

Week Gone

- ⇒ Competition Commission of India (CCI) on Wednesday (20 January 2021) said it has approved the stake acquisition in Max Life Insurance Company (Max Life) by Axis Bank, Axis Capital and Axis Securities
- ⇒ The Securities and Exchange Board of India (SEBI) on Wednesday gave a go-ahead to RIL's Rs 24,713-crore deal to buy Future Group's retail assets.
- ⇒ The European Central Bank kept interest rates unchanged on Thursday but said it stands ready to act as coronavirus infection rates rise across the euro zone, leading to renewed lockdown measures.

Week Ahead

- ⇒ Axis Bank and Hindustan Unilever will announce results for Q3FY21 on 27 January 2021.
- ⇒ Japan's Industrial production data for December will be released on 29 January 2021.

Technical Overview

Index closed with a loss of 0.43% at 14372. Index opened this week on a flat note and remained volatile throughout the week closing with minor loss. Index has formed indecisive candlesticks pattern for second consecutive week at the peak which suggests caution for an ongoing trend. Going ahead index has immediate resistance around 14500, sustenance above mention level will open the way for 14580-14700. While on downside support is seen at 14280-14200-14080.



Source: Falcon, BP Equities Research



Weekly Wealth

DOMESTIC INDICES

Index	22-Jan-21	15-Jan-21	Weekly % Chg
Nifty	14,372	14,434	-0.4
Nifty Next 50	33,339	33,781	-1.3
Nifty 100	14,480	14,559	-0.5
Nifty 500	11,855	11,931	-0.6
Nifty Midcap 100	21,659	21,934	-1.3
Sensex	48,879	48,783	-0.3
BSE 100 Index	14,524	14,593	-0.5
BSE 200 Index	6,082	6,121	-0.6
BSE 500 Index	18,846	18,969	-0.6
BSE Mid-Cap	18,762	18,904	-0.8
BSE Small Cap	18,422	18,682	-1.4

NIFTY TOP GAINERS (WEEKLY)

Scrip	22-Jan-21	15-Jan-21	Weekly % Chg
Bajaj Auto Ltd.	4,089.5	3,580.3	14.2
Tata Motors Ltd.	289.4	260.3	11.2
UPL	567.0	522.6	8.5
Reliance Inds.	2,049.6	1,937.5	5.8
Hero MotoCorp	3,374.9	3,203.0	5.4

NIFTY TOP LOSERS (WEEKLY)

Scrip	22-Jan-21	15-Jan-21	Weekly % Chg
ONGC	92.8	101.4	-8.5
Tata Steel	647.0	705.9	-8.3
IndusInd Bank	893.3	965.9	-7.5
Coal India	133.2	143.3	-7.0
SBI	283.7	303.9	-6.6

WORLD INDICES

Index	22-Jan-21	15-Jan-21	Weekly % Chg
Nikkei Index	28,632	28,520	0.4
Hang Seng Index	29,448	28,574	3.1
Kospi Index	3,141	3,086	1.8
Shanghai SE Composite	3,607	3,566	1.1
Strait Times Index	2,992	3,005	-0.4
Dow Jones	31,176	30,645	1.7
NASDAQ	13,531	12,971	4.3
FTSE	6,677	6,689	-0.2

FOREX

Currency	22-Jan-21	15-Jan-21	Weekly % Chg
US\$ (Rs.)	73.0	73.2	-0.2
GBP (Rs.)	99.7	99.5	0.2
Euro (Rs.)	88.9	86.5	2.8
Yen (Rs.) 100 Units	70.0	71.0	-1.4

FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
22-Jan-21	8,326.8	8,962.5	-635.7
21-Jan-21	9,104.3	7,489.6	1,614.7
20-Jan-21	7,701.3	7,138.3	366.2
19-Jan-21	6,715.9	7,034.7	-1,200.3
18-Jan-21	7,847.8	2,248.7	-1,199.5
<u>MTD</u>	89,879.2	62,951.5	26,927.7

