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Issue 2



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## 1. Automobile Sector

*Dhanyakumar M H & Jananee R C*

- Automaker Tata Motors introduced country's first Bio CNG (compressed natural gas) or bio-Methane bus in India at the Bio-energy programme 'Urja Utsav'. The company has designed and developed bio-Methane engines for LCV, ICV, and MCV buses and the powertrain options include - 5.7 SGI and 3.8 SGI. This move is aligned with decreasing emissions for a cleaner environment but also help promote the Government of India's Smart City initiative.
- **Maruti Suzuki** has introduced automatic (CVT) option in the top-end Alpha trim of its premium hatchback Baleno, priced at INR 8.34 lakh (ex-showroom, Delhi). Automatic Baleno comes with hi-end features including the smartphone linkage display audio that works with Apple CarPlay and MirrorLink. Since its launch in October 2015, the company has sold over 2 lakh units of Baleno. interestingly, Baleno is the first product that is being exported to Japan and now being exported to over 100 countries.
- **Electric buses that can swap batteries at petrol pump-like facilities:**  
On July 18, Ashok Leyland, the country's second-largest truck-maker, announced a strategic partnership with SUN Mobility, a transportation solutions start-up, to develop a battery swapping system for electric buses. Ambitious project is led by Chetan Maini, a Stanford-trained engineer who built India's first electric car Reva. Swappable batteries, an area that Ashok Leyland has reportedly been exploring already, could be the potential game changer in India.

A primary roadblock was the high cost of batteries for Electric Vehicles (EVs). Ashok Jhunjhunwala, a principal advisor to the government of India's ministry of new and renewable energy, realised that there was an opportunity to build volumes if EVs could be separated from the single most expensive component: batteries. This arrangement, Jhunjhunwala said, brings the cost of EVs (without battery) at par with conventional vehicles. By focusing on higher efficiency vehicles and batteries that can be swapped at regular intervals, the cost per kilometre can be brought down to levels comparable with diesel, petrol or CNG vehicles. Compared to larger batteries used in EVs, which typically aren't interchangeable, these swappable batteries are smaller, cheaper, and take less time to charge. "Suddenly the whole economics was working. And once the economics work, one can scale," he said. Also, to charge the swappable batteries solar energy be harnessed thus supporting the sustainable path.

Ashok Leyland also has a British subsidiary, Optare, which offers a fleet of electric buses in European markets.

- **Tata Motors** on Thursday rolled out the first batch of its soon-to-be launched 5-seater SUV, the Nexon from its Ranjangaon facility. SUV may come in the INR 6-9 lakh price range is the company's fourth new generation passenger vehicles and will be commercially launched before Diwali. With new elements, styling bits and fresh treatment, Nexon looks promising and could establish Tata as a strong player in the segment. Currently, the subcompact SUV space is dominated by Ford Eco Sport and Maruti Vitara Brezza. That said, Vitara Brezza is currently available only with the diesel engine which could benefit Nexon as it will come with both the options.
- **Bajaj Auto** and its Austrian partner KTM are ready to add new brand to its portfolio which it believes presents a very 'promising opportunity' for the alliance. While the company did not elaborate which brand it is looking to add to its portfolio speculation is rife the target company could be Ducati. Bajaj further said that an announcement will be made in the next 10 days.

- **Amtek Auto Ltd**, an Auto components maker reported widening of standalone loss to Rs889.58 crore for the first quarter ended 30 June, hit by exceptional inventory losses. Company reported an total income from operations during the quarter stood at Rs446.84 crore as against INR 576.49 crore, down 13.44%. Company said during the quarter it completed an evaluation of all its inventories owing to decline in effective operations due to working capital stress with an objective to identify inventories that are aged and may not be usable and also the cost of carrying such inventories. Based on the results of such an assessment, corrective action been implemented such as sale of aged and non-usable inventory.
- **Ashok Leyland** on Friday reported a standalone net profit of INR 111.23 crore for the first quarter ended 30 June 2017, drop of 62% from its previous year quarter. The commercial vehicles maker had reported a net profit at Rs290.78 crore in the April-June quarter of the previous fiscal.

Company's income from operations during the quarter under review stood at INR 4,552.79 crore v/s INR 4,569.84 crore during the same period a year ago. Marginal increase is seen in the top line growth but the profitability of the quarter was lower primarily because of a richer mix and exchange gain on swap contracts in the first quarter of last year. On the outlook, the company said: "The next three quarters look promising as the demand is expected to pick up on the back of government spending on infrastructure as well as positive impact of GST."

- **Bajaj Auto Ltd**: Company's profit fell for the third straight quarter to INR 924 crore, a 5.6% drop from INR 978 crore a year earlier. Fall in profit is attributed to higher raw material costs and the switch to the stricter Bharat Stage-IV (BS-IV) emission norms. Net revenue fell 3.8% to Rs5,854 crore, compared to Rs6,088.75 crore in the year-ago period.

A sharp drop in sales volume in the domestic market, coupled with higher raw material costs, dragged down the EBITDA (earnings before interest, tax, depreciation and amortization) margin to 18.3% from 20.5% in the same quarter of the last fiscal year.

Motorcycle and commercial vehicles sales in the domestic market fell 23% to 478,909 units from a year ago. Exports that had declined for the past five quarters snapped the trend, rising 10% to 409,525 units. Decline in the sales in quarter is attributed to BS-IV norms in April and the run-up to GST.

In a research note after the earnings announcement, brokerage Arihant Capital Markets Ltd, wrote, "With potential to bring back stock levels within the network, introduction of new variants and steps initiated on mass communication and ground field activities, performance for Q2 / FY18 is anticipated to be much better."

