

Week Gone

- ⇒ The gross GST revenue collected in the month of December, 2019 rose to ₹1,03,184 crore, the second month in a row when collections were above ₹1 lakh crore, government data showed.
- ⇒ Oil prices surged as US confirmed that Iran's top commander General Qassim Soleimani, who led a Special Forces unit of Iran's elite Revolutionary Guards was killed in airstrike.
- ⇒ Power Grid slashed electric vehicle charging rates by 50 per cent in Hyderabad.

Week ahead

- ⇒ Q3FY20 earnings season will start soon with IT Giant Infosys slated to disclose their financial results on 10th January, 2020.
- ⇒ Radhakishan Damani owned retailer Dmart is going to announce its Q3 results on 11th January, 2020.
- ⇒ On the indicators front, the India Markit Services PMI for December 2019 month is expected to be disclosed on January 06th, 2020.

Technical Overview

Index closed with a loss of 0.16% at 12227. Index opened this week with minor gap up and remained volatile throughout the week closing with mild loss. Index has formed indecisive candlestick near the peak which suggests indecisive behavior among participants. Going ahead index to continue it's up move will have to surpass and sustain above 12300 which if it does will open the gate for 12380-12450-12500 levels while support comes at 12150-12100-12030.

1-Nifty 50 - 03/01/20



Source: Falcon, BP Equities Research

Weekly Wealth

DOMESTIC INDICES

Index	04-Jan-20	27-Dec-19	Weekly % Chg
Nifty	12,227	12,246	-0.2
Nifty Next 50	28,479	28,477	0.0
Nifty 100	12,329	12,345	-0.1
Nifty 500	9,942	9,909	0.3
Nifty Midcap 100	17,292	17,006	1.7
Sensex	41,465	41,575	-0.3
BSE 100 Index	12,302	12,310	-0.1
BSE 200 Index	5,108	5,104	0.1
BSE 500 Index	15,778	15,726	0.3
BSE Mid-Cap	15,115	14,929	1.2
BSE Small Cap	13,989	13,548	3.3

WORLD INDICES

Index	04-Jan-20	27-Dec-19	Weekly % Chg
Nikkei Index	23,657	23,837	-0.8
Hang Sang Index	28,452	28,225	0.8
Kospi Index	2,176	2,204	-1.3
Shanghai SE Composite	3,084	3,005	2.6
Strait Times Index	3,239	3,227	0.4
Dow Jones	28,869	28,621	0.9
NASDAQ	9,092	9,022	0.8
FTSE	7,570	7,651	-1.1

FOREX

Currency	04-Jan-20	27-Dec-19	Weekly % Chg
US\$ (Rs.)	71.8	71.4	0.5
GBP (Rs.)	93.8	93.3	0.5
Euro (Rs.)	79.9	79.6	0.4
Yen (Rs.) 100 Units	66.4	65.1	1.9

NIFTY TOP GAINERS (WEEKLY)

Scrip	04-Jan-20	27-Dec-19	Weekly % Chg
Tata Motors Ltd.	191.1	176.2	8.5
GAIL (India) Ltd.	125.7	118.6	5.99
Adani Ports & Speci	382.5	363.7	5.17
Sun Pharma.	444.6	426.0	4.37
Coal India	211.9	203.5	4.1

FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
26-Dec-19	1,823.2	2,327.3	-504.1
24-Dec-19	1,935.5	2,049.9	-114.4
23-Dec-19	4,673.5	3,210.2	1,463.3
<u>MTD</u>	80,428.41	76,804.41	3,624.00

NIFTY TOP LOSERS (WEEKLY)

Scrip	04-Jan-20	27-Dec-19	Weekly % Chg
Zee Entertainment En	273.7	299.0	-8.5
Bajaj Auto Ltd.	3,072.1	3,242.0	-5.2
Eicher Motors	21,189.3	22,222.4	-4.7
Titan Company	1,139.7	1,191.5	-4.3
Asian Paints Ltd.	1,751.4	1,812.3	-3.4

