

DOMESTIC:

- R-Cap looks to raise Rs10,000cr through stake sale to pare debt
- Indiabulls-Blackstone JV to acquire office assets in NCR
- Wipro Consumer acquires Filipino personal care firm
- Zydus and SIFI from Italy announce marketing alliance to launch Innovative Intraocular Lenses in India
- Glenmark launches novel, globally researched anti-diabetes drug Remogliflozin in India
- Mukta Arts negotiates its library deal with Zee TV
- NTPC postponed commercial operations at its Gadarwala plant
- NHPC inks MoU with Indian Army to build bunkers, caverns
- HCL Technologies partners with Cherwell Software
- JSW Energy secured a purchase order from Telangana State Discoms of 300MW
- More power to India's best-selling urban MPV: Maruti Suzuki's Ertiga gets a new diesel engine
- Sun Pharma receives USFDA observations on its Dadra plant
- BHEL signs MoU with ARAI for various projects related to e-mobility
- Mercator sells its very large crude carrier - Nerissa (VLCC) for a total consideration of USD27.5mn
- Bharti, Voda in talks with KKR for stake sale in tower venture
- L&T Construction awarded contract for Gold processing for its Metallurgical & Material Handling business
- Vakrangee awarded Financial Services Retailer of the year
- Alembic Pharmaceuticals receives USFDA Approval for Olopatadine Hydrochloride Ophthalmic Solution
- BHEL signs MoU with ARAI for e-mobility projects
- IRCON International wins Railway work worth USD91.27mn in Sri Lanka
- Godrej Properties buys iconic R K Studios land in Chembur, Mumbai
- Thomas Cook India inks strategic agreement with Sentosa Development Corporation, Singapore
- Cipla launches generic Sensipar amid legal battle with Amgen
- Glenmark Therapeutics enters in co-promotion agreement in the U.S. with Otonomy for Acute Otitis Externa Indication
- L&T buys VG Siddhartha, Coffee Day stake in Mindtree for Rs3,210cr

ECONOMY:

- India Ratings lowers GDP growth projection for FY20 to 7.3%

INDUSTRY:

- Shake-up in China industry disrupts Vitamin-C supply in India
- Cement demand likely to grow 8% in FY20: ICRA Report
- As resolutions get delayed, banks put up Rs1.3 lakhcrore of bad loans on sale to ARCs
- Indian Pharma exports hit USD19.14bn, report double-digit growth after 3 years

