

DOMESTIC:

- L&T Construction bags Rs8,650cr order from MMRDA
- SAIL to diversify product range
- Eris to buy Strides Shasun's India branded business for Rs500cr
- Plea against Govt's stake sale in Dredging Corp
- Biocon gets clean chit from U.S. drug regulator for Bengaluru unit
- HFCL bags Rs128cr job order from BSNL
- Bain Capital to sell 2.12% in L&T Finance to raise Rs750cr
- M&M opens manufacturing facility in Detroit
- Qess Corp acquires Tata Business support services for Rs153cr
- Infibeam seen in talks to sell minority stake to Fairfax Financial Holdings
- Moody's upgrades Vedanta's rating to Ba3
- HFCL bags Rs128cr job order from BSNL
- Lenders clear sale of RCom Delhi, Chennai assets for Rs801cr
- NBCC awards Rs524cr contract to Simplex Infrastructures
- T Rowe buys 5% stake in TeamLease Services
- OVL buys 15% stake in Namibian oil block
- Dr Reddy's gets EIR for Vizag plant, but inspection not closed
- NCC consortium bags NTPC order
- SAIL and ArcelorMittal to sign pact for auto-grade steel plant
- Dabur cuts shampoo, air freshener, skin care prices by 8-10%
- Strides arm gets USFDA nod for altitude sickness tablets
- Radhakishan Damani acquires Novotel Imagica Khopoli from Adlabs
- Thomas Cook to raise over Rs600cr via stake dilution in Qess Corp
- Sebi imposes Rs10lakh fine on Aditya Birla Money
- Biocon introduces oncologic biosimilar KRABEVA in India
- Airtel eyes spectrum, equipment of RCom

ECONOMY:

- Apr-Oct trade deficit soars 60% to USD88bn: Report
- Amendments to Insolvency and bankruptcy code cleared

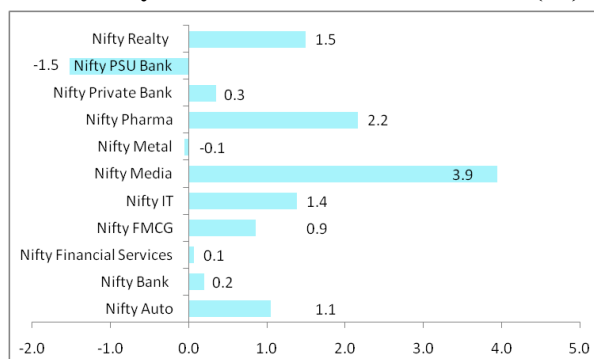
INDUSTRY:

- India's U.S. coal imports highest since 2015, seen up further on ban
- India's digital advertisements spend may hit Rs13000cr by 2018: as per Survey
- Pharma firms tide over GST impact
- Railways may put 30,000 km of power lines on the block

Price Performance (%)

