

Daily Dossier

1st November 2018

Outlook



The Nifty ended 0.06% down at 10,380.45. It opened on a positive note, however, failing to sustain above 10,420 followed by daylong consolidation towards finishing off the session with a bearish candle. However, bullish pattern is still intact and the benchmark index may again see buying on dips around 10,320 levels. Chart pattern suggests the benchmark index may remain stuck in the price band of 10,320 to 10,440 before next leg of up move towards 10,560.

On the Nifty hourly chart; RSI ended the session with a downward trend line breakout. Hence, buy on dips is advised. Downside critical support is placed around 10,320.

Nifty patterns on multiple time frames show; it ended on a muted note. However, chart pattern is still bullish and the benchmark index may again see buying on dips.

Nifty Crucial Supports & Resistances for the day-
Supports- 10320, 10250 Resistances- 10440, 10560

Open positional calls-

Positional T+5 Buy-

Future Segment- PNB Fut @70, TGT- 78, SL- below 66

Positional T+3 Buy-

Future Segment- GODREJ IND Fut on dips @ 470, TGT- 500, SL- below 455

Positional T+4 Buy-

Future Segment- RELIANCE Fut on dips @ 1055, TGT- 1095, SL- below 1035

Positional T+2 Buy-

Future Segment- AURO PHARMA Fut on dips @ 785, TGT- 815, SL- below 770

Positional T+2 Buy-

Future Segment- AMBUJA Fut on dips @ 198, TGT- 204, SL- below 195

Top Stock Drivers For The Day

Name	CMP	News/Views	Impact
GNFC Ltd	337.60	Following news came after market hours and are likely to react tomorrow: GNFC Q2FY19 net stood at INR296 Crore as against INR166 Crore in the same quarter last year.	Positive
India Glycols Ltd.	383.35	India Glycols Q2FY19 net stood at INR43. 66 Crore as against INR42.2 Crore.	Positive

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Contents	Page No.
Quarterly Results	4
Key Con Call Highlights	9
Domestic news	16



Market Turnover (Rs. Crore) 01-11-2018

Name	Last	Previous
NSE Cash	37176.67	40138.16
NSE F&O	*NA	1053926.14
BSE Cash	3,417.56	4580.53
BSE F&O	0.12	0.12

NIFTY Top Gainers

Name	%1D	%5D	Day Vol	Avg 5 Day Vol
Yes Bank	8.48	2.87	69,202,992	60,790,900
Hindalco	4.92	4.00	9,524,000	9,350,274
Axis Bank	3.39	7.33	16,048,865	11,769,340
UPL	3.20	16.09	3,202,739	2,772,667
BPCL	3.04	2.33	7,515,034	7,531,994

NIFTY Top Losers

Name	%1D	%5D	Day Vol	Avg 5 Day Vol
Cipla	2.20	1.05	1,442,392	2,802,589
Infosys	2.87	2.77	5,860,244	8,322,693
Tech Mahindra	3.12	10.64	3,999,401	4,463,742
Dr. Reddy'S	3.18	2.97	1,370,566	1,347,919
HCL	4.42	0.40	1,973,035	2,528,139

Bulk and Block Deals

<https://www.nseindia.com/products/content/equities/equities/bulk.htm>

<http://www.bseindia.com/markets/equity/EQReports/BulknBlockDeals.aspx>

*Data not updated till 6:15PM

FII Derivatives Flow (In Crore) 31-11-2018*

Instrument	Purchase	Sale	Net
Index Future	5758.74	5021.72	737.03
Index Option	145890.83	145952.61	-61.78
Stock Future	19516.94	18344.60	1172.34
Stock Option	7405.77	7308.55	97.22

Institutional Flow (In Crore) 01-11-2018

Institution	Purchase	Sale	Net
FII	6312.69	5963.94	348.75
DII	3345.29	3854.46	-509.17

Market in Retrospect

Indian Equity Benchmark, failed to hold yesterday's gain and edged lower dragged by weakness in IT stocks. Sensex declined by 10 points to 34,432 and NIFTY slipped 6 points to 10,380.

Nifty Realty was the top gainer, gaining by 2.77%, followed by Nifty Metal which was up by 1.26%. Nifty IT was the top loser, losing by 2.13%.

Yes Bank was the top gainer, gaining by 8.34%, followed by Hindalco & Axis Bank which were up by 4.92% & 3.39% respectively. HCL Tech, was the top loser, losing by 4.42%, followed by Dr Reddy's & Tech Mahindra, which were down by 3.18% & 3.12% respectively.

The Advance : Decline ratio stood at 1134 : 596.



