

### DOMESTIC:

- Zydus Cadila launches generic erectile dysfunction drug in US
- Jyothy Lab looks to more than double turnover to Rs4kcr by 2021
- Adani Transmission to buy KEC's transmission firm for Rs227cr
- Aurobindo recalls hypertensive drug in US citing cancer risk
- Lupin recalls 6,752 bottles of Testosterone topical solution from US
- Strides Pharma Science announced successful completion of USFDA inspection of facility at Bangalore with Zero 483 observations
- Adani Transmission to buy KEC's transmission firm for Rs227cr
- DHFL buys back CPs worth Rs1,775cr
- Tata Steel aims 30mn tonne India capacity by 2025
- Sterlite Tech bags MahaNet project, partners with Jio
- Tata Motors, Gulf Oil to launch a co-branded lubricant range
- Competition Commission approves Alstom-Siemens deal
- Wipro partners with Check Point for cyber security solutions
- SBI puts up 11 NPA accounts for sale to recover Rs1,019cr dues
- Glenmark to launch phase-1 trial in solid tumors for anti-myeloma drug
- Airtel under Moody's lens for ratings downgrade
- Strides enters into a strategic partnership with SUDA Pharmaceuticals for the US market
- GAIL contracts Rs1,100cr worth pipes for Barauni-Guwahati gas pipeline
- Mphasis acquires Stelligent for USD25mn
- Welspun Enterprises bags Rs1,460cr road project in Maharashtra
- RPP Infra Projects bags order worth Rs52.7cr
- Government fully divests of Dredging Corporation of India
- Solara Active gets EIR from USFDA for Mangalore facility
- BSNL launches alternate digital KYC process for new connections
- Cloud of repeat observations hangs over Dr. Reddy's Duvvada plant
- JSW Steel crude steel output grows 8% to 14.4lakh tonne in Oct

### ECONOMY:

- Demonetization: Currency's share in money supply back to square one
- India's economic growth to slow to 7.3% in 2019: Moody's
- Fed leaves rates unchanged, says U.S. economy strong

### INDUSTRY:

- 4 public sector banks may come out of PCA shackles
- Passenger vehicle sales up 1.55% in October after three months of decline
- Centre to infuse Rs3,054cr in Allahabad Bank
- India oil demand to recover in 2019: Fitch Solutions
- Sugar exports from India to China to begin soon: Government

### Price Performance (%)

Company	1M	3M	12M
Supreme Petrochem Ltd	-9.7%	-20.4%	-38.3%
Shanthi Gears Ltd	6.2%	-11.2%	-12.5%
Hind Rectifiers Ltd	12.1%	-3.4%	8.5%
KCP Ltd	20.2%	-3.3%	-16.4%
Harita Seating System Ltd	12.2%	-22.4%	-37.0%
Hester Biosciences Ltd	9.1%	-10.9%	0.2%
The Hi-Tech Gears Ltd	1.1%	-12.3%	-5.2%
Bharat Bijlee Ltd	21.7%	9.3%	33.8%
Triveni Turbines Ltd	6.6%	-10.2%	-16.3%
Siemens Ltd	6.7%	-5.3%	-22.0%
Aksh Optifibre Ltd	18.4%	-14.6%	-19.9%
GMM Pfaudler Ltd	16.9%	9.6%	89.9%
Alicon Castalloy Ltd	7.6%	4.8%	8.3%
Gufic Biosciences Ltd	4.5%	-12.8%	19.3%
Excel Industries Ltd	21.0%	-5.6%	204.1%
Vesuvius India Ltd	3.4%	-10.0%	-15.3%
Munjali Showa Ltd	5.2%	-15.5%	-34.2%
Bharat Rasayan Ltd	3.5%	-30.3%	98.8%
Alkyl Amines Chemicals Ltd	41.5%	19.0%	36.2%
Grauer and Weil (India) Ltd	17.6%	10.5%	-8.3%
Texmaco Rails & Engineering Ltd	19.4%	-9.1%	-40.9%
Nagarjuna Agrichem Ltd	7.5%	-26.5%	-38.5%
Simplex Infrastructures Ltd	14.2%	-47.3%	-54.7%
ITD Cementation India Ltd	2.3%	-18.5%	-43.5%
Westlife Development Ltd	11.0%	-12.7%	17.4%
Federal Mogul Goetze (India) Ltd	3.2%	-6.5%	-14.7%
Dynamatic Technologies Ltd	7.7%	-10.0%	-25.6%
Hitech Corporation Ltd	-43.6%	-34.2%	-50.7%
NRB Bearings Ltd	13.0%	-4.0%	21.4%
Kokuyo Camlin Ltd	9.2%	-8.2%	12.0%
Timken India Ltd	-4.7%	-26.5%	-33.6%
Morganite Crucible (India) Ltd	0.6%	13.7%	80.3%
Vardhman Special Steels Ltd	6.6%	-20.4%	-41.4%
Zen Technologies Ltd	16.7%	-23.9%	-17.7%
KSB Ltd	10.8%	-2.2%	-11.8%
Thermax Ltd	18.9%	-4.5%	5.8%
Transpek Industry Ltd	11.7%	0.7%	38.9%
BASF India Ltd	-0.3%	-20.9%	-4.7%
Artson Engineering Ltd	5.9%	-13.2%	-27.8%
Indian Hume Pipe Co. Ltd	17.9%	3.3%	25.3%
Engineers India Ltd	19.8%	-4.1%	28.2%
TRIL	7.7%	-28.5%	417.6%
Gulshan Polyols Ltd	18.2%	-2.5%	255.6%
Nesco Ltd	10.1%	-9.8%	348.8%
Castrol India Ltd	8.7%	90.9%	-24.4%
Hikal Ltd	3.1%	10.1%	-6.0%

