WEEKLY WRAP-UP

23RD MAY - 27TH MAY 2022

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HIGHLIGHTS OF THE WEEK 23 May 2022– 27 May 2022

DOMESTIC:

- Paytm sets up general insurance JV, plans to invest Rs950cr in 10 years
- Jet Airways flights get clearance for take-off by Sept
- Bandhan Bank to increase exposure to secured loans to MSME
- Paytm payments bank expects RBI curbs to be lifted in 3-5 months: Executive
- JK Cement plans to raise up to Rs500cr via non-convertible debentures
- L&T plans to exit road, power concessions, incubate digital business
- HCL, UNLEASH join hands to develop solutions for aquatic ecosystem conservation
- HDFC set to raise up to Rs12,000cr via bonds, in talks with LIC
- Prestige Group to invest Rs7,500cr to develop 16 million sq. ft. in Mumbai
- Maruti Suzuki to acquire 12% stake in AI firm Sociograph Solutions
- HDFC Bank and Retailio launch co-branded credit cards for chemists, pharmacies
- SBI launches express credit on Yono platform
- ONGC becomes 1st gas producer to trade on IGX; firm to expand volume slowly
- Oberoi Realty inks joint development pact for 18.3-acre land in Thane
- Olectra Greentech bags biggest ever order worth Rs3,675cr for 2,100 electric buses
- Marico to acquire 54% in health food brand True Elements
- Tata Steel says govt's export tax decision could alter output targets
- BOB Financial and HPCL launch co-branded contactless RuPay Credit Card
- Aditya Birla Fashion sells minority stake to Singapore’s sovereign fund GIC, raises Rs2,195cr
- Dollar aims Rs2000cr topline, capex at Rs120cr by FY'25
- Inox Wind board approves proposal to raise Rs99cr

ECONOMY:

- Economists expect inflation to come down by 20-40bps
- IMF Chief does not expect recession but it isn't 'out of the question'
- China says it will take targeted steps to support the economy

INDUSTRY:

- Export duty hike: FICCI seeks 3 months to clear pending steel orders
- Fertiliser subsidy doubled to Rs2.15trn
- Excise duty cut to help reduce logistics cost; promote exports: Exporters

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COVERAGE NEWS:

Supreme Petrochem Ltd: The company has informed related to recommencement of trading in equity shares post capital reduction (face value now of Rs4) which will be effective from 24th May, 2022.

Torrent Pharmaceuticals Ltd: The company has indicated of considering an issue of bonus shares (in its upcoming board meeting scheduled on 25th May 2022) subject to approval by the shareholders of the company. The company has entered into an agreement with Dr. Reddy's Laboratories Ltd. to acquire four of its brands Styptovit-E, Finast, Finast-T and Dynapress. The complete integration and transition of the brands are expected to be completed by June 2022.

Alembic Pharmaceuticals Ltd: The company has received USFDA final approval for Pirfenidone Tablets, 267mg and 801mg. As per IQVIA, the drug has an estimated market size of USD548mn for twelve months ending December, 2021. The company has settled the case with Genetech and will launch its generic as per the terms of settlement.

Cipla Ltd: The company announced that is has been rated 'STRONG' in the Sustainability Yearbook 2022 released by CRISIL, a leading rating agency in India. It is amongst the top 5 companies in the manufacturing sector and has the highest ESG score amongst peers in the pharmaceutical sector.

Sterlite Technologies Ltd: The company informed that it will test its programmable FTTx (pFTTx) software solution with Netomnia for their live networks in the UK. pFTTx offers core benefits like scalability, enhanced and detailed telemetry reports, open community alignment, etc. STL and Netomnia have recently partnered for Optical Fibre deployment and are now collaborating to incorporate programmability into large-scale FTTx networks. Once concluded, this trial will pave the way for the adoption of advanced software-defined architectures for FTTx in the UK.

ISGEC Heavy Engineering Ltd: The credit rating for Rs55cr limit to Isgec Titan Metal Fabricators Private Limited, subsidiary and joint venture company of the company, have been revised by Crisil as (i) Cash Credit and Working Capital Demand Loan worth Rs10cr to Crisil AA (CE)/Stable and (ii) Letter of credit & Bank Guarantee worth Rs45cr to Crisil A1+ (CE).

The Week That Went By:

By extending its positive momentum, Nifty50 started the week on a strong foot but faced resistance at 16,400. In the mid-week, Bears were back and dragged the Index lower; due to sell-off in the Tech stocks, hammering was seen in the markets. On the expiry day, extreme swings were observed. Relentless selling in the broader markets dragged the Index lower; however sharp short covering rally in the 2nd half of the trading session helped the Index recover. On the last trading day, after a steady opening, Index kept on soaring higher to end the week on a strong note.

