

A decorative graphic consisting of three blue circles of varying sizes, each with a white border and a slight drop shadow. They are connected by a light gray line that starts at the top left, goes down to the first circle, then up to the second, and finally down to the third. The circles are arranged in a descending staircase pattern from top-left to bottom-right.

Sector Updates

21st September – 27th September

Finnacle Investments
28th September 2015



28th September, 2015

Sector : Banking, Financial Services and Insurance

Analysts : Samarth Salem and Tanisha Parul

Developments

Banks Unable to Sell Bad Loans to ARC's

In a mid-September auction, Banks were unable to sell most of their stressed assets to Asset Reconstruction Companies (ARC's), due to differences of pricing of the loans. In the past few months several banks have been trying to sell their stressed assets to such companies to offload their bad loans. The overall effect being that most Banks are still stuck with Non-Performing Assets, which they are unable to offload in the market, affecting the sector very negatively.

PSU Banks Kick-Off for Pradhan Mantri Mudra Yojana

PSU Banks have kick-started their push towards Pradhan Mantri Mudra Yojana, offering a mega credit campaign across the country for small and micro entrepreneurs. All state-run Banks have a target of 1.22 lakh crore to be disbursed during the current financial year to small and micro enterprises up to Rs. 10 lakhs.

Govt. to Reduce Holding In IDBI to 49%

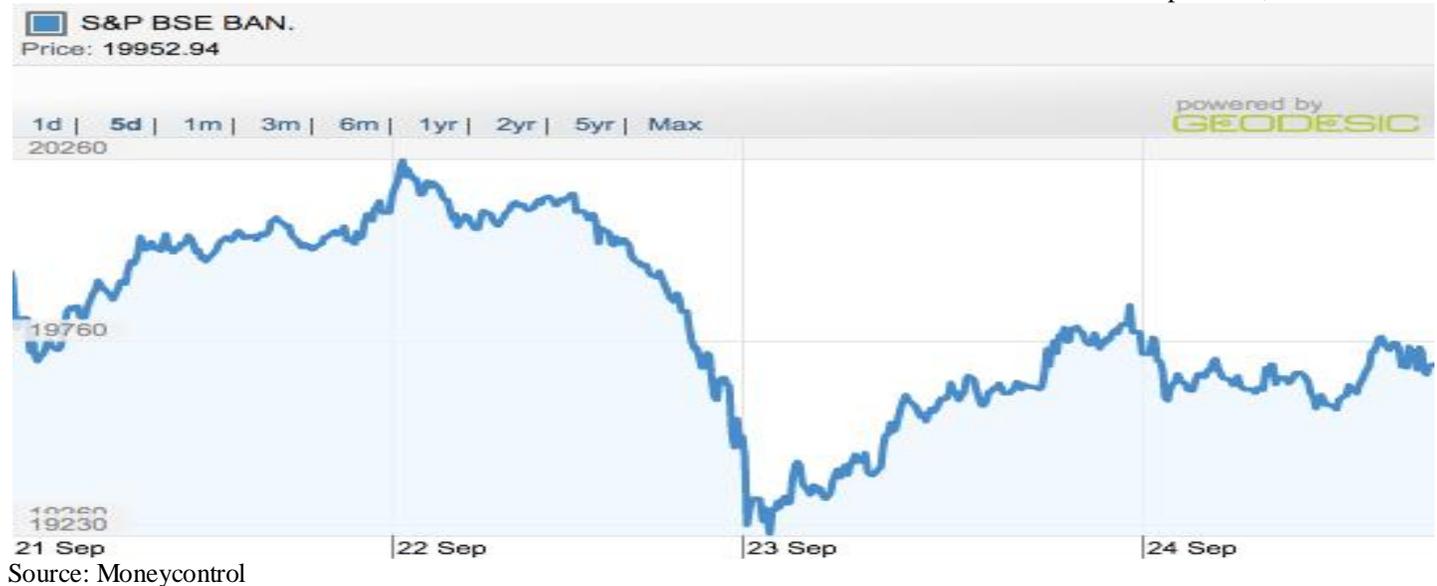
The Govt. has decided to reduce its current holdings in IDBI to 49%, delivering on its commitment to reform state-run Banks. The Central Govt. currently holds 76.5% in IDBI. While in the case of other state-run Banks Govt. has said that they will not reduce their holdings below 52%. This has a very positive effect on the Sector since it will increase consumer confidence and easier manageability of funds.

