

**THE WEEKLY WRAP-UP**

**04th May 2018**

**DOMESTIC:**

- Rallis plans investment in backward integration
- Kalpataru Power Transmission secures orders worth Rs1463cr
- State Bank of India plans recast of stressed power assets
- Thriveni Earthmovers bid rejected, Lanco Infratech may be headed for liquidation
- Schneider to buy L&T unit for Rs14,000cr
- NBCC bags Rs2,000cr order from central govt
- Mahindra to establish Ag Tech Center at Virginia Tech Corporate Research Center
- Fortis Healthcare Receives Revised Offers From IHH, Hero Burman
- Cipla gets USFDA nod for generic equivalents of Vazculep, Aromasin
- Strides Shasun gets USFDA nod for generic of Amgen Inc's Sensipar tablets
- Sical Logistics receives LoA from Northern Coalfields
- HCC impacted as Lavasa defaults on payment
- M&M Financial Services expects bad loans to decline further
- NCLT orders Binani Cement lenders to consider UltraTech bid
- Biocon gets USFDA and EMA observations at Bangalore facility
- Tata Motors to sell defence, aerospace business to Tata Advanced Systems
- Bharti Airtel may sell 25% in Africa unit to raise up to USD1.5bn
- Vedanta expects to seal Electrosteel deal in 2 weeks
- Godrej, Patanjali among 4 FMCG giants for Ruchi Soya
- JSW Energy almost doubles capex plan for EV arm to Rs6,500cr
- J Kumar Infraprojects wins orders worth Rs445cr
- Vanu India-HFCL bag Rs579cr project from BSNL in northeast region
- Glenmark gets notice over misconduct in clinical trials
- Wipro's FMCG biz breaches USD1bn mark
- Vedanta considers building zinc smelter in South Africa
- GAIL signs Rs20bn loan agreement with SBI to meet capex requirement

**ECONOMY:**

- RBI liberalizes ECB norms; more access to cheaper funds
- India's Nikkei Manufacturing PMI expands to 51.6 in April 2018
- India's economy likely to grow at 7.3% this fiscal: as per Reports

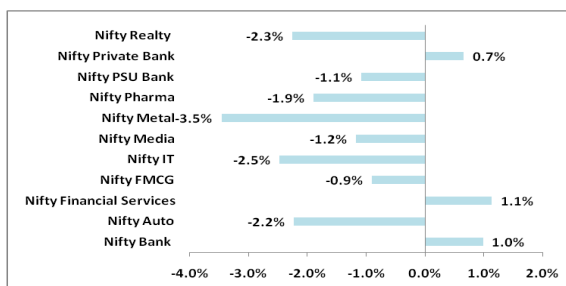
**INDUSTRY:**

- Good news for India's pharma industry: China removes import duties on 28 medicines
- Power gencos for changes in Coal India's proposed pricing system

