

December 18, 2013

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Regular Features

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Eye Catchers

	Change in %			
	17-Dec-13	1-d	1-mo	3-mo
Nifty	6,139	(0.3)	(0.8)	4.1
Sensex	20,612	(0.2)	(1.1)	3.3
CNX 500	4,749	(0.2)	1.7	6.8

Global Indices				
	17-Dec-13	1-d	1-mo	3-mo
DJIA	15,875	(0.1)	(0.6)	1.3
NASDAQ	4,024	(0.1)	1.9	6.3
Hang Seng	23,174	0.5	(2.1)	0.2
Nikkei 225	15,522	1.6	2.4	7.0

Net Inv (INR Bn)			
13-Dec-13	Buy	Sell	Net
FII Cash	55.1	57.5	(2.4)
FII F&O	122.5	132.1	(9.6)
MF Cash	3.2	4.7	(1.5)

Value Traded - India (INR Bn)		Change in %		
	17-Dec-13	1-d	1-mo	3-mo
BSE Cash	22.9	34.9	23.9	57.8
NSE Cash	106.1	7.8	3.2	19.7
NSE F&O	1,074.1	(30.5)		

Forex/Money Market		Change in %		
	17-Dec-13	1-d	1-mo	3-mo
INR/USD	62.0	(0.4)	0.6	2.2
USD/EUR	1.4	0.0	2.0	1.8
USD/YEN	0.0	0.3	3.0	5.1
10 Yr G-Sec	9.3	(0.5)	1.3	4.6

Commodities (USD/Mt ton)		Change in %		
	17-Dec-13	1-d	1-mo	3-mo
Copper	7,295	(0.3)	4.2	3.5
Aluminium	1,753	0.3	0.4	1.3
*Gold	1,234.4	0.3	(3.2)	(9.5)
*Silver	20.0	0.4	(2.1)	(12.9)
**NYMEX	97	(0.3)	3.6	(7.8)

Agri Commodities (INR/QT)		Change in %		
	17-Dec-13	1-d	1-mo	3-mo
Sugar	3,108.4	(0.4)	(1.4)	(3.5)

Open Interest (INR mn)			
Volume	17-Dec-13	16-Dec-13	% Change
Futures	571,783	570,234	0.3
Call	502,146	489,277	2.6
Put	449,109	440,012	2.1
Total	1,523,038	1,499,523	1.6

Put Call Ratios			
Volume	17-Dec-13	16-Dec-13	% Change
PCR	0.79	0.87	(9.7)
WPCR	0.75	0.83	(9.7)
OI PCR	0.88	0.89	(0.6)
Total OI/ Volur	1.42	1.38	2.8

Nifty IVs at 18 - 20% levels.

FII Activity* (INR Mn) (16-Dec)

Sectoral Movements	% Change				
	17-Dec-13	1 D	1 M	3 M	1 Y
Banking	12,797	(1.3)	3.8	9.3	(10.3)
IT	9,119	0.1	2.9	11.8	55.2
Pharmaceuticals	9,630	1.5	(0.2)	5.6	20.1
Oil	8,381	(0.5)	(0.2)	(1.5)	(0.2)
Power	1,621	(0.7)	2.5	8.3	(17.4)
Auto	11,944	(0.0)	(1.1)	7.9	6.3
Metals	9,643	0.0	5.0	14.2	(10.3)
Real Estate	1,333	(0.7)	2.2	4.0	(35.7)
FMCG	6,418	0.8	(0.5)	(5.4)	8.0
Capital Goods	9,926	0.3	11.7	25.6	(8.9)

Edelweiss
Ideas create, values protect



STOCKS IN NEWS

Tesco seeks nod to buy 50% in **Trent** (ET)

ONGC's subsidy burden hits plans to boost output at Mumbai high (ET)

USFDA disapproves **Sun's** new drug Application (ET)

Petronet gets \$ 150-mn ADB loan (BS)

Wockhardt gets US import alert again; vet drugs this time (DNA)

SALES TRADERS COMMENTARY

Indian market settled lower on Tuesday ahead of the Reserve Bank of India's (RBI) policy meeting on 18 December. Banking stocks fell, whereas healthcare, consumer durables and FMCG stocks gained.

While Sensex lost 47 points to 20612, Nifty fell 16 points to 6139.

Major gainers were Bharti Airtel (4.27%), Cipla (2.82%), Sun Pharmaceutical Industries (2.15%), Tata Consultancy Services (1.43%), Dr Reddy's Laboratories (1.02%) and I T C (0.78%).

Major losers were HDFC Bank (3.55%), Coal India (2.89%), Housing Development Finance Corporation (2.53%), NTPC (2.14%), Bajaj Auto (1.95%) and Wipro (1.18%).

The HC index was up by 1.51%. Major gainers were Divis Laboratories (3.68%), Cipla (2.82%), Aurobindo Pharma (1.68%), Dr Reddy'S Laboratories (1.02%) and Biocon (0.9%).

The Consumer Durables index jumped 1.04%. Major gainers were Whirlpool of India (5.38%), Titan Company (2.07%) and V I P Industries (0.45%).

The FMCG index gained 0.76%. Major gainers were United Spirits (2.56%), Godrej Consumer Products (1.34%), ITC (0.78%), Colgate-Palmolive (India) (0.28%) and Hindustan Unilever (0.03%).

The Bankex fell 1.28%. Major losers were H D F C Bank (3.55%), Canara Bank (2.25%), Bank of Baroda (1.27%), Bank of India (0.51%) and Indusind Bank (0.34%).

Major losers in the mid-cap space were Allahabad Bank (2.8%), Alstom India (2.53%), CORE Education and Technologies (1.39%), AIA Engineering (0.74%) and A B G Shipyard (0.32%).

Major losers among small caps were Dr Datsons Labs (3.11%), A2Z Maintenance& Engineering Services (2.74%), Action Construction Equipment (1.17%), Styrolution ABS (India) (0.96%) and Trident (0.6%).

Globally, Asia was trading mixed—Nikkei gained 125 points to 15279 and Hang Seng slipped 46 points to 23069; European indices were trading in the red.



ASIAN PAINTS

Growth hue: Painting a growth story

India Equity Research | Consumer Goods

Our channel checks infuse confidence about the decent demand scenario in H2FY14 on the back of long marriage season and festive related demand in Q3FY14. However, base in Q3FY13 is higher at 18.9% YoY (revenue growth at 18.3% YoY in Q2FY14 on a base of 16.7%). Asian Paints continues to gain market share largely from unorganized players. Foray into home improvement through Sleek and further evaluation of entry in other home décor categories will potentially tap the company's vast distribution network (~35,000 dealers). We believe the company is likely to eye inorganic expansion (international, home décor) now that major capex has been completed. Maintain 'BUY'.

Industrial slowdown continues; cautious on pricing action

In the industrial space, non-automotive segment continues to face slowdown pressure. However, growth in the automotive segment was decent in the refinishing space (OEMs continued to face sluggish demand). Asian Paints has raised prices in this portfolio to protect its margin. In the decorative space, prices of TiO₂ and MTO have started rising ~5% QoQ post September 2013, but the company will evaluate the situation before effecting a pricing action (some benefit seen due to cooling INR).

Pick up in international business, barring Egypt

Volume growth in Nepal and Bangladesh has outstripped domestic volume growth and Asian Paints has invested in adding capacities in these regions. However, post September, political upheavals have taken a toll on Egypt business.

Outlook and valuations: Growing strong; maintain 'BUY'

Asian Paints' volume growth has been robust despite slowdown due to robust growth in rural markets, market share gain, good monsoon, higher number of marriage days (20% higher YoY) and innovations. We are positive on new growth drivers like water proofing and Sleek businesses. At CMP, the stock is trading at P/E of 35.6x and 27.4x on FY14E and FY15E, respectively. We maintain 'BUY/Sector Performer' rating/recommendation.

Financials

Year to March	FY12	FY13	FY14E	FY15E
Revenues (INR mn)	96,322	109,707	130,690	154,433
Rev. growth (%)	24.7	13.9	19.1	18.2
EBITDA (INR mn)	15,088	17,319	20,728	25,412
Net profit (INR mn)	9,887	11,139	13,086	17,001
Shares outstanding (mn)	959	959	959	959
Diluted EPS (INR)	10.3	11.6	13.6	17.7
EPS growth (%)	17.3	12.7	17.5	29.9
Diluted P/E (x)	47.1	41.8	35.6	27.4
EV/EBITDA (x)	30.5	26.5	21.9	17.6
ROAE (%)	40.1	36.3	35.1	37.5

EDELWEISS 4D RATINGS

Absolute Rating	BUY
Rating Relative to Sector	Performer
Risk Rating Relative to Sector	Medium
Sector Relative to Market	Underweight

MARKET DATA (R: ASPN.BO, B: APNT IN)

CMP	: INR 486
Target Price	: INR 532
52-week range (INR)	: 562 / 373
Share in issue (mn)	: 959.2
M cap (INR bn/USD mn)	: 466/ 7,631
Avg. Daily Vol.BSE/NSE('000)	: 1,099.8

SHARE HOLDING PATTERN (%)

	Current	Q1FY14	Q4FY13
Promoters *	52.8	52.8	52.8
MF's, FI's & BK's	8.3	7.8	7.9
FII's	19.0	19.4	19.4
Others	19.9	20.0	19.9
* Promoters pledged shares (% of share in issue)			8.8

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Consumer Goods Index
1 month	0.7	(0.2)	9.2
3 months	28.8	15.3	16.8
12 months	22.4	6.4	40.8

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CIPLA

Receives approval for generic Xopenex

India Equity Research | Pharmaceuticals

Cipla has received approval to sell Levabuterol HCL inhalation solution, the generic version of Xopenex inhalation solution. We expect the company to garner USD5-6mn sales from the drug, assuming 80% price erosion and 10% market share. Maintain 'BUY' with target price of INR495, valuing 20x September FY15E EPS.