Indian Indices

Name	Index	Net Chng	%1D	%5D	%1M	%3M	%1Y
Sensex	34431.97	10.08	0.03	2.20	5.73	8.23	2.48
Nifty	10380.45	6.15	0.06	2.52	5.70	8.51	0.58
BSE M Cap	14773.07	160.48	1.10	6.40	0.46	7.92	11.25
BSE S Cap	14355.51	154.14	1.09	5.53	0.28	13.67	18.88
Nifty MC 100	17338.95	149.80	0.87	6.53	0.31	8.29	11.93
BSE Auto	19890.19	9.11	0.05	3.14	8.08	18.17	21.58
BSE Capgoods	17896.94	408.36	2.34	8.86	5.31	2.09	2.96
BSE FMCG	11055.60	72.24	0.65	0.10	4.35	8.67	6.30
BSE Metal	12686.51	161.96	1.29	0.52	5.74	0.84	15.47
BSE Oil&Gas	13339.03	92.11	0.70	2.72	9.83	12.08	19.67
BSE Healthcare	14632.90	93.68	0.64	5.20	2.83	1.88	2.62
BSE Power	1973.74	15.61	0.80	2.39	0.46	0.07	15.92
BSE Realty	1717.89	38.09	2.27	6.65	2.35	18.17	27.48
BSE ConsDur	19340.13	197.80	1.03	6.22	1.86	7.91	5.38
BSE Bank	28611.24	251.65	0.89	3.27	1.21	7.21	0.84
BSE IT	14273.37	258.23	1.78	3.73	10.83	2.14	37.82

LME

Name	Index	Net Chng	%1D	%5D	%1M	%3M	%1Y
Gold(\$/Ounce)	1222.55	7.77	0.64	0.78	2.82	0.54	4.09
Silver(\$/Ounce)	14.41	0.16	1.11	1.65	0.58	6.34	15.95
Aluminium	1934.75	12.25	0.63	2.16	5.53	6.11	9.66
Copper	6036.50	40.00	0.66	2.45	3.62	3.87	11.45
Zinc	2551.75	50.75	1.95	5.84	4.02	4.64	23.19
Lead	1901.50	18.25	0.95	4.42	5.99	11.17	20.85

Currency

Name	Rate	Net Chng	%1D	%5D	%1M	%3M	%1Y
INR	73.54	0.41	0.56	0.37	0.86	6.95	12.16
USD Index	96.64	0.49	0.50	0.04	1.41	2.09	1.92
YUAN	6.95	0.03	0.44	0.05	1.10	1.76	4.94
GBP	1.29	0.01	0.91	0.37	1.27	1.89	2.95
EUR	1.14	0.01	0.59	0.01	1.69	2.53	2.18
YEN	112.98	0.07	0.06	0.34	0.89	1.16	0.83

Agro Commodities

Name	Price	Net Chng	%1D	%5D	%1M	%3M	%1Y
Coffee	112.95	0.25	0.22	6.77	10.52	1.48	17.46
Cotton	76.59	0.27	0.35	1.40	0.37	13.30	10.92
Sugar	13.14	0.05	0.38	5.94	13.18	16.39	15.23
Wheat	503.75	3.25	0.65	3.39	1.13	12.96	0.90
Soybean	849.75	2.00	0.23	0.56	2.52	6.90	15.49

Global Indices (Updated at 4:30 pm)

Name	Index	Net Chng	%1D	%5D	%1M	%3M	%1Y
Dow Jones	25115.76	241.12	0.97	2.17	5.76	0.86	7.17
Nasdaq	7305.90	144.25	2.01	2.78	9.10	5.21	8.77
S&P 500	2711.74	29.11	1.09	2.09	7.28	3.61	5.13
FTSE100	7154.57	24.69	0.35	2.12	4.57	6.54	4.48
CAC40	5114.19	22.89	0.45	1.67	7.09	6.95	7.22
DAX	11555.35	114.15	1.00	2.25	6.30	9.23	14.14
Mexico IPC	43942.55	404.43	0.93	4.39	11.84	11.14	9.09
Brazil Bovespa	87423.56	537.84	0.62	5.25	11.19	10.24	18.42
Russian RTS	1122.34	4.56	0.40	0.09	5.84	3.31	0.42
Japan Nikkei	21687.65	232.81	1.06	1.97	10.55	4.66	3.27
Hang Seng	25416.00	436.31	1.75	1.69	8.54	10.32	11.11
Taiwan Index	9844.74	42.61	0.43	3.40	10.92	11.29	8.90
Shanghai Comp	2606.24	3.45	0.13	0.09	7.62	7.73	23.25
KOSPI	2024.46	5.23	0.26	1.88	13.44	12.25	20.81
Malaysia KLCI	1706.92	2.35	0.14	1.21	4.77	4.55	2.12
Jakarta Comp	5835.92	4.27	0.07	1.41	1.83	3.27	3.35
Philippine SE	7140.29	124.23	1.77	0.15	1.13	8.90	14.64
Thai Exch	1667.55	1.54	0.09	1.41	5.28	3.16	2.74

Freight

Name	Index	Net Chng	%1D	%5D	%1M	%3M	%1Y
Baltic Dry	1490.00	23.00	1.52	1.72	4.18	15.34	0.40
Baltic Dirty	1157.00	7.00	0.61	3.21	45.90	52.24	33.45

