

**THE WEEKLY WRAP-UP**

18th May 2018

**DOMESTIC:**

- Ashoka Buildcon Ltd arm executes concession agreement with NHAI
- After Dena Bank, RBI may put restrictions on 2 more lenders under PCA
- Aurobindo Pharma's arm recalls 2 antibiotic injections from US
- Parle Agro eyes Rs10K-cr topline by '22; plans new categories
- Foreign carmakers may bag 20% quota in EESL tender for upgraded models
- Walmart may put USD3bn more in Flipkart, take over 85% stake
- Orchid Pharma faces liquidation as lenders reject resolution plan
- USFDA completes inspection of Lupin's Nagpur plant
- NALCO signs MoU with the Ministry of Mines, sets target of Rs9,350cr
- ArcelorMittal parks Rs7,000cr with SBI to clear Uttam Galva dues
- ICICI Bank picks 18% stake in Gammon Infrastructure
- Dilip Buildcon inks pact with NHAI for Rs6,055cr project
- NTPC inks pact to acquire 3 projects in Bihar
- Godrej Agrovet keen to acquire Ruchi Soya's oil palm business
- Glenmark Pharma launches generic version of asthma drug in Denmark
- Divi's Choutuppal Unit-1 successfully overcomes USFDA inspection
- JSW Steel to invest Rs17,600cr more to up capacity to 24.7 mt
- L&T Construction bags orders worth Rs2440cr
- Reliance Power exists Tiaya UMPP for Rs712.64cr
- Sun Pharma launches Welchol AG, nothing to do with Halol
- Blackstone unit sells 8% stake in Mphasis for about Rs1,440cr
- Maruti Suzuki gets lion's share of Suzuki R&D budget
- Zee TV extends lead in the pay GEC space
- CCI approves JSW bid for Monnet Ispat

**ECONOMY:**

- Wholesale inflation hits 4-month high at 3.18% in April
- India's exports rise 5.17% in April
- Indian economy projected to grow 7.6% in 2018- 19: UN

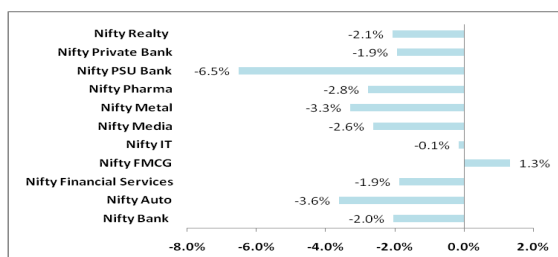
**INDUSTRY:**

- Healthcare sector may touch Rs8.6tln by FY22: Report
- Solar project developers ask ministry to defer auctions
- China's plans to import Indian drugs fail to enthuse Indian pharmaceutical firms
- Metals sector to drive stability in corporate outlook for 2018-19: Ind-Ra
- US opioid crisis hits Indian Pharma companies

