WEEKLY WRAP-UP

16TH MAY - 20TH MAY 2022

HIGHLIGHTS OF THE WEEK 16 May 2022– 20 May 2022

DOMESTIC:

- Adani group to acquire 49% stake in Quintillion Business Media for undisclosed amount
- Adani group wins race to acquire Holcim India assets for USD10.5bn
- Paytm's lending business reaches annualised run-rate of Rs20,000cr in April
- Reliance to acquire several brands in over Rs50,000cr consumer goods play
- Maruti Suzuki lines up Rs5,000cr capex for current fiscal
- Tata Motors goes big bang with Rs32,000cr capex plan
- Escorts lines up Rs400cr capex for FY23; eyes higher exports of electric tractors in 5-6 yrs
- SJVN to set up hydel 490MW Arun-4 power project worth Rs4,900cr in Nepal
- HDFC, HDFC Life insurance acquires stake in Xanadu Realty
- BEL to manufacture battery packs for Triton electric trucks
- IDBI Bank set to foray into new loan segments to control slippages
- Powergrid acquires Khetri Narela transmission
- Govt. puts Pawan Hans sale on hold over winning bidder concerns
- Hero MotoCorp expects two-wheeler industry to grow in double digits in FY23
- Capgemini to acquire Chappuis Halder
- Tata Power bags 300MW solar project worth Rs1,731cr
- KEC International wins new orders worth Rs1,147cr
- PE firm Multiples picks up 9.3% stake in BDR Pharma for Rs685cr
- Goldman Sachs likely to invest Rs2,700cr in PharmEasy parent
- Three Adani Group companies receive USD2bn from Abu Dhabi's IHC
- Indian Oil approves 1:2 bonus issue of shares, recommends dividend

ECONOMY:

- India-UAE trade pact to create huge job opportunities, boost economy
- At 15.08%, in April, WPI inflation hits 30 year high
- Indian economy likely to grow 12%-13% in Q1: ICRA

INDUSTRY:

- India's Pharma industry is valued above USD50bn for FY21: Mandaviya
- Inflation gets to the core, project costs may go up
- Railways awards 39,000 train wheels tender to Chinese company

HIGHLIGHTS OF THE WEEK 16 May 2022– 20 May 2022

COVERAGE NEWS:

Alkem Laboratories Ltd: The company said on exchanges that the Medicines and Healthcare products Regulatory Agency (MHRA) has pointed out no critical or major observations at its Taloja Plant and has closed its inspection.

Hikal Ltd: In continuation of the letter dated 23-04-2022, the operations at company's manufacturing unit at MIDC Taloja have been shut. This unit had contributed approximately Rs2,600mn (15% of the turnover of FY21). The company is undertaking scheduled maintenance activities to minimise the impact of the plant being temporarily closed. The company is taking appropriate legal measures as advised by counsels before the Pollution Board as well as Courts to remedy the situation and seek relief against the closure directions.

Max Healthcare Institute Ltd: Max Healthcare said on exchanges that its board approved merger of its wholly owned subsidiaries of Alps Hospital and Max Hospitals. The scheme is subject to necessary statutory and regulatory approvals under applicable laws.

Bharat Rasayan Limited: The company has intimated the exchange about a fire accident at one block of the company's plant located in Dahej (Gujarat) on 17th May 2022. The company has full insurance coverage for the same.

Aurobindo Pharma Ltd: After the inspection of Unit 5 and Form-83 issued with 5 observations; responses were submitted by the company. Based on the inspection review and responses, the agency has concluded that the assessment is completed with no remaining deficiencies.

Sun Pharmaceutical Industries Ltd: The company's wholly owned subsidiary plans to launch a first-in-class oral drug, Bempedoic Acid in India (under the brand name Brillo) for reducing low density lipoprotein (LDL) cholesterol.

Hind Rectifiers Ltd: The revised rating from Crisil highlight that the total bank loan facilities are enhanced from Rs1200mn to Rs1320mn. The long term rating is reaffirmed at CRISIL BBB-/ Positive Outlook while CRISIL A3 rating for the short term has been reaffirmed.

