

**IMV Equity Report:**  
**Tanla & Hindustan copper**

**From Research Desk**



- **Fundamentals**
- **Technical Aspect**
- **Recommendation**
- **Disclaimer**



<i>Stock</i>	<i>Industry</i>	<i>Recommendation</i>	<i>CMP</i>	<i>Targets</i>
<i>Tanla</i>	<i>Computers- Software</i>	<i>Buy at CMP or around 48--45</i>	<i>49.80</i>	<i>116</i>
<i>Hindustan Copper</i>	<i>Metals – Non-Ferrous</i>	<i>Buy around 65—62</i>	<i>64.00</i>	<i>126</i>

*IMV Equity Research Desk*  
[www.indianmarketview.com](http://www.indianmarketview.com)

[research@indianmarketview.com](mailto:research@indianmarketview.com)  
0120-654-6555

## **Fundamentals Aspects: Tanla Solutions**

Tanla Solutions founded in the year 1999 is the largest provider of A2P messaging services worldwide measured by volume of messages processed. Tanla's fastrack platform is used by enterprises of all sizes including social media, banks, ecommerce and logistics service providers to deliver mission critical messages and communicate with their customers. Tanla employs more than 300 telecom professionals and is listed in BSE and NSE in India.

Tanla announced its Q2 financial results according to Ind-AS for the quarter ended September 30, 2016.

Stock Info	
BSE Code	52790
NSE Code	TANLA
Bloomberg	NATL IN
CMP	47.80
Equity Capital (Cr)	485.07
Face Value	1.00
Market Cap(Cr.)	485.07
Book Value	63.91
EPS	1.82
PE Ratio	26.30
52 Week High	52.60
52 Week Low	26.00

**Tanla Solutions delivered strong set of numbers lead by 36% q-q growth in net sales. This is second consecutive quarter of strong growth in Net sales. EBITDA margin increased to 13.7 Crores with EBITDA growth of 23%.**

**Quarterly performance shows growth with high profitability.**

**At CMP of Rs 47.50, the stock is trading at 25x EPS of Rs1.82.**

**We maintain BUY in Tanla Solutions with price target of Rs 116+.**

### **Financial Highlights**

- Revenue grew to 135.5 Crores from 99.3 Crores in Q1, a growth of 36%
- Business Revenue grew to 129.9 Crores from 96 Crores in Q1, a growth of 35%
- EBIDTA grew to 13.7 Crores from 11.1 Crores in Q1, a growth of 23%
- Profit before tax grew to 9.57 Crores from 5.86 Crores in Q1, a growth of 63%
- Profit after tax grew to 9.7 Crores from 4.05 Crores in Q1, a growth of 140%
- EPS grew to 0.96 from 0.40 in Q1, a growth of 140 %
- Debtor days have been steady at 77 days
- Strong cash realizations resulted in cash balance of 70 Crores

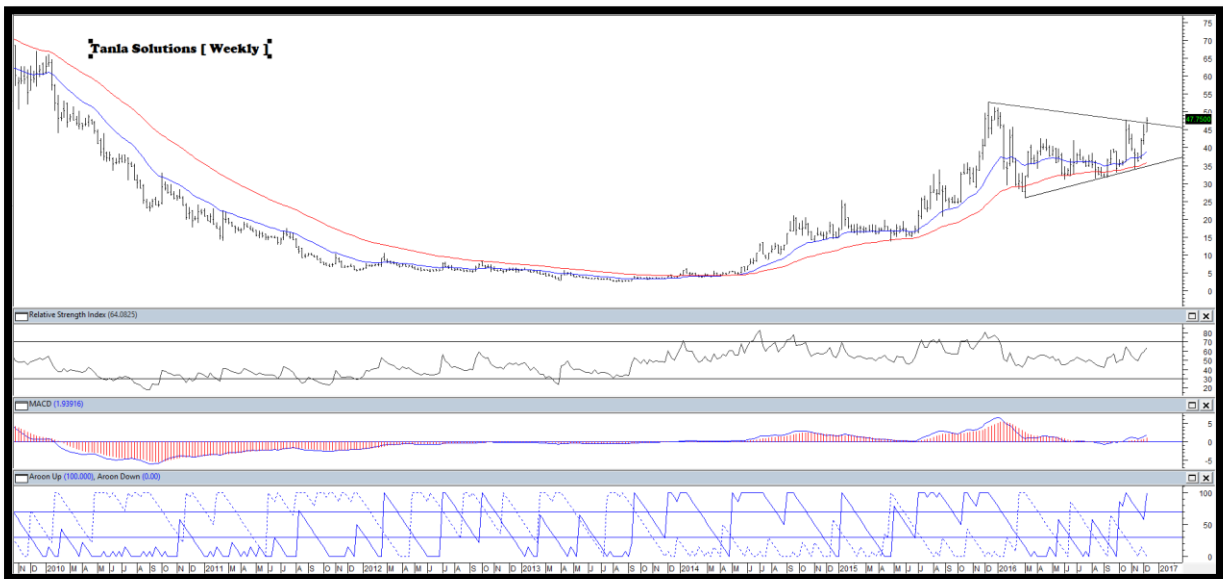
### **Investment Rationale**

First phase of Tanla's Cloud Communications platform, in partnership with a leading Mobile Operator in India, went live on Oct 19th 2016.

The second phase with advanced features is planned for launch in Q4 FY2017. Contract signed with LinkedIn for terminating International messages into India from the Singapore hub. Signed up with a leading telecom operator in India for deployment of A2P Messaging Platform.

