



Market Cues

Indian markets are likely to open flat tracking global indices and SGX Nifty.

US stocks showed a lack of direction over the course of the trading session on Tuesday before eventually ending the day modestly higher. The S&P 500 reached a new record closing high, while the Dow ended the session at a nine-month closing high. The Dow rose by 0.3 percent to 26,787 and the Nasdaq inched up by 0.2 percent to 8,109.

U.K. stocks shrugged off weak regional leads to edge higher on Tuesday, with financials and energy stocks leading the surge. The FTSE 100 was up by 0.5 percent to 7,535.

On domestic front, Indian shares fluctuated before finishing modestly higher on Tuesday amid mixed global cues and ahead of this week's Union Budget. The benchmark BSE Sensex was up by 0.3 percent to 39,816.

News Analysis

- Steel mills to roll over product prices in July despite hike in input costs

Detailed analysis on Pg2

Investor's Ready Reckoner

Key Domestic & Global Indicators

Stock Watch: Latest investment recommendations on 150+ stocks

Refer Pg5 onwards

Top Picks

Company	Sector	Rating	CMP (₹)	Target (₹)	Upside (%)
Blue Star	Capital Goods	Accumulate	768	867	12.9
ICICI Bank	Financials	Buy	437	490	12.2
Parag Milk Foods	Others	Buy	260	330	26.8
Bata India	Others	Buy	1,458	1,643	12.7
KEI Industries	Capital Goods	Buy	476	612	28.5

More Top Picks on Pg4

Key Upcoming Events

Date	Region	Event Description	Previous Reading	Consensus Expectations
June 10, 2019	TU	Central Bank Inflation Report		
June 11, 2019	TH	Exports YoY	0.06	--
June 13, 2019	TH	Exports	\$22380m	--
June 15, 2019	TH	Imports YoY	0.24	--
June 18, 2019	TH	Imports	\$21776m	--

More Events on Pg7

Domestic Indices	Chg (%)	(Pts)	(Close)
BSE Sensex	0.3	130	39,816
Nifty	0.4	45	11,910
Mid Cap	0.2	36	14,981
Small Cap	0	44	14,283
Bankex	0.2	55	35,137

Global Indices	Chg (%)	(Pts)	(Close)
Dow Jones	0.3	69	26,787
Nasdaq	0.2	18	8,109
FTSE	0.5	37	7,535
Nikkei	2.1	454	21,730
Hang Seng	-0.3	-79	28,543
Shanghai Com	2.2	66	3,045

Advances / Declines	BSE	NSE
Advances	1,141	835
Declines	1,350	951
Unchanged	154	105

Volumes (₹ Cr)	
BSE	1,652
NSE	27,769

Net Inflows (₹ Cr)	Net	Mtd	Ytd
FII	46	1,602	82,131
*MFs	52	6,607	7,878

Top Gainers	Price (₹)	Chg (%)
ADANIGREEN	50	10.3
ADANIPOWER	65	7.6
ADANITRANS	236	5.3
APLLTD	530	5.2
MANPASAND	39	5.0

Top Losers	Price (₹)	Chg (%)
GODREJPROP	959	-12.6
YESBANK	101	-7.6
QUESS	517	-6.6
SYNDIBANK	39	-5.1
COX&KINGS	33	-4.9

As on July 02, 2019



News Analysis

Steel mills to roll over product prices in July despite hike in input costs

India's current account deficit (CAD) narrowed sharply to 0.7 per cent of the gross Primary steel producers in India are likely to roll over the prices of their products in July despite the sustained increase in raw material costs, which has been squeezing their margins over the past few months.

Steel prices have declined nearly 20 per cent the past three months due to weak demand and the trend is likely to continue during the ongoing monsoon season following slow infrastructure and construction activity. Mills are unwilling to risk an upward price revision despite profit margin pressures.

While iron ore prices have surged by a staggering 36 per cent in three months and 13 per cent in June alone, to trade currently at \$112 a tonne in international markets, Coking coal and hot rolled cold prices posted a decline of up to 22 per cent.

