

Top Research Picks

- ➔ Indraprastha Gas (IGL IN, BUY): Volumes and margins surge
- ➔ Hindustan Petroleum (HPCL IN, HOLD): GRMs outperform, but unsustainable
- ➔ NTPC (NTPC IN, BUY): Improving PLFs, strong commissioning to aid ROEs
- ➔ Tata Motors (TTMT IN, BUY): FY16 Annual Report highlights

Other Research

- ➔ India Financials: Credit Tracker - Deposit growth picks up to 9.8%

23 August 2016



23 August 2016

BUY

TP: INR 785.00

▲ 7.6%

Indraprastha Gas

IGL IN

Volumes and margins surge

IGL's Q1FY17 earnings surged by 44% YoY to Rs 1.48bn, outperforming estimates comprehensively, driven by (a) higher volumes (4.34mmscmd; +13% YoY), (b) improved gross spreads (Rs 10.6/scm; +11% QoQ) and (c) higher EBITDA (Rs 6.5/scm; +26% QoQ), also driven by a reduction in other expenses. Volume growth is likely to sustain, which could boost earnings growth over FY17E-FY19E – a reiteration of our primary investment thesis. We restate BUY and see a strong re-rating potential for the stock.

- ➔ **Volume growth beats estimate:** Gains from anti-pollution drives in Delhi continued to drive volumes, with IGL's CNG volumes growing 9.9% YoY (vs. 5.7% QoQ) to 222mn kg. Another key positive was the pick-up in industrial volumes (+2.6% YoY), with lower LNG prices likely the key driving factor. We expect continued acceleration in volume growth over FY17/FY18, especially from the high-margin CNG segment, as 90 new stations commissioned over the last two months start contributing to volumes.
- ➔ **Margins surge, probably through industrials this time:** We had anticipated an improvement in margins, considering the marginal cut in CNG prices against a steep cut in domestic gas prices (similar to consumer companies). But the margin outperformance could have been driven by an improvement in industrial segment deltas, on lower LNG prices. However, margins could decline through FY17 as new CNG stations carry higher operating costs due to incomplete pipeline connectivity.
- ➔ **Structural re-rating to continue; BUY:** We roll over to a Sep'17 DCF-based TP of Rs 785 (from a Mar'17 TP of Rs 710) set at 15.7x FY19E EPS. We also introduce FY19 estimates, where we expect 10% earnings growth to continue. Consolidated Q1FY17 earnings are 11% YoY higher (+Rs 170mn net from MNGL and CUPL), implying an annualised impact of ~Rs 5/sh. We see potential for a sharp 10-20% upward revision in earnings for FY17-FY19 if this performance sustains in Q2FY17.

Financial Highlights

Y/E 31 Mar	FY15A	FY16P	FY17E	FY18E	FY19E
Revenue (INR mln)	36,810	36,737	37,511	43,206	46,132
EBITDA (INR mln)	7,930	7,596	9,156	9,577	10,243
Adjusted net profit (INR mln)	4,377	4,162	5,767	6,341	6,994
Adjusted EPS (INR)	31.3	29.7	41.2	45.3	50.0
Adjusted EPS growth (%)	21.5	(4.9)	38.6	10.0	10.3
DPS (INR)	6.0	6.0	8.0	8.0	8.0
ROIC (%)	19.9	17.1	21.5	21.6	22.1
Adjusted ROAE (%)	22.7	18.4	21.9	20.4	19.2
Adjusted P/E (x)	23.3	24.5	17.7	16.1	14.6
EV/EBITDA (x)	13.0	13.3	10.8	10.0	8.9
P/BV (x)	4.9	4.2	3.6	3.0	2.6

Source: Company, Bloomberg, RCML Research



REPORT AUTHORS

Rohit Ahuja

+91 22 6766 3437

ahuja.rohit@religare.com

Akshay Mane

+91 22 6766 3438

akshay.mane@religare.com

PRICE CLOSE (22 Aug 16)

INR 729.70

MARKET CAP

INR 102.2 bln
USD 1.5 bln

SHARES O/S

140.0 mln

FREE FLOAT

55.0%

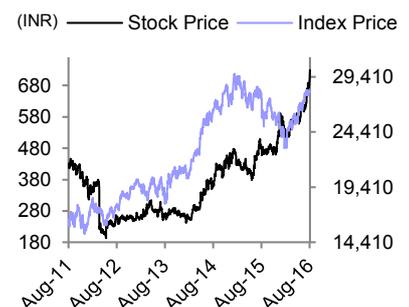
3M AVG DAILY VOLUME/VALUE

0.6 mln / USD 5.9 mln

52 WK HIGH

INR 734.90

52 WK LOW

INR 433.40


BUY

TP: INR 785.00

▲ 7.6%

Indraprastha Gas

IGL IN



Results Review

INDIA
ENERGY**Per Share Data**

Y/E 31 Mar (INR)	FY15A	FY16P	FY17E	FY18E	FY19E
Reported EPS	31.3	29.7	41.2	45.3	50.0
Adjusted EPS	31.3	29.7	41.2	45.3	50.0
DPS	6.0	6.0	8.0	8.0	8.0
BVPS	149.9	172.6	204.4	240.3	280.9

Valuation Ratios

Y/E 31 Mar (x)	FY15A	FY16P	FY17E	FY18E	FY19E
EV/Sales	2.8	2.8	2.6	2.2	2.0
EV/EBITDA	13.0	13.3	10.8	10.0	8.9
Adjusted P/E	23.3	24.5	17.7	16.1	14.6
P/BV	4.9	4.2	3.6	3.0	2.6

Financial Ratios

Y/E 31 Mar	FY15A	FY16P	FY17E	FY18E	FY19E
Profitability & Return Ratios (%)					
EBITDA margin	21.5	20.7	24.4	22.2	22.2
EBIT margin	17.5	16.4	19.7	17.8	17.9
Adjusted profit margin	11.9	11.3	15.4	14.7	15.2
Adjusted ROAE	22.7	18.4	21.9	20.4	19.2
ROCE	19.9	16.9	20.1	18.0	16.5
YoY Growth (%)					
Revenue	(6.0)	(0.2)	2.1	15.2	6.8
EBITDA	2.0	(4.2)	20.5	4.6	7.0
Adjusted EPS	21.5	(4.9)	38.6	10.0	10.3
Invested capital	2.9	8.1	5.9	5.0	4.2
Working Capital & Liquidity Ratios					
Receivables (days)	23	23	23	21	22
Inventory (days)	6	7	8	7	7
Payables (days)	24	21	18	16	17
Current ratio (x)	1.7	2.3	4.0	5.4	7.1
Quick ratio (x)	0.7	1.0	2.3	3.5	5.0
Turnover & Leverage Ratios (x)					
Gross asset turnover	1.2	1.1	1.0	1.1	1.1
Total asset turnover	1.2	1.2	1.1	1.1	1.0
Net interest coverage ratio	21.6	66.5	0.0	0.0	0.0
Adjusted debt/equity	0.0	(0.1)	(0.2)	(0.3)	(0.4)

DuPont Analysis

Y/E 31 Mar (%)	FY15A	FY16P	FY17E	FY18E	FY19E
Tax burden (Net income/PBT)	67.4	65.6	72.0	73.0	73.0
Interest burden (PBT/EBIT)	100.7	105.5	108.5	113.0	116.3
EBIT margin (EBIT/Revenue)	17.5	16.4	19.7	17.8	17.9
Asset turnover (Revenue/Avg TA)	124.2	115.9	106.8	106.6	98.8
Leverage (Avg TA/Avg equities)	153.5	140.4	133.1	130.2	127.9
Adjusted ROAE	22.7	18.4	21.9	20.4	19.2

