

NIFTY KEY LEVELS

Support 1 : 11600
Support 2 : 11550
Resistance1: 11700
Resistance2: 11730

Events Today

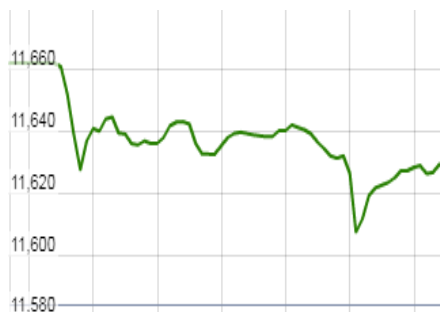
Results

BHARTI AIRTEL LTD.
HINDUSTAN ZINC LTD.
PETRONET LNG LTD.
SKF India Ltd

Dividends

DBCORP, SIYSIL
Ex - Date : 29-10-2019

Nifty Intraday Chart



Market Outlook

On Samvat trading Nifty open positive at 11662.25 levels and moved towards the high of 11672.40 at their it faced resistance and fall down to the low of 11604.60 levels and finally got close positive at 11627.15 level by gaining 43.25 points. All the indices traded with positive bias. India VIX close negative by 4.03% at 15.58 level.

Recent price Correction is almost concluded but it need to cross 11715 for confirmation. In Diwali Nifty has finally closed above 11611 which is indicating that market is trying to regain its strength again after giving internal flat abc formation. Now we expect and believe that market is ready to take off again for another higher levels.

Indian Market

Index (Prev. Close)	Value	% Change
SENSEX	39,250.20	0.49%
NIFTY	11,627.15	0.37%
BANK NIFTY	29,516.30	0.41%

Global Market

Index (Prev. Close)	Value	% Change
DOW	27,090.72	0.49%
NASDAQ	8,325.99	1.01%
CAC	5,730.57	0.15%
DAX	12,941.71	0.37%
FTSE	7,331.28	0.09%
EW ALL SHARE	19,035.94	-0.02%

Morning Asian Market (8:30 am)

SGX NIFTY	11,679.50	0.12%
NIKKIE	22,976.50	0.48%
HANG SENG	26,926.00	0.13%

Commodity Market

Commodity(Prev. Close)	Value	% Change
GOLD	38,293.00	0.06%
SILVER	49,491.00	0.40%
CRUDEOIL	61.25	-0.52%
NATURALGAS	176.30	0.28%

Currency Market

Currency (Prev. Close)	Value	% Change
RS./DOLLAR	70.88	-0.19%
RS./EURO	78.77	-0.33%
RS./POUND	90.95	0.08%

Bond Yield

Bond yield (Prev. Close)	Value	% Change
G-sec 10YR : IND	6.50	-0.02%

% Change in 1 day

Institutional Turnover

FII

Investor	Buy(Cr.)	Sale(Cr.)	Net(Cr.)
27-Oct-19	32	25	7
Oct-19	86697	88041	(1344)
2019	1079265	1062945	17255

DII

Investor	Buy(Cr.)	Sale(Cr.)	Net(Cr.)
27-Oct-19	61	7	54
Oct-19	66985	61563	5422
2019	760379	708747	51631

Please refer to page pg 15 for Bulk deals, Dividends, Bonus, Splits, Buyback.

Quote of the Day : "One of the funny things about the stock market is that every time one person buys, another sells, and both think they are astute."

ICICIBANK

BUY

29-Oct-19

ICICI Bank reported a strong set all round performance despite concerns on the slowdown and pressure on the economy. Retail domestic growth along with margin and assets quality continued to perform well. BB & Below book and higher exposure towards telecom sector poses near term risk. Strong specific PCR at 76% is one of the highest in the industry and it provide cushion against the any uncertainty. Focus on high yield retail assets will continue to provide upward bias on the margin. Recovery from IBC cases will keep credit cost under control. We Upgrade the target price to Rs 522 at 2.5x BV FY21e and maintain BUY.

MINDTREE

NEUTRAL

29-Oct-19

After a new leadership on board, Mindtree managed to report a moderate growth in 2QFY20 result. Revenue grew 3.3%QoQ mainly owing to recovery in top client while margin were bit lower than expected. Renewal deal saw a dip in the quarter (16.2% YoY) as it could be due to the delay in decision making by the customers While new order posted a robust growth by increasing 1.6x in 2QFY20. Going ahead, healthy deal pipeline from the new business and continued growth in digital gives revenue visibility in near terms while higher attrition (16.5% in 2QFY20) will put execution risk in FY20. Post result, factoring in execution risk and slow renewal, we have reduced our margins by 0.9%/0.5% for FY20/FY21E .Thus we maintain our Neutral stance on the stock with the target price of Rs709.

SHRIRAMCIT

NEUTRAL

29-Oct-19

The loan growth remains affected on the back of lower liquidity availability. SHRIRAMCIT has been able to raise Rs 2200 Cr in this quarter but the priority was mainly to repayment of the liabilities then growth. Management has priorities two wheeler, personal loan then SME business for liquidity allocation But on the back of demand side issue in the two wheeler we remain cautious on the growth front. Margin remains compressed on the back of slower growth and higher cost of fund. Management stated it will decline the share of short term funds and convert the entire long term borrowings into short term which will come with an additional cost along with it rising share of retail NCD will led to rise in couple of bps to the cost. Though management has been able to improve asset quality, we remain cautious on the growth prospect value the stock at 1.1x PB for FY21e to Rs 1410. We maintain NEUTRAL.

SRTRANSFIN

ACCUMULATE

26-Oct-19

Relaxation of axle norms, slowdown in the infrastructure and mining activities, delayed monsoon, lower economic activities and flooding situation in the country had resulted in the slowdown in the commercial vehicle segment in 1HFY20 but management has guided 2HFY20 growth run rate to be around 9-12% with good rabi crop harvest and kick start of infrastructure and mining activities. Management remains optimistic about asset quality recovery in 2HFY20, GNPA is expected to improve by 30-40 bps. 94% of incremental disbursement is towards used vehicles segment, which is expected to provide adequate cushioning to the margin pressure in the high-cost liquidity availability. We remain slightly cautious on the back of CV slowdown and downgrade the stock to ACCUMULATE. We value the stock at 1.3x FY21E at Rs 1254.

