

**DOMESTIC:**

- TRF to sell stake in subsidiary company for Rs167cr
- Cipla received zero observation from USFDA for its Indore facility after post-approval inspection
- USFDA issued 4 observations to Alkem Lab's Baddi plant
- Thomas Cook India launches no cost EMI powered initiative Holiday Basket
- Panacea Biotech received Azacitidine USFDA approval for the US market
- ICICI Bank to buy 9.9% stake in India International Clearing Corp
- Ashok Leyland ready to ride on Elon Musk's India dream
- ArcelorMittal to pay Rs42,000cr for Essar Steel takeover:
- Vedanta declared preferred bidder for two copper blocks in Maharashtra
- Hinduja Group evaluating Jet Airways opportunity
- Punjab National Bank may takeover Oriental Bank, Andhra Bank or Allahabad Bank
- Alkali Metals received an EIR from USFDA for its Visakhapatnam Unit in Andhra Pradesh
- Government to take over 3 stuck highway projects of IL&FS
- Tech Mahindra inks defence contract worth Rs300cr
- HPCL to borrow Rs8Kcr in FY20 to fund expansion
- ITI inks MoU with Department of Telecommunications for the Year 2019-20
- L&T issues non-convertible debentures by worth Rs2000cr
- Health Canada approves Biocon's & Mylan's Trastuzumab biosimilar
- Sterlite expects to re-open Tuticorin plant in next few months
- HDFC Bank board nod for share-split
- Cipla signed an agreement to acquire 26% stake in AMP Solar Power Systems Private Ltd
- Om Metals Infraprojects partly sold its packing division
- Zensar enables Sanlam to deliver company-wide Digital Transformation
- Infosys completes formation of strategic partnership with ABN AMRO in the Netherlands
- MOIL inks MoU with ministry of steel for FY19-20
- Nippon Life, Reliance Capital sign deal for sale of mutual fund arm
- Zydus Wellness gains as NCLT approves scheme of amalgamation

**ECONOMY:**

- India projected to grow at 7.1% in FY'20: UN report

**INDUSTRY:**

- Power sector's outstanding regulatory assets at Rs76,963cr
- Bank credit to infra sector grows 18.5% in FY19: RBI data
- Domestic Pharma companies eye robust growth from US market

**Price Performance**

Company	1M	3M	12M
Supreme Petrochem Ltd	-2.8%	0.7%	-30.6%
Shanthi Gears Ltd	-8.1%	-1.3%	-9.6%
Hind Rectifiers Ltd	0.9%	16.3%	-0.8%
KCP Ltd	3.3%	11.7%	-25.3%
Hester Biosciences Ltd	6.4%	21.2%	12.4%
The Hi-Tech Gears Ltd	-13.3%	-16.5%	-46.0%
Bharat Bijlee Ltd	-9.0%	-2.2%	-29.6%
Triveni Turbines Ltd	0.6%	6.2%	1.3%
Siemens Ltd	3.6%	23.4%	16.4%
Aksh Optifibre Ltd	3.5%	-7.6%	-46.4%
GMM Pfaudler Ltd	5.8%	14.7%	45.4%
Alicon Castalloy Ltd	-6.3%	9.5%	-6.4%
Gufic Biosciences Ltd	-4.0%	8.8%	-41.3%
Excel Industries Ltd	9.2%	5.2%	-19.9%
Vesuvius India Ltd	-4.3%	-1.14%	-11.6%
Munjal Showa Ltd	-0.3%	-4.3%	-23.4%
Bharat Rasayan Ltd	1.2%	15.5%	-22.2%
Alkyl Amines Chemicals Ltd	-10.7%	11.7%	28.0%
Grauer and Weil (India) Ltd	4.2%	13.1%	-12.6%
Texmaco Rail & Engineering Ltd	1.4%	21.9%	-2.3%
Nagarjuna Agrichem Ltd	-5.3%	0.0%	-6.6%
Simplex Infrastructures Ltd	-1.4%	13.7%	-68.7%
ITD Cementation India Ltd	-7.9%	9.1%	-27.1%
Westlife Development Ltd	-9.8%	1.6%	-8.0%
Federal Mogul Goetze (India) Ltd	-1.4%	17.5%	27.3%
Dynamatic Technologies Ltd	-5.9%	4.4%	-23.5%
Hitech Corporation Ltd	-43.9%	-4.3%	-41.4%
NRB Bearings Ltd	-6.0%	-10.5%	14.2%
Kokuyo Camlin Ltd	-10.4%	-5.1%	-16.6%
Timken India Ltd	22.6%	28.6%	1.2%
Morganite Crucible (India) Ltd	-14.1%	-5.5%	-10.6%
Vardhman Special Steels Ltd	-7.6%	-7.4%	-21.1%
Zen Technologies Ltd	-2.0%	4.6%	-29.7%
KSB Ltd	-1.7%	3.4%	-16.9%
Thermax Ltd	4.2%	5.1%	-9.4%
Transpek Industry Ltd	-10.5%	-2.0%	7.0%
BASF India Ltd	-3.2%	2.1%	-33.5%
Artson Engineering Ltd	4.5%	13.4%	-33.8%
Remsons Industries Ltd	-12.4%	0.4%	-1.8%
Snowman Logistics Ltd	-3.9%	5.9%	-33.7%
Alembic Pharmaceuticals Ltd	-1.8%	-4.2%	22.3%
SKF India Ltd	-7.5%	-6.6%	6.0%
HFCL Ltd	-6.0%	-3.2%	-18.4%
Sudarshan Chemical Industries Ltd	-1.6%	0.7%	-34.5%
Indian Hume Pipe Co. Ltd	0.1%	0.4%	94.4%
Engineers India Ltd	3.3%	12.3%	72.1%
Gulshan Polyols Ltd	-10.2%	-10.2%	-26.0%
Nesco Ltd	-3.2%	12.5%	-12.8%
Castrol India Ltd	-6.4%	-3.7%	67.4%
Hikal Ltd	-0.5%	15.1%	13.7%

