

## Week Gone

- ⇒ In the week ended on Friday, 11 June 2021, the Sensex rose 374.71 points or 0.72% to settle at 52,474.76. The Nifty 50 index gained 129.10 points or 0.82% to settle at 15,799.35. Both the indices attained record closing high levels on Friday.
- ⇒ The BSE Mid-Cap index added 416.34 or 1.85% to settle at 22,927.83. The BSE Small-Cap index advanced 854.40 points or 3.52% to settle at 25,116.30.
- ⇒ The US trade deficit dipped by \$6.1 billion to \$68.9 billion in April 2021, slightly larger than expected, as exports rose and imports fell, according to Commerce Department data.

## Week Ahead

- ⇒ US Retail Sales for May will be announced on 15 June 2021.
- ⇒ The US Federal Reserve (Fed) will wrap up its two-day policy meeting on 16 June 2021.

## Technical Overview

Index closed with a gain of 0.82% at 15799. Index opened this week on a flat note and witnessed profit booking in first half of the week, while in end of the week index recovered from the loss and closed the week near the highs to close at record high levels. Index has earlier witnessed breakout from the Falling channel and have surpassed its previous swing high which is bullish signal for medium term. Going ahead index has an immediate hurdle placed around 15880-16000-16100, while on the downside support is visible around 15600-15480-15400.



Source: Falcon, BP Equities Research



## Weekly Wealth

## DOMESTIC INDICES

Index	11-June-21	04-June-21	Weekly % Chg
Nifty	15,799.4	15,670.3	0.8
Nifty Next 50	39,294.9	38,914.5	1.0
Nifty 100	16,079.6	15,945.9	0.8
Nifty 500	13,563.9	13,393.9	1.3
Nifty Midcap 100	27,329.2	26,551.6	2.9
Sensex	52,474.8	52,100.1	0.7
BSE 100 Index	16,100.4	15,952.6	0.9
BSE 200 Index	6,882.1	6,807.4	1.1
BSE 500 Index	21,602.4	21,326.1	1.3
BSE Mid-Cap	22,927.8	22,511.5	1.8
BSE Small Cap	25,116.3	24,261.9	3.5

## NIFTY TOP GAINERS (WEEKLY)

Scrip	11-June-21	04-June-21	Weekly % Chg
Power Grid Corpo	246.3	226.2	8.9
NTPC	118.8	111.8	6.3
Coal India	162.7	153.1	6.2
Tech Mahindra	1073.0	1019.2	5.3
HCL Technologies	983.4	936.6	5.0

## NIFTY TOP LOSERS (WEEKLY)

Scrip	11-June-21	04-June-21	Weekly % Chg
HDFC	2,559.8	2,619.1	-2.3
L&T	1,503.5	1,537.6	-2.2
Bajaj Finserv Ltd.	11,907.5	12,155.7	-2.0
Bajaj Auto Ltd.	4,172.5	4,250.1	-1.8
ONGC	123.6	125.5	-1.5

## WORLD INDICES

Index	11-Jun-21	04-June-21	Weekly % Chg
Nikkei Index	28,948.7	28,941.5	0.0
Hang Seng Index	28,869.6	28,908.0	-0.1
Kospi Index	3,249.3	3,240.1	0.3
Shanghai SE Composite	3,589.8	3,591.8	-0.1
Strait Times Index	3,158.0	3,151.0	0.2
Dow Jones	34,412.1	34,686.3	-0.8
NASDAQ	14,013.2	13,776.9	1.7
FTSE	7,135.4	7,057.1	1.1

## FOREX

Currency	11-June-21	04-June-21	Weekly % Chg
US\$ (Rs.)	73.1	73.0	0.1
GBP (Rs.)	103.5	103.0	0.6
Euro (Rs.)	89.0	88.5	0.5
Yen (Rs.) 100 Units	66.8	66.2	0.8

## FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
11-Jun-21	5,161.2	5,142.5	18.6
10-Jun-21	7,448.0	6,118.3	1329.7
09-Jun-21	7,088.5	7,934.9	-846.4
08-Jun-21	7,646.9	6,224.2	1422.7
07-Jun-21	6,811.5	6,998.0	-186.5
<b>MTD</b>	<b>65,181.8</b>	<b>60,393.8</b>	<b>4788.0</b>

