

Week Gone

- ⇒ Praj Industries signed a non-binding memorandum of understanding (MoU) with Ministry of Petroleum & Natural Gas for providing technology support to Compressed Bio Gas (CBG) projects under SATAT scheme
- ⇒ Biocon announced the acquisition of 26% stake in Hinduja Renewables Two (HRTPL). The acquisition is being done for a cash consideration of Rs 5.91cr in one or more tranches
- ⇒ Laurus Labs has signed a definitive agreement to acquire a majority stake in Richcore Lifesciences. The acquisition marks Laurus Labs' entry into the broader biologics and biotechnology segments, providing the company access to its high growth areas, globally and in India.

Week Ahead

- ⇒ Auto companies to reveal their monthly sales figures for the month of November from 1st December 2020
- ⇒ India's Nikkei Manufacturing PMI Data to be out on, 1st December 2020.
- ⇒ UK construction PMI data for to be announced on Friday ,4th December 2020.

Technical Overview

Index closed with a gain of 0.85% at 12969. Index opened this with gap up and remained highly volatile throughout the week closing this week on a flat note with minor gains. After strong upmove index has formed Doji candlestick pattern which suggests indecisive behavior and some caution going ahead. Index to continue its upmove will need to surpass and sustain above 13100-13150 zone which if it does will open the way for 13400-13550. On the lower side support is placed at 12850-12770-12650.



Source: Falcon, BP Equities Research



Weekly Wealth

DOMESTIC INDICES

Index	27-Nov-20	20-Nov-20	Weekly % Chg
Nifty	12,969	12,859	0.9
Nifty Next 50	30,334	29,953	1.3
Nifty 100	13,080	12,963	0.9
Nifty 500	10,719	10,561	1.5
Nifty Midcap 100	19,715	18,963	4.0
Sensex	44,150	43,882	0.6
BSE 100 Index	13,051	12,928	0.9
BSE 200 Index	5,481	5,416	1.2
BSE 500 Index	16,995	16,750	1.5
BSE Mid-Cap	16,914	16,437	2.9
BSE Small Cap	16,875	16,182	4.3

NIFTY TOP GAINERS (WEEKLY)

Scrip	27-Nov-20	20-Nov-20	Weekly % Chg
ONGC	78.5	71.7	9.6
Adani Ports	411.6	375.9	9.5
Tata Steel	577.4	532.9	8.3
Tata Motors	180.4	169.1	6.7
IndusInd Bank	857.7	811.0	5.8

NIFTY TOP LOSERS (WEEKLY)

Scrip	27-Nov-20	20-Nov-20	Weekly % Chg
Bharti Airtel	463.3	483.7	-4.2
HDFC	2256.3	2334.8	-3.4
BPCL	373.0	383.3	-2.7
HDFC Life Insurance	646.8	663.9	-2.6
Eicher Motors	2534.7	2590.7	-2.2

WORLD INDICES

Index	27-Nov-20	20-Nov-20	Weekly % Chg
Nikkei Index	26,645	25,527	4.4
Hang Seng Index	26,895	26,452	1.7
Kospi Index	2,633	2,554	3.1
Shanghai SE Composite	3,408	3,378	0.9
Strait Times Index	2,856	2,813	1.5
Dow Jones	29,872	29,404	1.6
NASDAQ	12,094	11,929	1.4
FTSE	6,342	6,350	-0.1

FOREX

Currency	27-Nov-20	20-Nov-20	Weekly % Chg
US\$ (Rs.)	74.0	74.1	-0.1
GBP (Rs.)	98.8	98.5	0.3
Euro (Rs.)	88.4	87.9	0.6
Yen (Rs.) 100 Units	71.0	71.0	0.0

FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
27-Nov-20	74,741.9	67,028.9	7,713.0
26-Nov-20	8,036.9	6,009.6	2,027.3
25-Nov-20	6,931.7	6,907.5	24.2
24-Nov-20	12,480.9	7,917.7	4,563.2
23-Nov-20	12,443.0	7,704.5	4,738.4
<u>MTD</u>	2,59,779.4	1,94,462.3	65,317.1

