

Week Gone

- ⇒ In the week ended on Friday, 09 September 2022, the Sensex rose 989.81 points or 1.68% to settle at 59,793.14. The Nifty 50 index gained 293.90 points or 1.68% to settle at 17,833.35
- ⇒ The BSE Mid-Cap index rose 1.86% to settle at 25,937.22
- ⇒ The BSE Small-Cap index gained 2.53% to settle at 29,528.74

Week Ahead

- ⇒ India's Inflation based on wholesale price Index (WPI) for August will be declared on 14 September, 2022
- ⇒ The United States will declare its Inflation data for August on 13 September, 2022
- ⇒ China will announce Industrial Production data for August on 16 September, 2022

Technical Overview

The previous gap-down area defined by the levels of 17475 - 17180 coupled with the shorter term EMA underpinned a sharp technical pullback such that the head index managed to close above the channel. This indicates a stronger base going forward. Nifty faces immediate overhead pivotal resistance at 17992 and sustenance above the same can attract further bullish momentum. The support comes near 17750 – 17450 – 17150 whereas resistance is near 18000 – 18120 – 18350.



Source: Falcon, BP Equities Research



Weekly Wealth

DOMESTIC INDICES

Index	09-Sep-22	02-Sep-22	Weekly % Chg
Nifty 50	17,833.4	17,539.5	1.7
Nifty Next 50	44,110.0	43,633.6	1.1
Nifty 100	18,198.1	17,916.0	1.6
Nifty 500	15,467.4	15,201.6	1.7
NIFTY MIDCAP 100	32,035.9	31,402.3	2.0
S&P BSE SENSEX	59,793.1	58,803.3	1.7
S&P BSE 100	18,317.8	18,029.8	1.6
S&P BSE 200	7,852.9	7,723.8	1.7
S&P BSE 500	24,652.6	24,232.2	1.7
S&P BSE MidCap	25,937.2	25,463.9	1.9
S&P BSE SmallCap	29,528.7	28,800.8	2.5

WORLD INDICES

Index	09-Sep-22	02-Sep-22	Weekly % Chg
Nikkei Index	28,214.8	27,650.8	2.0
Hang Seng Index	19,362.3	19,452.1	-0.5
Kospi Index	2,384.3	2,409.4	-1.0
Shanghai SE Composite	3,262.1	3,186.5	2.4
Strait Times Index	3,263.0	3,205.7	1.8
Dow Jones	32,151.7	31,318.4	2.7
NASDAQ	12,112.3	11,630.9	4.1
FTSE	7,351.1	7,281.2	1.0

FOREX

Currency	09-Sep-22	02-Sep-22	Weekly % Chg
US\$ (Rs.)	79.6	79.7	-0.1
GBP (Rs.)	92.3	92.3	0.0
Euro (Rs.)	80.0	79.9	0.0
Yen (Rs.) 100 Units	55.9	56.9	-1.8

NIFTY TOP GAINERS (WEEKLY)

Scrip	09-Sep-22	02-Sep-22	Weekly % Chg
Yes Bank	17.5	16.2	8.0%
Tech Mahindra	1126.7	1056.4	6.6%
Adani Ports &Special	906.9	852.0	6.4%
Zee Entertainment	263.5	248.8	5.9%
BPCL	338.5	322.0	5.1%

FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
09-Sep-22	6,853.4	4,721.0	2,132.4
08-Sep-22	8,592.2	5,679.1	2,913.1
07-Sep-22	6,645.5	5,887.1	758.4
06-Sep-22	6,467.5	5,322.9	1,144.5
05-Sep-22	4,849.3	5,661.0	-811.8
<u>MTD</u>	33,407.9	27,271.2	6,136.7

NIFTY TOP LOSERS (WEEKLY)

Scrip	09-Sep-22	02-Sep-22	Weekly % Chg
GAIL India	92.4	135.3	-31.7%
Bajaj Auto	3848.6	4030.9	-4.5%
Tata Motors	445.9	461.75	-3.4%
Britannia Inds	3649.5	3704.25	-1.5%
Mahindra & Mahindra	1301.25	1315.95	-1.1%

