

Market snapshot



Equities - India	Close	Chg .%	YTD.%
Sensex	33,686	0.3	26.5
Nifty-50	10,453	0.3	27.7
Nifty-M 100	19,779	0.3	37.8
Equities-Global	Close	Chg .%	YTD.%
S&P 500	2,588	0.3	15.6
Nasdaq	6,764	0.7	25.7
FTSE 100	7,560	0.1	5.8
DAX	13,479	0.3	17.4
Hang Seng	11,602	0.0	23.5
Nikkei 225	22,539	0.0	17.9
Commodities	Close	Chg .%	YTD.%
Brent (US\$/Bbl)	62	2.3	11.9
Gold (\$/OZ)	1,275	0.0	10.0
Cu (US\$/MT)	6,865	-0.5	24.3
Almn (US\$/MT)	2,166	0.5	27.1
Currency	Close	Chg .%	YTD.%
USD/INR	64.6	-0.1	-4.8
USD/EUR	1.2	0.0	10.4
USD/JPY	114.1	0.0	-2.6
YIELD (%)	Close	1MChg	YTDchg
10 Yrs G-Sec	6.9	0.0	0.3
10 Yrs AAA Corp	7.6	0.0	0.1
Flows (USD b)	3-Nov	MTD	YTD
FII	-1.5	-1.1	4.4
DII	0.0	-0.2	11.2
Volumes (INRb)	3-Nov	MTD*	YTD*
Cash	494	0	0
F&O	3,830	0	0

Note: YTD is calendar year, \*Avg

Today's top research idea



India Strategy: 2QFY18 interim earnings review

Ex-OMCs, headline numbers in-line; Nifty EPS est. cut by 1.6% to INR 479

- ❖ **MOSL Universe (exc. OMCs) headline numbers in line:** Sales, EBITDA and PAT have grown 11.3%, 11.6% and 6.9% versus expectations of 12.7%, 10.9% and 9.2%, respectively.
- ❖ Sales, EBITDA and PAT for the 34 Nifty companies have grown 10.8%, 10.8% and 6.3% versus expectations of 16.3%, 15.1% and 18.8%, respectively. The divergence is owing to disappointing numbers from IoC and Axis Bank.
- ❖ GST-related hiccups (de-stocking) have waned in Staples, but have persisted for Durables and Electricals
- ❖ Auto companies posted in-line results, with operating leverage benefits and lower than expected RM costs driving margin expansion. MSIL's margin was close to its all-time high.
- ❖ Commentary from Consumer and Auto companies was positive on rural demand.
- ❖ We have cut our FY18 Nifty EPS estimate is cut by 1.6% to INR479 (13% growth) and marginally increased FY19 EPS estimate by 0.8% to INR607.

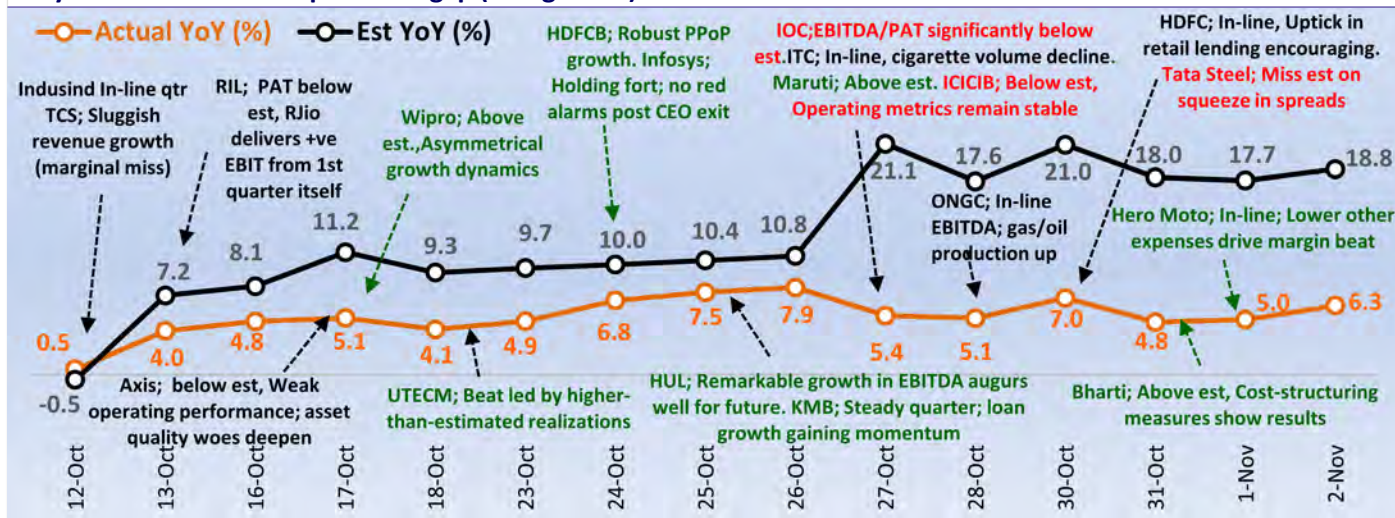
Research covered



Cos/Sector	Key Highlights
India Strategy	2QFY18 interim earnings review (Ex-OMCs, headline numbers in-line)
Titan Company	Value migration from informal sector – a structural growth driver
Power Grid	Inline; Capitalization momentum on track
Hindalco	In-line; cost pressure only fraction of AL industry trend
Punjab National Bank	PPoP surprises positively
Tata Power	Higher coal prices
Torrent Pharma	Entering big league through this acquisition; High interest cost a concern
Glenmark Pharma	US growth to pick up
Shriram City Union Fin.	Headwinds wither, albeit slowly
Union Bank	Loss led by muted PPoP growth and high provisions
BSE	Continued thrust in new segments but dependence on this is still too low
Results Expectation	GUJGA   INBK   LTI   PARAG

Chart of the Day: India Strategy – 2QFY18 interim earnings review

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 textbox for the detailed news link

1

**Crompton Greaves out of Kenstar race**

Homegrown private equity group Everstone will enter in exclusive talks with the promoters of home appliances brand Kenstar to acquire it after Advent International and Temasek-backed Crompton Greaves pulled out of the race, said two people with direct knowledge of the deal...

2

**35,000 companies deposited, withdrew Rs17,000 crore after demonetisation**

Indian regulatory agencies have tracked down about Rs17,000 crore of suspicious transactions, indicating possible tax fraud, by shell companies after analysing data thrown up following last November's demonetisation exercise, said the Union corporate affairs ministry. The sum, equivalent to the money set aside in the Union budget for imparting skills, generating employment and providing livelihood, has been identified following a preliminary probe into 35,000 companies and 58,000 bank accounts, the ministry said in a statement on Sunday...

3

**FPIs turn net buyers in October, invest over Rs 3,000 cr in equities**

After two months of intense selling, foreign investors turned net buyers in October to invest over Rs 3,000 crore in stocks, enthused by the government's Rs 2.11 lakh crore bank recapitalisation plan...

4

**To ease business of flying, government to build 100 airports in 15 years**

India plans to expand connectivity and meet potential demand by establishing about 100 airports — doubling the current number — in 15 years at an estimated investment of Rs 4 lakh crore, minister of state for aviation Jayant Sinha said...

5

**GST could soon be in for the most comprehensive tweak since its launch**

The goods and services tax could be in for a revamp that's more comprehensive than the tweaks that have been made thus far to iron out kinks to make compliance less onerous. The GST Council has set up a new advisory group that includes industry representatives to look into such changes. Experts said these may apply to input credit apart from place of supply and valuation provisions...

6

**IPOs in 2017: Most stocks listed this year trading below issue share price**

India's primary market has been the most vibrant in 2017, with companies raising a record amount, but nearly one-third of these stocks are trading below their issue price. Data from Prime Database showed that Indian companies raised a total of Rs1.39 trillion from the primary market in 2017...

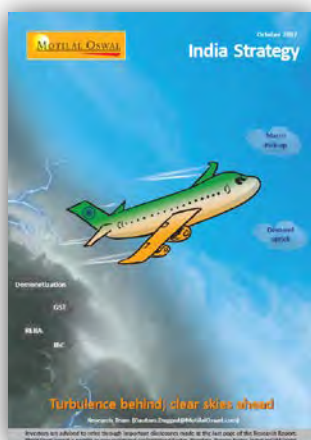
7

**Likely bids by failed promoters to wrest control of troubled companies worry banks**

Come December, banks will have to grapple with the ethical and financial dilemma of dealing with failed promoters who try to claw back control in troubled companies — where they no longer call the shots — by trying to outbid others in the race...



Refer our September-17  
Quarter Preview



## 2QFY18 interim earnings review

Ex-OMCs, headline numbers in-line; Nifty EPS est. cut by 1.6% to INR 479

- The 2QFY18 earnings season is well past the half-way stage, with 103 MOSL Universe and 34 Nifty companies having already released their results till November 2, 2017.
- These companies comprise (a) 70% of estimated PAT for MOSL Universe and 72% of estimated PAT for Nifty, and (c) 50% of India's market cap.

### Key takeaways:

- Excluding IOC (the lone OMC that has declared 2QFY18 results so far), the 2QFY18 earnings season has been broadly in line with expectations on headline numbers. Of the 34 Nifty companies that have declared their results so far, 23 have reported earnings ahead of or in line with our estimates. The earnings upgrade/downgrade ratio is skewed in favor of downgrades, with 21 MOSL Universe companies seeing upgrades of 3% and 29 seeing downgrades of 3%.
- For MOSL Universe, sales, EBITDA and PAT have grown 11.6%, 11.6% and 7.4% YoY, as against expectations of 15.8%, 14.5% and 17.4%, respectively. Excluding OMCs, sales, EBITDA and PAT have grown 11.3%, 11.6% and 6.9% versus expectations of 12.7%, 10.9% and 9.2%, respectively. For MOSL Universe ex OMCs, PSU Banks and Metals, sales, EBITDA and PAT have grown 8.3%, 9.5% and 4% versus expectations of 10.6%, 7.6% and 4%, respectively.
- Sales, EBITDA and PAT for the 34 Nifty companies have grown 10.8%, 10.8% and 6.3% versus expectations of 16.3%, 15.1% and 18.8%, respectively. The divergence is owing to disappointing numbers from IOC and Axis Bank. For Nifty ex OMCs, sales, EBITDA and PAT grew 10.3%, 10.8% and 5.6% versus expectations of 12.4%, 10.7% and 8.9%, respectively.
- Approximately 77% (that is, 79) of the 103 MOSL coverage companies have reported EBITDA either in line with or above estimates. On the PAT front, 68 out of 103 companies have either met or exceeded expectations. Ex-Financials, EBITDA margin contracted 10bp YoY to 21.6% versus estimate of 21.3%.
- Based on the results of the 34 Nifty companies, our FY18 Nifty EPS estimate is cut by 1.6% to INR479 (13% growth). However, for FY19, we have raised our Nifty EPS estimate by 0.8% to INR607. The upgrades are led largely by Bharti Airtel, Ultratech and ONGC, while IOC, Dr Reddy's, Axis Bank, Zee, Tata Steel and Lupin have seen earnings downgrades.

### Five key trends from the results declared until November 2, 2017

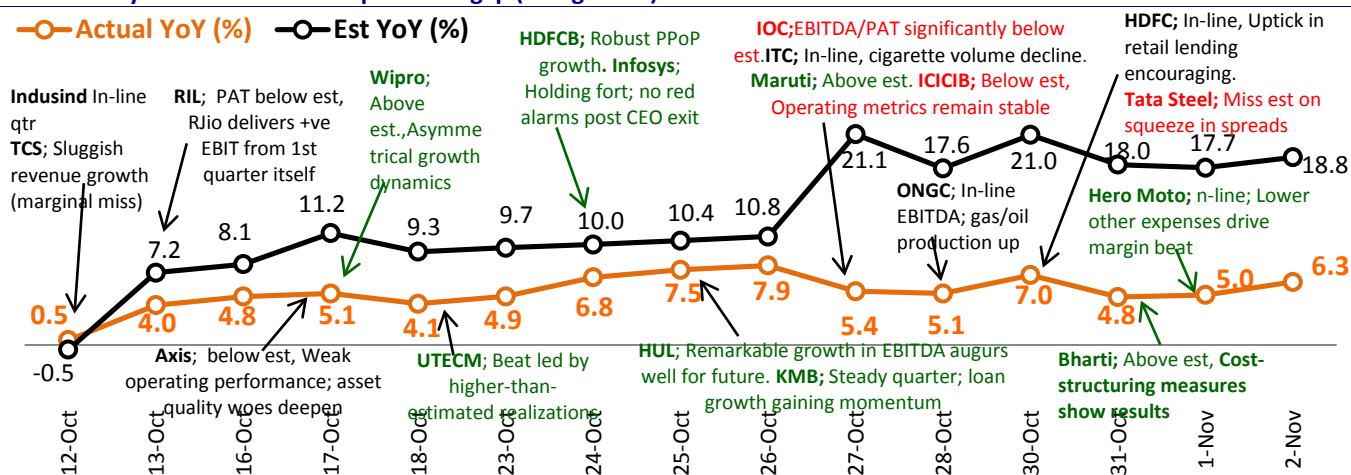
1. GST-related hiccups (de-stocking) have waned in Staples, but have persisted for Durables and Electricals
2. Auto companies posted in-line results, with operating leverage benefits and lower than expected RM costs driving margin expansion. MSIL's margin was close to its all-time high.
3. In BFSI, private banks reported strong loan growth and largely stable margins, whereas NBFCs delivered strong results on most fronts. Few private sector banks reported divergence on asset quality.
4. Commentary from Consumer and Auto companies was positive on rural demand.
5. Impact of hardening commodity costs is evident, with corporates hinting at ensuing price increases to offset the input cost inflation in 2HFY18.

### Aggregate PAT up 7% YoY, below our estimate owing to misses at IOC, Axis

- **Aggregate performance of MOSL Universe:** Sales, EBITDA and PAT grew 11.6%, 11.6% and 7.4% YoY, as against expectations of 15.8%, 14.5% and 17.4%, respectively. The miss is largely owing to IOC and Axis Bank. Excluding OMCs, headline numbers are in-line. PAT growth for MOSL ex OMCs, PSU Banks and Metals is in-line at 4%.

- Six sectors missed PAT estimates – PSU Banks, Private Banks, Healthcare, Logistics, Metals, and Oil & Gas.
- Four sectors reported PAT de-growth – Telecom (-53%), PSU Banks (-27%), Healthcare (-20%), and Cement (-9%).
- Autos (2.7%), Consumer (8.3%), NBFCs (18.9%), and Technology (3.6%) posted PAT in line with expectations.
- **Nifty Universe performance:** Sales grew 10.8% YoY (estimate: +16.3%), EBITDA by 10.8% YoY (estimate: +15.1%) and PAT by 6.3% YoY (estimate: +18.8%).
- **Top companies that beat estimates:** Bharti Airtel (109% beat), Ultratech Cement (41%), ONGC (18%), Wipro (12%), TECHM (8%), and MSIL (7%).
- **Top companies that missed estimates:** Axis Bank (67% miss), IOCL (60%), Tata Steel (41%), Bharti Infratel (22%), ICICI Bank (19%), Dr Reddy's (18%), Vedanta (14%) Ambuja Cement (7%), Zee (7%), and Reliance (6%).

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



- **Tweaking FY18 estimates marginally:** Based on 2QFY18 results for the 103 companies, we have not made material changes to our estimates. On aggregate, for these 103 companies, we have reduced our FY18E PAT by 1.8%. For these 103 companies, we now expect 10.6%/12.3% PAT /EBITDA growth for FY18 versus earlier expectations of 12.4%/13%.
- **Nifty estimates unchanged:** Based on the results of the 34 Nifty companies, we have revised Nifty FY18/19E EPS estimates to INR479/607 versus earlier estimates of INR487/602.
  - **Top FY18E Nifty EPS upgrades:** Bharti Airtel (57%), Ultratech (11%), ONGC (6%) and Wipro (5%).
  - **Top FY18E Nifty EPS downgrades:** IOC (23%), Axis Bank (17%), Dr Reddy's (17%) and Zee Ent (14%).
- **Key upcoming results:** For the 86 MOSL Universe companies that are yet to release their results, we expect sales to grow by 13% YoY, EBITDA by 17% YoY, and PAT by 42% YoY. PSU Banks, Oil & Gas and Utilities are expected to drive this performance. We expect the remaining Nifty companies to deliver sales growth of 15.4% YoY. EBITDA/PAT growth of the remaining Nifty companies is expected at 26.5%/74.5% YoY.
  - Key results to watch for: SBI, Tata Motors, Coal India, Sun Pharma and OMCs ([refer Exhibit 27](#)).



# Titan Company

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
33,686	10,453
<b>Bloomberg</b>	<b>TTAN IN</b>
Equity Shares (m)	887.8
M.Cap.(INRb)/(USDb)	564.4 / 8.7
52-Week Range (INR)	664 / 296
1, 6, 12 Rel. Per (%)	3/21/52
Avg Val, INRm/ Vol m	893
Free float (%)	47.1

## Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	129.8	162.6	199.4
EBITDA	11.6	15.5	19.6
PAT	7.0	11.1	14.1
EPS (INR)	9.0	12.5	15.9
Gr. (%)	18.5	38.5	27.0
BV/Sh (INR)	48.0	59.1	65.3
RoE (%)	20.6	23.4	25.5
RoCE (%)	21.0	24.0	26.0
P/E (x)	73.0	52.7	41.5
P/BV (x)	13.7	11.2	10.1

Estimate change

TP change

Rating change

**CMP: INR659 TP: INR850(+29%) Upgrade to Buy**

## Value migration from informal sector – a structural growth driver

- **Titan's (TTAN) 2QFY18 reported revenues were up 29.6% YoY (est. of +15%) to INR34.7b.** EBITDA grew 50.6% YoY to INR3.98b (est. of INR2.69b), while recurring PAT increased 64.6% YoY to INR2.78b (est. of INR 1.89b).
- **Gross margin contracted 530bp YoY to 26.1%.** Other expenses were down by 540bp and ad spends by 60bp, while staff costs increased 100bp YoY. EBITDA margin thus expanded 160bp YoY to 11.5% in 2QFY18. Reclassification of cost led to lower other expenses in 2QFY18.
- **Segment-wise:** a) Jewelry sales were up 37% YoY to INR27.5b, while segment margin expanded 230bp YoY to 12.7%. b) Watches sales grew 9% YoY to INR5.7b, with EBIT margin improvement of 350bp to 14.5% in 2QFY18.
- **1HFY18 performance:** Sales, EBITDA and adj. PAT grew 36%, 38.4% and 36% YoY, respectively. Jewelry sales grew 49.4% YoY, with EBIT margin expansion of 120bp YoY.
- **Concall highlights:** 1) Festive season (21<sup>st</sup> September to 31<sup>st</sup> October) sales were up by 16-17% YoY. If not for PMLA, growth would have been even better, despite a high base of 50% sales growth in the festive season last year. 2) Government actions taken to formalize the economy have started to benefit Jewelry significantly and marginally for Watches.
- **Valuation view:** Strong 37% YoY sales growth in Jewelry (despite a few one-offs constraining business growth) points to the sheer magnitude of value migration happening in the Indian jewelry market. In FY17, TTAN accounted for only 5% of the INR2t jewelry market. Regulations governing the segment, including identity proofs for all transactions over INR 200,000, GST implementation and crackdown on black money, have tilted trade decisively in favor of organized players, among which TTAN is a dominant player in terms of scale and trust. Recent aggression to capitalize on the massive opportunity is also heartening. Earnings CAGR is likely to be a massive 36% over FY17-20. The sheer scale of top-line opportunity demands premium valuations. Upgrade to **Buy**, with a target price of INR850 (45x Dec 2019E EPS).