## 2. Consumer Durables Sector

*Nishant D'Souza & Abraham Mathew*

- Durable makers are unable to sell their goods into the third week after GST's rollout as dealers are still keeping their inventories lean while figuring out compliance requirements under the new indirect tax regime. Manufacturers are, meanwhile, still waiting for clarity on prices.
- Blue star announced expansion of water purifier offerings aiming to get 10% market share in 3 years. They launched residential water purifiers last October with 15 models. They also plan to get into commercial water purifiers.
- Blue star entry into Sri Lankan markets by announcing its partnership with Comfort Solutions as the official distributor in Sri Lanka for its Unitary Products range comprising room air conditioners, cassette air conditioners, floor standing air conditioners, water coolers, deep freezers, bottled water dispensers and ice cube machines. The present Sri Lankan AC&R market is estimated at USD 50 million with an expected growth of 15% per annum. Blue Star's leadership of close to 75 years in the Air Conditioning and Refrigeration industry in India, supported by the free trade agreement (ISFTA) between India and Sri Lanka, as well as the proximity between the two countries facilitating speedy and cost-effective logistics, makes it ideal for the company's foray into the country.
- Reliance Retail has entered into an exclusive partnership with Gitanjali Group, India's leading branded jewellery manufacturer-retailer to make fine jewellery from India's top jewellery brands such as Gili, Nakshatra, Nirvana and Asmi available at the newly launched 'Project Eve' store in Mumbai. Gitanjali gems is also moving towards consolidation of brands although there is no clear indication on the timeline and brands to be consolidated.
- IFB Industries Limited has entered into an agreement with IFB Automotive Pvt Ltd towards the acquisition of Global Automotive & Appliances Pvt Ltd (GAAL). The consideration amount of INR 19.97 crore was paid to acquire 100% equity capital of GAAL. Meanwhile, the stock traded in the negative territory slipping 0.14% at INR 728.05 per share on BSE. The stock attracted a traded volume of 921 shares and a traded value of 6.74 lakh, on NSE. The company has a low return on equity of 9.80% for the last three years. The stock on yearly basis has given 90.43% returns. IFB Industries Limited is engaged in engineering and manufacturing of diverse parts and accessories for motor vehicles. The company is also engaged in the business of manufacturing and trading of home appliances, and manufacturing of fine blanking components.
- Microsoft and Johnson Controls today revealed a new product partnership in a smart thermostat called "GLAS." The thermostat has been built by Johnson Controls, the company that made the first electric thermostat, with Microsoft providing all of the internal software, including the ability for users to awake and control its functions with smart AI assistant Cortana (via The Verge). In the announcement video, GLAS is showcased as having an aluminium edge that attaches the thermostat to a wall, as well as a translucent touchscreen display that will let users tap and swipe through different temperature and control settings. The video mentioned that GLAS will monitor indoor and outdoor air temperature, as well as be knowledgeable of when a user is in the room or away from home, saving them money on their energy bills.

- Household appliances maker Khaitan Electricals has approached the Board for Industrial and Financial Reconstruction (BIFR) to declare it as a sick industry as its accumulated losses had exceeded the net worth.
- Rajesh exports made its debut at 423 in Fortune 500.
- Markets regulator Securities and Exchange Board of India (SEBI) on Thursday imposed a total penalty of INR 50 lakh on nine promoter entities of Symphony Ltd for failing to make adequate disclosures regarding the acquisition of shares of the firm. After finding that the nine entities -- Jonaki A Bakeri, Hirva A Bakeri, Achal Anil Bakeri, Achal Anil Bakeri HUF, Rupa Achal Bakeri, Pavan Bakeri, Hansa Bakeri, Oras Investments and Paratam Investments -- violated SAST (Substantial Acquisition of Shares and Takeovers) Regulations, the regulator imposed a fine of INR 50 lakh. Jonaki A Bakeri, along with persons acting in concert (PACs), had acquired 50,000 shares of consumer electronics firm Symphony Ltd on May 6, 2009 and 43,161 shares on May 7, 2009. Hirva A Bakeri had acquired 75,000 shares of the firm on May 6, 2009, along with PACs, through a bulk deal.
- Titan launches dash eyewear for kids between 8-12. Available across leading multi-brand outlets and Titan Eye Plus stores in Mumbai, Bangalore, Chennai, Hyderabad, Kolkata, Pune, Ahmedabad, Surat, Indore, Nagpur, Kanpur, Jaipur, Patna, Ranchi, Durgapur, Coimbatore, Goa, Vijayawada, Raipur, Durgapur. Will also be available on leading e-commerce portals like Amazon and Flipkart from July onwards. The products are priced between INR 599 and INR 799.
- Tribhovandas Bhimji Zaveri will hold a meeting of the Board of Directors of the Company on 2 August 2017 to consider and approve the unaudited standalone financial results of the Company for the quarter ended 30th June 2017; and to consider any other business with the permission of the Chair.
- A meeting of the Board of Directors of the Company will be held on 11th August 2017, inter alia, for considering and approving the Unaudited Financial Results of the Company for the First Quarter year ended 30th June 2017.
- In this connection, further note that pursuant to the Company's Code of Conduct framed in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 ('the Code'), Trading Window for dealing in shares of the Company, for persons specified under the Code, shall remain closed from 28th July 2017 to 16th August 2017 (both days inclusive).
- TTK Prestige's offer to buy back one lakh shares for INR 70 crore began on Thursday. The company had set June 16 as the record date to decide eligible shareholders in an earlier regulatory filing. The buyback offers closes on July 26. The shares are being bought back on a proportionate basis through a tender offer, at a price of INR 7,000, which is about 10% more than its Thursday's closing price of INR 6,365.80 on BSE. The offer represents 0.86% of the total number of shares of the company. In 2017 companies have bought back shares close to INR 30,000 crore. This is more than INR 27,000 crore worth of buybacks done in 2016.
- Videocon D2H was the top brand according to BARC ratings in week 26, 27. With 10238 brand insertions in week 27 (1st July - 7th July). Week 28 (8th-14th July) - rank 3, 10242 insertions.
- Whirlpool Corp., is eyeing a 25 percent market share by 2020 on the back of new product offerings such as water purifier, air purifier, dishwasher and other small domestic appliances.

