

DOMESTIC:

- IL&FS cuts nearly 50% staff since October for cost cutting
- Coal India's 54 mining projects facing delays
- ONGC investing Rs83,000cr in 25 projects; cumulative oil, gas gain over 180MT
- Adani Enterprises arm to invest Rs10,000cr in airport business
- Tata Motors partners Tata Power to install 300 EV charging stations
- Wipro launches Edge Artificial Intelligence Solutions powered by Intel
- Sintex to sell overseas business to consortium of PE investors
- Alembic Pharmaceuticals receives USFDA approval for Dorzolamide Hydrochloride Ophthalmic Solution USP, 2%
- Reliance Jio Infocomm, a subsidiary of Reliance Industries and Microsoft Corp in alliance to accelerate digital transformation in India
- Indoco Remedies Anacipher clears USFDA inspection with zero 483
- Unichem Laboratories received ANDA approval from USFDA for Chlorthalidone Tablets
- Varroc Engineering to acquire 74% stake in CarlQ, a leading Telematics solution provider
- Indian Oil Corp will invest Rs2lakh-cr in next five to seven years to expand refining and petrochemical capacities in order to maintain leadership position.
- Union Bank of India to list non performers, review them next three quarters.
- HPCL finally recognises ONGC as its promoter.

ECONOMY:

- Delay becomes the norm in insolvency & bankruptcy cases
- Exports Surge 2.25% in July, trade deficit narrows to USD13.43bn
- Industrial production growth slows to 4-month low of 2% in June
- WPI inflation in July slips to 25-month low of 1.08 per cent on cheaper food items, fuel
- India's retail inflation eases marginally to 3.15% in July
- Govt & RBI working together to help incentivise investments: Sitharaman
- Textile companies seek tax incentives, DBT for farmers
- Modi reviews state of economy with Sitharaman, FinMin officials

INDUSTRY:

- PSU banks post profits in Q1 on strong treasury gains
- USFDA okays new antibiotic for highly drug-resistant tuberculosis
- FMCG companies seek tax relief on dealer discounts to lift sales

Price Performance

Company	1M	3M	12M
Supreme Petrochem Ltd	-7.0%	-5.5%	-30.1%
Shanthi Gears Ltd	-16.7%	-23.7%	-29.4%
Hind Rectifiers Ltd	8.0%	11.7%	3.2%
KCP Ltd	-5.8%	-12.8%	-24.2%
Hester Biosciences Ltd	-5.3%	11.5%	25.7%
The Hi-Tech Gears Ltd	-18.6%	-26.2%	-57.1%
Bharat Bijlee Ltd	-10.9%	-8.2%	-29.8%
Triveni Turbines Ltd	3.3%	-0.4%	-13.8%
Siemens Ltd	-5.4%	2.8%	15.8%
Aksh Optifibre Ltd	-28.8%	-44.5%	-74.8%
GMM Pfaudler Ltd	6.6%	19.0%	21.1%
Alicon Castalloy Ltd	-22.2%	-31.8%	-37.1%
Gufic Biosciences Ltd	-24.3%	-27.2%	-54.3%
Excel Industries Ltd	-19.6%	-25.6%	-51.4%
Vesuvius India Ltd	-13.3%	-17.64%	-24.4%
Munjal Showa Ltd	-5.2%	-10.3%	-38.6%
Bharat Rasayan Ltd	22.8%	22.8%	-29.5%
Alkyl Amines Chemicals Ltd	-7.0%	-5.1%	20.7%
Grauer and Weil (India) Ltd	1.0%	0.7%	-8.1%
Texmaco Rail & Engineering Ltd	-15.9%	-23.0%	-34.5%
Nagarjuna Agrichem Ltd	-5.5%	0.4%	-20.3%
Simplex Infrastructures Ltd	-33.9%	-56.3%	-84.5%
ITD Cementation India Ltd	-23.1%	-34.0%	-46.2%
Westlife Development Ltd	-11.9%	-15.2%	-26.2%
Federal Mogul Goetze (India) Ltd	-10.2%	2.3%	15.4%
Dynamatic Technologies Ltd	-8.8%	-12.3%	-24.4%
Hitech Corporation Ltd	-49.1%	-14.1%	-40.4%
NRB Bearings Ltd	-37.5%	-47.8%	-51.5%
Kokuyo Camlin Ltd	-8.3%	-19.4%	-49.4%
Timken India Ltd	-3.7%	28.9%	-1.0%
Morganite Crucible (India) Ltd	1.9%	-1.9%	-14.2%
Vardhman Special Steels Ltd	-8.7%	-16.7%	-42.5%
Zen Technologies Ltd	-7.3%	-17.4%	-29.6%
KSB Ltd	-12.5%	-11.1%	-20.3%
Thermax Ltd	-2.5%	10.3%	3.8%
Transpek Industry Ltd	-7.5%	-12.7%	-17.6%
BASF India Ltd	-12.0%	-18.4%	-48.4%
Artson Engineering Ltd	-19.2%	-13.1%	-41.1%
Remsons Industries Ltd	-14.6%	-3.4%	-11.5%
Snowman Logistics Ltd	-9.1%	-1.5%	-26.4%
Alembic Pharmaceuticals Ltd	-2.0%	-3.4%	-14.12%
SKF India Ltd	-4.6%	2.7%	8.0%
HFCL Ltd	-9.2%	-7.2%	-22.8%
Sudarshan Chemical Industries Ltd	4.9%	5.4%	-23.6%
Huhtamaki PPL Ltd	-13.2%	-12.9%	-17.9%
Mishra Dhatu Nigam Ltd	-3.8%	-5.1%	-12.0%
Indian Hume Pipe Co. Ltd	-15.2%	7.9%	87.3%
Engineers India Ltd	-5.0%	-2.3%	73.7%
Gulshan Polyols Ltd	-1.7%	-22.1%	-36.7%
Nesco Ltd	-6.0%	12.8%	3.4%
Castrol India Ltd	-7.4%	-16.7%	54.8%
Hikal Ltd	-9.0%	-11.5%	59.6%