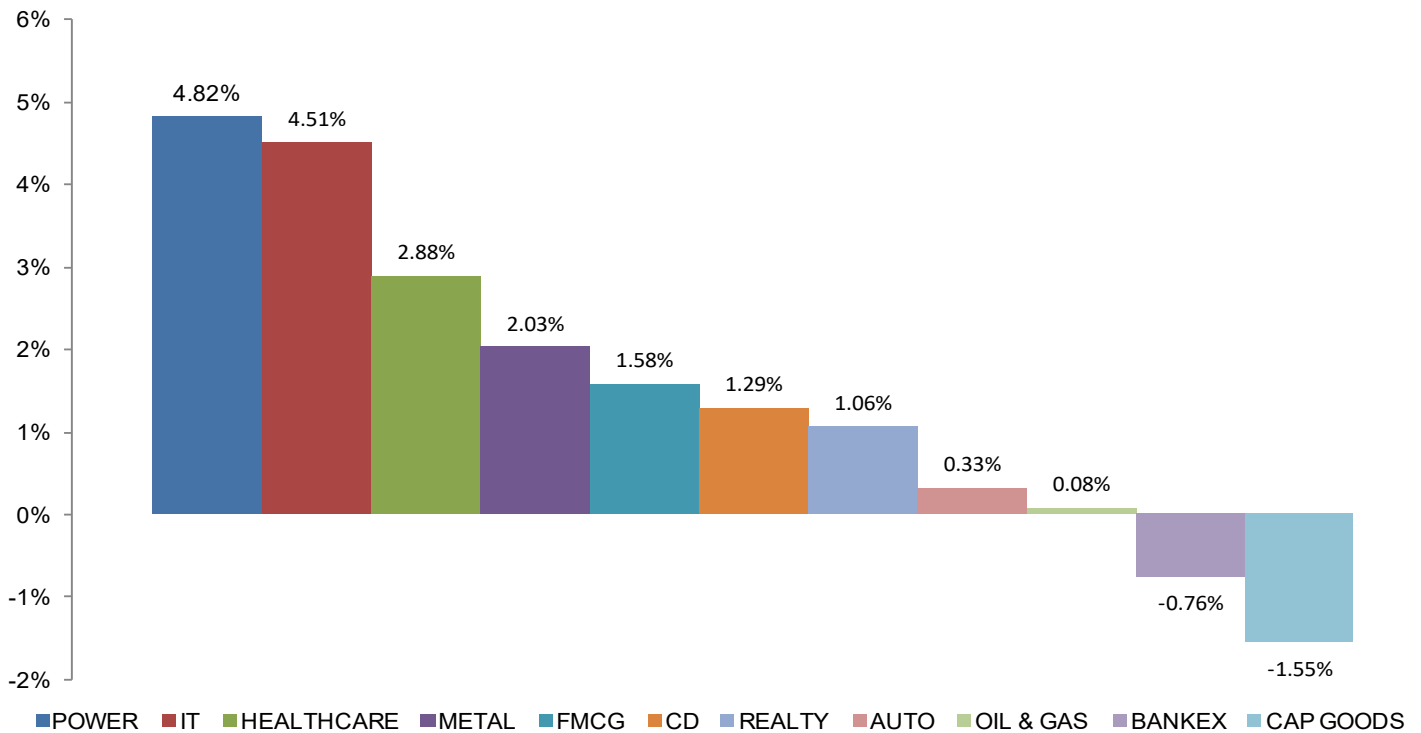
## DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
11-Jun-21	5,212.5	4,546.1	666.4
10-Jun-21	4,282.2	4,857.4	-575.2
09-Jun-21	5,895.6	6,167.3	-271.7
08-Jun-21	3,936.2	5,563.2	-1627.0
07-Jun-21	5,644.1	4,660.1	984.0
<b>MTD</b>	<b>42,601.2</b>	<b>44,406.5</b>	<b>-1805.3</b>