Energy Markets

Name	Index	Net Chng	%1D	%5D	%1M	%3M	%1Y
NYMEX Crude	64.93	0.42	0.64	3.62	13.82	4.09	19.50
BRENT Crude	74.44	0.67	0.89	3.26	12.00	2.24	28.76
Natural Gas	3.29	0.03	0.80	0.95	3.63	12.61	5.59

Bond Markets

Name	Yield	Net Chng	%1D	%5D	%1M	%3M	%1Y
US	3.16	0.02	0.48	1.35	2.44	5.07	33.16
UK	1.45	0.01	0.91	0.63	8.69	5.07	7.97
Brazil	5.47	0.02	0.44	0.74	6.03	0.13	16.16
Japan	0.12	0.00	3.15	5.13	9.56	6.11	101.64
Australia	2.65	0.02	0.72	1.34	0.83	1.56	2.15
India	7.82	0.03	0.38	0.67	2.07	1.58	13.51
Switzerland	0.01	0.02	160	250.00	85.71	154.55	108.57
Germany	0.41	0.02	5.46	2.01	13.80	15.06	8.85

News Impact

Quarterly Results

Syndicate bank

- NII is INR1572 Cr, down 5% YoY & up 4% QoQ.
- Provisions stood at INR1622 Cr, up 120% YoY & down 10% QoQ.
- PAT is INR(-1542) Cr vs INR105 Cr YoY & INR(-1281) Cr QoQ.
- Net NPA is 6.83% vs 5.76% YoY & 6.64% QoQ.

Castrol India Ltd

- Castrol India Limited's revenue for Q3CY18 came in at INR926.9cr, up by 7.6% YoY.
- The Gross profit down by 3% to INR453.7 Cr. and gross profit margin contracted by 540 bps to 48.9% YoY, due to rise in base oil price.
- However, the EBITDA for Q3CY18 stood at INR227.4cr, a decline of 10.3% YoY. The EBITDA margin contracted significantly by 491 bps YoY to 24.5%.
- PAT stood at INR150.4 Cr, down 15.6%. The revenue in line with the Bloomberg estimates, however, EBITDA and PAT suppress the Bloomberg consensus estimates.
- Volume growth faster than market 6% year to date, comparable revenue growth 10% year to date.

Ajanta Pharma

- Top Line of the company remained almost flat YoY basis & grew 6% sequentially.
- EBITDA fell 10% YoY basis due to increase in the raw material cost by 14%. EBITDA margin stood at 30.5%.
- Net Profit is reported at INR125.39 crore, recorded a de-growth of 5% YoY basis. Net Profit Margin compressed 140bps YoY basis at 23%.
- Company's Domestic business & Export business both remained almost flat at INR179 crore & INR353 crore. US business jumped little more than 2 fold at INR80 crore, however Africa Institutional business has de-grown by 65% at INR45 crore.
- In India therapeutic area wise, cardiology grew 14%, Ophthalmology 14%, Dermatology by 4% & pain management grew by 17%.

Maharashtra Seamless (MSL)

- MSL reported standalone sales of INR703 Cr (up 45% YoY), EBITDA of INR128 Cr (up 113% YoY) and PAT of INR88.5 Cr (up 160% YoY).
- The increase in raw material costs (steel price rates per tonne) and inventory gains dragged the EBITDA and Net Income down on a quarterly basis.

News Impact

Lupin

- Top line of the company remained flat.
- EBITDA plunged about 36% YoY basis at INR549.61 crore backed by sharp increase in the Cost of raw material by 580 basis point on YoY basis & increase in the total expenses by 800 basis points. EBITDA Margin shrunk by 770 basis point at 13.9%.
- Net Profit of the company fell 41% YoY basis but jumped 32% QoQ basis. Net Profit Margin shrunk by 470 basis points at 6.8%.
- Company's North America business has a de-growth of around 8% YoY basis & Asia Pacific slowed down by 2% YoY basis. India business grew 4% YoY basis, Europe, Middle East & Africa grew 7% basis. Latin America & Rest of World business grew 5% & 15% respectively. API business of the company grew 26% YoY basis.
- North America business contribution stood at 32%, Latin America at 4%, India 31%, Asia Pacific at 16%, Europe, Middle East & Africa stood at 8% , where contribution of the API business stood at 9% tot the total revenue.

Nath Bio-Genes

- The topline of the company in Q2FY19 stood at INR24.59 Crore, up 70.29% YoY. In the first half of FY19, revenue increased 31.23% YoY.
- The EBITDA of the company is fell 8.74% YoY to INR5.95 Crore. The EBITDA margin for the quarter dropped 2095bps over the same quarter last year. In H1FY19, the EBITDA, however, increased 13.36% and the corresponding margin decreased by 351 bps. The EBITDA was down because of high-selling and distribution cost, higher employee benefit expenses and high R&D expenses.
- The PAT of the company for the quarter increased marginally 1.40% YoY to INR3.61 Crores. In H1FY19, the PAT increased 24.82%, however, the margin was down by 100 bps.

