WEEKLY WRAP-UP

06TH FEBRUARY - 10TH FEBRUARY 2023

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HIGHLIGHTS OF THE WEEK 06 Feb 2023-10 Feb 2023

DOMESTIC:

- Emami sees 200-300bps margin growth on year in March quarter
- Ceat aims to tap opportunities as world looks for alternative to China
- Adani Group planning to cut short its capital spending plans: Report
- Tata Power to operationalise solar cell, module facility by Dec: CEO Sinha
- Tata Motors to operationalise Ford's Sanand unit in Gujarat in 12-18 months
- LTIMindtree bets on combined expertise to deliver end-to-end capabilities
- NMDC Steel to IDBI Bank among half a dozen disinvestment entities in the forefront
- Vishnu Chemicals plans to raise Rs400cr through QIP
- Sheela Foam looks to buy furniture rental Furlenco
- Hero MotoCorp needs to recover market share in 125cc bike segment: CFO
- Adani plans to prepay USD500mn loan due in March to banking group
- ARPUs rising to Rs 300-levels vital, will happen in due course: Airtel CEO
- Airtel to trim 4G capex with up to 30% jump in 5G traffic
- TCS bags GBP600mn deal from Phoenix
- Adani Total Gas expects to receive 2.2 MT LNG at Dhamra terminal in FY24
- Tata Steel will return to debt repayment trajectory next year
- ONGC in talks with energy giants for deepwater exploration technologies
- Essar embarks on new phase of growth, to invest in across energy, steel and mining sectors
- India a bright spot for Suzuki despite global slowdown
- Coal India Ltd’s wage bill to hit Rs46,000cr after union deal
- Paytm expects to sustain performance, completes Rs796cr share buyback
- India’s first hydrogen combustion engine tech for heavy-duty trucks unveiled by RIL
- State Bank of India opens third specialised Startup branch in Gurugram
- Mahindra to invest USD121mn to set up EV facility in Telangana
- Air India finalises deal with Airbus for buying around 250 planes
- CCI gives nod to KKR purchasing stake in Hero Future Energies Global

ECONOMY:

- FPIs register steepest outflow in 7 months at Rs28,852cr in Jan
- RBI rate hike on expected lines; policy focuses more on inflation despite recent moderation: Bankers
- Budget 2023-24 will give boost to fund-starved sectors: MSME secretary

INDUSTRY:

- Cement industry rivalry may ease on Adani turmoil
- FMCG makers see shoots of revival in rural mkt, increase marketing spends
- India banks sound, not lending on market cap: RBI Governor

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COVERAGE NEWS:

Aurobindo Pharma Ltd: Aurobindo Pharma announced that its step-down subsidiary company, Aurolife Pharma LLC., has received a final approval from the USFDA to manufacture and market Diclofenac Sodium Topical Solution USP, 2% w/w. The product is expected to be launched in Q1FY24. The approved product has an estimated market size of around USD487mn for the twelve months ending December 2022, according to IQVIA.

Antony Waste Handling Cell Ltd: The company's subsidiary AG Enviro Infra Projects Private Ltd has been awarded a contract for collection, transportation, processing & disposal of construction & demolition (C&D) waste for western division of Mumbai for ~Rs10.24bn for a period of 21 years (including 12-month mobilization period).

Sun Pharmaceuticals Ltd: The company has received final approval from USFDA for its ANDA for generic lenalidomide Capsules, 5/ 10/15/25mg and tentative approval for 2.5/ 20mg. Celgene granted Sun Pharma a license required to manufacture and sell certain limited quantity of generic lenalidomide capsules in the US beginning sometime after March 2022 and sell an unlimited quantity of generic lenalidomide capsules in the US beginning January 31, 2026.

The Week That Went By:

Throughout the week, Index remained in a tight range and finally ended the week with minuscule gains of 2.45 points at 17,856.50. On a sectoral front, Realty, Media and PSU Banks outperformed while hammering continued in the Metal sector followed by Energy sector. Despite the choppy trade in the Index, buying traction was seen in the Broader markets as Midcap and Smallcap ended the week with gains of 2.14% and 1.18% respectively.

