

Market snapshot



Equities - India	Close	Chg. %	YTD.%
Sensex	28,335	-0.4	6.4
Nifty-50	8,768	-0.4	7.1
Nifty-M 100	16,102	-0.4	12.2
Equities-Global	Close	Chg. %	YTD.%
S&P 500	2,293	0.0	2.4
Nasdaq	9,555	0.2	3.3
FTSE 100	7,186	0.2	0.6
DAX	11,549	0.3	0.6
Hang Seng	9,846	0.1	4.8
Nikkei 225	18,911	-0.3	-1.1
Commodities	Close	Chg. %	YTD.%
Brent (US\$/Bbl)	54	-2.6	-2.7
Gold (\$/OZ)	1,234	-0.1	7.1
Cu (US\$/MT)	5,780	-1.0	4.6
Almn (US\$/MT)	1,813	-0.4	6.4
Currency	Close	Chg. %	YTD.%
USD/INR	67.4	0.3	-0.8
USD/EUR	1.1	-0.6	1.6
USD/JPY	112.4	0.6	-3.9
YIELD (%)	Close	1MChg	YTDchg
10 Yrs G-Sec	6.4	0.0	-0.1
10 Yrs AAA Corp	7.2	-0.1	-0.4
Flows (USD b)	7-Feb	MTD	YTD
FII	0.0	0.2	0.2
DII	0.2	0.7	1.4
Volumes (INRb)	7-Feb	MTD*	YTD*
Cash	341	309	240
F&O	2,739	4,483	4,056

Note: YTD is calendar year, \*Avg

Quote of the day

Goodness is the only investment that never fails.



Today's top research ideas

EcoScope: Expect monetary easing to largely end with a cut today

- ✓ The Reserve Bank of India (RBI) is set to announce its monetary policy decision on today. We believe a favorable inflation trajectory and a brave Union Budget that resisted calls for consumption stimulus give sufficient room to the RBI to cut policy rates by 25 basis points to 6%.
- ✓ Nevertheless, with the monetary easing cycle largely concluded (we expect policy interest rates to be 5.75%-6% by the end of March 2018), there is not much steam left for the debt market.



Research covered

Cos/Sector	Key Highlights
EcoScope	Expect monetary easing to largely end with a cut
Indusind/ Bharat Financial	IIB/BHAFIN merger - Win-win for both; Better profitability - strong market share gain
Utilities	Rajasthan Genco visit – Chhabra sale not a done deal
Tata Steel	Indian business strong, but Europe still a drag
Hindalco (Novelis)	Novelis: FY17 FCF guidance raised to USD350m
BHEL	Results beat, but weak execution and order pipeline warrant Sell
Titan Co	Decent revenue performance; Margin beats estimates
Punjab Nat. Bank	Provisions dent profitability; Stable headline asset quality
P&G Hygiene	Sales disappoint, EBITDA and PAT well ahead of expectations
MRPL	EBITDA below est.; forex loss lowers PAT further
Ramco Cem	Strong volume growth and interest cost savings drive profits
Hexaware	Strong revenue growth overshadowed by guidance
J&K Bank	Higher provisions dent profitability; asset quality better than past 2Q
Results Expectation	BHFC   CIPLA   GDPL   HATH   HMCL   IGL   NTPC   SIEM   TMX   UNBK   UBBL



