

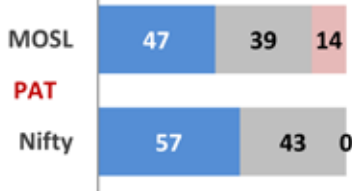
Corporate performance



4QFY17: Expectations v/s delivery

% of Companies that have Declared Results

Above Expectations In-line Below Expectations



(no of companies)	Growth (YoY, %)		
	MOSL (36)	Nifty (14)	Sensex (7)
Sales	15.9	17.0	17.8
EBIDTA	12.0	8.7	6.9
PAT	7.6	5.6	3.1

Market snapshot



Equities - India	Close	Chg. %	YTD.%
Sensex	29,918	-0.4	12.4
Nifty-50	9,304	-0.4	13.7
Nifty-M 100	18,086	0.4	26.0
Equities-Global	Close	Chg. %	YTD.%
S&P 500	2,388	0.0	6.7
Nasdaq	6,092	0.7	13.2
FTSE 100	7,204	-0.5	0.9
DAX	12,438	0.0	8.3
Hang Seng	10,220	-0.4	8.8
Nikkei 225	19,311	0.3	1.0
Commodities	Close	Chg. %	YTD.%
Brent (US\$/Bbl)	51	0.0	-8.4
Gold (\$/OZ)	1,263	-0.1	8.9
Cu (US\$/MT)	5,711	0.7	3.4
Almn (US\$/MT)	1,903	-0.6	11.7
Currency	Close	Chg. %	YTD.%
USD/INR	64.3	0.3	-5.2
USD/EUR	1.1	0.4	3.7
USD/JPY	111.3	-0.1	-5.0
YIELD (%)	Close	1MChg	YTDchg
10 Yrs G-Sec	7.0	0.0	0.4
10 Yrs AAA Corp	7.9	0.0	0.3
Flows (USD b)	28-Apr	MTD	YTD
FII	-0.2	-0.4	6.3
DII	0.3	1.4	1.6
Volumes (INRb)	28-Apr	MTD*	YTD*
Cash	309	304	282
F&O	2,914	5,255	4,635

Note: YTD is calendar year, \*Avg

Quote of the day

There's every financial incentive in the world to stay in the conservative movement forever.

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

Tata Power (INITIATING COVERAGE): Leading supplier struggling for RoE accretive growth

- ✓ The regulated business is facing growth headwinds on slowing capex and stricter operating norms. The drag at Mundra will increase with rising coal prices, inflation and declining capacity charge.
- ✓ Renewable energy would drive growth but with IRR on projects just meeting cost of equity, it will not drive value. TWPR's RoE would hardly cover it's CoE while leverage is high (2.7x D:E). This is not reflected in its current valuation, trading at 1.2x FY19 book.
- ✓ We initiate with Sell valuing at 1x FY19E at INR69/sh.



Research covered

Cos/Sector	Key Highlights
Tata Power	(Initiating Coverage) Leading supplier struggling for RoE accretive growth
Big Leap	(Thematic) Huge opportunity, but challenges too
Auto	April 2017 volumes: Maruti, Tata Motors, Hero Motocorp, Eicher Motor
Dabur India	Weak performance, sharp cut in ad-spends cushions profits
Ambuja Cem.	Muted volume growth; utilization headroom lends confidence
Biocon	Weak results; monetization of Biosimilars key catalyst
Federal Bank	Strong beat on all fronts; asset quality showing encouraging trends
JSW Energy	Lower generation, shutdown and higher fuel cost impacts performance
Bharat Financial	Biting the bullet; Stressed loans pool largely stable
Coromandel Inter	(Flash Note) PAT beat, but revenues miss estimate
IDFC	Subdued performance by IDFC Bank hurts overall results
CEAT	RawMat headwinds to continue in 1QFY18; Maintain Buy
Kitex Garments	Results below estimates
Results Expectation	Inox Leisure   Marico   RBL Bank   Shriram City Union



Piping hot news

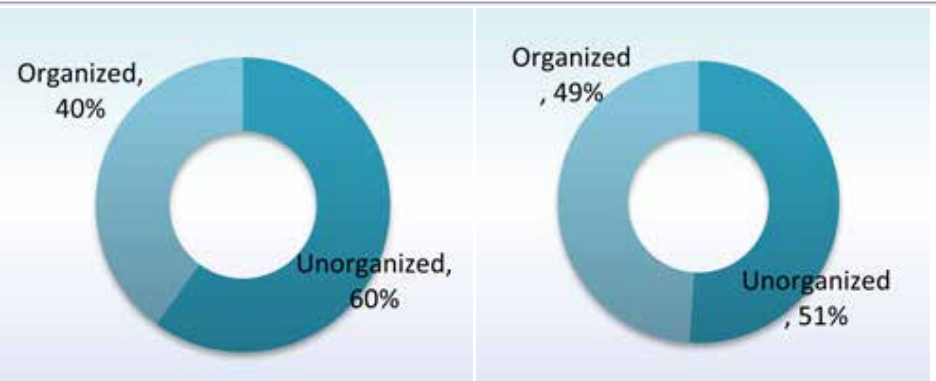
Core sector output up 5%, signals industrial recovery

- ✓ Core sector output rose by 5 per cent in March, recovering from the one-year low growth rate of 1 per cent in February.



Chart of the Day: Big Leap (Tiles) - Huge opportunity, but challenges too

Unorganized value market share at 60% in FY08; reduced to 51% in FY16



Source: Company, MOSL



Kindly click on numbers for the detailed news link

1

**Apollo Health expects partner Sanofi to help expand diabetes care business**

Apollo Health and Lifestyle, the subsidiary of Apollo Hospitals Enterprise Ltd, has said that the synergy with the Sanofi Group in its diabetes care business would help it to grow its presence in India and abroad...

2

**Bharat Financial says open to merger or acquisition**

Bharat Financial Inclusion, which on Monday reported a net loss of Rs 235 crore for the quarter ending on March 31 (Q4), has confirmed the market buzz that the microfinance institution (MFI) is open to a merger or acquisition. In a communication to stock exchanges, Bharat Financial, formerly SKS Microfinance, said, "In the changing landscape of MFI sector, the company continues to explore a range of strategic options, including merger with or acquisition of a bank or financial institution." For some time, there has been a strong buzz that the micro lender could merge its operations with IndusInd Bank....

3

**Sun shines on \$300-billion global fund for clean energy**

The International Solar Alliance, launched by Prime Minister Narendra Modi and French President Francoise Hollande in November 2015, will channel \$300 billion in 10 years to promote renewable energy projects under a global mega fund for clean energy....

4

**In April, auto companies put pedal to metal; Maruti Suzuki logs best-ever volume growth**

Automobile companies started the new fiscal year with bumper sales in April with most of them registering year-on-year double-digit growth in sales of passenger vehicles. The country's largest car manufacturer, Maruti Suzuki posted its best ever volume growth to 144,492 units ...

5

**Britannia gets SC relief on selling NutriChoice Zero biscuits in ITC case**

The Supreme Court on Monday refused to restrain Britannia Industries from manufacturing and selling its digestive biscuit NutriChoice Zero, an injunction sought by rival ITC which sells its biscuits under the brand Sunfeast Farmlite Digestive All Good biscuit....

6

**Stocks at Peak, Domestic Funds Camp on Mount Everest of Cash**

A sharp, short-term equity market correction is probably unlikely to dent the enthusiasm of Indian institutional investors who are sitting on a ` . 70,000crore cash pile, according to data collated by two leading research firms and ET's own calculations...

7

**Govt may have made 135 million Aadhaar numbers public: CIS report**

A central government ministry and a state government may have made public up to 135 million Aadhaar numbers, according to a research report issued by Bengaluru-based think tank Centre for Internet and Society (CIS) late on Monday...



# Tata Power

BSE Sensex  
29,918

S&P CNX  
9,304

**CMP: INR84**

**TP: INR69 (-18%)**

**Sell**

## TATA POWER

### Stock Info

Bloomberg	TPWR IN
Equity Shares (m)	2,705
52-Week Range (INR)	91 / 67
1, 6, 12 Rel. Per (%)	-7/0/5
M.Cap. (INR b)	227.2
M.Cap. (USD b)	3.4
Avg Val, INRm	403
Free float (%)	67.0

### Financial Snapshot (INR b)

Y/E Mar	2017E	2018E	2019E
Sales	315.1	341.6	358.7
EBITDA	57.5	67.1	69.5
NP	15.6	18.2	18.9
EPS (INR)	5.8	6.7	7.0
EPS Gr. (%)	35.1	16.9	3.9
BV/Sh. (INR )	58.0	63.1	68.6
RoE (%)	10.8	11.1	10.6
RoCE (%)	5.9	6.1	6.1
P/E (x)	14.6	12.5	12.0
P/BV (x)	1.4	1.3	1.2

### Shareholding pattern (%)

As On	Mar-17	Dec-16	Mar-16
Promoter	33	33	33
DII	23.5	24	24.5
FII	27.3	26.5	26.2
Others	16.2	16.5	16.3

FII Includes depository receipts

## Tata Power

Struggling for growth



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[Please click here for Video Link](#)

## Leading supplier struggling for RoE accretive growth

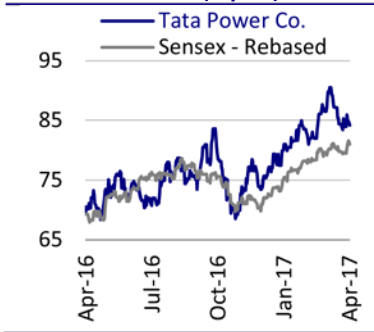
### Initiating with Sell

- Tata Power (TPWR) is a leading private sector power supplier, with capacity of 10,477MW (71% thermal, ~7% hydro, ~10% wind, 9% solar and 3% waste heat recovery), largely in India. It is also engaged in electricity distribution in Mumbai/Delhi, and has stakes in coal mining assets in Indonesia and certain overseas power generation assets. It has consolidated its position in renewable energy (RE) – a key driver of growth – with the acquisition of Welspun’s assets.
- The company’s earnings would get a boost on sharp increase in thermal coal prices and inorganic growth. However, RoE will still hover at ~11% over next three years, which is lower than its cost of equity.
- Regulated business, which earns superior RoE, has many challenges and lacks material growth. The strategic engineering division has tailwinds in the form of high growth from defense opportunity, but it contributes just 1-2% of EBITDA.
- The recent Supreme Court (SC) order has dashed the hope of compensatory tariff (CT) for CGPL Mundra, leading to losses. The declining structure of capacity charge and rising O&M costs would remain drags.
- Coal prices are strong on supply-side discipline, which is a silver lining because of its net long position in mining assets in Indonesia.
- RE is expected to drive capex and growth. However, it is unlikely to boost RoE due to high competition.
- Coal prices and interest rates are the key sources of earnings volatility, which drives up cost of equity.
- At CMP, the stock trades at ~1.3x FY19E P/BV. Valuations are rich because TPWR’s RoE is less than its cost of equity and growth is not RoE-accretive. We value the stock at 1x FY19E P/BV, with a target price of INR69/share. Initiating with Sell.

### Regulated business: Many challenges stalling growth

- TPWR’s electricity distribution business in Mumbai and Delhi (51% holding), which represented ~70% of its regulated equity in FY16, is coming under pressure due to:
  - Declining capitalization (from ~INR7b p.a. to ~INR4b) on network roll-out issues in Mumbai
  - Stricter operating norms impacting ~200-300bp on RoE
  - Disallowance of capex in Delhi pending physical verification
  - Declining regulatory asset base in Delhi (releases working capital but reduces earnings)
- Moreover, PPAs for generation capacity in Mumbai (Trombay), which represent ~50% of Mumbai business regulated equity, are expiring in 2018 and may not be extended due to high cost of generation. Maithon power will see boost to earnings on securing PPA for its last 150MW capacity. We expect PAT of regulated business to growth at a modest ~5% CAGR over FY16-19E.

**Stock Performance (1-year)**



**Mundra: Aggressive bid and coal prices driving losses; SC denies CT**

- Aggressive bidding for the CGPL Mundra 4,000MW UMPP and the change in Indonesian law for supply of coal are driving fuel cost under-recoveries of ~INR14-15b in FY18/19E (INR0.51/0.53 kWh), assuming USD60/t free on board (FOB) price for 5,400kcal/kg Indonesia coal.
- The Supreme Court has denied compensatory tariff for the under-recoveries, citing that the UMPP tender did not restrict sourcing of coal from any particular country. Hence, the change in Indonesian law does not invoke force majeure.
- We estimate Mundra EBITDA at ~INR6b in FY18/19E, which will decline gradually as O&M cost increases on aging & inflation and capacity charge declines as per the structure of the PPA. CGPL Mundra accounts for ~25% of the group's total capital employed.

**Strong coal prices – only silver lining**

- TWGR has 30% stake in coal mining assets in Indonesia with its share of 18mt in coal production assuming the sale of Arutmin. After adjusting for its requirement for CGPL sale of Arutmin, it will have net long position of 8mt. Hence, coal prices are the key driver of consolidated earnings.
- Declining thermal coal price over last few years was one of the key reasons for weak earnings at TPWR. As coal business EBITDA declined from ~INR19b in FY11 to ~INR13 in FY16, TPWR's consolidated PAT fell from ~INR20b to ~INR11b over the same period.
- International coal prices have recovered due to the closure of high-cost mines across the world and production management by China. We estimate Indonesia 5,400kCal coal to average ~USD60/t in FY18/19E, up from ~USD46/t in FY16. Resultantly, EBITDA of coal mines would almost double to ~INR25b by FY19E.
- We will factor in the sale of Arutim in our model only after the transaction is executed due to repeated delays in past.

**RE is the only growth driver; will it drive RoE accretion?**

- The company has consolidated its position in RE with the acquisition of Welspun's assets. RE is the key driver of growth for TPWR. With the acquisition of Welspun's RE assets, TPWR's scale at ~2.3GW capacity, one of the largest in India, gives it a competitive edge in sourcing credit, in our view.
- We estimate 400MW of annual RE capacity addition and PAT to increase from INR0.2b in FY16 (~2% of consol. PAT) to INR3.5b by FY20E (~18% of consol. PAT).
- Rapidly declining cost of solar panel and the lack of alternative investment opportunities have attracted hordes of investors and heated up competition. Equity IRR is generally lower at ~12% v/s distribution business' ~15%. This barely covers cost of equity. Therefore, we are not sure if the reinvestment will drive RoE accretion.

**RoE improving, but hardly covers cost of equity**

- TPWR's consolidated adjusted PAT is expected to increase by ~64% from ~INR11b in FY16 to ~INR19b in FY19E, led by a sharp increase in thermal coal prices and Welspun acquisition. Despite the jump in earnings, RoEs would remain modest at ~10.5-11% over FY17-20E. Superior RoE business of

distribution is facing challenges. Growth in RE business is unlikely to be RoE accretive.

- Net debt to equity ratio is expected to decline from ~2.7x to 2.1x over FY17-20E. The dilution in TPWR's RoE (on declining leverage) will be compensated by new investment in the superior-RoE distribution business, keeping RoE stable at ~11%.
- Coal business would represent ~23-25% of TWPR's consolidated EBITDA (under old accounting standards) over FY17-20E. Such heavy reliance on volatile coal prices has its risk on the deleveraging trajectory, increasing cost of equity.

#### **Value at 1x FY19E P/BV on low RoE and growth; Initiating with Sell**

- At current CMP, TPWR is trading at FY19E rich P/BV of 1.2x in view of its RoE hovering at ~11% for next 2-3 years, as against cost of equity of ~12%. There are limited growth opportunities that can boost RoE. Therefore, we believe the stock is expensive. NTPC also trades at similar valuations, but its RoE is expected to increase, led by a strong pipeline of high-RoE projects.
- FCF (pre-interest) to enterprise value yield (cash return to the business) is at just ~6%, as against ~10% for peers.
- We value the stock at 1x FY19E P/BV, implying a target price of INR69/share. With 18% downside, we initiate with **Sell**.
- The pending sale of (i) stake in the Arutmin coal mine (INR27b), (ii) quoted investments (~INR12b) and (iii) 1.65% stake in Tata Sons would be key toward value unlocking.
- **Key risks:** Higher-than-estimated coal prices, resolution of capital under-recovery issue in Delhi, and the sale of non-core assets.





# The Big Leap: Tiles



## Huge opportunity, but challenges too

### Lower GST rates - the key catalyst

India is set to see a major overhaul in the trade structure in favor of the organized sector (Refer our inaugural edition of “[The Big Leap](#)” series). Although the government’s initiatives (demonetization, GST, etc.) are in the right direction, we continue believing that the shift will be prompt for some sectors, gradual for others and may remain challenging for a few.

In this edition, we will focus on the INR260b Indian tiles industry. We chose to look at the tiles industry from the trade shift perspective, given that it is highly fragmented and has presence of numerous unorganized players (accounting for 51% of value and 60% of volume of the industry). Our ground research and channel checks suggest that the changes in administrative procedures under the GST using technology platform are unlikely to accelerate the shift trade toward formal trade in the tiles sector over the medium term. However, a reduction in indirect taxes (from the current ~25-28% to 18%) could be a key catalyst to accelerate shift toward formal trade.

### Organized market share rising...opportunity size still huge

- Tiles industry remains highly fragmented. Over the years, high indirect tax incidence, liberal tax administration/monitoring and a short B2C supply chain have led the industry to remain dominated by unorganized players, which account for 51% of value and 60% of volume for the industry.
- However, we note that rising per capita income, aspirational buying, brand awareness and product innovation have led to a gradual increase in value market share of organized players from 40% in FY08 to 49% now. Furthermore, the outsourcing model has helped organized players to ramp-up their businesses faster with minimal investments.

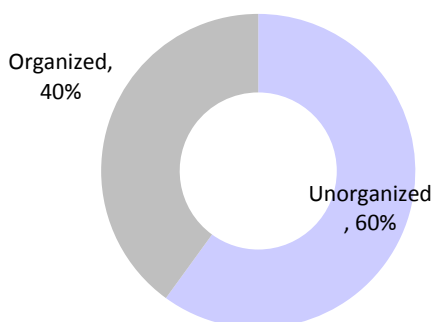
### Administrative policy changes unlikely to bring cheers to the sector

- Over past few years, the Indian government has been taking a number of initiatives to curb the shadow economy and shift trade from unorganized to organized. The government plans to move in this direction by bringing in new administrative procedures using technological platforms and altering tax rates under the GST. This will present investors with opportunities to take advantage of the shift in favor of organized names.
- We believe that the tile industry with short B2C supply chain can continue operating end-to-end in a parallel economy and that the changes in administrative procedures are unlikely to accelerate the shift to organized trade in this industry.

