

RESEARCH REPORT ON MULTI-NATIONAL CORPORATIONS



What are Multi-National Corporations (MNCs)?

Multi-National corporations (MNCs) are those companies which are operating in many different countries at the same time. In other words, a multi-national corporation has operations and assets in atleast one country other than its home country. There are three types of models in which MNCs operate:

- **Centralized model:** In this model, the company operates through one centralized headquarter in its home country and then builds its manufacturing facilities in other countries where it is operating. This model helps MNCs to avoid tariffs and other taxes related to imports and especially this model helps to take full advantage of lower production costs.
- **Regional model:** In this model, the MNC keeps its headquarters in one country which supervises its other subsidiaries and offices located in other countries. All the subsidiaries and affiliates of the MNC report to its headquarters.
- **Multinational/Transnational model:** In this type of model, the parent company operates independently in its home country and at the same time its subsidiaries and affiliates which are in other countries also operate independently. It is basically a combination of the above two models.

MNCs are those companies in which the foreign shareholding is over 50% and the management control is vested in the foreign company. MNC stocks are known for their good image, strong parentage, strong technological proficiency and asset-light business models. These companies are usually well-capitalized and have low debt exposures and also decent dividend policies. MNCs are present in key sectors of the Indian economy and have played an important role in development of the economy by bringing in latest technologies and know-how.

Nestle



Nestlé

Nestle India is a leading player in the Indian FMCG industry with an established market position in most of its product categories. The company is a pioneer in the culinary segment with a range of products under the Maggi brand. Nestle stands as a market leader in 85% of its product portfolio like milk products and nutrition (96.5% in Infant Cereals), beverages (Nescafe 51%), prepared dishes (Instant Pasta Maggi -74%) and cooking aids (Nestle EveryDay 44%), and chocolate and confectionery (63%). In these segments, Nestle India benefits from its strong cash generation and well-established brands. The company has leadership position in seven out of eight categories and has been able to maintain its share across categories despite the increasing competition.

Nestle S.A, Switzerland's (parent company of Nestle India) 46% revenues comes from Americas region, 29% revenues come from European, Middle east and North Africa region, and 26% revenues comes from Asia, Oceania and sub-Sahara region. Nestle India is currently trading at a PE of 74x which is much higher than the Industry PE of 56.7x indicating the company is trading at much premium valuations.

Nestle S.A holds 62.7% stake in the India business and is one of the world's largest players in the Food and Beverage sector. Nestle India enjoys access to its parent's proprietary technology and strong research and development capabilities which is a big advantage for the brand. The company's PAT has grown at a CAGR of 18% in the last 5 years. It has also been maintaining a healthy ROE and ROCE of 67.1% and 95.1% respectively in the last 5 years. Moreover, it is virtually debt free with a Debt to Equity ratio of 0.13. The company has healthy operating margins of 23.8% while the inventory turnover stands low at 3.75x.

Nestle India is exposed to the increasing and fierce competition in the domestic FMCG segment with the entry of new players, including multinationals, in various divisions such as instant noodles, packaged foods, beverages, chocolates and confectionery. The competition is further increasing due to aggressive product launches, evolving consumer preferences and strong marketing strategies adopted by the players. Nestle has announced a Capex of Rs.2,600cr over the next 3-4 years to expand its manufacturing capacities across India. The demand for In-home consumption remains strong and further uptick in demand in its out-of-home consumption categories will help Nestle in maintaining double-digit sales and volume growth. Though near term hurdles can be expected due to the rising input prices, elevated costs and the heightened freight cost, Nestle has been known to face the problems prudently and effectively.

Key Metrics

PE Ratio (x)	EPS - TTM (₹)
84.79	219.27
MCap (₹ Cr.)	Sectoral MCap Rank
1,80,275	2
PB Ratio (x)	Div Yield (%)
86.84	1.08
Face Value (₹)	Beta
10.00	0.51
VWAP (₹)	52W H/L (₹) ▼
18,715.66	20,200.00 / 16,000.00

➤ Technical view



- Buy or hold Nestle at 18400 at the target of 19600 & stop loss 17700
- On the price front, the stock is trading well above the short- and long-term moving averages placed around 5,10,34,55,100 and 200-DMA.
- 200 Day SMA Nestle India is 18300.21 and stock is trading above these levels. This is a good sign for its long term trend.
- Based on the rationale, the stock is looking positive. On the higher side, the stock has potential up to 19600 level in the next 1-3 months.