## Quarterly Performance

Y/E March	FY17				FY18				FY17	FY18E	FY18	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Net Sales</b>	<b>28,026</b>	<b>26,799</b>	<b>38,372</b>	<b>34,297</b>	<b>39,851</b>	<b>34,731</b>	<b>47,964</b>	<b>40,012</b>	<b>129,789</b>	<b>162,559</b>	<b>30,319</b>	14.6
YoY Change (%)	4.3	1.0	12.9	43.4	42.2	29.6	25.0	16.7	16.6	25.2	15.0	
Total Exp	25,157	24,157	34,703	31,576	36,202	30,750	43,379	36,757	118,234	147,088	27,628	
<b>EBITDA</b>	<b>2,869</b>	<b>2,643</b>	<b>3,668</b>	<b>2,721</b>	<b>3,649</b>	<b>3,981</b>	<b>4,585</b>	<b>3,255</b>	<b>11,555</b>	<b>15,470</b>	<b>2,692</b>	47.9
EBITDA Growth %	43.8	44.4	30.5	30.3	27.2	50.6	25.0	19.6	32.4	33.9	3.4	
Margins (%)	10.2	9.9	9.6	7.9	9.2	11.5	9.6	8.1	8.9	9.5	8.9	
Depreciation	263	278	238	224	295	310	286	305	1,105	1,196	273	
Interest	88	120	84	82	108	145	105	90	377	448	129	
Other Income	134	107	127	273	283	446	228	292	705	1,249	277	
<b>PBT</b>	<b>2,652</b>	<b>2,351</b>	<b>3,472</b>	<b>2,687</b>	<b>3,529</b>	<b>3,972</b>	<b>4,422</b>	<b>3,152</b>	<b>10,777</b>	<b>15,074</b>	<b>2,567</b>	54.7
Tax	468	660	936	658	1,038	1,189	1,017	724	2,760	3,968	675	
Rate (%)	17.7	28.1	26.9	24.5	29.4	29.9	23.0	23.0	25.6	26.3	26.3	
<b>Adjusted PAT</b>	<b>2,184</b>	<b>1,691</b>	<b>2,537</b>	<b>2,029</b>	<b>2,491</b>	<b>2,783</b>	<b>3,405</b>	<b>2,428</b>	<b>8,017</b>	<b>11,107</b>	<b>1,892</b>	47.1
YoY Change (%)	44.1	15.6	12.2	8.6	14.1	64.6	34.2	19.6	12.8	38.5	3.0	

E: MOSL Estimates



# Power Grid

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
33,686	10,453
<b>Bloomberg</b>	<b>PWGR IN</b>
Equity Shares (m)	5,232
M.Cap.(INRb)/(USDb)	1,124.8 / 17.4
52-Week Range (INR)	226 / 167
1, 6, 12 Rel. Per (%)	-5/-12/-2
Avg Val, INRm/ Vol m	1098
Free float (%)	42.1

**CMP: INR211 TP: INR261(+24%) Buy**

## Inline; Capitalization momentum on track

### Valuations not appreciating even nominal growth; Re-iterate Buy

Power Grid's (PWGR) 2QFY18 PAT grew 14% YoY to INR21.4b (est. INR20.9b). Capitalization was up ~50% YoY to INR99.7b. The 1H capitalization of ~INR135b (up 47% YoY) represents ~50% of the estimate for the full year FY18. Capex was up ~26% YoY to INR67b in 2QFY18.

- Telecom revenue/EBIT grew 21%/45% YoY in 2QFY18. The business has grown at CAGR of ~23% over FY14-17, which is expected to continue.
- Consultancy revenue/EBIT was down 25%/36% YoY in 2QFY18 due to certain payment issues. There is good potential in consultancy with opportunity of INR100b from Kerala (10% fees) and INR350b from railways, amongst others.
- States would be coming out with TBCB projects. The near-term potential is ~INR47b. TBCB projects are attractive as they do not have regulatory risk. PWGR has the largest share at ~45% of participated TBCB bids (based on annual levelized transmission charges). PWGR is also pursuing JVs with states.
- PWGR is also working on opportunity in telecom towers. It has competitive advantage of low electricity and land cost. Of its ~250k towers, ~8-10% can be deployed as telecom towers.

### Sector outlook bullish; Valuations not appreciating even nominal growth; Buy

PWGR has ~INR1.1t worth of projects pending execution over the next 3-4 years that would drive EPS CAGR of ~15% over FY17-20E. We are building in cut in RoE to 14% (from 15.5%) from FY20. While there are concerns on PWGR's growth potential thereafter, we remain bullish on investment in transmission due to India's demand growth potential and rising RE. Yet, under our DCF based valuation approach for the next phase from FY23-32 we consider RoE of 14% and growth of just ~6% (i.e. 45% re-investment). In the terminal phase we further cut RoE to 12% and growth to just 3% (~22% re-investment). The target P/BV is 2.1x. At CMP the stock trades at 1.8x FY19E P/BV, not appreciating even nominal growth. We remain constructive with TP of INR261/sh.

### Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	257.0	307.5	354.5
EBITDA	226.6	271.8	314.5
PAT	73.1	91.2	106.7
EPS (INR)	14.0	17.4	20.4
Gr. (%)	25.1	24.8	17.0
BV/Sh (INR)	95.3	109.3	125.2
RoE (%)	15.6	17.0	17.4
RoCE (%)	7.3	8.3	8.8
P/E (x)	16.0	12.8	11.0
P/BV (x)	2.4	2.1	1.8

Estimate change

TP change

Rating change

### Quarterly Performance (Consolidated)

Y/E March	FY17				FY18				FY17	FY18E	FY18 Vs Est 2QE (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Sales</b>	<b>60,691</b>	<b>62,296</b>	<b>65,010</b>	<b>67,120</b>	<b>71,814</b>	<b>72,528</b>	<b>71,791</b>	<b>72,542</b>	<b>257,165</b>	<b>291,796</b>	<b>72,542</b>	<b>-1</b>
Change (%)	29.4	28.5	22.1	16.9	18.3	16.4	10.4	8.1	24.4	13.5	16.4	
<b>EBITDA</b>	<b>53,675</b>	<b>55,788</b>	<b>58,220</b>	<b>57,015</b>	<b>62,699</b>	<b>65,560</b>	<b>64,403</b>	<b>65,954</b>	<b>226,715</b>	<b>258,616</b>	<b>65,169</b>	<b>-4</b>
Change (%)	29.8	30.3	22.8	12.9	16.8	17.5	10.6	15.7	24.0	14.1	16.8	
As of % Sales	88.4	89.6	89.6	84.9	87.3	90.4	89.7	90.9	88.2	88.6	89.8	
Depreciation	17,573	18,769	19,653	20,633	21,311	22,350	19,737	13,555	76,628	76,953	22,224	-4
Interest	15,178	15,876	16,426	15,558	17,624	18,673	19,481	18,984	63,038	74,762	18,526	-5
Other Income	1,902	2,507	2,866	3,424	2,085	2,397	2,247	54	8,649	6,782	2,032	3
<b>PBT</b>	<b>22,827</b>	<b>23,650</b>	<b>25,006</b>	<b>24,247</b>	<b>25,848</b>	<b>26,934</b>	<b>27,432</b>	<b>33,469</b>	<b>95,698</b>	<b>113,683</b>	<b>26,451</b>	<b>-2</b>
Tax	4,819	4,888	5,706	5,083	5,324	5,523	5,761	7,265	20,496	23,873	5,555	
Effective Tax Rate (%)	21.1	20.7	22.8	21.0	20.6	20.5	21.0	21.7	21.4	21.0	21.0	
<b>Reported PAT</b>	<b>18,008</b>	<b>18,762</b>	<b>19,300</b>	<b>19,164</b>	<b>20,524</b>	<b>21,410</b>	<b>21,672</b>	<b>26,203</b>	<b>75,202</b>	<b>89,810</b>	<b>20,897</b>	<b>-2</b>
<b>Adjusted PAT</b>	<b>18,008</b>	<b>18,762</b>	<b>19,300</b>	<b>20,131</b>	<b>20,524</b>	<b>21,410</b>	<b>21,672</b>	<b>27,491</b>	<b>76,169</b>	<b>89,810</b>	<b>20,897</b>	<b>-2</b>
Change (%)	32.8	33.2	20.2	28.3	14.0	14.1	12.3	36.6	28.0	17.9	11.4	



# Hindalco

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
33,686	10,453
Bloomberg	HNDL IN
Equity Shares (m)	2,244
M.Cap.(INRb)/(USDb)	606.1 / 9.4
52-Week Range (INR)	279 / 148
1, 6, 12 Rel. Per (%)	4/32/43
Avg Val, INRm/ Vol m	2467
Free float (%)	65.3

**CMP: INR269 TP: INR326(+20%) Buy**

## In-line; cost pressure only fraction of AL industry trend

### Strong Cu performance; Reiterate Buy

Hindalco's (HNDL) 2QFY18 standalone (S/A) EBITDA increased 20% YoY to INR13.9b (in line with our estimate), driven by margin expansion in both copper (Cu) and aluminum (AL) segments. Utkal Alumina's (100% subsidiary) EBITDA too increased by 18% to INR2b. Thus, total EBITDA of Indian (S/A+Utkal) increased 20% YoY to INR15.9b. There were EO items of INR1b toward mining, DMF, etc. Adj. PAT increased 25% YoY to INR5b, missing our estimate by 6%, due to a higher tax rate and lower other income.

### Aluminum: Cost pressure only fraction of industry-wide trend

- HNDL is largely insulated from industry trend in high input cost inflation due to its diversified source of coal supply and access to high-quality bauxite mines. Cost of production may have increased by ~USD100/t QoQ on carbon prices, which accounts for 15% of its CoP. Shipments increased 10% QoQ to 329kt.
- EBITDA/t (incl. Utkal) declined 10% QoQ to USD534/t due to pricing pressure and some hedging losses. We expect EBITDA/t to increase to USD600 in subsequent quarters, as 50% of production is not hedged, while average LME is higher. Only 20% of FY19 production is hedged, which leaves room for upside.

### Hindalco remains our top pick; Reiterating Buy

- Auto light weighting will continue driving demand for rolled products. Novelis is planning to invest in another auto line to cater to growing demand, while it continues to evaluate inorganic opportunities. Novelis raised EBITDA guidance to USD1.15-1.2b on a strong performance.
- We are now more bullish on LME due to rising cost of production for smelters across the world. HNDL will benefit from integration. We value the stock at INR326. Reiterating **Buy**.

### Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	1,001.8	1,124	1,162
EBITDA	124.4	140.3	151.8
PAT	19.1	42.0	58.8
EPS (INR)	8.6	18.8	26.4
Gr. (%)	-28.5	120.1	40.0
BV/Sh (INR)	129.9	147.2	172.2
RoE (%)	7.4	13.6	16.5
RoCE (%)	7.3	8.7	10.1
P/E (x)	31.6	14.3	10.2
P/BV (x)	2.1	1.8	1.6

Estimate change

TP change

Rating change

### Quarterly Performance (Standalone)

Y/E March	FY17				FY18				FY17	FY18E	INR million	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	vs Est (%)
Aluminum (sales, kt)	291	320	310	328	299	329	323	333	1,249	1,284	322	2
Copper (sales, kt)	62	106	97	114	105	93	95	95	379	388	95	-2
<b>Net Sales</b>	<b>75,973</b>	<b>90,123</b>	<b>93,136</b>	<b>110,261</b>	<b>97,700</b>	<b>103,082</b>	<b>108,228</b>	<b>109,803</b>	<b>369,366</b>	<b>418,814</b>	<b>100,914</b>	<b>2</b>
Change (YoY %)	-11.4	1.0	14.3	27.2	28.6	14.4	16.2	-0.4	7.6	13.4	12.0	
<b>EBITDA</b>	<b>11,325</b>	<b>11,564</b>	<b>11,852</b>	<b>13,472</b>	<b>11,477</b>	<b>13,899</b>	<b>13,691</b>	<b>13,994</b>	<b>48,135</b>	<b>53,061</b>	<b>13,636</b>	<b>2</b>
As % of Net Sales	14.9	12.8	12.7	12.2	11.7	13.5	12.7	12.7			13.5	
Interest	5,996	5,943	5,879	5,411	4,878	4,836	4,614	4,353	23,229	18,681	4,876	-1
Depreciation	3,382	3,516	3,580	3,802	3,792	3,804	3,615	3,651	14,280	14,861	3,579	6
Other Income	2,184	3,364	2,200	2,226	2,563	1,872	2,515	2,453	10,052	9,403	2,239	-16
<b>PBT (before EO item)</b>	<b>4,131</b>	<b>5,469</b>	<b>4,593</b>	<b>6,485</b>	<b>5,371</b>	<b>7,131</b>	<b>7,977</b>	<b>8,442</b>	<b>20,679</b>	<b>28,922</b>	<b>7,420</b>	<b>-4</b>
Extra-ordinary Income	-2	857		-3	-1,044	-1,055			852	-2,099		
<b>PBT (after EO item)</b>	<b>4,129</b>	<b>6,326</b>	<b>4,593</b>	<b>6,482</b>	<b>4,327</b>	<b>6,076</b>	<b>7,977</b>	<b>8,442</b>	<b>21,531</b>	<b>26,823</b>	<b>7,420</b>	<b>-18</b>
Total Tax	1,189	1,929	1,390	1,457	1,431	2,146	2,234	2,364	5,964	8,175	2,078	
% Tax	28.8	35.3	30.2	22.5	26.6	30.1	28.0	28.0	27.7	30.5	28.0	
<b>Reported PAT</b>	<b>2,941</b>	<b>4,397</b>	<b>3,204</b>	<b>5,025</b>	<b>2,896</b>	<b>3,930</b>	<b>5,743</b>	<b>6,078</b>	<b>15,567</b>	<b>18,648</b>	<b>5,343</b>	<b>-26</b>
<b>Adjusted PAT</b>	<b>2,987</b>	<b>3,954</b>	<b>3,204</b>	<b>4,689</b>	<b>3,734</b>	<b>4,958</b>	<b>5,546</b>	<b>5,869</b>	<b>14,951</b>	<b>20,107</b>	<b>5,283</b>	<b>-6</b>
<b>Novelis adj. EBITDA (USDm)</b>	<b>268</b>	<b>270</b>	<b>255</b>	<b>292</b>	<b>289</b>	<b>302</b>	<b>294</b>	<b>313</b>	<b>1,085</b>	<b>1,198</b>	<b>282</b>	<b>7</b>



# Punjab National Bank

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
33,686	10,453
Bloomberg	PNB IN
Equity Shares (m)	2,128
M.Cap.(INRb)/(USDb)	440.5/6.8
52-Week Range (INR)	232/112
1, 6, 12 Rel. Per (%)	53/6/33
Avg Val, INRm	1801
Free float (%)	34.1

## Financials & Valuations (INR b)

Y/E March	2018E	2019E	2020E
NII	159.5	179.7	209.8
OP	125.9	133.6	155.9
NP	18.2	28.8	34.1
NIM (%)	2.3	2.4	2.5
EPS (INR)	8.5	13.5	16.0
EPS Gr. (%)	37.0	58.5	18.5
BV/Sh. (INR)	186	197	211
ABV/Sh. (INR)	80	117	157
RoE (%)	4.7	7.1	7.9
RoA (%)	0.2	0.4	0.4
Payout (%)	17.4	17.4	17.4
P/E(X)	24.3	15.3	12.9
P/BV (X)	1.1	1.0	1.0
P/ABV (X)	2.60	1.77	1.32
Div. Yield (%)	0.6	1.0	1.2

**CMP: INR207      TP: INR250 (+21%)      Buy**

## PPoP surprises positively; asset quality improves sequentially

- PNB reported PPoP of INR32.8b (+2%/-1% QoQ/YoY; 10% beat). Lower-than-estimated non-core income was compensated by a 10% beat on operating expenses. Provisions of INR24.4b (in-line) led to PAT of INR5.6b (+63% QoQ on a low base), which beat estimate by 35%.
- Slippages moderated to INR34.6b (3.5% annualized), of which 30% is fresh debit to existing NPA v/s 10% for 1QFY18. Total net stressed loans (including net NPA and standard restructured assets) stood at 11% of total advances (11.4% in 1Q).
- Domestic NIM improved 8bp QoQ to 2.64%, with a 4bp decline in cost of funds and a 3bp increase in yield on advances. Loan book grew 3%/4% QoQ/YoY, impacted by muted growth in the corporate segment. Retail loans grew 5%/16% QoQ/YoY, driven by 34% YoY growth in housing loans.
- Other highlights: a) CASA deposits grew 19% YoY, driven by 21% YoY growth in SA deposits; average CASA ratio stood at ~44.4% v/s 44% a quarter ago and 42.1% a year ago. b) Fee income growth was strong at 15% YoY, helped by better retail fees. c) CET1 ratio of ~7.67% remains a concern – management is looking to raise capital in FY18.
- **Valuation view:** Significant stress is being recognized over the last several quarters, and now resolution (especially under IBC) in key sectors like steel, power, construction and roads remains a key for upgrades and recoveries. Investments in key ventures add ~23% to overall market cap. We have increased FY18/FY19 PAT estimates by 46%/23% to factor in improvement in margins and controlled opex. Due to low RoAs (~0.25%), even a 10bp change in the NIM (30%) and credit cost (20%) can impact profitability significantly. We maintain **Buy** with an SOTP-based target price of INR250 (v/s our earlier TP of INR184, as we increase core bank valuation multiple to 1x Sept BV from 0.7x June 19 BV in view of improved profitability).

## Quarterly Performance

Y/E March	FY17				FY18E				INR million	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY17	FY18E
Interest Income	1,15,749	1,18,304	1,19,842	1,18,865	1,21,364	1,22,993	1,23,598	1,32,390	4,72,760	5,00,345
Interest Expense	78,759	79,505	82,534	82,030	82,812	82,841	82,841	92,309	3,22,828	3,40,803
Net Interest Income	36,990	38,799	37,308	36,835	38,551	40,152	40,757	40,081	1,49,932	1,59,542
% Change (YoY)	-9.8	-10.2	-9.4	33.1	4.2	3.5	9.2	8.8	-2.1	6.4
Other Income	23,551	23,879	25,135	31,028	23,318	19,060	21,286	24,875	89,514	88,540
Net Income	60,541	62,678	62,443	67,863	61,869	59,212	62,043	64,957	2,39,445	2,48,081
Operating Expenses	27,794	29,557	30,897	5,545	29,696	26,421	32,164	33,865	93,794	1,22,147
Operating Profit	32,746	33,120	31,546	62,318	32,173	32,791	29,879	31,091	1,45,652	1,25,934
% Change (YoY)	4.6	12.7	8.1	93.1	-1.8	-1.0	-5.3	-50.1	19.2	-13.5
Other Provisions	27,384	25,338	29,359	57,535	26,087	24,408	23,200	24,315	1,25,536	98,010
Profit before Tax	5,362	7,783	2,187	4,783	6,086	8,383	6,679	6,777	20,115	27,925
Tax Provisions	2,299	2,289	116	2,164	2,652	2,777	2,137	2,207	6,867	9,774
Net Profit	3,064	5,494	2,072	2,619	3,434	5,606	4,542	4,569	13,248	18,151
% Change (YoY)	-57.5	-11.5	306.2	NM	12.1	2.0	119.2	74.5	NM	37.0
<b>Operating Parameters</b>										
NIM (Rep, %)	2.5	2.5	2.3	2.2	2.3	2.4	0.0	0.0	2.4	1.2
NIM (Cal, %)	2.4	2.6	2.3	2.2	2.3	2.4	2.4	2.3	2.4	2.4
Deposit Growth (%)	7.0	6.5	11.6	12.4	12.9	10.7	6.0	5.0	12.4	5.0
Loan Growth (%)	2.8	3.4	-1.8	1.7	2.1	4.2	8.5	7.0	1.7	7.0
Tax Rate (%)	42.9	29.4	5.3	45.2	43.6	33.1	32.0	32.6	34.1	35.0
<b>Asset Quality</b>										
Gross NPA (INR B)	567	565	556	554	577	576	568	556	554	556
Gross NPA (%)	13.8	13.6	13.7	12.5	13.7	13.3	12.9	11.8	12.5	11.8

E: MOSL Estimates





# Tata Power

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
33,686	10,453
Bloomberg	TPWR IN
Equity Shares (m)	2,705
M.Cap.(INRb)/(USD\$b)	229.2 / 3.5
52-Week Range (INR)	91 / 67
1, 6, 12 Rel. Per (%)	2/-11/-13
Avg Val, INRm/ Vol m	413
Free float (%)	67.0

### Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	279.0	312.3	324.9
EBITDA	58.5	66.4	72.5
PAT	14.0	19.7	20.4
EPS (INR)	5.2	7.3	7.5
Gr. (%)	83.8	41.1	3.3
BV/Sh (INR)	43.5	47.6	55.4
RoE (%)	11.9	16.0	14.6
RoCE (%)	6.8	6.2	6.6
P/E (x)	16.4	11.6	11.3
P/BV (x)	1.9	1.8	1.5

Estimate change

TP change

Rating change

**CMP: INR85**

**TP: INR72 (-15%)**

**Sell**

## Higher coal prices, RE and Maithon drive PAT growth

### Maintain Sell

Tata Power's (TPWR) 2QFY18 adj. consolidated PAT grew 14% YoY to INR3.8b (est. INR3.6b). The PAT is adjusted for exceptional charge of INR1.5b pertaining to Tata Teleservices and impairment of Rithala plant. The growth was driven by net benefit (Mundra & Coal) of higher coal prices, RE and higher generation at Maithon.

