WEEKLY WRAP-UP

09TH MAY - 13TH MAY 2022

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HIGHLIGHTS OF THE WEEK 09 May 2022– 13 May 2022

DOMESTIC:

- Future Enterprises to raise Rs3,000cr via insurance biz sale to pare debt
- Macrotech to invest Rs3.8kcr in FY23 on realty projects' construction: MD
- Vedanta outbids JSPL for Athena
- Shriram City to focus on gold, personal, small business loans in FY23; aims 18% growth in AUM
- SJVN bags 90 MW floating solar project worth Rs585cr
- Tata Steel to continue growing organically, fresh acquisitions unlikely this decade
- Sagar Cements allot shares worth Rs350cr to Premji Invest affiliate
- Tata Realty shifts gears to focus on middle-income, premium developments
- HUL expects more sequential inflation, challenging operating environment in near term
- HCL Tech to buy digital banking, wealth management specialist Confinale
- RIL to clock USD20bn-plus EBITDA by end-2022, says Morgan Stanley
- Can Fin Homes clarifies on possible RBI probe into detection of fraud
- L&T bags water project in Jharkhand; to irrigate 22,283 hectares in Dumka
- Coal India spends more than Rs1,600cr on CSR in last 3 years
- NCLT orders insolvency proceedings against Birla Tyres
- NTPC invites bids to import 4.53 million tonnes of coal
- PVR earmarks Rs400cr to add 125 screens in FY23
- Canara Bank probes fraud in unit after whistleblower complaint: Source
- EV variant catapults Tata Nexon ahead of Hyundai Creta as India's largest selling SUV in fiscal 2022
- Kalpataru Power bags new orders of Rs4,474cr on consolidated basis
- Maruti Suzuki finalises land site for new manufacturing plant in Haryana

ECONOMY:

- FPIs pull over Rs6,400cr from Indian equity market in first week of May
- Crypto-currencies may soon attract 28% GST
- US dollar hits 20-year high as risk aversion dominates

INDUSTRY:

- Discoms' outstanding dues to gencos rise 4% to Rs1.21trn in May
- State-run general insurers may get capital infusion of Rs3,000-5,000cr
- Govt. to invite financial bids for SCI sale by Sept; Shipping House, MTI to be hived off

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COVERAGE NEWS:

Cipla Ltd: The company has announced the commercialisation of 'RT-Direct' multiplex Covid-19 RT-PCR test kit in India, in partnership with Genes2Me Pvt. Ltd. With this Cipla is expanding its diagnostics offering to bring more advance and innovative products. Cipla will be responsible for the distribution of RT Direct kits in India and has commenced supply of the same.

Sun Pharmaceuticals Ltd: (1) The USFDA conducted a Good Manufacturing Practices (GMP) inspection of Halol facility from April 26 to May 9, 2022. At the conclusion, the USFDA issued a form-483, with 10 observations. The company is preparing the response to the observations, which will be submitted to the USFDA within 15 business days.
(2) The company has received final ANDA approval from US FDA for generic Mesalamine Extended Release Capsules, 500 mg. As per March 2022 IQVIA, the drug has an estimated market size of USD213mn for twelve months ending December, 2021.

Aurobindo Pharma Ltd: The USFDA inspected company's Unit VII, an oral manufacturing facility situated at Jedcherla, Hyderabad, from 2nd-10th May 2022. At the end of the inspection, it has been issued a 'Form 483' with six observations. The company will respond to the USFDA within the stipulated timeline and work closely with USFDA to close the observations.

Century Enka Ltd: The Company has acquired equity shares of ABReL Century Energy Limited. The object of acquisition of shares is to comply with the minimum shareholding requirement of 26% under the captive rules. The cash consideration of the said acquisition will be Rs26,000 (2600 equity shares of face value of Rs10/-each).

Gulshan Polyols Ltd: The company has signed and executed a contract with Meghna pulp and paper mills limited for supplying of GCC, GCC coating plant, Vibrator Separating Machine with standard accessories including motor, conveyor, panels and spare parts for GCC & GCC coated machine for supply of goods worth approximately USD2.79mn.

