WEEKLY WRAP-UP

13TH FEBRUARY - 17TH FEBRUARY 2023

PROGRESSIVE®
Your Progress Our Priority...

HIGHLIGHTS OF THE WEEK 13 Feb 2023-17 Feb 2023

DOMESTIC:

- Manappuram Fin takes first steps in succession planning
- Biocon says USFDA issued CRL for Bevacizumab license application
- BPCL launches EV fast-charging highway corridor on Delhi-Jalandhar Highway
- ABB steps up focus on manufacturing amid revival in the capex cycle
- Merger of 7 subsidiaries with Tata Steel to complete by FY24: CEO Narendran
- Sun Pharma recalls over 34k bottles of generic drug in US due to mfg issues
- Hitachi India aims to contribute USD20bn to parent's global revenue by 2030
- RIL-ACRE resolution plan for Sintex gets tribunal's approval
- Tata Group betting on right balance of traditional & tech-focused new companies: Tata Sons chairman N Chandrasekaran
- Ford to build USD3.5B electric vehicle battery plant in Mich
- Nissan, Renault plan to invest USD600mn in India
- 5 PSU insurers have Rs347cr exposure to Adani firms: FinMin
- YES Bank moves SC against Bombay HC ruling on AT1 bond write-off
- Yamaha bikes to be E20-compliant by end of this year; drives in new range with traction control system
- HDFC Bank begins offline payment pilot under RBI sandbox
- Adani Group vows to reduce leverage, flagship swings back to profit
- Paytm owner One 97 Communications completes share buyback worth Rs850cr
- Adani group crisis may not have significant financial spillover risks: S&P
- Dabur weighs acquisitions to expand across India, Southeast Asia
- Adani Ports halts non-group loans, to cut debt instead
- Marico to invest in more D2C brands; food, digital in focus
- CCI clears acquisition of assets of Jaiprakash Associates by Dalmia Cement
- Vedanta becomes preferred bidder for Sijimali Bauxite Block in Odisha
- With 33% market share, Maruti eyes top slot in SUV space by FY24
- Hindustan Aeronautics' Dhruv choppers to get monitors to dodge obstacles
- NTPC plans to raise up to USD750mn term loan in JPY denomination

ECONOMY:

- India can be major global hub for crash testing of vehicles
- Moody's downgrades outlook for four Adani group companies
- Retail inflation gallops to 6.52% in January, increases possibility of another rate hike

INDUSTRY:

- Operating leverage drives earnings growth for cement firms in Q3
- Industry will gain with 5G rollout and telecom PLI: DoT secretary
- Luxury car companies line up for big Indian EV race

Please Turn Over

HIGHLIGHTS OF THE WEEK 13 Feb 2023-17 Feb 2023

COVERAGE NEWS:

Thermax Ltd: The company has received an order of Rs251.7cr from an Indian public sector power company for Renovation & Modernization (R&M) of the Electrostatic Precipitator Package of its 3x210 MW Thermal Power Station. The scope of supply includes design, engineering, manufacturing, dismantling/relocation, civil work, construction and commissioning of the ESP systems. The project is slated to be completed in 25 months.

FDC Ltd: The company informed that the manufacturing plant at Waluj, Aurangabad, Maharashtra (which manufactures sterile ophthalmic products), has been inspected by USFDA from 06th-12th February 2023. The said audit has been successfully completed with no observations (Zero 483's). The audit was carried out for the sterile ophthalmic products being marketed in the US.

Aurobindo Pharma Ltd: The company's Unit-IX, an API intermediate facility situated at Telangana, which was inspected by the USFDA from 10-18 November, 2022, has now been classified as Voluntary Action Indicated (VAI).

Mishra Dhatu Nigam Ltd: The company informed that it has signed eleven MoUs with various organization on the side lines of Aero India 2023 at Yelahanka, Bengaluru. These MoUs would expand Midhani's wings in the area of developing and manufacturing Aerospace and Naval materials, R&D, Exports, Health Care and Training etc.

Vesuvius India Ltd: The company intends to invest minimum Rs5,000mn in the coming three to five years, subject to necessary approvals in its various manufacturing plants in the country through its subsidiaries including Vesuvius India Limited.

Aurobindo Pharma Ltd: The company's wholly owned subsidiary, APL Healthcare Limited's Unit I & III, an orals (tablets, capsules and soft gel capsules) and derma manufacturing facilities located at Telangana, which were inspected by the USFDA from 9-18th January, 2023, have now been classified as Voluntary Action Indicated (VAI).

Alembic Pharmaceuticals Ltd: The company has received an Establishment Inspection Report (EIR) from the USFDA for the inspection carried out at the Injectable Facility (F-3) at Karkhadi from 18-30th August, 2022. This was a pre-approval inspection for ANDAs filed with the USFDA. The company has already started receiving ANDA approvals manufactured at this facility.

The Week That Went By:

Though the week started on a tepid note but strong performance by the tech counters and select heavyweights such as Apollo Hospitals, Reliance and UPL provided ample support to the Index to breach the strong hurdle of 100DMA and trendline resistance but higher levels did not last long and on the last day of the week, the pullback was seen in the Indices mainly due to profit booking in the IT counters along with weakness in the financial segment. On sector-wise performance, other than IT, the Energy sector performed well; on the flip side, Banking, Media and Realty were the laggards. Towards the end of the week, a steep rise was observed in the Defence counters.

Nifty50=17,944.20 **BSE Sensex30=61,002.57** **Nifty Midcap 100=30,642.05** **Nifty Smallcap100=9,417.55**

HIGHLIGHTS OF THE WEEK 13 Feb 2023-17 Feb 2023

Result Synopsis	
Company	**Result This Week**
J.B.Chemicals & Pharmaceuticals Ltd **CMP: Rs1962** **Target: Rs2200**	The net sales for the quarter grew by 32% to Rs7,927mn as compared to Rs6,007mn in the same quarter last year. The Ebitda margin for the quarter under review stood at 22% as compared to 21.3% in Q3FY22. The Ebitda margins post adjustment of ESOP would have stood at 24.3% for Q3FY23. The net profit came in at Rs1,061mn as against Rs841mn in the same quarter last year. The EPS stands at Rs13.7 as compared to Rs10.8 in the same quarter last year. The Board of Directors have declared an interim dividend of Rs8.5 per equity share of Rs2 each for FY23. **<u>Outlook and Recommendations:</u>** The company continues with a strong performance with revenue growth of 32% (y-o-y) largely led by the domestic business growth of 42% (y-o-y) and well supported by international contribution as well. While the organic growth is strong, the contribution from the inorganic portfolio also has been better than anticipated; majorly inclined to enhance the domestic offerings especially the chronic segment. The strength of the acquisitions like the recent ones of Azmarda and Razel (was acquired during the quarter, the Razel franchise strengthening chronic presence, as the company enters the 'Statins' category) have helped JBCPL inch up its ranking in the cardiology segment. The legacy brands of the company continue to gain ranks and portray a strong position in the market. Impact on the gross margins is attributed to the higher Azmarda sales and cost inflation. The adjusted Ebitda margins yet again fall well into the guided range of the company, indicating that appropriate cost measures are followed in the prevailing inflationary environment. The depreciation includes Rs110mn amortization charge of acquired brands which led to overall 26% y-o-y at the PAT level. The CMO business continued its revenue traction, while other parts of international business have also witnessed good growth. The company continues to work towards its strong prescriber base and existing chronic teams which will help it further grow the brand and drive operating leverage. It continues to focus on the domestic business which should consistently outperform market growth along with good sales growth from international business. Overall, JBCPL is well focused on its growth trajectory ahead through a balance from the organic and inorganic portfolio and strategies. **We maintain an Accumulate on the stock for a target of Rs2200.**
West Coast Paper Mills Ltd **CMP: Rs506** **Target: Rs660**	The net sales for the quarter grew by 42.1% to Rs12.3bn as compared to Rs8.7bn in Q3FY22. The Ebitda margins for the quarter under review stood at 37.2% as against 18.4% in Q3FY22. The net profit came in at Rs3.1bn as against Rs0.9bn in the comparative quarter last year. The EPS for the quarter under review stood at Rs39.93 as compared to Rs11.82 in the corresponding period last year. On the segmental, the paper and paper board segment clocked growth of 42.1% while the Telecom Cables grew by 42.6%. **<u>Outlook and Recommendations:</u>** It has been yet another strong quarter with continued momentum post the hit during covid times that the sector had taken. The sector has seen sub-optimal utilizations to almost 99% capacity utilization in a span of 3 years. The Indian paper industry, post the opening up of economy and setting back of demand has shown structural improvement in its fundamentals. The overall performance during the quarter speaks for the demand, operational efficiency and profitability of the company. We feel that this positive demand is here to stay, as for the next 2-3 years there is no paper capacity addition planned across the sector and there has been substantial increase in paper exports due to shortage of paper supplies in the global market. The other rationales that hold good are the single plastic ban and the new educational policy to come in from FY24. WCPL has the edge over other players with regard to sourcing of raw material as well as the ability to tap the opportunity of growing packaging board demand in India due to its sizeable operations and strong balance sheet providing the growth visibility. The company has already had aggressive capacity expansions through the inorganic route (Andhra paper acquisition), which has expanded its scalability. This gives it an edge due to limited capex in the P&W paper segment coupled with healthy demand growth rate. The increased input costs issues are offset via the increase in paper prices. The current scenario would offer more of opportunity to WCPL to capitalize on. We feel that the company should do well in quarters to come. **We maintain a positive stance on the company for a target of Rs660.**

