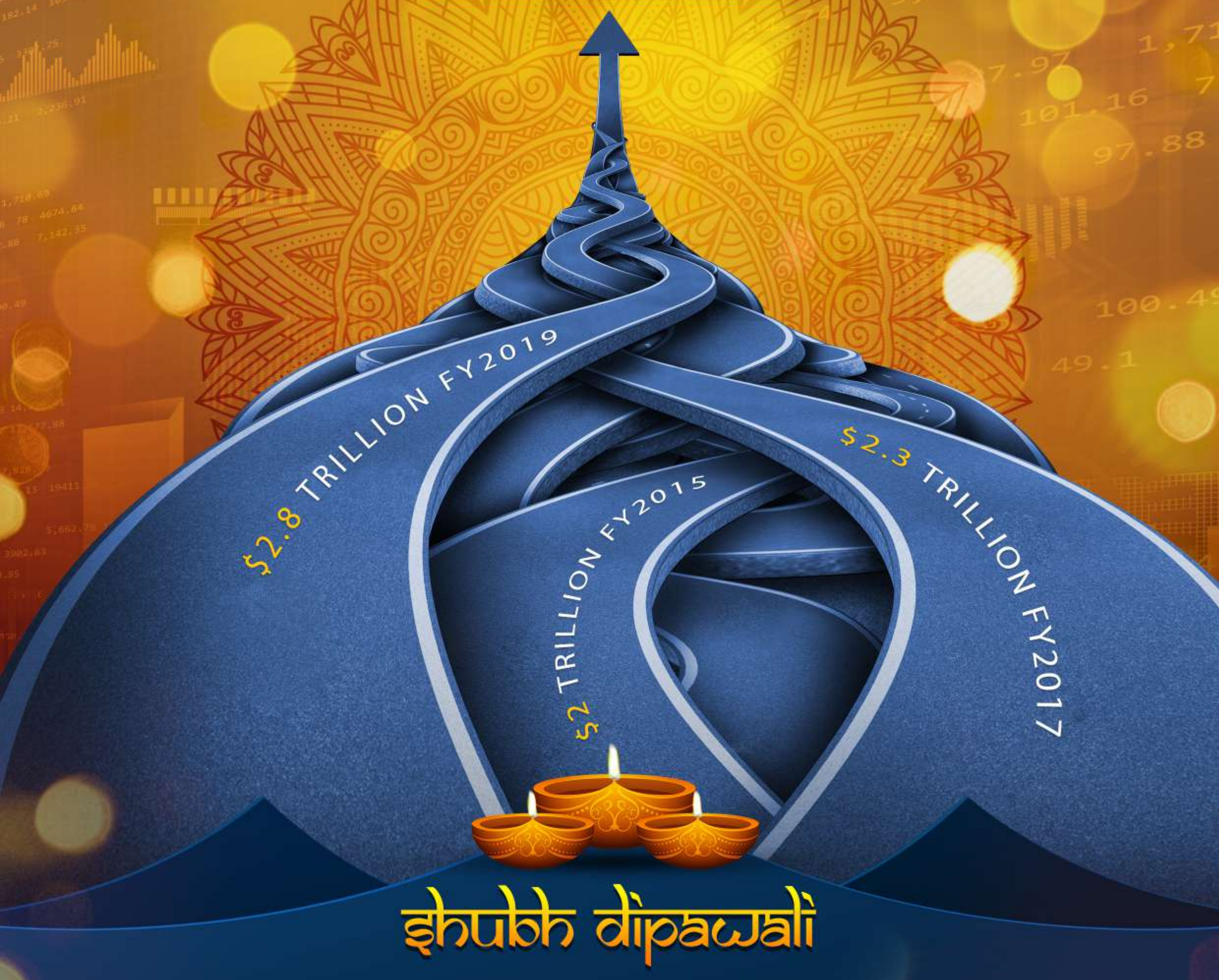
MEHTA
REWARDING RELATIONSHIPS

October - December 2019 Diwali Edition | Volume: 8 / Issue: 8

MCONNECT
A MAGAZINE

MODINOMICS
ARE WE ON THE RIGHT PATH?

Mission $5 trillion economy.



Guest Column
Mr. Neelesh Surana
CIO – Mirae Asset Mutual Fund.

Muhurat Trading & Investment Ideas
"Samvat 2076"

Guest Column
Dr. C.K. Narayan
Chief Mentor, Chartadvice.

Dear Mehta Citizens,

We are delighted that you have been a part of the MEHTA family for many years. Thank you for choosing MEHTA GROUP as your financial services provider.

It gives us immense pleasure to write to our Mehta Citizens in this very special Samvat 2076 issue, which is loaded with carefully selected information. We are sure that you will have a blast this Diwali & cherish this communication.
Mehta Group is known for nurturing & rewarding relationships to its clients & associates by providing them with bespoke financial solutions and tailor made value enhancing services. Mconnect, our recent initiative has received excellent response in its first year. We have been told that it is been used not just by our extended family of channel partners but also other investor community at large. You will certainly expect more knowledge in the coming editions.

Since Samvat 2075, we have seen lots of events, which impacted the Indian equity markets resulting to high valuations for quality business, while with the recent correction we feel investors, are getting a good opportunity to accumulate quality business at reasonable valuation. Indian Government has responded with various reforms, like PSU Mergers surcharge rollback, amongst which, one big bang reform is cut in corporate taxes; this is an important step towards reviving investment cycle. The corporate tax rate cut is expected to be a game changer; low effective tax of ~17% and ~25% for the new Manufacturing companies and existing non-exemption availing companies respectively would attract new investments.

Staring Samvat 2076, we expect markets to remain volatile as the very nature of the market is to remain Volatile by any reason... and it is going to remain Volatile forever, but we believe it's a right time to construct a good portfolio with a right mix of large cap, midcap & Small Cap good quality stocks on a long term basis. It is our firm belief that Wealth Creation is a long term process and it will take its time as there is no Short cut to Wealth Creation.

At MEHTA, we are committed to provide wise financial advice to our clients, Hence we recommend investors to focus on quality business with clear sustainability of earnings growth and good corporate governance. Our Mconnect Diwali Special edition 2019 report highlights the current macros and growth outlook of the Indian economy coupled with our top stock picks recommendations for long term.

CA Rakeshh Mehta

Chairman,
Mehta Group

Shubh Diwali

Team Mehta takes pleasure in wishing you a very Happy Diwali & a Prosperous New Year ahead.

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Portfolio Management Service (PMS) Outlook

Post the 2019 budget, the government of India realised the need for the change of reforms in order for any business in India to survive. The Finance Ministers decision to slash corporate taxes was one such change that turned around market sentiments. The tax rate cut is a historic move which clearly signals the intent of the government to implement the structural reforms that are necessary for high growth rate. The corporate tax rate of domestic companies has reduced from 35% to 25.01% effectively, impacting the profitability margins of these companies and leading to an increase in the earning potential of small and medium sized companies since they paid higher effective taxes than larger players. Introduction of taxes on the buyback of equity shares will directly increase the number of dividend paying companies. Taxation on manufacturing units has been slashed to 17.01% increasing the potential of production in India. The removal of surcharge on the capital gain from sale of listed equity shares will directly lead to an increase of investments both foreign and domestic. The corporate tax base is expected to increase with the stabilisation of GST, larger volume of tax payers with reduced rates should boost collections.
In a market scenario like this, small and medium size companies with low leverage, unique business model and no potential of being replaced by AI seem like a good bet from the PMS point of view.

Warm Greetings!
Best Wishes
Samridh poddar and Rajat Mehta
PMS-MMFS

MEHTA
REWARDING RELATIONSHIPS

MEHTA MULTI-FOCUS STRATEGY FUND PORTFOLIO MANAGEMENT SERVICES (MMFS - PMS)

PMS SNAPSHOT

INVESTMENT HORIZON	MEDIUM TO LONG TERM (3 YEARS +)
PORTFOLIO VALUATION	CLOSING NSE MARKET PRICES OF THE PREVIOUS DAY
OPERATIONS	• INVESTMENT MANAGED ON INDIVIDUAL BASIS • THIRD PARTY CUSTODIAN FOR FUNDS AND SECURITIES
REPORTING	• MONTHLY PERFORMANCE STATEMENT • TRANSACTION, HOLDING, & CORPORATE ACTION REPORTS • ANNUAL CERTIFIED STATEMENT OF ACCOUNTS
HURDLE RATE	10% PER ANNUM
FEES	• MANAGEMENT FEE: 0.25% PER QUARTER OF NAV CHARGED AT THE BEGINNING OF THE QUARTER. • RETURN BASED FEES: 15% PROFIT ABOVE HURDLE RATE WITH CATCHUP CLAUSE • EXIT LOAD: 3% FOR REDEMPTION WITHIN 1 YEAR, 2% WITHIN 2 YEARS
MARKET CAP FOCUS (% OF ANUM)	• BELOW INR 500 Cr UPTO -10% • BETWEEN INR 500 Cr TO INR 15,000 Cr UPTO -80% • ABOVE INR 15,000 Cr UPTO -10%
PORTFOLIO AUDITORS	PAREKH SHAH LODHA & COMPANY
CUSTODIAN & BANKER	KOTAK MAHINDRA BANK
MODE OF PAYMENT	BY FUND TRANSFER/CHEQUE AND/OR STOCK TRANSFER

DON'T WORRY LET OUR EXPERTS DO THE WORK & MAKE YOUR INVESTMENT SIMPLER

Mr Samridh Poddar
-CIO

Mr Rajat Mehta
-COO

Market outlook

Mr. Neelesh Surana,
CIO, Mirae Asset Mutual Fund

Funds Managed:
Mirae Assets Large Cap Fund
Mirae Assets Emerging Bluechip Fund
Mirae Assets Hybrid Equity Fund
Mirae Asset Tax Saver Fund

Summary

Notwithstanding the ongoing slowdown, India is amongst the most promising emerging economy aspiring to grow at sustained high gross domestic product growth rate. Its twinpillars of growth are intact, i.e., favourable demographics, and potential in infrastructure. Projects in physical infrastructure (road, rails, etc.), along with reforms in input markets (land and labour) and focus on soft infrastructure (healthcare reforms, education) would all lead to higher productivity and growth rates.

There are indeed challenges in the near term challenges related to reinvigorating the financial system, and also long-term challenges with respect to jobs creation and vulnerability to oil prices. The overnment is gradually addressing by accelerating reforms. Among many of recent reforms, we believe that six are landmark achievements: The Goods and Service tax (GST), Insolvency and Bankruptcy code (IBC), Real Estate Regulation Act (RERA), accelerated use of Direct Benefit Transfer (DBT), and the formation of Monetary Policy Committee (MPC), and the biggest of all was the recently announced corporate tax reduction.

Overall, ongoing reforms and twin pillar of growth (of demographics and infrastructure) would regain India's status as the fastest growing major economy in the world.

Snapshot of key economic indicators

Particulars	FY14	FY15	FY16	FY17	FY18	FY19
Real GDP Growth	6.4%	7.4%	8.0%	8.2%	7.2%	6.8%
CPI Inflation	9.4%	6.0%	4.9%	4.5%	3.6%	3.4%
Food Inflation	11.9%	6.6%	5.1%	4.5%	2.2%	0.7%
Real Interest rate (Repo- CPI)	-1.8%	1.9%	2.1%	1.8%	2.5%	2.9%
Central Fiscal Deficit	4.5%	4.1%	3.9%	3.5%	3.5%	3.5%
Current account Deficit	1.8%	1.3%	1.1%	0.6%	1.8%	2.1%
Nominal GDP (USD bn)	1,843	2,037	2,096	2,291	2,650	2,725
External Debt % FGDP	24%	23%	23%	21%	20%	19%
GFCF (USD Bn)	509	550	570	620	683	751

Source: CSO, Bloomberg

Tax reforms and execution of ongoing reforms: By way of an ordinance dated 20th Sep'19, the government introduced lower corporate tax rates to 25.2% for existing companies (from a maximum rate of 34.9% including cess and surcharge), and 17% for new manufacturing companies. The corporate tax rate cut announced is structurally positive as

(1) India turns competitive vis-à-vis other emerging markets

(2) Equity IRRs or RoE go up by at least 2%, thereby improving viability of projects. Alternatively, it reduces the debt requirement for similar RoE.

