

THE WEEKLY WRAP-UP

03rd November 2017

DOMESTIC:

- German drug regulator finds dirty rooms in Dr' Reddy's facility
- Ashok Leyland to invest Rs400-500cr on EVs
- Cadila Healthcare receives USFDA nod to market breast cancer drug
- Thomas Cook India acquires Tata Capital's travel firm
- Bain Capital readies USD1bn bet on Axis Bank
- Bharti Tele to buy 4.62% in Airtel from group company for Rs9,600cr
- IDFC, Shriram call off merger talks on differences over valuation
- Bharti Infratel to explore buying stake in Indus Towers
- Zen Technologies receives large order from Govt. of India
- RCom's new debt repayment plan gives banks majority shareholding
- Alembic Pharma completes US-based Orit Lab acquisition
- Texmaco Rail & Engineering bags USD68mn order from Bangladesh
- NBCC gets Rs400cr contract to reconstruct building in Mumbai
- Premier Explosives receives Rs144.92cr order from Coal India
- ONGC gets government nod for acquiring HPCL
- SRF acquires hydrofluorocarbon refrigerant from Mexichem for USD10mn
- HCC JV bags Rs497cr order for Pune Metro
- LIC puts USD1bn bid for shares in New India Assurance IPO
- Airtel earmarks Rs25,000cr capex in FY18 for 4G network expansion
- Government approves entire 73% stake sale in Dredging Corp of India
- HPCL to acquire MRPL in share-swap deal

ECONOMY:

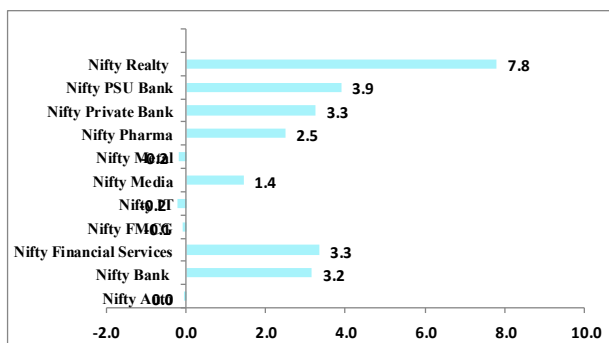
- India leaps 30 places to 100th rank in World Bank's 'ease of doing business' index
- Manufacturing slows in October as GST rollout hits flow of new orders
- Government may miss FY18 revenue collection target: Official

INDUSTRY:

- Telecom industry going through stress, but it is temporary: DoT
- US generic drug price-fixing conspiracy jolts Indian pharma companies
- Investment in food processing to cross Rs65Kcr

