

**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 Overtime 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, FY19 GDP estimate at 6.8%

Time period	31/7/2019	30/6/2019	31/12/2007
Nifty	11118	11788.85	6138
<b>Valuation</b>			
Trailing PE	27.42	28.98	27.62
Trailing PB	3.45	3.71	6.39
Mcap/GDP	0.85	0.91	1.23
<b>Nifty return</b>			
1 year	-2.10%	10.03%	54.77%
2 year	5.04%	11.27%	47.11%
3 year	8.78%	12.46%	43.43%
<b>EPS growth</b>			
1 year	0.76%	-1.66%	19.13%
2 year	1.67%	1.75%	15.95%
3 year	3.50%	3.75%	17.85%
<b>Other data points</b>			
Credit growth	12.2%	12.6%	25%
10-year bond yield	6.37	6.88	7.57
Brent Oil Futures	65.17	65.53	93.25
USD/INR	68.8	69.03	39.23
Gold (oz/USD)	1438	1414	843.2

Source: RBI, NSE, ET, Prowess

## MARKET REVIEW

The month of July at the beginning witnessed the Union Budget which was also the first budget of the Narendra Modi 2.0 government. In her maiden Budget, Finance Minister Nirmala Sitharaman said that every estimate in the Budget 2019-20 was "realistic" and that the focus on agriculture and investments lay foundation for nearly doubling size of the economy to USD 5 trillion in five years.

Key developments during the month were,

- ▶ India's industrial production (base year 2011-12=100) rose at slower pace of 3.1% in May 2019, while showing moderation in growth from a six-month high of 4.3% in April 2019. However, the industrial production growth for April 2019 has been revised sharply upwards to 4.3% from 3.4% as reported provisionally.
- ▶ Contrary to its consumer price index (CPI) counterpart, the wholesale price index- (WPI-) based inflation rate softened to a 23-month low of 2.02 per cent in June. However, the core inflation rate (non-food, non-

oil) in both CPI and WPI eased, prompting experts to expect another rate cut by the Reserve Bank of India's monetary policy committee (MPC). The CPI inflation rate, in fact, rose to an eight-month high of 3.18 per cent in this month.

- ▶ Exports fell 9.71% in June, while imports declined 9.06% as US-China trade row hurt India's trade prospects. Exports in June fell 9.71% to \$25.01 billion while imports dipped 9.06% to \$40.29 billion, leaving behind a trade deficit of \$15.28 billion during the month. During June, petroleum exports declined 33% while non-oil, non-gems and jewellery exports contracted by 4.86%. The World Bank in its Global Economic Prospects released in June has projected weakening of global trade in 2019. It is projected to grow at 2.6% this year- a full percentage point below its own previous forecast.
- ▶ India's current account deficit (CAD) is expected to remain largely steady at 16 billion to 17 billion dollars or 2.3% of GDP in the first quarter (April to June) of the current fiscal year 2019-20 relative to 15.8 billion dollars in Q1 FY19 despite recent contraction in merchandise exports and imports, according to investment information firm ICRA.
- ▶ The government's fiscal deficit touched Rs 4.32 trillion for the June quarter, which is 61.4 per cent of the budget estimate for 2019-20 fiscal. The fiscal deficit was 68.7 per cent of 2018-19 budget estimate in the year-ago period. In absolute terms, revenue receipts stood at Rs 2.84 trillion at June-end 2019. During the entire year, the revenue receipts have been pegged at Rs 19.77 trillion. The capital expenditure was 18.8 per cent of the BE. This compares with 29 per cent in the year-ago period.

As July ended, Indices ended in the green but witnessed worst July in 17 years.

On the positive side, the Central and State governments have collected Rs. 1,02,083 Cr from Goods and Services Tax (GST) in July, 5.8% more than what they mopped up in the same month a year ago. This is the third time the combined central and state GST receipts crosses ₹1 trillion mark so far this fiscal. The union government is bound to compensate states for any shortfall in their



revenue collection below an agreed 14% annual growth every year in the first five years of GST regime. Tax collected in July pertains to the transactions in June. After showing a 10% annual growth in April GST receipts, collections remained range bound between 6.6 and 5.8% in subsequent months.