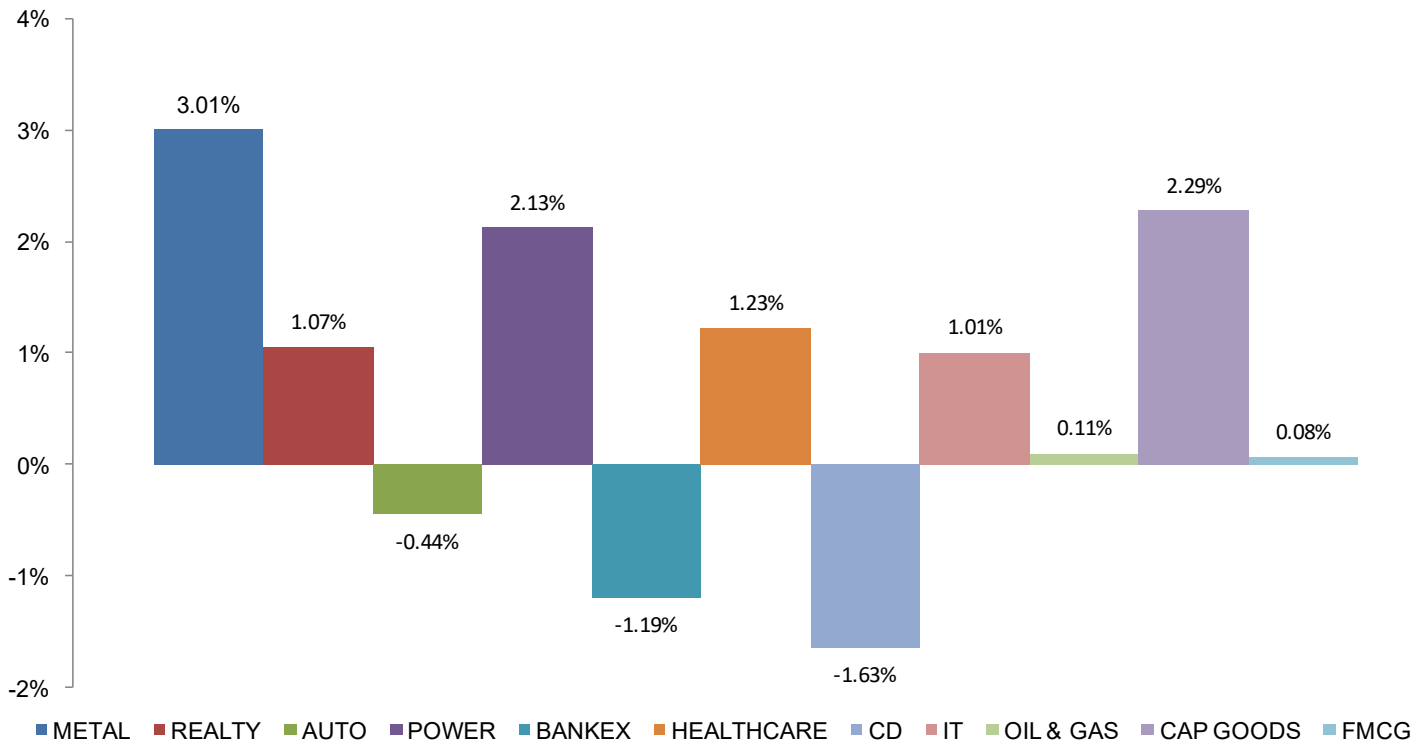
DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
26-Dec-19	3,442.90	3,322.44	120.46
24-Dec-19	1,920.41	2,265.63	-345.22
23-Dec-19	2,421.51	4,368.87	-1,947.36
<u>MTD</u>	48,731.15	51,522.98	-2,791.83

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	27-Dec-19	04-Jan-20	Weekly Change (%)	27-Dec-19	04-Jan-20	Weekly Change (%)
	Share Price (Rs.)			Open Interest		
PVR	1888.75	1882.2	-0.3	997600	1319600	32.3
SUNTV	451.65	431.8	-4.4	3848400	4902000	27.4
RAMCOCEM	756.3	765.75	1.2	991200	1249600	26.1
JUBLFOOD	1638.05	1683.4	2.8	2093000	2633500	25.8
CUMMINSIND	563.65	575.8	2.2	1536300	1922400	25.1