Price Performance (%)			
Company	1M	3M	12M
Supreme Petrochem Ltd	-1.7%	8.1%	69.4%
Shanthi Gears Ltd	7.9%	4.3%	15.3%
Hind Rectifiers Ltd	-3.9%	24.7%	10.0%
KCP Ltd	6.8%	19.3%	17.3%
Harita Seating System Ltd	26.6%	21.3%	29.8%
Hester Biosciences Ltd	6.2%	22.6%	57.0%
Rallis India Ltd	14.5%	-1.5%	12.1%
The Hi-Tech Gears Ltd	27.0%	19.4%	24.2%
Bharat Bijlee Ltd	-8.1%	-20.5%	17.7%
Castrol India Ltd	16.1%	6.0%	-4.1%
TNPL	2.4%	-2.9%	-2.8%
Triveni Turbines Ltd	2.5%	-5.8%	3.7%
Siemens Ltd	5.8%	-8.4%	12.2%
Hikal Ltd	20.5%	18.5%	11.7%
Aksh Optifibre Ltd	62.0%	42.3%	30.4%
GMM Pfaudler Ltd	5.5%	6.2%	18.8%
Alicon Castalloy Ltd	16.4%	8.5%	41.9%
Premier Explosives Ltd	2.1%	-3.8%	14.8%
Gufic Biosciences Ltd	13.0%	25.7%	69.2%
Excel Industries Ltd	27.3%	26.2%	14.9%
Vesuvius India Ltd	0.1%	10.4%	6.8%
Munjal Showa Ltd	12.8%	29.1%	27.1%
Bharat Rasayan Ltd	-0.7%	-12.2%	51.1%
Alkyl Amines Chemicals Ltd	34.6%	47.5%	76.2%
Grauer and Weil (India) Ltd	4.0%	57.2%	57.2%
Texmaco Rails & Engineering Ltd	14.3%	23.0%	6.9%
Nagarjuna Agrichem Ltd	10.9%	26.1%	106.2%
Simplex Infrastructures Ltd	13.9%	13.9%	62.4%
Sadhana Nitrochem Ltd	-0.7%	-2.9%	114.3%
ITD Cementation India Ltd	7.9%	14.7%	28.5%
Westlife Development Ltd	6.0%	0.8%	29.1%
Federal Mogul Goetze (India) Ltd	1.6%	-6.0%	9.2%
Cupid Limited	-2.3%	-2.3%	-14.6%
Dynamatic Technologies Ltd	2.5%	-8.1%	-31.5%
Indian Hume Pipe Co. Ltd	-1.9%	-7.4%	22.6%
Engineers India Ltd	29.9%	20.6%	52.8%
TRIL	895.4%	-4.2%	-3.6%
Gulshan Polyols Ltd	0.7%	-11.1%	0.7%
Nesco	389.7%	4.0%	33.8%

Weekly Sectoral Gainers & Losers in (%)



The week that went by:

The equity benchmarks started on record high with the investor focus being on earnings. Profit booking led to negative bias on Day2. There was consolidation ahead of the Fed Reserve policy meeting. The markets started off with record highs after the announcement of the World Bank that India's rank on 'ease of doing business' scale has risen from 130th to 100th this year. The markets opened flat after the Fed Reserve kept interest rate unchanged in the policy meeting. The last day of the week the markets opened at fresh record highs.

