

Week Gone by

- ⇒ Adani Green Energy signed a securities purchase agreement for acquisition of 205 MW operating solar assets of Essel Green Energy Private and Essel Infraprojects. The assets are located in Punjab, Karnataka and Uttar Pradesh
- ⇒ Dilip Buildcon reported a successful completion of the EPC Agreement with the Ministry of Road Transport & Highways, New Delhi, in the state of Karnataka.
- ⇒ Bharat Heavy Electricals (BHEL) has secured two orders for emission control equipment for thermal power plants worth Rs 2,500 crore. The orders have been placed on BHEL by NTPC.
- ⇒ Overseas, European markets advanced and Asian markets closed on a positive note after China struck an accommodating tone over its trade war with the US, while British opposition lawmakers plan to trigger an emergency debate to prevent a no-deal Brexit.

Week ahead

- ⇒ Auto stocks will be in focus as auto companies will start announcing monthly sales numbers for August 2019 starting from 1 September 2019.
- ⇒ In the United States, the Markit Manufacturing PMI for August 2019 will be announced on Tuesday, 3 September 2019
- ⇒ In China, the Caixin Manufacturing PMI for August 2019 will be announced on Monday, 2 September 2019.

Technical Overview

Index closed with a gain of 1.79% at 11023.25. Index opened this week with a gap up and remained witnessed high volatility throughout the week and ending week on flat note. Index has formed a Doji candlestick pattern which suggests indecisive behavior among the market participants. Going ahead index has immediate resistance at 11100-11150 and if index sustains above the mentioned resistance will open the way for 11250-11350 while on the lower side support is placed at 10950-10880-10800.

1-Nifty 50 - 30/08/19



Source: Falcon, BP Equities Research



Weekly Wealth

DOMESTIC INDICES

Index	30-Aug-19	23-Aug-19	Weekly % Chg
Nifty	11,023	10,829	1.8
Nifty Next 50	26,405	25,345	4.2
Nifty 100	11,155	10,926	2.1
Nifty 500	8,978	8,791	2.1
Nifty Midcap 100	15,652	15,354	1.9
Sensex	37,333	36,701	1.7
BSE 100 Index	11,140	10,915	2.1
BSE 200 Index	4,609	4,514	2.1
BSE 500 Index	14,234	13,933	2.2
BSE Mid-Cap	13,468	13,202	2.0
BSE Small Cap	12,535	12,186	2.9

WORLD INDICES

Index	30-Aug-19	23-Aug-19	Weekly % Chg
Nikkei Index	20,704	21,068	-1.7
Hang Sang Index	25,725	26,919	-4.4
Kospi Index	1,968	1,998	-1.5
Shanghai SE Composite	2,886	2,868	0.6
Strait Times Index	3,107	3,261	-4.7
Dow Jones	26,362	26,583	-0.8
NASDAQ	7,973	8,111	-1.7
FTSE	7,235	7,461	-3.0

FOREX

Currency	30-Aug-19	23-Aug-19	Weekly % Chg
US\$ (Rs.)	71.5	71.2	0.5
GBP (Rs.)	87.1	86.6	0.6
Euro (Rs.)	79.0	78.9	0.1
Yen (Rs.) 100 Units	67.4	67.0	0.6

NIFTY TOP GAINERS (WEEKLY)

Scrip	30-Aug-19	23-Aug-19	Weekly % Chg
Britannia Ind.	2,701.7	2,466.7	9.5
HPCL	260.2	238.3	9.2
Bharat Petroleum	355.3	329.4	7.9
IndusInd Bank	1,395.8	1,310.5	6.5
Zee Entertainment	373.1	351.2	6.3

FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
30-Aug-19	7,343.9	6,181.0	1,163.0
29-Aug-19	3,870.9	4,857.5	-986.6
28-Aug-19	3,761.1	4,696.3	-935.3
27-Aug-19	13,433.3	14,357.3	-923.9
26-Aug-19	4,084.8	4,837.7	-752.9
MTD	104,310.1	117,559.5	-13,249.4

