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Market snapshot



Equities - India	Close	Chg. %	YTD.%
Sensex	31,369	0.4	17.8
Nifty-50	9,675	0.4	18.2
Nifty-M 100	18,081	0.2	26.0
Equities-Global	Close	Chg. %	YTD.%
S&P 500	2,410	-0.9	7.6
Nasdaq	6,089	-1.0	13.1
FTSE 100	7,337	-0.4	2.7
DAX	12,381	-0.6	7.8
Hang Seng	10,346	-0.3	10.1
Nikkei 225	19,994	0.4	4.6
Commodities	Close	Chg. %	YTD.%
Brent (US\$/Bbl)	48	-0.4	-14.1
Gold (\$/OZ)	1,225	-0.1	6.3
Cu (US\$/MT)	5,824	0.2	5.4
Almn (US\$/MT)	1,933	0.7	13.4
Currency	Close	Chg. %	YTD.%
USD/INR	64.8	0.0	-4.6
USD/EUR	1.1	0.7	8.6
USD/JPY	113.3	0.1	-3.1
YIELD (%)	Close	1MChg	YTDchg
10 Yrs G-Sec	6.5	0.0	0.0
10 Yrs AAA Corp	7.6	0.0	0.0
Flows (USD b)	6-Jul	MTD	YTD
FII	0.0	-0.3	8.1
DII	0.0	0.3	3.5
Volumes (INRb)	6-Jul	MTD*	YTD*
Cash	286	261	285
F&O	8,914	5,415	4,926

Note: YTD is calendar year, \*Avg



Today's top research theme

Oil & Gas | Preview 1QFY18: Crude prices down QoQ; GRMs up YoY/flat QoQ

Inventory losses to dampen refiners' earnings

- ✓ Brent has declined 7% QoQ to USD50.2/bbl, while Singapore GRM has stayed flat QoQ at USD6.4/bbl. Due to the decline in oil prices, we expect inventory loss to hit all refiners – they had reported inventory gains in the previous quarter.
- ✓ Gross marketing margins on diesel and petrol have also contracted. However, petrochemical margins have improved sequentially. As a result, while oil marketing companies are expected to report poor earnings this quarter, RIL would remain broadly flat sequentially. Domestic oil & gas production has improved, which would be beneficial for the upstream companies.
- ✓ All CGD companies are expected to show robust volume growth. Petronet is expected to exhibit improvement in sales volumes this quarter.



Research covered

Cos/Sector	Key Highlights
Oil & Gas   Preview 1QFY18	Crude prices down QoQ; GRMs up YoY/flat QoQ
NMDC	Some pricing pressure, but fundamentals are strong
Gujarat Gas	Exclusion of gas from GST adds to pain; Maintain Sell
Indigo	Just an expression of interest
Fuel or Engines (Economy)	Do labor costs have downward rigidity in India's manufacturing sector?



Piping hot news

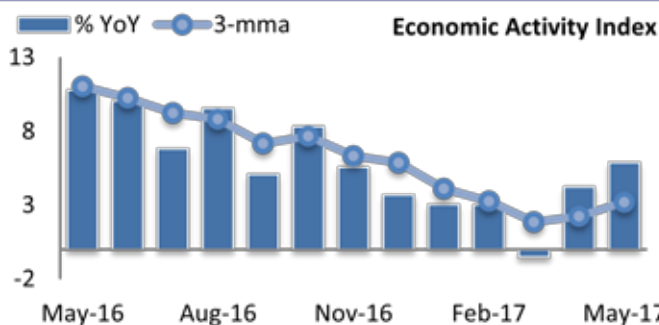
Tatas, Bharti on a call to explore joint front in telecom and DTH

- ✓ The Tata Group and Bharti Enterprises have held exploratory talks to evaluate a mega alliance involving their telecom, overseas cable and enterprise services, and direct-to-home TV businesses, several people familiar with the matter said.

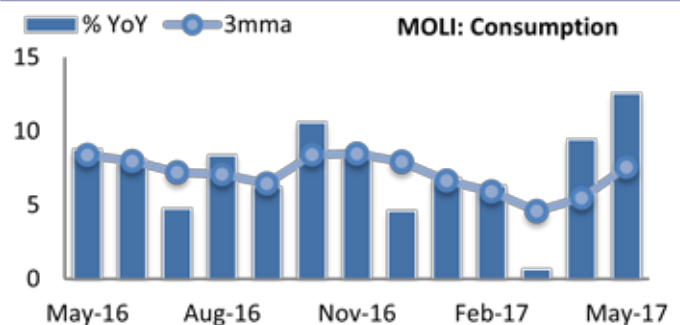


Chart of the Day: Economic activity growth at 7-month high in May 2017

India's economic activity growth picked up to 7-month high in May 2017...



MOLI for consumption grew strongly at 22-month high of 12.6% YoY in May 2017...



Please refer to our earlier [report](#) for details

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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](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.



Kindly click on textbox for the detailed news link

1

**IDFC, Shriram Capital in merger talks**

Shriram Capital Ltd and IDFC Ltd are in talks to merge their businesses to create a financial services behemoth with combined revenue of more than \$4 billion, three people directly aware of the talks said on condition of anonymity...

2

**IndiGo plans low-cost, long-haul international flights**

InterGlobe Aviation Ltd's IndiGo will expand internationally, following the same low-cost business model that has worked for it in India, irrespective of whether it succeeds in its bid for Air India or not, the company's co-founder said in an analyst call, explaining the logic behind the company's articulated intent to bid for the state-run airline...

3

**SBI Life IPO plan gets IRDA approval**

The insurance regulator has approved SBI Life Insurance Co. Ltd's application for an initial public offering (IPO) seeking to raise as much as Rs7,000 crore, the largest such share sale by a life insurer in India. The company could sell shares amounting to a 12% stake, raising Rs6,000-7,000 crore...

4

**GST impact: Consumer goods firms to petition govt against MRP sticker rules**

Consumer goods companies are likely to petition the government against the latest directive on affixing stickers to reflect the change in pricing under the goods and services tax (GST)...

5

**Infosys to hire 2,000 locals in North Carolina**

Infosys, India's second-largest IT services firm, said it would hire 2,000 Americans in North Carolina by 2021. The Bengaluru-headquartered company said its second technology and innovation hub would come up in the southeastern state of US out of four such proposed facilities ...

6

**RBI makes card, online payments made safer; customer liability cut**

Electronic payments have become safer for consumers with the Reserve Bank of India (RBI) introducing the concept of 'zero liability' and 'limited liability' for bank customers for any card or online fraud...

7

**Demonetisation effect: Advance tax given by individuals in June quarter rises more than 40%**

People are rushing to pay tax in much bigger numbers than before with the tax authorities having turned up the heat on evaders after demonetisation. Advance tax payments for the current financial year by individuals rose more than 40% in the June quarter from the year-earlier period...



# Oil & Gas

## Company name

BPCL
GAIL
Gujarat Gas
Gujarat State Petronet
HPCL
Indraprastha Gas
IOC
MRPL
Oil India
ONGC
Petronet LNG
Reliance Industries

## Crude prices down QoQ; GRMs up YoY/flat QoQ

### Inventory losses to dampen refiners' earnings

- n Singapore complex GRM was USD6.4/bbl in 1QFY18 v/s USD6.4/bbl in 4QFY17 and USD5.0/bbl in 1QFY17. Reported earnings are likely to remain subdued due to inventory losses during the quarter.
- n Average Brent crude price was up 9% YoY but declined 7% QoQ to USD50.2/bbl. While the QoQ decline would impact upstream companies, we expect lower operating costs to benefit them. ONGC and Oil India should see a YoY/QoQ increase in EBITDA.
- n RIL would report lower GRM, led by narrowing light-heavy differential. Petchem segment would benefit due to increased HDPE and LLDPE delta.

### Brent declined 7% QoQ (grew 9% YoY); upstream subsidy nil in 1QFY18

- n Despite the production cut extension taken by OPEC and non-OPEC countries, crude oil prices declined in 1QFY18. The average for the quarter was down 7% QoQ at ~USD50.2/bbl. OMCs are likely to post inventory losses for the quarter.
- n We do not build any net under-recovery either for the OMCs or for the upstream companies.

### GRM at USD6.4/bbl, up from USD5/bbl in 1QFY17

- n The regional benchmark Reuters Singapore GRM was up 28% YoY and flat QoQ, led by improvement in fuel oil cracks.
- n PE, PP and PVC delta improved sequentially. While POY spread increased, PSF spread declined sequentially during the quarter. RIL is expected to benefit from QoQ/YoY strengthening in deltas and increase in petchem volumes.

## Exhibit 1: Expected quarterly performance summary

Sector	CMP (INR)	Reco.	Sales (INR m)			EBDITA (INR m)			PAT (INR m)		
			Jun-17	Var % YoY	Var % QoQ	Jun-17	Var % YoY	Var % QoQ	Jun-17	Var % YoY	Var % QoQ
<b>Oil &amp; Gas</b>											
BPCL	657	Neutral	501,061	6.7	-12.2	18,895	-32.6	-17.9	12,500	-52.3	-32.1
GAIL	364	Sell	127,921	19.7	-4.7	18,628	18.4	22.2	10,915	29.0	4.1
Gujarat Gas	752	Sell	15,438	26.0	10.3	1,857	-15.2	26.9	579	-23.7	74.7
Gujarat State Petronet	178	Neutral	3,086	19.7	26.2	2,690	15.4	33.6	1,515	24.9	19.3
HPCL	512	Buy	452,439	1.0	-12.0	18,119	-16.2	-35.8	8,690	-58.6	-52.2
IOC	382	Neutral	899,810	5.1	-10.3	67,668	9.9	-19.2	32,483	-60.7	-12.7
Indraprastha Gas	1,062	Neutral	10,577	17.9	5.6	2,481	-3.5	16.9	1,517	2.5	13.1
MRPL	121	Neutral	106,126	25.9	-20.4	7,562	-38.1	-51.3	3,325	-53.7	-61.8
Oil India	264	Buy	23,155	8.5	-4.9	7,279	-6.1	-6.1	5,312	7.5	-54.6
ONGC	160	Buy	202,876	14.8	-6.6	109,681	18.2	-0.9	52,137	23.2	20.1
Petronet LNG	214	Buy	60,545	13.4	-4.9	6,932	7.9	12.5	4,621	22.3	-1.9
Reliance Inds.	1,423	Neutral	574,944	7.5	-14.4	118,523	9.6	5.1	82,924	9.9	1.7
<b>Sector Aggregate</b>			<b>2,977,979</b>	<b>7.3</b>	<b>-11.3</b>	<b>380,314</b>	<b>5.2</b>	<b>-7.0</b>	<b>216,517</b>	<b>-21.4</b>	<b>-8.7</b>
<b>Oil &amp; Gas Excl. OMCs</b>			<b>1,124,669</b>	<b>12.3</b>	<b>-11.5</b>	<b>275,633</b>	<b>10.2</b>	<b>0.7</b>	<b>162,844</b>	<b>11.8</b>	<b>-0.4</b>

### Daily pricing of auto fuels

- n On June 16, 2017, GOI rolled out daily pricing of auto fuels across the country. In our view, daily pricing would allow OMCs to pass on product price and exchange rate fluctuations without any lag. This would make OMCs' earnings less volatile.
- n OMCs' gross margins for auto fuels have declined YoY/QoQ during the quarter. Gross margins were INR2.28/liter in 1QFY18 v/s INR2.32/liter in 1QFY17 for petrol and INR1.89/liter in 1QFY18 v/s INR2.40/liter in 1QFY17 for diesel.

### Domestic oil production revived

- n After almost a decade of negative-to-flat growth, domestic gas production has increased by ~5% YoY in April-May 2017 v/s 3% YoY decline in FY17. We expect domestic gas production to grow at 10-15% annually for the next five years.
- n Domestic crude oil production increased by 0.07% YoY in April-May 2017. Production for ONGC grew by 2.51% YoY to 3.78mmt during April-May 2017; OIL's production grew by 5.32% YoY to 0.53mmt during April-May 2017.
- n We expect oil production for ONGC to further increase from the nominated fields like WO16, Vasai East, and Ratna & R-series.

### LNG imports to continue growing

- n While LNG imports grew by 16% YoY in FY17, they declined by 4% during April-May 2017 due to lower volumes at Dabhol LNG terminal. We expect LNG imports to revive and grow in double-digits for the rest of the year.

### Valuation and view

- n The recent fall in crude oil price would result in inventory losses (~USD1-2/bbl) for OMCs (IOCL/HPCL/BPCL). We expect OMCs' core earnings to decline YoY/QoQ in 1QFY18.
- n RIL is expected to report a decline in its GRM in the quarter, led by narrowing light-heavy differential and inventory loss of ~USD1/bbl. While we expect subdued profitability in the refining segment, petchem profitability is likely to increase YoY/QoQ, led by improved deltas and increase in petchem volumes.
- n We expect volume growth to continue for CGD players. We might see margin compression (YoY) in the industrial segment due to increase in LNG prices.
- n Decline in crude oil price is negative for ONGC/OINL; however, OPEC and non-OPEC efforts to cut oil production should revive realizations, benefitting ONGC/OINL.
- n Remain cautious on OMCs: We have downgraded OMCs (except HPCL) on account of loss in market share at the end of FY17. Private players' market share in diesel segment stood ~8% at the end of FY17 v/s less than ~5% earlier. We believe OMCs would continue to lose market share. Hence, we remain cautious, though the recent correction in stock prices does make them look attractive.
- n ONGC looks attractive: We prefer ONGC, as (a) cost efficiency would result in decline in opex, (b) gas production is likely to grow 10-15% annually for the next five years, (c) oil production is set to increase, (d) it has no subsidy burden, and (e) recent correction in stock price provides an opportunity to buy.
- n PLNG – a long term buy: Visibility on PLNG's medium/long-term earnings is high, given (a) the huge gas demand-supply gap in India, (b) volume growth, driven by gradual capacity addition, and (c) earnings growth boosted by annual re-gas

charge escalation to protect IRR. Poor competition from existing and upcoming terminals and lower LNG prices adds to the Buy case for PLNG.