Company	1M	3M	12M
Supreme Petrochem Ltd	-5.3%	10.4%	87.9%
Shanthi Gears Ltd	8.9%	7.3%	31.7%
Hind Rectifiers Ltd	7.7%	32.4%	41.9%
KCP Ltd	-4.1%	17.9%	50.2%
Harita Seating System Ltd	14.4%	33.0%	53.7%
Hester Biosciences Ltd	2.8%	25.7%	60.9%
Rallis India Ltd	-8.9%	0.1%	17.8%
The Hi-Tech Gears Ltd	16.4%	22.1%	40.7%
Bharat Bijlee Ltd	-5.1%	-15.7%	37.1%
Castrol India Ltd	4.6%	0.8%	1.9%
TNPL	3.2%	6.2%	6.4%
Triveni Turbines Ltd	5.9%	7.7%	17.6%
Siemens Ltd	-2.2%	-6.4%	13.5%
Hikal Ltd	-3.6%	19.3%	14.3%
Aksh Optifibre Ltd	31.1%	27.3%	40.0%
GMM Pfaunder Ltd	3.1%	-0.6%	30.8%
Alicon Castalloy Ltd	-3.1%	9.9%	59.0%
Premier Explosives Ltd	-1.9%	-5.7%	30.6%
Gufic Biosciences Ltd	-4.2%	32.8%	101.3%
Excel Industries Ltd	26.9%	42.4%	61.8%
Vesuvius India Ltd	-8.7%	-0.5%	8.3%
Munjal Showa Ltd	-0.9%	21.2%	47.9%
Bharat Rasayan Ltd	14.9%	13.1%	80.5%
Alkyl Amines Chemicals Ltd	-0.2%	45.1%	90.5%
Grauer and Weil (India) Ltd	17.1%	66.7%	114.7%
Texmaco Rails & Engineering Ltd	13.0%	24.5%	14.2%
Nagarjuna Agrichem Ltd	5.1%	34.8%	173.7%
Simplex Infrastructures Ltd	17.7%	11.3%	86.4%
Sadhana Nitrochem Ltd	0.4%	5.2%	189.3%
ITD Cementation India Ltd	23.2%	27.9%	51.2%
Westlife Development Ltd	21.6%	10.2%	68.5%
Federal Mogul Goetze (India) Ltd	8.8%	3.5%	5.4%
Cupid Limited	-6.8%	-11.0%	-13.3%
Dynamatic Technologies Ltd	-2.0%	-5.2%	-31.7%
Hitech Corporation Ltd	3.2%	-8.7%	15.3%
NRB Bearings Ltd	4.0%	17.7%	31.8%
Indian Hume Pipe Co. Ltd	-9.9%	-12.6%	21.3%
Engineers India Ltd	22.0%	21.1%	33.4%
TRIL	5.1%	1.8%	-2.2%
Gulshan Polyols Ltd	-4.4%	-3.3%	1.3%
Nesco	2.9%	12.3%	38.2%

Weekly Sectoral Gainers & Losers in (%)



The week that went by:

The markets opened flat for the first day of trade with a negative bias. Backed by the global cues and participation from the broader markets, equity benchmarks opened in the positive on Day2 of trade. The markets continued to be positive mid-week as well. The markets in early trade were from positive to flat mode. Investors closely watch crude oil prices movement and other global cues due to lack of domestic cues. The last day of trade for the week saw the markets open in the positive with the midcaps at record high.

