

Motilal Oswal values your support in the Asiamoney Brokers Poll 2017 for India Research, Sales and Trading team. We [request your ballot](#).



Market snapshot



Equities - India	Close	Chg. %	YTD.%
Sensex	32,325	0.3	21.4
Nifty-50	10,066	0.5	23.0
Nifty-M 100	18,365	0.3	28.0
Equities-Global	Close	Chg. %	YTD.%
S&P 500	2,477	0.2	10.6
Nasdaq	6,352	0.2	18.0
FTSE 100	7,512	0.5	5.2
DAX	12,298	1.2	7.1
Hang Seng	11,003	0.0	17.1
Nikkei 225	19,952	-0.4	4.4
Commodities	Close	Chg. %	YTD.%
Brent (US\$/Bbl)	52	0.9	-6.3
Gold (\$/OZ)	1,269	0.5	9.4
Cu (US\$/MT)	6,348	0.3	14.9
Almn (US\$/MT)	1,889	-0.3	10.9
Currency	Close	Chg. %	YTD.%
USD/INR	63.7	0.0	-6.2
USD/EUR	1.2	0.3	12.5
USD/JPY	110.1	-0.5	-6.0
YIELD (%)	Close	1MChg	YTDchg
10 Yrs G-Sec	6.4	0.0	-0.1
10 Yrs AAA Corp	7.4	0.0	-0.1
Flows (USD b)	4-Aug	MTD	YTD
FII	-0.1	-0.2	8.7
DII	0.2	0.4	4.5
Volumes (INRb)	4-Aug	MTD*	YTD*
Cash	314	298	288
F&O	4,479	6,120	5,070

Note: YTD is calendar year, *Avg



Today's top research idea

Mahindra & Mahindra: 1QFY18 operating performance in line (adj. for GST impact); Outlook positive for both UVs and Tractors

- ✓ Net revenue (incl. MVML) increased 5% YoY to ~INR111b (est. of INR109b), driven by growth of 2.7% YoY in volumes and 2.6% YoY in realizations.
- ✓ Adj. for GST-related compensation, EBITDA grew 7% YoY to INR16b (est. of INR15.6b), with the margin at 14.2%.
- ✓ Adj. PBIT margin contracted by 10bp YoY (+70bp QoQ) to 7.8% for Auto business, and by 90bp YoY (+160bp QoQ) to 18.9% for Tractor business (impacted by absorption of RM cost pressure).
- ✓ PAT adjusted for GST impact declined 4% YoY to ~INR8.6b (est. of ~INR9.8b) due to lower other income and a higher tax rate.
- ✓ Management expects tractor industry to conservatively grow at 10-12% in FY18.
- ✓ FY18 tax rate to be higher by 3-3.5pp.



Research covered

Cos/Sector	Key Highlights
Metals / Mining	Tailwinds for steel and aluminum
Mahindra & Mahindra	Operating performance in line post adjusting impact of GST
HPCL	Adj. EBITDA exceeds estimate led by strong core GRM of USD8.8/bbl
Dabur India	In-line revenue performance; International remains under pressure
Cummins India	Results in-line; domestic execution drives growth
Volta	In-line results, UCP sales impacted by GST
Arvind	Pressure on Textiles; Brand & Retail to drive growth
Fortis Healthcare	Sequential improvement visible; recovery pace slower than expected
CEAT	High-cost inventory, destocking impact perf; Pressure likely to ease
Jyothy Labs	Double-digit sales decline across segments; 2QFY18 showing signs of recovery
JK Lakshmi Cement	EBITDA disappointment led by cost push
Results Flash	DBEL MCHM REPCO
Results Expectation	AMRJ BRIT TATA



Piping hot news

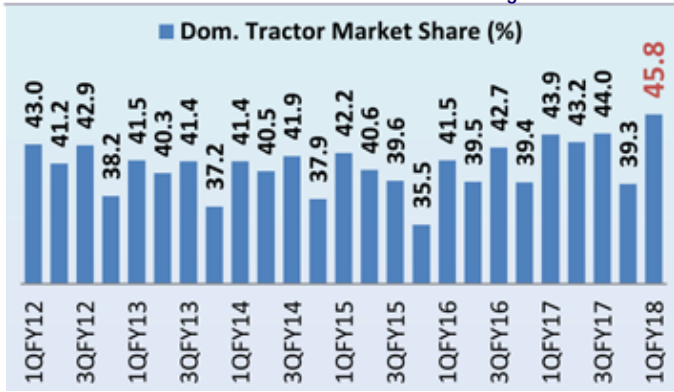
Centre, states to come out with post-GST product rates

- ✓ Amid pressure from some states, the GST Council will soon start publishing rates of various products to prod companies to pass on gains, including those from input tax credit.

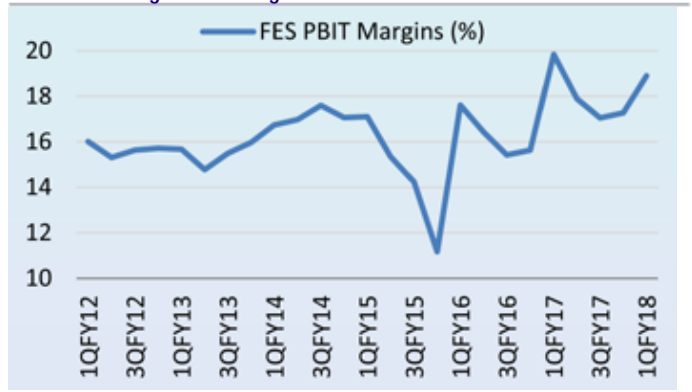


Chart of the Day: Mahindra & Mahindra: 1QFY18 operating performance in line (adj. for GST impact); Outlook positive for both UVs and Tractors

M&M Domestic tractor market share at all time high levels...



...with near high PBIT margins for tractor business



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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

Global investors line up for stake in Bhushan Steel

Debt-laden Bhushan Steel Ltd, which has been referred to the National Company Law Tribunal (NCLT) for insolvency proceedings, has caught the eye of several financial investors...

2

Reliance Jio's plea on Airtel ads on internet speeds dismissed

In a setback to Mukesh Ambani-promoted Reliance Jio Infocomm Ltd, a metropolitan magistrate at the Esplanade court in Mumbai has dismissed Jio's plea that Bharti Airtel Ltd's advertisements, proclaiming the network to be India's fastest, amounts to conspiracy, defamation and breach of trust...

3

Aditya Birla Fashion in talks with American Eagle Outfitters, looking to sell its products in India

Aditya Birla Fashion & Retail is in an advanced stage of talks with American Eagle Outfitters to open standalone outlets of the US fashion brand popular with the youth, two people in the know of the matter said...

4

Max Life's digital endeavour begins to pay rich dividends

Until even 18 months ago, the proportion of customers that used digital channels to buy insurance from Max Life Insurance Co. Ltd was less than 5%. "That was around the time we started our digital journey with a serious intent..."

5

Eros Group in talks with Apple to sell its content library of movies and music for around \$1 billion

Eros Group, the largest movie producer in India, is in talks with Apple Inc, the world's most valuable public company, to sell its entire content library of films and music for around \$1 billion multiple sources aware of the ongoing negotiations...

6

RTI response by NABARD: NPAs of cooperative banks inflated

Development financing institution Nabard has found co-operative banks have a much smaller quantum of bad loans than reported by them...

7

Honda to harness distribution network and customer base of two-wheeler unit to expand car sales

Honda Motor is looking at harnessing the distribution network and customer base of its two-wheeler business to push car sales in India, as the Japanese company seeks to double its share in an automobile market dominated by Maruti Suzuki and Hyundai Motor...



Tailwinds for steel and aluminum

SC order unlikely to affect near-term domestic iron ore supply

Indian steel prices inching up, driving margin expansion

Indian steel mills have increased prices of flat products by INR1,500/t from August 1, 2017, after a price hike of ~INR700/t in July. The actual transmission of price hike announcements is often driven by underlying market conditions, which are strong. Strong demand growth in China is driving the international steel market.

Supreme Court judgment on rapacious iron ore mining in Odisha

The Supreme Court (SC) of India has passed a judgment on August 2, 2017 regarding cases of rapacious mining in Odisha. In this judgment, it has imposed 100% of the value of mined mineral as penalty towards excess production as determined by the Central Empowered Committee (CEC). According to the CEC, excess mining without/beyond environment clearance (EC) is 213mt (total value: INR171b) for iron ore and 2.4mt (total value: INR5b) for manganese (Mn) ore. According to Department of Mines and Geology (DMG), Odisha, this has not been disputed by any lease holder except Sarda Mines and JSPL. The CEC has also suggested that JSPL is the 'benami' holder of Sarda Mines. The cases of Sarda mines and JSPL will be decided at a later date. Tata Steel (TATA) and Sarda Mines may have to pay INR6.1b and INR19.4b, respectively (exhibit 1).

Iron ore supply unlikely to tighten in near term

Iron ore supply is unlikely to tighten because miners cannot absolve themselves of this liability by surrendering their leases, in our view. Some of the mines are already closed, while the state had increased EC for many legal mines. It may so happen that the mines upfront full-year production by December 31 to pay penalty.

Chinese supply cut may buoy aluminum prices

Aluminum supply too is likely to get tight, as Shandong, the largest metal producing (~11mtpa) province in China, has announced 30% reduction in production in winter (November 15 to March 15). This will boost aluminum prices, while alumina prices may ease.

Hindalco and JSW Steel our top picks

- n Hindalco will benefit the most from strong aluminum prices though some of the gains may be lost in the near term due to the company's hedging policy.
- n Vedanta will benefit from rising LME prices, but its costs will also go up, as it buys alumina at 19% of LME. Nalco too will benefit from LME, but may be hurt in the alumina segment.
- n Despite some pressure from raw material prices, the outlook for margins has improved for Indian steel mills like JSW Steel, JSPL and Tata Steel.
- n Hindalco and JSW Steel are our top picks.



Mahindra & Mahindra

BSE SENSEX	S&P CNX
32,325	10,066
Bloomberg	MM IN
Equity Shares (m)	592.6
M.Cap.(INRb)/(USD b)	807.2 / 13.2
52-Week Range (INR)	1509 / 1142
1, 6, 12 Rel. Per (%)	1/-2/-18
Avg Val, (INRm)	1542
Free float (%)	74.8

Financials & Valuations (INRb)

Y/E Mar	2018	2019E	2020E
Sales	496.7	568.1	639.4
EBITDA	56.7	66.9	77.0
NP (incl. MVML)	38.5	46.4	53.7
Adj. EPS (INR) *	64.4	77.5	89.7
EPS Gr. (%)	2.9	20.4	15.7
Cons. EPS (INR)	68.5	82.4	92.8
BV/Sh. (INR)	475	530	597
RoE (%)	13.9	14.9	15.4
RoCE (%)	12.9	13.9	14.4
Cons. P/E (x)	20.7	17.2	15.3

* incl. MVML

Estimate change

TP change

Rating change

CMP: INR1,418

TP: INR1,618 (+14%)

Buy

Operating performance in line post adjusting impact of GST

- 1QFY18 volumes grew 2.7% YoY to 201.5k units, driven by 13% growth in Tractors, partially offset by -2% decline in UVs. Net realizations stood at ~INR550.6k (est. of ~INR541k). Net revenues grew 5% YoY to ~INR110.9b (est. of ~INR109.1b).
- Reported EBITDA margin shrunk 110bp YoY (+140bp QoQ) to 13.1% (est. of 14.3%), impacted by provision of INR1.44b for GST-related dealer compensation. Adjusted for this, EBITDA grew 7% YoY to INR16b (est. of INR15.6b) with margin of 14.2%. Adj. PBIT margin contracted by 10bp YoY (+70bp QoQ) to 7.8% for Auto business, and by 90bp YoY (+160 QoQ) to 18.9% for Tractor business (impacted by absorption of RM cost pressure). PAT adjusted for GST impact declined 4% YoY to ~INR8.6b (est. of ~INR9.8b) due to lower other income and a higher tax rate.
- Takeaways from earnings call:** a) Expects tractors industry to grow 10-12% in FY18, with potential upside (our est. of ~15% growth for MM). b) Planning to launch non-hybrid Scorpio to dilute the impact of ~15% increase in the GST rate for hybrid Scorpio (~75% of Scorpio volumes). c) In UVs, it is targeting market share of low-30% in UVs (v/s ~28% in 1QFY18), driven by new products, changes and fresh positioning of old products. d) Tax rate to be higher by 3.5% in FY18 due to discontinuation of 15% investment allowance on capex (impact of 1% of PBT) and lower R&D deduction (2.5% on PBT). e) Expects 2W losses to be under INR1b in FY18 due to restructuring. In 1QFY18, losses were INR0.7b (v/s loss of INR1.6b in 1QFY17).
- Valuation and view:** We lower standalone EPS by 2.5% for FY18E/19E to factor in higher tax rate. The stock trades at 17.2x FY19E consol. EPS and 14.7x S/A core EPS. Maintain **Buy** with a TP of INR1,618 (FY19 SOTP-based).

Quarterly Performance (incl MVML)

Y/E March	FY17				FY18				FY17	FY18E	FY18E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Total Volumes (nos)	196,125	187,837	197,356	188,301	201,501	201,379	235,000	213,248	769,617	853,709	201,501	0.0
Growth YoY (%)	14.1	18.4	1.9	3.4	2.7	7.2	19.1	13.2	8.8	10.9	2.7	
Net Realization	536,631	541,522	536,432	563,572	550,573	561,342	550,822	560,580	544,367	555,244	541,451	1.7
Growth YoY (%)	-2.3	-2.4	-0.7	0.9	2.6	3.7	2.7	-0.5	-0.9	2.0	0.9	
Net Op. Income	105,247	101,718	105,868	106,121	110,941	113,042	129,443	119,543	418,954	474,017	109,103	1.7
Growth YoY (%)	11.4	15.6	1.2	4.3	5.4	11.1	22.3	12.6	7.7	13.1	3.7	
RM Cost (% of sales)	68.4	67.1	68.6	68.4	68.5	68.3	67.5	68.4	68.1	68.0	68.0	0.7
Staff (% of sales)	6.8	7.1	7.2	6.4	7.0	7.0	6.6	6.7	6.9	6.8	6.9	10bp
Oth. Exp. (% of Sales)	10.6	11.3	10.6	13.5	11.4	11.0	11.0	12.5	11.6	11.6	10.8	60bp
EBITDA	14,971	14,682	14,495	12,368	14,539	15,506	19,330	13,956	56,556	64,379	15,580	-6.7
EBITDA Margins (%)	14.2	14.4	13.7	11.7	13.1	13.7	14.9	11.7	13.5	13.6	14.3	-120bp
Other income	1,294	6,879	921	2,940	1,282	6,125	950	2,687	12,035	11,043	2,100	-39.0
Interest	515	464	591	673	499	600	600	643	2,285	2,342	625	-20.1
Depreciation	3,484	3,701	3,753	3,782	3,783	4,000	4,250	4,933	14,721	16,966	3,900	-3.0
EO Income/(Exp)	910	0	165	937	0	0	0	0	2,012	0	0	
PBT	13,176	17,397	11,236	11,790	11,538	17,031	15,430	11,066	53,597	56,114	13,155	-12.3
Effective Tax Rate (%)	27.0	28.0	28.7	25.9	33.4	26.5	26.5	24.8	27.4	27.1	25.5	790bp
Adj PAT	8,949	12,529	7,893	8,043	7,683	12,518	11,341	8,327	37,429	40,916	9,795	-21.6
Change (%)	7.8	28.8	-7.1	17.0	-14.2	-0.1	43.7	3.5	12.1	9.3	9.4	



BSE SENSEX	S&P CNX
32,325	10,066
Bloomberg	HPCL IN
Equity Shares (m)	1526
M.Cap.(INRb)/(USDb)	658.5 / 10.3
52-Week Range (INR)	440 / 254
1, 6, 12 Rel. Per (%)	23/5/44
Avg Val, INRm	1882
Free float (%)	48.9

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	1,870	1,975	2,117
EBITDA	105.8	99.2	109.2
PAT	62.1	52.0	55.4
EPS (INR)	40.7	34.1	36.3
Gr. (%)	66.6	(16.2)	6.6
BV/Sh (INR)	133.4	155.5	179.0
RoE (%)	32.4	23.6	21.7
RoCE (%)	18.8	14.0	13.1
P/E (x)	10.6	12.7	11.9
P/BV (x)	3.2	2.8	2.4
EV/EBITDA(x)	7.8	8.3	7.9

Estimate change



TP change



Rating change



CMP: INR432

TP: INR510(+18%)

Buy

Adj. EBITDA exceeds estimate led by strong core GRM of USD8.8/bbl
HPCL's EBITDA, excluding INR16b of inventory losses, increased 49% YoY (+14% QoQ) to INR32b, significantly ahead of our estimate of INR20b, primarily due to higher-than-expected core GRM. Inventory loss included INR6.3b in refining and INR9.6b in marketing. Reported PAT of INR9.3b came in above our estimate of INR8.7b (-56% YoY, -49% QoQ), as other income increased 150% YoY (+27% QoQ) to INR6.5b (est. of INR3.5b), led by forex gain of INR1.1b, as against loss of INR890m in 1QFY17.

