

## Week Gone

- ⇒ In the week ended on Friday, 16 September 2022, the Sensex tumbled 952.35 points or 1.59% to settle at 58,840.79. The Nifty 50 index slumped 302.5 points or 1.68% to settle at 17,530.85
- ⇒ The BSE Mid-Cap index slipped 1.46% to settle at 25,558.21
- ⇒ The BSE Small-Cap index dropped 1.12% to settle at 29,199.39

## Week Ahead

- ⇒ The Federal Open Market Committee (FOMC), the US Federal Reserve's policy setting committee will announce its policy decision on 20-21 September.
- ⇒ Japan will declare its inflation numbers on 20 September 2022
- ⇒ The Bank of Japan (BOJ) will decide on interest rate on 22 September 2022.

## Technical Overview

Index opened on a positive note and scaled higher for the first half of the week hitting 18000 level, while in the last 2 sessions index lost its prior gains and witnessed sharp selling pressure to end the session near weekly low. Index has formed a bearish engulfing pattern at the resistance suggests caution for an ongoing trend, bearish followup in the coming week will provide the confirmation. Going ahead index has immediate support around 17380-17200-16950. Whereas on the higher side resistance is present at 17850-18050-18300



Source: Falcon, BP Equities Research

## Weekly Wealth

### DOMESTIC INDICES

Index	16-Sep-22	09-Sep-22	Weekly % Chg
Nifty 50	17,530.9	17,833.4	-1.7
Nifty Next 50	44,093.4	44,110.0	0.0
Nifty 100	17,938.1	18,198.1	-1.4
Nifty 500	15,244.0	15,467.4	-1.4
NIFTY MIDCAP 100	31,494.9	32,035.9	-1.7
S&P BSE SENSEX	58,840.8	59,793.1	-1.6
S&P BSE 100	18,047.0	18,317.8	-1.5
S&P BSE 200	7,740.1	7,852.9	-1.4
S&P BSE 500	24,304.6	24,652.6	-1.4
S&P BSE MidCap	25,558.2	25,937.2	-1.5
S&P BSE SmallCap	29,199.4	29,528.7	-1.1

### WORLD INDICES

Index	16-Sep-22	09-Sep-22	Weekly % Chg
Nikkei Index	27,567.7	28,214.8	-2.3
Hang Seng Index	18,761.7	19,362.3	-3.1
Kospi Index	2,382.8	2,384.3	-0.1
Shanghai SE Composite	3,126.4	3,262.1	-4.2
Strait Times Index	3,268.3	3,263.0	0.2
Dow Jones	30,729.6	32,151.7	-4.4
NASDAQ	11,389.9	12,112.3	-6.0
FTSE	7,262.0	7,351.1	-1.2

### FOREX

Currency	16-Sep-22	09-Sep-22	Weekly % Chg
US\$ (Rs.)	79.8	79.6	0.2
GBP (Rs.)	91.6	92.3	-0.8
Euro (Rs.)	79.7	80.0	-0.3
Yen (Rs.) 100 Units	55.6	55.9	-0.5

### NIFTY TOP GAINERS (WEEKLY)

Scrip	16-Sep-22	09-Sep-22	Weekly % Chg
Vedanta	290.75	262.25	10.9%
Indusind Bank	1227.35	1108.3	10.7%
Adani Ports &Special	938.2	885.05	6.0%
Power Grid Corpn.	235.65	224.4	5.0%
Maruti Suzuki	9189.65	8790.65	4.5%

### FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
16-Sep-22	21,364.9	24,625.0	-3,260.1
15-Sep-22	7,763.5	9,034.2	-1,270.7
14-Sep-22	7,917.1	9,314.6	-1,397.5
13-Sep-22	10,873.0	8,916.0	1,957.0
12-Sep-22	6,565.9	4,516.2	2,049.7
<u>MTD</u>	54,484.4	56,406.0	-1,921.6

