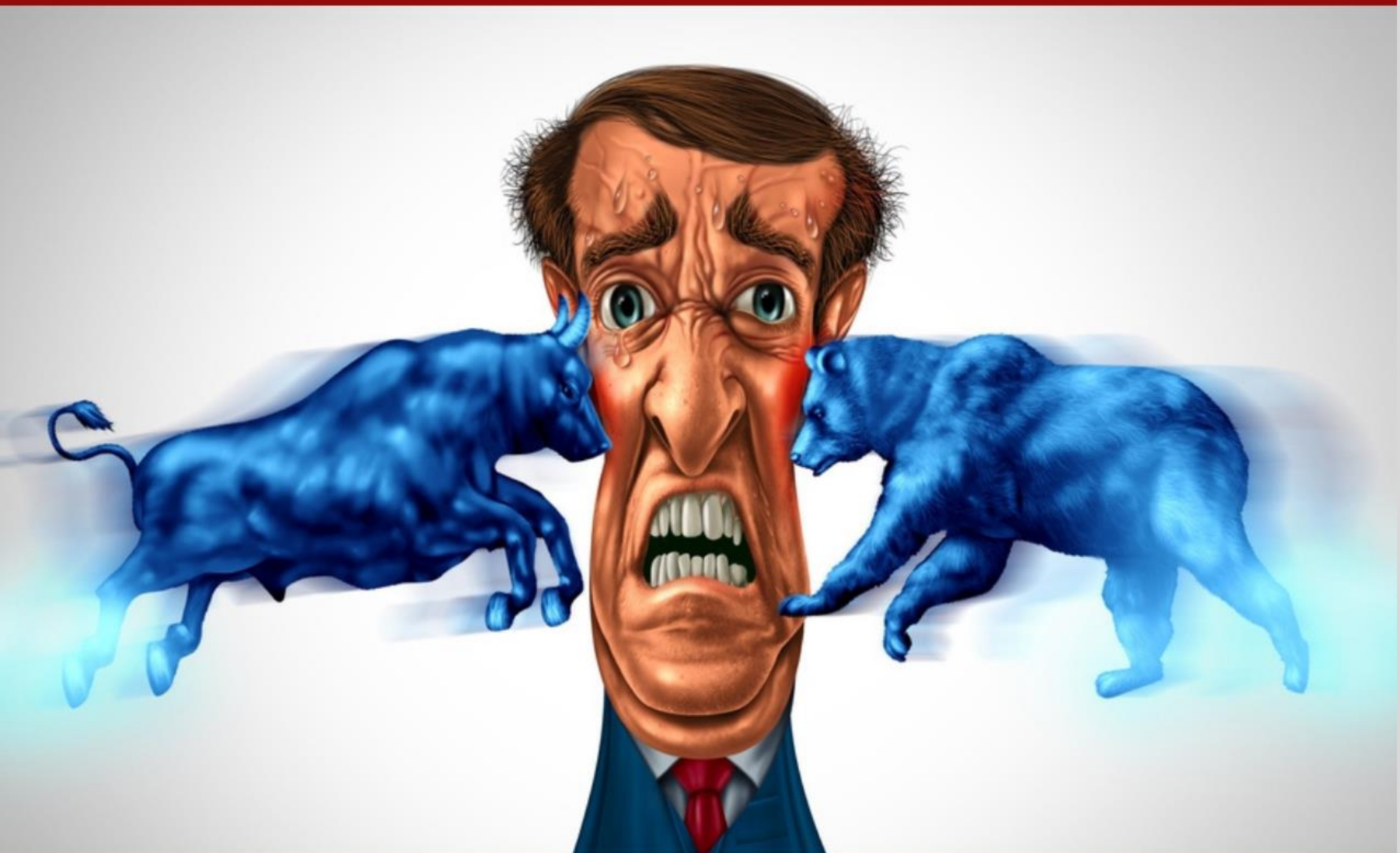
श्री LAKSHMISHREE

Gateway to your Financial Goals

GLOBAL TURMOIL



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Invest Today,

For

Better Tomorrow !!

Look What Our Research Analyst Has To Say…

Nifty has made a failed low at the lower end of the flat channel and major support zone of 16000-15900 and has reversed sharply with a Positive divergence on momentum indicator. The 50% retracement of the recent fall is placed at 16955 and swap resistance is at 16800 hence the said zone will be a major supply area and any rejection into this zone will confirm a lower high for the index and will be the 4th lower high ever since we topped out in October 2021. If a lower high is confirmed then major support of 16000-15900 will be under serious threat. Any and every rally back into the resistance zone of 16800-16955 will be an opportunity to exit longs and build shorts on rejections.

Will The US Federal Reserve Rate Hike Impact International Portfolios?

Last week, the US Fed raised interest rates by half a percentage point to a range of 0.75% to 1%. With US inflation at 8.5% in March 2022, the highest since 1981, further hikes are expected. Naturally, the markets are spooked. Mixed earning results by some of the large companies, the war in Ukraine, and Covid-related lockdowns in China have also kept the markets on edge.

This March, the US Fed raised its interest rates for the first time since 2018, and it signalled that it would raise rates again in May. The rate hike ended up being 50 basis points, and the commentary by Fed Chairman Jerome Powell suggested that similar hikes were 'on the table' in the future.

However, the Chairman ruled out a larger 75 bps rate hike going ahead. Since that had been the investors' biggest fear, the markets cheered and were up by almost 1,000 points the day the rate hike was announced.

However, the belief is the Fed has been late in raising interest rates. Also, since the financial crisis of 2008, the US central bank has been injecting a lot of money into the system. When the pandemic struck, this process became even more accelerated.

There is excess liquidity in the system now, which needs to be drained out.

In the coming months, the Fed is also planning to reduce its bloated $9 trillion balance sheet. Even as Fed chair Powell explicitly ruled out a hike of 75 basis points in the coming meeting, according to the CME Fed Watch Tool, the expectation is that the Fed will raise its target policy rate by 0.75% in the June meeting, something that last happened in 1994.

Hence, the markets went into turmoil again. Investors are worried whether the Fed will be able to strike the delicate balance between slowing the economy just enough to keep inflation in check and yet not cause a downturn. Any investor in the US markets will have one question - how will the Fed rate hike affect my portfolio?

The general logic goes like this -- the overall health of the company is reflected in the price of the share. With the Fed hiking rates, borrowing would become more expensive. Additionally, in a high inflation scenario, a company is likely to incur higher costs to pay its employees and in other expenses. Rising expenses would affect profit margins, which could lead to a decrease in the stock price.

However, the connection is not always this straightforward. One way to look at it is that this rate hike was already anticipated and has been factored into the markets. So, we may not see any further significant effects on the markets. What matters here is not how this Fed rate hike will affect the markets. Rather how the markets will behave and how your portfolio will be impacted depends on what the Fed is expected to do going ahead.

Even if we do not see a 75 bps hike in June, we can't say that the Fed is done with hiking rates. Two things will decide what can be expected going forward - how aggressive the Federal Open Market Committee is when it comes to hiking rates going ahead and whether the rate hike achieves the purpose of taming inflation and how quickly. With rising gas prices and supply chain disruptions, inflation is likely to remain high in the short term, and Fed is expected to take proactive measures to tackle that.