Exhibit 2: Relative performance - 3m (%)

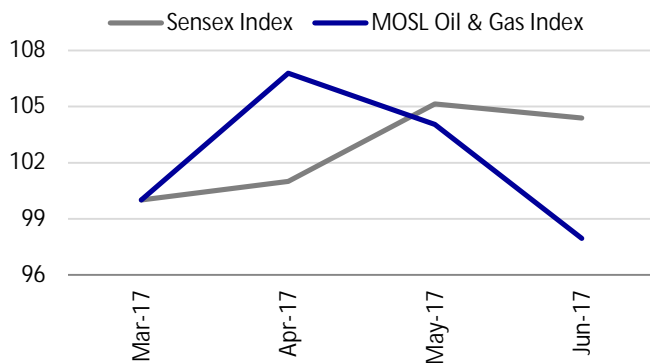
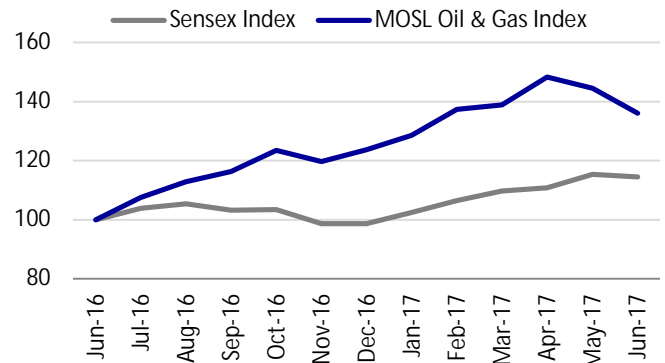


Exhibit 3: Relative performance - 1Yr (%)



Source: Bloomberg, MOSL

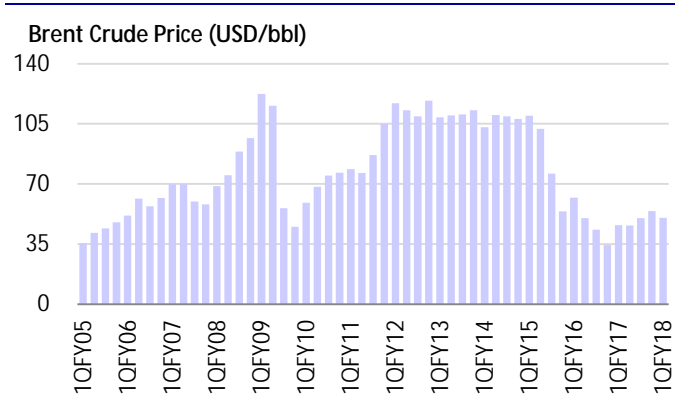
Exhibit 4: Comparative valuations

Sector / Companies	CMP (INR)	Reco	EPS (INR)			PE (x)			P/BV (x)			RoE (%)		
			FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E
<b>Oil &amp; Gas</b>														
BPCL	657	Neutral	55.0	65.2	67.0	11.9	10.1	9.8	2.4	2.1	1.8	21.7	22.3	19.9
GAIL	364	Sell	26.3	29.8	31.8	13.8	12.2	11.5	1.5	1.4	1.3	11.3	11.8	11.7
Gujarat Gas	752	Sell	33.7	46.5	51.8	22.3	16.2	14.5	5.1	4.1	3.3	25.3	28.0	25.2
Gujarat State Petronet	178	Neutral	11.0	13.1	15.0	16.1	13.6	11.9	2.0	1.8	1.6	13.1	14.0	14.4
HPCL	512	Buy	44.3	48.9	49.0	11.6	10.5	10.4	2.2	2.0	1.8	20.6	20.0	17.7
Indraprastha Gas	1,062	Neutral	46.8	51.9	58.0	22.7	20.5	18.3	4.3	3.7	3.2	20.6	19.6	18.9
IOC	382	Neutral	36.0	40.0	41.2	10.6	9.6	9.3	1.6	1.4	1.3	15.8	15.8	14.8
MRPL	121	Neutral	10.2	11.8	12.3	11.9	10.3	9.8	1.9	1.6	1.4	16.5	16.9	15.5
Oil India	264	Buy	27.9	30.1	28.3	9.5	8.8	9.3	0.7	0.7	0.6	7.5	7.8	7.0
ONGC	160	Buy	17.4	19.7	18.8	9.2	8.1	8.5	0.9	0.9	0.8	9.9	10.8	10.0
Petronet LNG	214	Buy	8.6	17.6	17.9	24.9	12.2	12.0	3.6	2.9	2.5	15.1	26.4	22.6
Reliance Inds.	1,423	Neutral	122.1	131.0	135.4	11.7	10.9	10.5	1.3	1.2	1.1	11.8	11.5	10.8
<b>Sector Aggregate</b>						<b>11.8</b>	<b>10.5</b>	<b>10.4</b>	<b>1.4</b>	<b>1.3</b>	<b>1.2</b>	<b>12.0</b>	<b>12.4</b>	<b>11.6</b>
<b>Ex OMCs</b>						<b>12.0</b>	<b>10.7</b>	<b>10.6</b>	<b>1.3</b>	<b>1.2</b>	<b>1.1</b>	<b>10.7</b>	<b>11.1</b>	<b>10.5</b>

Source: MOSL

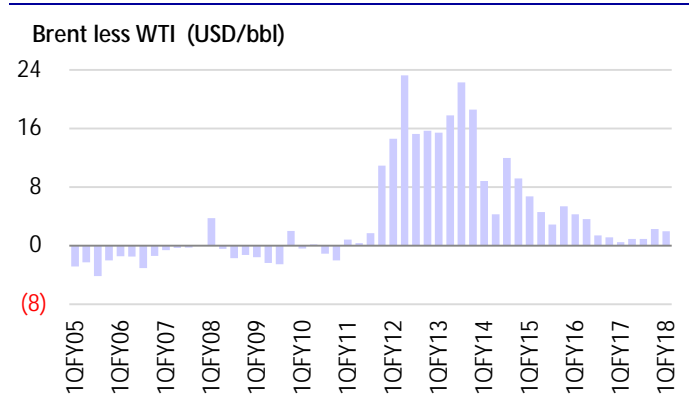
## Brent down 7% QoQ, GRM flat, light/heavy spreads decline

**Exhibit 5: Brent crude price was up 9% YoY and down 7% QoQ to an average of USD50.2/bbl in 1QFY18**



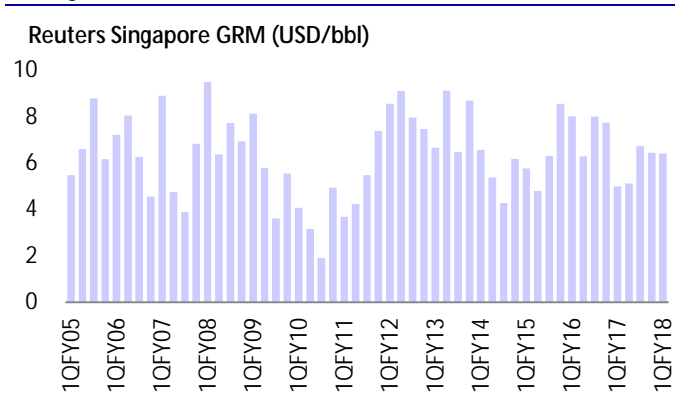
Source: Bloomberg, MOSL

**Exhibit 6: Premium of Brent over WTI declined QoQ to USD2/bbl in 1QFY18**



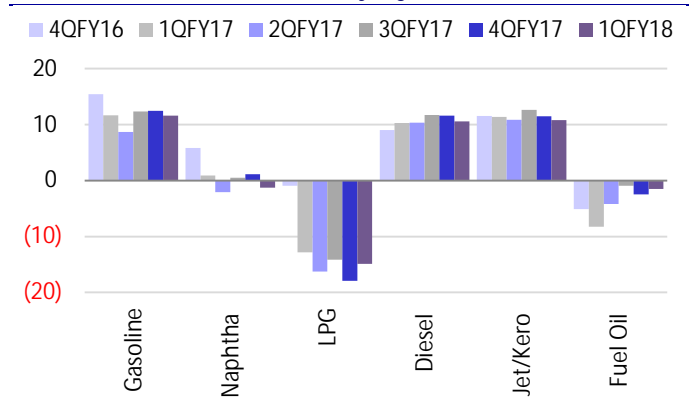
Source: Bloomberg, MOSL

**Exhibit 7: Reuters Singapore GRM rose 28% YoY (flat QoQ) to an average of USD6.4/bbl in 1QFY18**



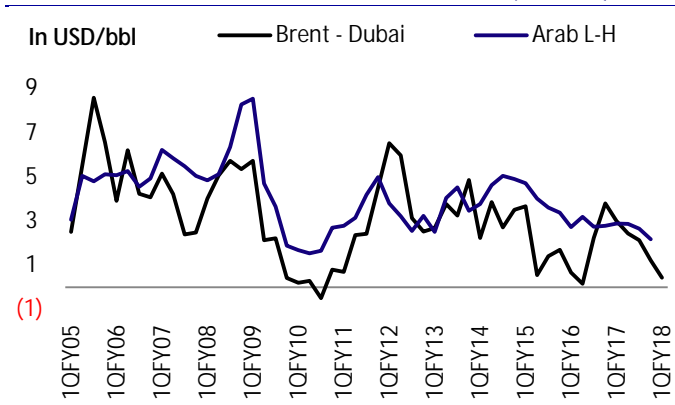
Source: Bloomberg, MOSL

**Exhibit 8: YoY GRM increase led by higher FO cracks**



Source: Reuters, MOSL

**Exhibit 9: Crude differentials declined in 1QFY18 (USD/bbl)**



Source: Bloomberg, MOSL

### Our key assumptions

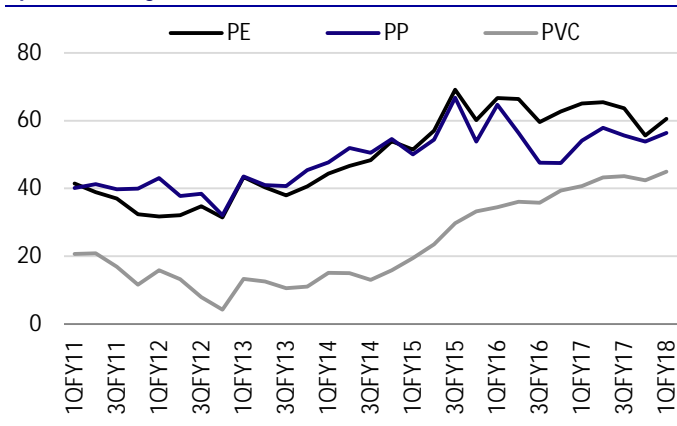
- Our crude price assumptions are USD50.3/bbl for 1QFY18, USD50/bbl for FY18 and USD55/bbl for FY19/20.
- We expect the regional benchmark Singapore Reuters GRM to remain in the USD5-6/bbl range for the near term, with downward bias.

Exhibit 10: Polymer spreads rise QoQ

(INR/kg)	RIL Basic prices (INR/kg)						Simple Spreads			Int. Spreads	
	PE	PP	PVC	POY	PSF	Naphtha	PE	PP	PVC	POY	PSF
3QFY14	107.6	109.8	72.3	103.4	106.0	59.3	48.4	50.6	13.1	56.3	58.9
4QFY14	112.3	113.0	74.3	97.9	100.9	58.4	53.9	54.6	15.9	51.4	54.4
1QFY15	109.0	107.7	77.0	97.7	97.6	57.6	51.4	50.1	19.5	51.8	51.7
2QFY15	113.0	110.3	79.4	102.9	103.6	55.9	57.1	54.4	23.5	58.5	59.2
3QFY15	109.3	107.0	70.0	92.7	92.4	40.2	69.1	66.8	29.8	61.0	60.7
4QFY15	90.7	84.3	63.7	80.6	79.8	30.5	60.1	53.8	33.2	56.6	55.8
1QFY16	102.3	100.3	70.1	84.8	84.0	35.6	66.7	64.7	34.5	56.8	56.0
2QFY16	95.8	85.8	65.5	79.0	80.5	29.4	66.4	56.4	36.1	56.1	57.5
3QFY16	88.8	76.7	65.0	73.0	77.5	29.2	59.6	47.6	35.8	50.2	54.7
4QFY16	85.6	70.4	62.3	71.5	74.0	22.8	62.8	47.6	39.5	53.8	56.3
1QFY17	92.4	81.5	68.1	74.4	79.7	27.4	65.0	54.1	40.7	53.1	58.3
2QFY17	91.4	83.9	69.2	74.1	79.3	26.0	65.5	57.9	43.3	53.9	59.2
3QFY17	88.8	82.7	70.8	74.1	79.3	27.1	63.7	55.6	43.7	53.0	58.2
4QFY17	89.1	87.4	75.9	83.0	89.5	33.5	55.6	53.8	42.4	56.7	63.2
1QFY18	89.4	85.4	73.9	85.0	82.2	28.9	60.5	56.4	45.0	62.5	59.6
QoQ (%)	0.4%	-2.3%	-2.6%	2.5%	-8.2%	-13.7%	8.8%	4.8%	6.1%	10.2%	-5.8%
YoY (%)	-3.2%	4.7%	8.5%	14.3%	3.1%	5.6%	-7.0%	4.2%	10.5%	17.7%	2.2%

