

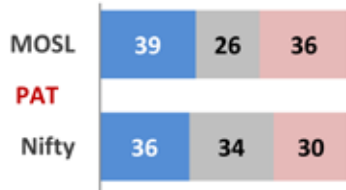
Corporate performance



4QFY17: Expectations v/s delivery

% of Companies that have Declared Results

Above Expectations In-line Below Expectations



(no of companies)	Growth (YoY, %)		
	MOSL (171)	Nifty (50)	Sensex (30)
Sales	14.0	13.5	9.6
EBIDTA	8.9	4.6	2.7
PAT	26.9	15.2	8.2

Market snapshot



Equities - India	Close	Chg. %	YTD. %
Sensex	31,159	0.2	17.0
Nifty-50	9,625	0.2	17.6
Nifty-M 100	17,412	1.1	21.3
Equities-Global	Close	Chg. %	YTD. %
S&P 500	2,413	-0.1	7.8
Nasdaq	6,203	-0.1	15.2
FTSE 100	7,527	-0.3	5.4
DAX	12,599	-0.2	9.7
Hang Seng	10,619	0.0	13.0
Nikkei 225	19,678	0.0	2.9
Commodities	Close	Chg. %	YTD. %
Brent (US\$/Bbl)	51	-0.9	-7.4
Gold (\$/OZ)	1,263	-0.3	9.0
Cu (US\$/MT)	5,633	-0.1	2.0
Almn (US\$/MT)	1,923	-1.3	12.8
Currency	Close	Chg. %	YTD. %
USD/INR	64.6	0.2	-4.8
USD/EUR	1.1	-0.3	5.8
USD/JPY	111.0	-0.3	-5.2
YIELD (%)	Close	1MChg	YTDchg
10 Yrs G-Sec	6.7	0.0	0.1
10 Yrs AAA Corp	7.8	0.0	0.3
Flows (USD b)	30-May	MTD	YTD
FII	0.0	1.4	7.7
DII	0.1	0.9	2.5
Volumes (INRb)	30-May	MTD*	YTD*
Cash	277	303	287
F&O	3,722	5,445	4,804

Note: YTD is calendar year, *Avg

Quote of the day

You only have to do a very few things right in your life so long as you don't do too many things wrong.

Research Team (Gautam.Duggad@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.



Today's top research idea

Hindalco Inds: Copper business drives strong performance; Net debt to EBITDA at ~3x, deleveraging remains focus; Reiterate Buy

- ✓ Hindalco's (HNDL) Net Debt to EBITDA has declined from ~5x in FY16 to ~3x in FY17. Supportive LME, improving mix at Novelis, favorable cost positioning and minimal sustenance capex will drive strong FCF generation and further deleveraging.
- ✓ HNDL has a strong business model with full integration from mining to high end value added aluminum products for automobiles and beverage cans. Most (~75%) of USD2b operating EBITDA comes from conversion businesses (Novelis, Copper TcRc) and special grade alumina. Relative cost positioning of primarily aluminum business has improved (11th percentile) on improving integrated supply and coal availability. The outlook on LME is better as China implements stricter environment norms. We value HNDL at 6.5x FY18E EV/EBITDA at INR250/sh (at LME of USD1,750/t and USDINR68.3). Buy.

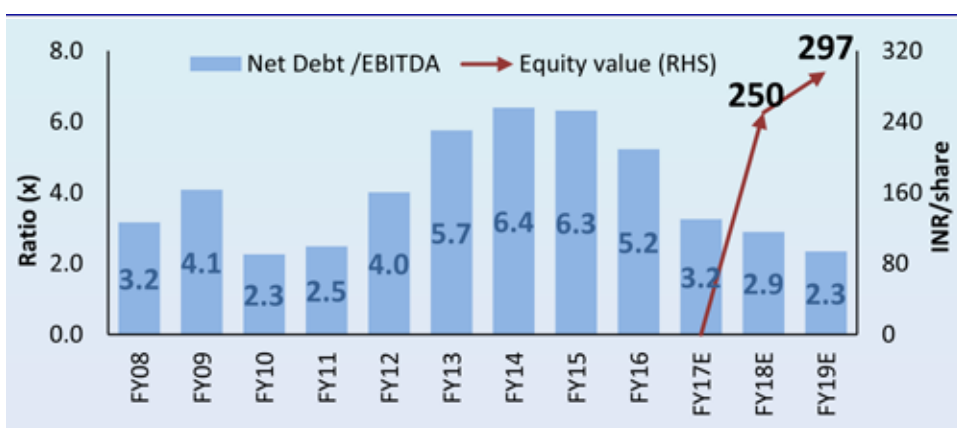


Research covered

Cos/Sector	Key Highlights
Auto Sales Estimates	MSIL to drive PV growth, 2W dispatches to be strong
M&M	Above est.; EBITDA margin at 11.7% despite BS-3 impact; Upgrade S/A EPS
Hindalco Inds	Copper business drives strong performance; Net debt to EBITDA at ~3x
United Spirits	Volumes decline 8.2% YoY; Portfolio premiumization continues
Power Grid Corpn	Capitalization momentum drives strong earnings growth
BPCL	Adjusted EBITDA in line; GRM marginally above estimate
Britannia Inds	Sales broadly in-line; margins far better than expectations
Aurobindo Pharma	Better off compared to peers; positive outlook for FY18
Oil India	Adj. EBITDA ahead of expectation
Ramco Cement	Weak realization and higher other expenses drag margins
Thermax	Oper. Perf. impressive; impairment loss on investment in subs. hurts PAT
Fortis Healthcare	Weak 4QFY17; margin improvement is key
Solar Inds	Operational performance below estimates
More Q4FY17 Results	PVR Ipca Lab Jagran Prakashan Siti Networks Parag Milk Foods
Results Expectation	Castrol (India)



Chart of the Day: Hindalco – Copper business drives strong performance





Kindly click on textbox for the detailed news link

1

Cadila Healthcare plans to raise Rs1,000 crore via QIP

Drug maker Cadila Healthcare Ltd is in talks to raise around Rs1,000 crore through a qualified institutional placement (QIP) of shares, three people aware of the development said. QIP is a capital-raising tool through which listed companies can sell equity shares, fully and partly convertible...

2

Small finance banks see asset quality deteriorate

Small finance banks (SFBs) are showing elevated signs of risk as asset quality deteriorated post demonetisation in November. As a grouping, small finance banks (SFBs) have the worst numbers. According to data compiled by Crif High Mark Credit Information Services, a credit bureau, the portfolio at risk (PAR) for 30 days has increased 10.56% at the end of March compared to 2.99% three months earlier...

3

Eveready to transfer packet tea business to JV with McLeod Russel India

Battery maker Eveready Industries Ltd on Tuesday said it will transfer its packet tea business to a joint venture with McLeod Russel India Ltd, the world's biggest producer of tea. Both companies belong to the Khaitan family-controlled Williamson Magor Group...

4

Jindal Poly Films in talks to acquire European operations of DuPont Teijin Films

India's largest polyester-based packaging film company Jindal Poly Films is in advanced negotiations to acquire the European operations of DuPont Teijin Films (DTF) for Rs 2,000 crore (\$300 million), said several people with knowledge of the mater...

5

GDP growth in FY17 may beat CSO estimate of 7.1%

The updation of the base year of the index of industrial production (IIP) and the wholesale price index, along with improved farm sector prospects and higher public spending, may have given a boost to the economy in 2016-17, despite the downsides of demonetisation...

6

Big jolt to Reliance Communications, Moody's downgrades telecom giant

Moody's Investors Service has downgraded Reliance Communications' corporate family rating and senior secured bond rating on account of weak performance and "fragile" liquidity position....

7

PM seeks 'quantum jump' in ties with Germany, 8 pacts signed

Prime Minister Narendra Modi today sought "outcome-oriented" momentum in Indo-German ties and a "quantum jump" in economic relations, as he held wide-ranging talks with German Chancellor Angela Merkel on key issues such as trade, skill development, cyber security and terrorism...



Automobiles

May-17 Sales Estimates MSIL to drive PV growth, 2W dispatches to be strong

CV sales to be weak on shortage of BS-4 components

" At Bosch, we rely heavily on our international production network, which is spread across several locations across the globe. With most of the components and subcomponents being sourced from other markets, there was a lag in meeting the Indian market's peak demand immediately. At Bosch India, we are trying to settle this issue to a great extent by June"

- Jan-Oliver Roehrl,
Additional Director, Bosch

While PV to continue its growth momentum led by MSIL and outperform the auto industry, 2W volume is also expected to be strong led by increase in retail off-take due to marriage season. CV sales is expected to be weak YoY due to pre buying impact in Mar-17 coupled with shortage of BS-4 components to also impact supply.

Key highlights:

- n Maruti Suzuki's domestic dispatches growth will be better than PV industry in May-17 as we expect MISL to report ~21.6% growth in its overall volumes. Our channel check indicate double digit growth in retail off-take while demand for Baleno and Brezza continue to remain robust as these models still enjoys healthy waiting period of 5-6 weeks.
- n Tata Motors PV segment is expected to maintain strong growth momentum driven by Tiago and complimented by newly launched Tigor.
- n In the 2W segment, we expect HMCL volume to increase by ~9.8% YoY (+8.2% MoM) led by strong retail off-take due to ongoing marriage season. TVSL too is likely to record ~8.9% YoY (+7.8% MoM) increase in volumes led by strong growth in its scooters and motorcycles portfolio.
- n Bajaj Auto's overall volumes to decline by ~2.2% led by decline in domestic 2W and 3W volumes.
- n We expect RE volumes to grow at ~25% YoY growth at 60.6k units. Situation in 2Ws is expected to improve on a MoM basis.
- n CV manufacturers are expected to record decline in sales due to pre buying effect on account of change in emission norms coupled with shortage of BS-4 components to also impact production. We expect TTMT and AL to report double digit decline in their CV volumes by 39% and 21% respectively.
- n We prefer 4Ws over 2Ws and CVs due to stronger volume growth and stable competitive environment. While we expect 2W volumes to benefit from rural recovery in near term, competitive intensity remains high in segment witnessing changing customer preferences. For CVs, we expect volumes to remain muted atleast for next 2-3 quarters due to pre-buying, GST implementation and cost inflation with relatively weak freight availability.
- n Our top-picks are Tata Motors, Maruti Suzuki and Amara Raja. We also like M&M as best bet on rural market recovery.



Mahindra & Mahindra

BSE SENSEX	S&P CNX
31,159	9,625
Bloomberg	MM IN
Equity Shares (m)	592.6
M.Cap.(INRb)/(USD b)	807.2 / 12.5
52-Week Range (INR)	1509 / 1142
1, 6, 12 Rel. Per (%)	-2/-2/-14
Avg Val, (INRm)	1501
Free float (%)	74.7

Financials & Valuations (INRb)

Y/E Mar	2017	2018E	2019E
Sales	437.9	497.0	562.5
EBITDA	47.7	56.1	64.4
NP (incl. MVML)	37.4	42.5	48.1
Adj. EPS (INR) *	62.5	71.0	80.3
EPS Gr. (%)	12.1	13.5	13.2
Cons. EPS (INR)	54.3	69.6	81.7
BV/Sh. (INR)	432	477	530
RoE (%)	14.2	14.2	14.4
RoCE (%)	13.3	13.2	13.5
Cons. P/E (x)	21.8	19.2	17.0

* incl. MVML

Estimate change



TP change



Rating change



CMP: INR1,362 TP: INR1,603 (+18%) Buy

Above est.; EBITDA margin at 11.7% despite BS-3 impact; Upgrade S/A EPS

- 4QFY17 volumes grew 3.4% YoY to 188k, driven by 16% growth in Tractors and ~1% decline in UVs. Net realizations stood at ~INR563.6k (est. of ~INR540k). Net revenues grew 4% YoY to ~INR106.1b (est. of ~INR101.7k).
- EBITDA margin shrunk 100bp YoY (-200bp QoQ) to 11.7% (est. of 11.9%), impacted by provision of INR1.7b due to BS-III ban (adj. margins at 13.2%). PBIT margin contracted 270bp YoY to 7.2% for Auto business, but improved 170bp to 17.3% for Tractors. Higher other income and lower tax led to adj. PAT growth of 17% YoY to ~INR8b (est. of ~INR6.2b).
- For FY17, net sales grew by ~8% to INR419b and adj. PAT by 12% to INR37.4b.
- Takeaways from meeting:** a) Expecting double-digit growth for Tractors in FY18. b) Expects UVs to grow in line with PV industry, as UV share in India is now comparable with global markets. c) Hybrid Scorpio (~2.5k units/month) to see ~15% price increase under GST. d) To launch new MPV, KUV, Scorpio and XUV refreshes in FY18, and two new launches in SCV segment. e) Recently launched Tractor Jivo (24HP) for horticulture application. f) Capex for three years is likely to be INR120b (incl. investment of ~INR45b). g) Plans to sell 5k units/month of EVs over next three years (v/s 100/month currently). h) 2W business adj. losses halved post restructuring.
- Valuation and view:** We upgrade S/A EPS by 6-8% for FY18E/19E to factor in the stronger performance of Auto and higher other income. However, our consol. EPS has seen downgrade of 8-9% due to higher losses in 2Ws and cut in Tech Mahindra estimates. The stock trades at 19.2x/17x FY18E/FY19E consol. EPS. Maintain **Buy** with an SOTP-based TP of INR1,603 (FY19 SOTP-based).

Quarterly Performance (incl MVML)

Y/E March	FY16				FY17				(INRMillion)			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY16	FY17	FY17E	Var. (%)
Total Volumes (nos)	171,925	158,601	193,763	182,093	196,125	187,837	197,356	188,301	707,689	769,617	188,301	0.0
Growth YoY (%)	-8.1	-10.3	11.9	12.6	14.1	18.4	1.9	3.4	1.3	8.8	3.4	
Net Realization	549,491	554,969	540,062	558,757	536,630	541,522	536,432	563,572	549,505	544,367	540,115	4.3
Growth YoY (%)	4.8	8.5	1.0	-1.0	-2.3	-2.4	-0.7	0.9	3.9	-0.9	-3.2	
Net Op. Income	94,471	88,019	104,644	101,746	105,247	101,718	105,868	106,121	388,879	418,954	101,704	4.3
Growth YoY (%)	-3.8	-2.7	13.0	11.5	11.4	15.6	1.2	4.3	5.2	7.7	0.1	
RM Cost (% of sales)	68.0	67.8	68.4	68.6	68.4	67.1	68.6	68.4	68.1	68.1	69.1	-1.0
Staff (% of sales)	7.0	7.3	6.7	5.6	6.8	7.1	7.2	6.4	6.6	6.9	7.1	0bp
Oth. Exp. (% of Sales)	10.8	11.9	11.1	13.1	10.7	11.3	10.6	12.9	11.7	11.6	11.2	170bp
EBITDA	13,450	11,445	14,515	12,940	14,885	14,682	14,495	12,368	52,463	56,556	12,095	2.3
EBITDA Margins (%)	14.2	13.0	13.9	12.7	14.1	14.4	13.7	11.7	13.5	13.5	11.9	-20bp
Other income	1,109	4,867	911	957	1,296	6,879	921	2,940	7,845	12,035	1,008	191.7
Interest	562	625	636	717	428	464	591	673	2,653	2,285	595	13.0
Depreciation	2,544	2,711	3,211	3,581	3,484	3,701	3,753	3,782	12,047	14,721	3,857	-2.0
EO Income/(Exp)	0	0	0	60	910	0	165	937	60	2,012	0	
PBT	11,454	12,975	11,580	9,659	13,179	17,397	11,236	11,790	45,667	53,597	8,650	36.3
Effective Tax Rate (%)	27.5	25.0	26.6	28.4	27.0	28.0	28.7	25.9	26.8	27.4	28.1	-220bp
Reported PAT	8,299	9,730	8,494	6,915	9,616	12,529	8,011	8,737	33,438	38,889	6,219	40.5
Change (%)	-7.4	-0.1	-12.1	18.0	15.9	28.8	-5.7	26.3	-2.3	16.3	-5.4	
Adj PAT	8,299	9,730	8,494	6,872	8,952	12,529	7,893	8,043	33,394	37,429	6,219	29.3
Change (%)	-7.4	-0.1	19.2	23.0	7.9	28.8	-7.1	17.0	5.7	12.1	-4.8	

E: MOSL Estimates



BSE SENSEX	S&P CNX
31,159	9,625
Bloomberg	HNDL IN
Equity Shares (m)	2,066.1
M.Cap.(INRb)/(USDb)	382.2 / 5.7
52-Week Range (INR)	210 / 98
1, 6, 12 Rel. Per (%)	-2/-1/81
Avg Val, INRm	2178
Free float (%)	65.3

CMP: INR203 TP: INR250(+23%) Buy

Copper business drives strong performance

Net debt to EBITDA at ~3x, deleveraging remains focus; Reiterate Buy
Standalone EBITDA grew 16% YoY (+14% QoQ) to INR13.5b (est. of INR12.9b), led by higher copper volumes and aluminum LME. Interest cost fell 6% YoY to INR5.4b. Adj. PAT grew 24% YoY to INR4.7b (est. of INR4.1b). HNDL has pre-paid debt of INR55b by April 2017, as against capital raise of INR33b through QIP. For FY17, EBITDA grew 45% YoY to INR48b and adj. PAT more than doubled YoY to INR14.9b. Consol. EBITDA (adjusted for exceptionals at Novelis) was up by 33% YoY to ~INR141b and adj. PAT by 45% YoY to ~INR36b in FY17.

Copper: Higher volumes, better by-product realization drive strong perf.

- n Sales grew 18% YoY/QoQ to 114kt on strong demand and weak base. EBITDA was up 23% YoY to INR4.9b, aided by higher by-product realization.

Aluminum: LME gains partly offset by lower realization and higher cost

- n Sales were flat YoY (+6% QoQ) at 328kt. EBITDA including Utkal grew 27% YoY/12% QoQ to INR11.2b. EBITDA/t was up USD32 QoQ to USD508, lower than the rise in LME of ~USD130, due to hedging impact and input costs.

Focus remains on short payback projects and deleveraging; Reiterate Buy

- n Consol. net debt to EBITDA declined sharply from 5.2x in FY16 to 3.2x in FY17. HNDL plans to prepay additional ~INR2b debt in FY18. Incremental capex would remain limited to maintenance (INR10b p.a. in S/A) and high IRR downstream/Utkal de-bottlenecking projects.
- n Dependence on e-auction coal will reduce further with future linkage auctions (already 2/3rd is under secured cost). The focus on deleveraging, strong relative cost positioning (11th percentile of global cost curve), strong performance at Novelis and healthy FCF generation augur well. TP is upgraded to INR250 (6.5x FY18E EV/EBITDA). Reiterate **Buy**.