# Weekly Wealth

## BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

## TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	04-June-21	11-June-21	Weekly % Chg	04-June-21	11-June-21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
TORNTPOWER	427.85	461.3	7.8	1995000	4506000	125.9
PFIZER	5208.1	5562.75	6.8	176875	386000	118.2
IRCTC	1932.05	2100.5	8.7	1003275	1695200	69.0
CUB	166.8	170.05	1.9	6634000	9650300	45.5
MPHASIS	1918.55	2018.2	5.2	440050	603525	37.1

## TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	04-June-21	11-June-21	Weekly % Chg	04-June-21	11-June-21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
BOSCHLTD	15688.6	15902.5	1.4	108100	84550	-21.8
IBULHSGFIN	262.9	287.55	9.4	37494500	29778600	-20.6
BHARATFORG	754.6	751.1	-0.5	10063500	8113500	-19.4
COFORGE	3700.2	3987.6	7.8	912750	736125	-19.4
ICICIPRULI	577.2	577.9	0.1	5538000	4515000	-18.5

## CHEMICALS

## Company Background

Panama Petrochem Ltd (PPL) was incorporated in 1982 and is one of the leading manufacturers and exporters of petroleum based specialty chemicals. PPL has more than 80 variants of petroleum specialty products for various industries like inks and resins, textiles, rubber, pharmaceuticals, cosmetics, power, cables and other industrial purposes. PPL's diverse range of products includes Mineral Oils, Liquid Paraffins, Transformer Oils, Petroleum Jellies, Ink Oil sand other Petroleum Specialty Products. PPL has four manufacturing facilities in India, located at Ankleshwar (Gujarat), Daman (Union Territory), Dahej (Gujarat, SEZ) and Taloja (Dist. Raigadh) having infrastructure, with state-of-the-art technology and storing capacities. It also has a wholly owned subsidiary Panol Industries RMC FZE in UAE. PPL has a consolidated manufacturing capacity of 230,000 metric tonne per annum (MTPA).

## Investment Rationale

## Strong revenues diversification among customers and geographies

The company has a strong customer profile including large international FMCG companies such as Dabur and Marico, and reputed players in the textile, ink and tyre sectors, while enjoying long-term relationships with several of its key clients. The company's customer profile remains well-diversified with its top five customers typically driving 25-30% of its total sales. Further, PPL's portfolio remains well diversified across several industries, thereby mitigating the risks, to an extent, against demand slowdown in any particular sector. PPL's revenues are well-diversified in the domestic and overseas markets. Its exports typically account for 35-40% of its total standalone sales, which are distributed between Africa, East Asia, South America and Europe. The company also operates in West Asia through its subsidiary, Panol Industries RMC. Further, PPL has a diversified presence in India. A geographically diversified revenue base helps mitigate risks against slowdown in any particular market.

## Strategically located manufacturing units to cater to different end-user industries

PPL has four manufacturing units in India that are strategically located to cater to specific industrial clusters. The company's facility in Taloja, Maharashtra, is located close to the port and is used for most of the company's exports. Further, it has a manufacturing unit at Ras Al Khaimah in the UAE, which has the advantage of being located close to the base oil suppliers in West Asia as well as to PPL's customers in the region.

## Valuation and Outlook

With increasing industrialization, focus on infrastructural development and outsourcing boom, the demand for the petroleum products manufactured by the Company is likely to further improve in the coming years. PPL will continue to benefit from its established position in the liquid paraffin/white oil business with a healthy financial profile. It has been expanding capacities in India regularly over the last few years and has a unit at Ras Al Khaimah in the UAE, which has the advantage of being located close to the base oil suppliers in West Asia as well as to PPL's customers in the region. Its margins have started to rise from Q2FY21 supported by higher capacity utilisation levels along with certain cost rationalisation measures adopted by the company. Going forward, we expect better growth in sales, healthy growth in margins in the next couple of years. Therefore, we recommend BUY rating on the stock with a price target of INR 281 based on 9x of its FY23e earnings.