This will be deployed during Q3 FY2017. Deployed a dedicated SMSC for OTP traffic with Vodafone, the first of its kind in India, for delivery of mission critical messages. Board approved the recommendation of Corporate Social Responsibility (CSR) Committee to take up activities as per the charter of CSR committee for FY201.

## Technical Aspect



Tanla Solutions is now trading around 48. After long consolidation Tanla solution is now moving towards north direction and will expect that this positive momentum will remain continue in 2017. Tanla made its all-time high of 425 in 2008 and thereafter it crashed vertically to 5-6 rupees and now trading around 48.00. Chances are bright for upside move and could test 23.6% and 38.2% respectively which is at 102 and 155 respectively.

RSI is in the positive zone along with it 21DEMA and 55DEMA is at 37.52 and 35.70 respectively. Technical indicator RSI (14) is trading at 59.60 indicating an upside potential for the stock prices along with it strong base formation with volume builds up in stock. Seeing technical and fundamentals we are hopeful for upside move in stock and likely to test our above targets in coming week.

It looks positive and could test 52---55. Three consecutive closes + weekly close above 55 will see nonstop rally in Tanla. Volumes are active in Tanla Solutions at lower levels which indicate strength in it and bottom fisher will grab this opportunity.

### **Recommendation:**

**Traders can buy and accumulate**

Tanla around 48—45 and add more quantity in panic for the initial upside target of 116. We will review this report time to time on quarterly basis.

## **Fundamentals Aspects: Hindustan Copper**

*Hindustan Copper Limited (HCL), a public sector undertaking under the administrative control of the Ministry of Mines, was incorporated on 9th November 1967. It has the distinction of being the nation's only vertically integrated copper producing company as it manufactures copper right from the stage of mining to beneficiation, smelting, refining and casting of refined copper metal into downstream saleable products.*

<b>Stock Info</b>	
BSE Code	<b>513599</b>
NSE Code	<b>Hindcopper</b>
Bloomberg	<b>NATL IN</b>
CMP	<b>64.25</b>
Equity Capital (Cr)	<b>462.61</b>
Face Value	<b>5.00</b>
Market Cap(Cr.)	<b>5995.41</b>
Book Value	<b>20.68</b>
PE ratio	<b>227.50</b>
EPS	<b>0.80</b>
52 Week High	<b>73.60</b>
52 Week Low	<b>43.30</b>

*Hindustan copper is likely to benefit from copper industry improving fundamentals as copper prices rose to a 17-month high on account of improving demand outlook and a weaker U.S. dollar. Prices have benefited in recent weeks from upbeat economic data and infrastructure plans in China and the U.S., which could help reignite demand for copper. While China import data showed weak copper imports in October, recent sentiment that consumption is ripe for a turnaround helped keep prices supported.*

### ***The International Copper Study***

*Group (ICSG) pegged the global market surplus at 154,000 tonnes in August but said there was a 91,000-tonne deficit in the first eight months of the year, which suggests a more balanced market.*

*LME copper stocks have started to fall at a faster pace: net outflow has averaged 5,147 tonnes per day (tpd) so far in November compared with 2,490 tpd in October and 2,810 tpd over the third quarter.*

*Trend for copper is quite bullish for the fundamentals because of a stronger China but at these price levels we are not bullish on prices. It would be bullish if the Trump administration follows through on infrastructure spending but it is likely to take many months before orders pick up.*

***We maintain buying in Hindustan copper: Investor could buy the stock around 65—62 and add more lots on dips for the initial target of 126. At CMP of Rs 64.50, the stock is trading at 80x EPS of Rs0.80.***

## Technical Aspect



On seeing Weekly chart, Hindustan copper looks positive and any downside movement will be buying opportunity in it. It made a high of 658 in 2010 there after it crashed vertically to 42 and now trading around 65. Hindustan copper could retrace till 23.6% and 38.2% respectively which is at 189 and 278 respectively. It looks positive and could test 69---74 mark. Three consecutive closes + weekly close above 74 will see sharp upside rally in it. Chances are bright for upside move in Hindustan Copper and could test 126+ mark in near as a weekly long bullish candle indicate that positive momentum will remain continue. MACD and RSI too are positive zone along with it 21DEMA and 55DEMA is at 61.80 and 58.80 respectively

### **Recommendation:**

**Traders can buy and accumulate**

Hindustan Copper as an investment pick around 65—62 and add more quantity in panic for the initial upside target of 126.

## **Disclaimer**

*The report contains the opinions of the author that are not to be construed as investment advice. The author, directors and other employees of IMV, and its affiliates, cannot be held responsible for the accuracy of the information presented herein or for the results of the positions taken based on the opinions expressed above. The above-mentioned opinions are based on the information which is believed to be accurate and no assurance can be given for the accuracy of this information. There is risk of loss in trading in derivatives. The author, directors and other employees of IMV and its affiliates cannot be held responsible for any losses in trading. Commodity derivatives trading involve substantial risk. The valuation of the underlying may fluctuate, and as a result, clients may lose their entire original investment. In no event should the content of this research report be construed as an express or an implied promise, guarantee or implication by, or from, IMV that you will profit or that losses can, or will be, limited in any manner whatsoever. Past results are no indication of future performance. The information provided in this report is intended solely for informative purposes and is obtained from sources believed to be reliable. Information is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. The reports are only for information purposes and not to be construed as investment advice.*

-----

IMV