

## Week Gone

- ⇒ In the week ended on Thursday, 14 October 2021, the Sensex jumped 1,246.89 points or 2.08% to settle at 61,305.95. The Nifty 50 index advanced 443.35 points or 2.48% to settle at 18,338.55.
- ⇒ The BSE Mid-Cap index spurted 862.3 or 3.34% to settle at 26,699.69. The BSE Small-Cap index gained 563.07 points or 1.92% to settle at 29,893.06.
- ⇒ Equity Benchmarks ended with decent gain on Monday, 11 October 2021 rising for the third straight session.

## Week Ahead

- ⇒ Investors will monitor a fresh round of corporate earnings. Besides, trends in global stock markets, the movement of rupee against the dollar and crude oil prices will dictate trend on the bourses in the near term.
- ⇒ Investment by foreign portfolio investors (FPIs) and domestic institutional investors (DIIs) will also be watched.
- ⇒ On the macro front, the Industrial Production and Manufacturing Production data for August will be released on 12 October 2021.

## Technical Overview

Index closed with a gain of 2.48% at 18339. Index opened the week on a flat note but witnessed strong upmove, remained strong throughout the week ending the week at record highs with decent gains. Index has given breakout from 3-4 weeks of consolidation which is bullish signal for short term trend. Going ahead index has an immediate support placed around 18150-17950-17700. While on the higher side resistance comes at 18500-18630-18800.



Source: Falcon, BP Equities Research

## Weekly Wealth

### DOMESTIC INDICES

Index	14-Oct-21	08-Oct-21	Weekly % Chg
Nifty 50	18,338.5	17,895.2	2.5
Nifty Next 50	44,597.4	43,270.7	3.1
Nifty 100	18,610.3	18,141.7	2.6
Nifty 500	15,769.2	15,365.2	2.6
NIFTY MIDCAP 100	32,503.5	31,437.8	3.4
S&P BSE SENSEX	61,305.9	60,059.1	2.1
S&P BSE 100	18,667.9	18,170.1	2.7
S&P BSE 200	7,965.4	7,757.0	2.7
S&P BSE 500	25,082.4	24,435.4	2.6
S&P BSE MidCap	26,699.6	25,837.3	3.3
S&P BSE SmallCap	29,893.0	29,330.0	1.9

### WORLD INDICES

Index	14-Oct-21	08-Oct-21	Weekly % Chg
Nikkei Index	28,550.9	28,048.9	1.8
Hang Seng Index	25,020.3	24,837.9	0.7
Kospi Index	2,988.6	2,956.3	1.1
Shanghai SE Composite	3,558.3	3,592.2	-0.9
Strait Times Index	3,164.9	3,112.8	1.7
Dow Jones	34,801.2	34,805.7	0.0
NASDAQ	14,768.7	14,646.1	0.8
FTSE	7,204.9	7,099.8	1.5

### FOREX

Currency	14-Oct-21	08-Oct-21	Weekly % Chg
US\$ (Rs.)	75.3	74.8	0.7
GBP (Rs.)	102.7	102.0	0.7
Euro (Rs.)	87.1	86.5	0.7
Yen (Rs.) 100 Units	66.3	67.1	-1.2

### NIFTY TOP GAINERS (WEEKLY)

Scrip	14-Oct-21	08-Oct-21	Weekly % Chg
Tata Motors	497.6	376.5	32.1
Vedanta	331.9	290.8	14.1
Adani Ports & Special	812.8	736.1	10.4
Wipro	708.2	642.5	10.1
ITC	256.5	232.9	10.1

### FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
14-Oct-21	10,607.6	8,926.0	1,681.6
13-Oct-21	8,528.3	7,591.0	937.3
12-Oct-21	7,484.0	7,762.3	-278.3
11-Oct-21	13,318.2	14,621.5	-1,303.2
08-Oct-21	6,583.4	6,647.4	-64.0
<u>MTD</u>	46,521.5	45,548.2	973.4

### NIFTY TOP LOSERS (WEEKLY)

Scrip	14-Oct-21	08-Oct-21	Weekly % Chg
TCS	3,611.4	3,892.9	-7.2
HCL TECH.	1251.1	1306.3	-4.2
Coal India	183.8	190.7	-3.6
Indiabulls Housing	237.5	243.3	-2.3
Bharti Airtel	685.8	692.5	-0.9