HIGHLIGHTS OF THE WEEK 13 Feb 2023-17 Feb 2023

Result Synopsis	
Company	**Result This Week**
Century Enka Ltd **CMP: Rs377** **Target: Rs450**	The net sales for the quarter dropped by 16.9% to Rs4,683mn as compared to Rs5,634mn in the same quarter last year. The Ebitda margin for the quarter under review stood at 4.4% as compared to 13.4% in Q3FY22. The net profit came in at Rs100mn as against Rs506mn in the same quarter last year. The EPS stands at Rs4.56. **Outlook and Recommendations:** It has been a subdued quarter for the company with revenue drop of 17% y-o-y as both the segments of business took a volume hit due to moderation in demand, lower exports due to the geopolitical scenario, impact on the replacement market of medium and heavy vehicles and overall increase in costs. The impact of higher power and fuel cost as well as sharp correction in Caprolactam prices could be seen on the operating margins. All of this is what led to the huge drop at the PAT levels. For the NTCF segment, while near-term outlook will depend on geo-political developments and recovery in Chinese demand; medium to long term prospects remain stable based on India's plans on infrastructure development and overall growth prospects of India. On the NFY, dumping by China is hindering the company's ability to pass through the cost increases and thereby it's more of a wait and watch for growth in the segment but one can expect stability and recovery in Caprolactam prices as economic activities resumes in China post holidays. Further, with the increasing demand of PVs, demand for the PTCF is also expected to increase going forward. Industry wise, PTCF annual demand stands at 30,000-35,000T/annum, with 8-10% y-o-y growth; indicating the room for growth in this segment. The various expansions that the company is undertaking should also help boost the overall volumes of the company across the segments. The margins volatility is more of external driven to a large extend outside the company's control, like for e.g. power & fuel cost. The company is however working on measures to mitigate these, like sourcing power from hybrid JV which will have some stability in power costs once commissioned in Q1FY24. The China lockdown also impacted the value chain globally, which has now opened up some hope going forward. The company enjoys good standing with almost all the reputed tyre companies in India benchmarking its products with the best international counterparts and improving its products continuously. **Overall, we have toned down our numbers to factor in the lower demand and margin impact of the quarter and accordingly reduced our target to Rs450.**
H.P.Cotton Textile Mills Ltd	We had initiated a Buy report on H.P. Cotton Textile Mills Limited on 31st March, 2022 at Rs134 for a target of Rs200. The stock did hit a high of Rs199.80 in April 2022. The 9MFY23 performance of the company has been impacted due to the slowdown in the global demand for Indian textiles. The higher cotton prices alongwith the other power (energy crisis) and input price escalations have impacted on the operational front. Overall, the performance of the company has not been as per our expectations. We will maintain a soft coverage on the stock to see how things pan out on the PLI front for the company going forward. We close the call. **Outlook and Recommendations:** We close the call on the stock.

Result Synopsis	
Company	**Result This Week**
Mishra Dhatu Nigam Ltd **CMP: Rs209** **Target: Rs295**	The net revenue for the quarter under review de-grew by 1.2% to Rs2315mn as compared to Rs2342mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 28.4% as compared to 26.9% in the same quarter last year. The net profit came in at Rs385mn as against Rs429mn in the comparative quarter, a drop of 10.2%. EPS for the quarter under review stood at Rs2.06 as compared to Rs2.29 in the corresponding period last year. Value of Production (VoP) during Q3FY23 stood at Rs2574.7mn as against VoP of Rs2961.5mn recorded in the corresponding period of previous year; while for 9MFY23, VoP stood at Rs7414.8mn with a growth of 16.33% as against Rs6374.1mn in Q3FY22. The order book position of the company as on 1st January 2023 stood at Rs14723.3mn. **Outlook and Recommendations:** The company has reported more or less flattish performance for the quarter under reference, but with an uptick in the margins profile with focus on revenue enhancement coupled with cost reduction initiatives. As mentioned in the earlier notes as well, the focus of the Management has been on cost optimization measures including indigenisation of various components and rationalising manpower. The company has a proactive R&D team which continues to work on certain niche grades of metals and tries to be future-ready for developing new products. Midhani is gradually looking at widening the product base offering to the client, entering new business areas and trying to reduce the dependency on 1-2 business segments which is currently not fetching more revenues where most of the products are already registered and certified. The company is working on how to clean the inventory and the current focus is efficient utilization of the available resources. Midhani has managed to maintain the order book (same as last year), which is gradually picking up and with the new facility in place, the Management anticipates more orders to flow. The Management is looking at making Midhani a brand in the international market which requires credibility, quality of products, competitive pricing, on time delivery and the company is working on the same. One of the biggest beneficiaries of GOI programmes like Atmanirbhar Bharat and Make in India provide ample of opportunities to Midhani. Going forward, the WPM will add to the revenues in FY24E. Historically, the 4th quarter of any financial year has been the best quarter for Midhani; the Management has an ambitious vision to close FY23 too on a strong note. **We continue to maintain our target price of Rs295.**
Patel's Airtemp (India) Ltd **CMP: Rs225** **Target: Rs325**	The total revenue for the quarter dropped by 43.3%; Rs642mn as compared to Rs1,132mn in the same quarter last year. The Ebitda margin for the quarter under review stood at 11.7% as against 7.0% in the corresponding quarter of last year. The company reported a net profit of Rs23mn as against Rs40mn in the comparative quarter. The EPS for the quarter under review stood at Rs4.44. **Outlook and Recommendations:** It has been a subdued performance on the revenue with a drop of 43.3% y-o-y which has boiled down to the profits as well. This is probably due to slow/delayed execution, considering the gestation period as well across different projects ongoing and those in the pipeline too. On the flip, the Ebitda margins have improved both on a y-o-y as well as sequential comparison. This affirms the cost efficiency approach of the company. The 9M figures also indicate the uptick in operating margins, which could be easing of raw material prices for the offerings of the company (seen in the gross margin trend as well). The company caters to a diversified product basket serving the needs of the end user segments/ industries such as power, refineries, fertilisers, petrochemicals, etc. Factors such as increased and prominent demand from industry verticals and high end investment players would drive the efficiency and enhance the performance of heat exchangers; thus driving the needed impetus in the engineering domain. The recent budget also had emphasis on increase in the capex expenditure across industries which will provide the impetus further. Overall, we feel that the company should gear up on its performance with more fructification happening across end user segments. **We maintain Buy on the stock for a target of Rs325.**