MARICO

HOLD

26-Oct-19

The company had a challenging quarter for domestic business, impacted by low consumption environment. Low input prices led to strong gross margin expansion, expected to have better margins in the near term also. The Company will continue to ride over innovation strategy to expand foods division. Going forward, company's distribution expansion and rejig distribution channel with improvement in demand scenario on the back of government initiatives will drive the growth. While considering rural slowdown and time lag in stabilization of distribution channels, we reduced sales and PAT estimates for FY20/FY21 4%/3% and 1%/4% respectively and reduced our target price from 445 to 431 with HOLD rating.

Stock In News

- ❑ **GVK** signed an agreement with ADIA, PSP Investments and NIIF for investment of Rs 7614 crore in its airports business. Proceeds will be used to pare debt and purchase additional shares in Mumbai International Airports Ltd..
- ❑ **Mahindra & Mahindra** delivered close to 13,500 vehicles on the day of Dhanteras. The number was substantially higher than deliveries last year.
- ❑ **Tata Power's** JV acquired gas-based power plant and diesel generating station at Kalinganagar from Tata Steel Ltd. The combined value of this transaction is Rs 920 crore.
- ❑ **Reliance Industries'** Board of Directors approved the formation of a wholly-owned subsidiary ("WOS") for Digital Platform initiatives and investment of Rs. 1,08,000 crore in the WOS through OCPS. The WOS will also acquire RIL's equity investment of Rs. 65,000 crore in RJIL.
- ❑ **Tata Motors Q2:** Consolidated net loss At Rs 216.6 crore versus loss of Rs 1,048.8 crore, revenue down 9.1% at Rs 65,432 crore versus Rs 71,981 crore, QoQ
- ❑ **Jubilant Life Q2:** Net profit up 19% at Rs 249 crore versus Rs 210 crore, revenue at Rs 2,266 crore versus Rs 2,269 crore, YoY
- ❑ **Tata Coffee:** Q2 profit up 11.2 percent at Rs 40.1 crore versus Rs 36 crore and net revenue up 5.5 percent at Rs 481.2 crore versus Rs 455.9 crore YoY.

Red: Negative Impact **Green:** Positive Impact **Black :** Neutral.

Fundamental Picks:

Market had witnessed huge volatile sessions in last one year accompanied with full of events. However amid volatility quality companies kept rewarding the investors. Going forward markets shall continue to provide good opportunities for investments. Our expected target for Nifty comes around 12300 valuing at 19x FY21E EPS. Some of the key triggers that shall support markets are:

- Government taking administrative and structural measures to achieve \$5 Trillion GDP target.
- Recent tax reforms key game changer in long run for economy giving opportunity for further earnings upgrades.
- CPI at 3.99% still under RBI's targeted 4% level and low commodity prices is giving room for further rate cuts.
- IBC has forced out the stress in corporate India.
- Monsoon no more a worry giving hopes for better H2FY20.
- Stable Rupee and range bound crude prices provides roots for stronger growth.
- Global central banks easing liquidity and reducing interest rates – positive for Indian economy
- Financialization on increasing spree via penetrating insurance and consistent growth of MF SIPs flow
- Benefits of corporate tax cuts and other tax reforms should augur well in the numbers by FY21 onwards.

Our preferred picks are:

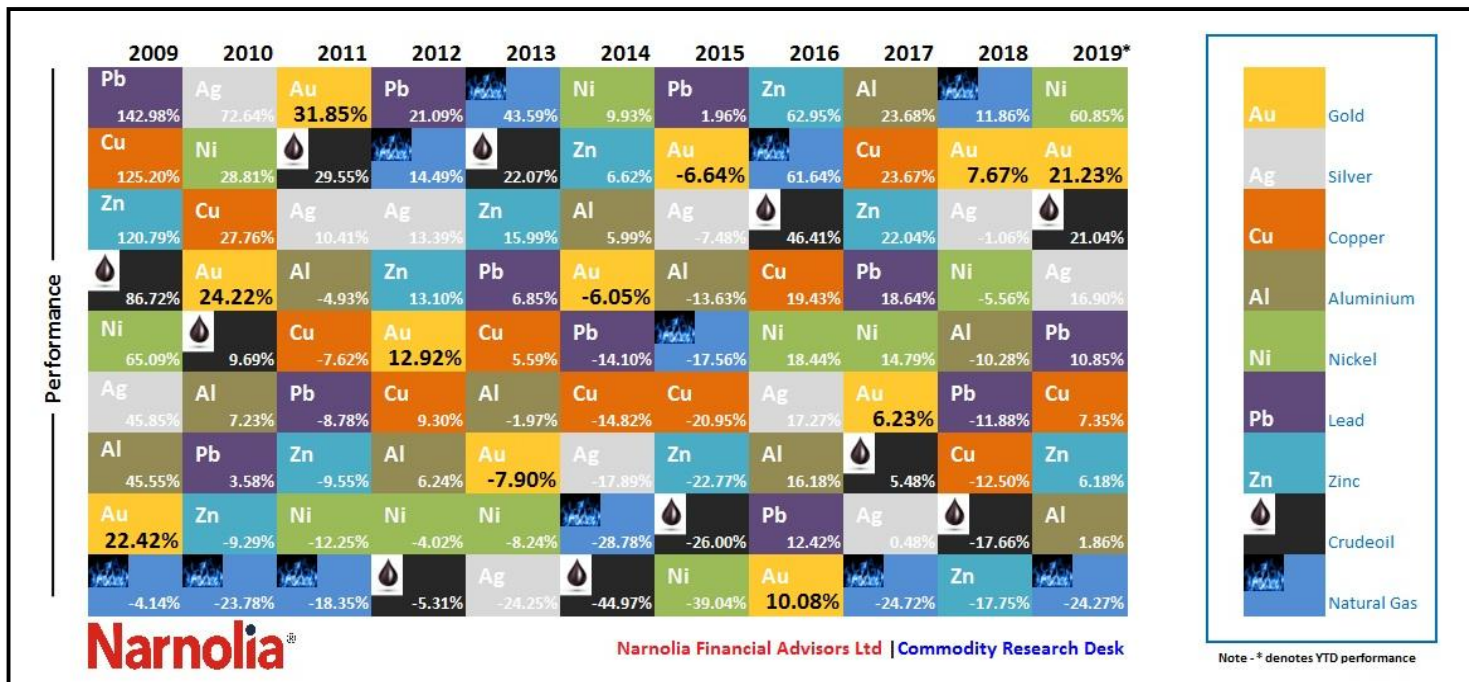
Stock	Investment Target (Rs.)
ABB	1800
CREDITACC	749
DMART	2400
HDFCAMC	3800
HDFCBANK	1466
MARICO	467
MCDOWELL-N	785
PNCINFRA	232

Key risk to our above assumptions can be escalation in trade wars, global tensions and sudden rise in commodity prices.

