

Week Gone

- ⇒ In the week ended on Friday, 23 September 2022, the Sensex tumbled 741.87 points or 1.26% to settle at 58,098.92. The Nifty 50 index slumped 203.50 points or 1.16% to settle at 17,327.35
- ⇒ The BSE Mid-Cap index slipped 1.12% to settle at 25,271.41
- ⇒ The BSE Small-Cap index dropped 1.32% to settle at 28,812.76

Week Ahead

- ⇒ The Reserve Bank of India's six-member rate setting panel is scheduled to meet during September 28-30 to frame bi-monthly monetary policy.
- ⇒ China will announce the NBS Manufacturing PMI for September on 30 September 2022.
- ⇒ The United States Durable Goods Orders for August will be announced on 27 September.

Technical Overview

The head index opened on a positive note, but the tide turned negative in mid-week. The trading week witnessed 4 distribution days and cracked below the 20 DMA on Thursday and the 50 DMA amidst the turmoil on Friday's trading session. This indicates that the uptrend under is potential pressure. Going forward the index will have to brace the support of 17166 and failing to do so, the price action will validate a potential bearish reversal pattern of double tops. The support comes near 17150 – 16950 – 16800 whereas resistance comes near 17900 – 18280 – 18600.



Source: Falcon, BP Equities Research

Weekly Wealth

DOMESTIC INDICES

Index	23-Sep-22	16-Sep-22	Weekly % Chg
Nifty 50	17,327.4	17,530.9	-1.2
Nifty Next 50	43,415.1	44,093.4	-1.5
Nifty 100	17,718.5	17,938.1	-1.2
Nifty 500	15,057.7	15,244.0	-1.2
NIFTY MIDCAP 100	31,078.7	31,494.9	-1.3
S&P BSE SENSEX	58,098.9	58,840.8	-1.3
S&P BSE 100	17,827.9	18,047.0	-1.2
S&P BSE 200	7,643.5	7,740.1	-1.2
S&P BSE 500	24,005.3	24,304.6	-1.2
S&P BSE MidCap	25,271.4	25,558.2	-1.1
S&P BSE SmallCap	28,812.8	29,199.4	-1.3

WORLD INDICES

Index	23-Sep-22	16-Sep-22	Weekly % Chg
Nikkei Index	27,153.8	27,567.7	-1.5
Hang Seng Index	17,933.3	18,761.7	-4.4
Kospi Index	2,290.0	2,382.8	-3.9
Shanghai SE Composite	3,088.4	3,126.4	-1.2
Strait Times Index	3,227.1	3,268.3	-1.3
Dow Jones	29,590.4	30,729.6	-3.7
NASDAQ	10,867.9	11,389.9	-4.6
FTSE	7,018.6	7,262.0	-3.4

FOREX

Currency	23-Sep-22	16-Sep-22	Weekly % Chg
US\$ (Rs.)	81.1	79.8	1.6
GBP (Rs.)	88.6	91.6	-3.3
Euro (Rs.)	78.8	79.7	-1.1
Yen (Rs.) 100 Units	56.6	55.6	1.9

NIFTY TOP GAINERS (WEEKLY)

Scrip	23-Sep-22	16-Sep-22	Weekly % Chg
Sun Pharma Inds	921.1	868.05	6.1%
Hindustan Unilever	2682.05	2528.15	6.1%
ITC	346.4	331.3	4.6%
Britannia Inds	3796.7	3639.55	4.3%
Eicher Motors	3688.45	3549	3.9%

FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
23-Sep-22	6,265.2	9,164.9	-2,899.7
22-Sep-22	5,939.7	8,449.2	-2,509.6
21-Sep-22	6,975.9	7,436.9	-461.0
20-Sep-22	8,396.6	7,200.5	1,196.2
19-Sep-22	18,217.9	17,905.6	312.3
<u>MTD</u>	45,795.3	50,157.0	-4,361.8

NIFTY TOP LOSERS (WEEKLY)