United Spirits

- Revenue up 14.2 percent at INR2,228.1 crore.
- Net profit up 69 percent at INR258.7 crore.
- Ebitda up 36.1 percent at INR432.4 crore.
- Margin at 19.4 percent versus 16.3 percent.
- Volumes in the prestige and above segment grew 15.38% in the July-September quarter on a year-on-year basis, whereas, volumes in the popular segment grew 5.3% in the second quarter.

News Impact

Arvind Ltd

- Consolidated revenue from operations during the quarter down by 0.9% QoQ and up by 13% YoY to INR1792.9 crore. EBITDA down by 9.4% QoQ and up by 29.7% YoY to INR182.3 crore driven by improvements in margins of advanced materials division. PAT up by 16.8% QoQ and 16.4% YoY to INR75 crore.
- Gross profit margin expanded by 235 bps QoQ and 231 bps YoY to 56.2% backed by inventory gain, EBITDA margin compressed by 95 bps QoQ and 131 bps YoY to 10.2%. PAT margin expanded by 64 bps QoQ and 12 bps YoY to 4.2%.
- Co has reported a 13% revenue growth to INR1227 crore in branded apparel segment, EBITDA margin expanded by 60 bps to 6.2%.
- Co expects to grow at 10% for the current financial year with improved profitability.

HDFC Ltd

- NII is INR2629 Cr, up 18% YoY & down 5% QoQ.
- Provisions stood at INR401 Cr, vs INR(-61) Cr YoY & INR20 Cr QoQ.
- PAT is INR2467 Cr, up 24% YoY & 12% QoQ. The profit figure includes one time income of INR891 Cr via sale of shares in HDFC AMC IPO.
- NIM remains unchanged at 3.5% QoQ.

Minda Corp

- Consolidated revenue for Q2FY19 reported at INR773.3 crore, an increase of 18.1% YoY basis but it failed to meet out estimate of INR808 crore. Despite rise in raw material prices Co. managed to maintain its Gross margin YoY basis through prudent inventory management.
- Absolute EBITDA stood at INR82.3 crore, a rise of 9.6% YoY basis and surpassed our estimate of INR77 crore. EBITDA margin dropped by 82 bps YoY basis to 10.6% due to rise in employee benefit expense and other expenses.
- PAT for the quarter under review reported at INR44.6 crore, up 6% YoY and it has beaten our estimate of INR40 crore due to steep rise in other income.
- Co. had raised INR306 crore in Q1FY19 by way of Qualified Institutional Placement (QIP) for working capital needs, loan repayment, investment in subsidiaries and JVs and to fund growth and expansion. As on September 30, 2018, the entire quantum of INR306 crore remained unutilized and remains invested in fixed deposits.
- The Board of Directors recommended a final dividend INR0.35 per equity share (FV of INR2 per share) for the year ended 31st March,2018 which is approved in the AGM held on 30th July, 2018.

News Impact

eClerxs Services

- Operating revenue for Q2FY19 was INR 355.9 crore vs. INR 330.9 crore in the corresponding period last year, YoY growth of 8%.
- Total revenue including other income for the period was INR 375.2 crore, YoY increase by 9%.
- Profit after tax for Q2FY19 was INR 69.9 crore compared with INR 88.7 crore in the corresponding period in the previous year, a drop of 21% YoY.
- The total delivery headcount as of September 30, 2018 stands at 9,496 – an increase of 4% YoY.
- Effective tax rate of H1FY19 is 27.6%; FY19 to be 28-30%

Cera Sanitaryware

- Net Revenue grew by 11.9% yoy to INR330.98cr against INR295.72cr in Q2FY18, EBITDA for the quarter declined by 1.2% yoy to INR45.58cr against INR46.1cr yoy and Net profit for the quarter grew by 3.2% yoy to INR28.14cr against INR27.27cr in the corresponding quarter last year.
- EBITDA margin declined by 182bps yoy to 13.8% due to higher material cost.
- Finance cost declined by 55.9% yoy to INR0.5cr in Q2FY19 against INR1.14cr in Q2FY18 as the Borrowings as on September 30, 2018 declined to INR6.3cr against INR24.35cr in March 31, 2018.
- The company slightly fell short of street estimates for Revenue but met estimates for EBITDA. and surpassed the estimates of Net profit.

Mahindra Logistics Ltd

- Revenue from operations has gone up by 10.9% to INR927.4 crores as against INR835.9 crores same period PY.
- EBITDA has gone up by 27.5% to INR35.3 crores.
- Profit after Tax has gone up by 38.2% at INR19.1 crores. In H1FY19 PAT has improved y 50% to INR43.4 due to focus on optimization of operations.
- PTS business has seen a growth of 13.06% at INR98 crores y-o-y.
- Non Mahindra SCM business has seen a growth of 10.7% at INR829 crores y-o-y. Their share of business from the auto sector has seen a de-growth of around 1.63%.
- EPS for the quarter has gone up by 36% to INR2.65 from INR1.95 same period PY.