In the last few years, most of the growth has been coming from investments in growth stocks where investors would bet on a company being successful in the future even though it was not making any money in the present. This is likely to change going forward. Also, the 10-year treasury yield has risen to its highest since November 2018 and stands at over 3%.

This means that investors will find it easier to earn higher interest on bonds and focus on low-risk income opportunities instead of investing in high-risk stocks. One must understand that while inflation will always tend to push asset prices higher, this period of high inflation is cyclical.

Your portfolio may continue to grow if it is not concentrated in a few high-risk stocks and is suitably diversified. While one can expect market volatility to continue, investors would do well to invest with a long-term horizon and by not making any knee-jerk reactions to the current situation.

Anshul Jain

Research Analyst

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Stocks To Watch

1. Vimta Labs Ltd.

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Pharmaceuticals	Rs. 315.4	Buy in the Rs 314-321 band & add more on dips at Rs 285	Rs. 353	Rs. 382	2 Quarters

Shree Varahi Scrip Code	VIMTALABS
BSE Code	524394
NSE Code	VIMTALABS
Bloomberg	VL IN
CMP May 27, 2022	315.4
Equity Capital (Rs Cr)	4.4
Face Value (Rs)	2
Eq. Share O/S (cr)	2.2
Market Cap (Rs cr)	699
Book Value (Rs)	106
Avg.52 Wk Volume	648292
52 Week High (Rs)	453
52 Week Low (Rs)	216

Share Holding Pattern % (March 2022)	
Promoters	37.5
Institutions	31.6
Non Institutions	30.9
Total	100.0

Our Take…

Vimta Labs is one of the leading contract research and testing company with India's largest laboratory (~4 lakh sq. ft.), equipped with latest infrastructure. Company caters to testing requirements of industries such as pharma, food, medical devices, consumer goods, agrochemicals etc. Vimta derives ~60% of revenue from Pharma segment, 15-20% from diagnostic segment while ~15% from food segment and the balance from others. Company has done partnership with Govt. of India and set up food laboratory at JNPT, Mumbai which would drive revenue growth from FY23. Vimta has a network of 20 laboratories in India, including food testing and clinical diagnostics. With a highly diverse, multi-disciplinary team of ~1100 people including scientific and technical professionals, the company's expertise and high standards of quality have enabled to partner with global market leaders, as well as small and medium companies across industries. It has food testing laboratories in 8 cities across India, which is the largest network in India.

Vimta reported highest ever highest ever revenue, operating profit and PAT for FY22. It was driven by strong growth across business segments. Company aspires to reach revenue of > Rs 500cr by FY25 which implies ~22% CAGR in revenue over FY22-25E. Company started EMI/EMC services during Q4FY22 which caters to IT, defence suppliers, medical devices, telecom, electronics and allied industries. EMI/EMC testing (electromagnetic interference/compatibility) business enjoys high gross margin as consumables cost remains low however when it will reach maturity stage, it would give almost company level EBITDA margin. We believe this segment would drive revenue and profitability from H2FY23 onwards. Vimta has planned a total capex of Rs 50-60cr in FY23. Total capex outlay for the next two years would be around Rs 100-110cr which includes growth capex of Rs 60cr.

Vimta has very minor presence in diagnostics tests (B2C) and hence it is not impacted by the recent price war and the consequent erosion in stock prices of such companies.

On Nov 2, 2021, we had initiated coverage on Vimta Labs at Rs 341 for base case target of Rs 386 and bull case target of Rs 417.5. The stock hit high of Rs 453 and our bull case target got achieved in Dec-2021.

We have revised upwards our estimates for revenue and PAT by 3.5%/8.5% for FY23E and introduced FY24 estimates. Given healthy growth outlook in the coming quarters, and better earning visibility, we issue stock update note on Vimta Labs.

Valuations…

Vimta Labs foresees strong growth opportunities in food and pharma business and electronic & electrical segment in the coming years. The future growth pillar of the company comprises of i) continued growth momentum in Pharma and Food segment and ii) scale up of its new segment i.e. EMI/EMC testing. We estimate Revenue/EBITDA/PAT CAGR of 19%/18%/20.5% over FY22-24E. Company expects all the segments to register strong growth in the next 3-4 years. Management has ambitious target of revenue of > Rs 500cr in FY25E. Board has approved capital expenditure of about Rs.60cr to be incurred during the next two years towards expansion of facility at life sciences campus (Genome Valley, Hyderabad) to augment the growth of the company. At CMP, the stock trades at 14x/11.6x of FY23E/FY24E EPS. We feel investors can buy the stock in the band of Rs 314-321 and add more on declines at Rs 285 (10.5x FY24E EPS) for base case target of Rs 353 (13x FY24E EPS) and bull case target of Rs 382 (14x FY24E EPS) over the next two quarters.

Financial Summary…

Particulars (Rs Cr)	Q4FY22	Q4FY21	YoY (%)	Q3FY22	QoQ-%	FY19	FY20	FY21	FY22P	FY23E	FY24E
Adj. Revenue	72	60	20.6	66	9.2	213	181	211	278	327	394
EBITDA	21	17	26.3	19	9.9	58	30	53	80	93	113
Depreciation	7	6	15.5	6	19.6	20	21	23	23	25	31
Other Income	0	0	76.0	1	-38.9	2	3	1	1	2	2
Interest Cost	1	1	-14.3	0	140.0	5	4	2	2	2	2
Tax	4	3	63.0	4	15.8	10	1	7	14	17	21
APAT	12	8	52.3	12	1.3	25	7	21	41	50	60
EPS (Rs)						11.4	3.1	9.7	18.7	22.6	27.2
RoE-%						15.6	4.0	11.7	19.3	19.5	19.7
P/E (X)						27.5	101.9	32.5	16.8	13.9	11.6
EV/EBITDA (X)						12.4	23.8	13.4	8.9	7.6	6.3

Income Statement…

Particulars (Rs Cr)	**FY19**	**FY20**	**FY21**	**FY22P**	**FY23E**	**FY24E**
TOTAL INCOME	**213**	**181**	**211**	**278**	**327**	**394**
Growth (%)	17.6	-15	16.6	32.1	17.5	20.5
Operating Expenses	155	151	158	198	234	281
EBITDA	**58**	**30**	**53**	**80**	**93**	**113**
Growth (%)	27.2	-48	77.2	51.6	16	20.8
EBITDA Margin (%)	**27**	**16.5**	**25.1**	**28.9**	**28.5**	**28.6**
Depreciation	20	21	23	23	25	31
EBIT	**38**	**9**	**30**	**57**	**68**	**81**
Other Income	2	3	1	1	2	2
Interest Expenses	5	4	2	2	2	2
PBT	**31**	**3**	**26**	**54**	**64**	**77**
Tax	10	1	7	14	17	21
RPAT	**25**	**7**	**21**	**41**	**50**	**60**
Growth (%)	54.3	-73	213.7	93	20.8	20.3
EPS	11.4	3.1	9.7	18.7	22.6	27.2

