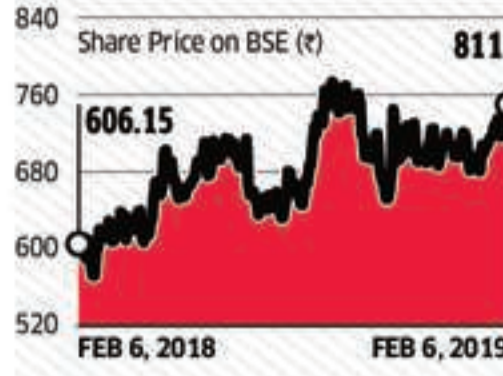


What to Buy, Sell and Hold

Tech Mahindra



CLSA has maintained outperform rating on Tech Mahindra and increased target price to ₹810 from ₹720. Tech Mahindra is seeing an improved recovery in its telecom business...

HSBC has maintained buy rating on Godrej Properties and raised target price to ₹870 from ₹830 after the real estate developer announced an equity investment platform deal with a Pune-based developer...

Kotak Institutional Equities has maintained add rating on Punjab National Bank and it sees fair value for the stock at ₹95. The brokerage said it sees concerns abating on non-performing loans...

Jefferies has a buy rating on Jubilant FoodWorks with a target price of ₹1,475. The corporate event of the company's board agreeing to pay royalty to promoter to use of corporate brand Jubilant and then withdrawing the same in a few hours, is full of confusion...

Reliance Securities has maintained buy rating on JK Cement and cut target price to ₹985 from ₹1,000. The brokerage expects JK Cement's grey cement business to improve following commissioning of new kiln at Managrol...

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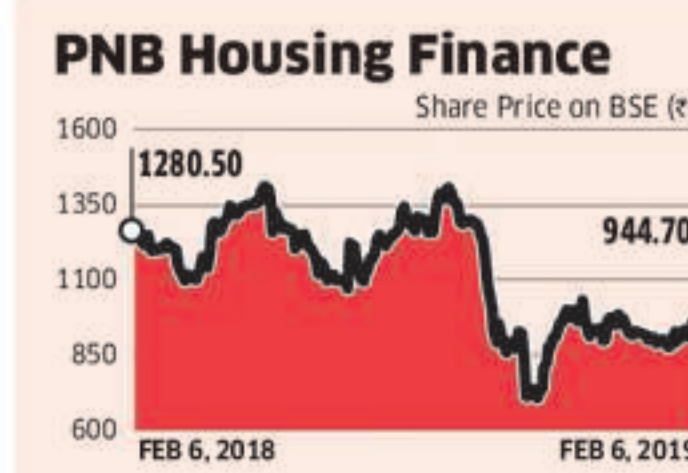
THREE CONTENDERS LEFT The floor is now open for Varde Capital, Genera Atlantic and Carlyle to buy PNB's 33% stake; General Atlantic already holds 9% in the company After Aadhar Hsg Buy, Blackstone Backs Out of PNB Housing Fin Race

Shilpy.Sinha@timesgroup.com

Mumbai: Private equity firm Blackstone has pulled out of the race to buy PNB Housing Finance, leaving the contest to Varde Capital, Genera Atlantic and Carlyle where each one is vying to have a share of the safest pie in the domestic financial market...

Blackstone's decision comes soon after it bought Wadhawan Global Capital's affordable housing unit, Aadhar Housing Finance, which is well entrenched in the affordable housing segment.

The buyout firm paid ₹2,700 crore for the firm. "Blackstone has pulled out of the race, leaving behind three bidders for the housing finance business," said a source close to the development.



In a market where housing shortage is enormous, mortgage business is among the most secure where individuals ensure they don't default. Blackstone, with investments in real estate, sees synergies in the housing finance space and has been eager to expand into retail segment by buying a housing-finance company...



The sale process is likely to conclude by end of the financial year," the source added. Amit Dixit, head of Blackstone India, confirmed pulling out of the race. State-run Punjab National Bank, reeling under bad loans, has put its 33% stake in the mortgage unit to improve its capital position.