Sadhana Nitrochem Ltd: The company has received Petroleum & Explosive Safety Organization (PESO) license for storage & handling of liquid ammonia and the Para Aminophenol (PAP) plant will be commencing production by next week.

Texmaco Rail & Engineering Ltd: The company has received an order for 20,067 wagons valuing approx. Rs6,450cr (to be executed over a period of thirty-nine months) against the recent Railway tender for wagons issued by the Indian Railways.

The Week That Went By:

Fear of high inflation and aggressive rate hike has dented the market sentiments as Indian markets commenced the week on a tepid note and continued to trade lower. In the mid-week, bears tightened their grip and dragged the Index lower to breach the psychological level of 16,000. On the last day of the week, Nifty kicked off the session on a strong note but hammering in the banking stocks put pressure on the Index to trade southwards. Throughout the week, relentless selling was seen in the broader markets; on sector-wise performance Metal(-12.41%) and Energy(-10.56%) were the worst performers.

Nifty50=15782.15 BSE Sensex30=52793.62 Nifty Midcap 100=27085.65 Nifty Smallcap100=8796.65

HIGHLIGHTS OF THE WEEK 09 May 2022– 13 May 2022

Result Synopsis

Company	Result This Week
Punjab Chemicals & Crop Protection Ltd **CMP: Rs1216** **Target: Rs2250**	The company has reported net sales of Rs2587mn as compared to Rs2098mn in the same quarter last year, growth of 23.3%. The Ebitda margins for the quarter under review stood at 13.4% as compared to 11.3% in the corresponding quarter last year. The net profit came in at Rs186mn as against Rs133mn in the same quarter last year. EPS for the quarter under review stood at Rs15.15 as compared to Rs10.86 in the corresponding quarter last year. For the full year, the company has reported net sales of Rs3906mn as compared to Rs6764mn in the same quarter last year, growth of 37.6%; the Ebitda margins came 14.9% in FY22 as compared to 13.9% in FY21; Net profit for FY22 came in at Rs808mn as compared to Rs505mn in FY21. **Outlook and Recommendations:** PCCPL continues to report decent top-line as well as bottom-line on a y-o-y basis; however, there is a dip of ~17.2% on the bottom-line on q-o-q basis. The Management has mentioned there has been a dip in the profitability during the quarter under review mainly because of the freight cost and other related expenses. Besides these issues which are affecting all the specialty chemical players and the industry as a whole, PCCPL appears to be motivated and focused on growth via its vision to be a good supply chain to MNC customers (with long term contracts), coupled with a strong product profile, strong customer base and a dedicated R&D team. While being a CRAMS provider for both domestic and international agrochemical companies, the company is anticipating further growth to stem from new launches, new products and new contracts. CRAMS is where the growth will come from and the Management believes, growth is a mix of the two i.e. current products as well as the new products. PCCPL has managed to partner with some of the global giants in the agrochemical & Pharma space (via long term contracts) in Japan and South Korea. Over the last 4 decades PCCPL has developed an in-house R&D team which leads the technical capabilities. The plants at both the sites are capable of dealing with processes related to complex chemistries with high standards of safety. The company is working on a conducive mix of products, upgrading technologies over the year, looking at better product chemistry to augment the margin profiles of ~15-16% currently to reach ~18-20% in the next 2-3 years. The road map to growth is well established by PCCPL for the existing as well as new products. The Management is focusing on strategic plans and initiatives like debottlenecking and expanding the capacity, fine tuning certain molecules or looking at higher margin molecules (to fetch better asset turnover), looking at enhancing the margins in times to come, continuously discussing newer projects with new and already existing clients, exports to US, UK and LATAM while also looking at opportunities in South East Asia (covering Australia and Japan) for reaching the milestone target of Rs15bn in the next 3-4 years. **Though the Management sounds a bit cautious, however they continue to be bullish on all the initiatives they have planned and thus we maintain our target price to Rs2250.**
