



Weekly Newsletter

Markets This Week

The Nifty managed to stage a smart comeback in this week and closed above 10900 levels. There was a positive sentiment of recovery in the US markets as there were buzzing talks of the US lifting tariffs on Chinese imports. This triggered not only recovery in US but overall in the world market. Top US banks such as Bank Of America and Goldman Sacs posted good results and boosted investor sentiment.

On the Indian front top companies such as Reliance Industries and HUL posted results, which beat market estimates. In addition, weakening of the Indian Rupee against the US Dollar lifted the prices of IT stocks during the week.

Sun Pharma Ltd was the highlight of the week has the stock tumbled by 12% on the news that a new whistle blower complaint alleging corporate governance lapses in the company has been sent to market regulator SEBI.

Sector wise the top performer this week was the Energy Sector (up 5%) followed by IT (3%).

Stocks In News

- **Aurobindo Pharma** 's US arm entered into an agreement to acquire seven marketed oncology injectable products
- **Rallis India**'s board approved the merger of its wholly owned arm Metahelix Life Sciences with itself
- **Sundram Fasteners** declared that its Plant located in Tamilnadu has commenced commercial production
- **Bajaj Holdings** received nod to acquire 27% stake in Maharashtra Scooters.
- **Cyient Ltd** will consider a share buyback on a later date
- RBI imposed penalty of Rs 1 Crore on **Bank of Maharashtra** and **Bajaj Fiance** due to deficiencies in regulatory compliances.
- **KPIT Technologies** merges its IT Arm with Birla soft

Results Analysis

- **ICICI Lombard General Insurance Ltd**- the Q3 Net Profits rose 3.18% YOY and Dropped 18% QOQ. However, Year to Date earnings have increased 26.40%.
- **Rallis India Ltd** 's revenues increased 7% YOY and decreased 36% QOQ.EPS Fell by 44% YOY.

14th January to 18th January, 2019

Indian equity benchmark indices' returns

Broad Indices	WkOp	WkCl	% Chg
NIFTY 50	10807	10906.95	0.92
SENSEX	35798	36387	1.65
NIFTY MID 50	4864.6	4853.3	-0.23
NIFTY NEXT 50	27653.7	27410.55	-0.88

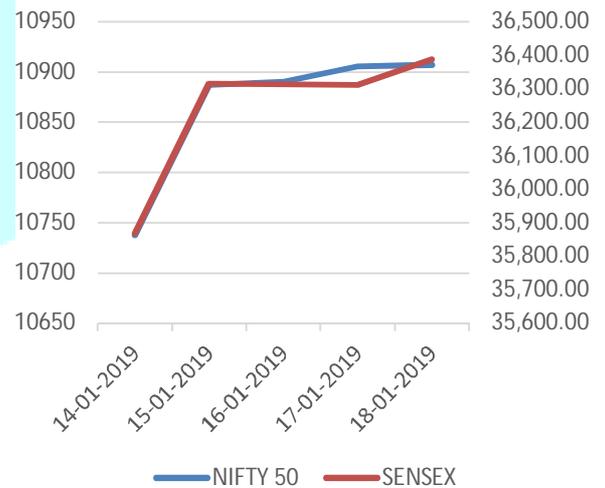
Sectoral Indices	WkOp	WkCl	% Chg
BANK	27389.2	27456.7	0.25
AUTO	8859.1	8844.8	-0.16
FINANCIAL	11662.25	11678.25	0.14
FMCG	30735.1	30540.35	-0.63
IT	14474.5	14892.95	2.89
METAL	2969.7	2957.1	-0.42
PHARMA	8915.7	8689.6	-2.54
REALITY	236.7	238.3	0.68
ENERGY	13929.15	14607.5	4.87

Nifty 50 top 5 gainers/losers

Gainers	% Chg
Reliance Industries Ltd	7.86
Yes Bank	7.79
Infosys	6.74
Adani Ports SEZ	5.87
Wipro	5.31

Losers	% Chg
Sun Pharma	-12.07
Bharti Airtel	-7.15
GAIL	-4.86
Larson & Tubro	-3.77
SBI	-2.58

Benchmark Indices





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- **Wipro Ltd** announced its results yesterday and declared 1:3 bonus issue. Revenues increased 2% QOQ and Net Profits rose 34.90% QOQ. EBIT margin rose to 19.8 percent from 18 percent posted during the previous quarter.
- **NIIT Tech** which was in the news recently for promoter (30% stake) planning to exit by selling his stake and demanding a premium price has released its results today. Revenues Increased 7% QOQ, Profits Declined 9%, EPS Declined 10% QOQ.
- **Kajaria Ceramics** net sales rose 14.73% YOY and profits rose 19.32% YOY.
- **L&T Infotech** reported revenues up 6% QOQ and profitability down 6% QOQ.
- **Reliance Jio** has reported profit at Rs 831 crore higher by 22.1 percent QOQ and 65 % YOY.
- **HUL Ltd** Consolidated Revenues Increased by 8.7% YTD and profitability increased by 15.7% YTD.

Stock Study

Himadri Speciality Chemicals Ltd (Recommended Price –Rs130, Target Rs170)

- Himadri Speciality is a largest manufacturer of Coal Tar locally and caters mainly to the domestic aluminium, steel, tyre and graphite electrode manufacturers. It also has a well-diversified portfolio of products, which include Carbon Black, Specialty Carbon Black, Naphthalene and Advanced Carbon Material, which is used in the anodes of Lithium-Ion Batteries.
- The company is expected to post a muted growth in this quarter with Revenue of Rs 565.9 Crores (13.2%up YOY and -6% QOQ) with PAT at Rs69.1 Crores down -1.5% YOY and -6.8% QOQ, the reason being factory closure for a month for a debottleneck exercise conducted for a capacity expansion of CTP.
- In Q2 the company had posed strong results with Revenues at Rs 602 Crores Up 29% YOY, flat QOQ, EBITA at 132 Crores up 38% YOY, with EBITDA/MT of Rs 15487 vs Rs10896 YOY (up 42%) . The High EBITDA/MT margins were due to price hike taken during the period.
- It is looking at capacity expansion plan to 100,000 TPA (25% rise in capacity) CTP demand is expected to grow at 6% per annum over the next couple of years mirroring the expected rise in production capacities of 3 major Aluminium producers in India.



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- The company is currently focusing on manufacturing the value added products viz. Specialty Carbon Black and Advanced Carbon Material. These products have much higher realisations as compared to that of CTP and Carbon Black. The company is investing Rs. 300 cr each in both the products segments to increase their capacities. HSCCL expects to commission its SCB plant with a capacity of 60,000 tonnes by Q1FY20 and ACM plant with a capacity by FY20 end. HSCCL is the only producer of ACM in India and it is key material used in the anodes of Lithium-ion batteries. With the electric vehicles story making rounds, the demand for Li-ion batteries is expected to increase at a faster rate..
- The company has been successful in its efforts on reducing its leverage ratio consistently despite its capital expenditure.
- In revenues post Q3FY19. With constant increase in revenues and company's foray into newer and more profitable product segments, it has managed to more than triple its EBITDA margin in past 4 years. As the sales of SCB and ACM increase, there is an expectation to maintain (or even increase) these margins in the coming years

If you have any Stock Related queries, Please get in touch with us

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