Nifty50=17,856.50 **BSE Sensex30=60,682.70** **Nifty Midcap 100=31,029.45** **Nifty Smallcap100=9,526.40**

Result Synopsis	
Company	**Result This Week**
Divi's Laboratories Ltd **CMP: Rs2811** **Target: Rs2900**	The net sales for the quarter under review de-grew by 31.5% to Rs17,077mn as compared to Rs24,932mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 23.9% as against 44.0% in Q3FY22. The net profit came in at Rs3,068mn as against Rs9,018mn in the comparative quarter last year. The EPS for the quarter under review stood at Rs11.56 as compared to Rs33.99 in the corresponding period last year. **<u>Outlook and Recommendations:</u>** Although operationally things have rolled back to normalcy, with no disruption of shipments, timely fulfillment of orders as the global logistics also showed improvement; Divis did take a hit on performance for varied reasons. The revenues indicate the non-existence of any substantial covid molecules opportunity that the company had enjoyed which led to the drop in sales for the quarter under reference. Hence, the business is presented as on today in this quarter. The share of generics has one up in product mix and those products were tackling pricing pressure, explaining the lower gross margins. Still the top generic products did show volume growth despite the pricing pressure visible through the increased contribution of generic sales during the quarter. The Ebitda margins have been depressing majorly due to the RM costs and pricing pressures faced. This has had a substantial impact on the operational front. However, the management has indicated of witnessing RM costs getting better, procurement stabilizing with pricing pressure also easing which should help the GM and Ebitda margins be better off going forward. The company has indicated that volume and pricing improvement, new generic products, investment across new technology across different chemistries should lead to better quarters going ahead. Going forward, patent expiries (2023-2025) would boost the generics business of Divis. Contrast media is another segment that the company is betting on with 2 key products marching towards commercialization. Overall, there has been softness in the reporting across segments by the company, but gradually with the triggers coming to the forefront again; they should start heading towards growth again. We have toned down the numbers to factor in the various pointers across business be it headwinds on profitability or moderate earnings outlook, which need a leap to get back to the levels that Divis has always shined upon. **We maintain a Neutral on the stock for a target of Rs2900.**
S H Kelkar and Co. Ltd **CMP: Rs120** **Target: Rs150**	The net sales stood at Rs3849mn as compared to Rs3992mn in Q3FY22, drop of 3.6%. The Ebitda margins stood at 11.3% as compared to 14.9% in Q3FY22. The net profit came in at Rs134mn as against Rs323mn in Q3FY22. On segmental front, Fragrance reported a drop of 5.2% on a y-o-y basis while the Flavours division reported growth of 15.7% (y-o-y basis). The EPS for the quarter stood at Rs0.96. **<u>Outlook and Recommendations:</u>** The company has reported subdued results for the quarter under reference. This was largely on account of the muted demand scenario in European and Emerging markets. On a segmental front, the fragrance division delivered steady performance during 9MFY23 despite demand challenges. The recent acquisition done with Holland Aromatics too delivered strong revenue growth during the period under review while the flavours segment reported healthy growth in India alongwith strong performance from NuTaste. The company did witness a one time impact on the export flavour business at the distributor level (with the consumer demand remaining intact) but these lost sales have been restored in the last month. Having reported a drop in the topline driven by muted demand in key geographies, one time impact and raw material procurement related issues, the effect of the same has been reflected in the Ebitda margins and thus at the PAT levels for the quarter under reference. At present, the RFP tenders worth Rs1000mn have underwent final submissions and the testing phase, the results of which would be reflected in the second half of this financial year. SHK expects to bag good commercial orders even in the coming months which would drive up the revenues in the next financial year. In order to rule out the dependency on two key products from a single geography, the company is working on tie-ups with specialty/agrochemical companies and are in the process of actively sourcing alternate suppliers. Overall, due to the demand scenario coupled with uncertainty on improvement and the possible ramp up in the business due to RFP tenders **we have toned down our estimates and revised our target price to Rs150.**