- HPCL reported GRM of USD5.9/bbl (est. of USD4.9), lower than USD8.0/bbl in 4QFY17 and USD6.8/bbl in 1QFY17, due to inventory loss of USD2.96/bbl. Core GRM stood at USD8.8/bbl, as against USD8.5/bbl in 4QFY17 and USD4.8/bbl in 1QFY17.
- Refining throughout stood at 4.5mmt (flat YoY, +3% QoQ). While product sales grew 4% YoY (+5% QoQ) to 9.3mmt in 1QFY18, implied marketing gross margin shrunk 32% YoY (-21% QoQ) to INR3.2/liter.
- Raising estimates:** Over the last six months, HPCL has been reporting impressive refining margins. Although in the longer run, refining margins would be adversely affected by refining glut, the short-term trend paints a different picture. Due to increased unplanned shutdowns, the refining margin in 2QFY17 YTD has also been strong at USD7.4/bbl. Historically, we have been valuing HPCL's refining assets at ~10% discount to IOCL and BPCL. Due to the recent improvement in its refining performance, we raise our refining multiple to 5.5x from 5x earlier. We also raise our GRM assumptions for FY18/19 to USD6.5/6.1/bbl from ~USD5/bbl earlier. This results in an increase in our earnings estimate by 16%/12% for FY18/19.
- Valuation view:** We value HPCL's refining segment at 5.5x, marketing at 8x, pipeline at 7.5x and add investments to arrive at a TP of INR510, implying an upside of 18%. HPCL trades at 11.9x FY19E of INR36.3 and 7.9x FY19E EBITDA. We reiterate our **Buy** rating, although the cloud on valuation for strategic sale to ONGC and the non-clarity on issue of open offer would be a concern.

Standalone - Quarterly Earning Model

Y/E March	FY17				FY18				FY17	FY18E	FY18	Var. vs est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Sales	447,793	420,306	484,856	514,142	533,848	478,419	481,690	477,150	1,867,097	1,971,107	452,439	18%
YoY Change (%)	-13.4	0.1	12.9	25.3	19.2	13.8	-0.7	-7.2	5.1	5.6	1.0	
Total Expenditure	411,534	408,416	455,903	486,388	518,405	451,011	454,212	451,734	1,762,241	1,875,363	434,320	19%
EBITDA	36,259	11,890	28,953	27,754	15,443	27,407	27,478	25,416	104,856	95,744	18,119	-15%
Margins (%)	8.1	2.8	6.0	5.4	2.9	5.7	5.7	5.3	5.6	4.9	4.0	
EBITDA adj. for inventory and one-offs	21,567	18,593	18,398	28,203	32,154	27,407	27,478	25,416	86,761	112,455	20,009	61%
Depreciation	6,108	6,160	6,336	6,749	6,671	7,272	7,272	7,272	25,353	28,486	7,272	-8%
Interest	1,250	1,164	530	2,268	1,430	1,319	1,319	1,319	5,212	5,386	1,319	8%
Other Income	2,618	6,188	1,959	5,153	6,540	3,507	3,507	3,507	15,918	17,061	3,507	86%
PBT	31,518	10,755	24,046	23,890	13,883	22,324	22,394	20,332	90,208	78,933	13,035	7%
Tax	10,534	3,741	8,143	5,702	4,636	7,440	7,464	6,777	28,120	26,317	4,345	7%
Rate (%)	33.4	34.8	33.9	23.9	33.4	33.3	33.3	33.3	31.2	33.3	33.3	
Reported PAT	20,984	7,013	15,903	18,188	9,247	14,883	14,930	13,556	62,088	52,616	8,690	6%
YoY Change (%)	32.1	-318.8	52.7	31.0	-55.9	112.2	-6.1	-25.5	68.0	-15.3	-58.6	
Margins (%)	4.7	1.7	3.3	3.5	1.7	3.1	3.1	2.8	3.3	2.7	1.9	
Key Assumptions												
Refining throughput (mmt)	4.5	4.0	4.7	4.6	4.5	4.4	4.4	4.4	17.8	17.6	4.4	3%
GRM (USD/bbl)	6.8	3.2	6.4	8.0	5.9	7.1	7.1	6.0	6.1	6.5	4.9	19%
Marketing sales volume incl exports (mmt)	8.9	8.0	9.3	8.9	9.3	9.2	9.2	9.2	35.1	36.9	9.2	1%
Marketing GM per litre (INR/litre)	4.7	3.5	3.9	4.0	3.2	3.8	3.8	3.8	4.0	3.7	3.4	-7%

E: MOSL Estimates



BSE SENSEX	S&P CNX
32,325	10,066
Bloomberg	DABUR IN
Equity Shares (m)	1756.5
M.Cap.(INRb)/(USDb)	540.3 / 8.5
52-Week Range (INR)	313 / 259
1, 6, 12 Rel. Per (%)	1/0/-13
Avg Val, INRm	464
Free float (%)	32.0

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	77.0	82.6	93.5
EBITDA	15.1	15.7	18.3
NP	12.8	13.6	16.1
EPS (INR)	7.2	7.7	9.1
EPS Gr. (%)	1.9	6.7	18.3
BV/Sh. (INR)	27.5	32.1	37.5
RoE (%)	28.4	26.0	26.3
RoCE (%)	24.6	22.6	23.3
P/E (x)	42.4	39.8	33.6
P/BV (x)	11.2	9.6	8.2

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR308 TP: INR315(+2%) Neutral

In-line revenue performance; International remains under pressure

Dabur's (DABUR) 1QFY18 consol. sales declined 8.3% YoY to INR17.9b (est. of -6.0%). EBITDA fell by 11.4% YoY to INR 3.1b (est. -13.9%) and adj. PAT by 4.8% YoY to INR2.8b (est. -12.3%).

- Domestic FMCG business' primary sales declined 5% YoY (secondary sales +2%), led by volumes decline of 4.4% YoY (est. of -5%). Hair care, Foods and Health supplements declined 11.1%, 8.3% and 7.2% YoY, respectively, while Oral care, Digestives, Home care and Skin care grew 1.4%, 3.8%, 6.1% and 4% YoY, respectively. In Oral care, Toothpaste grew 10.4% YoY, but Toothpowder dragged the performance. International sales fell 14.9% YoY (-2% on CC basis) due to continued economic slowdown in MENA and currency devaluation.
- Consol. EBITDA margin shrunk 60bp YoY to 17.3%, mainly on lower gross margin (-180bp YoY to 48.9%) and higher staff cost (+50bp to 11.4%), partially offset by lower adspend (-170bp to 8.4%) and other expenses (-10bp).
- Concall highlights: a) Maintained full-year volume growth target. b) May not see reduction in full-year margins if competitors are not too disruptive on promotions. Expect promotions in beverages, though. c) Price hikes likely in 2H.

Valuation and view: New launches in the science-based Ayurveda space in FY18, potential recovery in rural consumption and recent investments behind distribution expansion should aid medium-term growth. The stock is fairly valued at 33.6x FY19E EPS. Maintain **Neutral** with a target price of INR315 (valued at 33x June'19 EPS, 10% discount to three-year average P/E).

Quarterly Performance (Consolidated)

Y/E March	FY17				FY18				FY17	FY18E	FY18	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Domestic Vol Growth (%)	4.1	4.5	-5.0	2.4	-4.4	10.0	18.0	14.0	2.0	9.5	-5.0	
Net Sales	19,522	19,757	18,477	19,147	17,901	21,338	21,433	21,936	77,014	82,608	18,085	-1.0%
YoY Change (%)	2.7	1.0	-6.1	-4.7	-8.3	8.0	16.0	14.6	-2.1	7.3	-6.0	
Total Exp	16,034	15,730	15,190	14,971	14,812	17,095	17,514	17,530	61,925	66,950	15,120	
EBITDA	3,488	4,028	3,286	4,176	3,089	4,243	3,919	4,407	15,089	15,658	2,965	4.2%
Margins (%)	17.9	20.4	17.8	21.8	17.3	19.9	18.3	20.1	19.6	19.0	16.4	
YoY Growth (%)	10.5	0.7	-12.0	0.6	-11.4	5.4	19.3	5.5	-0.6	3.8	-13.9	
Depreciation	343	357	333	395	391	375	349	424	1,429	1,539	360	
Interest	118	166	139	117	133	158	132	103	540	526	112	
Other Income	610	952	883	650	813	1,047	971	600	2,984	3,431	721	
PBT	3,637	4,456	3,697	4,314	3,378	4,757	4,409	4,480	16,104	17,024	3,213	5.1%
Tax	701	873	753	977	589	942	873	967	3,303	3,371	636	
Rate (%)	19.3	19.6	20.4	22.6	17.4	19.8	19.8	21.6	20.5	19.8	19.8	
Minority Interest	-1	11	7	1	-5	11	7	16	31	30	8	
Adjusted PAT	2,936	3,572	2,938	3,337	2,794	3,804	3,529	3,496	12,769	13,623	2,569	8.8%
YoY Change (%)	12.3	6.2	-7.5	0.7	-4.8	6.5	20.1	4.8	2.1	6.7	-12.3	

E: MOSL Estimates



Cummins India

BSE SENSEX	S&P CNX
32,325	10,066
Bloomberg	KKC IN
Equity Shares (m)	277
M.Cap.(INRb)/(USD\$b)	263.3/4.1
52-Week Range (INR)	1096 / 748
1, 6, 12 Rel. Per (%)	-1/-9/-5
Avg Val, INRm	287
Free float (%)	49.0

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	50.8	56.0	65.0
EBITDA	8.0	8.9	11.5
PAT	7.3	7.7	9.6
EPS (INR)	26.5	27.7	35.0
Gr. (%)	-2.6	4.3	26.6
BV/Sh (INR)	135.0	145.7	159.0
RoE (%)	21.2	19.7	22.8
RoCE (%)	20.0	18.8	21.8
P/E (x)	35.8	34.4	27.1
P/BV (x)	7.0	6.5	6.0

Estimate change

TP change

Rating change

CMP: INR950

TP: INR1170(23%)

Buy

Results in-line; domestic execution drives growth

- Operating performance in-line:** Cummins India's (KCC) 4QFY17 revenue grew 7% YoY to INR13.4b (our estimate: INR13.2b). Gross margin contracted 130bp YoY to 34.9%. EBITDA declined 5% YoY to INR1.95b (our estimate: INR1.95b); EBITDA margin contracted 183bp YoY to 14.6%, in line with our estimate of 14.8%. PAT fell 8.4% YoY to INR1.7b (our estimate: INR1.7b). Margin compression was led by adverse product mix and weak exports.
- Domestic business delivers strong performance; exports remain weak:** Domestic revenue grew 10% YoY, aided by power generation (+11% YoY), industrial (+21% YoY), and distribution & spares (+15% YoY) segments. Exports declined 5% YoY (but grew 30% QoQ) due to overall weakness in the global market (Africa, Middle East). For FY18, KCC maintained its guidance of negative 5% to flat export revenue growth, and muted 5-10% growth in domestic business.
- Adverse mix leads to gross margin contraction of 130bp:** Gross margin contracted 130bp YoY to 34.9% due to weak product mix, while operating margin contracted 180bp YoY to 14.4%. KCC expects margins to improve, with product mix change in favor of better-margin products. Exports (30% of revenue v/s 34% in 1QFY17) enjoy better margins than domestic sales.
- Maintain Buy:** We maintain our **Buy** rating, with a target price of INR1,170 (32x June 2019E EPS). The stock trades at 34x FY18E EPS of INR27.7 and 27x FY19E EPS of INR35. Key risks to our rating are (a) slower -than-expected growth in domestic power generation market, and (b) delay in pick-up of export demand.

KCC: Quarterly Performance (Standalone)

(INR Million)

Y/E March	FY17				FY18				FY17	FY18	Vs Est. 1Q	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Sales	12,590	12,790	13,550	11,844	13,408	14,400	15,400	12,982	50,773	56,048	13,150	2.0%
Change (%)	-3.9	7.1	19.0	11.1	6.5	12.6	13.7	9.6	7.8	10.4	4.4	
EBITDA	2,063	1,990	2,265	1,700	1,953	2,300	2,600	2,222	8,018	8,934	1,950	0.1%
Change (%)	-6.9	-1.4	31.1	-4.9	-5.4	15.6	14.8	30.7	14.6	7.0	-5.5	
As of % Sales	16.4	15.6	16.7	14.4	14.6	16.0	16.9	17.1	15.8	15.9	14.8	
Depreciation	206	209	225	208	208	250	250	272	848	981	250	
Interest	21	43	55	49	42	40	40	46	168	168	40	
Other Income	416	692	461	511	583	550	550	502	2,080	2,185	450	
PBT	2,252	2,430	2,446	1,954	2,286	2,560	2,860	2,406	9,082	9,970	2,110	8.3%
Tax	440	461	466	369	625	570	620	489	1,736	2,305	430	
Effective Tax Rate (%)	19.5	19.0	19.0	18.9	27.4	22.3	21.7	20.3	19.1	23.1	20.4	
Adjusted PAT	1,812	1,969	1,981	1,585	1,660	1,990	2,240	1,917	7,346	7,666	1,680	-1.2%
Change (%)	(14.3)	(0.5)	11.3	(5.1)	(8.4)	1.1	13.1	20.9	(2.8)	4.3	(7.3)	
Reported PAT	1,812	1,969	1,981	1,585	2,222	1,990	2,240	1,917	7,346	7,666	1,680	32.2%
Change (%)	(14.3)	(0.5)	11.3	(5.1)	22.6	1.1	13.1	20.9	(2.8)	4.3	(7.3)	

E: MOSL Estimates

Dalmia Bharat

BSE SENSEX 32,325 S&P CNX 10,066

CMP: INR2,572 TP: INR3,162(+23%)

Buy

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

Conference Call Details



Date: 8th Aug 2017

Time: 10:00am IST

Dial-in details:

+91 22 3938 1073

+91-22-3940 3977

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Sales	74.0	86.4	97.9
EBITDA	19.0	23.1	25.7
NP	3.4	5.9	7.7
Adj EPS (INR)	38.8	66.7	87.1
EPS Gr. (%)	81.2	72.1	30.6
BV/Sh (INR)	558	623	710
RoE (%)	7.2	11.3	13.1
RoCE (%)	7.3	9.3	10.6
Payout (%)	6.0	3.5	0.0
Valuations			
P/E (x)	66.3	38.5	29.5
P/BV (x)	4.6	4.1	3.6
EV/EBITDA (x)	16.0	12.7	11.1
EV/Ton (USD)	187	182	176

Strong beat led by realization improvement

Cost push more than offset by realization improvement

- n Volume in 1QFY18 grew 6% YoY to 3.99mt (est 4.04mt) as volumes ex OCL increased 8% YoY. OCL volume increased 3% YoY .
- n Revenue INR20.6b, +16%YoY (est INR20.33b)
- n Realizations stood at INR 5160/ton (+7.5% QoQ,9.2% YoY) vs est INR5030/ton led by better realization in both east and south markets. Higher proportion of premium sales is also helping post better realization.
- n EBITDA INR5.5.57b, +9%YoY (est INR5.03b) | margins at 27% (+1.8pp QoQ, -1.6pp YoY)
- n EBITDA/t at INR 1395 +3% YoY/+15%QoQ as realization improvement more than offset cost push.
- n Interest cost was lower at INR2.1bn (-6% YoY) due to reduction in gross debt s also lower interest cost. QoQ interest cost increased 6% likely due to one off item of ~INR100mn in 1QFY18.
- n Net debt has reduced to INR46bn as of 1QFY18 end.
- n Tax rate in 1QFY18 was lower at 31% vs 43% in 1QFY17.
- n Hence Adj.PAT at INR1.45bn increased +55% YoY.

OCL performance: Margin improvement led by improved realization

- n Volume in 1QFY18 grew by 3% YoY to 1.59mt
- n Revenue at INR8.29bn (+18%YoY) led by realization improvement
- n Realizations at INR4795/t (+INR319/t QoQ) due to better pricing in eastern market
- n EBITDA at INR2.01bn(+14% YoY) | EBITDA/t at INR1268 (+INR153/t QoQ) as cost push was more than offset by better realizations.
- n PAT at INR1.17bn(+11%YoY) due to higher tax rate of 31.5% vs 27% in 1QFY17.

Valuation and view: We will revisit our estimates post earnings call. Based on our current estimates, it trades at 11.1x FY19E EV/EBITDA. Maintain **Buy** with a target price of INR3162 (13x FY19 EBITDA).

