

DOMESTIC:

- Zee ties up with Airtel after break-up with Jio
- Jubilant Life Sciences plans Rs550cr capex in FY19
- FDC Ltd's sterile ophthalmic facility gets 8 observations from USFDA
- Tech Mahindra to acquire Czech-based firm Inter-Informatics for Rs80mn
- Coal India likely to get a five-year breather on production target
- Indian Oil Corporation to invest over Rs37,000cr in TN
- Lupin recalls over 11,000 bottles of hypertension drug in US
- Britannia Industries to split stock in 1:2 ratio
- Ruchi Soya lenders approve Adani Wilmar's Rs6,000cr bid
- Lupin enters prescription dermatology segment in Brazil
- Dr Reddy's Labs gets EIR from USFDA for Srikakulam unit
- Board of Vivimed approved sale of specialty chemical business
- Tatas, JSW in race to buy Prayagraj Power
- R-Infra defaults on Rs1.33bn NCDs, to pay after Mumbai distribution deal
- Reliance Power wins USD56mn arbitration award in Indonesia coal mine dispute
- L&T to buy back shares for Rs9,000cr
- Dr Reddy's recalls cholesterol lowering Atorvastatin tablets in the US
- Navneet Education gets buyback approval at Rs160/ share
- Ramky Infra in talks to sell two road assets for Rs3,450cr
- Hexaware Tech plunges on reports of promoter stake sale
- Reliance Communications sells nodes worth Rs2,000cr to Jio
- SREI Infra subsidiary to sell 26% stake in Quippo Drilling
- Nestle India enters partnership with Flipkart to launch MAGGI noodles
- Bandhan Bank joins the race for PNB Housing
- TVS launches 110cc bike 'Radeon'
- Tata Sons to invest Rs12.5bn in Tata Capital as equity by March 2018
- Prataap Snacks to acquire Avadh Snacks for Rs148cr

ECONOMY:

- India's current account deficit to widen to 2.5% of GDP in FY19: Moody's, experts
- Indian Economy expected to grow by 7.5% in 2018-2019: Moody's

INDUSTRY:

- 1.55cr wireless telecom subscribers added in June: TRAI
- Railways aim to wrap up Rs50,000cr projects ahead of 2019 elections
- Banks looking to unload Rs7.3kcr NPAs from books

Price Performance (%)

Company	1M	3M	12M
Supreme Petrochem Ltd	-3.4%	-9.8%	-18.4%
Shanthi Gears Ltd	4.7%	3.0%	0.4%
Hind Rectifiers Ltd	8.1%	1.4%	45.7%
KCP Ltd	-9.5%	-18.2%	-3.5%
Harita Seating System Ltd	-1.1%	-31.3%	-8.5%
Hester Biosciences Ltd	8.3%	-7.9%	47.1%
The Hi-Tech Gears Ltd	-0.8%	-8.7%	21.4%
Bharat Bijlee Ltd	12.7%	-8.2%	6.4%
Triveni Turbines Ltd	7.3%	15.0%	-5.8%
Siemens Ltd	7.7%	0.2%	-18.5%
Aksh Optifibre Ltd	8.9%	-6.1%	18.6%
GMM Pfaudler Ltd	25.2%	43.1%	89.2%
Alicon Castalloy Ltd	4.5%	-1.1%	13.1%
Gufic Biosciences Ltd	11.9%	-5.1%	87.4%
Excel Industries Ltd	29.5%	34.4%	310.4%
Vesuvius India Ltd	-4.4%	-1.3%	-9.3%
Munjal Showa Ltd	-3.2%	7.1%	-3.8%
Bharat Rasayan Ltd	4.8%	26.0%	133.5%
Alkyl Amines Chemicals Ltd	-4.0%	-1.0%	61.1%
Grauer and Weil (India) Ltd	13.0%	-13.8%	17.4%
Texmaco Rails & Engineering Ltd	4.7%	2.0%	-17.6%
Nagarjuna Agrichem Ltd	32.5%	30.2%	11.8%
Simplex Infrastructures Ltd	-6.1%	-23.3%	-13.8%
ITD Cementation India Ltd	3.7%	-14.0%	-17.0%
Westlife Development Ltd	9.8%	0.9%	47.1%
Federal Mogul Goetze (India) Ltd	7.8%	4.9%	-9.8%
Dynamatic Technologies Ltd	-0.9%	-11.5%	-23.6%
Hitech Corporation Ltd	-18.5%	-15.2%	-34.2%
NRB Bearings Ltd	7.7%	8.5%	47.5%
Kokuyo Camlin Ltd	46.4%	37.1%	52.8%
Timken India Ltd	-1.9%	3.4%	-2.1%
Bigbloc Construction Ltd	-7.2%	-32.9%	-3.3%
Morganite Crucible (India) Ltd	38.9%	33.4%	83.4%
Vardhman Special Steels Ltd	9.2%	11.7%	3.8%
Zen Technologies Ltd	-6.1%	-22.7%	62.6%
KSB Pumps Ltd	-3.6%	-3.0%	11.3%
Thermax Ltd	-6.5%	-11.9%	13.5%
Transpek Industry Ltd	22.5%	16.9%	59.0%
Indian Hume Pipe Co. Ltd	3.6%	0.9%	8.0%
Engineers India Ltd	-3.9%	-6.8%	62.3%
TRIL	8.0%	-14.2%	-35.1%
Gulshan Polyols Ltd	1.8%	-14.3%	-30.4%
Nesco Ltd	2.7%	-9.1%	5.4%
Castrol India Ltd	-4.5%	94.2%	-19.0%
Hikal Ltd	-1.3%	-39.2%	-31.7%

