

Market snapshot



Equities - India	Close	Chg. %	YTD.%
Sensex	28,241	0.0	6.1
Nifty-50	8,741	0.1	6.8
Nifty-M 100	16,035	1.3	11.7
Equities-Global	Close	Chg. %	YTD.%
S&P 500	2,297	0.7	2.6
Nasdaq	9,456	0.3	2.2
FTSE 100	7,188	0.7	0.6
DAX	11,651	0.2	1.5
Hang Seng	9,683	-0.1	3.1
Nikkei 225	18,918	0.0	-1.0
Commodities	Close	Chg. %	YTD.%
Brent (US\$/Bbl)	56	0.2	1.9
Gold (\$/OZ)	1,220	0.4	5.9
Cu (US\$/MT)	5,764	-1.8	4.4
Almn (US\$/MT)	1,822	0.2	6.9
Currency	Close	Chg. %	YTD.%
USD/INR	67.3	-0.1	-0.9
USD/EUR	1.1	0.2	2.5
USD/JPY	112.6	-0.2	-3.7
YIELD (%)	Close	1MChg	YTDchg
10 Yrs G-Sec	6.4	0.0	-0.1
10 Yrs AAA Corp	7.3	0.0	-0.2
Flows (USD b)	3-Feb	MTD	YTD
FII	0.1	0.2	0.2
DII	0.0	0.1	0.8
Volumes (INRb)	3-Feb	MTD*	YTD*
Cash	303	308	234
F&O	2,711	5,534	4,152

Note: YTD is calendar year, *Avg

Today's top research ideas



India Strategy: 3QFY17 interim earnings review; In-line so far; marginally raise Sensex EPS for FY18/FY19

- ❖ Market participants have been keenly focused on the 3QFY17 earnings season to gauge the first impact of demonetization. The 3QFY17 earnings season so far has been in line with expectations in terms of headline numbers. The MOSL Universe has reported sales, EBITDA and PAT growth of 9.1%, 11.6% and 7.8% YoY, as against expectations of 9.2%, 13.7% and 12%, respectively.
- ❖ Nifty EBITDA/PAT for the 26 Nifty cos have grown 7.9%/2.9% v/s expectation of 6.2%/2.7%. Telecom cos have dragged the Nifty bottom-line performance.
- ❖ Almost three fourths (i.e. 67) of the 92 MOSL coverage companies have reported EBITDA either in line with or above estimates. On the PAT front, 59 out of 92 companies either met or exceeded expectations. Ex Financials, EBITDA margin stood at 19.7% (+40bp YoY) v/s estimate of 20.6%.
- ❖ Based on the results of the 16 Sensex companies, we have raised our Sensex EPS estimates marginally by 0.6%/0.7% for FY18/FY19 to INR1,678/2,019.

Research covered



Cos/Sector	Key Highlights
India Strategy	3QFY17 interim earnings review
Tata Motors	Creates 'TAMO' sub-brand/vertical in the PV business
State Bank of India	Associate banks: Another loss-making quarter
ECOSCOPE	Demonetization hurt economic activity in December 2016
Torrent Pharma 3QFY17	Weak results led by pricing pressure in US and Romania impairment
Pidilite 3QFY17	In-line results; valuations fair
Marico 3QFY17	Mixed bag; Demonetization impacts volumes in Domestic business
Glenmark 3QFY17	Strong results on the back of Zetia FTF launch
PVR 3QFY17	Broadly in-line results; Growth guidance intact
Inox Wind 3QFY17	3QFY17 operating performance above estimates
Results Flash	ACC Dalmia Bharat JK Cement JK Lakshmi Manpasand JK Bank
Results Expectation	Guj.St.Petronet Jubilant Food

Quote of the day

The single greatest edge an investor can have is a long-term orientation

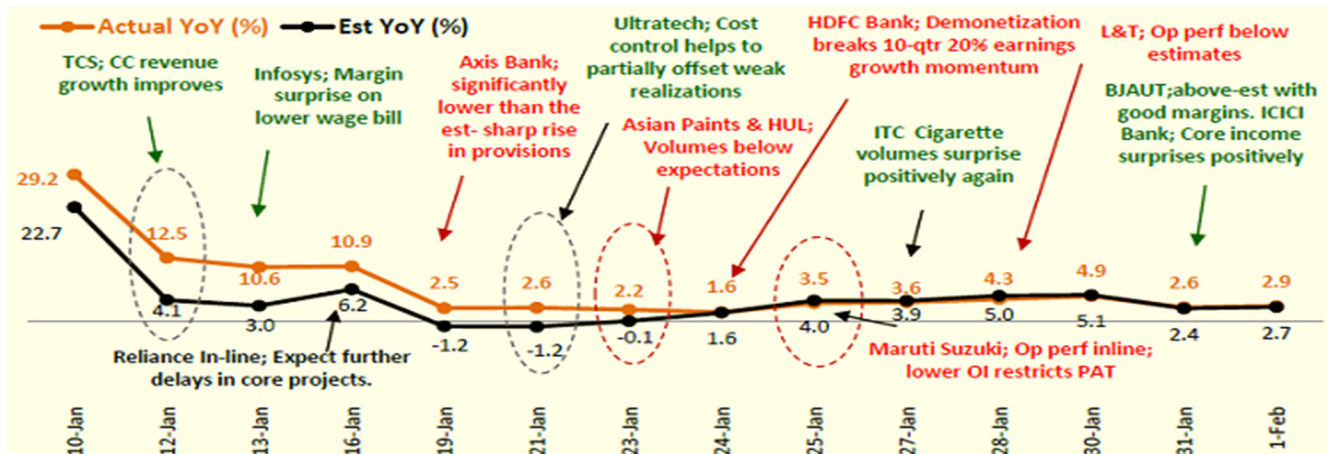
Piping hot news



Relief for India Inc? Rating agencies upgrade debt of 138 firms

The 16-month long trend of more debt downgrades than upgrades was broken in January with rating agencies upgrading the debt of 138 companies.

Chart of the Day: Nifty-50: Performance-expectation gap (PAT growth)



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

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



Kindly click on numbers for the detailed news link

1

Cement majors to move Tribunal against CCI order

Five of the seven cement companies which were fined by the Competition Commission of India (CCI) in January, for alleged bid rigging of a 2012 tender floated by the Haryana government, have decided to take up the matter to the Competition Appellate Tribunal ...

2

Expect a 25 bps rate cut this Wednesday

The Centre's commitment to fiscal consolidation and to borrow less in the next fiscal, coupled with the lower retail inflation data in December may give the Reserve Bank wiggle room enough to cut the policy rate by 25 basis points on Wednesday, in the last bi-monthly monetary policy review of the current fiscal. The RBI had last cut the repo rate — the interest rate at which it lends to banks — by 25 basis points to 6.25 per cent in the October review. The central bank held rates in the December policy review while retaining an accommodative policy stance. Overall, in the current financial year, the RBI twice cut the repo rate by 25 basis points.

3

Airtel knocks on CCI's doors accusing RJio of predatory pricing

After failing to get a favourable decision from the telecom regulator, Bharti Airtel has knocked on the doors of the Competition Commission of India seeking respite from Reliance Jio's free services. In a complaint filed recently, Airtel said that Reliance Jio's tariff plans are predatory and adversely effecting competition...

4

We will surpass estimates of 15.3% growth in direct taxes, says Hasmukh Adhia

The focus of the revenue department in 2017-18 will be to ensure the successful implementation of the goods and services tax (GST), said Hasmukh Adhia, revenue secretary in the ministry of finance. In a Mint-CNBC TV 18 post-budget event, Adhia explained the rationale of the tax measures announced ...

5

PSU disinvestments to touch Rs45,000 crore in FY17: Arun Jaitley

With less than two months to go for the current financial year to come to a close, finance minister Arun Jaitley has exuded confidence that receipts from PSU (public sector undertakings) disinvestment will touch Rs45,000 crore in 2016-17. About Rs30,000 crore have been raised so far in the current fiscal through minority share sale by way of OFS, share buyback and CPSE ETF. "It's true this government does not make a song and dance about disinvestment.

6

Maruti Owns One Half of the Auto Market

Maruti Suzuki accounted for one in every two passenger vehicles sold in India in January, achieving the feat for the second time this fiscal year as the automaker further consolidates its position at the top of the local market. Riding high on the success of premium hatchback Baleno and compact SUV Vitara Brezza...

7

Voda Deal may Require Birlas to Pump Rs 25,150 Cr Into Idea

The Aditya Birla Group needs to pump in cash to raise its stake in Idea Cellular or the combined entity to have equal rights in a telecom joint venture with UK's Vodafone Group, analysts said, adding that the Indian conglomerate may have to shell out around \$3.5 bil `25,150 crore) for a structure lion that could see the two hold 37.5% each.



3QFY17 interim earnings review

In-line so far; marginally raise Sensex EPS for FY18/FY19

- 92 MOSL Universe companies and 26 Nifty companies had declared their 3QFY17 results as of 2 February 2017.
- These companies comprise (a) 64% of estimated PAT for MOSL Universe and 67% of estimated PAT for Nifty, and (c) 47% of Indian market cap.

Key takeaways

- Market participants have been keenly focused on the 3QFY17 earnings season to gauge the first impact of demonetization. The 3QFY17 earnings season so far has been in line with expectations in terms of headline numbers. Of the 26 Nifty companies that have declared their results so far, two thirds have reported earnings ahead of/in line with our estimates. The earnings upgrade/downgrade ratio is skewed in favor of downgrades, with four companies seeing upgrades of 2%+ and eight companies seeing downgrades of 2%+.
- The MOSL Universe has reported sales, EBITDA and PAT growth of 9.1%, 11.6% and 7.8% YoY, as against expectations of 9.2%, 13.7% and 12%, respectively.
- Nifty EBITDA/PAT for the 26 Nifty companies have grown 7.9%/2.9% v/s expectation of 6.2%/2.7%. Telecom companies have dragged the Nifty bottom-line performance.
- Almost three fourths (i.e. 67) of the 92 MOSL coverage companies have reported EBITDA either in line with or above estimates. On the PAT front, 59 out of 92 companies either met or exceeded expectations. Ex Financials, EBITDA margin stood at 19.7% (+40bp YoY) v/s estimate of 20.6%.
- Based on the results of the 16 Sensex companies, we have raised our Sensex EPS estimates marginally by 0.6%/0.7% for FY18/FY19 to INR1,678/2,019. Upgrades are led largely by ONGC, Axis Bank and Coal India, while Bharti Airtel, Wipro and HUL have seen earnings downgrades.

Five key trends from the results declared until 2 February: 1] Volume growth trends have been mixed, with demonetization impacting lower-end consumption, especially FMCG where flow of currency is critical, especially in wholesale channels. Discretionary consumption (Autos, Paints, Consumer Electricals, Cement) has not seen any disproportionate impact. 2] Sales growth at 9.1% YoY for the 92 MOSL Universe companies is at 10-quarter high. 3] Barring Consumer, Technology, Healthcare and Mid-caps, other sectors have seen margin expansion. 4] Mid-caps performance is weak, with 8 out of 10 companies missing EBITDA estimates. 5] Management commentary points toward less than feared impact of demonetization, with gradual restoration of normalcy.

Refer our Dec-16
Quarter Preview

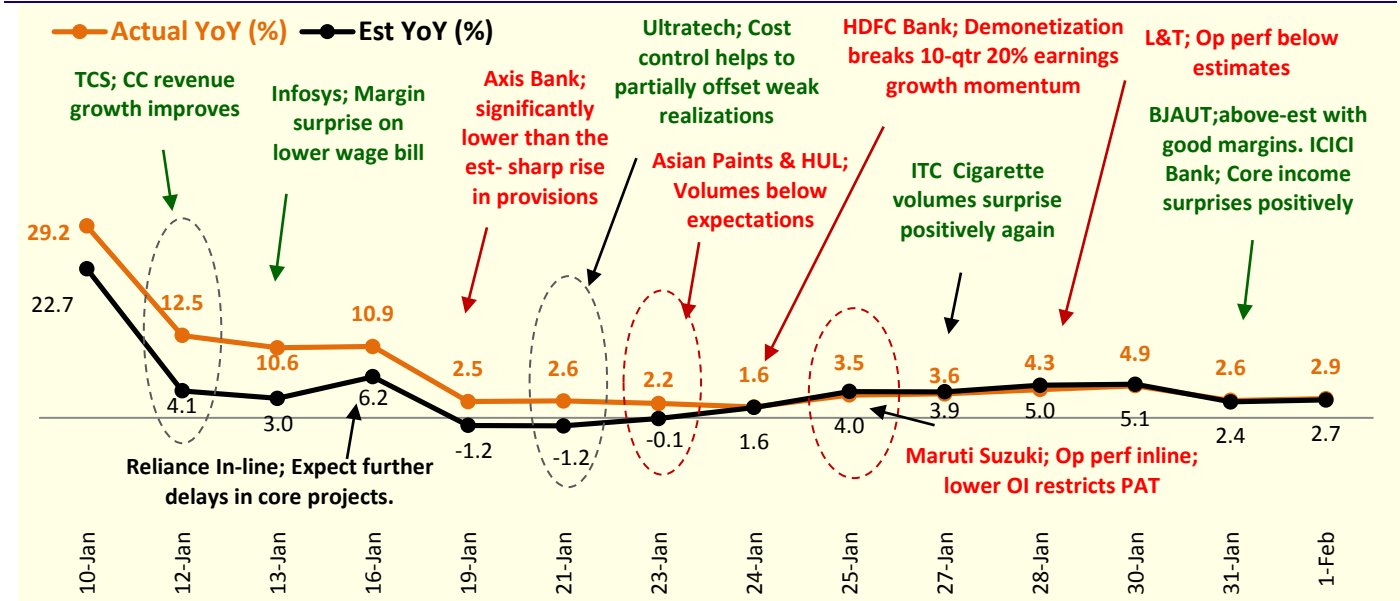


Aggregate PAT grows 8% YoY, in line with our estimate

- **Aggregate performance of MOSL Universe:** Sales grew by 9.1% YoY (est. of +9.2%), EBITDA by 11.6% YoY (est. of +13.7%) and PAT by 7.8% YoY (est. of +12%).
 - Three sectors registered >15% PAT growth: Auto (21%), Capital Goods (39%), Metals (Loss to profit). Five sectors reported PAT de-growth: Private Banks (-9%), Retail (-15%), Telecom (-32%), Utilities (-93%) and Others (-9%).
 - Technology sector posted 6.7% PAT growth (est. of +0.8%), while NBFC aggregate PAT rose 16% (est. of +15%).
- **Nifty Universe performance:** Sales grew by 6.8% YoY (est. of +7.4%), EBITDA by 7.9% YoY (est. of +6.2%) and PAT by 2.9% YoY (est. of +2.7%). Excluding Telecom, Nifty PAT growth was 4.2% (est. of +2.6%).

- **Top companies that beat estimates:** Tech Mahindra (21% beat), UltraTech (11%), ICICI Bank (9%), Kotak Bank (9%), Bajaj Auto (9%), TCS (8%).
- **Top companies that missed estimates:** Bharti Airtel (47% miss), Bharti Infratel (20%), Axis Bank (15%), L&T (12%), Maruti (10%).

Exhibit 1: Nifty-50: Performance-expectation gap (PAT growth)



- **Cutting MOSL FY17/FY18 estimates marginally:** Based on 3QFY17 results for the 92 companies, we marginal cut FY17 and FY18 MOSL Universe PAT estimates for these companies by 2.6% and 0.4%, respectively, even as EBITDA estimates remain largely unchanged. For these 92 companies, we now expect 16%/17%/15% PAT growth for FY17/18/19.
 - We raise our FY18E EPS for 12 companies (3% upgrade) and cut our FY17E EPS for 30 companies (3% downgrade).
 - **Top FY18E EPS upgrades:** RBL Bank (18%), HT Media (17%), Bharat Financials (12%), ONGC (11%), Bajaj Finance (8%), Axis Bank (7%).
 - **Top FY18E EPS downgrades:** Indigo (-25%), MMFS (-24%), Mphasis (-23%), Granules (-19%), Bharti Airtel (-16%), MCX (-14%).
- **Sensex estimates see marginal upgrade:** Based on the results of the 16 Sensex companies, we raise our Sensex EPS estimates marginally for FY17/18/19 by 0.3%/0.6%/0.7% to INR1,364/1,678/2,019.
- **Top FY18E Sensex EPS upgrades:** ONGC (11%), Axis Bank (7%).
- **Top FY18E Sensex EPS downgrades:** Bharti Airtel (-16%), Wipro (-6%), HUL (-4%).
- **Key results lined up over the rest of the season:** For the remaining 84 companies of our MOSL Universe, we expect sales to grow by 6% YoY, EBITDA by 30% and PAT by 93% YoY. PSU Banks, Oil & Gas and Metals are expected to drive this performance. We expect the remaining Nifty Universe companies to deliver sales growth of 3% YoY. EBITDA/PAT growth of the remaining Nifty Universe is expected at 18%/50% YoY. Key results to watch for: SBI, M&M, Tata Motors, Sun Pharma, Cipla, BHEL ([refer Exhibit 27](#)).



