

Week Gone

- ⇒ In the week ended on Friday, 18 November 2022, the Sensex lost 131.56 points or 0.21% to settle at 61,663.48. The Nifty 50 index declined 42.05 points or 0.23% to settle at 18,307.65
- ⇒ The BSE Mid-Cap index fell 1.30% to settle at 25,134.92
- ⇒ The BSE Small-Cap index dropped 0.81% to settle at 28,750.11

Week Ahead

- ⇒ China will announce Loan Prime Rate for Year 1 and Year 5 on 21 November 2022
- ⇒ US Federal Reserve will release minutes of the last policy meeting on November 24 2022
- ⇒ In US, Durable Goods Orders for October will be declared on 23 November 2022

Technical Overview

Nifty opened in red for the week and largely remained in the range of 230 points throughout the week in paucity of volumes. This allowed the index to escape distribution days on a couple of occasions in the week. On Friday, it witnessed a tepid technical pullback from the shorter term EMA which formed a small body spinning candle on the weekly timeframe showing indecision going forward. It will be crucial for the index to see a follow-through week to attract further bullish momentum. The support for the week comes near 18100 – 17950 – 17800 whereas resistance is near 18350 – 18450 – 18600.



Source: Falcon, BP Equities Research

Weekly Wealth

DOMESTIC INDICES

Index	18-Nov-22	11-Nov-22	Weekly % Chg
Nifty 50	18,307.7	18,349.7	-0.2
Nifty Next 50	42,605.8	43,189.0	-1.4
Nifty 100	18,483.2	18,573.4	-0.5
Nifty 500	15,550.9	15,649.1	-0.6
NIFTY MIDCAP 100	30,916.7	31,381.7	-1.5
S&P BSE SENSEX	61,663.5	61,795.0	-0.2
S&P BSE 100	18,620.9	18,720.3	-0.5
S&P BSE 200	7,920.8	7,975.0	-0.7
S&P BSE 500	24,788.6	24,959.6	-0.7
S&P BSE MidCap	25,134.9	25,465.2	-1.3
S&P BSE SmallCap	28,750.1	28,985.1	-0.8

WORLD INDICES

Index	18-Nov-22	11-Nov-22	Weekly % Chg
Nikkei Index	27,899.8	28,263.6	-1.3
Hang Seng Index	17,992.5	17,325.7	3.8
Kospi Index	2,444.5	2,483.2	-1.6
Shanghai SE Composite	3,097.2	3,087.3	0.3
Strait Times Index	3,272.2	3,228.3	1.4
Dow Jones	33,546.3	33,747.9	-0.6
NASDAQ	11,145.0	11,323.3	-1.6
FTSE	7,411.5	7,318.0	1.3

FOREX

Currency	18-Nov-22	11-Nov-22	Weekly % Chg
US\$ (Rs.)	81.7	80.6	1.4
GBP (Rs.)	96.5	95.1	1.5
Euro (Rs.)	84.5	83.3	1.5
Yen (Rs.) 100 Units	58.2	58.0	0.3

NIFTY TOP GAINERS (WEEKLY)

Scrip	18-Nov-22	11-Nov-22	Weekly % Chg
Kotak Mahindra Bank	1959.55	1899.1	3.2%
Hero Motocorp	2723.15	2668.5	2.0%
Hindalco	438.6	429.85	2.0%
PowerGrid Corpn	218.35	214.05	2.0%
GAIL India	90.3	88.85	1.6%

FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
18-Nov-22	7,197.0	7,948.2	-751.2
17-Nov-22	7,595.7	6,977.3	618.4
16-Nov-22	7,929.8	8,315.8	-386.1
15-Nov-22	7,660.1	7,881.5	-221.3
14-Nov-22	21,769.0	20,679.6	1,089.4
<u>MTD</u>	52,151.5	51,802.3	349.2

NIFTY TOP LOSERS (WEEKLY)

