

## Week Gone

- ⇒ In the week ended on Friday, 01 April 2022, the S&P BSE Sensex advanced 1914.49 points or 3.34% to settle at 59276.69. The Nifty 50 index gained 383.4 points or 2.22% to settle at 17,670.45.
- ⇒ The BSE Mid-Cap index rose 2.75% to settle at 24,443.59.
- ⇒ The BSE Small-Cap index rose 3.23% to settle at 28,699.41

## Week Ahead

- ⇒ 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
- ⇒ Volatility is also likely to remain high amid the ongoing Russia-Ukraine crisis..
- ⇒ The Reserve Bank of India (RBI) Governor-headed rate setting panel will be holding its first meeting of the next fiscal from April 6-8. Inflation is picking up in India, but the country's central bank is likely to maintain its loose policy even as its global peers raise rates as per reports

## Technical Overview

Nifty opened the week with minor gap down, while as the week progressed index gathered the strenght and ended the week near the weekly highs gaining 3.02% at 17670. Going ahead index has important support at 17350, till index hold abv this Nifty likely to head higher towards 17800-18000-18350. While support past 17350 comes at 17000-16800.



Source: Falcon, BP Equities Research

## Weekly Wealth

### DOMESTIC INDICES

Index	01-Apr-22	25-Mar-22	Weekly % Chg
Nifty 50	17,670.4	17,153.0	3.0
Nifty Next 50	41,754.1	40,754.6	2.5
Nifty 100	17,879.5	17,370.5	2.9
Nifty 500	15,087.3	14,651.7	3.0
NIFTY MIDCAP 100	30,134.5	29,274.6	2.9
S&P BSE SENSEX	59,276.6	57,362.5	3.3
S&P BSE 100	17,950.0	17,423.2	3.0
S&P BSE 200	7,635.5	7,412.3	3.0
S&P BSE 500	24,003.8	23,296.1	3.0
S&P BSE MidCap	24,443.5	23,789.9	2.7
S&P BSE SmallCap	28,699.4	27,800.6	3.2

### WORLD INDICES

Index	01-Apr-22	25-Mar-22	Weekly % Chg
Nikkei Index	27,666.0	28,149.8	-1.7
Hang Seng Index	22,039.6	21,404.9	3.0
Kospi Index	2,739.9	2,730.0	0.4
Shanghai SE Composite	3,282.7	3,212.2	2.2
Strait Times Index	3,419.1	3,413.7	0.2
Dow Jones	34,818.3	34,861.2	-0.1
NASDAQ	14,261.5	14,169.3	0.7
FTSE	7,537.9	7,483.4	0.7

### FOREX

Currency	01-Apr-22	25-Mar-22	Weekly % Chg
US\$ (Rs.)	76.0	76.3	-0.4
GBP (Rs.)	99.6	100.6	-1.0
Euro (Rs.)	83.9	83.9	0.1
Yen (Rs.) 100 Units	62.0	62.6	-0.9

### NIFTY TOP GAINERS (WEEKLY)

Scrip	01-Apr-22	25-Mar-22	Weekly % Chg
GAIL India	162.0	147.6	9.8%
Mahindra & Mahindra	826.5	764.7	8.1%
Axis Bank	774.5	721.2	7.4%
Power Grid Corpn.	225.0	209.6	7.3%
Indiabulls Housing	167.1	155.8	7.2%

### FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
01-Apr-22	8,279.8	6,370.0	1,909.8
31-Mar-22	12,274.8	9,186.1	3,088.7
30-Mar-22	10,271.4	8,913.9	1,357.5
29-Mar-22	7,360.9	7,325.4	35.5
28-Mar-22	6,114.5	6,915.9	-801.4
<u>MTD</u>	44,301.3	38,711.2	5,590.0

### NIFTY TOP LOSERS (WEEKLY)

Scrip	01-Apr-22	25-Mar-22	Weekly % Chg
Hindalco	570.5	622.7	-8.4%
Hero MotoCorp	2240.2	2378.4	-5.8%
ONGC	168.0	175.8	-4.5%
Tech Mahindra	1487.1	1530.6	-2.8%
UPL	781.6	798.6	-2.1%

