

## THE WEEKLY WRAP-UP

15th December 2017

### DOMESTIC:

- ICICI Bank eyes USD500mn through foreign loan
- McDonald's may appoint new partner for north, east India
- Mahindra Electric to play key role in SsangYong's electric vehicles drive
- Delhi Government cancels license of Max Hospital's Shalimar Bagh
- IL&FS Engineering receives Rs216cr order from GAIL
- Suven Life Sciences secures product patents in India and USA
- Asian Paints acquires remaining 49% stake in Sleek International
- Alembic Pharma gets USFDA go-ahead for bladder drug
- Dr Reddy's Lab receives establishment inspection report from USFDA for Bachupally unit
- RIL said to plan Reliance Jio IPO after USD31bn spending spree
- BHEL commissions coal-fired power plant in Indonesia
- Tata Communications board approves demerger of surplus land via HPIL
- Rico Auto inks JV pact with Singapore's Fairwood for EVs
- Maruti to raise vehicles prices by up to 2% from January
- RBI imposes Rs3cr penalty on IndusInd Bank
- L&T commissions 225MW plant in Bangladesh
- Cadila gets USFDA nod for generic drug to treat Parkinson's
- ABB India bags order from Emami Cement
- GMR group emerges preferred bidder for Clark airport in Philippines
- Glenmark to file first specialty product with USFDA in March quarter
- Tata Motors hands over first set of Tigor electric cars to EESL
- BHEL bags Rs7,300cr contract for Supercritical power project in Tamil Nadu

### ECONOMY:

- Retail inflation in November soars to 4.88%
- Industrial output growth slows to 3-mth low in Oct
- India Inc's November M&A deal tally grows 55% to USD3bn
- Moody's has stable outlook on India Inc, barring telecos

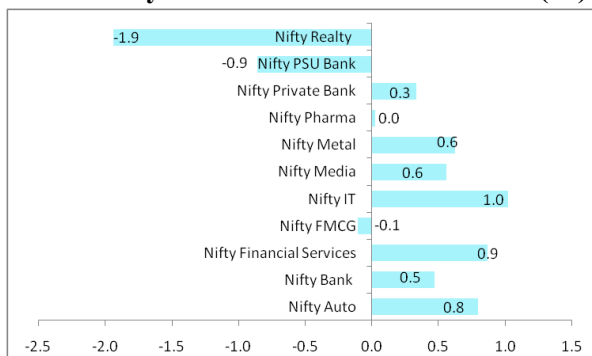
### INDUSTRY:

- Railways' revenue likely to rise 10% to Rs1.8lakhcrore
- GST, infrastructure status lift spirit of logistics companies
- Stake sale in tower companies can cut telecom sector debt by Rs90,000cr
- Infra sector to attract USD12-13bn investment via NIIF