Steel prices on the Indian Commodity Exchange (ICEX) reported a decline of 19 per cent in the last three months to trade currently at Rs 30,000 a tonne, from Rs 37,000 a tonne in February. Producers like JSW Steel, however, are working on the demand of specific products to take a final call on price revision. Government-owned NMDC Ltd kept its iron ore prices unchanged for July at Rs 3,100 a tonne and Rs 2,860 a tonne of lump and fines respectively.

Economic and Political News

- Wilful defaults cross \$21 billion in 2018-19; SBI accounts for a third
- Govt to offer 10-20% of national highway projects on BOT basis for bidding
- Two new freight corridors of railways to cost around Rs 1.23 trillion
- Gujarat govt presents modified Rs 2 trillion budget with Rs 572 cr surplus

Corporate News

- ED summons chief rating officers of ICRA and CARE in IL&FS probe
- Cash-starved DHFL likely to get fresh line of credit from lenders
- Tata Communications managing director and Group CEO Vinod Kumar resigns
- Adani group's power distribution company grapples with regulatory issues
- SC rejects DoT plea against TDSAT order on RCom's past liabilities
- SC to hear plea next week on preventing Jaypee Infratech's liquidation
- Bharti Airtel, Bharti Enterprises infuse Rs 325 cr in payments bank



Top Picks

Company	Market Cap (₹ Cr)	CMP (₹)	Target (₹)	Upside (%)	Rationale
Blue Star	7,399	768	867	12.9	Favorable outlook for the AC industry to augur well for Cooling products business which is out pacing the market growth. EMPPAC division's profitability to improve once operating environment turns around.
ICICI Bank	2,81,849	437	490	12.2	Well capitalized with CAR of 18.1% which gives sufficient room to grow asset base. Faster resolution of NPA would reduce provision cost, which would help to report better ROE.
KEI Industries	3,759	476	612	28.5	High order book execution in EPC segment, rising B2C sales and higher exports to boost the revenues and profitability
Maruti Suzuki	1,98,134	6,559	8,552	30.4	GST regime and the Gujarat plant are expected to improve the company's sales volume and margins, respectively.
Safari Industries	1,481	663	1,000	50.8	Third largest brand play in luggage segment Increased product offerings and improving distribution network is leading to strong growth in business. Likely to post robust growth for next 3-4 years
Aditya Birla Capital	20,088	91	130	42.5	We expect financialisation of savings and increasing penetration in Insurance & Mutual fund would ensure steady growth.
Parag Milk Foods	2,188	260	330	26.8	One of the leading Indian dairy products companies in India created strong brands in dairy products. Rising revenue share of high-margin Value Added Products and reduction in interest cost is likely to boost margins and earnings in next few years.
HDFC Bank	6,81,659	2,494	2,660	6.6	HDFC Bank maintained its steady growth in the 4QFY18. The bank's net profit grew by 20.3%. Steady growth in interest income and other income aided PAT growth. The Strong liability franchise and healthy capitalisation provides strong earning visibility. At the current market price, the bank is trading at 3.2x FY20E ABV.
M&M	82,834	666	1,050	57.6	We expect strong PAT growth on back of healthy growth in automobile segment (on back of new launches and facelifts in some of the model) and strong growth in Tractors segment coupled by its strong brand recall and improvement in rural sentiment
Amber Enterprises	2,602	827	910	10.0	Market leader in the room air conditioner (RAC) outsourced manufacturing space in India with a market share of 55.4%. It is a one-stop solutions provider for the major brands in the RAC industry and currently serves eight out of the 10 top RAC brands in India
Bata India	18,744	1,458	1,643	12.7	BIL is the largest footwear retailer in India, offering footwear, accessories and bags across brands. We expect BIL to report net PAT CAGR of ~16% to ~`3115cr over FY2018-20E mainly due to new product launches, higher number of stores addition and focus on women's high growth segment and margin improvement



Continued...

