WEEKLY WRAP-UP

30TH MAY - 03RD JUN 2022

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HIGHLIGHTS OF THE WEEK 30 May 2022– 03 June 2022

DOMESTIC:

- ITC acquires over 10% stake in Blupin Technologies
- DCM Shriram focuses on developing, manufacturing versatile drones across India
- Gautam Adani to buy stake in Air Works Group
- JSW Steel earmarks Rs20,000cr capex, hopes export duty to be short-lived
- Gujarat cabinet nod for Tata Motors' takeover of Ford India's Sanand plant
- Indian Oil Corporation plans to transport fuel to Tripura via Bangladesh
- JK Tyre lines up Rs1,100cr capex for two years, says CFO Aggarwal
- Coal India to import for first time in years as power shortages loom
- Jindal Steel and Power Limited consortium wins contract to build new Western Dock at Paradip Port
- United Spirits to sell 32 mass-brands to Singapore-based Inbrew Beverages for Rs820cr
- Aditya Birla Sun Life AMC partners BentallGreenOak for credit investment vehicle
- JSW Steel to maintain shipments to Europe without passing on cost of export tax
- Tata Motors to acquire Ford India’s Sanand plant
- Rs3.7kcr project given to Jio, Airtel for 4G services in untapped areas
- M&M to invest Rs15,300cr to fortify position in auto, farm equipment and EVs
- Jubilant to double injectable capacity in US at a cost of USD193mn
- Gail India to invest Rs6,000cr on renewables in next three years
- Larsen & Toubro bags order for Chennai Metro Rail Project
- ITC Infotech eyes USD500mn revenue over five years from new business unit
- ONGC sees crude oil production rising 11%, natural gas jumping 25% by FY25
- Power Grid Corporation acquires MTL for over Rs9cr

ECONOMY:

- Central bank flags risks of double-digit WPI exerting pressure on retail inflation
- Recession in the West can hit India’s exports: EY
- India's core sector output expands at six-month high of 8.4% in April

INDUSTRY:

- Fertiliser prices up due to pandemic, war; Govt ensured supply
- India heading towards another power crisis in July-August
- Indian Railways awards contract for setting up E-Vehicle charging facilities at 32 stations

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COVERAGE NEWS:

Gufic Biosciences Ltd: The company has informed the exchange related to sale of shares by the Promoter in the open market (since the promoter shareholding currently is 75.48%) for achieving minimum public shareholding of 75% which is the prescribed limit.

Cipla Ltd: The company has announced the commercial operation of additional capacity of captive renewable energy power plant in Maharashtra & Karnataka. In January 2021, the company had commissioned 30MWp solar project at Tuljapur and now further added 16MWp of solar capacity. These projects have been commissioned in partnership with AMP Energy India. The project will support the company's green energy requirements for its manufacturing units at Kurkumbh & Patalganga and R&D centre at Vikhroli in Maharashtra by replacing around 70% of total consumption for these unit to green energy.

HFCL Ltd: The company, along with its material subsidiary, HTL Limited, has received the Purchase Orders aggregating to Rs237.25cr, from one of the leading private telecom operators for supply of Optical Fibre Cables (OFC). The time period for execution is Oct, 2022.

Pondy Oxides & Chemicals Ltd: The company has incorporated a subsidiary company named POCL Future Tech Private Limited as on 27th May 2022.

La Opala RG Ltd: The company has announced the commencement of commercial production at its green field plant located at Sitarganj, Uttarakhand. The production capacity would increase by 11,000 metric tons per annum.

The Week That Went By:

Benchmark Index started the week on a robust note and continued to soar higher under the leadership of the IT counters. In the mid-week, some consolidation was seen with a negative bias; however, strong rally on the weekly expiry day helped the Index to breach its congestion. On the last day of the week, Nifty50 started the session on a strong note and continued to inch higher but then gradually started to erase its gains and sharp fall in the banking stocks dragged the Index into the negative territory.

Nifty50=16584.30 BSE Sensex30=55769.23 Nifty Midcap 100=28023.35 Nifty Smallcap100=9210.25

HIGHLIGHTS OF THE WEEK 30 May 2022– 03 June 2022

Result Synopsis

Company	Result This Week
Max Healthcare Institute Ltd **CMP: Rs372** **Target: Rs421**	The net sales for the quarter grew to Rs9388mn as compared to Rs8019mn in the same quarter last year; growth of 17.1%. The EBITDA margin for the quarter under review stood at 22.4% as compared to 21.0% in Q4FY21. The net profit came in at Rs1237mn as against Rs697mn in the same quarter last year; growth of 77.5%. The EPS stands at Rs1.28. **<u>Outlook and Recommendations:</u>** The company reported good set of numbers when compared y-o-y but sequentially showed a drop across the P&L. For Q4FY22 (which is generally a strong quarter for Max), there was a good growth reported with expansion of margins witnessed. To some extend the performance was impacted by the Omicron wave which led to lower non-Covid hospitalizations. For the full year, margin expansion was driven by higher ARPOB, improved OPD footfalls, significant uptake in Covid-19 vaccine administration in H1FY22, supported by revenue enhancement and structural cost saving initiatives implemented during the last two fiscal years. The international patient footfalls normalised to ~90% of pre-Covid levels in Mar'22, post resumption of regular flights which boosted the overall occupancy levels. The outstanding due through the CGHS for Max is ~Rs2700mn which is one of the highest across the sector. This has led to the hospital focusing on reducing the bed share from the institutional side (currently around 31% which is mostly for State or Central Govt.; expected to reduce to ~15% over the next two years) as they lower the overall ARPOB and impacts the cash flows. It is well on track to add ~2800 beds over the next 5 years (~Rs3700cr capex) funded by internal accruals. The hospital focuses on improving the ARPOB which has the blended effect of pricing, clinical mix and step changes. Max has been constantly working on maintaining the sustainable occupancy rates of 77-78%. Also in order to move up the value chain (the high end where single tests are done) initiatives are chalked. Overall we feel that the hospital is pretty much on track with regard to expansions and executions across its spread of assets. **We maintain Buy on the stock for target of Rs421.**
Hind Rectifiers Ltd **CMP: Rs186** **Target: Rs250**	The net sales for the quarter grew by 35.4% to Rs1023mn as compared to Rs756mn in the same quarter last year. The EBITDA margins for the quarter under review stood at 4.9% as compared to 5.5% in the corresponding quarter last year. The company reported net profit of Rs16mn as against Rs9mn in the same quarter last year. The EPS stands at Rs0.95 as compared to Rs0.52 in the same period last year. The company has recommended a dividend of Rs0.40 per equity share of Rs2 each for FY22 subject to approvals **<u>Outlook and Recommendations:</u>** It was a decent wrap to the year inspite of the challenging environment. The raw material impact can be seen on the gross as well as the operating margins. The company had recently updated on the order book at Rs577.9mn secured in April 2022, with the all-time pending being at Rs3840.2mn. There has been a gradual addition to the order book reported over the last few months since the pandemic has actually slowed down. This definitely gives the much needed cushion for business growth. The Railways have again become the Govt. focus with addition of trains/wagons/electrification/modernization across the asset base. This should benefit Hind Rectifiers in the long run when it comes to upgradation, being seen through the gradual increase in the order book. The Union Railway ministry is working overtime to roll out the sets of 75 new semi-high-speed Vande Bharat Express trains to meet the target of August 2023. This clearly informs on the outlook towards the Railways going forward. The company has well dealt with the slowdown in the sector during the pandemic and should now get back on track. Overall, we feel that the company is well poised to benefit from the upcoming opportunities from the Railway sector. **We maintain Buy on the stock for a target of Rs250.**
Indian Hume Pipe Co. Ltd **CMP: Rs159** **Target: Rs250**	The net sales for the quarter de-grew by 14.6% to Rs3,917mn as compared to Rs4,587mn in the same quarter last year. The EBITDA margins for the quarter under review came in at 11.6% as against 10.7% in Q4FY21. The other income of Q4FY21 includes Rs213.2mn due to reversal of outstanding interest provision granted under the Amnesty scheme -2021. The net profit for the quarter came in at Rs198mn as against Rs385mn in the comparative quarter. The EPS stands at Rs4.08 as against Rs7.94 in the same quarter last year. The estimated balance value of the work as on May 27,2022 is Rs38.22bn as against Rs45.19bn in the same period last year. The company is L1 in one project having value of Rs1,102mn as at May 20,2022. The board has recommended dividend of Rs2 per equity share of FV of Rs2 subject to approvals. **<u>Outlook and Recommendations:</u>** The quarter results have been decent for the company on the operational front. Although the revenues have shown a dip, which indicates the slowdown that the sector had faced during the reporting period; the cost efficiency has led to expansion of the operating margins inspite of drop in gross margins. On adjusting the one off which was in the comparative quarter, the company has grown by 15% on the profitability front. The yearly numbers have also been as per expectations. The segments that the company caters to had taken a backseat over the past 12-18 months as the focus of the Govt. was more towards containing the pandemic rather than infrastructure development across the country. However, with the re-opening of the economy and growth getting the focus back again, demand and execution should come in the forefront. The order book balance gives visibility over the next 1-2 years for the company. Going forward, water theme and related engineering solutions should give the necessary spurt to the overall business environment of IHP. **Considering the input costs pressure as well as the gestation time to get back to projects we have tweaked our numbers and accordingly revised our target to Rs250.**

