



**HDFC securities**

Equity  
Research

Pick<sub>of the</sub>  
week

| Industry | CMP     | Recommendation             | Add on dips to | Target       | Time Horizon |
|----------|---------|----------------------------|----------------|--------------|--------------|
| Bank     | Rs. 111 | Buy at CMP and add on Dips | Rs.111-99      | Rs. 129- 140 | 4 Quarters   |

The Federal Bank incorporated as Travancore Federal Bank Limited to cater to the banking needs of Travancore Province. Today, Federal Bank has spread its wings across India with around 1252 branches, 1678 ATMs and 11,593 Employees. The Bank operates in 4 segments: Agriculture, wholesale banking, retail banking and other banking operations. At the end of FY17, the bank had balance sheet of Rs 1,150bn, with advances of Rs 733bn.

Earlier in December 2016, we had recommended Federal Bank as Buy at Rs. 55-60 band for the target price of Rs 75.

([http://old.hdfcsec.com/Research/ResearchDetails.aspx?report\\_id=3020583](http://old.hdfcsec.com/Research/ResearchDetails.aspx?report_id=3020583) )

Currently stock is trading at 1.7x of FY19E P/B, which we think is quite cheaper than other peers. We recommend Federal Bank as BUY at CMP of Rs 111 and on decline of Rs 99 for the sequential targets of Rs 129 and 140.

### Investment Rationale:

**Strong Growth trajectory:** Over years last 5 years, Net Interest Income (NII) grew at healthy pace of 12% CAGR whereas loan portfolio registered 14% CAGR growth. Net Interest Margin (NIM) in FY17 was at 3.31%, improvement of 54bps. Going ahead we expect strong 21% CAGR growth in both NII and Loan Book over FY17-19E, while Net profit is expected to grow at 27% CAGR over the same period of time.

**Well capitalized:** In June 2017, the bank has raised Rs 2,500 Cr via (QIP) -Qualified Institutional Placement at Rs 116/Share. Bank will use this capital to support growth plans and to enhance the business. Post QIP issue, it is well capitalized with capital adequacy ratio of 15.3% that includes 14.7% of tier I capital.

**Healthy CASA Growth:** In Q1FY18, FB registered healthy CASA growth of 20% YoY, driving CASA ratio up 80bps QoQ to 33.4% vs. 32.6% in Q4 FY17. Going ahead, the bank aims to grow its CASA ratio to 35% by FY18, with non-resident deposits being major growth driver. The proportion of retail deposits stood at 96.7%, one of the best within the banking system.

|                        |          |
|------------------------|----------|
| HDFC Scrip Code        | FEDBAN   |
| BSE Code               | 500469   |
| NSE Code               | FEDERAL  |
| Bloomberg              | FBIN     |
| CMP as on 08 Sep'17    | 111      |
| Equity Capital (Rs mn) | 3891.6   |
| Face Value (Rs)        | 2        |
| Equity O/S (mn)        | 1945.8   |
| Market Cap (Rs mn)     | 216371   |
| Book Value (Rs)        | 46.4     |
| Avg. 52 Week Vol       | 10893228 |
| 52 Week High           | 122      |
| 52 Week Low            | 62       |

| Shareholding Pattern (%) |       |
|--------------------------|-------|
| Institutions             | 71.55 |
| Non Institutions         | 26.75 |
| Other                    | 1.70  |

|                  |        |
|------------------|--------|
| PCG Risk Rating* | Yellow |
|------------------|--------|

\* Refer Rating explanation

#### FUNDAMENTAL ANALYST

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**KEY HIGHLIGHTS**

- ***FB is one of the better placed regional banks (superior Tier-I, healthy PCR and wide network) to gain market-share from floundering PSBs.***
- ***Bank has adopted Branch-light and distribution-heavy model.***
- ***It aims for a feet-on-street model by having more RMs leveraging the current branch network.***
- ***Bank is well capitalized with capital adequacy ratio of 15.3% that includes 14.7% of tier I capital.***
- ***No significant impact of 12 IBC Accounts left and no exposure to next list announced.***
- ***Currently stock is trading at 1.7x of FY19E P/ABV, which we think is quite cheaper than other peers.***

**Branch-light and Distribution-heavy model**

FB has adopted Branch light business model. Therefor they have guided that incremental investments would be in brand building, digital initiatives and recruitment of employees with specialized skill-sets. Bank has also changed the compensation structure for employees in scale 3 and above, and moved to performance-based bonus/CTC model from an IBA-based pay structure. Incremental branch expansion would remain subdued in coming quarters. We believe all these measures would lead to steady improvement in the C/I (Cost to Income ratio) going ahead.