### Price Performance (%)

Company	1M	3M	12M
Supreme Petrochem Ltd	5.7%	-4.9%	95.1%
Shanthi Gears Ltd	11.2%	5.0%	26.4%
Hind Rectifiers Ltd	8.9%	25.4%	31.2%
KCP Ltd	3.3%	2.6%	44.1%
Harita Seating System Ltd	3.9%	18.6%	32.5%
Hester Biosciences Ltd	15.5%	47.2%	84.4%
Rallis India Ltd	3.8%	7.1%	19.7%
The Hi-Tech Gears Ltd	38.6%	55.1%	80.6%
Bharat Bijlee Ltd	12.1%	2.3%	39.5%
Castrol India Ltd	6.8%	7.4%	10.6%
TNPL	36.3%	22.1%	28.3%
Triveni Turbines Ltd	-7.5%	-5.7%	8.5%
Siemens Ltd	-1.3%	-14.1%	3.5%
Hikal Ltd	-3.1%	2.8%	3.8%
Aksh Optifibre Ltd	7.8%	25.3%	23.2%
GMM Pfaudler Ltd	16.6%	4.8%	21.9%
Alicon Castalloy Ltd	-1.8%	2.4%	58.1%
Premier Explosives Ltd	1.5%	-11.1%	23.9%
Gufic Biosciences Ltd	22.6%	45.8%	101.2%
Excel Industries Ltd	18.4%	45.2%	67.1%
Vesuvius India Ltd	-2.9%	1.0%	15.7%
Munjjal Showa Ltd	0.4%	-1.9%	41.7%
Bharat Rasayan Ltd	16.1%	24.1%	111.8%
Alkyl Amines Chemicals Ltd	4.9%	34.6%	93.5%
Grauer and Weil (India) Ltd	10.0%	20.3%	103.7%
Texmaco Rails & Engineering Ltd	-1.5%	15.1%	-2.2%
Nagarjuna Agrichem Ltd	-2.7%	-6.5%	79.5%
Simplex Infrastructures Ltd	12.2%	14.3%	87.6%
Sadhana Nitrochem Ltd	45.0%	36.0%	220.6%
ITD Cementation India Ltd	1.1%	20.2%	36.2%
Westlife Development Ltd	18.8%	47.2%	103.0%
Federal Mogul Goetze (India) Ltd	2.4%	-7.7%	-0.3%
Cupid Limited	3.7%	-1.9%	-13.1%
Dynamatic Technologies Ltd	-0.3%	-11.2%	-30.8%
Hitech Corporation Ltd	-5.1%	-13.1%	-6.6%
NRB Bearings Ltd	14.2%	29.3%	42.0%
Kokuyo Camlin Ltd	45.4%	48.0%	73.9%
Indian Hume Pipe Co. Ltd	-8.9%	-24.3%	111.1%
Engineers India Ltd	4.1%	19.9%	24.1%
TRIL	16.0%	15.7%	1.8%
Gulshan Polyols Ltd	4.2%	-6.4%	2.8%
Nesco	1.8%	-11.9%	37.6%

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



### The week that went by:

Backed by the positive global cues, the equity benchmarks opened in the positive for the week. The markets opened flat with a negative bias. Midweek opening was also on a lower note backed by the uncertainty of different economic indicators to unfold in due course of the month. There were mild gains seen post the expected hike of 25bps by the Federal Reserve. However, there is a cautious mode ahead of the exit polls after the second phase of Gujarat elections. Markets opened higher on the last trading day of the week after the exit polls indicated BJP to be a winner.

