



Finnacle Investments

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SECTOR UPDATES

23rd November - 29th November

Sector: Cement and Construction Industry

Analyst: Shramit

Developments

NBCC grabs AIIMS project

National Building Construction Corporation (NBCC) grabbed AIIMS project worth Rs. 5828 crore for redevelopment and construction of around 3000 flats. AIIMS had issued a letter on 23rd of November to NBCC for renovation of Western Campus of AIIMS which needs to be completed in 2 years duration.

HFA to benefit cement industry

Housing for all (HFA) initiated by our Prime Minister Mr. Narendra Modi will play a critical role in restoring many cement companies back to profit levels. With this project, there will be a huge demand for cement. With the HFA initiation, construction sector will have a potential increment of employment in many states.

Market Performance

Not much activity has been seen in the last week in both cement sector and construction sector. Most of the cement sector industries stocks have rose and fallen down in the week, not much significant change was observed in this week. Most of the companies had shown profits in the previous week in the trading market.

Top Performers

Stock: Birla Corporation

Price on 23rd November, 2015: Rs 442.15

Price on 28th November, 2015: Rs 470

Change %: 5.73%

Under Performers

Stock: Ambuja Cement

Price on 23rd November, 2015: Rs 202.1

Price on 28th November, 2015: Rs 201.25

Change %: -0.42%



29th November, 2015

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Sector: Auto and Auto Components

Analysts: Sriram N, Mounica Reddy

Developments

Maruti says it will control over Gujarat plant

Recently Maruti opened e- voting for minority stake holders regarding Suzuki Motor Gujarat to invest and own an upcoming plant in Gujarat. Maruti Suzuki India has hit back the proxy advisory firm IiAS claims that the owning of plant by Suzuki Japan might shift the balance of power towards Suzuki leading Maruti to lose its control. Maruti Suzuki India (MSI) answered saying that it will have full control on the plant even if parent Suzuki owns and invests there. MSI also said "This arrangement will bring Rs 8,000 to Rs 10,000 crore of FDI into India at zero cost to Maruti. In addition, Maruti will earn treasury income from the money not invested in Gujarat"

An order worth \$200 million from Cote D'Ivoire is bagged by Ashok Leyland

An order of USD 200 million (around 1, 331 crore) is bagged by Ashok Leyland from a West African country Cote D'Ivoire. The order is for the supply of 3, 600 trucks and buses. Exim Bank of India is funding the contract and waiting for the financial clearances from both the governments.

VECV unveils two new vehicles as per the rising trend of construction and mining

Volvo Eicher Commercial Vehicles has launched Pro 6025T box and Pro 8031XM tipper vehicles on Thursday at Excon 2015. The release of these vehicles can be taken as VECV's betting high on robust mining and construction growth in India. VECV is expecting to benefit from the advantage of number of infrastructure projects which are under implementation in India.

Mahindra First Choice's stake bought by US based Cox Automotive

Cox Automotive a US based digital marketing company has acquired a minority stake in Mahindra First Choice Wheels which is a used car retailing unit of Mahindra & Mahindra. Although the deal is confirmed, stakes involved and other financial terms were not disclosed.

Market Performance



The market was low during the start of the week and closed high by the end.

Top Performers

Stock: Ashok Leyland

Rationale: The top performance can be attributed to its newly bagged USD 200 million deal

Under Performers

Stock: Tata Motors

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Sector: Retail and textile

Analysts: Aurosikha

Developments

Government wants to bolster Indian luxury brands

Indian government wants to overlook Indian luxury brands and designers so that they can tap into the global market. This was conveyed by DIPP secretary Amitabh Kant. This came after government relaxed FDI norms in single-brand retail and also allowed foreign companies to sell through e-commerce platform. India needs to nurture its craftsmanship and upmarket its products. Luxury products need to be differentiated. Kant also urged all Indian brands to register their intellectual property before moving into larger markets. Many Indian designers have been recognized overseas and they have been successful to create their own brand.

