

Stock Market

**WEEKLY
REPORT**

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TECHNICAL TREND (NIFTY - BANK NIFTY FUTURES)

NIFTY FIFTY : - The benchmark Index Nifty closed at 8794 after making low of 8771 and a high of 8822 on Last Friday trading session. Nifty traded in a small range of 50 points throughout the day. The equity benchmark Nifty opened in a positive note on Monday up by 26 points or 0.29 per cent at 8819. Indian Benchmark Index Nifty traded in a narrow range of 140 points from 8686 to 8826 from last Week. Nifty closed at 8805 on Monday after made a low of 8754, the Index opened gap up at 8820 and made high of 8827. The market has fallen a good bit of amount on last few days, The trend has confirmed to the downward. Going by the dual mandate of Fed and pure text book economics, Yellen may go for multiple hikes in 2017, but in reality, after all she has to look forward to his present political boss Donald Trump as eventually, Fed may be more guided by US politics & Trump's rather than trajectory of US economics. Technically, Nifty is in positive zone but it is witnessing distribution pattern that means there is high chance of downfall at this point of time. Market has been consolidating for more than last 7 trading sessions and we could witness a big move, Now. We would see breakout if Nifty closes above 8850 levels whereas a sharp breakdown would be seen if it closes below 8730 levels. Market would see some positive movement. Now, its a tricky situation. The Nifty would enter into positive zone once it closes above 8830 levels. So traders can wait for either levels to be breached to take any further position. Once Nifty closes above 8840 levels, then traders can initiate fresh long positions. The Significance Resistance for Nifty is 8820-8980 and Support is 8760-8690.

BANK NIFTY : - The Bank Nifty on last week closed at 20214 after making a low of 20167 and high of 20310. The Bank Nifty closed at 20252 after making a low of 20117, the Index opened gap-up at 20273 and made high of 20309. The Bank Nifty would enter into negative zone once it closes below 20078 levels. Cabinet has approved merger of State Bank of India with all its 5 associate banks. This is a positive news for SBI. State Bank of India would see some positive rally and would force Bank Nifty to move somewhat higher but every positive rally would be an opportunity for traders to go short in the market. Once Bank Nifty closes below 20380 levels, we would see sharp downfall in the Index. Bank Nifty has to Sustain over 20400 area for further rally towards 20850-21150 area in the near term. On the other side, sustaining below 20400 zone, Bank Nifty may fall towards 20200-19950 area in the near term.

TECHNICAL VIEW (NIFTY- BANK NIFTY FUTURES)

NIFTY

DAILY	R2	R1	PP	S1	S2
	9078	8916	8835	8754	8592
WEEKLY	R2	R1	PP	S1	S2
	9323	8979	8807	8635	8291
MONTHLY	R2	R1	PP	S1	S2
	9791	9095	8747	8399	7703

BANK NIFTY

DAILY	R2	R1	PP	S1	S2
	22331	21217	20660	20103	18989
WEEKLY	R2	R1	PP	S1	S2
	23330	21466	20534	19602	17738
MONTHLY	R2	R1	PP	S1	S2
	25003	21899	20347	18795	15691

MOVING AVERAGE	21 DAYS	50 DAYS	100 DAYS	200 DAYS
NIFTY	8655	8500	8432	8341
BANK NIFTY	19816	19320	19044	18606

PARABOLIC SAR	DAILY	WEEKLY	MONTHLY
NIFTY	8826	8128	8084
BANK NIFTY	19990	18083	16970

PATTERN FORMATION (NIFTY)



Detail of Chart - On the Above given daily Chart of nifty has Applies the Bollinger Band as well as We have drawn a trend channel and the price action of the rise from lows has so far been within this channel. It is common for impulse waves to be able to accelerate above such trend channels. In contrast corrective waves are often contained within the trend channel. Hence, this channel may help us determine the medium term trend for Nifty. support level of 8780 would act as a key support for the Nifty, On the other hand, only a decisive move above 8840 would lead to fresh upside momentum, which can assist Nifty to head towards 8900 / 8990 levels.

PATTERN FORMATION (BANK NIFTY)



Detail of Chart -There is bearish three-line strike candlestick pattern is becoming on the chart by little improving pro move registered in the middle in Bank Nifty which is indicating about heavy buying in Banking Sector Stocks pro move may found with trend reversal after breaking high price again so, traders should make downturn pro trade by exiting short term boom position after breaking low price. Upper Bollinger band of the strong boom pro move is opening on 20850 which will work as near resistance and the middle Band is around at 19828 which will be the Strong Support for Bank Nifty for Upcoming week trading Sessions.