- **Mundra+Coal:** The under-recovery at Mundra was down from INR0.93/kWh in 1Q to INR0.70/kWh on higher availability (85% vs. 61% in 1Q) and savings in fuel coal. FoB cost of coal was unchanged QoQ (at USD59/t). Coal mining JVs PAT was up ~19% QoQ (6.5x YoY) to INR3.3b on higher coal prices. Mundra EBITDA + Coal JVs and logistics PAT (hedge) was up 72% QoQ / 37% YoY to INR5.1b.
- **RE (ex-standalone):** Capacity was up 25MW QoQ to 1,601MW. Generation was down 12% QoQ to 610MU, 2Q being a seasonally weak quarter. EBITDA was thus down 13% QoQ to INR4.1b.
- **Other businesses:** Maithon PAT grew 28% YoY to INR680m on higher generation. Interest cost has declined 180bps on refinancing, but it is pass-through in tariffs. Delhi distribution PAT was impacted by impairment at Rithala plant. Delhi's regulated equity was down 2% YoY to INR12.2b as growth capex is offset by recovery of regulatory assets (-11% YoY). Mumbai's regulated equity was up 4% YoY to INR38.1b.

### Lack of RoE accretive growth opportunities; Sell

TPWR is struggling for RoE accretive growth opportunities. The regulated business is facing challenges and lacks material growth. RE is a potential driver, but the market is very competitive. Coal prices are boosting earnings, but are volatile and drive cost of equity higher. The SOTP based TP is INR72/sh. **Maintain Sell.**

### Quarterly Performance (Consolidated) – INR million

Y/E March	FY17				FY18				FY17	FY18E	FY18	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Net Sales</b>	<b>68,383</b>	<b>72,089</b>	<b>66,837</b>	<b>71,668</b>	<b>69,686</b>	<b>76,573</b>	<b>78,104</b>	<b>87,904</b>	<b>278,977</b>	<b>312,268</b>	<b>71,080</b>	<b>8</b>
YoY Change (%)	-24.9	-23.8	-27.6	-23.2	1.9	6.2	16.9	22.7	-5.4	11.9	-1.4	
Total Expenditure	52,028	57,473	52,809	58,201	51,375	58,075	60,139	76,241	220,510	245,830	55,403	5
<b>EBITDA</b>	<b>16,355</b>	<b>14,616</b>	<b>14,029</b>	<b>13,467</b>	<b>18,311</b>	<b>18,498</b>	<b>17,966</b>	<b>11,663</b>	<b>58,467</b>	<b>66,438</b>	<b>15,677</b>	<b>18</b>
Margins (%)	23.9	20.3	21.0	18.8	26.3	24.2	23.0	13.3	21.0	21.3	22.1	
Depreciation	4,393	4,476	5,318	5,698	5,857	5,900	5,930	5,891	19,886	23,577	5,886	0
Interest	7,915	7,243	7,010	8,973	9,286	9,814	9,716	8,640	31,140	37,456	9,193	7
Other Income	-477	1,029	-792	2,262	313	1,331	1,000	688	2,022	3,332	1,000	33
Rate regulated activity	-2,721	-3,064	1,523	-1,832	-2,438	-2,641	0	5,079	-6,095		0	
<b>PBT before EO expense</b>	<b>849</b>	<b>862</b>	<b>2,432</b>	<b>-775</b>	<b>1,044</b>	<b>1,474</b>	<b>3,320</b>	<b>2,900</b>	<b>3,369</b>	<b>8,738</b>	<b>1,597</b>	<b>-8</b>
Extra-Ord expense	0	0	0	-6,515	0	-1,488	0	0	-6,515	-1,488	0	
<b>PBT</b>	<b>849</b>	<b>862</b>	<b>2,432</b>	<b>-7,289</b>	<b>1,044</b>	<b>-15</b>	<b>3,320</b>	<b>2,900</b>	<b>-3,145</b>	<b>7,250</b>	<b>1,597</b>	<b>-101</b>
Tax	1,449	-1,117	706	-1,496	2,630	1,553	1,105	-868	-458	4,420	1,305	
Rate (%)	170.6	-129.6	29.0	20.5	252.0	-10,707	33.3	-29.9	14.6	61.0	81.7	
MI & P/L of Asso. Cos.	1,324	1,383	4,356	3,169	3,224	3,909	4,136	4,124	10,142	15,392	3,271	
<b>Reported PAT</b>	<b>725</b>	<b>3,362</b>	<b>6,082</b>	<b>-2,625</b>	<b>1,638</b>	<b>2,342</b>	<b>6,351</b>	<b>7,892</b>	<b>7,455</b>	<b>18,222</b>	<b>3,563</b>	<b>-34</b>
<b>Adj PAT</b>	<b>725</b>	<b>3,362</b>	<b>6,082</b>	<b>3,890</b>	<b>1,638</b>	<b>3,830</b>	<b>6,351</b>	<b>7,892</b>	<b>13,969</b>	<b>19,710</b>	<b>3,563</b>	<b>7</b>



# Torrent Pharma

BSE SENSEX 33,686 S&P CNX 10,453

**CMP: INR1,315 TP: INR1,400 (+6%) Neutral**



## Entering big league through this acquisition

### High interest cost a concern

#### Stock Info

Bloomberg	TRP IN
Equity Shares (m)	169
52-Week Range (INR)	1,572/1,144
1, 6, 12 Rel. Per (%)	-1/-11/-23
M.Cap. (INR b)	222.6
M.Cap. (USD b)	3.4
Avg Val, INRm	360.7
Free float (%)	28.8

#### Financials Snapshot (INR b)

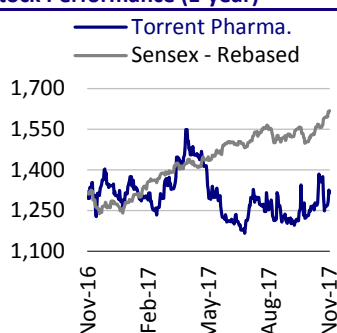
Y/E Mar	2017	2018E	2019E
Net Sales	58.6	62.4	77.9
EBITDA	13.8	14.5	19.9
PAT	9.3	8.5	10.4
EPS (INR)	55.2	50.0	61.4
Gr. (%)	-7.7	-9.3	22.8
BV/Sh (INR)	257.1	289.0	328.2
RoE (%)	23.8	18.3	19.9
RoCE (%)	18.6	15.5	18.7
P/E (x)	23.8	26.3	21.4
P/BV (x)	5.1	4.6	4.0

#### Shareholding pattern (%)

As On	Sep-17	Jun-17	Sep-16
Promoter	71.3	71.3	71.3
DII	9.0	8.7	7.1
FII	9.6	9.2	11.0
Others	10.2	10.9	10.6

FII Includes depository receipts

#### Stock Performance (1-year)



- Big leap- to become top-5 player:** Torrent has entered into a definitive agreement with Unichem to acquire its branded business of India and Nepal for INR36b on slump sale basis (transaction closure expected by 2017 end). Through this acquisition, Torrent will acquire >120 brands in India and Nepal and manufacturing plant at Sikkim.
- Building leadership position through strings of acquisitions:** This is the fifth acquisition in India by Torrent pharma in last 4 years (Brands from Elder and Novartis, manufacturing plants from Zyg Pharma and Glochem). According to IMS, Torrent will be ranked 5th in terms of secondary sales in Indian Pharma Market post this acquisition (According to AIOCD- Torrent's Rank will move from 13th to 8th). Torrent's market share in IPM will move from 2.4% to 3.4%.
- Complimentary therapy focus:** Cardiac, Neuro, GI & anti-infective accounts for 84% of domestic top-line for Unichem. Except anti-infective, all other three therapy areas are also the top-3 therapies for Torrent. Torrent's market share in Cardio, CNS & GI will increase to 8.6% from 5.6%, 8.4% from 6.4% and 3.9% from 3.1%, respectively. Top 50 brands for Unichem contribute ~80% of top-line. Unichem's Losar brand is >INR2b whereas 3 other brands including Unienzyme, Ampoxin & Telsar are >INR500m brand.
- Entry into OTC segment:** Torrent will also enter into OTC market through this acquisition. Unienzyme is an established brand with sales of ~INR600m.
- Strengthening on the ground presence:** Torrent will add 3,000 employees through this acquisition. Also distribution reach will get extended by ~2,000 stockists.
- Deal Valuations & financing:** Unichem generated top-line of ~INR8.4b from branded formulations sales in India. We believe India business of Unichem would be making EBITDA margins of ~25-30%. At transaction value of INR36b, this deal was valued at 4.3x FY17 EV/ sales. The company plans to finance ~75% of the deal through debt with interest cost between 8.25%-8.75%. The deal will be cash accretive in 1<sup>st</sup> year and EPS accretive in 3 years.
- 2QFY18 results takeaways:** TRP reported sales of INR14.3b (+2% YoY; >10% below est). Miss in top-line is attributed to decline in the US business and Brazil business. India business grew by 22% YoY to INR6.1b (~28% growth adj. for GST). EBITDA was flat at INR3.3b (-18% v/s est.), while margin stood at 23% (-50bp YoY and +100bp QoQ). PAT declined by 30% YoY to INR2b (-15% v/s est.).
- Deal to be EPS accretive in 3 years:** Due to high interest cost, Unichem deal will take 3 years to become EPS accretive (additional interest cost burden of IN2.5-2.7b). Although TRP remains one of the better plays on India's growth story (because of chronic heavy portfolio and one of the best margins), lack of growth catalyst in near term will keep the stock range bound. Our TP is INR1,400@20x 1H FY20E PER (v/s INR1,350 @ 20x FY19E EPS). We cut FY18E/19E EPS by ~6% & 9% as we build in the impact of high interest cost due to this deal.



# Glenmark Pharma

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
33,573	10,424
<b>Bloomberg</b>	<b>GNP IN</b>
Equity Shares (m)	282
M.Cap.(INRb)/(USD\$b)	183.0 / 2.8
52-Week Range (INR)	973 / 568
1, 6, 12 Rel. Per (%)	-2/-39/-54
Avg. Val, INRm	730.6
Free float (%)	53.5

**CMP: INR627 TP: INR650(+4%) Neutral**

## US growth to pick up; high debt remains an overhang

- Net sales increased marginally by ~2% YoY (-5% QoQ) to INR22.2b (4% miss). EBITDA declined ~11% YoY to INR3.6b (2% beat), with the margin coming in at 16% (-230bp YoY, -740bp QoQ). Employee expenses included annual employee bonus of ~INR1.1b in 2Q. Adjusted for this, EBITDA came in below the previous quarter's level (note that 1QFY18 included Zetia sales with >80% GM). According to management, the improvement in margins (adjusted for employee bonus) can largely be attributed to cost rationalization.
- **US – key launches to drive growth; base business erosion to continue:** US sales for GNP stood at USD113m, significantly below USD162m in 1QFY18, due to loss of Zetia exclusivity. The company expects US sales to reach >USD125m in 3Q, led by ramp-up of existing launches (no new launches assumed). We expect US sales to inch up in 2H on the back of Statera and Nitro Glycerin ramp-ups and the expected launch of Welchol and Epiduo. However, base business erosion for GNP remained high at ~13% YoY. It reported domestic growth of ~8% YoY (adjusted for excise duty impact).
- **Earnings call highlights:** 1) GNP revised down its sales growth guidance for FY18 to ~8%, from 8-10% previously. EBITDA margin guidance is intact (flat YoY). 2) Net debt increased to INR34.98b from ~INR33.6b in 1QFY18; the company expects net debt to come down to INR33.5b by end-FY18. 3) R&D as % of sales is expected to be 11% in FY18. 4) LATAM recorded >20% YoY growth (excluding Venezuela). 5) Effective tax rate in FY18 to be ~25%. 6) GBS- 301 filing to happen in 1QCY18 in US. 7) Cash tax outflow remained high in the quarter at ~INR1.8b.
- **Valuation view:** Weak cash flow conversion and high net debt remain key concerns for GNP. Maintain **Neutral** with a TP of INR650 @ 15x FY19E EPS. We cut FY18/19E EPS by 12/ 17%, as we build in slower ramp-up in margins (GNP expects a challenging business outlook in the US for next two years at least). Any big in-licensing deal in innovation business could act as a positive catalyst.

### Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	89.7	94.4	106.9
EBITDA	18.2	18.0	19.6
PAT	11.1	10.7	12.1
EPS (INR)	39.3	37.9	42.8
Gr. (%)	58.0	-3.4	12.9
BV/Sh (INR)	159.2	193.5	232.7
RoE (%)	24.7	19.6	18.4
RoCE (%)	19.1	17.1	19.2
P/E (x)	16.0	16.5	14.6
P/BV (x)	3.9	3.2	2.7

Estimate change

TP change

Rating change

### Quarterly performance (Consolidated)

Y/E March	FY17				FY18E				FY17		FY18E		(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY17	FY18E	Estimate		2QE	% Var
Net Revenues (Core)	19,095	21,732	24,630	24,244	23,294	22,234	23,180	25,690	89,701	94,398			23,160	-4.0
YoY Change (%)	17.4	17.9	42.8	11.5	22.0	2.3	-5.9	6.0	18.2	5.2			6.6	
EBITDA	3,192	3,978	6,929	4,110	5,438	3,552	4,294	4,706	18,211	17,991			3,474	2.3
Margins (%)	16.7	18.3	28.1	17.0	23.3	16.0	18.5	18.3	20.3	19.1			15.0	
Depreciation	642	770	625	689	777	752	775	809	2,644	3,114			780	
Interest	430	629	617	697	709	698	600	597	2,373	2,604			710	
Other Income	1,358	491	866	-185	489	629	500	382	2,530	2,000			500	
PBT before EO Expense	3,477	3,070	6,553	2,539	4,441	2,731	3,419	3,683	15,724	14,273			2,484	9.9
Extra-Ord Expense	0	0	0	809	0	0	0	0	809	0			0	
PBT after EO Expense	3,477	3,070	6,553	1,730	4,441	2,731	3,419	3,683	15,724	14,273			2,484	9.9
Tax	1,209	876	1,782	-107	1,108	589	855	1,017	3,827	3,568			621	
Rate (%)	34.8	28.5	27.2	-6.2	24.9	21.6	25.0	27.6	24.3	25.0			25.0	
Reported PAT (incl one-offs)	2,268	2,193	4,771	1,837	3,334	2,141	2,564	2,666	11,897	10,705			1,863	14.9
Reported PAT (excl MI)	2,268	2,193	4,771	1,837	3,334	2,141	2,564	2,666	11,897	10,705			1,863	14.9
YoY Change (%)	24.0	9.4	180.8	23.5	47.0	-2.4	-46.3	45.1	56.5	-10.0			-15.1	
Margins (%)	11.9	10.1	19.4	7.6	14.3	9.6	11.1	10.4	13.3	11.3			8.0	

E: MOSL Estimates



# Shriram City Union Finance

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
33,686	10,453
Bloomberg	SCUF IN
Equity Shares (m)	65.9
M.Cap.(INR b)/(USD b)	141.0/2.1
52-Week Range (INR)	2648 / 1648
1, 6, 12 Rel. Per (%)	3/-8/-32
Avg Val, (INR m)	94
Free float (%)	66.2

**CMP: INR2,248 TP: INR2,650 (+18%) Buy**

## Headwinds wither, albeit slowly

- 2QFY18 PAT declined 3% YoY to INR2.0b. Operating profit rose 20% YoY (3% beat), driven by strong loan growth and controlled opex. However, a sharp increase in credit costs (+71% YoY) weighed on the bottom line.
- Recovery has been slow post demonetization and rollout of GST. In the last four quarters since demonetization, non-gold disbursements grew at an average of only 4% YoY. Total disbursements were largely driven by MSME (+8% QoQ) and gold (4% QoQ). Disbursement growth in 2Ws was 3% QoQ. We forecast 12%/18% disbursements growth in FY18/19.
- AUM of INR249b (+16% YoY) was led by 15% YoY growth in MSME loans. 2W and gold loan segments grew at 9% and 22%, respectively. We model 14%/15% AUM growth for FY18/19 as we expect moderate loan growth.
- With 40bp sequential expansion in the NIM (on AUM), NII grew 19% YoY. With opex growing (+17% YoY) slower than income growth (+19% YoY), CIR reduced by 100bp sequentially to 38%. An increase of 50bp/125bp QoQ/YoY in credit cost (400bp) largely tapered off growth in PPop (+19% YoY). This manifested in a 3% YoY decline in PAT to INR2b.
- While the GNPL ratio increased only 15bp QoQ to 6.91%, write-offs remained elevated at INR1.6b. Average quarterly write-offs have almost doubled in the past two years. PCR of 74% was a key positive, though.
- **Valuation view:** SCUF is a niche play in the retail NBFC space with a focus on MSME lending. Its business model offers high growth potential with strong profitability. While we expect GNPL (%) to rise due to NPA migration by FY18, we believe loan loss provisioning will decline as SCUF has a strong PCR of 73%. However, there are still lingering effects of demonetization. Besides, the impact of GST on both growth and asset quality is uncertain. We cut our FY18/19 estimates by 2%/7%. Maintain **Buy** with a TP of INR2,650 (2.5x Sep 2019E BV).