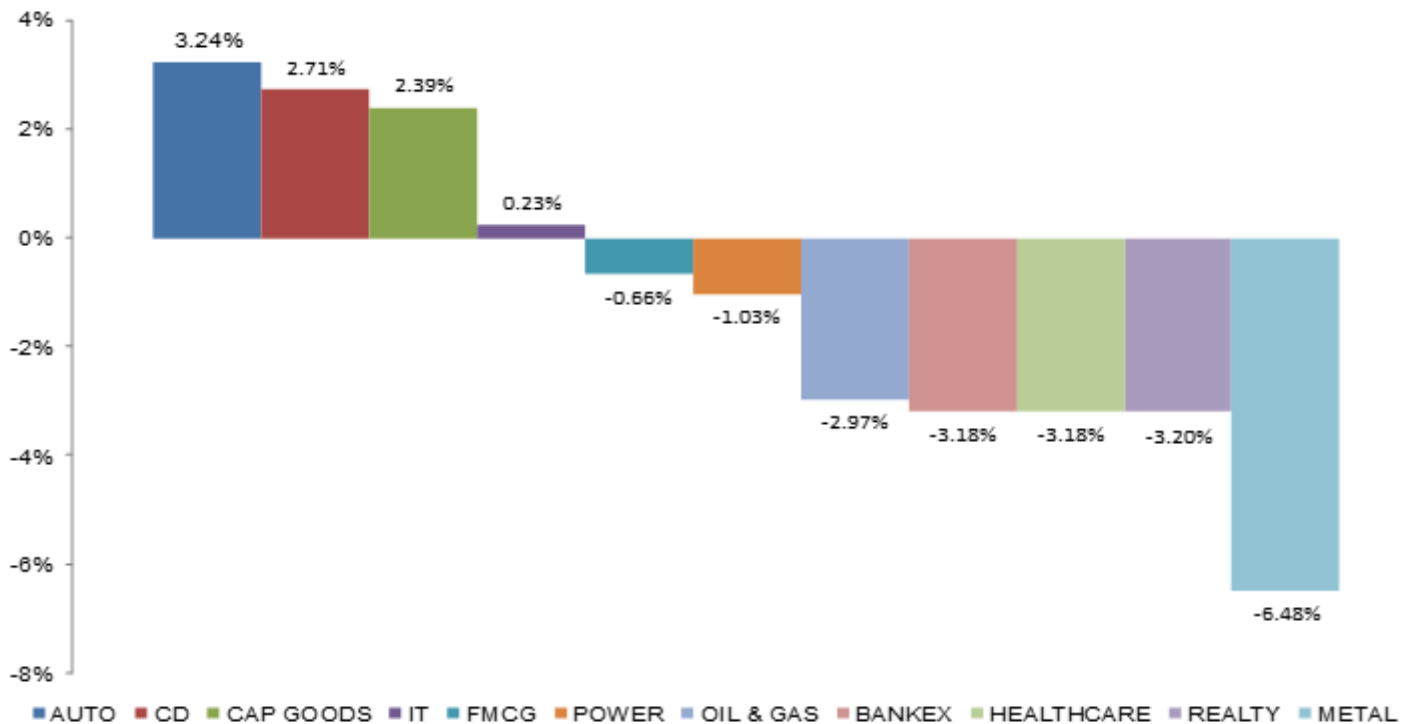
DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
22-Jan-21	4,860.0	6,150.3	-1,290.4
21-Jan-21	5,053.6	6,093.1	-1,039.5
20-Jan-21	5,084.7	5,949.4	-864.6
19-Jan-21	5,146.4	5,345.7	-199.3
18-Jan-21	6,371.1	6,413.6	-42.5
<u>MTD</u>	75,641.0	90,110.2	-14,469.2

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	22-Jan-21	15-Jan-21	Weekly % Chg	22-Jan-21	15-Jan-21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
APOLLOTYRE	232.6	184.25	26.2	15035000	12355000	21.7
SRF	5421.45	5854.55	-7.4	352750	297875	18.4
ICICIGI	1440	1555.95	-7.5	777750	666400	16.7
ULTRACEMCO	5567.6	5476.55	1.7	1579400	1429400	10.5
POWERGRID	194.3	203.35	-4.5	16840000	16272000	3.5

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	22-Jan-21	15-Jan-21	Weekly % Chg	22-Jan-21	15-Jan-21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
GRASIM	1005.25	1036.65	-3.0	4456450	17993000	-75.2
JSWSTEEL	376.25	395.95	-5.0	14023800	34762500	-59.7
ADANI PORTS	536.8	530.2	1.2	19902500	45430000	-56.2
GMRINFRA	26.1	26.65	-2.1	86467500	144562500	-40.2
UPL	568.85	522.9	8.8	9605700	16052400	-40.2

Plastic Products

Company Background

Incorporated in 1987, Acrysil Ltd is engaged in the business of manufacturing Quartz Kitchen Sinks. Its products include Granite Sinks, Stainless Steel Sinks, Food Waste Disposer, and Faucets. They market their sinks under the brand name "Carysil". It offers other appliances under various categories, including hobs, premium line chimney, oven, wine chillers, standard line chimney, designer line chimney, dishwashers, microwave oven and ice makers. The company's product portfolio also includes the Bath segment products like Wash Basin, WC, Quartz tiles, and Bath fittings under the brand name of "Sternhagen".