Grofers valuation increases again

Grofers, a quick-delivery service for groceries and electronics has managed to acquire Rs.800 crore in new funding round which was led by Japan's Soft Bank. After this deal, Grofers is valued now at Rs.2664 crore. Some of its investors are DST Global, Tiger Global Management and Sequoia Capital India. This the third round of investment for Grofers this year. This has helped the company to increase its value three-fold. Grofers will use this investment to expand with major focus on strengthening its supply chain. They are targeting to increase their daily orders from 30,000 to 50,000. They want to strengthen their operations in their current locations and then expand their business to other areas. They are also looking to expand the categories of their products.

Government to tackle raw jute crisis

The central government has formulated a multi-pronged strategy to stabilize the raw jute market and also to stabilize its prices. The raw jute crises has left most of the West Bengal jute mills reeling. A meeting was convened for discussing the crisis which was chaired by Union Textiles Minister Santosh Gangwar. In this meeting the government decided to start de-hoarding operations for raw jute. Also the government would request Bangladesh to uplift the export ban on raw jute and promote jute cultivation. The Jute Commissioner has been asked to take down the stock limits for balers, traders and millers and then take de-hoarding measures along with State government. This will make raw jute available for the jute mills for their production. The Department of Commerce and Ministry of External Affairs will take up the export ban matter with their Bangladesh counterparts.

Arvind geared for major expansion drive

Arvind has relieved its expansion plans for its premium brand, Tresca. Arvind plans to expand Tresca's retail network on the background of Tresca's 100% growth on CAGR basis. Arvind wants to launch new products under Tresca and strengthen its distribution network. Arvind is also targeting penetration of Tresca in tier-II and tier-III cities and expand its distribution exponentially. They want to achieve this within two years. Tresca deals with Giza cotton and linen base. Linen shirting contributes 30-40 percent to the premium shirting fabric sales in India. For its overseas expansion, Arvind plans to take Tresca to Bangladesh, Sri Lanka and West Asia.

Market Performance

Market performed better after a dip. This was mainly due to the relaxation of FDI norms in many sectors. This helped the retail sector to post a good performance.

Top Performers

Stock: Pantaloons Fashion & Retail

Rationale: The introduction of new designs has helped to increase its year-end sales.

Under Performers

Stock: Welspun India

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Sector: Banking, Financial Services and Insurance

Analysts: Samarth Salem and Tanisha Parul

Developments

Vijaya Bank seeks Rs. 5000 crores from Centre under capital infusion

The Bank has sought Rs.5000 crores from the Central Government under the Capital Infusion Plans. It would also issue Bonds under Tier 2 Capital to collect Rs. 3000 crores. The present gross NPA is 3.90 per cent, which is the lowest among public sector banks.

HSBC to wind up private banking business in India

British Bank HSBC has said that it will shut down its private banking business in India. There is an ongoing investigation by India's tax department against individuals who had unaccounted foreign currency accounts in the bank's Swiss Branch. However, HSBC did not give any reasons for its decision.

Finance Ministry identifies six banks to arrest NPAs

The Finance Ministry has identified 6 banks – Bank of India, IDBI, Indian Overseas Bank, Bank of Maharashtra, UCO Bank, and United Bank of India to give special focus to arrest NPAs. The slippages in these banks continue to be higher than the reduction.

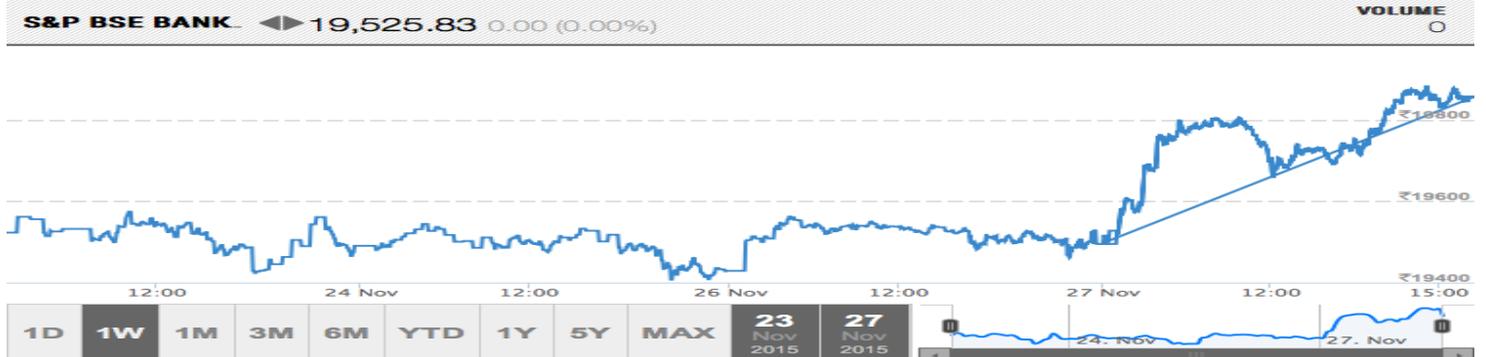
IDBI Bank staff strikes against Government Privatization Plan