### The week that went by:

Following the global cues, the Indian markets also opened the week on a negative note, the Index being dragged by Energy and Banking Stocks. On the day of weekly expiry, Indian bourses had commenced on a strong note followed by an impact of the festive season wherein IT, Auto, Banks and Consumption sectors traded on a positive note. On the last day of the truncated week, the markets opened in the positive.

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	221	500	126.0	21.3	18.6	14.9	12.1	15.0	6.9	8.7
Shanthi Gears Ltd	BUY	107	118	200	69.3	9.6	2.8	3.1	44.1	39.4	27.8	24.5
Hind Rectifiers Ltd	BUY	69	122	175	44.0	1.8	-1.1	0.3	-118.9	368.0	47.3	33.3
KCP Limited	BUY	71	100	200	100.7	12.8	2.8	6.3	35.4	15.6	10.9	9.3
Harita Seating System Ltd	BUY	266	583	1150	97.3	4.5	32.4	34.5	18.2	17.2	16.8	14.0
Hester Biosciences Ltd	BUY	565	1154	1750	51.6	9.8	29.2	34.2	39.2	38.6	24.4	20.7
The Hitech Gears Ltd	BUY	298	375	600	60.0	7.0	10.9	16.5	34.4	23.1	15.1	12.5
Bharat Bijlee Ltd	BUY	787	1301	2000	53.8	7.4	34.7	41.4	37.5	31.4	49.3	25.0
Triveni Turbines Ltd	BUY	92	113	150	32.7	0.4	3.5	2.4	32.0	46.2	22.7	27.9
Siemens Ltd	BUY	1128	949	1350	42.2	337.9	9.1	10.0	105.6	96.2	72.1	63.8
Aksh Optifibre Ltd	BUY	15	28	45	62.5	4.5	13.9	1.5	1.1	9.6	4.5	6.7
GMM Pfäudler Ltd	BUY	332	1130	1300	15.0	16.5	19.3	20.8	55.8	51.9	38.3	35.1
Alicon Castalloy Ltd	BUY	288	635	1000	57.5	7.8	21.4	24.1	29.9	26.4	11.4	9.1
Gufic Biosciences Ltd	BUY	50	105	175	67.4	8.1	1.6	2.1	60.9	45.7	29.0	21.7
Excel Industries Ltd	BUY	380	1563	2200	40.8	20.2	9.8	39.7	161.8	39.8	48.9	23.1
Vesuvius India Ltd	BUY	1165	1130	1500	32.7	22.6	49.0	62.7	22.7	17.8	12.2	9.8
Munjal Showa Ltd	BUY	191	185	300	62.2	7.4	14.2	14.6	13.6	13.2	8.1	7.8
Bharat Rasayan Ltd	BUY	2747	5600	9000	60.7	23.5	128.9	189.3	44.5	30.3	23.1	16.7
Alkyl Amines Chemicals Ltd	BUY	391	783	850	8.6	16.0	24.3	27.0	28.0	25.2	16.2	16.3
Grauer and Weil (India) Ltd	BUY	45	57	100	76.2	12.9	2.3	2.3	23.7	22.9	13.3	13.0