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	375	500	33.2	36.2	18.6	19.9	20.2	18.9	11.9	11.2
Shanthi Gears Ltd	BUY	107	147	200	36.5	12.0	2.8	3.1	53.2	47.5	33.6	29.5
Hind Rectifiers Ltd	BUY	69	116	175	50.7	1.7	-4.5	0.5	-109.5	228.7	44.3	29.8
KCP Limited	BUY	71	122	150	22.6	15.8	3.6	4.6	53.9	33.5	13.0	11.3
Harita Seating System Ltd	BUY	266	937	1150	22.7	7.3	32.4	34.5	28.9	27.2	26.4	22.1
Hester Biosciences Ltd	BUY	565	1331	1500	12.7	11.3	29.2	34.2	45.5	44.9	28.3	24.0
Rallis India Ltd	BUY	181	237	300	26.8	46.0	15.3	11.2	26.6	21.1	17.6	14.8
The Hitech Gears Ltd	BUY	298	549	600	9.3	10.3	10.9	11.1	50.6	50.3	21.2	18.6
Bharat Bijlee Ltd	BUY	787	1120	2000	78.6	6.3	34.7	39.3	32.3	28.5	43.7	26.3
Castrol India Ltd	BUY	447	416	550	32.2	205.8	14.4	14.9	28.9	28.2	18.1	17.7
Tamil Nadu Newsprint & Papers Ltd	BUY	224	437	450	3.1	30.3	38.2	36.6	11.4	11.9	24.0	22.9
Triveni Turbines Ltd	BUY	92	129	175	35.6	0.4	3.5	3.6	36.7	35.6	26.0	24.4
Siemens Ltd	BUY	1128	1170	1500	28.2	416.5	9.1	10.0	128.7	117.2	39.2	87.8
Hikal Ltd	BUY	143	227	325	43.0	18.7	8.1	8.7	29.0	27.2	12.0	11.0
Aksh Optifibre Ltd	BUY	15	32	45	42.2	5.2	3.4	5.5	9.3	5.8	6.1	4.4
GMM Pfäudler Ltd	BUY	332	653	800	22.5	9.5	19.3	21.1	33.8	31.0	23.2	21.2
Alicon Castalloy Ltd	BUY	288	573	750	30.9	7.0	21.4	24.1	26.8	23.7	10.5	9.4
Premier Explosives Ltd	BUY	350	409	600	46.7	3.6	16.6	15.3	24.6	26.8	13.9	11.3
Gufic Biosciences Ltd	BUY	50	104	140	-3.4	8.0	1.5	2.0	70.3	51.8	31.5	23.9
Excel Industries Ltd	BUY	380	610	800	31.1	7.9	35.8	25.1	17.1	24.3	19.7	12.7
Vesuvius India Ltd	BUY	1165	1209	1500	24.1	24.2	49.0	65.0	24.7	18.6	13.3	10.8
Munjal Showa Ltd	BUY	191	268	300	12.0	10.7	14.1	15.1	18.9	17.7	11.3	10.8
Bharat Rasayan Ltd	BUY	2747	3600	4250	18.1	15.1	128.1	141.2	28.1	25.5	14.9	13.4
Alkyl Amines Chemicals Ltd	BUY	391	600	700	16.7	12.2	24.3	29.2	24.7	20.6	14.4	13.7
Grauer and Weil (India) Ltd	BUY	45	69	80	15.9	15.7	2.3	2.3	30.5	29.5	17.3	16.9
Texmaco Rails & Engineering Ltd	BUY	91	109	170	56.0	20.2	1.5	2.7	76.3	43.4	49.2	30.3
Nagarjuna Agrichem Ltd	BUY	29	43	60	39.5	6.7	2.3	0.9	18.5	49.1	14.1	13.1
Simplex Infrastructures Ltd	BUY	540	555	700	26.1	20.2	24.3	30.5	22.8	18.2	5.5	4.8
Sadhana Nitrochem Ltd	BUY	67	94	100	6.1	0.9	2.5	5.5	38.3	17.1	13.4	10.6
ITD Cementation India Ltd	BUY	158	202	225	11.4	31.3	4.8	2.9	42.1	69.1	15.1	21.2
Westlife Development Ltd	BUY	266	337	425	26.0	52.5	-0.8	0.3	-432.3	987.7	115.5	69.7
Federal Mogul Goetze (India) Ltd	BUY	540	497	750	51.0	27.6	12.9	15.7	38.4	31.6	15.9	14.4
Cupid Limited	BUY	286	270	340	26.1	3.0	18.5	23.4	14.5	11.5	8.7	7.3
Dynamatic Technologies Ltd	BUY	2160	1999	3000	50.1	12.7	23.0	30.4	52.7	67.7	11.2	11.1
Hitech Corporation Ltd	BUY	175	161	230	43.3	2.8	6.9	7.2	25.4	24.2	9.7	8.5
NRB Bearings Ltd	BUY	138	158	200	26.9	15.3	5.3	5.5	26.4	25.0	15.0	14.4
Kokuyo Camlin Ltd	BUY	132	143	175	22.6	14.3	0.1	0.3	1508.5	569.4	69.8	60.1

\*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	146%
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	40	19%
Gulshan Polyols Ltd	390	500	Stock Split from Rs.FV 5 to Rs.FV 1.	78	110	3%
Nesco Ltd	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2.	479	640	8%

