

DOMESTIC:

- Federal Bank gets RBI nod to enter Bahrain, Kuwait, Spore
- BSNL aims to sell 10,000 satellite phones by March 2019
- Johnson and Johnson to offer first TB drug in 40 years for USD 900
- Thomas Cook inks agreement with Seoul Tourism
- IOC to invest Rs12000cr in Haldia refinery, pipeline infra
- Syngene International expands collaboration with Baxter
- Essel Propack Ltd starts commercial production in Assam
- Government readies to sell NHPC stake to state-run peer NTPC, say sources
- GSK Pharma announces 1:1 bonus issue
- Astrazeneca sues DRL on patent
- JSW Steel to merge Monnet Ispat with itself
- Govt plans to sell 5% in BEL; may fetch Rs1,300cr
- PFC to seek shareholders nod for raising Rs 65,000cr
- Bharti Infratel-Indus Tower merger gets SEBI nod, NCLT approval needed next
- SBI sees 50% recovery from RBI's first NPA list
- Adani Ports signs long-term regasification pact with GAIL for Dhamra LNG terminal
- Hindalco to acquire Aleris for USD2.6bn in second US deal
- Aion-JSW Steel to pay Rs29bn to pick Monnet's 74.3% equity
- Dr Reddy's launches Hervycta to treat cancer in India
- Study suggests similarity between biosimilar GBR 310 and omalizumab: Glenmark
- NCLT rejects Jyoti Structures' resolution plan, orders liquidation

ECONOMY:

- India to hold top spot for economic growth but oil poses risk: Reuters poll

INDUSTRY:

- First tender for 1,000-mw solar capacity in DSIR likely in August
- India's finished steel export slumps over 33% in Apr-Jun
- Oil PSUs spend 20% of annual capex in Q1
- Power sector NPAs may be resolved soon
- NCLAT stays CCI penalty of Rs6,300cr on cement companies
- Ceiling of drug prices helped save Rs11,463cr to public: Government
- Paint industry looks at 10% plus growth in sales in the current fiscal
- Oxytocin ban: Drug makers report panic buying by hospitals
- Indian IT companies becoming true multinationals, says NASSCOM
- Govt hopes FY19 may see at least one case of PSB merger

Price Performance (%)

Company	1M	3M	12M
Supreme Petrochem Ltd	0.0%	-11.0%	-22.0%
Shanthi Gears Ltd	3.2%	-1.1%	-8.6%
Hind Rectifiers Ltd	-11.4%	-26.2%	21.8%
KCP Ltd	9.0%	-20.3%	3.1%
Harita Seating System Ltd	-35.0%	-37.4%	-20.9%
Hester Biosciences Ltd	-7.8%	-26.6%	3.6%
The Hi-Tech Gears Ltd	1.9%	-10.4%	13.8%
Bharat Bijlee Ltd	-1.6%	-27.7%	-9.6%
Triveni Turbines Ltd	-0.3%	17.6%	-21.6%
Siemens Ltd	1.6%	-9.7%	-29.3%
Aksh Optifibre Ltd	11.7%	-18.4%	6.4%
GMM Pfäudler Ltd	13.1%	20.4%	52.8%
Alicon Castalloy Ltd	5.9%	-6.9%	1.9%
Gufic Biosciences Ltd	-1.6%	-16.1%	62.0%
Excel Industries Ltd	17.4%	1.5%	221.5%
Vesuvius India Ltd	5.8%	10.1%	3.9%
Munjjal Showa Ltd	2.9%	2.0%	4.9%
Bharat Rasayan Ltd	21.5%	19.4%	112.0%
Alkyl Amines Chemicals Ltd	8.3%	-4.1%	65.5%
Grauer and Weil (India) Ltd	-7.3%	-26.7%	16.2%
Texmaco Rails & Engineering Ltd	1.7%	-18.6%	-23.8%
Nagarjuna Agrichem Ltd	36.0%	-9.8%	-3.7%
Simplex Infrastructures Ltd	0.4%	-24.1%	55.4%
ITD Cementation India Ltd	9.0%	-20.3%	-19.8%
Westlife Development Ltd	17.7%	-0.7%	49.7%
Federal Mogul Goetze (India) Ltd	4.6%	-5.1%	-20.2%
Dynamatic Technologies Ltd	1.1%	-10.5%	-29.7%
Hitech Corporation Ltd	-10.8%	-13.7%	-32.9%
NRB Bearings Ltd	3.6%	-2.4%	39.0%
Kokuyo Camlin Ltd	13.2%	-10.5%	0.0%
Timken India Ltd	-1.6%	3.2%	-2.3%
Bigbloc Construction Ltd	-25.4%	-47.5%	0.5%
Morganite Crucible (India) Ltd	4.2%	-4.6%	22.9%
Vardhman Special Steels Ltd	1.7%	-21.6%	-18.5%
Zen Technologies Ltd	-8.9%	-29.9%	48.6%
KSB Pumps Ltd	0.9%	-5.3%	5.8%
Thermax Ltd	8.9%	-0.4%	26.1%
Indian Hume Pipe Co. Ltd	12.0%	-18.7%	4.4%
Engineers India Ltd	5.9%	-15.4%	66.2%
TRIL	-4.0%	-30.7%	-45.0%
Gulshan Polyols Ltd	5.6%	-18.9%	-42.8%
Nesco Ltd	-5.6%	-15.0%	1.4%
Castrol India Ltd	3.1%	77.2%	-14.6%
Hikal Ltd	-0.9%	-43.4%	-34.5%

