

Week Gone

- ⇒ In the week ended on Friday, 4 February 2022, the Sensex jumped 1,444.59 points or 2.53% to settle at 58,644.82. The Nifty 50 index advanced 414.35 points or 2.42% to settle at 17,516.30
- ⇒ The BSE Mid-Cap index rose 563.88 or 2.33% to settle at 24,750.61.
- ⇒ The BSE Small-cap gained 726.40 or 2.63% to settle at 29,702.58.

Week Ahead

- ⇒ Macro economic data and earnings announcements from India Inc will continue to remain in focus in the near term.
- ⇒ Trend in global stock markets, the movement of rupee against the dollar and crude oil prices will dictate trend on the bourse s in the near term.
- ⇒ Investment by foreign portfolio investors (FPIs) and domestic institutional investors (DIIs) will also be watched

Technical Overview

Index closed with a gain of 2.42% at 17516. Index opened with gap up and remained strong throughout the week ending week with decent gains. Going ahead index has an immediate resistance around 17600-17650, sustenance above the same will open the way for 17800-17950. While on the other hand support is present at 17400-17270-17050.



Source: Falcon, BP Equities Research

Weekly Wealth

DOMESTIC INDICES

Index	4-Feb-22	28-Jan-22	Weekly % Chg
Nifty 50	17,516.3	17,102.0	2.4
Nifty Next 50	41,998.0	40,633.2	3.4
Nifty 100	17,755.3	17,314.7	2.5
Nifty 500	15,085.5	14,723.3	2.5
NIFTY MIDCAP 100	30,441.6	29,804.9	2.1
S&P BSE SENSEX	58,644.8	57,200.2	2.5
S&P BSE 100	17,806.2	17,382.7	2.4
S&P BSE 200	7,590.2	7,410.3	2.4
S&P BSE 500	23,966.6	23,393.9	2.4
S&P BSE MidCap	24,750.6	24,186.7	2.3
S&P BSE SmallCap	29,702.6	28,940.2	2.6

WORLD INDICES

Index	4-Feb-22	28-Jan-22	Weekly % Chg
Nikkei Index	27,440.0	26,717.3	2.7
Hang Seng Index	24,573.3	23,550.1	4.3
Kospi Index	2,750.3	2,663.3	3.3
Shanghai SE Composite	3,361.4	3,361.4	0.0
Strait Times Index	3,331.4	3,294.9	1.1
Dow Jones	34,841.5	34,280.5	1.6
NASDAQ	13,932.2	13,568.6	2.7
FTSE	7,509.4	7,466.1	0.6

FOREX

Currency	4-Feb-22	28-Jan-22	Weekly % Chg
US\$ (Rs.)	74.7	75.2	-0.7
GBP (Rs.)	101.6	100.7	0.9
Euro (Rs.)	85.3	83.8	1.8
Yen (Rs.) 100 Units	65.0	65.1	-0.2

NIFTY TOP GAINERS (WEEKLY)

Scrip	4-Feb-22	28-Jan-22	Weekly % Chg
Vedanta	356.4	327.7	8.8%
Tata Steel	1,176.3	1,084.7	8.4%
Sun Pharma Inds.	894.0	827.4	8.0%
HCL Tech	1,163.8	1,080.5	7.7%
ITC	234.3	217.6	7.7%

FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
4-Feb-22	5,377.4	7,645.3	-2,267.9
3-Feb-22	4,630.5	6,228.1	-1,597.5
2-Feb-22	6,001.4	6,185.0	-183.6
1-Feb-22	7,146.0	7,167.8	-21.8
<u>MTD</u>	23,155.4	27,226.1	-4,070.8

NIFTY TOP LOSERS (WEEKLY)

Scrip	28-Jan-22	21-Jan-22	Weekly % Chg
NTPC	134.2	140.2	-4.2%
Mahindra & Mahindra	841.7	869.7	-3.2%
UPL	767.2	790.3	-2.9%
Zee Entertainment	278.3	285.5	-2.5%
BPCL	375.7	382.5	-1.8%