Royal Bank of Scotland sells Indian Private Banking business to Sanctum Wealth Management

Sanctum Wealth, a firm operated by Shiv Gupta and backed by a number of venture capitalists, will buy the Wealth Management business of RBS, taking control of assets worth Rs. 12,000 crores. It will take over the Private Banking Unit's on-shore clients and staff in a deal to be valued around Rs. 200 crores.

Market Performance

The Sector saw a gradual decline. Most Private Banks were driving the sector ahead, with a decline in the Private Sector Banks, the PSU Banks were not able to solely lift up the sector. Also, since the Banks were not able to sell most of their Bad Loans to ARC's, the sector saw a dip on the 23rd of Sept.



Top Performers

Stock: IndusInd Bank & IDBI

Rationale: PSU Banks have started the Pradhan Mantri Mudra Yojana, which has attracted investors. Also with the Govt's decision to reduce its holding in IDBI to 49% has helped the stocks rise and increased investor confidence in most PSU Banks.

Under Performers

Stock: Yes Bank & ICICI Bank

Rationale: With an increased preference for PSU Banks, the Private Banking sector has taken a hit. Stocks of most Private Banks have reduced by 2%.

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Sector: Healthcare and Pharmaceuticals

Analysts: Ankita, Anuj, Ayush

Developments

Dishman gets license from J&J to make TB drug raw material

Dishman pharmaceuticals acquired the license for manufacturing of raw material for Multi drug resistant Tuberculosis (MDR-TB). TB is prevalent in India with an estimate of around 2.8 million cases and around 64,000 people have been diagnosed with MDR-TB. The company will now be able to produce the Active Pharmaceutical Ingredient (API) of Sirturo Drug used in the treatment of MDR-TB.

The company shall support Janssen Pharmaceuticals NV (Pharma Company of the Johnson & Johnson group) in addressing the demand for Sirturo (bedaquiline) in high burden TB areas. Janssen had contracted Dishman to conduct full chemical synthesis of the API at their manufacturing facility in Bavla, Gujarat in the year 2008. Janssen subsequently registered Dishman as a maker of API with the US Food and Drug Administration (USFDA), European Medicines Agency (EMA) and several other Asian regulatory authorities.

US FDA revokes approval for Sun Pharma's seizure drug over compliance issue

The US Food and Drug Administration (FDA) has revoked its approval of Seizure drug production by Sun Pharma Advance Research Center (SPARC) the R&D arm of Sun Pharmaceuticals. The reason stated by FDA is non-compliance of manufacturing standard at production facility of the firm. SPARC had planned to manufacture the drug at Sun Pharma's Halol plant in Gujarat.

The drug is used in the treatment of partial onset seizures in epilepsy patients of 12 years and older. The move comes as a setback to SPARC Sun Pharmaceutical Industries Ltd. The drug, Elepsia XR, was its first to receive an FDA approval. Analysts estimated modest sales of about \$50 million annually from Elepsia XR.

Glenmark Pharmaceuticals troubled by Slow demand in Emerging Market

Glenmark has been a key player in Indian Pharma industry and other Emerging markets. Emerging markets account for about a quarter of Glenmark's total sales, and have been a driver of margin growth in the last few years. But due to the slump in the oil prices and the China currency devaluation the demand from these markets have been down and is expected to be around 20% only for the fiscal year 2016. This has led to downgrading of rating by major brokerage firms including JPMorgan. Glenmark however is one of only few Indian drug makers that have received a steady number of approvals by the US Food and Drug Administration to launch generic medicines this year. Company expects to launch many generic drug in the US market by the end of next year and will improve its demand.

Market Performance



Source: Moneycontrol

Top Performers

Stock: Dishman Pharma (1 Week return of 18.68%)

Rationale: The Company got approval of License from US FDA for manufacturing of raw material for TB Drug. Company shall be producing this for the Johnson and Johnson Company. The stock value increased by 16% post this news.

