



PELICAN PMS

THE MARKET'S WAY

[www.pelicanpms.com](http://www.pelicanpms.com)



Issue 50, May 2022

# Cognizance

Monthly Market Outlook and Commentary

Asset Class	Benchmark	Latest Value	MTD (%)	YTD (%)
<b>Equity</b>				
<b>India</b>	Nifty 50	16584.55	-3.03%	-4.43%
<b>US</b>	S&P 500	4,132.16	-3.63%	-13.30%
<b>Europe</b>	Euro Stoxx 50	3,802.70	1.66%	-11.53%
<b>Japan</b>	Nikkei 225	27,279.73	1.61%	-5.25%
<b>China</b>	Shanghai comp	3,186.42	4.57%	-12.46%
<b>Bond</b>				
<b>India</b>	10 yr G-Sec	7.42	3.87%	14.96%
<b>US</b>	10 yr treasury	2.86	-2.72%	89.54%
<b>Others</b>				
<b>Bullion</b>	Spot Gold USD/ oz	1,836.35	-2.62%	0.63%
<b>Currency</b>	USD/INR	77.58	-1.42%	-4.05%
<b>Commodity</b>	WTI Crude USD/ bbl	115.26	10.69%	52.06%

## Market Commentary

Nifty declined to its near-term low of 15800 levels again in May. The rout was global as most markets declined, some sharper than others. Common issues such as high inflation, interest rates and hawkish central banks triggered panic. High commodity prices and supply side constraints continue to remain major macro worries. Most companies have announced the full year results and there has not been any major positive or negative surprises that impact the earnings.

Earnings of nifty has been increasing at a rapid pace which has caused a significant decline in PE levels. The current PE level warrant an exposure of 50% into equities for all fresh funds into the market.

**Update on portfolio companies:**

1. **Maruti:** Maruti Suzuki India Limited (MSIL) has agreed to acquire an equity stake of 12.09% in Sociograph Solutions Private Limited (SSPL). SSPL is an artificial intelligence (AI) software company that specializes in a visual AI platform predominantly used to help enterprises improve sales experiences and improve efficiency in their business. SSPL works with leading enterprises in different verticals, delivering quantifiable Return on Investments by improving business metrics. The investment would help MSIL to strengthen its offering to customers by creating a customized sales experiences on the web, virtual reality and augmented reality. The total consideration of this deal is Rs. 2 cr.
2. **Reliance Industries:** Reliance Industries Ltd. posted 20% growth in consolidated net profit at ₹18021 cr for the three months ended 31 March 2022. Full year consolidated profit increased by 26%. Oil to Chemicals segment continues to contribute to the over 60% of the topline and 50% of the bottomline. Operating margins for this segment held steady at 8.5%. Retail and digital revenues grew by 26% and 10% for the full year respectively. Together they contribute 34% of the revenues and 30% of the consolidated operating profits. Reliance retail has nearly 15000 stores, Jio is the market leader in telecom services and O&G business contribute to 20% of domestic gas production.
3. **Ultratech cement:** The company commissioned the 2nd clinker line of 2.70 mtpa at Hirmi Cement Works in the integrated cement manufacturing unit located in Chhattisgarh. Cement mill upgradation for a further capacity of 1.30 mtpa is also on track to commission in Q2FY23.
4. **Hero Motors:** Slump in two-wheeler sales continued to linger this quarter as well. Hero motors reported a decline in profits of 30% in the 4QFY22 (YoY) and 21% for the full year. Rising inventory costs led to contraction of margins during the quarter. While the company is likely to launch its own EV product on 1st July 2022, it has simultaneously invested Rs.150cr in EV leader Ather and looking to another contribute Rs.270cr during the quarter. Hero motors continues to be the market leader in the entry segment with a market share of 62%.
5. **Larsen & Toubro:** L&T had a seasonally good quarter with revenues increasing by 8.6% during the quarter and profits were higher by 11.9%. There was an uptick in order inflows from both the domestic and international operations. The company experienced slight margin contraction on account of delayed settlement of budgeted claims. Full year profits for the company came in at Rs 10,419cr higher by 26% compared to the previous year.
6. **Asian Paints:** While revenue for the quarter increased by 19% at Rs.7973cr, profits were flat at Rs.874cr. Volume growth of 8% along with calibrated price increases led to better-than-expected revenues. However higher raw material costs led to contraction in margins leading to lower-than-expected bottom line growth. Company expects cost pressures to continue and demand to moderate due to the higher interest rate scenario. Incremental cost will be passed on to the customers in a phased manner.

## Results Summary

S.NO	COMPANY	TOTAL INCOME			PAT		
		4QFY22	4QFY21	Chg (%)	4QFY22	4QFY21	Chg (%)
1	RELIANCE	2,14,344	1,58,133	35.5%	18,021	14,995	20.1%
2	HERO MOTORS	7,628	8,758	-12.9%	621	885	-29.9%
3	L & T	53,366	49,116	8.6%	4,138	3,696	11.9%
4	ASIAN PAINTS	7,973	6,727	18.5%	874	870	0.0%

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.

## Reach Us:

**Pelican Holdings Pvt Ltd**

New No: 31, Old No: 15, T-2, 3rd Floor,  
Rajamannar Street, T.Nagar,  
Chennai – 600 017

**SEBI Reg no:**

**INP000006891**



**reachus@pelicanpms.com**



**+91 94983 03030**



**+91-44-48570806**



**@pmspelican**



**pelicanpms**



**pmspelican**

## Disclaimer:

*This report has been prepared by Pelican Holdings Pvt Ltd as a note for internal circulation of the clients of Pelican PMS only. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by PHPL to be reliable. PHPL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views or hold out to update the same. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of PHPL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this report. PHPL its employees, directors, affiliates may or may not have holdings or their direction of trade maybe in line with or against the recommendations mentioned in this report.*