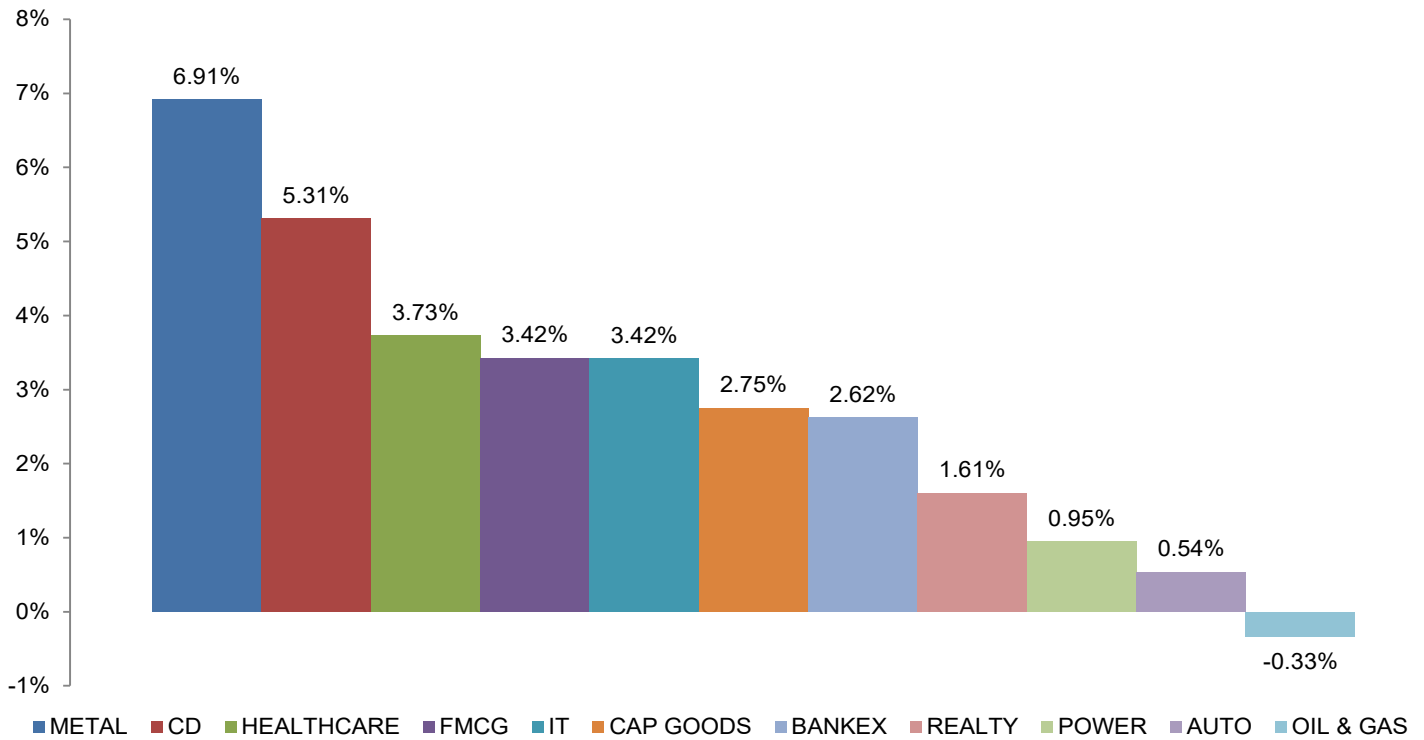
DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
4-Feb-22	6,196.3	5,574.3	622.0
3-Feb-22	6,090.0	6,460.5	-370.6
2-Feb-22	7,713.4	7,287.5	426.0
1-Feb-22	7,906.2	6,308.5	1,597.7
<u>MTD</u>	27,905.9	25,630.8	2,275.1

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	04/02/22	28/01/22	Weekly % Chg	04/02/22	28/01/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
CROMPTON	415.1	413.7	-0.3	1736900	2764300	59.2
GODREJPROP	1640.5	1512.9	-7.8	3700775	5837000	57.7
NAVINFLUOR	3849.9	4123.2	7.1	354150	528075	49.1
TORNTPOWER	538.9	573.85	6.5	2620500	3682500	40.5
MCX	1561.2	1433.5	-8.2	1505000	2080750	38.3

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	04/02/22	28/01/22	Weekly % Chg	04/02/22	28/01/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
ASTRAL	2102.3	2182.1	3.8	970750	778250	-19.8
HDFCBANK	1466.4	1524.6	4.0	37668950	31299400	-16.9
TVSMOTOR	597.6	646.9	8.2	8388800	7053200	-15.9
HONAUT	42060.1	44622.7	6.1	8610	7425	-13.8
ULTRACEMCO	7144.1	7445.5	4.2	2013600	1743000	-13.4

Company Background

Torrent Power Ltd (TPL) is one of the leading private power utility companies with exposure across distribution and generation of electricity. It has a portfolio of coal-based, gas-based and renewable power plants with an aggregate generation capacity of 3879 MW. It is a distribution licensee in Ahmedabad, Gandhinagar, Surat, Dahej SEZ, and DSIR(Dholera Special Industrial Region); and is the distribution franchisee for Bhiwandi, Agra and SMK (Shil, Mumbra, Kalwa). It also has power generation plants in Sabarmati, Surat and Dahej. Their renewable portfolio includes wind power plant at Lalpur, solar power plant at Charanka, Suzlon WPP at Kutch and many more in Gujarat. The company also has wind power plants in Karnataka and Maharashtra through wholly-owned subsidiaries; and a plant in Kutch through an associate company.