Event: Cipla has received approval to sell Levabuterol HCL inhalation solution, the generic version of Xopenex inhalation solution. The drug's total market size is USD315mn and there are four generic players including Teva, Mylan, Actavis and Dey Pharma. We expect the company to garner USD5-6mn sales assuming 80% price erosion and 10% market share. Cipla has a pipeline of 35 pending approvals including 6 own ANDAs and it has taken back 20 ANDAs from partners to ramp up its presence in the US. We expect US to be a critical market for growth over the next two to three years, after India and South Africa, as the company ramps up its own filings there.

Outlook and valuations: We are positive on Cipla's focus and aggression on reviving growth by consolidating its front-end presence in crucial markets. This strategy will be margin accretive as it churns business from partnerships to the company's own books. Better execution in domestic market and scale up in niche opportunities such as Dymista and inhalers (6 launched in EU) are near-term growth drivers. Moreover, better-than-expected scale up in Medpro adds an upside risk to our estimates.

Currently, the stock is trading at 17x FY15E EPS, at a discount to its peers due to margin risk as Cipla scales up operations in the year of transformation. We believe while improved visibility on domestic growth and increasing traction in exports will render healthy growth, rising overheads from series of hiring at the senior level and R&D pipeline are investments for long-term growth, which will render higher RoCEs. We maintain **'BUY/Sector Outperformer'** with target price of INR495, valuing 20x September FY15E EPS.

Financials

Year to March	FY12	FY13	FY14E	FY15E
Revenues (INR mn)	69,892	82,477	103,866	118,191
Rev growth (%)	10.7	18.0	25.9	13.8
EBITDA (INR mn)	16,273	18,024	25,086	27,971
Adj Net profit (INR mn)	10,996	14,598	15,984	17,929
Shares outstanding (mn)	803	803	803	803
Core EPS (INR)	13.7	16.4	18.2	22.3
EPS growth (%)	15.0	19.5	11.0	22.9
P/E (x)	27.5	23.0	20.7	16.8
EV/EBITDA (x)	17.7	16.1	12.4	11.1
ROE (%)	15.4	14.2	16.3	15.7

Note: FY14E and FY15E includes Medpro consolidated numbers

EDELWEISS 4D RATINGS

Absolute Rating	BUY
Rating Relative to Sector	Outperformer
Risk Rating Relative to Sector	Low
Sector Relative to Market	Overweight

MARKET DATA (R: CIPL.BO, B: CIPLA IN)

CMP	: INR 376
Target Price	: INR 495
52-week range (INR)	: 450 / 354
Share in issue (mn)	: 802.9
M cap (INR bn/USD mn)	: 302 / 4,884
Avg. Daily Vol.BSE/NSE('000)	: 1,563.2

SHARE HOLDING PATTERN (%)

	Current	Q1FY14	Q4FY13
Promoters *	36.8	36.8	36.8
MF's, FI's & BK's	10.9	10.8	10.2
FII's	23.8	23.1	23.9
Others	28.5	29.3	29.1
* Promoters pledged shares (% of share in issue)	:		NIL

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Pharma Index
1 month	(7.7)	(0.2)	0.3
3 months	(4.7)	15.3	10.5
12 months	(2.8)	6.4	35.0

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HINDALCO INDUSTRIES

Novelis' 240ktpa expansion long-term positive

India Equity Research | Metals and Mining



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Novelis has announced 240ktpa auto aluminium sheet expansion with capex of USD205mn across US and Germany to be completed in two years. We perceive this as long-term positive considering that auto sheet margins are ~2x can sheet margins, with global demand growing at 25% plus CAGR. With no significant impact on FY15E financials, we retain 'BUY' on Hindalco with target price (TP) of INR136. Our positive view is led by Novelis (contributes ~80% of TP) considering its 20% capacity expansion, improving product mix and increased recycling.

Novelis to expand auto sheet capacity by 240ktpa

Novelis has announced an expansion of 240ktpa in its auto sheet capacity (120ktpa each in US and Germany) at a capex of USD205mn (USD120mn and USD85mn in US and Germany, respectively) to be completed in two years. Post expansion, Novelis' total auto sheet capacity will be 900ktpa by end 2015 from 300ktpa last year. The facilities will include closed-loop recycling, thereby reducing cost.

Long-term positive led by high margin, demand in auto sheets

We are positive on this expansion from a long-term perspective since: (i) EBITDA/t in auto sheets is ~2x that for can sheet products; (ii) auto sheet demand is growing at 25% plus CAGR; (iii) post expansion, auto sheet would form 80% of product mix in the US for Novelis, thereby increasing blended margin and potentially reducing surplus in can market, leading to further improvement in margin; and (iv) it involves closed-loop recycling.

Outlook and valuations: Positive; maintain 'BUY'

Despite the long-term benefits, we do not perceive any impact on our FY15 estimates. We retain 'BUY/Sector Outperformer' with TP of INR136. At CMP, the stock trades at 6.8x FY15E EV/EBITDA (excluding CWIP benefit).

Financials (Consolidated)

Year to March	FY12	FY13	FY14E	FY15E
Revenues (INR mn)	808,214	801,928	806,806	937,075
Rev. growth (%)	12.1	(0.8)	0.6	16.1
EBITDA (INR mn)	79,704	78,368	83,967	107,859
Net profit (INR mn)	33,969	30,269	25,114	28,680
Shares outstanding (mn)	1,913	1,913	2,063	2,063
Diluted EPS (INR)	17.8	15.8	12.2	13.9
EPS growth (%)	38.3	(10.9)	(23.1)	14.2
Diluted P/E (x)	6.6	7.4	9.6	8.4
EV/EBITDA (x)	6.9	8.8	8.9	6.8
ROAE (%)	11.1	9.0	6.7	7.1

EDELWEISS 4D RATINGS

Absolute Rating	BUY
Rating Relative to Sector	Outperformer
Risk Rating Relative to Sector	Medium
Sector Relative to Market	Equalweight

MARKET DATA (R: HALC.BO, B: HNDL IN)

CMP	: INR 116
Target Price	: INR 136
52-week range (INR)	: 137 / 83
Share in issue (mn)	: 2,064.6
M cap (INR bn/USD mn)	: 240/ 3,897
Avg. Daily Vol.BSE/NSE('000)	: 8,801.7

SHARE HOLDING PATTERN (%)

	Current	Q1FY14	Q4FY13
Promoters *	37.0	32.1	32.1
MF's, FI's & BK's	14.4	15.6	15.5
FII's	24.9	26.5	24.5
Others	23.7	25.8	28.0
* Promoters pledged shares (% of share in issue)	:		NIL

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Metals and Mining Index
1 month	13.4	(0.2)	1.7
3 months	18.9	15.3	(5.2)
12 months	7.9	6.4	(5.0)

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RANBAXY LABORATORIES

Receives approval for generic Felodipine

India Equity Research | Pharmaceuticals



Ranbaxy Laboratories (RBXY) has received USFDA approval for generic Felodipine from Ohm facility. We expect the product to contribute USD1-2mn to the company's sales in CY14E. While our target price of INR335 values the stock at 14x September FY15E EPS, significant discount to peers given concerns over manufacturing issues and longer time line of resolution, the incremental approval from Ohm could have positive bearing on outlook of the business. Maintain 'HOLD'.

Event: RBXY has received approval of Felodipine from Ohm facility. This is the first approval after Lipitor received by the company as it tackles spiraling USFDA concerns over its manufacturing facilities. Felodipine or generic Plendil is a genericised product with more than five players including Glenmark, URL, Mylan, Torrent and Aurobindo. The market size is USD190mn as per IMS. We expect the product to contribute USD1-2mn to RBXY's CY14E sales.

The in-licensed branded products Aborica and Desvenlafexine have been driving growth in US business over 9mCY13. However, receiving incremental approvals that could aid future growth is crucial for the company as key FTFs such as Diovan and Valcyte have been delayed. RBXY expects some approvals to come through from Dewas in CY14 as consent decree reaches into third year. The company is also enhancing efforts to resolve Mohali issues at a faster pace than Dewas and Paonta Sahib as 50% of its 38 pending products have been filed from Mohali.

Outlook and valuations: We do not expect upside to current valuations, as manufacturing issues will continue to hound margin and limit earnings growth potential. However, we remain positive on margin expansion potential as RBXY steadily resumes supplies to US from affected plants. The company has filed 38 ANDAs from Ohm and Mohali facilities. While our target price of INR335 values the stock at 14x September FY15E EPS, significant discount to peers given concerns over manufacturing issues and longer time line of resolution, the incremental approval from Ohm could have positive bearing on outlook of the business. We maintain **'HOLD/Sector Performer'** on the stock.