Coverage Universe Valuations												
Company	Reco	Adj Reco	CMP	Tgt price	Upside	Mcap	EPS		PE(x)		EV/EBITDA (x)	
		(Rs)	(Rs)	(Rs)	(%)		(Rs bn)	FY17	FY18E	FY17	FY18E	FY17
IHP Ltd	BUY	171		600	39.8	20.8	18.4	25.5	23.4	16.8	40.3	43.6
Engineers India Ltd	BUY	106		200	9.3	61.7	4.8	4.7	38.0	39.0	9.4	16.3
Transformers and Rectifiers (India) Ltd	BUY	30		40	16.4	0.5	4.9	4.9	3.5	2.3	4.9	4.9
Gulshan Polyols Ltd	BUY	78		110	38.4	3.7	5.9	6.4	13.4	12.4	8.1	7.1
Nesco Ltd	BUY	479		640	22.4	7.4	120.2	137.5	4.4	3.8	17.2	14.4

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	375	120	150	200	275	350	500	-	388%
Shanthi Gears Ltd	107	147	150	200	-	-	-	-	-	37%
Hind Rectifiers Ltd	69	116	110	140	175	-	-	-	-	68%
KCP Limited	71	122	105	150	-	-	-	-	-	72%
Harita Seating System Ltd	266	937	400	600	750	900	1150	-	-	252%
Hester Biosciences Ltd	565	1331	750	875	1150	1500	-	-	-	136%
Rallis India Ltd	181	237	260	300	-	-	-	-	-	31%
The Hitech Gears Ltd	298	549	450	600	-	-	-	-	-	84%
Bharat Bijlee Ltd	787	1120	1100	1500	2000	-	-	-	-	42%
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Tamil Nadu Newsprint & Papers Ltd	224	437	350	450	-	-	-	-	-	95%
Triveni Turbines Ltd	92	129	135	175	-	-	-	-	-	40%
Siemens Ltd	1128	1170	1500	-	-	-	-	-	-	4%
Hikal Ltd	143	227	200	250	325	-	-	-	-	59%
Aksh Optifibre Ltd	15	32	24	35	45	-	-	-	-	111%
GMM Pfaudler Ltd	332	653	500	700	800	-	-	-	-	97%
Alicon Castalloy Ltd	288	573	450	600	750	-	-	-	-	99%
Premier Explosives Ltd	350	409	450	525	-	-	-	-	-	17%
Gufic Biosciences Ltd	50	104	75	100	140	-	-	-	-	107%
Excel Industries Ltd	380	610	550	650	800	-	-	-	-	61%
Vesuvius India Ltd	1165	1209	1500	-	-	-	-	-	-	4%
Munjaj Showa Ltd	191	268	250	300	-	-	-	-	-	40%
Bharat Rasayan Ltd	2747	3600	3500	4250	-	-	-	-	-	31%
Alkyl Amines Chemicals Ltd	391	600	550	700	-	-	-	-	-	53%
Grauer and Weil (India) Ltd	45	69	65	80	-	-	-	-	-	53%
Texmaco Rails & Engineering Ltd	91	109	125	170	-	-	-	-	-	20%
Nagarjuna Agrichem Ltd	29	43	45	60	-	-	-	-	-	48%
Simplex Infrastructures Ltd	540	555	700	-	-	-	-	-	-	3%
Sadhana Nitrochem Ltd	67	94	100	-	-	-	-	-	-	41%
ITD Cementation India Ltd	158	202	225	-	-	-	-	-	-	28%
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Hitech Corporation Ltd	175	161	230	-	-	-	-	-	-	-8%
NRB Bearings Ltd	138	158	200	-	-	-	-	-	-	14%
Kokuyo Camlin Ltd	132	143	175	-	-	-	-	-	-	8%

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Nesco Ltd	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2.	479	640	8%

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

*Positive for Westlife  
Development*

*Fundamental Pick of the  
Month*

*Flat numbers for the  
quarter*

**Coverage News:**

**McDonald's may appoint new partner for north, east India**

After months of intense battle with its Indian joint venture partner Vikram Bakshi, fast food giant McDonald's India may soon appoint a licensee partner for the north and east India region. In August this year, McDonald's had terminated franchise agreement for 169 out of its 430 fast food outlets operated by Bakshi-led Connaught Plaza Restaurant Ltd (CPRL) in north and east India, alleging breach of contract terms and payment default by the operator.

