

Week Gone

- ⇒ In the week ended on Friday, 8 October 2021, the Sensex gained 1,293.48 points or 2.2% to settle at 60,059.06. The Nifty 50 index rose 363.15 points or 2.07% to settle at 17,895.20.
- ⇒ The key equity indices snapped a four-day losing streak and ended with strong gains on Monday. The barometer index, the S&P BSE Sensex, surged 533.74 point or 0.91% to 59,299.32. the Nifty 50 index added 159.20 points or 0.91% to 17,822.30.
- ⇒ The equity benchmarks recovered from early lows and climbed for the second session in a row.

Week Ahead

- ⇒ Investors will monitor a fresh round of corporate earnings. Besides, trends in global stock markets, the movement of rupee against the dollar and crude oil prices will dictate trend on the bourses in the near term.
- ⇒ Investment by foreign portfolio investors (FPIs) and domestic institutional investors (DIIs) will also be watched.
- ⇒ On the macro front, the Industrial Production and Manufacturing Production data for August will be released on 12 October 2021.

Technical Overview

Index closed with a gain of 2.07% at 17895. Index opened the week with gap and remained strong throughout the week closing near the weekly highs. Index has formed multiple inside bar candlestick pattern which suggests compression in volatility and breakout on either side with bring the strong momentum. Going ahead index has an immediate resistance at 17950, sustenance above the same will open the way for 18100-18250. While on the downside support comes at 17750-17630-17500.



Source: Falcon, BP Equities Research

Weekly Wealth

DOMESTIC INDICES

Index	08-Oct-21	01-Oct-21	Weekly % Chg
Nifty 50	17,895.2	17,532.0	2.1
Nifty Next 50	43,270.7	42,513.6	1.8
Nifty 100	18,141.7	17,778.5	2.0
Nifty 500	15,365.2	15,013.9	2.3
NIFTY MIDCAP 100	31,437.7	30,396.8	3.4
S&P BSE SENSEX	60,059.0	58,765.5	2.2
S&P BSE 100	18,170.0	17,805.0	2.0
S&P BSE 200	7,757.0	7,590.5	2.2
S&P BSE 500	24,435.3	23,873.2	2.4
S&P BSE MidCap	25,837.3	25,224.2	2.4
S&P BSE SmallCap	29,329.9	28,215.6	3.9

WORLD INDICES

Index	08-Oct-21	01-Oct-21	Weekly % Chg
Nikkei Index	28,048.9	28,771.0	-2.5
Hang Seng Index	24,837.8	24,575.6	1.1
Kospi Index	2,956.3	3,019.1	-2.1
Shanghai SE Composite	3,592.1	3,568.1	0.7
Strait Times Index	3,112.8	3,051.	2.0
Dow Jones	34,805.7	33,843.9	2.8
NASDAQ	14,646.1	14,448.6	1.4
FTSE	7,099.8	7,056.9	0.6

FOREX

Currency	08-Oct-21	01-Oct-21	Weekly % Chg
US\$ (Rs.)	74.8	74.1	0.9
GBP (Rs.)	102.0	99.9	2.1
Euro (Rs.)	86.5	85.8	0.8
Yen (Rs.) 100 Units	67.1	66.5	0.9

NIFTY TOP GAINERS (WEEKLY)

Scrip	08-Oct-21	01-Oct-21	Weekly % Chg
Tata Motors	382.9	333.3	14.9
ONGC	160.9	146.2	10.0
Titan Co	2358.2	2163.7	8.9
IndusInd Bank	1174.4	1104.0	6.3
Mahindra & Mahindra	877.8	827.8	6.0

FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
08-Oct-21	6,583.3	6,647.3	-64.0
07-Oct-21	6,734.6	8,498.8	-1,764.2
06-Oct-21	7,357.9	8,160.7	-802.8
05-Oct-21	8,732.1	10,647.1	-1,915.0
04-Oct-21	14,121.7	13,261.2	860.5
<u>MTD</u>	43,529.8	47,215.4	-3,685.7

NIFTY TOP LOSERS (WEEKLY)

Scrip	08-Oct-21	01-Oct-21	Weekly % Chg
Cipla	917.1	986.2	-7.01
Grasim Industries	1598.8	1677.1	-4.6
GAIL India	158.1	163.1	-3.0
Kotak Mahindra Bank	1,936.3	1,993.5	-2.8
Hindustan Unilever	2,640.0	2,704.0	-2.3