Company	Market Cap (₹ Cr)	CMP (₹)	Target (₹)	Upside (%)	Rationale
Shriram Transport Finance	24,223	1,068	1,470	37.7	SHTF is in the sweet spot with benefits from stronger CV volumes, NIMs unaffected by rising bond yields on the back of stronger pricing power and an enhancing ROE by 750bps over FY18-20E, supported by decline in credit cost.
Jindal Steel & Power Limited	14,310	141	250	77.5	We expect JSPL's top line to grow at 27% CAGR over FY19-FY20 on the back of strong steel demand and capacity addition. On the bottom line front, we expect JSPL to turn in to profit by FY19 on back of strong operating margin improvement.
GMM Pfaudler Ltd	1,992	1,363	1,570	15.2	GMM Pfaudler Limited (GMM) is the Indian market leader in glass-lined (GL) steel equipment. GMM is expected to cross CAGR 15%+ in revenue over the next few years mainly led by uptick in demand from user industries and it is also expecting to increase its share of non-GL business to 50% by 2020.
Aurobindo Pharmaceuticals	35,794	611	890	45.7	Aurobindo Pharmaceuticals, amongst the Indian Pharmaceutical companies, is well placed to face the challenging generic markets, given its focus on achieving growth through productivity. Aurobindo will report net revenue & net profit CAGR of ~13% & ~8% resp. during FY2018-20E. Valuations are cheap V/s its peers and own fair multiples of 17-18x.
RBL Bank	27,930	653	775	18.7	We believe advance to grow at a healthy CAGR of 35% over FY18-20E. Below peers level ROA (1.2% FY18) to expand led by margin expansion and lower credit cost.
TTK Prestige	9,237	6,664	7,708	15.7	TTK Prestige has emerged as one of the leading brands in kitchen appliances in India after its successful transformation from a single product company to offering an entire gamut of home and kitchen appliances. We are expecting a CAGR of 18% in revenue and 25% in PAT over FY2018-20. Maintain Hold.

Source: Company, Angel Research



Fundamental Call

Company	Market Cap (₹ Cr)	CMP (₹)	Target (₹)	Upside (%)	Rationale
CCL Products	3,423	257	360	39.9	CCL is likely to maintain the strong growth trajectory over FY18-20 backed by capacity expansion and new geographical foray
Nilkamal	1,793	1,202	2,178	81.2	We forecast Nilkamal to report top-line CAGR of ~9% to ₹2,635cr over FY17-20E on the back of healthy demand growth in plastic division. On the bottom-line front, we estimate ~10% CAGR to ₹162cr owing to improvement in volumes.
Elantas Beck India Ltd	1,647	2,077	2,500	20.3	Elantas Beck India is the Indian market leader in liquid insulation segment used in electrical equipments like motors, transformers etc. It derives demand from several industries which are expected to register 10%+ CAGR in demand in the coming years. We can book out from the stock with 16% profit at Rs. 2500 TP.
Greenply Industries	2,041	166	256	53.8	Greenply Industries Ltd (GIL) manufactures plywood & allied products and medium density fibreboards (MDF). GIL to report net revenue CAGR of ~14% to ~`2,478cr over FY2017-20E mainly due to healthy growth in plywood & lamination business on the back of strong brand and distribution network
L&T Finance Holding	23,305	117	210	80.2	L&T Fin's new management is on track to achieve ROE of 18% by 2020 and recent capital infusion of `3000cr would support advance growth.
GIC Housing	1,361	253	424	67.8	We expect loan book to grow at 24.3% over next two year; change in borrowing mix will help in NIM improvement
Siyaram Silk Mills	1,458	311	549	76.5	Strong brands and distribution network would boost growth going ahead. Stock currently trades at an inexpensive valuation.
Music Broadcast Limited	1,600	58	95	64.2	Expected to benefit from the lower capex requirement and 15 year long radio broadcast licensing.
Inox Winds	1,572	71	120	69.4	We expect Inox Wind to report exponential growth in top-line and bottom-line over FY19-20E. The growth would be led by changing renewable energy industry dynamics in favor of wind energy segment viz. changes in auction regime from Feed-In-Tariff (FIT) to reverse auction regime and Government's guidance for 10GW auction in FY19 and FY20 each.
Ashok Leyland	25,789	88	156	77.6	Considering the strong CV demand due to change in BS-VI emission norms (will trigger pre-buying activities), pick up in construction activities and no significant impact on industry due to recent axle load norms, we recommend BUY on Ashok Leyland at current valuations.
Yes Bank	23,386	101	NA	NA	Well planned strategy to grow small business loans and cross-selling would propel fees income. We expect YES to grow its advance much higher than industry and improvement in asset quality to support profitability.