

## Week Gone

- ⇒ In the week ended on Friday, 24 June 2022, the Sensex advanced 1,367.56 points or 2.66% to settle at 52,727.98. The Nifty 50 index gained 405.75 points or 2.65% to settle at 15,699.25.
- ⇒ The BSE Mid-Cap index rose 2.38% to settle at 21,803.16.
- ⇒ The BSE Small-Cap index gained 1.61% to settle at 24,521.93.

## Week Ahead

- ⇒ Auto Stocks will be in focus as Auto Companies will start announcing monthly sales numbers for June, 2022 starting from 1 July, 2022
- ⇒ The US ISM Manufacturing PMI data for June, 2022 will be announced on 1 July, 2022
- ⇒ China will announce the NBS Manufacturing PMI for June, 2022 on 30 June 2022.

## Technical Overview

The Index opened this week with a modest gap-down and formed a spinning body candle showing indecision to the the on-going down leg. The Index then managed to protect the lows of Monday and saw incremental gains as the week progressed. On the weekly time frame, the timeframe, the price action witnessed a technical pullback from multiple supports like the 100 WMA, moving average bands, and the channel support line resulting in the formation of an insider bar. Going forward the resistance comes near 15750-15900-16200 whereas support comes near 15550-15350-15180.



Source: Falcon, BP Equities Research

## Weekly Wealth

### DOMESTIC INDICES

Index	24-Jun-22	17-Jun-22	Weekly % Chg
Nifty 50	15,699.3	15,293.5	2.7
Nifty Next 50	36,616.3	35,668.2	2.7
Nifty 100	15,858.3	15,445.8	2.7
Nifty 500	13,322.5	12,994.8	2.5
NIFTY MIDCAP 100	26,449.1	25,877.7	2.2
S&P BSE SENSEX	52,728.0	51,360.4	2.7
S&P BSE 100	15,963.3	15,562.7	2.6
S&P BSE 200	6,782.4	6,610.8	2.6
S&P BSE 500	21,224.0	20,710.0	2.5
S&P BSE MidCap	21,803.2	21,295.9	2.4
S&P BSE SmallCap	24,521.9	24,133.9	1.6

### NIFTY TOP GAINERS (WEEKLY)

Scrip	24-Jun-22	17-Jun-22	Weekly % Chg
Hero MotoCorp	2,760.0	2,467.4	11.9%
Eicher Motors	2,877.9	2,604.8	10.5%
Hindustan Unilever	2,303.9	2,110.5	9.2%
Maruti Suzuki	8,363.2	7,688.2	8.8%
Mahindra & Mahindra	1,072.1	997.7	7.5%

### NIFTY TOP LOSERS (WEEKLY)

Scrip	24-Jun-22	17-Jun-22	Weekly % Chg
Vedanta	221.45	263.95	-16.1%
Tata Steel	852.85	906.7	-5.9%
GAIL India	132.45	138.95	-4.7%
UPL	640.85	665.15	-3.7%
Reliance Industries	2,500.05	2,590	-3.5%

### WORLD INDICES

Index	24-Jun-22	17-Jun-22	Weekly % Chg
Nikkei Index	26,492.0	25,963.0	2.0
Hang Seng Index	21,719.1	21,075.0	3.1
Kospi Index	2,366.6	2,440.9	-3.0
Shanghai SE Composite	3,349.8	3,316.8	1.0
Strait Times Index	3,111.7	3,098.1	0.4
Dow Jones	31,500.7	29,888.8	5.4
NASDAQ	11,607.6	10,798.4	7.5
FTSE	7,208.8	7,016.3	2.7

### FOREX

Currency	24-Jun-22	17-Jun-22	Weekly % Chg
US\$ (Rs.)	78.3	78.0	0.3
GBP (Rs.)	96.0	96.3	-0.2
Euro (Rs.)	82.5	82.1	0.5
Yen (Rs.) 100 Units	57.9	59.2	-2.3

### FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
24-Jun-22	4,658.9	7,012.6	-2,353.8
23-Jun-22	4,603.7	6,922.7	-2,319.1
22-Jun-22	4,516.0	7,436.6	-2,920.6
21-Jun-22	4,617.8	7,319.0	-2,701.2
20-Jun-22	4,355.0	5,572.1	-1,217.1
<u>MTD</u>	22,751.4	34,263.2	-11,511.8