News Impact

Apar Industries

- Net Revenue grew by 54% yoy to INR1805.49cr against INR1175.99cr in Q2FY18, EBITDA for the quarter grew by 15.7% yoy to INR103.9cr against INR89.77cr yoy but Net profit fell by 2.6% yoy to INR26.79cr against INR27.5cr in the corresponding quarter last year.
- EBITDA margin declined by 188bps yoy to 5.75% due to higher material cost and Other expenses.
- Net Profit margin declined further 83 bps to 1.5% due to higher finance cost, which grew to INR50.86cr v/s INR35.3 cr in Q2FY18. Finance cost was higher on the back of higher WC borrowings.
- The company surpassed estimates for Revenue but failed to meet estimates for EBITDA and of Net profit.

News Impact

Concall Highlights

Vedanta Limited

Vedanta reported consolidated sales of INR22,705 Cr (up 5% YoY), EBITDA of INR5,208 Cr (down 21% YoY) and PAT of INR1,900 Cr (down 35%YoY).

Operational Performance:

- Zinc production went down by 16%, Lead went up by 30% and Silver up by 23% (20.5% sales).
- Zinc International production went down by 34% (2.3%)
- Oil & Gas went up by 3% (15.4%)
- Alumina production went up by 30%
- Aluminium production went up by 23% (35%)
- Total power sales went up by 19% (7.6%)
- Iron Ore Production went up by 16% (2.7%)
- Total Steel production went up by 16% (incl. others 5.8%)
- Copper refining halted. Hence, revenue from copper went down by 62%.

Guidance:

- The Management maintained their guidance on Zinc and Lead, with increased production of Silver at 650-750 tonnes. On the Zinc International, they maintained guidance of 150 KT, which in our view is well exaggerated even with Gamsberg Project fully operational for 2nd half FY19.
- In the Oil & Gas business, the management maintained their long term commitment with 41 Oil & Gas block acquisition. However, with H1 outputs still far behind their earlier expectation, H2 FY19 guidance of 200-220 average kboepd is well in line for now.
- For the Aluminium segment, the FY19 guidance stayed at 2.0 million MT and Iron Ore mining at 4.5 mtpa with Goa mining licenses cancelled.
- Regarding the Copper Smelter, the Management remained hopeful with NGT review awaited.

Capex plans and in-progress:

- Expansion of Zinc India mine to capacity of 1.2 million tonne mined metal production by FY20.
- Jharsuguda Aluminium Plant expansion to 4 million tonne capacity in phase-wise progress. Also coal linkage of 3.2 million tonne in-progress.
- Over USD2.5 billion as capex for exploration and drilling as developments happen with newly acquired 41 Oil & Gas blocks (33 onshore and 8 offshore). The capex can go further north with delay and cost overruns.

News Impact

Views:

- The high margin Oil and Gas business is consuming heavy amounts of cash capex, while delay in commercial productions from new wells are causing concerns on their ability to ramp up and increase Oil outputs.
- The Cost of Production from Zinc International is too high and only a sooner operationalization of Gamsberg Project can help make it profitable in near future.
- High costs in Aluminium business due to import of Alumina (recent very high prices) and Coal availability due to Coal India routing supplies more towards power companies shifts their focus on reducing structural costs. The closure of Copper smelter plant has reduced any significant gains from Copper business as well.
- The net debt stood at INR26,357 Cr with over INR40,000 Cr of cash and liquid investments. Apart from the Zinc India and Oil & Gas business (highest margins of 48% and 58%) where the expansion plans are a little behind schedule the EBITDA margins would have dipped further.

Larsen & Toubro Ltd

- Revenue growth in the quarter was driven by improved execution in project business and strong growth in service business. The management has guided 2nd half of FY19 would be similar that of 1st half FY19. Overall revenue is expected to grow at 10-12% in the 2nd half of FY19.
- The order book stood at INR2,81,166 cr as of Q2FY19. The international order book constituted 22% (last year 36%) of the total order book. International orders have been slower due to Middle East.
- Order Inflows are 40% pvt, 20% PSU, 30% State Govt and 10% from Central Govt. Domestic Revenues saw a better execution thrust from Govt, decent payment terms and few projects registered higher revenues than budgeted.
- Prospective Orders for Hydrocarbon could be around INR80,000 cr and Heavy Engg its around INR10,000 cr.
- The incremental borrowing has come from Parent company as the Net Debt/Equity was near Zero and the company had to leverage its business further.
- Defence Engineering segment received orders of INR1,195 cr during Q2FY19. The company is witnessing a slower procurement rate from the Govt than expected. This segment had one large order due to which the margin spiked in Q2 and would normalise going further.
- The company follows percentage of completion method except for Realty business. However, it doesn't book margins upto 25% of cost. Realty Business follows completed contract under Ind IAS and reported a revenue of INR600 cr in the quarter v/s INR100 cr last year same period.