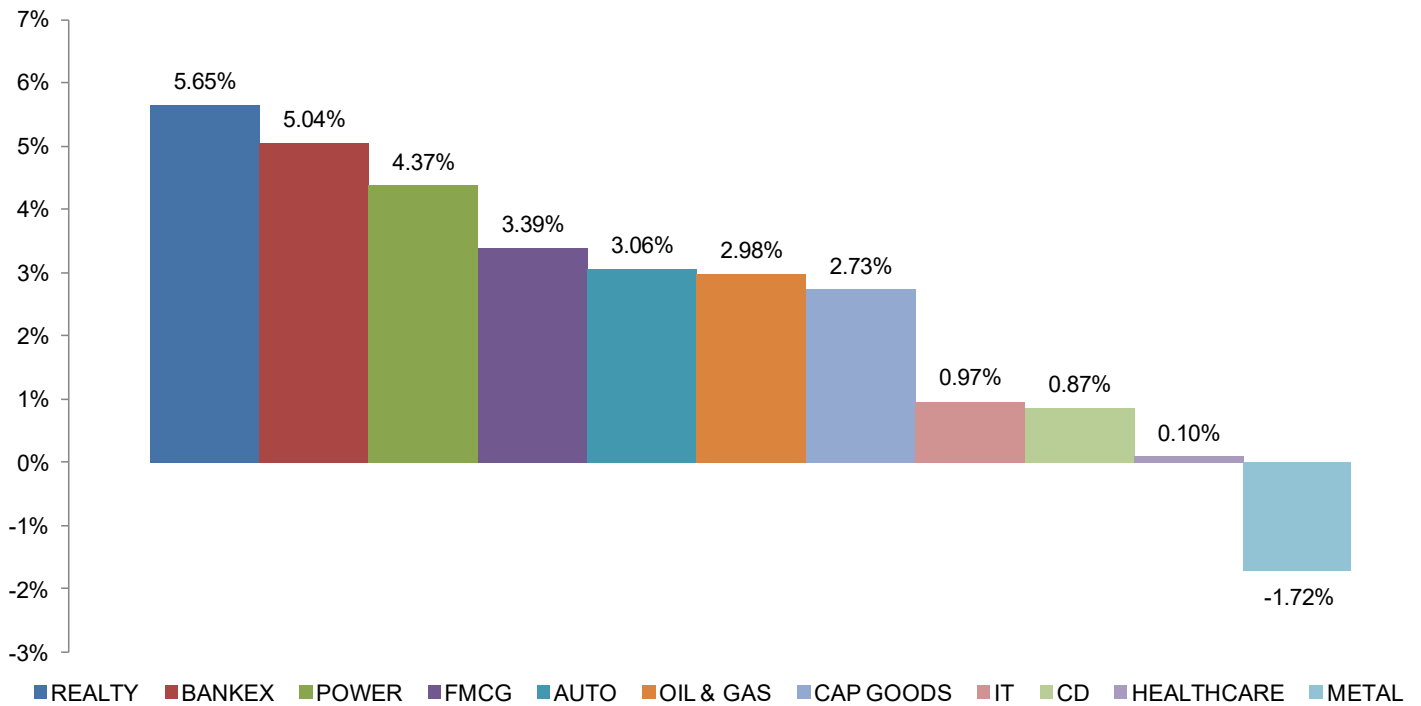
### DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
01-Apr-22	5,148.5	5,332.3	-183.8
31-Mar-22	7,944.5	6,799.2	1,145.3
30-Mar-22	12,848.1	11,632.1	1,216.0
29-Mar-22	5,860.5	4,147.2	1,713.3
28-Mar-22	5,323.7	4,162.0	1,161.7
<u>MTD</u>	37,125.4	32,072.9	5,052.5

# Weekly Wealth

## BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

### TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	25/03/22	01/04/22	Weekly % Chg	25/03/22	01/04/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
ESCORTS	1665.6	1557.3	-6.5	1786400	5289350	196.1
ADANI PORTS	745.9	788.1	5.7	30510000	81930000	168.5
ATUL	10063.6	9883.1	-1.8	81375	169125	107.8
GMRINFRA	36.8	39.2	6.4	62572500	109395000	74.8
PNB	35.5	36.6	3.2	134192000	221904000	65.4

### TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	25/03/22	01/04/22	Weekly % Chg	25/03/22	01/04/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
ABBOTINDIA	16065.6	17571.1	9.4	30875	23925	-22.5
INDUSTOWER	203.4	222.7	9.5	20171200	15904000	-21.2
METROPOLIS	1998.4	2101.1	5.1	664000	527000	-20.6
ICICIPRULI	488.6	510.0	4.4	7488000	6256500	-16.4
MOTHERSUMI	136.0	141.0	3.7	30523500	26012000	-14.8

### Company Background

Nesco Ltd, incorporated in 1946, brought world-class processes and designs for the manufacture of several engineering products into the country. While the company initially operated from Byculla, Mumbai, it set up two more plants at Parel and Santacruz. In 1959, the company acquired a land parcel of 65 acres at Goregaon, Mumbai and moved its operations to Goregaon by consolidating all these three plants. In 1986, with a vision to diversify its business from pure-play engineering to real estate, the company built the NESCO IT park and leased out property for office space to leading multinational companies. In 1992, the company set up the Bombay Exhibition Centre at its complex on the Western Express Highway at Goregaon. Overall the company is classified into four segments- NESCO IT Park, Bombay Exhibition Centre, Indabrator and Hospitality Segment.

### Investment Rationale

#### Expansion plans across verticals supported by steady financials

At the Bombay Exhibition Centre, there are five exhibition halls and one banquet space dedicated to Nesco, spanning ~6.1 lakh sq ft. On the expansion front, Nesco has gradually started refurbishing its existing halls (CAPEX: INR 50 cr). Additionally, there are long term plans to create new halls and convert some into convention centres with larger areas of ~12-13 lakh sq ft. Regarding expansion on the IT Park front, the company is currently in the approval phase for the commercial tower with ~2.6 mnsq ft of leasable area with a 350 keys four-star hotel. The management expects construction to get completed over the next four years (CAPEX: INR 1,800-2,000 cr). With massive expansion on cards, Nesco is funded well through internal accruals and has a strong balance sheet and net cash. The company is debt-free, which acts as a support for future expansions.

#### Strategic decisions to foray into relevant businesses to further accelerate growth

On the hospitality front of Nesco, there was a huge demand for food and beverages given the exhibition and presence of IT park employees. Thus, to cater to these demands, the company has built a 25,000 sq ft kitchen capable of serving 40,000 meals. To diversify the segmental revenue stream other than in-house opportunities, the company has started outdoor catering services, including weddings, corporate events, seminars, and targeting to open food outlets/kiosks in metro stations. The company intends to be a social gathering hub in the medium term, and the management has given a guidance of revenue of INR 100 cr over the next five years. On the Indabrator front, the key factors for demand have been China+1 and steel realisations. The management has even given guidance for 50% revenue growth during FY22.

### Valuation outlook

Nesco Ltd (Nesco) develops and manages commercial/IT real estate, exhibition centres, and food businesses. During FY21, the company faced a slowdown; however, in FY22, it saw a steady pickup. The revenues and occupancy rates showed recovery, and a faster movement is expected with Covid norms being relaxed. Our recommendation on Nesco is backed by the prudent management pedigree, steady & planned expansion across segments, and niche profitable business model. We valued the company based on 17x FY24e earnings and arrived at a target price of INR 720( 22% 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)	590
Target Price (INR)	720
NSE Symbol	NESCO
BSE Code	505355
Bloomberg	NSE IN
Reuters	NSEN.BO

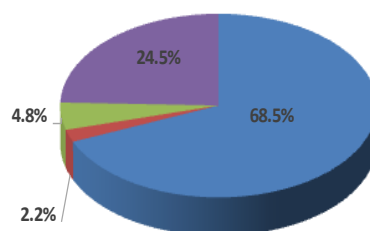
### Key Data

Nifty	17,670
52WeekH/L(INR)	697/463
O/s Shares (Mn)	70
Market Cap (INR bn)	41
Face Value (INR)	2