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	1,002	1,058	1,074
EBITDA	140.8	143.9	149.3
PAT	36.0	50.3	57.6
EPS (INR)	16.2	22.6	25.9
Gr. (%)	35.1	39.7	14.5
BV/Sh (INR)	129.9	158.9	183.3
RoE (%)	14.0	15.6	15.1
RoCE (%)	8.8	8.7	8.9
P/E (x)	12.6	9.0	7.9
P/BV (x)	1.6	1.3	1.1

Estimate change	↔
TP change	↔
Rating change	↔

Quarterly Performance (standalone)

Y/E March	FY16				FY17				FY16	FY17E	INR million	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			vs Est	
Alumina (Production, kt)	660	628	704	703	708	726	744	710	2,298	2,888	715	4
Aluminium (sales, kt)	248	277	292	329	291	320	310	327	1,146	1,248	318	-3
Copper (sales, kt)	96	104	87	97	62	102	97	95	384	356	95	2
Avg LME Aluminium (USD/T)	1,765	1,593	1,495	1,516	1,570	1,619	1,660	1,680	1,592	1,632	1,660	
Net Sales	85,753	89,246	81,503	86,675	75,973	90,123	93,136	96,814	343,177	356,046	93,333	0
EBITDA	8,773	6,028	6,716	11,664	11,325	11,564	11,852	13,182	33,182	47,923	12,853	-8
Change (YoY %)	17.2	-32.8	-27.3	37.6	29.1	91.8	76.5	13.0	-2.9	44.4	91.4	
EBITDA - Aluminium	5,088	2,275	2,988	7,642	8,488	7,905	8,557	9,767	17,992	34,717	9,174	-7
EBITDA-Copper	3,686	3,753	3,728	4,023	2,837	3,659	3,295	3,415	15,190	13,205	3,679	-10
Interest	6,017	6,160	5,824	5,747	5,996	5,943	5,879	5,976	23,748	23,793	5,986	-2
Depreciation	3,320	2,958	3,080	3,412	3,382	3,516	3,580	3,562	12,770	14,039	3,498	2
Other Income	1,944	4,175	2,501	2,041	2,184	3,364	2,200	2,312	10,662	10,060	2,184	1
PBT (after EO item)	1,381	1,086	313	4,547	4,129	6,326	4,593	5,957	7,326	21,005	5,553	-17
Total Tax	309	53	-92	983	1,189	1,929	1,390	1,388	1,254	5,895	1,506	
% Tax	22.4	4.9	-29.3	21.6	28.8	35.3	30.2	23.3	17.1	28.1	27.1	
Reported PAT	1,072	1,033	405	3,563	2,941	4,397	3,204	4,568	6,073	15,110	4,047	-21
Adjusted PAT	1,145	900	259	3,769	2,972	3,934	3,204	4,285	6,073	14,495	4,045	-21

United Spirits

BSE SENSEX 31,159
S&P CNX 9,625

CMP: INR2,090 TP: INR2,025(-3%)

Neutral

We will revisit our estimates post earnings call/management interaction.

Conference Call Details



Date: 31st May 2017
Time: 12:00pm IST
Dial-in details:
+91-22-3960 0651

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	85.5	94.6	109.1
EBITDA	9.8	11.0	13.5
NP	3.9	5.6	7.5
EPS (INR)	26.7	38.3	51.5
EPS Gr. (%)	87.1	43.2	34.4
P/E	70.4	49.2	36.6
EV/EBITDA	28.4	25.0	20.1

Volumes decline 8.2% YoY; Portfolio premiumization continues

- UNSP's standalone net sales fell 1.1% YoY (est. of +6.4%) to INR20.1b, with volumes down 8.2% (est. flat volume). Management stated that adjusted for Bihar prohibition and operating model changes, sales rose 7% YoY.
- Overall 4Q volumes fell 8.2% YoY to 21.4m cases: Popular volumes fell 15.1% YoY to 12.9m cases, while Prestige and above volumes rose 4.9% YoY to 8.5m cases. For FY17, volumes fell 3.2% to 90.1m cases. Prestige and above volumes were up by 7.6%, while Popular volumes were down 9.5%.
- Gross margin (excl. operating income) improved 330bp YoY to 43.9%.
- EBITDA margin (excl. other operating income) expanded 730bp YoY to 12.6% (est. of 10.9%), mainly led by gross margin expansion of 330bp. Staff costs declined by 100bp YoY, and other expenses by 230bp YoY to 17.1% of sales.
- EBITDA (excl. other op. income) rose 132% YoY to INR2.54b (est. INR2.48b).
- Tax rates were lower than expected. Reported PAT grew 204% YoY off a low base to INR1b (est. of INR937m).
- There was an exceptional charge of INR2.91b (not part of calculations above), driven mainly by a customer claim arising out of legacy commercial terms.

Other details of 4QFY17 performance

- Management expects highway ban to continue impacting sales in short term.
- Management believes that while alcohol for human consumption has been excluded from GST, additional tax on input materials will result in stranded taxes and impact margins. It is working with central government to minimize margin impact and approaching state governments for appropriate price hikes. GST may undergo further changes; it awaits formal notification of rates/rules.

Valuation and view: We will revisit our estimates post the earnings call. Based on our current estimates, it trades at 45.5x/33.7x FY18E/19E EPS. We have a **Neutral** rating with a TP of INR2,025. We will review after the call.

Quarterly Performance

Y/E March (Standalone)	FY16				FY17				FY16	FY17	FY17 4QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Volume Growth %	0.4	-2.3	1.6	-4.0	-0.2	1.0	-5.0	-8.2	-1.1	-3.1	0.0	
Net Sales	18,487	18,923	24,105	20,370	20,273	20,377	24,845	20,140	81,885	85,635	22,612	-10.9%
YoY Change (%)					9.7	7.7	3.1	-1.1		4.6	6.4	
Total Exp	16,773	16,020	21,557	19,276	18,251	18,126	22,007	17,599	73,625	75,983	20,137	
EBITDA	1,715	2,903	2,548	1,094	2,023	2,251	2,838	2,541	8,259	9,653	2,475	2.7%
Margins (%)	9.3	15.3	10.6	5.4	10.0	11.0	11.4	12.6	10.1	11.3	10.9	
EBITDA growth (%)					18.0	-22.5	11.4	132.3	23.5	16.9	35.3	
Depreciation	249	241	254	271	261	332	313	418	1,015	1,323	307	
Interest	1,284	1,100	1,077	1,009	1,030	885	922	853	4,469	3,690	917	
PBT From operations	182	1,562	1,217	-186	732	1,034	1,603	1,270	2,775	4,639	1,251	1.5%
Other income	320	293	82	958	346	389	454	253	1,653	1,441	402	
PBT	502	1,855	1,299	772	1,078	1,423	2,057	1,523	4,429	6,081	1,653	-7.9%
Tax	386	601	506	441	309	445	580	515	1,934	1,849	716	
Rate (%)	76.9	32.4	38.9	57.1	28.6	31.3	28.2	33.8	43.7	30.4	43.3	
PAT	116	1,254	793	331	769	978	1,477	1,008	2,495	4,232	937	7.6%

E: MOSL Estimates



Power Grid Corporation

BSE SENSEX	S&P CNX
31,159	9,625
Bloomberg	PWGR IN
Equity Shares (m)	5,231.6
M.Cap.(INRb)/(USD\$b)	1,067.2 / 16.5
52-Week Range (INR)	214 / 148
1, 6, 12 Rel. Per (%)	-6/-11/18
Avg Val, INRm	951
Free float (%)	42.1

CMP: INR204 TP: INR242 (+19%) Buy

Capitalization momentum drives strong earnings growth

Capitalization run-rate of INR300-350b p.a. over next 3-4 years

4QFY17 standalone adj. PAT rose 22% YoY to INR19.2b, below estimate of INR23.2b, due to pay revision provision and lower consultancy income. Capitalization in 4QFY17 was higher at INR130b (est. of INR120b), while capex was in line at ~INR58b. For FY17, PAT grew 29% YoY to INR75b. Capitalization (incl. TBCB) was at INR320b and capex at INR240b in FY17.

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	319.6	365.4	394.4
EBITDA	285.4	327.0	352.3
PAT	92.2	107.5	112.4
EPS (INR)	17.6	20.5	21.5
Gr. (%)	23.8	16.6	4.6
BV/Sh (INR)	107.6	123.7	140.1
RoE (%)	17.5	17.8	16.3
RoCE (%)	8.3	8.9	8.7
P/E (x)	11.6	9.9	9.5
P/BV (x)	1.9	1.6	1.5

Estimate change	↔
TP change	↔
Rating change	↔

- Capital efficiency keeps improving:** CWIP was down from ~INR46.8b in FY16 to INR39.8b in FY17 on strong capitalization momentum and further decline in construction stores inventory (from INR12.9b YoY to INR10.7b).
- Strong capitalization momentum to continue:** With ~INR1.3t worth of commissioning pending, management is guiding for capitalization run-rate of ~INR300-350b p.a. (incl. TBCB) over next 3-4 years. Major projects expected in FY18 are in Exhibit 3.
- RE and intra-state growth opportunities:** Rising RE (new solar parks of 20GW, wind 30GW, nuclear 7GW) and intra-state transmission (INR1.5t market potential) would provide growth opportunities. The above projects are over and above the ~INR1t opportunity identified by CEA for 13th plan.
- Leveraging asset base to drive higher RoE:** PWGR is exploring use of its huge tower infrastructure as telecom towers (lower rental and cheap electricity) and installing batteries at readily available space at its substations (no incremental land cost), which could drive additional earnings at low capex. Outlook on consultancy and telecom fibers remains strong.
- We estimate EPS CAGR of ~15% over FY17-20E, led by strong visibility of capitalization. We remain bullish on investment in the transmission sector due to (1) potential for energy demand growth (2) rising share of RE and (3) underinvestment in T&D. Yet, we are building conservatively 6.3% earnings growth over 10 years after FY22E in DCF value. PWGR has competitive advantage due to strong execution and balance sheet. DCF-based TP is INR242. Reiterate **Buy**.

Quarterly Performance (standalone)

Y/E March	FY16				FY17				FY16	FY17	FY17 Vs Est 4QE (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Sales	46,893	48,482	53,225	57,405	60,691	62,296	65,010	67,120	206,658	257,165	72,724	-8
EBITDA	41,340	42,809	47,398	50,486	53,675	55,788	58,220	57,015	182,778	226,715	64,746	-12
Change (%)	22.7	20.4	26.8	25.7	29.8	30.3	22.8	12.9	24.5	24.0	27.3	
As of % Sales	88.2	88.3	89.1	87.9	88.4	89.6	89.6	84.9	88.4	88.2	89.0	
Depreciation	13,779	14,478	15,850	17,691	17,573	18,769	19,653	20,633	61,798	76,628	21,110	-2
Interest	11,416	11,854	12,884	15,195	15,178	15,876	16,426	15,558	51,349	63,038	16,829	-8
Other Income	1,030	1,419	1,538	2,440	1,902	2,507	2,866	3,424	5,775	8,649	2,077	65
PBT	17,175	17,896	20,202	20,040	22,827	23,650	25,006	24,247	75,405	95,698	28,884	-16
Tax	3,619	3,807	4,140	4,355	4,819	4,888	5,706	5,083	15,920	20,496	5,664	
Effective Tax Rate (%)	21.1	21.3	20.5	21.7	21.1	20.7	22.8	21.0	21.1	21.4	19.6	
Reported PAT	13,556	14,089	16,063	15,686	18,008	18,762	19,300	19,164	59,485	75,202	23,220	-17
Adjusted PAT	13,556	14,089	16,063	15,686	18,008	18,762	19,300	19,164	59,485	76,907	23,220	-17
Change (%)					32.8	33.2	20.2	22.2	17.4	29.3	45.2	



BSE SENSEX	S&P CNX
31,109	9,605
Bloomberg	BPCL IN
Equity Shares (m)	655.6
M.Cap.(INRb)/(USDb)	483.8 / 7.2
52-Week Range (INR)	770 / 450
1, 6, 12 Rel. Per (%)	-2/-2/31
Avg Val, INRm	1730
Free float (%)	45.1

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Sales	2,013	1,980	2,223
EBITDA	135	134	139
Adj. PAT	95	85	92
EPS (INR)	72.5	64.5	70.3
EPS Gr.%	97.8	(5.5)	(3.0)
BV/Sh.INR	235.0	278.1	325.3
RoE (%)	32.4	25.1	23.3
RoCE (%)	16.2	13.4	13.0
P/E (x)	10.2	11.4	10.5
P/BV (x)	3.1	2.7	2.3

Estimate change	↔
TP change	↔
Rating change	↓

CMP: INR738 TP: INR779(+7%) Downgrade to Neutral

Adjusted EBITDA in line; GRM marginally above estimate

- BPCL reported EBITDA of INR22.1b (in-line; -39% YoY, -36% QoQ) for 4QFY17. Adjusted EBITDA also stood at INR22.1b, with one-time expense of INR4b for gratuity and marketing inventory gain of INR4b. Other income was higher at INR6.6b (+207% YoY, +65% QoQ; our estimate was INR5.8b) due to higher dividend income. Lower effective tax rate of 16.4% resulted in higher than estimated PAT of INR18.4b (-13% YoY, -19% QoQ; our estimate was INR14.5b).
- For the full year, standalone EBITDA declined 4% to INR111b due to lower marketing margin and lower GRM, despite inventory gain. Standalone PAT grew 14% to INR80.4b despite lower EBITDA due to higher other income and lower effective tax rate. Consolidated EBITDA declined 5% to INR135b while PAT grew 6% to INR95b due to lower interest cost.
- GRM at USD6/bbl** was marginally higher than our estimate of USD5.5/bbl. GRM was USD5.9/bbl in 3QFY17 and USD6.3/bbl in 4QFY16. For FY17, GRM was USD5.3/bbl, lower than USD6.6/bbl in FY16.
- Domestic sales volume declined** 5% YoY and QoQ to 9.3mmt in 4QFY17. For the full year, sales volume grew 3% to 37.7mmt. Throughput in 4QFY17 was 6mmt v/s 6.8mmt in 3QFY17 and 6.2mmt in 4QFY16. In FY17, throughput grew 5% to 25.4mmt.
- Valuation and view:** BPCL seems to have lost more market share than other PSUs. Private players have increased their share from ~3% as at the end of FY16 to 5-6% as at the end of FY17. Stabilization at Kochi could affect FY18 performance. We value BPCL at INR778/share based on SOTP, which includes INR544 for its core business and INR234 for investments. The stock trades at 10.4x FY19E EPS of INR70.3 and 2.2x FY19E BV. **Downgrade to Neutral.**

Standalone - Quarterly Earning Model

Y/E March	FY16				FY17				FY16	FY17	4QFY17	Var. vs Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales	520,711	462,751	465,040	435,545	469,387	446,927	535,427	570,365	1,884,046	2,022,106	564,232	1%
YoY Change (%)	-22.0	-25.3	-19.6	-15.1	-9.9	-3.4	15.1	31.0	-20.8	7.3	27.8	
Total Expenditure	482,121	446,880	439,109	399,564	428,532	433,257	500,775	548,242	1,767,675	1,910,807	541,828	1%
EBITDA	38,590	15,871	25,931	35,981	40,855	13,670	34,652	22,123	116,372	111,299	22,404	-1%
Margins (%)	7.4	3.4	5.6	8.3	8.7	3.1	6.5	3.9	6.2	5.5	4.0	
Depreciation	5,401	4,213	4,535	4,296	4,315	4,524	4,836	5,238	18,446	18,913	4,900	7%
Interest	1,170	1,086	990	2,405	1,111	1,024	1,349	1,475	5,652	4,959	1,482	0%
Other Income	2,766	4,632	2,083	2,155	1,986	10,367	4,024	6,624	11,636	23,001	5,761	15%
PBT	34,785	15,204	22,488	31,434	37,415	18,489	33,978	22,033	103,910	110,428	21,783	1%
Tax	11,178	4,859	7,037	10,274	11,210	5,437	9,771	3,616	33,347	30,035	7,260	-50%
Rate (%)	32.1	32.0	31.3	32.7	30.0	29.4	28.8	16.4	32.1	27.2	33.3	
Reported PAT	23,607	10,345	15,452	21,160	26,205	13,052	22,719	18,417	70,564	80,393	14,523	27%
Adj PAT	23,607	10,345	15,452	21,160	26,205	13,052	23,147	18,417	70,564	80,393	14,523	27%
YoY Change (%)	94.1	122.9	180.3	-25.8	11.0	26.2	49.8	-13.0	38.8	13.9	-43.0	
Margins (%)	4.5	2.2	3.3	4.9	5.6	2.9	4.3	3.2	3.7	4.0	2.6	
Key Assumptions												
Refining throughput (mmt)	6.1	6.0	5.9	6.2	6.2	6.4	6.8	6.0	24.1	25.4	6.4	-6%
GRM (USD/bbl)	8.6	3.9	7.7	6.3	6.1	3.1	5.9	6.0	6.6	5.3	5.5	9%
Marketing sales volume exclud exports (mmt)	9.0	8.5	9.3	9.8	9.7	8.9	9.8	9.3	36.5	37.7	9.5	-3%
Marketing GM per litre (INR/litre)	4.6	3.2	3.2	4.5	4.6	3.3	4.2	4.5	4.4	3.7	3.2	43%

E: MOSL Estimates



Britannia Industries

BSE SENSEX	S&P CNX
31,159	9,625
Bloomberg	BRIT IN
Equity Shares (m)	120.0
M.Cap.(INRb)/(USDb)	410.1/6.1
52-Week Range (INR)	3796/2524
1, 6, 12 Rel. Per (%)	-10/-4/8
Avg Val, INRm	597
Free float (%)	49.3

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	89.6	101.5	118.7
EBITDA	11.9	13.2	16.4
PAT	8.8	9.8	12.2
EPS (INR)	73.7	82.1	101.3
Gr. (%)	7.3	11.4	23.4
BV/Sh (INR)	224.7	242.0	302.1
RoE (%)	36.9	35.2	37.2
RoCE (%)	31.1	29.2	31.5
P/E (x)	46.4	41.7	33.7
P/BV (x)	15.2	14.1	11.3

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR3,419 TP: INR4,050(+18%)

Buy

Sales broadly in-line; margins far better than expectations

- BRIT's consol. sales grew 5.2% YoY (est. of +7%) in 4QFY17. Standalone sales rose 6.6% YoY, but subsidiary sales fell 11% YoY, likely due to weak performance in the Middle East. Biscuits volume growth was 2% (est. of +3%), but this was on a base of 10% growth in 4QFY16. EBITDA grew 6.1% YoY (est. of -4.2%) to INR3.1b. Adj. PAT grew 5.9% YoY (est. of -3.3%) to INR2.1b.
- Consol. gross margin contracted 160bp YoY (est. of -260bp) to 38% due to commodity cost inflation. There was a decrease in other expenses by 170bp YoY to 20.3% and in staff costs by 10bp YoY. Consol. EBITDA margin thus expanded 10bp to 13.7% (est. of 11.4%) in 4QFY17.
- Standalone performance: Sales, EBITDA and adj. PAT grew 6.6%, 7.2% and 2.5% YoY, respectively, in 4QFY17. Gross margin of 37.8% contracted 150bp YoY, while operating margin of 13.7% expanded 10bp YoY.
- FY17 performance: Consolidated sales grew 7.5% YoY to INR89.8b. PAT rose 7.3% YoY to INR8.8b. Gross margin shrunk 220bp YoY, but EBITDA margin contraction was restricted to 60bp to 13.3%.
- Concall highlights: (1) Cost savings were INR1.55b in FY17. For FY18, cost savings are likely to be 40% higher than FY17. (2) Direct reach increase of 2x in three years to 1.55m outlets is aiding consistent market share growth.
- Valuation and view: We are enthused with the consistent healthy performance in a difficult operating environment. With continuing investments in R&D, own manufacturing facilities and potential strategic tie-ups (leveraging on its consistently improving distribution and marketing skills), we are positive on the company finding additional levers of growth. We retain **Buy** with a target price of INR4,050 (40x FY19 EPS, 15% premium to three-year average).

