

THE WEEKLY WRAP-UP

17th November 2017

DOMESTIC:

- Petronet drops plans to buy stake in GSPC's Mundra LNG plant
- Simplex Infra bags Rs1,080cr Mumbai metro job
- Airtel plans to raise USD400mn from Infratel stake sale
- RIL takes corp bond route to cut Rs2Lcr debt
- Vodafone, Idea to sell standalone tower assets to ATC for USD1.2bn
- Sembcorp wins another wind power project in India
- ONGC executives say no to offering fields to private companies
- Essar Steel output slides 15% after NCLT referral
- Only 'immaterial dent' due to FDA action: Lupin
- Bharti Airtel looks to raise USD421mn from Infratel stake sale
- Jain Irrigation bags Amrut Water Supply Project worth Rs183cr
- USFDA clears 2 units of Laurus Labs
- Larsen & Toubro Infotech to acquire Syncordis SA
- Shoppers Stop shareholders approve Hypercity's sale to Future Retail
- Vodafone pegs USD5bn valuation for 42% stake in Indus Towers
- HOEC to produce oil from Mumbai field by 2021, invest USD43mn
- Biocon arm widens partnership terms with Bristol-Myers Squibb
- DRL launches anti-cancer drug in US market
- Fortis Healthcare offers USD711mn to buy RHT Health Assets
- Ahluwalia Contracts bags orders worth Rs311cr
- Surya Roshni bags orders worth Rs898mn
- Suven Life Sciences gets patents in USA, India and Hong Kong
- RIL to raise USD1.8bn to reduce dependence on high-cost debt
- Toyota Kirloskar to introduce electric vehicles in Andhra Pradesh
- Glenmark Pharmaceuticals launches nicotine gum Kwitz

ECONOMY:

- October retail inflation touches 7-month high
- GST glitches likely to hit exports in October
- Moody's upgrades India's bond rating

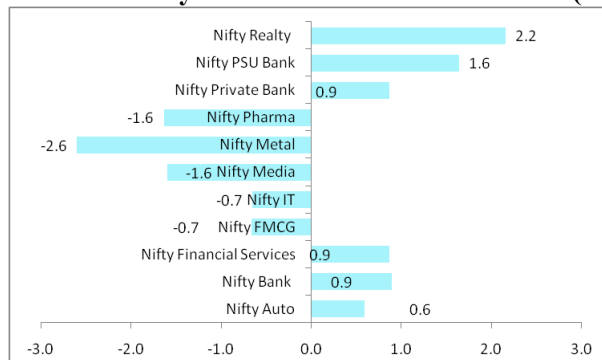
INDUSTRY:

- Food services to reach Rs5.52lakhcrore by 2022: FICCI-Technopak
- Government need not consult statutory board to ban combo drugs: Supreme Court
- Rural FMCG market to reach USD220bn by 2025: Study

Price Performance (%)

