

Market snapshot



Equities - India	Close	Chg .%	YTD.%
Sensex	33,600	1.2	26.2
Nifty-50	10,441	1.0	27.5
Nifty-M 100	19,687	0.6	37.2
Equities-Global	Close	Chg .%	YTD.%
S&P 500	2,579	0.2	15.2
Nasdaq	6,717	-0.2	24.8
FTSE 100	7,488	-0.1	4.8
DAX	13,466	1.8	17.3
Hang Seng	11,636	1.1	23.9
Nikkei 225	22,420	1.9	17.3
Commodities	Close	Chg .%	YTD.%
Brent (US\$/Bbl)	60	-0.8	9.1
Gold (\$/OZ)	1,279	0.5	10.3
Cu (US\$/MT)	6,899	1.2	24.9
Almn (US\$/MT)	2,168	1.2	27.2
Currency	Close	Chg .%	YTD.%
USD/INR	64.6	-0.3	-4.8
USD/EUR	1.2	0.1	10.4
USD/JPY	114.0	0.7	-2.6
YIELD (%)	Close	1MChg	YTDchg
10 Yrs G-Sec	6.9	0.0	0.4
10 Yrs AAA Corp	7.7	0.0	0.1
Flows (USD b)	1-Nov	MTD	YTD
FII	0.2	0.5	5.7
DII	-0.1	1.4	11.2
Volumes (INRb)	1-Nov	MTD*	YTD*
Cash	432	347	299
F&O	6,940	6,560	5,539

Note: YTD is calendar year, \*Avg



Today's top research idea

Rain Industries (Initiating Coverage): Enduring tailwinds Re-rated, yet attractive

RAIN is globally the second largest producer of calcine pet coke (CPC) and coal tar pitch (CTP), which are used in aluminum smelting.

- ✓ The dual benefit of demand growth and supply shock is driving CPC prices and margins.
- ✓ Capacity cuts in RAIN's key markets have turned the margin outlook favorably for CTP.
- ✓ Global leadership, product innovation, and long-standing relationships with leading customers and raw material suppliers are the key barriers to entry.
- ✓ RAIN is investing in high-IRR projects to capitalize on the exponential rise in CPC demand in India and in debottlenecking coal tar distillation in Europe.

Although the stock has got re-rated, valuations still appear attractive. We value the stock at INR362 based on 6.5x EV/EBITDA of CY19E, and initiate coverage with a Buy rating.



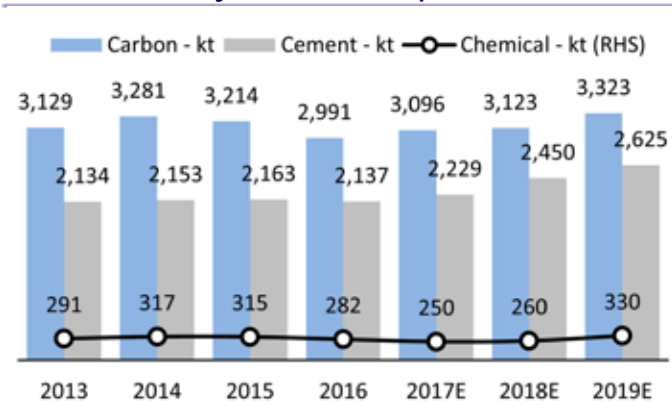
Research covered

Cos/Sector	Key Highlights
Rain Industries (IC)	Enduring tailwinds; Re-rated, yet attractive
Auto	November 2017 Volumes numbers
Bharti Airtel	Cost-structuring measures show results
GAIL (India)	Making room for higher crude oil price
Hero MotoCorp	In-line results
Godrej Consumer	Soaps drives India biz growth
Tech Mahindra	Profitability resurrection on track
TVS Motor	In-line results; decadal-high EBITDA margins
Concor	Cost efficiencies to drive up margins
Shriram Trans.	Strong quarter; expect buoyancy going forward
Divi's Lab.	Regulatory issues impact revenues
Other Results	CIFC   JSW   HEXW   BLSTR   DBCL   JKBK   ENIL   KPIT   RADIOCIT
Results Expectation	GETD   GNP   PWGR   SCUF   TRCL   VEDL

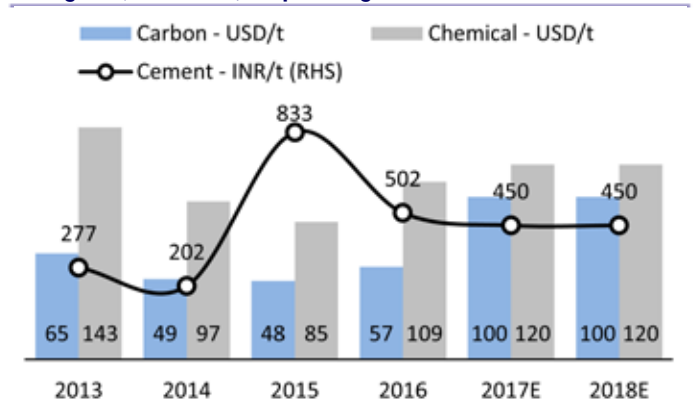


Chart of the Day: Rain Industries (Initiating Coverage) – Enduring tailwinds

Volumes driven by demand and capex



Margins (EBITDA/t) improving on tailwinds



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

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



Kindly click on textbox for the detailed news link

1

**US states sue 5 Indian generic drug makers over price cartelisation**

At least five Indian companies are among 12 generic drug manufacturers named in a new lawsuit over alleged price cartelisation in the US, adding to their existing headaches including regulator inspections and pricing pressures in their largest market...

2

**Auto sales cool off in October on inventory readjustment**

Auto sales of most manufacturers cooled in October as dispatches to dealers moderated after the festive season ended on 19 October, with Diwali. Auto firms in India count dispatches to dealerships as sales. The top five passenger vehicles makers—Maruti Suzuki India Ltd, Hyundai Motor India Ltd, Mahindra and Mahindra Ltd, Honda Cars India Ltd, and Tata Motors Ltd—sold a cumulative 238,838 units in the month, up 3.7% from a year ago...

3

**US Fed signals December rate hike on track as Trump weighs next chair**

US Federal Reserve (US Fed) officials voted unanimously to leave interest rates unchanged while signalling they remain on track to hike once more this year, a day before President Donald Trump plans to unveil his choice to lead the US central bank...

4

**Intas closing in on Mallinckrodt's US generics business**

Intas Pharmaceuticals, backed by Temasek and ChrysCapital, has inched closer to arguably the biggest cross-border buyout by an Indian pharma company, emerging as the front-runner to acquire Mallinckrodt's generics drug business in the US for \$1.5 billion,...

5

**Cash-Rich CPSEs may be nudged to invest in Rs 1.35 lakh crore recap bonds**

The government may nudge cash surplus central public sector enterprises (CPSEs) to invest in the proposed Rs 1.35 lakh crore bond offering to recapitalise public sector banks. This is among the options being considered by the government, said a senior finance ministry official, who did not wish to be identified. Earlier this month, the government had announced a Rs 2.1 lakh crore bank recapitalisation plan, of which Rs 76,000 crore will come through budgetary support and bank stake sales, and Rs 1.35 lakh crore as bonds...

6

**Odisha seeks to recover Rs 20,169 crore from Mahanadi Coalfield**

The Odisha government has sent show cause notices to the tune of Rs 20,169-crore to Coal IndiaBSE - 0.23 % subsidiary Mahanadi Coalfields for alleged violation of environmental norms, its biggest claim since the Supreme Court imposed 100% penalty on illegal mining...

7

**United Spirits pips Pernod Ricard in the battle for bottle**

The fight for the top spot in the Indian liquor industry, the third largest in the world, is now turning out to be a see-saw battle, with United Spirits — owned by the world's largest spirits maker Diageo — edging past Pernod Ricard, the second largest in the world...



# Rain Industries

BSE Sensex  
33,213S&P CNX  
10,335

CMP: INR271

TP: INR362(+33%)

Buy

**Stock Info**

Bloomberg	RINDL IN
Equity Shares (m)	336
52-Week Range (INR)	257 / 41
1, 6, 12 Rel. Per (%)	37/108/352
M.Cap. (INR b)	91.3
M.Cap. (USD b)	1.4
Avg Val, INRm	286.4
Vol m	286
Free float (%)	58.9

**Financial Snapshot (INR b)**

Y/E Dec	2016	2017E	2018E
Net Sales	93.2	111.3	132.5
EBITDA	13.5	19.7	23.4
PAT	3.2	6.8	9.5
EPS (INR)	9.6	20.2	28.2
Gr. (%)	1.2	109.7	39.6
BV/Sh (INR)	89.6	107.4	133.2
RoE (%)	10.9	20.5	23.4
RoCE (%)	12.7	17.2	21.1
P/E (x)	28.2	13.4	9.6
P/BV (x)	3.0	2.5	2.0

**Shareholding pattern (%)**

As On	Sep-17	Jun-17	Sep-16
Promoter	41.1	41.1	41.1
DII	2.9	4.9	11.7
FII	17.6	17.4	17.2
Others	38.4	36.5	29.9

FII Includes depository receipts

**Rain Industries**  
Enduring tailwinds**Sanjay Jain**

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[Please click here for Video Link](#)

Rain Industries (RAIN) is the second largest carbon product supplier to the aluminum industry. Its carbon segment contributes 80% to consolidated EBITDA. Its chemicals segment converts coal tar distillates into resins, modifiers, aromatic chemicals, superplasticizers, etc. It also operates a 3.5mt cement plant in southern India and sells cement under the Priya brand.

## Enduring tailwinds

### Re-rated, yet attractive

- RAIN is riding tailwinds, triggered by supply disruption in China, which are driving margins and volume growth. We expect these tailwinds to last for 2-3 years, enabling EBITDA/PAT CAGR of 24%/50% over CY16-19.
- RAIN has been generating strong FCF and rewarding shareholders with dividends and buybacks. We believe it will continue to do so.
- The stock has been re-rated on change in business dynamics. Yet, our price target of INR362 indicates 33% upside. We initiate coverage with Buy.

### Dual benefit of demand growth and supply shock driving CPC prices

Calcine pet coke (CPC) production is hurt in China after the government's firm action in 2017 to contain pollution. As a result, China has turned a net importer of CPC. Simultaneously, aluminum production is set to grow outside China – many smelters in North America and Europe are restarting. The dual benefit of demand growth and supply shock is driving up global CPC prices.

### CT pitch market has stabilized on capacity cuts in key markets

CT pitch (CTP) has been oversupplied for many years in RAIN's key markets due to declining aluminum production. Consequently, there have been many shutdowns. Koppers, the largest producer of CTP in the world and a key competitor, has closed seven plants in the last 2-3 years. This has resulted in supply correction and improved utilization. The industry is now running at 80-90% utilization and margins have stabilized. As aluminum production starts to recover on expected restart of smelters, demand and margins will expand.

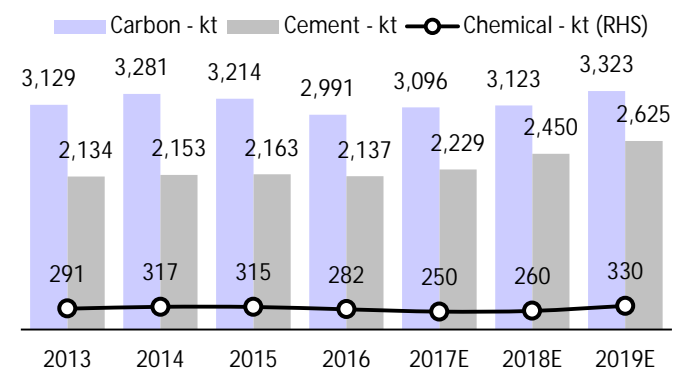
### Investing in high IRR organic growth projects

RAIN has decided to set up a 370ktpa CPC kiln at a capex of USD65m near Vizag to meet strong growth in demand from Indian smelters. It is also investing USD17m in debottlenecking of petrochemical feedstock distillation by 200kt in Europe. Both projects are scheduled for completion by March 2019 and short payback period of 2-3 years should drive remunerative volume growth.

### Value the stock at INR362/share – 33% upside; initiate with Buy

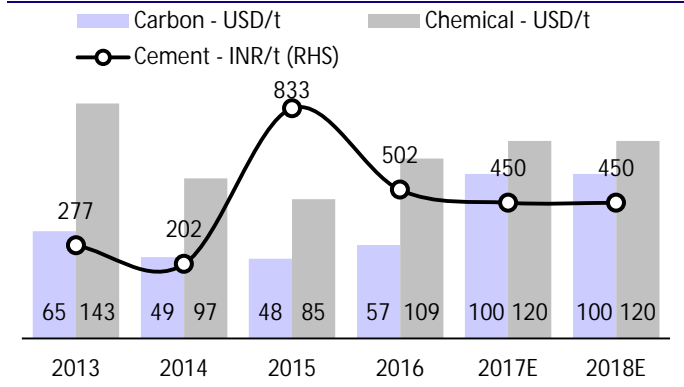
After trading at low single digit PE for very long period, RAIN has finally got re-rated on visibility of margin expansion and growth driven by multiple enduring tailwinds and multiple competitive advantages. Although stock has run up sharply, the valuations are still reasonable. We value the stock at INR362/share – 33% upside, based on SOTP (Exhibit 18). We initiate coverage with a Buy.

Exhibit 1: Volumes driven by demand and capex



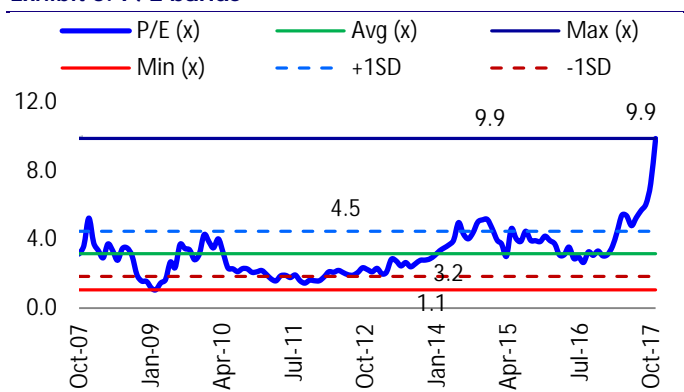
Source: MOSL, Company

Exhibit 2: Margins (EBITDA/t) improving on tailwinds



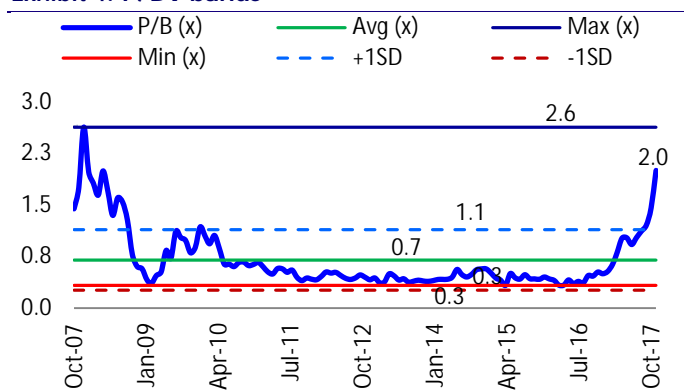
Source: MOSL, Company

Exhibit 3: P/E bands



Source: MOSL, Company

Exhibit 4: P/BV bands



Source: MOSL, Company

Exhibit 5: Valuations are still reasonable

	Rating	Price (INR)	MCAP (USD M)	EPS			P/E (x)		EV/EBITDA (x)		P/B(x)	
				FY17	FY18E	FY19E	FY18E	FY19E	FY18E	FY19E	FY18E	FY19E
<b>Steel</b>												
Tata Steel	Neutral	704	10,534	37.9	59.4	65.2	11.8	10.8	7.0	6.9	1.9	1.7
JSW Steel	Buy	258	9,605	14.8	20.3	24.9	12.7	10.4	8.2	7.3	2.3	1.9
JSPL	Buy	163	2,300	-20.9	-15.8	2.0	-10.3	81.1	10.2	7.0	0.5	0.5
SAIL	Sell	78	4,959	-6.2	-10.6	-4.2	-7.4	-18.6	38.3	16.1	1.0	1.0
<b>Non-Ferrous</b>												
Hindalco	Buy	267	8,509	16.2	22.0	26.3	12.2	10.2	7.0	6.1	1.7	1.5
Nalco	Neutral	92	3,634	3.7	3.8	4.2	24.4	21.9	10.6	9.6	1.7	1.6
Vedanta	Buy	332	15,165	15.1	25.4	40.0	13.1	8.3	8.1	5.4	1.9	1.7
Rain Ind.*	Buy	271	1,407	9.6	20.2	28.2	13.4	9.6	7.8	6.3	2.5	2.0
<b>Mining</b>												
Coal India	Buy	286	27,873	14.9	17.5	20.7	16.4	13.9	8.6	7.4	6.9	6.6
Hindustan Zinc	Neutral	315	20,540	19.7	22.7	29.4	13.9	10.7	8.8	6.3	4.6	3.6
NMDC	Buy	128	7,848	10.0	12.4	12.1	10.3	10.6	6.5	6.5	1.7	1.6

\* CY reporting

Source: MOSL, Company

# Automobiles

## Maruti Suzuki



CMP: INR8,235

TP: INR9,466 (+15%)

Buy

### Stock Info

Bloomberg	MSIL IN
Equity Shares (m)	302.1
M.Cap. (INR b)/(USD b)	2488/38.5
52-Week Range (INR)	8283/4770
1, 6, 12 Rel. Per (%)	-4/13/20

### Financials Snapshot (INR b)

Y/E MARCH	2018E	2019E	2020E
Sales	800.4	956.2	1,103.0
EBITDA	124.8	159.1	183.8
Adj. PAT	85.3	113.3	133.3
Adj. EPS INR*	288.1	381.0	447.8
EPS Gr. (%)	15.8	32.3	17.5
BV/Sh. (INR)	1,378	1,632	1,930
RoE (%)	20.5	23.0	22.9
RoCE (%)	28.6	31.7	31.4
Payout (%)	36.2	32.1	32.7

### Valuations

P/E (x)	28.6	21.6	18.4
P/CE (x)	21.7	17.0	14.6
EV/EBITDA (x)	17.3	13.1	10.9
Div. Yield (%)	1.0	1.2	1.5

\*Cons.

### Volumes up 9.5% YoY to 146.4k units (below est. of 150.5k)

#### Domestic sales grew 9.9% YoY to 136k

- n MSIL's Sep-17 wholesales came in at 146,446 units (+9.5% YoY), marginally lower than our estimate of 150,456 units. YTD growth was at 14.7%, with a residual monthly run-rate of 153k units.
- n Domestic volumes grew 9.9% YoY to 136k (est. of 139.5k), led by growth in the compact (+18.8% YoY) and UV (+29.8% YoY) segments.
- n Growth in the compact segment was led by Baleno and new Dzire, while that in UVs was led by Brezza and new S-cross.
- n Ciaz sales declined 35.4% YoY to 4.1k (est. of 4.8k).
- n Export volumes increased 4.2% YoY to 10,446 units (est. of 11,000 units).
- n The stock trades at 28.6x/21.6x FY18E/19E consol. EPS of -INR281/375. Maintain Buy.

### Snapshot of volumes for Oct-17

Company Sales	YoY			MoM			FY18YTD	FY17YTD	FY18 estimate	Gr. (%)	Residual Growth (%)	Residual FY18 YTD	
	Oct-17	Oct-16	YoY (%) chg	Sep-17	MoM (%) chg	(%) chg						Monthly Run rate	Monthly Run rate
<b>Maruti Suzuki</b>	<b>146,446</b>	<b>133,793</b>	<b>9.5</b>	<b>163,071</b>	<b>-10.2</b>	<b>1,033,135</b>	<b>900,706</b>	<b>14.7</b>	<b>1,798,133</b>	<b>14.6</b>	<b>14.5</b>	<b>153,000</b>	<b>147,591</b>
LCVs	872	80		879	-0.8	4,229	163		8,000			754	604
Vans	12,669	12,790	-0.9	13,735	-7.8	91,788	90,545	1.4	161,802	6.4	13.9	14,003	13,113
Mini Segment	32,490	33,929	-4.2	38,479	-15.6	252,217	241,588	4.4	432,948	4.6	4.8	36,146	36,031
Compact (incl Dzire Tour)	62,480	52,597	18.8	72,804	-14.2	427,726	348,901	22.6	760,103	30.0	40.9	66,475	61,104
Mid Size - CIAZ	4,107	6,360	-35.4	5,603	-26.7	38,242	37,970	0.7	63,159	-2.0	-5.9	4,983	5,463
UVs	23,382	18,008	29.8	19,900	17.5	147,630	109,967	34.2	245,218	25.3	13.8	19,518	21,090
Total Domestic	136,000	123,764	9.9	151,400	-10.2	961,832	829,134	16.0	1,671,231	15.7	15.3	141,880	137,405
Export	10,446	10,029	4.2	11,671	-10.5	71,303	71,572	-0.4	126,902	2.3	5.9	11,120	10,186



# Mahindra & Mahindra



**CMP: INR1,350**

**TP: INR1,585 (+17%)**

**Buy**

## Stock Info

Bloomberg	MM IN
Equity Shares (m)	592.6
M.Cap.(INR b)/(USD b)	800/12.4
52-Week Range (INR)	1460/1142
1, 6, 12 Rel. Per (%)	0/-10/-18

## Financials Snapshot (INR b)

Y/E MARCH	2018E	2019E	2020E
Sales	496.4	567.8	639.0
EBITDA	54.8	63.5	73.3
NP (incl. MVML)	39.2	46.0	53.0
Adj. EPS INR *	65.5	76.9	88.5
EPS Gr. (%)	4.8	17.4	15.1
Cons. EPS INR	69.5	81.7	91.9
BV/Sh. (INR)	474	525	587
RoE (%)	13.5	14.3	14.8
RoCE (%)	12.6	13.3	13.9

## Valuations

P/E (x)	20.6	17.6	15.3
P/BV (x)	2.8	2.6	2.3
EV/EBITDA (x)	14.2	12.1	8.8
Div. Yield (%)	1.5	1.5	1.5

\*incl. MVML

## Volumes down 5.9% YoY to 91.4k units (above est. of 85.3k)

Tractor volumes in-line at 40.3k units; UV, 3W sales above estimates

- n MM's volumes declined 5.9% YoY to 91.4k units (est. of 82.3k units), led by a decline in tractor and UV volumes.
- n Tractors sales of 40.3k (-10.9% YoY) were in line with estimate, as domestic sales and exports declined 10% YoY and 23% YoY, respectively.
- n UV sales (incl. pick-ups) stood at 43.8k units (-3.1% YoY), above estimate of 39k.
- n Momentum in pick-ups continued with 5% YoY growth, while passenger utility vehicles reported a decline of 6% YoY.
- n LCV (>3.5t) sales grew by 17% YoY and M&HCV sales by 59% YoY.
- n 3W volumes increased 3% YoY to 6,1k units (est. of 5k units).
- n Speaking on the monthly performance, Rajan Wadhwa, President, Automotive Sector, M&M Ltd. said, "The auto industry has had a mixed month. The build up to Dhanteras & Diwali was good, but the demand tapered off subsequently. Last year all festivals were in the month of October and the industry volumes had a high base. This year, September and October combined, we have grown by 7.9% in Auto Division. Going forward we enter into a year-end period of lower sales. Our refreshes & new variants, that have been launched, will carve out a niche and we expect to sustain the growth momentum for the remaining period of the current financial year."
- n Rajesh Jejurikar, President - Farm Equipment Sector, Mahindra & Mahindra Ltd. said, "We have sold 39,226 tractors in the domestic market during October 2017. In the combined season of September and October 2017, we achieved record sales of 83,226 units. Our revised growth outlook for the domestic industry is 12%-14% for this year. In the exports market, we sold 1,036 tractors."
- n The stock trades at 20.6x/17.6x FY18E/19E. Maintain Buy

## Snapshot of volumes for Oct-17

Company Sales	YoY			MoM			FY18 YTD	FY17 YTD	FY18 estimate	Gr. (%)	Residual Growth (%)	Residual FY18 YTD	
	Oct-17	Oct-16	YoY (%) chg	Sep-17	MoM (%) chg	(%) chg						Monthly Run rate	Monthly Run rate
<b>M&amp;M</b>	<b>91,411</b>	<b>97,185</b>	<b>-5.9</b>	<b>99,226</b>	<b>-7.9</b>	<b>511,349</b>	<b>481,147</b>	<b>6.3</b>	<b>853,081</b>	<b>20.5</b>	<b>50.8</b>	<b>68,346</b>	<b>73,050</b>
UV (incl. pick-ups)	43,801	45,198	-3.1	46,337	-5.5	267,569	258,853	3.4	477,857	9.3	17.8	42,058	38,224
LCV	1,222	877	39.3	1,398	-12.6	8,282	7,513	10.2	16,279	13.5	17.1	1,599	1,183
Three-Wheelers	6,126	5,933	3.3	5,928	3.3	29,792	33,351	-10.7	53,875	3.0	27.1	4,817	4,256
Tractors	40,262	45,177	-10.9	45,563	-11.6	205,706	181,430	13.4	305,071	16.0	21.8	19,873	29,387



# Tata Motors

CMP: INR437

TP: INR562 (+29%)

Buy

## Stock Info

Bloomberg	TTMT IN
Equity Shares (m)	3396.6
M.Cap.(INR b)/ (USD b)	1484/23.0
52-Week Range (INR)	599 / 376
1, 6, 12 Rel. Per (%)	1/-11/-38

## Financials Snapshot (INR b)

Y/E MARCH	2018E	2019E	2020E
Net Sales	2,970	3,726	4,135
EBITDA	357.1	573.2	612.0
NP	68.0	208.2	214.3
Adj. EPS (INR)	20.0	61.3	63.1
EPS Gr. (%)	1.1	206.1	2.9
BV/Sh. (INR)	192.3	254.8	319.2
RoE (%)	11.0	27.4	22.0
RoCE (%)	6.5	16.7	14.8
Payout (%)	1.6	0.5	0.5

## Valuations

P/E (x)	21.8	7.1	6.9
P/BV (x)	2.3	1.7	1.4
EV/EBITDA (x)	5.0	2.9	2.5
Div. Yield (%)	0.1	0.1	0.1

## Volumes grow 0.7% YoY to 53.2k units (below est. of 55k)

### CV sales grew 1.2% YoY, while PV sales declined 0.4% YoY

- n Tata Motors' Sep-17 sales volumes increased 0.7% YoY to 53.2k units (est. of 55k units).
- n PV segment remained flat, as the car segment volumes declined 22.5% YoY, while the UV segment registered volume growth of 163% YoY due to healthy initial response to the recently launched Tata Nexon.
- n Total CV volumes increased 1.2% YoY to 36.5k units, led by a rise in LCV sales.
- n M&HCV sales declined 2.8% YoY to 15.2k units (est. of 16k units), while LCV sales increased 4.4% YoY to 21.3k units (est. of 22k units).
- n The stock trades at 21.8x/7.1x FY18E/19E consol. EPS. Maintain Buy.

