



**SMIFS  
LIMITED**  
LEGACY | TRUST | GROWTH

MONTHLY

# **R|SEARCH** RECOMMENDATIONS

June 2022

## VOLTAS LTD. (Previous Close: INR1048.05)

Buying Range: INR1000 – INR950 | Stop-Loss: Closing Below INR800 | Target : INR1250

Risk/Reward Ratio- around 1:1.6

Projected Timeframe - 2 Months

Projected Profit- around 28%

Projected Loss- around 18%

The stock is seen coming down onto the the prolonged ascending trend line that offers a short-term investment opportunity with favourable risk-reward ratio.

### Weekly Chart:



### Technical View:

After reacting down from the recent all-time highs, the stock is seen taking support around the 150 EMA (= 940 levels). Prolonged ascending trend line is placed around 830 levels, which is supposed to act as the major support in near future.

Leading Indicator stochastic has already reached the oversold zone while the RSI is seen approaching towards previous bottom suggesting the stock is likely to find buyers on dips in the price range of 1000-950.

Based on the aforementioned explanations, we recommend accumulating VOLTAS on dips in the price range of 1000-950 for the target of 1250.

## VOLTAS LTD. (Previous Close: INR1048.05)

Buying Range: INR1000 – INR950 | Stop-Loss: Closing Below INR800 | Target : INR1250

Voltas is engaged in the business of air conditioning, refrigeration, electro - mechanical projects as an EPC contractor both in domestic and international geographies (Middle East and Singapore) and engineering product services for mining, water management and treatment, construction equipments and textile industry.

**Unitary Cooling Products (36% of Revenue)**- Unitary Cooling products comprises Air Conditioners, Air Coolers, and Commercial Refrigeration products. As of July 2021, Voltas is no. 2 in the Air Cooler Category with a market share of 10.8%. Voltas is No 1 with 23.4% market share in Room Air Conditioner business. 21.9% market share in Inverter Air Conditioners, selling close to 1.45 million room air conditioners with the Inverter AC volumes, contributing close to 52% of the overall AC sales.

### Engineering Projects (58% of Total Revenue)

**Domestic** - Voltas offers integrated end-to-end solutions in electromechanical projects. It extends Mechanical, Electrical, and Plumbing (MEP) services for metro stations, airports, malls, hotels, hospitals etc.

**International** - Voltas International is recognized as a preferred MEP contractor for mid to large-size projects in various GCC countries such as UAE, Qatar, Oman, Bahrain, etc., the international project's business has completed over 130 projects across 35+ countries.

**Low Dependence on Imports** The company aims to increase localization and reduce dependency on imports Investment in moulds and balancing equipment to improve the throughput of the existing manufacturing unit in Pant Nagar, efforts to set up a South India based AC factory are being fast-tracked.

**Volt-Bek:** Annual sales are now close to Rs 10 bn. The exit market shares in Refrigerators and Washing Machines were 3-3.5% and +4%, respectively. The company crossed the 1mn unit milestone in the year. Cumulatively, the brand has sold 2mn units, with the first 1mn taking two years to achieve and next 1mn just one year.

The manufacturing facility has been expanded to frost-free refrigerators and fully automatic top-loaded washing machines at the Sanand factory in FY22. The production at the factory has also crossed 1mn units. Volt-Bek has more than 200 Expanded Exclusive Brand Outlets (EBO) now, and plans to add 50 more in FY23.

**Capex:** Total capex would be Rs4.5-5bn in the next 2-3 years, including PLI-related spends, investment in the compressor JV and others. **JV with Highly for AC compressors:** The JV is aimed at achieving technical know-how and will be dedicated to inverter compressors. The total investment would be ~Rs2.5-5bn by each partner with a targeted capacity of 1mn.

We expect the Indian air conditioning demand to log the best growth over the next decade amongst the major consumer durable products. The company is expected to report revenue and PAT CAGR of ~17% and ~34% respectively over the next 24 months. As the projects business ramps up with normalisation coupled with the new appliances business scaling up and the UCP segment gathering momentum, we recommend a buy on the company.

# TECHNICAL SHORT-TERM INVESTMENT BUY

## RBL BANK LTD. (Previous Close: INR111.00)

Buying Range: INR110 – INR100 | Stop-Loss: Closing Below INR90 | Target: INR135

Risk/Reward Ratio- around 1:2

Projected Timeframe - 1 Month

Projected Profit- around 28%

Projected Loss- around 14%

After sustained retracement, the stock is seen making a double bottom pattern that offers a very short-term investment opportunity with favourable risk-reward ratio.