BUY

TP: INR 785.00

▲ 7.6%

Indraprastha Gas

IGL IN



Results Review

INDIA
ENERGY**Income Statement**

Y/E 31 Mar (INR mln)	FY15A	FY16P	FY17E	FY18E	FY19E
Total revenue	36,810	36,737	37,511	43,206	46,132
EBITDA	7,930	7,596	9,156	9,577	10,243
EBIT	6,443	6,020	7,381	7,685	8,236
Net interest income/(expenses)	(298)	(91)	0	0	0
Other income/(expenses)	345	420	629	1,001	1,345
EBT	6,490	6,349	8,010	8,687	9,581
Income taxes	(2,113)	(2,187)	(2,243)	(2,345)	(2,587)
Reported net profit	4,377	4,162	5,767	6,341	6,994
Adjusted net profit	4,377	4,162	5,767	6,341	6,994

Balance Sheet

Y/E 31 Mar (INR mln)	FY15A	FY16P	FY17E	FY18E	FY19E
Accounts payables	1,892	1,497	1,356	1,628	1,715
Other current liabilities	293	293	293	293	293
Provisions	1,163	1,163	1,163	1,163	1,163
Debt funds	1,453	0	0	0	0
Other liabilities	4,953	5,553	6,153	6,753	7,353
Equity capital	1,400	1,400	1,400	1,400	1,400
Reserves & surplus	19,581	22,760	27,217	32,248	37,931
Shareholders' fund	20,981	24,160	28,617	33,648	39,331
Total liabilities and equities	30,735	32,666	37,582	43,484	49,855
Cash and cash eq.	2,315	2,845	6,479	10,848	16,008
Accounts receivables	2,352	2,315	2,364	2,723	2,907
Inventories	409	423	432	497	531
Other current assets	652	1,252	1,852	2,452	3,052
Investments	2,909	2,909	2,909	2,909	2,909
Net fixed assets	19,558	21,723	22,347	22,856	23,248
CWIP	2,541	1,200	1,200	1,200	1,200
Total assets	30,735	32,666	37,582	43,484	49,855

Cash Flow Statement

Y/E 31 Mar (INR mln)	FY15A	FY16P	FY17E	FY18E	FY19E
Net income + Depreciation	5,801	5,739	7,543	8,233	9,002
Changes in working capital	(63)	(372)	(198)	(153)	(131)
Other operating cash flows	(345)	(420)	(629)	(1,001)	(1,345)
Cash flow from operations	5,393	4,947	6,715	7,078	7,526
Capital expenditures	(1,946)	(2,400)	(2,400)	(2,400)	(2,400)
Change in investments	(1,735)	0	0	0	0
Other investing cash flows	345	420	629	1,001	1,345
Cash flow from investing	(3,336)	(1,980)	(1,771)	(1,399)	(1,055)
Debt raised/repaid	(2,072)	(1,453)	0	0	0
Dividends paid	(983)	(983)	(1,311)	(1,311)	(1,311)
Other financing cash flows	799	0	0	0	0
Cash flow from financing	(2,256)	(2,436)	(1,311)	(1,311)	(1,311)
Changes in cash and cash eq	(199)	531	3,634	4,369	5,160
Closing cash and cash eq	2,315	2,845	6,479	10,848	16,008

HOLD

TP: INR 1,275.00

▲ 4.9%

Hindustan Petroleum

HPCL IN

GRMs outperform, but unsustainable

HPCL's Q1FY17 earnings outperformed estimates at Rs 21bn (+35% QoQ) led by (a) higher-than-expected GRMs (US\$ 6.8/bbl; -9% QoQ), (b) increased refining output (4.5mmtpa; -4.7% QoQ), (c) lower interest costs (Rs 1.4bn; -27% QoQ) and (d) inventory gains (~Rs 22bn). However, benchmark GRMs trend lower, on decline in light distillate spreads, which could impact HPCL the most among OMCs. HPCL seems to be losing market share too. HOLD with an unchanged SOTP-based Sep'17 TP of Rs 1,275 (implying 8.7x FY18E EPS).

- ➔ **Marketing business outperformance continues:** While marketing volumes declined 1.4% QoQ to 8.9mmt, the EBITDA for marketing & other business likely surged by >80% QoQ to ~Rs 26bn. Most of this increase could be driven by inventory gains (precise numbers not disclosed by HPCL) and hence may not be sustainable. Prima facie, it seems HPCL is losing market share as its market sales growth (4% YoY) underperformed overall consumption growth (~7% YoY for Q1FY17). This implies HPCL's marketing business margins could come under stress.
- ➔ **Higher GRMs not sustainable:** HPCL's GRMs stood at US\$ 6.83/bbl, outperforming the Singapore complex benchmark by US\$ 1.83/bbl. However, the reason for this outperformance is unclear due to limited data available currently. Note that the recent crash in Singapore complex GRMs to US\$ 3.5/bbl driven by a decline in light distillate spreads could hit HPCL's GRMs the most among OMCs.
- ➔ **Pricing in positives; HOLD:** Current valuations at 8.4x FY18E EPS capture most of the positives from expansion in GRMs and marketing business deltas. The company will find it tough to sustain market share post IOCL's Paradip refinery ramp-up. Expansion in diesel spreads would benefit other OMCs more. We value both the refining and marketing businesses at 6.5x Sep'18 EBITDA and maintain HOLD on the stock.



REPORT AUTHORS

Rohit Ahuja

+91 22 6766 3437

ahuja.rohit@religare.com

Akshay Mane

+91 22 6766 3438

akshay.mane@religare.com

PRICE CLOSE (22 Aug 16)

INR 1,215.15

MARKET CAP

INR 411.5 bln

USD 6.1 bln

SHARES O/S

338.6 mln

FREE FLOAT

48.9%

3M AVG DAILY VOLUME/VALUE

1.6 mln / USD 25.6 mln

52 WK HIGH

INR 1,328.95

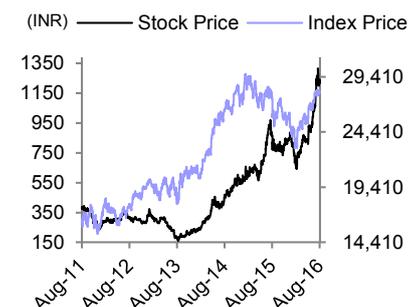
52 WK LOW

INR 635.15

Financial Highlights

Y/E 31 Mar	FY15A	FY16P	FY17E	FY18E	FY19E
Revenue (INR bn)	2,166	1,871	1,958	2,209	2,458
EBITDA (INR bn)	47	106	94	99	103
Adjusted net profit (INR bn)	15	49	50	49	52
Adjusted EPS (INR)	44.3	145.3	148.5	145.4	152.3
Adjusted EPS growth (%)	41.6	227.8	2.2	(2.1)	4.8
DPS (INR)	24.5	34.5	49.0	48.0	50.0
ROIC (%)	2.5	9.4	9.3	9.6	9.5
Adjusted ROAE (%)	10.7	31.3	26.6	22.4	20.6
Adjusted P/E (x)	27.4	8.4	8.2	8.4	8.0
EV/EBITDA (x)	20.1	7.9	8.0	7.3	7.1
P/BV (x)	2.9	2.4	2.0	1.8	1.5

