

DOMESTIC:

- Cipla receives USFDA approval for Metoprolol ER tablets
- Granules India's subsidiary undergoes USFDA inspection of its facility in Virginia
- JSW Steel to pump in USD150mn in first tranche to set up Texas plant
- Granules' US unit gets two USFDA observations
- India Cements to buy Springway Mining for Rs1.82bn to set up a MP plant
- Schaeffler to invest Rs1,000cr more in India
- NTPC, Railways ink Rs10,000cr deal to transport coal
- JSW Energy to revive 240 MW hydro project, eyes acquisitions
- Vedanta wins 10-year extension for Rajasthan oil block
- Cipla gets USFDA nod for hypertension, cardiac drug
- BASF SE, Germany to evaluate strategic options for Construction Chemicals business
- BPCL to shut crude unit, secondary capacity at Kochi refinery in Dec
- Government to sell 3% stake in Coal India, floor price at Rs266 a share
- IHH Healthcare gets CCI nod to acquire Fortis Healthcare
- Thomas Cook India starts US operations
- Dr Reddy's gets 8 observations from USFDA for Duvvada plant
- Glenmark Pharmaceuticals launched Nourkin in Russia
- Reliance Capital garners long-term financing of Rs4,000cr
- Mahindra & Mahindra (M&M) eyes USD1bn from farm machinery sales
- TCS acquires London-based design company W12 Studios
- Govt's 3% share sale in CIL over-subscribed; to fetch Rs50bn
- ONGC to draw perspective plan to integrate business
- DLF inks pact with Hines for 12-acre Gurgaon plot joint development

ECONOMY:

- India, Japan sign USD75bn currency swap agreement
- Govt. upset with RBI for being kept in the dark about PCA, NPA norms
- RBI to inject Rs12,000cr liquidity
- Manufacturing sector activity rises in Oct on robust order flow: PMI

INDUSTRY:

- Local Pharma formulators to benefit from new USFDA generic guidance: Report
- Big Pharma Companies set to return to double-digit growth this fiscal: Crisil
- India's crude steel output grows 2% to 8.5 MT in September: World Steel
- 5G: USD10bn opportunity for the Indian IT firms
- Power sector to attract Rs11.56tn investments in five years

Price Performance (%)

Company	1M	3M	12M
Supreme Petrochem Ltd	-8.6%	-18.3%	-39.9%
Shanthi Gears Ltd	1.2%	-12.2%	-16.3%
Hind Rectifiers Ltd	7.0%	6.0%	10.9%
KCP Ltd	12.3%	-5.6%	-18.8%
Harita Seating System Ltd	7.4%	-2.5%	-41.3%
Hester Biosciences Ltd	0.5%	-2.8%	-2.7%
The Hi-Tech Gears Ltd	-7.8%	-13.1%	-10.3%
Bharat Bijlee Ltd	6.3%	4.5%	21.7%
Triveni Turbines Ltd	5.4%	-5.2%	-12.3%
Siemens Ltd	-2.0%	-3.6%	-23.5%
Aksh Optifibre Ltd	12.4%	-6.6%	-18.3%
GMM Pfaudler Ltd	11.5%	19.8%	76.7%
Alicon Castalloy Ltd	-1.9%	6.8%	7.2%
Gufic Biosciences Ltd	-12.1%	-19.3%	6.5%
Excel Industries Ltd	3.5%	3.1%	193.5%
Vesuvius India Ltd	2.2%	-13.2%	-17.7%
Munjjal Showa Ltd	1.6%	-10.3%	-31.7%
Bharat Rasayan Ltd	-6.6%	-23.6%	100.6%
Alkyl Amines Chemicals Ltd	19.3%	2.9%	9.7%
Grauer and Weil (India) Ltd	0.9%	10.3%	-16.1%
Texmaco Rails & Engineering Ltd	-1.6%	-19.0%	-45.2%
Nagarjuna Agrichem Ltd	-5.8%	-26.3%	-41.3%
Simplex Infrastructures Ltd	-9.3%	-48.2%	-55.9%
ITD Cementation India Ltd	-2.2%	-15.4%	-38.6%
Westlife Development Ltd	-6.0%	-16.4%	32.2%
Federal Mogul Goetze (India) Ltd	-1.1%	-3.4%	-18.5%
Dynamatic Technologies Ltd	-5.7%	-12.1%	-35.1%
Hitech Corporation Ltd	-42.7%	-34.1%	-47.1%
NRB Bearings Ltd	3.4%	-5.1%	15.3%
Kokuyo Camlin Ltd	-9.5%	2.6%	4.4%
Timken India Ltd	-10.4%	-29.6%	-32.0%
Morganite Crucible (India) Ltd	-8.7%	27.5%	70.9%
Vardhman Special Steels Ltd	2.2%	-10.2%	-38.0%
Zen Technologies Ltd	0.9%	-18.7%	-18.7%
KSB Pumps Ltd	8.7%	-1.9%	-9.1%
Thermax Ltd	10.8%	-12.1%	5.4%
Transpek Industry Ltd	7.1%	10.5%	44.8%
BASF India Ltd	-11.1%	-18.0%	-8.6%
Artson Engineering Ltd	-4.8%	-15.4%	-28.0%
Indian Hume Pipe Co. Ltd	15.5%	-4.8%	13.4%
Engineers India Ltd	5.1%	-11.8%	29.6%
TRIL	-8.9%	-33.6%	393.3%
Gulshan Polyols Ltd	0.7%	-14.9%	259.0%
Nesco Ltd	-1.7%	-16.6%	337.6%
Castrol India Ltd	1.7%	75.9%	-28.6%
Hikal Ltd	-6.6%	8.5%	-3.5%