The week that went by:

Amid the mixed Asian markets, the Indian bourses continued the positive momentum. The positivity continued with the Sensex hitting record highs. The markets opened at all time high levels and continued the positive bias. The benchmark indices hit fresh record highs to start the day of trade midweek. The last trading day of the week started on a strong note with the indices hitting yet another fresh record high.

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	280	500	78.6	27.0	18.6	14.9	14.5	18.0	8.4	10.5
Shanthi Gears Ltd	BUY	107	135	200	47.9	11.0	2.8	3.1	46.1	41.2	29.1	25.6
Hind Rectifiers Ltd	BUY	69	107	175	63.4	1.6	-1.1	0.3	-99.0	306.5	40.8	28.5
KCP Limited	BUY	71	108	200	85.0	13.9	2.8	6.3	35.9	15.8	11.0	9.4
Harita Seating System Ltd	BUY	266	633	1150	81.8	4.9	32.4	34.5	18.2	17.1	16.7	14.0
Hester Biosciences Ltd	BUY	565	1165	2200	88.8	9.9	29.2	34.2	38.5	38.0	24.0	20.4
The Hitech Gears Ltd	BUY	298	420	600	42.9	7.9	10.9	16.5	36.7	24.6	15.9	13.2
Bharat Bijlee Ltd	BUY	787	1200	2000	66.7	6.8	34.7	41.4	34.6	29.0	46.2	23.5
Triveni Turbines Ltd	BUY	92	115	150	30.4	0.4	3.5	2.4	32.7	47.2	23.2	28.5
Siemens Ltd	BUY	1128	985	1350	37.0	350.8	9.1	10.0	108.4	98.7	74.0	65.4
Aksh Optifibre Ltd	BUY	15	28	45	59.3	4.6	13.9	1.5	1.4	12.5	5.3	7.9
GMM Pfaunder Ltd	BUY	332	915	1000	9.3	13.4	19.3	20.8	47.4	44.0	32.5	29.8
Alicon Castalloy Ltd	BUY	288	593	750	26.5	7.3	21.4	24.1	27.8	24.6	10.8	8.5
Gufic Biosciences Ltd	BUY	50	118	140	18.6	9.1	1.6	2.1	75.6	56.7	35.6	26.5
Excel Industries Ltd	BUY	380	1450	1800	24.2	18.7	9.8	39.7	135.0	33.2	41.1	19.4
Vesuvius India Ltd	BUY	1165	1318	1500	13.8	26.4	49.0	62.7	26.9	21.0	14.7	11.9
Munjial Showa Ltd	BUY	191	234	350	49.9	9.3	14.2	14.6	16.4	16.0	9.8	9.4
Bharat Rasayan Ltd	BUY	2747	6808	6500	-4.5	28.6	128.9	189.3	52.8	36.0	27.2	19.7
Alkyl Amines Chemicals Ltd	BUY	391	683	850	24.5	13.9	24.3	27.0	28.1	25.3	16.3	16.3
Grauer and Weil (India) Ltd	BUY	45	47	100	111.4	10.7	2.3	2.3	20.9	20.2	11.7	11.4
Texmaco Rails & Engineering Ltd	BUY	91	69	150	116.9	20.2	1.5	2.7	45.2	25.7	31.3	19.4
Nagarjuna Agrichem Ltd	BUY	29	37	75	103.8	5.7	1.6	0.9	22.7	42.5	12.6	11.6
