

## Week Gone

- ⇒ In the week ended on Friday, 14 October 2022, the Sensex lost 271.32 points or 0.47% to settle at 57,919.97. The Nifty 50 index fell 128.95 points or 0.74% to settle at 17,185.70
- ⇒ The BSE Mid-Cap index slipped 2.66% to settle at 24,709.86
- ⇒ The BSE Small-Cap index declined 2.26% to settle at 28,522.85

## Week Ahead

- ⇒ Asian Paints, Axis Bank, Bajaj Finance, ITC, UTI Asset Management Company will announce results on 20 October 2022
- ⇒ Ambuja Cements, Bajaj Finserv, HDFC Life Insurance Company, Hindustan Unilever, SBI Life Insurance and United Spirits will announce results on 21 October 2022
- ⇒ US will announce Housing Starts and Building Permits data for September on 19 October 2022

## Technical Overview

Index opened the week with gap down and remained volatile as the week progressed, ending the week with minor loss. Index has formed inside bar candlestick pattern suggests squeeze in volatility. Also, near the same juncture Nifty has been taking support at 20 WEMA from last 3 weeks indicating key support to watch out for. RSI is placed around a neutral zone (50 levels) highlights indecisive behaviour. Going ahead index has immediate support around 17000-16800-16600. While on the higher side resistance is present around 17320-17550-17800.



Source: Falcon, BP Equities Research

# Weekly Wealth

## DOMESTIC INDICES

Index	14-Oct-22	07-Oct-22	Weekly % Chg
Nifty 50	17,185.7	17,314.7	-0.7
Nifty Next 50	41,287.8	42,646.7	-3.2
Nifty 100	17,432.6	17,641.5	-1.2
Nifty 500	14,815.1	15,036.7	-1.5
NIFTY MIDCAP 100	30,524.5	31,406.8	-2.8
S&P BSE SENSEX	57,920.0	58,191.3	-0.5
S&P BSE 100	17,601.7	17,789.3	-1.1
S&P BSE 200	7,517.3	7,619.0	-1.3
S&P BSE 500	23,619.5	23,966.6	-1.4
S&P BSE MidCap	24,709.9	25,384.8	-2.7
S&P BSE SmallCap	28,522.9	29,182.9	-2.3

## WORLD INDICES

Index	14-Oct-22	07-Oct-22	Weekly % Chg
Nikkei Index	27,090.8	27,116.1	-0.1
Hang Seng Index	16,587.7	17,740.1	-6.5
Kospi Index	2,212.6	2,232.8	-0.9
Shanghai SE Composite	3,072.0	3,024.4	1.6
Strait Times Index	3,039.6	3,145.8	-3.4
Dow Jones	29,634.8	29,926.9	-1.0
NASDAQ	10,321.4	11,073.3	-6.8
FTSE	6,858.8	7,005.7	-2.1

## FOREX

Currency	14-Oct-22	07-Oct-22	Weekly % Chg
US\$ (Rs.)	82.3	82.1	0.3
GBP (Rs.)	92.3	91.7	0.6
Euro (Rs.)	80.2	80.6	-0.5
Yen (Rs.) 100 Units	55.5	56.7	-2.2

## NIFTY TOP GAINERS (WEEKLY)

Scrip	14-Oct-22	07-Oct-22	Weekly % Chg
Axis Bank	800.5	755.7	5.9%
HCL Tech.	1002.55	957.7	4.7%
Coal India	236.35	229.7	2.9%
Sun Pharma Inds.	976.3	955.15	2.2%
Infosys	1474.25	1451.2	1.6%

## FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
14-Oct-22	4,833.5	5,844.7	-1,011.2
13-Oct-22	4,958.1	6,594.5	-1,636.4
12-Oct-22	6,304.5	6,846.9	-542.4
11-Oct-22	18,683.6	23,296.3	-4,612.7
10-Oct-22	3,758.3	5,897.3	-2,139.0
<u>MTD</u>	38,537.9	48,479.6	-9,941.7

## NIFTY TOP LOSERS (WEEKLY)

Scrip	14-Oct-22	07-Oct-22	Weekly % Chg
Indiabulls Housing	124.45	135.55	-8.2%
Wipro	377.3	408.1	-7.5%
Zee Entertainment	267.4	281.8	-5.1%
ONGC	127.6	134.05	-4.8%
Asian Paints	3185.5	3343.7	-4.7%