Result Synopsis

Company	Result This Week
Gulshan Polyols Ltd **CMP: Rs245** **Target: Rs350**	The company has reported net sales of Rs2922mn as compared to Rs2273mn in the same quarter last year, growth of 28.5%. The Ebitda margins for the quarter under review stood at 8.5% as compared to 18.7% in the corresponding quarter last year. The net profit came in at Rs117mn as against Rs212mn in the same quarter last year. EPS for the quarter under review stood at Rs2.49 as compared to Rs4.59 in the corresponding quarter last year. For the full year ending FY22, the company reported revenue of Rs11007mn as compared to Rs7660mn in FY21; with margins at 13.6% in FY22 as compared to 17.0% in FY21 while reporting net profit of Rs852mn as compared to Rs621mn in FY21. **Outlook and Recommendations:** Even though there has been a smart recovery and improvement in demand coupled with reliable resumption of supply chain & logistics, cost & cash management and a vigorous boost in production, the cost of raw materials is something, Gulshan Poly has not been able to cope up with. This has translated into lower margins for the quarter under review. The gross margins came in at ~46.71% as compared to ~52.42% on y-o-y basis. GOI initiatives to encourage the production of bio-ethanol with multi-fold growth in ethanol requirement will be a growth trigger for all the players in this domain in the industry. The difference which needs to be noted here is, some players will start investing in capex now, and some players like Gulshan Poly have invested in the past and are already ahead of the curve. The grain processing division is reported to have increased market share of the product offerings and increased utilization of the plant capacities. Products like sorbitol (70%), maize starch and high fructose syrup are market leaders and continue to show robust growth. The ethanol and distillery segment is running at an elevated capacity utilization of more than 100%. The Management also mentions being ahead of schedule for executing the capex plans related to setting up of an ethanol plant of 500KLPD and 250KLPD in Madhya Pradesh and Assam. GOI is encouraging the use of blended petrol and the ratio of the same keeps increasing with time. This has also motivated the company to increase its capacity, as almost all the plants are running at full capacity. Blended fuel is a priority for GOI and to encourage the same, the unblended fuel is anticipated to attract an additional differential excise duty (with effect from 1st day of October 2022), as a result of which petrol which is not blended with ethanol will be costlier prompting the retailers to switch to blended fuel across the country. The company is highly motivated and enthusiastic about the future outlook of ethanol business and currently the growth is coming from the ethanol division. The company aims at exporting products to other countries via its subsidiary in Dubai. The management has an ambitious target to grow the revenue to ~Rs23bn by FY24 backed by commercialization of 500KLPD ethanol plant and continued growth in other segments. The management expects the new Ethanol distillery to contribute ~Rs1500–2000mn to the topline in FY23. In addition to this, the management is also looking at an uptick in Ebitda margins (~100 bps in FY23), due to normalization of prices of raw material prices and power costs from H2FY23. By FY25 the company plans to expand its ethanol capacity to ~810KLPD from the current 60KLPD. All the triggers mentioned above can translate Gulshan Poly as a strong player in the market which is on the path to grow at an aggressive pace, however the costs related to RM is a constant dampener to the performance; **we currently reduce our target price to Rs350 from earlier target price of Rs500.**
FDC Ltd **CMP: Rs245** **Target: Rs350**	The net sales for the quarter reported growth of 8% at Rs3,366mn as compared to Rs3,116mn in the same quarter last year. The EBITDA margin for the quarter under review stood at 5.1% as compared to 12.0% in Q4FY21. The net profit came in at Rs144mn as against Rs420mn in the same quarter last year; drop of 65.7%. The EPS stands at Rs0.85 as against Rs2.49 in the same quarter last year. The company has completed the buyback of 2,900,000 equity shares having FV of Rs1 each at a price of Rs475 per share. **Outlook and Recommendations:** The escalated raw material cost pressures is apparently the buzzword for the companies across the industry. For FDC too, the performance for the quarter saw an impact on the margins on account of increased raw materials, logistics and marketing costs for the full year as well as the quarter under reference. As reiterated earlier, the profits have also taken a hit because of Covid-19 related material destruction which is a one-time effect in Q4FY22. Constant efforts are being made by the company to improve operational efficiency and product mix to improve margins. Despite a slowdown in the US business on account of price erosions; the company's partners have been successful in maintaining meaningful market share. FDC continues to outperform in brands of Zifi, Electral and Enerzal in terms of market share as against those of other market players in the fragmented market. The domestic business continues to report strong growth in the entire revenue pie. In terms of growth levers and focus areas chalked ahead, the Management has its eyes on increasing its emphasis on few of the therapeutic areas which includes the derma segment (despite having a presence already) for its key brand Zocon catering a good market size, antibiotics, fortifying the leadership in Electral and Enerzal, cardio-diabetology (not a significant exposure at present). In May 2022, there was a buyback done by the company at a price Rs475 per share, this clearly indicates, there was an arbitrage opportunity for the investors, and many must have already capitalised on the same. **Keeping that in mind, we have adjusted (the target price) and optically toned down our target price to Rs350.**