Piping hot news

Infosys founders raise a stink on governance

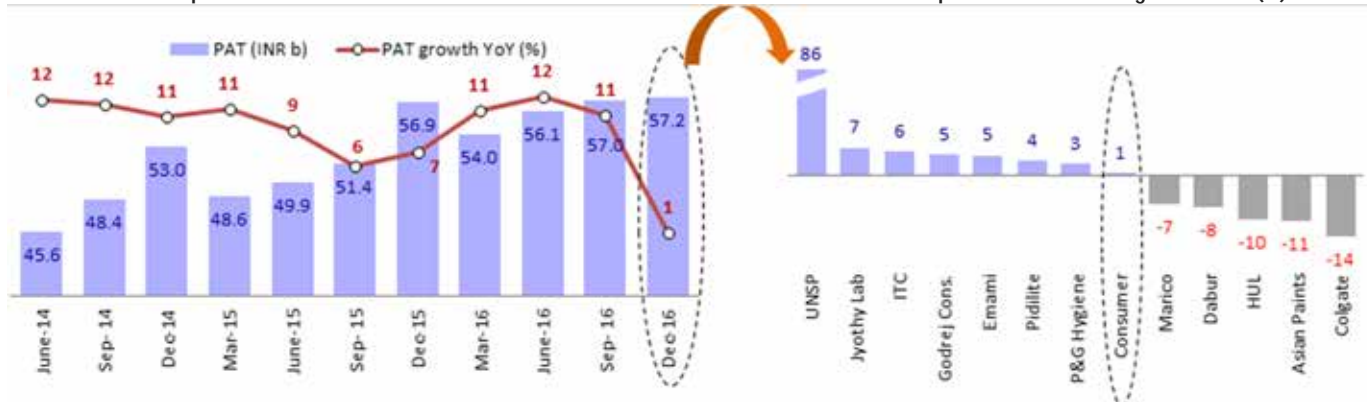
- ✓ Founders of Infosys have flagged concerns over transparency and corporate governance at second-largest software exporter in the country. They have questioned the compensation package of Chief Executive Officer (CEO) Vishal Sikka and the severance package to its former chief compliance officer David Kennedy.



Chart of the Day: Consumer universe 3QFY17 revenue and PAT remained flat YoY for the first time in 12 years

3QFY17 first ever quarter of flat PAT for our Consumer universe-till date

Consumer companies 3QFY17 PAT growth YoY (%)



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

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



Kindly click on numbers for the detailed news link

1

**Govt sells 2% stake in ITC, raises Rs 6.7k cr**

The government on Tuesday sold two per cent stake in ITC to Life Insurance Corporation of India (LIC) and earned Rs 6,690 crore (around \$1 billion) as part of its divestment plan for 2016-17. The stake, held under the so-called Specified Undertaking of the Unit Trust of India (SUUTI)...

2

**Truck sales to decline in 2017-18: India Ratings**

Truck sales are expected to decline in 2017-18 on a slowdown in replacement demand, weak industrial activity, rising diesel prices and overcapacity, according to India Ratings. The decline in medium and heavy commercial vehicle (MHCV) sales in April-December 2016 is 2 per cent, year on year. Sales in January rose 1 per cent in anticipation of the implementation of the BS-IV emission standard, which will increase vehicle costs by 9-10 per cent. India Ratings said replacement demand, a key driver for truck sales in 2015-16 and 2014-15, had been depleted.

3

**GSPL to supply gas to Maruti, Honda plants**

Gujarat State Petronet Ltd (GSPL), a subsidiary of the state-promoted GSPC Group, has commissioned the Mandali-Becharaji pipeline to supply natural gas for manufacturing at automobile majors Maruti Suzuki India Ltd (MSIL) and Honda Motors Scooters India (HMSI) plants in north Gujarat...

4

**Ashok Leyland eyes bigger slice of truck business with new launches**

Hinduja Group company Ashok Leyland Limited is eyeing a bigger pie of the country's truck market with the launch of new products under Guru and Partner range. The launch of the two products has completed ALL (Ashok Leyland Limited) portfolio from two to 49 tonnes.

5

**Car sales in April-Dec up 23%; Maruti Suzuki Ciaz eats into Honda, Hyundai markets in India**

Maruti Suzuki has finally managed to trump its nearest competitors - Honda and Hyundai - in the mid-size sedan segment with Ciaz, after the offering managed to register the highest volumes in the April-December period of the current fiscal. During this period volumes of Ciaz sales increased by 23.46% y-o-y to 47,114 units. The mid-size sedan segment has been dominated by Honda City since its launch in the domestic market more than a decade ago.

6

**Air India may be listed on exchanges with banks holding strategic stake**

The government is considering inducting banks as strategic investors in Air India, followed by a listing of the national airline, said two persons familiar with the plan. Privatization of the airline isn't on the cards, said the two, who requested anonymity...

7

**Data analytics to help income tax dept catch evaders**

The income tax department is poised to embark on a massive data project to track those who laundered their money in the just-concluded demonetisation of high-value currencies. The taxman's big data moment involves matching the permanent account numbers (PAN) of depositors with information...