News Impact

Lupin

- US growth is backed by generic business in the existing products. Some new launches are due by Q4FY19 which will further ramp up US business. However, there is headwind in the branded business in US.
- Many drug manufacturers like TEVA has exited from some of the products of their Portfolio in US. Lupin got benefited out of that in Q2 & this trend is likely to continue in coming couple of quarters. Solosec business has ramped up in Q2 & is likely to contribute more in coming quarters.
- Japan is facing pricing pressure as one price cut has already happened & another price cut is due in the next year.
- API business has been facing supply chain disruption effect from China but the company is able to pass it on. Cost optimization effort is going on. A material impact of the same is likely to come in at the end of this fiscal.
- Fixed Combination Drug (FDC) ban has minimal impact of INR26 crore.

Cummins India Ltd

- Guidance going forward stands revised to 10 – 12% for Domestic vs earlier target of 8 – 10%. And 3-5% for Export from earlier flattish guidance.
- Power gen was at 400 cr, industrial around 240 cr & Other around 350 Cr. The management is expecting hike its Pricing for its Power Gen by 3-5% from Q3FY19.
- Domestic PG market is growing at a rate of 10%. The Management aims to achieve a better growth rate than the market.
- Cummins India recorded a revenue of INR100 crore from Railways which was exceptionally higher than expected. Overall the management expects to record around INR250-300 cr revenues from Railways.
- Record sales in construction driven by infra development that happened due to govt spending. Apart from demand growth, market share growth has also been seen. Cost has been kept in control in spite of the inflation pressure which has helped profits grow.
- In the margins for the quarter, 1 – 1.5% has been the impact due to currency. Beyond this quarter, the profits will realign. Export realization was around average of 68 – 69 vs average of 63 – 64.

News Impact

KEI Industries Q2FY19

The management is aiming to cross INR4000 crore in FY19 with a 20% growth in revenue.

The EBITDA margins:

- Cables - 9% (Institutional Sales); 11% (Retail); 11% (Export)
- EHV – 15%
- EPC – 12-14%

Overall for FY19 the management expects the margin to slightly cross 10%.

- Working Capital days have reduced from 2.89 in FY18 to 2.67 in H1-19 and further expected to go down to 2.25 by end of FY19.
- 3 Years down the line, the management is aiming 40% of revenues from Retail segment. The company is fast increasing its dealer network across the country.
- Product wise break up would be (INR Cr):

	Q2FY19		Q2FY18
LT –	430	v/s	307
HT –	152	vs	160
EHV-	7	v/s	19
HW-	209	v/s	131
Steel			
Wire -	33	v/s	30
EPC -	139	v/s	137
Misc	14	v/s	9

- The management is not looking to grow its EPC business now as there is a large order backlog and the management aims to execute it before taking up new orders.
- The market size of Household wire segment is around INR14k cr out of which KEI Industries has a share of 7-8%.

Syndicate Bank

- The company expects to turnaround in the next 2 – 3 quarters. Recoveries are going to better in coming quarters. A separate vertical has been created for stressed assets. NCLT recoveries expected around 1200 cr upto March.
- Net NPA will be lower than 6% & Gross NPA lower than 12% going forward. Company will shift to capital light model. The credit costs will fall due to investment in safe assets.
- There has been no increase in cost of deposits. Retail Agri & SME books are growing, which will maintain NIMs.
- IL&FS exposure stands at around INR2000 Cr. Provisions are not done as the assets are performing.

News Impact

Dixon Technologies

- Shift in Diwali impacted consumer electronics to report 23% YoY decline in revenue, however volume growth was at 6% YoY.
- Lighting products was flat as there was significant decline in CFL. INR depreciation and high input prices resulted 110bps decline in margins. Tied up with strong clients during the quarter.
- Mobile Phone revenue was impacted due to lower capacity utilisation. Margins stood at 0.9% vs 1.7% YoY. At present, mobile capacity is 10000-15000 per month.
- Under Washing Machine, Samsung doubled order book to 0.5 million a year. Revenue from them expected to grow by 35%. Margin is expected to be better on the new models as per deal with Samsung.
- CapEx: H1FY19-INR38 Cr, FY19E-INR50-55 Cr, FY20E-INR55-60 Cr