Quarterly Performance (Consolidated)

Y/E March	(INR Million)								FY17	FY18E	FY18	Var (%)
	FY17				FY18							
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Sales Dispatches (m ton)	3.76	3.42	3.56	4.55	3.99	3.90	4.06	5.19	15.29	17.14	4.04	-1
YoY Change (%)	21.7	20.0	20.3	17.3	6.1	14.0	14.0	14.1	19.5	12.1	7.5	
Realization (INR/ton)	4,727	4,897	4,886	4,802	5,160	5,238	5,517	4,432	4,843	5,042	5,030	3
YoY Change (%)	-8.7	-1.6	-2.2	-1.4	9.2	7.0	12.9	-7.7	-3.3	4.1	7.1	
QoQ Change (%)	-3.0	3.6	-0.2	-1.7	7.5	1.5	5.3	-19.7			4.8	
Net Sales	17,775	16,747	17,393	21,850	20,589	20,421	22,388	23,004	74,044	86,403	20,333	1
YoY Change (%)	11.1	18.0	17.6	15.6	15.8	21.9	28.7	5.3	15.5	16.7	15.2	
EBITDA	5,084	3,902	4,211	5,517	5,566	5,880	7,455	4,158	19,019	23,059	5,036	11
Margins (%)	28.6	23.3	24.2	25.2	27.0	28.8	33.3	18.1	25.7	26.7	24.8	
Depreciation	1,338	1,587	1,593	1,509	1,532	1,550	1,550	1,616	6,027	6,248	1,510	
Interest	2,412	2,291	2,198	1,998	2,117	2,050	2,000	1,458	8,900	7,625	1,900	
Other Income	766	1,102	712	715	700	900	900	100	2,988	2,600	750	
PBT after EO Expense	2,100	1,125	1,131	2,863	2,885	3,180	4,805	1,184	7,210	11,786	2,376	
Tax	911	662	624	704	889	1,272	1,922	684	2,892	4,714	713	
Rate (%)	43.4	58.9	55.1	24.6	30.8	40.0	40.0	57.8	40.1	40.0	30.0	
Reported PAT (pre minority)	1,189	463	507	2,159	1,996	1,908	2,883	500	4,318	7,072	1,663	20
Minority + associate	250	152	151	319	357	100	100	582	870	1,139	100	257
PAT Adj for EO items	940	311	357	1,736	1,454	1,808	2,783	-82	3,448	5,933	1,563	-7
YoY Change (%)	78.3	149.8	19.2	83.2	54.7	481.4	679.7	-104.7	589.9	72.1	66.3	

E: MOSL Estimates; JPA Bokaro consolidated since 16/Nov/14, *OCL from March-2015



BSE SENSEX	S&P CNX
32,325	10,066
Bloomberg	VOLT IN
Equity Shares (m)	331
M.Cap.(INRb)/(USDb)	89.3 / 1.4
52-Week Range (INR)	555 / 287
1, 6, 12 Rel. Per (%)	13/49/39
Avg Val, INRm	686
Free float (%)	69.7

CMP: INR541

TP: INR430(-20%)

Sell

In-line results, UCP sales impacted by GST

- Results in line with estimate: 1QFY18 revenue grew 5% YoY to INR19.5b (est. of INR19.6b). EBITDA rose 6% YoY to INR2.1b (est. of INR2.0b), with operating margin stable at 10.9% YoY (est. of 10.5%). Adj. net profit rose 17% YoY to INR1.9b (est. of INR1.7b), led by higher other income.
- UCP sales impacted by GST: UCP segment grew by a muted 1% YoY to INR12.1b. Room AC sales were impacted by dealer destocking (given uncertainties related input credit recovery in GST era) and unseasonal rains in south. VOLT remained the market leader, with a share of 22.2% (21.4% in 4QFY17). Despite increasing competitive intensity, VOLT has been able to maintain EBIT margin at 14.1%.
- EMP exhibits robust performance: EMP revenue grew 14% YoY to INR6.6b, led by better execution of projects in hand. Segment EBIT margin expanded 340bp YoY to 5.3%, led by execution of better-margin new orders and efficient execution. Order inflow rose 4% YoY to INR9.9b, led by order finalization in domestic segment. Order backlog stands at INR49.1b, with book-to-bill at 1.8x its TTM sales. Order backlog from Qatar was INR6b.
- Maintain Sell, revise TP to INR430: We raise estimates for FY18/19 by 4/5% to factor in better-than-expected EMP margin. We maintain our cautious view on the stock, given a) threat to margins from intensifying competition in room ACs, b) industry convergence to inverters, where VOLT has a weak share and c) rating change in January 2018.

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	60.3	68.0	75.8
EBITDA	5.8	6.3	7.1
Adj PAT	5.1	5.6	6.3
EPS(INR)	15.5	16.8	19.1
EPS Gr. (%)	30.1	8.6	13.9
BV/Sh. (INR)	100.0	112.4	126.5
RoE (%)	18.0	15.8	16.0
RoCE (%)	16.5	15.6	15.8
P/E (x)	34.6	31.7	27.9
P/BV (x)	5.3	4.7	4.2

Estimate change

TP change

Rating change

Quarterly Performance (Consolidated)

(INR Million)

Y/E March	FY17				FY18				FY17	FY18	FY18 1QE	Var. Vs Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Sales	18,500	9,672	11,805	20,351	19,446	11,048	13,548	23,718	60,328	67,995	19,568	-1%
Change (%)	18.7	-7.0	-6.7	9.7	5.1	14.2	14.8	16.5	5.5	12.7	5.8	
EBITDA	1,995	687	890	2,219	2,123	772	875	2,286	5,791	6,291	2,053	3%
Change (%)	52.0	6.4	58.0	22.7	6.4	12.4	-1.6	3.0	33.8	8.6	2.9	
As of % Sales	10.8	7.1	7.5	10.9	10.9	7.0	6.5	9.6	9.6	9.3	10.5	
Depreciation	66	63	60	56	61	65	65	61	245	252	70	
Interest	48	33	22	58	35	35	20	20	160	110	40	
Other Income	357	658	597	386	550	500	550	466	1,998	2,066	450	
Extra-ordinary Items	-9	0	0	-2	-20	0	0	0	11	0	-	
PBT	2,248	1,249	1,405	2,493	2,596	1,172	1,340	2,671	7,395	7,995	2,393	9%
Tax	651	505	437	496	727	410	402	780	2,089	2,318	694	
Effective Tax Rate (%)	28.9	40.4	31.1	19.9	28.0	35.0	30.0	29.2	28.2	29.0	29.0	
Reported PAT	1,597	697	815	2,005	1,879	722	898	1,842	5,114	5,556	1,679	12%
Change (%)	55.7	7.8	42.2	22.1	17.7	3.5	10.1	-8.1	38.8	8.6	6.5	
Adj PAT	1,587	697	815	2,003	1,859	722	898	1,842	5,103	5,556	1,679	11%
Change (%)	54.8	7.8	47.9	45.7	17.1	3.5	10.1	-8.0	42.6	8.9	7.1	

E: MOSL Estimates



BSE SENSEX	S&P CNX
32,325	10,066
Bloomberg	ARVND IN
Equity Shares (m)	259
M.Cap.(INRb)/(USDb)	94.2 / 1.5
52-Week Range (INR)	427 / 287
1, 6, 12 Rel. Per (%)	-4/18/3
Avg Val, INRm	706
Free float (%)	57.1

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Sales	92.4	106.4	121.2
EBITDA	9.4	10.1	12.5
NP	3.2	3.3	4.8
EPS (INR)	12.4	12.9	18.6
EPS Gr. (%)	1.2	4.4	43.6
BV/Sh. (INR)	138.1	147.4	161.2
RoE (%)	10.3	9.1	12.0
RoCE (%)	8.8	7.8	9.5
P/E (x)	29.7	28.4	19.8
P/BV (x)	2.7	2.5	2.3

Estimate change

TP change

Rating change

CMP: INR365 TP: INR375(+3%)

Neutral

Pressure on Textiles; Brand & Retail to drive growth

- Branded Apparels segment drives growth:** ARVND's revenue grew 17.6% YoY to INR24.7b (est. of INR23b) in 1QFY18, led by growth of 39.6% YoY in Branded Apparels. EBITDA stood at INR2,070m (est. of INR2,212m) v/s INR2,445m in 1QFY17. EBITDA margin contracted 320bp YoY to 8.4% (est. of 9.6%) on account of higher raw material costs (+290bp YoY). Adj. PAT declined to INR623m (est. of INR639m) from INR734m in 1QFY17.
- Textiles facing impact from currency appreciation, higher cotton prices:** 1QFY18 witnessed margin contraction of 320bp to 8.4% as cotton prices rose sharply by 22% YoY. Cotton prices are expected to soften on account of better acreage, but currency appreciation continues to pose a threat to Textiles margins, as exports form a major portion of this business. ARVND exports 50% of its overall textiles, which are hedged ~40-45% over a period of one year.
- Brand & Retail to drive growth:** GST transitional phase witnessed heavy destocking in June 2017, with the wholesale channels down 80% YoY in 1QFY18. However, with the wholesale channel coming back on track post GST and the onset of festive season, growth is expected to recover. In FY18, ARVND expects margin expansion of ~150bp in Brand & Retail, with growth of 15-20% in Power brands on account of distribution and category expansion.
- Valuation and view:** We expect continued pressure on Textiles margins on account of currency appreciation and higher cotton prices. The pressure on Branded Apparels margins is expected to ease post the initial hiccups of GST. We expect revenue/PAT CAGR of 15%/20% over FY17-19. We value the stock (via SOTP) on EV/EBITDA basis, ascribing 6x to Textiles and 20x to B&R, arriving at a target price of INR375. Maintain **Neutral**.

Quarterly Performance (Consolidated)

Y/E March	FY17				FY18				FY17	FY18E	FY18 1QE	Var (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Sales	21,041	23,311	23,355	24,648	24,750	26,109	27,234	28,395	92,355	104,781	23,043	7
YoY Change (%)	17.8	19.1	14.8	10.4	17.6	12.0	16.6	15.2	15.3	13.5	9.5	
Total Expenditure	18,597	20,988	20,984	22,342	22,680	23,994	24,293	25,711	82,922	94,827	20,831	
EBITDA	2,445	2,323	2,370	2,306	2,070	2,115	2,941	2,683	9,433	9,954	2,212	-6
Margins (%)	11.6	10.0	10.1	9.4	8.4	8.1	10.8	9.5	10.2	9.5	9.6	
Depreciation	691	719	734	827	863	855	863	906	2,971	3,466	842	
Interest	891	731	676	585	614	672	638	632	2,884	2,595	653	
Other Income	166	221	109	284	163	243	120	258	780	837	216	
PBT before EO expense	1,029	1,094	1,070	1,178	756	831	1,560	1,403	4,358	4,730	933	-19
Extra-Ord expense	-2	-63	-38	89	-69	0	0	0	181	0	0	
PBT	1,027	1,031	1,032	1,089	686	831	1,560	1,403	4,178	4,730	933	-26
Tax	317	270	280	131	135	263	506	457	997	1,514	294	
Rate (%)	30.9	26.1	27.1	12.0	19.7	31.7	32.4	32.6	23.9	32.0	31.5	
MI & Profit/Loss of Asso. Cos.	-23	45	4	-11	-16	0	0	0	19	19	0	
Reported PAT	733	717	748	969	568	567	1,055	946	3,200	3,236	639	-11
Adj PAT	734	763	776	1,048	623	567	1,055	946	3,338	3,236	639	-3
YoY Change (%)	28.3	13.9	-15.7	7.8	-15.1	-25.7	36.0	-9.7	5.9	-3.1	-13.0	
Margins (%)	3.5	3.1	3.2	3.9	2.3	2.2	3.9	3.3	3.5	3.1	2.8	

E: MOSL Estimates



Fortis Healthcare

BSE SENSEX	S&P CNX
32,325	10,066
Bloomberg	FORH IN
Equity Shares (m)	463.1
M.Cap.(INRb)/(USDb)	76.9 / 1.2
52-Week Range (INR)	231 / 143
1, 6, 12 Rel. Per (%)	3/-24/-28
Avg Val, INRm/Vol m	698
Free float (%)	57.0

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	45.7	51.2	58.2
EBITDA	3.5	5.6	7.6
PAT	4.8	1.0	2.6
EPS (INR)	10.3	2.2	5.6
Gr. (%)	-638.2	-78.9	155.6
BV/Sh (INR)	96.8	111.0	116.5
RoE (%)	11.3	2.1	4.9
RoCE (%)	3.5	3.4	4.9
P/E (x)	16.0	76.0	29.7
P/BV (x)	1.7	1.5	1.4

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR166 TP: INR220(+33%) Buy

Sequential improvement visible; recovery pace slower than expected

- Sales increased 3.2% YoY to INR11.6b, missing our estimate of INR12.2b, due to the impact of demonetization and stent price control. EBITDA rose 38% YoY to INR861m (est. of INR941b), with the margin at 7.4% (v/s est. of 7.7% and 5.6% in 1QFY17). Adj. PAT increased 41.1% YoY to INR228m.
- Demonetization and stent price control impacted numbers:** Hospital revenue rose 3% YoY/QoQ to INR9.4b. EBIDTAC stood at INR1.3b, with the margin at 13.5% (+150bp QoQ, -170bp YoY). Occupancy levels stood at ~71% v/s 70% in 4QFY17 and 74% in 1QFY17. Diagnostic EBITDA margin contracted 400bp YoY (-130bp QoQ) to 18.4%, led by pricing pressure, high marketing expense and change in business mix. Stent price control continued to impact Hospital growth. FORH expects sequential improvement in 2Q, with strong double-digit growth in 2H, as the impact of stent pricing and demonetization will be in the base.
- Earnings call takeaways:** 1) Annual capex in Hospital expected to be INR2-2.5b. 2) Ludhiana and Chennai-based greenfield hospitals to start in FY18. 3) SRL EBITDA margin to improve by at least 100bp annually in the medium term. 3) Hospital margin to bounce back to 15% in 2H. 4) BT cost to stay in the current range for the rest of FY18. 5) FEHI margin expected to improve from current levels of ~10% on pick-up in newly added therapies, including nephrology and ortho. 6) Double-digit growth in SRL in 1Q was primarily driven by volume growth.
- Top pick in healthcare delivery space:** The stock has remained volatile in recent past due to news flow related to possibility of promoter change and equity infusion in FORH. These events can help prepone value unlocking in the stock, but, regardless of this event, we argue for multiple re-rating led by multifold increase in Hospital EBITDA, SRL demerger, asset light expansion strategy and FHTL transaction. We value Hospital and Diagnostic based on 20x FY19E EV/EBITDA. We lower TP multiple for Diagnostic to 20x from 25x, expecting relatively slow margin expansion in the medium term. FORH is our top pick in healthcare delivery space with TP of INR220 (v/s INR240 earlier). We cut EBITDA by 3%/4% for FY18/19E as we build in the impact of stent price control and pricing pressure in Diagnostic.

Consolidated - Quarterly Earning Model

Y/E March	FY17E				FY18E				(INR Million)			
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY17	FY18E	FY18E	Var
Net Sales	11,212	11,957	11,334	11,234	11,566	13,512	13,034	13,124	45,737	51,236	12,221	-5%
YoY Change (%)	8.4	10.9	8.9	3.2	3.2	13.0	15.0	16.8	7.8	12.0	9.0	
Total Expenditure	10,585	10,968	10,211	10,444	10,705	12,012	11,587	11,335	42,208	45,639	11,280	
EBITDA	626	990	1,123	790	861	1,500	1,447	1,788	3,529	5,596	941	-8%
Margins (%)	5.6	8.3	9.9	7.0	7.4	11.1	11.1	13.6	7.7	10.9	7.7	
Depreciation	476	517	599	630	590	750	780	230	2,222	2,350	675	
Interest	420	461	748	666	644	500	500	756	2,294	2,400	550	
Other Income	330	380	589	361	576	75	75	-426	1,660	300	75	
PBT before EO expense	61	393	365	-146	203	325	242	376	673	1,146	-209	
Extra-Ord expense	0	-9	-4,194	8	6	0	0	0	16	0	0	
PBT	61	402	4,559	-153	197	325	242	376	657	1,146	-209	
Tax	29	242	190	263	123	107	80	69	724	378	-69	
Rate (%)	47.3	60.2	4.2	-171.7	62.1	33.0	33.0	18.3	110.3	33.0	33.0	
Minority Interest & Profit/Loss of Asso. Cos.	-130	-154	-165	-41	-151	-61	-61	30	-4,861	-243	-61	
Reported PAT	162	314	4,533	-375	226	278	223	278	4,793	1,011	-79	-385%
Adj PAT	162	310	514	-354	228	278	223	278	4,791	1,011	-79	
YoY Change (%)	-82.6	-62.6	-193.1	-61.0	41.1	-10.2	-56.7	-178.5	460.3	-78.9	-	
Margins (%)	1.4	2.6	4.5	-3.2	2.0	2.1	1.7	2.1	10.5	2.0	-0.6	

E: MOSL Estimates



BSE SENSEX	S&P CNX
32,325	10,066
Bloomberg	CEAT IN
Equity Shares (m)	40.5
M.Cap.(INRb)/(USD\$b)	76.9/ 1.2
52-Week Range (INR)	1948 / 836
1, 6, 12 Rel. Per (%)	-10/31/86
Avg Val, (INR m)	1467
Free float (%)	49.2

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Sales	64.4	69.9	75.3
EBITDA	6.6	7.3	9.0
NP	3.8	3.8	5.1
EPS (INR)	93.3	94.2	126.8
EPS Gr. (%)	-16.9	1.0	34.5
BV/Sh. (INR)	597.0	678.8	788.8
RoE (%)	16.9	14.8	17.3
RoCE (%)	13.5	12.2	14.7
P/E (x)	18.6	18.4	13.7
P/BV (x)	2.9	2.6	2.2

Estimate change



TP change



Rating change



CMP: INR1,734 TP: INR2,029 (+17%)

Buy

High-cost inventory, destocking impact perf; Pressure likely to ease

- Revenue in line; significant miss on EBITDA and PAT:** CEAT reported overall revenue of INR16,286m (est. of INR15,474m) in 1QFY18, as against INR16,462m in 1QFY17, marking a decline of 1.1%. EBITDA stood at INR547m (est. of INR1,486m) v/s INR1,854m in 1QFY17, with the margin at 3.4% (est. 9.6%) v/s 11.3% in 1QFY17 on account of a significant rise in raw material cost (up to 59% of net sales v/s est. of 51.5% and 50.8% in 1QFY17). Consequently, adj. PAT for 1QFY18 stood at INR11m (est. of INR679m) v/s INR1,039m in 1QFY17, marking a decline of 99%.
- RM basket to soften in 2QFY18:** 1QFY18 witnessed a sharp rise in raw material cost (+820bp YoY and 260bp QoQ). Price of natural rubber increased 30% YoY, while that of synthetic rubber rose 50% YoY. This, along with realization disappointment due to competitive pressure, exerted immense burden on margin. However, average raw material prices have already come down by ~10% in 2QFY18 and should soften further, bringing margins back on track.
- Continued focus on passenger segment:** While commercial segment volumes declined ~5%, passenger segment witnessed growth of less than 5% in volumes. However, we expect passenger volumes to grow further on account of continued initiatives and platform roll-outs (viz., launch of puncture-less tires and Innova range to provide best mileage).
- Valuation and view:** We expect recovery going forward on account of better volume growth, softening of raw material prices and a recovery in market post the GST transitional phase. We expect revenue/PAT CAGR of 8%/17% over FY17-19E. We value the company at a P/E of 16x FY19E EPS, and maintain **Buy** with a target price of INR2,029 (17% upside).