Balance Sheet…

As at March (Rs Cr)	FY19	FY20	FY21	FY22P	FY23E	FY24E
SOURCES OF FUNDS						
Share Capital	4.4	4.4	4.4	4.4	4.4	4.4
Reserves	167	169	190	230	274	327
Shareholders' Funds	**172**	**173**	**194**	**234**	**278**	**332**
Long Term Debt	12	5	14	13	19	14
Net Deferred Taxes	1	0	0	0	0	0
Long Term Provisions & Others	10	10	12	13	16	19
Total Source of Funds	**194**	**188**	**220**	**259**	**314**	**366**
APPLICATION OF FUNDS						
Net Block (incl. CWIP)	139	134	147	150	184	210
Goodwill	0	6	6	19	17	16
Long Term Loans & Advances	6	10	11	12	16	18
Total Non-Current Assets	**145**	**149**	**163**	**181**	**217**	**243**
Inventories	19	17	15	17	22	25
Trade Receivables	59	58	73	77	96	119
Short term Loans & Advances	1	1	2	1	2	3
Cash & Equivalents	3	7	7	11	13	20
Other Current Assets	10	13	14	18	22	25
Total Current Assets	**92**	**96**	**112**	**126**	**155**	**191**
Short Term Brorrowings	5	18	9	7	8	9
Trade Payables	11	10	15	12	18	22
Other Current Liab & Provisions	25	27	27	25	28	32
Short-Term Provisions	2	2	4	3	4	5
Total Current Liabilities	**43**	**57**	**54**	**48**	**59**	**68**
Net Current Assets	49	39	58	78	96	123
Total Application of Funds	**194**	**188**	**220**	**259**	**314**	**366**

2. Poonawalla Fincorp Ltd.

Industry	LTP	Recommendation	Base Case Fair Value	Base Case Fair Value	Time Horizon
BFSI – NBFC	Rs. 245	Buy in Rs band 242-248 & add more on dips to Rs 220-225 band	Rs. 266	Rs. 288	2 Quarters

Shree Varahi Scrip Code	POONAWALLA
BSE Code	524000
NSE Code	POONAWALLA
Bloomberg	POONAWAL IN
CMP May 27, 2022	244.9
Equity Capital (Rs Cr)	153.0
Face Value (Rs)	2
Equity Share O/S (Cr)	76.5
Market Cap (Rs Cr)	18818
Book Value (Rs)	72.0
Avg. 52 Wk Volumes (mn) 52	42,95,000
52 Week High	343.8
52 Week Low	129.0

Share Holding Pattern % (Mar, 2022)	
Promoters	40.00
Institutions	38.9
Non Institutions	21.1
Total	100.0

Our Take...

The new management has brought in significant changes to the working of Poonawalla Fincorp Ltd. (PFL). It has made its objectives clear and is on track for achieving them. PFL has shifted focus to the consumer and small business segments along with discontinuation of non- focus products. This has given the company a healthy mix of secured and unsecured products. It aims to be among the top 3 NBFCs for consumer and MSME finance with a risk calibrated approach of growing its AUM 3x from FY21 levels by FY25. Discontinued portfolio is expected to run-down substantially over the next 15-18 months.

Digital customer acquisition has picked up with ~10x rise in leads generated through digital medium resulting in reduction in customer acquisition cost. Digital distribution capabilities are well supplemented by Pan-India physical presence. Focus continues to expand cross sell/ up sell opportunities with the launch of new products.

On September 6, 2021, we had released a stock update report (Link) with a recommendation to ‘Buy in Rs 176-179 band and add on dips to Rs 157-160 band’ for base case fair value of Rs 199 and bull case fair value of Rs 215. The stock had achieved our base case target on November 16 and bull case target on December 6, 2021.

Valuations...

Improving trends in collection efficiencies and better risk monitoring and management has led to contraction in the stressed pool which should contain the credit costs going forward. Post capital infusion of Rs 3,456cr in May’21, D/E stands at 1.6x as on FY22 giving the ample headroom for growth. Proposed capital raise in Poonawalla Housing Finance Ltd. (PHFL) would provide it with a competitive edge to expand in the affordable housing finance space. We expect a ~29% CAGR growth in advances over FY22-FY24. RoA is expected to improve to 3% by FY24E. Though PFL faces challenge of growing its AUM despite a large book being discontinued, we think things can fall into place with the new promoters trying to prove themselves with new products, people and processes in place.

PFL has entered a sustainable growth phase and its new products are steadily scaling up. It has achieved a monthly disbursement run-rate of Rs 1000cr. It has aimed at becoming a leader in pre-owned car and loan to professional segment. Its investment in people, technology, scale-up and rollout of new products have led to higher opex to AUM at 5.5%. This could start paying back soon. We believe investors can buy the stock in the band of Rs 242-248 and add on dips to Rs 220-225 band (2.5x FY24E ABV) for a base case fair value of Rs 266 (3.0x FY24E ABV) and bull case fair value of Rs 288 (3.25x FY24E ABV) in the next two quarters.

Financial Summary...

Particulars (Rs Cr)	Q4FY22	Q4FY21	YoY-%	Q3FY22	QoQ-%	FY21	FY22P	FY23E	FY24E
NII	325	262	23.9	303	7.3	1065	1194	1468	1879
PPoP	148	187	-21.1	136	8.2	694	568	780	1100
PAT	119	-648	-118.3	96	23.0	-559	375	465	667
EPS (Rs)	1.6	-24.0	-106.5	1.3	23.0	-20.7	4.9	6.1	8.7
P/E (x)						NA	49.9	40.3	28.1
P/BV (x)						3.2	3.2	3.0	2.8
RoAA (%)						-3.9	2.5	2.5	2.8