Technical Picks:

Our preferred picks are:

1. Buy Bharat Electronics Ltd around 112-114 Stoploss 91 Target 148
2. Buy Bharti Airtel Ltd around 350-360 Stoploss 323 Target 450
3. Buy Ashok Leyland Ltd around 72-75 Stoploss 64.90 Target - 91
4. Buy Blue Star Ltd around 840-860 Stoploss 740 Target 1040
5. Buy Tata Motors Ltd around 125-127 Stoploss 115.40 Target 149



Top Picks for 2019-2020

NICKEL

Nickel prices has risen by more than 60% on worries over supply tightness after the Indonesia announced an export ban on nickel ore from Jan 2020, two years earlier than expected. Moving into next year, Nickel prices may remain supported at Rs 1100 levels and trade higher towards 1400 levels in 2020.

GOLD

MCX Gold prices have witnessed a surge of 21% since last Diwali on account of 15-month long trade tension leads to soft economic growth, monetary easing by the central banks, increasing investment demand from ETF and Central banks buying and Brexit uncertainty. Investors started to lock in gains starting June and in the span of four months gold prices rocketed 15% and made a high \$1566/oz.

U.S. Fed policy makers will review their stance at a meeting on Oct. 29-30 amid speculation that they are set to deliver a third consecutive interest rate cut. Currently even negative interest rates and easing monetary policy is unable to spur the economic activity to balance the Debt to GDP ratio. During the short term, Gold prices may face headwind due to trade optimism and higher bond yields however, for the long term, one must mandatorily add gold in their portfolio due to uncertainty over global economic outlook. We expect Comex Gold prices to test \$1,650 in the coming year 2020.

CRUDEOIL

Crude oil prices are mainly supported by the efforts of OPEC members, same way as it helped falling oil prices in 2016 by introducing production cuts. Crude oil prices managed to rise 21% YTD despite record production from US and persistent demand worries.

OPEC+ nations have planned to discuss on reducing further production in the 5th Dec 2019 policy. This meeting will be deciding factor for the future direction of oil prices.

SRTRANSFIN Concall Highlights 2QFY20

- ❑ Management has raised 200 \$ MN at a fully hedged cost of 10-10.2%. Securitization during the quarter stood at Rs 5500 Cr from Rs 5700 Cr QoQ, the retail deposit was raised at Rs 100 Cr per month which was a 3-year paper, Bank's term loans raised stood at Rs 6000 Cr which are of medium-term loans. The incremental cost of borrowings stood at 9%. For new initiative like PSL benefit for on lending the cost 8.50-8.75%.
- ❑ Disbursement stood at Rs 13120 Cr with new at Rs 666 Cr & Used at Rs 12282 Cr.
- ❑ C/I ratio has increased as SRTRANSFIN is focusing on newer areas in the rural market and increasing the number of collection people to maintain collection efficiency.
- ❑ The slowdown in the economic activities and delayed monsoon led to lower capacity addition in CV.
- ❑ Revision of axle norms has led to a capacity upgrade by 20% thus decreasing the demand for new vehicles.
- ❑ Management expects pre-buying demand to start from JAN onwards which will lead to a rise in the new vehicle demand. HCV has slowdown due to slowdown in the mining and infra segment. Management has guided with improved rabi crop and kick start of infrastructure and mining activities 2HFY20 growth to improve to 9-12%.
- ❑ Management has stated the delayed mining activities in the eastern market & flooding situation in the west has contributed to rising in GNPA. Management has guided gross stage 30-40 bps improvement in 2HFY20.
- ❑ The higher tax provision in 1Q resulted in a lower rate in the 2Q.
- ❑ Management has guided to bring down credit costs to below 2% in the next 1 and a half years. Management has
- ❑ Strategically SRTRANSFIN is more tuned into M&LCV with 70-75% concentration in the agriculture & daily essentials like milk while only 15-20% share of infra and mining activities.
- ❑ The LTV in the Used stands at 70% higher from 60-65% range while the LTV in the new vehicle is 80-85% higher from 70-75%.
- ❑ The number of vehicles reposited stands at 3000 vehicles per month. The credit cost of 1% is because of the loss of value of the asset.
- ❑ The value of the guarantor is very important while disbursing loans.
- ❑ The average ticket size of the deposit is around Rs 1 lakh per customer.
- ❑ Capital adequacy is expected to remain in the range of 17% with Tier at 14-15%.
- ❑ Management is splitting up of urban branches to extend reach to an outside cities customer.

Concall Highlights Q2FY20

Marico concall 2QFY20 Highlights:

Macro perspective:

- ❑ The company witnessed significant sequential slow down in VAHO and coconut oil categories especially in rural impacted by largely consumption slowdown especially in rural and tight liquidity in wholesale channel.
- ❑ Situation was further aggravated by stress in urban general trade channel.
- ❑ Taking reference from current slowdown, management believes certain slow down in the up gradation from unorganised to organised and in certain cases there may be down gradation from branded to loose in the core categories.

Result highlights:

- ❑ Parachute Rigids volume declined by 1% but gaining market share while Value Added Hair Oils (VAHO) recorded a flat volume growth.
- ❑ Saffola registered a volume growth of 1% and due to product mix value growth remained 5%.
- ❑ The company witnessed significant disruption in the month of August due to floods in its high contribution market of Maharashtra and south. Delay in transferring lower copra prices also impacted the volume of Parachute oil although the company witnessed some recovery in Sept and witnessing it in Oct also.
- ❑ VAHO was impacted due to its higher salience in rural especially in North and East (company strong hold).
- ❑ Urban general trade was impacted due to change in company's channel assortment strategies. Urban general trade declined by 11% in 2QFY20.

Future guidance:

- ❑ The company will continue to invest behind A&P.
- ❑ Considering benign input prices 19 plus margin is achievable.
- ❑ Management is looking for some focused pricing action in Parachute to make conversion pack more attractive among consumer in next couple of weeks.
- ❑ The management expects mid single digit growth from India business in 2H if consumption improves.
- ❑ VAHO: expected to see some recovery in 2H.
- ❑ International business: high single digit to 10% cc growth is possible in 2HFY20 if recovery in South Asia business happens.
- ❑ Saffola continues to be an issue. The company is in process of sorting out the assortment strategy across the channels and also planning to ramp up of distribution expansion in 1 Lt pack to get incremental growth in 2H.
- ❑ The company has started three large steps in the Go to market to redeploy spends: 1. Improve partner profitability in GT mainly urban, 2. conversion of non performing trade schemes into consumer advantage pricing and 3. driving differentiated assortment across the channel to reduce channel conflicts.
- ❑ The company is experimenting with alternate supply chain models for delivery to retail outlets presently in Delhi and Mumbai, this process is taking time to stabilize.
- ❑ The company has added 1500 stockiest this year especially in North and East.
- ❑ Copra price is expected to remain benign for at least 6 months.