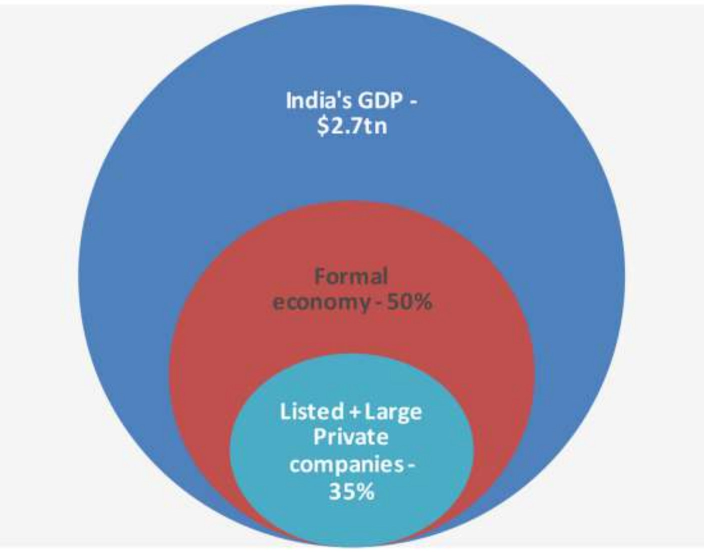
(3) Increase in profitability particularly for companies which need not pass on the tax cuts for e.g., Consumer companies, Global commodities, etc.

In addition to tax cut, focus is also on important reforms started during the last few years. Prominent among these are The Goods and Service tax (GST), Insolvency and Bankruptcy code (IBC), Real Estate Regulation Act (RERA), accelerated use of Direct Benefit Transfer (DBT), and the formation of Monetary Policy Committee (MPC) by the Central bank for inflation targeting. Integrated, all of these could raise the potential growth over the medium term, by raising the Total Factor Productivity. Furthermore, enhanced GST compliance will help improve India's tax-GDP from its current level of 12%. Stricter compliance of GST will help improve the competitive advantage of the organized sector over the less-compliant unorganized sector. It is gradually witnessed that with the introduction of GST, the price gap between the unorganized market products vs organized ones have shrunk and consumers are getting more exposed to branded organized sector products.

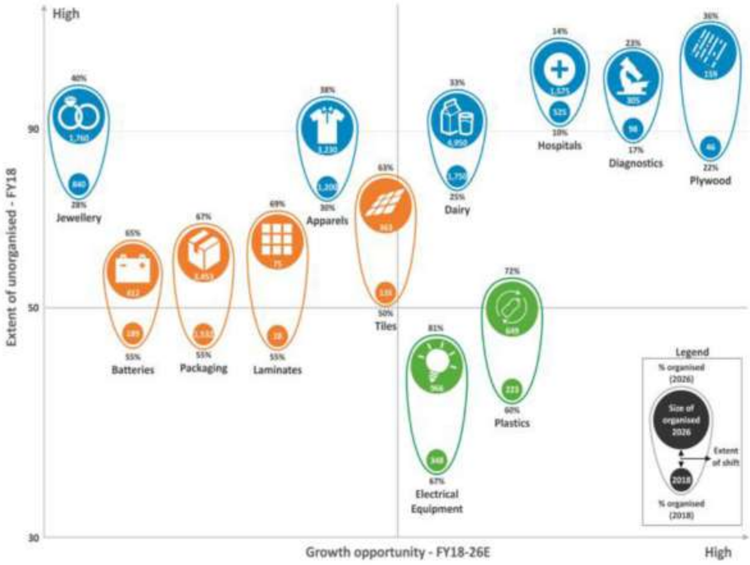
Reforms

Key Reforms	Details
Tax Reforms	The government reduced corporate tax rates to 22% from 30% (excluding surcharges and cess), which. From a long-term perspective, India turns competitive vis-à-vis other EMs with respect to taxation.
GST	Amongst the most important indirect tax reform, India has been made a single market with multiplicity of tax slabs across different states has removed. Full efficiency gains on the back of this have yet to be realised which will accelerate tax-to-GDP ratio
IBC	India did not have a bankruptcy law until 2017. The passing of the law along with subsequent modifications has reduced the resolution time for the bankruptcy cases.
RERA	This law helped boost home buyer confidence and made it difficult for unscrupulous property developers to survive.
Digital payments	Over 300 million new bank accounts have been opened under 'Jan Dhan Yojna" thereby providing a conduit to transfer funds.
Inflation targeting	Unlike most emerging markets, central bank has an explicit inflation target to it at 4% (with +/-2% as the range)

Significant Opportunities to Emerge for Organized Sector.



Source: Edelweiss



Uplifting the Poor

Several existing schemes to uplift the poor are likely to be continued. This will be by providing basic amenities such as rural housing, banking, electricity, health, insurance, water, sanitation, cooking gas. The aim would be to reduce the population below the poverty line from about 15% to 5% over the next decade. Some of the ambitious ongoing programs are:

- Housing for all: Housing, in particular, has a great multiplier effect on the economy as it impacts construction, banks, NBFC, building materials, in addition to creating jobs.

- Crop Insurance: A crop insurance scheme was successfully launched in February 2016 (The Pradhan Mantri Fasal Bima Yojana).

- Financial support to farmers (Pradhan Mantri Kisan Samman Nidhi Yojana): Under the direct financial support plan, a sum of Rs 6000 p.a. is provided to marginal farmers. The budgeted outlay of these schemes is USD 14bn (about 0.5% of GDP), and covers about 86% of all farmers in the country.

- Health insurance: During the FY19 budget presentation, the government launched its ambitious universal healthcare program under the Ayushman Bharat program as the National Health Protection Scheme. While the current budgetary allocations at about USD 0.9 bn is small, the same could be increased.

Manufacturing, Infrastructure and Investment cycle

India skipped a step in its development process when it moved directly from being an agrarian economy to a service oriented one, without going through a period of manufacturing focus. The Government has reasserted India's ambition to raise the contribution of manufacturing-to-GDP to 25% from current level of 17%. Currently, there is also an opportunity to take market share from China for two reasons - on-going trade conflict, and due to tightening of environmental issues and increasing labour cost. The government-led initiative on structural reforms (Ease of doing business, tax reforms, and liberalisation) could help revive private investment.

Also, it is imperative that infrastructure development picks up for India to sustain high GDP growth. The government has laid priorities to focus on the infrastructure with an ambitious target of about 1.4trillion USD. Notably, on average, a 1% increase in infrastructure investment is associated with a 1.2% increase in GDP growth.

USD Billion	FY09-14	FY14-19	FY19-24E
Electricity	197	204	285
Rail	54	98	178
Roads & Bridges	130	157	240
Irrigation	57	97	173
Water Supply and sanitation	25	59	108
Others	216	208	198
Total	679	823	1,182

Source: GoI, Media reports, Mirae Asset

Challenges to be addressed:

- **Current slow-down :** Indian economy is currently facing challenges of slowdown with Q1FY20 GDP growth at 5% (versus 6.8% in FY19). Domestic liquidity tightness is currently hampering both consumption and investment activities. The government has taken corrective steps to reinvigorate the financial system, and has accelerated reforms.

- **Creating Jobs :** Around 7.5 million people are projected to join the Indian workforce per year on average over the decades. The inability to create large scale jobs could have adverse ramifications in harnessing the demographic dividend. In this context, an overall focus on increasing manufacturing related jobs would help.

- **Vulnerability to Oil:** An important long term challenge is to reduce India's vulnerability to high oil prices. A multi-pronged approach towards adoption of Electric Vehicles could lay the foundation of reducing the dependency on oil imports.

Earnings, and Market valuation : During the past five yrs., earnings grew from 408 to 470 only 4 percent CAGR At 17x forward PE multiple, we believe that the markets are still within boundaries of reasonable valuations, given that "Earnings" is low compared to long term average, given that the PAT/ GDP at 3% is at 15-year low. Many sectors at trough earnings as PAT/GDP at 2.8% are a 15 yrs. low: Many pockets of the economy are yet to mean revert to their long term potential. For example the profitability in corporate banks, Capex related businesses; Real-estate, Autos, Telecom, Pharmaceuticals, etc. are much lower than the long-term potential.

Current market has multiple contrarian opportunities: The overreaction hypothesis in investing states that investors react irrationally to events by placing too much weight on near term events. In other words, investors get emotions, biased and thus are either over-optimistic (driven by greed when near term prospects are good) or over pessimistic (driven by fear when near term outlook I negative). In the Indian market context, currently its extremely polarised with many pockets being deep-in-value zone, i.e., banking, telecom, healthcare, utilities, metals, etc. are offering excellent contrarian opportunities.

Investment approach: We would advise to invest in a disciplined way in equities within the earmarked asset allocation, with long-term time frame. We don't see a reason to be underweight equity at these valuations. Only when you invest in bad times will you get better returns when things improve. Investors should not try to time the market at these valuations and continue to invest within the appropriate asset allocation. The systematic plans are the most efficient way of capturing the volatility/downside.

Technical Outlook

DR. C.K. NARAYAN
CHIEF MENTOR,
CHARTADVISE

He is a Dalal Street veteran and one of finest exponents of Technical Analysis in Indian financial markets. He has nearly four decades of experience and insights on Indian markets and is popular for his talk show, Talking Technicals, on ET Now.

A time to cheer?

Despondency that had gripped the market for over 18 months appears to have lifted with the ground breaking announcements made by the govt on 20th Sept, 2019. The ferocity with which the market responded to the announcement was a clear indication of the market sentiment. We have all been used to negative response to many govt initiatives of the past. So the extra-large response also came as a surprise. The two-day 1000-point rise was a bit too much in too short a time for people to even react to the move!

But what the move did was to reset the trend situation in favour of a rise- or at the very least, a termination of the long drawn out decline that we have been experiencing since Dec 2017. Change, for it to be meaningful, has necessarily to be large. I believe the large quantum of the change that occurred in end Sept was such a kind and that is what emboldened me to send out a tweet the same day, saying that the bear market ended on 19th Sept 2019.

Now, the normal tendency, whenever the words 'end of a bear market' is used is to start expecting a rise immediately. That may not exactly be the case here and there are a number of reasons to think so. First, this decline has been particularly painful for most investors and traders because of the extent of damage that their portfolios have suffered. This holds back anyone from funnelling new money into the markets immediately. Second, the results have not been improving for the past several quarters and that has dampened the sentiment also quite considerably. The expectations from the Q2 results are also quite low and therefore the unwillingness to buy still persists. Third, economic rebound is still not visible and there is far too much negative news flow that over-rides the abundant positives that are also present currently. We are at one of those times when sentiments seem to be clearly trumping the many positive triggers that exist currently. There are enough knowledgeable commentators who are highlighting all these macro factors in the economy but right now the markets have ear-plugs on! Sentiment is such a powerful thing!

So, the real question is what can make the sentiment turn around? Market players obviously react to news flow and therefore that is the primary element that can do the trick. However, news based plays are reactive in nature and hence one will always be behind the curve, (to an extent). Trends, however, are created by insiders, those that anticipate the news or are in advance knowledge of the same. It is their footprints that are caught by the charts by an astute technical analyst! Further, the powerful drive of 20th Sept was caused by short covering (mostly) and its speed and short duration (2 days only) did not allow sufficient new position build. It is my expectation that the new position build shall occur in the coming weeks and months, having got triggered into action by the govt announcements. Typically, these occur during sharp pullbacks and it is quite probable that a few such pullbacks may even get engineered into the near future. Hence my reckoning here is that the market may be range bound for about 2-3 months during which the stocks would get accumulated.