Quarterly Performance

Y/E March	FY16				FY17				FY16	FY17	FY17 4QE	Variance (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Base business volume growth (%)	9.0	11.0	13.0	10.0	10.0	10.0	2.0	2.0	10.8	6.0	3.0	
Net Sales	19,411	21,277	21,444	21,337	21,063	23,612	22,648	22,444	83,470	89,766	22,657	(0.9)
YoY Change (%)					8.5	11.0	5.6	5.2		7.5	7.3	
COGS	11,587	12,717	12,945	12,878	12,879	14,902	14,190	13,915	50,127	55,887	14,410	
Gross Profit	7,824	8,560	8,499	8,459	8,184	8,709	8,458	8,528	33,343	33,879	8,247	3.4
Margins (%)	40.3	40.2	39.6	39.6	38.9	36.9	37.3	38.0	39.9	37.7	36.4	
Other Operating Exp % of Sales	5,102	5,492	5,554	5,557	5,367	5,578	5,504	5,448	21,705	21,897	5,673	
	26.3	25.8	25.9	26.0	25.5	23.6	24.3	24.3	26.0	24.4	25.0	
EBITDA	2,722	3,068	2,945	2,903	2,817	3,131	2,954	3,081	11,638	11,983	2,575	19.7
Margins (%)	14.0	14.4	13.7	13.6	13.4	13.3	13.0	13.7	13.9	13.3	11.4	
YoY Growth (%)					3.5	2.0	0.3	6.1		-4.3	-4.2	
Depreciation	274	272	281	308	279	289	303	322	1,134	1,193	318	
Interest	7	15	12	15	15	15	11	13	49	55	15	
Other Income	401	506	481	362	739	670	561	335	1,750	2,305	552	
PBT	2,842	3,287	3,134	2,942	3,263	3,496	3,201	3,081	12,205	13,040	2,794	10.3
Tax	906	1,076	1,027	952	1,071	1,156	997	973	3,961	4,197	870	
Rate (%)	31.9	32.7	32.8	32.4	32.8	33.1	31.1	31.6	32.5	32.2	31.1	
Adjusted PAT	1,936	2,211	2,107	1,990	2,192	2,340	2,204	2,108	8,244	8,843	1,924	9.5
YoY Change (%)					13.2	5.8	4.6	5.9		7.3	-3.3	

E: MOSL Estimates



Aurobindo Pharma

BSE SENSEX	S&P CNX
31,159	9,625
Bloomberg	ARBP IN
Equity Shares (m)	586
M.Cap.(INRb)/(USDb)	339.4 / 5.2
52-Week Range (INR)	895 / 504
1, 6, 12 Rel. Per (%)	-8/-38/-40
Avg Val, INRm	1607
Free float (%)	48.1

CMP: INR580 TP: INR750(+29%)

Buy

Better off compared to peers; positive outlook for FY18

- One-offs impact results:** Net sales declined ~3% YoY (-7% QoQ) to ~INR36.4b (est. of ~INR38.5b). Gross margin expanded 210bp YoY (+260bp QoQ) to 58.7% due to favorable business mix change (low ARV sales and increase in US business contribution). EBITDA declined 13% YoY to ~INR7.7b (est. of INR9b). EBITDA margin contracted 240bp YoY (-170bp QoQ) to 21.2%, impacted by INR500m of inventory write-off & other exceptional items, and high R&D expense at 4% of sales (+70bp QoQ, -30bp YoY). Adjusted for one-time expenses, PAT came in at INR5.55b (largely in-line). For FY17, sales EBITDA and PAT stood at INR150b (+8.1% YoY), INR34.3b (+8% YoY) and INR23b (+13.6% YoY), respectively.
- Unlike peers, US business not as concerning:** US business sales came in at USD246m (-1% YoY, -5.5% QoQ), attributed to few new launches and additional competition in the base business. ARBP is guiding for growth in the US business, led by strong growth in the injectable business (>50% growth YoY), ramp-up in Natrol & OTC business, and less-than-expected industry price erosion.
- Key earnings call takeaways:** 1) Inventory write-off of ~INR520-550m related to Actavis business in EU in 4Q. 2) Single-digit price erosion expected in the US in FY18. 3) R&D as % of sales expected to be ~4.5-5% in FY18. 4) Naidupet plant inspection over with zero 483s. 5) DTG combination drug – TAD for Aug-17. 6) Capex guidance of USD120m in FY18 (excl. biosimilars and vaccines). 7) Guiding for improvement in EBITDA margin in FY18.
- Attractive valuation – one of our top picks in the sector:** At CMP, ARBP trades at ~11.5x FY19E, at >25% discount to peers. The valuation gap is expected to narrow on account of the company's increasing profitability, better US growth outlook and improving free cash flow. ARBP remains one of our top picks in the sector, with a target price of INR750 @ 15x FY19E PER (v/s INR900 @ 18x 1HFY19E earlier). We cut our FY18/19E EPS by 6-7% as we build in the impact of pricing pressure in the US.

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	150.9	169.1	186.3
EBITDA	34.3	39.6	44.9
PAT	23.0	25.8	29.4
EPS (INR)	39.3	44.1	50.2
Gr. (%)	13.6	12.2	13.8
BV/Sh (INR)	157.4	199.0	246.8
RoE (%)	28.3	24.8	22.5
RoCE (%)	19.1	18.9	18.3
P/E (x)	14.7	13.1	11.5
P/BV (x)	3.7	2.9	2.4

Estimate change



TP change



Rating change



Quarterly performance (Consolidated)

Y/E March	FY16				FY17				FY16		FY17		(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY16	FY17	FY17	4QE	vs Est	
Net Sales	32,989	33,651	34,955	37,468	37,666	37,755	39,062	36,417	139,552	150,897	38,463	-5.3%		
YoY Change (%)	13.3	16.8	10.4	18.5	14.2	12.2	11.7	-2.8	15.1	8.1	2.7			
EBITDA	7,251	7,791	8,230	8,824	8,890	9,292	8,949	7,713	31,881	34,341	8,966	-14.0%		
Margins (%)	22.0	23.2	23.5	23.5	23.6	24.6	22.9	21.2	22.8	22.8	23.3			
Depreciation	890	926	995	1,113	1,062	1,102	1,111	1,001	3,924	4,276	1,093			
Interest	208	241	227	251	206	175	143	143	927	667	291			
Other Income	294	122	69	206	159	83	79	218	701	538	229			
PBT before EO expense	6,446	6,746	7,077	7,666	7,780	8,098	7,774	6,787	27,732	29,936	7,811			
Extra-Ord expense	106	439	-129	-46	-70	-202	-158	310	304	-621	0			
PBT	6,340	6,306	7,206	7,711	7,850	8,300	7,932	6,477	27,429	30,557	7,811			
Tax	1,634	1,767	1,860	2,097	2,008	2,240	2,177	1,172	7,207	7,596	2,026			
Rate (%)	25.8	28.0	25.8	27.2	25.6	27.0	27.4	18.1	26.3	24.9	25.9			
Minority Interest	-19	4	-3	-14	-8	3	-31	-19	-30	-55	-14			
Reported PAT	4,725	4,536	5,350	5,629	5,850	6,057	5,786	5,325	20,251	23,015	5,799	-8.2%		
Adj PAT	4,784	4,856	5,251	5,582	5,789	5,912	5,640	5,559	20,476	22,552	5,785	-3.9%		
YoY Change (%)	15.8	20.9	32.3	38.7	21.0	21.8	7.4	-0.4	37.7	13.6	3.7			
Margins (%)	14.5	14.4	15.0	14.9	15.4	15.7	14.4	15.3	14.7	14.9	15.0			

E: MOSL Estimates



BSE SENSEX	S&P CNX
31,159	9,625
Bloomberg	OINL IN
Equity Shares (m)	801.5
M.Cap.(INRb)/(USDb)	251.7 / 3.9
52-Week Range (INR)	367 / 257
1, 6, 12 Rel. Per (%)	-8/-17/3
Avg Val, INRm	212
Free float (%)	33.4

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Sales	91.9	105.7	117.7
EBITDA	27.8	38.1	44.9
Adj. PAT	27.0	27.8	30.0
Adj. EPS (INR)	19.3	34.7	37.4
EPS Gr. (%)	7.2	2.9	7.8
BV/Sh.(INR)	362.9	381.3	401.2
RoE (%)	5.7	9.3	9.6
RoCE (%)	6.4	7.2	7.4
P/E (x)	16.3	9.1	8.4
P/BV (x)	0.9	0.8	0.8
EV/EBITDA (x)	9.8	8.0	7.2
Div. Yield (%)	4.5	4.5	4.8

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR314 TP: INR363(+16%) Buy

Adj. EBITDA ahead of expectation

- n 4QFY17 net sales of INR24.4b (+28% YoY, +2% QoQ) were marginally below our estimate of INR25.2b. OINL's reported EBITDA of INR5.9b (+0% YoY, -11% QoQ) too was below our estimate of INR7.0b. Adjusted for one-time gratuity payment of INR1.8b, EBITDA at INR7.7b was higher than our estimate of INR7.0b.
- n Higher-than-expected depreciation of INR3.3b (est. of INR2.3b; +11% YoY, +19% QoQ) and higher other income of INR8.7b (est. of INR3.1b; +60% YoY, +170% QoQ) due to higher dividend income resulted in higher difference at PBT level. It also made an exceptional payment of INR11.5b for differential onshore royalty payment.
- n Adj. PAT came in at INR11.7b (est. of INR4.6b; +71% YoY, +158% QoQ). It has paid total dividend of INR14.4/share.
- n For FY17, EBITDA stood at INR27.8b (-9.3% YoY) due to higher expenditure and employee cost, despite higher realization (+4.5% YoY). Adj. PAT stood at INR27b (+7% YoY) due to higher other income and a lower effective tax rate.
- n **Realization at USD52.5/bbl:** In 4QFY17, gross/net realization stood at USD52.5/bbl (est. of USD52.8; +61% YoY, +7% QoQ), led by higher oil prices. Oil production stood at 0.825mmt (+7% YoY, +0% QoQ) and gas at 0.74bcm (+1% YoY, -2% QoQ). For FY17, gross/net realization stood at USD52.5/bbl against pre/post subsidy realization of USD46.4/45.3/bbl in FY16.
- n **Almost flat production:** OINL has guided for almost flat domestic oil and gas production, while the recent Russian acquisitions are expected to add to growth.
- n **Valuation and view:** The stock trades at 8.4x FY19E EPS of INR37.4. Dividend yield is attractive at ~5%. We value the stock using SOTP at INR363, and reiterate our **Buy** rating.

Quarterly Performance

Y/E March	FY16				FY17				FY16	FY17	FY17	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var vs est (%)
Net Sales	27.5	24.0	22.2	19.0	21.3	22.4	23.8	24.4	92.7	91.9	25.2	-3%
Change (%)	9.4	15.2	7.6	-26.2	-22.4	-6.5	7.1	28.3	0.4	-0.8	32.5	
EBITDA	10.8	7.7	6.2	5.9	7.8	7.5	6.6	5.9	30.7	27.8	7.0	-15%
% of Net Sales	39.4	32.1	28.0	31.3	36.3	33.3	28.0	24.4	33.1	30.3	27.9	
Change (%)	-2.7	10.4	19.6	-13.1	-28.5	-2.9	7.1	0.2	1.8	-9.3	11.2	
D,D&A	1.9	2.2	2.4	3.0	2.3	2.5	2.8	3.3	9.5	10.9	2.3	41%
Interest	0.8	0.9	1.0	1.0	1.0	1.0	1.0	1.0	3.7	4.0	0.9	12%
OI (incl. Oper. other inc)	4.1	5.6	3.7	5.5	3.3	4.8	3.2	8.7	18.8	20.0	3.1	185%
PBT before exceptional	12.2	10.2	6.5	7.4	7.7	8.8	6.1	10.4	36.4	33.0	6.9	51%
Exceptional item	0.0	0.0	0.0	2.2	0.0	0.0	0.0	11.5	2.2	11.5	0.0	
PBT after exceptional	12.2	10.2	6.5	5.3	7.7	8.8	6.1	-1.1	34.2	21.5	6.9	-116%
Tax	4.5	3.4	2.7	0.6	2.8	2.9	1.5	-1.3	11.2	6.0	2.3	-157%
Rate (%)	36.7	33.8	41.2	7.7	36.2	33.7	25.1	-12.5	30.8	18.1	33.0	
PAT	7.8	6.7	3.8	4.7	4.9	5.8	4.5	0.2	23.0	15.5	4.6	-96%
Change (%)	-9.0	10.9	-23.2	-14.8	-36.2	-14.0	18.8	-95.9	-8.3	-32.8	-1.7	
Adj. EPS (INR)	9.7	8.4	4.8	8.5	6.2	7.2	5.7	14.6	31.4	33.7	5.8	154%



The Ramco Cements

BSE SENSEX	S&P CNX
31,159	9,625
Bloomberg	TRCL IN
Equity Shares (m)	238
M.Cap.(INRb)/(USDb)	170.1 / 2.5
52-Week Range (INR)	728 / 355
1, 6, 12 Rel. Per (%)	-3/-4/21
Avg Val, INRm	142
Free float (%)	57.7

CMP: INR688 TP: INR823 (+19%)

Buy

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	39.3	42.9	48.8
EBITDA	11.6	12.6	14.3
PAT	6.5	7.4	8.9
EPS (INR)	27.3	31.1	37.5
Gr. (%)	24.0	13.9	20.8
BV/Sh (INR)	153.7	180.1	213.0
RoE (%)	19.2	18.6	19.1
RoCE (%)	13.9	15.5	16.9
P/E (x)	25.4	22.3	18.5
EV/EBITDA (x)	15.4	13.5	11.3

Estimate change

TP change

Rating change

Weak realization and higher other expenses drag margins

- Healthy volume growth:** TRCL's volumes grew 10% YoY (+15% QoQ) to 2.28mt in 4QFY17 (est. of 2.21mt), driven by higher sales to the eastern markets and growth in the markets of AP/Telangana.
- Sharp decline in realizations:** Cement realization fell 5% QoQ (-12% YoY) to INR4,450/tonne (est. of INR 4,573) due to weak pricing in its core markets of south India. Hence, net sales grew 6% YoY (+8% QoQ) to INR10.2b (est. of INR9.96b).
- EBITDA/t down sharply QoQ:** Cement EBITDA/tonne declined ~20%/28% QoQ/YoY to INR1,076 (est. of INR1,222) due to lower realization and higher other expenses on account of marketing costs. TRCL margins of 23.9% (-8.4pp YoY, -4.8pp QoQ) came in lower than estimate of 26.5% due to weaker pricing and cost push. Hence, EBITDA fell 22% YoY to INR2.43b.
- Sharp decline in interest cost:** Interest cost fell 55% YoY to INR201m in 4QFY17 due to debt reduction by INR6.9b in FY17. Tax rate was higher at 22% v/s 10% in the year-ago period. Hence, PAT of INR1.34b fell 26% YoY.
- FY17 performance:** Volumes increased 16% YoY to 8.35mt, led by ramp-up of eastern unit and favorable base. Revenues grew by 10% YoY to INR39.3b and EBITDA by 10% YoY to INR11.6b. Interest cost declined 43% YoY to INR1.03b, resulting in 25% YoY increase in adj. PAT to INR6.5b.
- Management commentary:** 1) FY17 capex at ~INR3b; FY18 target capex at ~INR2b. 2) Debt repayment of INR6.9b in FY17. Current debt on books at ~INR14b. 3) Volume growth in east and AP/Telangana markets continues to be strong. Sand mining issue in TN is impacting volume demand.

Valuation and view: With more than 10% market share in the south, strong brand/dealer network, superior pricing and industry-leading RoE (18-20% in FY18), peak parameters are already in place. TRCL is likely to generate free cash in excess of ~INR17b over FY17-FY19E, implying a yield of 5%. We estimate 11%/20% EBITDA/PBT CAGR over FY17-19. The stock trades at EV of 11x FY19E EBITDA, and USD150/ton (FY19E). Maintain **Buy**; our target price of INR823 (valuing at 13.5x FY19E EBITDA) implies a 19% upside.

Quarterly Performance

Y/E March	FY16				FY17				FY16	FY17E	(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			FY17	Var. (%)
Sales Dispatches (m ton)	1.81	1.71	1.63	2.07	2.08	2.03	1.99	2.28	7,199	8.35	2.21	3
YoY Change (%)	-14.8	-11.9	-5.4	10.3	14.5	18.9	22.3	9.8	-6.1	16.0	5.9	
Realization (INR/ton)	5,178	4,876	4,967	5,083	4,541	4,769	4,682	4,450	5,049	4,664	4,573	-3
YoY Change (%)	17.7	2.9	4.7	-4.3	-12.3	-2.2	-5.7	-12.4	5.5	-7.6	-9.6	
QoQ Change (%)	-2.5	-5.8	1.9	2.3	-10.7	5.0	-1.8	-5.0			-2.3	
Net Sales	9,041	8,766	8,128	9,620	9,667	10,124	9,374	10,166	35,507	39,292	9,961	2
YoY Change (%)	-2.2	-4.9	3.4	0.1	6.9	15.5	15.3	5.7	-1.2	10.7	1.8	
EBITDA	2,104	2,840	2,485	3,109	2,988	3,493	2,690	2,429	10,490	11,561	2,659	-9
Margins (%)	23.3	32.4	30.6	32.3	30.9	34.5	28.7	23.9	29.5	29.4	26.7	
Depreciation	667	671	679	1,031	663	667	661	664	3,048	2,655	660	
Interest	493	456	420	450	291	282	261	201	1,819	1,035	248	
Other Income	452	130	76	405	73	93	273	154	1,110	632	166	
PBT	1,396	1,842	1,463	2,033	2,106	2,637	2,061	1,718	6,972	8,502	1,917	-10
Tax	403	421	279	209	547	567	542	373	1,550	2,009	432	
Rate (%)	28.9	22.8	19.1	10.3	26.0	21.5	26.3	21.7	22.2	23.6	22.6	
Adj PAT	992	1,421	1,183	1,824	1,559	2,070	1,498	1,345	5,184	6,493	1,485	-9
YoY Change (%)	173.7	58.4	415.4	95.3	57.1	45.6	26.6	-26.3	113.9	25.3	-27.3	
Margins (%)	11.0	16.2	14.6	19.0	16.1	20.4	16.0	13.2	14.6	16.5	14.9	

E: MOSL Estimates

BSE SENSEX	S&P CNX
30,659	9,526

CMP: INR1002

TP: INR780

SELL

We will revisit our estimates post management interaction.

Operating performance impressive; impairment loss on investment in subsidiaries hurts PAT

- Revenues grew 3.9% YoY to INR13.4b (marginally ahead of est. of INR12.8b).
- Gross margin stood at 41.0% (-130bp YoY).
- EBIDTA rose 23% YoY to INR1.5b, supported by lower other expenses (20% of sales v/s 23% in 4QFY16).
- EBIDTA margin of 11.3% (+173bp YoY) was ahead of our estimate of 9.6%.
- The company reported loss of INR167m as it booked impairment losses in its subsidiaries (INR1.3b).
- Adj. profit stood at INR1.2b (flat YoY), 9% ahead of our estimate of INR1.1b.
- Order backlog fell 3% YoY to INR36.2b due to the weak ordering environment.

Financials & Valuations (INR b)

Y/E Mar	2017E	2018E	2019E
Net Sales	45.2	50.6	55.9
EBITDA	3.8	5.0	5.5
NP	2.8	3.5	3.8
EPS (INR)	23.5	29.5	32.2
EPS Gr. (%)	0.0	25.5	8.9
BV/Sh. (INR)	211.3	229.9	250.1
RoE (%)	11.6	13.4	13.4
RoCE (%)	9.9	12.9	12.8
P/E (x)	43.3	34.5	31.7
P/BV (x)	4.8	4.4	4.1

Valuation and view

We will revisit our estimates post our interaction with management. We have **Sell** rating on the stock with TP of INR780 @25x FY19E EPS.