Concall Highlights Q2FY20

TATAMOTORS 2QFY20 concall highlights:

JLR:

- ❑ China has seen improvement and retails were up by 24%YoY whereas other geographies have seen a decline of 19%YoY.
- ❑ Retail stock levels have reduced to lowest levels since 2017.
- ❑ The company has new product launch pipeline in order to improve sales mainly in China, including Range Rover Evoque and Defender.
- ❑ The company is expected to achieve the GBP 2.5 bn Project Charge benefits ahead of March 2020 as it has already achieved GBP 2.2 bn by 1HFY20. (GBP 1.3 bn from Investment, GBP 0.5 bn from working capital and GBP 0.5 bn from cost & profits).

Outlook:

- ❑ The demand outlook continues to remain challenging led by Brexit and trade war. The management expects the situation to improve gradually going ahead.
- ❑ EBIT margin to remain in the range of 3-4% for FY20-21, 4-6% for FY22-23 and 7-9% beyond FY23.
- ❑ Investment spending for FY20: GBP 3.8bn, FY21: GBP 4bn, FY22-23: upto 4bn and 11-13% of revenue beyond FY23.
- ❑ Free cash flow is expected to remain negative till FY21 and it will be positive beyond FY21.
- ❑ Gross Debt/EBITDA will remain less than 2.8x in FY20-23 and it will come down to 2x beyond FY23.

Standalone Business:

- ❑ Lower MHCV volumes and adverse product mix led to sharp decline in profitability of the company. In addition to that company has reduced Rs. 3400 crores of stocks from the system to minimise BS-IV obsolescence risk. (Rs.900 crores at Tata Motors Limited and Rs.2500 crores at dealer levels).
- ❑ The capex will be around Rs.1200 crores in FY20 and it will largely be tilted towards new product development and BS-VI transition.
- ❑ Dealer stock levels in CV stands at 35 days.
- ❑ The company has gained 120bps market share in MHCV space while lost 290bps market share in SCV space in 1HFY20 over FY19.
- ❑ The Eastern corridor of DFC will have muted impact on truck sales as large part of commodity transportation happens through rails only while Western corridor may see single digit market share shift towards railways from roadways due to large container traffic.
- ❑ On the PV side the company lost 200 bps market share in passenger cars and 90bps in UVs.
- ❑ Dealer stocks at PV stands at 48 days and the management expects it to reduce to 30-32 days.

Outlook:

- ❑ The demand situation has improved on retail side but it will be wait and watch for post festive season.
- ❑ EBIT margin to remain volatile for FY20-21, 4-6% for FY22-23 and 5-7% beyond that.
- ❑ Free cash Flows to become positive from FY22 onwards.

On Electric Vehicles:

- ❑ The company has partnered Tata Power to set up Charging infrastructure and set up 40-50 chargers across 5 cities.
- ❑ The company will launch Nexon Ev in next 6 months.

SIS 2QFY20 Concall Highlights

- ❑ Revenue for 1HFY20 crossed Rs. 4000 Cr. with the monthly run rate of Rs. 747 Cr. from Rs. 670 Cr. at June 2019 with a quarterly CAGR of 5.9% over the last 10 quarters.
- ❑ Aviation business contributes 12-15% of revenue from Australia international business revenue.
- ❑ Quarterly EBITDA grew at a CAGR of 11% over the past 10 quarters.
- ❑ SIS international business EBITDA margin grew significantly from 4.6% in FY19 to 5.7% in 1HFY20.
- ❑ SIS India business EBITDA margin were maintained in the range of 6-6.5%.
- ❑ RONW stands at 22.6%, Cost of capital is 7.5% and Net debt to EBITDA is at 1.4x. Management expects Net Debt to EBITDA at 1.5x or less which is comparatively lower to that of peers, where the Net Debt to EBITDA is 2-2.5x.
- ❑ Acquisition: In FY20 management is not looking for any acquisitions; whereas they will be focusing in integrating the acquisitions done along with the IRR need to be maintained of 22% which the investments were maintaining. Management will also be focusing on the market share being acquired across the geography and penetrating the new customer segment.
- ❑ In FY21 management expects further acquisitions where geographically India will be a priority.
- ❑ Acquisitions at slow growth country like Australia, New Zealand and Singapore was due to return prospective (IRR return), assets acquired overseas are favorable in terms of leverage capacity, lower multiples, acquired assets are more stable and assets contribute operating cash flows to the company at an overall level.
- ❑ Quantez contract in Australia: Fundamental change in the regulation in Australia where there is no CISF at airport terminals Quantez themselves do the screening and SIS was be the preferred vendor. As per the fundamental change the Quantez is now given to airlines which will no longer be seen at SIS.
- ❑ Quantez business handed back in Mel burn is worth 14 million which will discontinue in calendar year 20.

ASTRAL 2QFY20 Concall Highlights:

- ☐ Antidumping duty on CPVC helps the business to grow in various regions along with addition of various channel partners.
- ☐ Management expects PVC and CPVC business to grow better in 2HFY20 across all the products line.
- ☐ CPVC business in 2QFY20 out performed particularly in fire sprinkler business and the user of CPVC users extend in the same fire sprinkler business.
- ☐ Wall manufacturing in CPVC is expanded during the quarter. Various new products of CPVC pipe launched in 2QFY20 and in 3QFY20 it will be coming into the market.
- ☐ Expansion in Hosur Plant gets over and started manufacturing borewell column pipe in that plant to deliver to the southern region like Tamilnadu, Kerala, Karnataka etc.
- ☐ Plumbing product particularly the white PVC started manufactured at Hosur plant which earlier was not produced to southern region.
- ☐ Every product line is now available at Hosur plant and company is coming with fitting operation to that plant in 3QFY20 and in FY21 all fast moving CPVC and PVC fitting will be manufactured to that plant.
- ☐ Ghiloth plant, Rajisthan reached a capacity of 65% and in FY21 additional machinery will be added to that plant is planned by the management.
- ☐ Coming is now looking to more modernization and automatization of the plant at Ahmedabad where the fitting packing is now all automated. Moreover, management is looking forward for automatization of pipe fittings as well.
- ☐ Expansion of wall manufacturing capacity at Dholka plant, Gujarat for drainage fitting, agri fitting range is now completed of all the products.
- ☐ State of art plant where all range of industrial and plumbing walls will be available become operational in FY21.
- ☐ Work of roof top solar to all the plants will get completed in 3QFY20.
- ☐ Land acquired in Orissa of which all the projects are all finalized will start the construction activity in 3QFY20 and in FY21 the plant will become operational.
- ☐ Company is coming with Pex-a which is soon available and manufactured in India being very high in technology and manufactured by few companies.