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
Supreme Petrochem Ltd	BUY	77	368	500	36.1	35.5	18.6	19.9	19.8	18.5	11.6	11.0
Shanhi Gears Ltd	BUY	107	141	200	41.8	11.5	2.8	3.1	51.2	45.7	32.3	28.4
Hind Rectifiers Ltd	BUY	69	110	175	59.1	1.7	-4.5	0.5	-103.7	216.6	42.3	28.5
KCP Limited	BUY	71	122	150	23.0	15.7	3.6	4.6	53.8	33.4	13.0	11.3
Harita Seating System Ltd	BUY	266	962	1150	19.5	7.5	32.4	34.5	29.7	27.9	27.1	22.7
Hester Biosciences Ltd	BUY	565	1195	1500	25.5	10.2	29.2	34.2	40.9	40.3	25.4	21.6
Rallis India Ltd	BUY	181	240	300	25.0	46.7	15.3	11.2	26.9	21.4	17.8	15.0
The Hitech Gears Ltd	BUY	298	429	450	5.0	8.0	10.9	11.1	39.5	39.3	17.0	15.0
Bharat Bijlee Ltd	BUY	787	1020	2000	96.1	5.8	34.7	39.3	29.4	25.9	40.6	24.4
Castrol India Ltd	BUY	447	416	600	44.4	205.5	14.4	14.9	28.9	28.2	18.1	17.7
Tamil Nadu Newsprint & Papers Ltd	BUY	224	358	450	25.7	24.8	38.2	36.6	9.4	9.8	20.3	19.3
Triveni Turbines Ltd	BUY	92	132	175	32.7	0.4	3.5	3.6	36.2	35.1	25.7	24.1
Siemens Ltd	BUY	1128	1263	1500	18.8	449.6	9.1	10.0	139.0	126.5	42.6	94.8
Hikal Ltd	BUY	143	253	325	28.5	20.8	8.1	8.7	31.1	29.1	12.7	11.6
Aksh Optifibre Ltd	BUY	15	37	45	22.1	6.0	3.4	5.5	10.8	6.7	7.0	5.0
GMM Pfäudler Ltd	BUY	332	612	800	30.7	8.9	19.3	21.1	31.7	29.0	21.7	19.9
Alicon Castalloy Ltd	BUY	288	620	750	20.9	7.6	21.4	24.1	29.0	25.7	11.2	10.0
Premier Explosives Ltd	BUY	350	439	600	36.8	3.9	16.6	15.3	26.4	28.7	14.8	12.0
Gufic Biosciences Ltd	BUY	50	91	100	9.8	7.0	1.5	2.0	61.8	45.6	27.9	21.2
Excel Industries Ltd	BUY	380	535	650	21.6	6.9	35.8	25.1	14.9	21.3	17.5	11.2
Vesuvius India Ltd	BUY	1230	1321	1500	13.5	26.4	49.0	65.0	27.0	20.3	14.7	11.9
Munjal Showa Ltd	BUY	191	292	300	2.7	11.7	14.1	15.1	20.7	19.3	12.3	11.8
Bharat Rasayan Ltd	BUY	2747	2870	4250	48.1	12.1	128.1	141.2	22.4	20.3	12.1	10.8
Alkyl Amines Chemicals Ltd	BUY	391	582	700	20.4	11.9	24.3	29.2	23.9	19.9	14.0	13.4
Grauer and Weil (India) Ltd	BUY	45	63	80	26.9	14.3	2.3	2.3	27.9	26.9	15.8	15.4
Texmaco Rails & Engineering Ltd	BUY	91	113	125	10.4	20.2	1.5	2.7	74.0	42.1	47.9	29.5
Nagarjuna Agrichem Ltd	BUY	29	47	60	27.9	7.3	2.3	0.9	20.2	53.5	15.1	14.0
Simplex Infrastructures Ltd	BUY	540	524	700	33.6	20.2	24.3	30.5	21.6	17.2	5.5	4.7
Sadhana Nitrochem Ltd	BUY	67	68	100	48.1	0.6	2.5	5.5	27.4	12.2	10.5	8.5
ITD Cementation India Ltd	BUY	158	184	225	22.6	28.5	4.8	2.9	38.3	62.8	13.8	19.4
Westlife Development Ltd	BUY	266	251	350	39.7	39.0	-0.8	0.3	-321.2	733.9	86.8	52.5
Federal Mogul Goetze (India) Ltd	BUY	540	503	750	49.1	28.0	12.9	15.7	38.9	31.9	16.0	14.6
Cupid Limited	BUY	286	274	340	24.1	3.0	18.5	23.4	14.8	11.7	8.8	7.4
Dynamatic Technologies Ltd	BUY	2160	2189	3000	37.0	13.9	23.0	30.4	56.2	72.1	11.7	11.7

*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	188%	
Engineers India Ltd	211	200	Bonus 1 : 1.	106	200	82%	
Transformers and Rectifiers (India) Ltd	300	450	Stock Split from Rs.FV 10 to Rs.FV 1.	30	45	8%	
Gulshan Polyols Ltd	390	500	Stock Split from Rs.FV 5 to Rs.FV 1.	78	140	7%	
Nesco Ltd	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2.	479	640	5%	

Coverage Universe Valuations											
Company	Reco	Reco at	Tgt price	Upside	Mcap	EPS		PE(x)		EV/EBITDA (x)	
		(Rs)	(Rs)	(%)		(Rs bn)	FY17	FY18E	FY17	FY18E	FY17
IHP Ltd	BUY	341	600	12.6	25.8	18.4	25.5	29.0	20.9	33.0	35.7
Engineers India Ltd	BUY	211	200	33.1	50.6	4.8	4.7	31.2	32.0	9.4	16.3
Transformers and Rectifiers (India) Ltd	BUY	300	450	1405.0	0.4	2.4	2.3	3.0	2.0	2.4	2.3
Gulshan Polyols Ltd	BUY	390	140	71.5	3.8	5.9	6.4	13.7	12.7	22.1	19.6
Nesco Ltd	BUY	2397	3200	502.9	7.5	120.2	137.5	4.4	3.9	17.5	14.6

