



**WEEKLY  
WRAP-UP**

02<sup>ND</sup> MAY - 06<sup>TH</sup> MAY 2022

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**HIGHLIGHTS OF THE WEEK****02 May 2022– 06 May 2022****DOMESTIC:**

- HDFC raises home loan rate by 5bps for existing customers
- Vedanta looking to raise up to USD3bn in debt for semiconductor manufacturing
- NTPC invites EOI to produce torrefied biomass pellets from Indian startups
- Hero MotoCorp sales jump over 12% in April driven by strong growth in motorcycles biz
- Global chip shortage: Hero Electric reports zero dispatches in April
- Tata Steel to complete NINL acquisition within this quarter: CEO
- NTPC to raise Rs2,000cr via stake sale in renewable energy arm
- Godrej Properties to add over 10 housing projects to development portfolio in FY23
- TVS Motor sales rise 24% in April
- Adani Wilmar acquires Kohinoor rice, strengthens its presence in food segment
- Route Mobile to buy Teledgers' blockchain, DLT platform for about Rs130cr
- UPL acquires new naturally-derived fungicide
- Eris acquires Oaknet Healthcare for Rs650cr to gain foothold in derma segment
- State Bank of India to raise USD2bn through overseas bonds in FY23
- Tata Power Renewables commissions 120MW solar project in Gujarat
- HDFC Bank opens over 1,000 branches during pandemic
- Mahindra ties up with J&K Bank for tractor, farm equipment loans
- Tata Power Solar bags Rs5,500cr order from SJVN for 1GW project
- RailTel bags order worth Rs97.64cr from Madhya Pradesh Govt.
- Tata, NTPC, AMP lowest bidders in SECI auction
- ArcelorMittal offers Rs800cr upfront to Indian Steel lenders

**ECONOMY:**

- GST revenues at all-time high of Rs1.68lakhcr in April
- Big Fed rate hikes ahead, amid early signs hot inflation is peaking
- RBI raises repo rate by 40bps in surprise move; CRR increased by 50bps

**INDUSTRY:**

- Pharma exports hit Rs1.83lakhcrore in 2021-22
- Aviation fuel prices rise by 3.22% to record the steepest hike of all time
- Coal India output rises to record high of 534.7 lakh tonnes in April

**HIGHLIGHTS OF THE WEEK**
**02 May 2022– 06 May 2022**
**INITIATING FUNDAMENTAL PICK:**
**Rupa & Company Limited**

CMP-Rs528 | Target Price-Rs660 | Industry-Garments &amp; Apparels

**COVERAGE NEWS:**

**Ajanta Pharma Ltd:** The Board has indicated of considering an issue of bonus shares (in its upcoming board meeting scheduled at 10th May, 2022) subject to approval by the shareholders of the company.

**Aurobindo Pharma Ltd:** The company's wholly owned subsidiary Eugia Pharma has received a USFDA final approval to manufacture and market Bortezomib Injection, 3.5mg. As per IQVIA, the approved drug has a market size of USD1172mn for twelve months ended March, 2022.

**Sadhana Nitrochem Ltd:** The company has informed the exchange that the plant related to manufacturing Para Aminophenol (PAP) is ready and production can commence once the company receives permission to store liquid ammonia from the Petroleum & Explosive Safety Organization (PESO).

**Gland Pharma Ltd:** The company through its partner has launched Bortezomib for Injection, 3.5mg/vial, single dose vial in the US market. As per IQVIA, the approved drug has a market size of USD1172mn for twelve months ended March, 2022.

**Alembic Pharmaceuticals Ltd:** The company's wholly owned subsidiary Aleor Dermaceuticals has received USFDA final approval for Docosanol Cream, 10% (OTC). As per IQVIA, the approved product has a market size of USD60mn for twelve months ended Dec, 2021.

**Hind Rectifiers Ltd:** The company has secured orders worth Rs577.9mn and as on 30th April, 2022 has a pending order book worth Rs3840mn.