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	361	500	38.4	34.9	18.6	19.9	19.4	18.2	11.4	10.8
Shanthi Gears Ltd	BUY	107	142	200	40.6	11.6	2.8	3.1	51.6	46.1	32.6	28.6
Hind Rectifiers Ltd	BUY	69	119	175	46.8	1.8	-4.5	0.5	-112.4	234.7	45.2	30.5
KCP Limited	BUY	71	121	150	24.2	15.6	3.6	4.6	53.3	33.1	12.9	11.2
Harita Seating System Ltd	BUY	266	950	1150	21.1	7.4	32.4	34.5	29.3	27.5	26.8	22.4
Hester Biosciences Ltd	BUY	565	1110	1500	35.1	9.4	29.2	34.2	38.0	37.5	23.7	20.1
Rallis India Ltd	BUY	181	230	300	30.6	44.7	15.3	11.2	25.8	20.4	17.1	14.3
The Hitech Gears Ltd	BUY	298	408	450	10.3	7.7	10.9	11.1	37.6	37.4	16.3	14.4
Bharat Bijlee Ltd	BUY	787	1022	2000	95.7	5.8	34.7	39.3	29.5	26.0	40.6	24.5
Castrol India Ltd	BUY	447	394	600	52.4	194.8	14.4	14.9	27.4	26.7	17.1	16.7
Tamil Nadu Newsprint & Papers Ltd	BUY	224	361	450	24.8	25.0	38.2	36.6	9.4	9.9	20.4	19.4
Triveni Turbines Ltd	BUY	92	140	175	25.0	0.5	3.5	3.6	39.8	38.6	28.3	26.5
Siemens Ltd	BUY	1128	1188	1500	26.3	423.0	9.1	10.0	130.7	119.0	39.9	89.2
Hikal Ltd	BUY	143	245	325	32.9	20.1	8.1	8.7	30.1	28.2	12.4	11.3
Aksh Optifibre Ltd	BUY	15	33	45	36.8	5.4	3.4	5.5	9.7	6.0	6.3	4.5
GMM Pfäudler Ltd	BUY	332	603	800	32.7	8.8	19.3	21.1	31.2	28.6	21.4	19.6
Alicon Castalloy Ltd	BUY	288	585	750	28.2	7.2	21.4	24.1	27.4	24.2	10.7	9.5
Premier Explosives Ltd	BUY	350	422	600	42.2	3.8	16.6	15.3	25.4	27.6	14.3	11.6
Gufic Biosciences Ltd	BUY	50	92	100	8.7	7.1	1.5	2.0	62.5	46.1	28.2	21.4
Excel Industries Ltd	BUY	380	600	650	8.3	7.7	35.8	25.1	16.8	23.9	19.4	12.5
Vesuvius India Ltd	BUY	1165	1191	1500	25.9	23.8	49.0	65.0	24.3	18.3	13.1	10.6
Munjal Showa Ltd	BUY	191	273	300	10.0	10.9	14.1	15.1	19.3	18.1	11.5	11.0
Bharat Rasayan Ltd	BUY	2747	3400	4250	25.0	14.3	128.1	141.2	26.5	24.1	14.1	12.7
Alkyl Amines Chemicals Ltd	BUY	391	583	700	20.1	11.9	24.3	29.2	24.0	20.0	14.1	13.4
Grauer and Weil (India) Ltd	BUY	45	72	80	10.4	16.4	2.3	2.3	32.1	30.9	18.2	17.8
Texmaco Rails & Engineering Ltd	BUY	91	112	125	11.7	20.2	1.5	2.7	73.2	41.6	47.4	29.2
Nagarjuna Agrichem Ltd	BUY	29	46	60	31.3	7.1	2.3	0.9	19.7	52.1	14.8	13.7
Simplex Infrastructures Ltd	BUY	540	542	700	29.0	20.2	24.3	30.5	22.3	17.8	5.5	4.8
Sadhana Nitrochem Ltd	BUY	67	66	100	50.9	0.6	2.5	5.5	26.9	12.0	10.3	8.4
ITD Cementation India Ltd	BUY	158	208	225	8.3	32.2	4.8	2.9	43.4	71.1	15.5	21.7
Westlife Development Ltd	BUY	266	293	350	19.4	45.6	-0.8	0.3	-375.8	858.6	100.9	60.9
Federal Mogul Goetze (India) Ltd	BUY	540	528	750	42.0	29.4	12.9	15.7	40.8	33.5	16.8	15.3
Cupid Limited	BUY	286	255	340	33.2	2.8	18.5	23.4	13.8	10.9	8.2	6.9
Dynamatic Technologies Ltd	BUY	2160	2029	3000	47.8	12.9	23.0	30.4	52.7	67.7	11.2	11.1
Hitech Corporation Ltd	BUY	175	178	230	29.6	3.0	6.9	7.2	25.4	24.2	9.7	8.5
NRB Bearings Ltd	BUY	138	139	200	43.9	13.5	5.3	5.5	26.4	25.0	15.0	14.4

*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	170%
Engineers India Ltd	211	200	Bonus 1 : 1.	106	200	74%
Transformers and Rectifiers (India) Ltd	300	450	Stock Split from Rs.FV 10 to Rs.FV 1.	30	45	6%
Gulshan Polyols Ltd	390	500	Stock Split from Rs.FV 5 to Rs.FV 1.	78	140	3%
Nesco Ltd	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2.	479	640	12%

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	461	600	30.0	22.4	18.4	25.5	25.1	18.1	40.7	44.1
Engineers India Ltd	BUY	106	185	200	8.1	62.3	4.8	4.7	38.3	39.4	9.4	16.3
Transformers and Rectifiers (India) Ltd	BUY	30	32	450	41.3	0.4	4.7	4.7	3.2	2.1	4.7	4.7
Gulshan Polyols Ltd	BUY	78	80	140	74.6	3.7	5.9	6.4	13.5	12.5	8.2	7.1
Nesco Ltd	BUY	479	537	3200	19.1	7.6	120.2	137.5	4.5	3.9	17.7	14.7

