WEEKLY WRAP-UP

31ST JUL - 04TH AUG 2023

HIGHLIGHTS OF THE WEEK 31 Jul 2023-04 Aug 2023

DOMESTIC:
- Jindal Stainless seeks govt. intervention to check surging steel imports
- Reliance General Insurance gets Rs200cr capital infusion from parent
- IDFC First to focus on cash flow-based lending business
- HDFC in bank's fold takes borrowings, credit to new highs
- Power Grid board approves fund raise up to Rs5,700cr through issuance of unsecured bonds
- Adani group in talks to raise USD1.8bn from bond sales
- Maruti to acquire Suzuki Motor Corp's Gujarat plant to boost efficiency
- NTPC arm, NTPC REL gets letter of award for 550 MW solar project
- Petronet eyes lower prices under renewed long-term deal with Qatar
- State Bank of India raises Rs10,000cr via infra bonds at 7.54%
- Airtel prepays Rs8,000cr spectrum dues
- Aston Martin to issue USD270mn worth of shares to bolster capital
- Brookfield, RIL bet on renewables in Australia
- IBC signs USD971.89M pact with Karnataka to build battery manufacturing facility
- Bharti Airtel to target SMBs market with Airtel IQ messaging platform
- Reliance Jio, Airtel drive telecom subscriber base to 1,172.57 million in May
- Ambuja Cements to acquire majority stake in Sanghi Industries: Reports
- TRAI show-cause notice to BSNL for violating interconnection rules
- Teva Pharmaceuticals joins forces with Honeywell for energy efficiency
- PNB Housing eyes 22% growth in fresh loan disbursements this fiscal
- Lupin gets USFDA nod to market generic skin treatment medication
- Adani Energy aims 16% rise in FY24 capex to Rs7,000cr
- Tata Power Renewable Energy signs PPAs with MSEDCL for 200MW and 150MW solar projects
- Coal India plans two thermal plants with Rs21,547cr investment in Odisha, Madhya Pradesh
- Torrent enters e-mobility infra space; sets 4 charging stations in Gujarat
- State Bank of India files insolvency plea against Mumbai Metro One

ECONOMY:
- India, UK free trade agreement: 12th round of talks from Aug 7
- GST collections for July stood at Rs1.65lk-cr
- Normal monsoon not enough to keep inflation down: Crisil

INDUSTRY:
- Green shoots may show up with lag, say top FMCG firms
- Sales of cars and utility vehicles are expected to remain strong for 4th straight month in July
- Automakers may need to use 20% recycled inputs from 2026-27

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HIGHLIGHTS OF THE WEEK 31 Jul 2023-04 Aug 2023

COVERAGE NEWS:

Gland Pharma Ltd: The USFDA has conducted GMP inspection at the company's VSEZ sterile oncology facility at Visakhapatnam between 20-28th July, 2023. The inspection was concluded with Zero 483 observations and a classification of No Action Indicated (NAI).

Antony Waste Handling Cell Ltd: The company has successfully completed Maharashtra's first 14MW integrated waste to energy plant at Moshi (Pune, Maharashtra).

HFCL Ltd: The company has received purchase orders aggregating to ~Rs1376mn from Reliance Retail Limited for supply of optical fiber cables to one of the leading private telecom operators. The order is expected to be executed by December 2023.

Engineers India Ltd: ONGC has awarded the project for revamping of SV stations, gas terminal & kribhco terminal (Gujarat) on EPC basis to EIL. The total estimated order value is about ~Rs837.34cr with a project completion schedule of about 45 months.

Sterlite Technologies Ltd: The company has announced a partnership with a public sector entity (~Rs2500mn deal) to design, build, commission, and maintain 2 data centre facilities, with service deployment across multiple network sites across India.

The Week That Went By:

The markets began the week on a firm note but found resistance near 19,800. The mid-week was dominated by the bears as market sentiments dented after Fitch downgraded the US credit rating and panic selling was witnessed across the board. On the last day of the week, some recovery was seen from the lower levels and Nifty50 ended the week at 19,517.00 with a loss of 129.05 points. Among the sectors, IT and Pharma were the outperformers while Realty and PSU Banking sectors were the major laggards.

Nifty50=19,517.00 **BSE Sensex30=65,721.25** **Nifty Midcap 100=37,630.60** **Nifty Smallcap100=11,698.05**

Result Synopsis	
Company	**Result This Week**
Supreme Petrochem Ltd **CMP: Rs451** **Target: Rs578**	The net sales for the quarter reported a drop of 17.5% to Rs12,251mn as compared to Rs14,854mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 7.4% as compared to 16.9% in the comparative quarter last year. The company reported profit of Rs693mn as compared to Rs1,891mn in the same quarter last year. The EPS for the quarter stood at Rs3.69 (face value of Rs2 per equity share) as compared Rs10.06 in the corresponding period of last year. **<u>Outlook and Recommendations:</u>** The volatility in the demand-supply scenario, seasonality and fluctuation in SM prices are some of the key factors which have led to this bleak performance during the quarter under review. Inventory gains and inventory losses are a part and parcel of the business related to SPL and that is why we keep advocating to look at the business from a yearly prospective; this inherent risk of the business is very difficult to mitigate. The topline is totally linked to the raw material prices. SPL continues to be the undisputed leader in the polystyrene market in India with a market share of over 50% and is also the largest exporter of polystyrene from India. SPL is also the leader with over 50% market share in the EPS segment as well. The company continues to explore opportunities in India (which is growing) as well as the export market. SPL is working towards a major capex plan in order to cater to additional demand for the segments which SPL caters to. The benefits of the brownfield expansion project (for enhancing its existing Polystyrene, EPS capacities) will soon start to surface. In addition to this, SPL is investing ~Rs8500mn for Mass ABS for 2 lines of 70KT each; currently progressing with the first line; the company is still discussing the second line of Mass ABS with Versalis. The uptick in the domestic consumer durable and automobile market coupled with excellent customer relations (of SPL) will benefit the company as and when demand comes back in full swing. The company is constantly striving to increase its share of the value-added products. SPL is putting in efforts to move up in the value chain for the value-added products. The company has moved on and added many value-added grades which provide better realizations. Some of the key factors which will add to the growth of SPL include debt free balance sheet with large cash reserves kept for plant capex, revival of exports, the strategy to revive old customer relationships, focus on value added products, and revival of the demand from various customers across all the segments. All the triggers mentioned above sum up for a strong uptick in the operation of SPL in the next 6-10 quarters and **we continue to advocate a SIP into the stock with a long-term target price of Rs578.**