The week that went by:

The markets had a good start in the positive zone with buying across most of the sectors. The markets had a subdued start for the day in tandem to the global concerns. Although the global markets were positive, the Indian bourses opened on a flat note amid the tensions between the RBI and the Finance Minister, a sentimental play. Last day of trade of the week opened on a positive note backed by favourable global cues. Finally the week ended in the green with a thumbs up to the festivity sentiment.

Coverage Universe Valuations												
Company	Reco	Reco at	CMP	Tgt price	Upside	Mcap	EPS		PE(x)		EV/EBITDA (x)	
		(Rs)	(Rs)	(Rs)	(%)	(Rs bn)	FY17	FY18E	FY17	FY18E	FY17	FY18E
Supreme Petrochem Ltd	BUY	77	224	500	123.2	21.6	18.6	14.9	12.1	15.0	6.9	8.7
Shanthi Gears Ltd	BUY	107	122	200	64.6	9.9	2.8	3.1	44.1	39.4	27.8	24.5
Hind Rectifiers Ltd	BUY	69	126	175	38.8	1.9	-1.1	0.3	-118.9	368.0	47.3	33.3
KCP Limited	BUY	71	98	200	103.7	12.7	2.8	6.3	35.4	15.6	10.9	9.3
Harita Seating System Ltd	BUY	266	592	1150	94.3	4.6	32.4	34.5	18.2	17.2	16.8	14.0
Hester Biosciences Ltd	BUY	565	1145	1750	52.8	9.7	29.2	34.2	39.2	38.6	24.4	20.7
The Hitech Gears Ltd	BUY	298	374	600	60.6	7.0	10.9	16.5	34.4	23.1	15.1	12.5
Bharat Bijlee Ltd	BUY	787	1233	2000	62.3	7.0	34.7	41.4	35.5	29.8	47.2	24.0
Triveni Turbines Ltd	BUY	92	113	150	33.3	0.4	3.5	2.4	32.0	46.2	22.7	27.9
Siemens Ltd	BUY	1128	960	1350	40.6	341.8	9.1	10.0	105.6	96.2	72.1	63.8
Aksh Optifibre Ltd	BUY	15	28	45	63.0	4.5	13.9	1.5	1.1	9.6	4.5	6.7
GMM Pfaudler Ltd	BUY	332	1078	1300	20.6	15.7	19.3	20.8	55.8	51.9	38.3	35.1
Alicon Castalloy Ltd	BUY	288	638	1000	56.7	7.8	21.4	24.1	29.9	26.4	11.4	9.1
Gufic Biosciences Ltd	BUY	50	95	175	84.2	7.3	1.6	2.1	60.9	45.7	29.0	21.7
Excel Industries Ltd	BUY	380	1579	2200	39.3	20.4	9.8	39.7	161.8	39.8	48.9	23.1
Vesuvius India Ltd	BUY	1165	1114	1500	34.6	22.3	49.0	62.7	22.7	17.8	12.2	9.8
Munjjal Showa Ltd	BUY	191	193	350	81.4	7.7	14.2	14.6	13.6	13.2	8.1	7.8
Bharat Rasayan Ltd	BUY	2747	5734	9000	57.0	24.1	128.9	189.3	44.5	30.3	23.1	16.7
Alkyl Amines Chemicals Ltd	BUY	391	680	850	25.0	13.9	24.3	27.0	28.0	25.2	16.2	16.3
Grauer and Weil (India) Ltd	BUY	45	54	100	86.9	12.1	2.3	2.3	23.7	22.9	13.3	13.0
Texmaco Rails & Engineering Ltd	BUY	91	62	150	141.9	20.2	1.5	2.7	40.5	23.1	28.6	17.7
Nagarjuna Agrichem Ltd	BUY	29	27	75	173.7	4.3	1.6	0.9	16.9	31.6	10.1	9.4
Simplex Infrastructures Ltd	BUY	540	233	700	200.3	20.2	24.3	29.6	9.6	7.9	6.4	5.8
ITD Cementation India Ltd	BUY	158	115	225	96.5	17.8	3.1	4.8	36.9	23.9	9.9	9.0
Westlife Development Ltd	BUY	266	321	425	32.6	49.9	-0.8	0.3	-410.9	938.8	110.0	66.4
Federal Mogul Goetze (India) Ltd	BUY	540	414	750	81.0	23.1	12.9	15.7	32.0	26.3	13.3	12.1
Dynamatic Technologies Ltd	BUY	2160	1440	3000	108.3	9.1	23.0	-9.3	36.9	-411.4	8.8	11.2
Hitech Corporation Ltd	BUY	175	90	230	155.7	1.5	6.9	3.5	13.0	25.7	5.5	6.7
NRB Bearings Ltd	BUY	138	166	200	20.4	16.1	5.2	5.5	31.8	30.1	17.6	16.9
Kokuyo Camlin Ltd	BUY	132	108	175	62.1	10.8	0.1	0.5	1140.7	206.3	53.6	39.4
Timken India Ltd	BUY	883	527	1200	127.7	35.8	14.3	15.1	36.8	34.8	22.6	19.7
Morganite Crucible (India) Ltd	BUY	1047	1791	2300	28.4	5.0	47.2	38.2	38.0	46.8	20.8	27.2
Vardhman Special Steels Ltd	BUY	151	110	225	104.5	3.9	10.3	6.4	10.7	17.1	10.7	10.3
Zen Technologies Ltd	BUY	115	69	170	145.7	5.3	0.9	0.2	74.5	324.8	44.7	122.5
KSB Pumps Ltd	BUY	820	771	1100	42.7	26.8	19.5	18.8	39.6	41.0	24.9	20.6
Thermax Ltd	BUY	1019	1033	1230	19	123.1	23.3	22.1	44.3	46.8	32.9	33.1
Transpek Industry Ltd	BUY	1547	1489	2000	34.3	8.3	53.7	47.3	28.8	32.7	17.7	19.9
BASF India Ltd	BUY	1954	1603	2500	55.9	69.4	-7.2	20.3	-271.7	96.2	36.4	27.4
Artson Engineering Ltd	BUY	64	53	95	78.2	2.0	7.4	0.4	8.7	170.6	58.3	96.6

