

Week Gone

- ⇒ In the week ended on Friday, 2 July 2021, the Sensex dropped 440.37 points or 0.83% to settle at 52,484.67. The Nifty 50 index skid 138.15 points or 0.87% to settle at 15,722.20.
- ⇒ The BSE Mid-Cap index fell 43.83 or 0.19% to settle at 22,505.82. The BSE Small-Cap index added 571.03 points or 2.28% to settle at 25,567.26.
- ⇒ India on Friday, 2 July 2021 reported 46,617 new cases and 853 deaths, as per health ministry's updated data. Total recoveries have jumped 59,384.

Week Ahead

- ⇒ On the macro front, Markit Services PMI for June will be declared on 5 July 2021.
- ⇒ The Euro Area Markit Manufacturing PMI for June will be declared on 5 July 2021.

Technical Overview

Index closed with a loss of 0.87% at 15722. Index opened the week on a flat note and remained under pressure throughout the week closing this week near the lows. Going ahead index has a strong resistance in the zone of 15870-15950, index need to surpass and sustain above the same to resume its upmove. If index manages to surpass above the mentioned zone will lead to open the way for 16150-16250. While on the opposite side support is placed around 15600-15480-15400.



Source: Falcon, BP Equities Research



Weekly Wealth

DOMESTIC INDICES

Index	02-Jul-21	25-Jun-21	Weekly % Chg
Nifty 50	15,722.2	15,860.4	-0.9
Nifty Next 50	38,533.9	38,603.5	-0.2
Nifty 100	15,957.1	16,087.2	-0.8
Nifty 500	13,494.5	13,539.4	-0.3
NIFTY MIDCAP 100	27,020.1	26,895.0	0.5
S&P BSE SENSEX	52,484.7	52,925.0	-0.8
S&P BSE 100	16,015.1	16,120.8	-0.7
S&P BSE 200	6,823.8	6,868.4	-0.6
S&P BSE 500	21,495.2	21,564.2	-0.3
S&P BSE MidCap	22,505.8	22,549.7	-0.2
S&P BSE SmallCap	25,567.3	24,996.2	2.3

WORLD INDICES

Index	02-Jul-21	25-Jun-21	Weekly % Chg
Nikkei Index	28,783.2	29,066.2	-1.0
Hang Seng Index	28,252.1	29,292.4	-3.6
Kospi Index	3,281.7	3,302.8	-0.6
Shanghai SE Composite	3,518.8	3,607.5	-2.5
Strait Times Index	3,128.9	3,121.6	0.2
Dow Jones	34,669.3	34,434.4	0.7
NASDAQ	14,585.6	34,434.4	-57.6
FTSE	7,130.8	7,132.6	0.0

FOREX

Currency	02-Jul-21	25-Jun-21	Weekly % Chg
US\$ (Rs.)	74.6	74.2	0.5
GBP (Rs.)	102.7	103.2	-0.4
Euro (Rs.)	88.4	88.5	-0.1
Yen (Rs.) 100 Units	66.9	66.9	-0.1

NIFTY TOP GAINERS (WEEKLY)

Scrip	25-Jun-21	02-Jul-21	Weekly % Chg
Divi's Lab	4,248.8	4,519.7	6.4
Dr. Reddy's Labs	5,309.3	5,575.7	5.0
Cipla	957.1	979.2	2.3
HUL	2,448.7	2,487.3	1.6
Tata Motors Ltd.	339.7	344.9	1.6

NIFTY TOP LOSERS (WEEKLY)

Scrip	25-Jun-21	02-Jul-21	Weekly % Chg
Shree Cement	28,729.1	27,014.9	-6.0
Bajaj Finserv Ltd.	12,486.6	11,750.5	-5.9
HDFC Life Insurance	726.0	687.5	-5.3
Britannia Ind.	3,670.1	3,545.3	-3.4
UltraTech Cement	6,923.0	6,719.9	-2.9

FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
02-Jul-21	4,860.5	5,843.3	-982.8
01-Jul-21	4,395.8	5,641.1	-1,245.3
30-Jun-21	6,057.5	7,704.1	-1,646.7
29-Jun-21	10,932.0	10,815.4	116.6
28-Jun-21	4,275.7	5,934.4	-1,658.7
MTD	9,256.3	11,484.4	-2,228.1