### Weekly Chart:



### Analysis:

After sustained retracement from around 270 levels, the stock is seen making a double bottom pattern on the weekly. Leading indicator Stochastic has already the oversold zone while the RSI shows massive positive divergence, which is pointing towards trend reversal. ADX approaching towards descending trend line also suggesting trend reversal.

Based on the aforementioned explanations, we recommend buying RBL BANK on dips in the price range of 110-100 for the target of 135.

# TECHNICAL MEDIUM-TERM INVESTMENT BUY

## TECH MAHINDRA LTD. (Previous Close: INR1146.60)

Buying Range: INR1100 – INR1000 | Stop-Loss: Closing Below INR900 | Target1: INR1200 | Target2: INR1350

Risk/Reward Ratio- around 1:2

Projected Timeframe - 3 Month

Projected Profit- around 28%

Projected Loss- around 14%

The stock is seen coming down onto the higher edge of the prolonged ascending channel that offers a midterm investment opportunity with favourable risk-reward ratio.

### Weekly Chart:



### Analysis:

After the bearish Head and Shoulder pattern breakdown, the stock is seen coming down onto the most critical longer-term trend line placed around 950 levels. 150 EMA placed around 1100 levels is likely to act as the midway support. Leading indicator Stochastic has already reached the oversold zone while the RSI is hovering around previous established bottom suggesting the stock is likely to find buyers on dips in the price range of 1100-1000.

Chart pattern suggesting probable short-term trading range likely to be 1000-1200. Higher resistance are placed around 1350 levels.

Based on the aforementioned explanations, we recommend buying TECH MAHINDRA on dips in the price range of 1100-1000 for the targets of 1200 and 1350.

## MAYUR UNIQUOTERS LTD.

CMP (INR) (As on 31st May 2022): INR 380 | Target: INR 559 | Upside (%): 47% | Recommendation: Buy | Timeframe – 12 to 18 Months

### Stock Scan

Market cap (INR mn)	16,935
Outstanding Shares (mn)	44.6
Face Value (INR)	5
Dividend Yield (%)	0.5%
P/E (x)	25.0
P/B (x)	3.0
Debt/Equity (x)	0.0
Beta vs. Sensex	0.88
52 Week High/ Low (INR)	635/319
Avg. Daily Volume (NSE)/3 mth (mn)	0.16

Mayur Uniquoters, the largest player in the Indian synthetic leather market, is currently undergoing an interesting phase wherein it is set to ramp up its PU (Polyurethane) synthetic leather business and commence dealings with many European and Korean auto OEMs. The company's current PVC leather business fortune largely depends on the growth of auto and footwear industries and both these industries are on recovery path. The management has guided for 15-20% growth in FY23.

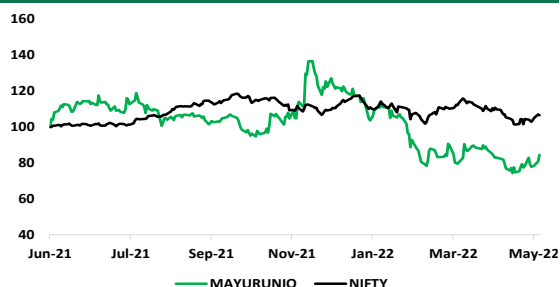
### Valuation & Outlook

- ✓ The company has plans to add capacity in PU business as they start getting more traction. Also, they are focusing on backward integration.
- ✓ Also, they have incorporated a new subsidiary to create a brand name and hit the retail business which can be very lucrative in the long run.
- ✓ With PU plant ramp up, commencement of Mercedes business, BMW business in future and VW India business getting traction, we estimate strong earnings growth in FY23e & FY24e. Considering good return ratios and consistent handsome payouts to shareholders, **we value Mayur at 20x its FY24e earnings to arrive at a TP of Rs 559 apiece and recommend BUY.**

### Shareholding Pattern (%)

	Mar 2022	Dec 2021	Sep 2021
Promoters	59.4	59.4	59.9
Institutions	1.6	1.7	1.5
Non-Institution	4.3	4.4	4.8

### Stock vs. Nifty (Relative Returns)



### Financial Performance at a glance

Particulars (Rs mn)	FY20	FY21	FY22	FY23E	FY24E
Net sales	5,165	5,008	6,310	7,168	8,340
Growth (%)	(9.9)	(3.0)	26.0	13.6	16.4
EBITDA	1,069	1,204	1,136	1,458	1,799
EBITDA margin (%)	20.7	24.0	18.0	20.3	21.6
PAT	806	890	843	992	1,228
PAT margin (%)	15.6	17.8	13.4	13.8	14.7
EPS (Rs)	17.8	20.0	18.9	22.6	27.9
P/E (x)	13.8	13.7	25.0	16.8	13.6
P/BV (x)	1.9	1.9	3.0	2.3	2.0
RoE (%)	14.5	14.6	12.5	13.7	15.7
RoCE (%)	14.1	14.1	12.2	13.4	15.5
EV/EBITDA (x)	8.6	8.5	17.2	10.3	7.9