It is obvious that large cap stocks would continue to remain at the forefront of such new accumulation but one should also consider the fact that the over valuation of mid and small cap stocks back in 2016-17 has now completely dissipated and those stocks are now trading at a discount to the large caps. This can be seen in Chart where the down move of the mid and small cap can be seen in relation to the Nifty. Both the indices have completely surrendered the over performance with the Nifty and hence stocks are available at a relatively cheaper valuation. Therefore we may also see good amount of buying emerge in the mid and small quality space. Since these are not present in the main indices, it is probable that index may not make much of a headway but may hold steady while activity goes on in the mid and small cap space. Obviously, Institutional buying, particularly Domestic, would be dominant in that as Retail trade will join the fray only after some more overt signals of a turnaround occurs.

Mid, Small underperform Nifty from Dec 2017

I expect this process to complete between Oct 2019 and Jan 2020. The next quarter results may provide us with better signals of corporate improvements and that can set the stage for some price accelerations. The tax cuts offered by the govt has already provided us a case for bottom line improvements and this may also now be followed by some P/E expansion. Once more consistent earnings expansions also occur ahead, we may see a visible bullish trend in the market.

While there is an expectation of higher highs, most of the target revisions for the Nifty are back ended for 2020. The charts also suggest the same. In chart 2 we can see that the move of Sep 19 was the largest point-wise rise since 2012. Glenn Neely, NeoWave expert, states that there is always a degree change whenever 'violent' reversals occur. While this may not be apparent in the long term monthly chart shown here, it is very much visible on shorter time frame charts. Also, we can note in the chart that every big move has begun with a large range candle thrusting upward. As stated by John R Hill in his super treatise on price action, 'every meaningful price action (i.e. trends) begins and ends with long range bars.' In recent times we have seen some long range bars to the downside too. The difference has been in the extent of price reversals it has produced. As can be noted in the chart, recent long range bearish candles have all led to short lived declines and markets managed to comeback swiftly, indicating a bullish dominance of sentiment. The latest salvo is much larger than the largest of bullish as well as bearish reversal candles and hence is quite probably an important change in trend point yet again.

Nifty with reversal candle lengths

The long term trends have remained intact and such quick reversals to the upside after reaction attempts only continue to prove the bullish credentials of the market. Chart 3 shows the situation of the long term trend thru the use of Pivot moving averages of different periods. Note how the 4 moving averages have remained in bullish phase ever since 2009 reversal! This shows the extraordinary trend strength that the market has enjoyed and even the big dips of 2013 and 2016- big as they were- have been unable to dent the trend! This consistency asks us to retain bullish bias and use any evidence suggestive of uptrend revival to enter the market. From that angle, the recent upward spike in prices is yet another signal of upward intent and should be followed.

Monthly Nifty with 4 Pivot moving averages- all in positive phase since 2009!

Finally, we also have Time counts and Momentum signals in support of continued advances. This can be seen in Chart 4 which shows a time cycle on prices along with the DMI indicator for momentum measure. It is noted that trend runs of the past have tended to run for around 28-30 months after a reliable buy signal has emerged. After the last time count ended in Sept 2018, the market has been into a lateral slide and fresh signals are emerging now. If one assumes that the earlier 28-30 month cycle shall repeat, then we are looking at a long run here. The beginning of the new upward time cycle count can be taken from either Mar 2019 or Sept 2019.

The momentum signals show that ever since 2014 upward signal, the bulls have not ceded control of the market in the last five years. Momentum has moved to neutral zones now and that makes it ideal for a new cycle to emerge now. Hence the Sept upward signal can probably be the one that could meet up with momentum revival and help sustain a new advance.

Time cycle counts and DMI indicator on Nifty Monthly

Summing up, it seems from the evidence viz. Price, Pattern, Time, Momentum and Sentiment, that the market is now making a turn. Fundamental factors are getting in place and there appear to be a surfeit of them. Only sentiment needs to change for the better and that is typically news or event driven. While traders may await such triggers to time their trades in the market, investors should now be looking for quality stocks to commence on a steady accumulation from current levels. A two year bull run can be anticipated ahead. We should be looking at an index of 16500 by Dec 2021.

"The opinion expressed in this article are those of the author alone and should not be regarded as investment advice. "investors should obtain their own independent advice before taking a dicision to invest in any securities."

Research Desk

Mr. Prashanth Tapse
AVP Research

Market is dynamic; you and me can't time the market or predict exact things. Unfortunately, we spend a lot of time on predicting, watching the price and buying with an eye on the future. While my argument is that opportunities to create long term wealth can only be found during turbulent/slowdown times by being choosy and selectively fishing the quality business. Once the fear of slowdown subsides the market will rebound back in its own style.

So what to do now?

We have been raising our voice since the beginning of the year that Investors have to change the style or the culture of investing psychology. But if you looking for making some Quick Money by investing at this point of time, the answer is "**NO**" as there is no Short cut to Wealth Creation.

So, lot of investors have one common question in mind whether to invest "**NOW**"

The answer is "**YES**", provided you have a long term view of at least 3-5 years to stay invested while In the near to short term the very nature of the market is to remain Volatile... and it is going to remain Volatile forever.

Looking at the past data it's sad but true, stock markets have a flat to negative year return once in every 5-6 years, But every time the markets had a fall or flattish return, the bounce back has been the best period for wealth creation.

Year	Sensex
1980	~150
1990	~1500
2000	~6000
2010	~21000
2019	~38500

Just think of year 2025, 2030, 2040 and beyond...? Your Mind may have started compounding the number but that wealth creation is only possible when u "**INVEST NOW**". At this point of time, it reminds of the Golden lines of legendary investor Warren Buffett:

> *"Be greedy, when others are fearful...*
> *Be fearful, when others are greedy."*

What we feel?

Indian economy is going through a phase of healthy transformation facing both structural as well as cyclical issues. Structurally, the weakness in all elements of demands i.e. consumption, investment and exports and cyclically the global growth challenges & Concerns. The immediate challenge for Indian economy and markets continues to be the ongoing stress in the financial sector for which govt is continuously working on to subside this situation in a phase manner.

We believe that the probability of markets delivering 16-18% return or more in the current market scenario is bit low with a caution that the Indian market is correlated to global markets growth concerns and on the domestic front, at least in the near to short term there are lingering concerns about NBFC liquidity concerns. The government has been taking step by step a slew of measures to revive the economy as well as the stock markets. Yet, market sentiment continues to be weak as global and local growth is slowing, and US-China trade tensions are continuing.

FPIs have sold heavily. They don't like uncertainties as it results in greater fluctuation/volatility in market and currency goes on toss. But DII, especially mutual funds that have been clinging to markets since long. MFs have been net buyers in equities for the last 22 quarters as opposed to FIIs that have remained net sellers over the past eight quarters since June 2014.

In the quarter ended Sept 2019, the mutual funds invested Rs 42,307 Cr, the maximum quarterly investments since June 2006. However, the way our government has started addressing to the issue and given corporate tax cuts, it's a perfect investment scenario/destination for them to bring fresh money in the market.

We see the risk-to-reward ratio favours gradually investing in Indian equities, but a V-shaped recovery in markets depends on the actions of policymakers. Investors with a bit of patience will likely be rewarded well in the next 12 -18 months.

Currency Outlook

Mr. Shubhesh Mehta
Forex Expert
Independent Advisor

USDINR saw high volatility and choppy moves last quarter owing to major events locally and globally. INR was trading near highs of 68.25 hoping for a strong budget and reforms from newly elected BJP majority government. Auto sector and banking woes were impacting overall economic sentiments for the country while INR also looked vulnerable owing to broader USD strength and global economic slowdown and geo-political uncertainties.

Union Budget failed to deliver and local asset markets fell miserably, INR gave up its election gains and weakened ~4 rupees to trade at 72.25. Higher tax burden on FPIs and Global risk aversion soured the sentiments and they pulled out close to USD 4 bn from Indian equities in the last quarter. Debt flows remained strong on rate cut expectations but that did not help the INR. On the trade front, trade deficit in August stood at USD 13.45 billion similar to USD 13.43 billion In July. The headline trade deficit is smaller due to shrinkage in quantum of trade with fall in exports being negated by contracting imports. Economic concerns (GDP at 25 quarter low of 5%) and job losses pushed Government into action, which led to multiple reforms to give boost to economy and markets. Corporate Tax cuts had strongest impact on the markets and INR sentiments also improved. Steep rate cuts (110bp since Feb2019) from RBI and better system liquidity helped markets gain some confidence back, though dismal economic indicators and lower official growth forecast capped INR rally. INR has traded stronger and more stable between 70.70-71.20 in last few sessions.

We expect INR to trade stronger in near term owing to recent positive development in US China trade talks and continued efforts from government to improve economic sentiments. But overall investment and business climate need to improve substantially for sustained INR gains. US elections next year will likely keep global markets on edge, while growing geo-political uncertainty around middle east and impending Aramco IPO might lead to some short term oil price shock causing some volatility in INR. US CHINA trade talks will continue to make headlines well into 1st quarter of 2020 and adding to uncertainties for INR.

RBI might oblige with another 15-25bp cut and accommodative stance, which will help cheer to capital markets. But easier monetary and fiscal conditions will put gradual depreciative pressure on the currency, which will get augmented by Government's thrust to maintain export competitiveness.

INR should break its recent ranges and trade stronger on the back of positive trade sentiments, our initial target for the pair is 70.40 and 69.70 level. In the event of any negative developments 71.30 will be the level to watch out for as break will take the pair to recent highs of 72.25 and eventually towards 74 handle. While last quarter of the year is usually positive for INR we will closely monitor Global and local developments. RBI interventions on both sides should help curtail excess volatility in the pair. While they will look to follow their objective to maintain INR levels against basket of competitive currencies, specifically against CNY (CNYINR@10).

The opinion expressed in this article are those of the author alone and should not be regarded as investment advice. "Investors should obtain their own independent advice before taking a decision to invest in any securities."

Commodity Outlook

Mr. Rahul Kalantri
VP Commodities

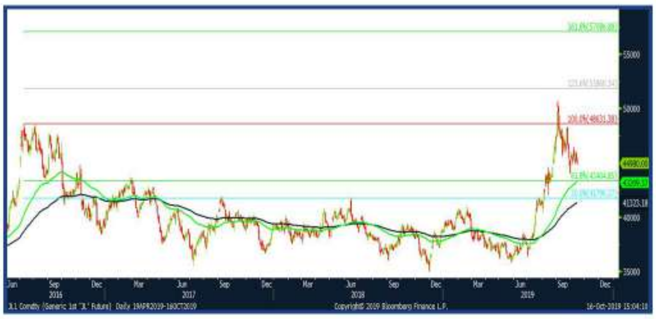
We expect silver prices to continue advancing on the back of Gold, the world's dominant quasi-currency, along with favourable macro-economic conditions. Silver has the most potential catch-up room, particularlty when the dollar peaks.

Solid Gold Supporting Silver : Conditions favour gold-price appreciation, which will continue to be the primary driver of silver in our view. If gold weren't having its best year in almost a decade, almost up 17% this year, silver dependents would likely be benefited as well.

Silver Needs Peak Dollar to Beat Gold : Gold and silver prices will continue to advance, but the latter is unlikely to outperform until the dollar peaks. Often referred to as leveraged gold, silver's 52-week beta to gold is low at about 1.2x, vs. the 20-year annual measure of about 1.5x.

Silver Maintaining Upper Hand with Fed Easing : As US FED started rate cut & intent to continue for next year too, this will give support to bullion. We expect silver to maintain the upper hand vs. most other commodities.

International Silver : COMEX Silver has also break the major resistance of $ 16.40 now next major resistance is $ 20 & above that we expect fresh bull run in silver.



U.S. Dollar May Still Be the Ship to Navigate Uncertain Times : There's no reason to move away from a dollar bullish view just yet, with currency prospects for next coming quarters likely to be "more of the same." The market has learnt to live with the unresolved China-U.S. trade disputes and the main question mark for the quarter relates to whether President Donald Trump's attention will shift onto Europe.

