
# WEEKLY WRAP-UP

17TH JAN - 21ST JAN 2022

## HIGHLIGHTS OF THE WEEK 17 Jan 2022 - 21 Jan 2022

**DOMESTIC:**

- IOC to invest Rs7,000cr in city gas after it secures 33% market areas
- JSW to raise Rs2,200cr loan to fund wind power project in TN
- Tata Motors wants to make EVs mainstream, eyes 50,000 annual sales in FY23
- PMC Bank merger with Unity Small Finance Bank awaits govt. approval
- UPL Corporation raises USD700mn loan from global banks
- Metro AG reviewing cash & carry business in India
- Tech Mahindra taps into insurance biz with acquisition of Com Tec Co IT
- NTPC to raise USD750mn via ECB term loan for expansion in RE, coal mining
- HPCL to raise Iraqi oil imports by 45% in 2022: Sources
- ArcelorMittal India-linked firm leads race to acquire Indian Steel Corp
- Aster DM to invest Rs140cr to set up sixth hospital in Kerala
- Max Healthcare to invest USD450mn over next 4 years to double India capacity
- Jio adds 2.01 mn users in November, Bharti Airtel 1.3 mn as per TRAI data
- RIL picks 54% in robotics firm Addverb Technologies for Rs983cr
- Twin Star Technologies moves SC against NCLAT stay in Videocon case
- Tata Motors to hike passenger vehicle prices from Jan 19
- IndusInd Bank sells Rs4,050cr distressed retail and corporate loans to ARC in last nine months
- GSK to increase Covid drug capacity, but no plans for India yet
- Reliance Jio pays Rs30,791cr to DoT for spectrum
- State Bank of India to get Rs974cr for 'interest on interest' payment

**ECONOMY:**

- Budget 2022-23: Govt likely to target 13-14% nominal growth in FY23
- Economic Survey may lower FY23 growth numbers
- India set to achieve USD650bn exports target in 2021-22: Piyush Goyal

**INDUSTRY:**

- Power consumption grows 1.5% in first fortnight of January amid third Covid wave
- Covid surge to slow rental housing market recovery
- Price hike to help FMCG cos post higher revenues in Q3, volumes may get hit

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**COVERAGE NEWS:**

- **Sadhana Nitrochem Ltd:** The Board of Directors of the company has considered and approved listing of existing equity shares of the company on National Stock Exchange of India Limited (NSE).
- **HFCL and Sterlite Technologies Ltd-Business Update:** STL (the plaintiff) has secured an interim injunction against HFCL in a patent infringement litigation. The Delhi court has restrained HFCL, till the next hearing, in any manner, from making, manufacturing, using, offering for sale, selling, exporting and importing the Datablow M-MT-P' Multitube Micro Cable 144F (variant of optical fibers). As per HFCL's update, the sale of the said optical fiber cable is insignificant and has initiated legal actions to get the said restrain order vacated along with cancellation of the subject patent.

**The Week That Went By:**

Bears were seen back in the action during the week and were seen dragging the Index lower by breaching all the important support levels to end at 17,600. Major hammering was observed in the IT stocks followed by Pharma counters while selective buying was seen in the Auto and Energy counters. As compared to Nifty50, immense selling was witnessed in the Mid and Small-cap indices.

