

## Week Gone

- ⇒ In the week ended on Friday, 22 July 2022, the Sensex declined 2311.45 points or 4.3% to settle at 56,072.23. The Nifty 50 index lost 670.25 points or 4.18% to settle at 16,719.45.
- ⇒ The BSE Mid-Cap index rose 3.53% to settle at 23,660.37.
- ⇒ The BSE Small-Cap index gained 3.86% to settle at 26,773.41.

## Week Ahead

- ⇒ The US Federal Reserve (Fed) will announce its interest rate decision after its two-day policy meeting on 27 July 2022
- ⇒ Japan will announce Consumer Confidence data for July on 29 July 2022
- ⇒ USA will announce New Home Sales Data for July on 26 July, 2022.

## Technical Overview

Index opened the week on a flat note, index gained strength as the week progressed and ended the week near the weeks high with strong gains. Going ahead index has an immediate resistance around 16850-16900 zone which coincides with 50% retracement level of it's prior fall, sustenene above the same will open the way for 17100-17250. Whereas on the other hand support is placed at 16580-16400-16150.



Source: Falcon, BP Equities Research

## Weekly Wealth

### DOMESTIC INDICES

Index	22-Jul-22	15-Jul-22	Weekly % Chg
Nifty 50	16,719.5	16,049.2	4.2
Nifty Next 50	40,165.0	38,944.4	3.1
Nifty 100	16,970.7	16,317.2	4.0
Nifty 500	14,336.6	13,790.2	4.0
NIFTY MIDCAP 100	29,047.9	28,017.3	3.7
S&P BSE SENSEX	56,072.2	53,760.8	4.3
S&P BSE 100	17,089.1	16,421.2	4.1
S&P BSE 200	7,286.9	7,011.5	3.9
S&P BSE 500	22,828.5	21,971.5	3.9
S&P BSE MidCap	23,660.4	22,854.6	3.5
S&P BSE SmallCap	26,773.4	25,779.6	3.9

### NIFTY TOP GAINERS (WEEKLY)

Scrip	22-Jul-22	15-Jul-22	Weekly % Chg
Indusind Bank	942.5	815.1	15.6%
Vedanta	258.4	227.9	13.4%
Ultratech Cement	6,458.7	5,807.1	11.2%
Yes Bank	14.7	13.3	10.5%
Axis Bank	730.8	662.2	10.4%

### NIFTY TOP LOSERS (WEEKLY)

Scrip	22-Jul-22	15-Jul-22	Weekly % Chg
Dr. Reddys Lab	4,373.5	4,546	-3.8%
NTPC	148.95	149.75	-0.5%
Sun Pharma Inds.	874.5	878.4	-0.4%

### WORLD INDICES

Index	22-Jul-22	15-Jul-22	Weekly % Chg
Nikkei Index	27,914.7	26,788.5	4.2
Hang Seng Index	20,609.1	20,297.7	1.5
Kospi Index	2,393.1	2,331.0	2.7
Shanghai SE Composite	3,270.0	3,228.1	1.3
Strait Times Index	2,589.7	3,099.2	-16.4
Dow Jones	31,899.3	31,288.3	2.0
NASDAQ	11,834.1	11,452.4	3.3
FTSE	7,276.4	7,159.0	1.6

### FOREX

Currency	22-Jul-22	15-Jul-22	Weekly % Chg
US\$ (Rs.)	79.8	79.9	-0.1
GBP (Rs.)	96.0	94.5	1.5
Euro (Rs.)	81.6	80.1	1.9
Yen (Rs.) 100 Units	58.7	57.5	1.9

### FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
22-Jul-22	5,335.2	6,010.6	-675.5
21-Jul-22	8,279.4	6,480.1	1,799.3
20-Jul-22	7,606.0	5,825.1	1,780.9
19-Jul-22	6,177.6	5,201.2	976.4
18-Jul-22	15,055.0	14,898.9	156.1
<u>MTD</u>	42,453.2	38,415.9	4,037.3