Financial snapshot

Year to December	CY12	CY13E	CY14E	CY15E
Revenues (INR mn)	124,597	115,944	165,225	144,888
EBITDA (INR mn)	19,379	16,737	44,509	18,551
Adjusted net profit (INR mn)	13,090	4,049	28,228	10,156
Core EPS (INR)	9.5	9.1	14.8	21.9
Core EPS growth (%)	(10.6)	(3.5)	61.9	48.2
P/E (x) based on Core EPS	38.1	39.5	24.4	16.5
EV/EBITDA (x)	9.3	13.1	4.9	10.9
ROAE (%)	37.6	10.7	61.9	17.1

EDELWEISS 4D RATINGS

Absolute Rating	HOLD
Rating Relative to Sector	Performer
Risk Rating Relative to Sector	High
Sector Relative to Market	Overweight

MARKET DATA (R: RANB.BO, B: RBXY IN)

CMP	: INR 418
Target Price	: INR 335
52-week range (INR)	: 525 / 254
Share in issue (mn)	: 423.1
M cap (INR bn/USD mn)	: 177 / 2,862
Avg. Daily Vol.BSE/NSE('000)	: 2,510.4

SHARE HOLDING PATTERN (%)

	Current	Q1FY14	Q4FY13
Promoters *	63.5	63.5	63.5
MF's, FI's & BK's	9.0	10.4	10.0
FII's	10.4	10.4	10.6
Others	17.0	15.7	15.9
* Promoters pledged shares (% of share in issue)	:		NIL

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Pharma Index
1 month	8.3	(0.2)	0.3
3 months	0.4	15.3	10.5
12 months	(16.5)	6.4	35.0

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TATA CONSULTANCY SERVICES

Benign outlook reiterated

India Equity Research | IT



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Tata Consultancy Services (TCS) reiterated its positive stance on FY14 at its analyst meet on Monday (December 16, 2013). The company expects Q3FY14 growth to be lower due to lesser number of working days and higher unplanned leaves. The impact of furloughs is anticipated across BFSI, telecom, manufacturing and retail verticals. Smaller verticals like healthcare, media and travel & transport are expected to do well. While it expects growth in Europe to surpass company average, US and UK are expected to be lower. TCS maintained positive commentary on the demand front riding initial discussions which indicate budgeting cycles to be positive than last year. Also, the company reiterated its positive FY14 demand outlook. However, we believe most positives are built in current valuations. Hence, maintain 'HOLD'.

Positive FY14 outlook reaffirmed

TCS reiterated its positive stance on FY14 vis-a-vis FY13, and H1FY14 being better than H2FY14. Also, based on initial discussions it expects budgeting cycles to be positive compared to last year. On the deal front, it continues to see large deals coming from European region (on rising penetration), while smaller deals are driving US demand.

Q3FY14: Seasonality factor; cross currency benefit

The company anticipates the seasonality factor to play its role in Q3FY14 as seen every year. This is due to lower number of working days in major markets including India and higher unplanned leaves by employees. While favourable cross currency movement is likely to positively impact (100bps QoQ) constant currency revenue growth in Q3FY14, EBIT margin may be dented by a marginal 25-30bps QoQ (30.2% in Q2FY14). Further, it expects forex gain of ~INR1.5-2.0bn in Q3FY14 versus loss of INR3.7bn in Q2FY14.

Outlook & valuations: Positives reaffirmed; maintain 'HOLD'

Even though we expect TCS to be one of the biggest beneficiaries of improving demand and expect it to post robust numbers, we believe valuations of 18.3x FY15E EPS build in all the positives. Hence, we maintain 'HOLD/SP' with TP of INR1,982 (at 18x FY15E EPS).

Financials

Year to March	FY12	FY13	FY14E	FY15E
Revenues (INR mn)	488,938	629,895	847,469	940,657
Rev. growth (%)	31.0	28.8	34.5	11.0
EBITDA (INR mn)	144,177	180,871	255,408	275,512
Net profit (INR mn)	106,384	139,415	189,627	215,497
Diluted EPS (INR)	54.4	71.2	96.9	110.1
EPS growth (%)	22.1	31.0	36.0	13.6
Diluted P/E (x)	37.1	28.3	20.8	18.3
EV/EBITDA (x)	26.8	21.0	14.7	13.2
ROAE (%)	36.7	37.9	40.9	36.3

EDELWEISS 4D RATINGS

Absolute Rating	HOLD
Rating Relative to Sector	Performer
Risk Rating Relative to Sector	Low
Sector Relative to Market	Overweight

MARKET DATA (R: TCS.BO, B: TCS IN)

CMP	: INR 2,019
Target Price	: INR 1,982
52-week range (INR)	: 2,259 / 1,197
Share in issue (mn)	: 1,958.7
M cap (INR bn/USD mn)	: 3,955 / 63,135
Avg. Daily Vol.BSE/NSE('000)	: 1,493.4

SHARE HOLDING PATTERN (%)

	Current	Q1FY14	Q4FY13
Promoters *	74.0	74.0	74.0
MF's, FI's & BK's	5.6	5.9	5.4
FII's	16.1	15.7	16.1
Others	4.4	4.5	4.5
* Promoters pledged shares (% of share in issue)			11.3

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Technology Index
1 month	(3.8)	(0.2)	1.7
3 months	4.0	15.3	(4.2)
12 months	53.2	6.4	18.1

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FLASH NOTE



ZEE ENTERTAINMENT ENTERPRISES



Acquisition of media outfit to yield tax benefits

India Equity Research | Media

Zee Entertainment Enterprises (ZEE) has announced that it has acquired Diligent Media Corporation's (DMCL) media business. DMCL has two businesses—publishing (*DNA* newspaper) and media (event management, TV channel licencing, TV reality show formats for game based shows). While the publishing business will be acquired by Zee Media (separately listed), the media business will be acquired by ZEE for INR22.3mn (liabilities of entity are INR1.05bn). Due to accumulated loss of ~INR10bn of DMCL, ZEE will save INR3bn tax over the next two years (similar to Jagran Prakashan's acquisition of Nai Dunia, where the former benefited in FY13 due to accumulated loss in the latter). Tax outflow for ZEE in FY13 was ~INR3.3bn. We continue to like Zee's outperformance on ad growth and expect it to benefit from digitisation. Maintain 'BUY'.

Key takeaways from conference call

Consideration: INR22.3mn preference shares of INR1 each will be issued by ZEE to shareholders of the acquired entity. The preference shares will have a tenure of three years and carry a coupon of 6% p.a. Cash payment was not possible as it would have precluded transfer of TV licence to ZEE and tax benefit.

Balance sheet: DMCL's media business has assets worth INR3.74bn (includes deferred tax assets of INR3.14bn). Liabilities include short-term debt and creditors.

Approvals: This scheme is subject to regulatory, High Court and shareholder approvals.

TV licence: The acquired entity has a TV licence for a non-news channel, which is an added advantage for ZEE, especially at a time when there is huge paucity of TV licences. The company does not expect any new licences to be issued by the Ministry of Information and Broadcasting (MIB) till the 2014 Lok Sabha elections.

Content costs: The acquisition will not alter ZEE's FY14E content costs (12-15% YoY increase; ex-sports); the same run rate is expected in FY15.

Financials

Year to March	FY12	FY13	FY14E	FY15E
Revenues (INR mn)	30,405	36,996	41,784	47,077
Rev. growth (%)	1.1	21.7	12.9	12.7
EBITDA (INR mn)	7,395	9,543	11,783	13,935
Core profit (INR mn)	5,906	7,182	8,916	10,343
Diluted EPS (INR)	6.1	7.5	9.2	10.7
Dil. EPS post-digi (INR)*	6.1	7.5	11.1	15.8
Diluted P/E (x)	46.5	37.8	30.9	26.6
EV/EBITDA (x)	35.6	27.2	21.6	18.0
ROAE (%)	18.0	19.6	21.0	20.9

* Only this line item factors in the post-digitisation impact

EDELWEISS 4D RATINGS

Absolute Rating	BUY
Rating Relative to Sector	Outperformer
Risk Rating Relative to Sector	Medium
Sector Relative to Market	Overweight

MARKET DATA (R: ZEE.BO, B: Z IN)

CMP	INR 285
Target Price	INR 315
52-week range (INR)	292 / 194
Share in issue (mn)	960.3
M cap (INR bn/USD mn)	271/ 4,379
Avg. Daily Vol.BSE/NSE('000)	2,815.4

SHARE HOLDING PATTERN (%)

	Current	Q1FY14	Q4FY13
Promoters *	43.1	43.1	43.4
MF's, FI's & BK's	6.2	7.8	8.7
FII's	43.8	42.5	41.7
Others	6.9	6.5	6.2
* Promoters pledged shares (% of share in issue)			18.9

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Media Index
1 month	(2.1)	(0.2)	4.8
3 months	16.3	15.3	4.3
12 months	27.7	6.4	63.1

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BANKING

Discussion paper on NPA: Intent right, implementation key



India Equity Research | Banking and Financial Services

In a bid to address banks' deteriorating asset quality, RBI today released a discussion paper outlining a corrective action plan that will incentivise early identification of problem cases, timely restructuring of accounts, and taking prompt steps by banks for recovery or sale of unviable accounts. Although the intent seems to be right recognizing the need for cultural change in banks' credit appraisal and recovery process, implementation remains key, which may require heavy process re-engineering within banks/other bodies like CDR, recovery machineries.

Recognition: Incentives for early recognition of stressed asset

RBI has proposed incentives for lenders to: (1) agree collectively; and (2) implement a plan for resolution within a time frame. The central bank has suggested better regulatory treatment of stressed assets if a prompt resolution plan is followed either by way of rectification and restructuring or by recovery. On the other hand, banks will follow accelerated provisioning (refer table 2) if no agreement can be reached.

Restructuring: Brownie points for quick implementation

Mint Street has suggested mandatory formation of an independent committee for evaluation of large value restructurings, with a focus on viable plans and a fair sharing of losses between promoters and creditors. It has also suggested a curtailed time frame for implementation of CDR package to fast track the recovery process. Further, it has proposed special asset classification benefit on restructuring of accounts under suggested framework and within a stipulated timeframe.