Vesuvius India Ltd **CMP: Rs967** **Target: Rs1200**	The net sales for the quarter came in at Rs3,117mn as compared to Rs2,485mn in the same quarter last year, growth of 25.4%. The EBITDA margins came in at 10.7% as compared to 9.5% in the same quarter last year. The net profit came in at Rs236mn as against Rs161mn in the comparative quarter. The EPS for the quarter under review stood at Rs11.64 as compared to Rs7.95 in the corresponding period of last year **Outlook and Recommendations:** The year has started on a good note for the company with a comeback quarter both in terms of revenues and profitability. Operationally as well, the company is inching towards its historical levels. As mentioned in our previous quarterly updates too, the company was looking at expansion plans; and as per the quarterly release, the management has indicated of completion of acquisition of its industrial freehold land at Vizag at a cost of Rs485mn in order to cater to the future expansions and business needs. This would further add optimism to the future prospects while catering to various allied industries that the company caters to. Moreover, the company is also venturing into various energy conservation initiatives by installation of solar roof top plants at Kolkata and Visakhapatnam facilities. On the flip, one needs to see how the raw material scenario pans out for steel manufacturing alongwith increasing inflation and global demand scenario going forward. **To factor in the same, we thereby tweak our target to Rs1200 maintaining Hold on the stock.**
BASF India Ltd **CMP: Rs2454** **Target: Rs3500**	The net revenue for the quarter grew by 20.8% to Rs33,896mn as compared to Rs28,056mn in the same quarter last year. The EBITDA margin for the quarter under review stood at 6.3% as compared to 7.8% in the corresponding quarter. The net profit for the quarter came in strong at Rs1,499mn as against Rs558mn in the comparative quarter. The EPS after exceptional items stands at Rs34.6. On the segmental front, growth was seen in Materials (up by 18.8% y-o-y), Nutrition & Care (up by 20.6% y-o-y), chemicals segment (up by 28.3% y-o-y), Agriculture solution (up by 13.6% y-o-y), Industrials Solution segment (up by 23.7% y-o-y), surface technologies (up by 17.0% y-o-y) and Others (up by 12.9% y-o-y). The Board has recommended Final dividend of Rs6/- per equity share for FY22 subject to approvals. **Outlook and Recommendations:** Strong set of numbers are reported by the company on the y-o-y as well as sequential comparison both on the revenues and the profitability front. There has been decent growth across all the business segments of the company. Drop in gross margins continues to impact the Ebitda margins attributed to the increasing raw material costs, as was the case in the previous quarter as well. There are inflationary reasons across the raw material, freight and energy costs that impact the efficiency, posing challenge to the downstream businesses. On the parent company, the updates are across withdrawal of business from Russian markets by July 2022 with the vulnerability persisting due to the war. On the business, it is well on track with regard to product and portfolio expansions. This gives the confidence for the India arm as well. Overall although the business has bounced back better than expected, margin pressure needs to be factored in. **Accordingly we have tweaked our numbers and thereby also reduced our target to Rs3500 with an Accumulate on the stock.**