**Price Performance (%)**

Company	1M	3M	12M
Supreme Petrochem Ltd	-8.4%	-13.2%	-23.2%
Shanthi Gears Ltd	-5.4%	-9.6%	-2.5%
Hind Rectifiers Ltd	-4.0%	3.2%	33.3%
KCP Ltd	-13.8%	-4.3%	-3.6%
Harita Seating System Ltd	-3.5%	5.2%	34.2%
Hester Biosciences Ltd	-8.5%	-7.8%	63.4%
The Hi-Tech Gears Ltd	1.1%	6.1%	35.5%
Bharat Bijlee Ltd	-11.5%	2.3%	35.3%
Triveni Turbines Ltd	0.9%	-17.8%	-28.2%
Siemens Ltd	-4.3%	-16.4%	-27.3%
Hikal Ltd	-3.6%	3.7%	4.1%
Aksh Optifibre Ltd	-9.8%	-11.1%	46.5%
GMM Pfaudler Ltd	12.1%	17.0%	40.0%
Alicon Castalloy Ltd	2.2%	-0.1%	18.3%
Premier Explosives Ltd	-4.4%	-14.3%	-21.7%
Gufic Biosciences Ltd	15.5%	19.3%	118.4%
Excel Industries Ltd	6.6%	50.0%	224.2%
Vesuvius India Ltd	-1.0%	7.1%	4.2%
Munjal Showa Ltd	-9.0%	-7.6%	2.6%
Bharat Rasayan Ltd	15.5%	20.9%	101.4%
Alkyl Amines Chemicals Ltd	7.6%	9.8%	51.4%
Grauer and Weil (India) Ltd	-7.2%	-8.2%	40.3%
Texmaco Rails & Engineering Ltd	-13.3%	-22.8%	-22.6%
Nagarjuna Agrichem Ltd	-17.0%	-15.9%	30.4%
Simplex Infrastructures Ltd	-1.1%	4.0%	99.0%
ITD Cementation India Ltd	-4.2%	-17.3%	-5.1%
Westlife Development Ltd	1.5%	22.8%	74.6%
Federal Mogul Goetze (India) Ltd	-1.7%	-10.0%	-24.5%
Dynamatic Technologies Ltd	-0.3%	10.6%	-35.8%
Hitech Corporation Ltd	-4.8%	-4.8%	-29.1%
NRB Bearings Ltd	-6.3%	4.1%	36.9%
Kokuyo Camlin Ltd	-13.2%	-15.1%	1.2%
Timken India Ltd	-1.4%	-15.1%	-1.2%
Bigbloc Construction Ltd	-19.5%	3.2%	55.2%
Morganite Crucible (India) Ltd	-3.1%	42.4%	75.4%
Vardhman Special Steels Ltd	-14.3%	-7.8%	17.4%
Zen Technologies Ltd	-8.4%	-5.1%	75.8%
Indian Hume Pipe Co. Ltd	-15.5%	-20.1%	35.5%
Engineers India Ltd	-8.1%	-13.9%	70.6%
TRIL	-12.5%	-23.0%	-41.6%
Gulshan Polyols Ltd	-6.6%	-15.3%	-24.2%
Nesco Limited	-0.3%	-4.5%	8.2%
Castrol India Ltd	-17.0%	80.2%	-23.2%

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



**The week that went by:**

Markets opened on a quiet note with the Karnataka exit polls indicated hung assembly. The benchmark indices were flat in opening trade with the rising bond yield as well as vote counting in Karnataka. The markets opened sharply lower taking leads from the weak trend in global stocks. The markets rebounded with confirmation that BJP is forming government in Karnataka. The markets opened in the negative for last day of the week.

