

## Week Gone

- ⇒ Bharti Airtel had paid Rs 10,000 crore to Department of Telecommunications (DoT) as part payment of its AGR dues..
- ⇒ Hero MotoCorp said the company has commenced the dispatches of three more BS-VI products – Splendor+ in the motorcycle segment and Destini 125 and Maestro Edge 125 in the premium scooter segment..
- ⇒ Aurobindo Pharma surged 20.40%. The drug maker said that with regard to the United States Food and Drug Administration (USFDA) inspection of unit IV, a general injectable formulation manufacturing facility of the company, the company has received the Establishment Inspection Report (EIR) with Voluntary Action Initiated (VAI) status from USFDA..
- ⇒ China's National Health Commission said that as of Tuesday night, a total of 74,185 cases of the new coronavirus had been confirmed in the country and 2,004 people have died.

## Week ahead

- ⇒ The quarterly GDP estimate for the quarter October-December, 2019 (Q3 of 2019-20) will be released on 28 February 2020
- ⇒ On macroeconomic front, India's infrastructure output data for January will be unveiled on 28 February 2020
- ⇒ Overseas, US President Donald Trump will visit India on February 24 and 25. Donald Trump and Prime Minister Narendra Modi are reportedly likely to deliver a speech at the newly build Motera stadium.
- ⇒ US Markit manufacturing PMI and Markit services PMI for February will be announced on Friday, 21 February 2020

## Technical Overview

Index closed with a loss of 0.27% at 12081. Index opened this week flat and remained sideways throughout the week closing this week on a flat note. Index has formed two small body candlestick patterns near the peak which indicates indecisive behavior among the participants. Going ahead index has support at 11950-11800 while on higher side resistance is seen at 12250-12350.





## Weekly Wealth

## DOMESTIC INDICES

Index	20-Feb-20	14-Feb-20	Weekly % Chg
Nifty	12,081	12,113	-0.3
Nifty Next 50	28,670	28,501	0.6
Nifty 100	12,211	12,230	-0.2
Nifty 500	9,959	9,961	0.0
Nifty Midcap 100	18,110	17,979	0.7
Sensex	41,170	41,258	-0.2
BSE 100 Index	12,195	12,215	-0.2
BSE 200 Index	5,093	5,098	-0.1
BSE 500 Index	15,787	15,798	-0.1
BSE Mid-Cap	15,694	15,662	0.2
BSE Small Cap	14,747	14,683	0.4

## WORLD INDICES

Index	20-Feb-20	14-Feb-20	Weekly % Chg
Nikkei Index	23,479	23,688	-0.9
Hang Sang Index	27,609	27,816	-0.7
Kospi Index	2,196	2,244	-2.1
Shanghai SE Composite	3,030	2,917	3.9
Strait Times Index	3,199	3,220	-0.7
Dow Jones	29,348	29,398	-0.2
NASDAQ	9,817	9,731	0.9
FTSE	7,461	7,409	0.7

## FOREX

Currency	20-Feb-20	14-Feb-20	Weekly % Chg
US\$ (Rs.)	71.6	71.5	0.1
GBP (Rs.)	92.1	93.9	-1.9
Euro (Rs.)	77.3	77.4	-0.1
Yen (Rs.) 100 Units	63.9	65.1	-1.8

## NIFTY TOP GAINERS (WEEKLY)

Scrip	20-Feb-20	14-Feb-20	Weekly % Chg
Zee Entertainment En	256.8	237.2	8.3
Titan Company	1,322.9	1,298.1	1.9
Bajaj Finance	4,880.5	4,795.4	1.8
ICICI Bank	547.0	541.0	1.1
Bharti Airtel	545.6	540.0	1.1

## NIFTY TOP LOSERS (WEEKLY)

Scrip	20-Feb-20	14-Feb-20	Weekly % Chg
GAIL (India) Ltd.	130.3	119.3	-8.4
Bharti Infratel Ltd.	244.85	226.2	-7.6
Hero MotoCorp	2,408.9	2,240.2	-7.0
Tata Motors Ltd.	169.5	158.5	-6.4
HPCL	235.05	222.4	-5.3

## FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
19-Feb-20	4,806.7	4,997.4	-190.7
18-Feb-20	5,132.6	5,207.0	-74.4
17-Feb-20	3,406.8	7,138.3	366.2
<u>MTD</u>	85,053.4	95,539.4	(10,486.0)

