

# Indbankonline

## MARKETS FOR YOU

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Issue - 98

### From the President's Desk

In a bid to protect domestic steel industry, Ministry of Finance, Government of India has imposed anti-dumping duties on the import of industrial-grade Hot-Rolled Stainless Steel (HR SS) ranging from USD 180 to USD 316 per ton which are imported from China, Malaysia and South Korea. This anti-dumping duties will be effective for a period of five years. India consumes about 1 million ton of this type of stainless steel and more than 40 percent of that is imported, mainly from China. Also, the government has hiked the import duty on non-alloy steel products by 2.5%. Non-alloy steel flats now command an import duty of 10% while non-alloy steel longs attract a duty of 7.5%. Domestic stainless steel industry has started showing signs of being a sick industry, as excessive imports have threatened the huge investments and resulted in underutilization of capacities. The alloy steel sector in India has been particularly vulnerable as imports have averaged 25% of the domestic production over the last few years despite having capacity utilization of 50%-60%. This move of Government in imposing the anti-dumping duty will help in protecting domestic producers and encouraging them towards achieving economies of scale and economics of scope.



**Mr. BANABIHARI PANDA**  
President & Whole time Director  
Indbank Merchant Banking Services Ltd

Cheaper imports may help the consumers to spend less and enjoy so called "Foreign Goods" at a cheaper price, however the domestic producers / manufacturers are highly affected which indirectly tends to diminish the domestic competition, non utilization of domestic natural resources, underutilization of human resources, increases the demand for foreign currency and so on, which may in long run affect the health of the economy and the entire system of the country from, the standard of living to the financial soundness of ones to the value of local currency to the health of the economy. Government's Make in India concept is one such campaign to look the potentiality in Indian Industries. India has all the required resources, be it Knowledge Resources, Natural Resources etc, but they have to be put in place with a proper vision, with a proper regulation, transparent system along with required financial support and in addition, protection from the global competition.

William Roger, an Economist says "If the other fellow sells cheaper than you, it is called dumping. Of Course, if you sell cheaper than him, that's mass production." It is very important for a developing country like India to have a proper regulation towards anti-dumping to protect the domestic producers and encouraging to achieve economies of scale, economies of scope and a "Zero Defect Zero Effect" (ZED) model, offering better quality products produced domestically at a very competitive price to the common man of the country. Anti dumping is a very sensitive issue, there are always pros and cons in any regulatory decisions, but it is very important to analyze its effect in a long run for the betterment of country's economy, growth of domestic market, consumer interest and so on. Hope the regulators make the best decision in protecting the domestic industry, the economy and the fellow country man the "aam admi".

*-Happy Investing*

**Banabihari Panda**

President and Whole Time Director  
Indbank Merchant Banking Services Ltd



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# Markets for You

## Important Happenings

- Indian government is likely to sign the Inter- Governmental Agreement (IGA) for Foreign Account Tax Compliance Act (FATCA) in early July 2015. FATCA compliance will necessarily have to cover all new accounts opened by Indian Financial Institutions (FIs) from July 1, 2014 onwards. Further, they would be obliged to share data with the government in respect of all new accounts opened from July 1st till December 31, 2014, to enable the government to share this data with US by September 30, 2015. The Regulators might also publish detailed guidance for implementation of FATCA
- Foreign investors have pulled out over Rs 4,700 crore from the Indian capital markets in first two weeks of the month, primarily on account of attractiveness of its Asian peers, worries over a slow revival in corporate earnings and continued worries over taxation issues. The net outflow by FPIs or foreign portfolio investors from equities stood at Rs 1,310 crore during June 1-12, while the same for the debt markets was at Rs 3,431 crore, taking the total to Rs 4,741 crore.
- Indian flour millers and global trading companies have sewn up deals to import 500,000 tonnes of premium Australian wheat since March 2015, trade sources said, the biggest such purchases in more than a decade despite surplus stocks at home. The traders and millers could import a further 500,000 tonnes from France and Russia, where harvests are around the corner. The deals could push up benchmark prices that have already jumped on recent concerns about crop quality in the United States.
- India may officially surpass China in its growth rate as it is now leading major emerging economies in growth chart, according to latest World Bank figures. "With an expected growth of 7.5 per cent this year, India is, for the first time, leading the World Bank's growth chart of major economies," said Kaushik Basu, World Bank chief economist and senior vice president. China is projected to grow at 7.1 per cent. Developing countries are now projected to grow by 4.4 per cent this year, with a likely rise to 5.2 per cent in 2016, and 5.4 per cent in 2017.
- The Union Cabinet, has approved for the proposal to promulgate the Negotiable Instruments (Amendment) Ordinance, 2015. The intended ordinance will amend the Negotiable Instruments Act, 1881 (The NI Act) that is focused on clarifying the jurisdiction related issues for filing cases for offence committed under section 138 of the NI Act. Earlier on 13 May 2015, the Negotiable Instruments (Amendment) Bill, 2015 was passed in Lok Sabha with a voice vote, but was not introduced in the Rajya Sabha. This ordinance inserts sub-section (2) of section 142 defining the jurisdiction of the court as follows,