**Price Performance (%)**

Company	1M	3M	12M
Supreme Petrochem Ltd	-8.4%	-13.0%	-22.7%
Shanthi Gears Ltd	-0.5%	-3.3%	3.4%
Hind Rectifiers Ltd	5.9%	24.3%	54.4%
KCP Ltd	1.3%	0.2%	3.3%
Harita Seating System Ltd	0.4%	9.9%	37.9%
Hester Biosciences Ltd	-9.7%	-1.6%	73.7%
The Hi-Tech Gears Ltd	16.1%	0.6%	41.8%
Bharat Bijlee Ltd	6.8%	27.3%	66.5%
Triveni Turbines Ltd	3.2%	-17.9%	-24.5%
Siemens Ltd	-7.8%	-19.3%	-25.3%
Hikal Ltd	19.6%	19.1%	12.3%
Aksh Optifibre Ltd	-9.1%	-11.8%	43.0%
GMM Pfäudler Ltd	10.9%	14.9%	47.1%
Alicon Castalloy Ltd	8.2%	4.2%	27.7%
Premier Explosives Ltd	2.1%	-17.1%	-15.5%
Gufic Biosciences Ltd	21.6%	19.5%	103.2%
Excel Industries Ltd	39.9%	100.7%	249.8%
Vesuvius India Ltd	-2.1%	9.5%	7.3%
Munjial Showa Ltd	4.2%	-4.7%	12.1%
Bharat Rasayan Ltd	45.0%	68.7%	116.6%
Alkyl Amines Chemicals Ltd	6.1%	2.8%	36.7%
Grauer and Weil (India) Ltd	0.7%	-5.6%	45.2%
Texmaco Rails & Engineering Ltd	-1.0%	-14.5%	-16.4%
Nagarjuna Agrichem Ltd	-9.1%	-15.6%	46.5%
Simplex Infrastructures Ltd	12.3%	3.8%	103.7%
ITD Cementation India Ltd	-2.5%	-18.4%	-15.8%
Westlife Development Ltd	14.5%	9.7%	59.7%
Federal Mogul Goetze (India) Ltd	3.4%	-13.7%	-24.1%
Dynamatic Technologies Ltd	5.8%	3.9%	-30.3%
Hitech Corporation Ltd	-0.7%	-2.4%	-29.9%
NRB Bearings Ltd	8.9%	17.2%	46.5%
Kokuyo Camlin Ltd	-5.6%	-10.5%	8.6%
Timken India Ltd	-5.1%	-21.4%	-5.4%
Bigbloc Construction Ltd	-3.4%	33.0%	96.9%
Morganite Crucible (India) Ltd	2.9%	39.8%	78.0%
Vardhman Special Steels Ltd	-7.9%	-4.7%	11.9%
Indian Hume Pipe Co. Ltd	-2.9%	-11.2%	67.4%
Engineers India Ltd	-5.3%	-7.5%	81.2%
TRIL	0.0%	-12.6%	-32.0%
Gulshan Polyols Ltd	-4.1%	-14.3%	-22.1%
Nesco Limited	3.7%	-5.2%	10.6%
Castrol India Ltd	-11.2%	103.9%	-14.8%

**Weekly Sectoral Gainers & Losers in (%)**



**The week that went by:**

The markets opened in the positive following the Asian cues and the news of RBI liberalizing the ECB policy. Backed the auto sales data, the markets opened higher in spite of the weakness in the Asian stocks. The markets opened flat for the day amid the weak global cues. With the correction in the global peers, the indices opened flat with a negative bias.