Please Turn Over

Result Synopsis	
Company	**Result This Week**
Hitech Corporation Ltd **CMP: Rs197** **Target: Rs275**	The net sales for the quarter under review de-grew by 14.1% to Rs1,211mn as compared to Rs1,409mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 11.5% as against 13.4% in Q3FY22. The net profit came in at Rs27mn as against Rs118mn in the comparative quarter last year. The EPS for the quarter under review stood at Rs1.5 as compared to Rs6.9 in the corresponding period last year. **<u>Outlook and Recommendations:</u>** The company has reported drop in net sales by 14.1% y-o-y which has led to drop in operating margins as well. There has been some slowdown in execution which has led to lower sales. The gross margins have still remained in the range it has maintained in the last 2/3 quarters indicating that the raw material pricing pressure is on a declining trend and pass through to the customers also has been happening decently for the company. There has been a comeback in terms of discretionary spends as well as capex plans coming to the forefront. This would be encouraging for companies like Hitech which has been dealing with volatility in demand and execution delays from covid times. The company has been moving towards automation through its continuous innovations. The company has been adding new customers under new segments in order to serve and develop the business models. Hitech's operational stature will allow it to meet the industry's rising packaging standards. There is no doubt that the capabilities are intact, stickiness to customers is maintained well alongwith cost efficiency measures for better operational performance. There is only some lag on the pick-up which is anticipated to improvise going forward. We have toned down our numbers to that extend and **maintain a Buy on the stock for a revised target of Rs275.**
Texmaco Rail & Engineering Ltd **CMP: Rs48** **Target: Rs60**	The net sales for the quarter grew by 32.8% to Rs6,249mn as compared to Rs4,705mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 8.8% as against 7.6% in Q3FY22. The net profit came in at Rs113mn as against Rs16mn in the comparative quarter last year. The EPS for the quarter under review stood at Rs0.35 as compared to Rs0.06 in the corresponding period last year. On the segmental, the company has reported a growth of 112.3%, 122.6% across Heavy Engg., and Steel Foundry; while the Rail EPC division de-grew by 27.3% on a y-o-y basis. **<u>Outlook and Recommendations:</u>** The company has reported good set of numbers with revenue growth led by the different segments of business. Sequentially as well there is improvement seen indicating that the non-availability of wheel sets is behind for the company. The Rail EPC segment continues to be subdued while the other two segments have reported a sharp increase for second quarter in a row. Going forward, the govt. continues to focus on completing the freight corridor works and upgradation of Rail infrastructure which would be positive for the Rail EPC division of Texmaco and also the plan to prioritize the multi-modal connectivity between the mass urban transport and Rail network, as part of PM Gati Shakti scheme. The recently announced budget also had emphasis on Railways as a segment with regard to modernization and additions of wagons/trains etc. Additionally, the development of dedicated freight corridors aimed at scaling the cargo handling capacities of the Railways would cater to more demand. All of this should augur well for the order book of Texmaco. Capability across its offerings is affirmed by the Star Performer Award of the Eastern Region organised by the Engineering Export Promotion Council of India received by Texmaco. So, the company vouches for the edge it has over its peers, awaiting a leap in orders across the segments catered. The company is also in the process of formation of committee of directors to evaluate/explore and recommend various restructuring options for organic/inorganic growth of various divisions of the company. This builds on the conviction that the company would be looking at enhancing its offerings in the industry. Overall, we feel if things unfold at the current pace, then Texmaco should have a decent performance in times to come. **We maintain Buy on the stock for a target of Rs60.**

Result Synopsis

Company	Result This Week
Alkem Laboratories Ltd **CMP: Rs3270** **Target: Rs3527**	The net sales grew to Rs30.4bn as compared to Rs26.2bn in the same quarter last year; growth of 16.1%. The Ebitda margin for the quarter under review stood at 19.7% as compared to 19.0% in Q3FY22. The net profit came in at Rs4.6bn as against Rs5.3bn in the same quarter last year; drop of 13.8%. The EPS stands at Rs38.03. This being the 50th year of incorporation of the company, the Board of Directors declared a special dividend of Rs25 per equity share having a face value of Rs2 per share for FY23. In addition to the same, the Board has declared an interim dividend of Rs15 per equity share having a face value of Rs2 per share amounting to a total interim dividend of Rs40 per equity share. **Outlook and Recommendations:** The company has reported good set of numbers for the quarter led by the market beating performance in the domestic franchise while maintaining leadership position. There was volume and price led pick up seen across the domestic sales. There was an overall outperformance clocked in the acute offerings along-with chronic products also gaining ranks in comparison to the market growth. The US business also posted strong growth majorly led by the good season and after two quarters of disappointment. The legacy brands played a key role in the overall growth reported. The operating margins are pretty much on the expected lines. There should be improvement in the Ebitda margins from FY24E onwards as the company remains focused on its journey of expanding margins through productivity improvement and various cost optimisation initiatives across the organization. The company is well focused on revenue growth with margin expansion hand in hand. The biosimilars franchise has been progressing well on track through a small base but doubling every year which is encouraging. The portfolio offering has been expanding gradually through trials and launches. We maintain a positive view on the domestic formulation business as well as the increasing contribution from the other international markets. Strengthening of the balance sheet and enhancing the net cash position is a constant endeavour with healthy cash flows in excess of Rs5bn generated during the quarter. Overall, we feel, Alkem has healthy cash in its books, improved business profile and other decent financial parameters in place. **We continue to maintain a Neutral stance at the current valuations with limited upside for a revised target of Rs3527.**
Alkyl Amines Chemicals Ltd **CMP: Rs2528** **Target: Rs3200**	The net sales for the quarter under review grew by 3.1% to Rs3,885mn as compared to Rs3,767mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 17.9% as against 17.7% in Q3FY22. The net profit came in at Rs457mn as against Rs459mn in the comparative quarter last year. The EPS for the quarter under review stood at Rs8.94 as compared to Rs8.98 in the corresponding period last year. **Outlook and Recommendations:** The company has reported flat numbers for the quarter across the P&L on y-o-y comparison, however tepid on sequential comparison. The overall 9MFY23 numbers have been pretty much on expected lines. The headwinds of raw material price increase, inventory built up across key markets of Pharma and Agrochem industries seem to be slowly but gradually fading for the company. AACL has established a leading position in domestic market and a presence in international market with reputation for reliable services and quality products. This provides the company an edge with longstanding relations with its customers, shielding in terms of pass through of increased prices and comfort of order book to be retained. The company has invested in additional capacities for new products in specialty chemicals and amine derivatives business, which would add to the revenues in near future by boosting the capacities by ~30%, completion expected by H1FY24. Entry into new specialty products is also likely to boost margins as management sees strong demand for these products. The company continues its efforts to remain cost competitive with utmost efficiencies, focusing on new product launches, timely addition of capacities as per demand from catered industries keeping in mind the inflationary environment that it is a part of. Overall, we feel that gradually with things setting on track, the company should also get back to its double digit growth trajectory. **We maintain Accumulate on the stock for a revised target of Rs3200.**