**Our comments:**

As indicated by McDonalds, they are actively progressing towards finding the right Developmental Licensee partner for the region so that it can grow the business and rebuild the McDonald's brand. As per sources it has finalised the criteria for selection of licensee partner and would come out with a name probably in a couple of months. It was widely speculated that Hardcastle Restaurants, which runs McDonald's stores in the west and south, is the front runner for the job. This is considered to be a positive for Westlife Development which is under our coverage.

**Fundamental Pick of the month:**

Kokuyo Camlin limited (KCL), is one of the leading stationery brands in India. Camlin Limited was nearly 8 decade old company wherein the operations commenced in 1931, with its well-known brand Camel and Camlin. In 2011, the company was acquired by a leading stationery manufacturer of Japan-Kokuyo Co. Ltd, post which the company was renamed as Kokuyo Camlin Limited. Recently with some top management level changes that have taken place; the company is now completely under the management of the Japanese. The company has its plants located at Taloja, Jammu, Tarapur, Vasai and the new plant at Patalganga. Brand name-Camlin is the biggest asset for the company. The Company does not have any material subsidiary.

**Outlook and recommendations:**

The company's brand name has an emotional connect with its end users. Management is very optimistic with the commencement of the new plant. It believes this could be a game changer for company. Considering the commencement of the new plant recently, FY2017-18 is most likely to be a year of consolidation; however, some green shoots are already visible and the effect of new facility has started getting reflected in the numbers for the quarterly results. Some of the macro economic factors like ease of doing business; GST via logistics will be beneficial for the company. During the entire year, there will be a movement of production of products from other plants to the new plant. This movement is anticipated with minimal disruption as the capacity is already created in new plant. All in all, this year appears to be a year of consolidation for the company. Moreover, the company is investing time in training the workers for the new equipments. KCL is preparing to kick start the future operations and the real impact will be seen from next year (FY18-19) when all processes are shifted and manpower is adequately trained. As the stock is grossly under-owned by MFs and FIIs; there could be a possibility of buying spree by institutions with increase in visibility. We initiate a BUY on the stock with a target of Rs175 over a horizon of 12 months.

**Result Update:**

**Federal Mogul Goetze (India) Limited:**

The net sales for the quarter came in at Rs3294mn as compared to Rs3150mn in the same quarter last year, growth of 4.6%. The Ebitda margins stood at 15.1% in comparison to 15.6% in the comparative quarter last year. The net profit grew by 8.4% to Rs228mn as against Rs211mn in the comparative quarter. The EPS is Rs4.11.

**Outlook and recommendations:**

The company has reported flat results for the quarter. However, it is in line with the expected numbers for the full year. We continue to be bullish on the experience of the company in the auto component space backed by the parent company's experience and expertise. We had initiated a BUY on the stock with a target price of Rs750 over a 12 months horizon and maintain the same.

*Growth story intact*

*Robust numbers for the quarter*

*Result wrap up for the quarter*

**Hind Rectifiers Limited:**

The net sales for the quarter reported drop of 16% to Rs240mn as compared to Rs286mn in the same quarter last year. The Ebidta margins have improved to 3.7% for the quarter under reference as against 2.3% in same quarter last year. There is a loss of Rs7.63mn reported as compared to loss of Rs9.8mn in the comparative quarter. On the segmental front, the electronic component segment de-grew by 26% while the equipment's segment de-grew by 22% during the quarter under review.

**Outlook and recommendations:**

The company has successfully completed the right issue and with infusion of Rs120mn, there would be positive impact on interest burden from fourth quarter of FY18 onwards. Further, there has been improvement seen at the operational level with the company reporting decent Ebidta margins. This gives an indication of better numbers going forward. We had recommended BUY on the stock with a revised target of Rs175 and maintain the same.

