

# WEEKLY WRAP-UP

## FEBRUARY 26, 2021



## Highlights of the Week

### DOMESTIC:

- Bank of Baroda approves fundraise of Rs4,500cr through QIP issue
- Ashok Leyland completes acquisition of 38% shares in Hinduja Tech from Nissan International
- Cipla in talks to bring Covid antidotes to India
- Dilip Buildcon becomes L1 bidder for two HAM projects worth Rs2241cr
- Mahindra Holdings sells entire stake in Mahindra First Choice and Auto Digitech to TVS Automobile for Rs35cr
- Zydus Cadila receives USFDA final approval for Nortriptyline Hydrochloride Capsules
- IRDAI approves Axis Entities-Max Life deal
- Aurobindo Pharma to invest Rs10.8cr in two Hyderabad-based solar power generating companies
- Bharti Airtel ties with Qualcomm Technologies to accelerate 5G network in India
- Pfizer-BioNTech testing booster of their Covid-19 vaccine in new trial
- Federal Bank launches digital platform for savings bank accounts
- Reliance prices coal gas from Madhya Pradesh at minimum USD6
- RIL outlines plan for O2C business spin off
- Disinvestment: BPCL, Air India deals to conclude by July-August
- Bullet Train Project: Rs1,390cr contract signed with L&T for procuring steel bridges
- Bharti Airtel raises USD1.25bn through overseas bonds

### ECONOMY:

- Moody's projects 13.7% growth in FY22, expects 7% contraction this fiscal
- Exim Bank extends USD100mn loan to Mauritius on behalf of India
- I-T refunds worth over Rs1.95 lakh-cr issued so far this fiscal

### INDUSTRY:

- Cabinet approves PLI scheme worth Rs15,000cr for Pharmaceuticals to generate employment
- Telcos seek adequate and affordable 5G spectrum supply across bands
- India's finished steel production to decline 10% this fiscal

### COVERAGE NEWS:

**Supreme Petrochem Ltd:** The company has indicated of a meeting to be held on 12th March, 2021 to consider reduction in share capital by way of reducing the nominal value/face value of its equity share(s) and paying back the excess paid up capital to the shareholders of the company.

**Bharat Rasayan Ltd:** The company has indicated that CARE has re-affirmed ratings of CARE A1+ (A One Plus) for its commercial papers of Rs500mn.

### The Week That Went By:

Benchmark Index started the week on a tepid note as Bears were seen in action and continued to compound its losses throughout the day. On 2<sup>nd</sup> trading session, extreme volatility was witnessed. Index pared-off all its opening gains and quickly recovered from lower levels as a sudden spike was observed across the board. Higher levels did not last long as Index found resistance around 14,850 and again reversed. On the expiry day, most of the sessions, Index compounded its gains but in the last hour, selected frontline stocks dragged the Index lower. On the last day of the week/month, bears were all over bulls as without any considerable pullback compounded its losses and ended the week with a loss of over 3%.