**Lower effective tax rate can be a driver for the big shift**

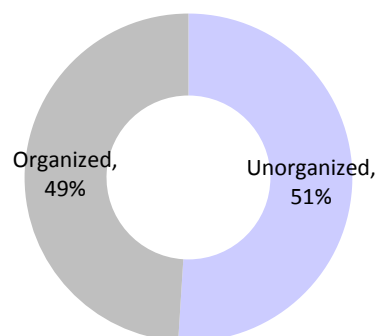
- Indirect tax incidence of ~25-28% for the tiles industry leads to a price differential of 15%-20% between organized and unorganized players. As a result, unorganized players are able to attract price-sensitive Indian consumers with their low-cost offerings.
- While the GST rate for the tiles Industry is still not made public, it is expected to be either at 18% or 28%. Our discussions with various sector participants and experts suggest that the potential reduction in the GST rate to 18% could aid the shift away from unorganized trade, with the price gap between organized and unorganized players lowering to a mere 5-10%.
- However, if the GST rate is fixed at 28% (not materially different from current rates), we believe the industry would miss a much-needed trigger in the form of a lower effective tax rate to accelerate the shift to formal trade over the medium term.

**Unorganized value market share at 60% in FY08..**



Source: Industry, MOSL

**...reduced to 51% in FY16**



Source: Industry, MOSL

**Narrowing of price differential under GST: Illustrative pricing summary pre and post GST**

Particulars	Current Regime	GST Regime @ 18%	GST Regime @28%	Unorganized player
	Organized Player	Organized Player	Organized Player	
RM cost + margin (A)	100.0	100.0	100.0	100.0
Excise (Cenvat not available) / GST (cenvat available) (B)	12.5	18.0	28.0	0.0
<b>Cost for the dealer C = (A) + (B - if CENVAT not available)</b>	<b>112.5</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Margin (5%)	5.6	5.0	5.0	5.0
VAT/ GST	14.8	18.9	29.4	0.0
<b>Gross Price</b>	<b>132.9</b>	<b>123.9</b>	<b>134.4</b>	<b>105.0</b>
<b>Other Costs</b>				
Additional branding cost (1-2%)	1-2	1-2	1-2	
Additional cost to manage trade channels (8-10%)	-	0	0	8.5-10.5
<b>Price to the consumer</b>	<b>133.9-134.9</b>	<b>124.9-125.9</b>	<b>135.4-136.4</b>	<b>113.4-115.5</b>

Source: MOSL

# Automobiles

## Maruti Suzuki



CMP: INR6,526

TP: INR7,319 (+12%)

Buy

Bloomberg	MSIL IN
Equity Shares (m)	302.1
M.Cap. (INR b) / (USD b)	1971.2/30.6
52-Week Range (INR)	6,585/3,730
1, 6, 12 Rel. Per (%)	7/4/57

Financial & Valuation (INR b)			
Y/E MARCH	2017	2018E	2019E
Sales	680.3	806.6	937.2
EBITDA	104.7	127.9	154.5
Adj. PAT	74.2	88.9	110.2
Cons. EPS (INR)	248.6	300.0	370.9
EPS Gr. (%)	36.6	20.6	23.6
BV/Sh. (INR)	1,197	1,390	1,634
RoE (%)	20.3	21.2	22.3
RoCE (%)	27.3	28.3	29.4
Payout (%)	37.1	34.7	32.9
Valuations			
P/E (x)	26.2	21.8	17.6
P/CE (x)	19.5	16.3	13.5
EV/EBITDA (x)	16.2	12.8	10.1
Div. Yield (%)	1.1	1.3	1.5

**Above est at 151.2k units (v/s est. 136k), growth of ~20%YoY**

**Domestic vols up a strong ~23% YoY driven by growth across segments; Exports decline by 29% YoY**

- MSIL's Apr-17 wholesales were above est at ~151,215 units (v/s est 136,290 units), ~20% YoY growth (+8% MoM). FY18 volume is est at 1.78m with a residual monthly run rate of 147.8k units. Retail sales up 25-30% YoY. Inventory below normal at 3-3.25 weeks.
- Domestic volumes grew by a strong ~23% YoY (+13% MoM) to 144k (v/s est 125k) led by growth across segments despite phase out of old Dzire & Dzire tour. Dzire Tour is now reported under compact segment with reduction in length and is likely to have a benefit of lower excise rate.
- Mini segment increased by ~22% YoY led by rural recovery and partly low base.
- The compact segment grew by 39% YoY led by premium hatchback Baleno along with support from newly launched Ignis despite phase out of old Dzire/Dzire Tour. Dzire Tour is now included under compact segment with length reduced below 4 mtr.
- Mid-size segment led by Ciaz increased 23% YoY. Ciaz clocked in 7,024 units.
- UVs continued their momentum, with a ~29% YoY growth, primarily aided by incremental volumes of Viterra Brezza, which continues to enjoy a waiting period of 5-6 months.
- Export volumes declined ~29% YoY growth to 6,723 units (v/s est 11,000 units).
- The stock trades at 21.8x/17.6x FY18E/19E consolidated EPS of ~INR300/371. Maintain Buy.

### Snapshot of volumes for Apr-17

Company Sales	YoY			MoM		FY18 estimate	Gr. (%)	Residual Gr. (%)	Residual Monthly Run rate	FY18 YTD Monthly Run rate
	Apr-17	Apr-16	YoY (%) chg	Mar-17	MoM (%) chg					
<b>Maruti Suzuki</b>	<b>151,215</b>	<b>126,569</b>	<b>19.5</b>	<b>139,763</b>	<b>8.2</b>	<b>1,776,723</b>	<b>13.3</b>	<b>12.7</b>	<b>147,773</b>	<b>151,215</b>
LCVs	411	0		304						
C (Vans)	13,938	14,520	-4.0	11,628	19.9					
A2 (Compacts incl Dzire Tour)	102,481	80,779	26.9	92,838	10.4					
A3 (Mid Size- CIAZ)	7,024	5,702	23.2	4,918	42.8					
UV (Ertiga, S-Cross)	20,638	16,044	28.6	18,311	12.7					
Total Domestic	144,492	117,045	23.4	127,999	12.9	1,645,202	13.9	13.0	136,428	144,492
Export	6,723	9,524	-29.4	11,764	-42.9	131,521	6.0	9.0	11,345	6,723





## Tata Motors

**CMP: INR458**

**TP: INR609 (+33%)**

**Buy**

### Below est at 31k units (v/s est 38.9k), decline of 21% YoY

Bloomberg	TTMT IN
Equity Shares (m)	3395.9
M.Cap.(INR b) / (USDb)	1525/22.8
52-Week Range (INR)	599 / 300
1, 6, 12 Rel. Per (%)	-21/-19/24

**PVs grew 27% YoY led by Tigor & Hexa; CVs decline by ~40% YoY**

- Tata Motors Apr-17 sales volumes declined by 21% YoY (down 46% MoM) to 30,972 units (v/s est 38,900 units) led by a 40% decline in CV segment with MHCV & LCV declining by 53% & 29% respectively. While, Passenger vehicle segment and UV segment grew by 30% & 12% YoY respectively. FY18 volume est. at 632.7k units.
- As per management commentary, "Tata Motors commercial vehicles were affected by the Supreme Court judgement announced on March 29, with the ban on BS3 sales, leading to the need for a higher quantity of BS4 stock for April sales. The higher demand at short notice was not met in production, as vendors struggled to meet with the higher demand, especially in the MHCV segment. Moreover, after the strong pre-buying of BS3 vehicles in March, and the price increase of BS4 vehicles (especially in the MHCV and Buses at 8-10%), demand for BS4 vehicles was also weak." It expects production, wholesales and retails to pick up in May and June.
- Overall M&HCV sales (incl. exports) declined by ~53% YoY to 6,231 units (v/s est. 7,500 units)
- LCV sales (incl. exports) declined by ~29% YoY to 10,968 units (est 15,000 units).
- Total CV volumes declined by ~40% YoY (~58% MoM), led by impact of ban on BS3 vehicles in April 2017 volume.
- Car sales (incl exports) grew by ~30% YoY (-9% MoM) to 12,048 units (v/s est 14,000 units) led by new launches like Hexa and Tigor along with consistent performance from Tiago.
- UV sales (incl exports) were at 1,726 units (est. 2,400 units).
- The stock trades at 15.6x/7.4x FY18E/19E consol. EPS respectively. Maintain Buy.

#### Snapshot of volumes for Apr-17

Company Sales	YoY			MoM		FY18 estimate	Gr. (%)	Residual Growth (%)	Residual Monthly Run rate	FY18 YTD Monthly Run rate
	Apr-17	Apr-16	YoY (%) chg	Mar-17	MoM (%) chg					
<b>Tata Motors</b>	<b>30,973</b>	<b>39,382</b>	<b>-21.4</b>	<b>57,145</b>	<b>-45.8</b>	<b>632,683</b>	<b>16.7</b>	<b>19.6</b>	<b>54,701</b>	<b>30,973</b>
HCV's	6,231	13,117	-52.5	20,548	-69.7	188,700	7.3	12.1	16,588	6,231
LCV's	10,968	15,449	-29.0	20,714	-47.1	229,569	9.8	12.9	19,873	10,968
<b>CV's</b>	<b>17,199</b>	<b>28,566</b>	<b>-39.8</b>	<b>41,262</b>	<b>-58.3</b>	<b>418,269</b>	<b>8.7</b>	<b>12.6</b>	<b>36,461</b>	<b>17,199</b>
Cars	12,048	9,275	29.9	13,282	-9.3	184,364	34.6	34.9	15,665	12,048
UV's	1,726	1,541	12.0	2,601	-33.6	30,050	47.0	49.8	2,575	1,726



## Hero MotoCorp

CMP: INR3,310

TP: INR3,390 (+2.5%)

Neutral

**Above est at ~591k (v/s est ~580k); decline of 3.5% YoY**

**Management expects better volume with ongoing marriage season**

Bloomberg	HMCL IN
Equity Shares (m)	199.7
M.Cap. (INR b) / (USD b)	661/10.3
52-Week Range (INR)	1509/1142
1, 6, 12 Rel. Per (%)	4/-9/-16

### Financial & Valuation (INR b)

Y/E March	2017	2018E	2019E
Sales	284.0	309.7	333.5
EBITDA	48.0	50.9	50.7
NP	34.4	37.0	37.6
Adj. EPS (INR)	172.2	185.1	188.3
EPS Gr. (%)	8.8	7.5	1.7
BV/Sh. (INR)	473.6	550.3	630.2
RoE (%)	39.5	36.2	31.9
RoCE (%)	38.6	35.4	31.3
Payout (%)	53.4	55.9	55.0
<b>Valuations</b>			
P/E (x)	19.2	17.9	17.6
P/BV (x)	7.0	6.0	5.3
EV/EBITDA (x)	12.6	11.7	11.5
Div. Yield (%)	2.4	2.7	2.7

- HMCL's Apr-17 volumes declined by ~3.5% YoY (-3% MoM), to 591,306 units (v/s est. 580,000).
- Overall FY18 volume est. at 7.14m, up 7% YoY.
- As per management commentary, "The two-wheeler industry witnessed heavy retail off-take towards the end of March 2017 in view of the transition from BS III to BS IV vehicles. With the ongoing marriage season, the Company expects to maintain the trend of robust retail sales in May."
- The Company raised the prices – ranging from INR500 to INR2,200 - to partially offset the commodity cost increases, effective from May 1<sup>st</sup>.
- The stock trades at 17.3/17x FY18/19 EPS. Maintain Neutral

### Snapshot of volumes for Apr-17

Company Sales	YoY			MoM		FY18 estimate	Gr. (%)	Residual Growth (%)	Residual Monthly Run rate	FY18 YTD Monthly Run rate
	Apr-17	Apr-16	YoY (%) chg	Mar-17	MoM (%) chg					
Hero MotoCorp	591,306	612,739	-3.5	609,951	-3.1	7,136,788	7.1	8.2	595,044	591,306



## Eicher Motors

**CMP: INR26,022**

**TP: INR28,828 (+7.5%)**

**Buy**

### RE (+25% YoY) in line and VECV (-42%YoY) below est

RE growth stable; VECV growth impacted post BS-3 ban

Bloomberg	EIM IN
Equity Shares (m)	27.2
M.Cap. (INR b)/(USD b)	700/10.4
52-Wk Range (INR)	26602 / 18006
1, 6, 12 Rel. Per (%)	3/1/12

#### Financial summary (INR b)

Y/E March	FY17E	FY18E	FY19E
Net Income	70.4	90.5	107.3
EBITDA	22.2	29.6	35.8
Net Profit	16.7	23.2	28.5
Adj. EPS (INR)	616.4	855.7	1,049.0
EPS Gr. (%)	56.3	38.8	22.6
BV/Sh. (INR)	1,752	2,432	3,276
RoE (%)	40.7	40.9	36.8
RoCE (%)	27.6	31.0	29.7
Payout (%)	0.5	0.6	0.7

#### Valuations

P/E (x)	41.8	30.1	24.6
P/BV (x)	14.7	10.6	7.9
EV/EBITDA (x)	26.3	19.8	15.9
Div. Yield (%)	0.5	0.6	0.7

- RE volumes grew ~25% YoY (flat MoM) to 60,142 units (v/s our estimate of ~60,000 units). FY18 volume est at 833k units.
- VECV's overall volumes declined ~42% YoY to 3,077 units (v/s our estimate of 5,423 units). The decline was witnessed across segments.
- Domestic sales de-grew by ~45% YoY (and ~60% MoM) to 2,578 units (v/s our estimate of 4,650 units).
- LMD volumes, declined by ~43% YoY (down 60% MoM) to 1,178 units (v/s our estimate of 2,450 units).
- HD volumes declined by ~68% YoY (and 78% MoM) to 356 units (v/s our estimate of 1,000 units). Bus volumes declined by ~28% YoY to 1,044 units (v/s our estimate of 1,200 units).
- VECV exports decreased 27% to 499 units (v/s our estimate of 773 units).
- The stock trades at 30x/25x FY18E/FY19E EPS. Maintain Buy.

#### Snapshot of volumes for Apr-17

Company Sales	YoY			MoM		FY18 estimate	Gr. (%)	Residual Gr. (%)	Residual Monthly Run rate
	Apr-17	Apr-16	YoY (%) chg	Mar-17	MoM (%) chg				
<b>Eicher Motors</b>									
Royal Enfield	60,142	48,197	24.8	60,113	0.0	833,113	25.0	34.7	75,735
<b>VECV</b>	<b>3,077</b>	<b>5,326</b>	<b>-42.2</b>	<b>7,088</b>	<b>-56.6</b>	<b>63,007</b>	<b>7.9</b>	<b>19.0</b>	<b>5,743</b>
Domestic LMD	1,178	2,081	-43.4	2,947	-60.0	39,301	51.6	65.1	3,577
Domestic HD	356	1,116	-68.1	1,646	-78.4	13,318	19.9	34.0	1,217
Domestic Buses	1,044	1,444	-27.7	1,817	-42.5	13,465	9.7	24.6	1,227
<b>Total Domestic</b>	<b>2,578</b>	<b>4,641</b>	<b>-44.5</b>	<b>6,410</b>	<b>-59.8</b>	<b>66,084</b>	<b>31.0</b>	<b>44.5</b>	<b>6,020</b>
<b>Exports</b>	<b>499</b>	<b>685</b>	<b>-27.2</b>	<b>678</b>	<b>-26.4</b>	<b>8,603</b>	<b>7.1</b>	<b>17.4</b>	<b>785</b>



# Dabur India

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
29,918	9,304
<b>Bloomberg</b>	<b>DABUR IN</b>
Equity Shares (m)	1761.5
M.Cap.(INRb)/(USD\$b)	503.3/7.4
52-Week Range (INR)	320/259
1, 6, 12 Rel. Per (%)	2/-9/-10
Avg Val, INRm	435
Free float (%)	32.0

**CMP: INR287 TP: INR295 (+3%) Neutral**

### Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2018E
Net Sales	77.0	82.6	93.5
EBITDA	15.1	15.7	18.3
NP	12.8	13.6	16.1
EPS (INR)	7.2	7.7	9.1
EPS Gr. (%)	1.9	6.7	18.3
BV/Sh. (INR)	27.5	32.1	37.5
RoE (%)	28.4	26.0	26.3
RoCE (%)	24.6	22.6	23.3
P/E (x)	39.5	37.1	31.3
P/BV (x)	10.4	8.9	7.6

<b>Estimate change</b>	5% ↓
<b>TP change</b>	5% ↓
<b>Rating change</b>	↔

### Weak performance, sharp cut in ad-spend cushions profits

- **Dabur's (DABUR) 4QFY17 results witnessed consolidated sales decline of 4.7%** YoY to INR 19.1b (est. 2.2% growth). EBITDA posted 0.6% YoY growth to INR 4.2b (est. 0.5% decline). Adj. PAT grew 0.5% YoY to INR3.3b (est. 2.7% growth).
- **Domestic FMCG business sales grew 0.7% YoY led by volume growth of 2.4%** (est. 4% growth). While lower than estimates, domestic volumes were still not poor given high base of 7% volume growth in 4QFY17. Oral Care, Beverages and Healthcare, (the latter boosted by strong growth in Chyawanprash) reported sales growth of 3.6%, 10% and 5% YoY respectively while hair care sales declined 4.2%, Home Care by 6.5% and OTC by 4% YoY. International business sales declined 4.5% YoY on constant currency.
- **Consol. EBITDA margin expanded 110bp YoY to 21.8%** mainly due to steep 140bp decline in A&P to sales (multi-year low at 6.4%, 21.4% absolute decline) and 100bp decline in staff costs, which offset 160bp YoY lower gross margins.
- **FY17 highlights:** FY17 witnessed another year of poor topline with 2.1% decline in sales to INR77b, while EBITDA was flat at INR15b and PAT grew by 2.1% YoY to INR12.8b. There was 20% YoY decline in receivables YoY.
- **Concall highlights:** a) Owing to currency pressures and poor geopolitical outlook in the MENA region, international business (25% of sales) is likely to have a poor FY18 as well. b) Worst seems to be over on the competitive intensity from Patanjali with honey and Chyawanprash sales recovering.
- **Valuation and View:** While new launches in the science based Ayurveda space in FY18, potential recovery in rural consumption and recent investments behind distribution expansion should aid medium term growth, we have reduced EPS forecasts for FY18/FY19 by around 6%/5% due to delay in earnings growth. Stock is fairly valued at 31.3x FY19E EPS. Maintain **NEUTRAL** with revised target price of INR295 (valued at 32x FY19 EPS, 10% discount to 3 year average P/E).