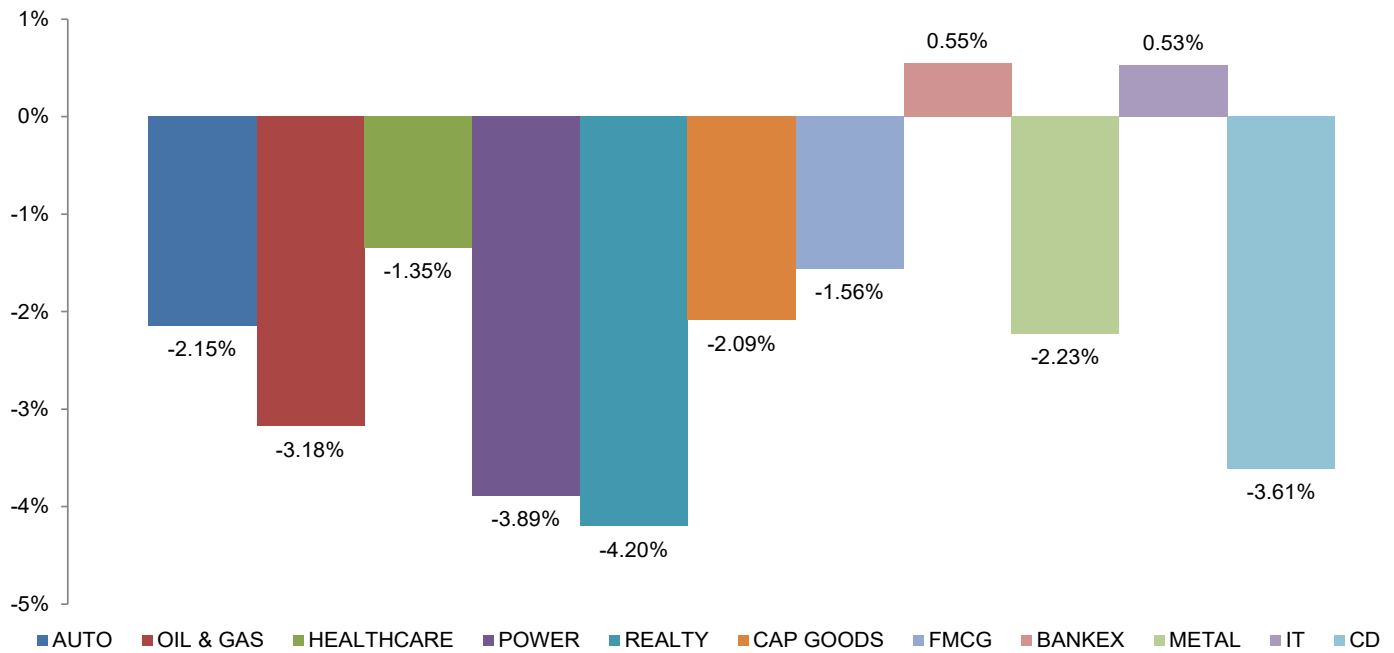
## DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
14-Oct-22	5,705.0	4,080.9	1,624.1
13-Oct-22	5,282.3	4,529.0	753.3
12-Oct-22	5,048.2	4,962.9	85.3
11-Oct-22	7,108.2	4,677.4	2,430.8
10-Oct-22	6,281.5	4,144.1	2,137.5
<u>MTD</u>	29,425.2	22,394.2	7,031.0

# Weekly Wealth

## BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

## TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	14/10/22	07/10/22	Weekly % Chg	14/10/22	07/10/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
AARTIIND	783.65	771.1	-1.6	2708100	3498600	29.2
INDIACEM	229.9	276.05	20.1	14665300	18052500	23.1
BAJAJ-AUTO	3571.1	3588.4	0.5	2179750	2670250	22.5
M&MFIN	207.2	201.1	-2.9	17852000	21132000	18.4
POWERGRID	213.3	210.25	-1.4	43267500	50244300	16.1

## TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	14/10/22	07/10/22	Weekly % Chg	14/10/22	07/10/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
MFSL	714.55	772.35	8.1	2343250	1471600	-37.2
NAVINFLUOR	4624	4624.1	0.0	568575	460800	-19.0
COFORGE	3602.15	3577.85	-0.7	768450	638250	-16.9
ASTRAL	2156.1	2273.05	5.4	1296900	1092850	-15.7
INDIAMART	4291.25	4430.35	3.2	242850	208200	-14.3

### Company Background

Punjab National Bank (PNB) is a state-owned commercial bank located in Delhi. PNB is one of the leading public sector banks in India. The bank was established in the late 19<sup>th</sup> century and was the first bank purely managed by Indians with Indian capital. Throughout the years nine banks have merged/amalgamated with PNB. The bank had 42,134 delivery channels as of the end of June 2022, including a network of 10,058 domestic branches, 2 international branches, 13,219 ATMs, and 18,857 business correspondents. PNB Foreign Ltd. in London and Druk PNB Bank Ltd. in Bhutan are the company's two international branches. Additionally, the bank maintains representative offices in Bangladesh and Myanmar as well as one joint venture in Nepal under the name Everest Bank Ltd. PNB is the second largest Public Sector Bank (PSB) in the country with Global Gross Business at ₹ 19,36,923 Crore. The Bank continues to maintain its forte in low-cost CASA deposits with a share of 46.34%. Bank's focus has been on qualitative business growth, recovery, and arresting fresh slippages. The bank offers all types of products catering to personal and corporate, international, and capital services. The bank also has digital banking initiatives focusing on creating a digital canvas for customers like PNB One and BHIM PNB.