Texmaco Rails & Engineering Ltd	BUY	91	67	150	124.7	20.2	1.5	2.7	40.5	23.1	28.6	17.7
Nagarjuna Agrichem Ltd	BUY	29	28	75	167.9	4.4	1.6	0.9	17.3	32.3	10.3	9.5
Simplex Infrastructures Ltd	BUY	540	232	700	201.7	20.2	24.3	29.6	9.6	7.9	6.4	5.8
ITD Cementation India Ltd	BUY	158	115	225	95.7	17.8	3.1	4.8	36.9	23.9	9.9	9.0
Westlife Development Ltd	BUY	266	334	425	27.2	52.0	-0.8	0.3	-410.9	938.8	110.0	66.4
Federal Mogul Goetze (India) Ltd	BUY	540	419	750	79.0	23.3	12.9	15.7	32.0	26.3	13.3	12.1
Dynamatic Technologies Ltd	BUY	2160	1530	3000	96.1	9.7	23.0	-9.3	36.9	-411.4	8.8	11.2
Hitech Corporation Ltd	BUY	175	89	230	159.7	1.5	6.9	3.5	13.0	25.7	5.5	6.7
NRB Bearings Ltd	BUY	138	175	200	14.2	17.0	5.2	5.5	31.8	30.1	17.6	16.9
Kokuyo Camlin Ltd	BUY	132	114	175	53.5	11.4	0.1	0.5	1140.7	206.3	53.6	39.4
Timken India Ltd	BUY	883	527	1200	127.8	35.8	14.3	15.1	36.8	34.8	22.6	19.7
Morganite Crucible (India) Ltd	BUY	1047	1805	2300	27.4	5.1	47.2	38.2	38.0	46.8	20.8	27.2
Vardhman Special Steels Ltd	BUY	151	106	225	113.1	3.8	10.3	6.4	10.7	17.1	10.7	10.3
Zen Technologies Ltd	BUY	115	67	170	154.7	5.2	0.9	0.2	74.5	324.8	44.7	122.5
KSB Ltd	BUY	820	764	1100	43.9	26.6	19.5	18.8	39.6	41.0	24.9	20.6
Thermax Ltd	BUY	1019	1058	1230	16	126.1	23.3	22.1	44.3	46.8	32.9	33.1
Transpek Industry Ltd	BUY	1547	1486	2000	34.6	8.3	53.7	47.3	28.8	32.7	17.7	19.9
BASF India Ltd	BUY	1954	1615	2500	54.8	69.9	-7.2	20.3	-271.7	96.2	36.4	27.4
Artson Engineering Ltd	BUY	64	54	95	75.9	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	74%
Engineers India Ltd	211	200	Bonus 1 : 1.	105	250	16%
Transformers and Rectifiers (India) Ltd	300	450	Stock Split from Rs.FV 10 to Rs.FV 1.	30	40	-46%
Gulshan Polyols Ltd	390	500	Stock Split from Rs.FV 5 to Rs.FV 1.	78	110	-25%
Nesco Ltd	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2.	479	640	-3%
Castrol India Ltd	447	550	Bonus 1 : 1	223	200	-33%
Hikal Ltd	143	325	Bonus 1 : 2	95	216	61%

