April - June 2021/Volume: 14/Issue:14

MCONNECT
A MAGAZINE

INDIA GETTING VACCINATED
WHAT NEXT?
LET EXPERTS GUIDE YOU..!

GUEST FUND MANAGER
Mr Rahul Singh,
(CIO) – Equities,
TATA Mutual Fund

THEME OF THE QUARTER
Investing in PSU – A Turnaround Year!

GUEST INDUSTRY EXPERT
Mr. Ashok Atluri,
Chairman & MD,
Zen Technologies

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INVESTMENT PRODUCT

LIQUILOANS | MEHTA REWARDING RELATIONSHIPS

A UNIQUE ALTERNATE & SAFE HIGH YIELDING DEBT INVESTMENT OPPORTUNITY

PRUDENTLY OPTIMIZE YOUR DEBT INVESTMENTS

Key Takeaway Points:

- Lending to High Quality Borrowers viz. Senoir Salaried Individuals wanting Small Shirt Term Loans for varied needs like Healthcare, Education, etc.
- Direct Monthly Auto-Debit of EMIs for each borrower
- Optimal Underwriting Algorithm to select borrowers based on Credit Bureau Recorsd, Social Background & Banking Records
- Avg. Loan (re. 60k), which is Avg. 20% of Borrowers Annual Salary
  Avg. Loan tenure < 12 Months
- Diversified Retail Loan Debt Portfolio
- Superoir Tech-Enabled Risk Management process for minimising risks and frauds

Backed by Stong Investors

matrix PARTNERS

Seed Funded by Matrix Partners, a well Known vc with early investments in maruquee companies like Ola Cabs, Dailyhunt, Treebo Hotels, ItszCash Card, Cloudnine Etc.

The company also has a strong Pool of a Angle Investors with diversfied business background & Expertise

Ashutosh Taparia
Owner of the Renowned Brand famy Care

Kunal Shah
Founder of FreeCharge one of the leading commerce websites in India

Jayesh Shah
Founder of Naman Group

About LiquiLoans

LIQUILOANS

- Company: NDX P2P Private Limited
- Founded: 2018
- Headquarters: Mumbai, India
- Category: Fintech, Lending

II. Business Offerings

- An online peer-to peer lending platform whereby we leverage new age technology to match credit worthy borrowers and lenders basis their risk appetite
- Lucrative Alternative Debt Investment Opportunity with Complete Aligment of Interest

III. Business Highlights

- New Asset Class: P2P acts like a new asset class for investors. It's a short term debt instrment with significanlty higher return than a liquid / debt fund
- Demand Sourcing Strategy: Company has done online and offline partnerships for sourcing loans on the platform. Focus Salaried Class, High Quality Prime Borrowers, with Low Aver age ticket Sizes
- RBI Regulated NBFC: P2P Platforms are regulated by the RBI with stringent quarterly reporting criteria's

RBI Regulated Platform with Transparency In Flow of Funds

LiquiLoans is an RBI Regu;ated Entity registered asa Peer to Peer (P2P) NBFC - which facilitates deployment of funds towards diversified prime retails borrowers.

All transactions executed on the platform will be mandated thriugn as escroe account which will be managed tu atrustee. Being an RBI regulated ring-fencedstructure, LiquiLons shall facilitate deployment of all the monies accumulated in the excrow account through the trustee to multiple diversified and selected prime retail borrowers.

This create a robust strcture safeguarding investor funds; thereby providing the lender confidence and trust.

For More info Please Contact
Mr Vinay Tiwari Mobile-+91-9967794884 / Email: vinaytiwari@mehtagroup.in

DEAR READERS,

2020 - A year like no other! 2021–> A YEAR OF GROWTH AND EXPANSION!

CA Rakeshh Mehta
Chairman, Mehta Group

If pessimism was associated with the year 2020, optimism is the word for the year 2021!"

As the world completes one year in this new normal, one that taught us to slow down, re-think and introspect and while everything around us was changing rapidly we all have adapted to this new normal with renewed vigour. Lockdown came as a massive shock to the mankind, world economies which were never meant to shut basically came to a grinding halt! Capital markets crashed resulting in massive sell-off globally.

Policy maker worked tirelessly and ensured right measures were taken to regain confidence of the public and the investors. They kept low interest rates during the year, pushing liquidity into the market along with a series of relief and financial packages in a phased out manner totalling around Rs 30 lakh crore or 15 per cent of India's GDP, as a result, today we are back to NEW HIGH's. From the lows of 7500 Nifty we have witnessed the highs of 15431! Giving investors a complete joy ride over the last year!

These last two quarters have been the best in many years for some of the large Indian corporates and market leaders. For many industries, this was a transformative year. Health-tech, Edutech, Fintech, OTT and Food-tech are some of the core sectors to grow at an accelerated pace in the lockdown ecosystem. In just 4 months since the beginning of 2021 we have witnessed 10 Indian startups getting the unicorn status! Mehta Group is proud to have been and investor and part of 2 out of these 10 startups that have received this Billion Dollar Valuation, i.e. Infra. Market through our collaboration with Sistema Asia Fund and Groww. Real-Estate and Infrastructure sectors that for very long have been in stress have seen great momentum in the last 6 months and look promising as demand looks like it's finally back after a dull 7 years and governments push on infra seems like never before. Capital Markets have witnessed the highest ever demat and trading accounts opening in the last 1 year and the people are finally understanding the power of investing in the equities asset class! Whereas travel, tourism, hospitality, and related sectors took a direct hit from the chaos that was unleashed globally. But we have seen wherever and whenever the fear of Covid reduced travel/tourism and hospitality saw massive surge in demand. This clearly suggesting that Demand will also be V shaped just like our recovery of V shape in the stock markets.

