

Market snapshot



Equities - India	Close	Chg. %	YTD.%
Sensex	28,142	1.8	5.7
Nifty-50	8,716	1.8	6.5
Nifty-M 100	15,726	2.0	9.6
Equities-Global	Close	Chg. %	YTD.%
S&P 500	2,280	0.0	1.8
Nasdaq	9,448	0.3	2.1
FTSE 100	7,108	0.1	-0.5
DAX	11,660	1.1	1.6
Hang Seng	9,757	-0.5	3.9
Nikkei 225	19,148	0.6	0.2
Commodities	Close	Chg. %	YTD.%
Brent (US\$/Bbl)	56	2.7	1.3
Gold (\$/OZ)	1,210	-0.1	5.0
Cu (US\$/MT)	5,936	-1.0	7.5
Almn (US\$/MT)	1,811	-0.2	6.3
Currency	Close	Chg. %	YTD.%
USD/INR	67.5	-0.6	-0.7
USD/EUR	1.1	-0.3	2.4
USD/JPY	113.3	0.4	-3.2
YIELD (%)	Close	1MChg	YTDchg
10 Yrs G-Sec	6.4	0.0	-0.1
10 Yrs AAA Corp	7.4	-0.2	-0.2
Flows (USD b)	1-Feb	MTD	YTD
FII	0.0	0.0	0.0
DII	0.2	0.3	1.0
Volumes (INRb)	1-Feb	MTD*	YTD*
Cash	316	228	228
F&O	6,554	4,073	4,073

Note: YTD is calendar year, *Avg

Quote of the day

The only function of economic forecasting is to make astrology look respectable



Today's top research ideas

Union Budget 2017-18: Realistic numbers add credibility

- ✓ The government pegs FY18 fiscal deficit target at 3.2% of GDP, lower than 3.5% for FY17, but slightly higher than the self-committed target of 3% of GDP. Since primary deficit and debt-to-GDP ratio are likely to narrow next year, we do not find a breach in the deficit target concerning.
- ✓ It is notable that the government has budgeted realistic to conservative growth in tax collection and avoided inclusion of any windfall receipts from the potential extinguishment of RBI's liabilities due to demonetization, which lends credibility to its receipts estimates. Disinvestment target of INR725b, still looks ambitious.
- ✓ It was heartening to see the government resisting calls for populist measures. Total spending is budgeted to grow at 6.6%, implying that spending will fall to 12.7% of GDP, marking the lowest level since mid-1970s. Further, with the share of capital spending rising to a decade high of 14.4%, the spending quality is also good.
- ✓ Overall, we believe that the government has tried to make the maximum impact at minimum cost by providing relief to the low-income individual tax payers and reducing corporate tax for small companies - the most affected sections of the society. The government has kept inflationary bias at bay and its realistic math adds to its credibility.
- ✓ We also believe that a credible and economy-sensitive Budget opens the room for the RBI to deliver a rate cut next month.



Research covered

Cos/Sector	Key Highlights
Union Budget 2017-2018	Realistic numbers add credibility
Auto Jan-17 volumes	1. Maruti Suzuki, 2. M&M; 3. Ashok Leyland, 4. Eicher, 5. Tata Motors
Eicher Motors 3QFY17	In-line results; RE margins scale new high; VECV surprises positively
Mphasis 3QFY17	Strong margin execution despite wage hike
IDFC 3QFY17	Subdued performance by IDFC Bank drives overall performance
Results Flash	Pidilite Cummins Equitas Holdings
Results Expectation	GNP MRCO



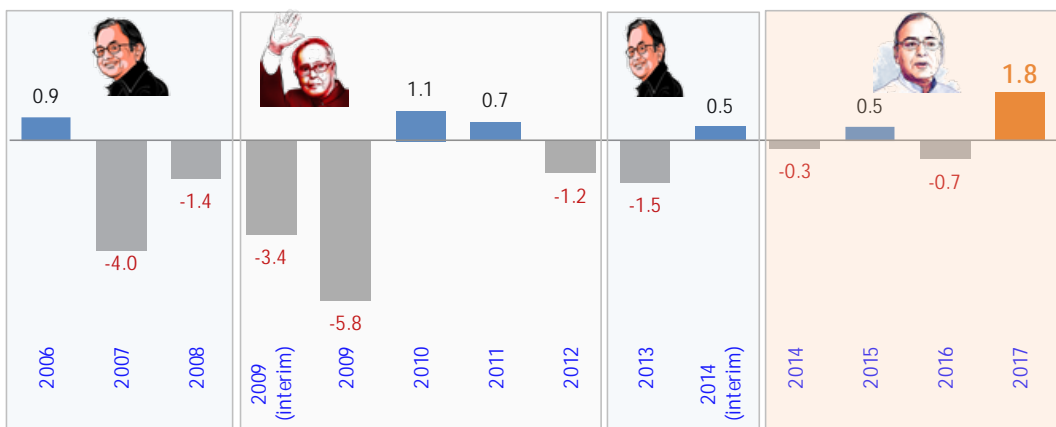
Piping hot news

Arun Jaitley attempts a clean-up job in Budget 2017

- ✓ Presenting the Union Budget for 2017-18 on Wednesday, Finance Minister Arun Jaitley attempted a clean-up job across the board – including on macro-economic indicators, some troubled sectors, and on tax compliance.



Chart of the Day: Markets gave a thumbs up to the budget – best Sensex performance on a Budget day in 12 years



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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.



Kindly click on numbers for the detailed news link

1

US Fed leaves key rate unchanged at a time of uncertainty

The Federal Reserve has left its key interest rate unchanged at a time of solid economic gains but also heightened uncertainty surrounding the new Trump administration. The Fed said in a statement ending its latest policy meeting today that the ...

2

Budget 2017 gives clues about demonetisation deposits in banks

About Rs10.38 lakh crore in demonetised currency was deposited in 2.57 lakh bank accounts, showing that a large chunk of the amount came from the super-rich. The figures as disclosed in Union Budget 2017 also tell us that 31% of total value of demonetised currency has come back in individual deposits of Rs80 lakh or more...

3

Government provides push to infrastructure

The government has proposed to increase its capex by 10.7% for the second consecutive year in FY18. Importantly, it has revised its capex growth for FY17 from BE of ~4% to RE of 10.6%, and thus, FY18 growth looks good with higher base...

4

Consolidation in PSUs flagged with oil sector taking lead

The government will create a mega oil company as part of its plan to consolidate public sector companies. The proposal of merging 13 government oil companies, which had stemmed out of the Cabinet Secretariat last year but did not find takers in the ministry of petroleum, is now back on the agenda...

5

Disinvestment: Govt pins hopes on PSU stake sales

The government is banking on the highest-ever receipts of Rs 72,500 crore from disinvestment in public sector units (PSUs) to finance social and infrastructure spending and rein in the fiscal deficit at 3.2 per cent of GDP in 2017-18. All options are being explored to meet the disinvestment target: minority stake sales, strategic sales and listing of general insurance companies...

6

Rupee storms to 1-1/2-month high, jumps 40 paise to 67.47

The rupee continued its relentless rally against the US dollar to end at 1-1/2 month high of 67.47 on the back of frantic dollar unwinding by banks and exporters amid hopes of Fed hike delay. Posting its biggest single-day gain this year, the home currency settled the day with a solid 40 paise gain. This is the sixth consecutive session of rise...

7

Income Tax department can now reopen up to 10-year old cases involving big transactions

Income Tax officers can now reopen tax cases for up to 10 years if search operations reveal undisclosed income and assets of over Rs 50 lakh. Currently, I-T officers can go back up to six years to scrutinise the books of accounts of assesses...



Budget 2017-18

Union Budget 2017-18: Realistic numbers add credibility

Achieving maximum impact at minimum cost



- n The government pegs FY18 fiscal deficit target at 3.2% of GDP, lower than 3.5% for FY17, but slightly higher than the self-committed target of 3% of GDP. Since primary deficit and debt-to-GDP ratio are likely to narrow next year, we do not find a breach in the deficit target concerning.
- n It is notable that the government has budgeted realistic to conservative growth in tax collection and avoided inclusion of any windfall receipts from the potential extinguishment of RBI's liabilities due to demonetization, which lends credibility to its receipts estimates. The disinvestment target of INR725b, however, still looks ambitious.
- n It was heartening to see the government resisting calls for populist measures. Total spending is budgeted to grow at 6.6%, implying that spending will fall to 12.7% of GDP, marking the lowest level since mid-1970s. Further, with the share of capital spending rising to a decade high of 14.4%, the spending quality is also good.
- n Overall, we believe that the government has tried to make the maximum impact at minimum cost by providing relief to the low-income individual tax payers and reducing corporate tax for small companies – the most affected sections of the society. The government has kept inflationary bias at bay and its realistic math adds to its credibility.
- n We also believe that a credible and economy-sensitive Budget opens the room for the RBI to deliver a rate cut next month.

Market strategy

The FY18 Union Budget was presented at a time of mounting uncertainties on both the global and domestic fronts. With demonetization temporarily disrupting the business environment and moderating economic growth, the market was expecting the government to respond with a dose of populism (cut in tax rates, rural packages, rise in tax deduction limits, etc.) in the budget. At the same time, anxiety was high around factors like LTCG and service tax hike. Against this backdrop, we believe the finance minister (FM) in his third budget has managed to achieve a fine balance without deviating from the fiscal prudence path. As expected, the budget had measures to clamp down on black money (ban on cash transactions beyond INR3 lakh) and promote digitization. The FM provided relief to the low-income individual taxpayers and reduced corporate tax for small companies – the segments most impacted by demonetization, in our view. Given the context of muted private capex investment cycle, the onus of driving investment rests on the government. Thus, the FM is budgeting for another year of double-digit (10.7%) capex growth in FY18, with higher allocation toward Roads, Railways, Rural Housing, Affordable Housing, Agriculture, Social sector, etc. Despite this, the government has pegged total spending growth at 6.6% for FY18 – the lowest in the last 12 years. This is achieved by containing revenue expenditure and keeping inflationary forces at bay. This, we believe, opens the window for one more rate cut by the RBI.

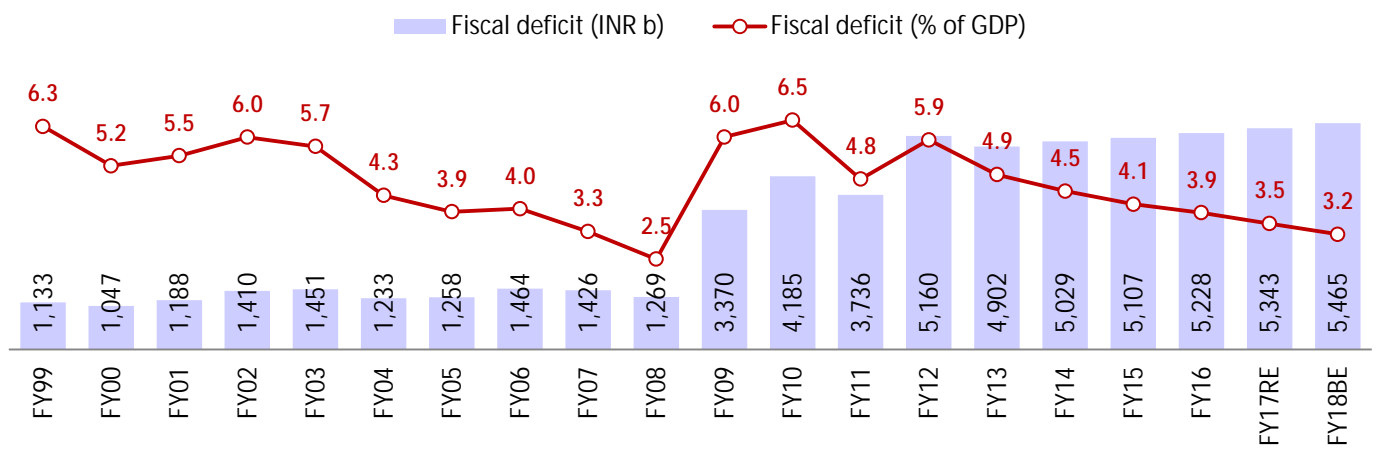
Top ideas: ICICI Bank, SBI, IOC, Tata Motors, ITC. Stocks to play the Housing and Infra focus are L&T, UltraTech and Repco Finance. We remain Underweight on Tech, Healthcare and Consumer Staples.

Overall, we find the 2017-18 Union Budget extremely credible and high in quality, which is, delightfully, unaffected by upcoming state elections.

3% deficit target postponed yet again by one year...

The government pegs FY18 fiscal deficit at 3.2% of GDP, deviating from its self-committed target of 3% (Exhibit 1). Importantly, not only has the government boldly avoided resorting to any populist measures, keeping inflationary bias at bay, realistic budget math also adds to its credibility (barring an ambitious disinvestment target, as always). Moreover, the government has also managed to meet the honest taxpayers' expectations by tweaking tax structure, marginally. Overall, we find the 2017-18 Union Budget extremely credible and high in quality, which is, delightfully, unaffected by upcoming state elections. This gives us confidence that the central government is unlikely to take unreasonable steps to boost short-term growth.

Exhibit 1: Trends in fiscal deficit in the past two decades



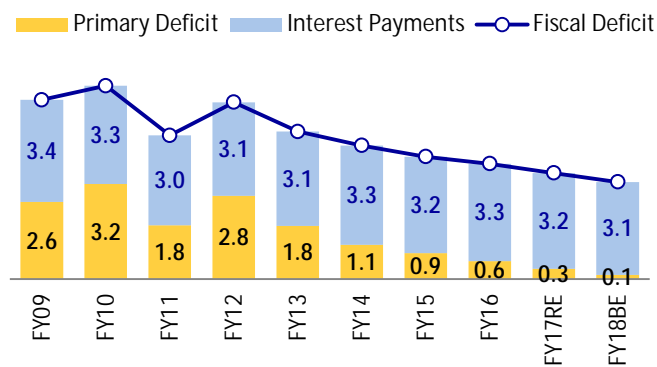
Source: Government, MOSL



...but, we do not find this particularly concerning

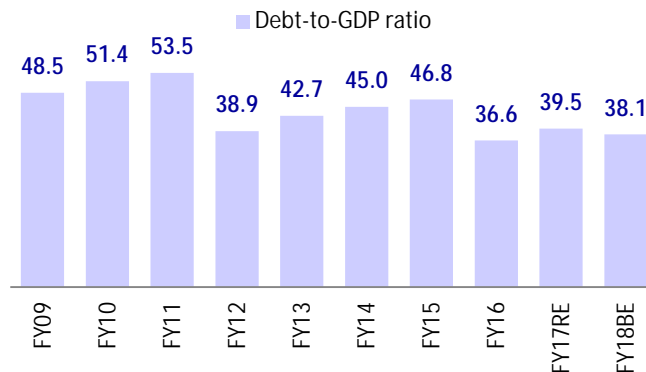
- n It is also important to note that though the deficit target is higher than the committed 3% target (which we expected the government to honor), we do not find this particularly concerning because of three key reasons.
- n First, it will be the lowest deficit in a decade and second-lowest in the post-liberalized Indian economy since the 1990s.
- n Second, primary deficit (fiscal deficit excluding interest payments) is estimated to narrow further from 0.3% of GDP in FY17 to 0.1% of GDP in FY18. Effectively, it implies that the entire fiscal deficit is on account of interest payments (Exhibit 2).
- n Finally, debt-to-GDP ratio is likely to fall from 39.4% in FY17 to 38.1% in FY18 (Exhibit 3).

Exhibit 2: Almost balanced primary deficit targeted for FY18



Source: Government, MOSL

Exhibit 3: Debt-to-GDP ratio anticipated to narrow further



Source: Government, MOSL

Small savings to help reduce market borrowings for FY18

Fiscal deficit for FY18 is pegged at INR5,465t (3.2% of GDP), following revised estimate (RE) of INR5,343t (3.5% of GDP) deficit in FY17 (unchanged from the budget estimates (BE)). More importantly, however, the government has pegged net market borrowings at INR3.5t (2.1% of GDP) for FY18. Notably, for FY17, government net market borrowings were revised down significantly from INR4.41t (2.9% of GDP) to INR3.65t (2.4% of GDP). Consequently, the borrowings target for FY18 is not dramatically different from FY17. Gross borrowings are also unchanged at INR5.8t (*Exhibit 4*).