The Week That Went By:

Benchmark Index started the week on a firm note at its strong support of 15,750 and follow through buying was also seen but pressure in the IT segment dragged the Index lower; however, Auto and Banking counters helped the Index to recuperate from the lower levels. Bulls were seen in action on 2nd trading session. Index continued to surge higher under the leadership of Metal and Banking stocks to breach the psychological barrier of 16,000. In the mid-session, rally in FMCG and Energy stocks provided boost to the Index to advance further. Rangebound activity was seen after the strong opening on 3rd trading session. Weekly expiry day was belonged to the Bears as Index shattered all its support level and compounded its losses throughout the day. Bulls were back on the last day of the week as Index compounded its gains to end the week above 16,000.

Nifty50=16266.15 BSE Sensex30=54326.39 Nifty Midcap 100=27872.20 Nifty Smallcap100=9136.10

Please Turn Over

HIGHLIGHTS OF THE WEEK 16 May 2022– 20 May 2022

Result Synopsis

Company	Result This Week
Alkem Laboratories Ltd **CMP: Rs3010** **Target: Rs3580**	The net sales for the quarter grew to Rs24,839mn as compared to Rs21,922mn in the same quarter last year; growth of 13.3%. The EBITDA margin for the quarter under review stood at 13.6% as compared to 13.3% in Q4FY21. The net profit came in at Rs1,082mn as against Rs2,492mn in the same quarter last year; drop of 56.6%. During the current quarter, the group has fair valued one of its investments in the US and considering the contingencies on business projections of the investee company an amount of Rs149.6mn has been disclosed as an exceptional item. The PAT was also impacted by the Rs910mn income tax of earlier years for disallowance of marketing expenses in light of recent announcement. The EPS stands at Rs9. During Q4FY22, the company has paid an interim dividend of Rs30 per equity share (1500% on FV of Rs2 each) for FY22. The Board has recommended a final dividend of Rs4 for FY22 subject to approval. **Outlook and Recommendations:** The revenues during the quarter were driven by growth across the India business, majorly led by the robust growth across the mega brands and overall portfolio traction. This is expected to continue on the same trajectory with increasing focus on the chronic and new product launches. The US remained flat y-o-y offset by the significant pricing pressure through the new launches. The price erosion is expected to continue into FY23 as well but lower than the current levels. In terms of API prices, some sort of softening has started to flow in but impact on the gross margins is unavoidable. The other regulated markets are shoeing traction with the new launches and comparative lower price erosion. The overall operating margins were impacted due to the higher raw material cost, increase in the freight cost, as well as additional manpower cost to cater to the new therapies. The exceptional items suppressed the overall profits for the quarter. The management has clearly indicated of 150-170bps gross margin pressure on a y-o-y basis. Biosimilars are the only capex (in the form of R&D) that the company would undertake currently. Overall, we feel that FY23 would be more of a consolidating year for the company. We have tweaked our numbers to factor in the gross margin pressure due to the raw material cost/freight costs/more than expected price erosion in the US. We maintain a positive view on the domestic formulation business as well as the increasing contribution from the other international markets. **We recommend a Buy on the stock for the revised target of Rs3580.**