“In the next three years, we are looking forward to putting in close to Rs200 crore, part of which will be on increasing capacity and part of it will be on energy-related manufacturing processes and technological innovations,” Whirlpool India vice-president (marketing) Kapil Agarwal told PTI.

### 3. Construction Sector

Prince Arora & Akshay Chaudhary



Source: <http://economictimes.indiatimes.com/markets/technicalcharts?symbol=CNXINFRA&exchange=NSE&entity=index&periodicity=30>

- Construction of India's longest bridge (9.8 Km) across river Ganga in Bihar commences. The works are being carried out by Korean firm Daewoo engineering and Construction Company limited, in a joint venture with L&T India is executing the INR.4,988.4 crore bridge project. The bridge is expected to be completed by 2020 and it would provide a link between the northern and southern part of Bihar.
- The government of India plans to spend INR.2.5 Lac crores to implement metro rail projects in various cities. The spending is spread across next 5 years. Over the next 3 to 5 years order books of construction companies who have worked on metro projects are going to have sufficient order inflows.
- Egis India, a France based company has been appointed as consultants for the new Pune airport terminal building. Around INR.400 crore has been sanctioned for the project. The work is expected to get over by 2021.
- International Finance Corporation (IFC) is planning to invest over \$1 billion in next five years to support India's green building initiative. Tata Housing Development Company, Mahindra Life space Developers, Godrej Properties, Shapoorji Pallonji Real Estate and VBHC Value Homes along with International Finance Corporation (IFC), European Union and PNB Housing Finance have come together to give a push to green homes. Sustainable Housing Leadership Consortium (SHLC) announced they will make 100% of their new housing portfolio green, thereby contributing 110 million square feet of green housing by 2020. This would entail an investment of around \$1 trillion.
- BTP secures INR.190 crore construction finance from L&T finance to complete two residential projects in Faridabad. The company expects to deliver 2000 units this year.

- Andhra state government is planning to develop tourism hubs to promote water sports and river based tourism along banks of river Krishna. They have decided to invest to INR.800 crore in the construction of an iconic bridge connecting Krishna and Guntur districts.



#### 4. FMCG Sector

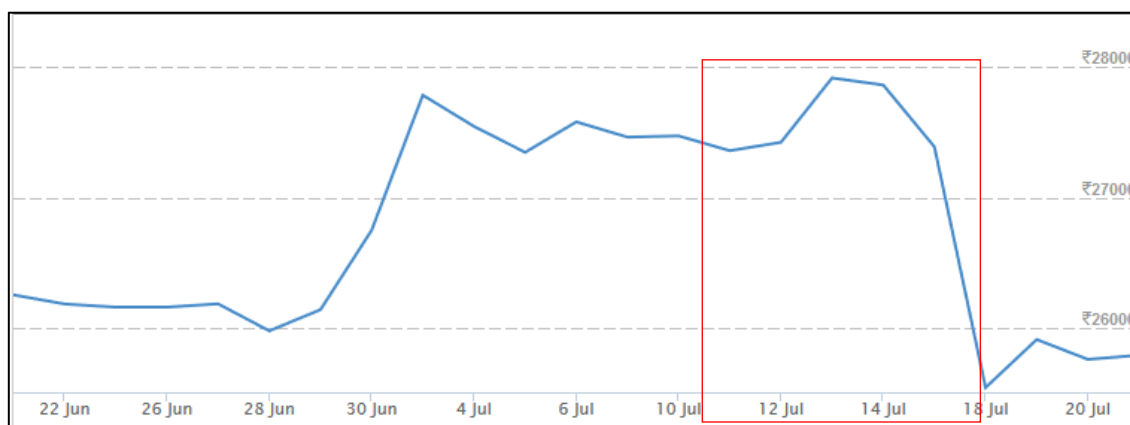
*Bhargavi Mittal & Vikas Rachamalla*

Nifty FMCG as on;

14<sup>th</sup> July- 27864

21<sup>th</sup> July- 25762

NIFTY FMCG fell by 2102 points or 7.54% for the observed week, making it the steepest fall in a while.



**Source: moneycontrol.com**

Analyses of market movers and general trends in the FMCG market were;

#### Industry Trends

- FMCG sales grew by 5.4% in the first week of July after the implementation of GST. Sales of eatable items like milk based products (0% GST), cereals and pulses (0% GST), edible oils (5% GST) grew 3-9%. While the sales of personal care items where the GST has increased for high value products saw a decline in sales.
- Retailers and grocery chains were struggling to stock up supplies on their shelves. This was mainly because of problems of system upgrading required to file for GST by the wholesalers and dealers. The problem was mainly in the rural areas which are most affected in the GST implementation. However, the overall industry view is that the implementation of GST has been quite smooth. The problems of re-stocking will be resolved in 3-4 weeks when the distributors adopt the system.

#### Company Specific

- **Colgate Palmolive's**- APAC's sales declined by 3.5% for Colgate majorly because of destocking done by wholesalers in India in anticipation of new GST rates for the company. APAC accounts for 18% sales of Colgate. The stress of sales in India seems momentary as the tax rate on toothpaste and toothbrush is 18% under new GST system, down from 23-24%. Colgate has cut the prices by 7-11% on its products which will help it provide competitive position vis-à-vis other players (Patanjali).
- **ITC**- the stock fell by almost 15%, its biggest fall in 25 years. The negative sentiment arose because of raise of cess on cigarettes. The new tax rates on cigarettes will be;
  - 65mm**- tax raised by 485 per 1000 sticks, both filter and non-filter
  - 65-70mm**- tax raised by 729 per 1000 sticks for non-filter ones and 621 per 1000 sticks for filter ones.
  - 70-75mm**- tax raised by 729 per 1000 sticks

**84mm-** government raised ad valorem rate to 36% (earlier 5%). The GST of 28% on it will make the total tax to be 64%.

The company is expected to pass the tax burden on consumers with expected price hike on cigarettes by 11%. ITC gets its 62% of revenue from cigarettes business and this increase in tax will surely affect its volume.