## Snapshot of volumes for Oct-17

Company Sales	YoY			MoM		FY18YTD			FY18 estimate	Gr. (%)	Residual Growth (%)	Residual FY18 YTD	
	Oct-17	Oct-16	YoY (%) chg	Sep-17	MoM (%) chg	FY18YTD	FY17YTD	(%) chg				Monthly Run rate	Monthly Run rate
<b>Tata Motors</b>	<b>53,197</b>	<b>52,813</b>	<b>0.7</b>	<b>58,117</b>	<b>-8.5</b>	<b>316,210</b>	<b>311,411</b>	<b>1.5</b>	<b>593,588</b>	<b>9.5</b>	<b>20.1</b>	<b>55,476</b>	<b>45,173</b>
HCV's	15,183	15,628	-2.8	17,007	-10.7	87,428	95,761	-8.7	179,304	2.0	14.7	18,375	12,490
LCV's	21,319	20,430	4.4	23,559	-9.5	128,994	123,921	4.1	229,893	10.0	18.6	20,180	18,428
<b>CV's</b>	<b>36,503</b>	<b>36,058</b>	<b>1.2</b>	<b>40,566</b>	<b>-10.0</b>	<b>216,423</b>	<b>219,682</b>	<b>-1.5</b>	<b>409,197</b>	<b>6.3</b>	<b>16.7</b>	<b>38,555</b>	<b>30,918</b>
Cars	11,426	14,751	-22.5	12,333	-7.4	79,558	81,376	-2.2	143,846	5.0	15.5	12,858	11,365
UV's	5,268	2,004	162.9	5,218	1.0	20,229	10,353	95.4	40,544	98.3	101.3	4,063	2,890

# Eicher Motors



CMP: INR30,930

TP: INR36,487 (+18%)

Buy

### Stock Info

Bloomberg	EIM IN
Equity Shares (m)	27.2
M.Cap.(INR b)/(USD b)	841.6/12.6
52-Week Range (INR)	33484/19571
1, 6, 12 Rel. Per (%)	-8/9/2

### Financials Snapshot (INR b)

Y/E MARCH	2018E	2019E	2020E
Net Income	90.6	111.4	132.6
EBITDA	28.8	37.4	45.9
Net Profit	22.5	30.5	38.0
Adj. EPS (INR)	826.7	1,119.2	1,395.8
EPS Gr. (%)	34.9	35.4	24.7
BV/Sh. (INR)	2,614	3,531	4,696
RoE (%)	36.1	36.4	33.9
RoCE (%)	32.6	33.5	31.9
Payout (%)	0.5	0.6	0.6

### Valuations

P/E (x)	37.4	27.6	22.2
P/BV (x)	11.8	8.8	6.6
EV/EBITDA (x)	23.7	17.8	14.0

**RE (+17.5% YoY) below est; VECV (+16.1% YoY) in-line.**

**RE dispatches at 69.49k units (est. 72k units)**

RE volumes increased 17.5% YoY to 69,492 units (below est. of 72,000 units).

VECV's overall volumes increased 16.1% YoY to 5.16k units (est. of 5.28k units).

Domestic LMD and HD segments grew 11.2% YoY and 47.8% YoY, respectively. However, buses volumes declined 4.3% YoY.

VECV exports grew 18.2% to 703 units (est. of 800 units).

The stock trades at 37.4x/27.6x FY18E/FY19E EPS. Maintain Buy.

### Snapshot of volumes for Oct-17

Company Sales	YoY			MoM			FY18			Residual Growth (%)	Residual FY18 YTD		
	Oct-17	Oct-16	YoY (%) chg	Sep-17	MoM (%) chg	FY18 YTD	FY17 YTD	(%) chg	FY18 estimate		Gr. (%)	Monthly Run rate	Monthly Run rate
<b>Eicher Motors</b>													
<b>Royal Enfield</b>	69,492	59,127	17.5	70,431	-1.3	456,357	373,551	22.2	828,730	24.3	27.1	74,475	65,194
<b>VECV</b>	5,166	4,449	16.1	5,934	-12.9	31,438	33,512	-6.2	60,662	3.9	17.4	5,845	4,491
Domestic LMD	2,903	2,611	11.2	3,341	-13.1	15,550	15,165	2.5	27,989	8.0	15.7	2,488	2,221
Domestic HD	1,051	711	47.8	1,131	-7.1	5,287	6,217	-15.0	10,887	-2.0	14.5	1,120	755
Domestic Buses	509	532	-4.3	612	-16.8	6,155	7,336	-16.1	11,700	-4.6	12.4	1,109	879
<b>Total Domestic</b>	<b>4,463</b>	<b>3,854</b>	<b>15.8</b>	<b>5,084</b>	<b>-12.2</b>	<b>26,992</b>	<b>28,718</b>	<b>-6.0</b>	<b>50,576</b>	<b>0.2</b>	<b>8.5</b>	<b>4,717</b>	<b>3,856</b>
<b>Exports</b>	<b>703</b>	<b>595</b>	<b>18.2</b>	<b>850</b>	<b>-17.3</b>	<b>4,446</b>	<b>4,794</b>	<b>-7.3</b>	<b>8,922</b>	<b>11.0</b>	<b>38.1</b>	<b>895</b>	<b>635</b>



# Ashok Leyland



CMP: INR126

TP: INR145 (+14%)

Buy

## Stock Info

Bloomberg	AL IN
Equity Shares (m)	2,845.9
M.Cap. (INR b)/ (USD b)	370/5.7
52-Week Range (INR)	133/34
1, 6, 12 Rel. Per (%)	-5/40/20

## Financials Snapshot (INR b)

Y/E MARCH	2018E	2019E	2020E
Sales	248.4	292.2	343.9
EBITDA	26.5	32.4	39.9
NP	15.6	20.6	26.9
Adj. EPS (INR)	5.3	7.0	9.2
EPS Gr. (%)	17.2	31.6	31.0
BV/Sh. (INR)	23.8	28.1	34.3
RoE (%)	23.8	27.0	29.5
RoCE (%)	21.0	24.7	27.3
Payout (%)	37.5	32.0	27.2

## Valuations

P/E (x)	23.7	18.0	13.7
P/BV (x)	5.3	4.5	3.7
EV/EBITDA (x)	13.1	10.2	7.7
Div. Yield (%)	1.6	1.8	2.0

**Vols. up 3% to 12.9k (below est. of 13.6k)**

**MHCVs declined 3%, while LCVs grew 28.6% YoY**

- n AL's Oct-17 wholesale dispatches were at 12,914 units (+3% YoY).
- n M&HCV volumes, which account for 70.5% of total volumes, declined 4.8% YoY (-22.8% MoM) to 9,110 units (est. of 10,200 units).
- n LCVs (Dost) grew 28.6% YoY to 3,804 units (est. of 3,400 units).
- n The stock trades at 23.7x/18x FY18E/FY19E EPS, and at 11.7/9.0x EV/EBITDA. Maintain Buy.

## Snapshot of volumes for Oct-17

Company Sales	YoY			MoM			FY18 YTD	FY17 YTD	FY18 estimate	Gr. (%)	Residual Growth (%)	Residual FY18 YTD	
	Oct-17	Oct-16	YoY (%) chg	Sep-17	MoM (%) chg	(%) chg						Monthly Run rate	Monthly Run rate
<b>Ashok Leyland</b>	<b>12,914</b>	<b>12,533</b>	<b>3.0</b>	<b>15,370</b>	<b>-16.0</b>	<b>6.8</b>	<b>82,383</b>	<b>77,139</b>	<b>165,368</b>	<b>14.0</b>	<b>22.2</b>	<b>16,597</b>	<b>11,769</b>
CV (ex LCV)	9,110	9,574	-4.8	11,804	-22.8	2.4	60,373	58,942	123,031	8.6	15.3	12,532	8,625
LCV	3,804	2,959	28.6	3,566	6.7	21	22,010	18,197	42,337	33.2	49.7	4,065	3,144



CMP: INR709

TP: INR764 (+8%)

Neutral

### Stock Info

Bloomberg	TVSL IN
Equity Shares (m)	475.1
M.Cap.(INR b)/ (USDb)	337/5.2
52-Week Range (INR)	732/339
1, 6, 12 Rel. Per (%)	0/31/55

### Financials Snapshot (INR b)

Y/E MARCH	2018E	2019E	2020E
Sales	149.8	186.6	223.7
EBITDA	11.6	18.9	24.7
Adj. PAT	7.1	12.3	16.6
EPS (INR)	14.9	25.8	34.9
EPS Gr. (%)	27.0	73.1	35.0
BV/Sh (INR)	62.0	83.0	111.9
RoE (%)	26.5	35.6	35.8
RoCE (%)	26.8	38.7	42.4
Payout (%)	24.2	18.6	17.2

### Valuations

P/E (x)	47.5	27.4	20.3
P/BV (x)	11.4	8.5	6.3
EV/EBITDA (x)	29.9	18.0	13.4
Div. Yield (%)	0.4	0.6	0.7

**At 317.4k (+2.8% YoY), volumes in line with est. of 310.5k**

**Healthy growth in scooters offsets fall in Mopeds**

- n TVS Motor's Sep-17 sales were at 317.4k units (2.8% YoY; in line with est. of 310.5k units).
- n Domestic volumes declined marginally by 0.6% YoY, while exports (14% of volumes) grew 29.3% YoY.
- n Scooter volumes increased by a healthy 15.7% YoY to 106.9k units (est. of 101k units).
- n Mopeds dispatches declined 15.4% YoY to 76k units (est. of 80k units).
- n However, motorcycle volumes grew 3.2% YoY to 125.4k units (est. of 121k units).
- n 3Ws volumes increased 88.3% YoY, led by growth in domestic sales and exports.
- n Total exports grew 29.3% YoY, led by growth in 2W and 3W exports.
- n The stock trades at 47.5x/27.4x FY18E/FY19E EPS. Maintain Buy.

### Snapshot of volumes for Oct-17

Company Sales	YoY			MoM					FY18 estimate	Gr. (%)	Residual Growth (%)	Residual FY18 YTD	
	Oct-17	Oct-16	YoY (%) chg	Sep-17	MoM (%) chg	FY18YTD	FY17YTD	(%) chg				Monthly Run rate	Monthly Run rate
<b>TVS Motor</b>	<b>317,411</b>	<b>308,690</b>	<b>2.8</b>	<b>359,850</b>	<b>-11.8</b>	<b>2,068,103</b>	<b>1,839,216</b>	<b>12.4</b>	<b>3,496,553</b>	<b>19.6</b>	<b>31.8</b>	<b>285,690</b>	<b>295,443</b>
Motorcycles	125,409	121,550	3.2	143,923	-12.9	820,736	736,061	11.5	1,345,018	25.4	55.8	104,856	117,248
Scooters	106,910	92,417	15.7	121,601	-12.1	692,815	518,186	33.7	1,182,462	35.8	38.8	97,929	98,974
Mopeds	76,045	89,918	-15.4	85,330	-10.9	503,220	542,426	-7.2	873,915	-4.0	0.7	74,139	71,889
Three-Wheelers	9,047	4,805	88.3	8,996	0.6	51,332	42,543	20.7	95,158	37.4	64.1	8,765	7,333
Total Domestic	271,974	273,556	-0.6	308,879	-11.9	1,749,907	1,588,567	10.2	2,905,287	16.3	26.9	231,076	249,987
Total Exports	45,437	35,134	29.3	50,971	-10.9	318,196	250,649	26.9	591,266	38.9	55.9	54,614	45,457



# Bharti Airtel

BSE SENSEX	S&P CNX
33,600	10,441
Bloomberg	BHARTI IN
Equity Shares (m)	3,997
M.Cap.(INRb)/(USDb)	2,152.2 / 33.3
52-Week Range (INR)	545 / 284
1, 6, 12 Rel. Per (%)	31/44/49
Avg Val, INRm	1,733.5
Free float (%)	32.9

## Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	954.7	875.8	946.3
EBITDA	353.3	314.5	348.1
PAT	45.3	15.0	25.8
EPS (INR)	11.3	3.8	6.5
Gr. (%)	-4.6	-66.9	72.2
BV/Sh (INR)	168.8	171.0	176.3
RoE (%)	6.8	2.2	3.7
RoCE (%)	5.4	3.8	4.9
P/E (x)	47.5	143.4	83.3
P/BV (x)	3.2	3.1	3.1

Estimate change



TP change



Rating change



**CMP: INR538 TP: INR680 (+26%) Buy**

## Cost-structuring measures show results

- Africa delivers, finally:** Consol. EBITDA of INR79.2b was up only 2% QoQ (-16% YoY, 6% beat) due to a 1% QoQ drop in revenue. Africa surprised with a 7% QoQ revenue jump (-2% YoY) to INR52b, backed by a 5% dollar ARPU rise; Africa EBITDA surged 23% QoQ to INR16.8b on a leaner cost structure. India wireless revenue drop of 5% QoQ (-17% YoY) to INR122.5b was in line with our est., but flat EBITDA margin of 34.4% implies a beat of 180bp to our est.
- Lean cost structure supports strong EBITDA growth:** Bharti has created a lean cost structure. This is evident from Africa's 800bp margin improvement in the last four quarters, despite a 2% revenue decline YoY. India wireless too has seen a 7%/1% YoY decline in network/employee cost, despite accelerated network rollout. We believe this offers Bharti strong ARPU sensitivity to EBITDA, which should drive healthy operating leverage, as ARPU recovers in FY19E.
- Expect India ARPU recovery in FY19 to drive growth:** RJio has taken four price actions since turning paid, signaling ARPU accretion, which has been hostage to competition. Post IUC and Jiophone launch impact in 2HFY18, we believe ARPUs should improve from FY19. Bharti's strong spectrum/data network portfolio and data volume of meager 260m GB (i.e. less than one fifth of RJio) indicate a huge scope to improve ARPUs (26% below pre-RJio launch) through value-accretive offerings. Management's guidance of 25% capex increase to INR250b should therefore be more front-loading and reduce capex beyond 3-4 quarters.
- Maintain Buy with revised TP of INR680:** We have revised consol. EBITDA by 2/5% for FY18/19E due to higher Africa EBITDA. We expect consol. EBITDA growth of -11%/11% in FY18/19E on an 8% India wireless EBITDA recovery in FY19E. We have revised our SOTP-based TP to INR680 v/s INR490 earlier, led by a) reducing Africa biz's equity value to -INR25 v/s -INR80 earlier; and b) improving India biz's equity value to INR583, assigning 10.5x EV/EBITDA on Sept'19 EBITDA. Bharti can offer 7-8% FCF yield as the market bottoms out.

## Quarterly Performance (Consolidated)

Y/E March	FY17				FY18				FY17	FY18E	2QFY18E	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Gross Revenue	2,55,465	2,46,515	2,33,357	2,19,346	2,19,581	2,17,769	2,16,952	2,21,535	9,54,683	8,75,838	2,16,555	0.6
YoY Change (%)	7.9	3.4	-3.0	-12.1	-14.0	-11.7	-7.0	1.0	-1.1	-8.3	-12.2	
Total Expenditure	1,59,985	1,52,113	1,48,542	1,40,746	1,41,997	1,38,549	1,39,102	1,41,724	6,01,386	5,61,372	1,41,536	-2.1
<b>EBITDA</b>	<b>95,480</b>	<b>94,402</b>	<b>84,815</b>	<b>78,600</b>	<b>77,584</b>	<b>79,220</b>	<b>77,851</b>	<b>79,811</b>	<b>3,53,297</b>	<b>3,14,466</b>	<b>75,018</b>	<b>5.6</b>
Margins (%)	37.4	38.3	36.3	35.8	35.3	36.4	35.9	36.0	37.0	35.9	34.6	173.6
Depreciation	50,402	49,560	48,350	49,418	48,192	46,873	53,083	53,083	1,97,730	2,01,231	49,282	
Interest	19,399	19,057	19,356	19,162	18,274	23,266	19,985	19,742	76,974	81,267	21,459	
Other Income	2,787	1,568	3,487	2,494	3,698	3,907	3,907	3,907	10,336	15,419	3,698	
<b>PBT before EO expense</b>	<b>28,466</b>	<b>27,353</b>	<b>20,596</b>	<b>12,514</b>	<b>14,816</b>	<b>12,988</b>	<b>8,689</b>	<b>10,893</b>	<b>88,929</b>	<b>47,386</b>	<b>7,975</b>	<b>62.9</b>
Extra-Ord expense	3,536	66	2,040	6,055	503	1,786	0	0	11,697	2,289	0	
<b>PBT</b>	<b>24,930</b>	<b>27,287</b>	<b>18,556</b>	<b>6,459</b>	<b>14,313</b>	<b>11,202</b>	<b>8,689</b>	<b>10,893</b>	<b>77,232</b>	<b>45,097</b>	<b>7,975</b>	<b>40.5</b>
Tax	10,089	11,136	11,841	1,753	8,136	5,341	3,650	4,575	34,819	21,701	4,380	
Rate (%)	40.5	40.8	63.8	27.1	56.8	47.7	42.0	42.0	45.1	48.1	54.9	
MI & P/L of Asso. Cos.	222	1,544	1,678	972	2,504	2,431	2,043	2,561	4,416	9,539	1,458	
<b>Reported PAT</b>	<b>14,619</b>	<b>14,607</b>	<b>5,037</b>	<b>3,734</b>	<b>3,673</b>	<b>3,430</b>	<b>2,997</b>	<b>3,757</b>	<b>37,997</b>	<b>13,857</b>	<b>2,138</b>	<b>60.4</b>
<b>Adj PAT</b>	<b>16,724</b>	<b>14,646</b>	<b>5,775</b>	<b>8,146</b>	<b>3,890</b>	<b>4,364</b>	<b>2,997</b>	<b>3,757</b>	<b>45,291</b>	<b>15,008</b>	<b>2,138</b>	
YoY Change (%)	70.7	25.9	-54.6	-45.5	-76.7	-70.2	-48.1	-53.9	-4.6	-66.9	-85.4	
Margins (%)	6.5	5.9	2.5	3.7	1.8	2.0	1.4	1.7	4.7	1.7	1.0	



BSE SENSEX 33,600 S&P CNX 10,441

**CMP: INR465 TP: INR376 (-19%) Sell**



### Stock Info

Bloomberg	GAIL IN
Equity Shares (m)	1,691
52-Week Range (INR)	480 / 301
1, 6, 12 Rel. Per (%)	4/-2/24
M.Cap. (INR b)	791.7
M.Cap. (USD b)	12.3
Avg Val, INRm	1490
Free float (%)	45.6

### Financials Snapshot (INR b)

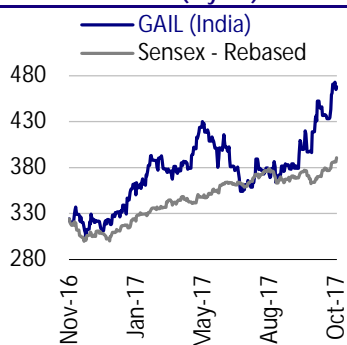
Y/E Mar	2018E	2019E	2020E
Net Sales	525.3	607.6	653.6
EBITDA	77.6	88.2	93.2
PAT	45.4	53.1	56.6
EPS (INR)	26.8	31.4	33.5
Gr. (%)	18.8	17.2	6.6
BV/Sh (INR)	242.3	261.8	282.7
RoE (%)	11.5	12.5	12.3
RoCE (%)	9.8	10.7	10.5
P/E (x)	17.5	14.9	14.0
P/BV (x)	1.9	1.8	1.7
EV/EBITDA (x)	9.8	8.6	8.1

### Shareholding pattern (%)

As On	Sep-17	Jun-17	Sep-16
Promoter	54.4	54.4	56.1
DII	24.3	24.9	25.2
FII	16.5	16.0	15.9
Others	4.8	4.6	2.8

FII Includes depository receipts

### Stock Performance (1-year)



## Making room for higher crude oil price

Remain concerned on US contracts; higher tariffs pose upside risk

- Since our [last update](#), Brent has jumped to ~USD60/bbl. Higher Brent would help both petchem and LPG segments.
- In this update, we factor in higher Brent and changes in valuation of investments, and roll over our target price to September 2018E.
- Our concern on profitable placement of US contracts remains. While our target price is revised from INR334 to INR376, we maintain our Sell rating. Nevertheless, we also highlight the upside risk due to unified tariffs.

### Higher crude oil helps in better petrochemical/LPG profitability

- We estimate that at full utilization, a USD5/bbl rise in Brent would increase GAIL's petchem EBITDA by 11%. LPG/HCs segment would add another ~17%.
- As a result of change in our crude oil assumption from USD55/bbl to USD60/bbl for FY19, we increase our EBITDA estimate from INR87b to INR88b.

### Unified tariffs could be a risk

- GAIL has asked for unified tariff of INR57/mmBtu to take care of lower capacity utilization, to improve RoE, and to ensure lower tariffs for new pipelines like Jagdishpur-Haldia-Bokaro-Dhamra.
- We estimate that this could increase EBITDA by INR21.5b or ~24%, and could translate to 27% of FY19E EPS.

### Remain concerned on US contracts

- The company seems to have placed significant part of its volume for 2018. However, GAIL is tied up with long term contract while these are only short term measures and would hog unless long term structural solution is found.
- A hit of USD1/mmBtu on the whole quantity could wipe out ~22% of its EBITDA. We do not see much room for negotiation in these contracts. However, any successful resolution could benefit the company immensely.

### Valuation and recommendation

- Post our report in June 2017, the stock has outperformed the Nifty by ~8% on expectation of resolution of US contracts as well as benefit from unified tariff.
- The stock is trading at 14.8x FY19E EPS and at an EV of 8.6x FY19E EBITDA. We value it at 9x average FY19-20E EPS adjusted for other income, and then add the value of investments.
- As a result of revised value of investments, increase in crude oil assumption and rolling our valuation to September 2018E, our target price is raised from INR334 to INR376. However, we maintain our **Sell** rating.



# Hero MotoCorp

BSE SENSEX	S&P CNX
33,600	10,441
Bloomberg	HMCL IN
Equity Shares (m)	200
M.Cap.(INRb)/(USD\$b)	762.1 / 11.8
52-Week Range (INR)	4200 / 2844
1, 6, 12 Rel. Per (%)	-6/1/-7
Avg Val, INRm	1407
Free float (%)	65.4

## Financials & Valuations (INR b)

Y/E March	2018E	2019E	2020E
Sales	317.2	342.6	375.3
EBITDA	51.8	53.9	58.8
NP	36.6	38.7	42.7
Adj. EPS (INR)	183.1	193.9	213.3
EPS Gr. (%)	8.3	5.9	10.0
BV/Sh. (INR)	580.9	666.4	769.6
RoE (%)	33.7	31.1	29.7
RoCE (%)	32.5	30.1	28.9
P/E (x)	20.8	19.7	17.9
P/BV (x)	6.6	5.7	5.0

Estimate change

TP change

Rating change

**CMP: INR3,816 TP: INR3,818(+0%)**

**Neutral**

**In-line results; GST leads to accounting changes; Lower other expenses drive margin beat**

- Impact of higher RM cost offset by lower other expenses:** Revenue increased 7.3% YoY to INR83.6b (est. of INR87b), as volume grew 10.9% YoY, but realizations declined 3.3% YoY to INR41.3k/unit (est. of INR43k). GST-led changes in accounting (for indirect tax at Haridwar plant and Spare sales) led to lower-than-estimated revenue of INR83.6b (est. of ~INR87b; +7% YoY). While gross margin of 31.9% (-160bp YoY, -40bp QoQ) was in-line, lower other expenses (due to GST accounting and lower CSR) boosted EBITDA margin by 110bp QoQ (-20bp YoY). EBITDA grew 6% YoY (+12% QoQ) to ~INR14.6b (est. of INR14.2b). However, lower other income and higher tax resulted in flat PAT of INR10.1b (in-line).
- Earning call highlights:** a) HMCL indicated healthy volume growth in urban and rural markets, with similar growth since 2QFY18. b) HMCL witnessed strong double-digit retail growth across its portfolio in the festive season. c) It is awaiting clarification from the state to claim for the balance 42% CGST, which is not compensated by the center. d) Supply constraints for *Glamour*, which impacted volumes in 1HFY18, are addressed. e) Impact of loss of excise exemption at Haridwar (~100bp, partly in FY18 if states do not compensate) would be diluted by ramp-up at Halol plant and Andhra plant. f) Commodity price inflation to reflect in 2HFY18, but HMCL would take appropriate price increase (0.6% taken in last week of Sep-17).
- Valuation and view:** Valuations of 20.8x/19.7x FY18/FY19E EPS fairly capture medium-term growth prospects. Maintain **Neutral** with a TP of INR3,818 (18x Sep-19 EPS + INR154/sh of Hero FinCorp).

## Quarterly Performance

(INR Million)

Y/E March	FY17				FY18				FY17	FY18E	2QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Total Volumes ('000 nos)	1,745	1,823	1,473	1,622	1,849	2,023	1,815	1,859	6,664	7,546	2,023	0.0
Growth YoY (%)	6.1	15.8	-12.8	-5.8	6.0	10.9	23.2	14.6	0.5	13.2	10.9	
Net Realization	42,391	42,755	43,202	42,635	43,104	41,339	41,649	46,847	42,729	43,203	42,996	-3.9
Growth YoY (%)	1.0	-1.1	1.1	-2.2	1.7	-3.3	-3.6	9.9	-0.4	1.1	0.6	
<b>Net Op Revenues</b>	<b>73,989</b>	<b>77,963</b>	<b>63,646</b>	<b>69,152</b>	<b>79,716</b>	<b>83,620</b>	<b>75,592</b>	<b>87,095</b>	<b>284,750</b>	<b>326,023</b>	<b>86,973</b>	<b>-3.9</b>
Change (%)	7.2	14.5	-11.9	-7.9	7.7	7.3	18.8	25.9	0.1	14.5	11.6	
RM Cost (% sales)	67.1	66.5	64.9	68.5	67.7	68.1	68.5	67.7	66.8	68.0	68.0	10bp
Staff Cost (% sales)	4.5	4.6	5.9	4.7	4.7	4.6	5.2	4.8	4.9	4.8	4.4	30bp
Other Exp (% sales)	11.7	11.4	12.3	12.9	11.4	9.9	11.3	13.1	12.1	11.4	11.3	-140bp
<b>EBITDA</b>	<b>12,301</b>	<b>13,689</b>	<b>10,797</b>	<b>9,576</b>	<b>12,959</b>	<b>14,557</b>	<b>11,407</b>	<b>12,561</b>	<b>46,348</b>	<b>51,484</b>	<b>14,197</b>	<b>2.5</b>
EBITDA Margins (%)	16.6	17.6	17.0	13.8	16.3	17.4	15.1	14.4	16.3	15.8	16.3	110bp
Other Income	1,204	1,524	1,319	1,182	1,317	1,176	1,500	1,857	5,224	5,850	1,400	-16.0
Interest	15	16	15	15	16	16	6	8	61	45	16	-2.5
Depreciation	1,152	1,193	1,249	1,353	1,330	1,360	1,370	1,378	4,927	5,438	1,350	0.8
<b>PBT</b>	<b>12,337</b>	<b>14,004</b>	<b>10,853</b>	<b>9,390</b>	<b>12,931</b>	<b>14,357</b>	<b>11,531</b>	<b>13,032</b>	<b>46,585</b>	<b>51,851</b>	<b>14,231</b>	<b>0.9</b>
Effective Tax Rate (%)	28.4	28.3	28.9	23.6	29.3	29.6	28.8	27.2	27.5	28.8	28.8	90bp
<b>Adj. PAT</b>	<b>8,831</b>	<b>10,042</b>	<b>7,720</b>	<b>7,178</b>	<b>9,140</b>	<b>10,105</b>	<b>8,216</b>	<b>9,481</b>	<b>33,771</b>	<b>36,942</b>	<b>10,139</b>	<b>-0.3</b>
Growth (%)	18.1	27.7	-2.7	-13.9	3.5	0.6	6.4	32.1	6.9	9.4	1.0	

E: MOSL Estimates





# Godrej Consumer

BSE SENSEX	S&P CNX
33,600	10,441
Bloomberg	GCPL IN
Equity Shares (m)	681.3
M.Cap.(INRb)/(USD\$b)	636.3 / 9.9
52-Week Range (INR)	1084 / 643
1, 6, 12 Rel. Per (%)	-2/-5/2
Avg Val, INRm/ Vol '000	528
Free float (%)	36.8

### Financials & Valuation (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	92.4	101.5	116.2
EBITDA	18.9	20.9	23.9
PAT	12.9	14.4	16.7
EPS (INR)	18.9	21.2	24.5
Gr. (%)	12.4	11.9	15.8
BV/Sh (INR)	77.8	99.7	114.2
RoE (%)	24.6	23.8	22.9
RoCE (%)	16.8	16.3	16.4
P/E (x)	51.2	45.7	39.5
EV/EBITDA (x)	36.0	32.7	28.4

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR967 TP:INR1,015(+5%) Neutral**

### Soaps drives India biz growth; Indonesia continues to underperform

- Godrej Consumer's (GCPL) 2QFY18 consolidated net sales grew 6% YoY to INR25b. Consol. EBITDA increased by 14.7% YoY (est. of +19%) to INR5.3b and adj. PAT by 13.8% YoY (est. of +18.3%) to INR3.7b. Consolidated comparable (adjusted for GST accounting effect) constant currency sales grew 10% YoY, with India business posting 11% growth.
- India branded business volumes grew 10% YoY. All three key domestic segments reported YoY sales growth. Household insecticides business reported comparable 4% YoY sales growth; Soaps revenue grew by 26% YoY (strong double-digit volume growth); and Hair color business sales were up by 4% YoY.
- Gross margin expanded 100bp YoY to 56.1%. Lower ad spends (-10bp YoY to 8.5% of sales) and other expenses (-80bp YoY to 15.7%) were partially offset by higher staff costs (+30bp YoY to 10.5%). Thus, EBITDA margin expanded 160bp YoY to 21.3%.
- Concall highlights: 1) Post GST, the trade channels are getting back to normal, and consumer off-take has improved. By end-3QFY18, management expects wholesale to be completely back on track. 2) GCPL was another company after Marico, Dabur and HUL to mention that rural growth was higher than urban in 2QFY18.
- Valuation view: There is no material change to our EPS forecasts. At 39.5x Mar'19E EPS, the stock is not undervalued. Earnings growth has been more consistent than FMCG peers (FY17 reported the eighth consecutive year of double-digit EBITDA and PAT growth). However, given its exposure to various geographies, attendant currency risks and relatively low RoE (mid-20s), we believe the stock does not warrant a higher multiple. Maintain **Neutral** with a revised TP of INR1,015 (39x Sep'19E EPS, 5% premium to three-year average).