Nifty50=16352.45 BSE Sensex30=54884.66 Nifty Midcap 100=27657.25 Nifty Smallcap100=8824.05

Please Turn Over

Result Synopsis

Company	Result This Week
Alkyl Amines Chemicals Ltd **CMP: Rs2638** **Target: Rs4200**	The net sales for the quarter came in at Rs4,256mn as compared to Rs3,821mn in the same quarter last year; growth of 11.4%. The EBITDA margins for the quarter under review stood at 17.3% as compared to 34.9% in Q4FY21. The net profit came in at Rs464mn as compared to Rs926mn in Q4FY21; drop of 49.9%. The EPS for the quarter stands at Rs9.09. For the full year, the revenue came in at Rs15428mn as against Rs12424mn; growth of 24.2%; Ebitda margins at 21.2% as against 34.5% in FY21 and PAT at Rs2249mn as against Rs2953mn in FY21. The company has recommended a final dividend of Rs10 per equity share of Rs2 each (i.e. 500%) for FY22. **Outlook and Recommendations:** The company reported subdued performance for the quarter under reference. Due to higher power & fuel costs, input/raw material cost pressures all of which appeared to be a dampener towards the operational efficiency for the quarter as well as for the full year. The company does have few new projects in hands, this coupled with the capacity enhancements that are on track depicts some optimism in terms of revenue accretion and profitability aspects post fructification. Pharma continues to contribute a greater chunk of revenues for AACL. Moreover on the products front, acetonitrile and methylamines contribute a sizeable portion of the company's revenue. The Management is of the opinion that post some stabilization to be witnessed across the input/raw material costs volatility they should be in a position to reach the historic Ebitda margin levels. The capex plans continues for the company which will be added in phased forms over the next 2-3 years. This is solely because of the immense demand for the intermediates which AACL manufactures. The Management is keen in at continuously providing quality products and services to its customers, which also provides them an edge over the competitors. The vision to be cost competitive, new product launches, robust operations with fungible plant in sub domains, continuous capex plans to add revenues and serve the demand of the industry are some of the key triggers which makes us confident of the operations despite the small blip faced during FY22; **we thus continue to maintain the target price of Rs4200.**
Container Corporation of India Ltd **CMP: Rs658** **Target: Rs750**	The company has reported net sales of Rs20576mn as compared to Rs19567mn in the same quarter last year, growth of 5.2%. The Ebitda margins for the quarter under review stood at 20.2% as compared to 10.0% in the corresponding quarter last year. The net profit came in at Rs2527mn as against Rs186mn in the same quarter last year. EPS for the quarter under review stood at Rs4.23 as compared to Rs0.41 in the corresponding quarter last year. For the full year ending FY22, the company reported a revenue of Rs76527mn as compared to Rs64271mn in FY21; with margins at 22.8% in FY22 as compared to 16.3% in FY21 while reporting net profit of Rs10284mn as compared to Rs4693mn in FY21.The Board of Directors of the company has declared a final dividend of Rs3 per equity share of face value of Rs5 per equity share. **Outlook and Recommendations:** The company has seen good traction in the domestic business coupled with good demand, pick up in the volumes and the Management anticipates good volume growth in the domestic segment in FY23 as well. The company continues to gradually increase its market share, increase its efficiency, margins, service to customers etc., while continuing to add more value to the operations. The triggers related to opportunities in the growing domestic business, growth in Exims, the starting of DFC, reducing empty running costs, opportunities in the double stacking and improvement in the infrastructure aim for further growth of Concor. DFC and or parts of DFC when commissioned will lead to enhanced volumes and will be beneficial for the industry as a whole, its customers and Concor in particular. The company is looking at organic growth along with new initiatives related to bulk transport of goods as well as due to the various schemes and incentives announced by GOI like Make in India and shift of the manufacturing hub to India. market is picking up with good interest for the warehousing and the supply chain and Concor anticipates to play a leading role in end to end logistics in India. As per the Management commentary, strategic divestment is on the cards and time wise decision to be made by the Government. The Management has shared yet another ambitious target in terms of topline, capex guidance and the vision to maintain the margins. The company is on the growth path and is moving towards the next pedestal to growth in the next 3 years; and **thus we continue to maintain our target price of Rs750.**
Nesco Ltd **CMP: Rs528** **Target: Rs700**	The standalone net sales for the quarter under review came in at Rs911mn as compared to Rs751mn for the same quarter last year, recording a growth of 21.3%. The EBITDA margins came in at 68.7% as compared to 63.3% in the same quarter last year. The net profit for the quarter came at Rs536mn as compared to Rs397mn in the same quarter last year, growth of 34.8%. The EPS for the quarter stood at Rs7.6 as compared to Rs5.6 in the same quarter last year. The Board recommended a dividend of Rs3 per share subject to approval of shareholders. **Outlook and Recommendations:** It has been a good quarter and worth mentioning closure to the year inspite of all the headwinds in terms of the pandemic led shutdowns, and the recent addition being the inflationary pressures. The company has very well shown sustenance during the peaks of the pandemic even when there was zero revenue from the core segments of business reported. This was majorly betting on the strong balance sheet which currently also stands to be debt free with liquid resources amounting to Rs8,500mn as of 31st March 2022. All the segments of business have shown growth momentum, be it with regard to IT parks with average occupancy at 85%, or the growth clocked by the Nesco foods segment. The Indabrator segment did its bit as well. Encouraging was the walkway to the BEC which had exhibitions held during the quarter although on a very slow pace. This however should pick momentum across the year ahead keeping the distorting variables aside. The company has been affirmative in its business plans in the worst of times as well. Overall, hopefully with no major wave ahead, things should get back to pre-covid levels for the company if the current growth rate is maintained. Nesco is comfortably poised to deliver consistent and profitable growth backed by strong brand equity, robust operating model and healthy cash flows. **We maintain Buy on the stock for target of Rs700.**

