

V. Jethalal Ramji Share Brokers

.... Tracking Market Since 1906



Market Update

Inching Towards a Breakthrough

The Nifty rallied almost 1,100 points from its June lows and retraced 62 per cent of the recent down move but after this walk in the park, traders are back to facing a tough time on D-Street. Traders can handle a one-sided move to some extent but when the market is indecisive about what it wants to do, it makes matters worse. However, the week has been buzzing with news flows from across the globe. First of all, there is this poisonous snake called inflation. June consumer data showed that US' inflation climbed to a new 41-year high of 9.1 per cent, way above the street expectation.

Meanwhile, on the Indian turf, the CPI came in more or less as expected by the street. It was at 7.01 per cent for June, almost a status quo vis-à-vis 7.04 per cent of May. Considering the red-hot imprint of inflation in the US, and the Bank of Canada raised its interest rate by a whopping 100 basis points in a bid to crush this monster. This has opened the door for a 100 basis point rate hike during the Federal Reserve's meeting on July 27. The US bond market's recession warning continues to flash red with the steepest inversion of the yield curve since 2007.

The two-year treasury yield was at 3.19 per cent, holding above the 10-year yield which was seen trading at 2.96 per cent. However, there is one more school of thought emerging among market participants which is that since the CPI numbers in the US have surpassed all expectations and the Federal Reserve will go ballistic in bringing it down, this aggressive rate hikes will bring forward the slowdown and disinflation cycle which will eventually cool down the CPI numbers. And considering that we will eventually get over this cycle pretty fast, the market is pricing the rate cuts in February 2023.

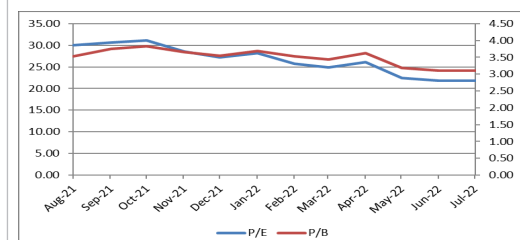
Meanwhile, on the domestic front, things seem to improve slowly but steadily. For starters, Reserve Bank of India (RBI) Governor Shaktikanta Das said that inflation is likely to ease gradually in the second half of the ongoing fiscal. Secondly, another pointer to this fact is that the downside risk to inflation is materialising with a cooling of commodity prices, led mainly by cooking oil, the prices of which have collapsed to their lowest levels in recent times. The impact of these depressed edible oil prices is already being witnessed in the June CPI and will only accentuate in the coming months.

Also, crude oil prices have seen a sharp slump from their March peak while soybean oil too has declined sharply. All this means that price pressure will start easing in H2FY23 but till then the RBI will not let down its guard. Its fight against inflation will carry on, implying that the central bank will hike rates once gain in August. Another silver lining for India Inc. can be seen in the fact that European currency has weakened against the dollar and is now at par with the greenback for the first time in 20 years. Indian companies who have raised Euro-denominated debt will have to repay less at maturity and while servicing interest.

That is because companies will have to buy fewer dollars while repaying Euro-denominated loans and will save on interest cost as well. Coming back to the matter of what to expect for the markets ahead, the zone of 15,750-15,900 is an important support level on the downside, while on other hand, the level of 16,250 is likely to act as an immediate barrier. We expect consolidation in the said range of 15,750-16,250 as the market move into corporate news environment. This may shift into a very stock-specific mode in the coming weeks. Nifty Mid-Cap and Small-Cap 100 have performed very well on a MTD basis and hence keep a close eye on the broader markets!