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	298	500	68.1	14.4	20.4	14.3	13.9	19.7	7.7	10.3
Engineers India Ltd	211	105	122	250	104.5	41.2	4.8	5.0	24.8	23.9	24.5	26.5
Transformers and Rectifiers (India) Ltd	300	30	16	40	147.7	0.2	13.9	1.5	1.1	9.6	4.5	6.7
Gulshan Polyols Ltd	390	78	59	110	88.0	2.7	4.6	6.4	12.7	9.1	16.4	14.5
Nesco Ltd	2397	479	462	640	38.4	6.5	120.2	137.5	3.7	3.2	14.5	12.1
Castrol India Ltd	447	223	149	200	33.9	73.9	13.6	14.1	10.7	10.4	6.3	5.9
Hikal Ltd	143	95	154	216	40.6	12.6	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	221	120	150	200	275	350	500	-	187%
Shanthi Gears Ltd	107	118	150	200	-	-	-	-	-	10%
Hind Rectifiers Ltd	69	122	110	140	175	-	-	-	-	76%
KCP Limited	71	100	105	150	200	-	-	-	-	40%
Harita Seating System Ltd	266	583	400	600	750	900	1150	-	-	119%
Hester Biosciences Ltd	565	1154	750	875	1150	1500	2200	1750	-	104%
The Hitech Gears Ltd	298	375	450	600	-	-	-	-	-	26%
Bharat Bijlee Ltd	787	1301	1100	1500	2000	-	-	-	-	65%
Triveni Turbines Ltd	92	113	135	150	-	-	-	-	-	23%
Siemens Ltd	1128	949	1350	-	-	-	-	-	-	-16%
Aksh Optifibre Ltd	15	28	24	35	45	-	-	-	-	85%
GMM Pfäudler Ltd	332	1130	500	700	800	1000	1300	-	-	240%
Alicon Castalloy Ltd	288	635	450	600	750	1000	-	-	-	120%
Gufic Biosciences Ltd	50	105	75	100	140	175	-	-	-	109%
Excel Industries Ltd	380	1563	550	650	800	1100	1400	1800	2200	311%
Vesuvius India Ltd	1165	1130	1500	-	-	-	-	-	-	-3%
Munjal Showa Ltd	191	185	250	300	350	300	-	-	-	-3%
Bharat Rasayan Ltd	2747	5600	3500	4250	5000	6500	9000	-	-	104%
Alkyl Amines Chemicals Ltd	391	783	550	700	850	-	-	-	-	100%
Grauer and Weil (India) Ltd	45	57	65	80	100	-	-	-	-	26%
Texmaco Rails & Engineering Ltd	91	67	125	150	-	-	-	-	-	-27%
Nagarjuna Agrichem Ltd	29	28	45	60	75	-	-	-	-	-3%
Simplex Infrastructures Ltd	540	232	700	-	-	-	-	-	-	-57%
ITD Cementation India Ltd	158	115	225	-	-	-	-	-	-	-27%
Westlife Development Ltd	266	334	350	425	-	-	-	-	-	26%
Federal Mogul Goetze (India) Ltd	540	419	750	-	-	-	-	-	-	-22%
Dynamatic Technologies Ltd	2160	1530	3000	-	-	-	-	-	-	-29%
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Kokuyo Camlin Ltd	132	114	175	-	-	-	-	-	-	-14%
Timken India Ltd	883	527	1200	-	-	-	-	-	-	-40%
Morganite Crucible (India) Ltd	1047	1805	1500	1750	2300	-	-	-	-	72%
Vardhman Special Steels Ltd	151	106	225	-	-	-	-	-	-	-30%
Zen Technologies Ltd	115	67	170	-	-	-	-	-	-	-42%
KSB Ltd	820	764	1100	-	-	-	-	-	-	-7%
Thermax Ltd	1019	1058	1230	-	-	-	-	-	-	4%
Transpek Industry Ltd	1547	1486	2000	-	-	-	-	-	-	-4%
BASF India Ltd	1954	1615	2500	-	-	-	-	-	-	-17.3%
Artson Engineering Ltd	64	54	95	-	-	-	-	-	-	-16%

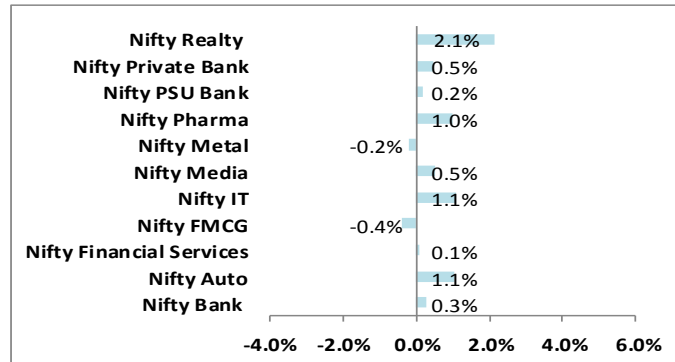
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Coverage Performance Sheet										
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Gulshan Polyols Ltd	390	59	110	-	-	-	-	-	-	-25%
Nesco Ltd	2397	462	640	-	-	-	-	-	-	-3%
Castrol India Ltd	223	149	275	250	200	-	-	-	-	-33%
Hikal Ltd	143	154	200	250	325	216	-	-	-	61%

Please Turn Over

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



*Target Revision: Castrol*

*Improvement in Operational Efficiency*

*Robust Set Of Numbers*

*Impact On Margins*

**Coverage News:**

**Castrol India Ltd: Target Revision**

After the recent quarterly results, we have downsized the target price to Rs200 (Ex-bonus) from the earlier target of Rs250.