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	307	500	62.9	29.6	18.6	14.9	16.5	20.5	9.6	12.1
Shanthi Gears Ltd	BUY	107	128.05	200	56.2	10.5	2.8	3.1	46.5	41.5	29.3	25.8
Hind Rectifiers Ltd	BUY	69	132.75	175	31.8	2.0	-1.1	0.3	-125.2	387.4	49.4	34.8
KCP Limited	BUY	71	122.4	200	63.4	15.8	2.8	6.3	44.2	19.4	13.0	11.2
Harita Seating System Ltd	BUY	266	965	1150	19.2	7.5	32.4	34.5	29.7	28.0	27.2	22.7
Hester Biosciences Ltd	BUY	565	1475.4	2200	49.1	12.6	29.2	34.2	50.5	49.8	31.3	26.6
The Hitech Gears Ltd	BUY	298	463.5	600	29.4	8.7	10.9	16.5	42.7	28.6	18.2	15.0
Bharat Bijlee Ltd	BUY	787	1425	2000	40.4	8.1	34.7	41.4	41.1	34.4	53.2	27.0
Triveni Turbines Ltd	BUY	92	99.4	175	76.1	0.3	3.5	2.4	28.2	40.8	20.0	24.6
Siemens Ltd	BUY	1128	1032.1	1350	30.8	367.4	9.1	10.0	113.6	103.4	77.5	68.5
Hikal Ltd	BUY	143	231.2	325	40.6	19.0	8.1	8.7	28.5	26.6	11.8	10.8
Aksh Optifibre Ltd	BUY	15	33.25	45	35.3	5.4	13.9	1.5	1.7	15.6	6.1	9.2
GMM Pfaudler Ltd	BUY	332	840	1000	19.0	12.3	19.3	20.8	43.5	40.4	29.8	27.3
Alicon Castalloy Ltd	BUY	288	615	750	22.0	7.6	21.4	24.1	28.8	25.5	11.1	8.8
Premier Explosives Ltd	BUY	350	335	600	79.1	3.0	15.9	11.4	21.0	29.4	11.6	11.4
Gufic Biosciences Ltd	BUY	50	142.6	140	-1.8	11.0	1.6	2.1	91.4	68.6	42.7	31.7
Excel Industries Ltd	BUY	380	1274	800	-37.2	16.4	9.8	39.7	130.5	32.1	39.7	18.8
Vesuvius India Ltd	BUY	1165	1282	1500	17.0	25.6	49.0	62.7	26.2	20.5	14.2	11.5
Munjal Showa Ltd	BUY	191	208.15	350	68.1	8.3	14.2	14.6	14.6	14.3	8.7	8.4
Bharat Rasayan Ltd	BUY	2747	5670.55	6500	14.6	23.8	128.9	189.3	44.0	30.0	22.9	16.5
Alkyl Amines Chemicals Ltd	BUY	391	678	700	3.2	13.8	24.3	27.0	27.9	25.1	16.2	16.2
Grauer and Weil (India) Ltd	BUY	45	58.45	100	71.1	13.3	2.3	2.3	25.9	25.0	14.6	14.2
Texmaco Rails & Engineering Ltd	BUY	91	74.75	150	100.7	20.2	1.5	2.7	48.9	27.8	33.4	20.7
Nagarjuna Agrichem Ltd	BUY	29	36.5	75	105.5	5.7	1.6	0.9	22.5	42.1	12.5	11.5
Simplex Infrastructures Ltd	BUY	540	589	700	18.8	20.2	24.3	29.6	24.2	19.9	9.0	8.2
ITD Cementation India Ltd	BUY	158	157.1	225	43.2	24.4	3.1	4.8	50.7	32.8	13.3	12.0
Westlife Development Ltd	BUY	266	391.9	425	8.4	61.0	-0.8	0.3	-502.3	1147.8	133.6	80.6
Federal Mogul Goetze (India) Ltd	BUY	540	450	750	66.7	25.0	12.9	15.7	34.8	28.6	14.4	13.1
Dynamatic Technologies Ltd	BUY	2160	1846.8	3000	62.4	11.7	23.0	-9.3	47.4	-527.6	10.4	13.2
Hitech Corporation Ltd	BUY	175	147.5	230	55.9	2.5	6.9	3.5	21.4	42.2	8.4	9.2
NRB Bearings Ltd	BUY	138	161.7	200	23.7	15.7	5.2	5.5	31.0	29.3	17.2	16.5
Kokuyo Camlin Ltd	BUY	132	102	175	71.6	10.2	0.1	0.5	1077.9	195.0	50.8	37.3
Timken India Ltd	BUY	883	700	1200	71.4	47.6	14.3	15.1	49.0	46.2	30.1	26.1
Bigbloc Construction Ltd	BUY	120	140.5	200	42.3	2.0	2.2	2.7	65.0	51.3	21.5	18.6
Morganite Crucible (India) Ltd	BUY	1047	1422.4	1500	5.5	4.0	47.2	38.2	30.1	37.2	16.1	21.4
Vardhman Special Steels Ltd	BUY	151	132.7	225	69.6	4.7	10.3	6.4	14.6	23.4	13.2	12.6
Zen Technologies Ltd	BUY	115	109.1	170	55.8	8.4	0.9	0.2	117.5	512.1	71.8	195.6

\*Castrol, Vesuvius, ITD Cementation- Dec Ending | Siemens-Sept ending |

Recommendations adjusted as per Corporate Actions						
Company	Reco	Target	Corp Action	Adj Price	Adj Tgt Price	Appreciation
IHP Ltd	341	600	Bonus 1 : 1.	171	600	72%
Engineers India Ltd	211	200	Bonus 1 : 1.	106	250	37%
Transformers and Rectifiers (India) Ltd	300	450	Stock Split from Rs.FV 10 to Rs.FV 1.	30	40	-20%
Gulshan Polyols Ltd	390	500	Stock Split from Rs.FV 5 to Rs.FV 1.	78	110	-13%
Nesco Ltd	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2.	479	640	16%
Castrol India Ltd	447	550	Bonus 1 : 1	223	275	-23%