- If the cheque is delivered for collection through an account, the branch of the Bank where the payee or holder in due course maintains the account
- If the cheque is presented for payment by the payee or holder in due course otherwise through an account, the Branch of the drawer Bank where the drawer maintains the account.

All the existing/pending cases will be transferred to the court hearing the jurisdiction as above.

## Snap Shots

Inflation (%) (WPI)	-2.36% (May 2015)	-2.65% (Apr 2015)	-2.33% (Mar 2015)	-2.06% (Feb 2015)
Inflation (%) (CPI)	5.01% (May 2015)	4.87% (Apr 2015)	5.17% (Mar 2015)	5.37% (Feb 2014)
Particulars	05th Jun 2015	12th Jun 2015	19th Jun 2015	26th Jun 2015
91-Day Cut-off (%)	7.6851	7.6851	7.6851	7.6851
10-yr G-Sec yield (%)	7.9520	8.0307	7.8783	7.9907
USD/INR(Rs)	63.8955	64.0301	63.8195	63.6042
USD 6m LIBOR	0.42	0.44	0.44	0.4471
10 Y US Treasury	2.41	2.39	2.31	2.47
USD/Euro Spot	0.8866	0.8847	0.8876	0.8926

## Global Indices

Indices	Country	Index as on 29 <sup>th</sup> May 2015	Index as on 26 <sup>th</sup> Jun 2015	Variation (%) (Inc/ Dec)
NASDAQ	United States	5,070.02	5080.51	0.21%
DJIA	United States	18,055.00	17946.68	-0.60%
S&P 500	United States	2,114.25	2101.61	-0.60%
Hang Seng	Hong Kong	27,424.19	26663.87	-2.77%
Nikkei 225	Japan	20,563.15	20706.15	0.70%
Shanghai Composite	China	4,613.19	4192.87	-9.11%
Straits Times	Singapore	3,392.11	3320.90	-2.10%
FTSE 100	United Kingdom	6,984.43	6731.10	-3.63%
CAC 40	France	5,007.89	5059.17	1.02%
DAX	Germany	11,413.82	11492.43	0.69%
SENSEX	India	27,828.44	27811.84	-0.06%
NIFTY	India	8,433.65	8381.10	-0.62%

## Institutional Investments

Category	Debt / Equity	Gross Purchases (Rs Crores)	Gross Sales (Rs Crores)	Net Investment (Rs Crores)
FII Investments (in June up to 26.06.2015)	Equity	82177.79	87162.59	-4984.40
	Debt	29837.76	27986.47	1851.29
Mutual Fund (in June up to 26.06.2015)	Equity	22523.30	14121.40	8401.90
	Debt	131983.00	79461.80	52521.20
FII Derivative Trades (in Jun upto 26.06.15) (Rs Crores)	INDEX FUTURES	INDEX OPTIONS	STOCK FUTURES	STOCK OPTIONS
-Buy	53175.52	302010.28	100719.79	28010
-Sell	50729.77	283759.19	95087.32	28484