Simplex Infrastructures Ltd	BUY	540	460	700	52.2	20.2	24.3	29.6	18.9	15.5	8.0	7.3
ITD Cementation India Ltd	BUY	158	132	225	70.5	20.5	3.1	4.8	42.6	27.5	11.3	10.2
Westlife Development Ltd	BUY	266	387	425	9.7	60.2	-0.8	0.3	-496.4	1134.3	132.1	79.7
Federal Mogul Goetze (India) Ltd	BUY	540	438	750	71.4	24.3	12.9	15.7	33.8	27.8	14.0	12.7
Dynamatic Technologies Ltd	BUY	2160	1637	3000	83.3	10.4	23.0	-9.3	42.0	-467.7	9.6	12.2
Hitech Corporation Ltd	BUY	175	140	230	64.2	2.4	6.9	3.5	20.3	40.0	8.0	8.9
NRB Bearings Ltd	BUY	138	171	200	17.0	16.6	5.2	5.5	32.7	31.0	18.1	17.3
Kokuyo Camlin Ltd	BUY	132	105	175	66.1	10.6	0.1	0.5	1113.3	201.4	52.4	38.5
Timken India Ltd	BUY	883	718	1200	67.1	48.8	14.3	15.1	50.2	47.4	30.8	26.8
Bigbloc Construction Ltd	BUY	120	88	200	127.3	1.2	2.2	2.7	40.7	32.1	14.3	12.4
Morganite Crucible (India) Ltd	BUY	1047	1376	1500	9.0	3.9	47.2	38.2	29.2	36.0	15.6	20.7
Vardhman Special Steels Ltd	BUY	151	119	225	89.1	4.2	10.3	6.4	11.5	18.5	11.2	10.8
Zen Technologies Ltd	BUY	115	85	170	99.5	6.6	0.9	0.2	91.7	399.9	55.6	151.8
KSB Pumps Ltd	BUY	820	790	1100	39.2	27.5	19.5	18.8	40.6	42.0	25.5	21.1
Thermax Ltd	BUY	1019	1135	1230	8	135.2	23.3	22.1	48.7	51.4	36.2	36.4

*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	600	63%
Engineers India Ltd	211	200	Bonus 1 : 1.	106	250	27%
Transformers and Rectifiers (India) Ltd	300	450	Stock Split from Rs.FV 10 to Rs.FV 1.	30	40	-36%
Gulshan Polyols Ltd	390	500	Stock Split from Rs.FV 5 to Rs.FV 1.	78	110	-27%
Nesco Ltd	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2.	479	640	4%
Castrol India Ltd	447	550	Bonus 1 : 1	223	275	-22%
Hikal Ltd	143	325	Bonus 1 : 2	154	216	-7%

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	279	600	115.2	13.5	20.4	14.3	12.8	18.1	7.1	9.6
Engineers India Ltd	BUY	211	133	250	88.2	44.8	4.8	5.0	27.5	26.5	27.3	29.5
Transformers and Rectifiers (India) Ltd	BUY	300	19	40	108.3	0.3	13.9	1.5	1.4	12.5	5.3	7.9
Gulshan Polyols Ltd	BUY	390	57	110	93.0	2.7	4.6	6.4	12.4	8.9	16.0	14.2
Nesco Ltd	BUY	2397	499	640	28.3	7.0	120.2	137.5	4.2	3.6	16.4	13.7
Castrol India Ltd	BUY	223	174	275	58.3	85.9	13.6	14.1	12.7	12.3	7.6	7.2
Hikal Ltd	BUY	143	143	216	51.6	11.7	5.4	5.8	26.3	24.6	11.1	10.2