Coverage Universe Valuations												
Company	Reco	Adj Reco	CMP	Tgt price	Upside	Mcap	EPS		PE(x)		EV/EBITDA (x)	
		(Rs)	(Rs)	(Rs)	(%)	(Rs bn)	FY17	FY18E	FY17	FY18E	FY17	FY18E
IHP Ltd	BUY	341	295	600	103.7	14.3	20.4	14.3	14.5	20.5	7.9	10.6
Engineers India Ltd	BUY	211	144	250	73.9	48.5	4.8	5.0	29.8	28.7	29.5	32.0
Transformers and Rectifiers (India) Ltd	BUY	300	24	40	66.3	0.3	13.9	1.5	1.7	15.6	6.1	9.2
Gulshan Polyols Ltd	BUY	390	68	110	63.0	3.1	4.6	6.4	14.7	10.5	18.6	16.5
Nesco Ltd	BUY	2397	556	640	15.1	7.8	120.2	137.5	4.6	4.0	18.3	15.3
Castrol India Ltd	BUY	223	173	275	59.2	85.4	13.6	14.1	12.7	12.2	7.6	7.2

Coverage Performance Sheet										
Company	Reco at	CLS	Target Price (Rs)							Appreciation
	(Rs)	(Rs)	Target 1	Target 2	Target 3	Target 4	Target 5	Target 6	Target 7	(%)
Supreme Petrochem Ltd	77	307	120	150	200	275	350	500	-	299%
Shanthi Gears Ltd	107	128	150	200	-	-	-	-	-	20%
Hind Rectifiers Ltd	69	133	110	140	175	-	-	-	-	92%
KCP Limited	71	122	105	150	200	-	-	-	-	72%
Harita Seating System Ltd	266	965	400	600	750	900	1150	-	-	263%
Hester Biosciences Ltd	565	1475	750	875	1150	1500	1750	2200	-	161%
The Hitech Gears Ltd	298	464	450	600	-	-	-	-	-	56%
Bharat Bijlee Ltd	787	1425	1100	1500	2000	-	-	-	-	81%
Triveni Turbines Ltd	92	99	135	175	-	-	-	-	-	8%
Siemens Ltd	1128	1032	1350	-	-	-	-	-	-	-9%
Hikal Ltd	143	231	200	250	325	-	-	-	-	62%
Aksh Optifibre Ltd	15	33	24	35	45	-	-	-	-	122%
GMM Pfaudler Ltd	332	840	500	700	800	1000	-	-	-	153%
Alicon Castalloy Ltd	288	615	450	600	750	-	-	-	-	114%
Premier Explosives Ltd	350	335	450	525	-	-	-	-	-	-4%
Gufic Biosciences Ltd	50	143	75	100	140	-	-	-	-	185%
Excel Industries Ltd	380	1111	550	650	800	1100	1400	-	-	192%
Vesuvius India Ltd	1165	1282	1500	-	-	-	-	-	-	10%
Munjal Showa Ltd	191	208	250	300	350	-	-	-	-	9%
Bharat Rasayan Ltd	2747	5671	3500	4250	5000	6500	-	-	-	106%
Alkyl Amines Chemicals Ltd	391	678	550	700	-	-	-	-	-	73%
Grauer and Weil (India) Ltd	45	58	65	80	100	-	-	-	-	30%
Texmaco Rails & Engineering Ltd	91	75	125	150	-	-	-	-	-	-18%
Nagarjuna Agrichem Ltd	29	37	45	60	75	-	-	-	-	26%
Simplex Infrastructures Ltd	540	589	700	-	-	-	-	-	-	9%
ITD Cementation India Ltd	158	157	225	-	-	-	-	-	-	-1%
Westlife Development Ltd	266	392	350	425	-	-	-	-	-	47%
Federal Mogul Goetze (India) Ltd	540	450	750	-	-	-	-	-	-	-17%
Dynamatic Technologies Ltd	2160	1847	3000	-	-	-	-	-	-	-15%
Hitech Corporation Ltd	175	148	230	-	-	-	-	-	-	-16%
NRB Bearings Ltd	138	162	200	-	-	-	-	-	-	17%
Kokuyo Camlin Ltd	132	102	175	-	-	-	-	-	-	-23%
Timken India Ltd	883	700	1200	-	-	-	-	-	-	-21%
Bigbloc Construction Ltd	120	141	160	200	-	-	-	-	-	17%
Morganite Crucible (India) Ltd	1047	1540	1500	1750	-	-	-	-	-	47%
Vardhman Special Steels Ltd	151	133	225	-	-	-	-	-	-	-12%
Zen Technologies Ltd	115	109	170	-	-	-	-	-	-	-5%