Company	1M	3M	12M
Supreme Petrochem Ltd	-3.8%	7.5%	88.4%
Shanthi Gears Ltd	4.7%	0.5%	29.4%
Hind Rectifiers Ltd	-5.2%	23.9%	29.2%
KCP Ltd	-2.3%	13.3%	40.0%
Harita Seating System Ltd	13.3%	20.1%	62.3%
Hester Biosciences Ltd	7.3%	30.1%	56.2%
Rallis India Ltd	-2.5%	0.6%	20.7%
The Hi-Tech Gears Ltd	13.2%	13.9%	41.0%
Bharat Bijlee Ltd	-10.2%	-18.7%	33.4%
Castrol India Ltd	4.5%	3.3%	-1.1%
TNPL	-3.4%	-3.9%	3.4%
Triveni Turbines Ltd	5.7%	1.9%	13.2%
Siemens Ltd	-2.7%	-10.0%	4.7%
Hikal Ltd	-7.8%	14.2%	14.2%
Aksh Optifibre Ltd	17.4%	11.4%	29.9%
GMM Pfaudler Ltd	-5.1%	9.5%	25.5%
Alicon Castalloy Ltd	9.2%	11.7%	53.7%
Premier Explosives Ltd	-4.0%	-14.3%	26.0%
Gufic Biosciences Ltd	4.0%	22.3%	110.5%
Excel Industries Ltd	12.6%	28.0%	49.2%
Vesuvius India Ltd	-8.2%	1.3%	10.2%
Munjal Showa Ltd	0.9%	21.0%	38.1%
Bharat Rasayan Ltd	-3.5%	5.2%	87.0%
Alkyl Amines Chemicals Ltd	4.9%	50.0%	87.7%
Grauer and Weil (India) Ltd	1.9%	57.7%	86.0%
Texmaco Rails & Engineering Ltd	12.0%	23.6%	15.1%
Nagarjuna Agrichem Ltd	2.6%	24.0%	155.3%
Simplex Infrastructures Ltd	11.3%	5.8%	61.8%
Sadhana Nitrochem Ltd	9.1%	5.7%	193.8%
ITD Cementation India Ltd	25.6%	30.2%	53.6%
Westlife Development Ltd	20.4%	15.0%	67.9%
Federal Mogul Goetze (India) Ltd	0.8%	-5.3%	-1.2%
Cupid Limited	-11.3%	-14.3%	-12.4%
Dynamatic Technologies Ltd	-2.6%	-3.9%	-30.5%
Indian Hume Pipe Co. Ltd	-13.7%	-15.1%	26.8%
Engineers India Ltd	21.9%	20.6%	37.9%
TRIL	947.4%	-0.9%	1.7%
Gulshan Polyols Ltd	-3.6%	-6.4%	6.7%
Nesco	378.5%	9.0%	36.7%

Weekly Sectoral Gainers & Losers in (%)



The week that went by:

The week started with the markets opening on a flat note. After the sharp correction, the markets opened flat on Day 2 of trade. In the midst of subdued global cues the markets opened mildly lower midweek. Markets bounced back after three days of consecutive fall backed by the beaten down stocks. The major part of the day was positive with the heavy weights taking the lead. The markets opened in the positive after Moody's upgraded the Government of India's local and foreign currency issuer ratings to Baa2 from Baa3 and changed the outlook on the rating to stable from positive.