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	27-Dec-19	04-Jan-20	Weekly Change (%)	27-Dec-19	04-Jan-20	Weekly Change (%)
	Share Price (Rs.)			Open Interest		
NTPC	116.6	119.1	2.1	34089600	30801600	-9.6
SAIL	42.45	46.8	10.2	90290700	82079600	-9.1
GAIL	119	125.4	5.4	55158894	50347626	-8.7
APOLLOHOSP	1422.35	1493.05	5.0	1700000	1557000	-8.4
ESCORTS	627.55	621.6	-0.9	5582500	5117200	-8.3

BULK DEALS

Date	Scrip Name	Client Name	Exchange	Deal Type	Qty	Trade Price
29.12.2019	Federal Mogul Goetze	Pace Stock broking Services Private Limited	NSE	BUY	11,23,540	657.37
02.01.2020	IIFL Securities	Rare Enterprises	BSE	BUY	27,84,879	42.83

(Source: NSE,BSE, BP Equities Research)

Aadhaar becomes mandatory for PMVVY scheme

The Finance Ministry in a notification dated December 23, 2019 has asked the senior citizens who have invested in Pradhan Mantri Vaya Vandana Yojana (PMVVY) to submit their proof of Aadhaar number or undergo Aadhaar authentication. PMVVY is a pension scheme for senior citizens implemented through LIC of India. The scheme was announced in two versions in Union Budget 2017-18 and 2018-19. It offers assured rate of return in the range of 8-8.3 per cent depending on the mode of pension that the individual chooses. Sanjoy Datta, Partner, Deloitte India says, "With the notification dated December 23, 2019, the government has made the Aadhaar mandatory in the PMVVY scheme at the time of investing or submission of Aadhaar number by those who have already subscribed to the scheme. Earlier, it was not mandatory to submit the Aadhaar number. The move by the government is a continuation of an on-going process of bringing transparency to financial processes and to reduce the incidence of frauds, impersonation, etc ..

According to the notification, in case the individual does not have Aadhaar number, he/she is required to enrol for Aadhaar in order to avail the benefits.

Once the enrolment for Aadhaar number is done, to avail the continued benefit, senior citizens will be required to submit – (a) Aadhaar enrolment Identification Slip and (b) any of the following documents –

- a) Bank passbook or post office passbook with photo,
- b) Voter Identity Card,
- c) Ration Card,
- d) PAN card,
- e) Driving license,
- f) Passport,
- g) MGNREGA Card
- h) Kisan Photo Passbook
- i) Certificate of identity having photo of such person issued by a gazetted person on an official letterhead
- j) Any other document as specified by the department

The notification further suggests that if Aadhaar authentication fails due to poor biometrics or any other reason, then other methods for authentication must be adopted which include Integrated Risk Information system or face authentication, Aadhaar One-Time Password (OTP) or Time based password with limited time validity or verification of Aadhaar number using QR code on the physical Aadhaar card. According to Aadhaar regulations, 2016, it is the duty of Finance Ministry to offer Aadhaar enrolment facilities for those senior citizens who have not yet enrolled for Aadhaar. PMVVY was launched by the government on May 4, 2017 to provide an additional investment avenue to senior citizens to meet their income needs. It is a subsidised pension scheme from the Government of India. Life Insurance Corporation (LIC) is the sole operator of the scheme. Senior citizen can invest up to Rs 15 lakh in the scheme. The last date to invest in the scheme is March 31, 2020.

(Source: Economic Times)

Consumer Products

Company Overview

La Opala RG Limited (LORGL) is one of the leading players in the tableware products (opal and glass) in India. It sells its opalware products under two brands i.e. La Opala (economy segment) and Diva (premium segment) and glassware products under Solitaire brand. It is operating in the opalware segment for around three decades and is one of the major domestic manufacturers operating in this segment. The company is operating in the glassware segment for more than two decades. Over the period, the company has developed a strong brand image for its LaOpala and Solitaire brand. Further, the company launched its premium product range through 'Diva' brand in 2008. The company also operates a small windmill (600 KW) at Jaisalmer, Rajasthan which is maintained by Enercon India Ltd.

Investment Rationale

Premiumization and brand recall will further strengthen margins

With a focus on better margins, LORGL has constantly improved its revenue mix by concentrating on high value or premium products. From a capacity of 4000 TPA in FY13 for its premium brand Diva (which currently has four sub-brands - Classique, Quadra, Ivory and Sovarna), they have scaled it up by 400% to 16000 TPA by the end of FY18. This also helped the company take the premium product share mix in total revenue from 48% in FY13 to 75% in FY18. Going forward this is all set to increase more and help strengthen the margins.