Consolidated - Quarterly Earning Model

(INR Million)

Y/E March	FY17				FY18				FY17	FY18E	FY18	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Sales	16,462	15,966	15,572	16,413	16,286	17,515	17,596	18,547	64,413	69,944	15,474	5
YoY Change (%)	4.2	5.1	1.1	5.0	-1.1	9.7	13.0	13.0	3.9	8.6	-6.0	
Total Expenditure	14,608	14,113	14,037	15,088	15,740	15,326	15,467	16,154	57,845	62,687	13,988	
EBITDA	1,854	1,854	1,535	1,325	547	2,189	2,129	2,393	6,568	7,258	1,486	-63
Margins (%)	11.3	11.6	9.9	8.1	3.4	12.5	12.1	12.9	10.2	10.4	9.6	
Depreciation	302	317	351	460	396	377	368	371	1,431	1,512	382	
Interest	252	162	191	212	226	252	233	210	817	921	278	
Other Income	57	37	57	36	103	52	58	61	186	274	48	
PBT before EO expense	1,356	1,411	1,050	689	28	1,612	1,586	1,873	4,506	5,099	874	-97
Extra-Ord expense	9	0	0	125	4	0	0	0	133	4	0	
PBT	1,347	1,411	1,050	564	25	1,612	1,586	1,873	4,373	5,096	874	-97
Tax	417	430	262	-45	48	535	508	487	1,064	1,577	297	
Rate (%)	30.9	30.5	25.0	-7.9	192.3	33.2	32.0	26.0	24.3	31.0	34.0	
Minority Interest & Profit/Loss of Asso.	-102	-88	-50	-55	-37	-78	-80	-90	-295	-285	-102	
Reported PAT	1,033	1,069	838	663	14	1,155	1,159	1,476	3,603	3,803	679	-98
Adj PAT	1,039	1,069	838	798	11	1,155	1,159	1,476	3,704	3,806	679	-98
YoY Change (%)	-14.7	0.9	-26.1	-24.8	-99.0	8.0	38.2	85.0	-17.0	2.7	-35.2	
Margins (%)	6.3	6.7	5.4	4.9	0.1	6.6	6.6	8.0	5.8	5.4	4.4	

E: MOSL Estimates



Jyothy Laboratories

BSE SENSEX	S&P CNX
32,325	10,066

Bloomberg	JYL IN
Equity Shares (m)	181.7
M.Cap.(INRb)/(USDb)	69.6 / 1.1
52-Week Range (INR)	427 / 283
1, 6, 12 Rel. Per (%)	5/-5/17
Avg Val, INRm/ Vol m	56
Free float (%)	33.1

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	16.8	18.2	21.3
EBITDA	2.5	2.7	3.2
PAT	2.0	1.6	2.0
EPS (INR)	11.2	8.9	11.0
Gr. (%)	175.7	-20.6	23.8
BV/Sh (INR)	59.9	58.6	60.5
RoE (%)	21.1	15.1	18.6
RoCE (%)	17.3	11.9	14.3
P/E (x)	34.1	42.9	34.7
EV/EBITDA	29.0	26.3	22.3

Estimate change



TP change



Rating change



CMP: INR383

TP: INR395(+3%)

Neutral

Double-digit sales decline across segments; 2QFY18 showing signs of recovery

- Consol. net sales declined 16.1% YoY to INR3.6b (est. of +4%), with Power brand sales down 16.3% YoY. EBITDA fell by 45.9% YoY (est. of -7.5%) to INR437m and PAT by 53.6% YoY (est. of -11.1%) to INR206m.
- Consol. gross margin expanded 330bp YoY to 51.6%, better than our estimate of 190bp contraction. However, with a massive sales decline, operating costs rose sharply as % of sales. Staff costs (+220bp YoY), A&P (+470 bp) and other expenses (+320bp) were all up sharply, which meant that consolidated EBITDA margin contraction was 680bp YoY to 12.2% (est. of 16.2%).
- Segmental: Fabric care declined by 15.0% YoY, Dishwashing by 14.2% YoY, Personal care by 18% YoY and Household insecticides by 19.3% YoY.
- Concall highlights: 1) Kerala (17% of total sales) saw a 31% YoY decline in sales in 1QFY18 – JYL was not able to sell anything in the state in June. Rest of India sales fell 7% YoY in 1QFY18, in line with peers. 2) July saw 18% YoY growth in General trade, with Kerala up 12%. CSD and Modern trade still saw a 25% decline, which meant that July sales were up 6%. 3) From September quarter, 8-10% volume growth is likely and 10-12% going forward. 4) Gross margin will expand 200bp YoY, and EBITDA margin will range from 15-16% for FY18.
- Valuation and view: Performance was well below expectations, but the situation appears to be getting back to normal. Lower interest costs mean that despite 4-5% EBITDA impact for FY18/FY19, EPS impact is miniscule. While growth going forward is expected to be healthy, valuations are fair at 34.7x FY19E EPS/22.3x FY19E EV/EBITDA. Upside on our target of INR395 (22x June 2019E EBITDA) is limited. Potential speculation around Henkel call option will overshadow the underlying fundamentals in the near term. Maintain **Neutral**.

Quarterly Performance

Y/E March	FY17				FY18				FY17	FY18E	(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			FY18 1QE	Var. (%)
Net Sales	4,244	4,148	3,834	4,457	3,559	4,811	4,543	5,280	16,683	18,194	4,548	-21.7
YoY Change (%)	5.1	6.5	3.3	4.1	-16.1	16.0	18.5	18.5	4.7	9.1	4.0	
Other Operating Income	3.9	4.2	5.2	5.0	8.0	4.6	5.7	1.8	18.3	20.1	4.3	
Total Sales	4,248	4,152	3,839	4,462	3,567	4,816	4,549	5,282	16,701	18,214	4,552	-21.6
COGS	2,199	2,132	2,089	2,502	1,728	2,403	2,387	2,883	8,922	9,400	2,446	
Gross Profit	2,049	2,020	1,750	1,960	1,840	2,413	2,162	2,399	7,779	8,814	2,106	-12.7
Margins (%)	48.2	48.7	45.6	43.9	51.6	50.1	47.5	45.4	46.6	48.4	46.3	
Total Exp	1,243	1,383	1,243	1,354	1,403	1,674	1,471	1,529	5,223	6,077	1,371	
EBITDA	807	637	507	606	437	739	691	870	2,557	2,737	736	-40.6
EBITDA Growth %	38.8	28.0	-1.3	-3.5	-45.9	16.0	36.4	43.5	15.1	7.1	-7.5	
Margins (%)	19.0	15.3	13.2	13.6	12.2	15.3	15.2	16.5	15.3	15.0	16.2	
Depreciation	133	73	73	83	141	81	81	83	363	384	78	
Interest	143	164	144	99	86	112	123	103	551	424	173	
Other Income	25	31	26	21	18	34	28	43	103	123	32	
PBT	555	430	314	446	228	581	516	728	1,746	2,052	517	-55.9
Tax	120	119	108	-629	22	128	114	168	-281	431	109	
Rate (%)	21.6	27.7	34.3	-141.1	9.5	22.0	22.0	23.1	-16.1	21.0	21.0	
Adjusted PAT	445	320	215	1,087	206	453	402	559	2,067	1,621	408	-49.5
YoY Change (%)	72.6	61.2	6.6	778.6	-53.6	41.5	87.1	-48.5	164.4	-21.6	-11.1	

E: MOSL Estimates



J K Lakshmi Cement

BSE SENSEX	S&P CNX
32,325	10,066
Bloomberg	JKLC IN
Equity Shares (m)	118
M.Cap.(INRb)/(USDb)	52.8 / 0.8
52-Week Range (INR)	535 / 327
1, 6, 12 Rel. Per (%)	-10/0/-10
Avg Val, INRm	61
Free float (%)	54.1

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	29.1	33.1	37.3
EBITDA	3.7	4.5	6.0
PAT	0.8	1.1	1.9
EPS (INR)	7.0	9.7	16.4
Gr. (%)	-1,694.8	39.8	69.1
BV/Sh (INR)	119.4	127.9	143.2
RoE (%)	6.0	7.9	12.1
RoCE (%)	8.7	7.9	9.2
P/E (x)	64.5	46.2	27.3
P/BV (x)	3.8	3.5	3.1

Estimate change

TP change

Rating change

CMP: INR449

TP: INR519(+15%)

Buy

EBITDA disappointment led by cost push

- Strong realizations in core markets:** JKLC's volumes rose 8% YoY (flat QoQ) to 2.29mt (in-line) due to ramp-up in its east operations, where volumes rose 24% YoY. Realizations grew 7% YoY (+12% QoQ) to INR3,943 (est. of INR3,831) due to strong pricing in its focus markets of Gujarat. EBITDA rose 2% YoY (+68% QoQ) to INR1.2b (est. of INR1.29b; margin: 13.4%, -1.7pp YoY, +4.5pp QoQ), translating into EBITDA/ton of INR527 (-INR28/t YoY, +INR214/t QoQ; est. of INR562/t). Revenue grew 16% YoY (+11% QoQ) to INR9b (est. of INR8.8b). Net profit of INR283m missed estimate of INR471m due to lower EBITDA and a higher tax rate of 24%.
- Cost push dents profitability:** Unitary cost per tonne rose 10% YoY (+6% QoQ) due to a sharp increase of 35% YoY/14% QoQ in power & fuel cost (led by higher underlying price of petcoke) and higher proportion of sales from the eastern unit, which has inferior cost structure v/s north operations.
- Management commentary:** JKLC's volumes rose 8% YoY to 2.28mt on ramp-at its new eastern unit. EBITDA/t differential between north and east is ~INR300/t. Utilization for east units was at 92% and for north units at 74% in 1Q. Petcoke usage is ~85% in north and 60% in east.
- Market mix favorable:** We remain positive on JKLC due to its higher exposure to north/central markets, which should see highest realization increase on better utilization. However, turnaround of east operations would be a key monitorable. The stock trades at 10x/8 FY19/FY20E EV/EBITDA and USD78/74 per ton on FY19/FY20E capacity. We value JKLC at EV of 9.5x FY20E EV/EBITDA (implied EV of USD 84), translating to INR519/share. Maintain **Buy**.

Quarterly performance

Y/E March	FY17				FY18				FY17	FY18E	(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Var (%)
Sales Dispatches (m ton)	2.12	1.73	1.84	2.28	2.29	1.82	2.02	2.48	7.97	8.61	2.30	-1
YoY Change (%)	27.9	-1.1	4.0	6.0	8.0	5.0	10.0	8.7	8.7	8.0	8.0	
Realization (INR/ton)	3,673	3,791	3,645	3,531	3,943	3,793	3,893	3,740	3,651	3,841	3,831	3
YoY Change (%)	2.9	2.6	-0.5	3.5	7.4	0.1	6.8	5.9	2.2	5.2	5.0	
QoQ Change (%)	7.7	3.2	-3.9	-3.1	11.7	-3.8	2.6	-3.9			8.5	
Net Sales	7,772	6,556	6,709	8,067	9,011	6,887	7,883	9,286	29,104	33,068	8,814	2
YoY Change (%)	31.6	1.5	3.5	9.7	15.9	5.1	17.5	15.1	11.1	13.6	13.4	
EBITDA	1,175	937	826	716	1,203	706	1,150	1,489	3,654	4,548	1,292	-7
Margins (%)	15.1	14.3	12.3	8.9	13.4	10.3	14.6	16.0	12.6	13.8	14.7	
Depreciation	412	412	443	457	439	440	440	463	1,724	1,782	412	
Interest	463	471	486	466	492	471	450	434	1,887	1,847	463	
Other Income	104	179	152	263	102	100	100	126	698	428	104	
PBT before EO expense	404	233	49	55	374	-104	360	717	742	1,347	521	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	404	233	49	55	374	-104	360	717	742	1,347	521	-28
Tax	118	-16	-27	-152	91	-16	72	54	(77)	202	50	
Rate (%)	29.1	-6.8	-54.5	-274.5	24.4	15.1	20.0	7.6	-10.4	15.0	9.6	
Adj PAT	286	249	76	207	283	-89	288	663	819	1,145	471	
YoY Change (%)	-244.1	-545.5	-1,433.3	-19.8	-1.2	-135.6	278.6	219.3	-1,694.8	39.8	64.3	
Margins (%)	3.7	3.8	1.1	2.6	3.1	-1.3	3.7	7.1	2.8	3.5	5.3	

E: MOSL Estimates

Monsanto India

BSE SENSEX 32,325
S&P CNX 10,662

CMP: INR2,699 TP: INR3,925(+22%)

Buy

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

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Sales	6.4	7.3	8.4
EBITDA	1.6	1.9	2.2
NP	1.5	1.8	2.2
Adj EPS (INR)	86.2	105.1	126.7
EPS Gr. (%)	43.4	21.9	20.6
BV/Sh (INR)	306.8	339.7	394.2
RoE (%)	31.6	32.5	34.5
RoCE (%)	31.8	32.5	34.5
Payout (%)	84.4	68.7	57.0
Valuations			
P/E (x)	31.3	25.7	21.3
P/BV (x)	8.8	7.9	6.8
EV/EBITDA (x)	29.7	24.8	20.4
Div Yield (%)	2.2	2.2	2.2

Revenue below estimates

- n MCHM reported overall revenue of INR2,355m (est. of INR2,716m) in 1QFY18, as against INR2,411m in 1QFY17, marking a decline of 2.3%.
- n EBITDA during the quarter stood at INR574m (est. of INR709m), as against INR615m in 1QFY17. EBITDA margin contracted to 24.4% (est. of 26.1%) from 25.5% in 1QFY17, led by a significant rise of 380bp in other expenses (19.7% in 1QFY18 v/s 15.9% in 1QFY17).
- n However, 1QFY18 witnessed gross margin expansion of 310bp to 48.9% on account of lower raw material prices, partly offset by a rise in other expenses.
- n Consequently, adjusted PAT stood at INR545m in 1QFY18 (est. INR681m) v/s INR575m in 1QFY17.
- n **Valuation and view:** We will revisit our estimates/rating post interaction with management. Based on our current estimates, at CMP of INR2,699, the stock trades at 26x/21x P/E on FY18/FY19E EPS. Currently, we have a **Buy** rating on the stock.

Quarterly performance

Y/E March (Rs mn)	FY17				FY18				FY17	FY18E	FY18	Var (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Sales	2,411	965	1,639	1,400	2,355	1,109	1,885	1,554	6,407	7,263	2,716	-13
YoY Change (%)	-8.4	155.3	6.7	61.2	-2.3	15.0	15.0	11.0	18.3	13.4	13.0	
Total Expenditure	1,796	947	1,039	1,054	1,782	1,078	1,176	1,155	4,841	5,411	2,007	
EBITDA	615	18	600	347	574	31	709	399	1,567	1,852	709	-19
Margins (%)	25.5	1.8	36.6	24.7	24.4	2.8	37.6	25.7	24.5	25.5	26.1	
Depreciation	21	22	23	25	23	29	26	27	91	107	25	
Interest	3	3	2	4	3	2	2	1	11	0	1	
Other Income	24	29	33	49	48	57	52	51	135	204	44	
PBT before EO expense	615	22	608	367	595	57	733	422	1,600	1,949	727	-18
Extra-Ord expense	0	13	0	0	13	0	0	0	13	0	0	
PBT	615	9	608	367	582	57	733	422	1,587	1,949	727	
Tax	43	0	9	66	41	2	9	64	110	136	46	
Rate (%)	7.0	3.3	1.4	17.9	7.1	3.1	1.2	15.1	7.0	7.0	6.3	
Reported PAT	575	9	599	301	545	55	724	359	1,476	1,814	681	-20
Adj PAT	575	9	599	301	545	55	724	359	1,488	1,814	681	-20
YoY Change (%)	-8.4	NM	29.5	25.0	-5.3	NM	20.8	19.1	43.2	21.9	20.4	
Margins (%)	23.9	0.9	36.6	21.5	23.1	5.0	38.4	23.1	23.2	25.0	25.1	

E: MOSL Estimates

Repc Home Finance

BSE SENSEX	S&P CNX
32,325	10,662
Bloomberg	REPCO IN
Equity Shares (m)	62.6
M.Cap.(INR b)/(USD b)	47.3/0.7
52-Week Range (INR)	891 / 500
1, 6, 12 Rel. Per (%)	-5/8/-6
Avg Val.(INR m)	94
Free float (%)	62.9

CMP: INR765

Quarter marred by poor loan growth, yields and asset quality

- Repc Home Finance (Repc) reported 1QFY18 PAT of INR452m, 6% below our estimate, driven by sluggish loan growth, a drop in yields and poor asset quality performance.
- Sanctions and disbursements were down 9% YoY. There was some confusion regarding the High Court order lifting the ban on property registration in March. As a result, 1Q disbursements were muted. Management alluded to a slow July, with disbursements of INR1.75-1.8b. A High Court clarification has been issued recently, due to which there should be a pick-up in disbursements, going forward.
- A high repayment rate of 24.6% (due to intense competitive pressure) resulted in loan growth slowing down to 13% YoY.
- Both yields and cost of funds were down 70bp YoY, resulting in stable spreads of 2.9%. However, the sequential yield decline of 57bp is higher than the usual 20-30bp decline witnessed in 1Q. Both loan and borrowing mix remained largely stable.
- Asset quality worsened, with the GNPL ratio increasing 137bp QoQ and 175bp YoY to 4%. Asset quality deterioration was seen across all segments. Management mentioned that there are 17-18 accounts in high-ticket size LAP which are NPL, amounting to INR350-375m.
- Valuation and view:** Repco has recorded loan book CAGR of 26% over the past five years, with equally impressive earnings growth of 24%. Presence in the underserved markets, reasonable pricing power on asset side, declining cost of funds and expanding reach should support its earnings over the longer term. However, in the recent past, the company has been plagued with several issues, including external ones like the High Court ban on property registration and lingering impact of demonetization, and internal ones like asset quality woes in high-ticket LAP. We look to revise our estimates, target price and rating post the concall with management. However, we foresee sharp EPS and target price cuts.