COMPANY SAYS it may not be able to meet its sale guidance for this fiscal; co's consolidated EBITDA surges 17% to ₹4,501 cr JSW Scores Over Peers, but Industry Woes Cloud Outlook

Vatsala Gaur and Jwalit Vyas

Mumbai: JSW Steel reported a decline in its December quarter net profit and the outlook for the steel industry may be clouded by rising imports and higher input costs.

Net consolidated profit suffered a decline of 9.6% at ₹1,603 crore even as standalone net profit reported a growth of 68%. The acquisitions of Acero Junction in the US and Aferpi in Italy led to a surge in interest cost by 26.5%. Cost of inputs also went up by 19.8%, affecting net profit.

The sharp fall in exports, resulting from global trade barriers, played a role in the management's decision to marginally lower the sales guidance. The performance at home remained resilient but exports fell to 10% of sales from 30% a year ago, and the volume guidance for FY19 was lowered to 15.7 MT from 16 MT.

Still, thanks to its financial discipline and low costs, JSW Steel appears better placed than local peers but the outlook for the industry remains weak, with exports declining and imports rising. Also, rising coking coal and iron ore prices could hurt the overall profitability.

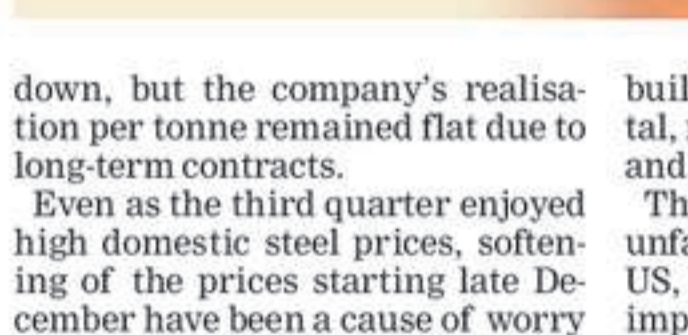
In the December quarter, JSW's production was in line but its sales volume fell to 3.6 MT, below the average of 4-4.2 MT and down 7% year-on-year. Globally, steel prices were down, but the company's realisation per tonne remained flat due to long-term contracts.

Even as the third quarter enjoyed high domestic steel prices, softening of the prices starting late December have been a cause of worry for steelmakers. However, Seshagiri Rao, joint MD and group CFO of JSW Steel, said that the prices have bottomed out and will remain buoyant for at least the next six months.

"We don't see prices falling further because of two reasons; first, internationally we are already seeing an uptick of \$40 per tonne across geographies. Second, a surge in input prices will also drive selling prices up," Rao said.

The company's EBITDA/tonne was resilient at ₹12,063 against ₹12,141 in the preceding quarter and ₹8,994 in the previous December quarter. However, higher production and lower sales led to inventory

Consolidated December Quarter Performance table with columns for Sales Volumes (MT), Revenues, Operating EBITDA, and Net Profit, comparing Dec FY19 and YoY change.



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'Bull Candle' Could Take Nifty to 11,090

ETMarkets.com

Mumbai: The Nifty50 on Wednesday broke above its immediate resistance in the 10,985-11,000 zone in style and the same range may now act as immediate support.

Fibonacci Retracement suggests the index is nearing the 61.8 per cent retracement of the September-October decline, which is near the 11,090 mark. Besides, the overall structure shows Nifty is approaching the upper end of an Ending Diagonal pattern, which stands near the 11,120 mark.

"Thus, going forward, the 11,090-11,120 range shall be a key area to decide further course of action for the index. On the other hand, the 10,985-11,000 range, which was earlier acting as a resistance, shall now become a support zone," said Gaurav Ratnaparkhi, Senior Technical Analyst at Sharekhan.

