

Week Gone

- ⇒ In the week ended on Friday, 22 April 2022, the Sensex declined 1,141.83 points or 1.95% to settle at 57,197.15. The Nifty 50 index fell 574 points or 3.33% to settle at 17,171.9.
- ⇒ The BSE Mid-Cap index fell 0.71% to settle at 24,698.37.
- ⇒ The BSE Small-Cap index fell only 0.38% to settle at 29,247.98.

Week Ahead

- ⇒ Next batch of Q4 results would be the key event that the market would be looking for in the near future.
- ⇒ Trend 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 be monitored.

Technical Overview

Index opened the week with gap down and remained volatile throughout the week ending the week near the opening price. Index has ended the week below 20WEMA and has formed Doji pattern which indicates indecisive price action. Going ahead sustenance below 17000 shall call for further decline towards 16800-16500. While on the higher side resistance is present at 17350-17600-17880.

Nifty 50 Index, 1W, NSE 17171.95 -220.65 (-1.27%)

EMA (20, close, 0, SMA, 5)



Source: Falcon, BP Equities Research



Weekly Wealth

DOMESTIC INDICES

Index	22-Apr-22	13-Apr-22	Weekly % Chg
Nifty 50	17,172.0	17,475.7	-1.7
Nifty Next 50	42,934.6	43,443.9	-1.2
Nifty 100	17,541.1	17,835.2	-1.6
Nifty 500	14,894.9	15,138.6	-1.6
NIFTY MIDCAP 100	30,315.9	30,796.3	-1.6
S&P BSE SENSEX	57,197.2	58,338.9	-2.0
S&P BSE 100	17,652.4	17,951.3	-1.7
S&P BSE 200	7,527.7	7,648.2	-1.6
S&P BSE 500	23,715.2	24,092.8	-1.6
S&P BSE MidCap	24,698.4	24,985.3	-1.1
S&P BSE SmallCap	29,248.0	29,521.6	-0.9

WORLD INDICES

Index	22-Apr-22	13-Apr-22	Weekly % Chg
Nikkei Index	27,105.2	27,172.0	-0.2
Hang Seng Index	20,638.5	21,518.0	-4.1
Kospi Index	2,704.7	2,716.7	-0.4
Shanghai SE Composite	3,086.9	3,225.6	-4.3
Strait Times Index	3,361.1	3,335.8	0.8
Dow Jones	34,191.5	34,564.5	-1.1
NASDAQ	12,963.5	13,643.5	-5.0
FTSE	7,521.6	7,584.1	-0.8

FOREX

Currency	22-Apr-22	13-Apr-22	Weekly % Chg
US\$ (Rs.)	76.2	76.1	0.1
GBP (Rs.)	99.4	99.4	0.0
Euro (Rs.)	82.6	82.7	-0.1
Yen (Rs.) 100 Units	59.0	60.0	-1.7

NIFTY TOP GAINERS (WEEKLY)

Scrip	22-Apr-22	13-Apr-22	Weekly % Chg
Coal India	202.2	186.6	8.3%
Reliance Industries	2,758.8	2,551.7	8.1%
Mahindra & Mahindra	920.7	866.1	6.3%
Maruti Suzuki	7,904.5	7,469.5	5.8%
Eicher Motors	2,631.5	2,491.5	5.6%

FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
22-Apr-22	7,939.3	10,401.1	-2,461.7
21-Apr-22	9,320.2	10,033.9	-713.7
20-Apr-22	6,339.5	9,348.7	-3,009.3
19-Apr-22	9,638.9	15,510.6	-5,871.7
18-Apr-22	7,589.1	13,976.6	-6,387.5
MTD	40,827.0	59,270.8	-18,443.8

NIFTY TOP LOSERS (WEEKLY)

Scrip	22-Apr-22	13-Apr-22	Weekly % Chg
Infosys	1,585.5	1,748.6	-9.3%
HDFC Bank	1,355.6	1,465.0	-7.5%
Tech Mahindra	1,306.5	1,410.5	-7.4%
HDFC	2,206.4	2,378.5	-7.2%
Hindalco	514.2	546.8	-6.0%