### Quarterly Performance (Consolidated)

Y/E March	FY17				FY18				FY17	FY18E	FY18	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	21,144	23,563	23,916	23,805	21,728	24,969	27,504	27,328	92,428	101,529	26,744	-6.6%
YoY Change (%)	6.5	11.3	8.9	11.8	2.8	6.0	15.0	14.8	9.7	9.8	13.5	
EBITDA	3,806	4,645	5,063	5,414	3,452	5,330	6,098	5,983	18,929	20,863	5,510	-3.3%
Margins (%)	18.0	19.7	21.2	22.7	15.9	21.3	22.2	21.9	20.5	20.5	20.6	
YoY Growth (%)	21.6	14.1	12.0	19.5	-9.3	14.7	20.4	10.5	16.5	10.2	19.0	
Depreciation	327	358	363	369	374	386	417	438	1,416	1,614	393	
Interest	326	350	397	379	397	402	377	362	1,452	1,538	333	
Other Income	166	194	294	350	282	286	323	492	1,004	1,384	213	
PBT	3,330	4,133	4,474	4,972	2,960	4,721	5,627	5,675	16,908	19,095	4,998	-5.5%
Tax	770	915	986	1,145	634	1,060	1,407	1,390	3,816	4,492	1,199	
Rate (%)	23.1	22.1	22.0	23.0	21.4	22.5	25.0	24.5	22.6	23.5	24.0	
Adj PAT	2,561	3,220	3,489	3,827	2,327	3,664	4,220	4,241	13,097	14,564	3,798	-3.5%
YoY Change (%)	18.3	7.6	5.0	21.4	-9.2	13.8	21.0	10.8	12.6	11.2	18.3	

E: MOSL Estimates





# Tech Mahindra

BSE SENSEX	S&P CNX
33,600	10,441
Bloomberg	TECHM IN
Equity Shares (m)	976
M.Cap.(INRb)/(USD\$b)	477.2 / 7.4
52-Week Range (INR)	515 / 358
1, 6, 12 Rel. Per (%)	0/5/-8
Avg Val, INRm	1290
Free float (%)	63.9

## Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	291.4	309.1	346.9
EBITDA	41.8	43.6	50.6
PAT	27.5	31.8	33.5
EPS (INR)	30.9	35.8	37.7
Gr. (%)	-11.9	15.9	5.3
BV/Sh (INR)	187.9	196.9	223.3
RoE (%)	18.4	18.9	18.2
RoCE (%)	15.2	15.6	15.2
P/E (x)	15.8	13.7	13.0
P/BV (x)	2.6	2.5	2.2

Estimate change

TP change

Rating change

**CMP: INR489 TP: INR560(+15%)**

**Buy**

## Profitability resurrection on track

- Enterprise led growth:** TECHM's 2QFY18 revenue of USD1,179m grew 3.6% QoQ. In CC terms, growth at 2.3% QoQ was a tad ahead of our estimate of +1.7% and implied cross-currency tailwinds of 130bp. The driver this quarter was Enterprise, which saw strong growth of 6.3% QoQ. Even excluding the integration of HCI, the segment grew 3.9% QoQ. While Telecom was flat in 2Q, it is expected to pick-up in 2HFY18 on account of seasonal support and stability in LCC.
- Steep margin improvement despite wage hikes:** This was the second quarter that TECHM saw a 4% reduction in Software Professionals headcount (3,409 employees), cost benefits from which aided the 80bp EBITDA margin beat to 14.5%, also supported by the absence of visa expenses and an increase in utilization (+400bp QoQ). PAT at INR8.4b grew 4.7% QoQ, against our expectation of -2.7%, primarily led by the beat on profitability and higher other income aided by favorable hedge positions.
- Multiple levers yet in hand:** The margin trajectory has been looking upward for TECHM since the past two quarters – a cumulative improvement of 250bp from 12% in 4QFY17. With a seasonally strong 2H coming up, the path is not likely to alter in the near term. Even beyond that period, visibility of profitability recovery stems out of automation, offshoring, yield management, and improved margins in subsidiaries.
- Valuation view:** Our earnings estimates for FY18/19 are up 5.5/2.5%, led by the 2Q beat, but mildly negated by lower other income (a result of outflow of USD140m for the IP partnership struck this quarter, details of which remain opaque for now). TECHM trades at 13.7/13.0x FY18/19E earnings. The remainder tailwinds and consequent improvement of profitability are likely to feed positively into the valuation multiple, resulting in us valuing forward earnings at 14x (v/s 13x earlier) to derive a price target of INR560, upside of 15%. Maintain **Buy**.

## Quarterly Performance (Consolidated)

Y/E March	FY17				FY18E				FY17	Est. 2Q	bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Revenue (USD m)	1,032	1,072	1,116	1,131	1,138	1,179	1,201	1,228	4,351	1,175	0.3
QoQ (%)	0.9	4.0	4.1	1.4	0.6	3.6	1.9	2.2	7.8	3.3	33bp
Revenue (INR m)	69,209	71,674	75,575	74,950	73,361	76,064	78,675	81,039	291,408	75,582	0.6
YoY (%)	10.0	8.3	12.8	8.9	6.0	6.1	4.1	8.1	10.0	5.5	67bp
GPM (%)	29.5	30.6	30.7	26.9	28.0	29.3	30.9	31.2	29.4	28.4	88bp
SGA (%)	14.6	15.7	15.0	14.9	15.3	14.7	16.5	13.8	15.1	14.7	5bp
EBITDA	10,290	10,701	11,865	8,987	9,347	11,057	11,352	11,883	41,843	10,356	6.8
EBITDA Margin (%)	14.9	14.9	15.7	12.0	12.7	14.5	14.4	14.7	14.4	13.7	84bp
EBIT Margin (%)	12.0	11.5	12.4	8.2	9.4	11.0	11.4	11.6	11.0	10.4	63bp
Other income	1,519	1,387	1,552	2,378	4,106	3,222	1,343	1,260	6,836	2,706	19.0
Interest expense	274	345	349	318	370	386	326	311	1,286	311	24.2
ETR (%)	25.9	30.8	20.2	28.2	25.4	25.3	23.5	23.5	26.0	23.5	
PAT excl. BT amort & EOI	6,561	6,447	8,560	5,879	7,985	8,362	7,572	7,920	27,447	7,772	7.6
QoQ (%)	-23.5	-1.7	32.8	-31.3	35.8	4.7	-9.4	4.6		-2.7	
YoY (%)	5.4	-17.9	12.8	-31.5	21.7	29.7	-11.5	34.7	-12.0	20.5	
EPS (INR)	7.4	7.3	9.6	6.6	9.0	9.4	8.5	8.9	31.9	8.7	
Headcount	107,216	111,743	117,095	117,693	115,990	117,225	122,008	124,525	117,693	121,105	-3.2
Util excl. trainees (%)	78.0	78.0	77.0	77.0	77.0	81.0	78.6	79.5	77.5	78.7	226bp
Attrition (%)	21.0	19.0	18.0	17.0	17.0	16.0					
Offshore rev. (%)	36.6	36.5	36.1	35.7	36.3	35.9	33.4	33.9	36.2	36.4	-48bp



# TVS Motor

BSE SENSEX	S&P CNX
33,600	10,441
Bloomberg	TVSL IN
Equity Shares (m)	475
M.Cap.(INRb)/(USDb)	336.8 / 5.2
52-Week Range (INR)	732 / 339
1, 6, 12 Rel. Per (%)	0/31/55
Avg Val, INRm	661
Free float (%)	42.6

### Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Sales	149.8	186.6	223.7
EBITDA	11.6	18.9	24.7
Adj. PAT	7.1	12.3	16.6
EPS (INR)	14.9	25.8	34.9
EPS Gr. (%)	27.0	73.1	35.0
BV/Sh (INR)	62.0	83.0	111.9
RoE (%)	26.5	35.6	35.8
RoCE (%)	26.8	38.7	42.4
P/E (x)	47.5	27.4	20.3
P/BV (x)	11.4	8.5	6.3

Estimate change

TP change

Rating change

**CMP: INR709 TP: INR764(+8%) Downgrade to Neutral**

### In-line results; decadal-high EBITDA margins; Valuations rich

- In-line EBITDA margins, as benefit of lower RM cost of offset by higher other expenses:** Volumes grew 16.3% YoY (+18.3% QoQ) to 849.4k units. Realizations increased 1.7% YoY (+0.8% QoQ to INR42.7k). Net sales grew 18.3% YoY (+19.2% QoQ) to INR40.5b (in-line). Gross margins was better than estimated at 36.6% (+120bp QoQ), due to cost cutting initiatives. However, EBITDA margin was in-line at 8.6% (+60bp YoY, +240bp QoQ), as other expenses were higher than estimated. EBITDA grew 26.6% YoY, but higher tax rate restricted PAT growth to 20% YoY (+64.6% QoQ) to INR2.1b (est. of INR2.2b).
- Earnings call highlights:** a) Management maintains double-digit margin target by 4QFY18. b) Taken price hike of INR250/unit in Sep-17; further price increase expected in future to pass cost inflation. c) New launches in motorcycle and scooter segments in 2HFY18 (incl. electric scooter). d) Growth momentum in exports to continue. e) Post acquiring 100% stake in TVS Motor Services, it has 85% stake in TVS Credit Services (NBFC arm). f) Proposed interim dividend of ~INR2/share (v/s FY17 dividend of INR2.5/sh).
- Valuation view:** We upgrade EPS for FY19/20E by 5%/3%, driven by upgrade in volumes to factor in visibility on new product launches. Our EPS estimates are highest on the street and higher by ~28/~43% than the Bloomberg consensus. However, valuations at 27x/20.3x FY19E/FY20E EPS are already reflecting large part of earnings drivers, leaving no margin of safety. Hence, we downgrade stock to **Neutral** from Buy. Our TP is INR764 (~20x Mar-20E EPS + INR67/sh for stake in NBFC arm post 20% HoldCo discount).

### S/A Quarterly Performance

Y/E March (INR m)	FY17				FY18E							Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY17	FY18E	20E	
<b>Volumes (units)</b>	714,964	815,562	718,562	673,572	802,108	948,584	849,400	868,205	2,923,139	3,468,297	948,584	0.0
Growth (%)	12.1	20.2	2.4	2.0	12.2	16.3	18.2	28.9	9.1	18.6	16.3	
<b>Realization (INR/unit)</b>	40,305	42,014	41,519	42,230	42,382	42,721	43,041	42,944	41,515	42,777	42,488	0.5
Growth (%)	(0.1)	0.5	0.7	(0.3)	5.2	1.7	3.7	1.7	0.1	3.0	1.1	
<b>Net Sales</b>	28,817	34,265	29,834	28,445	33,995	40,524	36,559	37,284	121,353	148,363	40,304	0.5
Growth (%)	11.9	20.8	3.0	1.7	18.0	18.3	22.5	31.1	9.3	22.3	17.6	
RM (% of sales)	72.5	72.3	72.0	75.1	74.6	73.4	74.0	74.3	73.0	74.1	74.1	-70bp
Emp cost (% of sales)	6.3	5.8	6.4	6.1	6.1	5.4	5.9	6.0	6.1	5.9	5.3	10bp
Other exp (% of sales)	14.2	13.8	14.2	13.1	13.1	12.6	12.2	11.6	13.8	12.4	12.0	60bp
<b>EBITDA</b>	2,011	2,767	2,185	1,615	2,114	3,503	2,875	3,005	8,571	11,498	3,472	0.9
EBITDA Margin(%)	7.0	8.1	7.3	5.7	6.2	8.6	7.9	8.1	7.1	7.8	8.6	0bp
Interest	98	94	115	132	107	155	115	73	440	450	110	40.7
Depreciation	660	724	720	775	783	836	805	779	2,878	3,204	795	5.2
Other Income	362	392	348	632	571	456	490	529	1,734	2,046	480	-5.1
<b>PBT after EO Exp</b>	1,616	2,340	1,698	1,340	1,794	2,968	2,445	2,683	6,987	9,890	3,047	-2.6
Tax rate (%)	24.5	24.2	21.9	5.4	27.8	28.2	27.5	26.5	20.1	27.5	27.5	70bp
<b>Adjusted PAT</b>	1,220	1,774	1,327	1,268	1,295	2,132	1,773	1,971	5,581	7,170	2,209	-3.5
Growth (%)	21.9	33.4	10.4	(6.8)	6.1	20.2	33.6	55.5	14.1	28.5	24.5	

E: MOSL Estimates



# Container Corporation

BSE SENSEX	S&P CNX
33,600	10,441
Bloomberg	CCRI IN
Equity Shares (m)	243.7
M.Cap.(INRb)/(USD\$b)	337 / 5.2
52-Week Range (INR)	1415 / 844
1, 6, 12 Rel. Per (%)	-4/5/7
Avg Val, INRm	468
Free float (%)	45.2

## Financials & Valuations (INR b)

Y/E Mar	2018E	2019E	2020E
Net Sales	64.1	73.6	86.0
EBITDA	12.7	16.6	20.5
PAT	10.4	13.5	16.6
EPS (INR)	42.7	55.2	68.1
Gr. (%)	12.4	29.3	23.2
BV/Sh (INR)	381.0	404.4	433.1
RoE (%)	11.5	14.1	16.3
RoCE (%)	11.2	13.7	15.9
P/E (x)	32.4	25.0	20.3
P/BV (x)	3.6	3.4	3.2

Estimate change

TP change

Rating change

**CMP: INR1,391 TP: INR1,496 (+8%) Neutral**

## Cost efficiencies to drive up margins

- Revenue grew 5% YoY (but declined 2% QoQ) to INR14.3b, lower than our estimate due to lower than estimated realizations. EBITDA margin was 19.7% (-2.7pp QoQ; +3pp YoY); sequential decline in margin was on account of one-time income of INR400m booked in 1QFY18. EBITDA increased 24% YoY (but declined 14% QoQ) to INR2.82b (v/s our estimate of INR3.4b). PAT at INR2.2b (our estimate: INR2.62b; +41% YoY, -8% QoQ) was boosted by lower tax rate of 20.5% (due to 80IA benefits) as against 27% in 2QFY17.
- Key segmental trends:** EXIM segment saw 4% YoY decline in realization to INR22,407/TEU (on originating volumes) as lead distance declined by ~88km due to shift of traffic to Mundra port from JNPT. Despite YoY lower realization in EXIM segment, CCRI increased its EBIT/TEU by 2% YoY, led by higher proportion of double stacking.
- Outlook/management guidance:** Management expects lead distance in EXIM segment to further reduce by ~30km (additional realization drop of INR300-400/TEU). Cost efficiencies are likely to improve further due to 100% YoY increase in double stacking from FY17 levels (earlier guidance was 50% increase). The proportion of double stacking will increase due to commencement of two more double-stacking terminals in 1HFY18.
- Valuation view:** We expect CCRI's EBITDA to increase at a CAGR of 18% (26% excluding the impact of export benefit in FY17) over FY17-20. EBITDA growth will be driven by 13% volume CAGR and 575bp (excluding the impact of export benefit in FY17) margin improvement over the same period. While we acknowledge that the environment for container rail logistics is likely to see marked improvement in the absence of cost push, after factoring in most positives into CCRI's earnings, see limited stock upside from current levels. At an EV of 20x FY19E and 16x FY20E EBITDA, valuations are expensive. Maintain **Neutral**.

## Container Corporation

Y/E March	FY17				FY18				FY17	FY18E	FY18	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	13,392	13,603	13,304	15,579	14,568	14,302	14,836	20,403	56,061	64,109	15,482	-7.6%
YoY Change (%)	-5.7	-9.4	-5.3	-2.3	8.8	5.1	11.5	31.0	-5.3	14.4	12.3	
EBITDA	2,619	2,274	2,612	4,950	3,267	2,821	3,102	3,462	12,469	12,651	3,445	-18.1%
Margins (%)	19.6	16.7	19.6	31.8	22.4	19.7	20.9	17.0	22.2	19.7	22.3	
Depreciation	841	860	927	877	953	969	940	893	3,518	3,754	940	3.0%
Interest	0	2	1	32	0	0	9	27	37	37	9	
Other Income	692	763	845	593	936	954	1,250	1,924	2,892	5,064	1,000	-4.6%
PBT before EO expense	2,470	2,175	2,529	4,634	3,251	2,805	3,403	4,466	11,806	13,924	3,496	-19.8%
Extra-Ord expense	0	0	0	865	0	0	0	0	0	0	0	
PBT	2,470	2,175	2,529	3,768	3,251	2,805	3,403	4,466	11,806	13,924	3,496	-19.8%
Tax	685	596	669	411	817	576	919	1,206	2,361	3,517	874	-34.1%
Rate (%)	27.7	27.4	26.4	10.9	25.1	20.5	27.0	27.0	20.0	25.3	25.0	
Adj PAT	1,785	1,578	1,860	4,223	2,434	2,229	2,484	3,260	9,446	10,407	2,622	-15.0%
YoY Change (%)	-13.7	-32.4	-9.7	37.9	36.4	41.2	33.6	-22.8	-0.7	10.2	66.1	

E: MOSL Estimates



# Shriram Trans.

BSE SENSEX	S&P CNX
33,600	10,441
Bloomberg	SHTF IN
Equity Shares (m)	226.9
M.Cap.(INRb)/(USDb)	272.0 / 4.1
52-Week Range (INR)	1212 / 778
1, 6, 12 Rel. Per (%)	6/6/-7
Avg Val, INRm	853
Free float (%)	73.9

### Financials & Valuations (INR b)

Y/E March	2018E	2019E	2020E
Net Inc.	66.3	74.8	85.8
PPP	53.4	60.1	69.1
PAT	18.0	23.7	28.3
EPS (INR)	79.5	104.5	124.6
EPS Gr. (%)	43.5	31.4	19.3
Cons. EPS (INR)	80.6	106.2	124.8
BV/Sh (INR)	558	643.8	746.5
Cons. BV (INR)	561	648.9	751.9
RoA on AUM (%)	2.7	3.1	3.2
RoE (%)	15.1	17.4	17.9
Payout (%)	17.4	17.4	17.4
<b>Valuations</b>			
P/Cons. EPS (x)	14.9	11.3	9.6
P/Cons. BV (x)	2.1	1.8	1.6
Div. Yield (%)	1.0	1.3	1.6

**CMP: INR1,197 TP: INR1,415 (+18%) Buy**

### Strong quarter; expect buoyancy going forward

- n SHTF had an excellent 2Q. Strong disbursement growth of 14% QoQ/26% YoY led to a 14% YoY increase in AUM for the quarter. Management is confident that AUM growth for FY18 will be at the upper end of its 12-15% guidance range. To capitalize on the growth opportunity, the company opened 73 more branches in 2QFY18 – the highest-ever new branch opening in the history of the company. Bulk of these branches were opened in rural areas (defined as areas with less than 0.1m population).
- n **A key highlight of the quarter:** NIM on AUM (calculated) expanded 80bp YoY to 7.9% due to a decline in cost of funds by 100bp YoY to 9.4%.
- n Asset quality was largely unchanged, with the GNPL ratio at 8.06%. Write-offs (calculated) in the quarter were INR3.9b, while overall credit costs were INR5.8b. Management is optimistic about achieving a 50-70bp reduction in credit cost to 230bp in FY19.
- n **Valuation and view:** SHTF's return ratios are at cyclical lows, with decadal high credit cost and NPLs. However, credit costs over the past two years have been statutory, rather than economic, i.e., write-offs as % of AUM have been steady. Additionally, we believe margin compression fears are overplayed, as over the next few years, vintage vehicle sales of high ticket sizes will be proportionally higher. We increase our FY18-19 estimates by 1%/4% to factor in sturdy revenue growth. The stock trades at 2.1x/1.8x FY18/19E BV. **Buy** with a TP of INR1,415 (2x Sept 2019E BVPS).

### SHTF: Quarterly Performance

Y/E March	(INR Million)								FY17	FY18
	FY17				FY18					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	24,764	24,626	24,438	24,185	26,198	26,761	27,430	28,163	98,013	108,553
Interest expenses	13,165	13,358	12,825	12,746	12,835	13,082	13,246	13,853	52,094	53,016
<b>Net Interest Income</b>	<b>11,598</b>	<b>11,268</b>	<b>11,613</b>	<b>11,440</b>	<b>13,364</b>	<b>13,679</b>	<b>14,184</b>	<b>14,310</b>	<b>45,919</b>	<b>55,537</b>
YoY Growth (%)	15.5	8.9	1.5	-10.2	15.2	21.4	22.1	25.1	3.1	20.9
Securitisation income	1,876	2,262	2,508	2,647	2,488	2,645	2,698	2,912	9,293	10,743
<b>Net Income (Incl. Securitization)</b>	<b>13,474</b>	<b>13,530</b>	<b>14,121</b>	<b>14,087</b>	<b>15,852</b>	<b>16,324</b>	<b>16,882</b>	<b>17,222</b>	<b>55,212</b>	<b>66,280</b>
YoY Growth (%)	18.6	13.4	6.9	-2.4	17.6	20.6	19.6	22.3	8.8	20.0
Fees and Other Income	167	169	183	240	218	324	340	256	758	1,138
<b>Net Operating Income</b>	<b>13,641</b>	<b>13,699</b>	<b>14,304</b>	<b>14,327</b>	<b>16,070</b>	<b>16,647</b>	<b>17,222</b>	<b>17,479</b>	<b>55,970</b>	<b>67,419</b>
YoY Growth (%)	18.4	12.8	6.8	-2.1	17.8	21.5	20.4	22.0	8.7	20.5
Operating Expenses	3,341	3,138	2,905	2,903	3,379	3,485	3,543	3,602	12,288	14,009
<b>Operating Profit</b>	<b>10,300</b>	<b>10,561</b>	<b>11,398</b>	<b>11,424</b>	<b>12,691</b>	<b>13,162</b>	<b>13,679</b>	<b>13,877</b>	<b>43,682</b>	<b>53,410</b>
YoY Growth (%)	19.6	15.6	12.7	6.4	23.2	24.6	20.0	21.5	13.8	22.3
Provisions	4,603	4,621	6,105	9,114	5,823	5,879	5,980	8,187	24,443	25,869
<b>Profit before Tax</b>	<b>5,697</b>	<b>5,940</b>	<b>5,293</b>	<b>2,310</b>	<b>6,869</b>	<b>7,283</b>	<b>7,699</b>	<b>5,690</b>	<b>19,239</b>	<b>27,541</b>
Tax Provisions	1,956	2,063	1,834	813	2,382	2,492	2,656	1,971	6,666	9,501
<b>Net Profit</b>	<b>3,741</b>	<b>3,877</b>	<b>3,460</b>	<b>1,496</b>	<b>4,487</b>	<b>4,791</b>	<b>5,043</b>	<b>3,719</b>	<b>12,573</b>	<b>18,039</b>
YoY Growth (%)	16.5	14.7	-7.8	4.0	19.9	23.6	45.8	148.5	6.7	43.5
AUM Growth (%)	23.6	19.1	14.6	8.2	9.1	13.5	16.0	16.1	8.2	16.1
Securitization Inc. / Net Inc. (%)	13.7	16.5	17.5	18.5	15.5	15.9	15.7	16.7	16.6	15.9
Cost to Income Ratio (%)	24.5	22.9	20.3	20.3	21.0	20.9	20.6	20.6	22.0	20.8
Tax Rate (%)	34.3	34.7	34.6	35.2	34.7	34.2	34.5	34.6	34.6	34.5

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





# Divi's Laboratories

BSE SENSEX	S&P CNX
33,600	10,441
Bloomberg	DIVI IN
Equity Shares (m)	265
M.Cap.(INRb)/(USDb)	244.3 / 3.8
52-Week Range (INR)	1,319 / 533
1, 6, 12 Rel. Per (%)	0/35/-49
Avg Val, INRm	1,759.05
Free float (%)	47.9

**CMP: INR920 TP: INR800 (-13%) Neutral**

### Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	41.0	36.7	42.9
EBITDA	14.3	11.7	15.0
PAT	10.6	8.6	10.7
EPS (INR)	39.9	32.4	40.3
Gr. (%)	-5.8	-18.9	24.4
BV/Sh (INR)	201.8	194.8	217.0
RoE (%)	22.0	16.3	19.6
RoCE (%)	21.8	16.3	19.5
P/E (x)	23.0	28.4	22.8
P/BV (x)	4.6	4.7	4.2

Estimate change

TP change

Rating change

### Regulatory issues impact revenues

- Revenue declined 10% YoY (~4% miss), while EBITDA of INR2.8b was ~8% below our estimate. Apart from loss of sales due to the import alert, lower volumes due to batch-by-batch testing at Unit-2 (for exempted product list) contributed to muted revenue performance. EBITDA margin contracted ~600bp YoY to 31.1% due to lower turnover, and remediation expense of ~INR170m related to the import alert at Unit II. PAT of INR2.1b (down ~32% YoY) was ~4% below our estimate.
- Remediation over at Unit-2:** DIVI has already completed remediation for observations highlighted by the USFDA in a re-inspection. Management too has met the USFDA in late Oct-17. The company believes that till the import alert resolution does not happen, the sales run-rate will remain at 2Q levels.
- Capex plan:** DIVI spent ~INR4.5b as capital work in progress till end-FY17 to expand capacity at Unit-1 and 2. The company plans to spend ~INR3.65b in FY18 (~INR1.6b already spent in 1H) for capacity expansion. This expanded capacity will be ready for commercial use in FY19.
- Unit-1 USFDA inspection is due:** Unit-1 accounts for 35% of total revenue, and its US exposure stands at ~11% of total revenues. This plant was last inspected in June 2014, and an inspection is due over the coming few days. It will be critical for the company to come out clear in the USFDA inspection (particularly since the FDA had cited data integrity issues at Unit-2).
- Buyback/special dividend could be near-term trigger:** DIVI has cash of ~INR17b. There is a possibility of a buyback/special dividend (like DRRD) in the near term, which could provide near-term support to the stock price.
- Things moving on right track, but resolution timeline still uncertain:** Although an early re-inspection of Unit-2 is a positive surprise, we will wait to review the 483s. We maintain **Neutral** with a target price of INR800 @ 18x FY19E PER (v/s INR720 @ 18x FY19E PER). We have cut our FY18E EPS due to a weak 1H performance and slower ramp-up of sales in 2H as well.

