

WEEKLY WEALTH

Apr 3, 2023



Week Gone

- In the week ended on Friday, 31 March 2023, the S&P BSE Sensex surged 1,464.42 points or 2.55% to settle at 58,991.52. The Nifty 50 index jumped 414.70 points or 2.45% to settle at 17,359.05.
- The BSE Mid-Cap index added 1.83% to settle at 24,065.59.
- The BSE Small-Cap index declined 0.71% to settle at 26,957.01.

Week Ahead

- On the domestic macro front, S&P Global Manufacturing PMI for March will be declared on 3 April 2023. S&P Global Services PMI for March will be declared on 5 April 2023.
- Overseas, China will announce the Caixin Manufacturing PMI for March on 3 April 2023.
- The US ISM Manufacturing PMI for March will be declared on 3 April 2023.

Technical View

Nifty saw a positive start to the week and closed on a cheerful note for the financial year 2022-23. It traded sideways for the week forming a base within the support of a previous gap-up zone and eventually took out the lateral range with 17100 levels acting as immediate resistance on upbeat volume on Friday on the back of heavy short recovering from the lower level. This also indicates at buyers gradually attempting to steal the sellers' strength for the first time amidst the hostile market environment. The pattern analysis of the weekly chart shows Nifty rebounding sharply after taking support on the falling channel and reclaiming the 100 and 50 WMA. The monthly closing also came to a notch higher above its 20 MMA with a long doji candle showing indecision amidst the corrective trend. The coming week remains a truncated one with just 3 trading sessions in the week. Going forward it will be crucial that the index continues to sustain above 17200 levels to attract further bullish strength.



Source: Falcon, BP Equities Research

DOMESTIC INDICES

Index	31-Mar-23	24-Mar-23	Weekly % Chg
Nifty 50	17,359.8	16,945.1	2.4
Nifty Next 50	37,797.8	37,528.6	0.7
Nifty 100	17,186.2	16,831.8	2.1
Nifty 500	14,557.9	14,279.0	2.0
NIFTY MIDCAP 100	30,035.2	29,565.5	1.6
S&P BSE SENSEX	58,991.5	57,527.1	2.5
S&P BSE 100	17,601.7	17,202.9	2.3
S&P BSE 200	7,388.7	7,238.3	2.1
S&P BSE 500	23,160.0	22,716.7	2.0
S&P BSE MidCap	24,065.6	23,633.6	1.8
S&P BSE SmallCap	26,957.0	26,767.0	0.7

NIFTY TOP GAINERS (WEEKLY)

Scrip	31-Mar-23	24-Mar-23	Weekly % Chg
Indusind Bank	1068.0	1018.3	4.9%
Dr. Reddys Lab	4622.8	4447.0	4.0%
Infosys	1428.0	1374.6	3.9%
Reliance Industries	2331.1	2247.8	3.7%
Cipla	900.5	869.1	3.6%

NIFTY TOP LOSERS (WEEKLY)

Scrip	31-Mar-23	24-Mar-23	Weekly % Chg
Bajaj Finance	5616.75	5833.05	-3.7%
Adani Ports &Special	631.9	654.95	-3.5%
Larsen & Toubro	2164.2	2206.65	-1.9%
Bharti Airtel	749	763.55	-1.9%
Bajaj Finserv	1266.5	1290	-1.8%

WORLD INDICES

Index	31-Mar-23	24-Mar-23	Weekly % Chg
Nikkei Index	28,041.5	27,385.3	2.4
Hang Seng Index	20,400.1	19,915.7	2.4
Kospi Index	2,476.9	2,415.0	2.6
Shanghai SE Composite	3,272.9	3,265.7	0.2
Strait Times Index	3,177.4	3,177.4	0.0
Dow Jones	33,274.2	31,909.6	4.3
NASDAQ	12,221.9	11,138.9	9.7
FTSE	7,631.7	7,405.5	3.1

FOREX

Currency	31-Mar-23	24-Mar-23	Weekly % Chg
US\$ (Rs.)	82.1	82.4	-0.3
GBP (Rs.)	101.6	100.7	0.9
Euro (Rs.)	89.3	88.6	0.7
Yen (Rs.) 100 Units	61.8	63.1	-1.9

FII - ACTIVITY

(INR. Cr.)