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
NII	3.7	4.6	5.5
PPP	3.3	4.1	4.9
PAT	1.8	2.2	2.7
EPS (INR)	29.1	35.8	42.5
BV/Sh. (INR)	181.7	214.4	253.2
RoAA (%)	2.2	2.3	2.2
RoE (%)	17.4	18.1	18.2
Payout (%)	8.7	8.7	8.7
Valuation			
P/E (x)	26.5	21.5	18.1
P/BV (x)	4.2	3.6	3.0
Div. Yield (%)	0.3	0.3	0.4

REPCO: Quarterly performance

Y/E March	(INR Million)									
	FY17				FY18					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY17	FY18E
Interest Income	2,389	2,500	2,589	2,663	2,587	2,716	2,852	3,681	10,141	11,836
Interest Expenses	1,550	1,597	1,682	1,635	1,628	1,710	1,795	2,147	6,463	7,280
Net Interest Income	840	903	907	1,028	959	1,007	1,057	1,534	3,678	4,556
YoY Growth (%)	26.5	22.1	16.2	20.7	14.2	11.5	16.6	49.1	21.1	23.9
Other income	80	98	67	73	71	85	94	90	318	340
Total Income	920	1,000	974	1,102	1,030	1,092	1,151	1,623	3,996	4,896
YoY Growth (%)	26.0	22.0	15.5	16.8	12.0	9.2	18.2	47.4	19.8	22.5
Operating Expenses	149	163	163	200	171	177	182	279	676	810
YoY Growth (%)	-3.5	-6.8	1.9	30.7	14.9	8.5	11.6	39.5	5.1	19.8
Operating Profits	771	837	811	902	859	915	969	1,344	3,320	4,087
YoY Growth (%)	33.9	29.9	18.7	14.1	11.4	9.3	19.5	49.1	23.3	23.1
Provisions	179	127	96	116	167	133	147	191	519	638
Profit before Tax	592	710	714	786	692	781	822	1,153	2,802	3,449
Tax Provisions	196	253	250	280	241	273	288	403	979	1,205
Profit after tax	395	457	464	506	452	508	534	750	1,823	2,243
YoY Growth (%)	30.8	17.0	20.4	19.8	14.2	11.2	15.0	48.2	21.4	23.1
Cost to Income Ratio (%)	16.2	16.3	16.8	18.2	16.6	16.2	15.8	17.2	16.9	16.5
Tax Rate (%)	33.2	35.7	35.0	35.6	34.8	35.0	35.0	35.0	35.0	35.0

E: MOSL Estimates



Amara Raja Batteries

Bloomberg	AMRJ IN
Equity Shares (m)	170.8
M. Cap. (INR b)/(USD b)	146 / 2
52-Week Range (INR)	1077 / 807
1,6,12 Rel Perf. (%)	-2 / -22 / -16

Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Sales	53.2	62.1	73.6	86.9
EBITDA	8.5	9.9	11.7	14.0
NP	4.8	5.8	6.9	8.6
EPS (INR)	28	34	41	50
EPS Gr. (%)	(2.7)	20.6	20.0	23.6
BV/Sh. (INR)	152	179	212	253
RoE (%)	20.3	20.4	20.7	21.5
RoCE (%)	19.4	19.4	19.8	20.7

Valuations

P/E (x)	30.5	25.3	21.1	17.1
P/BV (x)	5.6	4.8	4.0	3.4
EV/EBITDA, x	17.1	14.4	11.9	9.6
EV/Sales (x)	2.7	2.3	1.9	1.6

CMP: INR855 TP: INR1,073 (+26%) Buy

- n We expect AMRJ's revenue to grow 12% YoY (and 10% QoQ) to INR14.8b. The company took price hikes of 2% in April 2017 to pass on the inflation in lead costs.
- n Spot LME lead prices decreased ~9% QoQ but increased 20.4% YoY in 4QFY17.
- n EBITDA margin is likely to contract ~211bp YoY (and 34bp QoQ) to 15.1%.
- n We expect PAT to decline ~1.4% YoY to INR1.28b.
- n We are reducing our EPS estimates by 2%/2.9% for FY18/FY19, as we factor in lead price inflation. The stock trades at 25.3x FY18E and 21.1x FY19E EPS. Maintain **Buy**.

Key issues to watch

- Ø Update on demand environment for OEMs, auto replacement and industrial battery segments.
- Ø Update on entry into new segments like E-rickshaw, Solar and Motive Power.
- Ø Outlook for raw material costs, recent pricing action.
- Ø Update on capacity expansion plans across product segments.

Quarterly Performance

Y/E March (INR m)	FY17				FY18E				FY17	FY18E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	13,208	13,455	13,280	13,445	14,793	15,877	15,538	15,868	53,172	62,076
YoY Change (%)	16.1	16.9	9.5	17.4	12.0	18.0	17.0	18.0	15.1	16.7
RM Cost (% of sales)	66.2	64.3	65.0	68.0	67.0	66.0	66.0	65.5	65.6	66.1
Staff Cost (% of sales)	5.0	5.2	5.4	5.2	4.9	4.8	5.0	5.2	4.7	4.2
Other Exp (% of sales)	11.6	13.5	14.1	13.0	13.0	12.8	12.9	13.1	13.9	11.6
EBITDA	2,273	2,297	2,051	1,844	2,234	2,596	2,498	2,567	8,499	9,895
Margins (%)	17.2	17.1	15.4	13.7	15.1	16.4	16.1	16.2	16.0	15.9
Depreciation	441	457	480	499	505	525	540	563	1,912	2,133
Interest	14	15	14	15	12	12	12	15	58	51
Other Income	90	120	133	151	150	175	220	105	492	650
PBT	1,908	1,945	1,689	1,480	1,867	2,234	2,166	2,093	7,022	8,360
Rate (%)	31.5	29.9	33.5	33.0	31.0	31.0	31.0	31.0	31.9	31.0
Adj PAT	1,307	1,363	1,123	992	1,288	1,541	1,495	1,444	4,785	5,769
YoY Change (%)	8.0	10.4	-17.9	-9.1	-1.4	13.1	33.1	45.6	-2.7	20.6

E: MOSL Estimates



Britannia Industries

Bloomberg	BRIT IN
Equity Shares (m)	120.0
M. Cap. (INR b)/(USD b)	450 / 7
52-Week Range (INR)	3796 / 2747
1,6,12 Rel Perf. (%)	5 / 14 / 18

Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Sales	89.6	101.5	118.7	138.9
EBITDA	11.9	13.8	17.1	21.2
Adj. PAT	8.8	10.3	12.6	15.5
Adj. EPS. INR	73.7	85.5	105.4	129.0
EPS Gr. (%)	7.3	16.0	23.3	22.4
BV/Sh.(INR)	224.7	244.1	306.6	383.1
RoE (%)	36.9	36.5	38.3	37.4
RoCE (%)	31.1	30.5	32.5	32.5
Payout (%)	29.9	35.0	35.0	35.0

Valuations

P/E (x)	50.9	43.9	35.6	29.1
P/BV (x)	16.7	15.4	12.2	9.8
EV/EBITDA	37.4	31.6	25.1	19.8
DW. Yield (%)	0.6	0.8	1.0	1.2

CMP: INR3,751 TP: INR4,450 (+19%) Buy

- n We estimate Britannia's (BRIT) sales to grow 4% YoY to INR21.9b, with base business volumes to remain flat.
- n We expect 100bp YoY contraction in gross as well as operating margin, and thus estimate EBITDA and PAT to decline 3.8% and 2.4%, respectively. While wheat and sugar costs have contracted sequentially, these costs are still up YoY.
- n The stock trades at 35.6x FY19E EPS of INR105.4; maintain Buy. Britannia is one of our top picks in the tier-II consumer space.

Key issues to watch for:

- Ø Volume growth in biscuits.
- Ø Outlook for raw materials.
- Ø Performance of subsidiaries.

Quarterly Performance (Consolidated)

(INR Million)

Y/E March	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Base business volume growth (%)	10.0	10.0	2.0	2.0	0.0	10.0	9.0	9.0	6.0	7.1
Net Sales	21,063	23,612	22,648	22,444	21,906	27,389	26,045	26,183	89,623	101,522
YoY Change (%)	8.5	11.0	5.6	5.2	4.0	16.0	15.0	16.7	7.4	13.3
COGS	12,879	14,902	14,190	13,915	13,613	17,013	16,058	16,070	55,887	62,754
Gross Profit	8,184	8,709	8,458	8,528	8,293	10,376	9,987	10,112	33,736	38,768
Margins (%)	38.9	36.9	37.3	38.0	37.9	37.9	38.3	38.6	37.6	38.2
Other Operating Exp	5,367	5,578	5,504	5,448	5,582	6,608	6,460	6,346	21,872	24,995
% of Sales	25.5	23.6	24.3	24.3	25.5	24.1	24.8	24.2	24.4	24.6
EBITDA	2,817	3,131	2,954	3,081	2,711	3,769	3,527	3,767	11,864	13,773
Margins (%)	13.4	13.3	13.0	13.7	12.4	13.8	13.5	14.4	13.2	13.6
YoY Growth (%)	3.5	2.0	0.3	6.1	-3.8	20.4	19.4	22.3	-5.1	16.1
Depreciation	279	289	303	322	362	376	394	449	1,193	1,581
Interest	15	15	11	13	15	15	11	15	55	56
Other Income	739	670	561	335	813	737	617	782	2,424	2,948
PBT	3,263	3,496	3,201	3,081	3,147	4,114	3,739	4,085	13,040	15,085
Tax	1,071	1,156	997	973	1,007	1,316	1,197	1,307	4,197	4,827
Rate (%)	32.8	33.1	31.1	31.6	32.0	32.0	32.0	32.0	32.2	32.0
Adjusted PAT	2,192	2,340	2,204	2,108	2,140	2,798	2,543	2,778	8,843	10,258
YoY Change (%)	13.2	5.8	4.6	5.9	-2.4	19.5	15.4	31.8	7.3	16.0

E: MOSL Estimates



Tata Steel

Bloomberg	TATA IN
Equity Shares (m)	971.4
M. Cap. (INR b)/(USD b)	479 / 7
52-Week Range (INR)	508 / 297
1,6,12 Rel Perf. (%)	-4 / 20 / 38

Financial Snapshot (INR Billion)

Y/E March	2017	2018E	2019E	2020E
Sales	1,135	1,214	1,232	1,241
EBITDA	168	186	203	194
Adj. PAT	36	49	65	59
Adj. EPS (INR)	37.0	50.5	66.5	60.4
EPS Gr(%)	382.0	36.5	31.6	-9.2
BV/Sh. (INR)	330	362	419	469
RoE (%)	15.4	14.6	17.0	13.6
RoCE (%)	9.2	9.8	10.4	9.4
Payout (%)	-21.8	17.9	13.7	15.0
Valuation				
P/E (x)	14.9	10.9	8.3	9.1
P/BV	1.7	1.5	1.3	1.2
EV/EBITDA	7.6	6.9	6.2	6.4
DW. Yield (%)	1.5	1.5	1.5	1.5

CMP: INR492 TP: 581 (-11%) Neutral

- n **India:** We estimate Tata Steel's standalone EBITDA to increase 30% YoY to INR28.8b on higher volumes. Sales volumes are up 28% YoY to 2.7mt (reported) on ramp-up at Kalinganagar. EBITDA per ton is estimated to decline ~INR3,000 QoQ (flat YoY) to INR10,493 on lower realization, no benefit of export incentives as in 4QFY17, lower contribution of FAMD and normalization of employee expenses.
- n **Europe:** EU steel margins are estimated to be down by USD55/t QoQ to USD48/t on lagged impact of increase in iron ore and coking coal prices.
- n Consolidated EBITDA is estimated to increase 17% YoY to INR38b. Adj. PAT is estimated to rise 2x YoY to INR7b.
- n
- n
- n

Key issues to watch out:

- ⊗ Imports from China and global iron ore prices.

Quarterly Performance (Consolidated)

(INR Million)

Y/E March	FY17				FY18E				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales (k tons)	5,410	5,650	6,110	6,830	6,043	6,139	6,246	6,791	24,000	25,219
Change (YoY %)	-14.5	-10.2	-4.1	-1.6	11.7	8.7	2.2	-0.6	-7.4	5.1
Avg Realization (INR/tss)	46,635	46,674	45,755	49,628	49,255	48,307	47,560	47,449	47,272	48,118
Net Sales	252,298	263,710	279,565	338,960	297,626	296,571	297,069	322,238	1,134,532	1,213,503
Change (YoY %)	-16.7	-10.0	-0.3	14.9	18.0	12.5	6.3	-4.9	-3.2	7.0
EBITDA	32,420	29,700	35,393	70,252	37,964	42,302	51,672	53,769	167,764	185,707
Change (YoY %)	16.9	62.3	356.3	218.6	17.1	42	46	-23	121.2	10.7
(% of Net Sales)	12.8	11.3	12.7	20.7	12.8	14.3	17.4	16.7	14.8	15.3
EBITDA(USD/tss)	90	79	86	154	98	105	125	119	104	112
Interest	10,707	13,511	13,874	12,631	13,094	12,952	13,143	13,102	50,723	52,291
Depreciation	12,417	14,677	13,797	15,892	14,399	14,618	14,798	14,907	56,784	58,722
Other Income	1,367	1,084	1,301	1,522	1,315	1,213	1,343	1,315	5,274	5,186
PBT (before EO Inc.)	10,662	2,597	9,022	43,250	11,787	15,945	25,073	27,075	65,531	79,880
EO Income(exp)	-35,231	634	284	-45,199					-79,512	
PBT (after EO Inc.)	-24,568	3,230	9,306	-1,948	11,787	15,945	25,073	27,075	-13,981	79,880
Total Tax	7,405	3,634	6,984	9,760	4,696	6,112	8,747	9,417	27,782	28,972
% Tax	69.4	139.9	77.4	22.6	39.8	38.3	34.9	34.8	42.4	36.3
Reported PAT	-31,973	-403	2,322	-11,708	7,091	9,834	16,325	17,658	-41,762	50,908
Adj. PAT (after MI & asso)	3,400	-1,127	2,035	33,435	7,103	9,845	16,306	17,620	37,742	50,874



1. H2 of FY18 to record better growth on back of festivals, says Dabur; Lalit Malik, CFO

- n Trade yet to return to pre-GST levels.
- n Expect normal trade to resume by the end of Q2.
- n Second half of FY18 to record better growth on the back of festivals.
- n Some pressure on margins expected in Q2. Margins to be protected from Q3 onwards.
- n
- n

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2. Jewellery business should see growth higher than 20% in FY18: TITAN; S Subramaniam, CFO

- n Revenue jump due to strong jewellery business performance boosted by strong Akshaya Tritiya sales.
- n Steps taken by the Government to curb black money have helped organized companies. GST to help with more registrations and formalization of trade.
- n Advanced sales in last two weeks of June. Unrealistic to expect this level of growth every quarter but YoY should be good.
- n Migration from other jewelers being seen. Two focus areas seeing good traction – high-valued studded and wedding jewellery.
- n Earnings aided by regulatory tailwinds and company's initiatives.
- n Market share gain in practically every market for company. Confident of over 20% happening this year.
- n Domestic business has done well for watches. Volume growth in watches at 9% led by new collections.
- n Exports have fallen 25% YoY.
- n GST rate on watches very high at 28%. GST on smart watches at 18%.

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3. Expect growth of 18-20% in loan book for FY18: Ujjivan Financial; Sudha Suresh, MD & CEO

- n Seen power and provision systematically across the quarter for stressed assets. Found the collection efficiency of the stressed assets which had deteriorated and brought the position.
- n Incremental business from January has seen repayment rate of 99.76%.
- n Put up collection team to focus on overdue beyond 90 days.
- n Healthy collections expected in August and September.
- n 18-20% growth in loan book for FY18.
- n No farm loan waiver impact as no agri portfolio or presence in many rural branches.
- n Adequately capitalized currently and not raising any capital for next two years.
- n Expect growth in business and lower cost of funds to help in margin expansion.
- n Improvement in NIM over the next two-three quarters.

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4. FY18 domestic revenue growth may be at higher end of 10% guidance: Cummins India; Rajiv Batra, CFO

- n Domestic revenue growth of 6% and export revenue growth of 31%.
- n Business impacted due to challenges in Africa and West Asia. Continued uncertainty expected in exports.
- n Power generation revenue growth of 12%, industrial revenue growth of 21%, distribution revenue growth of 18%.
- n Experiencing strong tailwind from government investment in infrastructure for industrial segments.
- n Guidance on domestic revenue will likely be at higher end of sales guidance range.

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5. Have sufficient capital for next 30-35 months: PNB Housing Finance; Sanjay Gupta, MD

- n Huge task on geographical expansion and growth rate will be smart enough if distribution networking continues.
- n Pure housing to be at 60%, Construction financing at 12-13% and Non-housing portfolio to be at 27%.
- n Yield in construction finance lowest in the industry.
- n Cost of funds has come down sharply in Q1.
- n Will maintain spread at 210-215 bps and NIM at 335-345 bps.
- n Have sufficient capital for next 30-35 months.

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6. Significant amount of inventory loss impacted gross refining margins: IOC; Sanjiv Singh, Chairman

- n Saw significant amount of inventory loss in the previous quarter which impacted the gross refining margins.
- n Mergers could be vertical or horizontal – can merge with upstream, midstream or downstream companies.

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1. MID-Term assessment of the Niti Aayog

- n Has the Niti Aayog proved a worthy successor to the Planning Commission? The question is a natural corollary to the surprise departure of its first boss midway through his tenure. The answer is not straightforward. It is difficult to claim that the Aayog has emerged as the go-to institution for solving economic problems that the Centre and the states confront. Not that the Aayog has been lax about initiating proposals and schemes. Some of its policy recommendations on energy and regulation of healthcare do make a lot of sense, but these have not found traction with the arms of the government charged with formulating and implementing policy.