The week that went by:

The truncated week started on a negative note following the weak global markets. The markets fluctuated between gains and losses throughout the week, as high frequency data is pointing a slowdown, dampening global economic growth being the negative side, while Indian markets recovered from the low on the prospects of the government to revive the economy with stimulus measures being the positive side, ended the week on slight positive note.

Coverage Universe Valuations												
Company	Reco	Reco at (Rs)	CMP (Rs)	Tgt price (Rs)	Upside (%)	Mcap (Rs bn)	EPS(x)		PE(x)		EV/EBITDA (x)	
							FY18	FY19	FY18	FY19	FY18	FY19
Supreme Petrochem Ltd	BUY	77	190	275	45.1	18.3	6.6	6.4	28.6	29.6	8.7	10.7
Shanthi Gears Ltd	BUY	107	90	150	66.9	7.3	3.5	3.9	25.7	23.1	19.9	16.9
Hind Rectifiers Ltd	BUY	69	128	175	36.8	1.9	0.8	5.3	162.3	24.2	26.6	13.2
KCP Limited	BUY	71	75	125	66.9	9.7	7.0	7.0	10.7	10.7	8.5	7.5
Hester Biosciences Ltd	BUY	566	1679	2250	34.0	14.3	35.9	39.8	46.7	42.2	13.8	12.4
The Hitech Gears Ltd	BUY	298	175	450	185.7	3.3	17.0	21.2	10.3	8.2	7.1	6.2
Bharat Bijlee Ltd	BUY	787	895	1500	67.6	5.1	25.1	37.4	35.6	23.9	21.5	17.9
Triveni Turbines Ltd	BUY	92	101	150	48.8	0.3	3.0	3.1	33.9	32.4	21.2	20.3
Siemens Ltd	BUY	1128	1161	1500	29.2	413.3	53.0	53.6	21.9	21.6	29.5	29.0
Aksh Optifibre Ltd	BUY	15	8	30	284.6	1.3	1.4	2.7	5.4	2.9	4.7	3.0
GMM Pfaudler Ltd	BUY	332	1340	1600	19.4	19.6	19.4	26.7	69.1	50.3	42.2	30.8
Alicon Castalloy Ltd	BUY	288	399	650	62.9	4.9	29.0	46.6	13.8	8.6	7.1	5.2
Gufic Biosciences Ltd	BUY	50	54	120	177.5	4.2	1.9	3.1	29.0	17.4	12.9	10.1
Excel Industries Ltd	BUY	380	755	1200	138.4	9.7	58.1	112.2	13.0	6.7	7.7	4.1
Vesuvius India Ltd	BUY	1165	939	1500	59.7	18.8	52.3	56.3	18.0	16.7	8.7	8.4
Munjal Showa Ltd	BUY	191	132	191	44.7	5.3	19.4	21.5	6.8	6.1	4.5	4.0
Bharat Rasayan Ltd	BUY	2747	4912	6500	1.8	20.6	227.3	257.5	21.6	19.1	14.0	12.2
Alkyl Amines Chemicals Ltd	BUY	391	750	1000	33.3	15.3	31.5	38.9	23.8	19.3	14.4	11.0
Grauer and Weil (India) Ltd	BUY	45	49	65	34.0	11.0	2.7	3.0	18.2	16.4	11.4	10.8
Texmaco Rail & Engineering Ltd	BUY	91	48	91	90.6	20.2	0.5	1.8	104.2	26.4	49.3	14.6
Nagarjuna Agrichem Ltd	BUY	29	28	45	63.6	4.3	0.7	0.8	40.1	34.8	13.2	12.4
Simplex Infrastructures Ltd	BUY	540	66	300	355.6	20.2	30.5	31.8	2.2	2.1	5.6	5.2
ITD Cementation India Ltd	BUY	158	72	130	150.3	11.2	8.3	9.8	8.6	7.3	5.3	4.6
Westlife Development Ltd	BUY	266	280	450	60.7	43.6	0.8	1.6	337.5	176.4	58.5	41.1
Federal Mogul Goetze (India) Ltd	BUY	540	515	750	45.7	28.6	14.9	18.0	34.5	28.5	15.3	14.0
Dynamatic Technologies Ltd	BUY	2160	1229	2160	75.8	7.8	1.1	51.1	1082.4	24.1	10.5	8.0
Hitech Corporation Ltd	BUY	175	80	125	56.5	1.4	4.5	6.4	17.7	12.5	7.8	5.9
NRB Bearings Ltd	BUY	138	88	138	172.7	8.5	8.5	10.4	10.4	8.5	6.6	5.6
Kokuyo Camlin Ltd	BUY	132	66	132	101.5	6.6	1.0	1.5	66.9	44.5	20.6	16.4
Timken India Ltd	BUY	883	705	1000	41.9	47.9	13.5	19.0	52.1	37.1	29.3	18.7
Morganite Crucible (India) Ltd	BUY	1047	1447	2000	38.2	4.1	49.6	63.9	29.2	22.7	2.9	2.6
Vardhman Special Steels Ltd	BUY	151	76	140	83.6	2.7	7.0	8.7	10.9	8.7	7.8	6.6
Zen Technologies Ltd	BUY	115	57	125	119.3	4.4	-0.1	0.8	-1130.6	70.8	-232.2	42.4
KSB Ltd	BUY	820	600	1100	83.3	20.9	18.8	21.2	37.0	32.8	15.5	13.8
Thermax Ltd	BUY	1019	1059	1230	16	126.1	22.1	26.8	47.9	39.5	34.0	29.1
Transpek Industry Ltd	BUY	1547	1200	2000	66.7	6.7	47.3	76.0	25.4	15.8	16.2	12.1
BASF India Ltd	BUY	1954	999	1700	70.2	43.2	20.3	43.5	49.2	22.9	15.4	12.2
Artson Engineering Ltd	BUY	64	34	75	119.9	1.3	0.4	2.3	91.0	14.9	55.9	17.1
Remsons Industries Ltd	BUY	104	83	130	56.3	0.5	6.0	7.9	13.8	10.5	9.3	7.3
Snowman Logistics Ltd	BUY	33	30	55	80.9	5.1	-0.2	0.1	-142.7	211.2	14.3	11.7
Alembic Pharmaceuticals Ltd	BUY	605	512	751	46.7	96.5	22.3	26.7	22.9	19.2	16.0	13.6
SKF India Ltd	BUY	1942	1852	2620	41.5	95.1	57.6	60.7	32.2	30.5	21.8	20.3
HFCL Ltd	BUY	25	19	35	86.2	23.4	1.3	1.7	14.9	11.2	9.9	7.1
Sudarshan Chemical Industries Ltd	BUY	372	329	500	51.8	25.8	12.4	13.8	26.6	23.9	13.0	11.6
Huhtamaki PPL Ltd	BUY	254	225	320	42.5	17.0	4.6	11.2	48.6	20.1	9.2	7.3
Mishra Dhatu Nigam Ltd	BUY	123	115	160	38.7	23.0	6.7	7.0	17.3	16.6	11.4	11.6