Result Synopsis

Company	Result This Week
Sumitomo Chemical India Ltd **CMP: Rs448** **Target: Rs600**	The revenues for the quarter under review came in at Rs7537mn as compared to Rs7072mn in the same quarter last year, growth of 6.6%. The Ebitda margins came in at 16.0% as compared to 17.9% in the same quarter last year. The net profit for the quarter ending Dec 2022 came in at Rs905mn as compared to Rs889mn in the same quarter last year. The EPS for the quarter stood at Rs1.81 as compared to Rs1.78 in the same period last year. **Outlook and Recommendations:** The company has reported decent results for the quarter under reference. The revenues and the bottom line were primarily modest due to a couple of factors (at the industry level) like higher carry over inventory from the Kharif season thus leaving limited room for further inventory push. Additionally, sharp decline in revenue from the fungicide segment too added to an overall miss at the topline growth for the company. The domestic volume growth for SCIL during the quarter had been largely benign on account of challenging environment; but the company was able to partially offset the same led by price hikes. Despite witnessing slight slowdown in LatAm due to high channel inventory, the exports market has continued to report robust growth (growth of 39% on a y-o-y basis for 9MFY23). As mentioned in our earlier quarterly notes as well, SCIL views bio-rational products as an important market in India and has lined up 3 products which would be registered very soon (to be introduced in FY24E). While the concerns and actual assessments across the recent government order on Glyphosate prevail, the Management did indicate in the past of having the capability to build the necessary infrastructure within the stipulated time period. The company continues its efforts to enhance the product mix, revamp the distribution reach and scale up the existing capacities in the near term. Overall, SCIL has a strong growth potential owing to healthy launches in the domestic market with a good potential to ramp up on the exports market as well. The company continues to focus on cost optimisation, robust evaluation of new product pipeline advancements in the near future. The company has strong brand equity with market leading position across various product categories and a robust balance sheet. **We thus continue to maintain our target price of Rs600.**
Engineers India Ltd **CMP: Rs81** **Target: Rs100**	The net sales for the quarter grew by 21.9% to Rs8,306mn as compared to Rs6,816mn in the same quarter last year. On the segmental front, Consultancy & Engineering Projects reported drop of 3% (Revenue at Rs3,502mn) while Turnkey projects grew by 50% (Revenue at Rs4,803mn) respectively on y-o-y basis. The Ebitda margins for the quarter under review stood at 5.6% as compared to 9.2% in the corresponding period last year. The net profit came in at Rs478mn as against Rs680mn in the comparative quarter. The EPS for the quarter ending Dec, 2022 stands at Rs0.85 as against Rs1.21 in the comparative quarter. **Outlook and Recommendations:** The company has reported decent results for the quarter under reference. While the topline has shown an improvement of 22% on a y-o-y basis and (6.2% on a q-o-q basis) 17.1% for 9MFY23; the margins for the quarter has seen a dip mainly on account of the higher construction material and other expenses. The turnkey segment has reported a good growth of 50% for the quarter under reference which did boost the topline for the company. As mentioned in our earlier quarterly notes as well, EIL expects additional order inflows of ~Rs40bn of which major portion is expected to be attributed to the consultancy segment. India's refining capacity is expected to increase to 443MT from the present 250MMT by 2030 which would essentially help EIL to act as a beneficiary for this expansion. EIL continues to diversify into new avenues such as green hydrogen related projects thus enabling it to grab the opportunity to work closely with the tech providers. Over the years, the company has been a preferred partner for oil and gas PSUs. Overall, moderate order inflows, improved executions, leaner balance sheet and strong project pipeline augur well towards the growth visibility in the long run for EIL. **We continue to maintain an accumulate on the stock for a target of Rs100.**