The share of net market borrowings is expected to fall from 85% in FY16 to 64% in FY18

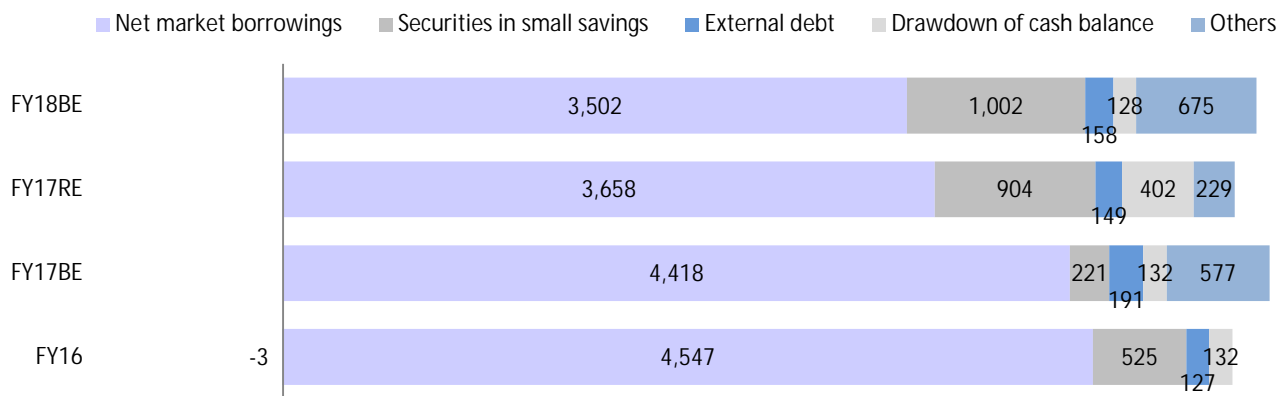
One of the key reasons for lower-than-budgeted net borrowings in FY17 was unprecedented inflows in small savings, which helped to finance the government's fiscal deficit. As *exhibit 5* below shows, small savings financed ~17% of fiscal deficit in FY17 (as per RE), as against BE of 4%. This helped to reduce the need to borrow funds from the market. For FY18 also, the government believes small savings could finance ~18% of fiscal deficit, and thus, the share of net market borrowings is expected to fall from 85% in FY16 to 64% in FY18.

Exhibit 4: Key fiscal indicators from Union Budget 2017-18

Economic indicators	Unit	FY15	FY16	FY17BE	FY17RE	FY18BE
Gross fiscal deficit	INR b	5,107	5,351	5,339	5,343	5,465
	% of GDP	4.1	3.9	3.5	3.5	3.2
Gross market borrowings	INR b	5,920	5,850	6,000	5,820	5,800
	% of GDP	4.7	4.3	3.9	3.9	3.4
Net market borrowings	INR b	4,532	4,547	4,418	3,658	3,502
	% of GDP	3.6	3.3	2.9	2.4	2.1
Nominal GDP	INR b	124,882	135,761	150,695	150,754	168,475
	% YoY	10.8	8.7	11.0	11.0	11.8

Source: Union Budget documents, MOSL

Exhibit 5: Financing of fiscal deficit



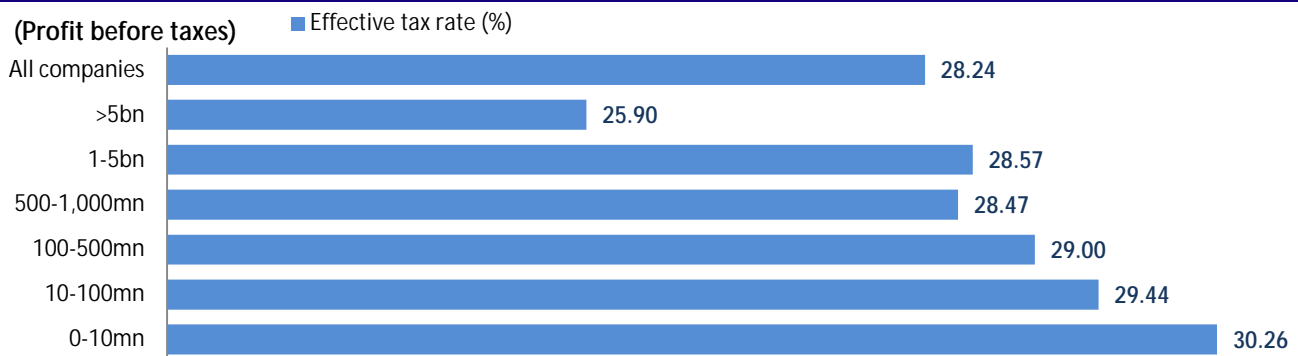
Source: Union Budget documents, MOSL

Government provides limited stimulus to the economy

Provides marginal relief to low-income individuals...: In contrast to the market expectation of increasing the income tax slab exemption limit and expanding the tax deduction limit under Section 80C, the government only cut the tax rate for individuals earning between INR250,000 and INR500,000 per annum from 10% to 5%. This only change in individual tax structure, which will benefit low-income individuals paying taxes, is estimated to cost the exchequer INR155b. To finance a portion of this cost, the government has introduced an additional 10% surcharge on individuals earning INR5m-10m per annum (expected to garner INR27b). The existing surcharge of 15% on people earning more than INR10m will continue.

...and significant relief to MSMEs: Though the government resisted any blanket reduction in the corporate tax rate, it announced a reduction for smaller companies (with annual turnover of up to INR500m) by 5 percentage points to 25%. As per the government's data, almost 96% of companies (667,000) filing taxes will benefit. It is expected to cost the exchequer INR72b per annum.

Exhibit 6: Tale of regressive corporate tax structure



Source: Union Budget documents, MOSL



Automobiles



CMP: INR6,173 TP: INR6,808 (Upside 10%)

Buy

Sales up 27% YoY to 144.4k units (v/s est. 133.5k)

Bloomberg	MSIL IN
Equity Shares (m)	302.1
M.Cap. (INR b) / (USD b)	1,865/27.4
52-Week Range (INR)	6195 / 3202
1, 6, 12 Rel. Per (%)	10/25/43

Financial & Valuations (INR b)			
Y/E Mar	2016	2017E	2018E
Sales	576.5	676.9	821.7
EBITDA	89.0	104.6	132.7
Adj. PAT	53.7	74.8	92.9
Adj EPS, INR#	156	253	313
EPS Gr. (%)	23.4	62.5	23.9
BV/Sh. (INR)	894	1,087	1,323
RoE (%)	19.9	22.8	23.2
RoCE (%)	27.2	30.7	31.2
Payout (%)	23.7	21.9	23.5
Valuations			
P/E (x)	39.7	24.4	19.7
P/CE (x)	24.8	18.2	15.0
EV/EBITDA (x)	19.0	15.7	11.8
Div. Yield (%)	0.6	0.7	1.0
#Consol			

Domestic recovery back on track post demonetization; Exports lend support

- n MSIL's Jan-17 wholesales were above est. at ~144,396 units (v/s est. 133,500, units), 27% YoY growth (+23% MoM). Our FY17 estimates indicate a 10% growth implying a 10% residual growth rate or ~135.9k/month of run rate.
- n Domestic volumes were up by 26% YoY (+26% MoM) to 133.9k (v/s est 122.5k) indicating a sharp recovery post demonetization. Almost all segments showed robust growth.
- n Mini segment which was under pressure post demonetization recovered with a 11% YoY growth. This was post successive months of subdued growth.
- n The compact segment which accounts for ~40% of total domestic volumes increased by 25% YoY. We expect growth in compact segment to be driven by Baleno (waiting period of 24 weeks) along with incremental volumes of newly launches Ignis (8-10 weeks)
- n Dzire Tour declined by 15% YoY to 3001 units (v/s 2559 units in Dec-16).
- n Mid-size segment was driven by Ciaz with a 20% YoY growth. Ciaz clocked in 6530 units.
- n UV volumes doubled to ~16k units in Jan-17, primarily aided by incremental volumes of Vitarra Brezza, which enjoys a waiting period of 18 weeks.
- n Domestic growth of 26% YoY for MSIL for Jan-17 was broad based with all segments growing. Recovery in entry level car segment was also seen post demonetization hiccup.
- n Export volumes surprised with a ~45% YoY growth to 10,462 units (v/s est 11,000 units)
- n The stock trades at 19.7x/16.3x FY18E/19E consolidated EPS of ~INR313/379. Maintain Buy.

Snapshot of volumes for Jan-17

	Jan-17	Jan-16	YoY (%)	Dec-16	MoM (%)	FY17-YTD	FY16-YTD	Chg (%)	FY17 estimate	YoY (%)	Resi-dual Gr. (%)	Residual Monthly Run rate
Total volume	144,396	113,606	27.1	117,908	22.5	1,298,560	1,182,452	9.8	1,570,408	9.9	10.2	135,924
Domestic	133,934	106,383	25.9	106,414	25.9	1,195,807	1,078,341	10.9	1,445,018	10.7	9.8	124,605
LCVs	166	0	0.0	26	NA	460	0	NA				
C (Vans)	14,179	10,512	34.9	9,224	53.7	126,186	118,093	6.9				
A2 (Compacts)	78,745	64,781	21.6	63,822	23.4	690,895	648,249	6.6				
A3 (Sedan)	24,531	22,976	6.8	17,270	42.0	218,699	239,961	-8.9				
A4	0	0	NA	0	NA	0	0	NA				
UV (Ertiga, S-Cross)	16,313	8,114	101.0	16,072	1.5	159,567	72,038	121.5				
Export	10,462	7,223	44.8	11,494	-9.0	102,753	104,111	-1.3	125,390	1.2	14.7	11,319



Mahindra & Mahindra

CMP: INR1,297

TP: INR1,499 (+16%)

Buy

Bloomberg	MM IN
Equity Shares (m)	592.6
M.Cap. (INR b) / (USD b)	768.6/11.3
52-Week Range (INR)	1509 / 1092
1, 6, 12 Rel. Per (%)	4/-11/-8

Financial & Valuation (INR b)			
Y/E March	2016	2017E	2018E
Sales	408.8	431.9	493.1
EBITDA	45.9	47.3	54.1
NP (incl. MVML)	32.9	36.9	41.2
Adj. EPS (INR) *	55.0	61.7	68.8
EPS Gr. (%)	4.2	12.1	11.6
Cons. EPS (INR)	53.6	66.0	83.7
BV/Sh. (INR)	366	406	448
RoE (%)	15.4	14.5	14.5
RoCE (%)	12.6	12.1	12.3
Payout (%)	26.3	35.3	37.6
Valuations			
P/E (x)	23.6	21.0	18.8
Cons. P/E (x)	24.2	19.7	15.5
P/BV (x)	3.5	3.2	2.9
EV/EBITDA (x)	16.6	16.0	13.9
Div. Yield (%)	1.2	1.3	1.5
* incl. MVML			

Volumes down 6% YoY to 55,212 units (est. of ~58,850)

Tractor growth moderates to 6% YoY, while UVs decline 9% on demonetization impact

- n Jan-17 volumes declined 6% YoY to ~55,212 units (v/s est 58,850 units), as fall in UVs (incl pick up) more than offset growth in tractor volumes. Our FY17 estimates indicate a 7% growth implying an 2% residual decline or ~61.7k/month of run rate.
- n Tractor sales were below estimates at 15,909 units (v/s est 17,000 units), registering a 6% YoY growth (+13% MoM) on the back of good rabi sowing coupled with increase in MSP's. Domestic tractor sales were at 14,776 units (+3% YoY), while exports at 1133 units grew by 71% YoY.
- n Commenting on the monthly performance, Rajesh Jejurikar, President & Chief Executive, Farm Equipment and Two Wheeler Division, Mahindra & Mahindra Ltd. said, "We have sold 15,909 tractors during January 2017 with a growth of 6% over last year. We expect the positive environmental factors in terms of higher rabi sowing and better MSPs will drive the demand in coming months. We sold 14,776 tractors and 1,133 tractors in the domestic and exports markets respectively. "
- n UV (incl pick-ups) declined by ~9% YoY to 35,094 units (v/s est ~36.5k).
- n Pick-ups declined by 4% YoY while passenger utility vehicles declined by 9% YoY impacted by demonetization.
- n LCV grew by 12% YoY while MHCV sales grew marginally by 1% YoY. Decline in MHCV could be due to postponement of demand as liquidity crunch affected fleet operators.
- n 3W sales continued to decline with a 28% YoY fall to 3,056 units (v/s est ~4250 units). 3Ws were the worst hit in the automobile pack due to the demonetization impact.
- n Speaking on the monthly performance, Pravin Shah, Chief Executive, Automotive Division, M&M. said, "The auto industry continues to see mixed reactions and some of the segments including the rural market and commercial vehicles category continue to face challenging times. Going forward we expect the announcement made at the National Budget today will positively impact the economy and also the industry, especially in view of the emphasis and allocation made for rural, agri and infrastructure. We are confident this will lead to spur in demand."
- n The stock trades at 18.8x/16.2x FY18E/19E consolidated EPS. Maintain Buy

Snapshot of volumes for Jan-17

	Jan-17	Jan-16	YoY (%)	Dec-16	MoM (%)	FY17-YTD	FY16-YTD	Chg (%)	FY17 estimate	YoY (%)	Resi-dual Gr. (%)	Residual Monthly Run rate
Total volume	55,212	58,854	-6.2	50,410	9.5	635,177	581,869	9.2	758,507	7.2	-2.0	61,665
UV (incl. pick-ups)	35,094	38,481	-8.8	31,898	10.0	352,231	340,493	3.4	432,901	2.0	-3.9	40,335
LCV	1,153	1,088	6.0	1,007	14.5	10,480	9,476	10.6	12,737	5.0	-15.0	1,128
Three-Wheelers	3,056	4,220	-27.6	3,458	-11.6	43,818	46,565	-5.9	54,425	-1.0	26.1	5,304
Tractors	15,909	15,065	5.6	14,047	13.3	228,648	185,335	23.4	258,445	21.0	5.5	14,899



Ashok Leyland

CMP: INR92

TP: INR114 (24% upside)

Buy

Bloomberg	AL IN
Equity Shares (m)	2,845.9
M.Cap. (INR b) / (USD b)	262/3.8
52-Week Range (INR)	113/74
1, 6, 12 Rel. Per (%)	9/5/-12

Above est. with 7% YoY growth to ~14.9k

MHCV's grow 8% YoY, while LCVs rise 5% YoY

- n Jan-17 volumes increased by 7.1% YoY (+39% MoM) to 14,872 units (v/s est. 12,950) as both MHCVs and LCVs volumes recovered post demonetization impact.
- n M&HCV volumes which account for 81% of the total volumes increased by 7.6% YoY (+37% MoM) to 12,056 units (v/s est 10,750 units).
- n LCVs (Dost & Stile) at 2,816 units (v/s est 2,200 units) too bounced back , with a 5% YoY growth (+44% MoM)
- n Our FY17 estimates indicate a 4.4% growth implying a 14% residual growth or ~17.1k/month of run rate.
- n The stock trades at 14.4x/11.2x FY18E/FY19E EPS and at ~8.7/6.8x EV/EBITDA. Maintain Buy.

