



PELICAN PMS
THE MARKET'S WAY

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Cognizance

Monthly Market Outlook and Commentary

Asset Class	Benchmark	Latest Value	MTD (%)	YTD (%)
Equity				
India	Nifty 50	17102.55	-2.07%	-1.45%
US	S&P 500	4,287.90	-5.35%	-10.03%
Europe	Euro Stoxx 50	3,740.70	-4.15%	-12.97%
Japan	Nikkei 225	26,847.28	-3.50%	-6.75%
China	Shanghai comp	3,047.06	-6.31%	-16.28%
Bond				
India	10 yr G-Sec	7.14	4.33%	10.68%
US	10 yr treasury	2.94	25.46%	94.83%
Others				
Bullion	Spot Gold USD/ oz	1,885.80	-2.61%	3.34%
Currency	USD/INR	76.48	-1.42%	-2.67%
Commodity	WTI Crude USD/ bbl	104.13	2.93%	37.37%

Market Commentary

War, inflation, interest rate hikes and over valuations overshadowed the month of April. Nifty declined by 2% during the month, albeit outperforming its global peers this calendar year. Corporate results announced thus far have been stable with no major negative surprises. Most companies appear to have come back to pre-covid revenue levels. However extra ordinary profits of metals and other commodity-based companies have skewed the earnings of Nifty to a large extent. Central banks are coming out of their accommodative stance and gradually looking at increasing rates and reducing the excess liquidity provided by them into the system.

We are closely tracking the earnings trend of companies to gauge our entry levels. Under the current PE level we invest 50% of all fresh funds into the market.

Update on portfolio companies:

1. **HDFC Bank:** HDFC Bank announced 4QFY22 results during the month which were in line with estimates. Total advances were ₹ 13,68,821 cr, which grew by 8.6% sequentially and 20.8% over prior year. NII grew to ₹ 18,872 cr (9.8% YoY), other income remained flat at ₹ 8386cr, NIMs were stable at 4.0%, PPoP grew 5.3% YoY at ₹ 17,720 cr. Quality of assets improved with GNPA ratio at 1.17% as compared to 1.26% in the prior quarter and 1.32% prior year. Net NPA ratio was at 0.32% preceding quarter it was at 0.37%. Finally, bottom-line for the quarter grew by 23.8% compared to same period the previous year and for the full year ended at a record of Rs.38,053cr a growth of 19.5% vs the previous year. Credit card sales have resumed and the management expects to move forward aggressively. Overall, no negative surprises to warrant a re-rating. Merger with HDFC expected to be completed in 18months and will be the catalyst going forward.
2. **Bajaj Finance:** Bajaj Finance reported a good set of numbers this quarter. NII grew by 32% YoY, while profit after tax doubled to ₹ 2304cr during the quarter. Full year profits came in at ₹ 7028cr compared to ₹4420cr in FY21. AUM grew to a record high of ₹ 1,97,452cr a growth of 29% YoY. Deposits also increased by 19% to ₹ 30,800cr. Asset quality remain good and stable with net NPA at 0.68%. The company is building an omnipresence strategy which will be a combination of web, app and offline modes of client engagement. It intends to expand the geographical presence and cross sell products via the synergies that develop through this. This strategy is likely to be operational from the end of this fiscal.
3. **Maruti:** Maruti Suzuki sold a total of 4.8lac vehicles during the last quarter of FY22. This was 0.7% lower compared to the same quarter in the previous year. The prices of commodities such as steel, aluminium and precious metals witnessed an unprecedented increase during this year. The Company was forced to increase prices of vehicles to partially offset this impact. Net profit for the Quarter stood at ₹1838cr, higher by 48% compared to the same period last year. However full year profit came in at ₹3880cr and was 11% lower than previous year caused by decline in production due to covid and chip shortages during the first half of the year. Operating margins have slumped to 5% lowest in the last ten years of the company. We believe the industry faces several challenges currently and it would take a while before the cycle reverts to normal. Maruti is geared to face the challenges and likely to come out stronger.
4. **Ultratech cement:** While cement volumes grew by 8.8% for FY22, sales appreciated by 16% to ₹ 52,598cr. However extraordinary increase in raw materials, transport costs impacted operating margins for the company during the year. The company saw an increase in energy cost by 48 percent, with prices of pet coke and coal doubling during the period. Operating margins declined from 26% to 15% in FY22. Higher than expected volumes compensated for the reduction in margins thereby keeping the PAT higher by 34% for the full year and 38% higher this quarter vs same quarter previous year.
5. **Reliance Industries:** Reliance and Viacom18 today announced a strategic partnership with Bodhi Tree Systems, which is a platform of James Murdoch's Lupa Systems and Uday Shankar, to form one of the largest TV and digital streaming companies in India. Reliance Projects & Property Management Services Limited, a wholly-owned subsidiary of Reliance Industries which has significant presence in television, OTT, distribution, content creation, and production services, will

invest Rs 1,645 crore. Reliance Brands Limited (RBL) has signed a definitive agreement to invest in Couturiers Abu Jani Sandeep Khosla (AJSK) for a 51% majority stake. The strategic partnership is aimed at accelerating the 35-year-old couture house's growth plans in India and across the globe.

6. **Hero Motors:** The world's largest manufacturer of motorcycles and scooters, sold 418,622 units in April 2022. The company reported a double-digit growth of 12.4% over the corresponding month of the previous year (April 2021), when the company had sold 372,285 units.
7. **Larsen & Toubro:** L&T has secured an order from the Tamil Nadu Road Infrastructure Development Corporation to construct the Chennai Peripheral Ring Road EPC-02 Package of Section-11 in the Engineering, Procurement and Construction (EPC) mode. The scope of work broadly includes constructing a six-lane greenfield highway of 12.80 kms.

Results Summary

S.NO	COMPANY	TOTAL INCOME			PAT		
		4QFY22	4QFY21	Chg(%)	4QFY22	4QFY21	Chg(%)
1	HDFC BANK	35,574	32,607	9.1%	10,443	8,434	23.8%
2	BAJAJ FINANCE	7,617	6,006	26.8%	2,304	1,161	98.4%
3	MARUTI	26,740	24,034	11.3%	1,839	1,241	48.2%
4	ULTRATECH	15,859	14,406	10.1%	2,454	1,775	38.2%

In Rs. Cr

About Pelican

Pelican Holdings Pvt Ltd. (PHPL) was established in the year 2003 as part of the multi-faceted Pelican Group which has interests across Capital markets and Corporate advisory. For nearly two decades the Pelican Group and its Partners have served as successful advisors to clients investing across various asset classes.

Pelican PMS Portfolio Management strategy is developed based on the strong understanding of trends and solid backing of temperament. The robust process aims to reduce the component of subjectivity and minimizes the conventional errors committed by investors, while at the same time offering significantly higher risk adjusted returns.

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