

## THE WEEKLY WRAP-UP

10th November 2017

### DOMESTIC:

- Tata Global Beverages completes sale of Russian subsidiaries
- Crompton Greaves out of Kenstar race
- Torrent Pharma walks away with Unichem's domestic business for Rs3,600cr
- Air India to sell 2 properties to State Bank of India
- DLF's Rs8,900cr deal with GIC gets Competition Commission nod
- Rcom to sell DTH business to Veecon Media and Television to pare debt
- Everstone to acquire Kenstar from Videocon
- Torrent Pharma gets green nod for Rs300cr project
- Sadbhav Engineering bags order worth Rs674cr
- Tata Chemicals to sell Haldia plant to Indorama Holdings unit for Rs375cr
- AkzoNobel India to sell specialty chemicals biz for Rs320cr
- NMDC plans bid for USD9bn diamond mine
- Lupin gets warning letter from USFDA for Goa, Indore units
- KKR, Bain Cap, TA Associates vie for 12-13% stake in Aditya Birla Retail
- Tower cos, operators, PE cos keen on Reliance Infratel
- Tata Sons hikes stake in IHCL by 1.78% to 29.79%
- TeamLease acquires 40% stake in Schoolguru for Rs13cr
- Henkel calls off talks to buy 26% stake in Jyothy Labs
- Bhel bags Rs350cr order from Power Grid
- Arvind to spin off branded apparel and engineering businesses
- Tata Sons hikes stake in IHCL by 1.78% to 29.79%
- Hindustan Copper preparing tender for MDO to developing Singhbhum mine
- Aircel may have to wind up ops post failed RCom deal

### ECONOMY:

- Govt plans phase-2 of digital payment push from Jan
- No of Items falling under the 28% Tax bracket are to be reduced.

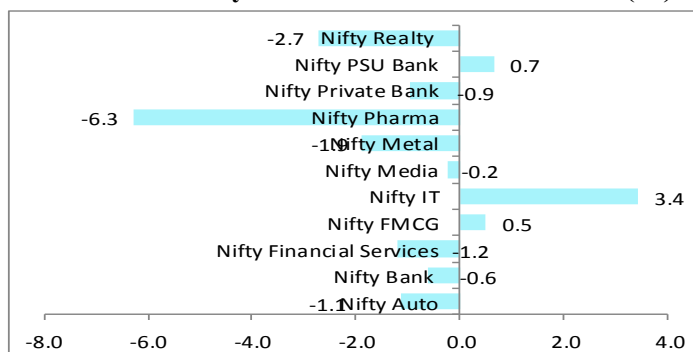
### INDUSTRY:

- Govt to give 60% stake in ONGC, OIL fields to the private companies
- Rural Electrification Corporation may fund Indian Railways' drive to electrify entire network
- Trai plans to remove 50% limit on telecom spectrum holdings
- India begins anti-dumping probe into cheap paper imports
- PE, VC investments hit new high of USD21.8bn