Quarterly performance

(INR M)

Y/E March	FY16				FY17				FY16	FY17E	MOSL 4Q Est	Var. Vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Sales	10,173	10,829	10,354	12,920	8,145	8,708	8,136	13,428	44,589	38,389	12,847	4.5%
Change (%)	21.2	-9.1	-9.7	-14.3	-19.9	-19.6	-21.4	3.9	-5.1	-13.9	(0.7)	
EBITDA	788	907	806	1,240	637	773	806	1,521	3,742	3,451	1,234	23.3%
Change (%)	36.5	-25.8	-38.6	-23.7	-19.1	-14.7	0.0	22.6	-20.4	-7.8	4.4	
As of % Sales	7.7	8.4	7.8	9.6	7.8	8.9	9.9	11.3	8.4	9.0	9.6	
Depreciation	158	157	160	135	168	166	157	163	609	672	180	
Interest	12	12	12	11	7	7	6	17	46	46	27	
Other Income	210	195	248	488	211	289	206	321	1,140	1,127	422	
Extra-ordinary Items								-1,328				
PBT	829	933	882	1,583	673	888	850	335	4,227	3,860	1,449	-76.9%
Tax	271	315	245	422	221	292	283	502	1,252	1,182	386	
Effective Tax Rate (%)	32.7	33.8	27.7	26.6	32.8	32.8	33.3	150.0	29.6	30.6	26.7	
Reported PAT	558	618	637	1,161	452	597	566	-167	2,975	2,678	1,063	-115.7%
Change (%)	34.8	(28.2)	(16.4)	(12.3)	(19.0)	(3.5)	(11.1)	(114.4)	(11.4)	(10.0)	-4.5	
Adj PAT	558	618	637	1,161	452	597	566	1,161	2,975	2,678	1,063	9.3%
Change (%)	34.8	(28.2)	(16.4)	(12.3)	(19.0)	(3.5)	(11.1)	0.0	(11.4)	(10.0)	(4.5)	

E: MOSL Estimates



Fortis Healthcare

BSE SENSEX	S&P CNX
31,159	9,625
Bloomberg	FORH IN
Equity Shares (m)	518
M.Cap.(INRb)/(USDb)	102.6 / 1.6
52-Week Range (INR)	231 / 143
1, 6, 12 Rel. Per (%)	-14/-5/7
Avg Val, INRm	442
Free float (%)	47.7

CMP: INR198

TP: INR240 (+21%)

Buy

Weak 4Q; margin improvement is key

FORH reported weak 4QFY17 results. Sales increased 3.2% YoY to INR11.2b (est. of INR11.3b). EBITDA came in at INR790m (est. of INR1.1b), as against loss of INR288m in 4QFY16, attributed to muted EBITDA margin at Hospital (5%) and SRL (20%). Demonetization, coupled with stent price control, led to the miss in numbers.

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	45.7	52.0	59.1
EBITDA	3.5	5.8	7.8
PAT	4.8	1.0	2.8
EPS (INR)	10.3	2.1	6.1
Gr. (%)	-638.2	-79.6	187.9
BV/Sh (INR)	96.8	110.9	117.0
RoE (%)	11.3	2.0	5.3
RoCE (%)	3.5	3.0	4.8
P/E (x)	19.1	93.8	32.6
P/BV (x)	2.0	1.8	1.7

Estimate change



TP change



Rating change



- Demonetization and stent price control impacted numbers:** Hospital revenue stood at INR9.1b (+5%YoY) and EBIDTAC at INR1.1b with margin at 12% (-280bp YoY). Occupancy levels stood at ~70% v/s 73% in 3QFY17 and 71% in 4QFY16. Diagnostics EBITDA margin contracted 300bp YoY (flat QoQ) to 19.9% due to new lab addition, high marketing expense and change in business mix. Cardiac accounts for ~25% of sales, and stent price control impacted Hospital EBITDA by ~INR100-150m in 4Q. We expect stent price control impact to fade in coming quarters as volumes pick up and price increases in other related areas.
- In case of RHT buyback, TP will increase by >20%:** At current market cap, RHT trades at 10.75x FY19E EV/ EBITDA, significantly below Hospital asset valuation of 20-22x forward EV/EBITDA. We believe the acquisition of RHT will increase EV of Fortis by ~INR60b. FORH owns ~30% stake in RHT and thus will have to buy back remaining stake (worth INR25b), for which it may look to raise fresh equity. Even after assuming dilution through fresh equity (share count increasing from 523m to 642m), our TP for FORH will increase from ~INR250 currently to INR300.
- Top pick in healthcare delivery space:** Although RHT buyback could act as a significant catalyst (will increase TP by INR50), we argue for a multiple re-rating on the back of multifold increase in Hospital EBITDA, SRL demerger, asset light expansion strategy and FHTL transaction. We have rolled forward our valuation multiple to FY19E from 1HFY19E. We have valued Hospital business based on 20x FY19E EV/EBITDA and Diagnostics based on 25x FY19E EV/EBITDA. FORH remains our top pick in the healthcare delivery space with a TP of INR240 (v/s INR250 earlier). We have cut our EBITDA by ~4% for FY18/19E as we build in lower EBITDA margin.

Consolidated - Quarterly Earning Model

Y/E March	(INR Million)								FY16	FY17E	FY17E	Var
	FY16				FY17E							
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			4QE	%
Net Sales	10,343	10,785	10,411	10,883	11,212	11,957	11,334	11,234	42,422	45,737	11,296	-1
YoY Change (%)	1.3	4.6	1.6	2.3	8.4	10.9	8.9	3.2	2.5	7.8	3.8	
Total Expenditure	9,858	10,126	10,274	11,171	10,585	10,968	10,211	10,444	41,429	42,208	10,173	
EBITDA	485	659	138	-288	626	990	1,123	790	993	3,529	1,124	-30
Margins (%)	4.7	6.1	1.3	-2.7	5.6	8.3	9.9	7.0	2.3	7.7	9.9	
Depreciation	533	469	549	714	476	517	599	630	2,264	2,222	628	
Interest	342	295	290	366	420	461	748	666	1,293	2,294	772	
Other Income	1,271	823	127	461	330	380	589	361	2,682	1,660	501	
PBT before EO expense	882	718	-574	-908	61	393	365	-146	118	673	224	
Extra-Ord expense	0	279	0	0	0	-9	-4,194	8	279	16	0	
PBT	882	439	-574	-908	61	402	4,559	-153	-161	657	224	
Tax	96	2	103	118	29	242	190	263	319	724	89	
Rate (%)	10.9	0.5	-17.9	-13.0	47.3	60.2	4.2	-171.7	-198.3	110.3	39.7	
Minority Interest & Profit/Loss of Asso. Cos.	-146	-115	-124	-117	-130	-154	-165	-41	-503	-4,861	-146	
Reported PAT	932	552	-552	-909	162	314	4,533	-375	22	4,793	281	NM
Adj PAT	932	830	-552	-909	162	310	514	-354	855	4,791	281	
YoY Change (%)	-303.4	-242.8	148.0	418.3	-82.6	-62.6	-193.1	-61.0	-159.5	460.3	-130.9	
Margins (%)	9.0	7.7	-5.3	-8.3	1.4	2.6	4.5	-3.2	2.0	10.5	2.5	

E: MOSL Estimates



Solar Industries

BSE SENSEX	S&P CNX
31,159	9,625
Bloomberg	SOIL IN
Equity Shares (m)	90.5
M.Cap.(INRb)/(USDb)	75.3 / 1.1
52-Week Range (INR)	909/590
1, 6, 12 Rel. Per (%)	-1/9/14
Avg Val, INRm	23
Free float (%)	29

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	15.8	19.2	23.1
EBITDA	3.2	3.8	4.5
PAT	1.3	1.6	2.0
EPS (INR)	20.6	22.0	27.5
Gr. (%)	14.0	6.6	25.2
BV/Sh (INR)	112.3	129.9	759.6
RoE (%)	19.8	18.1	19.5
RoCE (%)	15.2	20.7	23.1
P/E (x)	35.4	33.2	26.5
P/BV (x)	6.5	5.6	1.0

Estimate change



TP change



Rating change



CMP: INR832

TP: INR825(-1%)

Neutral

Operational performance below estimates; Defense contribution disappoints

- Operational performance marginally below estimate: Consol. revenue rose 7.6% YoY to INR4.4b (est. of INR5.3b) in 4QFY17. EBITDA grew 7% YoY to INR919m (est. of INR1.0b), with margin stable YoY at 20.8%, led by adverse product mix. Adj. net profit rose 29% YoY to INR560m (est. of INR585m).
- Revenue aided by strong growth in Bulk segment: Consol. revenue was driven by strong growth in the Bulk segment (+14% YoY). Detonators too grew strongly by 17% YoY. Realization in Bulk (-2% YoY) was under pressure due to competition. Realization fell in Cartridge and Detonating Fuse segments, as raw material cost (ammonium nitrate) decline of 9% YoY was passed on to consumers.
- Operating margins stable: Operating margin was stable YoY at 20.8%. Sales to the institutional sector grew 28% YoY to INR1.4b, while those to the coal sector increased 12% YoY.
- Overseas and exports business grows despite currency devaluation: Revenue from the overseas and exports business grew 7% YoY, despite being impacted by currency devaluation (led to translation loss of INR600m) in the key markets of Nigeria and Turkey.

Maintain Neutral: We maintain **Neutral** and TP of INR825, and value SOIL at 30x FY19E EPS (earnings CAGR of 15% over FY17-19E). The stock trades at premium valuations, given the company's presence in Defense, which offers huge business opportunity due to the government's focus and strong growth in the core business segment of explosives led by pick-up in mining activity.

Quarterly Perf. (Cons.)

(INR Million)

Y/E March	FY16				FY17				FY16	FY17	FY17	Var. Vs Est
	1Q	2Q	3Q	4Q	1Q	2QE	3Q	4Q				
Sales	3,847	3,315	3,848	4,110	4,249	3,283	4,331	4,421	14,486	15,800	5,330	(17.1)
Change (%)	10.9	12.2	20.3	5.5	10.4	-1.0	12.6	7.6	7.2	9.1	23.8	
EBITDA	719	694	765	859	866	656	799	919	3,042	3,239	1,013	(9.3)
Change (%)	4.4	21.9	27.6	26.0	20.4	-5.6	4.4	6.9	19.8	6.5	22.4	
As of % Sales	18.7	20.9	19.9	20.9	20.4	20.0	18.4	20.8	21.0	20.5	19.0	
Depreciation	83	83	79	85	94	98	95	101	328	387	114	
Interest	43	59	47	56	66	73	68	63	204	269	53	
Other Income	34	21	23	54	32	40	16	44	133	132	23	
PBT	628	574	662	772	738	525	653	799	2,642	2,715	870	(8.1)
Tax	170	161	220	315	237	133	157	240	867	767	285	
Effective Tax Rate (%)	27.2	28.0	33.3	40.9	32.1	25.4	24.1	30.0	32.8	28.3	37.3	
Reported PAT	457	413	442	456	501	391	495	560	1,775	1,947	585	(4.3)
Change (%)	7.0	19.1	19.6	8.7	9.6	-5.2	12.1	22.6	4.3	3.6		
Adj PAT	413	369	412	433	471	391	495	560	1,775	1,947	585	(4.3)
Change (%)	-8.6	-0.8	4.4	-2.6	13.9	6.1	20.3	29.2				

E: MOSL Estimates



BSE SENSEX	S&P CNX
31,159	9,625
Bloomberg	PVRL IN
Equity Shares (m)	47
M.Cap.(INRb)/(USDb)	67.5 / 1.0
52-Week Range (INR)	1660 / 836
1, 6, 12 Rel. Per (%)	-15/9/55
Avg Val, INRm	246
Free float (%)	79.9

CMP: INR1,446 TP: INR1,666(+15%) Buy

Recovering post demonetization; outlook remains strong

- Revenue in-line, EBITDA below estimate:** PVR reported overall revenue of INR4.8b (est. of INR4.6b), as against INR4.1b in 4QFY16, marking growth of 18.4%. EBITDA margin expanded to 9.7% (est. of 11.3%) in 4QFY17 from 8.8% in 4QFY16. EBITDA stood at INR467m (est. of INR517m), as against INR360m in 4QFY16. Rental cost was higher by 24% YoY, mainly on account of Ind-AS adjustment and renewal of some properties. Consequently, adj. PAT stood at INR-0.5m in 4QFY17 (est. of INR12m), as against INR-23m in 4QFY16, led by higher tax of INR45m in 4QFY17 v/s INR-23m in 4QFY16. For FY17, overall revenue increased 14.6% to INR21.2b, EBITDA margin shrunk 100bp to 14.8% and adj. PAT declined 8% to INR984m.
- Sponsorship revenue to face near-term pressure:** Under the new rules, the government has made it compulsory for all advertisements to have a censorship certificate, and the application has to be made online. This has created some operational issues, and PVR has seen some impact in 1QFY18. In 4QFY17, sponsorship revenue grew 5% on a comparable basis, witnessing continued impact of demonetization.
- Targeting 70 screens in FY18, higher growth in ATP/SPH:** Management targets to open 70 screens in FY18, with major ones to come up in southern cities like Chennai, Bangalore, Mysore and Hyderabad. It has 8-9 properties almost ready, but awaiting approvals. However, management cited slowdown on delivery of new malls from developers. It is confident of achieving strong growth in ATP and SPH in FY18. PVR is also investing in Sri Lanka to capitalize on growing opportunities in an emerging market.
- Valuation and view:** We expect continued increase in footfalls, given easing demonetization impact and strong content outlook. We have taken the impact of GST tax of 28% and thus maintain our estimates. We expect revenue CAGR of 19% and PAT CAGR of 61% over FY17-19E. We value the stock at 14x EV/EBITDA and maintain our **Buy** rating with a target price of INR1,666.

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	21.2	25.2	30.0
EBITDA	3.1	4.5	5.7
PAT	1.0	1.7	2.6
EPS (INR)	20.5	36.1	54.7
Gr. (%)	-3.8	75.7	51.6
BV/Sh (INR)	206.5	240.7	293.0
RoE (%)	10.4	16.1	20.5
RoCE (%)	9.5	13.0	17.3
P/E (x)	70.4	40.1	26.5
P/BV (x)	7.0	6.0	4.9

Estimate change	↔
TP change	↔
Rating change	↔

Quarterly Performance (Consolidated)

Y/E March	FY16				FY17				FY16	FY17E	FY17	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales	4,860	4,746	5,005	4,077	5,702	5,542	5,377	4,826	18,496	21,194	4,580	5
YoY Change (%)	34.2	18.6	19.1	36.1	17.3	16.8	7.4	18.4	25.2	14.6	11.0	
Total Expenditure	3,754	3,871	4,179	3,717	4,536	4,612	4,488	4,358	15,571	18,058	4,062	
EBITDA	1,107	875	826	360	1,167	930	890	467	2,924	3,136	517	-10
Margins (%)	22.8	18.4	16.5	8.8	20.5	16.8	16.5	9.7	15.8	14.8	11.3	
Depreciation	267	273	278	334	331	346	345	363	1,151	1,384	410	
Interest	218	206	192	223	192	193	204	216	840	806	185	
Other Income	25	114	89	164	63	49	21	171	635	623	55	
PBT before EO expense	647	510	445	-33	707	440	363	60	1,569	1,569	-23	-
Extra-Ord expense	33	20	11	53	26	0	0	15	116	41	0	
PBT	615	491	434	-86	681	440	363	45	1,453	1,528	-23	-
Tax	175	184	131	(23)	249	149	127	45	467	570.0	-35	
Rate (%)	28.5	37.5	30.1	27.1	36.6	33.8	35.1	99.8	32.1	37.3	155.5	
Reported PAT	435	307	302	-62	428	291	239	-0.5	981.1	958	12	-
Adj PAT	458	319	312	-23	444	291	239	-0.5	1,069.8	984	12	-
YoY Change (%)	468.0	233.6	-4.3	-82.2	-3.0	-8.7	-23.5	NM	623.4	-8.0	NM	
Margins (%)	9.0	6.5	6.0	-1.5	7.5	5.3	4.4	0.0	5.3	4.5	0.3	

E: MOSL Estimates

Ipsca Laboratories

BSE SENSEX	S&P CNX
31,159	9,625
Bloomberg	IPCA IN
Equity Shares (m)	126
M.Cap.(INRb)/(USD\$b)	67.7 / 1.1
52-Week Range (INR)	656 / 402
1, 6, 12 Rel. Per (%)	-22/-32/-6
Avg Val, INRm	119
Free float (%)	53.9

CMP: INR489 TP: INR480(-2%) Neutral

Weak quarter; resolution of FDA issue key

- 4QFY17 revenue of INR6.7b (+7% YoY) came in 16% below our estimate, primarily due to muted performance by the generic and domestic businesses. EBITDA margin contracted significantly to 10.2% (-480bp QoQ and flat YoY) due to muted sales and lower gross margin. Reported PAT of INR444m included the impact of deferred tax asset of INR237m in 4Q. For FY17 sales, EBITDA and Adj. PAT stood at INR32b (+11%YoY), INR4.4b (+30%YoY) and INR2b (+53%YoY) respectively
- Domestic/generic businesses deliver muted performance:** India formulation sales grew ~11% YoY to ~INR2.8b. India business growth was impacted by the demonetization drive. Apart from this, NLEM and FDC ban impacted domestic revenue growth by ~4% and 2%, respectively. Management expects domestic business to grow at ~12-14% YoY in FY18 as the impact of demonetization is already fading. Export formulations segment declined ~10% YoY due to a fall in generics business by ~16% YoY to INR1b and in institutional business by 34% YoY to INR310m. Generic business declined due to weak EU sales growth.
- Update on regulatory resolution:** IPCA management is planning to meet USFDA in Jun-17 to offer invitation for Piparia inspection. Invite for Pithampur inspection is expected by mid-3Q. Currently >90% of ANDAs are linked to API from Ratlam. Given that the remediation process at Ratlam will only get over by end-CY17, we do not expect full regulatory resolution before 2HFY19E.
- Key earnings call takeaways:** a) R&D as % of sales expected to be ~4% in FY18E. b) Filed 1 new ANDA in FY17; total 43 ANDA filings – 2 in market, 25 pending and 18 approved. c) Debt of INR7.2b at FY17 end; d) Received RFP from global funds for institutional business tender scheduled at 2018 beginning; expected to participate without USFDA resolutions.
- Resolution of regulatory issues key:** At CMP, the stock trades at 21.8x FY18E EPS, at a discount to three-year average P/E. We do not expect a revival in US business before 2HFY19E. Despite the stock's attractive valuation, we believe regulatory overhang will keep multiples under check in the near term. Reiterate **Neutral** on IPCA with a TP of INR480 @ 16x FY19E, discount of ~15-20% to its peers (v/s INR540 @ 16x 1H FY19E). We have cut our FY18/19E EPS by ~19% as we build in delay in USFDA resolution and muted margins in base business.