## Financials & Valuations (INR b)

Y/E March	2018E	2019E	2020E
NII	34.0	38.2	44.8
PPP	20.8	23.1	27.5
PAT	7.6	9.6	11.5
EPS (INR)	116	145	174
EPS Gr. (%)	37	26	20
BV/Sh. (INR)	857	976	1121
RoA (%)	3.3	3.6	3.7
RoE (%)	14.3	15.9	16.6
Payout (%)	19	18	17

Valuations			
P/E (x)	19.3	15.4	12.8
P/BV (x)	2.6	2.3	2.0
Div. Yield (%)	0.8	1.0	1.1

## QUARTERLY PERFORMANCE

Y/E MARCH	FY17				FY18				FY17	INR m FY18E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	10,535	11,153	11,557	11,071	12,175	12,849	13,235	12,419	43,796	50,679
Interest expenses	3,672	3,802	3,933	3,937	4,019	4,125	4,228	4,283	15,344	16,654
<b>Net Interest Income</b>	<b>6,863</b>	<b>7,351</b>	<b>7,624</b>	<b>7,134</b>	<b>8,156</b>	<b>8,725</b>	<b>9,007</b>	<b>8,136</b>	<b>28,452</b>	<b>34,024</b>
Y-o-Y Growth (%)	19.7	22.1	17.7	14.6	18.9	18.7	18.1	14.0	19.1	19.6
Fees and Other Income	15	3	6	5	17	4	20	29	76	70
<b>Net Operating Income</b>	<b>6,878</b>	<b>7,354</b>	<b>7,630</b>	<b>7,139</b>	<b>8,174</b>	<b>8,728</b>	<b>9,027</b>	<b>8,165</b>	<b>28,528</b>	<b>34,094</b>
Y-o-Y Growth (%)	19.2	22.1	17.8	11.8	18.8	18.7	18.3	14.4	18.2	19.5
Operating Expenses	2,739	2,829	2,977	2,815	3,197	3,316	3,366	3,433	11,359	13,311
<b>Operating Profit</b>	<b>4,139</b>	<b>4,525</b>	<b>4,653</b>	<b>4,324</b>	<b>4,976</b>	<b>5,412</b>	<b>5,662</b>	<b>4,733</b>	<b>17,168</b>	<b>20,783</b>
Y-o-Y Growth (%)	21.3	29.3	19.5	26.2	20.2	19.6	21.7	9.5	25.8	21.1
Provisions	1,356	1,390	2,242	4,118	1,998	2,372	2,400	2,310	8,632	9,080
<b>Profit before Tax</b>	<b>2,784</b>	<b>3,135</b>	<b>2,412</b>	<b>206</b>	<b>2,978</b>	<b>3,041</b>	<b>3,262</b>	<b>2,423</b>	<b>8,536</b>	<b>11,703</b>
Tax Provisions	966	1,090	835	86	1,040	1,058	1,142	841	2,976	4,080
<b>Net Profit</b>	<b>1,818</b>	<b>2,045</b>	<b>1,577</b>	<b>120</b>	<b>1,939</b>	<b>1,983</b>	<b>2,120</b>	<b>1,582</b>	<b>5,561</b>	<b>7,623</b>
Y-o-Y Growth (%)	23.1	34.3	-9.5	-78.4	6.6	-3.0	34.4	1,217.1	5.0	37.1
Int Exp/ Int Earned (%)	34.9	34.1	34.0	35.6	33.0	32.1	31.9	34.5	35.0	32.9
Cost to Income Ratio (%)	39.8	38.5	39.0	39.4	39.1	38.0	37.3	42.0	39.8	39.0
Tax Rate (%)	34.7	34.8	34.6	41.6	34.9	34.8	35.0	34.7	34.9	34.9

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



# Union Bank of India

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
33,686	10,453
<b>Bloomberg</b>	<b>UNBK IN</b>
Equity Shares (m)	687
M.Cap.(INRb)/(USDb)	114.6 / 1.7
52-Week Range (INR)	205 / 116
1, 6, 12 Rel. Per (%)	30/-20/4
12M Avg Val (INR M)	740
Free float (%)	34.6

**CMP: INR173 TP: INR175(+1%)**

**Neutral**

## Loss led by muted PPOP growth and high provisions

- UNBK reported a loss of INR15.3b. PPOP growth of -6%/+7% QoQ/YoY was nullified by elevated provisions of INR35.5b (119% YoY). Provisions included INR327m of additional provisions towards standard accounts in telecom and power sector; however, NPA provisions also remained elevated at INR34.6b, owing to historically high write-offs of INR11.1b.
- NII growth was muted at 3%/2% QoQ/YoY, impacted by INR738m of interest reversals on SDR/S4A accounts. Domestic/Global NIM came in at 2.19%/2.08% (2.20%/2.06% in 1QFY18). Trading gains of INR4.8b (37% of other income) led to 7% growth in other income.
- Gross slippages moderated to INR26.9b (4.1% slippage ratio) vs INR44.5b last quarter, while recoveries and upgrades were subdued at INR5.8b, leading to net slippage ratio of 3.03% (5.8% in 1Q). Total pool of NSL (NNPL + OSRL + other stressed loans) increased to INR353.8b (12.2% of advances) on a sluggish loan book. Agri slippages moderated to INR4.2b (INR6.9b in 1Q). 5 large accounts contributed INR10b (of which 2 were steel accounts and 1 construction account)
- **Other highlights:** (1) RAM portfolio grew 9% YoY, led by 19% growth in retail (2) CASA deposits grew 14% YoY, led by 19% growth in SA deposits. Avg. daily CASA ratio improved marginally QoQ to 34.1%.
- **Valuation and view:** Balance sheet recalibration is evident from stronger focus on RAM portfolio. However, ageing of the NPL portfolio and continued elevated slippages and credit costs will pressurize earnings. Resultantly, we expect RoA/RoE to remain sub-optimal at 0.3/6% for FY19. We cut earnings sharply for FY18/19E to factor in pressure on NIMs and higher credit costs. Maintain **Neutral** with a TP of INR175 (0.6x Sept 19 BV) view of prolonged pressure on profitability.

## Financials & Valuations (INR b)

Y/E March	2018E	2019E	2020E
NII	95.1	103	119
OP	73.2	77.9	90.4
NP	-9.8	4.3	14.2
EPS (INR)	-13.5	6.0	19.5
EPS Gr. (%)	-267.3	-144.1	227.3
BV/Sh. (INR)	283.4	289	306
RoE (%)	-4.7	2.1	6.6
RoA (%)	-0.2	0.1	0.2
P/E(X)	-12.8	29.1	8.9
P/BV (X)	0.61	0.60	0.57

## Quarterly Performance

	FY17				FY18E				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY17	FY18E
Interest Income	78,766	82,081	82,498	83,255	81,530	82,224	84,170	89,760	3,26,600	3,37,684
Interest Expense	57,744	59,307	61,132	59,384	59,104	59,017	59,902	64,562	2,37,566	2,42,585
Net Interest Income	21,023	22,774	21,366	23,870	22,426	23,207	24,268	25,198	89,033	95,099
% Change (YoY)	-1.3	8.4	7.0	14.5	6.7	1.9	13.6	5.6	7.1	6.8
Other Income	10,399	11,394	13,397	14,456	14,147	12,173	11,684	12,218	49,646	50,785
Net Income	31,421	34,169	34,763	38,326	36,573	35,381	35,952	37,416	1,38,679	1,45,884
Operating Expenses	15,171	15,972	16,250	16,986	16,007	15,991	18,911	21,757	64,378	72,665
Operating Profit	16,251	18,197	18,513	21,341	20,566	19,390	17,041	15,659	74,301	73,219
% Change (YoY)	9.2	29.0	38.8	51.4	26.6	6.6	-7.9	-26.6	31.7	-1.5
Other Provisions	13,530	16,203	16,701	24,441	17,037	35,547	14,525	12,947	70,875	80,056
Profit before Tax	2,721	1,994	1,811	-3,101	3,529	-16,157	2,516	2,712	3,426	-6,837
Tax Provisions	1,058	227	771	-4,183	2,363	-850	705	759	-2,126	2,977
Net Profit	1,663	1,767	1,040	1,082	1,166	-15,307	1,812	1,953	5,552	-9,814
% Change (YoY)	-67.9	-73.2	32.4	12.6	-29.9	-966.4	74.2	80.4	-58.9	-276.8
<b>Operating Parameters</b>										
NIM (Reported,%)	2.3	2.3	2.0	2.3	2.1	2.1	0.0	0.0	2.2	1.0
NIM (Cal, %)	2.3	2.4	2.1	2.3	2.2	2.2	2.2	2.2	2.3	2.3
Deposit Growth (%)	3.5	9.3	16.0	10.4	10.9	6.8	5.2	10.0	10.4	10.0
Loan Growth (%)	3.5	7.7	3.5	7.1	8.4	9.7	13.5	7.0	7.1	7.0
<b>Asset Quality</b>										
OSRL (INR b)	72.5	56.4	55.2	56.9	38.6	52.7	0.0	0.0	56.9	0.0
OSRL (%)	2.7	2.0	2.0	1.9	1.3	1.7	0.0	0.0	1.9	0.0
Gross NPA (INR b)	272.8	298.6	324.0	337.1	372.9	382.9	397.3	415.5	337.1	415.5
Gross NPA (%)	10.2	10.7	11.7	11.2	12.6	12.4	12.6	12.7	11.2	12.7

E: MOSL Estimates



<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
33,686	10,453
Bloomberg	BSE IN
Equity Shares (m)	54.8
M.Cap.(INRb)/(USDb)	57.2/0.9
52-Week Range (INR)	1200/887
1, 6, 12 Rel. Per (%)	-7/-14/-
Avg Val, INRm	297.0
Free float (%)	100.0

**Financials & Valuations (INR b)**

Y/E March	FY17	FY18E	FY20E
Net Sales	5.6	4.8	5.1
EBITDA	1.3	1.3	1.4
PAT	2.2	2.5	2.5
EPS (INR)	41.0	45.3	46.1
EPS Gr (%)	68.4	10.6	1.7
BV / Sh (INR)	495	488	574
P/E (x)	26.0	11.8	23.1
P / BV (x)	2.2	2.2	1.9
RoE (%)	8.3	9.3	8.0
RoCE (%)	13.7	11.9	10.5

Estimate change

TP change

Rating change

**CMP: INR987 TP: INR1,100 (11%)**

**Neutral**

**Continued thrust in new segments but dependence on this is still too low**

- Overall beat led by higher revenue:** BSE's 2QFY18 revenue declined 11.5% YoY to INR1,232m, better than our estimate of INR1.132m (-18.7% YoY). The revenue beat also led to a higher-than-expected EBITDA margin of 31.2% (-160bp YoY; est. of 16.3%). PAT declined by 4.2% YoY to INR672m, as against our estimate of INR592m (-15.6% YoY).
- Super-normal growth continues in smaller segments:** In our view, excluding CDSL, BSE's operating revenue rose 22% YoY. Growth was majorly led by a rise of 24% YoY in equity transactions income and 41% YoY in listing fees. Growth was much higher in currency derivatives (3.4x) and interest rates futures (4.8x); however, this did not result in material delta on the overall performance given that these segments contribute only ~2% of revenues.
- An update on new initiatives:** [1] BSE and Ebix, the world's largest insurance exchange, signed an MoU to set up a JV to develop an insurance distribution network to cover the entire insurance lifecycle. [2] Volumes on the IFSC grew from inception till July 2017 driven by new product launches; however, because of a temporary slowdown in regulatory thrust, volumes saw a decline in August and September. [3] Market share in equity declined to 13% from 17% earlier, despite a change in the pricing mechanism, primarily because of lower volumes on the derivatives front compared to NSE.
- Valuation and view:** Higher charges in the new segments should drive growth in earnings, given that the benefits should flow directly to the bottom line with costs already baked in. The quarter's beat has led to 3% upward revision to our earnings estimates for FY18/19. We arrive at our price target of INR1,100 by discounting FY19E core earnings (ex-CDSL) by 25x, and applying 40% holding company discount to CDSL share – implying ~11% upside to CMP. Maintain **Neutral**, as, in our view, the optionality from new segments may take time to play out.

**Consolidated - Quarterly Earning Model**

Y/E March									(INR m)			
	FY17				FY18				FY17	FY18E	Est. 2Q	Var. (%/bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Revenue from operations	1,285	1,392	1,323	1,628	1,174	1,232	1,168	1,228	5,628	4,800	1,132	8.8
YoY Change (%)	24.7	30.4	14.1	17.8	-8.6	-11.5	-11.7	-24.5	20.1	-14.7	-18.7	716bp
Total Expenditure	947	935	989	1,332	868	848	875	920	4,369	3,510	947	-10.5
EBITDA	338	456	334	296	306	384	293	308	1,258	1,291	185	107.3
Margins (%)	26.3	32.8	25.3	18.2	26.1	31.2	25.1	25.1	22.4	26.9	16.3	1481bp
Depreciation	118	126	135	161	101	109	136	143	540	488	127	-14.0
Interest	2	4	3	2	2	4	-1	-1	10	3	0	
Investment income	552	630	514	684	410	460	547	575	2,380	1,991	586	-21.4
PBT before EO expense	770	957	711	817	613	731	706	742	3,089	2,790	643	13.6
Extra-Ord expense	136	72	0	0	0	5	-2	-2			0	
PBT	634	885	711	817	613	727	708	744	3,089	2,790	643	12.9
Tax	110	127	76	93	118	126	153	161	406	558	130	-3.0
Rate (%)	17.4	14.4	10.7	11.4	19.2	17.4	21.6	21.6	13.2	20.0	20.2	-286bp
MI & P/L of Asso. Cos.	87	118	106	122	-2	-68	-84	-88	435	-242	-79	-13.5
Reported PAT	437	640	529	601	497	668	639	671	2,248	2,475	592	12.9
Adj PAT	549	701	529	601	497	672	637	669	2,248	2,475	592	13.6
YoY Change (%)	135.3	44.0	62.2	2.7	-9.5	-4.2	20.4	11.4	32.5	10.1	-15.6	1145bp
Margins (%)	42.8	50.4	40.0	36.9	42.4	54.6	54.5	54.5	39.9	51.6	52.3	229bp

E: MOSL Estimates

# Zensar Technologies

BSE SENSEX 33,686  
S&P CNX 10,453

**CMP: INR788 TP: INR950(+21%) Buy**

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

## Conference Call Details



**Date:** 6<sup>th</sup> November 2017  
**Time:** 16:00 IST  
**Dial-in details:**  
+91-22-3938 1074

### Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	30.6	30.8	35.2
EBITDA	3.8	3.9	5.2
NP	2.3	2.4	3.4
EPS (INR)	52.1	54.1	76.1
EPS Gr. (%)	-24.1	3.9	40.7
BV/Sh. (INR)	325.9	366.7	424.9
RoE (%)	17.2	15.6	19.2
RoCE (%)	23.2	19.2	23.9
Payout (%)	23.0	21.0	20.1
Div. Yield	1.6	1.5	2.0

### Miss led by top client weakness

#### Quarterly performance misses estimates

- ZENT's 2QFY18 revenue grew 3.3% QoQ CC, above our estimate of 2.3% QoQ CC growth. In USD terms, revenue grew by 3.8% QoQ to USD119m, indicating a cross-currency impact of +50bp.
- EBITDA margin expanded by 140bp QoQ to 11.6%. This was 100bp above our estimate of 10.6%. Our expansion expectations were tepid based on a recent history of disappointment, lack of organic growth and continued investments.
- While Application margins improved to 14.2% from 13.9% in the previous quarter, IMS margins were lower QoQ by 640bp to -3.4% (+3.1% in the previous quarter).
- PAT at INR608m (13.6% YoY); bettered our estimate of INR543m (-22.9% YoY), led by the overall operational beat.

#### Continued weakness in America; strong Digital growth

- Growth in the US (72% of revenue) has been weak for the last year, with revenue declining by 1% YoY in FY17, and by 2% YoY in 2QFY18. A restructuring of the sales team is likely to lead to better prospects.
- Growth in Digital was encouraging as Foolproof and Keystone got added to the portfolio, leading to 35% YoY growth. Sequential growth stood at 5.2%, taking Digital to 36.8% of total revenue.

**Valuation and view:** We will revisit our estimates post earnings call. Outlook on growth, especially in top accounts and in the US; and insights on execution of strategy would be keenly watched. Based on current estimates, it trades at 13.8/9.8x FY18/19E EPS. Maintain **Buy**.

### Quarterly Performance (Consolidated)

Y/E March	FY17				FY18E				FY17	FY18E	Est. 2QFY18	Var. (% / bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue (USD m)	114	116	118	112	114	119	119	121	459	473	117	1.1
QoQ (%)	3.1	1.8	1.3	-4.9	2.2	3.8	0.2	2.0	1.4	3.0	2.6	112bp
Revenue (INR m)	7,554	7,703	7,865	7,433	7,367	7,626	7,783	7,999	30,556	30,774	7,544	1.1
YoY (%)	7.2	1.8	3.9	-0.4	-2.5	-1.0	-1.1	7.6	3.1	0.7	-1.0	0bp
GPM (%)	29.1	30.1	30.2	27.7	27.6	28.8	29.1	29.2	29.3	28.7	26.6	217bp
SGA (%)	15.4	15.6	16.4	19.9	17.4	17.2	15.0	15.0	16.8	16.1	16.0	118bp
EBITDA	1,037	1,111	1,085	585	748	884	1,099	1,138	3,819	3,869	801	10.4
EBITDA Margin (%)	13.7	14.4	13.8	7.9	10.2	11.6	14.1	14.2	12.5	12.6	10.6	99bp
EBIT Margin (%)	12.3	12.8	12.3	6.2	7.7	9.3	11.9	12.0	10.9	10.3	8.3	105bp
Other income	198	70	201	-228	203	194	83	104	241	584	203	-4.4
ETR (%)	32.6	29.6	30.2	45.5	32.0	26.8	29.0	29.0	31.6	29.1	29.0	
PAT	741	704	800	104	472	608	660	701	2,349	2,441	543	12.0
QoQ (%)	5.4	-5.0	13.7	-87.0	354.7	29.0	8.5	6.2			15.0	1395bp
YoY (%)	-2.8	-22.9	11.9	-85.2	-36.3	-13.6	-17.5	575.5	-24.1	3.9	-22.9	932bp
EPS (INR)	16.4	15.6	17.7	2.3	10.5	13.5	14.6	15.5	52.1	54.1	12.0	
Headcount	8,238	8,316	8,564	8,524	8,567	8,414	8,664	8,714	8,524	8,714	8,642	-2.6
Utilization (%)	79.8	80.1	79.5	79.2	83.2	85.9	82.0	81.0	79.7	83.0	83.0	290bp
Offshore rev. (%)	31.2	33.8	33.5	34.5	37.5	37.5	35.7	35.0	33.2	36.4	37.0	46bp

# SITI Network

**BSE SENSEX** 33,686  
**S&P CNX** 10,453

**CMP: INR26**

**TP: INR36**

**Neutral**

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

## Conference Call Details



**Date:** 06th Nov 2017

**Time:** 11:30am IST

**Dial-in details:**

+91 22 3960 0626

## Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	11.9	15.2	18.2
EBITDA	2.0	3.8	5.1
Adj NP	-1.6	-0.6	0.3
Adj EPS (INR)	-1.9	-0.7	0.4
EPS Gr. (%)	293.3	-64.2	-156.7
BV/Sh. (INR)	6.2	5.4	5.7
RoE (%)	-29.4	-11.5	6.8
RoCE (%)	-0.8	12.7	5.5
P/E (x)	-13.9	-38.9	68.5
P/BV (x)	4.2	4.8	4.5
EV/EBITDA (x)	17.3	10.2	7.7

## Revenue/EBITDA down 3%/33% QoQ

- Revenue declined 3% QoQ (+22% YoY) to INR3,523m (in-line) due to a steep 48% QoQ fall in activation revenue to INR440m (+15% YoY, 24% beat). This decline is the result of ~44% QoQ plunge in digital subscriber adds to 0.7m. Further, a 7% QoQ (6% YoY) decline in carriage and placement revenue to INR710m (10% miss) impacted revenues.
- However, subscription revenue jumped 21% QoQ (52% YoY) to INR2,050m (11% beat), providing support to revenues, led by a higher cable universe base of ~13.2m.
- Broadband revenue of INR255m declined marginally by 1% QoQ (+2% YoY).
- EBITDA fell 33% QoQ (+42% YoY, 13% miss) to INR672m on the back of a subdued top line and an 8% rise in operating expenses. Margin shrunk 860bp QoQ to 19% (+270 bp YoY, 290bp miss).
- Net loss widened to INR657m (-INR290m in 1QFY18; est. of -INR229m). Adjusted for one-off expenses (due to restructuring of operations), net loss stood at INR608m on a weak EBITDA, coupled with a 9%/12% QoQ rise in depreciation/finance cost.
- Consol. net debt stood at INR12,760m (INR12,210m – Jun'17).

**Valuation view:** We will revisit our estimates post the earnings call. At CMP of INR26, the stock trades at EV/EBITDA of 10.2x FY18E and 7.7x FY19E. We have a **Neutral** rating.