*Castrol, Vesuvius – 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	53%
Engineers India Ltd	211	200	Bonus 1 : 1	105	200	0%
Gulshan Polyols Ltd	390	500	Stock Split from Rs.FV 5 to Rs.FV 1	110	78	-66%
Nesco Ltd	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2	479	640	10%
Castrol India Ltd	447	550	Bonus 1 : 1	223	200	-47%
Hikal Ltd	143	325	Bonus 1 : 2	95	216	56%

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	FY19	FY18	FY19	FY18	FY19
IHP Ltd	BUY	171	262	500	90.8	12.7	13.6	20.1	19.2	13.0	10.6	8.1
Engineers India Ltd	BUY	105	105	200	91.4	35.2	6.0	7.0	17.5	14.9	15.9	12.7
Gulshan Polyols Ltd	BUY	78	37	78	108.6	1.7	3.9	5.1	9.6	7.4	4.6	3.7
Nesco Ltd	BUY	479	528	640	21.3	7.4	25.1	23.7	21.0	22.3	17.2	17.9
Castrol India Ltd	BUY	223	119	200	68.0	58.9	7.1	15.6	16.8	7.6	11.0	10.0
Hikal Ltd	BUY	95	149	216	45.5	12.2	9.4	10.1	15.8	14.8	9.8	8.9

