

Week Gone by

- ⇒ Finance minister Nirmala Sitharaman on Thursday declined to remove or relax the applicability of the new surcharge on the super rich on foreign portfolio investors (FPIs), but advised those staring at an increase in tax outflows to shift to the corporate structure where the Budget has not made any change in tax treatment.
- ⇒ Larsen & Toubro, that L&T Hydrocarbon Engineering has been awarded another project in the Marjan Field by Saudi Aramco. The order falls in mega category with valuation more than Rs 7000 crore.
- ⇒ Colgate-Palmolive (India) said that it has appointed Ram Raghavan as managing director of the company with effect from 1 August 2019.
- ⇒ Overseas, European stocks were trading lower while Asian stocks ended lower on Thursday, as investors digest fresh corporate results and keep an eye on global trade developments. .

Week ahead

- ⇒ Kotak Mahindra Bank will declare its Q1 result on 22 July 2019. Hindustan Unilever and Larsen & Toubro will declare their Q1 results on 23 July 2019. Asian Paints will declare Q1 result on 24 July 2019.
- ⇒ Bajaj Finance, Bajaj Finserv and Tata Motors will declare their Q1 results on 25 July 2019 .
- ⇒ Overseas, the European Central Bank will announce its interest rate decision on 25 July 2019. Policymakers might also unveil plans for fresh monetary stimulus.
- ⇒ The US Q2 gross domestic product (GDP) advance reading will be published on Friday, 26 July 2019.

Technical Overview

Index closed with loss of 1.15% at 11419. Index opened the week with gap up but failed to hold on its gains and witnessed sharp selling pressure in last two days of the week. Index has broken 61.8% retracement support level (11490) of its previous rally from 11100 to 12100. Till index holds below 11480-11500 mark, index likely to fall further towards 11350-11300 levels while breaking above 11500 next level watch out for is 11540-11600.



Source: Falcon, BP Equities Research



Weekly Wealth

DOMESTIC INDICES

Index	19-Jul-19	12-Jul-19	Weekly % Chg
Nifty	11,419	11,811	-3.3
Nifty Next 50	26,656	27,378	-2.6
Nifty 100	11,519	11,904	-3.2
Nifty 500	9,305	9,658	-3.7
Nifty Midcap 100	16,430	17,530	-6.3
Sensex	38,337	39,513	-3.0
BSE 100 Index	11,525	11,926	-3.4
BSE 200 Index	4,758	4,930	-3.5
BSE 500 Index	14,736	15,292	-3.6
BSE Mid-Cap	14,078	14,726	-4.4
BSE Small Cap	13,310	14,142	-5.9

WORLD INDICES

Index	19-Jul-19	12-Jul-19	Weekly % Chg
Nikkei Index	21,467	21,276	0.9
Hang Sang Index	28,765	28,543	0.8
Kospi Index	2,094	2,131	-1.7
Shanghai SE Composite	2,924	2,979	-1.8
Strait Times Index	3,378	3,322	1.7
Dow Jones	27,223	26,527	2.6
NASDAQ	8,207	7,968	3.0
FTSE	7,506	7,418	1.2

FOREX

Currency	19-Jul-19	12-Jul-19	Weekly % Chg
US\$ (Rs.)	68.8	68.5	0.5
GBP (Rs.)	86.1	85.9	0.2
Euro (Rs.)	77.2	77.1	0.2
Yen (Rs.) 100 Units	63.9	63.3	0.8

NIFTY TOP GAINERS (WEEKLY)

Scrip	19-Jul-19	12-Jul-19	Weekly % Chg
Infosys	785.4	726.8	8.1
HPCL	292.3	281.5	3.8
Sun Pharma	421.4	407.7	3.4
Wipro	264.7	259.0	2.2
UPL	643.5	630.1	2.1

NIFTY TOP LOSERS (WEEKLY)

Scrip	19-Jul-19	12-Jul-19	Weekly % Chg
YES Bank	83.3	94.2	-11.6
M&M	571.3	631.9	-9.6
Hero MotoCorp	2,387.4	2,569.8	-7.1
Eicher Motors	17,664.0	18,955.3	-6.8
GAIL	137.6	146.7	-6.2

FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
19-Jul-19	4,791.1	5,741.3	-950.2
18-Jul-19	4,104.1	5,509.0	-1,404.9
17-Jul-19	3,813.8	3,830.8	-17.0
16-Jul-19	3,709.5	4,154.4	-445.0
15-Jul-19	3,606.6	3,823.1	-216.4
MTD	78,474.7	84,200.7	-5,726

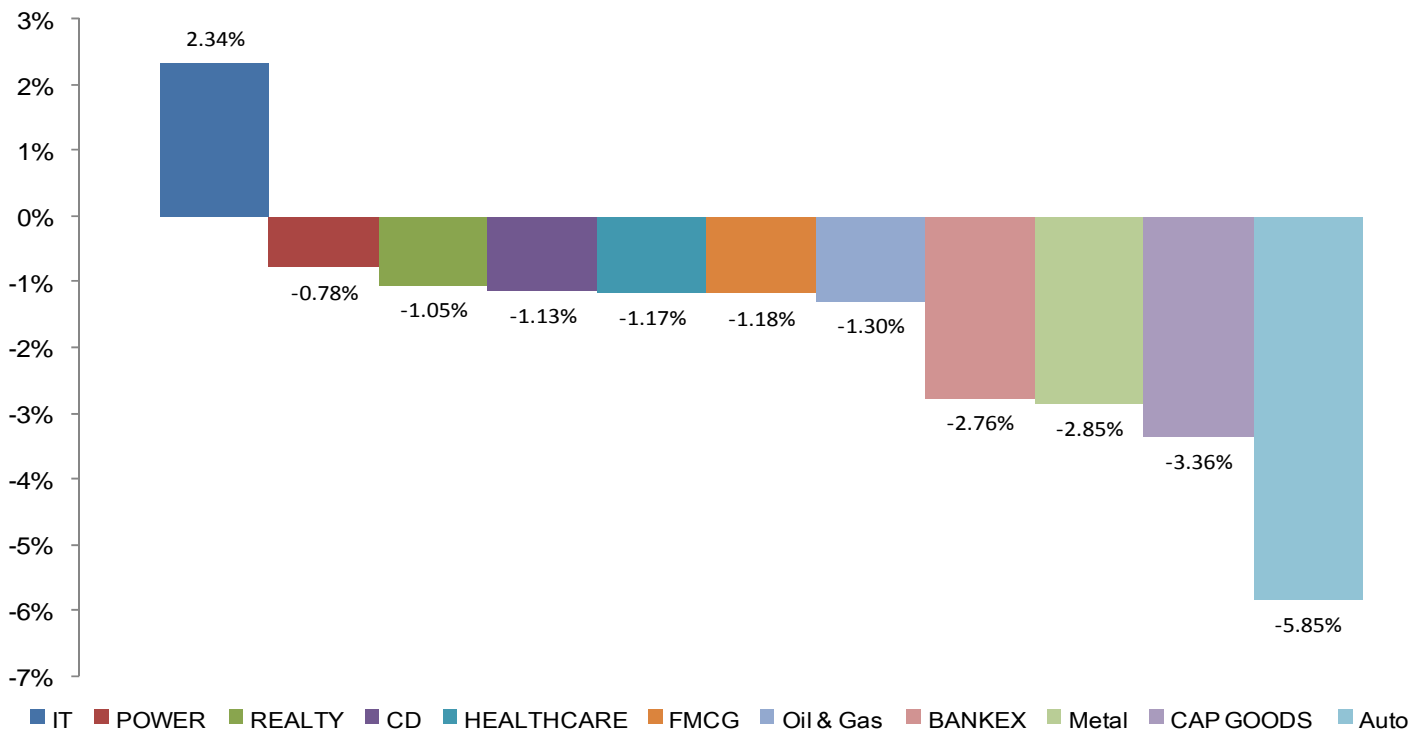
DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
19-Jul-19	3,906.1	3,172.1	733.9
18-Jul-19	3,546.9	3,217.8	329.1
17-Jul-19	3,102.2	2,893.4	208.9
16-Jul-19	3,520.8	2,883.1	637.7
15-Jul-19	3,171.7	2,580.0	591.7
MTD	67,425.3	60,148.1	7,277.2

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



(Source: BSE, BP Equities Research)