**Gufic Biosciences Limited:**

The net sales came in at Rs748mn as against Rs642mn in the same quarter last year, growth of 16.6%. The Ebidta margins came in at 13%. The net profit came in at Rs57mn as compared to Rs27mn last year, growth of 112%. EPS for the full year stands at Rs1.48. On the segmental front for the quarter, the Pharma segment clocked 15% growth while the consumer segment did not have sales reported for the quarter, as indicated by the company in the AGM that it will take new orders only if they have 8-10% margins. The bulk drug segment clocked Rs42.3mn for the quarter.

**Outlook and recommendations:**

The company has reported robust numbers for the quarter. With consistent growth in sales coupled with improvement in the operating margins, we maintain positive outlook of the company going forward. We continue to recommend a Buy on the stock. We have achieved our initial target of Rs100 and would revise it to Rs140 with a 12 months horizon.

**Result wrap up for the quarter ended September 2017:**

The September 2017 quarter results for our coverage was a mixed bag of reporting. Rallis began the season with decent set of numbers led by the new product additions during the quarter. Hester Biosciences is inching well towards its chalked plans ahead. Siemens also is on the right track as a sipping candidate. Texmaco rails had a subdued quarter which was however on expected lines. The quarter had flat numbers reported by Shanthi Gears, Vesuvius India, Simplex Infra, KCP, Premier Explosives, Federal Mogul Goetze, Hikal and Cupid. It was a muted quarter for TRIL and IHP with the future expectations remaining intact. On the other hand, there were good set of numbers reported by Harita Seatings, Aksh Optifiber, The Hitech gears, Hitech Corp to mention a few. Supreme Petro reported better than expected results. Nagarjuna Agrichem reported decent numbers for Sept 2017. The consistent performance continued for Grauer & Weil in the quarter under reference as well. Alicon on the other side reported a drop in margins with the other income compensating on the profits end. Engineers India had a decent quarter with improvement seen in the segmental performance. TNPL was impacted by the shortage of water in the South region which affected production. Gulshan Polyols witnessed margin pressure during the quarter. Although Nesco had flat results it has strong positive future plans. There was strong operational performance shown by Bharat Bijlee. Turnaround in performance was good to see in Sadhana Nitrochem and Westlife Development. There is gradual improvement expected from Triveni Turbines going forward. While Munjal Showa was in line with expectations; Bharat Rasayan and Excel Industries had robust quarters to report, much better than expected. ITD Cementation and Alkyl amines reported strong bottomline growth during the quarter. GMM Pfaudler and Dynamatic have their long term growth prospects intact. Hind rectifiers showed improvement in the operational performance, while Castrol reported good set of numbers in-spite of the GST glitch. Gufic biosciences also reported robust numbers for the quarter. Overall, we continue with our strong conviction towards our portfolio of recommendations and expect a positive outlook of the same.

*Retail Inflation on uptrend*

*Railways revenues  
expected to rise*

*Telecom sector debt to be  
handled*

*Investments for the Infra  
sector*

**ECONOMY:**

**Retail inflation in November soars to 4.88%**

India's retail inflation grew at 4.88% in November, mainly due an increase in foods and oil prices. Retail inflation hit a seven-month high at 3.58% in October, while rising 3.63% in November a year ago. The Reserve Bank of India's (RBI) Monetary Policy Committee (MPC) had forecasted that retail inflation will hover around the range 4.3 to 4.7% in quarter ended December and March, higher than the previous projection of 4.2-4.6%. The MPC also said that that inflation expectations, i.e. food and fuel inflation, edged up in November.

**Our comments:**

Inflation expectations of households surveyed by the Reserve Bank have already firmed up and any increase in food and fuel prices may further harden these expectations.