Result Synopsis

Company	Result This Week
Transpek Industry Ltd **CMP: Rs1512** **Target: Rs2700**	The company has reported net sales of Rs1427mn as compared to Rs965mn in the same quarter last year, growth of 47.9%. The Ebitda margins for the quarter under review stood at 11.4% as compared to 18.3% in the corresponding quarter last year. The net profit came in at Rs113mn as against Rs110mn in the same quarter last year. EPS for the quarter under review stood at Rs20.22 as compared to Rs19.62 in the corresponding quarter last year. For the full year ending FY22, the company reported revenue of Rs5991mn as compared to Rs3394mn in FY21; with margins at 16.0% in FY22 as compared to 13.9% in FY21 while reporting net profit of Rs654mn as compared to Rs233mn in FY21. **Outlook and Recommendations:** For the quarter under review, the company has reported a very strong growth in top line i.e. ~48%, however has not been able to get better margins which is due to higher costs and increased expenses. For the full year, the company has seen sharp recovery in terms of domestic as well as international volumes; an improvement of ~180% on the bottom line with better margins at 16.0% for FY22 as compared to 13.9% FY21 (the low base effect plays a major role here) is reported. During the year under review, improvement in the volumes were seen with up-ticking margins with the application volumes seen restoring gradually. The company is looking at de-risking its customer risk, product profile as well its regional concentration. The company aims to explore products related to specialty chemistry, polymer and Pharma profiled customers. R&D work on new products continues (which are at different stages of development) and are anticipated to be introduced after validation by the customers. The company has informed about receipt of patent certificate for registration of bio-filter media and its use for effluent treatment (joint patent application with Transchem Agritech Private Limited). The patent certificate has been granted on 28th March 2022 for a period of 20 years starting from 26th October 2016. The Management is consciously looking at a balanced growth strategy. In June, 2020, the company was contemplating the development of a new project proposed to be undertaken by Transpek Creative Chemistry Private Limited (TCCPL). However, the Board of Directors, at its meeting held on 30th March, 2022 reviewed the status of the said project and has decided not to pursue the project further. Transpek is a well-known name in the chlorination technology; along with other core technologies is capable of handling projects for global clients in the areas of pharmaceuticals, agrochemicals and specialty chemicals and is also looking at renewal of contracts with existing customers. Some of the key triggers which can help the company grow includes, established presence in the industry, improvement in global trade, volume growth with a stable working capital cycle, strong relations with customers and comfortable liquidity which indicates of a stable growth tactic of the Management; thus **we maintain our target price of Rs2700.**
Thermax Ltd **CMP: Rs1998** **Target: Rs2200**	The consolidated net sales for the quarter grew by 26.5% at Rs19.9bn as compared to Rs15.7bn in the same quarter last year. On the segmental performance, Energy segment revenue grew by 23.5% to Rs14.5bn y-o-y while Environment segment revenue grew by 53.2% to Rs4.6bn and Chemical segment revenue came in at Rs1.3bn, growth of 10.3% y-o-y. The EBITDA margins for the quarter under review stood at 6.8% as compared to 8.9% in the corresponding period last year, impacted by the higher commodity and freight cost. The company reported a net profit of Rs1.0bn as against Rs1.1bn in the comparative quarter. The EPS for the quarter stood at Rs9.1 as against Rs9.5 in the comparative quarter last year. The Board has recommended a dividend of Rs9 per equity share of Rs2 each (450%), for FY22, subject to approvals. **Outlook and Recommendations:** For the quarter, the company has reported the highest invoicing in the last 12 quarters. The full year numbers have also been decent. On the segmental, major impact was seen on the chemical business where the prices moved up significantly. The margins have been impacted by the increase in input costs and rising fuel prices (commodity prices of steel was the highest). The supply chain was disrupted amidst the geopolitical scenario. The increase in commodity prices coupled with the freight cost did hamper many of the sectors that the company caters to leading to lower capacity utilization during the quarter. However, the company has reported the highest ever quarterly order booking through the broad based recovery and witnesses' healthy enquiry pipeline across multiple segments like cement, steel, sugar, F&B and petrochemicals due to increased capex in the private sector. There has been increased thrust on sustainability, driving the demand for alternate fuel consumption (biomass) and outsourcing of utilities especially in F&B and agro sectors. Also, the policy push to ramp up ethanol production helped the company secure orders from sugar/distillery sector. All of these macro developments are in favour for growth for Thermax. While the Management has a decent outlook towards the sectors of steel (with the softening of the metal prices) and cement going forward, chemical business although with near term headwinds is one of the key focus segments for the company. The focus would be on smaller products and services/ waste to energy/green technology which has witnessed a reasonable pipeline. Overall, northwards of 10% is the kind of growth expected for FY23. While the potential to grow across segments remains intact, the macro factors are to be considered while chalking the growth ahead. **We maintain Accumulate on the stock for a target of Rs2200.**