The week that went by:

The week started on a positive note with a gap up opening. The markets opened second day of trade at record high following the rally of Monday. The trend of hitting new highs continued with the markets opening yet again at record highs for the day. The last trading session of the week opened with minor loss halting the new high sessions throughout 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	267	500	87.3	25.8	18.6	14.9	14.4	17.9	8.3	10.4
Shanthi Gears Ltd	BUY	107	133	200	50.4	10.9	2.8	3.1	48.3	43.1	30.5	26.8
Hind Rectifiers Ltd	BUY	69	131	175	33.5	2.0	-1.1	0.3	-123.6	382.5	48.9	34.5
KCP Limited	BUY	71	99	200	102.1	12.8	2.8	6.3	35.7	15.7	10.9	9.4
Harita Seating System Ltd	BUY	266	653	1150	76.1	5.1	32.4	34.5	20.1	18.9	18.5	15.5
Hester Biosciences Ltd	BUY	565	1299	1750	34.7	11.0	29.2	34.2	44.4	43.8	27.6	23.5
The Hitech Gears Ltd	BUY	298	406	600	47.9	7.6	10.9	16.5	37.3	25.0	16.2	13.4
Bharat Bijlee Ltd	BUY	787	1290	2000	55.0	7.3	34.7	41.4	37.2	31.1	49.0	24.9
Triveni Turbines Ltd	BUY	92	122	150	22.5	0.4	3.5	2.4	34.8	50.2	24.7	30.3
Siemens Ltd	BUY	1128	1036	1350	30.4	368.7	9.1	10.0	113.9	103.7	77.8	68.8
Aksh Optifibre Ltd	BUY	15	31	45	46.8	5.0	13.9	1.5	1.5	13.2	5.4	8.2
GMM Pfaudler Ltd	BUY	332	1148	1300	13.3	16.8	19.3	20.8	59.5	55.2	40.8	37.3
Alicon Castalloy Ltd	BUY	288	602	750	24.6	7.4	21.4	24.1	28.2	24.9	10.9	8.6
Gufic Biosciences Ltd	BUY	50	130	175	34.8	10.0	1.6	2.1	83.2	62.4	39.0	29.0
Excel Industries Ltd	BUY	380	1730	2200	27.2	22.3	9.8	39.7	177.2	43.6	53.5	25.3
Vesuvius India Ltd	BUY	1165	1243	1500	20.7	24.9	49.0	62.7	25.4	19.8	13.7	11.1
Munjial Showa Ltd	BUY	191	216	350	61.7	8.7	14.2	14.6	15.2	14.9	9.1	8.7
Bharat Rasayan Ltd	BUY	2747	7020	9000	28.2	29.5	128.9	189.3	54.5	37.1	28.1	20.3
Alkyl Amines Chemicals Ltd	BUY	391	647	850	31.4	13.2	24.3	27.0	26.6	24.0	15.5	15.6
Grauer and Weil (India) Ltd	BUY	45	51	100	96.1	11.6	2.3	2.3	22.6	21.8	12.6	12.3
Texmaco Rails & Engineering Ltd	BUY	91	74	150	102.4	20.2	1.5	2.7	48.4	27.6	33.1	20.5
Nagarjuna Agrichem Ltd	BUY	29	38	75	97.9	5.9	1.6	0.9	23.4	43.7	12.8	11.9
Simplex Infrastructures Ltd	BUY	540	420	700	66.7	20.2	24.3	29.6	17.3	14.2	7.8	7.0
ITD Cementation India Ltd	BUY	158	135	225	66.9	20.9	3.1	4.8	43.5	28.1	11.5	10.4
Westlife Development Ltd	BUY	266	391	425	8.6	60.9	-0.8	0.3	-501.6	1146.2	133.4	80.5
Federal Mogul Goetze (India) Ltd	BUY	540	460	750	63.1	25.6	12.9	15.7	35.5	29.2	14.7	13.3
Dynamatic Technologies Ltd	BUY	2160	1634	3000	83.6	10.4	23.0	-9.3	41.9	-466.8	9.5	12.2
Hitech Corporation Ltd	BUY	175	128	230	79.7	2.2	6.9	3.5	18.6	36.6	7.4	8.4
NRB Bearings Ltd	BUY	138	174	200	14.9	16.9	5.2	5.5	33.4	31.6	18.4	17.6
Kokuyo Camlin Ltd	BUY	132	141	175	24.5	14.1	0.1	0.5	1485.7	268.8	68.8	50.6
Timken India Ltd	BUY	883	710	1200	69.0	48.3	14.3	15.1	49.7	46.9	30.5	26.5
Bigbloc Construction Ltd	BUY	120	80	160	99.5	1.1	2.2	2.7	37.1	29.3	13.2	11.4
Morganite Crucible (India) Ltd	BUY	1047	1889	2300	21.7	5.3	47.2	38.2	40.0	49.4	22.0	28.7
Vardhman Special Steels Ltd	BUY	151	134	225	67.9	4.8	10.3	6.4	13.0	20.8	12.1	11.7
Zen Technologies Ltd	BUY	115	82	170	107.2	6.3	0.9	0.2	88.3	385.1	53.5	146.0
KSB Pumps Ltd	BUY	820	766	1100	43.6	26.7	19.5	18.8	39.4	40.7	24.8	20.5
Thermax Ltd	BUY	1019	991	1230	24	118.1	23.3	22.1	42.5	44.9	31.6	31.8
Transpek Industry Ltd	BUY	1547	1531	2000	30.6	8.6	53.7	47.3	28.8	32.7	17.7	19.9