NIFTY TOP LOSERS (WEEKLY)

Scrip	30-Aug-19	23-Aug-19	Weekly % Chg
Bharti Airtel	346.8	356.4	-2.7
Indiabulls Housing F	455.4	467.9	-6.0
Kotak Mahindra Bank	1,431.5	1,470.2	-5.9
Hero MotoCorp	2,572.1	2,640.2	-5.8
Reliance Inds	1,248.6	1,275.9	-5.1

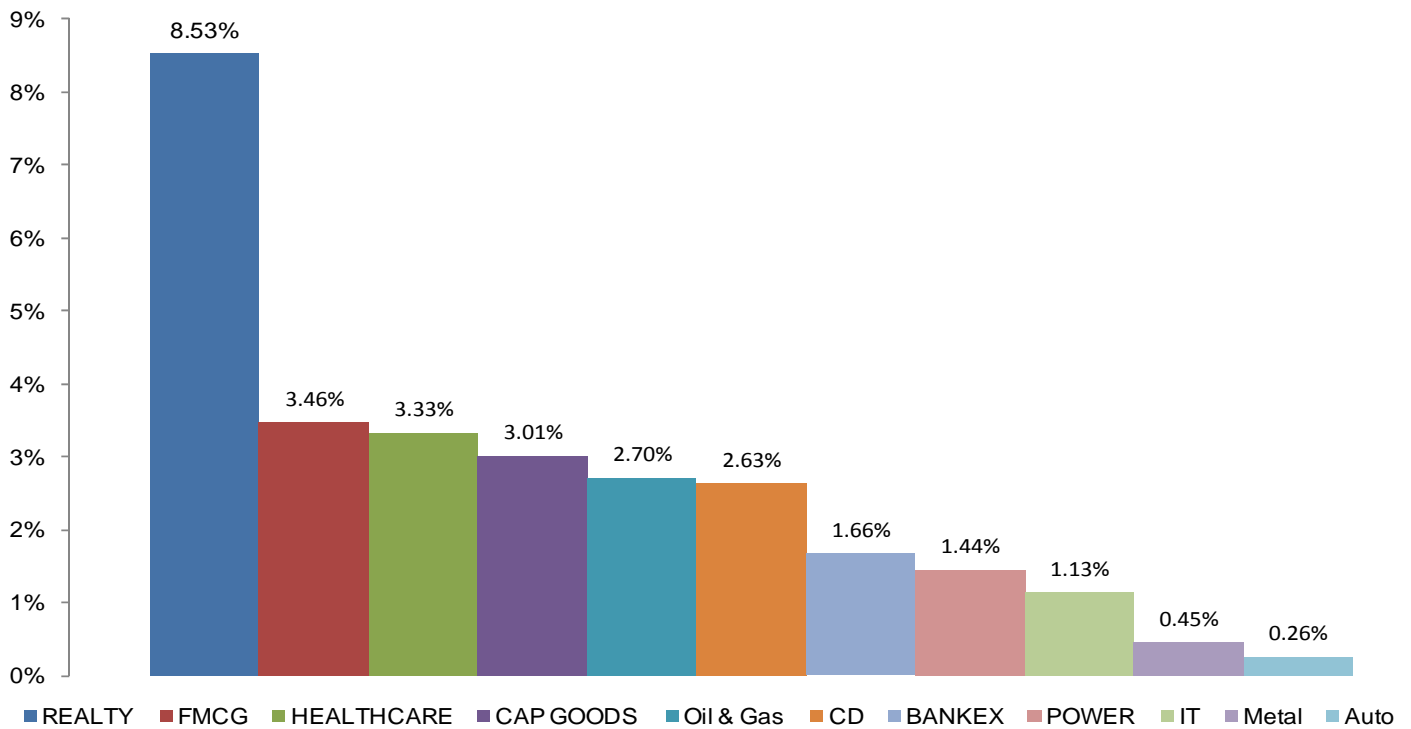
DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
30-Aug-19	4,580.7	3,078.5	1,502.3
29-Aug-19	5,291.3	4,802.1	489.2
28-Aug-19	3,166.1	2,806.8	359.3
27-Aug-19	5,888.1	4,725.4	1,162.7
26-Aug-19	4,729.0	3,456.7	1,272.3
MTD	86,339.3	65,533.1	20,806.2