Please Turn Over

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	280	120	150	200	275	350	500	-	264%
Shanthi Gears Ltd	107	135	150	200	-	-	-	-	-	26%
Hind Rectifiers Ltd	69	107	110	140	175	-	-	-	-	55%
KCP Limited	71	108	105	150	200	-	-	-	-	52%
Harita Seating System Ltd	266	633	400	600	750	900	1150	-	-	138%
Hester Biosciences Ltd	565	1165	750	875	1150	1500	1750	2200	-	106%
The Hitech Gears Ltd	298	420	450	600	-	-	-	-	-	41%
Bharat Bijlee Ltd	787	1200	1100	1500	2000	-	-	-	-	52%
Triveni Turbines Ltd	92	115	135	150	-	-	-	-	-	25%
Siemens Ltd	1128	985	1350	-	-	-	-	-	-	-13%
Aksh Optifibre Ltd	15	28	24	35	45	-	-	-	-	88%
GMM Pfaudler Ltd	332	915	500	700	800	1000	-	-	-	176%
Alicon Castalloy Ltd	288	593	450	600	750	-	-	-	-	106%
Gufic Biosciences Ltd	50	118	75	100	140	-	-	-	-	136%
Excel Industries Ltd	380	1450	550	650	800	1100	1400	1800	-	281%
Vesuvius India Ltd	1165	1318	1500	-	-	-	-	-	-	13%
Munjal Showa Ltd	191	234	250	300	350	-	-	-	-	22%
Bharat Rasayan Ltd	2747	6808	3500	4250	5000	6500	-	-	-	148%
Alkyl Amines Chemicals Ltd	391	683	550	700	850	-	-	-	-	75%
Grauer and Weil (India) Ltd	45	47	65	80	100	-	-	-	-	5%
Texmaco Rails & Engineering Ltd	91	69	125	150	-	-	-	-	-	-24%
Nagarjuna Agrichem Ltd	29	37	45	60	75	-	-	-	-	27%
Simplex Infrastructures Ltd	540	460	700	-	-	-	-	-	-	-15%
ITD Cementation India Ltd	158	132	225	-	-	-	-	-	-	-16%
Westlife Development Ltd	266	387	350	425	-	-	-	-	-	46%
Federal Mogul Goetze (India) Ltd	540	438	750	-	-	-	-	-	-	-19%
Dynamatic Technologies Ltd	2160	1637	3000	-	-	-	-	-	-	-24%
Hitech Corporation Ltd	175	140	230	-	-	-	-	-	-	-20%
NRB Bearings Ltd	138	171	200	-	-	-	-	-	-	24%
Kokuyo Camlin Ltd	132	105	175	-	-	-	-	-	-	-20%
Timken India Ltd	883	718	1200	-	-	-	-	-	-	-19%
Bigbloc Construction Ltd	120	88	160	200	-	-	-	-	-	-27%
Morganite Crucible (India) Ltd	1047	1376	1500	1750	-	-	-	-	-	31%
Vardhman Special Steels Ltd	151	119	225	-	-	-	-	-	-	-21%
Zen Technologies Ltd	115	85	170	-	-	-	-	-	-	-26%
KSB Pumps Ltd	820	790	1100	-	-	-	-	-	-	-4%
Thermax Ltd	1019	1135	1230	-	-	-	-	-	-	11%