**Nifty50=17617.15    BSE Sensex30=59037.18    Nifty Midcap 100=30563.60    Nifty Smallcap100=11416.95**

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## Result Synopsis

| Company | Result This Week |
|---|---|
| **Artson Engineering Ltd**<br>**CMP: Rs106**<br>**Target: Rs130** | The net sales for the quarter grew by 70.6% to Rs419mn as compared to Rs246mn in the same quarter last year. The Ebitda margins for the quarter under review stood at (2.5%) as compared to 4.0% in the comparative quarter last year, majorly impacted by increase in the raw material cost that led to lower gross margins. The company reported loss of Rs40mn as compared to a loss of Rs13mn in the same quarter last year. The EPS for the quarter stood at (Rs1.07). As per the press release, the company has a pending order book of Rs2331.65mn as at 31st December, 2021. Additionally, the company is hopeful of receiving some orders for which it has already submitted its bids. The company would be able to meet its cash flow requirements for the next twelve months from the date of financial results considering the following reasons: (1) The company is in the process of bidding for multiple projects for Tata Projects and it is hopeful of receiving orders from TPL in the coming quarters based on competitive bidding and arm's length pricing norms. (2) The company plans to successfully pursue for customer claims in the next quarters, which would significantly improve their operating margins as well as their cash flows. (3) Some of the major projects of the company are in the final stages of completion and the company plans to complete the pending milestones for these projects in the next quarter. This would reduce the unbilled revenue amount which in turn would improve the working capital/cash flow situation of the company. (4) The company is also in the process of reviewing its borrowing facilities and currently renegotiating with lenders for lower interest rates. (5) During the June quarter, the company converted its payables to holding company amounting to Rs100mn into an Interest free loan for a period of 10 years. This has improved the overall working capital situation of the company.<br><br>**Outlook and Recommendations:**<br>It was yet another decent quarter on the sales front. However, due to the higher raw material costs as well other higher other expenses, there has been a dip in the gross margins which led to overall impact on the Ebitda front. The company continues to have a decent order book which shields the future performance. Execution of the orders now remains the key with the slowdown seen across industries through the pandemic skepticism. The company has been betting on the already submitted bids to translate into orders from Tata Projects Ltd. Also, higher inventory indicate that there are projects that are in process and hence the revenues should flow in the quarters to come. Overall, we feel that the company would benefit from projects to be allocated by Tata Projects going forward. **We continue to be positive and recommend Accumulate on the stock for the target of Rs130.** |
| **HFCL Ltd**<br>**CMP: Rs84**<br>**Target: Rs110** | The net sales for the quarter de-grew by 6.9%; Rs11,074mn as against Rs11,889mn in the same quarter last year. The EBITDA margin for the quarter under review stood at 12.3% as compared to 11.5% in Q3FY21. The net profit came in at Rs701mn as against Rs750mn in the same quarter last year. The EPS stands at Rs0.53. On the segmental front, growth of 53.3% was witnessed in the Telecom products while the Turnkey Contract & Services reported de-growth of 22.5%.<br><br>**Outlook and Recommendations:**<br>The performance for the quarter ended on a flat note with the margins being impacted by increased logistics cost, as well as increased fiber and semi-conductor prices. However, the management has indicated that these costs have started stabilizing. Apart from this, the company has incorporated two new overseas subsidiaries and it foresees to scale up the exports business in the near term. HFCL has its roadmap intact in terms of increasing the revenue mix more from the product side, expansions of the OFC and fiber capacities to enhance the overall demand. HFCL has continued its investment in R&D and technology inclusive of 5G solutions. The trials of electronic fuses are likely to happen soon. The company is also progressing well on developing new types of OFCs for the exports markets. All of the above efforts are expected to intensify the product base and the global footprint for the company in the near future. This keeps us positive on the future prospects of the company and **we maintain our target price of Rs110.** |
| **Sterlite Technologies Ltd**<br>**CMP: Rs209**<br>**Target: Rs375** | The consolidated net sales for the quarter came in at Rs13,555mn as compared to Rs13,144mn in the same quarter last year, growth of 3.1%. The EBITDA margins stood at (3.7%) as compared to 17.5% in the same quarter last year. The margins took a hit mainly on account of one time provisions (total worth Rs2,287mn) relating to settlement and negotiations with customers. For the quarter, the company reported net loss of Rs1,403mn as against a profit of Rs860mn in the comparative quarter. The EPS for the quarter stood at Rs(3.45).<br><br>**Outlook and Recommendations:**<br>The company has reported decent results on the revenue front, but for the hit taken on the operating margins majorly due to the one time provisioning done for certain ongoing projects. However, as these projects are on the completion stage, the provisioning would be reversed accordingly on recognition of revenues. The different projects under execution are on track. With regard to the capacity utilization across segments, there has been gradual improvement seen. There have been a string of deals that the company has entered across geographies and segments which should be revenue accretive going forward. The company has been pretty focused with regard to the patent portfolio as well as increased the attached rate gradually. The order book stands decent for the quarter, giving the cushion for future growth. The company has maintained its guidance across revenues, strategies of growth, ramp up on the product offerings and global traction across digital networks. The focus continues on the growth levers that would enhance the system integration business, growth across the optical business as well as access solutions. Overall, we are positive on the business prospects and continue to **maintain our target price of Rs375.** |

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## HIGHLIGHTS OF THE WEEK 17 Jan 2022 - 21 Jan 2022

### NIFTY (WEEKLY)


### BANK NIFTY (WEEKLY)


### MARKET OUTLOOK

**Nifty and BankNifty** stand at their crucial support zones; activities of the forthcoming week are likely to be driven by Q3 numbers of heavyweights. Some of the **Auto counters** remained immune during the freefall in the markets; selective buying will continue **(Hero MotoCorp & Maruti).** Throughout the week, steep fall was seen in the **IT sector**; some more downside is left, one should keep an eye on the sector. It is early to say but it looks like **PSU Banks, Realty, Midcap** sectors are forming the right shoulder of an Inverted Head & Shoulder (Bullish).