Result Synopsis

Company	Result This Week
GMM Pfaudler Ltd **CMP: Rs1569** **Target: Rs2000**	On a consolidated level, the company has reported net sales of Rs7,923mn as compared to Rs6,423mn in the same quarter last year, growth of 23.4%. Ebitda margins stood at 14.9% as compared to 12.82% in the corresponding quarter last year. Net profit came in at Rs187mn as against Rs377mn in the same quarter last year. EPS for the quarter under review stood at Rs4.15 **Outlook and Recommendations:** The current performance remains on track to meet FY25 guidance of the Management, commodity and energy costs continue to remain a concern; however, the company is working towards cost control measures across various geographies to mitigate the same. GMMP is a technology leader with a very strong brand recall and coupled with the new investments in Europe and the US, GMMP is the first choice for many players in the industry with almost all the products required for corrosion resistance technologies under one umbrella. GMM continues to be in a strong position to pick and choose the orders and continues to analyse business profiles for further growth via M&A. The players to which GMMP caters to i.e. chemicals and Pharma are seeing customers investing in new capacities which provide a positive outlook. GMMP is in a strong position with strong order visibility of ~9-12 months. Value sourcing will continue to remain the key in addition to the bottom-line for GMMP. The Management is targeting to be debt free by FY28 which is a conservative target as the cash flow generated over the period of time will help reduce the debt burden. The company intends to focus more and develop the F&D or the mixing businesses which has immense potential to grow with a good margin profile. The recent acquisitions made by the company are doing well and will keep on adding to the anticipated guidance on the top-line as well as the bottom-line. Apart from the maintenance capex, there are not many major capex plans chalked out by the company; apart from small acquisition plans related to the mixing business if they fit well with the synergies of GMMP. These initiatives will definitely propel the upcoming growth of GMMP coupled with better margin profiles. The Management is focused on mixing and wants to create a global brand to become one of the top three players on a global level. The Management believes, the margins of the international business can continue in the same range of ~14-15% which will be propelled by the high margin business acquisitions; Mixel is a good business with better margins, the company is looking at better revenue and margins from this business; which is a technology play which will improve the efficiencies of the customers related to the batch time, cross sell the GLE very well while opening a number of new set of industries. All the initiatives taken by the company with a strong execution plan, build our confidence in the business, and we continue to advocate sipping into the stock while **maintaining our target price of Rs2000.**
Axtel Industries Ltd **CMP: Rs205** **Target: Rs250**	The net sales for the quarter came in at Rs404mn as compared to Rs380mn in the same quarter last year, growth of 6.3%. The Ebitda margins stood at 9.0% as compared to 8.8% in the same quarter last year. The net profit stood at Rs22mn as against Rs19mn in the comparative quarter. The EPS for the quarter stood at Rs1.37 as compared to Rs1.20 in the same quarter last year **Outlook and Recommendations:** Although the results have been flattish on the revenue front, the company has managed to maintain the operatingmargins, indicating its cost efficiency measures coming into play. Sequentially, the gross margins have been lower, which will gradually improve with the easing of raw material prices. This has been the trend in the 9MFY23 performance of the company, with raw material prices having touched new highs coupled with execution slowdown. However, the capex related to heavy industries have been getting back on their chalked plans which should benefit the company in quarters to come. Food, Pharma, chemicals and other manufacturing industries are trying to get back to their original business expansion plans. A lot of impetus has been given to this space through the budget as well, where capex outlay was on the northward trajectory. Since, the company can offer solutions across the value chain, it stands out to be a one-stop solution when compared to its peers. Overall, with the current growth boosters for the economy remaining intact and in the limelight we feel that the company should be able to tap major opportunities while betting on its scalability, brand recall and value chain benefits. **We maintain accumulate on the stock for a target of Rs250.**

Result Synopsis	
Company	**Result This Week**
Bharat Rasayan Ltd **CMP: Rs8933** **Target: Rs15,000**	The net revenue for the quarter under review degrew by 7.8% to Rs3093mn as compared to Rs3354mn in the same quarter last year. The EBITDA margins for the quarter under review stood at 17.0% as compared to 20.9% in the same quarter last year. The net profit came in at Rs391mn as against Rs484mn in the comparative quarter. EPS for the quarter under review stood at Rs88.01 as compared to Rs110.42 in the corresponding period last year **Outlook and Recommendations:** The company has reported yet another subdued quarter with a decline of ~7.8% on y-o-y basis (in a challenging environment for agrochem players), but with an uptick of 6.0% on a q-o-q basis; in addition to this, lower operating profits translating into lower profits for 9MFY23. The industry as well as the company is passing through a challenging environment where all the agrochemical players have faced headwinds related to input costs, freight costs, other expenses and unfavourable weather conditions. BRL continues to report consistent, competitive and profitable growth coupled with improved financial performance due to a well-balanced and favourable product mix. If one notices carefully, BRL has a declining Debt-equity ratio where along with the reduction in debt burden and operational efficiencies of the company have gradually started kicking in. The company has a strong product portfolio, wide spread distribution network, good brand equity, strong R&D team, and with the right investments to scale-up the business, BRL has been expanding its 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 (especially in LATAM). The Management believes in ploughing the surplus cash generation into expansion of operation which explains the conservative approach towards dividend distribution. The Management has the vision to backward integrate in some of the key input materials coupled with constant capex plans which continue to the key parameters to propel growth of BRL in the years to come. The company has strong relationships with its customers and intends to capitalise on long term benefits via JVs. All the factors mentioned above blend in well as a good value creation entity for long term investors and **we maintain our target price of Rs15000.**
TTK Healthcare Ltd **CMP: Rs965** **Target: Rs1325**	The net sales for the quarter grew by 15.0% to Rs1,826mn as compared to Rs1,587mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 4.6% as compared to 5.3% in the comparative quarter last year. The company reported net profit of Rs120mn as compared to a profit of Rs62mn in the same quarter last year. The EPS for the quarter stood at Rs8.49 as compared Rs4.36 in the corresponding period of last year **Outlook and Recommendations:** The company has reported a good set of numbers for the quarter under review as well for 9MFY23. The revenues have shown a 15% y-o-y growth led by the contribution from the medical and protective devices segment. The other segments of business have also done decently well (considering the major contributing segment of Pharma not present in Q3 numbers). Although on a y-o-y comparison, the operating margins have been lower, but when compared on the q-o-q basis there has been an improvement indicating a gradual pick up in performance. The PAT has been organically impressive with almost 100% growth without any exceptional gains during the quarter. Going forward, the company is well focused on its legacy brands to take the consumer division to the next level. The protective division is another area of focus for the company along with the food division maintaining its contribution. The key segment of medical devices, now with secondary care getting back on track should also have increased contribution through the elective surgeries to be conducted going forward. TTK Chitra being the most cost effective device creates optimism to the overall medical devices division considering the adequate response that the company has received in the recent past. The immense demand in the orthopaedic implants market and the renowned tie up with BP Trust (USA) augurs well for TTKHL. On the financial front, TTKHL has an extremely strong balance sheet with almost negligible debt in its books, good amount of cash & bank balances with a better ICR ratio. Backed by the triggers in the industries that the company caters to, we are quite optimistic on future tailwinds that should bode well for the prospects of TTKHL. **We maintain Buy on the stock for a target of Rs1325.**