HIGHLIGHTS OF THE WEEK 23 May 2022– 27 May 2022

Result Synopsis

Company	Result This Week
Gufic Biosciences Ltd **CMP: Rs218** **Target: Rs300**	The net sales came in at Rs1,622mn as compared to Rs1,319mn in the same quarter last year, growth of 22.9%. The Ebitda margins stood at 19.4% as against 18.0% in Q4FY21. The net profits clocked growth of 57.4% at Rs203mn as compared to Rs129mn in the comparative quarter. The EPS for the quarter is Rs2.09. The board has recommended dividend of Rs0.1 per share on FV of Rs1 for FY22, subject to approvals. **Outlook and Recommendations:** It has been a good year for the company with the Covid impetus and also a healthy Q4FY22 (growth of 23% y-o-y) which had no contribution of Covid at all. It is commendable to see the margin sustainability during the quarter inspite of all the cost pressures on the input costs/geopolitical issues/freight etc. There has been a consistent growth across the revenues as well as profitability with gradual improvement in the operating margins. There has been traction across the segments in the domestic business with uptick on the exports contributions as well. The company is well on track with its expansion plans and routing the demand towards its favour. The R&D focus to add new products across segments remains one of the key elements that the company is striving for, evident through the product approvals as well as the ongoing trials across niche offerings. Each of the segment is strategically growing which should add to the revenues. Penems and Indore plant contribution would be the next valuation trigger for the company. Overall we feel betting on the strong product pipeline and focus on niche molecule development; the company is gradually inching to be Rs10bn revenue company by FY25E. **We maintain Buy on the stock for a target of Rs300.**
Salzer Electronics Ltd **CMP: Rs169** **Target: Rs225**	The net revenue for the quarter under review grew by 20.2% to Rs2280mn as compared to Rs1897mn in the same quarter last year. The EBITDA margins for the quarter at 5.7% as compared to 8.5% in the same quarter last year. The net profit came in at Rs38mn as against Rs70mn in the comparative quarter. EPS for the quarter under review stood at Rs2.39 as compared to Rs4.37 in the corresponding period last year. For the full year ending FY22, the company reported revenue of Rs7836mn as compared to Rs6056mn in FY21; with margins at 8.1% in FY22 as compared to 10.2% in FY21 while reporting net profit of Rs225mn as compared to Rs207mn in FY21. The Board of Directors of the company has recommended a dividend of Rs1.80 per equity share of face value of Rs10 each for FY22. **Outlook and Recommendations:** The company continues to report good numbers on the topline, coupled with increasing exports share. The recent price hikes taken by the company are offset by the continued volatility, increase in raw material prices, substantial freight cost increases (which could not be passed on) which has impacted the margins. Going forward, the Management is anticipating the raw material prices to stabilize. In the current scenario, Salzer is witnessing a steady growth in demand with an increasing order book, from both domestic as well as export markets. As the industry opens up, the demand from the export market will complement the domestic market to help the company grow at a faster rate. Salzer is optimistic about growth in the medium term (except for a blip anticipated in the first quarter) and is looking at profitable growth going forward in the long term. Process of value engineering is a constant process at Salzer and the teams are constantly trying to reduce the costs. For the EV business, the entry timing of Salzer is quite right where the EV market is still in nascent stage and Salzer intends to be one of the few players to make DC chargers. The company has recently forayed into the electric vehicles vertical and the Management believes this line of business is a high growth potential vertical, and due to the strong technical alliances, the company will get an early start in the market. This also gives the company the confidence to maintain the growth trajectory via its strong product profile offerings and brand positioning. The company has been constantly facing issues related to the working capital which is slightly difficult to mitigate; however, the Management is making conscious efforts to tackle this issue. Once this obstacle is addressed, the return ratios of the company will begin to improve. The Management is already seeing some signs of improvement as the demand from the OEMs, dealers and distributors have already started showing optimistic signs of recovery. The company has no major capex planned except for ~Rs80-110mn-which is the regular maintenance capex. The company has gone through a tough time since the last 8-12 quarters, however has managed to come back to the pre-pandemic levels with ambitious growth targets, which appear to be achievable. Salzer has been resilient during the hard times and has been able to show consistent growth with more or less maintaining the margins. Though the Management has ambitious growth targets, we would still like to be conservative in our projections; **we maintain our target price of Rs225.**
Revathi Equipment Ltd **CMP: Rs663** **Target: Rs825**	The net revenues for the quarter de-grew to Rs578mn as compared to Rs602mn in the same quarter last year. The EBITDA margin for the quarter under review stood at 11.4% as compared to 0.02% in the same quarter last year. The company reported net profit was at Rs70mn as against loss of Rs14mn in the same quarter last year. EPS for the quarter stands at Rs22.8 as compared to Rs-4.49 in the corresponding period last year. On the segmental front, the equipment manufacturing segment reported de-growth of 7.2% while the Engineering, Construction and Design services grew by 7.9%. **Outlook and Recommendations:** The company has reported a good quarter, although compared to a lockdown quarter last year. The full year numbers have also shown a strong comeback on execution. FY21 had the impact of the pandemic which directly hit the company as the industries that it catered to was in doldrums. However, there has been an operational improvement reported across Q4 as well as FY22. Sequentially the numbers were tepid, which hints on the bulky nature of the business which would report a good quarter whenever execution of long gestation orders is completed. Although the revenues are flat for the quarter, improvement in gross margins and drop in other expenses has led to better operating margins. There has also been a turnaround on the profitability side as well. Going forward, with realty, construction and manufacturing getting back on track with regard to execution and demand; there should be better opportunities for the company too. **We maintain our positive stance on the stock with a revised target of Rs825.**