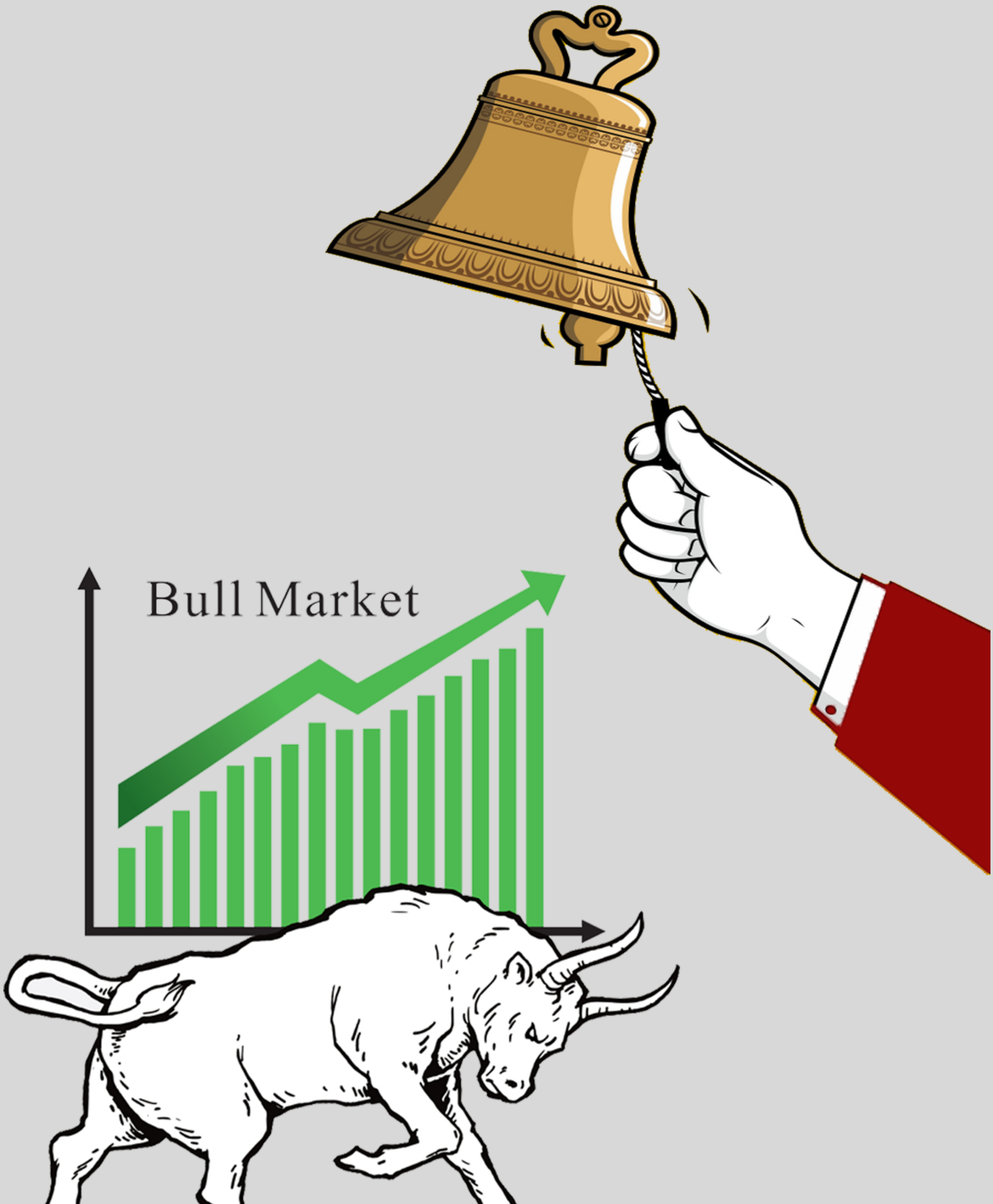
Income Statement...

(Rs Cr)	FY20	FY21	FY22E	FY23E	FY24E
Interest Income	2324	2166	1910	2314	3063
Interest Expenses	1294	1100	716	846	1184
Net Interest Income	**1031**	**1065**	**1194**	**1468**	**1879**
Non – Interest Income	239	187	131	206	266
Operating Income	**1269**	**1252**	**1325**	**1674**	**2145**
Operating Expenses	700	558	757	894	1045
PPP	570	694	568	780	1100
Prov & Cont	487	1448	78	171	222
Profit Before Tax	83	-754	490	608	878
Tax	55	-190	116	153	221
PAT	**28**	**-564**	**374**	**455**	**657**
Adj. PAT	**28**	**-559**	**375**	**465**	**667**

Balance Sheet...

As at March (Rs Cr)	FY20	FY21	FY22E	FY23E	FY24E
Share Capital	54	54	153	153	153
Reserves & Surplus	2694	2140	5903	6282	6824
Shareholders' Funds	**2748**	**2194**	**6056**	**6435**	**6977**
Borrowings	11987	10433	9909	13604	17966
Other Liab & Provisions	504	585	476	1162	1965
Source of Funds	**15240**	**13212**	**16443**	**21201**	**26907**
Fixed Assets	186	196	217	212	208
Investment	151	177	0	97	125
Cash & Bank Balance	708	775	597	583	624
Advances	13889	11361	14851	19435	24953
Other Assets	299	703	778	875	998
TOTAL ASSETS	**15240**	**13212**	**16442**	**21201**	**26907**

This Might Impact Your Investments !!



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Gold set for monthly loss as US Treasury yields, dollar strengthen

Gold prices fell on Tuesday as an uptick in the dollar and U.S. bond yields overshadowed support from concerns over soaring inflation, with bullion on track to decline for a second straight month.

Spot gold fell 0.4% to $1,848.60 per ounce by 1025 GMT, and was down 2.5% for the month in its biggest decline since last September. U.S. gold futures dipped 0.2% to $1,852.70.

The U.S. dollar strengthened following hawkish comments by a senior Federal Reserve official causing gold to retreat, Ricardo Evangelista, senior analyst at ActivTrades said in a note.

Fed Governor Christopher Waller on Monday said the central bank should be prepared to raise interest rates by 50 basis points at every meeting from now on until inflation is decisively curbed.

The dollar index was up 0.2%, while the benchmark U.S. 10-year Treasury yields jumped as Waller's comments prompted markets to pare expectations that the Fed might pause for breath after hikes in June and July. [USD/][US/]

While gold is viewed as a hedge against inflation, rising U.S. interest rates increase the opportunity cost of holding non-yielding bullion and also boost the dollar in which gold is priced, making the metal expensive for overseas buyers.

"The current price action suggests that gold is waiting for a fresh directional catalyst," FXTM analyst Lukman Otunuga said.

After the latest data showed Euro-zone inflation rose to yet another record high in May, investors are now focused on the U.S. nonfarm payrolls data due later this week.

"A strong set of results in May could enforce fresh pressure on the Fed to maintain its aggressive approach towards rates," Otunuga added.

Silver fell 0.7% to $21.79 per ounce, and was down 4% for the month.

Platinum rose 0.3% to $961.36, and was set for its first monthly gain in three.

Palladium gained 1.5% to $2,062.81, but has declined 11% so far this month, the most since November.

ONGC sees crude oil production rising 11%, gas output jumping 25% by FY25

Reversing the declining trend of the past few years, ONGC said its crude oil production will rise 11 per cent and natural gas output will jump 25 per cent after newer discoveries in the western and eastern offshore start producing.

In an investor presentation post FY22 earnings, Oil and Natural Gas Corporation (ONGC) said crude oil production will rise from 19.545 million tonnes in the financial year ended March 31 (2021-22) to 19.88 million tonnes this year and 21.588 million tonnes in the next year.
The output will climb to 21.701 million tonnes in 2024-25 (FY25).

Similarly, gas production will rise from 20.907 billion cubic meters in 2021-22 to 21.097 bcm in current fiscal and 24.387 bcm in the next. In FY26, the output will reach 26.124 bcm.

The output increase will be aided by projects to bring gas, found on both the east and the west coast.

ONGC is betting on discoveries in KG-DWN-98/2 in the Bay of Bengal to do most of the heavy lifting, while the Cluster-8 marginal fields in the western offshore will supplement the production.

ONGC said it is also implementing the fourth phase of the redevelopment of the Mumbai High oil and gas fields, which will increase the recovery factor from the five-decade-old mature fields.

India's dependence on imports to meet its crude oil needs has, in recent years, risen to 85 per cent as output from domestic fields continued to decline.

ONGC, the biggest crude oil and natural gas producer in the country, has over the years seen a steady decline in production from its mature and aging fields.

But the firm is now stepping up on exploration campaign to find more reserves.

ONGC said it will spend Rs 31,000 crore from 2022 to 2025 on the exploration campaigns throughout the country.