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Result Synopsis	
Company	**Result This Week**
Vimta Labs Ltd **CMP: Rs449** **Target: Rs475**	On standalone basis, the total revenue for the quarter grew by 4.5% to Rs822mn as compared to Rs787mn in Q1FY23. The Ebitda margin for the quarter stood at 29.0% as against 30.3% in the corresponding quarter of last year. The company reported a net profit of Rs116mn as against Rs120mn in the comparative quarter. The EPS for the quarter under review stood at Rs5.25 as compared to Rs5.44 in the corresponding period of last year. **<u>Outlook and Recommendations:</u>** With Q1 being a typically weak quarter for one of the key contributing segment i.e. food testing for Vimta, the performance was further impacted with lower samples inflow due to the torrential rains across the country. If not for this, the ex-food growth would have been double digit for the company. The management anticipates the food segment lag to take some more time to settle and the pile up of samples to happen over the next few months. The pharma segment contributed well for the quarter with the demand here to stay. The company too has been capitalizing well on the same. All the other segments have been stable with growth triggers and efforts remaining intact. There is a gradual improvement being seen on the Ebitda front as well. The higher depreciation further impacted the PAT for the quarter. Realizing the capacity constraint being faced in the Pharma segment; the company has initiated the expansion plan which should be done by the end of the year and hence the company can further ramp up on the business from next year onwards. Most of the funding of the estimated ~Rs600mn would be done through internal accruals. On the revenue target of Rs5bn by 2025-2026, the company is working confidently towards achieving the same. It has further added on 200bps Ebitda margin expansion chalked in with the set revenue target. Industry sentiments which would favour Vimta; garners opportunities from clinical diagnostics, growth in biologics, growing concerns over the food safety and quality concerns and surge in demand for certification services of electrical & electronics products. As far as the operational efficiency is concerned, the management expects to be at better levels going forward which would be volume driven across the business segments. Overall, **we remain positive on the developments of the company for a target of Rs475.**
Bharat Wire Ropes Ltd **CMP: Rs222** **Target: Rs250**	The net sales for the quarter reported a growth of 19.3% to Rs1,584mn as compared to Rs1,328mn in Q1FY23. The Ebitda margins for the quarter under review stood at 26.0% as compared to 18.9% in Q1FY23. The company reported net profit of Rs237mn as compared to Rs120mn in the same quarter last year. The EPS for the quarter stood at Rs3.50 as compared to Rs1.88 in the corresponding period of last year. **<u>Outlook and Recommendations:</u>** BWRL has reported yet another well on track quarter with a growth of ~15% on the production volumes, 19% on the topline and ~97% at the PAT levels. Increased realisations, volumes and retaining its focus on high value added products aided the strong start to the year. Reduction in power & fuel and raw material cost, increased selling price every quarter and contribution from higher margin and higher realisation products has led to improved gross margins for the quarter under reference and thus boosted the overall operational efficiency which stood at ~26% as against ~19% in Q1FY23. The company is well on track to maintain this upward trajectory on the Ebitda margins which is a function of higher realisations, savings in the power & fuel costs and continued focus on tapping newer geographies. BWRL currently exports its products to ~50+ countries and the management further intends to add another 30-40 countries in the near future. While enjoying higher margins in the exports markets for its products already, going ahead, the plan is to scale up in the local markets too and garner better and higher margins in this domain; thereby changing the overall geographic mix to 50:50. The company is witnessing immense opportunities from the replacement market while at the same time is aggressively bidding for lot of L1 govt. tenders which would assist in building the order book which provides revenue visibility for a couple of quarters. In terms of enhanced volume capabilities, the company intends to inch up further on the capacity utilisation at both the plants put together by ~12-15% to reach the maximum utilisation levels of ~85% (from the current levels of ~60%). The company intends to increase the share of its value added products from the current ~10% to ~15-20% in FY25E. Overall, there are lot of positives to look for from a longer term perspective and the company is working towards its set internal targets. **The stock has already breached our initial target price of Rs200 and we revise the same to Rs250.**

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Result Synopsis	
Company	**Result This Week**
Sterlite Technologies Ltd **CMP: Rs152** **Target: Rs190**	The net sales for the quarter under review came in flat at 2.4%; Rs15,220mn as compared to Rs14,870mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 14.1% as against 10.8% in Q1FY23. The net profit came in at Rs520mn as against a loss of Rs240mn in the comparative quarter last year. The EPS for the quarter under review stood at Rs1.15 as compared to Rs0.46 in the corresponding period last year. **<u>Outlook and Recommendations:</u>** STL has reported more or less a flat performance for the quarter under review; with revenue growth of ~2.4% on a y-o-y basis. Reduction in the raw material costs has led to improved gross margins for the quarter at 60.4% as against 51.8% in Q1FY23, thus leading to an overall improvement at the Ebitda levels. All of this has got the company back in the green as against a loss of Rs240mn reported in Q1FY23. The management expects the volumes of the optical business to scale up which would drive the overall revenues for this business in Q3/Q4FY24. The margins of the optical business continue to remain stable at ~20-22%. Strategic wins, (of ~Rs4700mn under the global services business) selective order intake & execution and anticipation of phase-3 tenders from BharatNet (by H2FY24) continues to gather momentum for the near future. From a long term perspective, considering that the executions and inventory corrections particularly in the US markets would take time to recover, tenders from BharatNet likely to come in H2FY24, new product developments, approvals and commercialisation to gradually happen, the management has revised its revenue guidance downwards for FY24 at ~7-9% as against earlier ~10-12% ; however retaining its stance of reducing the net debt/Ebitda to less than 2.5x. The prospects from the Indian markets, Middle east and APAC continue to remain strong given the rapid pace of fiberisation and deployments of 5G infrastructure. Increasing the OFC market share, attach rate, broaden the customer base, strong order book and a favourable geographic mix continue to be the priorities for STL. **We thus continue to maintain our target price of Rs190.**
NACL Industries Ltd **CMP: Rs85** **Target: Rs105**	The net sales (standalone) for the quarter reported de-grew by 18.8% to Rs3860mn as compared to Rs4753mn in the same quarter last year. The Ebitda margins for the quarter under review stood at (8.72%) as compared to 7.03% in the comparative quarter last year. The company reported a loss of Rs366mn as compared to a profit of Rs151mn in the same quarter last year. The EPS for the quarter stood at Rs(1.84) as compared to Rs0.76 in the corresponding period of last year. **<u>Outlook and Recommendations:</u>** The company has seen a major setup for the quarter under review which is basically due to pressure to liquidate high cost inventory as well as delay in the Kharif sowing season. Despite all the challenges faced, NACL is trying to mitigate these issues and continues on its path for sustainable and all-round progress in times to come. Despite the challenges faced during the quarter under review, NACL continues investing in R&D, optimizing supply chains and cost management processes to enhance efficiency and mitigate costs and risks. NACL remains committed to its long-term goals of capacity expansion, and portfolio diversification. The outlook for Q2FY24 remains positive as per the Management commentary, despite the challenges presented by floods in some areas and high inventory. The Management is confident that its strategic initiatives and customer centricity will lead to improved financial performance in the upcoming quarters and thereafter. The company is making substantial investments for enhancing its manufacturing capabilities, launching new products, exploring new processes and adding new subsidiaries to cater to the client's demand and service them better. The completion of the different phases of the upcoming capex will also push the growth momentum of the topline as well as the bottom line. The long-term goals of the company related to customer centricity, productivity and sustainability remain intact. However, considering the dent created in the profitability, inability to maintain higher realisations/margins coupled with lower volumes and increased dumping from China for the quarter under review, we feel the stock will enter into a consolidation mode (on the bottom line front) for the upcoming quarters, **thus we reduce our estimates and target price to Rs105.**