Integra Engineering India Ltd **CMP: Rs85** **Target: Rs105**	Net revenue for the quarter under review grew by 65.9% to Rs308mn as compared to Rs185mn on y-o-y basis. The EBITDA margins for the quarter under review stood at 12.85% as compared to 12.75% in the corresponding quarter last year. The company reported net profit of Rs22mn as compared to Rs16mn in the comparative quarter of the previous year. EPS for the quarter under review came in at Rs0.64 as compared to Rs0.47 in the corresponding period last year. For the full year ending FY22, the company reported revenue of Rs1037mn as compared to Rs630mn in FY21; with margins at 14.2% in FY22 as compared to 12.9% in FY21 while reporting net profit of Rs91mn as compared to Rs54mn in FY21 **Outlook and Recommendations:** The company has reported a strong set of numbers for the quarter under review; with sequential growth on the revenue front. During the quarter under review, the company has seen the impact of the increased cost of raw material, however, the impact of the same has been absorbed by the increased volumes. On a y-o-y basis the lower gross margins led to a drop in the Ebitda for the quarter. During the year under review, the company was focusing on new products and technologies which gave it an edge to serve the clients. LED, M2C, I-panel standard enclosure with metal frames, sheet enclosures were some of the key products Integra was working on. The bringing in signaling and control systems in limelight has benefitted players like Integra. In addition to this, the contract manufacturing or relay and precise sheet metal divisions of the business seems to have gathered pace. Surfacing of the capex plans of the Railways would benefit the top players and the same also holds good for Integra being in different stages of execution. The efforts of the GOI, for this sector which has been facing slowdown in execution, demand and overall order outflow has started showing an uptick. Overall, the company has started benefiting from the pickup in the key sectors which they cater to; and **we maintain our target price of Rs105.**
Hitech Corporation Ltd **CMP: Rs254** **Target: Rs325**	The net sales for the quarter came in at Rs1,501mn as compared to Rs1,379mn in the same quarter last year, growth of 8.8%. The EBITDA margins for the quarter under review stood flat at 14.8%.The company reported a net profit of Rs83mn against Rs124mn in the same quarter last year. The EPS for the quarter under review (after exceptional items) stands at Rs4.8 as compared to Rs7.6 in the corresponding period last year. The company has recommended dividend of Rs1 per equity share of FV of Rs10 each for FY22, (subject to approvals). **Outlook and Recommendations:** There has been a decent growth across the topline, but for the PAT which was impacted by the lower gross margins. Increase in the RM costs has been denting the operational efficiency of the company. The Ebitda margins continue to be range bound over the last few quarters, due to the cost pressure (polymer prices) on the RM front. There has been an exceptional gain in the comparative quarter which if adjusted then the company does report growth of ~23.4% in profits on a y-o-y basis. The cost reduction initiatives can be seen as the offset to the higher raw material costs during the quarter. Growth prospects for the company depends on the consumer driven discretionary spend and also when its catering companies enter into capex mode. Many of these players are dependent on the crude oil related operations and can have indirect impact on the company which also invites extreme volatility. In the current scenario, capex is back on the radar post the pandemic slowdown which should benefit the company going forward. Overall, we bet on the business capabilities, stickiness to customers and overall cost control efficiencies that the company has been following in and **we maintain our target price of Rs325.**