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	32.1	35.0	40.6
EBITDA	4.4	5.4	6.7
PAT	2.0	2.8	3.8
EPS (INR)	16.1	22.4	29.9
Gr. (%)	52.8	39.4	33.5
BV/Sh (INR)	194.1	213.1	238.5
RoE (%)	8.6	11.0	13.2
RoCE (%)	7.4	9.5	11.4
P/E (x)	30.4	21.8	16.3
P/BV (x)	2.5	2.3	2.0

Estimate change



TP change



Rating change



Quarterly Performance (Consolidated)

Y/E March	FY16				FY17				FY16	FY17	Est.	% Chg
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Net Revenues (Core)	7,580	7,468	6,841	6,246	8,422	8,720	7,398	6,658	28,850	32,106	7,946	-16.2
YoY Change (%)	-19.0	-4.3	-7.6	-0.5	11.1	16.8	8.1	6.6	-8.2	11.3	27.2	
EBITDA	822	841	892	635	1,285	1,280	1,104	677	3,417	4,448	1,172	-42.3
Margins (%)	10.8	11.3	13.0	10.2	15.3	14.7	14.9	10.2	11.8	13.9	14.7	
Depreciation	421	369	448	392	422	429	432	428	1,722	1,730	426	
Interest	55	73	91	81	65	68	57	44	316	241	105	
Other Income	41	56	50	87	49	62	59	52	169	226	80	
PBT before EO Expense	388	455	403	249	847	845	675	257	1,548	2,703	721	
Extra-Ord Expense	116	236	9	28	81	-78	39	0	116	0	0	
PBT after EO Expense	271	218	394	221	766	923	636	257	1,432	2,703	721	
Tax	82	95	162	-156	290	374	222	-187	186	675	206	
Rate (%)	21.3	20.9	40.3	-62.7	34.2	44.2	32.9	-72.7	12.0	25.0	28.6	
Reported PAT	189	123	232	377	476	549	414	444	1,246	2,028	515	-13.8
Adj PAT	305	360	241	405	557	471	453	444	1,362	2,028	515	-13.8
YoY Change (%)	-79.0	-41.3	-54.3	-375.5	82.5	31.1	88.4	9.6	-51.1	62.8	27.1	
Margins (%)	2.5	1.7	3.4	6.0	5.6	6.3	5.6	6.7	4.3	6.3	6.5	



Jagran Prakashan

BSE SENSEX	S&P CNX
31,159	9,625
Bloomberg	JAGP IN
Equity Shares (m)	327
M.Cap.(INRb)/(USD\$)	57.1 / 0.9
52-Week Range (INR)	213 / 163
1, 6, 12 Rel. Per (%)	-13/-15/-15
Avg Val, INRm	40
Free float (%)	39.2

CMP: INR178 TP: INR225(+28%) Buy

Ad performance better than peers in challenging environment

Note: Complete consol. P&L not reported for 4Q. All commentaries are on Standalone+Radio City+Mid-day – proxy to consolidated financials

- Consol. PAT up but misses estimate:** Consol. EBITDA grew 7.6% YoY to INR1.43b (9% miss), despite in-line opex. The lower-than-expected performance was driven by print ad miss. PAT grew 7% YoY to INR0.83b (2.6% miss), as higher other income and lower tax outgo cushioned the EBITDA miss. Consol. revenue grew 7% YoY to INR5.62b (est. of INR5.74b).
- Print ad revenue better than peers:** While print ad revenue of INR3.33b fell short of our estimate of INR3.48b, we note that JAGP did deliver better performance v/s peers like DBCL (3% ad de-growth) and HMVL (3% ad growth). After a weak FY17, management is confident of healthy 8-9% ad growth in FY18. FMCG and Auto ad spends remained healthy for JAGP, while Education and Real estate were laggards. Circulation revenue grew 4% YoY to INR1.1b, largely led by a rise in circulated copies. Avg. per copy realization remained flat YoY at INR2.4-2.5.
- Radio City ad revenue grew ~4% YoY** to INR666m (est. of INR644m). Radio EBITDA margin shrunk 10pp YoY to 24.9%, largely led by (i) losses pertaining to new radio stations and (ii) demon hangover. We expect Radio biz CAGR of 17% over FY17-19 on the back of better inventory utilization.
- Consol. EBITDA margin flat YoY at 25.5%, ~190bp lower than estimate:** Despite in-line opex, depressed revenue led to a 190bp miss in consol. EBITDA margin. Standalone RM costs declined 1.4% YoY to INR1.59b. Consol. RM cost is estimated to be largely flat YoY at INR1.58b.
- Valuation view:** We largely maintain earnings for FY18E/FY19E, and expect PAT CAGR of 12% over FY17-19, driven by 9%/8% ad/circulation revenue CAGR. The stock trades at 14.5x FY18E and 12.6x FY19E EPS. **Buy** with a TP of INR225 based on 16x FY18E EPS (~10% discount to 10-year average P/E).

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	22.8	25.0	27.5
EBITDA	6.4	7.1	7.9
PAT	3.5	3.9	4.4
EPS (INR)	10.8	12.2	14.0
Gr. (%)	2.7	13.0	15.1
BV/Sh (INR)	73.7	74.3	86.3
RoE (%)	17.6	16.3	17.3
RoCE (%)	15.2	14.6	15.6
P/E (x)	16.3	14.5	12.6
P/BV (x)	2.4	2.4	2.0

Estimate change	↔
TP change	↔
Rating change	↔

Quarterly Performance (Consolidated)

Y/E March	FY16				FY17				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4Q	FY16	FY17
Sales	4,750	5,064	5,764	5,269	5,580	4,590	6,041	5,620	21,065	22,829
YoY (%)	7.9	16.1	22.5	24.6	17.5	-9.4	4.8	6.7		
Operating expenses	3,408	3,649	4,043	3,937	4,034	3,377	4,162	4,188	15,092	16,435
EBITDA	1,341	1,416	1,721	1,332	1,546	1,213	1,878	1,432	5,896	6,395
YoY (%)	25.3	33.2	29.9	27.1	15.3	-14.3	9.1	7.6	30.9	8.5
EBITDA margin (%)	28.2	28.0	29.9	25.3	27.7	26.4	31.1	25.5	28.0	28.0
Depreciation	231	287	284	242	244	209	276	297	1,044	1,289
Interest	186	81	172	143	139	91	100	100	523	350
Other Income	195	-6	64	148	89	164	88	145	345	412
Exceptional item	51	-145	0	0	0	0	0	0	-95	0
PBT	1,068	1,186	1,329	1,094	1,252	1,077	1,591	1,180	4,769	5,167
Tax	348	327	396	319	407	351	549	342	1,390	1,675
Share of Profit/(loss) of assoc./MI										-17
Reported net profit	721	859	933	776	840	726	1,041	832	3,378	3,476



SITI Network

BSE SENSEX	S&P CNX
31,159	9,625
Bloomberg	SITINET IN
Equity Shares (m)	872
M.Cap.(INRb)/(USDb)	27.4 / 0.4
52-Week Range (INR)	41 / 30
1, 6, 12 Rel. Per (%)	-15/-31/-35
Avg Val, INRm	17.2
Free float (%)	26.4

Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
Net Sales	11.9	15.1	17.9
EBITDA	2.0	3.5	4.7
EBITDA#	0.3	1.6	3.8
PAT	-1.6	-0.5	0.1
EPS (INR)	-1.8	-0.5	0.1
Gr. (%)	NM	NM	NM
BV/Sh (INR)	7.2	6.6	6.7
RoE (%)	-23.5	-7.8	1.5
RoCE (%)	-4.1	1.3	4.0
EV/EBITDA	20.6	12.6	9.5
EV/EBITDA#	127.4	27.4	11.8
EV/Sub (INR)	3,156	3,387	3,414

* Based on attributable EBITDA and subs post minority stake
(ex-activation)

Estimate change



TP change



Rating change



CMP: INR31 TP: INR36 (+14%) Neutral

Re-aligning Phase III/IV monetization expectations; Maintain Neutral

Operational performance below expectations

- n **EBITDA (ex-activation) misses estimates:** Consol. EBITDA grew 5% QoQ to INR580m (est. of INR669m). EBITDA (ex-activation) grew 16% QoQ to INR96m (est. of INR127m), led by higher content payout. Opex grew 10% QoQ to INR2.67b (est. of INR2.42b). Net losses increased significantly QoQ to INR649m (est. of INR323m).
- n **Subscription up 9% QoQ, exceeds expectations:** Subscription income grew 9% QoQ to INR1.6b (3% above est. of INR1.55b) as Phase III monetization picked up. Carriage revenue surprised positively (+9% QoQ) as negative arbitrage v/s peers narrowed down.
- n **Phase I collections stagnant; broadband disappoints:** Phase I collections remained largely stagnant at INR105 (v/s INR103 in 3Q). Phase II collections improved from INR78/subscriber/month to INR82. Phase III/Phase IV collections stood at INR50/INR25 per sub per month. Broadband revenue grew 3% QoQ to INR0.27b (est. of INR0.29) as competitive pressure from RJio kept subscriber additions weak. SITINET added 15k broadband (BB) subscribers in 4Q, taking the total to 228k.
- n **Box seeding remained healthy; in-line:** SITINET seeded 0.8m set-top boxes in 4Q (in-line). Management expects to seed ~3m boxes in FY18. We believe SITINET would exit FY18 with 12m digital subscribers.
- n **FY17 capex at ~INR5b; STB inventory at 1m:** SITINET incurred capex of INR5b in FY17 and holds an inventory of ~1m set-top boxes.
- n **Re-aligning Phase III/IV monetization expectations; maintain Neutral:** We expect digital subscriber base to increase from 10m in FY17 to 12.1m in FY19. SITINET trades at EV/EBITDA (ex-activation/minorities) of 27.4x/11.8x FY18E/FY19E. We have cut our EBITDA estimates significantly for FY18/FY19 to re-align our Phase III/IV monetization expectations. Maintain **Neutral** with a revised DCF-based price target of INR36 (earlier INR40).

Quarterly Performance (Consolidated)

Y/E March	FY16				FY17				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY16	FY17E
Sales	2,297	2,339	3,440	3,389	2,820	2,890	2,985	3,255	11,890	11,949
YoY (%)	9.9	6.7	55.2	32.4	22.7	23.6	-13.2	-4.0		
Operating Expenses	1,953	1,943	2,486	2,572	2,395	2,416	2,434	2,676	8,900	9,921
EBITDA	344	395	954	818	425	473	550	580	2,990	2,028
YoY (%)	0.5	-4.0	97.8	769.6	23.5	19.7	-42.4	-29.1		
EBITDA margin (%)	15.0	16.9	27.7	24.1	15.1	16.4	18.4	17.8	25.1	17.0
Depreciation	358	367	391	538	547	572	625	667	1,632	2,412
Interest	344	348	351	357	297	280	360	338	1,378	1,274
Other Income	24	87	49	70	49	24	71	115	240	259
PBT	-334	-233	262	-7	-370	-355	-364	-310	220	-1,399
Tax	5	35	2	7	65	22	-30	135	131	193
Effective Tax Rate (%)	-1.6	-14.9	0.8	-101.3	-17.7	-6.1	8.1	-43.6	59.6	-13.8
Reported Net Profit	-367	-315	147	-15	-536	-469	-263	-649	-16	-1,792



Parag Milk Foods

BSE SENSEX	S&P CNX
31,159	9,625
Bloomberg	PARAG IN
Equity Shares (m)	84.1
M.Cap.(INRb)/(USDb)	20.9 / 0.3
52-Week Range (INR)	357 / 203
1, 6, 12 Rel. Per (%)	-6/-29/-15
Avg Val, INRm/ Vol m	92
Free float (%)	52.5

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	16.5	17.1	19.7
EBITDA	1.5	0.8	1.5
PAT	0.5	0.1	0.6
EPS (INR)	6.7	0.9	6.7
Gr. (%)	-66.7	-86.5	631.5
BV/Sh (INR)	51.4	81.2	87.9
RoE (%)	19.5	1.5	7.9
RoCE (%)	12.4	2.6	7.4
P/E (x)	31.7	234.5	32.1
P/BV (x)	4.1	2.6	2.4

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR238

TP: INR245(+3%)

Neutral

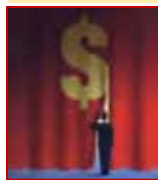
Sales in-line; EBITDA margin expands 250bp YoY led by subsidiary turnaround

- PARAG reported net sales growth of 3.4% YoY (est. of +2.5%) to INR4.3b in 4QFY17. Healthy EBITDA margin versus low expectations after the disastrous 3QFY17 meant that EBITDA grew by 29.6% YoY (est. of -42%) to INR519m, and adj. PAT by 98% YoY to INR319m (est. of INR84m).
- Gross margin expanded 240bp YoY to 32.4%. Higher employee costs (+80bp YoY to 5.2%) were offset by lower other expenses (-90bp to 15.1%). Higher other income (due to reversal of INR71m impairment losses taken earlier) and a lower tax rate aided strong PAT growth.
- FY17 performance: Sales, EBITDA and adj. PAT grew by 5.2%, -27% and -36% YoY, respectively. EBITDA margin contracted 280bp YoY to 6.2%.
- Key concall highlights: (1) Company took 8% price increase in January. Competitors followed 30-45 days later, leading to weak volumes for PARAG. (2) Further price hike is required to protect margins. The company will now take a decision on price increase in June after taking into account revised GST rates. (3) Reason for high depreciation: a) Half of IPO spends capitalized and b) INR0.53b catch-up cost due to Ind-AS (correction of historical accounting).
- Valuation and view: Opportunity size in Dairy is huge and in turn offers strong growth visibility for branded players. PARAG, with its strength in procurement, distribution, innovation and management bandwidth, is best placed among peers. While rest of the listed dairy players are either regional or have dominant B2B positioning, PARAG offers a pan-national branded dairy play with a B2C focus. The crucial factor to monitor remains RoE improvement over the medium term. Until RoE improves, target multiples would not be more than 20x even if earnings momentum is strong. We maintain **Neutral** with a target price of INR245 (20x FY19 EPS).

Consolidated - Quarterly Earning Model

Y/E March	(INR Million)											
	FY16				FY17				FY16	FY17	FY17	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	4QE	4QE		
Net Sales	3,738	4,696	3,875	4,143	3,835	4,728	4,461	4,283	16,452	17,307	4,247	0.8
YoY Change (%)					2.6	0.7	15.1	3.4	13.9	5.2	2.5	
Gross Profit	959	1,258	1,156	1,247	1,147	1,444	987	1,390	4,620	4,967	1,128	23.2
Margin (%)	25.7	26.8	29.8	30.1	29.9	30.5	22.1	32.4	28.1	28.7	26.6	
Total Expenditure	674	844	773	847	817	1,067	1,131	871	3,138	3,886	897	
EBITDA	285	414	383	400	330	377	-145	519	1,482	1,081	231	124.1
YoY Change (%)					15.8	-8.9	-137.8	29.6	38.2	-27.0	-42.0	
Margins (%)	7.6	8.8	9.9	9.7	8.6	8.0	-3.2	12.1	9.0	6.2	5.4	
Depreciation	90	64	82	97	98	115	109	168	334	490	99	
Interest	112	146	117	121	92	64	89	88	496	333	93	
Other Income	5	-3	10	4	8	23	20	59	16	110	13	
PBT	87	201	194	186	147	222	-322	322	668	369	53	505.6
Tax	17	105	49	25	39	78	-54	3	195	66	-31	
Rate (%)	19.3	51.9	25.1	13.4	26.5	35.4	16.8	0.9	29.2	17.9	-58.7	
Adj PAT	70	97	145	161	108	143	-268	319	473	303	84	278.4
YoY Change (%)					54.0	47.8	-284.5	98.4	46.9	-36.0	-47.6	
Margins (%)	1.9	2.1	3.7	3.9	2.8	3.0	-6.0	7.5	2.9	1.8	2.0	

E: MOSL Estimates



Castrol (India)

Bloomberg	CSTRL IN
Equity Shares (m)	494.6
M. Cap. (INR b)/(USD b)	212 / 3
52-Week Range (INR)	495 / 354
1,6,12 Rel Perf. (%)	1 / -18 / -6

Financial Snapshot (INR b)

Y/E Dec	2015	2016	2017E	2018E
Sales	33.0	33.6	36.0	38.5
EBITDA	9.3	9.9	10.8	11.0
Adj. PAT	6.4	6.7	7.4	7.5
Adj. EPS (INR)	12.8	13.6	14.9	15.2
EPS Gr. (%)	33.8	6.3	9.0	2.3
BV/Sh.(INR)	11.6	13.0	14.4	15.9
RoE (%)	118.4	110.9	108.6	100.4
RoCE (%)	118.5	111.1	108.8	100.5
Payout (%)	87.1	90.3	90.3	90.3

Valuations

P/E (x)	33.3	31.4	28.8	28.2
P/BV (x)	36.8	33.0	29.7	26.9
EV/EBITDA (x)	22.1	20.3	18.4	18.0
Div. Yield (%)	2.1	2.4	2.6	2.7

CMP: INR428 TP: INR532 (+24%) Buy

- n We expect revenue to remain flat YoY (and grow +10% QoQ) at INR8.5b led by volume growth of ~1% YoY and realization at INR169/liter (flat YoY, +2% QoQ).
- n We expect CSTRL to report EBITDA of INR2.3b (-7% YoY, +8% QoQ). EBITDA margin would be 27.4%, lower than 29.5% in 1QCY16.
- n We estimate net profit at INR1.6b (-7% YoY, +2% QoQ).
- n The stock trades at 28.8x CY17E and 28.2x CY18E EPS. Buy.

Key issues to watch for

- (a) Volume growth.
- (b) Operating margin expansion.
- (c) Launch of new products.
- (d) Competitive pressure from other players.

Quarterly Performance

Y/E December	(INR Million)									
	CY16				CY17E				CY16	CY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	8,521	9,679	7,589	7,791	8,535	9,288	8,807	9,335	33,580	35,964
YoY Change (%)	7.1	5.2	-2.8	-1.2	0.2	-4.0	16.0	19.8	2.2	7.1
Total Expenditure	6,005	6,535	5,488	5,627	6,200	6,250	6,310	6,372	23,655	25,132
EBITDA	2,516	3,144	2,101	2,164	2,335	3,038	2,497	2,963	9,925	10,832
YoY Change (%)	34.3	15.2	-1.2	3.4	-7.2	-3.4	18.8	36.9	12.5	9.1
Margins (%)	29.5	32.5	27.7	27.8	27.4	32.7	28.3	31.7	29.6	30.1
Depreciation	86	149	107	108	125	125	125	129	450	504
Interest	4	7	1	3	4	4	3	4	15	15
Other Income	223	202	183	389	250	250	250	252	997	1,002
PBT	2,649	3,190	2,176	2,442	2,456	3,159	2,619	3,083	10,457	11,316
Tax	925	1,121	778	884	859	1,106	890	1,105	3,708	3,960
Rate (%)	35	35	36	36	35	35	34	36	35	35
PAT	1,724	2,069	1,398	1,558	1,596	2,053	1,728	1,977	6,749	7,355
YoY Change (%)	48.4	12.1	-2.4	10.7	-7.4	-0.8	23.6	26.9	15.4	9.0
Margins (%)	20.2	21.4	18.4	20.0	18.7	22.1	19.6	21.2	20.1	20.5

E: MOSL Estimates



1. Rural push to boost tractor & farm equipment sale: Sundaram Finance; TT Srinivasaraghavan, MD

- n In 4Q focus was on new opportunities and that has translated into these end numbers
- n Sees opportunity in construction equipment area.
- n Govt focus on rural roads and rural irrigation projects to provide growth opportunity for the company
- n M&HCV to continue to be muted this year as well driven partly by the fact that BS-IV thing is still being assessed

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2. Expect to see stable growth and margin in coming years: Suprajit Engg; Ajith Rai, CMD

- n Should see stable growth in FY18 on the back of consolidation of the subsidiaries and fairly decent outlook for business both in India as well as global markets
- n Expect some disruptions on the back of Goods and Services Tax (GST)

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3. KRBL expects 15-20% growth in domestic market in FY18; Anoop Gupta, Joint MD

- n Have done business with Iran of about 20,000 tonne this year which will be reflected in FY18
- n Expect 15-20 percent growth in domestic market in FY18,
- n PAT was up on lower finance costs while revenue growth was strong.
- n Margins however were hit by higher other expenses, however expects margin to improve in FY18.

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4. Expect 30-35% increase in cane production in FY18: Shree Renuka; Narendra Murkumbi, VC & MD

- n Shree Renuka Sugars posted an EBITDA loss due to higher expenses.
- n Expects 30-35 % increase in cane production in FY18.
- n Expects prices to be steady till festive season.
- n On Brazilian unit front, have launched a formal auction process for one of their Brazilian subsidiary. Expects strong response from Brazilian players for the unit.
- n In terms of reserve price, expecting around Rs 1,800 crore from the sale of Brazilian unit.

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5. Confident of bagging a lot more orders in FY18: Sadbhav Engg; Nitin Patel, Executive Director

- n Delay of hybrid annuity projects during Q3 and Q4 – for which National Highways Authority of India (NHAI) could not give land – led to revenue guidance miss
- n Four more incremental hybrid annuity projects, on which execution will be started from Q1 and Q2 of FY18.
- n In highway section, there is a lot of traction. Quite confident to add quite a large number of orders in FY18
- n Expects beyond 15% revenue growth on a S/A basis & 12-15% growth on a consolidated basis in FY18

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1. The severity of the npa crisis

n To understand the extent of the non-performing asset (NPA) problem in the Indian banking sector and come up with solutions, it is important to have a good measure of the problem. While the standard measures have their uses, they do not answer the question that everyone seems interested in: How severe is the NPA crisis? We propose a new measure—the ratio of NPAs to bank capital. This measure shows that the crisis is indeed severe, among the worst in India's history. Traditionally, two metrics are used to assess the scale of the problem—the ratio of NPAs (gross or net) to gross domestic product (GDP) and the ratio of NPAs to total loans. The ratio of NPAs to GDP measures the potential losses in relation to the size of the economy. This is especially useful in cross-country comparisons, given that countries are at different levels of GDP. The problem with this measure is that it does not indicate whether banks are able to handle the NPAs with their own resources—their capital.