It is in a view to "add around 1,00,000 square kilometers of new exploration area annually up to 2024-25," the firm said, adding, "increase of acreage holding likely to further establish the resource potential of undiscovered plays and realisation of YTF (yet to find) reserves."

This is a part of the company's Vision 2040 that calls for raising capacities and production across its portfolio of oil and gas exploration and production, downstream oil refining and petrochemicals and new energy businesses.

The company, which started with an equity infusion of Rs 343 crore by the government more than six decades back, has generated a wealth of over Rs 9 lakh crore since then, and is now venturing on a new road to further enhance value.

The new Energy Strategy 2040 aims to raise domestic production from 50 million tonnes of crude oil and oil equivalent gas to 70 MMtoe (Million Metric tonne of oil equivalent) by 2040, the presentation said.

Overseas output is seen rising from 15 MMtoe to 40 MMtoe.

With 35 million tonnes per annum of oil refining capacity vested in its two subsidiaries -- HPCL and MRPL, ONGC is targeting to raise this capacity to around 100 million tonnes by 2040. Also, expansion in petrochemicals will be prioritised.

ONGC is also looking to scale up its renewable energy portfolio to 10 Gigawatts from less than 200 MW currently.

Also, the firm has set up a USD 1 billion venture fund corpus for the incubation of new technologies that will aid in raising the output and finding newer resources, the presentation said.

Sebi's SOP to resolve dispute under stock exchange arbitration mechanism

Capital markets regulator Sebi has come out with a new Standard Operating Procedures (SOP) for dispute resolution under the stock exchange arbitration mechanism for disputes between a listed firm or Registrars to an Issue and Share Transfer Agents (RTAs) and its shareholders.

The arbitration mechanism will be initiated post exhausting all actions for resolution of complaints including those received through the SCORES portal.

The arbitration reference will be filed with the stock exchange where the initial complaint has been addressed.

The new framework will come into force with effect from June 1, the Securities and Exchange Board of India (Sebi) said in a circular on Monday.

The new SOP will be applicable to listed companies or RTAs offering services on behalf of listed companies. In case of claims or disputes arising between the shareholder or investor of listed firms and the RTAs, the RTAs will be subjected to the stock exchange arbitration mechanism.

In all such instances, the listed company will necessarily be added as a party.

In case of arbitration matters involving a claim of up to Rs 25 lakh, a sole arbitrator will be appointed and, if the value of the claim is more than Rs 25 lakh, a panel of three arbitrators will be appointed.

The process of appointment of arbitrator is required to be completed by the stock exchange within 30 days from the date of receipt of complete application from the applicant.

Disputes pertaining to or emanating from investor service requests including transfer/transmission of shares, demat, transposition of holders, investor entitlements like corporate benefits, dividend, bonus shares, rights entitlements, credit of securities in public issue and delay in processing or wrongful rejection of such investor service requests may be considered for arbitration.

With regard to arbitration fees, Sebi said the fees per arbitrator will be Rs 18,000 plus stamp duty and service charge and this amount will be collected from RTAs or listed companies and shareholders or investors separately by the exchange, for defraying the cost of arbitration.

If the value of claim is less than or equal to Rs 10 lakh, then the cost of arbitration with respect to the shareholders or investors will be borne by the exchange.

Further on passing of the arbitral award, the fees and stamp charges paid by the party in whose favor the award has been passed would be refunded and the fees and stamp charges of the party against whom the award has been passed would be utilized towards payment of the arbitrator fees.

For appellate arbitration, fees of Rs 54,000 plus stamp duty and service charge will be paid by the appellant only, which will be non-refundable.

In case, an appellant filing an appeal is a shareholder/an investor having a claim of more than Rs 10 lakh, the appellant will pay a fee not exceeding Rs 30,000 along with stamp duty and service charge and in case of a claim up to Rs 10 lakh, the appellant needs to remit a fee not exceeding Rs 10,000 along with stamp duty and service charge.

Further expenses thus arising will be borne by the stock exchanges and the Investor Protection Fund of Stock exchanges equally.

In respect of place of arbitration, Sebi said the arbitration and appellate arbitration will be conducted at the regional centre of the stock exchange nearest to the shareholders or investors. The application against the decision of the appellate panel of arbitrators needs to be filed in the competent court nearest to such a regional centre.

Sebi said that arbitration proceedings will be concluded by way of issue of an arbitral award within four months from the date of appointment of arbitrator. However, the exchanges may extend the time for issue of arbitral award by not more than two months on a case to case basis after recording the reasons for the same.

The appeal against an arbitral award will be disposed of by way of issue of an appellate arbitral award within three months from the date of appointment of appellate panel. Further, the exchanges may extend the time for issue of appellate arbitral award by not more than two months on a case-to-case basis after recording the reasons for the same.

A party aggrieved by the appellate arbitral award may file an application to the court of competent jurisdiction under the Arbitration and Conciliation Act.

In case the parties wish to settle or withdraw the dispute, the arbitrators appellate panel may pass an award on consent terms. Where the award is against the listed company or RTA, such entities need to update the status of compliance with the arbitration award promptly to the exchange.

"The stock exchanges shall put in place a framework for imposition of penalty on listed companies in cases where listed companies/RTAs do not honor the arbitral award," Sebi said.

The stock exchanges need to preserve the documents related to arbitration for five years from the date of arbitral award, appellate arbitral award or order of the court, as the case may be; and register of destruction of records relating to these, permanently.

Further, they are required to disclose on its website, details of disposal of arbitration proceedings and details of arbitrator-wise disposal of arbitration proceedings.

This consumer electronics stock zoomed 2500% in 2 years; hits new high

Shares of PG Electroplast hit a record high of Rs 897.95, after it rallied 15 per cent on the BSE in Tuesday's intra-day trade, on the back of heavy volumes. The stock of consumer electronics company surged 30 per cent in two days after the company posted strong operational performance in March 2022 quarter (Q4FY22) that signaled robust outlook.

In Q4FY22, the company's earnings before interest depreciation tax and amortization (EBITDA) more-than-doubled to Rs 52.46 crore from Rs 25.28 crore in Q4FY21. Despite low margin in TV and Electronics business, that contributes only 9 per cent to the total revenues, operational EBITDA margins improved by 85 bps basis points (bps) due to operational leverage.
Meanwhile, the company's profit after tax jumped 165 per cent year on year (YoY) at Rs 27.63 crore from Rs 10.44 crore, a year ago, whereas, net sales grew 52 per cent YoY to Rs 500 crore.

Besides that, the stock surpassed its previous high of Rs 870 that it had touched on January 7, 2022. The trading volumes on the counter jumped nearly 10-fold as around 630,000 equity shares changed hands on the NSE and BSE till 01:29 PM. In comparison, the S&P BSE Sensex was down 0.35 per cent at 55,733 points.

In the past one year, the market price of PG Electroplast surged 115 per cent as compared to 7 per cent rise in the S&P BSE Sensex. It has zoomed 2,500 per cent from level of Rs 34.50 on May 29, 2020 in two years, as against 72 per cent rally in the benchmark index. The stock skyrocketed 3,320 per cent from its March 2020 low of Rs 26.20 on the BSE.