Under Performers

Stock: Novartis India (1 week return of -3%)

Rationale: Company profit have been falling QoQ the profits have slumped from 51 crores in the Q4 last year to 13 crore in the previous quarter. Company management is asking for a fixed government policy in term of changes and pricing.



28th September, 2015

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Sector: Oil, Gas and Power

Analysts: Akshay, Vaibhav

Developments

India plans to invest Rs 1 Lakh crore as Iran offers to sell gas at \$2.95 per million British thermal unit

As US and western countries ease sanctions against Iran, India gets in talk with Tehran to set up a Urea plant manufacturing plant near Chabarhar Port. Iran has offered to sell the gas at \$2.95 per million British thermal unit. Rs One Lakh Crore will be pumped into these projects.

BHEL's 250MW Sikka thermal power plant commissioned

New thermal power plant by BHEL has been commissioned at Sikka, Gujarat. It is a coal based thermal power plant which will deliver 250MW. This is the second thermal power plant commissioned by BHEL at Sikka. BHEL this year has commissioned the cumulative capacity of 2730 MW. This means two out of three houses are being lit by power generated by BHEL set.

Energy Output will be affected by the weak financial health of the power companies: Fitch

Power generation in India will get affected as the state owned power companies are in a weak shape financially. Demand for coal has increased significantly in the first half of 2015 surpassing China's import demand.

Market Performance



Source: Moneycontrol

The market underperformed this week. S&P BSE oil and gas declined by 1.05%. Stocks like Reliance, ONGC, Petronet performed badly. However stocks like Cairn and IOC over performed.

Top Performers

Stock: Indian Oil Corporation

Rationale: IOC will invest 1.5 lakh crore in next 5 - 7 years for expansion of refineries. It also includes Rs 50,000 crore which would be used for expansion of brownfield refineries. After the expansion, IOC will have 35% share of national refining capacity and more than 50% market share in petroleum products retail.

Under Performers

Stock: ONGC, OIL

Rationale: Prices of natural gas may fall from \$ 4.2 million British thermal unit from \$ 5.18 million British thermal unit from October 1, 2015. This is creating a negative perception for the gas producers like ONGC and OIL because it will lead to decrease in profitability.

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Sector: FMCG-FMCD

Analysts: Shubham Aggarwal, Abhi Kothari, Prateek

Developments

Britannia will start a new agro-processing facility

- Will invest about Rs 125 cr.
- Plant will be setup in Chittoor district, Andhra Pradesh
- The first phase will be completed by 2016 and will serve Chennai and Bengaluru markets

Insignificant business operations lead to dissolution of Emami-UK Limited

- Emami UK limited was the wholly owned subsidiary of Emami
- The firm has not disclosed the actual reasons of dissolution
- The shares of Emami has closed .84 per cent up on BSE

Marico appointed new chief-strategy, mergers and acquisitions and new business

- Ex-partner with Bain & Company's South-East Asia (SEA) and Ex-Head of Bain's Consumer Products and Retail, Mr. Pankaj Saluja is appointed as new chief-strategy
- He will take charge from 5th Oct 2015
- He also has past experience of 8 years in consulting with Accenture and Coca-Cola

Orient Electric is planning to increase its LED and Fan production

- CK Birla firm will invest Rs 50cr in next two year
- The list of Smart city has been released by government and hence the firm is expecting more demand for energy saving products
- At present it produces 130lakh fans annually and is planning to increase its capacity up to 180 lakh
- Also planning to increase the share of lighting in revenue from current 10% to 15% in next two years

LeTV is planning to enter into Indian mobile market

- It is a Chinese firm and one of the words leading manufacturer of smartphones and smart devices
- It is a 11 year old company with core streamline business of TV series and movies
- Also making its own premium smart TV to stream its content and to compete with Samsung and Sony

Market Performance



Source: Moneycontrol

FMCG sector as a whole lost close to 1% this week with stocks of companies like HUL, Britannia, Dabur, Nestle, Colgate Palmolive, Agro tech foods ltd, etc witnessing a fall in stock market. Sector couldn't gain this week even though last week's performance showed FMCG sector gaining as a whole.