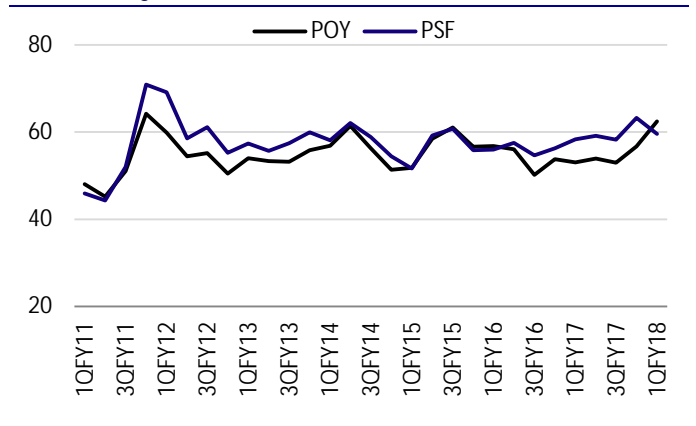
Source: Company, MOSL

Exhibit 11: Polymer spreads rise QoQ (INR/kg): PE, PP, PVC spreads change 8.8%/4.8%/6.1% QoQ



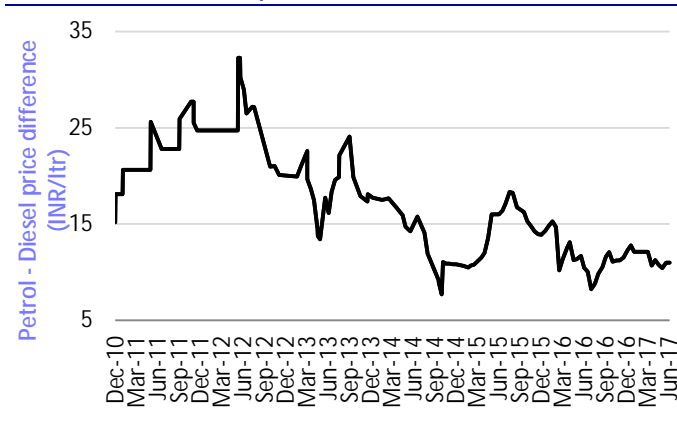
Source: Bloomberg, Company, MOSL

Exhibit 12: POY spreads up 10.2% QoQ; PSF spreads down 5.8% QoQ (INR/kg)



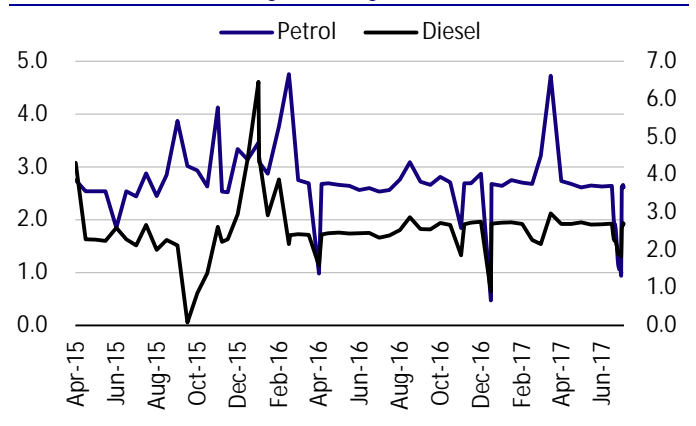
Source: Bloomberg, Company

Exhibit 13: Petrol-diesel price difference (INR/liter)



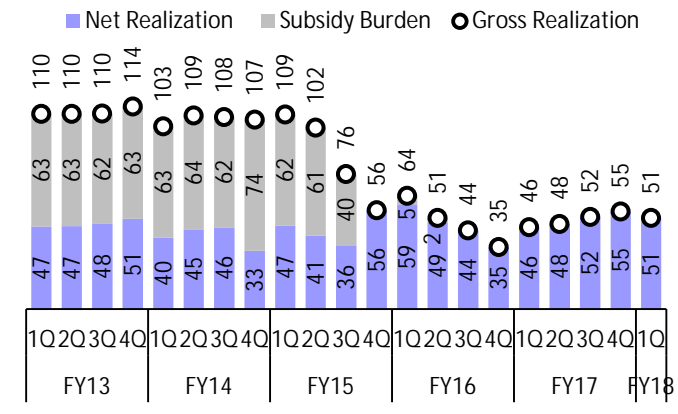
Source: PPAC, MoPNG, MOSL

Exhibit 14: Petrol/diesel gross margin trend (INR/liter)



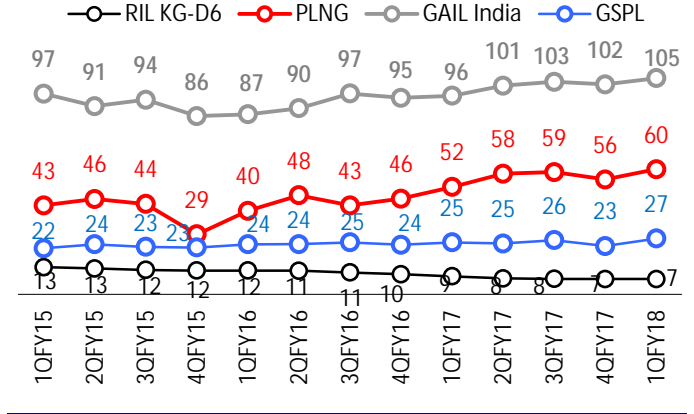
Source: PPAC, MoPNG, MOSL

**Exhibit 15: With almost nil subsidy, model ONGC's net realization for 1QFY18 at USD51/bbl**



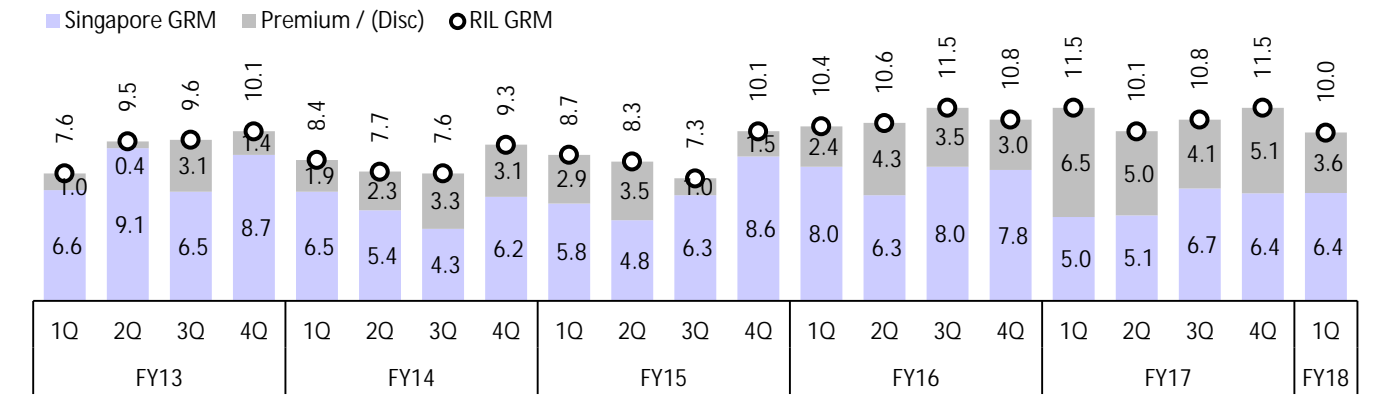
Source: Company, MOSL

**Exhibit 16: Expect higher LNG volumes in 1QFY18 (mmscmd) and lower production in RIL's KG-D6**



Source: Company, MOSL

**Exhibit 17: Expect RIL's GRM at USD10/bbl in 1QFY18 (USD/bbl)**



Source: MOSL, Company





BSE SENSEX 31,246 S&P CNX 9,638

**CMP: INR113 TP: INR180(+59%) Buy**



**Stock Info**

Bloomberg	NMDC IN
Equity Shares (m)	3,164
52-Week Range (INR)	153 / 94
1, 6, 12 Rel. Per (%)	0/-34/3
M.Cap. (INR b)	357.5
M.Cap. (USD b)	5.5
Avg Val ( INRm)/Vol m	455
Free float (%)	25.1

**Financials Snapshot (INR b)**

Y/E Mar	2017	2018E	2019E
Sales	88.3	101.9	104.3
EBITDA	44.9	56.2	57.0
Adj. PAT	31.5	38.8	38.4
Adj. EPS (INR)	10.0	12.3	12.1
EPS Gr(%)	11.7	23.2	-1.0
BV/Sh. (INR)	71.2	76.2	81.2
RoE (%)	12.8	15.1	15.5
RoCE (%)	12.2	14.7	15.1
P/E (x)	11.3	9.2	9.3
P/BV	1.6	1.5	1.4

**Shareholding pattern (%)**

As On	Mar-17	Dec-16	Mar-16
Promoter	74.9	74.9	80.0
DII	16.7	17.1	13.5
FII	4.9	4.5	3.8
Others	3.5	3.4	2.7

FII Includes depository receipts

**Some pricing pressure, but fundamentals are strong**

Trading at 2.8x EV/EBITDA; Re-iterate BUY

**Operations are strong, but book cleaning affected PAT in FY17**

NMDC's business is strongly supported by robust demand growth from its key customers (JSW, Essar, RINL, etc.), high quality ore and strong supply chain. Sales increased by 24% to 35.6mt and adjusted EBITDA by 28% to INR45b in FY17. NMDC also rewarded shareholders with an impressive INR96b in the form of buyback and dividend. However, reported PAT declined 23% YoY in FY17 as the company used the strong financial performance to clean its book aggressively, providing for -INR9b toward mine closures, capital assistance to the Indian Railways for track augmentation, and disputed debtors and service tax, which are not recurring in nature and do not impact cash flows. Depletion of treasury after buyback also affected interest income and thus PAT.

**Some pricing pressure, but volume growth is strong**

Indian iron ore prices have softened over past few months in eastern India, as exports of ore and pellets declined due to volatility in the international market. NMDC too has cut prices by INR200/t w.e.f. 1 July 2017. We have trimmed margins, but increased volumes by 2.1mt to 40.1mt for FY19E as the operations remain strong. Sales grew strongly by 18% YoY in 1QFY18E. As a result, EBITDA is reduced by 5% to INR57b for FY19E. The recently commissioned pellet plant in Karnataka is getting stable and thus will add 1.2mt of volumes. A modified pricing policy, which allows different regional pricing, has helped in strong volume growth.

**Valuations are factoring in high pessimism**

At CMP, the stock is trading at EV/EBITDA of 5.7x FY19E. If we were to adjust CWIP of INR164b toward the steel project, valuations are extremely attractive at 2.8x FY19E EV/EBITDA. NMDC's board continues to pursue divestment at its steel plant and has appointed a banker. Therefore, we believe that CWIP deserves at least book value. If Indian iron ore exports do not pick up, NMDC may need to take another price cut of INR200-300/t, which can trim EBITDA by INR12b to INR46b. Adjusted valuations will still be extremely attractive at 3.5x FY19E EV/EBITDA.

**Fundamentals remain strong, valuations are attractive; Reiterate Buy**

At conservative 59% payout v/s last five-year average of 79%, the dividend yield at 5.3% is attractive. Although there is near-term pressure on pricing, the volumes growth outlook remains robust due to the company's strong competitive advantage. Valuations are extremely attractive. We value the stock at INR180/share (59% upside), based on 6.5x EV/EBITDA FY19E and book value for CWIP. We reiterate our **Buy** rating.



# Gujarat Gas

BSE SENSEX  
31,369

S&P CNX  
9,675

**CMP: INR762**

**TP: INR697 (-9%)**

**Sell**



## Stock Info

Bloomberg	GUJGA IN
Equity Shares (m)	137.7
52-Week Range (INR)	880 / 487
1, 6, 12 Rel. Per (%)	0/27/27
M.Cap. (INR b)	104.9
M.Cap. (USD b)	1.6
Avg Val, INRm	66
Free float (%)	39.1

## Financials Snapshot (INR b)

Y/E Mar	FY17	FY18E	FY19E
Sales	50.9	68.4	79.3
EBITDA	7.5	10.9	13.3
NP	2.8	4.6	6.4
EPS (INR)	20.4	33.7	46.5
EPS Gr. (%)	36.3	64.7	38.0
BV/Sh. (INR)	119.5	146.9	184.6
RoE (%)	17.8	25.3	28.0
RoCE (%)	14.5	21.5	26.5
P/E (x)	37.3	22.6	16.4
P/BV (x)	6.4	5.2	4.1
EV/EBITDA (x)	17.0	11.5	9.1
Div. Yield (%)	0.4	0.7	1.0

## Shareholding pattern (%)

As On	Mar-17	Dec-16	Mar-16
Promoter	60.9	60.9	60.9
DII	2.3	2.8	4.8
FII	15.4	14.8	12.6
Others	21.4	21.5	21.8

Note: FII Includes depository receipts

## Exclusion of gas from GST adds to pain

**Maintain Sell**

### Gas volumes down post GST

- With gas not being included under GST, it has become more uneconomical. Dirtier alternatives like coal and fuel oil have been included under GST.
- As a result, industrial offtake for Gujarat Gas has been suffering. Our discussions with the consumers suggest that the sales volume at Morbi has declined from 2.65mmscmd a few weeks ago to 2.2mmscmd.

### Propane emerges as a new challenge

- In our Initiating Coverage report, we had mentioned that LPG accounted for 4% market share at Morbi.
- We understand that suppliers are building infrastructure at Rajkot, which would facilitate further inroads for LPG.
- Additionally, of the 0.45mmscmd volume lost, 0.1mmscmd has been replaced by propane, which is INR6/kg cheaper than gas at INR24.5/kg. We believe few more companies are contemplating propane usage.

### Coal continues to be a challenge

- With coal at INR8/kg, it remains ~20% cheaper than gas. Gas has a market share of ~35% at Morbi and coal gasifiers have a market share of ~60%; the rest 5% is currently with LPG and Fuel Oil.
- Although ~100 ceramic units are getting added this year, we believe that coal would remain a challenge amid cheaper alternatives.

