



Economy News

- ▶ The Cabinet is likely to decide by the end of this month on whether to give another Rs 48 bn for the Pradhan Mantri Ujjwala Yojana (PMUY). The scheme aims to provide liquefied petroleum gas (LPG or cooking gas) connections to those not having one. (BS)
- ▶ Solar power developers are bullish on the clean energy and hopeful of tariff coming down to as low as Rs 1.5 per unit on falling equipment cost and cheaper credit with assured purchase pacts. (BS)

Corporate News

- ▶ About 25,000-Mw capacity in thermal power is on sale but finding buyers is posing a challenge. Most promoter companies of the projects - some operational and others still under development - want to exit to lighten their debt. Among the projects looking for buyers are the commissioned units of Jaiprakash Associates (1,820 Mw), Lanco Infratech (3,800 Mw) and KSK Energy (3,600 Mw).(BS)
- ▶ **GVK Power and Infrastructure** said it has sold its residual 10% stake in Bangalore International Airport (BIAL) to Fairfax India Holdings for Rs12.9 bn. (ET)
- ▶ **Andhra Bank** and **Allahabad Bank** have put up for sale nearly Rs60 bn of bad loans amid mounting pressure on state-run lenders to clean their books. While Andhra Bank wants to sell off more than 100 accounts adding to about Rs40 bn of loans, Allahabad Bank has invited bids for 73 accounts with outstanding loans of Rs20 bn.(ET)
- ▶ **Natco Pharma** plans to launch around 8-10 new products in domestic branded formulations segment during the current year as it aims to grow over 20% year-on-year during the period. (ET)
- ▶ **Reliance Communications** got a seven-month respite on all its debt from bankers, bringing relief to a company that's been wracked by rating downgrades, its first annual loss and a plunging stock price. (ET)
- ▶ **National Building Construction Corp (NBCC)** hopes to raise Rs 120 bn through e-auction of 11 commercial towers in South Delhi, each part of redevelopment projects in place of low-rise government housing in prime real estate, to kick start the government's ambitious land monetisation plan. (ET)
- ▶ Fair trade regulator CCI rejected allegations of anti-competitive practices made against state-run **CIL** with respect to spot e-auction of coal. (ET)
- ▶ A consortium led by **JSW Steel** raised its bid for Italy's troubled Ilva steel plant, in a challenge to a group that was declared the winner of the tender process last month, but whose offer faces labour union opposition. (ET)
- ▶ The Reserve Bank of India has initiated "prompt corrective action" (PAC) for state-run **Dena Bank** over its high bad loans and negative return on assets. (ET)
- ▶ **Wipro** has deployed nearly a quarter of its US\$100 mn corporate venture capital fund in nine startups in the last two years, a far larger percentage of its fund than cross-town rival **Infosys**, the company disclosed in its annual filing to the US Securities and Exchange Commission. (ET)
- ▶ **Uflex** is foraying into aseptic liquid packaging segment besides adding more products as it aims an overall volume growth of 15 per cent this fiscal. (ET)

Equity

	2 Jun 17	% Chg		
		1 Day	1 Mth	3 Mths
Indian Indices				
SENSEX Index	31,273	0.4	4.7	8.5
NIFTY Index	9,654	0.4	4.0	8.5
BANKEX Index	26,499	0.3	3.2	13.4
SPBSITIP Index	10,256	0.2	5.2	(2.4)
BSETCG INDEX	17,750	(0.0)	0.4	16.0
BSEOIL INDEX	13,965	(0.4)	(1.6)	4.4
CNXMcap Index	17,770	0.9	(1.5)	8.6
SPBSSIP Index	15,311	0.5	(0.3)	12.4
World Indices				
Dow Jones	21,206	0.3	0.9	1.0
Nasdaq	6,306	0.9	3.4	7.4
FTSE	7,548	0.1	3.4	2.4
NIKKEI	20,177	1.6	3.9	3.8
HANGSENG	25,924	0.4	5.8	9.9

Value traded (Rs cr)