### Quarterly Performance

Y/E March	FY17				FY18E				FY17	FY18E	(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			FY18E	Var.
Net Op Revenue	10,060	9,918	9,600	10,631	8,212	8,902	9,888	9,716	40,952	36,718	9,224	-3.5
YoY Change (%)	24.7	3.1	12.7	-2.8	-18.4	-10.2	3.0	-8.6	7.8	-10.3	-7.0	
EBITDA	4,016	3,680	3,777	3,585	2,448	2,772	3,214	3,316	14,350	11,750	2,998	-7.5
Margins (%)	39.9	37.1	39.3	33.7	29.8	31.1	32.5	34.1	35.0	32.0	32.5	
Depreciation	301	308	310	314	323	339	512	680	1,233	1,855	512	
Interest	4	4	4	10	5	8	5	13	23	30	5	
Other Income	184	226	215	245	297	336	345	402	859	1,379	345	
PBT before EO Income	3,896	3,595	3,678	3,505	2,417	2,761	3,041	3,025	13,953	11,244	2,825	
EO Income	0	0	0	0	0	0	0	0	0	0	0	
PBT	3,896	3,595	3,678	3,505	2,417	2,761	3,041	3,025	13,953	11,244	2,825	-2.3
Tax	878	565	996	912	652	693	715	583	3,349	2,642	664	
Deferred Tax	0	0	0	0	0	0	0	0	0	0	0	
Rate (%)	22.5	15.7	27.1	26.0	27.0	25.1	23.5	19.3	24.0	23.5	23.5	
Adj PAT	3,018	3,030	2,683	2,593	1,765	2,068	2,326	2,442	10,604	8,602	2,161	-4.3
YoY Change (%)	23.1	2.5	8.8	-19.5	-41.5	-31.8	-13.3	-5.8	-4.2	-18.9	-28.7	
Margins (%)	30.0	30.5	27.9	24.4	21.5	23.2	23.5	25.1	25.9	23.4	23.4	
Reported PAT	3,018	2,239	2,683	2,593	1,765	2,068	2,326	2,442	10,604	8,602	2,161	-4.3

E: MOSL Estimates; Quarterly numbers are standalone



# Cholamandalam Inv & Fin

BSE SENSEX	S&P CNX
33,600	10,441
Bloomberg	CIFC IN
Equity Shares (m)	156.3
M.Cap.(INRb)/(USDb)	180 / 2.8
52-Week Range (INR)	1244 / 805
1, 6, 12 Rel. Per (%)	5/-3/-6
Avg Val, INRm	373
Free float (%)	46.9

**CMP: INR1,231 TP: INR1,500 (+22%) Buy**

## Go to town with the unassailable growth story

- Cholamandalam Investment and Finance's (CIFC) 2QFY18 PAT grew 33% YoY to INR2.27b, beating our estimate by 7%, largely driven by stronger-than-expected AUM growth and lower credit costs.
- AUM grew 4% QoQ and 14% YoY to INR365b, driven by 24% YoY disbursement growth. Vehicle finance had a good quarter, with disbursements up a third to INR43b and AUM up 20% to INR257b. LAP disbursements, too, have been recovering from 4QFY17 lows (up 52% since then). We expect overall AUM growth to pick up to 16% by end-FY18 and 18-19% over FY19-20.
- Opex growth of 22% YoY was higher than we had expected (15% YoY growth). Management attributed it to higher expenses on the collections front coupled with some technology investments.
- GNPL ratio moderated 25bp QoQ to 4.46% (seasonal effect), driven by moderation in both vehicle finance and LAP. Provisions made during the quarter were INR832m v/s INR772m in 2QFY17. Credit cost in the HE segment declined from 0.9% in 1HFY17 to 0.6% in 1HFY18, driven by sale of repossessed assets.

**Valuation view:** CIFC has a well-diversified portfolio, both geographically as well as product-wise. It is further expanding into newer segments like home loans and MSME financing. With strong branch expansion and focus on new products, we expect 18% AUM CAGR over FY17-20. The improvement in margins is encouraging. We expect the expense ratio to moderate 30bp over FY17-20. All this together should drive 20% RoE over the next three years. Valuations at 3.2x FY19E BV are reasonable. We increase our FY18-20 EPS estimates by 3-6%. **Buy** with a target price of INR1,500 (3.5x September 2019E BV).

## Financials & Valuations (INR b)

Y/E March	2018E	2019E	2020E
NII	29.6	34.4	39.9
PPP	18.0	21.7	26.3
Adj. PAT	9.3	11.0	13.4
EPS (INR)	59.2	70.4	85.9
EPS Gr. (%)	28.8	19.0	21.9
BV (INR)	328	390	466
BVPS Gr. (%)	19	19	20
RoAA (%)	3.0	3.1	3.2
RoE (%)	19.6	19.6	20.1

Valuations			
Y/E March	2018E	2019E	2020E
P/E (x)	19.4	16.3	13.4
P/BV (x)	3.5	2.9	2.5
Div. Yield (%)	0.5	0.6	0.7

## CIFC: Quarterly Performance

Y/E March	FY17				FY18				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY2017	FY2018E
Income from Operations	11,017	11,558	11,698	12,069	12,273	12,884	13,271	14,034	45,790	52,084
Interest Expenses	5,481	5,694	5,658	5,476	5,410	5,568	5,735	5,745	22,308	22,456
<b>Net Interest Income</b>	<b>5,536</b>	<b>5,864</b>	<b>6,040</b>	<b>6,594</b>	<b>6,863</b>	<b>7,317</b>	<b>7,536</b>	<b>8,289</b>	<b>23,482</b>	<b>29,628</b>
YoY Growth (%)	13.8	20.6	20.1	22.5	24.0	24.8	24.8	25.7	13.4	26.2
Other Op. and Other Income	68	69	60	65	76	76	77	80	529	685
<b>Net Operating Income</b>	<b>5,604</b>	<b>5,933</b>	<b>6,100</b>	<b>6,659</b>	<b>6,939</b>	<b>7,392</b>	<b>7,613</b>	<b>8,369</b>	<b>24,011</b>	<b>30,313</b>
YoY Growth (%)	14.3	21.0	20.5	22.6	23.8	24.6	24.8	25.7	12.0	26.2
Operating Expenses	2,264	2,527	2,588	2,754	2,777	3,089	3,182	3,285	10,133	12,333
<b>Operating Profit</b>	<b>3,341</b>	<b>3,405</b>	<b>3,512</b>	<b>3,905</b>	<b>4,162</b>	<b>4,304</b>	<b>4,431</b>	<b>5,084</b>	<b>13,878</b>	<b>17,981</b>
YoY Growth (%)	20.4	22.7	17.9	19.1	24.6	26.4	26.2	30.2	6.9	29.6
Provisions & Loan Losses	804	772	1,003	529	981	832	1,200	734	3,106	3,746
<b>Profit before Tax</b>	<b>2,537</b>	<b>2,634</b>	<b>2,509</b>	<b>3,376</b>	<b>3,181</b>	<b>3,472</b>	<b>3,231</b>	<b>4,350</b>	<b>10,771</b>	<b>14,235</b>
Tax Provisions	880	924	884	1,181	1,116	1,199	1,131	1,535	3,868	4,981
<b>Net Profit</b>	<b>1,657</b>	<b>1,709</b>	<b>1,625</b>	<b>2,196</b>	<b>2,066</b>	<b>2,273</b>	<b>2,100</b>	<b>2,815</b>	<b>6,903</b>	<b>9,254</b>
YoY Growth (%)	50.3	55.0	34.9	50.7	24.6	32.9	29.2	28.2	21.4	34.1

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





# JSW Energy

BSE SENSEX	S&P CNX
33,600	10,441
Bloomberg	JSW IN
Equity Shares (m)	1,640
M.Cap.(INRb)/(USDb)	139.9 / 2.2
52-Week Range (INR)	88 / 54
1, 6, 12 Rel. Per (%)	8/24/7
Avg Val, INRm/ Vol m	601
Free float (%)	25.0

**CMP: INR85 TP: INR51(-40%) Sell**

## In-line; sharp reduction in net debt and interest cost

### Merchant prices higher, but coal prices also increasing; Maintain Sell

JSW Energy's (JSWE) 2QFY18 EBITDA declined 8% YoY to INR8.8b (in-line). PAT was up 37% YoY to INR2.9b due to certain one-offs in other income (+230% YoY to INR1.7b). Standalone EBITDA increased ~23% YoY (to INR2b) due to higher realization and low-cost imported coal inventory. However, it was more than offset by weakness at the Barmer power plant. Other key highlights:

- Impressive reduction in net debt of INR10b QoQ to -INR127b on receivables and some recovery from JPVL (INR1.5b of INR10b). Balance sheet at 1.13x D:E is very strong.
- Reduced interest cost by 72bp QoQ/104bp YoY to 9.3%.
- It has applied for long-term PPA with the regulator of Haryana and Punjab for open capacity of 376MW at the Karcham Wangtoo plant. Our estimates do not change materially, as our merchant price estimate is similar to the PPA rates.
- JSWE will set-up a 36MW captive power plant for JSW Cement at a capex of INR1.6b over the next two years. Tariff will be on a regulated structure.
- On the electric vehicle venture, it has signed an MoU with the Gujarat state to set-up manufacturing capacity. It is in process of developing partnerships, product and technology strategy, and hiring talent.

### Upgrade estimates on other income and lower interest cost; Maintain Sell

We have increased merchant price estimate for 3Q, but coal prices have also increased. Resultantly, EBITDA has minor changes. PAT is upgraded by 21%/22% to INR6.6b/5.4b for FY18/19E on beat in other income and lower interest cost. JSWE's merchant power capacities are exposed to the over-supplied power market and imported coal prices. The venture into EVs, though exciting, has increased the risk profile. We are building in planned investment of INR40b over the next three-years, but do not ascribe any value to this investment. For single-digit RoEs, the stock is trading at 1.3x FY19E P/BV. We maintain **Sell** with an SOTP-based TP of INR51/sh.

## Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	826.3	876.3	888.7
EBITDA	33.2	30.6	29.8
PAT	6.3	6.6	5.4
EPS (INR)	3.8	4.0	3.3
Gr. (%)	-51.5	5.1	-18.7
BV/Sh (INR)	63.2	64.8	65.7
RoE (%)	6.3	6.3	5.0
RoCE (%)	8.6	8.2	7.8
P/E (x)	22.2	21.2	26.0
P/BV (x)	1.3	1.3	1.3

Estimate change

TP change

Rating change

## Quarterly Performance (Consolidated) – INR million

Y/E March	FY17				FY18				FY17	FY18E	FY18 2QE	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	24,500	20,470	19,043	18,621	22,316	20,490	21,598	23,230	82,634	87,635	20,671	-1
YoY Change (%)	16.3	-19.1	-28.1	-30.6	-8.9	0.1	13.4	24.8	-17.1	6.1	1.0	
Total Expenditure	13,328	10,843	12,468	12,752	13,628	11,667	14,729	17,033	49,391	57,057	11,993	-3
EBITDA	11,173	9,627	6,575	5,869	8,688	8,824	6,869	6,197	33,244	30,577	8,678	2
Margins (%)	45.6	47.0	34.5	31.5	38.9	43.1	31.8	26.7	40.2	34.9	42.0	
Depreciation	2,398	2,471	2,444	2,379	2,428	2,449	2,446	2,377	9,692	9,700	2,473	-1
Interest	4,293	4,356	4,229	3,970	3,963	3,910	3,850	3,614	16,848	15,337	3,924	0
Other Income	416	516	505	732	1,025	1,705	300	573	2,170	3,604	600	184
PBT	4,899	3,316	407	253	3,323	4,170	873	778	8,875	9,144	2,881	45
Tax	1,248	1,167	249	22	1,114	1,202	236	-82	2,685	2,469	778	
Rate (%)	25.5	35.2	61.2	8.6	33.5	28.8	27.0	-10.6	30.3	27.0	27.0	
MI and Associates	-14	-25	-56	-11	36	-1	60	-30	-106	66	60	
Reported PAT	3,665	2,174	214	242	2,173	2,969	577	891	6,295	6,609	2,043	45
Adj PAT	3,665	2,174	214	242	2,173	2,969	577	891	6,295	6,609	2,043	
YoY Change (%)	32.1	-42.3	-93.3	-92.1	-40.7	36.6	169.7	267.9	-51.2	5.0	-6.0	



# Hexaware Technologies

BSE SENSEX	S&P CNX
33,600	10,441
Bloomberg	HEXW IN
Equity Shares (m)	302
M.Cap.(INRb)/(USD\$b)	84.7 / 1.3
52-Week Range (INR)	303 / 185
1, 6, 12 Rel. Per (%)	-3/6/17
Avg Val, INRm	256.3
Free float (%)	28.8

## Financials & Valuations (INR b)

Y/E Dec	2016	2017E	2018E
Net Sales	35.3	39.3	44.0
EBITDA	5.7	6.5	7.1
PAT	4.2	4.9	5.1
EPS (INR)	13.7	16.3	17.0
Gr. (%)	5.8	19.2	4.5
BV/Sh (INR)	56.3	65.6	79.0
RoE (%)	26.5	26.4	23.4
RoCE (%)	24.2	24.3	22.8
P/E (x)	20.5	17.2	16.4
P/BV (x)	5.0	4.3	3.5

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR280 TP: INR270 (-4%) Neutral**

## Impressive margin execution despite client issues; But the pain isn't over yet

- Strong underlying momentum...:** HEXW's revenue growth of 0.9% QoQ was in line with our estimate, which had baked in ramp-down of two of its top customers. Growth in the underlying business, however, continued to exhibit strength, and is validated from 5.8% QoQ growth excluding the top five customers. IMS and BPO remained stars among services, together contributing 40% of incremental growth in the year so far.
- ...further cemented by deal wins:** Deal wins of USD43m from new customers take the 9MCY17 TCW to USD108m, 10% higher YoY. Led by current momentum, the company expressed the likelihood of meeting the top end of its 14-15% revenue guidance for CY17, implying ~1.3% decline in 4Q revenue, which would be driven by seasonal weakness and the residual impact of one of the client ramp-down.
- Commendable performance on margins:** Absence of visa expenses, a reduction of ESOP charges and cost optimization led to a 90bp beat on EBITDA margin (+120bp QoQ to 17.5%). The margin beat and lower-than-expected ETR (because of one-offs) resulted in PAT of 1.42b (expectation of INR1.26b). Led by the margin beat this quarter, the EBITDA growth guidance was raised to 16.5-17.5% (from 14-15% earlier). This, in our view, assuming revenue growth of 15% would imply 160-210bp margin contraction for 4Q given pressures of seasonality and further ramp-downs. Note, the EBITDA guidance given by the company is in USD terms.
- Valuation view:** We have upgraded our EPS estimates by ~4% for both CY17 and CY18 to account for the margin beat in 3Q. However, because of the full-year impact of the ramp-downs that begun in 2HCY17, CY18 revenue would be bogged down to the tune of 3.5%. HEXW trades at 17.2/16.4x CY17/18E earnings. Our target price of INR270 discounts forward earnings by 14x, factoring in the risks in top clients, which have resulted in a fair amount of volatility in HEXW's performance. Maintain **Neutral**.

## Quarterly Performance (Consolidated)

Y/E Dec	CY16				CY17				CY16	CY17E	Est. 3QCY17	Var. (% / bp)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE					
Revenue (USD m)	121.7	129.7	135.2	138.9	144.7	152.6	154.0	151.5	364	525	603	153.7	0.2
QoQ (%)	-1.9	6.6	4.2	2.7	4.2	5.5	0.9	-1.6		8.2	14.8	0.7	19bp
Revenue (INR m)	8,202	8,697	9,041	9,409	9,605	9,836	9,931	9,924	19,482	35,349	39,295	9,884	0.5
YoY (%)	15.0	12.6	10.5	14.8	17.1	13.1	9.8	5.5		13.2	11.2	9.3	52bp
GPM (%)	33.6	34.6	35.4	34.6	34.1	33.7	35.2	32.8	39.2	34.6	33.9	33.6	160bp
SGA (%)	19.0	19.0	18.0	17.3	17.2	17.4	17.7	17.5	18.3	18.3	17.4	17.0	69bp
EBITDA	1,194	1,353	1,576	1,624	1,623	1,598	1,734	1,523	4,074	5,747	6,477	1,636	9756bp
EBITDA Margin (%)	14.6	15.6	17.4	17.3	16.9	16.2	17.5	15.3	20.9	16.3	16.5	16.6	90bp
EBIT Margin (%)	12.9	14.0	15.9	15.8	15.3	14.6	15.8	13.7	19.2	14.7	14.9	14.9	93bp
Other income	55	132	67	140	28	146	178	100	290	394	452	169	5.2
ETR (%)	24.2	25.8	25.8	25.1	23.8	22.9	18.9	24.0	18.9	25.3	22.3	23.5	
PAT	842	999	1,114	1,216	1,139	1,224	1,420	1,113	3,276	4,171	4,896	1,257	12.9
QoQ (%)	-15.3	18.6	11.5	9.2	-6.3	7.4	16.0	-21.6		6.1	17.4	2.7	1330bp
YoY (%)	1.0	1.0	-0.1	22.3	35.3	22.5	27.5	-8.5				12.9	1461bp
EPS (INR)	2.8	3.3	3.7	4.0	3.8	4.1	4.7	3.7		13.7	16.3	4.2	
Headcount	11,599	11,875	11,859	12,115	12,734	13,098	13,488	13,488	9,069	12,115	13,488	13,255	1.8
Utilization (%)	69.6	70.0	74.1	78.6	78.9	80.8	79.7	77.0	68.3	73.9	80.2	80.0	-30bp
Attrition (%)	16.0	16.6	16.5	16.1	14.9	13.8							
Offshore rev. (%)	36.9	38.6	36.8	38.1	35.5	35.3	34.6	33.5	46.3	37.6	34.7	35.0	-39bp



BSE SENSEX	S&P CNX
33,600	10,441
Bloomberg	BLSTR IN
Equity Shares (m)	96
M.Cap.(INRb)/(USDb)	59.0 / 0.9
52-Week Range (INR)	724 / 435
1, 6, 12 Rel. Per (%)	-9/1/15
Avg Val, INRm	51
Free float (%)	61.0

### Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	44.0	48.6	55.9
EBITDA	2.4	2.8	3.8
PAT	1.2	1.6	2.3
EPS (INR)	12.9	16.5	24.4
Gr. (%)	-0.7	28.0	48.3
BV/Sh (INR)	79.2	84.2	91.5
RoE (%)	18.0	20.2	27.8
RoCE (%)	15.5	18.4	26.1
P/E (x)	58.8	45.9	31.0
P/BV (x)	9.6	9.0	8.3

Estimate change



TP change



Rating change



**CMP: INR763**

**TP: INR685(-10%)**

**Neutral**

### Operating performance below estimates

#### Impacted by weak performance from UCP division

- Revenue declined 6% YoY to INR8.3b (est. of INR9.6b) in 2QFY18. EBITDA improved 17% YoY to INR0.5b (est. of INR0.6b), while adj. net profit increased 5% YoY to INR208m (est. of INR307m).
- UCP revenue rose 1% YoY (+12% adj. for excise duty impact) to INR2.9b, below our estimate of INR3.2b. Revenue in this segment was adversely impacted by lower restocking by dealers and muted demand during the festive season. Room AC segment grew 5% YoY (in line with market growth), while VRF segment increased 10% YoY. EBIT margin shrunk to 5.4% from 6.8% in the year-ago period on account of marketing investment made by the company in the water purifier segment and higher raw material cost. BLSTR's market share in room ACs remained stable at 11% in 2QFY18; it expects to take this share to 12% once the market stabilizes.
- EMP segment's revenue declined 10% YoY to INR5.0b, impacted by delayed execution on account of slow traction of renegotiation, and revision across several contracts post GST implementation. EBIT margin expanded to 7.6% from 5.1% in 2QFY17, largely due to accelerated execution of order book in select sub-segments.
- Valuation view:** We cut estimates by 6% each for FY18/19 due to a miss in revenue performance and a weak FY18 outlook for the UCP segment. We maintain **Neutral** with an SOTP-based TP of INR685 (UCP business at 25x FY20E EPS, MEP at 15x, and Professional Electronics at 20x), as current valuations of 46x FY18E/31x FY19E fully capture strong growth over FY18/19.

### Quarterly performance (Consolidated)

(INR M)

Y/E March	FY17				FY18				FY17	FY18E	FY18	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Sales	12,117	8,911	9,178	13,756	14,611	8,390	9,960	15,993	44,008	48,635	9,610	-13
Change (%)	18.8	6.2	16.5	17.8	20.6	-5.8	8.5	16.3	15.4	10.5	8.1	
EBITDA	791	422	351	756	903	492	460	943	2,355	2,802	580	-15
Change (%)	5.1	-4.6	-0.3	25.6	14.1	16.6	31.1	24.8	2.0	19.0	43.2	
As of % Sales	6.5	4.7	3.8	5.5	6.2	5.9	4.6	5.9	5.4	5.8	6.0	
Depreciation	135	150	155	166	125	158	170	115	606	568	160	
Interest	92	88	85	114	48	59	60	109	378	276	60	
Other Income	85	81	46	37	37	12	50	117	215	215	50	
Extra-ordinary Items	0	0	0	0	0	0	0	0	0	0	0	
PBT	649	266	157	514	766	288	280	835	1,586	2,172	410	-30
Tax	145	73	15	133	183	84	85	256	367	608	110	
Effective Tax Rate (%)	22.3	27.6	9.7	25.9	23.9	29.3	30.4	30.7	23.1	28.0	26.8	
Reported PAT	504	193	142	381	583	204	195	579	1,231	1,575	300	-32
Change (%)	35.7	-1.3	-10.6	-2.5	15.7	5.5	37.5	52.1	5.5	28.0	55.4	
Adj PAT	514	200	146	372	585	208	200	570	1,231	1,575	307	
Change (%)	38.3	-4.6	-6.1	-6.5	13.8	4.0	36.3	53.4	5.5	28.0	53.5	



<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
33,600	10,441
Bloomberg	DBCL IN
Equity Shares (m)	184
M.Cap.(INRb)/(USD\$b)	66.4 / 1.0
52-Week Range (INR)	395 / 345
1, 6, 12 Rel. Per (%)	-13/-14/-27
Avg Val, INRm	134
Free float (%)	30.2

**Financials & Valuations (INR b)**

Y/E Mar	2017	2018E	2019E
Net Sales	22.6	24.2	26.1
EBITDA	6.4	6.9	7.5
PAT	3.7	4.0	4.7
EPS (INR)	20.0	21.7	25.4
Gr. (%)	26.0	8.6	16.8
BV/Sh (INR)	86.7	103.8	124.4
RoE (%)	24.6	22.8	22.2
RoCE (%)	23.7	22.3	21.7
P/E (x)	18.0	16.6	14.2
P/BV (x)	4.2	3.5	2.9

Estimate change

TP change

Rating change



**CMP: INR360 TP: INR430(+19%)**

**Buy**

**Circulation drive, ad recovery bode well**

**Higher RM cost dragged down PAT:** Consolidated revenue grew 5.4% YoY (4.4% QoQ) to INR5.7b (3% beat). Adjusted for the INR104m one-off income (profit on the sale of Gitanjali Gems shares) in 2QFY17, revenue grew 7% YoY, led by increase in print revenue. Consolidated EBITDA declined 7% YoY (25% QoQ) to INR1.4b (7% miss); adjusted EBITDA declined 11% YoY (adjusting for music royalty provision reversal). EBITDA margin contracted 330bp YoY (675bp QoQ) to 24.6% (275bp miss). Adjusted margin shrank 490bp YoY, impacted by 9% YoY increase in RM cost and 20% YoY jump in other expenses. PAT fell 11% YoY (29% QoQ) to INR787m (12% miss), largely led by decline in EBITDA.

**Ad and circulation revenues regain momentum:** With the impact of GST implementation waning, print ad revenue grew 6% YoY to INR3.5b (6% beat). Print circulation revenue rose 8% YoY to INR1.3b (2% miss), primarily led by yield growth (contributing 6.5%) in mature markets. Circulation increased 8% QoQ to 5.4m copies, led by focused circulation enhancement strategy. Radio revenue increased 17% YoY to INR349m (against our estimate of INR299m).

**Ad recovery, circulation drive to support earnings:** Increase in circulation copies without aggressive price competition is expected to support circulation revenue. Additionally, upbeat festive season and support from large categories like FMCG should offset the impact in real estate and retail sectors. Recovery in ad market bodes well. We expect revenue/PAT CAGR of 7%/12% over FY17-19.

**Maintain Buy with TP of INR430:** We have cut our PAT estimates by 7-8% for FY18/19 primarily on higher RM costs. We have revised our TP from INR450 to INR430 (17x FY19E EPS; 7% discount to 7-year average P/E of 18.2x) on the back of 8% cut in EPS. **Maintain Buy.**

**Quarterly performance**

Y/E March	FY17				FY18				FY17	FY18E	2QFY18E	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	5,746	5,391	6,273	5,171	5,943	5,683	6,929	5,694	22,580	24,250	5,512	3.1
YoY Change (%)	21.4	12.7	6.3	1.5	3.4	5.4	10.5	10.1	10.1	7.4	2.3	
Total Expenditure	3,934	3,885	4,290	4,049	4,079	4,284	4,610	4,423	16,158	17,397	4,004	
EBITDA	1,812	1,505	1,982	1,122	1,864	1,399	2,319	1,271	6,422	6,853	1,508	-7.3
Margins (%)	31.5	27.9	31.6	21.7	31.4	24.6	33.5	22.3	28.4	28.3	27.4	
Depreciation	211	216	218	218	220	229	226	224	863	898	226	
Interest	34	6	30	5	16	20	16	29	74	81	10	
Other Income	41	41	36	51	70	57	78	78	170	283	71	
PBT before EO expense	1,608	1,325	1,771	950	1,698	1,207	2,154	1,097	5,654	6,156	1,344	-10.2
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	1,608	1,325	1,771	950	1,698	1,207	2,154	1,097	5,654	6,156	1,344	-10.2
Tax	568	440	590	309	597	421	736	371	1,907	2,124	452	
Rate (%)	35.3	33.2	33.3	32.5	35.1	34.8	34.2	33.8	33.7	34.5	33.6	
Minority Interest & P/L of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	1,040	885	1,181	642	1,101	787	1,419	726	3,748	4,033	893	-11.9
Adj PAT	1,040	816*	1,181	642	1,101	749**	1,419	726	3,679	3,995	893	-16.1
YoY Change (%)	62.0	43.8	6.6	6.2	5.9	-8.3	20.1	13.1	25.9	8.6	9.3	
Margins (%)	18.1	15.1	18.8	12.4	18.5	13.2	20.5	12.8	16.3	16.5	16.2	





# J&K Bank

BSE SENSEX	S&P CNX
33,600	10,441
Bloomberg	JKBK IN
Equity Shares (m)	484.9
M.Cap.(INRb)/(USDb)	35.2/0.5
52-Week Range (INR)	96 / 55
1, 6, 12 Rel. Per (%)	5/-12/1
Avg Val, INRm	62
Free float (%)	40.8

## Financials & Valuations (INR b)

Y/E March	2018E	2019E	2020E
NII	28.6	31.9	37.4
OP	14.6	16.1	19.6
NP	2.3	4.8	7.6
NIM (%)	3.7	3.7	3.8
EPS (INR)	4.1	8.7	13.6
EPS Gr. (%)	NA	109.0	57.6
BV/Sh. (INR)	105.1	111.7	122.1
ABV/Sh. (INR)	73.5	85.2	100.8
RoE (%)	4.0	8.0	11.7
RoA (%)	0.3	0.5	0.7
P/E(X)	19.7	9.4	6.0
P/BV (X)	0.8	0.7	0.7

**CMP: INR82 TP: INR100 (+23%)**

**Upgrade to Buy**

### Asset quality concerns easing; Upgrade to Buy

- n JKBK reported PAT of INR716m in 2QFY18 (+1.37x QoQ on a low base), 14% above estimate, aided by strong revenue growth. PPOp was flat QoQ on account of slightly higher opex, raising the CI ratio to 56%. Provisions of INR2.43b were in line with our estimate.
- n NII grew ~13% YoY (+1% QoQ), led by an improvement in margins to 3.78% (+8bp QoQ, +41bp YoY) and a pick-up in loan growth (INR513b, +5%/+8% QoQ/YoY). NIM improved on the back of a 9bp/44bp QoQ/YoY increase in spreads, as the bank's cost of funds declined 6bp/71bp QoQ/YoY.
- n Both slippages (INR4.8b; INR5.1b in 1Q) and recoveries & upgrades (INR1.37b; INR1.9b in 1Q) moderated sequentially, leading to a 6% sequential rise in GNPA (INR59.8b, 10.87% of advances). However, PCR stood strong at 69.2% (marginal down from 70.3% in 1Q). NNPA stood at INR24.4b (4.76% v/s 4.65% of advances in 1Q). Std. restructured loans stood at INR57.5b (11% of loans). S4A book stood at INR2.47b at end-2QFY18.
- n **Other highlights:** (1) Share of J&K state loans increased to ~51.8% v/s 51% in 1QFY18. (2) CASA ratio stood at 50.4% (-50bp QoQ). (3) The bank is aiming to raise INR6-7b of equity within total planned capital raise of INR20b, including equity, AT1 bonds and T2 bonds.