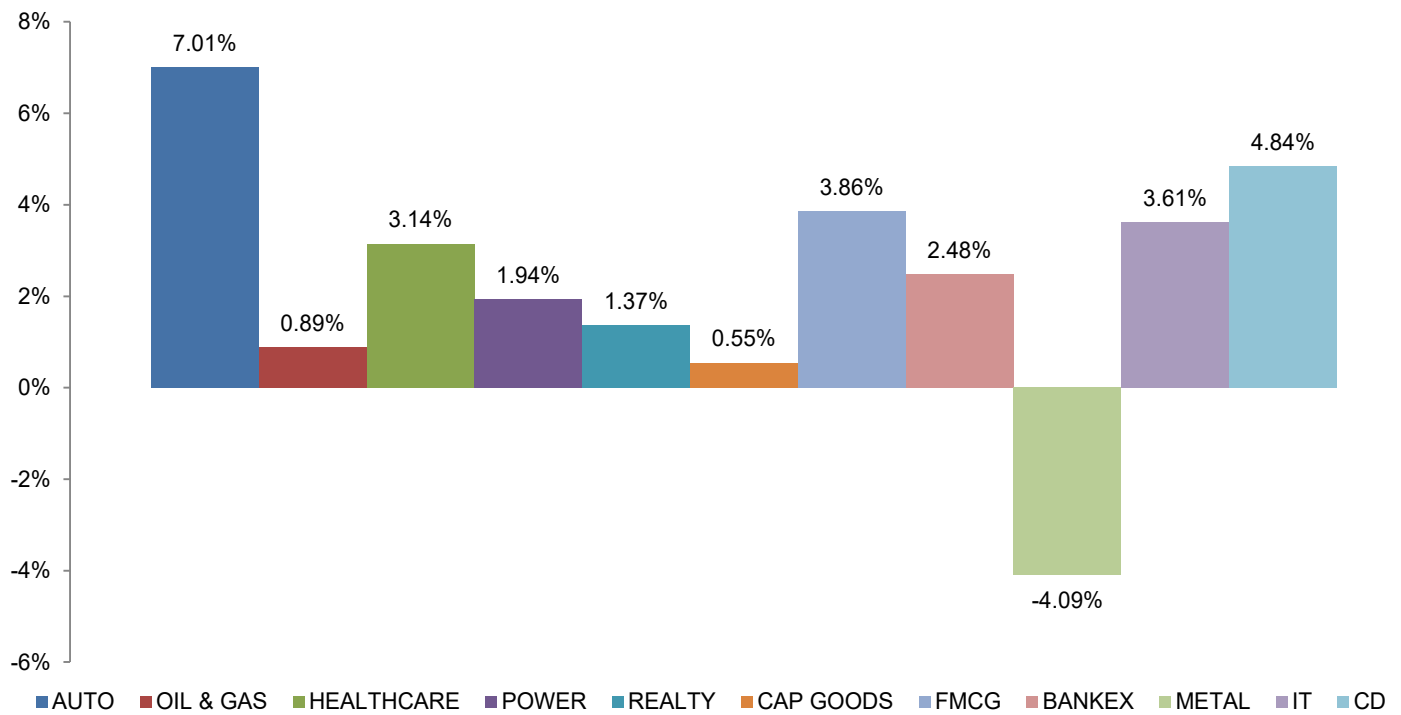
### DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
24-Jun-22	5,651.6	3,438.2	2,213.4
23-Jun-22	5,620.1	3,181.8	2,438.3
22-Jun-22	4,861.6	3,002.5	1,859.1
21-Jun-22	6,527.2	3,460.8	3,066.4
20-Jun-22	6,099.5	4,006.1	2,093.4
<u>MTD</u>	28,759.9	17,089.3	11,670.6

# Weekly Wealth

## BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

### TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	24/06/22	17/06/22	Weekly % Chg	24/06/22	17/06/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
JSWSTEEL	569	556.35	-2.2	28593000	48666150	70.2
ADANI PORTS	687.1	670	-2.5	50105000	76538750	52.8
AMARAJABAT	466.8	462.1	-1.0	4119000	6136000	49.0
PETRONET	207.2	203.7	-1.7	11052000	15942000	44.2
LALPATHLAB	2030.1	1960.9	-3.4	936375	1322250	41.2

### TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	24/06/22	17/06/22	Weekly % Chg	24/06/22	17/06/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
VEDL	221.6	264.85	19.5	52948000	44516000	-15.9
CHAMBLFERT	286	301.2	5.3	3723000	3153000	-15.3
JKCEMENT	2066.2	2026.95	-1.9	464275	407050	-12.3
GAIL	132.8	139.05	4.7	29133600	25912800	-11.1
NTPC	137	140.85	2.8	69608400	63993900	-8.1

