

An abstract graphic featuring three blue circles of varying sizes. The largest circle is in the top right, a medium-sized one is in the center, and another large one is in the bottom right. Two thin, light blue diagonal lines cross the page: one from the top left to the middle of the right edge, and another from the top center to the bottom right corner.

Sector Updates

11th October 2015-18th October 2015

FINNACLE INVESTMENTS

Sector: FMCG-FMCD

Analysts: Shubham Aggarwal, Abhi Kothari, Prateek

Developments

Big FMCG companies have sharpened their legal actions against the lookalike items

- Local companies, which have launched their brands which are very similar to the big brands in terms of packing and name are about to face strict legal actions as the FMCG companies have decided to be aggressive to protect their brand.
- The legal budget of FMCG sector has risen by 17% to INR 810crore in FY2015.
- In recent months, Pidilite Industries approached court last month to protect its industrial brand Bulbond against local adhesive maker Superbond. Last month, Marico chanced upon a hair oil brand that bore a striking resemblance to its brand Parachute.

HUL and Amway adopted new techniques to increase their market share

- HUL is planning to partner with some technology-focused startups to reinvent it and to grow in the market where disruptive innovation is so much required. The startups would be able to get access to the part of its business and HUL will get new technological benefits to engage customers.
- Amway on other hand has decided to launch its first pickup store in Anand district, Gujarat. They are looking to get into multichannel distribution. This store will provide distributor chance to touch and feel the product before order. This is a pilot project and if successful, it would be replicated to other cities as well.

P&G India focus on premium brands leads to sales decline

- The business of P&G India showed the slowest growth this year in the entire decade.
- They are focusing more on premium brands and the rivals with lower prices found more takers.
- The worst hit arm is Home care product which grew at the rate of 6% only and skin care segment which declined by 3%.
- Still P&G is looking to win upon premium customers and not cutting any prices in near future.

Tata is planning to launch Tata Sampann - a spice brand

- Tata chemical Ltd. is planning to enter the spice market of India with the brand name Tata Sampann. Also the existing products like I-shakti besan and pulses will come under this product except Tata Salt.
- They are expecting the revenue of INR 500crore in next four years from Sampann. They would be launching various SKUs in 100gm and 20gm packings.

Market Performance



FMCG sector again witnessed a fall this week owing to poor demand and caution over FMCG majors P&G's sales decline and HUL's missed September quarter expectation

Top Performers

Stock: Godfrey Philips India limited

Rationale: Godfrey Philips share price surged 34.55% this week and this gain also makes it one of top 15 gainers on BSE index this week. This unusual rally of Godfrey coincided with reports of company hiking its cigarette prices in the wake of the recent VAT hike by Uttar Pradesh and Maharashtra governments.

Stock: Nestle India Limited

Rationale: Nestle share price increased 2.76% this week after three government-accredited laboratories found Maggi samples safe for human consumption. The laboratories nominated by Bombay high court found lead content in 90 samples of 6 variants Maggi below permissible level.

Under Performers

Stock: Hindustan Unilever limited

Rationale: Hindustan Unilever limited share price fell 3.98% as Hindustan Unilever September quarter profit declined 2.6%. The company missed expectations on both bottom-line as well as top line. Growth during the

quarter continued to be impacted by phasing out of excise duty incentives and price de-growth, as benefit of lower commodity costs was passed on to consumers.

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Sector: Healthcare and Pharmaceuticals

Analysts: Ankita, Anuj, Ayush

Developments

India to push for strict regulations to check Cough Syrup Abuse

The regulators are looking forward easy tracking of drug to check its abuse in India as well as smuggling to neighbouring nations. Some Companies like Cipla stopped the production of codeine-based Syrups , the others like Abbott, Pfizer have halved their production. The sale of drug in India has fallen by 4%.The authority and companies are looking forward to a feasible solution keeping in mind the importance of drug.

Generic Dementia Drug to be produced by Jubilant Life after USFDA approval

The company received ANDA final approval for Memantine Hydrochloride tablet which are used for treatment of dementia patients .The company received approvals for 389 among the 815 total fillings Europe.

India lacks behind in the Biosimilars market

The Indian firms face competition from European, American and South Korean firms to tap into a market of \$25 Billion by2020. Biotech drugs, however, are more difficult to make and cannot be replicated exactly, and hence require similar drugs for the same effect. Currently only 3 Indian firms- Biocon Ltd, Dr Reddy's Laboratories Ltd and Intas Pharmaceuticals Ltd - are working with partners for European and American Markets.