**HFCL Ltd:** HFCL and Wipro have joined hands for the development of 5G transport equipment for Indian and global telecom operators. The offering aims to empower enterprises to realize their 5G-enabled vision and increase the speed with which they can bring high-quality 5G solutions to the market.

**The Week That Went By:**

Bears continued to dominate the markets as Nifty50 started the week on a tepid note; banking counters helped the Index recuperate from the lower levels. On 2nd trading session, shocking decision of 40 bps rate hike by MPC led to a freefall across the board. Following strong global indication, Nifty50 started the weekly expiry on a firm note but higher levels did not last long and Index erased all its gains. Fear of aggressive rate hike by FED dragged the US markets lower and the same effect was witnessed in the Indian markets too as Nifty50 continued to trade lower to end the week at the lowest level of 2 months.

**Nifty50=16411.25**
**BSE Sensex30=54835.58**
**Nifty Midcap 100=28584.20**
**Nifty Smallcap100=9559.15**

**HIGHLIGHTS OF THE WEEK**
**02 May 2022– 06 May 2022**
**Result Synopsis**

Company	Result This Week
<b>HFCL Ltd</b> <b>CMP: Rs69</b> <b>Target: Rs110</b>	<p>The net sales for the quarter de-grew by 16.5%; Rs10,660mn as against Rs12,769mn in the same quarter last year. The EBITDA margin for the quarter under review stood at 9.0% as compared to 12.5% in Q4FY21. The net profit came in at Rs619mn as against Rs825mn in the same quarter last year. The EPS stands at Rs0.45. On the segmental front, growth of 59.6% was witnessed in the Telecom products while the Turnkey Contract &amp; Services reported de-growth of 37.3%. The Board of Directors has recommended a dividend of Rs0.18 per equity share of FV of Rs1 each for FY22.</p> <p><b>Outlook and Recommendations:</b>                      The performance for the quarter under review were impacted on account of pressures seen across the raw material front, global pressures, increased logistics cost; the effects of which were seen at the gross and ebitda margins as well as the bottomline. However, anticipating increased realizations for newer orders in order to hedge against the cost pressures would offset these headwinds to some extent. HFCL has decent order book in hand for various network projects catering to public telecommunications, defence and railways which would be reflected in its numbers as and when they get fructified. Apart from this, the company foresees immense opportunities at the onset of the 5G rollout, BharatNet projects; all of which would boost the Total Addressable Market (TAM) across the diverse portfolio (OFCs, telecom equipments and 5G related equipments and services) for the industry as a whole. The company too caters to 5G related equipments which are expected to be on the cards during the later part of the financial year. The TAM for HFCL's defence electronics in India is expected to be USD3.5bn by FY25E. HFCL's continued investment in R&amp;D, investment in technology inclusive of 5G solutions and progressing on developing new types of OFCs for the exports markets, are expected to intensify the product base and the global footprint for the company in the near future. <b>We thus continue to maintain our target price of Rs110.</b></p>
<b>Kirloskar Pneumatic Co. Ltd</b> <b>CMP: Rs415</b> <b>Target: Rs525</b>	<p>The company has reported net sales of Rs3984mn as compared to Rs4151mn in the same quarter last year, drop of 4.02%. The Ebitda margins for the quarter under review stood at 19.5% as compared to 17.4% in the corresponding quarter last year. The net profit came in at Rs544mn as against Rs503mn in the same quarter last year. EPS for the quarter under review stood at Rs8.45 as compared to Rs7.84 in the corresponding quarter last year.</p> <p><b>Outlook and Recommendations:</b>                      The war in Europe brings in concerns as well as opportunities for players like KPCL. The immediate challenge for the industry is to tackle the issues related to the cost of commodities. The issues related to supply chain continues where key plants in China are under lockdown with piling up of cargos in various ports; thus the availability of containers and shipping is another challenge. On the medium to long term basis, this will help open up newer markets which will have higher demand in Europe. Vision of the Management is to improve the margins gradually on a y-o-y basis as volumes improve, margins improve should be seen and maintain a healthy product mix. The