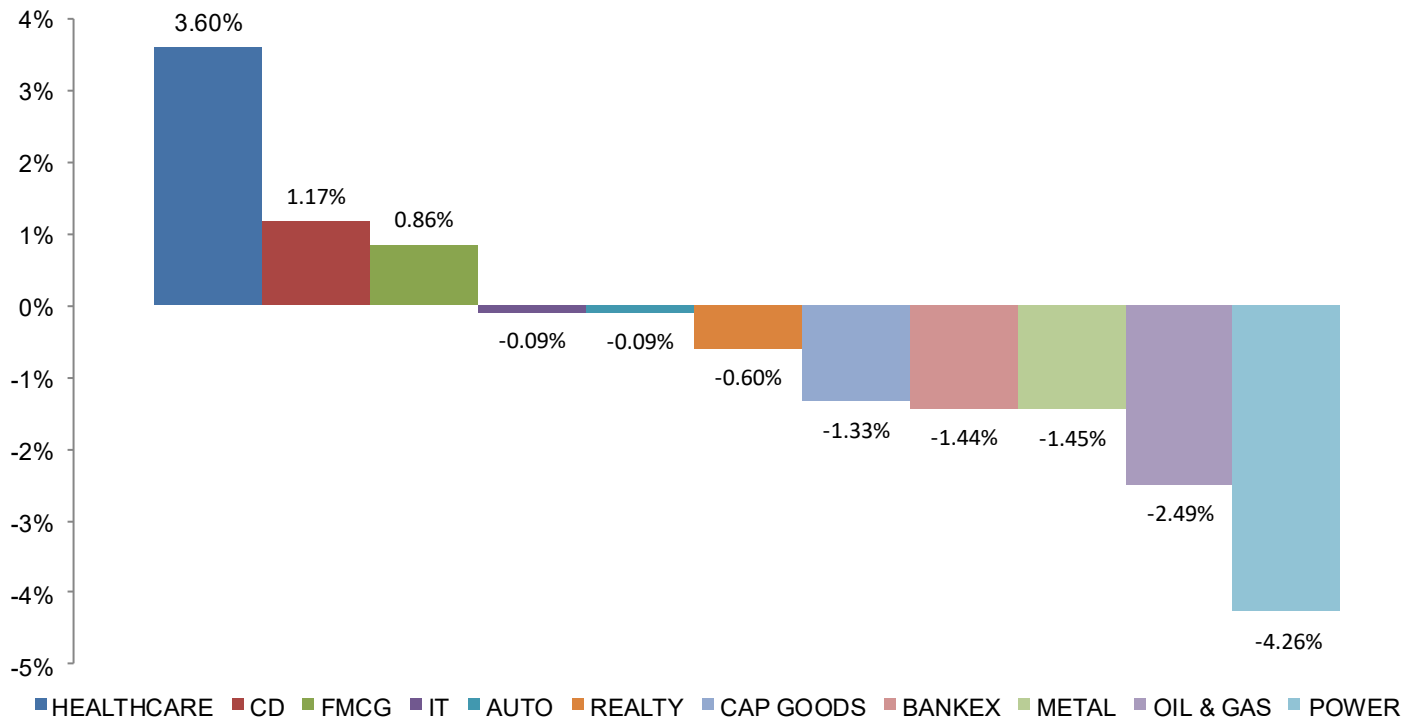
DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
02-Jul-21	4,922.1	3,991.7	930.4
01-Jul-21	4,721.5	3,840.9	880.6
30-Jun-21	6,171.1	4,651.0	1,520.2
29-Jun-21	8,687.3	6,877.3	1,810.1
28-Jun-21	5,634.2	4,357.1	1,277.1
MTD	9,643.6	7,832.6	1,811.0

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	25-June-21 Share Price (Rs.)	02-July-21 Share Price (Rs.)	Weekly % Chg	25-June-21 Open Interest	02-July-21 Open Interest	Weekly % Chg
HDFCLIFE	726.75	689.9	-5.1	9120100	19988100	119.2
COROMANDEL	929.7	907.6	-2.4	296875	567500	91.2
INDHOTEL	148.45	143.55	-3.3	2425800	4254900	75.4
METROPOLIS	2974.75	2890.75	-2.8	139400	228400	63.8
CHOLAFIN	534.5	512.15	-4.2	6653750	10241250	53.9

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	25-June-21 Share Price (Rs.)	02-July-21 Share Price (Rs.)	Weekly % Chg	25-June-21 Open Interest	02-July-21 Open Interest	Weekly % Chg
UBL	1387	1447	4.3	2402400	1702400	-29.1
NMDC	178.85	183.35	2.5	81110200	62765600	-22.6
COFORGE	4104.7	4185.9	2.0	590000	488400	-17.2
MPHASIS	2028.25	2107.3	3.9	624325	551200	-11.7
BHARATFORG	741.25	771.8	4.1	6247500	5524500	-11.6

Pharmaceuticals

Company Background

Established in 1978, Gland Pharma (Gland) is Hyderabad based one of the fastest-growing generic injectable-focused companies by revenue. Shanghai Fosun Pharma (Chinese MNC) is the promoter company of Gland and is a global pharmaceutical major. Gland primarily operates on a B2B model, with revenue distributed over 60 countries. A B2B business model together with a sharp focus on manufacturing of sterile dosage forms (injectable and ophthalmic) allows the company to operate on a very lean cost structure and also ensures regulatory compliance on a consistent basis.

