



# WEEKLY WRAP-UP

21<sup>ST</sup> AUG - 25<sup>TH</sup> AUG 2023

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## HIGHLIGHTS OF THE WEEK 21 Aug 2023-25 Aug 2023

### DOMESTIC:

- Yes Bank receives redemption amount of Rs230cr in Security Receipts Portfolio
- Gujarat Gas increases industrial gas rates to Rs40.83/scm, says report
- Hero MotoCorp eyes sustainable growth post-Covid, back to pre-pandemic margins
- Adani to invest Rs2,000cr to build 2 transmission lines in Mumbai city
- ONGC Videsh secures 3-yr extension for Vietnam oil block in South China Sea
- Titan buys additional 27.1% stake in CaratLane for Rs4,621cr
- Airtel Payments targets topline growth of over 40%
- FMCG in June quarter: Volume and margins grow as inflation moderates, small players make comeback
- Shriram Housing Finance eyes Rs30,000cr AUM by FY26
- L&T to produce speciality pipes for Australian firm
- Adani promoters pick up 2.22% in flagship AEL for over Rs6,000cr
- Poonawalla Housing Fin stake sale leads to rating downgrade
- Welspun Enterprises buys 50% stake in Michigan Engineers for Rs137cr
- L&T bags contract worth Rs1000 to Rs2500cr for Perdaman's Urea Plant in Australia
- IIFL Home Finance secures USD100mn loan from IFC
- NFRA imposes penalty on auditors of Coffee Day Enterprises arm
- Jio Financial makes tepid market debut; shares hit 5% lower circuit
- Power Finance Corporation gets 1.85bn Japanese yen loan from JBIC finance
- Union Bank of India to raise up to Rs5,000cr through QIP
- Glenmark Pharma, Teva settle drug pricing cases with US Dept. of Justice
- LIC acquires 6.66% shareholding in Jio Financial Services through demerger action
- SBI Mutual Fund completes Franklin Templeton's debt fund asset sale
- ABB India secures order for automating Reliance Life Sciences' biopharmaceutical facilities
- TVS expects 50% of its sales to come from overseas markets in 3 years
- Vedanta pledges to pay USD250mn to Zambia creditors before retaking mine
- L&T bags large order for its Power Transmission & Distribution business in Middle East

### ECONOMY:

- India's foreign trade crosses USD800bn mark in first six months of 2023: GTRI
- India moves up to 11th position in global direct selling ranking
- GDP growth to be higher than RBI's estimate of 8% for June quarter: Economists

### INDUSTRY:

- Telcos look to free capital by settling Rs76,780cr litigation
- Hotel industry's contribution to India's GDP to hit USD1trn by 2047: HAI
- Companies to power up production capacity for festive season by 20%

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### INITIATING FUNDAMENTAL PICK:

**Lumax Industries Limited**

CMP-Rs2147 | Target Price-Rs2500 | Industry-Auto Components & Equipments

### COVERAGE NEWS:

**Patel Engineering Ltd:** The company has been declared as an L1 bidder for an urban infrastructure development project of Rs1,275cr (PEL's share in the contract is Rs446cr) from Madhya Pradesh Jal Nigam. The project is to be completed in a period of 24 months and further operations and maintenance for the whole scheme to be carried out for a period of 10 years.

**J.B. Chemicals & Pharmaceuticals Ltd:** The company has received USFDA approval for Doxepin Hydrochloride Capsules indicated for the treatment of anxiety, depression, and other target symptoms of psychoneurosis. As per IQVIA MAT Jun'23, the drug had an estimated annual sale of USD23.90mn in the US.

**Torrent Pharmaceuticals Ltd:** With regard to the earlier inspection conducted by USFDA for manufacturing facility of Torrent at Dahej, Gujarat from 17th-25th May'23, the USFDA has issued an Establishment Inspection Report (EIR) for the said manufacturing facility and the inspection has now been successfully closed.

**HBL Power Systems Ltd:** Care Edge Ratings has assigned CARE A; positive outlook for the long term loan facilities and CARE A1 for the short term loan facilities of the company.

**Gland Pharma Ltd:** The company has informed that following the GMP Inspection by USFDA at the company's Dundigal facility at Hyderabad between 03rd-14th July, 2023; the company has received Establishment Inspection Report from the USFDA indicating closure of the inspection.