### Quarterly Performance (Consolidated)

Y/E March	FY16				FY17				(INR Million)			Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY16	FY17	FY17 4QE	
<b>Domestic Vol Growth (%)</b>	8.1	5.5	-2.5	7.0	4.1	4.5	-5.0	2.4	4.5	2.0	4.0	
<b>Net Sales</b>	19,017	19,553	19,675	20,101	19,239	19,757	18,477	19,147	78,688	77,014	20,242	-5.4%
YoY Change (%)					1.2	1.0	-6.1	-4.7	0.8	-2.1	2.2	
Total Exp	15,861	15,551	15,942	15,949	15,796	15,730	15,190	14,971	63,505	61,925	16,149	
<b>EBITDA</b>	3,157	4,001	3,733	4,152	3,443	4,028	3,286	4,176	15,183	15,089	4,092	2.0%
Margins (%)	16.6	20.5	19.0	20.7	17.9	20.4	17.8	21.8	19.3	19.6	20.2	
YoY Growth (%)					9.1	0.7	-12.0	0.6	17.2	-0.6	-0.5	
Depreciation	325	328	322	358	343	357	333	395	1,332	1,429	378	
Interest	118	125	110	132	118	166	139	117	485	540	142	
Other Income	531	558	644	539	655	952	883	650	2,172	2,984	686	
<b>PBT</b>	3,244	4,106	3,945	4,201	3,637	4,456	3,697	4,314	15,538	16,104	4,258	1.3%
Tax	620	744	767	868	701	873	753	977	2,999	3,303	851	
Rate (%)	19.1	18.1	19.4	20.7	19.3	19.6	20.4	22.6	19.3	20.5	20.0	
Minority Interest	10	0	2	18	8	11	7	6	28	31	1	
<b>Adjusted PAT</b>	2,615	3,362	3,176	3,315	2,927	3,572	2,938	3,331	12,512	12,769	3,406	-2.2%
YoY Change (%)					12.0	6.2	-7.5	0.5	17.4	2.1	2.7	

E: MOSL Estimates



<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
29,918	9,304
Bloomberg	BIOS IN
Equity Shares (m)	200
M.Cap.(INR b)/(USD b)	201.2 / 3.0
52-Week Range (INR)	1188 / 570
1, 6, 12 Rel. Per (%)	-4/13/75
Avg Val, (INR m)	907
Free float (%)	39.3

**Financials & Valuations (INR b)**

Y/E Mar	2017	2018E	2019E
Sales	38.8	48.9	60.2
EBITDA	9.3	11.8	15.4
Net Profit	6.1	6.6	9.0
Adj. EPS (INR)	30.6	33.1	44.9
EPS Gr. (%)	31.7	8.1	35.8
BV/Sh. (INR)	224.4	247.8	279.5
RoE (%)	13.6	13.3	16.1
RoCE (%)	9.3	9.5	15.1
Payout (%)			

**Valuations**

P/E (x)	36.1	33.4	24.6
P/BV (x)	4.9	4.5	4.0
EV/EBITDA (x)	23.9	19.2	14.5
Div. Yield (%)	0.7	0.7	1.0

Estimate change



TP change



Rating change



**CMP: INR1,105 TP: INR900 (-19%) Sell**

**Weak results; monetization of Biosimilars key catalyst**

- Revenue (Ind-AS) fell 2% YoY to INR9.3b, driven by lower income from Syngene and Small Molecules. EBITDA fell 1.7% YoY to INR1.8b (est. of INR2.8b), with the margin flat at 19.7%, primarily due to muted revenue and forex loss of INR170m above EBITDA. PAT (Ind-AS) declined 62% YoY to ~INR1.3b (est. of INR1.8b). FY17 revenue grew 14% to INR40.8b, while EBITDA margin expanded to 24.1% (+13bp YoY) led by strong growth in Biologics and Licensing Income. R&D expense stood at INR9,700m in 4Q (including capitalization of INR320m).
- Syngene:** Biologics remained flat YoY in 4Q due to delay in approvals in some emerging markets. In FY17, Biologics sales stood at ~USD75m, with management maintaining its segmental sales guidance of USD200m by FY19E (primarily driven by Ems). Syngene (~29% of revenue) declined 14% YoY due to temporary disruptions led by fire in Dec-16. Small Molecules declined 2% YoY due to pricing pressure, partially offset by launches in new geographies. Branded Formulations delivered ~25% YoY growth, led by recovery in domestic business and pick-up in tender business in the Middle East.
- Malaysia plant commissioning update:** Biocon will stop capitalizing against this plant from 1QFY18. It has spent ~USD250m to develop this plant. Depreciation expense will increase by ~USD18m p.a. from FY18 due to this (a part of this will be borne by Mylan). Operating expense is expected to go up by USD30m p.a. Biocon expects Malaysia plant to incur marginal PAT loss in FY18. Profitability will improve as contribution from developed markets starts.
- Biosimilars pipeline progressing well:** Recent stock price run-up is mainly led by positive developments in Biosimilars. Although the progress is impressive, we believe there are some uncertainties capping upside potential. In the near term, commissioning of Malaysia plant would pressurize profits. Maintain **Sell** with revised a TP of INR900 @ 20x FY19E EPS (v/s INR800 @ 20x 1HFY19E EPS).

**Quarterly Performance**

(INR Million)

Y/E March	FY16				FY17				FY16	FY17	FY17E	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	vs Est
<b>Net Sales</b>	<b>8,105</b>	<b>7,860</b>	<b>8,282</b>	<b>9,450</b>	<b>9,814</b>	<b>9,400</b>	<b>10,290</b>	<b>9,250</b>	<b>34,507</b>	<b>38,760</b>	<b>11,286</b>	<b>-18.0%</b>
YoY Change (%)	12.8	4.9	8.8	13.8	21.1	19.6	24.2	-2.1	12.8	12.3	19.4	
Total Expenditure	6,127	6,270	6,483	7,598	7,276	7,150	7,680	7,430	26,654	29,421	8,514	
<b>EBITDA</b>	<b>1,978</b>	<b>1,590</b>	<b>1,799</b>	<b>1,852</b>	<b>2,538</b>	<b>2,250</b>	<b>2,610</b>	<b>1,820</b>	<b>7,853</b>	<b>9,339</b>	<b>2,772</b>	<b>-34.3%</b>
Margins (%)	24.4	20.2	21.7	19.6	25.9	23.9	25.4	19.7	22.8	24.1	24.6	
Depreciation	591	610	621	647	661	680	710	730	2,423	2,772	714	
Interest	44	30	15	166	57	70	90	50	102	260	35	
Other Income	304	-750	289	3,014	502	520	630	490	1,192	2,024	548	
<b>PBT</b>	<b>1,647</b>	<b>200</b>	<b>1,452</b>	<b>4,053</b>	<b>2,322</b>	<b>2,020</b>	<b>2,440</b>	<b>1,530</b>	<b>6,520</b>	<b>8,331</b>	<b>2,571</b>	<b>-40.5%</b>
Tax	376	290	241	591	552	420	550	110	1,131	1,616	536	
Rate (%)	22.8	145.0	16.6	14.6	23.8	20.8	22.5	7.2	17.3	19.4	20.8	
Minority Interest	33	20	181	159	104	130	180	150	744	597	186	
<b>PAT</b>	<b>1,238</b>	<b>-110</b>	<b>1,030</b>	<b>3,303</b>	<b>1,666</b>	<b>1,470</b>	<b>1,710</b>	<b>1,270</b>	<b>4,646</b>	<b>6,118</b>	<b>1,849</b>	
YoY Change (%)	20.2	-4.9	13.4	-63.2	34.6	51.5	66.0	-61.6	-7.0	31.7	-44.0	
Margins (%)	15.3	12.3	12.4	7.9	17.0	15.6	16.6	13.7	13.5	15.8	16.4	





# Federal Bank

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
29,918	9,304
Bloomberg	FB IN
Equity Shares (m)	1,719.0
M.Cap.(INRb)/(USD\$b)	184.7 / 2.7
52-Week Range (INR)	109 / 44
1, 6, 12 Rel. Per (%)	17/24/115
Avg Val, INRm	693
Free float (%)	100.0

## Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
NII	30.5	36.4	43.4
OP	19.2	22.2	26.9
NP	8.3	9.9	12.5
NIM (%)	3.3	3.1	3.1
EPS (INR)	4.8	5.8	7.3
EPS Gr. (%)	74.1	19.5	26.3
BV/Sh. (INR)	51	55	61
ABV/Sh. (INR)	47	52	58
ROE (%)	9.9	10.9	12.5
ROA (%)	0.8	0.8	0.8
Payout (%)	21.5	20.3	19.7
<b>Valuations</b>			
P/E(X)	22.3	18.7	14.8
P/BV (X)	2.1	1.9	1.8

**CMP: INR107**

**TP: INR125 (+16%)**

**Buy**

## Strong beat on all fronts; asset quality showing encouraging trends

- Federal Bank's (FB) 4QFY17 results strongly beat our estimates on all fronts, with higher total income growth (+22% YoY, 8% beat), controlled opex (5% beat) and lower provisions (19% beat). Core PPOp grew 45% YoY (+29% QoQ) to INR4.8b.
- NIM improvement of 10bp QoQ to 3.4%, continued movement in loan growth (+5% QoQ, +26% YoY) and pick-up in fee income growth (+23% YoY) were the key highlights.
- Loan growth of 5% QoQ (+26% YoY) was broad-based across segments, with corporate (+6% QoQ), SME (+8% QoQ) and agri (+11% QoQ) all showing robust growth. Retail loans grew 2% QoQ, but 26% YoY.
- The bank delivered an impressive asset quality performance, with GNPA's declining 12% QoQ in absolute terms (GNPA % down 44bp QoQ to ~2.3%). Incremental slippages moderated to INR2.44b from INR2.73b in 3Q (annualized slippage ratio of ~1.7% – lowest in last eight quarters), led by lower slippages in corporate and retail. Strong recoveries/upgradations and sale to ARC of INR3.18b led to a decline in GNPA's.
- FY17 was a strong year for the bank, with a) loan/CASA growth of 26%/24% YoY, b) 15bp NIM improvement to 3.3%, c) decline in GNPA ratio by 50bp to 2.3%, with healthy PCR of 71%, d) fall in CI ratio by 550bp+ to 51% and e) business outside Kerala picking up significant scale (SA+ 29% YoY, CA +16% YoY and loans +50% YoY).
- **Valuation and view:** We are enthused by FB's core operating performance, driven by its strong balance sheet. We believe the bank is ahead of corporate lending peer banks on the asset quality curve. Considering asset quality distractions in the PSU space, we believe FB is well positioned to gain market share in highly rated corporates. The bank has board approval to raise INR25b, and in the event of capital raise, tier 1 (currently 11.8%) should be strengthened further. We upgrade estimates for FY18/19 by 9-10%, and retain **Buy** with a TP of INR125 (2x FY19 BV) based on RI model.

## Quarterly Performance

	(INR Million)									
	FY16				FY17				FY16	FY17
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Net Interest Income</b>	6,048	6,083	6,057	6,861	6,927	7,262	7,914	8,424	25,077	30,526
% Change (YoY)	7.2	0.4	3.2	10.1	14.5	19.4	30.7	22.8	5.3	21.7
<b>Other Income</b>	1,939	1,823	1,828	2,363	2,370	2,616	2,747	2,821	8,082	10,818
<b>Net Income</b>	7,987	7,906	7,885	9,224	9,297	9,878	10,661	11,245	33,159	41,345
<b>Operating Expenses</b>	4,315	4,540	4,630	5,278	5,039	5,128	5,912	5,753	18,921	22,095
<b>Operating Profit</b>	3,672	3,366	3,255	3,945	4,259	4,750	4,749	5,492	14,238	19,249
% Change (YoY)	4.5	-17.9	-18.1	-15.9	16.0	41.1	45.9	39.2	-12.5	35.2
<b>Other Provisions</b>	1,531	873	751	3,886	1,685	1,684	1,588	1,227	7,041	6,184
<b>Profit before Tax</b>	2,141	2,493	2,504	59	2,574	3,066	3,161	4,265	7,197	13,065
<b>Tax Provisions</b>	727	880	877	-44	901	1,053	1,104	1,699	2,440	4,757
<b>Net Profit</b>	1,414	1,613	1,627	103	1,673	2,013	2,057	2,566	4,757	8,308
% Change (YoY)	-35.8	-32.9	-38.5	-96.3	18.3	24.8	26.4	2,400.9	-52.7	74.7
<b>Operating Parameters</b>										
NIM (Reported,%)	3.1	3.1	3.0	3.3	3.3	3.3	3.3	3.4	3.1	3.3
Deposit Growth (%)	16.7	14.3	14.1	11.8	12.5	17.0	23.3	23.4	11.8	23.4
Loan Growth (%)	10.1	5.0	9.8	13.3	19.3	27.2	32.0	26.2	13.3	26.2
CASA Ratio (%)	31.3	31.9	32.1	32.5	32.8	31.0	34.7	32.6	32.9	32.6
<b>Asset Quality</b>										
Gross NPA (INR b)	13.0	15.0	16.8	16.7	17.5	18.2	19.5	17.3	16.7	17.3
Gross NPA (%)	2.6	2.9	3.2	2.8	2.9	2.8	2.8	2.3	2.8	2.3

# JSW Energy

BSE SENSEX 29,918  
S&P CNX 9,304

**CMP: INR67**

**TP: INR73**

**Buy**

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

## Conference Call Details



**Date:** 2<sup>nd</sup> May 2017

**Time:** 11:00am IST

**Dial-in details:**

+91-22-3960 0663

### Financials & Valuations (INR b)

Y/E Mar	2017E	2018E	2019E
Net Sales	837.1	901.6	1,037.3
EBITDA	33.9	32.3	33.3
NP	6.3	3.8	1.2
EPS (INR)	3.9	2.3	0.8
EPS Gr. (%)	-49.1	-40.8	-66.7
BV/Sh. (INR)	53.6	53.6	52.1
RoE (%)	7.3	4.3	1.4
RoCE (%)	9.2	8.4	7.7
P/E (x)	17.2	29.1	87.5
P/BV (x)	1.2	1.2	1.3

### Lower generation, shutdown and higher fuel cost impacts performance

- EBITDA was down 48% YoY / 11% QoQ to INR5.9b (v/s. est. of INR6.5b) on lower generation at Vijaynagar, shutdown at Ratnagiri and higher coal prices.
- Generation was down 32% YoY / 13% QoQ to 4.01BU on lower generation at Vijaynagar due to weak demand, shutdown at Ratnagiri and seasonally lower hydro generation (QoQ impact).
- Unit fuel cost ex-hydro generation increased 27% YoY / 9% QoQ to INR2.74/kWh on higher coal prices.
- PAT was down 92% YoY to INR242m.
- Reported interest cost declined 18bps YoY/9bps QoQ to 10.2%. Reported net debt to equity was at 1.29x (excludes acceptances)

### Key questions for the management

- Outlook on extension of short-term PPA for Vijaynagar plant with Karnataka
- Update on signing of long-term PPA with Punjab post the tariff approval for Karcham Wangtoo hydro power plant
- Update on approval of pending capital cost for Rajwest power plant
- **Valuation and view:** We will revisit our estimates post earnings call. The near-to-medium term earnings outlook is clouded due to open merchant capacities and over-supplied power market. However, with a healthy balance sheet and strong FCF generation from contracted capacities, JSW Energy is one of the best placed companies to benefit as the electricity market balances. At current valuations the open merchant capacities are available at significant discount to replacement cost. We have a Buy rating with a TP of 73/sh. (FY18E basis).

### Quarterly Performance (Consolidated)

(INR million)

Y/E March	FY16				FY17				FY16	FY17	FY17 vs Est 4QE (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>21,070</b>	<b>25,314</b>	<b>26,491</b>	<b>26,814</b>	<b>24,500</b>	<b>20,470</b>	<b>19,043</b>	<b>18,621</b>	<b>99,690</b>	<b>82,634</b>	<b>19,696</b>	<b>-5</b>
YoY Change (%)	-17.6	12.4	11.3	22.5	16.3	-19.1	-28.1	-30.6	6.3	-17.1	-26.5	
Total Expenditure	12,897	15,332	14,579	15,436	13,328	10,843	12,468	12,752	58,244	49,391	13,167	-3
<b>EBITDA</b>	<b>8,173</b>	<b>9,983</b>	<b>11,913</b>	<b>11,378</b>	<b>11,173</b>	<b>9,627</b>	<b>6,575</b>	<b>5,869</b>	<b>41,446</b>	<b>33,244</b>	<b>6,529</b>	<b>-10</b>
Margins (%)	38.8	39.4	45.0	42.4	45.6	47.0	34.5	31.5	41.6	40.2	33.1	
Depreciation	1,984	2,240	2,650	2,627	2,398	2,471	2,444	2,379	9,502	9,692	2,487	-4
Interest	2,640	3,511	4,491	4,389	4,293	4,356	4,229	3,970	15,032	16,848	4,030	-2
Other Income	691	898	264	247	416	516	505	732	2,100	2,170	559	31
<b>PBT before EO</b>	<b>4,239</b>	<b>5,129</b>	<b>5,035</b>	<b>4,610</b>	<b>4,899</b>	<b>3,316</b>	<b>407</b>	<b>253</b>	<b>19,013</b>	<b>8,875</b>	<b>571</b>	<b>-56</b>
Extra-Ord	0	-1,500	0	0	0	0	0	0	-1,500	0	0	
<b>PBT</b>	<b>4,239</b>	<b>6,629</b>	<b>5,035</b>	<b>4,610</b>	<b>4,899</b>	<b>3,316</b>	<b>407</b>	<b>253</b>	<b>20,513</b>	<b>8,875</b>	<b>571</b>	<b>-56</b>
Tax	1,155	1,537	1,816	1,543	1,248	1,167	249	22	6,051	2,685	-90	
Rate (%)	27.2	23.2	36.1	33.5	25.5	35.2	61.2	8.6	29.5	30.3	-15.7	
MI & Asso. Cos.	310	172	12	12	-14	-25	-56	-11	507	-106	370	
<b>Reported PAT</b>	<b>2,775</b>	<b>4,920</b>	<b>3,206</b>	<b>3,054</b>	<b>3,665</b>	<b>2,174</b>	<b>214</b>	<b>242</b>	<b>13,955</b>	<b>6,295</b>	<b>290</b>	<b>-17</b>
<b>Adj PAT</b>	<b>2,775</b>	<b>3,767</b>	<b>3,206</b>	<b>3,054</b>	<b>3,665</b>	<b>2,174</b>	<b>214</b>	<b>242</b>	<b>12,897</b>	<b>6,295</b>	<b>290</b>	
YoY Change (%)	-15.2	16.4	-19.0	-5.9	32.1	-42.3	-93.3	-92.1	-6.0	-51.2	-90.5	

# Bharat Financial

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
29,918	9,304
<b>Bloomberg</b>	<b>BHAFIN IN</b>
Equity Shares (m)	137.1
M.Cap.(INRb)/(USDb)	110.9/1.7
52-Week Range (INR)	939 / 459
1, 6, 12 Rel. Per (%)	-5/-16/20
Avg Val, INRm	2496
Free float (%)	98.3

**CMP: INR804**

**TP: INR859 (+7%)**

**Neutral**

## Biting the bullet; Stressed loans pool largely stable

- BHAFIN reported 4QFY17 net loss of INR2.35b driven by a provision hit of INR3.35b. The company chose to make adequate provisions on the stressed loans pool, which have remained stable since the last analyst update.
- Collection efficiency trends have been stable. Collection efficiency in the due month remains at 90-92% and continues to inch up every month. Collection efficiency of November seems to have stabilized at 98.5%. Collection rate for April (collections/dues for the month) remained stable MoM at 96.7%.
- Underlying stressed pool of assets has stabilized. Total overdues (net of accounts that have paid once in the past two weeks) have remained stable at ~INR3.6b since the last update in March. However, 8 weeks+ overdues increased marginally from INR3.06b to INR3.31b MoM as accounts that were less than 8 weeks overdue slipped into the higher bucket. We view this stabilization in underlying asset quality as a positive sign.
- BHAFIN incurred provisioning expense of INR3.35b in the quarter, thus providing for 57% of on-BS NPLs as well as for 100% provision on the first loss on the managed loans portfolio. Given that NPA provisions on the BS stand at INR2.4b and overall stressed pool stands at INR3.6b, we believe BHAFIN could incur provisioning expense of INR1-1.5b in FY18.
- Disbursements were up 32% YoY to INR39b in the quarter driven by an increase in average ticket size from ~INR17k to INR22k. We believe this could be due to higher share of loans to existing borrowers, which generally have higher ticket sizes.
- **Valuation and view:** Large unmet demand, low competitive intensity, supportive regulations, strong balance sheet and best-in-class operating metrics have put BHAFIN on a high growth path. While there has been a hit due to demonetization and other external factors, we believe that the long-term growth story remains unchanged. We look to revise our estimates and TP post the analyst concall on May 2nd.