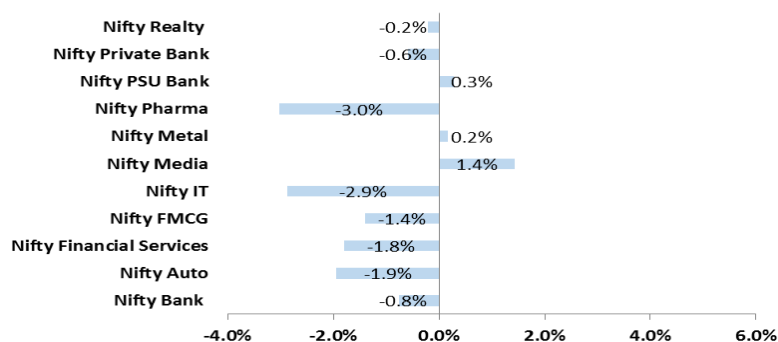
Coverage Performance Sheet												
Company	Reco at	CLS	Target Price (Rs)									Appreciation
	(Rs)	(Rs)	T1	T2	T3	T4	T5	T6	T7	T8	T9	
Supreme Petrochem Ltd	77	190	120	150	200	275	350	500	275	-	-	146%
Shanthi Gears Ltd	107	90	150	200	150	-	-	-	-	-	-	-16%
Hind Rectifiers Ltd	69	128	110	140	175	-	-	-	-	-	-	85%
KCP Limited	71	75	105	150	200	150	125	-	-	-	-	5%
Hester Biosciences Ltd	566	1679	750	875	1150	1500	2200	1750	2250	-	-	197%
The Hitech Gears Ltd	298	175	450	600	500	450	-	-	-	-	-	-41%
Bharat Bijlee Ltd	787	895	1100	1500	2000	1500	-	-	-	-	-	14%
Triveni Turbines Ltd	92	101	135	150	-	-	-	-	-	-	-	10%
Siemens Ltd	1128	1161	1500	1350	1500	-	-	-	-	-	-	3%
Aksh Optifibre Ltd	15	8	24	35	45	30	-	-	-	-	-	-48%
GMM Pfaudler Ltd	332	1340	500	700	800	1000	1300	1600	-	-	-	304%
Alicon Castalloy Ltd	288	399	450	600	750	1000	850	650	-	-	-	39%
Gufic Biosciences Ltd	50	54	75	100	140	175	150	-	-	-	-	8%
Excel Industries Ltd	380	755	550	650	800	1100	1400	1800	2200	1800	1200	99%
Vesuvius India Ltd	1165	939	1500	-	-	-	-	-	-	-	-	-19%
Munjil Showa Ltd	191	132	250	300	350	300	250	191	-	-	-	-31%
Bharat Rasayan Ltd	2747	4912	3500	4250	5000	6500	9000	5000	6500	-	-	79%
Alkyl Amines Chemicals Ltd	391	750	550	700	850	1000	-	-	-	-	-	92%
Grauer and Weil (India) Ltd	45	49	65	80	100	65	-	-	-	-	-	8%
Texmaco Rail & Engineering Ltd	91	48	125	150	91	-	-	-	-	-	-	-48%
Nagarjuna Agrichem Ltd	29	28	45	60	75	60	45	-	-	-	-	-5%
Simplex Infrastructures Ltd	540	66	700	540	300	-	-	-	-	-	-	-88%
ITD Cementation India Ltd	158	72	225	180	-	-	-	-	-	-	-	-54%
Westlife Development Ltd	266	280	350	425	525	450	-	-	-	-	-	5%
Federal Mogul Goetze (India) Ltd	540	515	750	-	-	-	-	-	-	-	-	-5%
Dynamatic Technologies Ltd	2160	1229	3000	2750	2160	-	-	-	-	-	-	-43%
Hitech Corporation Ltd	175	80	230	180	150	125	-	-	-	-	-	-54%
NRB Bearings Ltd	138	88	200	240	138	-	-	-	-	-	-	-36%
Kokuyo Camlin Ltd	132	66	175	132	-	-	-	-	-	-	-	-50%
Timken India Ltd	883	705	1200	1000	-	-	-	-	-	-	-	-20%
Morganite Crucible (India) Ltd	1047	1447	1500	1750	2300	2000	-	-	-	-	-	38%
Vardhman Special Steels Ltd	151	76	225	140	-	-	-	-	-	-	-	-50%
Zen Technologies Ltd	115	57	170	125	-	-	-	-	-	-	-	-50%
KSB Ltd	820	600	1100	-	-	-	-	-	-	-	-	-27%
Thermax Ltd	1019	1059	1230	-	-	-	-	-	-	-	-	4%
Transpek Industry Ltd	1547	1200	2000	-	-	-	-	-	-	-	-	-22%
BASF India Ltd	1954	999	2500	2000	1700	-	-	-	-	-	-	-49%
Artson Engineering Ltd	64	34	95	75	-	-	-	-	-	-	-	-47%
Remsons Industries Ltd	104	83	155	130	-	-	-	-	-	-	-	-20%
Snowman Logistics Ltd	33	30	55	-	-	-	-	-	-	-	-	-8%
Alembic Pharmaceuticals Ltd	605	512	751	-	-	-	-	-	-	-	-	-15%
SKF India Ltd	1942	1852	2620	-	-	-	-	-	-	-	-	-5%
HFCL Ltd	25	19	35	-	-	-	-	-	-	-	-	-25%
Sudarshan Chemical Industries Ltd	372	329	500	-	-	-	-	-	-	-	-	-12%
Huhtamaki PPL Ltd	254	225	320	-	-	-	-	-	-	-	-	-12%
Mishra Dhatu Nigam Ltd	123	115	160	-	-	-	-	-	-	-	-	-6%

*Castrol, Vesuvius - Dec Ending | Siemens-Sept ending | * T= Target

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	53%
Engineers India Ltd	211	325	Bonus 1 : 1	105	200	0%
Gulshan Polyols Ltd	390	500	Stock Split from Rs.FV 5 to Rs.FV 1	110	78	-66%
Nesco Ltd	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2	479	640	10%
Castrol India Ltd	447	550	Bonus 1 : 1	223	200	-47%
Hikal Ltd	143	325	Bonus 1 : 2	95	216	56%

Coverage Performance Sheet												
Company	Reco at	CLS	Target Price (Rs)									Appreciation
	(Rs)	(Rs)	T1	T2	T3	T4	T5	T6	T7	T8	T9	
IHP Ltd	341	269	500	600	500	-	-	-	-	-	-	53%
Engineers India Ltd	211	101	200	250	200	-	-	-	-	-	-	0%
Gulshan Polyols Ltd	390	35	110	78	-	-	-	-	-	-	-	-66%
Nesco Ltd	2397	527	640	-	-	-	-	-	-	-	-	10%
Castrol India Ltd	223	119	275	250	200	-	-	-	-	-	-	-47%
Hikal Ltd	143	149	200	250	325	216	-	-	-	-	-	56%

Weekly Sectoral Gainers & Losers in (%)



TERM OF THE WEEK:

Defensive Interval Ratio: Defensive Interval Ratio may be defined a ratio that measures the number of days a company can operate without having access to Non-Current Assets. This ratio compares the assets to the liabilities instead of comparing assets to expenses. The ratio is also referred to as Defensive Interval Period.