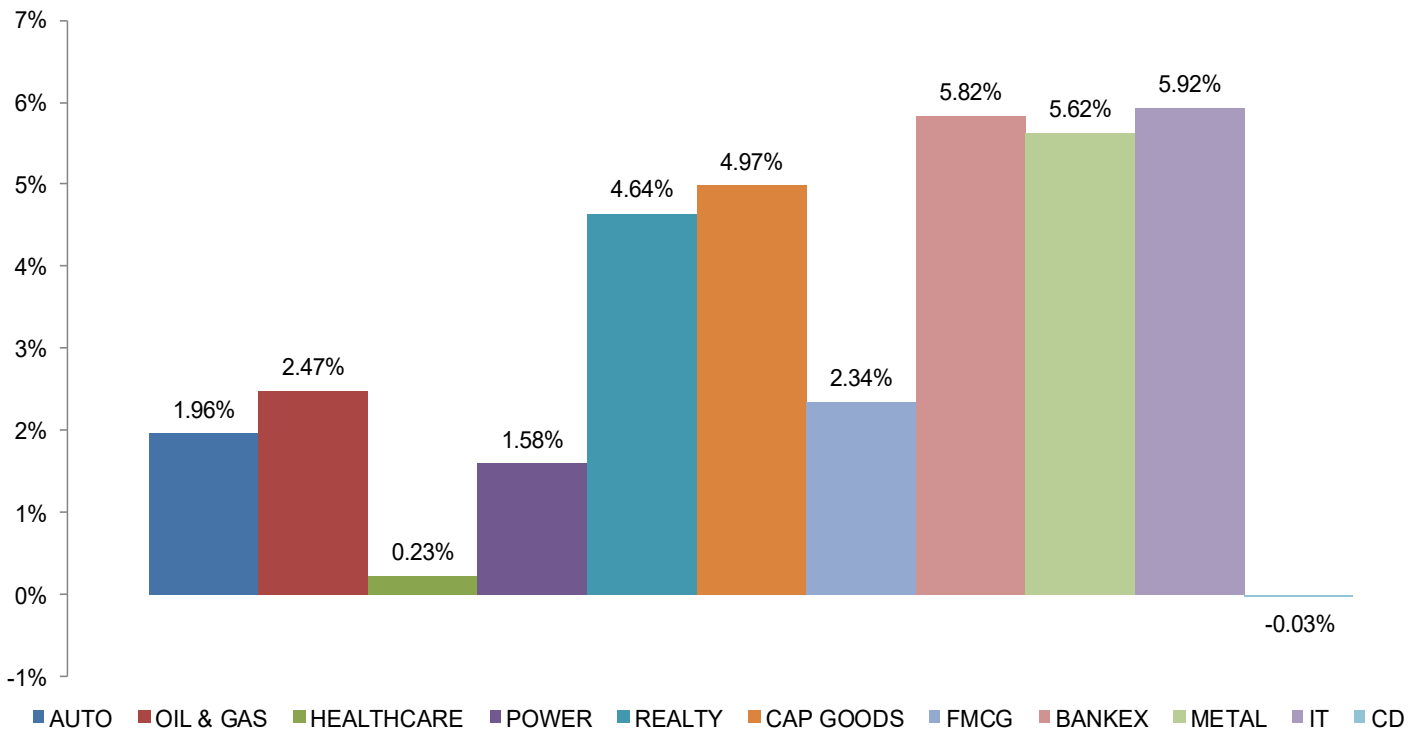
### DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
22-Jul-22	5,072.0	4,332.6	739.4
21-Jul-22	5,071.6	5,383.9	-312.3
20-Jul-22	6,032.7	6,263.0	-230.2
19-Jul-22	5,085.7	5,186.5	-100.7
18-Jul-22	6,273.8	5,429.4	844.3
<u>MTD</u>	27,535.8	26,595.4	940.5

# Weekly Wealth

## BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

### TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	22/07/22	15/07/22	Weekly % Chg	22/07/22	15/07/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
JSWSTEEL	583.15	577.4	-1.0	30727350	53254800	73.3
HINDUNILVR	2,637.6	2,570.45	-2.5	8619000	13150500	52.6
HDFC	2,293.8	2,217.9	-3.3	16764600	24885300	48.4
TCS	3,177	3,007.25	-5.3	10072500	14637750	45.3
TITAN	2,323.5	2,190.5	-5.7	5040750	7240500	43.6

### TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	22/07/22	15/07/22	Weekly % Chg	22/07/22	15/07/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
PERSISTENT	3,641.65	3,154.7	-13.4	787500	565500	-28.2
COFORGE	3,708.85	3,360.5	-9.4	838650	682050	-18.7
ASTRAL	1,757.5	1,783.0	1.5	721325	630025	-12.7
CHAMBLFERT	320.7	304.75	-5.0	3874500	3469500	-10.5
GRANULES	303.7	304.3	0.2	10040000	9028000	-10.1

## Company Background

CCL Products (India) Limited (CCLP) was established in 1994 to produce the world's finest and most exquisite coffee. The Company's strength lies in its strong infrastructure and a global clientele base in over 90 countries. The past 3 decades have led CCLP to evolve into the largest instant coffee exporter and private label manufacturer across the globe. CCLP manufactures a variety of soluble instant coffee, including spray-dried coffee, spray-dried agglomerated coffee, freeze-dried coffee, and freeze concentrated liquid coffee. CCLP has emerged as a global leader in coffee with fully operational units in India, Switzerland, and Vietnam. CCLP domestic team has been consistently focussing to garner a good awareness level for the brand "Continental". Continental brand holds the fort of being among the top 5 largest domestic brand players. Keeping its vision of innovative products backed by the R&D team CCLP has forayed into plant-based protein food.