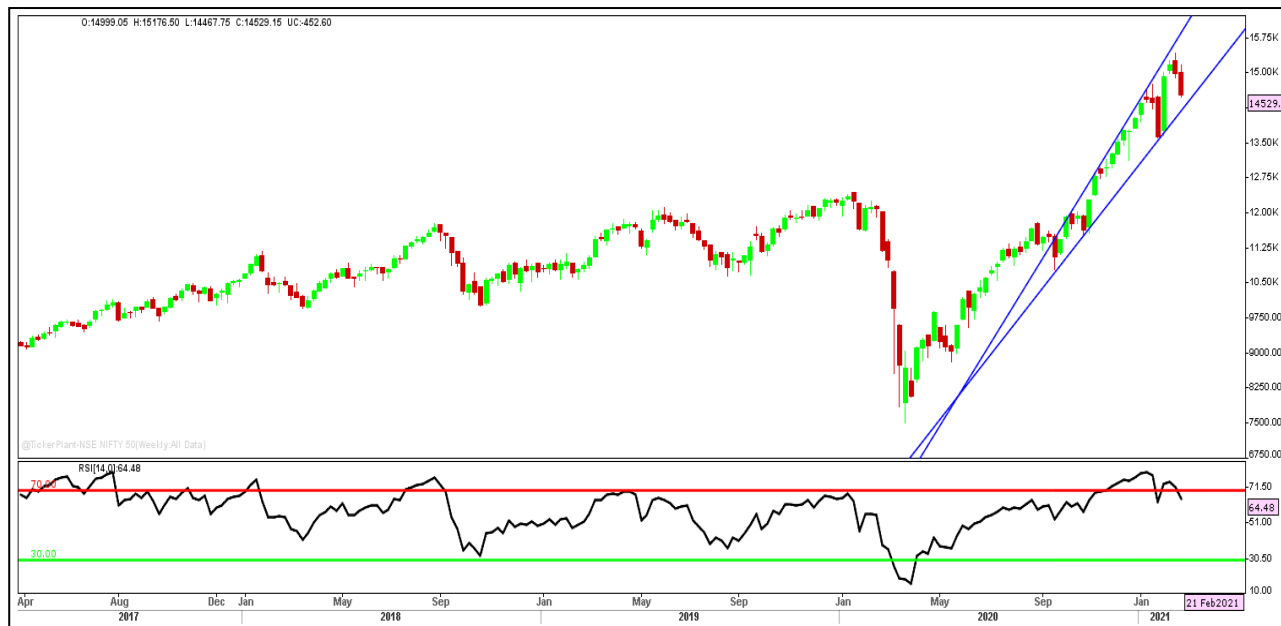
Nifty50=14529.15    BSE Sensex30=49099.99    Nifty Midcap 100=23268.50    Nifty Smallcap100=8049.70

Result Synopsis	
Company	Result This Week
Huhtamaki India Ltd CMP: Rs290 Target: Rs320	<p>The net sales for the quarter came in at Rs5,577mn as compared to Rs6,777mn in the same quarter last year; drop of 17.7%. The EBITDA margin for the quarter under review stood at 6.4% as against 9.7% in the same quarter last year. The net profit stood at Rs51mn as against Rs682mn in the comparative quarter. There was an adjustment of previous year tax of Rs319.9mn which had inflated the profit of Dec-19. The EPS stands at Rs0.67. The Board of Directors have recommended a dividend of Rs3 per share for the year 2020; subject to necessary approvals.</p> <p><b>Outlook and Recommendations:</b> The company reported tepid results for the quarter under reference. As stated in our earlier notes as well, the growth in the allied sectors of the packaging industry is gradually inching up. But one must keep in mind that the pick-up is going to be slow when it comes to setting up a new or a line extension of manufacturing which is where the potential for the company lies. With the existing set up itself companies are trying to get back on track. Although capex is chalked across all the industries that the company caters; be it Pharma or FMCG for that matter, but execution of the same is expected to be slow and gradual. Hence for the company too it will imply to be the same. As demand sets in, Huhtamaki India should benefit through the edge of being present across the value chain. The company has survived the year decently considering the lockdown and complete standstill in operations and demand. Going forward, we continue to be positive on the working of the company. <b>We would recommend a Hold on the stock with a target of Rs320 and review the performance in the coming quarters for further revision of target.</b></p>
Vesuvius India Ltd CMP: Rs1049 Target: Rs1165	<p>The net sales for the quarter came in at Rs2,345mn as compared to Rs2,123mn in the same quarter last year, growth of 10.4%. The EBITDA margins came in at 10.7% as compared to 8.5% in the same quarter last year. The net profit grew by 32.8% to Rs162mn as against Rs122mn in the comparative quarter. The EPS for the quarter stood at Rs8.0.