SHRIRAMCIT Concall Highlights 2QFY20

- ☐ Management is replacing long term borrowing to short term lending. The rising share of long term borrowings and retail NCD led to rising in the cost. Management has started a 14-17% rate product to cater to the graduated customer, now the share stands at less than 5%.
- ☐ There is a demand-side issue in the 2 wheeler side, the overall scenario is tighter with more expensive liquidity. A higher share of runoff in the earlier quarter led to a marginal drop in AUM.
- ☐ On the SME side, the demand remains robust but however, the tightness in the liquidity market led to a slowdown in the disbursement. In the two-wheeler segment, September was a slowdown for the manufacturer and financier.
- ☐ In a 3-5 year time frame, the gold is expected to grow with focus is on the retail share of the gold.
- ☐ Growth was mainly driven by personal loans led by small ticket SME loans. In the two-wheeler segment, October month has seen has an uptick in demand.
- ☐ Demand continues to be robust in the Rs 15 lakh customer segment with no asset quality pressure.
- ☐ Write off amount is to the amount of Rs 200 Cr.
- ☐ Liquidity is first channelized to 2 wheeler then to personal loans than to business loan & lastly to gold loan.
- ☐ The number of vehicles financed 230000 with 292000 YoY.
- ☐ Gross stage 3 number has declined from March level, Stage 3 is moving to stage 2 collection has drastically improved from YoY. In the next 12-18 months, GNPA is expected to be around 7-7.5%.
- ☐ The incremental borrowing stands at Rs 2200 Cr as at 2QFY20, with Rs 930 Cr of securitization, Rs 500 Cr of direct assignment, Rs 150 NCD, Rs 300 Cr of NCD, Rs 200 Cr retail FD. Out of which Rs 1000 Cr is towards the retirement of short term debt.
- ☐ Repayment commitment has slowed down disbursement growth, management has kept cash buffer for repayment of borrowings. Management expects Rs 300 disbursement in housing finance in 3QFY20 with Rs 2300 Cr in AUM by FY20..
- ☐ 75% of market is in rural & semi-urban areas
- ☐ Demand is strong in average ticket segment of Rs 5-15 lakh with lesser asset quality pressure.
- ☐ SHRIRAMCIT majorly caters to the Trading & service sector not much stress is experienced.
- ☐ The tax rate comes around 27.5%.

Concall Highlights Q2FY20

ICICI Bank Concall Highlights

- ❑ Management decided to opt for the tax rate change. the accumulated deferred tax asset has been re-measured resulting in a one-time additional charge of Rs 2920 Cr. Excluding the impact of one-time additional charge, the profit after tax would have been Rs 3575 Cr.
- ❑ The impact of interest on income tax refund on NIM was about 2 BPS compared to about 9 BPS in 1Q FY20. The impact of interest collection from NPAs was about 4 BPS compared to 8 BPS in 1Q FY20.
- ❑ Retail fee income grew by 20.5% year-on-year and constituted about 74.0% of overall fees in 2Q FY20.
- ❑ The retail portfolio saw gross slippages of Rs 1323 Cr and recoveries & upgrades of Rs 714 Cr. Management said increase in additions was generally in line with the growth in the retail portfolio and reflects the seasoning of the portfolio.
- ❑ Out of the corporate and SME gross NPA additions of Rs 1159 Cr, about Rs 413 Cr represents the increase in outstanding of accounts classified as NPA in prior periods. Of the balance slippages, Rs 373 Cr were from the BB and below portfolio. These include Rs 79 Cr of devolvement of non-fund based outstanding to existing NPAs and slippages of Rs 294 Cr from other loans rated BB and below.
- ❑ Exposure to the telecom sector was about 1.8% and predominantly to the top two players in this sector.
- ❑ The increase in the builder portfolio was due to an increase in outstanding largely to well- established builders. Builder portfolio is about 4% of total loan portfolio.
- ❑ Management stated that the portfolio bought from the stressed HFC is granular in nature and meets risk return thresholds. Further, the collection for almost the entire portfolio has been taken over by the Bank.
- ❑ BB & Below pool- The rating downgrades from investment grade categories were Rs 2072 Cr in 2Q FY20. Downgrades during the quarter comprises a few accounts, spread across sectors. There was a reduction of Rs 373 Cr due to slippage of some borrowers into the non-performing category.
- ❑ The non-fund based outstanding to NPA was Rs 3371 Cr compared to Rs 3627 Cr as of 1Q FY20 and holds provisions of Rs 1343 Cr on this.
- ❑ The SME business comprising of borrowers having a turnover of less than Rs 250 Cr grew by 30% YoY to Rs 19064 Cr.
- ❑ Employee expenses increased by 28.9% YoY. The growth in payroll expenses was about 20% YoY which reflects employee additions of about 16,000 over the last 12 months and annual normal growth in salaries. Given the business opportunity, bank has been investing in people, expanding our distribution network and spending on sales promotion and advertisements.
- ❑ Management is focused on expanding physical infrastructure and growing our branch network based on the economic activity and growth potential of different locations. Target set for branch opening for the year is 450 and Opened 346 branches in 2Q. C/I ratio is expected to remain in this range.
- ❑ Consolidated ROE target for June 2020 is 15%.
- ❑ Power sector resolution was still under process management is not very optimistic.
- ❑ In the IBC proceeding, one of the steel accounts is expecting to get resolved it is with supreme court which is expected to come through soon. Credit of around 1.2-1.3% is expected in FY20 keeping in mind resolution in various accounts. If recoveries do not come through then credit cost will be around 1.8-2%.
- ❑ No buy out of portfolio in 2QFY20.
- ❑ Management expects addition in the BB & below bucket in the 2HFY20 on the back of macro environment.
- ❑ Term deposit growth 35% YoY mostly contributed by retail term deposit. CA daily average balance growth has been around 15%.
- ❑ Business banking & personal loan segment focus is majorly on the existing customers.
- ❑ ICICI Home Finance had a loss of Rs 61 Cr in 2Q FY20 compared to a loss Rs 6 Cr 1Q FY20. The loss in was due to provisions on the non-mortgage portfolio and expenses on scaling up of business over the last few quarters.