Please Turn Over

HIGHLIGHTS OF THE WEEK 16 May 2022– 20 May 2022

Result Synopsis

Company	Result This Week
Triveni Turbine Ltd **CMP: Rs180** **Target: Rs275**	The net sales for the quarter grew by 32.5% to Rs2366mn as compared to Rs1785mn in the same quarter last year. The EBITDA margins for the quarter under review stood at 17.7% as against 13.8% in Q4FY21. The net profit came in at Rs330mn as against Rs233mn in the comparative quarter last year. The EPS for the quarter under review stood at Rs1.02 as compared to Rs0.72 in the corresponding period last year. During the quarter, the group has acquired 70% equity stake in TSE Engineering Pty. Ltd. (TSE), South Africa w.e.f. 01st March, 2022 at a price consideration of Rs57.6mn (ZAR11.9mn). With the said acquisition, TSE has become a step down subsidiary of Triveni Turbine Limited from that date. The Board of Directors has recommended payment of final dividend @85% (Rs0.85 per equity share of Rs1 each) and 2nd special dividend @70% (Rs0.70 per equity share of Rs1 each) for FY22. **<u>Outlook and Recommendations:</u>** The company ended the quarter and the year with good set of numbers on the topline driven by worthy order book position which was largely led by volumes. However, for the full year the margins took a hit as against the last year which was largely attributable to higher raw material costs and sales mix; skewed more towards the domestic business (having lower margins relative to exports). For FY22, an important point to note on the profitability front pertains to settlement consideration with TTL and GE JV; excluding the net exceptional items of Rs1982mn the estimated PAT would be reported at Rs720mn. Additionally, TTL has witnessed good traction in the domestic market under 30MW segment size which saw a significant increase on a y-o-y basis. The order book is well diversified in terms of the end-user industries and geographies that the company caters to; thereby mitigating the risk to an extent. Financially, the company has healthy cash flows from operations, sizeable cash in books and maintains a debt-free status. With the upcoming capex plan in terms of testing capabilities would ensure further momentum once it gets on track. The Management is open to adapting the inorganic investment/partnership approach as and when it deems fit the business opportunities. **We continue to maintain the target of Rs275.**
Oriental Aromatics Ltd **CMP: Rs555** **Target: Rs900**	The company has reported net sales of Rs2029mn as compared to Rs2214mn on y-o-y basis , de-growth of 8.4%. The Ebitda margins for the quarter under review stood at 10.9% as compared to 15.0% in the corresponding quarter last year. The net profit came in at Rs105mn as against Rs224mn in the same quarter last year. EPS for the quarter under review stood at Rs3.11 as compared to Rs6.66 in the corresponding quarter last year. For the full year ending FY22, the company reported revenue of Rs8688mn as compared to Rs7088mn in FY21; with margins at 10.7% in FY22 as compared to 21.9% in FY21 while reporting net profit of Rs533mn as compared to Rs1019mn in FY21. **<u>Outlook and Recommendations:</u>** The company has taken a major hit on the bottom line which is due to the inability to fetch better margins, lower realisation and inability to pass on the increased prices to the customers currently. This is basically due to multiple factors faced by majority of the players in the industry. Despite the issues, with a minor delay, the company continues to follow its expansion plan for the next 3 years