Financial & Valuations (INR b)			
Y/E March	2016	2017E	2018E
Sales	188.2	202.3	236.1
EBITDA	21.7	23.6	28.8
NP	11.1	13.5	18.1
Adj. EPS (INR)	3.9	4.7	6.4
EPS Gr. (%)	375.1	21.5	33.8
BV/Sh. (INR)	19.4	22.5	26.5
RoE (%)	20.9	22.7	25.9
RoCE (%)	12.8	16.7	20.3
Payout (%)	25.6	31.6	31.5
Valuations			
P/E (x)	20.4	16.8	12.5
P/BV (x)	4.1	3.5	3.0
EV/EBITDA (x)	10.9	9.7	7.7
Div. Yield (%)	1.3	1.9	2.5

Snapshot of volumes for Jan-17

	Jan-17	Jan-16	YoY (%)	Dec-16	MoM (%)	FY17-YTD	FY16-YTD	Chg (%)	FY17 estimate	YoY (%)	Resi-dual Gr. (%)	Residual Monthly Run rate
Total volume	14,872	13,886	7.1	10,731	38.6	112,319	4.4	1.8	146,600	4.4	13.8	17,140
CV (ex LCV)	12,056	11,208	7.6	8,782	37.3	86,711	5.0	1.2	115,250	5.0	18.7	14,270
LCV (Nissan JV)	2,816	2,678	5.2	1,949	44.5	25,608	2.1	4.0	31,350	2.1	-5.4	2,871



Eicher Motors

CMP: INR24,008

TP: INR29,172 (Upside +22%)

Buy

Bloomberg	EIM IN
Equity Shares (m)	27.2
M.Cap. (INR b)/(USD b)	652.1/9.7
52-Week Range (INR)	26602 / 16607
1, 6, 12 Rel. Per (%)	4/11/27

Eicher Motors: Financial summary (INR b)			
Y/E March	FY16 (15m)	FY17E	FY18E
Net Income	61.7	70.6	87.9
EBITDA	16.9	21.5	26.8
Net Profit	13.4	16.9	22.9
Adj. EPS (INR)	492.9	623.8	844.4
EPS Gr. (%)	73.7	58.2	35.4
BV/Sh. (INR)	1,276	1,759	2,435
RoE (%)	35.8	41.1	40.3
RoCE (%)	21.3	26.3	28.1
Payout (%)	0.4	0.5	0.7
Valuations			
P/E (x)	46.2	36.5	27.0
P/BV (x)	17.9	13.0	9.4
EV/EBITDA (x)	28.7	22.4	17.2
Div. Yield (%)	0.4	0.5	0.7

RE in line (+25% YoY), while VECV(+20%YoY) below est

RE growth moderates to 25%; while VECV recovers post demonetization

- n RE volumes grew ~25% YoY (+4% MoM) to 59,676 units (v/s est. ~57,500 units). Our FY17 estimates indicate a 31% growth implying a 19% residual growth or 54.8k units/month.
- n VECV's overall volume increased by 20% YoY to 4,449 units (v/s est 4,826 units). Growth was primarily driven by buses and HD trucks .Our FY17 estimate indicates 16% growth implying a 20% residual growth or 6.9k units/month.
- n Domestic sales were at 3,796 units (v/s est. ~4,125 units) growth of 11% (+17% MoM).
- n LMD volumes which accounted for 56% of domestic volumes registered a modest growth of 4% YoY (+18% YoY) to 2,112 units (v/s est. 2,450 units).
- n HD volumes grew by 15% YoY (+3% MoM) to 816 units (v/s est 900 units). While bus volumes registered a sharp growth of 28% YoY to 868 units (v/s est 775 units).
- n VECV exports shot up by 124% to 653 units (v/s est 701 units) on a lower base of Jan-16.
- n The stock trades at 27.6x/22.3x FY18E/FY19E EPS respectively. Maintain Buy.

Snapshot of volumes for Jan-17

	Jan-17	Jan-16	YoY (%)	Dec-16	MoM (%)	FY17YTD	FY16YTD	Chg (%)	FY17 estimate	YoY (%)	Resi-dual Gr. (%)	Residual Monthly Run rate
Royal Enfield	59,676	47,710	25.1	57,398	4.0	547,938	407,678	34.4	667,938	31.4	19.4	60,000
VECV	4,449	3,707	20.0	3,946	12.7	44,974	39,214	14.7	58,893	16.0	20.3	6,960
Domestic LMD	2,112	2,028	4.1	1,792	17.9	20,519	19,474	5.4	26,319	6.5	10.7	2,900
Domestic HD	816	707	15.4	792	3.0	8,282	6,570	26.1	11,132	23.3	16.0	1,425
Domestic Buses	868	680	27.6	662	31.1	9,367	8,019	16.8	12,267	16.5	15.5	1,450
Total Domestic	3,796	3,415	11.2	3,246	16.9	38,168	34,063	12.1	50,522	14.1	21.0	6,177
Exports	653	292	123.6	700	-6.7	6,806	5,151	32.1	8,371	28.5	15.0	783



Tata Motors

CMP: INR514

TP: INR706 (Upside 39%)

Buy

Below est. at 46,349 units (v/s est. 49k units), decline of 1% YoY

Bloomberg	TTMT IN
Equity Shares (m)	3395.9
M.Cap.(INR b) / (USDb)	1654.7/24.3
52-Week Range (INR)	599/266
1, 6, 12 Rel. Per (%)	9/7/47

Financial & Valuation (INR b)			
Y/E March	2016	2017E	2018E
Net Sales	2,756	2,854	3,276
EBITDA	402	351	501
NP	125	90	185
Adj. EPS (INR)	36.9	26.6	54.4
EPS Gr. (%)	(16)	(27.8)	####
BV/Sh. (INR)	238	264	315
RoE (%)	18.3	10.6	18.8
RoCE (%)	14.3	8.3	13.8
Payout (%)	0.7	13.6	8.9
Valuations			
P/E (x)	13.8	19.1	9.3
P/BV (x)	2.1	1.9	1.6
EV/EBITDA (x)	4.5	5.5	3.7
Div. Yield (%)	0.0	0.6	0.8

PVs grew 21% YoY led by Tiago; Domestic CVs decline on the back of demonetization

- n Tata Motors Jan-17 sales volumes declined by 1% YoY (+15% MoM) to 46,349 units (v/s est 49,000 units) as decline in CVs more than offset growth in PV business. Our FY17 estimates indicate a 10% growth implying a 26% residual growth or 63k units/month of run rate.
- n There were some green shots in the form of growth in construction vehicles (+26% YoY) and the bus segment (+12% YoY), driven by demand from Government/STU, Intercity. Overall M&HCV sales (incl exports) declined ~2% YoY to 16,099 units (v/s est 16,000 units)
- n LCV sales (incl exports) continued to decline with a 12% YoY drop to 17,072 units (est ~19,000 units).
- n Total CV volumes declined by 8 % YoY (+13% MoM), reflecting the implications of demonetization.
- n Car sales (incl exports) grew by 12% YoY (+10% MoM) to 10,800 units (v/s est 11,500 units). Tata's Tiago has a waiting period of ~1-1.5 months.
- n UV sales (incl exports) were at 2378 units (est. 2,500 units).
- n The stock trades at 11.9x/6.5x FY18E/19E consol. EPS respectively. Maintain Buy.

Snapshot of volumes for Jan-17

	Jan-17	Jan-16	YoY (%)	Dec-16	MoM (%)	FY17-YTD	FY16-YTD	Chg (%)	FY17 estimate	YoY (%)	Resi-dual Gr. (%)	Residual Monthly Run rate
Total volume	46,349	47,035	-1.5	40,377	14.8	437,037	411,970	6.1	562,973	10.0	26.3	62,968
HCV's	16,099	16,454	-2.2	13,863	16.1	137,374	138,865	-1.1	181,516	2.9	17.3	22,071
LCV's	17,072	19,499	-12.4	15,375	11.0	170,547	162,923	4.7	216,487	5.7	9.9	22,970
CV's	33,171	35,953	-7.7	29,238	13.5	307,921	301,788	2.0	398,003	4.4	13.4	45,041
Cars	10,800	9,622	12.2	9,829	9.9	113,791	94,267	20.7	141,183	27.1	63.0	13,696
UV's	2,378	1,460	62.9	1,310	81.5	15,325	15,915	-3.7	23,786	22.6	142.4	4,231



Eicher Motors

BSE SENSEX	S&P CNX
28,142	8,716
Bloomberg	EIM IN
Equity Shares (m)	27
M.Cap.(INRb)/(USDb)	653.1 / 9.7
52-Week Range (INR)	26,602 / 16,607
1, 6, 12 Rel. Per (%)	4/11/27
Avg Val, INRm	1287
Free float (%)	49.4

Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
Net Sales	156.6	70.2	90.1
EBITDA	16.9	22.2	29.7
PAT	13.4	17.0	23.7
EPS (INR)	492.9	625.6	870.8
Gr. (%)	117.1	26.9	39.2
BV/Sh (INR)	1,275.5	1,760.9	2,457.4
RoE (%)	35.8	41.2	41.3
RoCE (%)	21.3	27.6	31.0
P/E (x)	48.7	38.4	27.6
P/BV (x)	18.8	13.6	9.8

Estimate change



TP change



Rating change



CMP: INR24,008 TP: INR29,172(+22%)

Buy

In-line results; RE margins scale new high; VECV surprises positively

- n EIM reported in-line 3QFY17 results. Consol. PAT rose ~50% YoY to ~INR4.18b (est. of ~INR4.22b). However, implied losses of other JVs were at ~INR120m.
- n **Royal Enfield (RE) reports best-ever EBITDA margin at 31.8%:** Volumes grew 38% YoY (+4% QoQ). Net realization increased 3% YoY (flat QoQ) to ~INR105.4k (in-line). EBITDA margin expanded ~350bp YoY (+50bp QoQ) to 31.8% (est. of ~31.5%), driven by a reduction in RM costs (-110bp YoY; +80bp QoQ) and operating leverage. Adj. PAT rose 64% YoY to INR4.2b (in-line).
- n **VECV's margins decline due to negative operating leverage:** Realizations increased ~8% QoQ (+2% YoY) to ~INR1.6m due to price hikes and improved product mix. EBITDA margin contracted 30bp QoQ (-160bp YoY) to 6.9% (est. of 5.5%) on account of negative operating leverage and cost pressures. PAT declined ~36% YoY to ~INR570m (est. of ~INR266m).
- n **Earnings call highlights:** a) RE demand continues to remain strong, with the waiting period for the best-seller Classic model at three months. b) Commodity costs have hardened QoQ. However it does not see a major impact on 4QFY17 RM costs. c) It has not taken price hikes in RE since Aug-16. d) Capacity expansion at the third plant is on track, with likely commissioning in 3QFY18. e) RE's pan-India dealer count stood at 640. It maintained guidance of 100 dealer additions per year. f) Took price hike of 1% in 3QFY17 for VECV trucks.
- n **Valuation and view:** EIM trades at 27.6x/22.3x FY18E/19E EPS. Maintain Buy with a TP of INR29,172 (FY19 SOTP based). We now value RE at 27.5x FY19E EPS (v/s 30x earlier) to factor in volume growth moderation (~20% CAGR over FY17-19E v/s 50%+ in the past). Similarly, we value VECV at 9x EV/EBITDA (v/s 8x earlier) due to slower-than-estimated ramp-up, considering very high competitive intensity in CVs.

Quarterly Performance (Consolidated)

Y/E March	FY16 (15m)					FY17				FY16 (15m)	FY17E	FY17E 3QE VAR (%)	
	1Q	2Q	3Q	4Q *	5Q	1Q	2Q	3Q	4QE				
Net Operating income	25,680	10,959	12,997	12,843	15,322	15,557	17,549	18,348	19,032	61,735	70,485	18,440	-1
Growth (%)	33.5	-51.2	-42.9	-44.0	-40.3	42.0	35.0	42.9	24.2	-47.2	42.7	-44.4	
RM Cost (%)	64.4	57.2	56.5	53.9	54.4	53.4	51.9	52.8	52.3	55.5	52.6	52.0	80bp
Staff Cost (%)	7.2	5.9	5.6	6.4	4.7	5.8	5.7	5.8	4.9	5.7	5.5	5.5	30bp
Other Exp (%)	14.2	10.8	10.9	11.9	11.4	10.5	11.5	10.0	9.6	11.3	8.6	11.0	-100bp
EBITDA	3,660	2,857	3,507	3,577	4,521	4,700	5,422	5,770	6,309	16,897	23,469	5,809	-1
EBITDA Margins (%)	14.3	26.1	27.0	27.9	29.5	30.2	30.9	31.4	33.1	27.4	33.3	31.5	-10bp
Depreciation	768	224	263	321	425	392	359	356	404	1,378	1,511	410	-13
Other income	337	262	420	345	620	468	665	590	267	1,781	1,990	700	-16
Interest cost	12	3	4	4	6	7	8	10	-8	21	17	4	140
PBT after EO item	3,216	2,891	3,661	3,598	4,711	4,769	5,720	5,995	6,179	17,279	23,932	6,095	-2
Effective tax rate (%)	32.8	31.3	30.6	31.3	30.6	30.9	32.2	33.4	28.7	31.2	29.6	31.0	
PAT	2,163	1,988	2,542	2,471	3,270	3,296	3,879	3,995	4,406	11,889	16,845	4,205	-5
Share of JV Loss/(PAT)	210	-385	-304	-316	-328	-467	-252	-187	-509	-1,485.7	-1,415.3	-20	
Recurring PAT	1,953	2,372	2,846	2,787	3,599	3,763	4,132	4,182	4,915	13,375	18,260	4,225	-1
Growth (%)	40.3	50.7	72.4	81.3	84.3	58.6	45.2	50.0	36.6	-41.9	70.7	56.0	



BSE SENSEX	S&P CNX
28,142	8,716
Bloomberg	MPHL IN
Equity Shares (m)	210
M.Cap.(INRb)/(USD\$b)	117.8 / 1.7
52-Week Range (INR)	622 / 404
1, 6, 12 Rel. Per (%)	-6/7/11
Avg Val, INRm	90
Free float (%)	39.6

CMP: INR560 TP: INR550(-2%) Neutral

Strong margin execution despite wage hike

Buyback of up to 8.26% of equity announced at INR635 per share

- Strong deal wins in Direct Core business:** MPHL reported 0.2% QoQ growth to USD225m (in line). 17% QoQ growth in the Direct Emerging business and stability in the HP channel offset the impact of seasonality and decline in Digital Risk. Deal wins of USD96m took LTM wins to USD351m (+14% YoY) and provide visibility on continued outperformance in the Direct Core business. HP grew by 0.5% QoQ, running stable and halting its historical downward spiral.
- Upward margin trajectory:** EBIT margin shrank 60bp QoQ to 14.7%, 100bp higher than our estimate. Wage hike pressures were offset to a great extent by operational efficiencies. The guided range of 14-16% has been maintained despite expected pressure in Digital Risk, which could impact short-term profitability. Higher than anticipated PAT of INR2.04b was led by the margin beat.
- Buyback at INR635:** MPHL approved the buyback at a maximum price of INR635/share, aggregating to an amount not exceeding INR11.03b. The resultant shares to be bought back with the maximum price are 17.37m, representing 8.26% of the total paid-up equity share capital. This amounts to ~INR52/share and will do away with ~40% of the company's net cash.
- Valuation and view:** Direct International (ex Digital Risk) has been growing above industry, and the drag on overall performance from HP has finally stopped. However, the volatility in Direct Emerging business and Digital Risk has been keeping overall revenue growth under check. We expect Revenue/Earnings CAGR of 8.2/6.1% over FY17-19. Our target price of INR550 discounts FY19E EPS by 12x. **Neutral.**

Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
Net Sales	60.9	60.7	66.4
EBITDA	9.0	9.5	10.2
PAT	7.2	8.2	8.0
EPS (INR)	34.5	42.6	41.4
Gr. (%)	6.8	23.7	-2.8
BV/Sh (INR)	299.4	280.1	295.1
RoE (%)	12.3	14.1	14.4
RoCE (%)	11.2	13.1	13.7
P/E (x)	16.2	13.1	13.4
P/BV (x)	1.9	2.0	1.9

Estimate change	↔
TP change	↔
Rating change	↔

Quarterly Performance (Consolidated)