### Price Performance (%)

Company	1M	3M	12M
Supreme Petrochem Ltd	-4.4%	10.5%	66.7%
Shanthi Gears Ltd	-2.2%	4.2%	15.7%
Hind Rectifiers Ltd	-14.1%	28.1%	12.9%
KCP Ltd	-3.8%	25.6%	16.1%
Harita Seating System Ltd	7.5%	24.7%	28.6%
Hester Biosciences Ltd	6.6%	26.2%	49.8%
Rallis India Ltd	-5.1%	-0.7%	12.9%
The Hi-Tech Gears Ltd	16.1%	16.2%	20.3%
Bharat Bijlee Ltd	-13.0%	-15.7%	14.9%
Castrol India Ltd	7.7%	5.2%	-8.2%
TNPL	-2.1%	-1.6%	-6.5%
Triveni Turbines Ltd	2.0%	1.6%	5.2%
Siemens Ltd	-0.8%	-5.2%	12.6%
Hikal Ltd	6.1%	17.7%	7.8%
Aksh Optifibre Ltd	19.3%	42.2%	8.7%
GMM Pfaudler Ltd	-9.2%	8.9%	9.3%
Alicon Castalloy Ltd	0.9%	11.4%	23.9%
Premier Explosives Ltd	-7.5%	-2.4%	19.2%
Gufic Biosciences Ltd	-0.8%	26.0%	73.4%
Excel Industries Ltd	4.9%	23.4%	14.3%
Vesuvius India Ltd	-7.7%	4.4%	5.0%
Munjal Showa Ltd	-0.7%	29.9%	19.3%
Bharat Rasayan Ltd	-3.4%	-6.6%	50.5%
Alkyl Amines Chemicals Ltd	1.9%	51.2%	70.2%
Grauer and Weil (India) Ltd	-3.7%	61.5%	61.8%
Texmaco Rails & Engineering Ltd	9.2%	28.5%	5.1%
Nagarjuna Agrichem Ltd	-5.7%	41.3%	120.3%
Simplex Infrastructures Ltd	2.3%	7.8%	58.9%
Sadhana Nitrochem Ltd	-3.0%	8.7%	110.3%
ITD Cementation India Ltd	21.0%	34.0%	44.2%
Westlife Development Ltd	19.3%	20.4%	47.1%
Federal Mogul Goetze (India) Ltd	-3.1%	-8.2%	-9.2%
Cupid Limited	-5.8%	-0.5%	-14.1%
Dynamatic Technologies Ltd	-3.7%	-6.3%	-36.9%
Indian Hume Pipe Co. Ltd	-7.4%	-4.0%	21.2%
Engineers India Ltd	26.4%	26.5%	41.2%
TRIL	893.6%	1.5%	-16.0%
Gulshan Polyols Ltd	-10.2%	-9.3%	0.1%
Nesco	373.4%	9.1%	27.9%

### Weekly Sectoral Gainers & Losers in (%)



### The week that went by:

Tracking the weakness across other Asian peers, the markets opened mildly lower. Tracking positive global cues, the Sensex hit fresh record highs in the opening session. After the sharp fall, the markets opened mildly higher amid consolidation. All eyes were on the crude movement as well corporate earnings. After the two days of correction, the markets opened sharply higher backed by positive cues and short covering. The indices continued to consolidate being range bound.