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Result Synopsis

Company	Result This Week
Shanthi Gears Ltd **CMP: Rs212** **Target: Rs250**	The company has reported net sales of Rs1,036mn as compared to Rs719mn in the same quarter last year, growth of 44.2%. The Ebitda margins for the quarter under review stood at 18.2% as compared to 16.4% in the corresponding quarter last year .The net profit came in at Rs122mn as against Rs94mn in the same quarter last year, growth of 29.7%. EPS for the quarter under review stood at Rs1.59 as compared to Rs1.23 in the corresponding quarter last year. For the full year, the company has reported net sales of Rs3371mn as compared to Rs2155mn in the corresponding period last year, a growth of 56.4%; the Ebitda margins came 17.8% in FY22 as compared to 12.8% in FY21; Net profit for FY22 came in at Rs425mn as compared to Rs202mn in FY21 . **Outlook and Recommendations:** SGL closes the year on a very strong note while showing strength and resilience all-round the year. As mentioned in our previous notes, the company is getting back on track with good revenue growth, better margins and profitability. As the company is gradually executing the orders in hand, the pending order book also continues to swell at the same time. The green-shoots in the economy and many of the sectors which SGL caters to are gradually growing and providing opportunities to players like SGL to grow as well. The opening up of the economy and increasing capex spend is directly or indirectly benefiting the company coupled with the after sales or the services business requirement. SGL appears to be capitalizing on this opportunity as it has immense experience in the same. During the year, the company booked orders worth Rs3,680mn while registering a growth of ~27%. The pending order book as on 31st March, 2022 stands at Rs2,800mn as compared to Rs2,250mn in the corresponding period last year. Betting on all the parameters mentioned above, coupled with the gradual growth opportunities seen in the industries which SGL caters to, **we maintain our target price of Rs250.**
Cipla Ltd **CMP: Rs933** **Target: Rs1125**	The consolidated total operating income for the quarter grew by 14.2% to Rs52,603mn as compared to Rs46,065mn in the same quarter last year. The Ebitda margins dropped to 14.3% as against 17.3% in the same quarter last year.The profits dropped by 9.9% to Rs3,707mn as against Rs4,115mn in the comparative quarter .The EPS for the quarter stood at Rs4.49The Board has recommended dividend of Rs5/- per equity share (FV=Rs2/- per share) for FY22 subject to approvals. **Outlook and Recommendations:** The revenues for the quarter have been pretty much in-line with the estimates but for the margins which were impacted by the one off costs denting the profits as well. The margin pressure has been higher than anticipated for the quarter. Further, the other expenses have shot up due to higher R&D spends and increased promotional expenses for the domestic market. With regard to India business, ex-Covid business growth has been robust at 25% y-o-y. The company is aiming for better than market growth with strong momentum across the three segments of business. Cipla's core branded prescription portfolio therapy mix reflect strong fundamentals across chronic and acute segments; big brands growing bigger in size and brand equity. US also clocked the highest ever quarterly run rate with further expectation of organically adding USD300-500mn by FY25. Revlimid, gAdvair and Abraxane should add to revenues from H2FY23. Going forward growth would be led by the launches expected in the US, strong domestic business through the One-India strategy and contribution from the emerging markets. The company continues to focus on maintaining a strong balance sheet health and robust free cash flow generation. **Overall, we maintain our positive stance on the business capabilities across markets and brands and recommend a Buy on the stock for a revised target of Rs1125.**