Coverage Universe Valuations													
Company	Date	Reco	Reco at	CMP	Tgt price	Upside	Mcap	EPS		PE(x)		EV/EBITDA (x)	
			(Rs)	(Rs)	(Rs)	(%)	(Rs bn)	FY17	FY18E	FY17	FY18E	FY17	FY18E
Supreme Petrochem Ltd	13-June 15	BUY	77	355	500	40.9	34.2	18.6	19.9	19.1	17.9	11.2	10.6
Shanthi Gears Ltd	04-Aug 15	BUY	107	136	200	46.6	11.1	2.8	3.1	49.5	44.2	31.2	27.5
Hind Rectifiers Ltd	31-Aug 15	BUY	69	109	175	60.3	1.6	-4.5	0.5	-103.0	215.0	42.1	28.3
KCP Limited	22-Sep 15	BUY	71	119	150	25.9	15.4	3.6	4.6	52.5	32.6	12.7	11.0
Harita Seating System Ltd	26-Oct 15	BUY	266	912	1150	26.1	7.1	32.4	34.5	28.1	26.4	25.7	21.5
Hester Biosciences Ltd	17-Nov 15	BUY	565	1132	1500	32.5	9.6	29.2	34.2	38.7	38.2	24.1	20.5
Rallis India Ltd	07-Dec 15	BUY	181	230	300	30.4	44.7	15.3	11.2	25.8	20.5	17.1	14.4
The Hitech Gears Ltd	14-Dec 15	BUY	298	389	450	15.7	7.3	10.9	11.1	35.8	35.7	15.6	13.9
Bharat Bijlee Ltd	17-Dec 15	BUY	787	1002	2000	99.6	5.7	34.7	39.3	28.9	25.5	40.0	24.1
Castrol India Ltd	04-Jan 16	BUY	447	396	600	51.6	195.8	14.4	14.9	27.5	26.8	17.2	16.8
Tamil Nadu Newsprint & Papers Ltd	08-Feb 16	BUY	224	336	450	34.0	23.3	38.2	36.6	8.8	9.2	19.2	18.3
Triveni Turbines Ltd	02-Mar 16	BUY	92	135	175	29.8	0.4	3.5	3.6	38.3	37.2	27.2	25.5
Siemens Ltd	07-Apr 16	BUY	1128	1188	1500	26.3	423.0	9.1	10.0	130.7	119.0	39.9	89.2
Hikal Ltd	20-Apr 16	BUY	143	238	325	36.5	19.6	8.1	8.7	29.3	27.4	12.1	11.1
Aksh Optifibre Ltd	13-Jun 16	BUY	15	30	45	51.3	4.8	3.4	5.5	8.7	5.4	5.8	4.2
GMM Pfaudler Ltd	07-Jul 16	BUY	332	577	800	38.6	8.4	19.3	21.1	29.9	27.4	20.5	18.8
Alicon Castalloy Ltd	25-Jul 16	BUY	288	592	750	26.7	7.3	21.4	24.1	27.7	24.5	10.8	9.6
Premier Explosives Ltd	19-Oct 16	BUY	350	415	600	44.6	3.7	16.6	15.3	25.0	27.2	14.1	11.5
Gufic Biosciences Ltd	13-Dec 16	BUY	50	88	100	13.6	6.8	1.5	2.0	59.7	44.0	27.0	20.6
Excel Industries Ltd	13-Jan 17	BUY	380	537	650	21.0	6.9	35.8	25.1	15.0	21.4	17.5	11.3
Vesuvius India Ltd	23-Jan 17	BUY	1165	1212	1500	23.8	24.2	49.0	65.0	24.7	18.6	13.4	10.8
Munjal Showa Ltd	03-Feb 17	BUY	191	270	300	11.3	10.8	14.1	15.1	19.1	17.8	11.3	10.9
Bharat Rasayan Ltd	28-Feb 17	BUY	2747	3095	4250	37.3	13.0	128.1	141.2	24.2	21.9	12.9	11.6
Alkyl Amines Chemicals Ltd	24-Mar 17	BUY	391	582	700	20.3	11.9	24.3	29.2	23.9	19.9	14.0	13.4
Grauer and Weil (India) Ltd	18-Apr 17	BUY	45	63	80	26.5	14.3	2.3	2.3	28.0	27.0	15.8	15.4
Texmaco Rails & Engineering Ltd	26-May 17	BUY	91	112	125	11.8	20.2	1.5	2.7	73.1	41.6	47.3	29.2
Nagarjuna Agrichem Ltd	06-Jun 17	BUY	29	46	60	30.6	7.2	2.3	0.9	19.8	52.4	14.9	13.8
Simplex Infrastructures Ltd	10-Jul 17	BUY	540	513	700	36.4	20.2	24.3	30.5	21.1	16.8	5.5	4.7
Sadhana Nitrochem Ltd	31-Jul 17	BUY	67	67	100	49.9	0.6	2.5	5.5	27.1	12.1	10.4	8.4
ITD Cementation India Ltd	14-Aug 17	BUY	158	211	225	6.6	32.8	4.8	2.9	44.0	72.3	15.7	22.1
Westlife Development Ltd	24-Aug 17	BUY	266	294	350	19.1	45.7	-0.8	0.3	-376.6	860.6	101.1	61.1
Federal Mogul Goetze (India) Ltd	14-Sep 17	BUY	540	496	750	51.2	27.6	12.9	15.7	38.3	31.5	15.8	14.4
Cupid Limited	09-Oct 17	BUY	286	253	340	34.5	2.8	18.5	23.4	13.6	10.8	8.1	6.8
Dynamatic Technologies Ltd	30-Oct 17	BUY	2160	2060	3000	45.6	13.1	23.0	30.4	52.7	67.7	11.2	11.1