company is taking several steps to ensure that the margins are not eroded. The company has enhanced its inventory levels in order to start the year on a good note and with new product launches anticipated; the Management is looking at a double digit growth on the top as well as the bottom-line. KPCL already has the capacity to serve the order book. The historical gas imports of India which have been addressed are ~52% of demand and with the increasing demand for gas and allied products will only increase. The company has the advantage of being a leading player in the gas and CNG based related businesses. The enquiries and order inflow continue to remain strong across all products and industry served by KPCL. The company also anticipates launching a new product in Q1FY23; the strong and active enquiry pipeline would further allow KPCL to get orders at viable prices and with shorter execution cycles. The Management continues to maintain its aspirational target of Rs20bn plus in the next 2-3 years. One should keep in mind, the company should be analysed on a yearly basis, rather than quarterly analysis of the business as well as margins. All the triggers mentioned above position well for slow but consistent growth of KPCL and <b>we continue to maintain our target price of Rs525.</b></p>
<b>Alembic Pharmaceuticals Ltd</b> <b>CMP: Rs722</b> <b>Target: Rs857</b>	<p>The net sales for the quarter came in at Rs14.2bn as compared to Rs12.8bn in the same quarter last year. The EBITDA margin for the quarter under review stood at 11.3% as against 25.0% in Q4FY21. The net profit de-grew by 85.9% to Rs0.35bn as against Rs2.51bn in the comparative quarter. The EPS stands at Rs1.8. For Q4&amp;FY22, the consolidated result reflects a non-recurring expense of Aleor's accelerated amortization of existing intangible assets and non-recognition of current year R&amp;D expenses as intangible assets. The negative impact in consolidated P&amp;L is amounting to Rs1,880mn at PBT level and Rs1,450mn in PAT. For Q4FY22, the India branded business grew by 25% while the US generics grew by 17%. The company has recommended dividend of Rs10 per equity share for FY22.</p> <p><b>Outlook and Recommendations:</b>                      It was an overall decent quarter and wrap to the year for the company. The profits came in at Rs350mn which needs to be adjusted for the Rs1,880mn non-recurring expense that impacted the operating margins as well as the overall profitability. The key to the growth was the strong growth across the domestic business, well supported by the US generics growth. The company stays optimistic about the remediation measures for the F3 plant (which had Form-483 issued with observations) and is crucial with regard to US launches. The approval as well as the launch pipeline is encouraging for the year ahead which will help the company grow from the current base while being margin accretive. The US business overall should start gathering steam with the launch of FTFs expected. The traction is expected to improve backed by a strong new product pipeline, market share gains, and one-off opportunities, which are likely to sustain in the near future. The India business performed across most of the products and therapy areas. It has reported strong market beating performance and expects to continue the same going forward as well. It targets to beat the IPM growth in FY23 as well. Strength in the domestic business without much of the Covid contribution should provide the base to the earnings. Overall, the company is well poised to capture the emerging opportunities across its key markets; India and US through the new launches and a steady growth trajectory going forward. However, in the current scenario considering the raw material cost and pricing pressures, longer time taken for USFDA resolutions and Aleor integration on the operational front, <b>we have a Neutral stance on the stock maintaining the target price of Rs857.</b></p>

**HIGHLIGHTS OF THE WEEK**

**02 May 2022– 06 May 2022**

**NIFTY (WEEKLY)**



**BANK NIFTY (WEEKLY)**



**MARKET OUTLOOK**

All the sectors are in the corrective phase. One needs to be selective as markets will be driven by stock specific activities. Considering the recent fall in the markets, one needs to SIP in companies with sound and strong fundamentals. Earnings and other global factors will add to the volatility in the markets. It is too early to gauge, but it looks like Major indices are in the last leg of the probable Inverted Head & Shoulder formation.