Community Sentiments



- 88% BUY
- 0% SELL
- 12% HOLD

88%

of moneycontrol
users recommend
buying Nestle

Moving Averages

Days

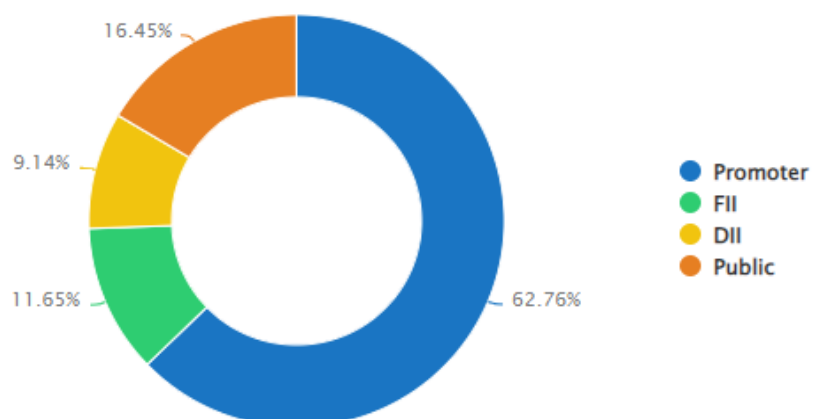
SMA



5	18,607.85
10	18,824.01
20	19,138.32
50	19,153.36
100	18,167.46
200	18,305.49

SHAREHOLDING

Summary



Hindustan Unilever



HUL is one of the largest FMCG companies in India. Five of its brands generate annual turnover of over Rs.2,000 Cr each and 7 brands generate annual turnover of over Rs.1,000 Cr each. With over 40 brands spanning 12 distinct categories such as personal wash, fabric wash, skin care, hair care, oral care, deodorants, colour cosmetics, beverages, ice creams, frozen desserts and water purifiers, HUL is part of the everyday life of millions of consumers across India. The company's brands hold the top two spots in terms of market share in most categories it is present in. Its product portfolio includes home care (34% of Revenues), Beauty & Personal care products (44% of Revenues), Foods and Refreshments (19% of Revenues). The company is a subsidiary of Unilever Plc located in the UK that holds a 67% stake in HUL, it's the world's largest consumer goods company present across 190 countries.

HUL's brands have high visibility and have sustained leadership over decades, backed by an extensive distribution network and strong advertising and marketing support. HUL has been leveraging its distribution strengths to adapt its channel strategy for its products and market segments.

HUL was the first consumer company to cross Rs.5 lakh Cr market capitalization making it the highest market cap company in the FMCG sector. The company's sales have grown at a CAGR of 10% and its PAT has grown at a CAGR of 16% in the last 5 years. The company has delivered ROE and ROCE of 18.4%. The company is virtually debt free and has been maintaining adequate liquidity with the current cash levels of over Rs. 3850 cr. HUL's largest merger in the FMCG sector with GlaxoSmithKline Consumer Healthcare Ltd have started showing synergies across its food and beverages brands, by acquiring popular brands like Horlicks, Boost HUL has strengthened its Food & Refreshments portfolio.

Apart from HUL's robust fundamentals, enviable business model and debt-free balance sheet, its extensive distribution network, strong brand equity and vast product mix with a large share of essential products makes the company standout during the times of crisis. Any delay in demand recovery of discretionary space could impact the company's near-term performance.

Key Metrics

PE Ratio (x)

69.05

EPS - TTM (₹)

39.00

MCap (₹ Cr.)

6,32,075

Sectoral MCap Rank

1

PB Ratio (x)

12.43

Div Yield (%)

1.26

Face Value (₹)

1.00

Beta

0.37

VWAP (₹)

2,668.82

52W H/L (₹) ▼

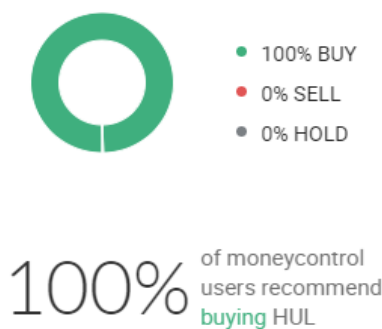
2,839.90 / 1,901.55

➤ Technical view



- Buy HUL at 2650, Target 2800 & stop loss 2560
- Stock was in bullish trend after a small correction it was again showing bullish sign, it shows positive MACD & RSI diversion on daily charts and stock was making higher high on daily chart and also 34, 55 & 200 period EMA crossing positively on daily chart. On that basis buy call was given after breakout of resistance.

