February 17, 2021

India Strategy

YES SECURITIES
WEALTH BROKING

Top 4 Stock Picks - February 2021

Exhibit 1: Monthly picks closed positions - Click here for reports: June Picks; July Picks; Aug Picks; Sep Picks; Oct Picks

Stock name	Initiation price	Date	Exit price	Exit date	Booked returns	Action	Month
ICICI Prudential	396	18-Jun-20	468	2-Dec-20	18.2%	profit already booked at 468	June
CDSL	268	18-Jun-20	351	29-Jul-20	31.0%	profit already booked at 351	June
ABFRL	123	29-Jul-20	164	2-Dec-20	33.3%	profit already booked at 164	July
Automotive Axles	630	18-Aug-20	918	2-Dec-20	45.7%	profit already booked at 918	Aug
OFSS	3056	18-Aug-20	3015	2-Dec-20	-1.3%	Exit at 3,015	Aug
REPCO HOME	168	1-Sep-20	265	2-Dec-20	57.7%	profit already booked at 265	Sep
KPR Mill	543	1-Sep-20	810	2-Dec-20	49.2%	profit already booked at 810	Sep
ABB	895	29-Jul-20	1,500	16-Feb-20	67.6%	Reco to book profits at 1500	July
TCI	172	29-Jul-20	250	16-Feb-20	45.3%	Reco to book profits at 250	July
PolyCab	900	18-Aug-20	1,326	16-Feb-20	47.3%	Reco to book profits at 1326	Aug
KNR Construction#	113.5	18-Aug-20	220	16-Feb-20	93.8%	Reco to book profits at 220	Aug
Chambal Fert	160	15-Oct-20	236	16-Feb-20	47.5%	Reco to book profits at 236	Oct
Redington India	121	15-Oct-20	173	16-Feb-20	43.0%	Reco to book profits at 173	Oct

Source: NSE

KNR Construction Initiation price has been reinstated (halved) factoring issue 1:1 bonus on 3rd Feb

Exhibit 2: Consolidated open positions

Stock name	Initiation price	Date	CMP*	Return so far*	Action	Month
HDFC Bank	979	18-Jun-20	1,627	66.2%	Hold	June
Greenlam	683	18-Jun-20	915	34.0%	Hold	June
CRISIL	1,695	29-Jul-20	2,006	18.3%	Hold	July
HDFC LTD	1,851	1-Sep-20	2,857	54.3%	Hold	Sep
JMC Projects	53	1-Sep-20	76	43.4%	Hold	Sep
SSWL	464	1-Sep-20	661	42.5%	Add	Sep
Polyplex	722	15-Oct-20	911	26.2%	Hold	Oct
CESC	573	15-Oct-20	618	7.9%	Hold	Oct
VST Industries	3,049	18-Jun-20	3,612	18.5%	Hold	June

Source: NSE

*CMP, Return so far as on 16th February 2021

YES SECURITIES

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ABB POWER PRODUCTS

CMP	Mcap
Rs1,352	Rs5,693cr

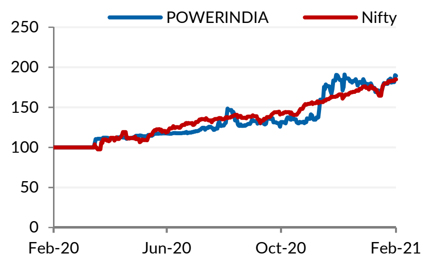
We are positive on ABB's which is leveraging an industry leading installed base, footprint and expertise aided by a) Power supply evolution that is shifting from centralized conventional to a mix of bulk and distribution renewable b) Increasing electrifications of transport and Industry c) EV charging creating new demands patterns d) digitalization across value chain resulting in demand for their products and services e) proposed allocation of Rs 3.05 lakh crore in Union Budget 2021-22 for the power distribution, to be released over five years. The company is well placed with its advanced services and innovative O&M strategies. Currently, ABB is focusing towards co-creating pioneering technologies and digital solutions with customers and partners.

