

## Week Gone

- ⇒ Sensex settled at 51,544.30, up 12.78 points or 0.02%, while Nifty slipped by 10 points or 0.07% at 15,163.30.
- ⇒ Grasim Industries added 4.76%. The company posted 103% jump in consolidated net profit to Rs. 1384 crore on 13% rise in revenue from operations to Rs. 20,986 crore in Q3 FY21 over Q3 FY20.
- ⇒ The BSE Mid-Cap index jumped 497.86 or 2.56% to settle at 19,911.03. The BSE Small-cap Index rallied 525.99 points or 2.75% to settle at 19,622.05.

## Week Ahead

- ⇒ Among key results, ONGC will announce result for quarter ended 31 December, 2020 on 13th February, 2021.
- ⇒ In economic data, WPI inflation for January 2021 is due on 15 February, 2021.

## Technical Overview

Index closed with a gain of 1.60% at 15163. Index opened this week with minor gap up and continued its upward momentum after strong upmove prior week to close at fresh record highs. Going ahead index has an immediate support around 14900, sustenance below the same will open the way for 14800-14680 levels. On the other hand resistance is seen at 15300-15380-15500.



Source: Falcon, BP Equities Research



## Weekly Wealth

## DOMESTIC INDICES

Index	12-Feb-21	05-Feb-21	Weekly % Chg
Nifty	15,163	14,924	1.6
Nifty Next 50	34,627	33,791	2.5
Nifty 100	15,246	14,989	1.7
Nifty 500	12,509	12,280	1.9
Nifty Midcap 100	22,914	14,989	2.2
Sensex	51,544	50,732	1.6
BSE 100 Index	15,301	15,045	1.7
BSE 200 Index	6,410	6,299	1.8
BSE 500 Index	19,888	19,523	1.9
BSE Mid-Cap	19,911	19,413	2.6
BSE Small Cap	19,911	19,097	4.3

## NIFTY TOP GAINERS (WEEKLY)

Scrip	12-Feb-21	05-Feb-21	Weekly % Chg
Hindalco Indus.	290.8	262.1	11.0
Adani Ports & Speci	616.6	567.0	8.8
Reliance Inds.	2,041.6	1,923.8	6.1
Bajaj Finserv Ltd.	10,278.8	9,722.2	5.7
ICICI Bank	647.6	614.2	5.5

## NIFTY TOP LOSERS (WEEKLY)

Scrip	12-Feb-21	05-Feb-21	Weekly % Chg
ITC Ltd.	217.5	234.4	-7.2
Indian Oil Corp	95.1	102.4	-7.1
Eicher Motors	2,781.3	2,932.2	-5.2
Coal India	133.9	140.9	-5.0
NTPC	96.0	99.5	-3.6

## WORLD INDICES

Index	12-Feb-21	05-Feb-21	Weekly % Chg
Nikkei Index	29,520	28,779	2.6
Hang Seng Index	30,174	29,289	3.0
Kospi Index	3,101	3,121	-0.6
Shanghai SE Composite	3,655	3,496	4.6
Strait Times Index	2,925	2,907	0.6
Dow Jones	31,431	31,056	1.2
NASDAQ	14,026	13,778	1.8
FTSE	6,537	6,510	0.4

## FOREX

Currency	12-Feb-21	05-Feb-21	Weekly % Chg
US\$ (Rs.)	72.6	72.9	-0.3
GBP (Rs.)	100.2	99.8	0.4
Euro (Rs.)	87.8	87.3	0.5
Yen (Rs.) 100 Units	69.0	69.0	0.0

## FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
12-Feb-21	4,252.2	4,289.5	-37.3
11-Feb-21	5,627.7	4,683.4	944.4
10-Feb-21	9,072.1	7,285.1	1787.0
09-Feb-21	11,599.6	10,299.0	1300.7
08-Feb-21	8,017.5	6,140.9	1876.6
<u>MTD</u>	95,097.9	75,631.5	19,466.4