Result Synopsis

Company	Result This Week
GMM Pfaudler Ltd **CMP: Rs4149** **Target: Rs6000**	On a consolidated level, Net sales of Rs6694mn as compared to Rs4586mn in the same quarter last year. Ebitda margins for the quarter under review stood at 10.3% as compared to 6.5% in the corresponding quarter last year. Net profit came in at Rs173mn as against a loss of Rs57mn in the same quarter last year while the EPS for the quarter under review stood at Rs11.82. For the full year ending FY22, the company reported a revenue of Rs25406mn as compared to Rs10011mn in FY21; with margins at 11.2% in FY22 as compared to 13.8% in FY21 while reporting net profit of Rs754mn as compared to Rs634mn in FY21. The board has recommended the issue of bonus equity shares in the ratio of 2 equity shares for every 1 held. Additionally, the company has also recommend a final dividend of Rs3 per equity share (FV of Rs2 per share) subject to approval of shareholders. **Outlook and Recommendations:** The company has managed to report a decent uptick in the revenue and profitability growth. GMM has mitigated the risk, which was earlier an India-centric company. GMM is actively looking at cost reduction measures, looking at internal control, looking at having much better procurement strategies, trying to increase the exports as well as the services business component. GMM today is a global company and even if one of the markets slows down, the company can sweep the benefits from another market; can pick and choose feasible orders. The group is gradually building momentum in international business which was acquired a year ago while looking at cost control measures; increasing exports & service components for the international business. The backlog for the company remains high and new orders are coming in; however, the only concern is the commodity pricing and energy costs which are impacting the profitability. In terms of order backlog the same is higher, stronger and healthier than the previous year; most of the sites have 6-8 months of backlog with good visibility for the coming year. The Management mentions of the end-market demand continuing to remain strong, with order backlogs across geographies standing at an all-time high, the capex plans and new product launches continuing to remain on track. The players to which GMM caters to i.e. chemicals and Pharma are seeing customers investing in new capacities which provides a positive outlook while benefiting the company. The company continues to add good talent to the team and make the entity a stronger operational unit. The focus of the Management is to look at internal cost controls to increase the profitability and maintain a similar level of execution. The company intends to roll out the strategic plan with the avenues for the growth as well as the revised guidance for the consolidated entity. All these factors bode well for GMM, and **we continue to maintain our positive stance on the business with a target of Rs6000.**
Excel Industries Ltd **CMP: Rs1361** **Target: Rs2000**	The net revenue for the quarter under review grew by 66.8% to Rs3647mn as compared to Rs2187mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 18.3% as compared to 17.7% in the same quarter last year. The net profit came in at Rs447mn as against Rs199mn in the comparative quarter. EPS for the quarter under review stood at Rs35.57 as compared to Rs15.84 in the corresponding period last year. For the full year ending FY22, the company reported a revenue of Rs11780mn as compared to Rs7495mn in FY21; with margins at 19.6% in FY22 as compared to 16.1% in FY21 while reporting net profit of Rs1602mn as compared to Rs702mn in FY21. The Board has recommended a dividend of Rs22.50 per equity share of FV of Rs5 each for FY22, subject to the approval of the shareholders. **Outlook and Recommendations:** Excel Industries has reported a very strong quarter, both on the topline as well as on the bottomline when compared on a y-o-y basis; however, there is a dip of ~42.8% in the net profits earned on a q-o-q basis. For the full year, due to the low base effect, the company has shown immense growth in the profits earned in FY22; these reported numbers are far ahead of our expectations. The company has reported a strong uptick in the chemicals division while the environment biotech division has reported a more or less flattish kind of performance. The undulating nature of the raw materials and its impact is seen in the quarter as well as the full year under review and the same may be felt in the upcoming quarter as well. Despite having low gross margins for the quarter under review, the increase in volume served has taken care of the margins while absorbing the fixed costs. This phenomenon of fluctuating raw materials is seen through the year and on a quarterly basis, hence it is imperative to review the company results on a y-o-y basis only. The margins reported for the full year under review have been very strong; while the segment related to Environment Biotech has been showing slow and gradual growth. The intent of the Management is to move towards fetching higher margins with better product mix or profile and working on new chemistries. Pharma intermediates, polymer inputs and speciality chemicals which are low volume, but high value products, continue to be the area of focus for Excel. There could be some intermediate consolidation coupled with small capex and CWIP seen in the balance sheet for this cash rich company, the conservative Management of Excel keeps rewarding the shareholders with healthy dividends while being vigilant about their debt profile as well. All these factors sum up to an investment idea which is unadventurous, but consistent in performance and thus, **we maintain our target price of Rs2000.**

Please Turn Over

Result Synopsis

Company	Result This Week
Bharat Rasayan Ltd **CMP: Rs11288** **Target: Rs15000**	The net revenue for the quarter under review grew by 68.4% to Rs4,448mn as compared to Rs2,698mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 19.5% as compared to 24.3% in the same quarter last year. The net profit came in at Rs645mn as against Rs472mn in the comparative quarter. EPS for the quarter under review stood at Rs155.32 as compared to Rs110.13 in the corresponding period last year. For the full year ending FY22, the company reported a revenue of Rs13012mn as compared to Rs10920mn in FY21; with margins at 19.6% in FY22 as compared to 21.9% in FY21 while reporting net profit of Rs1771mn as compared to Rs1645mn in FY21. **Outlook and Recommendations:** The company has performed exceptionally well in a very challenging environment for the entire agrochemical industry and BRL is no exception to this phenomenon related to the raw materials, freight cost and increased other expenses. BRL continues to be the market leader in the domain and clients whom they cater to. On 17th May 2022, there was an unfortunate fire accident at one block of the company's plant located in Dahej (Gujarat) and the company has full insurance coverage for the same; however, the total damage will have to be monitored closely. BRL continues its focus on delivering consistent, competitive, profitable and responsible growth coupled with improved financial performance due to a favourable and balanced product mix. The projected and anticipated growth in the agrochemical intermediate market with a short pause and inflationary pressure, is something that has to be analysed patiently. However, BRL has a strong portfolio, wide spread distribution network, good brand equity, and has been making the right investments to scale the business to higher levels while expanding the manufacturing capacities, setting up new capacities (for critical inputs as part of backward integration), acquiring more product registrations on a global level and developing relevant products for key markets. The company has been generating strong cash flow, which is utilised to increase the value or returns to the shareholders. There has been a buyback, constant capex, conservative approach towards dividend distribution (Management believes in ploughing the surplus into expansion of operation), vision to backward integrate etc. All these factors bode well for BRL, however, one will have to keep a watch at the damages done due to the fire incident in one of the four units of the company (though they are insured for the same); **we continue to maintain our target price of Rs15000.**
Antony Waste Handling Cell Ltd **CMP: Rs306** **Target: Rs400**	The company has reported net sales of Rs1,882mn as compared to Rs1,342mn in the same quarter last year, growth of 40.3%. The Ebitda margins for the quarter under review stood at 22.1% as compared to 22.4% in the corresponding quarter last year. The net profit came in at Rs254mn as against Rs156mn in the same quarter last year. Adj. EPS for the quarter under review stood at Rs7.09 as compared to Rs4.16 in the corresponding quarter last year. For the full year ending FY22, the company reported a revenue of Rs6,484mn as compared to Rs4,651mn in FY21; with margins at 22.8% in FY22 as compared to 24.6% in FY21 while reporting net profit of Rs904mn as compared to Rs641mn in FY21. **Outlook and Recommendations:** The company has reported strong numbers for the quarter as well as the full year under review. FY22 has seen the company build on organic growth including new projects, expand into states with high GDP with growing urbanization, high standard of living, favourable geographic and climatic conditions. The company intends to create a safer and cleaner environment via collecting, recycling, treating, disposing waste material in a scientific manner with major emphasis on segregation and conversion of MSW into compost, RDF and recyclables. The company is increasing the focus on multiple clients (de-risking), trying to get into the recycling process, working to enter into vehicle scrapping, trying to reduce the waste that enters the landfills etc. The company is diligently expanding the scale of operations, enhancing the geographic footprint (across India), focusing on sustainable growth (through careful selection of projects), and trying to win and execute new municipal contracts. Many smaller municipalities with lower tonnage are also approaching the company and want to have solutions to tackle the waste generated in their cities. The market for waste management is completely under-researched; currently waste management is taken up as a solution to tackle the increasing waste generated in the cities and the municipalities have become more aggressive on the same where project allocations are anticipated to be higher in the next 2-3 years. MSW tonnage will continue to soar higher and there are many areas which will take the industry to the next level. In the upcoming years, gradual but consistent growth in the top line coupled with volume growth is anticipated with value growth. The Management is maintaining the guidance of ~27% of Ebitda margins levels (however one cannot rule out 100bps swing in the margins) and ~25-30% growth on the topline. The waste produced in India is ever increasing, and AWHCL caters to the waste management industry which is in a growth phase. With increased tonnage and the concept of circular economy gaining importance, AWHCL is already showing good execution while managing the waste effectively with value addition. Considering all the triggers mentioned above, **we maintain our target price of Rs400.**
Hikal Ltd	We had initiated a buy call on Hikal Limited on 20th April, 2016 at Rs143 for a target price of Rs200; and since then has been revised 8 times to reach Rs750 where we asked our long term clients to book 50% profits, www.progressiveshares.com/cms//ResearchReports/ER_17082021178202138c8a.pdf. The long term shareholders have reaped the benefits of bonus shares (1:2 in June 2018), consistent dividends and capital appreciation. In the current scenario, there have been certain unprecedented events that lack clarity which is impacting the future growth of the company. Post the event of closure of the factory located at Taloja (contribution ~15% of the total turnover), we had been very watchful and closely monitoring the activities and downgraded the target price to Rs480. Since we are lacking conviction, we close the call. **Outlook and Recommendations:** We close the call on the stock and recommend to book profits.