ABB's agile and resilient customer engagement has led to a sequential improvement in order inflow (stable order backlog of Rs4,390cr as of September 30, 2020), supported by good recovery in a few market segments. Company is witnessing consistent improvements over the past couple of months with higher order execution across some key segments and industries, which have ramped up production, post easing of lockdown. Stock is currently trading at an attractive valuation of 21x FY23E P/E and 21x FY23E EV/EBITDA. Return ratios are likely to remain healthy (ROEs at 20%+ post FY22E)..

Stock data (as on Feb 16, 2021)

Nifty:	15,313
52 Week h/l (Rs)	1400 / 680
Market cap (Rs/USD mn)	56925 / 783
Outstanding Shares (mn)	42
6m Avg t/o (Rs mn):	58
Div yield (%):	-
Bloomberg code:	POWERIND IN
NSE code:	POWERINDIA

Stock performance



(%)	1M	3M	1Y
Absolute return	5.1	38.6	-

Shareholding pattern (As of Sep'20 end)

Promoter	75.0%
FII+DII	5.42%
Others	19.56%

SUNDRAM FASTENERS

CMP	Mcap
Rs652	Rs13,702cr

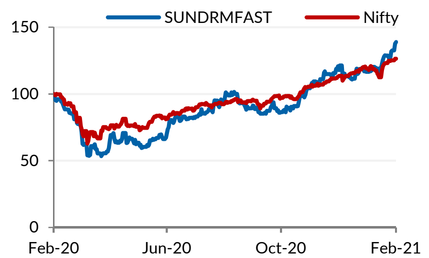
We like Sundram fasteners due to it's a) diversified geographical presence; b) de-risked business model with presence in both automotive and Non-Automotive c) presence in multiple segment from 2-W to HCV in Automotive segment and d) diverse customer base. The company is well positioned to grab the opportunity emerging from the developing macro situation with a) volumes offtake back to pre-COVID levels for several segments, including cars, tractors and 2Ws b) global shift and GoI's initiative towards electric & hybrid with company being well placed to address the demand by developing a product for EV c) recent budget announcements directly or indirectly would have positive impact on Automobile industry like voluntarily vehicle scrappage policy, PLI (product linked incentive) scheme, focus on capability development, large push on infrastructure spending and reduction in custom duty on steel to 7.5%.

Sundram fasteners has showcased a healthy financial performance in the past (FY10-20 PAT CAGR of ~15.5%) and dividend pay-outs (25%+). We believe, improvement in financial performances across major business units is likely to keep ROEs at 18%+ post FY22E period. We believe company is likely to see accelerated growth between FY22-25 as both automotive and non-automotive verticals will do well, which would also lead to re-rating in the stock. Given the quality play, the stock is currently trading at an attractive valuation of 22x FY23E P/E and 13x FY23E EV/EBIDTA.

Stock data (as on Feb 16, 2021)

Nifty:	15,313
52 Week h/l (Rs)	657 / 249
Market cap (Rs/USD mn)	137025 / 1885
Outstanding Shares (mn)	210
6m Avg t/o (Rs mn):	66
Div yield (%):	0.6
Bloomberg code:	SF IN
NSE code:	SUNDRMFAST

Stock performance



(%)	1M	3M	1Y
Absolute return	19.1	33.2	40.3

Shareholding pattern (As of Sep'20 end)