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	312	500	60.4	30.1	18.6	14.9	16.8	20.9	9.8	12.3
Shanthi Gears Ltd	BUY	107	133	200	49.9	10.9	2.8	3.1	48.4	43.3	30.6	26.9
Hind Rectifiers Ltd	BUY	69	142	175	23.1	2.1	-1.1	0.3	-134.0	414.8	52.3	37.0
KCP Limited	BUY	71	129	200	55.1	16.6	2.8	6.3	46.5	20.5	13.6	11.7
Harita Seating System Ltd	BUY	266	1007	1150	14.2	7.8	32.4	34.5	31.0	29.2	28.4	23.7
Hester Biosciences Ltd	BUY	565	1480	2200	48.6	12.6	29.2	34.2	50.6	49.9	31.4	26.7
The Hitech Gears Ltd	BUY	298	473	600	26.8	8.9	10.9	16.5	43.6	29.2	18.5	15.3
Bharat Bijlee Ltd	BUY	787	1683	2000	18.8	9.5	34.7	41.4	48.5	40.6	61.2	30.9
Triveni Turbines Ltd	BUY	92	104	175	68.7	0.3	3.5	2.4	29.5	42.6	20.9	25.7
Siemens Ltd	BUY	1128	1024	1350	31.8	364.5	9.1	10.0	112.7	102.6	76.9	68.0
Hikal Ltd	BUY	143	248	325	30.8	20.4	8.1	8.7	30.6	28.6	12.5	11.5
Aksh Optifibre Ltd	BUY	15	33	45	36.8	5.4	13.9	1.5	2.1	18.6	6.9	10.5
GMM Pfaudler Ltd	BUY	332	793	1000	26.1	11.6	19.3	20.8	41.1	38.2	28.2	25.8
Alicon Castalloy Ltd	BUY	288	664	750	13.0	8.2	21.4	24.1	31.1	27.5	11.8	9.3
Premier Explosives Ltd	BUY	350	347	600	72.8	3.1	15.9	11.4	21.8	30.4	12.0	11.8
Gulfic Biosciences Ltd	BUY	50	135	140	3.7	10.4	1.6	2.1	86.5	64.9	40.5	30.1
Excel Industries Ltd	BUY	380	1385	800	-42.2	17.9	9.8	39.7	141.9	34.9	43.1	20.4
Vesuvius India Ltd	BUY	1165	1311	1500	14.5	26.2	49.0	62.7	26.7	20.9	14.6	11.8
Munjal Showa Ltd	BUY	191	224	350	56.3	9.0	14.2	14.6	15.7	15.4	9.4	9.0
Bharat Rasayan Ltd	BUY	2747	6497	6500	0.0	27.3	128.9	189.3	50.4	34.3	26.1	18.8
Alkyl Amines Chemicals Ltd	BUY	391	663	700	5.6	13.5	24.3	27.0	27.3	24.5	15.8	15.9
Grauer and Weil (India) Ltd	BUY	45	61	100	64.6	13.8	2.3	2.3	26.9	25.9	15.2	14.8
Texmaco Rails & Engineering Ltd	BUY	91	82	170	106.2	20.2	1.5	2.7	53.9	30.7	36.3	22.4
Nagarjuna Agrichem Ltd	BUY	29	40	75	88.2	6.2	1.6	0.9	24.6	46.0	13.3	12.3
Simplex Infrastructures Ltd	BUY	540	603	700	16.1	20.2	24.3	29.6	24.8	20.4	9.1	8.3
ITD Cementation India Ltd	BUY	158	159	225	41.5	24.7	3.1	4.8	51.3	33.2	13.4	12.1
Westlife Development Ltd	BUY	266	389	425	9.3	60.5	-0.8	0.3	-498.5	1139.0	132.6	80.0
Federal Mogul Goetze (India) Ltd	BUY	540	455	750	64.8	25.3	12.9	15.7	35.2	28.9	14.6	13.2
Dynamatic Technologies Ltd	BUY	2160	1870	3000	60.4	11.9	23.0	-9.3	48.0	-534.2	10.4	13.3
Hitech Corporation Ltd	BUY	175	157	230	46.7	2.7	6.9	3.5	22.7	44.8	8.8	9.6
NRB Bearings Ltd	BUY	138	172	200	16.4	16.6	5.2	5.5	32.9	31.2	18.1	17.4
Kokuyo Camlin Ltd	BUY	132	113	175	55.1	11.3	0.1	0.5	1192.0	215.6	55.8	41.0
Timken India Ltd	BUY	883	682	1200	76.0	46.4	14.3	15.1	47.7	45.0	29.3	25.5
Bigbloc Construction Ltd	BUY	120	164	200	21.7	2.3	2.2	2.7	76.0	60.0	24.7	21.4
Morganite Crucible (India) Ltd	BUY	1047	1440	1500	4.2	4.0	47.2	38.2	30.5	37.7	16.4	21.7
Vardhman Special Steels Ltd	BUY	151	138	225	63.3	4.9	10.3	6.4	14.6	23.4	13.2	12.6

\*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	600	95%
Engineers India Ltd	211	200	Bonus 1 : 1.	106	250	47%
Transformers and Rectifiers (India) Ltd	300	450	Stock Split from Rs.FV 10 to Rs.FV 1.	30	40	-4%
Gulshan Polyols Ltd	390	500	Stock Split from Rs.FV 5 to Rs.FV 1.	78	110	-12%
Nesco Ltd	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2.	479	640	18%
Castrol India Ltd	447	550	Bonus 1 : 1	223	275	-17%

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	BUY	171	333	600	80.2	16.6	20.4	14.3	16.8	23.9	9.1	12.2
Engineers India Ltd	BUY	106	154	250	62.3	52.9	4.8	5.0	32.5	31.4	32.3	35.0
Transformers and Rectifiers (India) Ltd	BUY	30	28.7	40	39.4	0.4	13.9	1.5	2.0	18.0	6.7	10.2
Gulshan Polyols Ltd	BUY	78	68.6	110	60.3	3.3	4.6	6.4	15.3	11.0	19.3	17.1
Nesco Ltd	BUY	479	564.05	640	13.5	8.3	120.2	137.5	4.9	4.3	19.3	16.1
Castrol India Ltd	BUY	223	184.5	275	49.1	97.0	13.6	14.1	14.4	13.9	8.7	8.2