HIGHLIGHTS OF THE WEEK 30 May 2022– 03 June 2022

Result Synopsis

Company	Result This Week
Sudarshan Chemical Industries Ltd **CMP: Rs461** **Target: Rs750**	The company has reported net sales of Rs5078mn as compared to Rs5195mn in the same quarter last year, de-growth of 2.3%. The Ebitda margins for the quarter under review stood at 13.09% as compared to 13.15% in the corresponding quarter last year. The net profit came in at Rs296mn as against Rs395mn in the same quarter last year. EPS for the quarter under review stood at Rs4.27 as compared to Rs5.71 in the corresponding quarter last year. For the full year ending FY22, the company reported revenue of Rs19189mn as compared to Rs17085mn in FY21; with margins at 12.2% in FY22 as compared to 15.6% in FY21 while reporting net profit of Rs1004mn as compared to Rs1362mn in FY21. The Board has recommended a final dividend of Rs5 per equity share of Rs2 each (i.e. 250%) for FY22, subject to approval of shareholders. **Outlook and Recommendations:** Sudarshan Chemical, a leading world class colour solutions provider with a focus on quality products has been able to report decent set of numbers. The demand momentum continued to remain strong from the domestic market, however, the intermediates price increases, its pass-through, input cost pressures in the basic chemicals and logistic costs are some of the factors affecting the volumes. The company has gone through the worst part during the pandemic, despite which the teams were dedicated towards capex, and apart from the geopolitical issues, the company is almost ready with only some part of the capex remaining. The company has launched a number of new products which are in both the categories, but will be focusing more on the speciality segment as well as margin accretive products. The company continues to build a strong and comprehensive product portfolio. Sudarshan is continuing on its growth journey and delivering value to all the stakeholders. Management is anticipating the product mix to gradually improve, moving towards a healthy product mix with gradual improvement in the margins. The focus of the Management is to improve ROCE, fetching better and controlling net working capital and inventories to optimize cash conversion cycles. Sudarshan is not seeing major capex in the near future and will look at reducing the debt burden. All the growth factors mentioned above, **we continue to remain confident on the growth prospects and maintain our target price of Rs750.**
J.B. Chemicals & Pharmaceuticals Ltd **CMP: Rs1576** **Target: Rs2016**	The net sales for the quarter grew by 18.2% to Rs6246mn as compared to Rs5285mn in the same quarter last year. The EBITDA margin for the quarter under review stood at 20.0% as compared to 23.4% in Q4FY21. The Ebitda margins post adjustment of ESOP and Azmarda acquisition charges would have stood at 26.3% for Q4FY22 and for FY22 at 26.2%. The net profit came in at Rs850mn as against Rs1008mn in the same quarter last year. After adjusting for ESOP and one-time acquisition charges the PAT would have been higher by 45.9% as compared to the previous corresponding quarter. The EPS stands at Rs10.98 as compared to Rs13.02 in the same quarter last year. The Board of Directors have recommended a final dividend of Rs8 per equity share of Rs2 each for FY22. **Outlook and Recommendations:** The results for the quarter are pretty much in line with our expectations led by the domestic formulations uptick. The revenues however were better than expected. Revival in the international business is majorly due to the CMO business which grew 70% q-o-q but some part of this growth could be non-recurring. The drop in the Ebitda margins was due to input costs and some one-offs of advisory/consultancy fees. The ESOP cost stood at Rs240mn for the quarter. FY22 has been an eventful year for JB Chem in terms of putting in multiple initiatives for long term growth (Azmarda and Sanzyme acquisitions). Going forward there should be growth across the revenues with the integration of Sanzyme (amortization cost for the Sanzyme business started hitting the P&L from Q4FY22, which led to an increase in depreciation by 33.7% y-o-y and 30.2% q-o-q) and Azmarda, and also the double digit price increase in the DPCO portfolio. The margins should also improve with the expenses getting under control and overall domestic growth. The company has indicated 24-26% range as it expects the freight and input costs to normalize. The international business should be operating leverage across the CMO business coupled with the constant efforts in expanding the product and customer portfolio. The company has been working on its defined multiple levers of leveraging on the existing Go-To-Market model strength; maximizing new introductions & lifecycle management opportunities and the recent acquisitions. **We maintain Buy on the stock for target of Rs2016.**
Patels Airtemp (India) Ltd **CMP: Rs221** **Target: Rs325**	The total revenue for the quarter grew by 11.4%; Rs803mn as compared to Rs721mn in the same quarter last year. The Ebitda margin for the quarter under review stood at 9.0% as against 10.1% in the corresponding quarter of last year. The company reported a net profit of Rs32mn as against Rs30mn in the comparative quarter. The EPS for the quarter under review stood at Rs6.34. The board has recommended dividend of Rs2.80 per equity share of FV Rs10 each for FY22. **Outlook and Recommendations:** The company has reported reasonable results for the quarter under reference. For the full year FY22, the topline reported a good growth of 18.7%; however the margins took a hit on account of increased raw material prices which attributed to 62.4% for FY22 as against 57.2% in FY21. For the quarter under review, the gross and Ebitda margins have reported a decent uptick (q-o-q basis). PAT caters to a diversified product basket serving the needs of the end user segments/industries such as power, refineries, fertilisers, petrochemicals, etc. The products offered by PAT (all ASME authorized) serve as one of the critical components for the oil refineries and power generation facilities. The company has been consistent in its delivery schedules and that is one of the reason for good execution of the order book. In addition to this, the company also keeps topping up the order bank with newer orders. Every industry that generates waste heat can be reused to harness high temperatures and energies, thus supporting investments in heat exchangers. Going ahead, any green shoots that may arise in the engineering domain and huge investments in the end user segments would give growth opportunities for the company. The company has been consistently delivering double digit ROEs and ROCEs while maintaining a payout policy of ~22-25%. **We continue to maintain our target price of Rs325.**