Scrip	23-Sep-22	16-Sep-22	Weekly % Chg
Power Grid Corpn	202.55	235.65	-14.0%
Indiabulls Housing	118.15	127.25	-7.2%
GAIL India	86	91.9	-6.4%
Ultratech Cement	6139.95	6481.4	-5.3%
NTPC	163.95	172.8	-5.1%

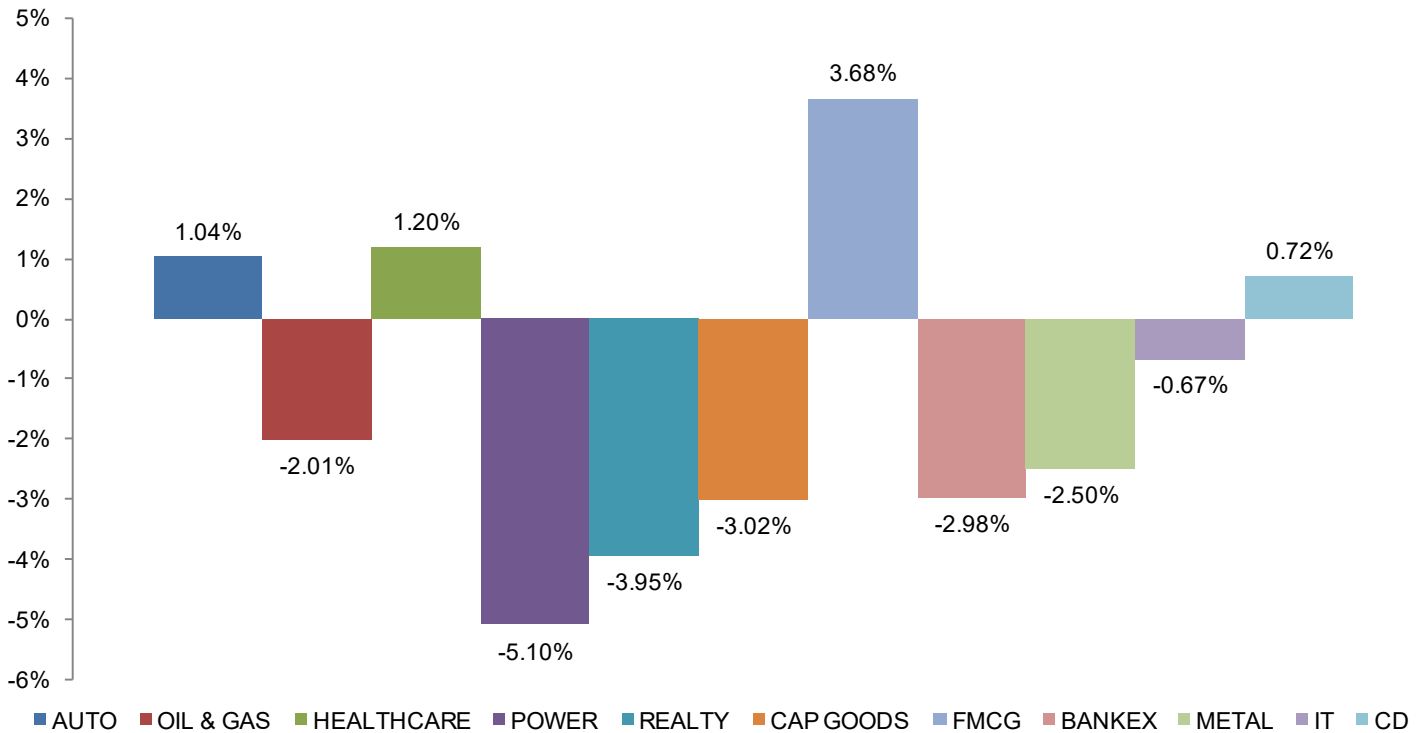
DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
23-Sep-22	6,436.1	6,137.0	299.1
22-Sep-22	6,435.0	6,171.9	263.1
21-Sep-22	5,802.0	5,263.5	538.5
20-Sep-22	5,858.8	5,726.8	131.9
19-Sep-22	5,738.3	5,833.0	-94.7
<u>MTD</u>	30,270.3	29,132.3	1,138.0