i.e. the 1000 Day Program to augment the capacities in camphor, terpene chemicals and specialty aroma ingredients. Looking at the margin pressure which is basically related to the raw material prices and inventory at higher costs, it appears to be difficult for the company to pass on the price hikes in the same momentum as the raw material prices are moving. OAL has the strength and tries to address the constantly changing competitive landscape and takes necessary steps to ensure that the market share is maintained even in the new competitive landscape. The company continues to maintain a solid relationship with the customers, supplying them material when required at a price which is a win-win situation for all. As and when the demand across the industry comes back, OAL will be a favored supplier to cater to this requirement. Despite the issues faced, the capex plans are all on track which highlights the upcoming growth for the company. Capacity addition will be the driver for growth of the company in the upcoming years. In the current scenario, the endeavor of the Management is to get guidance and try to stay connected to guided numbers while being focused on the growth plan and continue to have confidence in the same; and thus, **we maintain our target price of Rs900.**
Acrysil Ltd **CMP: Rs611** **Target: Rs850**	The net sales for the quarter came in at Rs1,389mn as against Rs1,006mn, growth of 38.1%. The Ebitda margins for the quarter under review stood at 20.3% as compared to 20.2% in the same quarter last year. The net profit came in at Rs167mn, growth of 24.6% as compared to Rs134mn in the comparative quarter. The EPS for the quarter is Rs6.1. The Board of Directors have approved an interim dividend of Rs1.20 per share (60% on par value of Rs2 each). It further recommended final dividend of Rs1.2 per equity share. The total dividend for FY22 is Rs2.4 per equity share. **<u>Outlook and Recommendations:</u>** It was a decent wrap to the year inspite of the supply demand volatility, increasing raw materials costs, freight costs and geopolitical scenario. For 4QFY22, y-o-y the performance has been good backed by growth in both the domestic and exports market. However, when compared on a sequential basis, there has been dip in the operating margins which has led to lower profits. There has been some supply chain disruption which led to stocking of the quartz sinks at the distributor level which is being liquidated now. There has been 40-50% pass on of hikes being done to the distributors. Although the order book is decent going forward, there could be some deferment from Q1 to Q2 with respect to the clearing of inventory that is being undertaken across the channel. The company has been taking initiatives to expand its geographical reach (strengthening presence in UK market through the Tickford Orange acquisition) through acquisitions and expanding capacities to provide value added and innovative products and meet the demand across the segments catered. The company is also focussing on increasing its penetration in domestic markets by increasing marketing and promotion activities. The domestic business has shown a strong growth and with the kind of demand being witnessed, the management feels that this should sustain in FY23 as well. The short term target of Rs300cr has been achieved by the company and it maintains its aspiration to be a Rs1000cr company in the longer run. **Considering the cost pressure on margins being witnessed currently we have tweaked our numbers and lowered the target to Rs850.**