	2 Jun 17	% Chg - Day
Cash BSE	2,849	(8.0)
Cash NSE	22,303	(4.9)
Derivatives		

Net inflows (Rs cr)

	1 Jun 17	% Chg	MTD	YTD
FII	(451)	(140)	9,506	51,518
Mutual Fund	449	(42)	8,960	28,134

FII open interest (Rs cr)

	1 Jun 17	% Chg
FII Index Futures	21,286	0.1
FII Index Options	60,044	2.0
FII Stock Futures	73,024	(1.1)
FII Stock Options	5,629	5.5

Advances / Declines (BSE)

	2 Jun 17	A	B	T	Total	% total
Advances	192	655	57	904	100	
Declines	103	474	53	630	70	
Unchanged	3	27	7	37	4	

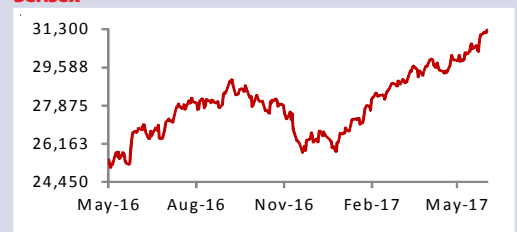
Commodity

	2 Jun 17	% Chg		
		1 Day	1 Mth	3 Mths
Crude (US\$/BBL)	47.9	0.4	3.5	(10.3)
Gold (US\$/OZ)	1,276.1	1.0	4.3	4.4
Silver (US\$/OZ)	17.5	1.6	7.6	(1.1)

Debt / forex market

	2 Jun 17	1 Day	1 Mth	3 Mths
10 yr G-Sec yield %	6.6	6.6	7.0	6.8
Re/US\$	64.4	64.5	64.2	66.7

Sensex



RESULT UPDATE

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TIME TECHNOPLAST LTD (TTL)

PRICE: Rs.152
TARGET PRICE: Rs.178

RECOMMENDATION: BUY
CONS. FY19E P/E: 12.0x

Time Technoplast reported healthy operating level performance for Q4FY17. However profit estimates were missed due to higher tax provisions. Revenue growth was strong at 25% yoy aided by 24% y-o-y growth in volumes. EBITDA margins expanded on a y-o-y basis. The company expects its debt to remain at the current levels as it would be meeting its future capex needs through internal accruals. During FY17, the company commissioned couple of manufacturing units which will aid revenue growth in FY18. We value the stock at 14x FY19 earnings, arriving at a target price of Rs 178 (Rs 130 earlier, based on 13x FY18 earnings) on the stock. In view of the adequate upside, we upgrade rating to BUY.

Key Risks: Delay in capacity expansion & commercialization of new products. Currency fluctuation & pricing of key raw material i.e. HDPE

Summary table

(Rs mn)	FY17	FY18E	FY19E
Sales	27,546	31,678	36,430
Growth (%)	13.7	15.0	15.0
EBITDA	4,043	4,752	5,464
EBITDA margin (%)	14.7	15.0	15.0
PBT	2,037	2,868	3,550
Net profit	1,499	2,154	2,666
EPS (Rs)	7.1	10.2	12.7
Growth (%)	39.7	43.6	23.8
CEPS (Rs)	12.6	15.8	18.8
BV (Rs/share)	68.5	78.1	90.1
DPS (Rs)	0.55	0.55	0.55
ROE (%)	11.6	14.0	15.1
ROCE (%)	10.4	12.2	13.3
Net (debt) cash	(6,344)	(5,409)	(4,825)
NWC (Days)	98.4	88.5	89.4
EV/Sales (x)	1.4	1.2	1.0
EV/EBITDA (x)	9.5	7.9	6.7
P/E (x)	21.3	14.8	12.0
P/CEPS (x)	12.0	9.6	8.1
P/BV (x)	2.3	2.0	1.7

Source: Company, Kotak Securities - Private Client Research

Financial (Consolidated)