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	357	500	40.1	34.5	18.6	19.9	19.2	18.0	11.3	10.7
Shanhi Gears Ltd	BUY	107	135	200	48.1	11.0	2.8	3.1	49.0	43.8	30.9	27.2
Hind Rectifiers Ltd	BUY	69	105	175	66.6	1.6	-4.5	0.5	-99.0	206.8	40.8	27.4
KCP Limited	BUY	71	121	150	24.3	15.6	3.6	4.6	53.2	33.1	12.9	11.2
Harita Seating System Ltd	BUY	266	910	1150	26.3	7.1	32.4	34.5	28.1	26.4	25.7	21.5
Hester Biosciences Ltd	BUY	565	1123	1500	33.5	9.6	29.2	34.2	38.4	37.9	23.9	20.4
Rallis India Ltd	BUY	181	225	300	33.4	43.7	15.3	11.2	25.3	20.0	16.7	14.0
The Hitech Gears Ltd	BUY	298	392	450	14.9	7.3	10.9	11.1	36.0	35.9	15.7	13.9
Bharat Bijlee Ltd	BUY	787	981	2000	103.9	5.5	34.7	39.3	28.3	24.9	39.3	23.7
Castrol India Ltd	BUY	447	397	600	51.3	196.2	14.4	14.9	27.6	26.9	17.2	16.9
Tamil Nadu Newsprint & Papers Ltd	BUY	224	347	450	29.9	24.0	38.2	36.6	9.1	9.5	19.7	18.8
Triveni Turbines Ltd	BUY	92	133	175	31.7	0.4	3.5	3.6	37.7	36.6	26.8	25.2
Siemens Ltd	BUY	1128	1227	1500	22.3	436.8	9.1	10.0	135.0	122.9	41.3	92.1
Hikal Ltd	BUY	143	241	325	34.9	19.8	8.1	8.7	31.1	29.1	12.7	11.6
Aksh Optifibre Ltd	BUY	15	31	45	44.5	5.1	3.4	5.5	10.8	6.7	7.0	5.0
GMM Pfäudler Ltd	BUY	332	580	800	38.0	8.5	19.3	21.1	31.7	29.0	21.7	19.9
Alicon Castalloy Ltd	BUY	288	580	750	29.2	7.1	21.4	24.1	27.2	24.1	10.6	9.5
Premier Explosives Ltd	BUY	350	426	600	40.9	3.8	16.6	15.3	25.6	27.9	14.4	11.7
Gufic Biosciences Ltd	BUY	50	87	100	15.3	6.7	1.5	2.0	58.9	43.4	26.6	20.3
Excel Industries Ltd	BUY	380	510	650	27.5	6.6	35.8	25.1	14.3	20.3	16.7	10.8
Vesuvius India Ltd	BUY	1165	1250	1500	20.0	25.0	49.0	65.0	25.5	19.2	13.8	11.2
Munjal Showa Ltd	BUY	191	276	300	8.7	11.0	14.1	15.1	19.5	18.3	11.6	11.2
Bharat Rasayan Ltd	BUY	2747	2810	4250	51.2	11.8	128.1	141.2	21.9	19.9	11.8	10.6
Alkyl Amines Chemicals Ltd	BUY	391	572	700	22.4	11.7	24.3	29.2	23.5	19.6	13.8	13.2
Grauer and Weil (India) Ltd	BUY	45	64	80	25.7	14.4	2.3	2.3	28.2	27.2	15.9	15.5
Texmaco Rails & Engineering Ltd	BUY	91	112	125	11.4	20.2	1.5	2.7	73.4	41.7	47.5	29.3
Nagarjuna Agrichem Ltd	BUY	29	45	60	34.8	6.9	2.3	0.9	19.2	50.8	14.5	13.5
Simplex Infrastructures Ltd	BUY	540	506	700	38.3	20.2	24.3	30.5	20.8	16.6	5.5	4.7
Sadhana Nitrochem Ltd	BUY	67	65	100	53.4	0.6	2.5	5.5	26.5	11.8	10.2	8.3
ITD Cementation India Ltd	BUY	158	206	225	9.1	32.0	4.8	2.9	43.0	70.6	15.4	21.6
Westlife Development Ltd	BUY	266	285	350	22.7	44.4	-0.8	0.3	-365.6	835.3	98.2	59.4
Federal Mogul Goetze (India) Ltd	BUY	540	492	750	52.4	27.4	12.9	15.7	38.0	31.3	15.7	14.2
Cupid Limited	BUY	286	268	340	26.7	3.0	18.5	23.4	14.5	11.5	8.6	7.3
Dynamatic Technologies Ltd	BUY	2160	2070	3000	44.9	13.1	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	179%
Engineers India Ltd	211	200	Bonus 1 : 1.		106	200	79%
Transformers and Rectifiers (India) Ltd	300	450	Stock Split from Rs.FV 10 to Rs.FV 1.		30	45	4%
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	7%

