

## Week Gone

- ⇒ In the week ended on Friday, 23 July 2021, the Sensex fell 164.26 points or 0.31% to settle at 52,975.80. The Nifty 50 index lost 67.35 points or 0.42% to settle at 15,856.05.
- ⇒ The BSE Mid-Cap index slipped 109.27 or 0.47% to settle at 23,021.14. The BSE Small-Cap index skid 36.40 points or 0.14% to settle at 26,425.91.
- ⇒ India reported 4,05,513 active cases of COVID-19 infection and 4,19,470 deaths while 3,04,68,079 patient have been discharged, according to the data from the Ministry of Health and Family Welfare, Government of India.

## Week Ahead

- ⇒ The monsoon session of the Parliament began on Monday (19 July) and it will conclude on 13 August 2021.
- ⇒ China's industrial profits data for June will be announced on 27 July 2021.
- ⇒ On the coronavirus front, investors would continuously watch out government's course of action along with progress on vaccination drive.

## Technical Overview

Index closed with a loss of 0.42% at 15856. Index opened the week with a wide gap down and remained under pressure for early half of the week, while recovered early losses in later half of the week, closing this week with minor loss. Index continue to find resistance near higher end of the range and support near lower end of the range. Breakout on either side will dictate the trend. Till then index likely consolidate in range. The immediate resistance around 15930-16000-16100. While on the downside support comes at 15750-15660-15500.



Source: Falcon, BP Equities Research



## Weekly Wealth

## DOMESTIC INDICES

Index	23-Jul-21	16-Jul-21	Weekly % Chg
Nifty 50	15,856.0	15,923.4	-0.4
Nifty Next 50	39,312.3	39,188.2	0.3
Nifty 100	16,119.1	16,172.1	-0.3
Nifty 500	13,687.0	13,742.4	-0.4
NIFTY MIDCAP 100	27,584.8	27,851.2	-1.0
S&P BSE SENSEX	52,975.8	53,140.1	-0.3
S&P BSE 100	16,180.2	16,231.2	-0.3
S&P BSE 200	6,897.5	6,925.3	-0.4
S&P BSE 500	21,784.1	21,864.4	-0.4
S&P BSE MidCap	23,021.1	23,130.4	-0.5
S&P BSE SmallCap	26,425.9	26,462.3	-0.1

## WORLD INDICES

Index	23-Jul-21	16-Jul-21	Weekly % Chg
Nikkei Index	27,548.0	28,003.1	-1.6
Hang Seng Index	27,284.8	28,082.0	-2.8
Kospi Index	3,254.4	3,276.9	-0.7
Shanghai SE Composite	3,550.4	3,539.3	0.3
Strait Times Index	3,157.1	3,152.3	0.2
Dow Jones	35,061.5	34,687.9	1.1
NASDAQ	14,837.0	14,427.2	2.8
FTSE	7,027.5	7,008.1	0.3

## FOREX

Currency	23-Jul-21	16-Jul-21	Weekly % Chg
US\$ (Rs.)	74.4	74.5	-0.1
GBP (Rs.)	102.4	103.2	-0.8
Euro (Rs.)	87.6	88.0	-0.5
Yen (Rs.) 100 Units	67.4	67.7	-0.6

## NIFTY TOP GAINERS (WEEKLY)

Scrip	23-Jul-21	16-Jul-21	Weekly % Chg
Wipro Ltd	599.1	577.7	3.7
Bajaj Finserv Ltd.	13,201.2	12,745.7	3.5
Asian Paints Ltd.	3,083.7	2,989.3	3.1
Bharat Petroleum	461.3	448	2.9
Nestle India	18,143.9	17,654.2	2.7

## FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
23-Jul-21	7,663.5	7,826.8	-163.3
22-Jul-21	8,329.3	8,576.9	-247.6
20-Jul-21	4,276.7	7,111.7	-2,835.0
19-Jul-21	6,366.8	8,565.5	-2,198.7
16-Jul-21	4,988.3	5,454.6	-466.3
<b>MTD</b>	<b>88,057.8</b>	<b>1,00,426.0</b>	<b>-12,368.2</b>