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	19-Jul-19	12-Jul-19	Weekly Change (%)	19-Jul-19	12-Jul-19	Weekly Change (%)
	Share Price (Rs.)			Open Interest		
INDIGO	1,467.1	1,353.8	8.4	84,69,600	57,22,800	48.0
INFOSYS	787.3	729.6	7.9	19,32,600	15,60,600	23.8
INDRAPRASTHA GAS	319.9	308.6	3.7	24,13,200	19,92,800	21.1
MCX	859.7	831.2	3.4	18,49,400	15,88,300	16.4
HPCL	292.1	282.6	3.4	95,68,185	83,03,757	15.2

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	19-Jul-19	12-Jul-19	Weekly Change (%)	19-Jul-19	12-Jul-19	Weekly Change (%)
	Share Price (Rs.)			Open Interest		
RBL BANK	501.5	637.9	-21.4	3,81,48,000	6,24,90,000	-39.0
DHFL	52.1	65.6	-20.6	9,88,500	15,28,500	-35.3
TATA ELXSI	701.2	849.1	-17.4	58,54,800	88,64,800	-34.0
REL INFRA	42.4	49.3	-14.1	3,89,18,000	5,81,82,300	-33.1
YES BANK	83.3	94.6	-11.9	1,06,48,500	1,57,00,500	-32.2



Weekly Wealth

BULK DEALS

Date	Scrip Name	Client Name	Exchange	Deal Type	Qty	Trade Price
12.07.2019	REC	INTEGRATED CORE STRATEGIES (ASIA) PTE LTD	NSE	Buy	1,02,92,892	148.1
15.07.2019	Uravi T and Wed	ARYAMAN CAPITAL MARKETS LTD	NSE	Buy	60,000	110
16.07.2019	Uravi T and Wed	OVERSKUD MULTI ASSET MANAGEMENT PRIVATE LIMITED	NSE	Buy	36,000	950
16.07.2019	Chembond Chem	AWRIGA CAPITAL ADVISORS LLP	BSE	Buy	80,000	263
17.07.2019	Tata Elxsi	AVENDUS ENHANCED RETURN FUND	BSE	Buy	5,38,000	303
18.07.2019	Intellect Design	AMANSA HOLDINGS PRIVATE LIMITED	NSE	Buy	9,53,000	267
18.07.2019	Intellect Design	AMANSA HOLDINGS PRIVATE LIMITED	BSE	Buy	9,60,400	267

(Source: NSE,BSE, BP Equities Research)

How not to fall for a Ponzi scheme?

Despite increasing awareness and tightening regulations, investors continue to fall for schemes promising eye-popping returns. Even risk-averse senior citizens and homemakers, who are otherwise wary of investing in well-regulated equity funds, find the lure difficult to resist. The recent multicore IMA Jewels scam is a case in point. Thousands—both rich and poor—saw their life's savings vanish along with the owner of the firm. The alleged fraud is just one in a long list of cases where investors have been taken for a ride. Read on to identify five red flags that should put you on alert while evaluating an investment proposal.

1. Out-of-the-ordinary returns

Any scheme that promises returns higher than 15% should trigger scepticism. "Abnormal returns or promises of doubling or tripling the invested amount in a short span of time constitute the key stereotypical features of a Ponzi scheme," explains Amar Pandit, Founder, Hap-pyness Factory, a financial planning firm. Ponzi schemes promise consistently high returns or payouts, and keep their word initially to trap the first set of victims, who are then persuaded to enroll friends and relatives, to keep the fund flow ticking. Once it dries up, the payouts stop due to lack of any intrinsic value in the business. It essentially entails fleecing Peter to pay the duped Paul till the cover is blown, and the cycle grinds to a halt.

2. The guarantee aspect

While equity as an asset class can generate 12-15% returns over the long-term, stocks and equity funds have their ups and downs in line with market cycles and volatility. Ponzi schemes are easily identifiable because of the 'guarantee' element they offer. Pointing to attractive historical returns to showcase strong performance is understandable, but to assure the returns in future is not possible. "If a scheme guarantees extraordinarily high returns, it should set alarm bells ringing. Fraudsters have also got smarter over the years – some might tell you that being genuine players, they cannot offer impossible returns in the range of 20-25%, but 12-15% can be guaranteed," adds Pandit. Beware of such attempts to sound honest and hence, reliable.