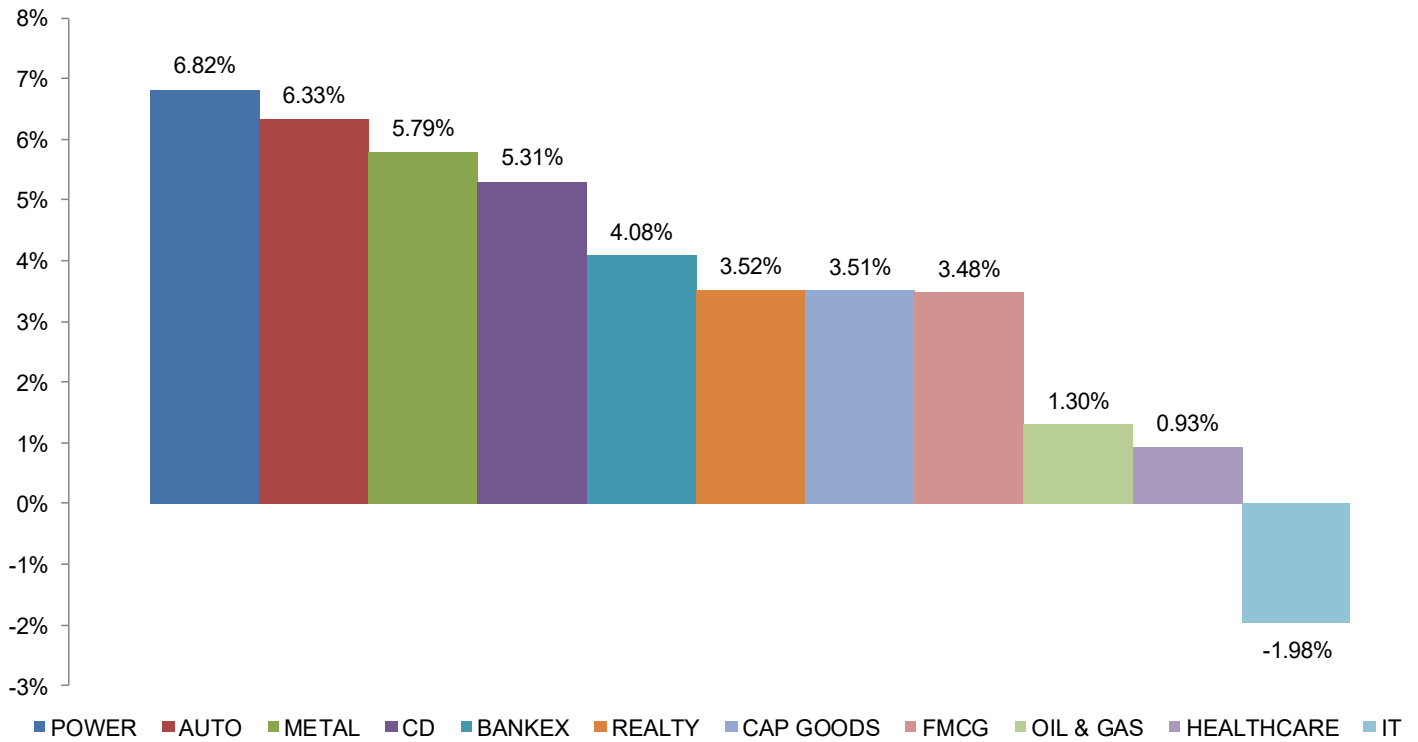
### DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
14-Oct-21	7,706.8	9,457.4	-1,750.6
13-Oct-21	7,681.3	8,113.1	-431.7
12-Oct-21	5,976.2	6,717.4	-741.2
11-Oct-21	6,585.4	6,958.7	-373.3
08-Oct-21	5,697.8	5,866.0	-168.2
<u>MTD</u>	33,647.6	37,112.6	-3,465.0

# Weekly Wealth

## BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

### TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	Share Price (Rs.)		Weekly % Chg	Open Interest		Weekly % Chg
	08/10/21	14/10/21		08/10/21	14/10/21	
SRF	11967.3	2417.8	-79.8	712250	3321875	366.4
DALBHARAT	2104.5	2071.2	-1.6	297750	502000	68.6
TCS	3924.2	3627.2	-7.6	8197200	12930600	57.7
CROMPTON	481.1	476.3	-1.0	1093400	1581800	44.7
JKCEMENT	3400.5	3472.1	2.1	66150	95200	43.9

### TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	Share Price (Rs.)		Weekly % Chg	Open Interest		Weekly % Chg
	08/10/21	14/10/21		08/10/21	14/10/21	
INDHOTEL	203.5	230.0	13.0	18392400	12550200	-31.8
TATAPOWER	177.3	223.3	26.0	124017750	95607000	-22.9
BANKBARODA	88.5	88.8	0.3	179162100	144237600	-19.5
MPHASIS	3259.5	3278.4	0.6	2276300	1842750	-19.0
VOLTAS	1281.2	1323.4	3.3	2382000	1965000	-17.5

### Finance

#### Company Background

Power Finance Corporation Ltd. (PFC) was incorporated in 1986 - a Schedule-A Navratna CPSE (Central Public Sector Enterprises) and is a leading Non-Banking Financial Corporation in the Country. It is a specialized public financial institution in the power sector and is the largest infrastructure finance company in the country by net worth. It is incorporated to finance, facilitate, invest and promote India's integrated development of the power and associated sectors. PFC's product portfolio comprises financial products and services mainly to power projects like project term loans, short term loans, equipment lease financing, discounting of bills and consultancy services.