The benchmark BSE S&P Sensex and broader Nifty50 gained nearly 450 points and 146 points respectively from lows to end in the green. Domestic indices traded lower initially but saw sharp surge during the last trading hour. Weak corporate earnings, economic slowdown and tax issues continued to weigh down investment sentiment. Sectorally, only media, financial services and realty ended in the red. Nifty Metal index was the lead gainer, closing 2.42% higher, followed by Nifty PSU Bank index, up 1.73%. Nifty media slipped the most, down 2.92%.

### Market Outlook

The world economy is facing series of protectionist actions from leading nations which are affecting the manufacturing activities weighed down by lower exports.

- ▶ The US-China trade war issues have now become scary and continue to haunt world trade as the nations struggle to reach an agreement.
- ▶ America's merchandise trade deficit with China widened slightly in June to a five-month high, government figures showed Friday, a day after President Donald Trump threatened to ratchet up tariffs on a slew of additional imports from the Asian nation. The gap stood at a seasonally adjusted \$30.2 billion after \$30.1 billion a month earlier, according to the Commerce Department. The value of American exports to China declined more than imports. The overall U.S. shortfall in goods and services trade narrowed by less than forecast, to \$55.2 billion in June.
- ▶ Against a difficult backdrop that included intensified US-China trade and technology tensions as well as prolonged uncertainty on Brexit,

momentum in global activity remained soft in the first half of 2019. There were positive surprises to growth in advanced economies, but weaker-than-expected activity in emerging market and developing economies.

- ▶ China's economy grew 6.2% in the second quarter from a year ago as the trade war drags on. Analysts polled by Reuters expect China's economy to have grown 6.2% from a year ago in the April to June period
- ▶ Growth was better than expected in the United States and Japan, and one-off factors that had hurt growth in the euro area in 2018 (notably, adjustments to new auto emissions standards) appeared to fade as anticipated. Japan's Nikkei ended 0.86 per cent lower while South Korea's Kospi slipped 0.69 per cent. China's Shanghai Composite, too, shed 0.67 per cent at close.
- ▶ Economic growth in countries that use the Euro slowed considerably in the second quarter, adding to pressure on the European Central Bank to intercede to prevent a possible recession. The economies in the Eurozone countries grew by 0.2% over the preceding quarter, half the 0.4% growth rate posted in the first three months of the year, according to Eurostat, the European statistical agency. The inflation remained tepid in July at 1.1%, down from 1.3% in June.
- ▶ From a sectoral perspective, service sector activity has held up, but the slowdown in global manufacturing activity, which began in early 2018, has continued, reflecting weak business spending (machinery and equipment) and consumer purchases of durable goods, such as cars. These developments suggest that firms and households continue to hold back on long-range spending amid elevated policy uncertainty.

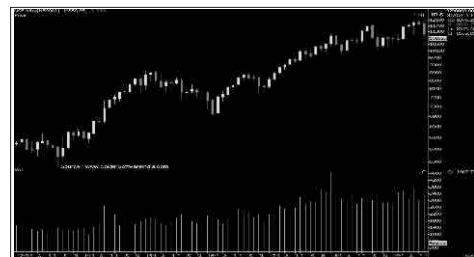
The Government faces a task of pushing growth amidst all the global woes and uncertainties.

## TECHNICAL VIEW

In the month of July ,nifty began with a weak note and fell sharply to break 11500 mark and crashed below 11000 mark to 10999 levels before closing the month at 11118 with a loss of 670 points.

This month nifty slipped nearly 6% making this the sharpest fall in July in last 17 years.

Going ahead,If the Nifty fails to sustain above the 11,000 psychological mark, then fresh selling pressure may drag the Nifty towards 10,800-10,500 levels. On the flip side, 11,200 and 11,500 levels may act as strong resistances.



## INVESTMENT IDEAS - MEDIUM TERM (3-6 MONTHS)

### HDFC LIFE

**CMP (AS ON 31 JULY 2019) - 490**

**TARGET - 590**

HDFC Life Insurance Company, is India's largest private sector life insurance company in terms of first year premium collection, while it is one of the most profitable life insurers based on the value of new business (VNB) margins. HDFC Life Insurance Company has recorded 12% growth in the net profit to Rs 424.62 crore in the quarter ended June 2019 (Q1FY2020). The company has posted robust 29% growth in total premium collection to Rs 6536 crore in Q1FY2020, aided by new business growth of sturdy 47% and renewal premium also increased 10%. The value of new business (VNB) more than doubled to Rs 509 crore in Q1FY2020 from Rs 249 crore in Q1FY2019. New business margins galloped to 29.8% in Q1FY2020 from 24.2% Q1FY2019. Total number of lives insured grew by 26% to 1.3 crore during Q1FY2020. Overall new business sum assured also saw an increase of 46% to Rs 1.8 lakh Cr during the same period.