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HIGHLIGHTS OF THE WEEK 31 Jul 2023-04 Aug 2023

Result Synopsis	
Company	**Result This Week**
Alicon Castalloy Ltd **CMP: Rs860** **Target: Rs1200**	The net sales for the quarter reported marginal growth of 3.1% to Rs3,541mn as compared to Rs3,433mn in the same quarter last year. The Ebitda margins for the quarter stood at 11.1% as compared to 10.9% in the comparative quarter last year. The company reported profit of Rs95mn as compared to Rs108mn in the same quarter last year. The EPS for the quarter stood at Rs5.89 as compared to Rs6.68 in the corresponding period of last year. **Outlook and Recommendations:** The company has reported flattish growth on the topline for the quarter under reference (on a y-o-y basis), however pick up can be seen with 11% q-o-q growth in the revenues, against the industry backdrop which was mixed with some reporting momentum while others reporting supply chain issues. The company has added several new parts as well as new customers which has helped drive this momentum. Also some of the existing customers witnessed improved fraction during the quarter leading to higher volumes. On the margin front, there has been improvement seen both on a y-o-y as well as q-o-q basis owing to better product mix and cost optimization initiatives. The higher employee cost is due to the ESOP scheme announced during the quarter, excluding which the Ebitda margins would have been even better. Due to the higher finance costs and depreciation, the PAT has reported a drop of 11.8% y-o-y. The management has increased its revenue guidance to Rs22bn (from earlier Rs20bn) by FY25-26 and aspires for margins of ~14%. For FY24, the Management has indicated ambition to achieve revenues of ~Rs16bn, with 2HFY24 being critical in terms of implementing new projects as well as ramp up in volumes for the new projects. The major contributor for the ramp up is indicated to be Toyota. For the new orders received, the company is in discussions with the customers on new technologies and solutions while being confident for an improved margin outlook. The share of PV/CV in the revenue mix has been steadily increasing with focus on scaling of business, expected to grow at a faster pace than the 2W leading to a better product mix. Alicon is looking at execution of the growth strategy, reshaping the business model, becoming a more flexible and diversified organization with expertise in design, R&D, value engineering, continuous increase in the order book and acquisition of new and renowned clients which are some of the key triggers to aid the long-term growth plans of the company. The company has all the necessary levers in place to achieve sustainable growth. With encouraging developments happening across the sector, Alicon should be better placed in times to come and **we maintain our target price of Rs1200.**

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Result Synopsis	
Company	**Result This Week**
Shanthi Gears Ltd **CMP: Rs450** **Target: Rs550**	The company has reported net sales of Rs1,215mn as compared to Rs989mn in the same quarter last year, growth of 22.9%. The Ebitda margins for the quarter under review stood at 19.0% as compared to 18.3% in the corresponding quarter last year. The net profit came in at Rs181mn as against Rs134mn in the same quarter last year, growth of 34.8%. EPS for the quarter under review stood at Rs2.36 as compared to Rs1.75 in the corresponding quarter last year. **<u>Outlook and Recommendations:</u>** There has been a consistent growth seen in the performance of the company. For the quarter under review, the company has achieved ROIC of ~54% while generating FCF of Rs343mn and growth of ~35% in the order bookings. The company is gradually increasing its order book which is due to the high quality product and service provided by the company. The company continues to have a very healthy order book position which is aided by higher capital spends undertaken in the end user industries of engineering, steel, and other heavy engineering segments etc. The Management wants to expand its operations to get the operating leverage as well as get into new sectors like renewable energy while exploring opportunities in the western part of the country. SGL has been actively exploring growth opportunities and in order to meet the business requirements from the western and northern regions of the country, SGL is exploring the opportunity in Sanand where they intend to focus on products related to renewables. The project in the Sanand, is expected to be operational in the second half of this year; total investment will be about Rs300mn over three years, funded by internal accruals; which will be used for basically the SW business requirements. The company is looking at serving the customers with added focus on new products and technologies and is continuously upgrading the manufacturing processes and technologies. SGL consistently continues to focus on 4 key priorities of revenue growth, profitability, ROIC and Free Cash Flow (FCF). The management is constantly trying to enhance the exports share of SGL which has a very small base. In addition to this, there has been growth in the export markets as well which is currently ~7% to ~10-11% in the next 8-12 quarters. The company has built capabilities to deliver the high-speed gearboxes. In order to bring the focus and cost competitiveness in the operations, the company has introduced lean manufacturing practices with a lot of improvements in the shop floor in the last 6-7 quarters. The products and services quality which SGL has been delivering has helped achieve a robust order and generally the order book has been giving a revenue visibility of ~3-4 quarters. The company continues to focus on growth, quality engagement with customers, constant interaction with customers for enhancing product development capabilities, focusing on exports, and improving the plans for product development. The product development done in the last 4-5 quarters has added ~Rs1000mn; the company is also having a good share (~80-90%) for the works related to Vande Bharat express trains where SGL can contribute its offering and products. The company currently has a mix of 25:75, 25% for standardized and 75% for specialized gears; the Management is planning to change this mix to 40:60 over the next few years. The revenues contribution currently from the replacement market is ~20% which will be maintained this year also. SGL is looking ahead with confidence and optimism with major strides in the golden jubilee year while upgrading the manufacturing technologies & processes and introducing new products under the Make in India program. Continuing to bet on all the long-term parameters mentioned above, **we maintain our target price of Rs550.**