Top Performers

Stock: ITC

Rationale: ITC stocks gained close 2% this week. ITC is going to spend 250 crores this year to strengthen rural livelihoods as part of its continuous effort to invest in social initiative. The company will also continue to add one lakh acres of land under its watershed development and 50,000 acres in its afforestation initiatives every year.

Stock: Marico

Rationale: Marico stock gained after it appointed new chief-strategy, mergers and acquisitions and new business and also NSE decision to make Marico stock available for futures and options contract contributed in its upward trend.

Under Performers

Stock: Godfrey Phillips

Rationale: Godfrey Phillips rallied 2.30% down. Uttar Pradesh Government recently has hiked VAT on tobacco and cigarettes to 40 per cent from 25 per cent and this could affect the company's bottom line if it is not able to pass the rate hike to customer.

Stock: Britannia Industries Ltd

Rationale: Britannia Industries Ltd stock tumbled 3.66% after Bengaluru court directs Britannia to pay pensioners their dues as part of verdict in decade long court case. The city civil court in its verdict on Monday found pension fund trustees of the covenanted staff pension fund (CFSP) "guilty of breach of trust".

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Sector: Information Technology

Analysts: Nikhil Sharma, Saket Sohan

Developments

Indian IT companies among world's worst payers

A survey conducted by recruitment platform MyHiringClub.com says that Indian IT companies are among the world's 10 worst payers. India ranked 7th on the list. Indian IT managers drew an average salary of \$41,213, Bulgaria topped the list with a meager \$25,680, followed by Vietnam and Thailand averaging at \$30,938 and \$34,423, respectively. On the other hand Switzerland topped the list with an average annual remuneration of USD 1,71,465 and Belgium is second with 1,52,430.

The survey also predicted that "India remains one of the most favorite outsourcing destinations due to this low-cost factor, but the future might bring with itself a completely different scenario."

Infosys scraps bell curve for performance assessment

Infosys has finally bid adieu to the bell curve as performance evaluation criteria for its 1.76 lakh employees. It started the conversation to get rid of the bell curve three months ago. Infosys had been grappling with rising attrition rates of over 20 per cent up until the latter half of 2014. Attrition rate of Infosys has now come down to 13 percent. It will now completely stop the practice of force-fitting employees in different performance buckets, giving managers a greater flexibility to assess their subordinates. From now on, the managers will take a call and reward. Infosys is also looking to hire 20,000 people by the end of fiscal year 2016.

BPM sector to touch \$50 billion by 2020: Nasscom

The export revenue from the business process management (BPM) industry is expected to reach the \$50 billion mark by 2020, as stated by Nasscom. BPM sector had touched \$27 billion during 2014-15 due to heavy spending from overseas clients. The data provided by Nasscom showed Genpact on the first position while Tata Consultancy Services remained second in the BPO sector.

Nasscom also launched a new rebranding exercise to change the social perception of the sector. The pilot phase of the campaign will be rolled out in selected colleges of two cities- Bengaluru and Chandigarh. The project if successful in the next six months will be then rolled out on a pan India level.

Buzz Words this week: In-memory computing, Microsoft office 2016, Silicon Valley-Narendra Modi

Market Performance

The week has been very good for IT companies. An overall increase of more than 2% over the last week was recorded in the sector. Almost all the stocks has performed well and with rate cut expected early next week, it would be interesting to see how these stocks perform in the days ahead.

Top Performers

Stock: Mindtree Ltd.

Rationale: Two major happenings have pushed up the Mindtree stocks this year. First was launching of its Global Learning and Software Delivery Centre, Mindtree Kalinga. The facility that would serve as a training center for the company's recruits as well as software delivery center for its global clients.

Another big news came when Mölnlycke Health Care a high-quality healthcare solutions selected Mindtree to enhance business efficiency using the SAP application suite.

