

Week Gone By

- ⇒ Sun Pharma said that its arm completed the acquisition of 100% stake in Japan-based Pola Pharma.
- ⇒ TCS announced that Emirates NBD, the Middle East's leading financial services group, has chosen TCS BaNCS for Payments as its core processing platform to standardize and streamline payments operations across multiple geographies
- ⇒ The merger of Vijaya Bank and Dena Bank with Bank of Baroda moved a step ahead on Wednesday with the Union Cabinet approving a scheme of amalgamation for the same
- ⇒ Ashok Leyland acquired 27.25% addl stake in Ashley Aviation
- ⇒ IL&FS group has further put up its properties for sale to garner funds in order to settle loan dues

Week ahead

- ⇒ ISM Non-Manufacturing PMI data for December month to be revealed on 7th January
- ⇒ US Crude oil inventories data to be revealed on 9th January
- ⇒ Indian industrial production YoY for November and MoM manufacturing output data to be revealed on 11th January
- ⇒ Core CPI MoM data for December is to be announced on 11th January
- ⇒ China and the United States will hold vice ministerial level trade talks in Beijing on January 7-8
- ⇒ TCS to announce its Q3 result on 10th January and Infosys on 11th January

Technical Overview

Index closed with a loss of 1.22% at 10727. Index started the week on a positive note but failed to sustain at higher levels and witnessed sharp reversal. Index is facing resistance near 50% retracement of its down move from 11760 to 10004, for index to continue its up move it needs to sustain above this level which if it does will open the way for 10980-11050. RSI is trading near 50 levels from past couple of weeks which suggests indecisive nature in price behavior. Going ahead index has immediate resistance at 10800, for index to continue its up move it needs to sustain above this level which if it does will open the way for 10860-10920 while support comes at 10680-10620-10550.



Source: Falcon, BP Equities Research



Weekly Wealth

DOMESTIC INDICES

Index	4-Jan-19	28-Dec-18	Weekly % Chg
Nifty	10,727	10,860	-1.2
Nifty Next 50	27,720	28,063	-1.2
Nifty 100	10,966	11,102	-1.2
Nifty 500	9,055	9,153	-1.1
Nifty Midcap 100	17,637	17,793	-0.9
Sensex	35,695	36,077	-1.1
BSE 100 Index	11,016	11,152	-1.2
BSE 200 Index	4,593	4,649	-1.2
BSE 500 Index	14,355	14,516	-1.1
BSE Mid-Cap	15,148	15,360	-1.4
BSE Small Cap	14,592	14,606	-0.1

WORLD INDICES

Index	4-Jan-19	28-Dec-18	Weekly % Chg
Nikkei Index	19,562	20,015	-2.3
Hang Sang Index	25,626	25,504	0.5
Kospi Index	2,010	2,041	-1.5
Shanghai SE Composite	2,515	2,494	0.8
Strait Times Index	3,059	3,053	0.2
Dow Jones	22,686	23,062	-1.6
NASDAQ	6,464	6,585	-1.8
FTSE	6,785	6,734	0.8

FOREX

Currency	4-Jan-19	28-Dec-18	Weekly % Chg
US\$ (Rs.)	69.7	69.8	-0.1
GBP (Rs.)	88.4	88.6	-0.3
Euro (Rs.)	79.6	79.9	-0.4
Yen (Rs.) 100 Units	64.6	63.3	2.1

NIFTY TOP GAINERS (WEEKLY)

Scrip	4-Jan-19	28-Dec-18	Weekly % Chg
Bharti Infratel Ltd.	285.1	263.0	8.4
YES Bank Ltd.	189.7	181.5	4.5
Sun Pharma.	433.8	425.2	2.0
Bharti Airtel	322.5	316.6	1.9
Asian Paints Ltd.	1,385.9	1,366.0	1.5

NIFTY TOP LOSERS (WEEKLY)

Scrip	4-Jan-19	28-Dec-18	Weekly % Chg
Eicher Motors	20,103.6	23,124.1	-13.1
Mahi. & Mahi	725.6	803.6	-9.7
Hindalco Indus.	210.9	223.5	-5.6
Tata Steel	487.7	512.9	-4.9
Tech Mahindra Ltd.	681.1	714.0	-4.6

FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
04/01/2019	3,130.6	3,288.3	-157.7
03/01/2019	3,941.5	4,914.3	-972.8
02/01/2019	2,573.6	3,194.6	-621.1
01/01/2019	1,665.5	1,713.6	-48.2
31/12/2018	1,614.9	1,941.8	-326.9
MTD	11,311.1	13,110.9	-1,799.8

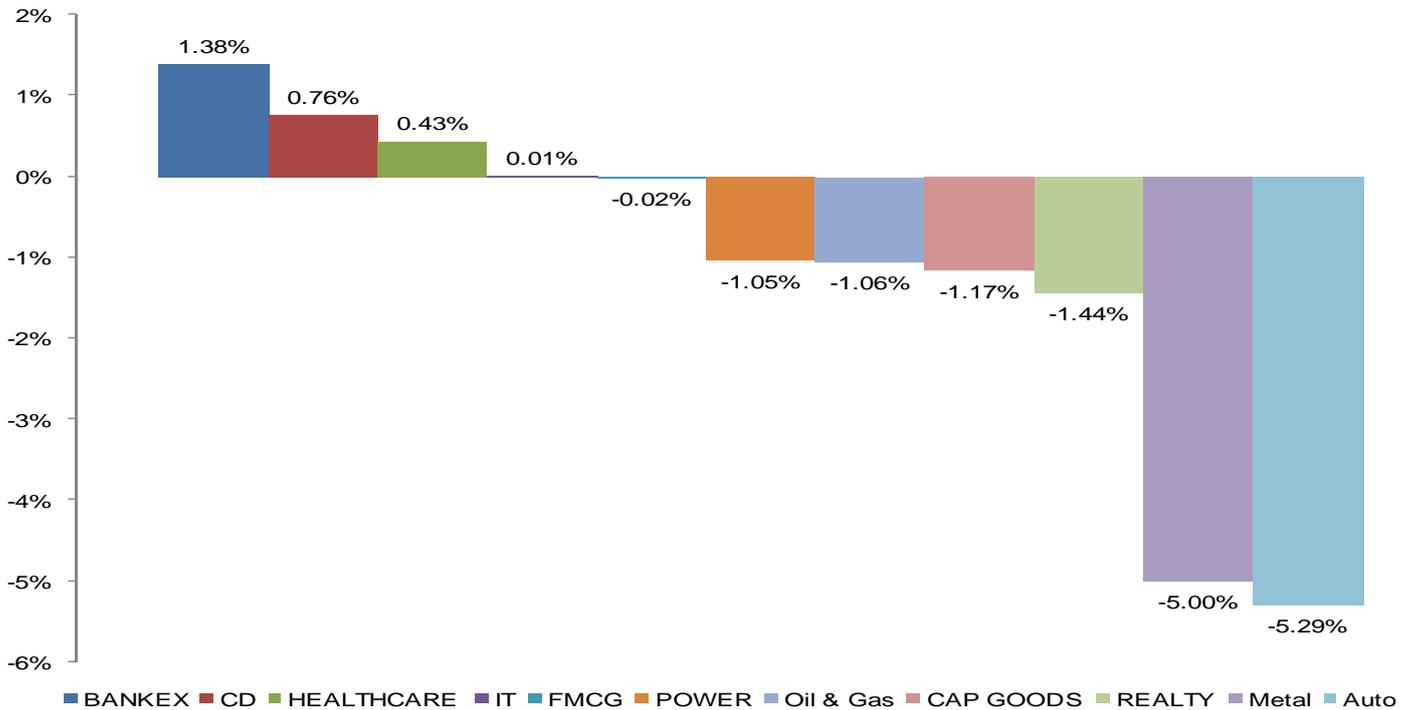
DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
04/01/2019	2,843.6	2,603.0	240.6
03/01/2019	2,835.6	2,801.1	34.5
02/01/2019	3,075.1	3,301.2	-226.2
01/01/2019	1,591.3	1,448.7	142.6
31/12/2018	2,300.6	1,978.6	322.0
MTD	12,902.4	14,559.6	-1,657.2