Nevertheless, we should not let our guards down and brace for a second as well as a third wave and while the healthcare workers along with the governments both at centre and state are at work to ensure that we are taken care off on the health front.. Investors should focus on proper asset allocation with a good mix of cyclical and defensive stocks for the long term. Periods of volatility will be mainly caused by the local and on-ground situation and at the macro level the surplus of liquidity and demand should continue supporting the markets and the economy.

With extreme joy, I'm proud to inform you that Mehta Group completes 27 years and just like each year we celebrated our foundation day on the 23rd of January 2021. Unlike our physical events each year which are very well attended we decided to host it virtually this year and we are thankful to our clients/investors and participants for outstanding attendance and for being a part of our celebration. We were graced by

1. **Shri. Nitin Gadkari ji,** Hon. Union Cabinet Minister for Road Transport & Highways, The minister of MSMES, Govt of India.
2. **Shri. Salil Singhal ji,** Chairman Emeritus, PI Industries Ltd
3. **Shri. Sankaran Naren ji,** CIO and ED, ICICI Prudential Asset Management Co Ltd

All of our chief guest/guest of honour and keynote speaker shared their experience, their vision and their learnings leaving a lot of great takeaways for all attendees. The entire event was much appreciated by many in the industry and we will constantly work towards bringing you many such sessions on a monthly basis virtually.

It's our constant endeavour to serve all of you better in this new financial year!

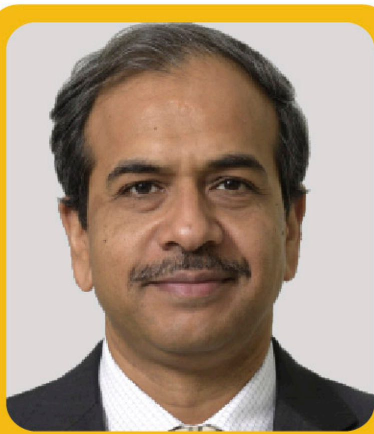
Thanks for your trust and faith!

We wish you a safe and rewarding FY22!

Seven examples of Self-belief

A NATION ON THE MOVE, FUELED BY SELF-BELIEF.

TATA MUTUAL FUND



Rahul Singh
Chief Investment Officer (CIO) – Equities
TATA Mutual Fund

"Self-belief is the biggest investment" – As a society, India has been shaped by Values that encourage us to "live within our means". Today, as a nation, we are all seeking an escape velocity for a better station in life and opportunities to add to our wealth. (Tata Mutual Fund - Believing in yourself is the greatest investment - click to see the film.) Like many this has struck a chord immediately with me also. In the last twelve months, there have been a lot of parallels with the "Self-Belief" theme in the equity markets and away from it, on the domestic and global front and lastly on the cricket pitch.

This newsletter is therefore devoted to this theme as we look back on some of these defining examples of discovered self-belief during the last financial year.

I. **Corporate earnings benefited from collective self-belief**: Let us start with something closer to the markets first. The broad corporate sector (as indicated by S& P BSE 200) has continued on the earning upgrade cycle starting with sectors which benefited from Covid (IT, Pharma), and expanding to widespread cost cuts and lower than anticipated stress in the banking system. By the time we ended this financial year (FY2021), the profit estimates for next financial year (FY2022) could be very close to the estimates that prevailed before the pandemic i.e. February 2020. Infact, there are multiple sectors contributing to earnings recovery this time with equal contribution from deep domestic cyclical sectors like banks, industrials, commodities & real estate and defensive export driven sectors (IT, Pharma). The multiple drivers of profit growth and upgrades has never been so wide in the last 5-10 years providing better visibility. There could be more to come as the investment cycle (public, private, household) joins the recovery.

II. **Sharp pivot in Government Policy**: Government has seized the moment and capitalised on the greater acceptance of higher deficits globally to present a counter-cyclical fiscal policy in the last Union Budget. The impact will be felt over next 12-24 months especially if tax revenue growth continues to recover giving more room for public spending. This has been a sharp turn in policy and stems from the belief that its necessary to lift the economic growth to 6-8% from the 4% which it had declined to even before Covid. Similar has been the stance on PSU privatisation; although execution of that could be more challenging, the shift from earlier piecemeal stake sales is partially driven by necessity but also reflects strong self-belief in the same. While the second Covid wave and its impact on economic activity is still to be felt and can disrupt the math, the self-belief in these measures is likely to stay on longer.

III. **Corporate strategies on the mend**: One of the new emerging themes have been some of the traditional old-economy dominant industrial groups displaying significant shift in strategies which can lead to value creation for shareholders in the next 12 months. The range of changes have included better capital allocation, well laid out ROE/ROCE targets, closure of loss-making businesses, entry into new value-accretive businesses and avoiding wasteful expenditure. In an era dominated by soaring valuation of the new economy sectors, these industrial groups now have the self-belief and seem to be on the right track.

