



Newsletter

03 July 2021

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Creator
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INDEX	02-Jul-21	Weekly Change (%)
Broad Market Indexes		
NIFTY 50	15,722.20	-0.9%
NIFTY 500	13,494.45	-0.3%
NIFTY MIDCAP 100	27,020.10	0.5%
NIFTY SMALLCAP 100	9,903.10	2.2%
Volatility Index		
INDIA VIX	12.09	-9.6%
Sectoral Indexes		
NIFTY BANK	34,809.90	-1.6%
NIFTY AUTO	10,685.50	-0.2%
NIFTY FINANCIAL SERVICES	16,438.30	-1.7%
NIFTY FMCG	36,216.70	0.6%
NIFTY IT	29,007.95	-0.7%
NIFTY MEDIA	1,805.10	-1.7%
NIFTY METAL	5,130.05	-1.8%
NIFTY PHARMA	14,529.65	3.3%
NIFTY REALTY	344.6	-0.6%

Major Stocks That Gained for the Week - 2 July 2021

NSE Symbol	Company	Industry	Market Cap (₹ in crores)	Stock Price 02-07-2021	% change
HAPPSTMNDS	Happiest Minds Tech.	Information Technology	17,488	1,178.00	24.9%
ROUTE	Route Mobile	Communication Serv.	12,133	2,124.20	23.9%
JBCHEPHARM	JB Chem. & Pharma	Pharmaceuticals	14,391	1,865.95	17.7%
TATAELXI	Tata Elxsi	Technology services	27,586	4,430.00	17.4%
FSL	Firstsource Solutions	Information Technology	13,188	190.15	13.0%
SWSOLAR	Sterling & Wilson Solar	EPC	4,605	286.45	12.9%
CARBORUNIV	Carborundum Univ.	Capital Goods - Non Elec	12,454	659.00	12.4%
JSWENERGY	JSW Energy	Power	27,656	169.50	10.2%
WELSPUNIND	Welspun India	Textiles	10,329	102.65	10.0%
IGL	Indraprastha Gas	City Gas Distribution	39,456	564.05	9.9%

Major Stocks That Declined for the Week - 2 July 2021

NSE Symbol	Company	Industry	Market Cap (₹ in crores)	Stock Price 02-07-2021	% change
ATGL	Adani Total Gas	City Gas Distribution	1,01,238	920.50	-22.6%
ADANITRANS	Adani Transmission	Gas Transmission	1,05,164	956.20	-19.8%
IDEA	Vodafone Idea	Telecom Services	25,287	8.80	-17.0%
ADANIGREEN	Adani Green Energy	Power - Renewables	1,58,794	1,015.30	-12.3%
THYROCARE	Thyrocare Technologies	Health Care	6,969	1,318.00	-9.1%
HINDCOPPER	Hindustan Copper	Mining	13,616	140.85	-8.7%
IDFCFIRSTB	IDFC First Bank	Bank	33,517	54.00	-7.3%
EIDPARRY	EID Parry (India)	Sugar	7,385	416.45	-7.2%
WOCKPHARMA	Wockhardt	Pharma	5,910	532.05	-6.3%
ADANIENT	Adani Enterprises	Trading	1,56,398	1,424.00	-6.1%

Happiest Minds Technologies - ₹345 to ₹1,190 in six months

Happiest Minds Technologies is up 24.90 percent for the week. It is one of the best performing stocks of this week. But it is also one of the best performing stocks for 2021. Let us explore further.

Happiest Minds Technologies is an IT services company which works on disruptive technologies such as artificial intelligence, blockchain, cloud, etc. It was founded in 2011 by members of the team that founded another successful Indian IT services company, Mindtree Technologies.

Happiest Minds listed on Indian stock exchanges on 17 Sep 2020. It closed the first day of trading at ₹360 per share. On 31 December 2020, the last trading day in 2020, the stock closed at ₹344.25 per share. The stock price started rising from early February 2021 and is continuing its climb and closed at ₹1,190.75 per share on 2 July 2021, a 246 percent return in 6 months.

Let us look at how the company compares with other listed Indian IT services companies. We are doing this by comparing the fundamentals of Happiest Minds Technologies with that of TCS and Infosys – the two largest listed Indian IT services company.

For the year ended 31 March 2021,

1. TCS and Infosys, both, had operating profit margin (OPM) (%) of 28 percent, while for Happiest Minds OPM was 25 percent.
2. TCS and Infosys reported annual net-profit of ₹32,430 crores and ₹19,351 crores, respectively. For Happiest Minds, it was ₹162 crores.
3. TCS had Return on Equity (RoE) (%) of 39.1 percent, Infosys had RoE of 27.2 percent, while for Happiest Minds, the RoE is 39.9 percent.
4. The stock price of TCS trades at a price-earnings (PE) ratio of 36.9, Infosys trades at a PE ratio of 34.6, and Happiest Minds trades at a extremely high PE ratio of 108.

5. The stock price of TCS trades at a price-to-book value (PBV) of 14.20, Infosys trades at a PBV of 8.75, and that of Happiest Minds trades at a PBV of 32.0.

Happiest Minds Technologies trades at an extremely high valuation relative to TCS and Infosys. It is up to the investors to do their work and determine whether Happiest Minds Technologies deserves this expensive valuation.

India VIX closes at pre-Covid low. What it means for Investors?

Volatility index, India VIX, continued their decline from the previous weeks, closing at 12.09 on Friday. Volatility index measures the volatility in the market. Volatility is the probability for change in market prices rapidly and unpredictably. Higher the volatility index – VIX – higher the volatility, which is a sign of market fear. Lower the VIX, lower

the volatility and lower the uncertainty existing in the market.

The last time India VIX was this low was in January 2020, just before the spread of coronavirus world-wide and the associated lockdowns. In March 2020, when markets crashed more than 30 percent, because of the nationwide lockdown to contain the spread of coronavirus, the volatility index skyrocketed to a high of 70.

India VIX stabilised at 30 by May 2020 and has been decreasing gradually and finally reaching the pre-covid level in July 2021. How do we investors interpret and use VIX for investment decision making?

VIX can be used for a contrarian investment strategy (Contrarian means acting in direct opposite to the current market sentiment or outlook). Buying when VIX is extremely high and selling when VIX is low can be profitable. The Indian markets in the last one and half years prove this point. If you had sold shares when VIX was low in January 2020 and bought shares in March 2020 when VIX was extremely high,

and then selling those shares now (July 2021) when VIX is low, you could have made lots of money.

Investment decisions should not be solely based on VIX. It should be used along with other analysis and valuation tools used in investment decision making.

I am considering selling some shares next week, and then use that capital to buy shares later, when volatility rises.

Probably, the same shares I sold.

Thanks for Reading. Have a Nice Weekend.

Arun M Narayanan



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