### Valuation and view

- As we had mentioned in our [Initiating Coverage report](#), *Long Road Ahead* dated April 19, 2017, we acknowledge the long-term demand potential.
- Bhavnagar and Jamnagar are ramping up, and newer cities like Amreli, Ahmedabad rural, Dahej, Dahod, Panchmahal and Anand would add volume growth in the longer run.
- However, as long as industrial exposure remains high at 68%, both volumes and margins would remain highly volatile. If there is stricter enforcement of pollution norms, volumes and margins might stabilize.
- The stock trades at 16.2x FY19E EPS. We assume sales volume of 5.4/6.5/7.3mmscmd and EBITDA/scm of INR3.8/4.6/5 in FY17/18/19.
- We see threat of downgrade to our numbers, if gas continues to be out of GST. We value Gujarat Gas at 15x FY19E EPS of INR46.5. With a target of INR697, we reiterate our **Sell** rating.



FRIEND OF THE ECONOMY

Do labor costs have downward rigidity in India’s manufacturing sector?

Stagnant wages since liberalization highly misleading

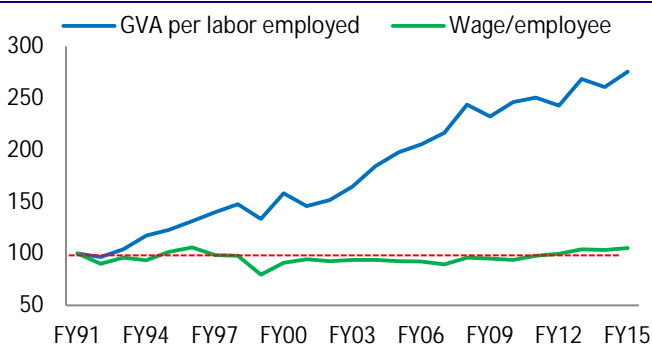
Economic theory suggests that the growth in employee compensation (including wages and non-wage earnings) should be based on the growth in productivity of the employee. An analysis of the data under annual survey of industries (ASI) shows that while productivity has increased at an average of ~5% in the post-liberalization period, real wage per worker has been broadly stagnant in the past 25 years. While this makes for a catchy headline, it is highly misleading. Firstly, notwithstanding stagnant wages, real compensation to employees (CoE) grew at an average of 1.7% per annum due to better growth in non-wage earnings (NWE). And secondly, employee costs are perceived differently by employees and employers. What matters more is the employers’ perception, according to which real CoE has grown at an average of 3.2% since FY91 – almost double the growth from the employees’ perspective but still lower than productivity growth. Since the global slowdown, however, real CoE – from the employers’ perspective – has grown faster than productivity, hinting at downward rigidity in nominal CoE growth. If so, lower inflation from FY16 raises the real burden of employees for employers, potentially acting as a deterrent to hire more.

In our [previous note](#), we discussed that a unit of capital (or debt) is much cheaper to employ than a unit of labor for India’s manufacturing sector. In this note, we argue that while productivity has grown at an average of ~5% since liberalization, real wages have been broadly stagnant. However, it doesn’t reflect the true picture because: (a) non-wage earnings have grown faster, and (b) employee costs from the employers’ perspective have grown at double the pace. Finally, we find some evidence of downward rigidity in nominal CoE growth, implying that lower inflation may raise real burden for employers and act as a disincentive to hire more.

While productivity has increased at an average of 4.8% during the past 25 years (since FY91), real wages have grown at an average of only 0.4%

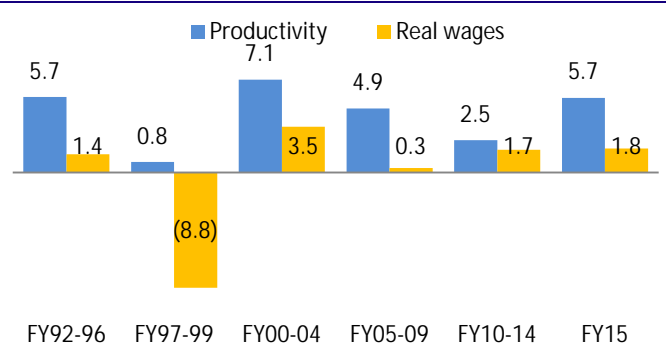
**Productivity versus wage growth:** Economic theory suggests that workers’ wage growth should be based on the growth in his/her productivity. We intend to test this theory in the Indian industrial sector. *Exhibit 1-2* below compares the productivity growth in the factories covered under ASI with that of real wage growth per person engaged. While productivity has grown at an average of 4.8% during the past 25 years (since FY91), real wages have grown at an average of only 0.4% (*Exhibit 1*). Even during the high-growth decade of FY03-12, while productivity grew at an average of 5%, real wage/employee increased only 0.8% (*Exhibit 2*).

Exhibit 1: While productivity has grown at an average of 4.8% since FY91 (FY91=100)...



Deflated by consumer price index for industrial workers (CPI-IW)

Exhibit 2: ...real wage/employee has been broadly stagnant post-liberalization (% CAGR)



Source: Annual Survey of Industries (ASI), MoSL

# InterGlobe Aviation

BSE SENSEX 31,369 S&P CNX 9,675

CMP: INR1,232 TP: INR1,283 (+4%) Neutral



### Stock Info

Bloomberg	INDIGO IN
Equity Shares (m)	360.4
52-Week Range (INR)	1273 / 790
1, 6, 12 Rel. Per (%)	8/30/6
M.Cap. (INR b)	344.9
M.Cap. (USD b)	5.1

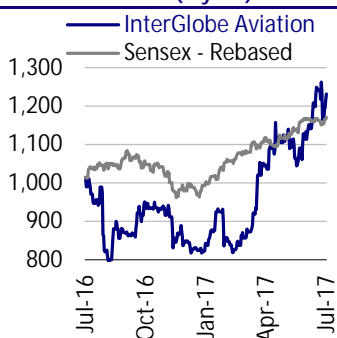
### Financials Snapshot (INR b)

Y/E March	2017	2018E	2019E
Sales	185.8	241.9	312.2
EBITDA	21.4	30.9	45.3
NP	16.6	20.9	33.0
EPS (INR)	46.0	57.9	91.6
EPS Gr. (%)	-16.6	25.8	58.2
BV/Sh (INR)	55.9	62.3	72.3
RoE (%)	86.2	98.0	136.2
RoCE (%)	38.9	47.3	87.3
Payout (%)	89.1	89.1	89.1

### Valuations

P/E (x)	26.8	21.3	13.4
P/BV (x)	22.0	19.8	17.0
Adj. EV/EBITDAR(x)	12.6	10.2	8.2
Div. Yield (%)	2.8	3.5	5.5

### Stock Performance (1-year)



## Just an expression of interest

Keen to acquire international operations of Air India, but won't pursue if not EPS-accretive

In a conference call arranged by InterGlobe Aviation (INDIGO), the founders Mr Rahul Bhatia and Mr Rakesh Gangwal expressed their interest in buying out Air India and also discussed the company's strategy on long-haul international operations. Key takeaways:

### Not looking to buy all subsidiaries, only interested in the airlines business

- n The Indian government is looking to divest stakes in Air India and five of its subsidiaries – (i) Air India Engineering Services, (ii) Air India Air Transport Services, (iii) Air India Charter Limited, (iv) Airline Allied Services and (v) Hotel Corporation of India. INDIGO's management has primarily shown interest in the international operations of Air India and Air India Express, if carved out separately. Alternatively, management is also keen to buyout the entire airline operations of Air India and Air India Express.
- n Management sees considerable value in (i) Air India's prime slots at major international airports and (ii) rights to fly to a large number of overseas destinations, which is difficult to replicate. Furthermore, Air India's large fleet of aircraft with personnel well positioned to cater to the international markets makes it a rewarding buy, in our view.

### Huge potential in international operations; IndiGo is best suited

- n According to management, the Indian aviation industry's long-haul international operations face a major shortcoming – the international hubs lie outside India (in Middle-East, London and South Asia). However, India has huge potential to become an international aviation hub due to its massive and growing domestic passenger base.
- n INDIGO currently has ~40% domestic passenger market share, but only ~9% share in international traffic among Indian carriers (v/s Air India's 44%). However, the large domestic traffic base can be used as a feed for its international operations. By capitalizing on Air India's potential, the company will have the opportunity to become a significant international player.
- n We like INDIGO's consistent track record, strong focus on profitability and healthy balance sheet. Besides this, its strong brand name and unparalleled dominance in the Indian domestic market make it the best suited candidate to acquire Air India's operations, in our view.

### Profitability remains a core focus area; cost advantage key to sustainable growth

- n INDIGO's management has categorically communicated that it will not pursue Air India bid if it is not profitable. It is keen to buyout Air India's international operations if carved out separately, and would like to wait for further clarity to emerge on this. Management also rejected the possibility of entering into a joint venture with the government or taking a minority stake in Air India.
- n The company would stick to its "by the book" low-cost carrier (LCC) model for its international operations, similar to global players like Norwegian Airlines and WOW Air. Management believes that the moats in the airlines industry are based around having an asset light model and creating structural cost advantages, which are key to sustainable growth and profitability. As mentioned earlier, INDIGO would not pursue the bid if it evaluates that the transaction will not create a structural cost advantage.

### Valuation and view

We await further updates on the privatization of Air India. For INDIGO, we remain confident on its execution strategy and focus on profitability. The stock trades at 13.4x FY19E EPS of INR91.6 and 8.2x FY19E adjusted EV/EBITDAR. Strong valuations leave little room for upside, in our view. We value INDIGO at 14x FY19E EPS to arrive at a fair value of INR1,283 (4% upside). Maintain **Neutral**.



### 1. Looking at international companies for acquisition: Rupa & Company; Ramesh Agarwal, Whole Time Director

- n 'Fruit of the Loom' brand will be launched by August-end or first week of September. Started appointing distributors for the brand. Pricing for 'Fruit of the Loom' will be similar to 'Hanes' brand
- n Looking at international companies for acquisition
- n Looking to buy a lingerie company for quite some time.

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### 2. CBDT clarification a positive thing for small borrowers: Sundaram Finance; TT Srinivasaraghavan, MD

- n Misinterpretation of Rs 2 lakh caused a lot of hassles especially for the smaller borrowers. Blame largely probably lay with self-appointed experts within the industry because the way people interpreted this to say that Rs 2 lakh would be for the whole financial year and in more extreme case would be applicable through the entire life of the transaction, was little overboard
- n CBDT clarification is a positive thing for small borrowers.
- n On business front, Q1FY18 collections at the same level of Q4 FY17 levels.
- n April and May vehicle sales affected due to BS-IV transition.
- n Q2FY18 should see customers coming back to their day-to-day businesses.

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### 3. Eyeing 10-12% volume growth in FY18: star cement; Sanjay Gupta, CEO

- n Implemented GST from July 1 and have taken a price cut of Rs 10-15 per bag. The price cut will vary from state to state but the average would be around Rs 12/bag
- n Expecting an impact on volumes due to GST for one quarter because of slow offtake in June and the situation is still same in early part of July.
- n 75% of their dealers have already migrated to GST and the rest are in the process, and hopes that migration will be smooth for dealers.
- n Migration is likely to get completed by July 15, post which volumes will be back to normal.
- n Targeting sales volume growth of 10-12 percent in FY18. With regards to subsidy payments, FY17 end the o/s was Rs 700 crore from the government, out of which Rs 62 crore were received in May and expect Rs 11-12 crore in next few days.
- n Going forward, expect Rs 200 crore to come in terms of subsidy by FY18.

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### 4. GST will be good for industry: blue dart; Yogesh Dhingra, CFO & COO

- n Companies would need six-eight months to see the benefits coming in. It is too early to comment on the tangible benefits by GST rollout
- n All players are going to get benefit, so all those who are GST ready will have better advantage
- n 50 percent of the market is unorganized. The objective of the GST is to force everybody to deal with organized players only.
- n Expects to see good momentum September onwards. Will also get that benefit

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### 1. The real lessons of the July 1997 Asian crisis

n Many of the most wildly successful economies in Asia tumbled into a crisis in July 1997. They had to be bailed out by the International Monetary Fund on terms that led to a lot of political angst. India was hit as well. The splendid economic boom after the 1991 economic reforms came to an end, the rupee tumbled and bad loans began to pile up in the banking sector. It took five years for the Indian economy to get back on track. First, the popular view of balance of payments crises was derived from the experience of Latin America in the previous decade. Countries with high fiscal deficits that were funded through money creation by the central bank would eventually see their external accounts come under pressure. Second, perhaps the biggest flaw in the Asian economic strategy was that their central banks were committed to maintaining a fixed exchange rate against the dollar (or currency boards in the case of Hong Kong). Third, the Asian crisis showed that financial markets are prone to herd behaviour—and that currency panics can be self-fulfilling. Fourth, the deeper roots of the Asian crisis could be found in the economic models that took these countries from poverty to prosperity within a few decades.

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### 2. India's troubling savings and investment trajectory

n Let us raise a toast to the new goods and services tax (GST). As has been widely stated, it will “create a national market, enhance the ease of doing business, lead to greater productivity and efficiency, as also improved tax compliance”. It will also raise India's overall growth rate on a sustainable basis. However, the achievement of such growth rests on the assumption of a smooth transition to a GST-compliant regime, which may be questionable given the large proportion of manufacturing and service enterprises within the micro, small and medium enterprise (MSME) sector. More importantly, the road to growth still rests on achieving certain important milestones, viz. boosting private savings and private investment. This is where the disconnect arises.

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### 3. Bank NPAS crisis: insolvency process can only get delayed if courts entertain appeals against rbi orders

n Indian promoters are proving yet again they will use every trick in the book to save themselves even though they may be defaulters. Even before the National Company Law Tribunal (NCLT) could admit the insolvency case against Essar Steel, the company has moved the Gujarat High Court; it has argued RBI selection of 12 stressed exposures to be resolved via the IBC (Insolvency and Bankruptcy Code) is arbitrary. On June 13, the central bank had identified a clutch of 12 accounts—this included Essar Steel—that were to be referred by banks to the NCLT, a decision that was justified given lenders had exhausted all other options to recover their dues. While the wisdom of the High Court will prevail, it would be very unfortunate indeed if the Essar Steel case isn't admitted to NCLT. That would be a very big setback for the initiative taken by the government and RBI to try and solve the bad loans problem which is threatening to stall growth.