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

Recommendations adjusted as per Corporate Actions									
Company	Date	Reco	Target	Corp Action	Adj Price	Adj Tgt Price	Close price	Appreciation	
IHP Ltd	13-Jul 15	341	600	Bonus 1 : 1.	171	600	454	166%	
Engineers India Ltd	18-Jan 16	211	200	Bonus 1 : 1.	106	200	184	79%	
Transformers and Rectifiers (India) Ltd	21-Apr 16	300	450	Stock Split from Rs.FV 10 to Rs.FV 1.	30	45	32	7%	
Gulshan Polyols Ltd	01-Dec 16	390	500	Stock Split from Rs.FV 5 to Rs.FV 1.	78	140	80	3%	
Nesco Ltd	06-Apr 17	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2.	479	640	515	7%	

Coverage Universe Valuations													
Company	Date	Reco	Adj Reco at	CMP	Adj Tgt price	Upside	Mcap	EPS		PE(x)		EV/EBITDA (x)	
			(Rs)	(Rs)	(Rs)	(%)	(Rs bn)	FY17	FY18E	FY17	FY18E	FY17	FY18E
IHP Ltd	13-Jul 15	BUY	171	454	600	32.3	22.0	18.4	25.5	24.7	17.8	40.4	43.8
Engineers India Ltd	18-Jan 16	BUY	106	184	225	9.0	61.8	4.8	4.7	38.1	39.1	9.4	16.3
Transformers and Rectifiers (India) Ltd	21-Apr 16	BUY	30	32	45	40.4	0.4	2.5	2.4	3.3	2.2	2.5	2.4
Gulshan Polyols Ltd	01-Dec 16	BUY	78	80	140	75.0	3.7	5.9	6.4	13.4	12.5	21.7	19.2
Nesco Ltd	06-Apr 17	BUY	479	515	640	24.3	7.3	120.2	137.5	4.3	3.7	16.9	14.1

Coverage Performance Sheet											
Company	Date	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	13-June 15	77	355	120	150	200	275	350	500	-	361%
Shanthi Gears Ltd	04-Aug 15	107	136	150	200	-	-	-	-	-	27%
Hind Rectifiers Ltd	31-Aug 15	69	109	110	140	175	-	-	-	-	58%
KCP Limited	22-Sep 15	71	119	105	150	-	-	-	-	-	68%
Harita Seating System Ltd	26-Oct 15	266	912	400	600	750	900	1150	-	-	243%
Hester Biosciences Ltd	17-Nov 15	565	1132	750	875	1150	1500	-	-	-	100%
Rallis India Ltd	07-Dec 15	181	230	260	300	-	-	-	-	-	27%
The Hitech Gears Ltd	14-Dec 15	298	389	450	-	-	-	-	-	-	31%
Bharat Bijlee Ltd	17-Dec 15	787	1002	1100	1500	2000	-	-	-	-	27%
Castrol India Ltd	04-Jan 16	447	396	600	-	-	-	-	-	-	-11%
Tamil Nadu Newsprint & Papers Ltd	08-Feb 16	224	336	350	450	-	-	-	-	-	50%
Triveni Turbines Ltd	02-Mar 16	92	135	135	175	-	-	-	-	-	47%
Siemens Ltd	07-Apr 16	1128	1188	1500	-	-	-	-	-	-	5%
Hikal Ltd	20-Apr 16	143	238	200	250	325	-	-	-	-	67%
Aksh Optifibre Ltd	13-Jun 16	15	30	24	35	45	-	-	-	-	98%
GMM Pfaudler Ltd	07-Jul 16	332	577	500	700	800	-	-	-	-	74%
Alicon Castalloy Ltd	25-Jul 16	288	592	450	600	750	-	-	-	-	106%
Premier Explosives Ltd	19-Oct 16	350	415	450	525	600	-	-	-	-	19%
Gufic Biosciences Ltd	13-Dec 16	50	88	75	100	-	-	-	-	-	76%
Excel Industries Ltd	13-Jan 17	380	537	550	650	-	-	-	-	-	41%
Vesuvius India Ltd	23-Jan 17	1165	1212	1500	-	-	-	-	-	-	4%
Munjali Showa Ltd	03-Feb 17	191	269.6	250	300	-	-	-	-	-	41%
Bharat Rasayan Ltd	28-Feb 17	2747	3095	3500	4250	-	-	-	-	-	13%
Alkyl Amines Chemicals Ltd	24-Mar 17	391	582	550	700	-	-	-	-	-	49%
Grauer and Weil (India) Ltd	18-Apr 17	45	63	65	80	-	-	-	-	-	41%
Texmaco Rails & Engineering Ltd	26-May 17	91	112	125	-	-	-	-	-	-	23%
Nagarjuna Agrichem Ltd	06-Jun 17	29	46	45	60	-	-	-	-	-	58%
Simplex Infrastructures Ltd	10-Jul 17	540	513	700	-	-	-	-	-	-	-5%
Sadhana Nitrochem Ltd	31-Jul 17	67	67	100	-	-	-	-	-	-	0%
ITD Cementation India Ltd	14-Aug 17	158	211	225	-	-	-	-	-	-	34%
Westlife Development Ltd	24-Aug 17	266	294	350	-	-	-	-	-	-	10%
Federal Mogul Goetze (India) Ltd	14-Sep 17	540	496	750	-	-	-	-	-	-	-8%
Cupid Limited	09-Oct 17	286	252.8	340	-	-	-	-	-	-	-12%
Dynamatic Technologies Ltd	30-Oct 17	2160	2060	3000	-	-	-	-	-	-	-5%