**Valuation and view:** Management is focused on purging the balance sheet, growing the J&K business and monitoring/resolving problematic assets outside the home state. We believe asset quality will gradually turn a corner, led by controlled slippages, while a large proportion of rehabilitated loans may turn standard over the next two quarters. We raise our FY18/FY19E PAT by 15%/12% to account for a sharp pick-up in margins and revise our TP to INR100, which corresponds to 1.1x Sep-19E ABV. Our TP implies an upside of 23% from current levels, leading us to upgrade our rating to **Buy** (from Neutral).

## Quarterly Performance

Y/E March	(INR Million)									
	FY17				FY18					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY17	FY18
Interest Income	16,724	16,857	16,495	16,782	16,803	16,664	17,033	17,535	66,858	68,035
Interest Expense	10,398	10,443	10,666	10,232	9,681	9,438	10,004	10,342	41,739	39,466
<b>Net Interest Income</b>	<b>6,326</b>	<b>6,414</b>	<b>5,830</b>	<b>6,550</b>	<b>7,122</b>	<b>7,226</b>	<b>7,028</b>	<b>7,193</b>	<b>25,119</b>	<b>28,570</b>
% Change (YoY)	-9.0	-7.6	-13.5	1.2	12.6	12.7	20.6	9.8	-7.3	13.7
Other Income	1,167	1,309	1,207	1,246	1,102	1,050	1,272	1,596	4,929	5,021
<b>Net Income</b>	<b>7,493</b>	<b>7,723</b>	<b>7,037</b>	<b>7,795</b>	<b>8,224</b>	<b>8,277</b>	<b>8,300</b>	<b>8,790</b>	<b>30,048</b>	<b>33,591</b>
Operating Expenses	4,000	3,967	4,106	5,032	4,539	4,635	4,833	4,984	17,105	18,991
<b>Operating Profit</b>	<b>3,493</b>	<b>3,756</b>	<b>2,930</b>	<b>2,764</b>	<b>3,685</b>	<b>3,642</b>	<b>3,467</b>	<b>3,805</b>	<b>12,943</b>	<b>14,599</b>
% Change (YoY)	-23.8	NA	-25.1	-27.4	5.5	-3.0	18.3	37.7	-22.4	12.8
Other Provisions	3,137	9,921	7,263	7,683	2,787	2,429	2,557	2,764	28,003	10,536
<b>Profit before Tax</b>	<b>356</b>	<b>-6,165</b>	<b>-4,332</b>	<b>-4,919</b>	<b>898</b>	<b>1,213</b>	<b>911</b>	<b>1,041</b>	<b>-15,060</b>	<b>4,063</b>
Tax Provisions	127	-141	653	624	-1,785	497	310	354	1,263	-625
<b>Net Profit</b>	<b>229</b>	<b>-6,024</b>	<b>-4,986</b>	<b>-5,543</b>	<b>302</b>	<b>716</b>	<b>601</b>	<b>687</b>	<b>-16,323</b>	<b>2,306</b>
% Change (YoY)	-85.6	NA	NA	NA	31.9	NA	NA	NA	NA	NA
<b>Operating Parameters</b>										
NIM (Reported, %)	3.38	3.37	2.99	3.50	3.70				3.3	3.7
Loan Growth (%)	12.9	4.0	-3.5	-0.8	-0.2	8.0	18.4	12.0	-0.8	12.0
Deposit Growth (%)	10.8	11.9	15.3	4.4	4.0	0.7	-0.9	10.0	4.4	10.0
CASA Ratio (%)	43.1	45.1	47.4	51.7	50.9				51.7	52.8
CD ratio (%)	70.8	68.0	60.8	68.7	67.9	72.9	72.6	70.0	68.7	70.0
<b>Asset Quality</b>										
Gross NPA (INR b)	47.1	56.8	57.1	60.0	56.4	59.8	62.8	61.2	60.0	61.2
Gross NPA (%)	9.3	11.3	11.8	11.2	10.8	10.9	10.9	10.3	11.2	10.3

E: MOSL Estimates

# Entertainment Network (India)

BSE SENSEX	S&P CNX
33,600	10,441

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

## Conference Call Details



**Date:** 02 Nov 2017

**Time:** 04:00pm IST

**Dial-in details:**

+91-22-3938 1003

## Financials & Valuations (INR m)

Y/E Mar	2017	2018E	2019E
Net Sales	5.6	6.1	7.3
EBITDA	1.3	1.5	2.1
Adj PAT	0.5	0.6	1.0
Adj EPS (INR)	11.4	12.2	20.6
Gr. (%)	-45.5	6.6	69.5
BV/Sh (INR)	179.3	190.9	210.4
RoE (%)	6.7	6.6	10.3
RoCE (%)	5.0	5.7	8.7
P/E (x)	70.2	65.8	38.8
P/BV (x)	4.5	4.2	3.8
EV/EBITDA (x)	31.2	25.7	18.0

**CMP: INR802**

**TP: INR928**

**Neutral**

## EBITDA beat led by lower marketing costs

- Revenue of INR1,257m (in-line) was down 3% YoY (+20.5% QoQ). Management attributed the drop in revenues to GST implementation.
- Lower revenues may also be attributed to ENIL's intentional ad volumes reduction in top cities (to improve listenership), with a corresponding price increase, which may have seen low response from advertisers.
- EBITDA of INR284m (7% beat) surged 23% YoY (+70% QoQ), led by a 44% YoY plunge in marketing expenses. However, this was partly offset by a 20% YoY rise in employee cost.
- Led by cost efficiency, EBITDA margin expanded by a steep 475bp YoY (+660bp QoQ) to 22.6% (170bp beat).
- PAT at INR60m (9% miss) was down 24.5% YoY (+34% QoQ) because of 14% higher depreciation (possibly on newer stations) and a 60% YoY decline in net finance income. Adj. PAT increased 259% QoQ (adj. PAT for 1QFY18 stood at INR17m excl. INR42m write-back of expense provision).
- Stock is trading at rich valuation of 18x EV/ EBITDA, 38.8x P/E on FY19E. We have a **Neutral** rating on the stock.

**Valuation and view:** We will revisit our estimates post the earnings call. At CMP of INR802, the stock is trading at rich valuation of 18x EV/EBITDA on FY19E. We have a **Neutral** rating.

## Quarterly Earning Model (INR m)

Y/E March	FY17				FY18				FY17	FY18E	2Q FY18E	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	1,107	1,296	1,506	1,655	1,044	1,257	1,802	1,946	5,565	6,057	1,266	-1
YoY Change (%)	9.0	11.5	4.9	12.4	-5.8	-3.0	19.6	17.6	9.4	8.8	-2.3	
Total Expenditure	813	1,065	1,125	1,303	877	973	1,226	1,484	4,306	4,560	1,001	-3
EBITDA	294	231	381	352	167	284	576	462	1,259	1,498	265	7
Margins (%)	26.6	17.8	25.3	21.3	16.0	22.6	32.0	23.7	22.6	24.7	20.9	167bps
Depreciation	85	140	147	164	156	159	171	171	536	670	171	
Net Interest cost	-33	-22	-4	-1	-15	-9	-1	17	-60	-7	-1	
PBT before EO expense	243	114	239	188	25	134	406	274	783	835	94	42
Extra-Ord expense	0	0	0	0	42	0	0	0	0	42	0	
PBT	243	114	239	188	68	134	406	274	783	877	94	42
Tax	78	35	76	50	23	74	123	46	238	267	29	
Rate (%)	32.0	30.5	31.7	26.7	34.2	55.5	30.4	16.8	30.4	30.4	30.4	
Reported PAT	165	79	163	138	44	60	282	228	545	610	66	-9
Adj PAT	165	79	163	138	17	60	282	228	545	586	66	-9
YoY Change (%)	-36.3	-70.7	-43.3	-31.6	-89.9	-24.5	73.2	65.2	-46.5	7.6	-17.0	
Margins (%)	14.9	6.1	10.8	8.3	1.6	4.7	15.7	11.7	9.8	9.7	5.2	-44bps





# KPIT Technologies

BSE SENSEX	S&P CNX
33,213	10,335
Bloomberg	KPIT IN
Equity Shares (m)	197
M.Cap.(INRb)/(USDb)	29.3 / 0.5
52-Week Range (INR)	150 / 105
1, 6, 12 Rel. Per (%)	14/0/-16
Avg Val, INRm	147.2
Free float (%)	81.1

## Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	33.2	36.6	40.2
EBITDA	3.5	3.6	4.4
PAT	2.1	2.4	2.8
EPS (INR)	11.9	11.9	14.1
Gr. (%)	-15.3	-0.5	18.6
BV/Sh (INR)	79.2	89.9	104.0
RoE (%)	14.3	14.1	14.5
RoCE (%)	15.9	15.4	17.4
P/E (x)	12.4	12.5	10.5
P/BV (x)	1.9	1.6	1.4

Estimate change



TP change



Rating change



**CMP: INR148**

**TP: INR160(+8%)**

**Neutral**

## An all-round beat; Sustainable execution crucial for re-rating

**Strong revenue beat:** 2QFY18 revenue growth of 4.3% QoQ CC beat our estimate of 1%. Growth was driven by a strong pick-up in the overlapping vertical of Automotive & Transportation (43% of revenue; 12% QoQ) and the service line of Product Engineering Services (38% of revenue; +13% QoQ). Growth would have been higher by 150bp had it not been for the absence of a USD2m license sale from previous quarter. 13.7% YoY growth in 1HFY18 (~10% organic) puts KPIT on a strong footing after flat revenue in FY17.

**Margin improvement despite wage hikes:** EBITDA margin at 9.9% was up 80bp QoQ, and above our estimate of 8.5%. Expansion was seen despite a wage hike and comes as a positive, especially after multiple quarters of disappointment. The 180-200bp negative impact of salaries was more than offset by [1] strong revenue growth, [2] absorption of freshers, [3] higher utilization (+140bp on offshore and +300bp on onsite), and [4] operational cost control. PAT at INR603m grew by 8.7% QoQ, led by the overall operational beat.

**But (the lack of) consistency is our issue:** After two years of flat revenue, KPIT is well on its way to double-digit growth in FY18, led by strength in Engineering and stability in the IT business. Although margins improved this time around, the past few quarters have been glaring with inefficiencies, as the company dealt with fulfilling the intent of first ramping up investments and then rationalizing the pyramid (by hiring a large numbers of freshers) in the absence of growth.

**Revenue revival key to re-rating:** The issue of sluggish growth seems to have been rectified after a long wait, and execution on profitability was impressive during the quarter. To factor the beat, we have raised earnings estimates by 9.5/3.4% for FY18/19. The grades for this test, however, will only move higher when margins return to levels previously seen, and on a sustainable basis; a continuation of current quarter trends for longer would be critical for that leg of re-rating. We maintain our **Neutral** rating, with a revised price target of INR160—discounting forward EPS by 10x.

## Quarterly performance (INR M)

Y/E March	FY17				FY18E				FY17	FY18E	Est. 2QFY18	Var. (% / bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue (USD m)	120	123	123	128	134	142	141	143	494	561	137	3.8
QoQ (%)	-3.5	3.0	-0.4	4.4	4.8	5.7	-0.7	1.6	0.8	13.4	1.8	390bp
Revenue (INR m)	8,032	8,310	8,307	8,585	8,704	9,160	9,234	9,457	33,234	36,555	8,794	4.2
YoY (%)	5.9	2.3	2.2	2.1	8.4	10.2	11.2	10.2	3.1	10.0	5.8	441bp
GPM (%)	28.9	29.5	29.0	29.2	26.6	28.1	28.1	28.5	29.1	27.8	26.4	170bp
SGA (%)	18.3	18.5	18.8	19.0	17.6	18.2	18.2	17.8	18.7	18.0	17.8	40bp
EBITDA	855	914	846	870	788	902	915	1,007	3,486	3,619	752	20.1
EBITDA Margin (%)	10.7	11.0	10.2	10.1	9.1	9.9	9.9	10.6	10.5	9.9	8.5	130bp
EBIT Margin (%)	8.3	8.6	7.9	7.3	6.9	7.8	7.8	8.5	8.0	7.8	6.4	133bp
Other income	116	49	29	12	121	114	69	88	207	391	120	-4.9
Interest	56	14	66	0	26	26	25	23	136	99	24	6.1
ETR (%)	24.3	25.1	23.1	15.3	23.4	24.4	25.0	25.0	22.2	24.5	23.5	
PAT	551	562	475	537	555	603	572	653	2,125	2,384	505	19.5
QoQ (%)	-37.8	2.0	-15.5	13.1	3.3	8.7	-5.2	14.2			-9.1	1777bp
YoY (%)	24.0	-25.2	-35.4	-39.3	0.9	7.4	20.4	21.6	-24.5	12.2	-10.1	1756bp
EPS (INR)	2.8	2.8	3.7	2.7	2.8	3.0	2.8	3.2	11.9	11.9	2.4	
Headcount	11,288	11,666	11,881	12,110	12,261	11,946	12,455	12,514	12,110	12,514	12,605	-5.2
Util excl. trainees (%)	68.1	69.2	67.8	68.3	68.8	70.2	72.0	73.0	68.3	71.0	72.5	-229bp
Offshore rev. (%)	41.5	43.2	43.0	43.0	43.9	42.3	43.1	43.2	42.7	43.1	44.7	-241bp
Fixed Price (%)	28.5	28.0	33.7	35.8	34.8	36.2						

# Music Broadcast Ltd

BSE SENSEX 33,213 S&P CNX 10,335

CMP: INR390

TP: INR469

Buy

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

## Conference Call Details



Date: 02nd Nov 2017

Time: 11:30am IST

Dial-in details:

+91-22-3960 0711

## Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	2.7	3.2	3.6
EBITDA	0.9	1.0	1.3
Adj PAT	0.4	0.6	0.8
Adj EPS (INR)	6.4	10.1	14.0
Gr. (%)	0.3	57.2	38.8
BV/Sh (INR)	96.1	106.2	120.2
RoE (%)	11.2	10.0	12.4
RoCE (%)	8.8	10.2	12.2
P/E (x)	60.7	38.6	27.8
P/BV (x)	4.1	3.7	3.2
EV/EBITDA (x)	23.1	19.3	14.7

## Revenues rise 9.5% YoY, adj. EBITDA down 3% YoY

- Revenues increased 9.5% YoY (+8% QoQ) to INR758m (13% below estimate). The big variation v/s our estimate is due to the switch to Ind-AS reporting (netted revenue with commission and other line items).
- EBITDA plunged 16% YoY (+9% QoQ) to INR242m (in-line). We note that 2QFY17 EBITDA was higher due to one-offs (bad debt write-backs). Adjusted for the same, EBITDA for 2QFY18 declined 3% YoY, possibly due to higher opex in new stations.
- EBITDA margin shrunk 980bp YoY (+40bp QoQ) to 31.9% (440bp beat), and adj. margin contracted 390bp YoY
- Higher net finance income of INR12m (net finance cost of INR32m YoY) reduced the impact on PAT (-11% YoY, +17% QoQ to INR127m; 5% above estimate). Adj. PAT increased 10% YoY (+17% QoQ; 5% beat).
- Unutilized proceeds from IPO stood at INR1.5b.

**Valuation and view:** We will revisit our estimates post the earnings call. At CMP of INR390, the stock is trading at EV/EBITDA of 14.7x on FY19E. We have a **Buy** rating on the stock with a TP of INR469.

## Quarterly Earning Model (INR m)

Y/E March	FY17				FY18				FY17	FY18E	2QFY18E	Var (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Sales	628	692	728	666	703	758	837	759	2,714	3,058	872	-13.1
YoY Change (%)	38.0	24.7	12.3	12.7	11.9	9.5	15.0	14.1	20.7	12.7	26.0	
Total Expenditure	437	403	462	500	481	516	524	614	1,802	2,135	632	-18.3
EBITDA	192	289	266	166	222	242	313	146	913	923	241	0.7
Margins (%)	30.5	41.7	36.6	24.9	31.5	31.9	37.4	19.2	33.6	30.2	27.6	437bps
Depreciation	45	45	50	56	64	67	64	64	197	260	64	
Interest	41	41	50	59	39	38	38	42	190	157	39	
Other Income	11	8	9	17	47	50	48	48	44	193	48	
PBT before EO expense	116	211	175	68	166	187	259	87	570	699	185	0.9
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	116	211	175	68	166	187	259	87	570	699	185	0.9
Tax	40	68	54	23	57	60	90	30	203	237	64	
Rate (%)	34.5	32.2	30.9	33.3	34.6	32.0	34.6	34.6	35.7	33.9	34.6	
Reported PAT	76	143	121	45	108	127	169	57	367	462	121	5.0
Adj PAT	76	116*	121	45	108	127	169	57	358	462	121	5.0
YoY Change (%)	-27.5	7.3	-43.9	-75.7	42.3	-11.2	40.2	26.4	32.7	26.0	-15.4	
Margins (%)	12.1	16.7	16.6	6.8	15.4	16.8	20.2	7.5	13.2	15.1	13.9	289bps

\*Adjusted for write back of provision

Source: MOSL, Company



# GET&D

Bloomberg	GETD IN
Equity Shares (m)	256.1
M. Cap. (INR b)/(USD b)	100 / 2
52-Week Range (INR)	433 / 277
1,6,12 Rel Perf. (%)	-5 / 11 / 1

**CMP: INR390 TP: INR395 (-1%) Neutral**

- We expect GETD to register revenue growth of 12% YoY to INR9.3b in 2QFY18. Revenue growth would be driven by execution of the Champa-Kurukshetra Phase-II project, which is expected to be commissioned by 2QFY18.
- We expect operating profit of INR700m in 2QFY18, as against INR339m in 2QFY17. Gross margin is likely to decline 60bp to 34.4% from 35% in 2QFY17.
- GETD is expected to book net profit of INR370m, as against INR206m in 2QFY17. Maintain **Neutral**.

### Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Net Sales	40.5	47.8	51.1	55.2
EBITDA	2.2	4.1	5.1	6.1
Adj. PAT	1.5	2.4	2.9	3.7
EPS (INR)	5.7	9.3	11.3	14.3
EPS Gr. (%)	325.3	62.1	21.5	26.9
BV/Sh. (INR)	40.3	46.1	53.1	62.0
RoE (%)	12.4	21.5	22.7	24.9
RoCE (%)	15.7	26.0	29.3	33.2
Payout (%)	31.4	31.4	31.4	31.4

### Valuations

P/E (x)	68.1	42.0	34.6	27.2
P/BV (x)	9.7	8.5	7.3	6.3
EV/EBITDA (x)	46.8	25.2	20.1	16.4
EV/ Sales (x)	2.6	2.2	2.0	1.8
Div Yield (%)	0.5	0.7	0.9	1.2

### Key issues to watch

- Progress in the Champa-Kurukshetra Phase-II project.

### Quarterly Performance

(INR Million)

Y/E March	FY17				FY18				FY17	FY18
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Sales</b>	<b>8,546</b>	<b>8,340</b>	<b>11,623</b>	<b>11,963</b>	<b>12,093</b>	<b>9,300</b>	<b>12,914</b>	<b>13,524</b>	<b>40,521</b>	<b>47,831</b>
Change (%)	11.6	-4.4	62.8	26.9	41.5	11.5	11.1	13.1	22.7	18.0
<b>EBITDA</b>	<b>21</b>	<b>339</b>	<b>722</b>	<b>1,097</b>	<b>1,055</b>	<b>700</b>	<b>1,014</b>	<b>1,969</b>	<b>2,230</b>	<b>4,113</b>
Change (%)	-70.3	-50.1	-235.7	81.7	4,875.9	106.2	40.5	79.5	-9.0	-9.0
As of % Sales	0.2	4.1	6.2	9.2	8.7	7.5	7.9	14.6	5.5	8.6
Depreciation	217	220	221	224	224	210	210	197	873	873
Interest	226	239	343	344	278	220	220	207	589	589
Other Income	326	435	522	177	421	310	200	326	427	427
<b>PBT</b>	<b>-2,425</b>	<b>315</b>	<b>679</b>	<b>705</b>	<b>974</b>	<b>580</b>	<b>784</b>	<b>1,891</b>	<b>1,195</b>	<b>3,078</b>
Tax	-455	109	236	244	358	210	210	447	508	508
Effective Tax Rate (%)	18.8	34.6	34.7	34.6	36.8	36.2	26.8	23.7	42.5	16.5
<b>Reported PAT</b>	<b>-1,970</b>	<b>206</b>	<b>443</b>	<b>461</b>	<b>616</b>	<b>370</b>	<b>574</b>	<b>1,444</b>	<b>687</b>	<b>2,570</b>
Change (%)	-2,041.0	-43.0	-215.4	70.9	-131.3	79.8	29.6	213.0	0.0	0.0
<b>Adj. PAT</b>	<b>360</b>	<b>206</b>	<b>443</b>	<b>461</b>	<b>616</b>	<b>370</b>	<b>574</b>	<b>1,444</b>	<b>687</b>	<b>2,570</b>
Change (%)	254.6	-43.0	-215.4	70.9	71.1	79.8	29.6	213.0	2.0	2.0



# Glenmark Pharma

Bloomberg	GNP IN
Equity Shares (m)	282.3
M. Cap. (INR b)/(USD b)	173 / 3
52-Week Range (INR)	993 / 568
1,6,12 Rel Perf. (%)	2 / -36 / -46

## Financial Snapshot (INR Billion)

Y/E Mar	2017	2018E	2019E	2020E
Sales	89.7	96.7	112.6	130.4
EBITDA	18.2	18.6	22.0	26.2
NP	11.1	11.2	13.9	17.2
EPS (INR)	39.3	39.7	49.1	61.0
EPS Gro. (%)	58.0	1.0	23.8	24.2
BV/Sh. (INR)	159.2	195.2	240.7	298.0
RoE (%)	24.7	20.3	20.4	20.5
RoCE (%)	19.1	18.1	20.6	22.3

## Valuations

P/E (x)	15.6	15.4	12.4	10.0
P/BV (x)	3.8	3.1	2.5	2.1
EV/EBITDA (x)	11.5	10.9	9.1	7.3
D. Yield (%)	0.5	0.5	0.5	0.5

**CMP: INR611 TP: INR775 (+27%) Neutral**

- We expect Glenmark Pharmaceuticals (GNP) to report 6.6% YoY growth in overall revenues to INR23.2b.
- The India branded business is likely to grow 8% YoY, while the US generic segment is expected to decline marginally by ~3% YoY. LatAm business is expected decline ~10% YoY on back of absence of sale from Venezuela; RoW and Europe businesses are expected to grow 15% and 20% YoY, respectively.
- EBITDA is likely to decrease 13% YoY to INR3.5b. We expect margins to decline to ~15%. Adjusted PAT is expected to decline by 15.1% YoY to INR1.9b due to decline in margin, partially offset by lower tax rate at 25% v/s 28.5% in 2QFY17.
- Weak cash flow conversion and high net debt remain key concerns for GNP. Maintain Neutral with a TP of INR775 (15x FY19E EPS). We expect margins to come under pressure in the coming quarters due to high R&D expense and new competition in Zetia from early June 2017. Any big in-licensing deal in the innovation business could act as a positive catalyst.

## Key issues to watch out

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

## Quarterly Performance

(INR Million)

Y/E March	FY17				FY18E				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Revenues (Core)	19,095	21,732	24,630	24,244	23,294	23,160	23,608	26,602	89,701	96,664
YoY Change (%)	17.4	17.9	42.8	11.5	22.0	6.6	-4.1	9.7	18.2	7.8
EBITDA	3,192	3,978	6,929	4,110	5,438	3,474	4,580	5,150	18,211	18,642
Margins (%)	16.7	18.3	28.1	17.0	23.3	15.0	19.4	19.4	20.3	19.3
Depreciation	642	770	625	689	777	780	775	781	2,644	3,114
Interest	430	629	617	697	709	710	600	585	2,373	2,604
Other Income	1,358	491	866	-185	489	500	500	511	2,530	2,000
PBT before EO Expense	3,477	3,070	6,553	2,539	4,441	2,484	3,705	4,294	15,724	14,925
Extra-Ord Expense	0	0	0	809	0	0	0	0	809	0
PBT after EO Expense	3,477	3,070	6,553	1,730	4,441	2,484	3,705	4,294	15,724	14,925
Tax	1,209	876	1,782	-107	1,108	621	926	1,076	3,827	3,731
Rate (%)	34.8	28.5	27.2	-6.2	24.9	25.0	25.0	25.1	24.3	25.0
Reported PAT (incl one-offs)	2,268	2,193	4,771	1,837	3,334	1,863	2,779	3,218	11,897	11,193
Reported PAT (excl MI)	2,268	2,193	4,771	1,837	3,334	1,863	2,779	3,218	11,897	11,193
YoY Change (%)	24.0	9.4	180.8	23.5	47.0	-15.1	-41.8	75.2	56.5	-5.9
Margins (%)	11.9	10.1	19.4	7.6	14.3	8.0	11.8	12.1	13.3	11.6



# Power Grid Corporation

Bloomberg	PWGR IN
Equity Shares (m)	5231.6
M. Cap. (INR b)/(USD b)	1072 / 16
52-Week Range (INR)	226 / 167
1,6,12 Rel Perf. (%)	-4 / 0 / 1

**CMP: INR204 TP: INR262 (+28%) Buy**

- n We estimate PAT to grow by 11% YoY to INR20.1b, driven by growth in regulated equity.
- n We estimate capitalization of INR70b in the quarter, doubling QoQ. Of the major projects, Champa-Kurukshetra HVDC Pole-II was commissioned in September 2017.

## Financial Snapshot (INR Million)

Y/E March	2017	2018E	2019E	2020E
Sales	257.0	320.5	368.0	397.3
EBITDA	226.6	283.9	327.1	352.3
NP	74.5	91.0	107.5	112.4
EPS (INR)	14.2	17.4	20.6	21.5
EPS Gr. (%)	23.9	22.1	18.1	4.6
BV/Sh. (INR)	93.7	107.4	123.5	139.9
RoE (%)	16.2	17.3	17.8	16.3
RoCE (%)	7.3	8.3	8.9	8.7
Payout (%)	20.9	21.7	21.7	23.7

## VALUATION

P/E (x)	14.3	11.7	9.9	9.5
P/BV (x)	2.2	1.9	1.7	1.5
EV/EBITDA (x)	9.9	8.2	7.3	6.9
Div. Yield (%)	1.2	1.5	1.8	2.1

## Key issues to watch for

- Ø Capitalization/capex guidance for FY18.
- Ø Details on competitively bid projects.
- Ø Development on green energy projects, state JVs, etc.