NSE EQUITY DAILY LEVELS

COMPANY NAME		R2	R1	PP	S1	S2
ACC	EQ	1487	1477	1465	1455	1433
ADANI PORTS	EQ	304	301	298	295	292
AMBUJACEM	EQ	242	240	237	235	232
ASIAN PAINT	EQ	979	972	966	959	953
AXISBANK	EQ	510	500	493	483	476
BAJAJ-AUTO	EQ	2815	2797	2774	2756	2733
BANKBARODA	EQ	170	168	166	164	162
BPCL	EQ	694	686	676	668	658
BHEL	EQ	157	155	152	150	147
BHARTIARTL	EQ	376	370	366	360	356
BOSCH LTD	EQ	22401	22210	22026	21835	21651
BHARTI INFRATEL	EQ	327	318	312	303	297
CIPLA	EQ	606	600	590	584	574
COALINDIA	EQ	325	320	316	311	307
CAIRN INDIA LTD	EQ	293	290	287	284	281
DRREDDY	EQ	2977	2949	2924	2896	2871
GAIL	EQ	516	512	505	501	494
GRASIM	EQ	1052	1046	1035	1029	1018
HCLTECH	EQ	860	850	841	831	822
HDFC	EQ	1444	1423	1412	1391	1380
HDFCBANK	EQ	1489	1431	1395	1337	1301
HEROMOTOCO	EQ	3160	3133	3102	3075	3044
HINDALCO	EQ	191	187	185	181	179
HINDUNILVR	EQ	850	846	843	839	836
ICICIBANK	EQ	292	287	281	276	270
ITC	EQ	271	269	267	265	263
INDUSIND BANK	EQ	1381	1360	1343	1322	1305
INFY	EQ	1023	1012	1002	991	981
IDEA CELLULAR	EQ	112	108	105	101	98
KOTAKBANK	EQ	821	809	800	788	779
LT	EQ	1497	1489	1477	1469	1457
M&M	EQ	1337	1326	1319	1308	1301
MRF	EQ	51254	50758	50405	49909	49556
MARUTI SUZUKI	EQ	6106	6056	6006	5956	5906
ONGC	EQ	196	195	194	193	192
NTPC	EQ	172	170	168	166	164
RCOM	EQ	34	34	33	33	32
RELCAPITAL	EQ	547	533	509	495	471
RELIANCE	EQ	1091	1084	1071	1064	1051
RELINFRA	EQ	577	568	557	548	537
RPOWER	EQ	45	44	43	42	41
SBIN	EQ	276	272	270	266	264
SSLT(VEDL)	EQ	270	266	263	259	256
SUNPHARMA	EQ	695	684	667	656	639
TATA MOTORS DVR	EQ	284	281	277	274	270
TCS	EQ	2501	2455	2428	2382	2355
TATAMOTORS	EQ	464	458	450	444	436
TATAPOWER	EQ	86	85	84	83	82
TATASTEEL	EQ	477	472	469	464	461
UNIONBANK	EQ	145	143	142	140	139
YES BANK LIMITED	EQ	1467	1454	1446	1433	1425
ZEEL	EQ	528	524	520	516	512

TOP 15 ACHIEVERS

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TOP 15 LOOSERS

SR.NO	SCRIPT NAME	PREV CLOSE	CMP	% CHANGE
1	GAIL INDIA LTD	483	511	+ 5.81 %
2	HDFC BANK	1303	1377	+ 5.67 %
3	RELIANCE INDUS	1030	1075	+ 4.43 %
4	BHARTI AIRTEL	357	370	+ 3.51 %
5	SUN PHARMA.	655	676	+ 3.32 %
6	INFOSYS LTD.	968	1000	+ 3.27 %
7	TATA POWER	81.60	84.10	+ 3.06 %
8	M&M LIMITED	1277	1316	+ 3.00 %
9	GRASIM INDS.	1011	1040	+ 2.86 %
10	CIPLA LIMITED	579	593	+ 2.28 %
11	KOTAK BANK	778	796	+ 2.24 %
12	YES BANK LTD.	1412	1439	+ 1.89 %
13	HCL TECH	828	839	+ 1.31 %
14	WIPRO LTD	469	475	+ 1.30 %
15	INDUSIND BANK	1322	1338	+ 1.18 %