July - Sept., 2022

Valuation Matrix Performance of Sensex



International Markets

Exchange	15 July, 22	1 year change (%)	52-week L/H
Bovespa	96,121	25.14	95,431/1,28,010
CAC 40	5,915.41	-9.80	5,756.38/7,384.86
DAX	12,519.66	-20.71	12,390.95/16,290.19
Dow Jones	30,630.17	-12.32	29,654.59/36,952.65
FTSE 100	7,039.81	-0.72	6,787.98/7,687.27
Hang Seng	20,421.00	-25.32	18,235.48/28,218.53
Nasdaq	11,768.39	-23.17	10,565.13/16,212.23
Nikkei 225	26,797.50	-7.01	24,681.74/30,795.78

Top Gainers

Company	14 July 22	15 June 22	% Change
Steel Exchange India Ltd.	21.85	14.62	49.45
Adani Transmission Ltd.	2884.25	2051.85	40.57
Fiem Industries Ltd.	1466.20	1043.75	40.47
Himadri Spe. Chem. Ltd.	88.20	63.35	39.23
Voltamp Transformers Ltd.	3210.8	2363.25	35.86

Top Losers

Company	14 July 22	15 June 22	% Change
Oil India Ltd.	178.20	271.05	-34.26
Mangalore Refinery	71.75	102.90	-30.27
Future Supply Chain	31.30	44.30	-29.35
Future Lifestyle Fashions	18.10	25.43	-28.82
Future Retail Ltd.	6.96	9.33	-25.40

Performance Of Other Indices

Index	Price (Rs)	1 Year change (%)
S&P BSE SMALLCAP	25,667.09	-2.64
S&P BSE 500	21,830.49	0.13
S&P BSE Auto	27,757.24	20.32
S&P BSE BANKEX	40,008.35	-1.90
S&P BSE CAP GOODS	27,233.22	15.37
S&P BSE FMCG	14,871.68	10.11
S&P BSE HEALTHCARE	22,546.44	-13.14
S&P BSE IT	27,020.61	-11.16
S&P BSE Metal	16,084.13	-17.00
S&P BSE Oil & Gas	17,949.75	14.87
S&P BSE REALTY	3,341.41	6.97
S&P BSE POWER	4,393.69	62.07



3M INDIA LTD.

3M India Limited is a subsidiary of 3M Company, USA, which is one of the world's leading conglomerates with a presence in over 70 countries. The company manages its operations in four segments namely, safety & industrial, transportation & electronics, healthcare, and consumer. 3M is a science-based company, investing in technology platforms to develop science-based solutions to address customer problems.

Brief history

Incorporated in 1987, 3M is the flagship-listed company of 3M Company, USA in India.

It is a diversified global manufacturer, technology innovator, and marketer of a wide variety of products & services.

The company's four business segments bring together common or related 3M technologies, enhancing the development of innovative products & services, and providing for efficient sharing of business resources. Most of its products involve expertise in technology, product development, manufacturing & marketing. Meanwhile, the company has manufacturing facilities in Ahmedabad, Bengaluru, and Pune along with a R&D centre in Bengaluru.

Diversified product portfolio

Safety & industrial – This segment contributes approximately 36 per cent of the total revenue. Product offerings include industrial abrasives as well as finishing for metalworking applications, closure & masking systems, structural adhesives and tapes, personal safety, roofing granules, etc.

Transportation and electronics - Constituting approximately 35 per cent of the total revenue, this segment's offerings include advanced ceramic solutions, attachment tapes, films, sound & temperature management for transportation vehicles, reflective signage for highways, vehicle safety, etc.

Healthcare - Includes solutions healthcare procedure coding and reimbursement software; skin, wound care, and infection prevention products & solutions along with dentistry & orthodontia solutions. Popular brand ACETM for adhesive bandages has been for more than 100 years. While enabling better, smarter, safer healthcare, this segment makes up 15 per cent of the revenue.

Consumer – From home cleaning products (brand names ScotchTM, Scotch-BriteTM) to DIY products, picture hanging & consumer air quality solutions to stationery products (Post-itTM, CommandTM).

Brand resonance

The company has created strong brand equity for its products. Scotch BriteTM,

3M India Limited

BSE Code : 523395

CMP : ₹22,092.25

Target Price : ₹25,100

Company Details

Industry	Diversified
Chairman	Bharat D Shah
Managing Director	Ramesh Ramadurai
Company Secretary	
ISIN Code	INE470A01017
Bloomberg Code	3M IN
Reuters Code	TMIN.BO