3. No info on downsides

You will be told that not only are the returns high and guaranteed, there are no downsides either. "Well-regulated schemes always disclose potential downsides upfront. Any legitimate business carries its share of risks. But if the adviser tries to convince you otherwise, it is not an encouraging sign," says Pandit. "Lack of transparency is a hallmark of such fraudulent plans," notes financial planner Pankaj Mathpal, Founder, Optima Money Managers. The moment you are told the business is successful because of some 'secret' fail-proof recipe, give such schemes a wide berth.

4. Unregulated scheme/adviser

The companies, intermediaries and the schemes are not well-regulated. To eliminate the scope of being tricked, ask the agent if he is registered as an adviser with any of the financial regulators. "Typically, these companies are registered with the Registrar of Companies (RoC) and use this to mislead victims into believing that they run government-approved schemes," points out Mathpal. You could also be asked to furnish KYC documents and fill up elaborate forms merely to make the process appear authentic. Do not be put off by the paperwork or taken in by the various letterheads, stamps and seals you see in the document docket. Enquire whether the agent and the investment scheme being peddled is registered under the RBI, Sebi, Irdai or PFRDA.

5. Anecdotal evidence

Lack of transparency means the 'returns' are not publicly available, so you cannot independently verify the claims. Therefore, the only 'evidence' such schemes tend to provide is testimonies of their existing victims – who, more often than not, happen to be your friends and acquaintances. Be wary of any scheme whose returns cannot be accessed on public platforms. Do note that the companies' websites or those of their group companies will not qualify for the purpose. The information should be available through easily accessible, independent platforms

(Source: Economic times)

Power Generation

Company Background

Adani Power Limited (APL), incorporated in 1996 is a subsidiary of Indian Conglomerate Adani Group. Company is engaged in providing electric power through coal based thermal power plants. It has various plants located in Tiroda (Maharashtra), at Kawai (Rajasthan) and at Udupi (Karnataka) and a largest plant at Mundra (Gujarat). The company operates with the 10480 MW of generation capacity consisting over 4,620 megawatts at Mundra, 3,300 megawatts (mw) at Tiroda, 1,320 megawatts (mw) at Kawai, and around 1,200 megawatts (mw) at Udupi. It also operates a mega solar plant of 40 mw at Naliya (Gujarat). APL has various subsidiaries such as Adani Power Maharashtra Ltd, Adani Power Rajasthan Ltd, Udupi Power Corporation Ltd and Adani Power Resources Ltd.

Investment Rationale

GCEL and Kwpc acquisition to strengthen power generation capacity

Recently, Adani Power came into an agreement with GMR Chhattisgarh Energy Ltd (GCEL) to acquire an operational 1,370 megawatt (MW) supercritical thermal power plant in Raikheda, Raipur district, Chhattisgarh. The plant consists of 2 units of 685 MW each, commissioned in June 2015 and April 2016 respectively. The successful acquisition of GCEL and Korba West Power Company (KWPC) would consolidate APL's position as India's leading private sector thermal power producer with combined thermal power capacity of 12,410 MW. Further, this reaffirms APL's credentials in development and operation of greenfield projects, and also successfully turning around brown-field acquisitions.

Supreme court order to favour company for GMDC lapses

The SC validated Adani Power's claim for compensatory tariff from state owned discom Gujarat Urja Vikas Nigam (GUVNL) for additional costs incurred in supplying power from its imported coal-based Mundra plant, after the Gujarat Mineral Development Corporation (GMDC) reneged on its promise to supply local coal from Mogra-II coal block in Chhattisgarh. On an average analysts estimate the compensation could be in the range of INR 4,500-6,000 crore (including carrying costs) for the supplies, going forward.

CERC nod on higher tariff for Mundra plant to augur revenue growth

The Central Electricity Regulatory Commission (CERC) in its order had approved the supplemental PPAs signed between Adani Power (Mundra) Ltd (APML) and Gujarat Urja Vikas Nigam Ltd (GUVNL) for 2,000 MW power supply. The supplemental PPAs allow pass-through of imported coal cost by the APML, subject to certain covenants. The tariff relief approved by the CERC will significantly reduce the losses faced by APML and improve viability of the project.