## NIFTY TOP LOSERS (WEEKLY)

Scrip	23-Jul-21	16-Jul-21	Weekly % Chg
IndusInd Bank	989.3	1,044.3	-5.2
HDFC Bank	1,442.7	1,522.3	-5.2
Tata Motors Ltd.	295.5	311.2	-5.0
HDFC Life Insurance	665.3	698	-4.6
Hindalco Indus.	391.7	405.5	-3.3

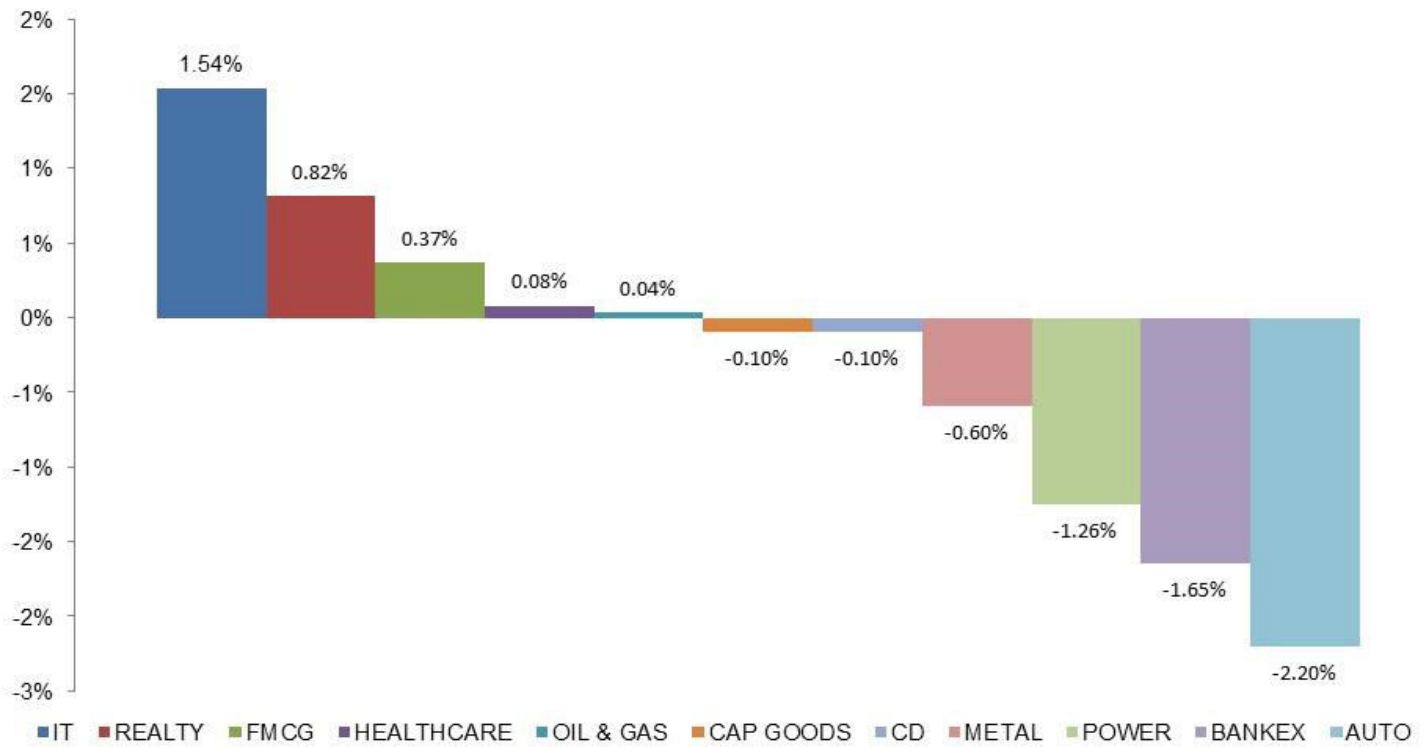
## DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
23-Jul-21	7,416.0	5,228.2	2,187.8
22-Jul-21	6,386.5	5,443.9	942.6
20-Jul-21	5,675.9	4,802.7	873.1
19-Jul-21	5,913.3	4,865.6	1,047.7
16-Jul-21	5,619.3	4,953.2	666.1
<b>MTD</b>	<b>83,799.9</b>	<b>73,612.3</b>	<b>10,187.6</b>

