

DOMESTIC:

- SRF signed a business transfer agreement with DSM India for divestment of engineering plastics business
- UPL invested Rs9.24cr in Allfresh Supply Management for 26.75% stake
- L&T has considered and approved a scheme of arrangement for merger of L&T Shipbuilding with the company
- Adani Green commissioned 50MWac solar power project in the state of Uttar Pradesh
- Torrent Pharma recalls over 8.82 lakh bottles of hypertension drug from US, Puerto Rico
- Relaxo Footwears recommended issue of bonus shares in the ratio of 1:1
- Hero MotoCorp launches new premium scooters
- Aarti Industries to consider bonus issue
- HUDCO approaches NCLAT to recover dues from Vikram Bakshi
- Tata Power, Mahanagar Gas ink pact to offer various services
- Lupin receives EIR for Pharmacovigilance inspection from the USFDA
- GIPCL emerged as the successful bidder for Gujarat Urja Vikas Nigam for setting up 100MW solar power project at Gujarat
- Orchid Pharma received USFDA nod for Risedronate Sodium Tablets
- BLS International partners with Embassy of Lebanon
- Govt. plans to sale 15% in RITES via OFS; to fetch about Rs700cr
- Ashok Leyland wins order for 400 minibuses from Senegal
- Tata Chemicals transfers food and beverages business to Tata Global
- Tata Comm & Cisco extend partnership
- Thomas Cook India and Mastercard partner for priceless cities experience
- USFDA completes inspection of Lupin's Aurangabad facility
- Varroc in talks with Sintex to buy automotive moulding unit
- L&T owns over 26% stake in Mindtree
- PNB terminates agreements to sell stake in housing finance arm

ECONOMY:

- WPI inflation slips down to 3.07% in April
- Monsoon likely to hit Kerala on June 4: Skymet

INDUSTRY:

- US antitrust probe singles India's pharmaceutical firms
- India's car sales decline 16% in April, the worst in eight years: Siam
- India fears US-China trade war will lead to dumping of Chinese steel: Sources
- India's services exports rise 6.6% to USD17.94bn in March
- Power generation growth likely to double in FY20

Price Performance

Company	1M	3M	12M
Supreme Petrochem Ltd	-10.0%	-0.9%	-35.0%
Shanthy Gears Ltd	-8.7%	6.3%	-7.8%
Hind Rectifiers Ltd	-11.2%	11.4%	-11.5%
KCP Ltd	-7.3%	5.5%	-33.8%
Hester Biosciences Ltd	2.0%	7.6%	1.4%
The Hi-Tech Gears Ltd	-17.2%	-11.1%	-49.4%
Bharat Bijlee Ltd	-9.1%	3.0%	-33.6%
Triveni Turbines Ltd	-4.3%	3.2%	4.8%
Siemens Ltd	-5.1%	19.6%	7.5%
Aksh Optifibre Ltd	-27.8%	-31.3%	-62.9%
GMM Pfaudler Ltd	-5.0%	12.1%	32.8%
Alicon Castalloy Ltd	-2.8%	8.7%	-6.0%
Gufic Biosciences Ltd	-16.0%	6.0%	-48.6%
Excel Industries Ltd	-3.9%	10.4%	-18.1%
Vesuvius India Ltd	-3.0%	-0.88%	-12.9%
Munjal Showa Ltd	-9.9%	-5.8%	-31.0%
Bharat Rasayan Ltd	-8.9%	16.2%	-29.4%
Alkyl Amines Chemicals Ltd	-6.7%	14.9%	30.4%
Grauer and Weil (India) Ltd	0.0%	10.6%	-16.9%
Texmaco Rail & Engineering Ltd	-8.2%	19.8%	-17.0%
Nagarjuna Agrichem Ltd	-6.3%	0.9%	-21.1%
Simplex Infrastructures Ltd	-9.2%	3.4%	-73.3%
ITD Cementation India Ltd	-12.0%	13.0%	-29.2%
Westlife Development Ltd	-14.2%	1.7%	-12.0%
Federal Mogul Goetze (India) Ltd	-9.0%	11.1%	19.0%
Dynamatic Technologies Ltd	-8.9%	5.1%	-24.5%
Hitech Corporation Ltd	-41.1%	2.7%	-39.0%
NRB Bearings Ltd	-10.3%	-5.2%	4.7%
Kokuyo Camlin Ltd	-16.8%	-8.3%	-26.2%
Timken India Ltd	-5.9%	7.0%	-20.8%
Morganite Crucible (India) Ltd	-7.7%	7.1%	1.0%
Vardhman Special Steels Ltd	-6.1%	4.1%	-32.9%
Zen Technologies Ltd	-8.0%	3.2%	-37.4%
KSB Ltd	-0.3%	3.9%	-17.5%
Thermax Ltd	-3.9%	-2.6%	-20.0%
Transpek Industry Ltd	-11.9%	-5.1%	-1.7%
BASF India Ltd	-9.9%	3.0%	-39.2%
Artson Engineering Ltd	-4.4%	16.6%	-43.0%
Remsons Industries Ltd	-4.8%	3.9%	3.9%
Snowman Logistics Ltd	-10.3%	2.2%	-38.7%
Alembic Pharmaceuticals Ltd	-1.9%	-3.6%	10.5%
SKF India Ltd	-9.5%	-8.5%	2.9%
HFCL Ltd	-10.4%	-4.5%	-26.0%
Sudarshan Chemical Industries Ltd	-7.9%	2.9%	-33.2%
Indian Hume Pipe Co. Ltd	-13.2%	-8.1%	67.8%
Engineers India Ltd	-8.5%	1.7%	48.0%
Gulshan Polyols Ltd	-13.1%	-5.6%	-30.9%
Nesco Ltd	-4.4%	13.0%	-12.5%
Castrol India Ltd	-12.2%	-3.3%	66.3%
Hikal Ltd	-5.8%	16.7%	4.2%