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2. The underpinnings of RBI monetary policy

- n The third bi-monthly monetary policy decision on 2 August to reduce the policy repo rate by 25 basis points was widely anticipated. I am not going to join the feverish discussion on the quantum of the repo reduction (too little, too late?), how much will be transmitted, and whether whatever is transmitted will have any impact on the real economy. While evaluating decisions of the monetary policy committee (MPC), it has to be remembered that they have been given a blinkered mandate, a single instrument (the repo rate), and a single inflation outcome scale on which they will be judged. If asked what their decision will do for the real economy, they could quite legitimately respond that the question falls outside the syllabus on the basis of which they are taking their bi-monthly exams.

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3. FIRING UP OUR DEFENCE INDUSTRY

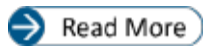
- n It is estimated that India's defence sector — which is one of the world's largest and lucrative markets — requires \$130-150 billion for modernisation and restructuring in order to become self-reliant in the coming decade. The Government has allocated over \$40 billion for the development of the sector in this fiscal year, but how long can we keep importing most of our defence equipment and be content with a sub-developed manufacturing base despite having the skill sets and capabilities? This extremely capital intensive industry stands on thin ice in terms of financial and regulatory policies, with hands tied to the availability of basic resources at competitive prices. On the one hand, despite all the facilities, growth of PSUs is stagnating, while private sectors are not keeping pace with other countries.

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International

4. The Bitcoin split is good for progress

- n The community supporting bitcoin has long tried to avoid a so-called “hard fork” splitting the currency in two. On Tuesday, it happened anyhow. The idea behind the change is to speed up transactions and, consequently, mainstream acceptance—but even an early adopter community like the bitcoin one can be conservative about its money. Bitcoin transactions are validated as more currency is “mined” by computers solving certain mathematical problems. To be validated by the decentralized network of bitcoin miners, the transactions are bundled in “blocks”. The bigger the size of the block, the more transactions can be validated in a second. For bitcoin, with a maximum block size of 1 MB (megabyte), it’s just two or three transactions per second.

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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
Automobiles														
Amara Raja	Buy	806	1,095	36	28.0	35.3	42.1	28.8	22.8	5.3	4.5	20.3	21.2	21.3
Ashok Ley.	Buy	109	118	8	4.6	5.2	7.0	24.0	21.1	5.2	4.6	23.1	23.2	27.0
Bajaj Auto	Buy	2,874	3,281	14	132.3	137.2	163.6	21.7	20.9	4.9	4.4	25.3	22.2	24.0
Bharat Forge	Buy	1,155	1,330	15	26.2	37.7	49.7	44.2	30.7	6.5	5.7	16.2	19.8	22.3
Bosch	Neutral	24,628	23,738	-4	473.1	649.9	766.2	52.1	37.9	8.5	7.5	15.8	21.1	21.9
CEAT	Buy	1,734	2,100	21	93.3	96.2	131.3	18.6	18.0	2.9	2.5	16.9	15.1	17.8
Eicher Mot.	Buy	31,591	31,326	-1	613.8	861.2	1,102.9	51.5	36.7	17.9	12.9	40.3	40.8	38.0
Endurance Tech.	Buy	903	1,025	14	23.5	30.5	38.8	38.5	29.6	7.3	6.1	20.8	22.4	23.6
Escorts	Neutral	673	732	9	20.0	37.1	45.8	33.7	18.1	3.4	2.9	10.6	17.3	18.3
Exide Ind	Buy	216	269	25	8.1	9.2	11.0	26.6	23.5	3.7	3.3	13.9	14.1	15.0
Hero Moto	Neutral	3,959	3,818	-4	169.1	189.3	199.1	23.4	20.9	7.8	6.7	35.7	34.6	31.5
M&M	Buy	1,418	1,619	14	54.3	66.7	79.9	26.1	21.3	3.3	3.0	14.2	14.1	14.6
Mahindra CIE	Not Rated	244	-		5.4	9.9	11.8	45.6	24.8	2.8	2.5	6.4	10.8	11.5
Maruti Suzuki	Buy	7,779	8,863	14	248.6	281.0	375.3	31.3	27.7	6.5	5.7	20.3	20.1	22.8
Tata Motors	Buy	435	666	53	19.8	30.9	64.3	22.0	14.1	2.5	2.1	9.8	16.5	27.3
TVS Motor	Buy	599	606	1	11.7	16.3	25.9	51.0	36.8	11.8	9.5	25.6	28.6	35.2
Aggregate								29.1	23.0	5.0	4.3	17.1	18.7	22.6
Banks - Private														
Axis Bank	Neutral	508	545	7	15.4	21.8	38.1	33.1	23.3	2.2	2.1	6.9	9.3	14.7
DCB Bank	Neutral	195	192	-2	7.0	8.4	10.4	27.9	23.3	2.9	2.3	10.8	11.4	11.8
Equitas Hold.	Buy	168	201	20	5.0	1.7	6.1	33.3	96.9	2.5	2.5	9.5	2.6	8.7
Federal Bank	Buy	114	139	22	4.8	5.4	6.8	23.7	21.2	2.2	1.8	9.9	10.0	10.5
HDFC Bank	Buy	1,791	2,000	12	56.8	68.2	82.1	31.5	26.3	5.3	4.6	18.3	18.8	19.6
ICICI Bank	Buy	296	366	24	15.3	14.9	17.0	19.4	19.9	2.2	2.0	10.2	8.9	9.5
IDFC Bank	Neutral	57	62	8	2.3	2.8	3.2	24.6	20.7	1.3	1.3	5.6	6.3	6.9
IndusInd	Buy	1,665	1,800	8	47.9	61.9	76.8	34.7	26.9	5.0	4.3	15.4	17.3	18.5
J&K Bank	Neutral	81	91	12	-31.3	3.8	8.2	NM	21.1	0.7	0.7	-27.0	3.5	7.2
Kotak Mah. Bk	Buy	998	1,153	16	26.8	32.4	41.0	37.2	30.8	4.8	4.3	13.8	15.0	16.3
RBL Bank	Under Review	515	-		11.9	18.0	23.7	43.4	28.6	4.5	3.2	12.3	13.6	13.9
South Indian	Buy	29	34	16	2.2	2.9	3.7	13.4	10.2	1.1	1.1	9.5	10.8	12.7
Yes Bank	Buy	1,809	2,133	18	73.0	92.3	114.5	24.8	19.6	3.9	3.3	18.9	18.3	19.5
Aggregate								29.9	24.1	3.4	3.0	11.5	12.5	14.2
Banks - PSU														
BOB	Buy	159	212	33	6.0	18.4	22.5	26.6	8.6	1.1	1.0	4.1	11.9	13.2
BOI	Neutral	158	147	-7	-14.8	13.7	22.0	NM	11.5	0.7	0.7	-6.7	6.1	9.0
Canara	Neutral	351	360	2	18.8	30.1	47.0	18.7	11.7	0.7	0.7	4.2	6.2	9.1
IDBI Bk	Neutral	57	49	-13	1.5	6.4	8.6	37.2	8.8	0.5	0.5	1.4	5.8	7.3
Indian Bk	Buy	305	382	25	29.3	34.4	38.3	10.4	8.9	1.0	0.9	10.1	10.9	11.2
OBC	Neutral	139	150	8	-31.6	17.1	21.4	NM	8.2	0.4	0.4	-8.4	4.6	5.4
PNB	Buy	151	184	22	6.2	5.8	11.0	24.3	25.9	0.8	0.8	3.6	3.2	5.9
SBI	Buy	305	362	19	0.3	17.9	23.3	1,026.9	17.1	1.4	1.3	-0.2	8.7	10.0
Union Bk	Neutral	145	162	12	7.6	24.6	34.5	19.0	5.9	0.5	0.5	2.7	8.1	10.5
Aggregate								108.6	13.6	1.0	0.9	0.9	6.5	8.1
NBFCs														
Bajaj Fin.	Buy	1,723	1,800	4	33.6	47.6	62.9	51.3	36.2	9.8	8.0	21.7	24.3	25.9
Bharat Fin.	Neutral	840	820	-2	21.0	31.8	68.7	40.0	26.4	4.7	3.8	15.1	16.1	28.0
Capital First	Buy	778	925	19	24.6	33.3	44.3	31.6	23.4	3.3	2.9	12.0	13.3	15.6
Cholaman.Inv.&F n	Buy	1,179	1,400	19	46.0	56.0	67.3	25.6	21.1	4.3	3.6	18.0	18.6	19.0
Dewan Hsg.	Buy	456	630	38	29.6	37.7	47.1	15.4	12.1	1.8	1.6	14.4	14.1	15.6
GRUH Fin.	Neutral	504	450	-11	8.1	9.9	12.1	61.9	50.6	18.5	15.2	32.5	33.0	32.8
HDFC	Buy	1,733	1,900	10	46.8	52.9	59.0	37.0	32.8	6.8	6.2	18.9	19.3	18.4
Indiabulls Hsg	Buy	1,210	1,350	12	69.0	86.3	108.4	17.5	14.0	4.2	3.7	25.5	28.2	31.3

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
L&T Fin Holdings	Buy	174	200	15	5.2	7.3	10.6	33.2	23.8	3.9	3.4	12.4	15.6	19.1
LIC Hsg Fin	Neutral	684	708	3	38.2	41.6	48.9	17.9	16.5	3.2	2.8	19.4	18.2	18.5
Manappuram	Not Rated	103	-		8.6	10.8	12.5	11.9	9.5	2.6	2.3	24.0	25.9	26.9
M&M Fin.	Buy	423	459	8	7.1	13.9	17.8	59.8	30.5	3.8	3.5	6.5	12.0	14.2
Muthoot Fin	Buy	462	550	19	29.5	41.0	43.3	15.6	11.3	2.8	2.4	19.4	23.2	21.4
PFC	Neutral	128	117	-9	25.7	27.2	30.2	5.0	4.7	0.9	0.8	17.9	17.0	16.8
Repco Home	Buy	765	936	22	29.1	35.8	42.5	26.3	21.3	4.2	3.6	17.4	18.1	18.2
REC	Neutral	174	134	-23	31.4	35.0	40.4	5.5	5.0	1.0	0.9	19.9	19.1	19.1
Shriram City Union	Buy	2,182	2,800	28	84.3	121.7	164.1	25.9	17.9	2.9	2.5	11.7	15.0	17.6
STF	Buy	992	1,330	34	55.6	80.0	102.4	17.8	12.4	2.0	1.8	11.7	15.0	16.9
Aggregate								20.5	17.2	3.5	3.0	16.8	17.7	18.1
Capital Goods														
ABB	Sell	1,425	1,200	-16	19.7	22.4	31.6	72.3	63.6	9.2	8.0	12.7	12.6	15.8
Bharat Elec.	Buy	179	210	17	6.9	7.4	8.3	25.8	24.1	5.3	4.1	20.6	17.0	16.9
BHEL	Sell	138	100	-27	2.1	3.6	4.7	64.0	38.7	1.0	1.0	1.6	2.7	3.4
Blue Star	Neutral	675	610	-10	12.9	17.8	26.6	52.4	38.0	8.5	8.0	18.0	21.7	30.1
CG Cons. Elec.	Buy	214	240	12	4.7	5.0	6.4	45.7	42.5	24.8	18.4	76.4	49.7	49.7
CG Power & Indu.	Sell	81	65	-20	4.1	2.3	4.5	19.7	35.4	1.2	1.2	6.2	3.4	4.2
Cummins	Buy	935	1,200	28	26.5	28.2	35.0	35.3	33.2	6.9	6.4	21.2	20.1	23.1
GE T&D	Neutral	373	395	6	5.7	9.3	11.3	65.0	40.1	9.2	8.1	12.4	21.5	22.7
Havells	Neutral	492	455	-7	9.6	10.9	13.8	51.4	44.9	9.4	8.4	18.2	18.6	20.7
K E C Intl	Neutral	298	295	-1	11.9	13.1	16.4	25.2	22.8	4.8	4.1	21.2	19.5	20.9
L&T	Buy	1,177	1,345	14	42.3	44.8	51.7	27.8	26.3	3.3	3.1	12.2	12.1	12.9
Pennar Eng.	Not Rated	118	-		7.1	9.1	11.2	16.7	13.0	1.7	1.5	10.2	11.6	12.6
Siemens	Neutral	1,363	1,355	-1	17.8	22.7	33.0	76.5	60.0	7.1	6.2	9.3	10.3	13.7
Solar Ind	Neutral	886	900	2	20.6	24.2	30.0	43.0	36.6	7.9	6.7	19.8	19.8	20.9
Suzlon Energy	Not Rated	18	-		0.6	0.9	1.0	27.9	20.1	-1.6	-1.8	NM	-8.8	-11.0
Thermax	Sell	902	850	-6	30.8	32.7	34.0	29.2	27.6	4.0	3.6	14.3	13.7	12.9
Va Tech Wab.	Buy	623	800	28	28.9	34.9	39.8	21.5	17.8	3.4	2.9	16.3	17.7	17.5
Voltas	Sell	541	400	-26	15.5	16.1	18.3	35.0	33.7	5.4	4.8	18.0	15.2	15.4
Aggregate								35.5	31.9	4.0	3.6	11.2	11.5	12.6
Cement														
Ambuja Cem.	Buy	278	308	11	4.9	7.0	8.2	56.8	39.9	2.9	2.7	5.1	7.0	7.9
ACC	Neutral	1,812	1,622	-10	36.1	49.8	65.0	50.2	36.4	3.9	3.8	7.9	10.6	13.1
Birla Corp.	Buy	953	1,205	26	29.4	40.9	58.9	32.5	23.3	2.2	2.1	7.5	9.2	12.2
Dalmia Bharat	Buy	2,572	3,162	23	38.8	66.7	87.1	66.3	38.6	4.6	4.1	7.2	11.3	13.1
Grasim Inds.	Neutral	1,127	1,384	23	67.9	71.2	102.6	16.6	15.8	1.8	1.6	11.5	10.9	13.9
India Cem	Neutral	198	201	1	5.6	8.0	11.8	35.2	24.8	1.2	1.1	3.4	4.7	6.6
J K Cements	Buy	1,008	1,287	28	33.7	40.4	53.5	29.9	24.9	4.0	3.5	14.4	15.0	17.2
JK Lakshmi Ce	Buy	449	526	17	7.0	11.4	19.2	64.5	39.4	3.8	3.5	6.0	9.2	13.8
Ramco Cem	Buy	686	806	18	27.3	27.4	34.4	25.2	25.1	4.4	3.8	19.0	16.1	17.5
Orient Cem	Buy	154	185	20	-1.6	4.4	7.1	NM	34.9	3.2	3.0	-3.2	8.8	12.8
Prism Cem	Buy	118	145	22	0.3	3.7	5.6	340.5	32.0	5.9	5.1	1.8	17.2	22.0
Shree Cem	Buy	18,070	22,360	24	384.4	460.4	547.8	47.0	39.3	8.2	6.9	18.4	19.1	19.1
Ultratech	Buy	4,080	4,936	21	96.1	91.5	138.8	42.5	44.6	4.7	4.3	11.6	10.1	14.0
Aggregate								37.2	31.8	3.6	3.3	9.6	10.3	12.7
Consumer														
Asian Paints	Neutral	1,157	1,200	4	21.0	22.2	26.5	55.0	52.1	14.6	13.3	28.5	26.7	28.1
Britannia	Buy	3,913	4,450	14	73.7	85.4	105.5	53.1	45.8	17.4	14.4	36.9	34.4	34.7
Colgate	Buy	1,074	1,285	20	21.2	24.4	29.8	50.6	43.9	22.9	21.7	50.4	50.8	58.2
Dabur	Neutral	308	315	2	7.2	7.7	9.1	42.4	39.8	11.2	9.6	28.4	26.0	26.3
Emami	Buy	1,151	1,310	14	26.5	26.9	33.1	43.4	42.8	14.9	12.7	35.8	32.0	33.9
Godrej Cons.	Neutral	961	995	4	18.9	21.5	24.7	50.8	44.6	12.3	9.6	24.6	24.2	22.8
GSK Cons.	Sell	5,447	4,500	-17	156.1	166.3	181.9	34.9	32.7	7.3	7.1	22.2	22.1	22.4

