

Week Gone

- ⇒ The domestic equity market remained shut on Wednesday, 21 April 2021 on account of Ram Navami.
- ⇒ In the week ended on Friday, 23 April 2021, the Sensex dropped 953.58 points or 1.95% to settle at 47,878.45. The Nifty 50 index declined 276.50 points or 1.89% to settle at 14,341.35. The BSE Mid-Cap index skid 204.17 or 1.01% to settle at 19,953.19. The BSE Small-Cap index fell 13.54 points or 0.06% to settle at 21,005.01.
- ⇒ Bharti Airtel declined 3.46%. The government of Ghana, Bharti Airtel and Millicom International Cellular S.A. on Friday announced execution of the definitive agreement for transfer of 'AirtelTigo' to Government of Ghana, on a going concern basis.

Week Ahead

- ⇒ The Bank of Japan (BoJ) will announce its interest rate decision on 27 April 2021.
- ⇒ The United States Durable Goods Orders for March will be declared on 26 April 2021.

Technical Overview

Index closed with a loss of 1.89% at 14341. Index opened this week with wide gap down and remained volatile throughout the week closing near the opening price and in loss. Going ahead index has an immediate key support placed around 14200-14050, failure to hold this support would attract selling pressure and drag index lower towards 13900-13750. On the opposite side the resistance comes at 14450-14550-14700.



Source: Falcon, BP Equities Research



Weekly Wealth

DOMESTIC INDICES

Index	23-Apr-21	16-Apr-21	Weekly % Chg
Nifty	14,341	14,618	-1.9
Nifty Next 50	34,285	34,641	-1.0
Nifty 100	14,511	14,773	-1.8
Nifty 500	12,106	12,298	-1.6
Nifty Midcap 100	23,493	23,761	-1.1
Sensex	47,878	48,832	-2.0
BSE 100 Index	14,533	14,808	-1.9
BSE 200 Index	6,172	6,279	-1.7
BSE 500 Index	19,271	19,580	-1.6
BSE Mid-Cap	19,953	20,157	-1.0
BSE Small Cap	21,005	21,019	-0.1

WORLD INDICES

Index	23-Apr-21	16-Apr-21	Weekly % Chg
Nikkei Index	29,021	29,683	-2.2
Hang Seng Index	29,079	28,970	0.4
Kospi Index	3,186	3,199	-0.4
Shanghai SE Composite	3,474	3,427	1.4
Strait Times Index	3,194	3,202	-0.2
Dow Jones	33,746	34,194	-1.3
NASDAQ	13,888	14,029	-1.0
FTSE	6,907	7,015	-1.5

FOREX

Currency	23-Apr-21	16-Apr-21	Weekly % Chg
US\$ (Rs.)	75.0	74.5	0.6
GBP (Rs.)	103.9	103.0	0.9
Euro (Rs.)	90.4	89.3	1.2
Yen (Rs.) 100 Units	70.0	68.0	2.9

NIFTY TOP GAINERS (WEEKLY)

Scrip	23-Apr-21	16-Apr-21	Weekly % Chg
Tata Steel	925.6	890.3	4.0
Dr. Reddy's Labs	5,066.7	4,893.3	3.5
JSW Steel	635.4	619.4	2.6
Bharat Petroleum	423.1	413.8	2.2
Wipro Ltd	475.7	469.2	1.4

FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
23-Apr-21	6,729.5	8,090.2	-1,360.8
22-Apr-21	9,619.5	10,529.1	-909.6
20-Apr-21	8,722.7	9,805.1	-1,082.3
19-Apr-21	6,381.9	8,015.6	-1,633.7
<u>MTD</u>	98,434.4	1,06,017.5	-7,583.1

NIFTY TOP LOSERS (WEEKLY)

Scrip	23-Apr-21	16-Apr-21	Weekly % Chg
UltraTech Cement	6,067.9	6,715.2	-9.6
Shree Cement	28,106.3	30,821.1	-8.8
Hindustan Unilever L	2,307.8	2,458.9	-6.2
Tech Mahindra	950.2	1,010.3	-6.0
Titan Company	1,461.5	1,549.1	-5.7