The week that went by:

The negative trend of the markets continued with the week opening in the red. With the free fall continuing in the broader markets, the Indian bourses also continued with the negative trend for the day. Midweek session saw a gap up opening, the previous day momentum remains in. the markets started on a firm note with a pull-back seen in Metals. Last day of trade, the markets opened flat, then soared higher extending the gains throughout the day.

Coverage Universe Valuations												
Company	Reco	Reco at	CMP	Tgt price	Upside	Mcap	EPS(x)		PE(x)		EV/EBITDA (x)	
		(Rs)	(Rs)	(Rs)	(%)	(Rs bn)	FY18	FY19	FY18	FY19	FY18	FY19
Supreme Petrochem Ltd	BUY	77	200	275	37.4	19.3	6.6	6.4	30.3	31.3	9.2	11.3
Shanthi Gears Ltd	BUY	107	119	200	68.1	9.7	3.5	3.9	34.0	30.5	26.4	22.3
Hind Rectifiers Ltd	BUY	69	116	175	50.3	1.8	0.8	5.3	147.6	22.0	24.6	12.3
KCP Limited	BUY	71	85	150	77.0	10.9	7.0	7.0	12.1	12.1	9.3	8.2
Hester Biosciences Ltd	BUY	565	1515	1750	15.5	12.9	35.9	39.8	42.2	38.1	12.5	11.2
The Hitech Gears Ltd	BUY	298	240	500	108.3	4.5	17.0	21.2	14.1	11.3	8.8	7.7
Bharat Bijlee Ltd	BUY	787	983	2000	103.5	5.6	25.1	37.4	39.2	26.3	23.0	19.1
Triveni Turbines Ltd	BUY	92	104	150	44.9	0.3	3.0	3.1	34.8	33.2	21.7	20.8
Siemens Ltd	BUY	1128	1126	1350	19.9	400.9	53.0	53.6	21.2	21.0	28.6	28.1
Aksh Optifibre Ltd	BUY	15	13	30	135.3	2.1	1.4	2.7	8.9	4.7	5.9	3.7
GMM Pfaudler Ltd	BUY	332	1149	1300	13.1	16.8	19.4	26.7	59.2	43.1	36.1	26.4
Alicon Castalloy Ltd	BUY	288	584	850	45.6	7.2	29.0	46.6	20.2	12.5	9.4	6.9
Gulfic Biosciences Ltd	BUY	50	74	150	103.0	5.7	1.9	3.1	39.6	23.8	16.9	13.2
Excel Industries Ltd	BUY	380	1068	1800	68.5	13.8	58.1	112.2	18.4	9.5	10.9	5.8
Vesuvius India Ltd	BUY	1165	1120	1500	33.9	22.4	52.3	56.3	21.4	19.9	10.7	10.4
Munjjal Showa Ltd	BUY	191	146	250	71.3	5.8	19.4	21.5	7.5	6.8	5.0	4.4
Bharat Rasayan Ltd	BUY	2747	4008	5000	24.8	16.8	227.3	257.5	17.6	15.6	11.6	10.1
Alkyl Amines Chemicals Ltd	BUY	391	810	1000	23.5	16.5	31.5	38.9	25.7	20.8	15.5	11.8
Grauer and Weil (India) Ltd	BUY	45	49	65	34.0	11.0	2.7	3.0	18.2	16.4	11.4	10.8
Texmaco Rail & Engineering Ltd	BUY	91	63	150	139.8	20.2	0.5	1.8	136.5	34.5	60.4	17.6
Nagarjuna Agrichem Ltd	BUY	29	29	45	55.2	4.5	0.7	0.8	42.3	36.7	13.6	12.9
Simplex Infrastructures Ltd	BUY	540	157	300	90.8	20.2	30.5	31.8	5.2	5.0	6.2	5.8
ITD Cementation India Ltd	BUY	158	113	180	59.3	17.5	8.3	9.8	13.6	11.5	7.5	6.6
Westlife Development Ltd	BUY	266	348	525	50.8	54.2	0.8	1.6	419.7	219.4	72.2	50.7
Federal Mogul Goetze (India) Ltd	BUY	540	534	750	40.4	29.7	14.9	18.0	35.8	29.6	15.8	14.5