## HIGHLIGHTS OF THE WEEK

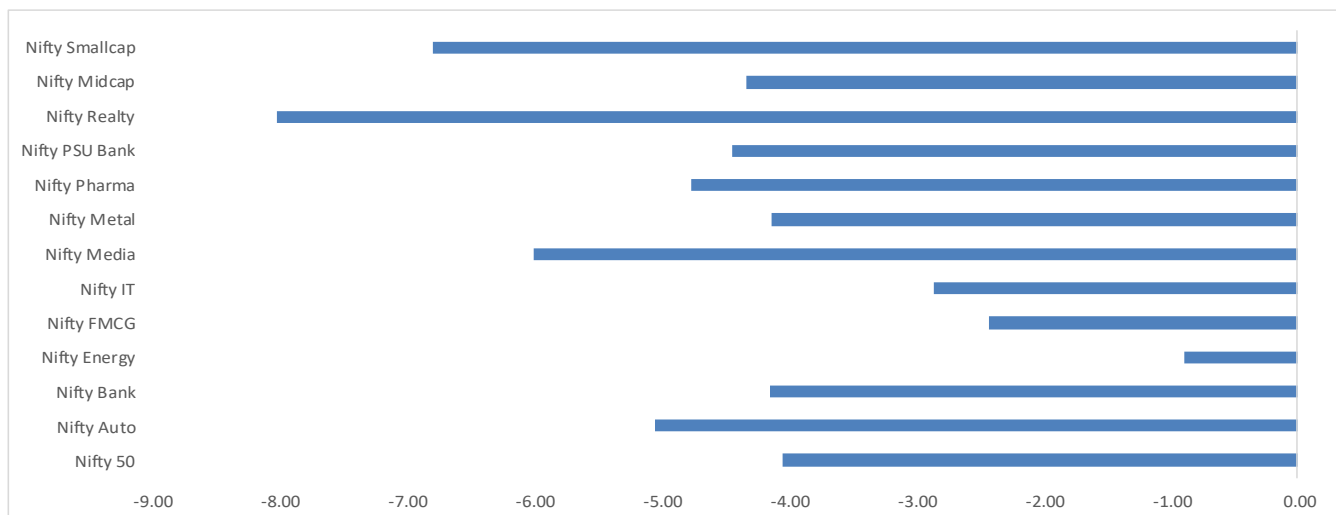
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### NIFTY 50 COMPONENTS (WEEKLY PERFORMANCE)

Adani Ports	-5.30	HDFC Bank	-4.59	ONGC	4.05
Apollo Hospital	-13.93	HDFC Life	-2.64	PowerGrid	4.79
Asian Paints	-6.56	Hero Motocorp	2.53	Reliance	-5.81
Axis Bank	-7.50	Hindalco	-8.01	SBI Life	-3.31
Bajaj Auto	-6.15	HUL	-3.80	SBIN	-2.18
Bajaj Finserv	-10.02	ICICI Bank	-3.00	Shree Cement	-7.60
Bajaj Finance	-8.34	Indusind Bank	-6.13	Sun Pharma	-5.23
Bharti Airtel	-3.79	INFY	-1.44	Tata Consumer	-7.37
BPCL	-1.27	ITC	2.35	Tata Motors	-6.34
Britannia	0.79	JSW Steel	-4.76	Tata Steel	1.25
Cipla	-4.62	Kotak Bank	-0.70	TCS	-2.92
Coal India	2.38	LT	-4.15	Tech Mahindra	3.01
Divis Labs	-7.58	M&M	-2.86	TITAN	-9.89
Dr. Reddy's Labs	-4.95	Maruti	-5.71	Ultratech	-6.58
Eicher Motors	-10.11	Nestle India	-7.18	UPL	-4.28
Grasim	-7.40	NTPC	1.92	Wipro	-4.42
HCL Tech	-2.44				
HDFC	-3.17				

\* Gain/ Loss in %

### SECTORAL PERFORMANCE



**HIGHLIGHTS OF THE WEEK**

**02 May 2022– 06 May 2022**

**SECTORAL LOSER**



Underperformance by the **Realty sector** has been extended as sector has ended the week with a massive cut of 8.02%; all the components have ended the week in red. Sector managed to close at its long term trendline support.

With the Market sentiment being bearish all the sectors have ended the week on a negative note.

## HIGHLIGHTS OF THE WEEK

02 May 2022– 06 May 2022

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