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2. The Aadhaar legal framework is broken

n Aadhaar has in recent times become an important tool in the government armoury. From welfare receipts to filing tax returns, an Aadhaar number is now an all-pervasive prerequisite. As Aadhaar becomes the core around which our relationship with the state revolves, we need to ask ourselves if the surrounding legal framework provides enough clarity on the enrolment, authentication, and storage processes. Are there adequate protections against misuse? Do citizens have access to an adequate grievance redressal mechanism? We think the answers to these questions are a resounding no.

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3. An early attack on independence of rbi's monetary policy committee

n The new monetary policy framework that India has accepted is premised on a clear division of labour. The government representing the people of the country gives the Reserve Bank of India (RBI) a formal inflation target to pursue. The central bank then gets the operational freedom to meet the inflation target as it thinks best. Is this arrangement already under threat? The Union finance ministry has summoned the members of the monetary policy committee (MPC) to New Delhi to discuss government views on interest rate policy. The meeting will be attended by chief economic adviser Arvind Subramanian, principal economic adviser Sanjeev Sanyal and economic affairs secretary Shaktikanta Das. There will be two sessions: one with RBI representatives in the MPC and then one with the outside members, a curious arrangement.

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4. Let there be light

n Confidence, it appears, is the new fuel of power reforms. The power minister has good reason to feel upbeat. The latest auction of a solar park delivered yet another record low price, power cuts are rare even with peak summer demand, and retail tariffs grew only slightly in the recent years. The big ticket reforms of the government, from coal and gas auctions to repackaging utilities' debt, have paid off. Previous administrations routinely dragged their feet on last-mile reforms because of high costs and demands on organisational capacity. In contrast, the ambitious targets and the furious pace set now to implement rural electrification, roof-top solar, use of LED lamps and energy efficient appliances has attracted new suppliers and driven down costs.

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5. How rising repatriation, disinvestment outflows spoil India's fine FDI story

n FY17 has seen gross FDI inflows reach \$60 billion, the highest ever. According to the commerce ministry, this is a response to substantial easing of rules—87, to be precise, spread across 21 sectors—that has catapulted India into the topmost FDI destination globally. And if one were to add repatriations of \$9.6 billion worth of Indian FDI abroad, the gross inflow of investment capital jumps to nearly \$70 billion, or 3.1% of the GDP. In itself, this is welcome, for there is little doubt that inflows of such magnitude would uplift the sagging private sector investment and boost domestic capital formation. The fairytale picture, however, is marred by a rising trend of repatriations, disinvestments, and outward FDI flows from India.

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International

6. Angela Merkel's blunder, Donald Trump and the end of the west

n Donald Trump's first visit to Europe was awkward. Its aftermath has been explosive. Speaking at an election rally in Munich, shortly after the US president had returned to Washington, Angela Merkel came close to announcing the death of the western alliance. The German chancellor warned that: "The times in which we can fully count on others are somewhat over, as I have experienced in the past few days. We Europeans must really take our destiny in our own hands. Of course we need to have friendly relations with the US and with the UK and with other neighbours, including Russia. But we have to fight for our own future ourselves." Ms Merkel's remarks swiftly made headlines. Richard Haass, who as president of the Council on Foreign Relations is the doyen of the US foreign-policy establishment, tweeted: "Merkel saying Europe cannot rely on others & needs to take matters into its own hands is a watershed — & what US has sought to avoid since WW2."

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
Automobiles														
Amara Raja	Buy	864	1,044	21	28.0	34.5	41.8	30.9	25.1	5.7	4.8	20.3	20.8	21.2
Ashok Ley.	Buy	94	117	25	4.6	5.5	7.1	20.5	17.0	4.5	3.9	23.1	24.4	26.9
Bajaj Auto	Buy	2,846	3,422	20	132.3	150.4	178.2	21.5	18.9	4.8	4.3	25.3	24.1	25.6
Bharat Forge	Buy	1,144	1,242	9	26.2	37.7	49.7	43.7	30.4	6.5	5.7	16.2	19.9	22.5
Bosch	Neutral	23,465	23,287	-1	473.1	650.7	776.2	49.6	36.1	8.1	7.2	15.8	21.2	22.2
CEAT	Buy	1,674	1,741	4	93.3	104.9	133.9	17.9	16.0	2.8	2.4	16.9	16.3	17.9
Eicher Mot.	Buy	28,336	30,402	7	613.8	892.0	1,135.1	46.2	31.8	16.0	11.4	40.3	41.9	38.5
Endurance Tech.	Buy	811	948	17	23.5	30.8	37.9	34.5	26.4	6.6	5.4	20.8	22.6	23.1
Escorts	Neutral	668	711	6	23.2	35.9	44.4	28.8	18.6	3.4	2.9	12.3	16.8	17.9
Exide Ind	Buy	228	274	20	8.2	9.5	11.8	27.9	24.1	3.9	3.5	14.0	14.5	15.8
Hero Moto	Neutral	3,740	3,622	-3	169.1	198.1	201.2	22.1	18.9	7.4	6.3	35.7	35.9	31.3
M&M	Buy	1,362	1,570	15	62.1	76.5	90.8	21.9	17.8	3.3	3.0	14.7	14.0	14.8
Mahindra CIE	Not Rated	236	-		5.4	9.9	11.8	44.1	23.9	2.7	2.5	6.4	10.8	11.5
Maruti Suzuki	Buy	7,147	8,060	13	248.6	300.0	370.9	28.7	23.8	6.0	5.1	20.3	21.2	22.3
Tata Motors	Buy	481	635	32	19.8	30.8	65.8	24.3	15.6	2.8	2.4	9.8	16.5	27.8
TVS Motor	Buy	540	581	8	11.7	16.7	26.7	46.0	32.3	10.7	8.5	25.6	29.2	35.9
Aggregate								27.8	21.3	4.9	4.2	17.5	19.6	23.2
Banks - Private														
Axis Bank	Neutral	513	525	2	15.4	23.4	41.2	33.4	21.9	2.3	2.1	6.9	9.9	15.7
DCB Bank	Neutral	190	170	-11	7.0	8.8	11.2	27.2	21.7	2.9	2.5	10.9	12.4	14.0
Equitas Hold.	Buy	154	210	36	4.7	4.8	7.5	32.6	31.8	2.3	2.2	8.9	7.1	10.1
Federal Bank	Buy	110	125	13	4.8	5.8	7.3	22.9	19.1	2.2	2.0	9.9	10.9	12.5
HDFC Bank	Buy	1,629	1,790	10	56.8	67.1	79.4	28.7	24.3	4.9	4.2	17.9	18.2	19.0
ICICI Bank	Buy	321	365	14	16.8	16.8	19.2	19.1	19.1	2.2	2.0	10.1	9.1	9.8
IDFC Bank	Neutral	58	62	7	3.0	3.3	4.3	19.3	17.5	1.3	1.3	7.2	7.4	9.0
IndusInd	Buy	1,475	1,700	15	50.1	59.4	72.0	29.4	24.8	4.4	3.8	16.0	16.5	17.3
J&K Bank	Neutral	84	89	6	-31.3	4.4	8.0	NM	19.1	0.8	0.7	-27.0	4.0	7.0
Kotak Mah. Bk	Buy	962	1,050	9	26.8	32.3	40.5	35.8	29.8	4.6	4.0	13.8	14.5	15.7
RBL Bank	Under Review	510	-		11.9	17.6	23.8	42.9	28.9	4.5	4.0	12.3	14.6	17.3
South Indian	Buy	28	31	12	2.2	2.9	3.6	12.7	9.6	1.1	1.0	9.4	10.6	12.2
Yes Bank	Buy	1,439	2,110	47	73.0	90.5	114.0	19.7	15.9	3.7	3.1	18.9	17.9	19.4
Aggregate								27.8	22.5	3.2	2.9	11.4	12.9	14.5
Banks - PSU														
BOB	Buy	178	217	22	6.0	19.0	24.9	29.8	9.4	1.2	1.1	4.1	12.3	14.5
BOI	Neutral	147	147	0	-14.8	13.7	22.0	NM	10.7	0.7	0.6	-6.7	6.1	9.0
Canara	Neutral	356	380	7	18.8	33.0	48.9	18.9	10.8	0.8	0.7	4.2	6.8	9.4
IDBI Bk	Neutral	61	49	-19	1.5	6.4	8.6	39.8	9.5	0.6	0.5	1.4	5.8	7.3
Indian Bk	Buy	316	360	14	29.3	33.3	38.1	10.8	9.5	1.0	1.0	10.1	10.6	11.1
OBC	Neutral	150	150	0	-31.6	17.1	21.4	NM	8.8	0.4	0.4	-8.4	4.6	5.4
PNB	Buy	147	184	25	6.2	10.3	14.5	23.6	14.3	0.8	0.8	3.6	5.6	7.5
SBI	Buy	289	375	30	0.3	19.7	25.9	954.6	14.6	1.3	1.2	-0.2	8.9	10.7
Union Bk	Neutral	156	174	12	7.6	24.6	34.5	20.4	6.3	0.5	0.5	2.7	8.1	10.5
Aggregate								100.9	12.0	0.9	0.9	0.9	7.4	9.3
NBFCs														
Bajaj Fin.	Buy	1,321	1,550	17	33.6	47.0	63.6	39.3	28.1	7.5	6.1	21.7	24.0	26.2
Bharat Fin.	Neutral	728	769	6	21.0	32.4	45.3	34.7	22.5	4.1	3.5	15.1	16.7	19.5
Dewan Hsg.	Buy	412	559	36	29.6	38.6	45.5	13.9	10.7	1.6	1.5	14.4	14.5	15.2
GRUH Fin.	Neutral	391	421	8	8.1	10.3	12.5	48.0	38.0	12.8	10.6	30.4	30.6	30.9
HDFC	Buy	1,582	1,797	14	46.8	50.7	55.9	33.8	31.2	6.3	5.7	19.3	18.3	17.4
Indiabulls Hsg	Buy	1,113	1,227	10	69.0	82.2	101.6	16.1	13.5	3.9	3.5	25.5	27.0	29.6
LIC Hsg Fin	Neutral	712	723	2	38.2	44.6	51.2	18.6	16.0	3.3	2.9	19.4	19.3	19.0
Manappuram	Not Rated	87	-		8.2	11.1	14.0	10.7	7.9	2.4	2.2	23.9	29.0	32.2
M&M Fin.	Buy	332	400	21	7.1	12.9	16.4	46.9	25.7	2.9	2.7	6.4	10.9	12.9
Muthoot Fin	Buy	394	465	18	29.7	34.5	40.0	13.3	11.4	2.5	2.2	19.7	20.2	20.6

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
PFC	Neutral	137	117	-14	25.7	27.2	30.2	5.3	5.0	0.9	0.8	17.9	17.0	16.8
Repco Home	Buy	761	900	18	29.1	36.0	43.3	26.1	21.2	4.2	3.5	17.4	18.2	18.5
REC	Neutral	206	134	-35	31.4	35.0	40.4	6.6	5.9	1.2	1.0	19.9	19.1	19.1
Shriram Union	City Buy	2,199	2,689	22	84.3	130.4	164.7	26.1	16.9	2.9	2.6	11.8	16.2	17.8
STF	Buy	1,004	1,269	26	55.6	77.4	98.6	18.1	13.0	2.0	1.8	11.7	14.5	16.3
Aggregate								18.2	15.7	3.1	2.8	17.3	17.7	17.9
Capital Goods														
ABB	Sell	1,453	1,200	-17	19.7	25.1	32.2	73.8	58.0	9.4	8.1	12.7	13.9	15.8
Bharat Elec.	Buy	170	200	17	6.5	7.7	9.1	26.3	22.0	5.0	4.4	20.4	19.8	20.3
BHEL	Sell	140	100	-29	2.0	4.4	5.0	69.1	32.1	1.1	1.0	1.5	3.3	3.6
Blue Star	Neutral	630	650	3	12.9	19.0	28.0	48.9	33.2	8.0	7.4	18.0	23.2	31.6
CG Cons. Elec.	Buy	220	240	9	4.7	5.6	6.7	46.9	39.4	25.5	18.3	76.4	54.2	50.3
CG Power & Indu.	Sell	83	65	-21	4.1	2.3	4.5	20.1	36.1	1.2	1.2	6.2	3.4	4.2
Cummins	Neutral	931	950	2	26.5	29.3	35.2	35.1	31.8	6.9	6.4	21.2	20.8	23.0
GE T&D	Neutral	346	320	-7	5.7	8.9	10.6	60.3	38.7	8.6	7.5	12.4	20.7	21.5
Havells	Neutral	471	480	2	9.6	12.1	14.5	49.3	39.0	9.0	7.9	18.2	20.4	21.4
Inox Wind	Under Review	134	-		12.8	-3.2	15.5	10.4	NM	1.4	1.4	14.9	-3.3	15.1
K E C Intl	Neutral	251	250	0	11.9	13.6	16.8	21.1	18.4	4.1	3.5	21.2	20.3	21.2
L&T	Buy	1,767	2,000	13	63.3	68.0	78.3	27.9	26.0	3.3	3.2	12.6	12.5	13.6
Pennar Eng.	Not Rated	139	-		5.8	7.5	10.0	23.9	18.5	2.1	1.8	8.6	10.0	11.8
Siemens	Neutral	1,364	1,355	-1	17.8	24.3	33.3	76.5	56.2	7.1	6.2	9.3	11.0	13.7
Solar Ind	Neutral	832	800	-4	19.0	22.3	26.5	43.7	37.3	7.5	6.5	18.4	18.6	19.0
Suzlon Energy	Not Rated	19	-		0.6	0.9	1.0	30.2	21.7	-1.8	-1.9	NM	-8.8	-11.0
Thermax	Sell	1,003	781	-22	23.5	28.4	31.5	42.6	35.3	4.7	4.4	11.6	12.9	13.2
Va Tech Wab.	Buy	668	760	14	26.5	34.5	40.3	25.3	19.4	3.4	3.1	8.9	16.7	17.3
Voltas	Sell	486	400	-18	15.5	16.0	18.1	31.5	30.4	4.9	4.4	18.0	15.1	15.3
Aggregate								35.5	31.1	4.0	3.7	11.1	11.9	13.2
Cement														
Ambuja Cem.	Buy	243	283	17	4.9	6.6	7.2	49.6	36.6	2.5	2.4	5.0	6.7	7.1
ACC	Neutral	1,638	1,521	-7	33.7	49.2	63.6	48.5	33.3	3.6	3.7	7.5	11.0	14.2
Birla Corp.	Buy	848	998	18	29.4	40.9	58.9	28.9	20.7	2.0	1.8	7.5	9.2	12.2
Dalmia Bharat	Buy	2,417	3,162	31	38.8	66.7	87.1	62.4	36.2	4.3	3.9	7.2	11.3	13.1
Grasim Inds.	Neutral	1,129	1,234	9	67.9	86.9	114.5	16.6	13.0	1.8	1.6	11.5	13.1	15.1
India Cem	Neutral	205	210	3	5.6	9.3	12.9	36.4	21.9	1.2	1.2	3.4	5.5	7.2
J K Cements	Buy	1,103	1,322	20	33.7	46.4	59.5	32.7	23.8	4.4	3.8	14.4	17.0	18.6
JK Lakshmi Ce	Buy	496	550	11	7.0	11.4	20.5	71.3	43.5	4.2	3.8	6.0	9.2	14.7
Ramco Cem	Buy	688	815	19	27.8	30.1	36.2	24.8	22.8	4.5	3.8	19.6	18.0	18.5
Orient Cem	Buy	147	185	26	-1.6	4.5	6.8	NM	32.6	3.1	2.8	-3.2	9.0	12.3
Prism Cem	Buy	115	138	21	0.3	3.7	5.8	329.2	30.9	5.7	5.0	1.8	17.2	22.6
Shree Cem	Buy	17,941	23,316	30	384.4	480.7	621.0	46.7	37.3	8.9	7.3	20.2	21.5	22.6
Ultratech	Buy	4,080	4,928	21	96.1	121.4	159.1	42.4	33.6	4.9	4.3	12.0	13.6	15.7
Aggregate								35.8	27.0	3.5	3.2	9.7	11.8	13.7
Consumer														
Asian Paints	Neutral	1,159	1,210	4	21.0	23.1	27.4	55.1	50.1	14.6	14.0	28.5	28.6	30.6
Britannia	Buy	3,419	4,065	19	73.7	83.3	101.7	46.4	41.0	15.2	14.1	36.9	35.7	37.3
Colgate	Buy	1,012	1,180	17	21.2	25.7	31.1	47.6	39.4	21.6	20.4	50.4	53.2	60.3
Dabur	Neutral	278	295	6	7.2	7.7	9.1	38.4	36.0	10.1	8.7	28.4	26.0	26.3
Emami	Buy	1,082	1,250	16	26.5	29.2	34.7	40.8	37.0	14.0	11.3	35.8	33.8	32.2
Godrej Cons.	Neutral	1,857	1,950	5	37.8	43.6	50.0	49.1	42.6	11.9	9.3	24.6	24.5	23.0
GSK Cons.	Sell	5,325	4,380	-18	156.1	169.7	185.5	34.1	31.4	7.2	7.0	22.2	22.6	23.0
HUL	Buy	1,071	1,165	9	19.6	22.4	25.9	54.5	47.7	34.8	34.1	65.6	72.1	81.4
ITC	Buy	310	355	14	8.4	9.6	11.5	37.0	32.4	8.4	8.2	23.5	25.6	28.9
Jyothy Lab	Neutral	367	390	6	11.2	8.9	11.0	32.6	41.0	6.1	6.3	21.1	15.1	18.4
Marico	Neutral	315	335	6	6.3	6.9	8.4	50.1	45.3	17.5	14.9	36.7	35.5	38.1