Changing market shift to benefit La Opala the most

The Indian houseware market was traditionally structured such that the middle class only relied on stainless steel tableware for daily use while using the expensive priced melamine, glassware or ceramic for special occasions, gifting or for guests. But with rising per capita income, size of opportunity and changing dynamics of Indian Families La Opala stands to benefit from more discretionary spending on their products. According to LORGL's FY19 annual report, currently Indian opalware market was estimated at INR 500 crore in 2018 and India's tableware market stood close to INR 10000 crore. Of this, opalware accounts for close to 5%, while steel, bone china and melamine account for 60%, 31% and 9%, respectively. LORGL is the segment leader with 43% industry capacity and 48% revenue market share and thus, a shift from steel to opalware presents a huge opportunity for the company.

Valuation and outlook

La Opala is the segment leader and has no debt on its books. Changing Industry dynamics, higher margin products and more discretionary spending on their products translate into a good earnings growth for the company going forward. Taking all these factors into consideration, we have valued the stock by assigning 18.1x P/E multiple on FY21E with a BUY rating on this stock for target of INR 178, translating into an 18% upside from the CMP.

Stock Rating

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

Sector Outlook

Positive

Stock

CMP (INR)	151
Target Price (INR)	178
NSE Symbol	LAOPALA
Bloomberg	LOG IN
Reuters	LAOP.BO

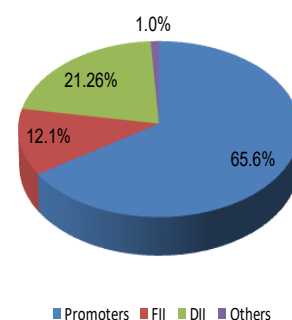
Key Data

Nifty	12226.7
52WeekH/L(INR)	224/130.5
O/s Shares (Mn)	111.0
Market Cap (INR bn)	16.93
Face Value (INR)	2

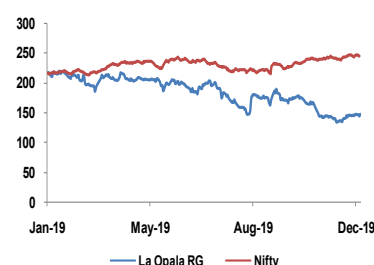
Average volume

3 months	621,706,180
6 months	572,176,460
1 year	461,687,020

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials

YE March (Rs. millions)	FY17	FY18	FY19	FY20E	FY21E
Revenue	2,352	2,593	2,781	3,472	4,124
<i>Revenue Growth (Y-o-Y)</i>	<i>(5.6%)</i>	<i>10.2%</i>	<i>7.3%</i>	<i>24.8%</i>	<i>18.8%</i>
EBIDTA	877	1,066	1,123	1,480	1,787
<i>EBIDTA Growth (Y-o-Y)</i>	<i>1.5%</i>	<i>21.5%</i>	<i>5.3%</i>	<i>31.8%</i>	<i>20.7%</i>
Net Profit	622	734	740	855	1,092
<i>Net Profit Growth (Y-o-Y)</i>	<i>5.9%</i>	<i>18.1%</i>	<i>0.8%</i>	<i>15.5%</i>	<i>27.7%</i>
Diluted EPS	5.6	6.6	6.7	7.7	9.8
<i>Diluted EPS Growth (Y-o-Y)</i>	<i>5.9%</i>	<i>18.1%</i>	<i>0.8%</i>	<i>15.5%</i>	<i>27.7%</i>

Key Ratios

EBIDTA (%)	37.3%	41.1%	40.4%	42.6%	43.3%
NPM (%)	26.4%	28.3%	26.6%	24.6%	26.5%
RoE (%)	14.3%	14.6%	14.0%	13.5%	15.3%
RoCE (%)	20.0%	21.0%	21.2%	23.4%	25.1%

Valuation Ratios

P/E (x)	26.3x	22.2x	22.1x	19.1x	15.0x
EV/EBITDA	18.7x	15.4x	14.5x	11.0x	9.1x
P/BV (x)	3.8x	3.2x	3.1x	2.6x	2.3x
Market Cap. / Sales (x)	6.9x	6.3x	5.9x	4.7x	4.0x



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