## MAYUR UNIQUOTERS LTD.

CMP (INR) (As on 31st May 2022): INR 380 | Target: INR 559 | Upside (%): 47% | Recommendation: Buy | Timeframe – 12 to 18 Months

### Investment Rationales:

**PU business - a multi-year high growth opportunity:** The Indian PU leather market is currently dominated by Chinese imports and presents Rs35bn opportunity. Considering this big opportunity, Mayur has forayed into this business. Given Mayur's strong relationship with OEMs and superior quality & services, we believe that the company is all set to replace Chinese imports. Recently the government has imposed ADD on PU leather import. This will help Indian players to compete with Chinese players. In the long-run, this expansion has a potential to generate return ratios similar to Mayur's domestic business and opens doors for a multi-year high growth opportunity.

**Bigger global OEMs coming on board:** The company has recently started business with Mercedes and they are set to start business with BMW as well. The company is set to work with players such as Hyundai and Kia. The company continues to win bigger clients based on its strong product quality.

**Diversified clientele:** The company caters to loads of PVs, CVs and 2Ws players in auto segment whereas they have VKC, Paragon, Relaxo etc as big clients in footwear business. The company is a big supplier to Maruti vehicles as well. Hence, Mayur is free from any client concentration risk.

**Cash rich and rewarding to shareholders:** The company is net cash and they continue to come out with buyback plans to reward shareholders. As business is not capital intensive, we believe this trend will be continued.

**we value Mayur at 20x its FY24e earnings to arrive at a TP of Rs 559 apiece and recommend BUY.**



## Research catering to client needs

	Long term Investing	Medium term investing	Short term Trading	Intra – day Trading
Fundamentals	High	Medium	Low	Absent
Derivatives	Low	Low	High	High
Technicals	Low	Low	High	High



## Research Basket

### **Long-term Investment**

- 12 to 18 month perspective – Detailed company reports
- Others – Muhurat Picks and Annual Strategy Picks

### **Medium-term Investment**

- 3 to 6 months perspective
- Technical and Quant Picks

### **Short-term Investment & Trading**

- 1 month investment call
- Positional Momentum Picks
- BTST, STBT on leading stocks

### **Intraday Trading**

- Daily Calls – Cash, Futures and Options

## **Analyst Certification:**

We /I, Jaydeb Dey and Amit Hiranandani Research Analyst(s) of SMIFS Limited (in short “SMIFS / the Company”), authors and the names subscribed to this Research Report, hereby certify that all of the views expressed in this Research Report accurately reflect our views about the subject issuer(s) or securities and distributed as per SEBI (Research Analysts) Regulations 2014. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this Research Report. It is also confirmed that We/I, the above mentioned Research Analyst(s) of this Research Report have not received any compensation from the subject companies mentioned in the Research Report in the preceding twelve months and do not serve as an officer, director or employee of the subject companies mentioned in the Research Report.

## **Terms & Conditions and Other Disclosures:**

SMIFS Limited is engaged in the business of Stock Broking, Depository Services, Portfolio Management and Distribution of Financial Products. SMIFS Limited is registered as Research Analyst Entity with Securities & Exchange Board of India (SEBI) with Registration Number – INH300001474.

SMIFS and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Research Analysts. SMIFS generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

The information and opinions in this Research Report have been prepared by SMIFS and are subject to change without any notice. The Research Report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of SMIFS Limited. While we would endeavor to update the information herein on a reasonable basis, SMIFS is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent SMIFS from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or policies of SMIFS, in circumstances where SMIFS might be acting in an advisory capacity to this company, or in certain other circumstances.

This Research Report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This Research Report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Securities as defined in clause (h) of section 2 of the Securities Contract Act, 1956, includes Financial Instruments, Currency and Commodity Derivatives. Though disseminated to all the customers simultaneously, not all customers may receive this Research Report at the same time. SMIFS will not treat recipients as customers by virtue of their receiving this Research Report. Nothing in this Research Report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this Research Report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. SMIFS accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this Research Report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. The information given in this report is as of date of this report and there can be no

assurance that future results or events will be consistent with this information. The information provided in this report remains, unless otherwise stated, the copyright of SMIFS. All layout, design, original artwork, concepts and intellectual Properties remains the property and copyright of SMIFS and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the SMIFS.