Welspun Corp Limited

- WCL reported consolidated sales of INR2,354 Cr (up 17% YoY), EBITDA of INR153 Cr (down 17% YoY) and PAT of INR88.5 Cr (up 38% YoY).
- The Management attributed the decrease in EBITDA to the Provisions for IL&FS bonds of 18.4 Cr and other bonds of INR9.6 Cr added in the other expenses while there was net translational forex gain on account of hedging with futures of imports and Rupee depreciation.
- As per the Management, the increased price of Crude has brought upon a resurgence in Saudi where the main customer, Saudi Aramco and others have increased the total order book to a record 1.721 m MT, which includes 871 kt of Saudi orders, American orders of 524 kt and domestic orders of 325 kt. Also, while the Saudi and Americas orders are mostly for Oil & Gas pipeline projects, the domestic order includes mostly water sector orders but is more dynamic in execution.
- The Bhopal Pipes Plant is under construction with a maximum capex of INR100 Cr and is expected to commence commercial production by end of FY19 and have a capacity of around 175-235 kt of pipe making capacity.
- While the Gross Debt increased by INR53 Cr to stand at INR1,486 Cr due to Rupee depreciation, the Net Debt decreased drastically by INR610 Cr YoY and INR81 Cr QoQ to stand at INR394 Cr. The Management stressed that their focus will be to reduce the Net Debt further to improve the balance sheet figures with incoming Cash Flow.
- The company sold 260 kt of pipes and 63 kt of plate mills products in the quarter and Management guidance regarding the second half of FY19 remained positive and better than even the H1 FY19. The Company can execute around 275-350 kt of pipes orders per quarter for the next couple of quarters.
- Regarding issues of domestication and steel prices across the globe, the Management sounded confident of passing on the prices to the customers and downplayed any concerns regarding steel price fluctuations.

News Impact

Royal Orchid Hotels Ltd

- The management expects a demand growth to the range of 10%-15% in the key markets. The ARR at INR3869 is further going to increase as customers are willing to pay higher.
- The topline growth for the consolidated business has been around 15% and the profit after taxes as of H1FY19 is at INR6 crores as against loss for the same period prior year.
- The ARR for the managed properties is flat at INR2714 as against INR2682 same period prior year. This is basically due to the introduction of new properties which muted the significant growth in ARR for older properties. The management has decided to post separate ARR for newer and older properties from the next quarter.
- There is not much impact from Oyo and Air BnB as they have their share of challenges. Oyo is more into lower budget segment and into franchisee operations where brand management and maintenance is not given much importance. On the other hand Air Bnb is more into holiday destinations primarily overseas.
- The subsidiary, Royal Orchid Associated Hotels which is into management contracts business is doing really well. During H1FY19 it has a revenue of around INR7 crores as against INR4.6 crores in the same period previous year.
- Corporate contracts are generally signed during the September, the management has been able to negotiate well as the corporates are willing to pay and could manage 10% increase in the corporate rates.

eClerx Services

- QoQ INR operating revenue grew by INR 4 Cr. despite sequential decrease of:
 - INR 7.7 Cr. in Service Exports from India Scheme (SEIS) accrual.
 - INR 1.5 Cr. in hedge maturity rates.
- Pune facility consolidation added INR 3.1 Cr. to OPM; this one time gain will get more than offset in H2 due to overlapping rental costs; Rent cost to be steady state from Q1FY20.
- EBIT expansion was on account of lower Selling and Distribution cost and lower delivery cost. General and Administrative expenses were higher QoQ due to one off costs in Pune facilities. Depreciation cost was higher QoQ due to Pune Consolidation. Depreciation likely to increase till Q1.
- Most of the revenue growth to be driven by Onshore Services and other services. The demand for Offshore Services have been flattish over the quarters and remains so.
- Hedge realization rate should improve going forward. The INR depreciation will help to improve the profitability in the coming quarters which will help to offset the accumulated wage appreciation.

News Impact

Minda Corporation Limited

- Management has guided for a CapEx of INR144 crore, out of which INR72 crore has already been invested. Till now INR36 crore has been invested in Minda Corporation whereas INR21 crore and INR17 crore have been invested in Minda SAI and Minda KTSN respectively. The CapEx is majorly funded through internal accruals. Currently, the WC requirement stood at INR20 crore which is significantly lower compared to last year.
- The value of 2W EFI wiring harness business currently stood at INR1000 crore in India, where the Co. enjoys a 34-35% market share. Post the implementation of mandatory EFI system in 2020, the value of the market size is likely to reach INR2400 crore and Management is confident about increasing its market share by 500 bps to 39-40% by 2020.
- The EBITDA margin of Interior system business experienced a dip of 430 bps YoY basis owing to rising crude prices, poor product mix and implementation of stringent emission norms in Europe. Management is confident about improving this margin in the coming quarters as the negative impact of the stringent emission norm normalizes.
- For Q2FY19, Lifetime order book size of Safety, Security and Restraint System, Driver Information and Telematics System & Interior System stood at INR750 crore, INR450 crore and INR180 crore respectively. The Exports business has received lifetime business value of INR162 crore during the last quarter.