Price Performance

Company	1M	3M	12M
Supreme Petrochem Ltd	-11.7%	2.6%	-35.7%
Shanthi Gears Ltd	-4.0%	-0.6%	-8.2%
Hind Rectifiers Ltd	0.5%	16.0%	-13.5%
KCP Ltd	-5.6%	-0.5%	-33.8%
Hester Biosciences Ltd	-2.9%	12.3%	-2.4%
The Hi-Tech Gears Ltd	-7.1%	-12.2%	-41.5%
Bharat Bijlee Ltd	-5.9%	-3.3%	-37.2%
Triveni Turbines Ltd	-7.6%	0.4%	-0.3%
Siemens Ltd	1.0%	15.0%	10.8%
Aksh Optifibre Ltd	-13.0%	-23.9%	-52.4%
GMM Pfaunder Ltd	-1.3%	9.0%	50.9%
Alicon Castalloy Ltd	4.7%	17.1%	-3.4%
Gufic Biosciences Ltd	3.1%	-3.2%	-41.3%
Excel Industries Ltd	-9.1%	-6.3%	-23.8%
Vesuvius India Ltd	-1.3%	2.52%	-12.8%
Munjal Showa Ltd	-10.1%	-10.8%	-32.6%
Bharat Rasayan Ltd	-0.7%	2.4%	-34.9%
Alkyl Amines Chemicals Ltd	2.1%	11.6%	26.1%
Grauer and Weil (India) Ltd	-3.2%	3.3%	-21.5%
Texmaco Rail & Engineering Ltd	-4.2%	11.9%	-18.7%
Nagarjuna Agrichem Ltd	-1.8%	8.4%	-27.2%
Simplex Infrastructures Ltd	-5.5%	3.4%	-74.0%
ITD Cementation India Ltd	-4.8%	8.9%	-22.6%
Westlife Development Ltd	-9.4%	4.3%	3.5%
Federal Mogul Goetze (India) Ltd	-1.0%	10.7%	22.5%
Dynamatic Technologies Ltd	-11.7%	0.7%	-25.7%
Hitech Corporation Ltd	-33.8%	0.3%	-32.0%
NRB Bearings Ltd	3.6%	3.0%	16.0%
Kokuyo Camlin Ltd	-11.9%	-6.8%	-25.5%
Timken India Ltd	-5.8%	-1.5%	-18.1%
Morganite Crucible (India) Ltd	-5.7%	-0.1%	-3.2%
Vardhman Special Steels Ltd	-2.4%	13.7%	-28.5%
Zen Technologies Ltd	-1.6%	2.2%	-35.5%
KSB Ltd	-3.8%	-1.6%	-20.1%
Thermax Ltd	2.5%	-11.9%	-14.9%
Transpek Industry Ltd	-0.1%	11.8%	-1.8%
BASF India Ltd	-4.0%	-1.3%	-36.6%
Artson Engineering Ltd	-10.3%	-3.1%	-48.9%
Remsons Industries Ltd	3.1%	-31.8%	0.7%
Snowman Logistics Ltd	-2.5%	7.6%	-34.4%
Alembic Pharmaceuticals Ltd	2.3%	-7.3%	4.7%
SKF India Ltd	-5.7%	0.6%	6.0%
HFCL Ltd	0.4%	1.1%	-19.0%
Sudarshan Chemical Industries Ltd	-4.3%	4.6%	-43.6%
Indian Hume Pipe Co. Ltd	-4.4%	-13.9%	64.0%
Engineers India Ltd	-5.7%	-3.0%	41.4%
Gulshan Polyols Ltd	-7.4%	-13.8%	-25.3%
Nesco Ltd	0.2%	9.8%	-15.2%
Castrol India Ltd	-10.5%	-3.6%	54.2%
Hikal Ltd	-3.6%	15.9%	5.5%

The week that went by:

After the extended weekend, the markets had a flattish start on day 2 of trade. With the midweek holiday, the markets opened flat with a negative bias with the underperformance from the Auto segment continuing post the inflow of Sales numbers. The last trading day commenced on a steady note. The markets were higher during the day but then succumbed to the resistance and erased all the gains of the day to wrap up in the negative.