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Result Synopsis	
Company	**Result This Week**
Ultramarine & Pigments Ltd **CMP: Rs341** **Target: Rs500**	The net revenue for the quarter under review de-grew by 2.7% to Rs1496mn as compared to Rs1537mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 21.6% as compared to 14.9% in the same quarter last year. The net profit came in at Rs194mn as against Rs149mn in the comparative quarter. EPS for the quarter under review stood at Rs6.64 as compared to Rs5.11 in the corresponding period last year **Outlook and Recommendations:** On the segmental basis, the Laundry & Allied Products has seen a decline of ~6.2% on a y-o-y basis and ~1.9% on q-o-q basis; while there has been a sharp uptick in the segment for IT Enabled Services with an uptick of ~52.6% on a y-o-y basis and ~4.8 on q-o-q basis. Despite a decline in the turnover by 2.7%, the company has been able to report good profitability with better margins on a y-o-y basis. The operating margins have seen an uptick; 21.6% for the quarter under review compared to 14.9% in the corresponding quarter of last year. This seems to be due to better product mix and easing of basic raw materials and commodity prices. Had this exceptional item not been there for the quarter under review, the q-o-q profitability would have been in line with the quarter ending September 2022. During the quarter under review, the company's wholly owned subsidiary Ultramarine Specialty Chemicals Ltd had successfully commissioned Pigments Project Phase 2 of 150MT (total capacity of 2800MT). The small capex plans which are a constant process at Ultramarine have seen some revision in the total outlay of the project to inflationary pressures. However, the system to invest in capex to generate cash flows and re-invest the surplus is a slow and constant process for the company. The capex plan continues in the form of micro-injections. The company is looking at adding new products in the speciality chemicals segment for home, personal care, flavours & fragrance industries as well as looking at developing high value complex inorganic pigments. While the company continues to explore opportunities in the exports market, the demand for industrial pigments in the domestic as well as on the international front is encouraging in end user segments including Auto and end user durables; this bodes well for all the players across the pigment industry. All these factors blend in well for the upcoming growth of the company, and thus **we maintain a positive view on the stock for a target of Rs500.**
SKF India Ltd **CMP: Rs4382** **Target: Rs5400**	The net sales for the quarter under review grew by 11.4% to Rs10,772mn as compared to Rs9,670mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 17.1% as against 12.7% in Q3FY22. The net profit came in at Rs1,165mn as against Rs889mn in the comparative quarter last year. The EPS for the quarter under review stood at Rs23.60 as compared to Rs18.00 in the corresponding period last year **Outlook and Recommendations:** It has been yet another quarter of consistent and gradually improving performance by the company seen over the last 9MFY23. Sequentially the numbers look a bit lower but on a y-o-y comparison there has been growth across segments. The fluctuations with regard to raw material prices and the commodities as a whole have been well managed by the company reflected in their operating performance. Both the Auto as well as the Industrial segment that the company caters to, had seen worst of times during the pandemic. However, now things have been turning around with regard to capex executions as well as consumer supply-demand mismatch corrections. Going forward, the company would continue to constantly innovate and cater to the requirements of the customers across electrification or new construction equipments or be it developing performance/diagnostic capabilities. The company has been working at localizing across both the industrial as well as the Auto segment to ease out on supply constraints and reduce import dependency translating into better realizations. The company continues to improve operating efficiencies, and most importantly have momentum on robust cash flow, and disciplined cost and investment approach to create long-term value for all our stakeholders. **We maintain our positive stance for a target of Rs5400.**