## Investment Rationale

### Capacity Expansion and Small Packs Business to Drive the Growth

CCLP's Vietnam capacity shall be enhanced from 13,500 tonnes to 30,000 tonnes and that is likely to be commissioned by the second half of FY23. The new capacity will be entirely spray dried operating at 80-85% of its full capacity. The management of CCLP has been clear on achieving 15% growth in volumes in FY23 exports despite Russia-Ukraine pressure which is one of the large markets in the CIS category. On the domestic front, the company is looking to grow the business by 40% in FY23. CCLP is looking to scale up its distribution network to penetrate Northern and Southern markets. To Capture the domestic market, the company has been focussing on increasing the share of small packs sold directly to the customers than to the packers, which aids in expanding its margins and deepening its relationships with the consumers. The small pack growth shall increase capacity utilization from 60% to around 80-85%.

### Input Cost Advantage

Brazil is the largest producer of green coffee (Arabica) in the world. Due to the drought in Brazil, green coffee is getting impacted leading to a shortfall in supplies and reduced production. The prices of Arabica are likely to remain at an elevated level. CCLP is not likely to get impacted as 90% of the coffee consumption is Robusta. Also due to its major focus on the B2B model, the company has the advantage of passing rising costs such as the increase in raw material costs, freight costs, etc to its customers. CCLP maintains high inventory levels to gain economies of scale resulting in a short lead time to cater to the customers resulting in first preference amongst its customers.

### Valuation and Outlook

CCL Products (India) Limited has established its longstanding presence in the international markets in two forms of instant coffee - Spray Dried and Freeze Dried and keeps upgrading the same with the latest technology available globally to get better yield. The company has a strong track record of customer retention by maintaining longstanding relationships with its major clients resulting in repeat orders. Most clients in the coffee industry are extremely particular about the taste, aroma, color, and other product features and, hence, do not switch easily. CCLP has spread its client profile directly to 90 countries despite the global pandemic and staggered lockdowns in most countries, restricting the movement of individuals and goods. CCLP's cost-efficient business model with expertise in a customized blend makes it the market leader in the segment. Due to the above reason we give a "BUY" rating to the stock. On the valuation front, we value the company based on 22x of FY24e earnings and arrived at a target price of INR 517 (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)	411
Target Price (INR)	517
NSE Symbol	CCL
BSE Code	519600
Bloomberg	CCLP IN
Reuters	CCLP.BO

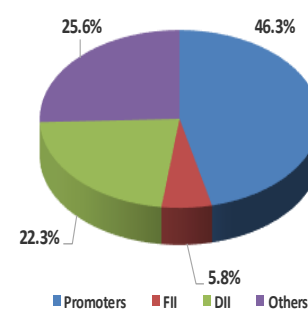
### Key Data

Nifty	16,720
52WeekH/L(INR)	515/316
O/s Shares (Mn)	133
Market Cap (INR bn)	55
Face Value (INR)	2

