

Week Gone

- ⇒ In the week ended on Friday, 9 July 2021, the Sensex fell 98.48 points or 0.19% to settle at 52,386.19. The Nifty 50 index lost 32.40 points or 0.21% to settle at 15,689.80.
- ⇒ The BSE Mid-Cap index surged 307.85 or 1.37% to settle at 22,813.67. The BSE Small-Cap index advanced 307.14 points or 1.20% to settle at 25,874.40.
- ⇒ India reported 43,393 new cases in last 24 hours on Friday, 9 July 2021. 911 deaths were also reported due to the coronavirus in last 24 hours.

Week Ahead

- ⇒ WPI inflation for June 2021 is due on 14 July 2021.
- ⇒ Euro Area's industrial production data for May will be announced on 14 July 2021.

Technical Overview

Index closed with a loss of 0.87% at 15722. Index opened the week on a flat note and remained under pressure throughout the week closing this week near the lows. Going ahead index has a strong resistance in the zone of 15870-15950, index need to surpass and sustain above the same to resume its upmove. If index manages to surpass above the mentioned zone will lead to open the way for 16150-16250. While on the opposite side support is placed around 15600-15480-15400.



Source: Falcon, BP Equities Research



Weekly Wealth

DOMESTIC INDICES

Index	09-Jul-21	02-Jul-21	Weekly % Chg
Nifty 50	15,689.80	15,722.2	-0.2
Nifty Next 50	38,919.95	38,533.9	1.0
Nifty 100	15,952.40	15,957.1	0.0
Nifty 500	13,527.95	13,494.5	0.2
NIFTY MIDCAP 100	27,382.75	27,020.1	1.3
S&P BSE SENSEX	52,386.19	52,484.7	-0.2
S&P BSE 100	16,015.65	16,015.1	0.0
S&P BSE 200	6,829.22	6,823.8	0.1
S&P BSE 500	21,538.62	21,495.2	0.2
S&P BSE MidCap	22,813.67	22,505.8	1.4
S&P BSE SmallCap	25,874.40	25,567.3	1.2

NIFTY TOP GAINERS (WEEKLY)

Scrip	02-Jul-21	09-Jul-21	Weekly % Chg
Bajaj Finserv Ltd.	11,750.45	12,854.75	9.4
Tata Steel	1,136.00	1,239.35	9.1
Hindalco Indus.	376.05	390.05	3.72
IndusInd Bank	1,009.65	1,039.95	3
UltraTech Cement	6,719.90	6,899.55	2.67

NIFTY TOP LOSERS (WEEKLY)

Scrip	02-Jul-21	09-Jul-21	Weekly % Chg
Tata Motors Ltd.	344.9	306.3	-11.19
Bajaj Auto Ltd.	4,175.35	3,995.90	-4.3
Tata Consultancy	3,325.45	3,208.15	-3.53
Tech Mahindra	1,089.40	1,051.75	-3.46
Reliance Inds.	2,129.05	2,071.20	-2.72

WORLD INDICES

Index	09-Jul-21	02-Jul-21	Weekly % Chg
Nikkei Index	27,940.40	28,783.2	-2.9
Hang Seng Index	27,274.12	28,252.1	-3.5
Kospi Index	3,217.95	3,281.7	-1.9
Shanghai SE Composite	3,524.00	3,518.8	0.1
Strait Times Index	3,131.4	3,128.9	0.1
Dow Jones	34,870.10	34,669.3	0.6
NASDAQ	14,701.90	14,585.6	0.8
FTSE	7,121.80	7,130.8	-0.1

FOREX

Currency	09-Jul-21	02-Jul-21	Weekly % Chg
US\$ (Rs.)	74.6	74.6	0.0
GBP (Rs.)	101.2	102.7	-1.5
Euro (Rs.)	88.4	88.4	0.0
Yen (Rs.) 100 Units	67.7	66.9	1.2

FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
09-Jul-21	3,852.21	4,976.86	-1,124.65
08-Jul-21	5,344.41	5,899.33	-554.92
07-Jul-21	5,963.59	5,430.65	532.94
06-Jul-21	4,221.77	4,765.07	-543.3
05-Jul-21	3,222.80	3,561.23	-338.43
MTD	31,861.09	36,117.54	-4,256.45