### UNITED SPIRITS LTD.

**CMP (AS ON 31 JULY 2019) - 582**

**TARGET - 715**

United Spirits Ltd. (USL), a subsidiary of Diageo, is a key domestic player in spirits, with ~35% market share. Increase in per capital consumption, change in perception towards drinking, India's having more youth population, social acceptance of females drinking are some of the factors which have aided the growth of sector in general and United spirits in particular. In addition the company has taken many steps towards stabilization of its leverage and liquidity position and in improving the margins post the change of management like closure of excess factories, reduction of high cost debt, monetizing noncore assets, implementation of cost savings measures have helped the company is turning around. Net profit of United Spirits rose 37.20% to Rs 202.10 crore in the quarter ended June 2019 as against Rs 147.30 crore during the previous quarter ended June 2018. Sales rose 7.15% to Rs 2433.10 crore in the quarter ended June 2019 as against Rs 2270.70 crore during the previous quarter ended June 2018.

# MUTUAL FUNDS PERFORMANCE

NAV as on 31 July 2019

Return %

Liquid Funds	NAV	30 DAYS	3 MON	6 MON	1 YR
Franklin - India Liquid Fund Super Ins (G)	2854.77	0.57	1.79	3.64	7.61
Reliance - Liquid Fund (G)	4648.26	0.56	1.81	3.63	7.52
Aditya Birla SL - Liquid Fund Reg (G)	306.17	0.59	1.81	3.61	7.48

Arbitrage Funds	NAV	30 DAYS	3 MON	6 MON	1 YR
IDFC - Arbitrage Fund Reg (G)	23.87	0.71	1.82	3.52	6.77
Reliance - Arbitrage Fund (G)	19.40	0.67	1.76	3.47	6.69
Kotak - Equity Arbitrage Fund (G)	27.03	0.65	1.70	3.34	6.61

Equity Saving Funds	NAV	1 YR	2 YR	3 YR	5 YR
HDFC - Equity Savings Fund (G)	36.465	3.03	3.57	7.97	7.96
ICICI Pru - Equity Savings Fund (G)	13.96	7.22	5.85	7.48	N.A.
Kotak - Equity Savings Fund Reg (G)	14.17	2.42	5.38	7.00	N.A.

Hybrid Aggressive Funds	NAV	1 YR	2 YR	3 YR	5 YR
Mirae - Asset Hybrid Equity Fund Reg (G)	14.55	3.35	5.51	9.88	N.A.
Principal - Hybrid Equity Fund (G)	73.40	-4.80	2.72	9.76	10.24
ICICI Pru - Equity & Debt Fund (G)	131.50	2.64	3.81	9.07	10.83
SBI - Equity Hybrid Fund Reg (G)	134.68	4.30	6.38	9.03	11.42

Hybrid Dynamic Asset Funds	NAV	1 YR	2 YR	3 YR	5 YR
HDFC - Balanced Advantage Fund (G)	194.57	3.91	2.64	9.02	9.48
Reliance - Balanced Advantage Fund (G)	89.76	3.04	3.14	8.61	9.21
ICICI Pru - Balanced Advantage Fund Reg (G)	35.27	3.83	5.31	7.47	9.29
Aditya Birla SL - Balanced Advantage Fund (G)	52.23	2.39	2.63	6.44	8.55

Equity Value Funds	NAV	1 YR	2 YR	3 YR	5 YR
Tata - Equity P/E Fund Reg (G)	127.10	-10.57	-0.88	8.83	11.74
L&T - India Value Fund (G)	33.92	-8.09	-2.45	6.73	12.39
IDFC - Sterling Value Fund Reg (G)	45.49	-16.78	-5.36	6.03	9.41

Equity Focused Funds	NAV	1 YR	2 YR	3 YR	5 YR
Axis - Focused 25 (G)	27.30	-6.63	6.08	12.00	13.14
SBI - Focused Equity Fund Reg (G)	139.13	2.03	8.35	10.68	12.82
Franklin - India Focused Equity Fund (G)	39.53	0.52	2.46	8.30	12.11