**More Customer Focused**

Introduction of the Relationship Manager Model for Corporate and institutional Banking was a major step in Bank's journey towards making itself more customer focused. High end clients will now have RM who will serve as account managers ensuring timely disposal of client requests and faster credit delivery. The model is stabilized now and has started reaping results.

**Innovation in digital banking**

Inspired by their guiding principle of 'Digital at the Fore and Human at the Core', FB has done many Digital initiatives. Noteworthy were the Lotza UPI App, which is one amongst the country's 1<sup>st</sup>UPI offering for both customers and non-customers, BYOM (Be Your Own Master)-Customer can avail a personal loan anytime & anywhere and FedBookSelfieLite-the latest version of the Bank's instant account opening mobile app pioneering digital platform for online lending. Nearly 35% of the new originations in 1QFY18 came from digital channels and FB is getting ~150-200 new customer leads daily.

**Focus on Brand Building**

Currently, the bank is running a brand/product campaign in almost all media to improve the brand image of Federal Bank. The current campaign 'Why settle for less?' is going to position Federal Bank as a strong & new-age bank amongst a younger audience. It will also build significant brand awareness of Federal Bank across India.

**Asset Quality**

After a heart-warming and broad based recovery over FY17, FB's 1QFY18 saw a minor blip in slippage (a one-off, in our view). In Q1FY18, GNPA stood at 2.42% (+9bps qoq) while slippages were higher at Rs 4.25bn (2.27% ann.) on account of a restructured account worth Rs 1.05bn turning into NPA and farm loan waiver. NNPA for this quarter stood at 1.39% compared to 1.28% of previous quarter and 1.68% of Q1FY17.

Out of 12 IBC (Insolvency and Bankruptcy Code) accounts bank has exposure to 4 accounts of which 3 accounts have already been sold to ARC, 2 have been written off, one account of Rs. 230mn is remaining and the impact would be insignificant. The bank has no exposure to next list announced.

**Highlights for the Quarter:**

- In Q1FY18, NII grew 15.6% YoY at Rs. 8007 mn and Net profit came in at Rs. 2102 mn posting growth of 26%YoY. NIM stood at 3.13%.
- PPOP growth was healthy at 31%, led by moderate opex expansion (13%), treasury gains (2x QoQ) and core fee traction (26%).
- Total Advances grew 29.08% to Rs 76,307 Cr as on June 2017. Strong loan growth was broad-based, led by Retail (28% YoY) and Corp (42%).
- Asset quality deteriorated, with one big restructured account of Rs1.05b (62% of corporate slippages) slipping into NPA and Farm loan Waiver. GNPA/NNPA increased to 2.42%/1.39% (+9bp/+11bp QoQ).
- The Provision Coverage Ratio after the Q1FY18 stood at 70.26%.

**Risk & Concerns:**

- Regional Concentration
- Higher than anticipated slippages or any regulatory changes can affect the financials.

**View & Valuation:**

Earlier in December 2016, we had recommended Federal Bank as Buy at Rs. 55-60 band for the target price of Rs 75.

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FB is one of the better placed regional banks (superior Tier I, healthy PCR and wide network) to gain market-share from floundering PSBs. With visible operating leverage and stable asset quality, we expect RoAA to jump to 90bps over FY17-19E. Our conservative assumptions on loan growth (21%), NIM (3.3%) and slippage (1.5%) provide clear upside risks.

Currently stock is trading at 1.7x of FY19E P/ABV, which we think is quite cheaper than other peers. We recommend Federal Bank as BUY at CMP of Rs 111 and on declines of Rs 99 for the target of Rs 129 and 140.