Prompt recovery: Liberal regulatory treatment of asset sales

The discussion paper lays emphasis on speedy recovery recognising sale to asset reconstruction companies as an important support system for resolution of a stressed asset. This will liberalise the regulatory treatment of asset sale for banks (viz., utilisation of floating provisions, reversal of excess provisions etc).

Our view: Operational hurdles galore

We believe these recommendations, if implemented in the current form, will be onerous for banks with the type of credit culture prevalent in India. In the current state of economy, banks, especially state owned, are witnessing a sizeable share of their loans falling in the 60 dpd bucket, which will fall into SMA -2 category, which in turn will cause large procedural and monitoring burden on banks. Additionally, onus on banks for implementation within a stipulated time frame is likely to put them on the back foot while negotiating with borrowers. On the other hand, liberalisation on asset sale both for ARCs and banks will aid prompt recovery.

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December 17, 2013

Pair Strategy Square Off: UNBK / PNB

India Alternative Research

December 17, 2013

Pair Strategy Square Off

Long UNBK / Short PNB

We initiated the pair strategy on 6th Dec with the expectation of UNBK outperforming PNB. Since initiation, UNBK is down by 6.5%, while PNB is down by 2.6%. Today we recommended to exit the trade at a loss of ~3.9%.

Statistical Pair

No of Days	Start / End Date	Strategy	Entry Price	Entry Ratio	Current Price	Current Ratio	Target Ratio	Stop Loss	Return on GEP**	Return on AD#	Max Gain on GEP*	Max loss on GEP*	Status
8	6-Dec-13	Long UNBK	124.65	0.2135	116.55	0.2049	0.2306	0.2050	-3.9%	-7.8%	1.1%	-3.9%	Closed
	17-Dec-13	Short PNB	583.80		568.75								

*at 25% for Stock Futures, 15% for Index Futures ** Gross Equity Exposure, # Amount Deployed for Margin on Futures
 BPP - Booked Part Profits ** Return, net (Partial Profit +Rolls) on GEP

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Alpha Strategy Square Off: Long UNBK/Short PNB

ALPHA/PAIR strategy combined Performance

All returns GEP	All trades		CY 2013		CY 2012		CY 2011		CY 2010		CY 2009		CY 2008		CY 2007		CY 2006		CY 2005		CY 2004	
	No.	Avg Ret	No.	Avg Ret	No.	Avg Ret	No.	Avg Ret	No.	Avg Ret	No.	Avg Ret	No.	Avg Ret	No.	Avg Ret	No.	Avg Ret	No.	Avg Ret	No.	Avg Ret
Recommendations	327	3.2%	16	1.6%	29	2.4%	20	1.3%	39	2.9%	49	2.6%	58	3.7%	23	3.5%	29	4.3%	37	1.8%	27	6.9%
Total Reco	327	3.2%	16	1.6%	29	2.4%	20	1.3%	39	2.9%	49	2.6%	58	3.7%	23	3.5%	29	4.3%	37	1.8%	27	6.9%
Positive Trades	246	6.1%	12	3.4%	20	5.0%	14	4.3%	30	5.9%	43	3.7%	44	6.6%	16	6.7%	23	6.5%	23	6.5%	22	10.4%
Negative Trades	81	-4.9%	4	-4.1%	9	-3.3%	6	-5.8%	9	-7.2%	6	-6.1%	14	-5.5%	7	-3.9%	6	-4.1%	14	-5.9%	5	-8.5%
Average Days	15		11		12		21		27		8		6		13		14		17		26	
Hit Ratio	75%		75%		69%		70%		77%		88%		76%		70%		79%		62%		81%	

Statistical Pair: Closed Trades

No of Days	Start Date/ Closing Date	Strategy	Entry Price	Entry Ratio	Close Price	Close	Target Ratio	Stop Loss	Return on GEP*	Return on AD#	Max Gain on GEP*	Max loss on GEP*	Status
8	6-Dec-13 17-Dec-13	Long UNBK Short PNB	124.65 583.80	0.2135	116.55 568.75	0.2049	0.2306	0.2050	-3.9%	-7.8%	1.1%	-3.9%	Closed
13	9-Oct-13 28-Oct-13	Long DRRD Short SUNP	2445.15 643.35	3.8000	2416.75 601.20	4.0199	4.1100	3.5767	5.4%	10.8%	5.8%	-2.2%	Closed
1	3-Sep-13 3-Sep-13	Long AXSB Short ICICIBC	876.00 836.10	1.0477	791.75 788.95	1.0035	1.1315	1.0058	-4.2%	-8.4%	0.0%	-4.2%	Closed
18	2-Jul-13 25-Jul-13	Long ICICIBC Short HDFC	1079.00 887.75	1.2154	946.00 814.50	1.1614	1.3126	1.1668	-4.1%	-8.2%	3.3%	-3.3%	Closed
14	24-Jun-13 15-Jul-13	Long BOB Short SBIN	558.05 1972.05	0.2829	572.60 1896.00	0.3020	0.3056	0.2830	6.5%	12.9%	5.3%	0.0%	Closed
9	17-May-13 30-May-13	Long JSP Short SESA	311.30 166.60	1.8685	300.10 157.10	1.9102	2.0180	1.7938	2.4%	4.9%	2.4%	-0.8%	Closed
8	1-Apr-13 11-Apr-13	Long PNB Short ICICIBC	730.50 1058.75	0.6900	705.60 1027.00	0.6870	0.7451	0.6624	-0.4%	-0.8%	4.2%	0.0%	Closed
33	1-Mar-13 21-Mar-13	Long BPCL+HPCL Short ONGC	345.35 311.00	1.1105	338.72 295.50	1.1463	1.1994	1.0661	3.0%	6.0%	3.0%	-2.3%	Closed
3	4-Feb-13 6-Feb-13	Long HDFCB Short KMB	648.20 673.30	0.9626	642.30 694.10	0.9254	1.0397	0.9241	-4.0%	-8.0%	0.0%	-4.0%	Closed
14	9-Jan-13 28-Jan-13	Long TATA Short SAIL	415.75 91.90	4.5239	409.70 90.50	4.5271	4.4665	4.2878	1.2%	2.4%	4.1%	-0.4%	Closed
11	14-Jan-13 28-Jan-13	Long ITC Short NIFTY	289.20 6061.25	0.0477	0.00 0.00	0.0494	0.0499	0.0481	6.9%	13.8%	6.9%	-0.2%	Closed
14	2-Jan-13 21-Jan-13	Long SBIN Short PNB	2464.00 914.00	2.6958	2511.45 895.60	2.8042	2.8037	2.6958	3.9%	7.9%	5.4%	0.0%	Closed
19	30-Nov-12 27-Dec-12	Long ICICIBC Short AXSB	1106.00 1313.00	0.8423	1136.45 1364.30	0.8330	0.9097	0.8087	-1.0%	-2.0%	2.3%	-1.4%	Closed

ALPHA strategy: Closed Trades

No of Days trade open	Start Date/ Closing Date	Strategy	Entry Price	Entry Ratio	Close Price	Closed Ratio	Target Ratio	Stop Loss	Return on GEP**	Return on AD#	Max Gain on GEP*	Max loss on GEP*	Status
14	11-Nov-13 25-Nov-13	Long NIFTY Short ACC Short UTCEM	6,143.00 1,074.80 1,906.00	4.1217	6,098.50 1,063.00 1,853.00	4.1828			1.2%	2.4%	1.2%	0.0%	Closed
6	30-Sep-13 7-Oct-13	Long TCS Long BJAUT Long IDFC Short NIFTY	1,958.55 2,016.50 87.75 5,800.00	0.233	2,064.00 2,140.00 96.20 5,918.00	0.245			5.0%	10.0%	5.0%	-0.6%	Closed
20	2-May-13 30-May-13	Long NIFTY Short GRASIM	5,925.00 2,930.00	2.022	6,085.30 2,879.45	2.113	2.184	1.941	4.5%	8.9%	4.5%	-2.2%	Closed
13	9-Jan-13 25-Jan-13	Long ALBK Short OBC	184.60 346.50	0.533	168.70 312.20	0.540	0.575	0.511	1.3%	2.6%	3.5%	-0.7%	Closed
15	1-Nov-12 23-Nov-12	Long PWGR Short NTPC	116.95 166.25	0.703	119.80 158.75	0.755	0.760	0.675	7.0%	14.0%	7.0%	-0.6%	Closed
11	9-Oct-12 25-Oct-12	Long BPCL Short HPCL	358.00 317.10	1.129	350.00 302.00	1.159	0.025	0.051	3.5%	6.9%	2.5%	-0.5%	Closed
17	28-May-12 19-Jun-12	Long POWF Short RECL	151.70 172.30	0.880	157.10 167.85	0.936					7.3%	0.0%	Closed
15	21-Mar-12 12-Apr-12	Long MM Short TTMT	694.25 271.90	2.553	700.10 285.10	2.456					0.1%	-4.3%	Closed
9	10-Feb-12 23-Feb-12	Short ACC Short ACEM Short UTCEM Long NIFTY	1,354.20 172.80 1,387.00 5,364.00		1,297.00 162.10 1,426.70 5,499.00		5.774				5.0%	0.0%	Closed
14	30-Jan-12 23-Feb-12	Long PWGR Short NTPC	102.45 172.30	0.595	111.95 181.00	0.619					4.2%	-0.3%	Closed
8	23-Jan-12 10-Feb-12	Long DRRD Short RBXY	1,656.10 471.70	3.511	1,640.00 439.00	3.736					7.4%	-0.9%	Closed