Key Market Ratio

Latest Date	13-Jul-22
Latest Price (Rs)	22882.65
Previous Close (Rs)	22954.1
1 Day Price Var %	-0.31
1 Year Price Var %	-5.65
52 Week High (Rs)	27800
52 Week Low (Rs)	17300
Beta	0.55
Face Value (Rs)	10
Industry PE	15.21
TTM Period	202203
TTM EPS (Rs)	241.43
TTM CEPS(Rs)	290.36
Price/TTM CEPS(x)	78.81
TTM PE (x)	94.78
Price/BV(x)	11.81
EV/TTM EBIDTA(x)	57.35
EV/TTM Sales(x)	7.33
Dividend Yield%	0
MCap/TTM Sales(x)	7.73
Latest Book Value (Rs)	1938.36
Market Cap (Rs in Crores)	25777
EV (Rs)	24450
Latest no. of sharesCrores	1

Share Holding Pattern as on 202203

Promoter No of shares (Rs in Crores)	13-Jul-22
Promoter %	0.55
FII No of Shares (Rs in Crores)	10
FII %	15.21
Total No of Shares (Rs in Crores)	202203
Free Float %	241.43



3M India Limited

Post-it™, Command, and Scotch enjoy marquee status in the consumer space. The company strongly believes in the 3M™ brand equity and its ability to provide customers with innovative solutions. Global campaigns and brand building continue to benefit the company's business in India. 3M enjoys strong customer loyalty in the urban market due to its superior products.

Strong parentage

3M Company USA holds a 75 per cent stake in 3M India. 3M USA is a global leader with 120 years of presence and is driven by innovation. For the year ended in December 2021, global sales stood at \$35.4 billion with over 1,29,000 patents along with R&D investment of \$2 billion. The Indian subsidiary imports technologies and know-how only from the parent company to cater to the needs of the Indian market.

Innovation-driven

To make the most of long-term opportunities, 3M is prioritising investments in large, fast-growing areas aligned to global trends like automotive technology, home improvement, personal safety, healthcare, and electronics. The company's research & development activities generate a steady stream of inventions that are covered by new patents or trade secrets. Several local and global patents have been filed for technology developed in India. Its trademarks, patents, and trade secrets provide an important competitive advantage in many of its businesses.

Sectoral growth drivers

Budget allocations for accelerating road construction and increased focus on both urban and rural road safety are set to create demand for 3M solutions in the segment.

Further, in the automotive sector, the company is all set to witness tailwinds in demand from auto OEMs, ACC regulations, and the EV ecosystem driven by auto PLI. Apart from the auto sector, PLI in pharma & allied, mobile and handheld & television, solar PV, and allied sectors augurs well for 3M's presence in these sectors.

3M Electro & Communication India Pvt Ltd (3M E&C)

3M E&C is a wholly-owned subsidiary of 3M India Limited and has manufacturing facilities in Pune. It is in the process of amalga-

mation with its parent 3M India. The proposed amalgamation has received NCLT Chennai's nod and accordingly, the company is in the next stage of the scheme.

Financials

For the quarter ended March 2022, the company's revenue grew by 11.9 per cent YoY to Rs 925.60 crore. Revenue was up by 12.02 per cent on a sequential basis. EBITDA climbed 53.80 per cent YoY at Rs 157.54 crore and was up by 65.12 per cent on a QoQ basis. PAT rose 57.39 per cent & 66.18 per cent on a YoY and QoQ basis, respectively, and stood at Rs 110.91. The company reported an EBITDA margin of 17.02 per cent, which for the quarter ended March 2022 expanded by 464 bps. PAT margins stood at 11.98 per cent, which expanded by 346 bps.

Overall, 3M India reported robust performance in FY22 with revenue being up by 28.06 per cent at Rs 3,335.84 crore, EBITDA soaring 50 per cent along with PAT that surged 67.4 per cent at Rs 426.36 and Rs 271.97 crore, respectively on a YoY basis. EBITDA margins stood at 12.78 per cent while PAT margin was at 8.15 per cent. The growth drivers came from volume expansion and the ongoing cost management, which were partially offset by the manufacturing headwinds from global supply chain challenges as well as a steep jump in raw material prices.