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
IHP Ltd	BUY	341	475	600	12.6	25.8	18.4	25.5	29.0	20.9	33.0	35.7
Engineers India Ltd	BUY	211	189	200	33.1	50.6	4.8	4.7	31.2	32.0	9.4	16.3
Transformers and Rectifiers (India) Ltd	BUY	300	31	450	1405.0	0.4	2.4	2.3	3.0	2.0	2.4	2.3
Gulshan Polyols Ltd	BUY	390	82	140	71.5	3.8	5.9	6.4	13.7	12.7	22.1	19.6
Nesco Ltd	BUY	2397	512	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	357	120	150	200	275	350	500	-	364%
Shanthi Gears Ltd	107	135	150	200	-	-	-	-	-	26%
Hind Rectifiers Ltd	69	105	110	140	175	-	-	-	-	52%
KCP Limited	71	121	105	150	-	-	-	-	-	70%
Harita Seating System Ltd	266	910	400	600	750	900	1150	-	-	242%
Hester Biosciences Ltd	565	1123	750	875	1150	1500	-	-	-	99%
Rallis India Ltd	181	225	260	300	-	-	-	-	-	24%
The Hitech Gears Ltd	298	392	450	-	-	-	-	-	-	31%
Bharat Bijlee Ltd	787	981	1100	1500	2000	-	-	-	-	25%
Castrol India Ltd	447	397	600	-	-	-	-	-	-	-11%
Tamil Nadu Newsprint & Papers Ltd	224	347	350	450	-	-	-	-	-	55%
Triveni Turbines Ltd	92	133	135	175	-	-	-	-	-	44%
Siemens Ltd	1128	1227	1500	-	-	-	-	-	-	9%
Hikal Ltd	143	241	200	250	325	-	-	-	-	69%
Aksh Optifibre Ltd	15	31	24	35	45	-	-	-	-	108%
GMM Pfaudler Ltd	332	580	500	700	800	-	-	-	-	75%
Alicon Castalloy Ltd	288	580	450	600	750	-	-	-	-	102%
Premier Explosives Ltd	350	426	450	525	600	-	-	-	-	22%
Gufic Biosciences Ltd	50	87	75	100	-	-	-	-	-	73%
Excel Industries Ltd	380	510	550	650	-	-	-	-	-	34%
Vesuvius India Ltd	1165	1250	1500	-	-	-	-	-	-	7%
Munjjal Showa Ltd	191	276	250	300	-	-	-	-	-	45%
Bharat Rasayan Ltd	2747	2810	3500	4250	-	-	-	-	-	2%
Alkyl Amines Chemicals Ltd	391	572	550	700	-	-	-	-	-	46%
Grauer and Weil (India) Ltd	45	64	65	80	-	-	-	-	-	41%
Texmaco Rails & Engineering Ltd	91	112	125	-	-	-	-	-	-	23%
Nagarjuna Agrichem Ltd	29	45	45	60	-	-	-	-	-	53%
Simplex Infrastructures Ltd	540	506	700	-	-	-	-	-	-	-6%
Sadhana Nitrochem Ltd	67	65	100	-	-	-	-	-	-	-3%
ITD Cementation India Ltd	158	206	225	-	-	-	-	-	-	31%
Westlife Development Ltd	266	285	350	-	-	-	-	-	-	7%
Federal Mogul Goetze (India) Ltd	540	492	750	-	-	-	-	-	-	-9%
Cupid Limited	286	268.4	340	-	-	-	-	-	-	-6%
Dynamatic Technologies Ltd	2160	2070	3000	-	-	-	-	-	-	-4%

\*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	179%
Engineers India Ltd	211	200	Bonus 1 : 1.		106	200	79%
Transformers and Rectifiers (India) Ltd	300	450	Stock Split from Rs.FV 10 to Rs.FV 1.		30	45	4%
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	7%

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

*Positives for Texmaco  
Rails*

*Decent reportings for the  
quarter*

*Good turnaround seen in  
the quarter*

*Good performance in the  
GST cloud*

**Coverage News:**

**Eyeing 20% revenue from exports this fiscal: Texmaco Rail CEO**

As per the interview of the CEO of Texmaco Rail & Engineering, the company is expecting 20% of its revenues from exports this fiscal. Bangladesh and the US are two of its major markets, as of now. The focus on exports comes as a part of its growth strategy. It also added that the company plans to take the entire portfolio of wagon-making, EPC and even electrification to the export markets. Texmaco is also looking at a supply of bogie casting products to the US. It already has approvals from the Association of American Railroads. It is anticipating an increase in our offerings to the US. The present order book position of the company with its subsidiaries is about Rs3,800cr.

**Result Update:**

**Nagarjuna Agrichem Ltd:**

The net sales for the quarter stood at Rs3,068mn as against Rs2,589mn in the same quarter last year, growth of 18.5%. The Ebitda margins for the quarter came in 8.18% as against 7.80% in the comparative quarter. The net profit stood at Rs71mn as compared to Rs56mn in the corresponding quarter last year. The EPS for the quarter stands at Rs0.46 as compared to Rs0.36 in the corresponding period last year.

**Outlook and recommendations:**

The company has reported decent numbers for the quarter under review. This stock has the potential to turnaround in the longer term. We maintain a BUY on the stock with a revised target price of Rs60 with a 12 months horizon.

**Westlife Development limited:**

The net sales came in at Rs2,647mn as against Rs2,347mn in the same quarter last year, growth of 12.8%. The Ebitda margins for the quarter came in at 7.3% as against 4.8% in the same quarter last year. The net profit came in at Rs21mn as against loss of Rs23mn in the comparative quarter. The EPS for the quarter was Rs0.14. The company has reported Same Store Sales Growth (SSSG) of 8.4% against a base of 6.5%. Further 4 new restaurants and 15 McCafes were added in Q2, bringing the total number of restaurants and McCafes to 265 and 136 respectively. The management expects to add 25-30 stores (in total) in FY18. Post GST, the management has adopted a policy "What you see, What you pay" wherein the prices of all products are inclusive of GST which is one of its kind in Quick Service restaurant industry. The management is focused on sustainable growth led by menu innovations.