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Recommendations adjusted as per Corporate Actions						
Company	Reco	Target	Corp Action	Adj Price	Adj Tgt Price	Appreciation
IHP Ltd	341	600	Bonus 1 : 1	171	600	72%
Engineers India Ltd	211	200	Bonus 1 : 1	106	250	37%
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Gulshan Polyols Ltd	390	500	Stock Split from Rs.FV 5 to Rs.FV 1	78	110	-13%
Nesco Ltd	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2	479	640	16%
Castrol India Ltd	447	550	Bonus 1 : 1	223	275	-23%

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

\*Omkar: Spin off

*LoA cancellation for IHP*

*Corporate announcement*

*Robust performance by the company*

*Below expectations results*

**Coverage News:**

**Indian Hume Pipe receives cancellation of LoA worth Rs578cr**

Indian Hume Pipe Company received cancellation of letter of acceptance from Madhya Pradesh Jal Nigam Maryadit. Madhya Pradesh Jal Nigam Maryadit cancelled the letter of acceptance in respect of work order of Rs578.50cr due to discrepancies found in the bid process relating to tender on e-procurement portal.

**Our comments:**

As this is a technical flaw rather than to do with the company, one needs to see if the order gets back to the company.

**Simplex Infrastructures Limited:**

A meeting of " Committee of Directors for raising capital" of the Board of Directors of the Company will be held on Saturday, May 19, 2018, to consider and approve the issue price, including discount, for Equity Shares to be allotted to QIBs.

**Result Update:**

**Westlife development Limited:**

The net sales came in at Rs3027mn as compared to Rs2249mn, growth of 34.6%. The Ebidta margins came in at 6.1% as compared to 4.3% in the same quarter last year. The net profits came in at Rs66mn against a loss of Rs41mn in the same quarter last year. For the full year, the net sales grew by 21.9%, while profits clocked in at Rs129mn against loss of Rs121mn in the previous year. The full year EPS stands at Rs0.83

**Outlook and Recommendations:**

It has been a robust quarter as well as year-end for the company moving from losses to profits. The SSSG has been impressive and gradually increasing. With all the growth platforms on track and delivering well, there is positivity in terms of the future outlook. We continue to maintain a BUY on the stock with a target price of Rs425 over a 12 months horizon.

**Hitech Corporation Limited:**

The net sales for the quarter under reference came in at Rs1,011mn as against Rs949mn, growth of 6.5%. The Ebidta margins improved to 9.4% from 7.6% in the comparative quarter. The net profit came in at Rs51mn as against Rs17mn, which is mainly due to Other income of Rs56.7mn as the insurance Claims received. If this was not there the results would actually indicate a drop in the profits. The EPS for the quarter stands at Rs2.96. For the full year, the net sales clocked a growth of 5.8% while the margins grew strong at 9.6% as compared to 4.4% in the previous year. The year was closed at Rs78mn profits, lower than Rs94mn in the last year. The manufacturing operations of Company's plant at Rohtak (Haryana) were disrupted in February 2016 owing to fire which resulted in extensive damage to properties. The Company has received a sum of Rs567.32lakhs on February 9, 2018 towards the business interruption claim i.e. Loss of Profit and Standing Charges during the indemnity period and the same has been duly reflected in the financials under the head "Other Income" The Board of Directors have, subject to approval by shareholders in the ensuing Annual General Meeting, recommended a dividend of Rs0.90 per share (at the rate of 9%), on the equity shares of the Company for the year ended March 31, 2018.

**Outlook and Recommendations:**

The company has reported below than expected results for the quarter under reference if seen without the Other Income. There has been an improvement in the operational efficiency of the company. We remain positive on the future performance of the company. We had recommended BUY on the stock with a target of Rs230 and maintain the same.

*Recommended SIP  
candidate*

*Decent quarter, below  
expectation yearly numbers*

*Flat quarter for the  
company*

**Result Update:**

**Hester Biosciences Limited:**

The net sales for the quarter under review came in at Rs375mn as compared to Rs349mn, growth of 7.4%. For the full year i.e. FY18, the sales in the poultry divisions grew by 5.41% while that of the large animal divisions grew by 16.83%. Management has also agreed to the fact that the growth in sales was lesser than that what was forecasted however, they managed to achieve better profitability. The Ebidta margins for the quarter under review came in at 29.9% as compared to 33.5% in the same quarter last year. Hester has been able to achieve better bottom line due to better inventory management, strict credit controls and shift in the product mix. The net profit grew by 27% to Rs91mn from Rs71mn. For the full year, the net sales clocked growth of 7.7% while the net profit grew by 22.5%. The EPS for the quarter is Rs10.6 while for the full year (standalone basis) it stands at Rs35.9.