- **Jubilant Foodworks** – The stock rose by 7% for the week after the company's standalone profits increased by 26% owing to the growth from pizza chain.
- **HUL-** reported a flat increase in sales by 5%. The company Q1 results were expected to go down owing to destocking during GST. Company also lost a month sales from military CSD (canteen stores department) which ceased HUL's stock for 45 days. This loss caused 2% decline in volumes.

## 5. Metals Sector

*Sahitya Kumar & Naveen Suhag*

### ➤ **Metals Sector Stocks Trend:**

Stocks from the metals sector rose by 4.97% on average since the launch of the GST. Top gainers from the sector included Welspun Corp (NSE: WELPCORP) and Vedanta Limited (VEDL) (NSE: VEDL) which gained 9.06% and 7.02%, respectively. The flagship company of Aditya Birla Group, Hindalco Industries (NSE: HINDALCO) recorded a gain of about 7.8% during the period.

### ➤ **Re-rating on the cards for steel industry on earnings visibility**

In Indian steel stocks have recovered sharply since the government first introduced restrictions on imports at the end of FY16, but a major rerating could be still on the cards for the industry. The government has extended the minimum import price and anti-dumping duties on major steel products till 2021, thus providing a floor price and making steel more of a domestic commodity like cement.

In the past five years, steel demand growth has been extremely low -below 3 per cent compared with 10 per cent compounded growth in the 10 years before that.

Industry experts believe that India's steel demand is on the cusp of a high growth period with expected pick-up in government spending, mandate for locally-produced steel in projects executed by state-owned firms, and the thrust on affordable housing.

*Source – Economic Times*

### ➤ **Steel manufacturing cost to rise as power out of GST: Steel Ministry to PMO**

The steel ministry has expressed concerns that cost of steel manufacturing will increase as electricity, being one of the major inputs, has been kept out of the Goods and Service Tax. The concerns were expressed at a recent meeting of the ministry with the Prime Minister's Office, a government official said.

"Electricity being a major input for steel industry will increase the cost of manufacturing if it remains out of the GST," the official said.

The concerns were also expressed by the steel ministry during the meeting that the Clean Energy Cess of INR 400 per tonne which was being charged pre GST remains effectively non-cenvatable in the new regime.

*Source – Economic Times*

### ➤ **PPP Model could give a fillip to India's mineral exploration activity: Piyush Goyal**

A Public Private Partnership (PPP) model could be tried to to give a fillip to India's mineral exploration that is currently constrained due to lack of private sector participation in the activity, Piyush Goyal, union minister of state for power, coal, new & renewable energy and mines, said.

### ➤ Inaugurating a conference on Indian mining, organized by industry body Ficci along with the ministry of mines, Goyal said that "the time was ripe to reflect on where we had gone wrong". He said that high value, strategic and import substitution minerals were the priority minerals for exploration for making India self-sufficient.

*Source – Economic Times*

➤ **Coal India Q1 PAT may dip 29.5% YoY to INR 2161.6 cr: ICICI**

**ICICI** has come out with its first quarter (April-June) earnings estimates for the Metals & Mining sector. The brokerage house expects Coal India to report net profit at 2161.6 crore down 29.5% year-on-year (20.5% quarter-on-quarter).

Net Sales are expected to decrease by 18.2 percent Q-o-Q (up 2.9 percent Y-o-Y) to INR 18960.6 crore, according to ICICI. Earnings before interest, tax, depreciation and amortization (EBITDA) are likely to fall by 16.1 percent Q-o-Q (down 33.2 percent Y-o-Y) to INR 2841.2 crore.

*Source – Moneycontrol*

➤ **Govt defers auction of coal blocks in Jharkhand**

The fifth round of coal mines e-auction for the steel sector has been postponed by the government of India. Although the government has not quoted any reasons for the deferment, it is widely speculated that bids from steel makers were not sufficient. As per the notice, there will be no demo e-auction and any further information in this regard will be intimated in the due course.

*Source – IndianInfoline*

➤ **Bhushan Steel receives insolvency proceeding notice from NCLT; stock down 2%**

Bhushan Steel Limited's shares were down by over 2% during Friday's trading session after the National Company Law Tribunal (NCLT) issued notice against Bhushan Steel Limited on Thursday over the insolvency proceedings initiated by their lenders State Bank of India and Punjab National Bank.

Also, Bhushan Power and Steel was dragged by PNB to the NCLT on Thursday over a default of about INR 37,000 crore. Bhushan Steel has around INR 43,000 crore liability towards more than 20 banks. Bhushan Steel and Bhushan Power were among the 12 companies which were named by RBI for initiation of corporate restructuring through the insolvency route.

*Source – IndianInfoline*

## 6. Chemicals and Paints Sector

*Aditya Venkat & Atanu Ghosh*

### ➤ **Kansai Nerolac Paints Result:**

Kansai Nerolac Paints has reported a 11.31 % growth in its PAT at INR 140.81 crore for the quarter ended June 30. The company has posted a double-digit growth in its decorative category & its Industrial paints category. The EBITDA margins for Q1 increased by around 11% YOY to INR. 207 crores. Looking at the expenses, we find that the availability and prices of some of the major raw material remains still a challenge. The company has posted PAT of INR 126.50 crore in the previous year. Going forward, the company projects good growth in the infrastructure segment, core sectors, automobile sector and the real estate sector is likely to have a positive effect on the overall demand for paints in the industry.