Securities Lending and Borrowing Scheme (SLBS)

Daily Report

India Alternative Research



Highlights of the day

- Total Notional Volume today - INR 19.21 Cr
- Total Notional Lending Fee - INR 0.27 Cr
- Total Open outstanding – INR 195.13 Cr
- Top traded counter by lending fee was POWERGRID with annualized yield of ~72%

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Top Active Counters

December 17, 2013

Sr no	Counter	Expiry	Lending Fee Traded (INR)	Shares	Avg Lending Fee/shr (INR)	Equity Close	Abs Yield	Days to Expiry	Annualized yield	Open Int (Shares)
1	POWERGRID	2-Jan-14	2,328,099	750,072	3.10	98.70	3.14%	16	71.74%	7,951,684
2	BHEL	6-Feb-14	175,920	61,002	2.88	154.35	1.87%	51	13.37%	127,271
3	ZEEL	6-Feb-14	156,551	48,000	3.26	285.40	1.14%	51	8.18%	48,000
4	HDIL	6-Feb-14	36,584	25,387	1.44	46.45	3.10%	51	22.20%	49,586
5	LT	6-Feb-14	16,785	16,785	1.00	1064.50	0.09%	51	0.67%	60,000
6	BHEL	2-Jan-14	9,210	46,050	0.20	154.35	0.13%	16	2.96%	3,955,822
7	AUROPHARMA	2-Jan-14	7,491	2,547	2.94	354.60	0.83%	16	18.92%	2,547
8	HDIL	2-Jan-14	1,350	2,000	0.68	46.45	1.45%	16	33.15%	332,000
9	JUBLFOOD	2-Jan-14	1,350	225	6.00	1300.00	0.46%	16	10.53%	9,000
10	LT	2-Jan-14	634	63,374	0.01	1064.50	0.00%	16	0.02%	261,209
11	SAIL	2-Jan-14	108	1,200	0.09	69.40	0.13%	16	2.96%	22,240

Note: - Average lending Fee per share is calculated as the total lending fee for the day divided by the number of shares traded

Annualized Yield is returns for 365 days. Most activity is in current and next month

SLBS contract expiry is scheduled for every 1st Thursday of the month. If 1st Thursday is a holiday, expiry is pre-poned to previous trading day
Expiry Series indicates the calendar month in which the contracts would expire; Eg. 1 indicates Jan; 10 indicates Oct

Securities Lending and Borrowing Scheme - SLBS

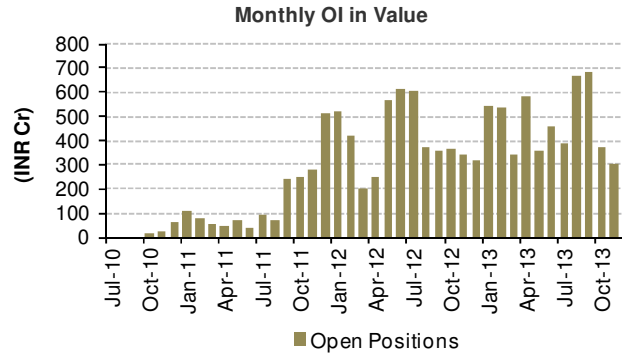
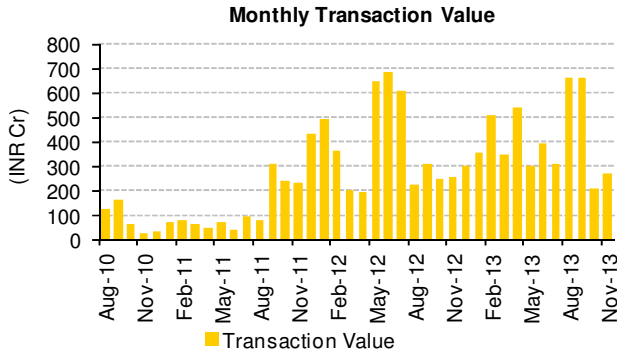
Top OI (Value) Counter (Expiry wise)

Sr no	Counter	Expiry (Series)	OI (INR Cr)	OI (Shares)	Equity Close
1	POWERGRID	Jan-14	78.48	7,951,684	98.70
2	BHEL	Jan-14	61.06	3,955,822	154.35
3	LT	Jan-14	27.81	261,209	1,064.50
4	LT	Feb-14	6.39	60,000	1,064.50
5	HEROMOTOCO	Sep-14	4.32	21,010	2,054.90
6	HEROMOTOCO	Jan-14	2.39	11,647	2,054.90
7	BHEL	Feb-14	1.96	127,271	154.35
8	COALINDIA	Jan-14	1.55	55,805	278.45
9	HDIL	Jan-14	1.54	332,000	46.45
10	ZEEL	Feb-14	1.37	48,000	285.40
11	SBIN	Jan-14	1.24	7,200	1,718.30
12	JUBLFOOD	Jan-14	1.17	9,000	1,300.00
13	HEROMOTOCO	Aug-14	1.13	5,490	2,054.90
14	BATAINDIA	Jan-14	0.84	8,350	1,000.55
15	CROMPGREAV	Jan-14	0.50	40,000	125.80
16	TCS	Jan-14	0.40	1,980	2,045.35
17	ULTRACEMCO	Jan-14	0.39	2,250	1,753.85
18	NIFTYBEES	Jan-14	0.37	6,000	620.50
19	TATAMOTORS	Jan-14	0.37	10,000	366.85
20	M&M	Jan-14	0.31	3,371	931.75
21	RCOM	Jan-14	0.28	22,002	127.15
22	HDIL	Feb-14	0.23	49,586	46.45
23	IOC	Feb-14	0.16	7,966	197.00
24	SAIL	Jan-14	0.15	22,240	69.40
25	RANBAXY	Jan-14	0.15	3,500	439.80
26	KOTAKBANK	Jan-14	0.15	2,000	740.60
27	MPHASIS	Jan-14	0.11	3,000	379.60
28	ZEEL	Jan-14	0.11	3,800	285.40
29	AUROPHARMA	Jan-14	0.09	2,547	354.60
30	COALINDIA	Feb-14	0.03	1,195	278.45

Top OI (Value) Counter (Aggregated for all Expiries)

Sr no	Counter	OI (INR Cr)	OI (Shares)	Equity Close
1	POWERGRID	78.48	7,951,809	98.70
2	BHEL	63.02	4,083,093	154.35
3	LT	34.19	321,209	1,064.50
4	HEROMOTOCO	7.84	38,147	2,054.90
5	HDIL	1.77	381,586	46.45
6	COALINDIA	1.59	57,000	278.45
7	ZEEL	1.48	51,800	285.40
8	SBIN	1.24	7,200	1,718.30
9	JUBLFOOD	1.17	9,000	1,300.00
10	BATAINDIA	0.84	8,350	1,000.55
11	CROMPGREAV	0.50	40,000	125.80
12	TCS	0.40	1,980	2,045.35
13	ULTRACEMCO	0.39	2,250	1,753.85
14	TATAMOTORS	0.37	10,000	366.85
15	M&M	0.31	3,371	931.75
16	RCOM	0.28	22,002	127.15
17	IOC	0.16	7,966	197.00
18	SAIL	0.15	22,240	69.40
19	RANBAXY	0.15	3,500	439.80
20	KOTAKBANK	0.15	2,000	740.60
21	MPHASIS	0.11	3,000	379.60
22	AUROPHARMA	0.09	2,547	354.60
23	AMBUJACEM	0.03	1,696	175.65
24	TITAN	0.02	909	229.70

Securities Lending and Borrowing Scheme - SLBS



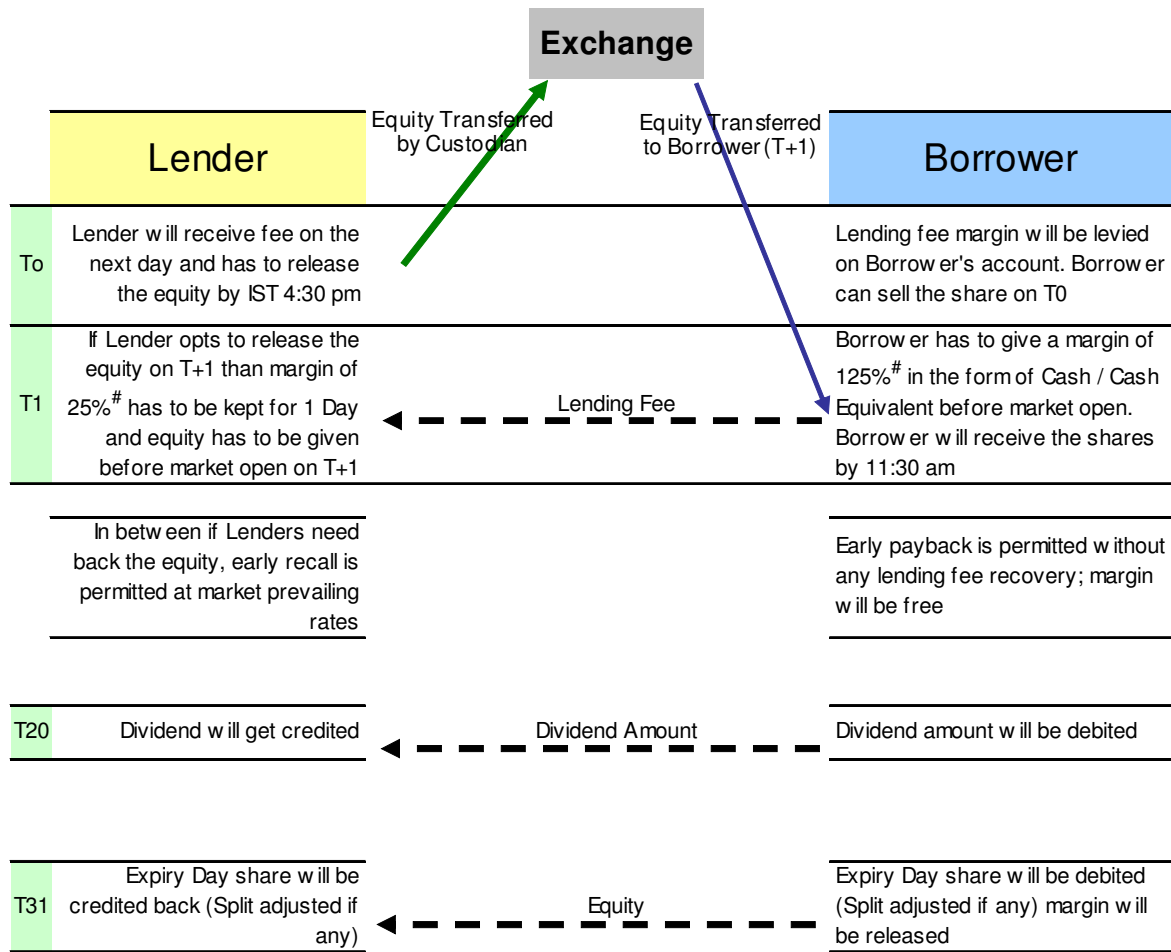
Transaction Value = Quantity*(Underlying price in Cash Segment + Lending Fee)