*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	65%
Engineers India Ltd	211	200	Bonus 1 : 1.	105	250	14%
Transformers and Rectifiers (India) Ltd	300	450	Stock Split from Rs.FV 10 to Rs.FV 1.	30	40	-51%
Gulshan Polyols Ltd	390	500	Stock Split from Rs.FV 5 to Rs.FV 1.	78	110	-28%
Nesco Ltd	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2.	479	640	-8%
Castrol India Ltd	447	550	Bonus 1 : 1	223	250	-34%
Hikal Ltd	143	325	Bonus 1 : 2	95	216	62%

Coverage Universe Valuations												
Company	Reco	Adj Reco	CMP	Tgt price	Upside	Mcap	EPS		PE(x)		EV/EBITDA (x)	
		(Rs)	(Rs)	(Rs)	(%)	(Rs bn)	FY17	FY18E	FY17	FY18E	FY17	FY18E
IHP Ltd	341	171	283	500	76.7	13.7	20.4	14.3	13.9	19.7	7.7	10.3
Engineers India Ltd	211	105	120	250	109.1	40.3	4.8	5.0	24.8	23.9	24.5	26.5
Transformers and Rectifiers (India) Ltd	300	30	15	40	170.3	0.2	13.9	1.5	1.1	9.6	4.5	6.7
Gulshan Polyols Ltd	390	78	56	110	95.0	2.6	4.6	6.4	12.3	8.8	15.9	14.0
Nesco Ltd	2397	479	442	640	44.8	6.2	120.2	137.5	3.7	3.2	14.5	12.1
Castrol India Ltd	447	223	146	250	70.8	72.4	13.6	14.1	10.7	10.4	6.3	5.9
Hikal Ltd	143	95	154	216	39.9	12.7	5.4	5.8	28.5	26.7	11.8	10.8