**The week that went by:**

The markets cheered the exit polls and opened the week on a strong note with a gap up opening. The positive momentum continued for the markets trading at record highs. With intermediate profit booking and participants being cautious midweek, the markets continued to soar to record highs across indices. The last trading session started on a strong note with banking taking the lead. However, after the knee jerk reaction in the opening trade indices extended their gains throughout and ending at the high of the day.

Coverage Universe Valuations												
Company	Reco	Reco at	CMP	Tgt price	Upside	Mcap	EPS(x)		PE(x)		EV/EBITDA (x)	
		(Rs)	(Rs)	(Rs)	(%)	(Rs bn)	FY18	FY19	FY18	FY19	FY18	FY19
Supreme Petrochem Ltd	BUY	77	211	275	30.4	20.4	6.6	6.4	31.9	33.0	9.7	12.0
Shanthi Gears Ltd	BUY	107	118	200	69.9	9.6	3.5	3.9	33.6	30.2	26.1	22.1
Hind Rectifiers Ltd	BUY	69	129	175	35.7	1.9	0.8	5.3	163.6	24.4	26.7	13.3
KCP Limited	BUY	71	91	150	64.9	11.7	7.0	7.0	13.0	13.0	9.8	8.7
Hester Biosciences Ltd	BUY	565	1600	1750	9.4	13.6	35.9	39.8	44.5	40.2	13.2	11.8
The Hitech Gears Ltd	BUY	298	247	500	102.2	4.6	17.0	21.2	14.5	11.6	9.0	7.9
Bharat Bijlee Ltd	BUY	787	1000	2000	100.0	5.7	25.1	37.4	39.8	26.7	23.3	19.3
Triveni Turbines Ltd	BUY	92	109	150	37.0	0.4	3.0	3.1	36.8	35.1	23.0	22.0
Siemens Ltd	BUY	1128	1218	1350	10.8	433.6	53.0	53.6	23.0	22.7	31.0	30.5
Aksh Optifibre Ltd	BUY	15	18	30	69.5	2.9	1.4	2.7	12.4	6.5	7.0	4.4
GMM Pfaudler Ltd	BUY	332	1266	1300	2.7	18.5	19.4	26.7	65.2	47.5	39.8	29.1
Alicon Castalloy Ltd	BUY	288	588	850	44.5	7.2	29.0	46.6	20.3	12.6	9.4	6.9
Gulfic Biosciences Ltd	BUY	50	80	150	88.7	6.1	1.9	3.1	42.6	25.6	18.0	14.0
Excel Industries Ltd	BUY	380	1122	1800	60.4	14.5	58.1	112.2	19.3	10.0	11.5	6.1
Vesuvius India Ltd	BUY	1165	1127	1500	33.1	22.5	52.3	56.3	21.6	20.0	10.8	10.4
Munjjal Showa Ltd	BUY	191	157	250	59.2	6.3	19.4	21.5	8.1	7.3	5.4	4.8
Bharat Rasayan Ltd	BUY	2747	4350	5000	14.9	18.3	227.3	257.5	19.1	16.9	12.5	10.9
Alkyl Amines Chemicals Ltd	BUY	391	795	1000	25.8	16.2	31.5	38.9	25.2	20.4	15.2	11.6
Grauer and Weil (India) Ltd	BUY	45	51	65	27.2	11.6	2.7	3.0	19.1	17.3	12.1	11.3
Texmaco Rail & Engineering Ltd	BUY	91	71	150	111.7	20.2	0.5	1.8	154.6	39.1	66.7	19.4