Result Synopsis

Company	Result This Week
Dynamatic Technologies Ltd **CMP: Rs1983** **Target: Rs3000**	The company has reported net sales of Rs3209mn as compared to Rs3533mn in the same quarter last year, de-growth of 9.2%. The Ebitda margins for the quarter under review stood at 15.0% as compared to 14.0% in the corresponding quarter last year. The net profit (before discontinued business) came in at Rs150mn as against Rs42mn in the same quarter last year. EPS for the quarter under review came in at Rs23.69 as compared to Rs6.55 in the corresponding period of last year. For the full year ending FY22, the company reported a revenue of Rs12534mn as compared to Rs11182mn in FY21; with margins at 13.5% in FY22 as compared to 13.3% in FY21 while reporting net profit of Rs321mn as compared to Rs20mn in FY21. **Outlook and Recommendations:** Despite global supply chain disruption and increasing inflationary pressure on commodity prices, Dynamatic has reported strong business performance in FY22. The growth in the topline is driven mainly by better product mix, good inventory management, effective debt dollarisation coupled with price increases for certain products and margin enhancement. Dynamatic Technologies is a combination of stable and high growth businesses coupled with highly engineered products for the automotive, hydraulic and aerospace industries. The efforts put in by the Management to report profitable growth has started surfacing with a consistent positive bottomline. DTL continues its focus on quality and globally recognized capabilities, coupled with its long-standing alliances with many global giants. The Atmanirbhar scheme which aims at achieving self-reliance and promoting defence exports will provide a further boost to the Indian defence and aerospace sector. The company has exposure to foreign currencies like EUR, GBP and USD and the impact from GBP and USD transactions were favourable on a y-o-y basis. The overall debt of the company has reduced from Rs6832mn in FY21 to Rs6468mn in FY22. Going forward with the ongoing expansion of Dynamatic Aerotropolis (adjacent to Bangalore Airport), reallocation of resources for strengthening the business capabilities and continuous technological enhancement are expected to contribute towards the growth of the business on a global and group level for Dynamatic. **We continue to remain bullish on DTL and maintain our target price of Rs3000 (only for Long Term investors) with a SIP strategy.**
Axtel Industries Ltd **CMP: Rs255** **Target: Rs350**	The net sales for the quarter came in at Rs553mn as compared to Rs376mn in the same quarter last year, growth of 47.1%. The EBITDA margins stood at 17.2% as compared to 9.2% in the same quarter last year. The Net Profit for the period came in at Rs68mn as against Rs22mn in the comparative quarter. The EPS for the quarter stood at Rs4.2 as compared to Rs1.3 in the same quarter last year. The Board has recommended dividend of Rs2 per equity share of FV of Rs10 subject to approvals. **Outlook and Recommendations:** The year has been a repercussion of the pandemic related disruptions, but a gradual turnaround from lockdown year to opening up of the economy has been favorable for the company. The same can be seen even through the performance of the company where q -o-q improvement was seen with Q4. Capex across all the heavy industries came to a standstill with lockdowns and execution halts; this was borne by the company as well. However, being a key process engineering equipment manufacturer, and with the pick up being seen in the capital expenditure across the different industries like food, Pharma, chemicals and other manufacturing industries, desired impetus is expected for the overall growth of the company. Expansions/growth plans/Capex all should gathered steam but one must keep in mind, the rising input/freight costs as well. The full year numbers obviously won't look encouraging as there was slowdown depicted in 3 quarters during the year, but Q4 set the trend. Axtel being present across the value chain would be a key across supplies as well as sales. Overall, with economy getting back on track for growth, capex and expansions should also come in the forefront but for a cautious outlook with regard to increasing inflation and input costs. **We maintain a positive stance and Buy on the stock but toned down the target to factor in the uncertainty to Rs350.**
Sun Pharmaceutical Industries Ltd **CMP: Rs865** **Target: Rs1013**	The total revenue for the quarter grew by 10.8% to Rs94.5bn as compared to Rs85.2bn in the same quarter last year. The EBITDA margin for the quarter under review stood at 24.8% as against 24.0% in the same quarter of last year. The company reported a net loss of Rs22.8bn as compared to profit of Rs8.9bn in the comparative quarter, majorly due to the exceptional items to the tune of Rs39.4bn during the quarter. Adjusted net profit for the quarter was at Rs15.82bn, up by 18% y-o-y, after excluding the exceptional items of Rs39.4bn & exceptional tax gain of Rs764mn. The EPS for the quarter under review stood at Rs(9.5). The consolidated sales for FY22 were at Rs386.5bn growth of 15.4% y-o-y. Excluding the exceptional items, adjusted net profit for FY22 was at Rs76.67bn, up about 29% y-o-y. The reported net profit for full year FY22 was at Rs32.72bn compared to Rs29.03bn, up by about 13% over last year. The Board has declared a final dividend of Rs3per share, taking the total to Rs10 (interim dividend of Rs7) for FY22 subject to approvals. **Outlook and Recommendations:** The Q4 numbers have been slightly below expectations due to moderate sales reported across API/RoW and EMs. Also the higher opex was another reason for the moderation. On the other side, the speciality business was the highlight with doubling of its share to revenues (13% from 7% in FY18). Going forward as well the US business will be under focus due to the better traction in the specialty portfolio and Taro getting to steady sales. The branded formulations business in totality is also on the growth trajectory led by the different geographies including the domestic contribution as well. There is a steady contribution expected from the ANDA launches and strong pipeline to the US generics business. The India business should have a strong footing with new launches and addition of field force for better productivity. The numbers now need to factor in higher R&D spend, opex related to marketing/ promotional activities getting back to normalcy. We remain positive on the company betting on the speciality portfolio, growth across the branded generics segment, new launches and expansion of the existing ones. **We maintain Buy on the stock for a target of Rs1013.**

Result Synopsis

Company	Result This Week
La Opala RG Ltd **CMP: Rs263** **Target: Rs425**	The net revenue for the quarter under review grew by 11.5% to Rs896mn as compared to Rs804mn in the same quarter last year. The EBITDA margins for the quarter under review stood at 36.1% as compared to 34.1% in the same quarter last year. The net profit came in at Rs187mn as against Rs200mn in the comparative quarter. EPS for the quarter under review stood at Rs1.68 as compared to Rs1.8 in the corresponding period last year. For the full year ending FY22, the company reported revenue of Rs3227mn as compared to Rs2113mn in FY21; with margins at 37.9% in FY22 as compared to 32.4% in FY21 while reporting net profit of Rs874mn as compared to Rs496mn in FY21. **Outlook and Recommendations:** The company continues to perform far better than our anticipation while reporting strong numbers for the quarter under review and FY22. The increase in the key input materials seems to have been mitigated with a small price hike. Margins have more or less come back on track despite the increase in cost of key input materials for production. Based on recent legal/other development which casts a significant increase in the risk of recoverability of trade receivable from a customer, the company has made provision of Rs71.61mn as a matter of prudence. This has resulted in reduction of profit for the quarter and year ended March 31, 2022. However, the company is taking all necessary steps to realize the captioned dues. LORGL has emerged as a dominant player (in its domain) by proactively transforming itself, becoming future ready by investing in additional capacities, investing in technology (to stay ahead of the curve), making the right investments. The capex plans which are currently in progress will lead the company to the next phase of growth in the upcoming quarters. The demand for the products currently offered by the company continues to remain robust, and is anticipated to grow higher as and when the opalware products penetrate more into the tier 2 or tier 3 cities. The company continues to show its commitment towards deliberate emphasis on fetching high margins via the niche opalware market and now are making prudent investments in the new capex plans. The green field plant at Sitarganj, Uttarakhand having a capacity of 11,000MTPA was inaugurated on April 27, 2022, and is currently undergoing trial runs; commercial production is likely to commence in Q1FY23. While one phase of the capex at Sitarganj is inching closer to commercialization, the company is looking at going in for another round of capex which will be a push to what was a stagnant top line. This expansion may come at the expense of sacrificing some part of the margins profile, but can lead to the much awaited growth in the topline. In November 2022, the company mentioned the setting up of a Borosilicate Plant at Sitarganj with a capacity addition to the tune of 25 metric ton per day with an investment requirement of ~Rs700mn. The company has taken a long term borrowing of ~Rs125mn which is for the funding of the capex. This part of the expansion is anticipated to be on-board in the next 8-12 quarters. As the demand for borosilicate glass is increasing, the new plant will not only help outfitting the increased demand of borosilicate glass products in the domestic and international market but also the low cost of production is anticipated to provide a competitive benefit to the company. This segment has immense headroom to grow. This diversification into the borosilicate glass products will give the company the much needed booster to the topline which was otherwise more or less stagnant. The India growth story continues to remain intact; the key factors which will help propel growth of LORGL include, acceptance of opalware products from consumers, gradual shift towards opalware products, strong distribution network, shift in consumer sentiments, unexplored semi-urban towns and cities in India. Some of these factors will benefit all the players in the industry where brand recognition and awareness will be the key differentiating factor. Considering the upcoming capex, expanded capacity going on stream and quite a lot of things related to the operational tweaking which the company is trying to do; successful execution of the plans is what matters; considering this uncertainty, **we reduce our target price to Rs425.**
ISGEC Heavy Engineering Ltd	We had initiated a buy call on ISGEC Heavy Engineering Limited on 14th October, 2021 at Rs712 for a target price of Rs832. Although the blend of business that the company offers attracts for diversification, each of the segment has been hit by input costs/price hikes/toned down demand/ freight issues. Execution has been a hassle across the EPC and manufacturing segment of the company. Also on the Ethanol plant in Philippines, it seems like a drag on the books with the loans being carried for the same. The performance of the company has been slow and not as per our expectations and hence we close the call and recommend to book profits. The company will be under our radar to track the developments going forward. **Outlook and Recommendations:** We close the call on the stock and recommend to book profits.