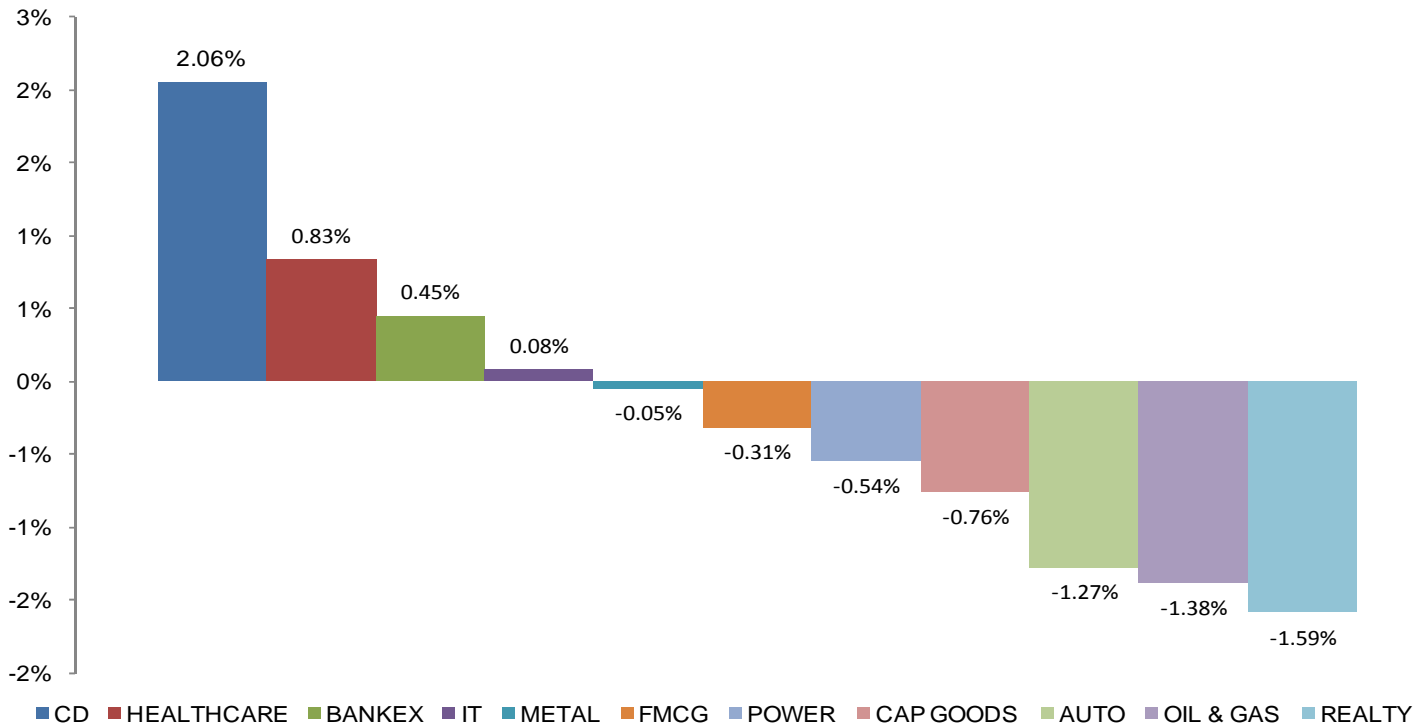
## DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
19-Feb-20	3,123.6	2,533.5	590.1
18-Feb-20	4,360.8	4,670.3	-309.4
17-Feb-20	3,294.4	3,448.7	-154.3
<u>MTD</u>	72,785.5	64,618.7	8,166.8

# Weekly Wealth

## BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

## TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	20-Feb-20 Share Price (Rs.)	14-Feb-20 Share Price (Rs.)	Weekly Change (%)	20-Feb-20 Open Interest	14-Feb-20 Open Interest	Weekly Change (%)
AMBUJACEM	205.8	205.8	0.0	40725000	22472500	81.2
MINDTREE	1033.3	959.1	7.7	1392800	824800	68.9
IDEA	4.45	3.45	29.0	660814000	424046000	55.8
YESBANK	34.45	37.7	-8.6	352220000	239500800	47.1
IBULHSGFIN	339.1	321.3	5.6	25272000	17768400	42.2

## TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	20-Feb-20 Share Price (Rs.)	14-Feb-20 Share Price (Rs.)	Weekly Change (%)	20-Feb-20 Open Interest	14-Feb-20 Open Interest	Weekly Change (%)
CADILAH	279.9	270.45	3.5	6831000	7759400	-12.0
RAMCOCEM	803.9	791.1	1.6	1370400	1537600	-10.9
MANAPPURAM	176.3	161.45	9.2	29706000	32220000	-7.8
NCC	42.1	47.0	-10.4	47889000	51336000	-6.7
POWERGRID	189.1	183.8	2.9	55480000	59464000	-6.7

## Weekly Wealth

Date	Scrip Name	Client Name	Exchange	Deal Type	Qty	Trade Price
14.02.2020	Pioneer Distill	MANGAL KESHAV CAPITAL LIMITED	NSE	BUY	115150	144.0
17.02.2020	APL Apollo	HDFC MUTUAL FUND	NSE	SELL	300000	2000

(Source: NSE,BSE, BP Equities Research)

## Textile Industry

## Company Overview

Welspun India Limited (WIL), incorporated in 1985 is a flagship company of Welspun Group engaged in textile business. It caters the demand with its wide range of product portfolio included in home textile such as terry towels, bed sheets, pillows cases, rugs, carpets and others used for home furnishings, bed linen such as bed sheets in various blends, bath rugs and robes. Moreover, it is the largest exporter of home textile products with a global outreach of more than 50 countries. Its manufacturing facilities are located in district of Gujarat namely Anjar and Vapi.