Tata Motors

BSE SENSEX 28,241 S&P CNX 8,741

CMP: INR523 TP: INR775(+46%) Buy

TATA MOTORS

Stock Info

Bloomberg	TTMT IN
Equity Shares (m)	3,395.9
52-Week Range (INR)	599 / 266
1, 6, 12 Rel. Per (%)	3/1/46
M.Cap. (INR b)	1,776.1
M.Cap. (USD b)	26.3
Avg Val, INRm	4,183
Free float (%)	65.3

Financials Snapshot (INR b)

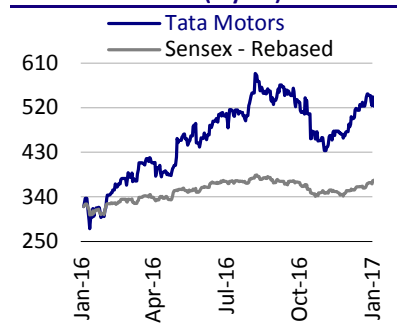
Y/E Mar	2016	2017E	2018E
Net Sales	2,756	2,883	3,366
EBITDA	402.4	356.3	466.9
NP	125.2	98.5	154.9
Adj. EPS (INR)	36.9	29.0	45.6
EPS Gr. (%)	-15.5	-21.3	57.3
BV/Sh. (INR)	237.9	265.9	308.3
RoE (%)	18.3	11.5	15.9
RoCE (%)	14.3	8.8	11.9
P/E (x)	14.2	18.0	11.5
P/BV (x)	2.2	2.0	1.7

Shareholding pattern (%)

As On	Sep-16	Jun-16	Sep-15
Promoter	33.0	33.0	33.0
DII	14.5	16.8	17.7
FII	26.1	25.0	40.9
Others	26.4	25.2	8.4

FII Includes depository receipts

Stock Performance (1-year)



Creates 'TAMO' sub-brand/vertical in the PV business

Another initiative to profitably attain top-3 in India PV industry by 2019

Tata Motors announced its new strategy for the PV business and sub-brand/vertical TAMO. We see these initiatives as step in right direction and infuse more energy in TTMT's PV business by giving autonomy and ring-fencing TAMO vertical to focus on innovation. This could long way in transforming PV business through agility, adaptability and making business leaner and meaner. Key highlights:

- 'TAMO' aspires to be an agile, ring-fenced vertical operating in an incubating environment towards new technologies, business models and partnerships in order to define future mobility solutions.
- 'TAMO' as a new, separated vertical will operate in the first step on a low volume, low investment model to provide fast tracked proves of technologies and concepts.
- The first product developed by TAMO will be premiered at the Geneva Motor Show in March 2017.
- The mindset of people in TAMO will be very different from that of those in Tata Motors manufacturing cars in large volume. TAMO will have a totally different eco-system.
- Under new PV strategy, TTMT aims to consolidate is platforms from current 6 to 2 over next 2 years, thereby reduce development cost, improve time to market, derive scale and efficiencies.
- Further, it aims to be among the top three domestic PV players with a sustainable financial performance and exciting innovations by 2019.
- TTMT is one of our top-picks in autos. Buy with TP of ~INR775 (FY19 SOTP based).

TAMO – New vertical to bring in adaptability, agility and start-up culture

- TTMT today presented its new PV strategy and introduced its new sub-brand/vertical – 'TAMO'.
- TAMO aspires to be an agile, ring-fenced vertical operating in an incubating environment towards new technologies, business models and partnerships in order to define future mobility solutions.
- TAMO as a new, separated vertical will operate in the first step on a low volume, low investment model to provide fast tracked proves of technologies and concepts.
- These cars sold under the TAMO brand will deliver the proof of concept and if the response is good, the model or parts of the car or technologies involved or the manufacturing processes will be absorbed by Tata Motors which will continue to focus on building high volume products.

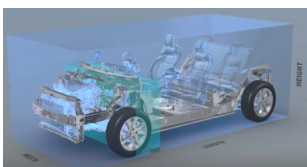
- The first product developed by TAMO will be premiered at the Geneva Motor Show in March 2017.
- TAMO will act as an open platform to network with global startups and leading tech companies, to get access to trends, innovations and solutions, for the design of exciting future products and services.
- TAMO will provide a digital eco-system, which will be leveraged by TTMT to support the mainstream PV business in the future.
- As per TTMT CEO & MD Mr Guenter Butschek “Our game plan addresses six themes – topline improvement, cost management, structural improvements, customer centricity, new mobility solutions and organizational effectiveness. The mindset of people in TAMO will be very different from that of those in Tata Motors manufacturing cars in large volume. TAMO will have a totally different eco-system.”
- Dr Tim Leverton, President and Head Advanced & Product Engineering on TAMO: “With TAMO, we are starting a new era. The idea is to find new and agile ways of innovating and experimenting. We will apply within TAMO also, new ways of working because leadership is all about time to market.”

Exhibit 2: TAMO new vertical focusing on future mobility solutions



Source: Company, MOSL

New PV Strategy to profitably attain top 3 positions in domestic PV industry



[Click here for interesting video on TTMT's Advance Modular Platform](#)

- Under new PV strategy, TTMT aims to consolidate its platforms from current 6 to 2 over next 2 years, thereby reduce development cost, improve time to market, derive scale and efficiencies.
- Tata Motors foresees a strong demand growth in the hatchback and the SUV segments.
- Further, it aims to be among the top three domestic PV players with a sustainable financial performance and exciting innovations by 2019.
- Commenting on its new PV strategy, Mr Mayank Pareek, President - PV Business: “In line with our new PV strategy, our portfolio will include a mix of brand enhancing products and ones that are well aligned to the rising aspirations of the different target customer segments. Our new architectural

approach supports our effort to reduce complexity, enables future technologies and ensures global relevance.”

Exhibit 3: TTMT’s PV business -6 focus areas



Source: Company, MOSL

Our view – Building blocks falling in place for the PV business turnaround

- TTMT’s PV business has been continuous drag on standalone operations. We estimate PV business EBITDA losses of ~INR12-14b in FY16 (v/s S/A EBITDA of ~INR27.4b). Also, PV business was investing ~INR15-17b annually since last 2 years (which is expected to continue in foreseeable future) in product development.
- After vacuum in new product launches since Nano launch in 2008, TTMT’s PV business is back on track with exciting product pipeline. Apart from recent launches of Tiago (hatchback) and Hexa (UV), it plans to launch 2 new products annually till 2020.
- We believe building blocks are falling in place for the PV business turnaround through a) exciting product pipeline, b) new business strategy based on reducing complexities and capex intensity of the business and c) improving organizational structure for more agility and responsiveness.
- TTMT’s PV business currently operates at ~30% utilization and has EBITDA break-even point of 50-55% utilization. Reasonable success to recent launches and visibility of exciting product pipeline does give us confidence of potential EBITDA break-even of the PV business. PV business EBITDA break-even could add 7-8% accretion to our SOTP value.



State Bank of India

BSE SENSEX
28,241

S&P CNX
8,741

CMP: INR277

TP: INR338 (+22%)

Buy



Stock Info

Bloomberg	SBIN IN
Equity Shares (m)	7,763.6
52-Week Range (INR)	289 / 148
1, 6, 12 Rel. Per (%)	7/19/50
M.Cap. (INR b)/(USD b)	2,150/31.9
Avg. Val. (INR m)	4998
Free float (%)	39.8

Financials Snapshot (INR b)

Y/E March	2017E	2018E	2019E
NII	578.8	666.5	756.9
OP	465.8	500.6	563.4
NP	106.4	140.4	186.0
NIM (%)	2.7	2.8	2.8
EPS (INR)	9.8	23.3	30.9
EPS Gr. (%)	-37.6	137.5	32.5
Cons. BV (INR)	229.9	248.7	273.7
Cons. ABV (INR)	144.6	182.5	232.2
RoE (%)	7.5	9.2	11.3
RoA (%)	0.4	0.5	0.6
Div. Payout (%)	20.1	19.3	19.3

Valuations

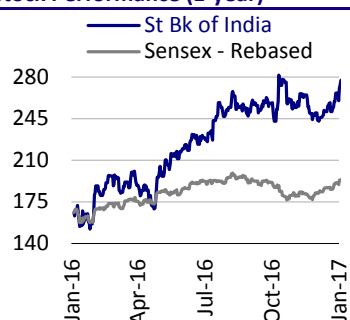
Cons. P/E (x)	22.8	9.6	7.2
Cons. P/BV (x)	1.0	0.9	0.8
Cons P/ABV (x)	1.5	1.2	1.0
Div. Yield (%)	0.6	1.4	1.8

Shareholding pattern (%)

As On	Sep-16	Jun-16	Sep-15
Promoter	60.2	60.2	60.2
DII	19.3	19.5	18.4
FII	11.1	10.7	12.4
Others	9.5	9.7	9.1

FII Includes depository receipts

Stock Performance (1-year)



Associate banks: Another loss-making quarter

Balance sheet consolidation and provisioning dent profitability

Asset quality review (AQR) of the RBI, harmonization of asset recognition with the parent, resultant NPA provisions and balance sheet consolidation continue to mar earnings at the associate banks (ABs) level. Interest reversals on SDR and S4A accounts, higher share of NPAs in 1H and a decline of 5% YoY in loans impacted the 3QFY17 NII performance (-22% YoY and 14% QoQ). While PPOP was down 32% QoQ, a sharp drop in provisioning (INR10.9b v/s INR39.3b a quarter ago) helped restrict losses to INR7.9b, as against INR31b in the previous quarter. GNPA were largely stable QoQ at INR552b. However, PCR (calculated) fell 330bp QoQ to ~37%, indicating higher write-offs.

Post 1H earnings, we had cut FY17E consolidated earnings by ~50% (from end FY16 level) and expected ABs to report a loss of INR35b. However, total losses by ABs stood at INR59b in 9MFY17, and achieving PAT of INR24b in 4Q thus appears a tall task. We expect further downgrades post SBIN earnings. We would re-visit our estimates after SBI parent reports its 3Q earnings on 10 February 2017.

Harmonization of asset quality within SBIN group

Before merger, SBIN (parent) is harmonizing account classification across its associate banks. In 9MFY17, all ABs put together classified standard accounts worth INR110-120b (3-3.2% of loans) as NPAs. This has resulted in additional provisioning of INR58b (~40% of NPA provisions) in 9MFY17. ABs' GNPA ratio increased to 14.5% from 13.8% a quarter ago (5.2% a year ago). Maximum deterioration was noticed in SBP, with GNPA reaching 19.3% from 7% a year ago. All ABs but SBP reported harmonization-related NPA classification and provisions. We have assumed the same for SBP at INR30b with provisions at INR20b.

Balance sheet consolidation continues; NII under pressure

Led by capital constraints, high NPAs and the focus on merger, loans declined 5% YoY and ~3% QoQ (partially impacted by demonetization). All the above factors, coupled with SDR- and S4A-related interest reversals and negative carry due to excess liquidity/demonetization, impacted the NII performance (-22% YoY and -14% QoQ). SBIN's NII dropped sharply by 50% QoQ, resulting in PPOP decline of 80%. For the parent, we expect growth of 2% YoY in loans and 5% in NII.

Losses decline sharply QoQ – most of the harmonization is behind

Aggregate AB losses declined to INR7.9b from INR31b a quarter ago. Although operating profit dropped to INR18.5b from INR27.6b a quarter ago, a sharp fall in provisioning from INR67b to INR29b helped improve earnings. Provisioning for harmonization of asset classification was accelerated in 1H. For SBIN parent, we expect PAT of INR26.6b. We expect the one-off SBI Life stake sale gain of INR17b to be utilized for accelerating provisioning. Overall, we expect PAT of INR26.6b for 3Q, as against INR25.4b a quarter ago.

ABs to drag consolidated earnings lower

At the beginning of the year, we had expected ABs to report profit of ~INR28b for FY17, which was revised down to no-profit no-loss at end-1Q and then to a loss of INR36b. In 9MFY17, total losses by ABs stand at INR59b, and thus achieving INR24b of PAT in 4Q appears a tall task. Hence, we expect a further cut in earnings by end-3QFY17. We would revisit our estimates after SBIN reports its earnings on 10 February 2017. We expect SBI parent to report PAT of INR26.6b for 3Q.

Other highlights

- Non-interest income increased 44% YoY, likely due to higher trading gains.
- Opex grew 14% QoQ and 12% YoY. We believe the QoQ uptick is largely due to a sharp fall in yields in 3Q and additional expenses due to demonetization.
- Harmonization of policies related NPA classification: a) SBH - INR26.5b (2.6% of loans). b) SBBJ – INR20.2b (2.9%). c) SBT – INR590m (0.9%). d) SBM – INR24.9b (4.9%).

Exhibit 1: SBIN aggregate associate banks performance

(INR M)

	FY15				FY16				FY17		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Interest Income	122,682	124,765	123,832	125,613	127,947	128,844	127,564	125,380	127,493	122,966	117,358
Interest Expense	87,891	88,933	88,493	88,565	89,669	91,192	89,225	87,720	89,654	88,020	87,411
Net Interest Income	34,791	35,832	35,339	37,048	38,278	37,651	38,338	37,660	37,840	34,945	29,948
% Change (Y-o-Y)	4.2	7.3	2.6	3.4	10.0	5.1	8.5	1.7	-1.1	-7.2	-21.9
Other Income	10,499	9,028	11,647	19,232	11,393	12,236	12,820	18,907	16,789	18,805	18,423
% Change (Y-o-Y)	-6.3	12.7	44.2	34.9	8.5	35.5	10.1	-1.7	47.4	53.7	43.7
Net Income	45,290	44,860	46,985	56,280	49,670	49,888	51,158	56,567	54,629	53,751	48,371
% Change (Y-o-Y)	1.5	8.3	10.5	12.4	9.7	11.2	8.9	0.5	10.0	7.7	-5.4
Operating Expenses	24,166	23,876	25,091	27,078	24,740	24,563	26,591	27,104	26,264	26,158	29,784
% Change (Y-o-Y)	11.6	2.8	5.0	7.4	2.4	2.9	6.0	0.1	6.2	6.5	12.0
Operating Profit	21,124	20,984	21,894	29,202	24,931	25,324	24,567	29,463	28,365	27,593	18,587
% Change (Y-o-Y)	-7.9	15.5	17.6	17.4	18.0	20.7	12.2	0.9	13.8	9.0	-24.3
Other Provisions	10,554	12,608	11,209	10,639	11,600	12,380	24,581	30,716	56,229	66,818	29,474
Profit before Tax	10,569	8,376	10,686	18,562	13,331	12,944	-14	-1,253	-27,864	-39,225	-10,887
Tax Provisions	3,547	2,059	3,820	6,763	4,953	4,211	1,801	-1,868	-7,683	-8,241	-2,999
Net Profit	7,022	6,317	6,866	11,799	8,378	8,734	-1,815	615	-20,181	-30,983	-7,888
% Change (Y-o-Y)	-16.1	51.6	54.3	9.4	19.3	38.3	-126.4	-94.8	-340.9	-454.8	334.7
Loan Gr. (YoY, %)	8.0	4.4	4.9	5.5	5.5	3.7	5.3	3.7	4.7	4.8	-1.8
Cost to income (%)	53.4	53.2	53.4	48.1	49.8	49.2	52.0	47.9	48.1	48.7	61.6
Gross NPA (INR b)	176.5	190.1	197.7	167.8	186.8	182.3	202.2	238.0	361.4	540.2	551.6
Gross NPA (%)	4.9	5.3	5.4	4.4	4.9	4.9	5.2	6.0	9.1	13.8	14.5
Net NPA (INR b)	99.6	110.0	117.8	96.9	103.8	99.1	109.4	131.8	208.2	323.5	348.7
Net NPA (%)	2.8	3.1	3.3	2.6	2.8	2.7	2.9	3.4	5.5	8.7	9.7
PCR (%)	43.6	42.1	40.4	42.3	44.5	45.7	45.9	44.6	42.4	40.1	36.8
Tax Rate (%)	33.6	24.6	35.7	36.4	37.2	32.5	NA	149.1	27.6	21.0	27.5

Source: Company, MOSL

Demonetization hurts economic activity in December 2016

3QFY17 growth, however, improved to 5.8% from 5.0% in previous quarter

- Despite a very favorable base (0.1% growth in December 2015), our monthly economic activity index (EAI) suggests that India's growth eased from 6.3% YoY in November to a three-month lowest level of 4.9% YoY in December 2016.
- Demonetization seems to have hurt economic growth in December 2016. Consumption grew at the slowest pace in 16 months (+4.7% YoY v/s 8.5% in November), while a sharp decline in construction activities led to a fall in investments growth from 3.7% to 1.4% in December.
- However, economic growth improved from 5% YoY in 2QFY17 to 5.8% in 3QFY17, primarily due to higher growth in consumption (private + government) and some revival in investments.

Consumption grew at the slowest pace in 16 months in December 2016 (+4.7% YoY v/s 8.5% in November)

Lower growth in investments was attributable to worst contraction in construction activities since 2001

Although economic growth weakened in December 2016, better growth in the previous two months led to growth of 5.8% YoY in 3QFY17, better than 5% in 2QFY17

- **India's economic activity growth eased to sub-5% in December 2016...:** Our preliminary estimates reveal that despite a very favorable base (0.1% growth in December 2015), India's EAI grew only 4.9% YoY in December 2016, much lower than 6.8% and 6.3% in [October](#) and [November](#) 2016, respectively (*Exhibit 1*). Since our composite EAI is arrived at using three separate leading monthly indices (consumption, investment and trade), we believe it is important to look at the performance of these drivers (*Exhibit 2*).
- **...as consumption growth eased to 16-month low...:** A look at the components of our Motilal Oswal leading indicator (MOLI) for consumption reveals that 18-month highest decline in passenger traffic (railways + aviation) and 5-month highest drop in the central government's core revenue spending (see *Exhibit 7* for the heat map) led to a consumption growth fall from 8.5% YoY in November 2016 to a 16-month lowest level of 4.7% (*Exhibit 3*).
- **...and investments growth softened:** Our MOLI for investments shows a deceleration from 3.7% YoY in November to 1.4% in December 2016 (*Exhibit 4*). Lower growth was attributable to the worst contraction in construction activities since 2001, as reflected by a 190-month worst fall in cement production and a 34-month highest decline in auto sales, partly offset by decent growth in cargo traffic, power generation and capital goods production (see *Exhibit 8* for the heat map).
- **However, 3QFY17 was better than 2QFY17...:** Although economic growth weakened in December 2016, better growth in the previous two months led to growth of 5.8% YoY in 3QFY17, better than 5% in 2QFY17 (*Exhibit 5*). It was primarily due to an improvement in consumption and some revival in investments (*Exhibit 6*).
- **...which may get reflected in 3QFY17 GDP growth:** As we had detailed in our [earlier report](#), our EAI has a very strong correlation with the official real GDP (excluding discrepancies) estimates. Thus, as the Economic Survey 2016-17 pointed out, GDP data may underestimate the actual impact of demonetization.

Note: Estimates of EAI for the month prior to the recently concluded month will be released in the first few business days of every month. In line with this, we release December EAI today.