PMDA drug regulator of Japan to set up office in India

The drug regulator of Japan plans to a office in India to lower its health costs via generic drugs. The Japanese markets worth \$110 billion, while it looks forward to doubling its share of generic drugs in market. The fast ageing population and increasing healthcare costs have lead this search for alternative solutions

Market Performance

Market performance for the week was positive for some the pharma sector following the recent agreements and USFDA approvals ,and increasing demand from other markets like Japan along with the strength in the economy after better IIP numbers.



Top Performers

Stock: Dr Reddy's Laboratories

Rationale: Settlement agreement with Helsinn Healthcare SA regarding a patent litigation in USA . This will allow former to distribute the drug in USA market .

Under Performers

Stock: Lupin

Stocks fall 2.11% after touching all time high of 2098.90.

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Sector: Retail and textile

Analysts: Ishu Agrawal, Aurosikha

Developments

India's Ecommerce market has better growth prospects

Amazon expects India will overtake Japan, Germany and UK in terms of its international market share. This has come after India's market became the quickest to reach \$10 billion in Gross Merchandise Value (GMV). Amazon has predicted that India will be there second largest market after US in a few years. Expansion won't be affected by investment as their budget is dynamic and will keep changing according to the targets. India's ecommerce market is expected to grow to \$60-70 billion in 2019 from \$17 billion in 2014. Investors have jumped into this sector and raised the valuations to record level. Currently Amazon will invest both in mobile and computer technologies.

Arvind Ltd. to start online retail

Arvind Ltd. will enter online retail platform along with two women's in-house fashion labels, Shuffle and Prime. Rajiv Mehta, Puma India's former CEO will head this venture. Arvind aims to compete with international brand such as ZARA. The products will be available on Amazon, Flipkart and Snapdeal by end of October. Subsequently they will be available on Arvind's planned ecommerce platform. Arvind Lifestyle Brands is focusing on becoming an omni-channel retailer across all portfolio brands.

Welspun India enters ECommerce

Textile major Welspun India launched Shopwelspun, an online platform for products like rugs, carpets, bed & bath products. The portal will have brands such as SPACES, Home & Beyond, Welhome & Spun. The portal will also feature user-generated content and blogs from experts on home furnishings. The products will have the trust and reliability associated with Welspun products. Apart from this Welspun India supplies to global retailers like Wal-Mart, JC Penny, Target and Macy's.

More textile plants

Maharashtra government has plans to open more textile and apparel parks in cotton growing belts. A 20-25% interest subvention subsidy will be offered by the state government for machinery purchases. The government also plans to set up proper effluent treatment plants in the vicinity of these parks to show their commitment towards environment protection.

Market Performance

The market showed mixed response.

Top Performers

Stock: Shoppers Stop

Rationale: Majorly because of the festive season which has started for India. Usually sales will be high during this month.

Under Performers

Stock: V-Mart Retail

Rationale: The CMD has attributed this downfall to low monsoon and delayed festivities. But they are expecting sales to pick up now.

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Sector: Information Technology

Analysts: [Nikhil Sharma, Saket Sohan]

Developments

Infosys Q2 results out, CFO Rajiv Bansal quits

Infosys managed to put good results for Q2 that beats the market expectations for the second consecutive quarter this year. It reported a 9.8% rise in net profit with net profit of Rs. 3,398 as compared to Rs. 3,096 in corresponding period a year ago. Total income also increased by 12.63% to Rs. 14,299 crore from Rs. 12,696 crore for the corresponding quarter of the previous year. Amid all the ups and downs of the numbers, the Chief Financial Officer (CFO) Rajiv Bansal resigned and even share prices fell by around 4.35%. The reason for this is that though the company posted healthy sequential growth in both revenue and profit terms during the quarter, but projected a lower dollar-denominated revenue for the whole year which took the sheen off its otherwise better earnings show. In comparison to Infosys's shares run-up, TCS has gone up just 4.5 per cent and Wipro by 10.5 per cent in the same period. Now, Infosys's results and numbers need to catch up with the rise on the bourses.