### Average volume

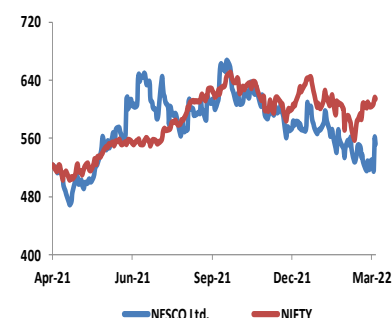
3 months	45,410
6 months	69,100
1 year	1,09,120

### Share Holding Pattern (%)



■ Promoters ■ FII ■ DII ■ Others

### Relative Price Chart



## Weekly Wealth

### Key Financials

YE March (Rs. millions)	FY19	FY20	FY21	FY22E	FY23E	FY24E
<b>Revenue</b>	<b>3,609</b>	<b>4,317</b>	<b>2,911</b>	<b>3,441</b>	<b>5,006</b>	<b>5,752</b>
<i>Revenue Growth (Y-o-Y)</i>	12.4%	19.6%	(32.6%)	18.2%	45.5%	14.9%
<b>EBIDTA</b>	<b>2,328</b>	<b>2,782</b>	<b>1,852</b>	<b>2,209</b>	<b>3,334</b>	<b>3,843</b>
<i>EBIDTA Growth (Y-o-Y)</i>	6.5%	19.5%	(33.4%)	19.3%	50.9%	15.2%
<b>Net Profit</b>	<b>1,804</b>	<b>2,339</b>	<b>1,725</b>	<b>1,906</b>	<b>2,939</b>	<b>3,394</b>
<i>Net Profit Growth (Y-o-Y)</i>	1.0%	29.6%	(26.3%)	10.5%	54.2%	15.5%
<b>Diluted EPS</b>	<b>25.6</b>	<b>33.2</b>	<b>24.5</b>	<b>27.1</b>	<b>41.7</b>	<b>48.2</b>
<i>Diluted EPS Growth (Y-o-Y)</i>	1.0%	29.6%	(26.3%)	10.5%	54.2%	15.5%

### Key Ratios

<b>EBIDTA margin (%)</b>	<b>64.5%</b>	<b>64.4%</b>	<b>63.6%</b>	<b>64.2%</b>	<b>66.6%</b>	<b>66.8%</b>
NPM (%)	50.0%	54.2%	59.2%	55.4%	58.7%	59.0%
<b>RoE (%)</b>	<b>15.4%</b>	<b>17.2%</b>	<b>11.3%</b>	<b>11.2%</b>	<b>14.9%</b>	<b>14.8%</b>
RoCE (%)	19.9%	20.5%	12.1%	13.0%	16.9%	16.8%

### Valuation Ratios

<b>P/E (x)</b>	<b>23.1x</b>	<b>17.8x</b>	<b>24.2x</b>	<b>21.9x</b>	<b>14.2x</b>	<b>12.3x</b>
EV/EBITDA	17.9x	14.9x	22.5x	18.8x	12.5x	10.8x
<b>P/BV (x)</b>	<b>3.6x</b>	<b>3.1x</b>	<b>2.7x</b>	<b>2.5x</b>	<b>2.1x</b>	<b>1.8x</b>
Market Cap. / Sales (x)	11.6x	9.7x	14.3x	12.1x	8.3x	7.3x

Source: Company, BP Equities Research



Research Desk

Tel: +91 22 61596406

Institutional Sales Desk

Tel: +91 22 61596403/04/05

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

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**Corporate Office:**

4th floor,  
Rustom Bldg,  
29, Veer Nariman Road, Fort,  
Mumbai-400001  
Phone- +91 22 6159 6464  
Fax-+91 22 6159 6160  
Website- [www.bpwealth.com](http://www.bpwealth.com)

**Registered Office:**

24/26, 1st Floor, Cama Building,  
Dalal street, Fort,  
Mumbai-400001  
BP Wealth Management Pvt. Ltd.  
CIN No: U67190MH2005PTC154591  
BP Equities Pvt. Ltd.  
CIN No: U67120MH1997PTC107392