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



(Source: BSE, BP Equities Research)

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	28-Dec-18	4-Jan-19	Weekly Change (%)	28-Dec-18	4-Jan-19	Weekly Change (%)
	Share Price (Rs.)			Open Interest		
EICHERMOT	23,297.4	20,240.8	-13.1	254875	395525	55.2
TORNTPHARM	1,788.1	1,809.7	1.2	313500	461500	47.2
M&M	808.0	728.9	-9.8	12960000	17668000	36.3
JETAIRWAYS	273.5	237.4	-13.2	5955400	8023400	34.7
HINDALCO	224.8	212.4	-5.5	28126000	37747500	34.2

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	28-Dec-18	4-Jan-19	Weekly Change (%)	28-Dec-18	4-Jan-19	Weekly Change (%)
	Share Price (Rs.)			Open Interest		
SIEMENS	1,045.9	1,061.1	1.5	2134000	1791900	-16.0
CHOLAFIN	1,256.7	1,213.6	-3.4	1218500	1084500	-11.0
MANAPPURAM	93.1	95.7	2.8	12690000	11460000	-9.7
GODREJIND	541.6	543.1	0.3	1978500	1803000	-8.9
REPCOHOME	404.1	397.5	-1.6	1477300	1346400	-8.9



Weekly Wealth

BULK DEALS

Date	Scrip Name	Client Name	Exchange	Deal Type	Qty	Trade Price
3 JAN 19	VA Tech Wabag	NORGES BANK ON ACCOUNT OF THE GOVERNMENT PENSION FUND GLOBAL	NSE	B	3,31,665	259.5
2 JAN 19	IRISMEDIA	ESAAR INDIA LIMITED	BSE	B	6,00,000	24.6
2 JAN 19	TRITURBINE	SBI MUTUAL FUND	BSE	B	51,31,000	103.0

(Source: NSE, BSE, BP Equities Research)



Invest wisely: Plan your finances better to save taxes

For the salaried class, the months from January to March spell chaos as there is a rush to complete last minute tax saving measures.

The sheer utterance of the word "tax" emits a negative feeling in most people. Not only in the realms of the real world, but in the iconic Bollywood film *Lagaan*, which was based on a fictional story dating a century back, the protagonist had a "fear of paying tax".

Over the years, terms such as "evasion", "concealing", "provision" and "savings" have been commonly associated with tax related issues. This is primarily because taxes are seen more as a burden to the common man.

It's on rare occasions that "planning" is associated with tax related matters.

"How can I part with my hard earned income with the government?" This is something that has engulfed many minds. And a majority of us try our best to minimize the impact of taxes.

Moreover, when someone offers "quick fix solutions" to reduce tax outflow from one's pocket, everyone from salaried employees to professionals, entrepreneurs and corporates could ponder over it or give it a second thought.

For the salaried class, the months from January to March spell chaos as there is a rush to complete last minute tax saving measures. This is the time when year on year unwanted insurance-cum-investment policies are purchased and forgotten as quickly, as they were purchased for only saving taxes.

There are cases where young couples invest in property to avail tax benefits on the interest paid on a home loan. This is regardless whether the purchase is affordable or even required.

So do remember, it is imperative for everyone to look at all financial aspects to achieve financial goals. Tax planning is important part of saving money, but not the ultimate motive.

Most people forget that tax planning is a simple process which eventually amalgamates with financial planning. The decisions taken as part of the financial planning process should find a place by default in your tax planning.

Commonly used sections for tax savings provide deductions and eligibility formulated in a thoughtful manner that easily merge with an individual's financial profile.

There are provisions for long term investments in fixed income through EPF and PPF - two of the most tax efficient guaranteed investment products. Equity investments are covered through ELSS, premium for term plan insurance is deductible, health insurance premium for you and your dependants is considered and your home loan interest and principal amounts are also covered.

Beyond these, an individual's investments should be diverted in appropriate financial assets linked to their goals. Paying taxes on time is the duty of every citizen and let this process not "tax", but "relax" you.