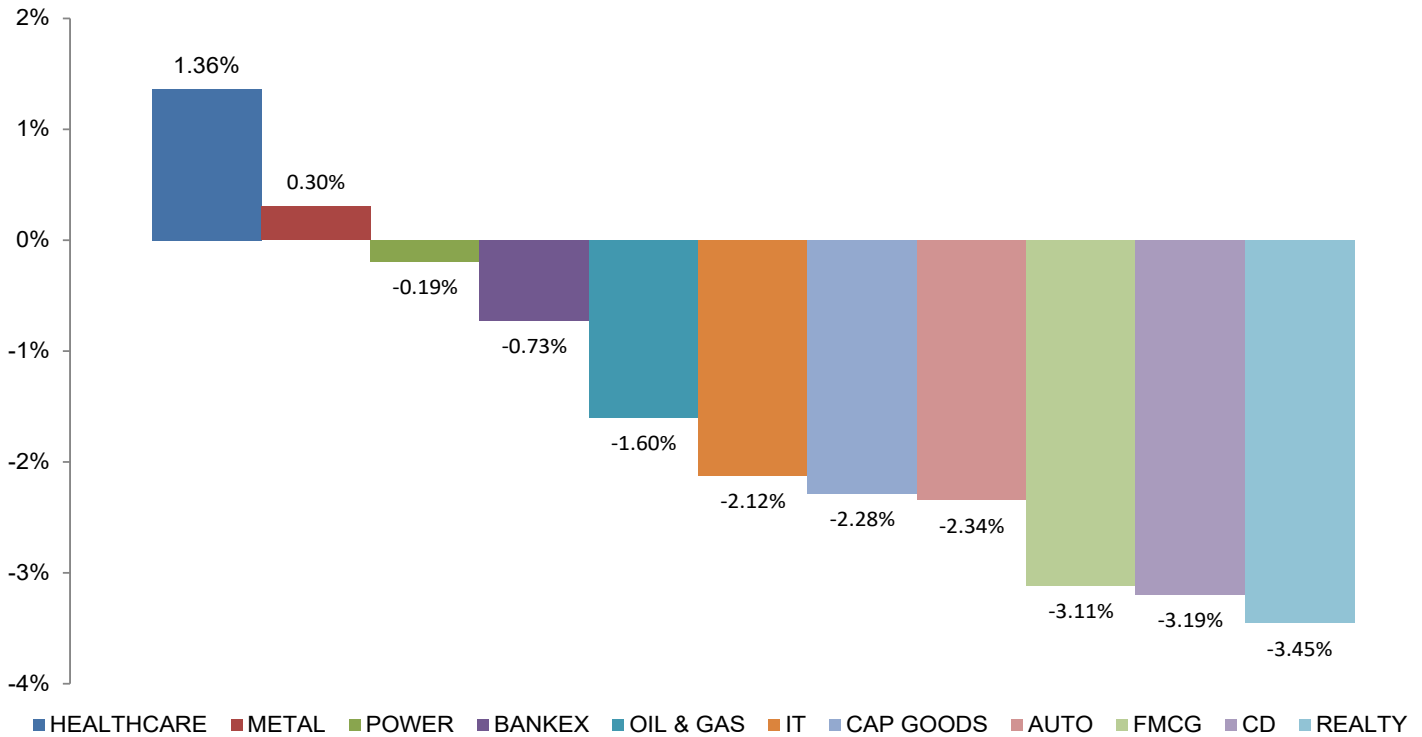
DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
23-Apr-21	5,151.6	3,456.0	1,695.6
22-Apr-21	5,737.1	4,887.1	850.0
20-Apr-21	5,595.0	4,272.0	1,323.0
19-Apr-21	6,843.1	4,487.6	2,355.6
<u>MTD</u>	68,548.6	60,587.9	7,960.7

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	23-Apr-21	16-Apr-21	Weekly % Chg	23-Apr-21	16-Apr-21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
PFIZER	5175.95	5239.85	-1.2	227250	189500	19.9
BAJAJFINSV	9926.2	9817.7	1.1	662250	579000	14.4
TVSMOTOR	534.6	552.4	-3.2	4071200	3596600	13.2
ESCORTS	1138	1246.15	-8.7	1987700	1828200	8.7
HDFCLIFE	688.75	693.2	-0.6	9179500	8484300	8.2

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	23-Apr-21	16-Apr-21	Weekly % Chg	23-Apr-21	16-Apr-21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
ADANI PORTS	726.0	757.7	-4.2	24870000	69560000	-64.2
GRASIM	1280.5	1358.2	-5.7	7849850	16207950	-51.6
MPHASIS	1696.65	1714.6	-1.0	417300	781300	-46.6
JSWSTEEL	634.95	619.95	2.4	20228400	34074000	-40.6
APLLTD	1000.3	1005.15	-0.5	659450	1098900	-40.0

Banks

Company Background

Incorporated in 1931, Federal Bank Limited (FBL) operates through four segments: Treasury, Corporate, Retail Banking and other banking operations. The Treasury operations include trading and investments in government and corporate debt instruments, equity and mutual funds, derivative trading and foreign exchange operations on the account and for customers. The Corporate Banking segment provides loans and other banking services to corporate and other clients. The retail banking segment provides lending to individuals/small business customers, other than corporate banking customers. It is also engaged in other banking operations segment such as para banking activities, third-party product distribution and other banking transactions.