Tax Saving Schemes	NAV	1 YR	2 YR	3 YR	5 YR
Mirae - Asset Tax Saver Fund Reg (G)	17.14	1.62	5.70	14.29	N.A.
Axis - Long Term Equity Fund (G)	43.89	-3.03	6.61	9.60	12.92
Can Robeco - Equity Taxsaver Fund Reg (G)	62.47	-1.28	5.44	9.27	9.46
Kotak - Tax Saver Scheme (G)	42.59	-0.15	2.31	8.61	12.15
IDFC - Tax Advantage Reg (G)	51.97	-9.33	-0.15	7.97	10.54

Large Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Axis - Bluechip Fund (G)	28.89	0.73	10.69	12.53	11.33
Mirae - Asset Large Cap Fund Reg (G)	49.44	0.75	5.14	11.18	13.03
Reliance - Large Cap Fund (G)	33.30	-0.24	3.89	10.17	11.04
HDFC - Top 100 Fund - (G)	479.47	3.24	3.95	10.15	9.23

Mid Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Axis - Midcap Fund (G)	34.75	-3.18	6.71	9.71	11.61
L&T - Mid Cap Fund (G)	121.36	-14.02	-5.07	7.25	13.04
Kotak - Emerging Equity (G)	36.10	-8.25	-1.41	5.99	13.84
Franklin - India Prima Fund (G)	895.66	-7.67	-1.15	5.48	12.23

Large & Mid Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Mirae - Asset Emerging Bluechip Fund Reg (G)	51.14	2.07	3.87	12.95	18.50
Can Robeco - Emerging equities Reg (G)	87.40	-9.20	-0.14	9.25	14.82
Kotak - Equity Opportunities Fund (G)	114.57	-2.93	0.88	8.10	11.63
SBI - Large & Midcap Fund Reg (G)	211.95	-1.11	2.78	7.38	11.22
DSP - Equity Opp Fund Reg (G)	209.61	-4.65	0.20	7.23	11.46

Small Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
SBI - Small Cap Fund Reg (G)	48.26	-9.43	2.09	10.78	18.28
HDFC - Small Cap Fund (G)	38.08	-14.69	0.01	8.99	12.26
Axis - Small Cap Fund Reg (G)	27.58	1.92	3.05	8.42	12.51
Reliance - Small Cap Fund (G)	35.82	-15.26	-4.25	8.23	13.66

Multicap Funds	NAV	1 YR	2 YR	3 YR	5 YR
HDFC - Equity Fund (G)	646.48	2.12	3.11	10.04	9.12
Can Robeco - Equity Diversified Fund (G)	128.96	-2.33	5.13	10.03	9.16
Kotak - Standard Multicap Fund (G)	34.15	-1.91	3.49	9.87	13.43
SBI - M Multicap Fund Reg (G)	47.75	-1.08	3.83	8.45	13.09
Motilal Oswal - Multicap 35 Reg (G)	24.61	-9.11	-1.47	7.64	15.13

Sector & Thematic Funds	NAV	1 YR	2 YR	3 YR	5 YR
SBI - Banking & Financial Services Fund Reg (G)	17.80	3.19	8.77	15.40	N.A.
Tata - Digital India Fund Reg Plan (G)	14.78	0.47	22.63	14.49	N.A.
ICICI Pru - Technology Fund (G)	58.69	1.96	19.73	13.60	10.92
ICICI Pru - US Bluechip Equity Fund Reg (G)	28.19	8.84	15.58	13.16	11.79
ICICI Pru - Banking & Financial Services Fund Reg (G)	63.33	1.73	1.79	12.90	15.85
Franklin - India Technology Fund (G)	158.20	0.64	14.62	11.11	9.50
Aditya Birla SL - India Gen Next Fund Reg (G)	79.80	-3.48	3.29	9.03	14.24
Reliance - Pharma Fund (G)	138.74	-5.13	3.49	-0.71	6.45