Investment Rationale

Established presence in granite-based kitchen sink industry

Acrysil is a leading manufacturer of granite-based kitchen sink in India. Currently, the company is among the few entities in Asia who manufactures quartz kitchen sinks keeping global standards of quality, durability, and visual appeal. It has two plants with a combined capacity of 5,00,000 Quartz kitchen sinks annually which enables to develop more than 120+ models to cater to various segments and markets. Globally, there are only four players producing Quartz Sinks. Its brand is available in more than 1,500 outlets and is a preferred choice of builders and Modular Kitchen Studios in the premium segment. Globally around 90-95% of the industry makes use of Stainless Steel and only 5-10% makes use of Quartz Sinks which provides a significant headroom for potential growth.

Strong distribution network to facilitate long term growth

The company has a strong distribution network both in domestic as well as overseas markets. In the domestic market, it has a strong foothold with ~1500 dealers, ~65 franchise shop, ~82 distributors, ~80 Gallery. Currently, an increase in consumer preference has led to a higher demand for modular kitchen has gained traction over its product portfolio. In overseas market, it has a robust presence in the UK due to its strategic acquisition of kitchen products based distribution based company (i.e Homestyle UK Ltd). Additionally, it has managed to increase its market presence and visibility by various methods such as outsourcing and selling its products to the top Customers and aligned its partnership with partners in the USA, Israel, Denmark & Germany.

Valuation and Outlook

Acrysil's Product/segmental diversification is expected to result in operational synergies and support future revenue growth. To tap the increasing demand and the tie-up with IKEA, the company is enhancing its Quartz sinks capacity by 20% (6,00,000 sinks/Annually) and same will commercialise in Q4FY21. We believe the company has strong potential to move to the next level for growth in international markets. Going ahead, the company is poised for future growth prospects on account of an increase in the standard of living of people and also upcoming investments in commercial and residential sectors. On the valuation front, we value the company based on 20x P/E multiple of FY22E and recommend a **BUY** rating on this stock with a price target of INR 232 (23% upside from CMP) with a 12 months investment horizon.

Stock Rating

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

Sector Outlook

Positive

Stock

CMP (INR)	189
Target Price (INR)	232
NSE Symbol	ACRYSIL
BSE Code	524091
Bloomberg	ACRY IN
Reuters	ACRI.BO

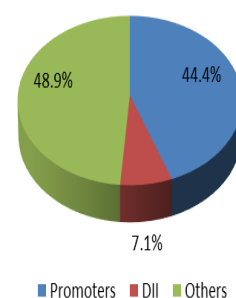
Key Data

Nifty	14,371
52WeekH/L(INR)	210/54
O/s Shares (Mn)	26.7
Market Cap (INR bn)	51.3
Face Value (INR)	2

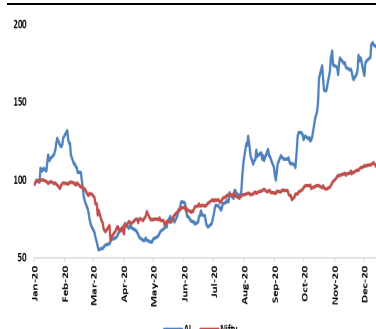
Average volume

3 months	7,47,143
6 months	13,42,999
1 year	16,23,174

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials

YE March (INR Mn)	FY18	FY19	FY20	FY21E	FY22E
Revenue	1,965	2,516	2,762	2,235	2,738
<i>Revenue Growth (Y-o-Y)</i>	8.6%	28.1%	9.8%	(19.1%)	22.5%
EBIDTA	270	424	476	404	556
<i>EBIDTA Growth (Y-o-Y)</i>	0.2%	57.0%	12.3%	(15.0%)	37.4%
Net Profit	120	172	221	235	309
<i>Net Profit Growth (Y-o-Y)</i>	64.6%	44.3%	28.0%	6.3%	31.8%
Diluted EPS	4.5	6.5	8.3	8.8	11.6
<i>Diluted EPS Growth (Y-o-Y)</i>	64.6%	44.3%	28.0%	6.3%	31.8%

Key Ratios

EBIDTA margin (%)	13.7%	16.8%	17.2%	18.1%	20.3%
NPM (%)	6.1%	6.9%	8.0%	10.5%	11.3%
RoE (%)	10.1%	12.8%	14.0%	13.2%	15.0%
RoCE (%)	12.9%	18.3%	18.3%	14.5%	18.1%

Valuation Ratios

P/E (x)	42.2x	29.3x	22.9x	21.5x	16.3x
EV/EBITDA	21.4x	13.9x	12.3x	14.5x	10.6x
P/BV (x)	4.3x	3.7x	3.2x	2.8x	2.5x
Market Cap. / Sales (x)	2.6x	2.0x	1.8x	2.3x	1.8x

Source: Company, BP Equities Research



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