PG Electroplast is a partner for electronic manufacturing services and plastic moulding for leading consumer durables and consumer electronics companies in India. The company has one of the biggest capacities in plastic injection molding with capabilities across value chain in the Electronic Manufacturing Services (EMS).

The management believes that capacity expansion and production linked incentive (PLI) will bolster growth in the coming years. That said, they also foresee increased interest for business from new and existing clients.

That apart, the management has guided sales of Rs 1,800 crore, a growth of 64 per cent over FY22 consolidated sales. It has also guided 69 per cent increase in operating profit to Rs 125 crore from Rs 74.5 crore in FY22. The management remains confident of growth in product business i.e., washing machines, room air conditioners (RAC) and coolers and anticipates it to be around 20 per cent to Rs 1,050 crore from Rs 478 crore in FY22.

"We will double washing machines capacity, while also further expand RAC capacity to 200,000 indoor units and 100,000 outdoor units, along with further backward integration by adding the set up for RAC controllers. The company has a capex plan in the range of Rs 130 – Rs 140 crore for FY23," the management added.

Nifty Metal index crashes 16% in May, sees sharpest fall since March 2020

The Nifty Metal index crashed 16 per cent in May, its sharpest monthly fall since March 2020 when it sank nearly 30 per cent due to the demand shock created by the spread of covid-19 pandemic. This month's fall comes on the back of the government's decision to impose export duty on steel in a bid to cool off domestic prices. The last week's decision has led to a sharp selloff in metal stocks with analysts rushing to lower earnings growth and price targets. From this year's peak of 6,775 on April 11, the Nifty Metal index is down 21 per cent. Globally, steel prices have softened since mid-April. This along with the imposition of export duty has led to a double whammy for domestic steel makers, who ship between 10 per cent and 30 per cent of their production. Strong global demand—which hinges on China revival—will help steel makers pass on the duty. Meanwhile, steel companies are hopeful that the imposition of export duty is a temporary measure like in 2008 when the duty was removed within a month on certain steel products.

Sun Pharma slips 4% on posting Rs 2,277 crores loss in Q4

Shares of Sun Pharmaceutical Industries slipped 4 per cent to Rs 851.50 on the BSE in Tuesday's trade, falling 6 per cent since yesterday when the company posted a net loss of Rs 2,277 crore for the fourth quarter of the financial year 2021-22 (Q4FY22).

The loss came on account of settlement charges of pending litigations in the US, and restructuring operations in some countries. Adjusted profit grew 18 per cent year on year (YoY) to Rs 1,582 crore.
Consolidated sales from operations rose 11 per cent YoY at Rs 9,386 crore over Q4 last year. Earnings before interest depreciation tax and amortization (EBITDA) was up 14.6 per cent YoY at Rs 2,280 crore. EBITDA margins improved 74 bps YoY despite lower margins from Taro in Q4, and were at 24.8 per cent on back of marginal dip in gross margins being offset by lower other expenditure.

Sun Pharma's Q4FY22 operational performance was in line with our estimates. In India, Sun Pharma launched 11 new products in Q4 while also increasing market share. The company's US generics front is going through calibrated product rationalisation, the specialty segment looks promising due to robust product pipeline, steady progress, ICICI Securities said in a note.

In Q4FY22, specialty sales grew 30 per cent YoY to US$185 million while global Ilumya sales recorded 81 per cent growth to reach US$315 million in FY22. This metamorphic shift from generics to specialty, however, is likely to weigh on US growth in the near term.

That said, higher contribution from specialty and strong branded franchise is likely to change the product mix towards more remunerative businesses. This would have positive implications for margins also as we expect faster absorption of frontloaded costs on the specialty front, the brokerage firm said.

Sun Pharma delivered a lower-than-expected Q4FY22 due to moderation in the RoW/EMs/API segment and higher OPEX. The specialty portfolio continues to progress well, with its contribution to sales rising to 13 per cent in FY22 from 7 per cent in FY18, said brokerage Motilal Oswal Financial Services.

"We remain positive on Sun Pharma on the back of a strong outperformance in the branded Generics segments of DF/RoW/EMs, scale-up of the specialty portfolio, and niche launches in the US generics segment," it said. It maintained its Buy rating on the stock with a 12 month-target price of Rs 1,040 per share.

The stock has underperformed the market, declining 6 per cent this week as compared to a 3.3 per cent rise in the S&P BSE Sensex. However, in the past six months, it has rallied 13 per cent as against a 2 per cent decline in the benchmark index. Further, in the last one year, the stock has surged 28 per cent as compared to a 7.5 per cent rise in the Sensex.

M&M hits new high; rallies 12% in three days on healthy demand prospects

Shares of Mahindra & Mahindra (M&M) hit a fresh record high of Rs 1,035.90, up 4 per cent on the BSE in Tuesday's intra-day trade, after it surged 12 per cent in three days, on strong demand outlook.

Most of the brokerages retain 'buy' rating on M&M with target price in the range of Rs 1,150 to Rs 1,200 per share, amid healthy demand prospects across the company's product profile and its focus towards capital efficiency and electric vehicle (EV) proactiveness.

M&M became the number one player in the SUV revenue market share in Q4 and H2FY22, whereas, farm equipment sector (FES) gained 180 basis points market share in FY22. With 170k+ bookings, the demand for the automotive product portfolio remains strong for the company. Meanwhile, FES delivered second highest full year PBIT despite market slowdown and steep commodity inflation.

Given the recent fiscal and monetary measures by the government and Reserve Bank of India (RBI), the management foresees the cost pressures in the economy to cool off.

Besides that, the company reported a 17 per cent year-on-year (YoY) rise in standalone profit (before exceptional items) at Rs 1,167 crore for the March quarter (Q4FY22) from Rs 998 crore, a year ago. After accounting for exceptional items, profit rose too, by 427 per cent to Rs 1,292 crore from Rs 245 crore, a year ago.

Analysts at ICICI Securities believe that M&M's renewed pivot towards efficient capital allocation (vision for >18 per cent RoCE at consolidated level) and aggressive EV launch pipeline are structural positives. However, analysts see that the company's standalone return ratios look optically muted compared to peers due to high quantum of investments in subsidiaries (listed and unlisted).

With operating leverage benefits at play, mix normalisation (high growth in relatively low margin automotive business) and focus on optimising cost; the brokerage firm expects 12.6 per cent growth in EBITDA margins and ~13 per cent standalone RoCE by FY24. ICICI Securities retains a 'buy' rating on M&M with 12 month target price of Rs 1,200 per share.

That said, analysts at Emkay Global Financial Services believe that the company's aggressive price hikes will augur revenue growth.

"In Q1FY23, the company has been more aggressive than peers in price hikes, and input costs are expected to see a downtrend from Q2FY23 considering recent corrections in commodity prices. Auto revenue should see a strong 24 per cent CAGR, and farm revenues are likely to witness a 6 per cent CAGR," the brokerage firm added, with a 'buy' rating on the counter, and target price of Rs 1,150 per share.

Delhivery posts Rs 120 crore loss in Q4; should you sell or hold the stock?

Recently listed logistic-giant Delhivery posted a Rs 119.68 crore loss for the fourth quarter of financial year 2021-22 (Q4FY22). This was slightly higher than the loss of Rs 118 crore Delhivery reported in the same period of the last fiscal.