## Editorial Team

**Banabihari Panda**  
President and Whole-time Director

**Sujay K S**  
Head-Merchant Banking

## IPO NEWS

- Coffee Day Enterprises, which owns the Cafe Coffee Day (CCD) chain of restaurants, filed a Draft Red Herring Prospectus (DRHP) in June 2015 for an Initial Public Offering (IPO) of shares worth Rs 1,150 crore. In March 2015, Coffee Day did a pre-IPO funding, valuing it at Rs 6,200 crore, where five investors — Nandan Nilekani, Rare Enterprises owned by ace investor Rakesh Jhunjhunwala and Ramesh Damani, among others — invested Rs 100 crore in the company. KKR, the private equity major, has also invested in Coffee Day. The latter plans to use Rs 633 crore for debt repayment and the rest of the money for growth. Coffee Day has consolidated debt of Rs 2,860 crore on account of losses incurred in the three financial years to March 2014.
- RBL Bank, formerly known as Ratnakar Bank, has filed draft papers with capital markets regulator SEBI to raise at least Rs 1,100 crore through an Initial Public Offer (IPO). The issue comprises of fresh issue of equity shares worth Rs 1,100 crore and offer for sale up to 17,568,408 scrips by existing shareholders including Beacon India Private Equity Fund and GPE (India) Ltd, RBL Bank said in Draft Red Herring Prospectus (DRHP) filed with SEBI. The proceeds of the IPO would be used to shore-up the equity capital base, to meet future capital requirements and to ensure compliance with Basel III and other Reserve Bank's guidelines.
- India's biggest airline IndiGo is set to file a prospectus in July 2015 for a domestic stock market listing, which is expected to raise as much as \$400 million. IndiGo, owned by hospitality and travel company InterGlobe Enterprises, is aiming to win approval from India's market regulator in August, before hitting the market later in the year
- The Securities & Exchange Board of India announced relaxed listing norms aimed at encouraging the booming startup industry to tap the local market, thus opening up investor access to the dramatic growth opportunities offered by such firms. Startups will be able to list on the alternative Institutional Trading Platform. The regulator has done away with the promoter concept, reduced the lock-in period for promoters' holding from three years to six months and diluted fund-usage disclosures under the liberalized norms.

## Forth Coming Corporate Actions

Company	Symbol	Purpose	Div %age	Ex-Date
The South Indian Bank Limited	SOUTHBANK	Final Dividend	60	07/07/2015
Sundaram Finance Limited	SUNDARFIN	Final Dividend	60	07/07/2015
Karnataka Bank	KTKBANK	Final Dividend	50	08/07/2015
Axis Bank Limited	AXISBANK	Final Dividend	230	09/07/2015
Karur Vysya Bank Limited	KARURVYSYA	Final Dividend	130	10/07/2015
Voltas Limited	VOLTAS	Final Dividend	225	10/07/2015
Dr. Reddy's Laboratories Limited	DRREDDY	Final Dividend	400	10/07/2015
Bank of India	BANKINDIA	Final Dividend	50	10/07/2015
Tata Power Company Limited	TATAPOWER	Final Dividend	130	20/07/2015
Bharat Forge Limited	BHARATFORG	Final Dividend	225	20/07/2015
Tata Steel Limited	TATASTEEL	Final Dividend	80	23/07/2015
Tech Mahindra Limited	TECHM	Final Dividend	120	23/07/2015