On Wednesday, Nifty50 rose 128 points, or 1.17 per cent, to settle at 11,062. For the day, the index formed a long bullish candle in addition to forming higher highs & lows, suggesting that supports are shifting higher.

"A long bull candle has been formed with Nifty moving above the key resistance at 10,985, the previous multiple highs, to form a new swing high of 11,072. Consistent weakness in the broader market, represented by midcap and smallcap indices, could be a worrying for the benchmark index to sustain the high level," said Nagaraj Shetti of HDFC Securities.

The National Company Law Appellate Tribunal on Monday upheld JSW Steel's revised offer for Bhushan Power and Steel, disposing of Tata Steel's plea against its bid.

Stellar Q3 Sets the Stage for SRF's Rerating

Shares surge 11% after the company reported 40% increase in revenue and 36% in PAT

Rajesh.Mascarenhas@timesgroup.com

Mumbai: SRF is poised for a significant re-rating after the December quarter performance that points to a turnaround in the specialty chemicals business.

The management is confident that volumes in some of its businesses, such as fluoro-specialties and packaging films, will pick up from the current quarter and that the recently commissioned plant would aid the chemical business.

Shares of SRF surged 11% to ₹2,239 on Wednesday. SRF's revenue increased 40.6% to ₹1,964 crore. EBITDA grew 43% while PAT increased 36.5% to ₹157 crore. EBITDA margin expanded 30 bps YoY to 16.9% even as the gross margin contracted 480 bps YoY to 42.6%.

analysts is extremely bullish, and EPS is estimated to rise to ₹39 over the next year from the current level of ₹107.

"We like SRF's ability to grow its earnings by aggressively re-investing its healthy operating cash flows along with a judicious mix of debt," said Ritesh Gupta, analyst, Ambit Capital. "The turnaround of the specialty chemicals business from the March quarter after a gap of three years is a key catalyst for the return ratios. While ROCEs will always be lower than peers, growth clearly will outperform."

The chemical division posted robust top-line growth of 46% as the chloromethane plant reached optimal utilisation along with volume and price-led growth in the specialty chemicals business. The management is confident of passing on input costs and of strong growth in the specialty chemical business, paced

by improved order visibility. "The specialty chemicals segment—the only dampener in FY2018—has shown strong signs of revival," said Gautam Duggad, head of research,

Motilal Oswal Securities. "We value SRF with implied EV/EBITDA of 9.4x and implied PE of 15x and set a target price of ₹2,636."

Contrary to investor apprehensions, SRF has quadrupled its earnings over FY 2014-19 while improving ROEs to 18%. Aggressive investments into the existing businesses have led to lower ROE/ROCEs. "R&D investments, the cornerstone of SRF's commendable success in the high entry-barrier specialty chemicals, have yielded handsome dividends. It filed 145 patents so far for R&D and technology, of which 19 have been granted," said Rohan Gupta, analyst, Edelweiss Securities.

"With a strong products pipeline and focused capex of ₹2,500 crore to be incurred over the next three-four years, we expect the division to post strong revenue CAGR of 20% over FY18-20E, and catapult its revenue/EBITDA share."

Market Intelligence

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MARKET SNAPSHOT table with columns for SENSEX, NIFTY, High, Low, Close, Change (Abs), 52 Wk High, 52 Wk Low, 3Yr High, 3Yr Low.

TURNOVER table with columns for BSE, NSE, Date, Turn, Shares, Trades, 23 Jan, 23 Feb, 23 Mar, 23 Apr.

ADVANCE & DECLINE table with columns for BSE, NSE, Advances, Declines, Unchanged, Total.

HIGHS & LOWS table with columns for BSE, NSE, 52WK High, 52WK Low, All High, All Low.

FII ACTIVITY table with columns for EQUITY, DEBT, Date, Buy, Sell, Net, Days Close.

F&O Corner-NSE section containing Positive Trend, Negative Trend, Active Calls, Active Puts, Future OI Gainers, Future OI Losers, Market-Wide Position Limit, and Top Sectoral OI Gainers.