Source: Company, Bloomberg, RCML Research



HOLD

TP: INR 1,275.00

▲ 4.9%

**Hindustan
Petroleum**

HPCL IN

**Results Review****INDIA****DOWNSTREAM****Per Share Data**

Y/E 31 Mar (INR)	FY15A	FY16P	FY17E	FY18E	FY19E
Reported EPS	44.3	145.3	148.5	145.4	152.3
Adjusted EPS	44.3	145.3	148.5	145.4	152.3
DPS	24.5	34.5	49.0	48.0	50.0
BVPS	414.6	512.8	604.0	693.2	787.0

Valuation Ratios

Y/E 31 Mar (x)	FY15A	FY16P	FY17E	FY18E	FY19E
EV/Sales	0.4	0.5	0.4	0.3	0.3
EV/EBITDA	20.1	7.9	8.0	7.3	7.1
Adjusted P/E	27.4	8.4	8.2	8.4	8.0
P/BV	2.9	2.4	2.0	1.8	1.5

Financial Ratios

Y/E 31 Mar	FY15A	FY16P	FY17E	FY18E	FY19E
Profitability & Return Ratios (%)					
EBITDA margin	2.2	5.7	4.8	4.5	4.2
EBIT margin	1.0	3.8	3.0	2.8	2.6
Adjusted profit margin	0.7	2.6	2.6	2.2	2.1
Adjusted ROAE	10.7	31.3	26.6	22.4	20.6
ROCE	2.3	8.6	8.6	8.8	8.6
YoY Growth (%)					
Revenue	(7.5)	(13.6)	4.7	12.8	11.2
EBITDA	(12.2)	126.6	(11.4)	5.3	4.0
Adjusted EPS	41.6	227.8	2.2	(2.1)	4.8
Invested capital	(16.7)	(7.2)	(0.3)	7.5	5.9
Working Capital & Liquidity Ratios					
Receivables (days)	9	8	8	7	7
Inventory (days)	89	97	86	84	89
Payables (days)	24	24	22	23	23
Current ratio (x)	1.1	0.9	0.8	0.9	0.9
Quick ratio (x)	0.1	0.1	0.1	0.1	0.1
Turnover & Leverage Ratios (x)					
Gross asset turnover	3.5	2.8	2.8	3.0	3.2
Total asset turnover	2.4	2.2	2.2	2.4	2.5
Net interest coverage ratio	1.2	4.0	3.4	3.4	3.4
Adjusted debt/equity	3.1	2.0	1.5	1.4	1.2

DuPont Analysis

Y/E 31 Mar (%)	FY15A	FY16P	FY17E	FY18E	FY19E
Tax burden (Net income/PBT)	67.4	70.8	87.8	89.1	89.0
Interest burden (PBT/EBIT)	101.0	98.7	97.9	89.6	89.5
EBIT margin (EBIT/Revenue)	1.0	3.8	3.0	2.8	2.6
Asset turnover (Revenue/Avg TA)	237.4	215.7	222.1	240.9	250.8
Leverage (Avg TA/Avg equities)	650.8	552.2	466.1	417.6	391.1
Adjusted ROAE	10.7	31.3	26.6	22.4	20.6

HOLD

TP: INR 1,275.00

▲ 4.9%

**Hindustan
Petroleum**

HPCL IN

**Results Review****INDIA****DOWNSTREAM****Income Statement**

Y/E 31 Mar (INR mln)	FY15A	FY16P	FY17E	FY18E	FY19E
Total revenue	21,65,941	18,70,788	19,58,125	22,09,429	24,57,880
EBITDA	46,944	1,06,395	94,292	99,262	1,03,252
EBIT	22,050	70,438	58,530	61,629	64,728
Net interest income/(expenses)	(18,352)	(17,473)	(17,318)	(18,293)	(19,268)
Other income/(expenses)	18,607	16,576	16,085	11,898	12,490
Exceptional items	(39)	0	0	0	0
EBT	22,305	69,542	57,298	55,234	57,950
Income taxes	(7,377)	(21,072)	(11,770)	(10,763)	(11,117)
Min. int./Inc. from associates	(97)	(746)	(4,751)	(4,751)	(4,751)
Reported net profit	14,986	49,215	50,279	49,222	51,585
Adjusted net profit	15,012	49,215	50,279	49,222	51,585

Balance Sheet

Y/E 31 Mar (INR mln)	FY15A	FY16P	FY17E	FY18E	FY19E
Accounts payables	1,26,383	1,06,003	1,22,533	1,38,755	1,54,608
Other current liabilities	76,560	1,62,633	1,62,633	1,62,633	1,62,633
Provisions	31,378	23,570	23,570	23,570	23,570
Debt funds	4,54,690	3,74,134	3,34,871	3,49,871	3,64,871
Other liabilities	28,045	36,866	37,892	38,826	39,791
Equity capital	3,386	3,386	3,386	3,386	3,386
Reserves & surplus	1,37,001	1,70,278	2,01,143	2,31,348	2,63,123
Shareholders' fund	1,40,387	1,73,664	2,04,530	2,34,734	2,66,510
Total liabilities and equities	8,57,443	8,76,871	8,86,028	9,48,388	10,11,982
Cash and cash eq.	22,358	27,994	22,164	30,616	46,671
Accounts receivables	40,683	45,337	40,818	45,024	49,095
Inventories	1,60,448	1,49,839	1,42,138	1,66,506	1,85,529
Other current assets	79,127	77,172	77,172	77,172	77,172
Investments	61,078	55,704	55,704	55,704	55,704
Net fixed assets	4,53,066	4,11,573	4,19,479	4,21,380	4,22,392
CWIP	39,498	1,08,048	1,27,349	1,50,782	1,74,215
Intangible assets	1,186	1,204	1,204	1,204	1,204
Total assets	8,57,443	8,76,871	8,86,028	9,48,388	10,11,982

Cash Flow Statement

Y/E 31 Mar (INR mln)	FY15A	FY16P	FY17E	FY18E	FY19E
Net income + Depreciation	38,791	85,172	87,066	87,790	91,074
Changes in working capital	1,50,879	65,794	28,749	(12,351)	(7,242)
Other operating cash flows	(18,568)	(16,576)	(16,085)	(11,898)	(12,490)
Cash flow from operations	1,71,102	1,34,390	99,730	63,540	71,343
Capital expenditures	(72,697)	(63,015)	(62,968)	(62,968)	(62,968)
Change in investments	(114)	50	0	0	0
Other investing cash flows	14,551	21,900	16,085	11,898	12,490
Cash flow from investing	(58,260)	(41,065)	(46,882)	(51,070)	(50,478)
Debt raised/repaid	(98,586)	(80,555)	(39,264)	15,000	15,000
Dividends paid	(9,707)	(13,669)	(19,414)	(19,017)	(19,810)
Other financing cash flows	(3,979)	6,534	0	0	0
Cash flow from financing	(1,12,272)	(87,690)	(58,677)	(4,017)	(4,810)
Changes in cash and cash eq	570	5,635	(5,830)	8,453	16,055
Closing cash and cash eq	22,358	27,994	22,164	30,616	46,671

22 August 2016
BUY
TP: INR 175.00
▲ 6.9%
NTPC

NTPC IN

Improving PLFs, strong commissioning to aid ROEs

NTPC reported an in-line Q1 with revenue/PAT up 11.5%/4% to Rs 190.6bn/ Rs 23.7bn led by a strong operating performance (coal PLFs 81.4%; +377bps YoY); this shored up incentive income to Rs 1.53bn (Q1FY16: Rs 770mn). Standalone/group capex stood at Rs 55bn/Rs 67bn and NTPC expects to install/commercialise 5,648/3,725MW in FY17. With visible benefits of the UDAY scheme (improving PLFs) and aggressive commissioning, NTPC's return ratios are set to improve over FY16-FY18E. BUY; Mar'17 TP Rs 175.