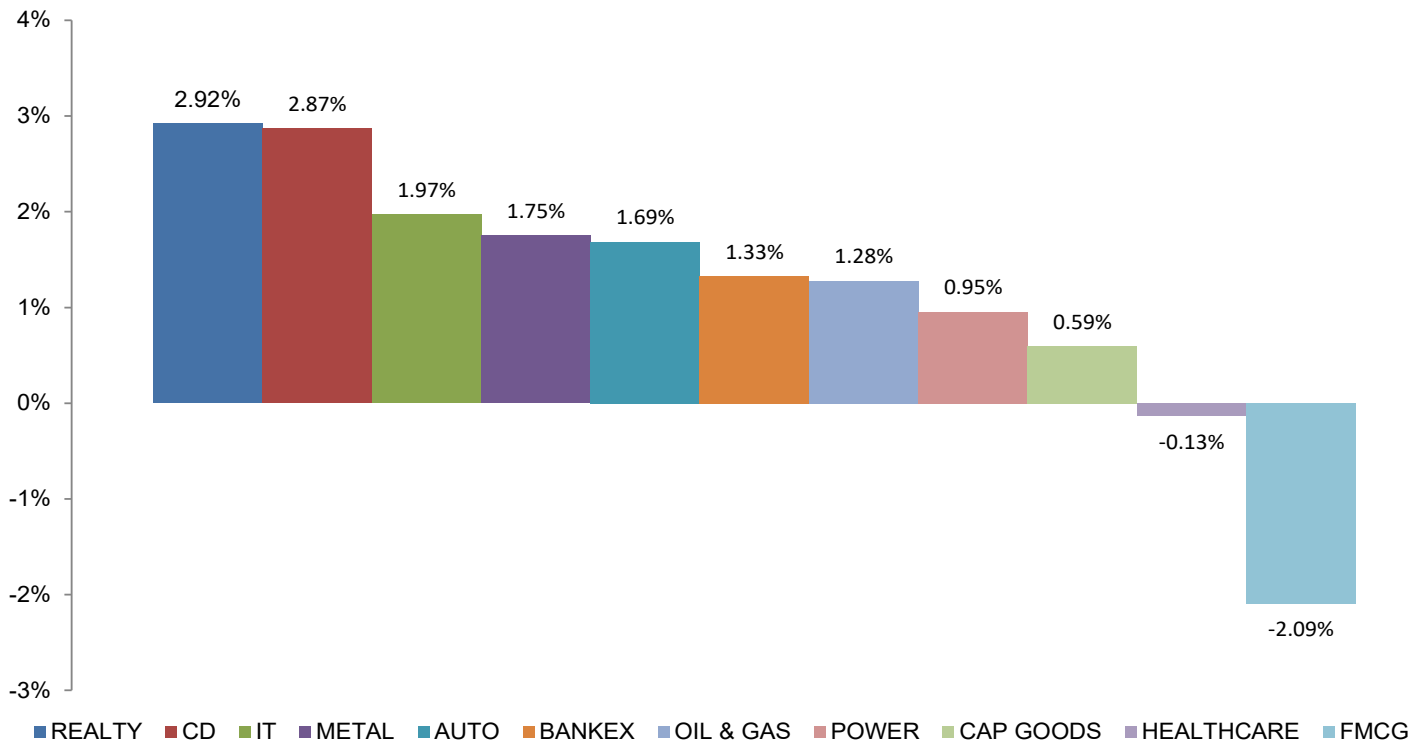
## DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
12-Feb-21	3,647.8	4,245.4	-597.6
11-Feb-21	4,271.1	4,978.8	-707.7
10-Feb-21	4,749.9	6,825.6	-2075.7
09-Feb-21	4,649.8	6,406.1	-1756.2
08-Feb-21	5,356.5	5,861.4	-504.9
<u>MTD</u>	55,978.1	66,332.8	-10,354.7