Torrent Pharmaceuticals

BSE SENSEX	S&P CNX
28,241	8,741

Bloomberg	TRP IN
Equity Shares (m)	169.2
M.Cap.(INRb)/(USD\$b)	228.6 / 3.4
52-Week Range (INR)	1768 / 1176
1, 6, 12 Rel. Per (%)	-8/-14/-21
Avg Val, INRm	273
Free float (%)	28.8

Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
Sales	66.8	59.5	69.1
EBITDA	27.2	14.2	18.0
Net Profit	10.1	9.6	12.9
Adj. EPS (INR)	59.7	56.8	76.3
EPS Gr. (%)	78.9	-5.0	34.4
BV/Sh. (INR)	200.3	236.5	285.3
RoE (%)	34.4	26.0	29.2
RoCE (%)	40.7	18.1	24.9
Payout (%)	39.5	43.1	36.1
P/E (x)	22.6	23.8	17.7
P/BV (x)	6.7	5.7	4.7
EV/EBITDA (x)	8.9	16.5	12.6
Div. Yield (%)	2.6	1.3	1.7

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR1,310 TP: INR1,700(+34%) Buy

Weak results led by pricing pressure in US and Romania impairment

- TRP reported sales of INR14.1b (-8% YoY, ~4% below est.), with EBITDA of INR3.1b (est. of ~INR3.6b) and PAT of INR2.3b (-34% YoY; est. of INR2.25b). Significant miss in numbers is attributed to weak US sales led by pricing pressure and limited launches, as well as impairment related to closure of Romania business.
- **Brazil and Europe shine; muted performance in US:** TRP's US business declined 44% YoY (-4% QoQ) to INR3.1b due to continued pricing pressure in the base business and limited launches YTD. The company expects approval momentum to pick up in the US (~30 pending ANDAs). Apart from this, TRP is focusing on in-licensing of products in the US (six deals done till now and plans to do four more in 4Q). India business grew ~12% YoY, with chronic & sub-chronic segment secondary sales outpacing industry growth by ~300bp. The company expects India business to grow in double-digits led by strategic initiatives undertaken since 2QFY16. Brazil sales grew 34.7% YoY, led by pick-up in volume growth and price increase of ~16% taken in April-16.
- **Earnings call takeaways:** 1) R&D as % of sales expected to be ~7-8% in FY17 (~7% in 9M). 2) Dahej utilizations remained at lower levels due to no new approvals during the quarter (eight products approved since April-16). 3) Plans to file >15 and 20 ANDAs in FY17 and FY18, respectively. 4) TRP expects four approvals from Dahej in 4Q. 5) Renagel launch deferred due to queries from USFDA. 6) Tax rate to stay at ~14-16% in FY17. 7) Germany: current revenue break-up – 75-80% tender business and ~10% OTC biz. 8) Two fillings from Zyg Pharma till now; going forward, 3-4 fillings p.a. are expected.
- **Maintain Buy:** Strong domestic market franchise, coupled with investments in US business (R&D as % of sales doubled in FY17), should help drive growth. Reiterate **Buy** with a TP of INR1,700 @20x 1HFY19E PER (v/s INR1,750 @ 20x 1HFY19E EPS). We cut future EPS by ~2-3% to factor in impact of higher pricing pressure in US.

Quarterly performance (Consolidated)

Y/E March	FY16				FY17E				FY16	FY17E	(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			Est. 3QE	Var. vs Est
Net Revenues	19,470	16,570	15,390	14,990	15,070	14,060	14,130	16,382	66,760	60,842	14,773	-4.3%
YoY Change (%)	74.8	36.2	31.8	29.9	-22.6	-27.8	-8.2	6.4	43.5	-8.9	-4.0	
EBITDA	9,090	7,170	6,130	4,840	4,370	3,300	3,160	4,350	27,201	15,180	3,565	-11.4%
Margins (%)	46.7	43.3	39.8	32.3	29.0	23.5	22.4	26.6	40.7	25.0	24.1	
Depreciation	590	590	610	650	680	690	730	656	2,460	2,756	690	
Interest	580	480	420	380	490	510	480	429	1,859	1,909	450	
Other Income	670	710	510	240	260	430	500	210	2,156	1,400	425	
PBT before EO Expense	8,590	6,810	5,610	4,050	3,460	2,530	2,450	3,474	25,039	11,914	2,850	
Extra-Ord Expense	0	0	1,930	0	0	0	0	0	0	0	0	
PBT after EO Expense	8,590	6,810	3,680	4,050	3,460	2,530	2,450	3,474	25,039	11,914	2,850	-14.0%
Tax	4,100	1,720	200	480	540	460	160	985	6,414	2,145	600	
Rate (%)	47.7	25.3	3.6	11.9	15.6	18.2	6.5	28.3	25.6	18.0	21.1	
Reported PAT	4,490	5,090	3,480	3,570	2,920	2,070	2,290	2,490	18,625	9,770	2,250	1.8%
YoY Change (%)	75.4	157.1	108.4	174.6	-35.0	-53.9	-34.2	-28.5	148.0	-47.5	-35.4	
Margins (%)	23.1	30.7	22.6	23.8	19.4	14.7	16.2	15.2	27.9	16.1	15.2	



Pidilite Industries

BSE SENSEX	S&P CNX
28,241	8,741
Bloomberg	PIDI IN
Equity Shares (m)	512.7
M.Cap.(INRb)/(USDb)	342.3 / 5.1
52-Week Range (INR)	770 / 558
1, 6, 12 Rel. Per (%)	5/-8/2
Avg Val, INRm/ Vol m	456
Free float (%)	30.4

Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
Net Sales	54.1	55.6	63.5
EBITDA	12.2	12.4	13.8
PAT	7.6	8.5	9.4
EPS (INR)	14.8	16.6	18.3
Gr. (%)	47.3	12.7	9.9
BV/Sh (INR)	54.3	64.5	79.3
RoE (%)	29.9	28.0	25.4
RoCE (%)	28.5	26.6	24.3
P/E (x)	45.6	40.5	36.8
P/BV (x)	12.4	10.4	8.5

Estimate change



TP change



Rating change



CMP: INR673 TP: INR720 (+7%) Downgrade to Neutral

In-line results; valuations fair

- **Pidilite Industries' (PIDI) 3QFY17 performance was broadly in line** with our expectations. Consol. gross sales grew 0.7% YoY to INR14.3b, while net sales were flattish (-0.3% YoY v/s est. of +1%) with 1.5% volumes decline in the consumer bazaar segment. EBITDA was down marginally by 0.8% YoY (est. of -4%) to INR2.91b. Adjusted PAT rose 3.6% YoY (est. of -3.7%) to INR2.06b.
- **Gross margin expanded 160bp YoY** to 53.2%. Staff costs increased by 160bp YoY and other expenses by 10bp YoY, taking away the gross margin gains. EBITDA margin thus contracted 10bp YoY (est. -100bp YoY) to 21.8%.
- **Segmental:** Consumer bazaar segment revenues were up 0.8% YoY to INR12.2b. EBIT margin contracted 10bp YoY to 24.1%, with EBIT growing 0.3% to INR2.9b. Industrial segment posted revenue decline of 3.6% YoY to INR2.2b. EBIT margin contracted 110bp to 15.1%, driving 10.1% segmental EBIT decline.
- **Standalone highlights:** Net sales and EBITDA declined 2.8% and 2.6%, respectively, while PAT was up 3.1% YoY. Gross and EBITDA margin expanded 90bp and 10bp to 53.2% and 24.4%, respectively.
- **Imputed subsidiary revenue grew 17.2% YoY** to INR1.92b. EBITDA increased sharply by 69% YoY, off a low base to INR121m.
- **Concall highlights:** (1) Due to demonetization, consumer products sales were more affected compared to bazaar products due to higher proportion of rural and smaller town sales. (2) There has been no significant increase in VAM prices (remains at ~USD 800), but costs of other RM have gone up. The company has taken marginal price increase (~1%) in 4QFY17.
- **Valuation and view:** PIDI is a high-quality discretionary play given its strong competitive positioning, proven in-market excellence and impeccable track record of generating long-term shareholder value over multiple periods. The company will also be a clear beneficiary of GST. Since our upgrade in Dec'2015, the stock has had a strong rally of ~25%, comfortably outperforming most consumer peers. While we like the business franchise and the long-term growth prospects, fair valuations at 33.5x Dec'2018 EPS lead to a revision of our rating from Buy to **Neutral**, despite a slight increase in target price to INR720 (INR700 earlier, 36x Dec'2018 EPS, in line with three-year average).

Consolidated - Quarterly Earning Model

Y/E March	FY16				FY17				FY16	FY17E	FY17	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Net Sales	14,695	13,185	13,382	12,409	15,694	14,177	13,344	12,406	54,138	55,620	13,525	-1.3
YoY Change (%)	9.4	5.1	11.3	18.9	6.8	7.5	-0.3	0.0	11.8	2.7	1.0	
Total Expenditure	11,272	10,175	10,449	10,025	11,750	10,951	10,435	10,076	41,956	43,212	10,678	
EBITDA	3,423	3,010	2,933	2,384	3,943	3,225	2,909	2,330	12,183	12,407	2,847	2.2
Margins (%)	23.3	22.8	21.9	19.2	25.1	22.8	21.8	18.8	22.5	22.3	21.0	
Depreciation	242	248	248	351	258	303	295	277	1,331	1,133	297	
Interest	39	31	31	35	35	26	30	36	133	127	16	
Other Income	139	216	167	186	241	324	272	191	66	1,028	97	
PBT	3,290	2,932	2,813	2,150	3,887	3,209	2,814	2,262	10,737	12,172	2,631	6.9
Tax	948	893	829	637	1,174	912	793	773	3,221	3,653	816	
Rate (%)	28.8	30.5	29.5	29.6	30.2	28.4	28.2	34.2	30.0	30.0	31.0	
Adj PAT	2,333	2,053	1,992	1,547	2,717	2,309	2,063	1,434	7,564	8,523	1,815	13.7
YoY Change (%)	35.5	49.6	58.6	83.9	16.4	12.4	3.6	-7.3	45.7	12.7	-2.7	
Margins (%)	15.9	15.6	14.9	12.5	17.3	16.3	15.5	11.6	14.0	15.3	13.4	

E: MOSL Estimates



BSE SENSEX	S&P CNX
25,603	7,847
Bloomberg	MRCO IN
Equity Shares (m)	1,290.2
M.Cap.(INRb)/(USD\$b)	329.9 / 5.0
52-Week Range (INR)	307 / 216
1, 6, 12 Rel. Per (%)	-7/-14/-1
Avg Val, INRm/ Vol m	360
Free float (%)	40.3

Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
Net Sales	60.1	59.5	67.9
EBITDA	10.4	11.0	12.6
PAT	7.2	7.8	9.1
EPS (INR)	5.6	6.1	7.1
Gr. (%)	26.1	8.3	16.5
BV/Sh (INR)	16.3	20.2	23.5
RoE (%)	36.9	33.3	32.4
RoCE (%)	31.4	29.3	28.8
P/E (x)	45.6	42.1	36.2
P/BV (x)	15.7	12.6	10.9

Estimate change



TP change



Rating change



CMP: INR256

TP: INR300(+17%)

Buy

Mixed bag; Demonetization impacts volumes in Domestic business

- **Marico (MRCO) posted a 7.5% YoY decline (est. of -5%)** in consol. net sales to INR14.1b in 3QFY17. Domestic volumes declined 4% YoY (est. flat), while overall volumes fell 3%. Domestic revenues declined 9% YoY, while reported international revenues grew 2% YoY CC. Parachute volumes/value declined 1%/12% YoY, VAHO volumes/value dropped 12%/13%, while Saffola refined edible oils value grew 7%, led by 6% volumes growth.
- **Gross margin expanded 70bp YoY (est. +100bp)** to 51.5% due to benign raw material costs. Copra, Rice Bran oil and Liquid Paraffin (LLP) were up 5%, 15% and 7% YoY, respectively. HDPE (a key ingredient in packaging material) price was flat YoY. A&P expenses declined 40bp YoY. There was an increase in other expenditure (+40bp YoY) and staff costs (+50bp YoY). Despite these increases, EBITDA margin expanded 20bp YoY (est. of -50bp) to 19.1% and EBITDA declined 6.8% YoY (est. of -7.5%) to INR2.7b. Adj. PAT fell 6.8% YoY (est. of -8.0%) to INR1.9b.
- **Concall highlights:** (a) Management expects normalcy in 4QFY17. It also expects 6-8% volume growth in the March quarter. (b) The company expects inflation-led value growth from 1QFY18 as input costs are going up.
- **Retain Buy:** Guidance of 6-8% volume growth in 4QFY17 seems very encouraging, especially as base quarter (4QFY16) had seen 8% volume growth. As results were broadly in line, there is no material change to our FY18/FY19 EPS forecasts. Healthy EPS growth going forward, RoEs at mid-30 levels and high standards of disclosures/corporate governance justify valuation premium. Targeting 37x Dec-2018 EPS (5% premium to three-year average), we get an unchanged target price of INR300. Maintain **Buy**.

Quarterly Performance

Y/E March	FY16				FY17				FY16	FY17E	FY16	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Domestic volume growth (%)	6.0	5.5	10.5	8.4	8.0	3.4	-4.0	7.0	7.0	3.6	0.0	
Net Sales	17,482	14,518	15,285	12,878	17,499	14,390	14,140	13,442	61,224	59,471	14,526	-2.7%
YoY Change (%)					0.1	-0.9	-7.5	4.4	7.0	-2.9	-5.0	
COGS	9,662	7,595	7,526	5,993	8,419	6,847	6,859	6,259	30,614	28,384	7,008	
Gross Profit	7,821	6,922	7,759	6,885	9,079	7,543	7,281	7,183	30,610	31,086	7,517	-3.1%
Gross margin (%)	44.7	47.7	50.8	53.5	51.9	52.4	51.5	53.4	50.0	52.3	51.8	
Other Expenditure	4,657	4,652	4,877	4,782	5,384	5,050	4,585	5,058	20,052	20,077	4,863	
% to Sales	26.6	32.0	31.9	37.1	30.8	35.1	32.4	37.6	32.8	33.8	33.5	
EBITDA	3,164	2,271	2,881	2,102	3,695	2,493	2,697	2,124	10,558	11,009	2,654	1.6%
Margins (%)	18.1	15.6	18.9	16.3	21.1	17.3	19.1	15.8	17.2	18.5	18.3	
YoY Change (%)					16.8	9.8	-6.4	1.1	23.1	4.3	-7.5	
Depreciation	188	221	229	311	208	209	213	334	1,018	964	253	
Interest	45	37	57	68	54	21	44	53	202	171	18	
Other Income	337	193	180	320	319	285	260	304	830	1,168	238	
PBT	3,267	2,206	2,776	2,044	3,753	2,548	2,700	2,042	10,167	11,042	2,620	3.0%
Tax	982	676	717	678	1,072	740	781	609	2,956	3,202	760	
Rate (%)	30.1	30.7	25.8	33.2	28.6	29.1	28.9	29.8	29.1	29.0	29.0	
Minority Interest	0	0	2	4	2	2	2	2	118	8	2	
Adjusted PAT	2,285	1,530	2,057	1,362	2,679	1,806	1,916	1,431	7,092	7,832	1,858	3.1%
YoY Change (%)					17.2	18.1	-6.8	5.1	23.7	14.6	-8.0	

E: MOSL Estimates



Glenmark Pharma

BSE SENSEX	S&P CNX
28,241	8,741
Bloomberg	GNP IN
Equity Shares (m)	271.3
M.Cap.(INRb)/(USD\$b)	267.3 / 3.8
52-Week Range (INR)	993 / 672
1, 6, 12 Rel. Per (%)	0/12/11
Avg Val, INRm	543
Free float (%)	53.5

Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
Sales	75.9	95.2	108.3
EBITDA	13.7	24.0	26.5
Net Profit	7.0	11.7	13.9
Adj. EPS (INR)	24.9	41.6	49.2
EPS Gr. (%)	42.0	67.4	18.2
BV/Sh. (INR)	151.3	203.2	260.5
RoE (%)	16.4	20.5	18.9
RoCE (%)	12.7	20.9	19.0
P/E (x)	38.1	22.7	19.2
P/BV (x)	6.3	4.7	3.6

Estimate change

TP change

Rating change

CMP: INR947 TP: INR990(+5%)

Neutral

Strong results on the back of Zetia FTF launch

- Net sales grew ~43% YoY (+13% QoQ) to ~INR24.6b (est. of ~INR23.4b), driven by Zetia FTF launch on 12 December 2016. EBITDA grew 105% YoY (+74% QoQ) to ~INR6.9b (est. of INR5.4b). EBITDA margin expanded ~850bp YoY (+980bp QoQ) to 28.1% (est. of 23%), as Zetia margins are expected to be >85%. Strong operating performance led to PAT growth of ~181% YoY to ~INR4.7b (est. of ~INR3.1b).
- **US shines, India delivers decent growth despite base effect:** The US business grew 102% YoY to INR12.3b (v/s INR7.7b in 2Q; in line with our estimate) on the back of Zetia FTF launch. Zetia would have contributed sales of ~USD60m in 3Q and explains large part of QoQ rise in US sales (increase of USD67m QoQ). We believe current quarter sales include ~1 month of channel stocking. Apart from Zetia, we expect US base business ramp-up to continue on the back of niche upcoming products like Epiduo, Welchol and NitroGlycerin over next 18 months. India business reported 5.9% YoY growth, impacted by demonetization. Europe business grew 11% YoY. Full-year growth guidance maintained at ~15% YoY.
- **Earnings call highlights:** 1) Gross debt stood at INR55b; cash stood at INR17.5b (includes ~USD45m from Venezuela). 2) Cash interest cost payment was ~INR490m out of total interest cost of INR620m. 3) Venezuela sales were zero in 3Q. 4) Base business EBITDA margin (ex Zetia) stood at 20-21%. 5) R&D as % of sales stood at ~10.5% (FY17 guidance: 10-11%). 6) Other income includes INR forex gain of INR50m. 7) GNP plans to file 10 ANDAs in 4QFY17.
- **Maintain Neutral:** FY17/18 should be one of the best years for Glenmark in terms of growth due to gZetia exclusivity and other key launches lined up in the US. Having said that, weak cash flow conversion and high net debt remain key concerns for GNP. Maintain **Neutral** with a TP of INR990 @ 18x 1HFY19E EPS (v/s INR900 @18x FY18E). Any big in-licensing deal in the innovation business could act as a positive catalyst.