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#### 4. Don't let states and lobbies abuse GST

- n The ongoing protest by traders in the textile hub of Surat and Ahmedabad against the imposition of a 5% goods and services tax (GST) on textiles is unjustified, given that the new levy allows manufacturers to claim credit for all the taxes paid on inputs, and lowers production costs. There is no rationale to exempt some sections from GST as it leaves the scope for others to make a similar demand. Already, 145-odd products are exempt from GST. The goal should be to remove these, not to add to the list. It will distort the tax structure, create systemic inefficiencies and dent governments revenues. The GST Council should stand up to the demands for commodity- or industry-specific exemptions that spell patronage.

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#### 5. Telecom sector troubles: starting with WHATSAPP, VIBER and now reliance JIO, here is how incumbents are dealing with attacks on revenues

- n The call to institute a floor price for data services in telecom reflects a growing aggravation on part of the incumbent telecom operators on dealing with simultaneous and sudden attacks on their revenues streams. It started in 2013, with 'unlicensed' services like WhatsApp and Viber eating into SMS and voice revenues, affecting balance-sheets already suffering from high leverage due to spectrum auctions. The incumbents allege that spectrum auctions have been designed to result in high acquisition costs. In the aftermath, incumbent telecom forms lobbied the governance institutions, DoT and Trai, for relief—in the form of lower licence fees and regulatory burden, on the one hand, and the institution of a regulatory regime for content providers that rode on telecom networks for their market but were out of the purview of licensing, on the other.

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### International

#### 6. Missile diplomacy: u.s. must be inventive in responding to North Korea

- n In early January, Donald Trump, then the U.S. President-elect, tweeted that North Korea would never develop a "nuclear weapon capable of reaching parts of the U.S.". But Pyongyang appears to have done exactly that, defying warnings issued by Washington. Tuesday's test of an intercontinental ballistic missile, that appears to be capable of striking Alaska, poses perhaps the greatest foreign policy challenge so far before Mr. Trump. And he appears to be lost for an effective response. While senior officials of the Trump administration have consistently talked tough, they have banked heavily on China, North Korea's most crucial political and economic ally, to rein in its missile programme. Mr. Trump had even offered China better trade deal for its help in addressing the crisis and appreciated President Xi Jinping's efforts.

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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	846	1,044	23	28.0	33.8	40.5	30.2	25.0	5.6	4.7	20.3	20.4	20.7
Ashok Ley.	Buy	102	118	15	4.6	5.7	7.4	22.3	17.9	4.9	4.2	23.3	25.3	27.9
Bajaj Auto	Buy	2,730	3,401	25	132.3	143.5	167.9	20.6	19.0	4.6	4.2	25.3	23.1	24.4
Bharat Forge	Buy	1,108	1,242	12	26.2	37.7	49.7	42.3	29.4	6.3	5.4	16.2	19.8	22.3
Bosch	Neutral	23,785	23,287	-2	473.1	649.9	766.2	50.3	36.6	8.2	7.3	15.8	21.1	21.9
CEAT	Buy	1,883	1,741	-8	93.3	96.2	131.3	20.2	19.6	3.2	2.8	16.9	15.1	17.8
Eicher Mot.	Buy	27,702	30,402	10	613.8	861.2	1,102.9	45.1	32.2	15.7	11.3	40.3	40.8	38.0
Endurance Tech.	Buy	863	948	10	23.5	30.5	38.8	36.8	28.3	7.0	5.8	20.8	22.4	23.6
Escorts	Neutral	671	711	6	20.0	36.9	45.7	33.6	18.2	3.4	2.9	10.6	17.3	18.3
Exide Ind	Buy	229	274	20	8.2	9.7	11.9	28.0	23.6	3.9	3.5	14.0	14.8	15.9
Hero Moto	Neutral	3,721	3,690	-1	169.1	198.2	198.7	22.0	18.8	7.3	6.2	35.7	36.0	31.0
M&M	Buy	1,377	1,603	16	54.3	66.7	79.9	25.4	20.6	3.2	2.9	14.2	14.1	14.6
Mahindra CIE	Not Rated	237	-		5.4	9.9	11.8	44.3	24.1	2.7	2.5	6.4	10.8	11.5
Maruti Suzuki	Buy	7,469	8,060	8	248.6	292.6	379.7	30.0	25.5	6.2	5.4	20.3	20.8	22.8
Tata Motors	Buy	437	635	45	19.8	30.9	64.3	22.1	14.1	2.6	2.2	9.8	16.5	27.3
TVS Motor	Buy	554	581	5	11.7	16.3	25.9	47.1	34.0	10.9	8.7	25.6	28.6	35.2
<b>Aggregate</b>								<b>27.9</b>	<b>21.6</b>	<b>4.8</b>	<b>4.1</b>	<b>17.1</b>	<b>19.1</b>	<b>22.6</b>
<b>Banks - Private</b>														
Axis Bank	Neutral	510	525	3	15.4	23.8	40.3	33.2	21.4	2.2	2.1	6.9	10.1	15.4
DCB Bank	Neutral	194	170	-12	7.0	8.0	10.3	27.7	24.2	2.8	2.3	10.8	10.9	11.8
Equitas Hold.	Buy	158	210	33	4.7	4.8	7.4	33.5	32.7	2.4	2.2	8.9	7.1	10.1
Federal Bank	Buy	116	125	8	4.8	5.5	6.8	24.0	21.2	2.3	1.9	9.9	10.2	10.5
HDFC Bank	Buy	1,659	1,790	8	56.8	67.1	79.4	29.2	24.7	4.8	4.3	17.9	18.2	19.0
ICICI Bank	Buy	294	329	12	15.3	15.6	17.9	19.2	18.8	2.2	2.0	10.2	9.4	10.1
IDFC Bank	Neutral	63	62	-2	3.0	3.5	4.2	21.1	18.0	1.5	1.4	7.2	7.9	8.8
IndusInd	Buy	1,520	1,700	12	47.9	60.1	74.3	31.7	25.3	4.5	3.9	15.3	16.5	17.7
J&K Bank	Neutral	87	89	2	-31.3	4.4	8.0	NM	19.9	0.8	0.8	-27.0	4.0	7.0
Kotak Mah. Bk	Buy	958	1,050	10	26.8	32.2	40.4	35.7	29.7	4.6	4.1	13.8	14.9	16.1
RBL Bank	Under Review	525	-		11.9	18.0	24.2	44.2	29.2	4.6	4.1	12.3	14.9	17.5
South Indian	Buy	28	31	9	2.2	2.9	3.6	13.0	9.9	1.1	1.0	9.4	10.6	12.2
Yes Bank	Buy	1,501	2,110	41	73.0	90.7	114.6	20.6	16.5	3.2	2.8	18.9	18.0	19.5
<b>Aggregate</b>								<b>28.1</b>	<b>22.4</b>	<b>3.2</b>	<b>2.9</b>	<b>11.4</b>	<b>12.8</b>	<b>14.3</b>
<b>Banks - PSU</b>														
BOB	Buy	162	217	34	6.0	18.4	22.5	27.1	8.8	1.1	1.0	4.1	11.9	13.2
BOI	Neutral	141	147	5	-14.8	13.7	22.0	NM	10.3	0.6	0.6	-6.7	6.1	9.0
Canara	Neutral	343	380	11	18.8	36.2	49.2	18.2	9.5	0.7	0.7	4.2	7.5	9.4
IDBI Bk	Neutral	57	49	-14	1.5	6.4	8.6	37.4	8.9	0.5	0.5	1.4	5.8	7.3
Indian Bk	Buy	303	360	19	29.3	33.2	38.0	10.4	9.1	1.0	0.9	10.1	10.6	11.1
OBC	Neutral	145	150	3	-31.6	17.1	21.4	NM	8.5	0.4	0.4	-8.4	4.6	5.4
PNB	Buy	143	184	28	6.2	10.3	14.5	23.0	14.0	0.8	0.8	3.6	5.6	7.5
SBI	Buy	281	375	33	0.3	17.9	23.3	944.4	15.7	1.3	1.2	-0.2	8.7	10.0
Union Bk	Neutral	153	174	14	7.6	24.6	34.5	20.0	6.2	0.5	0.5	2.7	8.1	10.5
<b>Aggregate</b>								<b>100.4</b>	<b>12.0</b>	<b>0.9</b>	<b>0.8</b>	<b>0.9</b>	<b>6.7</b>	<b>8.3</b>
<b>NBFCs</b>														
Bajaj Fin.	Buy	1,396	1,550	11	33.6	48.3	64.4	41.6	28.9	8.0	6.4	21.7	24.6	26.4
Bharat Fin.	Neutral	724	769	6	21.0	41.3	53.0	34.5	17.5	4.1	3.3	15.1	20.9	21.6
Cholaman.Inv.&F n	Buy	1,134	1,250	10	46.0	55.0	66.4	24.7	20.6	4.1	3.5	18.1	18.5	18.9
Dewan Hsg.	Buy	438	559	28	29.6	37.0	45.4	14.8	11.8	1.7	1.6	14.4	13.9	15.3
GRUH Fin.	Neutral	466	421	-10	8.1	10.4	12.5	57.3	45.0	15.3	12.7	30.4	30.8	30.8
HDFC	Buy	1,647	1,797	9	46.8	50.7	55.9	35.2	32.5	6.5	5.9	19.3	18.3	17.4
Indiabulls Hsg	Buy	1,084	1,227	13	69.0	88.9	113.9	15.7	12.2	3.8	3.3	25.5	29.0	32.7
LIC Hsg Fin	Neutral	752	723	-4	38.2	47.9	53.8	19.7	15.7	3.5	3.0	19.4	20.6	19.7
Manappuram	Not Rated	102	-		8.6	10.8	12.5	11.8	9.5	2.6	2.3	24.0	25.9	26.9

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
M&M Fin.	Buy	360	400	11	7.1	13.6	16.4	50.8	26.6	3.1	2.9	6.3	11.4	12.8
Muthoot Fin	Buy	446	465	4	29.5	41.0	43.3	15.1	10.9	2.7	2.4	19.4	23.2	21.4
PFC	Neutral	125	117	-7	25.7	27.2	30.2	4.9	4.6	0.8	0.7	17.9	17.0	16.8
Repco Home	Buy	809	900	11	29.1	35.8	42.5	27.8	22.6	4.5	3.8	17.4	18.1	18.2
REC	Neutral	177	134	-24	31.4	35.0	40.4	5.7	5.1	1.0	0.9	19.9	19.1	19.1
Shriram Union	City Buy	2,520	2,689	7	84.3	132.8	171.2	29.9	19.0	3.3	2.9	11.7	16.2	18.1
STF	Buy	1,108	1,269	15	55.6	78.5	98.5	19.9	14.1	2.2	2.0	11.7	14.7	16.3
<b>Aggregate</b>								<b>18.7</b>	<b>15.7</b>	<b>3.4</b>	<b>3.0</b>	<b>18.3</b>	<b>19.1</b>	<b>19.2</b>
<b>Capital Goods</b>														
ABB	Sell	1,446	1,200	-17	19.7	25.1	32.2	73.4	57.7	9.3	8.0	12.7	13.9	15.8
Bharat Elec.	Buy	172	200	16	6.9	7.2	8.1	24.8	24.0	5.1	4.0	20.6	16.5	16.8
BHEL	Sell	136	100	-26	2.1	3.6	4.7	63.3	38.2	1.0	1.0	1.6	2.7	3.4
Blue Star	Neutral	612	610	0	12.9	17.8	26.6	47.5	34.4	7.7	7.3	18.0	21.7	30.1
CG Cons. Elec.	Buy	225	240	6	4.7	5.5	6.6	48.2	41.1	26.2	18.9	76.4	53.4	49.8
CG Power & Indu.	Sell	83	65	-21	4.1	2.3	4.5	20.1	36.2	1.2	1.2	6.2	3.4	4.2
Cummins	Neutral	914	950	4	26.5	28.8	35.5	34.5	31.7	6.8	6.3	21.2	20.5	23.2
GE T&D	Neutral	333	320	-4	5.7	6.2	7.6	58.1	53.7	8.3	7.5	12.4	14.7	16.4
Havells	Neutral	474	480	1	9.6	11.7	14.2	49.6	40.6	9.0	8.0	18.2	19.8	21.1
K E C Intl	Neutral	256	250	-2	11.9	12.8	16.4	21.6	20.0	4.1	3.6	21.2	19.2	20.9
L&T	Buy	1,697	2,000	18	63.3	70.4	80.8	26.8	24.1	3.2	2.9	12.2	12.6	13.4
Pennar Eng.	Not Rated	125	-		7.1	9.1	11.2	17.8	13.8	1.8	1.6	10.2	11.6	12.6
Siemens	Neutral	1,352	1,355	0	17.8	24.3	33.3	75.9	55.7	7.1	6.1	9.3	11.0	13.7
Solar Ind	Neutral	822	825	0	20.6	22.6	28.2	39.9	36.3	7.3	6.3	19.8	18.6	19.9
Suzlon Energy	Not Rated	19	-		0.6	0.9	1.0	29.4	21.1	-1.7	-1.9	NM	-8.8	-11.0
Thermax	Sell	925	850	-8	30.8	32.7	34.0	30.0	28.3	4.1	3.7	14.3	13.7	12.9
Va Tech Wab.	Buy	681	800	18	28.9	34.9	39.8	23.5	19.5	3.7	3.2	16.3	17.7	17.5
Voltas	Sell	470	400	-15	15.5	15.6	17.6	30.4	30.2	4.7	4.2	18.0	14.7	14.9
<b>Aggregate</b>								<b>34.1</b>	<b>29.9</b>	<b>3.8</b>	<b>3.5</b>	<b>11.2</b>	<b>11.7</b>	<b>12.7</b>
<b>Cement</b>														
Ambuja Cem.	Buy	256	283	11	4.9	7.3	8.2	52.3	35.2	2.7	2.5	5.1	7.3	7.8
ACC	Neutral	1,611	1,521	-6	33.7	49.9	64.9	47.7	32.3	3.5	3.4	7.4	10.6	13.1
Birla Corp.	Buy	871	1,204	38	29.4	40.9	58.9	29.7	21.3	2.0	1.9	7.5	9.2	12.2
Dalmia Bharat	Buy	2,589	3,162	22	38.8	66.7	87.1	66.8	38.8	4.6	4.2	7.2	11.3	13.1
Grasim Inds.	Neutral	1,272	1,234	-3	67.9	71.2	102.6	18.7	17.9	2.0	1.8	11.5	10.9	13.9
India Cem	Neutral	206	210	2	5.6	9.3	12.9	36.7	22.1	1.2	1.2	3.4	5.5	7.2
J K Cements	Buy	980	1,287	31	33.7	40.4	53.5	29.1	24.2	3.9	3.4	14.4	15.0	17.2
JK Lakshmi Ce	Buy	474	550	16	7.0	11.4	19.2	68.1	41.6	4.0	3.7	6.0	9.2	13.8
Ramco Cem	Buy	703	823	17	27.3	31.1	37.5	25.8	22.6	4.6	3.9	19.2	18.6	19.1
Orient Cem	Buy	155	185	19	-1.6	4.6	7.0	NM	33.6	3.2	3.0	-3.2	9.2	12.6
Prism Cem	Buy	125	138	11	0.3	3.7	5.6	358.2	33.6	6.2	5.4	1.8	17.2	22.0
Shree Cem	Buy	17,950	20,131	12	384.4	454.7	575.2	46.7	39.5	8.9	7.4	20.2	20.4	21.3
Ultratech	Buy	4,098	4,928	20	96.1	95.8	143.2	42.6	42.8	4.9	4.5	12.0	10.9	14.9
<b>Aggregate</b>								<b>36.8</b>	<b>30.6</b>	<b>3.6</b>	<b>3.3</b>	<b>9.7</b>	<b>10.7</b>	<b>13.1</b>
<b>Consumer</b>														
Asian Paints	Neutral	1,131	1,210	7	21.0	23.1	27.4	53.8	48.9	14.3	13.7	28.5	28.6	30.6
Britannia	Buy	3,735	4,050	8	73.7	85.5	105.4	50.7	43.7	16.6	15.3	36.9	36.5	38.3
Colgate	Buy	1,107	1,180	7	21.2	25.7	31.1	52.1	43.2	23.6	22.3	50.4	53.2	60.3
Dabur	Neutral	300	295	-2	7.2	7.7	9.1	41.4	38.8	10.9	9.3	28.4	26.0	26.3
Emami	Buy	1,064	1,250	17	26.5	28.5	33.9	40.1	37.3	13.8	11.2	35.8	33.1	31.8
Godrej Cons.	Neutral	974	975	0	18.9	21.8	25.0	51.5	44.7	12.5	9.7	24.6	24.5	23.0
GSK Cons.	Sell	5,516	4,380	-21	156.1	166.3	181.9	35.3	33.2	7.4	7.2	22.2	22.1	22.4
HUL	Buy	1,092	1,215	11	19.6	22.8	27.0	55.6	47.9	35.5	34.4	65.6	72.8	82.5
ITC	Buy	337	355	5	8.4	9.6	11.6	40.1	34.9	9.1	8.9	23.5	25.8	29.3
Jyothy Lab	Neutral	361	390	8	11.2	8.9	11.0	32.1	40.4	6.0	6.2	21.1	15.1	18.4