**Peer Comparison:**

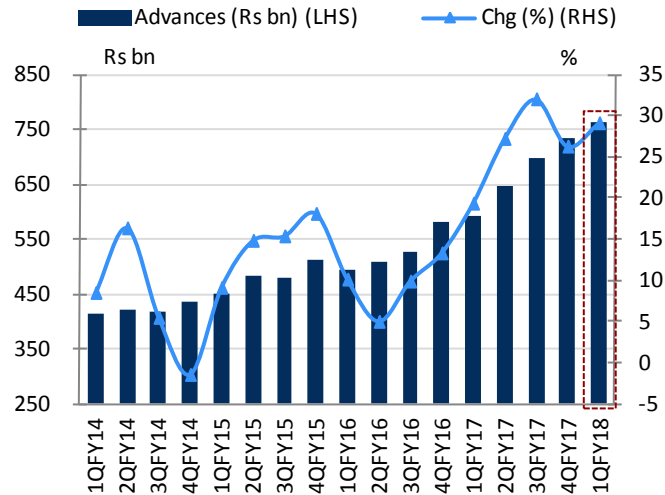
| BANK | Mcap<br>(Rs bn) | CMP<br>(Rs) | ABV (Rs) |       |       | EPS  |       |       | P/ABV (x) |       |       | P/E (x) |       |       |
|------|-----------------|-------------|----------|-------|-------|------|-------|-------|-----------|-------|-------|---------|-------|-------|
|      |                 |             | FY17     | FY18E | FY19E | FY17 | FY18E | FY19E | FY17      | FY18E | FY19E | FY17    | FY18E | FY19E |
| FB   | 216             | 111         | 46       | 59    | 65    | 4.8  | 5.4   | 6.9   | 2.4       | 1.9   | 1.7   | 23.1    | 20.6  | 16.1  |
| CUB  | 105             | 160         | 53       | 62    | 72    | 8.4  | 8.9   | 10.3  | 3.0       | 2.6   | 2.2   | 19.0    | 18.0  | 15.5  |
| DCB  | 57              | 188         | 64       | 79    | 89    | 7.0  | 8.5   | 10.7  | 2.9       | 2.4   | 2.1   | 26.9    | 22.1  | 17.6  |