- ➔ **Robust operating performance:** Core ROE for Q1 stood at 5.4%. NTPC reported PAFs of 90.5% for its coal-based plants, and PLFs of over 85% for its eight power plants; this led to incentive booking of Rs 1.53bn in Q1FY17 (Q1FY16: Rs 770mn). Other income slid 34% YoY to Rs 1.6bn due to (1) issue of bonus debentures, (2) benefits of one-time settlement scheme (which has ended now) accrued in Q1FY16, and (3) a lower cash balance as cash was directed towards projects.
- ➔ **Capacity addition on track:** In Q1FY17, NTPC commercialised one unit of 250MW at Bongaigaon, Assam, and 200MW of solar units at NP Kunta, Andhra Pradesh. It also added 325MW at Patraru, Jharkhand, via an acquisition. NTPC expects to install 5,648/7,058MW of capacity (incl. 768MW solar capacity each year) in FY17/FY18. As per management, 3,725MW (ex-solar) will be commercialised in FY17.
- ➔ **UDAY scheme aids PLFs:** NTPC's average coal PLFs stood at 81.4% (Q1FY16: 77.6%). Management stated that the UDAY scheme has led to increased power offtake by discoms. Also, flexibility in managing coal linkages has helped bring down transportation costs for NTPC. Variable cost for coal units declined to Rs 1.92/kWh in Q1FY17 from Rs 2.04/kWh in Q1FY16.
- ➔ **View:** With improving PLFs and an aggressive commercialisation schedule, NTPC should see better ROEs going ahead. The company remains the best play in India's power generation industry. Maintain BUY; Mar'17 TP Rs 175.

Financial Highlights

Y/E 31 Mar	FY14A	FY15A	FY16A	FY17E	FY18E
Revenue (INR mln)	720,189	732,461	700,492	794,888	893,033
EBITDA (INR mln)	196,850	160,856	170,554	195,956	231,696
Adjusted net profit (INR mln)	102,924	89,142	91,038	97,387	111,553
Adjusted EPS (INR)	12.5	10.8	11.0	11.8	13.5
Adjusted EPS growth (%)	8.8	(13.4)	2.1	7.0	14.5
DPS (INR)	5.8	15.0	3.4	3.4	3.4
ROIC (%)	9.9	7.5	7.0	6.4	6.7
Adjusted ROAE (%)	12.4	10.6	10.7	10.6	11.2
Adjusted P/E (x)	13.1	15.1	14.8	13.9	12.1
EV/EBITDA (x)	8.8	11.6	12.3	11.6	10.2
P/BV (x)	1.6	1.7	1.5	1.4	1.3

Source: Company, Bloomberg, RCML Research



REPORT AUTHORS

Prashant Tiwari, CFA

+91 22 6766 3485

prashant.tiwari@religare.com

Misal Singh

+91 22 6766 3466

misal.singh@religare.com

PRICE CLOSE (22 Aug 16)

INR 163.65

MARKET CAP

INR 1,349.4 bln

USD 20.1 bln

SHARES O/S

8,245.5 mln

FREE FLOAT

25.0%

3M AVG DAILY VOLUME/VALUE

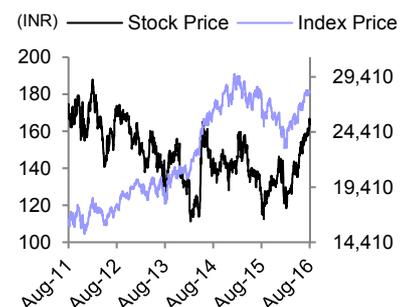
4.9 mln / USD 11.0 mln

52 WK HIGH

INR 170.00

52 WK LOW

INR 107.10



BUY

TP: INR 175.00

▲ 6.9%

NTPC

NTPC IN



Results Review

INDIA
POWER**Per Share Data**

Y/E 31 Mar (INR)	FY14A	FY15A	FY16A	FY17E	FY18E
Reported EPS	13.3	12.5	12.4	11.8	13.5
Adjusted EPS	12.5	10.8	11.0	11.8	13.5
DPS	5.8	15.0	3.4	3.4	3.4
BVPS	104.1	99.0	107.7	115.6	125.2

Valuation Ratios

Y/E 31 Mar (x)	FY14A	FY15A	FY16A	FY17E	FY18E
EV/Sales	2.4	2.5	3.0	2.8	2.6
EV/EBITDA	8.8	11.6	12.3	11.6	10.2
Adjusted P/E	13.1	15.1	14.8	13.9	12.1
P/BV	1.6	1.7	1.5	1.4	1.3

Financial Ratios

Y/E 31 Mar	FY14A	FY15A	FY16A	FY17E	FY18E
Profitability & Return Ratios (%)					
EBITDA margin	27.3	22.0	24.3	24.7	25.9
EBIT margin	21.6	15.3	16.6	17.0	18.0
Adjusted profit margin	14.3	12.2	13.0	12.3	12.5
Adjusted ROAE	12.4	10.6	10.7	10.6	11.2
ROCE	8.5	6.7	6.5	6.0	6.1
YoY Growth (%)					
Revenue	11.1	1.7	(4.4)	13.5	12.3
EBITDA	21.0	(18.3)	6.0	14.9	18.2
Adjusted EPS	8.8	(13.4)	2.1	7.0	14.5
Invested capital	13.7	12.1	16.0	8.0	12.6
Working Capital & Liquidity Ratios					
Receivables (days)	58	49	40	38	39
Inventory (days)	36	45	56	52	53
Payables (days)	0	0	0	0	0
Current ratio (x)	2.2	1.9	1.6	1.8	1.8
Quick ratio (x)	0.9	0.6	0.3	0.5	0.4
Turnover & Leverage Ratios (x)					
Gross asset turnover	0.7	0.6	0.5	0.5	0.5
Total asset turnover	0.4	0.4	0.3	0.3	0.3
Net interest coverage ratio	6.5	4.1	3.6	3.7	3.8
Adjusted debt/equity	0.6	0.9	1.0	1.1	1.1

DuPont Analysis

Y/E 31 Mar (%)	FY14A	FY15A	FY16A	FY17E	FY18E
Tax burden (Net income/PBT)	65.4	84.5	90.5	88.1	84.3
Interest burden (PBT/EBIT)	101.2	94.4	86.5	81.9	82.3
EBIT margin (EBIT/Revenue)	21.6	15.3	16.6	17.0	18.0
Asset turnover (Revenue/Avg TA)	42.3	38.9	34.0	34.8	34.9
Leverage (Avg TA/Avg equities)	205.0	224.9	241.6	248.0	257.9
Adjusted ROAE	12.4	10.6	10.7	10.6	11.2