Investment Rationale

B2B model provides ability to penetrate US injectable market

Injectable products are primarily administered at physician's offices/hospitals and are purchased primarily through Group Purchasing Organisations (GPOs) rather than standard wholesaler based supply chain. GPOs are usually member (hospital) owned and aggregate purchasing volumes of member hospitals. Given member ownership, GPOs focus on enhancing quality of services and reliable supply of drugs over lower prices, new entrants have found it difficult to enter GPO contracts with low volumes due to their lack of track record in maintaining consistency in supplies. Consequently, three players: Hospira, Fresenius and Hikma account for ~60% of the generic injectable market by volume. The B2B model has helped Gland in entering the US injectable market and capturing healthy market share which otherwise would have been difficult to penetrate through its own front end.

Sputnik V (Covid-19 vaccine) manufacturing deal with RDIF

The company has entered an agreement with Russian Direct Investment Fund (RDIF) to supply up to 252 million doses of the shots. The vaccine has a proven efficacy rate of 91.5 %, which is the highest after the candidates of Moderna Inc and Pfizer-BioNTech. Gland Pharma will use its manufacturing capabilities to produce and supply the vaccine. Further, the company will initially undertake the technology transfer of the drug substance to its facilities and will then manufacture the filled vials under aseptic conditions. The company's prospects will get a boost following the approval for Sputnik V vaccine amid a rapid rise in vaccinations across the country.

Valuation and Outlook

Dominant market share in the majority of the products supported by cost leadership, supply continuity, and clean regulatory record are critical factors for Gland's success in the injectable space. We believe its upcoming opportunities in the injectables market, strong manufacturing capabilities, robust financial records and new launches with an aim to explore new geographies will enable it to drive overall growth in upcoming years. Thus, we believe Gland's likely to command higher valuation compared to other listed players. On the valuation front, we valued the company based on a 48x P/E multiple of FY23E and recommend a BUY rating on this stock with a price target of INR 4,148 (20% upside from CMP) with a 12 months investment horizon.

Stock Rating

BUY	HOLD	SELL
BUY		

Sector Outlook

Positive

Stock

CMP (INR)	3,459
Target Price (INR)	4,148
NSE Symbol	GLAND
BSE Code	543245
Bloomberg	GLAND IN
Reuters	

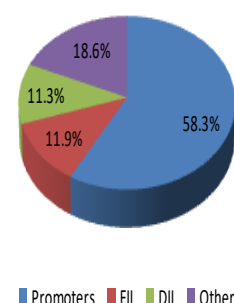
Key Data

Nifty	15,722
52WeekH/L(INR)	3554/1701
O/s Shares (Mn)	163.9
Market Cap (INR bn)	569.34
Face Value (INR)	1

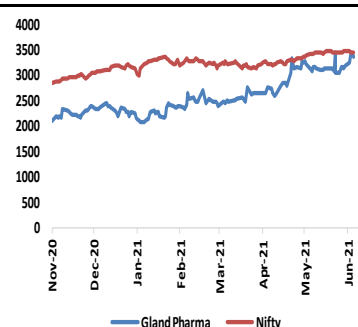
Average volume

3 months	3,53,250
6 months	3,16,830
1 year	5,02,430

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials

YE March (INR Mn)	FY19	FY20	FY21	FY22E	FY23E
Revenue	20,442	26,332	34,629	40,446	47,848
<i>Revenue Growth (Y-o-Y)</i>	26.2%	28.8%	31.5%	16.8%	18.3%
EBIDTA	7,063	9,555	13,023	15,653	18,661
<i>EBIDTA Growth (Y-o-Y)</i>	32.0%	35.3%	36.3%	20.2%	19.2%
Net Profit	4,519	7,729	9,971	11,851	14,163
<i>Net Profit Growth (Y-o-Y)</i>	40.7%	71.0%	29.0%	18.9%	19.5%
Diluted EPS	27.6	47.2	60.8	72.3	86.4
<i>Diluted EPS Growth (Y-o-Y)</i>	40.7%	71.0%	29.0%	18.9%	19.5%

Key Ratios

EBIDTA margin (%)	34.6%	36.3%	37.6%	38.7%	39.0%
NPM (%)	22.1%	29.4%	28.8%	29.3%	29.6%
RoE (%)	15.8%	21.2%	16.9%	16.7%	16.7%
RoCE (%)	24.6%	26.2%	22.1%	22.1%	21.9%

Valuation Ratios

P/E (x)	125.6x	73.4x	56.9x	47.9x	40.1x
EV/EBITDA	79.3x	58.0x	41.3x	34.1x	28.5x
P/BV (x)	19.8x	15.6x	9.6x	8.0x	6.7x
Market Cap. / Sales (x)	27.8x	21.6x	16.4x	14.0x	11.9x

Source: Company, BP Equities Research



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