Quarterly performance (Consolidated)

Y/E March	FY16				FY17				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY16	FY17E
Net Revenues (Core)	16,258	18,440	17,245	21,740	18,832	21,732	24,630	30,012	75,909	95,206
YoY Change (%)	10.0	10.3	1.9	24.0	15.8	17.9	42.8	38.0	15.1	25.4
EBITDA	3,374	3,713	3,379	1,952	3,192	3,978	6,929	9,890	14,326	24,941
Margins (%)	20.8	20.1	19.6	9.0	17.0	18.3	28.1	33.0	18.9	26.2
Depreciation	654	634	559	584	642	770	625	798	2,691	2,836
Interest	419	426	469	475	430	629	617	563	1,789	2,239
Other Income	273	314	340	1,189	1,358	491	866	285	787	3,000
PBT before EO Expense	2,574	2,967	2,692	2,082	3,477	3,070	6,553	8,814	10,632	22,866
Extra-Ord Expense	0	0	0	0	0	0	0	0	0	0
PBT after EO Expense	2,574	2,967	2,692	2,082	3,477	3,070	6,553	8,814	10,632	22,866
Tax	745	962	992	594	1,209	876	1,782	2,378	3,028	6,246
Rate (%)	28.9	32.4	36.9	28.5	34.8	28.5	27.2	27.0	28.5	27.3
Reported PAT (incl one-offs)	1,829	2,004	1,699	1,487	2,268	2,193	4,771	6,436	7,604	16,621
Reported PAT (excl MI)	1,829	2,004	1,699	1,487	2,268	2,193	4,771	6,436	7,604	16,621
YoY Change (%)	-1.1	21.4	48.1	1,301.5	24.0	9.4	180.8	332.7	60.0	118.6
Margins (%)	11.2	10.9	9.9	6.8	12.0	10.1	19.4	21.4	10.0	17.5

E: MOSL Estimates



BSE SENSEX	S&P CNX
28,241	8,741
Bloomberg	PVRL IN
Equity Shares (m)	47
M.Cap.(INRb)/(USDb)	60.9 / 0.9
52-Week Range (INR)	1490 / 646
1, 6, 12 Rel. Per (%)	6/6/56
Avg Val, INRm	182
Free float (%)	74.8

Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
Net Sales	18.7	21.2	26.0
EBITDA	3.3	3.5	4.8
PAT	1.2	1.0	1.7
EPS (INR)	25.5	20.8	35.7
Gr. (%)	664.3	-18.7	71.8
BV/Sh (INR)	186.2	204.3	234.6
RoE (%)	18.7	10.6	16.3
RoCE (%)	14.5	9.1	12.3
P/E (x)	51.0	62.7	36.5
P/BV (x)	7.0	6.4	5.6

Estimate change



TP change



Rating change



CMP: INR1,303 TP: INR1,533(+18%)

Buy

Broadly in-line results; Growth guidance intact

- **Revenue and EBITDA in line; PAT marginally below estimates:** PVR's revenue increased 7.4% to INR5.4b (est. of INR5.5b) in 3QFY17 from INR5b in 3QFY16. Film exhibition segment grew 14% YoY to INR5,062m, while movie production and distribution declined 54% YoY to INR195m. EBITDA margin contracted 16.5% YoY in 3QFY17 (in line with est. of 16%). EBITDA stood at INR890m (est. of INR881m), as against INR826m in 3QFY16. Consequently, adjusted PAT declined to INR239m (est. INR254m) from INR312m in 3QFY16.
- **Impact of demonetization partially offset by strong opening from 'Dangal':** Demonetization had an adverse impact on footfall (-5% on comparable basis). Also, the company had to provide higher discounts and schemes to attract footfall post demonetization, which led to a 2% decline in ATP on comparable basis. Overall NBO revenue declined 7%, while F&B/sponsorship revenue grew just 1%/2% on comparable basis. The pressure, however, was partially offset by strong collection from 'Dangal,' which helped to regain lost footfall. Occupancy was down to 32.4% from 34% on comparable basis. Approx. 65% of total revenues are now contributed by non-cash options, as against 44% pre-demonetization.
- **Launched Vkaoo, a demand-based platform:** Vkaoo is an online (web and app) platform enabling customers to watch any movie at any theatre on date/time of their choice. Management expects this initiative to improve occupancy, especially on weekdays and slow months, as there some movies which do get released in some pockets despite having demand.
- **Valuation and view:** As the impact of demonetization is gradually softening and footfall is recovering, we expect the company to come back on track, especially with a robust content pipeline. We maintain our estimates with revenue/PAT CAGR of 21%/29% over FY16-19E. We value the stock at 12x EV/EBITDA and maintain **Buy** with a TP of INR1,533.

Quarterly Performance

Y/E March	FY16				FY17				FY16	FY17E	FY17	Var %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Sales	4,860	4,746	5,005	4,126	5,702	5,542	5,377	4,580	18,736	21,199	5,505	-2
YoY Change (%)	34.2	18.6	19.1	37.7	17.3	16.8	7.4	11.0	26.8	13.1	10.0	
Total Expenditure	3,754	3,871	4,179	3,661	4,536	4,612	4,488	4,062	15,465	17,701	4,624	
EBITDA	1,107	875	826	465	1,167	930	890	517	3,272	3,498	881	1
Margins (%)	22.8	18.4	16.5	11.3	20.5	16.8	16.5	11.3	17.5	16.5	16.0	
Depreciation	267	273	278	359	331	346	345	410	1,176	1,427	380	
Interest	218	206	192	223	192	193	204	185	839	774	180	
Other Income	25	114	89	65	63	49	21	55	293	188	45	
PBT before EO expense	647	510	445	-52	707	440	363	-23	1,550	1,484	366	-1
Extra-Ord expense	33	20	11	29	26	0	0	0	92	26	0	
PBT	615	491	434	-81	681	440	363	-23	1,458	1,458	366	-1
Tax	175	184	131	22	249	149	127	-35	512.0	488.5	110	
Rate (%)	28.5	37.5	30.1	-27.1	36.6	33.8	35.1	155.5	35.1	33.5	30.0	
Reported PAT	435	307	302	-104	428	291	239	12	943	970	254	-6
Adj PAT	458	319	312	-66	444	291	239	12	1,248	987	254	-6
YoY Change (%)	468.0	233.6	-4.3	-70.1	-3.0	-8.7	-23.5	NM	744.2	-20.9	-17	
Margins (%)	9.0	6.5	6.0	-2.5	7.5	5.3	4.4	0.3	5.0	4.6	4.6	

E: MOSL Estimates



Inox Wind

BSE SENSEX	S&P CNX
28241	8741
Bloomberg	INXW IN
Equity Shares (m)	221.9
M.Cap.(INRb)/(USDb)	37.6 / 0.6
52-Week Range (INR)	307 / 161
1, 6, 12 Rel. Per (%)	-8/-17/-54
Avg Val, INRm	106
Free float (%)	14.4

CMP: INR184 TP: INR175 (-5%) Neutral

3QFY17 operating performance above estimates

- **Inox Wind's (INXW) 3QFY17 sales increased 22% YoY to INR11.6b, above our estimate of INR10.3b.** Sales volumes increased 60% YoY to 266MW, but commissioning declined 76% YoY to 40MW (as logistics was impacted by demonetization and, thus, 200MW could not be commissioned). EBITDA increased 9% YoY to INR1.8b, with margin down 190bp YoY to 15.5% (est. of 16.0%) due to change in product mix. Adj. PAT of INR1.0b (-5.4% YoY) was marginally below our estimate of INR1.1b.
- **Order book stable at 1.3GW:** Order intake in 3QFY17 stood at 330MW (+200% YoY), supplies at 266MW and commissioning at 40MW. This, in turn, improved the order book to 1.3GW (+14% YoY), providing visibility for ~12-15 months. Management expects central government tender of 1GW to be opened by end-4QFY17. Inox has participated for 250MW in the 1000MW SECI tender, which it expects to be finalized in FY17.
- **Net working capital (NWC) remains elevated:** NWC marginally improved to 170 days in 3QFY17 from 185 days in 2QFY17, but still remained at elevated levels. Inventory days increased to 65 from 61 in 2QFY17, as demonetization impacted delivery. Debtor days improved marginally to 215 from 220 in 2QFY17. Payable increased to 60 days from 46 days in 2QFY17.
- **Maintaining Neutral, revising TP to INR175:** We raise our FY17 estimates by 11% to factor in preponement in commissioning on account of expiry in GBI by March 2017. We, however, cut our earnings by 18% for FY18E to factor in higher base effect, muted volumes led by GBI expiry and lower margins due to negative leverage. We maintain **Neutral**, but cut TP to INR175, applying 10x multiple. Key upside risks to our rating are: (1) pick-up in execution and margins, (2) slowdown in solar installations, (3) sharp improvement in NWC and (4) expansion of wind market despite GBI expiry.

Financials & Valuations (INR b)

Y/E MAR	2016	2017E	2018E
Net Sales	44.1	43.9	41.7
EBITDA	6.9	6.6	5.4
Adj PAT	4.6	4.3	3.7
EPS (INR)	20.7	19.4	16.5
EPS Gr. (%)	73.2	-6.2	-15.1
BV/Sh. INR	83.1	100.2	114.7
RoE (%)	27.9	21.2	15.3
RoCE (%)	18.9	14.6	11.6
P/E (x)	9.1	9.7	11.4
P/BV (x)	2.3	1.9	1.6

Estimate change



TP change



Rating change

Quarterly Performance

(Consolidated) Y/E March	FY16				FY17				FY16		FY17E		(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY16	FY17E	MOSL 3Q Est	Var. Vs Est		
Sales	6,418	10,059	9,481	18,277	4,350	7,977	11,591	19,970	44,065	43,887	10,260	13		
Change (%)	111.7	86.0	1.9	96.9	-32.2	-20.7	22.3	9.3	63.0	-0.4	9.2			
EBITDA	1,014	1,402	1,652	3,002	433	958	1,794	3,427	6,894	6,612	1,642	9		
Change (%)	143.0	73	7	111	(57)	(32)	9	14	64.7	(4.1)	4.9			
As of % Sales	15.8	13.9	17.4	16.4	10.0	12.0	15.5	17.2	15.6	15.1	16.0			
Depreciation	69	79	93	106	98	108	118	119	334	443	110			
Interest	221	284	201	254	387	316	407	-42	960	1,067	250			
Other Income	214	230	138	211	207	184	159	520	741	767	197			
Extra-ordinary Items	98	55.5	45.6	-112.0	-23.7	-29.0	-31.3	0.0	267	0	0			
PBT	839	1,214	1,451	2,964	179	747	1,460	3,870	6,075	5,868	1,479	-1		
Tax	235	323	393	872	60	182	385	1,045	1,755	1,566	399			
Effective Tax Rate (%)	28.0	26.6	27.1	29.4	33.8	24.4	26.4	27.0	28.9	26.7	27			
Reported PAT	604	891	1,058	2,092	118	565	1,075	2,825	4,320	4,303	1,079			
Change (%)	157.2	63.6	4.3	77.5	(80.4)	(36.6)	1.6	35.0	45.7	(0.4)	5			
Adj PAT	702	947	1,103	1,980	94	536	1,043	2,825	4,587	4,303	1,079	-3		
Change (%)	261.8	87.0	5.8	116.8	-86.5	-43.4	-5.4	42.7	73.2	(6.2)	1			
Order Book (MW)	1,220	1,202	1,146	1,104	1,240	1,346	1,306	0	1,104	1,319	0			
Order Intake (MW)	162	194	110	286	184	322	330	164	752	1,000	200			
BTB - TTM basis (x)	1.5	1	1	1	1	1	1	0	1.3	1.7	0			

E: MOSL Estimates

BSE SENSEX 28,241 S&P CNX 8,741

CMP: INR1426 TP: INR1339(-7%)

Neutral

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

**Weak quarter led by lower volume and higher operating expenses
Higher costs led to lower margins**

- Revenue declined 6% YoY to 26.7b due to decline in volumes resulting out of demonetization that was particularly observed in all regions except South
- EBITDA stood at INR1.9b, -11%YoY (est. INR1.9b); margins at 7.2% (-1.92pp QoQ, 0.42pp YoY)
- Blended EBITDA/t stood at INR 351 (-21%YoY;-36% QoQ) led by higher power and fuel and freight costs
- 4QFY16 Adjusted PAT at INR911m (-11% YoY) due to tax inflow of INR64mn (v/s estimated tax outgo at rate of 19%)
- Reported PAT of INR483mn due to write off investments in cancelled coal blocks amounting to INR428mn for 4QCY16.

Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
Sales	109	121	135
EBITDA	12	15	18
NP	6	9	11
Adj EPS (INR)	34	47	59
BV/Sh (INR)	451	444	442
RoE (%)	7	10	13
RoCE (%)	8	10	13
Payout (%)	94	116	103

Valuations

P/BV (x)	3	3	3
EV/EBITDA (x)	21	16	13
EV/Ton (USD)	113	113	108

Valuation and view: We will revisit our estimates post management interaction. Based on our current estimates, it trades at 16.4x/13.6x CY17/CY18E EBITDA. Maintain **Neutral** with a target price of INR1339 (13x CY18 EBITDA).

Quarterly Performance (Standalone)

Y/E December	CY15				CY16				CY15	CY16E	CY17E	CY18E	MOSL 4QE	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q						
Cement Sales (m ton)	5.82	6.20	5.61	5.99	6.36	6.12	5.07	5.45	23.62	22.99	24.02	25.47	5.48	-1
YoY Change (%)	-10.2	-2.4	-0.2	4.0	9.3	-1.3	-9.6	-9.0	-2.4	-2.7	4.5	6.0	-8.5	
Cement Realization	4,535	4,385	4,438	4,339	4,171	4,267	4,371	4,377	4,423	4,292	4,522	4,752	4,285	2
YoY Change (%)	5.5	-1.2	-1.8	-2.3	-8.0	-2.7	-1.5	0.9	0.0	-3.0	5.4	5.1	-1.2	
QoQ Change (%)	2.1	-3.3	1.2	-2.2	-3.9	2.3	2.4	0.1					-2.0	
Net Sales	28,854	29,612	27,400	28,461	29,274	28,698	24,706	26,686	114,328	109,364	120,676	134,597	26,566	0
YoY Change (%)	-2.8	-1.6	-0.1	3.0	1.5	-3.1	-9.8	-6.2	-0.4	-4.3	10.3	11.5	-6.7	
Total Expenditure	24,718	26,817	24,762	26,300	25,578	24,607	22,458	24,771	102,597	97,413	105,363	116,371	24,685	0
EBITDA	4,137	2,795	2,638	2,162	3,696	4,092	2,247	1,915	11,731	11,951	15,313	18,226	1,880	2
Margins (%)	14.3	9.4	9.6	7.6	12.6	14.3	9.1	7.2	10.3	10.9	12.7	13.5	7.1	
Depreciation	1,698	1,657	1,607	1,559	1,434	1,410	1,529	1,679	6,521	6,052	6,821	7,025	1,704	
Interest	226	143	150	154	164	183	197	185	673	729	700	700	206	
Other Income	1,141	775	678	2,241	1,121	686	744	795	4,834	3,346	3,750	4,000	748	
PBT before EO Item	3,353	1,771	1,559	2,689	3,220	3,185	1,265	847	9,371	8,517	11,543	14,501	719	18
EO Income/(Expense)	-123	0	0	0	0	0	0	-428	-1,532	-428	0	0	0	
PBT after EO Item	3,230	1,771	1,559	2,689	3,220	3,185	1,265	419	7,840	8,089	11,543	14,501	719	-42
Tax	824	456	389	255	898	806	424	-64	1,924	2,065	2,770	3,480	136	
Rate (%)	25.5	25.8	24.9	9.5	27.9	25.3	33.5	-15.3	24.5	25.5	24.0	24.0	18.9	
Reported PAT	2,406	1,314	1,170	2,435	2,322	2,378	841	483	5,916	6,024	8,772	11,021	583	-17
Adjusted PAT	2,497	1,314	1,170	2,435	2,322	2,378	841	911	7,447	6,452	8,772	11,021	583	56
Margins (%)	8.7	4.4	4.3	8.6	7.9	8.3	3.4	3.4	6.5	5.9	7.3	8.2	2.2	
YoY Change (%)	-5.2	-45.5	-42.9	100.6	-7.0	81.0	-28.1	-62.6	-13.6	-13.4	36.0	25.6	-43.2	

E: MOSL Estimates

Dalmia Bharat

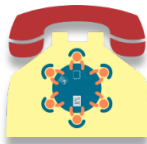
BSE SENSEX 28,241 S&P CNX 8,741

CMP: INR1,926 TP: INR2,207(+15%)

Buy

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

Conference Call Details

Date: 6th Feb 2017

Time: 10:30am IST

Dial-in details:

+91 22 3938 1073

+91-22-3940 3977

Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
Sales	63.7	69.2	78.3
EBITDA	15.1	16.8	19.5
NP	1.9	3.0	4.5
Adj EPS (INR)	21.5	34.2	50.4
EPS Gr. (%)	1,802.4	59.2	47.4
BV/Sh (INR)	434	466	514
RoE (%)	5.5	7.6	10.3
RoCE (%)	4.9	6.8	7.9
Payout (%)	8.1	6.8	4.6
Valuations			
P/E (x)	89.6	56.3	38.2
P/BV (x)	4.4	4.1	3.7
EV/EBITDA (x)	16.5	14.7	12.4
EV/Ton (USD)	165	161	156

Strong volume growth led by southern operations

Cost savings drive profitability

- Volume in 3QFY17 increased 20%YoY to 3.56mt (est 3.43mt);
- Revenue at INR17.2b, +17%YoY (est INR16.52b)
- Realizations stood at INR 4845/ton (-3.3% YoY, -1.1% QoQ) vs est INR4811/ton
- EBITDA at INR4.06b, +20%YoY (est INR3.42b) | margins 23.6% (+0.3pp QoQ, +0.6pp YoY)
- EBITDA/t at INR 1142 (+15% beat) flat YoY/QOQ as impact of lower realization was offset by cost savings
- PBT increased 36%YoY to INR1.13bn
- However with PAT of INR357mn, growth was restricted to +19% YoY due to higher tax rate at 55% (vs 46%).

Key questions for the management

- Volume guidance for 4QFY17/FY18 both for the industry and DBEL
- Expectation of pricing trend over the next few quarters
- Likely impact of higher power and fuel and freight cost
- Cost saving measures being initiated by DBEL.