Nagarjuna Agrichem Ltd	BUY	29	28	45	58.5	4.4	0.7	0.8	41.4	35.9	13.4	12.7
Simplex Infrastructures Ltd	BUY	540	166	300	80.7	20.2	30.5	31.8	5.4	5.2	6.3	5.9
ITD Cementation India Ltd	BUY	158	114	180	57.3	17.8	8.3	9.8	13.8	11.6	7.5	6.6
Westlife Development Ltd	BUY	266	358	525	46.7	55.7	0.8	1.6	431.5	225.6	74.2	52.1
Federal Mogul Goetze (India) Ltd	BUY	540	564	750	33.0	31.4	14.9	18.0	37.8	31.3	16.7	15.3
Dynamatic Technologies Ltd	BUY	2160	1412	2750	94.8	9.0	1.1	51.1	1243.6	27.6	11.4	8.7
Hitech Corporation Ltd	BUY	175	88	150	70.5	1.5	4.5	6.4	19.5	13.8	8.1	6.2
NRB Bearings Ltd	BUY	138	179	240	34.3	17.3	8.5	10.4	21.1	17.2	12.5	10.4
Kokuyo Camlin Ltd	BUY	132	85	175	104.9	8.6	1.0	1.5	87.2	58.1	25.8	20.6
Timken India Ltd	BUY	883	704	1000	42.0	47.9	13.5	19.0	52.0	37.1	29.3	18.7
Morganite Crucible (India) Ltd	BUY	1047	1323	2000	51.2	3.7	49.6	63.9	26.7	20.7	2.5	2.2
Vardhman Special Steels Ltd	BUY	151	94	140	48.3	3.4	7.0	8.7	13.5	10.8	8.9	7.4
Zen Technologies Ltd	BUY	115	75	170	127.9	5.8	-0.1	0.8	-1479.7	92.7	-305.3	55.3
KSB Ltd	BUY	820	677	1100	62.5	23.6	18.8	21.2	37.0	32.8	15.5	13.8
Thermax Ltd	BUY	1019	1011	1230	22	120.4	22.1	26.8	45.7	37.7	32.4	27.8
Transpek Industry Ltd	BUY	1547	1387	2000	44.2	7.8	47.3	76.0	29.3	18.2	18.1	13.6
BASF India Ltd	BUY	1954	1325	2000	50.9	57.4	20.3	43.5	65.2	30.4	19.5	15.4
Artson Engineering Ltd	BUY	64	41	95	132.0	1.5	0.4	2.3	109.3	17.9	65.3	19.9
Remsons Industries Ltd	BUY	104	81	155	91.2	0.5	6.0	7.9	13.4	10.2	9.1	7.2
Snowman Logistics Ltd	BUY	33	32	55	70.5	5.4	-0.2	0.1	-151.4	224.1	15.0	12.3
Alembic Pharmaceuticals Ltd	BUY	605	520	751	44.4	98.1	22.3	26.7	23.3	19.5	16.2	13.8
SKF India Ltd	BUY	1942	1863	2620	40.6	95.7	57.6	60.7	32.4	30.7	21.9	20.4
HFCL Ltd	BUY	25	21	35	66.7	26.2	1.3	1.7	16.6	12.5	10.9	7.8
Sudarshan Chemical Industries Ltd	BUY	372	325	500	54.0	25.8	12.4	13.8	26.2	23.6	12.9	11.4

\*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	64%	
Engineers India Ltd	211	200	Bonus 1 : 1.	105	200	14%	
Gulshan Polyols Ltd	390	500	Stock Split from Rs.FV 5 to Rs.FV 1.	78	110	-38%	
Nesco Ltd	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2.	479	640	1%	
Castrol India Ltd	447	550	Bonus 1 : 1	223	200	-34%	
Hikal Ltd	143	325	Bonus 1 : 2	95	216	83%	