Outlook : After 3 long years of consolidation Silver gave a massive break out. We were expecting one fall from its highs before again resuming its rally. Currently it is trading around 44800 with support level of 43000 to 41300(100 & 200 moving average) & resistance is 48300, 51600, 57000.

SAMVAT 2076 COMMODITY PICKS

COMMODITIES	TREND		RECO PRICE	STOP LOSS	TARGET 1	TARGET 2	HORIZON
SILVER	BULLISH	⇧	44200-44800	43000	48300	51600	12 MONTHS
NATURAL GAS	BULLISH	⇧	153-157	137	192	207	6 MONTHS
DIAMIOND	BULLISH	⇧	3500-3540	3440	3620	3700	6 MONTHS
GOLD	RANG BOUND	⇔	37300-37600	36720	39200	40100	6 MONTHS
COPPER	RANG BOUND	⇔	432-436	423	454	462	3 MONTHS
NICKEL	BERISH	⇩	1220-1260	1340	1140	1020	3 MONTHS
CRUDE OIL	BERISH	⇩	4050-4150	4280	3650	3480	6 MONTHS

Samvat 2076

Muhurat Investment & Trading Idea's 2019 - Large cap

- Larsen & Toubro
- Titan Company
- ICICI Bank
- HCL Technologies
- SBI Life Insurance

Muhurat Investment & Trading Idea's 2019 - Mid cap

- Godrej Properties
- Nippon Life AMC
- ICICI Lombard
- IDFC First Bank
- Polycab India

Muhurat Investment & Trading Idea's 2019 - Small Cap

- Birla Corp
- GHCL
- MCX
- Radico Khaitan
- Dwarikesh sugar

ICICI BANK LTD

Category: Large Cap I Industry: Banks I Mcap: Rs 2,78,875 Cr I FV: 2 I Reco: Rs 432 I Target: Rs 550 I SL: Rs 384

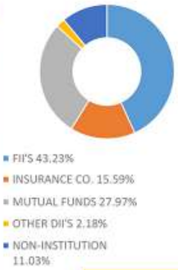
Growth intact after slowdown in consumption and lifted overhang: ICICI Bank's growth still seems to be intact with large part of corporate stress left behind it. Also a large overhang has been lifted due to the change in management. ICICI Bank's advances grew by 14.7% YoY/1.0% QoQ despite a popular sentiment of a slowdown in the economy. It experienced highest growth in past 13quarters. The growth was mainly driven by robust growth in the retail segment by 22.4% YoY, mainly consisting growth from business banking (46.1%) and personal loans segment (54%). Also home loans, vehicle loans, rural loans and credit cards added decent growth in the company. The SME and corporate book grew by 23% and 7% each. Retail/SME/Corporate constitute 61%/5%/24% of overall advances; however Domestic loan book grew by 18% YoY overseas book which de-grew by 8% YoY and constitutes 10% of overall book.

Asset quality improved significantly: Asset quality of ICICI Bank improved significantly with gross NPAs coming down to 6.49% , improving by 232 bps YoY / 21 bps QoQ and Net NPA stood at 1.77% improving by 242 bps YoY / 29 bps QoQ. The fall in the GNPA and NNPA ratios were attributed to the tighter lending by the bank towards risk-averse loans for corporate & SME segment. The bank has provided for INR 3,496 Cr of provisions during the quarter, down by 41.5% YoY/ down 35.9% QoQ. Bank has one of the highest PCR which stands at 83% levels amongst the private banks. after the bank seems to have cleaned its books almost. The bank got cautious and avoided lending to high risk corporates in a focused effort to clean their books.

Return ratios to improve: ICICI Bank's NII increased by 26.8% YoY/1.5% QoQ. NIMs stood at 3.61% (increase of 42 bps YoY/ 21 bps QoQ). Bank's growing retail segment has helped it increase the yield on interest earnings assets by 71 bps YoY to 8.40% and yield on advances increased by 65 bps YoY to 9.36% for Q1 FY20. Fee Income grew at 10.3% YoY. ICICI bank utilized its large customer base efficiently to cross sell products including credit cards and personal loans. Bank's deposits increased by 21% YoY on the back of its expanding retail franchise. Average CASA deposits increased by 12.3% YoY in Q1FY20. The average CASA ratio was 43.4% in Q1FY20 compared to 44.6% in Q4FY19 and 46.1% in Q1FY19. As a consequence of this, credit-deposits ratio declined by 475bps YoY to 89.7%.

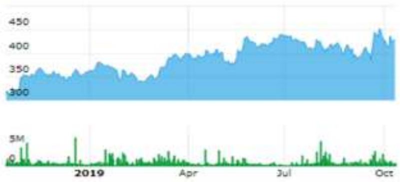
Key Risk: Key Risk: Asset quality risk going forward.

KEY STATISTICS	
NET WORTH(Rs. Cr)	120,829
EQUITY (Rs. Cr)	1,289
PRICE/EPS	51.71x
PRICE/BOOK	2.57x
ROE	5%
ROCE	0.46%
DEBT/EQUITY	3.42%
DIVIDEND YIELD	0.23%
52 WEEK H/L	458/310
PLEDGED SHARES	0%



SHARE HOLDING PATTERN

FINANCIAL OVERVIEW (in INR Cr)	FY 2018	FY 2019	Q1 FY 2020
INTEREST EARNED	62,162	71,982	20,366
INTEREST EXPENSES	34,262	39,178	11,009
NETINTEREST INCOME	27,900	32,804	9,357
OPERATING PROFIT BEFORE PROV.	28,951	27,870	7,767
PAT	9,100	5,689	2,913
EPS	12.02	6.61	3.9



LARSEN & TOUBRO LTD

Category: Large Cap I Industry: Engineering I Mcap: Rs 2,01,109 Cr I FV: 2 I Reco: Rs 1433 I Target: Rs 1840 I SL: Rs 1200

Strong pipline and increased order inflow: L&T's order inflow increased 11% YoY at Rs 38,700 Cr in the election quarter which was a positive surprise. Key drivers for order inflows were infrastructure (Rs 17,492 Cr) and hydrocarbon segments (Rs 3,444 Cr) and power (Rs 6,700 Cr). It was because of improving prospects in domestic market (led by PSU and private sector orders) and revival in key international markets which led to increase its presence in newer markets. Its order book grew by 9% and it remains healthy at Rs 2,94,000 Cr. The tender pipeline continues to be strong at Rs 8,40,000 Cr. The pipeline includes Rs 5,40,000 Cr of Infrastructure, Rs 1,50,000 Cr of Power T&D and Rs 50,000 Cr of Power generation. 20% of pipeline is from international markets. Roads/expressways/bridges/metro rail/water are key segments showing good traction within infrastructure segment. The management highlighted that the order flow is expected to pick up in H2FY20. There is a decent revenue visibility in coming years.

Improvement in margins: L&T showed a strong performance because of its several big ticket size projects. L&T has taken various initiatives in the past few years like selling non-core assets, scaling up/selling out loss making business. Its PAT grew by 22% YoY to Rs1,700 Cr and EBITDA margin increased by 100bps YoY to 11.2%. EBITDA margin at the group level is expected to remain stable. Infrastructure and heavy engineering segments led to a strong growth in revenue to Rs 2,96,00 Cr (up 10% YoY). Defence - The 2 year old tracked artillery gun order also continued to drive revenue and margins.Working capital increased to 23% of sales from 21% in the year-ago quarter. The management intends to improve the consolidated RoE to 18% by FY21 by capping investments in concession business, monetizing noncore assets, and improving the working capital cycle. Middle-east prospect pipeline remained healthy. Margin improved by 61bps to 6.5% led by efficient execution and working capital management.

Key Risk: Run rate of revenue booking in realty. Slowdown in project execution may affect profitability.

KEY STATISTICS	
NET WORTH(Rs. Cr)	62,375
EQUITY (Rs. Cr)	281
PRICE/EPS	28.09x
PRICE/BOOK	3.83x
ROE	16%
ROCE	12%
DEBT/EQUITY	1.19x
DIVIDEND YIELD	0.40%
52 WEEK H/L	1607/1183
PLEDGED SHARES	0%

SHARE HOLDING PATTERN

FINANCIAL OVERVIEW (in INR Cr)	FY 2018	FY 2019	Q1 FY 2020
NET SALES	119,862	141,007	29,636
EBITDA	14,983	18,471	3,610
EBITDA MARGIN	13%	13%	12%
PAT	8,004	10,217	1,810
PAT MARGIN	7%	7%	6%
EPS	52.62	63.51	9.70

Data as on 15th October 2019

HCL TECHNOLOGIES LTD

Category: Large Cap I Industry: IT Services I Mcap: Rs 1,47,047 Cr I FV: 2 I Reco: Rs 1084 I Target: Rs 1275 I SL: Rs 980

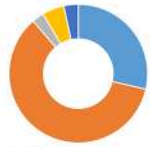
Deal win to boost organic growth: HCL Tech recently signed 12 transformational deals across segments like Financial Services, Manufacturing and Retail. Concerns surrounding organic growth rate seem to have faded with the announcement of four mega deals from Broadcom, Nokia, P&G and Barclays. Organic growth rate of 14% for Q1FY20 is a big positive on the back of large deals. Last quarter, HCL also closed the $1.8 bn acquisition of select IBM products for Security, Marketing, Commerce, and Digital solutions. Revenues from IBM products will start getting reflected from Q2FY20 onwards. It also won a large deal with European oil and gas major wherein HCL will manage and run their data centres across the globe. HCL's management indicated that the company will continue with its strategy of using both organic and inorganic growth in its business model. We expect sustained deal momentum and ramping up of IP products will support steady growth momentum.

Mode 2 and 3 gains traction: Mode 2(digital business) and Mode 3(product business) saw a decent growth of 3.6% QoQ and 6.5% QoQ. The combined Mode 2 and Mode 3 generate 28% of the total revenue which the company aspires to increase it to 35%. The IBM products acquisition will be reflected in Mode 3 business. HCL Tech believes that this good momentum will continue in the coming quarters. Mode 2 is a low margin business as HCL Tech is continuously making investments to build capabilities, although the gross margin is higher than the company average. The organic growth guidance of 8%-10% growth will be significantly driven by Mode 2 revenue. Mode 3 is also expected to gain traction.

Strong presence in ER&D: HCL Tech has strong presence in Engineering and R&D (ER&D) and application business. ER&D services has good potential in EU. HCL Tech is globally the third largest player in ER&D services. Management is confident of capturing large share of outsourced business. With reference to capabilities of businesses, it has got presence in aerospace, auto, etc. and products at different stages of their life cycle. Also it has made digital investments with a strategy to focus on mix of talent acquisition and companies with technical capabilities. The investments in design studios and other companies like PowerObjects has capabilities to generate good revenues in the coming years.

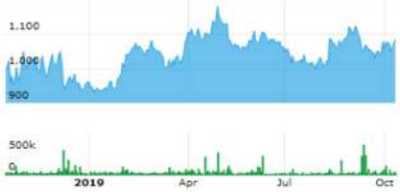
Key Risk: Deterioration in margin quality, owing to pricing pressure and lower profitability of acquisitions and Currency risk.