Dynamatic Technologies Ltd	BUY	2160	1394	2750	97.3	8.8	1.1	51.1	1227.8	27.3	11.3	8.6
Hitech Corporation Ltd	BUY	175	92	150	62.2	1.6	4.5	6.4	20.5	14.5	8.3	6.3
NRB Bearings Ltd	BUY	138	171	240	40.1	16.6	8.5	10.4	20.3	16.5	12.0	10.0
Kokuyo Camlin Ltd	BUY	132	79	175	122.6	7.9	1.0	1.5	80.3	53.4	24.1	19.2
Timken India Ltd	BUY	883	547	1000	82.8	37.2	13.5	19.0	40.4	28.8	22.7	14.5
Morganite Crucible (India) Ltd	BUY	1047	1426	2300	61.3	4.0	49.6	63.9	28.8	22.3	2.8	2.5
Vardhman Special Steels Ltd	BUY	151	89	140	56.9	3.2	7.0	8.7	12.7	10.2	8.6	7.2
Zen Technologies Ltd	BUY	115	70	170	142.9	5.4	-0.1	0.8	-1388.5	86.9	-286.2	51.9
KSB Ltd	BUY	820	683	1100	61.1	23.8	18.8	21.2	37.0	32.8	15.5	13.8
Thermax Ltd	BUY	1019	944	1230	30	112.5	22.1	26.8	42.7	35.3	30.3	26.0
Transpek Industry Ltd	BUY	1547	1376	2000	45.4	7.7	47.3	76.0	29.1	18.1	18.0	13.5
BASF India Ltd	BUY	1954	1242	2000	61.1	53.7	20.3	43.5	61.1	28.5	18.5	14.6
Artson Engineering Ltd	BUY	64	38	95	148.7	1.4	0.4	2.3	102.0	16.7	61.5	18.8
Remsons Industries Ltd	BUY	104	86	155	80.8	0.5	6.0	7.9	14.2	10.8	9.5	7.4
Snowman Logistics Ltd	BUY	33	30	55	83.3	5.0	-0.2	0.1	-140.8	208.5	14.2	11.6
Alembic Pharmaceuticals Ltd	BUY	605	528	751	42.2	99.5	22.3	26.7	23.6	19.8	16.4	14.0
SKF India Ltd	BUY	1942	1821	2620	43.9	93.5	57.6	60.7	31.6	30.0	21.4	19.9
HFCL Ltd	BUY	25	20	35	72.4	25.3	1.3	1.7	16.0	12.1	10.6	7.6
Sudarshan Chemical Industries Ltd	BUY	372	316	500	58.2	25.8	12.4	13.8	25.5	23.0	12.6	11.2

*Castrol, Vesuvius, ITD Cementation—Dec Ending | Siemens—Sept ending |

Recommendations adjusted as per Corporate Actions							
Company	Reco	Target	Corp Action	Adj Price	Adj Tgt Price	Appreciation	
IHP Ltd	341	600	Bonus 1 : 1.	171	500	45%	
Engineers India Ltd	211	200	Bonus 1 : 1.	105	250	3%	
Gulshan Polyols Ltd	390	500	Stock Split from Rs.FV 5 to Rs.FV 1.	78	110	-39%	
Nesco Ltd	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2.	479	640	2%	
Castrol India Ltd	447	550	Bonus 1 : 1	223	200	-36%	
Hikal Ltd	143	325	Bonus 1 : 2	95	216	75%	

Coverage Universe Valuations												
Company	Reco	Adj Reco	CMP	Tgt price	Upside	Mcap	EPS(x)		PE(x)		EV/EBITDA (x)	
		(Rs)	(Rs)	(Rs)	(%)	(Rs bn)	FY18	FY19	FY18	FY19	FY18	FY19
IHP Ltd	BUY	341	247	500	102.2	12.0	13.6	20.1	18.1	12.3	10.1	7.8
Engineers India Ltd	BUY	211	108	200	84.8	36.5	6.0	7.0	18.1	15.5	16.5	13.1
Gulshan Polyols Ltd	BUY	390	47	78	64.9	2.2	3.9	5.1	12.2	9.3	5.3	4.3
Nesco Ltd	BUY	2397	490	640	30.7	6.9	25.1	23.7	19.5	20.7	16.0	16.6
Castrol India Ltd	BUY	223	143	200	39.7	70.8	7.1	15.6	20.3	9.2	13.3	12.0
Hikal Ltd	BUY	143	167	216	29.6	13.7	9.4	10.1	17.7	16.6	10.8	9.7