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	23/09/22	16/09/22	Weekly % Chg	23/09/22	16/09/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
INDIACEM	254.0	266.0	4.7	9491700	17089700	80.0
AMBUJACEM	540.45	519	-4.0	39956400	70203600	75.7
AMARAJABAT	502.55	511.75	1.8	4135000	6021000	45.6
ZEEL	261.1	262.35	0.5	64212000	90723000	41.3
ICICIBANK	884.1	912.4	3.2	61098125	84372750	38.1

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	23/09/22	16/09/22	Weekly % Chg	23/09/22	16/09/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
CANFINHOME	516.95	636.9	23.2	3379350	1992900	-41.0
HONAUT	40197.8	40590.6	1.0	18060	14220	-21.3
GUJGASLTD	487.2	503.8	3.4	5737500	4670000	-18.6
M&MFIN	195.15	227.15	16.4	21104000	19312000	-8.5
OBEROIRLTY	972.65	1026.75	5.6	5154100	4818100	-6.5

Company Background

Satluj Jal Vidyut Nigam Limited (SJVN), was incorporated on May 24, 1988, as a joint venture of the Government of India (GOI) and the Government of Himachal Pradesh (GOHP) beginning with a single project and single state operation to develop India's largest Hydro Power Station having capacity of 1500 MW at Nathpa Jhakri Hydro Power Station in Himachal Pradesh. Over the years, it has gained a wide experience and expertise in the development of large hydropower projects from concept to commissioning including operation & maintenance and management of silt during project operation, and also offers various construction and consultancy services for hydropower and road or railway tunnels. SJVN has diversified into the generation of solar, wind, and thermal power alongside. The company has a total project portfolio of 40,998 MW, out of which 2016.5 MW is under operation, 4526 MW is under Construction, and 16749 MW is under pre-construction and survey& investigation stage (as of which date). SJVN is currently implementing and operating power projects in various states like Himachal Pradesh, Uttarakhand, Bihar, Maharashtra, Uttar Pradesh, Punjab, Gujarat, and Arunachal Pradesh in India and extending their reach to neighboring countries Nepal and Bhutan.

Investment Rationale

Untapped opportunities in the hydropower sector of India

Globally due to adoption of the Renewable Energy there is ample opportunity for consistent growth in the hydro, renewable and thermal energy demand. In focusing on hydropower, India has an estimated hydropower potential of about 1,50,000 MW out of which only about 46,722.52 MW has been commissioned as on 31st March 2022. The bulk of the unharnessed potential is located in the hilly states/Union Territories of Arunachal Pradesh, Uttarakhand, Himachal Pradesh, Sikkim, and Jammu & Kashmir. SJVN is also diversifying into alternative energy sources such as Wind & Solar energy and Power Transmission and, expanding its base both in the domestic and global market.

Strong business profile and pipeline

SJVN Limited, a Mini Ratna, Category-I and Schedule –A CPSE (central public sector enterprise) falls under the administrative control of the Ministry of Power, Govt. of India. This status gives it greater operational autonomy and discretion to set up projects up to INR 500 crore without express consent from the government. SJVN has a stable revenue stream through long-term PPAs (power purchase agreements) with distribution licensees. The allocation of power from its power stations is made as per PPAs and by the Ministry of Power, Government of India. The total installed capacity of hydropower projects of 1,912 MW has a regulated tariff structure that allows a 16.5% Return on Equity with the recovery of cost as long as they maintain the normative plant availability levels. As of 31st March 2022, the company's project portfolio has expanded rapidly to 55 Projects aggregating 31,905 MW spread across 13 states and 3 countries in India. Out of the above 7 Projects, 6 Generation Projects of 2016.5 MW and 1 Transmission Line Project of 86 km is operational.