IV. **IT services – right place right time:** Indian IT services companies had been spending throughout the last 3-4 years to build digital capabilities, This is now in demand as digital adoption has accelerated by 2-3 years given the new reality of physically remote and digitally connected world. Commentary by leading IT services companies indicate a multi-year demand opportunity for the sector as a result. The second covid wave will only cement the trend further.

V. **India's opportunity in the global manufacturing:** It's a tall order to compete with the head start that China has in the global manufacturing and supply chain. But Covid has provided a timely break that has given impetus to the shift away from China. Government policy (PLI scheme) is working overtime and has never looked more potent. More will be needed in terms of infrastructure investment and ease of doing business. However, the timing of the Covid crisis and the early success of the PLI scheme has given the nation the "self-belief" that its possible.

VI. **Healthcare and Vaccine breakthroughs:** India's positioning as the pharma powerhouse has been strengthened by the critical role played in the global vaccine supplies. Besides healthcare, which was has been ignored sector, is coming into its own as big private hospital chains and labs take this as an opportunity to expand their footprint, both physical and digital.

VII. **Last but not the least in Cricket:** No discussion on "self-belief" can be complete without the mention of tremendous attitude shown by debutants on the cricket field in the last few months, starting with the Test Series in Australia and continuing in the domestic series against England. A team crippled by absence of key players to injury (akin to lockdowns in economy) still managed to deliver the goods as youngsters (read silver linings from covid) came to the fore.

Even as markets factor the above, the strong second wave of Covid means that following the basic safety protocols is a must and that is one area where too much self-confidence can end up doing more harm than good!

The past was lived thorough with hope and self-belief, while the coming year will be about persistence and self-belief. Well begun is half done and the other half needs a more determined sheen to the fibre of self-belief.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

India opportunity to become "Atmanirbhar Bharat" in Defence and Zen Technologies Outlook

Mr. Ashok Atluri,
CEO-MD
Zen Technologies

Self-reliance - Aatmanirbharata - in defence is a strategic necessity and not a choice. Countries like the Israel and US give outright preference to domestic companies while making procurements for their armed forces. And that is one of the major reasons that these countries have such vast and deep capabilities.

Aatmanirbhar campaign started in a well-planned way to include expanding the list of items that are banned from import, Rs 52,000 Crore allocation specifically for domestic industry, Making Indigenously Designed, Developed and Manufactured categories the most preferred way to procure and giving options under Make-2 to the Industry to develop items for Defence with assured orders. Also IDEX, where they are inviting startups to compete for defence business also has seen tremendous response.

However, there are some issues that the Govt needs to address. The major objective of the Aatmanirbhar campaign has been to ensure that manufacturing moves to India. But the reality is that manufacturing is moving more and more towards automation, and low level jobs are being replaced with robots. Further, robots can work three shifts a day, don't need breaks, "love" to do repetitive work, and they never go on strike. will endanger 47% of the jobs in the US, where the number of manufacturing jobs are already few and far between. The new factories being set up in India are expected to be mostly automated, as the prices of robots continue to plummet rapidly. Therefore, it is highly debatable whether manufacturing will give any everlasting jobs benefits.

Manufacturing also fails another test of value creation. For example, an Apple iPhone sells for $1,000 (Approximate values in this example). The bill of materials of iPhone is around $245. And the cost of manufacturing is estimated at $5. And the profit margin is estimated to be around $1. So the country "making" the iPhone captures a value $4 (paid to employees and for other utilities) and a profit margin of $1 (with tax of, say, 25c). We can see the major part of $750 value is being captured Apple because it is the owner of IP. Assuming other costs like distribution, etc., the profit can be as high as $500 per phone. And the Govt tax revenue can be as much as $125 per phone. It is a no-brainer that any country should focus and talk only about design and development as the stage to focus on. Rather than that, like naked emperor, we are unwilling to see the reality and "see" the truth.

Unless we focus on the design and development phase, we will not be able to shed our dependence on defence imports.

In addition, for defence, designing and developing are strategic imperatives. Benefits include that the IPR remains within India, the effects osanctions during war are neutralised, and more jobs are generated (especially for top level R&D talent which we tend to lose to the USA). This also ensure that defence ecosystem is rejuvenated, guarantees global leadership in certain defence segments (due to the massive order flow to the industry), and e will lead to export growth, and, finally, the growth in pride and self-esteem in using indigenous defence products.

Atmanirbhar campaign is allowing the Ministry of Defence/Armed forces to publish the list of products that it needs to procure in the next few years, along with internationally benchmarked prices, quantity, and timeline for procurement; They are short listing companies that are willing to develop the equipment at their own cost. Such Indian companies are developing the equipment, and on successful trial evaluation the order will be placed on the companies. Such orders will be placed even if there is a single vendor." Atmanirbhar campaign should promote and enable the national research, development and manufacturing sectors to fulfil their strategic mandate which states that the nation of India's size, resources and potential does not have to look elsewhere for major weapons and defence systems for want of technical capabilities.