Over 30,000 employees of IDBI Bank conducted a strike on the 27th of November, to protest government's plan to privatize the lender by creating an Axis Bank like structure. The government holds 76.5% stake in the Bank.

Indian Overseas Bank under the Finance Ministry scanner

The Finance Ministry is looking into loans worth Rs. 3,000 crores that the Bank paid out in the first half of this year. The bank is already under the Reserve Bank of India's Prompt Corrective Action (PCA) regime due to its poor performance and rising NPAs.

Market Performance



The sector performed consistently over the however, it witnessed a sudden jump after the 27th of November. Due to increased focus the by The Finance Ministry, the public banks have seen a significant increase in the stock price.

Top Performers

Stock: Oriental Bank of Commerce

Rationale: The stock witnessed a growth of over 4.69% through the week. Due to considerably lower NPAs of the Bank, the stock grew at a good rate.

Under Performers

Stock: Jammu & Kashmir Bank

Rationale: The stock fell by 1.4% over the week.

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Sector: Information Technology

Analysts: Nikhil Sharma, Saket Sohan

Developments

Ricoh India signs deal worth Rs. 400 crore with Vakrangee

Indian office automation firm Ricoh bagged Rs. 400 crore managed print service business from software firm Vakrangee. As per the deal Vakrangee will provide state-of-the-art managed print services on a pay per unit model to the unserved and underserved locations in India through several Vakrangee kendras. After this news Vakrangee stock hit its 52-week high of Rs. 174.40 and Ricoh shares ended up 7.2 percent up at Rs. 896.

Infosys Finacle to be available on Oracle cloud

Infosys Finacle will now be available as a managed service on Oracle Cloud. This will enable banks globally to leverage Finacle's industry-leading solution suite, along with other enterprise-class applications hosted on premise or in an external environment, to gain agility and cost efficiencies. The offering will enable banks of all sizes to run enterprise-class banking applications such as payments and core banking on the cloud which they have been hesitant to do earlier.

Wipro to get \$100 million more with renewed contract with BP

BP has refurbished its outsourcing strategy and has revamped its multi-million dollar contract with Wipro. BP has decided to scale down the number of outsourcing partners its hands its business to and work with around 2-3 vendors due to current pressures on technology spending. IT firms such as Wipro, Infosys and IBM have gained due to this. BP do a business of over \$100 million annually with Wipro and now the company is going to get at least \$100 million more over next 2-3 years.

CBDT signs 11 pricing agreement with Indian MNC's from IT and ITes sector

The Central Board of Direct Taxes (CBDT) has entered into 11 more unilateral advance pricing agreements (APAs) with companies from IT, investment advisory services and services sector. An APA is an agreement between a taxpayer and the tax authority concerning the transfer pricing method and the rate applicable to the taxpayers' inter-company transactions, and normally covers multiple years. This relates to the pricing of assets, tangible and intangible, services, and funds that are transferred within an organization in a cross-border transaction. The CBDT aims to finalize another 30 to 40 APAs before the end of this fiscal to provide stability and confidence to foreign enterprises operating in India.

Market Performance

IT market has been steady with barring few big players like TCS and TECH Mahindra, all other major players have done well and were in green throughout the week. Mid Cap stocks did exceptionally well this week.

Top Performers

Stock: Tata Elxsi

Rationale: The dream run of Tata Elxsi continues as the company's stock surge around 10%. The company has made a staggering growth of 213% in last one year.