Source: Company, HDFC sec Research

**Five Quarters At A Glance:**

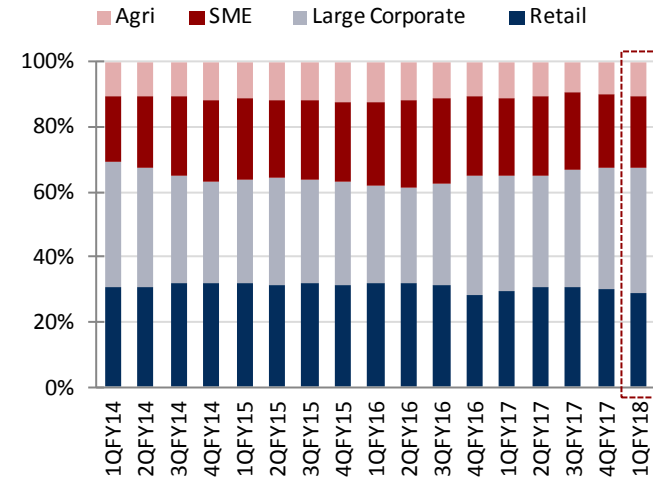
| Rs mn                             | 1QFY17 | 2QFY17 | 3QFY17 | 4QFY17 | 1QFY18 | YoY Growth | QoQ Growth |
|-----------------------------------|--------|--------|--------|--------|--------|------------|------------|
| Net Interest Income               | 6,927  | 7,262  | 7,914  | 8,424  | 8,007  | 15.6%      | -5.0%      |
| Non-interest Income               | 2,370  | 2,616  | 2,633  | 2,821  | 3,291  | 38.8%      | 16.7%      |
| <i>Treasury Income</i>            | 830    | 860    | 860    | 540    | 1,120  | 34.9%      | 107.4%     |
| Operating Income                  | 9,297  | 9,878  | 10,547 | 11,245 | 11,298 | 21.5%      | 0.5%       |
| Operating Expenses                | 5,039  | 5,128  | 5,798  | 5,753  | 5,719  | 13.5%      | -0.6%      |
| Pre-provision Profits             | 4,259  | 4,750  | 4,749  | 5,492  | 5,579  | 31.0%      | 1.6%       |
| Provisions & Contingencies        | 1,685  | 1,684  | 1,588  | 1,227  | 2,364  | 40.3%      | 92.7%      |
| PBT                               | 2,574  | 3,066  | 3,161  | 4,265  | 3,214  | 24.9%      | -24.6%     |
| Provision For Tax                 | 901    | 1,053  | 1,104  | 1,699  | 1,113  | 23.5%      | -34.5%     |
| PAT                               | 1,673  | 2,013  | 2,057  | 2,566  | 2,102  | 25.6%      | -18.1%     |
|                                   |        |        |        |        |        |            |            |
| <b>Balance Sheet items/ratios</b> |        |        |        |        |        |            |            |
| Deposits (Rs bn)                  | 811    | 863    | 922    | 977    | 958    | 18.1%      | -1.9%      |
| <i>CASA Deposits (Rs bn)</i>      | 266    | 268    | 320    | 318    | 320    | 20.3%      | 0.7%       |
| Advances (Rs bn)                  | 591    | 647    | 696    | 733    | 763    | 29.1%      | 4.1%       |
| CD ratio (%)                      | 72.9   | 75.0   | 75.5   | 75.1   | 79.6   | 675 bps    | 453 bps    |
| CAR (%)                           | 13.6   | 12.9   | 12.3   | 12.4   | 15.3   | 169 bps    | 289 bps    |
| Tier I (%)                        | 13.0   | 12.2   | 11.6   | 11.8   | 14.7   | 173 bps    | 291 bps    |
| <b>Profitability</b>              |        |        |        |        |        |            |            |
| Yield On Advances (%)             | 10.64  | 10.64  | 10.50  | 10.29  | 9.70   | -94 bps    | -59 bps    |
| Cost Of Deposits (%)              | 6.45   | 6.40   | 6.26   | 6.12   | 6.18   | -27 bps    | 6 bps      |
| NIM (%)                           | 3.28   | 3.31   | 3.32   | 3.42   | 3.13   | -15 bps    | -29 bps    |
| Cost-Income Ratio (%)             | 54.2   | 51.9   | 55.0   | 51.2   | 50.6   | -357 bps   | -54 bps    |
| Tax Rate (%)                      | 35.0   | 34.3   | 34.9   | 39.8   | 34.6   | -38 bps    | -522 bps   |
| <b>Asset Quality</b>              |        |        |        |        |        |            |            |
| Gross NPA (Rs bn)                 | 17.5   | 18.2   | 19.5   | 17.3   | 18.7   | 6.9%       | 8.2%       |
| Net NPA (Rs bn)                   | 9.9    | 10.4   | 11.0   | 9.4    | 10.6   | 6.7%       | 12.8%      |
| Gross NPAs (%)                    | 2.92   | 2.78   | 2.77   | 2.33   | 2.42   | -50 bps    | 9 bps      |
| Net NPAs (%)                      | 1.68   | 1.61   | 1.58   | 1.28   | 1.39   | -29 bps    | 11 bps     |
| Delinquency Ratio (%)             | 1.93   | 1.72   | 1.63   | 1.37   | 2.27   | 34 bps     | 91 bps     |
| Coverage Ratio (%)                | 43.1   | 42.9   | 43.5   | 45.5   | 43.2   | 10 bps     | -232 bps   |
| Coverage ratio (%) Reported       | 72.1   | 71.7   | 71.0   | 71.8   | 70.3   | -183 bps   | -149 bps   |