Positive Side Effects

Another positive side-effect of buying indigenously designed and developed equipment is that almost 25 per cent of the profits that the Indian companies make will come back as income tax. 18 per cent of the procurement comes back as sales/excise/service tax. If an Indian company has developed the technology, then they will be spending significant amounts of money in Research and Development (R&D) 10 per cent to 20 per cent of the revenues will go back into R&D, which will help the company evolve existing products and develop newer defense products. This policy will attract talent and ensure that lots of Indian companies get into R&D for military purposes.

Why do Indian companies hesitate to invest in R&D? Because it involves enormous short-term pain. The profits take a hit. And there is no tangible or intangible asset being created that is shown in the balance sheet. In fact, for companies like Zen Technologies, the most valuable asset, its IP, is off the Balance sheet. Such IP, by way of products, gets unleashed once the customer places orders on them. Typically, for R&D products, the bill of materials is very low - less than 30pc. This gives huge gross margins which show up as large net profits when the orders are big. Scalability of companies that invest in R&D is also usually easy as the manufacturing is usually outsourced. But the benefits come only in the long-term.

PM Modi has set a target of $5Bn for defence exports by 2026. R&D companies also have an edge to export items as countries world-wide know that Indian army is a very tough customer and Indian army buying is a sufficient due-diligence for other countries. This leads to demand for exports.

Mr. Ashok Atluri,
CEO-MD,
Zen Technologies

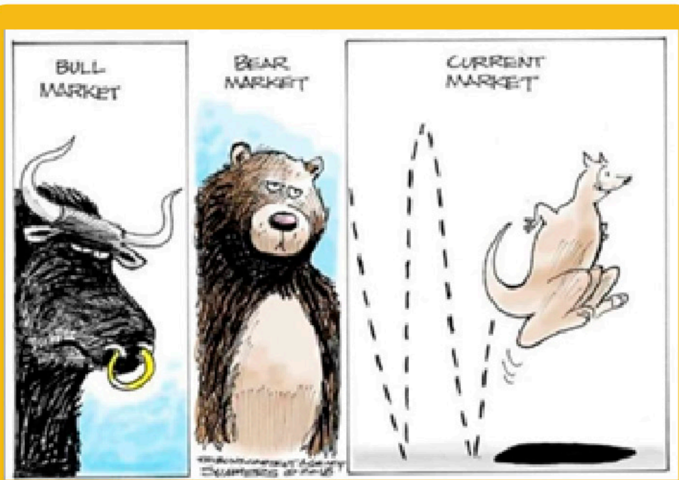
Equity Market Outlook 2021

Mr. Prashanth Tapse,
AVP Research,
Mehta Equities

Vaccination to drive market recovery, but the path may be W-shaped

“Black swan” events like the coronavirus outbreak are likely to be more frequent going forward! Investors must create portfolios that are better positioned to weather these kinds of storms with proper asset allocations.

2020 has been a remarkable year for all participants of equity market globally, from the extreme end of uncertainty in March/April of 2020 to ending on a note on V shape recovery and an aggressive Vaccine drive was reflected in the heroic recovery of >60 from the March lows. The rally in domestic markets was led by foreign inflows but also saw retail participation like never before! The Indian economy came out of a technical recession in 3QFY21 with Real GDP growing 0.4% YoY, up sharply from -24.4% in Q1 and -7.3% in Q2. Festive season demand, coupled with the reopening of the economy, GST collections crossed the Rs 1 lakh crore mark for the fifth month in a row in Feb21 facilitated this recovery.



A lot in 2021 will be vaccination driven across the globe! The surge in Second Wave of the pandemic across India in the last 25 days with over 3,00,000 cases a day are single highest one day numbers and this along with disappointments in vaccine supply, distribution or adoption and increased risk from virus variants along with shortage of Oxygen and vital medicines - could surely stoke volatility back in markets. While the long-term structure of the market continues to remain positive, it may face some hurdles in the near term due to concerns over the rise in bond yields, commodity prices and risk of increase in inflation. Given the high volatility continuing in the market for some time, investors would do well by accumulating good quality companies on declines in the market.

In the current market scenario, cyclical sectors and stocks could score over defensives. Returns in coming quarters could be more broad-based and it could be a function of earnings upgrades and the potential for re-rating of sector could be higher in the case CY21.

Overall due to liquidity across the globe and investor interest in listed equities - Markets are expected to continue to see gains in 2021, even though in the short term we will see massive volatility. In the long term, resumption of economic activity and the eradication of the coronavirus threat will dictate investor sentiment. Looking ahead continued improvements in global risk appetite and better-than-expected corporate earnings will further boost Indian equities as India's GDP is likely to rebound in the range 8-11 percent in 2022 which is best in any Asian economics. We expect the broader markets (small and midcaps) to continue outperforming frontliners (largecaps) due to higher expectations in earnings growth as well as the effect of cost rationalisation helping corporates to do better. Besides expansion of the market, we believe the broader cap segment performance will gather more steam on the back of lower valuations relative to largecaps. We believe markets are discounting all the possible optimistic factors as India is on the cusp of a cyclical recovery.

The opinion expressed in this article are those of the author alone and should not be regarded as investment advice "Investors should obtain their own independent advice before taking a decision to invest in any securities."

