

**DOMESTIC:**

- Lupin recalls over 12,000 cartons of birth control tablets from US market
- Ashok Leyland eyeing CIS countries, Africa for setting up assembly plants
- Zydus Cadila has received the tentative approval from the USFDA to market Lacosamide Tablets
- TVS Motors launched four new products in Bangladesh
- Indiabulls Housing eyes a banking licence via merger with Lakshmi Vilas Bank
- Wockhardt plans to demerge its India formulations business
- Three launches help M&M retain third spot in passenger vehicle sales
- Bain, Piramal-led fund offers Panacea a Rs992cr bail-out deal
- Singapore govt. sells 6.8cr shares of DLF for Rs1,298cr
- Praj Industries signed a construction license agreement with Gevo Inc, USA
- Ashok Leyland's promoter pledged 1.33% stake in the company
- Tatas complete takeover of Usha Martin's steel business
- Mahindra CIE completed the acquisition of Aurangabad Electricals
- L&T Finance raises Rs3,238cr through bonds
- TCS partners with Google cloud to build industry-specific cloud solutions
- NBCC received orders worth Rs3,030cr in March
- Wockhardt gets USFDA nod for Decitabine injection
- Airtel to have European vendors for 4G calling service
- Welspun Corp bags additional pipe orders of 180KMT on a global basis
- Capacite Infra projects secures around Rs400cr orders from Oberoi Realty
- JSW Steel sells USD500mn debt to overseas investors
- Sun Pharma transfers local business from AML to new subsidiary
- Lumax Auto Technologies Ltd and JOPP, Germany announce JV
- Cipla launches Niveoli, India's first extrafine ICS-LABA combination HFA inhaler
- Thermax acquired entire stake from JVs in Thermax SPX Energy Technologies

**ECONOMY:**

- India meets fiscal deficit target of 3.4% via spending cuts
- India's GDP expected to expand 7.5% in 2019-20: World Bank

**INDUSTRY:**

- FAME-II to impact electric 2-wheeler segment most: Crisil
- Passenger vehicle sales grow 2.7% in FY19: SIAM
- Healthcare sector outlook remains stable despite regulatory headwinds: ICRA
- Tyre demand to grow 7-9% during FY19-FY23: ICRA

**Price Performance**

Company	1M	3M	12M
Supreme Petrochem Ltd	-0.7%	17.2%	-34.7%
Shanthi Gears Ltd	5.2%	5.7%	1.7%
Hind Rectifiers Ltd	4.6%	1.5%	-12.3%
KCP Ltd	-7.9%	-0.4%	-37.6%
Hester Biosciences Ltd	-6.0%	29.3%	-12.8%
The Hi-Tech Gears Ltd	-15.4%	-13.4%	-39.5%
Bharat Bijlee Ltd	-2.3%	-3.9%	-32.9%
Triveni Turbines Ltd	-5.9%	-4.2%	12.3%
Siemens Ltd	13.2%	13.1%	10.6%
Aksh Optifibre Ltd	-12.4%	-24.5%	-51.0%
GMM Pfäudler Ltd	-3.6%	0.8%	68.6%
Alicon Castalloy Ltd	-0.3%	-1.5%	-6.3%
Gufic Biosciences Ltd	3.4%	-9.8%	-32.6%
Excel Industries Ltd	-7.7%	-14.3%	-1.6%
Vesuvius India Ltd	-4.5%	-0.2%	-9.2%
Munjal Showa Ltd	-7.9%	-5.2%	-26.8%
Bharat Rasayan Ltd	1.2%	-8.7%	-6.6%
Alkyl Amines Chemicals Ltd	4.9%	11.5%	34.5%
Grauer and Weil (India) Ltd	-7.5%	-2.5%	-18.5%
Texmaco Rail & Engineering Ltd	0.3%	16.8%	-21.9%
Nagarjuna Agrichem Ltd	-2.6%	11.3%	-30.7%
Simplex Infrastructures Ltd	-3.9%	-7.8%	-69.4%
ITD Cementation India Ltd	-8.5%	7.5%	-25.5%
Westlife Development Ltd	6.9%	7.8%	10.1%
Federal Mogul Goetze (India) Ltd	10.9%	10.4%	25.5%
Dynamatic Technologies Ltd	-2.0%	5.4%	-16.1%
Hitech Corporation Ltd	-32.8%	-7.5%	-32.2%
NRB Bearings Ltd	-3.5%	-7.6%	19.0%
Kokuyo Camlin Ltd	-4.2%	-9.8%	-18.3%
Timken India Ltd	-1.9%	-3.2%	-18.2%
Morganite Crucible (India) Ltd	4.5%	4.3%	6.9%
Vardhman Special Steels Ltd	-6.8%	5.9%	-33.4%
Zen Technologies Ltd	2.6%	-3.3%	-37.6%
KSB Ltd	-4.4%	-6.4%	-11.8%
Thermax Ltd	-5.4%	-12.9%	-12.4%
Transpek Industry Ltd	-0.6%	9.9%	19.8%
BASF India Ltd	-2.5%	-8.0%	-29.8%
Artson Engineering Ltd	-15.1%	-16.6%	-47.4%
Remsons Industries Ltd	-2.9%	-18.1%	-8.8%
Snowman Logistics Ltd	2.2%	0.1%	-28.2%
Alembic Pharmaceuticals Ltd	-2.7%	-10.4%	5.7%
SKF India Ltd	6.5%	8.8%	11.9%
HFCL Ltd	-2.0%	-2.2%	-13.4%
Sudarshan Chemical Industries Ltd	5.7%	7.5%	-27.6%
Indian Hume Pipe Co. Ltd	-4.9%	-19.5%	69.4%
Engineers India Ltd	6.3%	-0.7%	51.4%
Gulshan Polyols Ltd	-4.1%	-23.3%	-25.3%
Nesco Ltd	1.1%	1.3%	-16.7%
Castrol India Ltd	-0.2%	5.1%	61.5%
Hikal Ltd	3.5%	8.0%	11.4%