Result Synopsis	
Company	**Result This Week**
Aether Industries Ltd **CMP: Rs1041** **Target: Rs1065**	The net sales for the quarter reported an uptick of 0.7% to Rs1611mn as compared to Rs1600mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 27.8% as compared to 26.5% in the comparative quarter last year. The company reported profit of Rs302mn as compared to Rs306mn in the same quarter last year. The EPS for the quarter stood at Rs2.28 as compared Rs2.46 in the corresponding period of last year. **<u>Outlook and Recommendations:</u>** The company has reported more or less flat numbers for the quarter under review due to issues related to a gradual slowdown/destocking and competition from China. While the raw material prices have stabilized on the lower side (benefiting the company with reduced COGS), the selling price of all the finished products has corrected leading to reduction in the average realization of the price of the products. However, the Management believes the same is a temporary phenomenon and the market should stabilize in the upcoming next quarters. The Management continues to witness on demand improvement in the global chemical industry, which augurs well for good growth to come in the upcoming years. The 4 major pillars for growth of Aether includes molecules which are first time manufactured in India, cost components which are comparable to the Chinese prices, QEHS audits and the technical competencies of technologies and chemistries. The company is already looking at diversification of the business model and the diversification of the industry spectrum while focusing on the R&D pipeline with products and opportunities. Documentation for the possession of the new sites, amalgamation, planning plotting, product selection etc. are in progress for Aether, which indicates good revenue potential in years to come. The pipeline in R&D is packed for future molecules with plans to launch these molecules in the upcoming years in the site3+, 3++, site4 and site5 greenfield manufacturing sites. The company is expanding in the right direction, with R&D plant and production with a practical approach; the Management looks quite upbeat and positive on the outlook. The company has been participating in a number of chem-expos which gives significant insights on the prospects for opportunities to grow going forward with tie-ups with some of the important customers in USA, Europe and Japan. The launch of new products, renewal of existing contracts, building up of capabilities, demand across the sectors and, traction in CRAMs, increased enquiries, addition of new customers in various geographies, favourable product mix are anticipated to give a boost to the margins going forward. The overhang of dilution of shares post IPO, according to SEBI guidelines continues and the company has ~2 years to comply with the same and reduce the promoters shareholding to 75%. The Management has already addressed some part of the issue related to the higher holding of the promoter group and has already brought the holding down to ~81.81% from earlier 87.07% in the phase-1 of placement. We continue to be bullish on the business model of Aether and **advocate to continue to SIP into the stock idea with a target price of Rs1065.**

Result Synopsis	
Company	**Result This Week**
Thermax Ltd **CMP: Rs2519** **Target: Rs2750**	The net sales the quarter under review grew by 16.8% to Rs19.3bn as compared to Rs16.5bn in Q1FY23. The Ebitda margins for the quarter under review stood at 6.8% as against 5.8% in Q1FY23. There is an exceptional item of Rs506mn as the company received an arbitral award against it for repair, payment of damages, etc. for breakdown of third party Gas Turbo -Generators (GTGs) for a customer project. As per the award, the company was directed to repair and reinstate the GTGs under the defect liability obligation Further, among other matters, the award also allowed the customer's claim on additional expenditure along with interest which is currently estimated at Rs2,450mn pursuant to independent legal opinion, (a) for the quarter ended June 30, 2023, the company has made a provision of Rs506.3mn and for the balance amount, no provision has been considered necessary; (b) the company is in the process of filing an application before the Bombay High Court for setting aside the entire said award and is reasonably confident of the issue being ultimately decided in its favour. The net profit came in at Rs0.60bn as against Rs0.59bn in the comparative quarter last year largely impacted by the exceptional item mentioned above. The EPS for the quarter under review stood at Rs5.23. On the segmental performance, Industrial products segment revenue grew by 26.1% to Rs8.4bn, y-o-y while Industrial infra segment revenue grew by 13.4% to Rs9.2bn, Green solutions grew by 93.8% y-o-y to Rs1.1bn and Chemical segment revenue came in at Rs1.6bn, growth of 7.1% y-o-y. **<u>Outlook and Recommendations:</u>** It was a decent quarter for the company on the revenues front, although order booking was slightly lower than expected majorly due to the Chemicals segment. From the operating environment perspective and a good enquiry pipeline, better rest of the year ahead can be anticipated. The input/higher commodity costs have stabilized leading to better margins during the quarter. The PAT is impacted by the provisioning done with regard to the arbitral award against the company. On the order balance, there has been addition of smaller and midsized orders, while the larger order inflow remains muted. The order book for the quarter reported a 11% y-o-y growth. Going forward too in the immediate scenario nothing major is expected from the larger orders from the lines of refinery and other heavy industries. On the flip, the international order book has many larger orders in the pipeline. Overall, the order book provides sufficient future revenue visibility. On the segmental outlook, Chemicals is one of the key long term engines for the company where growth is warranted. The new plant at Dahej is stable and performing well. Traction in the industrial product portfolio continues with relevant tailwinds following the mega trends in Indian economy, more successful through connect with greens, organization for the water business and focus on digital solution/services as the backbone for industrial products. The industrial infra segment did have a tough quarter but is expected to improve in the quarters to come. Green solution is the most predictable business segment for Thermax, with many solar and winds projects in the execution or approval stages. Toesl is well on track, adding projects in a continuous flow with a strong pipeline, and having the potential to go international as well. There are new product launches across the cooling/water segments that are gradually picking up and should ramp up well ahead. We feel that the prospects ahead are good but definitely a cautious view would be maintained. The company is well on track with regard to different existing and new ventures across the different business segments. **We maintain Hold on the stock for a target of Rs2750.**