Please Turn Over

HIGHLIGHTS OF THE WEEK 16 May 2022– 20 May 2022

Result Synopsis

Company	Result This Week
NACL Industries Ltd **CMP: Rs77** **Target: Rs105**	The company has reported net sales of Rs4729mn as compared to Rs3304mn in the same quarter last year, growth of 43.1%. The Ebitda margins for the quarter under review stood at 8.5% as compared to 8.7% in the corresponding quarter last year. The net profit came in at Rs210mn as against Rs171mn in the same quarter last year. EPS for the quarter under review stood at Rs1.06 as compared to Rs0.89 in the corresponding quarter last year. The Board of Directors has approved an interim dividend of Rs0.15 per equity share of Rs1 each. The total dividend for the year ended March 31, 2022 is Rs0.55 per equity share of Rs1 each. For the full year ending FY22, the company reported revenue of Rs16402mn as compared to Rs11914mn in FY21; with margins at 8.6% in FY22 as compared to 9.5% in FY21 while reporting net profit of Rs760mn as compared to Rs503mn in FY21 **Outlook and Recommendations:** The company continues to report good numbers on the revenues front as well as profitability. NACL continues to have a good order book positioning for its key products from some MNCs customers with encouraging campaigns for contract manufacturing products, improved formulation and trading businesses. NACL has been making substantial investments for enhancing its manufacturing capabilities, launching new products and exploring processes. A continuous and consistent interim dividend points to the fact the company has been generating good cash. In line with the directional growth strategy to strengthen the product pipeline; NACL aims at adding at least 2-4 new products while looking at developmental work for new active ingredients and intermediates. The upcoming capex (2 greenfield and one brownfield) will also push the growth of the topline as well as the bottomline. The Management is looking at a promising growth for FY23 which is basically backed by the existing products portfolio as well as commercialization of new registrations and **we continue to maintain our target price of Rs105.**
Foods & Inns Ltd **CMP: Rs77** **Target: Rs128**	Net revenue for the quarter under review grew by 20% to Rs1952mn as compared to Rs1627mn in the same quarter last year. The EBITDA margins for the quarter under review stood at 5.4% as compared to 6.9% in the corresponding quarter last year. The company reported net profit of Rs29mn as compared to Rs46mn in the comparative quarter of the previous year. EPS for the quarter under review came in at Rs0.59 as compared to Rs0.92 in the corresponding quarter last year. For the full year ending FY22, the company reported revenue of Rs6321mn as compared to Rs3708mn in FY21; with margins at 7.9% in FY22 as compared to 5.9% in FY21 while reporting net profit of Rs160mn as compared to Rs39mn in FY21. **Outlook and Recommendations:** For the quarter under review, the company has performed well on the topline, however the bottom line is suppressed due to higher input costs, higher interest costs and other expenses. Despite all the challenges, the long term story and strategy of the company continues to remain intact where the processed food segment will continue to provide immense opportunities in the years to come. The Management of F&I have been constantly striving to create value while driving sustainable growth for the future which is backed by forward and backward integrated value chains. F&I is also looking at building world class manufacturing facilities with emphasis on indigenous sourcing, focusing on cost efficiencies (through economies of scale & asset light operating models), making the company as the most trusted consumer brands with sharper execution, creating innovative and environmentally friendly products via R&D while adhering to high ethical standards. The company is also looking at diversifying its product portfolio to reduce the dependency on Mango; the Management is making conscious efforts and strategically planning the same. 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. In the long-term, change in the attitude to grow the operations is quite visible in terms of numbers, margins, profitability which will benefit the company; we envision F&I to be a significant player in the F&B sector and **continue to maintain our target price of Rs128.**
Alicon Castalloy Ltd **CMP: Rs666** **Target: Rs1050**	The company has reported net sales of Rs3,206mn as compared to Rs3,226mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 11.8% as compared to 15.1% on y-o-y basis. The net profit came in at Rs132mn as against Rs253mn in the same quarter last year. EPS for the quarter under review stood at Rs8.27 as compared to Rs18.21 in the corresponding quarter last year. **Outlook and Recommendations:** The company has reported good numbers for the year ending FY22, (which is also due to the low base effect) while for the quarter under review, the reported numbers are not that encouraging. The company has faced many issues as mentioned in the detailed note, which has seen a dip in the margins. But it is known by now, as the broader macro-environment coupled with the auto segment normalizes; Alicon too is anticipated to see strong and sustainable growth in business operations. The long-term outlook of the company remains buoyant with demand build up and replacement backlog, shift towards newer high-tech vehicles among other factors. The focus of the Management is shifting towards strengthening the sales of the value added components to improve revenue mix. The company has been seeing constant and enhanced growth in contribution from the EV segment over the last 3 years. In times to come, the incremental sales would be a function of the value added products from the EV segment and other components from the ICE segments. Key feature for the Management is to protect the margins with an endeavour to improve the Ebitda margins to 14-15% in the long run. The company has a very strong order book of ~Rs30bn over the next 5-7 years. Alicon has been trying to have sustainable cost optimization protocols to try and reduce the fixed expenses, reduce overhead costs, maintain lean manufacturing processes with improved gross margins and reduce the interest cost burden. Some more triggers which can elicit growth in the industry include preference for green vehicles (such as hybrid and EVs), push on higher fuel efficiency vehicles and cost-optimisation, light-weighting of products which give a vision of further growth of Alicon. Though the Management has very ambitious plans related to growth, **we would still like to be conservative; we maintain our target price of Rs1050.**