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	361	120	150	200	275	350	500	-	369%
Shanthi Gears Ltd	107	142	150	200	-	-	-	-	-	33%
Hind Rectifiers Ltd	69	119	110	140	175	-	-	-	-	73%
KCP Limited	71	121	105	150	-	-	-	-	-	70%
Harita Seating System Ltd	266	950	400	600	750	900	1150	-	-	257%
Hester Biosciences Ltd	565	1110	750	875	1150	1500	-	-	-	96%
Rallis India Ltd	181	230	260	300	-	-	-	-	-	27%
The Hitech Gears Ltd	298	408	450	-	-	-	-	-	-	37%
Bharat Bijlee Ltd	787	1022	1100	1500	2000	-	-	-	-	30%
Castrol India Ltd	447	394	600	-	-	-	-	-	-	-12%
Tamil Nadu Newsprint & Papers Ltd	224	361	350	450	-	-	-	-	-	61%
Triveni Turbines Ltd	92	140	135	175	-	-	-	-	-	52%
Siemens Ltd	1128	1188	1500	-	-	-	-	-	-	5%
Hikal Ltd	143	245	200	250	325	-	-	-	-	71%
Aksh Optifibre Ltd	15	33	24	35	45	-	-	-	-	119%
GMM Pfaudler Ltd	332	603	500	700	800	-	-	-	-	82%
Alicon Castalloy Ltd	288	585	450	600	750	-	-	-	-	103%
Premier Explosives Ltd	350	422	450	525	600	-	-	-	-	21%
Gufic Biosciences Ltd	50	92	75	100	-	-	-	-	-	84%
Excel Industries Ltd	380	600	550	650	-	-	-	-	-	58%
Vesuvius India Ltd	1165	1191	1500	-	-	-	-	-	-	2%
Munjjal Showa Ltd	191	272.8	250	300	-	-	-	-	-	43%
Bharat Rasayan Ltd	2747	3400	3500	4250	-	-	-	-	-	24%
Alkyl Amines Chemicals Ltd	391	583	550	700	-	-	-	-	-	49%
Grauer and Weil (India) Ltd	45	72	65	80	-	-	-	-	-	61%
Texmaco Rails & Engineering Ltd	91	112	125	-	-	-	-	-	-	23%
Nagarjuna Agrichem Ltd	29	46	45	60	-	-	-	-	-	58%
Simplex Infrastructures Ltd	540	542	700	-	-	-	-	-	-	0%
Sadhana Nitrochem Ltd	67	66	100	-	-	-	-	-	-	-1%
ITD Cementation India Ltd	158	208	225	-	-	-	-	-	-	32%
Westlife Development Ltd	266	293	350	-	-	-	-	-	-	10%
Federal Mogul Goetze (India) Ltd	540	528	750	-	-	-	-	-	-	-2%
Cupid Limited	286	255.3	340	-	-	-	-	-	-	-11%
Dynamatic Technologies Ltd	2160	2029	3000	-	-	-	-	-	-	-6%
Hitech Corporation Ltd	175	177.5	230	-	-	-	-	-	-	1%
NRB Bearings Ltd	138	139	200	-	-	-	-	-	-	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
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Nesco Ltd	2397	3200	Stock Split from Rs.FV 10 to Rs.FV 2.	479	640	12%

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

*Fundamental Picks of the
Month*

Fundamental Pick of the month:

Hitech Corporation Limited:

The Hitech Group: The Hitech Group is a diversified Indian conglomerate headquartered in Mumbai. It is a group of many companies under one brand, "Hitech".

The different businesses under the group include:

- a. Hitech Corporation (formerly known as Hitech Plast), a leading rigid plastic packaging manufacturer
- b. Hitech Specialities Solutions Ltd, a trading business dealing in the distribution of Speciality Chemicals in India
- c. Hitech Insurance Broking Services Ltd. a unique insurance broking business specialising in Marine and Transportation Insurance services. The company has operations across 15 locations in India including 13 key manufacturing facilities; a DSIR approved in-house Design & Development (D&D) centre and an R&D laboratory. Hitech Corporation Ltd. (formerly known as Hitech Plast Ltd), Hitech Group's largest business, is a leading rigid plastic packaging manufacturer delivering the highest quality of innovative and sustainable products. It has 13 manufacturing facilities in India catering to over 1200 customers across the Paint & Coating, FMCG, Agrochemical, Lubricant & Health Care industries. The manufacturing sites are located in the Union Territory of Dadra and Nagar Haveli and in the states of Gujarat, Maharashtra, Uttrakhand, Himachal Pradesh, Haryana and Tamil Nadu. The company has Mr. Ashwin Dani as the Chairman and Mr. Malav Dani as the Managing Director.