Facebook partners with Nasscom, To mentor startups in India

Software Industry body Nasscom has joined hands with Facebook for its innovative initiative to support developer community for building apps and mobile websites for “new-to-internet” users. Nasscom will invite students and developers via an application process under its program “Leaders building for the next billion program”. This program will help incubate, fund and support Nasscom 10,000 startup initiatives in India by 2023. 10 developers will be selected in next six months who will be imparted with technical, marketing, financial support and leadership skills to build applications for new-to-internet populations. This will give boost to Indian startups and also will also support the large number of existing internet users as well as new user coming online.

IBM to set up first public cloud data centre in Chennai

IBM has setup its first public cloud data centre in Chennai to offer services to local customers and end users to increase performance and speed for data traveling to and from the region. The centre will support India's growing customer demand for in-country cloud solutions and offers the full range of SoftLayer infrastructure services from IBM. Indian customers will gain more flexibility to store and compute data within the country. IBM is also partnering with Nasscom to launch Techstartup.in- a digital platform where the complete Indian ecosystem consisting of investors, angels, venture capitalists and fund-seekers can interact with each other.

Market Performance

While IT giants like TCS and Infosys reported robust quarterly results but the market performed dismal in the week. Mostly because of the traders wanted to book profit now as the future projection of the next quarter looked bleak. Infosys had already cautioned its investors while TCS result made an indication that next quarter is going to get tough for the company as well.

Top Performers

Stock: None

Under Performers

Stock: Infosys

Rationale: Infosys had best quarterly results in last 16 quarters still the stock fell as low as 2.3% but ended the week with just around 0.5%. The IT major's top management spoke about a challenging second half for the fiscal providing an indication that it is unlikely to sustain the current growth momentum. Also they said that second half is also the period when there is an extended holiday period and this has an impact on the overall business momentum. And this is cited as the major reason why the stocks fell.

Stock: TCS

Rationale: Shares of Tata Consultancy Services (TCS), the country's most valued company, fell 4.4 per cent on Wednesday and a total of around 7% over the week after the company's September quarter revenues missed market expectations.

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Sector : Auto and Auto Components

Analysts : Sriram N, Mounica Reddy

Developments

Amtek to sell off its minority stake in foreign arms through Morgan and Stanley

Debt ridden automobile giant Amtek has hired Morgan and Stanley to sell off its overseas stakes in order to get out of the cash problems that it has been facing in recent times. After having defaulted in the payment of Rs 800 crores through bonds, its market value fell heavily in the September quarter to the tune of 72%. Chairman Arvind Dham stated out rightly that the company plans to sell up 30% of its stakes in the foreign units that it holds. The company aspires to raise one billion in the next 6 months to come out of its current mess.