BUY

TP: INR 175.00

▲ 6.9%

NTPC

NTPC IN



Results Review

INDIA
POWER**Income Statement**

YE 31 Mar (INR mln)	FY14A	FY15A	FY16A	FY17E	FY18E
Total revenue	720,189	732,461	700,492	794,888	893,033
EBITDA	196,850	160,856	170,554	195,956	231,696
EBIT	155,428	111,740	116,301	134,982	160,687
Net interest income/(expenses)	(24,066)	(27,436)	(32,304)	(36,518)	(42,404)
Other income/(expenses)	25,989	21,163	16,469	12,072	13,982
Exceptional items	0	0	121	0	0
EBT	157,351	105,467	100,466	110,536	132,265
Income taxes	(29,299)	(2,558)	1,842	(13,149)	(20,712)
Extraordinary items	(18,305)	0	0	0	0
Min. int./Inc. from associates	0	0	0	0	0
Reported net profit	109,747	102,909	102,429	97,387	111,553
Adjustments	(6,823)	(13,767)	(11,392)	0	0
Adjusted net profit	102,924	89,142	91,038	97,387	111,553

Balance Sheet

YE 31 Mar (INR mln)	FY14A	FY15A	FY16A	FY17E	FY18E
Accounts payables	0	0	0	0	0
Other current liabilities	132,128	152,978	158,044	179,341	201,484
Provisions	81,820	88,745	90,960	103,218	115,962
Debt funds	696,826	888,819	978,380	1,151,984	1,319,906
Other liabilities	26,615	23,732	30,988	30,988	30,988
Equity capital	82,455	82,455	82,455	82,455	82,455
Reserves & surplus	775,699	734,119	805,365	870,434	949,669
Shareholders' fund	858,153	816,574	887,820	952,889	1,032,124
Total liabilities and equities	1,795,542	1,970,847	2,146,193	2,418,420	2,700,464
Cash and cash eq.	185,998	147,569	64,015	135,588	141,885
Accounts receivables	118,670	76,044	78,440	89,010	100,000
Inventories	53,734	74,530	71,925	81,618	91,695
Other current assets	116,012	170,532	183,342	208,049	233,737
Investments	64,694	71,541	79,495	84,495	84,495
Net fixed assets	721,108	788,491	932,805	1,022,891	1,200,732
CWIP	535,326	642,142	736,170	796,770	847,920
Intangible assets	0	0	0	0	0
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	1,795,542	1,970,847	2,146,193	2,418,420	2,700,464

Cash Flow Statement

YE 31 Mar (INR mln)	FY14A	FY15A	FY16A	FY17E	FY18E
Net income + Depreciation	151,169	152,025	156,682	158,361	182,562
Interest expenses	0	0	0	0	0
Non-cash adjustments	0	0	0	0	0
Changes in working capital	6,115	(4,915)	(5,321)	(11,414)	(11,868)
Other operating cash flows	1,363	(707)	1,732	0	0
Cash flow from operations	158,647	146,403	153,093	146,946	170,694
Capital expenditures	(224,480)	(209,795)	(204,255)	(300,000)	(300,000)
Change in investments	(6,202)	(6,846)	(7,955)	(5,000)	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(230,682)	(216,641)	(212,210)	(305,000)	(300,000)
Equities issued	0	0	0	0	0
Debt raised/repaid	95,706	88,924	89,561	173,604	167,922
Interest expenses	0	0	0	0	0
Dividends paid	(55,459)	(24,782)	(32,318)	(32,318)	(32,318)
Other financing cash flows	0	(32,334)	(81,680)	88,340	0
Cash flow from financing	40,247	31,809	(24,437)	229,626	135,603
Changes in cash and cash eq	(31,788)	(38,429)	(83,554)	71,573	6,297
Closing cash and cash eq	185,998	147,569	64,015	135,588	141,885

22 August 2016
BUY
TP: INR 530.00
▲ 3.9%

Tata Motors

TTMT IN

FY16 Annual Report highlights

Key highlights of TTMT's annual report are: (1) Consolidated shareholder equity has risen 44%, comprising P&L (19%), rights issue (13%), forex, and pension liability (11%). (2) A turnaround in the standalone business (revenue up 16.7%) drove FY16 performance. (3) JLR invested GBP 3.1bn (14% of JLR sales) in product development and manufacturing facilities. (4) A favourable product launch cycle should boost JLR and standalone volumes in FY17, though Brexit and currency fluctuations pose key risks to JLR operations.

- ➔ **Consolidated equity up 44% YoY:** Following a 14% decline in FY15 due to unfavourable foreign exchange movement and higher pension liabilities, consolidated equity increased 44% in FY16. The growth in equity came from higher profit & loss accounts (19%), proceeds from the rights issue (13%), positive foreign exchange movement, and a reduction in JLR's pension liabilities (11%).
- ➔ **Standalone business fuels growth:** FY16 was a turnaround year for the standalone business as MHCV volume growth (24%) led to net profits of Rs 4.3bn (vs. a Rs 43bn loss in FY15); this drove TTMT's consolidated performance, offsetting the 470bps drop in JLR's EBITDA margin (14.2%) due to an adverse regional mix. EBITDA-to-CFO conversion was healthy at 97% and FCF generation rose 82% to Rs 65bn.
- ➔ **JLR continues to invest heavily:** JLR invested GBP 3.1bn in FY16 (14.1% of sales), of which GBP 1.6bn was spent on product development and a similar sum on manufacturing facilities. The company has outlined FY17 capex of GBP 3.75bn and has announced plans to invest in a UK engine facility and a new plant in Slovakia (GBP 1bn). Brexit and forex movements pose key risks to JLR operations and plans.
- ➔ **Strong launch cycle, maintain BUY:** With a robust product slate planned for FY17, we expect overall volumes to grow at a healthy rate over FY16-FY18. JLR's margins are set to improve 140bps to 15.6% on strong volume growth. Maintain BUY on TTMT with a Mar'17 TP of Rs 530.

Financial Highlights

Y/E 31 Mar	FY14A	FY15A	FY16A	FY17E	FY18E
Revenue (INR mln)	2,328,337	2,631,590	2,755,611	3,280,939	3,825,078
EBITDA (INR mln)	374,186	421,138	402,367	476,791	575,089
Adjusted net profit (INR mln)	146,964	141,710	128,484	174,546	224,663
Adjusted EPS (INR)	45.7	44.0	37.8	51.4	66.2
Adjusted EPS growth (%)	42.5	(3.6)	(14.1)	35.9	28.7
DPS (INR)	3.0	0.0	0.2	0.9	1.8
ROIC (%)	23.5	18.6	16.2	18.8	22.5
Adjusted ROAE (%)	28.5	23.3	18.8	19.5	20.7
Adjusted P/E (x)	11.2	11.6	13.5	9.9	7.7
EV/EBITDA (x)	5.2	4.5	4.9	3.9	3.0
P/BV (x)	2.5	2.9	2.1	1.8	1.4

Source: Company, Bloomberg, RCML Research



REPORT AUTHORS

Mihir Jhaveri

+91 22 6766 3459

mihir.jhaveri@religare.com

Siddharth Vora

+91 22 6766 3435

siddharth.vora@religare.com

PRICE CLOSE (19 Aug 16)

INR 510.00

MARKET CAP

INR 1,644.3 bln
USD 24.5 bln

SHARES O/S

3,323.1 mln

FREE FLOAT

67.0%

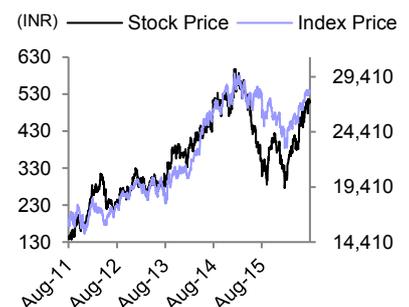
3M AVG DAILY VOLUME/VALUE

10.8 mln / USD 74.4 mln

52 WK HIGH

INR 522.60

52 WK LOW

INR 265.80

[Click here](#) for the full report.