HIGHLIGHTS OF THE WEEK 30 May 2022– 03 June 2022

Result Synopsis

Company	Result This Week
Timken India Ltd **CMP: Rs2517** **Target: Rs2700**	The total revenue for the quarter grew by 40.4% to Rs6,674mn as compared to Rs4,754mn in the same quarter last year. The Ebitda margin for the quarter under review stood at 26.9% as compared to 18.3% in the corresponding quarter last year. The net profit grew to Rs1213mn as against Rs530mn in the comparative quarter. The EPS stands at Rs16.1 during the quarter as compared to Rs7.0 in the same quarter last year. The board has recommended dividend of Rs1.5 per equity share of FV Rs10 each subject to approvals. **Outlook and Recommendations:** It has been a good year for the company well managing all the disruptions through the cost efficiency measures adopted. The pick-up in performance was seen post the Q1 itself which gradually inched to decent closure for the year. On the parent company as well, there has been decent numbers for the first quarter reported reflecting higher customer demand for differentiated products along with the benefit of recent pricing actions. (record sales reported primarily driven by growth across most end-market sectors led by industrial distribution and off-highway, and the impact of higher pricing, partially offset by unfavourable currency). The two major segments that the company caters to are Auto and Railways. Going forward, there should be a faster pick up with the Railways getting into focus from the Govt. perspective in terms of modernization/wagon additions which would benefit companies like Timken. The Auto sector should also get back on track gradually with the settling of semiconductor shortages. Overall, we feel that the company is well backed by its parent company, which has indicated on an encouraging 2022; the outlook on the Indian counterpart also remains positive. **We maintain Accumulate on the stock with a revised target of Rs2700 (earlier target of Rs2250 achieved).**
Aurobindo Pharma Ltd **CMP: Rs528** **Target: Rs630**	On a consolidated basis, the total revenue for the quarter de-grew by 3.2% to Rs58,094mn as compared to Rs60,015mn in the same quarter last year. The Ebitda margin for the quarter under review stood at 16.8% as against 21.2% in the corresponding quarter of last year. The company reported a net profit of Rs5,761mn as against Rs8,012mn in the comparative quarter; drop of 28.1%. Excluding the exceptional item for the respective quarter, the PAT would have reported a drop of 7.7%. The EPS for the quarter under review stood at Rs9.84. The board declared an interim dividend of Rs4.50 per share for FY22. **Outlook and Recommendations:** The numbers for the quarter are pretty much on expected lines. The company continued to face the raw material impact and price erosions across the business divisions (barring the growth markets and the API division) coupled with the increased US generics competition which led to a drop in the topline; whereas the PAT was impacted on account of the one-off that was reported in the quarter under reference. The US business witnessed price erosion of ~9% which was offset by the volume growth of ~6%. However, the ANDA pipeline is encouraging (222 pending approvals) and should boost the US revenues going forward. The management has indicated on witnessing the price erosion impact for atleast next 2 quarters though on a slower pace; which would be cushioned with good number of launches planned ahead. Although the margins could be impacted going forward as well, the company has been working on building a strong product pipeline across injectables/biosimilars alongwith new launches in generics space. EU was tepid due to Covid related disruptions. The company has a pipeline of three biosimilars for EU and EM. Growth would be led by new launches, shift of products to the Indian facility and geographical expansion. As far as the injectables business is concerned, couple of launches is in the pipeline, with filings target being set. The next leg of growth for the biosimilars and the vaccines business are progressing towards various stages of development either in terms of filings, phase trials and market launches. We have toned down our numbers to factor in the price erosion witnessed in the US, higher input costs, lower sales in EU and ARV business. **We maintain Buy on the stock with a revised target of Rs630.**
NRB Bearings Ltd **CMP: Rs122** **Target: Rs190**	The company has reported net sales of Rs2484mn as compared to Rs2508mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 16.7% as compared to 16.4% in the corresponding quarter last year. The net profit came in at Rs195mn as against Rs293mn in the same quarter last year. EPS for the quarter under review stood at Rs2.01 as compared to Rs3.02 in the corresponding quarter last year. For the full year ending FY22, the company reported revenue of Rs9138mn as compared to Rs7359mn in FY21; with margins at 14.2% in FY22 as compared to 11.9% in FY21 while reporting net profit of Rs702mn as compared to Rs438mn in FY21. The Board has recommended a dividend of Rs2 per equity share of face value Rs2 each for FY22 which is subject to approval. **Outlook and Recommendations:** The company seems to be coping with the gradual improvement in the auto sector; as and when the demand for the auto sector comes back to substantially normal levels, players like NRB will be benefitted. Currently, steady improvement is seen in the numbers on the top line as well as on the bottom line with margins too stabilising and trying to inch towards the pre pandemic levels. Gross margins in the range of ~56-57% seem to be sustainable for the company. As mentioned in the previous notes, the company was looking at reducing the debt burden. The exposure to forex related fluctuations are seen in the other income as the company has many clients served on the international level. NRB is exposed to export-oriented OEMs which stretch the receivables cycle to some extent, and the company is already looking at tweaking the same to have better cash cycles; there are outstanding receivables which NRB is in process to recover. The company caters to global brands, in the domestic as well as the international frontiers; revival of the Auto sector is something the industry is waiting for. The company is looking at making the operations leaner and more cost effective which is also seen with the closing or transferring operations at smaller plants located at Thane and Aurangabad (in Maharashtra). The company has a very strong client base and negotiations for price hike to offset the inflationary costs are a gradual pass-through with a lag. NRB has a strong product profile while catering to some of the key marque customers in the domestic and international markets, the Management is constantly looking at adding value as well as volumes to the growth via technological upgradation; **we continue to maintain our target price of Rs190.**

HIGHLIGHTS OF THE WEEK 30 May 2022– 03 June 2022

Result Synopsis

Company	Result This Week
S H Kelkar and Co. Ltd **CMP: Rs130** **Target: Rs200**	The net sales stood at Rs4506mn as compared to Rs3970mn in the same quarter last year, growth of 13.5%. On segmental front, Fragrance and Flavours reported growth of 10.5% and 46.1% respectively (y-o-y basis). The Ebitda margins stood at 13.3% as compared to 16.9% in the same quarter last year. The net profit (after the share of equity accounted investee) came in at Rs136mn as against Rs402mn in the comparative quarter. During Q4FY22, the group disposed off assets (considered as held for sale) belonging PFW's (PFW Aroma ingredients B.V.), resulting in loss of Rs58mn which was charged as a one-off to the P&L. The EPS for the quarter stood at Rs0.91. The Board has recommended a dividend of Rs0.75 per share of Rs10 each. **Outlook and Recommendations:** The quarter under reference witnessed raw material pressures that restricted the volume growth in the core fragrance division. Despite the pressures, the company was able to undertake price hikes in collaboration with its customers. In order to cushion against the supply chain disruptions in the past the company had stocked up the inventory levels, however going ahead SHK aims at taking corrective steps to maintain the stability and thus improve the working capital cycle. In terms of geographic distribution, Europe has rebounded well for the quarter as well as the full year. On the other hand, a revival on the cards is anticipated for the emerging and Indian markets. The company is undertaking initiatives to strengthen its market position in the global RFP tender participation wherein 10% of the entire process has been completed and the balance is expected to be concluded by the end of the year. With this in place, the company eyes a ramp up in the business potential in a staggered manner keeping its focus on the 3Is and 3Cs strategies. SHK is present in almost every downstream sector related to FMCG; growth initiatives and healthy client engagements should bode well for the company in the medium term; **we continue to maintain our target price of Rs200.**
Sumitomo Chemical India Ltd **CMP: Rs461** **Target: Rs500**	The revenues for the quarter under review came in at Rs6651mn in Q4FY22 as compared to Rs5343mn in the same quarter last year, growth of 24.5%. The Ebitda margins came in at 16.4% as compared to 13.4% in the same quarter last year. The net profit for the quarter ending came in at Rs747mn as compared to Rs541mn in the same quarter last year. The EPS for the quarter stood at Rs1.50. On segmental front, the company reported a growth of 29.3% in the Agrochemicals division and de-growth of 17.0% in Others division. **Outlook and Recommendations:** Despite the headwinds attributed to pinch of higher inflation, erratic monsoon distribution, input material shortages and shipment delays, the company has reported a good performance for the quarter as well as the full year. SCIL has been in a position to improve the operational efficiency for FY22. Considering the past financial performance, SCIL has crossed Rs31bn on its topline for FY22 which marks a significant milestone for the company. Higher crop prices in the recent past (surge in global crop prices) drives an indication towards increased demand for crop protection products. SCIL continues to lay its focus across the entire portfolio and has several new products under the pipeline catering to different markets. The parent company (SCC) continues to have a strong pipeline for agro solutions and environmental health products with a revenue potential of ~USD1.4-1.8bn. Additionally, the capex planed by SCIL are progressing well with commercializations likely to take place in FY23/24E. Herbicides, PGRs and bio-rationals serve as high margin-high growth areas for the company and increasing contribution from the PGR business would also provide stability, as it caters to both Kharif and Rabi crops. The company continues to work on manufacturing several off-patent products (holds 27 patents with 9 additional applications filed) which would cater to both the domestic as well as the exports markets. SCIL is open to any new additions to the divisions as and when the opportunity deems fit to the business prospects. SCIL has to its credit a diversified portfolio, brand recall recognition, access to SCC's global supply chain and R&D activities with a zero leverage status. Considering the strong growth prospects in terms of product launches and fructification of capex likely to happen soon, **we maintain our target price of Rs500.**
Texmaco Rail & Engineering Ltd **CMP: Rs45** **Target: Rs50**	The net sales for the quarter de-grew by 26.3% to Rs4,467mn as compared to Rs6,062mn in the same quarter last year. The Ebitda margin for the quarter under review stood at 6.1% as against 8.7% in Q4FY21. For the quarter, the company reported a net profit of Rs62mn as against Rs196mn in the comparative quarter last year. The EPS stands at Rs0.22 as compared to Rs0.87 in the same quarter last year. On the segmental, the company has reported de-growth of 20.2%, 7.7% and 29.6% respectively across Heavy Engg., Steel Foundry and Rail EPC division. **Outlook and Recommendations:** The company reported tepid results for the quarter under reference. Drop on the revenue front trickled down on the operational parameter leading to lower Ebitda margins as well. On the segmental front, issues related to shortage of industrial oxygen (a key requirement for the entire fabrication industry), operational backlogs in few projects, higher logistics costs leading to irregular deliveries, steel price hikes all of these led to a drop in the revenues for Heavy Eng.; Rail EPC and Steel foundry divisions. As per recent news flashes, Railways is considering of procuring approx. 90,000 wagons over the next three years which should provide the much needed booster to wagon manufacturers. Texmaco has bagged an order worth Rs6,450cr to deliver 20,067 wagons with the execution timeline of approx. 39 months. This gives the comfort for better performance in the future. Floating of new tenders both from Indian Railways and private parties will enable the company to operate to its potential. Additionally, the development of dedicated freight corridors aimed at scaling the cargo handling capacities of the Railways would cater to more demand. So, overall if things are executed as per planned then growth can be factored to Texmaco going ahead. With a positive view **we maintain a buy on the stock for a target of Rs50.**