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	368	120	150	200	275	350	500	-	377%
Shanthi Gears Ltd	107	141	150	200	-	-	-	-	-	32%
Hind Rectifiers Ltd	69	110	110	140	175	-	-	-	-	59%
KCP Limited	71	122	105	150	-	-	-	-	-	72%
Harita Seating System Ltd	266	962	400	600	750	900	1150	-	-	262%
Hester Biosciences Ltd	565	1195	750	875	1150	1500	-	-	-	112%
Rallis India Ltd	181	240	260	300	-	-	-	-	-	33%
The Hitech Gears Ltd	298	429	450	-	-	-	-	-	-	44%
Bharat Bijlee Ltd	787	1020	1100	1500	2000	-	-	-	-	30%
Castrol India Ltd	447	416	600	-	-	-	-	-	-	-7%
Tamil Nadu Newsprint & Papers Ltd	224	358	350	450	-	-	-	-	-	60%
Triveni Turbines Ltd	92	132	135	175	-	-	-	-	-	43%
Siemens Ltd	1128	1263	1500	-	-	-	-	-	-	12%
Hikal Ltd	143	253	200	250	325	-	-	-	-	77%
Aksh Optifibre Ltd	15	37	24	35	45	-	-	-	-	146%
GMM Pfaudler Ltd	332	612	500	700	800	-	-	-	-	84%
Alicon Castalloy Ltd	288	620	450	600	750	-	-	-	-	115%
Premier Explosives Ltd	350	439	450	525	600	-	-	-	-	25%
Gufic Biosciences Ltd	50	91	75	100	-	-	-	-	-	82%
Excel Industries Ltd	380	535	550	650	-	-	-	-	-	41%
Vesuvius India Ltd	1230	1321	1500	-	-	-	-	-	-	7%
Munjal Showa Ltd	191	292.1	250	300	-	-	-	-	-	53%
Bharat Rasayan Ltd	2747	2870	3500	4250	-	-	-	-	-	4%
Alkyl Amines Chemicals Ltd	391	582	550	700	-	-	-	-	-	49%
Grauer and Weil (India) Ltd	45	63	65	80	-	-	-	-	-	40%
Texmaco Rails & Engineering Ltd	91	92	125	-	-	-	-	-	-	1%
Nagarjuna Agrichem Ltd	29	47	45	60	-	-	-	-	-	62%
Simplex Infrastructures Ltd	540	524	700	-	-	-	-	-	-	-3%
Sadhana Nitrochem Ltd	67	68	100	-	-	-	-	-	-	1%
ITD Cementation India Ltd	158	184	225	-	-	-	-	-	-	16%
Westlife Development Ltd	266	251	350	-	-	-	-	-	-	-6%
Federal Mogul Goetze (India) Ltd	540	503	750	-	-	-	-	-	-	-7%
Cupid Limited	286	274	340	-	-	-	-	-	-	-4%
Dynamatic Technologies Ltd	2160	2189	3000	-	-	-	-	-	-	1%

*Castrol, Vesuvius, ITD Cementation- Dec Ending | Siemens-Sept ending |

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Company	Reco	Target	Corp Action		Adj Price	Adj Tgt Price	Appreciation
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Gulshan Polyols Ltd	390	500	Stock Split from Rs.FV 5 to Rs.FV 1.		78	140	5%
Nesco Ltd	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2.		479	640	13%

Calls Closed							
Company	Reco	Reco at	Closed price	Company	Reco	Reco at	Closed price
		(Rs)	(Rs)			(Rs)	(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				