Result Synopsis

Company	Result This Week
Rupa & Company Ltd **CMP: Rs361** **Target: Rs600**	Net revenue for the quarter under review grew by 0.3% to Rs4555mn as compared to Rs4540mn in the same quarter last year. The EBITDA margins for the quarter under review stood at 16.3% as compared to 20.0% in the corresponding quarter last year. The company reported net profit of Rs493mn as compared to Rs659mn in the comparative quarter of the previous year. EPS for the quarter under review came in at Rs6.2 as compared to Rs8.29 in the corresponding quarter last year. For the full year ending FY22, the company reported revenue of Rs14741mn as compared to Rs13127mn in FY21; with margins at 18.2% in FY22 as compared to 19.6% in FY21 while reporting net profit of Rs1918mn as compared to Rs1753mn in FY21. **Outlook and Recommendations:** The company has been able to deliver performance as per the guidance provided by the Management, however, there has been a volume dip of ~10%. In addition to this, there has been some spillover of sales into Q1FY23, and thus the Management is guiding for ~18-20% growth. Rupa continues to offer a number of products across various price points with a wide bouquet of brands to cater the various strata of demography. The company has a strong brand recall built through investments via ad-spends. Rupa is looking at strengthening the business model with key focus on value addition and product differentiation favored by the extensive distribution network that helps Rupa focus on growth. The company appears to have a write-off for the inventory of Oban of the last 2 years while they migrate from SOR to an outright model to align with the Rupa model. The company has a consistent dividend track record and the Management is confident to be able to grow the topline by ~15-18% with Ebitda margins of ~18%. The country's innerwear segment is shifting from a price sensitive market to a fashion quotient market, where Rupa is trying to increase its footprints in the premium segment via strategic tie-ups with foreign brands and also expanding its international reach. The innerwear market is gradually evolving and moving towards organised retail which provides a number of opportunities to all the players in the industry. Rupa has started taking initial steps towards making the company a professionally managed entity, which doesn't seem to be taken in good spirit by the streets. Though the CFO has been appointed (experienced employee from the organization), the appointment of a capable enough CEO is something which has to be waited and watched for, **we reduce our target price to Rs600; the operations of the company are in line with the growth triggers. Except for this blip which is seen, the same also provides an opportunity for long term investors to add the stock to their portfolio.**
Ultramarine & Pigments Ltd **CMP: Rs325** **Target: Rs500**	The net revenue for the quarter under review grew by 50% to Rs1303mn as compared to Rs869mn in the same quarter last year. The EBITDA margins for the quarter under review stood at 15.6% as compared to 18.8% in the same quarter last year. The net profit came in at Rs127mn as against Rs110mn in the comparative quarter. EPS for the quarter under review stood at Rs4.36 as compared to Rs3.75 in the corresponding period last year. The board has recommended dividend of Rs5 per equity share of FV Rs2 each for FY22, subject to approvals. The Board of Directors have approved investment in subsidiary for both ongoing and expansion projects to an extent of Rs726mn in the form of equity and preference shares and the company so far has invested an amount of Rs453mn (upto the period ended 31st March, 2022). **Outlook and Recommendations:** For the capex related to specialty chemical projects, the proposed capacity addition is ~1800MT; investment required is to the tune of ~Rs211.5mn to be financed by a mix of internal accruals and debt. The program of capacity addition is projected to be added in a phased manner from Q3FY23 and the full capacity is intended to be completed in FY28E. The industrial and export demand for industrial pigments is encouraging in end user segments including auto and end user durables. The company continues to explore opportunities in the exports market. Management seems to be working on getting the right product mix while trying to add customers via long term contracts. UPL intends to add new products in the speciality chemicals segment for home, personal care, flavours and fragrance industries. In the pigments business, the company is looking at developing high value complex inorganic pigments. We continue to be bullish on the operations of the company, with their cautious approach towards the new capacities addition and multiple expansion plans, change in product offerings and some de-bottlenecking plans to sweat the existing assets; **we maintain our target price of Rs500.**
Divi's Laboratories Ltd **CMP: Rs3514** **Target: Rs4465**	The net sales for the quarter grew to Rs25,184mn as compared to Rs17,882mn in the same quarter last year; growth of 40.8%. The EBITDA margin for the quarter under review stood at 43.9% as compared to 40.1% in Q4FY21. The net profit came in at Rs8,946mn as against Rs5,020mn in the same quarter last year; growth of 78.2%. For full year FY22, the Revenues, Ebitda margins and PAT came in at Rs89,598mn, 43.3% and Rs29,605mn respectively. The EPS stands at Rs33.70. The Board of Directors has recommended a dividend of Rs30 per share of FV Rs2 each for FY22, subject to approval of members at the ensuing AGM. **Outlook and Recommendations:** The company reported better than expected results to wrap the year. Despite the supply chain disruptions evident across the industry; Divi's was in a position to undertake prudent steps to manage the working capital, timely shipments being re-organized and delivered to the customers. The Management has a couple of projects under the custom synthesis business; the commercialization of which is expected to be done in 1-2 years. With the current utilization levels of 80-85%, the company is in a position to cater to additional custom synthesis projects in the near term. The off-patent opportunity for generic APIs in FY25E would augur well for the company. Contrast media and sartans opportunity is yet another area where the company has its eyes on to capitalise for future growth opportunities. As far as the Covid related drug is concerned; the company would continue to supply it to the customers as long as needed; on the flip on account of receding cases or how the pandemic unfolds in the next 3-6 months' time; Divi's would be in a position to capitalise on other anti-covid drug/new variant opportunities. The company continues to have aggressive capex plans over the next 2-3 years. Despite the delay in government's procedural approvals which is a laggard on future revenue projections, the growth prospects for Kakinada project stay intact. The company has been consistently rewarding its shareholders with dividends and better return ratios, operates at a debt-free status and good operational efficiency in the past financial years. We have toned down our numbers to factor in the impact of slowdown in cases so lower requirement of Covid related drugs and approval delay for Kakinada plant. **We maintain a Buy on the stock for a revised target of Rs4465.**