**Result Update:**

**Alicon Castalloy Limited:**

The net sales for the quarter under review came in at Rs3,057mn as compared to Rs2,618mn, growth of 16.7%. Ebitda margins improved to 12.1% from 9.4% in the same quarter last year. The net profit grew by 44% to Rs138mn from Rs96mn in the comparative quarter. EPS for the quarter stood at Rs10.3.

**Outlook and recommendations:**

There has been an uptick in the margins of the company for the quarter under review, which indicates better operational efficiencies by the company. One must keep in mind, there has been slightly sluggish sales as far as the festive season sales for 2W and 4W vehicles is concerned; indicating the upcoming quarter with slightly slower topline growth. However, in the long run, the conviction provided by the consistent trajectory growth of the company provides us a cushion to maintain our stand and recommend a BUY on the stock with a (third revised target) price of Rs1000 with a 12 month's perspective.

**Alkyl Amines Chemicals Ltd:**

The net sales for the quarter under reference grew by 57.9% to Rs2,181mn as compared to Rs1,381mn in the same quarter last year. The Ebitda margins improved to 22.6% from 17.9% in the comparative quarter. The net profits doubled to Rs264mn from Rs134mn in the same quarter last year. The EPS for the quarter stood at Rs13.

**Outlook and recommendations:**

The company has reported robust numbers for the quarter with a strong topline and bottomline performance coupled with operational efficiency. We believe that the performance should continue into the H2FY19 as well with the robust demand for the products offered by the company. We continue with our Buy recommendation on the stock with a target price of Rs850 over a 12 months perspective.

**Vardhman Special Steels Ltd:**

The net sales clocked growth of 42.7% at Rs2,955mn as against Rs2,071mn in the same quarter last year. The Ebitda margins stood at 5.2% down by 180bps mainly led by increase in raw material cost. The net profit was up by 21.3% at Rs71mn as compared to Rs58mn in the same quarter last year. The EPS for the quarter stands at Rs1.98.

**Outlook and recommendations:**

The company has reported tepid results for the quarter majorly with the margins impacted by increase in raw material costs. However, the company expects that the H2 performance should be back on track and the chalked targets should be achieved. We maintain Buy on the stock with a target price of Rs225 over a 12 months horizon.

*Good Set Of Numbers*

*On Growth Track*

*Muted Set Of Numbers*

*More Or Less Flat*

**Result Update:**

**Texmaco Rail & Engineering Ltd:**

The net sales for the quarter under review came in at Rs3,260mn as compared to Rs1,920mn in the same quarter last year, growth of 69.8%. The Ebitda margins stood strong at 7.9% for the quarter as against 0.1% in the same quarter last year. The net profit came into the profit zone with Rs129mn as against a loss of Rs83mn in Sept 2017. The EPS for the quarter is Rs0.6. On the segmental front, each of the business segment of the company has performed well with the Heavy Engg. segment clocking growth of 98%, Steel foundry grew by 142% and the Rail EPC grew by 44% for the quarter on comparison.

**Outlook and recommendations:**

The company has reported good set of numbers in the quarter under reference. There is a gradual pick up seen across the different business segments of the company. Also the mergers of different subsidiaries should strengthen the performance of the company further. We continue with our positive stance on the company and maintain our Buy recommendation on the stock with a target price of Rs150 over a 12 months perspective.

**Indian Hume Pipe Co Ltd:**

The net sales for the quarter under review came in at Rs4,162mn as compared to Rs2,142mn, growth of 94.3%. Ebitda margins improved to 12.6% from 11.7% in the same quarter last year. The net profit grew by 257.7% to Rs298mn from Rs83mn in the comparative quarter. EPS for the quarter stood at Rs6.2. The estimated balance value of the work as at 31st October, 2018 is Rs3,736.93cr as against Rs3,412.52cr as at 30th November, 2017.

**Outlook and recommendations:**

The company has reported stellar numbers for the quarter under reference. All the triggers are intact and the company is well on track on its growth trajectory. We continue with our Buy recommendation on the stock with a target price of Rs500 over a 12 months perspective.

**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 depreciation of the rupee. As a result of which the year ending too will be more or less flat when compared to the previous year. Castrol India aims to stick to its strategy, key partnership, new launches, profitable volumes growth etc. The company will revive only with stable crude oil and base oil prices. To put the records straight shareholders have also enjoyed 1:1 bonus. Considering the recent headwinds, we downsize the target price to Rs200 ex-bonus over a horizon of 12 months.