### NIFTY TOP LOSERS (WEEKLY)

Scrip	16-Sep-22	09-Sep-22	Weekly % Chg
Bajaj Finserv	1734.9	17382.85	-90.0%
Infosys	1377.05	1475.9	-6.7%
Ultratech Cement	6481.4	6919.65	-6.3%
Indiabulls Housing	127.25	135.75	-6.3%
Hero MotoCorp	2685.2	2857.3	-6.0%

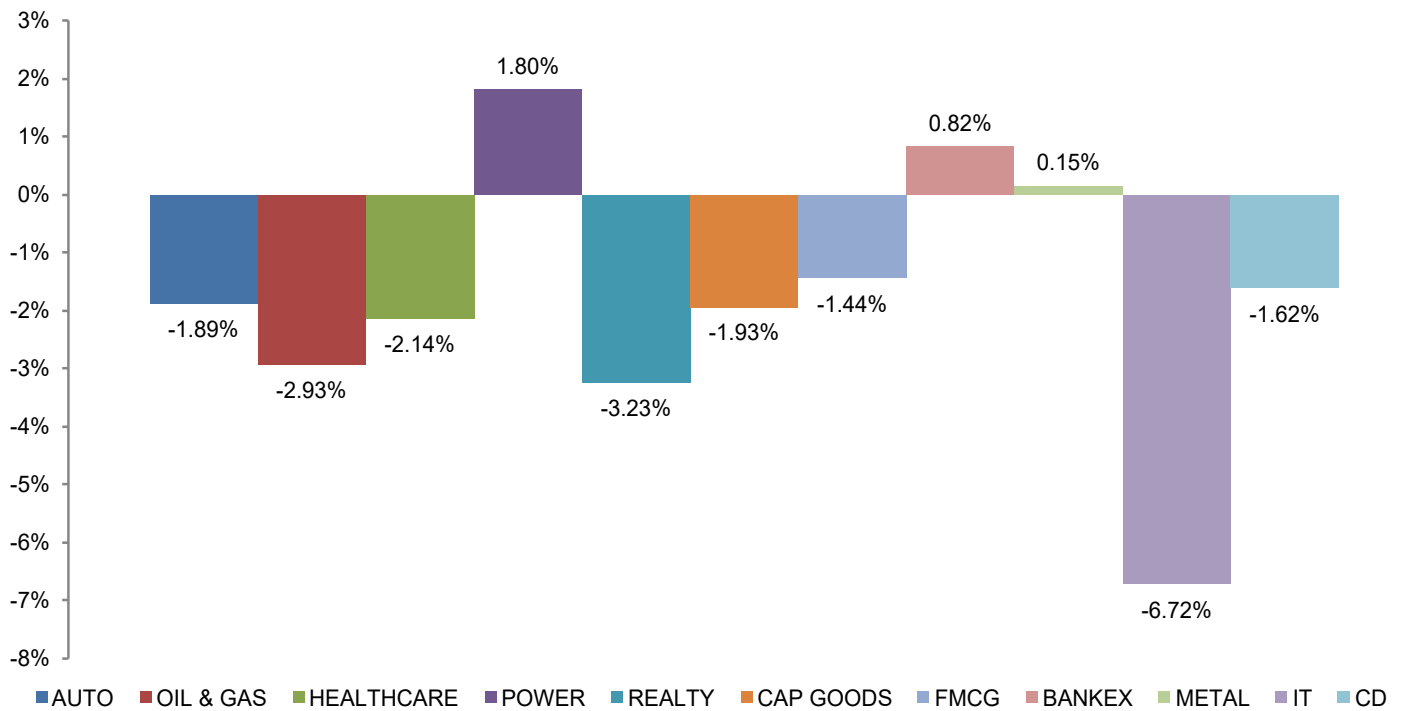
### DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
16-Sep-22	9,504.3	9,540.9	-36.6
15-Sep-22	5,951.0	6,879.9	-928.9
14-Sep-22	8,468.4	8,280.8	187.6
13-Sep-22	6,258.5	7,526.9	-1,268.4
12-Sep-22	6,631.3	7,521.8	-890.5
<u>MTD</u>	36,813.4	39,750.2	-2,936.8