Mindtree Concall Highlights

- ❑ Broad based growth across verticals: BFSI for the quarter grew 2.8%QoQ regaining its growth momentum, Travel and hospitality grew 3.3%QoQ, Technology and Media grew by 3.6%QoQ and Retail, CPG and manufacturing remain flat during the quarter.
- ❑ Digital business: Digital continuous to grow stronger for Mindtree. Digital revenue is 2times of Mindtree growth which 18.8%YoY.
- ❑ Margin Performance: EBITDA margin expanded 300 bps QoQ to 13% on low 2Q base while on adjusted terms, margins increased 40 bps QoQ. The movement in margins was on account of wage hike increase (-150 bps) partially offset by operational efficiency in terms of utilization uptick & higher off shoring (+140 bps) and currency (+50 bps).
- ❑ Tax rate: Tax as a percentage of PBT was at 26.4% in Q2FY20. Management stated ETR in the similar range is expected for next two years and will not incorporate the new tax regime announced as of now.
- ❑ Restated Hedging policy: The Company has revisited its forex hedging policy by increasing the hedging coverage. As on 30 sep, the company's cash flow hedge book stood at USD130million and balance sheet stood at USD98million.
- ❑ Clientele details: Top customer contribution to overall revenues was at 20.6% in the quarter and witnessed growth of 5.1% QoQ. Top 2- 5 customers dipped 4.3% QoQ while top 6-10 customers grew 8% QoQ. Three clients were dropped from active client base on sequential basis taking the active client base to 343. The company added three clients in the \$1 million bucket
- ❑ Order book: The company's order book declined 5.2% QoQ to USD307 million wherein TCV from new increased 2.5x YoY while TCV from the renewals dipped 16.2% YoY. The change in management has led to dip in renewals. The digital order book increased 2.2% QoQ to USD140 million. The company expects deal wins that has not come this quarter is expected to grow in next quarters without any incremental cost involved.
- ❑ Margin outlook: Driving profitability will be the key priority for the company. The management continues to see margin expansion in H2, however does expect FY20 margins to cross FY19 margins.

BULK DEAL

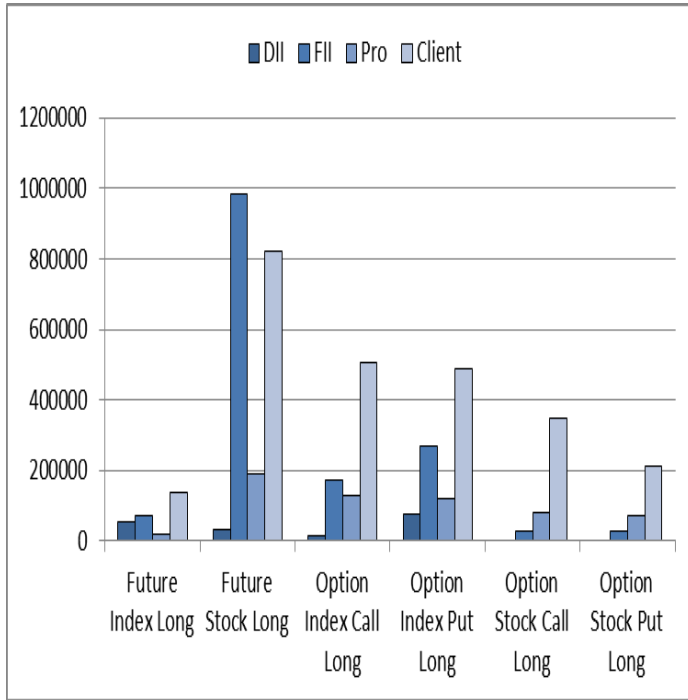
EXCHANGE	Date	SECURITY CODE	CLIENT NAME	DEAL TYPE	QUANTITY	PRICE
BSE	27-10-19	ARIHANTINS	HEMLATABEN AJITBHAI VASA	S	140,000	7.01
BSE	27-10-19	ARIHANTINS	DHAVAL VIPULBHAI SHAH	B	144,000	7.01
BSE	27-10-19	JSHL	VIVEK DWIVEDI	B	5,000	10.45
BSE	27-10-19	JSHL	VIVEK DWIVEDI	S	80,000	10.46
BSE	27-10-19	PRISMMEDI	HETAL BHAVESH SHAH .	B	32,481	24.15
BSE	27-10-19	PRISMMEDI	HETAL BHAVESH SHAH .	S	3,000	23
BSE	27-10-19	PRISMMEDI	JASJOT SINGH	S	31,111	24.14
BSE	27-10-19	PVVINFRA	GKML SOFTWARE TECHNOLOGIES PRIVATE LIMITED	S	30,000	10.45
BSE	27-10-19	PVVINFRA	CTIL MEDIA PRIVATE LIMITED	B	30,000	10.34
BSE	27-10-19	SBC	SANDEEP KUMAR SRIVASTAVA	B	60,000	25.88
BSE	27-10-19	SUBEX	RAGHAV VIJAY KAROL	B	3,000,000	5.4
BSE	27-10-19	SUBEX	ESSCEE TRADING VENTURE	S	3,000,000	5.4

Corporate Action

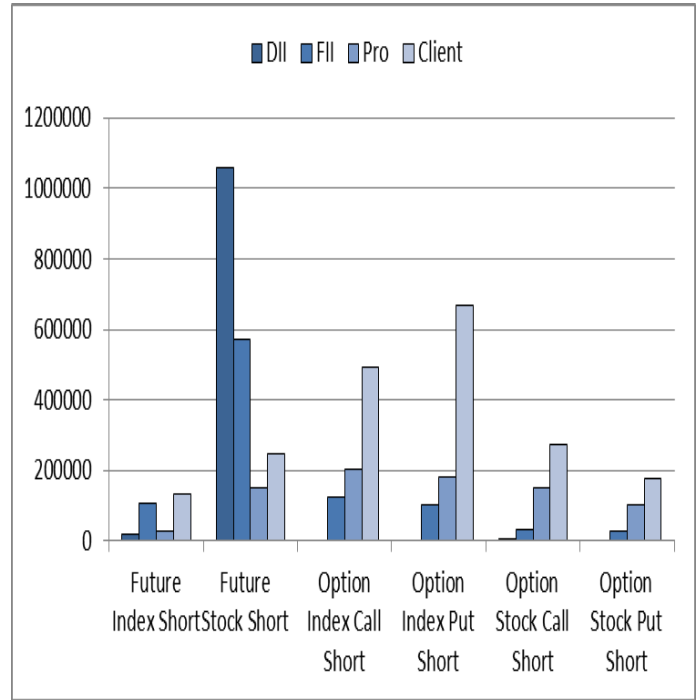
EXCHANGE	SECURITY CODE	SECURITY NAME	EX- DATE	PURPOSE	RECORD DATE
BSE	500820	ASIANPAINT	30-10-19	Interim Dividend - Rs. - 3.3500	31-Oct-19
BSE	532175	CYIENT	30-10-19	Interim Dividend - Rs. - 6.0000	31-Oct-19
BSE	540115	LTTS	30-10-19	Interim Dividend - Rs. - 7.5000	31-Oct-19