Outlook and recommendations:

One of the preferred players in the space, the company has a strong clientele across various industries. It has always made the efforts to retain the existing clients and constantly keep adding to the same. With the management increasing its focus on the overall business; it is better placed to benefit from the experience and expertise going forward. Being optimistic with the kind of positioning that the company enjoys in its sector of presence, we are positive on the future performance of the company. We hereby initiate a BUY on the stock with a target price of Rs230 over a 12 months horizon. We recommend to buy the stock through SIP methodology.

NRB Bearings Limited:

NRB Bearings Limited (NRB) is a 5 decade old company in the sector of bearings and a provider of friction solutions. The company is the largest manufacturer of needle roller bearings in India, with segmental market share of approximately 70%. Many also estimate nearly 90% of Indian vehicles run on NRB parts. Nearly 65% revenues earned by the company come from the domestic OEMs. The company has a single reportable segment of ball and roller bearings as the primary business segment. The products offered under this umbrella include loose needle rollers, needle roller bushes & cages, ball & roller bearings, automobile components and other manufactured components. The company has three subsidiaries i.e. SNL Bearings Ltd, NRB Bearings Thailand Ltd, and NRB Bearings Europe GMBH. NRB has all the expertise and technical know-how which covers the full range of bearings right from the designs required to all the other steps like conception to simulation, validation to production. NRB offers a wide range of high-precision friction solutions for all mobility applications. It also manufactures ball bearings, taper roller bearings and all types of thrust bearings.

Outlook and recommendations:

The shares of NRB are very closely held by the promoters (54.23%) and by institutions & other mutual funds (34.56%), thus leaving a scope of barely 11.22% for the general public. This contributes towards the illiquidity in nature in terms of volume of shares traded as well as available as free float. In the current scenario in India, the GOI is trying its best to boost exports and at the same time the interest rates have fallen down. The auto industry has already started showing signs of recovery, which is also supported by the healthy auto sales over the last quarter. In addition to the auto sector, incremental revenue can also be anticipated from the defence, aerospace and railway segments. AMP 2026 states that the GOI promises to help the Indian automotive industry to focus on its strengths and help increase the contribution to national GDP. All these factors will directly be seen on the bottom-line of NRB, thus we initiate a BUY on the stock with a target of Rs200 over a horizon of 12 months.

Orders for Simplex Infra

Bottomline Increased

Coverage News:

NBCC awards Rs524cr contract to Simplex Infrastructures

NBCC has awarded contract worth Rs524cr to Simplex Infrastructures for construction of various buildings of IIT Bhubaneswar and its extended campus. The work should be completed in 15 months. NBCC will get project management consultancy fee on the same.

Our comments:

The order book for Simplex Infra stood at Rs17,301cr as on 30 September 2017. The company has been receiving decent orders from the Metro as well other construction activities which is helping it ramp up on the overall order size.

Result Update:

Alkyl Amines Chemicals Limited

The net sales for the quarter stood at Rs1,381mn as against Rs1,347mn in the same quarter last year, growth of 2.5%. The Ebitda margins for the quarter came in 17.5% as against 14.9% in the comparative quarter. The net profit stood at Rs134mn as compared to Rs105mn in the corresponding quarter last year. The EPS for the quarter came in at Rs6.57. The company will commence its new plant of Methylamine in Dahej from December 2017 which will increase the capacity from 50 Tonnes per day to 100 tonnes per day. The management expects to add incremental revenue of Rs.100-120 crore to the top-line over a period of time. With regards to the decrease in the other expenses, the management clarified that it was due to the reclassification and elimination of excise post applicability of GST. Management indicated a pay back period of 3-5 years for the new plant which will be commissioned.

Outlook and recommendations:

The improvement seen in the operating efficiency of the company has been encouraging, the same has led to ramp up in the profits. With the capacity addition due to the expansion undertaken one can expect incremental growth to be seen in the quarters to come. We maintain a BUY on the stock with a target price of Rs700 from a 12-month perspective.

Trade deficit on the increase

Amendments for the good

Coal imports on the uptrend

Digital adv spend to increase

ECONOMY:

Apr-Oct trade deficit soars 60% to USD88bn: Report

Trade deficit has ballooned to USD88bn between April and October, up 60% from the comparable period a year ago due to weak exports and a sharp rise in imports. The problem is two-fold; weak export growth of 9% year-on-year, coupled with a sharp 23% rise in imports during the April-October of this fiscal year, taking the overall trade deficit to USD88bn, which is up 60% year-on-year.