**INDUSTRY:**

**Railways' revenue likely to rise 10% to Rs1.8lakhcrore**

The Indian Railways is expected to post total revenue of Rs1.8lakhcrore in the current fiscal year, slightly short of initial target but 10% more than what it reported last year. Spike in coal loading and strong showing in the passenger category are driving the performance. In the year ended March 31, 2017, the railways posted revenue of Rs1.64lakhcrore. The target set in the government's budget for this year was Rs1.88lakhcrore, which has now been revised to Rs1.8lakhcrore. It expects Rs1.12lakhcrore of the total revenue to come from freight loading and Rs48,000crore from passenger traffic. The remaining Rs20,000crore would be from non-fare revenue cell, scrapping, monetising of railway land and compensation from the finance ministry for operating loss-making strategic rail lines in Kashmir and the north eastern states.

**Our comments:**

Slower economic growth has not dented the railways' business to the extent expected.

**Stake sale in tower companies can cut telecom sector debt by Rs90,000cr**

As per the report by ICRA, stake sale in tower companies can help reduce the telecom sector's debt by a tenth. Debt to the tune of Rs80,000-90,000cr can be pruned from the telecom industry if the stake sale transactions of tower assets currently under discussions materialise. According to the Indian Banks' Association, the telecom industry has a debt of about Rs7.7lakhcrore, of which over 70% comes from bank borrowings and spectrum liabilities. The high level of debt remains a concern for the industry.

**Our comments:**

This move should help the debt reduction of the overall sector and help sort the overhang.

**Infra sector to attract USD12-13bn investment via NIIF**

The finance ministry said it expects investment to the tune of USD13bn (about Rs85,000cr) in infrastructure through the National Investment and Infrastructure Fund (NIIF). It indicated that it has established NIIF, the first experience in trying to use the sovereign wealth. The government will put out USD3bn in NIIF. It would raise the equal or higher amount from other participants, sovereign wealth funds, pension funds, other private sector participants to raise a corpus of about USD7-8bn and then the co-investment will also come in, so it expects about USD12-13bn in investments in infrastructure mobilised through NIIF.

**Our comments:**

This would be one of the initiatives to meet the funding requirement of the infrastructure sector.



*Orders for IL&FS*

**COMPANY:**

**IL&FS Engineering receives Rs216cr order from GAIL**

IL&FS Engineering and Construction has received order for pipeline laying works from GAIL. The company has received Fax of Acceptance (FOA) from Gas Authority of India (GAIL India) for 157.8km long 30' diameter pipeline laying works for Dobhi-Durgapur-Haldia Pipeline Section (Part B) along with 13.28 km long 12' diameter spurline under Jagdishpur Haldia/Bokaro-Dhamra Natural Gas pipeline (JHBDPL) project in Jharkhand/West Bengal states, as per company release. The total value of the contract is Rs215.79cr and is to be mechanically completed in 15 months from the date of FOA and additional 2 month for pre-commissioning and commissioning.

**Our comments:**

This is an addition to the other orders that the company is executing, adding to the operational conviction of the company.

*Product patents for Suven  
Life Sciences*

**Suven Life Sciences secures product patents in India and USA**

Suven Life Sciences has secured one product patent from India and one product patent from USA corresponding to the New Chemical Entities (NCEs) for the treatment of disorders associated with Neurodegenerative diseases and that these Patents are valid through 2029 and 2033 respectively. The granted claims of the patents include the class of selective Alpha4, Beta2 and 5-HT compounds respectively and are being developed as therapeutic agents and are useful in the treatment of cognitive impairment associated with neurodegenerative disorders like Alzheimer's disease, Attention deficient hyperactivity disorder (ADHD), Huntington's disease, Parkinson and Schizophrenia.

**Our comments:**

The company has huge global market potential for cognitive disorders with high unmet medical needs; hence it has a pipeline of molecules in CNS arena. India and US markets contributed to 19% of the consolidated revenue of the company in FY17. The volumes are further expected to increase in this segment after the above patent approval.