Result Synopsis	
Company	**Result This Week**
Nesco Ltd **CMP: Rs583** **Target: Rs750**	The standalone net sales for the quarter under review came in at Rs1,428mn as compared to Rs934mn for the same quarter last year, recording a growth of 53.0%. The Ebitda margins came in at 57.3% as compared to 65.4% in the same quarter last year. The net profit for the quarter came at Rs701mn as compared to Rs494mn in the same quarter last year, growth of 42.0%. The EPS for the quarter stood at Rs9.95 as compared to Rs7.01 in the same quarter last year **Outlook and Recommendations:** The company continues to impress the way it sustained the pandemic and now the way it is coming back to pre-covid levels. There has been a strong revenue growth clocked during the quarter backed by the holistic performance of different segments of business. Demand through the IT park continues to inch upwards across the leading multinationals with WFH taking the backseat in the full-fledged comeback of the sector seen through the steady uptick in occupier attendance. The development of the new IT Park building remains on track. With sustained collections and steady improvement in occupancy, the office segment is well poised for growth. The BEC segment grew strong with the events and exhibitions pick-up in the city. The food division business has attained pre-covid level revenues in Q3 on account of exhibitions/events happening in the BEC division and new offering started in the IT Park division exhibiting reaffirming demand amongst the customers and thereby scaling up food division. The footfalls and consumption trends continue to support the healthy growth in these segments. The Indrabator segment was soft for the quarter, although grew 73% q-o-q. On the margin front although the gross margins are pretty much in line with the company trend; higher other expenses led to lower Ebitda margins. Despite that, the PAT reported a good growth of 42% y-o-y. Nesco continued to be debt free with liquid resources of over Rs10.5bn as on 31 December 2022. The strong balance sheet, healthy cash flow generation coupled with a diversified pipeline of businesses backed by strong brand equity, robust operating model provide a unique opportunity to leverage the upcycle. **We maintain Buy on the stock for a target of Rs750.**
Indian Hume Pipe Co. Ltd **CMP: Rs151** **Target: Rs250**	The net sales for the quarter under review de-grew by 4% to Rs4,047mn as compared to Rs4,215mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 9.0% as against 9.2% in Q3FY22. The net profit came in at Rs127mn as against Rs152mn in the comparative quarter last year. The EPS for the quarter under review stood at Rs2.6 as compared to Rs3.1 in the corresponding period last year. The estimated balance value of the work as at 31st January, 2023 is Rs3477.23cr as against Rs4149.62cr as at 31st January, 2022 **Outlook and Recommendations:** On a y-o-y comparison, the company's performance continues to look subdued, but on a sequential basis there is pick-up on the revenue front and the margins, leading to a decent growth at PAT levels too. This clearly indicates that the slowdown witnessed in execution during FY22 has been fading off for the company every quarter, inching towards normalcy with increasing pace of receiving orders and execution of the same. One has to also keep in mind the nature of work of that IHP undertakes which is majorly project based and hence realizations would happen with gestation/completion of projects to be considered. There has been some laggard seen in the realizations on the debtor front which should also ease with times to come. With the Govt. impetus towards sanitization and the overall water theme and related engineering; orders should start flowing for IHP. Also the fillip to the infrastructure growth through capex enhancement would be another trigger for IHP with its brand recall, expertise and execu-tion capabilities coming to disposal. Private capex also would be an add-on for IHP. Overall, we feel that there has been some hiccups in the performance of the company, led by macro factors; but turnaround should start trickling into revenues and profitability with roll out of orders and execution. **We maintain Buy on the stock for target of Rs250.**