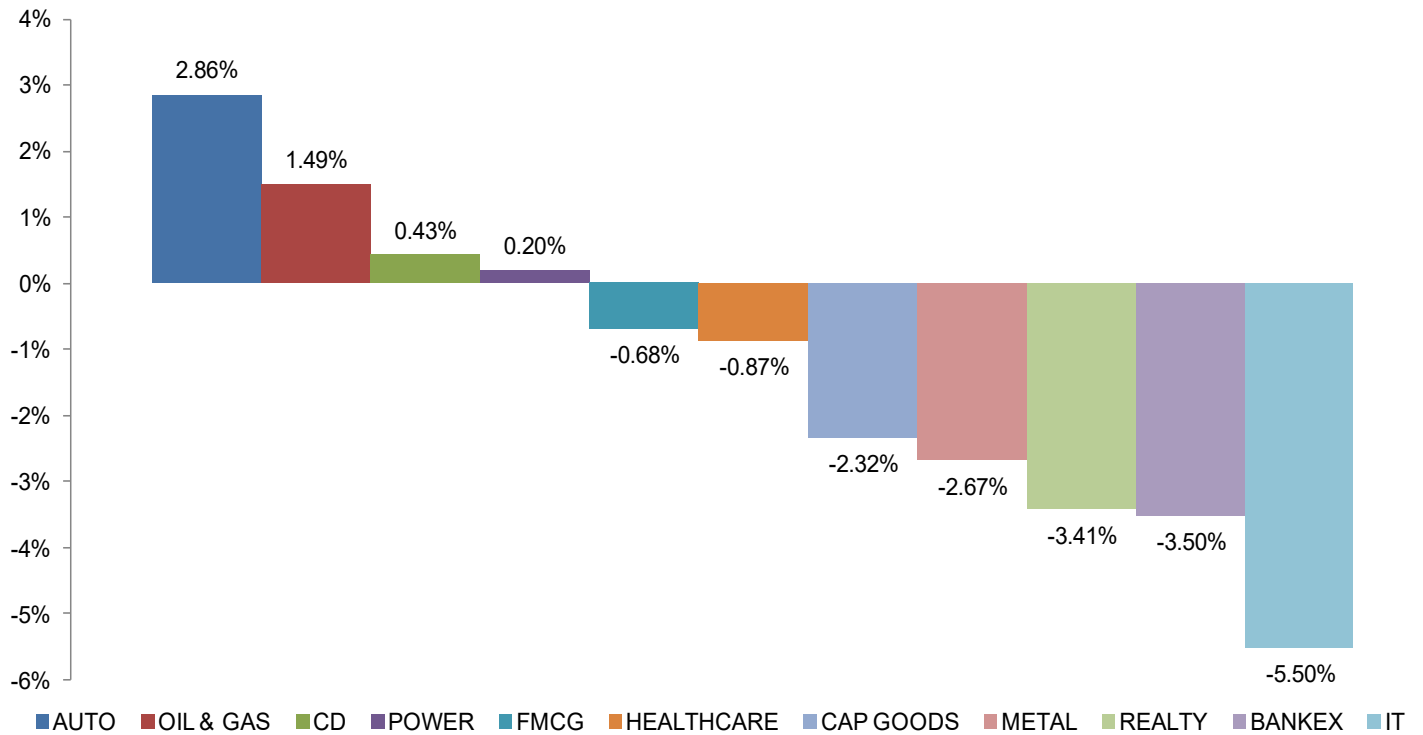
DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
22-Apr-22	6,377.0	4,774.7	1,602.4
21-Apr-22	8,635.1	5,811.6	2,823.4
20-Apr-22	7,915.3	5,269.5	2,645.8
19-Apr-22	10,920.8	6,940.0	3,980.8
18-Apr-22	9,637.2	6,295.2	3,342.0
MTD	43,485.4	29,091.0	14,394.4

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	13/04/22	22/04/22	Weekly % Chg	13/04/22	22/04/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
JUBLFOOD	2,782.7	575.2	-79.3	2046500	7920000	287.0
PERSISTENT	4,346.8	4,034.6	-7.2	394500	463800	17.6
POLYCAB	2,622.9	2,526.1	-3.7	630900	728400	15.5
UBL	1,533.3	1,547.4	0.9	994000	1142400	14.9
NTPC	154.5	160.4	3.8	67356900	75821400	12.6

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	13/04/22	22/04/22	Weekly % Chg	13/04/22	22/04/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
ADANI PORTS	843.6	873.5	3.5	75076250	43572500	-42.0
DALBHARAT	1,631.2	1,617.9	-0.8	1203250	835000	-30.6
GRASIM	1,767.0	1,715.4	-2.9	9904225	6906025	-30.3
GLENMARK	479.3	442.9	-7.6	6015650	4222800	-29.8
INDUSINDBK	984.8	960.7	-2.4	24141600	17268300	-28.5

Company Background

LT foods was established in 1990 by Arora family in Amritsar. LTF is a FMCG which deals in Basmati and other specialty rice, organic foods, ingredient business and health and convenience segment with a presence in 60+ countries. The company has established brands such as Daawat, Royal, Devaaya, Rozana, Heritage and Chef's Secretz, varying from basic to premium quality, both in the domestic and overseas markets. Its subsidiary includes Daawat Food Ltd. (DFL) which has a shareholding of 70.09%. The second subsidiary is NBFL, which deals in basmati rice, non-basmati rice, soya, pluses, rice flour, wheat flour and miscellaneous agricultural commodities. NBFL recently acquired 30% stake in Leev, an organic specialty food company based in Netherlands. The last subsidiary RAIPL, produces raw and parboiled rice under brands such as Devaya, Rozana, and Chef's Secretz. It is a majority-owned subsidiary of LTF with a shareholding of 96%.