Valuation and view: We will revisit our estimates post earnings call. Based on our current estimates, it trades at 12.4x/11.2x FY18/FY19E EBITDA. Maintain **Buy** with a target price of INR2207 (12x FY19 EBITDA).

Quarterly Performance (Consolidated)

Y/E March	FY16				FY17				FY16	FY17E	FY18E	FY17	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				3QE	Var (%)
Sales Dispatches (m ton)	3.1	2.85	2.96	3.88	3.76	3.42	3.56	3.42	12.80	14.16	15.44	3.43	4
YoY Change (%)	96.8	95.2	79.6	66.0	21.7	20.0	20.3	-11.9	82.4	10.6	9.1	16.0	
Realization (INR/ton)	5,176	4,979	4,998	4,847	4,695	4,897	4,845	5,124	4,974	4,885	5,072	4,811	1
YoY Change (%)	17.7	2.5	7.4	-11.8	-9.3	-1.6	-3.1	5.7	3.7	-1.8	3.8	-3.7	
QoQ Change (%)	-5.8	-3.8	0.4	-3.0	-3.1	4.3	-1.1	5.8				-1.8	
Net Sales	15,995	14,190	14,793	18,805	17,654	16,747	17,247	17,507	63,672	69,155	78,333	16,518	4
YoY Change (%)	135.0	104.8	94.2	52.7	10.4	18.0	16.6	-6.9	89.2	8.6	13.3	13.1	
EBITDA	3,858	3,116	3,395	4,491	4,963	3,902	4,065	3,847	15,079	16,777	19,476	3,424	19
Margins (%)	24.1	22.0	23.0	23.9	28.1	23.3	23.6	22.0	23.7	24.3	24.9	20.7	
Depreciation	1,176	1,544	1,416	1,198	1,338	1,587	1,593	1,297	4,528	5,816	5,784	1,420	
Interest	1,724	1,733	1,731	2,079	2,412	2,291	2,198	2,135	7,256	9,036	8,718	2,200	
Other Income	542	925	581	1,296	887	1,102	858	1,154	2,349	4,000	4,100	1,115	
PBT after EO Expense	1,500	769	829	2,511	2,100	1,125	1,131	1,569	5,644	5,924	9,074	919	
Tax	772	614	385	1,106	911	662	624	628	2,991	2,459	3,857	368	
Rate (%)	51.5	79.9	46.4	44.0	43.4	58.9	55.1	40.0	53.0	41.5	42.5	40.0	
PAT Adj for EO items	527	124	299	949	940	311	357	843	1,908	3,037	4,479	451	-21
YoY Change (%)	-292.7	-173.3		100.7	78.3	149.8	19.2	-11.1	6,155.0	59.2	47.4	190.0	

JK Cement

BSE SENSEX 28,241 S&P CNX 8,741

CMP: INR754 TP: INR886(+18%)

Buy

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

Conference Call Details



Date: 06th Feb 2017

Time: 12:00pm IST

Dial-in details:

+91-22-3938 1073

+91-22-3940 3977

Financials & Valuations (INR b)

Y/E March	2016	2017E	2018E
Sales	35.3	37.2	41.2
EBITDA	4.9	6.1	7.2
NP	1.0	1.8	2.6
EPS (INR)	14.5	26.4	36.5
EPS Gr. (%)	-18.8	82.2	37.9
BV/Sh. INR	232.4	253.0	281.3
RoE (%)	6.3	10.9	13.7
RoCE (%)	6.2	7.9	9.4
Payout (%)	32.2	22.1	22.4
Valuation			
P/E (x)	44.2	24.2	17.6
P/BV (x)	2.8	2.5	2.3
EV/EBITDA	13.9	11.2	9.3
EV/Ton,USD	87	86	84

Strong operational performance led by cost savings

Realization better than estimated

- White Cement volume growth at 5%YoY to 0.26mt (est 0.28mt)
- Grey Cement volume declined by 6%YoY to 1.66mt (est 1.7mt) as North volumes declined 3%YoY while volumes for south operations declined 13%YoY.
- Revenue at INR8.87b, -2%YoY (est INR9b) due to lower volumes.
- Grey cement realizations stood at INR 3574/ton (+2% YoY, -2% QoQ). The realisations were better than estimated due to sharp sequential improvement in realisations for south operations.
- EBITDA at INR1.48b, +17%YoY (est INR1.2b) | margins 16.7% (+0.7pp QoQ, +2.7pp YoY)
- Grey cement EBITDA/t at INR 452 (+76%YoY) led by -7% YoY decline in cost/t due to savings in energy cost
- White cement profitability improved both on YoY and QoQ basis led by lower cost.
- Adj.PAT at INR659mn (vs INR177mn in 3QFY16) due to higher other income

Key questions for the management

- Volume guidance for 4QFY17/FY18 both for the industry and JKCE
- Expectation of pricing trend over the next few quarters
- Likely impact of higher power and fuel and freight cost
- Capacity ramp up for its southern operations

Valuation and view: We will revisit our estimates post earnings call. Based on our current estimates, it trades at 10x/9x FY18/FY19E EBITDA. Maintain **Buy** with a target price of INR886 (10x FY19 EBITDA).

Quarterly Performance (Standalone)

Y/E March	FY16				FY17				FY16	FY17E	(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Var (%)
Sales Dispatches (m ton)	1.81	1.83	2.02	2.18	1.89	1.92	1.93	2.06	7.84	7.80	1.9	1
YoY Change (%)	4.4	3.0	15.6	13.8	4.1	5.1	-4.5	-5.3	9.4	-0.5	-5.0	
Realization (INR/ton)	4,482	4,733	4,466	4,374	4,698	4,743	4,601	5,032	4,504	4,774	4,693	-2
YoY Change (%)	-2.9	1.4	-2.0	-8.2	4.8	0.2	3.0	15.1	-3.2	6.0	5.0	
QoQ Change (%)	-6.0	5.6	-5.6	-2.1	7.4	0.9	-3.0	9.4			-1.1	
Net Sales	8,121	8,647	9,022	9,521	8,859	9,110	8,878	10,378	35,310	37,225	9,006	-1
YoY Change (%)	1.3	4.4	13.2	4.5	9.1	5.4	-1.6	9.0	5.8	5.4	-0.3	
EBITDA	849	1,024	1,265	1,758	1,657	1,462	1,482	1,510	4,897	6,111	1,196	24
Margins (%)	10.5	11.8	14.0	18.5	18.7	16.0	16.7	14.5	13.9	16.4	13.3	
Depreciation	386	402	415	359	425	437	447	423	1,563	1,732	430	
Interest	664	694	664	675	675	691	662	671	2,696	2,699	700	
Other Income	190	220	137	245	284	188	441	-126	793	787	170	
PBT	-10	148	324	969	729	522	822	289	1,431	2,362	236	248
Tax	-21	3	147	287	121	112	158	226	416	616	71	
Rate (%)	203.9	1.9	45.4	29.6	16.5	21.6	19.2	78.1	29.1	26.1	30.0	
Reported PAT	11	145	177	682	609	409	664	63	1,015	1,746	165	302
Adj PAT	11	145	177	682	609	409	659	63	1,015	1,822	165	298
YoY Change (%)	-97.2	-55.0	5.6	-2.3	5,656.5	181.4	272.7	-90.7	-35.3	79.5	-3.3	

E: MOSL Estimates

JK Lakshmi Cement

BSE SENSEX 28,241 S&P CNX 8,741

CMP: INR393 TP: INR447(+14%)

Buy

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

Conference Call Details



Date: 6th Feb 2017

Time: 04:00pm IST

Dial-in details:

+91 22 3938 1073

+91-22 3940 3977

Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
Sales	26.2	28.2	31.7
EBITDA	2.7	3.8	4.8
NP	0.0	0.6	1.4
Adj EPS (INR)	0.4	4.7	12.2
BV/Sh (INR)	113.3	113.9	117.3
RoE (%)	0.3	4.2	10.5
RoCE (%)	-0.9	5.9	8.5
Payout (%)	437.9	86.8	72.0

Valuations

P/BV (x)	3.5	3.5	3.4
EV/EBITDA (x)	22.5	15.7	12.3
EV/Ton (USD)	100	100	88

Volume beat led by ramp up of eastern units; Realization remain subdued Cost savings restrict margin decline

- Revenue grew 4% to 6.7b due to increase in volumes led by ramp up of production in the Durg plant. Volumes grew at 4% YoY (+7% QoQ) to 1.84mt and realizations at INR 3645/t declined 1% YoY (-5% QoQ) due to weak pricing in North and Gujarat markets.
- EBITDA at INR826m, +22%YoY (est. INR710m); margins at 12.3% (-1.97pp QoQ, +1.86pp YoY)
- EBITDA/t at INR 449 (+17%YoY), led by lower cost/t (-3% YoY) due to impact of positive operating leverage and lower other expenses.
- 3QFY17 PAT at INR76m (vs loss of INR 6m in 3QFY16) vs. est. loss of INR 95m
- JKLC will enhance its Durg capacity from 1.8mt to 2.7mt likely to be completed by Mar-17.

Key questions for the management

- Volume guidance for 4QFY17/FY18 both for the industry and JKLC
- Expectation of pricing trend over the next few quarters
- Likely impact of higher power and fuel and freight cost
- Profitability guidance for eastern operations

Valuation and view: We will revisit our estimates post earnings call. Based on our current estimates, it trades at 12.3x/9.4x FY18/FY19E EBITDA. Maintain **Buy** with a target price of INR447 (10.5x FY19 EBITDA).

Quarterly performance

Y/E March	FY16				FY17				FY16	FY17E	3QE	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Sales Dispatches (m ton)	1.66	1.75	1.77	2.16	2.13	1.72	1.84	1.79	7.33	7.48	1.73	6
YoY Change (%)	14.9	20.0	18.0	39.0	28.7	-1.9	4.0	-16.9	23.3	2.0	-2.0	
Realization (INR/ton)	3,569	3,694	3,663	3,411	3,649	3,822	3,645	4,010	3,574	3,774	3,722	-2
YoY Change (%)	-14.4	-6.0	-1.2	-8.5	2.2	3.5	-0.5	17.6	-7.9	5.6	1.6	
QoQ Change (%)	-4.3	3.5	-0.9	-6.9	7.0	4.7	-4.6	10.0			-2.6	
Net Sales	5,908	6,457	6,483	7,351	7,772	6,556	6,709	7,181	26,199	28,218	6,456	4
YoY Change (%)	-1.6	12.8	16.6	27.1	31.6	1.5	3.5	-2.3	13.6	7.7	-0.4	
EBITDA	505	684	678	834	1,175	937	826	889	2,701	3,828	710	16
Margins (%)	8.5	10.6	10.5	11.3	15.1	14.3	12.3	12.4	10.3	13.6	6.5	
Depreciation	392	417	419	401	412	412	443	388	1,629	1,655	460	
Interest	458	498	509	459	463	471	486	500	1,923	1,920	480	
Other Income	44	124	193	242	104	179	152	95	603	530	135	
PBT before EO expense	-300	-106	-57	216	404	233	49	96	-248	782	-95	
Extra-Ord expense	55	53	0	0	0	0	0	0	107	0	0	
PBT	-355	-159	-57	216	404	233	49	96	-355	782	-95	-152
Tax	-120	-75	-52	-172	118	-16	-27	152	(418)	227	0	
Rate (%)	33.8	47.2	90.1	-79.6	29.1	-6.8	-54.5	158.5	117.7	29.0	0.0	
Adj PAT	-199	-56	-6	387	286	249	76	-56	44	555	-95	
YoY Change (%)	-136.9	-116.0	-102.1	-14.4	-244.1	-545.5	-1,433.3	-114.5	-97.1	1,165.6		
Margins (%)	-3.4	-0.9	-0.1	5.3	3.7	3.8	1.1	-0.8	0.2	2.0		

E: MOSL Estimates

Manpasand Beverages

BSE SENSEX 28,241
S&P CNX 8,741

CMP: INR642

TP: INR761 (19%)

Buy

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

EBITDA and PAT beat estimates

- MANB reported overall revenue of INR1,025m (est. of INR989m) in 3QFY17, as against INR918m in 3QFY16, marking growth of 11.6%.
- EBITDA margin expanded 70bp from 19.3% in 3QFY16 to 20% (est. of 18.1%) in 3QFY17. EBITDA during the quarter stood at INR205m (est. of INR179m), as against INR177m in 3QFY16, implying growth of 16%.
- Other expenses came in lower at 16.9% of sales v/s 21.5% in 3QFY16, partially offset by an increase in raw material costs (+260bp to 58.3%) and employee expenses (+130bp to 4.7%).
- Accordingly, adj. PAT grew from INR49m in 3QFY16 to INR72m (est. of INR66m) in 3QFY17, marking growth of 49%.
- With QIP proceeds of INR5b, MANB plans to double its capacities (from 177,500cpd to 377,500cpd by 4QFY18) by setting up four new plants (one each in Baroda, Varanasi, north east or east, and south India).

Key questions for management

- Outlook for 4QFY17, with amount of capacities booked. Whether demonetization impact has subsided.
- Whether any price increases are planned, given raw material costs have gone up in the quarter. Reasons for lower other expenses.
- Status of new capex, land acquisition.
- Ad spends budget for the upcoming season, and whether any product launches are planned.

Valuation and view: We will revisit our estimates post the earnings call. Based on our current estimates, at CMP of INR658, the stock trades at 28x/17x P/E on FY18E/FY19E EPS. Currently, we have a **Buy** rating on the stock.

Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
Sales	5.6	7.7	12.1
EBITDA	1.1	1.5	2.4
NP	0.5	0.9	1.4
Adj EPS (INR)	10.1	14.9	23.8
EPS Gr. (%)	26.7	47.6	59.4
BV/Sh (INR)	120.2	204.7	222.4
RoE (%)	11.4	8.6	9.9
RoCE (%)	12.2	9.7	11.1
Valuations			
P/E (x)	65.1	44.1	27.7
P/BV (x)	5.5	3.2	3.0
EV/EBITDA (x)	29.0	21.4	15.4

Standalone - Quarterly Earning Model

Y/E March	FY16				FY17				FY16	FY17E	FY17	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Sales	1,453	762	918	2,304	2,293	1,025	1,025	3,387	5,437	7,729	989	4
YoY Change (%)	15.1	23.1	79.8	91.0	57.9	34.6	11.6	47.0	51.1	42.2	10.0	
Total Expenditure	1,114	602	741	1,876	1,841	803	819	2,753	4,333	6,216	810	
EBITDA	339	159	177	428	453	222	205	633	1,103	1,514	179	15
Margins (%)	23.3	20.9	19.3	18.6	19.7	21.7	20.0	18.7	20.3	19.6	18.1	
Depreciation	123	135	153	160	149	171	177	200	571	697	180	
Interest	41	10	3	3	1	8	2	0	57	11	0	
Other Income	1	35	35	21	17	17	60	75	91	169	75	
PBT	175	49	56	287	320	61	86	508	566	975	74	16
Tax	18	6	7	31	33	7	13	53	62	107	8	
Rate (%)	10.3	11.4	12.7	10.8	10.4	10.8	15.6	10.5	10.9	10.9	10.5	
Minority Interest & Profit/Loss of Asso.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	157	43	49	256	286	54	72	455	505	868	66	9
Adj PAT	157	43	49	256	286	54	72	455	505	868	66	9
YoY Change (%)	9.4	388.6	-287.6	47.6	82.5	24.5	49.0	78.0	68.4	72.0	34.7	
Margins (%)	10.8	5.7	5.3	11.1	12.5	5.3	7.1	13.4	9.3	11.2	6.7	

E: MOSL Estimates

Jammu & Kashmir Bank

BSE SENSEX 28,241 S&P CNX 8,741

CMP: INR70

Under Review

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

Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
NII	27.1	25.6	27.5
OP	16.7	14.3	14.8
NP	4.2	-10.4	6.3
NIM (%)	3.9	3.5	3.4
EPS (INR)	8.6	-21.5	12.9
EPS Gr. (%)	-18.2	-350.4	-160.2
BV/Sh. (INR)	132	110.4	123.4
ABV/Sh. (INR)	103	64.8	82.8
RoE (%)	6.6	-17.7	11.1
RoA (%)	0.5	-1.3	0.7
P/E(X)	7.5	-3.0	5.0
P/BV (X)	0.48	0.58	0.52

Higher provisions dent profitability

- Jammu and Kashmir Bank reported a net loss INR5b. This was on account of weak NII (lower by ~13% YoY at INR5.8b) and (2) significantly high provisions of INR7.3b (INR9.9b in 2QFY17 and INR2.4b in 3QFY16). Higher provision was on account ageing of the NPL portfolio (provision coverage ratio improved to 52.8% (970bp QoQ improvement).
- GNPL (in absolute terms) was flat QoQ, but NNPL declined by 17% QoQ. In percentage terms GNPL increased by 50bp (impact of lower denominator) NNPL% declined by 82bp to 6%. Management in its press release mentioned pain may continue for one more quarter, but is hopeful of better FY17-18E.
- Loan growth was weak with it declining by 5% QoQ and 4% YoY, whereas deposit growth was strong at 6% QoQ and 15% YoY. Resultantly, CD ratio declined further to 61% (one of the lowest in the industry)

Key questions for the management

- Outlook on asset quality and rationale of the bank to set up its ARC
- State of Affairs in Jammu and Kashmir state
- How do they intend to build up the retail franchise

Valuation and View: Asset quality challenges remain high for the bank given its concentration risk and consortium based lending in the past. This is not only impacting stressed asset ratio but also profitability. We will review our earnings estimates and rating post discussion with the management. **Under Review.**

Quarterly Performance

(INR Million)

Y/E March	FY16				FY17		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net Interest Income	6,948	6,945	6,737	6,471	6,326	6,414	5,830
% Change (YoY)	9.0	0.4	5.5	-5.2	-9.0	-7.6	-13.5
Other Income	1,356	1,265	1,027	1,392	1,167	1,309	1,207
Net Income	8,305	8,210	7,764	7,863	7,493	7,723	7,037
Operating Expenses	3,722	3,833	3,854	4,054	4,000	3,967	4,106
Operating Profit	4,583	4,377	3,910	3,809	3,493	3,756	2,930
% Change (YoY)	2.4	1.2	2.8	-33.8	-23.8	NA	-25.1
Other Provisions	2,129	1,266	2,397	3,971	3,137	9,921	7,263
Profit before Tax	2,454	3,111	1,513	-162	356	-6,165	-4,332
Tax Provisions	867	1,155	337	398	127	-141	653
Net Profit	1,588	1,956	1,177	-560	229	-6,024	-4,986
% Change (YoY)	22.1	13.5	12.5	NA	-85.6	NA	
Operating Parameters							
NIM (Cal, %)	4.1	4.3	4.1	3.8	3.6	3.6	3.2
Loan Growth (%)	-2.6	1.4	5.3	12.6	12.9	4.0	-3.5
Deposit Growth (%)	-2.2	-0.8	0.7	5.5	10.8	11.9	15.3
CD ratio (%)	69.5	73.2	72.6	72.3	70.8	68.0	6,077.3

E: MOSL Estimates



Gujarat State Petronet

Bloomberg	GUJS IN
Equity Shares (m)	563.0
M. Cap. (INR b)/(USD b)	79 / 1
52-Week Range (INR)	173 / 119
1,6,12 Rel Perf. (%)	-7 / 4 / -4

Financial snapshot (INR b)

y/e march	2016	2017E	2018E	2019E
Sales	9.9	10.4	12.6	14.4
EBITDA	8.6	9.2	11.1	12.6
Adj. PAT	4.4	4.9	6.2	7.4
Adj. EPS (INR)	7.9	8.8	11.0	13.2
EPS Gr. (%)	23.9	11.2	25.7	20.0
BV/Sh.(INR)	70	77.3	85.9	96.2
RoE (%)	11.7	11.9	13.5	14.5
RoCE (%)	9.7	9.9	11.3	12.2
Payout (%)	22.2	22.7	22.3	22.1
Valuations				
P/E (x)	17.7	15.9	12.7	10.6
P/BV (x)	2.0	1.8	1.6	1.5
EV/EBITDA (x)	9.9	8.9	7.0	5.7
Div. Yield (%)	1.1	1.2	1.5	1.8

CMP: INR140 TP: INR168 (+20%) Neutral

- We expect GUJS to report net sales of INR2.5b and PAT of INR1.16b (-11% QoQ, -6% YoY).
- We model transmission volume at 25mmscmd (falt YoY, +2% QoQ) and transmission tariff at INR1,080/mscm (+2% YoY, flat QoQ).
- GUJS had won the bids for three cross-country pipelines (Mehsana-Bhatinda, Bhatinda-Srinagar, Mallavaram-Bhilwara). We await clarity on the current status, timelines and other details regarding these pipelines.
- We build gas transmission volumes of 25.7mmscmd for FY17 and 28mmscmd for FY18 and model tariff at INR1,078/mscm for FY17 and INR1,200/mscm for FY18. The stock trades at 12.7x FY18E EPS of INR11. Maintain **Neutral**.