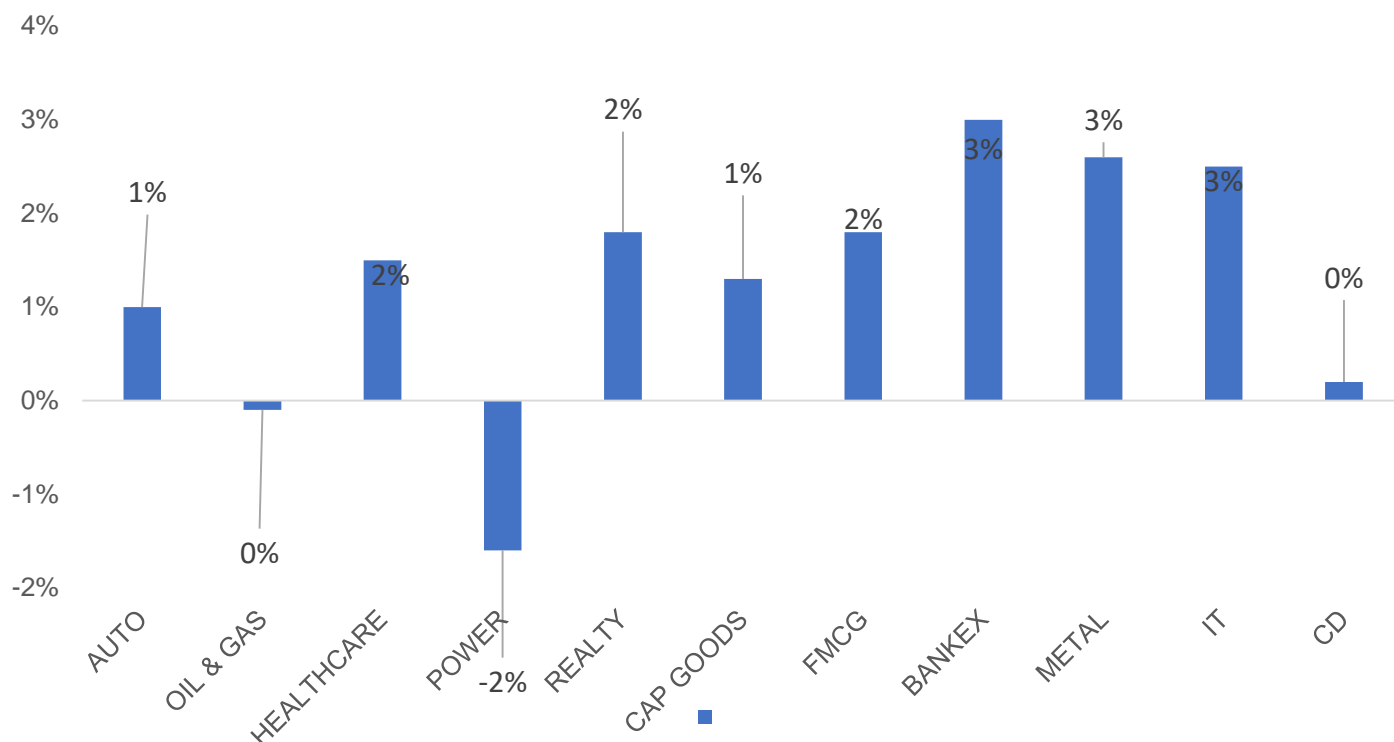
Date	Purchases	Sales	Net
31-Mar-23	11,402.2	11,044.4	357.9
29-Mar-23	9,097.0	7,851.6	1,245.4
28-Mar-23	7,055.3	5,524.1	1,531.1
27-Mar-23	4,883.4	5,774.0	-890.6
24-Mar-23	5,290.8	7,011.2	-1,720.4
MTD	37,728.6	37,205.3	523.3

DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
31-Mar-23	8,212.3	5,732.4	2,480.0
29-Mar-23	10,196.1	9,373.1	823.0
28-Mar-23	4,637.9	4,794.0	-156.1
27-Mar-23	5,375.6	3,566.7	1,808.9
24-Mar-23	5,418.2	2,862.7	2,555.5
MTD	33,840.2	26,328.9	7,511.3

BSE WEEKLY SECTORAL PERFORMANCE



TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	31/03/23 Share Price (Rs.)	24/03/23 Share Price (Rs.)	Weekly % Chg	31/03/23 Open Interest	24/03/23 Open Interest	Weekly % Chg
SUNTV	417.75	421.1	-0.8	8953500	652500	1272.2
IBULHSGFIN	98.1	95.5	2.7	42872000	5624000	662.3
DALBHARAT	1978.1	1840.1	7.5	1884000	258000	630.2
SUNPHARMA	989.65	979	1.1	17467800	2571800	579.2
ATUL	6943.75	6904.55	0.6	132525	21450	517.8