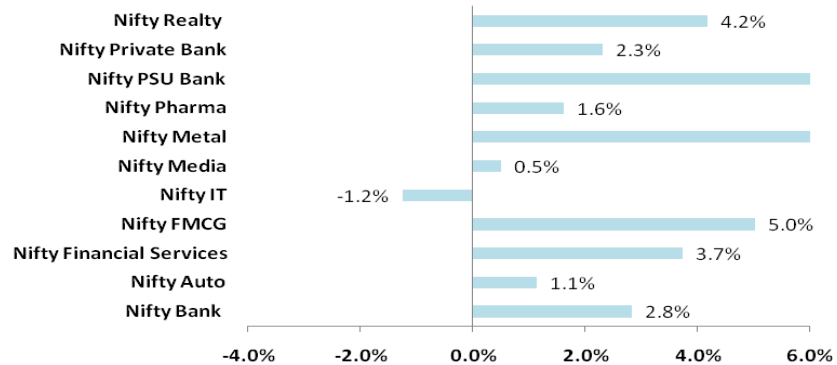
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Company	Reco	Target	Corp Action	Adj Price	Adj Tgt Price	Appreciation
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Hikal Ltd	143	325	Bonus 1 : 2	154	216	-7%

Calls Closed							
Company	Reco	Reco at (Rs)	Closed price (Rs)	Company	Reco	Reco at (Rs)	Closed price (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	Premier Explosives	BUY	350	322

*Omkar: Spin off

Weekly Sectoral Gainers & Losers in (%)



*Some positivity for
Railways sector*

Coverage News:

Indian Railways floats global tender to supply long rails

The railways had to invite the global tender for procuring around 4.87 lakh metric tonnes of rails to meet the shortfall of supply from the Steel Authority of India Limited (SAIL). Seven foreign steel companies and the Jindal Steel and Power Ltd (JSPL) have bid for the contract. Till now, the national transporter was procuring rails from government-owned SAIL. It decided on an extra global tender after anticipating that SAIL would not be able to supply the 7,17,000 tonnes required for 2017-18 and 2018-19, as estimated at that time.

Our comments:

This is the first time in three decades that rail procurement has been opened for the private sector. This is a positive for the Railways stocks that surged with the flash of news including our coverage stock Texmaco Rails and Hind Rectifiers Ltd as well.

Thermax Limited:

Thermax has entered into binding agreements and completed the acquisition process of the shareholding of Babcock & Wilcox India Holdings INC., in Thermax Babcock & Wilcox Energy Solutions Pvt Ltd (TBWES). TBWES is now a wholly owned subsidiary of Thermax.

Our comments:

This was a strategic move by the company in order to enhance its presence, manufacturing capabilities and product offerings.

Result Update:

Alicon Castalloy Limited:

The net sales for the quarter under review came in at Rs2,967mn as compared to Rs1,973mn, growth of 50% (*Quarter ending June 2017 included excise duty). Ebitda margins for the quarter ending June 2018 improved to 11.0% as compared to 10.5% in the same quarter last year. The net profit grew by 101% at Rs123mn as compared to Rs61mn. EPS for the quarter stood at Rs9.8 as compared to Rs7.3 in the corresponding period last year.

Outlook and Recommendations:

The company has reported good set of numbers for the quarter under review. Despite slight increase in the cost of raw materials used, the company has been able to maintain its Ebitda levels. This clearly indicates better inventory management and better operational efficiencies. We continue to remain bullish on this stock and maintain our target price of Rs750 over a 12 months perspective.

*Update on Subsidiary of
Thermax*

Decent numbers reported

Good set of numbers

India on the growth trajectory

Stay on CCI penalty

Ceiling of drug prices adds to savings

Result Update:

KSB Pumps Limited:

The company has reported net sales of Rs2,536mn as compared to Rs2,102mn, growth of 20.6%. The Ebitda margins remained flat at 11.3%. The net profits clocked growth of 40% at Rs214mn as against Rs153mn in the same quarter last year. The EPS stands at Rs6.2 for the quarter. On the segmental front, the Pump segment clocked growth of 15% while the segment for Valves grew by 6%

Outlook and Recommendations:

The company has reported good set of numbers for the quarter under review. We continue with our Buy recommendation on the stock with a target price of Rs1100 over a 12 months perspective.