**Engineers India Ltd:** The Board of Directors of EIL has approved to subscribe 1,25,73,627 equity share (FV of Rs10 each) at Rs110 per share in the right issue offer of NRL.

### The Week That Went By:

The markets started the week on a positive note and gradually moved higher. An attempt at consolidation breakout was also seen on the weekly expiry day; however, a late counterattack by the bears erased all the Index gains. Bears dominated the markets on the last day of the week as well and Nifty50 settled at 19,265.80 with a weekly loss of 44.35 points. Among the sectors, IT and BankNifty were the outperformers while a round of correction was spotted in the Pharma and PSU Banking segments. With gains of 1.73% and 1.59%, Mid and Smallcap indices outperformed the Benchmark Index.

**Nifty50=19,265.80**

**BSE Sensex30=64,886.51**

**Nifty Midcap 100=38,471.25**

**Nifty Smallcap100=11,869.45**

## HIGHLIGHTS OF THE WEEK 21 Aug 2023-25 Aug 2023

### Result Synopsis

Company	Result This Week
<b>Pondy Oxides &amp; Chemicals Ltd</b> <b>CMP: Rs426</b> <b>Target: Rs500</b>	<p>The net sales for the quarter reported a drop of 11.9% to Rs3208mn as compared to Rs3640mn in Q1FY23. The Ebitda margins for the quarter under review stood at 4.2% as compared to 4.9% in Q1FY23. The company reported profit of Rs65mn as compared to Rs116mn in the same quarter last year. The EPS for the quarter stood at Rs5.61 as compared to Rs9.98 in the corresponding period of last year.</p> <p><b>Outlook and Recommendations:</b></p> <p>The revenues for the quarter under reference witnessed a drop of ~11.9% (y-o-y basis). This was primarily due to the reduced volumes of ~8-10% (attributable to reduced working hours at POCL's smelting unit due to high maintenance activities which was a one-off). Reduced volumes and increase in power and fuel costs, furnace oil has led to an overall reduction in the Ebitda margins that stood at 4.15% for the quarter as against 4.87% in Q1FY23. However, going forward the Management anticipates the sales momentum to continue given a decent order book and the requisite infrastructure which would assist the company to cater to better production volumes in the near term. The company continues to enhance its footprint in recycling lead which has good growth potential for the next three or four years. Additionally, the company expects a significant revenue contribution (in FY25E) from the new verticals of aluminium and plastics. While the lead segment continues to be the core focus and strength of POCL, the Management has already predefined a road map to scale up the topline/volumes as well as add value added products in the areas of aluminium, copper, recycled plastics etc. These value added products specifically from aluminium would form a significant part of the overall portfolio in the medium term. POCL is working towards building up new verticals and discussing pre-feasibility/feasibility/analysis of other segments for a long term growth journey. All these initiatives will help absorb the fixed costs in near future, while the volumes as well as value will be added with time. POCL continues to be a strategic business leader with the intent to venture into new business verticals/segments, focus on cost optimization, consistently trying to reduce the import dependency and thus enhance the domestic RM procurement etc. From an industry point of view, recycling serves as an integral part of POCL with promising and positive developments even from the aluminium and plastics division in the near future. POCL has a focused approach towards the same and the Management would try to stay ahead of the curve and serve the demand. <b>The stock has breached our recent target price of Rs450, and we revise the same to Rs500 with a long term perspective.</b></p>