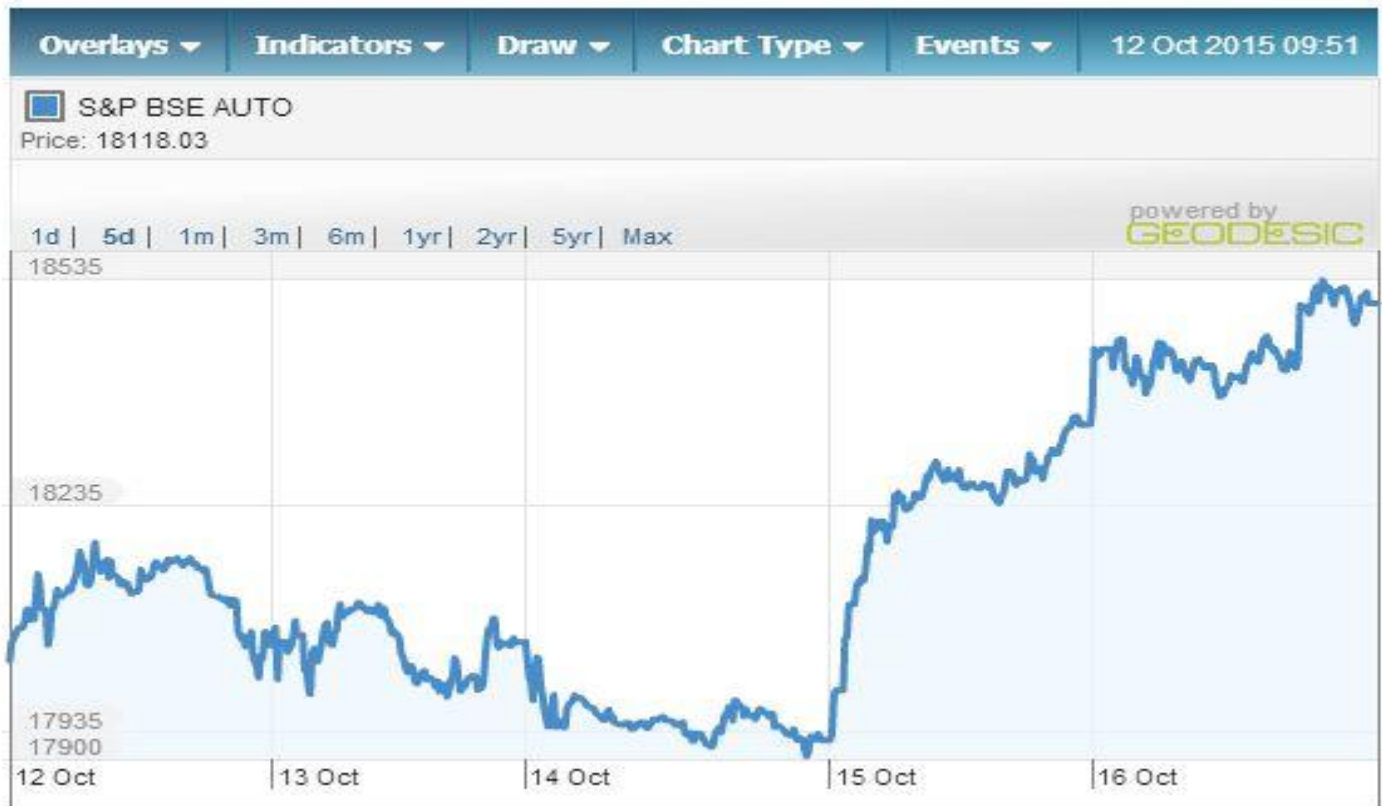
Autorisk Management Services acquired by Mahindra First Choice Wheels

The business assets of Autorisk Management Services were acquired for an undisclosed sum by MFCW(Mahindra First Choice Wheels). MFCW aims to enhance its inspection services by acquiring Autorisk Management, a leader in pre-insurance inspection services. It will add another feather in MFCW's cap as it would help M&M's already flourishing aftermarket sector. Currently, it has 600 multi brand used car franchise outlets and Autorisk would prove out to be an enhanced resource footprint.

Car exports reported to be at a decline in the April-September period as stated by SIAM

Owing to major challenged in overseas markets like Sri Lanka and Bangladesh, Indian car exports seem to show a marginal decline in the first six months of 2015. It comparatively exported 2,67,043 units as compared to 2,68,863 in the same period last year. However, the domestic sales were not impacted as it rose by a healthy 9.68% from 8,90,843 units in the previous year to 9,77,037 units this year.

Market Performance



The market touched a new low midweek ultimately ending on a high as Tata Motors unveiled its spectacular performance in the month of September.

Top Performers

Stock: Tata Motors

Price on 27th September, 2015: Rs 355.90

Price on 03rd October, 2015: Rs 386.20

Change %: 8.5%

Rationale: Tata Motors saw a major turnaround as its stocks began to skyrocket after an excellent performance last month. Its sales rose by 21% overall.

Under Performers



19/10/2015

Stock: LML Ltd.

Price on 12th September, 2015: Rs 8.17

Price on 19th September, 2015: Rs 7.74

Change %: -5.3%

Rationale: LML's shares have dropped primarily due to a major decline in its exports to Egypt owing to socio-economic unrest in that country.

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Sector : Banking, Financial Services and Insurance

Analysts : Samarth Salem and Tanisha Parul

Developments

RBI attempts to find Flipkart's acquisition of FX mart

RBI has sought details on Singapore registered Flipkart Payments Pvt. Ltd payment for stake of majority in FX mart Pvt. Ltd. which has prepaid wallet license, deferring the beginning of digital wallet. The acquisition requires RBI's consent and the companies are yet to get that. Flipkart was asked to share the details of new shareholding and financials, failing which FX mart's license can be rolled back.

SEBI appeals to stop DLF's plan to raise money

SEBI has appealed to the Supreme Court to bar DLF's fund raising plans and also to restrict the company from dealing in securities. DLF is looking for raising Rs. 12,000-14,000 crore through the stake sale. According to SEBI, if transactions proposed by the company are allowed to carry on, cascading and several lawsuits will then have to be developed to undo the transactions.