BUY

TP: INR 530.00

▲ 3.9%

Tata Motors

TTMT IN



Company Update

INDIA

AUTOMOBILES

Per Share Data

Y/E 31 Mar (INR)	FY14A	FY15A	FY16A	FY17E	FY18E
Reported EPS	43.5	43.5	32.5	51.4	66.2
Adjusted EPS	45.7	44.0	37.8	51.4	66.2
DPS	3.0	0.0	0.2	0.9	1.8
BVPS	203.9	174.8	237.9	288.2	352.2

Valuation Ratios

Y/E 31 Mar (x)	FY14A	FY15A	FY16A	FY17E	FY18E
EV/Sales	0.8	0.7	0.7	0.6	0.4
EV/EBITDA	5.2	4.5	4.9	3.9	3.0
Adjusted P/E	11.2	11.6	13.5	9.9	7.7
P/BV	2.5	2.9	2.1	1.8	1.4

Financial Ratios

Y/E 31 Mar	FY14A	FY15A	FY16A	FY17E	FY18E
Profitability & Return Ratios (%)					
EBITDA margin	16.1	16.0	14.6	14.5	15.0
EBIT margin	10.2	9.8	7.2	7.9	8.4
Adjusted profit margin	6.3	5.4	4.7	5.3	5.9
Adjusted ROAE	28.5	23.3	18.8	19.5	20.7
ROCE	16.6	13.1	11.5	12.8	14.3
YoY Growth (%)					
Revenue	23.3	13.0	4.7	19.1	16.6
EBITDA	40.8	12.5	(4.5)	18.5	20.6
Adjusted EPS	42.5	(3.6)	(14.1)	35.9	28.7
Invested capital	37.3	3.5	18.2	(0.1)	8.5
Working Capital & Liquidity Ratios					
Receivables (days)	17	17	17	12	12
Inventory (days)	61	65	70	55	46
Payables (days)	95	95	94	94	98
Current ratio (x)	1.0	0.9	0.9	0.9	1.0
Quick ratio (x)	0.3	0.3	0.3	0.4	0.4
Turnover & Leverage Ratios (x)					
Gross asset turnover	2.0	1.8	1.6	1.6	1.5
Total asset turnover	1.2	1.2	1.1	1.2	1.2
Net interest coverage ratio	5.0	5.3	4.3	6.2	7.7
Adjusted debt/equity	0.5	0.7	0.5	0.2	0.1

DuPont Analysis

Y/E 31 Mar (%)	FY14A	FY15A	FY16A	FY17E	FY18E
Tax burden (Net income/PBT)	74.0	64.7	79.8	78.1	79.0
Interest burden (PBT/EBIT)	83.6	84.7	81.6	85.8	88.5
EBIT margin (EBIT/Revenue)	10.2	9.8	7.2	7.9	8.4
Asset turnover (Revenue/Avg TA)	120.5	115.5	109.5	116.1	120.7
Leverage (Avg TA/Avg equities)	374.2	374.0	367.4	316.5	291.5
Adjusted ROAE	28.5	23.3	18.8	19.5	20.7

BUY

TP: INR 530.00

▲ 3.9%

Tata Motors

TTMT IN



Company Update

INDIA

AUTOMOBILES

Income Statement

YE 31 Mar (INR mln)	FY14A	FY15A	FY16A	FY17E	FY18E
Total revenue	2,328,337	2,631,590	2,755,611	3,280,939	3,825,078
EBITDA	374,186	421,138	402,367	476,791	575,089
EBIT	237,752	258,500	197,421	260,474	321,148
Net interest income/(expenses)	(47,338)	(48,615)	(46,234)	(41,887)	(41,600)
Other income/(expenses)	8,286	8,987	9,817	4,881	4,667
Exceptional items	0	0	0	0	0
EBT	198,700	218,873	161,004	223,468	284,215
Income taxes	(47,648)	(76,429)	(28,726)	(47,992)	(58,529)
Extraordinary items	(9,854)	(1,847)	(21,196)	0	0
Min. int./Inc. from associates	(1,132)	(734)	(845)	(930)	(1,023)
Reported net profit	140,067	139,863	110,238	174,546	224,663
Adjustments	6,898	1,847	18,246	0	0
Adjusted net profit	146,964	141,710	128,484	174,546	224,663

Balance Sheet

Y/E 31 Mar (INR mln)	FY14A	FY15A	FY16A	FY17E	FY18E
Accounts payables	573,157	574,073	636,329	805,021	938,643
Other current liabilities	116,861	192,897	198,933	208,879	219,323
Provisions	201,610	211,703	205,194	195,887	196,887
Debt funds	606,423	736,104	704,685	694,685	684,685
Other liabilities	25,969	91,419	99,465	99,465	99,465
Equity capital	6,438	6,438	6,792	6,792	6,792
Reserves & surplus	649,597	556,181	801,035	971,914	1,189,241
Shareholders' fund	656,035	562,619	807,827	978,705	1,196,033
Total liabilities and equities	2,184,260	2,373,148	2,661,315	2,992,690	3,346,364
Cash and cash eq.	297,118	321,158	328,800	492,106	608,033
Accounts receivables	105,742	125,792	129,900	107,866	125,756
Inventories	272,709	292,723	333,990	275,692	321,453
Other current assets	319,850	286,432	307,741	348,851	403,265
Investments	106,867	153,367	204,661	205,016	205,390
Net fixed assets	641,128	837,825	1,015,902	1,222,336	1,341,145
CWIP	332,626	286,401	272,604	272,604	272,604
Intangible assets	49,788	46,970	48,365	48,365	48,365
Deferred tax assets, net	7,748	13,900	(4,397)	(3,897)	(3,397)
Other assets	50,685	8,580	23,749	23,749	23,749
Total assets	2,184,260	2,373,148	2,661,315	2,992,690	3,346,364

Cash Flow Statement

Y/E 31 Mar (INR mln)	FY14A	FY15A	FY16A	FY17E	FY18E
Net income + Depreciation	276,501	302,501	315,184	390,863	478,603
Interest expenses	61,706	63,070	57,039	41,887	41,600
Non-cash adjustments	0	0	0	0	0
Changes in working capital	57,744	(36,718)	25,515	208,552	27,001
Other operating cash flows	(34,439)	26,460	(6,071)	1,359	1,545
Cash flow from operations	361,512	355,313	391,667	642,662	548,750
Capital expenditures	(269,751)	(319,622)	(326,821)	(422,750)	(372,750)
Change in investments	(5,596)	(35,959)	(65,731)	(355)	(373)
Other investing cash flows	36,798	(27,707)	40,457	(695)	(764)
Cash flow from investing	(238,550)	(383,287)	(352,095)	(423,800)	(373,888)
Equities issued	1	0	78,617	0	0
Debt raised/repaid	41,173	130,302	(51,740)	(10,000)	(10,000)
Interest expenses	(61,706)	(63,070)	(57,039)	(41,887)	(41,600)
Dividends paid	(7,220)	(7,204)	(1,739)	(3,668)	(7,335)
Other financing cash flows	(11,081)	(8,015)	(27)	0	0
Cash flow from financing	(38,832)	52,014	(31,930)	(55,555)	(58,935)
Changes in cash and cash eq	84,130	24,040	7,642	163,306	115,927
Closing cash and cash eq	297,118	321,158	328,800	492,106	608,033

22 August 2016

India Financials: Credit Tracker

Deposit growth picks up to 9.8%

As per RBI data, credit growth for the fortnight ended 5 Aug was largely stable at 9.8% YoY while deposit growth increased to 9.8% vs. 9.5% the previous fortnight. Investment growth improved sharply to 7.3% YoY from 6.4% earlier, driving SLR higher to 27.1%. Credit growth has been weak over the last few months due to low corporate demand and a lack of fresh investments. We do not see material improvement ahead and forecast 12% YoY growth for FY17.