## Quarterly performance (INR m)

Y/E March	FY17				FY18				FY17	FY18	2QFY18E	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Revenue from Operations</b>	<b>2,820</b>	<b>2,890</b>	<b>2,985</b>	<b>3,255</b>	<b>3,650</b>	<b>3,523</b>	<b>3,829</b>	<b>4,199</b>	<b>11,949</b>	<b>15,201</b>	<b>3,516</b>	<b>0</b>
YoY Change (%)	22.7	23.6	-13.2	-4.0	29.4	21.9	28.3	29.0	4.2	27.2	-76.9	
Total Expenditure	2,395	2,416	2,434	2,676	2,639	2,851	2,905	3,005	9,921	11,401	2,744	4
<b>EBITDA</b>	<b>425</b>	<b>473</b>	<b>550</b>	<b>580</b>	<b>1,010</b>	<b>672</b>	<b>924</b>	<b>1,194</b>	<b>2,028</b>	<b>3,800</b>	<b>772</b>	<b>-13</b>
Margins (%)	15.1	16.4	18.4	17.8	27.7	19.1	24.1	28.4	17.0	25.0	22.0	-289bps
Depreciation	547	572	625	667	726	792	695	566	2,412	2,779	695	
Interest	297	280	360	338	331	371	320	256	1,274	1,279	320	
Other Income	49	24	71	115	62	40	34	1	259	136	33	
<b>PBT before EO expense</b>	<b>-370</b>	<b>-355</b>	<b>-364</b>	<b>-310</b>	<b>15</b>	<b>-452</b>	<b>-56</b>	<b>372</b>	<b>-1,399</b>	<b>-121</b>	<b>-209</b>	<b>NM</b>
Extra-Ord expense	0	0	0	202	0	47	0	0	202	47	0	
<b>PBT</b>	<b>-370</b>	<b>-355</b>	<b>-364</b>	<b>-513</b>	<b>15</b>	<b>-499</b>	<b>-56</b>	<b>372</b>	<b>-1,602</b>	<b>-168</b>	<b>-209</b>	<b>NM</b>
Tax	65	22	-30	135	167	16	30	-11	193	202	30	
Rate (%)	-17.7	-6.1	8.1	-26.4	1,143.5	-3.2	-53.7	-2.9	-12.0	-120.5	-14.3	
MI & P/L of Asso. Cos.	101	93	-71	-31	137	142	-10	-8	91	261	-10	
<b>Reported PAT</b>	<b>-536</b>	<b>-469</b>	<b>-263</b>	<b>-617</b>	<b>-290</b>	<b>-657</b>	<b>-76</b>	<b>391</b>	<b>-1,885</b>	<b>-631</b>	<b>-229</b>	<b>NM</b>
<b>Adj PAT</b>	<b>-536</b>	<b>-469</b>	<b>-263</b>	<b>-361</b>	<b>-290</b>	<b>-608</b>	<b>-76</b>	<b>391</b>	<b>-1,629</b>	<b>-583</b>	<b>-229</b>	<b>NM</b>
YoY Change (%)	45.9	48.7	-279.7	-584.5	-45.9	29.7	-71.2	-208.4	254.3	-64.2	-51.1	
Margins (%)	-19.0	-16.2	-8.8	-11.1	-7.9	-17.3	-2.0	9.3	-13.6	-3.8	-6.5	





# Gujarat Gas

Bloomberg	GUJGA IN
Equity Shares (m)	137.7
M. Cap. (INR b)/(USD b)	125 / 2
52-Week Range (INR)	920 / 487
1,6,12 Rel Perf. (%)	11 / 12 / 45

### Financial snapshot (INR b)

y/e march	2017	2018E	2019E	2020E
Sales	50.9	63.4	76.0	84.7
EBITDA	7.5	10.4	12.7	14.0
PAT	2.2	4.3	6.1	7.0
EPS (INR)	16.2	31.6	44.0	50.9
EPS Gr. (%)	8.1	94.7	39.3	15.8
BV/Sh.(INR)	119.5	145.1	180.9	222.3
RoE (%)	14.2	23.9	27.0	25.3
RoCE (%)	14.5	20.3	25.2	26.7
Payout (%)	18.7	18.7	18.7	18.7

### Valuations

P/E (x)	55.9	28.7	20.6	17.8
P/BV (x)	7.6	6.2	5.0	4.1
EV/EBITDA (x)	19.7	14.0	11.2	9.8
Div. Yield (%)	0.3	0.5	0.8	0.9

**CMP: INR907**

**TP: INR712 (-22%)**

**Sell**

- We expect GUJGA to report volumes of 5.6mmscmd, and assume EBITDA/scm at INR4.4 for 2QFY18.
- We expect 2QFY18 PNG industrial/commercial volumes at 3.9mmscmd (+10% YoY, -11% QoQ), impacted by GST implementation, and PNG household volumes at 0.4mmscmd (+1% YoY, flat QoQ). We expect CNG volumes at 1.3mmscmd (+9% YoY, flat QoQ).
- We expect GUJGA to report EBITDA of INR2.3b (+7% YoY, -15% QoQ) for 2QFY18.
- We expect GUJGA to report PAT of INR904m (+26% YoY, -13% QoQ).
- We model total volumes of 5.4/6.1/7.0mmscmd and EBITDA/scm of INR4.6/5.0/4.9 in FY18/FY19/FY20.
- The stock trades at 20.6x FY19E EPS of INR44. Maintain Sell.

### Key issues to watch for

- PNG and CNG volumes.
- EBITDA/scm.
- Gas cost.

### Standalone - Quarterly Earning Model

(INR Million)

Y/E March	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
<b>Net Sales</b>	<b>12,247</b>	<b>12,371</b>	<b>12,309</b>	<b>14,002</b>	<b>14,780</b>	<b>14,836</b>	<b>16,410</b>	<b>17,402</b>	<b>50,929</b>	<b>63,427</b>
YoY Change (%)	-26.7	-21.3	-17.1	1.6	20.7	19.9	33.3	24.3	-16.6	24.5
Total Expenditure	10,073	10,243	10,600	12,539	12,082	12,555	13,883	14,482	43,455	53,002
<b>EBITDA</b>	<b>2,173</b>	<b>2,129</b>	<b>1,709</b>	<b>1,463</b>	<b>2,698</b>	<b>2,281</b>	<b>2,526</b>	<b>2,920</b>	<b>7,474</b>	<b>10,425</b>
Margins (%)	17.7	17.2	13.9	10.4	18.3	15.4	15.4	16.8	14.7	16.4
Depreciation	632	645	653	643	666	725	725	725	2,672	2,840
Interest	534	541	539	476	496	336	336	336	2,090	1,504
Other Income	62	53	75	71	78	128	128	128	372	463
<b>PBT</b>	<b>1,070</b>	<b>995</b>	<b>593</b>	<b>415</b>	<b>1,615</b>	<b>1,349</b>	<b>1,594</b>	<b>1,987</b>	<b>3,084</b>	<b>6,544</b>
Tax	321	277	170	84	571	445	526	656	852	2,198
Rate (%)	30.0	27.8	28.6	20.2	35.4	33.0	33.0	33.0	27.6	33.6
<b>Reported PAT</b>	<b>748</b>	<b>718</b>	<b>423</b>	<b>331</b>	<b>1,044</b>	<b>904</b>	<b>1,068</b>	<b>1,331</b>	<b>2,232</b>	<b>4,346</b>
YoY Change (%)	27.7	158.8	31.5	-63.9	39.4	25.8	152.5	301.7	8.1	94.7
Margins (%)	6.1	5.8	3.4	2.4	7.1	6.1	6.5	7.6	4.4	6.9
<b>Total volume (mmscmd)</b>	<b>5.1</b>	<b>5.2</b>	<b>5.3</b>	<b>6.1</b>	<b>6.1</b>	<b>5.6</b>	<b>6.3</b>	<b>6.5</b>	<b>5.4</b>	<b>6.1</b>
CNG	1.1	1.2	1.2	1.2	1.3	1.3	1.5	1.5	1.2	1.4
PNG - Industrials/commercial	3.5	3.6	3.7	4.3	4.4	3.9	4.4	4.5	3.8	4.3
PNG - Households	0.4	0.4	0.5	0.6	0.4	0.4	0.4	0.5	0.5	0.4
<b>EBITDA (INR/scm)</b>	<b>4.7</b>	<b>4.5</b>	<b>3.5</b>	<b>2.7</b>	<b>4.8</b>	<b>4.4</b>	<b>4.3</b>	<b>5.0</b>	<b>3.8</b>	<b>4.6</b>

E: MOSL Estimates



# Indian Bank

Bloomberg	INBK IN
Equity Shares (m)	480.3
M. Cap. (INR b)/(USD b)	129 / 2
52-Week Range (INR)	365 / 190
1,6,12 Rel Perf. (%)	-6 / -11 / 9

## Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
NII	51.5	58.7	65.1	74.5
OP	40.0	44.8	46.2	50.2
NP	14.1	16.5	18.4	20.3
EPS (INR)	29.3	34.4	38.3	42.3
EPS Gr. (%)	97.6	17.6	11.4	10.3
BV/Sh. (INR)	301	327	357	389
ABV/Sh (INR)	219	245	273	306
RoE (%)	10.1	10.9	11.2	11.3
RoA (%)	0.7	0.7	0.7	0.7
Div. Payout (%)	23.8	23.2	23.2	23.2

## Valuations

P/E (x)	9.2	7.8	7.0	6.3
P/ BV (x)	0.9	0.8	0.8	0.7
P/ABV (x)	1.2	1.1	1.0	0.9
Div. Yield (%)	2.2	2.6	2.9	3.2

**CMP: INR267 TP: INR333 (+24%) Buy**

- Loan growth is expected to pick up marginally to ~8% YoY (+2% QoQ), led by balance sheet recalibration. Deposit growth is expected to be 10% YoY (2% QoQ).
- Calculated NIM is expected to stay flat at 2.94%. 1QFY18 had interest income reversals of INR450m. NII will grow ~15% YoY, but stay flat QoQ.
- Overall non-interest income is expected to decline 8% YoY, led by decline in trading gains. Fee income growth is expected to be ~11% YoY.
- We expect slippage ratio to remain elevated at 2.5% and credit costs to moderate to 1.5% (2.15% in 1QFY18).
- INBK trades at 0.7x FY19E BV and 7.0x FY19E EPS. Maintain Buy.

## Key issues to watch for

- Outlook on business growth and asset quality remains the key factor to monitor.
- Quantum of loans rescheduled under the 5/25 scheme.
- View on margins with an improvement in liquidity and lower interest rates.

## Quarterly Performance

	(INR m)									
	FY17				FY18E				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Interest Income	40,713	39,944	39,576	40,165	41,360	42,011	42,334	41,557	1,60,397	1,67,201
Interest Expense	28,350	27,161	27,110	26,316	26,765	27,300	27,710	26,705	1,08,937	1,08,479
<b>Net Interest Income</b>	<b>12,363</b>	<b>12,783</b>	<b>12,466</b>	<b>13,849</b>	<b>14,595</b>	<b>14,711</b>	<b>14,624</b>	<b>14,852</b>	<b>51,461</b>	<b>58,722</b>
% Change (Y-o-Y)	10.4	18.3	12.2	22.1	18.1	15.1	17.3	7.2	15.7	14.1
Other Income	4,417	5,846	5,997	5,854	6,521	5,390	5,621	5,694	22,114	23,804
<b>Net Income</b>	<b>16,780</b>	<b>18,629</b>	<b>18,463</b>	<b>19,703</b>	<b>21,116</b>	<b>20,101</b>	<b>20,245</b>	<b>20,547</b>	<b>73,574</b>	<b>82,526</b>
Operating Expenses	7,748	8,567	8,251	9,001	8,592	9,631	10,012	9,450	33,567	37,685
<b>Operating Profit</b>	<b>9,032</b>	<b>10,062</b>	<b>10,212</b>	<b>10,701</b>	<b>12,524</b>	<b>10,470</b>	<b>10,233</b>	<b>11,097</b>	<b>40,007</b>	<b>44,841</b>
% Change (Y-o-Y)	27.5	36.8	33.2	29.3	38.7	4.1	0.2	3.7	18.1	12.2
Other Provisions	4,170	4,783	5,403	8,069	7,156	4,600	4,000	4,782	22,425	20,538
<b>Profit before Tax</b>	<b>4,862</b>	<b>5,279</b>	<b>4,809</b>	<b>2,632</b>	<b>5,368</b>	<b>5,870</b>	<b>6,233</b>	<b>6,314</b>	<b>17,582</b>	<b>24,303</b>
Tax Provisions	1,788	1,228	1,074	-565	1,644	1,878	2,057	2,197	3,526	7,777
<b>Net Profit</b>	<b>3,074</b>	<b>4,051</b>	<b>3,735</b>	<b>3,197</b>	<b>3,724</b>	<b>3,992</b>	<b>4,176</b>	<b>4,117</b>	<b>14,057</b>	<b>16,526</b>
% Change (Y-o-Y)	42.8	9.7	670.4	278.4	21.2	-1.5	11.8	28.8	97.6	17.6
<b>Operating Parameters</b>										
NIM (Rep, %)	2.5	2.6	2.5	2.7	2.7	0.0	0.0	0.0	2.7	0.0
Deposit Growth (%)	1.1	3.2	5.2	2.4	7.9	9.6	8.5	7.5	2.4	7.5
Loan Growth (%)	1.5	0.2	-0.7	-1.0	4.2	7.5	10.3	10.0	-1.0	10.0
CASA Ratio (%)	32.1	33.6	38.7	37.7	36.5	0.0	0.0	0.0	37.7	0.0
<b>Asset Quality</b>										
OSRL (INR b)	62.9	64.1	59.5	43.2	44.0	0.0	0.0	0.0	43.2	0.0
OSRL (%)	5.1	5.2	4.9	3.4	3.4	0.0	0.0	0.0	3.4	0.0
Gross NPA (INR b)	88.9	91.9	96.8	98.7	96.5	97.3	98.0	102.7	98.7	102.7
Gross NPA (%)	7.0	7.3	7.7	7.5	7.2	7.1	7.0	7.1	7.5	7.1

E: MOSL Estimates



# L&T Infotech

Bloomberg	LTI IN
Equity Shares (m)	175.0
M. Cap. (INR b)/(USD b)	141 / 2
52-Week Range (INR)	840 / 595
1,6,12 Rel Perf. (%)	6 / 7 / 19

## Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Sales	65.0	69.4	77.3	87.1
EBITDA	12.3	11.9	13.6	16.0
PAT	9.7	10.7	11.4	12.8
EPS (INR)	55.5	60.9	65.3	73.2
EPS Gr. (%)	5.9	9.7	7.2	12.2
BV/Sh. (INR)	159.5	205.7	255.3	311.0
ROE (%)	40.4	33.3	28.3	25.9
RoCE (%)	42.7	31.6	30.6	29.8
Payout (%)	17.5	20.0	20.0	20.0

## Valuation

P/E (x)	14.5	13.2	12.3	11.0
P/BV (x)	5.0	3.9	3.2	2.6
EV/EBITDA (x)	10.9	10.9	9.2	7.5
Div Yld (%)	1.2	1.5	1.6	1.8

**CMP: INR805 TP: INR880 (9%) Buy**

- LTI witnessed strong growth throughout FY17, led by sustained ramp-up of deals. Although growth has been as strong in 1QFY18, the company expected a pick-up towards 2HFY18.
- Visibility for this revival comes from the ramp-up schedule of recent deal wins and visibility lent by new deal wins.
- We hence expect 2QFY18 to be moderate, with revenue growing at 2.8% in USD terms and 2.1% in CC terms.
- We expect EBITDA margin to remain steady at 16.7%, and expect a pick-up in profitability to be aligned with revenue growth, starting in 2H.
- Our PAT estimate for the quarter is INR2.8b, which implies 3.7% QoQ growth, largely led by lower margins.
- The stock trades at 13.2x FY18E and 12.3x FY19E earnings. Buy.

## Key issues to watch for

- Deal wins, ramp-up schedule for FY18 and visibility on continuity of traction.
- Outlook on top clients and their contribution to growth.
- Growth in Digital.

## Quarterly Performance

Y/E March	FY17				FY18E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY17	FY18E
Revenue (USD m)	231	240	245	254	259	266	272	279	970	1,077
QoQ (%)	0.6	3.7	2.3	3.7	2.0	2.8	2.2	2.6	9.3	11.1
Revenue (INR m)	15,550	16,020	16,667	16,772	16,707	17,131	17,563	18,027	65,009	69,428
YoY (%)	16.6	9.1	12.1	7.7	7.4	6.9	5.4	7.5	11.2	6.8
GPM (%)	35.3	35.4	34.3	35.8	33.8	33.2	33.6	34.0	35.2	33.7
SGA (%)	15.7	16.4	16.2	16.8	17.0	16.5	16.3	16.3	16.3	16.5
EBITDA	3,050	3,044	3,020	3,190	2,799	2,865	3,047	3,192	12,303	11,903
EBITDA Margin (%)	19.6	19.0	18.1	19.0	16.8	16.7	17.3	17.7	18.9	17.1
EBIT Margin (%)	16.9	16.1	15.3	16.5	14.4	14.3	15.0	15.4	16.2	14.8
Other income	372	365	597	503	1,084	1,163	588	792	1,837	3,628
ETR (%)	21.2	21.0	21.2	22.3	23.4	23.4	23.4	23.4	21.4	23.4
PAT	2,359	2,326	2,481	2,547	2,673	2,772	2,472	2,739	9,711	10,656
QoQ (%)	3.2	-1.4	6.7	2.7	4.9	3.7	-10.8	10.8		
YoY (%)	35.1	21.3	10.5	11.4	13.3	19.2	-0.4	7.5	5.9	9.7
EPS (INR)	13.5	13.3	14.2	14.6	15.3	15.8	14.1	15.7	55.5	60.9
Headcount	19,292	21,074	20,605	21,023	22,321	22,681	23,051	23,521	21,023	23,521
Util incl. trainees (%)	77.4	78.7	78.1	78.3	77.7	77.5	78.0	78.5	78.07.5	77.9
Attrition (%)	19.5	18.5	18.1	16.9	14.7					
Offshore rev. (%)	51.9	51.2	52.3	51.3	53.2	52.2	52.5	52.7	48.3	52.6

E: MOSL Estimates



# Parag Milk Foods

Bloomberg	PARAG IN
Equity Shares (m)	84.1
M. Cap. (INR b)/(USD b)	22 / 0
52-Week Range (INR)	328 / 203
1,6,12 Rel Perf. (%)	5 / 3 / -27

## Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Sales	17.3	19.8	23.1	26.8
EBITDA	1.1	1.7	2.1	2.7
Adj. PAT	0.3	0.8	1.0	1.4
Adj. EPS (INR)	3.6	9.1	12.5	16.9
EPS Gr. %	-46.4	152.6	37.0	35.1
BV/Sh.INR	78.2	87.3	99.7	116.6
RoE (%)	6.0	11.0	13.3	15.6
RoCE (%)	6.9	10.1	12.0	14.0
<b>Valuations</b>				
P/E (x)	72.6	28.7	21.0	15.5
P/BV (x)	3.3	3.0	2.6	2.2

**CMP: INR262 TP: INR280 (+7%) Neutral**

- We expect Parag to report net sales of INR5.2b, up 10% YoY. Both liquid milk and milk products are expected to see decent growth.
- Festive season related demand can be seen during this quarter.
- Milk prices have started declining in the last few days (down 7-10% YoY).
- We estimate EBITDA margin at 8% and PAT at INR189m.
- The stock trades at 21x FY19E EPS of INR12.5. We have a Neutral rating on the stock.

## Key issues to watch for

- Farm gate milk prices and global SMP price movement.
- Execution of value-added products distribution, especially whey protein.
- Competitive intensity.

## Consolidated - Quarterly Earning Model

Y/E March	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
<b>Net Sales</b>	<b>3,835</b>	<b>4,728</b>	<b>4,461</b>	<b>4,283</b>	<b>4,129</b>	<b>5,201</b>	<b>5,130</b>	<b>5,376</b>	<b>17,307</b>	<b>19,835</b>
YoY Change (%)	2.6	0.7	15.1	3.4	7.7	10.0	15.0	25.5	5.2	14.6
<b>EBITDA</b>	<b>318</b>	<b>377</b>	<b>-145</b>	<b>519</b>	<b>294</b>	<b>415</b>	<b>347</b>	<b>644</b>	<b>1,070</b>	<b>1,700</b>
YoY Change (%)	11.8	-8.9	-137.8	29.6	-7.7	10.0	LP	24.3	-27.8	58.9
Margins (%)	8.3	8.0	-3.2	12.1	7.1	8.0	6.8	12.0	6.2	8.6
Depreciation	98	115	109	168	116	115	109	123	490	462
Interest	96	64	89	88	79	64	62	51	336	256
Other Income	16	23	20	59	15	23	20	24	118	82
<b>PBT</b>	<b>140</b>	<b>222</b>	<b>-322</b>	<b>322</b>	<b>115</b>	<b>259</b>	<b>196</b>	<b>494</b>	<b>362</b>	<b>1,064</b>
Tax	38	78	-54	3	9	70	53	166	65	298
Rate (%)	27.2	35.4	16.8	0.9	8.1	27.0	27.0	33.5	18.0	28.0
<b>Adj PAT</b>	<b>102</b>	<b>143</b>	<b>-268</b>	<b>319</b>	<b>105</b>	<b>189</b>	<b>143</b>	<b>328</b>	<b>297</b>	<b>766</b>
YoY Change (%)	45.5	47.8	-284.5	98.4	3.0	32.2	LP	2.8	-37.2	157.9
Margins (%)	2.7	3.0	-6.0	7.5	2.5	3.6	2.8	6.1	1.7	3.9

E: MOSL Estimates



### 1. ORIENT CEMENT: Expect to attain sales volume of 3.3 million tonne in H2FY18; Deepak Khetrpal, MD & CEO

- Did total volume at approximately 2.7 million tonne in first half of FY18.
- Currently functioning at capacity utilisation of approximately 70 percent. However, looking to increase capacity utilisation by more than 80 percent.
- Expect to attain sales volume of 3.3 million tonne in second half of FY18 and targeting sales volume of 6 million tonne in FY18.
- Expect cement demand to improve in H2 of FY18.
- Still in process of getting various permissions for the Jaypee deal.