Valuation and Outlook

SJVN is the largest operational hydroelectric power generation facility in India based on installed capacity with an aggregate generation capacity of 1912 MW (as of this date). The company has in-house capability for the complete design of mega hydropower projects, large value contract awards, and project management. The Government of India has set an ambitious renewable energy target and 500 GW by 2030. Aligned with the same, SJVN also aims to become 25000 MW by CY2030 and 50000 MW by CY2040 wherein the renewable portfolio shall be increased manifolds. Accordingly, SJVN is planning the CAPEX of around INR 45,000 crores over the next 3-4 years. The Company has been maintaining a healthy dividend payout of 58.4%. Based on the above factors, we give a "BUY" rating to this stock. On the valuation front, we value the company based on 16x of FY22 earnings and arrived at a target price of INR 40 (25% 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)	33
Target Price (INR)	40
NSE Symbol	SJVN
BSE Code	533206
Bloomberg	SJVN IN
Reuters	SJVN.BO

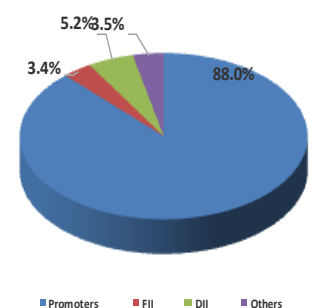
Key Data

Nifty	17327
52WeekH/L(INR)	34/25
O/s Shares (Mn)	3930
Market Cap (INR bn)	128
Face Value (INR)	10

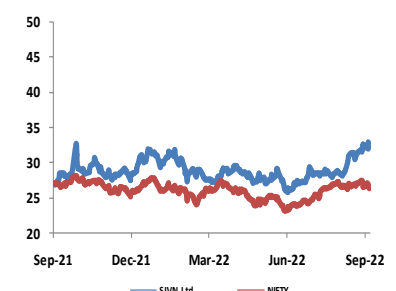
Average volume

3 months	26,62,730
6 months	34,28,690
1 year	38,66,850

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials

YE March (Rs. millions)	FY17	FY18	FY19	FY20	FY21	FY22
Revenue	26,791	22,285	26,447	27,028	24,854	24,170
<i>Revenue Growth (Y-o-Y)</i>		(16.8%)	18.7%	2.2%	(8.0%)	(2.8%)
EBIDTA	21,679	17,039	20,110	21,067	18,440	17,906
<i>EBIDTA Growth (Y-o-Y)</i>		(21.4%)	18.0%	4.8%	(12.5%)	(2.9%)
Net Profit	15,412	12,216	13,626	15,612	16,457	9,898
<i>Net Profit Growth (Y-o-Y)</i>		(20.7%)	11.5%	14.6%	5.4%	(39.9%)
Diluted EPS	3.9	3.1	3.5	4.0	4.2	2.5
<i>Diluted EPS Growth (Y-o-Y)</i>		(20.7%)	11.5%	14.6%	5.4%	(39.9%)

Key Ratios

EBIDTA margin (%)	80.9%	76.5%	76.0%	77.9%	74.2%	74.1%
NPM (%)	57.5%	54.8%	51.5%	57.8%	66.2%	41.0%
RoE (%)	13.4%	11.4%	12.1%	13.0%	12.9%	7.5%
RoCE (%)	19.1%	16.1%	15.2%	15.0%	12.5%	9.0%

Valuation Ratios

P/E (x)	8.2x	10.4x	9.3x	8.1x	7.7x	12.8x
EV/EBITDA	3.8x	5.2x	5.8x	5.9x	7.2x	9.2x
P/BV (x)	1.1x	1.2x	1.1x	1.1x	1.0x	1.0x
Market Cap. / Sales (x)	4.7x	5.7x	4.8x	4.7x	5.1x	5.3x

Source: Company, BP Equities Research



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