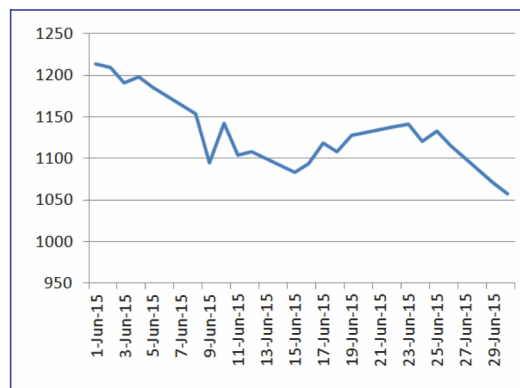
## NEW FUND OFFERS

Fund Name	Open Date	Close Date	Min Inv Amount	Category	Type
DWS Hybrid Fixed Term Fund - Series 40 (1100 days)	23/06/2015	07/07/2015	5000	Debt: Income	Close Ended
ICICI Prudential Fixed Maturity Plan - Series 77 - 1106 Days Plan K	26/06/2015	06/07/2015	5000	Debt: Income	Close Ended
LIC Nomura Mf Dual Advantage Fixed Term Plan-Series-1	22/06/2015	06/07/2015	5000	Debt: Income	Close Ended
Reliance Interval Fund -IV - Series 2 (1110 days)	23/06/2015	07/07/2015	5000	Diversified	Close Ended
ICICI Pru India Recovery Fund - Series 1	9/3/2015	23-09-15	5000	Equity	Close - Ended

## Bharat Forge Limited

Bharat Forge Limited (BFL) is a Pune-based Indian multinational corporation. Its work comprises of manufacturing a range of safety components for the automotive and non-automotive sectors. It caters to a number of sectors such as construction and mining, oil and gas, automotive, power, locomotive, and marine and aerospace. Its manufacturing facilities span across India, Germany and Sweden. It produces and sells steel forging products consisting of steel forgings, finished machined crankshafts, front axle assembly and components, and ring rolling. It serves engineering, procurement and commissioning business for power and infrastructure related projects. The company is also engaged in the general engineering and windmill operations. It has six subsidiaries viz; BF-NTPC Energy Systems Limited, BF Infrastructure Limited, Kalyani Strategic Systems Limited, Analogic Controls India Limited, Bharat Forge Scottish Stampings Ltd. and Bharat Forge Holding GmbH.

BFL registered a decent revenue growth over FY13-15, which grew at a CAGR of ~21.5%. In FY15 alone, the net-revenue of the company increased by 13.5% and stood at ₹76,247.5 mn. The EBITDA of the company registered an increment of ~40% driven by higher revenue and lower costs. The EBITDA margin of the company stood at 18.9% as compared to 15% in the previous year. The PAT of the company increased by ~53% as a result of lower interest burden and lower depreciation expenses.



**NSE Code: BHARATFORG**

**BSE Code: 500493**

CMP\* : 1063.25 as on 30/06/2015

Mkt Cap\* : 13181.80 Cr. as on 30/06/2015

Face Value : Rs.2.00

52W High : Rs. 1363.00 (06/04/2015)

52W Low : Rs. 609.05 (10/07/2015)

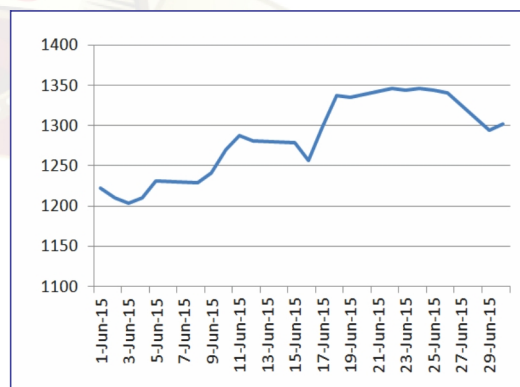
As on 31.03.2015

- EPS: 32.70
- PE (x): 35.30
- Book Value Per Share: Rs. 147.90

## Torrent Pharmaceuticals Ltd.

Established in 1959, Torrent Pharmaceuticals Ltd (Torrent Pharama), with an annual turnover of over ₹4,700 crore is the flagship company of the Torrent Group. Torrent Pharma ranked 15th (by turnover) in the domestic formulations market with six of its brands among the top 300 brands in India. The company is a leading player in the key chronic segments such as cardiovascular (CVS) and central nervous systems (CNS) in India. The company's international presence spanning over 40 countries with over 1,200 product registrations. The company has three manufacturing facilities at Indrad (Gujarat), Baddi (Himachal Pradesh) and Sikkim. The company's new facility is taking shape at Dahej SEZ in Western India, which will cater to the international markets.

