

Week Gone

- ⇒ In the week ended on Friday, 05 August 2022, the Sensex gained 817.68 points or 1.42% to settle at 58,387.93. The Nifty 50 index advanced 239.25 points or 1.39% to settle at 17,397.50.
- ⇒ The BSE Mid-Cap index rose 1.65% to settle at 24,479.90.
- ⇒ The BSE Small-Cap index gained 1.78% to settle at 27,605.08.

Week Ahead

- ⇒ On the macro front, the Industrial Production and Manufacturing Production data for July will be declared on 12 August 2022
- ⇒ India's Inflation rate for July will be unveiled on 12 August 2022
- ⇒ US Inflation rate for July will be announced on 10 August 2022

Technical Overview

Index opened the week on a positive note and continue to form higher high and higher low for third consecutive week. Going forward index has an immediate hurdle around 17700-17750 zone, which coincides with falling resistance trendline and its previous swing high. Failure to surpass the said resistance zone shall call for profit booking in coming session. On the downside immediate support is placed around 17150-16980-16750. Whereas, resistance past 17750, comes at 17900-18100.



Source: Falcon, BP Equities Research

Weekly Wealth

DOMESTIC INDICES

Index	05-Aug-22	29-Jul-22	Weekly % Chg
Nifty 50	17,397.5	17,158.3	1.4
Nifty Next 50	41,684.3	40,906.2	1.9
Nifty 100	17,655.5	17,400.8	1.5
Nifty 500	14,900.4	14,665.7	1.6
NIFTY MIDCAP 100	30,258.4	29,634.3	2.1
S&P BSE SENSEX	58,387.9	57,570.3	1.4
S&P BSE 100	17,775.3	17,530.3	1.4
S&P BSE 200	7,582.8	7,465.4	1.6
S&P BSE 500	23,731.7	23,359.6	1.6
S&P BSE MidCap	24,479.1	24,050.9	1.8
S&P BSE SmallCap	27,605.1	27,056.4	2.0

NIFTY TOP GAINERS (WEEKLY)

Scrip	05-Aug-22	29-Jul-22	Weekly % Chg
Indiabulls Housing	123.7	110.1	12.4%
Yes Bank	16.7	15.0	11.4%
Mahindra & Mahindra	1235.9	1164.5	6.1%
Adani Ports &Special	810.3	763.7	6.1%
JSW Steel	667.2	629.6	6.0%

NIFTY TOP LOSERS (WEEKLY)

Scrip	05-Aug-22	29-Jul-22	Weekly % Chg
GAIL India	132.9	146.6	-9.3%
Britannia Inds	3688.1	3900.4	-5.4%
Sun Pharma Inds.	915.95	943.2	-2.9%
Hero MotoCorp	2770.7	2818.05	-1.7%
Coal India	208.45	211.25	-1.3%

WORLD INDICES

Index	05-Aug-22	29-Jul-22	Weekly % Chg
Nikkei Index	28,175.9	27,801.6	1.3
Hang Seng Index	20,201.9	20,156.5	0.2
Kospi Index	2,490.8	2,451.5	1.6
Shanghai SE Composite	3,227.0	3,253.2	-0.8
Strait Times Index	3,282.9	3,211.6	2.2
Dow Jones	32,803.5	32,845.1	-0.1
NASDAQ	12,657.6	12,390.7	2.2
FTSE	7,439.7	7,423.4	0.2

FOREX

Currency	05-Aug-22	29-Jul-22	Weekly % Chg
US\$ (Rs.)	79.4	79.4	0.1
GBP (Rs.)	95.8	96.7	-1.0
Euro (Rs.)	80.7	81.0	-0.2
Yen (Rs.) 100 Units	58.7	59.1	-0.7

FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
05-Aug-22	8,348.7	6,742.9	1,605.8
04-Aug-22	8,705.2	7,230.4	1,474.8
03-Aug-22	10,148.6	9,383.4	765.2
02-Aug-22	7,526.3	6,701.2	825.2
01-Aug-22	16,377.5	14,056.9	2,320.6
<u>MTD</u>	51,106.3	44,114.7	6,991.5

