

Analysts add wings to IndiGo, SpiceJet stocks

Elara has revised upward its 1-year target prices on the back of 'managed turbulence'

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New Delhi, 23 December

Shares of aviation companies — InterGlobe Aviation (IndiGo) and SpiceJet — have plunged sharply on the bourses over the past one month as a fresh spurt in Covid cases due to the Omicron variant prompted travel restrictions worldwide. Back home, India decided to defer the resumption of international passenger flights, at least, till January 31, 2022.

Given this, the shares of IndiGo and SpiceJet tanked 8 per cent and 19 per cent, respectively, during the period, against the BSE Sensex's nearly 2-per cent fall.

However, Gagan Dixit and Reena Narang, research analysts at Elara Capital, recently upgraded ratings on both these stocks and revised upward their one-year target prices on the back of "managed turbulence".

"The aviation sector seems set for a strong revival in the third quarter (Q3) of 2021-22 (FY22), fuelled by demand revival to 85 per cent of pre-Covid levels in December and airfare near two-year highs. We believe strong 2023-24 (FY24) gross domestic product (GDP) growth will continue to prop domestic passenger demand," they said in a report dated December 22. The number of weekly average daily fliers stood at 360,000 in the week ended December 18, relative to 358,000 at the end of the previous week, reveals the data by ICICI Securities.

On a monthly basis, nearly 10.5 million domestic passengers travelled by air in November, up 17.03 per cent, from 8.98 million who travelled in October, showed



HARD LANDING

	Current level	One-month fall (%)
SpiceJet	67.25	19.00
InterGlobe Aviation	1,969.35	8.05
BSE Sensex	57,315.30	1.70

Note: Stock price in ₹ according to Thursday's closing price
Benchmark figure in absolute value

the data by aviation regulator Directorate General of Civil Aviation. While IndiGo carried 5.71 million passengers, a 54.3 per cent share of the domestic market, SpiceJet flew 1.07 million passengers, accounting for a 10.3 per cent share of the market. Against this backdrop, Dixit and Narang have upgraded IndiGo to 'Buy' from 'Reduce' and SpiceJet to 'Accumulate' from 'Reduce'. The target prices have been revised to ₹2,252 and ₹70, from ₹1,728 and ₹67, respectively.

Moreover, the correlation between the sector's growth and the country's GDP further comforts analysts. According to Elara Capital, the pre-Covid data from the first quarter of 2016-17 through Q3 of 2019-20 (FY20) shows that real aviation demand grew 2.3-2.9x that of GDP.

"Thus, if Covid is fully

contained by 2022-23 (FY23), then FY23 and FY24 real demand may grow 19 per cent and 17 per cent, respectively, on Elara's FY23 and FY24 GDP growth estimates of 8.1 per cent and 7.5 per cent, respectively," they pointed out.

The other comforting factor, says Harsh Patidar, research analyst at CapitalVia Global Research, is the valuation in the space. IndiGo remains his preferred bet since the stock has corrected 25 per cent from its all-time high of ₹2,380. Patidar expects the stock to retain these levels in the next few months.

"IndiGo is trading at a 30 per cent discount over FY24E enterprise value to earnings before interest, tax, depreciation, and amortisation (EV/Ebitda). This implies that the stock may be rerated when Covid-hit demand will see sustained recovery in FY23," added

Elara Capital's report.

For SpiceJet though, steep discounts indicate additional survival concerns, cautioned the brokerage. It is trading at a 62 per cent discount over the historical mean of 9.2x two-year forward EV/Ebitda and at a 47 per cent discount over the historical mean of 7.2x one-year forward EV/Ebitda.

That said, near-term concerns will continue to weigh on stocks as Omicron puts a spanner in the growth trajectory, say analysts.

"The current price bakes in most positives and, with near-term uncertainty due to a possible spread of the Omicron variant, we recommend awaiting better entry points," says Paarth Gala, analyst tracking the sector at Prabhudas Lilladher. He maintains a 'Hold' rating on the stock, with a target price of ₹1,950.

Those at Edelweiss, too, have a 'Hold' rating on both stocks, with target prices of ₹70 and ₹1,986 at 8x FY23E EV/Ebitda ratio. According to industry body CAPA — Centre for Aviation, domestic air traffic is estimated to recover by 70 per cent year-on-year in FY22, but still remains 30 per cent lower than FY20. It will recover to pre-Covid level not before the second half of calendar year 2022 due to the Omicron's impact.