Index	NAV	1 YR	2 YR	3 YR	5 YR
S&P BSE Sensex	37481.12	-0.33	7.37	10.12	7.67

source: investwell

**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)	%
<b>Total Investment :</b>	<b>360000</b>	<b>%</b>	<b>600000</b>	<b>%</b>	<b>960000</b>	<b>%</b>	<b>1200000</b>	<b>%</b>	<b>1800000</b>	<b>%</b>
Aditya Birla SL - MNC Fund Reg (G)	363,648	0.7	679,418	4.9	1,700,727	13.9	2,624,860	15.0	7,093,360	16.6
Can Robeco - Emerging equities Reg (G)	371,171	2.0	742,023	8.4	2,019,144	18.1	3,066,478	17.8	N.A.	N.A.
Franklin - India Bluechip Fund (G)	364,093	0.7	669,362	4.3	1,370,388	8.7	1,904,812	8.9	4,585,055	11.6
Franklin - India Prima Fund (G)	359,216	-0.1	697,174	5.9	1,771,746	14.9	2,617,677	14.9	6,143,142	15.0
ICICI Pru - Value Discovery Fund (G)	366,545	1.2	672,904	4.5	1,624,566	12.8	2,395,909	13.3	N.A.	N.A.
Sundaram - Mid Cap Fund Reg (G)	329,480	-5.7	644,310	2.8	1,608,707	12.6	2,343,156	12.8	6,492,154	15.6

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

**SAJAG STOCK HOTLINE 2530 24 00**

## COMPANY ANALYSIS

### SBI LIFE INSURANCE COMPANY LTD

**CMP** (As on 31 July 2019) – 793

**INDUSTRY - FINANCE & INVESTMENTS**

**AUGUST 2019**

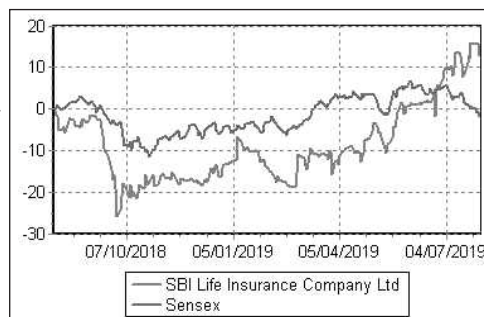
**SENSEX – 37118    NIFTY – 10997**

<b>Mkt. Cap.</b>	:	79130.00 Cr
<b>Equity</b>	:	1000
<b>Trading Vol.</b>	:	700080
<b>52 Week High/Low</b>	:	808/487
<b>Face Value</b>	:	10

<b>BSE Group</b>	:	A
<b>BSE Code</b>	:	540719
<b>NSE Symbol</b>	:	SBILIFE
<b>Bloomberg</b>	:	SBILIFEIN
<b>Reuters</b>	:	SBIL.BO

<b>Shareholding Pattern</b>		
<b>Promoters</b>	:	67.30
<b>Institutions</b>	:	25.57
<b>Public</b>	:	2.34
<b>Others</b>	:	4.79

SBI Life Insurance Company Limited (SBI Life), established in 2001, is a joint venture between State Bank of India (SBI) and BNP Paribas Cardif S.A. and is one of the leading life Insurance companies in India. SBI has an unrivalled strength of over 22,000 branches across the country, making it the largest banking group in India. BNP Paribas Cardif S.A. is the life and property & casualty insurance arm of BNP Paribas, one of the strongest banks in the world.



#### Investment rationale

- ▶ SBI Life offers a comprehensive range of life insurance and pension products. The company offers individual and group products which include savings and protection plans to address the insurance needs of diverse customer segments.
- ▶ SBI Life has a multi-channel distribution network comprising of an expansive Bancassurance channel with SBI and agent network comprising of 1.13 lakh agents as on September 30, 2018. The company's other distribution channels include direct sales and sales through corporate agents, brokers, insurance marketing firms and other intermediaries. As on September 30, 2018, the company had a widespread network of 848 offices across the Country.
- ▶ SBI Life has reported 49% increase in its value of new business to Rs 330 crore in the first quarter of FY19-20 as compared to the same period in previous year. The assets under management grew by 22% to Rs 146,950 crore as on June 30 this year from Rs 120,280 crore a year ago with a debt-equity mix of 77:23. About 90% of the debt investments are in AAA and sovereign instruments.
- ▶ SBI Life is the largest private sector insurer with around 13% market share. SBI Life expects protection segment to witness stronger growth and gain share in overall product mix. The management appears to be confident of achieving higher growth in FY20, with overall industry growth also looking better- a view shared by other private peers as well. While protection share will rise, management expects lower-margin return on premium (RoP) products to decline in protection mix. We recommend investing with a long term perspective.