Result Synopsis

Company	Result This Week
Sadhana Nitrochem Ltd **CMP: Rs113** **Target: Rs150**	The revenues for the quarter under review came in at Rs398mn in Q4FY22 as compared to Rs395mn in the same quarter last year, growth of 0.9%. The Ebitda margins came in at 7.3% as compared to 43.6% in the same quarter last year. The net profit for the quarter ending came in at Rs6mn as compared to Rs114mn in the same quarter last year. The EPS for the quarter under review stood at Rs0.03 as compared to Rs0.58 in the corresponding quarter last year. The Board has recommended a dividend of Rs0.15 per equity share of FV of Rs1 each for FY22 on expanded capital after two bonus issue in the ratio of 1:2 in FY21and in the ratio of 2:5 in FY22 subject to approval. **Outlook and Recommendations:** The company has shown more or less flattish performance on the topline for the quarter under review, but has shown some resilience with ~27% on the topline for the full year. However, the bottom line has taken a hit in both the cases, i.e. on q-o-q as well as on y-o-y basis. This is basically due to dual impact in Eurasia, i.e., the geo-political situation in Russia and Covid-19 situation in China impacting the raw material, oil prices, along with freight which has seen an extraordinary increase in cost. As the company had pre-existing orders (prior to the sudden extraordinary increases in cost) the company saw reduced margins as it honoured the contracts it had taken. The company is now negotiating for future orders based on the increased costs. Covid-19 pandemic and subsequent lockdowns affected the results of the company in H1FY22, with reduced global demand for products, however H2FY22 saw visible revivals in demand and subsequent increase in quantities. SNCL is looking at transforming itself into a globally cost competitive manufacturer with focus on R&D and quality processing. The company is also exploring opportunities in forward as well as backward integrated products. As per the recent press release, the Management has mentioned, about receiving Petroleum & Explosive Safety Organization (PESO) license for storage & handling of liquid ammonia and the Para Aminophenol (PAP) plant will be commencing production of the first phase soon (6000MTPA) and the committed capex under the PLI scheme will be completed in the next 24-30 months. 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. The key triggers for growth are the company is interlinked with the return of customers (malls, airline etc.) and orders, focus on better technologies (green technology), operational efficiencies and profitability without compromising the margins. The success of the PAP project can change the entire operational matrix of the company and **we maintain our target of Rs150 (strictly for long-term investors only).**
Torrent Pharmaceuticals Ltd **CMP: Rs2940** **Target: Rs3186**	The total revenue for the quarter grew by 10%; Rs21,310mn as compared to Rs19,370mn in the same quarter last year. The EBITDA margins stood at 26.3% as against 30.0% in the corresponding quarter of last year. The company reported a net loss of Rs1,180mn as against a profit of Rs3,240mn in the comparative quarter, essentially due to one time exceptional item of Rs4,850mn which pertains to impairment provisions and costs attributed to the discontinuation of the liquid business in the US. The EPS for the quarter under review stood at Rs(6.98). The company has recommended a final dividend of Rs8 per equity share, with a special dividend of Rs15 per equity share. The total dividend for year become Rs48 per equity share (includes interim dividend of Rs25 per equity share). It also declared a bonus issue of 1:1. **Outlook and Recommendations:** The company has reported decent set of numbers for the quarter under reference. This was majorly led by the India formulation growth supported by the Brazil market, while the US and Germany performance remained muted. The one offs with regard to the sale of the US liquid business impacted the profits for the quarter. But in the long run, this rearrangement of the US business should help bolster the gross margins due to the cost optimization as well as the operational efficiency. There are various other measures being taken to get the margins back to the historical levels. Also the strategy to grow on the small base includes, reducing the overheads in plants, number of products only for the US markets to be reduced complimented by the approvals awaited as inspections have started across companies. So far the US generics business has not given the required economic benefit, but the measures being taken should help in the same. Torrent has been working on expanding its portfolio offering through the field force expansions which should trickle in numbers gradually. Betting on the annual savings through the US business, cost optimization and rationalization, growth across the India business with added field force, uptick In Brazil and Germany markets we maintain a positive on the business. With these on the other side we have tweaked our numbers to factor in the US price erosion and Germany muted growth. **We maintain a Neutral on the stock for a revised target of Rs3186.**