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	30-Aug-19	23-Aug-19	Weekly Change (%)	30-Aug-19	23-Aug-19	Weekly Change (%)
	Share Price (Rs.)			Open Interest		
DHFL	46.0	37.7	22.0	4,42,09,000	3,35,34,600	31.8
UJJIVAN	303.8	265	14.6	48,34,200	39,69,600	21.8
PEL	2037.7	1785.5	14.1	22,99,600	19,29,600	19.2
MCX	963.6	849.85	13.4	5,70,02,000	4,95,54,000	15.0
ESCORTS	512.9	454.6	12.8	6,78,82,500	5,92,98,750	14.5

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	30-Aug-19	23-Aug-19	Weekly Change (%)	30-Aug-19	23-Aug-19	Weekly Change (%)
	Share Price (Rs.)			Open Interest		
RBLBANK	327.6	355	-7.7	17,26,900	28,95,200	-40.4
IBULHSGFIN	433.6	467.6	-7.3	765,000	11,98,500	-36.2
IDEA	5.4	5.7	-6.1	1,24,84,000	1,93,92,000	-35.6
DISHTV	22.1	23.3	-5.6	17,44,800	25,86,400	-32.5
MFSL	423.5	444.9	-4.8	23,53,200	34,77,000	-32.3

BULK DEALS

Date	Scrip Name	Client Name	Exchange	Deal Type	Qty	Trade Price
23.08.2019	Emmbi Ind	ITHOUGHTWEALTH ANALYTICS LLP	NSE	Buy	125000	125
23.08.2019	Optiemus Infra	SILVERTOSS SHOPPERS PVT LTD	BSE	Buy	487884	46
26.08.2019	Reliance Infra	QE SECURITIES	NSE	Buy	1768297	41.6
27.08.2019	Hero Motocorp	INTEGRATED CORE STRATEGIES (ASIA) LTD	NSE	Sell	1171904	2,613.7
27.08.2019	Dhanvarsha finv	TRUVALUE AGRO VENTURES PVT LTD	BSE	Buy	159650	57
28.08.2019	Tme Technoplast	DALTON ASIA (MASTER) FUND	BSE	BUY	2331174	64.3
29.08.2019	Sarda Energy	ACADIAN EMERGING MARKETS SMALL CAP EQUITY FUND LLC	NSE	Sell	180962	148.4
29.08.2019	Apollo Pipes	(MAURITIUS) LIMITED (MAURITIUS) LTD	BSE	Sell	392252	330

(Source: NSE,BSE, BP Equities Research)

7 changes in income tax laws that come into effect from Sept 1

Income tax related changes announced in the Budget usually come into effect from April 1. However, since the full Budget for FY 2019-20 was presented in July this year after the general elections, there are certain tax changes that will come into effect from September 1, 2019. Here are those main changes in tax laws that will come into effect from September 1.

1) TDS on additional payments made when purchasing immovable property

From September 1, while buying a property, you will have to include the payment made for other services or amenities such as club membership fee, car parking fee, electricity and water facility fee and so on when computing the amount paid for the property for the purpose of deducting TDS.

2) TDS on cash withdrawals from bank account

Cash withdrawals exceeding Rs 1 crore on aggregate basis during the year from an account held with a bank, cooperative bank or post office will invite levy of TDS from September 1. The move is aimed at discouraging large cash transactions and also to promote a less cash economy.