Community Sentiments

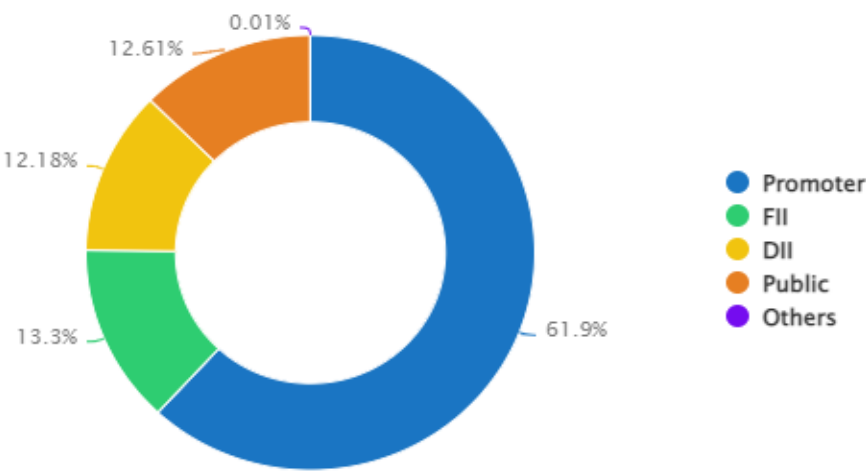


Moving Averages

Days	SMA ▼
5	2,601.43
10	2,589.46
20	2,590.06
50	2,597.64
100	2,430.63
200	2,325.91

SHAREHOLDING

Summary



Astrazeneca Pharma India Ltd



Astrazeneca Pharma India Ltd was established in the year 1979 and is headquartered at Bengaluru, Karnataka. It covers manufacturing, sales and marketing activities of the company in India. It is a subsidiary of AstraZeneca Plc, UK. The company has a workforce of over 1400 employees across the country. The company has an innovative portfolio in crucial areas of healthcare including cardiovascular, renal & metabolic diseases, oncology and respiratory related diseases. AstraZeneca is a global research and innovation driven integrated biopharmaceutical company focusing on the discovery, development & commercialization of prescription medicines in 3 core therapeutic areas namely Cardiometabolism, Oncology and Respiratory & Inflammation, and is also present in the therapeutic areas of Neuroscience and Infection & Vaccines, on an opportunity-driven basis.

The company's key brands include Forxiga, Crestor for cardiovascular related diseases (2% Market share), Tagrisso is its flagship brand in Oncology, and Symbicort in Respiratory related diseases. All the therapeutic areas in which AstraZeneca India is actively operating has recorded growth higher than the market. These comprise therapeutic areas of Anti-diabetic, Inhaled Respiratory, Cardiovascular, and Oncology, all of which have registered higher growth than the overall market growth of 10.5% for FY 2019-20. Increasing incidence and diagnosis of Non-Communicable diseases (NCDs) as India harbours a high NCD burden. After China, India has the largest diabetic population in the world which provides the company further room to grow.

In terms of financials the company has grown its sales and profits at a CAGR of 8% and 31% respectively in the last three years. The company has ROE and ROCE of 12.7% and 17%, respectively. It has a minimal debt to equity ratio of 0.02, with a very low inventory turnover of 2.08. Key factors that could serve as a dampener for growth of the company include continuing downward pressure on prices, and effects of ban on irrational Fixed Dose Combinations (FDCs). Uncertainties in government policies, USFDA approvals especially surrounding drug prices will continue to pose a risk for the future growth of the company.