# Weekly Wealth

## BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

## TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	12-Feb-21	05-Feb-21	Weekly % Chg	12-Feb-21	05-Feb-21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
BALKRISIND	1655.2	1803.1	-8.2	2660000	1465200	81.5
VOLTAS	1083.3	1002.35	8.1	4073000	2357000	72.8
TORNTPHARM	2582.8	2750.6	-6.1	1234750	822750	50.1
POWERGRID	212.7	206.1	3.2	15020000	10356000	45.0
ITC	213.4	232.05	-8.0	135132800	102924800	31.3

## TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	12-Feb-21	05-Feb-21	Weekly % Chg	12-Feb-21	05-Feb-21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
BHEL	38.9	43.7	-11.0	109515000	153069000	-28.5
JINDALSTEL	309.2	300.6	2.9	20360000	26075000	-21.9
DIVISLAB	3722.5	3843.9	-3.2	2864400	3582800	-20.1
SUNTV	508.65	550.15	-7.5	9924000	12310500	-19.4
ICICIGI	1497.45	1468.9	1.9	1013200	1256300	-19.4

### Pharmaceuticals

#### Company Background

Piramal Enterprises Limited (PEL) is engaged in diversified business, such as financial services and pharmaceuticals. PEL's financial services offer a range of financial products and solutions, with wholesale and retail financing. The wholesale lending business provides financing to real estate developers, as well as corporate clients in non-real estate sectors. While retail lending offers housing loans to individual customers and is building a multiproduct retail lending platform. In pharmaceuticals, a portfolio of niche differentiated pharma products that include inhalation and injectable anesthesia, pain management drugs, and intrathecal spasticity management opioids (a top global provider of inhalation anesthetics). The company is also strengthening its presence in the consumer healthcare segment (OTC) with its brand portfolio which consists of more than 20 major brands.

#### Investment rationale

##### Significant financial flexibility led by equity infusion, stake sale of business and investment in Shriram group

Piramal Enterprise has been successful in raising equity capital to provide growth capital to its subsidiaries including Pharma and financial services. In FY20, the company raised nearly INR.145 bn of capital in the form of stake sale in Shriram Transport, Sale of its Healthcare and Analytics business, Rights issue and Preferential allotment. Moreover, it has successfully refinanced some of the loans in its NBFC subsidiaries to longer tenures, albeit at a higher cost. The Group also holds a 10% stake in Shriram City Union Finance and 20% stake in Shriram Capital which can be divested to further raise liquidity. Therefore, such flexibility allows them to tap new opportunities by expanding their presence.

##### Strong position in the pharmaceutical business coupled with well-equipped manufacturing facilities across geographies

The company has a unique business model in the Pharma vertical, with a strong presence in Contract Development and Manufacturing Outsourcing, Complex Hospital Generics and India Consumer Products. Currently, it has 14 manufacturing facilities for its contract development and manufacturing operations (CDMO) and complex hospital generics with a large global distribution network spanning across 100 countries. The contract manufacturing business has strong capabilities in high potent APIs (HPAPI) and antibody-drug conjugates (ADCs), injectables and hormonal products and offers integrated solutions from discovering to manufacturing APIs, HPAPIs, and formulations as a strategic solution partner for its clients. The company has cleared 36 US FDA inspections, 169 other regulatory inspections, and 1,130 customer audits across all its facilities.

#### Valuation and Outlook

PEL has an established presence in the pharmaceutical business with a niche product portfolio and a wide distribution network. However, the major portion of its revenues and profit derives from Financial services carried out by its NBFC and HFC subsidiaries. The spread of the COVID-19 pandemic has led to a nation-wide lockdown which has impacted the overall growth and collections of NBFCs and HFCs sector. Over the past few months, the company has worked towards creating efficiency with respect to its business models. We believe such a business model and expanding the pharma verticals will enable it to grow its overall business in the near term. On the valuation front, we value the company based on the SOTP method and recommend a **BUY** rating on this stock with a price target of INR 2091 (21% 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)	1730
Target Price (INR)	2091
NSE Symbol	PEL
BSE Code	500302
Bloomberg	PIEL IN
Reuters	PIRA.BO