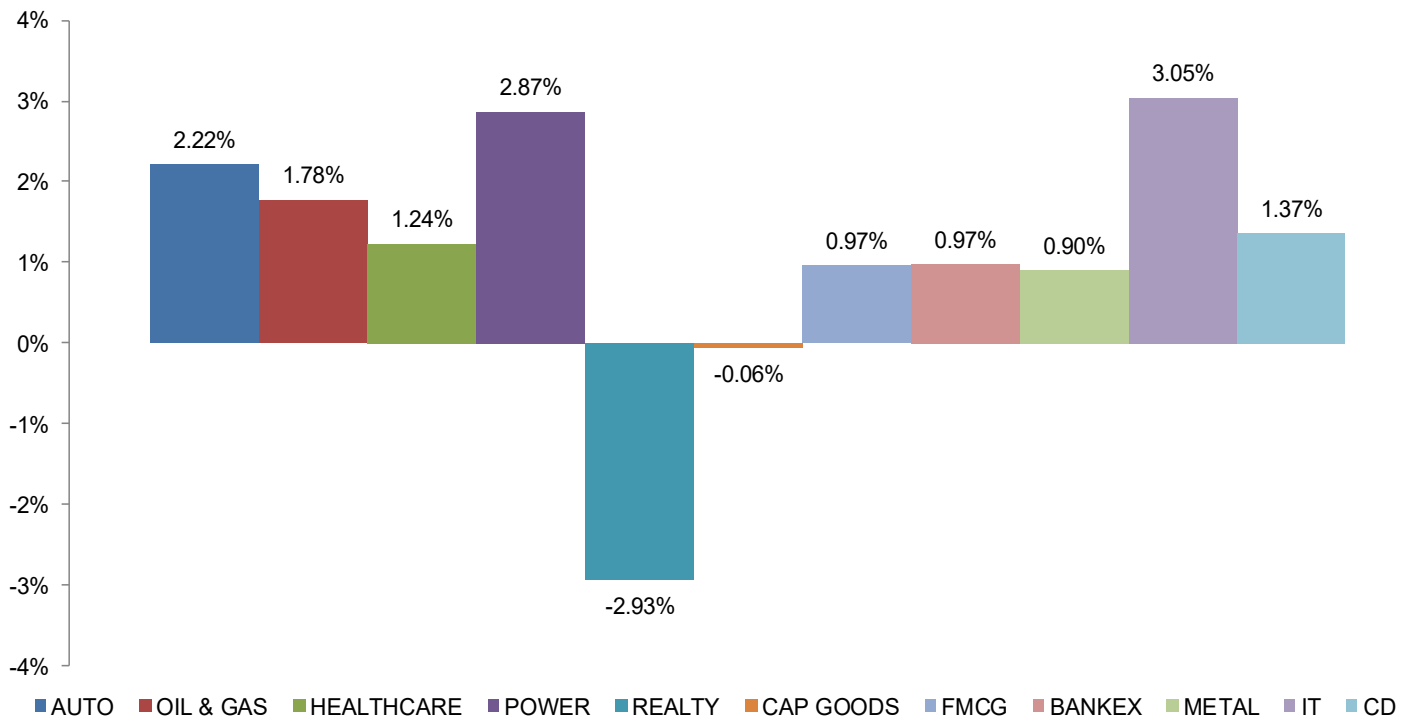
DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
05-Aug-22	7,260.6	7,756.6	-495.9
04-Aug-22	5,255.3	5,302.1	-46.8
03-Aug-22	5,865.4	6,383.8	-518.4
02-Aug-22	6,208.9	6,091.1	117.8
01-Aug-22	5,331.9	6,154.2	-822.2
<u>MTD</u>	29,922.0	31,687.6	-1,765.6

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	05/08/22	29/07/22	Weekly % Chg	05/08/22	29/07/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
POWERGRID	221.7	213.45	-3.7	29138400	38061900	30.6
PERSISTENT	3,810.75	3,646.65	-4.3	532650	695550	30.6
MRF	88,871.95	83,717.2	-5.8	66660	81650	22.5
CHOLAFIN	774	705.4	-8.9	7557500	8833750	16.9
HINDALCO	408.85	412.3	0.8	26145075	30442925	16.4

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	05/08/22	29/07/22	Weekly % Chg	05/08/22	29/07/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
ALKEM	3,125.7	3225.35	3.2	411800	226600	-45.0
SYNGENE	564	571	1.2	2591000	1522000	-41.3
INDUSTOWER	200.25	223	11.4	18491200	11205600	-39.4
GAIL	132.8	146.35	10.2	43724800	26919300	-38.4
GUJGASLTD	434.6	446.45	2.7	5041250	3465000	-31.3

Company Background

Borosil Ltd (Borosil) was established in 1962 as the "Industrial & Engineering Apparatus Company Pvt Ltd" founded by Dr. Lele. Borosil is a supplier of laboratory glassware, microwaveable kitchenware, and opalware in India. Borosil conducts its operations in two business segments—namely, scientific and industrial products (SIP; including laboratory glassware, laboratory instruments, and pharma packaging) and consumer products (CP; including microwaveable, kitchenware as well as opalware products). The company sells and markets microwaveable and flameproof kitchenware and glass tumblers through more than 14,000 retail outlets in over 100 cities and has three manufacturing facilities at Bharuch (Gujarat), Tarapur (Maharashtra), and Jaipur (Rajasthan). While microwaveable and kitchenware products are sold under the flagship Borosil brand, opalware products are sold under the 'Larah' brand, and laboratory instruments are sold under the "Labquest" brand. In the SIP segment, the Company traditionally used to market laboratory glassware which includes a wide variety of scientific, industrial, and pharmaceutical items, but now it is alongside foraying into the provider of solutions to its customers for their laboratory needs. In the CP segment, the company has a wide product portfolio ranging from kitchen storage products, small kitchen appliances for preparing and cooking food, heating, in-home serving, and dining ware, and on-the-go storage products.