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	(%)
Supreme Petrochem Ltd	77	312	120	150	200	275	350	500	-	305%
Shanthi Gears Ltd	107	133	150	200	-	-	-	-	-	25%
Hind Rectifiers Ltd	69	142	110	140	175	-	-	-	-	106%
KCP Limited	71	129	105	150	200	-	-	-	-	82%
Harita Seating System Ltd	266	1007	400	600	750	900	1150	-	-	279%
Hester Biosciences Ltd	565	1480	750	875	1150	1500	1750	2200	-	162%
The Hitech Gears Ltd	298	473	450	600	-	-	-	-	-	59%
Bharat Bijlee Ltd	787	1683	1100	1500	2000	-	-	-	-	114%
Triveni Turbines Ltd	92	104	135	175	-	-	-	-	-	13%
Siemens Ltd	1128	1024	1350	-	-	-	-	-	-	-9%
Hikal Ltd	143	248	200	250	325	-	-	-	-	74%
Aksh Optifibre Ltd	15	33	24	35	45	-	-	-	-	119%
GMM Pfaudler Ltd	332	793	500	700	800	1000	-	-	-	139%
Alicon Castalloy Ltd	288	664	450	600	750	-	-	-	-	131%
Premier Explosives Ltd	350	347	450	525	-	-	-	-	-	-1%
Gufic Biosciences Ltd	50	135	75	100	140	-	-	-	-	170%
Excel Industries Ltd	380	1111	550	650	800	1100	1400	-	-	192%
Vesuvius India Ltd	1165	1311	1500	-	-	-	-	-	-	12%
Munjal Showa Ltd	191	224	250	300	350	-	-	-	-	17%
Bharat Rasayan Ltd	2747	6497	3500	4250	5000	6500	-	-	-	137%
Alkyl Amines Chemicals Ltd	391	663	550	700	-	-	-	-	-	70%
Grauer and Weil (India) Ltd	45	61	65	80	100	-	-	-	-	35%
Texmaco Rails & Engineering Ltd	91	82	125	170	-	-	-	-	-	-9%
Nagarjuna Agrichem Ltd	29	40	45	60	75	-	-	-	-	37%
Simplex Infrastructures Ltd	540	603	700	-	-	-	-	-	-	12%
ITD Cementation India Ltd	158	159	225	-	-	-	-	-	-	1%
Westlife Development Ltd	266	389	350	425	-	-	-	-	-	46%
Federal Mogul Goetze (India) Ltd	540	455	750	-	-	-	-	-	-	-16%
Dynamatic Technologies Ltd	2160	1870	3000	-	-	-	-	-	-	-13%
Hitech Corporation Ltd	175	157	230	-	-	-	-	-	-	-10%
NRB Bearings Ltd	138	172	200	-	-	-	-	-	-	24%
Kokuyo Camlin Ltd	132	113	175	-	-	-	-	-	-	-15%
Timken India Ltd	883	682	1200	-	-	-	-	-	-	-23%
Bigbloc Construction Ltd	120	164	160	200	-	-	-	-	-	37%
Morganite Crucible (India) Ltd	1047	1540	1500	1750	-	-	-	-	-	47%
Vardhman Special Steels Ltd	151	138	225	-	-	-	-	-	-	-9%

\*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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Nesco Ltd	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2	479	640	18%	
Castrol India Ltd	447	550	Bonus 1 : 1	223	275	-17%	

Calls Closed							
Company	Reco	Reco at	Closed price	Company	Reco	Reco at	Closed price
		(Rs)	(Rs)			(Rs)	(Rs)
KEC International Ltd	BUY	140	240	Mukand Engineers Ltd	BUY	33	56
Rajoo Engineers Ltd	BUY	15	30	Camlin Fine Chemicals Ltd	BUY	111	87
Omkar Speciality Chemicals Ltd	BUY	162	90	West Coast Paper Mills Ltd	BUY	67	187
Navneet Education Ltd	BUY	96	159	GEE Limited	BUY	33	44.5
MM Forgings Limited	BUY	607	856	Sadhana Nitrochem Limited	BUY	67	128
Cupid Limited	BUY	286	351	Tamil Nadu Newsprint & Papers Ltd	BUY	224	421
Rallis India Limited	BUY	181	224				

\*Omkar: Spin off

*Decent numbers, good  
future outlook*

*Muted quarter for the  
company*

*Decent numbers, business  
outlook to be seen*

**Result Update:**

**Vardhman Special Steels Limited**

The net sales for the quarter came in at Rs2,314mn as compared to Rs1,731mn in the same quarter last year, growth of 33.7%. The Ebidta margins stood at 7.4% for the quarter under reference as compared to 8.3% in the same quarter last year. The net profit grew by 52.4% to Rs72mn as against Rs47mn in the comparative quarter last year. The EPS for the quarter is Rs2.2. For the full year, the net sales grew by 27.5% to Rs8,590mn as against Rs6,738mn in the last year. The net profit grew to Rs251mn as against Rs191mn in the comparative year. The EPS for the full year stood at Rs7.9.