**Expect monetary easing to largely end with a cut today**

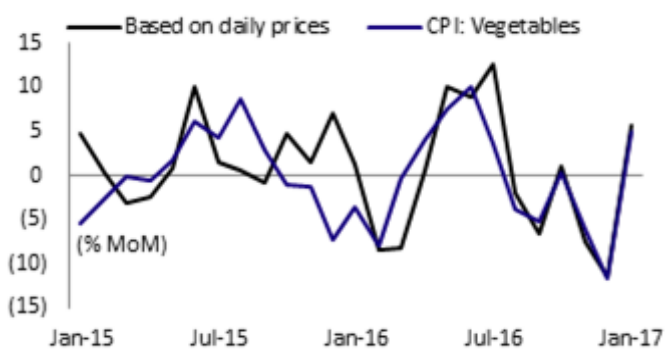
- The Reserve Bank of India (RBI) is set to announce its monetary policy decision on today. We believe a favorable inflation trajectory and a brave Union Budget that resisted calls for consumption stimulus give sufficient room to the RBI to cut policy rates by 25 basis points to 6%.
- Nevertheless, with the monetary easing cycle largely concluded (we expect policy interest rates to be 5.75%-6% by the end of March 2018), there is not much steam left for the debt market.

**Expect CPI to remain sub-4% for the third consecutive month**

Our analysis of daily food prices (provided by the Department of Consumer Affairs, DCA) and monthly fuel prices reveals that while food inflation bottomed out in December 2016 (*Exhibit 1*), inflation in fuel items (petrol, diesel included in ‘Transport & Communication’ under ‘Miscellaneous Items’) will continue to move higher (*Exhibit 2*). Prices of vegetables, the most volatile food item, grew ~6% MoM in January 2017 after declining for two consecutive months. Inflation in cereals and sugar also climbed up last month. However, prices of other items such as pulses and meat & fish declined last month. Overall, we expect food inflation to pick up from a 25-month low of 1.3% in December 2016 to 2.3% in January 2017.

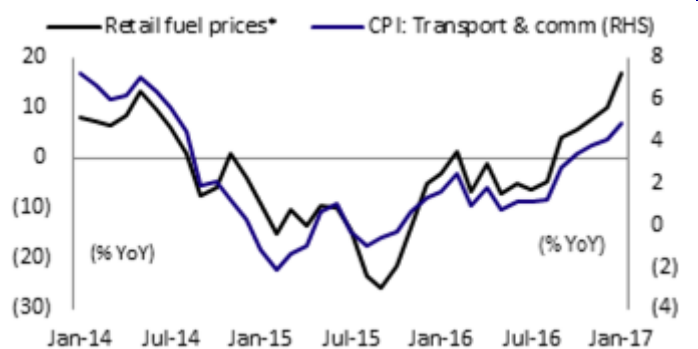
Further, consumer-oriented petroleum fuel items also witnessed higher inflation, as petrol crossed INR72/liter and diesel crossed INR60/liter (average of four metro cities), last month. We expect inflation in ‘transport & communication’ to harden for the sixth consecutive month to 4.8%, pushing inflation in ‘miscellaneous’ items to move up from 4.7% to 4.9% in January 2017.

**Exhibit 1: Vegetable prices picked up in January 2017...**



Source: DCA, CEIC, MOSL

**Exhibit 2: ...and fuel prices increased sharply**



Source: CEIC, Compiled by MOSL

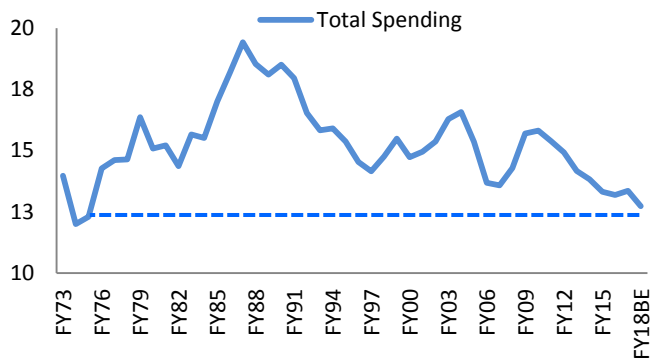
\*January 2017 data for CPI is our forecast

Consequently, our model suggests that headline CPI inflation could move up from 3.4% in December 2016 to 3.8% last month – marking the third consecutive sub-4% reading. Core inflation (excluding food & beverages and fuel & light), however, could inch up from 4.9% to 5%. Overall, with inflation remaining comfortably below 5%, RBI could decide to cut policy rates today.