#### Consolidated Financial Performance (Rs. Crore)

Year End	201903	201803	201703	201603	201503
Equity	1000	1000	1000	1000	1000
Networth	7576.36	6527.82	5552.08	4733.1	4056.34
Capital Employed	142997.84	118155.77	99225.25	80724.56	72233.45
Sales	44261.15	33760.53	30547.66	19324.15	23299.03
Other Income	519.2	463.53	138.72	128.62	182.95
PBIDTA	1740.93	1487.82	1207.15	1048.99	977.42
PAT	15.33	20.5	13.1	3.59	11.97
Book Value (Rs)	75.76	65.28	55.52	47.33	40.56
EPS (Rs.)	13.27	11.5	9.55	8.44	8.15
Dividend (%)	20	20	15	12	12
Payout (%)	15.56	18.02	16.23	14.64	15.17

#### Latest Results (Rs. Crore)

Quarter Ended	201903	201803	Var. (%)
Sales	6655.02	4754.52	39.97
Other Income	12.87	20.35	-36.76
PBIDT	377.84	363.25	4.02
PBT	377.84	363.25	4.02
PAT	371.9	354.31	4.96

## COMPANY ANALYSIS REVIEW

### AIA ENGINEERING LIMITED

**CMP** (As on 31 July 2019) – 1705

**INDUSTRY - CASTINGS & FORGINGS**

**AUGUST 2019**

<b>Mkt. Cap.</b>	:	15814.11 Cr
<b>Equity</b>	:	18.86
<b>Trading Vol.</b>	:	35515
<b>52 Week High/Low</b>	:	2026/1459
<b>Face Value</b>	:	2

<b>BSE Group</b>	:	A
<b>BSE Code</b>	:	532683
<b>NSE Symbol</b>	:	AIAENG
<b>Bloomberg</b>	:	AIAEIN
<b>Reuters</b>	:	AIAE.BO

<b>Shareholding Pattern</b>		
<b>Promoters</b>	:	58.47
<b>Institutions</b>	:	36.35
<b>Public</b>	:	2.60
<b>Others</b>	:	2.58

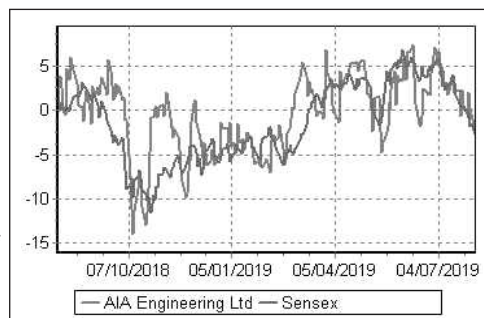
The stock was earlier recommended in our Sajag Online publication of December 2016 and in our report on Investment Ideas in July 2019. We maintain our positive outlook of the stock owing sound fundamentals, reasonable valuation.

AIA Engineering Ltd is a certified ISO 9000 company, specializes in design, development, manufacture, installation and servicing of high chromium wear, corrosion and abrasion resistant parts used in cement, mining and thermal power generation industries. The company has a global presence in terms of sales and service offices across the world. Outside India, the company sells under the brand name Vega. AIA currently has current capacity to manufacture 340,000 MT of high chromium wear parts and pursuing capacity expansion program to reach 440,000 MT.

#### Investment rationale

- ▶ In the last quarter of FY19, sales volumes came in at 80033 MT, registering robust growth of 20.6% while production volumes grew 19% to 72942 MT YoY. Mining segment sales volume grew 34.1% to 50407 MT while other segment (including cement) grew 2.9% to 29626 MT. For FY19, sales volumes grew 15.9% to 265174 MT in which mining segment volumes grew 23% to 170224 MT.
- ▶ Mining segment is expected to rebound with incremental volume sales estimated to be in the range of 35000 to 40000 MTPA from FY20 onwards. AIA will continue to focus on the replacement mining market estimated at around 3 MTPA with penetration of high chrome consumable still very low (15-20%).
- ▶ AIA has done capex of Rs. 206 crore and is likely to do capex of over Rs. 600 crore in FY20-21E towards grinding media, mill liners capacity expansion. It has also planned a capex of Rs. 250 crore towards building dedicated plant for mining mill optimisation products for EEMS collaboration. Grinding media capacity is going to increase from present 340000 TPA to 440000 TPA by Q3FY21E and is likely to aid revenue growth.