HIGHLIGHTS OF THE WEEK 06 Feb 2023-10 Feb 2023

Result Synopsis	
Company	**Result This Week**
FDC Ltd **CMP: Rs265** **Target: Rs350**	The net sales for the quarter reported growth of 19.2% at Rs4,066mn as compared to Rs3,411mn in the same quarter last year. The Ebitda margin for the quarter under review stood at 11.4% as compared to 12.7% in Q3FY22. The net profit came in at Rs394mn as against Rs316mn in the same quarter last year; growth of 24.8%. The EPS stands at Rs2.38 as against Rs1.87 in the same quarter last year **Outlook and Recommendations:** The company has reported decent growth of 19.2% y-o-y on the revenue front, which was a drop of 8.9% when compared on sequential basis. Gross margins came in lower which impacted the overall operating margins for the quarter. However, the PAT reported growth of 24.8% y-o-y. The domestic business has clocked growth of 10.2% y-o-y backed by the legacy brands volume growth for the quarter. These brands continue to be consistent category leaders, brand synonymous with the product category and having multiple SKUs driving consistent growth. They have been inching upwards in market share, maintaining the Uno position across various categories of offerings. Line extensions of the existing brands are another line of focus for the company, which would give more access, offerings and reach into international markets as well. These would continue to be the strength of the company in times to come. Nutraceuticals and functional foods are the other areas that the company has launches from, adding optimism to the overall product portfolio. There is normalization across raw material /input costs, freight /logistic costs, sales and marketing spends post the covid halt being witnessed on the operational front. This should gradually even out getting the company back on track over the quarters ahead. Overall, brand recall, current market share of products and efforts towards enhancement of the same, line extensions extending the offerings, new product additions are some of the triggers of growth to focus on. **We maintain a Buy on the stock for a target of Rs350.**
Aurobindo Pharma Ltd **CMP: Rs469** **Target: Rs520**	The net sales for the quarter under review grew by 6.7% to Rs64.1bn as compared to Rs60.1bn in Q3FY22. The Ebitda margins for the quarter under review stood at 14.9% as against 16.9% in Q3FY22. The net profit came in at Rs4.9bn as against Rs6.0bn in the comparative quarter last year. The EPS for the quarter under review stood at Rs8.3 as compared to Rs10.3 in the corresponding period last year **Outlook and Recommendations:** It was a decent quarter for the company with regard to demand, volumes, overall net sales and stable pricing. Increase in demand is attributed to seasonal requirements to some extent; which is expected to continue in the next quarter as well. The revenues clocked growth of 6.7% y-o-y with a decent contribution from different business segments. There was improved momentum backed by recovery across different business verticals. In the US markets, the company has been witnessing downward trend of prices and expects pricing pressure to ease out gradually. The injectables sales guidance of USD650mn stands at its FY25 target. There has also been improvement in the European business which is expected to have a growth of 5-6% going forward. Growth markets have stood strong for the quarter under reference with Canada reporting good sales. The company has reported margin improvement during the quarter despite a substantial increase in the overall R&D cost for the quarter. Going forward, on the margins, getting back to the historical levels seems a possibility for the company; backed by increase in capacity utilization, increased focus on API and contribution by the PenG project which will start from April, 24. In terms of the launches and filings, Aurobindo has a well-defined pipeline of products which are awaiting the necessary approvals in the near term. With the anticipation of the completion of validation batches, ramp up of clinical trials and the filings likely to happen in the near future indicates a steady growth for the company. The full-fledged commercial benefits from the biosimilar segment are expected from FY25 and would remain the focus of the company indicated through the increased investments in this space. Overall, sustainability of momentum depends on new launches, improved cost efficiencies and adherence to the highest standards of compliance, supported by strong execution. **We maintain Buy on the stock for a target of Rs520.**

Please Turn Over

HIGHLIGHTS OF THE WEEK 06 Feb 2023-10 Feb 2023

NIFTY (WEEKLY)

BANK NIFTY (WEEKLY)

MARKET OUTLOOK

Nifty50 is facing a dual hurdle of trendline resistance and 100DMA and both of them approximately come at the same level of 17,950. From the **Auto** segment, stock specific buying is likely to continue (**Bharat Forge- Symmetrical Triangle, TVS Motor- Falling Channel Breakout**). Apart from the frontline Auto stocks, one should focus on the **ancillaries space** as well. Downside is still left in the **Energy sector** as Bearish Head & Shoulder breakout has been witnessed. As indicated in the previous note, the **IT sector** has performed as per our anticipation and is likely to perform in the same manner going forward as well; one should capitalized on price dips if any (**KPIT Tech and TCS- Cup and Handle Breakout, FSL- Range Breakout**). Pressure in the **Metal sector** is likely to extend. One should keep an eye on the **Agro Chemicals and Specialy Chemical stocks** as many of them are forming a base after a vertical fall.