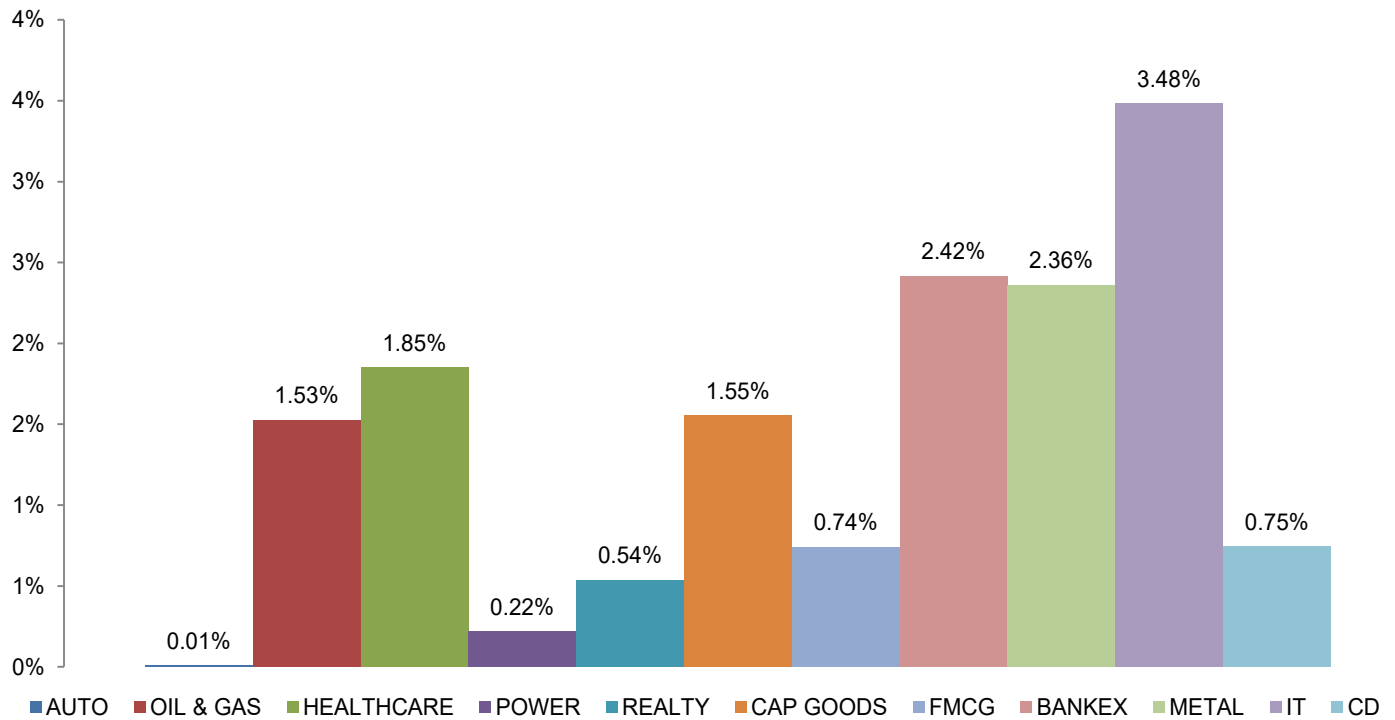
DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
09-Sep-22	5,606.2	6,773.7	-1,167.6
08-Sep-22	6,303.8	6,516.4	-212.6
07-Sep-22	5,878.6	6,017.2	-138.7
06-Sep-22	7,709.4	7,076.4	633.0
05-Sep-22	6,409.7	5,875.9	533.8
<u>MTD</u>	31,907.6	32,259.7	-352.1

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	09/09/22	02/09/22	Weekly % Chg	09/09/22	02/09/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
CROMPTON	417.2	396.3	-5.0	3975000	5094000	28.2
HEROMOTOCO	2844.55	2830.55	-0.5	2719200	3281400	20.7
DIXON	4523.7	4121.5	-8.9	552875	660875	19.5
SBILIFE	1302.9	1295.15	-0.6	5510250	6349500	15.2
INDIAMART	4787.7	4772.85	-0.3	365100	420300	15.1

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	09/09/22	02/09/22	Weekly % Chg	09/09/22	02/09/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
INDIGO	1938.8	2035.4	5.0	4852800	2275800	-53.1
SYNGENE	572.7	589.8	3.0	4201000	2362000	-43.8
ASTRAL	2567.2	2315.4	-9.8	1276825	795850	-37.7
ACC	2377.85	2298.2	-3.3	3747000	2452750	-34.5
GSPL	255.4	238.15	-6.8	4775000	3310000	-30.7

Company Background

PSP Projects Limited (PSP) is a multidisciplinary construction company offering a diversified range of construction and allied services across industrial, institutional, government, and residential projects in India. The Company provides its services across the construction value chain, ranging from planning and design to construction and post-construction activities like- Mechanical, Electrical, Plumbing (MEP) work, and other interior fit-outs to private and public sector enterprises. PSP has a strong presence in Gujarat and has now extended its global footprint to other states like Rajasthan, Karnataka, Uttar Pradesh, Maharashtra, and New Delhi.

