Equities Research



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