SR.NO	SCRIPT NAME	PREV CLOSE	CMP	% CHANGE
1	BANK OF BARODA	188	166	- 11.67 %
2	TATA MOT .LTD.	509	451	- 11.46 %
3	HERO MOTOCORP	3268	3090	- 5.46 %
4	BHARAT PETRO	715	679	- 5.08 %
5	ADANI PORTS	311	296	- 4.76 %
6	IDEA CELLULAR	110	105	- 4.35 %
7	ASIANPAINTS LTD.	993	960	- 3.25 %
8	BHEL	993	960	- 2.94 %
9	BHARTI INFRATEL	317	307	- 2.93 %
10	COAL INDIA LTD.	324	316	- 2.54 %
11	SBIN	276	269	- 2.53 %
12	AURO PHARMA	679	664	- 2.16 %
13	DR. REDDY'S LABS	2976	2912	- 2.13 %
14	MARUTI SUZUKI	6112	5989	- 2.00 %
15	ITC LTD.	273	268	- 1.90 %

3577

4177

5372

2201

Date	FII		PRO		CLIENT		DII		Nifty	Bank Nifty
	Net OI Index Futures	Change today	Net OI Index Futures	Change today	Net OI Index Futures	Change today	Net OI Index Futures	Change today	Close	Close
16-Feb-17	191097	1396	-28850	3602	-147124	-4886	-15123	-112	8778	20244
15-Feb-17	189701	9870	-32452	12509	-142238	-23648	-15011	1269	8725	20164
14-Feb-17	179831	19620	-44961	-4836	-118590	-13430	-16280	-1354	8792	20258
13-Feb-17	160211	11487	-40125	-3728	-105160	-6267	-14926	-1492	8805	20252
10-Feb-17	148724	3831	-36397	-3394	-98893	-425	-13434	-12	8794	20214
9-Feb-17	144893	9205	-33003	-1912	-98468	-2068	-13422	-5225	8778	20151
8-Feb-17	135688	8485	-31091	-3766	-96400	-4622	-8197	-97	8768	20327
7-Feb-17	127203	-724	-27325	400	-91778	840	-8100	-516	8768	20327
6-Feb-17	127927	3022	-27725	-1471	-92618	-1680	-7584	129	8801	20372
3-Feb-17	124905	-3988	-26254	-3419	-90938	7593	-7713	-186	8741	20197
2-Feb-17	128893	-4222	-22835	-5045	-98531	438	-7527	8829	8734	20070
1-Feb-17	133115	2703	-17790	5384	-98969	-15120	-16356	7033	8716	20021
31-Jan-17	130412	-4322	-23174	4553	-83849	-658	-23389	427	8561	19515
30-Jan-17	134734	-4927	-27727	261	-83191	4343	-23816	323	8633	19585
27-Jan-17	139661	8859	-27988	-2054	-87534	-3390	-24139	-3415	8641	19708

NEXT WEEK STARS(AS PER TECHNICAL ANALYSIS)

NSE FUTURE

NSE FUTURE :BUY DHFL FUTURE ABOVE 324 TGT 332 SL 320

NSE FUTURE :SELL IDEA FUTURE BELOW 103 TGT 99 SL 105.

NSE FUTURE :BUY IBULHOUSING FIN FUTURE ABOVE 867 TGT 880 SL 857

NSE CASH

NSE CASH :BUY SJVN NSE CASH ABOVE 36 TGT 38.50 SL 35_.

NSE CASH :BUY L&T FINANCE HOLDINGS NSE CASH ABOVE 116.50 TGT 126 SL 113.50.

NSE CASH :BUY VEDL NSE CASH ABOVE 266 TGT 283 SL 259.

NSE - WEEKLY NEWS LETTERS

TOP NEWS OF THE WEEK

NIIF to raise Rs. 8,000 crore in FY18, fund projects of Rs. 16,000 crore - The National Investment and Infrastructure Fund plans to raise Rs. 8,000 crore from various sources to fund projects worth Rs 16,000 crore for the next fiscal. The government has allocated Rs 1,000 crore budgetary support to NIIF which will be leveraged to raise Rs 8,000 crore from strategic anchor partners, namely multilateral and bilateral institutions, sovereign wealth funds, pension funds and domestic public sector enterprises, according to Output Outcome Framework for Schemes 2017-18. This will fund projects worth Rs. 16,000 crore into the infrastructure sector -- both greenfield and brownfield -- it said.