**The week that went by:**

Amidst the mixed Asian markets, Indian bourses commenced the week on a positive momentum. However, it did not sustain on day 2 of trade, with the markets opening in the negative. Following the weak global markets, Indian bourses too witnessed a weak opening led by sectors viz; Auto, Infra, Metals and Pharma stocks. However, in the midweek session, the markets observed a flattish start. On the last day of trade, the markets opened flat and ended the session on a higher note.

Coverage Universe Valuations												
Company	Reco	Reco at	CMP	Tgt price	Upside	Mcap	EPS(x)		PE(x)		EV/EBITDA (x)	
	(Rs)	(Rs)	(Rs)	(Rs)	(%)	(Rs bn)	FY18	FY19E	FY18	FY19E	FY18	FY19E
Supreme Petrochem Ltd	BUY	77	218	275	26.2	21.0	6.6	6.4	32.9	34.1	10.1	12.4
Shanthi Gears Ltd	BUY	107	133	200	49.9	10.9	3.5	3.9	38.1	34.2	29.6	25.1
Hind Rectifiers Ltd	BUY	69	125	175	40.1	1.9	0.8	5.3	158.5	23.6	26.0	12.9
KCP Limited	BUY	71	89	150	68.5	11.5	7.0	7.0	12.8	12.7	9.7	8.5
Hester Biosciences Ltd	BUY	565	1464	1750	19.5	12.5	35.9	39.8	40.8	36.8	12.1	10.8
The Hitech Gears Ltd	BUY	298	285	500	75.4	5.3	17.0	21.2	16.8	13.4	10.0	8.7
Bharat Bijlee Ltd	BUY	787	1093	2000	82.9	6.2	25.1	37.4	43.5	29.2	24.8	20.6
Triveni Turbines Ltd	BUY	92	109	150	37.3	0.4	3.0	3.1	36.7	35.1	23.0	22.0
Siemens Ltd	BUY	1128	1192	1350	13.2	424.4	53.0	53.6	22.5	22.2	30.3	29.9
Aksh Optifibre Ltd	BUY	15	18	30	63.5	3.0	1.4	2.7	12.8	6.7	7.2	4.5
GMM Pfaunder Ltd	BUY	332	1219	1300	6.6	17.8	19.4	26.7	62.8	45.7	38.3	28.0
Alicon Castalloy Ltd	BUY	288	581	850	46.3	7.1	29.0	46.6	20.1	12.5	9.3	6.8
Gufic Biosciences Ltd	BUY	50	82	150	82.5	6.3	1.9	3.1	44.1	26.4	18.6	14.5
Excel Industries Ltd	BUY	380	1154	1800	56.0	14.9	58.1	112.2	19.9	10.3	11.8	6.3
Vesuvius India Ltd	BUY	1165	1172	1500	28.0	23.4	52.3	56.3	22.4	20.8	11.3	10.9
Munjal Showa Ltd	BUY	191	165	250	51.5	6.6	19.4	21.5	8.5	7.7	5.7	5.0
Bharat Rasayan Ltd	BUY	2747	4570	5000	9.4	19.2	227.3	257.5	20.1	17.7	13.1	11.4
Alkyl Amines Chemicals Ltd	BUY	391	872	850	-2.5	17.8	31.5	38.9	27.7	22.4	16.6	12.6