**Brave Union Budget also allows another cut**

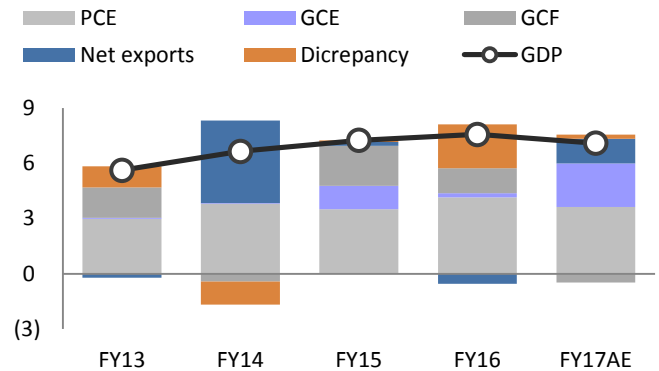
In sharp contrast to widespread expectations of the union government announcing a populist budget boosting consumption, **total spending is budgeted at the lowest level in 43 years – 12.7% of GDP for FY18** (Exhibit 3). This not only keeps inflation bias at bay but also raises concerns over real GDP growth since government consumption is one of the largest contributors to real GDP growth in FY17 (Exhibit 4). These facts, we believe, should allow the RBI to cut policy rates this week.

**Exhibit 3: Total spending budgeted at 43-year low (% of GDP)...**



Source: DCA, CEIC, MOSL

**Exhibit 4: ...raising growth concerns (pp)**



Source: CEIC, Compiled by MOSL

With monetary easing cycle almost done (we expect policy rate to end March 2018 at 5.75%-6%), we don't see more room for bond yields to fall from the current levels.

The question that remains unanswered, however, is: **“What would be the RBI’s inflation target for March 2018?”** Our model suggests that CPI inflation has started moving up and might end FY18 closer to 6% (average 5.2% v/s 4.7% in FY17). This is what makes us believe that rate cuts are largely behind us. More importantly, it is highly unclear if the economy could achieve the 4% inflation target, with the government’s focus on doubling farm income by 2022. The former requires sub-4% food inflation, while the latter needs higher food inflation (based on historical relationship). We believe that the achievement of both these targets is unrealistic and hope that the latter is compromised rather than the former. The 4% inflation target is at risk.



# IndusInd Bank

**BSE SENSEX** 28,335  
**S&P CNX** 8,768

**CMP: INR1,326 TP: INR1,535(+16%)**

**Buy**



**Stock Info**

Bloomberg	IIB IN
Equity Shares (m)	595.8
52-Week Range (INR)	1336 / 799
1, 6, 12 Rel. Per (%)	10/12/30
M.Cap. (INR b)	631
M.Cap. (USD b)	9.4
Avg. Val, INR m	1528
Free float (%)	85.0

**Financials Snapshot (INR b)**

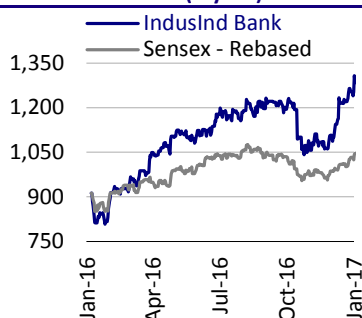
Y/E Mar	2016	2017E	2018E
NII	45.2	60.2	71.8
OP	41.4	52.4	62.8
NP	22.9	28.8	34.9
NIM (%)	4.0	4.3	4.3
EPS (INR)	38.4	48.4	58.7
EPS Gr. (%)	13.4	25.9	21.3
BV/Sh. (INR)	291	333	383
RoE (%)	16.6	15.5	16.4
RoA (%)	1.8	1.9	1.9
P/E (X)	34.5	27.4	22.6
P/BV (X)	4.6	4.0	3.5

**Shareholding pattern (%)**

As On	Dec-16	Sep-16	Dec-15
Promoter	15.0	14.9	14.9
DII	12.5	11.6	11.2
FII	54.0	54.7	53.9
Others	18.6	18.9	20.0

FII Includes depository receipts

**Stock Performance (1-year)**



**IIB/BHAFIN merger - Win-win for both**

**Better profitability - strong market share gain**

The Economic Times, in its [article](#) published last week, reported that IndusInd Bank (IIB) and Bharat Financial Inclusion (BHAFIN) are in talks to explore a merger opportunity. In this note, we present a short summary of our “what-if” analysis on the possible merger. (Clarification: [IIB](#) and [BHAFIN](#)).