IIP growth expected to see some uptick in January: Kotak - Industrial activity in the country, the data for which is yet to be released, is expected to see an uptick in January as the overall economic scenario has improved since December, says a report. Industrial production contracted to a four-month low of 0.4 per cent in December, largely due to decline in production of capital goods and consumer goods. The decline in IIP was partly owing to base effects, but mostly by demonetisation-led production contraction, especially in automobile production," Kotak Institutional Equities said in a research note. It further said the situation is likely to have improved since then and IIP growth should see some uptick in January. "January is likely to have a better IIP print, especially from the consumer durables front," Suvodeep Rakshit, Economist at Kotak Institutional Equities, said.

IFCI sets NPA recovery target of Rs. 600 crore for Q4 FY17 - Hit hard by rising bad loans, country's oldest financial institution IFCI has set an ambitious recovery target of Rs. 600 crore for the current quarter as part of the exercise to strengthen its balance sheet. In the first 9 months of the current fiscal, the state-owned term lender mobilised about Rs. 400 crore out of Rs. 1,000 crore set for the entire fiscal. We intend to achieve targeted figure as we have identified 2-3 asset sales during the balance period of this fiscal," IFCI Deputy Managing Director Sanjeev Kaushik told PTI. So, in this quarter the Non-Performing Assets recovery should be to the tune of Rs. 600 crore and the firm has initiated process of sale to asset reconstruction companies, he said.

4-tier GST rate may lead to classification disputes: Study - The four-tier GST rate structure will open up floodgates of classification disputes with tendency among businesses to demand lower rate for their goods or services, says a research paper. Four tax rates have been proposed under the Goods and Services Tax regime that is to introduced later this year. "Present discussion on two

standard GST rates 12 per cent and 18 per cent, a lower rate is 5 per cent and a higher rate is 28 per cent in addition to exemptions will make the design of GST complicated and increase the cost of compliance as well as cost of tax administration," said NIPFP report.

Fuel Pushes wholesale inflation to 2.5- year high - Costlier fuel and an adverse base effect pushed wholesale inflation to a two-and-a-half year high in January, even as price rise in food items remained muted. Wholesale inflation for January came in at 5.25% compared with 3.39% in December, data released by the commerce and industry ministry on Tuesday showed. Core wholesale inflation, or nonfood, Non-fuel inflation, firmed up to a 28-month high of 2.67% in sync with an over 5% reading for core consumer inflation. Data released on Monday showed consumer inflation fell to a five-year low of 3.17% because of weak food inflation, but it is expected to firm up in the coming months. Higher global commodity prices led by 18.14% inflation in the fuel and power segment drove Wholesale Price Index to its highest level since July 2014. Fuel inflation was 8.65% in December.

India Ratings pegs GDP to grow 7.4% in FY18 - India Ratings and Research, a Fitch Group company, expects Indian economy to grow 7.4% in 2017-18 buoyed by consumption demand and government spending. However, the rating agency revised down its GDP growth estimate for 2016-17 to 6.8% from 7.9%, which is even lower than Central Statistical Organisation advanced estimate of 7.1%. India's economic growth forecast of 7.4 % by Ind-Ra in 2017-18 is on the upper end of the 6.75-7.5 % band estimated in the Economic Survey. On the global front, it said imports will get hit because of rising protectionism and that US President Donald Trump's trade agenda and the current direction of European politics, both have the potential to "create a global economic and market turmoil" in 2017. Trade growth is below GDP growth which means countries are not as open as they were. We will have to look at domestic demand drivers," said Sunil Kumar Sinha, principal economist at India Ratings & Research while launching the outlook report for FY18 on Tuesday.

Wholesale prices up 5.25% Year-on-Year in January - India's wholesale inflation saw a sharp rise in January owing to costlier fuel and power even as food items continued to remain cheaper. Data released by commerce and industry ministry on Tuesday showed WPI inflation at 5.25% compared with 3.39% in December. Fuel and power inflation rose 18.14% in January from 8.65% in December. WPI inflation in manufactured products, which has a 64.97% weight in the index, increased to 3.99% from 3.6% in the previous month. Food inflation, which turned negative for the first time since August 2015 in December, continued its downward trajectory at 0.56% decline in January vis-a-vis a 0.7% decline in December 2016. Data released by the statistics office on Monday showed retail inflation moderating to 3.17% in January, the lowest since India started putting out consumer inflation numbers in January 2012. The government also revised the rise in wholesale price inflation for November to 3.38% from 3.15% earlier.