Please Turn Over

Coverage Performance Sheet										
Company	Reco at (Rs)	CLS (Rs)	Target Price (Rs)							Appreciation (%)
			Target 1	Target 2	Target 3	Target 4	Target 5	Target 6	Target 7	
Supreme Petrochem Ltd	77	224	120	150	200	275	350	500	-	191%
Shanthi Gears Ltd	107	122	150	200	-	-	-	-	-	14%
Hind Rectifiers Ltd	69	126	110	140	175	-	-	-	-	83%
KCP Limited	71	98	105	150	200	-	-	-	-	38%
Harita Seating System Ltd	266	592	400	600	750	900	1150	-	-	123%
Hester Biosciences Ltd	565	1145	750	875	1150	1500	2200	1750	-	103%
The Hitech Gears Ltd	298	374	450	600	-	-	-	-	-	25%
Bharat Bijlee Ltd	787	1233	1100	1500	2000	-	-	-	-	57%
Triveni Turbines Ltd	92	113	135	150	-	-	-	-	-	22%
Siemens Ltd	1128	960	1350	-	-	-	-	-	-	-15%
Aksh Optifibre Ltd	15	28	24	35	45	-	-	-	-	84%
GMM Pfäudler Ltd	332	1078	500	700	800	1000	1300	-	-	225%
Alicon Castalloy Ltd	288	638	450	600	750	1000	-	-	-	122%
Gufic Biosciences Ltd	50	95	75	100	140	175	-	-	-	90%
Excel Industries Ltd	380	1579	550	650	800	1100	1400	1800	2200	316%
Vesuvius India Ltd	1165	1114	1500	-	-	-	-	-	-	-4%
Munjaj Showa Ltd	191	193	250	300	350	-	-	-	-	1%
Bharat Rasayan Ltd	2747	5734	3500	4250	5000	6500	9000	-	-	109%
Alkyl Amines Chemicals Ltd	391	680	550	700	850	-	-	-	-	74%
Grauer and Weil (India) Ltd	45	54	65	80	100	-	-	-	-	19%
Texmaco Rails & Engineering Ltd	91	62	125	150	-	-	-	-	-	-32%
Nagarjuna Agrichem Ltd	29	27	45	60	75	-	-	-	-	-6%
Simplex Infrastructures Ltd	540	233	700	-	-	-	-	-	-	-57%
ITD Cementation India Ltd	158	115	225	-	-	-	-	-	-	-28%
Westlife Development Ltd	266	321	350	425	-	-	-	-	-	21%
Federal Mogul Goetze (India) Ltd	540	414	750	-	-	-	-	-	-	-23%
Dynamatic Technologies Ltd	2160	1440	3000	-	-	-	-	-	-	-33%
Hitech Corporation Ltd	175	90	230	-	-	-	-	-	-	-49%
NRB Bearings Ltd	138	166	200	-	-	-	-	-	-	20%
Kokuyo Camlin Ltd	132	108	175	-	-	-	-	-	-	-18%
Timken India Ltd	883	527	1200	-	-	-	-	-	-	-40%
Morganite Crucible (India) Ltd	1047	1791	1500	1750	2300	-	-	-	-	71%
Vardhman Special Steels Ltd	151	110	225	-	-	-	-	-	-	-27%
Zen Technologies Ltd	115	69	170	-	-	-	-	-	-	-40%
KSB Pumps Ltd	820	771	1100	-	-	-	-	-	-	-6%
Thermax Ltd	1019	1033	1230	-	-	-	-	-	-	1%
Transpek Industry Ltd	1547	1489	2000	-	-	-	-	-	-	-4%
BASF India Ltd	1954	1603	2500	-	-	-	-	-	-	-18.0%
Artson Engineering Ltd	64	53	95	-	-	-	-	-	-	-17%

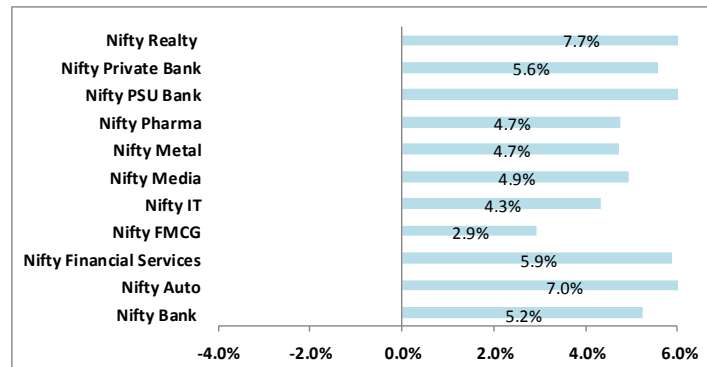
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Nesco Ltd	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2		479	640	-8%
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Hikal Ltd	143	325	Bonus 1 : 2		95	216	62%