## Healthy Loan Of ~29/4% YoY/QoQ



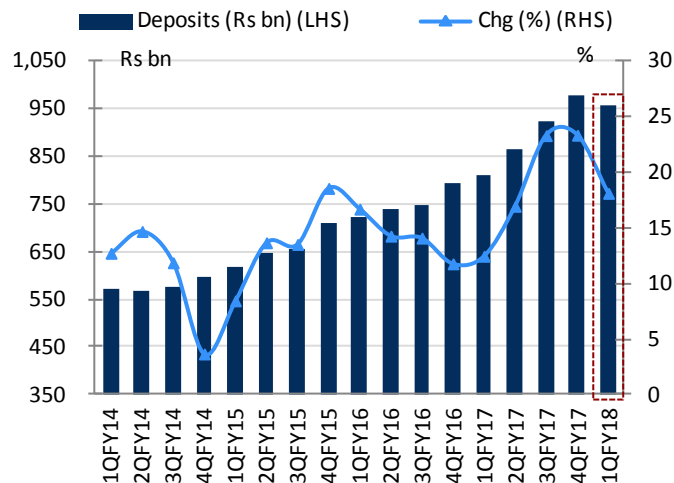
Source: Company, HDFC sec Research

## Share Of Large Corp Further Inches Up To 38.5%



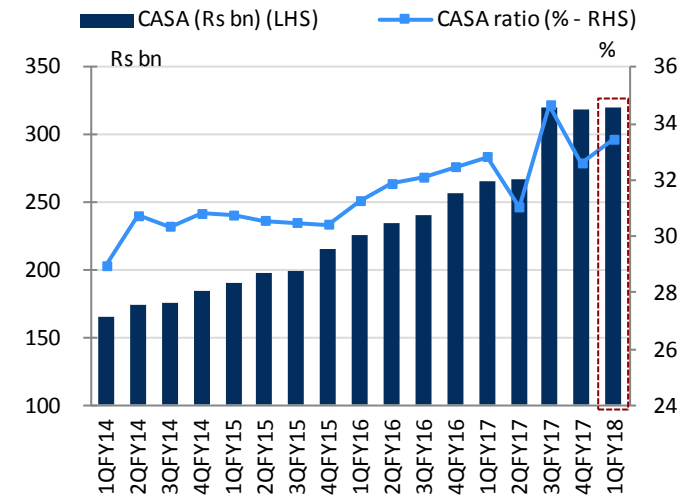
Source: Company, HDFC sec Research

## Deposit Growth Moderated To 18% YoY



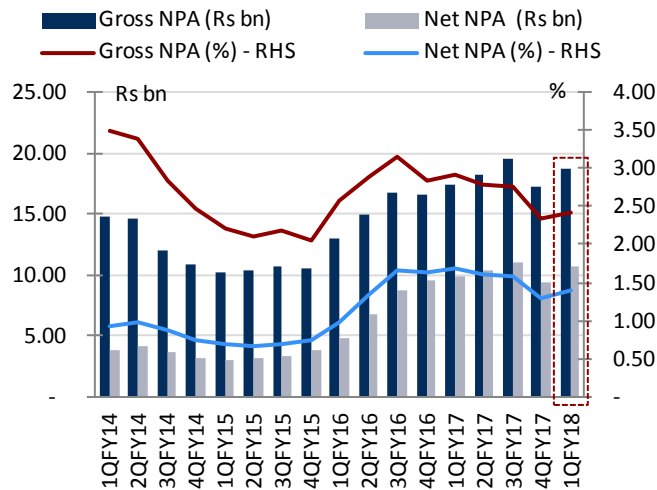
Source: Company, HDFC sec Research

## CASA Deposits Were Flat Sequentially



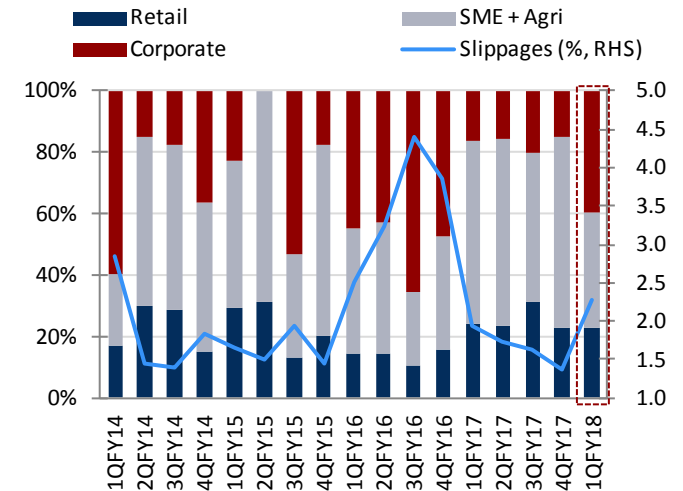
Source: Company, HDFC sec Research

## GNPAs Inched Up With Higher Slippages



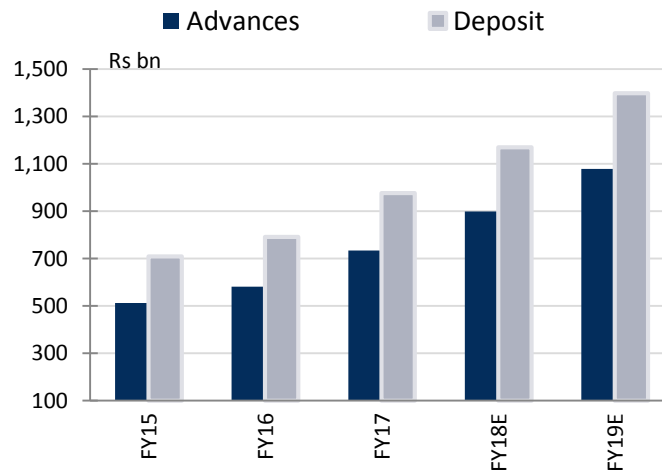
Source: Company, HDFC sec Research

## Major Slippages Contributed By Corp Segment



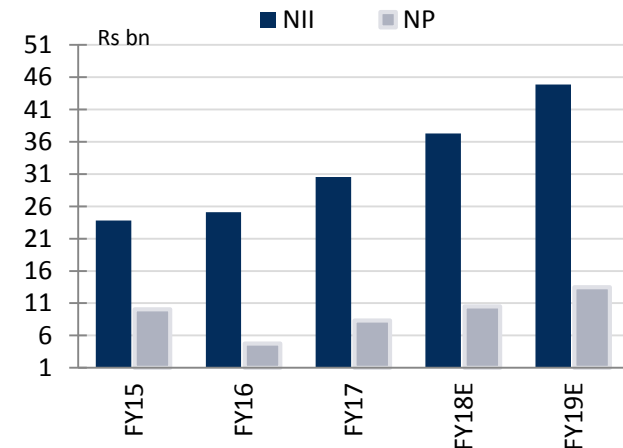
Source: Company, HDFC sec Research

## Advances to grow at 21% CAGR over FY17-19E



Source: Company, HDFC sec Research

## NII & NP to grow at 21% & 27% CAGR over FY17-19E



Source: Company, HDFC sec Research



**Income Statement**

| (Rs mn)                          | FY15          | FY16          | FY17          | FY18E         | FY19E         |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Interest Earned                  | 74,195        | 77,482        | 86,774        | 104,509       | 123,641       |
| Interest Expended                | 50,391        | 52,404        | 56,247        | 67,211        | 78,753        |
| <b>Net Interest Income</b>       | <b>23,804</b> | <b>25,077</b> | <b>30,526</b> | <b>37,298</b> | <b>44,887</b> |