Y/E March	FY16				FY17				FY16	FY17E	Est. Sep 16	Var. (% / bp)
	Jun 15	Sep 15	Dec 15	Mar 16	Jun 16	Jun 16	Dec 16	Mar 17				
Revenue (USD m)	234	237	229	225	224	224	225	226	926	899	225.7	-0.4
QoQ (%)	1.7	1.2	-3.4	-1.7	-0.3	-0.2	0.2	0.5	-2.2	-2.9	0.7	-45bp
Revenue (INR m)	14,945	15,575	15,167	15,160	15,167	15,176	15,361	14,993	60,879	60,697	14,904	3.1
YoY (%)	0.3	6.3	7.5	6.1	1.5	-2.6	1.3	-1.1	5.1	-0.3	-1.7	301bp
GPM (%)	26.2	26.9	25.6	27.9	28.1	28.1	27.8	26.1	26.6	27.5	26.6	119bp
SGA (%)	11.9	11.9	11.3	12.2	12.0	11.8	12.3	11.5	11.8	11.9	11.9	31bp
EBITDA Margin (%)	14.1	15.1	14.3	15.7	16.1	16.2	15.6	14.6	14.7	15.6	14.7	93bp
EBIT Margin (%)	12.7	13.9	13.2	14.5	15.2	15.3	14.7	13.7	13.5	14.7	13.7	100bp
Other income	440	492	456	490	572	711	617	673	1,954	2,573	670	-7.9
ETR (%)	29.2	26.4	27.7	31.1	27.7	27.5	28.5	27.5	27.1	27.8	27.7	77bp
PAT	1,658	1,900	1,736	1,920	2,043	2,166	2,044	1,960	7,242	8,213	1,952	4.7
QoQ (%)	-6.7	14.6	-8.6	10.6	6.4	6.0	-5.6	-4.1				-9.9
YoY (%)	-5.1	18.6	5.1	8.0	23.2	14.0	17.7	2.1	6.9	13.4	2.7	
EPS (INR)	8.3	9.0	8.3	9.2	9.7	10.3	9.7	10.2	34.5	40.0	9.3	
Headcount	34,159	24,169	23,563	22,324	22,374	22,284	22,018	21,454	22,324	21,454	21,202	3.8
Net Additions	100	-9990	-606	-1239	50	-90	-266	-564	-11735	-870	-1082.0	
HP Channel rev. (%)	28.8	26.5	24.2	24.3	23.4	23.9						
Fixed Price (%)	12.3	14.0	19.2	21.1	19.8	19.1						



BSE SENSEX	S&P CNX
27,656	8,561
Bloomberg	IDFC IN
Equity Shares (m)	1,589
M.Cap.(INRb)/(USDb)	87.4 / 1.3
52-Week Range (INR)	71 / 35
1, 6, 12 Rel. Per (%)	-2/-3/25
Avg Val, INRm	327.0
Free float (%)	100.0

Financials & Valuations (INR b)

Y/E March	2H2016E	2017E	2018E
NII	8.5	20.4	25.0
OP	7.4	19.5	22.4
NP	4.7	10.4	13.4
NIM (%)		2.5	2.3
EPS (INR)		3.1	3.9
EPS Gr. (%)			29.0
BV/Sh. (INR)	40.2	42.5	45.5
ABV/Sh. (INR)	37.8	39.9	42.6
RoE (%)		7.4	8.9
RoA (%)		1.1	1.1

CMP: INR55 TP: INR86 (+56%)

Buy

Subdued performance by IDFC Bank drives overall performance

IDFC Limited (IDFC) reported lower operating profit of INR5.5b for 3QFY17 compared to INR8.6b in 2QFY17 (YoY comparison is not available). This was driven primarily by lower operating profit contribution from IDFC Bank. Increase in provisions due to spike in GNPL during the quarter drove lower PPOP at the bank. ([Refer to our latest note here](#)).

- n **IDF business:** IDF continues to expand its loan book. The book grew 17% QoQ from INR19.3b in 2QFY17 to INR22.6b in 3QFY17, driven by increase in number of accounts from 34 to 36. While growth has been strong, we believe that sustaining such levels of growth would be difficult due to the operating environment, especially after the rate cut by banks. Note that IDF can refinance only projects that have been operational for at least a year. Given the scarcity of such projects right now, banks are unwilling to let go of such projects. IDF is well-capitalized, with CAR of 31.1%. Operating profit for the quarter was INR220m v/s INR170m in 2QFY17.
- n **AMC business:** AUM grew 2% QoQ and 9% YoY to INR585b, with share of equity AUM declining marginally to 22%. While total income grew in line with AUM growth at 4% QoQ, expenses were significantly higher (+21% QoQ). This led to subdued operating profits in the quarter. PPOP declined 14% sequentially to INR320m.
- n **Other highlights:** (a) Profits in the Alternative Management as well as Securities businesses remained largely stable on a sequential basis; (b) No new funds were raised in PE, Infra or Real Estate.
- n **Valuation and view:** In the near term, quarterly trends are not very relevant and most of the profitability will be derived from banking operations. We expect balance sheet growth for the bank to remain modest, while asset quality issues are likely to persist. This would be partially offset by strong trading gains over the next few quarters. Increase in IDF leverage (leading to higher RoE), continued traction in asset-light businesses (Securities, Asset Management), and build-up of banking business will lead to value creation for shareholders. We use SOTP and roll over to FY19E to arrive at a target price of INR86. **Buy.**

SOTP: FY19 based

	(INR b)	(USD b)	Per Share (INR)	Valuation Rationale
A] IDFC Bank (53% direct stake)	122.6	1.8	77	Based on TP of INR68 for IDFCB
B] Other Ventures	48.4	0.7	30	
IDF	8.1	0.1	5	1x Net worth
Alternative assets mgt	9.5	0.1	6	5.6% of FY19E AUM
IB and Broking	3.3	0.0	2	10x FY19 EPS; PBV 1.5x; ROE 16%
Mutual Fund Business	27.4	0.4	17	4.2% of FY19E AUM
Hold Co discount	34.2	0.5	22	20% holdco discount
IDFC Ltd	136.8	2.0	86	
CMP (INR)			55	
Upside (%)			56	

Source: MOSL

Entity wise P&L for the quarter

INR m	IDFCB	AMC	Alternatives	IDF	Securities
Operating Income	8,560	790	350	250	140
Operating Expense	3,800	470	280	30	70
PPoP	4760	320	70	220	70

Source: Company, MOSL; Note: Consol numbers do not equal sum of subsidiary numbers as standalone and other business numbers are not included



Key Concall Highlights

Business Updates

- n While credit disbursements slowed down owing to demonetization, collection efficiency in the MF entity was high at 98%+.
- n IDFC is impacted by MCLR rate cuts by the larger banks, since the lending rates have moved down, whereas cost of funds for the company did not really come down to a large extent – Management expects **margin compression in the next few quarters**.
- n Corporate growth will be muted in the next few quarters, with the management aiming to grow retail book to 25% of overall book over the next 2-3 years.
- n C/I ratio will continue to increase owing to large scale investment by the banks on network and customer franchise building. The bank is aiming to end FY17 at 40% C/I.

Asset Quality

- n Energy sector constitutes 80% of stressed exposure.
- n Of the total provisioning of INR2.9b, ~2.78b is in relation to IDFC Bank. ‘Dividend elimination’ figure of ~1.84b is in relation to road assets.

Others

- n The management highlighted that the merger of IDFC and IDFCB is infeasible on regulatory grounds.

BSE SENSEX 28142 S&P CNX 8716

CMP: INR290 TP: INR300(+1%) Buy

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

Conference Call Details



Date: 3rd Feb 2017
Time: 04:30pm IST
Dial-in details:
+91-22-3938 1078

Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
Net Sales	54.1	55.9	63.7
EBITDA	12.2	12.5	13.9
NP	7.6	8.4	9.4
EPS (INR)	14.8	16.4	18.4
EPS Gr. (%)	47.3	10.9	12.2
BV/Sh. (INR)	54.3	64.3	79.1
RoE (%)	29.9	27.6	25.6
RoCE (%)	28.5	26.1	24.5
P/E	46.8	42.2	37.6
EV/EBITDA	12.7	10.7	8.7

Results largely in line; Standalone volumes and mix declined 0.8% YoY

Consolidated results overview

- Gross sales were up 0.7% YoY to INR14.3b. Net sales were flattish (-0.3% YoY v/s est. of +1%) at INR13.34b, with estimated flattish volumes in the Consumer Bazaar segment.
- Gross margin expanded 160bp YoY to 53.2%, but the gains were offset by higher staff costs (+160bp YoY) and other expenses (+10bp YoY). EBITDA margins thus contracted 10bp YoY (est. of -100bp) to 21.8%.
- EBITDA was down marginally by 0.8% YoY (est. of -4%) to INR2.91b.
- Other income rose 63% YoY to INR272m.
- Adj. PAT was up 3.6% YoY (est. of -2.7%) to INR2.06b.
- Consumer Bazaar segment's revenues rose 0.8% YoY to INR12.2b. EBIT margin contracted 10bp YoY to 24.1%. Thus, EBIT grew 0.3% to INR2.9b.
- Industrial segment's revenue declined 3.6% YoY to INR2.2b. EBIT margin contracted 110bp to 15.1%, driving 10.1% segmental EBIT decline.

Standalone performance

- Gross sales declined 1.6% YoY to INR12.36b, with underlying volume and mix down 0.7%. Net sales and EBITDA declined 2.8% and 2.6% YoY, respectively, while PAT rose 3.1% YoY. Gross and EBITDA margin expanded 90bp and 10bp to 53.2% and 24.4%, respectively.
- Consumer Bazaar segment revenues were down 2.0% YoY. Industrial segment's revenues declined 3.6% YoY. Consumer Bazaar segmental EBIT margin expanded 100bp YoY to 28.6%, with EBIT growing 1.5% to INR2.9b.

Imputed subsidiary revenues grew 17.2% to INR1.92b. EBITDA increased sharply by 69% YoY off a low base to INR121m.

View: We currently have a Buy rating on the stock. We will review our numbers post the conference call on Friday.

Consolidated - Quarterly Earning Model

Y/E March	FY16				FY17				FY16	FY17E	FY17	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Sales	14,695	13,185	13,382	12,409	15,694	14,177	13,344	12,644	54,138	55,858	13,525	-1.3
YoY Change (%)	9.4	5.1	11.3	18.9	6.8	7.5	-0.3	1.9	11.8	3.2	1.0	
Total Expenditure	11,272	10,175	10,449	10,025	11,750	10,951	10,435	10,257	41,956	43,393	10,678	
EBITDA	3,423	3,010	2,933	2,384	3,943	3,225	2,909	2,388	12,183	12,465	2,847	2.2
Margins (%)	23.3	22.8	21.9	19.2	25.1	22.8	21.8	18.9	22.5	22.3	21.0	
Depreciation	242	248	248	351	258	303	295	267	1,331	1,122	297	
Interest	39	31	31	35	35	26	30	-6	133	85	16	
Other Income	139	216	167	186	241	324	272	-113	66	724	97	
PBT	3,290	2,932	2,813	2,150	3,887	3,209	2,814	2,068	10,737	11,978	2,631	6.9
Tax	948	893	829	637	1,174	912	793	715	3,221	3,595	816	
Rate (%)	28.8	30.5	29.5	29.6	30.2	28.4	28.2	34.6	30.0	30.0	31.0	
Adj PAT	2,333	2,053	1,992	1,547	2,717	2,309	2,063	1,299	7,564	8,387	1,815	13.7
YoY Change (%)	35.5	49.6	58.6	83.9	16.4	12.4	3.6	-16.0	45.7	10.9	-2.7	
Margins (%)	15.9	15.6	14.9	12.5	17.3	16.3	15.5	10.3	14.0	15.0	13.4	

E: MOSL Estimates

BSE SENSEX 28142 S&P CNX 8716

CMP: INR848 TP: INR816(-4%) Neutral

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

Conference Call Details



Date: 2nd February 2017
Time: 11:00am IST
Dial-in details:
+91-22-60005900
Pin:93631498#

Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
Net Sales	47.0	50.0	56.6
EBITDA	7.7	7.7	9.2
NP	7.5	7.2	8.4
EPS (INR)	27.2	26.0	30.2
EPS Gr. (%)	-4.0	-4.6	16.4
BV/Sh. (INR)	114.4	124.8	136.9
RoE (%)	24.9	22.0	23.1
RoCE (%)	25.2	21.9	23.3
Payout (%)	51.5	51.5	51.5
Div. Yield	1.7	1.6	1.8

Beat estimates at the operating level

- Net sales stood at INR13.6b (+19% YoY) v/s our estimate of INR12.2b. Export sales grew strongly by 23% YoY. Domestic sales too exhibited robust growth of 16% YoY, driven by government investments in infrastructure segments.
- On YTD basis, domestic sales grew 10% YoY, while export sales declined 2% YoY.
- Gross margin stood at 35.6% (+110bp YoY, +40bp QoQ).
- EBITDA stood at INR2.3b (+31% YoY), while margin was at 16.7% v/s our estimate of 14.7%. Margin improvement was led by the company's focus on realigning the cost structure and improving efficiencies.
- PAT rose 11% YoY to INR1.98b v/s our estimate of INR1.7b.

Valuation and view: We will revisit our estimates post the earnings call. Outlook on revenue growth and margin will be keenly sought. Based on current estimates, it trades at 28.1/23.1x FY18/19E EPS. Maintain **Neutral**.

Quarterly Performance (Consolidated)

KKC: Quarterly Performance (Standalone)

Y/E March	FY16				FY17				FY16	FY17	Vs Est. 3Q	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Sales	13,101	11,946	11,382	10,614	12,590	12,790	13,550	12,631	47,043	49,966	12,219	10.9%
Change (%)	25.3	4.4	5.1	-6.4	-3.9	7.1	19.0	19.0	6.8	6.2	6.5	
EBITDA	2,217	2,019	1,727	1,773	2,063	1,990	2,265	2,246	7,736	7,692	1,792	26.4%
Change (%)	23.3	6.3	-8.8	0.8	-6.9	-1.4	31.1	26.7	2.2	10.0	15.6	
As of % Sales	16.9	16.9	15.2	16.7	16.4	15.6	16.7	17.8	16.4	15.4	14.7	14.0%
Depreciation	203	200	201	206	206	209	225	249	810	889	258	
Interest	24	24	24	24	21	43	55	24	96	96	24	
Other Income	595	601	565	513	416	692	461	723	2,279	2,292	590	
PBT	2,585	2,396	2,066	2,056	2,252	2,430	2,446	2,697	9,109	9,000	2,100	16.5%
Tax	472	417	286	386	440	461	466	433	1,561	1,800	420	
Effective Tax Rate (%)	18.2	17.4	13.9	18.8	19.5	19.0	19.0	16.1	17.1	20.0	20.0	
Adjusted PAT	2,114	1,980	1,780	1,670	1,812	1,969	1,981	2,263	7,548	7,200	1,680	17.9%
Change (%)	(0.3)	(2.2)	(1.7)	(12.3)	(14.3)	(0.5)	11.3	35.5	(4.0)	(4.6)	3.5	
Reported PAT	2,114	1,980	1,780	1,670	1,812	1,969	1,981	2,263	7,548	7,200	1,680	17.9%
Change (%)	(0.3)	(2.2)	(1.7)	(12.3)	(14.3)	(0.5)	11.3	35.5	(4.0)	(4.6)	3.5	

Equitas Holdings

BSE SENSEX 28142 S&P CNX 8716

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

Conference Call Details

Date: 2nd February 2017

Time: 4:30 pm IST

Dial-in details:

+91-22-3960 0763

Financials & Valuations (INR b)

Y/E March	2016	2017E	2018E
NII	5.1	8.4	11.1
OP	3.2	4.1	4.8
NP	1.7	2.0	2.3
EPS (INR)	6.2	6.0	6.8
EPS Gr. (%)	56.1	-3.2	14.1
BV/Sh. (INR)	50	67	74
RoE (%)	13.3	11.2	9.7
RoA (%)	3.0	2.3	1.7
P/E(X)	27.5	28.4	24.9
P/BV (X)	3.4	2.5	2.3

CMP: INR170 TP: INR 240 (41%) Buy

Better-than-expected AUM growth and NIM drive core performance; Provision rise on account of prudent policy

- n EHL's consolidated earnings grew 4% YoY to INR449m (4.4% beat). Strong NII growth of 48% YoY (+15% QoQ; 9% beat) compensated for higher-than-expected provisions (INR294m v/s est. of INR150m) and led to largely in-line earnings.
- n NII growth was driven by healthy AUM growth of 30% YoY (+1% QoQ; 15% beat) and NIM (calculated on AUM) of 14.4% v/s 14.1% in 2QFY17 (est. of stable NIM).
- n AUM was driven by strong growth in (1) MSE (+5%/61% QoQ/YoY; 21% of overall AUM) and (2) vehicle finance business (+5% QoQ and 33% YoY; 21% of overall AUM). Led by challenges in collection efficiency, EHL moderated its growth in MFI business (+21% YoY, -2% QoQ). Housing finance grew 15% YoY and was flat QoQ. Diversified lending business is aiding the company to report healthy growth rates in a challenging environment.
- n GNPL% and NNPL% declined 8bp and 40bp QoQ, respectively. Decline in NNPL was sharper on account of prudent provisioning of INR150m made by the bank, given the stress witnessed in collection efficiency in 3QFY17. Resultantly, provision coverage ratio increased to 68.6% from 53.9% in 2QFY17. NNPL and PCR are calculated including floating provisions. The bank utilized the RBI dispensation for NPL recognition, which lowered provision by ~INR51m.