*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	67%
Engineers India Ltd	211	200	Bonus 1 : 1.	106	250	18%
Transformers and Rectifiers (India) Ltd	300	450	Stock Split from Rs.FV 10 to Rs.FV 1.	30	40	-32%
Gulshan Polyols Ltd	390	500	Stock Split from Rs.FV 5 to Rs.FV 1.	78	110	-26%
Nesco Ltd	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2.	479	640	5%
Castrol India Ltd	447	550	Bonus 1 : 1	223	250	-29%
Hikal Ltd	143	325	Bonus 1 : 2	154	216	-9%

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	285	500	75.4	13.8	20.4	14.3	14.0	19.9	7.7	10.3
Engineers India Ltd	BUY	211	124	250	101.7	41.8	4.8	5.0	25.7	24.8	25.4	27.5
Transformers and Rectifiers (India) Ltd	BUY	300	20	40	97.0	0.3	13.9	1.5	1.5	13.2	5.4	8.2
Gulshan Polyols Ltd	BUY	390	57	110	91.5	2.7	4.6	6.4	12.5	9.0	16.1	14.3
Nesco Ltd	BUY	2397	504	640	26.9	7.1	120.2	137.5	4.2	3.7	16.6	13.8
Castrol India Ltd	BUY	223	158	250	58.1	78.2	13.6	14.1	11.6	11.2	6.8	6.5
Hikal Ltd	BUY	143	140	216	54.4	11.5	5.4	5.8	25.8	24.2	10.9	10.0