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	341	280	500	78.6	13.6	13.6	20.1	20.5	13.9	11.1	8.6
Engineers India Ltd	BUY	211	120	200	67.1	40.3	6.0	7.0	20.0	17.1	18.3	14.5
Gulshan Polyols Ltd	BUY	390	48	78	62.3	2.2	3.9	5.1	12.3	9.4	5.3	4.3
Nesco Ltd	BUY	2397	485	640	32.1	6.8	25.1	23.7	19.3	20.5	15.8	16.4
Castrol India Ltd	BUY	223	147	200	36.3	72.6	7.1	15.6	20.7	9.4	13.6	12.3
Hikal Ltd	BUY	143	175	216	23.7	14.4	9.4	10.1	18.6	17.4	11.2	10.0

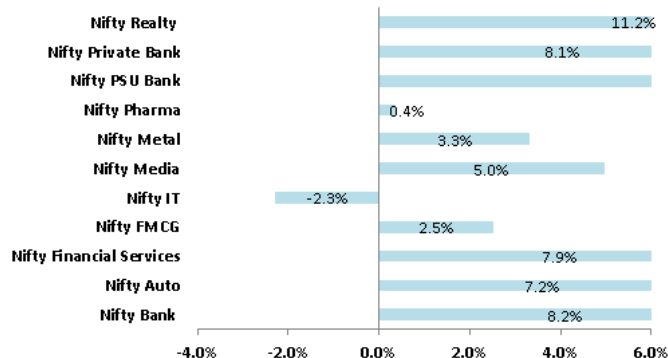
Coverage Performance Sheet												
Company	Reco at	CLS		Target Price (Rs)								Appreciation
	(Rs)	(Rs)	Target 1	Target 2	Target 3	Target 4	Target 5	Target 6	Target 7	Target 8		
Supreme Petrochem Ltd	77	211	120	150	200	275	350	500	275	-	174%	
Shanthi Gears Ltd	107	118	150	200	-	-	-	-	-	-	10%	
Hind Rectifiers Ltd	69	129	110	140	175	-	-	-	-	-	87%	
KCP Limited	71	91	105	150	200	150	-	-	-	-	28%	
Hester Biosciences Ltd	565	1600	750	875	1150	1500	2200	1750	-	-	183%	
The Hitech Gears Ltd	298	247	450	600	500	-	-	-	-	-	-17%	
Bharat Bijlee Ltd	787	1000	1100	1500	2000	-	-	-	-	-	27%	
Triveni Turbines Ltd	92	109	135	150	-	-	-	-	-	-	19%	
Siemens Ltd	1128	1218	1350	-	-	-	-	-	-	-	8%	
Aksh Optifibre Ltd	15	18	24	35	45	30	-	-	-	-	18%	
GMM Pfaudler Ltd	332	1266	500	700	800	1000	1300	-	-	-	281%	
Alicon Castalloy Ltd	288	588	450	600	750	1000	850	-	-	-	104%	
Gufic Biosciences Ltd	50	80	75	100	140	175	150	-	-	-	59%	
Excel Industries Ltd	380	1122	550	650	800	1100	1400	1800	2200	1800	195%	
Vesuvius India Ltd	1165	1127	1500	-	-	-	-	-	-	-	-3%	
Munjal Showa Ltd	191	157	250	300	350	300	250	-	-	-	-18%	
Bharat Rasayan Ltd	2747	4350	3500	4250	5000	6500	9000	5000	-	-	58%	
Alkyl Amines Chemicals Ltd	391	795	550	700	850	1000	-	-	-	-	103%	
Grauer and Weil (India) Ltd	45	51	65	80	100	65	-	-	-	-	14%	
Texmaco Rail & Engineering Ltd	91	71	125	150	-	-	-	-	-	-	-22%	
Nagarjuna Agrichem Ltd	29	28	45	60	75	60	45	-	-	-	-2%	
Simplex Infrastructures Ltd	540	166	700	540	300	-	-	-	-	-	-69%	
ITD Cementation India Ltd	158	114	225	180	-	-	-	-	-	-	-28%	
Westlife Development Ltd	266	358	350	425	525	-	-	-	-	-	35%	
Federal Mogul Goetze (India) Ltd	540	564	750	-	-	-	-	-	-	-	4%	
Dynamatic Technologies Ltd	2160	1412	3000	2750	-	-	-	-	-	-	-35%	
Hitech Corporation Ltd	175	88	230	180	150	-	-	-	-	-	-50%	
NRB Bearings Ltd	138	179	200	240	-	-	-	-	-	-	29%	
Kokuyo Camlin Ltd	132	85	175	-	-	-	-	-	-	-	-35%	
Timken India Ltd	883	704	1200	1000	-	-	-	-	-	-	-20%	
Morganite Crucible (India) Ltd	1047	1323	1500	1750	2300	2000	-	-	-	-	26%	
Vardhman Special Steels Ltd	151	94	225	140	-	-	-	-	-	-	-37%	
Zen Technologies Ltd	115	75	170	-	-	-	-	-	-	-	-35%	
KSB Ltd	820	677	1100	-	-	-	-	-	-	-	-17%	
Thermax Ltd	1019	1011	1230	-	-	-	-	-	-	-	-0.8%	
Transpek Industry Ltd	1547	1387	2000	-	-	-	-	-	-	-	-10.3%	
BASF India Ltd	1954	1325	2500	2000	-	-	-	-	-	-	-32.2%	
Artson Engineering Ltd	64	41	95	-	-	-	-	-	-	-	-36%	
Remsons Industries Ltd	104	81	155	-	-	-	-	-	-	-	-22%	
Snowman Logistics Ltd	33	32	55	-	-	-	-	-	-	-	-2.3%	
Alembic Pharmaceuticals Ltd	605	520	751	-	-	-	-	-	-	-	-14%	
SKF India Ltd	1942	1863	2620	-	-	-	-	-	-	-	-4.1%	
HFCL Ltd	25	21	35	-	-	-	-	-	-	-	-16%	
Sudarshan Chemical Industries Ltd	372	325	500	-	-	-	-	-	-	-	-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	64%
Engineers India Ltd	211	325	Bonus 1 : 1	105	200	14%
Gulshan Polyols Ltd	390	500	Stock Split from Rs.FV 5 to Rs.FV 1	78	110	-38%
Nesco Ltd	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2	479	640	1%
Castrol India Ltd	447	550	Bonus 1 : 1	223	200	-34%
Hikal Ltd	143	325	Bonus 1 : 2	95	216	83%