(Rs mn)	Q4FY17	Q4FY16	YoY (%)
Net Sales	8101	6460	25
Material costs	5717	4559	25
Staff costs	396	307	29
Other expenditure	862	709	22
Total Expenditure	6975	5574	25
PBIDT	1126	886	27
Depreciation	325	250	30
Other Income	14	16	-12
EBIT	815	652	25
Interest	216	240	-10
PBT	599	412	45
Tax	161	82	97
Minority Interest	7.15	7.39	-3
Net Profit after Minority Interest	431	323	33
Exceptional gains	-	-	-
Reported Profit After Tax	431	323	33
EPS (Rs)	2.1	1.5	
EBITDA (%)	13.9	13.7	
Material costs to sales (%)	70.6	70.6	
Other expenditure (%)	10.6	11.0	
Tax rate (%)	26.9	19.8	
NPM (%)	5.3	5.0	

Source: Company, Kotak Securities - Private Client Research

Earnings estimates

(Rs mn)	Reported	Estimated
Net sales	8100	8053
EBITDA (%)	14.1	13.6
PAT	437	471

Source: Company, Kotak Securities - Private Client Research

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Consolidated results highlights

- The company reported consolidated net revenues of Rs 8.1 bn in Q4FY17, up 25% YoY and driven by robust 24% y-o-y volume growth.
- On a full year basis, volume growth stood at 15% y-o-y (in line with guidance), leading to 13.7% growth in net revenue.
- The management reflected optimism in the demand scenario on account of the ongoing shift in manufacturing of chemicals from developed countries to India.
- The company's overseas business which accounts for 29% of sales is growing at a robust pace of 20%. Moreover, the company has earned market leadership in most of its overseas geographies.
- Capacity utilization in India stood at 89% while that for overseas units has risen to 70%.
- India and Overseas operation grew in value by 15% and 21% respectively in FY17.
- In terms of product segments, domestic and international industrial packaging accounted for 73% of revenue, followed by Infrastructure and Lifestyle products at 14% and 9% respectively.
- The operating margin for the quarter stood at 13.9%, an expansion of 20 bps YoY. Gross margins for the quarter stood at 29.4%, which was static with respect to the corresponding quarter of the previous fiscal. Full year EBITDA margin stood at 14.7%.
- Geography-wise, the EBITDA margins in India is more or less same as in the overseas locations. However, net profit margins are higher in overseas due to lower tax rates.
- Interest cost declined 10% y-o-y to Rs 216 mn. The reduction in interest cost has come despite undertaking capex during the fiscal. The management has been making continuous efforts for optimizing finance cost. During the fiscal, the company has also raised Rs 1.5 bn through QIP at a price of Rs 93.6 per share.
- Tax rate increased to 26.9% in Q4FY17 vs 19.8% in Q4FY16 as the tax benefit for some of the company's manufacturing units have expired.
- Net profits grew by 33% y-o-y to Rs 431 mn driven by strong revenue growth coupled with margin expansion and aided by reduction in interest costs.

Capex Update

- During the quarter, the company commissioned greenfield project for Multi-layer Multiaxial (M) Oriented (O) Cross laminated (X) Film (MOX) at Panoli (Gujarat) in time. Tarpaulin (MOX film) was launched commercially and received good response owing to competitive strength, durability and services. The Company has received BIS license for Tarpaulin.
- Capacity expansion for High Pressure Pipes from 28,000 MT to 44,000 MT p.a. is under way. 9000 MT capacity for Double Walled Corrugated (DWC) pipes is also being commissioned. The Company has received BIS license for DWC pipes.
- In view of strong order book for 'LiteSafe' Composite cylinders, expansion for doubling the capacity (1.4 million per annum) undertaken is likely to commence commercial production by October 2017.

Moderation in Capex plans

TTL went on a capital expenditure spree between FY08-14. During this period, the company invested in setting manufacturing plants in India as well as abroad. The total capex incurred was to the tune of Rs 13.9 bn.

Post this significant expansion of manufacturing capabilities, the company has adequate capacity cushion both India and abroad, especially in overseas geographies where the capacity utilization is ~ 60%. With the present capacity, the company is capable of doing revenues of upto Rs 32 bn.