(Source: Moneycontrol)

Company Overview

The Shipping Corporation of India (SCI) incorporated in 1961 is a public listed company with Government of India holding 63.75% as on 30th September 2018. It is India's largest shipping company in terms of capacity with a fleet size of 66 ships. Its business is diversified into various segments namely crude oil tankers, dry bulk, offshore services and container operations. It also has presence in passenger vessels, chemical and gas transportation. It also manages close to 39 vessels on behalf of third parties on which it earns service income. SCI also has a few JVs with leading international shipping companies.

Investment Rationale

It has strong competitive position in the domestic market

Over the years, SCI has successfully retained its position as the largest and India's most diversified shipping company of India. It has long operating history and hence developed strong and established relationships with all major PSU companies. It has recently acquired second hand multipurpose support vessels, Suemax tanker and very large gas carrier will make its fleet younger and modern to take an advantage of improving freight market conditions. Another factor which is advantage to SCI is government policy encouraged to scrap 15 years old tonnage due to sulphur emissions which would diffuse oversupply to a certain extent.

Diversification across segments protects from volatility headwinds to a certain extent

The company currently operates a fleet of 66 vessels that includes 16 crude oil tankers, 5 Very Large Crude Carriers (VLCCs), 13 product tankers, 16 bulk carriers, 10 Offshore Supply Vessels (OSVs), 3 container vessels and 3 gas carriers. The company also mans and manages 2 LNG vessels, making it the only Indian shipping company with LNG carrier expertise. The company's various JVs with companies like Mitsui OSK.Lines, Nippon Yusen Kabushiki Kaisha, Kawasaki Kisen Kaisha Ltd and Qatar Shipping Company has helped them to diversify across various business domains. The company has been providing various shipping and related services to SAIL for importing coking coal and other bulk materials post JV with the company. Hence the company faces lesser volatility headwinds by catering to various business domains through its diversified fleets.

Opportunities in Dry bulk market to aid revenue growth

Dry bulk market is looking optimistic in near future. India's dependence on coal import is shifting from Indonesia to South Africa & Australia. India's prime source of coking coal is Australia and company has good share of import coal cargoes seems favourable which can yield good profits going forward. On LNG transportation front, India plans to double the share of natural gas in its energy mix from 7% to 15% by 2025. With over 11 terminals are in planning stage, it will raise India's import capacity to more than 70 MTPA from present 20MTPA capacity. Due to high capital requirement for loading and discharge terminals, market players are looking at alternate options such as Floating Regasification Units (FSRUs), Small LNG Carriers and Floating Liquefied Natural gas (FLNG). In order to ensure its presence in new areas of the LNG market, SCI is exploring opportunities to expand its fleet with such LNG carriers.

Valuation and outlook

SCI is at the bottom cycle levels and we expect improvement over the next two financial years. The Indian shipping industry had hardly added any ships in recent years which along with scrapping of old fleets makes SCI being largest shipping company in terms of number of fleets, would turn out to be beneficial going forward. Government is also looking for strategic disinvestment which can add value to its business. Currently it is trading at 1/3rd price to its book value per share. We believe current price gives margin of safety with great value buy on account of improvement in business sentiments. We have valued the stock by assigning 15x PE multiple to FY20E EPS. We recommend investors can **BUY** the stock for target of Rs.62 (upside of 46% from CMP) for 12-15 months.

Stock Rating

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

Sector Outlook

Positive

Stock

CMP (Rs)	45.6
Target Price (Rs)	62
BSE code	523598
NSE Symbol	SCI
Bloomberg	SCI IN
Reuters	SCI.BO

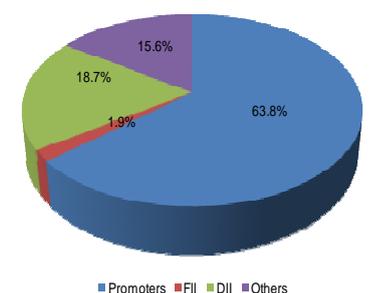
Key Data

Nifty	10,724.4
52WeekH/L(Rs)	40/99
O/s Shares (Mn)	465.8
Market Cap (Rs bn)	21.2
Face Value (Rs)	10