COVERAGE NEWS:

Alembic Pharmaceuticals Limited: Received USFDA Approval

Alembic Pharmaceuticals has received USFDA approval for Dorzolamide Hydrochloride Ophthalmic Solution USP, 2%, therapeutically equivalent to Trusopt Ophthalmic Solution, of Merck. It is indicated in the treatment of elevated intraocular pressure in patients with ocular hypertension or open-angle glaucoma. It has market size of USD35mn according to IQVIA.

Alkyl Amines Chemicals Limited: Fire Incident

On 15th August 2019, the company informed the exchanges about an incident of fire at Kurkumbh site which was brought under control within a few hours. The fire was restricted to one storage area of the site and there was no loss of life or injury to anyone. All other areas of the site were unaffected.

Result update:

Transpek Industry Limited:

The net sales for the quarter de-grew by 4.3% to Rs1126mn as compared to Rs1177mn in the same quarter last year. The EBITDA margins for the quarter under review stood at 7.6%. The net profit dropped by 67.4% to Rs34mn as against Rs103mn in the comparative quarter. The EPS stands at Rs6. The company's plant was closed for nearly 45 days, despite which the company has shown net profit, many were anticipating the company to report loss during the quarter. However, the plant has now been restored to start the operations and the company is on track to achieve their internal targets. The board has recommended a dividend of Rs20/- per equity share on the face value of Rs10/- each for the financial year ended 31st March, 2019.

Outlook and Recommendations:

As per the management, the outlook for the Indian chemical sector still continues to remain positive. The demand for raw materials and intermediates continues to be on the rise. Management also indicated many global chemical companies are exploring the opportunities of making strategic alliances or partnerships and further investments with many Indian chemical players. While there are many opportunities to grow, management promptly indicated at the regulatory constraints which many Indian chemical companies including Transpek would face. The following year appears to be that of a consolidation phase for Transpek. Even though there are lot of opportunities due to the Chinese chemical market, the same will revive with time making us cautious but bullish on Transpek India. We maintain our target price of Rs2000 with a perspective of 12 months.

Alembic receives USFDA

*Alkyl Amines:
Fire Incident*

Strong Outlook

Cautious Approach

Continued Robustness

Product Mix Impact

Outperformer

Result update:

NRB Bearings Ltd: Target Revision

The total revenue for the quarter de-grew by 11.1% to Rs2,080mn as compared to Rs2,339mn in the same quarter last year. The EBITDA margin for the quarter under review stood at 12.2% in comparison to 19% in the corresponding quarter last year. The net profit in the quarter stood at Rs87mn as against Rs348mn in the comparative quarter; a drop of 75%. There was an exceptional item of Rs165mn in June 2018 for sale of property, adjusting for which the drop is 52.4% y-o-y. The EPS stands at Rs0.9.

Outlook and Recommendations:

The company seems to be under pressure in this quarter as well which has impacted the overall performance. With the slowdown in the auto industry, muted demand is to be dealt with cost saving measures which the company is working on for better operational efficiency. Pledged shares has been a concern in the near term and the management's solution to it will be a keen watch in the near term. We are of the view that company will take time to be on track, thus we reduce our target price back to the initiating price of Rs138 over a 12 months horizon.

Indian Hume Pipe Co Ltd:

The net sales for the quarter grew by 38% to Rs4,632mn as compared to Rs3,356mn in the same quarter last year. The EBITDA margins for the quarter under review stood at 11.1%. The net profit grew by 23.5% to Rs209mn as against Rs170mn in the comparative quarter. The EPS stands at Rs4.3. The estimated balance value of the work, after removal of cancelled orders of Rs701.66cr from the state of Andhra Pradesh as at 9th August, 2019 is Rs4,354.83cr as against Rs3,459.35cr as at 6th August, 2018.

Outlook and Recommendations:

The company has a robust order book which provides a visibility of at least 18-24 months. It continues to be on its path of attaining good profitable revenues and also maintaining the dividend distributions to its shareholders which stands at Rs3.6 per equity share of face value Rs2 per equity share. Ambitious projects by the Government of India like 'Nal se Jal' and 'Har Ghar Jal' can be beneficial for IHP. Though slow, however, the company continues to grow steadily and thus we maintain our target price of Rs500 with a horizon of 12 months.

ITD Cementation:

The total revenue for the quarter grew by 7.9% to Rs7,046mn as compared to Rs6,529mn in the same quarter last year. The EBITDA margin for the quarter under review stood at 10.6% in comparison to 13.2% in the corresponding quarter of the last year. The net profit de-grew by 41.5% to Rs169mn as against Rs289mn in the comparative quarter. The EPS stands at Rs1

Outlook and Recommendations:

There was a decent growth seen in the revenues and the order book position in the quarter under reference, however with a drop in profits. The operational efficiency was mainly impacted due to change in product mix being tilted towards low margin project profile. As far as the EBITDA levels of the company are concerned, the management is of the belief the same to be at a lower level of ~9-10%. Considering all of these, we would like to tone down our target price to Rs130 (from the earlier Rs180) over a 12 months horizon.