Given this, the company's capex plans have been tapering down. In FY16, the company contained its capex at Rs 1.7 bn down from Rs 1.4 bn in FY14. In FY17, the plan has restricted capex to ~ Rs 1.75 bn, which includes spending on product development and general maintenance works.

We thus forecast healthy free cash flow in the medium term. The management's endeavor is to restrict the overall debt at current levels even after meeting future capex needs.

Revise earnings and target price

At CMP, TTL is trading at P/E of 14.8x and 12.0x FY18 and FY19 earnings respectively. The TTL stock has been rerated in recent months on the back of 1) improved earnings and 2) peaking out of debt. We forecast ROE to improve from 9.8% in FY15 to 15.1% in FY19. We continue to maintain our positive stance on the company in view of robust earnings growth coupled with improving return ratios. We value the stock at 14x FY19 earnings (13x FY18 earnings earlier) and arrive at a price target of Rs 178. In view of the adequate upside, we recommend **"BUY"**.

We recommend BUY on Time Technoplast Ltd with a price target of Rs.178

ANNEXURE

TTL's products are based on the polymer platform and has access to major plastic moulding technologies including blow moulding and injection moulding.

The key product categories for the company are Industrial packaging products, lifestyle products (door mats, chairs, syringes), technical products (automotive components), infrastructure products (pipes and monolithic construction) and new products (composite cylinders). The largest segment is the industrial packaging accounting for 59% of revenues.

The company enjoys dominant market share in the industrial packaging business in India. The company's multi-locational advantage enables it to respond to customer needs in an efficient basis. Also the company keeps coming out with innovations in its product offerings.

User breakup for packaging products

No.	User Segment	share of business (%)
1	Speciality Chemicals	31
2	FMCG	29
3	Paints & Inks	12
4	Pharmaceuticals	5
5	construction chemicals and Adhesives	13
6	Lube oils & Addictives	5
7	Food	3
8	Others	2
	Total	100

Source: Company

RESULT UPDATE

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MOIL

PRICE: Rs.336
TARGET PRICE: Rs.410

RECOMMENDATION: BUY
FY19E P/E: 11.4x

MOIL reported strong set of numbers, driven by better realisation and higher other income. Net sales during the quarter grew 19.8% YoY to Rs2.53 bn (down 28.9%). EBITDA declined 11.2% QoQ to Rs1.22 bn, while margin expanded to 48.2% from 38.6% in 3QFY17. Strong margin coupled with higher other income, lead to 14.2% QoQ increase in PAT to Rs1.16 bn. After reporting a stagnant volume for last two years, manganese ore sales volume for FY17 stood at 1.13 MT, up 11.6% YoY, marginally lower than our estimates. MOIL has taken up various projects in its existing mines to expand its capacity to 1.5MT by FY18E and then 2MT by FY21E. With addition to domestic steel capacities along with substitution of imported grade ore, MOIL is well poised to capitalize the domestic demand growth. We expect 2% and 7% YoY volume growth in FY18E and FY19E, respectively. Given its strong business model, robust balance sheet with strong liquidity positions (cash and cash equivalents of Rs20.9bn at the end of FY17E, translates to (~Rs157/share) and its dominant position in the domestic market, we maintain BUY rating, with an unchanged target price of Rs410.

Summary table

(Rs mn)	FY17	FY18E	FY19E
Sales	9,898	10,560	12,383
Growth (%)	57.4	6.7	17.3
EBITDA	2,955	3,358	4,953
EBITDA margin (%)	29.9	31.8	40.0
PBT	4,619	4,836	5,881
Net profit	3,058	3,240	3,940
Adj EPS (Rs)	23.0	24.3	29.6
Growth (%)	77.0	5.9	21.6
CEPS (Rs)	27.1	28.9	34.8
BV (Rs/share)	205	216	233
Dividend / share (Rs)	11.0	11.0	11.0
ROE (%)	11.2	11.3	12.7
ROCE (%)	8.8	9.5	13.7
Net cash (debt)	20,913	21,583	23,147
EV/EBITDA (x)	8.1	6.9	4.4
EV/Sales (x)	2.4	2.2	1.7
P/E (x)	14.6	13.8	11.4
P/CEPS (x)	12.4	11.6	9.7
P/BV (x)	1.6	1.6	1.4