## Quarterly Performance

Y/E March	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Sales	60,691	62,296	65,010	67,120	71,814	72,542	75,037	85,402	257,165	304,795
Change (%)	29.4	28.5	22.1	16.9	18.3	16.4	15.4	27.2	24.4	18.5
EBITDA	53,675	55,788	58,220	57,015	62,699	65,169	67,451	75,391	226,715	270,710
Change (%)	29.8	30.3	22.8	12.9	16.8	16.8	15.9	32.2	24.0	19.4
As of % Sales	88.4	89.6	89.6	84.9	87.3	89.8	89.9	88.3	88.2	88.8
Depreciation	17,573	18,769	19,653	20,633	21,311	22,224	23,271	23,928	76,628	90,734
Interest	15,178	15,876	16,426	15,558	17,624	18,526	19,168	18,242	63,038	73,560
Other Income	1,902	2,507	2,866	3,424	2,085	2,032	2,323	572	8,649	7,011
PBT	22,827	23,650	25,006	24,247	25,848	26,451	27,334	33,792	95,698	113,426
Tax	4,819	4,888	5,706	5,083	5,324	5,555	5,740	7,200	20,496	23,819
Effective Tax Rate (%)	21.1	20.7	22.8	21.0	20.6	21.0	21.0	21.3	21.4	21.0
Reported PAT	18,008	18,762	19,300	19,164	20,524	20,897	21,594	26,592	75,202	89,607
Adjusted PAT	18,008	18,762	19,300	20,131	20,524	20,897	21,594	26,793	76,169	89,607
Change (%)	32.8	33.2	20.2	28.3	14.0	11.4	11.9	33.1	28.0	17.6

E: MOSL Estimates





# Shriram City Union Finance

Bloomberg	SCUF IN
Equity Shares (m)	65.9
M. Cap. (INR b)/(USD b)	137 / 2.1
52-Week Range (INR)	2650 / 1648
1,6,12 Rel Perf. (%)	1 / -14 / -18

**CMP: INR2,083 TP: INR2,700 (+30%) Buy**

- n The quarter has been slow for the company on account of both GST and the lagged impact of demonetization.
- n Disbursement growth is expected to be 10% YoY, resulting in 15% YoY AUM growth.
- n Spreads are expected to remain largely stable. Hence, NII growth is expected to be 15% YoY.
- n Slower growth in operating expenses (13% YoY) is expected to drive 16% YoY PPop growth.
- n We expect asset quality to remain largely stable. We factor in provisions of INR1.7b, as against INR2b in 1QFY18 and INR1.4b in 2QFY17.
- n The stock trades at 2.4x FY18E and 2.1x FY19E BVPS. Buy.

## Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
NII	28.5	33.4	38.5	45.3
PPP	17.2	20.5	23.7	28.1
PAT	5.6	7.8	10.2	12.2
EPS (INR)	84	118	155	185
EPS Gr. (%)	5	40	31	19
BV/Sh. (INR)	763	860	989	1145
RoA (%)	2.7	3.3	3.8	3.9
RoE (%)	11.7	14.6	16.8	17.4
Payout (%)	7	18	17	16
<b>Valuations</b>				
P/E (x)	24.7	17.6	13.4	11.2
P/BV (x)	2.7	2.4	2.1	1.8
Div. Yield (%)	0.7	0.9	1.1	1.2

## Key issues to watch for

- Ø Trends in asset quality in each segment.
- Ø Business growth and momentum, and management commentary on the same.
- Ø Impact of GST.
- Ø Performance of the housing finance subsidiary.

## Quarterly performance

Y/E MARCH	(INR m)									
	FY17				FY18					
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY17	FY18E
Interest Income	10,535	11,153	11,557	11,071	12,175	12,540	12,916	12,341	43,796	49,972
Interest expenses	3,672	3,802	3,933	3,937	4,019	4,119	4,222	4,185	15,344	16,544
<b>Net Interest Income</b>	<b>6,863</b>	<b>7,351</b>	<b>7,624</b>	<b>7,134</b>	<b>8,156</b>	<b>8,421</b>	<b>8,694</b>	<b>8,156</b>	<b>28,452</b>	<b>33,428</b>
Y-o-Y Growth (%)	19.7	22.1	17.7	14.6	18.9	14.6	14.0	14.3	19.1	17.5
Fees and Other Income	15	3	6	5	17	25	25	33	76	100
<b>Net Operating Income</b>	<b>6,878</b>	<b>7,354</b>	<b>7,630</b>	<b>7,139</b>	<b>8,174</b>	<b>8,446</b>	<b>8,719</b>	<b>8,189</b>	<b>28,528</b>	<b>33,528</b>
Y-o-Y Growth (%)	19.2	22.1	17.8	11.8	18.8	14.8	14.3	14.7	18.2	17.5
Operating Expenses	2,739	2,829	2,977	2,815	3,197	3,197	3,340	3,248	11,359	12,981
<b>Operating Profit</b>	<b>4,139</b>	<b>4,525</b>	<b>4,653</b>	<b>4,324</b>	<b>4,976</b>	<b>5,250</b>	<b>5,380</b>	<b>4,941</b>	<b>17,168</b>	<b>20,547</b>
Y-o-Y Growth (%)	21.3	29.3	19.5	26.2	20.2	16.0	15.6	14.3	25.8	19.7
Provisions	1,356	1,390	2,242	4,118	1,998	1,700	2,500	2,372	8,632	8,570
<b>Profit before Tax</b>	<b>2,784</b>	<b>3,135</b>	<b>2,412</b>	<b>206</b>	<b>2,978</b>	<b>3,550</b>	<b>2,880</b>	<b>2,569</b>	<b>8,536</b>	<b>11,977</b>
Tax Provisions	966	1,090	835	86	1,040	1,242	1,008	885	2,976	4,175
<b>Net Profit</b>	<b>1,818</b>	<b>2,045</b>	<b>1,577</b>	<b>120</b>	<b>1,939</b>	<b>2,307</b>	<b>1,872</b>	<b>1,684</b>	<b>5,561</b>	<b>7,802</b>
Y-o-Y Growth (%)	23.1	34.3	-9.5	-78.4	6.6	12.8	18.7	1,302.2	5.0	40.3
Int Exp/ Int Earned (%)	34.9	34.1	34.0	35.6	33.0	32.8	32.7	33.9	35.0	33.1
Cost to Income Ratio (%)	39.8	38.5	39.0	39.4	39.1	37.8	38.3	39.7	39.8	38.7
Tax Rate (%)	34.7	34.8	34.6	41.6	34.9	35.0	35.0	34.5	34.9	34.9

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





# Ramco Cements

Bloomberg	TRCL IN
Equity Shares (m)	236.0
M. Cap. (INR b)/(USD b)	166 / 3
52-Week Range (INR)	765 / 479
1,6,12 Rel Perf. (%)	-2 / 0 / 0

## Financial Snapshot (INR Billion)

Y/E March	2017	2018E	2019E	2020E
Sales	39.3	42.6	49.0	56.4
EBITDA	11.6	11.3	13.4	15.1
NP	6.5	6.5	8.1	9.5
Adj. EPS (INR)	27.3	27.4	34.4	40.2
EPS Gr. (%)	24.0	0.4	25.5	16.9
BV/Sh. (INR)	157.1	181.3	211.0	246.4
RoE (%)	19.0	16.1	17.5	17.6
RoCE (%)	14.0	13.0	15.0	16.0
Payout (%)	12.8	17.0	13.5	11.7

## Valuations

P/E (x)	25.8	25.7	20.5	17.5
P/BV (x)	4.5	3.9	3.3	2.9
EV/EBITDA (x)	15.1	15.1	12.5	10.5
EV/Ton (USD)	162	159	155	147

**CMP: INR705 TP: INR832 (+18%) Buy**

- n 2QFY18 volumes are estimated to grow 5.5% YoY to 2.15mt, with majority of growth coming from the eastern markets. Average realizations are expected to decrease 5.5% YoY (-2.2% QoQ) to 4,507/ton due to a fall in realizations in the southern market.
- n EBITDA margin is likely to contract 1.82pp QoQ to 25.5%. EBITDA/ton (ex-windmill) is estimated at INR1,018 (-INR173 QoQ, -INR507 YoY) due to cost push and lower realizations.
- n PAT is estimated to decline 32% YoY to INR1.4b.
- n The stock trades at P/E of 20.5x/17.5x on FY19E/FY20E, 12.5x/10.5x FY19E/FY20E EV/EBITDA and FY19E/FY20E EV/ton of USD155/USD 147. Maintain Buy

### Key issues to watch out for:

- ⊗ Volume growth recovery and outlook.
- ⊗ Cement pricing outlook and demand sustainability in south (AP and Tamil Nadu).

## Quarterly Performance

(INR Million)

Y/E March	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Sales Dispatches (m ton)	2.07	2.03	1.99	2.28	2.15	2.15	2.19	2.45	8.35	8.93
YoY Change (%)	14.0	18.9	22.3	9.8	4.1	5.5	10.0	7.6	16.0	7.0
Realization (INR/ton)	4,563	4,769	4,682	4,450	4,607	4,507	4,607	4,993	4,664	4,689
YoY Change (%)	-11.9	-2.2	-5.7	-12.4	1.0	-5.5	-1.6	12.2	-7.6	0.5
QoQ Change (%)	-10.2	4.5	-1.8	-5.0	3.5	-2.2	2.2	8.4		
<b>Net Sales</b>	<b>9,667</b>	<b>10,124</b>	<b>9,374</b>	<b>10,166</b>	<b>10,165</b>	<b>9,931</b>	<b>9,958</b>	<b>12,590</b>	<b>39,292</b>	<b>42,644</b>
YoY Change (%)	6.9	15.5	15.3	5.7	5.1	-1.9	6.2	23.8	10.7	8.5
<b>EBITDA</b>	<b>2,988</b>	<b>3,493</b>	<b>2,690</b>	<b>2,429</b>	<b>2,781</b>	<b>2,536</b>	<b>2,400</b>	<b>3,630</b>	<b>11,561</b>	<b>11,346</b>
Margins (%)	30.9	34.5	28.7	23.9	27.4	25.5	24.1	28.8	29.4	26.6
Depreciation	663	667	661	664	720	700	700	736	2,655	2,856
Interest	291	282	261	201	155	150	150	166	1,035	621
Other Income	73	93	273	154	176	200	216	270	632	862
<b>PBT</b>	<b>2,106</b>	<b>2,637</b>	<b>2,040</b>	<b>1,718</b>	<b>2,082</b>	<b>1,886</b>	<b>1,766</b>	<b>2,997</b>	<b>8,502</b>	<b>8,731</b>
Tax	547	567	542	373	524	471	459	815	2,009	2,270
Rate (%)	26.0	21.5	26.6	21.7	25.2	25.0	26.0	27.2	23.6	26.0
<b>Adj PAT</b>	<b>1,559</b>	<b>2,070</b>	<b>1,498</b>	<b>1,345</b>	<b>1,558</b>	<b>1,414</b>	<b>1,307</b>	<b>2,182</b>	<b>6,493</b>	<b>6,461</b>
YoY Change (%)	57.1	45.6	26.6	-26.3	-0.1	-31.7	-12.8	62.3	25.3	-0.5
Margins (%)	16.1	20.4	16.0	13.2	15.3	14.2	13.1	17.3	16.5	15.2

E: MOSL Estimates



# Vedanta

Bloomberg	VEDL IN
Equity Shares (m)	3717.0
M. Cap. (INR b)/(USD b)	1182 / 18
52-Week Range (INR)	335 / 179
1,6,12 Rel Perf. (%)	1 / 11 / 54

### Financial Snapshot (INR Billion)

Y/E March	2017	2018E	2019E	2020E
Sales	722.3	855	1,026	1,112
EBITDA *	175.5	208.5	280.3	304.6
NP	56.3	94.3	139.2	158.9
Adj. EPS (INR)	15.1	25.4	37.5	42.7
EPS Gr (%)		67.6	47.7	14.1
BV/Sh. (INR)	162.7	175.2	194.3	216.4
RoE (%)	9.7	15.0	20.3	20.8
RoCE (%)	12.4	14.9	19.0	19.5
Payout (%)	154.2	37.4	37.9	37.6

Valuation				
P/E (x)	21.0	12.5	8.5	7.4
P/BV	2.0	1.8	1.6	1.5
EV/EBITDA, x*	8.9	7.4	5.1	4.3
Div. Yield (%)	6.1	2.5	3.7	4.2

**CMP:INR318 TP: INR360 (+13%) Buy**

- n We estimate VEDL's EBITDA to increase 30% QoQ/36% YoY to INR63.4b, driven by zinc, oil and aluminum. Adj. PAT is estimated to increase 45% QoQ/76% YoY to INR22.1b.  
By segments:
- n **Aluminum:** EBITDA is estimated to increase by 82% QoQ to INR9.6b, driven by higher LME (up ~USD100/t) and volumes (up 18% QoQ to 374kt), partly offset by an increase in power and other costs.
- n **Zinc:** EBITDA is estimated to increase 22% QoQ/40% YoY to INR28.9b on higher volumes and LME.
- n **Iron ore:** EBITDA is estimated to increase 96% QoQ to INR0.8b, off a weak base.
- n **Power:** EBITDA is estimated to increase 383% QoQ to INR5b on restart of Talwandi Saboo.
- n **Copper:** EBITDA is up 56% QoQ to INR3.3b on higher volumes and improvement in by-product prices.

### Key issues to watch for:

- Ø Progress on ramp-up of 1.25mtpa smelter.
- Ø Movement in base metal prices.

### Quarterly Performance (Consolidated)

Y/E March	FY17				FY18				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY17	FY18E
<b>Net Sales</b>	144,371	158,596	194,171	225,113	182,850	213,073	225,239	233,628	722,250	854,789
Change (YoY %)	-15.2	-4.2	30.5	40.9	26.7	34.3	16.0	3.8	12.4	18.4
Total Expenditure	109,975	111,922	134,207	151,612	134,110	149,710	151,748	158,579	508,931	594,147
<b>EBITDA</b>	34,396	46,674	59,964	73,501	48,740	63,363	73,490	75,049	213,319	260,642
Copper	4,379	3,779	4,479	4,312	2,130	3,330	3,155	3,741	16,926	12,357
Aluminum	2,660	4,200	6,520	9,900	5,280	9,621	10,238	11,120	23,057	36,259
Iron ore	3,730	1,050	4,710	3,870	400	783	3,620	2,023	13,224	6,825
Power	3,870	3,641	4,452	4,565	1,040	5,023	5,033	4,978	16,425	16,074
Zinc-India	11,309	20,767	27,834	37,480	23,840	28,986	35,723	36,826	95,302	125,375
Zinc-International	2,490	3,390	2,020	1,380	3,210	3,345	3,293	4,220	9,261	14,068
Oil&Gas	7,937	10,391	10,837	11,210	13,850	12,275	12,428	12,141	40,132	50,694
Others	-1,978	-545	-887	784	-1,010				-1,008	-1,010
Change (YoY %)	-24.2	20.9	106.4	111.7	41.7	35.8	22.6	2.1	40.8	22.2
As % of Net Sales	23.8	29.4	30.9	32.7	26.7	29.7	32.6	32.1	29.5	30.5
Finance cost	13,931	14,503	15,082	15,035	15,920	15,108	14,812	13,923	58,550	59,764
DD&A	14,920	15,289	15,203	16,037	13,860	16,427	16,762	17,768	62,915	64,816
Other Income	10,935	12,521	9,160	9,208	10,550	10,677	10,421	11,360	45,806	43,008
<b>PBT (before EO item)</b>	16,480	29,403	38,840	51,637	29,510	42,505	52,337	54,718	137,660	179,071
EO exp. (income)	0	0	0	1,144	0				1,144	0
<b>PBT (after EO item)</b>	16,480	29,403	38,840	50,493	29,510	42,505	52,337	54,718	136,516	179,071
Total Tax	4,914	6,623	8,968	20,604	6,810	11,666	14,365	15,018	37,783	47,860
% Tax	29.8	22.5	23.1	40.8	23.1	27.4	27.4	27.4	27.7	26.7
<b>Reported PAT</b>	11,567	22,780	29,872	29,889	22,700	30,839	37,972	39,700	98,733	131,211
Profit from Asso.	0	2	-20	-8	0	10	5	15	-27	30
Minority interest	5,417	10,261	11,188	15,775	7,450	8,764	10,699	10,049	43,584	36,962
<b>Adjusted PAT</b>	6,150	12,521	18,663	15,249	15,250	22,085	27,278	29,666	56,266	94,279
Change (YoY %)	-56.4	50.1	-1,124.9	34.8	148.0	76.4	46.2	94.5	-73.8	67.6

E=Estimate



### 1. UNITED SPIRITS: See Sustainable Double-Digit Revenue Growth In Medium To Long-Term; Anand Kripalu, MD & CEO

- n Company has come out of previous 12 months post significant tax increase in some states, demonetisation, highway ban and GST. Inputs under GST but not outputs.
- n However, in the quarter gone by the cumulative impact of all the above complex things started easing. Moreover, key brands continued to deliver momentum and huge efforts in terms of costs and productivity have started bearing fruit.
- n Confident of a sustainable double-digit revenue growth in the medium-term to long-term.
- n Remain committed to improve margins from mid to high teens in the coming years.
- n Efforts are to continue paring debt going forward as well through monetisation along with tightness in working capital.

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### 2. CHOLAMANDALAM INVESTMENT: Will Maintain Current Growth Rate On Loan Book For Fy18; N Srinivasan, Executive Vice Chairman and MD

- n Net interest margins (NIMs) are at optimum level now. Would certainly be taking steps to improve it but comfortable to maintain this.
- n Will be able to maintain this growth for the next two quarters. Q4 is normally one of the best quarters for the commercial vehicle (CV) industry. Have some visibility for the next quarter. So comfortable in saying that company will be able to maintain this growth for this financial year.
- n Sees opportunity in housing finance segment. In terms of overall portfolio size, vehicle finance and home equity will occupy about 92-93 percent of the book.
- n Home loans can go to 8-10 percent of the total book in the future.
- n On public sector undertaking (PSU) recapitalisation plan, company has co-existed with the banks almost for 30 years. Not likely to impact company.

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### 3. SBI: Deposit Rate Cut Will Translate To A Cut In Mclr Going Forward; PK Gupta, MD

- n In most of the buckets there is a rate cut by 25 basis points.
- n The asset-liability committee (ALCO) had met last week and looked at all the interest rates and decided to cut some deposit rates. MCLR has also cut 5 bps this month.
- n When asked if this could mean cuts on the lending side, said they will automatically get translated.
- n 25 basis points cut will further translate in marginal cost-based lending rates (MCLR) advantage going forward. The cut in MCLR is based on the composition of entire deposit fund base and so, the cut could be anywhere between 5-10 bps but the bank will take decision on that next month.
- n Does not expect much impact on margins due to retail-term deposit rate cut. The lending rate currently stands at 7.95 percent.
- n Talking on the recapitalization and bank lending more to housing sector, government in their recapitalisation plan had made it clear that MSME will be


one sector that should get funding and so the affordable housing sector will benefit from this naturally.

- n No specific details on the recapitalization process from the government.

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#### 4. CAPITAL FIRST: Expect 30-35% Loan Growth In Fy18; Nim To Remain Stable Around 8.5%; V Vaidyanathan, Executive Chairman

- n Had guided for a 25 percent loan book growth but now confident of doing 30-35 percent in FY18.
- n Credit demand is back strongly. Last year same period loan book was Rs 18000 crore and this year it stands at Rs 23000 crore, so Rs 26000-27000 crore won't be difficult to achieve by end of the financial year.
- n Very glad that the public sector banks after recapitalisation will be back in the lending game because Rs 2.11 lakh crore coming in form of loans will grease the whole economy. So, it is natural that that if GDP is back to 7-8 percent growth then NBFCs will have to grow.
- n Bank is very careful about credit and hence not too many NPA issues but other large banks are also operating NPAs at 1.5-2 percent.
- n Currently Net Interest Margins are around 8.5 percent and expect to remain stable at these levels going ahead.
- n Regarding cost to income and the benefits of analytics, cost to income for them in three years has come down from 80 percent to 50 percent.
- n Analytics is making a big difference for the whole system. Close to 20 percent of loans are lent on analytics parameters.

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### 1. SMOOTHENING BHARATMALA'S BUMPS

n The announcement of Rs7 trillion of investment for building 83,677km of highways is not a response to slowing growth. It has been cooking for a while, albeit with changing recipes. In April 2015, news reports on Bharatmala indicated that it involved building 5,300km of roads at a cost of about Rs14,000 crore, covering the west-to-east land border. Soon after, in July 2015, Parliament was informed that “about 7,000 m of new NHs (national highways) under Bharatmala Pariyojana” was under review, though the “project (was) yet to be formally launched”. By March 2016, the project was still “to be formally launched” but its scope had increased to “17,200km length of roads and about 205 ROBs (railway over-bridges)/RUBs (railway under-bridges)”. The Public Investment Board finally cleared the Bharatmala Pariyojana Phase-I, with 24,800km and Rs3.85 trillion in June 2017, quite a leap from the initial news reports, and indicating substantial land acquisition. To this, the recent announcement added 10,000km of highways pending under the National Highways Development Project (NHDP), and almost 49,000km of other roads, each adding about Rs1.5 trillion.

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### 2. THE ECONOMICS OF BANK RECAPITALISATION BONDS

n The recent issue of recapitalisation bonds by the government is a step in the right direction. Recapitalisation is a tried and tested tactic and has been successfully replicated in many countries, including India, in the past. With regard to the critiques of bank recapitalisation, there is indeed justification for the use of public funds. This is because the benefits of recapitalizing banks are greater than the costs of broad disruption in the real economy which show up, for instance, in the decline in bank lending. However the benefits from such an exercise are often difficult to quantify as they largely relate to avoiding disruptive effects that are qualitative in nature. The Rs1.35 trillion package in itself seems largely adequate going by the ministry of finance estimates.

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### 3. ADDRESSING GST BLUES OF EXPORTERS

n Indian exporters are waiting for the GST refunds for exports made in July, August, and September, even as the monthly refund cycle is yet to start substantively. Timely refunds reduce working capital requirement and hence are an essential part of the GST framework. But a more critical issue is whether the refund amount is correct or not. Even though the law agrees to zero rating of exports, the refund rules provide no guarantee that an exporter would get the refund that equals the amount of the GST paid. The zero rating of exports under the GST law implies that the Government would not charge the GST on the transactions leading to exports. And if it does, it would refund the money in full. The reason being, exports are consumed out of India while the GST remains a tax on Goods and Services consumed in India. The GST rules have adopted the formula for the refund from the CENVAT rules. (Section 42(i) of the CGST Rules 2017, Rule 5 of CENVAT credit rules 2004). It says that the refund would equal the total ITC available on a firm’s account multiplied by the ratio of export turnover and the total turnover. Notice the moot point.

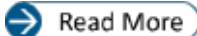
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## International

### 4. GOOGLE ISN'T FIXING ITS REAL SHOPPING PROBLEM

n As Google appeals the European Commission's antitrust ruling that cost the search giant €2.42 billion (\$2.82 billion) and pretends to provide a remedy, its biggest competitor in shopping search, Amazon, is offering better service to customers. Google needs to shift gears—and fast—by focusing on improving its product, not the legal confrontation. The European Union has published a summary of Google's appeal against the antitrust ruling, which punished it for prioritizing its own shopping comparison engine, Google Shopping, over outside competitors. The summary makes it clear that Google is rehashing old arguments repeatedly made during its seven-year investigation. The company aims to prove to the EU's General Court that it put product search ads in a special box above the "organic" search results to improve the customer experience, not to drive traffic to Google Shopping. It argues that the European Commission hasn't proved that the practice increased traffic to Google Shopping or decreased it to other comparison sites, though the commission cited traffic data as evidence in the ruling. And it claims that competitors shouldn't be entitled to access Google product improvements.

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
<b>Automobiles</b>														
Amara Raja	Buy	700	854	22	28.0	25.6	32.9	25.0	27.4	4.6	4.1	20.3	15.8	17.7
Ashok Ley.	Buy	126	145	15	4.6	5.3	7.0	27.8	23.7	6.0	5.3	23.1	23.8	27.0
Bajaj Auto	Buy	3,241	3,753	16	132.3	145.2	175.0	24.5	22.3	5.5	4.9	25.3	23.3	25.3
Bharat Forge	Buy	704	726	3	13.1	18.3	25.5	53.8	38.5	8.0	6.9	16.2	19.3	22.9
Bosch	Neutral	21,031	22,781	8	473.1	540.8	698.6	44.5	38.9	7.3	6.6	15.8	17.8	20.5
CEAT	Buy	1,683	2,029	21	93.3	94.2	126.8	18.0	17.9	2.8	2.5	16.9	14.8	17.3
Eicher Mot.	Buy	30,930	36,487	18	612.7	826.7	1,119.2	50.5	37.4	15.7	11.8	37.1	36.1	36.4
Endurance Tech.	Buy	1,177	1,229	4	23.5	29.6	39.3	50.1	39.7	9.6	7.9	20.8	21.8	24.0
Escorts	Sell	741	688	-7	20.0	35.8	45.9	37.1	20.7	3.8	3.2	10.6	16.8	18.4
Exide Ind	Buy	212	254	20	8.1	7.9	9.7	26.0	26.7	3.6	3.3	13.9	12.5	13.7
Hero Moto	Neutral	3,816	3,868	1	169.1	185.0	197.1	22.6	20.6	7.5	6.5	35.7	34.0	31.4
M&M	Buy	1,350	1,585	17	54.3	69.5	81.7	24.9	19.4	3.1	2.8	14.2	13.5	14.3
Mahindra CIE	Not Rated	250	-		5.4	9.9	11.8	46.6	25.3	2.9	2.6	6.4	10.8	11.5
Maruti Suzuki	Buy	8,235	9,466	15	248.6	288.1	381.0	33.1	28.6	6.9	6.0	20.3	20.5	23.0
Tata Motors	Buy	437	562	29	19.8	20.0	61.3	22.0	21.8	2.6	2.3	9.8	11.0	27.4
TVS Motor	Neutral	709	764	8	11.7	14.9	25.8	60.4	47.5	14.0	11.4	25.6	26.5	35.6
<b>Aggregate</b>								<b>30.1</b>	<b>26.3</b>	<b>5.1</b>	<b>4.5</b>	<b>17.1</b>	<b>17.2</b>	<b>22.6</b>
<b>Banks - Private</b>														
Axis Bank	Neutral	534	470	-12	15.4	18.1	29.9	34.7	29.5	2.4	2.2	6.9	7.6	11.6
DCB Bank	Neutral	179	197	10	7.0	8.5	10.5	25.6	21.1	2.6	2.1	10.8	11.5	11.8
Equitas Hold.	Buy	146	209	43	5.0	1.7	5.7	28.9	84.3	2.2	2.2	9.5	2.6	8.2
Federal Bank	Buy	121	146	21	4.8	5.5	6.6	25.0	21.8	2.4	1.9	9.9	9.6	10.0
HDFC Bank	Buy	1,820	2,150	18	56.8	68.7	84.7	32.1	26.5	5.4	4.8	18.3	18.8	20.4
ICICI Bank	Buy	313	355	13	15.3	13.6	17.0	20.5	23.0	2.3	2.4	10.9	8.8	10.5
IDFC Bank	Neutral	62	56	-10	3.0	2.8	3.2	20.7	22.4	1.4	1.4	7.2	6.3	6.9
IndusInd	Buy	1,642	2,000	22	48.1	60.9	78.6	34.1	26.9	4.8	4.2	15.3	16.9	19.0
J&K Bank	Buy	82	100	23	-31.3	4.1	8.7	NM	21.3	0.8	0.7	-27.0	3.5	7.2
Kotak Mah. Bk	Buy	1,024	1,179	15	26.8	32.1	41.6	38.2	31.9	4.9	4.4	13.8	14.8	16.5
RBL Bank	Buy	525	665	27	11.9	16.4	23.0	44.1	32.1	4.6	3.3	12.3	12.4	13.7
South Indian	Buy	31	36	17	2.5	1.9	3.8	12.4	16.6	1.2	1.1	9.0	6.7	12.6
Yes Bank	Buy	318	382	20	14.6	17.8	23.3	21.8	17.9	3.4	2.9	18.9	17.3	19.5
<b>Aggregate</b>								<b>30.0</b>	<b>25.4</b>	<b>3.5</b>	<b>3.1</b>	<b>11.5</b>	<b>12.1</b>	<b>14.1</b>
<b>Banks - PSU</b>														
BOB	Buy	172	217	26	6.0	9.5	20.8	28.8	18.1	1.1	1.1	4.0	6.1	12.4
BOI	Neutral	194	141	-27	-14.8	-11.2	6.6	NM	NM	0.9	0.9	-6.7	-5.2	3.0
Canara	Neutral	411	386	-6	18.8	16.1	30.3	21.9	25.5	0.9	0.8	4.2	3.4	6.1
IDBI Bk	Neutral	64	49	-22	1.5	6.4	8.6	41.7	9.9	0.6	0.6	1.4	5.8	7.3
Indian Bk	Buy	323	333	3	29.3	34.4	38.3	11.0	9.4	1.1	1.0	10.1	10.9	11.2
OBC	Neutral	142	150	5	-31.6	17.1	21.4	NM	8.3	0.4	0.4	-8.4	4.6	5.4
PNB	Buy	199	184	-7	6.2	5.8	11.0	31.9	34.1	1.1	1.1	3.6	3.2	5.9
SBI	Buy	320	341	7	0.3	14.6	26.8	1,075.1	21.9	1.5	1.4	-0.2	7.0	11.4
Union Bk	Neutral	179	135	-25	8.1	9.0	19.1	22.2	19.8	0.6	0.6	2.7	3.0	6.1
<b>Aggregate</b>								<b>116.2</b>	<b>21.4</b>	<b>1.0</b>	<b>1.0</b>	<b>0.9</b>	<b>4.5</b>	<b>8.1</b>
<b>NBFCs</b>														
Bajaj Fin.	Buy	1,804	2,300	28	32.0	45.7	63.7	56.3	39.4	10.8	6.3	21.6	20.2	20.4
Bharat Fin.	Under Review	974	-		21.0	30.3	47.2	46.4	32.2	5.5	4.5	15.1	15.3	19.3
Capital First	Buy	744	925	24	24.6	32.8	43.7	30.2	22.7	3.2	2.8	12.0	13.2	15.4
Cholaman.Inv.&Fn	Buy	1,222	1,400	15	46.0	56.0	68.1	26.6	21.8	4.4	3.8	18.0	18.6	19.2
Dewan Hsg.	Buy	646	690	7	29.6	37.6	46.0	21.8	17.2	2.6	2.3	14.4	14.1	15.3
GRUH Fin.	Neutral	500	500	0	8.1	9.9	12.0	61.5	50.6	18.4	15.1	32.5	32.8	32.8
HDFC	Buy	1,751	2,000	14	46.8	51.6	57.1	37.4	34.0	6.9	6.3	18.9	19.3	18.6
Indiabulls Hsg	Buy	1,246	1,550	24	68.6	83.6	105.1	18.2	14.9	4.4	3.9	25.5	27.6	30.7
L&T Fin Holdings	Buy	201	240	19	5.2	6.9	10.4	38.4	28.9	4.5	4.0	12.4	14.9	18.9
LIC Hsg Fin	Neutral	599	680	14	38.2	41.0	46.5	15.7	14.6	2.7	2.4	19.1	17.4	17.2