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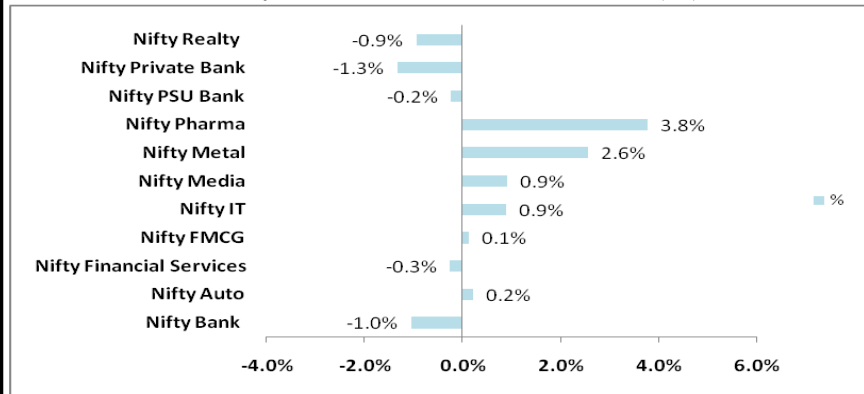
Coverage Performance Sheet										
Company	Reco at (Rs)	CLS (Rs)	Target Price (Rs)							Appreciation (%)
			Target 1	Target 2	Target 3	Target 4	Target 5	Target 6	Target 7	
Supreme Petrochem Ltd	77	267	120	150	200	275	350	500	-	247%
Shanthi Gears Ltd	107	133	150	200	-	-	-	-	-	24%
Hind Rectifiers Ltd	69	131	110	140	175	-	-	-	-	90%
KCP Limited	71	99	105	150	200	-	-	-	-	39%
Harita Seating System Ltd	266	653	400	600	750	900	1150	-	-	146%
Hester Biosciences Ltd	565	1299	750	875	1150	1500	2200	1750	-	130%
The Hitech Gears Ltd	298	406	450	600	-	-	-	-	-	36%
Bharat Bijlee Ltd	787	1290	1100	1500	2000	-	-	-	-	64%
Triveni Turbines Ltd	92	122	135	150	-	-	-	-	-	33%
Siemens Ltd	1128	1036	1350	-	-	-	-	-	-	-8%
Aksh Optifibre Ltd	15	31	24	35	45	-	-	-	-	104%
GMM Pfaudler Ltd	332	1148	500	700	800	1000	1300	-	-	246%
Alicon Castalloy Ltd	288	602	450	600	750	-	-	-	-	109%
Gufic Biosciences Ltd	50	130	75	100	140	175	-	-	-	160%
Excel Industries Ltd	380	1730	550	650	800	1100	1400	1800	2200	355%
Vesuvius India Ltd	1165	1243	1500	-	-	-	-	-	-	7%
Munjal Showa Ltd	191	216	250	300	350	-	-	-	-	13%
Bharat Rasayan Ltd	2747	7020	3500	4250	5000	6500	9000	-	-	156%
Alkyl Amines Chemicals Ltd	391	647	550	700	850	-	-	-	-	65%
Grauer and Weil (India) Ltd	45	51	65	80	100	-	-	-	-	13%
Texmaco Rails & Engineering Ltd	91	74	125	150	-	-	-	-	-	-19%
Nagarjuna Agrichem Ltd	29	38	45	60	75	-	-	-	-	31%
Simplex Infrastructures Ltd	540	420	700	-	-	-	-	-	-	-22%
ITD Cementation India Ltd	158	135	225	-	-	-	-	-	-	-15%
Westlife Development Ltd	266	391	350	425	-	-	-	-	-	47%
Federal Mogul Goetze (India) Ltd	540	460	750	-	-	-	-	-	-	-15%
Dynamatic Technologies Ltd	2160	1634	3000	-	-	-	-	-	-	-24%
Hitech Corporation Ltd	175	128	230	-	-	-	-	-	-	-27%
NRB Bearings Ltd	138	174	200	-	-	-	-	-	-	26%
Kokuyo Camlin Ltd	132	141	175	-	-	-	-	-	-	7%
Timken India Ltd	883	710	1200	-	-	-	-	-	-	-20%
Bigbloc Construction Ltd	120	80	160	200	160	-	-	-	-	-33%
Morganite Crucible (India) Ltd	1047	1889	1500	1750	2300	-	-	-	-	80%
Vardhman Special Steels Ltd	151	134	225	-	-	-	-	-	-	-11%
Zen Technologies Ltd	115	82	170	-	-	-	-	-	-	-29%
KSB Pumps Ltd	820	766	1100	-	-	-	-	-	-	-7%
Thermax Ltd	1019	991	1230	-	-	-	-	-	-	-3%
Transpek Industry Ltd	1547	1531	2000	-	-	-	-	-	-	-1%