**Outlook and recommendations:**

The company has reported good set of numbers for the quarter under reference. There has been a turnaround seen in the overall performance at the operational as well as net level for the company. We continue with our positive outlook on the company and maintain a BUY on the stock with a target price of Rs350 over a 12 months horizon.

**Castrol India Limited:**

As compared to the second quarter, the company has seen a bounce in the third quarter. The company continued its growth trajectory. The net sales for the quarter stood at Rs8,614mn as against Rs7,617mn in the same quarter last year, growth of 13.1%. The Ebitda margins for the quarter came in 29.44% as against 27.95% in the comparative quarter. The net profit stood at Rs1,782mn as compared to Rs1,399mn in the corresponding quarter last year. The EPS for the quarter stands at Rs3.6 as compared to Rs2.8 in the corresponding period last year.

**Outlook and recommendations:**

The company fared well post the initial glitches of implementation of GST; this should be positive for the entire industry in times to come. The company in the long run will continue to focus on profitable volume growth and stick to their strategy. One can expect a moderate growth in sales with more or less constant margins for CY17. In consideration of the recent results and immediate outlook of the company, we tone down our target price to Rs550 (earlier target Rs600).

*Good set of numbers*

**Harita Seating Systems Limited:**

The company has reported net sales of Rs1,109mn as against Rs849mn in the same quarter last year, growth of 30.6%. The Ebidta margins came in at 7% for the quarter under reference. The net profits grew by 20.8% to Rs56mn as compared to Rs46mn in the comparative quarter last year. The EPS for the quarter is Rs7.17

**Outlook and recommendations:**

The company has reported good set of numbers for the quarter under reference. As always mentioned, the performance of the company is better judged on consolidated basis and not standalone numbers. We remain positive on the future operations of the company and maintain our target price of Rs1150 over a 12 months horizon.

*Inching towards chalked plans*

**Hester Biosciences Limited:**

The net sales for the quarter stood at Rs385mn as against Rs302mn in the same quarter last year, growth of 27.6%. The Ebidta margins for the quarter came in 39.22% as against 30.56% in the comparative quarter. The net profit stood at Rs89mn as compared to Rs60mn in the corresponding quarter last year. The EPS for the quarter stands at Rs10.42 as compared to Rs7.05 in the corresponding period last year.

**Outlook and recommendations:**

The increased sales of large animal vaccines coupled with on-going process towards rationalising the product mix are some of the main drivers for growth of the company. Moreover, the company will work towards better operational efficiencies. All these factors summed together maintain our conviction in the stock and we maintain a Buy on the same with a target price of Rs1500 with a horizon of 12 months.

*Flat quarter reported*

**Nesco Limited:**

The net sales came in at Rs826mn for the quarter under reference as compared to Rs769mn in the same quarter last year, growth of 7.4%. The Ebidta margins stood at 71%. The company reported flat net profit with growth of 1.7% at Rs484mn in comparison to Rs476mn in the same quarter last year. With regards to the segmental performance, Nesco IT grew by 17%, BEC by 2%, Indrabator by de-grew by 13% while income from investments de-grew by 30%.

**Outlook and recommendations:**

The company has reported a flat quarter. However, with the growth plans that the company has chalked going forward we expect the performance to be better. We had initiated a BUY on the stock with a target price of Rs640 (adjusted for the stock split from the earlier target of Rs3200) from a 12 months' horizon and maintain the same.

*Good set of numbers*

**GMM Pfadler Limited:**

The growth story for the company continues. The company has delivered a very strong performance. Net sales for the quarter stood at Rs764mn as against Rs631mn in the same quarter last year, growth of 21%. The Ebidta margins for the quarter came in 15.16% as against 17.27% in the comparative quarter. The net profit stood at Rs71mn as compared to Rs63mn in the corresponding quarter last year. The EPS for the quarter stands at Rs4.81 as compared to Rs4.88 in the corresponding period last year. The company will be installing the new gas furnace by the end of the year and the long-term benefits of the same will be seen in the second half of the financial year. The company has a healthy order back log, which is better than the previous year and is anticipating more order via the parent in the next year. The company has got second export order from the parent company.