### Company Background

Aditya Birla Fashion and Retail Ltd. (ABFRL) emerged after the consolidation of the branded apparel businesses of Aditya Birla Group comprising Aditya Birla Nuvo Ltd (ABNL) Madura Fashion division and ABNL's subsidiaries Pantaloons Fashion and Retail (PFRL) and Madura Fashion & Lifestyle (MFL) in May 2015. Post the consolidation, PFRL was renamed Aditya Birla Fashion and Retail Ltd. ABFRL is a part of the Aditya Birla Group, a global conglomerate, in the league of Fortune 500. ABFRL has been retained as Asia's most sustainable company in the textiles, apparel, and luxury goods industry by the S&P Global Corporate Sustainability Assessment (CSA). The Company has a network of 3,468 stores across approximately 28,585 multi-brand outlets with 6,515 points of sales in department stores across India (as of 31st March 2022). It has a repertoire of India's largest brands in Louis Philippe, Van Heusen, Allen Solly, and Peter England, established over 25 years. Pantaloons is one of India's leading fashion retailers. The company's international Brands portfolio includes - The Collective, India's largest multi-brand retailer of international brands, and has long-term exclusive partnerships with select brands such as Ralph Lauren, Hackett London, Ted Baker, Fred Perry, Forever 21, American Eagle, and Reebok

### Investment Rationale

#### Aggressive growth plans with the inorganic acquisition strategy

ABFRL's Lifestyle brands have continued their expansion into both existing and newer Indian towns and cities which have given it an unassailable lead over its peers in this market. ABFRL's Pantaloons brand also ramped up its store additions during FY22 with 49 new additions, 18 of which opened during the Q4 FY22. It plans to significantly accelerate the retail expansion of Pantaloons network in the coming year, i.e., FY23. In some of the business segments such as active athleisure wear, the company expanded its distribution network and is now selling across 27,000 MBO (Multi-brand outlets) and is on the path to building a strong retail network. ABFRL is now one of the strongest and most comprehensive portfolio brands across price points, consumer segments, and occasions. ABFRL has made a constellation of partnerships with leading designers, Sabyasachi, Tarun Tahiliani, and Shantanu & Nikhil to add to its first investment in Jaypore. ABFRL has also announced a partnership with House of Masaba with a 52.4% stake in the Company. The acquisition of Reebok in FY22 will see the addition of the world-renowned sportswear brand Reebok to the company's portfolio with effect from October 1, 2022. Significant capital expenditure to fuel the growth across all the brands in the portfolio, a significant increase in marketing activities for infusing strength in each of the brands, and a sharp focus in areas such as IT and digital will strengthen omnichannel and backend infrastructure. Besides ABFRL is increasing its focus on overall digital play through a recently announced B2C entity wherein they would invest in building a portfolio of digital-first brands through organic and inorganic routes and accelerate E-Commerce play.

#### Strengthened Balance Sheet aided with fund Raising

ABFRL approved the raising of INR 2,195 crores of primary capital through a combination of equity and warrants on a preferential basis to GIC Singapore, a leading global investment firm. GIC will infuse Rs. 770 crores on the closure of deal by H1 FY23 once all approvals are in place towards 1.02 crore equity shares at Rs. 288.75 per share and 25% upfront payment for 6.58 crore warrants to be converted into equity shares at Rs. 288.75 per share. The balance capital of Rs. 1,425 crores will be infused in one or more tranches within 18 months upon exercise of warrants. Post the entire investment, GIC will own a 7.5% equity stake in the Company. It will help the company in reducing the leveraged position thus increasing margins. The fundraising is a testimony to GIC's faith in the strength of ABFRL's branded portfolio, its proven business model, and future growth potential.

### Valuation and Outlook

ABFRL is India's leading branded fashion player, with a portfolio of some of the most aspirational brands in the country. With its vast network spanning 850+ cities in India, the Company has built a strong distribution, serving the country's large and fast-growing brand-conscious consumers. It adopted comprehensive cost reductions, aligned the product mix with changing consumer needs, and accelerated the digital transformation journey to improve its overall competitive position in the market. ABFRL refreshes its product portfolio quickly to meet the changing consumer requirements. The Company's strategy to accelerate Omni channel rollout is to let its consumers shop virtually and be served through nearby stores, by connecting the inventory of its stores to its e-commerce platform. ABFRL's aggressive expansion across India, efficient supply chain, strong product portfolio across all price segments and healthy balance sheet bode well for the company. Considering the above factors, we recommend a BUY rating on ABFRL. We value the company based on 13x of FY24e EV/EBITDA and arrived at a target price of INR 310(29% upside from CMP) with a 12 months investment horizon.