KEY STATISTICS	
NET WORTH(Rs. Cr)	41,469
EQUITY (Rs. Cr)	271
PRICE/EPS	18.40x
PRICE/BOOK	4.83x
ROE	24%
ROCE	29%
DEBT/EQUITY	0.07x
DIVIDEND YIELD	0.75%
52 WEEK H/L	1190/920
PLEDGED SHARES	0%



SHARE HOLDING PATTERN

FINANCIAL OVERVIEW (in INR Cr)	FY 2018	FY 2019	Q1 FY 2020
NET SALES	50,569	60,427	16,427
EBITDA	12,463	14,869	3,753
EBITDA MARGIN	25%	25%	23%
PAT	8,722	10,120	2,230
PAT MARGIN	17%	17%	14%
EPS	62.23	73.58	16.44



TITAN COMPANY LTD

Category: Large Cap I Industry: Apparels & Accessories I Mcap: Rs 1,12,944 Cr I FV: 1 I Reco: Rs 1272 I Target: Rs 1680 I SL: Rs 1109

Diversified product mix: Titan has wide range of divisions being in retail segment. It's watch segment continued to be the key driver. Strong growth in Watches was partly aided by part execution of a large institutional order from TCS. Also E-Commerce, Trade and LFS channel remained the growth drivers for watches division in Q1 FY20. Jewellery segment showed a sluggish growth in revenues as gold prices saw a sudden surge. Gold prices were up by ~8% in the month of June'19 which dented consumer demand significantly. Wedding and Studded jewellery witnessed descent growth during the quarter. However, the management believes that growth would accelerate in the second half of Q2FY20, before the festive season. While activation resulted in strong volume growth in Eyewear division, growth was restricted due to higher consumer discounts during activation. New businesses such as Skinn continued to increase distribution reach with company focusing on small packs to grow the category by bringing in the first-time buyers.

Launch of new stores to aid growth: New launches continued its traction while company added 12 Tanishq stores and 34,000 sq ft of retail space. Company received good response from its collection under Tanishq brand. New launches in Mia also received good response. It has also managed to add 10 WOT, 5 Fastrack and 6 Helios stores. Its eyewear segment grew faster than the overall division by adding 27 stores leading to net addition of 12,000 sqft of retail space. Taneira added 1 store taking total count to 5 stores. Company reaffirmed opening of 70 Tanishq stores by FY20E. We expect second half would show a better growth led by all the new stores, promotional activities and consumer offers.

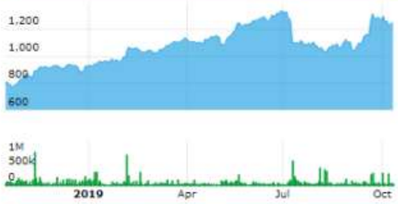
Segment performance: Overall the company has given a decent performance. EBITDA grew 14% YoY to Rs 5600 Cr. Increase in the employee and other expenses was partially offset by decline in the advertisement cost. Jewellery/Watches/Eyewear business grew by 13.3%/20.4%13.1% YoY. Accordingly its EBIT rose to 12.4%/14.7% while eyewear continued to take the beating due to activation and brand investments.

Key Risk: Change in consumer buying pattern due to volatility in gold prices.

KEY STATISTICS	
NET WORTH(Rs. Cr)	6084
EQUITY (Rs. Cr)	89
PRICE/EPS	80.77x
PRICE/BOOK	18.24x
ROE	23%
ROCE	33%
DEBT/EQUITY	0.005x
DIVIDEND YIELD	0.23%
52 WEEK H/L	1346/767
PLEDGED SHARES	0%

SHARE HOLDING PATTERN

FINANCIAL OVERVIEW (in INR Cr)	FY 2018	FY 2019	Q1 FY 2020
NET SALES	16,156	19,779	5,151
EBITDA	1,734	2,174	631
EBITDA MARGIN	11%	11%	12%
PAT	1,102	1,389	365
PAT MARGIN	7%	7%	7%
EPS	12.73	15.82	4.12



Data as on 15th October 2019

SBI LIFE INSURANCE COMPANY LTD

Category: Large Cap I Industry: Life insurance I Mcap: Rs 92,590 Cr I FV:10 I Reco: Rs 926 I Target: Rs 1240 I SL: Rs 775

SBI- strong support parent: SBI Life has a strong linkage with SBI which is reflected in a shared brand name and majority ownership. Established brand name and market reputation of SBI has enabled the company to build its own brand equity, which assists in targeting customers of all the segments.

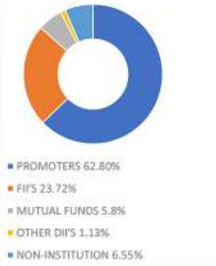
Strong distribution network: SBI Life is the largest private sector insurer with ~13% market share. Considering its strong distribution network in both the agent (125K agents) and bancassurance channel (SBI: ~24K branches), ULIP which accounted for 53% of FY19 first year premium, is likely to benefit from cost efficiencies/operating leverage with rising scale. Additionally, EV growth could accelerate as the company is targeting to improve its protection sales contribution, which should enhance the NBV product margin as well.

Better product mix; high margin Protection segment driving VNB growth and margin profile: SBI Life successfully placed high margin products with Protection segment NBP growing 59% YoY to INR 930 Cr. in H1FY20. Strong performance was seen in individual protection business (+133% YoY) which also saw higher average ticket size of ~ INR 17,000 in H1FY20 compared to INR 12,000 in H1FY19. Within protection, home loan portfolio contributed the highest share at 69%. Protection product mix increased to 11.9% in H1FY20 (as against 10.5% in H1FY19). The high margin protection business translated into VNB growth of 33.3% YoY / (+57.6% QoQ) while VNB margin expanded by 80 bps YoY to 18.1% in Q2FY20. Overall, Embedded Value increased 24% YoY to INR 26,150 Cr.

Impressive operating parameters; new products in the pipeline: Alongside robust new business acquisition, SBI Life also delivered on several key operating parameters. The 13th month persistency ratio improved ~310 bps YoY to 83.1% in Q2FY20 while 61st month persistency ratio improved by 410 bps YoY to 59.6%. Solvency ratio improved by 400 bps QoQ to 220%; expense ratio (to GWP) fell to 9.9% in Q2FY20 (compared to 11.2% in Q1FY20) while Surrender ratio declined to 3.6% in H1FY20 (from 5.3% in H1FY19). This positive dimension reflects quality underwriting operations and high customer satisfaction.

Key Risk: Potential slowdown in new business value growth; Rising competition in the distribution channel;

KEY STATISTICS	
NET WORTH(Rs. Cr)	7576
EQUITY (Rs. Cr)	1000
EMBEDDED VALUE(Rs. Cr)	23728
ROE	19%
VoNB MARGIN	19.80%
MCAP/EV	3.81x
MCAP/AUM	64%
DIVIDEND YIELD	0.22%
52 WEEK H/L	928/495
PLEDGED SHARES	32%



SHARE HOLDING PATTERN

FINANCIAL OVERVIEW (in INR Cr)	FY 2018	FY 2019	Q1 FY 2020
TRANSFER FROM POLICY HOLD	829	998	271
INCOME FROM INVESTMENTS	463	503	314
CONTRIBUTION TO POLICY HOLD	76	99	-
PBT	1,184	1,373	497
PAT	1,150	1,327	502
EPS	11.5	13.27	5.02

ICICI LOMBARD GENERAL INSURANCE COMPANY LTD

Category: Mid Cap I Industry: General Insurance I Mcap: Rs 57,587 Cr I FV: 10 I Reco: Rs 1267 I Target: Rs 1700 I SL: Rs 1070

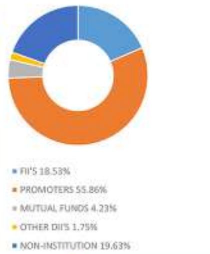
Well placed in Non-Life insurance space: ICICI Lombard is the largest private non-life insurer with 8% market share. ICICI Lombard offers a wide range of products with major focus on motor (43%), health and personal accident (26%), fire (17%), marine (4%), others (10%) through multiple distribution channels across country. It has planned to defocus its crop insurance business. This strategy is expected to deliver a growth of 15% for the firm. SME business generated growth of 29.5% YoY. The company caters to customers in 638 out of 716 districts across India. Overall technology / digital platforms play a major role to the company's distribution strategy.

Increase in the underwriting performance: ICICI Lombard has managed its combined ratio at 104% which is better than the industry standard (110%). It has been an impressive underwriter through market cycles. Its solvency ratio stands at 220% as of Jun-19. ICICI Lombard has also been able to manage high double digit ROE (19.6%) with loss ratio actually reducing on account of better risk selection in health business and defocusing of crop business. Over the years, we expect its diversified exposure across geographies and products and predictive ultimate loss model to improve risk selection will improve the profitability and reduce the combined ratio below 100% on strongly improving profitability. .

Regulatory price hike to improve profitability: IRDA (regulator) has hiked the motor TP rates for old cars and two-wheelers in June 2019. Motor TP showed a decent growth in its business on full year and Q1 YoY basis. It contributes 21% in FY19 on full year basis to the total revenue growing from 18% year ago. In Q1FY20 it contributes 19% increasing its contribution from 15% last year. We expect an improvement in the profitability in the coming quarters due to this regulatory price hike in Motor TP and also expect some flexibility in Motor OD.

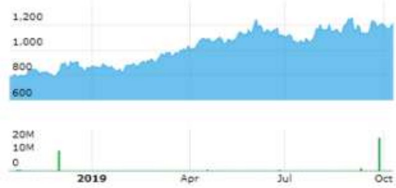
Key Risk: Slow down in the underwriting performance and Unfavourable regulatory developments in the insurance pricing and sales commission.

KEY STATISTICS	
NET WORTH(Rs. Cr)	5320
EQUITY (Rs. Cr)	454
PRICE/BOOK	6.7x
ROA	3.60%
ROE	20%
DIVIDEND YIELD	0.50%
52 WEEK H/L	1285/703
PLEDGED SHARES	0%



SHARE HOLDING PATTERN

FINANCIAL OVERVIEW (in INR Cr)	FY 2018	FY 2019	Q1 FY 2020
Gross written premium	1,260	1,479	3561
Net premium earned	7,507	9,539	2245
Combined Ratio %	100.3	98.5	100.4
PAT	862	1,056	310
EPS	19.0	23.3	6.8



Data as on 15th October 2019

GODREJ PROPERTIES LTD

Category: Mid Cap I Industry: Realty I Mcap: Rs 24,826 Cr I FV: 5 I Reco: Rs 985 I Target: Rs 1400 I SL: Rs 870

Strong pick up in sales: Godrej Properties have added only new project during the last quarter, but they have an exceptionally strong pipeline of new deals and expect many positive business development announcements in the quarters ahead. Its booking performance showed a decent growth of 9% with total value of new bookings at Rs 897 Cr. This was largely a result of all our new launches happening in the month of June and some of our plan launches getting pushed out of the quarter. Their new projects which include Godrej Palm retreat in NCR, sold more than 225,000 sq ft with a booking value of Rs. 139 Cr. Both the new phase launches in the quarter, Godrej Lake Gardens in Bangalore and Godrej Nurture in Pune, received a good response with sales of Rs. 119 Cr and Rs. 90 Cr respectively. Given their exciting launch pipeline, we remain confident of a strong pickup in sales performance in the months ahead.

Focus on reducing timelines: In Q1 FY20 we delivered 1.4 million square feet. This includes 1.1 million square feet at Godrej Infinity in Pune and 0.3 million square feet at the Phase 2 of The Trees here in Vikhroli. Godrej prop has made it a priority to shorten project timelines in line with global best practices to ensure the company can more quickly recognise cash-flows from projects, thereby improving asset turn and internal capital employed. This will also help bridge the gap between operating results and reported accounts created by the project completion method of accounting. We are upgrading our capabilities and construction technology to ensure we deliver accelerated project timelines across the board.

Decline in net debt: Godrej prop enjoyed reduction in the debt of Rs 1200 Cr QoQ mainly because of the Rs 2100 Cr QIP raised in last quarter. The decline implies that operations more than sufficed to take care of requirements other than land/approval payouts of 9.2bn. As a result of the increased net worth (on QIP issuance) and lowered net debt (on QIP proceeds), Godrej boasts of one of the lowest leverage ratios in real estate. This will benefit the company from an overall growth in sales, as the number of projects increases, as well as from the growth in the share of profit from each sale. We believe the additional balance sheet strength it has created comes at an ideal time to help deliver on its growth strategy.

Key Risk: Delay in launches.