</p> <p><b>Outlook and Recommendations:</b> The company has reported decent results for the quarter under reference. There was improvement seen on the operational front from the last quarter itself which has further improved in the quarter under reference. For the full year, it was not that great as the performance was hit by lockdown and zero out on demand. However, things have started getting back to normal levels and with gradual improvement in the economy alongwith the infra push being announced in the latest budget should aid well for the company in times to come. <b>We maintain a cautious view on our Buy call with a target price of Rs1165 over a 12 months horizon.</b></p>
KSB Ltd CMP: Rs723 Target: Rs820	<p>The total revenue for the quarter came in at Rs3,699mn as compared to Rs3,370mn in the same quarter last year; growth of 9.8%. The EBITDA margin for the quarter under review stood at 20.4% in comparison to 14.2% in the corresponding quarter. The net profit reported a marginal drop of 1.3%; at Rs301mn as against Rs305mn in the comparative quarter. This was majorly due to the higher income tax during the quarter. The EPS stands at Rs8.65. On the segmental front, the Pumps and Valves segment grew by 7% and 25% respectively. The Board of Directors have recommended dividend of Rs8.5 per share (85%) for the year ended 31st December, 2020 on 34,807,844 equity shares of Rs10 each.</p> <p><b>Outlook and Recommendations:</b> It was a decent quarter with growth in revenues led by the y-o-y growth seen in the output and sales of pumps and valves across the principal verticals that KSB operates in. From the Sept quarter itself, there was turnaround seen in the performance indicating that impact of the pandemic was limited. Furthermore, due to higher taxes, inspite of growth in revenues and operational efficiencies, the PAT was flat when compared to the same quarter last year. On the full year basis as well it has been a flattish year, which was more about sustainability and was well managed by the company. With things getting back to normalcy, the company would capitalize on its operational efficiency, brand recall and execution capabilities to cater to the increasing demand. <b>Overall, we maintain our buy recommendation with a target price of Rs820 over a 12 months horizon.</b></p>