PSU - 2021 A Turnaround Year

Public Sector Undertakings (PSUs) have been underperforming the broader markets in the last few years. In 2020-21 Union Finance Minister Nirmala Sitharaman has announced major reforms for Public Sector Undertakings (PSU), as a result of which many sectors are likely to see large-scale consolidation and divestment of State-run firms. The new PSU policy, which will focus on privatising PSUs in non-strategic sectors which will eventually open up certain markets to more private competition and consolidates. However, these bold announcements would unlock a lot of value only if they are executed in time. Currently, PSUs are witnessing a large rally as there are expectations of disinvestments by the Government in order to meet their target.

We believe few selective PSUs are definitely worth for long term investment and currently available at history average valuations. Modi led government has got very aggressive with respect to the privatisation of PSUs to unlock their valuations and meet the divestment goals to keep the fiscal deficit targets intact. Privatisation would also help the PSUs in becoming more competitive and efficient. These PSU should be in focus as they are available at reasonable valuation with a good dividend yield. As an investor, it is essential to look at the industry outlook before picking up stocks. Hence we are here to guide and advice you to invest in the best in class PSU space.

Few Highlights of Disinvestment/Strategic Disinvestment Policy

- Objectives

a) Minimising presence of Central Government Public Sector Enterprises including financial institutions and creating new investment space for private sector

b) Post disinvestment, economic growth of Central Public Sector Enterprises (CPSEs)/ financial institutions will be through infusion of private capital, technology and best management practices. Will contribute to economic growth and new jobs.

c) Disinvestment proceeds to finance various social sector and developmental programmes of the government.

- Policy features

a) Policy covers existing CPSEs, Public Sector Banks and Public Sector Insurance Companies.

b) Various sectors will be classified as strategic and non-strategic sectors.

c) The strategic sectors classified are:

i) Atomic energy, Space and Defence

ii) Transport and Telecommunications

iii) Power, Petroleum, Coal and other minerals

iv) Banking, Insurance and financial services

d) In strategic sectors, there will be bare minimum presence of the public sector enterprises. The remaining CPSEs in the strategic sector will be privatised or merged or subsidiarized with other CPSEs or closed.

e) In non-strategic sectors, CPSEs will be privatised, otherwise shall be closed.

Why we like to invest in selective PSU?

Historically PSU space has been the biggest wealth destroyer, but going forward we believe the same space can be the next largest wealth generator in the next decade. If we look at a long turn opportunity in public-sector-undertaking the segment is trading at reasonable valuations. There is a good margin of safety at the prevailing valuations for long term. The BSE PSU Index trades at 7.5 times on FY22 basis and current P/B of 0.9 times. Among few PSU companies also offer dividend yields in high single digit to low double digits as well. Our key focus of investing in selective PSU would be targeted to disinvestment and privatization story in coming days.

Majority of the PSU companies are dominant leaders in critical sectors of the growing economy, like oil and gas, shipping, defence, power, engineering, mining, insurance, etc. Some of them even operate in regulated sectors with low earnings risk. There are many government-owned companies that dominate their industries, with little or no competition from the private sector. Some of them have a large scale and have built their businesses over a period of time where private sector is yet to make a mark or has not met with material success, like power generation and transmission companies.

Advantage of being invested in leading PSU

- √ COVID-19 build a stronger case for strategic divestment
- √ PSUs have best-quality assets.
- √ Good margin of safety
- √ High dividends yielding
- √ Operate in regulated sectors with low earnings risk.
- √ Decades of experience in the sector
- √ Strong balance sheets, attractive ROEs
- √ Healthy order book.
- √ Export potential

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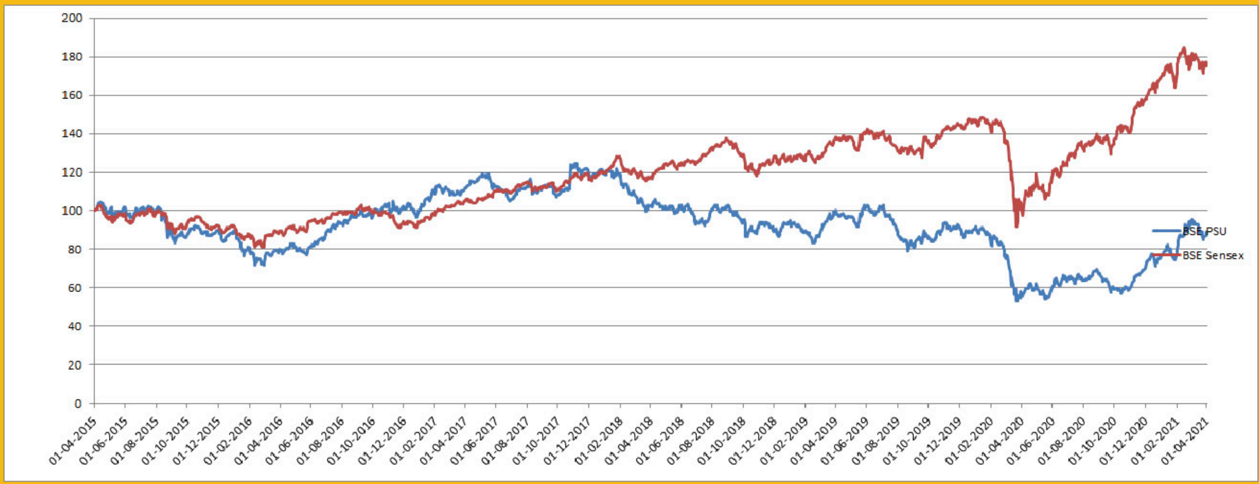

