

Week Gone

- ⇒ In the week ended on Friday, 26 March 2021, the Sensex dropped 849.74 points or 1.70% to settle at 49,008.50. The Nifty 50 index lost 236.70 points or 1.61% to settle at 14,507.30. The BSE Mid-Cap index slipped 74.13 or 0.37% to settle at 19,970.37. The BSE Small-Cap index skid 191.58 points or 0.94% to settle at 20,278.96.
- ⇒ India recorded its highest single-day COVID-19 count in over five months on Thursday with 59,118 people testing positive for the virus.
- ⇒ Maruti Suzuki India announced that it will hike vehicle prices from April 2021 due to increase in various input costs.

Week Ahead

- ⇒ India's infrastructure output data for February will be unveiled on 31 March 2021.
- ⇒ The US Markit Manufacturing PMI for March will be declared on 1 April 2021.

Technical Overview

Index closed with a loss of 1.61% at 14507. Index opened this week on a flat note and remained under pressure throughout the week except the last day of the week where index recovered some losses. Going ahead index has an immediate support zone around 14200-14300, till index hold above the mentioned support zone index likely to scale higher to towards 14630-14750-14900. While support past 14200, comes at 14050-13970-13850.



Source: Falcon, BP Equities Research



Weekly Wealth

DOMESTIC INDICES

Index	26-Mar-21	19-Mar-21	Weekly % Chg
Nifty	14,507	14,744	-1.6
Nifty Next 50	33,963	34,076	-0.3
Nifty 100	14,634	14,847	-1.4
Nifty 500	12,149	12,315	-1.3
Nifty Midcap 100	23,213	23,413	-0.9
Sensex	49,009	49,858	-1.7
BSE 100 Index	14,689	14,913	-1.5
BSE 200 Index	6,211	6,295	-1.3
BSE 500 Index	19,345	19,612	-1.4
BSE Mid-Cap	19,970	20,045	-0.4
BSE Small Cap	20,279	20,471	-0.9

NIFTY TOP GAINERS (WEEKLY)

Scrip	26-Mar-21	19-Mar-21	Weekly % Chg
Tata Steel	766.9	733.0	4.6
Shree Cement	28,116.2	26,936.7	4.4
Asian Paints	2,505.2	2,411.3	3.9
Cipla	787.5	760.7	3.5
Dr. Reddys Lab	4,406.0	4,274.5	3.1

NIFTY TOP LOSERS (WEEKLY)

Scrip	26-Mar-21	19-Mar-21	Weekly % Chg
Indian Oil Corp.	90.9	98.8	-8.0
ONGC	102.4	110.5	-7.3
Power Grid Corpn.	214.6	230.2	-6.8
Mahindra & Mahindra	799.4	850.3	-6.0
Indusind Bank	952.8	1,011.9	-5.9

WORLD INDICES

Index	26-Mar-21	19-Mar-21	Weekly % Chg
Nikkei Index	29,177	29,792	-2.1
Hang Seng Index	28,336	28,991	-2.3
Kospi Index	3,041	3,040	0.0
Shanghai SE Composite	3,418	3,405	0.4
Strait Times Index	3,158	3,135	0.7
Dow Jones	32,619	32,862	-0.7
NASDAQ	12,978	13,116	-1.1
FTSE	6,723	6,719	0.1

FOREX

Currency	26-Mar-21	19-Mar-21	Weekly % Chg
US\$ (Rs.)	72.6	72.5	0.1
GBP (Rs.)	99.9	100.3	-0.4
Euro (Rs.)	85.4	86.2	-0.8
Yen (Rs.) 100 Units	66.0	67.0	-1.5

FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
26-Mar-21	6,317.0	6,367.1	-50.1
25-Mar-21	6,669.5	10,053.1	-3383.6
24-Mar-21	5,577.5	7,529.4	-1951.9
23-Mar-21	7,811.3	7,919.6	-108.2
22-Mar-21	6,436.5	7,223.4	-787.0
<u>MTD</u>	1,72,982.1	1,70,820.5	2,161.6