**Munjal Showa Ltd:**

The net sales for the quarter under review came in at Rs4,656mn as compared to Rs4,153mn, growth of 12.1%. Ebitda margins have taken a hit due to increasing basic raw material. EBITDA margins for the quarter ending September 2018 came in at 6.4% as compared to Rs7.5% in the corresponding quarter last year. The net profit degrew by 5.1% to Rs190mn from Rs201mn in the same period last year. EPS for the quarter stood at Rs4.8.

**Outlook and recommendations:**

The company has reported more or less flat numbers. Margins have taken a hit due to increased cost of raw materials which is a phenomenon seen across the industry, so one can overlook the same for the quarter under review. The company continues to grow slowly but consistently, thus one may not be worried about the investments in this counter and thus we maintain our target of Rs300 with a horizon of 12 months.

*Good Set Of Numbers*

*Growth Momentum  
Continues*

*Good Set Of Numbers*

*Impact On Margins*

*Subdued Results*

**Result Update:**

**ITD Cementation Ltd:**

The net sales for the quarter under review came in at Rs6,204mn as compared to Rs4,730mn, growth of 31.2%. EBITDA margins came in at 12.6% as compared to 13.2% in the same quarter last year. The net profit grew by 41% to Rs274mn from Rs193mn. EPS for the quarter ending September 2018 stood at Rs1.6.

**Outlook and recommendations:**

The company has reported good set of numbers for the quarter under review. Also with respect to the 9MCY18 the performance has been on track except for the slight dip in operating margins. We continue to maintain our target price of Rs225 with a perspective of 12 months.

**Excel Industries Ltd:**

The net sales for the quarter clocked growth of 59.4% to Rs2,073mn as compared to Rs1,300mn. The EBITDA margins came in robust at 34.5% as compared to 16.7% in the previous quarter last year. The net profits grew by 288% to Rs433mn as against Rs112mn in the comparative quarter. The EPS for the quarter is Rs34.4.

**Outlook and recommendations:**

The company has shown immense growth in the turnover, which is attributed due to issues related to the Chinese chemical market. The increased turnover, also allows the company to reduce its debt burden and it is evident from the reducing cost of borrowed money. The last two quarters have laid a foundation of very strong year ahead; however, one must not get carried away by the performance of the company. The turnover and the net profit of the company is bound to increase for the current year and thus we maintain our seventh revised target of Rs2200 with a horizon of 12 months.

**NRB Bearings Ltd:**

The net sales for the quarter under review came in at Rs2,510mn as compared to Rs2,082mn, growth of 20.6%. Despite the increase in increased cost of basic raw material i.e. steel, EBITDA margins are more or less the same at 18.4% when compared to the corresponding quarter last year. The net profit grew by 37.3% to Rs291mn from Rs212mn. EPS for the quarter stood at Rs3.

**Outlook and recommendations:**

The company has reported good growth in the numbers for September 2018. There has been improvement in the turnover which has helped overcome the dullness in the numbers to be reported which otherwise would have been a dampener due to increased cost of raw materials. We continue to be bullish on the company and maintain a BUY on the stock with target price of Rs200 over a 12 months horizon.

**Timken India Ltd:**

The company has reported net sales of Rs4,138mn as compared to Rs3,102mn in the same quarter last year, growth of 33.4%. The Ebitda margins stood at 17% for the quarter. The net profits dropped by 7.2% to Rs346mn as compared to Rs373mn in the comparative quarter. This was mainly due to the drop in the operating margins coupled with the increase in the depreciation for the quarter. The EPS is Rs4.6.

**Outlook and recommendations:**

The company has reported tepid results for the quarter. However, we feel that the company should pick up in the H2FY19. We continue with our Buy recommendation on the stock with a target price of Rs1200 over a 12 months perspective.

**Federal Mogul Goetze India Ltd:**

The net sales for the quarter came in at Rs3,431mn as compared to Rs3,294mn, growth of 4.2%. The Ebitda margins stood at 12.8% as compared to 15.1% in the same quarter last year. The net profits dropped by 7.8% for the quarter at Rs210mn compared to Rs228mn in Sept 2017. The EPS for the quarter is Rs3.8. The company has updated on the Open Offer by Tenneco Inc. for the acquisition of 25% stake to acquire over 1.39crore shares, initially at Rs400 per share which was then revised to Rs420.

**Outlook and recommendations:**

The company has reported subdued results for the quarter under reference. However, the company should do reasonably decent in H2FY19 and get on track for the projected numbers. We continue with our Buy recommendation on the stock with a target price of Rs750 over a 12 months perspective.