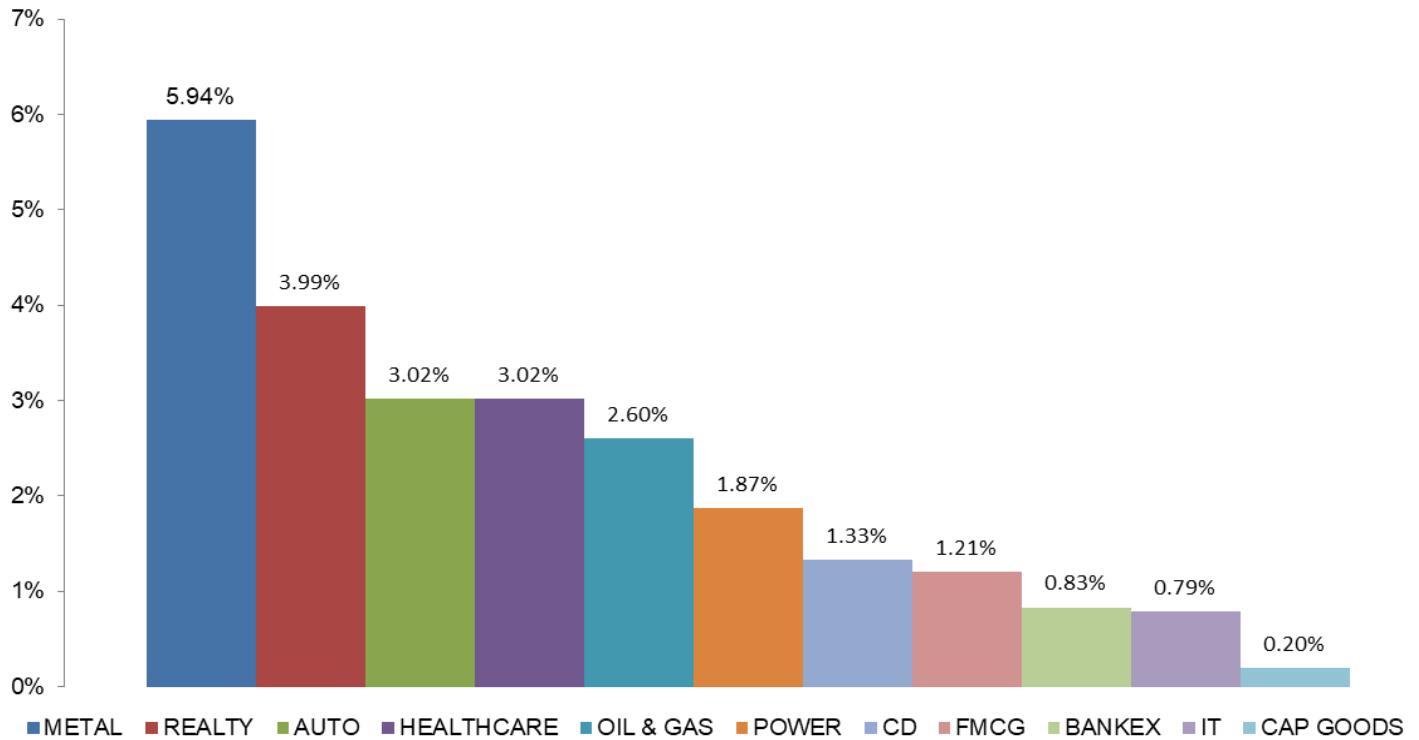
DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
27-Nov-20	4,875.8	9,844.7	-4,968.9
26-Nov-20	3,016.1	6,416.2	-3,400.1
25-Nov-20	3,724.5	5,564.8	-1,840.3
24-Nov-20	3,954.4	6,476.5	-2,522.1
23-Nov-20	3,909.3	6,853.3	-2,944.1
<u>MTD</u>	71,778.1	1,20,097.2	-48,319.2

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	27-Nov-20	20-Nov-20	Weekly % Chg	27-Nov-20	20-Nov-20	Weekly % Chg
	Share Price (Rs.)			Open Interest		
ADANIPORTS	413.7	376.7	9.8	53655000	21677500	147.5
MRF	76527.65	78744.8	-2.8	60670	28430	113.4
KOTAKBANK	1885.5	1882.4	0.2	25454800	12674400	100.8
LICHSGFIN	331.4	329.9	0.5	18398000	10360000	77.6
MUTHOOTFIN	1150.65	1185.6	-2.9	5697000	3377250	68.7

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	27-Nov-20	20-Nov-20	Weekly % Chg	27-Nov-20	20-Nov-20	Weekly % Chg
	Share Price (Rs.)			Open Interest		
PFC	108.85	103.75	4.9	32500400	45427400	-28.5
TATACHEM	391.55	356.7	9.8	3414000	4502000	-24.2
BERGEPAINT	649.35	644.4	0.8	2329800	3010700	-22.6
SRF	5134.9	5103.15	0.6	442125	557875	-20.7
VOLTAS	805.8	772.25	4.3	2517000	3174000	-20.7

Engineering

Company Background

Engineers India Limited (EIL), Incorporated in 1965 is a Central Public sector enterprise of Government of India under the control of Ministry of Petroleum and Natural Gas. It provides consultancy services in a different range of projects and engineering services such as project conceptualization, planning, design, engineering, construction with maintenance and monitoring the operation of the plant in various industries such as Refining, Petrochemicals, Pipelines, Oil & Gas, Terminals & Storages, Mining & Metallurgy, and Infrastructure. EIL domestically has four manufacturing units located at Mumbai, Kolkata, Chennai and Vadodara and at overseas locations such as Abu Dhabi, London, Milan and Shanghai.