Scrip	18-Nov-22	11-Nov-22	Weekly % Chg
Coal India	229.55	253.25	-9.4%
ZEE Entertainment	250.85	265.85	-5.6%
Indiabulls Housing	125.1	131.5	-4.9%
Mahindra & Mahindra	1227.15	1287.1	-4.7%
ITC	341.05	356.35	-4.3%

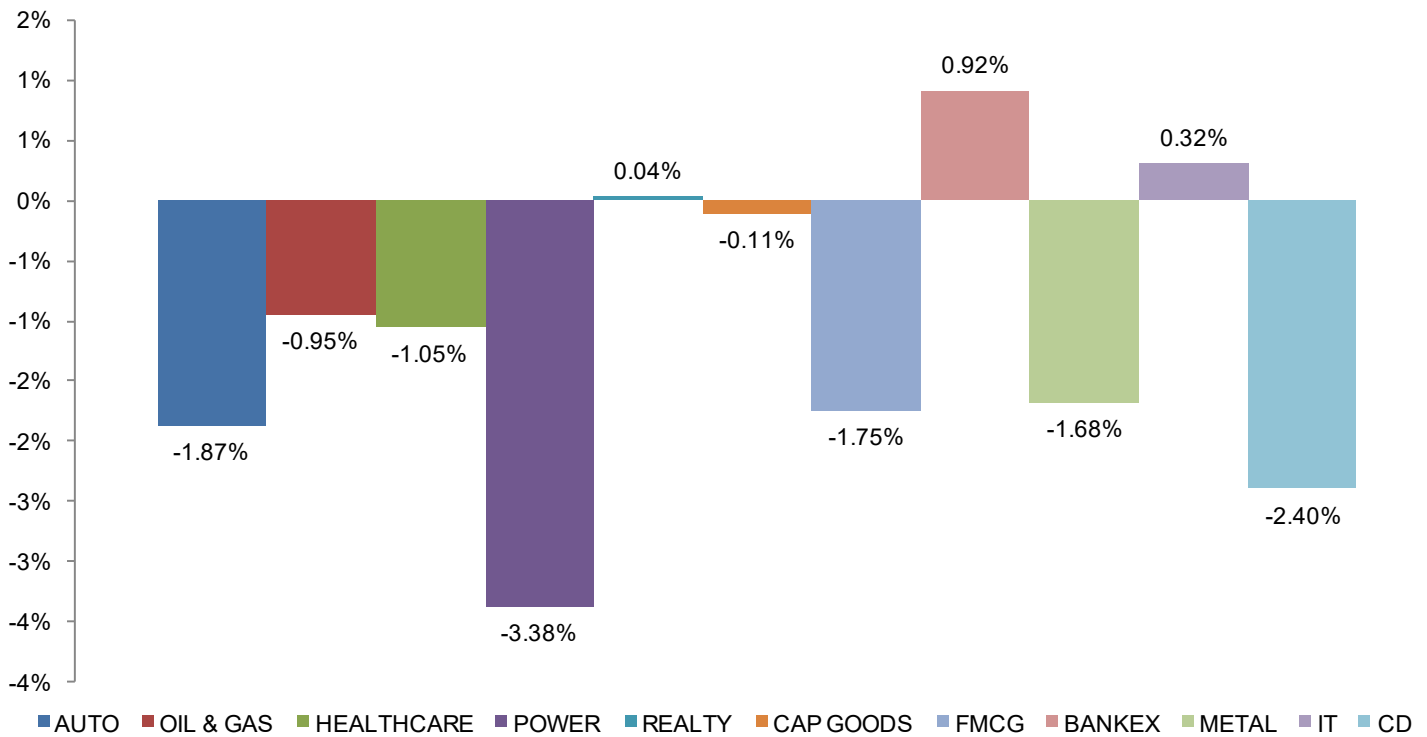
DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
18-Nov-22	6,098.4	5,208.0	890.5
17-Nov-22	5,433.9	4,984.7	449.2
16-Nov-22	6,836.7	5,399.3	1,437.4
15-Nov-22	4,851.1	5,400.4	-549.3
14-Nov-22	5,841.2	5,794.0	47.2
<u>MTD</u>	29,061.3	26,786.4	2,275.0