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### 2. VEDANTA: See huge opportunity in steel biz as well as in oil & gas sector; Kuldeep Kaura, Interim CEO

- In the aluminium side, market has been developing very well and there have been some constraints in supply. Mainly in China, might be some restrictions because of environment factors and winter coming in. So market will remain stable.
- On zinc, believe the demand is going up and possibly supplies will catch up over a period of time. Outlook for zinc prices is stable, plus or minus something.
- Coal supplies and prices have gone up. Materialisation percentages from linkages have been a bit lower than expected. That leads to cost increase.
- Expect coal availability to improve in q4 as domestic coal supply improves.
- Have a very strong balance sheet. Gives immense opportunities to grow. Assuming Indian growth at plus or minus 8 percent, in ten years' time, the demand for metals will grow to about three times the current size of the market.
- Believe there is a huge opportunity in steel business.
- Huge opportunity for us to look at oil and gas sector and also invest in further enhancing our crude production capabilities.

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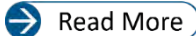
### 3. Ujjivan: Crossed over 100 small finance bank branches; building our deposit base; Samit Ghosh, MD & CEO

- Will recover completely from demonetisation by year end. Micro finance business returning to normalcy.
- Have crossed over 100 Ujjivan Small Finance Bank branches and building up deposit base.
- High cost money borrowed as microfinance institution (MFI) has been replaced by term deposits. Have repaid high cost deposits worth Rs 1,000 crore so far.
- Expect incremental provision of Rs 50-70 crore in stressed accounts.
- Looking to contain credit cost at Rs 300 crore.
- Plan to bring down the share of microfinance business from 96 percent to 50 percent. Want to build alternate businesses like affordable housing, personal loans.

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#### 4. BERGER PAINTS: Didn't take price hike in q2; won't take in q3 as well; Abhijit Roy, MD & CEO

- Q2 volume growth was high-single digits at 9 percent. Saw a blip in July due to internal software issues.
- Expect volumes to do better going forward.
- Didn't take a price hike in Q2 and will not take in Q3 as well. However, will watch crude price movement closely going ahead.
- Saw pick up in two-wheeler and commercial vehicle (CV) industry paint demand in October.
- Saboo Coatings acquisition has increased interest expense by a bit.
- Most capex will be over and done with by end of FY19.

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### 1. FURTHER REFORMS ARE NEEDED FOR THE GST TO SUCCEED

- The Rs9 trillion booster shot announced at the end of October will not achieve its purpose unless the tangles in the goods and services tax (GST) structure are sorted out, and the systemic bias against small-scale dealers embedded in its present design eliminated. Big business in India relies critically on inputs from small business. Organized sector manufacturers will hesitate to expand if these traditional input channels dry up. If they respond by producing their inputs in-house, we will be going right back to what we were trying to get away from with value-added taxation. The GST carries design features that have harmed supply chain structures, as I wrote in my Mint column on 6 October. Some of them were partially reversed at the meeting of the GST Council held that day, but further changes need to be considered at the next meeting on 9 November in Guwahati.

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### 2. A UNIQUE OPPORTUNITY WITH THE PMEAC

- The Prime Minister recently constituted the economic advisory council (PMEAC) to provide sound policy advice in key areas such as reviving economic growth and creating enabling conditions for gainful employment. The chairman and member secretary of the PMEAC remain associated with NITI Aayog in their old capacities, thus providing critical synergy between the two organizations. Along with NITI Aayog, the office of the chief economic adviser (CEA) is dedicated to providing expert policy advice to the government. In addition, the government receives policy-related suggestions from stakeholders such as bureaucrats, industry, consumer groups, think tanks, academia, media, experts, among others through both structured and non-structured processes. Against this backdrop, concerns are being raised about the contribution that the PMEAC can make in the already overcrowded space of providing policy advice to the government.

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### 3. PRIVATISATION OF AIRPORTS: HOW TO GET POLICY RIGHT AS MANAGEMENT CONTRACTS WON'T WORK

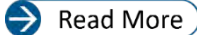
- After several controversies surrounding the privatisation of major airports like the one at Delhi, and the resistance from labour unions who see cushy government jobs being hit by privatisation—and vested interests who gain from the current system—it is not surprising that the government is looking for a middle path. A solution that involves garnering the efficiencies of the private sector, but without full-fledged privatisation. So, in the case of Ahmedabad and Jaipur airports which are bursting at the seams and need fresh investment in expansion, the government put out tenders for, essentially, managing the terminals—the bidder was to pay the government a fixed rental based on the revenues it felt it could generate.

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## International

### 4. NIKKEI AT CENTRE OF GLOBAL STOCK BUBBLE

- The search for the world's frothiest stock market is heating up. Most eyes are on the Donald Trump rally in New York. Some gaze at Narendra Modi's Mumbai. Perhaps, though, we should be looking at Shinzo Abe's Tokyo. Abenomics is having a good moment. Japan is enjoying its longest run of growth in 11 years, unemployment is at 23-year lows and Prime Minister Abe's big 22 October election win frees him to toss more stimulus at Asia's No. 2 economy. But a 30% surge in the Nikkei 225 Stock Average over the past year? Seriously? Tokyo shares are benefiting from the we-are-the-world stock boom. The extent to which it's racing ahead of the 19% gain in the MSCI World index, though, raises questions. The bullish Nikkei case rests on five factors: continued Bank of Japan liquidity, extraordinarily cash-rich balance sheets, Japan Inc. finally getting serious about return on equity, US President Trump's potential tax cuts boosting global growth and Abe using his new mandate to accelerate structural changes.

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
<b>Automobiles</b>														
Amara Raja	Buy	691	854	24	28.0	25.6	32.9	24.7	27.0	4.6	4.0	20.3	15.8	17.7
Ashok Ley.	Buy	124	145	17	4.6	5.3	7.0	27.2	23.2	5.9	5.2	23.1	23.8	27.0
Bajaj Auto	Buy	3,223	3,753	16	132.3	145.2	175.0	24.4	22.2	5.5	4.9	25.3	23.3	25.3
Bharat Forge	Buy	706	726	3	13.1	18.3	25.5	53.9	38.6	8.0	6.9	16.2	19.3	22.9
Bosch	Neutral	20,983	22,781	9	473.1	540.8	698.6	44.3	38.8	7.3	6.5	15.8	17.8	20.5
CEAT	Buy	1,695	2,029	20	93.3	94.2	126.8	18.2	18.0	2.8	2.5	16.9	14.8	17.3
Eicher Mot.	Buy	31,169	36,487	17	612.7	826.7	1,119.2	50.9	37.7	15.9	11.9	37.1	36.1	36.4
Endurance Tech.	Buy	1,198	1,229	3	23.5	29.6	39.3	51.0	40.4	9.7	8.1	20.8	21.8	24.0
Escorts	Sell	724	688	-5	20.0	35.8	45.9	36.3	20.2	3.7	3.2	10.6	16.8	18.4
Exide Ind	Buy	205	254	24	8.1	7.9	9.7	25.2	25.9	3.5	3.2	13.9	12.5	13.7
Hero Moto	Neutral	3,691	3,819	3	169.1	183.1	193.9	21.8	20.2	7.3	6.4	35.7	33.7	31.1
M&M	Buy	1,331	1,585	19	54.3	69.5	81.7	24.5	19.2	3.1	2.8	14.2	13.5	14.3
Mahindra CIE	Not Rated	252	-		5.4	9.9	11.8	47.1	25.6	2.9	2.6	6.4	10.8	11.5
Maruti Suzuki	Buy	8,216	9,466	15	248.6	288.1	381.0	33.0	28.5	6.9	6.0	20.3	20.5	23.0
Tata Motors	Buy	447	562	26	19.8	20.0	61.3	22.6	22.3	2.6	2.3	9.8	11.0	27.4
TVS Motor	Neutral	695	764	10	11.7	14.9	25.8	59.2	46.6	13.7	11.2	25.6	26.5	35.6
<b>Aggregate</b>								<b>30.0</b>	<b>26.3</b>	<b>5.1</b>	<b>4.5</b>	<b>17.1</b>	<b>17.2</b>	<b>22.6</b>
<b>Banks - Private</b>														
Axis Bank	Neutral	540	470	-13	15.4	18.1	29.9	35.2	29.8	2.4	2.2	6.9	7.6	11.6
DCB Bank	Neutral	181	197	9	7.0	8.5	10.5	25.9	21.3	2.7	2.2	10.8	11.5	11.8
Equitas Hold.	Buy	147	209	43	5.0	1.7	5.7	29.0	84.6	2.2	2.2	9.5	2.6	8.2
Federal Bank	Buy	116	146	26	4.8	5.5	6.6	24.1	20.9	2.3	1.8	9.9	9.6	10.0
HDFC Bank	Buy	1,831	2,150	17	56.8	68.7	84.7	32.3	26.7	5.5	4.8	18.3	18.8	20.4
ICICI Bank	Buy	316	355	12	15.3	13.6	17.0	20.7	23.2	2.3	2.4	10.9	8.8	10.5
IDFC Bank	Neutral	59	56	-5	3.0	2.8	3.2	19.6	21.2	1.4	1.3	7.2	6.3	6.9
IndusInd	Buy	1,675	2,000	19	48.1	60.9	78.6	34.8	27.5	4.9	4.3	15.3	16.9	19.0
J&K Bank	Buy	81	100	24	-31.3	4.1	8.7	NM	19.5	0.7	0.8	-27.0	4.0	8.0
Kotak Mah. Bk	Buy	1,016	1,179	16	26.8	32.1	41.6	37.8	31.7	4.9	4.4	13.8	14.8	16.5
RBL Bank	Buy	519	665	28	11.9	16.4	23.0	43.7	31.8	4.6	3.3	12.3	12.4	13.7
South Indian	Buy	32	36	14	2.5	1.9	3.8	12.7	17.0	1.2	1.2	9.0	6.7	12.6
Yes Bank	Buy	326	382	17	14.6	17.8	23.3	22.3	18.3	3.5	3.0	18.9	17.3	19.5
<b>Aggregate</b>								<b>30.4</b>	<b>25.7</b>	<b>3.5</b>	<b>3.1</b>	<b>11.5</b>	<b>12.1</b>	<b>14.1</b>
<b>Banks - PSU</b>														
BOB	Buy	172	217	26	6.0	9.5	20.8	28.7	18.0	1.1	1.1	4.0	6.1	12.4
BOI	Neutral	202	141	-30	-14.8	-11.2	6.6	NM	NM	0.9	0.9	-6.7	-5.2	3.0
Canara	Neutral	404	386	-4	18.8	16.1	30.3	21.5	25.0	0.9	0.8	4.2	3.4	6.1
IDBI Bk	Neutral	65	49	-24	1.5	6.4	8.6	42.3	10.1	0.6	0.6	1.4	5.8	7.3
Indian Bk	Buy	347	333	-4	29.3	34.4	38.3	11.9	10.1	1.2	1.1	10.1	10.9	11.2
OBC	Neutral	141	150	6	-31.6	17.1	21.4	NM	8.3	0.4	0.4	-8.4	4.6	5.4
PNB	Buy	207	184	-11	6.2	5.8	11.0	33.3	35.5	1.2	1.1	3.6	3.2	5.9
SBI	Buy	325	341	5	0.3	14.6	26.8	1,092.6	22.3	1.5	1.4	-0.2	7.0	11.4
Union Bk	Neutral	173	135	-22	8.1	9.0	19.1	21.5	19.2	0.6	0.6	2.7	3.0	6.1
<b>Aggregate</b>								<b>120.2</b>	<b>22.2</b>	<b>1.1</b>	<b>1.0</b>	<b>0.9</b>	<b>4.5</b>	<b>8.1</b>
<b>NBFCs</b>														
Bajaj Fin.	Buy	1,835	2,300	25	32.0	45.7	63.7	57.3	40.1	11.0	6.4	21.6	20.2	20.4
Bharat Fin.	Under Review	994	-		21.0	30.3	47.2	47.3	32.8	5.6	4.5	15.1	15.3	19.3
Capital First	Buy	736	925	26	24.6	32.8	43.7	29.9	22.4	3.1	2.8	12.0	13.2	15.4
Cholaman.Inv.&Fn	Buy	1,240	1,500	21	46.0	59.2	70.4	27.0	20.9	4.5	3.8	18.0	19.6	19.6
Dewan Hsg.	Buy	666	690	4	29.6	37.6	46.0	22.5	17.7	2.6	2.4	14.4	14.1	15.3
GRUH Fin.	Neutral	500	500	0	8.1	9.9	12.0	61.4	50.6	18.4	15.1	32.5	32.8	32.8
HDFC	Buy	1,775	2,000	13	46.8	51.6	57.1	37.9	34.4	7.0	6.4	18.9	19.3	18.6
Indiabulls Hsg	Buy	1,219	1,550	27	68.6	83.6	105.1	17.8	14.6	4.3	3.8	25.5	27.6	30.7
L&T Fin Holdings	Buy	199	240	21	5.2	6.9	10.4	37.9	28.6	4.5	3.9	12.4	14.9	18.9
LIC Hsg Fin	Neutral	609	680	12	38.2	41.0	46.5	15.9	14.8	2.8	2.4	19.1	17.4	17.2

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Manappuram	Not Rated	102	-		8.6	9.2	9.7	11.8	11.1	2.6	2.4	24.0	22.3	21.4
M&M Fin.	Buy	433	481	11	7.1	14.2	19.1	61.2	30.6	3.8	3.5	6.4	11.9	14.8
Muthoot Fin	Buy	499	550	10	29.5	38.7	44.4	16.9	12.9	3.1	2.6	19.4	21.8	21.2
PNB Housing	Buy	1,424	1,750	23	31.6	52.5	66.5	45.0	27.1	4.3	3.8	13.8	15.0	16.7
Repco Home	Buy	613	800	30	29.1	33.7	38.4	21.1	18.2	3.4	2.9	17.4	17.1	16.7
Shriram City UnionBuy		2,248	2,700	20	84.3	118.3	155.3	26.7	19.0	2.9	2.6	11.7	14.6	16.8
STF	Buy	1,301	1,415	9	55.6	80.6	106.2	23.4	16.1	2.6	2.3	11.7	15.1	17.4
<b>Aggregate</b>								<b>31.4</b>	<b>25.3</b>	<b>5.0</b>	<b>4.3</b>	<b>16.0</b>	<b>17.1</b>	<b>17.9</b>
<b>Capital Goods</b>														
ABB	Sell	1,381	1,230	-11	19.7	20.2	28.7	70.1	68.2	8.9	7.9	12.7	11.6	14.6
Bharat Elec.	Buy	183	210	15	6.3	7.1	8.0	29.0	25.8	6.0	4.6	20.6	17.9	18.1
BHEL	Sell	100	75	-25	1.3	2.7	3.8	74.7	36.8	1.1	1.1	1.5	3.1	4.1
Blue Star	Neutral	692	685	-1	12.9	16.5	24.4	53.7	42.0	8.7	8.2	18.0	20.2	27.8
CG Cons. Elec.	Buy	217	260	20	4.7	5.2	6.5	46.3	41.8	25.2	18.5	76.4	51.0	49.6
CG Power & Indu.	Neutral	85	80	-6	4.1	2.0	2.5	20.7	41.7	1.3	1.2	6.2	3.0	3.7
Cummins	Buy	899	1,150	28	26.5	25.3	35.0	33.9	35.5	6.7	6.2	21.2	18.1	22.2
GE T&D	Neutral	408	395	-3	5.7	10.4	12.5	71.3	39.3	10.1	8.7	12.4	23.9	24.6
Havells	Neutral	494	460	-7	9.6	11.5	14.3	51.6	42.8	9.4	8.4	18.2	19.5	21.2
K E C Intl	Neutral	314	295	-6	11.9	13.1	16.4	26.5	24.0	5.1	4.4	21.2	19.5	20.9
L&T	Buy	1,235	1,400	13	42.3	46.5	56.6	29.2	26.5	3.4	3.2	12.5	12.4	13.8
Pennar Eng.	Not Rated	103	-		7.1	9.1	11.2	14.6	11.4	1.5	1.3	10.2	11.6	12.6
Siemens	Neutral	1,261	1,355	7	17.8	21.7	33.4	70.8	58.2	6.6	5.7	9.3	9.8	13.8
Solar Ind	Neutral	1,066	900	-16	20.6	24.2	30.0	51.7	44.0	9.5	8.1	19.8	19.8	20.9
Suzlon Energy	Not Rated	17	-		0.6	0.9	1.0	26.0	18.7	-1.5	-1.6	NM	-8.8	-11.0
Thermax	Neutral	959	840	-12	30.8	30.1	33.4	31.1	31.8	4.3	3.9	14.3	12.7	12.8
Va Tech Wab.	Buy	587	800	36	29.8	34.6	39.8	19.7	17.0	3.2	2.8	16.8	17.6	17.4
Voltas	Sell	548	470	-14	15.5	16.8	19.1	35.4	32.6	5.5	4.9	18.0	15.8	16.0
<b>Aggregate</b>								<b>36.6</b>	<b>32.0</b>	<b>4.1</b>	<b>3.7</b>	<b>11.2</b>	<b>11.6</b>	<b>13.2</b>
<b>Cement</b>														
Ambuja Cem.	Neutral	282	314	11	4.9	6.9	8.4	57.8	40.7	2.9	2.8	5.1	7.0	8.0
ACC	Neutral	1,804	1,797	0	36.1	52.2	70.9	49.9	34.6	3.9	3.7	7.9	11.1	14.2
Birla Corp.	Buy	1,154	1,150	0	28.5	40.9	58.9	40.4	28.2	2.7	2.5	7.1	9.2	12.2
Dalmia Bharat	Buy	3,052	3,272	7	38.8	62.9	88.3	78.7	48.5	5.5	4.9	7.2	10.7	13.3
Grasim Inds.	Neutral	1,284	1,276	-1	67.8	70.6	101.2	18.9	18.2	1.9	1.7	10.8	10.0	12.9
India Cem	Neutral	187	198	6	5.6	7.5	10.8	33.2	24.8	1.1	1.1	3.4	4.4	6.1
J K Cements	Buy	1,000	1,196	20	33.7	39.7	54.4	29.7	25.2	4.0	3.5	14.4	14.8	17.5
JK Lakshmi Ce	Buy	439	485	11	7.0	9.7	16.4	63.1	45.1	3.7	3.5	6.1	8.0	12.3
Ramco Cem	Buy	721	853	18	27.3	27.1	35.1	26.4	26.6	4.6	4.0	19.0	16.0	17.9
Orient Cem	Buy	175	205	17	-1.6	6.3	9.1	NM	27.9	3.6	3.3	-3.2	12.3	15.6
Prism Cem	Buy	121	140	15	0.3	3.5	5.6	444.9	34.9	6.4	5.5	1.4	17.0	22.9
Shree Cem	Buy	18,929	22,084	17	384.4	507.1	547.8	49.2	37.3	8.6	7.1	18.4	20.8	18.8
Ultratech	Buy	4,369	4,906	12	96.1	102.2	147.1	45.5	42.7	5.0	4.5	11.6	11.1	14.2
<b>Aggregate</b>								<b>39.7</b>	<b>32.9</b>	<b>3.7</b>	<b>3.4</b>	<b>9.4</b>	<b>10.4</b>	<b>12.6</b>
<b>Consumer</b>														
Asian Paints	Neutral	1,173	1,280	9	21.0	21.6	25.8	55.8	54.4	14.8	14.4	28.5	26.9	29.4
Britannia	Buy	4,654	5,165	11	73.7	85.3	104.6	63.1	54.5	20.7	17.1	36.9	34.3	34.5
Colgate	Buy	1,033	1,328	29	21.2	23.4	28.6	48.7	44.2	22.1	21.0	50.4	48.7	56.2
Dabur	Buy	340	395	16	7.2	7.7	9.3	46.9	43.9	12.4	10.6	28.4	26.0	27.3
Emami	Buy	1,238	1,435	16	26.5	26.6	33.2	46.7	46.6	16.0	13.7	35.8	31.7	34.0
Godrej Cons.	Neutral	971	1,015	5	18.9	21.2	24.5	51.4	45.9	12.5	9.7	24.6	23.8	22.9
GSK Cons.	Neutral	5,370	4,630	-14	156.1	158.1	182.1	34.4	34.0	7.2	7.1	22.2	21.1	22.6
HUL	Buy	1,238	1,440	16	19.6	22.8	27.6	63.1	54.3	41.3	41.1	66.5	75.9	88.0
ITC	Neutral	265	280	6	8.4	9.1	10.0	31.6	29.1	7.1	7.1	23.5	24.4	25.6
Jyothy Lab	Neutral	383	410	7	11.2	9.8	11.1	34.1	39.0	6.4	6.4	21.1	16.5	18.4
Marico	Neutral	313	340	9	6.3	6.5	7.9	49.8	48.1	17.4	15.1	36.7	33.6	37.1