Outlook

At CMP, 3M India is trading at a TTM PE of 94.78X at a current market capitalisation of Rs 25,777.47 crore. The stock price has given returns of (5.65) per cent & 2.10 per cent on a CAGR basis for one-year & three-year periods, respectively. The company has delivered five-year average RoE of 22.28 per cent and RoCE of 33.02 per cent. In FY22, RoE & RoCE stood at 10.69 per cent and 14.60 per cent, respectively. The company is a cash-rich company with zero debt. The cash balance as of March 31, 2022, stood at Rs 1,328 crore.

The four market-leading business groups are aligned to attractive end markets with big opportunities in front of them. Together, they form a strong portfolio, which is focussed on growing trends and leveraging the world-class capabilities of 3M. This MNC has a strong brand resonance and is a market leader in its space with science & innovation as its core strengths.

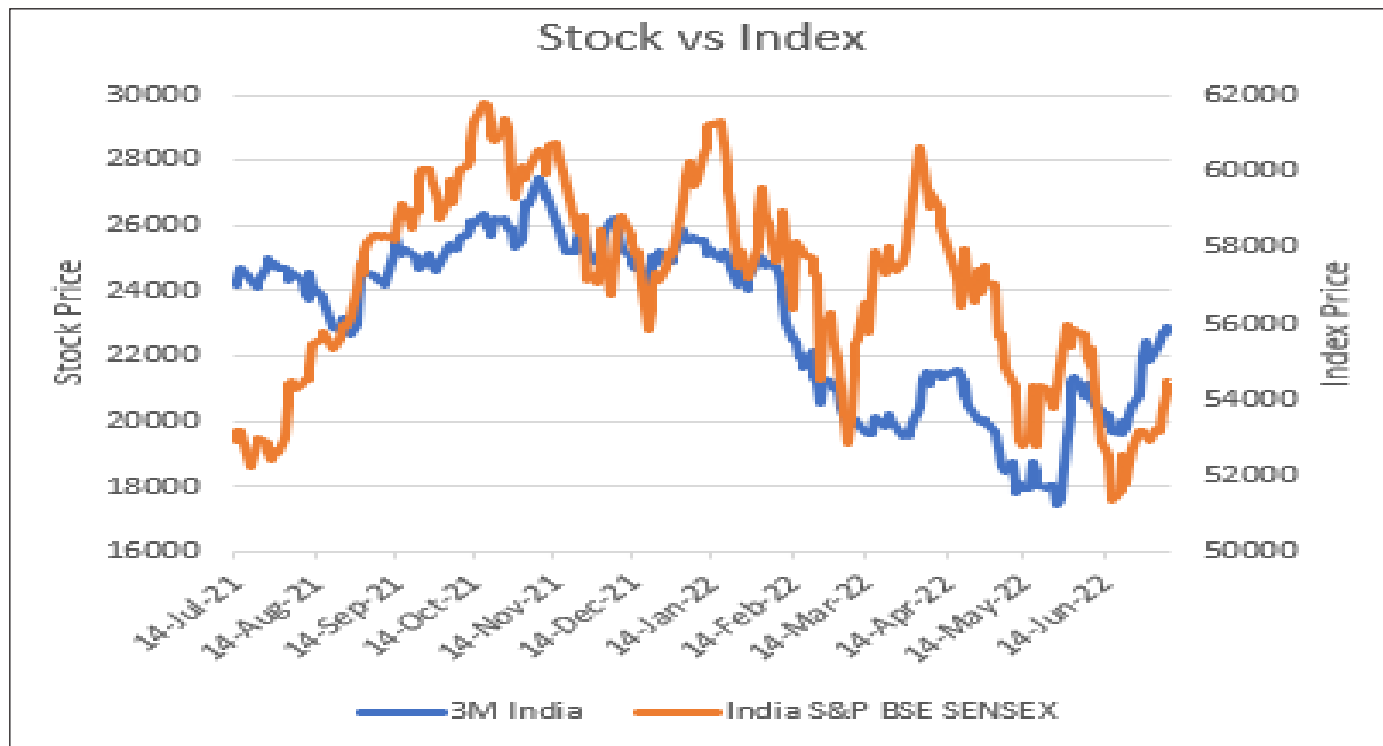
We, thus, recommend a BUY on the stock with a target of Rs 25,100, representing a 10 per cent potential upside.