Our comments:

The report warns that lower exports and higher imports spells trouble for the current account deficit.

Amendments to Insolvency and bankruptcy code cleared

The cabinet has approved amendments to the Insolvency and Bankruptcy Code, the finance minister said, changes that are designed to prevent wilful defaulters from bidding for stressed assets. Finance Minister Arun Jaitley announced approval for the amendments following a cabinet meeting but did not provide the details. Local media has widely reported that the amendments will stop wilful defaulters from buying stressed assets that they previously owned. The government is striving to cut a record USD147bn of soured loans accumulated in the banking sector by making it easier to force companies into insolvency. Under the law, wilful defaulters are classified as firms or individuals who own large businesses and deliberately avoid repayments.

Our comments:

This would help banks ensure that wilful defaulters are prevented from buying back assets.

INDUSTRY:

India's U.S. coal imports highest since 2015, seen up further on ban

As per Thomson Reuters, India's coal imports from North America quadrupled to 2.1 million tonnes in October from a year ago, the highest since at least January 2015 and buyers are looking to boost purchases amid a domestic shortage of the fuel. A ban on the use of petroleum coke, a dirtier but better-burning alternative to coal, is spurring expectations India will buy even more coal from the United States in coming months. Petcoke has been banned in some states around the Indian capital New Delhi which is battling heavy smog.

Our comments:

As seen in the numbers of Nov 2017 (Indian imports of North American coal stand at about 1.5million tonnes from Nov. 1 to 20, ship tracking data) indicates that there would be further increase in the imports detrimental to the plan of cutting down on the Coal imports in India.

India's digital advertisements spend may hit Rs13000cr by 2018: Survey

As per survey, riding on growing demand for smartphones and falling data prices, digital advertising spend in the country is likely to rise to Rs13,000cr (USD2bn) by December 2018 at annual growth rate of 35%. According to the Assocham-KPMG joint study, the digital ad spending is expected to witness an exponential increase from the current level of Rs9,800cr due to widespread availability of 3G/4G services and the on-going surge in internet penetration in the country.

Our comments:

Digital advertisement industry is growing rapidly as there is a growth in digital communication devices around the world, and the increase in smartphones, tablets is enabling advertisers to reach a wider audience.

Pharma overcoming GST

Pharma firms tide over GST impact

Post GST, normalcy seems to have been restored in the domestic pharmaceutical market indicated by the improvement seen in the drug inventory of stockists. This is evident from an uptick in domestic market sales of top pharmaceutical companies. Pharma firms had seen their revenues negatively impacted in the first quarter due to destocking ahead of the GST implementation. Pharma industry players say that during April to June period, several pharma companies had seen their sales from domestic market declining as stockists reduced drug inventories ahead of the GST implementation to avoid the burden of dual taxation on unsold stocks.

Our comments:

The demand for drugs generally remains constant. However, the months of June and July reported that the dealers reduced their stocks on account of the GST, which had created the vacuum.

COMPANY:

L&T bags order

L&T Construction bags Rs8,650cr order from MMRDA

Larsen & Toubro said its construction arm has bagged Rs8,650cr order from the Mumbai Metropolitan Region Development Authority (MMRDA). The project involves construction of 21.8 km bridge connecting Mumbai mainland with Navi Mumbai. The proposed Mumbai Trans Harbour Link will serve as an economic gateway to Navi Mumbai connecting to Nhava Sheva Port, the Mumbai Pune Expressway and the Mumbai Goa highway.

Our comments:

This is a boost to the confidence and order book of the company in the current scenario where different players are competing to get the metro orders.

EIR for DRL

Dr Reddy's gets EIR for Vizag plant, but inspection not closed

Dr Reddy's Laboratories has received an establishment inspection report (EIR) from the US health regulator for its formulation manufacturing facility at Duvvada in Visakhapatnam. It, however, said the USFDA has not closed the inspection and the manufacturing site's status remains unchanged.

Our comments:

The USFDA has released the EIR in order to be transparent about its regulatory process. As mentioned by the company, it is planning to request a re-inspection in 2018 after further discussion on scheduling with the USFDA.