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

Recommendations adjusted as per Corporate Actions									
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Engineers India Ltd	18-Jan 16	211	200	Bonus 1 : 1.	106	225	184	79%	
Transformers and Rectifiers (India) Ltd	21-Apr 16	300	450	Stock Split from Rs.FV 10 to Rs.FV 1.	30	45	32	7%	
Gulshan Polyols Ltd	01-Dec 16	390	500	Stock Split from Rs.FV 5 to Rs.FV 1.	78	140	80	3%	
Nesco Ltd	06-Apr 17	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2.	479	640	515	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

Corporate development

Coverage News:

Gufic Biosciences Limited:

The Board of Directors has approved the Scheme of Amalgamation of Gufic Lifesciences Private Limited with the company. Gufic Lifesciences Private Limited is primarily engaged into the business of manufacturing of pharmaceutical formulations.

Our comments:

The amalgamation should help the company have a larger asset base enabling further growth and development of the business of the respective companies.

Order for Simplex Infra

Simplex Infra bags Rs1,080cr Mumbai metro job

Simplex Infrastructures has bagged the Rs1,080cr order to design and construct 12-km long viaduct and eleven elevated stations on the DN Nagar to Mankhurd Metro-2B Corridor from Mumbai Metropolitan Region Development Authority (MMRDA). The contract will be awarded to the contractor after the Executive Committee accords its approval.

Our comments:

This is a boost to the order book as well the confidence of the company.

Results impacted due to water shortage

Result Update:

Tamil Nadu Newsprint & Papers Limited:

The net sales for the quarter came in at Rs5,360mn as compared to Rs6,790mn, drop of 21.1% on comparative basis. The Ebitda margins for the quarter stood at 12.5%. The net loss for the quarter stood at Rs132mn as compared to a profit of Rs706mn in the same quarter last year. During the quarter, the company suffered production loss of 12836Mts (Previous quarter June 2017: 43054Mts) in paper due to water shortage. This has adversely impacted the results. The normal production has been resumed from 27.07.2017 as per the result release. On the segmental front, the Paper & Paper board segment recorded a drop of 21%; the energy segment dropped by 25% and the cement segment reported a drop of 15%

Outlook and recommendations:

The impact of water shortage continues for the second consecutive quarter reflected in the production numbers of the company. However, the company has indicated of normalcy in production from the month of July. We continue to remain positive on the company and maintain our target of Rs450 over a 12 months horizon.