Coverage Performance Sheet										
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			Target 1	Target 2	Target 3	Target 4	Target 5	Target 6	Target 7	
IHP Ltd	341	283	500	600	500	-	-	-	-	65%
Engineers India Ltd	211	120	200	250	-	-	-	-	-	14%
Transformers and Rectifiers (India) Ltd	300	15	40	55	40	-	-	-	-	-51%
Gulshan Polyols Ltd	390	56	110	-	-	-	-	-	-	-28%
Nesco Ltd	2397	442	640	-	-	-	-	-	-	-8%
Castrol India Ltd	223	146	275	250	-	-	-	-	-	-34%
Hikal Ltd	143	154	200	250	325	216	-	-	-	62%

Please Turn Over

Weekly Sectoral Gainers & Losers in (%)



Coverage News:

BASF SE, Germany to evaluate strategic options for Construction Chemicals Business

As a part of its active portfolio management, BASF SE, Germany (Parent Company) continuously evaluates whether its businesses could better unfold potential in a different set up. In this context, BASF SE, Germany has decided to evaluate strategic options for its construction chemicals business to ensure a successful future development. The outcome of assessing strategic options is open and BASF SE could consider a merger of its construction chemicals business with a strong partner as well as a divestiture, subject to such approvals, as may be necessary.

Our comments:

The agreement on a transaction is targeted in the course of 2019. The Construction Chemicals Business comprises admixture systems and construction systems. In India, the construction chemicals business, which forms part of the Functional Materials & Solutions segment, has generated sales of Rs455cr for the year ended 31st March 2018.

In another development, the Board of Directors of the Company at its Meeting held on 30th October, 2018 have approved the transfer of the pigments business of the Company, to BASF Colors & Effects India Private Limited, a 100% subsidiary of BASF Colors & Effects GmbH, Germany at a consideration to be determined by an Independent Valuer (on an arm's length basis). This is in order to further develop the global pigments business and to fully leverage its growth potential arising out of the emerging Asian region.

Result Update:

Supreme Petrochem Limited:

The net sales for the quarter under review came in at Rs7,629mn as compared to Rs7,075mn, growth of 7.8%. Ebitda margins for the quarter came in at 2.3% as against 8.7%, majorly impacted by the raw material cost increase. There was a drop reported in the net profits at Rs79mn as compared to Rs367mn in the comparative quarter. EPS for the quarter stood at Rs0.8. The settlement of the loss/damage to the assets at the EPS plant in Tamil Nadu due to floods is in progress. Final claim bill lodged is for Rs97.7mn. The Company has till date received interim claim of Rs71.8mn. The Board of Directors have declared an Interim Dividend of Rs.1/- per equity share of the Company

Outlook and recommendations:

The company has reported muted numbers for the quarter mainly due to higher raw material cost reported. This boiled down to impact the profits as well for the company. Going forward from the business perspective, the company is evaluating other value added products of Styrenics including Mass Acrylonitrile Butadiene Styrene (Mass ABS). This adds to the positive outlook on the company and we continue with our Buy recommendation on the stock with a target price of Rs500 over a 12 months perspective.

Business Strategies: BASF

Muted Set Of Numbers

*Right On The Growth
Track*

Subdued Results

Good Set Of Numbers

Result Update:

Hester Biosciences Limited:

The net sales for the quarter under review came in at Rs425mn as compared to Rs385mn in the same quarter last year, growth of 10.4%. Nearly 17% of the total turnover for the quarter under review is driven by trading activities without which the actual growth in turnover is around 5%. Ebitda margins came in at 37.2% as compared to 39.2% in the same quarter last year. The net profit grew by 13.6% to Rs99.32mn from Rs88.55mn in the corresponding quarter last year. EPS for the quarter stood at Rs11.7. The Board of Directors of the company have declared second interim dividend of 20% that is Rs2 per equity share on the face value of Rs10 per share. For operations of Hester Nepal Net sales for H1FY19 stood at Rs14.84mn as against Rs0.11mn in H1FY18. Gross profit for H1FY19 stood at Rs7.77mn as against Rs0.52mn in H1FY18. Net loss for H1FY19 stood at Rs44.51mn as against Rs49.43mn in H1FY18. Management is anticipating a growing trend from here on. As far as the progress of Hester Africa is concerned Management has indicated the same is as per schedule and expects to roll out the first commercial vaccine by December 2020. Operations at Texas Lifesciences in H1FY19 showed revenue of Rs34.14mn as compared to Rs10.14 in H1FY18 where nearly 88% of the revenues were derived out of sales to Hester India. Net profit for H1FY19 stands at Rs2.61mn against a net loss of Rs0.39mn in H1FY18. During the quarter under review, the company has made equity investment of Rs18.17mn in its wholly owned subsidiary company viz. Hester Biosciences Africa Limited.