Timken India:

The total revenue for the quarter grew by 4.8% to Rs4,378mn as compared to Rs4,178mn in the same quarter last year. The EBITDA margin for the quarter under review stood at 21.7% as compared to 14.9% in the corresponding quarter last year. The net profit grew by 65.8% to Rs505mn as against Rs305mn in the comparative quarter. The EPS stood at Rs6.7

Outlook and Recommendations:

The company has reported good set of numbers in the current slowdown scenario, outperforming its peers. The consistent performance since two quarters is the positive impact of the acquisition of ABC Bearings Ltd, the fruit of synergy. Going forward, we believe that this acquisition will continue to insulate the company in the prevailing challenging environment and thus the growth momentum should sustain. Thus, we continue to maintain BUY rating on the stock with the target to Rs1000 for a 12-month horizon.

Weak Set of Numbers

Result update:

Excel Industries:

The total revenue for the quarter de-grew by 2.7% to Rs1,895mn as compared to Rs1,947mn in the same quarter last year.

The EBITDA margin for the quarter under review stood at 22.2% as against 30.9% in the corresponding quarter last year. The net profit dropped by 29.9% to Rs272mn as against Rs389mn in the comparative quarter. The EPS stands at Rs21.7.

On the segmental front, the Chemicals and Environment & Biotech segment clocked a drop of 2% and 16% respectively. Below normal monsoon lead to delay in plantation, affecting much acreage. This caused an inventory build-up and has negatively affected the Agrochemical Intermediates segment. Specialty and Performance Chemicals, Polymer Inputs and Pharmaceutical Intermediates and Active Pharmaceutical Ingredients, on the other hand, are currently well placed

Outlook and Recommendations:

The contraction in margins is visible since the past few quarters owing majorly due to pile-up of inventories, including this current quarter. Drop in this quarter, is visible both in top-line and bottom line numbers. The company is in the mode of expanding its Pharmaceutical and E&BT segments. Owing to this diversification plan of the management, we hope to see a turnaround in the business in the second half of the financial year. We maintain buy on dips strategy for the stock, and the recent correction in the stock price has led us to reduce the target from Rs1800 to Rs1200 with a horizon of 12months.

Currently Weak

Federal-Mogul Goetze (India):

The total revenue for the quarter de-grew by 9.4% to Rs3,073mn as compared to Rs3,392mn in the same quarter last year. The EBITDA margin for the quarter under review stood at 10.8% as compared to 16.6% in the corresponding quarter of last year. The net profit stood at Rs107mn as against Rs254mn in the comparative quarter; a drop of 58.0%. The EPS stands at Rs1.9

Outlook and Recommendations:

The company's sales has dropped significantly in this quarter which has impacted the margins, although the company is taking measures to reduce cost. There are no signs of immediate pick up of growth in the auto industry, which can be a major cause of concern for the company in the coming quarters, being into the business of manufacturing auto components. Keeping in view the uncertainty the company could face in the near term, we maintain BUY on dips strategy for the stock with the target price of Rs750 over a 12-month horizon.

Consolidation

Snowman Logistics:

The net sales for the quarter grew by 11.3% to Rs621mn as compared to Rs558mn in the same quarter last year. The EBITDA margins for the quarter under review stood at 26.2%. The company reported a net loss of Rs90mn as compared to a profit of Rs7mn in the comparative quarter of the previous year due to a reversal of one time deferred tax asset of Rs8.50cr on account of reduction in tax rates to 25% v/s 30% (as per the Finance Bill) w.e.f July, 2019. The EPS stands at Rs(0.5). On the segmental front during the quarter, the Transportation and Consignment agency services clocked a growth of 34.2% and 58.0% respectively, whereas the Warehousing services de-grew by 0.2%. As per the management, the warehousing business was affected on account of the Fani cyclone in the company's facilities in the eastern region, specifically the seafood industry and the company expects the seafood volumes to resume to normal levels in the coming months.

Outlook and Recommendations:

Although it wasn't a great start for the quarter, majorly on account of the recent amendments in the Finance Bill for which the company had to take a hit in its bottom line. In spite of this, the management continues to remain focused on improving its operational efficiencies, providing up to the mark services to its loyal customers. The cold chain business being seasonal in nature, Snowman needs to stay invested and thereby plan a capex in order to expand its network. Considering a strong visibility growth in QSR, Pharmaceuticals and Organized food retail segments and they being amongst the biggest drivers for the cold chain business; this would enable the company to meet the demand of its customers, and thus we continue to remain bullish on the stock and maintain our target price of Rs55 with a horizon of 12 months.

Hit by RM Prices

Result update:

Gulshan Polyols:

The net sales for the quarter grew marginally by 1.1% to Rs1,687mn as compared to Rs1,668mn in the same quarter last year. On the segmental front, revenues from Mineral processing and Distillery business clocked a growth of 15.1% and 121.7% respectively; whereas, the Grain processing de-grew by 4.4%. The EBITDA margins for the quarter under review stood at 12% as compared to 14.7% in Q1FY18. The net profit grew by 12.0% to Rs73mn as against Rs65mn in the comparative quarter.