### ➤ **Rallis India Results:**

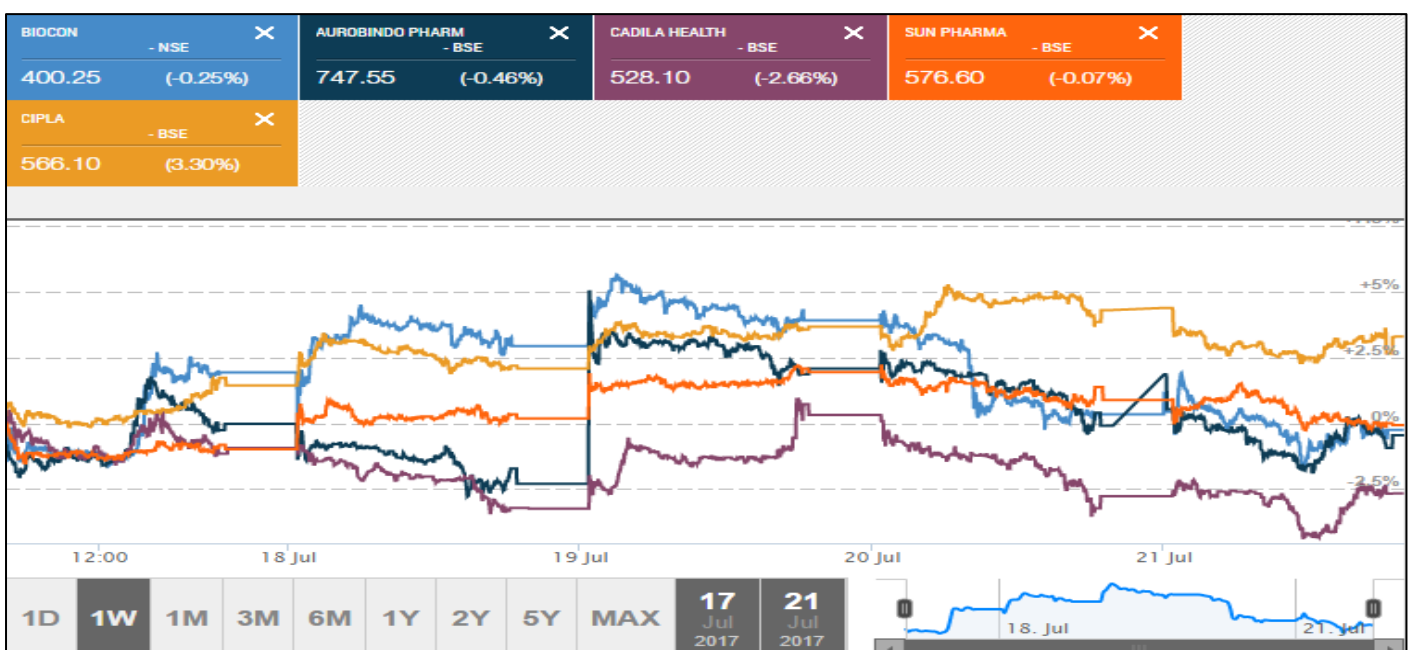
Tata Chemicals Limited's subsidiary, Rallis India on Thursday had posted a 74 % fall in its consolidated net profit to INR 45.25 crore in the Q1 of 2017-18. The previous year's net profit of INR 174.11 crore was due to the sale of land of Navi Mumbai for INR 158 crore. The expenses of the company stood at INR 406.22 crore, a tad lower than INR 407.22 crore in the same quarter YOY. The seed business for the has had a good performance, while the crop protection category saw a lot of destocking by many dealers ahead of GST implementing and down-trading by farmers. The company, Rallis India, which is one of the leading agro-chemicals companies has signed a deal to sell its total stake of 13.68% in Advinus Therapeutics to Eurofins Pharma Services. Also, the BOD has given a go ahead for the merger of the company's subsidiary Zero Waste Agro- Organics Ltd with Rallis India itself.