**Outlook and recommendations:**

The company as well as the subsidiary (Mavag) has a strong order book. The management is focusing at further improving their operational efficiencies which will have long term benefits for the company. Keeping the upcoming growth in view, we maintain our target of Rs800 over a horizon of 12 months.

*Flat quarter reported*

**Cupid Limited:**

The core business of the company remains steady. The performance in the second quarter has been along the anticipated lines. The net sales for the quarter stood at Rs228mn as against Rs215mn in the same quarter last year, growth of 6%. The Ebitda margins for the quarter came in 42.98% as against 39.63% in the comparative quarter. The net profit stood at Rs60mn as compared to Rs55mn in the corresponding quarter last year. The EPS for the quarter stands at Rs5.36 as compared to Rs4.83 in the corresponding period last year.

**Outlook and recommendations:**

The company intends to expand the core B2B business into new territories through large institutional opportunities, new product registrations, and commercialization of the products along with its focus on B2C business. All these factors will help propel the top as well as the bottom line. We maintain our target of Rs340 with a horizon of 12 months.

**ITD Cementation Limited:**

The net sales for the quarter stood at Rs4,730mn as against Rs4,487mn in the same quarter last year, growth of 5.4%. The Ebitda margins for the quarter came in 13.15% as against 10.63% in the comparative quarter last year. The net profit stood at Rs193mn as compared to Rs79mn in the corresponding quarter last year. The EPS for the quarter stands at Rs1.23 as compared to Rs0.51 in the corresponding period last year.

**Outlook and recommendations:**

There is a strong order book pipeline for the company coupled with various opportunities chalked out for the infrastructure sector in India. Many of the projects (which had lower margins) are in the completion stage; hence one should not expect much growth in the turnover in CY17 until the new ones are initiated from fourth quarter of current fiscal year onwards. We maintain a BUY on the stock with a target price of Rs225 over a horizon of 12 months.

*Robust increase in PAT*

**Vesuvius India Limited:**

The net sales for the quarter came in at Rs2,143mn as against Rs2,230mn in the same quarter last year, de-growth of 3.9%. The revenues reported this quarter are net of GST and hence are not comparable to the same quarter last year. The Ebitda margins came in at 17.9% The net profit stood at Rs225mn as compared to Rs256mn, de-growth of 11.9% y-o-y. The EPS for the quarter stood at Rs11.09. The company has receivables of Rs330mn from certain customers for which insolvency proceedings have been initiated but the management believes these receivables to be good.

**Outlook and recommendations:**

The company has reported muted results at the topline while the margins have been impacted for the quarter under reference. We however feel that the company should end the year as on expectations. We maintain our stance with the target of Rs1500 over a 12 months' horizon.

*Flat Set of Numbers*

**Triveni Turbines Limited:**

The company reported net sales of Rs2,170mn as compared to Rs2,008mn in the same quarter last year, growth of 8.1%. The Ebitda margins for the quarter came in at 21.2 % as compared to 20.6% in the corresponding quarter last year. The net profit stood at Rs283mn as compared to Rs319mn in the same quarter last year, de-growth of 11.3%. EPS for the quarter came in at Rs0.86

**Outlook and recommendations:**

There is gradual improvement expected backed by the strong order built in both in the domestic as well as exports market. The management is confident in terms of better than reported numbers for the remaining part of the current financial year. We had initiated a BUY on the stock with a revised target price of Rs175 over a 12 months horizon and we maintain the same.

*Flat set of Numbers*

*Push for Digital payment*

*GST : Items in 28% Tax  
bracket to be reduced*

*Stakes in ONGC and OIL  
India*

*Limit on spectrum holdings  
to be removed*

## **ECONOMY:**

### **Government plans phase-2 of digital payment push from January**

The government is working on launching the second phase of promoting digital payments from January. A committee under DAVP (Directorate of Advertising and Visual Publicity) is working on plans to start promotion of digital payments from January onward. Information and Broadcasting ministry along with Meity (IT ministry) are involved in firming up this plan.

#### **Our comments:**

Since the demonetisation of high value currency in November last year, the government has been pushing for digital payments to move towards a less-cash economy as well as enhance tax base.

### **GST Committee recommended to the council to bring only 62 item to 28% tax bracket.**

A major revamp under the GST, the Council on Friday slashed tax rates on a host of consumer items such as chocolates, chewing gum, shampoo, deodorant, shoe polish, detergents, nutrition drinks, marble and cosmetics.