## Financials & Valuations (INR b)

Y/E March	2017	2018E	2019E
NII	8,972	10,654	14,376
PPP	5,522	7,503	10,320
PAT	2,897	5,684	6,990
EPS (INR)	21.0	41.2	50.7
BV/Share (INR)	177.3	218.5	269.2
RoA on AUM (%)	3.3	4.4	3.9
RoE (%)	15.1	20.8	20.8
<b>Valuations</b>			
P/E (x)	38.3	19.5	15.9
P/BV (x)	4.5	3.7	3.0

## Quarterly Performance

Y/E March	FY16				FY17				FY16	FY17
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Total income</b>	2,409	2,913	3,073	3,298	3,690	4,074	4,089	3,678	11,691	15,531
Y-o-Y Growth (%)	58.6	53.2	66.6	66.9	53.2	39.9	33.1	61.0	61.5	32.8
Interest expenses	1,008	1,169	1,327	1,341	1,361	1,576	1,643	1,646	4,846	6,225
Other income	418	330	362	406	452	422	460	415	1,515	1,748
<b>Net Income</b>	1,819	2,073	2,107	2,362	2,780	2,921	2,906	2,447	8,361	11,054
Y-o-Y Growth (%)	50.1	54.8	64.3	67.8	52.9	40.9	37.9	3.6	59.6	32.2
Operating Expenses	952	974	989	1,121	1,269	1,372	1,440	1,451	4,036	5,533
Provisions	72	88	87	139	120	90	38	3,346	386	3,594
<b>Profit before tax</b>	795	1,012	1,031	1,102	1,391	1,459	1,428	-2,349	3,939	1,928
Y-o-Y Growth (%)	61.2	78.2	151.1	137.2	74.9	44.2	38.5	-313.3	103.5	-51.0
Tax Provisions	183	233	236	257	-969	0	0	0	909	-969
<b>Net Profit</b>	611	779	795	845	2,359	1,459	1,428	-2,349	3,030	2,897
Y-o-Y Growth (%)	24.0	37.2	93.6	108.4	285.8	87.4	79.6	-378.1	61.4	-4.4

E: MOSt Estimates

## Coromandel International

BSE SENSEX 29,918  
S&P CNX 9,304

CMP: INR348

Under Review

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

## Conference Call Details

Date: 2<sup>nd</sup> May 2017

Time: 2:30pm IST

Dial-in details:

+91-22-3938 1075

## Financials &amp; Valuations (INR b)

Y/E Mar	2016	2017E	2018E
Sales	109.6	121.9	134.4
EBITDA	9.6	10.0	11.8
NP	4.6	5.3	6.9
Adj EPS (INR)	16.0	18.3	23.6
EPS Gr. (%)	35.1	14.8	28.6
BV/Sh (INR)	92.0	101.9	115.3
RoE (%)	18.2	18.9	21.7
RoCE (%)	13.5	14.6	17.9

## Valuations

P/E (x)	21.8	19.0	14.8
P/BV (x)	3.8	3.4	3.0
EV/EBITDA (x)	11.7	10.9	8.9

## PAT beat, but revenues miss estimate

- CRIN reported overall revenue of INR22.6b (est. of INR30.5b) in 4QFY17, as against INR30.5b in 4QFY16, marking a decline of 26%.
- EBITDA margin expanded 440bp in 4QFY17 to 12.1% (est. of 8.1%). Consequently, EBITDA increased 16% to INR2,724m (est. of INR2,471m).
- Consequently, reported PAT grew from INR1,274m in 4QFY16 to INR1,446m (est. of INR1,286m) in 4QFY17.

## Key questions for management

- Impact of poor monsoon in south and reservoir levels
- Capacity utilization in fertilizer business and change in realization
- Changes in raw material prices
- Performance of agro chemicals, and any impact of recent ban on some companies

**Valuation and view:** We will revisit our estimates post the earnings call. Based on our current estimates, at CMP of INR348, the stock trades at 19x/15x P/E on FY17E/FY18E EPS. Currently, we have the stock rating under review, and will update post the earnings call.

## Quarterly Performance

Y/E March	FY16				FY17				FY16	FY17E	FY17	Var %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Consolidated												
Net Sales	22,041	36,003	27,555	30,468	20,595	35,752	22,708	22,591	116,066	109,623	30,511	-26
YoY Change (%)	17.2	3.9	-7.0	1.6	-6.6	-0.7	-17.6	-25.9	2.7	-5.6	1.0	
Total Expenditure	21,112	32,930	26,159	28,123	19,709	31,906	20,337	19,867	108,325	100,031	28,039	
EBITDA	929	3,072	1,395	2,345	886	3,846	2,372	2,724	7,742	9,592	2,471	10
Margins (%)	4.2	8.5	5.1	7.7	4.3	10.8	10.4	12.1	6.7	8.8	8.1	
Depreciation	261	281	246	274	244	254	256	254	1,061	1,039	280	
Interest	599	498	544	568	651	586	529	473	2,209	2,238	470	
Other Income	156	247	144	118	125	177	118	128	665	623	198	
PBT before EO expense	225	2,540	749	1,621	117	3,183	1,705	2,125	5,136	6,939	1,919	11
Extra-Ord expense	0	0	-250	0	0	0	0	0	-250	0	0	
PBT	225	2,540	999	1,621	117	3,183	1,705	2,125	5,386	6,939	1,919	11
Tax	72	844	453	347	38	1,054	583	679	1,716	2,290	633	
Rate (%)	32.0	33.2	45.3	21.4	32.1	33.1	34.2	31.9	31.9	33.0	33.0	
Minority Interest & Profit	11	1	0	0	5	-4	0	0	12	11	0	
Reported PAT	142	1,695	547	1,274	75	2,134	1,122	1,446	3,658	4,638	1,286	12
Adj PAT	142	1,695	410	1,274	75	2,134	1,122	1,446	3,488	4,638	1,286	12
YoY Change (%)	-56.2	-5.8	-66.8	85.5	-47.4	25.9	173.5	13.5	-13.6	33.0	38.8	
Margins (%)	0.6	4.7	1.5	4.2	0.4	6.0	4.9	6.4	3.0	4.2	4.2	

E: MOSL Estimates





<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
29,918	9,304
<b>Bloomberg</b>	<b>IDFC IN</b>
Equity Shares (m)	1,589
M.Cap.(INRb)/(USD\$b)	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

**IDFC Bank: Financials & Valuations (INR b)**

Y/E March	2017	2018E	2019E
NII	20.2	23.0	29.8
OP	17.5	18.3	24.0
NP	10.2	11.2	14.5
NIM (%)	2.3	2.0	2.1
EPS (INR)	3.0	3.3	4.3
EPS Gr. (%)		10.1	28.8
BV/Sh. (INR)	43.2	45.7	49.0
RoE (%)	7.2	7.4	9.0
RoA (%)	1.0	0.9	0.9
Cons. PAT	10.2	11.2	14.4

**CMP: INR62 TP: INR81 (+30%) Buy**

**Subdued performance by IDFC Bank hurts overall results**

IDFC Limited's (IDFC) operating profit declined to INR3.3b in 4QFY17 from INR5.5b in the previous quarter (YoY comparison not available), primarily due to lower contribution from IDFC Bank. Lower sequential margins and trading losses (v/s trading gains in the prior quarter) drove subdued performance at the bank ([refer to our latest note here](#)).

- **IDF business:** IDFC IDF (now rechristened IDFC Infrastructure Finance) continues to expand its loan book (up 19% QoQ from INR22.6b to INR26.8b, driven by an increase in the number of accounts from 36 to 37). While growth has been strong, we believe that sustaining such levels 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. As a result, management expects spreads to compress from 2% now to ~1.4%. IDF is well capitalized, with a CAR of 28.9%. Operating profit was INR190m v/s INR220m in 3QFY17.
- **AMC business:** IDFC acquired the 25% stake held by Natixis Global in the AMC business in 4QFY17 for INR2.44b. Average AUM was largely stable QoQ (+14% YoY) at INR595b, with share of equity AUM stable at 22%. However, total income grew in excess of AUM growth at 8% QoQ, while expense growth was relatively modest (+2% QoQ). This led to 16% QoQ growth in operating profits in the quarter to INR370m.
- **Other highlights:** (a) Profits in Alternative Management segment declined QoQ from INR70m to INR40m; (b) IDFC Securities witnessed a spike in revenue from INR140m in 3QFY17 to INR250m in 4QFY17.
- **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. While trading gains at IDFC Bank supported earnings in 9MFY17, it is unlikely to continue in this magnitude. 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 to arrive at a target price of INR81. **Buy.**

**SOTP: FY19 based**

	(INR b)	(USD b)	Per Share (INR)	Valuation Rationale
<b>A] IDFC Bank (53% direct stake)</b>	<b>112.3</b>	<b>1.7</b>	<b>71</b>	<b>Based on TP of INR68 for IDFCB</b>
<b>B] Other Ventures</b>	48.4	0.7	30	
IDF	8.6	0.1	5	1x Net worth
Alternative assets mgt	9.5	0.1	6	5.6% of FY19E AUM
IB and Broking	2.8	0.0	2	10x FY19 EPS; PBV 1.5x; ROE 16%
Mutual Fund Business	27.4	0.4	17	4.2% of FY19E AUM
<b>Hold Co discount</b>	32.1	0.5	20	20% holdco discount
<b>IDFC Ltd</b>	<b>128.6</b>	<b>1.9</b>	<b>81</b>	
CMP (INR)			55	
<b>Upside (%)</b>			<b>47</b>	

Source: MOSL





# CEAT Ltd

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
29,918	9,304
<b>Bloomberg</b>	<b>CEAT IN</b>
Equity Shares (m)	40
M.Cap.(INRb)/(USD\$)	61.5 / 1.0
52-Week Range (INR)	1575 / 731
1, 6, 12 Rel. Per (%)	15/18/14
Avg Val, INRm	1075
Free float (%)	49.2

**CMP: INR1,521 TP: INR1,741(+14%) Buy**

## RawMat headwinds to continue in 1QFY18; Maintain Buy

- In-line revenue and adj. PAT; EBITDA below estimates:** 4QFY17 revenue grew 5% YoY to INR16.4b (est. of INR16.5b), driven by volume growth of 4.4% and pricing mix. EBITDA margin shrunk 390bp YoY to 8.1%, impacted by gross margin contraction of 600bp, partly offset by lower other expenses. EBITDA fell by 29% YoY to INR1,325m and adj. PAT by 25% to INR798m (est. of INR777m). Tax was negative at INR45m due to R&D expenses (200% deduction in income tax) and capitalization of project (investment allowance of 15%). For FY17, revenue grew 1% YoY, EBITDA margin shrunk 270bp YoY to 10.2%, while adj. PAT declined 17% YoY to INR3,775m.
- Replacement market performs well, while OEM and exports were laggards:** Replacement market grew 10% YoY in 4QFY17, while the OEM and exports segments declined. OEM was impacted post demonetization (was growing at 15% before), while exports were affected by import restrictions placed in Indonesia. In the replacement market, CV volumes were flattish, motorcycle and scooter were positive, and PV grew in northwards of 25%. In case of OEM, tractors was weak, 3Ws exhibited negative growth, while PVs/UVs registered positive growth.
- Further price hike of 4-5% required to offset RM inflation:** Management highlighted that it has taken average price hike of 3-4% across categories and requires further hike of 4-5% to offset the impact of raw material price inflation. 1QFY18 is expected to see a contraction in margins, as peak purchase of natural rubber (made in February 2017) is likely to be utilized in May and June 2017. Additionally, advertisement expenses are expected to be on the higher side.
- Valuation and view:** In FY18, management is expected to take further price hikes, while volume growth will be driven by strong demand in UVs. In this view, we expect revenue/PAT CAGR of 10%/20%, driven by EBITDA margin expansion of 180bp to 12% over FY17-19E. We value the company at a P/E of 13x FY19E EPS, and continue maintaining **Buy** rating with a target price of INR1,741 (15% upside).

### Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	64.4	71.5	77.5
EBITDA	6.6	7.9	9.3
PAT	3.8	4.2	5.4
EPS (INR)	93.3	104.9	133.9
Gr. (%)	-16.9	12.4	27.7
BV/Sh (INR)	597.0	688.0	804.2
RoE (%)	16.9	16.3	17.9
RoCE (%)	13.5	13.4	15.5
P/E (x)	16.3	14.5	11.4
P/BV (x)	2.5	2.2	1.9

<b>Estimate change</b>	↔
<b>TP change</b>	↑
<b>Rating change</b>	↔

### Quarterly Performance (Consolidated)

(INR Million)

Y/E March	FY16				FY17				FY16	FY17E	FY17	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales	15,798	15,191	15,403	15,632	16,462	15,966	15,572	16,413	62,024	64,413	16,533	-1
YoY Change (%)	-1.7	-3.9	-0.7	-4.4	4.2	5.1	1.1	5.0	-2.7	3.9	1.5	
Total Expenditure	13,644	13,358	13,383	13,766	14,608	14,113	14,037	15,088	54,151	57,845	15,045	
EBITDA	2,154	1,833	2,020	1,866	1,854	1,854	1,535	1,325	7,873	6,568	1,488	-11
Margins (%)	13.6	12.1	13.1	11.9	11.3	11.6	9.9	8.1	12.7	10.2	9.0	
Depreciation	235	228	277	350	302	317	351	460	1,090	1,431	360	
Interest	264	223	193	264	252	162	191	212	944	817	192	
Other Income	81	77	60	67	57	37	57	36	285	186	60	
PBT before EO expense	1,736	1,459	1,610	1,319	1,356	1,411	1,050	689	6,124	4,506	996	-31
Extra-Ord expense	0	11	0	104	9	0	0	125	114	133	0	
PBT	1,736	1,448	1,610	1,216	1,347	1,411	1,050	564	6,010	4,373	996	-43
Tax	610	486	478	303	417	430	262	-45	1,877	1,064	309	
Rate (%)	35.1	33.6	29.7	25.0	30.9	30.5	25.0	-7.9	31.2	24.3	31.0	
Minority Interest & Profit/Loss of Asso. C	-91	-91	-2	-71	-110	-88	-50	-55	-254	-303	-90	
Reported PAT	1,218	1,053	1,134	983	1,041	1,069	838	663	4,387	3,611	777	-15
Adj PAT	1,218	1,060	1,134	1,060	1,047	1,069	838	798	4,465	3,712	777	3
YoY Change (%)	135.6	28.7	27.0	12.9	-14.0	0.9	-26.1	-24.8	40.8	-16.9	-25.8	
Margins (%)	7.7	7.0	7.4	6.8	6.4	6.7	5.4	4.9	7.2	5.8	4.7	

# Kitex Garments

BSE SENSEX 29,918  
S&P CNX 9,304

**CMP: INR500**

**TP: INR551(+10%)**

**Buy**

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

### Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
Sales	5.9	6.8	7.9
EBITDA	1.9	2.3	2.7
NP	1.2	1.5	1.7
Adj EPS (INR)	26.0	31.0	36.7
EPS Gr. (%)	10.1	19.1	18.7
BV/Sh (INR)	96.3	119.1	145.9
RoE (%)	29.9	28.7	27.7
RoCE (%)	27.8	29.0	28.2
Payout (%)	27.0	26.5	27.1

### Valuations

P/E (x)	19.2	16.2	13.6
P/BV (x)	5.2	4.2	3.4
EV/EBITDA (x)	10.9	8.9	7.1
Div Yield (%)	1.2	1.4	1.7

### Results below estimates

- KTG reported overall revenue of INR1,772m (est. of INR2,240m) in 4QFY17, as against INR1,844m in 4QFY16, marking a decline of 21%.
- Garments segment declined 8% YoY to INR1,494m, while fabrics segment (net of inter segment sales) grew 31% to INR278m.
- EBITDA margin shrunk 1,060bp from 37.6% in 4QFY16 to 27.1% (est. of 35.5%) in 4QFY17. EBITDA declined 31% to INR479m (est. of INR795m), as against INR693m in 4QFY16.
- Interest cost increased to INR23m in 4QFY17 from INR4m in 4QFY16.
- Consequently, PAT declined 40% from INR449m in 4QFY16 to INR270m (est. of INR580m) in 4QFY17.
- The company has recommended issue of bonus shares in the ratio of 2:5 and a final dividend of INR0.75 per share (total dividend being INR1.5 per share).

### Key questions for management

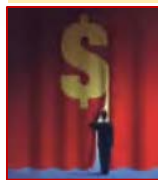
- Impact of INR appreciation v/s the USD. Excluding that, what would have been EBITDA margins
- Order visibility for the garments business, and what impacted performance in 4QFY17
- Traction from new clients and in-licensed brand

**Valuation and view:** We will revisit our estimates post the earnings call. Based on our current estimates, at CMP of INR500, the stock trades at 16x/14x P/E on FY18E/FY19E EPS. Currently, we have **Buy** rating on the stock, which we will update post the earnings call.