Outlook and recommendations:

The company is exploring various opportunities to increase the product portfolio and turnover of Hester India operations. As far as the tenders flowing in Nepal are still moving at a slower pace, however Management is ambitious on the same and anticipates better times in next 2-3 quarters for PPR vaccine. The main market for Hester is the African continent and they intend to increase their geographic extent in the same. The Management is well aware of the risks associated with the continent. They intend to further increase their stretch in the African continent which would be a very well calculated risk. The stock has been rewarding to its shareholders and the Management is confident with the operations to pick up in the second half, which is why we maintain our target price of Rs1750 with a perspective of 12 months.

BASF India Limited:

The net sales for the quarter under review came in at Rs16,756mn as compared to Rs14,551mn, growth of 15.1%. There was a sharp drop seen in the Ebitda margins led by the increase in the raw material cost for the quarter. The net profit dropped to Rs94mn as compared to Rs1729mn in the same quarter last year which included an exceptional item of Rs1317mn. However, without the exceptional item as well there was a drop seen at the net levels. The EPS for the quarter is Rs2.2.

Outlook and recommendations:

The results have been subdued for the quarter led by the higher raw material costs which impacted the operational efficiency of the company. The company has been taking measures to transfer /sell businesses as per the evaluation of the scope of growth for the company. We continue with our Buy recommendation on the stock with a target price of Rs2500 over a 12 months perspective.

Hind Rectifiers Limited:

The net sales for the quarter came in at Rs594mn as compared to Rs240mn in the same quarter last year, indicating a 147.4% growth y-o-y. Ebitda margins stood at 9.3% for the quarter. The net profit came in at Rs24mn as compared to a loss of 8mn in the comparative quarter. EPS for the quarter stood at Rs1.4. In view of the expansion at the Nasik Plant; the Board of Directors has proposed to sell the surplus assets i.e. Dehradun Unit II.

Outlook and recommendations:

The growth momentum continues from the past couple of quarters for the company. There has been a gradual ramp up seen in the operations for the positive. The company has reported stellar results for the quarter under reference. With the strong order backlog and the growth momentum remaining intact; the company has been reporting good set of numbers. With further demand to pick up from the Indian Railways, the company is well poised to reap the benefits in times to come. We continue with our Buy recommendation on the stock with a target price of Rs175 over a 12 months perspective.

*Lower Operational
Efficiency*

Good Set Of Numbers

*Decent Quarter With
Impact On Ebitda Margins*

*Growth Momentum
Continues*

Result Update:

Hitech Gears Limited:

The net sales for the quarter under review came in at Rs1720mn as compared to Rs1367mn, growth of 25.8%. Ebitda margins came in at 9.8% lower for the quarter mainly due to the increase in the other expenses. There was a drop in the net profit to Rs60mn from Rs91mn led by the dip in the operational efficiency. EPS for the quarter stood at Rs3.2

Outlook and recommendations:

The company reported lower operating margins for the quarter. However, we feel that the company should be able to cover up for the muted growth in the H2FY19 led by the order backlog and overall demand in the industry served. We continue with our Buy recommendation on the stock with a target price of Rs600 over a 12 months perspective.

KSB Ltd:

The company has reported net sales of Rs2,804mn as compared to Rs2,005mn, growth of 39.9%. The Ebitda margins came in at 11.4% as compared to 10.5%. The net profits clocked growth of 38.7% at Rs161mn as against Rs116mn in the same quarter last year. The EPS stands at Rs4.6 for the quarter. On the segmental front, the Pump segment clocked growth of 50% while Valves grew by 2%.

Outlook and recommendations:

The company reported good set of numbers for the quarter under review. There has been improvement in the operational performance of the company. On the segmental front as well the major segment i.e. Pumps clocked a healthy growth of 50%. Overall we feel that the growth momentum is here to stay. We continue with our Buy recommendation on the stock with a target price of Rs1100 over a 12 months perspective.

Vesuvius India Ltd:

The net sales for the quarter under review came in at Rs2,384mn as compared to Rs2,143mn, growth of 11.3%. Ebitda margins declined to 17.2% from 17.9% in the same quarter last year majorly due to increase in the overall raw material costs. The net profit grew by 15.2% to Rs259mn from Rs225mn in the same quarter last year. EPS for the quarter stood at Rs12.8.

Outlook and recommendations:

The company has reported decent set of numbers with a dip in the Ebitda margins led by the overall increase in raw material prices. We are in line with the full year expected numbers for the company. We continue with our Buy recommendation on the stock with a target price of Rs1500 over a 12 months perspective.