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	FY19E	FY18	FY19E	FY18	FY19E
Supreme Petrochem Ltd	BUY	77	200	275	37.5	19.3	6.6	6.4	30.2	31.3	9.2	11.3
Shanthi Gears Ltd	BUY	107	125	200	60.3	10.2	3.5	3.9	35.6	32.0	27.7	23.4
Hind Rectifiers Ltd	BUY	69	122	175	43.1	1.8	0.8	5.3	155.1	23.1	25.6	12.7
KCP Limited	BUY	71	86	150	74.4	11.1	7.0	7.0	12.3	12.3	9.4	8.3
Hester Biosciences Ltd	BUY	565	1450	1750	20.7	12.3	35.9	39.8	40.4	36.4	12.0	10.7
The Hitech Gears Ltd	BUY	298	270	500	84.9	5.1	17.0	21.2	15.9	12.7	9.6	8.4
Bharat Bijlee Ltd	BUY	787	1049	2000	90.7	5.9	25.1	37.4	41.8	28.0	24.1	20.0
Triveni Turbines Ltd	BUY	92	105	150	42.9	0.3	3.0	3.1	35.3	33.7	22.1	21.1
Siemens Ltd	BUY	1128	1173	1350	15.1	417.4	53.0	53.6	22.1	21.9	29.8	29.3
Aksh Optifibre Ltd	BUY	15	16	30	86.3	2.6	1.4	2.7	11.2	5.9	6.7	4.2
GMM Pfaudler Ltd	BUY	332	1170	1300	11.1	17.1	19.4	26.7	60.3	43.9	36.8	26.9
Alicon Castalloy Ltd	BUY	288	629	850	35.1	7.7	29.0	46.6	21.7	13.5	9.9	7.3
Gulfic Biosciences Ltd	BUY	50	79	150	89.0	6.1	1.9	3.1	42.5	25.5	18.0	14.0
Excel Industries Ltd	BUY	380	1055	1800	70.6	13.6	58.1	112.2	18.2	9.4	10.8	5.7
Vesuvius India Ltd	BUY	1165	1135	1500	32.2	22.7	52.3	56.3	21.7	20.2	10.9	10.5
Munjjal Showa Ltd	BUY	191	151	250	66.1	6.0	19.4	21.5	7.8	7.0	5.2	4.6
Bharat Rasayan Ltd	BUY	2747	4230	5000	18.2	17.8	227.3	257.5	18.6	16.4	12.2	10.6
Alkyl Amines Chemicals Ltd	BUY	391	845	1000	18.3	17.2	31.5	38.9	26.8	21.7	16.1	12.3
Grauer and Weil (India) Ltd	BUY	45	49	65	33.2	11.1	2.7	3.0	18.3	16.5	11.5	10.8
Texmaco Rail & Engineering Ltd	BUY	91	67	150	123.9	20.2	0.5	1.8	146.2	37.0	63.8	18.6
Nagarjuna Agrichem Ltd	BUY	29	30	45	52.3	4.6	0.7	0.8	43.1	37.4	13.8	13.0
Simplex Infrastructures Ltd	BUY	540	156	300	92.3	20.2	30.5	31.8	5.1	4.9	6.2	5.8
ITD Cementation India Ltd	BUY	158	122	180	47.5	18.9	8.3	9.8	14.7	12.4	7.9	7.0
Westlife Development Ltd	BUY	266	393	525	33.5	61.2	0.8	1.6	474.1	247.9	81.3	57.0
Federal Mogul Goetze (India) Ltd	BUY	540	560	750	33.9	31.2	14.9	18.0	37.6	31.0	16.6	15.2
Dynamatic Technologies Ltd	BUY	2160	1390	2750	97.8	8.8	1.1	51.1	1224.3	27.2	11.3	8.6
Hitech Corporation Ltd	BUY	175	104	180	73.1	1.8	4.5	6.4	23.0	16.3	8.9	6.7
NRB Bearings Ltd	BUY	138	194	240	23.8	18.8	8.5	10.4	22.9	18.7	13.4	11.2
Kokuyo Camlin Ltd	BUY	132	88	175	99.7	8.8	1.0	1.5	89.5	59.6	26.4	21.1
Timken India Ltd	BUY	883	562	1000	77.9	38.2	13.5	19.0	41.5	29.6	23.4	14.9
Morganite Crucible (India) Ltd	BUY	1047	1405	2300	63.7	3.9	49.6	63.9	28.3	22.0	2.8	2.5
Vardhman Special Steels Ltd	BUY	151	97	140	44.9	3.5	7.0	8.7	13.8	11.1	9.0	7.5
Zen Technologies Ltd	BUY	115	75	170	127.9	5.8	-0.1	0.8	-1479.7	92.7	-305.3	55.3
KSB Ltd	BUY	820	659	1100	66.9	22.9	18.8	21.2	37.0	32.8	15.5	13.8
Thermax Ltd	BUY	1019	968	1230	27	115.3	22.1	26.8	43.8	36.1	31.1	26.6
Transpek Industry Ltd	BUY	1547	1530	2000	30.7	8.6	47.3	76.0	32.4	20.1	19.7	14.8
BASF India Ltd	BUY	1954	1353	2000	47.8	58.6	20.3	43.5	66.6	31.1	19.8	15.6
Artson Engineering Ltd	BUY	64	38	95	152.0	1.4	0.4	2.3	100.6	16.4	60.8	18.6
Remsons Industries Ltd	BUY	104	89	155	74.7	0.5	6.0	7.9	14.7	11.2	9.7	7.6
Snowman Logistics Ltd	BUY	33	33	55	66.2	5.5	-0.2	0.1	-155.3	230.0	15.3	12.6
Alembic Pharmaceuticals Ltd	BUY	605	542	751	38.5	102.3	22.3	26.7	24.3	20.3	16.9	14.3
SKF India Ltd	BUY	1942	1948	2620	34.5	100.0	57.6	60.7	33.8	32.1	22.9	21.3
HFCL Ltd	BUY	25	23	35	55.2	28.1	1.3	1.7	17.8	13.4	11.6	8.3
Sudarshan Chemical Industries Ltd	BUY	372	331	500	51.2	25.8	12.4	13.8	26.7	24.0	13.1	11.6