**IIB (Results Update 3QFY17) – synergy benefits plenty**

We believe IIB could derive significant synergy benefits from the possible merger with BHAFIN, including a diversified and granular retail loan book, RoA acceleration (our estimate of 20bp accretion), a strong PSL book (fee income generation opportunities via PSLC), cross-sell opportunities, strong knowledge of local economy and scale benefits. We also note that PPOp to average assets stands at ~7% for BHAFIN, higher than ~3.5% for IIB. Furthermore, capitalization of BHAFIN is very high with a tier I ratio of ~36% (leverage of just 3x).

**BHAFIN (Results Update 3QFY17) – RoEs higher under banking setup; Removes political risk**

In our view, under a banking setup, BHAFIN can generate higher RoEs with a) elimination of the need to carry excess liquidity (negative carry), which is required in day-to-day operations and first loss margins for off balance sheet, b) lower cost of funds (difference of ~400bp between IIB and BHAFIN), c) no cap on lending rates, d) higher leverage (10x v/s 5x now) and e) removal of political/regulatory overhang due to the diversified balance sheet. We believe these benefits should more than compensate for the negative carry of CRR and SLR on the expanded balance sheet.

**Granularity of loan book to increase**

IIB targets to diversify its retail:corporate loan mix to 50:50 (from 42:58 now). Within retail, it aims to raise the share of non-vehicle loans to 50% (from 30% as of now). Additionally, it intends to increase the size of its MFI book from INR30b currently to ~INR100b. The merger, if successful, will add ~7.5% to IIB’s existing loans and ~6.5% to the combined balance sheet. Post-merger, the share of retail is likely to increase to 46-47%. Also, the possible buyout of BHAFIN will bring along a strong sales force network and supporting technology infrastructure.

**Significant synergy benefits, but valuations are key**

Assuming that IIB acquires BHAFIN at a 5% premium to CMP (i.e. INR870), the swap ratio would be 1:1.51 (1 shares of IIB for 1.51 shares of BHAFIN). This would result in 13.2% dilution to equity shareholders of IIB (merged entity). However, given the strong multiple that IIB trades at, we believe the acquisition will not impact BVPS significantly (estimated at INR445 – similar to pre-merger levels – in FY19). Additionally, with the acquisition, RoA is likely to cross 2%, and IIB is likely to enjoy the highest RoA among peers. Note that we have not built in cost synergies from the merger – (1) NIM could be better than expected and (2) operating leverage benefits, which could improve RoA further. Maintain **Buy** on both IIB and BHAFIN.





Refer to our report  
on Utilities, July 2016



## Rajasthan Genco visit: Chhabra sale not a done deal

### Rising back-downs, change in GCV measurement driving under-recoveries

We met Rajasthan Genco officials to obtain greater clarity on issues relating to divestment of assets, operating performance, and GCV measurement. Highlights:

- While Rajasthan Genco and NTPC have signed an MoU for the sale of Chhabra Power Plant, bidding for the plant is not annulled yet (three parties were interested). If financial bids are called and the price offered is higher than NTPC's, sale to NTPC is unlikely to be on existing terms.
- The Genco is also looking to divest its Giral and Kalisindh power plants as well. NTPC is unlikely to be interested, as Giral is lignite-based and Kalisindh is based on Chinese technology.
- The Genco's plants are asked to back down frequently due to high cost and rising over-capacity. The back-down of plants has increased from 11% in FY14 to ~24% in FY16. With rising share of renewable energy, the back-downs may increase further.
- Frequent back-downs and shift in measurement of coal GCV from 'as fired' to 'as received' is leading to under-recoveries. The Chhabra Plant, for instance, had a variable cost under-recovery of INR0.9b, which wiped off the entire INR0.8b RoE.
- The Genco has reduced the gap between GCV 'as received' and 'as fired' from ~360kcal/kg in FY15 to ~150kcal/kg in FY16 through various improvements in storage.