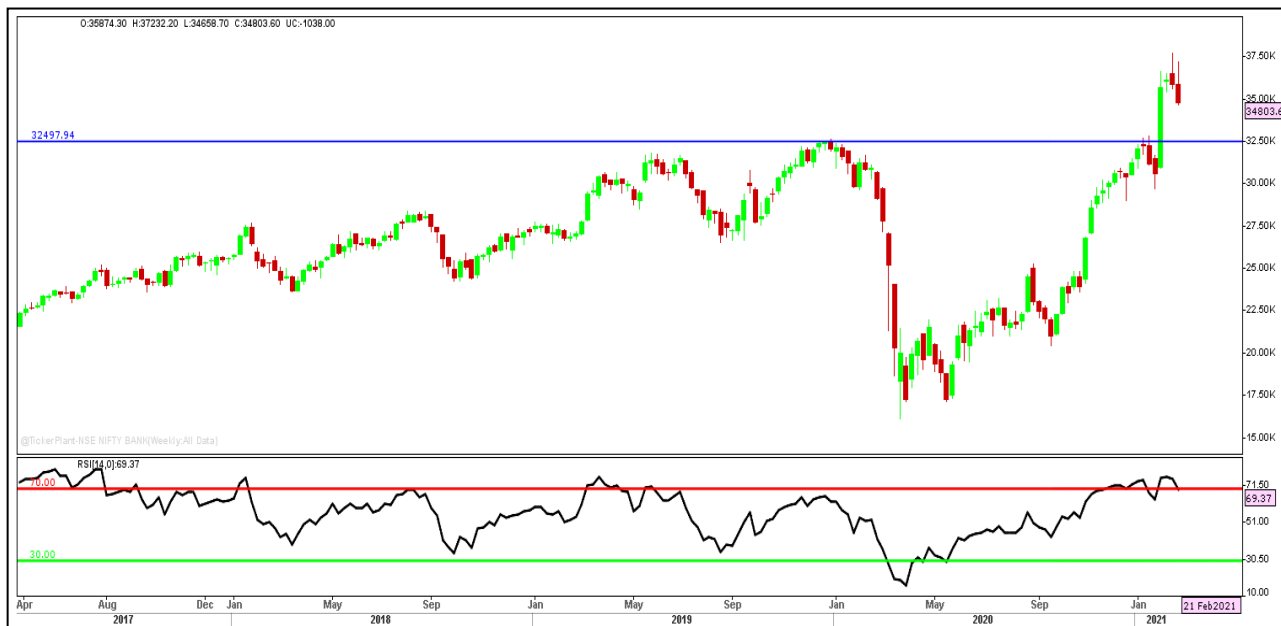
Coverage Universe Valuations								
Company	Reco	Reco at (Rs)	CMP (Rs)	Tgt price (Rs)	Upside	1M Var	3M Var	12M Var
Supreme Petrochem Ltd	BUY	77	407	500	23%	9.1%	25.0%	158.3%
Shanthi Gears Ltd	BUY	107	137	150	10%	12.1%	28.2%	50.4%
Hind Rectifiers Ltd	BUY	69	135	200	48%	-13.1%	-7.8%	-21.6%
KCP Ltd	BUY	71	74	105	42%	4.1%	4.6%	19.3%
The Hitech Gears Ltd	BUY	298	176	200	14%	3.5%	20.6%	15.6%
Bharat Bijlee Ltd	BUY	787	1106	1300	18%	24.2%	26.9%	40.4%
Triveni Turbines Ltd	BUY	92	102	110	8.21%	20.6%	37.3%	11.2%
GMM Pfaudler Ltd	BUY	332	4107	4500	10%	13.5%	11.0%	29.1%
Alicon Castalloy Ltd	BUY	288	419	500	19%	-0.4%	28.5%	24.4%
Gulfic Biosciences Ltd	BUY	50	119	150	27%	2.5%	6.0%	74.9%
Excel Industries Ltd	BUY	380	838	1200	43%	-0.5%	-0.1%	25.5%
Vesuvius India Ltd	BUY	1165	1049	1165	11%	0.5%	7.4%	-7.0%
Munjjal Showa Ltd	BUY	191	158	191	21%	12.1%	8.9%	43.7%
Bharat Rasayan Ltd	BUY	2747	9963	12500	25%	0.7%	6.0%	30.9%
Alkyl Amines Chemicals Ltd	BUY	391	5032	6500	29%	6.7%	36.4%	185.5%
Grauer and Weil (India) Ltd	BUY	45	42	55	30%	1.9%	7.5%	-12.4%
Texmaco Rail & Engineering Ltd	BUY	91	30	50	67%	-2.4%	21.0%	9.9%
Nagarjuna Agrichem Ltd	BUY	29	39	70	82%	-3.6%	-3.1%	21.8%
ITD Cementation India Ltd	BUY	158	77	100	30%	20.8%	39.1%	37.5%
Westlife Development Ltd	BUY	266	501	525	5%	8.4%	18.3%	5.5%
Dynatomic Technologies Ltd	BUY	2160	901	1000	11%	16.0%	30.1%	2.5%
Hitech Corporation Ltd	BUY	175	139	150	8%	26.8%	23.6%	91.3%
NRB Bearings Ltd	BUY	138	116	138	19%	13.8%	31.4%	28.6%
Timken India Ltd	BUY	883	1271	1500	18%	1.6%	5.2%	22.9%
Vardhman Special Steels Ltd	BUY	151	155	150	-	35.2%	52.9%	138.8%
Zen Technologies Ltd	BUY	115	84	100	19%	-4.0%	7.7%	43.9%
KSB Ltd	BUY	820	723	820	13%	11.3%	27.8%	12.2%
Thermax Ltd	BUY	1019	1359	1450	7%	40.8%	57.6%	43.8%
Transpek Industry Ltd	BUY	1547	1375	2700	96%	-13.0%	-8.9%	-17.1%
BASF India Ltd	BUY	1954	1923	2500	30%	19.8%	20.5%	104.5%
Artson Engineering Ltd	BUY	64	34	45	32%	3.0%	23.8%	2.4%
Remsons Industries Ltd	BUY	104	149	200	34%	34.0%	61.6%	96.4%
Snowman Logistics Ltd	BUY	33	54	80	49%	0.8%	-13.1%	22.7%