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
Nestle	Sell	6,605	5,715	-13	118.0	118.6	139.5	56.0	55.7	21.1	19.5	39.0	36.4	39.0
Page Inds	Buy	14,222	18,000	27	238.7	313.9	400.0	59.6	45.3	23.8	18.9	40.0	41.6	42.8
Parag Milk	Neutral	238	250	5	3.6	6.9	12.5	66.1	34.3	2.9	2.7	5.8	8.2	13.2
Pidilite Ind.	Neutral	765	762	0	16.7	18.4	21.2	45.7	41.5	11.9	9.6	28.2	25.6	24.0
P&G Hygiene	Buy	7,454	8,760	18	144.9	155.8	181.6	51.4	47.8	42.5	33.9	45.3	78.9	74.0
United Brew	Neutral	789	830	5	8.7	9.7	14.7	90.8	81.3	9.1	8.3	10.4	10.7	14.6
United Spirits	Neutral	2,090	2,025	-3	28.6	42.2	58.7	73.0	49.6	13.8	10.9	20.8	22.1	23.8
Aggregate								45.7	40.4	12.6	11.8	27.7	29.2	30.7
Healthcare														
Alembic Phar	Neutral	538	640	19	21.6	26.0	32.1	24.9	20.7	5.4	4.5	23.1	23.6	24.1
Alkem Lab	Neutral	1,871	1,900	2	75.7	80.0	94.9	24.7	23.4	5.3	4.5	23.4	20.8	21.0
Ajanta Pharma	Buy	1,548	2,028	31	58.4	66.4	79.9	26.5	23.3	8.7	6.6	37.7	32.3	30.0
Aurobindo	Buy	580	900	55	39.3	44.1	50.2	14.8	13.1	3.7	2.9	28.3	24.8	22.5
Biocon	Sell	946	900	-5	30.6	33.1	44.9	30.9	28.6	4.2	3.8	13.6	13.3	16.1
Cadila	Buy	470	510	8	14.2	18.1	23.2	33.1	25.9	7.5	6.2	24.8	26.1	27.1
Cipla	Neutral	511	500	-2	15.9	20.0	25.0	32.1	25.6	3.3	3.0	10.2	11.5	12.8
Divis Lab	Neutral	587	600	2	39.7	35.8	39.8	14.8	16.4	3.3	3.0	23.5	19.2	19.2
Dr Reddy's	Neutral	2,481	2,625	6	72.6	107.1	144.5	34.2	23.2	3.4	2.8	9.6	13.3	15.1
Fortis Health	Buy	198	250	26	2.3	2.9	6.5	84.4	67.3	2.2	1.9	2.7	3.1	6.1
Glenmark	Neutral	625	800	28	39.3	45.0	53.5	15.9	13.9	3.9	3.1	24.7	22.4	21.3
Granules	Buy	136	200	47	7.3	8.1	11.4	18.8	16.7	3.1	2.3	20.0	16.4	17.6
GSK Pharma	Neutral	2,377	2,700	14	34.4	51.9	60.1	69.2	45.8	14.9	18.1	21.5	39.7	54.4
IPCA Labs	Neutral	489	540	10	16.1	23.5	31.9	30.4	20.8	2.5	2.3	8.6	11.5	14.0
Lupin	Buy	1,130	1,475	31	59.2	60.2	73.7	19.1	18.8	3.9	3.3	22.0	18.9	19.7
Sanofi India	Buy	4,028	4,850	20	129.1	131.0	173.4	31.2	30.7	5.3	5.0	17.1	16.3	19.3
Sun Pharma	Buy	508	650	28	26.1	25.4	30.8	19.4	20.0	3.6	3.2	19.2	16.8	17.9
Syngene Intl	Not Rated	458	-		13.0	16.1	18.0	35.2	28.4	7.1	5.8	22.2	22.5	20.7
Torrent Pharma	Buy	1,235	1,450	17	55.2	59.8	73.2	22.4	20.7	5.2	4.5	25.3	23.5	24.6
Aggregate								22.8	20.7	4.0	3.4	17.6	16.7	17.6
Logistics														
Allcargo Logistics	Buy	176	228	29	9.8	12.2	14.3	18.0	14.5	2.7	2.4	12.6	17.2	17.8
Blue Dart	Not Rated	4,409	-		102.5	129.9	163.2	43.0	33.9	19.1	14.5	50.5	48.6	46.8
Concor	Neutral	1,167	1,162	0	38.0	41.2	45.8	30.7	28.3	3.2	3.1	10.8	11.1	11.7
Gateway Distriparks	Buy	240	310	29	6.8	11.6	14.3	35.2	20.7	2.1	2.0	5.9	9.9	11.7
Gati	Not Rated	123	-		8.4	15.9	23.9	14.7	7.8	2.0	1.8	12.4	19.4	25.4
Transport Corp.	Not Rated	263	-		16.9	21.0	25.9	15.5	12.5	2.4	2.1	16.7	17.8	18.6
Aggregate								29.1	24.0	3.6	3.3	12.2	13.7	15.0
Media														
Dish TV	Buy	85	106	25	1.0	2.1	3.8	86.1	41.4	18.5	12.8	24.1	36.5	44.1
D B Corp	Buy	366	460	26	20.4	24.1	28.7	17.9	15.2	4.2	3.7	25.5	26.2	27.6
Den Net.	Neutral	87	90	3	-3.6	2.2	8.5	NM	39.7	1.0	1.0	-4.1	2.5	8.8
Hind. Media	Buy	276	360	31	26.4	27.1	29.9	10.5	10.2	1.8	1.6	19.3	16.6	15.6
HT Media	Neutral	82	85	4	7.4	7.9	8.3	11.0	10.4	0.7	0.7	7.1	6.9	6.6
Jagran Prak.	Buy	178	225	26	10.8	12.3	14.1	16.6	14.5	3.2	2.8	20.6	20.5	20.2
PVR	Buy	1,446	1,667	15	20.5	34.1	50.1	70.4	42.4	7.0	6.1	10.4	15.4	19.6
Siti Net.	Neutral	31	40	27	-1.8	0.0	1.2	NM	NM	3.7	3.1	-21.7	0.0	11.1
Sun TV	Neutral	798	860	8	24.9	29.5	38.4	32.1	27.0	8.0	7.4	25.0	27.3	31.9
Zee Ent.	Buy	523	600	15	23.1	16.4	19.5	22.6	32.0	8.3	7.0	23.7	23.8	23.8
Aggregate								39.3	27.9	5.7	5.1	14.6	18.1	20.7
Metals														
Hindalco	Buy	203	242	19	17.5	22.6	25.9	11.6	9.0	1.7	1.4	15.9	17.1	16.3
Hind. Zinc	Sell	243	235	-3	19.7	21.5	23.7	12.4	11.3	3.3	2.8	24.4	27.2	25.4
JSPL	Buy	123	184	49	-20.9	-16.0	-2.5	NM	NM	0.4	0.4	-7.9	-5.0	-0.8
JSW Steel	Buy	195	241	24	14.8	20.1	22.6	13.2	9.7	2.1	1.8	17.3	19.7	18.8

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
Nalco	Neutral	66	65	-2	3.7	3.6	4.0	18.1	18.6	1.3	1.2	7.2	6.7	7.3
NMDC	Under Review	112	-		10.0	12.0	12.7	11.3	9.3	1.6	1.5	12.4	14.9	15.7
SAIL	Sell	58	30	-49	-7.4	-12.6	0.4	NM	NM	0.7	0.8	-8.1	-15.4	0.5
Vedanta	Neutral	245	225	-8	15.1	24.5	27.4	16.2	10.0	1.5	1.4	9.7	14.8	15.3
Tata Steel	Sell	511	451	-12	37.0	39.5	45.7	13.8	12.9	1.5	1.4	15.4	11.4	12.1
Aggregate								17.3	13.9	1.4	1.3	8.1	9.5	11.9
Oil & Gas														
BPCL	Buy	738	763	3	59.6	54.5	58.5	12.4	13.5	3.4	2.9	28.9	23.0	21.3
GAIL	Neutral	405	358	-12	22.6	28.7	32.7	17.9	14.1	1.8	1.7	10.2	12.2	12.9
Gujarat Gas	Sell	765	699	-9	20.4	38.5	46.6	37.4	19.9	6.4	5.1	17.8	28.5	27.5
Gujarat St. Pet.	Neutral	170	171	0	8.8	11.2	13.4	19.3	15.2	2.2	2.0	11.9	13.7	14.6
HPCL	Buy	555	632	14	61.0	45.6	45.8	9.1	12.2	2.8	2.4	32.4	21.2	18.7
IOC	Neutral	420	457	9	41.0	41.9	43.3	10.2	10.0	2.0	2.0	22.3	20.2	19.9
IGL	Neutral	1,062	1,067	1	43.1	46.7	51.8	24.6	22.7	5.1	4.3	21.0	20.6	19.5
MRPL	Neutral	129	124	-4	11.7	12.8	13.3	11.1	10.1	2.3	1.9	24.8	20.5	18.4
Oil India	Buy	314	382	22	19.3	33.6	37.6	16.2	9.3	0.9	0.8	6.0	9.0	9.6
ONGC	Buy	178	229	28	16.4	20.6	23.9	10.9	8.6	1.0	1.0	10.4	11.7	13.0
PLNG	Buy	437	547	25	22.7	25.9	35.1	19.2	16.9	4.1	3.5	23.6	22.1	25.2
Reliance Ind.	Neutral	1,359	1,264	-7	106.6	121.7	127.8	12.7	11.2	1.4	1.3	11.9	11.8	11.2
Aggregate								12.4	11.2	1.6	1.5	12.9	13.3	13.3
Retail														
Jubilant Food	Sell	909	680	-25	10.0	12.2	17.9	90.8	74.7	7.4	7.0	8.2	9.3	12.6
Titan Co.	Neutral	469	505	8	9.0	10.3	12.1	52.0	45.7	9.8	8.7	20.6	20.2	20.9
Aggregate								55.4	48.4	9.5	8.5	17.2	17.6	18.5
Technology														
Cyient	Buy	502	620	24	30.6	38.3	44.2	16.4	13.1	2.7	2.3	16.2	17.8	17.9
HCL Tech.	Buy	867	960	11	59.8	61.9	67.6	14.5	14.0	3.6	3.6	27.5	25.4	26.0
Hexaware	Neutral	236	235	-1	13.7	15.4	16.7	17.3	15.4	4.2	3.7	26.5	25.3	23.5
Infosys	Buy	996	1,200	20	62.9	64.7	71.1	15.8	15.4	3.3	3.0	23.3	21.4	21.2
KPIT Tech	Neutral	114	150	32	11.9	13.4	15.2	9.5	8.5	1.4	1.2	14.3	15.6	15.2
L&T Infotech	Buy	769	850	11	55.5	59.7	65.0	13.9	12.9	4.8	3.8	40.4	32.8	28.3
Mindtree	Neutral	537	475	-12	24.9	30.5	36.5	21.6	17.6	3.5	3.2	16.8	18.9	20.5
Mphasis	Neutral	586	600	2	38.9	41.7	45.0	15.1	14.0	2.0	2.3	13.2	14.0	15.7
NIIT Tech	Neutral	524	470	-10	42.8	42.5	46.1	12.3	12.3	1.9	1.8	16.1	14.8	14.7
Persistent Sys	Buy	598	700	17	37.7	43.9	51.4	15.9	13.6	2.4	2.3	17.0	18.1	20.3
Tata Elxsi	Buy	1,311	1,607	23	56.3	68.0	80.4	23.3	19.3	7.3	5.9	37.1	33.7	32.3
TCS	Neutral	2,552	2,400	-6	133.4	139.7	149.6	19.1	18.3	6.0	6.2	33.5	32.4	32.3
Tech Mah	Buy	388	500	29	30.9	32.3	36.9	12.6	12.0	2.1	1.9	18.4	16.7	17.0
Wipro	Neutral	535	500	-7	33.8	34.6	38.2	15.8	15.5	2.5	2.3	16.9	15.5	15.7
Zensar Tech	Buy	873	1,020	17	54.9	67.6	78.4	15.9	12.9	2.4	2.1	16.3	17.7	17.8
Aggregate								16.9	16.5	3.9	3.7	23.2	22.7	22.0
Telecom														
Bharti Airtel	Buy	370	430	16	11.1	6.3	11.5	33.3	58.8	2.2	2.1	6.7	3.7	6.4
Bharti Infratel	Buy	373	435	17	14.9	17.5	19.9	25.1	21.3	4.6	4.0	16.2	19.4	19.1
Idea Cellular	Buy	79	110	40	-1.1	-12.9	-13.6	NM	NM	1.1	1.4	-1.6	-20.8	-27.4
Tata Comm	Buy	701	811	16	26.0	18.1	36.0	27.0	38.7	12.6	9.5	126.2	27.9	39.1
Aggregate								35.8	167.4	2.5	2.5	6.9	1.5	3.9
Utilities														
Coal India	Buy	267	316	18	14.9	18.3	20.7	17.9	14.6	6.8	6.7	37.8	46.2	52.1
CESC	Buy	894	1,040	16	51.9	73.4	80.6	17.2	12.2	2.0	1.8	11.4	15.5	15.0
JSW Energy	Buy	62	88	42	3.9	2.1	1.8	16.1	29.3	1.0	1.0	6.7	3.3	2.8
NTPC	Buy	161	198	23	13.0	13.4	16.2	12.4	12.0	1.4	1.3	11.5	10.9	12.3
Power Grid	Buy	204	241	18	14.5	17.6	20.5	14.0	11.6	2.2	1.9	16.5	17.5	17.7
Tata Power	Sell	82	67	-19	5.2	6.7	7.0	15.9	12.2	1.9	1.7	11.2	14.6	13.6
Aggregate								14.7	13.0	2.3	2.1	15.4	16.3	17.4



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
Others														
Arvind	Neutral	377	382	1	12.4	16.6	23.6	30.5	22.7	2.7	2.5	10.3	11.5	14.7
Bata India	Under Review	542	-		13.5	15.6	19.3	40.3	34.7	5.3	4.8	13.9	14.5	15.9
Castrol India	Buy	423	532	26	13.6	14.9	15.2	31.0	28.5	32.7	29.4	110.9	108.6	100.4
Century Ply.	Buy	256	274	7	7.7	8.6	11.4	33.1	29.6	8.7	7.2	28.9	26.5	28.6
Coromandel Intl	Under Review	391	-		16.0	18.3	23.6	24.5	21.4	4.3	3.8	18.2	18.9	21.7
Delta Corp	Buy	151	229	52	3.3	6.9	7.6	46.2	22.0	4.0	3.0	9.0	15.7	17.0
Dynamic Tech	Buy	2,599	3,334	28	67.6	112.9	166.7	38.4	23.0	5.3	4.3	15.1	20.7	24.3
Eveready Inds.	Buy	321	287	-10	11.4	13.9	16.9	28.1	23.1	8.6	6.9	34.7	33.0	32.4
Interglobe	Neutral	1,061	1,234	16	46.0	65.6	88.2	23.0	16.2	19.0	16.8	86.2	110.2	129.8
Indo Count	Buy	168	229	36	13.0	14.6	17.6	12.9	11.5	3.9	2.9	34.8	28.8	25.9
Info Edge	Buy	911	1,050	15	15.7	20.3	22.9	58.1	45.0	5.6	5.1	10.2	11.9	12.3
Inox Leisure	Sell	289	240	-17	3.3	8.0	12.0	86.8	36.0	5.0	4.4	5.9	12.5	16.2
Jain Irrigation	Under Review	98	-		5.5	7.6	10.0	17.7	12.9	1.5	1.5	8.6	11.7	14.8
Just Dial	Neutral	452	465	3	17.5	18.5	21.1	25.9	24.5	3.5	3.1	14.8	13.4	13.7
Kaveri Seed	Buy	585	653	12	19.1	29.5	36.3	30.7	19.8	4.0	4.3	13.6	20.5	25.4
Kitex Garm.	Buy	387	551	42	26.0	31.0	36.7	14.9	12.5	4.0	3.2	29.9	28.7	27.7
Manpasand	Buy	799	841	5	13.3	22.0	31.1	60.1	36.3	3.9	3.6	7.7	9.3	13.5
MCX	Buy	975	1,325	36	24.8	30.5	42.9	39.3	31.9	3.7	3.5	9.9	11.1	14.6
Monsanto	Buy	2,771	2,841	3	72.9	89.3	109.3	38.0	31.0	11.5	10.8	30.4	35.9	39.6
Navneet Education	Buy	173	226	30	7.8	9.4	11.3	22.4	18.4	5.6	4.7	26.8	27.8	28.2
PI Inds.	Buy	809	952	18	33.4	33.4	38.1	24.2	24.2	6.8	5.6	32.8	25.4	23.8
Piramal Enterp.	Buy	2,717	3,044	12	72.6	104.1	144.6	37.4	26.1	3.5	3.2	9.8	13.0	16.4
SRF	Buy	1,630	1,816	11	85.9	89.0	111.5	19.0	18.3	3.0	2.7	16.6	15.1	17.0
S H Kelkar	Buy	281	367	31	7.2	9.6	12.2	38.7	29.2	5.0	4.5	13.7	16.1	18.2
Symphony	Sell	1,315	1,288	-2	27.0	35.1	42.9	48.7	37.5	26.5	22.6	56.8	65.0	66.3
TTK Prestige	Neutral	6,480	5,281	-18	106.9	137.7	176.0	60.6	47.0	9.6	8.7	16.5	19.4	22.2
V-Guard	Neutral	177	140	-21	3.7	4.6	5.4	47.9	38.8	12.7	10.2	29.4	29.1	27.6
Wonderla	Buy	377	393	4	7.0	11.9	16.0	53.9	31.5	4.9	4.4	9.5	14.8	17.5



Company	1 Day (%)	1M (%)	12M (%)
Automobiles			
Amara Raja	0.8	-2.8	1.6
Ashok Ley.	2.1	9.4	-12.0
Bajaj Auto	0.4	-0.8	9.1
Bharat Forge	0.8	0.0	52.9
Bosch	-0.8	2.3	5.6
CEAT	0.0	9.6	79.7
Eicher Mot.	0.6	8.9	51.4
Endurance Tech.	-0.6	0.3	
Escorts	-0.6	22.2	284.8
Exide Ind	-0.3	-1.1	41.7
Hero Moto	2.0	13.0	20.9
M&M	0.8	2.1	2.3
Mahindra CIE	-0.9	-3.5	21.6
Maruti Suzuki	0.2	9.5	75.5
Tata Motors	0.2	5.2	14.5
TVS Motor	1.2	9.0	87.0
Banks - Private			
Axis Bank	1.3	0.6	-0.1
DCB Bank	0.2	3.8	101.5
Equitas Hold.	2.8	-7.4	-3.5
Federal Bank	1.2	2.5	110.2
HDFC Bank	-0.2	5.6	38.0
ICICI Bank	1.9	15.1	31.0
IDFC Bank	1.4	-11.9	20.1
IndusInd	-0.9	2.1	34.1
J&K Bank	0.8	3.2	45.6
Kotak Mah. Bk	-0.6	6.7	29.4
RBL Bank	0.3	-9.8	
South Indian	2.8	7.6	59.1
Yes Bank	-0.1	-11.7	40.4
Banks - PSU			
BOB	2.5	-4.9	28.9
BOI	2.7	-21.2	70.3
Canara	1.3	0.2	89.5
IDBI Bk	1.2	-21.9	-9.5
Indian Bk	-0.6	-0.7	238.8
OBC	1.3	-11.5	78.9
PNB	0.9	-13.2	90.0
SBI	1.5	-0.2	45.4
Union Bk	1.6	-8.8	34.9
NBFCs			
Bajaj Fin.	1.1	3.6	72.9
Bharat Fin.	2.2	-9.5	11.9
Dewan Hsg.	0.2	-3.7	110.6
GRUH Fin.	-0.8	-1.5	38.8
HDFC	-1.1	2.9	28.5
Indiabulls Hsg	0.5	9.5	51.1
LIC Hsg Fin	1.5	6.6	52.3
Manappuram	0.3	-6.6	65.4
M&M Fin.	1.5	-1.6	1.3
Muthoot Fin	0.8	0.3	68.5
PFC	0.9	-14.3	62.1
Repco Home	0.8	-0.5	12.6
REC	4.4	1.5	156.4
STF	1.3	-3.1	-16.3
Shriram City Union	0.3	-1.9	34.6

Company	1 Day (%)	1M (%)	12M (%)
Capital Goods			
ABB	-1.0	3.0	19.4
Bharat Elec.	-1.4	-6.8	43.0
BHEL	-8.7	-20.3	15.9
Blue Star	-0.8	-9.3	47.4
CG Cons. Elec.	-1.9	-0.3	69.1
CG Power & Inds Sol.	4.7	5.2	21.5
Cummins	-0.4	-6.5	18.4
GE T&D	-0.6	0.8	2.1
Havells	2.3	-2.6	26.6
Inox Wind	-3.3	-31.8	-40.6
K E C Intl	-0.4	14.5	82.9
L&T	-1.2	1.1	18.9
Pennar Eng.	2.2	-3.4	-7.4
Siemens	-0.4	3.9	11.5
Solar Ind	-0.9	3.5	30.5
Suzlon Energy	0.0	-7.3	17.8
Thermax	0.4	-1.5	34.6
Va Tech Wab.	2.1	-0.3	12.4
Voltas	0.3	18.5	43.3
Cement			
Ambuja Cem.	1.0	-1.3	6.1
ACC	0.9	0.8	6.7
Birla Corp.	7.5	10.3	102.9
Dalmia Bharat	1.2	11.4	168.1
Grasim Inds.	2.2	-2.1	30.1
India Cem	8.7	-5.2	121.9
J K Cements	1.3	14.1	87.1
JK Lakshmi Ce	-0.2	7.2	44.7
Ramco Cem	1.1	0.9	37.9
Orient Cem	-2.1	-13.6	-8.1
Prism Cem	-1.9	-6.1	22.4
Shree Cem	1.2	-6.9	33.6
Ultratech	0.2	-3.8	26.7
Consumer			
Asian Paints	1.2	3.5	17.6
Britannia	-0.2	-5.8	24.6
Colgate	-0.6	-2.6	18.7
Dabur	-0.1	-2.9	-6.6
Emami	-0.2	2.3	5.9
Godrej Cons.	1.6	6.6	21.8
GSK Cons.	0.0	3.8	-10.9
HUL	-0.2	14.5	25.3
ITC	-1.8	11.4	30.6
Jyothy Lab	-0.2	-8.3	29.1
Marico	-0.7	0.0	24.3
Nestle	-0.1	-1.5	5.1
Page Inds	-0.3	-1.6	1.4
Parag Milk	-4.2	-2.2	1.1
Pidilite Ind.	1.4	6.6	10.0
P&G Hygiene	0.1	1.1	20.1
United Brew	-0.1	2.8	9.8
United Spirits	3.6	11.4	-15.9
Healthcare			
Alembic Phar	1.0	-12.0	1.3
Alkem Lab	3.1	-4.8	46.4
Ajanta Pharma	0.8	-6.1	0.8
Aurobindo	12.9	-4.3	-23.1