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		
IHP Ltd	341	268	500	600	500	-	-	-	-	-	64%	
Engineers India Ltd	211	109	200	250	200	-	-	-	-	-	14%	
Gulshan Polyols Ltd	390	49	110	78	-	-	-	-	-	-	-38%	
Nesco Ltd	2397	483	640	-	-	-	-	-	-	-	1%	
Castrol India Ltd	223	146	275	250	200	-	-	-	-	-	-34%	
Hikal Ltd	143	175	200	250	325	216	-	-	-	-	83%	

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



**TERM OF THE WEEK:**

**Capital Asset Pricing Model: CAPM**

Capital Asset Pricing Model (CAPM) is a model used to determine a theoretically appropriate required rate of return of an asset, to make decisions about adding assets to a well-diversified portfolio. The model takes into account the asset's sensitivity to non-diversifiable risk (also known as systematic risk or market risk), often represented by the quantity beta ( $\beta$ ) in the financial industry, as well as the expected return of the market and the expected return of a theoretical risk-free asset.

$$E(r) = R_f + B (E(r_m) - R_f)$$

**COVERAGE NEWS:**

**Zen Technologies Limited: Closure of Unit**

The Board of Directors has decided for closure of Nalagarh Unit at Ward No 6, Himachal Pradesh, India. There was no revenue contributed from the Nalagarh Unit during FY19. The estimated date of closure of the unit is 30th June 2019.

**Alembic Pharmaceuticals Limited:**

Alembic Pharmaceuticals Limited has received approval from the USFDA for its ANDA for Solifenacin Succinate Tablets, 5 mg and 10 mg. It is a muscarinic antagonist indicated for the treatment of overactive bladder. It has an estimated market size of USD967mn for twelve months ending December 2018 according to IQVIA.

**RESULT UPDATE:**

**Hind Rectifiers Limited:**

The net sales for the quarter grew by 54.2% to Rs839mn as against Rs544mn in the same quarter last year. The Ebitda margins for the quarter stand at 10.4% majorly impacted by the raw material costs and increase in other expenses. The net profit clocked growth of 55.3% to Rs50mn as against Rs32mn in the comparative quarter. The EPS for the quarter is Rs3. For the year the company has doubled revenues from Rs1,271mn in FY18 to Rs2,551mn in FY19 while the profits also increased to Rs118mn from Rs13mn in FY18. The Board of Directors has approved and recommended final dividend of 20% being Rs0.40/- per equity share (of face value of Rs2/ each) for the year ended 31st March, 2019.