Under Performers

Stock: TCS

Rationale: TCS has been one of the hardest hit IT stock in recent times. For the past year it has went down by 12%. The recent news of contract sign with Gfi informatique Sign a Strategic Agreement to Accelerate Smart Cities Programs in France surges the stock for a couple of days but eventually the stock went down by 2% during this week.

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Sector: Telecommunications

Analysts: Akshi, Megha, Pranay

Developments

Idea buys 4G spectrum worth \$500 million

- Idea Cellular, the nation’s third largest telecom company has purchased high speed 4G spectrum for 33.10 billion rupees from a unit of Videocon Industries
- Idea will use the acquired 1800Mhz spectrum to launch 4G services in Gujarat and Uttar Pradesh thus expanding its 4G services to 12 service areas in first half of 2016

Taiwan’s Wistron Corporation to set up a JV with India’s Optimus Infracom Limited under Make in India initiative

- Taiwan’s Original Design Manufacturer and Indian telecom enterprise will invest around USD 200 million to set up a joint venture to cater to growing Indian demand of telecom products like smart phones, tablets and smart devices and therefore creating over 15000 jobs in India.

Telecom and Information broadcasting to use broadcast airwaves for mobile services

- Telecom and Information broadcasting ministries will use over 200MHz spectrum which was earlier reserved for broadcasting services (majorly Doordarshan) for advance mobile services
- A large part of spectrum in 450Mhz band is marked for broadcasting services. Doordarshan has vacated 700Mhz band spectrum which will be auctioned soon by government
- This will be a big step in broadband coverage in rural areas.

Market Performance



The telecom market increased by 0.80% last week.

Top Performers

Stocks:

Reliance Communications: (12.4 %↑)

Idea Cellular: (6.1 %↑)

Bharti Infratel: (3.2% ↑)

Under Performers

Stocks:

Tata Communications: (1.0 %↓)

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Sector: Oil and Gas

Analysts: Akshay, Vaibhav

Developments

Rs.9285 crore Gas Cracker project commissioned in Assam

As the first petrochemical project in North Eastern region of India, Assam Gas cracker Project was commissioned this week. The project is at Lepetkata which is 15 kms from Dibrugarh, Assam. Brahmaputra Cracker and Polymers Ltd.(BCPL) is building the project. GAIL has the majority stake of 70 percent in BCPL. Stage-1 of the project is now complete which includes the cracker, polypropylene unit (PP) and the gas processing unit. The unit will start producing ethylene which is the basis for plastics and polymers. The feedstock for the project will be natural gas and naphtha which will be supplied by Oil India Ltd, ONGC and NRL.

RasGas to waive off the \$1.5 billion penalty on Petronet LNG, GAIL to benefit

Petronet LNG has been in a bit of dilemma after it was unable to service the contract between Qatar's RasGas of buying natural gas at \$12.5 MMBtu as the market prices have sharply declined since the contract was signed (Refer to the last week's sector update, Oil and Gas Sector for more info). This attracted a penalty of \$1.5 billion on Petronet LNG. Now RasGas has agreed to waive off that penalty (or at least postpone it) and revisit the issue of the pricing formula so that there can be a win-win situation for both the companies. This is a good news for companies like GAIL, who has 12.5 percent stake in Petronet LNG. GAIL share prices shot up 25 percent making it the best performing utility stock in the world last week. Petronet LNG Gujrat Gas, Indraprastha Gas and GAIL have risen by 13 percent on an average. As gas is likely to get cheaper after the renegotiations more gas will flow through GAIL pipelines and also it will lower the raw material cost of its petrochemical establishments.

GAIL to monitor pipelines through satellite

After the gas leakage that happened because of an unchecked corrosion in its pipeline which led to a massive fire killing at least 18 people, GAIL has launched a satellite surveillance portal aka "Bhuvan-GAIL portal" to monitor its 13000 km long pipeline network. The move will also address other security concerns. GAIL is working in collaboration with National Remote Sensing Center (NRSC) and Indian Space Research Organization (ISRO). The portal will be operated manually or by using the auto-change analysis options. Currently the pipelines are being monitored using helicopter survey on a monthly basis. GAIL is also looking into the option of using unmanned aerial vehicles (UAV) for closer inspection of the pipelines. The UAV system will be integrated with the satellite monitoring system.