Result Synopsis	
Company	**Result This Week**
TTK Healthcare Ltd **CMP: Rs1184** **Target: Rs1325**	The net sales for the quarter grew by 4.9% to Rs2,021mn as compared to Rs1,926mn in Q1FY23. The Ebitda margins for the quarter stood at 5.0% as compared to 2.0% in Q1FY23. The company reported net profit of Rs157mn as compared to Rs43mn in Q1FY23. The EPS for the quarter stood at Rs11.09 as compared to Rs3.07 in the corresponding period of last year. **<u>Outlook and Recommendations:</u>** For the quarter under review, the company has clocked a single digit growth which is majorly due to lower sales in the consumer product segment which is to some extent offset by the growth in the medical and protective devices segment. On a sequential basis there has been a growth of ~12.2%. The Ebitda margins improved to 5% from 2% in June 2022 led by the gross margin expansion. On a like to like basis, the profits stood strong for the quarter under review. Going forward the legacy brands from the consumer segment should be looked at for the product variant additions. The company continues to be a **cash rich entity** and intends to allocate funds for the cash cows or the top three segments. As per the Management, all the divisions need to be scaled one by one which will require a lot of cash. In order to enhance the margins (on a blended basis) these investments have become imperative to gradually increase the market share. The **food segment** which has been a drag to the overall profitability is where the Management intends to invest into as well. The idea is to optimise the capacity utilization, optimise the product mix, improve the margins and maximize profits. For the quarter under review, the company has already started showing some positive developments. For **WGW**, TTKHL continues to enjoy a major share; efforts are being put to try to increase ~4-6% volume growth. For the growth of the **Eva** brand, the company is working towards fetching the volumes and market share back. The company is also working towards some new varieties of deos to be introduced very soon, which can lead to increase in the ad spends. The segment of **animal care** (livestock, poultry, and pet business) which the company is focusing on has a market size of ~Rs70bn and appears to be a very promising one as well. Aquanim (recently launched) has registered a healthy growth; Bovianim (Livestock) and Companim (Pet) have reported a decent growth. Gallus (Poultry) has seen a setback due to various external factors resulting in a marginal negative growth over the previous year. The company has plans to restore double digit growth and launch new products over time. The company continues to work on **new product development** and a good pipeline. The company is also looking at rationalising the depots. There is a lot of scope for growth in the medical devices segment as the elective surgery demand has started picking up; this segment vouches as a key growth contributor for the company in times to come. The immense demand in the orthopaedic implants market and the renowned tie up with BP Trust (USA) augurs well for TTKHL. The medical division related to heart valves has shown good growth, the company is looking at growth in the Chitra valves going forward. For the business related to the **hip and knee replacements**/implants, the company has a complete range; however, the idea now is to create a product for every price point. The company is looking at working for ceramic heads (high end knee implant) and have made a technical tie up with a company named **Ceramtec**. The company has started looking at capacity augmentation via recommencement of the plant located at **Virudhunagar**. In the protective segment; the aim of the company is to improve the sexual wellness index of the country which is almost non-existent when compared to developed countries, hinting towards the underlying opportunity. **Skore** brand has recorded the highest sales both volume and value wise. The company has recently launched Skore 4.0 as well as Love Depot which has seen a good momentum. The company intends to drive growth of the non-condom segment via new launches. The **good home** has already seen a healthy growth and the company anticipates the aroma air fresheners and odour remover segments to grow further with plans to venture into cleaning agents and cleaning tools. TTKHL was the talk of the town during the quarter as the company had put up the proposal for voluntarily delisting equity shares from the exchanges, which had failed. This clearly indicates that investors know the worth of the business and would want to be part of the growth story where the triggers are favourable for more growth. TTKHL is virtually debt free with a strong cash balance waiting to be deployed for further expansion and ICR ratios to support the same. All the triggers mentioned above poise well for the gradual but consistent growth which the company can deliver in times to come while adding to the already existing conviction which we had in the company; and **we continue to maintain our target price of Rs1325.**

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Result Synopsis	
Company	**Result This Week**
Triveni Turbine Ltd **CMP: Rs398** **Target: Rs450**	The net sales for the quarter grew by 45.3% to Rs3764mn as compared to Rs2590mn in the same quarter last year. The Ebitda margins stood at 18.84% as against 18.79% in Q1FY23.The net profit came in at Rs610mn as against Rs383mn in the comparative quarter last year. The EPS for the quarter under review stood at Rs1.91 as compared to Rs1.18 in the corresponding period last year. **Outlook and Recommendations:** TTL continues to report good set of numbers across revenues and profitability, while on the Ebitda levels, the company has been able to maintain its margin range of 17-19%. The company has been making continuous efforts to scale up on the exports market which is evident from the change in the geographical mix slowly tilting towards the international markets; the export order booking has shown an impressive growth of ~38% thus contributing to ~43% of the closing order book. Demand on the product side both from the domestic and global markets continues to remain robust driven by contribution from industrial as well as API drive turbines. The aftermarket segment retains its focus on driving growth in the higher value added components such as refurbishment which did witness good orders during the quarter under review. A transition towards a cleaner and more sustainable energy source depicts a strong momentum in the enquiry generation business that the company caters to. The company possess strong R&D capabilities in order to innovate new products and solutions as per the customer needs. TTL is actively pushing towards the >30MW categories and foresees good traction in terms of order generations. The plans on scaling up of manufacturing capacity of more than 300 turbines remains intact. Overall, TTL has healthy cash flows from operations, sizeable cash in books, maintains a debt-free status, strong carry forward order book position and a robust enquiry pipeline to cater to the demand in the near term. **We maintain a Hold on the stock for a target of Rs450.**
KSB Ltd **CMP: Rs2640** **Target: Rs2800**	The total revenue for the quarter came in at Rs5,913mn as compared to Rs4,484mn in the same quarter last year; growth of 31.9%. The Ebitda margin for the quarter under review stood at 14.4% in comparison to 13.6% in the corresponding quarter. The net profit stood at Rs637mn as against Rs483mn in the comparative quarter; growth of 31.9%. The EPS stands at Rs18.30. On the segmental front, the Pumps and Valves segment grew by 32% and 34% respectively. **Outlook and Recommendations:** The company has reported strong growth in revenues at 31.9% y-o-y led by the individual strong performance of both the segments of business namely pumps and valves. Over 6MCY23, there has been consistent improvement seen at the operating levels trickling to strong profits for the quarter under review. Sequentially as well, the company has reported growth across the P&L. There has been a manufacturing and testing facility added by the company which is the site for any seal requirements of the company. These pumps are planned to be delivered during the years 2026-2027. The company has been receiving orders with deliverables spread across 2-3 years in a phased manner. With the capex cycle across different industries taking the front seat, the company is well placed for healthy growth from the pumps, valves and services business. There should be projects from petrochemical/chemical segment and water wastewater segment as well. Pick-up in demand complimented with the execution capabilities should augur well for growth ahead for the company. KSB has all of the capacity, capability and brand recall to garner a decent share of these prospects going forward. In the longer run there should be increased services across themes like waste water management, agriculture, smart cities to mention a few. We continue to remain positive on the prospects through the domestic capex plans and the opportunities that KSB can capitalize on. **We maintain our positive stance on the company for a target of Rs2800.**