Alembic Pharmaceuticals Ltd	BUY	605	919	1256	37%	-3.3%	-7.1%	41.8%
SKF India Ltd	BUY	1942	2232	2620	17%	26.7%	43.5%	19.2%
HFCL Ltd	BUY	25	29	41	40%	2.8%	61.6%	77.3%
Sudarshan Chemical Industries Ltd	BUY	372	525	675	29%	5.2%	10.0%	11.9%
Huhtamaki India Ltd	BUY	254	290	320	10%	-4.3%	-6.1%	3.8%
Mishra Dhatu Nigam Ltd	BUY	123	192	240	25.0%	0.3%	0.3%	-9.1%
Kirloskar Pneumatic Co. Ltd	BUY	134	217	275	27%	27.1%	55.0%	57.2%
Integra Engineering India Ltd	BUY	37	28	40	43%	-11.8%	-1.6%	-18.5%
ICICI Bank Ltd	BUY	535	598	625	4.6%	14.4%	25.7%	14.1%
Srikalahasthi Pipes Ltd	BUY	205	170	250	47%	17.6%	30.3%	-23.4%
Acrysil Ltd	BUY	115	308	325	5%	66.4%	76.2%	149.0%
Paushak Ltd	BUY	2210	6121	7500	23%	54.0%	78.0%	131.8%
FDC Ltd	BUY	240	278	456	64%	-7.0%	-15.0%	12.2%
Cipla Ltd	BUY	612	787	900	14%	-6.4%	6.6%	86.2%
S H Kelkar and Company Ltd	BUY	51	118	140	19%	-2.6%	-6.3%	7.5%
Revathi Equipment Ltd	BUY	291	550	650	18%	-6.1%	31.8%	13.6%
Ajanta Pharma Ltd	BUY	1478	1747	2250	29%	0.7%	14.6%	22.4%
Container Corporation of India Ltd	BUY	448	558	650	16%	28.6%	36.7%	9.2%
Chambal Fertilisers & Chemicals Ltd	BUY	148	245	275	12%	6.1%	27.3%	63.1%
Punjab Chemicals and Crop Protection Ltd	BUY	602	934	900	-	22.7%	44.9%	107.6%
La Opala RG Ltd	BUY	209	220	270	23%	0.7%	-4.0%	6.2%
Axtel Industries Ltd	BUY	232	319	375	18%	36.8%	42.0%	141.7%
Sterlite Technologies Ltd	BUY	151	208	225	8%	17.6%	35.7%	102.5%
Salzer Electronics Ltd	BUY	101	117	155	32%	4.9%	-0.7%	16.1%
Amrutanjan Health Care Ltd	BUY	435	548	600	9%	11.2%	10.5%	11.1%
Century Enka Ltd	BUY	217	249	300	20%	12.7%	25.6%	51.4%
Ultramarine & Pigments Ltd	BUY	241	322	400	24%	7.9%	40.0%	85.1%
J.B. Chemicals & Pharmaceuticals Ltd	BUY	1033	1117	1400	25%	9.9%	17.3%	98.3%
IHP Ltd	BUY	171	188	225	20%	-1.2%	5.4%	-4.9%
Engineers India Ltd	BUY	105	80	150	87%	8.4%	9.7%	6.9%
Gulshan Polyols Ltd	BUY	78	93	125	34%	0.1%	16.3%	114.5%
Nesco Ltd	BUY	479	590	640	8%	5.0%	13.9%	-18.0%
Castrol India Ltd	BUY	223	130	200	54%	4.6%	3.3%	-15.5%
Hikal Ltd	BUY	95	159	225	42%	-7.3%	-7.0%	18.9%
Morganite Crucible (India) Ltd	BUY	524	854	1250	46%	100.1%	115.7%	-18.7%
Laurus Labs Ltd	BUY	120	350	402	15%	377.9%	498.8%	317.6%