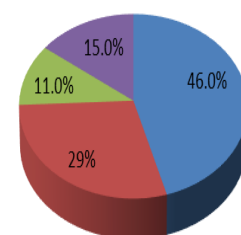
#### Key Data

Nifty	15,163
52WeekH/L(INR)	1749/608
O/s Shares (Mn)	226
Market Cap (INR bn)	391
Face Value (INR)	2

#### Average volume

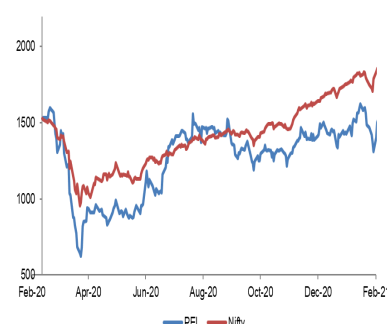
3 months	18,82,830
6 months	17,39,930
1 year	20,99,960

#### Share Holding Pattern (%)



■ Promoters ■ FII ■ DII ■ Others

#### Relative Price Chart



# Weekly Wealth

## Key Financials

YE March (INR Mn)	FY18	FY19	FY20	FY21E	FY22E
<b>Revenue</b>	<b>1,06,310</b>	<b>1,32,148</b>	<b>1,44,231</b>	<b>1,49,423</b>	<b>1,62,124</b>
<i>Revenue Growth (Y-o-Y)</i>	<i>25.0%</i>	<i>24.3%</i>	<i>9.1%</i>	<i>3.6%</i>	<i>8.5%</i>
<b>EBIDTA</b>	<b>51,553</b>	<b>66,415</b>	<b>61,056</b>	<b>67,539</b>	<b>76,685</b>
<i>EBIDTA Growth (Y-o-Y)</i>	<i>47.3%</i>	<i>28.8%</i>	<i>(8.1%)</i>	<i>10.6%</i>	<i>13.5%</i>
<b>Net Profit</b>	<b>51,215</b>	<b>14,671</b>	<b>240</b>	<b>2,241</b>	<b>3,405</b>
<i>Net Profit Growth (Y-o-Y)</i>	<i>309.0%</i>	<i>(71.4%)</i>	<i>(98.4%)</i>	<i>832.7%</i>	<i>51.9%</i>
<b>Diluted EPS</b>	<b>227.1</b>	<b>65.0</b>	<b>1.1</b>	<b>9.9</b>	<b>15.1</b>
<i>Diluted EPS Growth (Y-o-Y)</i>	<i>309.0%</i>	<i>(71.4%)</i>	<i>(98.4%)</i>	<i>832.7%</i>	<i>51.9%</i>

## Key Ratios

<b>EBIDTA margin (%)</b>	<b>48.5%</b>	<b>50.3%</b>	<b>42.3%</b>	<b>45.2%</b>	<b>47.3%</b>
NPM (%)	48.2%	11.1%	0.2%	1.5%	2.1%
<b>RoE (%)</b>	<b>19.3%</b>	<b>5.4%</b>	<b>0.1%</b>	<b>0.7%</b>	<b>1.1%</b>
RoCE (%)	7.3%	8.0%	8.4%	9.3%	10.6%

## Valuation Ratios

<b>P/E (x)</b>	<b>7.6x</b>	<b>26.6x</b>	<b>1622.8x</b>	<b>174.0x</b>	<b>114.5x</b>
EV/EBITDA	15.7x	14.2x	12.5x	11.3x	9.9x
<b>P/BV (x)</b>	<b>1.5x</b>	<b>1.4x</b>	<b>1.3x</b>	<b>1.3x</b>	<b>1.3x</b>
Market Cap. / Sales (x)	3.7x	3.0x	2.7x	2.6x	2.4x

Source: Company, BP Equities Research



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

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