H.P. Cotton Textile Mills Ltd **CMP: Rs130** **Target: Rs200**	The total revenue for the quarter grew by 3.1%; Rs320mn as compared to Rs311mn in the same quarter last year. The EBITDA margin for the quarter under review stood at 4.5% as against 9.4% in the corresponding quarter of last year. The company reported a net profit of Rs3mn as against Rs10mn in the comparative quarter. The EPS for the quarter under review stood at Rs0.74. The board has recommended dividend of Rs1/-per equity share of FV Rs10/- for FY22 subject to shareholders approval. **Outlook and Recommendations:** It was a tepid quarter to end the year with flat revenues but major impact of raw material costs seen on the operating margins. There has been a steep drop in the gross margins which led to lower Ebitda margins. The net profit was also in the green majorly due to the other income during the quarter. The full year however dealt with the volatility in raw material prices pretty well to wrap on strong profitability. For the year the revenues grew by 37% y-o-y while profits almost doubled to Rs70mn. The prospects for the sector with regard to the PLI scheme which is intended to promote production of MMF (man-made fibre) apparel & fabrics and technical textiles products; where the govt. has approved 61 proposals of which HP cotton is also a part; should encourage the earnings going forward. The company has approved of setting up a wholly owned subsidiary as well for the PLI scheme. So overall, barring the RM pressure, the company has been in-line with its business plans and should gradually benefit from the same. **We recommend Accumulate on the stock with a target of Rs200.**
KSB Ltd **CMP: Rs1264** **Target: Rs1350**	The total revenue for the quarter came in at Rs4,177mn as compared to Rs3,816mn in the same quarter last year; growth of 9.5%. The EBITDA margin for the quarter under review stood at 13.1% in comparison to 16.2% in the corresponding quarter. The net profit reported a drop of 8.2%; at Rs390mn as against Rs425mn in the comparative quarter. The EPS stands at Rs11.2 as compared to Rs12.2 in the corresponding period of last year. On the segmental front, the Pumps and Valves segment grew by 10% and 7% respectively **Outlook and Recommendations:** It has been yet another quarter where growth has come across the business segments, leading to overall revenue uptick. The operating margins have been impacted mainly due to drop in gross margins, leading to a drop in profits as well. However, sequentially compared the company has shown improvement in performance. The long term triggers of opportunities in FGD, nuclear power (NPCIL announced 12 reactors each of 700MW being a Rs5000mn opportunity each by 2031), O&G and exports remains intact for the company. Pick-up in demand complimented with the execution capabilities should augur well for growth ahead for the company. There should be increased services across themes like waste water management, smart cities, Agriculture which would open up opportunities for the company as well. **Considering the raw material volatility we maintain Hold on the stock for a target of Rs1350.**