Promoter	49.53%
FII+DII	27.43%
Others	23.02%

Top 4 Stock Picks - February 2021

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CUMMINS INDIA LTD

CMP	Mcap
Rs767	Rs21243cr

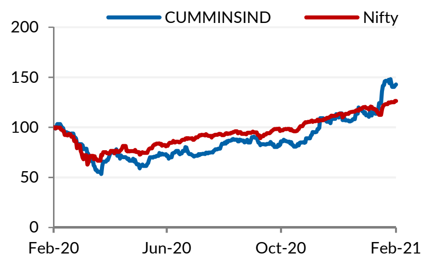
Cummins India Ltd is technology leader in on-highway (diesel and natural gas engines) and off highway (power generation, construction and mining) businesses. Cummins India has support of a strong parent i.e. Cummin Inc (51% stake) - an American multinational corporation that designs, manufactures, and distributes engines, filtration, and power generation products, which leads to numerous benefits. These includes extension of research facilities and technology advancement available with Cummins Inc on a continuous basis. Cummins is well placed to pocket the opportunities arising from government's initiative to make India a $5 trillion economy by FY25. The huge outlay towards the infrastructure sector in union budget 2020-21 is expected to provide healthy growth opportunities for infrastructure companies, and domestic market expected to perform well, exports to improve gradually.

We expect CIL to outperform its peers because the company is well positioned and strongly backed by a) innovative products and solutions b) market leadership particularly in HHP in the domestic market c) better export opportunities d) and margin expansion due to continuous focus towards restructuring several of the company's operations to reduce costs and streamlining operations. Despite sharp rally seen in stock price recently, we believe stock can re-rate further on account of strong structural growth outlook which would not only improve earning but also sentiments. We expect improvement in profitability ratio (expects ROE to move to 18% by FY23 from 15.5% in FY20). The stock is trading at an attractive valuation of 21x of FY23E..

Stock data (as on Feb 16, 2021)

Nifty:	15,313
52 Week h/l (Rs)	808 / 280
Market cap (Rs/USD mn)	212432 / 2922
Outstanding Shares (mn)	277
6m Avg t/o (Rs mn):	854
Div yield (%):	1.8
Bloomberg code:	KKC IN
NSE code:	CUMMINSIND

Stock performance



(%)	1M	3M	1Y
Absolute return	28.5	61.6	46.2

Shareholding pattern (As of Dec'20 end)

Promoter	51%
FII+DII	35.21%
Others	12.53%

STEEL STRIPS WHEELS

CMP	Mcap
Rs661	Rs1,035cr

Steel Strips Wheels Ltd (SSWL) is one of the major player in the Steel and Alloy Wheel Rims (commands market share of ~50% in passenger cars, ~45% in tractors, ~50% in commercial vehicle and ~70% in OTR), having total manufacturing capacity of 19.8mn units/annum. It enjoys strong relationships with its suppliers -Tata Steel and Sumitomo Metal Industries Ltd. - which are also strategic investors in the company

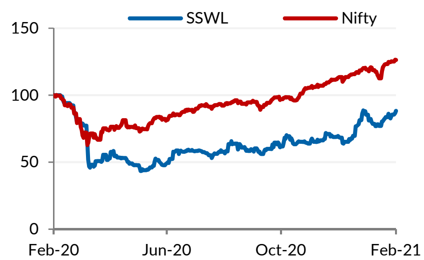
We believe, SSWL is well placed with a) higher contribution from better margin segment - Alloy Wheels and exports to drive volumes and margins, b) antidumping Duty and CVD on Chinese Wheels in EU & USA – opportunity of ~10mn High Speed Trailer Steel Wheels. c) recent budget announcements directly or indirectly would have positive impact on Automobile industry like voluntarily vehicle scrappage policy, PLI (product linked incentive) scheme, focus on capability development, large push on infrastructure spending and reduction in custom duty on steel to 7.5%

At the CMP, the stock is trading at an attractive valuation of 6x FY23E P/E and 4.5X FY23E EV/EBITDA

Stock data (as on Feb 16, 2021)

Nifty:	15,313
52 Week h/l (Rs)	755 / 316
Market cap (Rs/USD mn)	10346 / 142
Outstanding Shares (mn)	16
6m Avg t/o (Rs mn):	33
Div yield (%):	-
Bloomberg code:	SSW IN
NSE code:	SSWL

Stock performance



(%)	1M	3M	1Y
Absolute return	3.8	38.7	-11.4

Shareholding pattern (As of Sep'20 end)

Promoter	62.85%
FII+DII	1.51%
Others	35.64%

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