There was unanimity that in 28% category there should be only sin and demerit goods, he added. So, the GST Council took a historic decision, that in the 28% slab there will be only 50 items and the remaining items have been brought down to 18%.

There were 227 items in the 28% slab. The fitment committee had recommended that it should be pruned to 62 items. But the GST Council has further pruned to more items. Now all types of chewing gum, chocolates, preparation for women cosmetics, shaving and after-shave items, deodorants, washing powder detergent and granite and marble. All these items have been put in the 18% category.

## **INDUSTRY:**

### **Govt to give 60% stake in ONGC, OIL fields to private companies**

The oil ministry is expected to approach the Union Cabinet to allow private companies take 60% stake in producing oil and gas fields of national oil companies, ONGC and Oil India Ltd (OIL), with the view that they would raise production above the baseline estimate. As many as 15 fields, 11 of ONGC and four of Oil India, with cumulative in place reserve of 791.2 million tonnes of crude oil and 333.46 billion cubic metres of gas have been identified

#### **Our comments:**

The oil ministry is unhappy with the near stagnant oil and gas production and believes giving out the discovered fields to private firms would help raise output as they can bring in technology and capital.

### **Trai plans to remove 50% limit on telecom spectrum holdings**

The Telecom Regulatory Authority of India (Trai) is considering removal of the 50% limit on spectrum holdings within a particular band. Trai officials are of the view that removing the 50% cap on airwaves within a band could lead to more spectrum at the disposal of a telco that could use it for multiple purposes, besides boosting efficiency. The authority may also consider raising by a limited amount the overall limit of spectrum owned in a circle beyond 25% but enough to keep a check on monopolisation.

#### **Our comments:**

Trai is likely to give its recommendations to DoT by the month end. DoT's decision will go to cabinet for final approval.

*CCI nod for DLF and GIC deal*

**COMPANY:**

**DLF's Rs8,900cr deal with GIC gets Competition Commission nod**

CCI has approved Singapore's sovereign wealth fund GIC's proposal to acquire 33% stake in realty major DLF's rental arm DCCDL for Rs8,900cr. GIC will buy shares in DLF Cyber City from DLF promoters. Post this deal, DLF will have 66.66% stake in DLF Cyber City.

**Our comments:**

As per DLF, this strategic transaction would be a game-changer for the company as it would not only remove conflict of interest and reduce significantly the overall debt, but create free cash flows. While the residential business will be driven 100% by DLF, the commercial segment will be run in a JV with GIC.

*Rcom to sell DTH business*

**Rcom to sell DTH business to Veecon Media and Television to pare debt**

Reliance Communications (Rcom) has inked a pact with Veecon Media and Television Limited, for sale of its subsidiary Reliance BIG TV Limited (RBTV), which is in direct to home (DTH) services across India. Pursuant to the transaction, the buyer will acquire the entire shareholding of RBTV with business on "as-is where-is" basis, along with all existing trade liabilities and contingent liabilities.

**Our comments:**

The transaction will help reduce the liability of unsecured creditors, benefitting all stakeholders including lenders and shareholders of RCOM.

*Kenstar acquisition by Everstone*

**Everstone to acquire Kenstar from Videocon**

Everstone Group said it will acquire the Kenstar home appliances brand and business from the Videocon Group's Dhoot family. The proposed sale, subject to statutory approvals and specific clearances, includes the purchase and transfer of the Kenstar brand and businesses under the brand on a going concern basis, including a state-of-the-art manufacturing facility, as well as assets from Century Appliances Ltd.

**Our comments:**

Everstone looks forward to significantly invest in the Kenstar brand and leverage the operating expertise to unlock its true potential by strengthening the dealer network, supporting product innovation and investing in brand building.

*Tata Chemicals to sell Haldia plant*

**Tata Chemicals to sell Haldia plant to Indorama Holdings unit for Rs375cr**

Tata Chemicals Ltd has approved the sale of its non-bulk phosphatic business to IRC Agrochemicals (wholly owned subsidiary of the Netherlands-based Indorama Holdings BV.) for Rs375cr. The transaction will involve sale of the fertilizer business, the assets attached to it as well as the company's Haldia plant. As per the company, this move builds on the earlier announcement with regard to the sale of the urea business to exit the fertilisers businesses completely.