**Outlook and Recommendations:**

The company has reported full year numbers in line with the projections with a slight fall on the Ebidta projections. Overall, the performance has been on the expected lines. We maintain our positive stance on the company with a target price of Rs225 over a 12 months horizon.

**Shanthi Gears Limited:**

The net sales were almost flat in the quarter under reference to Rs548mn as compared to Rs554mn in the same quarter last year. The Ebidta margins stood at 12.3%. The net profit grew by 56.2% to Rs96mn as against Rs62mn in the comparative quarter. For the full year, the net sales grew by 7.7% to Rs2,196mn as against Rs2,038mn last year. The net profit clocked a growth of 27.0% to Rs286mn as against Rs225mn. During the year the company improved its orderbook position significantly by booking orders for Rs2,370mn (against Rs2,130mn for the previous year), a growth of 11%. Pending orderbook as on March 2018 was Rs1,300mn as against Rs1,120mn 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 has reported muted numbers for the quarter and slightly lower than expected numbers to close the year as well. However, we maintain our conviction in the working of the company with the target price of Rs200 with a 12 months' horizon.

**Siemens Limited:**

The net sales for the quarter under review came in at Rs32,834mn as against Rs29,288mn, growth of 12.1%. The Ebidta margins stood at 9.8% for the quarter. The net profits grew by 18% at Rs2,197mn as against Rs1,862mn in the same quarter last year. The EPS for the quarter is Rs6.2. The new orders over the period of reference stood at Rs29,236mn. There was an increase in orders of 22% in its base business (orders of value less than Rs1,000mn) for the second quarter of FY18 and 21% for the 1HFY18 ended March 31, 2018. It has been indicated by the management although the base business is growing satisfactorily, there is no such pipeline of large mega projects yet for the company. It was further added that the government tendering of large projects in the Energy business (Generation, Transmission & Distribution) has slowed down, though there is private sector Capex beginning to expand. The focus of the company continues on Digitalization initiatives and on ensuring operational excellence both of which are reflected in our results. The board of directors of the Company has agreed in principle subject to terms and conditions to be determined to sell, i) Its Mobility Division and Rail Traction Drives business (included in Process Industries and Drives Division which provides products and services to Mobility Division) as also its wholly owned subsidiary Siemens Rail Automation Private Limited to Siemens AG, Germany ("SAG") or its subsidiary. ii) Its Mechanical Drives business (included in Process Industries and Drives Division) to SAG or its subsidiary

**Outlook and Recommendations:**

The company has reported decent set of numbers for the quarter under review. However, in view of the transfer of business declared, we do not find the comfort zone in the current scenario. We would like to tone down our target to Rs1350 over a 12 months perspective. We put the performance of the company on the watch radar in terms of transfer of business and future steps to shape up the existing business going forward.

*Good set of numbers*

**Alicon Castalloy Limited:**

The net sales for the quarter under review came in at Rs2,977mn as compared to Rs2,319mn, growth of 28.4%. The Ebitda margins improved to 12.2% from 11% in the same quarter last year. The net profit grew by 68.4% to Rs128mn from Rs76mn. For the full year, the net sales clocked growth of 31.1% while the net profit grew by 47.8%. The EPS for the quarter is Rs9.6 while for the full year it stands at Rs29.5. The Board of Directors has recommended a final Dividend of Rs4.25 per Equity share of Rs5/- each. The total dividend for the year is Rs6.25/- (125%).

**Outlook and Recommendations:**

The company has reported good set of numbers for the quarter under review. Also with respect to the full year numbers, the results are almost in line with the expectations. We continue with our Buy recommendation on the stock with a target price of Rs750 over a 12 months perspective.

