

Week Gone

- ⇒ In the week ended on Friday, 8 April 2022, the Sensex rose 170.49 points or 0.29% to settle at 59,447.18. The Nifty 50 index gained 113.90 points or 0.64% to settle at 17,784.35.
- ⇒ The BSE Mid-Cap index added 859.80 or 3.52% to settle at 25,030.79.
- ⇒ The BSE Small-Cap index rose 1,066.38 points or 3.72% to settle at 29,765.79

Week Ahead

- ⇒ IT majors TCS will declare its Q4 result on 11 April 2022.
- ⇒ On the economic front, India's manufacturing production data for February will be unveiled on 12 April 2022.
- ⇒ India's industrial production data for February will also be announced on 12 April 2022. On the same day, India's inflation rate for March will be declared.

Technical Overview

Index opened the week on a positive note, however index faced profit booking from the falling resistance trendline ending the session near the opening price. Going ahead index has an immediate resistance placed around 17850, sustenance above the same will open the way for 18100-18400. Whereas on the downside support is placed near 17500-17330-17000.



Source: Falcon, BP Equities Research

Weekly Wealth

DOMESTIC INDICES

Index	08-Apr-22	01-Apr-22	Weekly % Chg
Nifty 50	17,784.4	17,670.5	0.6
Nifty Next 50	43,445.9	41,754.1	4.1
Nifty 100	18,089.3	17,879.5	1.2
Nifty 500	15,342.4	15,087.3	1.7
NIFTY MIDCAP 100	31,214.2	30,134.6	3.6
S&P BSE SENSEX	59,447.2	59,276.7	0.3
S&P BSE 100	18,195.2	17,950.1	1.4
S&P BSE 200	7,753.1	7,635.5	1.5
S&P BSE 500	24,412.8	24,003.8	1.7
S&P BSE MidCap	25,303.4	24,443.6	3.5
S&P BSE SmallCap	29,765.8	28,699.4	3.7

WORLD INDICES

Index	08-Apr-22	01-Apr-22	Weekly % Chg
Nikkei Index	26,985.8	27,666.0	-2.5
Hang Seng Index	21,872.0	22,039.6	-0.8
Kospi Index	2,700.4	2,739.9	-1.4
Shanghai SE Composite	3,251.9	3,282.7	-0.9
Strait Times Index	3,419.1	3,419.1	0.0
Dow Jones	34,721.1	34,818.3	-0.3
NASDAQ	13,711.0	14,261.5	-3.9
FTSE	7,669.6	7,537.9	1.7

FOREX

Currency	08-Apr-22	01-Apr-22	Weekly % Chg
US\$ (Rs.)	75.9	76.0	-0.1
GBP (Rs.)	99.2	99.6	-0.5
Euro (Rs.)	82.7	83.9	-1.4
Yen (Rs.) 100 Units	61.3	62.0	-1.1

NIFTY TOP GAINERS (WEEKLY)

Scrip	08-Apr-22	01-Apr-22	Weekly % Chg
Yes Bank	15.7	12.7	23.7%
Adani Ports &Special	839.3	785.8	6.8%
NTPC	152.1	143.0	6.4%
Grasim Industries	1771.3	1670.0	6.1%
Vedanta	430.3	405.8	6.0%

FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
08-Apr-22	9,819.0	10,394.0	-575.0
07-Apr-22	9,346.3	14,355.9	-5,009.6
06-Apr-22	6,324.8	8,604.7	-2,280.0
05-Apr-22	7,096.6	6,721.7	374.9
04-Apr-22	7,532.6	6,380.4	1,152.2
<u>MTD</u>	40,119.3	46,456.8	-6,337.5

NIFTY TOP LOSERS (WEEKLY)

Scrip	08-Apr-22	01-Apr-22	Weekly % Chg
Infosys	1814.6	1903.6	-4.7%
Zee Entertainment	286.0	299.8	-4.6%
Wipro	583.7	601.8	-3.0%
Tech Mahindra	1448.8	1487.1	-2.6%
Bajaj Finserv	16749.0	17139.2	-2.3%