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
HUL	Buy	1,192	1,285	8	19.6	22.9	27.3	60.7	51.9	38.7	37.3	65.6	73.1	82.8
ITC	Neutral	281	280	0	8.4	9.3	10.3	33.4	30.3	7.6	7.5	23.5	24.8	26.3
Jyothy Lab	Neutral	383	405	6	11.2	8.9	11.0	34.1	42.8	6.4	6.5	21.1	15.1	18.4
Marico	Neutral	325	355	9	6.3	6.8	8.2	51.7	47.7	18.0	15.5	36.7	34.9	37.7
Nestle	Sell	6,697	5,740	-14	118.0	115.1	133.6	56.8	58.2	21.4	19.9	39.0	35.5	38.1
Page Inds	Buy	16,368	20,195	23	238.7	317.0	400.0	68.6	51.6	27.4	21.7	40.0	42.0	42.8
Parag Milk	Neutral	253	240	-5	3.6	7.4	12.3	70.3	34.1	3.2	3.0	5.9	9.1	13.4
Pidilite Ind.	Neutral	808	810	0	16.7	18.1	20.6	48.3	44.8	12.5	10.2	28.2	25.2	23.5
P&G Hygiene	Buy	8,133	9,082	12	144.9	155.8	181.6	56.1	52.2	46.4	37.0	45.3	78.9	74.0
Prabhat Dairy	Not Rated	132	-		3.5	3.5	6.4	37.5	38.0	1.9	1.8	5.2	4.9	8.5
United Brew	Neutral	814	850	4	8.7	9.7	14.7	93.6	83.9	9.3	8.6	10.4	10.7	14.6
United Spirits	Neutral	2,592	2,525	-3	26.7	34.5	51.5	97.0	75.1	19.4	13.5	21.3	18.0	20.3
Aggregate								46.3	41.8	12.8	11.8	27.6	28.2	29.3
Healthcare														
Alembic Phar	Neutral	531	510	-4	21.6	20.5	25.5	24.6	25.9	5.3	4.6	23.0	19.0	20.4
Alkem Lab	Neutral	1,825	1,900	4	75.7	79.7	95.0	24.1	22.9	5.2	4.4	23.4	20.7	21.0
Ajanta Pharma	Buy	1,336	2,028	52	58.4	66.1	79.6	22.9	20.2	7.5	5.7	37.7	32.2	29.9
Aurobindo	Buy	725	850	17	39.3	45.7	50.0	18.4	15.9	4.6	3.6	28.3	25.5	22.3
Biocon	Sell	357	330	-8	10.2	9.7	14.2	35.0	36.8	4.4	4.1	12.3	11.1	14.5
Cadila	Buy	532	510	-4	14.2	17.8	23.2	37.4	29.9	8.5	7.0	24.8	25.7	27.2
Cipla	Neutral	567	500	-12	15.9	20.0	25.0	35.7	28.4	3.6	3.3	10.2	11.5	12.8
Divis Lab	Neutral	682	680	0	39.7	33.6	40.0	17.2	20.3	3.9	3.5	23.5	18.1	19.4
Dr Reddy's	Neutral	2,244	2,500	11	72.6	85.1	125.2	30.9	26.4	3.0	2.8	9.6	11.3	14.8
Fortis Health	Buy	166	240	45	10.3	2.1	6.1	16.0	78.6	1.7	1.5	11.3	2.0	5.3
Glenmark	Neutral	689	775	13	39.3	42.9	51.7	17.5	16.0	4.3	3.5	24.7	21.6	20.9
Granules	Buy	132	200	52	7.2	8.2	11.5	18.2	16.1	3.3	2.3	21.1	17.7	18.8
GSK Pharma	Neutral	2,401	2,500	4	34.4	46.8	54.9	69.9	51.3	10.1	11.8	14.5	23.0	30.9
IPCA Labs	Neutral	461	480	4	16.1	21.3	28.5	28.7	21.6	2.4	2.2	8.6	10.5	12.7
Jubilant Life	Buy	699	905	29	37.0	47.1	56.7	18.9	14.9	3.2	2.7	18.1	19.5	19.6
Lupin	Buy	993	1,125	13	55.8	41.4	56.3	17.8	24.0	3.3	3.0	20.6	13.2	16.0
Sanofi India	Buy	4,247	4,820	13	129.1	133.6	160.6	32.9	31.8	5.6	5.3	17.1	16.6	18.1
Shilpa Medicare	Buy	645	805	25	14.0	21.1	30.4	46.1	30.6	5.6	4.8	14.4	17.0	20.4
Sun Pharma	Buy	507	650	28	26.1	25.2	30.8	19.4	20.1	3.3	3.2	18.5	16.1	17.9
Syngene Intl	Not Rated	464	-		13.0	16.1	18.0	35.6	28.7	7.2	5.9	22.2	22.5	20.7
Torrent Pharma	Neutral	1,273	1,350	6	55.2	53.4	67.3	23.1	23.8	5.0	4.4	23.8	19.5	21.5
Aggregate								24.0	23.4	4.1	3.7	17.1	15.7	17.0
Logistics														
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	4,194	-		102.5	129.9	163.2	40.9	32.3	18.1	13.8	50.5	48.6	46.8
Concor	Neutral	1,180	1,214	3	38.0	42.1	48.6	31.1	28.0	3.3	3.1	10.8	11.3	12.4
Gateway Distriparks	Buy	270	313	16	6.8	10.7	13.6	39.7	25.2	2.3	2.3	5.9	9.1	11.1
Gati	Not Rated	120	-		8.4	15.9	23.9	14.4	7.6	2.0	1.7	12.4	19.4	25.4
Transport Corp.	Not Rated	298	-		16.9	21.0	25.9	17.6	14.2	2.7	2.3	16.7	17.8	18.6
Aggregate								29.0	23.8	3.5	3.3	12.2	13.8	15.3
Media														
Dish TV	Buy	80	105	32	1.0	1.4	4.0	80.5	55.9	17.3	13.2	24.1	26.8	327.5
D B Corp	Buy	379	450	19	20.4	23.7	27.6	18.6	16.0	4.4	3.9	25.5	25.8	26.6
Den Net.	Neutral	83	90	8	-8.6	-2.7	0.3	NM	NM	1.5	1.7	-12.0	-5.3	0.7
Ent.Network	Neutral	876	928	6	11.4	13.4	21.7	76.7	65.6	4.9	4.6	6.7	7.2	10.7
Hind. Media	Buy	269	350	30	25.9	28.3	33.6	10.4	9.5	1.8	1.5	19.0	17.3	17.3
HT Media	Neutral	87	90	4	7.4	7.9	8.1	11.7	10.9	0.8	0.7	7.1	6.9	6.4
Jagran Prak.	Buy	177	225	27	10.8	12.3	14.0	16.5	14.4	2.4	2.4	17.6	16.4	17.2
Music Broadcast	Buy	352	469	33	6.4	9.3	14.0	54.7	37.7	3.7	3.3	11.2	9.3	12.4
PVR	Buy	1,398	1,628	16	20.5	30.9	46.9	68.1	45.3	6.8	5.9	10.4	14.0	18.2

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
Siti Net.	Neutral	26	32	25	-1.8	-0.1	0.5	NM	NM	3.5	3.6	-23.5	-2.0	6.9
Sun TV	Neutral	786	860	9	24.9	28.5	35.9	31.6	27.6	7.9	7.3	25.0	26.3	30.2
Zee Ent.	Buy	542	630	16	23.1	14.7	18.9	23.4	36.8	9.0	7.7	24.7	22.6	24.5
Aggregate								40.8	31.1	5.8	5.3	14.2	17.0	22.2
Metals														
Hindalco	Buy	225	308	37	16.2	21.8	26.1	13.9	10.3	1.7	1.4	14.0	15.2	15.4
Hind. Zinc	Sell	286	246	-14	19.7	22.6	26.9	14.5	12.7	3.9	4.2	24.4	32.0	35.1
JSPL	Buy	139	190	37	-20.9	-17.2	2.4	NM	NM	0.4	0.4	-7.9	-5.4	0.8
JSW Steel	Buy	228	297	30	14.8	21.9	25.7	15.4	10.4	2.4	2.0	17.3	21.3	20.8
Nalco	Neutral	69	70	1	3.7	3.8	4.2	18.7	18.4	1.3	1.3	7.2	7.0	7.5
NMDC	Buy	125	180	44	10.0	12.1	12.2	12.5	10.3	1.8	1.6	12.4	15.0	15.5
SAIL	Sell	62	37	-40	-6.2	-10.6	-4.2	NM	NM	0.7	0.8	-6.7	-12.6	-5.5
Vedanta	Buy	289	316	9	15.1	24.8	33.1	19.1	11.7	1.8	1.7	9.7	14.8	18.4
Tata Steel	Neutral	576	583	1	37.9	49.6	65.6	15.2	11.6	1.7	1.6	15.7	14.3	16.8
Aggregate								19.4	14.5	1.6	1.5	8.2	10.6	13.5
Oil & Gas														
BPCL	Neutral	517	511	-1	48.3	36.7	43.5	10.7	14.1	3.3	2.9	32.4	21.7	22.3
GAIL	Sell	379	340	-10	22.6	26.3	29.8	16.8	14.4	1.7	1.6	9.6	11.3	11.8
Gujarat Gas	Sell	752	697	-7	20.4	33.7	46.5	36.8	22.3	6.3	5.1	17.8	25.3	28.0
Gujarat St. Pet.	Neutral	184	168	-9	8.8	11.0	13.1	20.9	16.7	2.3	2.1	11.6	13.1	14.0
HPCL	Buy	432	427	-1	40.7	29.5	32.6	10.6	14.6	3.2	2.8	32.4	20.6	20.0
IOC	Buy	418	458	10	43.0	36.7	40.4	9.7	11.4	1.9	1.7	21.2	16.0	15.8
IGL	Neutral	1,182	1,070	-9	42.5	46.8	51.9	27.8	25.3	5.7	4.8	21.0	20.6	19.6
MRPL	Sell	130	113	-13	14.8	9.4	11.7	8.8	13.7	2.3	2.0	31.4	15.5	17.0
Oil India	Buy	284	305	7	19.3	27.9	30.1	14.7	10.2	0.8	0.8	5.7	7.5	7.8
ONGC	Buy	167	195	17	16.4	16.5	19.7	10.1	10.1	1.0	0.9	10.1	9.4	10.9
PLNG	Buy	208	259	25	11.4	8.6	17.6	18.3	24.2	3.9	3.5	23.2	15.1	26.4
Reliance Ind.	Neutral	1,623	1,499	-8	96.7	115.5	128.1	16.8	14.0	1.7	1.5	11.6	12.3	12.3
Aggregate								12.6	12.8	1.7	1.5	13.3	12.0	12.7
Retail														
Jubilant Food	Sell	1,279	850	-34	10.0	14.8	20.7	127.8	86.4	10.5	9.6	8.2	11.1	14.0
Titan Co.	Neutral	610	565	-7	9.0	10.6	12.6	67.6	57.5	12.8	11.7	20.6	21.3	22.2
Aggregate								66.6	55.5	11.5	10.5	17.2	18.9	19.6
Technology														
Cyient	Buy	526	600	14	30.6	35.4	41.9	17.2	14.8	2.8	2.5	16.2	16.6	17.3
HCL Tech.	Neutral	891	950	7	59.8	61.8	65.9	14.9	14.4	3.7	3.3	27.5	24.9	23.8
Hexaware	Neutral	252	250	-1	13.7	15.7	16.5	18.4	16.0	4.5	3.9	26.5	25.7	23.1
Infosys	Buy	985	1,200	22	62.9	63.7	69.5	15.7	15.5	3.3	2.9	22.0	20.0	19.8
KPIT Tech	Neutral	124	140	13	11.9	10.6	13.1	10.4	11.7	1.6	1.4	14.3	13.0	14.2
L&T Infotech	Buy	773	880	14	55.5	60.2	68.0	13.9	12.8	4.8	3.8	40.4	33.0	29.4
Mindtree	Sell	472	450	-5	24.9	28.7	32.9	18.9	16.4	3.1	3.0	16.8	17.3	20.1
Mphasis	Neutral	599	610	2	38.9	40.3	43.0	15.4	14.9	2.0	2.2	13.2	14.5	16.2
NIIT Tech	Neutral	503	540	7	38.0	42.3	48.7	13.2	11.9	1.8	1.7	13.7	14.4	15.4
Persistent Sys	Buy	636	750	18	37.7	43.3	52.0	16.9	14.7	2.6	2.5	17.0	17.9	20.7
Tata Elxsi	Buy	1,699	1,848	9	56.3	68.0	80.4	30.2	25.0	9.5	7.6	37.1	33.7	32.3
TCS	Neutral	2,523	2,350	-7	133.4	133.6	147.7	18.9	18.9	5.6	6.0	32.6	31.1	33.5
Tech Mah	Buy	409	490	20	30.9	34.0	36.8	13.2	12.0	2.2	2.0	18.4	17.4	16.9
Wipro	Neutral	289	270	-7	16.9	18.1	19.1	17.1	16.0	2.7	2.6	16.9	16.1	16.1
Zensar Tech	Buy	788	950	21	52.1	51.9	70.0	15.1	15.2	2.4	2.2	17.2	15.0	17.9
Aggregate								16.9	16.7	3.9	3.8	22.9	22.8	22.1
Telecom														
Bharti Airtel	Buy	421	490	16	11.1	4.3	6.6	37.9	97.0	2.5	2.4	6.7	2.5	3.8
Bharti Infratel	Buy	406	480	18	14.9	17.9	20.4	27.4	22.7	4.9	4.2	16.2	19.8	19.4
Idea Cellular	Buy	93	110	19	-1.1	-10.9	-11.3	NM	NM	1.4	1.6	-1.6	-17.3	-21.7
Tata Comm	Buy	641	775	21	27.2	8.7	26.1	23.5	73.6	11.5	9.9	132.2	14.5	33.6

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
Aggregate								39.4	218.3	2.7	2.7	6.9	1.2	2.8
Utilities														
Coal India	Buy	249	315	26	14.9	17.6	18.6	16.7	14.2	6.3	6.3	37.8	44.5	47.0
CESC	Buy	967	1,360	41	51.9	88.9	99.3	18.6	10.9	1.2	1.1	6.5	10.6	10.8
JSW Energy	Buy	68	85	25	3.9	3.2	3.1	17.6	21.6	1.1	1.1	6.3	4.9	4.8
NTPC	Buy	177	198	12	13.0	13.4	16.2	13.6	13.2	1.5	1.4	11.5	10.9	12.3
Power Grid	Buy	225	262	17	14.2	17.4	20.6	15.8	12.9	2.4	2.1	16.2	17.3	17.8
Tata Power	Sell	80	68	-15	5.2	6.4	6.7	15.5	12.6	1.8	1.7	11.2	13.9	12.1
Aggregate								15.0	13.2	2.2	2.1	14.9	15.8	16.6
Others														
Arvind	Neutral	365	359	-2	12.4	12.5	18.1	29.4	29.1	2.6	2.5	10.3	8.8	11.8
Avenue Supermarts	Neutral	909	882	-3	7.7	12.7	17.6	118.5	71.5	14.8	12.9	17.9	19.3	23.0
Bata India	Under Review	630	-		13.5	15.7	19.4	46.6	40.1	6.1	5.5	13.9	14.4	15.8
Castrol India	Buy	395	527	33	13.6	14.4	15.0	29.0	27.4	32.8	29.4	115.2	113.3	106.1
Century Ply.	Neutral	262	323	23	8.7	9.8	12.9	30.1	26.6	8.1	6.7	31.1	27.7	29.6
Coromandel Intl	Buy	447	523	17	16.6	24.1	29.0	26.9	18.5	4.5	3.9	17.5	22.5	23.4
Delta Corp	Buy	166	237	43	3.1	5.8	7.9	54.2	28.7	4.2	2.8	8.1	12.3	12.6
Dynamic Tech	Buy	2,383	3,334	40	67.6	112.9	166.7	35.2	21.1	4.9	4.0	15.1	20.7	24.3
Eveready Inds.	Buy	303	368	21	12.9	14.4	17.5	23.5	21.0	7.6	6.1	37.7	32.3	31.6
Interglobe	Neutral	1,275	1,312	3	46.0	63.9	93.7	27.7	20.0	22.8	20.3	86.2	107.5	137.7
Indo Count	Buy	141	200	42	13.0	13.2	15.4	10.9	10.7	3.3	2.5	34.8	26.4	23.5
Info Edge	Buy	1,017	1,130	11	15.7	21.8	24.7	64.9	46.7	6.2	5.7	10.2	12.7	13.1
Inox Leisure	Sell	250	240	-4	3.3	8.0	12.0	74.8	31.1	4.3	3.8	5.9	12.5	16.2
Jain Irrigation	Under Review	102	-		5.5	7.6	10.0	18.4	13.4	1.6	1.5	8.6	11.7	14.8
Just Dial	Neutral	352	465	32	17.5	18.5	21.1	20.2	19.1	2.7	2.4	14.8	13.4	13.7
Kaveri Seed	Buy	698	755	8	19.1	31.3	37.7	36.6	22.3	4.8	5.1	13.6	21.6	26.0
Kitex Garm.	Buy	248	394	59	18.6	22.1	26.2	13.3	11.2	3.6	2.9	29.8	28.6	27.6
Manpasand	Buy	780	927	19	12.7	20.3	30.9	61.4	38.5	3.9	3.6	7.3	8.5	13.5
MCX	Buy	1,115	1,300	17	24.8	28.0	42.2	44.9	39.8	4.2	4.0	10.2	10.2	14.5
Monsanto	Buy	2,699	3,295	22	86.2	105.1	126.7	31.3	25.7	8.8	7.9	31.6	32.5	34.5
Navneet Education	Buy	159	226	42	7.8	9.4	11.3	20.5	16.9	5.1	4.3	26.8	27.8	28.2
PI Inds.	Buy	735	952	29	33.4	33.4	38.1	22.0	22.0	6.2	5.1	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	1,518	1,816	20	85.9	86.3	109.2	17.7	17.6	2.8	2.5	16.6	14.7	16.7
S H Kelkar	Buy	264	287	9	7.2	8.6	10.3	36.4	30.7	4.7	4.2	13.7	14.5	15.6
Symphony	Sell	1,386	1,288	-7	23.7	35.1	42.9	58.6	39.5	21.7	19.1	43.3	51.6	54.5
TTK Prestige	Neutral	6,352	5,281	-17	132.1	137.8	176.1	48.1	46.1	8.7	7.9	19.5	18.0	20.7
V-Guard	Neutral	182	167	-8	3.6	4.5	6.0	50.9	40.6	12.1	9.9	27.4	26.9	28.8
Wonderla	Buy	347	393	13	7.0	11.9	16.0	49.6	29.0	4.5	4.1	9.5	14.8	17.5