Hikal Limited:

The net sales for the quarter under review came in at Rs3,948mn as compared to Rs2,923mn, growth of 35.1%. Ebitda margins improved to 19% from 18.4% in the same quarter last year. The net profit grew by 59.4% to Rs244mn from Rs153mn on comparative basis. EPS for the quarter stood at Rs2.0. On the segmental front, the Pharma division reported strong growth of 52% while the crop protection products segment grew by 13%.

Outlook and recommendations:

The company reported good set of numbers for the quarter under review. The segmental performance has also been in line with expectations. We continue with our Buy recommendation on the stock with a target price of Rs216 over a 12 months perspective.

More Or Less Flat

Muted Set Of Numbers

A Stable Move

Raising The Bar For Data

Result Update:

Triveni Turbine Ltd:

The net sales for the quarter under review came in at Rs2,168mn as compared to Rs2,170mn, a drop of 0.1%. The turnover achieved by the company for the first half is the highest ever achieved by TTL. There was a drop reported in Ebitda margins to 19.1% from 21.2% in the same quarter last year. The net profit declined by 3.2% to Rs274mn from Rs283mn EPS for the quarter stood at Rs0.8.

Outlook and recommendations:

The company has reported more or less flat numbers for the quarter under review. Even though the first half has lower order booking from the international market; the second half has always been stronger for the company. The company continues to maintain its market leadership enjoying 60% market share. The company has started increasing focus on exports, aftermarket businesses and in addition to this; they have a strong order book and robust enquiry pipeline, which provides a vision for strong performance over the next few quarters or so. Management appears to be confident of maintaining growth (order booking) in both from domestic as well as international markets. The Board of Directors of the company has approved a buyback which clearly appears as a gesture to reward the shareholders. All these factors sum up to our conviction in the company and thus we continue to maintain our target price of Rs150 with a perspective of 12 months.

Castrol India Limited:

The net sales for the quarter clocked a growth of 7.6% at Rs9,269mn as compared to Rs8,614mn in the same quarter last year. The EBITDA margins stood at 24.5% for the quarter, lower by 490bps as compared to the corresponding quarter last year majorly led by the increase in raw material costs (base oil price fluctuation) coupled with an uptick in the other expenses as well. The Other income for the quarter appears to be lower as the same quarter last year includes a one time property sale to the tune of Rs186mn. The net profit for the quarter was down by 15.5% at Rs1,504mn as compared to Rs1,782mn in the same quarter last year. The EPS stands at Rs1.5.

Outlook and recommendations:

The company has reported a muted performance for the quarter under review. As guided by the management in the previous quarter, the performance of the company was impacted by the rising crude oil prices and subsequent fall in the rupee. However, it aims to continue on its growth trajectory with focus being of strategy, key partnership and new launches. Going ahead, we expect better performance with stability coming in crude oil price. We maintain a BUY on the stock with the target price of Rs250 over a 12 months horizon.

ECONOMY:

India, Japan sign USD75bn currency swap agreement

One of the largest bilateral currency swap agreement at USD75bn between India-Japan would cater to a greater stability in foreign exchange and capital markets in the country. This agreement will help in bringing down the cost of capital for Indian equities while accessing foreign capital market.

Outlook and recommendations:

The said agreement would strengthen and widen the depth and diversity of economic co-operation between the two nations and is expected to help in containing the current account deficit and the rupee volatility.

INDUSTRY:

5G: USD10bn opportunity for the Indian IT firms

The planned rollout of 5G of wireless technology by the telecom companies globally offers at least USD10bn business over the next 6years for the Indian IT firms which could lead to USD1.1bn incremental revenues over the next 3 years for 5 largest companies including TCS, Infosys Ltd, HCL Technologies Ltd, Wipro Ltd and Tech Mahindra Ltd.

Our comments:

The newer technologies will allow the largest telecom companies to send billions of bits of data a second, higher than the current hundreds of millions of bits of data.

*Pharma Companies:
Back On Growth Track*

INDUSTRY:

Big Pharma Companies set to return to double-digit growth this fiscal: Crisil

After two consecutive years of single-digit expansion, big Indian drug firms are expected to return to double-digit growth in the current fiscal aided by recovery in US sales, weakening of the rupee and revival of domestic demand as per Crisil. The return to double-digit growth would help the home grown Pharma companies, with turnover of Rs1,000cr or more, to weather a sharp rise in input costs. The US market is witnessing an upturn after de-growth in five of the past eight quarters through June 2018. The recovery is already reflected in the first quarter with the domestic segment growing 25% y-o-y, albeit on a low base, as the first quarter of the previous year was severely impacted by retailers destocking ahead of the goods and services tax implementation.