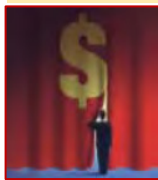
Key issues to watch for

- Transmission volumes.
- Progress on clearances of the three pipelines.

Quarterly Performance

(INR Million)

Y/E March	FY16				FY17E				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	2,557	2,526	2,475	2,313	2,579	2,564	2,523	2,761	9,870	10,426
Change (%)	11.0	-28.0	1.9	-2.1	0.9	1.5	1.9	19.4	-6.9	5.6
Employee Costs	74	113	89	71	79	77	96	123	347	375
Operating expenses	193	121	243	130	117	175	156	166	687	614
Other Expenditure	53	52	57	69	52	67	66	72	231	257
EBITDA	2,237	2,240	2,086	2,042	2,330	2,245	2,205	2,399	8,605	9,179
% of Net Sales	87.5	88.7	84.3	88.3	90.4	87.6	87.4	86.9	87.2	88.0
% Change	11.9	-30.7	2.7	3.5	4.2	0.2	5.7	17.5	-6.8	6.7
Depreciation	434	464	472	473	430	436	465	483	1,843	1,814
Interest	207	213	184	168	167	148	150	151	773	616
Other Income	143	122	288	137	147	304	175	169	690	795
PBT	1,738	1,685	1,718	1,538	1,881	1,965	1,765	2,165	6,679	8,183
Tax	610	600	483	541	668	666	606	743	2,234	2,823
Rate (%)	35.1	35.6	28.1	35.2	35.5	33.9	34.3	34.3	33.4	34.5
PAT	1,128	1,085	1,235	997	1,213	1,298	1,159	1,422	4,445	5,359
Adj. PAT	1,128	1,085	1,235	997	1,213	1,298	1,159	1,422	4,445	5,359
Change (%)	33	-2	39	35	8	20	-6	43	24	21
EPS (INR)	2.0	1.9	2.2	1.8	2.2	2.3	2.1	2.5	7.9	9.5
Transmission Vol. (mmscmd)	24.2	24.3	25.1	24.4	25.1	24.6	25.0	28.0	24.5	25.7
Implied adj. tariff (INR/mscm)	1,126	1,068	1,054	1,028	1,073	1,079	1,080	1,080	1,069	1,078



Jubilant Foodworks

Bloomberg	JUBI IN
Equity Shares (m)	65.8
M. Cap. (INR b)/(USD b)	57 / 1
52-Week Range (INR)	1502 / 761
1,6,12 Rel Perf. (%)	0 / -28 / -45

CMP: INR860 TP: INR900 (+5%) Neutral

- We expect JUBI's revenues to decline 8% YoY. 3QFY17 SSSG is likely to be negative at around 14%. Discretionary spending was expected to improve in 2HFY17, but it is likely to be impacted by demonetization. Commodity inflation continues.
- We expect EBITDA margin to contract 200bp YoY to 9.5%, and EBITDA to decline 24% YoY to INR552m.
- We estimate PAT to decline 55.6% to INR130m.
- The stock trades at 46.4x FY18E EPS of INR18.5. Maintain Neutral.

Financial Snapshot (INR b)

Y/E March	2016	2017E	2018E	2019E
Sales	24.4	25.4	30.4	37.8
EBITDA	2.6	2.4	3.4	4.6
Adj. PAT	1.0	0.7	1.2	1.8
Adj. EPS (INR)	15.0	10.8	18.5	27.2
EPS Gr. (%)	-11.7	-28.1	72.3	46.6
BV/Sh.(INR)	111.3	121.0	121.3	134.7
RoE (%)	13.4	8.9	15.3	20.2
RoCE (%)	14.1	9.2	15.3	21.1
Payout (%)	16.7	23.2	13.5	44.2

Valuations

P/E (x)	57.5	80.0	46.4	31.7
P/BV (x)	7.7	7.1	7.1	6.4
EV/EBITDA (x)	21.0	22.7	16.0	11.5
Div. Yield (%)	0.3	0.3	0.3	1.4

Key issues to watch for

- Clarity on appointment of new CEO.
- Demand outlook for QSR and Pizza space, as well as competition.
- Performance of Dunkin Donuts and margin guidance.
- Changes in expansion and capex strategy (if any).

Quarterly Performance

Y/E March	FY16				FY17				Consol. FY16	Consol. FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
No of Stores	911	950	990	1026	1049	1081	1111	1146	1026	1146
LTL Growth (%)	4.6	3.2	2.0	2.9	-3.2	4.2	-14.0	2.0	3.2	-2.7
Net Sales	5,707	5,875	6,339	6,180	6,089	6,655	5,832	6,808	24,383	25,385
YoY Change (%)			14.4	14.0	6.7	13.3	-8.0	10.2	17.5	4.1
Gross Profit	4,320	4,474	4,880	4,728	4,675	4,979	4,402	5,133	18,583	19,189
Gross Margin (%)	75.7	76.1	77.0	76.5	76.8	74.8	75.5	75.4	76.2	75.6
Other Expenses	3,647	3,870	4,153	4,015	4,098	4,336	3,850	4,463	15,943	16,746
EBITDA	673	604	727	713	577	643	552	671	2,640	2,443
EBITDA Growth %					-14.2	6.4	-24.0	-6.0	0.4	-7.4
Margins (%)	11.8	10.3	11.5	11.5	9.5	9.7	9.5	9.9	10.8	9.6
Depreciation	292	307	316	328	326	366	389	423	1,282	1,504
Other Income	29	29	24	29	31	43	31	11	110	115
PBT	411	326	436	415	282	320	194	258	1,467	1,054
Tax	135	107	143	136	92	104	64	86	483	347
Rate (%)	32.9	33.0	32.8	32.9	32.7	32.5	33.1	33.5	32.9	32.9
Adjusted PAT	276	219	293	278	190	216	130	172	984	707
YoY Change (%)					-31.1	-1.3	-55.6	-38.2	-20.2	-28.1

E: MOSL Estimates



1. Zydus cadila: Aim to develop and market molecules in india first; Pankaj R Patel, CMD

- Actively focusing the research on metabolic disorders, cancer and pain management, with a few molecules undergoing phase 1 and 2 studies.
- The strategy has been to develop the molecules in India, get regulatory approval, put in the market and then move into other markets.
- With the strategy have been minimising the risk, avoiding spending high costs of clinical trials outside India.
- The molecules will be taken out of India only once they are successful in India.
- The company's third quarter performance was moderate because of pressure on margins as it lost exclusivity on some products which led to de-growth and there was price erosion in the US market in the base business.
- However, the company is confident that in a quarter's time, they will be able to bring back the business to positive growth.

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2. Disinvestment secretary: Listing of rail companies will result in more funds; Neeraj Gupta

- FY18 divestment targets are challenging, however, confident of achieving them.
- Listing of PSUs is very essential to unlock the real value of these companies, without listing these companies won't have access to capital market.
- FFO had been very popular, nearly 40% has been taken away by the retail itself which is unprecedented response.
- While devising instruments of divestments, have been given a direction to create one more CPSE ETF which will definitely be launched.

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1. The right sops. by The Businessline

- Listed realty stocks were big gainers on Wednesday, driven by the perception that real estate was among the few corporate recipients of sops in Budget 2017. But the Budget's long list of proposals for real estate is quite nuanced, making a clear distinction between the urban, upmarket segment of the realty sector, and the neglected, affordable housing segment. While the proposals for urban real estate are aimed mainly at reviving transactions in the stalled marketplace, sizeable outlays and tax breaks have been mostly reserved for affordable housing.

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2. The budget's a fiscal conundrum. by Bishwajit Bhattacharyya

- Budget 2017-2018 presented on February 1, 2017, by the finance minister enmeshed the Railway Budget with it for the first time since 1924. My first observation: In the 2016-2017 Budget, the estimate of the expenditure of the Union was ₹19.78 lakh crore and that of the Railways was ₹1.71 lakh crore, totalling ₹21.49 lakh crore. In 2017-2018, total expenditure has been budgeted at ₹21.46 lakh crore. Does this mean this year the budgeted expenditure has gone down? It is obvious that the Railways statements have been shown separately and have not been taken into account to compute fiscal deficit.

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3. Union budget 2017 to boost balanced growth. by Sanjiv Goenka

- The Union finance minister has presented a Budget which is unique and will accelerate a new phase of balanced growth. The emphasis on rural development and infrastructure, including housing, was imperative to bring about all-round development. The finance minister has increased investment in agriculture and rural development by 24% to Rs 1.9 lakh crore. This will encourage development and improve rural incomes. The other major sector which has received the attention of the finance minister is infrastructure, including roads, airports, telecommunications, among others. A provision of ₹3.9 lakh crore has been made in the Budget.

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4. Indian railways: a story of capital outlays. by Livemint

- The merger of the railway budget with the Union budget was one of the major highlights of the budgeting exercise this year. What received less attention was the discontinuation of the practice of dividend payment from the Indian Railways to the government of India. When the railway budget was separated from the Union budget, as recommended by the 1921 Acworth committee report, it was done in exchange for the annual dividend. The reasoning was, as the Debroy committee report (2015) notes, "to preserve the commercial character of the Indian Railways".

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5. Union budget and the need for structural reforms. by Indira Rajaraman

- The immediate audience for the Union budget presentation on 1 February was Parliament, but the targeted audience was rating agencies—and of course, the electorate in the five state elections looming up. The first audience ensured that the fiscal consolidation path was broadly adhered to, with the message that India has the kind of responsible government deserving of a reward through a ratings upgrade. For the electorate in the large and important states going to the polls, details were provided of non-compliance in the upper income-tax brackets, with a promise of follow-up action.

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International

6. America's immigrant dream collides with nativist nightmares. by Simon Schama

- No, not the reproaches of immigration officers as they set about deporting incoming Iranian PhDs or Iraqi grandmas as per the instructions of Donald Trump's travel ban, but a beer commercial with attitude. Super Bowl Sunday, at once the holy grail of sports and mass advertising, is upon us. With a television audience of over 100m Americans as its target, and with a reckless disregard for the voting preference of countless Budweiser drinkers, the mega-brewer Anheuser-Busch has produced a slick one minute immigrant odyssey: the story of its founder Adolphus Busch coming to St Louis in the 1850s.

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY16	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY16	FY17E	FY18E
Automobiles														
Amara Raja	Buy	909	1,087	20	28.7	29.2	37.7	31.1	24.1	6.2	5.1	25.8	21.6	23.1
Ashok Ley.	Buy	95	114	21	3.9	4.8	6.4	19.6	14.7	4.2	3.6	20.9	23.1	26.3
Bajaj Auto	Buy	2,810	3,432	22	131.8	136.2	160.6	20.6	17.5	5.8	5.1	33.2	30.0	31.0
Bharat Forge	Buy	948	1,096	16	28.1	25.8	36.4	36.8	26.0	5.6	4.9	18.7	15.9	20.0
Bosch	Neutral	22,406	20,937	-7	483.3	507.6	657.7	44.1	34.1	9.2	7.7	19.4	19.7	24.5
Eicher Mot.	Buy	23,383	29,172	25	492.9	625.6	870.8	37.4	26.9	13.3	9.5	35.8	41.2	41.3
Endurance Tech.	Buy	632	715	13	20.7	22.6	28.7	27.9	22.0	5.1	4.3	22.4	19.9	21.1
Escorts	Buy	380	410	8	11.1	20.7	34.2	18.3	11.1	1.9	1.7	6.1	10.9	16.3
Exide Ind	Buy	209	205	-2	7.4	8.2	9.7	25.4	21.6	3.6	3.2	14.1	14.2	14.9
Hero Moto	Neutral	3,216	3,120	-3	158.3	169.5	192.2	19.0	16.7	6.8	5.8	43.6	39.0	37.5
M&M	Buy	1,263	1,499	19	53.6	66.0	83.7	19.1	15.1	1.6	1.4	15.4	14.5	14.5
Mahindra CIE	Not Rated	197	-		4.2	6.2	9.7	31.9	20.3	2.2	2.0	4.5	7.7	10.3
Maruti Suzuki	Buy	6,118	6,808	11	177.6	247.5	307.5	24.7	19.9	5.6	4.6	19.9	22.8	23.2
Tata Motors	Buy	523	706	35	36.9	29.0	45.6	18.0	11.5	2.0	1.7	18.3	11.5	15.9
TVS Motor	Buy	392	462	18	9.1	11.9	15.4	33.0	25.4	7.9	6.4	24.1	26.4	27.9
Aggregate								23.7	17.9	4.0	3.4	18.8	16.9	19.2
Banks - Private														
Axis Bank	Neutral	490	535	9	34.5	14.1	25.0	34.8	19.6	2.1	1.9	17.1	6.3	10.3
DCB Bank	Neutral	129	134	4	6.8	7.1	8.6	18.2	15.0	1.9	1.7	11.8	10.9	11.8
Equitas Hold.	Buy	183	240	31	6.2	6.1	6.9	30.2	26.3	2.7	2.5	13.3	11.3	9.9
Federal Bank	Buy	85	105	24	2.8	4.6	5.5	18.4	15.4	1.7	1.5	6.0	9.4	10.4
HDFC Bank	Buy	1,311	1,510	15	48.6	56.9	68.3	23.0	19.2	4.0	3.4	18.3	18.6	19.3
ICICI Bank	Buy	281	345	23	16.7	17.2	17.9	16.4	15.7	1.3	1.2	11.3	10.4	9.9
IDFC Bank	Neutral	62	68	10		3.1	3.9	20.2	15.6	1.4	1.4		7.4	8.9
IndusInd	Buy	1,303	1,430	10	38.4	48.4	58.7	26.9	22.2	3.9	3.4	16.6	15.5	16.4
J&K Bank	Neutral	70	68	-3	8.6	Loss	14.5	Loss	4.8	0.6	0.6	6.6	Loss	12.4
Kotak Mah. Bk	Buy	766	940	23	18.9	26.3	32.3	29.2	23.7	3.7	3.2	10.9	13.5	14.5
RBL Bank	Buy	391	450	15	9.0	12.4	17.5	31.4	22.3	3.4	3.0	11.2	12.6	14.4
South Indian	Neutral	22	21	-6	2.5	2.8	3.1	8.1	7.2	0.8	0.7	9.3	9.7	10.0
Yes Bank	Buy	1,397	1,575	13	60.4	79.3	97.0	17.6	14.4	3.6	3.0	19.9	22.1	22.6
Aggregate								23.4	18.5	2.8	2.5	13.7	12.0	13.6
Banks - PSU														
BOB	Buy	186	223	20	Loss	12.3	18.8	15.1	9.9	1.2	1.1	Loss	8.1	11.5
BOI	Neutral	133	125	-6	Loss	Loss	18.5	Loss	7.2	0.6	0.5	Loss	Loss	7.5
Canara	Neutral	311	300	-3	Loss	23.9	36.7	13.0	8.5	0.6	0.6	Loss	4.9	7.2
IDBI Bk	Neutral	85	49	-42	Loss	1.5	6.4	55.5	13.2	0.8	0.7	Loss	1.4	5.8
Indian Bk	Buy	289	330	14	14.8	30.4	32.2	9.5	9.0	1.0	0.9	5.5	10.4	10.2
OBC	Neutral	131	108	-17	4.9	19.3	21.3	6.8	6.1	0.3	0.3	1.2	4.8	5.1
PNB	Buy	150	172	15	Loss	8.5	13.2	17.7	11.4	0.8	0.8	Loss	4.8	7.0
SBI	Buy	277	338	22	15.7	9.8	23.3	28.3	11.9	1.2	1.1	7.6	7.5	9.2
Union Bk	Buy	167	168	0	19.7	15.6	30.4	10.7	5.5	0.5	0.5	7.0	5.2	9.5
Aggregate								18.5	11.8	0.9	0.8	-2.7	4.7	7.0
NBFCs														
Bajaj Fin.	Buy	1,047	1,276	22	23.9	34.1	44.6	30.7	23.5	6.3	5.1	21.1	22.5	24.1
Bharat Fin.	Buy	835	883	6	23.8	45.2	43.2	18.5	19.3	4.2	3.4	24.9	30.0	19.4
Dewan Hsg.	Buy	297	405	37	25.0	30.7	35.6	9.7	8.3	1.5	1.3	15.1	16.6	16.6
GRUH Fin.	Neutral	355	348	-2	6.7	7.9	9.8	45.2	36.1	12.8	10.6	31.5	31.0	32.1
HDFC	Buy	1,396	1,580	13	32.6	36.1	38.4	38.7	36.4	5.6	5.0	20.9	19.6	19.6
Indiabulls Hsg	Buy	795	1,015	28	55.7	69.5	86.2	11.4	9.2	2.8	2.5	27.1	26.0	28.9
LIC Hsg Fin	Buy	559	693	24	32.9	37.6	44.7	14.9	12.5	2.6	2.3	19.6	19.1	19.5
Manappuram	Not Rated	92	-		3.5	3.8	4.3	24.1	21.4	2.7	2.6	10.8	11.4	12.2
M&M Fin.	Buy	293	323	10	11.9	8.4	11.1	34.8	26.5	2.6	2.5	11.4	7.7	9.7
Muthoot Fin	Buy	344	373	9	20.3	27.5	32.0	12.5	10.7	2.2	1.9	15.1	18.4	19.0
PFC	Neutral	136	117	-14	23.8	24.0	25.5	5.7	5.3	0.9	0.8	18.3	16.8	16.2