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Manappuram	Not Rated	101	-		8.6	9.2	9.7	11.7	10.9	2.6	2.3	24.0	22.3	21.4
M&M Fin.	Buy	436	481	10	7.1	14.2	19.1	61.5	30.8	3.8	3.5	6.4	11.9	14.8
Muthoot Fin	Buy	512	550	8	29.5	38.7	44.4	17.3	13.2	3.1	2.7	19.4	21.8	21.2
PNB Housing	Buy	1,440	1,750	21	31.6	52.5	66.5	45.6	27.4	4.4	3.9	13.8	15.0	16.7
Repco Home	Buy	619	800	29	29.1	33.7	38.4	21.3	18.4	3.4	2.9	17.4	17.1	16.7
Shriram City Union	Buy	2,285	2,700	18	84.3	118.3	155.3	27.1	19.3	3.0	2.7	11.7	14.6	16.8
STF	Buy	1,197	1,320	10	55.6	80.0	102.4	21.5	15.0	2.4	2.1	11.7	15.0	16.9
<b>Aggregate</b>								<b>30.9</b>	<b>25.0</b>	<b>5.0</b>	<b>4.3</b>	<b>16.0</b>	<b>17.0</b>	<b>17.8</b>
<b>Capital Goods</b>														
ABB	Sell	1,390	1,230	-12	19.7	20.2	28.7	70.6	68.7	9.0	7.9	12.7	11.6	14.6
Bharat Elec.	Buy	186	210	13	6.3	7.1	8.0	29.5	26.2	6.1	4.7	20.6	17.9	18.1
BHEL	Sell	99	75	-24	1.3	2.7	3.8	73.8	36.4	1.1	1.1	1.5	3.1	4.1
Blue Star	Neutral	763	690	-10	12.9	16.3	25.6	59.3	46.7	9.6	9.1	18.0	20.0	29.1
CG Cons. Elec.	Buy	217	260	20	4.7	5.2	6.5	46.3	41.8	25.2	18.5	76.4	51.0	49.6
CG Power & Indu.	Neutral	87	80	-8	4.1	2.0	2.5	21.1	42.6	1.3	1.3	6.2	3.0	3.7
Cummins	Buy	897	1,150	28	26.5	25.3	35.0	33.8	35.4	6.6	6.2	21.2	18.1	22.2
GE T&D	Neutral	394	395	0	5.7	9.3	11.3	68.7	42.4	9.8	8.5	12.4	21.5	22.7
Havells	Neutral	493	460	-7	9.6	11.5	14.3	51.5	42.8	9.4	8.3	18.2	19.5	21.2
K E C Intl	Neutral	304	295	-3	11.9	13.1	16.4	25.6	23.2	4.9	4.2	21.2	19.5	20.9
L&T	Buy	1,215	1,400	15	42.3	46.5	56.6	28.7	26.1	3.4	3.1	12.5	12.4	13.8
Pennar Eng.	Not Rated	104	-		7.1	9.1	11.2	14.7	11.5	1.5	1.3	10.2	11.6	12.6
Siemens	Neutral	1,267	1,355	7	17.8	21.7	33.4	71.1	58.5	6.6	5.8	9.3	9.8	13.8
Solar Ind	Neutral	1,033	900	-13	20.6	24.2	30.0	50.1	42.7	9.2	7.8	19.8	19.8	20.9
Suzlon Energy	Not Rated	17	-		0.6	0.9	1.0	26.4	19.0	-1.5	-1.7	NM	-8.8	-11.0
Thermax	Neutral	995	840	-16	30.8	30.1	33.4	32.3	33.0	4.4	4.0	14.3	12.7	12.8
Va Tech Wab.	Buy	587	800	36	29.8	34.6	39.8	19.7	17.0	3.2	2.8	16.8	17.6	17.4
Voltas	Sell	562	470	-16	15.5	16.8	19.1	36.3	33.4	5.6	5.0	18.0	15.8	16.0
<b>Aggregate</b>								<b>36.6</b>	<b>32.1</b>	<b>4.1</b>	<b>3.7</b>	<b>11.2</b>	<b>11.6</b>	<b>13.2</b>
<b>Cement</b>														
Ambuja Cem.	Neutral	283	314	11	4.9	6.9	8.4	57.9	40.7	2.9	2.8	5.1	7.0	8.0
ACC	Neutral	1,817	1,797	-1	36.1	52.2	70.9	50.3	34.8	3.9	3.8	7.9	11.1	14.2
Birla Corp.	Buy	1,142	1,150	1	28.5	40.9	58.9	40.0	27.9	2.7	2.5	7.1	9.2	12.2
Dalmia Bharat	Buy	2,970	3,272	10	38.8	62.9	88.3	76.6	47.2	5.3	4.8	7.2	10.7	13.3
Grasim Inds.	Neutral	1,243	1,276	3	67.8	70.6	101.2	18.3	17.6	1.8	1.7	10.8	10.0	12.9
India Cem	Neutral	193	198	2	5.6	7.5	10.8	34.4	25.7	1.2	1.1	3.4	4.4	6.1
J K Cements	Buy	1,005	1,196	19	33.7	39.7	54.4	29.8	25.3	4.0	3.5	14.4	14.8	17.5
JK Lakshmi Ce	Buy	434	485	12	7.0	9.7	16.4	62.4	44.6	3.7	3.4	6.1	8.0	12.3
Ramco Cem	Buy	720	832	16	27.3	27.4	34.4	26.4	26.3	4.6	4.0	19.0	16.1	17.5
Orient Cem	Buy	172	182	6	-1.6	4.4	7.1	NM	39.0	3.6	3.3	-3.2	8.8	12.8
Prism Cem	Buy	119	140	17	0.3	3.5	5.6	436.8	34.2	6.3	5.4	1.4	17.0	22.9
Shree Cem	Buy	19,219	22,084	15	384.4	507.1	547.8	50.0	37.9	8.7	7.2	18.4	20.8	18.8
Ultratech	Buy	4,421	4,906	11	96.1	102.2	147.1	46.0	43.2	5.1	4.5	11.6	11.1	14.2
<b>Aggregate</b>								<b>39.5</b>	<b>32.8</b>	<b>3.7</b>	<b>3.4</b>	<b>9.4</b>	<b>10.4</b>	<b>12.6</b>
<b>Consumer</b>														
Asian Paints	Neutral	1,175	1,280	9	21.0	21.6	25.8	55.9	54.5	14.8	14.5	28.5	26.9	29.4
Britannia	Buy	4,695	5,165	10	73.7	85.3	104.6	63.7	55.0	20.9	17.2	36.9	34.3	34.5
Colgate	Buy	1,043	1,328	27	21.2	23.4	28.6	49.1	44.6	22.3	21.2	50.4	48.7	56.2
Dabur	Buy	348	395	13	7.2	7.7	9.3	48.0	45.0	12.6	10.8	28.4	26.0	27.3
Emami	Buy	1,262	1,435	14	26.5	26.6	33.2	47.6	47.5	16.3	14.0	35.8	31.7	34.0
Godrej Cons.	Neutral	967	1,005	4	18.9	21.5	24.7	51.2	44.9	12.4	9.7	24.6	24.2	22.8
GSK Cons.	Neutral	5,282	4,630	-12	156.1	158.1	182.1	33.8	33.4	7.1	7.0	22.2	21.1	22.6
HUL	Buy	1,260	1,440	14	19.6	22.8	27.6	64.2	55.2	42.0	41.8	66.5	75.9	88.0
ITC	Neutral	270	280	4	8.4	9.1	10.0	32.1	29.6	7.3	7.2	23.5	24.4	25.6
Jyothy Lab	Neutral	387	410	6	11.2	9.8	11.1	34.4	39.3	6.5	6.5	21.1	16.5	18.4
Marico	Neutral	316	340	8	6.3	6.5	7.9	50.3	48.6	17.5	15.3	36.7	33.6	37.1

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Nestle	Neutral	7,310	6,160	-16	118.0	115.0	133.6	62.0	63.6	23.4	21.8	39.0	35.5	38.1
Page Inds	Buy	19,920	21,310	7	238.7	294.7	398.4	83.4	67.6	33.4	26.8	40.0	39.6	43.1
Parag Milk	Neutral	268	280	4	3.6	9.1	12.5	74.4	29.5	3.4	3.1	6.0	11.0	13.3
Pidilite Ind.	Neutral	772	865	12	16.7	18.1	20.6	46.1	42.7	12.0	9.8	28.2	25.2	23.5
P&G Hygiene	Neutral	8,699	9,200	6	132.9	151.6	176.0	65.4	57.4	41.0	34.0	39.3	64.9	62.8
Prabhat Dairy	Not Rated	142	-		3.5	3.5	6.4	40.3	40.9	2.0	2.0	5.2	4.9	8.5
United Brew	Buy	1,051	980	-7	8.7	9.9	14.0	121.1	106.3	11.9	10.9	10.2	10.7	13.6
United Spirits	Neutral	3,055	2,970	-3	26.7	34.9	53.7	114.3	87.5	22.9	15.9	21.3	18.2	20.9
<b>Aggregate</b>								<b>47.6</b>	<b>43.5</b>	<b>13.1</b>	<b>12.2</b>	<b>27.5</b>	<b>28.1</b>	<b>29.3</b>
<b>Healthcare</b>														
Alembic Phar	Neutral	504	510	1	21.6	19.8	25.5	23.3	25.5	5.0	4.4	23.0	18.4	20.5
Alkem Lab	Neutral	1,887	1,830	-3	75.7	72.5	93.3	24.9	26.0	5.3	4.6	23.4	19.0	20.9
Ajanta Pharma	Buy	1,209	1,606	33	57.3	52.7	64.1	21.1	23.0	6.8	5.4	36.7	26.4	25.7
Aurobindo	Buy	762	850	12	39.3	44.9	50.0	19.4	17.0	4.8	3.8	27.6	24.8	22.1
Biocon	Neutral	362	335	-7	10.2	6.1	10.5	35.5	59.3	4.5	4.3	12.3	7.2	11.4
Cadila	Buy	498	555	12	14.2	17.5	23.6	35.0	28.4	7.3	6.1	23.0	23.5	26.0
Cipla	Neutral	624	520	-17	15.9	21.1	26.0	39.2	29.6	4.0	3.6	10.2	12.1	13.2
Divis Lab	Neutral	920	720	-22	39.9	33.9	40.4	23.0	27.2	4.6	4.7	22.0	17.0	19.5
Dr Reddy's	Neutral	2,361	2,575	9	72.6	60.6	115.2	32.5	39.0	3.2	3.1	9.7	8.2	14.1
Fortis Health	Buy	143	220	54	10.3	2.2	5.6	13.8	65.6	1.5	1.3	11.3	2.1	4.9
Glenmark	Neutral	621	775	25	39.3	39.7	49.1	15.8	15.7	3.9	3.2	24.7	20.3	20.4
Granules	Buy	138	200	45	7.2	8.0	11.0	19.1	17.3	3.5	2.4	21.1	17.7	18.8
GSK Pharma	Neutral	2,627	2,500	-5	34.4	44.2	54.9	76.4	59.4	11.1	13.1	14.5	22.0	31.4
IPCA Labs	Neutral	526	430	-18	16.1	16.6	26.8	32.7	31.7	2.7	2.5	8.6	8.2	12.2
Jubilant Life	Buy	646	861	33	36.9	44.2	55.0	17.5	14.6	2.9	2.5	18.0	18.4	19.2
Lupin	Buy	1,027	1,215	18	56.6	37.3	51.7	18.1	27.5	3.4	3.2	20.9	12.0	14.9
Sanofi India	Buy	4,458	5,000	12	129.1	139.0	156.2	34.5	32.1	5.9	5.5	17.1	17.1	17.6
Shilpa Medicare	Buy	670	805	20	14.0	21.1	30.4	47.8	31.7	5.9	5.0	14.4	17.0	20.4
Strides Shasun	Buy	826	1,201	45	32.3	41.7	68.3	25.6	19.8	2.7	2.4	10.8	12.9	18.0
Sun Pharma	Buy	548	515	-6	26.1	15.1	23.3	21.0	36.4	3.6	3.4	18.1	9.6	13.8
Syngene Intl	Not Rated	504	-		13.0	16.1	18.0	38.7	31.2	7.8	6.4	22.2	22.5	20.7
Torrent Pharma	Neutral	1,287	1,350	5	55.2	53.4	67.3	23.3	24.1	5.0	4.4	23.8	19.5	21.5
<b>Aggregate</b>								<b>24.7</b>	<b>28.4</b>	<b>4.2</b>	<b>3.8</b>	<b>16.9</b>	<b>13.2</b>	<b>15.8</b>
<b>Infrastructure</b>														
Ashoka Buildcon	Buy	215	260	21	-0.5	1.8	7.1	NM	118.8	2.4	2.2	-0.6	1.9	7.1
IRB Infra	Neutral	241	240	0	20.3	22.6	23.9	11.8	10.6	1.6	1.4	14.0	14.0	13.2
KNR Constructions	Buy	256	295	15	12.0	12.7	13.6	21.5	20.1	4.0	3.4	20.7	18.4	16.7
Sadbhav Engineering	Buy	318	385	21	11.0	14.3	14.5	29.0	22.3	3.3	2.9	12.0	13.8	12.5
<b>Aggregate</b>								<b>20.2</b>	<b>17.1</b>	<b>2.2</b>	<b>2.0</b>	<b>11.0</b>	<b>11.7</b>	<b>11.8</b>
<b>Logistics</b>														
Allcargo Logistics	Buy	176	213	21	9.8	10.3	12.9	17.9	17.1	2.4	2.2	13.7	13.4	15.1
Blue Dart	Not Rated	4,146	-		102.5	129.9	163.2	40.4	31.9	17.9	13.7	50.5	48.6	46.8
Concor	Neutral	1,391	1,503	8	38.0	45.1	57.8	36.6	30.8	3.8	3.6	10.8	12.1	14.6
Gateway Distriparks	Buy	268	277	3	6.8	8.4	11.0	39.4	31.8	2.9	2.7	7.3	8.8	11.0
Gati	Not Rated	120	-		8.4	15.9	23.9	14.3	7.5	2.0	1.7	12.4	19.4	25.4
Transport Corp.	Not Rated	277	-		16.9	21.0	25.9	16.3	13.2	2.5	2.2	16.7	17.8	18.6
<b>Aggregate</b>								<b>31.8</b>	<b>26.1</b>	<b>3.9</b>	<b>3.6</b>	<b>12.3</b>	<b>13.9</b>	<b>16.3</b>
<b>Media</b>														
Dish TV	Buy	77	106	37	1.0	1.0	2.4	75.2	76.0	16.8	13.7	25.1	19.9	35.2
D B Corp	Buy	360	450	25	20.4	23.5	27.4	17.7	15.3	4.2	3.4	25.1	24.4	23.5
Den Net.	Neutral	85	90	7	-9.3	-2.9	0.1	NM	NM	1.8	1.9	-19.1	-6.4	0.2
Ent.Network	Neutral	802	928	16	11.4	12.2	20.6	70.2	65.8	4.5	4.2	6.7	6.6	10.3
Hind. Media	Buy	230	302	31	25.8	25.6	30.2	8.9	9.0	1.4	1.3	18.2	15.0	15.3

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
HT Media	Neutral	102	113	11	7.4	10.4	11.9	13.8	9.8	1.1	1.0	7.9	10.2	10.6
Jagran Prak.	Buy	175	225	28	10.7	12.2	13.4	16.4	14.4	2.7	2.7	18.5	18.6	19.0
Music Broadcast	Buy	390	469	20	6.4	9.3	14.0	60.7	41.8	4.1	3.7	11.2	9.3	12.4
PVR	Buy	1,377	1,640	19	20.5	27.1	43.0	67.1	50.8	6.7	5.9	10.4	12.4	17.0
Prime Focus	Buy	103	130	26	1.2	3.0	5.9	84.6	34.1	5.6	4.8	7.6	15.0	23.9
Siti Net.	Neutral	25	32	28	-1.8	-0.4	0.4	NM	NM	4.1	4.4	-28.7	-7.5	6.4
Sun TV	Neutral	855	860	1	24.9	28.8	36.9	34.4	29.7	8.4	7.7	26.0	27.0	31.6
Zee Ent.	Buy	535	630	18	12.1	10.5	16.0	44.2	51.2	6.0	5.5	17.0	12.8	16.8
<b>Aggregate</b>								<b>41.2</b>	<b>34.3</b>	<b>5.2</b>	<b>4.8</b>	<b>12.6</b>	<b>13.9</b>	<b>17.5</b>
<b>Metals</b>														
Hindalco	Buy	275	308	12	8.6	19.8	24.5	32.2	13.9	2.1	1.9	7.4	14.3	15.4
Hind. Zinc	Neutral	325	322	-1	19.7	22.7	29.4	16.5	14.3	4.5	4.8	24.4	32.3	38.0
JSPL	Buy	164	192	17	-20.9	-17.4	2.0	NM	NM	0.5	0.5	-7.9	-5.5	0.6
JSW Steel	Buy	265	297	12	14.8	20.3	24.9	17.9	13.1	2.8	2.4	17.3	19.8	20.2
Nalco	Neutral	95	87	-8	3.7	4.5	5.8	25.4	21.1	1.8	1.7	7.2	8.3	10.1
NMDC	Buy	129	188	46	10.0	13.1	12.9	12.9	9.8	1.8	1.7	12.8	15.5	16.2
SAIL	Sell	81	30	-63	-6.2	-7.7	-4.2	NM	NM	0.9	1.0	-6.7	-9.1	-5.3
Rain Industries	Buy	262	362	38	9.6	20.2	28.2	27.2	13.0	2.9	2.4	10.9	20.5	23.4
Vedanta	Buy	343	360	5	15.1	25.4	40.0	22.7	13.5	2.1	2.0	9.7	15.0	21.6
Tata Steel	Neutral	707	672	-5	37.9	59.4	65.2	18.6	11.9	2.1	1.9	15.7	17.1	16.6
<b>Aggregate</b>								<b>24.6</b>	<b>16.1</b>	<b>1.9</b>	<b>1.8</b>	<b>7.7</b>	<b>11.3</b>	<b>14.4</b>
<b>Oil &amp; Gas</b>														
BPCL	Buy	540	644	19	48.3	49.2	52.0	11.2	11.0	3.4	2.9	32.4	28.5	25.2
GAIL	Sell	468	634	35	22.6	26.5	30.0	20.7	17.7	2.1	1.9	9.6	11.3	11.9
Gujarat Gas	Sell	905	712	-21	16.2	31.6	44.0	55.8	28.7	7.6	6.2	14.2	23.9	27.0
Gujarat St. Pet.	Neutral	204	180	-12	8.8	12.1	13.3	23.1	16.9	2.6	2.3	11.6	14.3	14.1
HPCL	Buy	443	585	32	40.7	45.9	42.9	10.9	9.6	3.3	2.7	32.4	31.0	24.2
IOC	Buy	416	554	33	41.9	39.5	43.6	9.9	10.5	1.9	1.7	20.7	17.2	16.9
IGL	Neutral	1,583	1,295	-18	44.0	49.6	54.8	36.0	31.9	7.6	6.4	21.0	21.7	20.4
MRPL	Sell	140	112	-20	14.8	10.7	11.6	9.5	13.1	2.4	2.1	31.4	17.3	16.5
Oil India	Buy	368	340	-8	19.3	29.1	34.1	19.0	12.6	1.0	1.0	5.7	7.9	8.8
ONGC	Buy	191	231	21	16.4	19.0	22.8	11.6	10.1	1.1	1.1	10.1	10.8	12.5
PLNG	Buy	263	275	4	11.4	14.1	18.0	23.1	18.6	4.9	4.1	23.2	23.9	25.5
Reliance Ind.	Buy	952	1,005	6	48.3	55.5	64.0	19.7	17.2	2.1	1.9	11.6	11.9	12.3
<b>Aggregate</b>								<b>14.6</b>	<b>13.3</b>	<b>1.9</b>	<b>1.7</b>	<b>13.1</b>	<b>13.1</b>	<b>13.5</b>
<b>Retail</b>														
Jubilant Food	Sell	1,626	1,270	-22	10.0	21.4	27.4	162.5	75.9	13.3	12.5	8.2	16.5	20.9
Titan Co.	Neutral	636	590	-7	9.0	10.5	12.6	70.4	60.8	13.3	12.2	20.6	21.0	22.2
<b>Aggregate</b>								<b>77.3</b>	<b>62.7</b>	<b>13.3</b>	<b>12.2</b>	<b>17.2</b>	<b>19.5</b>	<b>20.7</b>
<b>Technology</b>														
Cyient	Buy	542	600	11	30.6	36.0	41.9	17.7	15.0	2.9	2.6	16.2	17.4	18.3
HCL Tech.	Neutral	838	970	16	59.8	63.2	68.2	14.0	13.3	3.5	3.3	27.5	25.9	25.6
Hexaware	Neutral	280	250	-11	13.7	15.6	16.5	20.5	17.9	5.0	4.3	26.5	25.6	23.1
Infosys	Buy	926	1,100	19	62.8	63.8	67.8	14.8	14.5	3.1	3.3	22.0	21.8	22.5
KPIT Tech	Neutral	146	140	-4	11.9	11.9	14.8	12.2	12.2	1.8	1.6	14.3	14.1	15.2
L&T Infotech	Buy	824	880	7	55.5	60.9	65.3	14.8	13.5	5.2	4.0	40.4	33.3	28.3
Mindtree	Neutral	475	480	1	24.9	28.5	33.6	19.1	16.6	3.1	3.0	16.8	17.3	20.4
Mphasis	Neutral	691	670	-3	38.9	42.0	46.0	17.7	16.4	2.4	2.7	13.2	14.6	17.3
NIIT Tech	Neutral	653	600	-8	38.0	43.7	50.3	17.2	14.9	2.3	2.2	13.7	15.1	16.4
Persistent Sys	Buy	656	780	19	37.7	43.3	52.4	17.4	15.2	2.7	2.6	17.0	17.9	20.8
Tata Elxsi	Buy	853	1,004	18	28.1	33.8	40.2	30.3	25.2	9.5	7.6	37.1	33.6	32.4
TCS	Neutral	2,603	2,450	-6	133.4	131.8	151.4	19.5	19.7	5.8	6.2	32.6	30.6	33.5
Tech Mah	Buy	489	490	0	30.9	34.8	37.3	15.8	14.0	2.6	2.4	18.4	17.9	17.1
Wipro	Neutral	293	280	-4	16.9	19.1	20.1	17.3	15.3	2.8	2.7	16.9	17.0	16.7
Zensar Tech	Buy	790	950	20	52.1	51.5	70.0	15.2	15.3	2.4	2.2	17.2	14.9	17.9