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	18/11/22	11/11/22	Weekly % Chg	18/11/22	11/11/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
AARTIIND	650.45	717	-9.3	2780350	1609050	72.8
METROPOLIS	1451.05	1585.5	-8.5	939000	679200	38.3
POLYCAB	2542.1	2712.35	-6.3	1025400	825000	24.3
IGL	420.15	424.9	-1.1	10734625	8943000	20.0
ONGC	142.5	140.65	1.3	42500150	35758800	18.9

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	18/11/22	11/11/22	Weekly % Chg	18/11/22	11/11/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
PNB	45.85	44.85	2.2	131264000	234976000	-44.1
CROMPTON	365.2	357.6	2.1	3658500	5380500	-32.0
DEEPAKNTR	2097.9	2104.75	-0.3	1441500	2055750	-29.9
MANAPPURAM	111.6	109.1	2.3	29586000	41208000	-28.2
IBULHSGFIN	125.55	132.3	-5.1	28796000	40008000	-28.0

Company Background

Engineers India Limited (EIL) is a leading global engineering consultancy and EPC company principally focusing on the oil and gas and petrochemical industries. The company also operates in diverse sectors like infrastructure, water and waste management, solar & nuclear power and fertilizers to leverage its strong technical competencies and track record. It is a full-service engineering firm that offers design, engineering, procurement, construction, and integrated project management services from "Concept to Commissioning" with the highest standards. The company also offers specialised services like environmental engineering, design of heat and mass transfer equipment, maintenance of specialised materials, plant operations, and safety services. EILs QMS, OHMS, and EMS are certified to ISO 9001, ISO 45001 and ISO 14001 respectively. The company is headquartered in New Delhi while also operating through offices in Gurugram, Mumbai, and three regional offices engineering offices in Kolkata, Chennai & Vadodara. It also has an overseas presence through its engineering office in Abu Dhabi and other offices in London, Milan and Shanghai. The company also has a wholly owned subsidiary – Certifications Engineers International Limited (CEIL) and a joint venture viz Ramagundam Fertilizers and Chemicals Limited (RFCL) with National Fertilizers Limited (NFL) and Fertilizer Corporation of India (FCIL) for the revival of Ramadungam Fertilizers Plant. EIL has also installed 10 out of the 11 mega petrochemical complexes in India.

Investment Rationale

Strong Project Pipeline and Stable Order Book

The company is sitting on a stable order book of INR 84bn with multiple salient orders secured in the current financial year. The company is showcasing a healthy execution in the Turnkey segment receiving an order worth INR 2494mn in the quarter for the Restoration of Gas Terminal Phase-1 Part A at ONGC Hazira Plant. The Turnkey segment revenue grew by 47% in the latest quarter on a YoY basis. The company also leverages its engineering consultancy to bag orders into high-potential sectors of Infrastructure, Water & Waste Management, Solar & Nuclear power and Fertilizers.

Robust Investment in Research and Recognized International Footprint

EIL has made robust investments in research and development over the years. It has an established research and development centre in Gurgaon which pursues technology development both in-house and in collaboration with other organizations like IOCL-R&D, and BPCL-R&D among others. The company has developed more than 35 process technologies and currently holds 36 live patents and certain pending applications. The company also has a strong international footprint and has earned recognition for jobs in several countries of the Middle East, North Africa, and South East Asia catering to the major oil & gas companies in these regions viz Sonatrach, GASCO and ADCO among others.