### Quarterly performance

Y/E March	FY16				FY17				FY16	FY17E	FY17	Var %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales	1,091	1,343	1,181	1,844	1,193	1,070	1,424	1,772	5,458	5,929	2,240	-21
YoY Change (%)	6.2	4.7	-3.2	16.7	9.4	-20.3	20.5	-3.9	6.8	8.6	21.5	
Total Expenditure	789	891	765	1,150	854	749	938	1,293	3,596	3,990	1,445	
EBITDA	301	451	417	693	339	320	486	479	1,863	1,939	795	-40
Margins (%)	27.6	33.6	35.3	37.6	28.4	29.9	34.1	27.1	34.1	32.7	35.5	
Depreciation	55	55	55	48	51	51	51	51	213	210	60	
Interest	48	44	42	4	26	19	23	23	138	83	15	
Other Income	59	68	54	17	62	-33	68	2	198	182	85	
PBT	258	421	373	659	323	217	479	408	1,711	1,828	805	-49
Tax	98	149	132	210	115	87	162	138	590	594	225	
Rate (%)	38.1	35.4	35.4	31.9	35.4	40.3	33.8	33.8	34.5	32.5	28.0	
Reported PAT	160	272	241	449	209	129	318	270	1,121	1,234	580	-53
Adj PAT	160	272	241	449	209	129	318	270	1,121	1,234	580	-53
YoY Change (%)	10.7	40.6	4.0	7.9	30.7	-52.4	31.9	-39.9	13.8	10.1	29.1	
Margins (%)	14.6	20.2	20.4	24.4	17.5	12.1	22.3	15.2	20.5	20.8	25.9	

E: MOSL Estimates



# Inox Leisure

Bloomberg	INOL IN
Equity Shares (m)	96.2
M. Cap. (INR b)/(USD b)	28 / 0
52-Week Range (INR)	305 / 191
1,6,12 Rel Perf. (%)	21 / 4 / 29

## Financial Snapshot (INR Billion)

Y/E March	2016	2017E	2018E	2019E
Sales	11.6	12.2	14.5	17.2
EBITDA	1.9	1.7	2.4	2.8
NP	0.8	0.4	0.8	1.0
EPS (INR)	8.4	4.1	8.6	10.9
EPS Gr. (%)	284.0	-51.2	108.3	27.0
BV/Sh. (INR)	61.4	65.4	73.6	84.0
RoE (%)	14.9	6.2	11.8	13.2
RoCE (%)	13.2	6.6	10.4	11.6

## Valuations

P/E (x)	35.2	118.9	36.4	25.8
P/BV (x)	4.8	4.7	4.1	3.6
EV/EBITDA (x)	13.8	19.5	11.6	9.1

**CMP: INR294 TP: INR230 (-22%) Sell**

- We expect revenue to grow 9% YoY to INR2.7b in 4QFY17.
- Margins are likely to improve by 50bp YoY to 6.5%. We expect EBITDA to improve by 18% to INR177m.
- We expect loss of INR76m, as against profit of INR161m in 4QFY16. Maintain **Sell**.

### Key things to watch for

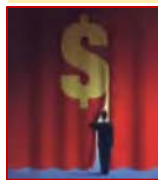
- Footfalls during the quarter and pick-up post demonization.
- Number of screen additions.
- Pick up in ad revenue.

## Consolidated Quarterly performance

(INR Million)

Y/E Mar	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>3,025</b>	<b>3,078</b>	<b>2,979</b>	<b>2,513</b>	<b>3,369</b>	<b>2,974</b>	<b>2,980</b>	<b>2,729</b>	<b>11,595</b>	<b>12,054</b>
YoY Change (%)	30.2	15.7	-0.9	15.4	11.4	-3.4	0.0	8.6	14.0	18.5
Total Expenditure	2,380	2,512	2,445	2,363	2,748	2,702	2,663	2,552	9,700	10,672
<b>EBITDA</b>	<b>645</b>	<b>565</b>	<b>534</b>	<b>151</b>	<b>621</b>	<b>272</b>	<b>317</b>	<b>177</b>	<b>1,895</b>	<b>1,382</b>
Margins (%)	21.3	18.4	17.9	6.0	18.4	9.1	10.6	6.5	16.3	11.5
Depreciation	197	197	197	207	203	208	214	255	798	865
Interest	62	62	61	59	58	58	65	75	244	259
Other Income	15	20	18	16	25	21	22	15	68	84
<b>PBT before EO expense</b>	<b>400</b>	<b>327</b>	<b>293</b>	<b>-100</b>	<b>385</b>	<b>27</b>	<b>60</b>	<b>-138</b>	<b>921</b>	<b>343</b>
Extra-Ord expense	0	0	-50	0	0	0	0	0	-50	0
<b>PBT</b>	<b>400</b>	<b>327</b>	<b>244</b>	<b>-100</b>	<b>385</b>	<b>27</b>	<b>60</b>	<b>-138</b>	<b>871</b>	<b>343</b>
Tax	148	115	73	-262	136	11	23	-62	74	113
Rate (%)	36.9	35.0	29.9	N.M	35.2	41.7	38.8	N.M	8.5	33.0
<b>Reported PAT</b>	<b>253</b>	<b>213</b>	<b>171</b>	<b>161</b>	<b>250</b>	<b>17</b>	<b>37</b>	<b>-76</b>	<b>797</b>	<b>230</b>
<b>Adj PAT</b>	<b>253</b>	<b>213</b>	<b>205</b>	<b>161</b>	<b>250</b>	<b>17</b>	<b>37</b>	<b>-76</b>	<b>843</b>	<b>230</b>
YoY Change (%)	452.0	302.5	43.6	N.M	-1.3	-92.1	-82.2	N.M	305.6	-72.8
Margins (%)	8.4	6.9	6.9	6.4	7.4	0.6	1.2	-2.8	7.3	1.9

E: MOSL Estimates



# Marico

Bloomberg	MRCO IN
Equity Shares (m)	1289.6
M. Cap. (INR b)/(USD b)	384 / 6
52-Week Range (INR)	307 / 235
1,6,12 Rel Perf. (%)	3 / -2 / 1

**CMP: INR298**

**TP: INR340 (+14%)**

**Buy**

- We expect sales to grow by 4.4% YoY to INR13.4b, with 7% increase in domestic volumes. In our opinion, Parachute volumes would grow in low-double-digit, while Saffola and VAHO volumes would grow in mid-single-digit (in the base quarter, Saffola and VAHO volumes grew by 10% and 15% respectively).
- We observe that copra prices are up 49% YoY (data available till Feb-2017) and kardi oil prices are up 10% YoY. We are modeling 300bp YoY gross margin contraction and 40bp EBITDA margin contraction for 4QFY17.
- PAT is projected to grow by 6.2% YoY to INR1.4b.
- The stock trades at 35.4x FY19E EPS of INR8.4; maintain Buy. We like MRCO's franchise, portfolio strength, management quality and its multiple growth driver models.

## Financial Snapshot (INR b)

Y/E March	2016	2017E	2018E	2019E
Sales	60.1	59.5	67.9	78.1
EBITDA	10.4	11.0	12.5	15.0
Adj. PAT	7.2	7.8	9.0	10.9
Adj. EPS (INR)	5.6	6.1	7.0	8.4
EPS Gr. (%)	26.1	8.5	15.3	20.1
BV/Sh.(INR)	16.3	20.2	23.4	25.3
RoE (%)	36.9	33.3	32.1	34.6
RoCE (%)	31.4	29.4	28.5	30.7
Payout (%)	60.2	49.3	45.6	65.3

## Valuations

P/E (x)	53.2	49.0	42.5	35.4
P/BV (x)	18.3	14.7	12.7	11.8
EV/EBITDA (x)	36.5	34.2	29.9	24.9
Div. Yield (%)	1.1	1.0	1.1	1.8

## Key issues to watch for:

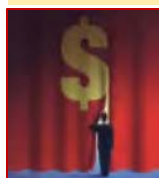
- Comments on volume growth trends across key categories.
- Outlook for raw materials.
- Margin expansion and guidance for the international business.

## Quarterly Performance

(INR Million)

Y/E March	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Domestic volume growth (%)	6.0	5.5	10.5	8.4	8.0	3.4	-4.0	7.0	7.0	3.6
<b>Net Sales</b>	<b>17,482</b>	<b>14,518</b>	<b>15,285</b>	<b>12,878</b>	<b>17,499</b>	<b>14,390</b>	<b>14,140</b>	<b>13,442</b>	<b>61,224</b>	<b>59,471</b>
YoY Change (%)					0.1	-0.9	-7.5	4.4	7.0	-2.9
COGS	9,662	7,595	7,526	5,993	8,419	6,847	6,859	6,657	30,614	28,783
<b>Gross Profit</b>	<b>7,821</b>	<b>6,922</b>	<b>7,759</b>	<b>6,885</b>	<b>9,079</b>	<b>7,543</b>	<b>7,281</b>	<b>6,785</b>	<b>30,610</b>	<b>30,688</b>
Gross margin (%)	44.7	47.7	50.8	53.5	51.9	52.4	51.5	50.5	50.0	51.6
Other Expenditure	4,657	4,652	4,877	4,782	5,384	5,050	4,585	4,639	20,052	19,657
% to Sales	26.6	32.0	31.9	37.1	30.8	35.1	32.4	34.5	32.8	33.1
<b>EBITDA</b>	<b>3,164</b>	<b>2,271</b>	<b>2,881</b>	<b>2,102</b>	<b>3,695</b>	<b>2,493</b>	<b>2,697</b>	<b>2,146</b>	<b>10,558</b>	<b>11,031</b>
Margins (%)	18.1	15.6	18.9	16.3	21.1	17.3	19.1	16.0	17.2	18.5
YoY Change (%)					16.8	9.8	-6.4	2.1	23.1	4.5
Depreciation	188	221	229	311	208	209	213	334	1,018	964
Interest	45	37	57	68	54	21	44	53	202	171
Other Income	337	193	180	320	319	285	260	304	830	1,168
<b>PBT</b>	<b>3,267</b>	<b>2,206</b>	<b>2,776</b>	<b>2,044</b>	<b>3,753</b>	<b>2,548</b>	<b>2,700</b>	<b>2,063</b>	<b>10,167</b>	<b>11,064</b>
Tax	982	676	717	678	1,072	740	781	615	2,956	3,209
Rate (%)	30.1	30.7	25.8	33.2	28.6	29.1	28.9	29.8	29.1	29.0
Minority Interest	0	0	2	4	2	2	2	2	118	8
<b>Adjusted PAT</b>	<b>2,285</b>	<b>1,530</b>	<b>2,057</b>	<b>1,362</b>	<b>2,679</b>	<b>1,806</b>	<b>1,916</b>	<b>1,446</b>	<b>7,092</b>	<b>7,847</b>
YoY Change (%)					17.2	18.1	-6.8	6.2	23.7	14.6

E: MOSL Estimates



# RBL Bank

Bloomberg	RBK IN
Equity Shares (m)	361.7
M. Cap. (INR b)/(USD b)	193 / 3
52-Week Range (INR)	547 / 274
1,6,12 Rel Perf. (%)	13/69/-

### Financial Snapshot (INR b)

Y/E MARCH	2016	2017E	2018E	2019E
NII	8.2	12.1	15.8	20.8
OP	5.4	9.0	12.4	16.6
NP	2.9	4.6	6.7	8.8
NIM (%)	2.7	3.0	3.1	3.2
EPS (INR)	9.0	12.7	18.5	24.3
EPS Gr. (%)	27.6	41.3	45.4	31.2
BV/Sh. (INR)	92.0	114.7	129.6	149.2
ABV/Sh. (INR)	89.5	114.1	128.8	148.1
RoE (%)	11.2	12.9	15.2	17.4
RoA (%)	0.9	1.1	1.2	1.3

### Valuations

P/E(X)	59.4	42.0	28.9	22.0
P/BV (X)	5.8	4.7	4.1	3.6
P/ABV (X)	6.0	4.7	4.2	3.6
Div. Yield (%)	0.3	0.4	0.6	0.7

## CMP: INR535

## Under Review

- Loan growth (+10% QoQ) and deposit growth (+38% YoY) would be significantly above industry average.
- We expect NII to grow 44% QoQ, led by strong loan growth and stable NIMs, and helped by strong CASA inflows and fall in bulk deposit rates.
- Overall non-interest income is expected to grow by ~44% YoY, led by strong growth in fee income and digital initiatives. We expect opex growth of 31%, led by continued capacity expansion. However, opex is expected to trail total income growth of 44%, driving 62% YoY increase in PPOp.
- Asset quality is expected to remain largely stable in 4QFY17, though some stress could materialize, particularly in the MFI segment. Credit costs would largely be under control.
- We expect PAT growth of 12% QoQ and 72% YoY. RBK trades at 3.6x FY19E BV and 22x FY19E EPS. We await management commentary on asset quality and growth outlook, and change our rating to Under Review.

### Key issues to watch for

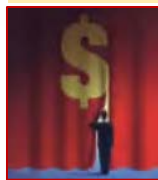
- Management commentary on slippages in SME segment.
- Update and commentary on balance sheet growth strategy.
- CASA ratio and traction on NIMs.

## Quarterly Performance

(INR Million)

	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	6,049	6,644	7,131	7,619	8,637	9,019	9,612	10,861	27,443	38,129
Interest Expense	4,382	4,744	4,907	5,218	6,190	5,990	6,396	7,404	19,251	25,981
<b>Net Interest Income</b>	<b>1,667</b>	<b>1,899</b>	<b>2,224</b>	<b>2,402</b>	<b>2,447</b>	<b>3,029</b>	<b>3,216</b>	<b>3,457</b>	<b>8,192</b>	<b>12,149</b>
% Change (Y-o-Y)					46.8	59.5	44.6	43.9	47.2	48.3
Other Income	1,259	1,123	1,096	1,427	1,675	1,691	1,823	2,052	4,905	7,241
<b>Net Income</b>	<b>2,926</b>	<b>3,022</b>	<b>3,321</b>	<b>3,829</b>	<b>4,122</b>	<b>4,721</b>	<b>5,038</b>	<b>5,509</b>	<b>13,097</b>	<b>19,390</b>
Operating Expenses	1,810	1,814	1,829	2,221	2,277	2,530	2,687	2,899	7,673	10,393
<b>Operating Profit</b>	<b>1,116</b>	<b>1,209</b>	<b>1,492</b>	<b>1,608</b>	<b>1,845</b>	<b>2,191</b>	<b>2,351</b>	<b>2,610</b>	<b>5,424</b>	<b>8,996</b>
% Change (Y-o-Y)					65.3	81.3	57.6	62.3	50.6	65.9
Other Provisions	227	223	316	379	426	781	362	430	1,144	1,998
<b>Profit before Tax</b>	<b>889</b>	<b>986</b>	<b>1,176</b>	<b>1,230</b>	<b>1,419</b>	<b>1,410</b>	<b>1,989</b>	<b>2,180</b>	<b>4,280</b>	<b>6,998</b>
Tax Provisions	286	316	366	388	445	512	703	734	1,355	2,393
<b>Net Profit</b>	<b>603</b>	<b>669</b>	<b>811</b>	<b>842</b>	<b>973</b>	<b>899</b>	<b>1,287</b>	<b>1,446</b>	<b>2,925</b>	<b>4,605</b>
% Change (Y-o-Y)					61.4	34.3	58.8	71.7	41.2	57.4
<b>Operating Parameters</b>										
NIM (Reported,%)	3.0	3.0	3.2	3.2	2.8	3.4	3.4		3.1	3.3
Deposit Growth (%)						37.8	43.9	38.0	42.4	38.0
Loan Growth (%)						44.0	46.3	40.0	46.9	40.0
CD Ratio (%)		85.2	87.8	87.2	86.3	89.0	89.2	88.5	87.2	88.5
Tax Rate (%)	32.2	32.1	31.1	31.5	31.4	36.3	35.3	33.7	31.7	34.2
<b>Asset Quality</b>										
Gross NPA (INR b)		1.6	2.0	2.1	2.5	2.7	2.9	3.3	2.1	3.3
Gross NPA (%)		0.9	1.1	0.98	1.1	1.1	1.1	1.1	1.0	1.10





# Shriram City Union Fin.

Bloomberg	SCUF IN
Equity Shares (m)	65.9
M. Cap. (INR b)/(USD b)	148 / 2.2
52-Week Range (INR)	2650 / 1480
1,6,12 Rel Perf. (%)	17 / -3 / 33

**CMP: INR2,285 TP: INR2,689 (+18%) Buy**

- SCUF's AUM is expected to grow 2% QoQ and 17% YoY to INR229b, driven by 4% YoY growth in disbursements. There was a visible pick-up in growth in February and March, post the lifting of the cash withdrawal limits by the RBI.
- Margins are expected to decline slightly due to the impact of interest reversals. Hence, NII growth is expected to be ~10% YoY.
- Slower growth in operating expenses (5% YoY) is expected to drive 13% YoY PPOp growth.
- We expect GNPL ratio to increase to 7.5%, driven by migration to 120dpd NPA recognition. We factor in provisions of INR2.95b, as against INR2.24b in 3QFY17 and INR2.56b in 4QFY16.
- The stock trades at 2.6x FY18E and 2.3x FY19E consolidated BV. Maintain Buy.

## Financial Snapshot (INR b)

Y/E March	2016	2017E	2018E	2019E
NII	23.9	28.7	33.8	40.1
PPP	13.6	17.2	20.3	24.2
PAT	5.3	6.1	8.9	10.9
EPS (INR)	80	92	134	165
EPS Gr. (%)	-5	14	46	22
BV/Sh. (INR)	685	757	870	1008
RoA (%)	3.0	3.0	3.7	3.9
RoE (%)	12.3	12.7	16.5	17.5
Payout (%)	23	21	16	16

## Valuations

P/E (x)	28.4	24.9	17.0	13.9
P/BV (x)	3.3	3.0	2.6	2.3
Div. Yield (%)	0.7	0.7	0.8	1.0

## Key issues to watch for

- Trends in asset quality in each segment.
- Business growth and momentum, and management commentary on the same.
- Movement in borrowing costs and margins.
- Performance of the housing finance subsidiary.