Investment Rationale

Robust growth through Sales automation and upgradation

For its Consumer Product (CP) segment, Borosil has adopted Distribution Management System (DMS) which provides meaningful and result-oriented data at Dealer, Region, District, Town, Division, Sub-Category, and Category levels. This has helped the company in finding opportunities to increase revenue through various reports such as dealer-level Cross Selling reports. It has been reflected in the Sales growth of the company achieving ~49% growth YoY over FY21. In the Scientific and Industrial segment (SIP), Borosil has been the market leader with over 65% market share for decades. It has a Lab glassware catalog list of over 2000 SKUs. To sustain its position as the market leader, the company is focusing on the continuous upgradation of manufacturing technologies and backend processes. This has led to a growth of ~34% YoY growth over FY21 in the SIP segment.

Capacity expansion to increase the outreach

Consumers have started being aware of the ill effects of plastics in their daily life and hence they are gradually shifting their preference towards alternatives like glass serving and storage solutions. It can be seen in FY22 volumes where the Company's brand Larah's order inflow is more than the production capacity. Due to such robust demand, the company is doubling the capacity at its Jaipur facility from 42 TPD (tonnes per day) to 84 TPD through a brownfield expansion. The investment is estimated to be about Rs. 175 crores and the project is to be commissioned by Q3FY23. The enhanced capacity is expected to cater to the demand over the next 3 years. In the SIP segment, Borosil has been building exports of laboratory glassware as an additional vector of growth. This shall be done by establishing distributorships in a no. of countries in Asia, Africa, and North America. To cater to the growing demand in the SIP segment, the company has decided to expand the capacity at Nashik Plant from 300 million vials and 500 million ampoules to 500 million vials and 700 million ampoules per annum.

Valuation and Outlook

Borosil Ltd has been a well-known brand with a legacy of 50+ years and a market leader with a 60% share in microwaveable and heat-resistant glassware products over the last several years. The Indian kitchen storage is still dominated by plastic and steel containers. With the company's focus on increasing the occasions for use and being supported by a shift away from plastics towards glass, Borosil expects to grow its glassware range by about 20% each year over the medium term. In the Scientific and Industrial product segment, the company has begun to grow its focus on international franchises and OEM development. It is building a base that is expected to yield strong revenue in the coming years. Based on the above factors, we give a "BUY" rating to this stock. On the valuation front, we value the company based on 30x of FY24e earnings and arrived at a target price of INR 454 (25% 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)	363
Target Price (INR)	454
NSE Symbol	BOROLTD
BSE Code	543212
Bloomberg	BOROLTD IN
Reuters	

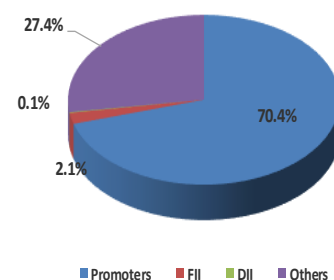
Key Data

Nifty	17,398
52WeekH/L(INR)	499/196
O/s Shares (Mn)	114
Market Cap (INR bn)	41
Face Value (INR)	1

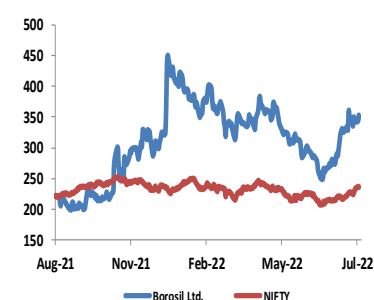
Average volume

3 months	13,410
6 months	12,153
1 year	35,430

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

YE March (Rs. millions)	FY19	FY20	FY21	FY22	FY23E	FY24E
Revenue	3,650	6,359	5,848	8,399	9,927	12,359
<i>Revenue Growth (Y-o-Y)</i>		74.2%	(8.0%)	43.6%	18.2%	24.5%
EBIDTA	526	777	817	1,431	1,896	2,645
<i>EBIDTA Growth (Y-o-Y)</i>		47.7%	5.2%	75.2%	32.5%	39.5%
Net Profit	250	353	424	852	1,231	1,730
<i>Net Profit Growth (Y-o-Y)</i>		41.5%	19.9%	101.2%	44.4%	40.6%
Diluted EPS	2.2	3.1	3.7	7.5	10.8	15.1
<i>Diluted EPS Growth (Y-o-Y)</i>		41.5%	19.9%	101.2%	44.4%	40.6%
Key Ratios						
EBIDTA margin (%)	14.4%	12.2%	14.0%	17.0%	19.1%	21.4%
NPM (%)	6.8%	5.6%	7.2%	10.1%	12.4%	14.0%
RoE (%)	4.1%	5.5%	6.1%	11.1%	13.8%	16.3%
RoCE (%)	7.8%	11.1%	11.7%	18.7%	21.3%	24.9%
Valuation Ratios						
P/E (x)	162.0x	114.5x	95.5x	47.4x	32.9x	23.4x
EV/EBITDA	77.9x	52.7x	49.5x	28.0x	21.2x	15.0x
P/BV (x)	6.6x	6.2x	5.8x	5.3x	4.5x	3.8x
Market Cap. / Sales (x)	11.1x	6.4x	6.9x	4.8x	4.1x	3.3x

Source: Company, BP Equities Research



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