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY16	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY16	FY17E	FY18E
Repco Home	Buy	761	842	11	24.0	25.7	37.7	29.6	20.2	4.3	3.6	17.0	15.7	19.6
REC	Neutral	148	134	-10	28.5	29.4	35.3	5.0	4.2	0.9	0.8	21.0	18.8	19.5
Shriram City Union	Buy	1,909	2,500	31	80.4	91.2	130.5	20.9	14.6	2.5	2.2	12.3	12.7	16.1
STF	Buy	963	1,225	27	53.3	58.1	77.9	16.6	12.4	1.9	1.7	12.2	12.3	14.7
Aggregate								16.0	13.7	2.8	2.4	17.7	17.2	17.7
Capital Goods														
ABB	Neutral	1,110	1,125	1	15.8	18.2	26.9	61.0	41.2	7.0	6.0	11.1	11.4	14.5
Bharat Elec.	Buy	1,543	1,800	17	56.9	61.9	73.3	24.9	21.1	4.6	4.0	15.6	19.7	19.0
BHEL	Sell	143	110	-23	Loss	3.9	5.5	36.2	26.0	1.0	1.0	Loss	2.9	3.9
CG Cons. Elec.	Buy	192	205	7	1.9	4.6	5.5	42.0	35.1	31.8	21.6	52.1	94.3	73.3
Crompton Grv.	Sell	68	48	-29	2.1	0.6	1.9	121.3	36.5	0.9	0.9	3.0	4.2	6.0
Cummins	Neutral	889	990	11	27.2	26.6	30.5	33.4	29.2	7.1	6.5	24.9	22.6	23.2
GE T&D	Neutral	309	340	10	3.0	6.0	11.0	51.3	28.0	6.1	5.5	5.9	11.7	20.7
Havells	Buy	421	440	5	7.8	8.9	12.0	47.1	35.1	9.2	8.3	19.0	19.5	23.6
Inox Wind	Neutral	184	200	9	20.7	17.5	20.0	10.5	9.2	1.9	1.6	27.9	19.3	18.6
K E C Intl	Buy	152	175	15	7.4	10.5	12.3	14.4	12.4	2.2	1.9	13.5	16.6	16.8
L&T	Buy	1,479	1,620	10	44.7	53.1	63.7	27.9	23.2	2.9	2.7	9.9	10.8	12.0
Pennar Eng.	Not Rated	150	-		8.8	10.5	12.4	14.3	12.1	2.1	1.8	14.2	14.5	14.6
Siemens	Neutral	1,187	1,260	6	16.9	17.0	25.3	69.8	46.9	6.4	5.9	11.8	9.2	12.6
Solar Ind	Neutral	736	690	-6	18.4	19.3	22.9	38.2	32.1	6.6	5.7	20.2	18.6	19.0
Suzlon Energy	Not Rated	16	-		Loss	Loss	0.6	Loss	28.3	Loss	Loss	Loss	Loss	Loss
Thermax	Sell	830	706	-15	23.5	24.8	27.6	33.5	30.1	3.9	3.6	12.5	12.2	12.5
Va Tech Wab.	Buy	491	620	26	16.3	25.2	32.6	19.4	15.0	2.5	2.2	9.7	13.2	15.4
Voltas	Neutral	331	370	12	11.7	11.8	14.0	28.1	23.6	4.1	3.6	15.3	15.4	16.4
Aggregate								32.1	25.5	3.4	3.1	7.6	10.5	12.2
Cement														
Ambuja Cem.	Buy	229	246	7	5.5	5.7	6.9	40.4	33.1	1.7	1.6	8.3	5.9	7.1
ACC	Neutral	1,426	1,321	-7	32.0	32.6	48.9	43.8	29.2	3.2	3.2	7.2	7.2	10.9
Birla Corp.	Buy	741	759	2	20.4	33.8	44.5	21.9	16.7	1.7	1.6	5.9	8.5	9.8
Dalmia Bharat	Buy	1,926	1,736	-10	21.5	34.2	50.4	56.3	38.2	4.1	3.7	5.5	7.6	10.3
Grasim Inds.	Neutral	943	1,067	13	48.3	70.2	86.5	13.4	10.9	1.5	1.3	9.2	12.0	13.1
India Cem	Neutral	162	138	-15	4.4	7.3	10.7	22.1	15.2	1.3	1.2	3.9	5.8	7.6
J K Cements	Buy	755	767	2	14.5	26.4	36.5	28.5	20.7	3.0	2.7	6.3	10.9	13.7
JK Lakshmi Ce	Buy	393	440	12	0.4	4.7	12.2	83.3	32.3	3.5	3.4	0.3	4.2	10.5
Ramco Cem	Buy	704	698	-1	23.4	29.4	31.5	23.9	22.4	4.5	3.9	19.5	20.6	18.6
Orient Cem	Buy	143	175	23	3.0	Loss	3.3	Loss	42.7	3.0	2.8	6.2	Loss	6.8
Prism Cem	Buy	104	102	-2	0.1	0.9	3.5	116.5	29.6	5.1	4.4	0.7	4.5	16.0
Shree Cem	Buy	16,020	19,006	19	238.5	387.1	582.8	41.4	27.5	7.6	6.0	14.5	19.9	24.4
Ultratech	Buy	3,738	4,058	9	79.3	93.5	129.6	40.0	28.8	4.5	3.9	11.0	11.7	14.5
Aggregate								31.6	23.4	3.5	3.0	9.5	11.2	12.8
Consumer														
Asian Paints	Neutral	985	1,035	5	18.7	20.2	22.9	48.7	43.0	14.9	13.0	34.7	32.5	32.3
Britannia	Buy	3,230	3,380	5	70.1	70.6	82.1	45.8	39.3	17.3	13.7	55.9	42.2	38.8
Colgate	Buy	901	1,115	24	22.7	21.7	25.8	41.6	35.0	21.7	20.4	68.9	54.9	60.1
Dabur	Neutral	269	300	11	7.1	7.3	8.3	36.9	32.4	9.6	8.2	33.3	28.3	27.3
Emami	Buy	1,163	1,260	8	25.2	24.5	29.8	47.5	39.0	14.0	11.9	43.4	33.8	33.0
Godrej Cons.	Neutral	1,582	1,655	5	33.2	36.8	42.8	42.9	37.0	8.9	7.6	23.4	22.4	22.2
GSK Cons.	Neutral	5,076	5,465	8	167.1	157.7	178.8	32.2	28.4	7.5	6.6	30.8	25.1	24.7
HUL	Neutral	848	865	2	19.0	19.3	21.5	44.0	39.4	30.3	31.5	82.4	67.6	78.4
ITC	Buy	272	295	8	7.7	8.4	9.5	32.5	28.7	8.6	7.6	29.3	28.4	28.1
Jyothy Lab	Neutral	351	365	4	4.1	7.6	9.0	46.3	39.1	7.0	6.5	9.1	15.7	17.2
Marico	Buy	256	300	17	5.6	6.0	7.2	42.9	35.4	12.7	10.9	36.9	32.8	33.1
Nestle	Neutral	6,079	6,410	5	119.9	111.5	139.2	54.5	43.7	18.5	15.9	40.9	35.9	39.2
Page Inds	Buy	14,238	17,100	20	208.6	247.4	312.7	57.6	45.5	24.7	19.4	46.0	42.9	42.7



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY16	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY16	FY17E	FY18E
Parag Milk	Neutral	270	285	5	6.7	7.0	9.7	38.5	27.9	3.1	2.8	19.5	10.8	10.5
Pidilite Ind.	Buy	673	700	4	14.8	16.4	18.4	41.1	36.7	10.5	8.5	29.9	27.6	25.6
P&G Hygiene	Buy	7,000	8,340	19	129.9	138.5	168.9	50.6	41.4	13.1	11.3	30.8	27.7	29.4
Radico Khaitan	Neutral	123	120	-2	6.9	5.3	7.1	23.3	17.4	1.7	1.5	10.3	7.3	9.1
United Brew	Buy	821	1,065	30	11.1	12.3	16.4	66.6	50.2	9.1	7.9	14.8	14.5	16.9
United Spirits	Buy	2,263	2,885	27	16.7	28.6	47.0	79.0	48.2	14.9	11.6	19.8	20.8	24.0
Aggregate								40.6	35.0	11.9	10.4	31.9	29.3	29.6
Healthcare														
Alembic Phar	Neutral	557	630	13	38.2	23.2	27.9	24.0	19.9	5.5	4.5	38.8	24.8	24.7
Alkem Lab	Neutral	1,803	1,800	0	64.7	77.3	84.4	23.3	21.4	5.1	4.3	23.8	23.9	21.8
Aurobindo	Buy	685	1,050	53	33.9	42.0	49.9	16.3	13.7	4.3	3.3	32.5	29.9	27.2
Biocon	Sell	1,058	750	-29	23.2	33.2	35.6	31.9	29.7	4.7	4.2	11.5	14.7	14.1
Cadila	Buy	365	425	17	15.4	12.0	16.9	30.4	21.6	6.1	5.0	32.8	21.4	25.5
Cipla	Neutral	608	525	-14	18.8	18.1	25.6	33.6	23.8	3.8	3.3	12.8	11.2	13.9
Divis Lab	Neutral	760	975	28	41.9	45.4	51.0	16.7	14.9	4.3	3.7	28.6	26.7	26.5
Dr Reddy's	Neutral	3,142	3,000	-5	132.3	82.7	141.7	38.0	22.2	3.9	3.3	18.8	10.6	16.1
Fortis Health	Buy	183	240	31	Loss	Loss	3.5	Loss	51.7	2.2	1.8	Loss	Loss	3.8
Glenmark	Neutral	947	990	5	24.9	41.4	49.7	22.9	19.1	4.7	3.6	16.4	20.4	19.1
Granules	Buy	128	160	25	5.5	7.0	8.0	18.3	15.9	3.1	2.2	21.6	19.9	16.6
GSK Pharma	Neutral	2,699	3,150	17	44.2	50.4	61.8	53.6	43.7	15.9	17.8	22.1	29.6	40.8
IPCA Labs	Neutral	531	540	2	10.5	17.0	29.4	31.2	18.1	2.7	2.4	5.9	9.0	14.1
Lupin	Buy	1,491	1,825	22	50.4	61.6	77.0	24.2	19.4	5.0	4.1	22.9	22.8	23.4
Sanofi India	Buy	4,080	5,200	27	103.2	142.2	172.8	28.7	23.6	5.1	4.6	14.2	17.8	19.4
Sun Pharma	Buy	647	925	43	19.6	27.8	37.9	23.3	17.1	4.5	3.7	16.5	20.3	23.9
Syngene Intl	Not Rated	538	-		11.1	13.0	16.1	41.4	33.4	8.4	6.8	23.3	22.2	22.5
Torrent Pharma	Buy	1,315	1,750	33	59.7	57.7	78.4	22.8	16.8	5.5	4.6	34.4	26.4	29.9
Aggregate								25.7	19.5	6.1	5.0	25.8	23.8	25.9
Logistics														
Allcargo Logistics	Buy	175	196	12	10.8	10.5	12.8	16.6	13.6	2.5	2.2	13.2	13.3	16.9
Blue Dart	Not Rated	4,320	-		84.4	102.5	129.9	42.1	33.3	18.7	14.2	55.5	50.5	48.6
Concor	Neutral	1,213	1,317	9	40.6	36.3	45.9	33.4	26.4	2.8	2.6	10.2	8.6	10.3
Gateway Distriparks	Buy	258	313	21	11.4	9.6	15.6	26.9	16.5	2.2	2.0	10.1	8.3	12.8
Gati	Not Rated	124	-		3.2	9.3	17.6	13.4	7.0	2.0	1.8	5.1	12.4	19.4
Transport Corp.	Not Rated	183	-		13.5	16.9	21.0	10.8	8.7	1.7	1.4	15.4	16.7	17.8
Aggregate								28.5	21.7	3.2	2.9	11.6	11.3	13.5
Media														
Dish TV	Buy	87	115	32	6.5	1.7	3.2	51.7	27.7	Loss	10.4	NM	38.2	46.1
D B Corp	Buy	379	450	19	16.2	21.1	23.9	18.0	15.9	4.6	4.1	22.6	27.0	27.1
Den Net.	Neutral	88	75	-15	Loss	Loss	1.9	Loss	47.4	1.0	1.0	Loss	Loss	2.1
Hathway Cab.	Buy	36	47	31	Loss	Loss	-0.8	Loss	-46.0	2.7	2.9	Loss	Loss	-6.1
Hind. Media	Buy	278	355	28	24.6	26.5	29.4	10.5	9.5	1.8	1.5	21.9	19.3	17.8
HT Media	Neutral	83	85	3	7.3	8.0	8.2	10.3	10.2	0.8	0.7	7.7	7.7	7.1
Jagran Prak.	Buy	187	215	15	10.5	10.8	12.2	17.4	15.3	3.4	2.9	24.7	20.7	20.6
PVR	Buy	1,303	1,429	10	25.5	20.4	35.8	63.9	36.3	6.4	5.6	18.7	10.4	16.4
Siti Net.	Buy	40	45	12	Loss	Loss	2.7	Loss	14.7	4.2	2.8	0.1	Loss	23.5
Sun TV	Under Review	684	-		21.1	25.4	30.3	26.9	22.6	6.8	6.2	23.4	25.3	27.6
Zee Ent.	Buy	496	600	21	10.6	12.2	17.6	40.6	28.2	9.5	7.7	27.0	31.3	30.3
Aggregate								32.9	23.7	5.7	4.9	18.2	17.3	20.7
Metals														
Hindalco	Buy	192	234	22	12.0	18.5	22.1	10.4	8.7	1.7	1.4	11.6	17.3	18.1
Hind. Zinc	Neutral	322	282	-12	19.8	21.5	25.4	15.0	12.7	3.1	2.7	20.7	22.5	22.6
JSPL	Neutral	91	88	-3	Loss	Loss	Loss	Loss	Loss	0.5	0.6	Loss	Loss	Loss
JSW Steel	Buy	191	226	18	Loss	Loss	19.0	Loss	10.1	2.2	1.8	Loss	16.4	19.6
Nalco	Buy	72	73	2	2.7	3.7	4.8	19.4	15.0	1.3	1.3	5.4	7.1	8.7