India knocking at rare club of fast, steady growth economies: Report - Indian economy is becoming more efficient through five broad themes - fast and steady rate of growth, market reforms, expanding digital footprint, revival in rural growth and creation of modern infrastructure, says a report. "India is growing at a fast pace, largely driven by efficiency gains in doing business, tax collections, infrastructure and rural economy," it added. There are only 28 episodes ever when countries grew at over 6 per cent for 8 years or longer, Edelweiss Securities said in a research note, adding India is entering this rare club. On landmark reforms, the report said while GST can increase highly productive formal organised employment, bankruptcy code can enhance liquidation and better utilisation of assets. Moreover, there has been a marked improvement in global competitiveness among major emerging markets and 90 per cent of FDI is now coming through the automatic route, replacing hot money, it added.

Need to take care of stable macroeconomic parameters: Urjit Patel - Reserve Bank of India needs to ensure that the hard earned gains with regard to macro-economic stability are maintained and able to withstand global financial volatility, said Governor Urjit Patel in an interview. Patel in a rare interview that was broadcast on Friday said India was at a "good place" in terms of financial stability and the central bank will manage any sharp volatility in the markets arising out of global developments including concerns over U.S. President Donald Trump's protectionist policies. We have had a budget where the fiscal deficit has been reduced, we have a central bank which has a mandate for flexible inflation targeting, we have reserves which are over \$ 360 billion and we have a current account deficit which continues to be modest," Patel said in the interview.

TOP ECONOMY NEWS

Direct investments made overseas by Indian companies declined 57.3% to USD 1.82 billion last month.

Impacted by note ban, retail inflation fell to multi-year low of 3.17% in January mainly on account of declining prices of food items including vegetables and pulses.

The income tax department has issued refunds to the tune of Rs. 1.42 trillion so far this fiscal till February 10, 41.5% higher than last years.

The US dollar index, which measures the greenback's strength against a trade-weighted basket of six major currencies, rose 0.34% to 101.06, the strongest level since January 20. The US dollar rose on Monday as markets awaited testimony from Federal Reserve Chair Janet Yellen later in the week.

Janet Yellen is scheduled to testify before the US Senate on Tuesday and the House on Wednesday and investors will be watching her comments for clues on when the Fed could raise interest rates next.

Another factor that aided the US Dollar surge was the hopes of US tax cuts to stoke corporate profits and investments as well as bets on whether the Federal Reserve might raise interest rates more quickly.

China's Consumer Price Index (MoM) (Jan) came at 1.0% vs 0.7% exp, while Consumer Price Index (YoY) (Jan) was 2.5% vs 2.4% exp. Meanwhile, China's Producer Price Index (YoY) (Jan) stood at 6.9% vs 6.3% exp.

The Australian Dollar got a lift against its US cousin on Tuesday thanks to a big rise in business sentiment. The National Australia Bank's Business Survey confidence index came in at 10 for January, very much better December's 6. The survey's assessment of business conditions shot up to 16. That also trounced the previous month's score of 10, which in any case had been revised down by a point.

The European Commission on Monday upped its growth forecasts for the euro zone over the next two years, but warned that uncertainty about the US policies, Brexit and elections in Germany and France would take their toll on the economy.

Industrial output fell 0.4% in December from a year earlier, driven down by a contraction in consumer and capital goods production.

Government's revenue collection from indirect tax grew by an impressive 23.9% during the April-January period, while that from direct tax rose by 10%.

The government is looking at raising the Employees' Provident Fund Organisation investment in exchange traded funds to 15% from the existing 10%.

India's foreign exchange reserves rose by USD 1.59 billion to USD 363.15 billion in the week to February 3 on a jump in core currency holdings and value of gold reserves.

Merger and acquisition activity in the country started the year on a bullish note with deals of around USD 2.3 billion being signed in January — a nearly three-fold jump over the year-ago period.

Equity mutual funds saw an inflow of close to Rs. 49 billion in January, taking the total fund infusion to about Rs. 557 billion by 'optimistic' investors in the first 10 months of 2016-17 fiscal.

TOP CORPORATE NEWS -

Aurobindo Pharma Limited was looking to set up a manufacturing facility for injectable products in the United States, days after President Donald Trump called on pharmaceutical companies to make more drugs locally.

Dr Reddy's Laboratories Limited has announced the expansion of its commercial operations in Europe with the introduction of its portfolio of generics in France.

Mahindra & Mahindra Limited plans to invest Rs. 15 billion in its Nashik and Igatpuri facility in the state of Maharashtra to prepare for the introduction of new project "U321".