On the upside, its revenues for the recent quarter doubled from the previous year to Rs 2,072 crore, as against Rs 1,003 crore in Q4FY21.

For the full financial year ended 2022, the logistic tech company's net loss swelled to Rs 1,011 crore, compared to Rs 415.7 crore in the previous year. Its revenue, meanwhile, rose 89 per cent to Rs 6,882 crore for the year.

Following the company's first financial results after its listing, its stock rose over 3 per cent in a weak market on Tuesday, but soon fizzled out amd turned flat.

On their part, analysts remain watchful given that the firm is yet to turn profitable.

"Delhivery, like some of the other new-age companies, is still making a loss. Given this and how the markets are playing out currently, I do not suggest investors buy Delhivery stock at these levels. Revenue visibility, growth and stability in a company's operational and financial performance are the three key factors investors must keep in mind before investing in any stock," said A K Prabhakar, head of research at IDBI Capital.

Investors should avoid stocks, which do not consistently make profits, since odd or one-time losses are still acceptable, he said, adding that it remains difficult to predict when these new-age companies will turn profitable.

Even after a strong growth in topline, company's net loss has widened mainly due to increase in other expenses and depreciation. At this juncture, investors should avoid fresh entry in the scrip until there is improvement in the company's bottom line, said Mohit Nigam, Head- PMS, Hem Securities.

For FY22, Delhivery said it posted an operating profitability with an adjusted EBITDA of Rs 72 crore and adjusted cash profit after Tax (APAT) of Rs 212 crore.

This was due to the operating leverage effect, and was in line with the management's strategy of turning profitable after scaling up. However, despite the cash profits, the cash flows from operations have seen a significant decline, said Parth Nyati, founder, Tradingo.

"The frequent use of adjusted EBITDA and adjusted cash profits makes it difficult to comment on the actual profitability. We suggest investors wait for a few quarters to analyse how the business evolves in terms of revenue growth and profitability and take an investment call thereafter," Nyati advises.

In an IPO note, analysts at Indsec Research had said that given the high total addressable market and very high degree of unorganised market share, Delhivery could vastly gain from formalisation of the logistics sector as it is backed by solid technology capabilities.

However, the nature of the business requires the company to burn cash in order to fuel growth. "We, thus, believe the IPO is for investors with a high risk appetite and who are ready to wait for the company to turn EBITDA positive on a sustained basis over the next 2-3 years," they had said.

Vi gains 10% on reports of Amazon & PEs Rs 20,000 crore investment plan

Shares of Vodafone Idea (Vi) gained 10 per cent to Rs 10.23 on the BSE in Tuesday's intra-day trade, on the back of heavy volumes. The spike comes after a media report suggested that American retail major Amazon and a clutch of investors are in talks with Aditya Birla Group to invest up to Rs 20,000 crore in the wireless telephone company.

At 10:50 am; Vi traded 9 per cent higher at Rs 10.13, as compared to 0.23 per cent decline in the S&P BSE Sensex. In the past three days, the stock rallied 19 per cent. Data shows that around 290 million equity shares changed hands on the NSE and BSE.

According to a report by Business Standard, sources say that the proceeds of the sale will be utilized to bid for upcoming 5G spectrum auction and capital expenditure for roll-out of services by end of the year. Apart from Amazon, the group is in talks with private equity investors who plan to take exposure in the Indian telecom sector. CLICK HERE FOR FULL REPORT

In the past one month, Vi outperformed the market by gaining 8 per cent, as compared to 2 per cent decline in the S&P BSE Sensex. Besides that, the stock gained 18 per cent in a year, as against 7 per cent rise in the benchmark index.

Meanwhile, for January-March quarter (Q4FY22), Vi's losses narrowed by 6.5 per cent to Rs 6,563 crore on a year-on-year (YoY) basis on the back of revenue growth, whereas, earnings before interest depreciation tax and amortization (EBITDA) grew 5.4 per cent YoY to Rs 4,649 crore.

That apart, the company's average revenue per user (ARPU) improved to Rs 124, up 7.5 per cent QoQ versus Rs 115 in Q3FY22, supported by tariff hikes in November 2021. Though the company lost 3.4 million subscribers sequentially as its user base stood at 243.8 million, it added one million 4G customers with an overall user base count at 118.1 million.

The management remains confident of the company's potiential to increase data usage per 4G customer that stands at around 13.9 GB/month vs around 12.9 GB/month, a year ago. Hence, the overall data volumes witnessed healthy growth of 7.9 per cent YoY in Q4FY22.

The management also believes that the government's reform package, return of bulk of the bank guarantees till date, industry wide tariff hikes and the recent promoter infusion are significant positive catalysts for the company.

“All these developments are being perceived positively by the investor and lender community aiding our on-going discussion on further fund raise. We will make suitable disclosures on the fund raising as appropriate,” the management said.

Most Nifty 50 firms beat sales estimates, many fare worse on profitability

Companies part of the Nifty 50 index, among India’s largest names, have largely beaten sales estimates for March.

A total of 28 companies recorded higher revenue than analysts estimated, shows a May 31 note from Mumbai-based Anand Rathi Share and Stock Brokers. Only 19 of the total 50 companies made higher than expected profits.

The average company recorded a 10.8 per cent higher sales figure than expected. The average profit, represented by earnings per share, was 7.1 per cent lower than expected.

The Oil and Natural Gas Corporation (ONGC) was among those recording higher revenues than expected, in results aided by higher crude prices. The State Bank of India also recorded higher growth amid improving fundamentals. Bajaj Finserv was among those with the largest earnings surprise. It had earnings per share of Rs 85, or 88 per cent higher than analyst estimates of Rs 45. Grasim Industries had earnings per share of Rs 12, or 119.3 per cent higher than analyst estimates which were around Rs 6.

The construction and materials sector of which Grasim is a part, was among those which had the highest earnings surprise. Others in the sector include cement companies as well as construction major Larsen and Toubro. The segment had over 50 per cent higher earnings per share on average than expected.

Financial services companies also beat earnings estimates by over 30 per cent. The companies in the segment include Bajaj Finance, Bajaj Finserv and the Housing Development Finance Corporation.

Sectors which did not do as well include healthcare, telecommunications and industrial goods and services. Healthcare earnings were lower than expected for most companies. Telecommunications saw a 20 per cent decline in actual earnings compared to estimates. Industrial goods and services profits were down 16.3 per cent.

Companies with a larger profit helped the overall Nifty 50 earnings per share register positive growth despite the average company in the set taking a hit. The overall Nifty earnings per share works out to Rs 218.8 for March 2022, or 22.7 per cent higher than it was in March 2021.

Wild swings of May not necessarily the end of market turmoil: Here's why

LONDON (Reuters) - Sell in May? They certainly did, but rather than go away as the old stock market adage suggests, traders returned to aggressively buy the dip, causing some of the wildest monthly swings in recent times.

There was plenty of selling in the first half of the month across asset classes, driven by aggressive central banks, inflation and China's lockdown policies. But markets subsequently started dialling back expectations of U.S. interest rate rises.
Now worries over rising prices are back at the forefront; on Tuesday, oil climbed above $123 per barrel and euro zone data showed record 8.1% inflation in May.