*Omkar: Spin off

Order for Texmaco Rails

Order for PEL

Target revision for Harita Seating Systems and Aksh Optifiber Limited

Not a great quarter for the company

Muted Set of Numbers

Coverage News:

Texmaco Rail & Engineering bags USD68mn order from Bangladesh

Texmaco Rail and Engineering Ltd has bagged USD67.7mn (nearly Rs435cr) contract from the Bangladesh railway ministry for construction of a rail route between India and Bangladesh. The contract is for construction of 45km dual gauge railway line, including railway stations buildings, level crossing gates and a Customs house building through North Eastern Border area in Maulavibazar district of Bangladesh adjoining Karimganj of Assam.

Our comments:

The rail route is expected to enhance trade and passenger transportation between the two countries by opening a new Customs checkpost. The line segment is planned to be constructed within 18 months by the EPC Division - Kalindee Rail Nirman of the company.

Premier Explosives receives Rs144.92cr order from Coal India

Premier Explosives bagged order worth Rs1.4bn order from Coal India. The order includes supply of bulk explosives, and it is to be executed between Nov 1, 2017 and Oct 31, 2019.

Our comments:

This is a regular order that the company gets on timely basis. Definitely a booster for the same.

Price Target revision: Harita Seatings System Limited

We have revised the target for Harita Seatings System to Rs1150 from Rs900 that has been achieved. We advised for a 10% profit booking on the holdings.

Price Target revision: Aksh Optifiber Limited

We have revised the target price from Rs35 to Rs35. We have also advised to book 20% profits on the current holdings.

Result Update:

Alicon Castalloys Limited:

The net sales during the quarter increased by 26.2% at Rs2,618mn as compared to Rs2,074mn in the same quarter last year. The Ebitda margins stood at 9.4% for the quarter under reference. These were impacted by the increase in the employee costs during the quarter. The net profits came in at Rs96mn as against Rs68mn in the comparative quarter, growth of 40.4%. The increase was attributed to the other income of Rs36mn during the quarter as compared to Rs3mn in the comparative quarter. The EPS stood at Rs7.46

Outlook and recommendations:

The company has reported drop in the operating margins for the quarter. Also the profits at the consolidated are to a major extent attributed to the other income component. We continue with our Buy recommendation on the stock with a target price of Rs750 over a 12 months perspective.

Hikal Limited:

The net sales for the quarter stood at Rs2,923mn as compared to Rs2,323mn in the same quarter last year, growth of 25.8%. The Ebitda margins stood at 18.4%. The net profit dropped by 5.7% at Rs153mn as compared to Rs163mn in the comparative quarter last year. The EPS is Rs1.85. On the segmental front, the Pharma segment clocked growth of 14% while crop protection grew by 37%

Outlook and recommendations:

The company reported muted results for the quarter. However, backed by the existing products as well as the new additions it stands to benefit going forward. We maintain our stance with the target of Rs325 over a 12 months' horizon.

Flat result reported

*Revenue collection target
to be watched*

*Thumbs up to India by
World Bank*

*Slow down in
Manufacturing*

Shanthi Gears Limited:

The net sales came in at Rs543mn as against Rs459mn in the same quarter last year, growth of 18.3%. The Ebitda margins for the quarter came in at 20.6% as against 23.2% in the same quarter last year. The net profit came in at Rs72mn as against Rs67mn in the comparative quarter, growth of 7%. The EPS for the quarter was Rs0.88. The company built its orderbook by Rs580mn (previous year Rs450mn). The company's current order book is Rs980mn. The Company continues to remain focused on expanding its customer base, enhancing its dealer and service network and improving the production capabilities through investments in modern technologies.

Outlook and recommendations:

The company has reported flat numbers for the quarter under reference. However we maintain our conviction in the working of the company with the target price of Rs200 with a 12 months' horizon.