"International travel plunged due to the travel ban and will remain 70 per cent lower (versus FY20) even in FY22, with likely normalcy by FY24," the body said.

On the cost front, CAPA India believes cost optimisation might not be possible since airlines have already taken measures to cut down both fixed and variable costs.

"Fare-cap regulation is expected to be removed from the fourth quarter of FY22, but removing cap/floor may be more challenging for airlines than it was to introduce them as it would decrease yields," it added.

Competitive pressure from Air India, Jet Airways, and Akasa Air may also be sentimentally negative for listed players.

Diversified passive funds must form the core of global portfolio

Exposure to mid-cap-oriented, concentrated offerings be taken later

SARBAJEET K SEN

After a sustained bull run, the US stock market has slowed owing to fears of inflation, rate hikes, and the spread of the Omicron variant of the novel coronavirus. Nonetheless, to tap Indian investors' desire to diversify into the US markets, Motilal Oswal Mutual Fund recently launched one more option: Motilal Oswal Nasdaq Q50 (MQ50) Exchange-Traded Fund (ETF). Several US-focused passive options based on the S&P 500, S&P 500 Top 50, Nasdaq 100, and NYSE Fang+ indices are already available.

Investing in tomorrow's leaders

The MQ50 ETF comprises 50 stocks that come after the 100 stocks of the Nasdaq 100 in terms of market capitalisation (m-cap). It offers exposure to mid-cap stocks that are innovators and future leaders of the US markets.

"Investors who have exposure to the Nasdaq are taking concentrated bets on some of the best and biggest names in global technology (tech). But a lot of future growth will come from smaller companies," says Pratik Oswal, head of passive funds, Motilal Oswal Asset Management Company (AMC).

Apple, for instance, has an m-cap of close to \$3 trillion.

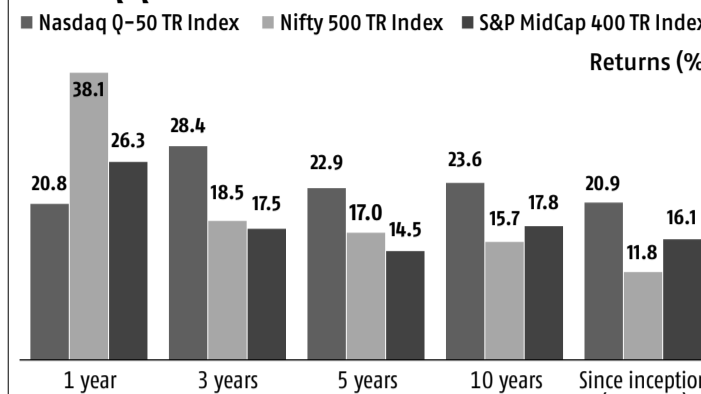
"Going from there to \$6-7 trillion over the next three-five years will be a lot harder than for a smaller firm on this index to double its m-cap. Nasdaq Q-50 gives access to mid-cap opportunities in growth-oriented industries like tech, consumer, health care, and so on," adds Oswal.

Is US diversification necessary?

With the Indian market offering sizzling returns over the past 18 months, many investors today wonder if they should invest abroad, especially in the US. The answer, according to experts, is yes — for diversification and to lower portfolio risk.

"The US economy has recovered strongly in the past few quarters. Demand is strong. Inflation with

NASDAQ Q-50: OUTPERFORMER OVER LONGER TERM



Returns are rupee-denominated. Return since inception is from April 4, 2008, to November 30, 2021

Source: Motilal Oswal AMC

growth is usually healthy for equity markets. Investors should diversify into the US markets," says Rahul Jain, president and head-

personal wealth, Edelweiss Wealth Management.

Oswal feels investing in the US market is akin to global diversification. "The top 15-20 stocks (where most of an investor's money will be held in m-cap-weighted indices) have globally strong business models, little balance sheet leverage, strong cash

flows, and ability to pass on higher prices to customers. The fate of the S&P500 is not as dependent on the US economy as earlier," says Oswal.