## HIGHLIGHTS OF THE WEEK 21 Aug 2023-25 Aug 2023

### Result Synopsis

Company	Result This Week
<b>Excel Industries Ltd</b> <b>CMP: Rs908</b> <b>Target: Rs1100</b>	<p>The net sales for the quarter under review de-grew by 34.8% to Rs2,143mn as compared to Rs3,288mn in the same quarter last year. The Ebitda margins for the quarter under review stood at 3.6% as against 16.8% in Q1FY23. The net profit for the quarter under review came in at Rs59mn as against Rs370mn in the comparative quarter last year. The EPS for the quarter under review stood at Rs4.6 as compared to Rs29.4 in the corresponding period last year. The division of Environment Biotech and Chemical have reported drop of 46.1% and 34.6% on a y-o-y basis respectively.</p> <p><b>Outlook and Recommendations:</b></p> <p>It is a tepid quarter under review which reported 34.8% y-o-y drop in revenues led by the drop in its business segments of Chemicals and Environment Biotech. There has been reduction in the realizations for all the global factors engulfing the chemical industry. Most of the chemical companies are facing the impact of sluggish demand from the key regulated/semi regulated markets with major emphasis on China and its disruption from energy crisis to production to the overall demand. Excel stood no different from this situation and hence the bleak results for the quarter. The reason for the drop in the Ebitda margins remains to be the lower realizations followed by headwinds in the export volumes and the mismatch in the sales price to the input costs. 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. The company and Reliable Infra were jointly awarded a project by Rajkot Municipal Corporation to design, build, own, operate and maintain the Construction &amp; Demolition (C&amp;D) waste management system in Rajkot for a period of 20 years. Pursuant to this, during the quarter ended June 30, 2023, the company has incorporated a subsidiary, Excel Rajkot C&amp;O Waste Recycling Private Limited as a special purpose vehicle for execution of this project. Excel continues to diversify its product portfolio and enhance the R&amp;D efforts for a sustainable growth ahead. There have been measures taken to add to volume capabilities for the existing as well addition to the product portfolio. The new product development strategy is centered around new chemistry platforms with focus on export &amp; consumer-oriented approach. 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. Excel Industries is a long term debt free, cash rich and a consistently dividend paying 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 for H1FY24 issues and <b>maintain an accumulate on the stock for a target price of Rs1100.</b></p>

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### Result Synopsis

Company	Result This Week
<b>Mishra Dhatu Nigam Ltd</b> <b>CMP: Rs402</b> <b>Target: Rs440</b>	<p>The net sales for the quarter grew by 63.3% to Rs1877mn as compared to Rs1149mn in Q1FY23. The Ebitda margins for the quarter under review stood at 22.1% as compared to 28.7% in Q1FY23. The company reported profit of Rs185mn as compared to Rs177mn in the same quarter last year. The EPS for the quarter stood at Rs0.99 as compared to Rs0.94 in the corresponding period of last year. Value of Production (VoP) during Q1FY24 stood at Rs2957mn as against VoP of Rs2334mn recorded in Q1FY23. The order book position of the company as on 1st July 2023 stood at Rs14.08bn.</p> <p><b>Outlook and Recommendations:</b></p> <p>The company has reported a very strong performance on the topline (growth of 63.3%) with a drop in the margins from 28.7% to 22.1%. Midhani is one of the key suppliers of niche products in niche domains where the quality and performance of products is already approved by many international players. The focus of the Management has been on cost optimization measures including indigenisation of various components. The consistent efforts put by the company over the last three years has started yielding results for special steel, superalloy and titanium alloys being supplied to end use customers in Europe. Midhani is looking at a lot of enquiries and opportunities from railways, aerospace, defence and exports. The company has ambitious vision to move in a big way towards aerospace and exports with many projects which are anticipated to be announced in the near future. The company is working on obtaining NADCAP &amp; PED approval during the year and post the approval of the same or client approvals, Management anticipates a quantum jump in export performance in the coming years. Midhani is gradually and diligently try to widen the product base offerings, entering new business areas, adding new clients and trying to reduce the dependency on 1-2 business. As far as the margins are concerned the growth will not come in percentage terms, however, the Management believes the same will be in absolute terms. Some of the key triggers which favour Midhani include the availability of advanced and unique facilities, capability to manufacture a wide range of advanced products, focus on product indigenisation, strong long term customer relationships, R&amp;D based technology development, highly qualified and experienced management and management systems. One of the biggest beneficiaries of GOI programmes like Atmanirbhar Bharat and Make in India provide ample of opportunities to Midhani. The stock has already breached our target price of Rs295 and has appreciated more than 230% since our recommendation/initiating price of Rs123 in July 2019; currently <b>we recommend our long term shareholders to book partial profits to the tune of ~50%. As a long term story and considering the positive developments on the anticipated topline (but with revised/lowering of guidance on the margins front) we cautiously upgrade our target price to Rs440.</b></p>