Company	1 Day (%)	1M (%)	12M (%)
Automobiles			
Amara Raja	-1.8	-5.8	-8.1
Ashok Ley.	0.2	9.8	26.2
Bajaj Auto	1.4	3.7	4.9
Bharat Forge	-0.8	5.1	59.7
Bosch	-0.7	4.8	-1.3
CEAT	-8.6	-6.3	102.9
Eicher Mot.	2.9	13.5	47.5
Endurance Tech.	-1.5	3.2	
Escorts	-0.8	1.4	155.9
Exide Ind	-2.6	-4.6	24.7
Hero Moto	3.1	7.0	21.1
M&M	0.1	4.7	-1.3
Mahindra CIE	1.1	1.7	35.7
Maruti Suzuki	0.5	5.5	59.1
Tata Motors	0.8	1.7	-13.0
TVS Motor	2.1	8.8	100.6
Banks - Private			
Axis Bank	0.5	-0.1	-6.8
DCB Bank	0.1	1.0	77.1
Equitas Hold.	4.1	11.5	-2.8
Federal Bank	0.6	1.6	81.5
HDFC Bank	0.6	8.4	44.2
ICICI Bank	0.2	2.3	35.4
IDFC Bank	-1.1	1.3	17.3
IndusInd	1.2	11.2	42.6
J&K Bank	0.6	-5.0	20.6
Kotak Mah. Bk	0.1	4.1	32.0
RBL Bank	-0.3	-1.3	
South Indian	1.0	5.8	52.0
Yes Bank	1.3	21.8	47.1
Banks - PSU			
BOB	0.6	-0.3	2.2
BOI	2.3	15.7	43.3
Canara	1.1	5.9	40.5
IDBI Bk	0.5	6.5	-16.4
Indian Bk	2.0	7.7	53.7
OBC	0.7	-0.7	17.7
PNB	1.1	10.5	23.4
SBI	1.6	11.9	35.4
Union Bk	1.0	-0.7	9.7
NBFCs			
Bajaj Fin.	1.2	24.9	72.7
Bharat Fin.	2.2	16.9	6.3
Capital First	2.0	14.0	14.0
Cholaman.Inv.&Fn	1.5	8.0	5.2
Dewan Hsg.	1.2	4.7	94.7
GRUH Fin.	0.2	14.7	69.6
HDFC	-0.3	5.6	31.3
Indiabulls Hsg	0.8	15.2	51.0
L&T Fin.Holdings	1.8	17.2	102.0
LIC Hsg Fin	0.5	-8.4	33.9
Manappuram	-0.2	5.2	19.8
M&M Fin.	7.2	20.3	30.7
Muthoot Fin	1.8	2.5	27.8
PFC	1.6	4.6	18.6
Repco Home	3.9	-4.5	-6.4
REC	0.2	0.8	62.5
STF	-0.4	-5.1	-21.3
Shriram City Union	-2.8	-13.6	10.6

Company	1 Day (%)	1M (%)	12M (%)
Capital Goods			
ABB	1.0	-1.7	18.1
Bharat Elec.	-0.6	9.5	45.3
BHEL	-0.7	2.8	2.8
Blue Star	-0.3	9.5	39.6
CG Cons. Elec.	-0.3	-4.8	32.1
CG Power & Inds Sol.	-0.7	-1.4	2.9
Cummins	-1.6	2.6	11.3
GE T&D	-2.7	10.0	9.2
Havells	0.9	6.2	21.4
K E C Intl	-1.8	13.9	110.5
L&T	0.2	4.8	20.0
Pennar Eng.	-3.2	-7.3	-36.3
Siemens	-1.1	1.3	8.6
Solar Ind	0.2	8.3	37.4
Suzlon Energy	-0.3	-5.1	8.6
Thermax	0.0	-3.7	6.8
Va Tech Wab.	0.3	-8.5	7.2
Voltas	0.8	17.1	55.9
Cement			
Ambuja Cem.	2.0	11.5	5.0
ACC	0.1	14.6	9.0
Birla Corp.	0.2	8.3	72.6
Dalmia Bharat	-1.5	-0.8	81.0
Grasim Inds.	0.0	6.6	35.3
India Cem	2.7	-2.4	70.0
J K Cements	-0.2	3.9	37.7
JK Lakshmi Ce	-0.9	-6.2	6.5
Ramco Cem	-0.4	-1.4	28.1
Orient Cem	0.0	3.3	-5.2
Prism Cem	1.3	-1.9	13.9
Shree Cem	-0.3	2.1	8.8
Ultratech	-0.1	1.6	11.5
Consumer			
Asian Paints	0.9	4.3	2.7
Britannia	1.1	4.3	36.2
Colgate	-0.8	-4.6	14.3
Dabur	0.6	4.2	4.0
Emami	1.4	7.7	-0.7
Godrej Cons.	-0.9	-2.6	21.3
GSK Cons.	0.8	0.9	-14.3
HUL	1.9	9.3	30.1
ITC	-0.2	-16.7	11.4
Jyothy Lab	-1.8	8.3	34.1
Marico	-0.8	0.8	10.2
Nestle	-0.6	-2.2	-1.3
Page Inds	0.0	-6.2	21.0
Parag Milk	0.2	16.5	-19.8
Pidilite Ind.	0.4	-1.5	13.1
P&G Hygiene	1.4	1.1	28.0
Prabhat Dairy	-1.3	1.6	47.2
United Brew	1.6	1.3	3.4
United Spirits	-0.7	3.1	17.5
Healthcare			
Alembic Phar	0.4	3.7	-15.9
Alkem Lab	1.7	-0.3	21.3
Ajanta Pharma	0.0	-12.6	-26.0
Aurobindo	-2.2	6.8	-3.6
Biocon	-4.8	7.4	29.9
Cadila	-2.7	3.3	44.1



Company	1 Day (%)	1M (%)	12M (%)
Cipla	1.8	3.9	7.8
Divis Lab	1.7	4.0	-40.8
Dr Reddy's	-3.8	-14.7	-24.3
Fortis Health	1.4	6.4	-11.4
Glenmark	-1.9	7.2	-16.4
Granules	-0.6	-6.0	-5.9
GSK Pharma	2.2	-5.0	-22.8
IPCA Labs	-1.1	-4.6	-10.9
Jubilant Life	-2.4	1.1	117.7
Lupin	-0.2	-5.0	-40.1
Sanofi India	0.7	0.8	-5.7
Shilpa Medicare	-0.8	0.5	15.7
Sun Pharma	-1.9	-8.2	-40.3
Syngene Intl	-1.7	-2.6	12.8
Torrent Pharma	1.7	2.7	-13.0
Logistics			
Allcargo Logistics	0.9	-0.8	-9.6
Blue Dart	0.1	-10.8	-26.9
Concor	0.0	1.2	2.8
Gateway Distriparks	0.0	-0.2	-1.0
Gati	3.5	-7.1	-28.8
Transport Corp.	-1.1	-10.9	37.5
Media			
Dish TV	0.2	-1.7	-18.6
D B Corp	-0.1	-0.4	-7.0
Den Net.	1.0	2.8	-5.5
Ent.Network	-0.4	-8.5	21.4
Hind. Media	-1.4	-2.0	-0.7
HT Media	-0.2	7.2	4.9
Jagran Prak.	0.1	-4.6	-4.3
Music Broadcast	0.5	-3.3	
PVR	1.7	-2.1	26.1
Siti Net.	0.6	-7.9	-33.2
Sun TV	-1.4	-3.5	70.5
Zee Ent.	0.4	10.2	11.2
Metals			
Hindalco	1.9	13.7	64.2
Hind. Zinc	1.2	7.7	37.2
JSPL	-2.5	10.0	69.8
JSW Steel	2.0	9.8	33.8
Nalco	3.6	2.6	41.4
NMDC	3.1	12.1	22.5
SAIL	1.5	5.3	31.5
Vedanta	3.1	13.2	78.5
Tata Steel	2.9	5.3	53.9
Oil & Gas			
BPCL	5.4	17.9	35.9
GAIL	2.4	4.0	35.2
Gujarat Gas	0.8	0.0	23.8
Gujarat St. Pet.	-1.8	3.6	38.5
HPCL	8.6	26.6	61.1
IOC	8.0	9.3	53.3
IGL	-0.1	11.3	76.1
MRPL	1.5	7.5	61.5
Oil India	-0.4	7.4	2.9
ONGC	0.4	4.1	13.5
PLNG	-0.4	-2.8	33.4
Reliance Ind.	-1.8	14.0	63.4
Retail			
Jubilant Food	1.9	25.0	8.7
Titan Co.	9.5	14.0	50.1

Company	1 Day (%)	1M (%)	12M (%)
Technology			
Cyient	0.0	1.3	0.9
HCL Tech.	1.7	6.0	8.1
Hexaware	2.0	4.5	14.7
Infosys	0.2	2.6	-8.1
KPIT Tech	-1.7	-0.6	-3.1
L&T Infotech	-0.7	-1.5	13.6
Mindtree	1.0	-11.8	-21.9
Mphasis	-0.3	0.0	15.3
NIIT Tech	0.3	-10.9	18.4
Persistent Sys	0.6	-6.2	-5.0
Tata Elxsi	0.1	1.8	4.3
TCS	1.3	6.7	-4.9
Tech Mah	0.3	8.2	-18.2
Wipro	-0.1	11.3	5.5
Zensar Tech	-0.4	-2.4	-28.4
Telecom			
Bharti Airtel	-0.8	11.0	15.2
Bharti Infratel	0.6	1.3	3.6
Idea Cellular	-0.7	10.3	-12.0
Tata Comm	0.4	-7.1	43.2
Utilities			
Coal India	3.0	1.0	-23.0
CESC	0.5	10.9	58.4
JSW Energy	1.5	2.9	-14.5
NTPC	2.8	12.3	11.6
Power Grid	1.3	6.9	26.5
Tata Power	-2.8	-1.0	13.3
Others			
Arvind	0.6	-0.8	19.9
Avenue Super.	1.3	8.8	
Bata India	1.3	9.4	19.2
Castrol India	0.9	-1.2	-6.7
Century Ply.	-4.9	-10.4	22.9
Coromandel Intl	-2.3	4.1	76.8
Delta Corp	-0.8	6.7	50.8
Dynamatic Tech	0.4	-5.8	-3.1
Eveready Inds.	-1.0	-13.4	23.5
Interglobe	0.0	6.6	54.5
Indo Count	-0.9	-13.3	-19.1
Info Edge	1.9	0.1	24.5
Inox Leisure	-0.5	-7.1	-0.6
Jain Irrigation	0.5	0.8	38.3
Just Dial	-1.5	-3.1	-26.7
Kaveri Seed	0.5	8.4	85.5
Kitex Garm.	-3.3	-7.9	-25.5
Manpasand	-1.2	0.3	12.2
MCX	0.9	2.3	8.4
Monsanto	0.5	-2.6	17.4
Navneet Educat.	-2.6	-10.6	68.2
PI Inds.	0.9	-9.5	-5.3
Piramal Enterp.	1.2	4.2	85.9
SRF	0.5	-2.5	1.0
S H Kelkar	-0.8	1.1	4.7
Symphony	0.7	1.2	21.5
TTK Prestige	3.8	-0.6	29.4
V-Guard	0.6	2.6	48.4
Wonderla	-0.9	-4.3	-12.7

THEMATIC/STRATEGY RESEARCH GALLERY

MOTILAL OSWAL Research | July 2017

Radio

Strong phase III impetus
Healthy listenership
Asset monetization

Well tuned to flourish

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MOTILAL OSWAL Research | July 2017

India Strategy

India hits 1.5% mark after a stirring 22-year journey

2017-18: A year of consolidation

Key highlights - 2017 to 2017

- For the first time in 16 years, the IPI has crossed one billion dollars, registering 20% mark, 2017-18. The IPI has also become the largest value-added benchmark index to track in the global.
- The Indian market remains bullish for continued growth in the next 5 years, supported by the services-led expansion. The services sector is expected to be the primary driver of growth, supported by the services-led expansion. The services sector is expected to be the primary driver of growth, supported by the services-led expansion.

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MOTILAL OSWAL Research | July 2017

Capital Goods

Diesel Gensets | Firing up

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MOTILAL OSWAL Research | July 2017

The Big Leap to a formal economy

Volume 2.2

Ground Reality Jewelry

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MOTILAL OSWAL Research | July 2017

The Big Leap to a formal economy

Volume 2.1

Ground Reality Tiles

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MOTILAL OSWAL Research | July 2017

Thematic

The Big Leap to a formal economy

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MOTILAL OSWAL Research | July 2017

India Strategy

Still in the works

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MOTILAL OSWAL Research | June 2017

Sustainability

Expanding horizons

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MOTILAL OSWAL Research | June 2017

Contrarian Investing

It pays to be different

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REPORT GALLERY

RECENT INITIATING COVERAGE REPORTS

MOTILAL OSWAL Initiating Coverage | 21 Aug 2017
Sector: Healthcare

Shilpa Medicare

Manufacturing capacity
Healthy product pipeline
Regulatory compliance in place
forward integration

Injecting Growth

Source: Motilal Oswal Research Analyst, Shilpa Medicare@motilal.com, +91 22 3982 4999
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MOTILAL OSWAL Initiating Coverage | 28 Aug 2017
Sector: Insurance

Capital First

30%+ PAT CAGR
17% RoE
Focused Underwriting
New Products

Capitalizing on multiple opportunities

Source: Motilal Oswal Research Analyst, Praveen Raju@motilal.com, +91 22 3982 4999
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MOTILAL OSWAL Initiating Coverage | 18 Aug 2017
Sector: NBFC

L&T Finance Holdings

Off to a new start

Source: Motilal Oswal Research Analyst, Praveen Raju@motilal.com, +91 22 3982 4999
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MOTILAL OSWAL Initiating Coverage | 14 Aug 2017
Sector: Healthcare

Jubilant Life Sciences

Lower financial leverage
Diverse portfolio
Growth visibility
High entry barriers
Attractive valuation

Promising formulation

Source: Motilal Oswal Research Analyst, Shilpa Medicare@motilal.com, +91 22 3982 4999
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MOTILAL OSWAL Initiating Coverage | 21 Aug 2017
Sector: Retail

Avenue Supermarts

COST
VALUE

Delivering Value

Source: Motilal Oswal Research Analyst, Praveen Raju@motilal.com, +91 22 3982 4999
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MOTILAL OSWAL Initiating Coverage | 21 Aug 2017
Sector: NBFC

Cholamandalam Finance

Profitability focus
Productivity improvement
Cost reduction
Operational efficiency
Market expansion

Prepared, Equipped and Armed

Source: Motilal Oswal Research Analyst, Praveen Raju@motilal.com, +91 22 3982 4999
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MOTILAL OSWAL Initiating Coverage | 29 Aug 2017
Sector: Power

Tata Power

Mundra
SAG

Struggling for RoE

Source: Motilal Oswal Research Analyst, Praveen Raju@motilal.com, +91 22 3982 4999
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MOTILAL OSWAL Initiating Coverage | 29 Aug 2017
Sector: Oil and Gas

Gujarat Gas

Long road ahead

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MOTILAL OSWAL Initiating Coverage | 29 March 2017
Sector: Education

Navneet Education

DIGITAL PRODUCTS
STATIONERY
CISE
GUJARAT STATE EDUCATION BOARD
MAHARASHTRA STATE EDUCATION BOARD

Steadfast; growth gaining momentum

Source: Motilal Oswal Research Analyst, Praveen Raju@motilal.com, +91 22 3982 4999
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DIFFERENTIATED PRODUCT GALLERY

MOTILAL OSWAL 6 July 2017

Annual Report Threadbare

28E ENTERTAINMENT FY17

The FY17 annual report highlights several key takeaways in each of the categories of FY17 with increase in cash conversion ratio (CCR) and EBITDA (24.8%), and a growing focus on the increase in financial (primarily equity) which increased from 49.1% in FY16 to 51.8% in FY17, and the higher adoption of equity, 10% of total equity FY17, 10.8% in FY16, as a result of the higher adoption of equity.

Key highlights:

- Revenue growth (strong margin) due to increase in CCR of 24.8% (due to better operational and advertising revenue) rising 17% (FY16 margin increased 17.5% to 25.1%, due to margin expansion for given sports broadcast revenue and 15.1% due to the reduction in the financial statements of FY16).
- Year-over-year revenue growth, adjusted for profit on the sale of the sports broadcast, the effective rate increased to 10.3% (FY16 25.2%). This is primarily on account of the reduction in the preference share, which is a one-time benefit. The before-tax profit (before the sports broadcast revenue) was 10.3% (FY16 10.3%) and the after-tax profit was 10.3% (FY16 10.3%).
- Higher amount of equity for the FY17 (10.8% of total equity) compared to FY16 (10.8% of total equity) due to the higher adoption of equity.
- High margin advertising revenue (10.3% of total equity) compared to FY16 (10.3% of total equity) due to the higher adoption of equity.
- High margin advertising revenue (10.3% of total equity) compared to FY16 (10.3% of total equity) due to the higher adoption of equity.

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MOTILAL OSWAL 6 July 2017

The CornerOffice

Interaction with the CEO

Focus on double-digit volume growth

Key highlights:

- Profitable volume (10%) in FY17, due to the strong performance, growth implementation, which is a key focus for the company. The company is a key focus for the company.
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MOTILAL OSWAL 6 July 2017

VOICES

India Inc on Call

Key highlights:

- India Inc on Call: A quarterly product that provides a clear view of the post-survey results, covering the key aspects of the economy, including the growth, inflation, and other key indicators.
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MOTILAL OSWAL 6 July 2017

EcoKnowledge

Diving into Economic Themes

Key highlights:

- EcoKnowledge: A quarterly product that provides a clear view of the post-survey results, covering the key aspects of the economy, including the growth, inflation, and other key indicators.
- EcoKnowledge: A quarterly product that provides a clear view of the post-survey results, covering the key aspects of the economy, including the growth, inflation, and other key indicators.

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MOTILAL OSWAL

BULLS & BEARS

INDIA VALUATIONS HANDBOOK

Highlights of July edition:

- Nifty up 5.2% in July - Highest MoM rise in 36 months.
- PSU Banks, Telecom, Metals, and Cement top performers.
- Consumer only sector to deliver negative returns in July.
- Mid-caps underperform large caps by 1.4% in July.

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MOTILAL OSWAL

FUND FOLIO

Indian Mutual Fund Tracker

Key highlights:

- Fund Folio: A quarterly product that provides a clear view of the post-survey results, covering the key aspects of the economy, including the growth, inflation, and other key indicators.
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