ECONOMY:

Government may miss FY18 revenue collection target: Official

As per sources, the indirect revenue collection by the government may fall short of the target this fiscal due to the disruption caused by GST rollout. For the year ending March 2018, the government had budgeted Rs9.68tn collection from customs and GST. However, the official of the Central Board of Excise and Customs (CBEC) made it clear that there is no plan to revise the revenue collection target for the year.

Our comments:

As per the CBEC, the revenue collection target from customs and GST, which put together is Rs9.68tn for the current fiscal, seems difficult for the department (to achieve) at the moment, keeping in view the recent GST rollout.

India leaps 30 places to 100th rank in World Bank's 'ease of doing business' index

India jumped 30 places to the 100th rank among 190 countries in the latest edition of the World Bank's global rankings on Ease of Doing Business. As per the report, India figures among the top 10 countries that have marked an improvement this year, moving up on eight out of 10 doing business indicators. The World Bank said the improvement in ranking for India has come on the back of "sustained business reforms" over the last four years. The new indirect tax regime of Goods and Services Tax was, however, not a part of the report and will be a part of the evaluation process from next year. Demonetisation was also not reflected in the report as it was not comparable across countries being a one-time event, World Bank said. Last year, India gained one slot in the World Bank's rankings, from 131 to 130.

Our comments:

The World Bank said the big improvement in rankings for India has come in the areas of protecting minority investors, getting credit, paying taxes and resolving insolvency but it continues to lag in areas such as starting a business, enforcing contracts and dealing in construction permits.

Manufacturing slows in October as GST rollout hits flow of new orders

Manufacturing activity slowed in October following a drop in new orders but firms hired workers at a high pace to service greater volumes of outstanding business. The survey attributed the dampened demand to the negative effects of the roll out of goods and services tax (GST). The Nikkei Manufacturing Purchasing Managers' Index, compiled by IHS Markit, fell to 50.3 in October from 51.2 in September. This is the third successive month manufacturing is in expansion zone – a reading of over 50 on this index indicates expansion and below that contraction.

Our comments:

Inflows of new orders stagnated as the negative effects arising from the implementation of GST continued to dampen demand levels.

Indian Pharma for another jolt

USFDA nod for Cadila

Bain Capital to bet on Axis bank

IDFC, Shriram call off merger

INDUSTRY:

US generic drug price-fixing conspiracy jolts Indian pharma companies

The global generic drugs industry, with several Indian firms at its core, was jolted by allegations of a vast price-fixing conspiracy in the US aimed at keeping prices of the copycat medicines artificially high. Attorney general George Jepsen of the US state of Connecticut, led 45 other state counterparts in a wide-ranging multistate anti-trust investigation into allegations of unreasonably restraining trade, artificially inflating and maintaining prices and reducing competition in the generic pharmaceutical industry throughout the US. Calling the findings "shocking", Jepsen asked the federal court for permission to file a new complaint in the states' pending 2014 lawsuit that increases the number of generic drug manufacturer defendants from six to 18 in the case and the number of drugs at issue in the litigation from two to 15.

Our comments:

While anti-trust investigations can take years to arrive at definite chargeable conclusions, any adverse judgment or even early findings will impact the reputation of the firms involved besides casting a shadow over their business. According to a Citi Research report, cumulative sales of the 13 drugs added in the lawsuit are estimated to be around USD1.2bn. The penalty would clearly be a multiple of the profits that these companies pocketed from the extraordinary price hikes.

COMPANY:

Cadila Healthcare receives USFDA nod to market breast cancer drug

Zydus Cadila has received final approval from the USFDA to market Tamoxifen Citrate tablets USP in the strengths of 10 mg (base) and 20 mg (base). The drug will be manufactured at the group's formulations manufacturing facility at SEZ in Ahmedabad. The drug is indicated to treat breast cancer in women and men and to reduce the incidence of breast cancer in women at high risk for breast cancer.