Investment Rationale

A healthy order book with a robust bid pipeline

PSP Projects reported an overall strong performance in the otherwise seasonally weak quarter with the highest ever order book as of 30th June 2022 INR 4613 crore with government projects comprising 63% of the order book. In comparison to all the previous first quarters, the company also reported an order inflow of INR 550 crore in Q1FY23 as compared to INR 4.89 crore during Q1FY22. During Q1FY23, PSP Project completed 3 projects which includes the largest retail mall in Gujarat. PSP has a bid pipeline of INR 4000 crores of which 41% is from private projects and around 51% from the state of Gujarat. With the completion of Surat Diamond Bourse (INR 1850 crore project) of size 66 lakh sq. ft, PSP will enter the big league of handling prestigious projects up to INR 2500 crore making it eligible for higher ticket size projects in the future. Going forward, the company also aims to increase its precast capacity to 3 million sq. ft.

Thrust of government on infrastructure development

Growth in infrastructure is critical for the development of the economy and hence, the construction sector assumes an important role. The focus of the government on infrastructure development is expected to translate into a steady business potential for the construction industry in the long run. Going forward, companies with better financial flexibility would be able to grow at a faster rate by leveraging upon potential opportunities.

Valuation and Outlook

PSP Projects started as a civil construction operator and over the years expanded to mechanical, engineering, and plumbing (MEP), interior, and operation and maintenance (O&M) services. The expanded service offerings help the company to provide its customers with a host of services ranging from design to construction to fit-out. PSP has built a track record of adhering to strict project delivery timelines and has a strong customer base network including well-known companies such as Zydus Cadila, Torrent group, Adani group, Reliance, Claris group, UP public work department, and others. The company's experienced management team, and its eligibility to bid for higher-ticket size projects with improvement in prequalification criteria and geographical diversification add to the factors supporting its entry into the big league. Based on the above factors, we give a "BUY" rating to this stock. On the valuation front, we value the company based on 14x of FY24e earnings and arrived at a target price of INR 723 (23% 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)	588
Target Price (INR)	723
NSE Symbol	PSPPROJECT
BSE Code	540544
Bloomberg	PSPPL IN
Reuters	PSPP.BO

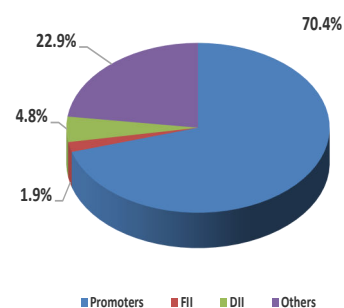
Key Data

Nifty	17,833
52WeekH/L(INR)	672/416
O/s Shares (Mn)	36
Market Cap (INR bn)	21
Face Value (INR)	10

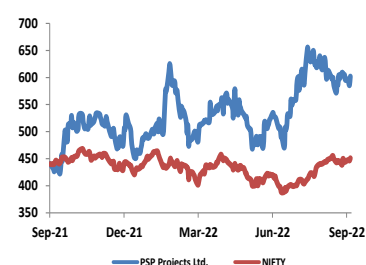
Average volume

3 months	2,23,220
6 months	1,86,620
1 year	2,72,800

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials								
YE March (Rs. millions)	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Revenue	4,448	7,516	10,504	14,993	12,409	17,481	20,243	22,955
<i>Revenue Growth (Y-o-Y)</i>		69.0%	39.7%	42.7%	(17.2%)	40.9%	15.8%	13.4%
EBIDTA	671	1,045	1,486	1,908	1,349	2,584	2,490	2,915
<i>EBIDTA Growth (Y-o-Y)</i>		55.8%	42.2%	28.5%	(29.3%)	91.5%	(3.7%)	17.1%
Net Profit	416	660	891	1,282	834	1,663	1,579	1,859
<i>Net Profit Growth (Y-o-Y)</i>		58.6%	35.0%	43.9%	(35.0%)	99.5%	(5.0%)	17.8%
Diluted EPS	11.6	18.3	24.8	35.6	23.2	46.2	43.9	51.6
<i>Diluted EPS Growth (Y-o-Y)</i>		58.6%	35.0%	43.9%	(35.0%)	99.5%	(5.0%)	17.8%
Key Ratios								
EBIDTA margin (%)	15.1%	13.9%	14.1%	12.7%	10.9%	14.8%	12.3%	12.7%
NPM (%)	9.4%	8.8%	8.5%	8.6%	6.7%	9.5%	7.8%	8.1%
RoE (%)	39.8%	21.9%	24.1%	28.2%	15.6%	24.2%	18.8%	18.2%
RoCE (%)	38.4%	32.0%	37.2%	35.9%	22.1%	33.6%	27.0%	26.1%
Valuation Ratios								
P/E (x)	50.8x	32.0x	23.7x	16.5x	25.4x	12.7x	13.4x	11.4x
EV/EBITDA	31.0x	18.3x	12.9x	10.5x	14.5x	7.7x	8.2x	6.8x
P/BV (x)	20.2x	7.0x	5.7x	4.7x	3.9x	3.1x	2.5x	2.1x
Market Cap. / Sales (x)	4.8x	2.8x	2.0x	1.4x	1.7x	1.2x	1.0x	0.9x

Source: Company, BP Equities Research



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