RECENT NEWS

June 27, 2022: In accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, read with the Company's Code of Conduct to Regulate, Monitor and Report Trading by Insiders, 3M India has informed that the Trading Window for dealing in Equity Shares of the Company by the Promoters and Persons Acting in Concert, Directors, Designated Persons and their Immediate Relatives shall remain closed with effect from Friday, July 1, 2022 to Friday, August 12, 2022 for the Unaudited Financial Results of the Company for the quarter ending June 30, 2022.



3M India Limited



Profit & Loss Consolidated

(Indian Rupee .in Crores)

Particulars	Mar 2021	Mar 2020	Mar 2019	Mar 2018
Net Sales	2604.83	2986.55	3016.82	2758.57
Manufacturing Expenses	1672.36	1822.69	1696.13	1479.89
Employee Cost	369.9	328.59	330.21	356.05
General and Administration Expenses	191.41	255.3	292.72	283.93
Selling and Distribution Expenses	111.67	130.31	162.16	132.54
PBIDT (Excl OI)	259.48	449.66	535.59	506.16
Other Income	24.74	45.9	69.46	53.84
Operating Profit	284.22	495.56	605.05	559.99
Interest	2.45	3.66	1.12	2.03
PBDT	281.77	491.9	603.92	557.96
Depreciation	61.85	59.33	43.76	43.51
Profit Before Taxation & Exceptional Items	219.92	432.57	560.17	514.46
Profit Before Tax	219.92	432.57	560.17	514.46
Provision for Tax	57.55	110.4	193.99	181.11
PAT	162.38	322.17	366.18	333.35
Consolidated Net Profit	162.38	322.17	366.18	333.35
Appropriations	1897.18	1734.81	1412.64	1046.46
EPS	144.14	285.99	325.06	295.91
Adjusted EPS	144.14	285.99	325.06	295.91



Two Buzzing Stocks

Olectra Greentech Ltd

BSE Code : 532439

52 Week High / Low : ₹940.45 / ₹228.65

Face Value : ₹4

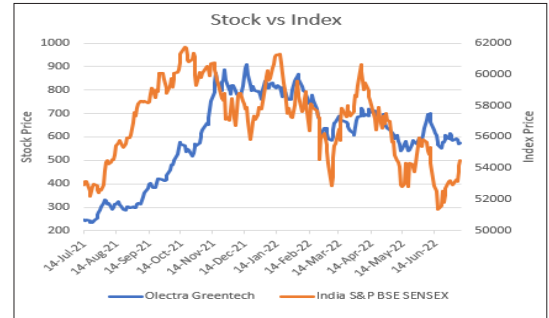
Olectra Greentech Limited (Olectra) is a manufacturer of electric buses and insulators. The company has its manufacturing facilities in Hyderabad, India. It is the country's first-ever electric bus manufacturer that manufactures and deploys all variants of electric buses in India.

A part of S&P BSE Smallcap index, the company is a subsidiary of MEIL Group. Looking at the financial performance, in Q4FY22, on a consolidated basis, the company's net revenue increased 83.46 per cent YoY to Rs 271.30 crore. The PBIDT (ex OI) climbed 83.10 per cent YoY to Rs 32.05 crore. Its PAT came in at Rs 17.08 crore, reflecting a growth of 77.48 per cent YoY.

Olectra's aim to support the environment has led to a new phase by developing innovative solutions for society. As a part of the mission, the company has embraced its growth path into new-age green technology. In the last one year, the company's share price showed a significant rally on the bourses. During this period, its share price appreciated 138 per cent YoY, going from Rs 244.5 on July 16, 2021, to Rs 583.10 on July 4, 2022.

On May 23, 2022, the company announced that its subsidiary company - Evey Trans Private Limited (EVEY) secured huge orders from Brihanmumbai Electric Supply & Transport (BEST). The order, which was worth Rs 3,675 crore, pertained to the supply of 2,100 electric buses. This was the largest order secured by the company to date. As per the agreement, the buses shall be delivered over a period of 12 months. Olectra shall also undertake maintenance of these buses during the contract period.