**Outlook and Recommendations:**

The company has reported good set of numbers for the quarter and ended the year better than expectations. With the pick-up seen in the Railways and expected demand going forward, the company is well poised to reap the benefits in times to come. We continue with our Buy recommendation on the stock with a target price of Rs175 over a 12 months perspective.

*Closure Of Unit By Zen*

*USFDA Approval For Alembic*

*Good Set Of Numbers*



*Growth Visibility Seen*

*Lower Than Expected  
Results*

*Target Revision  
Downwards*

**RESULT UPDATE:**

**Zen Technologies Limited:**

The net sales for the quarter grew to Rs447mn as compared to Rs134mn in the same quarter last year. The EBITDA margins for the quarter under review stood at 27%. The net profit grew for the quarter ending March 2019 stood at Rs136mn as against Rs35mn in the comparative quarter last year despite steep increase in other expenses at Rs96mn as compared to Rs46mn in the corresponding period last year. The same could be due to a write off for the amount spent on exhibition IDEX 2019 held at Abu Dhabi in February 2019. EPS for the quarter under review stands at Rs1.76. For the full year, the company registered revenues at Rs922mn as compared to Rs390mn for FY18, while for the full year net profit came in at Rs192mn as compared to a loss of Rs4mn. The Board of Directors have recommended a final dividend of Rs0.30 per equity share of Rs1 which is subject to approval. Out of the single large order for equipment for Rs1600mn, revenues of about Rs550mn have been recognised during the FY2018-19 and the rest of the order is expected to be executed in Q1 and Q2 of 2019-20. The complete order is anticipated to be executed by Q2FY2020.

**Outlook and Recommendations:**

There seems to be a visibility of growth both in terms of top line as well as on the bottom line for the next upcoming two quarters atleast. As mentioned in our earlier updates and notes; as and when the orders get executed, cashflows will begin to turn positive. The erratic behaviour of revenue seems to be taking a pause now. There are a number of positive corporate developments from the company including visibility of growth, willingness to release the pledge shares, hiring experienced personnel's in the latest technology for simulations and sharing the profits with the shareholders and hence we maintain our target price of Rs170 with a horizon of 12 months.

**Triveni Turbines Limited:**

The total revenue for the quarter stood at Rs2,397mn as compared to Rs2,441mn in the same quarter last year; drop of 1.8%. The EBITDA margin for the quarter under review stood at 16.7% in comparison to 24.3% in the corresponding quarter. The net profit has shown a drop of 20.1% to Rs283mn as against Rs354mn in the same quarter last year. The EPS stands at Rs0.9. For the full year, the company has clocked revenue growth of 11.5% and ended the year with net profit growth of 4.4%.

**Outlook and Recommendations:**

Although the company has performed below our expectations both for this quarter and the year, with TTL's increasing focus on exports and aftermarket business, led by increased focus and market penetration in new geographies, strong order book in hand and robust enquiry pipeline, we believe that FY20 will be a strong year in terms of overall performance of the company. Thus, we maintain our BUY call for the company with the target price of Rs150 over a 12 month horizon period.

**Morganite Crucible India Limited:**

The net sales for the quarter degrew by 2.1% to Rs270mn as compared to Rs276mn in the same quarter last year. The EBITDA margins for the quarter under review stood at 12.1% which is basically impacted due to the increased cost of raw materials. As a result, the net profit de-grew by 48% to Rs25mn as against Rs48mn in the comparative quarter. The EPS for the quarter under review stands at Rs8.83. For the full year, the company has clocked revenue growth of 10.1% and ended the year with net profit growth of 10.7%. The Board of Directors of the company have recommended payment of final dividend of Rs12 per equity share of face value of Rs10 each for FY2018-19.