3) TDS on payments made by individuals and HUFs to contractors and professionals

From September 1, individuals and HUFs making a payment to contractors and professionals exceeding Rs 50 lakh in aggregate per annum will also be required to deduct TDS at the rate of 5 per cent. This would mean that individuals making payments over this limit for house renovation, wedding functions or for any other purpose to a single professional in a year would be required.

4) TDS on non-exempt portion of life insurance

If life insurance maturity proceeds received by you are taxable in your hands, then TDS will be deducted at the rate of five per cent on the net income portion. The net income portion is defined as the total sum received less of total amount of insurance premium paid. Currently, proceeds received at the maturity of a life insurance policy are exempted from tax if the annual premium paid does not exceed 10 per cent (20 per cent in case of insurance policies sold prior to April 2012) of the sum assured.

5) Banks and FIs can be asked to report even small transactions

Till now banks and other financial institutions are required to report specified financial transactions if the amount exceeded the threshold limit. In most of the reportable transactions, the limit has been Rs 50,000 or more. These transactions were to be reported to the income tax department through a Statement of Financial Transactions (SFT) required to be filed by all banks and FIs.

6) If PAN is not linked with Aadhaar

As per rules existing prior to changes announced in July Budget 2019 PAN would have become invalid if not linked with Aadhaar by a specified deadline. This would have meant that in case of a person's PAN becoming invalid, it would be treated as if the person never had a PAN. However, to protect the validity of previous transactions done using the PAN, Budget 2019 changed the rules such that PAN will become now become inoperative but not invalid if not linked with Aadhaar by the specified deadline.

7) Inter-changeability of PAN and Aadhaar and mandatory quoting in prescribed transactions

Another important announcement in Budget 2019 was inter-changeability of PAN and Aadhaar. "Aadhaar can be quoted in lieu of PAN only for certain prescribed transactions. Though the new law comes into effect from September 1, the government is yet to notify the certain prescribed transactions," said by Naveen Wadhwa, Chartered Accountant.

(Source: Economic times)

Company Overview

Jubilant Foodworks Ltd (JFL) incorporated in 1995 is a food service company having initiated operations in 1996. The company and its subsidiary have exclusive right to develop and operate Domino's Pizza brand in India, Sri Lanka, Bangladesh and Nepal. Currently, it has a PAN India presence with its operations in 1249 outlets covering 276 cities. The company also has a right for developing and operating Dunkin' Donuts restaurants for India which offers range of donuts and coffee beverages such as Chocolate Donut, Break-up Party Éclair, Chocofix Donuts, Big Joy Burger and many others.

Investment Rationale

Strong leadership position in QSR segment

Jubilant foodworks with its well established brand Domino's Pizza is a market leader in Pizza segment and largest in sub segment of QSR (Quick service restaurant) space. Meanwhile, QSR segment is gaining more traction due to increased urbanization and evolving consumer lifestyle and behavior driven by factors such as minimal dine-in space, take-aways, home deliveries and ready availability at odd hours of the day. With a strong network coverage across 276 cities through 1249 outlets and being a strong leadership position in QSR segment. Company is poised to grow in these emerging markets going forward.

New launches and expansion of stores to drive revenue growth

Currently, JFL has added 26 new stores which makes an overall count to 1249 food outlets. Recently, company has expanded its product portfolio by entering into Chinese cuisine category with the launch of its first own-brand 'Hong's Kitchen' with a vision to increase store outlets to ten within Delhi NCR. Further, it has also received a positive response after entering into Bangladesh market with a plan to launch five stores by the year end. The strategy of market penetration into new untapped areas will enable to accelerate revenue growth with less reliability on pizza segment.