## Investment Rationale

## Robust player in Home textile market

Welspun is a largest home textile player in Asia ranking into top three manufacturers in the world, delivering to more than 50 countries. Currently, it exports more than ~94% of its towels to more than 34 countries out of which ~68% is to the US, ~23% to Europe and the balance to Middle East, Australia, Mauritius. With its strategical approach it supplies its rich quality products to 17 out of 30 global retailers which includes chains all over the world like WalMart, Target, Sam's Club, Costco, Macy's, Kohl's, JC Penney, K-Mart, Sears, Tesco etc. Over the last 6 years, company has maintained its no.1 ranking position in the top 15 Supplier Giants to the USA by Home Textiles Today Magazine.

## Increase in revenue stream backed by new products and strong brand image

Company has been focusing on innovation and new product development which makes it unique and key differentiators from others. Currently, 38% of FY19 revenue is contributed by innovative technologies developed or owned by the company. It owns premium brands like Christy, Kinglsey; and Indian brands like Spaces and Welhome. Therefore, innovative products and brands on the back of good product mix will enable to drive revenue by keeping EBITDA margins stable resulting into improvement in overall profitability.

## Valuation and outlook

Welspun India's leading position in home textiles segment with global reach, strong relationship with leading global retailers, well-diversified product portfolio, strong brand image, integrated operations enables the company to gain surplus traction from domestic as well as international market. Taking all this into consideration we are optimistic about the future growth prospect of the company. We have valued the company based on 6x EV/EBITDA of FY21 and recommend BUY rating on this stock with the target price of INR 53.

## Stock Rating

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

## Sector Outlook

Positive

## Stock

CMP (INR)	45
Target Price (INR)	53
NSE Symbol	WELSPUNIND
Bloomberg	WLSI IN
Reuters	WLSP.BO

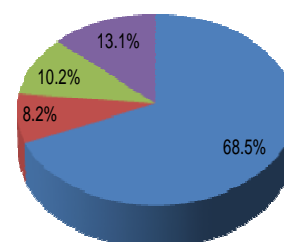
## Key Data

Nifty	12081
52WeekH/L(INR)	66/41
O/s Shares (Mn)	10.4
Market Cap (INR bn)	45
Face Value (INR)	1

## Average volume

3 months	22,55,930
6 months	14,96,170
1 year	12,08,510

## Share Holding Pattern (%)



■ Promoters ■ FII ■ DII ■ Others

## Relative Price Chart



# Weekly Wealth

## Key Financials

YE March (INR mn)	FY17	FY18	FY19	FY20E	FY21E
<b>Revenue</b>	<b>66,379</b>	<b>60,500</b>	<b>65,266</b>	<b>70,749</b>	<b>76,196</b>
<i>Revenue Growth (Y-o-Y)</i>	12.1%	(8.9%)	7.9%	8.4%	7.7%
<b>EBIDTA</b>	<b>15,834</b>	<b>11,234</b>	<b>10,649</b>	<b>14,008</b>	<b>13,944</b>
<i>EBIDTA Growth (Y-o-Y)</i>	(0.6%)	(29.1%)	(5.2%)	31.5%	(0.5%)
<b>Net Profit</b>	<b>3,576</b>	<b>3,850</b>	<b>2,098</b>	<b>3,820</b>	<b>4,496</b>
<i>Net Profit Growth (Y-o-Y)</i>	(51.5%)	7.7%	(45.5%)	82.1%	17.7%
<b>Diluted EPS</b>	<b>3.6</b>	<b>3.8</b>	<b>2.1</b>	<b>3.8</b>	<b>4.5</b>
<i>Diluted EPS Growth (Y-o-Y)</i>	(51.5%)	7.7%	(45.5%)	82.1%	17.7%

## Key Ratios

<b>EBIDTA (%)</b>	<b>23.9%</b>	<b>18.6%</b>	<b>16.3%</b>	<b>19.8%</b>	<b>18.3%</b>
<b>NPM (%)</b>	5.4%	6.4%	3.2%	5.4%	5.9%
<b>RoE (%)</b>	<b>14.9%</b>	<b>14.8%</b>	<b>7.5%</b>	<b>12.2%</b>	<b>12.7%</b>
<b>RoCE (%)</b>	64.3%	42.1%	37.9%	44.3%	38.9%

## Valuation Ratios

<b>P/E (x)</b>	<b>12.6x</b>	<b>11.7x</b>	<b>21.5x</b>	<b>11.8x</b>	<b>10.1x</b>
<b>EV/EBITDA</b>	4.8x	6.7x	7.1x	5.4x	5.4x
<b>P/BV (x)</b>	<b>1.9x</b>	<b>1.7x</b>	<b>1.6x</b>	<b>1.4x</b>	<b>1.3x</b>
<b>Market Cap. / Sales (x)</b>	0.7x	0.7x	0.7x	0.6x	0.6x



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