Result Synopsis

Company	Result This Week
Pondy Oxides & Chemicals Ltd **CMP: Rs582** **Target: Rs750**	The revenues for the quarter came in at Rs3971mn in Q4FY22 as compared to Rs2985mn in the same quarter last year, growth of 33.0%. The Ebitda margins came in at 3.6% as compared to 2.2% in the same quarter last year. The net profit for the quarter ending came in at Rs105mn as compared to Rs45mn in the same quarter last year. The EPS for the quarter stood at Rs18.11 as compared to Rs7.69 in the corresponding year. For the full year ending FY22, the company reported revenue of Rs14548mn as compared to Rs10043mn in FY21; with margins at 5.3% in FY22 as compared to 2.3% in FY21 while reporting net profit of Rs482mn as compared to Rs108mn in FY21. The Board has recommended a dividend of Rs5 per equity share of face value of Rs10 each. **Outlook and Recommendations:** The company continues to report a good set of numbers as the normalisation of the economy seems to be directly or indirectly benefiting the company. The reliance on imported scrap is gradually seen easing, which is helping improve the company's working capital. The collaboration **with ace green** recycling is significant as the technology is futuristic and the recycling process used for lead acid batteries release no greenhouse gas emissions. POCL is the first company in the manufacturing space to adopt this technology in the recycling process used for manufacturing lead acid batteries. The company is looking at entering into different verticals which also invites uncertainty in terms of the growth. The board is looking into various obligatory requirements to be listed on the NSE. Over the years, POCL has built an unmatched brand image for its quality, high level of efficiency, reliability, technical support and service. POCL primarily operates in a sector which is characterized by high volume, low margins with immense dependence on global growth scenario, global demand-supply conditions, international trade environment, strength of USD against other currencies, domestic growth scenario etc. to drive the revenues and profitability. POCL has been constantly looking at various alternative measures to reduce the cost of energy, reducing the cost of production and trying to improve the quality of products through its normal R&D system. POCL has strong relationships with its customers and suppliers with a supreme brand image within the lead sector and is known for high quality level of efficiency, reliability and technical support or services. POCL continues to be a consistently dividend paying company since its inception. The company continues to concentrate on value-added and specialized alloys that can fetch incremental margins. The future outlook of the industry remains positive and POCL is bullish about recycling and its future; it believes that India will continue to be an emerging market with high growth. POCL is constantly focusing on energy conservation through upgradation of process technology, effective production scheduling and various energy saving initiatives including installation of energy efficient equipment to fetch higher margins. We continue to remain positive about demand for lead as a metal with sustained support from the automotive and construction industries. All the initiatives and factors mentioned above provide a vision of gradual uptick in the profitability earned by the company and **we maintain our target price of Rs750.**
Mishra Dhatu Nigam Ltd **CMP: Rs172** **Target: Rs240**	The net revenue for the quarter under review de-grew by 6.5% to Rs3233mn as compared to Rs3459mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 37.7% as compared to 29.8% in the same quarter last year. The net profit came in at Rs810mn as against Rs746mn in the comparative quarter. EPS for the quarter under review stood at Rs4.32 as compared to Rs4.05 in the corresponding period last year. For the full year ending FY22, the company reported revenue of Rs8595mn as compared to Rs8132mn in FY21; with margins at 30.5% in FY22 as compared to 30.2% in FY21 while reporting net profit of Rs1763mn as compared to Rs1663mn in FY21. **Outlook and Recommendations:** The company has seen a slight dip in the topline for the quarter under review, but has shown a smart margin uptick at 37.7% as compared to 29.8% on y-o-y basis with 8.5% upside on the bottomline. On a full year basis, the company has reported a growth of 5.7% and 6.0% on the topline and the bottomline respectively. The company was able to mitigate the impact on production with better planning and execution. During the year, the company continued its focus on revenue enhancement, cost reduction etc., which has also contributed to the four fold increase in exports. As mentioned in the earlier notes as well, the focus of the Management has been on cost optimisation measures including indigenisation of various components, increasing outsourcing efforts and rationalising manpower. The Value of Production (VoP) during Q4FY22 stood at Rs3521.7mn with a growth of 29.89% against VoP of Rs2711.4mn in the corresponding quarter of the previous year. VoP for FY22 stood at Rs9887.3mn, with a growth of 28.13% against a VoP of Rs7716.4mn in FY21. The order book position of the company as on 1st April 2022 stood at ~Rs13.170bn. The company has a proactive R&D team which continues to work on certain niche grades of metals and tries to be future-ready for developing new products. In the recent past, the company has made aggressive investment or capital expenditures which are anticipated to begin to bear fruits very soon. The space segment from India has many development projects and opportunities to provide a good vision for growth in turnover for Midhani. The plant located at Rohtak aims at producing all types of armoured products for the armed forces and also intends to undertake armouring of helicopters, naval platforms and other similar equipment. The new plant is anticipated to give higher asset turnovers while it is totally dependent on the product mix. Midhani is one of the biggest beneficiaries of GOI programmes like Atmanirbhar Bharat and Make in India. In addition to this, the Management is also looking at opportunities to grow the exports market. Midhani has a good foothold in defence and aerospace sectors; the OFS as and when commenced will be an opportunity to add; however, with the current prospects available, **we continue to maintain our target price of Rs240.**