Please Turn Over

Result Synopsis

Company	Result This Week
KCP Ltd	We had initiated a report on KCP Ltd on Sept 22, 2015 at the price of Rs71 for a target of Rs105. The stock had breached the initial target of Rs105. Considering the conviction back then, we had re-initiated coverage on the stock at a price of Rs121 on Nov 24, 2017 for a target of Rs150. Post the re-initiation, the stock witnessed multiple price revisions and presently stands at a target of Rs175. The results for Q4FY22 were impacted both at the operational and PAT levels on account of the sharp increase in power & fuel costs seen across the segmental numbers. Over the past few quarters there has been lack of consistency in performance across the business segments being witnessed. There has been no one-way directional growth seen across all the segments collectively which has been hampering the performance on a collated basis. Based on this inference coupled with the uncertainties in terms of inputs costs going ahead as well we feel that the performance would face some more pressure going forward. We thus close the call on the stock. **<u>Outlook and Recommendations:</u>** We close the call on the stock.
Bharat Bijlee Ltd **CMP: Rs1516** **Target: Rs2250**	The net revenue for the quarter under review grew to Rs3,493mn as compared to Rs2,901mn in the same quarter last year, growth of 20.4%. The EBITDA margins for the quarter under review stood at 4.1% as compared to 4.9% in the same quarter last year. The net profit came in at Rs116mn as against Rs131mn in the comparative quarter. EPS for the quarter under review stood at Rs20.5 as compared to Rs23.1 in the corresponding period last year. On the segmental front, the Power division reported a growth of 17.3% (q-o-q basis) and growth of 32.8% (y-o-y basis) whereas, Industrial division reported a growth of 0.3% q-o-q and 10.2% on y-o-y basis. The board has recommended a dividend of Rs30 per fully paid-up equity share (300%) of face value of Rs10 each, which includes Rs10 per fully paid-up equity share (100%) on occasion of company's 75th Annual Report, for FY22. **<u>Outlook and Recommendations:</u>** The company continues to report good numbers on the top line with growth of ~20% and 8.1% on a y-o-y and q-o-q basis respectively. The improving revenue momentum has been seen right from the beginning of the year which is also seen as a ~73.1% improvement in FY22 as compared to FY21. On a segmental basis, both the segments i.e. the power and industrial have shown an uptick of 32.8% and 10.2% on a y-o-y basis. The benefits of the emphasis laid by GOI on the Union budget related to capital expenditure which was anticipated to boost the GOI projects as well as private sector capex seems to be bearing fruits and befitting players like BBL. Approximately 1/3rd of the revenue of BBL is fetched from the government clients. As mentioned in our previous notes as well, the industrial segment seems to be getting the necessary push from GOI related contracts. As far as the business related to the transformers and power segment is concerned; the focus continues on 200MVA a high rating transformer which is where the demand lies currently. The company continues to be choosy in the orders which they accept. BBL, continues to be a virtually debt free, and a cash rich entity, and has been exploring new areas of business to deploy the liquid assets while distributing the surplus to the shareholders. Overall, apart from the issues related to the raw material prices and freight costs, the execution capabilities of the company should take the front foot across both the segments catered to by BBL and thus **we continue to maintain our target price of Rs2250.**
Gland Pharma Ltd **CMP: Rs3032** **Target: Rs3795**	The total revenue for the quarter grew by 24.2% to Rs11,030mn as compared to Rs8,877mn in the same quarter last year. The EBITDA margin for the quarter stood at 31.6% as against 36.9% in the corresponding quarter of last year. The company reported a net profit of Rs2,859mn as against Rs2,604mn in the comparative quarter. The EPS for the quarter under review stood at Rs17.40. **<u>Outlook and Recommendations:</u>** The company has reported good set of numbers for the quarter as well as for the full year. The performance was attributed mainly to the domestic business (led by both the B2B and B2C sales), followed by RoW markets. As far as the cost pressures are concerned that impacted the margins, the management indicated of having faced certain headwinds but was able to manage the same. Gland does continue to see some sort of shortage on the syringe front still persisting (which impacted the US growth) but should stabilise by the next quarter. On the vaccines front, the company is working on repurposing the facilities. The focus remains formulation API, controlled substances and complex injectables going forward for which the company has been undertaking the necessary expansions to support commercialization. But the positives remain the scope for increasing market share across the existing and new products, capabilities across peptides/hormones/injectables/delivery systems/biologics. The company has been consistently growing with a successful compliance track record. Inorganic opportunities should unfold for the company with the cash on books giving the comfort. The complex product launches in the US and biologics/biosimilars should start contributing by end of FY23. Overall, we have factored in the cost pressures, delays of approvals for China and vaccines taking the backseat and **thus we have toned down our numbers. We maintain a Buy on the stock for a target of Rs3795.**
Grauer &Weil (India) Ltd	We had initiated a buy call on Grauer & Weil (India) Limited on 18th April, 2017 at Rs45 for a target price of Rs65 which was updated a number of times (upgraded thrice and downgraded thrice) to finally settle at the current target price of Rs75. The company has seen a lot of ups and down during the pandemic period and has tried its best to perform well; capex plans which were chalked out were cancelled. Growel is a virtually debt free and a dividend paying company. With the uptick in the economy, the company has been showing gradual and smart moves in all the segments of chemicals surface finishing, engineering and shoppertainment. The stock has breached our recent target price of Rs75 and we close the call while recommending our long term clients to book profits. We will keep a soft coverage on the company and keep the options open for re-initiation, if any. **<u>Outlook and Recommendations:</u>** We close the call on the stock and recommend to book profits.