HIGHLIGHTS OF THE WEEK 13 Feb 2023-17 Feb 2023

Result Synopsis	
Company	**Result This Week**
Thermax Ltd **CMP: Rs2044** **Target: Rs2750**	The net sales the quarter under review grew by 26.9% to Rs20.4bn as compared to Rs16.1bn in Q3FY22. The Ebitda margins for the quarter under review stood at 7.9% as against 7.0% in Q3FY22. The net profit came in at Rs1.26bn as against Rs0.79bn in the comparative quarter last year. The EPS for the quarter under review stood at Rs11.20 as compared to Rs7.06 in the corresponding period last year. On the segmental performance, Energy segment revenue grew by 27.2% to Rs14.7bn, y-o-y while Environment segment revenue grew by 29% to Rs4.3bn and Chemical segment revenue came in at Rs1.6bn, growth of 5.8% y-o-y. **Outlook and Recommendations:** The quarter results have been encouraging in terms of improving margins and the order book positioning. The revenue growth has been decent with growth led by the key business segments of Energy, Environment and Chemical. The margins improved both on y-o-y as well as q-o-q basis. The higher commodity and freight costs have stabilized which can be seen on the operational front. The order book remains decent, however last year comparison; Q3FY22 was higher due to FGD order of Rs8.3bn being present. The management continues to indicate that larger order pipeline would be kind of dry for some time now, replaced by the smaller orders of the range of Rs100-500mn. It was candidly put across that there is no major pipeline for big projects of FGD/Petrochemical kinds in the near future which could make topline a bit of challenging. However, the company has been backselling to make up for those larger orders and expects a reasonable momentum in the same for FY23 and FY24. It finds enough strength in the smaller order book as well although on the face of it, it will hurt the ability to show good growth on the order book side. While enquiries from Oil & Gas, Petrochemicals have mellowed down, Chemicals remains the limelight for Thermax with double digit profitability expected and a good run over the investment cycle expected in the long term. The environment segment margins have shown improvement but larger orders would be slow. The mix of work for Thermax is constantly changing but with things getting more into the predictable zone, technological improvement being seen; opportunities will be there to maintain consistency in growth. **We maintain an Accumulate on the stock for a target of Rs2750.**
Alicon Castalloy Ltd **CMP: Rs867** **Target: Rs1200**	The company has reported net sales of Rs3,613mn as compared to Rs2,789mn in Q3FY22. The Ebitda margins for the quarter under review stood at 11.5% as compared to 11.9% on y-o-y basis. The net profit came in at Rs156mn as against Rs121mn in the same quarter last year. EPS for the quarter under review stood at Rs9.6 as compared to Rs7.5 in the corresponding quarter last year. **Outlook and Recommendations:** It has been a decent quarter for the company with revenue growth of 29.5% y-o-y led by the start of production on new orders and improved production schedules of OEM customers. The revenues would have been higher if not for the annual plant shutdown and holiday season for overseas customers during the quarter. Although the gross margins were range bound; the uptick in the operating margins was led by the higher value parts, cost cutting measures and operating leverage. Alicon has been working on increasing the share of value addition supported by efforts to optimize costs across the business, which has enabled it to deliver improved margins. The order backlog has been consistently growing for the company. Higher volumes including from new parts and customers added, increased value addition and cost optimisation measures are enabling Alicon to deliver accelerated growth in profitability. Alicon has maintained the unwavering focus on transforming the business model to be better positioned to capitalize on the emerging trends. Furthermore, the company is concentrating on preference for Carbon Neutral technology such as hybrid, EV, fuel cells and hydrogen cells, staggered introduction of vehicle scrappage policy, thrust on higher fuel efficiency and cost-optimisation & light-weighting of products. It is constantly working to transform and emerge as agile and diversified identity. The focus is on enriched product mix and driving improved volumes of higher margin products, driving higher operational efficiencies across business model. With encouraging developments happening across the sector, Alicon should be better placed in times to come. **We maintain a Buy on the stock for a target of Rs1200.**

Please Turn Over

Result Synopsis	
Company	**Result This Week**
Sudarshan Chemical Industries Ltd **CMP: Rs362** **Target: Rs485**	The net sales for the quarter under review de-grew by 13.8% to Rs4653mn as compared to Rs5400mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 8.4% as against 12.2% in Q3FY22. The net profit came in at Rs14mn as against Rs313mn in the comparative quarter last year. The EPS for the quarter under review stood at Rs0.2 as compared to Rs4.5 in the corresponding period last year. **Outlook and Recommendations:** Subdued demand across geographies and segments has resulted in volume and pricing pressure. The demand in India has been softer in plastic and coating segments. The export demand too continued to be subdued due to geo-political scenario and tightening monetary policy. With the early sign of revival for the plastic business especially in the India market coupled with the pigment segment demand revival, directionally margins are anticipated to inch higher. Change in the business mix continues where the company is expanding product portfolio to build globally competitive and comprehensive range of products with deeper penetration in select International geographies. The capex program is expected to drive future growth and fetch Ebitda improvement. Gradual sales ramp-up, new businesses moving into plant commissioning and commencing execution of cost improvement & value chain integration projects will drive the growth of the company in the upcoming years. Continuous improvement of efficiency is the key focus area of the Management while building one of the most efficient chemical complexes in India and globally with strong focus on EHS and sustainability. In addition to this, the company is also focusing on controlling net working capital and inventories in order to optimize cash conversion cycle. Backward integration is an important lever for the growth of the company. Overall demand if it picks then, the margins will be higher. The company does not have any more major capex plans, but for maintenance capex and the cash flow generated over the next 6-8 quarters will be used to reduce the debt. Higher share of value-added business portfolio and the upcoming capex plans bodes well for the specialty pigments revenue growth. The focus of the Management is to improve the ROCE, control the net working capital and inventories to optimize cash conversion cycles, and continue to follow the growth plan. However, the conversion of the same is an important matrix to follow till executed; **though we are optimistic on the long term strategy of the company, we reduce the target price to Rs485.**
Revathi Equipment Ltd **CMP: Rs1150** **Target: Rs1500**	The net revenues for the quarter grew to Rs1,254mn as compared to Rs378mn in the same quarter last year. The Ebitda margin for the quarter under review stood at 7.7% as compared to 4.4% in the same quarter last year. The company reported net profit was at Rs27mn as against Rs6mn in the same quarter last year. EPS for the quarter stands at Rs8.72 as compared to Rs1.99 in the corresponding period last year. On the segmental front, the equipment manufacturing segment grew by 10.9% while the Engineering, Construction and Design services grew by 480%. **Outlook and Recommendations:** The trend of the previous quarters continues with strong revenue growth on a small base of same quarter last year; but drop in gross margins leading to dip in operating margins as well. For 9MFY23, the revenues have more than doubled but the operating margins have remained flat. This indicates that although there has been easing of raw material and other input costs, it has not reached at levels to make it Ebitda accretive. The segmental performance has also been decent for the quarter with a huge ramp up in engineering and construction division, on expected lines with construction/ manufacturing projects and orders back on track. This would continue to be opportunities for companies like Revathi that are equipment providers. The budget has also laid emphasis on increasing capex across industries which adds to the lucrativeness ahead. Overall, we feel with execution taking the forefront, there should be segmental benefits coming in for Revathi going ahead as well. And gradually the margins should also get back to its normal trajectory with pricing pressure settling across commodities. **We maintain Accumulate on the stock for a target of Rs1500.**