Investment Rationale

Established market position and Strong topline growth

The five-decade experience of the company in the rice industry and established market position of the group as one of the top three players in the domestic basmati rice industry led to consolidated turnover rising to Rs 4,661 crore in FY2021 from Rs 4,157 crore in FY2020. The group operates across all channels such as general trade, modern trade, hotel/restaurant/cafe, and e-commerce through 1200+ distributors and 1,37,000+ retail outlets in India and 100+ distributors in the international market. Q3FY22 consolidated revenue grew by 26%YoY (+4%QoQ) aided by strong growth across segments. Basmati & Other specialty rice segment grew by 23%, Organic Foods segment by 17% and Health & Convenience segments by ~73% on YoY basis.

Improving Financial risk profile

The management is committed to improving the capital structure by continuously reducing debt in addition to the absence of any large, debt-funded capex in the future. Debt protection metrics also have strengthened significantly, with interest coverage ratio of 8.20 times in FY2021, which improved from 3.8 times in FY2020. The ratio is expected at more than 8.75 times in FY2022 and above 9 times over the medium term, because of significant decline in interest cost and steady rise in profit as a result of increase in prices.

Valuation outlook

LT Foods group is a globally reputed player in the rice industry, with market presence across more than 60 countries. It also has strong brands and diverse geographical presence in the basmati rice industry and comfortable financial risk profile. Covid-19 has least impacted the operation because of the company due to essential nature of products and a very robust supply chain. On the valuation front, we valued the company based on 8.5x of FY24e earnings and arrived at a target price of INR123 (26% upside from CMP) with a 12 months investment horizon.

Stock Rating

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

Sector Outlook

Positive

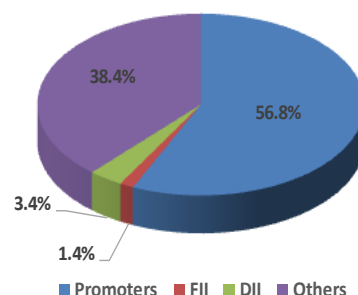
Stock

CMP (INR)	97
Target Price (INR)	123
NSE Symbol	DAAWAT
BSE Code	532783
Bloomberg	LTFO IN
Reuters	LTOL.BO

Key Data

Nifty	17,171
52WeekH/L(INR)	97/58
O/s Shares (Mn)	319
Market Cap (INR bn)	31
Face Value (INR)	1
Average volume	
3 months	24,19,060
6 months	23,89,850
1 year	27,01,170

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials

YE March (Rs. millions)	FY19	FY20	FY21	FY22E	FY23E	FY24E
Revenue	38,904	41,351	46,443	52,713	57,985	63,667
<i>Revenue Growth (Y-o-Y)</i>	7.7%	6.3%	12.3%	13.5%	10.0%	9.8%
EBIDTA	3,972	4,707	5,564	5,746	6,494	7,449
<i>EBIDTA Growth (Y-o-Y)</i>	5.1%	18.5%	(18.2%)	3.3%	13.0%	14.7%
Net Profit	1,265	1,845	2,740	2,899	3,943	4,648
<i>Net Profit Growth (Y-o-Y)</i>	(6.0%)	45.8%	48.5%	(5.8%)	36.0%	17.9%
Diluted EPS	4.0	5.8	8.6	9.1	12.3	14.5
<i>Diluted EPS Growth (Y-o-Y)</i>	(6.0%)	45.8%	48.5%	(5.8%)	36.0%	17.9%

Key Ratios

EBIDTA margin (%)	10.2%	11.4%	12.0%	10.9%	11.2%	11.7%
NPM (%)	3.3%	4.5%	5.9%	5.5%	6.8%	7.3%
RoE (%)	8.8%	11.5%	14.5%	15.1%	20.2%	23.3%
RoCE (%)	12.8%	15.4%	17.7%	18.4%	20.6%	23.3%

Valuation Ratios

P/E (x)	24.6x	16.8x	11.3x	10.7x	7.9x	6.7x
EV/EBITDA	11.9x	9.6x	7.8x	7.4x	6.6x	5.7x
P/BV (x)	2.2x	1.9x	1.6x	1.6x	1.6x	1.6x
Market Cap. / Sales (x)	0.8x	0.8x	0.7x	0.6x	0.5x	0.5x

Source: Company, BP Equities Research



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