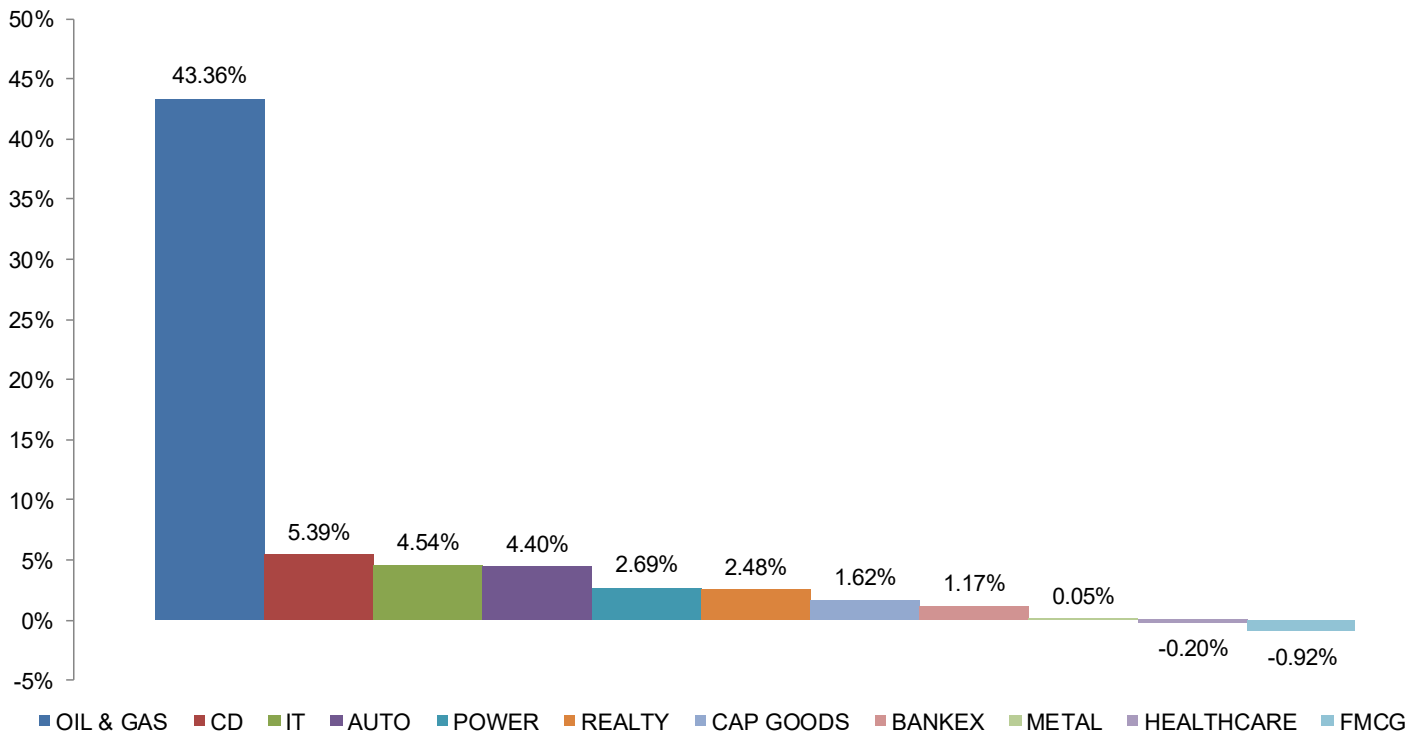
DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
08-Oct-21	5,697.8	5,866.0	-168.1
07-Oct-21	7,892.6	5,364.0	2,528.6
06-Oct-21	5,826.1	6,824.8	-998.6
05-Oct-21	8,711.8	6,843.6	1,868.2
04-Oct-21	6,837.5	6,609.4	228.0
<u>MTD</u>	34,966.1	31,508.0	3,458.1

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	01/10/21	08/10/21	Weekly % Chg	01/10/21	08/10/21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
PERSISTENT	3663.1	4033.0	10.1	81150	324750	300.2
DALBHARAT	2127.1	2104.5	-1.1	100500	297750	196.3
OBEROIRLTY	919.8	920.7	0.1	477400	1390200	191.2
CROMPTON	491.5	481.1	-2.1	550000	1093400	98.8
JKCEMENT	3224.4	3400.5	5.5	40250	66150	64.3

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	01/10/21	08/10/21	Weekly % Chg	01/10/21	08/10/21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
BANDHANBNK	290.5	346	19.1	25502400	19873800	-22.1
ASHOKLEY	131	135.3	3.3	50863500	42205500	-17.0
COROMANDEL	802.0	859.8	7.2	2101875	1761250	-16.2
M&M	831.1	878.9	5.8	12653200	10648400	-15.8
MARUTI	7173.5	7442.2	3.7	3118100	2687000	-13.8

Textiles

Company Background

ACML, incorporated as a private limited company in 1988, was reconstituted as a public company in 1994. Ambika Cotton Mills is engaged in manufacturing and selling specialty cotton yarn catering to the needs of manufacturers of premium branded shirts and t-shirts. Exports constitute a significant portion of the operations. The company operates with a total installed spindle capacity of 108288 (Previous Year 108288 Spindles) of compact facility housed in four units and Knitting facility of converting 40,000 Kgs of yarn per day into fabrics.