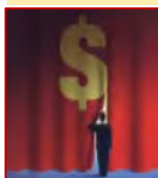
Key questions for management

- n Collection efficiency in MFI business.
- n Strategy to build up the retail franchise.

Valuation and view: Growth opportunity remains huge in the under-penetrated micro credit customer segment, and we expect Equitas to be one of the key beneficiaries of the same. Diversified lending business also provides the bank levers for growth. Transformation into a bank would provide sustainable and profitable growth in medium-to-long term. We will review our earnings estimate post the earnings conference call.

Quarterly Performance

	(INR Million)								FY16	FY17E
	FY16				FY17E					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	1,256	1,428	1,560	1,629	2,043	2,006	2,310	2,038	5,071	8,397
% Change (Y-o-Y)					62.7	40.4	48.1	25.1		65.6
Other Income	237	178	205	296	230	667	399	423	1,718	1,719
Net Income	1,493	1,607	1,765	1,925	2,273	2,673	2,709	2,461	6,789	10,115
Operating Expenses	745	851	948	1,050	1,134	1,408	1,709	1,787	3,597	6,037
Operating Profit	748	755	817	875	1,139	1,265	1,000	675	3,192	4,078
% Change (Y-o-Y)					52.3	67.5	22.5	-22.9		27.8
Other Provisions	165	138	143	146	176	528	294	-15	591	983
Profit before Tax	583	617	674	729	963	737	706	689	2,601	3,095
Tax Provisions	207	218	243	261	352	273	256	202	930	1,083
Net Profit	376	399	430	468	612	464	449	487	1,671	2,012
% Change (Y-o-Y)					62.6	16.1	4.4	4.2		20.4



Glenmark Pharma

Bloomberg	GNP IN
Equity Shares (m)	271.3
M. Cap. (INR b)/(USD b)	244 / 4
52-Week Range (INR)	993 / 672
1,6,12 Rel Perf. (%)	2 / 12 / -7

CMP: INR899 TP: INR990 (+10%) Neutral

- We expect Glenmark Pharmaceuticals (GNP) to report robust 36% YoY growth in overall revenues to INR23.4b, driven by buoyant performance in the US and India market.
- The India branded business is likely to grow 15% YoY, while the US generic segment is expected to grow 70.6% YoY, primarily aided by the gZetia launch. LatAm business is expected to witness a 19% YoY decline in 3Q sales owing to no sales in Venezuela. We also do not factor any out-licensing income in our 3QFY17 assumptions.
- EBITDA is likely to increase 59% YoY to INR5.4b. Nevertheless, we expect margins to increase 340bp YoY to 23% on the back of Zetia launch in Dec-16. Adjusted PAT is expected at INR3.1b, up 82.9% YoY, aided by lower tax expenses.
- We expect GNP to gradually reduce its net debt over FY16-18E, resulting in an improvement in D/E from 1.0x in FY16 to 0.6x by FY18E. We also expect a gradual improvement in return ratios over the same period.
- The stock trades at 18.1x FY18E EPS. Maintain Neutral.

Financial Snapshot (INR Billion)

y/e Mar	2016	2017E	2018E	2019E
Sales	75.9	95.7	109.9	125.0
EBITDA	13.7	24.7	27.3	26.9
NP	7.0	11.7	14.0	17.1
EPS (INR)	24.9	41.4	49.7	60.5
EPS Gro. (%)	42.0	66.4	20.1	21.6
BV/Sh. (INR)	151.3	202.9	260.8	317.6
RoE (%)	16.4	20.4	19.1	19.0
RoCE (%)	12.7	20.6	19.3	17.2

Valuations

P/E (x)	36.1	21.7	18.1	14.9
P/BV (x)	5.9	4.4	3.4	2.8
EV/EBITDA (x)	20.1	11.1	9.8	9.6
Div. Yield (%)	0.2	0.3	0.3	0.3

Key issues to watch out

- New ANDA filings in complex category.
- Update on free-cash generation and debt repayment schedule.
- Progress of NCE/NBE pipeline and potential out-licensing prospects.

Quarterly Performance

Y/E March	(INR Million)									
	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Revenues (Core)	16,258	18,440	17,245	21,740	18,832	21,732	23,424	30,538	75,909	95,676
YoY Change (%)	10.0	10.3	1.9	24.0	15.8	17.9	35.8	40.5	15.1	26.0
EBITDA	3,374	3,713	3,379	1,952	3,192	3,978	5,388	11,025	14,326	25,211
Margins (%)	20.8	20.1	19.6	9.0	17.0	18.3	23.0	36.1	18.9	26.4
Depreciation	654	634	559	584	642	770	770	762	2,691	2,945
Interest	419	426	469	475	430	629	600	580	1,789	2,239
Other Income	273	314	340	1,189	1,358	491	340	-939	787	1,250
PBT before EO Expense	2,574	2,967	2,692	2,082	3,477	3,070	4,358	8,744	10,632	21,277
Extra-Ord Expense	0	0	0	0	0	0	0	0	0	0
PBT after EO Expense	2,574	2,967	2,692	2,082	3,477	3,070	4,358	8,744	10,632	21,277
Tax	745	962	992	594	1,209	876	1,250	1,864	3,028	5,200
Rate (%)	28.9	32.4	36.9	28.5	34.8	28.5	28.7	21.3	28.5	24.4
Reported PAT (incl one-offs)	1,829	2,004	1,699	1,487	2,268	2,193	3,108	6,880	7,604	16,077
Reported PAT (excl MI)	1,829	2,004	1,699	1,487	2,268	2,193	3,108	6,880	7,604	16,077
YoY Change (%)	-1.1	21.4	48.1	1,301.5	24.0	9.4	82.9	362.5	60.0	111.4
Margins (%)	11.2	10.9	9.9	6.8	12.0	10.1	13.3	22.5	10.0	16.8

E: MOSL Estimates



Marico

Bloomberg	MRCO IN
Equity Shares (m)	1289.6
M. Cap. (INR b)/(USD b)	332 / 5
52-Week Range (INR)	307 / 208
1,6,12 Rel Perf. (%)	0 / -1 / 10

CMP: INR258 TP: INR300 (+16%) Buy

Financial Snapshot (INR b)

Y/E March	2016	2017E	2018E	2019E
Sales	60.1	60.1	70.1	79.7
EBITDA	10.4	10.9	13.1	15.2
Adj. PAT	7.2	7.7	9.3	11.0
Adj. EPS (INR)	5.6	6.0	7.2	8.5
EPS Gr. (%)	26.1	6.4	21.1	17.7
BV/Sh.(INR)	16.3	20.1	23.5	25.5
RoE (%)	36.9	32.8	33.1	34.8
RoCE (%)	31.4	28.7	29.2	30.7
Payout (%)	60.2	50.3	44.3	64.6

Valuations

P/E (x)	45.9	43.2	35.6	30.3
P/BV (x)	15.8	12.8	11.0	10.1
EV/EBITDA (x)	31.5	29.7	24.6	21.1
Div. Yield (%)	1.3	1.2	1.2	2.1

- We expect sales to decline 5% YoY to INR14.5b, with flat domestic volumes. In our opinion, Parachute volumes would likely remain flat, while Saffola and VAHO volumes would decline 1% and 5%, respectively (Saffola and VAHO volumes grew 17% and 21%, respectively, in the base quarter).
- We observe copra prices have corrected 10% YoY (two months data available for 3QFY17), while kardi oil prices are up 5% YoY. We are modeling 100bp YoY gross margin expansion, with 50bp EBITDA margin contraction for 3QFY17.
- PAT is projected to decline 8% YoY to INR1.9b.
- The stock trades at 35.6x FY18E EPS of INR7.2; maintain Buy. We like MRCO's franchise, portfolio strength, management quality and its multiple growth driver models.

Key issues to watch for

- Comments on volume growth trends across key categories.
- Outlook for raw materials.
- Margin expansion and guidance for international business.

Quarterly Performance (INR m)

Y/E March	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Domestic volume growth (%)	6.0	5.5	10.5	8.4	8.0	3.4	0.0	4.0	7.0	4.0
Net Sales	17,482	14,518	15,290	12,878	17,499	14,390	14,526	13,685	61,224	60,099
YoY Change (%)					0.1	-0.9	-5.0	6.3	7.0	-1.8
COGS	9,662	7,595	7,530	5,993	8,419	6,847	7,008	6,449	30,614	28,724
Gross Profit	7,821	6,922	7,760	6,885	9,079	7,543	7,517	7,236	30,610	31,376
Gross margin (%)	44.7	47.7	50.8	53.5	51.9	52.4	51.8	52.9	50.0	52.2
Other Expenditure	4,657	4,652	4,890	4,782	5,384	5,050	4,863	5,143	20,052	20,440
% to Sales	26.6	32.0	32.0	37.1	30.8	35.1	33.5	37.6	32.8	34.0
EBITDA	3,164	2,271	2,870	2,102	3,695	2,493	2,654	2,093	10,558	10,935
Margins (%)	18.1	15.6	18.8	16.3	21.1	17.3	18.3	15.3	17.2	18.2
YoY Change (%)					16.8	9.8	-7.5	-0.4	23.1	3.6
Depreciation	188	221	230	311	208	209	253	388	1,018	1,058
Interest	45	37	60	68	54	21	18	15	202	107
Other Income	337	193	190	320	319	285	238	242	830	1,084
PBT	3,267	2,206	2,770	2,044	3,753	2,548	2,620	1,932	10,167	10,854
Tax	982	676	720	678	1,072	740	760	575	2,956	3,148
Rate (%)	30.1	30.7	26.0	33.2	28.6	29.1	29.0	29.8	29.1	29.0
Minority Interest	0	0	30	4	2	2	2	2	118	8
Adjusted PAT	2,285	1,530	2,020	1,362	2,679	1,806	1,858	1,355	7,092	7,698
YoY Change (%)					17.2	18.1	-8.0	-0.5	23.7	14.6

E: MOSL Estimates



1. Volumes in Q4 to be flat, but will be better than Q3: Dabur; Lalit Malik, CFO

- n The company said volumes are expected to improve going ahead.
- n Change in product mix on back of weather change could push up volumes.
- n Margins were under pressure due to rise in material cost and also, higher consumer promotion.
- n In Q4, volumes will be flat, but the company will recover losses seen in Q3.
- n On competition with Baba Ramdev promoted Patanjali, Malik said that Dabur did lose some market share in honey and chavanprash, but it doesn't plan to take price cuts.

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2. Will sustain margin going ahead, says kec international; Vimal Kejriwal, MD & CEO

- n KEC will see 5 percent revenue growth in FY17 versus guidance of 10 percent earlier. So, our profit numbers in absolute terms would see 5 percent reduction but our margins would be better than what we would have probably done at 10 percent revenue also.
- n This quarter the company should be doing another Rs 2000 crore or so in T&D. So on a full year basis, it should be closer to Rs 7000 crore or so in T&D business.
- n The company will be able to sustain margins going ahead.

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3. Bajaj auto is confident of going back to 20% margins by Q4-end; S Ravikumar, President – Business Development

- n The demonetisation impact is visible in shrinkage of numbers in last quarter.
- n The company is now focusing on its products for growth. Product mix has helped improve realisations by 160-170 basis points year-on-year.
- n The company will go back to its 20 percent plus margin growth by end of this fiscal.

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1. Universal basic income: pie in the sky, given india's tax revenues

- n The Economic Survey makes a case for replacing India's many direct and indirect subsidies for the poor with one Universal Basic Income (UBI) scheme. This idea, being tossed about by academics and policymakers recently, proposes a lumpsum income transfer, calculated according to poverty lines or any other criterion, to be handed over unconditionally, to anyone who qualifies for these grants. It is an appealing thought, but alas, inapplicable in India. The virtues and vices of UBI schemes have been debated for decades. Its detractors argue that a scheme that guarantees a basic income could reduce work effort: by as much as 5% per person per year. Supporters argue this cost will be more than offset by lower administrative costs of running large welfare programmes. In India, with its abysmal public healthcare system and extremely inefficient subsidy programmes, these arguments are irrelevant.

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2. India must adopt digital economy, here's how to go about it

- n Given how allaying fears regarding security of digital transaction infrastructure is crucial to its adoption, the government has done well to moot the idea of insuring mobile wallets. The government, as per a Business Standard report, has been in talks with mobile wallet and insurance companies to thresh out a model. While awareness regarding vulnerabilities in digital infrastructure is quite low—an EY analysis shows over 40% people can't identify such vulnerabilities—most smartphone-users don't use security software for their devices. Thus, with mobile transactions set to reach over a trillion dollars by 2017 as per Juniper Research, considerable damage could potentially occur if existing security systems are breached. Given how even the smallest loss could undermine the adoption of the digital economy, insurance for mobile wallets thus assumes increased importance

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3. Why Idea Cellular turning to vodafone for a merger is a smart idea

- n If Kumar Mangalam Birla appears to have thrown in the towel by offering to merge Idea Cellular with Vodafone, this is because operating on one's own is not just prohibitively costly or debilitating, but perhaps even suicidal. Birla has chosen to team up with Vodafone despite the costs—the merged entity must return scarce spectrum in five circles thanks to Trai-spectrum-caps and will have to fork out Rs 2,000-3,000 crore by way of spectrum liberalisation charges—and must have good reason to do so. Indeed, with Reliance Jio threatening to continue with its near-free service offering beyond March there is the real risk of a big cash-burn which Idea cannot afford given it is already highly leveraged with a net debt-to-ebitda at close to six times based on FY17 earnings. Idea would need to invest \$2-3 billion in the next couple of years merely to stay competitive. And straining the finances of other group companies would not be the right thing to do.

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4. The right priorities for healthcare spending

- n What do patients actually want? Will they settle for compromised, sub-standard healthcare as long as prices are affordable? Or does the vast majority prefer the best quality possible at rational cost? This question needs to be pondered upon and answered correctly before priorities are decided, strategies fixed and actions taken by policymakers and service providers.

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5. Of cost, complexity and corruption

- n How do we compete by borrowing at an average of 12 per cent when our competitors in a flat world have access to sub 3 per cent or even negative rates? The Indian investor who is used to a 10 per cent return on his FD expects a minimum of 15 to 18 per cent on his investments in risk capital. How does a business guarantee such a high return?

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International

6. Multinationals have the power to beat donald trump on immigration

- n Steve Bannon, chief strategist to Donald Trump and the most malevolent voice in the US president's head, is keen on observing that the media, enterprise and "the celebration of Davos" solely dimly grasp their agenda. Judging by the pre-inauguration temper amongst chief executives, notably these from Wall Street, he's proper. At the World Economic Forum final month, some remained naively cheerful a few dealmaker in the White House giving them tax cuts and deregulation.