Grauer and Weil (India) Ltd	BUY	45	50	65	30.0	11.3	2.7	3.0	18.7	16.9	11.8	11.1
Texmaco Rail & Engineering Ltd	BUY	91	68	150	119.3	20.2	0.5	1.8	149.2	37.8	64.8	18.9
Nagarjuna Agrichem Ltd	BUY	29	31	45	47.5	4.8	0.7	0.8	44.5	38.6	14.1	13.3
Simplex Infrastructures Ltd	BUY	540	177	300	69.5	20.2	30.5	31.8	5.8	5.6	6.4	6.0
ITD Cementation India Ltd	BUY	158	124	180	45.6	19.2	8.3	9.8	14.9	12.6	8.0	7.0
Westlife Development Ltd	BUY	266	414	525	26.9	64.3	0.8	1.6	498.5	260.6	85.4	59.9
Federal Mogul Goetze (India) Ltd	BUY	540	583	750	28.6	32.4	14.9	18.0	39.1	32.3	17.3	15.8
Dynamatic Technologies Ltd	BUY	2160	1543	2750	78.2	9.8	1.1	51.1	1359.2	30.2	12.0	9.2
Hitech Corporation Ltd	BUY	175	106	180	70.6	1.8	4.5	6.4	23.3	16.5	8.9	6.7
NRB Bearings Ltd	BUY	138	194	240	23.6	18.8	8.5	10.4	23.0	18.7	13.5	11.3
Kokuyo Camlin Ltd	BUY	132	97	175	80.9	9.7	1.0	1.5	98.8	65.8	28.8	23.0
Timken India Ltd	BUY	883	580	1000	72.4	39.4	13.5	19.0	42.9	30.6	24.1	15.4
Morganite Crucible (India) Ltd	BUY	1047	1580	2300	45.6	4.4	49.6	63.9	31.9	24.7	3.3	3.0
Vardhman Special Steels Ltd	BUY	151	101	140	38.6	3.6	7.0	8.7	14.4	11.6	9.3	7.7
Zen Technologies Ltd	BUY	115	77	170	120.9	5.9	-0.1	0.8	-1526.3	95.6	-315.1	57.0
KSB Ltd	BUY	820	688	1100	59.9	23.9	18.8	21.2	37.0	32.8	15.5	13.8
Thermax Ltd	BUY	1019	983	1230	25	117.1	22.1	26.8	44.5	36.7	31.5	27.0
Transpek Industry Ltd	BUY	1547	1570	2000	27.4	8.8	47.3	76.0	33.2	20.6	20.1	15.1
BASF India Ltd	BUY	1954	1394	2500	79.3	60.3	20.3	43.5	68.6	32.0	20.4	16.0
Artson Engineering Ltd	BUY	64	40	95	139.3	1.5	0.4	2.3	106.0	17.3	63.6	19.4
Remsons Industries Ltd	BUY	104	88	155	76.9	0.5	6.0	7.9	14.5	11.0	9.6	7.5
Snowman Logistics Ltd	BUY	33	35	55	58.5	5.8	-0.2	0.1	-162.9	241.1	15.9	13.1
Alembic Pharmaceuticals Ltd	BUY	605	535	751	40.4	100.9	22.3	26.7	24.0	20.0	16.7	14.1
SKF India Ltd	BUY	1942	2085	2620	25.7	107.0	57.6	60.7	36.2	34.4	24.6	22.8
HFCL Ltd	BUY	25	24	35	45.8	29.9	1.3	1.7	19.0	14.3	12.3	8.8
Sudarshan Chemical Industries Ltd	BUY	372	368	500	35.9	25.8	12.4	13.8	29.7	26.7	14.4	12.8