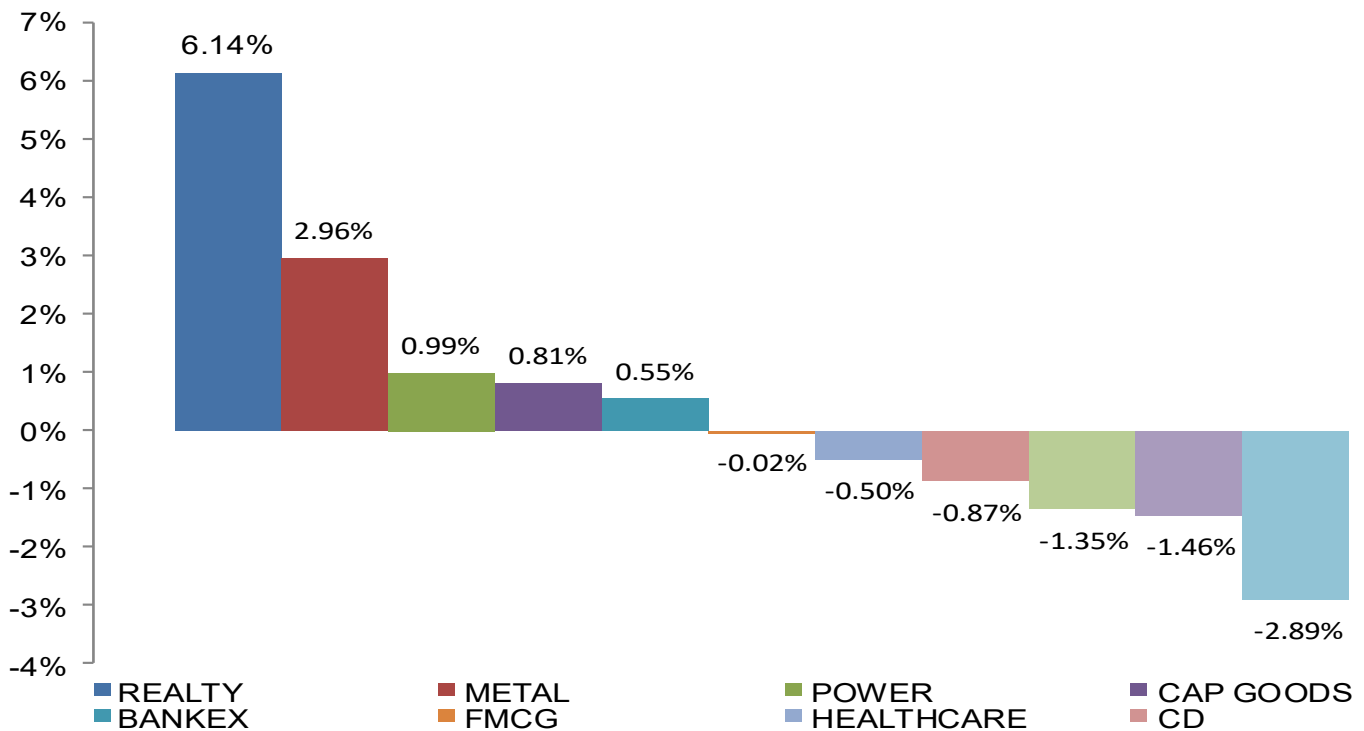
DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
09-Jul-21	4,360.25	4,253.70	106.55
08-Jul-21	3,864.15	4,813.33	-949.18
07-Jul-21	4,345.38	4,577.18	-231.8
06-Jul-21	5,867.38	5,346.08	521.3
05-Jul-21	4,578.52	3,932.93	645.59
MTD	32,659.24	30,755.79	1,903.45

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	25-June-21	02-July-21	Weekly % Chg	25-June-21	02-July-21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
INDHOTEL	143.55	148.8	3.7	4254900	7733700	81.8
TATAMOTORS	345.45	304.8	-11.8	88794600	129501150	45.8
AARTIIND	877.75	857.3	-2.3	2641800	3819050	44.6
NMDC	183.35	170.6	-7.0	62765600	88775000	41.4
BAJAJ-AUTO	4049.05	4015.55	-0.8	1492750	1864750	24.9

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	25-June-21	02-July-21	Weekly % Chg	25-June-21	02-July-21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
GODREJCP	896.35	966.65	7.8	4746000	3692000	-22.2
NAVINFLUOR	3800.95	3897.4	2.5	448425	367875	-18.0
NATIONALUM	79.25	85.45	7.8	83640000	68816000	-17.7
SRTRANSFIN	1366.55	1460.25	6.9	4321600	3722400	-13.9
ONGC	119.05	118.45	-0.5	69561800	60137000	-13.5

Consumer Durables

Company Background

Voltas Ltd is part of the Tata Group and the largest air conditioning company in India with an overall market share at 25.6%. Along with cooling products, it is a leader in engineering solutions and projects. The company started in 1954 and has come a long way to become a market leader in the country over several other multinational players. It has one of the largest distribution networks in India with more than 15,000 touch points in FY20. In consumer durables, the company manufactures room air conditioners and air coolers. Voltas has its head office in Mumbai, Maharashtra and regional offices across major Indian cities. The company has overseas offices in UAE (Abu Dhabi Dubai) Bahrain Qatar (Doha) Kingdom of Saudi Arabia (Jeddah) and Singapore.