## Quarterly Performance

Y/E March	FY16								FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE						
Interest Income	9,129	9,455	10,008	9,757	10,535	11,153	11,557	10,857	37,723	44,103				
Interest expenses	3,398	3,436	3,531	3,534	3,672	3,802	3,933	4,040	13,834	15,447				
<b>Net Interest Income</b>	<b>5,731</b>	<b>6,019</b>	<b>6,477</b>	<b>6,223</b>	<b>6,863</b>	<b>7,351</b>	<b>7,624</b>	<b>6,817</b>	<b>23,889</b>	<b>28,656</b>				
Y-o-Y Growth (%)	14.6	18.0	13.2	10.8	19.7	22.1	17.7	9.5	14.2	20.0				
Fees and Other Income	42	5	3	163	15	3	6	176	250	200				
<b>Net Operating Income</b>	<b>5,772</b>	<b>6,024</b>	<b>6,480</b>	<b>6,386</b>	<b>6,878</b>	<b>7,354</b>	<b>7,630</b>	<b>6,993</b>	<b>24,139</b>	<b>28,856</b>				
Y-o-Y Growth (%)	12.6	13.5	11.9	11.9	19.2	22.1	17.8	9.5	12.6	19.5				
Operating Expenses	2,361	2,524	2,584	2,961	2,739	2,829	2,977	3,110	10,494	11,655				
<b>Operating Profit</b>	<b>3,411</b>	<b>3,500</b>	<b>3,896</b>	<b>3,425</b>	<b>4,139</b>	<b>4,525</b>	<b>4,653</b>	<b>3,883</b>	<b>13,645</b>	<b>17,201</b>				
Y-o-Y Growth (%)	9.9	10.8	15.5	3.4	21.3	29.3	19.5	13.4	9.2	26.1				
Provisions	1,167	1,179	1,257	2,561	1,356	1,390	2,242	2,945	5,577	7,932				
<b>Profit before Tax</b>	<b>2,244</b>	<b>2,321</b>	<b>2,639</b>	<b>864</b>	<b>2,784</b>	<b>3,135</b>	<b>2,412</b>	<b>938</b>	<b>8,068</b>	<b>9,269</b>				
Tax Provisions	767	798	896	309	966	1,090	835	326	2,771	3,216				
<b>Net Profit</b>	<b>1,477</b>	<b>1,523</b>	<b>1,743</b>	<b>555</b>	<b>1,818</b>	<b>2,045</b>	<b>1,577</b>	<b>612</b>	<b>5,298</b>	<b>6,052</b>				
Y-o-Y Growth (%)	15.6	10.5	13.9	-60.3	23.1	34.3	-9.5	10.3	-5.1	14.2				
Int Exp/ Int Earned (%)	37.2	36.3	35.3	36.2	34.9	34.1	34.0	37.2	36.7	35.0				
Cost to Income Ratio (%)	40.9	41.9	39.9	46.4	39.8	38.5	39.0	44.5	43.5	40.4				
Tax Rate (%)	34.2	34.4	34.0	35.8	34.7	34.8	34.6	34.8	34.3	34.7				

E: MOSL Estimates; \* Quarterly nos and full year nos will not tally due to different way of reporting financial nos



### 1. Biocon: Optimistic of opportunities for biosimilars in emerging markets in FY18; Kiran Mazumdar Shaw, CMD

- The company's fourth numbers should not be seen in isolation because the business has to be reviewed annually.
- Cautiously optimistic going forward due to various reasons like – delay in regulatory approvals, appreciating rupee, GST impact etc.
- Very optimistic of opportunities for the biosimilars business in emerging markets, and the branded formulations business going forward. The target of being a billion dollar company by FY19 stands.
- The EU and US FDA inspections have already taken place for biosimilars facility in Bengaluru, optimistic of getting approvals in the expected time.

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### 2. Hudco: Expect cost of funding to go down; net npas at 1.51%; Ravi Kanth Medithi, CMD

- The loan book as on December 2016 stood at Rs 37000 crore and the Year on Year disbursement growth was around 7-10%.
- With the government's focus on housing for all and Pradhan Mantri Awas Yojna will help drive growth in disbursements going forward.
- The company is registered as a housing finance company and 31% of the book is in housing finance and 69% of the book is in government infrastructure sector. The cost of funding for the company stood at 7.5%.
- Earlier the loans which were given to private power companies turned to NPAs but in the government sector, the gross NPAs are at 0.75 percent, currently the Net NPA is at 1.51% due to provisioning.

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### 3. Syngene: Aim to get back to around 20% revenue growth in FY18; Jonathan Hunt, CEO

- The capacity that was lost due to fire would take about 12 months to rebuild and till then the company has relocated about 500 scientist from one campus to other facilities, were back up and running in 3-4 weeks.
- From a client services point of view, with the existing customer, we were back on track quickly and succeeded in their projects going.
- The chemistry part of the business may be impacted a bit but other businesses like biologics, discovery biology, bioinformatics, formulations etc. will pick up pace in FY18.
- Confident of returning back to 20% growth on back of capex investments in building capacities made in FY17 have been completed and will be open for business.

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### 1. Decoding India's rigged realty market. by Ritesh Kumar Singh

- Over the past two years or so, home sales are down and inventories are piling up in India. Slowing demand should lead to fall in the prices. However, that's not happening in India's realty market. A closer look will show that both supply and demand are being manipulated to keep homes prices artificially high. Moreover, India's realty market is catering to investors and not to end users. Given the estimated shortage of 20-25 million homes and increasing movement of people for business or employment in a growing economy, if supply doesn't match, it will lead to increase in home prices. In India, that has been happening for quite some time.

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### 2. Is India now a digital colony? by Tv Mohandas Pai

- India is fast on its way to becoming a Digital Colony while our leaders solve problems of the past and remain oblivious to the challenges of the future. Since India liberalised in 1991, there have been four waves of industrial growth. The first was the Indian IT services revolution that dramatically changed India, gave 4.5 million direct jobs to the educated middle-class and helped solve our insolvable Balance of Payments challenge. It has worked very well. Today, over 60% of global IT outsourcing comes to India, with \$115 billion in exports (having a street value of over \$200 billion), creating a \$175 billion industry—the largest ever in terms of revenues.

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### 3. The future of air-coolers and how achal bakeri brought a turnaround for the company symphony. by Jyotsna Bhatnagar

- With temperatures soaring to record highs as early as March and April, the summer of 2017 promises to be a scorcher. Cash registers are ringing like never before as air conditioners and air coolers fly off the shelves becoming the hottest selling white goods. In the estimated Rs 3,000 crore branded air cooler market, undisputed market leader Symphony Limited, with a market share of over 50%, is making waves with the launch of its new range of premium coolers loaded with features like digital touch screen, voice-assist, and mosquito repellent. The range, not surprisingly, is an instant hit.

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### 4. The long road to a high-growth future. by Livemint

- NITI Aayog is preparing a 15-year vision and a seven-year strategy document, and has circulated a three-year action agenda. The goal of transforming India and attaining the desired level of economic and social outcomes will require higher and sustainable growth in coming years. Higher economic growth will not only create employment, but will also generate higher revenue which will help increase government spending without disturbing the budgetary balance. The vice-chairman of NITI Aayog, Arvind Panagariya, in his presentation on Sunday, showed that the size of the Indian economy will increase from a level of Rs137 trillion in 2015-16 to Rs469 trillion by 2031-32 (2015-16 prices)—a compound annual growth of about 8%.

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### 5. Tax reforms - lesson from trumpland. by Dinesh Kanabar

- A couple of years ago, when finance minister Arun Jaitley spoke of a plan to reduce the corporate tax rate from 30% to 25% over a four-year period, there was a sense of euphoria. There was also an expectation that with a competitive rate of tax collections, economic development would get an impetus. Imagine how India would have reacted had the proposal been as radical as what US President Donald Trump has proposed: a 20% reduction in the rate of tax from 35% to 15%, a repeal of the alternative minimum tax and of estate duty, a move to a territorial tax system and a rationalisation of individual slab rates.

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## International

### 6. Distressed-debt players rule the roost in trump's white house. by Gillian Tett

- When Donald Trump arrived in the White House earlier this year, investors celebrated him as a “business” president. Mr Trump, after all, hails from the private sector and his team is filled with capitalists. Indeed, Bridgewater, the hedge fund, calculates that the administration’s officials have 117 years of “C-suite” experience, more than any other presidency in living memory. Little wonder that the White House has embraced “business-friendly” policies, such as this week’s pledge to cut corporate tax from 35 per cent to 15 per cent.

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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
<b>Automobiles</b>														
Amara Raja	Buy	889	1,084	22	29.3	37.3	43.4	30.4	23.8	6.0	5.0	21.7	22.9	22.0
Ashok Ley.	Buy	85	98	15	4.2	5.2	6.6	20.2	16.5	3.9	3.5	20.6	22.3	24.9
Bajaj Auto	Buy	2,868	3,282	14	133.7	154.8	174.0	21.5	18.5	6.0	5.3	29.5	30.2	30.0
Bharat Forge	Buy	1,144	1,266	11	25.3	37.2	50.6	45.3	30.8	6.8	5.9	15.7	20.5	23.7
Bosch	Neutral	22,929	22,924	0	472.3	667.8	764.1	48.5	34.3	9.3	7.7	18.2	24.5	23.4
CEAT	Buy	1,521	1,406	-8	87.9	107.6	140.6	17.3	14.1	2.6	2.2	16.0	16.9	18.9
Eicher Mot.	Buy	26,022	28,811	11	615.4	854.5	1,047.6	42.3	30.5	14.9	10.7	40.7	40.9	36.7
Endurance Tech.	Buy	809	841	4	22.3	29.4	37.4	36.4	27.5	6.5	5.4	19.6	21.6	22.9
Escorts	Buy	547	608	11	23.2	34.1	43.4	23.6	16.0	2.7	2.4	12.1	15.9	17.5
Exide Ind	Buy	230	270	17	8.4	9.8	11.9	27.4	23.5	4.0	3.5	14.5	15.0	16.0
Hero Moto	Neutral	3,311	3,390	2	172.2	185.1	188.3	19.2	17.9	7.0	6.0	39.5	36.2	31.9
M&M	Buy	1,335	1,573	18	61.7	75.4	89.5	21.6	17.7	3.3	3.0	14.5	13.9	14.7
Mahindra CIE	Not Rated	245	-		5.4	9.9	11.8	45.7	24.8	2.8	2.5	6.4	10.8	11.5
Maruti Suzuki	Buy	6,526	7,319	12	248.6	300.0	370.9	26.2	21.8	5.4	4.7	20.3	21.2	22.3
Tata Motors	Buy	458	609	33	11.5	29.4	62.0	39.7	15.6	1.8	1.7	4.7	11.0	20.4
TVS Motor	Buy	496	581	17	11.7	16.7	26.7	42.2	29.6	9.8	7.8	25.6	29.2	35.9
<b>Aggregate</b>								<b>28.6</b>	<b>20.4</b>	<b>4.1</b>	<b>3.6</b>	<b>14.3</b>	<b>17.6</b>	<b>21.1</b>
<b>Banks - Private</b>														
Axis Bank	Neutral	510	525	3	15.4	23.4	41.2	33.2	21.7	2.2	2.1	6.9	9.9	15.7
DCB Bank	Neutral	183	170	-7	7.0	8.8	11.2	26.2	20.8	2.7	2.5	10.9	12.4	14.0
Equitas Hold.	Buy	166	220	32	5.7	6.2	7.4	29.2	26.8	2.5	2.3	10.7	8.9	9.6
Federal Bank	Buy	107	108	1	4.4	5.2	6.7	24.4	20.5	2.1	2.0	9.0	10.0	11.7
HDFC Bank	Buy	1,542	1,790	16	56.8	67.1	79.4	27.2	23.0	4.4	4.0	17.9	18.2	19.0
ICICI Bank	Buy	279	350	26	17.3	17.8	20.5	16.1	15.6	1.9	1.8	10.5	9.8	10.5
IDFC Bank	Neutral	66	62	-6	3.0	3.3	4.3	21.9	19.9	1.5	1.4	7.2	7.4	9.0
IndusInd	Buy	1,445	1,700	18	50.1	59.4	72.0	28.8	24.3	4.3	3.8	16.0	16.5	17.3
J&K Bank	Neutral	81	75	-8	-25.2	13.0	15.4	NM	6.3	0.8	0.7	-21.1	11.6	12.5
Kotak Mah. Bk	Buy	902	1,050	16	26.8	32.3	40.5	33.6	27.9	4.4	3.8	13.8	14.5	15.7
RBL Bank	Under Review	565	-		12.7	18.5	24.3	44.4	30.5	4.9	4.4	12.9	15.2	17.4
South Indian	Neutral	26	21	-18	2.8	3.1	3.8	9.3	8.3	0.9	0.8	9.7	10.0	11.3
Yes Bank	Buy	1,631	2,110	29	73.2	92.2	116.2	22.3	17.7	3.4	3.0	18.6	18.0	19.7
<b>Aggregate</b>								<b>26.4</b>	<b>21.3</b>	<b>3.1</b>	<b>2.8</b>	<b>11.7</b>	<b>13.2</b>	<b>14.8</b>
<b>Banks - PSU</b>														
BOB	Buy	188	224	19	7.5	19.0	26.1	24.9	9.9	1.2	1.1	5.0	11.9	14.8
BOI	Neutral	186	129	-31	-5.7	14.5	23.7	NM	12.9	0.8	0.7	-2.5	6.0	9.2
Canara	Neutral	355	310	-13	25.2	35.9	57.6	14.1	9.9	0.7	0.7	5.2	7.0	10.5
IDBI Bk	Neutral	78	49	-37	1.5	6.4	8.6	51.0	12.1	0.7	0.7	1.4	5.8	7.3
Indian Bk	Buy	318	360	13	29.3	33.3	38.1	10.9	9.6	1.1	1.0	10.1	10.6	11.1
OBC	Neutral	170	138	-19	0.3	21.0	26.0	676.8	8.1	0.4	0.4	0.1	5.2	6.1
PNB	Buy	169	186	10	5.3	12.4	16.6	32.0	13.6	0.9	0.9	3.0	6.7	8.3
SBI	Buy	289	340	17	8.7	16.9	23.3	33.3	17.1	1.3	1.2	3.9	7.3	9.3
Union Bk	Neutral	171	174	2	8.5	30.5	45.3	20.2	5.6	0.6	0.5	2.8	9.7	13.0
<b>Aggregate</b>								<b>29.7</b>	<b>12.8</b>	<b>1.0</b>	<b>0.9</b>	<b>3.2</b>	<b>7.1</b>	<b>9.2</b>
<b>NBFCs</b>														
Bajaj Fin.	Buy	1,276	1,448	13	34.4	47.5	64.0	37.1	26.9	7.7	6.2	22.7	25.5	27.3
Bharat Fin.	Neutral	805	859	7	44.6	42.8	55.1	18.0	18.8	4.0	3.3	29.6	19.3	20.4
Dewan Hsg.	Buy	428	500	17	29.6	36.7	42.7	14.5	11.7	1.7	1.5	14.4	13.9	14.5
GRUH Fin.	Neutral	397	421	6	8.1	10.3	12.5	48.7	38.6	13.0	10.8	30.4	30.6	30.9
HDFC	Buy	1,537	1,752	14	46.7	51.7	57.3	32.9	29.7	6.1	5.6	19.1	18.1	17.1
Indiabulls Hsg	Buy	1,017	1,227	21	69.0	82.2	101.6	14.7	12.4	3.5	3.2	25.5	27.0	29.6
LIC Hsg Fin	Neutral	668	723	8	38.2	44.6	51.2	17.5	15.0	3.1	2.7	19.4	19.3	19.0
Manappuram	Not Rated	93	-		8.2	11.1	14.0	11.4	8.4	2.6	2.3	23.9	29.0	32.2
M&M Fin.	Buy	337	400	19	7.1	12.9	16.4	47.6	26.1	2.9	2.8	6.4	10.9	12.9





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
Muthoot Fin	Buy	393	465	18	29.7	34.5	40.0	13.3	11.4	2.5	2.2	19.7	20.2	20.6
PFC	Neutral	160	117	-27	25.7	27.2	30.2	6.2	5.9	1.1	0.9	17.9	17.0	16.8
Repco Home	Buy	765	831	9	28.6	34.0	40.2	26.8	22.5	4.3	3.6	17.3	17.5	17.6
REC	Neutral	203	134	-34	31.4	35.0	40.4	6.5	5.8	1.2	1.0	19.9	19.1	19.1
Shriram City Union	Buy	2,237	2,689	20	91.8	134.5	164.6	24.4	16.6	3.0	2.6	12.7	16.5	17.5
STF	Buy	1,037	1,269	22	55.6	77.4	98.6	18.7	13.4	2.1	1.9	11.7	14.5	16.3
<b>Aggregate</b>								<b>18.1</b>	<b>15.6</b>	<b>3.2</b>	<b>2.8</b>	<b>17.5</b>	<b>17.9</b>	<b>18.0</b>
<b>Capital Goods</b>														
ABB	Neutral	1,410	1,190	-16	18.4	26.1	32.6	76.6	54.1	9.1	7.8	11.9	14.4	15.9
Bharat Elec.	Buy	183	180	-2	6.5	7.3	8.5	28.3	25.0	5.4	4.7	20.4	18.8	19.1
BHEL	Sell	176	115	-35	5.5	5.7	5.8	31.7	30.7	1.3	1.2	4.0	4.0	4.0
Blue Star	Neutral	695	680	-2	14.1	20.3	29.5	49.2	34.2	9.3	8.1	20.2	25.3	31.2
CG Cons. Elec.	Buy	220	221	0	4.6	5.5	6.7	48.3	40.4	36.6	24.9	94.3	73.3	66.1
CG Power & Indu.	Sell	79	45	-43	3.6	3.9	4.5	21.5	20.2	1.1	1.1	5.4	5.5	6.0
Cummins	Neutral	996	990	-1	26.6	30.5	36.5	37.4	32.7	8.0	7.3	22.6	23.2	25.3
GE T&D	Neutral	343	340	-1	6.0	11.0	11.4	57.0	31.1	6.8	6.1	11.7	20.7	19.2
Havells	Neutral	483	425	-12	8.9	12.1	14.1	54.1	40.1	11.0	9.8	20.3	24.6	25.1
Inox Wind	Neutral	196	175	-11	17.5	16.6	17.7	11.2	11.8	2.0	1.7	19.2	15.7	14.6
K E C Intl	Buy	219	175	-20	10.5	12.3	13.5	20.8	17.9	3.2	2.8	16.6	16.8	16.2
L&T	Buy	1,748	1,750	0	53.6	63.6	74.4	32.6	27.5	3.4	3.1	10.9	11.9	12.7
Pennar Eng.	Not Rated	144	-		5.8	7.5	10.0	24.7	19.2	2.1	1.9	8.6	10.0	11.8
Siemens	Neutral	1,312	1,340	2	17.0	25.7	33.5	77.1	51.0	7.1	6.1	9.2	11.9	14.2
Solar Ind	Neutral	804	800	0	19.0	22.3	26.5	42.2	36.0	7.2	6.2	18.4	18.6	19.0
Suzlon Energy	Not Rated	21	-		0.6	0.9	1.0	32.6	23.4	-1.9	-2.1	NM	-8.8	-11.0
Thermax	Sell	1,018	781	-23	23.5	28.4	31.5	43.3	35.9	4.8	4.5	11.6	12.9	13.2
Va Tech Wab.	Buy	671	760	13	26.5	34.5	40.3	25.3	19.4	3.5	3.1	8.9	16.7	17.3
Voltas	Sell	410	370	-10	13.6	14.9	16.9	30.2	27.5	5.0	4.4	17.6	17.1	17.1
<b>Aggregate</b>								<b>36.2</b>	<b>30.5</b>	<b>4.1</b>	<b>3.7</b>	<b>11.2</b>	<b>12.1</b>	<b>12.8</b>
<b>Cement</b>														
Ambuja Cem.	Buy	246	277	13	4.9	6.7	7.2	50.3	36.6	2.5	2.4	5.0	6.8	7.1
ACC	Neutral	1,625	1,521	-6	33.7	49.2	63.6	48.2	33.0	3.6	3.6	7.5	11.0	14.2
Birla Corp.	Buy	769	869	13	21.5	41.2	54.4	35.7	18.6	2.1	2.0	6.0	10.9	13.2
Dalmia Bharat	Buy	2,170	2,392	10	30.7	47.5	70.1	70.8	45.7	4.7	4.3	6.8	9.8	12.9
Grasim Inds.	Neutral	1,154	1,067	-7	68.7	86.6	111.1	16.8	13.3	1.9	1.7	11.7	13.2	14.8
India Cem	Neutral	216	152	-30	5.1	8.7	11.9	42.3	24.8	1.8	1.7	4.0	6.2	7.7
J K Cements	Buy	967	1,103	14	32.6	37.2	49.3	29.6	26.0	3.7	3.4	13.3	13.6	16.0
JK Lakshmi Ce	Buy	463	526	14	5.9	12.2	17.8	78.1	37.8	4.0	3.9	5.2	10.5	14.7
Ramco Cem	Buy	682	815	20	27.8	30.1	36.2	24.6	22.6	4.4	3.8	19.6	18.0	18.5
Orient Cem	Buy	170	167	-2	-1.8	3.2	5.8	NM	53.8	3.7	3.4	-3.7	6.6	11.3
Prism Cem	Buy	122	118	-3	-0.6	2.6	4.8	NM	46.4	6.4	5.8	-3.1	13.1	20.8
Shree Cem	Buy	19,263	20,072	4	363.2	480.6	642.3	53.0	40.1	9.6	7.9	19.2	21.7	23.5
Ultratech	Buy	4,239	4,928	16	96.1	121.4	159.1	44.1	34.9	5.0	4.5	12.0	13.6	15.7
<b>Aggregate</b>								<b>37.9</b>	<b>28.4</b>	<b>3.7</b>	<b>3.4</b>	<b>9.8</b>	<b>11.9</b>	<b>13.8</b>
<b>Consumer</b>														
Asian Paints	Neutral	1,120	1,145	2	20.5	22.6	26.7	54.6	49.6	16.8	14.8	32.8	31.8	32.4
Britannia	Buy	3,627	4,065	12	72.2	83.3	101.7	50.3	43.5	19.3	15.3	43.1	39.2	38.0
Colgate	Buy	1,038	1,200	16	21.7	25.8	31.6	47.9	40.3	25.0	23.5	54.9	60.1	68.5
Dabur	Neutral	287	310	8	7.3	8.3	9.7	39.2	34.7	10.2	8.7	28.3	27.2	27.1
Emami	Buy	1,058	1,295	22	24.5	29.8	36.0	43.2	35.5	12.8	10.8	33.8	33.0	33.2
Godrej Cons.	Neutral	1,743	1,740	0	37.1	42.9	49.8	46.9	40.6	9.8	8.4	22.5	22.2	21.9
GSK Cons.	Neutral	5,128	5,410	6	153.9	173.1	190.8	33.3	29.6	7.6	6.7	24.6	24.0	23.1
HUL	Neutral	935	945	1	19.3	21.5	24.8	48.5	43.5	33.4	34.7	67.6	78.4	92.5
ITC	Buy	279	320	15	8.4	9.3	11.0	33.3	29.8	8.8	7.7	28.4	27.6	28.7
Jyothy Lab	Neutral	400	380	-5	8.0	9.0	10.5	50.2	44.5	8.0	7.3	16.4	17.1	18.1