Rosneft to buy 49 percent stake in Essar Oil

As per the speculation, Rosneft has offered \$2.4 billion to buy a whopping 49 percent stake in Essar Oil. Rosneft, the largest traded oil company headquartered near Kremlin, is an integrated oil company majorly owned by the

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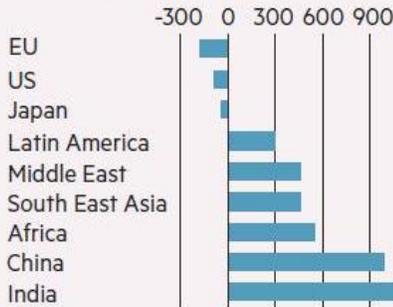
Government of Russia. The Russian giant is offering a price a little below Rs.200 per share. A formal announcement of the deal could be made early next calendar year. Rosneft has already signed a preliminary, non-binding agreement with Essar Oil in July this year to buy 49 percent of its stake.

IEA: India’s imports to rise despite increase in domestic production

According to the International Energy Agency (IEA) India’s imports will serve 90 percent of its total consumption of crude oil in 2040 instead of 80 percent. India will contribute more than any other country to the rise in the global demand for energy in the next 25 years. Hence Indian Economy will remain sensitive to the volatile crude oil prices.

Forecast change in energy demand

2014 to 2040, by region (Mtoe)



Global energy demand is expected to shift further towards China and, especially, India in the next quarter century, according to the latest forecasts. By 2040 India’s demand should approach that of the US

Source: IEA

CLF16 - Crude Oil WTI (NYMEX)



CBF16 - Crude Oil Brent (ICE)



Market Performance



The market slightly improved this week. Stocks like Reliance, GAIL, Pertronet performed well when compared with the last week. However, stocks like Cairn, BPCL underperformed this week.

Top Performers

Stock: GAIL

Rationale: GAIL is to benefit from RasGas price negotiation. This will lead to higher utilization of its pipelines. Also GAIL has join hands with National Remote Sensing Centre to enhance its pipeline security.

Under Performers

Stock: BPCL

Rationale: The stock fell by 1.88%.

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Sector: Healthcare and Pharmaceuticals

Analysts: Ankita, Anuj

Developments

Cipla & FIL Capital sign investment agreement for its consumer healthcare business

After Cipla's Board approval in July, the company signed an investment agreement with FIL Capital. This will enable the entry into Consumer Health Care (CHC), OTC market. This market is a 4 Billion USD market and expected to grow at a CAGR of 15% and be a 10 Billion USD market by 2020.

USFDA Approves the Generic Oral Contraceptives Tablets by Lupin

Lupin receives the final approval of USFDA for the "Blisovi Tablets" in different strengths in American Markets. This shall be commenced by Lupin Pharmaceuticals Inc. – the US subsidiary of the company.

Government to review MRP of various drugs, concern over rising prices

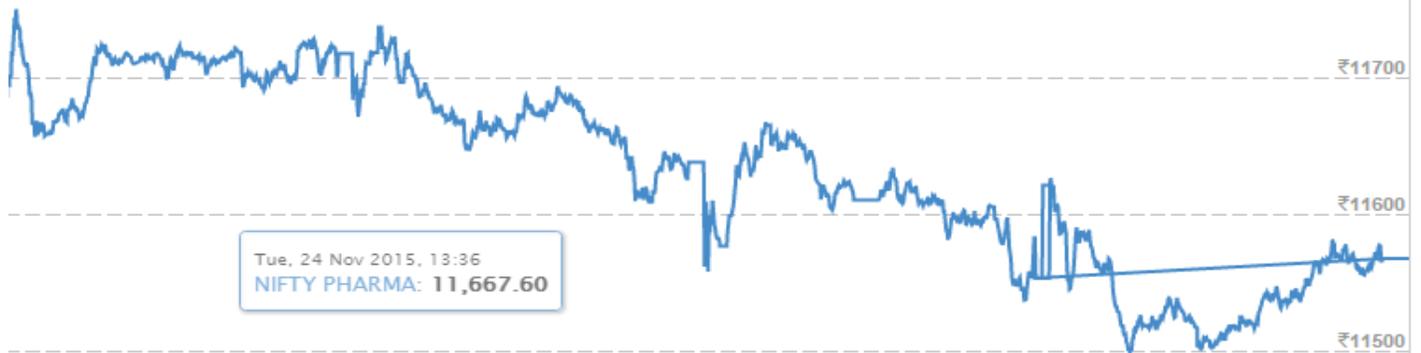
Amidst the rising cost of drugs, govt. has asked companies to submit the MRP details to the price regulatory authority NPPA. By these reviews govt. plans to check the unreasonable hike in prices and medical devices. The government aims to take remedial action to make the prices affordable and available to large population in India.