## Stock Rating

BUY	HOLD	SELL
BUY		

## Sector Outlook

Positive

## Stock

CMP (INR)	228
Target Price (INR)	
NSE Symbol	PANAMAPET
BSE Code	524820
Bloomberg	PNPC IN
Reuters	PAPT.BO

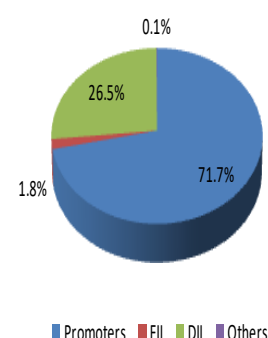
## Key Data

Nifty	15,799
52WeekH/L(INR)	242/37
O/s Shares (Mn)	60.49
Market Cap (INR bn)	13.9
Face Value (INR)	2

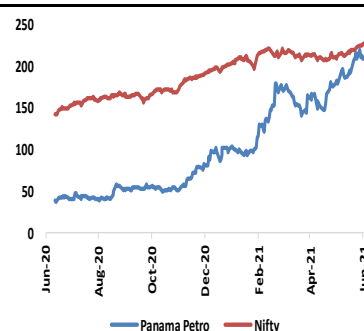
## Average volume

3 months	2,27,720
6 months	3,05,540
1 year	2,24,810

## Share Holding Pattern (%)



## Relative Price Chart



# Weekly Wealth

## Key Financials

YE March (INR Mn)	FY19	FY20	FY21	FY22E	FY23E
<b>Revenue</b>	<b>12,693</b>	<b>10,028</b>	<b>14,470</b>	<b>16,322</b>	<b>18,541</b>
<i>Revenue Growth (Y-o-Y)</i>	<i>(4.3%)</i>	<i>(21.0%)</i>	<i>44.3%</i>	<i>12.8%</i>	<i>13.6%</i>
<b>EBIDTA</b>	<b>786</b>	<b>532</b>	<b>1,909</b>	<b>2,203</b>	<b>2,559</b>
<i>EBIDTA Growth (Y-o-Y)</i>	<i>(21.3%)</i>	<i>(32.3%)</i>	<i>258.8%</i>	<i>15.4%</i>	<i>16.1%</i>
<b>Net Profit</b>	<b>519</b>	<b>288</b>	<b>1,354</b>	<b>1,583</b>	<b>1,891</b>
<i>Net Profit Growth (Y-o-Y)</i>	<i>(14.9%)</i>	<i>(44.5%)</i>	<i>370.3%</i>	<i>17.0%</i>	<i>19.5%</i>
<b>Diluted EPS</b>	<b>8.6</b>	<b>4.8</b>	<b>22.4</b>	<b>26.2</b>	<b>31.3</b>
<i>Diluted EPS Growth (Y-o-Y)</i>	<i>(14.9%)</i>	<i>(44.5%)</i>	<i>370.3%</i>	<i>17.0%</i>	<i>19.5%</i>

## Key Ratios

<b>EBIDTA margin (%)</b>	<b>6.2%</b>	<b>5.3%</b>	<b>13.2%</b>	<b>13.5%</b>	<b>13.8%</b>
<b>NPM (%)</b>	<b>4.1%</b>	<b>2.9%</b>	<b>9.4%</b>	<b>9.7%</b>	<b>10.2%</b>
<b>RoE (%)</b>	<b>12.5%</b>	<b>6.6%</b>	<b>24.1%</b>	<b>22.4%</b>	<b>21.4%</b>
<b>RoCE (%)</b>	<b>13.7%</b>	<b>11.0%</b>	<b>30.5%</b>	<b>28.5%</b>	<b>27.0%</b>

## Valuation Ratios

<b>P/E (x)</b>	<b>26.7x</b>	<b>48.2x</b>	<b>10.3x</b>	<b>8.8x</b>	<b>7.3x</b>
<b>EV/EBITDA</b>	<b>19.5x</b>	<b>26.3x</b>	<b>7.2x</b>	<b>6.1x</b>	<b>5.3x</b>
<b>P/BV (x)</b>	<b>3.4x</b>	<b>3.2x</b>	<b>2.5x</b>	<b>2.0x</b>	<b>1.6x</b>
<b>Market Cap. / Sales (x)</b>	<b>1.1x</b>	<b>1.4x</b>	<b>1.0x</b>	<b>0.9x</b>	<b>0.7x</b>

Source: Company, BP Equities Research



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Disclaimer Appendix

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

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