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
Marico	Buy	315	340	8	6.1	7.0	8.4	51.8	44.9	15.6	13.5	33.3	32.1	34.6
Nestle	Neutral	6,702	6,665	-1	118.0	139.2	163.3	56.8	48.1	21.4	18.6	39.0	41.4	41.9
Page Inds	Buy	14,460	17,480	21	235.6	305.1	388.4	61.4	47.4	25.3	20.0	41.3	42.2	43.2
Parag Milk	Neutral	244	250	3	0.8	6.9	12.5	300.5	35.1	3.0	2.8	1.3	8.2	13.2
Pidilite Ind.	Neutral	718	740	3	16.6	18.3	20.5	43.3	39.3	11.1	9.1	27.9	25.4	23.4
P&G Hygiene	Buy	7,371	8,790	19	145.7	167.7	198.8	50.6	44.0	13.7	11.8	29.0	28.8	29.5
United Brew	Buy	768	1,030	34	10.7	14.3	18.4	72.0	53.6	8.6	7.6	12.6	15.0	16.8
United Spirits	Neutral	1,875	2,025	8	28.6	42.2	58.7	65.5	44.5	12.4	9.8	20.8	22.1	23.8
<b>Aggregate</b>								<b>43.4</b>	<b>38.1</b>	<b>12.9</b>	<b>11.3</b>	<b>29.6</b>	<b>29.5</b>	<b>30.4</b>
<b>Healthcare</b>														
Alembic Phar	Neutral	611	630	3	21.6	28.5	35.8	28.3	21.5	6.1	5.0	23.3	25.5	26.0
Alkem Lab	Neutral	1,965	1,850	-6	79.3	85.7	100.0	24.8	22.9	5.5	4.6	24.4	22.0	21.7
Ajanta Pharma	Buy	1,648	2,028	23	56.0	63.8	79.6	29.4	25.8	9.2	7.1	35.9	30.9	29.9
Aurobindo	Buy	606	915	51	40.1	47.0	54.6	15.1	12.9	3.8	3.0	28.8	26.0	23.9
Biocon	Sell	1,105	800	-28	33.5	35.6	44.5	33.0	31.1	4.9	4.4	14.8	14.1	15.7
Cadila	Buy	440	510	16	12.0	17.7	23.0	36.7	24.9	7.3	6.0	21.4	26.5	27.9
Cipla	Neutral	557	550	-1	17.9	22.0	28.5	31.2	25.4	3.4	3.1	11.0	12.2	13.8
Divis Lab	Neutral	628	600	-4	43.0	32.9	38.6	14.6	19.1	3.5	3.2	25.4	17.7	18.8
Dr Reddy's	Neutral	2,599	3,050	17	76.1	110.9	147.2	34.1	23.4	3.2	2.9	9.8	12.9	15.2
Fortis Health	Buy	220	250	13	2.3	2.9	6.5	93.9	74.8	2.5	2.1	2.7	3.1	6.1
Glenmark	Neutral	893	990	11	40.6	49.2	60.5	22.0	18.1	4.4	3.4	20.1	19.0	19.1
Granules	Buy	152	160	5	6.8	7.7	11.3	22.4	19.8	3.5	2.6	18.8	15.8	18.3
GSK Pharma	Neutral	2,500	2,700	8	34.5	55.5	64.4	72.4	45.0	16.2	19.3	22.4	43.0	56.9
IPCA Labs	Neutral	598	540	-10	15.8	27.9	37.3	37.8	21.4	3.1	2.7	8.4	13.5	15.9
Lupin	Buy	1,338	1,850	38	61.4	78.6	88.8	21.8	17.0	4.5	3.7	22.8	23.8	22.1
Sanofi India	Buy	4,203	5,000	19	129.0	157.8	189.9	32.6	26.6	5.3	4.8	16.2	18.1	19.4
Sun Pharma	Buy	643	850	32	27.1	32.5	38.7	23.7	19.7	4.5	3.8	19.8	20.9	21.0
Syngene Intl	Not Rated	515	-		13.0	16.1	18.0	39.6	31.9	8.0	6.5	22.2	22.5	20.7
Torrent Pharma	Buy	1,416	1,700	20	56.6	76.3	93.4	25.0	18.6	6.0	5.0	25.9	29.3	29.6
<b>Aggregate</b>								<b>25.6</b>	<b>20.9</b>	<b>4.5</b>	<b>3.8</b>	<b>17.7</b>	<b>18.3</b>	<b>18.9</b>
<b>Logistics</b>														
Allcargo Logistics	Buy	189	203	7	9.0	10.9	12.3	21.0	17.4	2.7	2.4	11.5	14.8	14.8
Blue Dart	Not Rated	4,870	-		102.5	129.9	163.2	47.5	37.5	21.1	16.0	50.5	48.6	46.8
Concor	Neutral	1,218	1,042	-14	29.7	39.9	44.9	41.0	30.5	3.5	3.3	8.8	11.2	11.8
Gateway Distriparks	Buy	267	314	17	8.3	15.7	20.1	32.2	17.1	2.3	2.1	7.2	12.9	15.3
Gati	Not Rated	136	-		8.4	15.9	23.9	16.3	8.6	2.2	2.0	12.4	19.4	25.4
Transport Corp.	Not Rated	242	-		16.9	21.0	25.9	14.3	11.5	2.2	1.9	16.7	17.8	18.6
<b>Aggregate</b>								<b>34.8</b>	<b>25.5</b>	<b>3.8</b>	<b>3.5</b>	<b>11.0</b>	<b>13.7</b>	<b>14.9</b>
<b>Media</b>														
Dish TV	Buy	95	115	22	1.4	2.7	4.3	65.7	35.6	18.9	12.4	33.6	42.0	43.9
D B Corp	Buy	381	450	18	20.4	23.0	26.5	18.6	16.5	4.6	4.1	26.2	26.2	26.8
Den Net.	Neutral	96	90	-6	-3.6	2.2	8.5	NM	43.6	1.1	1.1	-4.1	2.5	8.8
Hind. Media	Buy	288	360	25	25.2	27.4	30.3	11.4	10.5	1.9	1.6	18.5	16.8	15.8
HT Media	Neutral	82	90	10	8.0	8.2	8.7	10.2	10.1	0.7	0.7	7.7	7.1	7.0
Jagran Prak.	Buy	195	225	15	10.8	12.2	13.9	18.1	16.0	3.5	3.1	20.7	20.6	20.4
PVR	Buy	1,614	1,667	3	20.8	35.7	56.8	77.7	45.2	7.9	6.9	10.6	16.3	22.0
Siti Net.	Neutral	35	40	13	-1.8	0.0	1.2	NM	NM	4.2	3.5	-21.7	0.0	11.1
Sun TV	Neutral	921	860	-7	25.1	29.7	34.5	36.7	31.0	9.2	8.5	25.1	27.3	29.0
Zee Ent.	Buy	526	610	16	11.4	17.3	20.6	46.2	30.4	10.3	8.4	29.1	30.3	29.4
<b>Aggregate</b>								<b>40.4</b>	<b>29.3</b>	<b>6.6</b>	<b>5.7</b>	<b>16.3</b>	<b>19.6</b>	<b>21.6</b>
<b>Metals</b>														
Hindalco	Buy	199	235	18	16.9	22.6	25.4	11.8	8.8	1.7	1.4	15.4	17.5	16.8
Hind. Zinc	Sell	269	235	-13	19.7	21.5	23.7	13.7	12.5	3.7	3.1	24.4	27.2	25.4
JSPL	Buy	114	181	58	-22.3	-17.5	-2.2	NM	NM	0.3	0.3	-7.5	-4.5	-0.6



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
JSW Steel	Buy	199	222	12	13.6	18.3	20.5	14.7	10.9	2.2	1.9	16.2	18.7	17.9
Nalco	Buy	69	83	21	3.9	5.3	5.8	17.6	12.8	1.3	1.2	7.5	9.6	9.9
NMDC	Buy	127	178	40	12.1	12.3	13.0	10.5	10.4	1.7	1.6	13.4	15.5	15.1
SAIL	Sell	60	30	-50	-7.4	-12.6	0.4	NM	NM	0.7	0.8	-8.1	-15.4	0.5
Vedanta	Neutral	244	250	3	17.7	24.7	27.7	13.7	9.9	1.5	1.4	11.4	15.0	15.6
Tata Steel	Sell	449	440	-2	18.9	39.4	45.7	23.8	11.4	3.6	2.9	13.6	28.2	26.5
<b>Aggregate</b>								<b>18.0</b>	<b>14.1</b>	<b>1.4</b>	<b>1.3</b>	<b>7.9</b>	<b>9.6</b>	<b>12.0</b>
<b>Oil &amp; Gas</b>														
BPCL	Buy	719	763	6	55.9	53.7	58.4	12.9	13.4	3.3	2.8	27.1	22.7	21.4
GAIL	Neutral	424	349	-18	21.7	28.9	32.5	19.5	14.7	2.1	2.0	13.0	14.0	14.4
Gujarat Gas	Sell	843	735	-13	17.5	40.0	49.0	48.2	21.1	5.0	4.2	10.7	21.5	22.0
Gujarat St. Pet.	Neutral	181	162	-10	8.9	11.0	13.2	20.3	16.4	2.3	2.1	12.0	13.5	14.5
HPCL	Buy	536	604	13	53.5	44.9	45.8	10.0	11.9	2.6	2.3	27.8	20.7	18.6
IOC	Buy	440	441	0	43.7	39.4	41.0	10.1	11.2	2.4	2.1	26.0	20.4	18.8
IGL	Neutral	1,060	1,023	-3	43.3	43.8	49.4	24.5	24.2	5.2	4.4	22.3	19.7	19.2
MRPL	Neutral	133	114	-14	12.2	11.4	12.8	10.9	11.6	2.9	2.4	29.6	22.7	21.4
Oil India	Buy	327	382	17	28.6	33.1	37.8	11.4	9.9	1.1	1.0	9.8	10.8	11.6
ONGC	Buy	186	233	25	15.3	20.0	22.9	12.2	9.3	1.2	1.2	10.4	13.0	14.1
PLNG	Buy	423	454	7	22.2	26.5	36.2	19.0	16.0	4.2	3.5	23.9	24.0	27.2
Reliance Ind.	Neutral	1,395	1,264	-9	106.6	121.7	127.8	13.1	11.5	1.4	1.3	11.9	11.8	11.2
<b>Aggregate</b>								<b>12.9</b>	<b>11.8</b>	<b>1.8</b>	<b>1.6</b>	<b>13.8</b>	<b>13.8</b>	<b>13.6</b>
<b>Retail</b>														
Jubilant Food	Neutral	1,039	1,110	7	12.3	21.7	29.1	84.3	47.8	8.5	9.3	10.1	19.5	24.9
Titan Co.	Neutral	471	485	3	9.4	10.4	11.8	50.1	45.2	10.0	8.7	21.5	20.6	20.3
<b>Aggregate</b>								<b>53.7</b>	<b>46.0</b>	<b>9.9</b>	<b>8.9</b>	<b>18.4</b>	<b>19.3</b>	<b>19.7</b>
<b>Technology</b>														
Cyient	Buy	547	620	13	30.6	37.8	44.1	17.8	14.5	2.9	2.5	16.2	17.6	17.9
HCL Tech.	Buy	812	1,000	23	57.2	64.3	70.3	14.2	12.6	3.6	3.5	27.0	27.8	28.1
Hexaware	Neutral	230	235	2	13.7	15.4	16.7	16.8	15.0	4.1	3.6	26.5	25.3	23.5
Infosys	Buy	919	1,200	31	62.9	64.7	71.1	14.6	14.2	3.0	2.7	23.3	21.4	21.2
KPIT Tech	Neutral	128	150	17	11.9	13.4	15.2	10.7	9.5	1.6	1.4	14.3	15.6	15.2
L&T Infotech	Buy	707	800	13	53.6	58.0	60.8	13.2	12.2	4.9	4.1	41.4	36.6	32.1
Mindtree	Neutral	486	475	-2	24.9	30.5	36.5	19.5	16.0	3.2	2.9	16.8	18.9	20.5
Mphasis	Neutral	535	550	3	42.7	43.0	44.9	12.5	12.4	1.9	1.8	14.1	14.9	14.7
NIIT Tech	Neutral	457	470	3	36.2	46.8	52.9	12.6	9.8	1.6	1.5	13.5	15.9	16.0
Persistent Sys	Buy	587	700	19	37.7	43.9	51.4	15.6	13.4	2.4	2.3	17.0	18.1	20.3
Tata Elxsi	Buy	1,512	1,780	18	59.3	72.1	89.0	25.5	21.0	9.8	7.8	42.5	41.3	40.8
TCS	Neutral	2,272	2,400	6	133.4	139.7	149.6	17.0	16.3	5.3	5.5	33.5	32.4	32.3
Tech Mah	Buy	417	550	32	32.5	35.7	40.2	12.8	11.7	2.4	2.1	20.1	19.5	19.2
Wipro	Neutral	494	500	1	33.8	34.6	38.2	14.6	14.3	2.3	2.1	16.9	15.5	15.7
Zensar Tech	Buy	863	1,020	18	54.9	67.6	78.4	15.7	12.8	2.4	2.1	16.3	17.7	17.8
<b>Aggregate</b>								<b>15.7</b>	<b>15.1</b>	<b>3.7</b>	<b>3.5</b>	<b>23.5</b>	<b>23.1</b>	<b>22.3</b>
<b>Telecom</b>														
Bharti Airtel	Buy	355	410	16	11.0	5.1	9.4	32.1	69.6	2.1	2.0	6.5	2.9	5.2
Bharti Infratel	Buy	355	435	23	15.5	16.7	19.9	22.8	21.2	3.7	3.3	15.7	15.9	16.7
Idea Cellular	Buy	86	120	40	-3.0	-15.4	-16.9	NM	NM	1.2	1.6	-4.2	-25.3	-37.1
Tata Comm	Buy	722	811	12	6.2	25.6	44.1	116.5	28.2	-72.0	46.4	-50.2	924.0	117.3
<b>Aggregate</b>								<b>41.2</b>	<b>856.7</b>	<b>2.4</b>	<b>2.4</b>	<b>5.7</b>	<b>0.3</b>	<b>2.3</b>
<b>Utilities</b>														
Coal India	Buy	277	335	21	16.7	20.1	22.1	16.6	13.8	6.7	6.7	40.6	48.8	53.5
CESC	Buy	944	970	3	50.4	74.7	82.2	18.7	12.6	2.1	1.9	11.1	15.8	15.2
JSW Energy	Buy	67	73	9	3.9	2.3	0.8	17.3	29.3	1.3	1.3	7.3	4.3	1.4
NTPC	Buy	164	199	21	11.9	14.3	17.3	13.8	11.5	1.4	1.3	10.6	11.9	13.3
Power Grid	Buy	208	243	17	15.3	17.7	20.7	13.6	11.7	2.2	1.9	17.3	17.5	17.7
<b>Aggregate</b>								<b>14.9</b>	<b>12.5</b>	<b>2.4</b>	<b>2.2</b>	<b>15.9</b>	<b>17.4</b>	<b>18.3</b>