Margin pressure for the company

Gulshan Polyols Limited:

Net sales for the quarter stood at Rs1,400mn as against Rs1,220mn in the same quarter last year, growth of 14.8%. The Ebitda margins for the quarter under review took a beating. It appears, there was an overall pressure in the market related to sorbitol prices, which also indicates participants are becoming aggressive for gaining market share. The Ebitda margins for the quarter ending September 2017 came in 10.00% as against 11.23% in the comparative quarter. The net profit stood at Rs25mn as compared to Rs56mn in the corresponding quarter last year. The EPS for the quarter stands at Rs0.53 as compared to Rs1.3 in the corresponding period last year.

Outlook and recommendations:

The benefits of the upcoming distillery will show direct impact on the top line. The company is facing some margin pressure as it intends to gain some market share for sorbitol. The current year, the company is sacrificing margins for gaining market share. The current financial year appears to be a year of consolidation for Gulshan Polyols. Considering the same, we revise the target price back to Rs110 (earlier Rs140).

Good set of numbers

Aksh Optifiber Limited:

The company has shown improved turnover as compared to the previous quarter. Net sales for the quarter stood at Rs1,451mn as against Rs870mn in the same quarter last year, growth of 66.8%. The Ebitda margins for the quarter came in 10.5% as against 11.2% in the comparative quarter. The net profit stood at Rs51mn as compared to Rs27mn in the corresponding quarter last year. The EPS for the quarter stands at Rs0.31. Management has ambitious vision of expanding its existing operations and strengthening the core processes. The company is in process of rolling out its first batch of lenses soon; as per the management, trial runs for the same have already started. Moreover, the company has merged its subsidiary company APaksh Broadband Ltd with its parent company. The expected roll out of 5G will be a booster for the company as well as its competitors.

Outlook and recommendations:

The company intends to expand its product portfolio by means of diversification. The Jaipur smart city project will boost the revenues of the company. We maintain buy on the stock with second revised target price of Rs45 over a horizon of 12 months.

Flattish performance for the quarter

Simplex Infrastructure Limited:

The net sales for the quarter were almost flat at Rs12460mn as compared to Rs12635mn in the same quarter last year. The Ebitda margins clocked improvement at 13.6% as compared to 12.7% in the comparative quarter. The net profits clocked growth of 55.7% at Rs278mn as against Rs178mn majorly due to the lower taxes during the quarter. The EPS stood at Rs5.61. On the segmental front, the construction segment was flat at Rs12269mn as compared to Rs12433mn in the comparative quarter. The fresh order inflow was Rs19310mn and for the H1FY18 it stands at Rs33370mn. The order book as of Sept 2017 stands at Rs173010mn in addition to the L1 of Rs13570mn.

Outlook and recommendations:

The company has reported flat numbers on the sales front, but there has been improvement at the operational end with expansion in margins. The order book also stands strong for the remaining part of the year. Taking the positives from the company, we maintain a BUY on the stock with a target price of Rs700 over a 12 months horizon.

Robust quarter reported for the company

Bharat Rasayan Limited:

The net sales clocked a growth of 25.9% at Rs2,441mn as compared to Rs1,939mn in the same quarter last year. The Ebitda margins grew healthy to 18.6% for the quarter. The net profits grew by a robust 45.1% at Rs241mn as compared to Rs166mn in the same quarter last year. The EPS stood at Rs56.6 for the quarter.

Outlook and recommendations:

The company has reported robust numbers for the quarter under reference. We maintain our BUY call on the stock with a target of Rs4250 over a 12 months horizon.