- ➔ **Credit growth largely stable at 9.8%:** As per RBI data, credit growth for the fortnight ended 5 Aug remained largely stable at 9.8% YoY. In absolute terms, credit offtake increased by Rs 285bn vs. a decline of Rs 246bn in the fortnight ended 22 July. Weakness over the last few months has stemmed from low corporate demand and a lack of fresh projects. As per sectoral deployment of bank credit, non-food credit growth as of Jun'16 declined to 7.9% while credit to large industries (~35% share in non-food credit) grew at a sluggish 2% YoY. A slowdown was observed across sub-sectors such as food processing (-9.3% vs. +6.5% in Jun'15) and cement & cement products (-2.7% vs. +5.1%). Infrastructure loans declined by 2.1% YoY as power sector loans were down 7.7% and telecom sector growth slowed to 2%.
- ➔ **Deposit growth improves to 9.8%:** Deposit growth increased to 9.8% vs. 9.5% in the fortnight ended 22 July, while was up Rs 853bn to Rs 97.6tn in absolute terms. Investment growth improved to 7.3% vs. 6.4% for the previous fortnight which drove SLR higher to 27.1%. Banks have been consciously keeping SLR balances above the regulated levels of 21.0% as this helps them meet LCR requirements. Slow credit offtake is another factor that would keep SLR elevated in the coming months as well.
- ➔ **FY17 loan growth to remain at ~12%:** We do not expect any material improvement in credit growth for FY17 and build in a modest ~12% YoY growth for the year. Mid-tier PSU banks are likely to grow below the system due to asset quality stress. This should lead to market share gains for private banks, especially mid-tier names such as YES and IIB, which we expect will grow much higher than the industry.



REPORT AUTHORS

Parag Jariwala, CFA

+91 22 6766 3442

parag.jariwala@religare.com

Vikesh Mehta

+91 22 6766 3474

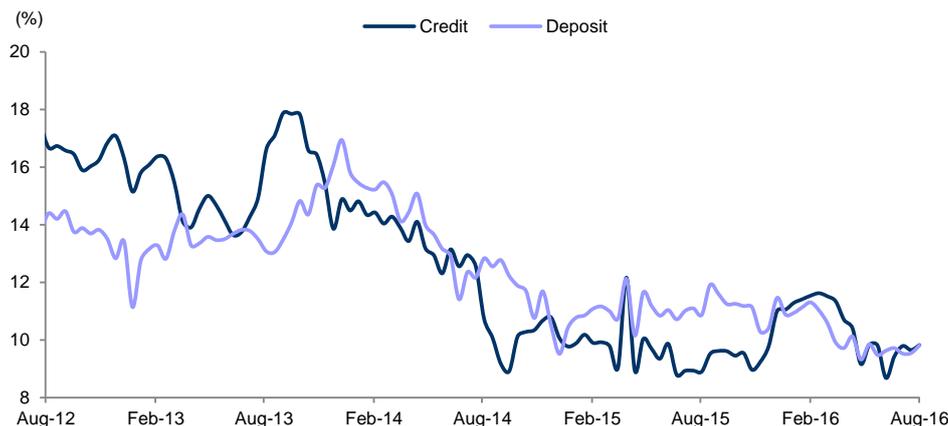
vikesh.mehta@religare.com

Key data

Particulars	7 Aug'15	5 Aug'16
Deposits (Rs trn)	88.9	97.6
YoY growth (%)	10.9	9.8
YTD growth (%)	0.3	0.4
Loans (Rs trn)	66.4	73.0
YoY growth (%)	8.9	9.8
YTD growth (%)	(2.3)	(3.1)
CD ratio (%)	74.8	74.8
SLR ratio (%)	27.9	27.1

Source: RBI

Fig 1 - Credit and deposit growth in the banking system



Source: RBI, RCML Research

RESEARCH TEAM

ANALYST	SECTOR	EMAIL	TELEPHONE
Varun Lohchab (Head – India Research)	Consumer, Strategy	varun.lohchab@religare.com	+91 22 6766 3470
Mihir Jhaveri	Auto, Auto Ancillaries, Cement	mihir.jhaveri@religare.com	+91 22 6766 3459
Siddharth Vora	Auto, Auto Ancillaries, Cement	siddharth.vora@religare.com	+91 22 6766 3435
Misal Singh	Capital Goods, Infrastructure, Utilities	misal.singh@religare.com	+91 22 6766 3466
Prashant Tiwari, CFA	Capital Goods, Infrastructure, Utilities	prashant.tiwari@religare.com	+91 22 6766 3485
Manish Poddar	Consumer	manish.poddar@religare.com	+91 22 6766 3468
Rohit Ahuja	Energy	ahuja.rohit@religare.com	+91 22 6766 3437
Akshay Mane	Energy	akshay.mane@religare.com	+91 22 6766 3438
Parag Jariwala, CFA	Financials	parag.jariwala@religare.com	+91 22 6766 3442
Vikesh Mehta	Financials	vikesh.mehta@religare.com	+91 22 6766 3474
Rumit Dugar	IT, Telecom, Media	rumit.dugar@religare.com	+91 22 6766 3444
Saumya Shrivastava	IT, Telecom, Media	saumya.shrivastava@religare.com	+91 22 6766 3445
Pritesh Jani	Metals	pritesh.jani@religare.com	+91 22 6766 3467
Arun Baid	Mid-caps	arun.baid@religare.com	+91 22 6766 3446
Praful Bohra	Pharmaceuticals	praful.bohra@religare.com	+91 22 6766 3463
Aarti Rao	Pharmaceuticals	aarti.rao@religare.com	+91 22 6766 3436
Jay Shankar	Economics & Strategy	shankar.jay@religare.com	+91 11 3912 5109
Rahul Agrawal	Economics & Strategy	ag.rahul@religare.com	+91 22 6766 3433

RESEARCH DISCLAIMER

Important Disclosures

This report was prepared, approved, published and distributed by a Religare Capital Markets ("RCM") group company located outside of the United States (a "non-US Group Company"). This report is distributed in the U.S. by Enclave Capital LLC ("Enclave Capital"), a U.S. registered broker dealer, on behalf of RCM only to major U.S. institutional investors (as defined in Rule 15a-6 under the U.S. Securities Exchange Act of 1934 (the "Exchange Act")) pursuant to the exemption in Rule 15a-6 and any transaction effected by a U.S. customer in the securities described in this report must be effected through Enclave Capital. Neither the report nor any analyst who prepared or approved the report is subject to U.S. legal requirements or the Financial Industry Regulatory Authority, Inc. ("FINRA") or other regulatory requirements pertaining to research reports or research analysts. No non-US Group Company is registered as a broker-dealer under the Exchange Act or is a member of the Financial Industry Regulatory Authority, Inc. or any other U.S. self-regulatory organization.