*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	61%	
Engineers India Ltd	211	200	Bonus 1 : 1.	105	250	5%	
Gulshan Polyols Ltd	390	500	Stock Split from Rs.FV 5 to Rs.FV 1.	78	110	-35%	
Nesco Ltd	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2.	479	640	1%	
Castrol India Ltd	447	550	Bonus 1 : 1	223	200	-33%	
Hikal Ltd	143	325	Bonus 1 : 2	95	216	82%	

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	FY19E	FY18	FY19E	FY18	FY19E
IHP Ltd	341	171	276	500	81.4	13.4	13.6	20.1	20.2	13.7	11.0	8.5
Engineers India Ltd	211	105	110	200	81.5	37.1	6.0	7.0	18.4	15.8	16.8	13.3
Gulshan Polyols Ltd	390	78	51	78	53.1	2.4	3.9	5.1	2.9	2.2	2.8	2.3
Nesco Ltd	2397	479	483	640	32.5	6.8	25.1	23.7	19.3	20.4	15.8	16.4
Castrol India Ltd	447	223	150	200	33.0	74.4	7.1	15.6	21.3	9.7	14.0	12.6
Hikal Ltd	143	95	174	216	24.3	14.3	9.4	10.1	18.5	17.3	11.1	10.0

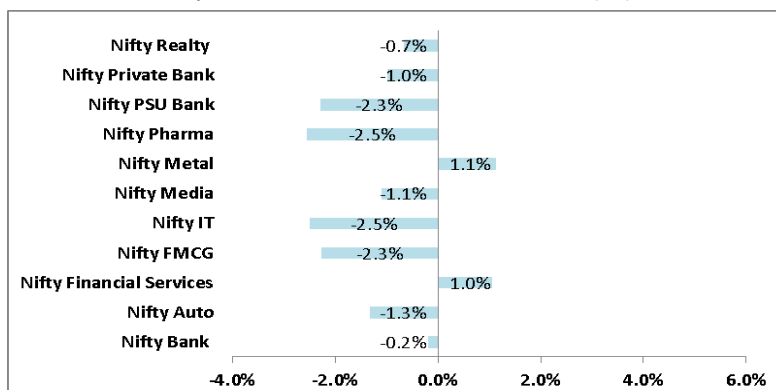
Coverage Performance Sheet												
Company	Reco at	CLS		Target Price (Rs)								Appreciation
	(Rs)	(Rs)	Target 1	Target 2	Target 3	Target 4	Target 5	Target 6	Target 7	Target 8		
Supreme Petrochem Ltd	77	200	120	150	200	275	350	500	275	-	160%	
Shanthi Gears Ltd	107	125	150	200	-	-	-	-	-	-	17%	
Hind Rectifiers Ltd	69	122	110	140	175	-	-	-	-	-	77%	
KCP Limited	71	86	105	150	200	150	-	-	-	-	21%	
Hester Biosciences Ltd	565	1450	750	875	1150	1500	2200	1750	-	-	157%	
The Hitech Gears Ltd	298	270	450	600	500	-	-	-	-	-	-9%	
Bharat Bijlee Ltd	787	1049	1100	1500	2000	-	-	-	-	-	33%	
Triveni Turbines Ltd	92	105	135	150	-	-	-	-	-	-	14%	
Siemens Ltd	1128	1173	1350	-	-	-	-	-	-	-	4%	
Aksh Optifibre Ltd	15	16	24	35	45	30	-	-	-	-	7%	
GMM Pfaudler Ltd	332	1170	500	700	800	1000	1300	-	-	-	252%	
Alicon Castalloy Ltd	288	629	450	600	750	1000	850	-	-	-	118%	
Gufic Biosciences Ltd	50	79	75	100	140	175	150	-	-	-	59%	
Excel Industries Ltd	380	1055	550	650	800	1100	1400	1800	2200	1800	178%	
Vesuvius India Ltd	1165	1135	1500	-	-	-	-	-	-	-	-3%	
Munjal Showa Ltd	191	151	250	300	350	300	250	-	-	-	-21%	
Bharat Rasayan Ltd	2747	4230	3500	4250	5000	6500	9000	5000	-	-	54%	
Alkyl Amines Chemicals Ltd	391	845	550	700	850	1000	-	-	-	-	116%	
Grauer and Weil (India) Ltd	45	49	65	80	100	65	-	-	-	-	8%	
Texmaco Rail & Engineering Ltd	91	67	125	150	-	-	-	-	-	-	-26%	
Nagarjuna Agrichem Ltd	29	30	45	60	75	60	45	-	-	-	2%	
Simplex Infrastructures Ltd	540	156	700	540	300	-	-	-	-	-	-71%	
ITD Cementation India Ltd	158	122	225	180	-	-	-	-	-	-	-23%	
Westlife Development Ltd	266	393	350	425	525	-	-	-	-	-	48%	
Federal Mogul Goetze (India) Ltd	540	560	750	-	-	-	-	-	-	-	4%	
Dynamatic Technologies Ltd	2160	1390	3000	2750	-	-	-	-	-	-	-36%	
Hitech Corporation Ltd	175	104	230	180	-	-	-	-	-	-	-41%	
NRB Bearings Ltd	138	194	200	240	-	-	-	-	-	-	40%	
Kokuyo Camlin Ltd	132	88	175	-	-	-	-	-	-	-	-34%	
Timken India Ltd	883	562	1200	1000	-	-	-	-	-	-	-36%	
Morganite Crucible (India) Ltd	1047	1405	1500	1750	2300	-	-	-	-	-	34%	
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KSB Ltd	820	659	1100	-	-	-	-	-	-	-	-20%	
Thermax Ltd	1019	968	1230	-	-	-	-	-	-	-	-5.0%	
Transpek Industry Ltd	1547	1530	2000	-	-	-	-	-	-	-	-1.1%	
BASF India Ltd	1954	1353	2500	2000	-	-	-	-	-	-	-30.8%	
Artson Engineering Ltd	64	38	95	-	-	-	-	-	-	-	-41%	
Remsons Industries Ltd	104	89	155	-	-	-	-	-	-	-	-15%	
Snowman Logistics Ltd	33	33	55	-	-	-	-	-	-	-	0.3%	
Alembic Pharmaceuticals Ltd	605	542	751	-	-	-	-	-	-	-	-10%	
SKF India Ltd	1942	1948	2620	-	-	-	-	-	-	-	0.3%	
HFCL Ltd	25	23	35	-	-	-	-	-	-	-	-10%	
Sudarshan Chemical Industries Ltd	372	331	500	-	-	-	-	-	-	-	-11.2%	