### Investment Rationale

#### Steady Growth Pipeline and Improving Asset Quality

PNB has been showcasing continuous and steady growth in its revenues and margins. The bank's net interest income increased from INR 7,234 crore to INR 7,543 crore in Q1FY23 posting a 4.27% growth YoY. The Capital Adequacy Ratio has also improved to 14.82% in June'22 from 14.50% as of March'22. The management is also focused on improving the asset quality and made significant progress in reducing the GNPA to INR 90,167 crore, a decline of 13.36% YoY. The slippage ratio has declined by 192bps to 3.75% in June'22. The total interest paid registered a decline of YoY basis to INR 11,214 crore in Q1FY23.

#### Enhancing Digitalization

The bank has been making significant advances in the digital banking space. It is the second public sector bank to join the Account Aggregator Ecosystem. The PNB One application which is a unified mobile banking app will be used to provide pre-approved loans and credit cards. The internet banking service users of the bank have increased at a strong rate of 32% YoY. Also, the number of mobile banking service users saw an increase of 38.24% YoY to 347 lakhs as of June 2022. The bank is also focusing on setting up 8 digital banking units to provide all the products and services digitally. The bank is also in the progress to build partnerships with digital organizations and FinTechs to strengthen its overall digital capabilities.

### Valuation and Outlook

The Indian banking sector is on the rise and the credit growth in the MSME sector will help boost the PSU banks. PNB's low-cost franchise remained robust with domestic CASA deposits increasing 119 bps over the year. As of date, the bank's gross NPA is 11.27%. The management has given guidance that it will come down to single digits by end of the current financial year. The bank also has a strong distribution network and social media presence which will help the bank expand its reach. PNB's PCR has improved by 2.7% to 83.04% and the management has given clear guidance that it will go up to 85% by the end of the financial year. However, the current inflation trends could play a spoilsport as the rate hikes could have a dampening impact on the credit demand. On the valuation front, we assign the a P/BV multiple of 0.6x of FY22 book value and arriving at a target price of INR 49 (37% upside from CMP)

### Stock Rating

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

### Sector Outlook

Positive

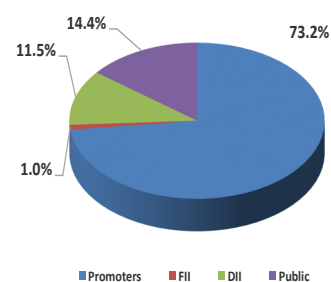
### Stock

CMP (INR)	36
Target Price (INR)	49
NSE Symbol	PNB
BSE Code	532461
Bloomberg	PNB IN
Reuters	PNBK.BO

### Key Data

Nifty	17186
52WeekH/L(INR)	48/28
O/s Shares (Mn)	11011
Market Cap (INR bn)	395
Face Value (INR)	2
<b>Average volume</b>	
3 months	2,899,928
6 months	4,908,281
1 year	13,501,556

### Share Holding Pattern (%)



### Relative Price Chart



## Weekly Wealth

### Key Financials

YE March (Rs. millions)	FY18	FY19	FY20	FY21	FY22
<b>Net Interest Income</b>	<b>1,51,945</b>	<b>1,74,915</b>	<b>1,79,210</b>	<b>3,11,305</b>	<b>2,94,188</b>
<i>Growth (Y-o-Y)</i>		15.1%	2.5%	73.7%	(5.5%)
<b>Operating Income</b>	<b>2,40,778</b>	<b>2,48,589</b>	<b>2,73,087</b>	<b>4,33,654</b>	<b>4,15,164</b>
<i>Growth (Y-o-Y)</i>		3.2%	9.9%	58.8%	(4.3%)
<b>Net Profit</b>	<b>(1,25,843)</b>	<b>(1,00,264)</b>	<b>3,633</b>	<b>21,524</b>	<b>36,760</b>
<i>Growth (Y-o-Y)</i>		20.3%	103.6%	492.4%	70.8%
<b>EPS</b>	<b>(43.9)</b>	<b>(20.8)</b>	<b>0.7</b>	<b>2.4</b>	<b>3.5</b>
<i>Growth (Y-o-Y)</i>		52.6%	103.1%	275.7%	43.4%

### Key Ratios

<b>NIM (%)</b>	<b>6.2%</b>	<b>2.2%</b>	<b>2.2%</b>	<b>3.4%</b>	<b>3.0%</b>
ROAA (%)	(3.2%)	(1.3%)	0.0%	0.2%	0.3%
<b>RoAE (%)</b>	<b>(30.3%)</b>	<b>(22.9%)</b>	<b>0.7%</b>	<b>2.8%</b>	<b>3.9%</b>
BV per Share (INR.)	38	42	58	84	89

### Valuation Ratios

<b>P/E (x)</b>	<b>(0.8x)</b>	<b>(1.7x)</b>	<b>55.0x</b>	<b>14.6x</b>	<b>10.2x</b>
<b>P/BV (x)</b>	<b>0.3x</b>	<b>0.4x</b>	<b>0.4x</b>	<b>0.4x</b>	<b>0.4x</b>

Source: Company, BP Equities Research



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Disclaimer Appendix

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

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