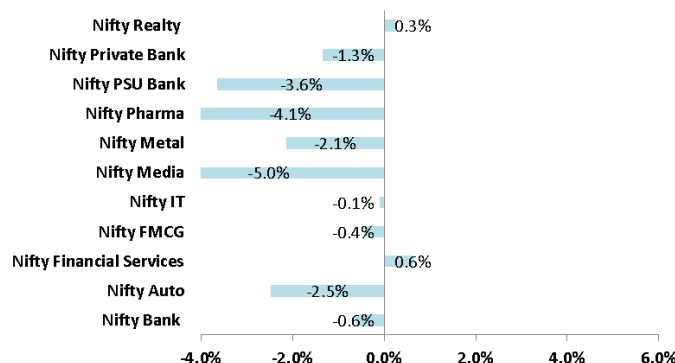
Coverage Performance Sheet												
Company	Reco at	CLS		Target Price (Rs)								Appreciation
	(Rs)	(Rs)	Target 1	Target 2	Target 3	Target 4	Target 5	Target 6	Target 7	Target 8		
Supreme Petrochem Ltd	77	200	120	150	200	275	350	500	275	-	160%	
Shanthi Gears Ltd	107	119	150	200	-	-	-	-	-	-	11%	
Hind Rectifiers Ltd	69	116	110	140	175	-	-	-	-	-	69%	
KCP Limited	71	85	105	150	200	150	-	-	-	-	19%	
Hester Biosciences Ltd	565	1515	750	875	1150	1500	2200	1750	-	-	168%	
The Hitech Gears Ltd	298	240	450	600	500	-	-	-	-	-	-19%	
Bharat Bijlee Ltd	787	983	1100	1500	2000	-	-	-	-	-	25%	
Triveni Turbines Ltd	92	104	135	150	-	-	-	-	-	-	13%	
Siemens Ltd	1128	1126	1350	-	-	-	-	-	-	-	0%	
Aksh Optifibre Ltd	15	13	24	35	45	30	-	-	-	-	-15%	
GMM Pfaudler Ltd	332	1149	500	700	800	1000	1300	-	-	-	246%	
Alicon Castalloy Ltd	288	584	450	600	750	1000	850	-	-	-	103%	
Gufic Biosciences Ltd	50	74	75	100	140	175	150	-	-	-	48%	
Excel Industries Ltd	380	1068	550	650	800	1100	1400	1800	2200	1800	181%	
Vesuvius India Ltd	1165	1120	1500	-	-	-	-	-	-	-	-4%	
Munjal Showa Ltd	191	146	250	300	350	300	250	-	-	-	-24%	
Bharat Rasayan Ltd	2747	4008	3500	4250	5000	6500	9000	5000	-	-	46%	
Alkyl Amines Chemicals Ltd	391	810	550	700	850	1000	-	-	-	-	107%	
Grauer and Weil (India) Ltd	45	49	65	80	100	65	-	-	-	-	8%	
Texmaco Rail & Engineering Ltd	91	63	125	150	-	-	-	-	-	-	-31%	
Nagarjuna Agrichem Ltd	29	29	45	60	75	60	45	-	-	-	0%	
Simplex Infrastructures Ltd	540	157	700	540	300	-	-	-	-	-	-71%	
ITD Cementation India Ltd	158	113	225	180	-	-	-	-	-	-	-28%	
Westlife Development Ltd	266	348	350	425	525	-	-	-	-	-	31%	
Federal Mogul Goetze (India) Ltd	540	534	750	-	-	-	-	-	-	-	-1%	
Dynamatic Technologies Ltd	2160	1394	3000	2750	-	-	-	-	-	-	-35%	
Hitech Corporation Ltd	175	92	230	180	150	-	-	-	-	-	-47%	
NRB Bearings Ltd	138	171	200	240	-	-	-	-	-	-	24%	
Kokuyo Camlin Ltd	132	79	175	-	-	-	-	-	-	-	-40%	
Timken India Ltd	883	547	1200	1000	-	-	-	-	-	-	-38%	
Morganite Crucible (India) Ltd	1047	1426	1500	1750	2300	-	-	-	-	-	36%	
Vardhman Special Steels Ltd	151	89	225	140	-	-	-	-	-	-	-41%	
Zen Technologies Ltd	115	70	170	-	-	-	-	-	-	-	-39%	
KSB Ltd	820	683	1100	-	-	-	-	-	-	-	-17%	
Thermax Ltd	1019	944	1230	-	-	-	-	-	-	-	-7.3%	
Transpek Industry Ltd	1547	1376	2000	-	-	-	-	-	-	-	-11.1%	
BASF India Ltd	1954	1242	2500	2000	-	-	-	-	-	-	-36.5%	
Artson Engineering Ltd	64	38	95	-	-	-	-	-	-	-	-40%	
Remsons Industries Ltd	104	86	155	-	-	-	-	-	-	-	-18%	
Snowman Logistics Ltd	33	30	55	-	-	-	-	-	-	-	-9.1%	
Alembic Pharmaceuticals Ltd	605	528	751	-	-	-	-	-	-	-	-13%	
SKF India Ltd	1942	1821	2620	-	-	-	-	-	-	-	-6.2%	
HFCL Ltd	25	20	35	-	-	-	-	-	-	-	-19%	
Sudarshan Chemical Industries Ltd	372	316	500	-	-	-	-	-	-	-	-15.1%	