KEY STATISTICS	
NET WORTH(Rs. Cr)	2469
EQUITY(Rs)	115
PRICE/EPS	70.92x
PRICE/BOOK	8.50x
ROE	10%
ROCE	20%
DEBT/EQUITY	0.2x
DIVIDEND YIELD	0%
52 WEEK H/L	1118/462
PLEDGED SHARES	0%

SHARE HOLDING PATTERN

FINANCIAL OVERVIEW (in INR Cr)	FY 2018	FY 2019	Q1 FY 2020
NET SALES	1,604	2,817	636
EBITDA	283	597	201
EBITDA MARGIN	18%	21%	32%
PAT	86.91	253.15	89.87
PAT MARGIN	5%	9%	14%
EPS	4.01	11.16	3.91

IDFC FIRST BANK LTD

Category: Mid Cap I Industry:Banks I Mcap: Rs 18,390 Cr I FV:10 I Reco: Rs 38 I Target: Rs 56 I SL: Rs 32

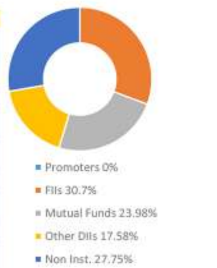
Retail business is gaining traction: IDFC First Bank has grown its gross funded assets by 7.54% since merger and has reached Rs. 112,558Cr as on Q1FY20. The growth of the loan book was driven by the growth in the retail loans which now constitutes about 40% of the total loan book from 35% mix at merger. It plans to reach Rs 1,00,000Cr over the next 5-6 years with a mix of 70% retail and 30% corporate book. The combined entity now will likely deliver 20% CAGR in the retail loan book over the next five years even as the wholesale loan book showed a de growth, mainly because of decrease in the large corporates and infrastructure book. Both entities during merger had institutional borrowings but no retail deposits. Hence Core retail deposits(Retail CASA+ Retail term deposits) to Total deposits is a key measure to look at. This ratio with other borrowings has increased from 7.97% at the time of merger to 11.72% as on Q1FY20. Management expects it to take this to 50% within 5 years.

Operational performance in-line with expectations: Net interest margin (NIM) was at 3.01% in Q1FY20 against 3.03% in Q4FY19. NIM would have been 3.15% but for income reversals of Rs. 82 Cr on two identified wholesale accounts (one HFC and another Finance Company, for which adequate provisions had been taken). The management expects it to increase to about 5.5% in next 5-6 years. NIM is expected to improve due to change in the loan mix with mostly concentrating on high yielding retail lending. NII grew to Rs 1,174 Cr from Rs 1,113Cr in Q1FY20. This is net of reversal of interest accrued of Rs. 82 Cr, pertaining to the two identified watch-list accounts mentioned above. Cost to Income ratio has improved to 78.60% in comparison to 82.79%. IDFC First Bank's retail expansion and investments in building out the bank would help the bank reduce the ratio to 50-55% over the next 5-6 years. The Fee and Other Income from the normal business operations has increased to Rs 301Cr in Q1FY20 against Rs 291 Cr Q4FY19. Also increase in the fees income and increase in the branch productivity will bring down the cost to income ratio. This would improve the return profiles of the bank.

Strengthening the Asset-Liability strategy: On the asset side strategy, diversification of its loan book across sectors and its efforts to increase retail composition will benefit the bank. On the liability front the bank has sharply improved its CASA percentage post-merger from 10.37% as at merger to 15.08% as of Q1FY20. Hence CASA % has increased by 471 bps within 6 months. IDFC First Bank is on track to achieve their target of 30% in 5 years. Diversification of liabilities in favour of retail deposits (CASA and retail term deposits) is the cornerstone of bank's strategy. This will help them avail low cost and sustainable source of funding to fund the growth for the bank. Current NNPA and GNPA stands at 1.35% and 2.66%. IDFC First bank was successful setting up more branches and ATMs taking it to 279 and 199 across India. This would possibly help to grow the retail deposits and CASA.

Key Risk: De-growth in the retail book due to competition from other financial institutions.

KEY STATISTICS	
NET WORTH(Rs. Cr)	18159
EQUITY(Rs)	4782
PRICE/EPS	-
PRICE/BOOK	1.01x
ROE	-11%
ROA	-114%
NIM	2%
DIVIDEND YIELD	-
52 WEEK H/L	57/33
PLEDGED SHARES	0%



SHARE HOLDING PATTERN

FINANCIAL OVERVIEW (in INR Cr)	FY 2018	FY 2019	Q1 FY 2020
INTREST EARNED	9098.47	12,204.01	3,865.71
INTREST EXPENSES	7125.96	8743.24	2617.39
NET INTREST INCOME	1972.51	3460.77	1248.32
PAT	879.91	-1907.87	-611.63
EPS	2.59	-4.66	-1.28

Data as on 15th October 2019

NIPPON ASSET MANAGEMENT COMPANY LTD

Category: Mid Cap I Industry: Asset Management Company I Mcap: Rs 15,998 Cr I FV:10 I Reco: Rs 261 I Target:Rs 326 I SL: Rs 233

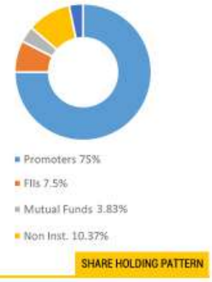
Exit of Reliance ADAG to soothe investor worries: Japan's Nippon Life Insurance has recently completed the acquisition of 75 % stake in Reliance Nippon Life Asset Management (RNAM) from the Anil Ambani-controlled financial services company Reliance Capital. After the execution of the announced deal, Nippon Life is the largest shareholder and will exercise sole control over the company. RNAM expects to enjoy substantial benefits and increased AUM based on Nippon Life's leadership in Japan and its global relationships and best practices.

Pass-Through Of Lower TER: Securities and Exchange Board of India (SEBI)approved the proposal to cap the maximum total expense ratio (TER) - the fee that mutual funds collect from investors every year to manage their money. However, RNAM was able to pass through nearly 80-90 % impact of this reduced total expense ratio to distributors.The impact on its profitability would be around 2-3bps. Further fees and expenses also declined on YoY and QoQ basis upto Rs 63 Cr as payment of upfront commission has stopped.

Leading AMC with strong distribution network: RNAM is one of India's largest asset management companies with a total AUM of Rs.2.2 tn as of June 2019. The company's size enables it to benefit from economies of scale, particularly in the areas of fund management, marketing and distribution. It manages assets for 9.1 mn investor folios. The company has strong presence across India with pan India multichannel distribution network of 171 branches of which 132 branches are located in B30 locations and approximately 73,400 distributors across India. Its distributors comprise of Independent Financial Advisors (IFAs), foreign banks, Indian private and public sector banks, broking companies, national distributors and digital platforms. Its strong distribution network in India has helped it garner high retail AUM.

Key Risk: Competition from other market participants offering investment products and Regulatory changes.

KEY STATISTICS	
NET WORTH(Rs. Cr)	2,570
EQUITY(Rs)	612
PRICE/EPS	33.64x
PRICE/BOOK	6.32x
ROE	19%
ROCE	27%
DIVIDEND YIELD	1.50%
52 WEEK H/L	289/120
PLEDGED SHARES	0%



FINANCIAL OVERVIEW (in INR Cr)	FY 2018	FY 2019	Q1 FY 2020
NET SALES	1,592	1,479	325
EBITDA	666	710	190
EBITDA MARGIN	42%	48%	58%
PAT	456	486	125
PAT MARGIN	29%	33%	39%
EPS	7.63	7.94	2.05

POLYCAB INDIA LTD

Category: Mid Cap I Industry:Cables I Mcap: Rs 10,469 Cr I FV: 10 I Reco: Rs 704 I Target : Rs 800 I SL: Rs 690

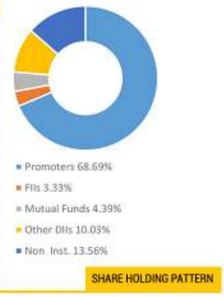
Optical fibre cable (OFC) to boost growth: Polycab is the largest manufacturer of cables and wires in India with 18% market share in organized cable and wires industry and approximately 12% of the total wires and cable industry. Recently GTPL Hathway (GTPL) has formed a consortium with Polycab to jointly execute an EPC project worth Rs. 1.2bn which was awarded to GTPL for the implementation of a Bharat Net Phase - II Project in Gujarat by Gujarat Fibre Grid Network Limited (GFGNL). Bharat Net initiative was brought in to provide broadband connectivity to all the households in India. This is likely to boost demand for OFCs and boost margins for Polycab.

Well positioned in FMEG business has achieved early success: Polycab forayed into Fast moving electrical goods (FMEG) in 2013 by outsourcing. It includes Fans, lights and luminaries, switches, solar products etc. After a year it developed the ability to do backward integration by starting its own manufacturing unit enabling them to focus on providing high quality products to customers. In a short period of 5years FMEG revenue showed a good growth and has achieved sales of Rs 6400 Cr in FY19. This it was able to do it with the help of its strong dealers and distribution channels who in turn sell products through over 1,15,000 retail outlets. Strong branding has also helped Polycab to cross sell the FMEG products to its wire and cable customers.

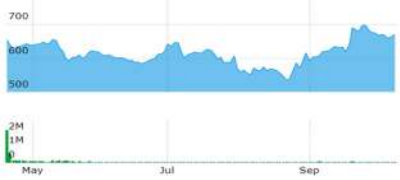
Increasing focus in international markets: India remains its largest market share. It is also trying to increase its focus in the international market such as Africa and UAE. Polycab has recently received an order worth Rs. 1000 Cr from Dangote group to supply Wires & Cable from Africa. This will mainly have its use in oil and gas industry. Polycab has already received Rs 400 Cr in advance so there should not be any issue in terms of receivables. The order is expected to be executed over the next 2 years.

Key Risk: Demand slowdown and increase in the raw material prices.

KEY STATISTICS	
NET WORTH(Rs. Cr)	2847
EQUITY(Rs)	141
PRICE/EPS	-
PRICE/BOOK	-
ROE	18%
ROCE	30%
DEBT/EQUITY	0.03
DIVIDEND YIELD	-
52 WEEK H/L	709/525
PLEDGED SHARES	0%



FINANCIAL OVERVIEW (in INR Cr)	FY 2018	FY 2019	Q1 FY 2020
NET SALES	6,915	7,956	1,933
EBITDA	793	1014	257
EBITDA MARGIN	11%	13%	13%
PAT	359	500	135
PAT MARGIN	5%	6%	7%
EPS	25.35	35.39	9.12



Data as on 15th October 2019

MULTI COMMODITY EXCHANGE OF INDIA LTD

Category: Small Cap I Industry: Exchange I Mcap: Rs 5,185 Cr I FV: 10 I Reco: Rs 1017 I Target: Rs 1400 I SL: Rs 840

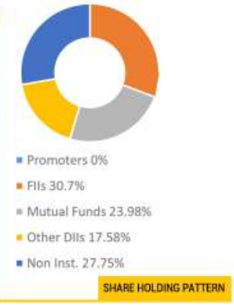
Strong competitive position with 92% market share: MCX's share in the overall commodities market has skyrocketed from 29% in FY04 to 82% as of FY11 and 92% in 2019 primarily due to its focus on metals and energy commodities benchmarked to international prices. It is a market leader in base metals, energy and precious metals and stones segments (having more than 96% market share in the Indian Commodity futures space). Globally, MCX is the largest silver exchange; the second largest gold, copper and natural gas exchange; and the third largest crude oil exchange in terms of the number of contracts traded in each of these commodities.

Attempts to increase volumes: MCX is also opting for one contract for each metal to ensure that liquidity is concentrated in one contract only. MCX has, apart from main contract, even mini contracts of these metals which are aimed at retail participation. It will help to increase the volume. All metals like copper, zinc, lead, nickel, tin, aluminium are now settled in delivery. The process begins from April. Only one size contract for one commodity.