Investment Rationale

Established market position in the finer count yarn segment

ACML is an established player in the yarn market with exports contributing to 60% of its revenues. ACML has a strong presence in export markets such as Europe, Asia and other countries. They manufacture premium quality Compact and Elitwist cotton yarn for hosiery and weaving. ACML has the unique distinction of being an established brand in the shirting segment and is the preferred client of all top quality shirt manufacturers around the world. ACML holds a very niche segment in the industry, owing to their strong track record of product quality and delivery fulfillment. In addition to the above, the company also has a unique distinction of having zero complaints with clients, shippers and raw material suppliers.

Efficient execution of operational strategies

The Company's wider range of products in its knitting segment has established the newer markets in the knitting segment. This ensures more sustained profitable operations. ACML continues to strengthen its production base by modernization and adding balancing equipment and improvising the production process. It has installed windmills for 100% of its captive requirements and installed EHT line (110 KVA Sub-Station) for smooth flow of quality power. New Stenter plant is established for knitting division to heat process the fabrics. These measures will continue to support the operations of the company and will aid for future growth of the company.

Valuation and Outlook

Ambika Cotton Mills Limited (ACML) based out of Coimbatore in Southern India, is an established player in the finer cotton yarn segment. With a strong balance sheet and unique operational strategies, catering to premier international and domestic clients, its integration into knitted fabrics in the future is likely to boost margins. On the valuation front, we valued the company based on 10x of its FY23e earnings and arrive at a target price of INR 2499 (28% upside from CMP) with a 12 months investment horizon.

Stock Rating

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

Sector Outlook

Positive

Stock

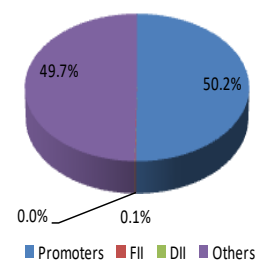
CMP (INR)	1,956
Target Price (INR)	2,499
NSE Symbol	AMBIKCO
BSE Code	531978
Bloomberg	ACML IN
Reuters	AMBK.BO
Nifty	17,895.2
52WeekH/L(INR)	1979/671
O/s Shares (Mn)	5.7
Market Cap (INR bn)	11.1
Face Value (INR)	10

Key Data

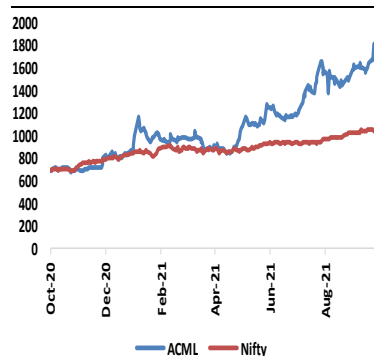
Average volume

3 months	77,270
6 months	65,610
1 year	47,710

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials					
YE March (INR Mn)	FY19	FY20	FY21	FY22E	FY23E
Revenue	6,560	6,231	6,334	8,031	9,180
<i>Revenue Growth (Y-o-Y)</i>	12.2%	(5.0%)	1.6%	26.8%	14.3%
EBIDTA	1,245	1,059	1,259	1,911	2,240
<i>EBIDTA Growth (Y-o-Y)</i>	10.4%	(15.0%)	18.9%	51.8%	17.2%
Net Profit	632	523	679	1,156	1,432
<i>Net Profit Growth (Y-o-Y)</i>	3.5%	(17.3%)	30.0%	70.2%	23.8%
Diluted EPS	110.3	91.2	118.6	201.8	249.9
<i>Diluted EPS Growth (Y-o-Y)</i>	3.5%	(17.3%)	30.0%	70.2%	23.8%
Key Ratios					
EBIDTA margin (%)	19.0%	17.0%	19.9%	23.8%	24.4%
NPM (%)	9.6%	8.4%	10.7%	14.4%	15.6%
RoE (%)	13.3%	10.3%	12.0%	17.5%	18.3%
RoCE (%)	22.1%	18.4%	22.3%	28.9%	28.6%
Valuation Ratios					
P/E (x)	17.7x	21.4x	16.5x	9.7x	7.8x
EV/EBITDA	9.5x	11.2x	8.9x	5.8x	4.8x
P/BV (x)	2.4x	2.2x	2.0x	1.7x	1.4x
Market Cap. / Sales (x)	1.7x	1.8x	1.8x	1.4x	1.2x

Source: Company, BP Equities Research



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