### Chhabra's sale to NTPC not a done deal

The sale of the 1,000MW operating power plant at Chhabra is likely to happen at the regulator-approved capital cost – INR40b (Exhibit 1). As we understand, there will be an adjustment to the approved capital cost to account for the inefficiency of the plant, as the plant operates at higher than approved station heat rate.

The 1,320MW expansion, which is under construction, is likely to be sold at CERC-approved capital cost. While the recent CEA reports put the capital cost for the 1,320MW plant at INR80b, we understand the final cost will be over ~INR90b.

We were surprised to learn that the bidding process for the sale of Chhabra Power Plant is not annulled yet. There is no clarity whether the bids would still be sought. There were three parties in the bidding process, as per reports. If the bid price turns out to be higher than the price offered by NTPC, it would become difficult for NTPC to execute the transaction on existing terms.

### Giral and Kalisindh also be divested; NTPC unlikely to be interested

Besides its Chhabra plant, Rajasthan Genco is also looking to sell its Giral and Kalisindh plants. The expression of interest for Giral Power Plant was put out recently. Giral is a lignite-based power plant, with a capacity of 250MW. The coal-based Kalisindh Power Plant was commissioned in phases by FY15. It has a capacity of 1,200MW. NTPC has not yet shown interest in these plants, probably because Giral is a lignite-based plant (in which NTPC does not have expertise) and Kalisindh is based on Chinese technology.

### Frequent back-downs impacting operating performance

Most of Rajasthan Genco's power plants are running at worse than the benchmark norms. They have higher auxiliary consumption and fuel oil consumption, and SHR is more than the approved norms. Our interactions suggest that this is happening primarily due to frequent back-downs by the state load dispatch center to ensure grid stability. The Genco lost ~24% of its generation due to back-down requests of the dispatch center in FY16 (**Error! Reference source not found.**). Frequent back-down/box-up leads to:

- (a) **Increase in auxiliary consumption** – supporting equipment continue to run at largely full capacity even at lower PLFs, thus increasing the percentage auxiliary consumption (**Error! Reference source not found.**),
- (b) **Increase in fuel oil consumption** – as every box-up consumes 60-70kL of oil (**Error! Reference source not found.**), and
- (c) **Increase in SHR** – on reduction in load from 100% to 75-80%, the SHR increases by 33-77kCal/kWh (**Error! Reference source not found.**).

Rajasthan's Chhabra plant had a variable cost under-recovery of INR0.9b, which wiped off the entire INR0.8b return on regulated equity (**Error! Reference source not found.**). The issue of back-down/box-up could become more acute with the rise in renewable energy generation. High variable cost power plants will suffer the most if not compensated adequately (under ancillary services).

### Shift from GCV 'as fired' to 'as received' also driving under-recovery

Rajasthan Genco has moved from GCV of coal 'as fired' to 'as received', with the change in CERC norms for the tariff period 2014-19. The gap between GCV 'as received' and 'as fired' was ~360kCal for Rajasthan in FY15. It reduced to ~150kCal in FY16 and (as we understand) has reduced even further in FY17 (**Error! Reference source not found.**).

There is typically a loss in GCV between when the coal is unloaded from wagons (as received) and when it is fed into bunker (as fired). This is generally due to the following reasons:

- (a) **Stacking of coal and weather** – Natural GCV loss during storage. The loss increases during monsoons due to increase in surface moisture, which increases the heat required to burn the coal in the plant. During summer, the excess heat causes ignition in stocked coal, leading to GCV loss. To protect against ignition, water is sprayed, which leads to higher moisture. Higher grade coal is more prone to ignition. We also understand that stacking losses are lower in pithead-based plants, as they typically have lower inventory.
- (b) **Sampling error** – GCV at the receiving end is based on sampling, which is a small representative set. Often during sampling, impurities like mud are ignored or missed. Thus, the GCV at the time of firing could be very different.