HIGHLIGHTS OF THE WEEK 06 Feb 2023-10 Feb 2023

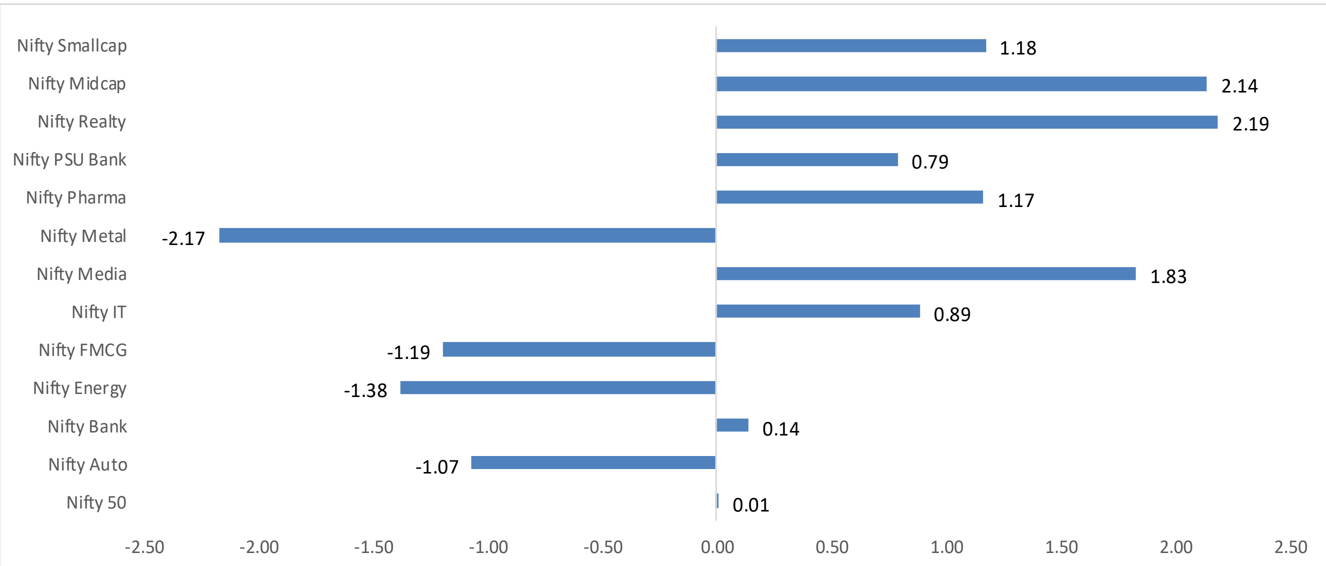
NIFTY 50 COMPONENTS (WEEKLY PERFORMANCE)

Adani Enterprises	21.03%
Adani Ports	19.57%
Apollo Hospital	3.99%
Asian Paints	1.71%
Axis Bank	(1.81%)
Bajaj Auto	(0.65%)
Bajaj Finance	7.35%
Bajaj Finserv	4.94%
Bharti Airtel	(2.59%)
BPCL	1.96%
Britannia	(0.10%)
Cipla	0.79%
Coal India	(3.30%)
Divis Labs	(2.19%)
Dr. Reddy's Labs	3.10%
Eicher Motors	(2.86%)
Grasim	1.52%
HCL Tech	(2.53%)

HDFC	(0.60%)
HDFC Bank	(0.36%)
HDFC Life	7.23%
Hero Motocorp	(2.64%)
Hindalco	(5.39%)
HUL	(2.59%)
ICICI Bank	(0.82%)
IndusInd Bank	5.42%
INFY	0.81%
ITC	(2.50%)
JSW Steel	(1.67%)
Kotak Bank	(0.37%)
LT	(0.05%)
M&M	(1.95%)
Maruti	(1.38%)
Nestle India	0.33%

NTPC	0.15%
ONGC	1.31%
PowerGrid	(0.63%)
Reliance	0.28%
SBI Life	3.99%
SBIN	1.32%
Sun Pharma	(1.98%)
Tata Consumer	0.21%
Tata Motors	(0.08%)
Tata Steel	(9.38%)
TCS	1.53%
Tech Mahindra	0.44%
TITAN	0.50%
Ultratech	0.53%
UPL	1.95%
Wipro	(0.48%)

SECTORAL PERFORMANCE



HIGHLIGHTS OF THE WEEK 06 Feb 2023-10 Feb 2023

SECTORAL GAINER

Realty sector outperformed Nifty50 by ending the week with gains of 2.19%. Mixed activity was seen during the week where Godrej Prop (+5.28%) and Oberoi (+4.08%) were the outperformers; on the flip side, Sunteck (5.08%) and IB Real (4.92%) were the major laggards. As shown in the chart, the sector is about to give joint breakout from the Falling Wedge pattern as well as from the 50WMA resistance.

SECTORAL LOSER

Underperformance by the **Metal sector** has been extended by ending the week with a loss of 2.17%. Majority of the constituents have ended the week with a loss where Tata Steel (9.38%) and Ratnamani (8.98%) were the underperformers; while Adani Ent (+21.03%) and Welcorp (+5.59%) were the outperformers. Ongoing correction is likely to extend further.

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