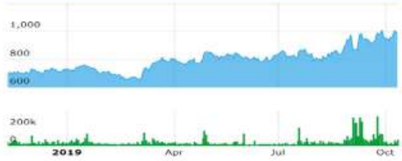
Regulatory evolution will play an important role in industry growth: Sebi board's approval for enabling regulatory provisions leading to participation of mutual funds, AIF (CAT III) and portfolio management services (PMS) in the commodity derivatives market is a positive and a significant step from the regulator. Institutional participation will play an important role in adding liquidity and depth to the commodity derivatives market, leading to enhanced efficiency in price discovery and risk management. Moreover, this will provide the Indian investors easy access to a new asset class and cater to their diversified investment and trading needs.

Key Risk: Adverse regulatory and policy decisions and Enhanced pressure from competition: SEBI has approved a proposal to permit trading of commodity derivatives from NSE/BSE in the equity/commodity market and a potential area of risk to MCX..

KEY STATISTICS	
NET WORTH(Rs. Cr)	1251
EQUITY(Rs)	51
PRICE/EPS	30.60x
PRICE/BOOK	3.57x
ROE	12%
ROCE	12%
DEBT/EQUITY	0.03x
DIVIDEND YIELD	1.97%
52 WEEK H/L	1031/644
PLEDGED SHARES	0%



FINANCIAL OVERVIEW (in INR Cr)	FY 2018	FY 2019	Q1 FY 2020
NET SALES	260	300	79
EBITDA	164	193	59
EBITDA MARGIN	63%	64%	74%
PAT	108	146	44
PAT MARGIN	42%	49%	55%
EPS	21.31	28.75	8.59



BIRLA CORPORATION LTD

Category: Small Cap I Industry: Cement I Mcap: Rs 4,063 Cr I FV: 10 I Reco: Rs 528 I Target: Rs 790 I SL: Rs 439

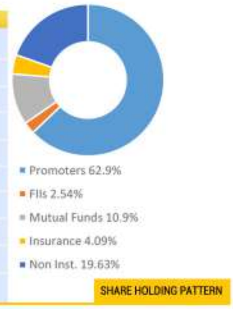
Looking to scale up cement capacity by over 60%: Birla Corp has plans to scale up cement manufacturing capacity by over 60% to 25 million tonnes per annum (mtpa) in the next four to five years. Currently it has 10 cement plants spread across the country, with an annual installed capacity of 15.5 mtpa. The expansion, which would be partly green-field and partly brownfield, will entail a total investment of around Rs 5,000 crore, to be funded through a mix of debt and equity.

Reliance Cement synergies continue to help Birla Corp boost profitability: Birla Cement production units are now operating at more than 90% of their installed capacity. The benefits and synergies of RCCPL acquisition have now been fully assimilated. The newly acquired RCCPL plants have one of the best efficiency parameters in the industry. RCCPL's plants would continue to receive substantial fiscal incentives from the Governments of Uttar Pradesh and Madhya Pradesh over an extended time frame, which gives the company a competitive advantage, leading to a healthy profitability.

Industry Dynamics to help growth: The outlook for the cement industry continues to remain favourable with expected demand from the housing sector, primarily rural and affordable housing and improved Government focus on infrastructure segments, mainly roads, railway and irrigation projects. In addition, the Central India region has witnessed consolidation over the past couple of years, which is likely to bring price stability in the region, thus supporting cement players based out of Central India, including Birla Corp. MP Birla Cement is now a Co-leader in the fast growing Central India markets and Bihar in the East – with a strong brand-folio straddling across different price segments. MP Birla Cement's flagship premium cement brand, Perfect Plus, launched after the acquisition of the RCCPL units, has now been extended to other geographies where the Company has a marketing footprint, namely North and East.

Key Risk: Any delay in scaling up capacity would pressure margins

KEY STATISTICS	
NET WORTH(Rs. Cr)	4,495
EQUITY(Rs)	77
PRICE/EPS	20.61x
PRICE/BOOK	0.97x
ROE	6%
ROCE	8%
DEBT/EQUITY	0.81x
DIVIDEND YIELD	1.41%
52 WEEK H/L	686/440
PLEDGED SHARES	0%



FINANCIAL OVERVIEW (in INR Cr)	FY 2018	FY 2019	Q1 FY 2020
NET SALES	5,939	6,549	1,884
EBITDA	870	1,027	402
EBITDA MARGIN	15%	16%	21%
PAT	154	256	141
PAT MARGIN	3%	4%	7%
EPS	19.99	33.21	18.26

Data as on 15th October 2019

RADICO KHAITAN LTD

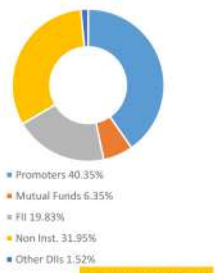
Category: Small Cap I Industry: Breweries & Distilleries I Mcap: Rs 3,922 Cr I FV:2 I Reco: Rs 294 I Target: Rs 500 I SL: Rs 260

Aims to be debt free in FY21E: Radico targets to reduce its debt further based on strong cash flows and intends to be net debt free in FY21E. EBITDA margins should improve to 16.9% in FY19 from 14.8% in FY18. FCF proceeds are being used to cut debt. Radico has repaid Rs2.1bn of debt in FY18 and Rs2bn in 1HFY19 (D/E down to 0.2x from 0.5x). The lower interest cost is further boosting net profit and after the repayment of that we are going to consider the better dividend payout and creating shareholder value by the best possible means.

Growth momentum to continue: Recently Radico has taken prices raised, the raw material scenario is softer, the UP excise policy has opened up and volume growth is coming back. All these factors are leading to all-round growth going forward. We expect this growth momentum to continue. From GST implementation to highway ban, Radico has been able to do much better and the environment has considerably changed now. The recent changes in the UP excise policy has been a big boost for the industry. After 10 years of monopoly, the excise policy has opened up and that has given a free market to the industry where Radico is also a dominant player

Premiumization and debt reduction matter: Radico management's premiumization and deleveraging strategy is reaping benefits now. The product mix is constantly improving, resulting in a margin improvement. Radico has been able to penetrate the segment and create own niche for itself. With a continued focus on brand development, newer premium IMFL launches and strong distribution network built over the years

KEY STATISTICS	
NET WORTH(Rs. Cr)	1336
EQUITY(Rs)	27
PRICE/EPS	20.47x
PRICE/BOOK	0.96x
ROE	14%
ROCE	24%
DEBT/EQUITY	0.24x
DIVIDEND YIELD	0.41%
52 WEEK H/L	454/260
PLEDGED SHARES	4.55%



SHARE HOLDING PATTERN

FINANCIAL OVERVIEW (in INR Cr)	FY 2018	FY 2019	Q1 FY 2020
NET SALES	6,270	8,058	2,677
EBITDA	267	349	103
EBITDA MARGIN	4%	4%	4%
PAT	123	188	55
PAT MARGIN	2%	2%	2%
EPS	14.55	9.3	4.11

Key Risk: Delay is debt reduction plan and Any govt intervention in controlling sales & prices.

GHCL LTD

Category: Small Cap I Industry:Commodity Chemicals I Mcap: Rs 2,015 Cr I FV: 10 I Reco: Rs 205 I Target: Rs 270 I SL: Rs 175

Leadership in high entry barrier industry - to provide revenue visibility: GHCL has successfully created a well-integrated business model with captive availability of raw materials, leading to cost leadership in the industry. As a result, it enjoys ~400-800bps higher margins than its peers. There are only three domestic major manufacturers of soda ash, and GHCL enjoys 25% market share with 11 lac MT capacity commanding 2nd Largest manufacturer of Soda Ash in India. GHCL currently stands for most cost competitive in the global market and could capture potential market share in the imports segment. India imports close to 20% of soda ash demand.

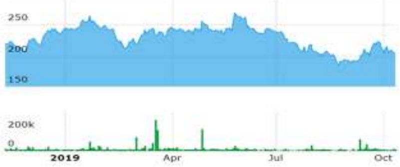
Inorganic Chemicals growth remains intact: Inorganic Chemicals business revenue grew 20% YoY, driven by better realization and higher volumes contributing to 64% of the overall business breakup. Overall volumes raised by 18% y-o-y to 2.49 lakh MT. EBITDA growths by 40% compared to Q1FY19 primarily due to improvement in pricing over cost and higher volume. Production increased by 40,000 MT in quarter including Brown field benefit and shut down impact in corresponding qtr. We expect Soda-ash revenue to grow 15% -20% in FY20E/21E. The tight global supply situation and steady demand in Asia may trigger a further rise in realization going forward.

Focus on Operational excellence, introduction of Innovative Product and restructuring of customer mix: In Home Textiles, despite tough times continued to improve performance with 10% revenue growth and margin growth. New Initiatives REKOOP and Circularity are well recognized in market place. REKOOP is expected to be on shelves with beginning of calendar year. Textile segment contributes 36% and presence across the value chain.

KEY STATISTICS	
NET WORTH(Rs. Cr)	1926
EQUITY(Rs)	98
PRICE/EPS	5x
PRICE/BOOK	1.03x
ROE	18%
ROCE	25%
DEBT/EQUITY	0.36x
DIVIDEND YIELD	2.42%
52 WEEK H/L	277/179
PLEDGED SHARES	3.23%

SHARE HOLDING PATTERN

FINANCIAL OVERVIEW (in INR Cr)	FY 2018	FY 2019	Q1 FY 2020
NET SALES	2,970	3,341	889
EBITDA	649	784	217
EBITDA MARGIN	22%	23%	24%
PAT	356	351	98
PAT MARGIN	12%	10%	11%
EPS	36.48	35.81	10



Key Risk: Challenging times for textiles: Weak Yarn demand and subdued pricing and Conditions ahead due to economic slowdown

Data as on 15th October 2019

DWARIKESH SUGAR INDUSTRIES LTD

Category: Small Cap I Industry: Sugar I Mcap: Rs 450 Cr I FV:1 I Reco: Rs 24 I Target: Rs 35 I SL: Rs 19

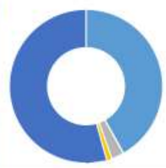
Highest Sugar Recovery Rate among Peers: DSIL enjoys one of the highest sugar recovery rates among UttarPradesh-based sugar millers. Its recovery rate has improved from 10.22 % in FY13 to 11.85% in FY19, which subsequently offset the impact of any increase in cane cost. In FY19, then ext highest group level recovery inUP was 10bp lower than that of DSIL. For every 0.1% increase in the sugar recovery rate, cost of production on an average falls by 0.8% and improvement in margin

Increase in distillery capacity leading to similar rise in profitability: The new 100 KLPD distillery capex will raise capacity by 3x at an investment of Rs 1.4bn and is likely to be commissioned by November 2019. With this rise in volume coupled by higher realization in ethanol, distillery EBIT is expected to jump in FY19-21E earnings.

Ethanol blending programme to change industry fundamentals: With the aggressive government approach to increase the ethanol blending programme to 10% by 2020 and 20% by 2030, sugar companies are witnessing a massive expansion of distillery capacities. Currently, sugar companies are able to supply only 70% of tenders floated by oil marketing companies. OMCs would require 330 crore litre for 10% ethanol blending with petrol. This would drive earnings for sugar companies. With various government measures and a favourable biofuel policy, sugar companies have witnessed strong earnings in FY19. However, cash flow from operations is still negative mainly due to higher sugar production. We believe that with the liquidation of current sugar inventory and diversion of sugarcane towards ethanol, sugar companies would witness higher cash flow from operations in FY20E & FY21E.

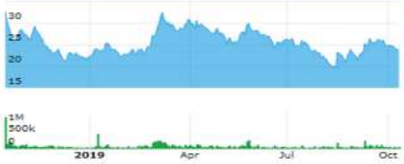
Key Risk: Vulnerability of profitability to government's policy on cane prices.