Average Monthly Annualized Yield

Expiry	7-Mar-13	4-Apr-13	2-May-13	6-Jun-13	4-Jul-13	1-Aug-13	5-Sep-13	3-Oct-13	7-Nov-13	5-Dec-13
Market wide	8.0%	5.2%	6.4%	3.7%	7.5%	5.2%	6.0%	10.6%	4.9%	10.8%
SBIN		3.5%	5.0%	2.5%	1.5%	1.5%	1.6%	5.6%	2.2%	1.4%
ULTRACEMCO	13.3%	3.5%	6.8%	5.7%	2.6%	5.0%	3.1%	4.9%	2.8%	4.3%
TCS	1.0%	0.5%	1.0%	3.5%	4.5%	4.2%	4.4%	6.8%	1.5%	1.5%
BHEL	9.3%	9.3%	10.8%	8.7%	8.1%	9.4%	6.6%	23.0%	14.7%	20.8%
LT	0.5%	0.7%	0.7%	0.5%	0.6%	1.0%	2.3%	3.7%	1.7%	0.8%
ITC	1.4%	1.5%	1.7%	1.1%	2.2%	1.1%	0.5%	1.6%		
HEROMOTOCO		1.8%	3.2%	4.9%	8.5%	16.0%	6.0%	6.9%	3.0%	4.4%
MARUTI	3.9%	5.8%	7.0%	3.6%	3.9%	5.6%		1.1%		
HDFCBANK	1.3%	1.1%	3.8%	1.4%	1.1%	1.0%	1.2%	1.1%		
BAJAJ-AUTO	1.9%	1.1%	2.3%	2.0%	1.8%		0.9%			
GRASIM	2.4%		1.9%	0.6%	5.1%	2.1%	4.5%	5.0%	3.5%	
AXISBANK	1.1%	1.7%	1.7%	3.6%	1.0%		3.6%	12.2%	5.9%	2.2%
RELIANCE	0.8%	0.7%	1.1%	0.8%	0.9%	0.8%	0.7%	0.6%	1.2%	
HINDUNILVR	2.2%	0.9%	1.2%	1.4%	1.5%	2.8%	1.2%	3.5%	10.8%	
HDFC	1.4%	1.1%	1.0%	0.9%		0.9%	0.7%	0.5%		

Yield represents the Volume Weighted Annualized Yield (VWAY); Trades with 7 days to expiry are not included as these form the part of unwinding/reversal leg trade.

SLBS Structure



Note-

Any corporate action other than Dividend or Split, the contract will be pre-closed / expired on the 2 days prior to the ex data. The lender has to pay back the residual lending fee which would be on the proportionate basis, but the borrower may receive back the fee (more or less) as per the best matching of Lenders outstanding.

Margin is predefined by exchange which varies from 12.5% to 25% depending on VAR & ELM (Value at Risk & Extreme Loss Margins) Contracts available from 1 month till 12 months (Expiry every first Thursday on the month)

Disclaimers – The structure given above is a simplified version; for detailed information please visit nseindia.com

BOND VECTOR

Fixed Income Daily

India Fixed Income Research

Gilts weaken ahead of monetary policy

- Gilts were anchored to a narrow range in the first half of the session as participants preferred to wait on the sidelines for the RBI rate decision and guidance at the policy review tomorrow. There was a hint of weakness in the latter half possibly on position trimming and caution.
- The market consensus is around a 25 bps repo rate hike, but there is a probability of even a 50 bps hike in response to the sharp inflation surge. The market is lightly positioned and hence the reaction to a 25 bps hike might be relatively muted. On the other hand, a 50 bps hike or extremely hawkish commentary can spike yields by 10 bps or higher.
- The 10Y benchmark yield was in a very thin band of 8.85-8.86% for most of the initial half and then started rising to touch 8.92% by the last hour – it ended the session at 8.91% vs 8.87%. The rupee was also in a weak trend today and closed at 62.01 vs 61.73.
- The 1-Y OIS ended the day at 8.54-8.60% vs 8.52-8.58% while the 5-Y OIS closed at 8.49-8.55% vs 8.46-8.52%.

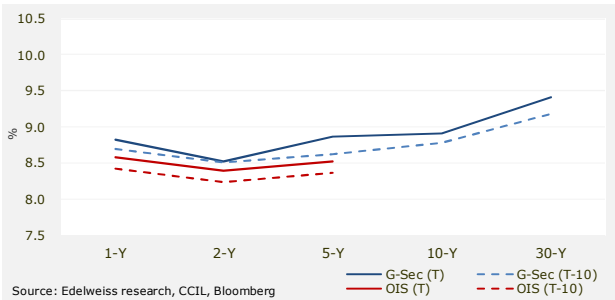
Non-SLR Market

HDFC Limited placed 3M CP worth INR 5bn @ 8.85%. Bank of Baroda placed 2M CD worth INR 7bn @ 8.60%. OBC placed 1Y CD worth INR 2.17bn @ 9.36%.

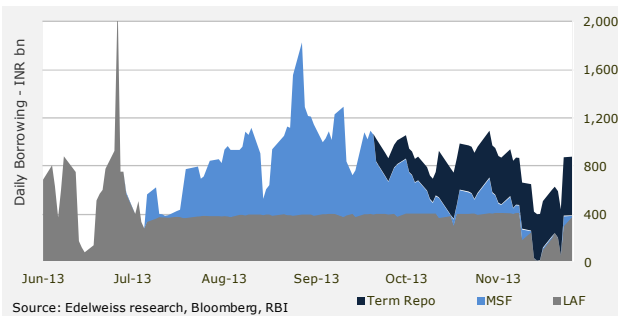
Money Market

The LAF window has seen close to maximum utilization this week with borrowing around INR 380bn while MSF borrowing was negligible yesterday. On the other hand, call rates have tightened significantly over the last few sessions and have swung from being well below the repo rate to now being around the MSF rate – the borrowing WAR settled at 8.75% vs 8.27%.

India Yield Curve – G-Sec & OIS



Liquidity Situation – MSF borrowing at INR 4.15bn



Yield Curve			
	17-Dec	16-Dec	Change*
Govt. Bonds			
1Y T-Bill (Ind.)	8.82%	8.80%	2
8.12% 2020	9.15%	9.10%	4
8.83% 2023	8.91%	8.87%	5
8.33% 2026	9.36%	9.32%	4
Corp. Bond			
5 yrs	9.78%	9.75%	3
10 yrs	9.73%	9.70%	3
Corp. Bond (Non-PSU)			
2 yrs	9.82%	9.82%	0
5 yrs	9.85%	9.85%	0
10 yrs	9.85%	9.85%	0
C D			
3 mth	8.70%	8.70%	0
6 mth	9.30%	9.30%	0
1 yr	9.35%	9.35%	0
C P			
3 mth	9.00%	9.00%	0
6 mth	9.90%	9.90%	0
1 yr	10.00%	10.00%	0
Swap			
1 Yr	8.58%	8.55%	3
2 Yr	8.39%	8.36%	4
5 Yr	8.52%	8.50%	2

* Change in basis points

Other Indicators*	17-Dec	16-Dec	Change
Crude (USD/bbl)	108.8	110.5	-1.6%
Gold (USD/Oz)	1238	1241	-0.3%
USDINR	62.02	61.75	-0.4%
1Y INR NDF Prem.	8.06%	8.55%	-0.49%
Dollar Index	80.10	80.07	0.0%
Nifty	6139	6155	-0.3%
MIBOR (o/n)	8.77%	8.29%	0.48%
LIBOR (1mth)	0.17%	0.17%	0.00%