Torrent Pharma reported muted performance in Q4FY15, with revenue declining by 6% YoY to ₹1,154 crore as compared to ₹1,225 crore, in the corresponding quarter a year-ago as 37% YoY growth in revenue from India was offset by 23% YoY decline in revenue from export market. In FY15, the company's net sales rose by 11% YoY to ₹4,653 crore from ₹4,184 crore in previous year, on account of 28.7% YoY revenue growth from domestic business. The company's domestic business grew strongly during the year mainly on account of 37.8% YoY revenue growth from branded formulation segment.



**NSE Code: TORNTPHARM**

**BSE Code: 500420**

CMP\* : 1301.45 as on 30/06/2015

Mkt Cap\* : 6332.59 as on 30/06/2015

Face Value : Rs.5.00

52W High : Rs. 1370.00 (25/06/2015)

52W Low : Rs. 659.90 (14/07/2014)

As on 31.03.2015

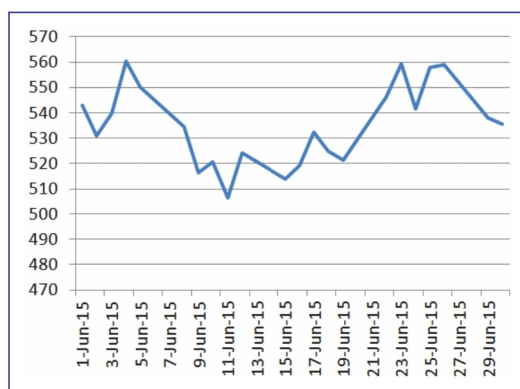
- EPS: 44
- PE (x): 29
- Book Value Per Share: Rs. 147



## UPL Ltd

Established in 1969, UPL Ltd (UPL) is a crop protection, chemicals and seeds company. The company offers a wide range of products while operating through its two segments, namely, agro activities and non-agro activities. UPL's product portfolio includes insecticides, fungicides, herbicides, fumigants, plant growth and regulators and rodenticides. Globally, UPL has presence in North America, Europe, Latin America and Rest of the World (RoW), apart from India.

Driven by 13% YoY growth in revenue from agro segment at ₹11,659.5 crore, UPL witnessed a healthy ~12% YoY growth in its overall revenue in FY15 at ₹12,090.5 crore. Further, revenue from the non-agro segment during the year grew by ~7% YoY to ₹220.8 crore. In line with the revenue growth, the EBITDA of the company rose 17% YoY in FY15 to ₹2,362.62 crore. As a result, the EBITDA margin improved to 19.5% as compared to 19% in FY14. Finally, the net profit of the company increased by 20% YoY in FY15 supported by significant growth in EBITDA, partially offset by 4% increase in depreciation charges coupled with 6% and 10% rise in interest and taxation charges during the year.



**NSE Code: UPL**  
**BSE Code: 512070**

CMP\* : 535.60 as on 30/06/2015  
Mkt Cap\* : 16114.91 as on 30/06/2015

Face Value : Rs.2.00  
52W High : Rs. 574.80 (26/06/2015)  
52W Low : Rs. 297.15 (11/08/2014)

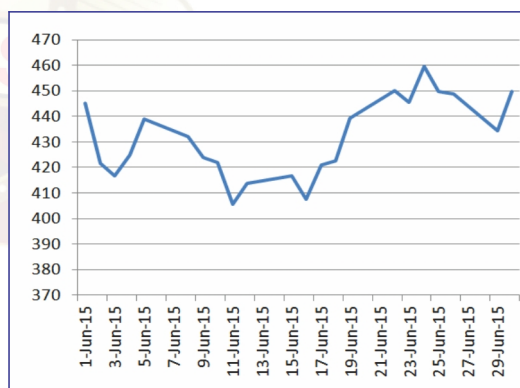
As on 31.03.2015

- EPS: 26.70
- PE(x): 20.80
- Book Value Per Share: Rs. 136.70

## Marico Ltd.,

Marico Ltd is one of the leading Indian Group in consumer products space. The company markets products in hair care, health foods and male grooming segments. Marico's Indian business portfolio includes brands like parachute advanced, hair & care, nihar, mediker, saffola, revive, manjal, setwet, zatak and livon, while the global portfolio offers localized brands like parachute, hair code, fiancee, caivil, hercules, blackchic, code 10, ingwe, x-men, l'ovite and thuan phat. The company derives ~78% revenue from domestic market, while, the rest ~22% revenue comes from global operations. The company has presence in Egypt, South Africa, Middle East, Malaysia, Vietnam and Bangladesh, apart from India.