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IHP Ltd	341	276	500	600	500	-	-	-	-	-	61%	
Engineers India Ltd	211	110	200	250	200	-	-	-	-	-	5%	
Gulshan Polyols Ltd	390	51	110	78	-	-	-	-	-	-	-35%	
Nesco Ltd	2397	483	640	-	-	-	-	-	-	-	1%	
Castrol India Ltd	223	150	275	250	200	-	-	-	-	-	-33%	
Hikal Ltd	143	174	200	250	325	216	-	-	-	-	82%	

Weekly Sectoral Gainers & Losers in (%)



Completion Of Acquisition

USFDA Approval

Worst Over On Operational Front

TERM OF THE WEEK:

Current Yield: Current yield is an investment's annual income (interest or dividends) divided by the current price of the security. Current yield represents the return an investor would expect if the owner purchased the bond and held it for a year, but current yield is not the actual return an investor receives if he holds a bond until maturity.

$$\text{Current yield} = \text{Annual Cash Inflows} / \text{Market Price}$$

COVERAGE NEWS:

GMM Pfadler completed the acquisition of the IMSD of Sudarshan Chemical Industries:

GMM Pfadler completed the acquisition on a going concern basis in terms of definitive agreements executed between the company and Sudarshan Chemical Industries.

Alembic Pharmaceuticals Limited:

The company has received approval from the USFDA for Olopatadine Hydrochloride Ophthalmic Solution USP, 0.2%, therapeutically equivalent to the reference listed drug, Pataday Ophthalmic Solution of Novartis Pharmaceuticals Corporation. It is indicated for the treatment of ocular itching associated with allergic conjunctivitis. The estimated market size is USD62mn.