Outlook and Recommendations:

The company reported a flat topline for the quarter under review. On the operational levels, the margins were impacted on account of slight increase in the raw material costs which was even mentioned in our previous quarterly updates. Going forward, it is expected that the company would bear the brunt of the same. Out of all the business units, the Distillery unit has not ramped up as per our expectations and continues to report loss. Things will change for the good once the unit will stabilise. Taking into account all of these factors, we would maintain our cautious view on the company and thereby retain the target price of Rs78 over a horizon of 12 months.

Grauer & Weil (India) Ltd:

The net sales for the quarter grew by 9.8% to Rs1,309mn as compared to Rs1,192mn in the same quarter last year. The EBITDA margins for the quarter under review stood at 16.1%, this is basically due to higher cost of basic raw material price impacting the company adversely. The Company has received an advance payment of Rs40mn towards its insurance claim for the fire incident which had taken place on 01st January 2019. The book value of the assets lost due to fire were estimated at Rs61.9mn. The net profit de-grew by 21.8% to Rs154mn as against Rs197mn in the comparative quarter.

Outlook and Recommendations:

The company continues to take a hit due to increased cost of commodity chemicals which are the basic raw materials used in the segment of surface finishing. The segment of shoppertainment has been contributing some of the best numbers so far which are offsetting the impact of raw material prices. As mentioned earlier as well, there is a capex to the tune of Rs1,200mn for FY19 and a total capex of Rs4,000mn planned by the company for the next 2-4 years which will positively impact the earnings in times to come. We maintain our target price of Rs65 with a horizon of 12 months.

Capex Ahead

Gufic Biosciences Ltd:

The net sales for the quarter grew by 17.3% to Rs924mn as compared to Rs788mn in the same quarter last year. The EBITDA margins for the quarter under review stood at 13.1%. The net profit grew by 84.6% to Rs68mn as against Rs37mn in the comparative quarter. The EPS stands at Rs0.9

Outlook and Recommendations:

The company has reported strong set of numbers for the quarter under reference. Considering the additional number of approvals received in the current quarter, plans of the company to increase its product pipeline for APIs in FY20 and the enhancement of the APIs manufacturing capacity already been undertaken; the benefits of the same to the revenue growth to be witnessed from the second quarter; we feel that the performance is sustainable even going forward. However, We would like to tone down our target price to Rs120 (from the earlier Rs150) over a 12 months horizon.

Strong Set of Numbers

NACL Industries:

The total revenue for the quarter de-grew by 12.5% to Rs1,910mn as compared to Rs2,182mn in the same quarter last year. The EBITDA margin for the quarter under review stood at 3.4% as against 4.4% in the corresponding quarter of the last year. The net profit grew by 12.7% to Rs12mn as against Rs11mn in the comparative quarter.

Outlook and Recommendations:

Although there has been a drop in revenue in this quarter, NACL has shown improvement in margins, owing to the cost cutting measures adopted by the company. Also, we believe that the revenue will be on track in the near future, due to certain orders the company has received, which is to be executed in this financial year. This recent developments also coincide with the view that the turnaround phase of the company is still intact. Thus, we maintain a BUY call on the stock with the target price of Rs45 over a 12-month horizon.

Revenue Slips, But Profit Rises

*Gross Margins
Maintained*

Result update:

Hi-Tech Gears:

The total revenue for the quarter de-grew by 7.4% to Rs1,507mn as compared to Rs1,627mn in the same quarter last year. The EBITDA margin for the quarter under review stood at 10.2% as compared to 13.2% in the corresponding quarter of last year. The net profit stood at Rs31mn as against Rs58mn in the comparative quarter; a drop of 47.1%. The EPS stands at Rs1.6

Outlook and Recommendations:

The company has maintained its gross margins in the quarter under review and has seen a slight dip in the margins at 10.2% as compared to 13.2% in the same period last year. There has been a drop in the revenue, which is basically due to the issues faced by the industry as a whole. The company continues to maintain its operational efficiency however, looking at the market conditions and no respite in the industry which Hitech caters to, we have reduced the target price from Rs500 to Rs450. We believe that the stock needs to accumulated on dips with a horizon of 12 months.

Insolvent Cases

ECONOMY:

Delay becomes the norm in insolvency & bankruptcy cases

As per data by the Insolvency and Bankruptcy Board of India (IBBI), the delay in the resolution of bankruptcy cases continues and is becoming worst every quarter. It is estimated ~34% of the 1,292 cases in the bankruptcy courts are delayed beyond 270 days. The delay has grown from 26% a year ago and 31% in the quarter ended March 2019. The same was proposed to be a law with strict time lines however; the same has been breached continuously.

Our Comments: The issues related to delay and or lack of judges and other personnel's should be resolved if there is a resolution to be struck to solve these financial issues and reduce the burden.

Surge in Exports

Exports Surge 2.25% in July, trade deficit narrows to USD13.43bn

The World Bank had projected a weaker global trade in 2019. Due to the trade tensions between the US and China, exports in India had dropped 9.71% in June. However, the merchandise exports from India has rebounded and grew 2.25% in July which was also very well supported by shipments of organic goods, drugs and pharmaceuticals etc. while at the same time imports reduced and thus narrowing the trade deficit. Growth in exports is showing India resilience in tough times and sluggish global economy. As per the data release India's exports have increased to USD26.3bn in July from USD25.75bn a year earlier.