After leading in the commercial run of electric buses, the company is expanding its product line in the e-mobility segment for three-wheeler electric autos as well as electric trucks. The company is currently trading at a TTM PE of 135.39x as compared to the industry PE of 75.59x. In FY22, the company delivered a RoE of 4.41 per cent and a RoCE of 7.29 per cent. It has a 52-week high of Rs 940.45 and a 52-week low of Rs 228.65.



Sumitomo Chemical India Ltd

BSE Code : 542920

52 Week High / Low : ₹511.85 / ₹341.20

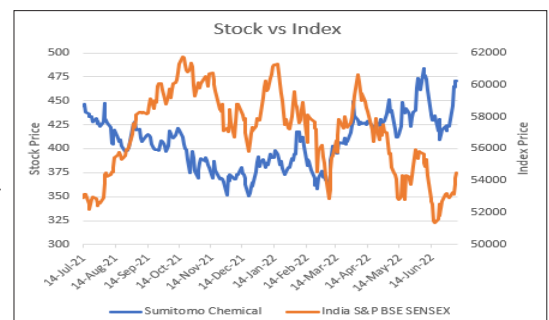
Face Value : ₹10

Sumitomo Chemical India Ltd (SCIL) manufactures, imports, and markets products for crop protection, grain fumigation, rodent control, biopesticides, environmental health, professional pest control & feed additives for use in India.

SCIL has also marked its presence in Africa and several other geographies of the world. Incorporated in 2000, the company is present in three business verticals of agro solutions (ASD), environmental health (EHD), and animal nutrition business (AND). It provides solutions for insecticide, herbicide, fungicide, and plant growth regulator (PGR) under the agro segment. Under animal nutrition, it manufactures methionine for feed additive use. Insecticide makes up 51 per cent of the company's revenue, followed by herbicide at 19 per cent, fungicide at 9 per cent along with other divisions such as PGR, AND, and EHD at 20 per cent each.

In Q4FY22, on a consolidated basis, the company's revenue grew by 24.48 per cent YoY to Rs 665.06 crore from Rs 534.280 crore in Q4FY21. PBIDT (ex. OI) was reported at Rs 108.95 crore, up by 52.73 per cent YoY as compared to the year-ago period, which was Rs 71.33 crore. PAT was reported at Rs 74.65 crore against the profit of Rs 54.10 crore in the same quarter for the previous fiscal year, showcasing a YoY growth of 38 per cent. The company reported 100 receivable days for FY22 along with 179 inventory days and 99 payable days. The cash conversion cycle stood at 133 days. Several factors have helped the company in making a significant presence in the Indian agro-chemical market. The list includes a broad distribution network, branded portfolio, rising export revenue share along with fresh product introductions, and the parent company's R&D capabilities.

The company has managed to maintain its growth momentum overseas, especially in South America. The quarterly run rate of South America, of more than Rs 107 crore, was maintained. This was mainly due to a supply agreement for a few molecules to Nufarm. Both the generic as well as speciality sectors grew moderately during the quarter. In this financial year, the company has launched six new products in the domestic market. Going ahead, the company is targeting to launch six to eight new products over the next 12-18 months. This will definitely support the revenue and the margin. The stock has appreciated at 39 per cent CAGR in the last couple of years. It has a 52-week high of Rs 511.85 and a 52-week low of Rs 341.20.





Market Statistics

DIVIDEND BECOME EX-DATED IN FORTHCOMING DAYS

Company Name	Dividend (%)	Ex Div Date	Company Name	Dividend (%)	Ex Div Date
BLUE DART EXPRESS LTD.	350.00	18-Jul-22	GRANULES INDIA LTD	75.00	19-Jul-22
ASTEC LIFESCIENCES LTD.	15.00	19-Jul-22	GRINDWELL NORTON LTD.	240.00	19-Jul-22
FEDERAL BANK LTD.	90.00	19-Jul-22	HCL TECHNOLOGIES LTD.	500.00	19-Jul-22

NET INVESTMENT IN EQUITY MARKETS (₹/CR)