Arvind Ltd

- Co. has made ad-hoc provision of INR9 crores as exceptional write off during Q2. There may be a further write off of about INR20 crores if these changes are implemented.
- New garment capacities planned in Ranchi (9.6m pcs), Ahmedabad cluster (20m pcs), Ethiopia (8.4m pcs) & AP (6m pcs).
- Innerwear business consisting of USPA, Hanes & CK saw 33% growth during the quarter, Co is expecting further growth acceleration in this segment.
- Power Brands validates the robustness of core business and reported a 13% growth YoY with profitability; however EBITDA margin contracted by 20 bps to 12.8% due to late Diwali, delay in new store opening & new market in Punjab.
- Mgmt has guided for 10% overall growth led by 5-6% growth in textile segment & 24% growth in advanced materials. They are hopeful that the advanced materials segments will provide the traction to expand their margin by 100 bps.

News Impact

Domestic News

Comparative Vehicle sales for the month of October'18

Companies	Oct'18	Oct'17	YoY Chg	Sep'18	MoM Chg
Maruti Suzuki	146,766	146,446	0.22%	162,290	-9.57%
M&M	58,416	51,160	14.18%	55,022	6.17%
Tata Motors	62,264	53,197	17.04%	69,848	-10.86%
Ashok Leyland	15,149	12,944	17.03%	19,373	-21.80%
Escorts	13,140	10,205	28.76%	10,617	23.76%
Eicher Motors	70,451	69,492	1.38%	71,662	-1.69%
TVS Motors	398,427	317,411	25.52%	423,978	-6.03%

- Eicher Motors Ltd.'s Royal Enfield's sold 70,541 units in October, a marginal increase of 1 percent from the year-ago month. TVS Motor Company Ltd. sold 3.98 lakh units in October, an increase of 26 percent from the same month in 2017. Two-wheeler sales up 25% at 3.84 lakh units and Scooter sales up 41% at 1.51 lakh units. Tata Motors announced its October total unit sales numbers. It sold 62,264 units, up by 17.04% YoY basis. Domestic commercial vehicle sales up 22 percent at 39,420 units.
- Medium and heavy commercial vehicle sales up 16% at 13,185 units, I&LCV sales up 29% at 4,841 crore, SCV Cargo and Pickup segment up 30% at 18,209 units. Mahindra & Mahindra Ltd. sold 58,416 units in October, an increase of 14% from October 2017. Passenger vehicle sales up 3% 24,066 units, Utility Vehicle sales up 1% at 22,279 units and Commercial vehicle sales up 26% at 24,353 units. Ashok Leyland Ltd.'s sales rose 17% on a yearly basis to 15,149 units last month. Sales of medium and heavy commercial vehicles up 7% at 9,797 units and Sales of light commercial vehicles up 41% at 5,352 units. The tractor maker sold 13,140 units last month, an increase of 28.8% from same period year-ago. Maruti Suzuki sales remained flat in October.

CESC Demerger

- Now, there would be three companies — CESC (which will only retain power business), new retail (RP-SG Retail) and venture companies (RP-SG Business Process Services Ltd.),
- After the split, CESC will be a INR8,000 crore company, while the retail group would be around INR2,500 crore. The third company, which would include IT, FMCG and Quest Mall, is expected to be worth around INR5,000 crore.
- Each existing shareholder of CESC, for every 10 of his holding, will be allotted additional six shares of INR5 each in New Retail and additional two shares of INR10 each in the Venture company.
- Paid up equity share capital of New Retail and Venture Companies would be INR40 crore and INR26 crore respectively, over and above the equity share capital of CESC of INR132 crore

Events

CORPORATE ACTION BONUS / RIGHTS / STOCK SPLIT / DIVIDEND / FCCB / M&A / WARRANTS ETC.

Company	Record Date	Ex-Date	Details
Hexaware Technologies Ltd			Cash dividend of INR2.50 effective 02/11/2018
Indian Overseas Bank			Corporate meeting effective 02/11/2018

Domestic Events

- **Quarterly Results:** Axis Bank, Bata India, Bharat Forge, GSFC, Hindalco, IOCL, Khadim India, Lux Industries, Magadh Sugar & Energy, NTPC, PNB, SAIL, Tata Chemicals, V2 Retail, Whirlpool Of India, BEML, ONGC, Ramkrishna Forgings, Texmaco Rail & Engineering.
- India's Foreign Exchange Reserve for the week ended October 26, 2018.

Global Events

- The U.S. Balance of Trade for September 2018.
- The U.S. Unemployment Rate for October 2018.
- Euro Area Manufacturing PMI for October 2018.

Source of News : The content may have been taken from The Economic Times, Business Standard, Business Line, Mint and other leading financial newspapers and financial portals BSE,NSE, Bloomberg, Moneycontrol & others.



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Stock Recommendation	Expected absolute returns (%) over 12 months
Strong Buy	>20%
Buy	between 12% and 20%
Accumulate	between 6% and 12%
Hold	between 0% and 6%
Sell	0 to <-10%
Neutral	No Rating

Bloomberg Ticker for Stewart & Mackertich Research: SMIF<Enter>

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