

Week Gone

- ⇒ In the week ended on Friday, 16 April 2021, the Sensex tumbled 759.29 points or 1.53% to settle at 48,832.03. The Nifty 50 index declined 217 points or 1.46% to settle at 14,617.85. The BSE Mid-Cap index dropped 604.81 or 2.91% to settle at 20,157.36. The BSE Small-Cap index skid 578.30 points or 2.68% to settle at 21,018.55.
- ⇒ The domestic equity markets were shut on Wednesday (14 April 2021) on account of Dr. Baba Saheb Ambedkar Jayanti.
- ⇒ In Europe, the U.K. government is relaxing lockdown measures in England on Monday, with outdoor dining and hospitality venues, hairdressers, gyms, shops and outdoor attractions allowed to reopen.

Week Ahead

- ⇒ The key thing to watch out for in the near future would be the US bond yields because any rise in yields can take out the FII money from developing countries like India to western markets and could also be risk for emerging markets currencies.
- ⇒ The Dollar Index, which measures the U.S. currency against a basket of six peers, will also be closely watched.

Technical Overview

Index closed with a loss of 1.46% at 14618. Index opened this week with wide gap down and remained volatile throughout the week closing near the opening price and with minor loss. Index has reversed taking support at upsloping trendline which drawn from the bottom of the rally. Going ahead if index holds the support index likely to resume its prior upmove. Failure to hold this important support would take index lower. The support is placed around 14480-14350-14250 while resistance comes at 14700-14830-15000.



Source: Falcon, BP Equities Research



Weekly Wealth

DOMESTIC INDICES

Index	16-Apr-21	09-Apr-21	Weekly % Chg
Nifty	14,618	14,835	-1.5
Nifty Next 50	34,641	35,359	-2.0
Nifty 100	14,773	15,004	-1.5
Nifty 500	12,298	12,527	-1.8
Nifty Midcap 100	23,761	24,506	-3.0
Sensex	48,832	49,591	-1.5
BSE 100 Index	14,808	15,051	-1.6
BSE 200 Index	6,279	6,387	-1.7
BSE 500 Index	19,580	19,944	-1.8
BSE Mid-Cap	20,157	20,762	-2.9
BSE Small Cap	21,019	21,597	-2.7

NIFTY TOP GAINERS (WEEKLY)

Scrip	16-Apr-21	09-Apr-21	Weekly % Chg
Cipla	938.05	842	11.4
Wipro	469.2	442.1	6.1
Sun Pharma Inds.	646.05	614.25	5.2
Dr. Reddys Lab	4,893.25	4,689.05	4.4
ONGC	107.3	103.6	3.6

NIFTY TOP LOSERS (WEEKLY)

Scrip	16-Apr-21	09-Apr-21	Weekly % Chg
Bajaj Finance	4,616.6	5,029.5	-8.2
Adani Ports & Special	755.5	823.0	-8.2
Indusind Bank	863.0	934.9	-7.7
Grasim Industries	1,353.2	1,447.8	-6.5
UPL	611.8	651.6	-6.1

WORLD INDICES

Index	16-Apr-21	09-Apr-21	Weekly % Chg
Nikkei Index	29,683	29,768	-0.3
Hang Seng Index	28,970	28,699	0.9
Kospi Index	3,199	3,132	2.1
Shanghai SE Composite	3,427	3,451	-0.7
Strait Times Index	3,202	3,185	0.5
Dow Jones	34,194	33,504	2.1
NASDAQ	14,029	13,829	1.4
FTSE	7,015	6,925	1.3

FOREX

Currency	16-Apr-21	09-Apr-21	Weekly % Chg
US\$ (Rs.)	74.5	74.8	-0.4
GBP (Rs.)	103.0	102.7	0.3
Euro (Rs.)	89.3	88.8	0.6
Yen (Rs.) 100 Units	68.0	68.0	0.0

FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
16-Apr-21	7,512.3	7,074.8	437.5
15-Apr-21	11,711.5	10,731.8	979.7
13-Apr-21	8,556.4	9,287.3	-730.8
12-Apr-21	6,519.9	8,266.3	-1746.4
<u>MTD</u>	66,980.7	69,577.5	-2,596.8