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Result Synopsis	
Company	**Result This Week**
SKF India Ltd **CMP: Rs5230** **Target: Rs5800**	The net sales for the quarter grew by 9% to Rs11,496mn as compared to Rs10,547mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 17.6% as compared to 17.4% in the comparative quarter last year. The net profit came in at Rs1,544mn as against Rs1,291mn in the comparative quarter last year. The EPS for the quarter under review stood at Rs31.20 as compared to Rs26.10 in the corresponding period last year. **Outlook and Recommendations:** In the backdrop of the uncertain macro environment and disruptions; performance of the company has been decent for the quarter with a revenue growth of 9% y-o-y. The cost efficiency measures adopted by the company have helped the operating margins improve gradually. Overall, on the profitability as well the company has been decently growing q-o-q. The revenue share from Industrial and Auto segment stands at ~50% from each, and SKF has been advancing across both through tie-ups/deals with different players like to quote; M&M in the Auto space to provide energy efficient TRBs or religiously working towards timely delivery of products to KHD Humboldt in the industrial space. SKF has been working towards customer centric innovation and the exciting momentum that the company is building is a clear compass for the growth ahead. Localization was one of the key focus areas that the company was aggressively working on after facing all the hurdles of business expansion whether lead times or costs, and has indicated that localization has increased (35% for Industrial and 95% for Auto) direct materials which helps in reducing the costs and improvise on the lead times. . In the industrial space, the company targets to reach ~60% over the next few years. The company has all the approvals in place for bidding for all the subsets of Railway tenders. Freight is taken as a big driver of growth and DFCs getting operational adds to the scope. There has been an increase in the market share with strong profitability and increasing CF over a period of time. Change in the strategic framework is enhancing the customer centric offerings and providing technology efficient operations. The company is concentrating on segments with high growth potential (with continuous scanning of non-performing or unprofitable domains), constantly reviewing its portfolio, refocusing on the services businesses and enhancing its technological capabilities. EVs which is the next flavour has also been a part of the SKF offerings, although just about 5% contribution to the revenues, but is catching up really fast with the entire electrification spree across 2W/3W/PV and inter/intra transport being captured currently. We feel that the company is well placed with strategies and execution capabilities creating value for long term shareholders. **We maintain our positive stance for a target of Rs5800.**

Result Synopsis	
Company	**Result This Week**
Sumitomo Chemical India Ltd **CMP: Rs419** **Target: Rs500**	The net sales for the quarter reported a drop of 26.5% to Rs7242mn as compared to Rs9858mn in Q1FY23. The Ebitda margins for the quarter under review stood at 11.1% as compared to 19.0% in Q1FY23. The company reported profit of Rs617mn as compared to Rs1381mn in the same quarter last year. The EPS for the quarter stood at Rs1.24 as compared Rs2.77 in the corresponding period of last year. **Outlook and Recommendations:** The company has reported subdued results for the quarter under review. Delayed and erratic monsoons, delayed sowing, pricing pressure, surplus channel inventory and deferred purchasing decisions by the trade partners has led to a drag on the overall revenues, ebitda margins and profitability. Despite a fall in the raw material prices, liquidation of high cost inventory is one of the major concern across all the agrochemical players in the industry which is invariably putting pressure on the margins. For SCIL in specific, delayed onset of monsoon season had a consequential impact on the overall sales during Q1FY24, thereby resulting in sales spill over to the next quarter. Additionally, the recent occurrence of the Biparjoy cyclone, (along the western coast) had a transitory impact on the company's factory operations. Barring these headwinds, from a longer term perspective, SCIL continues to retain its focus on bio-rational products with the required approvals and registrations being awaited by the parent company, several unique first time registrations which are expected to be launched in the Indian markets and incremental revenues from Bhavnagar and Tarapur projects to get reflected in the P&L in FY24 (though not at a full capacity). Given the multiple industry headwinds, the reversal of which would take time to recover; **we have toned down our estimates and maintain a Hold on the stock for a target of Rs500.**
Sun Pharmaceutical Industries Ltd **CMP: Rs1139** **Target: Rs1265**	The total revenue for the quarter grew by 11% to Rs119.4bn as compared to Rs107.6bn in Q1FY23. The Ebitda margin for the quarter under review stood at 27.9% as against 26.8% in Q1FY23. The company reported a net profit of Rs20.2bn as compared to Rs20.6bn in in Q1FY23. The EPS for the quarter under review stood at Rs8.40. **Outlook and Recommendations:** The company has reported decent set of numbers for the quarter pretty much on the expected lines led by the US generics business (ex-Taro) including gRevlimid (had significant contribution during the quarter) and the on-track specialty sales. The US business ex-Taro grew by 23% y-o-y. Global specialty grew by 21% y-o-y driven by Ilumya, Cequa and Winlevi whereas weak Levulan sales dragged growth. Winlevi is gaining volume share (26% among the top 10 branded drugs for the indication and 91% retention rate amongst doctors) as the company is expanding the access of the same. Sun Pharma is open to outlicensing GLP-1 pipeline asset in key markets or acquiring targets with focus on the aforesaid therapy. The management is actively scouting for in-licensing opportunities in Derma and Ophthal. The USFDA re-inspection for Halol and Mohali is expected by the end of FY24. The domestic business didn't have much to report for the quarter but is expected to revert to double digit growth as the sitagliptin patent expiry and NLEM impact gets back to normal. The emerging markets as well as the RoW grew in line with 13% y-o-y and 9% y-oy growth respectively. The company expects to maintain R&D guidance of 7-8% in FY24, investing both in generics and speciality. The China opportunity for Ilumya could play out well with an experienced partner (CMS) for the company. Taro's derma portfolio faces high competitive intensity which has resulted in tepid growth and hence the intend of the company towards making it a part of Sun Pharma. There was gross margin and Ebitda margin improvement during the quarter led by the change in product mix as well as higher specialty sales. The other expenses increased due to higher selling and distribution expenses and the Alchemee consolidation. For the quarter exceptional item of Rs3.2bn was reported, pertaining to impairment of AA-012 Vitiligo (Rs1.5bn), forex loss due to devaluation of Naira impacting MTM payables (Rs1.2bn) and planned relocation of Alchemee operations (Rs500mn), adjusting for which the PAT was up by 14% y-o-y. The company has maintained its full year guidance of high single digit sales growth. Overall we remain positive on the company betting on the ramp up in the branded and specialty business in the US, India growth getting back on track, inorganic opportunities across Derma, Ophthal and Onco specialty. **We maintain our stance for the target of Rs1265.**