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY16	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY16	FY17E	FY18E
Automobiles														
Amara Raja	Buy	900	1,087	21	28.7	29.2	37.7	30.8	23.9	6.1	5.0	25.8	21.6	23.1
Ashok Ley.	Buy	92	114	24	3.9	4.8	6.4	19.1	14.4	4.1	3.5	20.9	23.1	26.3
Bajaj Auto	Buy	2,857	3,432	20	131.8	136.2	160.6	21.0	17.8	5.9	5.2	33.2	30.0	31.0
Bharat Forge	Buy	970	1,096	13	28.1	25.8	36.4	37.6	26.6	5.7	5.0	18.7	15.9	20.0
Bosch	Neutral	23,164	20,937	-10	483.3	507.6	657.7	45.6	35.2	9.5	7.9	19.4	19.7	24.5
Eicher Mot.	Buy	24,008	28,755	20	492.9	608.7	869.5	39.4	27.6	13.8	9.8	35.8	40.3	41.6
Endurance Tech.	Buy	632	715	13	20.7	22.6	28.7	27.9	22.0	5.1	4.3	22.4	19.9	21.1
Escorts	Buy	379	410	8	11.1	20.7	34.2	18.3	11.1	1.9	1.7	6.1	10.9	16.3
Exide Ind	Buy	203	205	1	7.4	8.2	9.7	24.6	21.0	3.5	3.1	14.1	14.2	14.9
Hero Moto	Neutral	3,284	3,011	-8	158.3	169.5	192.2	19.4	17.1	7.0	5.9	43.6	39.0	37.5
M&M	Buy	1,297	1,497	15	53.6	66.0	83.7	19.7	15.5	1.6	1.4	15.4	14.5	14.5
Mahindra CIE	Not Rated	193	-		4.2	6.2	9.7	31.1	19.8	2.2	2.0	4.5	7.7	10.3
Maruti Suzuki	Buy	6,173	6,808	10	177.6	247.5	307.5	24.9	20.1	5.7	4.7	19.9	22.8	23.2
Tata Motors	Buy	542	613	13	36.9	29.0	45.6	18.7	11.9	2.0	1.8	18.3	11.5	15.9
TVS Motor	Buy	394	462	17	9.1	11.9	15.4	33.2	25.6	8.0	6.4	24.1	26.4	27.9
Aggregate								24.2	18.2	4.1	3.5	18.8	16.9	19.2
Banks - Private														
Axis Bank	Neutral	476	535	12	34.5	14.1	25.0	33.9	19.1	2.1	1.9	17.1	6.3	10.3
DCB Bank	Neutral	122	134	9	6.8	7.1	8.6	17.3	14.2	1.8	1.6	11.8	10.9	11.8
Equitas Hold.	Buy	170	240	41	6.2	6.0	6.8	28.4	24.9	2.5	2.3	13.3	11.2	9.7
Federal Bank	Buy	79	105	32	2.8	4.6	5.5	17.3	14.5	1.6	1.5	6.0	9.4	10.4
HDFC Bank	Buy	1,306	1,510	16	48.6	56.9	68.3	23.0	19.1	4.0	3.4	18.3	18.6	19.3
ICICI Bank	Buy	281	345	23	16.7	17.2	17.9	16.3	15.7	1.3	1.2	11.3	10.4	9.9
IDFC Bank	Neutral	61	68	12		3.1	3.9	19.9	15.4	1.4	1.3		7.4	8.9
IndusInd	Buy	1,308	1,430	9	38.4	48.4	58.7	27.0	22.3	3.9	3.4	16.6	15.5	16.4
J&K Bank	Neutral	64	68	6	8.6	Loss	14.5	Loss	4.5	0.6	0.5	6.6	Loss	12.4
Kotak Mah. Bk	Buy	776	940	21	18.9	26.3	32.3	29.5	24.0	3.7	3.3	10.9	13.5	14.5
RBL Bank	Buy	401	450	12	9.0	12.4	17.5	32.2	22.9	3.5	3.1	11.2	12.6	14.4
South Indian	Neutral	21	21	-2	2.5	2.8	3.1	7.7	6.9	0.7	0.7	9.3	9.7	10.0
Yes Bank	Buy	1,413	1,575	11	60.4	79.3	97.0	17.8	14.6	3.6	3.0	19.9	22.1	22.6
Aggregate								23.3	18.4	2.8	2.5	13.7	12.0	13.6
Banks - PSU														
BOB	Buy	173	223	29	Loss	12.3	18.8	14.1	9.2	1.1	1.0	Loss	8.1	11.5
BOI	Neutral	121	125	3	Loss	Loss	18.5	Loss	6.5	0.5	0.5	Loss	Loss	7.5
Canara	Neutral	293	300	3	Loss	23.9	36.7	12.2	8.0	0.6	0.6	Loss	4.9	7.2
IDBI Bk	Neutral	80	49	-38	Loss	1.5	6.4	52.3	12.4	0.7	0.7	Loss	1.4	5.8
Indian Bk	Buy	275	330	20	14.8	30.4	32.2	9.0	8.5	0.9	0.8	5.5	10.4	10.2
OBC	Neutral	120	108	-10	4.9	19.3	21.3	6.2	5.6	0.3	0.3	1.2	4.8	5.1
PNB	Buy	140	172	23	Loss	8.5	13.2	16.5	10.7	0.8	0.7	Loss	4.8	7.0
SBI	Buy	270	338	25	15.7	9.8	23.3	27.5	11.6	1.2	1.1	7.6	7.5	9.2
Union Bk	Buy	152	168	11	19.7	15.6	30.4	9.7	5.0	0.5	0.5	7.0	5.2	9.5
Aggregate								17.7	11.3	0.8	0.8	-2.7	4.7	7.0
NBFCs														
Bajaj Fin.	Buy	1,067	1,276	20	23.9	34.1	44.6	31.3	23.9	6.4	5.2	21.1	22.5	24.1
Bharat Fin.	Buy	801	883	10	23.8	45.2	43.2	17.7	18.6	4.0	3.3	24.9	30.0	19.4
Dewan Hsg.	Buy	295	405	37	25.0	30.7	35.6	9.6	8.3	1.5	1.3	15.1	16.6	16.6
GRUH Fin.	Neutral	355	348	-2	6.7	7.9	9.8	45.1	36.1	12.8	10.5	31.5	31.0	32.1
HDFC	Buy	1,415	1,580	12	32.6	36.1	38.4	39.2	36.9	5.6	5.1	20.9	19.6	19.6
Indiabulls Hsg	Buy	766	1,015	33	55.7	69.5	86.2	11.0	8.9	2.7	2.4	27.1	26.0	28.9
LIC Hsg Fin	Buy	570	693	22	32.9	37.6	44.7	15.2	12.8	2.7	2.3	19.6	19.1	19.5
Manappuram	Not Rated	84	-		3.5	3.8	4.3	21.9	19.5	2.4	2.3	10.8	11.4	12.2
M&M Fin.	Buy	286	323	13	11.9	8.4	11.1	34.0	25.9	2.6	2.4	11.4	7.7	9.7
Muthoot Fin	Buy	324	373	15	20.3	27.5	32.0	11.8	10.1	2.0	1.8	15.1	18.4	19.0
PFC	Neutral	136	117	-14	23.8	24.0	25.5	5.7	5.3	0.9	0.8	18.3	16.8	16.2



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY16	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY16	FY17E	FY18E
Repco Home	Buy	671	842	25	24.0	25.7	37.7	26.1	17.8	3.8	3.2	17.0	15.7	19.6
REC	Neutral	148	134	-9	28.5	29.4	35.3	5.0	4.2	0.9	0.8	21.0	18.8	19.5
Shriram City Union	Buy	1,892	2,500	32	80.4	91.2	130.5	20.7	14.5	2.5	2.2	12.3	12.7	16.1
STF	Buy	980	1,225	25	53.3	58.1	77.9	16.9	12.6	2.0	1.8	12.2	12.3	14.7
Aggregate								16.1	13.8	2.8	2.4	17.7	17.2	17.7
Capital Goods														
ABB	Neutral	1,107	1,125	2	15.8	18.2	26.9	60.8	41.1	6.9	5.9	11.1	11.4	14.5
Bharat Elec.	Buy	1,566	1,800	15	56.9	61.9	73.3	25.3	21.4	4.6	4.1	15.6	19.7	19.0
BHEL	Sell	140	110	-21	Loss	3.9	5.5	35.4	25.4	1.0	1.0	Loss	2.9	3.9
CG Cons. Elec.	Buy	193	205	6	1.9	4.6	5.5	42.2	35.3	32.0	21.7	52.1	94.3	73.3
Crompton Grv.	Sell	66	48	-27	2.1	0.6	1.9	118.5	35.6	0.9	0.9	3.0	4.2	6.0
Cummins	Neutral	849	836	-2	27.2	26.0	30.2	32.7	28.1	6.8	6.2	24.9	22.0	23.1
GE T&D	Neutral	308	340	10	3.0	6.0	11.0	51.3	27.9	6.1	5.5	5.9	11.7	20.7
Havells	Buy	426	440	3	7.8	8.9	12.0	47.7	35.6	9.3	8.4	19.0	19.5	23.6
Inox Wind	Neutral	183	200	9	20.7	17.5	20.0	10.5	9.2	1.9	1.6	27.9	19.3	18.6
K E C Intl	Buy	154	175	14	7.4	10.5	12.3	14.6	12.6	2.3	2.0	13.5	16.6	16.8
L&T	Buy	1,491	1,620	9	44.7	53.1	63.7	28.1	23.4	2.9	2.7	9.9	10.8	12.0
Pennar Eng.	Not Rated	150	-		8.8	10.5	12.4	14.3	12.1	2.1	1.8	14.2	14.5	14.6
Siemens	Neutral	1,169	1,260	8	16.9	17.0	25.3	68.8	46.2	6.3	5.8	11.8	9.2	12.6
Solar Ind	Neutral	705	690	-2	18.4	19.3	22.9	36.6	30.8	6.3	5.4	20.2	18.6	19.0
Suzlon Energy	Not Rated	16	-		Loss	Loss	0.6	Loss	28.9	Loss	Loss	Loss	Loss	Loss
Thermax	Sell	806	706	-12	23.5	24.8	27.6	32.6	29.3	3.8	3.5	12.5	12.2	12.5
Va Tech Wab.	Buy	486	620	28	16.3	25.2	32.6	19.3	14.9	2.4	2.2	9.7	13.2	15.4
Voltas	Neutral	334	370	11	11.7	11.8	14.0	28.3	23.8	4.1	3.7	15.3	15.4	16.4
Aggregate								32.1	25.4	3.4	3.1	7.6	10.5	12.2
Cement														
Ambuja Cem.	Buy	235	246	5	5.5	5.7	6.9	41.4	33.9	1.7	1.7	8.3	5.9	7.1
ACC	Neutral	1,465	1,321	-10	32.0	32.6	48.9	44.9	30.0	3.2	3.3	7.2	7.2	10.9
Birla Corp.	Buy	741	759	2	20.4	33.8	44.5	21.9	16.7	1.7	1.6	5.9	8.5	9.8
Dalmia Bharat	Buy	1,903	1,736	-9	21.5	34.2	50.4	55.6	37.7	4.1	3.7	5.5	7.6	10.3
Grasim Inds.	Neutral	940	1,067	14	48.3	70.2	86.5	13.4	10.9	1.5	1.3	9.2	12.0	13.1
India Cem	Neutral	159	138	-13	4.4	7.3	10.7	21.7	14.9	1.3	1.2	3.9	5.8	7.6
J K Cements	Buy	739	767	4	14.5	26.4	36.5	27.9	20.2	2.9	2.6	6.3	10.9	13.7
JK Lakshmi Ce	Buy	383	440	15	0.4	4.7	12.2	81.1	31.4	3.4	3.3	0.3	4.2	10.5
Ramco Cem	Buy	715	698	-2	23.4	29.4	31.5	24.3	22.7	4.6	3.9	19.5	20.6	18.6
Orient Cem	Buy	139	175	26	3.0	Loss	3.3	Loss	41.7	2.9	2.7	6.2	Loss	6.8
Prism Cem	Buy	97	102	5	0.1	0.9	3.5	108.4	27.6	4.7	4.1	0.7	4.5	16.0
Shree Cem	Buy	15,951	19,006	19	238.5	387.1	582.8	41.2	27.4	7.5	6.0	14.5	19.9	24.4
Ultratech	Buy	3,783	4,058	7	79.3	93.5	129.6	40.5	29.2	4.5	4.0	11.0	11.7	14.5
Aggregate								31.8	23.6	3.6	3.0	9.5	11.2	12.8
Consumer														
Asian Paints	Neutral	990	1,035	5	18.7	20.2	22.9	48.9	43.2	14.9	13.1	34.7	32.5	32.3
Britannia	Buy	3,231	3,380	5	70.1	70.6	82.1	45.8	39.4	17.3	13.7	55.9	42.2	38.8
Colgate	Buy	893	1,115	25	22.7	21.7	25.8	41.2	34.6	21.5	20.2	68.9	54.9	60.1
Dabur	Neutral	276	300	9	7.1	7.3	8.3	37.8	33.2	9.9	8.4	33.3	28.3	27.3
Emami	Buy	1,106	1,260	14	25.2	24.5	29.8	45.2	37.1	13.4	11.3	43.4	33.8	33.0
Godrej Cons.	Neutral	1,614	1,655	3	33.2	36.8	42.8	43.8	37.7	9.1	7.8	23.4	22.4	22.2
GSK Cons.	Neutral	5,179	5,465	6	167.1	157.7	178.8	32.8	29.0	7.7	6.7	30.8	25.1	24.7
HUL	Neutral	854	865	1	19.0	19.3	21.5	44.3	39.7	30.5	31.7	82.4	67.6	78.4
ITC	Buy	270	295	9	7.7	8.4	9.5	32.2	28.4	8.5	7.5	29.3	28.4	28.1
Jyothy Lab	Neutral	352	365	4	4.1	7.6	9.0	46.4	39.2	7.1	6.5	9.1	15.7	17.2
Marico	Buy	258	300	16	5.6	6.0	7.2	43.3	35.7	12.8	11.0	36.9	32.8	33.1
Nestle	Neutral	5,909	6,410	8	119.9	111.5	139.2	53.0	42.5	17.9	15.5	40.9	35.9	39.2
Page Inds	Buy	14,381	17,100	19	208.6	247.4	312.7	58.1	46.0	24.9	19.6	46.0	42.9	42.7
Parag Milk	Neutral	265	285	8	6.7	7.0	9.7	37.7	27.4	3.0	2.7	19.5	10.8	10.5