\*Castrol, Vesuvius- Dec Ending

**NIFTY (WEEKLY)**



**BANK NIFTY (WEEKLY)**



**MARKET OUTLOOK**

**Nifty50** stands near its strong support cluster i.e., lower end of the channel, at gap zone and around 61.8% retracement. During the week robust momentum was seen in **Energy sector**. Couple of stocks like **BPCL, HPCL, Coal India** have given a breakout and likely to continue the same momentum going forward. **FMCG sector** has given a breakdown from its consolidation; negative crossover has been observed in MACD but at the same time it is standing close to its long term trendline support, activity of the upcoming week will confirm the same. **Pharma sector** has lost its charm and the sector has given a channel breakdown; corrective move is likely to stay. Throughout the week major correction was seen in Index stocks only as a result Broader market outperformed which showed the interest of market participants was more towards Mid & Small cap stocks.

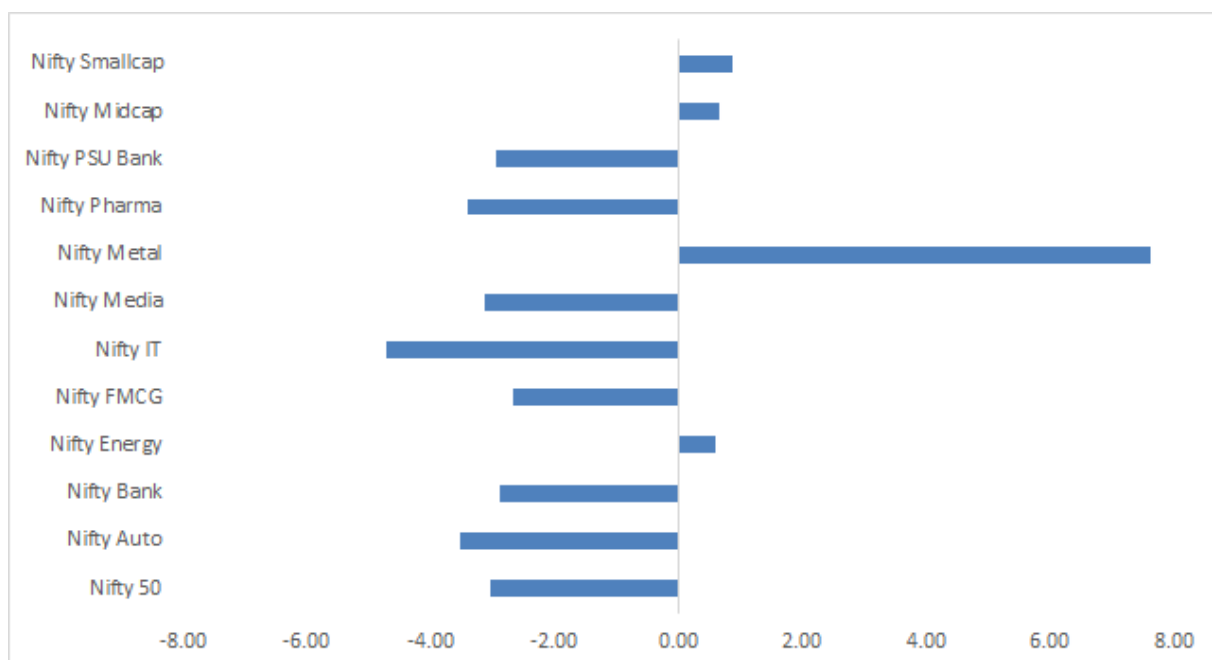


## NIFTY 50 COMPONENTS (WEEKLY PERFORMANCE)

Adani Ports	2.27	HDFC Bank	-0.57	NTPC	2.34
Asian Paints	-6.21	HDFC Life	-1.56	ONGC	5.76
Axis Bank	-3.48	Hero Motocorp	-5.13	PowerGrid	-8.45
Bajaj Auto	-5.61	Hindalco	10.23	Reliance	-0.05
Bajaj Finserv	-4.71	HUL	-2.66	SBI Life	-2.12
Bajaj Finance	-5.95	ICICI Bank	-4.54	SBIN	-2.31
Bharti Airtel	-4.64	Indusind Bank	-0.58	Shree Cement	-4.70
BPCL	4.44	INFY	-2.90	Sun Pharma	-2.06
Britannia	0.84	IOC	0.15	Tata Motors	2.80
Cipla	-3.17	ITC	-5.82	Tata Steel	6.66
Coal India	9.06	Jsw Steel	-0.84	TCS	-5.98
Divis Labs	-4.85	Kotak Bank	-8.20	Tech Mahindra	-7.98
DR Reddy's Labs	-6.30	LT	-4.85	TITAN	-1.46
Eicher Motors	-3.84	M&M	-8.91	Ultratech	-2.12
Gail	-2.58	Maruti	-6.58	UPL	0.90
Grasim	-1.93	Nestle India	-2.15	Wipro	-4.93
HCL Tech	-4.20				
HDFC	-7.25				

\* Gain/ Loss in %

## SECTORAL PERFORMANCE



**SECTORAL GAINER**



**Metal sector** has ended the week with a strong rally of 7.62% and outperformed Nifty50. HindCopper (+73.84%) and Sail (+16.23%) were the top gainers followed by Nalco (+15.44%) and Ratnamani Metal (+12.00%). After a steep rally, sector seems to be over stretched and some of the components too, some correction can be seen going forward in the form of profit booking.

**SECTORAL LOSER**



**IT sector** ended the week with a loss of 4.71% and underperformed. Each and every component have ended the week with a loss where Tech Mahindra (7.98%) and L&T Infotech (6.16%) corrected the most. As shown in the chart, sector stands close to its lower end of the long term channel

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