| <b>Other Income</b>              | <b>8,783</b>  | <b>8,082</b>  | <b>10,818</b> | <b>11,297</b> | <b>11,949</b> |
| Fee Income (CEB)                 | 3,811         | 4,155         | 5,761         | 5,839         | 7,007         |
| Treasury Income                  | 2,557         | 1,275         | 3,087         | 2,750         | 2,000         |
| <b>Total Income</b>              | <b>32,587</b> | <b>33,159</b> | <b>41,345</b> | <b>48,595</b> | <b>56,836</b> |
| <b>Total Operating Exp</b>       | <b>16,309</b> | <b>18,921</b> | <b>22,095</b> | <b>25,069</b> | <b>28,832</b> |
| Employee Expense                 | 8,920         | 10,529        | 11,638        | 13,190        | 15,064        |
| <b>PPOP</b>                      | <b>16,278</b> | <b>14,238</b> | <b>19,249</b> | <b>23,526</b> | <b>28,004</b> |
| Provisions & Contingencies       | 1,067         | 7,041         | 6,184         | 6,900         | 7,250         |
| Prov. for NPAs (incl. std prov.) | 2,043         | 5,553         | 4,051         | 4,940         | 5,231         |
| <b>PBT</b>                       | <b>15,210</b> | <b>7,197</b>  | <b>13,065</b> | <b>16,627</b> | <b>20,755</b> |
| Provision for Tax                | 5,153         | 2,440         | 4,757         | 6,117         | 7,281         |
| <b>PAT</b>                       | <b>10,057</b> | <b>4,757</b>  | <b>8,308</b>  | <b>10,510</b> | <b>13,473</b> |