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Nestle	Neutral	7,409	6,160	-17	118.0	115.0	133.6	62.8	64.4	23.7	22.1	39.0	35.5	38.1
Page Inds	Buy	20,998	21,310	1	238.7	294.7	398.4	88.0	71.3	35.2	28.2	40.0	39.6	43.1
Parag Milk	Neutral	278	280	1	3.6	9.1	12.5	77.1	30.5	3.6	3.2	6.0	11.0	13.3
Pidilite Ind.	Neutral	770	865	12	16.7	18.1	20.6	46.0	42.6	11.9	9.7	28.2	25.2	23.5
P&G Hygiene	Neutral	8,872	9,200	4	132.9	151.6	176.0	66.7	58.5	41.8	34.7	39.3	64.9	62.8
Prabhat Dairy	Not Rated	144	-		3.5	3.5	6.4	40.8	41.4	2.0	2.0	5.2	4.9	8.5
United Brew	Buy	1,120	980	-12	8.7	9.9	14.0	129.0	113.2	12.7	11.6	10.2	10.7	13.6
United Spirits	Neutral	3,104	2,970	-4	26.7	34.9	53.7	116.1	88.9	23.3	16.2	21.3	18.2	20.9
<b>Aggregate</b>								<b>48.2</b>	<b>44.1</b>	<b>13.3</b>	<b>12.4</b>	<b>27.5</b>	<b>28.1</b>	<b>29.3</b>
<b>Healthcare</b>														
Alembic Phar	Neutral	505	510	1	21.6	19.8	25.5	23.4	25.5	5.0	4.4	23.0	18.4	20.5
Alkem Lab	Neutral	1,915	1,830	-4	75.7	72.5	93.3	25.3	26.4	5.4	4.7	23.4	19.0	20.9
Ajanta Pharma	Buy	1,240	1,606	30	57.3	52.7	64.1	21.6	23.5	7.0	5.6	36.7	26.4	25.7
Aurobindo	Buy	788	850	8	39.3	44.9	50.0	20.1	17.6	4.9	3.9	27.6	24.8	22.1
Biocon	Neutral	406	335	-18	10.2	6.1	10.5	39.8	66.6	5.0	4.8	12.3	7.2	11.4
Cadila	Buy	496	555	12	14.2	17.5	23.6	34.9	28.3	7.3	6.1	23.0	23.5	26.0
Cipla	Neutral	640	520	-19	15.9	21.1	26.0	40.2	30.3	4.1	3.7	10.2	12.1	13.2
Divis Lab	Neutral	1,052	1,100	5	39.9	32.4	43.7	26.3	32.5	5.2	5.4	22.0	16.3	21.2
Dr Reddy's	Neutral	2,418	2,575	7	72.6	60.6	115.2	33.3	39.9	3.3	3.2	9.7	8.2	14.1
Fortis Health	Buy	143	220	54	10.3	2.2	5.6	13.8	65.4	1.5	1.3	11.3	2.1	4.9
Glenmark	Neutral	627	775	24	39.3	39.7	49.1	16.0	15.8	3.9	3.2	24.7	20.3	20.4
Granules	Buy	141	200	42	7.2	8.0	11.0	19.4	17.6	3.6	2.5	21.1	17.7	18.8
GSK Pharma	Neutral	2,656	2,500	-6	34.4	44.2	54.9	77.3	60.1	11.2	13.2	14.5	22.0	31.4
IPCA Labs	Neutral	525	430	-18	16.1	16.6	26.8	32.7	31.6	2.7	2.5	8.6	8.2	12.2
Jubilant Life	Buy	647	861	33	36.9	44.2	55.0	17.5	14.6	2.9	2.5	18.0	18.4	19.2
Lupin	Buy	1,049	1,215	16	56.6	37.3	51.7	18.5	28.1	3.5	3.2	20.9	12.0	14.9
Sanofi India	Buy	4,609	5,000	8	129.1	139.0	156.2	35.7	33.2	6.1	5.7	17.1	17.1	17.6
Shilpa Medicare	Buy	664	805	21	14.0	21.1	30.4	47.4	31.4	5.8	4.9	14.4	17.0	20.4
Strides Shasun	Buy	827	1,201	45	32.3	41.7	68.3	25.6	19.8	2.7	2.4	10.8	12.9	18.0
Sun Pharma	Buy	552	515	-7	26.1	15.1	23.3	21.1	36.6	3.6	3.4	18.1	9.6	13.8
Syngene Intl	Not Rated	505	-		13.0	16.1	18.0	38.8	31.3	7.8	6.4	22.2	22.5	20.7
Torrent Pharma	Neutral	1,315	1,350	3	55.2	53.4	67.3	23.8	24.6	5.1	4.5	23.8	19.5	21.5
<b>Aggregate</b>								<b>24.7</b>	<b>28.5</b>	<b>4.2</b>	<b>3.8</b>	<b>16.9</b>	<b>13.2</b>	<b>15.8</b>
<b>Infrastructure</b>														
Ashoka Buildcon	Buy	231	260	13	-0.5	1.8	7.1	NM	127.4	2.6	2.4	-0.6	1.9	7.1
IRB Infra	Neutral	244	240	-1	20.3	22.6	23.9	12.0	10.8	1.6	1.4	14.0	14.0	13.2
KNR Constructions	Buy	273	295	8	12.0	12.7	13.6	22.8	21.4	4.3	3.6	20.7	18.4	16.7
Sadbhav Engineering	Buy	309	385	25	11.0	14.3	14.5	28.2	21.6	3.2	2.8	12.0	13.8	12.5
<b>Aggregate</b>								<b>20.3</b>	<b>17.2</b>	<b>2.2</b>	<b>2.0</b>	<b>11.0</b>	<b>11.7</b>	<b>11.8</b>
<b>Logistics</b>														
Allcargo Logistics	Buy	179	213	19	9.8	10.3	12.9	18.2	17.4	2.5	2.2	13.7	13.4	15.1
Blue Dart	Not Rated	4,130	-		102.5	129.9	163.2	40.3	31.8	17.9	13.6	50.5	48.6	46.8
Concor	Neutral	1,381	1,496	8	38.0	42.7	55.2	36.3	32.3	3.8	3.6	10.8	11.5	14.1
Gateway Striparks	Buy	272	277	2	6.8	8.4	11.0	40.0	32.2	2.9	2.8	7.3	8.8	11.0
Gati	Not Rated	124	-		8.4	15.9	23.9	14.8	7.8	2.0	1.8	12.4	19.4	25.4
Transport Corp.	Not Rated	292	-		16.9	21.0	25.9	17.2	13.9	2.7	2.3	16.7	17.8	18.6
<b>Aggregate</b>								<b>31.9</b>	<b>27.0</b>	<b>3.9</b>	<b>3.6</b>	<b>12.3</b>	<b>13.5</b>	<b>16.0</b>
<b>Media</b>														
Dish TV	Buy	77	106	38	1.0	1.0	2.4	74.9	75.7	16.7	13.7	25.1	19.9	35.2
D B Corp	Buy	371	430	16	20.0	21.7	25.4	18.6	17.1	4.3	3.6	24.6	22.8	22.2
Den Net.	Neutral	92	90	-3	-9.3	-2.9	0.1	NM	NM	2.0	2.1	-19.1	-6.4	0.2
Ent.Network	Neutral	820	910	11	11.4	11.6	20.1	71.8	71.0	4.6	4.3	6.7	6.3	10.1
Hind. Media	Buy	242	302	25	25.8	25.6	30.2	9.4	9.4	1.5	1.3	18.2	15.0	15.3

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
HT Media	Neutral	102	113	11	7.4	10.4	11.9	13.8	9.8	1.1	1.0	7.9	10.2	10.6
Jagran Prak.	Buy	177	225	27	10.7	12.2	13.4	16.6	14.5	2.7	2.7	18.5	18.6	19.0
Music Broadcast	Buy	388	469	21	6.4	9.0	14.2	60.4	43.0	4.0	3.7	11.2	9.0	12.6
PVR	Buy	1,368	1,640	20	20.5	27.1	43.0	66.6	50.5	6.6	5.9	10.4	12.4	17.0
Prime Focus	Buy	102	130	27	1.2	3.0	5.9	83.8	33.8	5.5	4.7	7.6	15.0	23.9
Siti Net.	Neutral	26	32	23	-1.8	-0.4	0.4	NM	NM	4.2	4.5	-28.7	-7.5	6.4
Sun TV	Neutral	881	860	-2	24.9	28.8	36.9	35.5	30.7	8.6	7.9	26.0	27.0	31.6
Zee Ent.	Buy	540	630	17	12.1	10.5	16.0	44.5	51.6	6.1	5.6	17.0	12.8	16.8
<b>Aggregate</b>								<b>41.0</b>	<b>34.4</b>	<b>5.2</b>	<b>4.8</b>	<b>12.6</b>	<b>13.8</b>	<b>17.4</b>
<b>Metals</b>														
Hindalco	Buy	269	328	22	8.6	19.0	27.6	31.4	14.1	2.1	1.8	7.4	13.7	17.2
Hind. Zinc	Neutral	322	322	0	19.7	22.7	33.5	16.4	14.2	4.4	4.7	24.4	32.3	42.5
JSPL	Buy	165	192	16	-20.9	-17.4	2.0	NM	NM	0.5	0.5	-7.9	-5.5	0.6
JSW Steel	Buy	267	297	11	14.8	20.3	24.9	18.0	13.2	2.8	2.4	17.3	19.8	20.2
Nalco	Neutral	94	87	-8	3.7	4.5	5.8	25.3	21.0	1.8	1.7	7.2	8.3	10.1
NMDC	Buy	128	188	47	10.0	13.1	12.9	12.8	9.8	1.8	1.7	12.8	15.5	16.2
SAIL	Sell	87	30	-65	-6.2	-7.7	-4.2	NM	NM	1.0	1.1	-6.7	-9.1	-5.3
Rain Industries	Buy	309	362	17	9.6	20.2	28.2	32.1	15.3	3.5	2.9	10.9	20.5	23.4
Vedanta	Buy	338	394	17	15.1	25.5	44.4	22.3	13.3	2.1	1.9	9.7	15.1	23.8
Tata Steel	Neutral	709	672	-5	37.9	59.4	65.2	18.7	11.9	2.1	1.9	15.7	17.1	16.6
<b>Aggregate</b>								<b>25.2</b>	<b>16.5</b>	<b>1.9</b>	<b>1.9</b>	<b>7.7</b>	<b>11.2</b>	<b>15.5</b>
<b>Oil &amp; Gas</b>														
BPCL	Buy	534	644	21	48.3	49.2	52.0	11.0	10.8	3.4	2.8	32.4	28.5	25.2
GAIL	Sell	464	376	-19	22.6	26.8	31.4	20.5	17.3	2.1	1.9	9.6	11.5	12.5
Gujarat Gas	Sell	960	712	-26	16.2	31.6	44.0	59.2	30.4	8.0	6.6	14.2	23.9	27.0
Gujarat St. Pet.	Neutral	212	180	-15	8.8	12.1	13.3	24.1	17.6	2.7	2.4	11.6	14.3	14.1
HPCL	Buy	445	585	31	40.7	45.9	42.9	10.9	9.7	3.3	2.7	32.4	31.0	24.2
IOC	Buy	412	554	34	41.9	39.5	43.6	9.8	10.4	1.9	1.7	20.7	17.2	16.9
IGL	Neutral	1,575	1,295	-18	44.0	49.6	54.8	35.8	31.8	7.5	6.4	21.0	21.7	20.4
MRPL	Sell	136	112	-18	14.8	10.7	11.6	9.2	12.8	2.4	2.1	31.4	17.3	16.5
Oil India	Buy	361	340	-6	19.3	29.1	34.1	18.7	12.4	1.0	1.0	5.7	7.9	8.8
ONGC	Buy	191	231	21	16.4	19.0	22.8	11.7	10.1	1.1	1.1	10.1	10.8	12.5
PLNG	Buy	260	275	6	11.4	14.1	18.0	22.8	18.4	4.8	4.0	23.2	23.9	25.5
Reliance Ind.	Buy	946	1,005	6	48.3	55.5	64.0	19.6	17.0	2.0	1.8	11.6	11.9	12.3
<b>Aggregate</b>								<b>14.7</b>	<b>13.4</b>	<b>1.9</b>	<b>1.8</b>	<b>13.1</b>	<b>13.1</b>	<b>13.5</b>
<b>Retail</b>														
Jubilant Food	Sell	1,610	1,270	-21	10.0	21.4	27.4	160.9	75.1	13.2	12.4	8.2	16.5	20.9
Titan Co.	Buy	656	850	29	9.0	12.5	15.9	73.0	52.7	13.7	11.2	20.6	23.4	25.5
<b>Aggregate</b>								<b>77.4</b>	<b>62.7</b>	<b>13.3</b>	<b>12.2</b>	<b>17.2</b>	<b>19.5</b>	<b>20.7</b>
<b>Technology</b>														
Cyient	Buy	531	600	13	30.6	36.0	41.9	17.3	14.7	2.8	2.6	16.2	17.4	18.3
HCL Tech.	Neutral	848	970	14	59.8	63.2	68.2	14.2	13.4	3.5	3.4	27.5	25.9	25.6
Hexaware	Neutral	315	270	-14	13.7	16.3	17.0	23.0	19.3	5.6	4.8	26.5	26.4	23.4
Infosys	Buy	927	1,100	19	62.8	63.8	67.8	14.8	14.5	3.1	3.3	22.0	21.8	22.5
KPIT Tech	Neutral	152	160	5	11.9	11.9	14.1	12.8	12.8	1.9	1.7	14.3	14.1	14.5
L&T Infotech	Buy	816	880	8	55.5	60.9	65.3	14.7	13.4	5.1	4.0	40.4	33.3	28.3
Mindtree	Neutral	482	480	0	24.9	28.5	33.6	19.4	16.9	3.1	3.1	16.8	17.3	20.4
Mphasis	Neutral	702	670	-5	38.9	42.0	46.0	18.1	16.7	2.4	2.7	13.2	14.6	17.3
NIIT Tech	Neutral	650	600	-8	38.0	43.7	50.3	17.1	14.9	2.3	2.2	13.7	15.1	16.4
Persistent Sys	Buy	652	780	20	37.7	43.3	52.4	17.3	15.1	2.7	2.6	17.0	17.9	20.8
Tata Elxsi	Buy	859	1,004	17	28.1	33.8	40.2	30.5	25.4	9.6	7.7	37.1	33.6	32.4
TCS	Neutral	2,613	2,450	-6	133.4	131.8	151.4	19.6	19.8	5.8	6.2	32.6	30.6	33.5
Tech Mah	Buy	464	560	21	30.9	35.8	37.7	15.0	12.9	2.5	2.4	18.4	18.9	18.2
Wipro	Neutral	294	280	-5	16.9	19.1	20.1	17.4	15.4	2.8	2.7	16.9	17.0	16.7
Zensar Tech	Buy	786	950	21	52.1	51.5	70.0	15.1	15.3	2.4	2.2	17.2	14.9	17.9

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
<b>Aggregate</b>								<b>17.2</b>	<b>17.0</b>	<b>3.9</b>	<b>4.1</b>	<b>22.9</b>	<b>24.4</b>	<b>23.2</b>
<b>Telecom</b>														
Bharti Airtel	Buy	541	680	26	11.3	3.8	6.5	47.8	144.2	3.2	3.2	6.8	2.2	3.7
Bharti Infratel	Neutral	414	440	6	14.9	16.8	19.2	27.9	24.6	4.9	5.0	16.2	20.2	22.8
Idea Cellular	Buy	106	105	-1	-1.1	-15.5	-14.9	NM	NM	1.5	2.0	-1.6	-25.6	-32.6
Tata Comm	Buy	690	780	13	10.0	5.4	18.2	69.1	127.0	12.3	13.4	48.4	10.1	30.0
<b>Aggregate</b>								<b>49.1</b>	<b>-421.2</b>	<b>3.2</b>	<b>3.4</b>	<b>6.6</b>	<b>-0.8</b>	<b>1.3</b>
<b>Utilities</b>														
Coal India	Buy	287	335	17	14.9	17.5	20.7	19.2	16.4	7.3	6.9	37.8	42.4	47.7
CESC	Buy	1,002	1,360	36	51.9	88.9	99.3	19.3	11.3	1.3	1.1	6.5	10.6	10.8
JSW Energy	Sell	82	51	-38	3.8	4.0	3.3	21.3	20.2	1.3	1.3	6.3	6.3	5.0
NTPC	Buy	182	211	16	12.0	13.5	15.7	15.2	13.5	1.5	1.4	10.5	11.0	11.9
Power Grid	Buy	211	262	24	14.2	17.5	20.6	14.8	12.0	2.2	2.0	16.2	17.4	17.8
Tata Power	Sell	85	71	-16	7.4	7.3	7.3	11.4	11.7	1.9	1.8	17.1	15.8	14.2
<b>Aggregate</b>								<b>16.6</b>	<b>14.0</b>	<b>2.4</b>	<b>2.2</b>	<b>14.5</b>	<b>15.8</b>	<b>16.9</b>
<b>Others</b>														
Arvind	Neutral	441	376	-15	12.4	12.9	18.6	35.6	34.1	3.2	3.0	10.3	9.1	12.0
Avenue Supermarts	Sell	1,129	873	-23	7.7	12.0	17.5	147.2	94.2	18.3	16.1	17.9	18.2	22.9
Bata India	Under Review	813	-		13.5	15.7	19.4	60.2	51.8	7.9	7.1	13.9	14.4	15.8
BSE	Neutral	985	1,100	12	41.0	42.2	44.6	24.0	23.3	2.0	2.0	8.3	8.5	7.7
Castrol India	Buy	416	467	12	13.6	12.6	13.3	30.4	32.9	34.5	31.3	115.2	99.8	95.8
Century Ply.	Neutral	286	323	13	8.7	9.8	12.9	32.9	29.1	8.9	7.3	31.1	27.7	29.6
Coromandel Intl	Buy	513	523	2	16.6	24.1	29.0	30.8	21.3	5.2	4.5	17.5	22.5	23.4
Delta Corp	Buy	276	257	-7	3.1	5.7	8.0	90.3	48.7	6.9	4.7	8.1	12.1	12.9
Dynamatic Tech	Buy	2,189	3,334	52	67.6	112.9	166.7	32.4	19.4	4.5	3.6	15.1	20.7	24.3
Eveready Inds.	Buy	349	358	3	12.9	13.6	16.3	27.1	25.6	8.8	7.2	37.7	30.8	30.1
Interglobe	Neutral	1,249	1,291	3	43.2	63.2	75.4	28.9	19.8	12.7	7.3	51.0	46.8	43.0
Indo Count	Neutral	112	118	5	13.0	8.9	10.8	8.6	12.6	2.6	2.1	34.8	18.6	18.3
Info Edge	Buy	1,189	1,300	9	15.7	23.6	26.2	75.9	50.3	7.3	6.5	10.2	13.7	13.7
Inox Leisure	Sell	260	240	-8	3.3	8.0	12.0	77.8	32.3	4.5	4.0	5.9	12.5	16.2
Jain Irrigation	Under Review	110	-		5.5	7.6	10.0	19.8	14.4	1.7	1.6	8.6	11.7	14.8
Just Dial	Neutral	476	465	-2	17.5	18.5	21.1	27.2	25.8	3.7	3.3	14.8	13.4	13.7
Kaveri Seed	Buy	561	738	32	19.1	34.1	41.0	29.4	16.4	3.8	4.0	13.6	23.3	27.4
Kitex Garm.	Buy	246	394	60	18.6	22.1	26.2	13.3	11.1	3.6	2.9	29.8	28.6	27.6
Manpasand	Buy	431	534	24	6.3	9.7	15.3	67.9	44.3	4.3	4.0	7.3	8.2	13.4
MCX	Buy	1,012	1,300	28	24.8	26.5	43.4	40.8	38.2	3.8	3.9	10.2	10.0	15.9
Monsanto	Buy	2,526	3,295	30	86.2	105.0	126.6	29.3	24.1	8.2	7.4	31.5	32.5	34.5
Navneet Education	Buy	174	209	20	7.3	8.4	10.4	23.8	20.6	5.9	5.1	26.7	26.3	27.9
Qness Corp	Buy	833	1,040	25	10.0	27.7	29.1	83.3	30.1	11.3	4.6	19.0	21.9	15.0
PI Inds.	Buy	818	890	9	33.4	29.9	35.6	24.5	27.3	6.9	5.8	32.8	23.0	22.9
Piramal Enterp.	Buy	2,692	3,266	21	72.6	104.6	149.7	37.1	25.7	3.1	2.9	9.0	11.7	15.3
SRF	Buy	1,711	1,751	2	85.9	80.2	103.0	19.9	21.3	3.1	2.8	16.6	13.7	16.0
S H Kelkar	Buy	272	298	9	7.2	7.6	9.9	37.6	35.8	4.9	4.4	13.7	12.9	15.2
Symphony	Sell	1,572	1,288	-18	23.7	35.1	42.9	66.5	44.8	24.7	21.7	43.3	51.6	54.5
Team Lease Serv.	Buy	1,617	1,990	23	38.8	36.8	56.0	41.7	43.9	7.3	6.2	19.2	15.3	19.5
Trident	Buy	96	114	18	6.6	8.3	10.4	14.6	11.6	1.8	1.6	13.0	14.5	16.1
TTK Prestige	Neutral	6,547	5,281	-19	132.1	137.8	176.1	49.6	47.5	8.9	8.1	19.5	18.0	20.7
V-Guard	Neutral	224	167	-26	3.6	4.5	6.0	62.8	50.1	15.0	12.2	27.4	26.9	28.8
Wonderla	Buy	373	393	5	7.0	11.9	16.0	53.3	31.2	4.9	4.4	9.5	14.8	17.5