Result Synopsis	
Company	**Result This Week**
Transpek Industry Ltd **CMP: Rs1620** **Target: Rs2200**	The net sales for the quarter grew by 9.1% to Rs1,965mn as compared to Rs1,800mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 21.5% as against 17.4% in Q3FY22. The net profit came in at Rs247mn as against Rs230mn in the comparative quarter last year. The EPS for the quarter under review stood at Rs44.2 as compared to Rs41.1 in the corresponding period last year. **Outlook and Recommendations:** It was a decent quarter with revenue growth of 9% y-o-y but the gross margins have shown good improvement on y-o-y as well as q-o-q basis, indicating that there is further easing of higher costs. The PAT has also reported a single digit growth, a flattish quarter under reference. Transpek is a well-known name in the chlorination technology along with other core technologies and is capable of handling projects for global clients in the areas of pharmaceuticals, agrochemicals and specialty chemicals while also looking at renewal of contracts with existing customers. Transpek has an established presence in the industry and some of the key triggers which can help the company grow include improvement in global trade, volume growth with a stable working capital cycle, good relations with customers and comfortable liquidity which the company already has. The company aims to explore products related to specialty chemistry, polymer and pharma profiled customers. The application volumes seem to have reached the peak utilisation (the company keeps 10-12% as buffer or unutilized). Uptick in the revenue can come either by change in product mix or by debottlenecking or by addition of new capacities, which the management has to diligently decide. The recent Crisil ratings have revised the outlook to positive from stable for its fixed deposits of Rs872mn, re-iterating its sound financials. The company has performed well in an industry which is constantly facing many headwinds with immense uncertainties and volatility, which we have factored in our numbers as well and **thus reduced our target price to Rs2200.**
Dynamatic Technologies Ltd **CMP: Rs2731** **Target: Rs3000**	The company has reported net sales of Rs3,132mn as compared to Rs3,077mn in Q3FY22, growth of 1.8%. The Ebitda margins for the quarter under review stood at 13.4% as compared to 14.0% in the Q3FY22. The net profit (before discontinued business) came in at Rs70mn as against Rs80mn in the same quarter last year. EPS for the quarter under review stood at Rs11.07 as compared to Rs12.65 in the corresponding period last year. The Board of Directors have declared an interim dividend of Rs3 per equity share (30%) for FY23. **Outlook and Recommendations:** The company has reported a more or less flat quarter however, with sustainable and good operational efficiencies which is basically due to global customers shutting down during mid-December for Christmas vacations. Performance from the Aerospace segment is anticipated to improve due to robust demand for commercial jetliners and increased defence expenditure. The Hydraulic segment has seen good agricultural, construction and industrial equipment demand during the quarter under review and the impetus provided by the Union Budget augurs well for the growth of this segment. The Metallurgy segment continues to be impacted by unprecedented inflation and instability in Europe. The Atmanirbhar scheme which aims at achieving self-reliance and promoting defence exports blends in well for the overall operations of the company and will continue to grow with further boost to the Indian defence and aerospace sector by GOI. The Management is constantly trying to reduce the debt burden and solving the complex business structure of DTL. Recently in November 2022, Dynamatic Manufacturing Limited, a subsidiary of DTL, signed a long-term contract with Spirit AeroSystems to manufacture detail parts for Spirit's Belfast facility in Northern Ireland. This contract involves manufacturing multiple parts for commercial and business jet programs at Spirit, Belfast. The strong R&D capabilities, ability to manufacture critical & word class products, long term relationship with it customers, technically robust manufacturing skills, quality and capabilities which is globally recognized, the Make in India programme, Atmanirbhar Bharat initiatives and the entire thrust of GOI on agriculture, defence and aerospace augurs well for players like DTL. **We continue to remain bullish on DTL and maintain our target price of Rs3000 (only for Long Term investors) with a SIP strategy.**

Result Synopsis	
Company	**Result This Week**
HBL Power Systems Ltd **CMP: Rs100** **Target: Rs150**	The company has reported net sales of Rs3,325mn as compared to Rs3,487mn in the same quarter last year, drop of 4.7%. The Ebitda margins for the quarter under review stood at 11.5% as compared to 13.0% in the corresponding quarter last year. The net profit came in at Rs237mn as against Rs248mn in the same quarter last year. EPS for the quarter under review stood at Rs0.83 as compared to Rs0.89 in the corresponding period last year. On the segmental front, batteries division reported a drop of 5.9% on a y-o-y basis and the electronics segment reported a growth of 1.8% HBL has agreed to invest up to Rs1,500mn in Tonbo Imaging India Pvt. Ltd, a leading electro-optic solutions provider for defence applications, in the form of CCPS and is anticipated to be completed within 6 months from the date of agreement execution. **<u>Outlook and Recommendations:</u>** The company has reported flattish performance on the topline for the quarter under review; but for the 9MFY23 reported a growth of 12% on a y-o-y basis. Considering some sort of easing in the raw material prices, the company has shown an improvement on the operational efficiency (both on q-o-q and 9MFY23). The gross margins have continued to remain in more or less the same range over the past couple of quarters. Batteries continue to be a dominant contributor to the overall revenues for HBL Power. During the quarter under review, HBL has agreed to invest upto Rs1,500mn in Tonbo Imaging India Pvt. Ltd (a leading electro-optic solutions provider). HBL already has a wide presence in defence via product portfolio such as batteries, fuses and electronic systems. The investment in Tonbo would enable the company to further expand the defence business for high demand products that caters to military and homeland security upgradations in India and other emerging markets. This would gradually scale up the overall order book position for HBL. As mentioned in our earlier notes as well, a transitional shift from the traditional source of fossil fuels towards the renewable sources outlines government's priority over sustainable development. To give more emphasis on Energy Storage Systems (ESS), the government in its recent budget has put forth a proposal to set up battery energy storage systems with a capacity of 4000MWH which will enable growth in renewable energy capacity additions; thereby providing an impetus to various sectors that the company caters. The company's focus continues to remain on TCAS, TMS and defence applications. However, considering the gestation period in terms of bagging orders and its executions we have toned down our estimates and thus **we maintain our target price of Rs150.**
Royal Orchid Hotels Ltd **CMP: Rs247** **Target: Rs360**	The net sales for the quarter grew by 37.3% to Rs725mn as compared to Rs528mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 32.7% as compared to 31.6% in the corresponding period last year. The net profit came in at Rs152mn as against Rs57mn in the comparative quarter. The EPS for the quarter ending Dec, 2022 stands at Rs5.27 as against Rs1.61 in the comparative quarter. **<u>Outlook and Recommendations:</u>** The company has reported phenomenal results for the quarter under reference. As the pandemic receded, a strong resilience has been depicted in the customer sentiments which has resulted in surge in pent-up demand, leisure travel, comebacks seen in corporate travels and MICE events, G-20 summit, wedding seasons all of which are supportive triggers for players like ROHL. Rise in ARR, optimal occupancy levels, higher RevPAR are the key growth parameters that led to one of the best Q3 performances for ROHL. The company continues to witness good traction in its home ground Bangalore. Going ahead, the upcoming summer season is poised to work well for hill station destinations where ROHL has its presence. The focus would continue to stay on the asset light business model with gradual inching towards the revenue share business model as well. The internal target to operate 100 hotels by FY23 alongwith other financial parameters continue to remain intact. The recent announcement made in the Budget towards the tourism sector would further provide an impetus to the overall hospitality sector. The industry sentiments are positively skewed and are working well in the favour of the company. We continue to be positive on the future prospects of the company and **maintain a buy on the stock for a target of Rs360.**

Result Synopsis

Company	Result This Week
Excel Industries Ltd **CMP: Rs947** **Target: Rs1200**	The net sales for the quarter de-grew by 36.4% to Rs2,230mn as compared to Rs3,505mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 12.6% as against 29.3% in Q3FY22. The net profit for the quarter under review came in at Rs187mn as against Rs782mn in the comparative quarter last year. The EPS for the quarter under review stood at Rs14.9 as compared to Rs62.1 in the corresponding period last year. The divisions of Environment and Chemical Biotech have reported drop of 35.8% and 57.8% y-o-y respectively. **Outlook and Recommendations:** It was a subdued performance by the company with revenue drop of 36.4% y-o-y attributed to the lower demand in the domestic markets and headwinds faced in the international business. The export market contributed 23% of the overall revenues for the quarter. Sequentially the gross margins as well as the Ebitda margins have shown improvement due to favourable product mix; but a y-o-y comparison still indicated a drop. The operating leverage has been sequentially increasing due to a decrease in other expenses, leading to a more favorable cost structure and improved profitability. The rippling effects of the prices related to the key raw materials is the major reason for the fluctuations in the gross margins and passing on the prices and inventory is a difficult task across the entire industry. Going forward, Pharma intermediates, polymer inputs and specialty chemicals which are low volume, but high value products, continue to be the focus area for Excel. The long-term prospects of the Indian chemical industry are bright. However, FY23 has been challenging due to pricing and demand concerns in key markets like the EU and USA. On the outlook, the company feels that the Asia-Pacific market is expected to grow fastest and China is expected to keep specialty chemical imports high. Sluggish demand in key markets like EU, USA, China and disruptions due to the energy crisis in the EU can have adverse impact on the production and exports of Specialty Chemicals in 2022-2023. However, overall production is expected to recover to pre-covid levels in FY23. On the capex, the company has deployed Rs2810mn over 2019-22, including the acquisition of Visakhapatnam site. Further, the company is in the process of setting up a state-of-the art R&D facility at Mumbai. It has also received EC from regulatory bodies to increase its production capabilities and product offerings. Few of the products are Phosphorus Pentasulphide, Diethyldithiophosphoryl Chloride, Diazotization Chemistry platform, Phosphonates and Pharma capacities. The company has introduced capacities for new products like Sodium Trichloro Pyridinol (NaTCP), DMPAT and a polymer additive. The new product development strategy is centered around new chemistry platforms with focus on export & consumer-oriented approach. The company has the benefit of being long term debt free and cash rich company. The conservative Management of Excel keeps rewarding the shareholders with healthy dividends while being vigilant about their debt profile. We maintain a cautious view on the overall chemical industry and related issues and have accordingly toned down our numbers to reflect the same. **We maintain accumulate on the stock for a revised target of Rs1200.**