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					FY16	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY16	FY17E	FY18E
Pidilite Ind.	Buy	690	700	1	14.8	16.4	18.4	42.2	37.6	10.7	8.7	29.9	27.6	25.6
P&G Hygiene	Buy	6,958	8,340	20	129.9	138.5	168.9	50.2	41.2	13.0	11.3	30.8	27.7	29.4
Radico Khaitan	Neutral	118	120	1	6.9	5.3	7.1	22.5	16.8	1.6	1.5	10.3	7.3	9.1
United Brew	Buy	817	1,065	30	11.1	12.3	16.4	66.3	50.0	9.1	7.9	14.8	14.5	16.9
United Spirits	Buy	2,293	2,885	26	16.7	28.6	47.0	80.1	48.8	15.1	11.7	19.8	20.8	24.0
Aggregate								40.6	35.0	11.9	10.4	31.9	29.3	29.6
Healthcare														
Alembic Phar	Neutral	555	630	13	38.2	23.2	27.9	23.9	19.9	5.4	4.5	38.8	24.8	24.7
Alkem Lab	Neutral	1,696	1,800	6	64.7	77.3	84.4	22.0	20.1	4.8	4.0	23.8	23.9	21.8
Aurobindo	Buy	667	1,050	58	33.9	42.0	49.9	15.9	13.4	4.2	3.2	32.5	29.9	27.2
Biocon	Sell	1,017	750	-26	23.2	33.2	35.6	30.7	28.6	4.5	4.0	11.5	14.7	14.1
Cadila	Buy	353	425	21	15.4	12.0	16.9	29.4	20.8	5.9	4.9	32.8	21.4	25.5
Cipla	Neutral	573	525	-8	18.8	18.1	25.6	31.7	22.4	3.5	3.1	12.8	11.2	13.9
Divis Lab	Neutral	694	975	40	41.9	45.4	51.0	15.3	13.6	3.9	3.4	28.6	26.7	26.5
Dr Reddy's	Neutral	2,997	3,000	0	132.3	82.7	141.7	36.2	21.2	3.7	3.2	18.8	10.6	16.1
Fortis Health	Buy	183	240	31	Loss	Loss	3.5	Loss	51.8	2.2	1.8	Loss	Loss	3.8
Glenmark	Neutral	899	990	10	24.9	41.4	49.7	21.7	18.1	4.4	3.4	16.4	20.4	19.1
Granules	Buy	114	160	41	5.5	7.0	8.0	16.3	14.1	2.8	1.9	21.6	19.9	16.6
GSK Pharma	Neutral	2,723	3,150	16	44.2	50.4	61.8	54.0	44.1	16.0	18.0	22.1	29.6	40.8
IPCA Labs	Neutral	531	540	2	10.5	17.0	29.4	31.2	18.0	2.7	2.4	5.9	9.0	14.1
Lupin	Buy	1,472	1,825	24	50.4	61.6	77.0	23.9	19.1	5.0	4.1	22.9	22.8	23.4
Sanofi India	Buy	4,072	5,200	28	103.2	142.2	172.8	28.6	23.6	5.1	4.6	14.2	17.8	19.4
Sun Pharma	Buy	625	925	48	19.6	27.8	37.9	22.5	16.5	4.4	3.6	16.5	20.3	23.9
Syngene Intl	Not Rated	542	-		11.1	13.0	16.1	41.7	33.6	8.4	6.9	23.3	22.2	22.5
Torrent Pharma	Buy	1,300	1,750	35	59.7	57.7	78.4	22.5	16.6	5.5	4.5	34.4	26.4	29.9
Aggregate								24.9	18.8	5.9	4.9	25.8	23.8	25.9
Logistics														
Allcargo Logistics	Buy	175	196	12	10.8	10.5	12.8	16.6	13.6	2.5	2.2	13.2	13.3	16.9
Blue Dart	Not Rated	4,350	-		84.4	102.5	129.9	42.4	33.5	18.8	14.3	55.5	50.5	48.6
Concor	Neutral	1,194	1,317	10	40.6	36.3	45.9	32.9	26.0	2.8	2.6	10.2	8.6	10.3
Gateway Distriparks	Buy	243	313	29	11.4	9.6	15.6	25.4	15.6	2.1	1.9	10.1	8.3	12.8
Gati	Not Rated	121	-		3.2	9.3	17.6	13.0	6.8	2.0	1.8	5.1	12.4	19.4
Transport Corp.	Not Rated	163	-		13.5	16.9	21.0	9.6	7.8	1.5	1.3	15.4	16.7	17.8
Aggregate								28.1	21.4	3.2	2.9	11.6	11.3	13.5
Media														
Dish TV	Buy	84	115	37	6.5	1.7	3.2	49.8	26.6	Loss	10.0	NM	38.2	46.1
D B Corp	Buy	375	450	20	16.2	21.1	23.9	17.8	15.7	4.5	4.0	22.6	27.0	27.1
Den Net.	Neutral	87	75	-14	Loss	Loss	1.9	Loss	46.9	1.0	1.0	Loss	Loss	2.1
Hathway Cab.	Buy	37	47	28	Loss	Loss	-0.8	Loss	-47.0	2.8	3.0	Loss	Loss	-6.1
Hind. Media	Buy	272	355	31	24.6	26.5	29.4	10.3	9.2	1.8	1.5	21.9	19.3	17.8
HT Media	Neutral	81	85	6	7.3	8.0	8.2	10.0	9.9	0.7	0.7	7.7	7.7	7.1
Jagran Prak.	Buy	185	215	16	10.5	10.8	12.2	17.2	15.1	3.3	2.9	24.7	20.7	20.6
PVR	Buy	1,236	1,429	16	25.5	20.4	35.8	60.7	34.5	6.1	5.3	18.7	10.4	16.4
Siti Net.	Buy	40	45	11	Loss	Loss	2.7	Loss	14.9	4.2	2.9	0.1	Loss	23.5
Sun TV	Under Review	551	-		21.1	25.4	30.3	21.7	18.2	5.5	5.0	23.4	25.3	27.6
Zee Ent.	Buy	504	600	19	10.6	12.2	17.6	41.3	28.7	9.7	7.9	27.0	31.3	30.3
Aggregate								31.4	22.6	5.4	4.7	18.2	17.3	20.7
Metals														
Hindalco	Buy	199	234	18	12.0	18.5	22.1	10.7	9.0	1.8	1.5	11.6	17.3	18.1
Hind. Zinc	Neutral	306	282	-8	19.8	21.5	25.4	14.2	12.0	3.0	2.5	20.7	22.5	22.6
JSPL	Neutral	83	88	6	Loss	Loss	Loss	Loss	Loss	0.5	0.5	Loss	Loss	Loss
JSW Steel	Buy	197	226	15	Loss	Loss	19.0	Loss	10.4	2.2	1.9	Loss	16.4	19.6
Nalco	Buy	77	73	-5	2.7	3.7	4.8	20.8	16.0	1.4	1.4	5.4	7.1	8.7
NMDC	Buy	149	162	9	8.4	10.9	10.8	13.6	13.8	2.0	1.9	15.9	12.8	14.2



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY16	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY16	FY17E	FY18E
SAIL	Sell	66	28	-57	Loss	Loss	Loss	Loss	Loss	0.8	0.9	Loss	Loss	Loss
Vedanta	Neutral	261	250	-4	10.8	21.4	27.3	12.2	9.5	1.4	1.3	7.9	13.0	14.8
Tata Steel	Sell	473	321	-32	7.7	11.7	37.1	40.4	12.8	4.1	3.3	4.6	8.7	28.3
Aggregate								19.9	14.6	1.6	1.5	5.1	8.3	10.6
Oil & Gas														
BPCL	Buy	693	756	9	55.2	55.5	56.4	12.5	12.3	3.0	2.6	31.6	26.2	22.7
Cairn India	Neutral	283	-		11.4	14.0	12.5	20.3	22.7	1.1	1.0	4.0	5.3	4.6
GAIL	Neutral	485	429	-12	18.1	28.7	36.4	16.9	13.3	1.8	1.7	7.7	12.9	13.2
Gujarat St. Pet.	Neutral	156	168	8	7.9	8.8	11.0	17.8	14.2	2.0	1.8	11.7	11.9	13.5
HPCL	Buy	538	543	1	38.0	52.7	45.1	10.2	11.9	2.5	2.2	22.4	26.6	19.7
IOC	Buy	375	458	22	20.3	43.5	39.9	8.6	9.4	2.1	1.8	13.6	25.9	20.7
IGL	Neutral	961	898	-7	29.7	42.0	43.7	22.9	22.0	4.7	4.0	18.4	21.8	19.8
MRPL	Buy	101	115	13	7.4	17.0	15.8	6.0	6.4	2.0	1.6	22.1	39.4	28.4
Oil India	Buy	331	382	15	28.7	27.5	39.0	12.1	8.5	1.1	1.0	10.4	9.5	12.7
ONGC	Neutral	200	204	2	13.6	12.6	21.1	15.9	9.5	1.3	1.3	9.6	8.6	13.8
PLNG	Buy	388	411	6	11.2	19.8	26.9	19.6	14.4	3.9	3.3	14.0	21.5	24.7
Reliance Ind.	Neutral	1,049	1,057	1	93.0	99.2	107.9	10.6	9.7	1.2	1.1	12.0	11.6	11.4
Aggregate								12.2	10.7	1.6	1.4	11.4	12.9	13.4
Retail														
Jubilant Food	Neutral	883	900	2	15.0	10.8	18.5	82.1	47.7	7.3	7.3	13.4	8.9	15.3
Shopper's Stop	Neutral	287	300	5	5.8	3.0	9.2	94.2	31.3	2.8	2.6	6.3	3.1	8.8
Titan Co.	Neutral	369	360	-3	8.0	8.7	9.8	42.2	37.9	8.0	7.0	21.3	20.2	19.7
Aggregate								46.9	38.5	7.1	6.4	16.8	15.2	16.7
Technology														
Cyient	Buy	452	600	33	30.7	33.4	42.7	13.6	10.6	2.2	1.9	16.5	15.9	17.8
HCL Tech.	Buy	814	980	20	40.1	58.1	64.7	14.0	12.6	3.6	3.1	21.5	27.3	26.7
Hexaware	Neutral	189	230	22	12.9	13.6	15.5	13.9	12.2	3.7	3.1	28.9	27.7	27.5
Infosys	Buy	917	1,250	36	59.0	62.8	67.8	14.6	13.5	3.0	2.8	24.7	23.2	22.5
KPIT Tech	Neutral	130	150	15	14.1	11.7	13.8	11.1	9.4	1.6	1.4	21.0	14.0	15.9
L&T Infotech	Buy	665	800	20	52.4	54.2	57.5	12.3	11.6	4.6	3.8	45.3	41.8	36.2
Mindtree	Neutral	457	530	16	35.9	25.1	33.7	18.2	13.6	3.0	2.7	27.4	17.1	21.0
Mphasis	Neutral	564	560	-1	34.5	42.2	54.0	13.4	10.4	1.8	1.6	12.3	13.7	16.3
NIIT Tech	Neutral	408	470	15	45.7	38.2	49.3	10.7	8.3	1.5	1.3	19.0	14.2	16.5
Persistent Sys	Neutral	587	730	24	37.2	38.9	46.2	15.1	12.7	2.4	2.3	19.5	17.5	18.9
Tata Elxsi	Buy	1,449	1,780	23	49.7	59.3	72.1	24.4	20.1	9.4	7.4	46.3	42.5	41.3
TCS	Neutral	2,169	2,500	15	123.2	135.2	145.3	16.0	14.9	5.1	4.3	37.1	33.8	31.1
Tech Mah	Buy	449	550	23	35.1	32.5	36.6	13.8	12.2	2.6	2.3	23.4	20.1	20.0
Wipro	Neutral	455	560	23	36.1	33.4	37.2	13.6	12.2	2.2	2.0	20.3	17.0	17.0
Zensar Tech	Buy	892	1,250	40	68.2	68.6	85.0	13.0	10.5	2.4	2.0	24.0	20.0	21.1
Aggregate								15.0	13.7	3.5	3.1	24.4	23.6	22.7
Telecom														
Bharti Airtel	Buy	345	410	19	11.9	11.3	7.9	30.5	43.7	2.0	1.9	7.4	6.7	4.5
Bharti Infratel	Buy	295	435	47	11.8	15.6	16.7	19.0	17.7	3.0	2.7	12.7	15.7	15.9
Idea Cellular	Under Review	107	-		8.6	Loss	Loss	Loss	Loss	1.6	2.1	12.6	Loss	Loss
Tata Comm	Buy	722	811	12	1.6	8.5	31.4	84.9	23.0	-91.4	30.7	-91.6	-75.4	402.2
Aggregate								47.0	101.3	2.3	2.3	9.3	4.9	2.2
Utilities														
Coal India	Neutral	313	297	-5	22.6	16.8	20.0	18.6	15.6	6.4	6.4	42.2	34.5	41.0
CESC	Buy	763	940	23	27.8	48.4	70.7	15.8	10.8	1.7	1.5	3.1	4.7	6.3
JSW Energy	Buy	61	83	37	7.6	4.1	3.3	14.9	18.7	1.1	1.1	15.5	7.7	6.0
NTPC	Buy	171	199	17	12.3	11.9	14.3	14.4	11.9	1.5	1.4	11.9	10.6	11.9
Power Grid	Buy	206	209	2	11.5	14.2	16.8	14.5	12.3	2.2	1.9	14.7	16.1	16.6
Aggregate								16.0	13.4	2.4	2.3	17.7	15.3	16.8
Others														
Arvind	Buy	376	430	14	14.0	13.5	21.8	27.8	17.3	2.6	2.3	12.9	10.4	14.0



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY16	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY16	FY17E	FY18E
Bata India	Buy	489	483	-1	11.2	10.9	14.2	45.0	34.5	4.9	4.4	13.1	11.3	13.4
Castrol India	Buy	408	499	22	9.6	12.8	13.4	31.8	30.5	35.1	31.5	76.0	118.4	108.8
Century Ply.	Buy	207	211	2	7.5	4.6	8.8	45.2	23.5	7.8	6.4	36.3	18.2	29.8
Coromandel Intl	Under Review	327	-		11.8	16.3	20.0	20.1	16.4	3.5	3.1	14.9	18.5	20.4
Dynamatic Tech	Buy	2,975	3,388	14	19.4	67.6	112.9	44.0	26.3	6.1	4.9	4.7	15.1	20.7
Eveready Inds.	Buy	242	287	19	9.2	12.4	13.9	19.5	17.4	6.5	5.2	16.2	37.8	33.1
Interglobe	Neutral	836	1,010	21	55.2	39.3	54.1	21.3	15.5	14.6	12.7	176.5	72.8	88.1
Indo Count	Buy	183	223	22	13.4	15.7	18.5	11.7	9.9	3.7	2.6	48.9	37.8	31.2
Info Edge	Buy	833	1,075	29	13.0	16.9	19.0	49.2	43.8	5.2	4.9	9.2	11.1	11.5
Inox Leisure	Sell	217	207	-5	8.4	2.5	8.2	86.9	26.6	3.4	3.0	14.9	3.8	11.5
Jain Irrigation	Under Review	96	-		2.2	5.5	7.6	17.3	12.6	1.5	1.4	4.0	8.6	11.7
Just Dial	Buy	370	443	20	20.4	17.2	18.5	21.5	20.0	3.3	2.9	21.1	16.5	15.5
Kaveri Seed	Buy	453	489	8	24.9	23.1	28.8	19.7	15.7	3.3	3.0	20.7	17.1	20.0
Kitex Garm.	Buy	440	551	25	23.6	26.0	31.0	16.9	14.2	4.6	3.7	35.5	29.9	28.7
Manpasand	Buy	644	761	18	10.1	14.9	23.8	43.1	27.1	3.1	2.9	11.4	8.6	9.9
MCX	Buy	1,176	1,400	19	23.4	28.3	40.8	41.5	28.8	4.5	4.2	3.5	11.4	15.2
Monsanto	Under Review	2,290	-		60.1	68.4	87.2	33.5	26.3	9.7	9.1	26.4	28.8	35.9
PI Inds.	Buy	872	959	10	22.1	31.3	38.4	27.9	22.7	7.8	6.1	29.2	31.7	30.1
SRF	Buy	1,704	1,915	12	73.7	81.0	105.0	21.0	16.2	3.3	2.8	17.0	16.2	18.2
S H Kelkar	Buy	318	338	6	5.5	7.5	10.1	42.5	31.3	5.5	4.9	12.6	13.5	16.6
Symphony	Sell	1,317	1,053	-20	15.6	27.0	35.1	48.8	37.5	26.5	22.6	35.0	56.8	65.0
TTK Prestige	Neutral	5,791	4,896	-15	100.7	107.8	139.9	53.7	41.4	53.7	41.4	17.2	16.6	19.7
V-Guard	Neutral	206	179	-13	3.7	4.5	5.8	45.5	35.6	10.8	8.9	26.3	26.1	27.4
Wonderla	Buy	362	392	8	10.6	7.0	11.9	51.7	30.3	4.7	4.2	15.8	9.5	14.8