Aon BV to depart from Indian insurance market

One of the world's largest insurance brokers, Netherlands-based Aon BV is quitting Indian market quoting the reasons as 'regulatory issues'. With the JV that took place in 2003 between Aon and Global Insurance Services, Aon was looking for long term commitment. But with the recent decision of government raising the cap on FDI from 26% to 49%, the company has started preparing an exit plan.

Indian rupee grows higher

Indian rupee has strengthened against US dollar gaining 37 paise (0.57%) in three days before ending at 64.81. As the limits for foreign investments were increased, foreign investors started buying more government bonds. Meanwhile, the Indian benchmark sensex has also grown by 204.46 points.

Market Performance



The sector saw good growth during the week, with an increase of about 2%. The strengthening rupee and the improved sentiment that the Banks are able to maintain the decreased lending rate has been the key reason for the growth in the sector. Most Banks that have reduced their lending rates have seen this increase of up to 3.5%.

Top Performers

Stock: IDBI Bank

Rationale: There was an increase of about 3.37% in this stock.

Under Performers

Stock: Union Bank

Rationale: There was no significant decline in the stock. The stock fell by around 1.29%.

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Sector: Telecommunications

Analysts: Akshi, Megha, Pranay

Developments

New Call Telecom to invest \$300 million in India

- New Call Telecom which is one of the fastest growing residential telecom providers will invest in India to increase presence in the country
- The focus will be on acquiring some more companies in India and enlarge business stakes in the country.
- The company had recently acquired leading global mobile technology brand Nimbuzz and New Delhi-based Ozone Networks, country's largest Wi-Fi service provider

Telecom operators term call drop penalty 'harsh', may take legal route to fight government

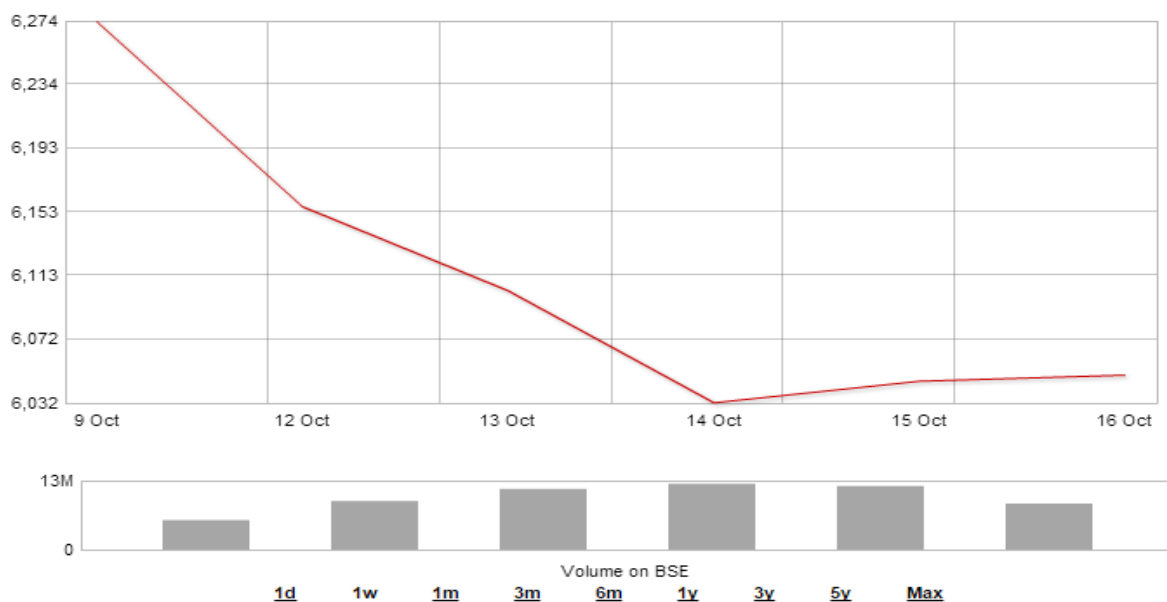
- Telecom operators have criticized the sector regulator's order to compensate customers for call drops, saying the "harsh" penalty will have a cost impact and could lead to "confrontation" with subscribers
- On Thursday, TRAI said telcos will have to pay their subscribers Rs1 for every call drop they experience on their network, subject to a cap of three call drops a day, starting from January 1, 2016
- Taking an average 4% call drop rate, analysis show that the penalty could have 3% hit on revenues and 7-8% hit on mobile EBITDA for Bharti and Idea