Result Synopsis	
Company	**Result This Week**
Salzer Electronics Ltd **CMP: Rs270** **Target: Rs360**	The growth during the quarter under review is driven by high demand products like toroidal transformers, three phase transformers, LAN cables, and sensors & MCBs. The net sales for the quarter under review grew by 13.3% to Rs2399mn as compared to Rs2118mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 9.9% as against 8.3% in Q3FY22 which is mainly on account of increase in sales from higher margin industrial switchgear products. The net profit came in at Rs97mn as against Rs72mn in the comparative quarter last year. The EPS for the quarter under review stood at Rs6.05 as compared to Rs4.53 in the corresponding period last year. **Outlook and Recommendations:** Salzer continues to report good numbers on the topline as well as on the bottomline which is due to the overall growth in the key segments. The company has been witnessing a steady growth in demand with an increased order book, (domestic as well as international). The Management anticipates maintaining the growth trajectory which is based on strong product offering, the overall domestic and export outlook and strong business performance for the next year as well. The growth momentum is anticipated to continue with strong demand in the current year from the Indian domestic market and OEMs. The company is witnessing strong growth in the products related to 3-phase transformers, data cables and wire harnesses coupled with growth in the legacy products related to rotary switches' portfolio. The management continues to see a substantially higher demand from key products of the top two business division and in order to cater to this strong demand, the company is setting up a new manufacturing rented facility located at Hosur with a vision to manufacture high demand products like wire harnesses and toroidal transformers for the 2 wheeler players in this geography which is currently not the company customer base. The process of value engineering, cost reduction, innovation activities in the operations is a constant process at Salzer; the R&D teams are constantly trying to reduce the costs. Salzer is gradually inching towards its ambitious target to achieve Rs10bn revenues with more or less sustainable margins and focus on return ratios. The company is making conscious efforts to tackle the issues related to WC days. Growth prospects for Salzer are quite positive; the outlay provided in the Union budget is positive for the growth of infrastructure players like Salzer which is spread across various sectors like renewables, power sector, automobiles etc. Salzer intends to maintain its growth trajectory via strong product offerings and brand position in the market. The fears related to global geopolitical issues continue along with volatility in the commodity, fuel prices and inflationary pressures etc. which can affect the demand and production in various sectors; however, **we continue to maintain our long term target price of Rs360.**

Result Synopsis	
Company	**Result This Week**
La Opala RG Ltd **CMP: Rs355** **Target: Rs510**	The net revenue for the quarter under review grew by 16.4% to Rs1,264mn as compared to Rs1,086mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 36.5% as compared to 41.3% in the same quarter last year. The net profit came in at Rs346mn as against Rs325mn in the comparative quarter. EPS for the quarter under review stood at Rs3.1 as compared to Rs2.9 in the corresponding period last year. **Outlook and Recommendations:** The company has reported a good set of numbers for the quarter under review; however, the margins earned stood at 36.5% as compared to 41.3% in Q3FY22. While the company is proactively transforming itself, it continues to be the market leader in the opalware business. LORGL continues to invest in additional capacities, technology and is constantly making the right investments. The company is anticipated to gradually show an increase in the scale of operations coupled with a soft diversification of the product portfolio. This will also help the company increase in market share in a product line where they were not present. This will add to the already existing wide product range which caters to both, economy and premium segments. This capex plan is anticipated to take the company to the next phase of growth in the upcoming quarters. The demand for opalware/tableware both in the household and hotel, restaurants, caterers (HoReCa) segment is gradually increasing with significant demand potential from the semi-urban sector with rising disposable income which is to a great extent an untapped traditional kitchenware user market. As the demand for the products currently offered by the company is anticipated to grow higher, opalware products can penetrate more into the tier 2 or tier 3 cities. While one phase of the capex at Sitarganj is completed, the company is looking at another round of capex. The company is also looking at setting up a Borosilicate Plant at Sitarganj with a capacity addition to the tune of 25 metric ton per day with an investment requirement of ~Rs700-800mn. This part of the expansion is anticipated to be on-board in the next 7-9 quarters. As the demand for borosilicate glass is increasing, the new plant will not only help outfitting the increased demand of borosilicate glass products in the domestic and international market but also have low cost of production. This diversification into the borosilicate glass products will give the company the much needed boost to the otherwise more or less stagnant topline. Despite all these expansion plans, the capital structure of the company continues to remain strong with low debt levels and good cash levels. The India growth story with gradual shift towards opalware products is increasing and shift in consumer sentiments favours the industry growth as well as the company in unexplored semi-urban towns and cities in India. Some of these factors will benefit all the players in the industry where brand recognition and awareness will be the key differentiator. The upcoming capex leading to expansion of the market, expanded capacity going on stream, benefits of debottlenecking augur well for the near term as well as long term growth prospects of LORGL, and thus **we maintain our long term target price of Rs510.**

Please Turn Over

Result Synopsis	
Company	**Result This Week**
Antony Waste Handling Cell Ltd **CMP: Rs257** **Target: Rs400**	The net sales for the quarter under review grew by 34.8% to Rs2175mn as compared to Rs1613mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 13.6% as against 19.7% in Q3FY22. The net profit came in at Rs160mn as against Rs190mn in the comparative quarter last year. The EPS for the quarter under review stood at Rs4.24 as compared to Rs4.61 in the corresponding period last year. **<u>Outlook and Recommendations:</u>** The company has reported a good topline growth of 35% on a y-o-y basis and ~42% growth in 9MFY23. The key parameters for the revenue growth included the incremental contributions from the latest Nashik C&T project (that started operations in Dec'22), benefits of tipping fee escalation and organic volumes from both waste processing and steady operations from the C&T project. The operational efficiency was however slightly lower when compared on both y-o-y and q-o-q basis; this was primarily on account of a methodology adopted by the company wherein the management created a receivable reserve provision worth ~Rs142mn for the quarter in order to mitigate against the expected credit loss given the nature of business that the company operates in. AWHCL maintains its stickiness towards the cluster-based approach by laying continuous focus on bidding projects across new states in order to increase the profitability and thus the efficiency. The company is also evaluating options to de-risk the business by adding non-municipal revenue streams to the business. Going ahead, the management anticipates incremental revenues to trickle in from Nashik, PCMC waste-to-energy (expected in next year) and a complete ramp up of the NDMC contract. Overall, the company continues to deploy sustainable business practices for long-term commitment of sustainability with growth, increased tonnage and the concept of circular economy gaining importance, AWHCL is showing good execution while managing the waste effectively with value addition. **We thus continue to maintain our target price of Rs400.**
Oriental Aromatics Ltd **CMP: Rs387** **Target: Rs450**	The company has reported net sales of Rs1,994mn as compared to Rs2,058mn in Q3FY22, de-growth of 3.1%. The Ebitda margins for the quarter under review stood at 7.0% as compared to 7.8% in Q3FY22. The net profit came in at Rs38mn as against Rs80mn in the same quarter last year. EPS for the quarter under review stood at Rs1.13 as compared to Rs2.37 in the corresponding quarter last year. **<u>Outlook and Recommendations:</u>** It has been yet another quarter where revenues have come lower, but for the margins getting on to a stabilized mode. The gross margins did improve miniscule on a y-o-y basis but on sequential basis an improvement indicates that raw material pricing pressure is easing out for OAL. There has been a slight dip seen in the Ebitda margins which has impacted the profitability as well. The overall volume growth broadly has crossed pre-covid levels with healthy growth in production volumes across the group. On the segmental performance, the F&F segment has been good with regard to demand as well as volumes for the quarter. The specialty aroma segment witnessed volume declines as the customers in the EU/US deferred the orders but the shipments have started moving and assuming a slowdown, offtake is regularizing in Jan/Feb with expectation of recovery in numbers. Overall the offtake of the some inventorised material has started from January 2023, and the company is confident in liquidating the same. The camphor segment also had a laggard witnessed which has been the point of focus for the company hinting towards de-risking strategies. On the margins, the management has reiterated the guidance of 8-10% for FY23. F&F and speciality aroma margins are expected to get better with price stabilization while the camphor space and terpene would still take time to recover. The pharma grade of camphor could come to rescue the camphor segment with better margin products for the sub-segment going forward. Overall, some concrete stabilization can be expected from H2FY24. There is tremendous pricing pressure as the Chinese manufacturers have become very competitive due to their currency devaluation and local feedstock availability in China which is a concern for the upcoming quarter. The company is actively working on strategies for sales and profitability; going forward, the timely execution of the capex plans can help show an uptick in the overall operations which is anticipated to take some more time; considering these factors, **we maintain an accumulate on the stock for a revised target of Rs450.**