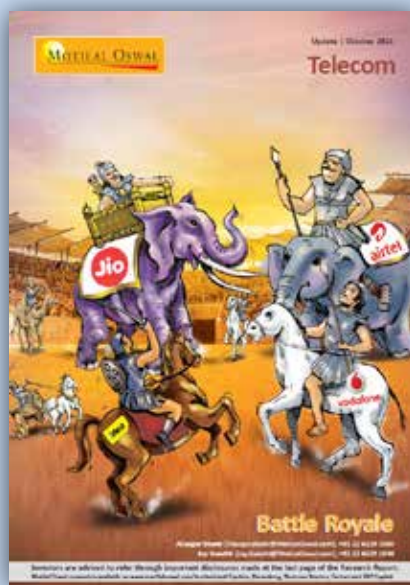
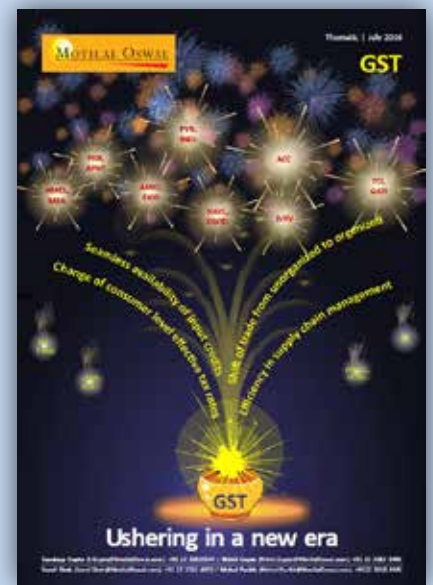
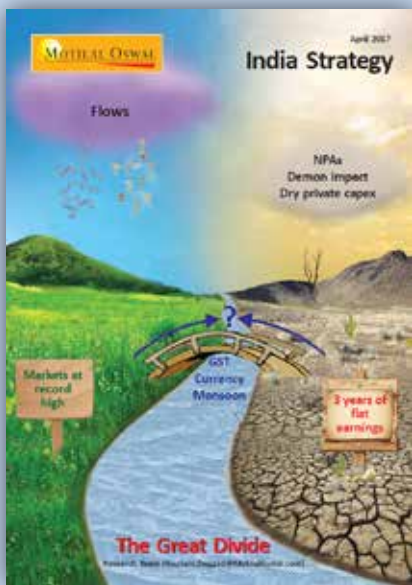


Company	1 Day (%)	1M (%)	12M (%)
Biocon	0.0	-14.4	34.7
Cadila	3.0	6.9	41.1
Cipla	1.4	-8.2	7.9
Divis Lab	3.1	-6.5	-47.1
Dr Reddy's	2.3	-4.5	-21.7
Fortis Health	1.0	-10.1	24.0
Glenmark	2.2	-30.0	-28.7
Granules	2.0	-10.4	0.2
GSK Pharma	2.0	-4.9	-33.5
IPCA Labs	-0.3	-18.3	11.0
Lupin	1.9	-15.5	-23.0
Sanofi India	0.5	-4.2	-4.6
Sun Pharma	1.1	-20.9	-37.4
Syngene Intl	0.3	-11.1	17.0
Torrent Pharma	1.5	-12.8	-9.7
Logistics			
Allcargo Logistics	0.1	-6.8	10.5
Blue Dart	-0.4	-9.5	-19.5
Concor	-1.3	-4.2	1.8
Gateway Distriparks	0.5	-10.3	-14.1
Gati	0.2	-9.4	-4.5
Transport Corp.	3.9	8.7	54.5
Media			
Dish TV	-0.4	-10.4	-3.7
D B Corp	0.4	-4.0	0.0
Den Net.	0.9	-8.8	-5.3
Hind. Media	1.3	-4.4	2.8
HT Media	0.7	-0.7	2.3
Jagran Prak.	1.5	-8.6	1.9
PVR	-1.7	-10.4	71.3
Siti Net.	2.8	-11.2	-18.5
Sun TV	2.2	-13.4	110.9
Zee Ent.	0.1	-0.6	17.8
Metals			
Hindalco	0.9	2.0	97.4
Hind. Zinc	1.9	-9.5	41.5
JSPL	2.4	7.9	98.2
JSW Steel	-0.4	-2.0	42.3
Nalco	-3.2	-3.1	59.0
NMDC	-1.1	-11.8	24.9
SAIL	-0.4	-3.2	36.1
Vedanta	0.5	0.5	130.5
Tata Steel	0.6	13.8	58.1
Oil & Gas			
BPCL	-2.4	2.6	47.8
GAIL	1.6	-4.4	42.3
Gujarat Gas	3.4	-9.3	48.0
Gujarat St. Pet.	0.3	-5.7	25.9
HPCL	1.6	3.6	82.4
IOC	0.4	-4.5	108.5
IGL	3.8	0.2	87.5
MRPL	0.1	-2.9	93.1
Oil India	2.3	-4.1	19.6
ONGC	1.9	-4.3	25.1
PLNG	-0.1	3.4	57.5
Reliance Ind.	0.2	-2.6	40.2
Retail			
Jubilant Food	-3.3	-12.5	-11.3

Company	1 Day (%)	1M (%)	12M (%)
Titan Co.	-0.6	-0.4	29.3
Technology			
Cyient	-0.2	-8.2	8.2
HCL Tech.	0.4	6.7	16.0
Hexaware	-4.6	2.7	8.3
Infosys	1.1	8.4	-21.1
KPIT Tech	-1.9	-11.4	-36.0
L&T Infotech	-0.9	8.7	
Mindtree	1.3	10.5	-19.9
Mphasis	1.3	9.6	16.5
NIIT Tech	1.9	14.7	10.4
Persistent Sys	3.3	2.0	-18.8
Tata Elxsi	-1.7	-13.3	-28.9
TCS	-0.8	12.3	-3.2
Tech Mah	2.3	-7.0	-28.7
Wipro	0.2	8.4	-2.7
Zensar Tech	0.2	1.1	-9.5
Telecom			
Bharti Airtel	-0.9	4.3	3.7
Bharti Infratel	-1.8	5.1	-3.3
Idea Cellular	-0.3	-7.9	-30.4
Tata Comm	-0.5	-2.9	48.5
Utilities			
Coal India	-0.2	-3.5	-8.5
CESC	0.5	-5.3	60.7
JSW Energy	0.2	-7.4	-13.6
NTPC	3.2	-1.9	12.7
Power Grid	-2.2	-1.8	34.6
Tata Power	1.6	-2.1	9.7
Others			
Arvind	0.2	-5.5	19.6
Bata India	2.6	-7.0	-4.6
Castrol India	1.6	-3.2	12.5
Century Ply.	-1.6	-0.5	57.6
Coromandel Intl	2.0	12.4	66.5
Delta Corp	0.9	-5.5	79.4
Dynamatic Tech	-4.9	-3.5	-2.9
Eveready Inds.	0.3	4.7	36.4
Interglobe	-1.5	-4.1	0.1
Indo Count	-1.3	-18.0	-10.0
Info Edge	1.9	9.3	13.0
Inox Leisure	-1.0	-3.1	43.0
Jain Irrigation	1.5	-12.2	45.5
Just Dial	-0.9	-10.1	-29.9
Kaveri Seed	1.8	3.6	30.5
Kitex Garm.	0.4	-22.7	-14.9
Manpasand	-2.9	13.3	49.4
MCX	-0.4	-19.8	2.1
Monsanto	0.9	8.1	27.0
Navneet Educat.	-1.6	2.9	98.1
PI Inds.	0.1	-6.9	20.2
Piramal Enterp.	2.6	8.8	96.2
SRF	1.2	-8.4	25.3
S H Kelkar	-1.4	-13.4	26.6
Symphony	-0.4	-8.3	11.8
TTK Prestige	0.3	3.5	41.5
V-Guard	-1.5	-7.0	103.0
Wonderla	0.7	-3.1	-0.9

NOTES

THEMATIC/STRATEGY RESEARCH GALLERY



REPORT GALLERY

RECENT INITIATING COVERAGE REPORTS

MOTILAL OSWAL Initiating Coverage | 19 April 2017
Sector: Oil and Gas
Gujarat Gas

Long road ahead

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MOTILAL OSWAL Initiating Coverage | 29 March 2017
Sector: Publishing
Navneet Education

Steadfast; growth gaining momentum

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MOTILAL OSWAL Initiating Coverage | 23 March 2017
Sector: Entertainment
Delta Corp

Favorable odds

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MOTILAL OSWAL Initiating Coverage | 17 March 2017
Sector: Healthcare
Ajanta Pharma

Promising growth trajectory

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MOTILAL OSWAL Initiating Coverage | 17 February 2017
Sector: Financials - Pharmaceuticals
Piramal Enterprises

Winner's Edge

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Ajay Chandra (Ajay.Chandra@motilal.com), +91 22 3962 1514 / Praveen Kumar (Praveen.Kumar@motilal.com), +91 22 3962 1509

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MOTILAL OSWAL Initiating Coverage | 16 February 2017
Sector: Automobiles
CEAT

Well balanced

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MOTILAL OSWAL Initiating Coverage | 20 December 2016
Sector: Consumer Product
SH Kelkar

Adding flavor to fragrance

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MOTILAL OSWAL Initiating Coverage | 16 December 2016
Sector: Automobile
Endurance Technologies

Gaining ground

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MOTILAL OSWAL Initiating Coverage | 14 December 2016
Sector: Technology
L&T Infotech

Proficient miner

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DIFFERENTIATED PRODUCT GALLERY

MOTILAL OSWAL

SUN PHARMACEUTICAL

ART ANNUAL REPORT THREADBARE
27 September 2018

The ART of annual report analysis

WHAT'S NEW IN FY18

- ▶ Tax rates remained low at 13.8%, contingent liabilities for tax dispute rise to INR23.5b.
- ▶ Cash flow of INR18.4b significantly higher than tax expenses recognized in P&L of INR15.1b.
- ▶ OCF post interest increases to INR44.7b (FY17: INR32.7b) on decline in other assets to INR24.7b partially offset by INR18.1b increase in receivables.

Stock Info

Exchange	BSE/NSE
CAP (INR)	771
Face Value (INR)	2,000.0
52 Weeks Range (INR)	954/106
52.52 Vol. Perf. (%)	17.19-12
Market Cap (INR) (INR Cr.)	1,000.078

Shareholding pattern (%)

As on	Jun-18	Mar-18	Jun-15
Promoter	33.0	33.0	34.7
MF	39.2	39.0	3.8
FI	24.0	24.0	23.0
Other	3.8	3.8	33.5

Auditor's name
Deloitte Haskins & Sells LLP

Key highlights:

- Operating performance muted: Revenue grew just 3.2% to INR235b. EBITDA margin expanded 70bp to 29.4%, led by gross margin expansion, partially compensated by higher (a) legal and consultancy cost at INR15b (8.1% of revenue, FY17: INR16.5b), (b) revenue R&D expenses at INR23b (7.9% of revenue, FY15: INR18b), and (c) miscellaneous expenses (after regrouping) at INR0.5b (FY15: INR0.4b), including INR1b additional liability towards USDPHCO (dead).
- Tax rates remain less contingent liabilities on tax dispute rise: Tax rates remained low at 13.8%, primarily on account of low tax rates in certain subsidiaries (Sun Pharma Global P25-26) and Sun Pharmaceutical Laboratories (SPL). On a consolidated basis, contingent liabilities increased steeply from INR33.5b in FY15 to INR23.5b (13% of net worth). The increase in overall tax dispute liabilities was driven by tax dispute liabilities for the standalone entity increasing from INR1.1b in FY15 to INR1.9b.
- Cash tax significantly exceeds tax expense recognized: The cash tax paid (cash flow, at INR23.5b) continued to be higher than the tax expense recognized in the P&L (of INR15.1b) on account of deferred tax assets (DTA) recognized, tax paid under protest and advance income tax paid. The cumulative tax paid under protest as at the end of FY18 was INR13.19b. Details on such amount paid in FY18 or cumulative amount paid in FY15 are not available.
- High capex and rising receivables debt: FCY: P&L post interest declined 21% YoY to INR20.5b on rising capex and acquisition of brands. Operating cash flow were primarily supported by decline in other current assets by INR25b, which was partially offset by increase in receivables by INR23.1b.

ART will present a complete picture of annual reports - statistics, average size structure, we believe ART will assist: from accounting and auditing basis to corporate governance and compliance to presentation matters - will create a career path for the stock investment workflow.

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MOTILAL OSWAL

VOICES

30FY17 | February 2017

VOICES
India Inc on Call

VOICES, a quarterly product from Motilal Oswal Research, provides a ready reference for all the post results earnings calls attended by our research analysts during the quarter. Besides making available to readers our key takeaways from these interactions, it also provides links to relevant research updates and to the transcripts of the respective conference calls.

This quarterly report contains:

- ▶ Key takeaways from the post results management commentary for 123 companies, with links to the full earnings call transcripts
- ▶ Links to our Results Updates on each of the companies included

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MOTILAL OSWAL

EcoKnowLedge

Diving into Trending Themes

23 November 2018
Economy

Monthly data confirm 6.5% growth is for real in India
Creating monthly economic activity index (EAI) since 1998

- ▶ Based on monthly macroeconomic indicators, we create India's economic activity index (EAI), which shows that the economic growth averaged 6.4% YoY in the first nine months of 2018 as against ~3% growth over the previous five years (2011-2015). Motilal Oswal's leading indicators (MOI) suggest that consumption continues to grow strong however, investment is witnessing one of the worst phases in the past two decades.
- ▶ We find, however, that the growth in economic activity eased towards 5% YoY in 2QFY17 as against 7.5% in the previous two quarters. A sharp contraction in investments, along with some deceleration in consumption, has contributed to a slowdown in our composite EAI in the recent quarter.
- ▶ It is important to note that while our composite EAI is a reliable indicator to gauge economic activity, it should not be compared with the official GDP statistics because the latter includes an estimate for the unorganized sector also. Our leading indicators are based on monthly data covering the formal sector of society.

"EcoKnowLedge" is Motilal Oswal's new product in which we deep-dive into trending macro-economic themes. This new product complements our existing "Economic" product, which is renowned for regular updates on macro-economics.

Since the release of new GDP series (in 2013-12 base), its credibility has been in question. The key reason for the disagreement is a widely-held belief that GDP data is not in sync with high-frequency monthly indicators. Weakness in bank credit growth and IP (Index of Industrial Production) are often quoted to support this criticism. Further, very high contribution of 'discrepancies' has also shaken confidence in the official statistics. To bridge this gap, we introduce Motilal Oswal's leading indicators (MOI) for consumption, investment and external trade. Based on our econometric analysis, we have combined five monthly macroeconomic data series to create MOI for consumption, eight monthly data points to create MOI for investment, and five data points to create MOI for external trade (of goods & services).

Further, our leading indicators are available for almost two decades, providing a great source of information on Indian economic activity since late 1990s. We also find that MOI confirm consumption to be the key driver of economic growth, while investments lag markedly.

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MOTILAL OSWAL

CornerOffice

Interaction with the CEO

13 December 2018

Demonetization: A mammoth task for India's largest bank
CASA to get strong push, SME NPA too early to take a call

We met with Mr. Anandhan Bhattacharya, Chairman of State Bank of India (SBI), to discuss on demonetization, and evaluate its impact on growth, asset quality and profitability of the bank. Incremental cost of funds has declined marginally (less than 4% read) over last one month, and excess liquidity is parked in reserve repo and MSF operations (earning spread of ~1%). Operating expenses are likely to increase in the near term, which should be more than offset by trading gains, in our view. We largely maintain our optimistic and reiterate our preference for SBI among peers with its SCRR-based target price of INR335.

Excess liquidity: A profit drag or one-off gain?

- ▶ Since demonetization, SBI has collected deposits of ~INR4 and disbursed (via withdrawal) ~INR1, leading to net addition of ~INR3. The bank also aggressively cut its bank deposits (leading to higher repayment rates), which led to significantly lower net accretion over the past month.
- ▶ Of the net accretion, three-fourths were savings deposits, 15% were current account deposits and the rest were retail term deposits.
- ▶ Standard cost of these deposits is less than 4%, and excess liquidity is parked in reverse repo, MSF and bond markets (considering muted loan growth) at a yield of ~1%. Hence, on excess liquidity, the spread is 2%+ currently, as against blended spread of ~1.4% at 3QFY17.
- ▶ Significant liquidity addition in the system has led to a sharp fall in yield, which has helped banks to monetize the bond portfolio. We expect trading gains to be strong in 2QFY17.

Digitalization efforts to yield noteworthy results over long term

- ▶ The Government of India (GoI) and the banking sector are working together to move toward a less-cash economy. The bank has all channels available (e.g. UPI, card, POS, wallet, internet banking and mobile banking) to push toward digitalization.
- ▶ Over the past month, cashless transactions increased significantly: (a) debit card spends are up 1x on MoM, (b) POS terminal deployment has increased from 64k/month to 16k, 46k terminal orders in hand, (c) 7m new debit cards are activated and (d) SBI Buddy (wallet) transactions are up 1x on MoM.

Asset quality: Will demonetization lead to higher NPAs?

- ▶ Asset monitoring and recovery teams have performed their respective functions as usual (barring the first three days of demonetization). The bank clearly stated that there is no indication of bandwidth for key departments due to demonetization.
- ▶ SBI has seen recoveries in small-value accounts and agri gold loans.
- ▶ SME portfolio performance will depend upon how soon the things will normalize. It is too early to take a call right now.

Ms. Bhattacharya is the first woman chairman of SBI, she joined the bank 18 years ago as a probationary officer. She has worked in various functions like force, retail, treasury, HR and IT.

Ms. Bhattacharya was involved in launching various new business initiatives like general insurance, customer service and infrastructure fund.

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MOTILAL OSWAL

BULLS & BEARS

INDIA VALUATION'S HANDBOOK

Highlights of March edition

- ▶ Nifty ends at record high - up 19% in FY17
- ▶ Metals, PSU Banks, Media, Oil and NBFCs top outperformers for FY17
- ▶ Technology and Telecom only sectors to deliver negative return
- ▶ Mid-caps outperform Nifty by 16% in FY17

BEST PERFORMERS MoM (%)

Indiabulls	11
Bliss Infotech	11
Asian Paints	10
HPCL	10
Tata Power	10
Bank Mid-Cap	9
WIPAC	9
IL&T	7
Indraprastha	7
ITC	7

WORST PERFORMERS MoM (%)

Coal India	-1
Two Wheel	-1
in Mobility	-1
ONGC	-1
Bank Small	-1
DRIL	-1
Axis Bank	-1
GAU	-1
UPL	-1
HDFC	-1

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MOTILAL OSWAL

FUND FOLIO

Indian Mutual Fund Tracker

Equity AUM up 40% in FY17 and 25% in five years

Highlights of March edition:

- ▶ Average AUM up 35% YoY (INR4.8T) in FY17
- ▶ INR18.3t
- ▶ INR603b
- ▶ Net inflows in FY17 down 11% YoY

Equity AUM up 40% in FY17 and 25% in five years

Equity AUM (INR t) - Nifty Index

▲ AUM rise by 40% against 17% rise of Nifty in last 5 years

Year	Equity AUM (INR t)	Nifty Index
FY13	1,304	5,236
FY14	1,438	5,483
FY15	1,636	6,764
FY16	2,067	7,778
FY17	2,442	9,174

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