### Stock Rating

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

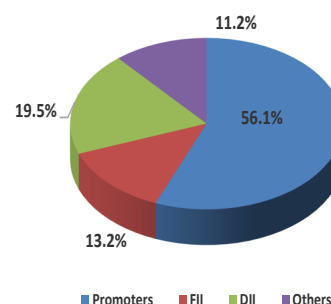
### Sector Outlook Positive

Stock	
CMP (INR)	240
Target Price (INR)	310
NSE Symbol	ABFRL
BSE Code	535755
Bloomberg	ABFRL IN
Reuters	PNT0.BO

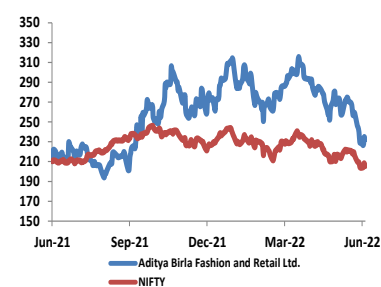
### Key Data

Nifty	15,699
52WeekH/L(INR)	322/190
O/s Shares (Mn)	938
Market Cap (INR bn)	225
Face Value (INR)	10
<b>Average volume</b>	
3 months	25,610
6 months	29,510
1 year	35,110

### Share Holding Pattern (%)



### Relative Price Chart



## Weekly Wealth

### Key Financials

YE March (INR. Mn)	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Revenue</b>	<b>81,177.2</b>	<b>87,878.6</b>	<b>52,489.2</b>	<b>81,362.2</b>	<b>1,13,663.0</b>	<b>1,39,009.8</b>
<i>Revenue Growth (Y-o-Y)</i>		8.3%	(40.3%)	55.0%	39.7%	22.3%
<b>EBIDTA</b>	<b>5,765.1</b>	<b>12,566.1</b>	<b>5,822.3</b>	<b>10,999.2</b>	<b>17,845.1</b>	<b>22,102.6</b>
<i>EBIDTA Growth (Y-o-Y)</i>		118.0%	53.7%	(88.9%)	62.2%	23.9%
<b>Net Profit</b>	<b>3,212.2</b>	<b>(1,630.1)</b>	<b>(6,725.1)</b>	<b>(1,087.2)</b>	<b>4,319.2</b>	<b>6,255.4</b>
<i>Net Profit Growth (Y-o-Y)</i>		(150.7%)	312.6%	(83.8%)	(497.3%)	44.8%
<b>Diluted EPS</b>	<b>3.4</b>	<b>(1.7)</b>	<b>(7.2)</b>	<b>(1.2)</b>	<b>4.6</b>	<b>6.7</b>
<i>Diluted EPS Growth (Y-o-Y)</i>		(150.7%)	312.6%	(83.8%)	(497.3%)	44.8%

### Key Ratios

<b>EBIDTA margin (%)</b>	<b>7.1%</b>	<b>14.3%</b>	<b>11.1%</b>	<b>13.5%</b>	<b>15.7%</b>	<b>15.9%</b>
<b>NPM (%)</b>	4.0%	-1.9%	-12.8%	-1.3%	3.8%	4.5%
<b>RoE (%)</b>	<b>22.5%</b>	<b>-15.0%</b>	<b>-25.1%</b>	<b>-3.9%</b>	<b>13.5%</b>	<b>16.3%</b>
<b>RoCE (%)</b>	21.9%	36.4%	15.3%	27.5%	47.1%	51.3%

### Valuation Ratios

<b>P/E (x)</b>	<b>70.0x</b>	<b>-138.0x</b>	<b>-33.5x</b>	<b>-206.9x</b>	<b>52.1x</b>	<b>36.0x</b>
<b>EV/EBITDA</b>	41.0x	19.6x	40.1x	21.5x	12.6x	10.0x
<b>P/BV (x)</b>	<b>15.7x</b>	<b>20.7x</b>	<b>8.4x</b>	<b>8.1x</b>	<b>7.0x</b>	<b>5.9x</b>
<b>Market Cap. / Sales (x)</b>	2.8x	2.6x	4.3x	2.8x	2.0x	1.6x

Source: Company, BP Equities Research



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Disclaimer Appendix

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

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