**Our comments:**

The company continues to move forward on its strategy to focus on Speciality chemicals and consumer food business while maintaining leadership in inorganic chemicals business.

*Warning letter for Lupin*

**Lupin gets warning letter from USFDA for Goa, Indore units**

Lupin said it has received warning letter from the US health regulator for its manufacturing facilities in Goa and Pithampur, Indore. As per the company, it had earlier received three form 483 observations for the Goa facility on April 7, 2017 and six form 483 observations for Pithampur (Unit II) on May 19, 2017, adding that it had responded to all the observations. The company has received a warning letter issued by the USFDA on November 6, 2017 for our formulation manufacturing facilities at Goa and Indore (Pithampur Unit II).

**Our comments:**

Although it was disappointing for the company, it has indicated that there will be no disruption of product supplies from either of these locations, but there is likely to be a delay of new product approvals.



*Reliance Infratel interests  
all*

*Order for Bhel*

**COMPANY:**

**Tower cos, operators, PE cos keen on Reliance Infratel**

A mix of tower companies, telecom operators and global private equity players have evinced initial interest to buy Reliance Communications' tower unit, Reliance Infratel. As many as 11 bidders, Indus Towers, ATC, Bharti Infratel, Reliance Jio Infocomm, Brookfield Infrastructure, Sistema JSFC, Tillman Global Holdings, TPG Capital, Carlyle Group, I-Squared Capital and Gateway Partners have submitted expressions of interest (EoIs) to buy 100% stake in Reliance Infratel.

**Our comments:**

Multiple bids have been received from Indian and international telcos, as also leading global private equity firms for the tower and fiber assets.

**Bhel bags Rs350cr order from Power Grid**

Bharat Heavy Electricals Limited (Bhel) has bagged an order worth Rs350cr for setting up two 765kv substations in West Bengal. This is the largest value 765kv substation project order for Bhel so far. The order has been placed on Bhel by Powergrid Medinipur-Jeerat Transmission Ltd (PMJTL), a wholly-owned subsidiary of Power Grid Corp. The project has to be completed on engineering, procurement & construction (EPC) basis. Bhel's scope of work in the contract envisages constructing two large sized greenfield 3,000mva, 765/400kv substations, at Medinipur and Jeerat (near Kolkata).

**Our comments:**

The substations are slated to be commissioned within 30 months. The project shall be engineered and delivered by Bhel on total turnkey basis.

**DISCLAIMERS AND DISCLOSURES-**

Progressive Share Brokers Pvt. Ltd. and its affiliates are a full-service, brokerage and financing group. Progressive Share Brokers Pvt. Ltd. (PSBPL) along with its affiliates are participants in virtually all securities trading markets in India. PSBPL started its operation on the National Stock Exchange (NSE) in 1996. PSBPL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE). PSBPL along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Retail), commodity broking, depository participant, and financial products like mutual funds.

PSBPL is SEBI registered under SEBI (Research Analysts) Regulations, 2014 (SEBI Registration no- INH00000859). PSBPL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years. PSBPL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

PSBPL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

News has been sourced from various leading newspaper articles for reference.

**Other disclosures by Progressive Share Brokers Pvt. Ltd. (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-**

PSBPL or its associates may have financial interest in the subject company.

Research Analyst or his/her relative's financial interest in the subject company. (YES/NO)-NO

PSBPL or its associates and Research Analyst or his/her relative's does not have any material conflict of interest in the subject company. The research Analyst or research entity (PSBPL) has not been engaged in market making activity for the subject company.

PSBPL or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report.

Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: (YES/NO)- NO

PSBPL or its associates may have received any compensation including for brokerage services from the subject company in the past 12 months. PSBPL or its associates may have received compensation for products or services other than brokerage services from the subject company in the past 12 months. PSBPL or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. Subject Company may have been client of PSBPL or its associates during twelve months preceding the date of distribution of the research report and PSBPL may have co-managed public offering of securities for the subject company in the past twelve months.

The research Analyst has served as officer, director or employee of the subject company : (YES/NO)-NO

PSBPL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our sales people, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject PSBPL or its group companies to any registration or licensing requirement within such jurisdiction. If this document is sent or has reached any individual in such country, especially, USA, the same may be ignored. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of PSBPL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of PSBPL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.