PARTICIPANT WISE OPEN INTEREST

Long Position

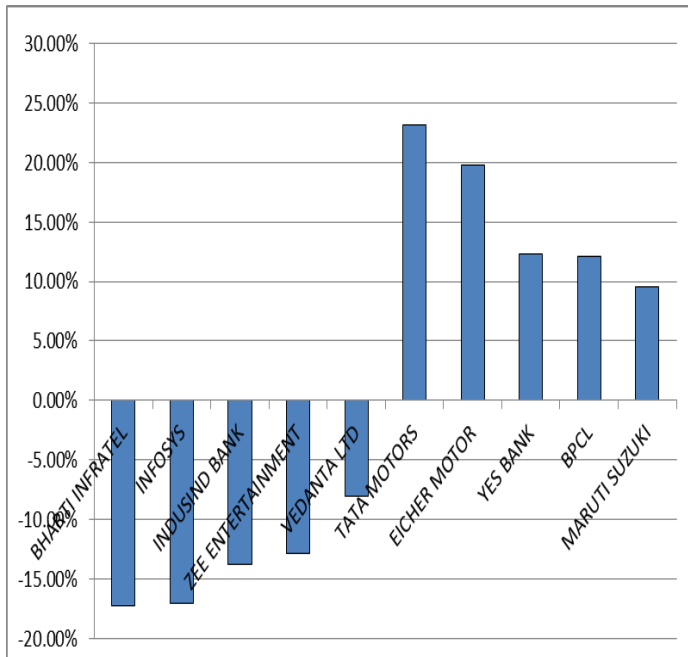


Short Position

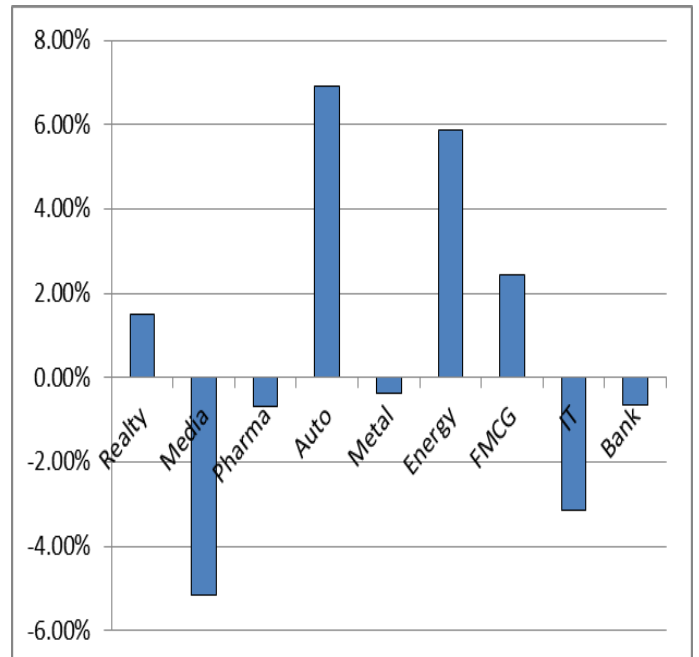


MARKET MOVERS (1 MONTH CHANGE)