In order to bank upon the divestment opportunities Stocks which we like to focus and invest in the current investment theme

Bharat Petroleum

Bharat Petroleum Corp Ltd (BPCL): The strategic disinvestment of BPCL got the nod, the privatisation process is moving into the next phase. By September, the sale of BPCL is expected to be completed.The sale of the government's 52.98 per cent stake in BPCL is a key part of the government's Rs 1.75 lakh crore disinvestment target for this fiscal. We believe currently it is undervalued as the value of BPCL assets is significantly higher than what a price of Rs 700-750 per share would indicate. Also Non-core businesses of BPCL are being separated from the company as it has many such investments.

• Market Cap	: ₹ 91,770 Cr.
• Current Price	: ₹ 423
• High / Low	: ₹ 482 / 292
• Stock P/E	: 16.0
• Book Value	: ₹ 185
• Dividend Yield	: 4.96 %
• ROCE	: 8.20 %
• ROE	: 10.5 %
• Face Value	: ₹ 10.0

एस सी आई
SCI

Shipping Corp Ltd (SCI): Shipping is considered the backbone of international trade, and hence, very strategic for the economy. Govt is looking for strategic sale of SCI with transfer of management control. Investors will have to be patient till the entire divestment process gets over. The returns will not be outsized in the short-term. Though operationally things will improve for the companies post divestment, synergies will take time to play out.

• Market Cap	: ₹ 4,744 Cr.
• Current Price	: ₹ 102
• High / Low	: ₹ 135 / 39.2
• Stock P/E	: 6.58
• Book Value	: ₹ 170
• Dividend Yield	: 0.74 %
• ROCE	: 5.28 %
• ROE	: 3.45 %
• Face Value	: ₹ 10.0

कॉनकॉर
CONCOR

Container Corporation of India (CONCOR): A potentially favourable land licensing policy and renewed privatisation buzz are near-term triggers. Clarity on Indian Railway's LLF policy is expected soon and would be a positive event as the uncertainty gets alleviated, paving the way for the company's potential privatisation.

• Market Cap	: ₹ 33,478 Cr.
• Current Price	: ₹ 549
• High / Low	: ₹ 644 / 326
• Stock P/E	: 42.7
• Book Value	: ₹ 165
• Dividend Yield	: 0.66 %
• ROCE	: 13.6 %
• ROE	: 7.33 %
• Face Value	: ₹ 5.00

beml

Bharat Earth Movers Limited (BEML): In a boost for the government's push for privatisation, it has received multiple bids for buying its 26 per cent stake with management control in the Bharat Earth Movers Limited (BEML). We believe a new management will put the businesses into a new growth trajectory. We are convinced about the future outlook of that company under a new management

• Market Cap	: ₹ 4,697 Cr.
• Current Price	: ₹ 1,128
• High / Low	: ₹ 1,544 / 534
• Stock P/E	: 49.1
• Book Value	: ₹ 504
• Dividend Yield	: 0.53 %
• ROCE	: 2.31 %
• ROE	: 2.87 %
• Face Value	: ₹ 10.0

Remarks/ Conclusion:

The PSU investing theme is a long-term story; since these stocks are subject to volatility due to policy changes, depending on Govt disinvestment plan, as well as external factors like commodity prices, patience is a theme investors should pursue to see wreath creation. We see there is a lot of value inherent in the PSU businesses and if the government can pull off reforms action within the scheduled time, it can generate a lot of value for shareholders, including the government itself.

From Research Desk

Short Term Fixed Income Opportunities to deploy surplus liquidity

As return from Bank FDR/ debt schemes of Mutual Funds are below 4% p.a. for shorter durations, we recommend Arbitrage strategies in Bullion and other commodities through MCX & NCDEX Exchanges

Sr. No	Brief	Particulars
1	Underlying Commodities	Gold / Silver / Channa / Guar/ Guar Gum / Jeera
2	Amount to be deployed	Starting from Rs. 50 lac, thereon in multiples of Rs. 20 lacs depending upon exchange lot
3	Duration	From 1 month to 9 months depending on market opportunities, can be rolled over further
4	Annualized Return	7% - 12 % : depending on market condition
5	Exchanges for Hedging	MCX & NCDEX
6	Purchase Mode	In Demat mode - either from Exchanges or Spot Market
7	GST rate	From 3% to 5% depending on nature of commodity
8	Initial Margin	Purchases from Spot Market - Nil
		Purchase from Exchanges - As per Exchange, to be released on receipt of delivery from Exchanges
9	Mark to Market Margin	On a daily basis depending upon the movement in prices of the underlying commodity at the Exchanges
10	Taxation	Will be added as Business Income for the purpose of Income Tax
11	GST Registration	In the state of Gujarat & Rajasthan, depending upon the commodity