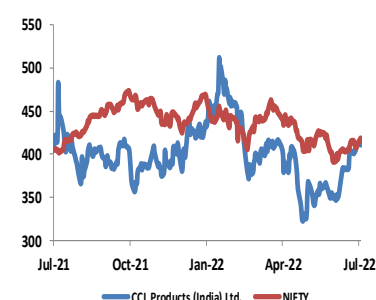
### Average volume

3 months	3,017
6 months	4,872
1 year	5,742

## Share Holding Pattern (%)



## Relative Price Chart



## Weekly Wealth

### Key Financials

YE March (INR. Mn)	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Revenue</b>	<b>10,814.2</b>	<b>11,391.5</b>	<b>12,424.8</b>	<b>14,620.3</b>	<b>17,325.0</b>	<b>20,708.6</b>
<i>Revenue Growth (Y-o-Y)</i>	<i>(4.9%)</i>	<i>5.3%</i>	<i>9.1%</i>	<i>17.7%</i>	<i>18.5%</i>	<i>19.5%</i>
<b>EBIDTA</b>	<b>2,454.8</b>	<b>2,781.7</b>	<b>2,925.4</b>	<b>3,310.6</b>	<b>4,019.4</b>	<b>4,928.7</b>
<i>EBIDTA Growth (Y-o-Y)</i>	<i>2.9%</i>	<i>13.3%</i>	<i>5.2%</i>	<i>13.2%</i>	<i>21.4%</i>	<i>22.6%</i>
<b>Net Profit</b>	<b>1,548.9</b>	<b>1,659.4</b>	<b>1,822.6</b>	<b>2,043.5</b>	<b>2,529.5</b>	<b>3,127.0</b>
<i>Net Profit Growth (Y-o-Y)</i>	<i>4.6%</i>	<i>7.1%</i>	<i>9.8%</i>	<i>12.1%</i>	<i>23.8%</i>	<i>23.6%</i>
<b>Diluted EPS</b>	<b>11.6</b>	<b>12.5</b>	<b>13.7</b>	<b>15.4</b>	<b>19.0</b>	<b>23.5</b>
<i>Diluted EPS Growth (Y-o-Y)</i>	<i>4.6%</i>	<i>7.1%</i>	<i>9.8%</i>	<i>12.1%</i>	<i>23.8%</i>	<i>23.6%</i>

### Key Ratios

<b>EBIDTA margin (%)</b>	<b>22.7%</b>	<b>24.4%</b>	<b>23.5%</b>	<b>22.6%</b>	<b>23.2%</b>	<b>23.8%</b>
<b>NPM (%)</b>	<b>14.3%</b>	<b>14.6%</b>	<b>14.7%</b>	<b>14.0%</b>	<b>14.6%</b>	<b>15.1%</b>
<b>RoE (%)</b>	<b>18.5%</b>	<b>17.9%</b>	<b>16.8%</b>	<b>16.3%</b>	<b>18.0%</b>	<b>19.1%</b>
<b>RoCE (%)</b>	<b>20.2%</b>	<b>21.1%</b>	<b>18.7%</b>	<b>18.3%</b>	<b>20.3%</b>	<b>23.2%</b>

### Valuation Ratios

<b>P/E (x)</b>	<b>35.3x</b>	<b>32.9x</b>	<b>30.0x</b>	<b>26.8x</b>	<b>21.6x</b>	<b>17.5x</b>
<b>EV/EBITDA</b>	<b>23.4x</b>	<b>20.9x</b>	<b>19.9x</b>	<b>18.0x</b>	<b>14.7x</b>	<b>11.6x</b>
<b>P/BV (x)</b>	<b>6.5x</b>	<b>5.9x</b>	<b>5.0x</b>	<b>4.4x</b>	<b>3.9x</b>	<b>3.3x</b>
<b>Market Cap. / Sales (x)</b>	<b>5.1x</b>	<b>4.8x</b>	<b>4.4x</b>	<b>3.7x</b>	<b>3.2x</b>	<b>2.6x</b>

Source: Company, BP Equities Research



Research Desk

Tel: +91 22 61596406

Institutional Sales Desk

Tel: +91 22 61596403/04/05

Disclaimer Appendix

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

We analysts and the authors of this report, hereby certify that all of the views expressed in this research report accurately reflect our personal views about any and all of the subject issuer (s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation (s) or view (s) in this report. Analysts aren't registered as research analysts by FINRA and might not be an associated person of the BP Equities Pvt. Ltd. (Institutional Equities).

**General Disclaimer**

This report has been prepared by the research department of BP EQUITIES Pvt. Ltd, is for information purposes only. This report is not construed as an offer to sell or the solicitation of an offer to buy or sell any security in any jurisdiction where such an offer or solicitation would be illegal.

BP EQUITIES Pvt. Ltd have exercised due diligence in checking the correctness and authenticity of the information contained herein, so far as it relates to current and historical information, but do not guarantee its accuracy or completeness. The opinions expressed are our current opinions as of the date appearing in the material and may be subject to change from time to time. Prospective investors are cautioned that any forward looking statement are not predictions and are subject to change without prior notice.

Recipients of this material should rely on their own investigations and take their own professional advice. BP EQUITIES Pvt. Ltd or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. BP EQUITIES Pvt. Ltd. or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

BP EQUITIES Pvt. Ltd and/or its affiliates and/or employees may have interests/ positions, financial or otherwise in the securities mentioned in this report. Opinions expressed are our current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so.

This report is not directed to or intended for display, downloading, printing, reproducing or for distribution to or use by any person in any locality, state and country or other jurisdiction where such distribution, publication or use would be contrary to the law or regulation or would subject to BP EQUITIES Pvt. Ltd or any of its affiliates to any registration or licensing requirement within such jurisdiction.

**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