# Weekly Wealth

## BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

### TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	16/09/22 Share Price (Rs.)	09/09/22 Share Price (Rs.)	Weekly % Chg	16/09/22 Open Interest	09/09/22 Open Interest	Weekly % Chg
VEDL	290.7	267.6	-7.9	27002550	38398150	42.2
IBULHSGFIN	127.85	140	9.5	31492000	40580000	28.9
RAMCOCEM	762.4	774.95	1.6	3117800	3994150	28.1
NTPC	173	167.1	-3.4	72521100	87700200	20.9
CUB	178.75	177.35	-0.8	6980000	8375000	20.0

### TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	16/09/22 Share Price (Rs.)	09/09/22 Share Price (Rs.)	Weekly % Chg	16/09/22 Open Interest	09/09/22 Open Interest	Weekly % Chg
BAJAJFINSV	1720.6	17239.45	901.9	8956500	875100	-90.2
BEL	111.4	329.9	196.1	74316600	24700000	-66.8
PVR	1762.15	1809.7	2.7	3938132	3113143	-20.9
INDIACEM	266.0	233.9	-12.1	17089700	13635800	-20.2
HONAUT	40590.55	41835.65	3.1	14220	11385	-19.9

### Company Background

National Hydro-Electric Power Corporation (NHPC) (Mini-Ratna Category-I) is one of the leading organisations in the field of hydropower development in the country having a 15% share of installed hydroelectricity capacity. The organisation is a hydroelectric power generating business committed to the design, creation, and execution of an effective, integrated network of hydroelectric projects in India. They carry out every step of the development of hydroelectric projects, right from concept through project commissioning. NHPC Limited presently has a 7071.2 MW installation base spread over 24 power stations, including two joint venture projects. The company also engages in the field of solar, wind power and project management, construction contract, and consultancy assignments services. NHPC with its JVs and Subsidiaries is presently engaged in the construction of 11 projects aggregating to a total installed capacity of 7539 MW.

### Investment Rationale

#### Increasing Demand for Renewable Energy Resources

A significant demand is emerging for renewable energy sources as a result of the continuously rising energy demand and the ongoing problem of conventional energy sources. The Indian power industry is developing quickly, and it is anticipated that in the coming years, demand for electricity will continue to climb. Due to its crucial role in maintaining the grid's balance and meeting peak power demands, hydropower has received a lot of attention as a result of the grid's integration of significant amounts of renewable energy, particularly solar and wind energy. Installed renewable power generation capacity has gained pace over the past few years, posting a CAGR of 15.92% between FY16-22. With the increased support of the Government and improved economics, the sector has a strong growth potential.

#### Strong Investment in Research and Development

In order to improve methodologies or upgrade technologies that can be essential to the organization's growth, the company has adopted a new initiative and redefined the rules for research and development. This collaborative approach involves numerous departments, projects, and power stations in their areas of expertise. R&D pilot projects for the company are being conducted around the country, including at the Green Hydrogen Mobility Station in Chamba, Himachal Pradesh and Green Hydrogen Mobility Station Kargil, Leh.

### Valuation and Outlook

The demand for green energy is constantly increasing, and the company's dominance of significant renewable sources gives NHPC a strong foundation upon which to expand. To maximise the usage of renewable energy, the firm has signed various Memorandums of Understanding with state governments. The company has also paid dividends consistently, with the most recent dividend yield being 4.86% in FY22. The company has a substantial ESG footprint due to its core business of producing renewable energy. Based on the above factors, we give a "BUY" rating to this stock. On the valuation front, we value the company based on 12x of FY24e earnings and arrived at a target price of INR 49 (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)	39
Target Price (INR)	49
NSE Symbol	NHPC
BSE Code	533098
Bloomberg	NHPC IN
Reuters	NHPC.BO