*Demonetization Impact*

**ECONOMY:**

**Demonetization: Currency's share in money supply back to square one**

One of the major motto of demonetization was to bring down the use of currency (used as black money) in the financial system. At the end of October 2016, just before demonetization, currency with the public was 13.77% of M3, a broad measure of money supply (includes M2 plus longer term time deposits and money market funds more than 24hour maturity) in the economy. This move led to a sharp decline in the surrendering of old denomination currency notes with the public plummeted to a mere 6.55% of M3 by December 2016.

**Our comments:**

2years post demonetization move, as of 12<sup>th</sup> October, 2018, the currency with the public/M3 metric stood at 12.99% which was around 12.85% in October 2014. In a nutshell, demonetization has failed to stem the usage of currency in the financial system.

*Slow Economic Growth*

**India's economic growth to slow to 7.3% in 2019: Moody's**

India's economic growth is expected to slow down to 7.3% in 2019 and 2020, as per Moody's, which has given a warning of a credit squeeze for non-banking financial entities. Higher oil prices along with rupee depreciation and monetary tightening are the factors to dampen the domestic demand. The economy is at a credit squeeze risk for non-banking financial entities followed by the IL&FS default crisis.

**Our comments:**

On a collective front, Moody's estimates that the real GDP growth in G-20 emerging market countries will decline to 5% in 2018 from 5.3% in 2017.

*Revival In Sales*

**INDUSTRY:**

**Passenger vehicle sales up 1.55% in October after three months of decline**

After three consecutive months of decline, the passenger vehicle sales grew in low single digits by 1.55% to 284224 units in October on account of high fuel prices, interest rates and insurance costs borne by the customers. Vehicle sales across categories increased to 15.33% to 2494426 units.

**Our comments:**

Commercial vehicles segment fared better with improved industrial activity thereby supporting its sales, which rose 24.82% to 87147 units last month. Two-wheeler sales recorded a good growth of 17.23% to 2053497 units.

*Out Of The PCA Clutch*

**4 public sector banks may come out of PCA shackles**

The government expects four public sector banks (PSBs) to graduate from the Reserve Bank's Prompt Corrective Action (PCA) framework based on their improved financial performance. Banks under PCA must cut risk assets, curtail credits to unrated borrowers, sell assets and come up with a recovery plan, whereas, RBI would monitor the banks on capital, asset quality and profitability grounds in order to prevent an increase in bad loans.

**Our comments:**

The banks expected to exit PCA include Bank of India, Bank of Maharashtra and Corporation Bank. A total of 11 state-run lenders are under the framework. The turnaround should happen by the end of the third quarter.

*Adani's Acquisition*

**COMPANY:**

**Adani Transmission to buy KEC's transmission firm for Rs227cr**

Adani Transmission has signed an agreement to buy entire stake in KEC International's Rajasthan-based power transmission arm at an enterprise value of Rs227.5cr. KEC Bikaner Sikar Transmission Private Limited (KBSTPL) project comprises 400 KV D/C Bikaner-Sikar Line of 344 circuit kilometer. Adani Transmission said the cost of acquisition of KBSTPL shares is at an enterprise value of Rs227.5cr, subject to customary adjustments at closing.

**Our comments:**

The acquisition will enhance cumulative network of the company to around 12,923 circuit (ckt) kms, out of which approximate 10,357 ckt kms are under operation and 2,566 ckt kms under various stages of construction.

*DHFL's Buyback Of CPs*

**COMPANY:**

**DHFL buys back CPs worth Rs1,775cr**

The NBFC-DHFL has repaid its Commercial Papers (CPs) worth Rs9,465cr since September 21, inclusive of a buyback of CPs to the tune of Rs3,240cr. DHFL has either repaid or offered to buyback all the CPs maturing till 15<sup>th</sup> November. With this, the outstanding CPs as on 30<sup>th</sup> November will be 1% of the total borrowing worth Rs1,125cr.

**Our comments:**

The NBFC has taken strong measures to rebalance its loan growth profile, maintain a sufficient liquidity position and thereby strengthen its core balance sheet. It is further in the process of raising more such resources to increase the liquidity level in order to ensure that the company remains well-equipped to meet all its financial obligations.

*Tata Steel's Capacity Expansion*

**Tata Steel aims 30mn tonne India capacity by 2025**

Tata Steel is of the view of having an installed capacity of around 30mn tonne per annum by 2025 in India from the current 18.5mn tonne. The planned 30mn tonne capacity was based on the project capacity of the Kalinganagar plant to 8mn tonne after its second phase of expansion, the Jamshedpur plant (13.5mn tonne) and the two recently acquired steel companies.