Under Performers

Stock: None

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Sector: Telecommunications

Analysts: Akshi, Megha, Pranay

Developments

Uninor to expand under the name of Telenor in Telangana and Andhra Pradesh

- As part of re-branding exercise, Telecom service provider Uninor has changed its name to Telenor and company has announced that it will spend around Rs100 crore to promote its brand in market
- It will be expanding its stores from a count of 250 to 320 in Telangana and Andhra Pradesh
- In the six circles where it operates, Telenor India is on 4th position in terms of revenue and customer market share
- Telenor is also planning to trade spectrum to provide 3G and 4G services. It currently has just 2G spectrum. It is likely that Telenor is having discussions with Videocon and Aircel
- Telenor has made the Indian subsidiary fully owned by raising its stake to 100% in it.
- It has also partnered with Datawind to provide free internet service for one year in the 6 circles where Telenor is operating: Maharashtra, UP(East and West), Bihar & Jharkhand, Gujarat, Telangana and Andhra Pradesh

Datawind ties up with Telenor for free internet browsing for one year

- This offer is available across six telecom circles on any of its devices across the country
- Apart from Telenor, Datawind has also tied up with Reliance Communications.

Idea shifts 1.5 million prepaid customers to per second billing plan

- Idea Cellular said that it will shift its 1.5 million prepaid customers from Per Minute Billing to Per Second Billing plan, over the next 30 days
- Bharti Airtel is also moving its customers to Per Second Billing plan.

RComm to Exit Telecom tower business

- Reliance Communications has decided to exit from telecom tower business by selling its stake (96%) in Reliance Infratel to reduce its debt of over Rs38000 crore
- RComm is in talks with four bidders: Tillman Capital, American Tower Corp, Farallon Capital and Carlyle out which two want to buy 51% stake while the other two want 100% stake
- Reliance Infratel is currently valued at Rs20000- 24000 crore including Rs8000 crore of debt

Court to pass order on Additional Allocation of 2G Spectrum Scam 2002 on Oct 7

- Ex- telecom Secretary, Shyamal Ghosh, and 3 telecom firms Hutchison Max (P) Ltd, Bharti Cellular Ltd and Sterling Cellular Ltd were accused in additional spectrum allocation scam which led to a loss of Rs 846.44 crore to exchequer. Court has said that the order will be passed on October 7 2015

Market Performance

Telecom Sector has continued to perform well this week also with an increase by 1.59%



Source: Moneycontrol

Top Performers

Bharti Infratel and Tata Communication

With an increase of 1.4% and 1.3%, Bharti Infratel and Tata Communication respectively, are the top performers of this week

Under Performers

RComm, Bharti Airtel and Idea Cellular

RComm witnessed a drop of 2.7% in its stocks which could be due to selling of its stake in Reliance Infratel to reduce its debt

There was a drop of 6.5% and 5.3% in stock prices if Bharti Airtel and Idea Cellular respectively

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Sector : Auto and Auto Components

Analysts : Sriram N, Mounica Reddy

Developments

ARAI to probe if VW cheated emission tests in India

ARAI(Automotive Research Association of India) is being asked by the government of India to probe if Volkswagen has manipulated the emission tests in India, the way it did at US. ARAI has started the process to find out what happened in India. It started contacting the company to get details related to the issue.

Rajiv Bajaj piqued by the long wait to get a nod for quadricycle in India

Frustrated Bajaj’s Auto managing director told reporters that, “We had a hearing that was postponed now. Again it has been postponed to next month...So that is the problem; somebody finally has to give us approval. The process just takes forever. Maybe when our children are in the business we will get approval.” The company is all set to export vehicle Qute to 16 countries by the end of this month.

Ford Figo launched at Rs 4.38 lakh as an introductory offer

All new Figo was launched by Ford India which was built on the company’s latest global platform at an introductory offer of Rs.4.38 lakh. Lakshmi Ramkumar, Dealer Manager and General Director of Ford India said that Figo was designed with cutting edge technology, sporty stance and to give an unmatched ownership experience to its customers.

Market Performance

Although the market started high during the starting of week, it saw a dip towards the end of week.



Source: Moneycontrol

Top Performers

Stock: TVS motors

Both BSE and NSE prices rose nearly by 2.50 %

Under Performers

Stock: Eicher Motor

BSE and NSE prices dipped nearly by 2.68 and 2.62 % respectively.

