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GAIL (INDIA) LTD #BringBackTheBlueSkies, an initiative under GAIL's Hawa Badlo movement, aims towards creating awareness against Air Pollution and encouraging people to move towards cleaner fuels like Natural Gas.

**WHAT MUTUAL FUNDS BOUGHT AND SOLD IN DECEMBER**

# Fund Managers Look for Earnings Visibility, Buy Sector Leaders

Leading fund houses have been cautious in their stock-picking strategies in December. In the absence of a clear earnings growth visibility, leading fund managers have clearly shown inclination to value stories across market capitalisation. These value stories are largely based on three key factors: favourable nature of the business model of a company, earnings-enhancing impact of reversal of trend in a sector, and clear dominant position of a firm in its respective sector which gives it an edge over its peers. Keeping these factors in mind, fund managers have selected companies which show visibility of earnings' growth in the coming quarters. Here are a few key companies. – **Rajesh N Naidu & Prashant Mahesh**

**BPCL**

**Bought by: SBI MF**  
**Market Cap (₹): 72,600 cr**  
 Among oil marketing companies (OMCs), Bharat Petroleum Corporation Limited (BPCL) is placed well in terms of valuations and earnings-enhancing triggers. The company is expected to deliver sustainable free cash flow as it plans to reduce capex. The company's expansion at its Kochi refinery should improve its gross refining margin.



**NTPC**

**Bought by: ICICI /Reliance MF**  
**Market Cap (₹): 1.19 lakh cr**  
 NTPC's stock has relatively low beta, which makes it a defensive in current volatile markets. This is one of the key reasons why the company's stock has seen high amount of buying from fund managers. Besides this, the company's stable return on equity of close to 15%, and low debt-to-equity make it one of the key beneficiaries of consistently growing power demand of 5-6% (annual). In a situation when incremental supply has not proportionately caught up with power demand, NTPC is expected to benefit amply in the coming quarters.



**Top AMCs' Activity In December 2018**

AMC	BUY	SELL	Complete Exits	Fresh Buy
ICICI	ONGC	HDFC Bank	8K Miles Software	Tube Investments
	India Oil	State Bank of India	Bairampur Chini	Westlife Development
	NTPC	GAIL	Capital First	Merck
HDFC	REC	Indiabulls Housing Finance	Apollo Hospitals	JK Cement
	Coal India	Avenue Supermarts	Blue Dart Express	Sun TV Network
	NTPC	GAIL	Capital First	
Reliance	Coal India	Bajaj Finance	BEML	Akzo Nobel India
	ONGC	Bosch	Capital First	Tata Sponge Iron
	NTPC	Bharat Financial Inclusion	Escorts	Central Depository
Aditya Birla SL	ICICI Bank	Aurobindo Pharma	Aavas Financiers	Chambal Fertilisers
	Kotak Bank	TCS	Alembic Pharma	Avanti Feeds
	ONGC	Reliance Industries	Capital First	Avenue Supermarts
SBI	Reliance Industries	Motherson Sumi Systems	BEML	Castrol India
	Axis Bank	Wipro	Capital First	Tube Investments
	JK Cement	Grasim Industries	Godrej Agrovet	PVR

Source : Accord Fintech, Compiled by ETIC Database

**ICICI Pru Life**

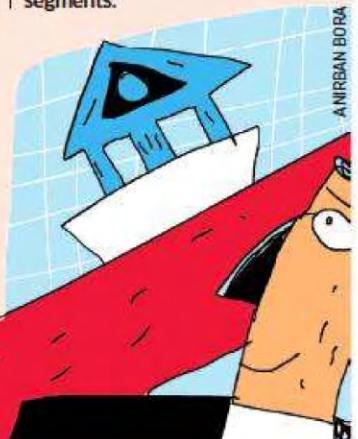
**Bought by: Franklin Temp MF**  
**Market Cap (₹): 50,266 cr**  
 India is an underpenetrated market and the rise in population offers significant growth potential for saving and protection business. Favourable demographics, increasing customer awareness of financial products and a strong distribution network augur well for life insurance companies. Private sector life insurance companies are taking market share from their public sector peers and now have a 51% market share in total new business and ICICI Prudential is among the market leaders. With the improving product mix towards protection and high-margin savings products launched last year, value of new business margin is likely to improve, leading to improvement in margins in coming years.

**L&T Finance Holdings**

**Bought by: DSP MF**  
**Market Cap (₹): 27,213 cr**  
 The company has been expanding its retail book which consists of rural and housing, and select wholesale financing. The company has carefully cut down on its exposure to various segments such as construction equipment, gold loans, commercial vehicles and leasing activities, which had larger proportion of nonperforming assets (NPAs). Its stage 3 gross NPAs (90 days past due) as a percentage of total advances fell to 7.1% in the September 2018 quarter from nearly 11% in the year-ago quarter. The NPA provision improved to 62.5% from 53.6% by similar comparison. The return on equity was 18.5% in the September quarter. The company clarified in the September quarter results presentation that it had no exposure to businesses of IL&FS which have been impacted due to non-payment of interest.

**State Bank of India**

**Bought by: HDFC MF**  
**Market Cap (₹): 2.68 lakh cr**  
 One of the key reasons for the high amount of buying in SBI is among banks it is placed well to show reversal in trend in its non-performing assets (NPA). Most analysts point out that slippages in its NPAs would come down in the coming quarters. Besides this, favourable interest rate is expected to boost net interest margin for the bank. It must be noted that SBI is one of the banks which has not lost market share in deposits or credit segments.



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