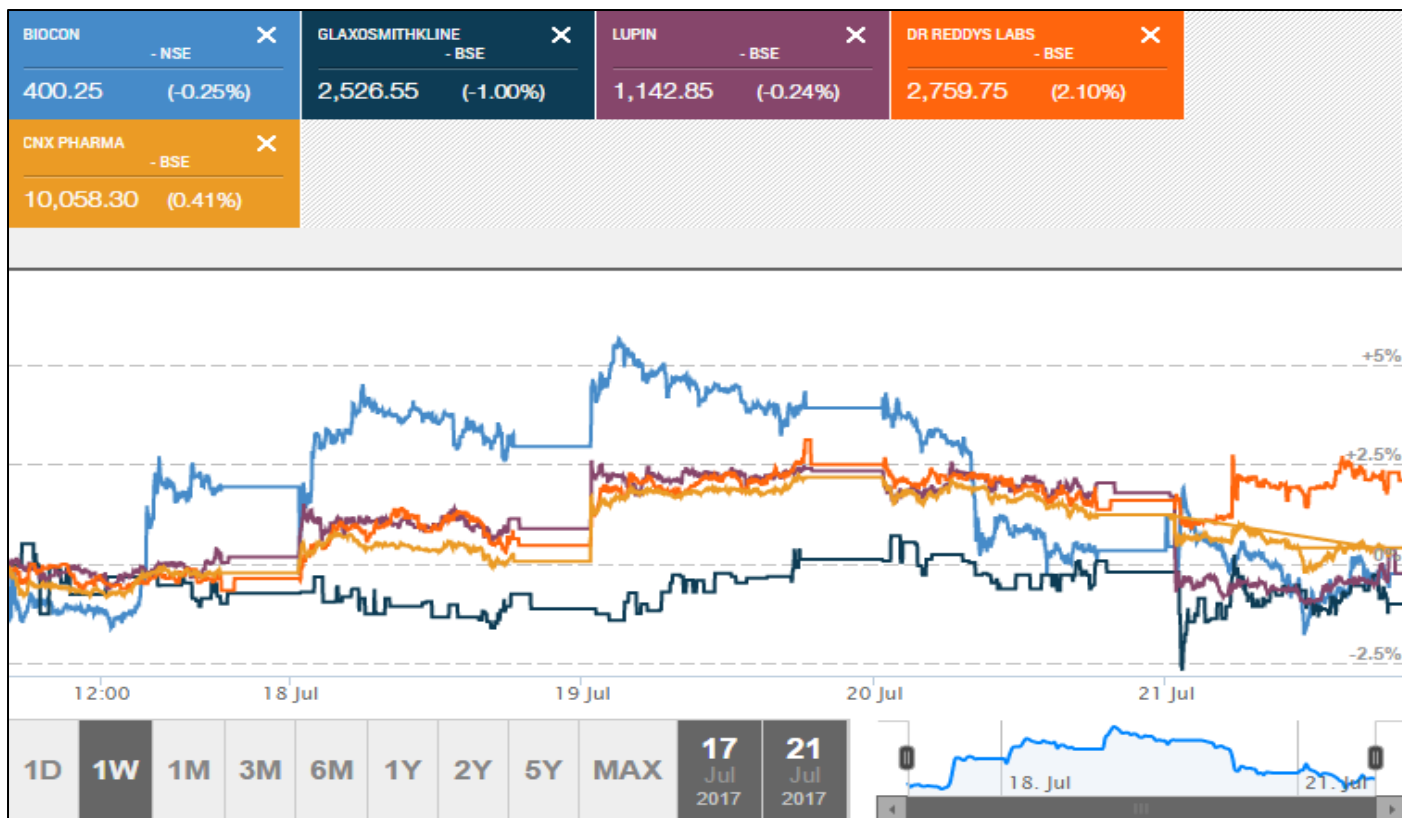
## 7. Healthcare Sector

*Pradyut Killa & Twinkle Garg*

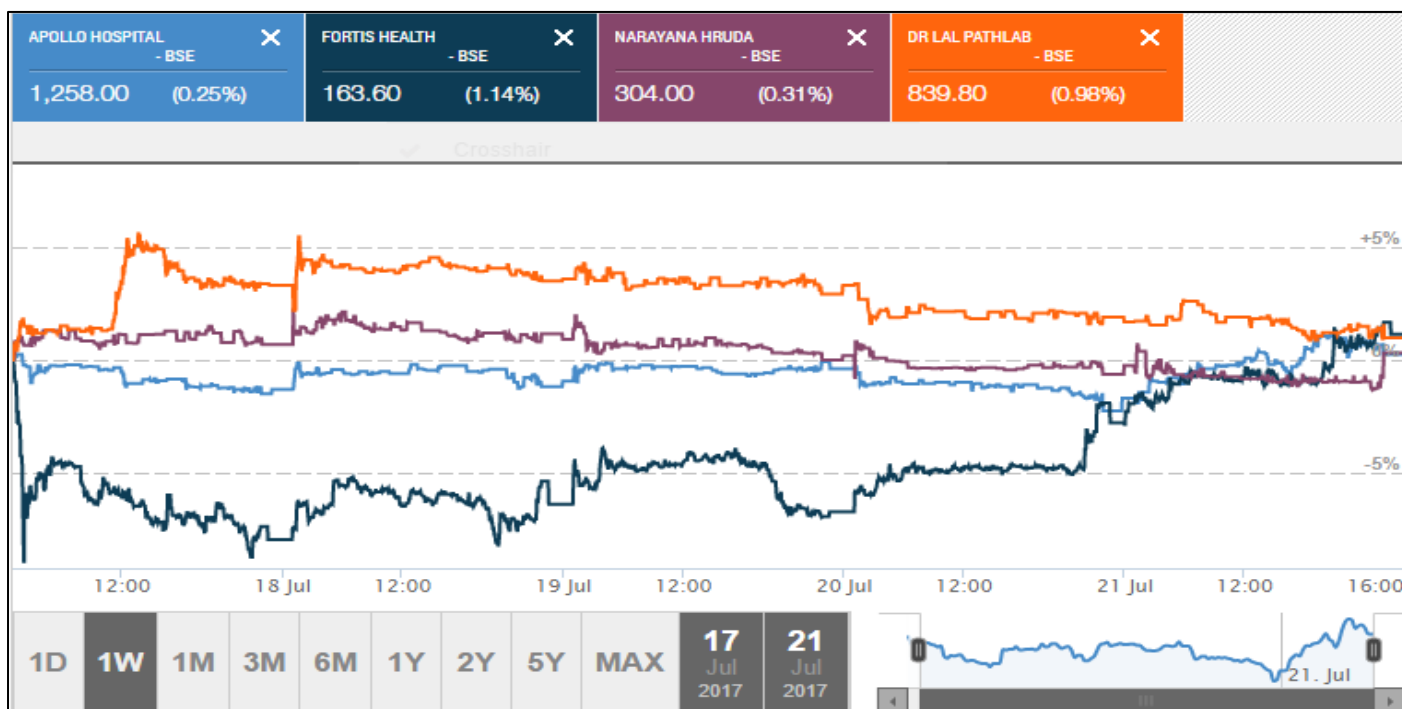
- Niti Aayog wants to privatise district hospitals - The policy shared by Union Ministry with state governments allows private hospitals to bid for 30-year leases over parts of district hospital buildings and land to set up 50 or 100-bed hospitals in towns other than India's eight largest metropolises.
- USFDA approval to Aurobindo's Sevelamer tablets – The said tablets are used to treat patients with chronic kidney diseases. The company is expected to make around USD 150-200 million on the drug due to limited generic competition.
- The government on 21-07-2017 said demand notices of INR 74.65 crore have been issued to pharmaceutical companies which have launched drugs without prior price approval from NPPA
- Lupin has received approval from USFDA for Armodafinil that is used to treat excessive sleeping disorder
- USFDA also approved ANDA for Paroxetine Hydrochloride (helps to treat OCD & panic attacks) that was filed by Sun Pharma
- Zydus Pharma, the subsidiary of Cadila Healthcare, got approval for Pitavastatin that helps lowering bad cholesterol & raising good cholesterol
- Glenmark Pharmaceuticals on 19-07-2017 said it has entered into an exclusive pact with Spanish firm Cyndea Pharma to develop and commercialize the latter's technology for developing generic, soft-gelatin capsule formulations of certain pharmaceutical products
- Dr. Reddy's Laboratories on 18-07-2017 said it launched Vozet Tablets in Indian market which is indicated for the treatment of allergic Rhinitis and chronic Urticaria
- On July 18, 2017 Fortis Healthcare Holdings, promoter of Fortis Healthcare, sold 49,09,330 shares of the company at INR 150.02 and sold 86,00,000 shares at INR 150.91 on the NSE