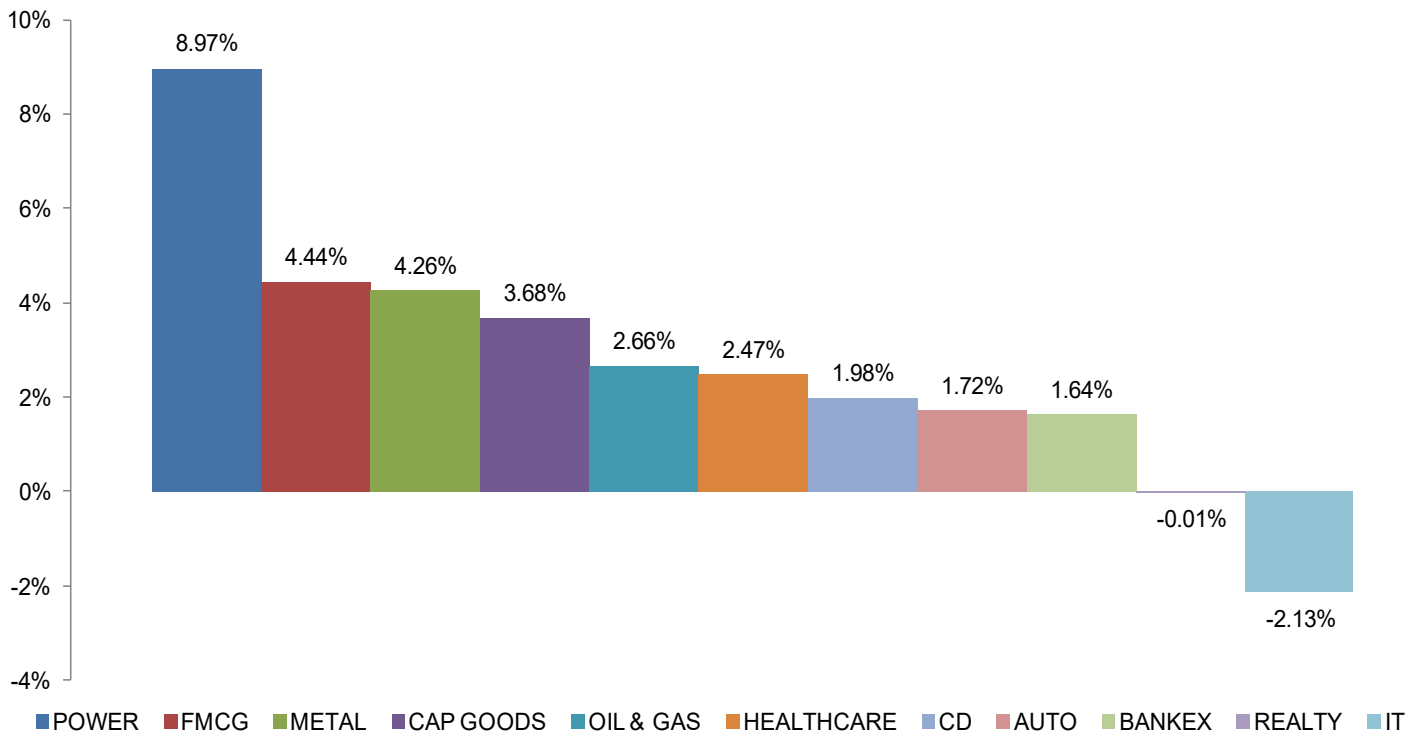
DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
08-Apr-22	8,191.3	8,207.8	-16.5
07-Apr-22	7,676.3	5,901.6	1,774.7
06-Apr-22	6,961.9	6,339.0	622.9
05-Apr-22	6,384.2	6,278.8	105.4
04-Apr-22	9,883.2	8,208.2	1,675.0
<u>MTD</u>	39,096.9	34,935.3	4,161.5