Process

1. Account to be opened with Comris of MCX / NERL of NCDEX for Demat, Mehta Equities Ltd. for Trading. KYC compliance to be completed in case of purchase in spot market.
2. We will keep you posted on the opportunities with following details
   a. Amount to be deployed
   b. Expected Return
   c. Period for which funds can be deployed
3. Once you confirm on any opportunity, we will take your final approval before executing trade
4. Upon your final approval, we will buy commodity in spot market of nearer month through Exchange platform and simultaneously sell on the Exchange Platform of future expiry, thereby locking the Gross spread which you are going to earn on your investment.
5. Gross spread is the difference between the spot price and the price at which commodity future is sold on the Exchange and they will remain constant for the trade
6. Gross spread will be subject to following
   a. Exchange levies &charges variable on value of transaction
   b. Warehouse charges variable on duration of trade
   c. CTT variable on value of transaction
   d. Broker Levies & charges variable on value of transaction
7. After deducting the above charges from Gross spread, Net spread will be arrived which will be the absolute return earned on the amount invested for the duration of the trade. Net Spread will remain constant for the trade
8. You will release the payment towards purchase of commodity purchased in the spot market or through Exchange platform. You payment will be spot price + GST. You will also have to maintain an additional liquidity of 10% of the purchase price with yourself towards mark to market obligation.
9. **Amount Invested = Spot Price + GST + 10% of Spot Price**
10. The commodity purchased will be delivered to your dmat a/c maintained with Exchanges
11. The commodity received will be immediately delivered to Exchange towards the future sold on the same Exchange to avoid all types of margin obligations except for Mark to Market margin
12. Till the settlement day of the futures sold on the Exchange platform, you will be subject to mark to market obligation depending on the price movement of the commodity on the Exchange platform. If the price of commodity rises you have to pay and if the prices of the commodity fall you will receive.
13. On the expiry of the contract, Exchange will release the payout at the closing price of the settlement day on T+1 basis. Your receipt would be Closing Price on the settlement price + GST
14. If you have received or made any payments toward mark to market obligation they would have adjusted in your payout
15. You will get the amount invested + Net spread as per 7. Above

Concerns

1. **GST Compliances:** As you are dealing in physical commodity you will be subject to GST in the state of Gujarat/ Rajasthan depending upon the commodity. All the compliances related to GST registration and return filings have to be complied with
2. **Extreme Price movement:** Amount allocated towards mark to market obligations can vary depending upon the actual price movement of the commodity. In case of rise in the prices beyond 10% of the spot price you will have bring in more money, thus increasing your allocation and reducing your yield earned

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Crude Oil

Mr. Rahul Kalantri,
VP - Commodities,
Mehta Equities

We are coming up on the first anniversary of crude oil's descent below zero on the nearby NYMEX Crude oil futures contract. On Apr. 20, 2020, the expiring May contract not only fell into negative territory, but it also plunged below negative $40 per barrel.

The global pandemic of 2020 caused demand to fall to unprecedented levels. One year later, optimism that vaccines create herd immunity to the virus pushed NYMEX WTI crude oil to nearly $69 per barrel and Brent above the $71 level. Meanwhile, the energy commodity hit a speed bump in mid-March.

The start of the long-awaited nuclear talks that could lift the US sanctions on Iranian oil will undoubtedly have some negative impact on crude prices this week. But that won't be the only reason for another round of whipsaw volatility in energy markets, if we were to experience one.

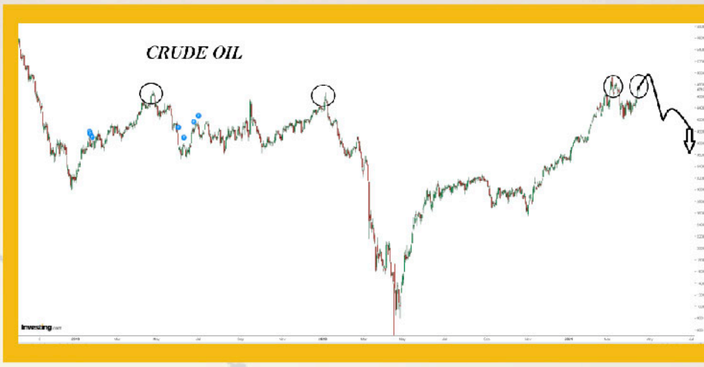
No, oil this week will likely be exhibiting that classic market reflex called "buy the rumor, sell the fact."

On Thursday, the West Texas Intermediate for US crude jumped almost 4% while the UK's Brent rose 2% as traders bought into OPEC+'s narrative that there'll be enough oil demand this summer for the producer alliance to hike output.

After one year of output cuts, the 23-member OPEC+—comprising the original 13 members of the Saudi-led Organization of the Petroleum Exporting Countries and 10 other oil producing nations steered by Russia—will pump an additional 350,000 barrels per day in May and June, and a further 400,000 daily in July.

Despite Thursday's oil price rally, the market's optimism over the production numbers released by OPEC+ dwindled as trading resumed on Monday after the Good Friday holiday.