Source: Company, HDFC sec Research

**Balance Sheet**

| (Rs mn)                     | FY15           | FY16           | FY17             | FY18E            | FY19E            |
|-----------------------------|----------------|----------------|------------------|------------------|------------------|
| <b>SOURCES OF FUNDS</b>     |                |                |                  |                  |                  |
| Share Capital               | 1,713          | 3,438          | 3,448            | 3,879            | 3,879            |
| Reserves                    | 75,668         | 77,474         | 85,976           | 119,517          | 131,020          |
| <b>Shareholders' Funds</b>  | <b>77,381</b>  | <b>80,912</b>  | <b>89,424</b>    | <b>123,397</b>   | <b>134,900</b>   |
| Savings                     | 177,269        | 214,222        | 263,977          | 316,770          | 380,123          |
| Current                     | 40,566         | 46,304         | 56,552           | 65,035           | 73,164           |
| Term Deposits               | 490,415        | 531,191        | 656,117          | 787,341          | 944,830          |
| <b>Total Deposits</b>       | <b>708,250</b> | <b>791,717</b> | <b>976,646</b>   | <b>1,169,146</b> | <b>1,398,116</b> |
| Borrowings                  | 23,082         | 21,766         | 58,973           | 48,428           | 50,850           |
| Other Liabilities & Provs   | 19,791         | 19,905         | 24,727           | 27,199           | 29,919           |
| <b>Total Liabilities</b>    | <b>828,505</b> | <b>914,300</b> | <b>1,149,769</b> | <b>1,368,170</b> | <b>1,613,785</b> |
| <b>APPLICATION OF FUNDS</b> |                |                |                  |                  |                  |
| Cash & Bank Balance         | 47,800         | 54,198         | 74,522           | 74,490           | 81,438           |
| Investments                 | 205,688        | 222,175        | 281,961          | 332,391          | 388,240          |
| G-Secs                      | 168,761        | 170,040        | 215,654          | 262,882          | 311,305          |
| Advances                    | 512,850        | 580,901        | 733,363          | 898,369          | 1,078,043        |
| Fixed Assets                | 4,666          | 5,200          | 4,895            | 5,139            | 5,396            |
| Other Assets                | 57,500         | 51,826         | 55,029           | 57,780           | 60,668           |
| <b>Total Assets</b>         | <b>828,505</b> | <b>914,300</b> | <b>1,149,769</b> | <b>1,368,170</b> | <b>1,613,785</b> |

Source: Company, HDFC sec Research

**Key Ratios**

|                                 | FY15 | FY16   | FY17 | FY18E | FY19E |
|---------------------------------|------|--------|------|-------|-------|
| <b>VALUATION RATIOS</b>         |      |        |      |       |       |
| EPS                             | 5.9  | 2.8    | 4.8  | 5.4   | 6.9   |
| Earnings Growth (%)             | 19.9 | (52.7) | 74.7 | 26.5  | 28.2  |
| BVPS                            | 45.1 | 47.1   | 51.9 | 63.6  | 69.6  |
| Adj. BVPS                       | 42.9 | 41.5   | 46.4 | 58.6  | 64.5  |
| ROAA (%)                        | 1.28 | 0.55   | 0.81 | 0.83  | 0.90  |
| ROAE (%)                        | 13.7 | 6.0    | 9.8  | 9.9   | 10.4  |
| P/E (x)                         | 18.8 | 39.6   | 23.1 | 20.6  | 16.1  |
| P/ABV (x)                       | 2.6  | 2.7    | 2.4  | 1.9   | 1.7   |
| P/PPOP (x)                      | 12.1 | 13.9   | 10.3 | 9.5   | 8.0   |
| Dividend Yield (%)              | 0.5  | 0.6    | 0.8  | 0.6   | 0.8   |
| <b>PROFITABILITY</b>            |      |        |      |       |       |
| Yield on Advances (%)           | 11.5 | 10.4   | 10.0 | 9.7   | 9.6   |
| Yield on Investment (%)         | 7.4  | 8.2    | 7.1  | 7.1   | 7.1   |
| Cost of Funds (%)               | 7.3  | 6.8    | 6.1  | 6.0   | 5.9   |
| Cost of Deposits (%)            | 7.1  | 6.7    | 6.1  | 6.0   | 5.9   |
| Core Spread (%)                 | 4.2  | 3.6    | 3.9  | 3.8   | 3.7   |
| NIM (%)                         | 3.3  | 3.2    | 3.3  | 3.2   | 3.3   |
| <b>BALANCE SHEET STRUCTURE</b>  |      |        |      |       |       |
| Loan Growth (%)                 | 18.1 | 13.3   | 26.2 | 22.5  | 20.0  |
| Deposit Growth (%)              | 18.6 | 11.8   | 23.4 | 19.7  | 19.6  |
| C/D Ratio (%)                   | 72.4 | 73.4   | 75.1 | 76.8  | 77.1  |
| Equity/Assets (%)               | 9.3  | 8.8    | 7.8  | 9.0   | 8.4   |
| Equity/Advances (%)             | 15.1 | 13.9   | 12.2 | 13.7  | 12.5  |
| CASA (%)                        | 30.8 | 32.9   | 32.8 | 32.7  | 32.4  |
| Capital Adequacy Ratio (CAR, %) | 15.5 | 13.9   | 12.4 | 14.4  | 13.4  |
| W/w Tier I CAR (%)              | 14.8 | 13.4   | 11.8 | 14.0  | 13.0  |