**Our comments:**

On a recent acquisition with Bhushan Steel and Usha Martin, these plants have a combined rated capacity of 7mn tonne per annum and the company expects a capex evaluation of around Rs500-1,000cr for the Bhushan Steel plant.

*Sterlite Tech Bags Order*

**Sterlite Tech bags MahaNet project, partners with Jio**

Sterlite Technologies Ltd. has won a Rs1,512cr deal to set up a broadband network to connect over 4,000 villages in eight districts of Maharashtra. Separately, the Vedanta Group company said it is working on a prototype for last-mile connectivity using its newly unveiled fibre (FTTx) with Reliance Jio Infocomm, which is betting big on home broadband. Sterlite Tech has tied up with Jio for undertaking a proof of concept (PoC) for its last-mile connectivity platform.

**Our comments:**

The company sees opportunities in the government's push for the telecom industry to deploy a million Wi-Fi hotspots by the end of 2019.

*Glenmark's Launch*

**Glenmark to launch phase 1 trial in solid tumors for anti-myeloma drug**

The company intends to file an Investigational New Drug (IND) application for GBR 1342 in solid tumors and initiate a clinical trial in 2019. This decision to launch the clinical trial is driven by recent findings derived from a non-interventional human study. An ongoing first-in-human, open-label, phase 1 trial of GBR 1342 in multiple myeloma, is assessing the safety and tolerability of increasing doses of GBR 1342, and will also evaluate biomarkers, immunogenicity, and additional measures of disease activity.

**Our comments:**

GBR 1342 is one of three investigational immune-oncology agents based on Glenmark's proprietary BEAT (Bispecific Engagement by Antibodies based on the T cell receptor) platform.

*Airtel's Ratings Downgrade*

**Airtel under Moody's lens for ratings downgrade**

Bharti Airtel Ltd's credit ratings was placed under the review for a possible downgrade by Moody's Investor Services on account of high debt levels and weak cash flow generation. The Investor Cell has placed on review to downgrade the Baa3 issuer and senior unsecured rating of the company and the ratings on the backed senior unsecured notes issued by Bharti's wholly-owned subsidiary, Bharti Airtel International (Netherlands) BV.

**Our comments:**

The decision to downgrade is primarily on account of low levels of profitability, particularly from its core Indian mobile operations, cash flow generation of the company which is expected to remain weak and leverage to be on elevated levels.



*Strides-SUDA Pharma  
Partnership*

*Mphasis- Stelligent  
Acquisition*

*Welspun Bags Order*

**COMPANY:**

**Strides enters into a strategic partnership with SUDA Pharmaceuticals for the US market**

Strides Pharma Science Limited (Strides) announced that its step-down wholly owned subsidiary, Strides Pharma Global Pte Limited, Singapore has entered into an exclusive product development, licensing and supply agreement with SUDA Pharmaceuticals Ltd for its novel drug SUD-001H, an oral spray of Sumatriptan to treat migraine headache in adults for the US market.

**Our comments:**

Execution of Strides' generic product pipeline for the US is nearing completion and is expected to have 150+ ANDA filings by 2021. The company is now focusing on developing a portfolio of complex and specialty products including products filed under the 505B (2) regulatory pathway.

**Mphasis acquires Stelligent for USD25mn**

Mphasis has acquired Stelligent System LLC for pure cash deal valued at USD25mn (about Rs175cr). The acquisition transaction will provide Mphasis capabilities, experience and certified AWS DevOps engineers as well as participation in various AWS programme. DevOps refers to a methodology that combines software development with IT operations.

**Our comments:**

The acquisition is expected to provide access to strategic proposition in Cloud DevOps and DevSecOps within AWS ecosystem.

**Welspun Enterprises bags Rs1,460cr road project in Maharashtra**

The company bagged an order worth Rs1,460cr for a road project from PWD in Maharashtra. It received the letter of award from PWD, Government of Maharashtra, for upgradation of roads/two-laning of roads with paved shoulder under Maharashtra Road Improvement Programme (MRIP) Package on Hybrid Annuity Mode (HAM) in Amravati. The length of the project is 352.15km across 9 sub-packages.

**Our comments:**

The company would receive 60% of the project cost from PWD during the construction phase in five equal instalments, to be repaid upon achievement of physical progress milestones and the balance 40% would be serviced through semi-annual annuity payments over 10 years.

## WEEKLY REPORT

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