# Weekly Wealth

## BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

## TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	16-July-21		23-July-21		Weekly % Chg	
	Share Price (Rs.)		Share Price (Rs.)	Open Interest		
MPHASIS	2390.8	2527.3	5.7	650650	761800	17.1
APOLLOHOSP	3794.7	3930.1	3.6	1967000	2144000	9.0
RAMCOCEM	1129.9	1097.1	-2.9	1791800	1942250	8.4
LALPATHLAB	3422.2	3450.2	0.8	452000	488000	8.0
ICICIPRULI	629.5	645.8	2.6	5979000	6367500	6.5

## TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	16-July-21		23-July-21		Weekly % Chg	
	Share Price (Rs.)		Share Price (Rs.)	Open Interest		
ADANI PORTS	690.6	680.1	-1.5	80617500	34493750	-57.2
JSWSTEEL	706.5	718.5	1.7	40574250	20737350	-48.9
IDEA	9.5	8.35	-12.1	570990000	304850000	-46.6
SUNPHARMA	691.4	695.4	0.6	40255600	24269000	-39.7
SAIL	127.8	126.95	-0.7	147269000	93347000	-36.6

### Steel—Pig Iron

#### Company Background

Kirloskar Ferrous Industries Limited (KFIL) which was incorporated on 10th September 1991 to manufacture pig iron and ferrous castings. Business areas of the company encompass Grey Iron castings S.G Iron castings Steel Investment castings and Pig Iron. The product range includes Grey Iron castings: 1 kg - 500 kg single piece weight S.G Iron castings: 1 Kg -70 Kg single piece weight Investment castings: 1 gram-1 Kg single piece weight and Pig Iron: Foundry Grade S.G. Iron Grade & Basic Grade. For the production of all the above the company has two manufacturing units in Bevinahalli Village (Near Hospet) and Solapur. Company caters its products to sectors like automotive, tractor, diesel, engineering and many more. KFIL has clientele namely Mahindra & Mahindra, Tata motors, Toyota Kirloskar Auto Parts, Eicher motors, Escorts, TAFE, Carraro, Simpson & Company are among others.

#### Investment Rationale

##### Dominant player in the domestic pig iron market

KFIL is a part of the well-known Pune Kirloskar Group, with presence across diversified business areas and a good management record. Further, KFIL is one of the leading players of manufacturing of foundry-grade pig iron and ferrous castings in the domestic market. Due to its sintering plant, coke oven plant and hot blast furnace, it has a competitive cost structure in manufacturing pig iron. In addition to the above, KFIL has recently acquired movable and immovable assets relating to the pig iron plant of the VSL Steels Limited situated in Karnataka.

##### Increasing castings capacity provides comfort on strong volume growth

The company aims to achieve 1,60,000 MT casting sales by 2025 and 200,000 MT sales by 2030. Casting production during Q4FY21 was 29,778 metric tonnes against 22,645 metric tonnes, an increase of 32% over the last year. Casting sales during the quarter stood at INR 285cr against INR189cr, an increase of 51%. Realization improved from INR 91/kg to almost INR100/kg as on 1st April 2021. From their current three molding lines i.e. two molding lines or two foundries in Koppal and one foundry in Solapur, they are going to add one more foundry in Solapur with the capacity of about 40,000 metric tonnes per annum, to be installed and commissioned towards the end of this year or the first quarter of next year, in which they will be investing about INR 200 cr.