Key Metrics

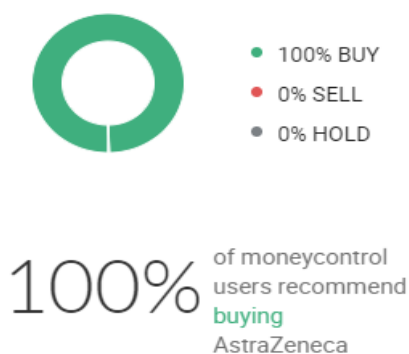
PE Ratio (x)	EPS - TTM (₹)
113.47	28.60
MCap (₹ Cr.)	Sectoral MCap Rank
8,114.50	27
PB Ratio (x)	Div Yield (%)
16.17	0.31
Face Value (₹)	Beta
2.00	-0.50
VWAP (₹)	52W H/L (₹) ▼
3,257.31	3,368.45 / 2,445.70

➤ Technical view



- Buy Astrazeneca Pharma India Ltd at 3035 target 3410 stop loss 2900
- Structure is looking bullish on hourly as well on daily chart, it was taking support of 9,18 & 27 period EMA on weekly & daily chart, it is consolidate above short term simple and exponential moving averages. On this behalf i recommend to buy. The call was given after the breakout of resistance.

Community Sentiments

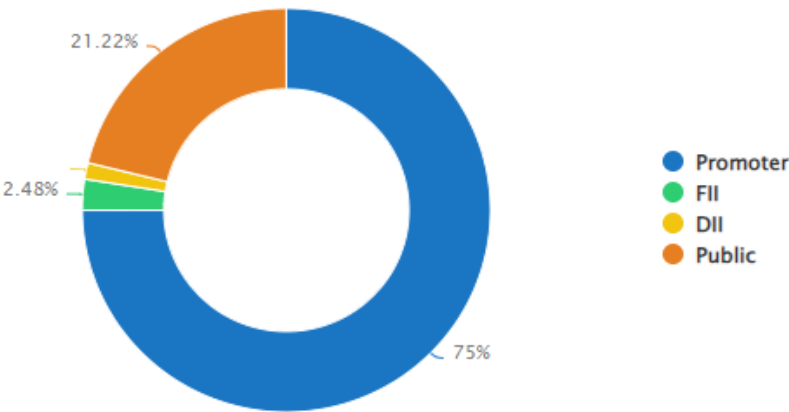


Moving Averages

Days	SMA ▼
5	3,233.26
10	3,242.61
20	3,160.30
50	3,099.64
100	2,933.94
200	2,882.34

SHAREHOLDING

Summary



Honeywell Automation India Ltd (HAIL)



Honeywell Automation was incorporated in Pune, India. It is a subsidiary of USA based company Honeywell Inc. It provides integrated automation and control systems in India as well as internationally. It offers process control, safety, optimization, and simulation, as well as it provides connected industrial Internet of Things (IOT) and cyber security solutions etc. HAIL was incorporated in Jan 1984 as Tata Process Controls Private Ltd in Maharashtra. The company became a public limited company in May 1987. Initially the company was promoted by Tata group. Then it was promoted as a 40:40 JV company between Tata group and Honeywell Asia Pacific, USA. In 2004, Tata group decided to sell its 40.62 percent shareholding in favour of its foreign joint venture partner. Now Honeywell Asia Pacific Inc, holds 75 percent of equity shares of the company.

Honeywell has set up an impressive 36,000 square feet state-of-the-art manufacturing, design and engineering facilities in the industrial city of Pune in 1988. It is equipped with system integrated services, testing facilities, systems assembly & staging centre, printed wiring assembly manufacturing facility and a smart technology centre. Manufacturer of electronic systems and components forms 57% of the company's product portfolio whereas, Repair and maintenance and Trading of machinery, equipment and supplies consist of 29% and 13% respectively. As India is now moving faster towards adoption of automation, digital revolution and Industrial Revolution 4.0 (Industry 4.0) Honeywell Automation and its products will play a key role towards India's growth story.

HAIL is a leader of integrated automation and software solutions making it the largest Indian Industry IT company. The company has grown its Sales and Profits at a CAGR of 6.82% and 26.7% respectively during the last five years. Not only that it has given Return on Equity and Return on Capital Employed of 20.8% and 30.6% in the last five years. A prolonged slowdown due to COVID-19 and chip shortage issue in the Manufacturing and Automobile sector could impact the company's growth in the future.

The company has grown its Sales and Profits at a CAGR of 7% and 27% respectively during the last five years. Not only that it has given Return on Equity and Return on Capital Employed of 20.4% and 31% in the last five years. A prolonged slowdown due to COVID-19 and chip shortage issue in the Manufacturing and Automobile sector could impact the company's growth in the future.