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
	01/04/22	08/04/22		01/04/22	08/04/22	
SBICARD	873.7	858.5	-1.7	3754000	6589000	75.5
ABB	2108.1	2249.1	6.7	193000	287250	48.8
BSOFT	467.6	492.5	5.3	4050800	5822700	43.7
ZEEL	301.2	287.3	-4.6	62541000	84249000	34.7
WHIRLPOOL	1612.5	1671.6	3.7	834000	1111250	33.2

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	Share Price (Rs.)		Weekly % Chg	Open Interest		Weekly % Chg
	01/04/22	08/04/22		01/04/22	08/04/22	
JKCEMENT	2540.8	2800.4	10.2	455525	302400	-33.6
UBL	1509.4	1592.0	5.5	1297450	936600	-27.8
ASHOKLEY	119.8	129.5	8.1	41773500	32661000	-21.8
HINDALCO	572.9	583.3	1.8	28596075	23249025	-18.7
IPCALAB	1024.0	1029.7	0.6	915300	750150	-18.0

Company Background

Bank of Baroda (BoB) was incorporated in 1908 and nationalised in 1969 by the Government of India (GoI). BoB is headquartered in Vadodara, while its corporate office is in Mumbai. On September 17, 2018, the GoI announced the merger of Vijaya Bank and Dena Bank with BoB, which came into effect on April 01, 2019. Post-merger, BoB is the fourth largest PSB in the Indian banking sector in terms of total business (advances and deposits cumulatively as of June 30, 2021). It currently has 8,192 branches in India and 99 overseas offices across 20 countries. The bank has wholly-owned subsidiaries, including BOB Financial Solutions Limited, BOB Capital Markets, Baroda Global Shared Services Ltd., Barodasan Technologies Ltd, and Baroda Asset Management India Ltd. BOB also has a joint venture for life insurance with India First Life Insurance.

Investment Rationale

GOI ownership and improved capital position

The GoI remains the largest shareholder of BoB, with a 63.97% equity stake as of December 31, 2021. It is expected that it will continue to receive support from the GoI in terms of required capital as and when needed, given its significant importance in the system. In FY21, the bank raised equity of INR. 4,500 cr from the market. With the capital raised and improved internal capital generation, BoB improved its capital ratios with CET I of 11.91% and Tier I of 13.79% as of December 31, 2021. The bank is well placed in terms of its capital position for absorbing incremental stress and growth requirements while maintaining more than the desired cushion of more than 1% on the capital above the regulatory levels.

Competitive Cost of Funds backed by well-developed deposit franchise

BoB has a very low cost of interest-bearing funds, which is at around 3.5% in Q3FY22. This is due to its extensive branch network across India, well-developed customer franchise, and widespread deposit franchise (CASA at about 42%). BoB's liability profile is expected to remain a significant positive for supporting its credit growth while maintaining superior liquidity and profitability. On the profitability front, BoB reported a net profit of INR. 3,296cr in H1FY22 on a total asset book of INR 11.71 lakh cr.

Valuation outlook

In Q3FY22, BoB posted strong financials coupled with a good recovery in the net interest income and moderation in slippages. BoB reported a net profit of INR. 3,296cr in H1 FY2022 on a total asset book of INR. 11.71 lakh cr. BoB's liquidity profile remains superior, supported by a high statutory liquidity ratio (SLR) of 24.8% of the net demand and time liabilities (NDTL) as of September 30, 2021. We expect BoB to maintain superior liquidity, given the large proportion of retail deposits and the high portfolio of liquid investments. We valued the company based on 0.7x of its FY24e Book-Value and arrived at a target price of INR 147 (22% upside from CMP) with a 12 months investment horizon