Focus on technology, Innovation and consumer to augur well in long run

With an enhancement of GPS tracking and advanced food ordering apps, the company has improved its efficiency in delivery process. In addition to gain more traction, JBL recently came with a new campaign called 'World Pizza League', inspired by the most popular flavors from five different places- India, South Africa, England, West Indies and Australia which enable them to grow widely. Delivering ahead of own benchmark, company initiated ready to move food services in many prime railway stations of Tier 1 cities and expanding in other regions as well. Going further, such development in technology and focus on variety in innovation would enable the company to have first move advantage over changing consumer's preferences.

Valuation and Outlook

Jubilant Foods is an established leader in Pizza segment. Company's consistent menu innovation and improving delivery dynamics is helping to scale up its existing portfolio and new offerings in Chinese fast food segment to receive good response from new markets like Bangladesh. Owing to ample opportunities opening up in new market, it provides visibility and higher thrust for future growth. On valuation front, we estimate Revenue and PAT to grow at 11% and 9% CAGR for FY19- FY21E respectively. We have valued the company based on 45x PE of FY21E and assign a Buy rating on the stock with target price of INR 1425.

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook

Positive

Stock

CMP (INR)	1188
Target Price (INR)	1425

BSE code	533155
NSE Symbol	JUBLFOOD
Bloomberg	JUBI IN
Reuters	JUBI BO

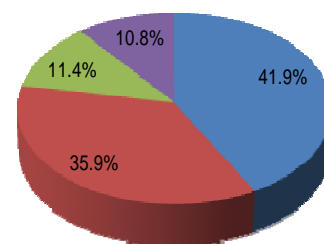
Key Data

Nifty	11,023
52WeekH/L(INR)	1557/982
O/s Shares (Mn)	132
Market Cap (INR bn)	157
Face Value (INR)	10

Average volume

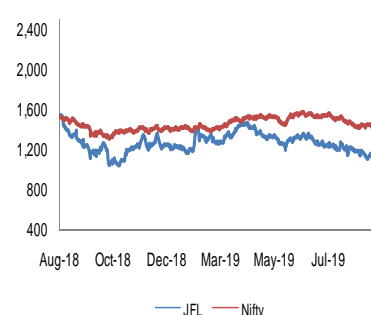
3 months	11,70,470
6 months	14,20,320
1 year	18,05,500

Share Holding Pattern (%)



■ Promoters ■ FII ■ DII ■ Others

Relative Price Chart





Weekly Wealth

Key Financials

YE March (Rs. millions)	FY17	FY18	FY19	FY20E	FY21E
Revenue	25,834	30,184	35,631	39,301	43,546
<i>Revenue Growth (Y-o-Y)</i>	6.0%	16.8%	18.0%	10.3%	10.8%
EBIDTA	2,411	4,401	5,998	6,328	7,185
<i>EBIDTA Growth (Y-o-Y)</i>	(8.6%)	82.5%	36.3%	5.5%	13.6%
Net Profit	578	1,962	3,180	3,419	4,137
<i>Net Profit Growth (Y-o-Y)</i>	(40.4%)	239.6%	62.0%	7.5%	21.0%
Diluted EPS	4.4	14.9	24.1	25.9	31.3
<i>Diluted EPS Growth (Y-o-Y)</i>	(40.4%)	239.6%	62.0%	7.5%	21.0%

Key Ratios

EBIDTA (%)	9.3%	14.6%	16.8%	16.1%	16.5%
NPM (%)	2.2%	6.5%	8.9%	8.7%	9.5%
RoE (%)	7.2%	20.3%	25.2%	22.3%	22.0%
RoCE (%)	29.9%	45.5%	47.6%	41.2%	38.2%

Valuation Ratios

P/E (x)	271.4x	79.9x	49.3x	45.9x	37.9x
EV/EBITDA	64.9x	35.3x	25.3x	24.0x	21.1x
P/BV (x)	19.5x	16.2x	12.4x	10.2x	8.3x
Market Cap. / Sales (x)	6.1x	5.2x	4.4x	4.0x	3.6x

Source: Company, BP Equities Research



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Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

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