*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
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Hikal Ltd	143	325	Bonus 1 : 2		154	216	-9%

Coverage Performance Sheet										
Company	Reco at (Rs)	CLS (Rs)	Target Price (Rs)							Appreciation (%)
			Target 1	Target 2	Target 3	Target 4	Target 5	Target 6	Target 7	
IHP Ltd	341	285	500	600	500	-	-	-	-	67%
Engineers India Ltd	211	124	200	250	-	-	-	-	-	18%
Transformers and Rectifiers (India) Ltd	300	20	40	55	40	-	-	-	-	-32%
Gulshan Polyols Ltd	390	57	110	-	-	-	-	-	-	-26%
Nesco Ltd	2397	504	640	-	-	-	-	-	-	5%
Castrol India Ltd	223	158	275	250	-	-	-	-	-	-29%
Hikal Ltd	143	140	200	250	325	216	-	-	-	-9%

Weekly Sectoral Gainers & Losers in (%)



Coverage News:

Fundamental Pick of the month: Fundamental Report: Transpek Industry Limited

Transpek Industry Limited (Transpek) is a five decade old company which was set up in 1965. The company then used to manufacture transparent acrylic sheets; and this is how the name of the company was coined. With time, the company grew on to become a leading manufacturer and exporter of varied range of chemicals and now the Vadodara based company has over 42 years of experience with sulfur and chlorine chemistry. The company manufactures and exports chemicals; mainly acid and alkyl chlorides. Transpek is the largest manufacturer of Acid Chlorides in Asia and a pioneer in the manufacturing Thionyl Chloride. The company has nearly a decade of presence in the international market where the exports are around 60-65% of the sales. The state of the art plant of the company is located at Ekalbara district Vadodara (Gujarat).

Outlook and recommendations:

The entire gamut of chemical and Pharma industry has been growing consistently and is anticipated to grow at a steady pace for the next 2-3 years (atleast). Large number of customers in the market has started demanding strong EHS (Environment, Health and Safety) performance from the suppliers and Transpek has been maintaining a good reputation for EHS with its customers. Along with China facing its own issues, Make in India initiative of GOI should also provide impetus for fast growth. Across the global chemical markets, there is a visible shift in sourcing location and many global giants are now increasing their reliance on India for raw materials and intermediates. Due to steady global demand and significant reduction in production of chemicals in China, the overall outlook for Indian chemical industry is looking very positive. As indicated by the Management, the key drivers to growth in today's scenario would be higher operating efficiency, sustainability, customer satisfaction, improving capabilities & market share, expanding product mix and exploring newer markets. Transpek has technical expertise in handling hazardous chemicals and has a solid reputation among some of the world's leading chemical giants. The main aim of the company is to constantly strengthen its operations & systems which include EHS and safety practices which may give them an edge over other competitors in the chemical domain and also build a strong customer relationship. If the crude prices remain low, then the same will serve as a good opportunity for the company. With the company putting in earnest efforts to maintain its market share and fuel its growth, we recommend a BUY on the stock with a target price of Rs2000 over a 12 months horizon.

Fundamental Pick of the month

Re-initiation Report

Re-Initiation: Indian Hume Pipe Co Ltd:

We have re-initiated coverage on Indian Hume Pipe Co. Limited with a target price of Rs500.

Established in 1926, Indian Hume Pipe Company Limited (IHP), is a major player in the business of manufacturing, laying and jointing of pipelines of various pipe materials such as RCC pipes, steel pipes, prestressed concrete pipes, penstock pipes, bar wrapped steel cylinder pipes (BWSC), prestressed concrete cylinder pipes (PCCP) etc. All this work is involved in providing infrastructure facility and development for drinking water supply projects, irrigation projects, hydroelectric projects, sanitation and sewerage systems. IHP is considered a pioneer in the field of water supply industry and has been in this line for more than 9 decades. The company is chaired by Mr Rajas R. Doshi who is a graduate in Civil Engineering and has an experience of more than four decades in this industry.