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Result Synopsis

Company	Result This Week
Paushak Ltd **CMP: Rs9696** **Target: Rs15000**	The company has reported net sales of Rs526mn as compared to Rs387mn in the same quarter last year, growth of 35.8%. The Ebitda margins for the quarter under review stood at 38.5% as compared to 41.9% in the corresponding quarter last year. The net profit came in at Rs132mn as against Rs110mn in the same quarter last year. EPS for the quarter under review stood at Rs42.89 as compared to Rs35.75 in the corresponding quarter last year. The Board of Directors of the company have recommended a dividend of Rs12 per equity share of face value of Rs10 each, which is subject to approval of the shareholders at the ensuing AGM. **Outlook and Recommendations:** The company has reported good numbers for the quarter under review as well on a full year basis. On an overall full year performance, the company has managed to come back in line with the margins of the previous year, which is despite the issues faced during FY22 due to temporary shutdowns, covid related issues, prohibition on use of oxygen for industrial purposes etc. The company has managed to have bounced back well from this setback. The first phase of the capex appears to be coming to an end, which is intended to bear fruits in the upcoming quarters. Increased freight and transportation costs as seen across the industry, have still not relaxed which translates into higher expenses. 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 manufacturers and enhance the exports from the country; and Paushak seems to be following the same quite diligently. As mentioned in our previous notes as well, Paushak is working towards technological up-gradation, capacity augmentation and maintaining focus on high margin products only, while sticking closely and maintaining its good relationships with its customer, while providing them with niche products. The new as well as the upgraded assets added (in the expansion mode) consist of in-house technology for innovation & process optimization (designed by one of the leading global design consultancy firms) to create globally standardized products. Paushak continues to be a debt free company, undergoing capex funded by its internal accruals (optimising the already existing facilities as well as introducing new products) and adding good talent for capability building. There are a lot of opportunities which are coming up in the CRAMS business, and Paushak is also exploring the same; the company has spare capacities and can make use of the same at the appropriate time. The stock is more than a five bagger for many long-term investors; considering all the growth triggers mentioned above, our conviction continues in the story and **we maintain our target price to Rs15000.**
Vimta Labs Ltd **CMP: Rs349** **Target: Rs475**	On standalone basis, the total revenue for the quarter grew by 23.7% to Rs736mn as compared to Rs595mn in the same quarter last year. The EBITDA margin for the quarter under review stood at 31.3% as against 28.0% in the corresponding quarter of last year. There is a cost of Rs20.01mn as a part of the expenses for the cost of labset up. The company reported a net profit of Rs119mn as against Rs77mn in the comparative quarter. The EPS for the quarter under review stood at Rs5.37. The board of directors have recommended a payment of final dividend for FY22 of Rs2 per equity share of the face value of Rs2/- each. **Outlook and Recommendations:** The company has reported a robust quarter and a strong close to the year. Across the margins as well as profitability there has been a strong growth boosted by all the business segments that the company has. The Pharma business remains the key for the company with all the growth and expansion plans in line with the uptick of business. The company has indicated of lab addition going forward to capitalize on the growth opportunity. The food testing business through the NPL is gathering steam and would be revenue accretive with the increasing sampling. Diagnostics needs to offtake and efforts required for the same are on track. The newly introduced E&E is also one of the potential segments for future revenue growth. All of these collectively should help the company achieve its revenue target of Rs5,500mn+ by FY25. Vimta is pretty affirmative about sustaining the current performance going forward as well and with increase in volumes similar margins can also be factored in. **Overall we continue to be positive on the growth trajectory ahead for a target of Rs475.**
Century Enka Ltd **CMP: Rs492** **Target: Rs650**	The net sales for the quarter grew to Rs5,724mn as compared to Rs4,451mn in the same quarter last year. The EBITDA margin for the quarter under review stood at 11.9% as compared to 15.8% in Q4FY21. The net profit came in at Rs497mn as against Rs486mn in the same quarter last year. The EPS stands at Rs22.7. For the full year, the company has reported net sales growth of 71.6% at Rs20,978mn as compared to Rs12,228mn in the previous year. The profits came in at Rs1842mn as against Rs791mn in the comparative period. The Board has recommended dividend of Rs10/- per share for FY22 (FV=Rs10/- per share) as compared to Rs8/- last year **Outlook and Recommendations:** It was yet another strong quarter on the revenue front but margins were impacted due to lower gross margins, which led to flat on profits. The higher input costs when compared on y-o-y basis did offset the sales growth resulting in tepid operating profit for the quarter. The full year numbers have been encouraging though. The supply chain constraints led to sharp spike in the inventories which did impact inflows from operating activities. The profits for the year have more than doubled, even if considering a lower base in the previous year. During Q4FY22, the company did witness robust demand and off-take for its principal business of synthetic yarn. The company is pretty much on track with regard to the capex plans. Century Enka has been working on its strategy of cost optimization, increasing the customer base, improve plant efficiency, premiumisation of product range; all of these hinting towards growth going forward. **We maintain Buy on the stock for the target of Rs650.**