**Castrol India Limited:**

The company continues to deliver strong performance which is consistent over the last two years. The net sales de-grew by 8.4% in the quarter under reference to Rs9,271mn as compared to Rs10,121mn in the same quarter last year. However due to better operational efficiencies, the company was capable to earn Ebitda margins at 29.6%. The company is sticking to its strategy of profitable volume growth and has been able to deliver a good set of numbers. The company continues on its efforts to acquire customers, further expand its reach and distribution channel. The net profit grew by 1.6% to Rs1,818mn as against Rs1,790mn in the comparative quarter.

**Outlook and Recommendations:**

Management is anticipating further volatility in the cost of goods due to the increase in crude oil prices accompanied by the depreciation of the Indian rupee. However at the same time, Castrol also intends to keep in line with their strategy for long term benefits, continue to invest in technology & brands, build strategic OEM partnerships, expand the distribution network and innovate marketing programmes. The company will continue to grow on profitable volumes growth. We maintain a BUY on the stock with a target price of Rs275 over a 12 months horizon.

*Strong Numbers, Cautious Views*

**ECONOMY:**

**RBI liberalizes ECB norms; more access to cheaper funds**

The Reserve Bank of India (RBI) liberalized External Commercial Borrowings (ECB) policy by including more sectors in the window. It has been decided to increase the ECB Liability to Equity Ratio for ECB raised from direct foreign equity holder under the automatic route to 7:1. This ratio will not be applicable if total of all ECBs raised by an entity is up to USD5mn or equivalent.

**Our comments:**

As part of condition for investment raised through ECBs should avoid putting that money in real estate or purchase of land except when used for affordable housing, construction and development of SEZ and industrial parks/integrated townships. Besides, it also restricts ECB fund to be invested in share market and equity investment. On-lending to entities for the above activities is also barred as per the law.

*Access to cheaper funds*

**India's Nikkei Manufacturing PMI expands to 51.6 in April 2018**

The Nikkei India Manufacturing Purchasing Managers' Index (PMI) rose from 51 to 51.6 in April. This was indicative of a faster improvement in the health of India's manufacturing economy than in the prior month but pointed to a modest upturn that was weaker than the series trend. A key factor contributing to the upward movement in the headline PMI index was a solid rise in output. Output growth was solid and picked-up from March's five-month low, but remained slightly below the average for the current nine-month period of expansion.

**Our comments:**

According to panellists, favourable demand conditions supported the latest upturn. Greater production in consumption and intermediate groups outweighed the decline in investment goods.

*Manufacturing PMI expands*

*Import duties removed on  
28 medicines*

*Orders for Kalpataru  
Power*

*SBI to go for debt  
restructuring*

*Schneider to buy L&T*

**INDUSTRY:**

**Good news for India's Pharma industry: China removes import duties on 28 medicines**

China has removed import duties on as many as 28 medicines, including all cancer drugs, from May 1, a move which would help India to export these pharmaceuticals to the neighbouring country. It is a good news for India's pharmaceutical industry and medicine export to China. This will help reduce trade imbalance between China and India in the future.

**Our comments:**

The development assumes significance as India has time and again asked for greater market access for its goods and services, including IT, pharmaceuticals and agriculture, in the Chinese market to reduce the widening trade deficit.

**COMPANY:**

**Kalpataru Power Transmission secures orders worth Rs1463cr**

Kalpataru Power Transmission has secured orders / notification of orders of Rs1463cr. Orders from PGCIL and SEBs for transmission line and GIS Substation for Rs672cr. Two orders for laying of pipeline & associated works totalling Rs581cr from IOCL and GAIL. Design, supply, erection, testing & commissioning for railway electrification, including OHE, TSS & associated works from RVNL for Rs210cr in a JV Consortium.

**Our comments:**

This would add to the order book of the company.

**State Bank of India plans recast of stressed power assets**

State Bank of India is preparing a major debt restructuring and takeover plan for stressed power assets, to improve valuations and attract new owners with incentives and a quick resolution process. It has called all power plant lenders in Mumbai for discussing a proposal that has a direct bearing on loans adding up to Rs1.77lakhcrore in 75,000 MW stressed capacity. It has also asked the power ministry to waive transmission penalties and grant early regulatory approvals to help new promoters. The bank proposes to get debt of the stressed assets rated by credit rating agencies. The plans will then be valued as per ratings at a sustainable debt portion. The fund will invite bidders with a base price. Otherwise, NIF will take over the projects and hand them to companies such as NTPC or private firms for operations on contract basis.

**Our comments:**

The proposal is at a very nascent stage. But if it is agreed upon, it will be beneficial to lenders as well as promoters. It will be less time consuming and the assets will get better valuation than if they go into liquidation.