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	31/03/23 Share Price (Rs.)	24/03/23 Share Price (Rs.)	Weekly % Chg	31/03/23 Open Interest	24/03/23 Open Interest	Weekly % Chg
GRASIM	1644.4	1605.2	2.4	11157750	7239000	54.1
NAVINFLUOR	4276.75	4215.2	1.5	410700	242100	69.6
LTTS	3314.6	3310.25	0.1	1040200	604800	72.0
INDIAMART	5045.9	4946.65	2.0	307950	178650	72.4
ADANIENT	1759.4	1748.05	0.6	10765250	6238250	72.6

Company Background

UltraTech Cement Limited is the cement flagship company of the Aditya Birla Group. USD 7.1 billion building solutions provider, UltraTech is India's largest manufacturer of grey cement and ready-mix concrete (RMC). It is also one of India's leading players in the white cement segment. It is the third largest cement producer in the world, excluding China. UltraTech is the only cement company globally (outside of China) to have 100+ MTPA of cement manufacturing capacity in a single country. The company's business operations span the UAE, Bahrain, Sri Lanka and India. UltraTech has a consolidated capacity of 132.35 Million Tonnes Per Annum (MTPA) of grey cement. UltraTech has 23 integrated manufacturing units, 29 grinding units, one clinkerisation unit and 8 Bulk Packaging Terminals. In the white cement segment, UltraTech markets under the brand name Birla White. It has one White Cement unit and three Wall Care putty units with a current capacity of 1.98 MTPA. With 185+ Ready Mix Concrete (RMC) plants in 85+ cities, UltraTech is the largest manufacturer of concrete in India.

Investment Rationale

Robust growth over the past few quarters to be sustained in the long term

In Q3FY23, UltraTech's net sales grew by around 13% QoQ and 20% YoY, mainly driven by volume growth in grey cement sales. The three-quarters of FY23 has already generated double-digit growth in terms of volumes and the January-March quarter seems to be on solid footing as per the management. The capacity utilization improved to 83% in Q3FY23 and the management expects it to go up further in the forthcoming quarters of the current and next fiscal years. As per past trends, the fourth quarter of the company has typically seen 95% or 100% capacity utilization, and it seems to be the same for Q4FY23. Given the government's focus on infrastructure growth and the consequent rise in demand for urban housing, the company is poised for solid growth in the coming years.

Pan India presence with a strategic capex plan bodes well for future growth

Cement being a cost-sensitive product, its strategic manufacturing location places a vital role in determining its margin profile. One of the major costs for cement manufacturers is the logistics cost. Thus, Ultratech is at an advantage mainly due to its 23 integrated manufacturing units, 29 grinding units, one clinkerisation unit and 8 Bulk Packaging Terminals spread across various parts of India. Thus, its installed capacity spread across the country will help to minimize the transportation/freight costs and thus improve the margins. Under the first phase of the capacity expansion plan announced in December 2020, UltraTech commissioned 5.5 MTPA new capacity during Q3FY23. The work on the second phase of growth of 22.6 MTPA announced during Q1FY23 has already commenced. The main plant orders have been placed and civil work has started at most sites. The commercial production from these new capacities is expected to go on stream in a phased manner by FY25. Upon completion of these expansions, the company's capacity will grow to 159.25 MTPA, reinforcing its position as the third largest cement company in the world, outside of China and the largest in India by far. The company commissioned the third Birla White wall care putty plant at Nathdwara, Rajasthan, with a capacity of 4 lac tonne p.a in Q3FY23.