Company	1 Day (%)	1M (%)	12M (%)
<b>Automobiles</b>			
Amara Raja	-0.2	-2.3	-32.5
Ashok Ley.	-1.0	1.1	35.9
Bajaj Auto	-0.5	1.9	13.8
Bharat Forge	1.4	14.2	65.8
Bosch	-0.1	2.7	-2.5
CEAT	0.7	-0.3	37.8
Eicher Mot.	0.1	0.0	26.9
Endurance Tech.	0.6	22.0	98.2
Escorts	-0.8	10.0	94.8
Exide Ind	-1.9	-1.3	6.3
Hero Moto	-1.1	-3.0	9.2
M&M	-0.3	5.2	-2.0
Mahindra CIE	2.3	6.9	29.9
Maruti Suzuki	0.0	4.2	41.5
Tata Motors	2.8	7.3	-12.4
TVS Motor	-1.9	6.1	77.2
<b>Banks - Private</b>			
Axis Bank	1.9	6.2	13.6
DCB Bank	0.5	-1.4	41.6
Equitas Hold.	1.6	-3.5	-17.5
Federal Bank	-1.9	3.2	50.7
HDFC Bank	0.5	1.2	45.7
ICICI Bank	-0.3	13.4	28.8
IDFC Bank	-1.0	4.4	-21.9
IndusInd	2.8	-0.9	36.1
J&K Bank	0.2	7.7	22.6
Kotak Mah. Bk	-0.4	0.9	26.1
RBL Bank	-0.7	1.8	37.4
South Indian	3.3	13.0	52.7
Yes Bank	1.7	-7.0	35.0
<b>Banks - PSU</b>			
BOB	1.4	25.2	17.1
BOI	4.2	46.3	85.1
Canara	0.3	31.0	40.4
IDBI Bk	-1.7	24.1	-6.9
Indian Bk	3.5	32.2	64.2
OBC	1.8	17.3	21.4
PNB	5.1	59.8	55.7
SBI	3.2	29.3	32.3
Union Bk	1.4	36.9	26.5
<b>NBFCs</b>			
Bajaj Fin.	1.3	-1.5	78.2
Bharat Fin.	2.2	7.4	19.8
Capital First	-0.4	0.4	6.4
Cholaman.Inv.&Fn	-0.2	12.2	9.4
Dewan Hsg.	2.4	20.9	114.6
GRUH Fin.	0.2	-1.0	54.9
HDFC	0.8	0.7	26.7
Indiabulls Hsg	-0.9	-1.2	51.2
L&T Fin.Holdings	0.0	2.2	92.8
LIC Hsg Fin	0.6	-5.2	10.2
Manappuram	1.4	4.5	1.7
M&M Fin.	-0.7	2.7	23.8
Muthoot Fin	-1.1	4.8	42.5
PNB Housing	-1.0	-6.4	

Company	1 Day (%)	1M (%)	12M (%)
Bharat Elec.	-1.1	11.9	54.2
BHEL	2.5	20.3	9.0
Blue Star	-3.9	-10.8	25.8
CG Cons. Elec.	-1.0	-0.4	24.3
CG Power & Inds Sol.	-0.5	8.3	10.6
Cummins	0.3	-3.0	7.0
GE T&D	1.8	5.7	25.9
Havells	-0.6	-0.1	25.1
K E C Intl	2.7	1.4	154.8
L&T	2.0	8.9	28.2
Pennar Eng.	-0.1	-2.2	-41.7
Siemens	-0.6	5.6	11.2
Solar Ind	0.5	16.6	56.3
Suzlon Energy	0.6	5.8	13.0
Thermax	-1.6	2.6	12.3
Va Tech Wab.	-0.1	-1.2	22.6
Voltas	0.4	4.9	50.4
<b>Cement</b>			
Ambuja Cem.	1.0	5.0	16.1
ACC	0.3	9.6	19.5
Birla Corp.	1.9	27.3	48.2
Dalmia Bharat	-0.6	12.5	50.8
Grasim Inds.	-0.5	10.7	69.1
India Cem	-1.5	2.3	23.2
J K Cements	-0.4	3.8	13.5
JK Lakshmi Ce	0.4	13.3	-8.4
Ramco Cem	0.2	3.8	18.9
Orient Cem	-1.5	15.2	1.3
Prism Cem	-0.9	17.5	16.2
Shree Cem	-1.0	2.0	18.2
Ultratech	-0.7	12.1	11.8
<b>Consumer</b>			
Asian Paints	-0.4	2.3	13.4
Britannia	-0.1	7.2	40.9
Colgate	-0.6	-2.4	8.6
Dabur	-0.7	9.1	16.5
Emami	-1.5	13.9	-0.3
Godrej Cons.	-0.7	1.3	26.3
GSK Cons.	0.2	6.8	-8.7
HUL	-0.1	4.3	47.4
ITC	-0.1	1.5	10.4
Jyothy Lab	-1.9	-3.6	8.1
Marico	0.1	1.5	18.0
Nestle	1.9	1.3	10.4
Page Inds	2.6	14.6	33.0
Parag Milk	2.5	13.0	-9.7
Pidilite Ind.	0.5	-2.7	11.7
P&G Hygiene	1.0	5.8	31.4
Prabhat Dairy	1.1	10.6	19.9
United Brew	3.8	33.9	28.5
United Spirits	0.0	26.5	45.8
<b>Healthcare</b>			
Alembic Phar	-1.7	0.7	-25.2
Alkem Lab	0.7	4.0	18.2
Ajanta Pharma	-0.8	9.6	-36.1
Aurobindo	-0.2	11.3	2.3

Company	1 Day (%)	1M (%)	12M (%)
PFC	-2.0	14.3	22.9
Repc Home	-0.1	-3.8	-16.4
REC	-0.9	18.2	43.2
STF	0.0	22.8	24.2
Shriram City Union	-3.4	10.2	-9.0
<b>Capital Goods</b>			
ABB	-0.5	-0.9	27.0

Company	1 Day (%)	1M (%)	12M (%)
Biocon	7.4	20.9	34.8
Cadila	-2.5	4.6	25.2
Cipla	1.0	10.2	14.4
Divis Lab	-2.1	22.8	-16.6
Dr Reddy's	0.5	3.4	-25.9
Fortis Health	-0.5	-1.9	-17.0
Glenmark	-3.4	5.0	-31.3



Company	1 Day (%)	1M (%)	12M (%)
Granules	-0.5	23.0	21.9
GSK Pharma	1.5	7.6	-5.7
IPCA Labs	-0.3	6.3	-10.2
Jubilant Life	-0.3	-0.9	-1.6
Lupin	-1.1	2.8	-28.8
Sanofi India	-1.4	11.8	7.7
Shilpa Medicare	-1.1	14.6	14.2
Strides Shasun	0.8	-3.1	-26.4
Sun Pharma	-2.0	9.8	-21.7
Syngene Intl	0.7	3.1	-7.6
Torrent Pharma	-0.8	5.8	-0.2
<b>Infrastructure</b>			
Ashoka Buildcon	-1.1	25.7	43.0
IRB Infra.Devl.	1.1	16.0	8.8
KNR Construct.	-1.3	32.5	90.8
Sadbhav Engg.	-0.8	3.1	15.8
<b>Logistics</b>			
Allcargo Logistics	0.3	4.5	-8.6
Blue Dart	-0.3	0.3	-19.7
Concor	-0.1	4.2	26.3
Gateway Distriparks	-0.1	16.2	13.7
Gati	-1.0	14.6	-14.0
Transport Corp.	3.7	7.4	57.3
<b>Media</b>			
Dish TV	1.0	3.3	-13.7
D B Corp	1.3	-2.5	-2.2
Den Net.	10.3	6.6	18.5
Ent.Network	-1.0	2.1	6.7
Hind. Media	3.5	-3.3	-18.9
HT Media	-0.6	6.3	24.1
Jagran Prak.	-1.2	-1.1	-4.2
Music Broadcast	-0.4	0.7	
PVR	0.3	12.5	13.1
Prime Focus	-1.8	13.0	38.1
Siti Net.	4.4	4.4	-26.6
Sun TV	3.2	14.9	67.0
Zee Ent.	1.9	3.2	7.3
<b>Metals</b>			
Hindalco	-0.6	11.1	65.3
Hind. Zinc	0.2	2.7	31.7
JSPL	1.3	14.8	124.8
JSW Steel	0.2	6.8	67.0
Nalco	1.2	18.0	76.2
NMDC	-1.0	7.2	-4.1
Rain Industries	10.5	77.8	482.8
SAIL	8.6	61.8	69.8
Vedanta	-0.7	6.3	55.2
Tata Steel	0.4	7.3	75.8
<b>Oil &amp; Gas</b>			
BPCL	-1.3	11.6	27.2
GAIL	-1.7	6.9	44.3
Gujarat Gas	4.2	11.5	73.4
Gujarat St. Pet.	1.4	7.8	38.5
HPCL	0.0	2.7	52.7
IOC	-0.7	1.4	33.0

Company	1 Day (%)	1M (%)	12M (%)
Titan Co.	0.6	10.0	75.1
<b>Technology</b>			
Cyient	-2.1	4.8	14.8
HCL Tech.	-1.0	-4.0	11.2
Hexaware	-1.2	19.2	59.2
Infosys	0.4	2.5	-4.2
KPIT Tech	2.6	24.5	16.4
L&T Infotech	0.6	0.3	28.7
Mindtree	1.7	1.0	12.9
Mphasis	0.8	13.7	38.9
NIIT Tech	0.9	18.1	62.9
Persistent Sys	-0.6	-1.1	-0.2
Tata Elxsi	-1.1	7.1	36.6
TCS	-0.5	6.8	12.6
Tech Mah	-0.9	0.1	8.3
Wipro	0.4	4.0	31.3
Zensar Tech	-0.6	4.8	-21.8
<b>Telecom</b>			
Bharti Airtel	-0.3	40.4	74.9
Bharti Infratel	-1.1	1.2	8.5
Idea Cellular	-0.5	39.7	44.1
Tata Comm	1.3	-0.4	13.5
<b>Utilities</b>			
Coal India	-1.7	5.6	-12.3
CESC	-1.4	0.5	69.5
JSW Energy	-1.2	8.4	27.2
NTPC	0.9	8.2	19.1
Power Grid	-2.0	2.2	20.7
Tata Power	-0.2	9.3	10.2
<b>Others</b>			
Arvind	8.6	20.2	8.4
Avenue Super.	-1.5	2.8	
Bata India	0.0	16.9	77.1
BSE	0.0	-0.2	
Castrol India	1.4	16.1	-3.6
Century Ply.	2.1	14.0	21.0
Coromandel Intl	1.0	16.9	90.6
Delta Corp	1.0	40.9	66.6
Dynamatic Tech	-1.4	2.5	-31.5
Eveready Inds.	1.1	18.3	39.9
Interglobe	0.4	14.8	33.6
Indo Count	0.0	13.9	-26.1
Info Edge	-3.0	10.6	26.2
Inox Leisure	0.7	12.8	6.0
Jain Irrigation	2.3	16.2	9.2
Just Dial	0.5	29.5	15.8
Kaveri Seed	-0.5	8.3	32.6
Kitex Garm.	5.3	16.3	-19.5
Manpasand	1.1	-8.3	22.2
MCX	-0.9	-4.3	-23.4
Monsanto	0.9	3.9	8.2
Navneet Educat.	3.8	7.9	62.8
PI Inds.	-0.2	9.5	-9.3
Piramal Enterp.	-0.9	-0.7	64.4
Quess Corp	-0.6	1.4	41.9

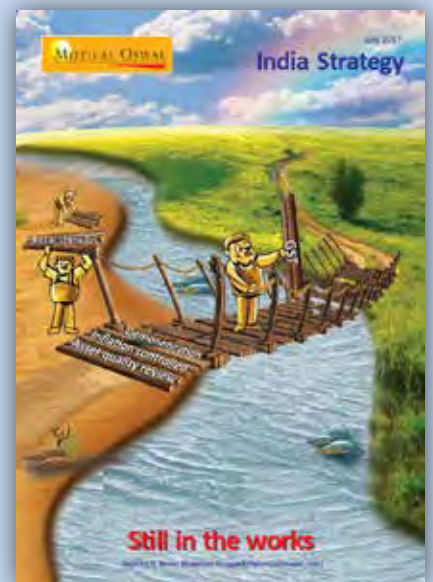
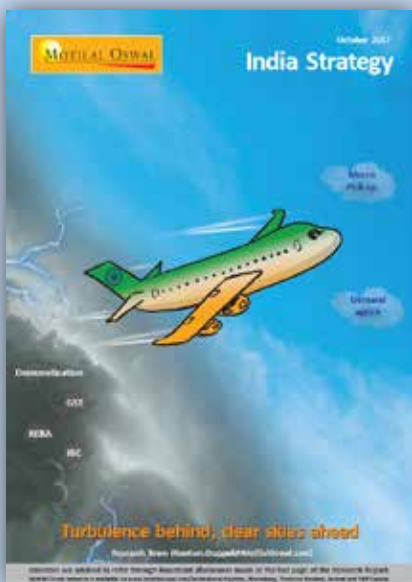


Company	1 Day (%)	1M (%)	12M (%)
IGL	0.2	7.0	83.1
MRPL	-1.6	7.0	51.1
Oil India	0.9	2.0	18.0
ONGC	1.8	12.3	7.3
PLNG	-1.1	11.4	46.0
Reliance Ind.	-0.2	18.4	84.4
<b>Retail</b>			
Jubilant Food	-0.4	13.6	66.7

Company	1 Day (%)	1M (%)	12M (%)
SRF	-1.6	8.9	-1.7
S H Kelkar	2.2	6.9	-12.9
Symphony	0.8	17.0	20.1
Team Lease Serv.	-0.8	-1.6	59.6
Trident	-4.6	-2.2	61.4
TTK Prestige	1.4	2.8	10.0
V-Guard	0.0	20.7	52.9
Wonderla	0.9	5.9	-1.3

## NOTES

# THEMATIC/STRATEGY RESEARCH GALLERY



# REPORT GALLERY

## RECENT INITIATING COVERAGE REPORTS

**MOTILAL OSWAL** Initiating Coverage | 11 December 2017  
Sector: Metals

### Rain Industries

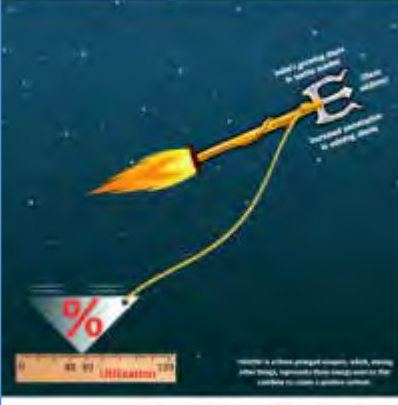


**Enduring Tailwinds**

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**MOTILAL OSWAL** Initiating Coverage | 22 August 2017  
Sector: Metals

### Trident



**An attractive utilization play**

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

### Strides Shasun



**Making great strides**

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**MOTILAL OSWAL** Initiating Coverage | 10 July 2017  
Sector: Healthcare

### Shilpa Medicare



**Injecting Growth**

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

### Capital First



**Capitalizing on multiple opportunities**

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**MOTILAL OSWAL** Initiating Coverage | 15 July 2017  
Sector: Finance

### L&T Finance Holdings

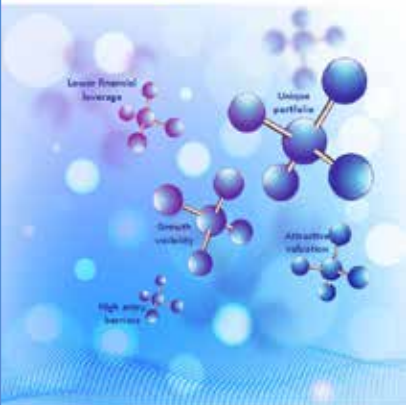


**Focused approach**

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

### Jubilant Life Sciences

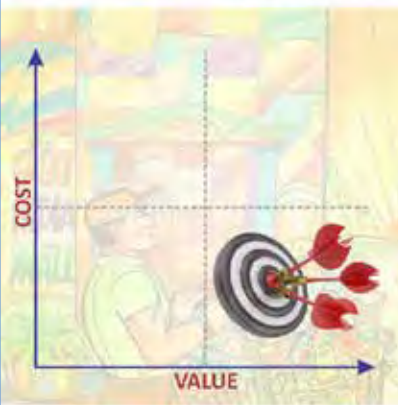


**Promising formulation**

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**MOTILAL OSWAL** Initiating Coverage | 21 June 2017  
Sector: Retail

### Avenue Supermarts



**Delivering Value**

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

### Cholamandam Finance



**Prepared, Equipped and Armed**

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# DIFFERENTIATED PRODUCT GALLERY

**MOTILAL OSWAL** October 2017

## Annual Report Threadbare

**INTERGLOBE AVIATION FY17**  
 INTERGLOBE Aviation (IAG) has reported a record performance for FY17. Revenue increased by 14% over FY16 to ₹1,074.82 Crores. Profit after tax (PAT) increased by 18% to ₹108.12 Crores. IAG's operating leverage was 1.15x, indicating that for every 1% increase in revenue, PAT increased by 1.15%. IAG's operating leverage was 1.15x, indicating that for every 1% increase in revenue, PAT increased by 1.15%. IAG's operating leverage was 1.15x, indicating that for every 1% increase in revenue, PAT increased by 1.15%.

**Key Metrics:**  
 Revenue: ₹1,074.82 Crores  
 PAT: ₹108.12 Crores  
 Operating Leverage: 1.15x

**Key Highlights:**  
 - Revenue increased by 14% over FY16.  
 - PAT increased by 18% over FY16.  
 - Operating leverage was 1.15x.

**MOTILAL OSWAL** 14 June 2017

## The CornerOffice

**Focused growth strategy leveraging on trends in 2Ws**  
 Special Events, mergers & Acquisitions, Re-branding India

**Leadership**  
 Sunil Duggan  
 Managing Director

**Key Highlights:**  
 - Revenue growth strategy leveraging on trends in 2Ws.  
 - Special Events, mergers & Acquisitions, Re-branding India.  
 - Focus on customer experience and operational excellence.

**MOTILAL OSWAL** 13th July 2017

## VOICES

**India Inc on Call**

**Key Highlights:**  
 - India Inc on Call.  
 - Focus on customer experience and operational excellence.

**MOTILAL OSWAL** 14 June 2017

## EcoKnowLedgE

**India Inc on Call**

**Key Highlights:**  
 - India Inc on Call.  
 - Focus on customer experience and operational excellence.

**MOTILAL OSWAL**

## BULLS & BEARS

**INDIA VALUATIONS HANDBOOK**

**Highlights of October edition**

- Nifty up 5.4% in October - Annual Highest MoM rise in last 25 months
- All sectors closed in green, Telecom, PSU Banks and Oil top outperformers
- 1st net buyers after 8 months of selling, DRs bought stocks worth ₹1,037.26 in the last three months

**MOTILAL OSWAL**

## FUND FOLIO

**Indian Mutual Fund Tracker**

**Key Highlights:**  
 - Focus on customer experience and operational excellence.

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