* Figures as on 17:30 hrs IST

Source: Edelweiss research, Bloomberg, CCIL

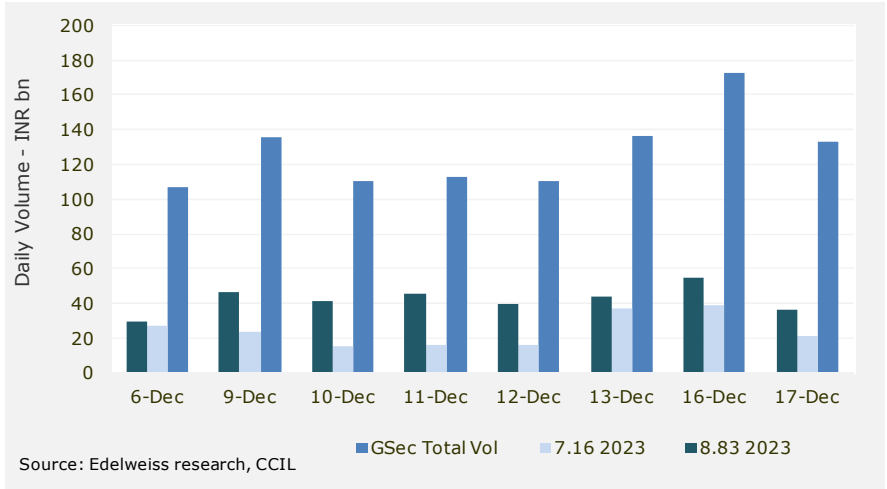
Jagdeep Kannarath

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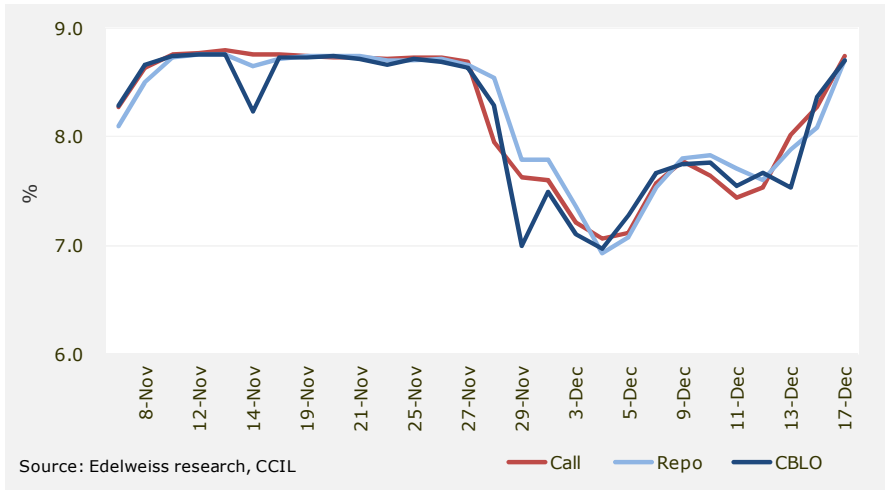
December 17, 2013

G-Sec Activity



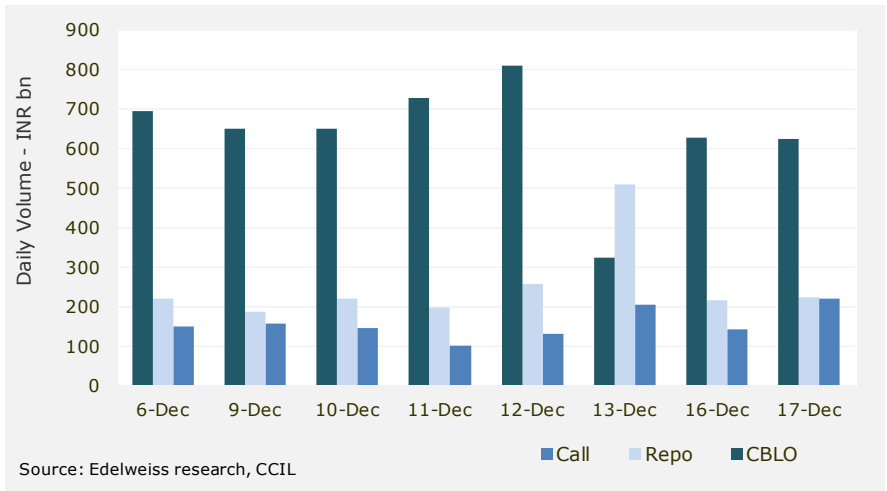
WAR	17-Dec	16-Dec
CBLO	8.70%	8.37%
Repo	8.70%	8.08%
Call	8.75%	8.27%

Overnight Money Market Yields



Volume (INR bn)	17-Dec	16-Dec
CBLO	624.2	625.5
Repo	225.4	218.0
Call	220.7	141.9

Overnight Money Market Activity



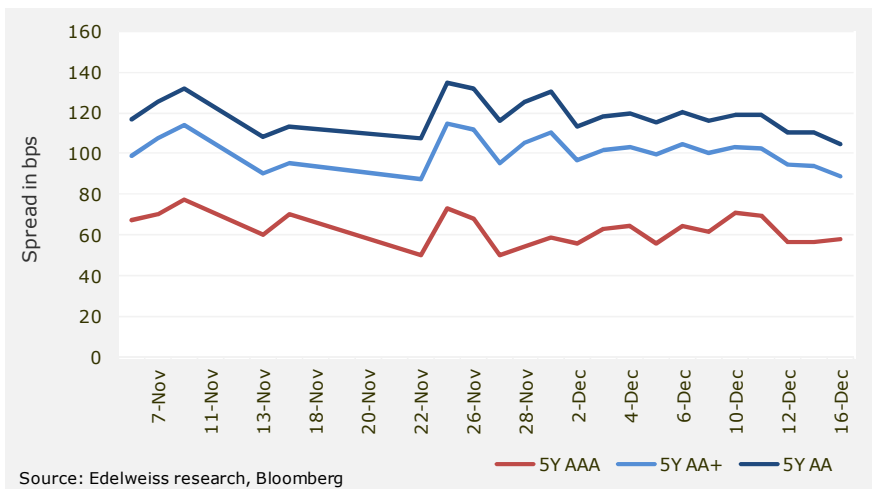
Tenor	AAA	AA+	AA
1Y	36	94	109
5Y	58	89	105
10Y	54	77	94

*AA+ and AA spread as per Bloomberg
As per previous session yields

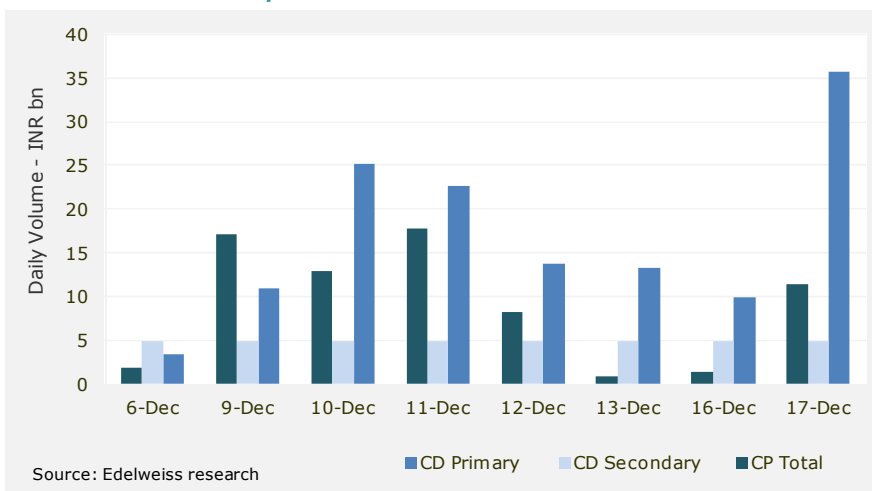
Volume (INR bn)	17-Dec	16-Dec
CD Primary	35.67	10.00
CD Secondary	5.00	5.00
CP Total	11.40	1.50
Total	52.07	16.50

INR bn	12-Dec	11-Dec	NOV
FII	-1.79	3.22	-49
MF	21.78	8.55	344

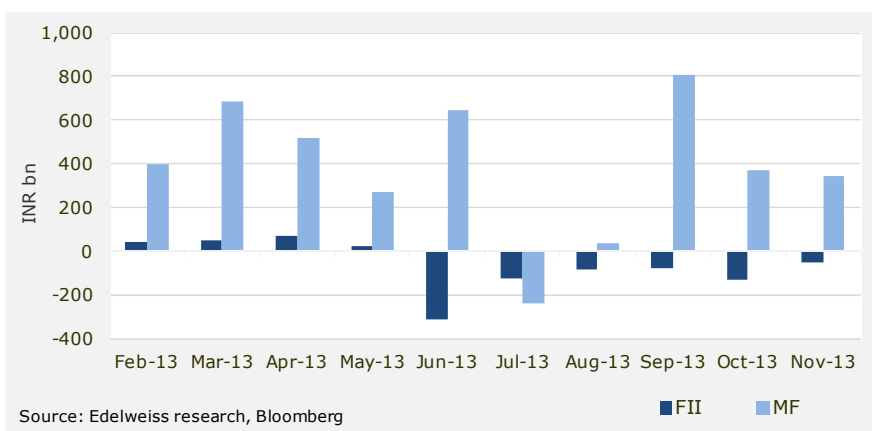
5Y Corporate Bond Spreads



Short-term Debt Activity – CDs & CPs



Net Debt Flows – FII + MF



Event Calendar – India & Global

	Events & Updates	Expected	Actual	Prior
16-Dec	IN - WPI Inflation (YoY) NOV	7.00%	7.52%	7.00%
17-Dec	US - CPI (YoY) NOV	1.30%	-	1.00%
	EU - CPI (YoY) NOV	0.90%	0.90%	0.90%
18-Dec	IN - CRR	4.00%	-	4.00%
	IN - Repo Rate	8.00%	-	7.75%
19-Dec	US - Initial Jobless Claims	332K	-	368K
	US - FOMC Rate Decision	0.25%	-	0.25%