Investment Rationale

Strong depository base with increasing geographical presence

The bank has a strong depository profile spread largely across South India with around 66% of total deposits contributed from the state of Kerala. In 9MFY21, the bank had total deposits of INR.1616 bn out of which 92% were retail deposits. Moreover, bank commands a moderate level of CASA deposit constituting 34.48% of total deposits in 9MFY21. Going ahead, over the years the bank has established a strong franchise with a branch network of 1,272 across India out of which 881 branches were across the five states in South India including 588 in the state of Kerala.

Diversified advances portfolio to offset uncertain risk in the long run

Federal bank has been focusing on retail lending. From FY17-20, the proportion of retail has increased from 40% of total advances to around 49% while bank's loan book stood at INR.1281 bn including 33% in retail portfolio, 12% in Agri portfolio, 19% in SME portfolio and 36% in the corporate portfolio. Within the retail advances portfolio, the bank offers various loan products like housing loan (45%), Loan-Against-Property (LAP) (18%), Auto loans (8%) and other loans [including personal loans, education loans, etc.] (29%). The gold loan book has recorded a high 67% YoY growth which constitutes 11.46% of the gross advances for 9MFY21.

Valuation and Outlook

Federal Bank's strong management and its strategic focus on improving retail business, rising digital transactions and reducing stress would enable to augur healthy performance going forward. The bank's liability franchise remains strong with a retail deposit mix of ~90% and healthy CASA growth which would continue to aid margin in long run. All these factors contribute to our positive view towards the bank. Hence, we recommend a BUY on the bank assigning a P/BV multiple of 0.86x of FY23 book value implying a target price of INR 88 (22% from its current levels).

Stock Rating

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

Sector Outlook

Positive

Stock

CMP (INR)	72
Target Price (INR)	88
NSE Symbol	FEDERALBNK
BSE Code	500469
Bloomberg	FB IN
Reuters	FED.BO

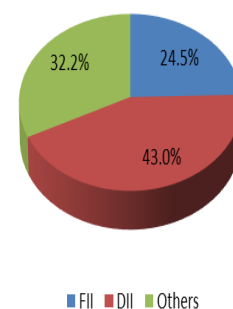
Key Data

Nifty	14,341
52WeekH/L(INR)	92/37
O/s Shares (Mn)	1996
Market Cap (INR bn)	143
Face Value (INR)	2

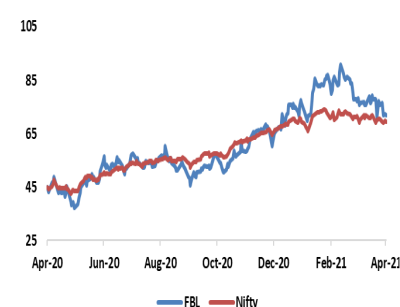
Average volume

3 months	2,87,09,330
6 months	3,54,99,950
1 year	3,65,56,070

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials

YE March (INR Mn)	FY19	FY20	FY21E	FY22E	FY23E
Net Interest Income	41,763	46,489	53,602	55,585	59,754
<i>Revenue Growth (Y-o-Y)</i>	16.6%	11.3%	15.3%	3.7%	7.5%
Pre-Provisioning Profits	33,205	34,767	36,506	39,134	42,695
<i>Growth (Y-o-Y)</i>	25.1%	4.7%	5.0%	7.2%	9.1%
Net Profit	12,439	15,428	15,706	19,632	22,989
<i>Net Profit Growth (Y-o-Y)</i>	41.5%	24.0%	1.8%	25.0%	17.1%
EPS	6.2	7.7	7.9	9.8	11.5
<i>Diluted EPS Growth (Y-o-Y)</i>	41.5%	24.0%	1.8%	25.0%	17.1%

Key Ratios

NIM (%)	2.6%	2.6%	2.7%	2.4%	2.2%
ROA (%)	0.8%	0.9%	0.8%	0.8%	0.9%
RoE (%)	9.4%	10.6%	9.8%	10.9%	11.3%
BV per Share (INR.)	66.5	72.7	80.6	90.4	101.9

Valuation Ratios

P/E (x)	11.6x	9.3x	9.2x	7.3x	6.3x
P/BV (x)	1.1x	1.0x	0.9x	0.8x	0.7x

Source: Company, BP Equities Research



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

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