GST benefits from Dabur

Dabur cuts shampoo, air freshener and skin care prices by 8-10%

Dabur announced reduction in prices of anywhere between 8-10% on existing stocks of shampoo, skin-care and home care products. The company is passing on the benefits on existing stocks by providing primary discount of 9% to its trade partners. Dabur has also revised downwards the MRPs of fresh production with immediate effect and these stocks will hit the shelves by next month.

Our comments:

As indicated by the management, GST is a landmark reform, which will bring in a lot of ease in doing business, and will be hugely beneficial for the country. As a result of the reduction in the tax rates, the company has immediately passed on the benefits to its consumers. Further, the revision in GST rates is a welcome move and it will help boost consumer and business sentiments.

Eris to buy Strides branded business

Eris to buy Strides Shasun's India branded business for Rs500cr

Eris Lifesciences Ltd has entered into a definitive pact with Strides Shasun Ltd to acquire latter's India branded generics business for a cash consideration of Rs500cr. The transaction is subject to customary closing conditions and parties intend to close the transaction by November 30, 2017. Strides' India branded generics business comprises a portfolio of over 130 brands in the domains of neurology, psychiatry, nutraceuticals and gastro. As per the terms of the agreement, "Eris will acquire the marketing and distribution rights for the said portfolio of products in India while Strides will retain the global rights for these products.

Our comments:

As per Strides management, this transaction is the outcome of the portfolio reprioritisation to focus more sharply on larger regulated market. The company retains global rights for the divested portfolios, which have significant sales in Africa and will continue to grow its emerging market business. Net proceeds from this transaction will be used to pay down debt to the tune of Rs400cr. The transaction is a good strategic fit for Eris and will strengthen position in the key segments of CNS and GI therapies.

Positive from USFDA for Biocon

Biocon gets clean chit from U.S. drug regulator for Bengaluru unit

Biocon Ltd said its Bengaluru facility has been cleared by the U.S. drug regulator after an inspection. The plant received an establishment inspection report from the USFDA with a voluntary action indicated status. The drug regulator had audited the pharmaceutical company's aseptic drug facility between May 25 and June 3.

Our comments:

This is a positive inspection as it had raised a lot of concerns in the past. The FDA had classified the outcome as voluntary action indicated and the letter from the regulator states that the inspection is closed.

Bain to sell stake in L&T finance

Bain Capital to sell 2.12% in L&T Finance to raise Rs750cr

Bain Capital will raise Rs750cr by selling 2.12%, or about a fifth of its holding, in L&T Finance through a block deal, fetching about 150% returns on its two-year-old investment in the non-banking finance company. The PE firm currently owns 10.72% in L&T Finance. Bain had bought the stake at around Rs75 a share, and is looking to sell the holding at Rs180-185 apiece.

Our comments:

The transaction will help Bain monetise a part of its investment.

Quess Corp acquired TBS

Quess Corp acquires Tata Business support services for Rs153cr

Quess Corp acquired Tata Business Support Services (TBSS) for Rs153cr. It will own 51% of the company, with Tata Sons holding the remaining stake. The business process outsourcing outfit has 13 years of expertise in financial services, auto & manufacturing, telecom, media and retail, with a mix of clientele from Tata entities and external customers. The deal is expected to be completed before 31 December 2017.

Our comments:

As per the management, customer lifecycle management and BPO were missing in the Quess suite of business services. This would be an EPS accretive transaction. TBSS adds 25% more EBITDA to the profits, even as long-term growth strategy is playing out to become a market leader.

Thomas cook dilutes stake in Quess

Thomas Cook to raise over Rs600cr via stake dilution in Quess Corp

Thomas Cook has obtained board approval to divest a 5.42% stake in its subsidiary Quess Corp, which would bring down its shareholding to 51.56%. It is thereby proposing to raise over Rs600cr through an offer-for-sale (OFS) as prescribed by SEBI. The floor price of Rs800 a share for this price discovery process is the same as that of the August 2017 institutional placement programme (IP) of Quess Corp.

Our comments:

The initiative is also aimed at retiring Thomas Cook India's long-term debt, thus bringing down the company's financial costs and improving profitability and liquidity at both standalone and group levels.

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