Days	FII's	DII's
14-Jul-22	309.06	-556.4
13-Jul-22	-2839.52	1799.22
12-Jul-22	-1565.68	140.71
11-Jul-22	-170.51	-296.99
8-Jul-22	-109.31	34.61
7-Jul-22	-925.22	980.59
6-Jul-22	-330.13	1464.33
5-Jul-22	1295.84	-257.59
4-Jul-22	-2149.56	1688.39
1-Jul-22	-2324.74	1313.71

EX-BONUS

Company Name	Ex-Bonus Date	Current Holding	Ratio Offered
AKI India Ltd	19-Jul-22	10	3
Panth Infinity Ltd	19-Jul-22	2	1
Rajnish Wellness Ltd	21-Jul-22	1	2
Relicab Cable Manufacturing Ltd	22-Jul-22	100	74

SPLIT DECLARED IN LAST FEW DAYS

Company Name	Date Of Announcement	Old Face Value	New Face Value
Steel Exchange India Ltd	12-Jul-22	10	1
Hindustan Foods Ltd	21-Jul-22	10	2

CONTINUOUSLY MOVING UP

Company Name	July 14	July 13	July 12	July 11	July 08
Aurum PropTech Ltd.	106.95	101.9	97.05	92.45	88.05
Jindal Stainless Ltd.	111.95	107.25	105.05	104.75	103.35
Unichem Laboratories Ltd.	269.45	263.9	252.25	251.95	249.75
Indus Towers Ltd.	225.45	222.65	221.65	213.35	209.5
Edelweiss Financial Services Ltd.	57.25	54.9	54.6	53.65	53.2

RECENT ANNOUNCEMENTS

Kotak Mahindra Bank (KMBL) : Kotak Mahindra Bank has completed its technical integration with the brand new e-filing portal (www.eportal.incometax.gov.in) making it one of the first Private Banks to be fully integrated with the new Income Tax department portal. Now Kotak Mahindra Bank customers - Individuals as well as Corporates - can pay their Direct Taxes conveniently through the e-pay tax tab on the portal using Kotak Net Banking or by visiting a branch. This will make the tax payment process simple, instant and convenient for its customers.

GTPL Hathway : GTPL Hathway has reported results for first quarter ended June 30, 2022. The company has reported fall of 10.14% in its net profit at Rs 27.39 crore for the quarter under review as compared to Rs 30.48 crore for the same quarter in the previous year. However, total income of the company increased by 1.91% at Rs 407.95 crore for Q1FY23 as compared Rs 400.32 crore for the corresponding quarter previous year. On the consolidated basis, the company has reported a fall of 9.07% in its net profit at Rs 48.22 crore for the quarter under review as compared to Rs 53.03 crore for the same quarter in the previous year. However, total income of the company increased by 5.69% at Rs 645.41 crore for Q1FY23 as compared Rs 610.64 crore for the corresponding quarter previous year.

Yes Bank: The bank has signed a binding term sheet with JCF ARC and JC Flowers Asset Reconstruction (JC Flowers ARC) for strategic partnership in relation to sale of identified stressed loans of the Bank. Accordingly, the Bank has decided that the JC Flowers ARC will be base bidder for a proposed sale of an identified stressed loan portfolio of the bank aggregating to up to Rs 48,000 crore.

Indian Hotels Company (IHCL) : Indian Hotels has signed a SeleQtions hotel in Tirupati, Andhra Pradesh. The currently operational hotel will be rebranded as SeleQtions. The hotel is a management contract with Bliss Hotels. With the Bottom of Form

Angel One : Angel One has reported results for first quarter ended June 30, 2022. The company has reported a rise of 51.32% in its net profit at Rs 178.33 crore for the quarter under review as compared to Rs 117.85 crore for the same quarter in the previous year. Total income of the company increased by 45.13% at Rs 680.32 crore for Q1FY23 as compared Rs 468.78 crore for the corresponding quarter previous year. On the consolidated basis, the company has reported a rise of 49.55% in its net profit at Rs 181.51 crore for the quarter under review as compared to Rs 121.37 crore for the same quarter in the previous year. Total income of the company increased by 44.69% at Rs 686.53 crore for Q1FY23 as compared Rs 474.48 crore for the corresponding quarter previous year.

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