RESULT UPDATE:

Supreme Petrochem Ltd:

The net sales for the quarter under review came in at Rs8,220mn as compared to Rs8,876mn in the same quarter last year, drop of 7.4%. There has been an improvement seen at the Ebitda levels with the margins for the quarter standing at 7.9%. The company reported a drop of 5.4% in the profit to Rs389mn as against to Rs412mn in the same quarter last year. The EPS for the quarter is Rs4. An interim dividend of Rs.1/- per equity share was declared on October 26, 2018. The Board of Directors have recommended a final dividend of Rs.2/- per equity share for FY19 bringing the total dividend for the year to Rs.3/- per equity share.

Outlook and Recommendations:

Overall FY19 has been a tepid year for the company mainly due to the fluctuations in the raw material costs witnessed across the industry. Through the Q4FY19 performance at the Ebitda level, the worst seems to be over at the operational level for the company and could be taken as an optimistic ray for the year coming ahead. The best strategy would be to sip into the stock for long term gains with a target price of Rs275 over a 12 months horizon.

RM Costs - Spoilt Sport

*Exceptional Items Give
The Push*

Getting Back On Track

Shanthi Gears Ltd:

The net sales for the quarter grew by 9.7% to Rs601mn from Rs548mn in the same quarter last year. The Ebitda margins stood at 12.1% majorly due to the increase in the raw material costs. The net profit dropped by 38% to Rs60mn in the quarter compared to Rs96mn in the same quarter last year. The EPS is Rs0.7. For FY19, the company clocked growth of 16.7% at the PAT levels and operating margins remaining almost flat at 17% on comparative basis. The Board of Directors has recommended a final dividend of Rs1 per equity shares of Rs1 each for the year ended 31st March 2019. A one-time special interim dividend of Rs5/- per equity shares of Rs1 each was declared at the meeting of Board of Directors held on 26 December 2018 and the same has been paid. During the quarter the company improved its orderbook position significantly by booking orders for Rs72.4cr (against Rs62cr for corresponding quarter of the previous year), a growth of 19%. During the year the company improved its orderbook position significantly by booking orders for Rs288cr (against Rs231cr for the previous year), a growth of 25%. Pending orderbook as on 31st March 2019 was Rs168cr against Rs130cr in the previous year. The Company continues to remain focused on expanding its customer base, enhancing its dealer and service network and improving the production capabilities through investments in modern technologies.

Outlook and Recommendations:

The company continues to focus on four key priorities of revenue growth, profitability, ROCE and Free Cash Flow (FCF). The numbers for the full year were very much in line with our expectations but for the increase in the raw material costs which was the spoilt sport. Overall, we feel the company is on track with regard to the growth potential and opportunities going forward. We maintain our Buy call on the stock with a target price of Rs200 over a 12 months horizon.

BASF India:

The net sales for the quarter de-grew by 1.9% to Rs13,180mn as compared to Rs13,436mn in the same quarter last year. The EBITDA margins for the quarter under review stood at 1.1%. The company has taken a major hit due to increase in cost of raw materials. The company has reported exceptional items to the tune of Rs1,205mn which has flown down to show optically profitable numbers. The net profit (*including exceptional items) came in at Rs864mn as against Rs660mn in the comparative quarter last year. The basic EPS (*including exceptional items) stands at Rs19.9. For the full year, the company has clocked profits of Rs817mn as compared to Rs2,465mn last year. The Board of Directors of the company at their meeting held on 30th April, 2019 have recommended a special dividend (75th anniversary milestone) of Rs2 per equity share in addition to a final dividend of Rs3 per equity share for the financial year ended 31st March, 2019 which is subject to approval of the shareholders.

Outlook and Recommendations:

The bottom line looks optically pleasant due to the exceptional item, else at the operational level, the company currently doesn't have much to offer. The increased cost of raw materials has been a dampener for the company for the last three quarters in a row. Considering the slowdown in the industries catered, we would cut our target to Rs2000 (from the earlier Rs2500) over a 12 months horizon.