Source: Company, Kotak Securities - Private Client Research

Quarterly Financials

Y/E Mar (Rs Mn)	4QF16	1QF17	2QF17	3QF17	4QF17	YoY (%)	QoQ (%)
Net Sales	2,110	1,835	1,960	3,553	2,527	19.8	(28.9)
Expenses							
Change in inventories	347	42	506	332	-396		
Raw Materials	30	63	71	32	114		
% of sales	17.9	5.7	29.4	10.3	-11.2		
Employee Cost	882	737	769	759	811		
% of sales	41.8	40.2	39.2	21.4	32.1		
Other Expenses	908	651	590	1,059	781		
% of sales	43.0	35.5	30.1	29.8	30.9		
Tota Expenses	2,168	1,493	1,936	2,182	1,310		
EBITDA	-57	342	24	1,371	1,218	---	(11.2)
EBITDA Margin (%)	-2.7	18.6	1.2	38.6	48.2		
Depreciation	144	121	128	133	165		
EBIT	-201	221	-103	1,237	1,052		
Interest	0	0	0	0	0		
Other Income	585	593	559	399	660		
Prior Period Adjustment	0	-94	156	-62	0		
EBT	384	721	611	1,574	1,713	345.9	8.8
Tax	170	250	196	560	555		
% of EBT	44.4	34.6	32.1	35.6	32.4		
PAT	214	471	415	1,014	1,158	441.7	14.2
PAT Margin (%)	10.1	25.7	21.2	28.5	45.8		

Source: Company

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Improved realisation helped EBITDA

Blended realisation of non-fines (higher grade) came in better at Rs8,983/tonne as compared to the expectation of Rs7,000/tonne, whereas realisation of fines stood at Rs2,974/tonne. Sales volume was below our estimates and stood at 216,000 tonnes, with proportion of non-fines of 78%. Despite taking the price cuts in the month of January and February, blended realisation during the quarter saw uptick. We expect, the impact of the same would come in 1QFY17 (with a lag effect). However, the company focus on improving its product mix, would partially offset the impact of lower realisation. Outlook for volumes remains positive with higher production of domestic steel post imposition of provisional anti-dumping duties. Though, we expect margin to decline in 1QFY18, but on full year basis, on the back of improvement in product mix with focus on hydrate non-fines, we expect EBITDA margin of 31.8% in FY18 compared to 29.9% in FY17. The company announced 10% price hike across the product (except Electrolytic Manganese Dioxide) for the month of May 2017.

High margin of safety with high cash levels and long mine life

Cash and cash equivalents at the end of FY17E stood at Rs20.9 bn and for FY19E is estimated at Rs24.4 bn, which is ~55% of its current mcap. Dividend yield will remain at ~3.0% levels. MOIL is trading at attractive levels of 4.1x FY19E EV/EBITDA. Reserves and resources of manganese ore have increased over 80 MT from earlier levels of 77.4 MT ensuring a long mine life for the company.

Maintain BUY

**We maintain BUY on Moil
with a price target of
Rs.410**

At CMP, the stock trades at 13.8x/11.4x FY18E/FY19E earnings and on EV/EBITDA, it trades at 6.9x/4.4x FY18E/FY19E EBITDA, which is attractive compared to the other mining companies. Given its strong business model backed by low cost operations, robust balance sheet and improvement in demand backed by rising steel production, we believe MOIL is well poised to capitalize the various opportunities within the country. We maintain **BUY** rating and a target price of Rs410.