Our Comments: The government has started taking steps to boost exports (including a new export promotion scheme) and reducing the imports. Thus the idea is to narrow the trade deficit and improve India position in global trades.

*Industrial Production
Slows Down*

Industrial production growth slows to 4-month low of 2% in June

In June 2019, the industrial growth slowed to a four-month low which was pulled down by a sharp decline in the output of mining and manufacturing activities. As per the data released by the Central Statistics Office (CSO), industrial production measured by IIP rose 2% in June. Of the 23 industry groups in manufacturing only eight of them reported positive growth in the month. Thus, industrial output rose by 3.6% in the first quarter of FY20 as compared to an increase of 5.1% in the same quarter last year. The basic consumption and investment cycles are weak which is also getting reflected in consumer durables and capital goods.

Our Comments:

Overall economic growth remained muted in the April-June period. Domestic passenger car sales suggest there will be no immediate respite. The ministry can help the situation by providing stimulus measures to propel growth.

CPI Inflation Steady

CPI inflation steady at 3.15% in July 2019

The all-India general CPI inflation was steady at 3.15% in July 2019, compared with 3.18% in June 2019. The core CPI inflation rose to 4.24% in July 2019 compared with 4.13% in June 2019.

Our Comments:

Rising global geo-political tensions could keep crude prices volatile. While a weak domestic demand and growth should keep core inflation — clothing, housing, health, transport and education — under check, the sudden rise in July, needs to be monitored.

Profits in PSU Banks

INDUSTRY:

PSU banks post profits in Q1 on strong treasury gains:

Public sector banks (PSBs) turned in a collective profit in Q1FY20 — the first time in more than two years — on the back of strong treasury gains. Nonetheless, the aggregate profit of Rs3,948cr was well below that of private player HDFC Bank's Rs5,568cr. Among the clutch of 19 PSBs, four continued to report losses in the June quarter Syndicate Bank, UCO Bank, Indian Overseas Bank (IOB) and Punjab & Sind Bank.

Our Comments: As most banks have now finished setting aside the aging provisions required for their legacy NPAs, they have managed to return to the black with some help from treasury gains arising out of softer bond yields. A trend of rising yields in the bond market could easily render PSBs' gains short-lived.

Cost Cutting

COMPANY:

IL&FS cuts nearly 50% staff since October for cost cutting

As a cost cutting measure IL&FS group has either laid off or separated 43 percent employees. In its progress report to NCLT, the company said that resorting to this measure has helped them reduce wage bill by nearly 47 percent. In addition to the manpower on the rolls, the cost of contract staff at IECCL has also reduced. Manpower optimisation is what the company has resorted to which has resulted the head count to decrease by 43 percent between October 1, 2018, and June 30, 2019.

Our Comments: The Company has no other option but to rationalise manpower required for viability and continuation of projects being undertaken.

CIL- Delayed Project

Coal India's 54 mining projects facing delays:

Coal India Limited (CIL) accounts for over 80 per cent of domestic coal output. Nearly 54 coal mining projects of CIL are facing delay due to various reasons like contractual issues and delay in green clearances. As per the annual report of CIL, a total of 120 coal projects costing Rs20cr and above are in various stages of implementation where nearly 66 projects are on schedule and 54 projects are delayed. Some of the major reasons for this postponement is due to delays in obtaining environment clearance (EC), forest clearance (FC), possessions of land and issues related to resettlement and rehabilitation, contractual issues and evacuation facilities among others.

Our Comments: There is an increased demand for coal over the next 10 years or so, and the company has a great opportunity lying forward. The company is reported to be planning towards this opportunity.

ONGC on an Investing Spree

ONGC investing Rs 83,000 cr in 25 projects; cumulative oil, gas gain over 180 MT

Oil and Natural Gas Corp (ONGC) is reported to invest around Rs83,000cr in 25 major projects which will boost the oil and gas production. As per the chairman and managing director Shashi Shanker around 15 of these projects are currently under execution. The cumulative gains from these projects are anticipated to be over 180mn tonne of oil and oil equivalent gas in their life cycle. Moreover, the Petroleum & Natural Gas Ministry has announced several enabling policies which will favour the industry as a whole. In addition to this, while supporting Prime Minister Narendra Modi's call for a domestic solar revolution; ONGC had launched a nation-wide Solar Chulha Challenge.

Our Comments: All these approaches by the petroleum & natural gas ministry and the government will bring in positive changes in India's oil and gas sector.

Huge Investments by Adani

Adani Enterprises arm to invest Rs10,000cr in airport business

Adani Enterprises Ltd (AEL) has committed an investment of Rs10,000cr for a period of seven years for airport business by 2026. This is basically as AEL's arm Adani Airports Ltd has recently won bids for six airports. The Airports Authority of India (AAI) has already issued letters of award for handing over operations of Ahmedabad, Lucknow and Mangaluru airports to Adani Enterprises Ltd. The company intends to make an upfront payment of ~Rs3,600cr for six airport projects and the capital expenditure of about Rs6,000cr will spread over a period of over 7 years.

Our comments: Three of these airport projects are anticipated to start generating revenues from April 2020 which will benefit the company in times to come.

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