Please Turn Over

Result Synopsis	
Company	**Result This Week**
Paushak Ltd **CMP: Rs6645** **Target: Rs9555**	The company has reported net sales of Rs486mn as compared to Rs503mn in the same quarter last year, degrowth of 3.4%. The Ebitda margins for the quarter under review stood at 25.2% as compared to 36.6% in the corresponding quarter last year. The net profit came in at Rs91mn as against Rs116mn in the same quarter last year. EPS for the quarter under review stood at Rs29.66 as compared to Rs37.47 in the corresponding quarter last year. **<u>Outlook and Recommendations:</u>** The top line reported by the company has seen some pressure due to the prevailing issues in the agrochem and Pharma market. The issues related to Chinese dumping is seen across the whole industry and the Management anticipates China to continue to dump products in the market. The market scenario is constantly changing and there is a lot of churn with Chinese imports coming in coupled with destocking. Paushak has a diverse product mix with some products which have high value while some products are competitive with Chinese products. To mitigate the same, the company has designed the new plants with the ability to compete with these lowest price points of Chinese dumping and still be able to report better numbers. The Management intends to continue to scale up the volumes in the market. The company generally invests in the plant which intends to be sustainable in a phase wise format and carefully plan the capex to remain competitive for the long run. The company continues to add new capacities and is looking at adding a new line/stream for some specific product with a capex spend of ~Rs120mn. The company is also in process of executing a large multi-purpose plant (MPP) over the next two years. The company intends to take more approvals for the next round of capex which is anticipated to be approved in the next quarter or so. In addition to this, the company is also developing its R&D facilities which will de-bottle the next round of new products and also be able to fetch better technical abilities for future growth of the business. Paushak has cash on the books which will aid the plans to invest continuously to grow for the future. As the company is working on the new MPP, Paushak is also developing customer relations both on the domestic as well as on the international level. In the current plant as well as the new additions, the company is improving its safety standards, compliance and trying to meet all global standards. To cater to the growth plan, the company is also diligently adding manpower in the system via senior team and building a middle management team with a view to make the company more professionally run. In terms of the demand outlook, though there is uncertainty, the company intends to maintain volumes similar to last year and also add new capacities. The Management is guiding for Ebitda margins in the range of 22-25%. The company keeps adjusting the product line and product mix in the phosgene chemistries where some are high margin products and some commodity products fill up the capacity. Efforts to identify markets and products to ramp up growth is a continuous process at Paushak. The company is currently running at peak capacity. In terms of the available capacity, the operations are already occupying all downstream facilities; so the only variance where the company can fetch better margins are from the product mix variation. Going forward, it also appears, the volumes delivered by the company will continue to be flattish and the company can improve the margin profiles only till the new expansion plans begin to deliver. In terms of the land availability, the company has an adequate land bank to take care of the expansion plans. The company does not have high dependence on research as the chemistry with phosgene is relatively simple, however, not many players get the approvals for adding capacities or expansion. The company intends to focus more on the scale up via engineering and chemical engineering to fetch better competencies. Paushak is working on technological up-gradation, capacity augmentation while being more or less debt free and a dividend paying entity. Barring the current industry related glitches we feel the long term triggers for the company remain intact. The vision of the Management is very much in line with the concept of making India self-reliant in terms of specialty chemicals manufacturing, penetrate the export market with import substitute manufacturing and enhance the exports from the country. Growth for Paushak will come in phases in the next 2-4 years in the hazardous and niche products that the company operates in; **our conviction continues in the long-term story of Paushak, and maintain our target price to Rs9555.**

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Result Synopsis	
Company	**Result This Week**
Snowman Logistics Ltd **CMP: Rs50** **Target: Rs60**	The company has reported net sales of Rs1,288mn as compared to Rs873mn in the same quarter last year, growth of 47.5%. The Ebitda margins for the quarter under review stood at 18.8% as compared to 23.0% in the corresponding quarter last year. The net profit came in at Rs34mn as against Rs19mn in the same quarter last year. EPS for the quarter under review stood at Rs0.20. On the segmental, the warehousing segment grew by 11% while transportation dropped by 5% y-o-y. There was Rs406mn recorded under the trading and distribution arm of business. **<u>Outlook and Recommendations:</u>** It has been a strong start to the year with the Q1 results clocking revenue growth of 47.5% y-o-y as well as profits increase of 79.4% y-o-y. The revenue growth can be attributed to the steadfast focus on providing top tier 5PL services. All the capacities that were added in FY23 have been fully utilized. The three focus areas of the company remain to be the modern cold storage warehouses, asset light dry warehousing management services, and 5PL distribution. The company continues to provide a comprehensive range of services including storage, handling, order processing management and secondary transportation. Snowman has been witnessing a significant increase in the demand for high quality infrastructure and service providers in the cold chain industry throughout various regions in India. The 5PL services have been on track as per expectations and the focus remains to capitalize on the ongoing momentum in the industry maintaining the operational efficiencies and lean cost structure for sustainable growth and profitability. To enhance its distribution capabilities further, the company continues to add new feet trailer and reefer vehicles replacing the old ones. The asset light initiatives are also working in favour of the company. Snowman has been witnessing a significant increase in the demand for high quality infrastructure and service providers in the cold chain industry throughout various regions in India. The snow-distribute business would further help optimize warehousing and transportation resources better, improving the realizations and gradually will aid better margins as well. With more of a focus towards ecommerce and transportation, there are many changes implemented by the company which would be perks to increase the profitability. Overall with strategic modifications and capacity additions the company is well poised to benefit from the opportunities arising through the sector and industries catered. **We maintain our stance on the company for a target of Rs60.**