Result Synopsis

Company	Result This Week
West Coast Paper Mills Ltd **CMP: Rs349** **Target: Rs400**	The total revenue for the quarter grew by 13.9%; Rs10,674mn as compared to Rs9,370mn in the same quarter last year. The EBITDA margin for the quarter under review stood at 21.6% as against 17.4% in the corresponding quarter of last year. The company reported a net profit of Rs1,405mn as against Rs873mn in the comparative quarter. The EPS for the quarter under review stood at Rs18.8. On the segmental, Paper and Paper Board segment clocked growth of 14.5% while the Telecom Cables de-grew by 6%. The board has recommended dividend of Rs6 per share on equity shares of FV of Rs2 subject to approvals. **Outlook and Recommendations:** After the gloomy phase that the paper sector had been witnessing for quarters now, finally there was some spark seen on the back of shortages which led to the price hikes. One of the beneficiaries of the same was WCPM. There was acute shortage that was witnessed as the prices for the waste paper, critical raw material for recycled paper, had shot up as many offices, courts, and schools remained shut for almost two years on account of the pandemic, leading to lower collections. On the flip, with the opening up offices and schools, demand shot up which led to shortage of paper. WCPM benefitted as it has in-house supply of raw materials and use wood pulp as a key input. The price increases of wood pulp have been moderate. This has given the much needed uptick to demand which was catered through the price hikes. The quarter numbers reflect this well for the company. Also the input costs are met through the increase in paper prices. With the demand getting back to pre-covid levels/reopening of the economy there should be spurt in the requirement going forward as well. Also the capacity utilization of domestic paper mills is inching towards pre-pandemic levels. The sector is expected to continue to operate at near full capacity for the next three years due to limited capex in the printing and writing (P&W) paper segment, and healthy demand growth rate seen in packaging board and tissue paper segment. Improving industry fundamentals, they say, is likely to result in improved pricing discipline for the sector in future. We feel that the prospects remain to be positive for the industry and the company as well. **We maintain Buy on the stock for a target of Rs400.**
Engineers India Ltd **CMP: Rs61** **Target: Rs100**	The net sales for quarter de-grew by 27.8% to Rs8,060mn as compared to Rs11,167mn in the same quarter last year. On the segmental front, Consultancy & Engineering Projects reported drop of 6.3% (Revenue at Rs3,790mn) while Turnkey projects de-grew by 40.0% (Revenue at Rs4,269mn) respectively on y-o-y basis. Ebitda margins for the quarter stood at 13.4% as compared to 14.7% in the corresponding period last year. The net profit came in at Rs1,263mn as against Rs305mn in the comparative quarter. The EPS for the quarter ending Mar, 2022 stands at Rs2.25 as against Rs0.54 in the comparative quarter. The Board has declared a final dividend of Rs1 per share on FV of Rs5 each for FY22. **Outlook and Recommendations:** The company reported more or less flat results for the quarter under reference. While the topline reported a drop on a y-o-y basis which was attributed to slower executions in the turnkey segments; a growth of 18.3% was witnessed when compared q-o-q. EIL has a significant track record across the entire oil & gas value chain and further intends to scale up its technology and explore other end-markets where its expertise can be implemented. It has various orders under its pipeline spread across refineries, petrochemicals, infrastructure, etc. Also in the recent past the company has been selected to provide consultancy services for green hydrogen plant; which gives EIL the opportunity to enter into new high growth segment. The company is committed in assisting its clientele base in the energy sector and aims at providing clean and green technological solutions leading to a sustainable future (vision to be Net Zero emission target by 2035). **We thus continue to maintain our target price of Rs100.**

HIGHLIGHTS OF THE WEEK

30 May 2022– 03 June 2022

NIFTY (WEEKLY)

BANK NIFTY (WEEKLY)

MARKET OUTLOOK

Much awaited breakout was seen during the week in **Nifty50** Index but was not able to breach 16,670's. A strong close above the same will open the gate for a move to 16950-17000. Rate sensitive sectors i.e. **Auto, Banks** will remain in focus in the upcoming week. **IT sector** has formed a **bearish cypher pattern** on the daily chart which indicates short term correction is on the cards.

HIGHLIGHTS OF THE WEEK 30 May 2022– 03 June 2022

NIFTY 50 COMPONENTS (WEEKLY PERFORMANCE)

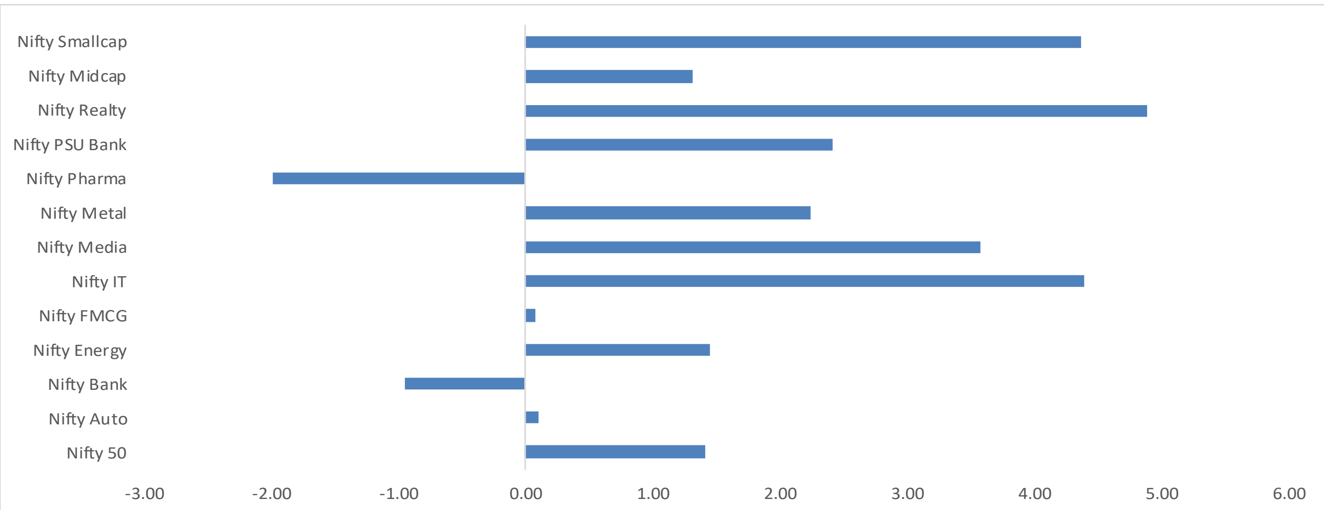
Adani Ports	5.13
Apollo Hospital	-6.75
Asian Paints	1.87
Axis Bank	-1.21
Bajaj Auto	-4.47
Bajaj Finserv	0.62
Bajaj Finance	-0.82
Bharti Airtel	0.28
BPCL	1.81
Britannia	-0.70
Cipla	-0.12
Coal India	8.27
Divis Labs	-0.94
Dr. Reddy’s Labs	-1.54
Eicher Motors	-1.92
Grasim	-4.22
HCL Tech	3.99
HDFC	-2.36

HDFC Bank	-1.03
HDFC Life	0.74
Hero Motocorp	-4.95
Hindalco	-0.33
HUL	-1.84
ICICI Bank	0.67
IndusInd Bank	-0.11
INFY	3.84
ITC	1.17
JSW Steel	2.62
Kotak Bank	-4.72
LT	2.94
M&M	8.52
Maruti	-2.91
Nestle India	-2.57
NTPC	3.40

ONGC	5.51
PowerGrid	0.58
Reliance	7.87
SBI Life	2.22
SBIN	-0.64
Shree Cement	-5.88
Sun Pharma	-4.26
Tata Consumer	3.78
Tata Motors	0.40
Tata Steel	2.30
TCS	5.29
Tech Mahindra	2.25
TITAN	2.88
Ultratech	-4.66
UPL	2.11
Wipro	1.96

***** Gain/ Loss in %*

SECTORAL PERFORMANCE



HIGHLIGHTS OF THE WEEK 30 May 2022– 03 June 2022

SECTORAL GAINER

Realty sector has ended the week with gains of 4.90%. All the components have ended the week in the positive territory where Lodha (+24.15%) gained the most followed by Sobha (+7.72%) and Sunteck (+6.26%). As shown in the chart, the sector is in the last leg of the downmove of Bullish Gartley pattern.

SECTORAL LOSER

Pharma sector was the underperformer by ending the week with a loss of almost 2%. Natco Pharma and Alkem Labs managed to end the week with considerable gains while frontline stocks like Sun Pharma (4.26%), Torrent Pharma (4.76%) corrected the most.

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Registered Office Address:

Progressive Share Brokers Pvt. Ltd,

122-124, Laxmi Plaza, Laxmi Indl Estate,

New Link Rd, Andheri West,

Mumbai—400053, Maharashtra

www.progressiveshares.com | Contact No.:022-40777500.

Compliance Officer:

Mr. Shyam Agrawal,

Email: compliance@progressiveshares.com,

Contact No.:022-40777500.