*Castrol, Vesuvius, ITD Cementation—Dec Ending | Siemens—Sept ending |

Recommendations adjusted as per Corporate Actions						
Company	Reco	Target	Corp Action	Adj Price	Adj Tgt Price	Appreciation
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Gulshan Polyols Ltd	390	500	Stock Split from Rs.FV 5 to Rs.FV 1	78	110	-39%
Nesco Ltd	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2	479	640	2%
Castrol India Ltd	447	550	Bonus 1 : 1	223	200	-36%
Hikal Ltd	143	325	Bonus 1 : 2	95	216	75%

Coverage Performance Sheet												
Company	Reco at	CLS		Target Price (Rs)								Appreciation
	(Rs)	(Rs)	Target 1	Target 2	Target 3	Target 4	Target 5	Target 6	Target 7	Target 8		
IHP Ltd	341	268	500	600	500	-	-	-	-	-	45%	
Engineers India Ltd	211	109	200	250	200	-	-	-	-	-	3%	
Gulshan Polyols Ltd	390	49	110	78	-	-	-	-	-	-	-39%	
Nesco Ltd	2397	483	640	-	-	-	-	-	-	-	2%	
Castrol India Ltd	223	146	275	250	200	-	-	-	-	-	-36%	
Hikal Ltd	143	175	200	250	325	216	-	-	-	-	75%	

Weekly Sectoral Gainers & Losers in (%)



Order For EIL

HFCL Invests In Raddef

Operational Efficiency Continues

TERM OF THE WEEK:

FCFF:

Free cash flow to the firm (FCFF) is the cash available to pay investors after a company pays its costs of doing business, invests in short-term assets like inventory and invests in long-term assets like property, plants and equipment.

$FCFF = \text{Net Income} + \text{Non Cash charges} + (\text{Interest} (1 - \text{tax rate})) - \text{Long Term Investments} - \text{Investments in working capital}$

COVERAGE NEWS:

Engineers India Limited:

Engineers India Limited (EIL) has signed a contract with 'M/s Mangol Refinery State Owned LLC' for providing its PMC Services for construction of a crude oil Refinery plant in Mongolia

Himachal Futuristic Communications Limited:

The company has acquired controlling stake of 90% in RADDEF PRIVATE LIMITED, an innovation focused company specializing in Radio frequency and Microwave Systems for a consideration of Rs90,000/-The company will further make investments of Rs20cr by way of equity contribution in near future.

Our comments:

This acquisition would result in benefit of operational synergies and the company will be able to explore untapped growth in the telecom and defense business verticals of the company.

RESULT UPDATE:

Hitech Corporation Limited:

The total revenue for the quarter grew by 2.4% to Rs1,034mn as compared to Rs1,010mn in the same quarter last year. The EBITDA margins stood at 11% as compared to 9.4% in the comparative quarter last year. This was majorly attributed to drop in the raw material and other operating costs. There has been increase in the interest and depreciation taking into consideration the new plant at Vishakhapatnam. The construction activity is in progress and the company has spent Rs428.6mn until March 2019. The net loss for the quarter stood at Rs4mn as against the profit of Rs51mn in the comparative quarter. The EPS stands at Rs-0.2. The company has recommended dividend of Rs0.90 per equity share with a FV= Rs10 for FY19 subject to approval.

Outlook and Recommendations:

Hitech continues with operational efficiency led by the cost effective measures adopted by the company. Below the EBITDA, due to the capex being undertaken it has been the interest and depreciation that led to the losses for the quarter. On a full year basis, the company has reported revenue and margins in line with our expectation; but for the profits that were a tad lower. Going forward, we foresee decent growth for the company, but considering the market conditions we tone down the target price from the earlier Rs180 to Rs150 over a 12 month horizon period.