SMIFS shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, breakdown of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of SMIFS to present the data. In no event shall SMIFS be liable for any damages, including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by the SMIFS through this report.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (a) Exchange Rates can be volatile and are subject to large fluctuations; (b) the value of currencies may be affected by numerous market factors, including world and notional economic, political and regulatory events, events in Equity & Debt Markets and changes in interest rates; and (c) Currencies may be subject to devaluation or government imposed Exchange Controls which could affect the value of the Currency. Investors in securities such as Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Since associates of SMIFS are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this Research Report.

SMIFS and its Associates, Officers, Directors, Employees, Research Analysts including their relatives worldwide may: (i) from time to time have long or short positions in, and buy or sell the Securities, mentioned herein or (ii) be engaged in any other transaction involving such Securities and earn brokerage or other compensation of the Subject Company/ companies mentioned herein or act as an Advisor or Lender/Borrower to such Companies or have other potential/material Conflict of Interest with respect to any recommendation and related information and opinions at the time of the publication of the Research Report or at the time of Public Appearance.

SMIFS does not have proprietary trades but may at a future date, opt for the same with prior intimation to Clients/ Investors and extant Authorities where it may have proprietary long/short position in the above Scrip(s) and therefore should be considered as interested.

The views provided herein are general in nature and do not consider Risk Appetite or Investment Objective of any particular Investor; Clients/ Readers/ Subscribers of this Research Report are requested to take independent professional advice before investing, however the same shall have no bearing whatsoever on the specific recommendations made by the analysts, as the recommendations made by the analysts are completely independent views of the Associates of SMIFS even though there might exist an inherent conflict of interest in some of the stocks mentioned in the Research Report.

The information provided herein should not be construed as invitation or solicitation to do business with SMIFS.

SMIFS or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the Research Report as of the last day of the month preceding the publication of the Research Report.

SMIFS encourages independence in Research Report preparation and strives to minimize conflict in preparation of Research Report. Accordingly, neither SMIFS and their Associates nor the Research Analysts and their relatives have any material conflict of interest at the time of publication of this Research Report or at the time of the Public Appearance, if any.

# DISCLAIMER

SMIFS or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

SMIFS or its associates might have received any compensation from the companies mentioned in the Research Report during the period preceding twelve months from the date of this Research Report for services in respect of managing or co-managing public offerings, corporate finance, investment banking, brokerage services or other advisory service in a merger or specific transaction from the subject company.

SMIFS or its associates might have received any compensation for products or services other than investment banking or brokerage services from the subject companies mentioned in the Research Report in the past twelve months.

SMIFS or its associates or its Research Analysts did not receive any compensation or other benefits whatsoever from the subject companies mentioned in the Research Report or third party in connection with preparation of the Research Report.

Compensation of Research Analysts is not based on any specific Investment Banking or Brokerage Service Transactions.

The Research Analysts might have served as an officer, director or employee of the subject company.

SMIFS and its Associates, Officers, Directors, Employees, Research Analysts including their relatives worldwide may have been engaged in market making activity for the companies mentioned in the Research Report.

SMIFS may have issued other Research Reports that are inconsistent with and reach different conclusion from the information presented in this Research Report.

A graph of daily closing prices of the securities/commodities is also available at [www.nseindia.com](http://www.nseindia.com) and/or [www.bseindia.com](http://www.bseindia.com), [www.mcxindia.com](http://www.mcxindia.com) and/or [www.icex.com](http://www.icex.com).

SMIFS submit' s that no material disciplinary action has been taken on the Company by any Regulatory Authority impacting Equity Research Analysis activities in last 3 years.

This Research Report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject SMIFS and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

## Specific Disclosures

- SMIFS, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- SMIFS, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company.
- SMIFS, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months.
- SMIFS, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as director/officer/employee in the subject company
- SMIFS has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- SMIFS has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- SMIFS has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months.
- SMIFS has not received any compensation or other benefits from third party in connection with the research report.
- SMIFS has not engaged in market making activity for the subject company

Analyst holding in stock: **NO**

## Key to SMIFS Investment Rankings

Buy: Return >15%, Accumulate: Return between 5% to 15%, Reduce: Return between -5% to +5%, Sell: Return < -5%

## Contact us:

**SMIFS Limited.** (<https://www.smifs.com/>)

## Compliance Officer:

**Sudipto Datta,**

Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: +91 33 4011 5401 /91 33 6634 5401

Email Id.: [compliance@smifs.com](mailto:compliance@smifs.com)