\*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	69%	
Engineers India Ltd	211	200	Bonus 1 : 1.	105	250	15%	
Gulshan Polyols Ltd	390	500	Stock Split from Rs.FV 5 to Rs.FV 1.	78	110	-30%	
Nesco Ltd	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2.	479	640	-2%	
Castrol India Ltd	447	550	Bonus 1 : 1	223	200	-25%	
Hikal Ltd	143	325	Bonus 1 : 2	95	216	84%	

Coverage Universe Valuations												
Company	Reco	Adj Reco	CMP	Tgt price	Upside	Mcap	EPS(x)		PE(x)		EV/EBITDA (x)	
	(Rs)	(Rs)	(Rs)	(Rs)	(%)	(Rs bn)	FY18	FY19E	FY18	FY19E	FY18	FY19E
IHP Ltd	341	171	290	500	72.7	14.0	13.6	20.1	21.2	14.4	11.4	8.8
Engineers India Ltd	211	105	121	200	65.4	40.8	6.0	7.0	20.2	17.3	18.4	14.6
Gulshan Polyols Ltd	390	78	54	78	43.5	2.5	3.9	5.1	2.6	2.0	2.8	2.2
Nesco Ltd	2397	479	468	640	36.8	6.6	25.1	23.7	18.7	19.8	15.3	15.9
Castrol India Ltd	447	223	166	200	20.2	82.3	7.1	15.6	23.5	10.7	15.5	14.0
Hikal Ltd	143	95	175	216	23.3	14.4	9.4	10.1	18.6	17.4	11.2	10.1