Turnaround Story

RESULT UPDATE:

Snowman Logistics Limited:

The net sales for the quarter grew by 15.4% to Rs598mn as compared to Rs518mn in the same quarter last year. The EBITDA margins for the quarter under review stood at 27.9%. The net profit grew by 185.3% to Rs54mn as against Rs19mn in the comparative quarter. The EPS stands at Rs0.3. For the full year, the company has clocked revenue growth of 19.7%. The profits came in at Rs97mn as against a loss of Rs35.6mn in the last year.

Outlook and Recommendations:

The story of turnaround appears to be continuing. Over the last few quarters, there appears to be a shift in focus of the company where the main intention is to improve operational efficiencies, increase customer satisfaction as well as propel the profitability. Management appears to be confident of sustainable growth, scalability, improve in asset utilization, offering end-to-end solutions to customers while providing value added services. The strategy to target customers in the Pharma, QSR and seafood segments has helped the company achieve better results and increase our yield per pallet. As mentioned in earlier notes as well, the nature of the business is such which requires constant capex and thus the company keeps expanding its network with a long term view. The benefits of the current capex will begin to show results in the next 12-15 months. There are immense opportunities in the cold chain business and the company intends to exploit this growth potential, thus we continue to remain bullish on the growth story and maintain our target price of Rs55 with a horizon of 12 months.

SKF India:

The total revenue for the quarter grew by 6.4% to Rs7,484mn as compared to Rs7,036mn in the same quarter last year. The EBITDA margin for the quarter under review stood at 14.8% in comparison to 15.1% in the corresponding quarter. The net profit grew by 14.9% to Rs822mn as against Rs716mn in the comparative quarter. The EPS stands at Rs16.3. For the full year, the company has clocked revenue growth of 8.2% and ended the year with net profit growth of 13.5%. The Board has recommended a dividend of Rs12/- per share on the equity share of Rs10 each.

Outlook and Recommendations:

The company delivered good set of numbers even after slow down being witnessed in auto industry, benefitting from its diversified business model. For the year, the results are below expectations at the bottomline. Management's focus on industrial segment and the gradual shift from auto to industrial, where growth prospects are anticipated to be higher; we feel the company will continue to gain market share, especially through the Railways growth potential. Thus, we maintain our BUY stance for the company with the target price of Rs2620 with a 12 month horizon.

Himachal Futuristic Communications Limited:

The net sales for the quarter grew by 16.1% to Rs10947mn as compared to Rs9428mn in the same quarter last year. The EBITDA margins for the quarter under review stood at 5.9%. This was majorly impacted by the overall increases in expenses namely the employee cost as well as other expenses and raw material costs. The net profit reported a drop of 12.4% to Rs514.9mn as against Rs587.5mn in the comparative quarter. There has been an increase in the taxes for the quarter as well as interest. The EPS stands at Rs0.4. For the full year, the company has clocked revenue growth of 42% and ended the year with net profit growth of 19%.

Outlook and Recommendations:

The overall results have been lower than our expectations. This was due to the overall increase in expenses of the company. The expansions been undertaken are on track and should provide better capacities going forward. There has been an indication of softening of demand for OFC by the company which should be a cautionary alert taken into consideration. However, we maintain our target to Rs35 and recommend to add on declines.

Good Set Of Numbers

Lower Than Expected

RESULT UPDATE:

Texmaco Rail & Engineering Limited:

The net sales for the quarter grew by 79.4% to Rs6558mn as compared to Rs3655mn in the same quarter last year. The growth was driven by the performance across the Heavy Engineering Division which grew by 205% and the Rail EPC segment that clocked growth of 39%. The Steel Foundry segment also grew by 88%. The EBITDA margins for the quarter under review stood at 8.8% impacted by the increase in raw material costs. The other income dropped by 72% when compared y-o-y to Rs60mn as against Rs216mn in March 2018. The net profit grew by 30.6% to Rs331mn as against Rs254mn in the comparative quarter. The company has reported MAT entitlement of Rs179mn during the quarter and deferred taxes of Rs134.2mn. For the full year, the company has clocked revenue growth of 63% and ended the year with net profit of Rs753mn as compared to Rs134mn in FY18. The EPS for the full year is Rs3.4

Outlook and Recommendations:

The company has reported a strong topline with growth across the different business segments. However, there has been an impact of raw material and other costs on the operating margins this quarter. Also there has been a steep drop in the other income if compared to the same quarter last year. On the other hand, there have been tax adjustments (MAT credit and deferred taxes), during the quarter. Hence, taking into consideration the deviations in the quarter; the company has reported strong set of numbers. Going forward as well, we feel that with the ramp up in orders from the Railways; the company should be better positioned for the year ahead. We continue with our Buy recommendation on the stock with a target price of Rs150 over a 12 months perspective.