Stock Rating

BUY HOLD SELL

>15% -5% to 15% <-5%

Stock Details

CMP (INR) 7,620

Target Price (INR) 8,856

NSE Symbol ULTRACEMCO

BSE Code 532538

Bloomberg UTICEM IS

Reuters ULTC: BO

Key Data

NIFTY 17,360

52Week H/L (INR) 7644/5157

O/s shares (mn) 288.6

Market Cap (INR bn) 2,196

Face Value (INR) 10

Average Volume

3 months 394,430

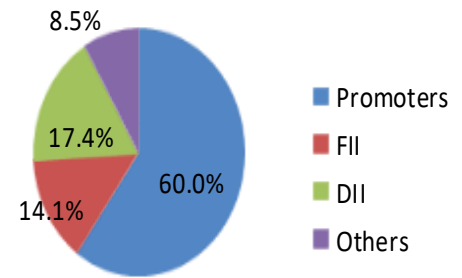
6 months 382,707

12 months 421,871

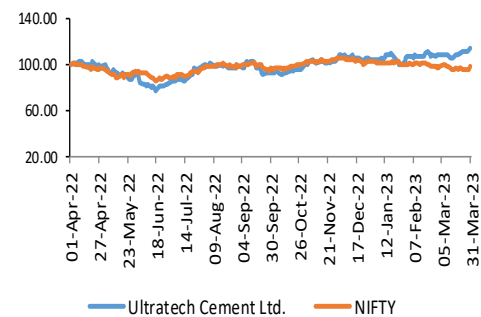
Valuation and Outlook

India is the second largest cement producer in the world but remains a highly underpenetrated market. The average per capita consumption of the world stands at 500-550 kg whereas India stands at 240-250 kg. UltraTech's revenue increased 12.5% QoQ / up 20.4% YoY to Rs. 15,299 crores, on increasing volume to 25.86Mnt in Q3FY23 from 23.10Mnt in Q2FY23 and 23.13Mnt in Q3FY22. EBITDA stood at Rs. 903/ton in Q3FY23, compared to Rs. 819/ton in Q2FY23 and Rs. 1,046/ton in Q3FY22, majorly due to an overall increase in raw materials (up 13% YoY), energy (rose 33% YoY), and logistics costs (increased 2% YoY). The company's margins are improving sequentially due to softening of pet coke prices and seasonal upwards volume demand in the fourth quarter. The Imported pet coke price has remained range-bound at USD165-185/t over the past few months. We expect the cement demand to remain strong and will be supported by increased government spending, accelerated project executions and rising real-estate demand. Thus, on the basis of the above factors, we give the stock a "Buy" rating. **On the valuation front, we value the company based on 37x of FY24e earnings and arrived at a target price of INR 8,856 (16% upside from CMP) with a 12 months investment horizon.**

Shareholding Pattern (%)



Relative Price Chart



Key Financials							
YE March (INR. Mn)	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Revenue	3,09,786	4,16,088	4,24,299	4,47,258	5,25,988	6,04,887	6,77,473
<i>Revenue Growth (Y-o-Y)</i>		34.3%	2.0%	5.4%	17.6%	15.0%	12.0%
EBIDTA	61,452	73,469	92,472	1,15,679	1,15,144	99,806	1,21,945
<i>EBIDTA Growth (Y-o-Y)</i>		19.6%	25.9%	(25.1%)	0.5%	(13.3%)	22.2%
Net Profit	22,222	24,035	57,553	54,631	73,443	48,391	69,102
<i>Net Profit Growth (Y-o-Y)</i>		8.2%	139.5%	(5.1%)	34.4%	(34.1%)	42.8%
Diluted EPS	77.0	83.3	199.4	189.2	254.4	167.6	239.4
<i>Diluted EPS Growth (Y-o-Y)</i>		8.2%	139.5%	(5.1%)	34.4%	(34.1%)	42.8%
Key Ratios							
EBIDTA margin (%)	19.8%	17.7%	21.8%	25.9%	21.9%	16.5%	18.0%
NPM (%)	7.2%	5.8%	13.6%	12.2%	14.0%	8.0%	10.2%
RoE (%)	8.4%	7.1%	14.7%	12.4%	14.6%	8.9%	11.5%
RoCE (%)	13.6%	12.6%	15.3%	18.7%	19.2%	16.2%	18.6%
Valuation Ratios							
P/E (x)	98.9x	91.5x	38.2x	40.2x	29.9x	45.4x	31.8x
EV/EBITDA	38.8x	33.1x	26.0x	20.4x	19.9x	22.7x	18.4x
P/BV (x)	8.3x	6.5x	5.6x	5.0x	4.4x	4.1x	3.7x
Market Cap. / Sales (x)	7.1x	5.3x	5.2x	4.9x	4.2x	3.6x	3.2x

Source: Ace Equity, Stobox Research

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.

Stobox is a brand of BP Equities Pvt Ltd and BP Equities Pvt Ltd is a SEBI Registered broker.

BP Equities Pvt Ltd – SEBI Regn No: INZ000176539 (BSE/NSE), INZ000030431 (MCX/NCDEX), IN-DP-CDSL-183-2002 (CDSL), INH000000974 (Research Analyst) CIN: U45200MH1994PTC081564BP Comtrade Pvt Ltd – SEBI Regn No: INZ000030431 CIN: U45200MH1994PTC081564

For complaints, send email on investor@bpwealth.com.

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

Corporate Office :

24/26, 1st floor, , Cama Building, Dalal street, Fort, Mumbai-40000



Download the App Now!



Follow us on     