**Key Ratios**

|                          | FY15   | FY16   | FY17   | FY18E  | FY19E  |
|--------------------------|--------|--------|--------|--------|--------|
| <b>ASSET QUALITY</b>     |        |        |        |        |        |
| Gross NPLs (Rsm)         | 10,577 | 16,678 | 17,271 | 20,010 | 21,839 |
| Net NPLs (Rsm)           | 3,733  | 9,500  | 9,412  | 9,763  | 9,710  |
| Gross NPLs (%)           | 2.0    | 2.8    | 2.3    | 2.2    | 2.0    |
| Net NPLs (%)             | 1.0    | 1.6    | 1.3    | 1.1    | 0.9    |
| Coverage Ratio (%)       | 64.7   | 43.0   | 45.5   | 51.2   | 55.5   |
| Provision/Avg. Loans (%) | 0.43   | 1.02   | 0.62   | 0.61   | 0.53   |
| Slippages (%)            | 1.72%  | 3.47%  | 1.64%  | 1.50%  | 1.40%  |
| <b>ROAA TREE</b>         |        |        |        |        |        |
| Net Interest Income      | 3.02%  | 2.88%  | 2.96%  | 2.96%  | 3.01%  |
| Non-interest Income      | 1.12%  | 0.93%  | 1.05%  | 0.90%  | 0.80%  |
| Treasury Income          | 0.32%  | 0.15%  | 0.30%  | 0.22%  | 0.13%  |
| Operating Cost           | 2.07%  | 2.17%  | 2.14%  | 1.99%  | 1.93%  |
| Provisions               | 0.14%  | 0.81%  | 0.60%  | 0.55%  | 0.49%  |
| Provisions for NPAs      | 0.26%  | 0.64%  | 0.39%  | 0.39%  | 0.35%  |
| Tax                      | 0.65%  | 0.28%  | 0.46%  | 0.49%  | 0.49%  |
| ROAA                     | 1.28%  | 0.55%  | 0.81%  | 0.83%  | 0.90%  |
| Leverage (x)             | 10.72  | 11.01  | 12.12  | 11.83  | 11.54  |
| ROAE                     | 13.69% | 6.01%  | 9.75%  | 9.88%  | 10.43% |

Source: Company, HDFC sec Research

**Rating Chart**

|                            |        |      |        |      |
|----------------------------|--------|------|--------|------|
| R<br>E<br>T<br>U<br>R<br>N | HIGH   |      |        |      |
|                            | MEDIUM |      |        |      |
|                            | LOW    |      |        |      |
|                            |        | LOW  | MEDIUM | HIGH |
|                            |        | RISK |        |      |

**Ratings Explanation:**

| RATING | Risk - Return                    | BEAR CASE                                    | BASE CASE  | BULL CASE   |
|--------|----------------------------------|--|--|---|
| BLUE   | LOW RISK - LOW RETURN STOCKS     | IF RISKS MANIFEST PRICE CAN FALL 20% OR MORE | IF RISKS MANIFEST PRICE CAN FALL 15% & IF INVESTMENT RATIONALE FRUCTFIES PRICE CAN RISE BY 15% | IF INVESTMENT RATIONALE FRUCTFIES PRICE CAN RISE BY 20% OR MORE |
| YELLOW | MEDIUM RISK - HIGH RETURN STOCKS | IF RISKS MANIFEST PRICE CAN FALL 35% OR MORE | IF RISKS MANIFEST PRICE CAN FALL 20% & IF INVESTMENT RATIONALE FRUCTFIES PRICE CAN RISE BY 30% | IF INVESTMENT RATIONALE FRUCTFIES PRICE CAN RISE BY 35% OR MORE |
| RED    | HIGH RISK - HIGH RETURN STOCKS   | IF RISKS MANIFEST PRICE CAN FALL 50% OR MORE | IF RISKS MANIFEST PRICE CAN FALL 30% & IF INVESTMENT RATIONALE FRUCTFIES PRICE CAN RISE BY 30% | IF INVESTMENT RATIONALE FRUCTFIES PRICE CAN RISE BY 50% OR MORE |



| Date      | Reco Rs. | Target Rs.  |
|-----------|----------|-------------|
| 23-Dec-16 | 65       | 75          |
| 04-Sep-17 | 111      | 129 And 140 |

**Rating Definition:**

Buy: Stock is expected to gain by 10% or more in the next 1 Year.

Sell: Stock is expected to decline by 10% or more in the next 1 Year.

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