In the past week, CNX Pharma was up by 0.41% showing bullish trend in Pharmaceutical market. The following 2 pictures are the snapshots of the changes in the stock prices of 10 biggest Pharmaceutical companies. The source for the same is moneycontrol.com's Advanced Interactive Chart. Cipla & Dr. Reddy's Labs has shown maximum increase in the stock price while Cadila Health has declined the most.





The following chart shows the movement in the other stocks in the Healthcare sector apart from Pharmaceuticals. All the 4 stocks have given positive returns in the past week although the movement have been almost stagnant. The volatility have been less. Fortis Healthcare recovered from 8% loss on Monday (17-07-2017) and ended 1.14% above the last week's ending price.



## 8. Textile Sector

*Abhishek Kwatra & Sravani Jaganti*

- The traders in Surat have called off their two-week-long strike against the imposition of five per cent GST on textiles following the Centre's assurance to look into their demand for its rollback. They have called off their protests till August, when the next GST Council meeting will take place, following a meeting with Finance Minister Arun Jaitley in Delhi.
- Union Finance Minister Arun Jaitley on Tuesday said the demand of textile traders to exempt fabrics under the Goods and Services Tax (GST) system cannot be met with as manufacturers will then not be able to claim credit of tax on previous stages. Jaitley said nil GST on fabrics will result in zero rating of imported fabrics, while domestic fabrics will continue to bear the burden of input taxes. The textile industry has been demanding exemption under the GST, saying that the sector has never been taxed.
- In a statement released by the Khadi and Village Industries Commission (KVIC) on Friday, Mishra said the GST panel has already started analysing the “pros and cons of GST exemption, to benefit the workers, weavers and spinners associated with Khadi”. While 5% GST has been imposed on Khadi cloth currently, 12% GST has been imposed on the sale and purchase of readymade Khadi products priced above Rs1,000. Khadi yarn, Gandhi topi and India’s national flag, however, have been kept out of the purview of GST. The tax on Khadi, which had been free from any kind of taxation since 1947, has hurt Khadi traders across the country.
- Ethiopia, which produces about one lakh tonnes of cotton a year, is looking at investments from the Indian textile and clothing industry at its industrial parks and also to cultivate more cotton. According to Bogale Feleke Temesgen, Ethiopian State Minister of Industry, Ethiopia has just about 176 textile units and produces one lakh tonnes of cotton a year. “With three million hectares of land, the potential is immense to increase cotton production,” he said.
- Indian textile industry can grow cotton on the uncultivated land, set up units to produce yarn and other value-added products.
- With Arvind expanding its brand portfolio with Aeropostale and GAP, it is looking to add 200 stores every year along with the decision to take omni-channel distribution, said J. Suresh MD & CEO, Arvind Lifestyle and Brands. Arvind is also looking to re-brand its discount oriented named previously Megamart into Unlimited which focuses on value fashion.



## 9. Banking and Financial Services Sector

*Tuhina Kumar, Disha Luthra, Payal Sachdeva, Roshan Raghuram*

- The digital transactions in all modes increased by 23 per cent to 27.5 million in May 2017 from 22.4 million in November 2016. Transactions through IMPS or Immediate Payment Service, which is an electronic fund transfer service, almost doubled to 2.2 million from 1.2 million between November 2016 to May 2017. The least rise in digital transactions was witnessed in the case of plastic cards, as the rise was only seven per cent -- from 6.8 million in November 2016 to 7.3 million in May this year.
- Axis bank stood at second position in the card acceptance industry, with a point of sale (POS) installation base of over 4,33,000 in the country. It will open 25 branches in Rajasthan in the current fiscal, with a current network of 121 branches and 412 ATMs in the state.
- The State Bank of India's (SBI) interest rate on one-year fixed deposits for less than INR 1 crore has been slashed to a seven-year low of 6.75 per cent, a 15 basis points (bps) cut made by the state-lender earlier this month. Private sector banks ICICI Bank and HDFC Bank continue to hold rates on one-year deposits under INR 1 crore at 6.9 per cent. Rate-cut on home loans above INR 75 lakh by 10 bps to 8.55 per cent for women and 8.6 per cent for others, rate-cut in interest rate for small savings schemes and low levels of Consumer Price Index (CPI)-based inflation.
- Nine of the 21 public sector banks reported losses during 2016-17, including IDBI Bank, Indian Overseas Bank, Allahabad Bank, Bank of India, Bank of Maharashtra, Central Bank of India, Dena Bank, Oriental Bank and UCO Bank.
- Government under the Indradhanush Plan has earmarked INR 70,000 crore for infusion into PSU's between financial years 2016 and 2019, out of which INR 47,915 crore has already being infused during 2015-16 and 2016-17.
- The Reserve Bank of India last month asked creditor banks to begin insolvency proceedings against 12 of the country's biggest loan defaulters, accounting for 1.78 trillion rupees (\$27.7 billion) in non-performing bank loans. They were taken to court under a central bank directive, and India Ratings and Research said that the banks will need to make an additional provisioning of at least 180 billion rupees (\$2.8 billion). Due to these 12 large default accounts, provisioning on these loans could increase to around 60 per cent from 30-40 per cent level currently. This could imply 0.40-0.90 per cent increase in credit cost for the system.
- The Chhattisgarh government has decided to merge all district cooperative central banks (DCCBs) of the state into a single State Cooperative Bank, aiming to serve the farmers with better and efficient banking facilities.
- Bajaj Allianz is the only insurer to report an underwriting profit of INR 62 crore in FY17. The industry's underwriting losses jumped 42 per cent to INR 14,962 crore, pulling down cumulative net profit by 30 per cent to INR 3,238 crore in FY16. State-owned players' underwriting loss went up by 54.4 per cent to INR 10,839 crore in FY16 from INR 7,019 crore in 2014-15, whereas private sector player's underwriting losses also increased to INR 3,662 crore from INR 2,495 crore during the same period. Figures for FY2017 are not out yet.