Market Performance

NIFTY PHARMA ▲ 11,681.50 +1.30 (+0.01%)

CNX PHARMA

VOLUME
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The market is responding to various investment and the warnings issues by USFDA to Indian companies. The government regulations and changes, the market was correcting to the various national and international events.

Top Performers

Stock: Cipla

Rationale: Cipla signed an investment agreement with FIL Capita Investments which was favorable and entered the Over-The-Counter Market in India.

Under Performers

Stock: Lupin

Rationale: Stocks fall by 1.24% this week, following the market corrections.

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Sector: FMCG-FMCD

Analysts: Shubham Aggarwal, Abhi Kothari, Prateek

Developments

Monsoons pose a threat to FMCG majors

A weak monsoon worries CEOs of majors like Dabur and Britannia. The rural markets have been hit due to the monsoons. Sales growth of household items, ranging from toothpastes and detergents to biscuits and beverages slowed to about 5-6 per cent from about 11-12 per cent last year.

HUL to pose a threat to PATANJALI or NOT?

A change in management, B Sumant has been elevated for president of ITCs FMCG business including its flagship cigarette business. Be it Harsh Marvani the present CEO of HUL or Gopalakrishnan the ex-VP, both remember the days when they used to roam the countryside for sales feedback. HUL is all set to launch its range of ayurvedic products-AYUSH. The product range that will be send online only is all set to give a tough competition to baba Ramdev's PATANJALI which is all a 2000 cr. business and set to hit the 5000 cr. mark with its expected growth of 150%.

The effects of the much discussed 7th pay commission

The speculation that the 7th pay commission will spur growth and in turn increase FMCG may have to wait. Analysts say discretionary companies will benefit and staple FMCG might go down a little. And that the growth for FMCG will take another 15-18 months to fructify looking at the stats for what happened during the 6th pay commission.

Market Performance



FMCG sector this week closed down than previous week with big news like alcohol ban in Bihar or lead found in Maggi Pazzta sweeping over the market. FMCG sector saw fall in stock prices of many big players this week.

Top Performers

Stock: Hindustan Unilever

Rationale: Hindustan Unilever jumped 1.7% after its strategic subsidiary Lakme Lever has entered into a strategic partnership with Aptech to establish beauty training academies across India. The Lakme Academy powered by Aptech will witness two huge giants from different sectors come together to provide state-of-the-art advanced level training in skin, hair and make-up.

Stock: Colgate Palmolive India limited

Rationale: Colgate Palmolive jumped 1.61% after company declared a second interim dividend at Rs 3 per share for the current financial year. The board had earlier this month dividend of Rs 4 per share.

Under Performers

Stock: Nestle India limited

Rationale: Nestle India lost 4.34% this week. The company had landed in fresh trouble, with its pasta products sold under the brand name Maggi Pazzta is found to be carrying lead beyond permissible level at Lucknow food testing laboratory. Samples were collected from Nestle distributor Srijji Traders in Mau on June 10 and sent for testing.

Stock: Radico Khaitan

Rationale: Radico Khaitan share witnessed a down fall of 7.6% after Bihar Chief Minister Nitish Kumar announced that alcohol will be banned in the state from April 1 next year. The outright ban may also trigger other states to emulate the same thing which might be suicidal to spirits companies.

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