**Outlook and Recommendations:**

As mentioned in our earlier notes as well, the company has not been able to overcome the issues related to the cost of raw materials. This is the third quarter in a row, where the company's' margins are hit badly. The turnover from the subsidiary company Diamond Crucibles doesn't seem to have started flowing in the top line as of now. Some slowdown in the metal sector mustn't have enabled Morganite Crucible to take price increases. With a cautious stand on the issues related to procurement of basic raw material related to graphite and not being able to get price increases from customers, we **reduce our target price to Rs2,000 with a horizon of 12 months.**

*Strong Set Of Numbers*

*Tepid Quarter Results*

*Lower On The  
Operational Front*

*Decent On The  
Operational Front*

**RESULT UPDATE:**

**Timken India Limited:**

The net sales for the quarter grew by 29.7% to Rs4,480mn as compared to Rs3,454mn in the same quarter last year. The EBITDA margins for the quarter under review stood at 22.6% majorly led by lower raw material costs during the quarter. The net profit grew by 141.6% to Rs572mn as against Rs237mn in the comparative quarter. The EPS stands at Rs7.6. For the full year, the company has clocked revenue growth of 33% and ended the year with net profit growth of 61.6%. The company has recommended payment of dividend of Re1 per equity share of Rs10 each fully paid up for the year ended March 31, 2019.

**Outlook and Recommendations:**

The company continues with its trend of strong numbers, with a good end to the year beating our expectations on all fronts. With the optimistic closure of FY19, we feel the company is well on track with its growth plans and thereby we maintain our call with a Buy recommendation and target price of Rs1000 over a 12 months horizon.

**Alkyl Amines Chemicals Limited:**

The net sales for the quarter grew by 36.4% to Rs2,375mn as compared to Rs1,741mn in the same quarter last year. The EBITDA margins for the quarter under review stood at 16.2%. The net profit dropped by 24.7% to Rs176mn as against Rs233mn in the comparative quarter. The EPS stands at Rs8.6. For the full year, the company has clocked revenue growth of 37.4% and ended the year with net profit growth of 30.3%. The Board of Directors have subject to approval of the shareholders, recommended a dividend of Rs8/- per equity share of Rs5/- each (160%).

**Outlook and Recommendations:**

The company has reported tepid quarter results impacted majorly by the raw material costs hitting the operational efficiency. The full year results however have been in line on the operational and net levels, missing the revenues projections. Overall, we feel that the company is very much on track to growth going forward. We maintain our Buy recommendation on the stock with a target price of Rs1000 over a 12 months horizon.

**Thermax Limited:**

The company has reported consolidated sales at Rs20,737mn as compared to Rs14,430mn, growth of 43.7%. The Ebitda margins stood at 8.2% for the quarter as against 9.6% in March 2018. The Net profit came in at Rs1,270mn, growth of 67.7 % as against Rs757mn in the same quarter last year. The EPS is Rs11.3 for the quarter. For the full year, the net sales grew by 33.2% while profits registered growth of 40.8%

**Outlook and Recommendations:**

For the quarter as well as the full year projections, the company has been below expectations on the operational front. With the demand across different industries expected to pick up from H2FY20; the company expects single digit growth in revenues for FY20. With the decent order book lined up, the company is comfortably placed going ahead in anticipation of better inflows during the year. We maintain our Buy on the stock with the target of Rs1,230 over the 12 months horizon.

**Sudarshan Chemical industries Limited:**

The net sales for the quarter grew by 3.1% to Rs3,885mn as compared to Rs3,769mn in the same quarter last year. The EBITDA margins for the quarter under review stood at 15.3%. The net profit grew by 15.1% to Rs246mn as against Rs214mn in the comparative quarter. This was due to the impairment loss of Rs107.8mn for the company's investment in its wholly owned subsidiary REICO Industries Limited. There was also an exceptional gain pertaining to divestment of holdings in Prescient Color Ltd and sale of Agro Formulation branding business. The EPS stands at Rs2. For the full year, the company has clocked revenue growth of 9.7% and ended the year with net profit growth of 76.3% on the higher side led by the exceptional items. The Board of Directors have recommended a Dividend of Rs6/- (including a Special Dividend of Rs2.50/-) per Equity Share of Rs2/- each (i.e. 300%) for FY19

**Outlook and Recommendations:**

The company has reported decent set of results at the operational level but due to the impairment losses booked, the net profits have been on the lower side. For the full year, the numbers have been tad lower than our expectations. Going forward we feel the company should ramp up with the pick-up in the overall demand for the industry. We maintain our BUY call on the stock with target price of Rs500 over a 12 months horizon.

*India Growth Projected  
At 7.1%*

*Growth In Bank Credit  
To Infra*

*Zero Observations For  
Cipla*

*Vedanta Declared  
Preferred Bidder*

*HDFC Bank Share Split*

**ECONOMY:**

**India projected to grow at 7.1% in FY'20: UN report**

India's economy is projected to grow at 7.1% in fiscal year 2020 on the back of strong domestic consumption and investment but the GDP growth is a downward revision from the 7.4% estimated in January this year, according to a report by the United Nations. The estimates for India, however, reflect a downward revision from the projections made in the World Economic Situation and Prospects 2019 report released in January this year. That report had estimated that India would grow at 7.6% in fiscal year 2019 and 7.4% in 2020.