# HIGHLIGHTS OF THE WEEK 17 Jan 2022 - 21 Jan 2022

## NIFTY 50 COMPONENTS (WEEKLY PERFORMANCE)

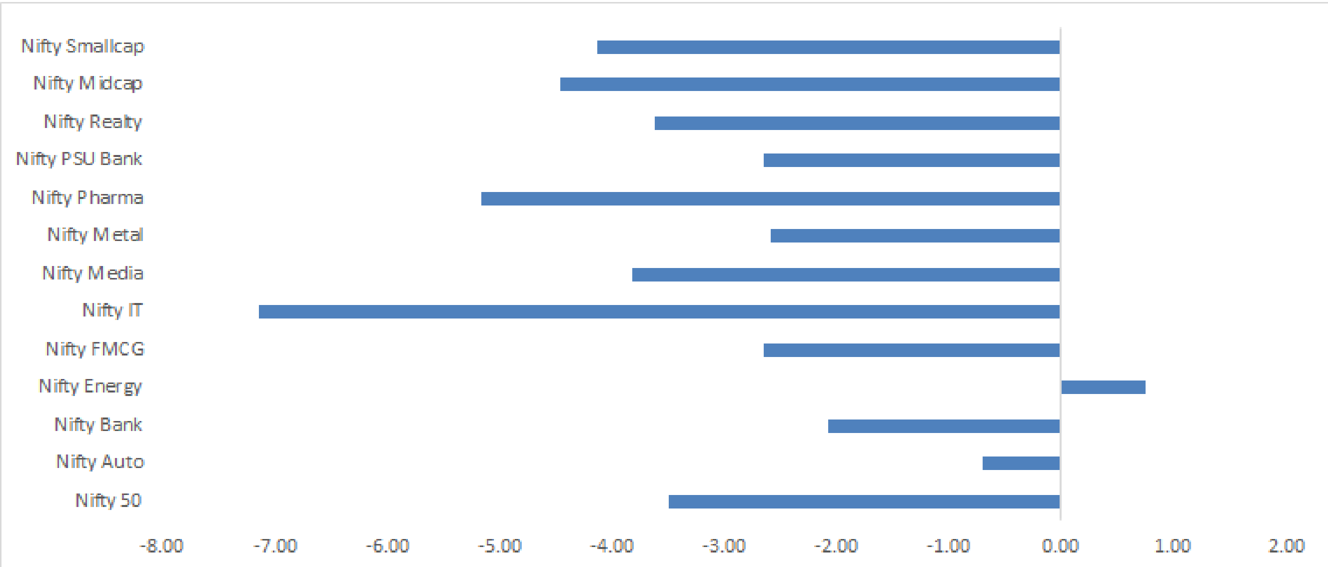
| | |
|---|---|
| Adani Ports | -7.49 |
| Asian Paints | -2.56 |
| Axis Bank | -0.88 |
| Bajaj Auto | 0.03 |
| Bajaj Finserv | -5.72 |
| Bajaj Finance | -9.81 |
| Bharti Airtel | -3.76 |
| BPCL | -4.16 |
| Britannia | -2.27 |
| Cipla | -5.79 |
| Coal India | -3.55 |
| Divis Labs | -9.24 |
| DR Reddy’s Labs | -3.94 |
| Eicher Motors | -3.72 |
| Grasim | -3.27 |
| HCL Tech | -12.11 |
| HDFC | -4.10 |
| HDFC Bank | -1.04 |

| | |
|---|---|
| HDFC Life | -4.06 |
| Hero Motocorp | 7.25 |
| Hindalco | 0.34 |
| HUL | -1.46 |
| ICICI Bank | -0.94 |
| Indusind Bank | -6.73 |
| INFY | -7.12 |
| IOC | -1.30 |
| ITC | -2.51 |
| Jsw Steel | -2.10 |
| Kotak Bank | -1.76 |
| LT | -3.84 |
| M&M | -0.79 |
| Maruti | 1.22 |
| Nestle India | -2.30 |
| NTPC | -0.78 |

| | |
|---|---|
| ONGC | 1.93 |
| PowerGrid | 3.35 |
| Reliance | -2.40 |
| SBI Life | -1.74 |
| SBIN | -0.73 |
| Shree Cement | -7.78 |
| Sun Pharma | -5.69 |
| Tata Consumer | -4.75 |
| Tata Motors | -0.89 |
| Tata Steel | -3.46 |
| TCS | -3.16 |
| Tech Mahindra | -8.43 |
| TITAN | -2.66 |
| Ultratech | -3.68 |
| UPL | -4.31 |
| Wipro | -5.43 |

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

## SECTORAL PERFORMANCE



# HIGHLIGHTS OF THE WEEK 17 Jan 2022 - 21 Jan 2022

## SECTORAL GAINER


**Nifty50** has ended the week with a loss of 3.50% while **Energy sector** managed to end the week with gains of 0.76% to be an outperformer. As depicted in the chart, sector has made a double top (Shooting Star) with a probable negative divergence in RSI.

## SECTORAL LOSER


**IT sector** underperformed Frontline Index while ending the week with a massive cut of over 7%. All the components have ended the week with a loss where LTTS and HCL Tech corrected the most. As shown in the chart, Negative divergence has been spotted which hints at the further down move; the lower side is restricted at the long-term trendline support.

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