Choose the right index

If you have just started investing in the US market, go with a diversified offering like the Motilal Oswal S&P500 Index Fund. An abridged version of this index — Mirae Asset S&P 500 Top 50 ETF — which invests in the top 50 stocks on the S&P500 index may also be considered.

Savvy investors keen on high-tech exposure may consider the Nasdaq-100 based schemes available from Motilal Oswal, Kotak, ICICI Prudential and Aditya Birla Sun Life AMC. Tech stocks have 50.8 per cent weight on the Nasdaq 100.

Investors keen on investing in

mid-caps beyond the top 100 stocks on the Nasdaq may opt for the MQ50 ETF. Concentrated passive offerings, such as the Mirae Asset Fang+ ETF, are also available. These are for sophisticated investors and should not be an investor's first choice.

Avoid active funds

Actively-managed equity funds are best avoided when investing in the US market.

"Passive funds are free of fund-manager bias and are cost-effective. The majority of active funds fail to beat their benchmarks in matured markets like the US, so stick to passive offerings," says Harshad Chetanwala, co-founder, MyWealthGrowth.com.

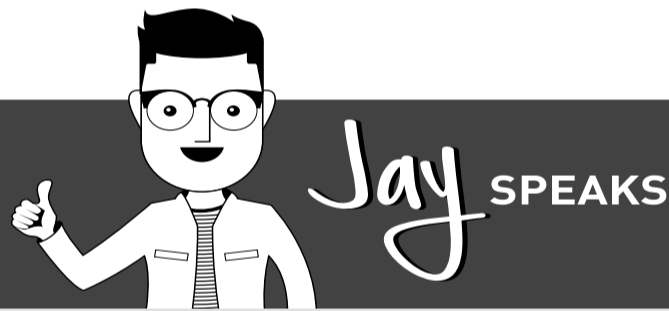
Who should invest

Investors who have a reasonable exposure to Indian equities, or have moderate to high-risk appetite, may invest in the US market.

"Those who have just started investing in equities should stick to domestic equities. Only the more evolved ones should go for international investing," says Jain.

Enter the US market with at least a seven-year horizon since markets could turn volatile in the short to medium term.

"Take the systematic investment plan route and avoid lump sum investments," says Chetanwala.



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POSSESSION NOTICE

(Under Section 13 (4) of Securitization Act, 2002 read with rule 8 of Security Interest (Enforcement) Rules 2002 for moveable & immovable property)

Whereas, The undersigned being the Authorized Officer of UCO Bank, under the Securitization & Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (herein after referred as "said Act") and in exercise of the power conferred under section 13(12) read with rule 3 of the Security Interest (Enforcement) Rules, 2002, (herein after referred as "said rules"), issued a demand notice under Sec-13(2) of the said Act dated 22.07.2021

1. SMT. NISHA GOSWAMI W/O SAURABH GIRI (PROPRIETOR- M/S LAXMI SWEETS AND DAIRY) ADDRESS: SHOP NO.3/2/10, GROUND FLOOR out of Khasra No. 642, Village CHANDRAWALI, SHAHDARA, DELHI-110032

Residential Address: 139, TOP FLOOR, JWAHAR NAGAR, SHAHDARA, DELHI-110032

to repay the amount mentioned in the notice being of Rs. 2479959.23 (Rupees Twenty four lac seventy nine thousand nine hundred and fifty nine rupees and twenty three paise only) due and outstanding as on 31.03.2021 along with further interest, cost, expenses & other charges thereon within 60 days from the date of receipt of the said notice.

The borrowers/ guarantors/ mortgagors have failed to discharge his/ their liability/ to repay the amount within the period specified in the aforesaid notice and therefore this notice is hereby given to the borrowers/ guarantors/ Mortgagors and the public in general that the undersigned has taken possession of the property described herein below in exercise of power conferred on him/ her under section 13(4) of the said Act read with rule 8 of the said rules on this 21st Day of December of the year 2021.

The borrowers/ guarantors/ mortgagors in particular and the public in general are hereby cautioned not to deal with the property mentioned here under and any dealing with the said property will be subject to the charge of the UCO Bank, Ayodhya Chowk Rohini, New Delhi for loan amount of Rs. 2479959.23 (Rupees Twenty four lac seventy nine thousand nine hundred and fifty nine rupees and twenty three paise only) due and outstanding as on 31.03.2021 along with further interest, costs, expenses & other charges thereon.