## HIGHLIGHTS OF THE WEEK

21 Aug 2023-25 Aug 2023

### NIFTY (WEEKLY)



### BANK NIFTY (WEEKLY)



### MARKET OUTLOOK

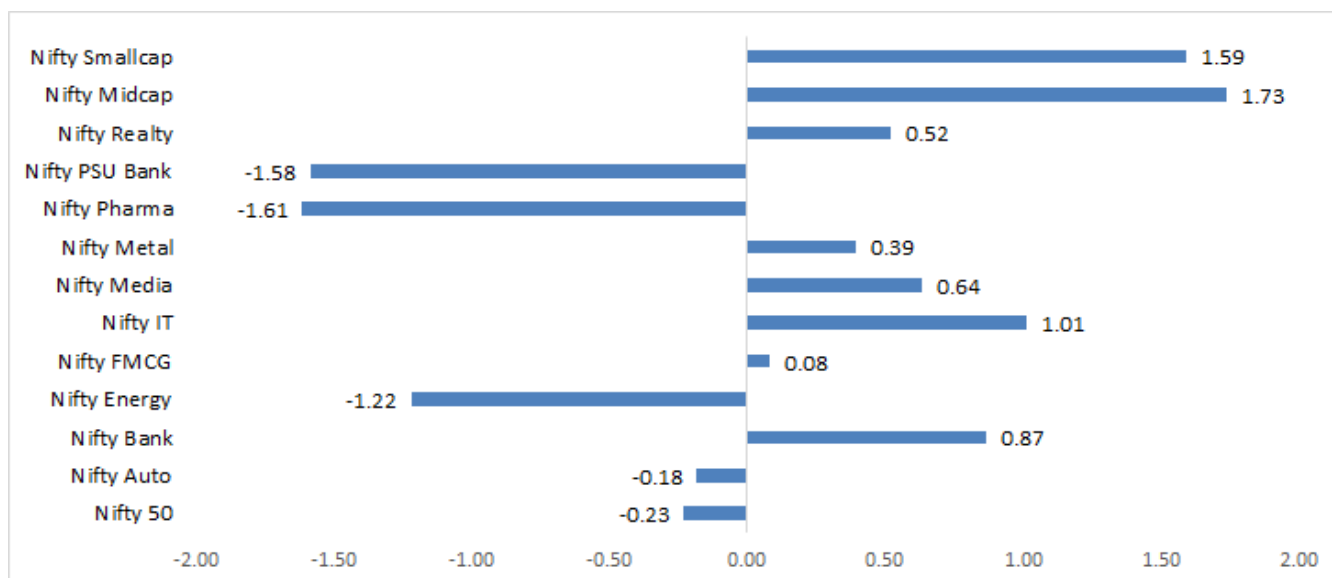
On the weekly chart, **Nifty50** has formed an Inverted Hammer candlestick pattern which indicates a potential reversal of the trend, and on the daily chart, the Index managed to close above the strong support level of 19,250. The same candlestick pattern was spotted in the weekly chart of **BankNifty** as well. The immediate support for Nifty is at 19,200 while the higher side is capped at 19,470, and in the case of BankNifty, the support is 43,600 while resistance stood at 44,960. Any uptick in the Nifty and BankNifty will be accompanied by the hidden bullish divergence in the RSI which is an extremely bullish sign. Except for the pharma sector, all the other sectors are stuck in the range and only breakout on either side will give a proper direction. The ongoing correction in the **Pharma sector** is likely to continue to the tune of 1-2% before the resumption of an uptrend. Despite the correction in the markets, **Mid and Smallcap indices** ended the week in green, and a couple of stocks have given a strong breakout while some are on the verge of giving a breakout which indicates a continuation of outperformance by the Broader markets going forward as well.

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### NIFTY 50 COMPONENTS (WEEKLY PERFORMANCE)

Adani Enterprises	(3.15%)	HDFC Bank	(1.86%)	NTPC	1.21%
Adani Ports	(3.36%)	HDFC Life	0.54%	ONGC	(0.14%)
Apollo Hospital	0.39%	Hero Motocorp	(0.51%)	PowerGrid	0.54%
Asian Paints	3.03%	Hindalco	2.42%	Reliance	(3.49%)
Axis Bank	4.19%	HUL	(0.04%)	SBI Life	1.17%
Bajaj Auto	(0.22%)	ICICI Bank	2.20%	SBIN	(0.25%)
Bajaj Finance	4.89%	IndusInd Bank	1.85%	Sun Pharma	(2.23%)
Bajaj Finserv	3.06%	INFY	2.13%	Tata Consumer	(1.47%)
Bharti Airtel	2.07%	ITC	0.57%	Tata Motors	(1.86%)
BPCL	(0.80%)	JSW Steel	(1.77%)	Tata Steel	0.60%
Britannia	(0.22%)	Kotak Bank	1.35%	TCS	0.18%
Cipla	(1.54%)	LT	(0.10%)	Tech Mahindra	(1.66%)
Coal India	0.31%	LTIM	0.47%	TITAN	0.36%
Divis Labs	(0.49%)	M&M	(2.03%)	Ultratech	(1.29%)
Dr. Reddy's Labs	(0.99%)	Maruti	0.56%	UPL	0.90%
Eicher Motors	(0.09%)	Nestle India	1.77%	Wipro	(0.66%)
Grasim	(1.10%)				
HCL Tech	(1.71%)				