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
<b>Aggregate</b>								<b>17.3</b>	<b>17.1</b>	<b>3.9</b>	<b>4.1</b>	<b>22.9</b>	<b>24.3</b>	<b>23.1</b>
<b>Telecom</b>														
Bharti Airtel	Buy	538	470	-13	11.1	4.0	7.0	48.5	133.3	3.2	3.1	6.7	2.4	4.0
Bharti Infratel	Neutral	427	440	3	14.9	16.8	19.2	28.8	25.4	5.1	5.1	16.2	20.2	22.8
Idea Cellular	Buy	99	105	6	-1.1	-15.5	-14.9	NM	NM	1.4	1.9	-1.6	-25.6	-32.6
Tata Comm	Buy	693	780	13	10.0	5.4	18.2	69.4	127.6	12.4	13.5	48.4	10.1	30.0
<b>Aggregate</b>								<b>47.5</b>	<b>-465.5</b>	<b>3.1</b>	<b>3.2</b>	<b>6.5</b>	<b>-0.7</b>	<b>1.5</b>
<b>Utilities</b>														
Coal India	Buy	286	335	17	14.9	17.5	20.7	19.1	16.3	7.2	6.9	37.8	42.4	47.7
CESC	Buy	1,016	1,360	34	51.9	88.9	99.3	19.6	11.4	1.3	1.2	6.5	10.6	10.8
JSW Energy	Sell	85	49	-43	3.8	3.3	2.7	22.2	25.5	1.3	1.3	6.3	5.3	4.2
NTPC	Buy	180	211	17	12.0	13.5	15.7	15.1	13.4	1.5	1.4	10.5	11.0	11.9
Power Grid	Buy	211	262	24	14.2	17.4	20.6	14.8	12.1	2.2	2.0	16.2	17.3	17.8
Tata Power	Sell	85	71	-17	7.4	7.3	7.3	11.5	11.7	2.0	1.8	17.1	15.8	14.2
<b>Aggregate</b>								<b>16.7</b>	<b>14.2</b>	<b>2.4</b>	<b>2.2</b>	<b>14.5</b>	<b>15.7</b>	<b>16.8</b>
<b>Others</b>														
Arvind	Neutral	403	376	-7	12.4	12.9	18.6	32.5	31.2	2.9	2.7	10.3	9.1	12.0
Avenue Supermarts	Sell	1,151	873	-24	7.7	12.0	17.5	150.1	96.1	18.7	16.5	17.9	18.2	22.9
Bata India	Under Review	816	-	-	13.5	15.7	19.4	60.4	51.9	7.9	7.1	13.9	14.4	15.8
BSE	Neutral	987	1,100	11	41.0	42.2	44.6	24.1	23.4	2.0	2.0	8.3	8.5	7.7
Castrol India	Buy	405	467	15	13.6	12.6	13.3	29.7	32.0	33.6	30.5	115.2	99.8	95.8
Century Ply.	Neutral	284	323	14	8.7	9.8	12.9	32.6	28.8	8.8	7.3	31.1	27.7	29.6
Coromandel Intl	Buy	511	523	2	16.6	24.1	29.0	30.8	21.2	5.2	4.5	17.5	22.5	23.4
Delta Corp	Buy	279	257	-8	3.1	5.7	8.0	91.4	49.3	7.0	4.7	8.1	12.1	12.9
Dynamatic Tech	Buy	2,236	3,334	49	67.6	112.9	166.7	33.1	19.8	4.6	3.7	15.1	20.7	24.3
Eveready Inds.	Buy	339	358	6	12.9	13.6	16.3	26.4	24.9	8.5	7.0	37.7	30.8	30.1
Interglobe	Neutral	1,246	1,291	4	43.2	63.2	75.4	28.8	19.7	12.7	7.3	51.0	46.8	43.0
Indo Count	Neutral	117	118	1	13.0	8.9	10.8	9.0	13.1	2.7	2.2	34.8	18.6	18.3
Info Edge	Buy	1,197	1,300	9	15.7	23.6	26.2	76.4	50.6	7.4	6.6	10.2	13.7	13.7
Inox Leisure	Sell	262	240	-9	3.3	8.0	12.0	78.7	32.7	4.6	4.0	5.9	12.5	16.2
Jain Irrigation	Under Review	102	-	-	5.5	7.6	10.0	18.4	13.4	1.6	1.5	8.6	11.7	14.8
Just Dial	Neutral	452	465	3	17.5	18.5	21.1	25.9	24.5	3.5	3.1	14.8	13.4	13.7
Kaveri Seed	Buy	570	738	29	19.1	34.1	41.0	29.9	16.7	3.9	4.1	13.6	23.3	27.4
Kitex Garm.	Buy	234	394	68	18.6	22.1	26.2	12.6	10.6	3.4	2.7	29.8	28.6	27.6
Manpasand	Buy	438	534	22	6.3	9.7	15.3	69.0	45.0	4.3	4.0	7.3	8.2	13.4
MCX	Buy	1,045	1,300	24	24.8	26.5	43.4	42.1	39.5	3.9	4.0	10.2	10.0	15.9
Monsanto	Buy	2,518	3,295	31	86.2	105.0	126.6	29.2	24.0	8.2	7.4	31.5	32.5	34.5
Navneet Education	Buy	165	209	27	7.3	8.4	10.4	22.6	19.6	5.6	4.8	26.7	26.3	27.9
Qess Corp	Buy	840	1,040	24	10.0	27.7	29.1	84.0	30.3	11.4	4.7	19.0	21.9	15.0
PI Inds.	Buy	803	890	11	33.4	29.9	35.6	24.0	26.8	6.8	5.7	32.8	23.0	22.9
Piramal Enterp.	Buy	2,728	3,266	20	72.6	104.6	149.7	37.6	26.1	3.2	2.9	9.0	11.7	15.3
SRF	Buy	1,692	1,751	3	85.9	80.2	103.0	19.7	21.1	3.1	2.8	16.6	13.7	16.0
S H Kelkar	Buy	268	298	11	7.2	7.6	9.9	36.9	35.2	4.8	4.4	13.7	12.9	15.2
Symphony	Sell	1,498	1,288	-14	23.7	35.1	42.9	63.3	42.7	23.5	20.7	43.3	51.6	54.5
Team Lease Serv.	Buy	1,645	1,990	21	38.8	36.8	56.0	42.4	44.7	7.4	6.3	19.2	15.3	19.5
Trident	Buy	104	114	10	6.6	8.3	10.4	15.7	12.5	1.9	1.7	13.0	14.5	16.1
TTK Prestige	Neutral	6,561	5,281	-20	132.1	137.8	176.1	49.7	47.6	9.0	8.2	19.5	18.0	20.7
V-Guard	Neutral	229	167	-27	3.6	4.5	6.0	64.1	51.1	15.3	12.5	27.4	26.9	28.8
Wonderla	Buy	368	393	7	7.0	11.9	16.0	52.6	30.8	4.8	4.3	9.5	14.8	17.5



Company	1 Day (%)	1M (%)	12M (%)
<b>Automobiles</b>			
Amara Raja	0.2	-1.3	-32.7
Ashok Ley.	-3.4	2.8	40.3
Bajaj Auto	-0.6	4.3	14.7
Bharat Forge	1.1	19.3	62.6
Bosch	0.1	2.5	-5.7
CEAT	0.7	-1.8	34.9
Eicher Mot.	-4.2	-0.8	22.2
Endurance Tech.	1.6	18.9	93.7
Escorts	-2.6	12.2	95.2
Exide Ind	1.4	2.9	4.3
Hero Moto	-1.0	0.9	13.2
M&M	0.4	7.7	2.1
Mahindra CIE	0.4	4.4	25.9
Maruti Suzuki	0.2	3.3	40.1
Tata Motors	1.9	8.8	-17.7
TVS Motor	-2.2	7.7	75.5
<b>Banks - Private</b>			
Axis Bank	2.0	4.9	12.3
DCB Bank	0.5	-1.6	38.5
Equitas Hold.	-0.8	-4.0	-18.4
Federal Bank	-0.9	7.1	47.5
HDFC Bank	0.6	1.0	44.5
ICICI Bank	4.4	13.1	25.1
IDFC Bank	9.9	10.2	-20.8
IndusInd	0.9	-2.2	35.6
J&K Bank	-0.5	12.3	21.6
Kotak Mah. Bk	-0.1	2.2	27.1
RBL Bank	0.1	3.7	32.4
South Indian	0.7	9.0	43.6
Yes Bank	1.1	-9.2	27.2
<b>Banks - PSU</b>			
BOB	1.5	25.3	11.2
BOI	1.5	41.0	70.5
Canara	1.7	33.6	35.8
IDBI Bk	1.8	21.8	-12.5
Indian Bk	2.4	23.8	42.1
OBC	0.9	19.2	11.5
PNB	1.1	54.1	38.6
SBI	4.6	26.0	23.8
Union Bk	1.4	41.5	24.2
<b>NBFCs</b>			
Bajaj Fin.	0.2	-1.7	69.9
Bharat Fin.	0.1	2.8	14.4
Capital First	-1.5	1.4	3.9
Cholaman.Inv.&Fn	6.2	11.9	4.4
Dewan Hsg.	0.7	17.6	96.5
GRUH Fin.	0.5	1.8	52.0
HDFC	2.6	0.6	23.6
Indiabulls Hsg	0.0	3.2	44.8
L&T Fin.Holdings	-0.2	2.9	86.4
LIC Hsg Fin	-0.2	-4.7	1.6
Manappuram	-0.2	4.1	-2.0
M&M Fin.	1.1	5.5	23.3
Muthoot Fin	3.8	7.8	41.6
PNB Housing	1.1	-2.9	

Company	1 Day (%)	1M (%)	12M (%)
Bharat Elec.	0.5	13.5	53.7
BHEL	1.2	17.7	4.8
Blue Star	-5.3	-2.0	35.3
CG Cons. Elec.	-1.5	4.1	20.0
CG Power & Inds Sol.	4.6	9.8	11.9
Cummins	-0.9	-3.2	5.4
GE T&D	0.5	1.0	18.2
Havells	1.7	2.0	21.0
K E C Intl	3.8	-1.3	141.3
L&T	-0.4	6.5	24.5
Pennar Eng.	-4.6	-6.1	-42.9
Siemens	-0.5	5.6	8.8
Solar Ind	0.7	13.4	50.4
Suzlon Energy	-1.2	7.4	10.7
Thermax	0.9	5.5	17.0
Va Tech Wab.	0.0	-0.9	17.2
Voltas	-1.2	11.3	45.9
<b>Cement</b>			
Ambuja Cem.	0.4	6.3	15.7
ACC	0.7	9.9	20.6
Birla Corp.	0.2	27.1	45.3
Dalmia Bharat	-0.6	15.8	42.8
Grasim Inds.	1.3	9.7	54.6
India Cem	-0.6	12.2	20.4
J K Cements	0.0	5.1	8.1
JK Lakshmi Ce	0.3	12.3	-12.5
Ramco Cem	0.0	4.3	14.7
Orient Cem	2.1	12.8	-1.0
Prism Cem	0.4	16.6	12.2
Shree Cem	1.3	3.5	15.7
Ultratech	0.4	14.7	11.2
<b>Consumer</b>			
Asian Paints	-0.5	5.2	9.4
Britannia	1.0	8.1	41.1
Colgate	-1.9	-1.5	7.2
Dabur	4.5	14.1	20.0
Emami	0.5	15.3	1.8
Godrej Cons.	3.5	5.6	22.9
GSK Cons.	4.2	5.6	-13.1
HUL	1.8	7.2	50.8
ITC	1.4	4.4	12.4
Jyothy Lab	-2.0	-4.4	7.9
Marico	0.2	1.7	14.5
Nestle	1.2	1.2	7.7
Page Inds	-0.6	8.2	21.7
Parag Milk	-0.9	9.0	-15.4
Pidilite Ind.	-1.3	-2.6	8.5
P&G Hygiene	0.5	3.3	29.6
Prabhat Dairy	0.7	12.5	18.4
United Brew	2.3	28.0	19.3
United Spirits	0.0	27.5	37.5
<b>Healthcare</b>			
Alembic Phar	-0.1	-0.2	-25.2
Alkem Lab	1.1	3.2	13.8
Ajanta Pharma	-1.0	6.7	-39.5
Aurobindo	0.1	10.1	-5.8

Company	1 Day (%)	1M (%)	12M (%)
PFC	0.5	14.9	14.7
Repco Home	-0.1	-1.4	-19.2
REC	0.0	13.4	30.8
STF	2.6	13.8	13.6
Shriram City Union	-0.8	11.1	-11.7
<b>Capital Goods</b>			
ABB	0.5	-0.4	28.0

Company	1 Day (%)	1M (%)	12M (%)
Biocon	0.7	8.7	17.6
Cadila	-1.0	5.8	17.5
Cipla	-0.3	6.7	9.3
Divis Lab	4.4	7.6	-28.4
Dr Reddy's	-2.9	1.4	-29.0
Fortis Health	-0.5	-0.6	-19.7
Glenmark	0.5	3.9	-35.6



Company	1 Day (%)	1M (%)	12M (%)
Granules	-1.1	22.0	13.6
GSK Pharma	2.0	5.2	-8.2
IPCA Labs	-1.4	7.7	-14.3
Jubilant Life	1.0	-1.9	-6.6
Lupin	0.0	1.4	-32.1
Sanofi India	6.2	7.8	3.4
Shilpa Medicare	-1.5	14.5	13.6
Strides Shasun	-0.1	-6.6	-21.8
Sun Pharma	-0.9	9.0	-25.3
Syngene Intl	0.0	1.5	-13.0
Torrent Pharma	1.2	4.5	-6.6
<b>Infrastructure</b>			
Ashoka Buildcon	1.8	14.9	29.5
IRB Infra.Devl.	-1.0	12.9	3.0
KNR Construct.	2.7	24.2	74.8
Sadbhav Engg.	0.4	9.0	14.6
<b>Logistics</b>			
Allcargo Logistics	1.7	3.1	-9.4
Blue Dart	-0.9	0.4	-18.6
Concor	0.7	3.3	27.2
Gateway Distriparks	1.1	17.2	9.2
Gati	0.4	11.8	-16.9
Transport Corp.	-0.9	2.7	51.0
<b>Media</b>			
Dish TV	-0.5	3.2	-20.6
D B Corp	-0.2	-5.2	-6.5
Den Net.	-1.2	-5.6	9.2
Ent.Network	0.1	-1.1	2.0
Hind. Media	-2.7	-8.6	-24.2
HT Media	-0.6	8.5	9.8
Jagran Prak.	-1.5	-2.0	-10.0
Music Broadcast	2.3	4.0	
PVR	-0.7	14.3	11.8
Prime Focus	0.2	10.0	37.8
Siti Net.	0.0	-1.4	-27.6
Sun TV	-0.4	12.0	57.4
Zee Ent.	-1.3	2.8	5.0
<b>Metals</b>			
Hindalco	3.0	14.3	75.9
Hind. Zinc	2.9	9.7	30.0
JSPL	0.5	21.6	110.9
JSW Steel	2.8	6.7	59.7
Nalco	-1.5	20.7	71.7
NMDC	0.0	9.3	-7.0
Rain Industries	-3.5	49.3	377.1
SAIL	4.6	51.8	56.0
Vedanta	3.5	9.4	56.4
Tata Steel	0.5	8.6	69.3
<b>Oil &amp; Gas</b>			
BPCL	-0.2	14.4	22.8
GAIL	0.7	11.7	44.3
Gujarat Gas	-0.6	8.6	58.1
Gujarat St. Pet.	-0.1	1.9	27.6
HPCL	-1.0	3.9	43.0
IOC	0.4	4.0	28.0

Company	1 Day (%)	1M (%)	12M (%)
Titan Co.	0.2	9.1	69.9
<b>Technology</b>			
Cyient	-0.6	6.5	11.8
HCL Tech.	-2.0	-4.2	8.5
Hexaware	-1.9	3.9	37.3
Infosys	0.5	3.1	-6.3
KPIT Tech	-1.7	21.0	4.3
L&T Infotech	-0.6	3.3	27.3
Mindtree	-1.1	2.4	8.0
Mphasis	0.1	11.8	33.6
NIIT Tech	-3.6	20.6	61.5
Persistent Sys	0.9	-1.8	-1.3
Tata Elxsi	1.8	5.0	29.9
TCS	-0.5	6.8	10.9
Tech Mah	1.6	6.9	12.8
Wipro	-0.3	4.3	27.2
Zensar Tech	-0.2	5.5	-15.2
<b>Telecom</b>			
Bharti Airtel	8.2	38.5	70.0
Bharti Infratel	-3.4	7.2	20.2
Idea Cellular	6.6	28.0	29.2
Tata Comm	1.1	1.2	7.7
<b>Utilities</b>			
Coal India	-0.2	5.6	-13.4
CESC	-0.2	3.0	61.8
JSW Energy	-0.3	15.8	27.9
NTPC	-0.2	7.7	16.3
Power Grid	-1.1	-0.1	19.0
Tata Power	0.4	9.5	9.0
<b>Others</b>			
Arvind	0.5	8.7	-3.1
Avenue Super.	1.2	6.8	
Bata India	0.6	18.3	68.8
BSE	-0.3	1.1	
Castrol India	1.1	12.5	-9.9
Century Ply.	0.3	14.1	13.0
Coromandel Intl	-0.8	18.4	80.2
Delta Corp	5.1	43.7	57.1
Dynamatic Tech	3.3	3.2	-30.5
Eveready Inds.	0.5	14.0	30.4
Interglobe	0.2	13.7	32.5
Indo Count	-1.8	17.9	-28.8
Info Edge	5.4	8.6	22.9
Inox Leisure	7.3	13.0	7.0
Jain Irrigation	0.0	7.6	-1.7
Just Dial	-2.9	21.6	7.0
Kaveri Seed	-0.8	9.9	32.2
Kitex Garm.	0.8	10.7	-23.6
Manpasand	0.1	-5.9	22.2
MCX	-1.0	0.7	-17.1
Monsanto	1.8	2.8	7.3
Navneet Educat.	-0.7	-0.2	46.6
PI Inds.	-2.1	8.5	-11.6
Piramal Enterp.	-0.5	3.9	55.8
Quess Corp	-1.0	0.6	37.5

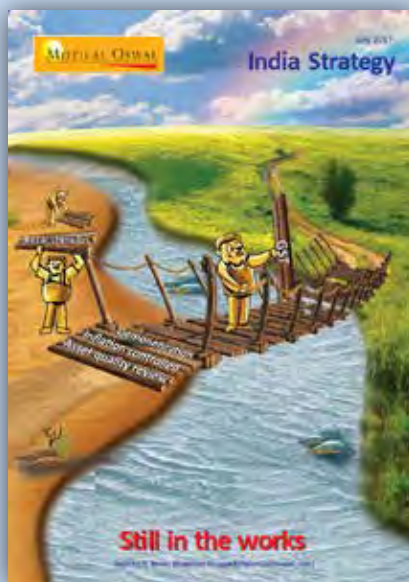
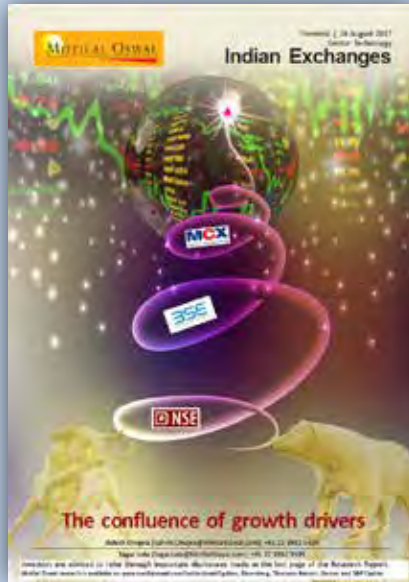
Company	1 Day (%)	1M (%)	12M (%)
IGL	-0.2	7.8	82.2
MRPL	-1.6	10.6	53.2
Oil India	-0.4	4.4	17.4
ONGC	-0.1	11.9	-1.0
PLNG	1.3	13.7	37.5
Reliance Ind.	1.2	21.8	81.7
<b>Retail</b>			
Jubilant Food	-0.5	17.1	62.6

Company	1 Day (%)	1M (%)	12M (%)
SRF	0.3	10.0	-6.6
S H Kelkar	-1.3	6.3	-16.7
Symphony	2.3	10.7	11.8
Team Lease Serv.	1.9	2.3	62.9
Trident	1.0	6.6	74.2
TTK Prestige	0.6	5.2	2.4
V-Guard	6.8	25.6	49.7
Wonderla	0.6	6.9	-6.1



## NOTES

# THEMATIC/STRATEGY RESEARCH GALLERY





# REPORT GALLERY

## RECENT INITIATING COVERAGE REPORTS

**MOTILAL OSWAL** Initiating Coverage | 12 August 2017  
Sector: Metals

### Trident

**An attractive utilization play**

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Registered Office: Research Analyst, Motilal Oswal Securities Pvt. Ltd., 411 001 2002  
Responsible for delivery of order through registered intermediaries under the Securities and Exchange Board of India (SEBI) (Intermediaries) Regulations, 2015. For more information, please visit our website.

**MOTILAL OSWAL** Initiating Coverage | 7 August 2017  
Sector: Healthcare

### Strides Shasun

**Making great strides**

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Registered Office: Research Analyst, Motilal Oswal Securities Pvt. Ltd., 411 001 2002  
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**MOTILAL OSWAL** Initiating Coverage | 15 Aug 2017  
Sector: Healthcare

### Shilpa Medicare

**Injecting Growth**

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Registered Office: Research Analyst, Motilal Oswal Securities Pvt. Ltd., 411 001 2002  
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**MOTILAL OSWAL** Initiating Coverage | 18 Aug 2017  
Sector: Insurance

### Capital First

**Capitalizing on multiple opportunities**

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**MOTILAL OSWAL** Initiating Coverage | 17 Aug 2017  
Sector: Finance

### L&T Finance Holdings

**Focused approach**

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**MOTILAL OSWAL** Initiating Coverage | 14 Aug 2017  
Sector: Healthcare

### Jubilant Life Sciences

**Promising formulation**

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Registered Office: Research Analyst, Motilal Oswal Securities Pvt. Ltd., 411 001 2002  
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**MOTILAL OSWAL** Initiating Coverage | 21 Aug 2017  
Sector: Retail

### Avenue Supermarts

**Delivering Value**

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**MOTILAL OSWAL** Initiating Coverage | 21 Aug 2017  
Sector: Finance

### Cholamandlam Finance

**Prepared, Equipped and Armed**

Head Office: Research Analyst, Motilal Oswal Securities Pvt. Ltd., 411 001 2002  
Registered Office: Research Analyst, Motilal Oswal Securities Pvt. Ltd., 411 001 2002  
Responsible for delivery of order through registered intermediaries under the Securities and Exchange Board of India (SEBI) (Intermediaries) Regulations, 2015. For more information, please visit our website.

**MOTILAL OSWAL** Initiating Coverage | 18 Aug 2017  
Sector: Utilities

### Tata Power

**Struggling for RoE**

Head Office: Research Analyst, Motilal Oswal Securities Pvt. Ltd., 411 001 2002  
Registered Office: Research Analyst, Motilal Oswal Securities Pvt. Ltd., 411 001 2002  
Responsible for delivery of order through registered intermediaries under the Securities and Exchange Board of India (SEBI) (Intermediaries) Regulations, 2015. For more information, please visit our website.



# DIFFERENTIATED PRODUCT GALLERY

**MOTILAL OSWAL** 30 December 2017

## Annual Report Threadbare

**ALROBICO PHARMA FY17**

AlroBico Pharma FY17 annual report highlights a year of evolving growth. FY17 revenue grew by 10% to Rs. 1079 crore from Rs. 978 crore in FY16. Earnings before tax rose by 20% to Rs. 100 crore from Rs. 84 crore. Net profit after tax rose by 25% to Rs. 30 crore from Rs. 24 crore. The report also provides a detailed analysis of the company's financial performance, including a breakdown of revenue by segment and a comparison of key financial ratios with peers.

**The ART of Annual Report Threadbare**

- ART is a unique tool to analyze the Annual Report of a company.
- ART helps in understanding the company's financial performance.
- ART helps in identifying the company's strengths and weaknesses.
- ART helps in comparing the company's performance with its peers.

**Company's Name:** AlroBico Pharma Ltd.

**Stock Info:** BSE: 505454, NSE: 505454

**Shareholding Pattern (%)**

Category	Shareholding (%)
Public Shareholding	78.82
Government Shareholding	0.00
Foreign Institutional Investor (FIIs)	0.00
Domestic Institutional Investors (DIIs)	0.00
Non-Institutional Investors (NIIs)	21.18

**Key Highlights:**

- Revenue growth of 10% in FY17, driven by strong performance in the OTC segment.
- Earnings before tax rose by 20% to Rs. 100 crore from Rs. 84 crore.
- Net profit after tax rose by 25% to Rs. 30 crore from Rs. 24 crore.
- Strong performance in the OTC segment, contributing to 70% of total revenue.
- Focus on R&D and marketing activities to drive growth in the future.

**Disclaimer:** Motilal Oswal is not a SEBI registered investment advisor. The information provided is for informational purposes only. Please consult your financial advisor for investment advice.

**MOTILAL OSWAL** 23 August 2017

## Confidence on long term prospects intact

Despite a 10% decline in share price, investors remain confident about the long-term prospects of the company. The report highlights the company's strong financial performance and its focus on R&D and marketing activities.

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**MOTILAL OSWAL** 23 August 2017

## VOICES

**India Inc on Call**

VOICES is a quarterly report that provides a detailed analysis of the Indian economy and the business environment. The report highlights the challenges faced by India Inc and the opportunities available for growth.

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**MOTILAL OSWAL** 04 June 2017

## EcoKnowLedge

**India Inc on Call**

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**MOTILAL OSWAL**

## BULLS & BEARS

**INDIA VALUATIONS HANDBOOK**

**Highlights of August edition:**

- Nifty down 1.8% in August – just two months of negative return in CY17
- Global Cyclical outperforms PSU
- Banks underperform
- Technology today near historical averages, cheap month led by Infosys
- EB selling of USDBs during the month

**Key Metrics:**

Category	Value
Nifty	10,100
Sensex	27,000
Bank Nifty	10,000
IT Nifty	10,000
PSU Nifty	10,000
Global Cyclical	10,000
Global Tech	10,000
Global Healthcare	10,000
Global Financials	10,000
Global Commodities	10,000
Global Energy	10,000
Global Metals	10,000
Global Agriculture	10,000
Global Real Estate	10,000
Global Infrastructure	10,000
Global Utilities	10,000
Global Telecommunications	10,000
Global Media	10,000
Global Consumer Goods	10,000
Global Consumer Services	10,000
Global Industrials	10,000
Global Aerospace	10,000
Global Defense	10,000
Global Shipping	10,000
Global Logistics	10,000
Global Retail	10,000
Global E-commerce	10,000
Global Travel	10,000
Global Hospitality	10,000
Global Entertainment	10,000
Global Media & Entertainment	10,000
Global Advertising	10,000
Global Marketing	10,000
Global Public Relations	10,000
Global Consulting	10,000
Global Research	10,000
Global Analytics	10,000
Global Big Data	10,000
Global Cloud Computing	10,000
Global Artificial Intelligence	10,000
Global Robotics	10,000
Global Autonomous Vehicles	10,000
Global Drones	10,000
Global Smart Cities	10,000
Global Smart Homes	10,000
Global Smart Grids	10,000
Global Smart Infrastructure	10,000
Global Smart Transportation	10,000
Global Smart Energy	10,000
Global Smart Manufacturing	10,000
Global Smart Agriculture	10,000
Global Smart Healthcare	10,000
Global Smart Education	10,000
Global Smart Retail	10,000
Global Smart Services	10,000
Global Smart Governance	10,000
Global Smart Security	10,000
Global Smart Defense	10,000
Global Smart Space	10,000
Global Smart Ocean	10,000
Global Smart Atmosphere	10,000
Global Smart Biosphere	10,000
Global Smart Geosphere	10,000
Global Smart Lithosphere	10,000
Global Smart Hydrosphere	10,000
Global Smart Atmosphere	10,000
Global Smart Biosphere	10,000
Global Smart Geosphere	10,000
Global Smart Lithosphere	10,000
Global Smart Hydrosphere	10,000

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**MOTILAL OSWAL**

## FUND FOLIO

**Indian Mutual Fund Tracker**

**Key Metrics:**

Category	Value
Nifty	10,100
Sensex	27,000
Bank Nifty	10,000
IT Nifty	10,000
PSU Nifty	10,000
Global Cyclical	10,000
Global Tech	10,000
Global Healthcare	10,000
Global Financials	10,000
Global Commodities	10,000
Global Energy	10,000
Global Metals	10,000
Global Agriculture	10,000
Global Real Estate	10,000
Global Infrastructure	10,000
Global Utilities	10,000
Global Telecommunications	10,000
Global Media	10,000
Global Consumer Goods	10,000
Global Consumer Services	10,000
Global Industrials	10,000
Global Aerospace	10,000
Global Defense	10,000
Global Shipping	10,000
Global Logistics	10,000
Global Retail	10,000
Global E-commerce	10,000
Global Travel	10,000
Global Hospitality	10,000
Global Entertainment	10,000
Global Media & Entertainment	10,000
Global Advertising	10,000
Global Marketing	10,000
Global Public Relations	10,000
Global Consulting	10,000
Global Research	10,000
Global Analytics	10,000
Global Big Data	10,000
Global Cloud Computing	10,000
Global Artificial Intelligence	10,000
Global Robotics	10,000
Global Autonomous Vehicles	10,000
Global Drones	10,000
Global Smart Cities	10,000
Global Smart Homes	10,000
Global Smart Grids	10,000
Global Smart Infrastructure	10,000
Global Smart Transportation	10,000
Global Smart Energy	10,000
Global Smart Manufacturing	10,000
Global Smart Agriculture	10,000
Global Smart Healthcare	10,000
Global Smart Education	10,000
Global Smart Retail	10,000
Global Smart Services	10,000
Global Smart Governance	10,000
Global Smart Security	10,000
Global Smart Defense	10,000
Global Smart Space	10,000
Global Smart Ocean	10,000
Global Smart Atmosphere	10,000
Global Smart Biosphere	10,000
Global Smart Geosphere	10,000
Global Smart Lithosphere	10,000
Global Smart Hydrosphere	10,000

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