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
Marico	Neutral	324	335	3	6.3	6.9	8.4	51.5	46.6	18.0	15.3	36.7	35.5	38.1
Nestle	Sell	6,925	5,715	-17	118.0	118.6	139.5	58.7	58.4	22.2	20.4	39.0	36.4	39.0
Page Inds	Buy	17,389	18,000	4	238.7	317.0	400.0	72.8	54.8	29.1	23.0	40.0	42.0	42.8
Parag Milk	Neutral	233	245	5	3.6	7.4	12.3	64.5	31.3	3.0	2.7	5.9	9.1	13.4
Pidilite Ind.	Neutral	829	762	-8	16.7	18.4	21.2	49.6	45.0	12.9	10.4	28.2	25.6	24.0
P&G Hygiene	Buy	8,045	8,760	9	144.9	155.8	181.6	55.5	51.6	45.9	36.6	45.3	78.9	74.0
Prabhat Dairy	Not Rated	131	-		3.5	3.5	6.4	37.0	37.6	1.9	1.8	5.2	4.9	8.5
United Brew	Neutral	801	830	4	8.7	9.7	14.7	92.1	82.6	9.2	8.4	10.4	10.7	14.6
United Spirits	Neutral	2,555	2,415	-5	26.7	37.4	51.8	95.6	68.4	19.2	13.2	21.3	19.3	19.7
<b>Aggregate</b>								<b>48.0</b>	<b>42.3</b>	<b>13.2</b>	<b>12.3</b>	<b>27.6</b>	<b>29.1</b>	<b>30.7</b>
<b>Healthcare</b>														
Alembic Phar	Neutral	508	640	26	21.6	24.9	30.5	23.5	20.4	5.0	4.2	23.0	22.6	23.1
Alkem Lab	Neutral	1,834	1,900	4	75.7	79.7	95.0	24.2	23.0	5.2	4.4	23.4	20.7	21.0
Ajanta Pharma	Buy	1,512	2,028	34	58.4	66.1	79.6	25.9	22.9	8.5	6.5	37.7	32.2	29.9
Aurobindo	Buy	684	750	10	39.3	44.1	50.2	17.4	15.5	4.3	3.4	28.3	24.8	22.5
Biocon	Sell	340	300	-12	10.2	10.4	14.4	33.3	32.8	4.5	4.1	13.6	12.6	15.6
Cadila	Buy	511	510	0	14.2	17.8	23.2	36.0	28.7	8.2	6.7	24.8	25.7	27.2
Cipla	Neutral	543	500	-8	15.9	20.0	25.0	34.1	27.2	3.5	3.1	10.2	11.5	12.8
Divis Lab	Neutral	657	600	-9	39.7	35.4	39.8	16.6	18.6	3.7	3.4	23.5	19.0	19.2
Dr Reddy's	Neutral	2,668	2,625	-2	72.6	106.2	143.0	36.7	25.1	3.6	3.0	9.6	13.2	14.9
Fortis Health	Buy	162	240	48	10.3	2.1	6.1	15.7	76.7	1.7	1.5	11.3	2.0	5.3
Glenmark	Neutral	655	800	22	39.3	42.9	51.7	16.7	15.3	4.1	3.3	24.7	21.6	20.9
Granules	Buy	144	200	39	7.2	8.2	11.5	19.9	17.6	3.7	2.5	21.1	17.7	18.8
GSK Pharma	Neutral	2,564	2,700	5	34.4	51.9	60.1	74.6	49.3	16.1	19.6	21.5	39.7	54.4
IPCA Labs	Neutral	475	480	1	16.1	21.3	28.5	29.6	22.3	2.4	2.2	8.6	10.5	12.7
Jubilant Life	Buy	708	905	28	37.0	47.3	56.7	19.1	15.0	3.2	2.7	18.1	19.6	19.6
Lupin	Buy	1,081	1,475	36	59.2	57.9	72.0	18.3	18.7	3.7	3.2	22.0	18.2	19.4
Sanofi India	Buy	4,154	4,850	17	129.1	142.7	173.2	32.2	29.1	5.5	5.1	17.1	17.5	19.1
Sun Pharma	Buy	545	650	19	26.1	25.2	30.8	20.8	21.6	3.6	3.4	18.5	16.1	17.9
Syngene Intl	Not Rated	474	-		13.0	16.1	18.0	36.4	29.4	7.3	6.0	22.2	22.5	20.7
Torrent Pharma	Buy	1,268	1,450	14	55.2	56.8	71.4	23.0	22.3	5.4	4.7	25.3	22.4	24.2
<b>Aggregate</b>								<b>23.9</b>	<b>22.4</b>	<b>4.2</b>	<b>3.7</b>	<b>17.5</b>	<b>16.4</b>	<b>17.5</b>
<b>Logistics</b>														
Allcargo Logistics	Buy	171	228	33	9.8	12.2	14.3	17.4	14.1	2.6	2.3	12.6	17.2	17.8
Blue Dart	Not Rated	4,749	-		102.5	129.9	163.2	46.3	36.6	20.5	15.6	50.5	48.6	46.8
Concor	Neutral	1,168	1,162	0	38.0	39.2	45.8	30.7	29.8	3.2	3.1	10.8	10.6	11.8
Gateway Distriparks	Buy	279	310	11	6.8	10.7	13.6	41.1	26.0	2.4	2.3	5.9	9.1	11.1
Gati	Not Rated	130	-		8.4	15.9	23.9	15.5	8.2	2.1	1.9	12.4	19.4	25.4
Transport Corp.	Not Rated	344	-		16.9	21.0	25.9	20.3	16.3	3.2	2.7	16.7	17.8	18.6
<b>Aggregate</b>								<b>29.8</b>	<b>25.3</b>	<b>3.6</b>	<b>3.4</b>	<b>12.2</b>	<b>13.4</b>	<b>15.0</b>
<b>Media</b>														
Dish TV	Buy	80	106	33	1.0	1.4	4.0	80.9	56.1	17.3	13.2	24.1	26.8	327.5
D B Corp	Buy	383	460	20	20.4	23.6	27.5	18.8	16.2	4.4	3.9	25.5	25.7	26.5
Den Net.	Neutral	81	90	11	-8.6	-2.7	0.3	NM	NM	1.5	1.6	-12.0	-5.3	0.7
Hind. Media	Buy	278	360	29	25.9	30.1	35.3	10.7	9.2	1.9	1.6	19.0	18.3	17.9
HT Media	Neutral	82	85	4	7.4	8.0	9.2	11.0	10.2	0.7	0.7	7.1	7.0	7.3
Jagran Prak.	Buy	183	225	23	10.8	12.3	14.0	17.0	14.9	2.5	2.5	17.6	16.4	17.2
PVR	Buy	1,421	1,666	17	20.5	28.9	45.1	69.2	49.1	6.9	6.1	10.4	13.2	17.7
Siti Net.	Neutral	27	36	33	-1.8	-0.1	0.5	NM	NM	3.7	3.8	-23.5	-2.0	6.9
Sun TV	Neutral	824	860	4	24.9	28.5	35.9	33.1	28.9	8.3	7.6	25.0	26.3	30.2
Zee Ent.	Buy	501	600	20	23.1	15.6	18.6	21.7	32.2	8.3	7.0	24.7	23.6	23.7
<b>Aggregate</b>								<b>39.0</b>	<b>29.2</b>	<b>5.7</b>	<b>5.2</b>	<b>14.7</b>	<b>17.8</b>	<b>22.7</b>
<b>Metals</b>														
Hindalco	Buy	197	250	27	16.2	21.8	26.1	12.2	9.0	1.5	1.2	14.0	15.2	15.4