The company expects to clock incremental volumes to the tune of 35000-40000 MT per year for next two years. The strategic tie up with EEMS is progressing well and picking up fast. The order book of the company was at Rs. 637 crore as on FY19. AIA is a zero debt company and has been generating positive cashflows consistently with a RONW of above 15%. We recommend investing with a long term perspective.



#### Financial Performance (Rs. Crore)

Year End	201903	201803	201703	201603	201503
Equity	18.86	18.86	18.86	18.86	18.86
Networth	3176.04	2760.27	2422.08	2051.33	1651.64
Capital Employed	3308.74	2884.13	2567.33	2228.39	1746.91
Sales	2837.59	2165.82	2122.4	1884.39	2149.35
Other Income	116.22	216.98	138.89	357.92	137.32
PBIDTA	687.98	683.57	698.48	873.93	648.1
PAT	414.82	469.91	417.31	615.63	414.57
Book Value (Rs)	336.73	292.65	256.79	217.49	175.11
EPS (Rs.)	43.98	49.82	43.55	60.44	42.33
Dividend (%)	450	400	400	900	400
Payout (%)	0	24.78	9.19	43.02	18.9

#### Latest Results (Rs. Crore)

Quarter Ended	201903	201803	Var. (%)
Sales	714.72	650.91	9.8
Other Income	22.29	112.61	-80.21
PBIDT	159.4	281.31	-43.34
PBT	135.11	264.89	-48.99
PAT	98.06	215.35	-54.46

## RELAXO FOOTWEARS LTD

CMP (As on 31 July 2019) – 419

INDUSTRY - LEATHER/ LEATHER PRODUCTS

AUGUST 2019

Mkt. Cap.	: 10649.77 Cr
Equity	: 12.03
Trading Vol.	: 102944
52 Week High/Low	: 497/333
Face Value	: 1

BSE Group	: A
BSE Code	: 530517
NSE Symbol	: RELAXO
Bloomberg	: RLXFIN
Reuters	: RLXO.BO

Shareholding Pattern	
Promoters	: 71.02
Institutions	: 8.84
Public	: 5.94
Others	: 14.20

The stock was earlier recommended in our Sajag Online publication of May 2016. We maintain our positive outlook of the stock owing to its stable financials and likelihood of the growth in consumption segment.

Relaxo Footwears Limited (RWL), a part of Relaxo Group which has major interest in Footwear production, was incorporated in Sep 13, 1984 as a private limited company to market the products of group concerns such as hawai slippers, light weight slippers, canvas shoes, PVC footwear etc. It was subsequently converted into a public limited company on March 31, 1993.

#### Investment rationale

- ▶ Hawaii, Sparx and Flite are key brands by Relaxo and are growing well. Sparx is growing faster than other brands. Company does not intend to add more brands going ahead. Sparx brand is growing well in South and Western region. Company aims to focus on expanding Sparx in East region.
- ▶ Relaxo also has proposed to increase the capacity of Bhiwadi plant, Rajasthan plant. The company is proposing to add capacity of 1.00 Lakh pairs. The capacity will be added in three years with a total investment of Rs 90 crore for the installation of plant.



- ▶ In Q1, revenue was up by 15% to Rs. 648 crore as compared to Rs. 562 crore in the corresponding period of the previous year. Growth has been mainly driven by favourable product mix and an increase in volumes. The company has a low debt/equity ratio of 0.2, with a high RONW of around 29%.

Relaxo expects double digit value growth in FY20. Market share of Relaxo stands at 5-6% implying huge scope for growth. South region is growing in high double digit on favourable base. The company is continuously focusing on increasing presence in untapped markets by improving supply chain and strengthening our presence in our strong markets, domestic & international by assessing customer preferences and price positioning. We recommend investing with a long term perspective.

#### Financial Performance (Rs. Crore)

Year End	201803	201703	201603	201503	201403
Equity	12.03	12.01	12	6	6
Networth	761.21	606.37	479.98	367.82	276.56
Capital Employed	923.04	792.37	731.88	616.59	483.3
Sales	1964.44	1651.97	1733.23	1499.98	1225.82
Other Income	4.46	13.61	7.72	0.39	2.34
PBIDTA	306.55	244.52	247.6	201.03	149.36
PAT	161.07	119.95	120.28	103.05	65.64
Book Value (Rs)	63.28	50.49	40	61.3	46.09
EPS (Rs.)	13.39	9.99	9.9	16.97	10.94
Dividend (%)	150	100	60	100	50
Payout (%)	7.46	6	6.06	5.89	4.61