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Result Synopsis

Company	Result This Week
Zen Technologies Ltd **CMP: Rs151** **Target: Rs300**	The company has reported net sales of Rs160mn as compared to Rs189mn in the same quarter last year, degrowth of 15.6%. The Ebitda margins for the quarter under review stood at (-0.7%) as compared to 12.4% in the corresponding quarter last year. The net profit came in at Rs14mn as against Rs13mn in the same quarter last year. The Board of Directors of the company have recommended a dividend of Rs0.10 per equity share of face value of Rs1 per equity share. **Outlook and Recommendations:** The business seems to be run by AMC contracts which are the fruits of sale of equipment of the past. With the opening up of the economy and various countries, the demand for the training facilities related to the armed forces will begin to surface again. This is already evident of the small ticket size orders which have started coming from the defence segment. Zen Tech continues to make investments in R&D to ensure the products are technologically advanced and suited as per customers' requirements. If one carefully studies the businesses related to the defence segments, the companies have a very strong and healthy order book, however the timely and profitable execution of the same is what matters. Whenever, this is applicable the companies see a major jump in the revenues as well as the profitability. The same is applicable to Zentech as well. The initiatives taken via the AMC projects, is one of the strategies of the company towards strategically positioning the business model in order to reduce lumpiness where the sale of equipment done in the last couple of years has started contributing to the top line via AMC. In addition to this, the Management is anticipating substantial opportunities from the export end. The favourable environment for the Indian defence players created by the GOI, bodes well for many players in the segment, especially in the simulation framework. This gives confidence for an upcoming strong performance in the coming years by the company. The Atmanirbhar initiatives augur well for Zentech as the company already has its own IP and is constantly developing the same for global markets. The rationales to stay invested in the company include triggers like growth via asset-light business model, increasing share of AMC revenues, strong regulatory tailwinds, increasing R&D spends with emphasis on anti-drone systems for armed forces, focus on high value complex systems and some up ticking innovations from the subsidiaries and thus **we maintain our target price of Rs300.**
Ajanta Pharma Ltd **CMP: Rs1711** **Target: Rs2095**	The net sales for the quarter grew by 15% to Rs8,703mn as compared to Rs7,568mn in the same quarter last year. The EBITDA margin for the quarter under review stood at 23.7% as compared to 34.3% in Q4FY21. The net profit came in at Rs1,512mn as against Rs1,593mn in the same quarter last year; drop of 5.1%. The EPS stands at Rs17.7. The Board has considered and approved the bonus issue of equity shares in the proportion of one equity share of Rs2 each for every two equity share of Rs2 each held by the shareholders of the company as on the record date, subject to the approval of the shareholders . **Outlook and Recommendations:** The company closed the year on a decent note with the Q4 impacted on the margins front which trickled down to the profits as well. The major markets reported good numbers for the year setting the momentum for FY22. India business is expected to beat the industry growth going ahead as well. The domestic business was well complimented by the emerging branded generics business both in Africa and Asia. Going forward as well, the management expects mid-to-high teens growth backed by new launches, price increases and increase in product market share. For the US markets, the pricing pressure indicated by the management is 2x of the normal levels but is expected to normalize going forward. The company has been waiting for FDA inspections to start for the pending ANDAs to roll out. While there has been some slowdown in ANDA approvals and product filings, sound compliance and ongoing product development highlights a promising outlook for the US Generics segment. Overall, we feel that the company has dealt well with the external factors and should pick up across markets going forward. However, considering the raw material cost pressures as well as price erosion across the product portfolio in US, we have toned down our numbers and accordingly **the target is revised to Rs2095 with a Buy on the stock.**
SKD India Ltd **CMP: Rs3171** **Target: Rs4122**	The total revenue for the quarter grew by 22.6% to Rs103,90mn as compared to Rs8,475mn in the same quarter last year. The EBITDA margin for the quarter under review stood at 15.3% as against 17.5% in the corresponding quarter of last year. The company reported a net profit of Rs1,095mn as against Rs1,049mn in the comparative quarter. The EPS for the quarter under review stood at Rs22.1. The Board has recommended a dividend of Rs14.5 per share on equity share of Rs10 each **Outlook and Recommendations:** The company has ended the year on a good note with decent set of numbers reported on the quarterly front. This growth has been despite supply chain bottlenecks, unprecedented inflation in commodity prices and persistent global supply chain disruptions. There has been improvement in margins seen sequentially. There was raw material pricing pressure which did take a toll on the margins drastically in the preceding quarter, but there has been some improvement seen in the gross margins this quarter. Cost efficiency has been the focus and is fructifying gradually. As per the management, during the year, the company has taken price increases to mitigate some cost inflation impact, although full recovery will take time based on the inflationary trends and geopolitical situation. It is actively strengthening the competitive position within each of its business segments. 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. The Auto segment is still under pressure, but it is expected to get back on track as and when the chip shortages normalize gradually. On the other hand, the industrial segment has seen demand coming back and that translates into growth for the company. The company has been focusing on digital supply chain enhancement and research & development. **We maintain Buy on the stock for a target of Rs4122.**

Please Turn Over

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NIFTY (WEEKLY)

BANK NIFTY (WEEKLY)

MARKET OUTLOOK

Mixed trend can be seen going forward in the markets as **BankNifty** has violated its long term trendline; corrective moves are likely to continue in the **Energy sector** to retest the lower end of the rising channel. Weak link of the markets i.e. **Metal sector** has breached its higher top higher bottom formation; journey towards the south is likely to stay and bounce if any will be short-lived. Throughout the week, strong momentum was seen in the **Auto, FMCG and Pharma** sectors and the same is likely to provide support to the markets in the upcoming week.