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
Hind. Zinc	Sell	266	235	-12	19.7	19.7	21.7	13.5	13.5	3.6	4.9	24.4	30.9	39.6
JSPL	Buy	131	184	40	-20.9	-17.2	2.4	NM	NM	0.4	0.4	-7.9	-5.4	0.8
JSW Steel	Buy	212	280	32	14.8	19.0	22.6	14.3	11.2	2.3	1.9	17.3	18.7	19.0
Nalco	Neutral	69	65	-6	3.7	3.8	4.2	18.7	18.4	1.3	1.3	7.2	7.0	7.5
NMDC	Buy	113	-	58	10.0	12.1	12.2	11.3	9.3	1.6	1.5	12.4	15.0	15.5
SAIL	Sell	60	30	-50	-6.2	-10.6	-4.2	NM	NM	0.7	0.8	-6.7	-12.6	-5.5
Vedanta	Neutral	261	225	-14	15.1	22.0	23.3	17.3	11.9	1.6	1.7	9.7	13.7	15.0
Tata Steel	Neutral	554	581	5	37.0	50.5	66.5	15.0	11.0	1.7	1.5	15.4	14.6	17.0
<b>Aggregate</b>								<b>18.2</b>	<b>14.9</b>	<b>1.5</b>	<b>1.5</b>	<b>8.2</b>	<b>10.0</b>	<b>12.5</b>
<b>Oil &amp; Gas</b>														
BPCL	Neutral	660	779	18	72.5	55.0	65.2	9.1	12.0	2.8	2.4	32.4	21.7	22.3
GAIL	Sell	362	357	-1	22.6	26.3	29.8	16.0	13.7	1.6	1.5	9.6	11.3	11.8
Gujarat Gas	Sell	762	699	-8	20.4	33.7	46.5	37.3	22.6	6.4	5.2	17.8	25.3	28.0
Gujarat St. Pet.	Neutral	176	171	-3	8.8	11.0	13.1	20.0	15.9	2.2	2.0	11.6	13.1	14.0
HPCL	Buy	510	632	24	61.0	44.3	48.9	8.3	11.5	2.5	2.2	32.4	20.6	20.0
IOC	Neutral	381	457	20	43.0	36.0	40.0	8.9	10.6	1.8	1.6	21.2	15.8	15.8
IGL	Neutral	1,073	1,067	-1	42.5	46.8	51.9	25.2	22.9	5.1	4.4	21.0	20.6	19.6
MRPL	Neutral	123	124	1	14.8	10.2	11.8	8.3	12.1	2.1	1.9	31.4	16.5	16.9
Oil India	Buy	267	363	36	19.3	27.9	30.1	13.8	9.6	0.7	0.7	5.7	7.5	7.8
ONGC	Buy	161	195	21	16.4	17.4	19.7	9.8	9.3	0.9	0.9	10.1	9.9	10.8
PLNG	Buy	217	273	26	11.4	8.6	17.6	19.1	25.2	4.0	3.6	23.2	15.1	26.4
Reliance Ind.	Neutral	1,441	1,264	-12	106.6	122.1	131.0	13.5	11.8	1.5	1.3	11.9	11.8	11.5
<b>Aggregate</b>								<b>11.5</b>	<b>11.8</b>	<b>1.5</b>	<b>1.4</b>	<b>13.3</b>	<b>12.0</b>	<b>12.4</b>
<b>Retail</b>														
Jubilant Food	Sell	1,074	680	-37	10.0	12.2	17.9	107.3	88.3	8.8	8.2	8.2	9.3	12.6
Titan Co.	Neutral	533	545	2	9.0	10.3	12.1	59.1	51.9	11.2	10.3	20.6	20.6	21.6
<b>Aggregate</b>								<b>62.5</b>	<b>54.7</b>	<b>10.8</b>	<b>9.9</b>	<b>17.2</b>	<b>18.1</b>	<b>19.0</b>
<b>Technology</b>														
Cyient	Buy	528	620	17	30.6	36.6	42.0	17.2	14.4	2.8	2.5	16.2	17.1	17.2
HCL Tech.	Buy	840	960	14	59.8	61.4	66.7	14.0	13.7	3.5	3.5	27.5	25.2	25.8
Hexaware	Neutral	239	235	-2	13.7	15.4	16.7	17.5	15.6	4.2	3.7	26.5	25.3	23.5
Infosys	Buy	948	1,200	27	62.9	63.4	68.9	15.1	14.9	3.1	2.8	22.0	19.9	19.7
KPIT Tech	Neutral	129	150	16	11.9	13.0	15.2	10.8	9.9	1.6	1.4	14.3	15.2	15.3
L&T Infotech	Buy	790	850	8	55.5	59.1	65.1	14.2	13.4	5.0	3.9	40.4	32.5	28.4
Mindtree	Neutral	545	475	-13	24.9	30.5	36.2	21.9	17.9	3.6	3.2	16.8	19.0	20.3
Mphasis	Neutral	598	600	0	38.9	42.3	46.2	15.4	14.1	2.0	2.3	13.2	14.2	16.1
NIIT Tech	Neutral	556	470	-15	42.8	41.0	47.3	13.0	13.6	2.0	1.9	16.1	14.3	15.2
Persistent Sys	Buy	675	740	10	37.7	43.9	52.3	17.9	15.4	2.8	2.7	17.0	18.1	20.8
Tata Elxsi	Buy	1,699	1,607	-5	56.3	68.0	80.4	30.2	25.0	9.5	7.6	37.1	33.7	32.3
TCS	Neutral	2,345	2,400	2	133.4	139.6	151.6	17.6	16.8	5.5	5.7	33.5	32.5	33.3
Tech Mah	Buy	376	465	24	30.9	31.0	36.2	12.2	12.2	2.0	1.8	18.4	16.0	16.9
Wipro	Neutral	257	250	-3	16.9	17.3	18.9	15.2	14.9	2.4	2.2	16.9	15.4	15.5
Zensar Tech	Buy	804	1,020	27	54.9	62.0	74.2	14.6	13.0	2.3	2.0	16.3	16.3	17.1
<b>Aggregate</b>								<b>16.1</b>	<b>15.9</b>	<b>3.7</b>	<b>3.6</b>	<b>23.2</b>	<b>22.6</b>	<b>22.1</b>
<b>Telecom</b>														
Bharti Airtel	Buy	381	430	13	11.1	5.9	10.9	34.3	64.9	2.3	2.2	6.7	3.4	6.1
Bharti Infratel	Buy	415	440	6	14.9	17.2	19.3	27.9	24.2	5.0	4.3	16.2	19.1	18.7
Idea Cellular	Buy	83	110	33	-1.1	-9.7	-11.2	NM	NM	1.2	1.4	-1.6	-15.3	-20.8
Tata Comm	Buy	676	811	20	26.0	10.2	30.8	26.0	66.2	12.1	10.2	126.2	16.7	37.8
<b>Aggregate</b>								<b>36.9</b>	<b>120.2</b>	<b>2.5</b>	<b>2.5</b>	<b>6.9</b>	<b>2.1</b>	<b>4.2</b>
<b>Utilities</b>														
Coal India	Buy	251	290	15	14.9	17.6	18.6	16.8	14.3	6.4	6.3	37.8	44.5	47.0
CESC	Buy	869	1,040	20	51.9	78.6	86.0	16.7	11.0	1.7	1.5	10.5	14.4	13.9
JSW Energy	Buy	65	88	36	3.9	3.2	3.1	16.7	20.5	1.0	1.0	6.3	4.9	4.8
NTPC	Buy	158	198	25	13.0	13.4	16.2	12.2	11.8	1.3	1.2	11.5	10.9	12.3

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
Power Grid	Buy	210	242	15	14.2	17.6	20.6	14.7	11.9	2.2	2.0	16.2	17.5	17.8
Tata Power	Sell	82	68	-17	5.2	6.4	6.7	15.9	12.9	1.9	1.7	11.2	13.9	12.1
<b>Aggregate</b>								<b>14.5</b>	<b>12.7</b>	<b>2.2</b>	<b>2.0</b>	<b>15.2</b>	<b>16.1</b>	<b>16.8</b>
<b>Others</b>														
Arvind	Neutral	373	362	-3	12.4	12.5	18.1	30.1	29.8	2.7	2.5	10.3	8.8	11.8
Avenue Supermarts	Neutral	882	804	-9	7.7	12.8	17.9	114.9	68.7	14.3	12.5	17.9	19.4	23.3
Bata India	Under Review	564	-		13.5	15.7	19.4	41.7	35.9	5.5	4.9	13.9	14.4	15.8
Castrol India	Buy	400	531	33	13.6	14.4	15.0	29.3	27.7	33.2	29.7	115.2	113.3	106.1
Century Ply.	Neutral	290	323	11	8.7	9.8	12.9	33.3	29.5	9.0	7.4	31.1	27.7	29.6
Coromandel Intl	Under Review	423	-		16.6	21.8	26.1	25.4	19.4	4.3	3.8	17.5	20.6	21.6
Delta Corp	Buy	164	229	39	3.1	5.7	7.2	53.8	28.9	4.1	2.8	8.1	12.1	11.5
Dynamatic Tech	Buy	2,436	3,334	37	67.6	112.9	166.7	36.0	21.6	5.0	4.0	15.1	20.7	24.3
Eveready Inds.	Buy	352	368	5	12.9	14.4	17.5	27.3	24.4	8.8	7.1	37.7	32.3	31.6
Interglobe	Neutral	1,232	1,234	0	46.0	57.9	91.6	26.8	21.3	22.0	19.8	86.2	98.0	136.2
Indo Count	Buy	166	229	38	13.0	13.2	15.4	12.8	12.6	3.9	2.9	34.8	26.4	23.5
Info Edge	Buy	1,031	1,050	2	15.7	20.3	22.9	65.8	50.9	6.3	5.8	10.2	11.9	12.3
Inox Leisure	Sell	279	240	-14	3.3	8.0	12.0	83.5	34.7	4.8	4.3	5.9	12.5	16.2
Jain Irrigation	Under Review	105	-		5.5	7.6	10.0	19.0	13.8	1.6	1.6	8.6	11.7	14.8
Just Dial	Neutral	364	465	28	17.5	18.5	21.1	20.8	19.7	2.8	2.5	14.8	13.4	13.7
Kaveri Seed	Buy	645	653	1	19.1	31.3	37.7	33.8	20.6	4.4	4.7	13.6	21.6	26.0
Kitex Garm.	Buy	273	394	44	18.6	22.1	26.2	14.7	12.4	4.0	3.2	29.8	28.6	27.6
Manpasand	Buy	773	900	16	12.7	20.3	30.9	60.9	38.2	3.8	3.6	7.3	8.5	13.5
MCX	Buy	1,102	1,300	18	24.8	30.1	42.8	44.4	36.7	4.1	3.9	9.9	11.0	14.6
Monsanto	Buy	2,803	2,841	1	86.2	105.1	126.7	32.5	26.7	9.1	8.3	31.6	32.5	34.5
Navneet Education	Buy	176	226	28	7.8	9.4	11.3	22.7	18.7	5.7	4.8	26.8	27.8	28.2
PI Inds.	Buy	808	952	18	33.4	33.4	38.1	24.2	24.2	6.8	5.6	32.8	25.4	23.8
Piramal Enterp.	Buy	2,938	3,044	4	72.6	104.1	144.6	40.5	28.2	3.8	3.5	9.8	13.0	16.4
SRF	Buy	1,534	1,816	18	85.9	86.3	109.2	17.9	17.8	2.8	2.5	16.6	14.7	16.7
S H Kelkar	Buy	259	367	41	7.2	8.6	10.3	35.8	30.2	4.6	4.2	13.7	14.5	15.6
Symphony	Sell	1,362	1,288	-5	23.7	35.1	42.9	57.6	38.8	21.4	18.8	43.3	51.6	54.5
TTK Prestige	Neutral	6,377	5,281	-17	132.1	137.8	176.1	48.3	46.3	8.7	7.9	19.5	18.0	20.7
V-Guard	Neutral	180	167	-7	3.6	4.5	6.0	50.4	40.2	12.0	9.8	27.4	26.9	28.8
Wonderla	Buy	359	393	9	7.0	11.9	16.0	51.4	30.1	4.7	4.2	9.5	14.8	17.5



Company	1 Day (%)	1M (%)	12M (%)
<b>Automobiles</b>			
Amara Raja	-0.3	-3.3	-1.2
Ashok Ley.	0.6	11.5	10.8
Bajaj Auto	-1.5	-5.1	4.4
Bharat Forge	-0.3	-5.0	44.2
Bosch	0.4	0.5	5.6
CEAT	1.4	0.0	118.3
Eicher Mot.	-1.2	-5.2	42.6
Endurance Tech.	-0.3	-2.0	
Escorts	0.6	-10.6	201.6
Exide Ind	0.2	2.1	33.7
Hero Moto	0.4	-2.5	19.6
M&M	-0.6	-2.5	-5.5
Mahindra CIE	-3.2	-5.4	28.8
Maruti Suzuki	1.3	4.9	79.1
Tata Motors	1.2	-5.2	-5.1
TVS Motor	1.2	3.3	80.7
<b>Banks - Private</b>			
Axis Bank	-0.8	-0.1	-5.6
DCB Bank	-0.5	-1.3	84.7
Equitas Hold.	-0.5	-0.9	-15.9
Federal Bank	0.6	2.5	91.9
HDFC Bank	0.5	1.2	42.4
ICICI Bank	0.3	1.3	31.6
IDFC Bank	1.7	7.1	37.1
IndusInd	0.5	0.6	37.3
J&K Bank	1.4	4.9	25.5
Kotak Mah. Bk	0.1	-0.9	29.4
RBL Bank	-0.1	-3.1	
South Indian	2.2	2.5	44.6
Yes Bank	-0.2	-0.1	33.3
<b>Banks - PSU</b>			
BOB	0.7	-7.2	1.6
BOI	2.1	-1.3	27.5
Canara	3.1	-4.3	54.0
IDBI Bk	3.3	-4.1	-25.3
Indian Bk	8.1	-2.5	102.1
OBC	2.1	-4.1	22.9
PNB	4.6	-4.1	25.8
SBI	2.1	-2.2	26.0
Union Bk	2.3	-3.0	13.5
<b>NBFCs</b>			
Bajaj Fin.	0.0	4.5	70.9
Bharat Fin.	-2.1	-0.9	-5.3
Cholaman.Inv.&Fn	1.8	10.2	18.5
Dewan Hsg.	0.4	3.1	106.9
GRUH Fin.	2.3	16.6	63.9
HDFC	1.1	2.6	30.8
Indiabulls Hsg	2.0	-4.9	59.5
LIC Hsg Fin	0.0	2.0	50.9
Manappuram	4.8	11.7	34.0
M&M Fin.	0.1	-0.4	1.8
Muthoot Fin	-1.3	4.9	55.4
PFC	1.2	-2.0	34.1
Repco Home	-0.2	3.7	6.3
REC	2.8	-6.5	89.9
STF	1.2	10.9	-10.0
Shriram City Union	-1.6	7.8	43.6

Company	1 Day (%)	1M (%)	12M (%)
<b>Capital Goods</b>			
ABB	0.5	2.0	19.3
Bharat Elec.	1.5	1.7	34.7
BHEL	1.3	-1.8	-2.4
Blue Star	0.1	-3.5	40.1
CG Cons. Elec.	-0.6	-4.7	58.4
CG Power & Inds Sol.	-0.4	-0.8	12.1
Cummins	0.0	-0.3	8.7
GE T&D	-1.5	-2.6	-6.7
Havells	0.6	-5.0	28.4
K E C Intl	-0.4	-4.0	79.2
L&T	0.1	-4.4	7.8
Pennar Eng.	0.0	-7.3	-23.2
Siemens	-0.1	0.2	5.2
Solar Ind	0.5	-0.3	26.9
Suzlon Energy	-0.5	-3.9	7.2
Thermax	-1.0	-4.4	8.7
Va Tech Wab.	0.0	1.7	14.8
Voltas	-1.1	-3.6	44.6
<b>Cement</b>			
Ambuja Cem.	1.3	8.6	1.0
ACC	0.9	0.4	1.5
Birla Corp.	0.9	-4.3	58.1
Dalmia Bharat	-0.5	8.8	114.4
Grasim Inds.	-1.2	12.1	40.3
India Cem	0.4	-1.4	78.4
JK Cements	0.0	-9.5	40.0
JK Lakshmi Ce	-0.2	-3.3	19.1
Ramco Cem	-0.8	0.6	23.7
Orient Cem	1.8	1.4	-11.3
Prism Cem	-1.6	7.6	13.0
Shree Cem	0.1	-1.0	20.8
Ultratech	0.4	-0.7	21.6
<b>Consumer</b>			
Asian Paints	0.4	-2.1	14.8
Britannia	0.1	3.2	31.8
Colgate	-0.7	7.8	18.0
Dabur	0.7	6.1	-2.6
Emami	-0.2	-5.3	-5.4
Godrej Cons.	-0.9	7.0	17.4
GSK Cons.	0.2	3.6	-10.2
HUL	-0.5	-0.1	22.6
ITC	1.7	8.3	38.5
Jyothy Lab	0.0	-2.7	18.8
Marico	-0.4	2.0	19.2
Nestle	0.2	3.7	6.0
Page Inds	-3.2	16.3	26.1
Parag Milk	3.0	-1.1	-23.1
Pidilite Ind.	0.1	3.7	16.0
P&G Hygiene	-0.2	3.1	27.6
Prabhat Dairy	-0.8	14.6	30.9
United Brew	-0.5	-1.3	1.3
United Spirits	-1.4	5.2	-4.9
<b>Healthcare</b>			
Alembic Phar	-2.2	-7.5	-12.0
Alkem Lab	0.1	-4.8	34.6
Ajanta Pharma	-1.6	-4.6	-4.5
Aurobindo	0.7	16.7	-11.1
Biocon	0.1	2.9	39.0