#### Investment Rationale

##### Strategically important to the Government of India with majority ownership

PFC is crucial to the GoI in attaining its goal of increasing power capacity across the country as nodal entities for implementing several GoI initiatives aimed at strengthening the country's power sector. Furthermore, as of June 2021, the Government of India holds a 56 percent ownership in PFC and has representation on the company's board of directors. PFC has been able to raise finance at competitive rates thanks to the Government of India's help. In comparison to individual firms, PFC's acquisition of REC boosted its position while enabling higher portfolio variety.

##### Leading market player in Power Financing Segment

PFC plays an important role in the Indian power sector, not only by providing finance but also by implementing GoI's power sector policies. The company, at a consolidated level, is the largest lender to the power sector with a share of over 30%, and plays a key role in channelling finance to PSUs. Further, PFC's profitability remains healthy with a return on equity (RoE) of 17% and 21% at the standalone and consolidated level, respectively, in 9M FY2021. At the standalone level, PFC's seven-year average RoA and RoE for FY2015-9MFY2021 stood at 1.9% and 15%, respectively.

#### Valuation and Outlook

Power Finance Corporation Ltd. (PFC), a Navratna Company providing financial assistance to the various entities in the power sector has consistently been rated as 'Excellent' by the Government of India. Further, the majority ownership of the GOI, PFC's strategic importance to GOI, dominant leader in Power financing segment and established track record of healthy profitability keep us positive of the future growth of the company. Given balance sheet expansion, steady state RoE profile, higher dividend yield, we assign a fair multiple of 0.60 FY23E book value to PFC. These translate to fair value for PFC at INR187 (26% upside from CMP) with a 12 months investment horizon.

#### Stock Rating

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

#### Sector Outlook

Positive

#### Stock

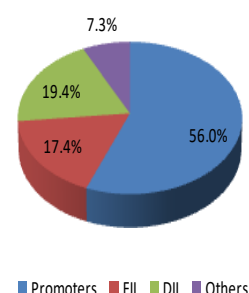
CMP (INR)	148.9
Target Price (INR)	187
NSE Symbol	PFC
BSE Code	532810
Bloomberg	POWF IN
Reuters	PWFC.BO
Nifty	18,338.5
52WeekH/L(INR)	153/84
O/s Shares (Mn)	2,640
Market Cap (INR bn)	394
Face Value (INR)	10

#### Key Data

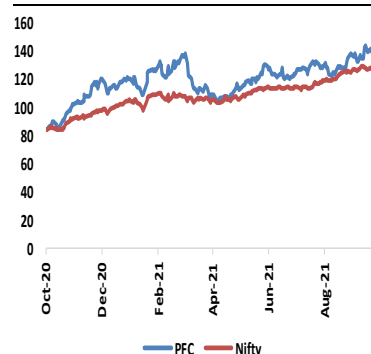
3 months	6,145,250
6 months	6,905,080
1 year	7,391,950

#### Average volume

#### Share Holding Pattern (%)



#### Relative Price Chart



## Weekly Wealth

Key Financials					
YE March (INR Mn)	FY19	FY20	FY21	FY22E	FY23E
<b>Revenue</b>	<b>1,91,724</b>	<b>2,19,848</b>	<b>2,70,059</b>	<b>3,03,276</b>	<b>3,33,907</b>
<i>Revenue Growth (Y-o-Y)</i>	4.7%	14.7%	22.8%	12.3%	10.1%
<b>EBIDTA</b>	<b>2,01,285</b>	<b>2,20,707</b>	<b>2,81,126</b>	<b>3,15,407</b>	<b>3,47,263</b>
<i>EBIDTA Growth (Y-o-Y)</i>	9.8%	9.6%	27.4%	12.2%	10.1%
<b>Net Profit</b>	<b>99,209</b>	<b>71,221</b>	<b>1,17,478</b>	<b>1,32,532</b>	<b>1,46,585</b>
<i>Net Profit Growth (Y-o-Y)</i>	48.3%	(28.2%)	64.9%	12.8%	10.6%
<b>Diluted EPS</b>	<b>37.6</b>	<b>27.0</b>	<b>44.5</b>	<b>50.2</b>	<b>55.5</b>
<i>Diluted EPS Growth (Y-o-Y)</i>	48.3%	(28.2%)	64.9%	12.8%	10.6%
Key Ratios					
<b>EBIDTA margin (%)</b>	<b>3.5%</b>	<b>3.4%</b>	<b>3.9%</b>	<b>4.0%</b>	<b>4.1%</b>
<b>NPM (%)</b>	1.7%	1.1%	1.6%	1.7%	1.7%
<b>RoE (%)</b>	<b>22.8%</b>	<b>14.8%</b>	<b>21.3%</b>	<b>20.1%</b>	<b>19.2%</b>
<b>RoCE (%)</b>	178	187	230	268	311
Valuation Ratios					
<b>P/E (x)</b>	<b>4.0x</b>	<b>5.5x</b>	<b>3.3x</b>	<b>3.0x</b>	<b>2.7x</b>
<b>P/BV (x)</b>	<b>0.8x</b>	<b>0.8x</b>	<b>0.6x</b>	<b>0.6x</b>	<b>0.5x</b>

Source: Company, BP Equities Research



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