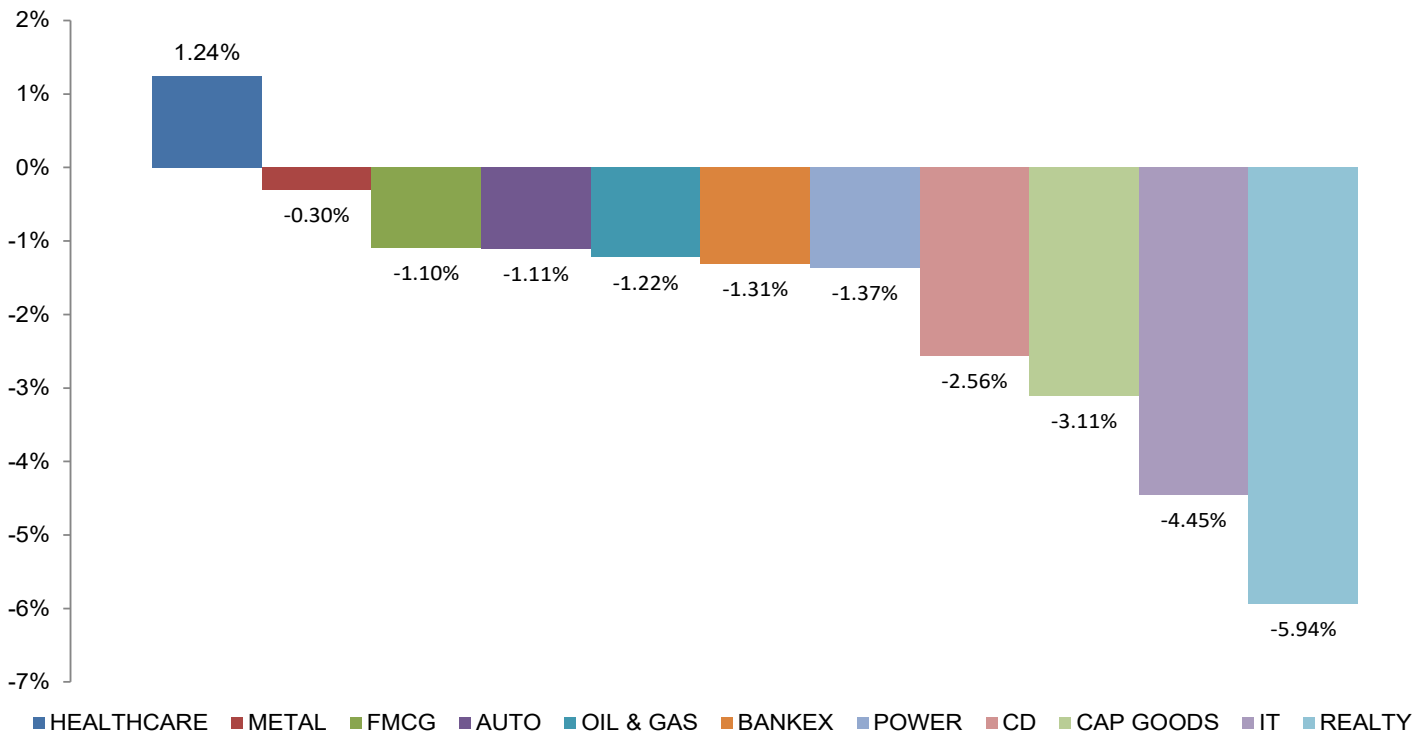
DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
16-Apr-21	5,523.6	4,866.0	657.6
15-Apr-21	4,979.6	5,506.2	-526.6
13-Apr-21	4,557.8	4,314.0	243.8
12-Apr-21	7,165.0	6,932.3	232.8
<u>MTD</u>	45,221.8	43,485.2	1,736.6

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	16-Apr-21	09-Apr-21	Weekly % Chg	16-Apr-21	09-Apr-21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
PFIZER	5239.85	4832	8.4	189500	86625	118.8
NAM-INDIA	338.75	353.45	-4.2	1880000	1294400	45.2
LALPATHLAB	2931.85	3149.7	-6.9	483000	337250	43.2
WIPRO	469.65	452.3	3.8	43564800	34003200	28.1
MINDTREE	2071.55	2240.4	-7.5	2541600	2037600	24.7

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	16-Apr-21	09-Apr-21	Weekly % Chg	16-Apr-21	09-Apr-21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
TCS	3197.25	3332.6	-4.1	6606900	9173700	-28.0
GUJGASLTD	545.5	571.65	-4.6	856250	1178750	-27.4
IRCTC	1630.15	1736.35	-6.1	1502800	1833325	-18.0
SUNTV	476.9	496.7	-4.0	10825500	13156500	-17.7
COFORGE	3168.6	3176.25	-0.2	572250	690750	-17.2