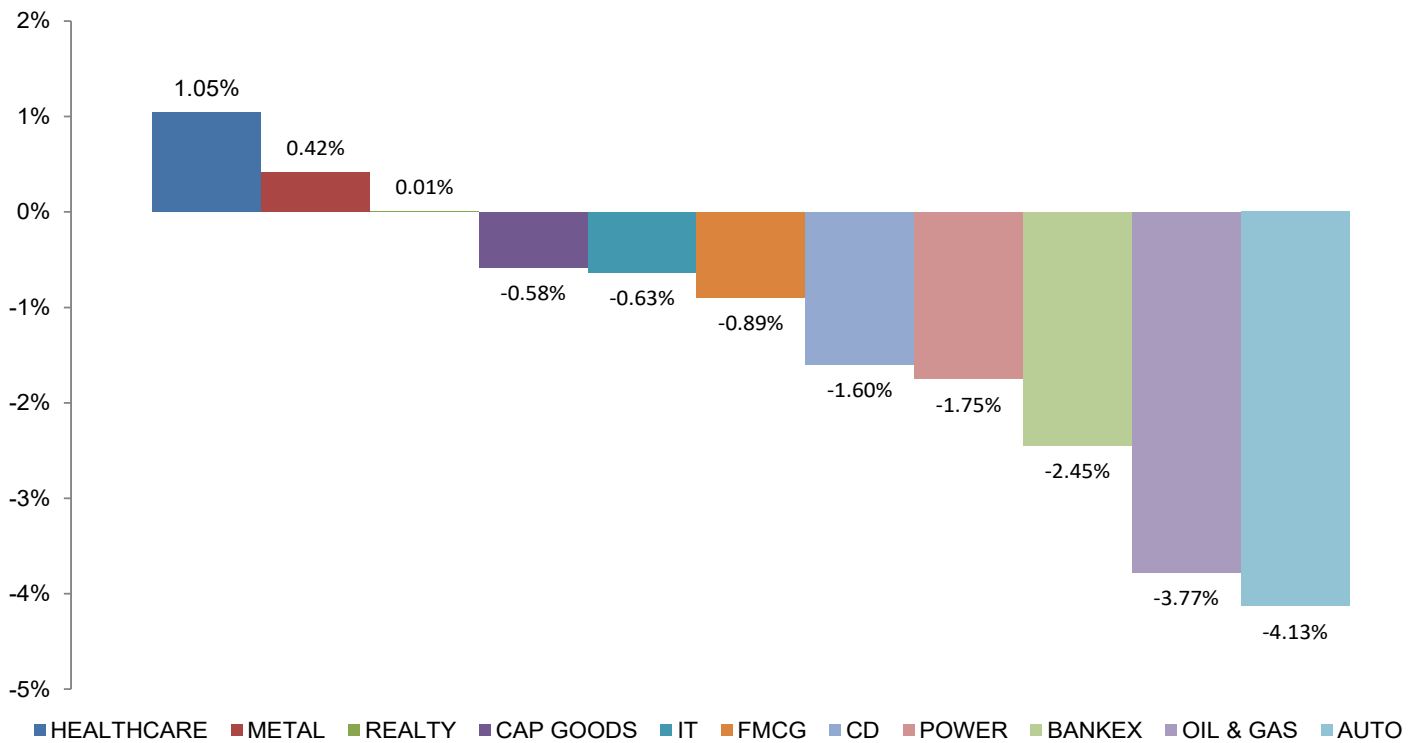
DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
26-Mar-21	5,876.7	4,173.6	1,703.1
25-Mar-21	7,823.4	5,555.7	2,267.7
24-Mar-21	5,581.3	4,968.5	612.8
23-Mar-21	4,882.5	5,412.2	-529.7
22-Mar-21	4,659.7	4,117.0	542.7
<u>MTD</u>	96,322.6	95,380.8	941.9

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	26-Mar-21	19-Mar-21	Weekly % Chg	26-Mar-21	19-Mar-21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
APLLTD	943.45	892.1	5.8	727100	258500	181.3
JSWSTEEL	449.05	442.15	1.6	33590700	15657300	114.5
SAIL	77.5	73.35	5.7	136914000	76684000	78.5
SUNTV	457.45	479.1	-4.5	11920500	6714000	77.5
PFIZER	4406.7	4411.15	-0.1	60625	37375	62.2

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	26-Mar-21	19-Mar-21	Weekly % Chg	26-Mar-21	19-Mar-21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
VEDL	226.95	223.05	1.7	70413400	137590400	-48.8
IDEA	9.2	9.85	-6.6	443310000	770000000	-42.4
NAM-INDIA	333	327.7	1.6	723200	1209600	-40.2
UBL	1245.05	1211.6	2.8	928900	1198400	-22.5
BRITANNIA	3517.0	3473.2	1.3	1781200	2146200	-17.0

Diversified

Company Background

Imperial Tobacco Company (ITC), established in 1910 is an Indian multinational conglomerate company known as the largest cigarette manufacturer and seller in India. Moreover, company is engaged in five different segments such as FMCG, Hotels, Paperboards, Paper and Packaging and Agri Business. Apart from cigarette, its FMCG segment includes and branded packaged foods businesses (Staples, Snacks and Meals, Dairy and Beverages, and Confections). Its Hotels segment includes Hoteliering. Its Paperboards, Paper and Packaging segment includes paperboards, paper, including specialty paper, and packaging including flexibles. Its Agri Business segment includes Agri commodities, such as soya, spices, coffee and leaf tobacco