Stock Rating

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

Sector Outlook

Positive

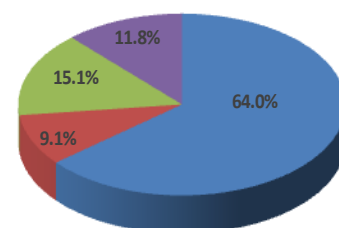
Stock

CMP (INR)	120
Target Price (INR)	147
NSE Symbol	BANKBARODA
BSE Code	532134
Bloomberg	BOB IN
Reuters	BOB.BO

Key Data

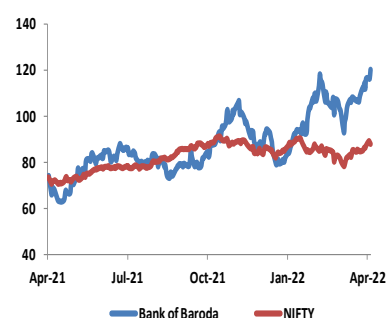
Nifty	17,784
52WeekH/L(INR)	122/61
O/s Shares (Mn)	5,171
Market Cap (INR bn)	622
Face Value (INR)	2
Average volume	
3 months	51,414,300
6 months	50,075,230
1 year	49,087,150

Share Holding Pattern (%)



■ Promoters ■ FII ■ DII ■ Others

Relative Price Chart



Weekly Wealth

Key Financials

YE March (Rs. millions)	FY19	FY20	FY21	FY22E	FY23E	FY24E
Net Interest Income	1,84,803	2,74,513	2,88,090	3,30,040	3,73,540	4,14,030
<i>Growth (Y-o-Y)</i>	<i>19.1%</i>	<i>48.5%</i>	<i>4.9%</i>	<i>14.6%</i>	<i>13.2%</i>	<i>10.8%</i>
Operating Income	2,47,748	3,77,686	4,11,735	4,78,220	5,51,110	6,26,840
<i>Growth (Y-o-Y)</i>	<i>11.7%</i>	<i>52.4%</i>	<i>9.0%</i>	<i>16.1%</i>	<i>15.2%</i>	<i>13.7%</i>
Net Profit	4,335	5,462	8,290	1,08,800	96,570	1,22,860
<i>Growth (Y-o-Y)</i>	<i>(117.8%)</i>	<i>26.0%</i>	<i>51.8%</i>	<i>1212.5%</i>	<i>(11.2%)</i>	<i>27.2%</i>
EPS	1.6	1.2	1.6	21.0	18.7	23.8
<i>Growth (Y-o-Y)</i>	<i>(117.8%)</i>	<i>(27.9%)</i>	<i>35.6%</i>	<i>1212.5%</i>	<i>(11.2%)</i>	<i>27.2%</i>

Key Ratios

NIM (%)	2.5%	3.4%	3.0%	3.3%	3.5%	3.6%
ROAA (%)	0.1%	0.1%	0.1%	0.9%	0.8%	1.0%
RoAE (%)	0.9%	0.9%	1.1%	13.3%	10.5%	12.0%
BV per Share (INR.)	99	139	149	169	186	210

Valuation Ratios

P/E (x)	73.4x	101.8x	75.0x	5.7x	6.4x	5.1x
P/BV (x)	0.8x	0.8x	0.9x	0.7x	0.6x	0.6x

Source: Company, BP Equities Research



Research Desk

Tel: +91 22 61596406

Institutional Sales Desk

Tel: +91 22 61596403/04/05

Disclaimer Appendix

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

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Corporate Office:

4th floor,
Rustom Bldg,
29, Veer Nariman Road, Fort,
Mumbai-400001
Phone- +91 22 6159 6464
Fax-+91 22 6159 6160
Website- www.bpwealth.com

Registered Office:

24/26, 1st Floor, Cama Building,
Dalal street, Fort,
Mumbai-400001
BP Wealth Management Pvt. Ltd.
CIN No: U67190MH2005PTC154591
BP Equities Pvt. Ltd.
CIN No: U67120MH1997PTC107392