Key Metrics

PE Ratio (x)
103.23

EPS - TTM (₹)
395.37

MCap (₹ Cr.)
36,085.08

Sectoral MCap Rank
3

PB Ratio (x)
12.78

Div Yield (%)
0.22

Face Value (₹)
10.00

Beta
0.30

VWAP (₹)
40,960.14

52W H/L (₹) ✓
47,275.95 /
30,185.35

➤ Technical view



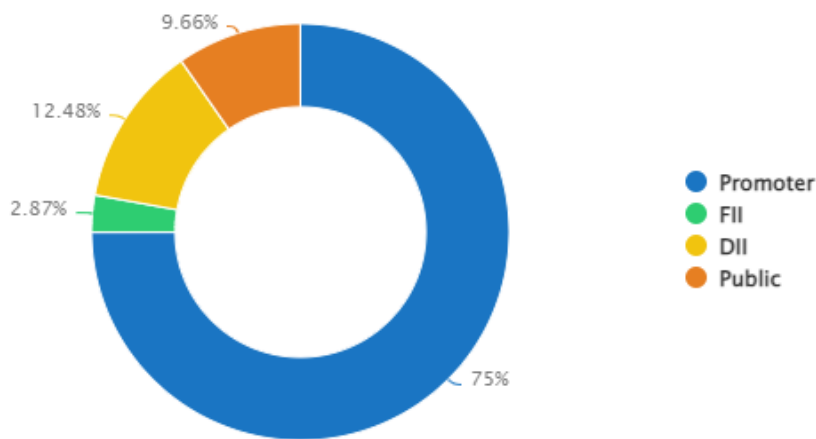
- Hold HAIL at the target of 44000
- On the price front, the stock is trading well above the short-term moving averages placed around 5,10 & 20 days moving averages these suggest buy indication but according to long term moving averages, price is below the moving averages. So, that according to short & long term moving averages 50% buy & 50% sell indication are there. So we hold the share at the target price of 44000.
- 80% momentum oscillators shows a buy indication of these stock.

Moving Averages

Days	SMA ▼
5	40,764.48
10	41,298.79
20	41,818.88
50	40,575.46
100	37,229.74
200	39,250.54

SHAREHOLDING

Summary



Bata India Limited (BIL)



Bata India has an established track record of over 85 years and a pan-India presence. The company has a diversified product portfolio, and sells through an extensive retail and distributor network. It sells rubber, canvas, leather and plastic footwear through 1550 Bata own and franchisee stores and in thousands of multi-brand footwear dealer stores pan-India. The company has four manufacturing units at Batanagar (Kolkata), Bataganj (Bihar), Peenya (near Bangalore), and Hosur (Tamil Nadu). BIL is a 52.96% subsidiary of Bata (BN) BV, Amsterdam, a Group company which has operations in more than 50 countries. The company has access to technical research, and innovative programmes implemented by the Bata Group. It receives technical, strategic, and managerial support in its various functions, including purchase, manufacture, training of managers from its Group Company, and in turn, pays technical fees. Over the past several years, BIL has remained debt free and has availed only non-fund based limits from banks.

The company also has a significant liquidity cushion with Rs. 1,097 crore of cash and liquid investments as of March 2021. However, the competition has been intensifying in all product categories as established players have been setting up new manufacturing facilities, besides increasing capacities in their existing plants. Bata had been affected during the pandemic it concentrates on the formal and fashion segment. As the global economy shut their boundaries and people were in a lockdown, the company financials were impacted. However, with the receding cases, the company is set to get back on the growth track.

Key Metrics

PE Ratio (x)

83.95

EPS - TTM (₹)

22.71

MCap (₹ Cr.)