Company Background

Kaveri Seed Company Limited is an India-based seed company. The Company is engaged in the production, processing, and marketing of hybrid seeds. It is the largest producer of hybrid cotton seeds in India. The company offers products in two categories: field crops and vegetables. Its range of field crops includes corn, paddy, cotton, sunflower, mustard, sorghum, pulses, bajra and wheat. Its range of vegetables includes tomatoes, okra, chilies, watermelon, gourds and brinjal. Moreover, it has an access to 60,000 acres under seed production, with farms in Karnataka, Andhra Pradesh and across the country

Investment Rationale

Leading player with diversified product portfolio in hybrid seed market

Kaveri Seed is amongst the leading producer of hybrid seeds. It commands one of the top three seed companies in the cotton segment and the top five in the maize, rice, and bajra segments. Over the years, Company has maintained the top three positions across the crops, operating in different agro-climatic conditions. It has a market share of ~15% in cotton, ~11% in maize, ~10% in Bajra, and ~4% in Rice. Cotton the highest contributor to the revenue followed by non-cotton crops such as maize, rice bajra, sunflower, sorghum, etc. Therefore, new initiatives and leading positions in their core competencies will enable to augur well in the long term.

Increasing penetration to drive revenue growth

Company's core product includes cotton, maize, rice, and vegetables account for almost 70-80% of the country's hybrid seed market. Although, its vegetable division contribution is negligible as a percentage of topline with a very low market share. It is now actively looking to increase its portfolio in the vegetable seeds space It intends to launch 50 new products in the vegetable segment. Currently, the vegetable seeds market size in India is INR.~30bn which is growing at a 20% run rate. The company plans to gradually improve its market share, targeting a revenue contribution of INR 1 bn in the span of the next five years from the vegetable segment.

Valuation and Outlook

KSCL is well on track to diversify from cottonseed sales by an increasing share of rice and vegetables. We believe the company to maintain its growth momentum with newer products and newer geographies which can enable them to drive overall growth in coming years. On the valuation front, we valued the company based on 10x of FY23E earnings and recommend a **BUY** rating on this stock with a price target of INR 711 (24% 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)	570
Target Price (INR)	711
NSE Symbol	KSCL
BSE Code	532899
Bloomberg	KSCL IN
Reuters	KVRI.BO

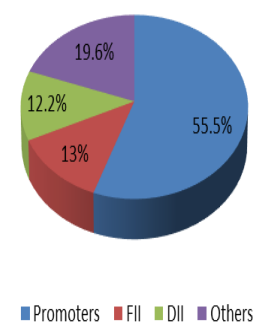
Key Data

Nifty	14,618
52WeekH/L(INR)	682/352
O/s Shares (Mn)	60
Market Cap (INR bn)	.34
Face Value (INR)	2

Average volume

3 months	2,89,850
6 months	3,59,870
1 year	3,59,510

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials

YE March (INR Mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	8,094	9,303	10,522	12,006	13,831
<i>Revenue Growth (Y-o-Y)</i>	<i>(1.2%)</i>	<i>14.9%</i>	<i>13.1%</i>	<i>14.1%</i>	<i>15.2%</i>
EBIDTA	2,115	2,532	3,062	3,638	4,343
<i>EBIDTA Growth (Y-o-Y)</i>	<i>(4.5%)</i>	<i>19.7%</i>	<i>20.9%</i>	<i>18.8%</i>	<i>19.4%</i>
Net Profit	2,174	2,599	3,167	3,854	4,246
<i>Net Profit Growth (Y-o-Y)</i>	<i>2.8%</i>	<i>19.5%</i>	<i>21.9%</i>	<i>21.7%</i>	<i>10.2%</i>
Diluted EPS	36.0	43.1	52.5	63.9	70.4
<i>Diluted EPS Growth (Y-o-Y)</i>	<i>2.8%</i>	<i>19.5%</i>	<i>21.9%</i>	<i>21.7%</i>	<i>10.2%</i>

Key Ratios

EBIDTA margin (%)	26.1%	27.2%	29.1%	30.3%	31.4%
NPM (%)	26.9%	27.9%	30.1%	32.1%	30.7%
RoE (%)	21.6%	27.1%	25.2%	23.7%	20.9%
RoCE (%)	20.9%	26.2%	24.2%	22.3%	21.3%

Valuation Ratios

P/E (x)	16.0x	13.3x	11.0x	9.0x	8.2x
EV/EBITDA	16.4x	13.7x	11.3x	9.5x	8.0x
P/BV (x)	3.4x	3.6x	2.8x	2.1x	1.7x
Market Cap. / Sales (x)	4.3x	3.7x	3.3x	2.9x	2.5x

Source: Company, BP Equities Research



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