Investment Rationale

Leadership position in tobacco industry coupled with diversified revenue mix

Being an established player in tobacco industry, ITC has grown its presence in India through its prominent distribution network and a diversified business model. From a pure tobacco company, company has evolved into diversified business conglomerate catering to a huge demand for variety of wider consumers. In FY20, its Cigarettes contributed 41% to its segment revenue, followed by other products in FMCG at 24%, agri-business at 20%, paper and paperboards at 12% and hotels at 3%. Moreover, in FMCG segment they have started implementing a strategic approach by launching new products in other consumer items such as staples, snacks and meals to cater untapped opportunity.

Extensive distribution network to facilitate overall growth

ITC's robust supply chain and distribution network covering ~6mn retail outlets across different trade channels in rural and urban has helped to tap ~140mn households in India through FMCG products. Through such unshakable outreach, company sustains a strong growth momentum within their distribution partners. Moreover, in order to ensure availability of its products during lockdown, ITC developed direct-to-home distribution models like 'ITC Store on wheels' and partnerships with food aggregators like Dominos, Swiggy, Zomato etc. Therefore, such robust supply chain with new initiatives adopted in this pandemic crisis will enable to facilitate overall growth.

Valuation and Outlook

The dominant position of ITC in the domestic cigarette market has contributed around 46% to its overall revenue. Moreover, its acquisition of Sunrise Foods would enable to boost the presence of ITC in some of its major segments led by its strong distribution network. However, near term uncertainty still pertains led by localized lockdowns in several parts of the country which not only creates operational challenges but also impact recovery momentum. On valuation front, we have valued the company based on 19x P/E multiple of FY23E and recommend a buy rating on this stock with the target price of INR 253 (23% upside from its current levels)..

Stock Rating

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

Sector Outlook

Positive

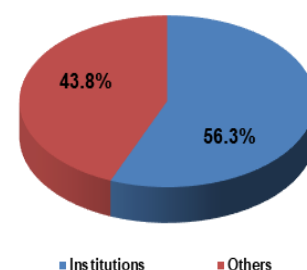
Stock

CMP (INR)	211
Target Price (INR)	258
NSE Symbol	ITC
BSE Code	500875
Bloomberg	ITC IN
Reuters	ITC.BO
Key Data	
Nifty	14,507
52WeekH/L(INR)	239/143
O/s Shares (Mn)	12,305
Market Cap (INR bn)	2,595
Face Value (INR)	1

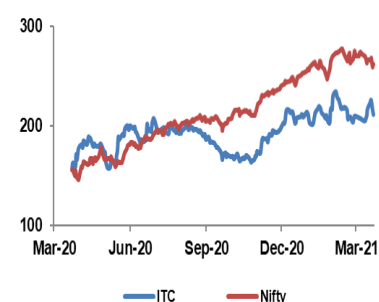
Average volume

3 months	4,37,70,500
6 months	3,74,85,710
1 year	3,47,14,220

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials

YE March (INR Mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	4,83,527	4,94,041	4,19,440	5,16,331	5,64,350
<i>Revenue Growth (Y-o-Y)</i>	11.3%	2.2%	(15.1%)	23.1%	9.3%
EBIDTA	1,84,254	1,92,842	1,49,321	1,98,787	2,20,096
<i>EBIDTA Growth (Y-o-Y)</i>	11.6%	4.7%	(22.6%)	33.1%	10.7%
Net Profit	1,25,923	1,53,062	1,14,927	1,51,285	1,67,048
<i>Net Profit Growth (Y-o-Y)</i>	11.7%	21.6%	(24.9%)	31.6%	10.4%
Diluted EPS	10.2	12.4	9.3	12.3	13.6
<i>Diluted EPS Growth (Y-o-Y)</i>	11.7%	21.6%	(24.9%)	31.6%	10.4%

Key Ratios

EBIDTA margin (%)	38.1%	39.0%	35.6%	38.5%	39.0%
NPM (%)	26.0%	31.0%	27.4%	29.3%	29.6%
RoE (%)	21.3%	23.4%	15.7%	17.9%	17.1%
RoCE (%)	31.1%	29.5%	20.4%	23.5%	22.6%

Valuation Ratios

P/E (x)	20.5x	16.9x	22.5x	17.1x	15.5x
EV/EBITDA	13.8x	13.0x	17.2x	12.8x	11.6x
P/BV (x)	4.4x	4.0x	3.5x	3.1x	2.6x
Market Cap. / Sales (x)	5.3x	5.2x	6.2x	5.0x	4.6x

Source: Company, BP Equities Research



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