HIGHLIGHTS OF THE WEEK

16 May 2022– 20 May 2022

NIFTY (WEEKLY)

BANK NIFTY (WEEKLY)

MARKET OUTLOOK

After the fall of almost 2400 points, **Nifty** has made bullish inside-bar which indicates bottoming out is possible. Cluster of 15500-15750 is rock solid support zone for the Index whereas higher levels are capped around 16,400. From last couple of weeks, **Auto counters** were seen holding the Index and now sector is attempting a breakout. **Banking indices** are oscillating in a triangle pattern; any spurt in the Benchmark Index can lead to a breakout in both the sectors. **FMCG sector** is set to give breakout from the rounding bottom pattern. **IT sector** is in the last leg of the correction; however, downside to the tune of 8%-10% cannot be ruled out. Strong bounce was seen in the **Metal sector** while respecting its support zone with a hidden bullish divergence, couple of counters stands at their multiple support zone; activity of the upcoming week will provide the confirmation. A couple of **Pharma stocks** indicates bottom for the sector has been made and sector itself provides validation via a double bottom formation with a bullish engulfing candlestick pattern.

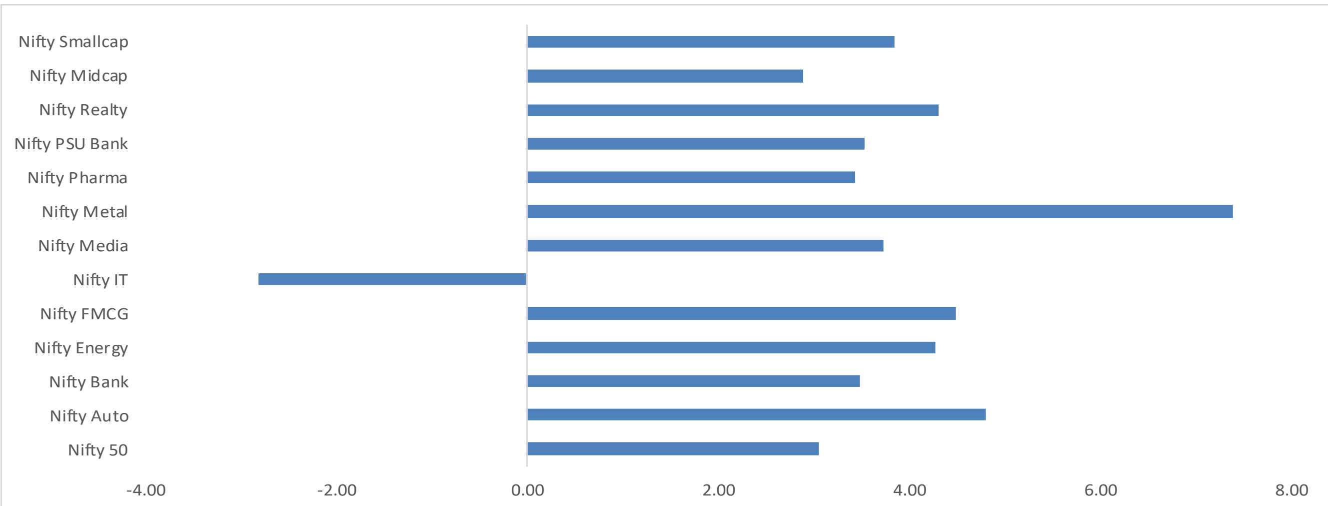
HIGHLIGHTS OF THE WEEK 16 May 2022– 20 May 2022

NIFTY 50 COMPONENTS (WEEKLY PERFORMANCE)

Adani Ports	9.29
Apollo Hospital	3.32
Asian Paints	1.44
Axis Bank	5.97
Bajaj Auto	3.95
Bajaj Finserv	4.68
Bajaj Finance	-0.32
Bharti Airtel	0.09
BPCL	-0.97
Britannia	5.33
Cipla	4.63
Coal India	10.16
Divis Labs	0.68
Dr. Reddy’s Labs	7.89
Eicher Motors	11.55
Grasim	1.13
HCL Tech	-2.24
HDFC	3.65
HDFC Bank	2.39
HDFC Life	-1.08
Hero Motocorp	5.78
Hindalco	10.82
HUL	6.12
ICICI Bank	4.97
Indusind Bank	3.21
INFY	-2.86
ITC	8.55
JSW Steel	5.07
Kotak Bank	3.10
LT	4.78
M&M	1.50
Maruti	6.67
Nestle India	2.37
NTPC	3.36
ONGC	5.00
PowerGrid	-2.96
Reliance	8.12
SBI Life	2.83
SBIN	4.99
Shree Cement	-1.96
Sun Pharma	3.75
Tata Consumer	0.58
Tata Motors	3.47
Tata Steel	6.77
TCS	-3.23
Tech Mahindra	-5.58
TITAN	2.22
Ultratech	-1.02
UPL	3.56
Wipro	-1.92

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

SECTORAL PERFORMANCE



Please Turn Over

HIGHLIGHTS OF THE WEEK 16 May 2022– 20 May 2022

SECTORAL GAINER

Metal sector has ended the week with gains of 7.40%. All the counters have ended the week with considerable gains where Welspun Corp(+37.25%) and AplApollo(+13.25%) were the top gainers. As shown in the chart, the sector bounced from its strong support zone with a hidden bullish divergence; activity of the upcoming week will provide confirmation for continuity of uptrend.

SECTORAL LOSER

IT sector was the underperformer while ending the week with a cut of 2.82%. Majority of the components have ended the week in red where Tech Mahindra (5.58%) has corrected the most followed by TCS (3.23%). As shown in the chart, sector is forming harmonic pattern known as Bullish Bat and it is in the last leg of the corrective move, robust rally can be expected after the reversal from the PRZ.

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