INSIDER TRADES

Company Name	Acquirer/Seller	B/S	Qty Traded
Alok Industries	Alok Knit Exports	Buy	1583254
Cybertech Systems & Software	Mrs. Sukhada Tadimety	Buy	37765
Elgi Rubber Company	Sudarsan Varadaraj	Buy	408699
Eon Electric	VPM Electricals . .	Buy	43379
Genus Power Infrastructures	Rajendra Kumar Agarwal	Buy	61863
Genus Power Infrastructures	Vivekshil Dealers	Buy	211624
Genus Power Infrastructures	Rajendra Kumar Agarwal	Buy	83293
Genus Power Infrastructures	Ishwar Chand Agarwal	Buy	65151
GKW	Rosemery Commercial	Buy	512008 inter se
Gujarat Narmada Valley	Fidelity Northstar Fund Sub	Buy	985402
Ladderup Finance	Harsh Saksena	Buy	84700 off market
Mandhana Industries	Sudha Biharilal Mandhana	Buy	19500
Mandhana Industries	Priyavrat Purushottam Mandhana	Buy	19500
Mandhana Industries	Prema Purushottam Mandhana	Buy	19500
Mandhana Industries	Sangeeta Manish Mandhana	Buy	21000
MVL Industries	MVL Credits Holdings and Leasing .	Buy	41914
Oriental Hotels	D Varada Reddy	Buy	73855
R Systems International	Sartaj Singh Rekhi	Buy	254600 inter se
R Systems International	Mr. Ramneet Singh Rekhi	Buy	254600 inter se transfer
Rollta India	M/s. Rollta (Promoter Group Entity)	Buy	35000
Siti Cable Network	Digital Satellite Holding	Buy	10800000 inter se transfer
Siti Cable Network	Direct Satellite Holdings	Buy	19569898 off market
SRF	KAMA Holdings	Buy	158092
Usha Martin Education & Solutions	Vijay Sharma	Buy	40000
Usha Martin	Vijay Sharma	Buy	40000
Welspun Corp	Krishiraj Trading	Buy	8503483 off market
Ashika Credit Capital	Pawan Jain	Sell	34381
Fedders Lloyd Corporation	Copthall Mauritius Investment	Sell	447053
GKW	The Bond Company	Sell	193841 inter se
GKW	Likhami Leasing	Sell	318167 inter se
IndusInd Bank	Suhail Chander	Sell	30000
ITC	Mr. P. V. Dhobale	Sell	20000
L&T Finance Holdings	Larsen & Toubro	Sell	141492
R Systems International	Guru Tegh Bahadur Irrevocable Trust	Sell	254600 inter se
Siti Cable Network	Bioscope Cinemas	Sell	19569898 off market
Siti Cable Network	Bioscope Cinemas	Sell	19569898 off market
Tata Consultancy Services	Phiroz Vandrevala	Sell	40000
Tech Mahindra	Vineet Nayyar	Sell	547208
Welspun Corp	Welspun Fintrade	Sell	8503483 off market

BULK DEALS

Date	Company Name	Acquirer/Seller	B/S	Qty Traded	Price
17-Dec-13	Auro Laboratories	Jayshree Vinod Shah	Sell	200000	5.8
17-Dec-13	Bonanza Inds	Ashok Jivraj Shah	Sell	12634	152
17-Dec-13	CAPTAIN POLY	Hem Sec	Buy	40000	35
17-Dec-13	Century Plyboards (India)	Patton International	Buy	1275000	26
17-Dec-13	Century Plyboards (India)	Ponni Trexim	Sell	1275000	26
17-Dec-13	Channel Guide India	Puran Chand Choudhary	Sell	600000	3
17-Dec-13	Dhanlaxmi Fabrics	Ajay Multi Projects	Buy	150000	10
17-Dec-13	Dhanlaxmi Fabrics	Crb Trustee A/C Crb Mutual Fund	Sell	225398	10
17-Dec-13	Eveready Industries India	Prudential Icici Mutual Fund	Buy	479799	34
17-Dec-13	Flexituff International	Ashika Global Securities	Buy	141965	226
17-Dec-13	Glenmark Pharmaceuticals	Merrill Lynch Capital Markets Espana Sa Sv	Buy	2149694	519
17-Dec-13	Globus Constructors &	Bhavesh Dhiresbhai Shah Huf	Buy	36996	84
17-Dec-13	ICVL Chem	B G Freight Shoppe India	Buy	1137840	2
17-Dec-13	ICVL Chem	Sunil Popatlal Shah Huf	Sell	584540	2
17-Dec-13	ICVL Chem	Vijay Poonamchand Ajmera Huf	Sell	553300	2
17-Dec-13	Jolly Plastic Industries	Varun Mahendra Jajoo	Sell	33400	289
17-Dec-13	M.P. Polypropylene	Shri Ram Traders	Buy	257000	16
17-Dec-13	MBL Infrastructures	Mbl A Capital	Buy	300000	80
17-Dec-13	MBL Infrastructures	Prabhu International Vyapar	Sell	295000	80
17-Dec-13	Parikh Herbals	Ifl Promoters	Buy	521998	26
17-Dec-13	SE Investments	Macquarie Bank	Sell	346560	389
17-Dec-13	Star Ferro & Cement .	Brij Bhusan Agarwal & Sons	Buy	1700000	20
17-Dec-13	Star Ferro & Cement .	Patton International	Sell	1700000	20
17-Dec-13	Subhkam Capital	Balmiki Agencies	Buy	153000	105
17-Dec-13	Subhkam Capital	Lilygold Merchants	Buy	191200	105
17-Dec-13	Subhkam Capital	Mono Herbicides	Sell	335630	105
17-Dec-13	Sybly Industries	Lilac Farms	Buy	2878600	1
17-Dec-13	Sybly Industries	Priyanka Vijay Shah	Buy	1000000	1
17-Dec-13	Sybly Industries	Vichitra Travels	Buy	2132726	1
17-Dec-13	Sybly Industries	Deutsche Bank Trust Company	Sell	6419350	1
17-Dec-13	VKS Projects	Lilac Farms	Buy	4029632	1
17-Dec-13	Zenu Infotech	Arti Ashish Shah	Buy	100000	78

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TECHNICAL UPDATES

Nifty continues to skid lower as it posts its sixth straight loss after closing at 6139, down 0.25% in a rather jittery session ahead of today's RBI monetary policy review meeting. Despite making a higher high early in trade, the index slipped lower thereafter as participants looked to lighten on positions on fears of higher than expected interest rate hike. Volumes were a slight improvement as compared to the previous session but more-or-less remained at the 10-day average levels. Market breadth marginally ended in favour of declines and volatility remained unchanged at 18.33 levels on India VIX. **Due to the incessant decline in the past few sessions, immediate near-term momentum has turned oversold, as a result is vulnerable to technical rebounds** whereas the daily momentum setup has clearly turned bearish. **Nifty is now trading a shade above its important trend channel support of 6120 from where we expect a recovery back towards the 6200/6210 levels.** Hence price action today is likely to be more pronounced. The 'bearish island gap' at 6209-6230 coincides with the 12 day SMA (6230) and will pose as a stiff resistance in case of any strong rally. Only a close above the resistance level will put the short-term bias in neutral mode.

Another lackluster session saw a mixed trend among sectoral indices with gains coming in from shares of Healthcare (+1.51%), FMCG (+1.04%) and Cap Goods (+0.30%) indexes; whereas losses were seen in Banking (-1.28%), Power (-0.73%) and Realty (-0.66%) indices. Broader market Mid-cap and Small-cap indices relatively outperformed their frontline peer with marginal loss of 0.03% and 0.04% respectively.

Bullish Setups: APTY, HCLT, SSLT, INFO, CIPLA

Bearish Setups: LICHF, HUVR, IDFC, IIB, RIL



Nifty Index

Bloomberg Code	NIFTY Index
Spot Price	6,139
Resistance 1	6,153
Resistance 2	6,190
Support 1	6,120
Support 2	6,100
Nifty 20 SDMA	6,170
Nifty 50 SDMA	6,150
Nifty 200 SDMA	5,888
Adv : Dec [NSE]	608 : 731
Turnover Rs Crs.	
BSE+NSE cash	12,905

Indicator	Outlook	Points*
Candlestick	Positive	1
Stochastic	Positive	1
Moving Avg	Negative	(1)
RSI	Neutral	0
ADX	Neutral	0
MACD	Neutral	0
Aggregate	Positive	1

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EYE CATCHERS

Futures Snapshot

Top OI Rises

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
BANKNIFTY	16	1,846	(1.4)	38
BIOCON	13	2,275	0.8	80
JPOWER	13	17,089	(2.5)	36
RELCAPITAL	12	7,541	(2.9)	14
PETRONET	12	2,454	(2.3)	3
APOLLOTYRE	10	27,952	2.2	204
GSKCONS	9	11	(2.2)	(47)
RELINFRA	9	5,000	(1.7)	6

Top OI Falls

Scrip	% OI Chg	OI	% Price Chg	% Future Vol Chg
COALINDIA	(11)	9,481	(2.9)	55
RECLTD	(9)	2,319	1.3	(23)
SRTRANSFIN	(8)	715	0.6	9
JPASSOCIAT	(6)	48,364	1.1	(9)
ADANIPOINTS	(6)	4,468	0.8	(19)
PFC	(6)	5,800	0.3	(39)
JINDALSTEL	(5)	7,755	0.2	(34)
SSLT	(5)	24,670	1.2	(38)

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