Long term prospects intact

Dynamatic Technologies Limited:

Net sales for the quarter stood at Rs3,421mn as against Rs3,813mn in the same quarter last year, de-growth of 10%. The Ebitda margins for the quarter came in 9.34% as against 12.01% in the comparative quarter. The company had made a loss of Rs95mn in the quarter ending June 2017, however, the company has slowly started inching towards making profits. The net profit for the quarter ending September 2017 stood at Rs14mn as compared to Rs101mn in the corresponding quarter last year. The EPS for the quarter stands at Rs2.05 as compared to Rs15.79 in the corresponding period last year.

Outlook and recommendations:

Dynamatic is one of the world leaders in producing hydraulic gear pumps and a pioneer in the segment of aerospace which can also be seen from the segmental results. We continue to be bullish on these segments as well. This stock is a pure long term futuristic pick and will not please short term traders. We continue to advocate SIP in this stock for long term gains with a target price of Rs3,000 for a horizon of 12 months.

Inflation on a high

Exports to be impacted by GST

Food service industry in limelight

Lupin on the FDA action

ECONOMY:

October retail inflation touches 7-month high

Consumer inflation touched a seven-month high in October denting hopes of rate cut when the Reserve Bank of India reviews the monetary policy next month. Retail inflation, as measured by the consumer price index (CPI) rose to 3.58% in October from 3.28% in September. The October inflation is slightly more than the expected 3.5%. The reduction in GST on as many as 178 items is expected to ease inflationary pressures a bit in the coming months.

Our comments:

As per ICRA, the recent revision in GST rates for many items is likely to offset the impact of the surge in crude oil prices. With the CPI inflation expected to track a rising trend over H2FY18 and print at around 4.5% in March 2018, there is a low likelihood of rate cuts in the immediate term.

GST glitches likely to hit exports in October

Exports are expected to shrink in October after several months of increase, with exporters blaming issues related to the implementation of goods and services tax (GST) as well as front-loading of shipments in September to avail of higher duty drawback rates, which are meant to be refunds for tax payments. Exports had appeared to be back on track, registering a 26% rise in September, the highest in six months.

Our comments:

The government has sought to fix the glitches including offering a special dispensation to exporters to ensure that their funds do not get locked up.

INDUSTRY:

Food services to reach Rs5.52lakhcrore by 2022: FICCI-Technopak

The FICCI-Technopak highlights that the food sector has emerged as a high-growth and high-profit sector due to its immense potential for value addition, particularly within the food processing industry. Indian food services market is set to grow at 10% annually to reach Rs5.52lakhcrore in the next five years. Further, it pointed out that the food services market in India (organised and unorganised) is estimated at Rs3.37lakhcrore in 2017.

Our comments:

The space is attracting significant interest from domestic as well as international private equity and venture capital funds.

COMPANY:

Only 'immaterial dent' due to FDA action: Lupin

Lupin expects the US drug regulator's action against the company to leave only an "immaterial dent" on its revenue, even though it would affect its plans to launch new drugs. The company had received two warning letters last week from the US Food and Drug Administration for its manufacturing units in Goa and Indore. Lupin said at the time that this would not disrupt supplies of existing products, but affect plans to manufacture new products at the two plants.

Our comments:

As per the management, while the total number of product filings to be impacted will be 30, most of them will be marginal products to the extent. So this won't make a huge dent for the company. There are a few products which matter, which the company will work towards moving to a different site. Overall, this would be an immaterial dent.

*Infratel stake sale for
Bharti Airtel*

Bharti Airtel looks to raise USD421mn from Infratel stake sale

Bharti Airtel Ltd is looking to raise up to USD421mn by selling stake in its tower unit, Bharti Infratel, through another subsidiary. Nettle Infrastructure Investments Ltd, the wholly owned subsidiary of Bharti Airtel and 11.3% stakeholder in Infratel, will sell 6.7cr shares or 3.7% stake at Rs378-397.8 a piece. Nettle currently owns 20.9cr shares in Bharti Infratel.

Our comments:

The stake sale is aimed at reducing debt. The stake sale will be the second one by Bharti Airtel this year. In March this year, the operator sold 10.3% stake in Infratel for Rs6,194cr to pare debt.