HIGHLIGHTS OF THE WEEK 23 May 2022– 27 May 2022

Result Synopsis

Company	Result This Week
Morganite Crucible (India) Ltd **CMP: Rs960** **Target: Rs1250**	The company has reported net sales of Rs406mn as compared to Rs346mn in the same quarter last year, growth of 17.3%. The Ebitda margins for the quarter under review stood at 11.7% as compared to 13.3% in the corresponding quarter last year. The net profit came in at Rs132mn as against Rs37mn in the same quarter last year. EPS for the quarter under review stood at Rs23.64 as against Rs6.65 in the corresponding quarter last year. For the full year ending FY22, the company reported revenue of Rs1523mn as compared to Rs1069mn in FY21; with margins at 19.6% in FY22 as compared to 9.8% in FY21 while reporting net profit of Rs434mn as compared to a loss of Rs9mn in FY21. The Board of Directors have recommended a final dividend of Rs12 per share of face value of Rs5 per equity share. **Outlook and Recommendations:** The company has reported good set of numbers for the quarter under review, as well as for the full year. With the small uptick in the auto segment, tier-2 or tier-3 players like MCIL begin to get benefits, and the same has been seen during the year. Gross margins as well as the Ebitda margins seem to be gradually coming back on track. The margins can be impacted due the prices of raw materials (graphite prices). The company is working on new products with crucibles of higher capacity of volumes. The shifting of the plant from Mehsana to Aurangabad facility and the benefits of the same are anticipated to flow in the current year. Minor up-tick seen in the demand for the auto and industrial sector can lead to revenue addition and help absorb the fixed costs for MCIL. The new scrappage policy, demand for newer vehicles (EVs and hybrids), industrial demand and return of the infrastructure sector are some of the key factors which can propel growth for players like MCIL, however for the benefits to funnel down take some time. The company aims at fetching growth from the non-core business, which is currently a small component of the entire turnover, but has the scope to grow quickly. One should keep in mind, the exports business can be under stress for some months, till the time the geo political issues are sorted. MCIL continues to be a debt free, dividend paying company in a niche segment where the integration of DCIL and its benefits will start flowing soon. In the current setup, MCIL seems to be coming back on track, however, the dependence on demand pickup in the domestic as well as the international markets cannot be eliminated and **we continue to be conservative while maintaining our target price of Rs1250.**
ITD Cementation India Ltd	We had initiated a buy call on ITD Cementation India Limited on 14th August, 2017 at Rs158 for a target price of Rs225. ITD is one of the key EPC players in India having its order book span across urban infrastructure. It also had a decent exposure to the Metro space across the country. The pandemic did impact the company in terms of executions. There was some pick up seen in the last two quarters but back again this quarter there has been a drop in the profits. The raw material cost escalation was a concern we have been mentioning in the challenging environment currently. From the initiation, we have not seen appreciation of the stock price. We would close the call and keep a soft coverage to see how it unfolds going forward. **Outlook and Recommendations:** We close the call on the stock and recommend to book profits.

HIGHLIGHTS OF THE WEEK 23 May 2022– 27 May 2022

NIFTY (WEEKLY)

BANK NIFTY (WEEKLY)

MARKET OUTLOOK

BankNifty has given a breakout from its stiff resistance and the target roughly comes around at 36,500; considering the BankNifty move, soon **Nifty50** will follow suite with consolidation breakout (15750-16400). As indicated in the previous week's note, bullish breakout was witnessed in the **Auto sector;** outperformance by sector can be seen going forward. **Energy sector** is in the higher top higher bottom formation and sector is likely to reverse from the lower end of the channel. Corrective move in the **IT sector** is almost coming to an end, one can start nibbling into it with medium to long term horizon. Bullish divergence has been spotted in the **Mid and Smallcap** sector which indicates short term bottom is in place.