Investment Rationale

Strong domestic market presence in retail and commercial AC business

Voltas holds a dominant market position across the country in room ACs, with presence in both window and split ACs. Further, appliance products are expected to increase the wallet share over the next few years. Government's enhanced focus on Make-in-India and Aatmanirbhar Bharat would push domestic manufacturing. The availability of the entire value chain and manufacturing incentives given by the government should boost domestic manufacturing. It would reduce the impact of currency volatility, improve working capital, and lead to better development of new products. Companies will also be able to accelerate export opportunities, which, as of now, are in nascent stages.

Extensive presence and robust market position in foreign markets

Voltas has a well-established market position in the project business in both the domestic and international markets and it is well poised in the long term to benefit from any growth in fresh order flow in its target markets. While domestic order booking is relatively stronger, Voltas has also reasserted its long-established standing as a trusted EPC contractor for electro-mechanical projects in many West Asian states. Further, in Q4FY21, EMPS revenue grew 37.2% YoY to INR1,104cr with significant 700bps YoY expansion in EBIT margin to 8.4%, largely led by international operations post easing of the Covid-19 lockdowns.

Valuation and Outlook

We believe lowest penetration of AC in India (among other white goods items) suggests the long term growth story of Voltas will remain intact. It has a leadership position in the room AC segment while foraying into other consumer durables would also augur well going ahead. Voltas has adequate liquidity on its balance sheet which should continue to aid its future growth. Moreover, the recent price increases across its UCP range so as to factor in rising input costs should help Voltas continue delivering decent performance in the coming quarters. We have valued the stock by assigning 46x PE multiple to FY23E EPS. We recommend BUY rating on the stock with a price target of Rs.1211 (upside of 19% from CMP) for 12 months investment horizon.

Stock Rating

BUY	HOLD	SELL
BUY		

Sector Outlook

Positive

Stock

CMP (INR)	1,106
Target Price (INR)	1,211
NSE Symbol	VOLTAS
BSE Code	500575
Bloomberg	VOLT IN
Reuters	VOLT.BO

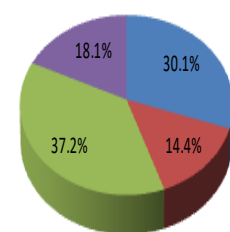
Key Data

Nifty	15,690
52WeekH/L(INR)	1132/530
O/s Shares (Mn)	330.88
Market Cap (INR bn)	336.06
Face Value (INR)	1

Average volume

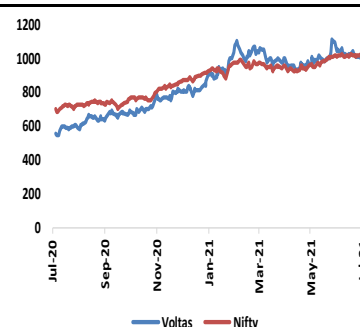
3 months	18,83,630
6 months	21,36,140
1 year	21,88,890

Share Holding Pattern (%)



■ Promoters ■ FII ■ DII ■ Others

Relative Price Chart



Weekly Wealth

Key Financials

YE March (INR Mn)	FY19	FY20	FY21	FY22E	FY23E
Revenue	7,124	7,658	7,556	8,946	10,342
<i>Revenue Growth (Y-o-Y)</i>	11.2%	7.5%	(1.3%)	18.4%	15.6%
EBIDTA	601	687	641	841	1,014
<i>EBIDTA Growth (Y-o-Y)</i>	(7.8%)	14.3%	(6.6%)	31.1%	20.5%
Net Profit	508	517	525	698	869
<i>Net Profit Growth (Y-o-Y)</i>	(11.3%)	1.8%	1.5%	32.9%	41.0%
Diluted EPS	15.4	15.7	15.9	21.1	26.3
<i>Diluted EPS Growth (Y-o-Y)</i>	(11.3%)	1.8%	1.5%	32.9%	24.5%

Key Ratios

EBIDTA margin (%)	8.4%	9.0%	8.5%	9.4%	9.8%
NPM (%)	7.1%	6.8%	6.9%	7.8%	8.4%
RoE (%)	12.4%	12.1%	10.5%	12.6%	13.9%
RoCE (%)	13.6%	15.3%	12.8%	15.2%	16.3%

Valuation Ratios

P/E (x)	66.0x	64.8x	63.8x	48.0x	38.6x
EV/EBITDA	55.8x	48.7x	51.5x	38.5x	31.9x
P/BV (x)	8.2x	7.8x	6.7x	6.1x	5.4x
Market Cap. / Sales (x)	4.7x	4.4x	4.4x	3.7x	3.2x

Source: Company, BP Equities Research



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Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

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