Order for Jain Irrigation

Jain Irrigation bags Amrut Water Supply Project worth Rs183cr

Jain Irrigation has been awarded a contract of Jalgaon City Water Supply Scheme under the Amrut Abhiyan Yojana. The project involves design & construction of 661km of pipeline and required elevated storage reservoirs and pump houses. The project completion time is 24 months. In the last one month, this is the third major project in water supply sector i.e. drinking & piped irrigation that has been awarded to the pipe division of Jain Irrigation Systems Ltd.

Our comments:

The company has already successfully executed such type of projects in the past and this project will help to strengthen their position as one of the major service provider in water & irrigation sector.

*L&T Infotech to buy out
Syncordis SA*

Larsen & Toubro Infotech to acquire Syncordis SA

Larsen & Toubro Infotech (LTI) said it will acquire Luxembourg-based Syncordis SA along with its subsidiaries in France, UK, Luxembourg and India for 15 million euros (about Rs115.28cr). The transaction, which is expected to close within 6-8 weeks, will help LTI expand its core banking implementation capability. The enterprise value payable for the acquisition of 100% share capital of Syncordis SA and Syncordis India is 14.65 million euros and 0.35 million euros, respectively on a cash-free, debt-free basis and is subject to customary working capital adjustments.

Our comments:

As per the company, it is a very synergistic move because Syncordis is one of Europe's leading core banking implementation service providers with blue-chip clients and exclusive expertise to help with faster implementations.

DRL launch in US market

DRL launches anti-cancer drug in US market

Dr. Reddy's Laboratories Ltd has launched Clofarabine Injection, a therapeutic equivalent generic version of Clolar (clofarabine) Injection in the United States market, following the approval from the USFDA. As per the company, the generic version of the injection is available in single-dose, 20ml flint vials containing 20mg of clofarabine in 20ml of solution (1mg/mL). Clofarabine Injection is used to treat acute Lymphoblastic Leukemia, a cancer of white blood cells. Clolar is a registered trademark of Genzyme Corporation.

Our comments:

The Clolar brand and its generic had U.S. sales of approximately USD53mn MAT (Moving Annual Total) for the most recent twelve months ended in September 2017, according to IMS Health.

Contract for Ahluwalia

Ahluwalia Contracts bags orders worth Rs311cr

Ahluwalia Contracts (India) has bagged new construction orders worth almost Rs311cr for construction of institutional, hospital and commercial projects. They include electrical, plumbing and fire fighting services. The company said it has got new orders worth of Rs170.99cr for construction of 300 beds hospital in existing premises of ESIC Hospital Kolkata and worth Rs140cr for other construction work.

Our comments:

The total order inflow during the current fiscal stands at Rs866.76cr.

Glenmark launches Kwitz

Glenmark Pharmaceuticals launches nicotine gum Kwitz

Glenmark Pharmaceuticals has launched nicotine replacement therapy product Kwitz that helps smokers quit smoking.

Kwitz nicotine gum will be available in two variants of 2 mg as an OTC product 4mg as prescription product as indicated by the company. While Kwitz 2mg is for those smoking less than 20 cigarettes per day, Kwitz 4mg is meant for smokers consuming more than 20 cigarettes per day.

Our comments:

Kwitz is aimed at helping individuals find a sustainable way to stop smoking in an easy step-by-step process.

Toyota Kirloskar in the EV space

Toyota Kirloskar to introduce electric vehicles in Andhra Pradesh

Toyota Kirloskar has bagged the prestigious project of introducing electric vehicles in Andhra Pradesh (AP). A Memorandum of Understanding (MoU) has been signed between the company and the Government of Andhra Pradesh in Amaravati. Toyota is also going to supply two models of its electric cars to AP Government for free.

Our comments:

To kick-start the use of EVs, Government of Andhra Pradesh will become the biggest consumer of electric vehicles in India. The State Government also wants to start a pilot project of electric bus manufacturing at Tirupati.

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