Valuation Outlook

APL being one of the largest producer of power generation, has been facing losses from past few years. Although positive measures such as acquisition of GCEL's Chattisgarh plant and approval of higher tariff for Mundra Plant by CERC had brought big relief which also raises hope for successful resolution of PPA with Haryana Discom as well. Taking all this into consideration we are optimistic about the growth prospect of the company, we have valued the company based on 9.5x EV/EBITDA of FY21E and recommend **BUY** rating on target price of INR 72 for a period of 12-15 months

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook

Positive

Stock

CMP (INR)	61
Target Price (INR)	72
BSE code	533096
NSE Symbol	ADANIPOWER
Bloomberg	ADANI IN
Reuters	ADAN.BO

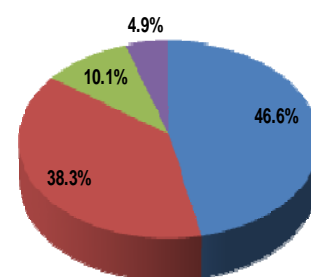
Key Data

Nifty	11419
52WeekH/L(INR)	68/21
O/s Shares (Mn)	3856.9
Market Cap (INR bn)	236
Face Value (INR)	10

Average volume

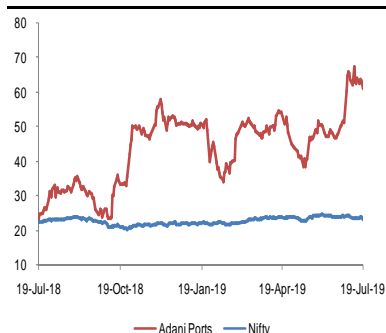
3 months	22,462,050
6 months	20,221,490
1 year	27,056,430

Share Holding Pattern (%)



■ Promoters ■ FI ■ DII ■ Others

Relative Price Chart





Weekly Wealth

Key Financials

YE March (Rs. millions)	FY17	FY18	FY19	FY20E	FY21E
Revenue	226,155	203,043	238,842	242,902	251,404
<i>Revenue Growth (Y-o-Y)</i>	<i>(11.4%)</i>	<i>(10.2%)</i>	<i>17.6%</i>	<i>1.7%</i>	<i>3.5%</i>
EBIDTA	59,717	54,009	49,538	72,722	74,249
<i>EBIDTA Growth (Y-o-Y)</i>	<i>(32.2%)</i>	<i>(9.6%)</i>	<i>(8.3%)</i>	<i>46.8%</i>	<i>2.1%</i>
Net Profit	(61,741)	(21,030)	(9,844)	(1,496)	(474)
<i>Net Profit Growth (Y-o-Y)</i>	<i>(1220.9%)</i>	<i>(65.9%)</i>	<i>(53.2%)</i>	<i>(84.8%)</i>	<i>(68.3%)</i>
Diluted EPS	(16.0)	(5.5)	(2.6)	(0.4)	(0.1)
<i>Diluted EPS Growth (Y-o-Y)</i>	<i>(1220.9%)</i>	<i>(65.9%)</i>	<i>(53.2%)</i>	<i>(84.8%)</i>	<i>(68.3%)</i>

Key Ratios

EBIDTA (%)	26.4%	26.6%	20.7%	29.9%	29.5%
NPM (%)	(27.3%)	(10.4%)	(4.1%)	(0.6%)	(0.2%)
RoE (%)	(205.8%)	(236.5%)	342.2%	34.2%	9.8%
RoCE (%)	10.8%	10.1%	9.1%	15.0%	17.1%

Valuation Ratios

EV/EBITDA	12.6x	14.0x	15.7x	9.8x	9.0x
Market Cap. / Sales (x)	1.0x	1.2x	1.0x	1.0x	0.9x

(Source: Company, BP Equities Research)



Research Desk

Tel: +91 22 61596406

Institutional Sales Desk

Tel: +91 22 61596403/04/05

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Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

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Corporate Office:

4th floor,
Rustom Bldg,
29, Veer Nariman Road, Fort,
Mumbai-400001
Phone- +91 22 6159 6464
Fax-+91 22 6159 6160
Website- www.bpwealth.com

Registered Office:

24/26, 1st Floor, Cama Building,
Dalal street, Fort,
Mumbai-400001
BP Wealth Management Pvt. Ltd.
CIN No: U67190MH2005PTC154591
BP Equities Pvt. Ltd.
CIN No: U67120MH1997PTC107392