**Our comments:**

It must be noted that despite the downward revisions, India remains the fastest growing major economy in the world, ahead of China.

**INDUSTRY:**

**Bank credit to infra sector grows 18.5% in FY19: RBI data**

Bank credit to infrastructure sector grew by 18.5% to Rs10.55 lakhcrore as of 2018-19, the highest since 2012-13 fiscal, as per RBI data. Outstanding bank credit to the sector was Rs8.91lakhcrore as at March 2018. In FY18 and FY17, growth in bank credit to the sector was negative at 1.7% and 6.1%, respectively. Since the growth in the manufacturing sector is subdued, banks are also willing to lend to the infrastructure segment.

**Our comments:**

Just because banks are sitting on pile of bad loans from the infrastructure sector, it cannot completely stop lending to the sector. There are couple of companies in the sector that are doing well as per the head of a public sector bank.

**COMPANY:**

**USFDA inspection at Indore facility of Cipla ends with zero observations**

The US health regulator conducted a post-approval inspection at its Indore facility from 13th May to 17th May, 2019 and it ended with zero observations.

**Our comments:**

This is a positive outcome for the company

**Vedanta declared preferred bidder for two copper blocks in Maharashtra**

Vedanta Ltd has been declared as the preferred bidder for two copper mines in Maharashtra which went under the hammer earlier this year. The government of Maharashtra had invited bids for grant of two copper composite licenses (prospecting license cum mining leases) on February 1, 2019 through e-auction. The company participated in the forward e-auction and after being technically qualified has been declared as the preferred bidder for these two blocks.

**Our comments:**

The mines require extensive exploration and the process will commence in due course.

**HDFC Bank board nod for share-split**

The board of directors of HDFC Bank approved a proposal to split the lender's share from one equity share of face value of Rs2 each to two shares of face value Rs1 each. Owing to the bank's strong financial performance and sound asset quality, the market price of the bank's equity shares has grown steadily over the past several years as per the bank. Stock split will augment the affordability of the bank's equity shares and participation of retail and individual investors.

**Our comments:**

This will thereby facilitate more liquidity in the bank's equity shares, sub-division of the equity shares is proposed.

*Rel Capital MF Arm On Sale*

**COMPANY:**

**Nippon Life, Reliance Capital sign deal for sale of mutual fund arm**

Reliance Capital (RCap) has signed a definitive agreement with Nippon Life to sell its stake in Reliance Nippon Life Asset Management (RNAM). Under the agreement, the Japanese firm will hike its shareholding in RNAM from 42.88% to 75% by buying shares from public shareholders and RCap. Depending on the shares tendered in the open offer, Nippon will acquire RCap's stake to take its shareholding tally to 75%.

**Our comments:**

Meanwhile, RCap has announced that it will offload 5.25% stake through the offer for sale (OFS) route. Under the definitive agreement, RCap plans to offload its entire stake in RNAM. According to RCap, it aims to mop up a total of Rs6,000cr by selling its holding in RNAM. The sale proceeds will be used for deleveraging.

*Cipla To Acquire Stake In AMP Solar*

**Cipla to acquire 26% stake in AMP Solar Power Systems**

Cipla has signed an agreement to acquire 26% stake on a fully diluted basis in AMPSolar Power Systems Private limited. The cost of acquisition is Rs12.9cr and post-acquisition AMPSolar will become an associate of Cipla Limited. AMPSolar is a wholly owned subsidiary of AMPSolar Technology Private Limited ("AMP") and is a Special Purpose Vehicle formed for purpose of setting up captive solar power project in Maharashtra.

**Our comments:**

This is in line with Cipla's commitment to enhance the proportion of renewable (solar) based power consumption and to comply with regulatory requirement for captive power consumption under electricity laws.

*Orders For JMC*

**JMC Projects secures new orders worth Rs616cr**

The company secured new orders worth of Rs616cr for residential and commercial projects in South India. The new order is in buildings & factory (B&F) business. As per the company, most of these new orders are repetitive business from existing clients, demonstrating JMC's impeccable reputation for domain expertise, timely delivery and adherence to quality standards.

**Our comments:**

With the company's persistent focus on execution, the management is confident of achieving sustainable and profitable growth in the future.



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