Order won by IHP

Indian Hume Pipe Company Ltd receives order of Rs256.19cr

Indian Hume Pipe Company Ltd has received a work order of Rs256.19cr from Tamil Nadu Water Supply & Drainage Board, Coimbatore for providing Combined Water Supply Scheme to Alampalayam Town Panchayat, Padaveedu Town Panchayat including 669 Rural Habitations in Pallipalayam and Tiruchengode Unions in Namakkal District and Sankari Town Panchayat in Salem District with River Cauvery as Source. The project is to be completed within 24 months including trial run and maintenance period of 5 years.

Our comments:

This is an add on to the order backlog of the company.

Target Revision

Target revision:

We have revised the targets of Morganite Crucible (India) Limited from Rs1750 to Rs2300 over a 12 months horizon. Also the target for Excel Industries Limited has been revised to Rs2200 from Rs1800.

India CAD widens

ECONOMY:

India's current account deficit to widen to 2.5% of GDP in FY19: Moody's, experts

As per Moody's India's current account deficit (CAD) will widen to 2.5% of the GDP in the current fiscal due to higher oil prices that has been accentuated by rupee depreciation. Rupee last week dropped to a record low of 70.32 to a US dollar as political turmoil in Turkey and concerns about China's economic health continued to support safe-haven assets and weighed on emerging market currencies. India's current account deficit is likely to widen to 2.5% in FY19, up from 1.5% in fiscal 2017 due to higher oil prices and strong non-oil import demand as domestic demand accelerates.

Our comments:

A key driver has been gradual US Fed monetary policy tightening, which has resulted in USD appreciation against many other currencies globally. However, the rupee weakness also reflects India's widening current account deficit as higher world oil prices have pushed up oil import costs.

Railways in Focus

INDUSTRY:

Railways aim to wrap up Rs50,000cr projects ahead of 2019 elections

Indian Railways is trying to deliver several projects worth at least Rs50,000cr before the general elections in 2019. The projects likely to be completed include refurbishment and upgradation of around 70 railway stations, opening up of several stretches of the 3300-km dedicated freight corridor projects, installation of CCTV systems at all major stations and on-board 168 premium trains, and the launch of India's first indigenous semi high-speed train.

Our comments:

As per the officials they are working on the list of deliverables before April 2019, and there would be a visible difference in Indian Railways.

DRL receives EIR

*Vivimed for Sale of
Specialty Chem Biz*

COMPANY:**Dr Reddy's Labs gets EIR from USFDA for Srikakulam unit**

Dr Reddy's Laboratories has received an Establishment Inspection Report (EIR) from the US health regulator for its Srikakulam facility in Andhra Pradesh. The Srikakulam unit manufactures active pharmaceutical ingredients (APIs). The EIR from the United States Food and Drug Administration (USFDA) indicates closure of the audit of the plant. In an earlier filing on June 2, 2018, the company had said that the audit of the Srikakulam plant (SEZ) by USFDA had been completed with no observations.

Our comments:

This is a positive for the company.

Board of Vivimed approved sale of specialty chemical business

The Board has approved the sale/transfer/divestment of entire undertaking relating to the Specialty Chemicals Business, after considering various corporate restructuring options, subject to approval of the shareholders. Further, the Board has decided that the divestment of such Speciality Chemical Business shall be made for a consideration not less than Rs275cr to Vivimed Specialty Chemicals UK, a company incorporated in United Kingdom or its associates/subsidiaries either in India or overseas jurisdiction, vide such corporate restructuring mechanism including but not limited to, slump sale or/and sale of investments, as shall be appropriate in this case. The consideration as shall be realized by the Company from such proposed transactions shall be substantially utilized in reducing its existing debt at India level.

Our comments:

The Board considered the fact that the Specialty Chemical Business of the Company formed part of its non-core business and its divestment would enable the Company to effectively focus on its Pharmaceutical business which comprises of API/CDMO & FDF which has received significant boost over the last few years.

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