#### Valuation and Outlook

KFIL is one of the leading players of manufacturing of foundry-grade pig iron and ferrous castings in the domestic market. Further, its favourable financial risk profile, acquisitions and backward integration to control raw material costs keep us optimistic regarding the growth of the company. On the valuation front, we valued the company based on a 13.5x P/E multiple of FY23E and recommend a BUY rating on this stock with a price target of INR 341 (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)	276
Target Price (INR)	341
NSE Symbol	KIRLFER
BSE Code	500245
Bloomberg	KKF IN
Reuters	KRFI.BO

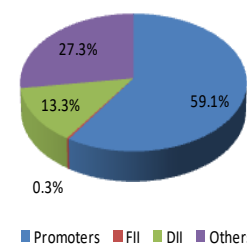
#### Key Data

Nifty	15,856
52WeekH/L(INR)	250/72
O/s Shares (Mn)	138.43
Market Cap (INR bn)	38.26
Face Value (INR)	5

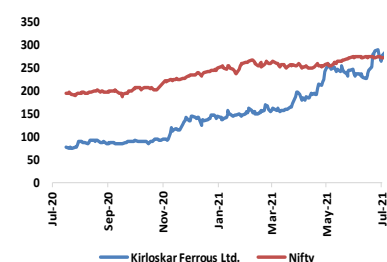
#### Average volume

3 months	3,52,540
6 months	2,87,410
1 year	2,30,600

#### Share Holding Pattern (%)



#### Relative Price Chart



## Weekly Wealth

Key Financials					
YE March (INR Mn)	FY19	FY20	FY21	FY22E	FY23E
<b>Revenue</b>	<b>21,592</b>	<b>18,497</b>	<b>20,381</b>	<b>27,779</b>	<b>30,946</b>
<i>Revenue Growth (Y-o-Y)</i>	22.3%	(14.3%)	10.2%	36.3%	11.4%
<b>EBIDTA</b>	<b>2,119</b>	<b>2,153</b>	<b>4,615</b>	<b>5,972</b>	<b>5,973</b>
<i>EBIDTA Growth (Y-o-Y)</i>	94.6%	1.6%	114.3%	29.4%	0.0%
<b>Net Profit</b>	<b>981</b>	<b>1,124</b>	<b>3,021</b>	<b>3,583</b>	<b>3,497</b>
<i>Net Profit Growth (Y-o-Y)</i>	158.2%	14.5%	168.9%	18.6%	(2.4%)
<b>Diluted EPS</b>	<b>7.1</b>	<b>8.1</b>	<b>21.8</b>	<b>25.9</b>	<b>25.3</b>
<i>Diluted EPS Growth (Y-o-Y)</i>	158.2%	14.5%	168.9%	18.6%	(2.4%)
Key Ratios					
<b>EBIDTA margin (%)</b>	<b>9.8%</b>	<b>11.6%</b>	<b>22.6%</b>	<b>21.5%</b>	<b>19.3%</b>
<b>NPM (%)</b>	4.5%	6.1%	14.8%	12.9%	11.3%
<b>RoE (%)</b>	<b>14.9%</b>	<b>15.6%</b>	<b>30.2%</b>	<b>27.8%</b>	<b>22.3%</b>
<b>RoCE (%)</b>	27.0%	20.8%	35.8%	35.8%	32.6%
Valuation Ratios					
<b>P/E (x)</b>	<b>38.9x</b>	<b>34.0x</b>	<b>12.6x</b>	<b>10.7x</b>	<b>10.9x</b>
<b>EV/EBITDA</b>	18.6x	19.1x	8.9x	7.0x	6.8x
<b>P/BV (x)</b>	<b>5.8x</b>	<b>5.3x</b>	<b>3.8x</b>	<b>3.0x</b>	<b>2.4x</b>
<b>Market Cap. / Sales (x)</b>	1.8x	2.1x	1.9x	1.4x	1.2x

Source: Company, BP Equities Research



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

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