All that means "there will be a large degree of scepticism in the market that we have seen the bottom yet", said Stuart Cole, chief macro strategist at Equiti Capital.

Below is a summary of how some major asset classes fared this month:

1/ MONEY MARKETS

U.S. 10-year Treasury yields are ending May near where they started, but in between was a rise to 3-1/2-year highs above 3.2%, a tumble to six-week lows, and then another rise on the last day of the month.

The moves are consistent with the ebb and flow of Fed rate hike expectations, which in early May implied U.S. interest rates would peak above 3.3%.

Growth fears and weak economic data trimmed that bet to around 2.9%, before oil's surge and hawkish comments from Fed governor Christopher Waller pushed futures back above 3%.

Lack of visibility on interest rates and the economy will "continue to feed volatility," said Francois Savary, cio of wealth manager Prime Partners. "Where the terminal rate is, still remains the key issue."

Bets on the European Central Bank swung even more. Some 175 bps of rate hikes are priced for the coming year, versus 123 bps in early May, as policymakers signalled an exit from negative rates by September. (Graphic: cooling rate bets, https://fingfx.thomsonreuters.com/gfx/mkt/lgpdwegwxvo/cooling%20rate%20%20bets.JPG)

2/ V-SHAPED MONTH ON STOCKS

The MSCI's global stocks benchmark had burnt nearly $5 trillion of value at its bottom on May 9 versus its peak during the month, plumbing its lowest in around 18 months.

From that point the index has rallied 8% as markets unwound the most aggressive Fed tightening bets. So the MSCI World index is set to end May with a small gain, returning to a market capitalisation north of $60 trillion.

The stock segment arguably most vulnerable to interest rate swings - U.S. tech - meanwhile plunged 15% in the first 20 days of the month, before rebounding 12%.

Goldman Sachs said a sustained rebound hinged on "additional clarity on how fast inflation decelerates from here, how monetary policy reacts, and the implications for the growth outlook."

U.S. junk-rated corporate bonds too saw wild swings, with the risk premiums demanded by investors shooting as high as 494 bps, from 405 at the start of May. They are now back at 419 bps. (Graphic: MSCI AC World Market Cap, https://fingfx.thomsonreuters.com/gfx/mkt/zdvxowjzlpx/MSCI%20AC%20World%20in%20May.PNG)

3/ EURO-DOLLAR DANCE

A hawkish ECB pivot infused fresh life into the euro, lifting it as much as 4% from five-year lows hit earlier this month.

However, while an imminent end to negative euro zone interest rates has knocked the U.S. dollar index off two-decade highs, investors are wary of screaming "peak dollar", given the Fed shows no signs of slowing its policy tightening campaign.

And as the European Union prepares to slash Russian oil imports, the recession threat could return to haunt the euro. (Graphic: King dollar, https://fingfx.thomsonreuters.com/gfx/mkt/gdpzyejzyvw/King%20dollar.JPG)

4/ CRYPTO CRASH

Markets were rocked by the mid-May collapse of TerraUSD, a stablecoin which lost its 1:1 dollar peg triggering big falls in other crypto assets.

But unlike stocks, they have not witnessed any meaningful recovery.

On May 12, three days after the TerraUSD peg began to break, bitcoin fell to $25,401, its lowest since December 2020. The largest coin by market cap ended up shedding around 20% during the month, its biggest monthly loss in a year..

By the time TerraUSD collapsed, the total market cap of all cryptocurrencies had slipped as low as $1.14 trillion, according to CoinMarketCap. It stands now at $1.3 trillion, down around 25% this month and more than 56% below November's peak of almost $3 trillion.

Holders of TerraUSD and its linked token, luna, endured losses of around $42 billion, blockchain analytics firm Elliptic estimates. (Graphic: Crypto v2, https://fingfx.thomsonreuters.com/gfx/mkt/znpneomddvl/Crypto%20chart%20v2.png)

5/ OIL DASH

On oil markets there was none of the yo-yoing other asset classes witnessed this month. Instead Brent crude futures marched to a sixth consecutive month of gains, the biggest rising streak in a decade, adding to the headaches of policymakers battling to rein in inflation.

Brent topped $124 per barrel on Tuesday, its highest since March 9, after European Union leaders agreed to slash oil imports from Russia by year-end.

Prices found further support as China announced an end to its COVID-19 lockdown, and will allow people in Shanghai to leave their homes and drive their cars from Wednesday. That will likely add to global energy demand, just as holiday season demand picks up in the Northern Hemisphere summer.

How to save your portfolio against falling rupee?

The Reserve Bank of India’s rate hike in May, in order to be in-line with the global market sentiment, has pushed the domestic currency to record low levels.

Rupee has skidded over 2 per cent against the US dollar in May, seeing its worst monthly decline in 2022. In comparison, the S&P Sensex and Nifty 50 tanked over 3 per cent each during the period.

Weak economic data, rising interest rates, soaring inflation, exit of foreign investors are some of the key triggers behind the rupee’s meltdown.

That is because a depreciating rupee does not bode well for foreign investors as returns reduce from Indian investments, prompting their departure.

According to data provided by Jefferies, foreign portfolio investors have sucked nearly 5 billion dollars from Indian equities, so far in the month of May.

Moreover, a falling rupee expands the deficit math of an import-oriented economy like India. As Indian economy is heavily dependent on crude oil imports, a weaker rupee, as well as higher crude oil prices, weighs on the current account deficit. It also presents the risk of imported inflation.

Remember, a heavier import bill along with weaker rupee widened India's deficit to 20.7 billion dollars in April from 18.5 billion dollars in March.

According to a report by S&P global market intelligence, India's oil imports bill hit a record high in April as it surpassed 4.8 million barrels a day.

Against this backdrop, analysts believe that import-dependent companies will bear the brunt of a sliding rupee, especially when the input costs are on the rise.

Pritam Patnaik, Head - Commodities, Axis Securities, says falling rupee, rising input costs weighing on economy. Inflation is rising due to weaker rupee, he says adding that import-dependent companies will bear the brunt

According to a report by ICRA, the Indian rupee could trade in the range of 75 to 79 per US dollar in first half of FY23.

'A rise in the current account deficit, along with monetary policy tightening, dollar strength and risk aversion towards emerging markets, is expected to impart a depreciating bias to the Indian rupee. However, large forex reserves, narrowing inflation differentials and the likely stemming of FII debt outflows would prevent a further depreciation', reads the ICRA report.

That said, a weaker rupee offers silver lining for the export-oriented sectors.

Analysts believe that IT, pharma, textile and specialty chemicals could gain a competitive edge amid the sharp decline in the rupee.

Speaking to Business Standard, NS Ramaswamy, Head of Commodities, Ventura Securities said weak rupee will benefit IT, pharma, textile, specialty chemicals. Rising input costs can neutralise gains across export-oriented sectors, but the falling rupee will not bode well for auto, capital goods, power, telecom sectors.

Overall, with rising interest rates and weak global macros, there's little room for optimism for the domestic currency.

On Tuesday, markets will track GDP data for the March quarter of 2022. Globally, Euro zone CPI data and UK's consumer credit data will also be on investors' radar.

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