Tata Chemicals Limited is setting up two facilities in Andhra Pradesh and Gujarat to manufacture soluble dietary fibres and silica with an investment of Rs. 5.65 billion.

The Delhi High Court recently refused to provide **Sun Pharmaceuticals Industries Limited** any interim relief in their trademark infringement case against rival drug manufacturer Mylan Laboratories for the production of the cancer medication Oxaliplatin.

ITC Limited is looking to enter healthcare segment and set up multi-speciality hospitals.

Oil & Natural Gas Corporation Limited USD 2.475 billion purchase of Videocon Group's 10% stake in a Mozambique gas field has come under the Oil Ministry's scanner following allegations that the public sector unit might have overpaid about USD 200 million, charges that the company denied.

CESC Limited is awarded the electricity distribution franchise for Bikaner in Rajasthan through competitive bidding.

Reliance Defence and Engineering Limited signed an agreement with the American Navy for repair and alteration services for warships of the largest forward-deployed Seventh Fleet operating in the region.

Suzlon Energy has divested 49% stake in solar power projects totalling 210mw and is in advanced talks to sell stake in another 130 mw projects in a deal that the company aims to close before March.

The government plans to divest up to 10% in **Coal India Limited** by August, a move that will help it earn about Rs. 200 billion cess and reduce its stake to 69%.

L&T Limited entered into a joint venture with European defence major MBDA Missile Systems for development of missiles in India.

After successfully rolling out world's longest rail line, **Steel Authority of India Limited** is now planning to build a 520-metre-long rail line.

Mumbai International Airport Limited, the GVK-owned consortium running the Mumbai airport has won the bid for the much-delayed, discussed and debated Rs. 160 billion airport project coming up in Navi Mumbai.

Dena Bank Limited is in talks with few insurance companies to raise capital.

Infosys Limited in its 33 years of existence, has for the first time recorded negative growth in employee hiring this financial year.

TOP BANKING AND FINANCIAL NEWS OF THE WEEK

Demonetisation has not only dampened banks' core business of lending, it has also hit them where it hurts — loan recovery. Recoveries from bad assets have fallen nearly a quarter among the top 8 lenders. Banks, which had set lofty targets for loan recoveries at the start of the year after the Asset Quality Review exercise, are likely to miss their targets as bad loans continue to pile up.

State-run **Union Bank of India** denied having any talks with its smaller peer Dena Bank for a possible merger of the two banks within hours after the former claimed to have had a meeting with the latter on this. "There was a report quoting Dena Bank chairman and managing director which stated about some merger talks with Union Bank. The fact is there is nothing of that sort even remotely," Union Bank chairman Arun Tiwari said.

Government has allocated Rs. 500 crore to India Post Payments Bank for financial year 2017-18 as it gears up to set up 650 branches across country by September 2017. Government has allocated Rs. 125 crore as "capital infusion into corporate entity for India Post Payments Bank" and Rs 375 crore as "grant in aid to India Post Payments Bank ", as per Output-Outcome Framework for Schemes 2017-18 for the Department of Posts released today.

Bank of Baroda Limited, India's second-biggest state-controlled lender by assets, expects the rate of growth in bad loans to slow in the coming financial year, a senior banker said on Tuesday.

Demonetisation has not only dampened banks' core business of lending, it has also hit them where it hurts — loan recovery. Recoveries from bad assets have fallen nearly a quarter among the top 8 lenders. Banks, which had set lofty targets for loan recoveries at the start of the year after the Asset Quality Review exercise, are likely to miss their targets as bad loans continue to pile up.

The government will look to give more space to asset reconstruction and state-run companies to take over stressed assets instead of setting up a bad bank, an idea that gained currency after the Economic Survey suggested it to help banks get rid of their biggest burden. “There are a number of initiatives that are being taken to resolve the stressed assets issue. In this Budget, more measures have been taken to strengthen asset reconstruction companies. As of now, there is no need for a bad bank,” a senior financial ministry official said

Bankers led by **State Bank of India** have asked for a special dispensation from the banking regulator to revive companies that require deep restructuring of loans.

Small and mid-sized public sector banks will continue to struggle due to a large stock of non performing assets and weak capitalisation widening the gap between their larger government owned counterparts, India Ratings said in its outlook for the banking sector for the next fiscal year ending March 2018 on Wednesday.

India's banks will need 910 billion rupees or \$13.6 billion in Tier-1 capital until March 2019 to grow at a bare minimum pace of 8 to 9 percent on average, India Ratings and Research said on Wednesday.



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