Marico witnessed a healthy performance for the year ended March 2015, with the consolidated revenue growing by 22.3% YoY growth for FY15 to ₹5,733.0 crore driven by healthy growth on both domestic as well as international front. Marico registered a growth of 26.0% and 10.0% in revenue from Indian and global business in FY15. In line with rise in nets sales growth, EBITDA margin for the year improved to 16.6% compared to 15.9% in FY14. Finally, the net profit during the year surged by 18.1% YoY to ₹573.5 crore.



**NSE Code: MARICO**  
**BSE Code: 531642**

CMP\* : 449.65 as on 30/06/2015  
Mkt Cap\* : 11,262.12 as on 30/06/2015

Face Value : Rs.1.00  
52W High : Rs. 467.00 (24/06/2015)  
52W Low : Rs. 233.60 (17/07/2014)

As on 31.03.2015

- EPS: 8.90
- PE(x): 48.90
- Book Value Per Share: Rs. 28.30

\* CMP and Mkt cap as on 30.06.2015 on NSE

# Mutual Fund Corner

## Scheme for the Month:

SBI Pharma Fund

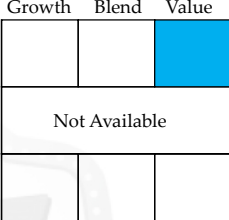
LEVEL OF RISK: BROWN (High)

## FUND MANAGER: Tanmaya Desai

The scheme seeks maximum growth opportunities through investments in Pharma stocks.

Current Statistics & Profile	
Latest NAV	Rs. 136.77 as on 29/06/2015
Fund Category	Equity: Pharma
Type	Open Ended
Launch Date	14/07/1999
Net Assets (Cr)	Rs.558 crores as on 31/05/2015
Benchmark	S & P BSE Healthcare

Investment Details	
Minimum Investment Amount (Rs)	5000
Additional Investment (Rs)	1000
SIP(Rs)	500
Minimum Balance	2000
Minimum SWP	1000
Options	Growth & Dividend
Expense Ratio (%)	2.68% (as on May 31, 2015)
Exit Load (%)	0

Fund Style	Concentration & Valuation	
<b>Investment Style</b> Growth Blend Value 	No. of Stocks	14
	Top 10 Stocks (%)	86.64
	Top 5 Stocks (%)	59.57
	Top 3 Sectors (%)	94.55
	Portfolio P/B Ratio	8.66
	Portfolio P/E Ratio	28.52

## PORTFOLIO – Top 10 Holdings as on 31/05/2015

Sl. No.	Name of Holding	Instrument	% Net Assets
1)	Sun Pharmaceutical Inds.	Healthcare	27.69
2)	Aurobindo Pharma	Healthcare	9.86
3)	Lupin	Healthcare	8.21
4)	Strides Arcolab	Healthcare	7.46
5)	Natco Pharma	Healthcare	6.35
6)	Cadila Healthcare	Healthcare	6.07
7)	Divi's Laboratories	Healthcare	5.87
8)	Torrent Pharmaceuticals	Healthcare	5.44
9)	Glenmark Pharma	Healthcare	5.19
10)	Sequent Scientific	Healthcare	4.50