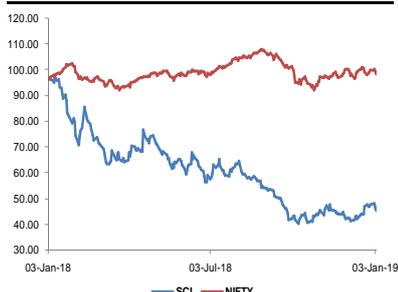
Average volume

3 months	6,46,235
6 months	7,13,724
1 year	9,00,742

Share Holding Pattern (%)



Relative Price Chart





Weekly Wealth

Key Financials

YE March (Rs. millions)	FY16	FY17	FY18	FY19E	FY20E
Revenue	40,499	34,474	34,695	36,429	38,615
<i>Revenue Growth (Y-o-Y)</i>	<i>(6.1%)</i>	<i>(14.9%)</i>	<i>0.6%</i>	<i>5.0%</i>	<i>6.0%</i>
EBIDTA	13,436	7,691	6,712	3,643	3,862
<i>EBIDTA Growth (Y-o-Y)</i>	<i>49.5%</i>	<i>(42.8%)</i>	<i>(12.7%)</i>	<i>(45.7%)</i>	<i>6.0%</i>
Net Profit	7,533	1,422	2,538	1,093	1,931
<i>Net Profit Growth (Y-o-Y)</i>	<i>286.3%</i>	<i>(81.1%)</i>	<i>78.4%</i>	<i>(56.9%)</i>	<i>76.7%</i>
Diluted EPS	16.2	3.1	5.4	2.3	4.1
<i>Diluted EPS Growth (Y-o-Y)</i>	<i>204.5%</i>	<i>(81.1%)</i>	<i>78.4%</i>	<i>(56.9%)</i>	<i>76.7%</i>

Key Ratios

EBIDTA (%)	33.2%	22.3%	19.3%	10.0%	10.0%
NPM (%)	18.6%	4.1%	7.3%	3.0%	5.0%
RoE (%)	11.2%	2.1%	3.5%	1.5%	2.6%
RoCE (%)	11%	6%	5%	3%	3%

Valuation Ratios

P/E (x)	2.8x	15.0x	8.4x	19.5x	11.0x
EV/EBITDA	5.0x	8.1x	9.7x	17.9x	16.9x
P/BV (x)	0.3x	0.3x	0.3x	0.3x	0.3x
Market Cap. / Sales (x)	0.5x	0.6x	0.6x	0.6x	0.6x

(Source: BP Equities Research)

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

We analysts and the authors of this report, hereby certify that all of the views expressed in this research report accurately reflect our personal views about any and all of the subject issuer (s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation (s) or view (s) in this report. Analysts aren't registered as research analysts by FINRA and might not be an associated person of the BP Equities Pvt. Ltd. (Institutional Equities).

General Disclaimer

This report has been prepared by the research department of BP EQUITIES Pvt. Ltd, is for information purposes only. This report is not construed as an offer to sell or the solicitation of an offer to buy or sell any security in any jurisdiction where such an offer or solicitation would be illegal.

BP EQUITIES Pvt. Ltd have exercised due diligence in checking the correctness and authenticity of the information contained herein, so far as it relates to current and historical information, but do not guarantee its accuracy or completeness. The opinions expressed are our current opinions as of the date appearing in the material and may be subject to change from time to time. Prospective investors are cautioned that any forward looking statement are not predictions and are subject to change without prior notice.

Recipients of this material should rely on their own investigations and take their own professional advice. BP EQUITIES Pvt. Ltd or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. BP EQUITIES Pvt. Ltd. or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

BP EQUITIES Pvt. Ltd and/or its affiliates and/or employees may have interests/ positions, financial or otherwise in the securities mentioned in this report. Opinions expressed are our current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so.

This report is not directed to or intended for display, downloading, printing, reproducing or for distribution to or use by any person in any locality, state and country or other jurisdiction where such distribution, publication or use would be contrary to the law or regulation or would subject to BP EQUITIES Pvt. Ltd or any of its affiliates to any registration or licensing requirement within such jurisdiction.

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