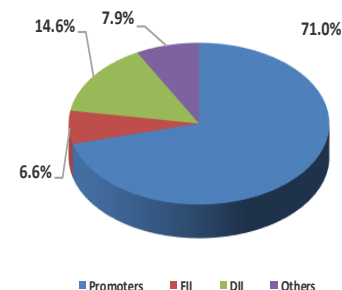
### Key Data

Nifty	17,531
52WeekH/L(INR)	40/27
O/s Shares (Mn)	10045
Market Cap (INR bn)	388
Face Value (INR)	10

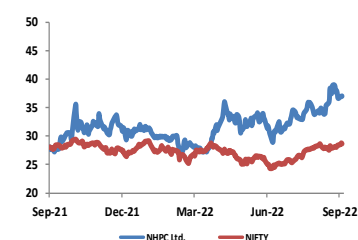
### Average volume

3 months	1,17,87,460
6 months	1,25,65,090
1 year	1,07,41,860

### Share Holding Pattern (%)



### Relative Price Chart



## Weekly Wealth

Key Financials								
YE March (Rs. millions)	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Revenue</b>	<b>86,231</b>	<b>77,554</b>	<b>89,829</b>	<b>1,00,078</b>	<b>96,479</b>	<b>91,888</b>	<b>96,207</b>	<b>1,04,095</b>
<i>Revenue Growth (Y-o-Y)</i>		(10.1%)	15.8%	11.4%	(3.6%)	(4.8%)	4.7%	8.2%
<b>EBIDTA</b>	<b>52,538</b>	<b>40,327</b>	<b>50,001</b>	<b>55,388</b>	<b>52,042</b>	<b>36,098</b>	<b>49,643</b>	<b>61,312</b>
<i>EBIDTA Growth (Y-o-Y)</i>		(23.2%)	24.0%	10.8%	(6.0%)	(30.6%)	37.5%	23.5%
<b>Net Profit</b>	<b>34,776</b>	<b>27,848</b>	<b>28,306</b>	<b>33,419</b>	<b>36,054</b>	<b>37,757</b>	<b>33,191</b>	<b>40,805</b>
<i>Net Profit Growth (Y-o-Y)</i>		(19.9%)	1.6%	18.1%	7.9%	4.7%	(12.1%)	22.9%
<b>Diluted EPS</b>	<b>3.5</b>	<b>2.8</b>	<b>2.8</b>	<b>3.3</b>	<b>3.6</b>	<b>3.8</b>	<b>3.3</b>	<b>4.1</b>
<i>Diluted EPS Growth (Y-o-Y)</i>		(19.9%)	1.6%	18.1%	7.9%	4.7%	(12.1%)	22.9%
Key Ratios								
<b>EBIDTA margin (%)</b>	<b>60.9%</b>	<b>52.0%</b>	<b>55.7%</b>	<b>55.3%</b>	<b>53.9%</b>	<b>39.3%</b>	<b>51.6%</b>	<b>58.9%</b>
NPM (%)	40.3%	35.9%	31.5%	33.4%	37.4%	41.1%	34.5%	39.2%
<b>RoE (%)</b>	<b>12.0%</b>	<b>9.3%</b>	<b>9.2%</b>	<b>10.6%</b>	<b>10.9%</b>	<b>10.8%</b>	<b>8.8%</b>	<b>9.8%</b>
RoCE (%)	12.0%	8.6%	10.4%	10.5%	9.5%	6.1%	7.2%	8.2%
Valuation Ratios								
<b>P/E (x)</b>	<b>11.2x</b>	<b>14.0x</b>	<b>13.8x</b>	<b>11.6x</b>	<b>10.8x</b>	<b>10.3x</b>	<b>11.7x</b>	<b>9.5x</b>
EV/EBITDA	9.6x	13.0x	10.8x	10.6x	11.3x	17.0x	13.6x	11.4x
<b>P/BV (x)</b>	<b>1.3x</b>	<b>1.3x</b>	<b>1.3x</b>	<b>1.2x</b>	<b>1.2x</b>	<b>1.1x</b>	<b>1.0x</b>	<b>0.9x</b>
Market Cap. / Sales (x)	4.5x	5.0x	4.3x	3.9x	4.0x	4.2x	4.0x	3.7x

Source: Company, BP Equities Research



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