**Schneider to buy L&T unit for Rs14,000cr**

Schneider Electric has entered into a definitive agreement with Larsen & Toubro to buy its electrical & automation business for an all-cash consideration of Rs14,000cr. Schneider Electric has formed a consortium with Singapore's state investment firm Temasek Holdings for the transaction. Under the proposed deal, both partners will make fresh investments in Schneider's wholly owned subsidiary, Schneider India, which in turn will buy out L&T Electrical & Automation.

**Our comments:**

After the transaction is completed, Schneider Electric will have a 65% stake in the company, while the remainder will be held by Temasek, Schneider Electric said in a statement. Temasek will invest Rs5,075cr cash as its share of the equity.

*Order for BHEL*

**BHEL bags Rs536cr order for hydro power project in Nepal**

BHEL has secured an order worth Rs536cr for executing 900 MW hydro power project in Nepal. Once completed, this will be the largest hydro power project in the Himalayan Republic. Valued at Rs536cr, the order envisages design, engineering, manufacturing, supply, erection and commissioning of Electro-Mechanical equipment involving supply of four Vertical Francis Turbines and Generator sets, each rated 225MW.

**Our comments:**

This would be an addition to the order book of the company.

*USFDA nod for Strides Shasun*

**Strides Shasun gets USFDA nod for generic of Amgen Inc's Sensipar tablets**

Strides Shasun said its wholly-owned subsidiary Strides Pharma Global Pte Ltd has received final approval for Cinacalcet Hydrochloride tablets, 30 mg (base), 60 mg (base), and 90 mg (base) from the USFDA. Cinacalcet Hydrochloride tablets are a generic version of Sensipar tablets of Amgen Inc. The product will be manufactured at the company's oral dosage facility at Puducherry and will be marketed by Strides Pharma Inc. in the US market.

**Our comments:**

Citing IQVIA data, US market for the approved product is approximately USD1.8bn.

*Observations for Biocon*

**Biocon gets USFDA and EMA observations at Bangalore facility**

Biocon said that the USFDA has completed a pre-approval inspection of its sterile drug product manufacturing facility in Bangalore and has issued a Form 483 with 7 observations. The observations are largely procedural in nature and are aimed at continuous improvement of the facility. The company has said that it will respond to the FDA with a corrective and preventive action plan in a timely manner. Biocon has further said that it has received the preliminary report from the European Regulator post inspection of its sterile drug product facility in Bangalore in March 2018. This report lists 6 major observations with no observation classified as critical. The company has said that it will submit a corrective and preventive action plan to the European inspection agency within the stipulated time period.

**Our comments:**

One needs to see the corrective action by the company.

*Tata Motors to sell defence aerospace*

**Tata Motors to sell defence, aerospace to Tata Advanced Systems**

Tata Motors announced the sale of its defence and aerospace business to group entity Tata Advanced Systems (TASL) in a bid to unlock value. The non-core defence business sale excludes vehicles made for civilian. Tata Motors will receive an upfront consideration of Rs100cr adjusted for capital expenditure incurred and changes in working capital in the intervening period until closure date. Also Tata Motors holding in TAL Aerospace Solutions will be sold to TASL at an enterprise value of Rs625cr.

**Our comments:**

TAL Aerospace Solutions is a non-core business to Tata Motors. As per the management, in the transition of the company to a full range combat vehicle player, it has realised that the current portfolio is small and needs scale to unlock its true potential.

*Bharti Airtel to sell 25% in Africa unit*

**Bharti Airtel may sell 25% in Africa unit to raise up to USD1.5bn**

Bharti Airtel plans to raise as much as USD1.5bn by diluting about a fourth of its stake when it lists the holding company for Africa operations, Bharti Airtel International (Netherlands) BV (BAIN BV), in early 2019. The money will help bolster the telco's efforts to stay competitive in the Indian market. Africa operations have started to make profits about seven years after the Indian telco entered the continent in 2010. About 25% stake will be diluted for roughly USD1bn to USD1.5bn.

**Our comments:**

Global listing for the holding company will help Airtel get better value for its Africa operations in contrast with India, where free voice and cheap data tariffs have eroded profits and driven down average revenue per user for most carriers. The fundraising will provide Airtel with "significant ammunition" to fight price wars in India.

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