Result Synopsis	
Company	**Result This Week**
Foods & Inns Ltd **CMP: Rs128** **Target: Rs174**	The net sales for the quarter under review grew by 63.7% to Rs1991mn as compared to Rs1216mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 9.2% as against 6.9% in Q3FY22. The net profit came in at Rs113mn as against Rs6mn in the comparative quarter last year. The EPS for the quarter under review stood at Rs2.24 as compared to Rs0.06 in the corresponding period last year. **Outlook and Recommendations:** The company has reported a robust growth of ~63.7% on the topline in Q3FY23 and ~52% for 9MFY23. The growth is driven by the increased pulp tonnage at 16204 in Q3FY23 and at 63071 in 9MFY23. Value creation coupled with sustainable growth has been the motto of the company. Given the nature of business that the company operates in, larger volumes would invariably lead to absorption of certain overheads and thus help in improving the operational efficiency. This would further be aided by increased share of value added and branded products across the company's offerings. F&I is a B-2-B player, more concentrated on mango business, and is currently diversifying into guava, papaya, tomato, chilly, garlic, spray dried powdered product, frozen product etc. The company is looking at major growth coming from the non-mango business without compromising on the mango business; this business is auto mode and one can expect good growth. For the Pectin related operations gross margins are anticipated to be more than 50% because of the in-house of availability of RM and production to be commenced by June of 2023. For the business related to Tetra Recart the machine installation is already on stream, however, the commercial production has not started as of now, and the company is waiting for the ETP approval. The company intends to follow a hybrid model while looking at expanding the retail business and also looking at opportunities in the pro-packing business. The company is looking to launch the brownfield spray dried facility and greenfield facility of Tetra Recart in March of 2023 as well as the JV beyond Mango is anticipated to be launched by June 2023. F&I is also looking at diversifying its product portfolio to reduce the dependency on Mango processing; the Management is making conscious efforts and strategically planning to mitigate the risks associated with dependence on one single product while looking at options like tomatoes. Incremental demand in other categories should help in better absorption of fixed overheads and aid in overall growth. The company continues working towards improving its Ebitda margins by trying to increase the share of value added and branded products across its food offerings, increasing its operating leverage by producing allied products during non-peak season and converting its waste into value additive products. The focus of the Management remains on delivering high quality products, capitalising on new opportunities to create long term value for the stakeholders, thus **we continue to maintain our target price of Rs174.**

HIGHLIGHTS OF THE WEEK 13 Feb 2023-17 Feb 2023

Result Synopsis

Company	Result This Week
Rupa & Company Ltd **CMP: Rs231** **Target: Rs288**	Net revenue for the quarter under review de-grew by 45.5% to Rs2360mn as compared to Rs4332mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 6.0% as compared to 18.7% in the corresponding quarter last year. The company reported net profit of Rs55mn as compared to Rs583mn in the comparative quarter of the previous year. EPS for the quarter under review came in at Rs0.69 as compared to Rs7.33 in the corresponding quarter last year. **Outlook and Recommendations:** The quarter under reference has been the most challenging both at the industry as well as the company level; multitude of factors have led to slowdown in sales resulting in de-growth across the key matrix. Due to volatility in the yarn prices, inflationary pressures, high energy costs, weak consumer sentiments impacted the overall topline. The effect of the industry headwinds has been well reflected even at the gross and ebitda margins for the quarter under reference. Apart from this, high margin products in winter and thermal wear (seasonality driven) too witnessed demand slowdown thus impacting volumes during the quarter. Rupa has a gamut of offerings under its radar across price segments with constant efforts and focus laid to strengthen the business model via the extensive distribution network. The expansion strategies in terms of EBO networks, doubling of store counts, focus on new emerging markets and high margin business would drive the growth for Rupa, however, execution of these ambitious plans is something that would be a wait and watch situation. Over the medium term, with raw material prices working in favour of the company, the domestic and exports demand is expected to pick up which would boost the sales and the operational efficiency. Introduction of new product line, aggressive ad and marketing spends to target potential customers, enhance brand equity, introduction of dealer led financial schemes are some of the key strategic initiatives that would enable the company to boost the volumes in the near term. However, given the overall week industry scenario and inability to sustain volumes, margins and profitability; **we have slashed our estimates and target price to Rs288.**
Sadhana Nitrochem Ltd **CMP: Rs122** **Target: Rs150**	The net sales for the quarter under review de-grew by 1.9% to Rs312mn as compared to Rs318mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 15.1% as against 11.4% in Q3FY22. The accounting effect for the merger by absorption of Spidigo Net Private Limited has also resulted in reversal of interest charged upto 30 September, 2022 on the loan advanced to the wholly owned subsidiary by the company. This has resulted in the figure of Other Income for the quarter ended 31st December, 2022 becoming negative at Rs(1.6)mn. The net profit came in at Rs8mn as against Rs16mn in the comparative quarter last year. EPS for the quarter stands at Rs0.04. **Outlook and Recommendations:** The quarter reported a flat topline but the sustainable raw material prices (uptick in the gross margins) led to better operating margins on a y-o-y as well as q-o-q basis. Lower revenue growth translated into drop in PAT, but there was a change from a loss to profit on sequential comparison. The industry as well as the company has been dealing with high inventory costs, margins pressures from China opening up, geo political issues, higher input prices, freight costs, low off takes, deferment of buying orders etc. which is impacting the overall manufacturing cost for all the players. On account of a strong global demand of ODB2 (thermal paper colour former), SNCL is increasing its ODB2 capacity from existing 550TPA to 2000TPA. The company intends to increase the utilisation of the ODB2 plant expanded capacity in Q4FY23 to 60% and ~90% in Q1FY24. The PAP (Para Amino Phenol) plant, which is operational and one of the key additions of the company; is anticipated to ramp up progressively over the quarters to achieve the desired quality and materials to be offered. SNCL was also working on moving from batch to continuous manufacturing of PAP in order to attain full production capacity in the existing plant. Success of the PAP project can actually change the operational matrix of the company. SNCL is looking at transforming itself into a globally cost competitive manufacturer with focus on R&D and quality processing. SNCL is also exploring opportunities in forward as well as backward integrated products. In addition to this, the company is also looking towards unique product offerings with competitive strength to form a strong pipeline of products. SNCL is focused on green technologies and choosing products with high operating synergies. **We maintain our target of Rs150 from a long term perspective.**

Please Turn Over

HIGHLIGHTS OF THE WEEK 13 Feb 2023-17 Feb 2023

NIFTY (WEEKLY)

BANK NIFTY (WEEKLY)

MARKET OUTLOOK

Nifty50 has given a breakout from the **Falling Channel** pattern but for better performance, the Index needs to breach the level of 18,150. On a daily chart, it appears that the Index is forming an Inverted Head & Shoulder formation. On the downside 17,850 will act as strong support. As shown in the above **BankNifty** chart, 41700 is acting as a stiff hurdle and a strong close above the same is required for continuation of an uptrend. The **Auto sector** is in the Rising Channel and recently bounced from the lower end which indicates the continuation of an uptrend (**Bajaj Auto: Symmetrical Triangle, Escorts: Forming Inverted Head & Shoulder**); from the **ancillaries segment**, one should keep an eye on **ApolloTyre** (Cup & Handle), **Suprajit** (Symmetrical Triangle). In the **FMCG sector**, an attempt of a consolidation breakout can be seen in the upcoming week. The **IT sector** did perform as per our expectation and likely to perform in same manner (**BSOFT: Bullish Bat, Mphasis: Consolidation Breakout, Tech Mahindra: Triangle Breakout**). The **Metal sector** is likely to oscillate in a wide range of 5650-6000 with a negative bias. Positive chart set-up has been witnessed in the **Defence** stocks (**BDL: Falling Wedge, BEL: Bullish AB=CD, Reversal from the long-term trendline support, HAL: Flag and Pole Breakout**).