**Outlook and Recommendations:**

The company is looking at organic growth via Tanzania project thus initiating the thread to create a global presence. Margins have come under a little bit of pressure due to lesser than expected PPR tenders floated across the industry. However, as and when there will be an uptick, the same will be beneficial for Hester. Large animal vaccines will be a growth driver for the company in times to come. Securing sources of finance from Bill & Melinda Gates Foundation is a great achievement for the company (interest costs are lower). The company continues on its path to grow which may also test patience of the investors; thus we recommend a regular SIP in the stock for long term target of Rs2,200 over a horizon of 12 months.

**Texmaco Rails and Engineering Limited:**

The net sale for the quarter under reference was almost flat at Rs2846mn as against Rs2795mn. There was improvement in the margins at 8.7% compared to 4.7% in the same quarter last year. The net profits came in at Rs230mn as against Rs59mn in the comparative quarter. This includes higher other income in the quarter. However, even if taken as per trend, there would be growth at the net levels. For the full year, there was a drop in the net sales at Rs9269mn as compared to Rs11545mn. The Ebidta margins also dropped to 3.2% for the full year. There was a drop in the net profits at Rs101mn as compared to Rs336mn in the last year. Heavy Engg., Steel Foundry segment & Rail EPC reported a drop of in revenue of 12%, 5% while the Rail EPC grew by 6.6%. The overall performance was adversely impacted due to poor wagon order for a major part of the year and due to GST implementation, disruption of site activities for almost 6 months in Rail EPC division.

**Outlook and Recommendations:**

The company has reported a decent quarter but lower than expected results on the full year basis due to the poor wagon orders. But, with the gradual increase in focus of the govt. towards the Railways, one of the key beneficiaries should be Texmaco. However, seeing the current trend in the workings of the company; we tone down our target to Rs150 from the current Rs170 over a 12 months horizon.

**Nesco Limited:**

The net sales for the quarter was flat at Rs755mn as compared to Rs776mn in the same quarter last year. The Ebidta margins stood strong at 70.1% as against 54% in the comparative quarter, majorly due to the drop in the other expenses. The net profit grew by 24.2% to Rs428mn as against Rs345mn in the same quarter last year. The EPS stands at Rs6.07. For the full year, the net sales remains flat at Rs3036mn with margins of 71%. The net profit stands at Rs1767mn. In context to the segmental performance for the quarter, there has been a drop in the Nesco IT, Indabrator and income from investments by 16%, 34% and 47% respectively while the Bombay exhibition Centre grew by 11%. There has been reporting in the Nesco Hospitality with breakeven.

**Outlook and Recommendations:**

The company has reported a flat quarter in terms of the topline, but with strong margin improvement. However, the company is well on track in terms of the growth plans going forward and we expect the company performance to be better. We maintain a BUY on the stock with a target price of Rs640 from a 12 months' horizon.

*Good set of numbers*

**GMM Pfaudler Limited:**

The net sales for the quarter under review came in at Rs879mn as compared to Rs795mn, growth of 10.6%. The Ebitda margins improved to 16.4% from 13.6% in the same quarter last year. The net profit grew by 11.8% to Rs84mn from Rs75mn. For the full year, the net sales clocked growth of 9% while the net profit grew by 8.8%. The EPS for the quarter is Rs5.8 while for the full year it stands at Rs19.4

**Outlook and Recommendations:**

The company has reported good set of numbers for the quarter under review. Also with respect to the full year numbers, the results are slightly above expectations. The new gas furnace will help the company achieve better operational efficiencies and thus help in saving expenses as well. The company has taken many internal initiatives which will help the profitability of the company in times to come. We continue to remain bullish on the story and maintain our fourth revised target price of Rs1,000 with a 12 months perspective.

**ECONOMY:**

**Reversing trend, retail inflation inches up to 4.58% in April**

Inflation firmed up in April as higher food and fuel prices combined to reverse the trend of declining inflation in the last three months. Two separate sets of data released by the government showed retail inflation accelerating to 4.58% in April from 4.28% in March while wholesale price inflation climbed to a four month high of 3.18% in April compared with a 2.47% rise in March.