RIL's 4G handsets to be out by Nov and will share spectrum with RCom

- Reliance Industries has announced that it will provide 4G services through its own LYF brand smartphones that will allow customers to make Internet-based calls.
- The 4G smartphones will enable customers to make Internet-based calls like Voice over LTE (VoLTE), Voice over Wi-Fi (VoWi-Fi), High Definition Voice and High Definition quality video calling on Reliance Jio Infocomm (RJIL) network

Market Performance

Index Chart (Rs) - 1 Week



There is a drop in the first four days of this week which is due to the announcement made by TRAI regarding compensation to call drops but with the increase in net subscriber base there is a small increase by 0.7%

Top Performers

Reliance Communications (4.35 %) – Partnership with Reliance Jio for spectrum sharing benefits Rcom with bigger subscriber base as they can use the unutilized spectrum of Reliance Jio and can improve its spectrum usage efficiency and hence reduce call drops.

Under Performers

Idea Cellular (-1.31%) - The drop is mainly after TRAI recommended Idea for compensation to consumers for dropped calls.

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Sector: Oil and Gas

Analysts: Akshay, Vaibhav

Developments

Indian Oil Corporation to increase spot purchases of crude oil to 30%

In order to gain flexibility in changing consumer demand and to reduce the overall procurement costs Indian Oil Corporation has decided to buy thirty percent of its total crude oil from the spot market instead of going into forward agreements with upstream companies. This is an increase of ten points over the last year's figures of twenty percent of the total crude oil procurements.

India thirst for fuel rises at the fastest pace in September

India recorded the fastest pace of fuel demand last month in more than a decade. Fuel consumption (which goes hand in hand with the oil demand) increased by 15.1% in September which is the biggest rise since August of 2005.

Diesel prices raised by 95 paise, Petrol prices maintain status quo

After an increase in 50 paise by few weeks ago, State run retailers have increase the price of diesel yet again by 95 paise. Petrol prices on the other hand was not changed. The change has been termed as an adjustment for foreign exchange and international prices. This is the second increase after a series of five price cuts. Petrol price on the other hand has not been increased.

Cairn India to pull out of Sri Lankan Block

By this month end, Cairn India is will exit the Sri Lankan Block as the two discoveries made by them turned out to be commercially unviable.

Oil prices down by 10 percent this week

Due to slowing demand and robust supplies from US, the crude oil prices fell by almost 10% this week. US EIA (Energy Information Administration) has reported an increase in the crude oil inventories by 7.6 million barrels to around 468.6 million barrels. This is the highest increase in inventories since April this year suggesting a slowing demand for crude oil. OPEC has up its production pumping as much as 2 million barrels a day more than what is required in 2015 with Saudi Arabia has been pumping more than 10 million barrels per day. Also producers are preparing themselves for the event that Iran sanctions on exporting oil will be lifted. Iraq has increased its output to record levels, so has Russia.