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Sector: Cement and Construction Industry

Analysts: Shramit, Rajshekhar

Developments

UltraTech and Lafarge banned by Real estate giants

Real estate body CREDAI NCR announced on Saturday that they are banning UltraTech cement and Lafarge as they had hiked the prices of cement up to 40% in NCR region while there was no rise in price in any other major cities like Mumbai and Bangalore. The hope is that this will act against cartelization and deter other companies from following such practices.

India Swiss join hands for low-carbon cement

LC3 – a project which is jointly run by Indian and Swiss researchers. Low carbon cement will be a boom in India as the demand for cement will soon hit a new high due to many infrastructure plans in the pipeline. The foreign partnerships are becoming the norm as companies try to find strategic advantage over its competitors.

Heidelberg-Italcementi deal finalized

CCI (Competition Commission of India) has cleared the acquisition of Italcementi Spa by Heidelberg Cement. Both the companies have some presence in India and this deal will open more doors for the German firm. This is another example of such merger, where the companies find that it's easier and cost effective to form alliances and mergers. Such partnerships help in achieving economics of scale and a greater global presence.

Market Performance

The week has witnessed ups and downs for the cement industry as some had witnessed a rise while many had have a dip in their share prices. The demand for cement still remains low, thus most of the companies had a small fall in the price of stocks.

Top Performers

Stock: Birla Corporation

Price on 21th September, 2015: Rs 450

Price on 25th September, 2015: Rs 457.05

Change %: 1.56%

Rationale: The rise in the price of this stock is very minimal. Most of the companies' stocks have had a dip in their price.

Under Performers

Stock: Shree Cement

Price on 21st September, 2015: Rs 12069.40

Price on 25th September, 2015: Rs 11159.30

Change %: -7.54%

Rationale: Cement industry has not been doing great in the market right now. Most of the companies are having a fall in the price of the stock. Due to decline in the demand, the market has been going down and due to which Shree Cement has suffered maximum. Their profits for last quarter were also down significantly.

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Sector : Retail and textile

Analysts: Ishu Agrawal, Aurosikha

Developments

FSSAI under trouble

The national joint committee of nine national organizations of stakeholders of food industries has demanded a return of 80 crore from FSSAI collected by latter for product approvals through advisories since 2013. These organizations represent pharmaceutical organizations, farmers, retailers, hotels and restaurants, traders and transporters.

Food safety regulator FSSAI was established under Food Safety and Standards Act, 2006, which consolidates various acts and orders that handles food related issues. Since 2013, FSSAI has issued around 15 advisories for food product approvals. Through such approvals, FSSAI collected 80 crore. After the judgment by supreme court on August,2015 all such advisories stand redundant.

Is Amazon to Google's core search advertising business?

Google makes the most money through its search advertising business when people use it to search for products they intend to buy online. But a lot of those people are increasingly going straight to Amazon to search for products, bypassing Google's search ads altogether in their purchasing process. Also, people like to search for the products through standalone app of Amazon, which is likely to decrease traffic on Google.

However, Google continues to be in strong position as still the mobile browser market is twice the size of app traffic. But since two largest retailers Amazon and Walmart are driving 50% of their traffic through their app bypassing Google, and most retailers are launching their apps, it can be a considerable factor for Google ads business.

Textile exports declined in August 2015 by 20.66 per cent

Textile exports declined in August 2015 for the ninth straight month by 20.66 per cent with overall exports reaching \$26.8 billion, while exports of cotton textiles registered a negative growth of 7.39 per cent as reported in the last sector report. Therefore, SIMA (Southern India Mills Association) has kept certain suggestions forward like to allocate Rs 6,500 crore to clear all pending Technological Up gradation Fund subsidies(TUFs), seeking removal of import duties, anti-dumping duties and reduction of Central Excise duty on man-made fiber from 12.5% to 6% and to extend subsidies directly to cotton farmers and de-link Cotton Corporation of India from cotton trade.

Market Performance

Textile industry continues to do well in domestic sector with respect to readymade garments but has been severely affected with respect to exports in cotton. The retail sector continues to do well as investors look forward to festival season.

Top Performers

Stock: Future Lifestyle Fashions

Rationale: The stock price increased last week after the company raised funds through NCDs.

Under Performers

Stock: Lambhodhara textiles

Rationale: The stock price went down as cotton exports declined.

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