Investment Rationale

Niche player in construction and engineering services

With over five decades of experience in C&E services, EIL has developed expertise in providing product solutions for oil and gas processing, Refineries, and petrochemical industries. It has a superior track record across the oil and gas value chain and it holds 31 live patents for such processing technologies. The company has around 2800 employees and has a record of being part of construction and engineering projects of 20 out of 23 refineries in India. Moreover, the company has installed 10 out of 11 mega petrochemical complexes and engineered 10 grass root refineries in India. Currently, the company is executing major projects like two strategic crude reserves for ISPRIL at Chandikhole in Odisha and at Padur in Karnataka, large fertilizer projects (like Ramagundam Fertiliser Complex) and infrastructure projects (like Namami Gange, construction of UIDAI data center complex, Atal Mission for Rejuvenation and Urban Transformation, etc).

Significant order inflows to usher revenue growth

In Q2FY21, the company secured orders in the consultancy segment, INR 5.94 bn in the consultancy segment primarily from customers like Gail, Odisha Mining, Bangladesh Petroleum, AAI, etc. Currently, its total order backlog stands at INR ~90bn, its Consultancy segment constituting around INR 44bn while Turnkey segment comprising around INR 45bn respectively. Going ahead, For FY21E management expects an order pipeline with large numbers of projects such as Numaligarh refinery expansion, some packages from Kaveri Basin, BPCL (Mumbai) expansion, GAIL, IOL, etc. which is expected to come up for the expansion of the refinery capacity. Furthermore, its projects such as IOC - main project; Kaveri basin – few packages, HMEL, MRPL, strategic storage tanks, etc. is expected to be bagged in FY22E. Therefore, such significant orders pertain to provide a ray of visibility for revenue growth.

Valuation and Outlook

Engineers India is a market leader in the hydrocarbon segment, where it provides consultancy and turnkey solutions. OMCs' strong cash flow position post diesel price de-regulation, the necessity to upgrade to BS-VI-complaint facilities, and the need to put up additional capacities (given 100% utilization of existing facilities) augur well for the company. Although, short-term headwinds may affect execution in FY21E amid Covid-19 challenges, but we believe its strong balance sheet, zero debt, strong order book, growth visibility, and higher cash would enable to leverage its strong position for the long term. On the valuation front, we value the company based on 12.5x P/E multiple of FY22E and recommend BUY rating on this stock with a price the target of INR 90 (22% upside from its current levels) with a 12-15 months investment horizon.

Stock Rating

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

Sector Outlook

Positive

Stock

CMP (INR)	74
Target Price (INR)	90
NSE Symbol	ENGINEERSIN
BSE Code	532178
Bloomberg	ENGR IN
Reuters	ENGI.BO

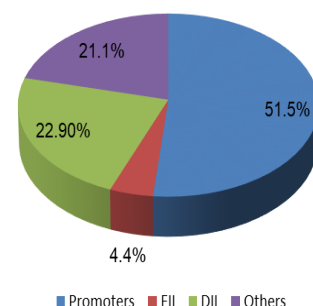
Key Data

Nifty	12,968
52WeekH/L(INR)	106/49
O/s Shares (Mn)	631
Market Cap (INR bn)	46
Face Value (INR)	5

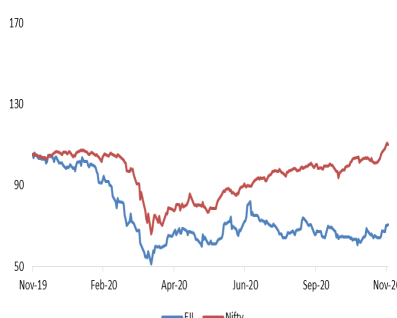
Average volume

3 months	2,543,950
6 months	3,004,936
1 year	2,186,669

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials

YE March (INR Mn)	FY18	FY19	FY20	FY21E	FY22E
Revenue	17,933	24,452	32,038	27,169	31,842
<i>Revenue Growth (Y-o-Y)</i>	24.3%	36.4%	31.0%	(15.2%)	17.2%
EBIDTA	4,110	3,608	4,373	3,124	4,490
<i>EBIDTA Growth (Y-o-Y)</i>	47.6%	(12.2%)	21.2%	(28.6%)	43.7%
Net Profit	3,779	3,701	4,302	3,858	4,553
<i>Net Profit Growth (Y-o-Y)</i>	16.3%	(2.1%)	16.3%	(10.3%)	18.0%
Diluted EPS	6.0	5.9	6.8	6.1	7.2
<i>Diluted EPS Growth (Y-o-Y)</i>	16.3%	(2.1%)	16.3%	(10.3%)	18.0%

Key Ratios

EBIDTA margin (%)	22.9%	14.8%	13.6%	11.5%	14.1%
NPM (%)	21.1%	15.1%	13.4%	14.2%	14.3%
RoE (%)	16.7%	16.3%	18.3%	16.0%	18.0%
RoCE (%)	18.1%	15.9%	18.6%	13.0%	17.7%

Valuation Ratios

P/E (x)	12.4x	12.6x	10.9x	12.1x	10.3x
EV/EBITDA	5.3x	5.6x	4.5x	14.6x	10.2x
P/BV (x)	2.1x	2.1x	2.0x	1.9x	1.8x
Market Cap. / Sales (x)	2.6x	1.9x	1.5x	1.7x	1.5x

Source: Company, BP Equities Research



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