**Our comments:**

The Reserve Bank of India is expected to keep rates steady following higher inflation in its June 6 policy review though its stance may turn hawkish.

*Retail inflation inching up*

**India's exports rise 5.17% in April**

Buoyed by a rise in exports of engineering goods, handloom products and chemicals, India's merchandise exports rose 5.17% in April after moderating for four months. Exports were USD25.91bn last month, as per data released by commerce and industry ministry. Imports grew 4.6% in the first month of the new fiscal at USD39.63bn leaving a trade deficit of USD13.72bn, similar as March. Exports in sixteen out of 30 sectors grew and the major commodity groups of export showing positive growth year-on-year were engineering goods (17.63%), organic & inorganic chemicals (38.48%), drugs & pharmaceuticals (13.56%), cotton yarn/handloom products (15.66%) and plastics (30.03%).

**Our comments:**

This is a positive for the entire economy projections going forward.

*India export on the rise*

**INDUSTRY:**

**Metals sector to drive stability in corporate outlook for 2018-19: Ind-Ra**

As per India Ratings, Profitability improvement last year mainly in the metals sector is expected to keep corporate outlook for the new fiscal stable, but a broad-based recovery could take much longer. A report by the ratings agency also said that even though EBITDA growth could be between 8% to 11% in 2018-19, headwinds from rising oil prices, higher commodity prices, higher interest cost and depreciation in rupee could limit the expected growth. Companies in the oil and metals sectors are expected to be the major contributors to EBITDA growth in 2018-19. While oil companies are likely to report 13%-15% EBITDA on a year on year basis, metals companies may record a 10% growth. Compared to this, companies in other sectors could witness a growth of 6% to 8%, bringing the overall growth to 8%-11% in 2018-19.

**Our comments:**

There is positivity for the overall sector indicated for times to come.

*Metal sector in focus*

*Recall by Aurobindo*

**COMPANY:**

**Aurobindo Pharma's arm recalls 2 antibiotic injections from US**

AuroMedics Pharma LLC, a US subsidiary of Aurobindo Pharma Ltd, has initiated voluntary recall of two lots each of two injections from the US market following customer complaints about presence of particles in the vial. The fresh recall follows a recent withdrawal of over 1.5 million injections by the company due to Lack of Assurance of Sterility. The recall of Piperacillin and Tazobactam for injection, USP 3.375 g (Piperacillin Sodium equivalent to 3g of Piperacillin USP and Tazobactam Sodium equivalent to 0.375 g of Tazobactam USP).

**Our comments:**

Auromedics did not mention the quantities of both the products which are being recalled.

*Ahluwalia bags order*

**Ahluwalia Contracts bags news orders of Rs389.8cr**

Ahluwalia Contracts (India) Ltd has secured new orders aggregating to Rs389.8cr (approx.) for construction of institutional, commercial including electrical, plumbing & fire-fighting services. The new orders worth of Rs261.33cr for construction of renovation & modernization of Milan Mela at Kolkata and worth of Rs106.2cr for construction of building, renovation of building for Bennett Coleman & Co. Ltd and worth Rs22.28cr for other construction work.

**Our comments:**

The total order inflow during the FY18-19 stands at Rs1,624.8cr.

*Dilip Buildcon inks pact*

**Dilip Buildcon inks pact with NHAI for Rs6,055cr project**

Dilip Buildcon said that its six wholly owned arms have executed contracts with the National Highways Authority of India for road projects aggregating to Rs6,055cr. The highway projects will be executed in Karnataka, Telangana, Madhya Pradesh and Maharashtra under hybrid annuity mode.

**Our comments:**

This will add to the order backlog of the company.

*Launch by Sun Pharma*

**Sun Pharma launches generic Welchol tablets in US**

Sun Pharmaceutical Industries announced that one of its wholly-owned subsidiaries has launched in US, the Authorized Generic (AG) version for Daiichi Sankyo Inc.'s Welchol (colesevelam hydrochloride) 625mg tablets. The launch is pursuant to a distribution and supply agreement between Sun Pharma's wholly owned subsidiary and Daiichi Sankyo Inc., which grants the Sun Pharma subsidiary, exclusive rights to distribute these tablets in the US for a pre-determined period.

**Our comments:**

Welchol Tablets recorded US sales of approximately USD520mn for the 12 months ending March 2018, as per IQVIA.

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