#### Latest Results (Rs. Crore)

Quarter Ended	201906	201806	Var. (%)
Sales	648.3	561.98	15.36
Other Income	1.24	2.42	-48.76
PBIDT	107.66	85.3	26.21
PBT	76.45	69.38	10.19
PAT	49.75	45.95	8.27

Source: Company, Prowess, Capital line, Sajag Research

#### GAINERS AND LOSERS OF THE MONTH (NIFTY-50)

GAINERS			
COMPANY	OPEN	CLOSE	%
Asian Paints Ltd.	1368	1521.1	11.19%
Infosys Ltd.	735	793.65	7.98%
Zee Entertainment Enterprises Ltd.	338	361.6	6.98%
Sun Pharmaceutical Inds. Ltd.	402	426.75	6.16%
Kotak Mahindra Bank Ltd.	1486.9	1519.55	2.20%

LOSERS			
COMPANY	OPEN	CLOSE	%
Titan Company Ltd.	1330.1	1056.35	-20.58%
Coal India Ltd.	254.25	204.45	-19.59%
Oil & Natural Gas Corpn. Ltd.	168.2	138.85	-17.45%
Tata Motors Ltd.	163.7	135.6	-17.17%
Maruti Suzuki India Ltd.	6600	5469.7	-17.13%

#### CORPORATE ACTIONS IN AUGUST 2019

COMPANY	RECORD DATE	PURPOSE
Mahanagar Gas Ltd.	29-Aug-19	Dividend - Rs 10.50 Per Share
LIC Housing Finance Ltd.	16-Aug-19	Dividend - Rs 7.60 Per Share
Abbott India Ltd.	13-Aug-19	Final Dividend - Rs 50 Per Share/ Special Dividend - Rs 15 Per Share
Ircon International Ltd.	26-Aug-19	Dividend - Rs 10.825 Per Share
Bharat Bijlee Ltd.	29-Aug-19	Dividend - Rs 12.50 Per Share
Divi's Laboratories Ltd.	14-Aug-19	Dividend - Rs 16 Per Share
Automotive Axles Ltd.	7-Aug-19	Dividend - Rs 19.50 Per Share
Lumax Industries Ltd.	14-Aug-19	Dividend - Rs 35 Per Share
HEG Ltd.	9-Aug-19	Dividend - Rs 50 Per Share
VST Industries Ltd.	19-Aug-19	Dividend - Rs 95 Per Share
Bosch Ltd.	14-Aug-19	Dividend Rs 105 Per Share
RITES Ltd.	8-Aug-19	Bonus 1:4
Thyrocare Technologies Ltd.	14-Aug-19	Dividend - Rs 20 Per Share
Tide Water Oil Company (India) Ltd.	22-Aug-19	Dividend - Rs 75 Per Share
Bharat Petroleum Corporation Ltd.	21-Aug-19	Dividend - Rs 8 Per Share
SRF Ltd.	13-Aug-19	Interim Dividend - Rs 7 Per Share

*We have the Sub Brokers at following locations*

Area	Contact Person	Tel. No.	Area	Contact Person	Tel. No.
Apte Road	Mr. Sameer Kulkarni	30527611	Paud Road	Mr. Sadanand Damle	9850845567
Aundh	Mr. Jaydeep Doshi	25890824	Phadke Haud	Mr. Jayant Mundada	24454823
Boat Club Road	Mr. Naresh Karpe	41204584	Sadashiv Peth	Mr. C. V. Sane	24475457
Camp	Mr. Naresh Karpe	26346310	Sahakar Nagar	Mr. Tejas Jaykar	9765173434
Dahanukar Colony	Mr. Abhay Oak	25444744	Aurangabad	Mr. Amit Vaidya	0240-2347584
ITI Road, Aundh	Mr. Ravi Jadhav	25888511	Aurangabad	Mr. Abhijit Bhaiwal	0240-2361421
Kalyani Nagar	Ms. Bernadette Dias	9422449266	Sangli	Mr. Dattaji Gaikwad	0233-6600566
Karve Nagar	Ms. Prajakta Bedekar	8600993930	Satara	Mr. Vinod Jhamvar	02162-233906
Kondhwa	Mr. Santosh Gupte	26836366	Shrirampur	Mr. Amit Somani	02422-228111
Koregaon Park	Mr. Ajit Godbole/Mr. Ninad Parundekar	26158889			

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