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NIFTY (WEEKLY)

BANK NIFTY (WEEKLY)

MARKET OUTLOOK

By forming a spinning top candlestick pattern, **Nifty50** held its long-term trendline support on the weekly time-frame, and on the daily chart, there is a possibility of a hidden bullish divergence which is indicating a reversal of the trend. Immediate support stands at 19,300 while on the higher side 1st resistance is at 19,650 followed by 19,800. **BankNifty** imitates Nifty50 by giving an indication of a possible divergence but lacks momentum on a comparative basis. It need a convincing close above 45,350 for continuing an uptrend. As indicated in the previous edition, **Auto and FMCG sectors** performed in the same manner by correcting 1.35% & 1.72% respectively; with some more downside still expected. With a bullish candlestick pattern **(Above the stomach)** at the strong support levels, the **IT sector** appears to be forming an **Inverted Head & Shoulder formation** and in the case of a breakout, one can expect a robust rally in the sector. **The Pharma** sector continued to meet our expectations with a strong performance. Going forward as well, we remain bullish on the sector and any dip should be considered as a buying opportunity. From the technical perspective, it appears that the worst is behind for **Agro/Specialty Chemical stocks;** one can take little exposure in these segments.

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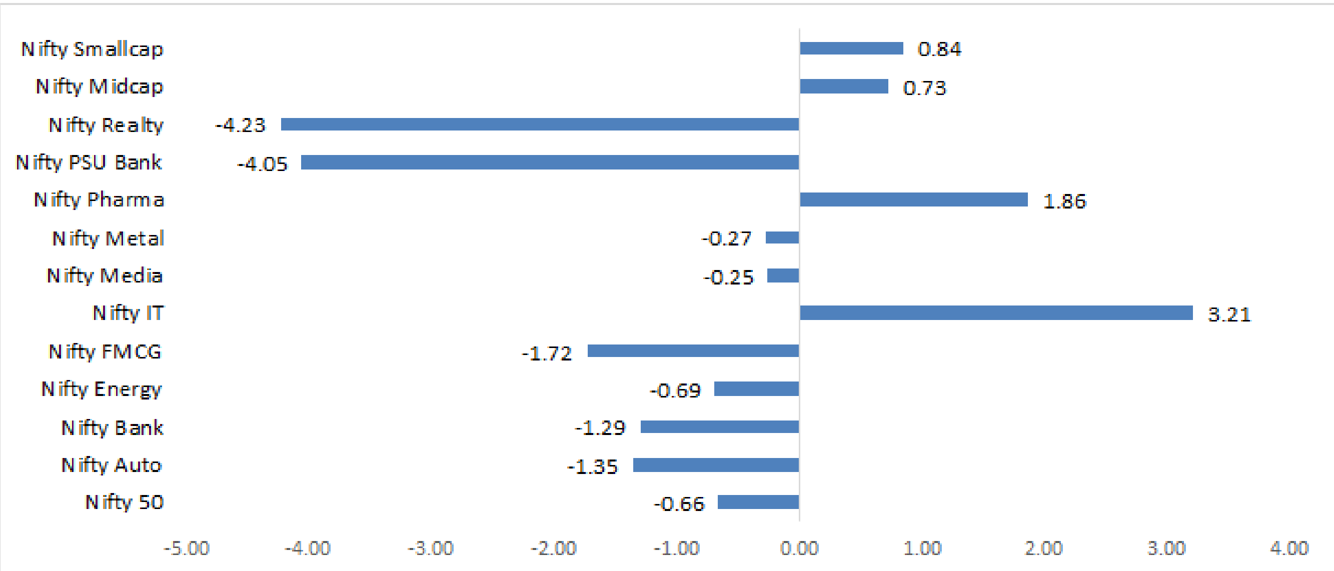
NIFTY 50 COMPONENTS (WEEKLY PERFORMANCE)

Adani Enterprises	3.14%
Adani Ports	2.53%
Apollo Hospital	(6.78%)
Asian Paints	(1.67%)
Axis Bank	0.08%
Bajaj Auto	(3.70%)
Bajaj Finance	(3.21%)
Bajaj Finserv	(6.16%)
Bharti Airtel	(0.62%)
BPCL	(3.47%)
Britannia	(2.09%)
Cipla	2.54%
Coal India	3.03%
Divis Labs	0.27%
Dr. Reddy's Labs	1.16%
Eicher Motors	0.24%
Grasim	0.22%
HCL Tech	3.53%

HDFC Bank	0.61%
HDFC Life	(2.54%)
Hero Motocorp	(7.28%)
Hindalco	1.34%
HUL	(1.35%)
ICICI Bank	(2.48%)
IndusInd Bank	0.12%
INFY	2.78%
ITC	(2.65%)
JSW Steel	(0.02%)
Kotak Bank	(1.86%)
LT	(0.79%)
LTIM	1.84%
M&M	(0.30%)
Maruti	(2.20%)
Nestle India	(0.12%)

NTPC	4.03%
ONGC	1.08%
PowerGrid	(4.28%)
Reliance	(0.80%)
SBI Life	(1.94%)
SBIN	(6.95%)
Sun Pharma	(0.00%)
Tata Consumer	(2.96%)
Tata Motors	(3.15%)
Tata Steel	(1.24%)
TCS	2.60%
Tech Mahindra	7.62%
TITAN	(2.79%)
Ultratech	(1.82%)
UPL	(3.30%)
Wipro	2.43%

SECTORAL PERFORMANCE



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SECTORAL GAINER

With gains of 3.21%, the **IT sector** outperformed the Benchmark Index. All the components ended the week with gains; Tech Mahindra (+7.62%) and LTTS (+4.88%) were the top performers followed by Coforge (+4.16%) and HCL Technologies (+3.53%). As shown in the chart, the sector has formed a bullish candlestick pattern (Above the stomach) at the strong support levels. It appears that the sector is forming an **Inverted Head & Shoulder formation** and in the case of a breakout, one can expect a robust rally in the sector.s

SECTORAL LOSER

The **Realty sector** ended the week with a loss of 4.23% and underperformed the Benchmark Index. A mixed activity was seen where Brigade (+1.70%) and IB Real (+1.02%) were the gainers while Godrej Properties (12.40%) was the major laggard followed by Lodha (5.56%) and Sobha (5.28%). The momentum indicator RSI is pointing toward the reversal in the form of a possible **hidden bullish divergence,** one should wait for the confirmation.

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