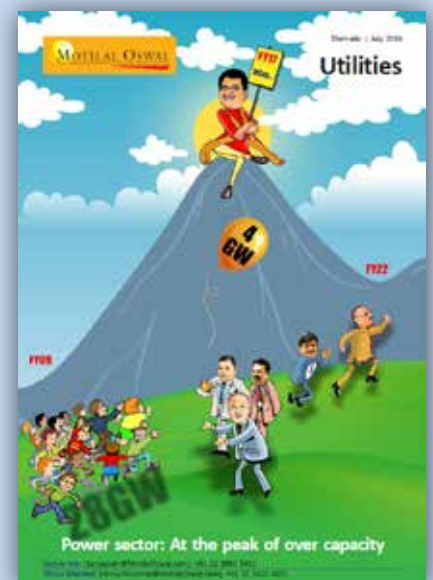
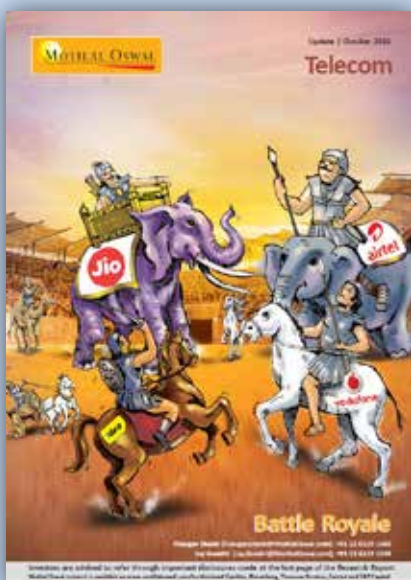
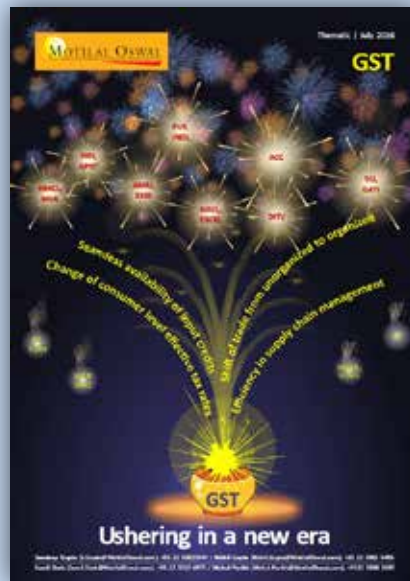
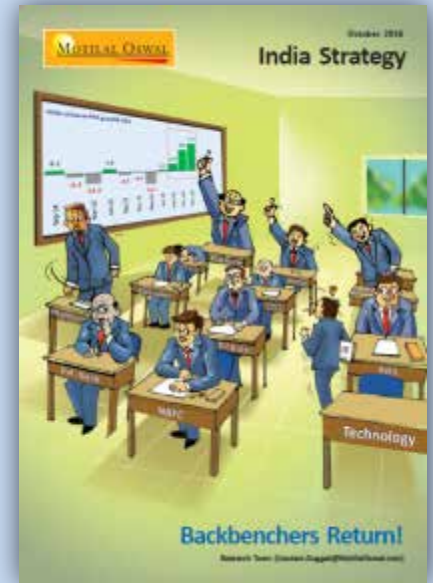
Company	1 Day (%)	1M (%)	12M (%)
Automobiles			
Amara Raja	0.3	3.2	2.7
Ashok Ley.	1.5	15.0	0.9
Bajaj Auto	0.7	8.5	22.7
Bharat Forge	4.4	7.0	15.4
Bosch	4.6	10.3	34.4
Eicher Mot.	4.2	10.1	40.8
Endurance Tech.	3.3	10.5	
Escorts	4.3	27.7	177.9
Exide Ind	2.7	12.8	64.9
Hero Moto	3.3	7.9	29.6
M&M	4.6	9.5	5.7
Mahindra CIE	1.0	5.0	-18.5
Maruti Suzuki	4.7	16.0	56.4
Tata Motors	3.5	14.9	60.1
TVS Motor	2.3	9.3	33.4
Banks - Private			
Axis Bank	2.1	5.8	19.2
DCB Bank	3.4	13.5	54.5
Equitas Hold.	3.5	16.9	
Federal Bank	4.5	18.8	69.8
HDFC Bank	1.5	8.5	23.1
ICICI Bank	4.4	10.0	29.4
IDFC Bank	1.4	1.3	6.9
IndusInd	4.4	18.1	41.2
J&K Bank	1.7	7.9	-9.9
Kotak Mah. Bk	0.4	7.9	12.7
RBL Bank	4.9	19.6	
South Indian	2.2	9.2	15.4
Yes Bank	1.2	22.2	82.9
Banks - PSU			
BOB	4.9	13.3	41.6
BOI	2.8	12.8	23.7
Canara	2.8	11.3	56.1
IDBI Bk	3.8	15.4	36.9
Indian Bk	1.5	24.4	199.5
OBC	3.5	13.3	10.3
PNB	3.2	21.4	55.8
SBI	4.0	8.2	56.3
Union Bk	5.6	23.3	21.0
NBFCs			
Bajaj Fin.	3.0	27.1	77.2
Bharat Fin.	8.9	36.2	46.0
Dewan Hsg.	3.8	21.2	54.7
GRUH Fin.	5.6	10.0	40.0
HDFC	3.6	12.1	20.0
Indiabulls Hsg	2.0	17.7	8.1
LIC Hsg Fin	3.1	1.9	21.5
Manappuram	6.4	24.8	187.3
M&M Fin.	7.2	6.0	40.2
Muthoot Fin	5.6	14.6	64.2
PFC	4.4	11.5	56.7
Repc Home	1.7	20.5	4.6
REC	4.1	18.4	52.9
STF	2.7	14.8	20.9
Shriram City Union	0.3	4.7	30.8

Company	1 Day (%)	1M (%)	12M (%)
Capital Goods			
ABB	1.2	6.5	11.0
Bharat Elec.	1.7	14.0	27.2
BHEL	1.9	15.4	-0.5
CG Cons. Elec.	1.2	32.3	
Crompton Grv.	3.0	11.6	10.9
Cummins	1.2	3.9	-10.2
GE T&D	0.4	3.0	-30.0
Havells	1.7	24.3	40.3
Inox Wind	-0.2	0.7	-41.0
K E C Intl	4.0	10.0	23.0
L&T	3.2	10.5	32.8
Pennar Eng.	-0.3	0.0	-2.0
Siemens	1.8	5.1	13.1
Solar Ind	0.4	5.1	10.2
Suzlon Energy	-5.2	17.6	-12.6
Thermax	0.0	8.1	-0.9
Va Tech Wab.	-0.2	3.6	-17.4
Voltas	2.1	1.8	16.2
Cement			
Ambuja Cem.	2.5	13.8	17.4
ACC	3.4	10.2	14.9
Birla Corp.	0.5	17.6	84.6
Dalmia Bharat	3.9	40.3	161.3
Grasim Inds.	3.2	9.1	36.7
India Cem	9.4	36.5	74.6
J K Cements	2.1	2.8	49.9
JK Lakshmi Ce	2.6	9.7	27.3
Ramco Cem	1.7	30.9	85.6
Orient Cem	3.4	13.3	-3.6
Prism Cem	6.3	25.1	26.4
Shree Cem	3.0	8.3	49.4
Ultratech	2.4	16.6	34.5
Consumer			
Asian Paints	2.0	11.1	11.6
Britannia	3.3	12.1	15.3
Colgate	0.6	-1.4	3.7
Dabur	0.0	-0.3	10.2
Emami	6.9	15.7	6.9
Godrej Cons.	2.1	6.8	27.8
GSK Cons.	0.4	3.6	-12.2
HUL	-0.2	3.3	6.6
ITC	4.5	11.9	24.6
Jyothy Lab	0.6	4.2	24.1
Marico	0.4	-0.7	14.5
Nestle	1.1	-2.0	8.2
Page Inds	-0.6	4.8	17.3
Parag Milk	-0.3	1.8	
Pidilite Ind.	2.4	16.9	21.0
P&G Hygiene	0.5	-1.7	26.0
Radico Khaitan	5.3	6.1	2.9
United Brew	2.5	4.6	4.9
United Spirits	5.3	18.2	-6.5
Healthcare			
Alembic Phar	-0.9	-6.8	-11.4
Alkem Lab	1.7	4.3	23.4
Aurobindo	-2.3	-0.4	-16.8

Company	1 Day (%)	1M (%)	12M (%)
Biocon	0.7	6.9	109.2
Cadila	1.0	-1.0	10.6
Cipla	-0.2	0.9	-4.1
Divis Lab	-0.8	-11.3	-39.0
Dr Reddy's	-0.8	-2.0	-1.7
Fortis Health	0.1	1.5	3.9
Glenmark	0.6	1.2	13.3
Granules	0.5	5.2	0.1
GSK Pharma	0.2	-0.3	-17.1
IPCA Labs	-0.5	-0.2	-19.0
Lupin	-0.1	-0.8	-13.5
Sanofi India	-0.8	-5.2	-6.4
Sun Pharma	-1.1	-0.8	-28.2
Syngene Intl	-0.7	-3.5	35.4
Torrent Pharma	0.1	-1.2	-6.9
Logistics			
Allcargo Logistics	-0.1	-2.4	-8.1
Blue Dart	-0.2	0.7	-31.2
Concor	0.6	7.3	0.0
Gateway Distriparks	0.6	-0.9	-17.0
Gati	0.4	6.6	0.4
Transport Corp.	1.3	9.2	5.7
Media			
Dish TV	0.0	-0.9	-6.6
D B Corp	1.1	4.7	18.5
Den Net.	-0.4	29.2	2.7
Hathway Cab.	-2.1	6.7	-3.8
Hind. Media	0.9	1.4	-3.2
HT Media	1.2	11.3	4.8
Jagran Prak.	1.7	3.1	15.1
PVR	0.4	7.2	60.4
Siti Net.	2.8	6.0	10.8
Sun TV	4.4	11.8	46.4
Zee Ent.	2.9	11.5	21.1
Metals			
Hindalco	4.8	28.3	179.8
Hind. Zinc	2.4	19.7	90.7
JSPL	4.2	20.8	30.7
JSW Steel	-0.6	21.4	87.7
Nalco	1.8	18.1	121.4
NMDC	3.5	20.6	85.3
SAIL	3.4	33.5	53.9
Vedanta	2.9	20.5	270.2
Tata Steel	2.4	21.0	89.8
Oil & Gas			
BPCL	1.7	9.2	57.6
Cairn India	2.3	17.1	127.9
GAIL	3.8	10.7	32.2
Gujarat St. Pet.	2.3	12.0	15.0
HPCL	3.0	21.8	100.0
IOC	2.6	15.3	86.0
IGL	2.3	5.1	70.5
MRPL	3.8	3.7	57.0
Oil India	0.4	-2.0	23.9
ONGC	-0.9	4.6	33.6
PLNG	3.7	5.4	51.7
Reliance Ind.	0.6	-2.9	2.1

Company	1 Day (%)	1M (%)	12M (%)
Retail			
Jubilant Food	0.7	3.3	-27.9
Shopper's Stop	-1.0	-0.5	-25.8
Titan Co.	1.8	13.4	2.8
Technology			
Cyient	-2.0	-9.4	2.8
HCL Tech.	0.7	-1.6	-7.3
Hexaware	-2.7	-8.7	-18.6
Infosys	-1.4	-9.3	-21.7
KPIT Tech	-0.1	-2.8	-7.8
L&T Infotech	-0.2	-2.2	
Mindtree	1.5	-12.4	-38.6
Mphasis	0.8	-0.3	24.6
NIIT Tech	-0.3	-3.6	-23.2
Persistent Sys	-1.2	-4.5	-11.7
Tata Elxsi	1.8	3.3	-35.3
TCS	-2.7	-8.2	-9.7
Tech Mah	-0.7	-8.2	-10.0
Wipro	-0.4	-4.0	-19.6
Zensar Tech	0.2	-6.5	-0.7
Telecom			
Bharti Airtel	-0.8	13.0	16.4
Bharti Infratel	0.6	-14.1	-20.1
Idea Cellular	-2.5	45.3	2.5
Tata Comm	1.9	15.0	76.0
Utilities			
Coal India	1.0	4.4	-4.7
CESC	3.5	19.9	69.3
JSW Energy	0.1	0.5	-18.7
NTPC	-1.3	3.6	21.6
Power Grid	-0.4	12.2	40.1
Others			
Arvind	2.3	6.7	16.9
Bata India	1.8	9.1	4.4
Castrol India	0.9	7.3	-2.1
Century Ply.	5.6	22.9	35.1
Coromandel Intl	4.4	11.8	96.0
Dynamatic Tech	0.8	3.3	50.6
Eveready Inds.	-0.6	11.1	-2.1
Interglobe	-7.2	1.8	-5.4
Indo Count	1.5	11.8	-18.7
Info Edge	1.1	-7.4	6.1
Inox Leisure	1.1	-6.0	-1.4
Jain Irrigation	1.3	8.7	46.9
Just Dial	1.2	9.2	-34.7
Kaveri Seed	-1.2	10.4	24.9
Kitex Garm.	-1.7	8.2	-8.5
Manpasand	2.3	16.9	34.3
MCX	0.1	-7.2	35.0
Monsanto	-0.1	1.8	3.0
PI Inds.	0.5	4.7	33.6
SRF	-0.6	10.5	46.1
S H Kelkar	-0.8	2.6	21.6
Symphony	-1.2	14.3	21.3
TTK Prestige	0.4	1.1	30.5
V-Guard	0.2	26.6	122.8
Wonderla	-2.8	6.6	-6.0

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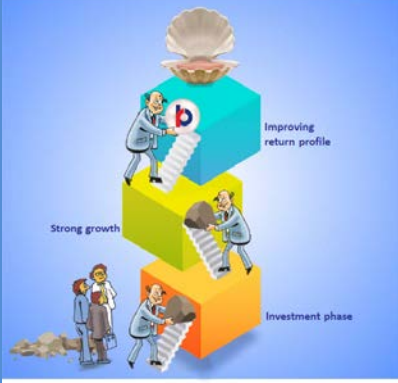
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Proficient miner

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Fortifying growth

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Fixing the missing link

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Getting into the big league

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DIFFERENTIATED PRODUCT GALLERY

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SUN PHARMACEUTICAL

Our research team into annual report season highlights several performance highlights from Sun Pharma's 2016-17 annual report. Revenue grew just 2.2% to INR 2,450 crore, but gross margin expansion, favourable conditions on tax expenses (increased to 10.5% from 10.1%) and cost control (SG&A) was significantly higher than expected (see below). Operating with low net interest expense from 2016-17 to 2017-18 is an indication of a strong cash position, primarily supporting initiatives necessary for long-term growth. However, this was partially offset by net debt increase in 2017-18, net interest and minority interest. Sun Pharma's (SUN) stock price has risen 10% and its P/E ratio is 22.5x, which is higher than the industry average. SUN's stock price has risen 10% and its P/E ratio is 22.5x, which is higher than the industry average.

Key highlights:

- Operating performance metrics: Revenue grew just 2.2% to INR 2,450 crore, but gross margin expansion, favourable conditions on tax expenses (increased to 10.5% from 10.1%) and cost control (SG&A) was significantly higher than expected (see below). Operating with low net interest expense from 2016-17 to 2017-18 is an indication of a strong cash position, primarily supporting initiatives necessary for long-term growth. However, this was partially offset by net debt increase in 2017-18, net interest and minority interest. Sun Pharma's (SUN) stock price has risen 10% and its P/E ratio is 22.5x, which is higher than the industry average.
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ART TREADBARE

ANNUAL REPORT

The ART of Threadbare

Key highlights:

- Revenue increased by 10% to INR 1,200 crore
- Operating profit increased by 15% to INR 150 crore
- Net profit increased by 12% to INR 100 crore

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CornerOffice

Subscriptions with the CEO

Democratization & monetization: Look for India's largest bank to lead the way

Key highlights:

- Democratization & monetization: Look for India's largest bank to lead the way
- Democratization & monetization: Look for India's largest bank to lead the way

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VOICES

India Inc on Call

Key highlights:

- India Inc on Call
- India Inc on Call

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EcoKnowledge

Living into trading theory

Key highlights:

- EcoKnowledge
- Living into trading theory

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BULLS & BEARS

INDIA WALLSTREET HANDBOOK

Key highlights:

- Bulls & Bears
- India Wallstreet Handbook

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FUND FOLIO

Indian Mutual Fund Tracker

Key highlights:

- Fund Folio
- Indian Mutual Fund Tracker

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