Valuation and Outlook

The growth in oil & gas and petrochemical industries globally and emerging business opportunities in other sectors in which the company operates give EIL a strong potential to further expand. The company is targeting to become an INR 5000cr turnover company by 2025 with further expansion in diversified sectors like Bio Fuels, SMART Cities, LNG Terminals, Ports and Harbours, Defence etc. Additionally, the business is doing feasibility projects for a variety of hydrocarbon fuels, pipelines, and renewable fuels like hydrogen, ethanol, and other biofuels. It has incurred multiple capital investments as of the date and going forward the management is confident towards the growth of the consultancy and has given a guidance of 15% in the total revenue growth with an order intake target of INR 40bn for FY23. The company is also working on new opportunities in green energy space like green hydrogen, coal to methanol, emission control technologies for steel companies and other such projects. However key risks involve economic slowdowns, delays in the completion of capital investments and other project risks such as strikes or shutdowns. On the valuation front we value the company at a P/E of 12.5x based on the FY22 annualized earnings to arrive at a target of INR 92 which is an upside of 17% from the current levels.

Stock Rating

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

Sector Outlook

Positive

Stock

CMP (INR)	78
Target Price (INR)	92
NSE Symbol	ENGINEERIN
BSE Code	500153
Bloomberg	ENGR IN
Reuters	ENGI.BO

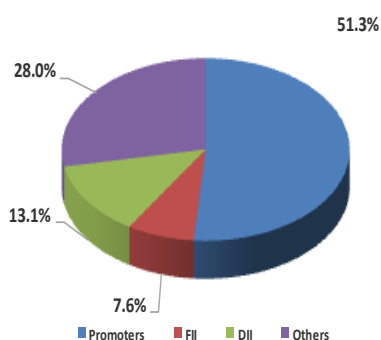
Key Data

Nifty	18308
52WeekH/L(INR)	82/56
O/s Shares (Mn)	562
Market Cap (INR bn)	44.09
Face Value (INR)	5

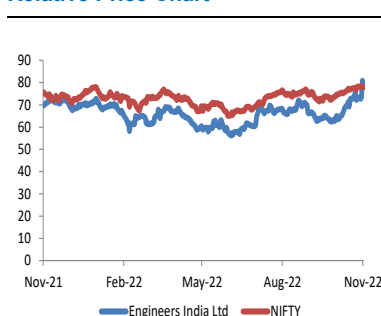
Average volume

3 months	16,84,120
6 months	13,77,630
1 year	14,28,470

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials					
YE March (Rs. millions)	FY18	FY19	FY20	FY21	FY22
Revenue	18,300	24,767	32,373	31,443	29,120
<i>Revenue Growth (Y-o-Y)</i>		35.3%	30.7%	(2.9%)	(7.4%)
EBIDTA	4,255	3,737	4,475	3,517	3,242
<i>EBIDTA Growth (Y-o-Y)</i>		(12.2%)	19.8%	(21.4%)	(7.8%)
Net Profit	3,833	3,729	4,339	2,615	3,429
<i>Net Profit Growth (Y-o-Y)</i>		(2.7%)	16.3%	(39.7%)	31.1%
Diluted EPS	6.8	6.6	7.7	4.7	6.1
<i>Diluted EPS Growth (Y-o-Y)</i>		(2.7%)	16.3%	(39.7%)	31.1%
Key Ratios					
EBIDTA margin (%)	23.3%	15.1%	13.8%	11.2%	11.1%
NPM (%)	20.9%	15.1%	13.4%	8.3%	11.8%
RoE (%)	16.4%	15.9%	18.0%	14.9%	19.4%
RoCE (%)	18.2%	15.9%	18.6%	20.1%	18.3%
Valuation Ratios					
P/E (x)	11.5x	11.8x	10.1x	16.8x	12.8x
EV/EBITDA	4.4x	4.5x	3.6x	8.8x	9.3x
P/BV (x)	1.9x	1.9x	1.8x	2.5x	2.5x
Market Cap. / Sales (x)	2.4x	1.8x	1.4x	1.4x	1.5x

Source: Company, BP Equities Research



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

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