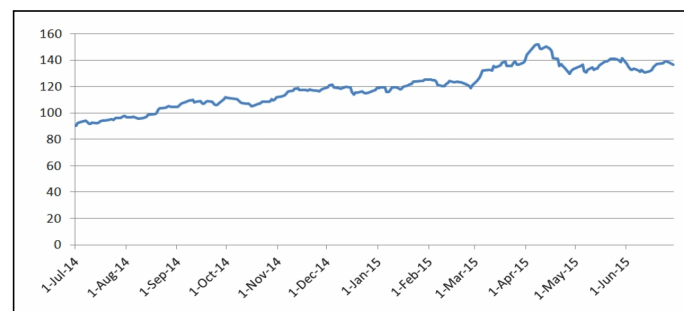
## Trailing Returns

As on 29 <sup>th</sup> Jun 2015	Fund Return	S&P BSE Healthcare	Category Return
Year to Date	15.26	10.41	10.06
3-Month	0.24	-4.31	-2.27
1-Year	53.91	44.07	44.49
3-Year	39.73	33.07	33.70
5-Year	26.68	23.11	22.10
10-Year	19.77	19.28	21.34
Return Since Launch 19.72%			

Note: Return up to 1 year are absolute and over 1 year are annualized.

Asset Allocation	
As on 31/05/2015	% Net Assets
Equity	94.55
Debt	2.47
Cash & Cash Equivalent	2.98

## NAV movement of the Fund from 01/07/2014 to 29/06/2015



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# Beginner's Corner

## Systematic Transfer Plan

In the last issue, we discussed in detail on Systematic Transfer Plan (STP) and its advantages. We shall now analyze in detail how STP works and how to reap benefits out of it. STP is essentially transferring investment from one asset or asset type into another asset or asset type. The transfer happens gradually over a period.

Suppose you have invested 5 lakhs in debt funds because you thought market is trading at close to peak. The PE ratio of the market is 25 and hence you think that fall is imminent. Hence you invested your money in debt fund. Now assume that your prophecy was right and the market indeed fell to a level where you can make entry to equities. However, there are overall weak sentiments which may push market further down. What is the best strategy in this case?

You can take out 5 lakhs out of debt fund and invest in equity oriented mutual fund. The risk is that if the market goes further down, your fund value will also fall. This is a risky strategy. Moreover, if the weak sentiments prolong for some time, you will lose on the opportunity cost because your money is stuck with an investment which has gone down in value.

There is other way which can really minimize the risk. The way is called STP. In this case, you can withdraw a fixed amount from your debt fund investment and invest in equity oriented fund. This can go on for several months depending upon your choice. For example, if you want to continue STP for 3 years, you can direct your fund to do this and the fund will withdraw money automatically from your debt fund and put into equity oriented fund every month. What this strategy achieves is that it essentially acts as a defence against any adverse movement of the market.

Month	Investment in Debt Fund	Debt Fund Value	Investment in Equity Fund	Equity Fund Value	Final Value	Overall Gain
1	490000	494900	10000	9900	504800	0.96
2	484900	489749	19900	19701	509450	0.92
3	479749	484546	29701	29404	513950	0.88
4	474546	479292	39404	39010	518302	0.85
5	469292	473985	49010	48520	522505	0.81
6	463985	468625	58520	57935	526559	0.78
7	458625	463211	67935	67255	530466	0.74
8	453211	457743	77255	76483	534226	0.71
9	447743	452221	86483	85618	537838	0.68
10	442221	446643	95618	94662	541304	0.64
11	436643	441009	104662	103615	544624	0.61
12	431009	435319	113615	112479	547798	0.58

You can see that even when the market is losing value at the rate of 1% per month, the STP plan has worked as a defence against the fall. Even after 12 successive falls, the return after 12 months is 9.56% which is quite good. Had this been done in a lump sum amount of 5 lakhs, here is the payoff. The investor has actually lost 11.36% over the same period. This is the advantage of STP.

Month	Investment in equity	Equity fund value
1	500000	495000
2	495000	490050
3	490050	485150
4	485150	480298
5	480298	475495
6	475495	470740
7	470740	466033
8	466033	461372
9	461372	456759
10	456759	452191
11	452191	447669
12	447669	443192

The fundamental idea remains the same. The only difference in capital appreciation under STP is that only the profit part of the investment is transferred in the other asset. For example, the investor has invested 5 lakhs in debt fund. In a month, suppose the return is 1%. This means that his investment has grown by Rs 5000. Investor will take out this money and invest in equity fund. This strategy is good for conservative investors who want to protect their principal and take risk with the returns

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