## 10. Aircraft, Power & Oil Sector

*Mayank Sharma & Phani Kumar*

- RIL has reported 8.59 per cent year-on-year (YoY) rise in standalone net profit at INR 8,196 crore for the quarter against INR 7,548 crore reported for the corresponding quarter last year. Gross refining margin (GRM), the difference between crude oil price, a major raw material, and average selling price of refined products, came in at \$11.9 a barrel for the quarter, compared with \$10 a barrel that analysts had projected.
- India has launched its first petroleum Research & Development (R&D) facility for testing high-end BS-VI quality fuel emissions, which will be operated by by Indian oil corp.
- Coal India is ready to invite applications from independent power producers
- Government-run refiners plan to import less Iranian crude oil in the 2017/2018 fiscal year
- Tata Power is going to invest USD 90 Million in renewable energy arm Tata power renewable Energy Ltd
- Adani Power plans to set up a 150 MW wind power park on the sea shore close to its Mundra thermal power project.
- Cabinet gave approval for ONGC-HPCL merger. The government will sell its 51% stake in HPCL to ONGC. Government will still have control on HPCL through ONGC. Because of its large capital, it will be able to withstand oil volatility better.
- ONGC has plans to merge its downstream arm MRPL with HPCL for better operational output
- 26 States and one UT have joined Ujwal Discom Assurance Yojana (UDAY) for financial and operational turnaround of their DISCOMS. Out of INR 3,75,430 crore debt of state-owned electricity distribution companies (DISCOM) of India, as existing on March 31, 2015, UDAY States account for INR 3,62,231 crores of debt.
- The Indian Hydropower generation company, NHPC Limited announced that it has entered into the Power Purchase Agreement (PPA) with BSES Rajdhani Power Limited (BRPL).The agreement is for the time period of 35 years from the date of commercial operation (COD) of the respective power stations.
- Crude oil increase by 4.5% this week. This was because of reduction in inventories of US and Saudi Arabia.
- Nifty Energy index went from 12486 to 12590.

### **Aviation Sector:**

- Passengers carried by domestic airlines during Jan-Jun 2017 were 561.55 lakh as against 475.79 lakh during the corresponding period of the previous year, thereby registering a growth of 18.03%.
- InterGlobe Aviation Limited, the operator of IndiGo, is again the market leader in the aviation sector with 40% of the entire domestic aviation market. Jet Airways is at the second top position having 15.2% market share. Air India has 13% market share. In terms of punctuality or on-time performance, IndiGo is again ahead of the market, with 86.1% of its flights departing and arriving on schedule.
- The Ministry of Civil Aviation (MoCA) has granted 'in-principle' approval for setting up of 18 greenfield airports and 'site clearance' approval for setting up of seven greenfield airports across the country
- Jet Airways announced 96 new flights for the domestic network during the monsoon season, including 14 new direct, non-stop flights to small towns under the regional connectivity scheme.

The availability of domestic services between smaller services is a result of the rising demand for air travel between the fast-growing cities, indicating economic progress.

## 11. Information Technology Sector

*Sai Kiran Puramsetty & Divya Ramesh*

- Nifty IT index is at 10711.55 as on 21<sup>st</sup> July 2017 up 220 points after it hit an intraday high of 10726.10
- Wipro declared its results for the quarter ended June 30 on Thursday which met D-Street estimates but guidance played a spoiler.
- India's third largest software company reported 1.12 percent year-on-year (YoY) growth in net profit to INR 2082.6 crore for the quarter ended June 30 compared to Rs2059 crore reported in the corresponding quarter of last fiscal.
- Gross Revenues of Wipro Limited from IT services remained flat at INR 13,025.6 crore for the quarter ended June 30, but was higher than CNBC-TV 18 poll of INR 12,828 crore. Wipro Ltd reported an IT revenue of INR 13,109.20 crore in the corresponding quarter of last fiscal.
- IT Services Segment Revenues in dollar terms were \$1,971.7 million, a sequential increase of 0.9 percent (Non GAAP constant currency increase of 0.3% sequentially) and 2.1 percent YoY (Non-GAAP constant currency increase of 3.4% YoY).
- The Board of Directors approved a buyback proposal, subject to the approval of shareholders through postal ballot, for purchase by the company of up to 343.75 million equity shares of Rs2 each (representing 7.06% of total equity capital) from the shareholders of the company on a proportionate basis by way of a tender offer.
- The buyback price will be INR 320 per equity share payable in cash for an aggregate amount not exceeding INR 110,000 million (\$1.7 billion) which translates into a premium of 18 percent from Thursday's closing price of INR 269.
- Mindtree hits over 2-month low post Q1 results. The stock is currently trading at 484.25 (NSE) from 518.25 in 4 days.
- TCS to train govt college students under 'campus to corporate' programme. In a first, students of government colleges in the state will get an opportunity to be trained by a leading corporate house under the 'campus to corporate programme' of directorate of higher education
- Ten Indian companies have made it into the list of Asia300 analysis report published by Nikkei. TCS and HCL tech made it to the top 5 whereas Infosys made it to the top 20 in the list.