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
<b>Others</b>														
Arvind	Buy	399	430	8	13.5	21.8	28.6	29.5	18.3	2.7	2.4	10.4	14.0	16.3
Bata India	Under Review	583	-		10.9	14.2	17.7	53.6	41.1	5.8	5.3	11.3	13.4	15.0
Castrol India	Buy	438	532	22	13.6	14.9	15.2	32.1	29.4	33.7	30.4	110.9	108.6	100.4
Century Ply.	Buy	257	274	7	7.7	8.6	11.4	33.2	29.8	8.7	7.2	28.9	26.5	28.6
Coromandel Intl	Under Review	348	-		16.0	18.3	23.6	21.8	19.0	3.8	3.4	18.2	18.9	21.7
Delta Corp	Buy	159	229	44	3.3	6.9	7.6	48.9	23.2	4.2	3.2	9.0	15.7	17.0
Dynamatic Tech	Buy	2,694	3,334	24	67.6	112.9	166.7	39.8	23.9	5.5	4.5	15.1	20.7	24.3
Eveready Inds.	Buy	306	287	-6	11.4	13.9	16.9	26.8	22.1	8.2	6.6	34.7	33.0	32.4
Interglobe	Neutral	1,106	1,092	-1	39.0	64.7	78.0	28.4	17.1	19.4	16.4	72.2	104.1	106.3
Indo Count	Buy	205	232	13	13.7	17.5	21.1	15.0	11.7	4.3	3.1	33.8	30.8	27.3
Info Edge	Buy	833	1,000	20	16.9	17.9	21.0	49.4	46.5	5.2	4.9	11.1	10.9	11.9
Inox Leisure	Sell	299	230	-23	2.5	8.2	11.5	119.5	36.6	4.7	4.2	3.8	11.5	14.3
Jain Irrigation	Under Review	112	-		5.5	7.6	10.0	20.2	14.7	1.7	1.7	8.6	11.7	14.8
Just Dial	Under Review	503	-		17.2	18.5	22.1	29.3	27.2	4.5	4.0	16.5	15.5	16.2
Kaveri Seed	Buy	564	649	15	23.4	28.6	36.1	24.1	19.8	4.1	3.8	17.3	19.8	22.9
Kitex Garm.	Buy	501	551	10	26.0	31.0	36.7	19.3	16.2	5.2	4.2	29.9	28.7	27.7
Manpasand	Buy	705	843	19	14.9	23.1	38.3	47.3	30.5	3.4	3.2	8.6	9.6	16.3
MCX	Buy	1,215	1,400	15	26.3	30.0	42.5	46.2	40.5	4.7	4.5	10.6	11.3	15.0
Monsanto	Buy	2,564	2,841	11	72.9	89.3	109.3	35.2	28.7	10.7	10.0	30.4	35.9	39.6
Navneet Education	Buy	169	210	25	6.6	8.6	10.5	25.4	19.6	6.4	5.4	26.0	30.0	30.9
PI Inds.	Buy	869	1,046	20	30.4	34.8	43.6	28.6	25.0	7.9	6.3	30.9	27.9	27.8
Piramal Enterp.	Buy	2,498	2,200	-12	74.5	127.1	164.7	33.5	19.6	3.3	2.9	10.0	15.7	18.2
SRF	Buy	1,780	1,825	3	82.4	99.9	125.1	21.6	17.8	3.4	2.9	16.5	17.4	19.1
S H Kelkar	Buy	324	371	15	7.7	10.3	13.3	42.1	31.4	5.6	5.0	13.9	16.8	19.1
Symphony	Sell	1,434	1,288	-10	27.0	35.1	42.9	53.1	40.8	28.9	24.6	56.8	65.0	66.3
TTK Prestige	Neutral	6,260	5,281	-16	106.9	137.7	176.0	58.5	45.4	9.3	8.4	16.5	19.4	22.2
V-Guard	Neutral	191	140	-27	3.7	4.6	5.4	51.5	41.7	13.6	10.9	29.4	29.1	27.6
Wonderla	Buy	389	393	1	7.0	11.9	16.0	55.6	32.6	5.1	4.6	9.5	14.8	17.5



Company	1 Day (%)	1M (%)	12M (%)
<b>Automobiles</b>			
Amara Raja	0.8	2.0	-5.2
Ashok Ley.	-1.4	-1.2	-19.0
Bajaj Auto	0.3	1.6	15.3
Bharat Forge	0.9	9.2	44.3
Bosch	1.5	-0.1	14.9
CEAT	-1.1	17.8	30.0
Eicher Mot.	0.2	4.4	28.5
Endurance Tech.	0.5	12.1	
Escorts	0.1	4.5	221.5
Exide Ind	1.1	6.4	56.8
Hero Moto	0.4	-0.5	14.1
M&M	-0.3	4.5	-0.7
Mahindra CIE	8.6	22.4	22.1
Maruti Suzuki	2.4	9.2	74.1
Tata Motors	0.4	-3.1	11.4
TVS Motor	-1.5	14.6	55.5
<b>Banks - Private</b>			
Axis Bank	0.7	1.3	8.8
DCB Bank	0.7	7.3	92.9
Equitas Hold.	-1.7	3.1	19.8
Federal Bank	13.6	18.7	131.6
HDFC Bank	-1.6	8.7	38.4
ICICI Bank	1.6	0.6	16.0
IDFC Bank	1.1	8.7	38.9
IndusInd	-2.0	2.9	39.8
J&K Bank	4.6	10.5	16.5
Kotak Mah. Bk	-1.4	4.9	28.4
RBL Bank	2.1	15.8	
South Indian	4.5	27.2	56.9
Yes Bank	-0.6	6.2	72.6
<b>Banks - PSU</b>			
BOB	3.4	8.0	17.1
BOI	5.0	37.1	94.5
Canara	7.8	19.4	73.3
IDBI Bk	4.4	2.9	12.1
Indian Bk	1.5	19.7	224.0
OBC	4.5	21.4	78.7
PNB	2.6	14.3	91.5
SBI	2.7	2.6	50.6
Union Bk	6.9	10.0	33.0
<b>NBFCs</b>			
Bajaj Fin.	-0.8	6.8	83.2
Bharat Fin.	1.4	-3.6	36.5
Dewan Hsg.	0.8	16.8	113.8
GRUH Fin.	-1.0	6.9	52.9
HDFC	-1.9	2.2	41.4
Indiabulls Hsg	1.3	5.6	46.0
LIC Hsg Fin	-0.3	9.1	46.1
Manappuram	-0.9	-8.1	136.2
M&M Fin.	1.5	2.4	12.5
Muthoot Fin	-1.7	12.0	87.6
PFC	1.0	10.4	76.5
Repco Home	1.9	14.7	19.6
REC	-0.6	17.6	124.7
STF	-0.4	-3.4	7.4
Shriram City Union	-0.1	6.0	34.8

Company	1 Day (%)	1M (%)	12M (%)
<b>Capital Goods</b>			
ABB	0.1	18.5	11.3
Bharat Elec.	1.7	15.4	54.3
BHEL	-0.2	4.3	40.7
Blue Star	2.8	12.8	64.0
CG Cons. Elec.	-1.4	11.0	
CG Power & Inds Sol.	0.3	1.7	35.3
Cummins	-2.3	6.3	14.4
GE T&D	1.8	10.4	-9.2
Havells	1.4	7.4	43.4
Inox Wind	-0.4	15.9	-27.0
K E C Intl	0.5	13.0	74.2
L&T	-0.8	13.1	38.8
Pennar Eng.	-0.8	14.1	-6.1
Siemens	-1.3	5.2	13.9
Solar Ind	0.1	7.1	18.2
Suzlon Energy	0.7	11.6	45.0
Thermax	-1.1	12.2	31.2
Va Tech Wab.	-0.8	-1.0	17.0
Voltas	0.2	4.8	39.0
<b>Cement</b>			
Ambuja Cem.	-1.4	7.6	11.7
ACC	-0.5	14.7	13.1
Birla Corp.	-0.1	9.6	97.6
Dalmia Bharat	3.3	11.9	152.3
Grasim Inds.	0.0	8.4	40.1
India Cem	2.0	37.2	149.0
J K Cements	0.7	7.9	59.2
JK Lakshmi Ce	-0.8	2.9	31.4
Ramco Cem	-0.6	3.6	50.7
Orient Cem	6.4	34.7	14.9
Prism Cem	3.4	23.6	41.1
Shree Cem	-0.6	15.5	50.5
Ultratech	0.1	6.3	34.0
<b>Consumer</b>			
Asian Paints	1.5	5.9	28.1
Britannia	1.8	8.5	28.5
Colgate	0.3	5.1	22.5
Dabur	-0.7	4.0	6.4
Emami	0.7	4.2	5.7
Godrej Cons.	0.0	3.0	30.6
GSK Cons.	-1.1	-2.9	-14.2
HUL	-1.2	3.6	6.6
ITC	-2.3	-0.7	29.3
Jyothy Lab	-3.0	14.6	32.4
Marico	-0.8	8.2	25.3
Nestle	0.0	3.1	13.4
Page Inds	1.3	-2.8	11.6
Parag Milk	-2.5	9.6	
Pidilite Ind.	-0.6	3.0	19.6
P&G Hygiene	0.4	4.9	15.3
United Brew	-1.0	-1.2	0.8
United Spirits	1.3	-14.2	-20.1
<b>Healthcare</b>			
Alembic Phar	-0.2	3.3	0.6
Alkem Lab	2.6	-10.7	64.6
Ajanta Pharma	0.3	-7.6	7.3
Aurobindo	-0.5	-10.8	-20.7

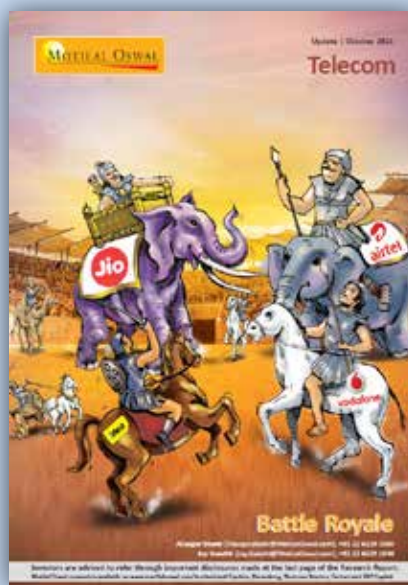
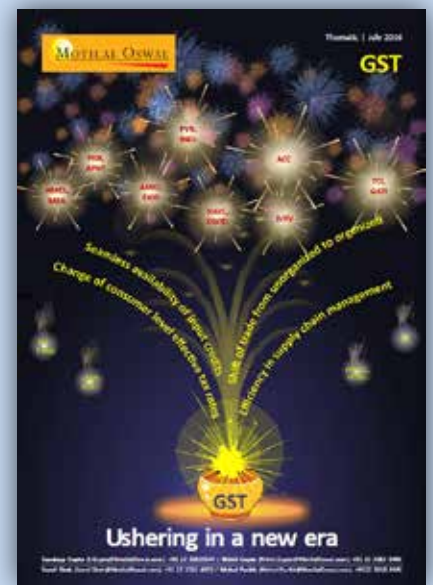
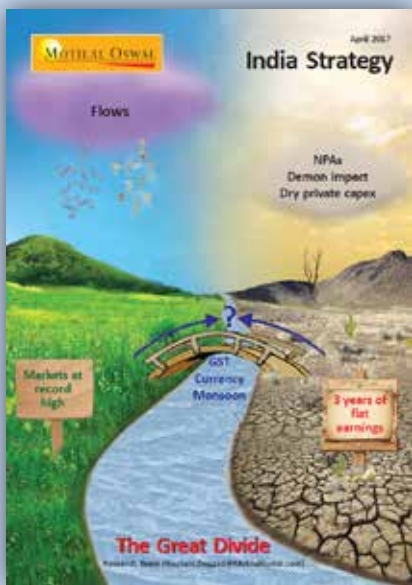




Company	1 Day (%)	1M (%)	12M (%)
Biocon	-1.3	-2.8	92.3
Cadila	-1.2	-2.9	34.5
Cipla	-0.7	-6.3	5.6
Divis Lab	-0.5	-0.6	-40.1
Dr Reddy's	0.2	-1.4	-15.8
Fortis Health	5.1	23.4	23.5
Glenmark	1.1	1.8	9.1
Granules	1.4	9.0	14.4
GSK Pharma	-2.3	-7.5	-33.4
IPCA Labs	-0.5	2.3	21.3
Lupin	0.0	-8.1	-15.2
Sanofi India	2.5	-12.2	-2.7
Sun Pharma	0.9	-8.0	-19.9
Syngene Intl	-3.7	-1.9	31.8
Torrent Pharma	0.2	-2.0	0.0
<b>Logistics</b>			
Allcargo Logistics	-1.6	15.0	23.8
Blue Dart	-0.9	-3.1	-15.3
Concor	0.4	22.3	15.3
Gateway Distriparks	-0.2	6.1	-5.7
Gati	-0.7	-5.0	13.4
Transport Corp.	4.4	8.8	47.3
<b>Media</b>			
Dish TV	-0.1	-12.7	5.6
D B Corp	0.6	3.2	14.7
Den Net.	1.4	18.6	8.5
Hind. Media	0.2	1.2	12.3
HT Media	0.0	-0.6	-8.2
Jagran Prak.	-0.3	8.4	19.6
PVR	0.1	12.7	97.9
Siti Net.	-1.8	-8.9	0.6
Sun TV	-0.2	18.2	159.7
Zee Ent.	-0.5	-1.0	29.9
<b>Metals</b>			
Hindalco	2.2	5.0	105.5
Hind. Zinc	0.7	-17.5	56.5
JSPL	0.6	-4.9	52.8
JSW Steel	0.4	9.6	45.4
Nalco	2.2	-7.2	48.6
NMDC	0.6	-5.0	33.1
SAIL	1.0	0.2	28.6
Vedanta	4.1	-8.1	143.6
Tata Steel	0.7	-6.5	29.1
<b>Oil &amp; Gas</b>			
BPCL	-2.2	11.3	49.4
GAIL	1.2	13.0	55.3
Gujarat Gas	0.5	6.9	58.3
Gujarat St. Pet.	-2.0	10.1	31.5
HPCL	-1.2	3.3	93.3
IOC	-0.7	19.0	107.3
IGL	0.0	3.7	85.1
MRPL	0.9	32.9	94.0
Oil India	1.2	-1.2	32.2
ONGC	3.8	-0.5	28.8
PLNG	-1.7	3.1	62.6
Reliance Ind.	-0.9	12.0	39.9
<b>Retail</b>			
Jubilant Food	0.5	-5.5	-13.1

Company	1 Day (%)	1M (%)	12M (%)
Titan Co.	-1.3	3.8	27.6
<b>Technology</b>			
Cyient	1.6	15.8	19.1
HCL Tech.	0.0	-5.6	1.5
Hexaware	0.0	4.4	-5.9
Infosys	-0.5	-11.2	-24.1
KPIT Tech	0.0	-2.3	-20.3
L&T Infotech	-0.4	2.6	
Mindtree	-0.7	5.4	-29.3
Mphasis	0.0	-10.7	8.2
NIIT Tech	-1.0	7.8	-2.9
Persistent Sys	0.7	-1.5	-20.0
Tata Elxsi	-1.2	1.3	-21.0
TCS	-1.3	-6.5	-10.1
Tech Mah	-1.8	-8.5	-13.2
Wipro	-0.3	-2.6	-10.7
Zensar Tech	2.4	-4.4	-11.3
<b>Telecom</b>			
Bharti Airtel	-0.9	4.1	-4.8
Bharti Infratel	-2.8	11.3	-4.5
Idea Cellular	0.4	-3.2	-32.3
Tata Comm	0.0	0.3	74.8
<b>Utilities</b>			
Coal India	0.8	-4.8	-3.0
CESC	1.6	13.8	76.3
JSW Energy	0.1	8.8	-0.5
NTPC	0.0	-0.3	19.8
Power Grid	0.2	5.5	46.7
<b>Others</b>			
Arvind	-0.8	2.1	40.4
Bata India	-0.2	5.5	5.2
Castrol India	0.0	5.1	12.3
Century Ply.	0.3	4.5	41.0
Coromandel Intl	-4.0	9.8	57.4
Delta Corp	-4.1	-9.7	90.0
Dynamatic Tech	-2.3	-5.3	24.0
Eveready Inds.	1.6	22.8	22.4
Interglobe	-1.1	6.4	4.0
Indo Count	0.8	3.3	-2.6
Info Edge	1.2	2.3	9.7
Inox Leisure	0.1	9.9	43.2
Jain Irrigation	-0.8	18.6	81.4
Just Dial	-0.9	-11.6	-41.4
Kaveri Seed	-0.2	4.9	41.7
Kitex Garm.	-2.7	17.9	10.1
Manpasand	-0.2	0.2	31.8
MCX	-0.3	0.9	38.3
Monsanto	0.1	2.1	43.9
Navneet Educat.	-1.1	11.8	89.6
PI Inds.	0.5	2.4	36.8
Piramal Enterp.	1.1	34.1	118.2
SRF	-0.7	11.4	32.8
S H Kelkar	1.6	8.6	40.9
Symphony	1.6	-5.5	19.8
TTK Prestige	-1.1	8.4	39.9
V-Guard	0.7	12.1	178.7
Wonderla	0.2	1.7	1.7

# THEMATIC/STRATEGY RESEARCH GALLERY





# REPORT GALLERY

## RECENT INITIATING COVERAGE REPORTS

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**Long road ahead**

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**Favorable odds**

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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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**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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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 INR18.1b.
- ▶ 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 Week Range (INR)	954/106
52.52 Wk. High (INR)	1,100.12
52.52 Wk. Low (INR)	1,000.07

**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	24.4	23.0
Other	3.8	3.6	33.5

**Auditor's name**  
Deloitte Haskin & 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 P2C-IN) and Sun Pharmaceutical Laboratories (SPL). On a consolidated basis, contingent liabilities increased steeply from INR33.5b in FY15 to INR41.5b (1% 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 INR18.1b) 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 - valuation, average size structure, we believe ART will create: from accounting and auditing basis to corporate governance to investor relations - will create point 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

23 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 bank 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 64,000 to 164, 484 terminal orders in hand, (c) 7m new debit cards are activated and (d) 3B bioidy (wallet) transactions are up 1x on MoM.

**Asset quality: Will demonetization lead to higher NPA?**

- ▶ 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 discussion 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
HFCL	10
Tata Power	10
Bank Mid-Cap	9
WIPAC	9
IL&T	7
Indraprastha Gas	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
HARP	-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 14% rise of Nifty in last 5 years

Year	Equity AUM (INR t)	Nifty Index
FY13	1,304	5,483
FY14	1,438	6,764
FY15	1,636	8,067
FY16	2,442	9,442
FY17	3,174	11,114

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