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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	218	120	150	200	275	350	500	275	-	183%
Shanthi Gears Ltd	107	133	150	200	-	-	-	-	-	-	25%
Hind Rectifiers Ltd	69	125	110	140	175	-	-	-	-	-	81%
KCP Limited	71	89	105	150	200	150	-	-	-	-	25%
Hester Biosciences Ltd	565	1464	750	875	1150	1500	2200	1750	-	-	159%
The Hitech Gears Ltd	298	285	450	600	500	-	-	-	-	-	-4%
Bharat Bijlee Ltd	787	1093	1100	1500	2000	-	-	-	-	-	39%
Triveni Turbines Ltd	92	109	135	150	-	-	-	-	-	-	19%
Siemens Ltd	1128	1192	1350	-	-	-	-	-	-	-	6%
Aksh Optifibre Ltd	15	18	24	35	45	30	-	-	-	-	22%
GMM Pfäudler Ltd	332	1219	500	700	800	1000	1300	-	-	-	267%
Alicon Castalloy Ltd	288	581	450	600	750	1000	850	-	-	-	102%
Gufic Biosciences Ltd	50	82	75	100	140	175	150	-	-	-	64%
Excel Industries Ltd	380	1154	550	650	800	1100	1400	1800	2200	1800	204%
Vesuvius India Ltd	1165	1172	1500	-	-	-	-	-	-	-	1%
Munjal Showa Ltd	191	165	250	300	350	300	250	-	-	-	-14%
Bharat Rasayan Ltd	2747	4570	3500	4250	5000	6500	9000	5000	-	-	66%
Alkyl Amines Chemicals Ltd	391	872	550	700	850	-	-	-	-	-	123%
Grauer and Weil (India) Ltd	45	50	65	80	100	65	-	-	-	-	11%
Texmaco Rail & Engineering Ltd	91	68	125	150	-	-	-	-	-	-	-25%
Nagarjuna Agrichem Ltd	29	31	45	60	75	60	45	-	-	-	5%
Simplex Infrastructures Ltd	540	177	700	540	300	-	-	-	-	-	-67%
ITD Cementation India Ltd	158	124	225	180	-	-	-	-	-	-	-22%
Westlife Development Ltd	266	414	350	425	525	-	-	-	-	-	55%
Federal Mogul Goetze (India) Ltd	540	583	750	-	-	-	-	-	-	-	8%
Dynamatic Technologies Ltd	2160	1543	3000	2750	-	-	-	-	-	-	-29%
Hitech Corporation Ltd	175	106	230	180	-	-	-	-	-	-	-40%
NRB Bearings Ltd	138	194	200	240	-	-	-	-	-	-	41%
Kokuyo Camlin Ltd	132	97	175	-	-	-	-	-	-	-	-27%
Timken India Ltd	883	580	1200	1000	-	-	-	-	-	-	-34%
Morganite Crucible (India) Ltd	1047	1580	1500	1750	2300	-	-	-	-	-	51%
Vardhman Special Steels Ltd	151	101	225	140	-	-	-	-	-	-	-33%
Zen Technologies Ltd	115	77	170	-	-	-	-	-	-	-	-33%
KSB Ltd	820	688	1100	-	-	-	-	-	-	-	-16%
Thermax Ltd	1019	983	1230	-	-	-	-	-	-	-	-3.5%
Transpek Industry Ltd	1547	1570	2000	-	-	-	-	-	-	-	1%
BASF India Ltd	1954	1394	2500	-	-	-	-	-	-	-	-28.7%
Artson Engineering Ltd	64	40	95	-	-	-	-	-	-	-	-38%
Remsons Industries Ltd	104	88	155	-	-	-	-	-	-	-	-16%
Snowman Logistics Ltd	33	35	55	-	-	-	-	-	-	-	5.2%
Alembic Pharmaceuticals Ltd	605	535	751	-	-	-	-	-	-	-	-12%
SKF India Ltd	1942	2085	2620	-	-	-	-	-	-	-	7.4%
HFCL Ltd	25	24	35	-	-	-	-	-	-	-	-4%
Sudarshan Chemical Industries Ltd	372	368	500	-	-	-	-	-	-	-	-1.2%

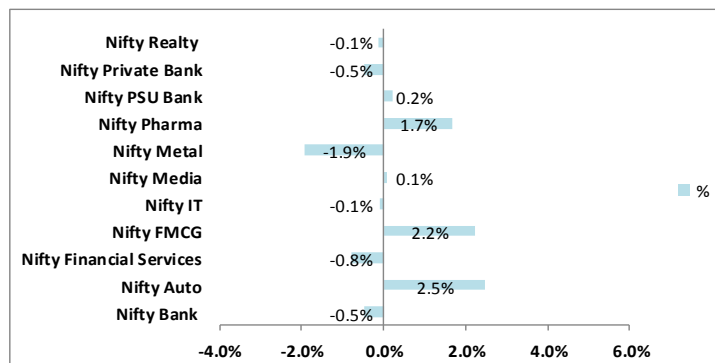
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Nesco Ltd	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2	479	640	-2%
Castrol India Ltd	447	550	Bonus 1 : 1	223	200	-25%
Hikal Ltd	143	325	Bonus 1 : 2	95	216	84%

Coverage Performance Sheet											
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Engineers India Ltd	211	121	200	250	200	-	-	-	-	-	15%
Gulshan Polyols Ltd	390	54	110	78	-	-	-	-	-	-	-30%
Nesco Ltd	2397	468	640	-	-	-	-	-	-	-	-2%
Castrol India Ltd	223	166	275	250	200	-	-	-	-	-	-25%
Hikal Ltd	143	175	200	250	325	216	-	-	-	-	84%

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



**TERM OF THE WEEK:**

**Provision Coverage Ratio:** Under provisioning norms, banks have to set aside or provide funds to a prescribed percentage of their bad assets (NPAs). The percentage of bad asset that has to be *provided for* is called *Provisioning Coverage Ratio*. It serves as a key relationship in analysing asset quality of the bank and a measure that indicates the extent to which the bank has provided against the troubled part of its loan portfolio. A high ratio suggests that additional provisions to be made by the bank in the coming years would be relatively low.  
Provision coverage ratio = Cumulative provisions / Gross NPAs.