Oil Roiled By COVID Surge in Europe, India



Oil prices retreated as the UK variant of the COVID-19 continued to scorch parts of Europe—with Poland experiencing 60 times more cases than a year ago—and India seeing a record of more than 100,000 infections daily. Europe as a region is one of the single largest consumers of oil while India itself is the third largest crude buyer.

Concerns over the renewed COVID-19 wave in these centers could force those long oil to pare or drop their positions while new shorts are built simultaneously by oil bears. That will effectively lead to the "sell" of the "demand rumor" that took the market up earlier.

While the OPEC+ decision to raise production was seen as prudent on Thursday, by Monday it was being viewed with a different lens due to stubborn corona virus situations outside the United States.

Representatives from China, Russia, France, Germany and Britain will, meanwhile, be holding talks with Iran in Vienna this week. Oddly, no US official will be at the meeting at Iran's insistence, although the discussions are to restore Tehran's 2015 nuclear agreement with world powers, including the United States, and remove the sanctions on its oil, put in place by former US President Donald Trump.

Still, oil prices could jump again if traders revisit last week's strong themes that include the blockbuster US jobs report for March that created 916,000 jobs instead of the 660,000 expected. President Biden's $2 trillion infrastructure relief plan, proposed on the heels of his just-approved $1.9 trillion COVID-19 stimulus, could be another big positive.

That could bring volatility back to oil, after the whipsaw moves of the past two weeks where WTI and Brent fell as much as 7% one day only to recover all of that back in the next session.

Action: SELL CRUDE OIL @ 4750-4850 WITH SL OF 5050 TGT 4400, 4180, 3900

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Mconnect Lockdown Portfolio April 2020 till April 2021

Large Cap Category

Sr. No	Company Name	Sector	Portfolio Price	CMP	Return%
1	TCS Ltd	IT	1,823	3,160	73%
2	HDFC Bank Ltd	BFSI	862	1,553	80%
3	ITC Ltd	FMCG	172	215	25%
4	ICICI Bank Ltd	BFSI	325	591	82%
5	SBI Ltd	BFSI	197	361	83%
6	Bajaj Finance Ltd	BFSI	2,216	5,193	134%
7	Larsen & Toubro Ltd	Infra	807	1,423	76%
8	Ultratech Cement Ltd	Cement	3,254	6,779	108%
9	HDFC Life Insurance Co Ltd.	BFSI	441	688	56%
10	Britannia Industries Ltd	FMCG	2,690	3,617	34%
11	BPCL	Oil & Gas	316	430	36%
NSE NIFTY 50		INDEX	8,597	14,845	73%

Mid & Small Cap Categroy

Sr. No	Company Name	Sector	Portfolio Price	CMP	Return%
1	ICICI Lombard Gen Ins Co Ltd	BFSI	1,077	1,432	33%
2	HDFC AMC Ltd	BFSI	2,112	2,892	37%
3	United Breweries Ltd	FMCG	918	1,229	34%
4	PI Industries Ltd	Agro chemicals	1,170	2,287	95%
5	Sanofi India Ltd	Pharma	6,242	7,939	27%
6	Godrej properties Ltd	Realty	603	1,356	125%
7	Ramco Cement Ltd	Cement	514	981	91%
8	Natco pharma Ltd	Pharma	506	822	62%
9	Polycab India Ltd	Cable & Wire	742	1,377	86%
10	MGL	Oil & Gas	818	1,162	42%
11	Granules India Ltd	Pharma	144	309	115%
12	KRBL	FMCG	136	183	35%
13	Radico Khaitan Ltd	FMCG	267	565	112%
14	Triveni Engg Industries Ltd	Commodities	37	85	130%
BSE SENSEX 30		INDEX	29,488	50,137	70%

Prices as on 1st April 2021

Highlights of Zen tech webinar

About the Company

26th March 2021


Mr. Ashok Atluri,
Chairman & MD
Zen Technologies

Hyderabad based Zen Technologies (Zen Tech) was incorporated in 1993 which is engaged in designing, developing and manufactures state-of-the-art combat training solutions for the training of defence and security forces worldwide. Zen Tech produces over 40 different Live Fire, Live Instrumented, Virtual and Constructive training systems to support individual and collective training capabilities. With over 1,000 training systems shipped around the world, Zen Tech is a proven leader in building training systems for developing and measuring Combat Readiness. Zen Technologies is built on strong R&D capabilities and has filed or received over 90 patents.

VISION : To be a leading global defence training solutions provider.

MISSION : To provide training solutions through innovative and cost-effective solutions

- Going 'Atmanirbhar' in defence! – Zen Tech a key players supporting defence segment.
- Atmanirbhar Bharat policy to boost and double India's defence production over five years with focus on indigenisation of components.
- The new Government at the 'Centre' has been making efforts to usher in the much awaited 'Self Reliance' to the defense sector in India.
- Focus on IP & Long term IP value would be unlocked in the future – Zen is in such an inflection point.
- A new Indian defence procurement policy implemented that seeks to encourage local design and production should help getting more orders going forward.
- Zen sees huge scope of export business in the entire segment they work.
- Combat training & Anti drone system will be big in business segment.

We thank Mr Ashok ji for his wonderful session and guiding us on the 'Atmanirbhar' & "Make in India". The whole session was very informative.

Team Mehta Group

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