Subject to any applicable laws and regulations at any given time, non-US Group Companies, their affiliates or companies or individuals connected with RCM (together, "Connected Companies") may make investment decisions that are inconsistent with the recommendations or views expressed in this report and may have long or short positions in, may from time to time purchase or sell (as principal or agent) or have a material interest in any of the securities mentioned or related securities or may have or have had a business or financial relationship with, or may provide or have provided investment banking, capital markets and/or other services to, the entities referred to herein, their advisors and/or any other connected parties. As a result, recipients of this report should be aware that Connected Companies may have a conflict of interest that could affect the objectivity of this report.

This report is only for distribution to investment professionals and institutional investors.

Analyst Certification

Each of the analysts identified in this report certifies, with respect to the companies or securities that the individual analyses, that (1) the views expressed in this report reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly dependent on the specific recommendations or views expressed in this report.

Analysts and strategists are paid in part by reference to the profitability of RCM.

Stock Ratings are defined as follows

Recommendation Interpretation (Recommendation structure changed with effect from March 1, 2009)

Recommendation	Expected absolute returns (%) over 12 months
Buy	More than 15%
Hold	Between 15% and -5%
Sell	Less than -5%

Expected absolute returns are based on the share price at market close unless otherwise stated. Stock recommendations are based on absolute upside (downside) and have a 12-month horizon. Our target price represents the fair value of the stock based upon the analyst's discretion. We note that future price fluctuations could lead to a temporary mismatch between upside/downside for a stock and our recommendation.

Stock Ratings Distribution

As of 1 August 2016, out of 169 rated stocks in the RCM coverage universe, 92 have BUY ratings (including 4 that have been investment banking clients in the last 12 months), 44 are rated HOLD and 33 are rated SELL.

Research Conflict Management Policy

RCM research has been published in accordance with our conflict management policy, which is available [here](#).

Disclaimers

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject RCM to any registration or licensing requirement within such jurisdiction(s). This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to RCM. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of RCM. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of RCM or its affiliates, unless specifically mentioned otherwise.

The information, tools and material presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. RCM has not taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. RCM will not treat recipients as its customers by virtue of their receiving the report. The investments or services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. In addition, nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise constitutes a personal recommendation to you.

Information and opinions presented in this report were obtained or derived from sources that RCM believes to be reliable, but RCM makes no representations or warranty, express or implied, as to their accuracy or completeness or correctness. RCM accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that liability arises under specific statutes or regulations applicable to RCM. This report is not to be relied upon in substitution for the exercise of independent judgment. RCM may have issued, and may in the future issue, a trading call regarding this security. Trading calls are short term trading opportunities based on market events and catalysts, while stock ratings reflect investment recommendations based on expected absolute return over a 12-month period as defined in the disclosure section. Because trading calls and stock ratings reflect different assumptions and analytical methods, trading calls may differ directionally from the stock rating.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment of its original date of publication by RCM and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments. Investors in securities such as ADR's, the values of which are influenced by currency volatility, effectively assume this risk.

This report is distributed in India by Religare Capital Markets Limited, which is a registered intermediary regulated by the Securities and Exchange Board of India. In Singapore, it is being distributed (i) by Religare Capital Markets (Singapore) Pte. Limited ("RCMS") (Co. Reg. No. 200902065N) which is a holder of a capital markets services licence and an exempt financial adviser in Singapore and (ii) solely to persons who qualify as "institutional investors" or "accredited investors" as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Pursuant to regulations 33, 34, 35 and 36 of the Financial Advisers Regulations (the "FAR"), sections 25, 27 and 36 of the Financial Advisers Act, Chapter 110 of Singapore shall not apply to RCMS when providing any financial advisory service to an accredited investor, or "overseas investor" (as defined in regulation 36 of the FAR). Persons in Singapore should contact RCMS in respect of any matters arising from, or in connection with this publication/communication. In Hong Kong, it is being distributed by Religare Capital Markets (Hong Kong) Limited ("RCM HK"), which is licensed and regulated by the Securities and Futures Commission, Hong Kong. In Australia, it is being distributed by RCMHK which is approved under ASIC Class Orders. In Sri Lanka, it is being distributed by Bartleet Religare Securities, which is licensed under Securities and Exchange Commission of Sri Lanka. If you wish to enter into a transaction please contact the RCM entity in your home jurisdiction unless governing law provides otherwise. In jurisdictions where RCM is not registered or licensed to trade in securities, transactions will only be effected in accordance with applicable securities legislation which may vary from one jurisdiction to another and may require that the trade be made in accordance with applicable exemptions from registration or licensing requirements.

Religare Capital Markets does and seeks to do business with companies covered in our research report. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of research produced by Religare Capital Markets. Investors should consider our research as only a single factor in making their investment decision.

Any reference to a third party research material or any other report contained in this report represents the respective research organization's estimates and views and does not represent the views of RCM and RCM, its officers, employees do not accept any liability or responsibility whatsoever with respect to its accuracy or correctness and RCM has included such reports or made reference to such reports in good faith. This report may provide the addresses of, or contain hyperlinks to websites. Except to the extent to which the report refers to material on RCM's own website, RCM takes no responsibility whatsoever for the contents therein. Such addresses or hyperlinks (including addresses or hyperlinks to RCM's own website material) is provided solely for your convenience and information and the content of the linked site does not in any way form part of this report. Accessing such website or following such link through this report or RCM's website shall be at your own risk.

Other Disclosures by Religare Capital Markets Limited under SEBI (Research Analysts) Regulations, 2014 with reference to the subject companies(s) covered in this report:

Religare Capital Markets Limited ("RCML") is engaged in the business of Institutional Stock Broking and Investment Banking. RCML is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Merchant Banker. RCML is a subsidiary of Religare Enterprises Limited which has its various subsidiaries engaged in the businesses of commodity broking, stock broking, lending, asset management, life insurance, health insurance, wealth management, portfolio management, etc. RCML has set up subsidiaries in Singapore, Hong Kong and Sri Lanka to render stock broking and investment banking services in respective jurisdictions.

RCML's activities were neither suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. RCML has not been debarred from doing business by any Stock Exchange / SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against RCML impacting its equity research analysis activities.

RCML or its research analyst or his/her relatives do not have any financial interest in the subject company.

RCML or its research analyst or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this research report.

RESEARCH DISCLAIMER

Research analyst or his/her relatives do not have any material conflict of interest at the time of publication of this report.

Research analyst has not received any compensation from the subject company in the past 12 months.

RCML may have managed or co-managed a public offering of securities for the subject company in the past 12 months.

RCML may have received compensation from the subject company in the past 12 months.

Research analyst has not served as an officer, director or employee of the subject company.

RCML or its research analyst is not engaged in any market making activities for the subject company.

RCML may from time to time solicit or perform investment banking services for the company(ies) mentioned in this report.

RCML or its associates may have material conflict of interest at the time of publication of this research report.

RCML's associates may have financial interest in the subject company. RCML's associates may have received compensation from the subject company in the past 12 months. RCML's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this research report.

RCM has obtained registration as Research Entity under SEBI (Research Analysts) Regulations, 2014.