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NIFTY 50 COMPONENTS (WEEKLY PERFORMANCE)

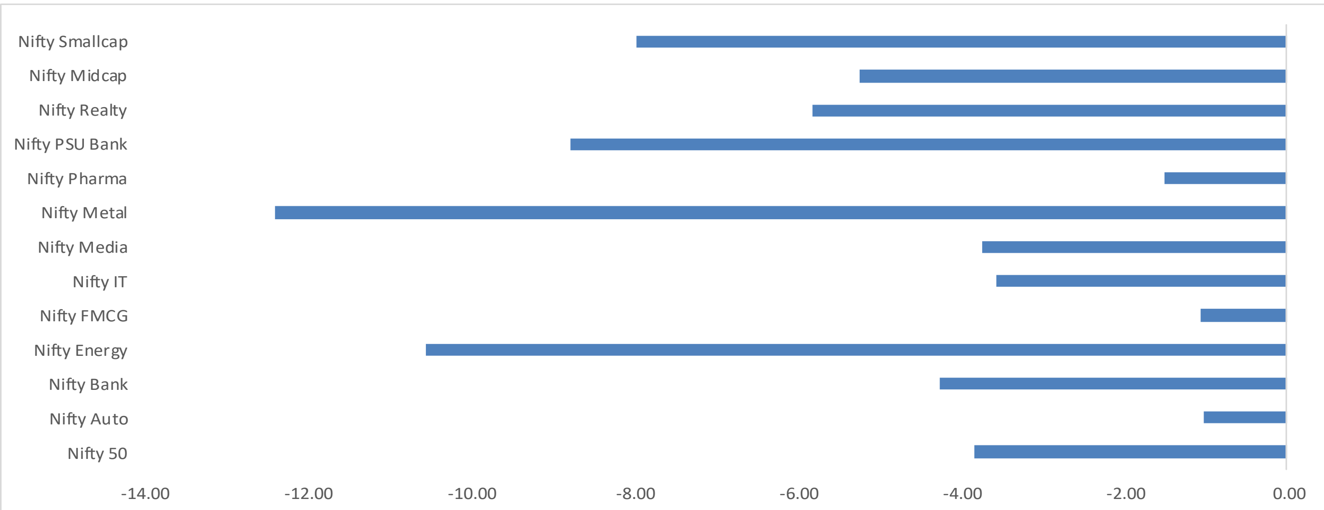
Adani Ports	-12.95
Apollo Hospital	-7.41
Asian Paints	1.44
Axis Bank	-5.63
Bajaj Auto	4.06
Bajaj Finserv	-8.02
Bajaj Finance	-7.92
Bharti Airtel	-3.54
BPCL	-6.08
Britannia	-1.04
Cipla	-0.33
Coal India	-9.86
Divis Labs	2.74
Dr. Reddy's Labs	-0.22
Eicher Motors	2.38
Grasim	-6.28
HCL Tech	-0.27
HDFC	-1.25

HDFC Bank	-2.16
HDFC Life	-3.01
Hero Motocorp	-4.84
Hindalco	-13.02
HUL	1.82
ICICI Bank	-6.19
Indusind Bank	-5.09
INFY	-2.79
ITC	-2.88
JSW Steel	58.09
Kotak Bank	-0.07
LT	-5.39
M&M	-0.47
Maruti	-2.09
Nestle India	-3.73
NTPC	-9.23

ONGC	-7.73
PowerGrid	-0.90
Reliance	-7.48
SBI Life	-2.56
SBIN	-9.27
Shree Cement	-6.14
Sun Pharma	0.21
Tata Consumer	-3.58
Tata Motors	-1.43
Tata Steel	-14.93
TCS	-0.99
Tech Mahindra	-7.40
TITAN	-5.37
Ultratech	-0.02
UPL	-0.91
Wipro	-3.60

**** Gain/ Loss in %***

SECTORAL PERFORMANCE



HIGHLIGHTS OF THE WEEK 09 May 2022– 13 May 2022

SECTORAL LOSER

With a massive cut of 12.41%, **Metal** was the underperformer; all the components have ended the week in red where Vedanta (18.66%) was corrected the most followed by Tata Steel (14.93%). As shown in the chart, sector has given a breakdown from the higher top higher bottom formation and trend following indicator MACD has given a negative crossover which indicates further pressure can be seen in the sector. It has also breached its 50WMA (Weekly Moving Average-Red line).

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

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