### SECTORAL PERFORMANCE





## HIGHLIGHTS OF THE WEEK

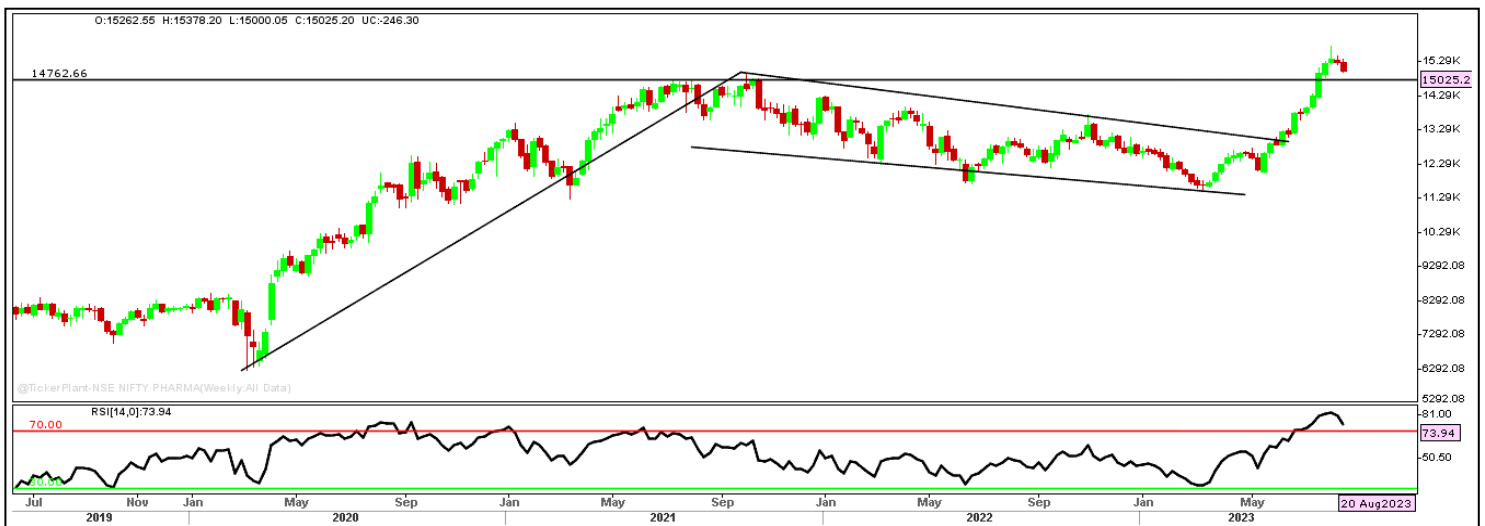
21 Aug 2023-25 Aug 2023

### SECTORAL GAINER



With gains of 1.01%, the **IT sector** outperformed the Frontline Index. A sharp uptick was witnessed in the mid-sized stocks namely Coforge (+6.63%), Persistent (+5.18%), and Mphasis (+4.33%) while correction was seen in the HCL Tech (1.71%) and Tech Mahindra (1.66%). As shown in the chart, the sector is set to give an Inverted Head and shoulder formation which is bullish and in the case of a breakout, a strong outperformance can be expected.

### SECTORAL LOSER



The **Pharma sector** was corrected by 1.61% and underperformed Nifty50. The majority of its components ended the week in red; Auro Pharma (3.63%) and Glenmark (3.18%) were the major laggards while stocks such as Natco Pharma (+2.25%) and Laurus Labs (+1.61%) managed to end in green. As depicted in the chart, a sharp rally was seen in the sector post the flag and pole formation breakout, and currently the sector is witnessing a profit-booking pressure; downside is still left to the tune of 1-2% before the resumption of an uptrend.

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