Siemens Limited:

The company has delivered a robust and profitable performance for the quarter under review. The net sales for the quarter ending March 2019 grew by 8.1% to Rs35,496mn as compared to Rs32,834mn in the same quarter last year. The EBITDA margins for the quarter under review stood at 11.6% as compared to 9.8%. The net profit grew by 27.6% to Rs2,803mn as against Rs2,197mn in the comparative quarter. The EPS stands for the quarter stood at Rs7.87 as compared to Rs6.17 in the same period last year.

Outlook and Recommendations:

The company has delivered a robust and profitable performance for the quarter under review. Management has indicated the order backlog stands at six year high. New orders for the quarter stood at Rs36.35bn, which is an increase of 24.3% over the corresponding quarter last year. As mentioned in the earlier quarterly updates as well, the Management is seeing traction of customers for the digital portfolio which Siemens offers. The digital drive and initiative of the company has gained momentum. Moreover, the company is seeing continued tailwinds for short cycle businesses. Siemens continues its focus on the areas of electrification, automation and digitalization which appears to be more profitable on the margins front. We continue to advocate the strategy to SIP into this stock with a target price of Rs1350.

Westlife development Limited:

The net sales for the quarter grew by 12.1% to Rs3,392mn as compared to Rs3,027mn in the same quarter last year. The EBITDA margins for the quarter under review stood at 7.3%. The net profit grew by 7.9% to Rs71mn as against Rs66mn in the comparative quarter. The EPS stands at Rs0.46. For the full year, the company has clocked revenue growth of 23.5% and ended the year with net profit growth of 213.5%

Outlook and Recommendations:

The company maintained its operational efficiency in the quarter of reference. The net profit was impacted by the higher depreciation and lower other income, neutralized by the deferred taxes for the quarter. Going forward, the company is well on track with its plans to offer economical innovative products. Expanding the digital reach, brand extensions continue to remain the key focus for the company. Also the positive is that the company does not vouch for any slowdown in business as yet led by any of the external factors chalked generally as an economic factor. We continue with our Buy recommendation with a target price of Rs525 over a 12 months horizon.

Good Set Of Numbers

*Robust Profitable
Quarter*

*Operational Efficiency
Maintained*

Good Set Of Numbers

RESULT UPDATE:

Grauer & Weil Ltd:

The net sales for the quarter grew by 24.6% to Rs1,847mn as compared to Rs1,482mn in the same quarter last year. The EBITDA margins for the quarter under review stood at 17.0% as compared to 9.8% in the corresponding quarter last year. The net profit grew to Rs147mn as against Rs57mn in the comparative quarter. The company has reported an exceptional item to the tune of Rs62mn, despite which the net profit is comparably good. The EPS for the quarter ending March 2019 stands at Rs0.65. For the full year, the company has clocked revenue growth of 19.2% and ended the year with net profit growth of 5.1%. The Board of Directors of the company have recommended payment of final dividend of Rs0.60 per equity share of face value of Rs1 each for FY19.

Outlook and Recommendations:

On 01st January 2019 fire broke out at one of the production site of the company located at Vapi. This has reported damage to stocks, plant- machinery and building, the book value of which is to the tune of Rs61.9mn. These assets were adequately insured on re-statement basis. Moreover, in the past the company had taken a hit due to increased cost of commodity chemicals which are the raw materials due to Chinese concerns. Despite the disruption in operations, the company has reported good set of numbers. All the reportable segments of the company have fared very well, and the segment of shoppertainment has been contributing some of the best numbers so far. Not to forget, the company has planned a capex to the tune of Rs1,200mn for FY19 whereas the capex for the next 2-4 years is around Rs4,000mn. We had revised our target price to Rs65 in the previous quarterly results with a horizon of 12 months and we maintain the same.

ECONOMY:

WPI inflation slips down to 3.07% in April

India's wholesale inflation, as measured by the Wholesale Price Index (WPI), slipped down to 3.07% in April compared to 3.18% in March led by fall in prices of manufacturing products. According to data published by Ministry of Commerce & Industry, wholesale inflation in food rose to 4.95% as against 3.89% in March. Vegetable inflation soared to 40.65% against 28.13% in March. The whole sale inflation in manufactured products fell from 2.16% to 1.72% in April.

Drop In WPI Inflation

Our comments:

The core inflation data for the month of April was at 1.90% as compared to 2.50% in the previous month.

