



## Weekly Newsletter

### Markets This Week

After a breather in the previous week, the Indian markets managed to just show a minor recovery in the current week. Some credit for that goes to global cues of the optimism that the US and China would strike a deal to end their trade war. Investor sentiment also built up on the note of a robust US Jobs Data.

The results season has just begun with Indusind Bank, Infosys and TCS out with a mixed bag of results.

### Stocks In News

- **Jet Airways** is in talks with Tata Group for takeover.
- **Tata Motors 's** JLR to cut 4500 jobs worldwide. JLR's Dec sales were down 6.4% YOY.
- **Reliance Industries** to shut down its crude distillation units and coker units for 4 weeks for inspection.
- **Lemon Tree Hotels** signed a licensing agreement for 50 room resort property in Andhra Pradesh.
- **NBCC India** secured total business worth Rs188 crores for December
- **Yes Bank** has finalised names of potential candidates of the position of MD& CEO will submit application to RBI.
- **Ashok Leyland** bagged orders worth 2580 buses from Government.
- **Dilip Buildcon** received a credit downgrade
- **Phizer** will soon be shutting down two of its plants in Aurangabad and Maharashtra
- **Bandhan Bank** announced of its buying Gruh Finance, a subsidiary of HDFC bank in a share swap.
- **Prabhat Dairy** entered into animal nutrition business.

### Results

- **Indusind Bank** Q3 profit rises 5% YoY to Rs 985 crore, beats Street estimates
- **Infosys** Q3 profit misses Street estimates, profits fall 12.2%(QOQ) and margin narrows sharply to 22 %,firm announces share buyback
- **TCS** posts highest-ever profit in Q3 at Rs 8,105 crore. it reported a 24.1 per cent growth in YoY profit at for October-December period.

### Stock Study

#### KPIT Technologies (Recommended Price –Rs205)

- **KPIT Technologies** is global tech company specialised in providing IT consulting and product engineering solutions and services to automotive, manufacturing, energy, utilities and life science companies. The company is planning to merge with Birlasoft (IT company) and then demerge into two different companies (one is going to keep the IT business and the other is going to keep the engineering solutions).
- Over the years, the merged entity was significantly undervalued compared to its peers in IT sector due to its product engineering Mix Company and now by demerging it plans to unlock value. Post amalgamation KPIT Tech will change its name to Birlasoft India focusing on IT and will be a USD 500 million digital business creating a new leader in the mid tier IT services space. The remaining business will go to a second entity called KPIT

**7th January to 11th January, 2018**

#### Indian equity benchmark indices' returns

Broad Indices	WkOp	WkCl	% Chg
NIFTY 50	10804.85	10794.95	-0.09
SENSEX	35985	35974	-0.03
NIFTY MID 50	4879.8	4875.7	-0.08
NIFTY NEXT 50	27893.95	27707.55	-0.67

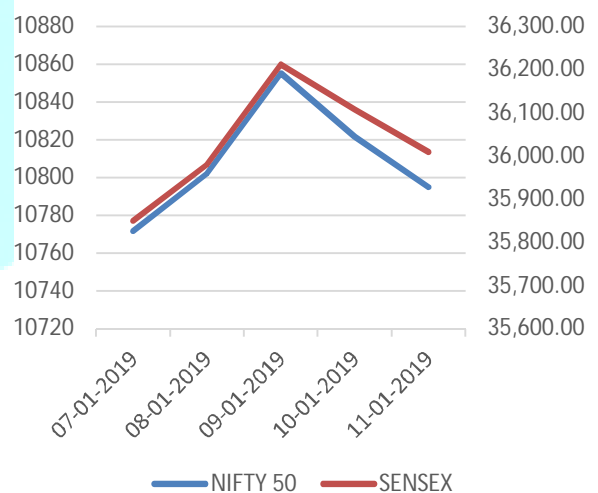
Sectoral Indices	WkOp	WkCl	% Chg
BANK	27378.65	27453.9	0.27
AUTO	8891.9	8862.35	-0.33
FINANCIAL	11635.65	11690.85	0.47
FMCG	30440.9	30759.05	1.05
IT	14238.05	14307.1	0.48
METAL	3040.65	2971.25	-2.28
PHARMA	8840.6	8902.45	0.70
REALITY	237.75	236.65	-0.46
ENERGY	14130.4	13937.55	-1.36

#### Nifty 50 top 5 gainers/losers

Gainers	% Chg
Axis Bank	7.57
Tata Motors	5.47
ITC	5.13
Bharti Airtel	3.92
ICICI Bank	3.66

Losers	% Chg
BPCL	6.16
HPCL	5.92
GAIL	4.12
UltraTech Cement	3.69
Hero MotorCorp	2.97

#### Benchmark Indices





## Weekly Newsletter

Technologies a USD200 million focussed engineering services company. KPIT-Birlasoft merger-demergers transaction is expected to be completed in three months with NCLT approval pending.

- The stock's price had picked up significantly after it announced its merger demerger in January 2018 to Rs300 levels until October 2018, after which due to market fall the stock price got corrected to Rs200 levels.
- Synergies in KPIT's IT services with Birlasoft include (1) Service portfolio, (2) Vertical addition (BFSI), (3) Geographical presence (higher Europe presence in Birlasoft), and (4) Limited client overlap between KPIT ITS and Birlasoft. Also, there is limited client overlap between KPIT's ITS and its PES division (2-3% client overlap), de-risking the demerger further. PES growth driven by spends in automotive in areas of Autonomous, Electrification, In-vehicle network, Diagnostics.
- Previous Quarter the company reported in-line revenue (PES, Digital and Product led growth), profitability beat (businessmix, utilisation). Revenue came at USD 152.5mn, 1.3/7.4% QoQ/YoY. EBITDA% stood at 13.6%, +147bps QoQ and margins expected to improve ahead.
- We value KPIT-Birlasoft combined at Rs250 Target.

## Market Outlook

The next week will be full of hope for investors as Biggies such as Hindustan Unilever, Reliance Industries, HDFC bank, Wipro, Federal Bank, Zee and Mind tree will throw in their results.

If you have any Stock Related queries, Please get in touch with us

Shefali Virani  
Fundamental Research Analyst  
research@cilsecurities.com  
040 - 23202465,23203155