**COVERAGE NEWS:**

**Fundamental Pick: Sudarshan Chemical Industries Limited:**

Sudarshan Chemical Industries Limited (Sudarshan) is the fourth largest pigment manufacturing company globally mainly engaged in the manufacturing of Organic, Inorganic, High Performance and Specialty Pigments for different applications. The company is a leading provider of organic pigments, pigment preparations used in coatings, paints, printing, plastics and other specialty applications. The product portfolio meets the demands for key market segments that include automotive, industrial, decorative and architectural paints and coatings and plastic applications. The company is widely recognized and well respected for its R&D capabilities globally, especially in the niche domain of High Performance Pigments. It is the market leader in the Pigment manufacturing business in India and also commands a significant global presence. The international locations where business activity is undertaken are USA, Europe, China and Mexico. Key national locations of business activity are Pune, Ambadvet, Amralewade (Sutarwadi), Roha, Mahad and Chikli. The company has Mr. Pradeep Rathi as the Chairman and Mr. Rajesh Rathi as the Managing Director.

**Outlook and Recommendations:** The China factor has been a big booster to the overall chemical industry, the benefits of which have been seen across the performance and future built ups by the different companies. The various capacity additions and capex plans stand by the fact that there is still lot of untapped potential from the industry parse. Sudarshan has been benefitted by the first mover advantage in terms of capacities being laid down through its aggressive but well executed capex plans. With some gestation yet till the additional capacities come on stream, the company is ready for the next leg of positive upturn, the first being the rally seen building up the industry opportunities. We feel that the leading position in the pigment industry gives the company the additional edge and us the conviction to initiate a BUY on the stock with a target price of Rs500 over a 12 months horizon.

**Texmaco Rail & Engineering Limited: Amalgamation update:**

The board of directors of the company has approved the scheme of amalgamation of Texmaco Hitech Private Ltd, Bright Power Projects (India) Private Limited.

**Thermax Ltd: Acquisition update:**

Thermax SPX Energy Technologies Limited (TSPX), JV between Thermax Limited (51%), MUTARES HOLDING 24-AG Germany (23%) and BALCKE-DUERR GmbH Germany (26%). The Company has acquired the entire stake held by the joint venture partners. Subsequent to the acquisition, TSPX has now become a wholly owned subsidiary of Thermax Ltd.

*Fundamental Pick Of The Month*

*Amalgamation Update*

*Acquisition Update*

*GDP Likely To Expand*

**ECONOMY:**

**India's GDP expected to expand 7.5% in 2019-20: World Bank**

According to the World Bank, India's GDP growth is expected to moderately increase to 7.5% in FY19-20, driven by continued investment strengthening, particularly private-improved export performance and resilient consumption. Considering the demand side, domestic consumption has remained the primary growth driver, but gross fixed capital formation and exports both made growing contributions. Over the last quarter, growth is expected to remain balanced across sectors. On the external front, improvements in India's export performance and low oil prices should bring about a reduction in the current account deficit to 1.9% of GDP.

**Our comments:**

With robust growth and food prices poised to recover, inflation is expected to converge towards 4%; both the current account and the fiscal deficit are expected to narrow.

**INDUSTRY:**

**Passenger vehicle sales grow 2.7% in FY19: SIAM**

As per SIAM, the passenger vehicle sales in India advanced only by 2.7% in FY19 as compared to FY18. This has been marked as the slowest growth in 4 years on account of tepid dispatches in March quarter; as consumer sentiments were knocked down due to upcoming elections. Historically, PV sales have been in a slow lane in the election years and revived thereafter. 2W sales rose nearly 4.9% in FY19 from FY18. Weak macroeconomic indicators have also led to slow growth. Additionally, tighter lending norms by financiers, increase in insurance premium dampened the customer sentiments.

**Our comments:**

SIAM expects 2019-20 to be muted for PV sales and to end the year with 5% growth over FY19.