24,498.63

Sectoral MCap Rank

2

PB Ratio (x)

13.25

Div Yield (%)

2.86

Face Value (₹)

5.00

Beta

0.32

VWAP (₹)

1,904.89

52W H/L (₹) ▼

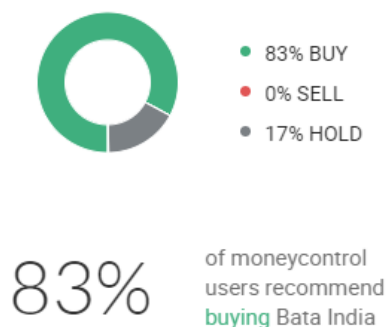
2,262.00 / 1,607.45

➤ Technical view



- Buy bata india between 1760-1770 at the target of 1890,1960 & stop loss 1655
- Structure is looking bullish on hourly as well on daily chart, it was taking support of 9,18 & 27 period EMA on daily chart, it is consolidate above short term simple and exponential moving averages. On this behalf i recommend to buy. The call was given after the breakout of resistance.

Community Sentiments

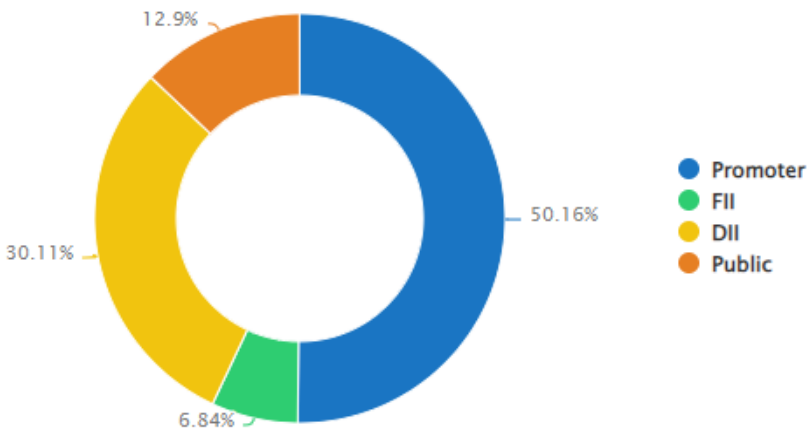


Moving Averages

Days	SMA ▼
5	1,865.58
10	1,887.05
20	1,893.30
50	1,883.94
100	1,821.37
200	1,867.45

SHAREHOLDING

Summary



Mphasis



Established in 2000, Mphasis is a mid-sized player catering to the IT / IT enabled Services / BPO industry in various domains such as banking and financial services, communication, insurance, etc. The company has strong domain expertise and offers a wide range of services. Based on its expertise, the company continues to add new logos to its clientele which aided in healthy growth of its top line in recent years. Given the Blackstone Group's parentage, Mphasis has access to its investment portfolio and the company has leveraged the same since its acquisition.

With Blackstone expanding its assets under management across verticals and geographies, new opportunities for client wins shall continue for Mphasis. It derives 60% of its revenues from top 10 clients signifying moderate customer concentration. However, most of the customers have long-standing association with the company. The company has vast experience of the management, and strong execution track record, presence across business domains with increasing focus on new generation service offerings.

The company's financial profile remains healthy marked by stable sales growth at a CAGR of 15% over the past 5 years, sizeable net worth of Rs. 6943 crore, strong liquidity with large cash reserves of close to Rs.1,000 crore, healthy capital structure and favourable debt metrics with debt to equity ratio of 0.08x. On the negative front, being in the IT industry the company's profit margins are susceptible to wage inflation and forex related risks, although hedging mechanisms employed by the company mitigate the same to an extent. Also with 80% of revenues derived from the North American market, the company's revenues and earnings are exposed to macro environment uncertainties in the USA.

Key Metrics

PE Ratio (x)

25.93

EPS - TTM (₹)

79.39

MCap (₹ Cr.)

38,719.46

Sectoral MCap Rank

9

PB Ratio (x)

5.64

Div Yield (%)

2.23

Face Value (₹)

10.00

Beta

0.08

VWAP (₹)

2,065.29

52W H/L (₹) ▼

3,659.75 / 1,991.10

➤ Technical view



- Buy Mphasis at 2020 at the target of 2400 & stop loss 1900
- This stock is trading near to lower levels & near to 52 week low. & we can also see trend reversal sign in daily chart. So that, buy call given on that basis.

Community Sentiments



- 100% BUY
- 0% SELL
- 0% HOLD

100% of moneycontrol users recommend buying Mphasis

Moving Averages

Days	SMA ▼
5	2,050.23
10	2,089.50
20	2,098.68
50	2,210.30
100	2,322.22
200	2,727.81

SHAREHOLDING

Summary