Nifty Movers



NSE Sectoral Indices Performance



Result Calendar Q2FY20

BSE Code	Company Name	Result Date	BSE Code	Company Name	Result Date
532174	ICICI BANK LTD.	26-Oct-19	500840	EIH LTD.	05-Nov-19
500680	PFIZER LTD.	26-Oct-19	522275	GE T&D India Ltd	05-Nov-19
532454	BHARTI AIRTEL LTD.	29-Oct-19	507815	GILLETTE INDIA LTD.	05-Nov-19
500188	HINDUSTAN ZINC LTD.	29-Oct-19	500670	GUJARAT NARMADA VALLEY	05-Nov-19
532522	PETRONET LNG LTD.	29-Oct-19	533150	Godrej Properties Ltd	05-Nov-19
500472	SKF India Ltd	29-Oct-19	501455	GREAVES COTTON LTD.	05-Nov-19
531344	CONTAINER CORPORATION OF INDIA LTD.	30-Oct-19	539336	Gujarat Gas Ltd	05-Nov-19
509488	GRAPHITE INDIA LTD.	30-Oct-19	532286	JINDAL STEEL & POWER LTD.	05-Nov-19
530007	JK TYRE & INDUSTRIES LTD.	30-Oct-19	500294	NCC Limited	05-Nov-19
500252	LAKSHMI MACHINE WORKS LTD.	30-Oct-19	500459	PROCTER & GAMBLE HYGIENE & HEALTH CARE LTD.	05-Nov-19
513023	NAVA BHARAT VENTURES LTD.	30-Oct-19	532955	REC Ltd	05-Nov-19
532524	PTC INDIA LTD.	30-Oct-19	532805	REDINGTON (INDIA) LTD.	05-Nov-19
539978	Qess Corp Ltd	30-Oct-19	532755	TECH MAHINDRA LTD.	05-Nov-19
500260	The Ramco Cements Limited	30-Oct-19	500114	Titan Company Limited	05-Nov-19
532221	SONATA SOFTWARE LTD.	30-Oct-19	532779	TORRENT POWER LTD.	05-Nov-19
500770	TATA CHEMICALS LTD.	30-Oct-19	500530	BOSCH LTD.	06-Nov-19
500800	Tata Global Beverages Limited	30-Oct-19	532483	CANARA BANK	06-Nov-19
526612	BLUE DART EXPRESS LTD.	31-Oct-19	500087	CIPLA LTD.	06-Nov-19
530965	INDIAN OIL CORPORATION LTD.	31-Oct-19	532179	CORPORATION BANK	06-Nov-19
500378	JINDAL SAW LTD.	31-Oct-19	500125	E.I.D.-PARRY (INDIA) LTD.	06-Nov-19
540222	Laurus Labs Ltd	31-Oct-19	531162	EMAMI LTD.-\$	06-Nov-19
532276	SYNDICATE BANK	31-Oct-19	500086	EXIDE INDUSTRIES LTD.	06-Nov-19
532149	BANK OF INDIA	01-Nov-19	532809	FIRSTSOURCE SOLUTIONS LTD.	06-Nov-19
532885	CENTRAL BANK OF INDIA	01-Nov-19	532424	GODREJ CONSUMER PRODUCTS LTD.	06-Nov-19
500124	DR.REDDY'S LABORATORIES LTD.	01-Nov-19	535789	Indiabulls Housing Finance Ltd	06-Nov-19
511676	GIC HOUSING FINANCE LTD.	01-Nov-19	522287	KALPATARU POWER TRANSMISSION LTD.	06-Nov-19
500380	JK LAKSHMI CEMENT LTD.	01-Nov-19	500257	LUPIN LTD.	06-Nov-19
533148	JSW Energy Ltd	01-Nov-19	500271	Max Financial Services Ltd	06-Nov-19
500165	KANSAI NEROLAC PAINTS LTD.	01-Nov-19	532497	RADICO KHAITAN LTD.	06-Nov-19
532648	YES BANK LTD.	01-Nov-19	523598	SHIPPING CORPORATION OF INDIA LTD.	06-Nov-19
540025	Advanced Enzyme Technologies Ltd	02-Nov-19	532953	V-GUARD INDUSTRIES LTD.	06-Nov-19
500048	BEML LTD.	02-Nov-19	500575	VOLTAS LTD.	06-Nov-19
500495	ESCORTS LTD.	02-Nov-19	539254	Adani Transmission Ltd	07-Nov-19
521064	TRIDENT LTD.	02-Nov-19	500042	BASF INDIA LTD.	07-Nov-19
500049	BHARAT ELECTRONICS LTD.	04-Nov-19	500547	BHARAT PETROLEUM CORPORATION LTD.	07-Nov-19
511196	CAN FIN HOMES LTD.	04-Nov-19	532178	ENGINEERS INDIA LTD.	07-Nov-19
534804	CARE Ratings Ltd	04-Nov-19	500676	GLAXOSMITHKLINE CONSUMER HEALTHCARE LTD.	07-Nov-19
540743	Godrej Agrovet Ltd	04-Nov-19	530001	GUJARAT ALKALIES & CHEMICALS LTD.	07-Nov-19
500010	HDFC	04-Nov-19	500104	HINDUSTAN PETROLEUM CORPORATION LTD.	07-Nov-19
538835	Intellect Design Arena Ltd	04-Nov-19	524494	IPCA LABORATORIES LTD.	07-Nov-19
530813	KRBL LTD.	04-Nov-19	539981	Max India Ltd	07-Nov-19
533088	MAHINDRA HOLIDAYS & RESORTS	04-Nov-19	532725	SOLAR INDUSTRIES INDIA LTD.	07-Nov-19
500109	MANGALORE REFINERY	04-Nov-19	524715	SUN PHARMACEUTICAL INDUSTRIES LTD.	07-Nov-19
500730	NOCIL LTD.	04-Nov-19	500413	THOMAS COOK (INDIA) LTD.	07-Nov-19
533179	PERSISTENT SYSTEMS LTD.	04-Nov-19	500251	TRENT LTD.	07-Nov-19
532872	SUN PHARMA ADVANCED	04-Nov-19	532478	UNITED BREWERIES LTD.-\$	07-Nov-19
503806	SRF LTD.	04-Nov-19	512070	UPL Limited	07-Nov-19
500403	SUNDRAM FASTENERS LTD.	04-Nov-19	500238	WHIRLPOOL OF INDIA LTD.	07-Nov-19
540180	Varun Beverages Ltd	04-Nov-19	532300	WOCKHARDT LTD.	07-Nov-19
509966	VST INDUSTRIES LTD.	04-Nov-19	500477	ASHOK LEYLAND LTD.	08-Nov-19
533023	WABCO INDIA LTD.	04-Nov-19	532134	BANK OF BARODA	08-Nov-19
532331	AJANTA PHARMA LTD.	05-Nov-19	500493	BHARAT FORGE LTD.	08-Nov-19
509480	BERGER PAINTS INDIA LTD.	05-Nov-19	532400	Birlasoft Ltd	08-Nov-19
500335	BIRLA CORPORATION LTD.	05-Nov-19	500040	CENTURY TEXTILES & INDUSTRIES LTD.	08-Nov-19
511243	Cholamandalam Investment	05-Nov-19	500085	CHAMBAL FERTILISERS & CHEMICALS LTD.	08-Nov-19
500096	DABUR INDIA LTD.	05-Nov-19	505200	EICHER MOTORS LTD.	08-Nov-19
532488	DIVI'S LABORATORIES LTD.	05-Nov-19	522074	ELGI EQUIPMENTS LTD.	08-Nov-19

Economic Calendar					
Country	Monday 28th October 2019	Tuesday 29th October 2019	Wednesday 30th October 2019	Thursday 31st October 2019	Friday 1st November 2019
US	Goods Trade Balance		API Weekly Crude Oil Stock, Crude Oil Inventories, Fed Interest Rate Decision, GDP	Initial Jobless Claims	Manufacturing PMI, Unemployment Rate, U.S. Baker Hughes Oil Rig Count
UK/EURO ZONE		Pending Home Sales		Unemployment Rate, CPI	Manufacturing PMI
INDIA	India - Diwali-Balipratipada			RBI Monetary and Credit Information Review	

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Disclosure of Interest Statement-

Analyst's ownership of the stocks mentioned in the Report	NIL
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Correspondence Office Address: Arch Waterfront, 5th Floor, Block GP, Saltlake, Sector 5, Kolkata 700 091; Tel No.: 033-40541700; www.narnolia.com.

Registered Office Address: Marble Arch, Office 201, 2nd Floor, 236B, AJC Bose Road, Kolkata 700 020; Tel No.: 033-4050 1500; www.narnolia.com

Compliance Officer: Manish Kr Agarwal, Email Id: mkagarwal@narnolia.com, Contact No.:033-40541700.

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