INDUSTRY:

US antitrust probe sings India's pharmaceutical firms

Twenty drugmakers have been accused of collusion to inflate prices of drugs by up to 1,000% in the lawsuit filed by 44 US states in a district court in Connecticut. Teva Pharmaceutical Industries, which is the world's largest generic drugmaker, is accused of orchestrating the scandal which includes seven Indian drugmakers, including Aurobindo Pharma, Dr Reddy's Laboratories, Glenmark Pharmaceuticals, Lupin, Wockhardt, Cadila Healthcare (Zydus), and Taro Pharmaceutical Industries (a subsidiary of Sun Pharma). Executives of Lupin, Aurobindo, and Glenmark, too, have been named as accused in the case. As per the case filed, prices of many generic pharmaceuticals were and remain artificially inflated through collusive bid rigging and market allocation agreements designed to prevent price wars from occurring when key competitive opportunities arise in the marketplace

*Indian Generic Players
Caught Up*

Our comments:

Share prices of the leading Indian domestic Pharma companies plunged as a reaction to the law suit. Indian pharma companies are already facing heat on pricing pressure in the US, which has led to impact on their earnings. The Street already remains cautious towards players with US focus. The litigation costs, which already remain high, are likely to only increase.

*Premium Scooters By
Hero Motocorp*

EIR For Lupin

Govt. To Divest In Rites

*Order For Ashok
Leyland*

*F&B Of Tata Chem
Transferred To Tata
Global*

*Varroc To Acquire Sintex
Auto Moulding Unit*

COMPANY:

Hero MotoCorp launches new premium scooters

Hero MotoCorp strengthened its scooter portfolio with the launch of two powerful and stylish new scooters, Maestro Edge 125 and Pleasure+ 110 - for customers in India and across its global markets. Following its successful foray in the 125cc scooter segment with Destini 125, it launched India's first scooter with Fuel Injection (FI) technology the Maestro Edge 125.

Our comments:

With these launches, Hero MotoCorp has now rolled out seven new products - including premium motorcycles and scooters with youthful appeal and technological and design excellence, in a short span of time. It has laid out a strong roadmap to accelerate growth in the scooter segment.

Lupin receives EIR for Pharmacovigilance inspection from the USFDA

Lupin received the EIR from the USFDA for the Post-marketing Adverse Drug Experience (PADE) inspection, indicating successful closure of the inspection. The inspection was conducted at Lupin's global pharmacovigilance group DSRM (Drug Safety & Risk Management) based out of Mumbai between 14th January, 2019 and 18th January, 2019. The inspection included a comprehensive scrutiny of practices and procedures for reporting of adverse events of Lupin's marketed products worldwide.

Our comments:

The inspection closed with four observations.

Govt. plans to sale 15% in RITES via OFS; to fetch about Rs700cr

The government is planning to divest up to 15% stake in railway PSU RITES, which is a Miniratna (Category-I) Schedule 'A' Public Sector Enterprise, through an offer for sale (OFS). The government expects to fetch around Rs700cr to the exchequer through this divestment.

Our comments:

DIPAM has reportedly invited Expression of Interest (EoI) from merchant bankers by June 6, to assist and advise the government in the sale process.

Ashok Leyland gains on order win for 400 minibuses from Senegal

The company has signed a contract for supplying 400 units of Ashok Leyland Eagle 916 Minibuses valuing Euro10.06mn. This order comes after the successful operation of 475 buses to Senegal's Dakar Dem Dikk.

Our comments:

This order will be a starting phase to connect rural remote areas of Senegal to urban cities and to promote sustainable mobility. This will further empower the private transport sector in Senegal under AFTU.

Tata Chemicals transfers food and beverages business to Tata Global

Tata group demerged the consumer products business of Tata Chemicals into Tata Global Beverages as part of a larger mandate to bring food and beverages under one unit. As per analysts, Tata Global will be renamed Tata Consumer Products after the demerger and will see its turnover rise 25% to Rs9,099cr with Ebitda of Rs1,154cr. The market capitalisation of the new entity will be Rs18,000cr at the current share price of Tata Global. Under the demerger process, 114 shares of Tata Global will be issued for every 100 shares of Tata Chemicals.

Our comments:

This is an amalgamation of the fast-moving consumer goods businesses of the two companies and the idea was to ensure that synergistic units came together.

Varroc in talks with Sintex to buy automotive moulding unit

Varroc Engineering is in advanced talks with Sintex Plastic Technology to acquire the latter's domestic automotive custom moulding business, as per sources. Sintex Plastic, which makes plastic products for automotive and household items, is looking to sell its domestic automotive custom moulding business as part of a plan to pare its debt and focus on its core business.

Our comments:

The company had exploratory talks with several Indian auto ancillary companies before going ahead with Varroc Engineering, adding that if a deal is struck, it may fetch Sintex Plastic anywhere between Rs350cr and Rs500cr.

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