*Slow Growth In PV Sales*

**Healthcare sector outlook remains stable despite regulatory headwinds: as per ICRA**

Considering the price cap on stents and knee implants imposed by the National Pharmaceutical Pricing Authority (NPPA), stiff regulatory action by certain states and implementation of the GST, a slowdown has been witnessed in the hospital sector in the last two years. As per the latest order, issued on 8<sup>th</sup> March, 2019, the NPPA had placed a cap of 30% on the trade margin earned on 390 drugs that are primarily used for cancer treatment. The price cap led to a reduction of up to ~87% in the prices of the anti-cancer drugs. The current order by NPPA adds on to the list of products already placed under price restrictions. Most of the cancer-related drugs are high-value medicines and are sold directly through the hospital chains, oncology being one of the highest-value-added specialty for hospitals due to the increasing incidence of cancer-related ailments. Nonetheless, several oncology drugs are still out of the purview of the price cap.

**Our comments:**

ICRA expects that the performance of the healthcare companies has likely bottomed out and will witness improvement over the medium term, though any incremental regulation may have a transient impact. Structurally, in the long term, underlying fundamentals continue to favour the sector. This is because of the significant shortage of beds in the country, and the increase in the disease burden and ageing demographic profile. Further, the demand for quality healthcare will be supported by the rising per capita income, increasing penetration of medical insurance, rising healthcare awareness and double-digit growth in medical tourism.

*Stable Outlook*

**COMPANY:**

**Ashok Leyland eyeing CIS countries, Africa for setting up assembly plants**

The company is looking to set up more assembly plants overseas, including CIS regions and African countries, as a part of its plans to scale up its global operations. It is relying on its new range of medium and heavy commercial vehicles to help the company enter the new regions beyond its traditional stronghold such as Middle East, SAARC countries and pockets of Africa. Having an exports of about 10-12% of its total production annually, the company expects the overseas shipments to rise up to 20% over the next five years driven by new range of products and entry into new markets.

**Our comments:**

The company, which has earmarked a capex of Rs1,500cr for various projects during the current fiscal, is also working on a separate platform for LCVs. The company expects to roll out the new range of products from April next year.

*Scale Up Global Operations*

*M&M's Position  
Retained*

**COMPANY:**

**Three launches help M&M retain third spot in passenger vehicle sales**

The company has retained its 3<sup>rd</sup> position behind industry leader Maruti Suzuki and Hyundai Motor in the PV sales last year. M&M launched 3 new products in the 2HFY19 (Marazzo MPV, Alturas premium SUV and the compact XUV 300) which helped M&M to hold on to its volumes in the year where auto manufacturers across the board were in a clutch on account of poor festive season, higher interest rates and financing crunch.

**Our comments:**

As per the management, the impact of this can be seen in Q4FY19, where the company's UV volumes grew 5.3% against UV industry growth of 1.8%, thereby improving its UV's market share by 4.3% over Q3FY19.

*Completion Of  
Acquisition*

**Tatas complete takeover of Usha Martin's steel business**

Tata Sponge Iron Ltd (TSIL), a Tata Steel subsidiary, has completed the acquisition of the steel business of Usha Martin Ltd., which includes UML's steel business undertaking along with captive power plants. UML's steel business has a rich mix of carbon steel and alloy steel, catering to the automotive sector as well as high end wire-rod makers. The acquisition is undertaken for a cash consideration of Rs4,094cr payable to UML.

**Our comments:**

The TSIL board had already approved a plan to finance the buy through issue of rights share up to Rs1,800cr, external borrowings up to Rs2,500cr and issue of non-convertible redeemable preference shares of Rs1,000cr. The company is debt-free with free cash reserves of about Rs670cr.

*Transfer Of Local  
Business*

**Sun Pharma transfers local business from AML to new subsidiary**

The company has closed its transaction with Atlas Global Trading and thereby transferred its domestic distribution business from Aditya Medisales to a wholly owned subsidiary. Sun Pharma Distributors, will be incorporated from April, 2019 and start distributing Sun's formulation products in India on the same terms as that of AML. This transition is expected to be completed by Q1FY20 and will have a one-time reduction in sales and profits for the company for FY19.

**Our comments:**

The company intimated that the contract with Atlas was completed in terms of business rights and obligations including those arising from the supply contract with Sun Pharma to its whole owned subsidiary. This action would have no material impact on the P/L for FY19.

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