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY16	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY16	FY17E	FY18E
NMDC	Buy	148	162	9	8.4	10.9	10.8	13.6	13.7	2.0	1.9	15.9	12.8	14.2
SAIL	Sell	66	28	-57	Loss	Loss	Loss	Loss	Loss	0.8	0.9	Loss	Loss	Loss
Vedanta	Neutral	251	250	0	10.8	21.4	27.3	11.8	9.2	1.3	1.2	7.9	13.0	14.8
Tata Steel	Sell	472	321	-32	7.7	11.7	37.1	40.3	12.7	4.0	3.3	4.6	8.7	28.3
Aggregate								19.9	14.6	1.6	1.5	5.1	8.3	10.6
Oil & Gas														
BPCL	Buy	699	756	8	55.2	55.5	56.4	12.6	12.4	3.0	2.6	31.6	26.2	22.7
Cairn India	Neutral	276	-		11.4	14.0	12.5	19.7	22.1	1.0	1.0	4.0	5.3	4.6
GAIL	Neutral	478	429	-10	18.1	28.7	36.4	16.7	13.1	1.8	1.7	7.7	12.9	13.2
Gujarat St. Pet.	Neutral	158	168	6	7.9	8.8	11.0	18.0	14.3	2.0	1.8	11.7	11.9	13.5
HPCL	Buy	543	543	0	38.0	52.7	45.1	10.3	12.0	2.5	2.2	22.4	26.6	19.7
IOC	Buy	387	458	18	20.3	43.5	39.9	8.9	9.7	2.2	1.9	13.6	25.9	20.7
IGL	Neutral	967	898	-7	29.7	42.0	43.7	23.1	22.2	4.7	4.1	18.4	21.8	19.8
MRPL	Buy	105	115	9	7.4	17.0	15.8	6.2	6.6	2.1	1.7	22.1	39.4	28.4
Oil India	Buy	345	382	11	28.7	27.5	39.0	12.5	8.8	1.2	1.1	10.4	9.5	12.7
ONGC	Neutral	201	204	2	13.6	12.6	21.1	16.0	9.5	1.3	1.3	9.6	8.6	13.8
PLNG	Buy	387	411	6	11.2	19.8	26.9	19.5	14.4	3.9	3.3	14.0	21.5	24.7
Reliance Ind.	Neutral	1,034	1,057	2	93.0	99.2	107.9	10.4	9.6	1.1	1.0	12.0	11.6	11.4
Aggregate								11.3	9.9	1.5	1.3	11.4	12.9	13.4
Retail														
Jubilant Food	Neutral	919	900	-2	15.0	10.8	18.5	85.5	49.6	7.6	7.6	13.4	8.9	15.3
Shopper's Stop	Neutral	293	300	2	5.8	4.1	8.0	71.6	36.6	2.9	2.7	6.3	4.2	7.7
Titan Co.	Neutral	380	360	-5	8.0	8.7	9.8	43.4	38.9	8.2	7.2	21.3	20.2	19.7
Aggregate								47.8	40.0	7.3	6.6	16.8	15.3	16.5
Technology														
Cyient	Buy	456	600	31	30.7	33.4	42.7	13.7	10.7	2.2	1.9	16.5	15.9	17.8
HCL Tech.	Buy	829	980	18	40.1	58.1	64.7	14.3	12.8	3.6	3.2	21.5	27.3	26.7
Hexaware	Neutral	196	230	18	12.9	13.6	15.5	14.3	12.6	3.8	3.2	28.9	27.7	27.5
Infosys	Buy	935	1,250	34	59.0	62.8	67.8	14.9	13.8	3.1	2.8	24.7	23.2	22.5
KPIT Tech	Neutral	133	150	13	14.1	11.7	13.8	11.3	9.6	1.7	1.4	21.0	14.0	15.9
L&T Infotech	Buy	686	800	17	52.4	54.2	57.5	12.7	11.9	4.8	3.9	45.3	41.8	36.2
Mindtree	Neutral	459	530	15	35.9	25.1	33.7	18.3	13.6	3.0	2.7	27.4	17.1	21.0
Mphasis	Neutral	560	550	-2	34.5	42.6	41.4	13.1	13.5	2.0	1.9	12.3	14.1	14.4
NIIT Tech	Neutral	423	470	11	45.7	38.2	49.3	11.1	8.6	1.5	1.3	19.0	14.2	16.5
Persistent Sys	Neutral	598	730	22	37.2	38.9	46.2	15.4	13.0	2.4	2.3	19.5	17.5	18.9
Tata Elxsi	Buy	1,473	1,780	21	49.7	59.3	72.1	24.8	20.4	9.5	7.6	46.3	42.5	41.3
TCS	Neutral	2,234	2,500	12	123.2	135.2	145.3	16.5	15.4	5.2	4.4	37.1	33.8	31.1
Tech Mah	Buy	481	550	14	35.1	32.5	36.6	14.8	13.1	2.7	2.4	23.4	20.1	20.0
Wipro	Neutral	457	560	23	36.1	33.4	37.2	13.7	12.3	2.2	2.0	20.3	17.0	17.0
Zensar Tech	Buy	887	1,250	41	68.2	68.6	85.0	12.9	10.4	2.4	2.0	24.0	20.0	21.1
Aggregate								15.3	14.1	3.6	3.2	24.4	23.7	22.8
Telecom														
Bharti Airtel	Buy	354	410	16	11.9	11.3	7.9	31.3	44.8	2.0	2.0	7.4	6.7	4.5
Bharti Infratel	Buy	300	435	45	11.8	15.6	16.7	19.3	18.0	3.1	2.8	12.7	15.7	15.9
Idea Cellular	Under Review	109	-		8.6	Loss	Loss	Loss	Loss	1.7	2.1	12.6	Loss	Loss
Tata Comm	Buy	749	811	8	1.6	8.5	31.4	88.1	23.9	-94.9	31.9	-91.6	-75.4	402.2
Aggregate								48.1	103.6	2.3	2.3	9.3	4.9	2.2
Utilities														
Coal India	Neutral	326	297	-9	22.6	16.8	20.0	19.4	16.3	6.7	6.7	42.2	34.5	41.0
CESC	Buy	772	940	22	27.8	48.4	70.7	16.0	10.9	1.8	1.5	3.1	4.7	6.3
JSW Energy	Buy	62	83	34	7.6	4.1	3.3	15.2	19.1	1.2	1.1	15.5	7.7	6.0
NTPC	Buy	172	199	16	12.3	11.9	14.3	14.5	12.0	1.5	1.4	11.9	10.6	11.9
Power Grid	Buy	202	209	4	11.5	14.2	16.8	14.2	12.0	2.1	1.9	14.7	16.1	16.6
Aggregate								16.2	13.6	2.5	2.3	17.7	15.3	16.8
Others														



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY16	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY16	FY17E	FY18E
Arvind	Buy	378	430	14	14.0	13.5	21.8	27.9	17.4	2.6	2.3	12.9	10.4	14.0
Bata India	Buy	493	483	-2	11.2	10.9	14.2	45.3	34.7	4.9	4.4	13.1	11.3	13.4
Castrol India	Buy	418	499	19	9.6	12.8	13.4	32.6	31.3	35.9	32.3	76.0	118.4	108.8
Century Ply.	Buy	216	211	-2	7.5	4.6	8.8	47.3	24.6	8.2	6.6	36.3	18.2	29.8
Coromandel Intl	Under Review	338	-		11.8	16.3	20.0	20.8	16.9	3.7	3.3	14.9	18.5	20.4
Dynamatic Tech	Buy	2,924	3,388	16	19.4	67.6	112.9	43.2	25.9	6.0	4.9	4.7	15.1	20.7
Eveready Inds.	Buy	246	287	17	9.2	12.4	13.9	19.8	17.7	6.6	5.3	16.2	37.8	33.1
Interglobe	Neutral	857	1,010	18	55.2	39.3	54.1	21.8	15.9	15.0	13.1	176.5	72.8	88.1
Indo Count	Buy	189	223	18	13.4	15.7	18.5	12.0	10.2	3.8	2.7	48.9	37.8	31.2
Info Edge	Buy	833	1,075	29	13.0	16.9	19.0	49.2	43.8	5.2	4.9	9.2	11.1	11.5
Inox Leisure	Sell	225	207	-8	8.4	2.5	8.2	90.1	27.6	3.5	3.1	14.9	3.8	11.5
Jain Irrigation	Under Review	96	-		2.2	5.5	7.6	17.3	12.6	1.5	1.4	4.0	8.6	11.7
Just Dial	Buy	379	443	17	20.4	17.2	18.5	22.1	20.5	3.4	3.0	21.1	16.5	15.5
Kaveri Seed	Buy	476	577	21	24.9	23.4	28.6	20.3	16.7	3.4	3.2	20.7	17.3	19.8
Kitex Garm.	Buy	438	551	26	23.6	26.0	31.0	16.8	14.1	4.5	3.7	35.5	29.9	28.7
Manpasand	Buy	656	761	16	10.1	14.9	23.8	44.0	27.6	3.2	2.9	11.4	8.6	9.9
MCX	Buy	1,198	1,400	17	23.4	28.3	40.8	42.3	29.3	4.6	4.3	3.5	11.4	15.2
Monsanto	Under Review	2,337	-		60.1	68.4	87.2	34.2	26.8	9.9	9.3	26.4	28.8	35.9
PI Inds.	Buy	932	959	3	22.1	31.3	38.4	29.8	24.3	8.4	6.5	29.2	31.7	30.1
SRF	Buy	1,699	1,915	13	73.7	81.0	105.0	21.0	16.2	3.2	2.8	17.0	16.2	18.2
S H Kelkar	Buy	312	338	8	5.5	7.5	10.1	41.8	30.8	5.4	4.8	12.6	13.5	16.6
Symphony	Sell	1,305	1,053	-19	15.6	27.0	35.1	48.3	37.2	26.3	22.4	35.0	56.8	65.0
TTK Prestige	Neutral	5,788	4,896	-15	100.7	107.8	139.9	53.7	41.4	53.7	41.4	17.2	16.6	19.7
V-Guard	Neutral	208	179	-14	3.7	4.5	5.8	46.1	36.1	11.0	9.0	26.3	26.1	27.4
Wonderla	Buy	376	392	4	10.6	7.0	11.9	53.8	31.5	4.9	4.4	15.8	9.5	14.8



Company	1 Day (%)	1M (%)	12M (%)
Automobiles			
Amara Raja	0.0	2.2	5.4
Ashok Ley.	-0.4	16.5	8.7
Bajaj Auto	0.0	7.2	19.7
Bharat Forge	-2.0	2.7	19.9
Bosch	-2.1	7.7	33.8
Eicher Mot.	-1.6	3.9	39.4
Endurance Tech.	-1.3	10.3	
Escorts	1.2	16.5	199.7
Exide Ind	-0.4	14.1	76.2
Hero Moto	-0.3	7.6	29.4
M&M	-0.1	3.3	4.6
Mahindra CIE	0.7	8.0	-11.3
Maruti Suzuki	-0.4	11.0	59.8
Tata Motors	-1.6	8.6	63.0
TVS Motor	0.6	3.8	36.3
Banks - Private			
Axis Bank	1.5	7.6	28.7
DCB Bank	4.2	15.8	70.6
Equitas Hold.	3.7	22.3	
Federal Bank	0.8	27.7	83.4
HDFC Bank	1.0	10.2	25.6
ICICI Bank	-1.5	10.7	37.9
IDFC Bank	2.0	1.3	18.2
IndusInd	1.5	18.3	43.8
J&K Bank	3.0	15.9	0.4
Kotak Mah. Bk	-0.5	7.8	15.0
RBL Bank	-1.1	14.4	
South Indian	2.3	12.0	20.5
Yes Bank	0.6	20.2	79.5
Banks - PSU			
BOB	4.9	25.1	54.3
BOI	6.3	22.5	43.1
Canara	4.0	17.3	71.8
IDBI Bk	2.7	21.8	49.0
Indian Bk	3.1	29.3	239.7
OBC	5.5	21.0	30.1
PNB	5.2	26.9	67.7
SBI	1.7	13.3	67.1
Union Bk	10.6	32.6	36.0
NBFCs			
Bajaj Fin.	-0.7	18.5	64.1
Bharat Fin.	1.3	34.2	52.1
Dewan Hsg.	0.9	20.4	61.6
GRUH Fin.	2.0	8.7	42.7
HDFC	-0.5	14.9	20.3
Indiabulls Hsg	1.9	19.8	17.7
LIC Hsg Fin	-0.5	5.3	26.1
Manappuram	5.0	27.0	224.7
M&M Fin.	-1.1	7.9	45.6
Muthoot Fin	-0.8	19.7	85.3
PFC	1.2	8.7	64.5
Repco Home	3.4	34.2	22.6
REC	0.6	17.1	65.7
STF	-0.8	7.9	19.8
Shriram City Union	0.5	3.1	29.5

Company	1 Day (%)	1M (%)	12M (%)
Capital Goods			
ABB	0.0	6.2	10.5
Bharat Elec.	-0.2	8.4	27.0
BHEL	2.7	14.4	11.3
CG Cons. Elec.	-0.9	23.0	
Crompton Grv.	1.6	11.5	49.9
Cummins	-1.5	5.5	-0.7
GE T&D	1.1	3.1	-30.0
Havells	-0.3	22.6	40.6
Inox Wind	-0.9	-1.7	-37.6
K E C Intl	-0.6	6.2	28.5
L&T	0.4	8.1	33.6
Pennar Eng.	-0.7	0.1	0.0
Siemens	1.6	7.0	17.4
Solar Ind	3.8	3.1	17.0
Suzlon Energy	-1.2	12.2	7.0
Thermax	2.5	7.6	5.0
Va Tech Wab.	1.9	2.2	-12.5
Voltas	-0.1	-0.3	19.4
Cement			
Ambuja Cem.	-1.3	6.7	19.2
ACC	-0.6	6.1	14.0
Birla Corp.	-0.8	11.7	94.6
Dalmia Bharat	-0.5	23.3	169.4
Grasim Inds.	-0.8	8.7	37.9
India Cem	1.7	32.0	92.8
J K Cements	-1.6	3.3	64.1
JK Lakshmi Ce	0.2	7.9	44.1
Ramco Cem	0.5	24.0	85.1
Orient Cem	1.6	10.7	-0.1
Prism Cem	4.3	25.3	41.7
Shree Cem	1.7	13.1	57.5
Ultratech	0.3	12.3	34.9
Consumer			
Asian Paints	-0.4	9.7	14.1
Britannia	0.0	12.5	14.2
Colgate	0.0	0.4	7.2
Dabur	-1.6	-2.2	10.9
Emami	1.3	13.4	12.8
Godrej Cons.	-0.9	3.2	28.2
GSK Cons.	-1.3	-0.3	-11.0
HUL	0.4	2.2	3.3
ITC	-0.5	12.0	27.1
Jyothy Lab	1.0	4.0	24.3
Marico	0.2	-0.7	15.7
Nestle	1.2	0.4	12.3
Page Inds	-0.2	3.7	17.9
Parag Milk	1.7	3.3	
Pidilite Ind.	-0.5	11.0	18.7
P&G Hygiene	0.4	0.8	28.3
Radico Khaitan	-1.7	10.6	9.6
United Brew	1.0	4.6	2.8
United Spirits	-0.7	18.5	-10.5
Healthcare			
Alembic Phar	0.5	-7.4	-11.6
Alkem Lab	2.0	8.8	31.2
Aurobindo	-0.6	1.9	-11.1

Company	1 Day (%)	1M (%)	12M (%)
Biocon	0.0	11.8	128.8
Cadila	0.1	2.6	15.2
Cipla	4.2	6.0	8.4
Divis Lab	3.0	-2.4	-31.3
Dr Reddy's	1.5	2.1	4.5
Fortis Health	0.0	-2.5	8.8
Glenmark	4.3	6.0	27.2
Granules	10.1	14.9	14.1
GSK Pharma	0.7	-1.5	-15.9
IPCA Labs	-0.2	-0.1	-16.8
Lupin	0.5	-1.0	-12.3
Sanofi India	0.0	-4.5	-2.9
Sun Pharma	0.9	1.8	-22.6
Syngene Intl	-1.1	-6.7	39.1
Torrent Pharma	2.0	-1.7	-4.7
Logistics			
Allcargo Logistics	-0.9	-4.5	-2.3
Blue Dart	-0.7	-3.7	-29.4
Concor	1.3	3.4	10.0
Gateway Distriparks	2.5	3.6	-5.7
Gati	2.6	5.1	10.0
Transport Corp.	10.1	17.2	26.9
Media			
Dish TV	2.5	2.2	13.1
D B Corp	1.1	2.7	20.2
Den Net.	1.4	30.6	9.9
Hathway Cab.	-0.1	-1.9	-2.4
Hind. Media	1.5	2.9	1.6
HT Media	3.4	12.6	8.2
Jagran Prak.	1.6	3.8	21.3
PVR	4.3	11.6	72.3
Siti Net.	1.3	6.8	12.6
Sun TV	23.9	31.0	94.6
Zee Ent.	-2.2	8.2	22.9
Metals			
Hindalco	-0.9	20.6	187.5
Hind. Zinc	0.0	24.0	107.7
JSPL	6.1	29.5	64.5
JSW Steel	-1.4	16.1	96.4
Nalco	-2.7	8.1	114.2
NMDC	0.1	13.9	90.5
SAIL	-0.9	27.3	68.3
Vedanta	-3.3	14.3	307.3
Tata Steel	-1.0	17.1	110.7
Oil & Gas			
BPCL	-0.3	7.0	68.2
Cairn India	-2.7	11.8	137.8
GAIL	0.2	8.2	33.3
Gujarat St. Pet.	2.0	12.8	16.6
HPCL	-1.5	17.1	112.0
IOC	1.2	12.0	95.8
IGL	0.9	2.7	73.7
MRPL	0.5	2.8	74.6
Oil India	1.4	0.3	34.7
ONGC	0.0	4.2	41.4
PLNG	0.1	1.7	52.2
Reliance Ind.	-1.1	-5.2	5.4

Company	1 Day (%)	1M (%)	12M (%)
Retail			
Jubilant Food	-0.4	6.3	-23.8
Shopper's Stop	-0.3	-0.5	-21.9
Titan Co.	-2.1	9.1	7.4
Technology			
Cyient	0.9	-7.2	10.6
HCL Tech.	0.5	-0.7	-2.7
Hexaware	1.5	-7.1	-12.6
Infosys	0.0	-6.0	-19.3
KPIT Tech	-0.3	-2.2	-3.3
L&T Infotech	0.9	0.9	
Mindtree	-0.4	-9.8	-38.7
Mphasis	-0.7	3.4	29.1
NIIT Tech	1.5	-1.6	-21.5
Persistent Sys	0.3	-4.5	-9.3
Tata Elxsi	0.2	5.1	-31.6
TCS	1.3	-5.7	-7.6
Tech Mah	4.1	-2.1	1.8
Wipro	0.3	-2.3	-17.9
Zensar Tech	-0.5	-6.9	3.0
Telecom			
Bharti Airtel	0.0	16.5	18.0
Bharti Infratel	2.6	-12.3	-15.8
Idea Cellular	-0.5	48.7	6.0
Tata Comm	-0.8	19.8	96.5
Utilities			
Coal India	1.8	6.8	2.8
CESC	1.5	19.8	75.1
JSW Energy	0.3	2.7	-10.0
NTPC	-0.3	3.9	33.6
Power Grid	-1.0	7.3	40.9
Others			
Arvind	0.3	5.1	25.8
Bata India	1.3	6.5	8.8
Castrol India	0.7	8.7	2.7
Century Ply.	5.1	23.9	51.5
Coromandel Intl	2.3	12.7	100.2
Dynamatic Tech	-0.5	-2.9	55.1
Eveready Inds.	2.0	11.1	5.9
Interglobe	0.1	4.1	2.1
Indo Count	1.2	9.9	-19.9
Info Edge	0.1	-6.5	8.4
Inox Leisure	2.2	-3.1	4.0
Jain Irrigation	-1.3	5.2	60.5
Just Dial	1.2	8.8	-33.3
Kaveri Seed	0.1	14.1	35.5
Kitex Garm.	-0.6	7.4	-5.4
Manpasand	2.6	20.5	40.8
MCX	-0.1	-4.3	47.5
Monsanto	1.1	4.1	13.8
PI Inds.	1.9	12.8	44.0
SRF	-0.2	9.3	54.6
S H Kelkar	-0.7	2.5	25.0
Symphony	0.0	11.8	19.1
TTK Prestige	-0.4	1.4	36.0
V-Guard	0.3	27.3	128.7
Wonderla	2.3	11.1	-1.7

NOTES

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