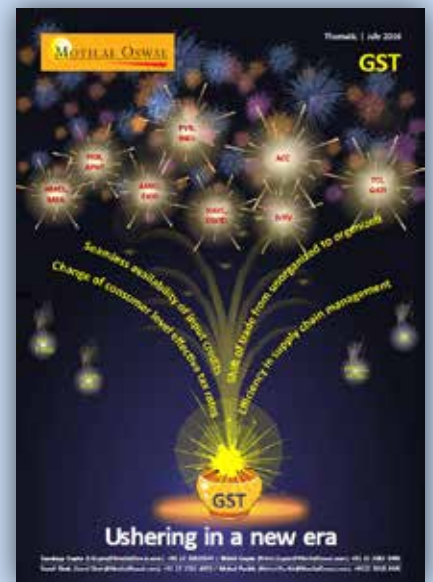
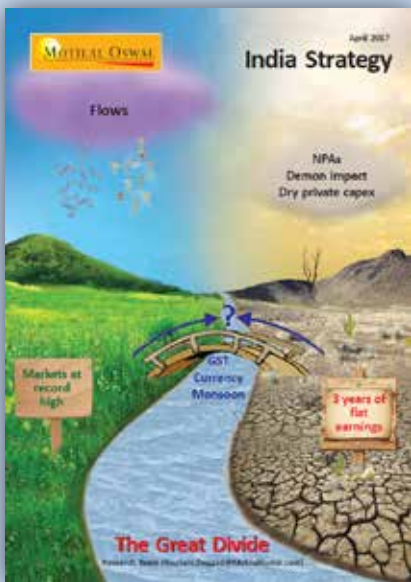
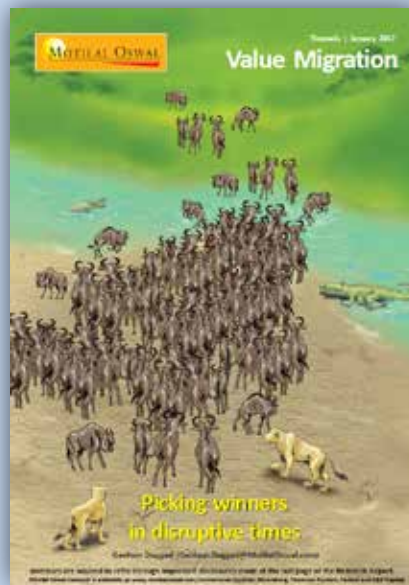
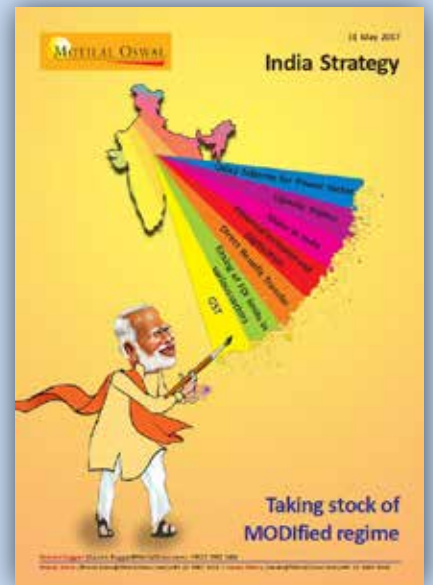
Company	1 Day (%)	1M (%)	12M (%)
Cadila	-1.1	4.1	52.6
Cipla	-0.5	1.7	7.2
Divis Lab	0.7	4.2	-42.5
Dr Reddy's	0.4	4.6	-22.6
Fortis Health	0.5	-15.0	1.3
Glenmark	-0.2	2.0	-20.5
Granules	0.6	5.6	0.2
GSK Pharma	-0.1	4.6	-26.0
IPCA Labs	-1.1	-6.6	-1.2
Jubilant Life	0.5	-4.4	123.8
Lupin	-0.3	-6.0	-30.7
Sanofi India	-0.8	2.1	-10.9
Sun Pharma	-1.0	8.0	-29.6
Syngene Intl	-0.8	-0.4	9.2
Torrent Pharma	-0.1	4.8	-9.1
<b>Logistics</b>			
Allcargo Logistics	-1.2	-1.0	-3.6
Blue Dart	1.2	7.8	-21.4
Concor	0.1	0.1	-0.2
Gateway Distriparks	0.4	13.0	-10.6
Gati	-0.6	3.9	-24.2
Transport Corp.	0.9	8.5	66.3
<b>Media</b>			
Dish TV	-1.8	-6.8	-19.1
D B Corp	0.4	4.5	-0.2
Den Net.	1.8	-1.9	-11.9
Hind. Media	0.9	0.4	2.2
HT Media	0.3	-2.0	3.1
Jagran Prak.	-0.7	-1.1	2.6
PVR	1.1	2.0	40.6
Siti Net.	-1.5	0.7	-30.7
Sun TV	0.0	0.9	122.5
Zee Ent.	0.3	-3.6	8.6
<b>Metals</b>			
Hindalco	-1.1	0.5	59.0
Hind. Zinc	-1.2	14.4	43.7
JSPL	0.4	11.1	79.8
JSW Steel	0.0	10.2	43.7
Nalco	2.1	6.5	57.1
NMDC	1.7	0.1	18.4
SAIL	0.2	5.0	25.7
Vedanta	0.0	14.0	90.6
Tata Steel	0.8	13.1	65.9
<b>Oil &amp; Gas</b>			
BPCL	-0.1	-9.1	20.2
GAIL	-0.4	-9.1	24.6
Gujarat Gas	0.2	-0.2	42.2
Gujarat St. Pet.	-0.6	-0.7	30.1
HPCL	-1.3	-6.5	47.9
IOC	-1.1	-10.1	60.0
IGL	0.0	-3.8	75.5
MRPL	0.3	-4.4	76.4
Oil India	-0.2	-10.4	-4.7
ONGC	-0.8	-5.9	5.2
PLNG	1.0	-3.4	46.9
Reliance Ind.	0.1	9.7	45.2
<b>Retail</b>			
Jubilant Food	2.4	12.9	-12.9
Titan Co.	0.3	1.2	32.8

Company	1 Day (%)	1M (%)	12M (%)
<b>Technology</b>			
Cyient	0.4	-0.1	5.9
HCL Tech.	0.5	-5.5	13.9
Hexaware	-0.6	-7.5	4.4
Infosys	-0.4	-3.3	-19.4
KPIT Tech	0.8	20.2	-16.8
L&T Infotech	-1.3	0.8	
Mindtree	0.5	-0.4	-19.7
Mphasis	1.7	-3.7	6.1
NIIT Tech	-1.9	1.1	4.9
Persistent Sys	-1.2	9.0	-2.4
Tata Elxsi	0.4	10.3	-2.1
TCS	-0.5	-13.0	-5.6
Tech Mah	-0.4	-7.8	-26.7
Wipro	-0.2	-8.3	-8.5
Zensar Tech	-0.2	-7.6	-25.1
<b>Telecom</b>			
Bharti Airtel	1.4	3.5	4.3
Bharti Infratel	3.2	8.0	15.9
Idea Cellular	-1.3	3.1	-21.7
Tata Comm	-0.2	-8.9	38.5
<b>Utilities</b>			
Coal India	1.5	-4.4	-21.9
CESC	-0.7	-2.7	43.7
JSW Energy	-4.6	2.6	-24.0
NTPC	-0.5	-0.2	3.5
Power Grid	-0.2	3.3	30.3
Tata Power	0.4	3.3	10.2
<b>Others</b>			
Arvind	1.2	-3.0	10.3
Avenue Super.	4.2	13.9	
Bata India	-0.9	3.0	0.8
Castrol India	0.0	-2.6	-0.8
Century Ply.	1.1	3.1	39.8
Coromandel Intl	-0.7	4.1	90.8
Delta Corp	3.6	6.8	68.3
Dynamatic Tech	-1.7	0.1	-1.8
Eveready Inds.	-0.1	11.2	27.1
Interglobe	1.3	10.6	21.5
Indo Count	0.7	-5.5	-15.7
Info Edge	1.7	-2.3	21.2
Inox Leisure	0.3	-4.9	12.7
Jain Irrigation	-1.8	1.2	42.2
Just Dial	-0.6	-18.4	-40.8
Kaveri Seed	-0.9	-0.2	45.3
Kitex Garm.	-0.5	-4.4	-28.2
Manpasand	0.1	-0.3	32.7
MCX	0.4	8.9	9.4
Monsanto	1.2	0.8	10.1
Navneet Educat.	-0.2	-3.0	77.7
PI Inds.	-0.3	-0.2	14.2
Piramal Enterp.	4.2	4.8	95.5
SRF	-1.8	-5.9	17.1
S H Kelkar	-0.1	-6.9	22.7
Symphony	-0.6	4.6	9.2
TTK Prestige	-0.3	-5.5	37.6
V-Guard	1.8	-5.2	78.4
Wonderla	0.8	-2.9	-10.0

## NOTES



# THEMATIC/STRATEGY RESEARCH GALLERY



# REPORT GALLERY

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### Delta Corp

**Favorable odds**

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### Ajanta Pharma

**Promising growth trajectory**

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**Winner's Edge**

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### CEAT

**Well balanced**

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# DIFFERENTIATED PRODUCT GALLERY

**MOTILAL OSWAL** 27 March 2017

## Annual Report Threadbare

**JC LAKSHMI CEMENT**

**Strong performance in FY17**

After a year of strong performance, JC Lakshmi Cement (JCL) has posted a strong performance with a revenue decline of 10% to ₹1,175 crore (vs ₹1,295 crore in FY16) and a profit of ₹1,175 crore (vs ₹1,295 crore in FY16). The company reported a 10% decline in revenue and a 10% decline in profit. The decline in revenue is primarily due to a decline in cement sales, which is a result of a decline in construction activity. The decline in profit is primarily due to a decline in operating profit, which is a result of a decline in operating expenses.

**Key highlights:**

- Operating profit rose from ₹1,175 crore in FY16 to ₹1,175 crore in FY17.
- Operating profit margin rose from 9.3% in FY16 to 10.0% in FY17.
- Operating profit per share rose from ₹11.75 in FY16 to ₹11.75 in FY17.
- Operating profit per share margin rose from 9.3% in FY16 to 10.0% in FY17.

**Key risks:**

- Operating profit margin may decline if operating expenses increase.
- Operating profit per share may decline if operating profit declines.
- Operating profit per share margin may decline if operating profit declines.

**Key metrics:**

Particulars	2017	2016
Revenue	1175	1295
Operating Profit	1175	1295
Operating Profit Margin	10.0%	9.3%
Operating Profit per Share	11.75	11.75
Operating Profit per Share Margin	10.0%	9.3%

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**MOTILAL OSWAL** 28 June 2017

## The Corner Office

Deliberations with the CEO

**Slow of new launches encouraging**

Highway toll and GST paper operations have been challenging

**Key highlights:**

- United Business (UB) has started a new line of new launches in FY17, which is encouraging after the overall launch of previous years. The company is planning to launch more products in FY17, which is encouraging after the overall launch of previous years.
- Highway toll and GST paper operations have been challenging. The company is planning to launch more products in FY17, which is encouraging after the overall launch of previous years.
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**MOTILAL OSWAL** 19 July 2017

## VOICES

**India Inc on Call**

India Inc is on a growth trajectory, but it is facing a number of challenges. The government is implementing a number of policies to support the growth of India Inc, but it is facing a number of challenges. The government is implementing a number of policies to support the growth of India Inc, but it is facing a number of challenges.

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**MOTILAL OSWAL** 17 March 2017

## EcoKnowledge

Diving into Trending Themes

**Only two states implemented 17th Pay Commission in FY17**

The 17th Pay Commission (17th PC) is a major initiative of the government to increase the salaries of government employees. The 17th PC is a major initiative of the government to increase the salaries of government employees. The 17th PC is a major initiative of the government to increase the salaries of government employees.

**Key highlights:**

- Only two states (Kerala and Karnataka) have implemented the 17th PC in FY17.
- The 17th PC is a major initiative of the government to increase the salaries of government employees.

**Key risks:**

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**Key metrics:**

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**MOTILAL OSWAL**

## BULLS & BEARS

INDIA VALUATIONS HANDBOOK

**Highlights of June edition:**

- Nifty down 1% in June after three months of positive returns.
- Real Estate, Healthcare, Consumer, and Telecom top performers.
- Healthcare and Technology only sectors delivering negative returns in CY17 YTD.

**Key metrics:**

Particulars	2017	2016
Revenue	1175	1295
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Operating Profit per Share	11.75	11.75
Operating Profit per Share Margin	10.0%	9.3%

**MOTILAL OSWAL**

## FUND FOLIO

Indian Mutual Fund Tracker

**Key highlights:**

- Equity AUM of ₹1 lakh crore in FY17, up 10% in 12 months.
- IRRS-2t
- IRRS-1025

**Key metrics:**

Particulars	2017	2016
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