Castrol India Ltd:

The net sales for the quarter grew by 5.3% to Rs9,762mn as compared to Rs9,271mn in the same quarter last year. The EBITDA margins for the quarter under review stood at 29%. The net profit grew by a meagre 1.8% to Rs1,850mn as against Rs1,818mn in the comparative quarter. The EPS stands at Rs1.87.

Outlook and Recommendations:

This is the third consecutive year wherein Castrol India has continued to stick to its strategy, key partnership, new launches, profitable volumes growth etc.; which has also helped them maintain the margins profile. In addition to this, appropriate pricing interventions and rigorous cost management despite extremely volatile input cost environment has helped perform better. If one notices the performance of the company in the first quarter for any current year, the same has been consistent with the legacy of EPS in the range of Rs1.80 to Rs1.87 (*adjusted for bonus). The company has been able to maintain the margin level, both at EBITDA and Net levels in a range of 29-30% and 19-20% respectively. All the factors mentioned above blend in well for consistent and stable but slow growth for Castrol India, and thus we continue to maintain our target price of Rs200 over a horizon of 12 months.

*GDP Growth Projection
Lowered*

*Cement Demand Likely
To Grow*

Zydus SIFI Alliance

*Glenmark Launches
Remogliflozin*

BHEL ARAI MoU

ECONOMY:

India Ratings lowers GDP growth projection for FY20 to 7.3%

India Ratings and Research marginally lowered country's GDP growth projection for 2019-20 fiscal to 7.3 % mainly due to below normal monsoon prediction and loss of momentum in industrial output. The Fitch group company had earlier projected India's gross domestic product (GDP) growth at 7.5%. The key reasons for the downward revision are the prediction of lower-than-normal monsoon for 2019 and continued agrarian distress, and the loss of momentum in the industrial output growth, especially manufacturing and electricity.

Our comments:

Inability to bring the stuck capital back into the production process will have implications for investment recovery.

INDUSTRY:

Cement demand likely to grow 8% in FY20: ICRA Report

The domestic cement demand is likely to grow by 8% this fiscal which may push the capacity utilisation to 71% in FY20 from 65% in FY18 as per a report by ICRA. The growth in demand will be driven by a likely 18-20 million tonnes per annum (MTPA) of additional production capacity during the fiscal.

Our comments:

Improved capacity utilization is likely to support the price uptick which has been seen since March 2019. The continued focus on the housing sector and rural economy in the Union Budget for 2019-20 is likely to have a positive impact on the cement industry.

COMPANY:

Zydus and SIFI from Italy announce marketing alliance to launch Innovative Intraocular Lenses in India

Zydus has tied up with Italy based ophthalmic firm SIFI to market intraocular lenses in India. SIFI's innovative IOLs (Intraocular lenses) have been approved by the Indian Central Drugs Standards Control Organisation (Directorate General of Health Services) and Ministry of Health & Family Welfare (Medical Device and Diagnostic Division). These surgical devices represent the most advanced solutions for cataract refractive surgery and the correction of astigmatism and presbyopia.

Our comments:

Zydus and SIFI look forward to bring such innovations to India and to the entire South Asia region in order to empower surgeons with an advanced technology and consequently better the quality of vision and life of patients.

Glenmark launches novel, globally researched anti-diabetes drug Remogliflozin in India

The company announced the launch of its anti-diabetes drug Remogliflozin etabonate 100mg tablets (after successfully completing phase-3 trials) in India; it being the first company in the world to launch the novel SGLT2 inhibitor Remogliflozin and India is the first country to get access to this innovative drug. The drug is indicated in the treatment of type-2 diabetes mellitus in adults. The company would commercialise Remogliflozin in India under the brand names Remo and Remozen.

Our comments:

Diabetes being the key area for Glenmark and with this launch the company aims to improve access to SGLT2 inhibitors by providing an effective, high quality and world class treatment option to patients in India.

BHEL signs MoU with ARAI for e-mobility projects

Bharat Heavy Electricals Limited (BHEL) and Automotive Research Association of India (ARAI) have signed an MoU for cooperation on various projects related to e-mobility. BHEL's unique strength as technology developer and implementer and ARAI's advanced facilities and expertise in design, testing and certification of mobility products, will generate synergies in implementing solutions for Electric & Trolley Bus, EV Chargers, Battery & Charger testing, etc.

Our comments:

It is a positive development for the company

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