Investment Rationale

The strong market position of the power distribution business with a diverse consumer base

TPL has a strong market position as a sole power distribution licensee for Ahmedabad, Surat, Gandhinagar, Dahej SEZ and DSIR, and power distribution franchisee for Bhiwandi, Agra and SMK. It sells power directly to more than 3.65 million consumers across the domestic, industrial and commercial divisions. An urban-centric and diversified customer base enables high collection efficiency of nearly 100% in Ahmedabad, Gandhinagar, Surat and Dahej SEZ. During FY21, TPL won bids to commission 700MW of solar capacities with GUVNL (Gujarat Urja Vikas Nigam Ltd-100 MV), TPL-Distribution License(300MV) and Andhra Pradesh (300MW). TPL is implementing 400 MV solar projects and 115 MV wind projects under development.

Excellent operational record and regulated tariff framework

TPL has high operational efficiency, as reflected in low and distribution losses across circles (6.03% for Ahmedabad, 4.06% for Surat and 0.49% for Dahej distribution license business; and 16.2% for Bhiwadi and 13.5% for Agra distribution franchise business for FY 21). The regulated industry and fixed tariff renewables contribute 80%-85% to TPL's EBITDA, indicating strong profitability visibility in the medium-to-long term. The company is likely to benefit from stable cash flow backed by a regulated tariff structure and high operating efficiency and performance of its distribution and generation businesses (AMGEN and SUGEN plants). Furthermore, the return profile is expected to improve with the ramp-up of DSIR; Gujarat and SMK; Maharashtra distribution circles.

Valuation and Outlook

TPL is India's most prominent private sector player in power generation, transmission, distribution and the manufacturing and supply of power cables. The company posted stable performance in FY21 despite Covid-19. Due to its regulated nature, the generation and license distribution businesses clocked steady profitability. The company has a low environmental footprint, and huge growth potential in renewables. TPL has the lowest transmission and distribution losses (5.5% in FY21), the country's lowest. On the valuation front, we valued the company based on its FY24e earnings and arrived at a target price of INR 700 (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)	580
Target Price (INR)	700
NSE Symbol	TORNTPOWER
BSE Code	532779
Bloomberg	TPW IN
Reuters	TOPO.BO

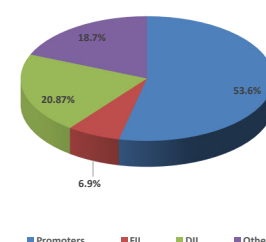
Key Data

Nifty	17,516
52WeekH/L(INR)	606/316
O/s Shares (Mn)	480
Market Cap (INR bn)	279
Face Value (INR)	10

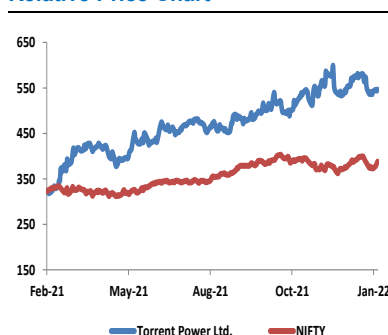
Average volume

3 months	932,910
6 months	1,179,530
1 year	1,559,470

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials

YE March (Rs. millions)	FY19	FY20	FY21	FY22E	FY23E	FY24E
Revenue	131,510	136,406	121,727	143,516	155,427	161,023
<i>Revenue Growth (Y-o-Y)</i>	14.3%	3.7%	(10.8%)	17.9%	8.3%	3.6%
EBIDTA	31,904	35,369	34,652	38,462	43,986	45,892
<i>EBIDTA Growth (Y-o-Y)</i>	2.4%	10.9%	(2.0%)	11.0%	14.4%	4.3%
Net Profit	8,989	11,742	12,909	14,782	17,408	18,679
<i>Net Profit Growth (Y-o-Y)</i>	(4.6%)	30.6%	9.9%	14.5%	17.8%	7.3%
Diluted EPS	18.7	24.4	26.9	30.8	36.2	38.9
<i>Diluted EPS Growth (Y-o-Y)</i>	(4.6%)	30.6%	9.9%	14.5%	17.8%	7.3%

Key Ratios

EBIDTA margin (%)	24.3%	25.9%	28.5%	26.8%	28.3%	28.5%
NPM (%)	6.8%	8.6%	10.6%	10.3%	11.2%	11.6%
RoE (%)	10.0%	12.8%	12.7%	13.3%	14.1%	13.6%
RoCE (%)	17.9%	20.9%	20.6%	21.0%	23.6%	23.5%

Valuation Ratios

P/E (x)	31.0x	23.7x	21.6x	18.9x	16.0x	14.9x
EV/EBITDA	11.4x	10.0x	9.9x	9.0x	7.7x	7.3x
P/BV (x)	3.1x	3.0x	2.7x	2.5x	2.3x	2.0x
Market Cap. / Sales (x)	2.1x	2.0x	2.3x	1.9x	1.8x	1.7x

Source: Company, BP Equities Research



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

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