DESCRIPTION OF THE IMMOVABLE/MOVEBLE PROPERTY

Sale deed bearing no. 4250, book no. 1, Vol no. 1114 at pages 13 to 20 dated 01.07.2017 in respect of property comprising 3/2/10 GALI GANGARAM CHHOTA BAZAR SHAHDARA, Delhi-110059 area admeasuring 22.22 sq yards.

Date: 21.12.2021, Place: New Delhi **AUTHORISED OFFICER, UCO BANK**

pnb Housing Finance Limited

Regd. Office : 9th Floor, Antriksh Bhawan, 22, K.G. Marg, New Delhi-110001
Phone: 011-23705414, Website : www.pnbhousing.com

NOIDA BRANCH : Ground Floor, D 2, Sector 3, Noida, Uttar Pradesh 201301, Land line- +7292015075

APPENDIX IV-A
[Refer proviso to Rule 9(1)]
NOTICE FOR SALE OF IMMOVABLE PROPERTY
(E-AUCTION SALE NOTICE FOR SALE OF IMMOVABLE ASSETS UNDER THE SECURITISATION AND RECONSTRUCTION OF FINANCIAL ASSETS AND ENFORCEMENT OF SECURITY INTEREST ACT, 2002 READ WITH PROVISIO TO RULE 9(1) OF THE SECURITY INTEREST (ENFORCEMENT) RULES, 2002)

LOAN ACCOUNT NO. : WFH/CCF/0818/572312, WFH/CCF/0818/572320, WFH/CCF/0818/572322, WFH/CCF/1216/335631 and WFN/CCF/0517/389607

Notice is hereby given to the public in general and in particular to the Borrower(s), Security-Provider(s), Mortgagor(s) and Guarantor(s) that the below described Immovable Property mortgaged/charged to the Secured Creditor i.e. PNB Housing Finance Limited, the Constructive Possession of which has been taken on August 31, 2021 by the Authorized Officer of the Secured Creditor, will be sold on "AS IS WHERE IS", "AS IS WHAT IS" AND "WHATEVER THERE IS" basis on January 14, 2022 from 11:00 AM onwards (with extensions of 5 minute each time) till 5:00 PM for recovery of INR 182,34,06,251.65/- (Indian Rupees One Hundred Eighty-Two Crores Thirty-Four Lakhs Six Thousand Two Hundred and Fifty One and Sixty Five Paise Only) in relation to the captioned loan facility due to the Secured Creditor as on December 1, 2021 from M/s Ajnara India Limited, M/s Adonis Buildtech Private Limited, Mr. Ashok Kumar Gupta, Mr. Pramod Kumar Gupta, Mr. Vinod Kumar Gupta and M/s Sequel Buildcon Private Limited.

The Reserve Price will be INR 96,31,35,000/- (Indian Rupees Ninety-Six Crores Thirty-One Lakhs and Thirty-Five Thousand Only) for the Immovable Property. The Earnest Money Deposit will be INR 9,63,13,500/- (Indian Rupees Nine Crores Sixty Three Lakhs Thirteen Thousand and Five Hundred Only).

IMMOVABLE PROPERTY

AJNARA TIMES SQUARE (1.85 acres) comprising of all that piece and parcel of land admeasuring 7,486 square meters (1.85 acres) bearing No. C3-E2 situated at Sector-129, Jaypee Greens Wish Town, Noida, Gautam Budh Nagar, Uttar Pradesh.

The terms and conditions of the sale from the Immovable Property are uploaded on website of PNB Housing Finance Limited i.e. www.pnbhousing.com

KNOWN ENCUMBRANCES

The undersigned states that there are no encumbrances on the Immovable Property known to him. The prospective purchasers/bidders are requested to ascertain any other encumbrance and do their own due diligence of the Immovable Property. If there are any other encumbrances, the same shall be catered/paid by the successful purchaser/bidder at his/her end. The prospective purchaser(s)/bidders are requested to independently ascertain the veracity of such encumbrances.

ASHISH K. SINGH
AUTHORISED OFFICER,
FOR PNB HOUSING FINANCE LTD.

DATE : DECEMBER 23, 2021
PLACE : NOIDA, UTTAR PRADESH