Our comments:

The Pharma sector looks encouraging after a long muted performance reported over the last few quarters.

*Rise In Steel Output
Growth*

India's crude steel output grows 2% to 8.5 MT in September: World Steel

India's crude steel production rose 2.1% to reach 8.52MT in September 2018 as per World Steel. According to the report, India's steel output during January-September 2018 was 6.1% higher at 79.660MT, as against 75.048MT during the corresponding period of 2017. China maintained its position as the world leader in crude steel production during the last month and in the January-September period of 2018. Japan has reported a 2.4% contraction in output at 8.418MT in September 2018, compared to 8.626MT during the same month last year.

Our comments:

India seems to be decently placed with the other global economies with regard to the Steel output.

*USFDA Approval For
Cipla*

COMPANY:

Cipla receives USFDA approval for Metoprolol ER tablets

Cipla has received final approval for Metoprolol ER Tablets 50mg, 100mg, 200mg from the USFDA. It is generic therapeutic equivalent version of Aralez Pharmaceuticals, Inc.'s, Toprol XL. Metoprolol succinate extended-release tablets are indicated for the treatment of hypertension, to lower blood pressure, Angina Pectoris, heart failure - for the treatment of stable, symptomatic (NYHA Class II or III) heart failure of ischemic, hypertensive, or cardiomyopathic origin.

Our comments:

Toprol XL and its generic equivalents had US sales of approximately USD464mn for the 12-month period ending August 2018, as per IQVIA.

JSW's New Steel Facility

JSW Steel to pump in USD150mn in first tranche to set up Texas plant

JSW Steel will pump in USD150mn (approximately Rs1,000cr) in the first tranche to set up its new steel facility in Texas, US. This is part of the USD500mn investment commitment made by the company for the steel pipes and plates facility in Texas in March this year. The new facility is expected to be the only melt-and-manufacture plate mill with a contiguous pipe mill in North America. The plant is expected to be completed by March 2020.

Our comments:

This would be a positive for the company and have a US melt-and-manufacture facility in place.

*Long Term Financing On
Cards*

Reliance Capital garners long-term financing of Rs4,000cr

The company has raised a long-term financing of Rs4,000cr through securitisation of asset pool of the group's two firms, viz; Reliance Home Finance and Reliance Commercial Finance. The assets have been purchased by several public as well as private sector banks, a few amongst the participating banks being SBI, ICICI Bank, Central Bank, Bank of Baroda and Bank of India.

Our comments:

The company is aiming to reduce the debt by exiting all the non-financial business in its portfolio in the next 12-18 months.

*USFDA Observations
For Granules*

*DRL: 8 USFDA
Observations*

Growth Ahead For M&M

COMPANY:

Granules' US unit gets two USFDA observations

Granules Pharmaceuticals Inc. (US Subsidiary of Granules India) has completed USFDA inspection from October 22-26, 2018 with two Form 483 observations. Granules Pharmaceuticals, Inc. will respond to the observations within this week. As per the USFDA, a Form 483, is issued to a firm's management at the conclusion of an inspection when investigator has observed any conditions that in its judgment may constitute violations of the Food Drug and Cosmetic (FD&C) Act and related Acts.

Our comments:

This was a prior approval inspection, intended for the Abbreviated New Drug Application filed by Granules Pharmaceuticals Inc. This facility is involved in the development and manufacturing of finished dosages.

Dr Reddy's gets 8 observations from USFDA for Duvvada plant

Dr Reddy's Laboratories said US health regulator has issued eight observations after inspecting its formulations plant at Duvvada, Visakhapatnam. As per the USFDA, a Form 483 is issued to a firm's management at the conclusion of an inspection when investigator has observed any conditions that in its judgment may constitute violations of the Food Drug and Cosmetic (FD&C) Act and related Acts. It notifies the company's management of objectionable conditions.

Our comments:

One needs to see the responses that the company provides for the observations.

Mahindra & Mahindra (M&M) eyes USD1bn from farm machinery sales

M&M is targeting USD1bn (Rs7,360cr) of annual revenue in 3-5 years from the farm mechanisation space, nascent yet promising area in a country where low productivity and lack of labour hurt a large number of farmers. The company expects this as an emerging growth opportunity, thereby leading to an incremental revenues and profits. The farm machinery business brings about USD340mn of revenue a year to the company, with India's contribution being about USD40mn in the same space.

Our comments:

The company foresees a good opportunity and a significant upside in this space and along with global acquisitions and partnerships their aim is to bring in a range of trans planters; rice, grain, sugarcane and potato harvesters.

WEEKLY REPORT

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