*USFDA nod for Alembic  
Pharma*

**Alembic Pharma gets USFDA go-ahead for bladder drug**

Alembic Pharmaceuticals has received approval from the United States Food and Drug Administration for its Abbreviated New Drug Application (ANDA) for Darifenacin extended release tablets, 7.5mg and 15mg for symptoms of urinary incontinence, urgency and frequency. The approved product is equivalent to Enablex of Allergan Pharmaceuticals. The company now has a total of 70 ANDA approvals from the USFDA.

**Our comments:**

According to IMS December 2016 data, Darifenacin extended release tablets had an estimated market size of USD64mn.

*Stake sale by Bharti Airtel*

**Bharti Airtel sells 20% stake in DTH arm to Warburg Pincus for USD350mn**

Bharti Airtel said that Warburg Pincus, a global private equity firm focused on growth investing will acquire up to a 20% equity stake in Bharti Telemedia Limited, the DTH arm of Airtel, for around USD350mn. Of this, 15% stake will be sold by Bharti Airtel and the balance by another Bharti entity which holds 5% stake. The Airtel board has approved the transaction, which is subject to regulatory approvals. Upon closing of the transaction, Airtel will own an 80% equity stake in Bharti Telemedia Limited.

**Our comments:**

The company looks forward to working with Warburg Pincus towards achieving its vision of making Airtel TV India's leading DTH platform.

*Orders for Punj Lloyd*

**COMPANY:**

**Punj Lloyd bags orders worth Rs1,453cr from GAIL and NHAI**

Punj Lloyd received orders from GAIL India for construction of pipeline and NHAI for road project. Laying & construction of steel pipeline along with associated facilities for Dhamra-Angul Section of Jagdishpur-Haldia-Bokaro-Dhamra Pipeline Project (JHSDPL) PH-II worth Rs276.11cr is awarded by Gail (India). The company further said it has bagged order from National Highway Authority of India for upgradation of Yargi-Kalewa Road section in Myanmar to two lane with Earth shoulders on EPC mode, worth Rs1,177cr. The road project in Myanmar is in joint venture with Varaha Infra.

**Our comments:**

Both the orders are add-ons to the total order book of the company.

*Kalpataru Power secures order*

**Kalpataru Power secures orders worth Rs875cr**

Kalpataru Power (KPTL) got two orders totalling to Rs278cr for design, supply and construction of transmission lines in India and three other orders worth Rs597cr for design, supply and construction of transmission lines in Afghanistan, Ivory Coast and Bangladesh.

**Our comments:**

The management indicated that the company has received orders of Rs5,900cr till date in the current financial year. The current orders are in the core transmission business including an order from a private client in India. It has added one more country to its international operations which will help it further strengthen presence in the African market.

*BHEL commissions power plant*

**BHEL commissions coal-fired power plant in Indonesia**

BHEL announced commissioning of a 54MW coal-fired captive power project in Indonesia. The 3x18MW power project located at Sangatta, East Kalimantan, Indonesia has been set up by BHEL for PT Citra Kusuma Perdana (PT CKP) for their coal-mining operations. For the project, the company has designed, engineered, manufactured and supplied the boiler, turbine and generator (BTG) island and associated auxiliaries along with supervisory services during erection and commissioning.

**Our comments:**

As an integrated power plant equipment manufacturer with over 50 years of experience, the company has presence in 82 countries in the six continents and has installed nearly 180GW globally.

*Maruti to increase prices*

**Maruti to raise vehicles prices by up to 2% from January**

Maruti Suzuki India Limited said that it is looking at raising prices across its range of models by up to 2% from January 2018 to offset the impact of rising input costs. The company currently sells a range of models, from hatchback Alto 800 to utility vehicle S-Cross with prices tagged between Rs2.45 lakh and Rs11.29 lakh (all prices ex-showroom Delhi).

**Our comments:**

As per the company, it was absorbing the impact of small fluctuations till now. But with gradual increase in commodity prices it will have to pass on the increase to the customers from January. The prices would go up by up to 2% across the product portfolio from next month. The quantum of price increase will vary based on the different models and fuel specifications.



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