Bulk deals

Trade details of bulk deals

Date	Scrip name	Name of client	Buy/ Sell	Quantity of shares	Avg. price (Rs)
02-Jun	AJCON	Sandeep Kanoria	B	1,00,000	20.0
02-Jun	AJCON	D B Corp Limited	S	1,00,000	20.0
02-Jun	ARAMBHAN	Gaurav Jain	B	4,00,000	21.1
02-Jun	ARAMBHAN	Nalini Maria Arambhan	S	11,00,000	20.6
02-Jun	ARAMBHAN	Garnet International Limited	B	7,00,000	20.7
02-Jun	AREYDRG	Jigar Arvind Shah	B	1,00,000	115.1
02-Jun	BGJL	Mahendrabhai Ramniklal Shah	B	48,000	20.0
02-Jun	BGJL	Vividoffset Printers Privatelimited	B	1,38,000	20.0
02-Jun	DIANATEA	Dinesh Kumar Jain	S	1,35,626	30.7
02-Jun	ESCORP	Yuva Trading Co Private Limited	S	48,000	16.0
02-Jun	EXCEL	Arcadia Share & Stock Brokers	B	1,65,000	37.4
02-Jun	IFINSEC	Gopal Bansal	B	12,00,000	10.3
02-Jun	IFINSEC	Jagtarni Traders Private Limited	S	10,48,000	10.3
02-Jun	IFINSEC	Tia Enterprises Private Limited	S	4,78,173	10.3
02-Jun	JVLAGRO	Eriska Investment Fund Ltd	B	83,07,795	18.0
02-Jun	JVLAGRO	Lotus Global Investments Limited	S	83,07,795	18.0
02-Jun	LEHAR	J S L Enterprises	B	71,039	58.4
02-Jun	MPILCORPL	Millineum Agencies Pvtltd	S	16,107	105.9
02-Jun	MPILCORPL	Vaibhav Jain	B	8,984	105.9
02-Jun	MPILCORPL	Sonia Bassi	B	6,300	105.9
02-Jun	POEL	Lukman Munavar Patel	S	2,08,000	56.9
02-Jun	POEL	Sabyasachi Ghosh	S	32,000	56.8
02-Jun	PWASML	Krishna Gardens Pvt. Ltd	S	1,00,000	29.4
02-Jun	PWASML	Navdeep Varshneya	B	1,07,792	29.3
02-Jun	RADHEY	Prakruti Commosale Private Limited	S	22,000	9.4
02-Jun	RADHEY	Vishal Jayantilal Shah	B	16,904	9.4
02-Jun	RCSL	Suresh Doulatram Adnani	B	20,000	27.4
02-Jun	SAYAJIHOTL	Liberty Construction And Leasing Ltd	S	1,20,000	293.2
02-Jun	SAYAJIHOTL	Kayum Abdularazak Dhanani	B	1,19,979	293.2
02-Jun	SKP	Harpreet Parashar	S	40,000	18.5
02-Jun	SKP	Viju B Jain	B	60,000	18.4
02-Jun	SUMEDHA	Lukman Munavar Patel	B	40,000	28.2
02-Jun	SWORDNSH	Kamlesh Jain	S	45,000	10.0
02-Jun	SWORDNSH	Dinesh Jain HUF	B	30,117	10.0
02-Jun	YUG	Bonanza Agency Private Limited	S	40,000	26.2
02-Jun	YUG	Abha Santoshkumar Saraswat	B	32,000	26.2

Source: Bseindia.com

Gainers & Losers

Nifty Gainers & Losers

	Price (Rs)	chg (%)	Index points	Volume (mn)
Gainers				
Hero MotoCorp	3,850	3.1	NA	0.6
Cipla	530	2.8	NA	2.2
Yes Bank	1,482	2.6	NA	2.6
Losers				
Gail India	402	(2.0)	NA	2.6
BPCL	725	(1.9)	NA	1.3
Indiabulls	1,132	(1.2)	NA	0.86

Source: Bloomberg

RATING SCALE

Definitions of ratings

- BUY** – We expect the stock to deliver more than 12% returns over the next 9 months
- ACCUMULATE** – We expect the stock to deliver 5% - 12% returns over the next 9 months
- REDUCE** – We expect the stock to deliver 0% - 5% returns over the next 9 months
- SELL** – We expect the stock to deliver negative returns over the next 9 months
- NR** – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
- RS** – **Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.
- NA** – **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM** – **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE** – Our target prices are with a 9-month perspective. Returns stated in the rating scale are our internal benchmark.

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