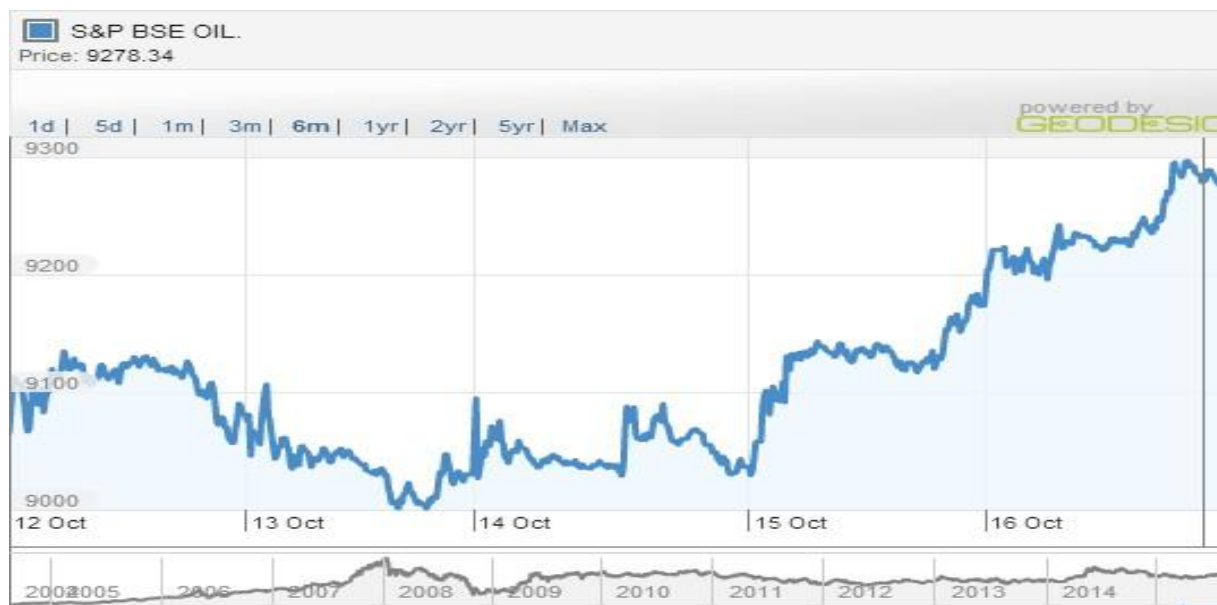
CLX15 - Crude Oil WTI (NYMEX)



CBZ15 - Crude Oil Brent (ICE)



Market Performance



The market performed better than last week. The index increased by 2.19%. Companies like Reliance, HPCL, BPCL, ONGC, GAIL showed a positive change. However, companies like Cairn India and OIL underperformed.

Top Performers

Stock: HPCL, BPCL and IOC

Rationale: HPCL, BPCL and IOC gained, after a hike of Rs 0.95 was announced in diesel prices. The prices were increased due to the international level of oil prices and rupee-dollar exchange rates. This increase was transfer to consumers.

Under Performers

Stock: Cairn India

Rationale: Cairn India is going to exit Sri Lankan gas block which must have led to decrease in stock price of Cairn India.

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Sector: Cement and Construction

Analysts: Shramit, Rajshekhar

Developments

NBCC grabs 126 crore deal in Telangana

National Building Construction Corporation bags 126 crore projects in Telangana to develop ANGRAU University in the state.

Mumbai JNPT port road company limited bags deal worth 1133.70 crore

J Kumar Infra projects Ltd JV firm has grabbed two orders worth total of 1133.70 crores. The first order is of the construction of NH-4B and the second one is development of NH-348.

HCC given 942 crore order by BARC

Hindustan Construction Company has been given the offer to construct the phase I of integrated nuclear recycle plant for BARC. HCC has been the construction partner for BARC and for other nuclear establishments.

Low price to increase cement demand

With the decrease in the cement price, the market has predicted that the demand of cement will rise which will be beneficial for the industry.

GMR and JGC join to develop food processing plant

Kakinada SEZ, subsidiary of GMR, and JGC of Japan will jointly be working for the development and operation of food processing park to be built in Andhra Pradesh. The food plant will help in cater agro processing sectors.

JK Laxmi Cement cleared for 300 crore Bihar project

A clinker grinding unit with a capacity of 1.5 million tonnes per annum to be developed by JK Laxmi cement which bears an investment of 300 crore. As per the norms, the construction must have a 33% green belt in the plant.

Cement Industry targeting goa markets

India's third largest producer, Dalmia Cement, is looking to make its presence felt in goa market as they are planning to set up a plant in Goa. In goa, there is likely to be a demand hike of 5-6% for cement due to many infrastructure projects setting up in goa.

Indian Real estate tops FDI list

Real estate sector has been marked with highest percentage of foreign investment with cities like Bengaluru, Mumbai and Delhi topping the charts.

Market Performance

Performance of Cement sector remains under pressure due to weak demand and sluggish market conditions. However RBI's recent rate cut is expected to have a positive impact on the sector.

Following the rate cuts, the banks have lowered the base rate but it hasn't resulted in equal cut in home loans because the banks have increased their spread but the commercial Real estate sector has been on the rise now with many infrastructure projects being set up in tier 2 cities.

Top Performers

Cement Stock: JK Cement

Opening stock: 635.4

Closing stock: 663.5

Change %: 4.18%

Under Performers

Cement Stock: JK Laxmi Cements

Opening stock: 379.0

Closing stock: 372.35

Change %: -1.79%

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