ECONOMY:

India to hold top spot for economic growth but oil poses risk: Reuters poll

India will remain the fastest-growing major economy this year supported by increased government spending ahead of next year's general election, but rising oil prices pose the biggest downside risk, a Reuters poll of economists showed. The over USD2tn economy, which surpassed France recently to become the world's sixth-largest economy, is expected to grow 7.4% in the fiscal year ending in March 2019 and 7.6% next, according to average forecasts in the latest poll of nearly 70 economists. But record high costs of diesel and petrol which are the biggest items on India's import bill at a time when the rupee is weakening and close to a record low has become a major burden, posing a risk to those forecasts.

Our comments:

Much will depend on the extent of (government) spending in fiscal year 2019 and its multiplier effect on the rural economy.

INDUSTRY:

NCLAT stays CCI penalty of Rs 6,300 crore on cement companies

The National Company Law Appellate Tribunal (NCLAT) upheld Competition Commission of India's penalty of Rs6,300cr on 11 cement companies. NCLAT said that it found no merit in the pleas of the cement companies, who will be challenging the tribunal's decision in the Supreme Court. The Competition Commission imposed the penalty in June 2012. The Competition Appellate Tribunal stayed the order in 2013 and asked the companies to deposit 10% of the amount until a decision is taken on their appeal.

Our comments:

With the penalty decision now being upheld, the real estate sector is likely to take the biggest hit as it will seek damages running into hundreds if not thousands of crores.

Ceiling of drug prices helped save Rs11,463cr to public: as per the Government

The government said fixation of ceiling prices of medicines has resulted in a saving of Rs11,463cr to the public after the implementation of the Drugs Prices Control Order 2013. This includes the saving of Rs4,547cr on account of fixation of ceiling price of coronary stents (including re-fixation) and Rs1,500cr on account of price fixation of knee implants.

Our comments:

Till June 2018, the government has fixed the ceiling prices of 851 medicines, including 4 medical devices under revised schedule - I based on the National List of Essential Medicines, 2015 (NLEM, 2015).

*UPL announces
acquisition*

COMPANY:

UPL announces USD4.2bn deal to acquire Arysta Lifescience

UPL agreed to take over the unit of Bill Ackman-backed Platform Specialty Products Corp. for USD4.2bn in cash. The deal, subject to regulatory approvals, is expected to be completed by early next year. The deal will make UPL the world's fifth-largest crop protection company. The buyout will be funded by a combination of newly issued equity and debt. The company will receive USD1.2bn as equity investments in UPL Corp, the company's international arm, by Abu Dhabi Investment Authority and TPG. They will invest USD600mn each for a combined 22% stake. The balance will be funded through USD3bn in debt financing from MUFG Bank Ltd. and Rabo Bank with a bullet maturity of five years. UPL will bear USD120-125mn in interest cost annually, indicating a 4-4.5% rate of interest.

Our comments:

The deal although is lucrative, the debt pile would be a wary for the investors.

*Thomas Cook and Seoul
Agreement*

Thomas Cook Inks agreement with Seoul Tourism

Thomas Cook and Seoul Tourism have entered into a 3-year strategic agreement. As a part of this three-year plan, both parties will focus on a multi-pronged engagement programme that includes product development and destination promotions to showcase Seoul as a vibrant leisure destination across a diversity of Indian traveller segments including, families, millennials, honeymooners, culture seekers, women travellers, etc.

Our comments:

This would be a blend to the offering of the company.

Hindalco to acquire Aleris

Hindalco to acquire Aleris for USD2.6bn in second US deal

Hindalco has agreed to acquire the US-based Aleris for USD2.6bn solidifying its position as one of the largest aluminium players in the world. The company will acquire Aleris through its American outfit Novelis in a debt-financed deal. Aleris will be Hindalco's second acquisition in the US after Novelis, which it had bought for USD6bn in 2007. The Aleris transaction, subject to approval from regulators including antitrust agencies, is expected to be closed within 15 months. Novelis will pay USD775mn for equity in Aleris and will take over USD1.8bn of debt on books.

Our comments:

The acquisition diversifies Hindalco's product mix in the value added segment which has higher margins and is less volatile to aluminium prices.

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