HIGHLIGHTS OF THE WEEK 13 Feb 2023-17 Feb 2023

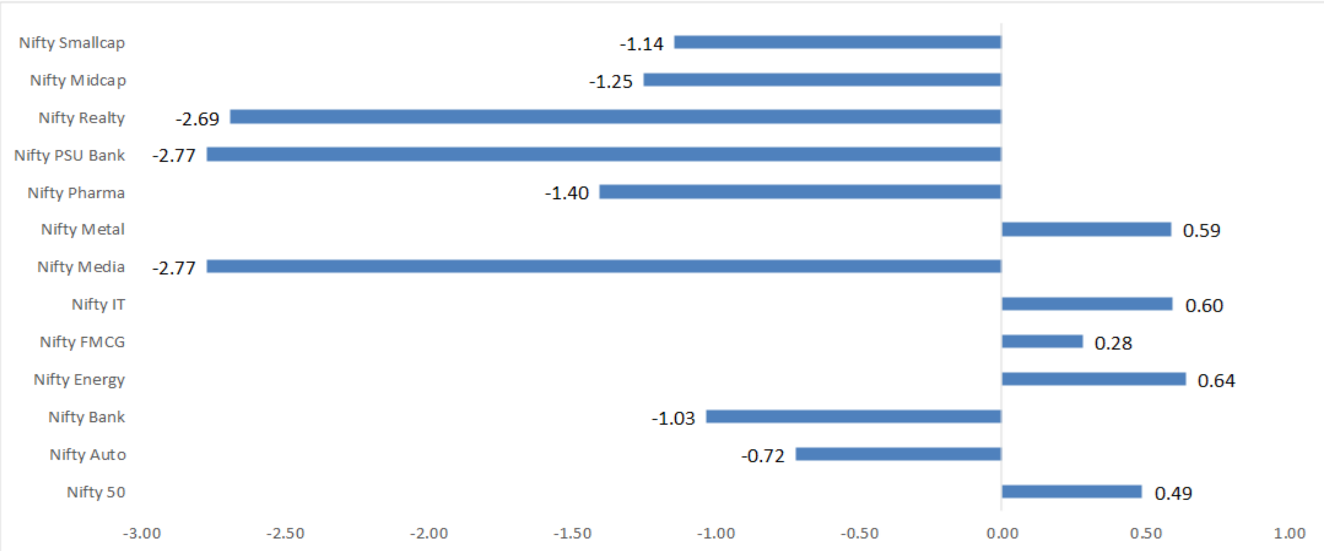
NIFTY 50 COMPONENTS (WEEKLY PERFORMANCE)

Adani Enterprises	(7.23%)
Adani Ports	(1.10%)
Apollo Hospital	4.70%
Asian Paints	1.21%
Axis Bank	(1.10%)
Bajaj Auto	1.62%
Bajaj Finance	(0.16%)
Bajaj Finserv	0.89%
Bharti Airtel	0.78%
BPCL	(0.47%)
Britannia	(1.56%)
Cipla	(0.58%)
Coal India	3.01%
Divis Labs	0.80%
Dr. Reddy's Labs	0.52%
Eicher Motors	2.12%
Grasim	0.33%
HCL Tech	(0.54%)

HDFC	0.56%
HDFC Bank	0.22%
HDFC Life	(3.45%)
Hero Motocorp	(1.89%)
Hindalco	(0.88%)
HUL	(2.33%)
ICICI Bank	0.77%
IndusInd Bank	(4.63%)
INFY	(1.46%)
ITC	3.26%
JSW Steel	1.44%
Kotak Bank	(0.49%)
LT	3.10%
M&M	(1.46%)
Maruti	0.23%
Nestle India	(0.05%)

NTPC	1.54%
ONGC	6.54%
PowerGrid	(0.05%)
Reliance	4.34%
SBI Life	(3.22%)
SBIN	(4.02%)
Sun Pharma	(2.35%)
Tata Consumer	(0.21%)
Tata Motors	(1.08%)
Tata Steel	3.08%
TCS	(0.82%)
Tech Mahindra	10.95%
TITAN	1.19%
Ultratech	1.38%
UPL	6.16%
Wipro	0.16%

SECTORAL PERFORMANCE



HIGHLIGHTS OF THE WEEK 13 Feb 2023-17 Feb 2023

SECTORAL GAINER

The Energy sector has outperformed by ending the week with gains of 0.64%. The sector up-move was primarily contributed by the heavyweight Reliance (+4.34%) followed by ONGC (+6.54%) while hammering remained in the Adani stocks (Adani Trans(22.46%) and Adani Green (13.17%)).

SECTORAL LOSER

With a loss of 2.77%, the **PSU Banking sector** was the underperformer. Except for Canara Bank, the rest of the components have ended the week with a loss where PSB and UCO Bank corrected the most.

HIGHLIGHTS OF THE WEEK 13 Feb 2023-17 Feb 2023

DISCLAIMERS AND DISCLOSURES-

Progressive Share Brokers Pvt. Ltd. and its affiliates are a full-service, brokerage and financing group. Progressive Share Brokers Pvt. Ltd. (PSBPL) along with its affiliates are participants in virtually all securities trading markets in India. PSBPL started its operation on the National Stock Exchange (NSE) in 1996. PSBPL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) for its stock broking services and is Depository Participant with Central Depository Services Limited (CDSL) and is a member of Association of Mutual Funds of India (AMFI) for distribution of financial products.

PSBPL is SEBI registered Research Analyst under SEBI (Research Analysts) Regulations, 2014 with SEBI Registration No. INH000000859. PSBPL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years. PSBPL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

PSBPL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by Progressive Share Brokers Pvt. Ltd. (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company (s) covered in this report-:

· PSBPL or its associates financial interest in the subject company: NO

· Research Analyst (s) or his/her relative's financial interest in the subject company: NO

· PSBPL or its associates and Research Analyst or his/her relative's does not have any material conflict of interest in the subject company. The research Analyst or research entity (PSBPL) has not been engaged in market making activity for the subject company.

· PSBPL or its associates actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: NO

· Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: NO

· PSBPL or its associates may have received any compensation including for brokerage services from the subject company in the past 12 months. PSBPL or its associates may have received compensation for products or services other than brokerage services from the subject company in the past 12 months. PSBPL or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Subject Company may have been client of PSBPL or its associates during twelve months preceding the date of distribution of the research report and PSBPL may have co-managed public offering of securities for the subject company in the past twelve months.

· The research analyst has served as officer, director or employee of the subject company: NO

PSBPL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our sales people, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses (if any) may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution publication, availability or use would be contrary to law or regulation or which would subject PSBPL or its group companies to any registration or licensing requirement within such jurisdiction. If this document is sent or has reached any individual in such country, especially, USA, the same may be ignored. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of PSBPL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of PSBPL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read “Risk Disclosure Document for Capital Market and Derivatives Segments” as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Terms & Conditions:

This report has been prepared by PSBPL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of PSBPL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and its at the discretion of the clients to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. PSBPL will not treat recipients as customers by virtue of their receiving this report.

Registered Office Address:

Progressive Share Brokers Pvt. Ltd,

122-124, Laxmi Plaza, Laxmi Indl Estate,

New Link Rd, Andheri West,

Mumbai—400053, Maharashtra

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

Compliance Officer:

Mr. Shyam Agrawal,

Email: compliance@progressiveshares.com,

Contact No.:022-40777500.