KEY STATISTICS	
NET WORTH(Rs. Cr)	464
EQUITY (Rs. Cr)	18
PRICE/EPS	5.32x
PRICE/BOOK	0.97x
ROE	21%
ROCE	22%
DEBT/EQUITY	0.30x
DIVIDEND YIELD	0%
52 WEEK H/L	34/19
PLEDGED SHARES BY PROMOTERS	0%



SHARE HOLDING PATTERN

FINANCIAL OVERVIEW (in INR Cr)	FY 2018	FY 2019	Q1 FY 2020
NET SALES	1,458	1,084	379
EBITDA	160	165	38
EBITDA MARGIN	11%	15%	10%
PAT	101	95	20
PAT MARGIN	7%	9%	5%
EPS	5.39	5.05	1.06



Data as on 15th October 2019

Samvat 2075 Performance Annual review

SR No	NAME	SECTOR	Reco Price Oct 2018 *	52 week HIGH	Return after Reco (%)	Rate as on 15th Oct 2019	Return as on Date #
1	MARUTI SUZUKI INDIA LTD	CARS AND UTILITIES	6609	7,929	20%	6991	6%
2	ITC LTD	FMCG	280	310	11%	249	-11%
3	ICICI BANK LTD	BANK	355	459	29%	434	22%
4	ZEE ENTERTAINMENT ENT LTD	BROADCASTING AND CABLE TV	452	506	12%	252	-44%
5	BIRLASOFT LTD	IT	125	150	20%	65	-48%
6	KPIT TECH	ENGINEERING	95	118	24%	98	3%
7	ASHOKA BUILDCON LTD	ROADS AND BRIDGES	113	155	37%	100	-12%
8	JINDAL STAINLESS LTD	IRON AND STEEL PRODUCTS	52	52	0%	35	-33%
9	GRANULES INDIA LTD	PHARMACEUTICALS	98	120	22%	96	-2%
10	KOLTE PATIL DEVELOPERS LTD	REALTY	245	288	18%	241	-2%
11	NOCIL LTD	SPECIALITY CHEMICALS	155	182	17%	102	-34%
12	BIRLA CORPORATION LTD	CEMENT	571	686	20%	531	-7%
13	RADICO KHAITAN LTD	BREWERIES/DISTILLERIES	393	454	16%	296	-25%
14	IDFC FIRST BANK LTD	BANK	35	57	63%	38	9%
15	STERLITE TECHNOLOGIES LTD	TELECOM CABLE	380	384	1%	136	-64%
16	HDFC STD LIFE INSURANCE CO LTD	LIFE INSURANCE	373	609	63%	592	59%

*Reco Price 31st Oct 2018 / # Rates & Return as on 15th Oct 2019

Samvat 2075 On Year-To-Date basis, Nifty and Sensex show a positive return of 6% and 7% respectively. BSE Large caps (+5%) have outperformed the midcaps (-9%) and smallcaps (-10%) thus far. Consumer durables and IT are sector out performers while metals and auto are sectorial laggards.

Our Samvat 2075 investment portfolio have outperformed the Benchmark indices for a medium term prospective despite the volatility involved for the full year. At one point of time the portfolio was delivering average of +23% return on investment but the year thereafter had major events such as elections, budget which drastically effect market performance and ended the year with average (-11) returns on investment. Last year has been quite a tumultuous one marked by event based bouts of volatility. The year gone by has been marked by risk aversion at global level as well as domestic events due to various reasons viz., FPI Surcharge, escalation of US China trade dispute, slowing global growth, and yield curve inversion in US indicating recession ahead, spike in crude oil prices due to geo-political tensions in Middle East etc.

We have reviewed the Samvat 2075 investment portfolio and create new Samvat 2076 investment portfolio considering few stocks and excluded few from Samvat 2075 investment portfolio.

SR No	COMPANY NAME	REMARKS & RATIONALE FOR EXCLUDING FROM SAMVAT 2076
1	MARUTI SUZUKI INDIA LTD	Due to prolonged slowdown in consumer demand in the automobile industry and we expect the demand to be sluggish for next 1 or 2 quarter. Looking the consumer demand scenario company has also reacting and cutting production for cost management which would eventually have effects on earnings. Maruti has cut productions for 8th straight month in September 2019. Hence excluded.
2	ITC LTD	Exposure of the cigarette business risk to Government policies and regulations. Markets worried in their growth projections and apprehend a GST blow soon, Overall Volume growth has come on a low base (negative 3 per cent in the previous March quarter).
3	KPIT TECHNOLOGIES LTD	The Demerger development potential did not unlock value out of business. Client and geographical concentration in revenue, US market contributed 63% of revenue in fiscal. IT segment is not working well after demerger, hence excluded from the portfolio.
4	ASHOKA BUILDCON	Working capital requirement is inherently large in the EPC industry given the high dependence on state and central government authorities for timely receipt of payments. Credit challenges - High equity commitments, Ability of ACL to provide an exit to existing PE investor by March 2021 remains critical.
5	JINDAL STAINLESS LTD	A reduction in profitability, debt-funded capex and/or a stretch in the working capital cycle, leading to a reduced liquidity and the net adjusted leverage exceeding 3.75x, on a sustained basis, would result in a negative rating action.
6	GRANULES INDIA LTD	Concerns related to promoter pledge: promoter leverage by up to Rs 100 Cr. and which will subsequently bring down the Promoters pledged position to around 30% from current level of 54%.
7	KOLTE PATIL DEVELOPERS LTD	Exposure to risks and cyclicality inherent in the real estate sector: Downside scenario: Sharp decline in operating cash flow, triggered by slackened saleability of existing and proposed projects or delays in project execution. Weakening of the financial risk profile due to higher-than-expected borrowing.
8	NOCIL LTD	Competition from imports: domestic rubber chemicals sector faces steep competition from imports primarily from China, and Korea. Any changes in anti-dumping duty the government stance post 2019 can have an impact on the operating profitability.
9	STERLITE TECHNOLOGIES LTD	Lower Fibre Cable Prices In China To Hurt Sterlite Technologies, would result into lower realisation, impacting margin of Sterlite Technologies. Demand-supply mismatch in China can be a concern for future growth prospects
10	HDFC STD LIFE INSURANCE CO LTD	The Stock has outperformed its peers and trading at very high valuations and we expect going forward the growth would be in line with industry growth rather than earlier HDFCLIFE was performing higher than industry growth.

BEST MUTUAL FUND SCHEMES

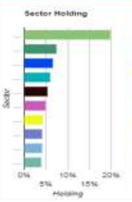
SBI Bluechip Fund (G)

Category: Equity - Large Cap | AUM: 22,743 Cr | NAV : Rs 39.32 | Expense Ratio: 1.89% | Fund Manager: Ms. Sohini Andani

Past Performance

	6 month CAGR (%)	1 Year CAGR (%)	3 Year CAGR (%)	5 Year CAGR (%)	Since Inception CAGR(%)
SBI Blue Chip Fund	0.26	11.57	6.65	10.15	11.06
S&P BSE 100	9.70	8.23	12.69	9.15	11.76
S&P BSE Sensex	11.05	11.71	13.62	9.30	13.81

Top 10 Sector Exposure



Sector	Holding%
Finance - Banks - Private	19.88
It Consulting & Software	7.46
Refineries	6.65
Diversified	5.93
Finance & Investments	5.26
Cigarettes & Tobacco Prod	4.94
Finance - Housing	4.26
Pharmaceuticals	4.15
Finance - Life Insurance	4.03
Agro Chemicals/pesticides	3.98

Asset Allocation

Equity 95.42%
Debt 0.94%

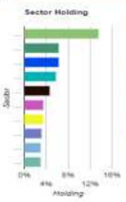
Kotak Emerging Equity Scheme (G)

Category: Equity - Mid Cap | AUM: 4,960 Cr | NAV: Rs 37.23 | Expense Ratio: 2.04% | Fund Manager: Mr. Pankaj Tibrewal

Past Performance

	6 month CAGR (%)	1 Year CAGR (%)	3 Year CAGR (%)	5 Year CAGR (%)	Since Inception CAGR(%)
Kotak Emerging Equity Scheme - Regular Plan	-3.65	7.29	5.03	12.11	11.82
Nifty Midcap 100	4.26	-5.08	10.07	10.18	16.02
S&P BSE Sensex	11.05	11.71	13.62	9.30	13.81

Top 10 Sector Exposure



Sector	Holding%
Finance & Investments	13.54
Finance - Banks - Private	6.26
Cement	6.19
Pharmaceuticals	5.73
Bearings	4.56
Steel - Tubes/pipes	3.43
Agro Chemicals/pesticides	3.43
Plastics - Plastic & Plas	3.07
Dyes & Pigments	2.98
Auto Ancl - Batteries	2.97

Asset Allocation

Equity 96.79%
Debt 0.13%

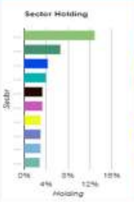
Franklin India Smaller Companies Fund (G)

Category: Equity - Small Cap | AUM: 7,005 Cr | NAV: Rs 48.18 | Expense Ratio: 1.88% | Fund Manager: Mr. R. Janakiraman

Past Performance

	6 month CAGR (%)	1 Year CAGR (%)	3 Year CAGR (%)	5 Year CAGR (%)	Since Inception CAGR(%)
Franklin India Smaller Companies Fund	-11.63	-5.71	-0.25	8.29	13.38
Nifty Midcap 100	4.26	-5.08	10.07	10.18	16.02
S&P BSE Sensex	11.05	11.71	13.62	9.30	13.81

Top 10 Sector Exposure



Sector	Holding%
Finance - Banks - Private	12.92
Construction & Contractin	6.68
It Consulting & Software	4.27
Diversified	3.94
Finance - Housing	3.33
Textiles - Spinning - Cot	3.31
Finance & Investments	3.05
Ceramics/tiles/sanitarywa	3.02
Pharmaceuticals	3.02
Entertainment & Media	2.84

Asset Allocation

Equity 95.5%
Debt 4.48%

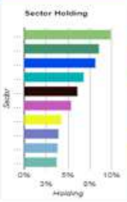
ICICI Prudential Multicap Fund (G)

Category: Equity - Multi Cap | AUM: 4,253 Cr | NAV: Rs 278.98 | Expense Ratio: 2.15% | Fund Manager: Mr. Atul Patel

Past Performance

	6 month CAGR (%)	1 Year CAGR (%)	3 Year CAGR (%)	5 Year CAGR (%)	Since Inception CAGR(%)
ICICI Prudential Multicap Fund	-5.86	2.41	5.77	9.22	14.73
S&P BSE 200	9.08	6.37	12.53	9.78	13.62
S&P BSE Sensex	11.05	11.71	13.62	9.30	13.81

Top 10 Sector Exposure



Sector	Holding%
It Consulting & Software	9.85
Power - Generation/distri	8.55
Finance - Banks - Private	8.13
Pharmaceuticals	6.81
Oil Drilling And Explorat	6.08
Finance - Banks - Public	5.35
Diversified	4.20
Cigarettes & Tobacco Prod	3.87
Telecom Services	3.79
Mining/minerals	3.66

Asset Allocation

Equity 90.57%
Debt -0.24%

Data as on 15th October 2019

MEHTA

REWARDING RELATIONSHIPS

OUR SERVICES

BROKING

- **EQUITIES -** BSE, NSE & MSEI
- **DERIVATIVES -** NSE
- **COMMODITIES -** MCX & NCDEX
- **DIAMOND -** ICEX
- **CURRENCY -** NSE

WEALTH MANAGEMENT

- **DEMAT SERVICES -** CDSL
- **PMS & AIF**
- **LOAN AGAINST SHARES**
- **RESEARCH ADVISORY**
- **DISTRIBUTION -** MUTUAL FUNDS/IPO/BONDS

EFFECTIVE FROM OCTOBER 2019 | VOLUME 8

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Risk Management Desk : 022-61507135/136/137 **Mutual Fund Desk** : 022-61507144/145/147
Wealth Management Desk : 022-61507197 **IT Desk** : 022-61507157/158/137 **Backoffice Desk** : 022-61507169/170/172
Compliance Desk : 022-61507179/180 **Account Desk** : 022-61507183/184/185