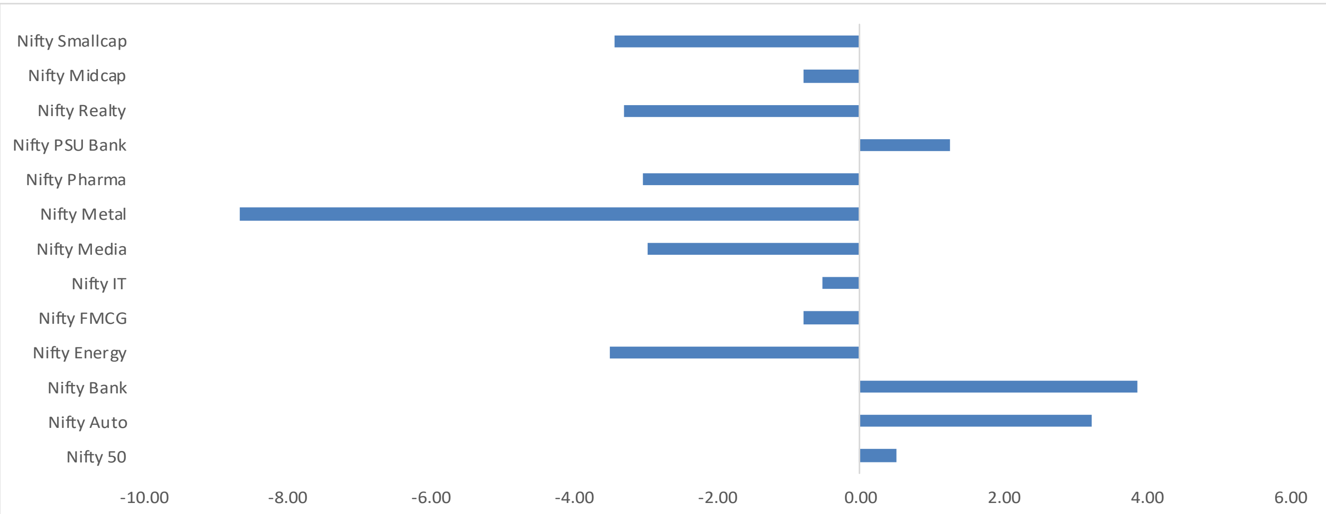
HIGHLIGHTS OF THE WEEK 23 May 2022– 27 May 2022

NIFTY 50 COMPONENTS (WEEKLY PERFORMANCE)

Adani Ports	-8.77	HDFC Bank	5.29	ONGC	-11.28
Apollo Hospital	4.97	HDFC Life	9.83	PowerGrid	-2.27
Asian Paints	-8.87	Hero Motocorp	4.99	Reliance	-2.04
Axis Bank	2.07	Hindalco	-4.59	SBI Life	4.58
Bajaj Auto	1.37	HUL	0.44	SBIN	1.19
Bajaj Finserv	3.51	ICICI Bank	4.23	Shree Cement	-0.55
Bajaj Finance	2.03	Indusind Bank	2.91	Sun Pharma	-1.21
Bharti Airtel	-0.21	INFY	0.51	Tata Consumer	-1.75
BPCL	-3.09	ITC	-3.86	Tata Motors	2.92
Britannia	3.19	JSW Steel	-13.05	Tata Steel	-10.78
Cipla	-1.21	Kotak Bank	6.33	TCS	-0.98
Coal India	-2.10	LT	-0.43	Tech Mahindra	-0.88
Divis Labs	-18.46	M&M	4.76	TITAN	0.34
Dr. Reddy's Labs	3.90	Maruti	4.41	Ultratech	-2.85
Eicher Motors	1.59	Nestle India	5.11	UPL	-6.58
Grasim	-5.87	NTPC	0.37	Wipro	1.70
HCL Tech	-1.95				
HDFC	5.44				

Gain/ Loss in %

SECTORAL PERFORMANCE



HIGHLIGHTS OF THE WEEK 23 May 2022– 27 May 2022

SECTORAL GAINER

BankNifty has ended the week with gains of 3.90%. Majority of the components have ended the week with considerable gains where Kotak Bank (+6.33%) and HDFC Bank (+5.29%) were the top gainers. On daily charts, the sector has given a breakout from its stiff resistance and the target roughly comes to ~36,500.

SECTORAL LOSER

Metal sector was the underperformer by ending the week with a cut of 8.67%. Except for HindZinc (+1.11%), rest all of them tumbled. JSL Hisar (18.05%) and JindalSteel (16.57%) corrected the most. Fall during the week was basically due to announcement related to hike in export duty; despite a sharp cut, the sector managed to end the week at its strong support zone.

HIGHLIGHTS OF THE WEEK 23 May 2022– 27 May 2022

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