Our comments:

The group now has more than 165 approvals and has so far filled over 300 ANDAs since the commencement of the filing process in FY03-04.

Bain Capital readies USD1bn bet on Axis Bank

Bain Capital is in advanced talks with Axis Bank to invest between USD750mn and USD1bn (Rs4,800-6,400cr). India's third-biggest private lender is in talks to raise money amidst worsening asset quality and regulatory glare. Bain's proposed investment will come as a primary issuance of shares through a preferential allotment that will allow the PE fund to own upto 5% of Axis. There could be a subsequent secondary deal as well, through which the Bain may grab another 5% stake from existing investors. This may increase its exposure to nearly 10%, taking the total investment to close to USD1.5bn.

Our comments:

The transaction will help Axis meet capital requirements for the medium term as competition intensifies in Indian banking.

IDFC, Shriram call off merger talks on differences over valuation

IDFC Ltd and Shriram Group called off their planned merger following differences over valuation. IDFC management said that it will continue to look at buying or merging with other non-banking financial companies at the level of IDFC Bank. It also said that despite best efforts, the two entities were not able to find common ground on a mutually acceptable swap ratio for the IDFC-Shriram merger. Accordingly, both parties have agreed to call off discussions on a potential merger and the exclusivity period pursuant to the CES agreement entered into between the concerned parties stands terminated with immediate effect.

Our comments:

As per analysts, the call off is good for the shareholders as it would have been value destructive.

Bharti infratel for Indus Towers

Order for Govt for Zen Technologies

New debt plan by Rcom

Alembic Pharma completes acquisition

COMPANY:

Bharti Infratel to explore buying stake in Indus Towers

Bharti Infratel is exploring a mega stake acquisition in larger peer Indus Towers that could be the largest consolidation move in the industry. Bharti Infratel is likely to shortly constitute a board-level committee to examine the Indus stake acquisition opportunities. It already holds 42% of Indus Towers, which is among the largest wireless infrastructure companies in the world with 123,000 towers.

Our comments:

Bharti Infratel is the most likely buyer of the Vodafone and Idea stakes and in turn consolidate Indus under the listed tower company controlled by the country's leading telecom service provider Bharti Airtel.

Zen Technologies receives large order from Govt. of India

Zen Technologies has received its biggest ever order from the domestic market. It is a landmark Rs224cr order from Govt. of India, split into Rs156cr for equipment (expected to be executed during the next financial year 2018-2019) and Rs68cr of AMC which will accrue over the 5 years following the warranty period of 2 years.

Our comments:

This takes the total order book of the company to Rs357cr.

RCom's new debt repayment plan gives banks majority shareholding

Reliance Communications Ltd presented a fresh debt repayment plan to its creditors which envisages raising Rs27,000cr through sales of assets and lenders converting a portion of their loans into equity, giving them majority control. According to the new plan, which is yet to be approved by banks, RCom will sell part of its spectrum, fiber and tower assets which are likely to fetch about Rs17,000cr.

Our comments:

Subject to the plan materializing, the telecom firm will be left with a debt of Rs6,000cr. It is believed this will be sustained after its winds up its 2G and 3G voice businesses and only focus on the business-to-business and 4G businesses.

Alembic Pharma completes US-based Orit Lab acquisition

Alembic Pharmaceuticals through its 100% owned subsidiary, Alembic Pharmaceuticals Inc, has completed acquisition of West Caldwell, New Jersey USA-based generic drug developer Orit Laboratories LLC along with real estate, owned by Okner Realty LLC for an undisclosed sum. Alembic Pharmaceuticals said Orit, focused on developing and filing oral solid and liquid products, has seven approved abbreviated new drug application (ANDA) and four ANDAs pending approval.

Our comments:

This acquisition expands the basket of product offerings to the customers, shows the commitment of the company to be a long-term player in the US generic industry. Alembic Pharmaceuticals said that with this acquisition, the company will now have a total of 69 ANDA approvals from the US health regulator USFDA.

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