Based on the published results, Rajasthan Genco reported EBITDA loss of INR3.2b in FY15 as against a profit of INR11.1b in FY14. We understand the change in GCV norms was one of the primary drivers of deterioration in financial performance. The losses have reduced in FY16 and further in YTD FY17, as we understand, due to reduction in gap between GCV 'as received' and 'as fired'.



# Tata Steel

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
28,335	8,768
<b>Bloomberg</b>	<b>TATA IN</b>
Equity Shares (m)	971
M.Cap.(INRb)/(USDb)	459.6 / 6.8
52-Week Range (INR)	481 / 211
1, 6, 12 Rel. Per (%)	7/26/87
Avg Val, INRm	2719
Free float (%)	68.7

**CMP: INR473 TP: INR401(-15%) Sell**

## Indian business strong, but Europe still a drag

### Raising TP to INR401/share; Maintain Sell

Tata Steel's (TATA) 3QFY17 consolidated EBITDA increased 19% QoQ to INR35.4b, but missed our estimate due to disappointing performance at TSE (Europe). TSI (India) reported strong 76% QoQ growth in EBITDA (INR34b v/s est. INR28.4b) on delayed impact of coking coal cost and decline in power/fuel cost. Adj. PAT of INR2b was an improvement over loss of INR1.1b in 2QFY17.

- TSI's production is ramping up ahead of expectation on fast ramp-up at KPO. We are raising sales to 10.9mt (v/s 10.4mt earlier) for FY17E.
- TSI has been able to partially avoid a spike in coking coal cost by increasing sourcing of domestic coal and continuous improvement in coke rate. We are adjusting our model for RM costs and raising EBITDA/t by 19% to INR10,115/t for FY17E and by 8% to INR9,916/t for FY18E.
- TSE's operating performance was impacted by seasonally weak demand, shutdown at the Netherland plant and pressure on spreads. It reported EBITDA/t of USD38 (est. of USD53). Spreads have improved in 4QFY17 on price hikes. Therefore, we expect margin to improve in 4QFY17. However, EBITDA for TSE and other subsidiaries is reduced by 21% to INR32.5b in FY17E and by 3% to INR46b in FY18E.
- We are raising consolidated EBITDA by 10% to INR143b in FY17E and by 5% to INR169b in FY18E on upgrades in TSI. Net debt has increased to INR790b (incl. Hybrid) on INR50b increase in working capital during 9MFY17 driven by KPO and a rise in prices of steel and RMs. We are raising target price by 23% to INR401 based on SOTP, and maintain **Sell**.

### Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
Net Sales	1,171.5	1,136.5	1,283.6
EBITDA	75.9	142.9	169.1
PAT	7.5	16.9	42.5
EPS (INR)	7.7	17.4	43.8
Gr. (%)	168.6	126.2	152.0
BV/Sh (INR)	151.9	122.6	156.8
RoE (%)	4.6	12.6	31.3
RoCE (%)	5.4	7.6	9.1
P/E (x)	61.6	27.2	10.8
P/BV (x)	3.1	3.9	3.0

Estimate change

TP change

Rating change

### Quarterly Performance (Consolidated)

Y/E March	FY16				FY17				FY16	FY17E	INR million	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	vs Est (%)
Sales (k tons)	6,330	6,290	6,370	6,940	5,410	5,650	6,110	6,479	25,930	23,649	6,122	0
Change (YoY %)	-2.0	-3.2	1.1	-1.7	-14.5	-10.2	-4.1	-6.6	-1.5	-8.8	-3.9	5
<b>Net Sales</b>	<b>303,003</b>	<b>293,047</b>	<b>280,390</b>	<b>295,076</b>	<b>252,298</b>	<b>263,710</b>	<b>279,565</b>	<b>340,941</b>	<b>1,171,516</b>	<b>1,136,513</b>	<b>301,458</b>	<b>-7</b>
Change (YoY %)	-16.8	-18.1	-16.6	-12.4	-16.7	-10.0	-0.3	15.5	-16.0	-3.0	7.5	-104
<b>EBITDA</b>	<b>27,742</b>	<b>18,305</b>	<b>7,757</b>	<b>22,052</b>	<b>32,420</b>	<b>29,700</b>	<b>35,393</b>	<b>45,425</b>	<b>75,857</b>	<b>142,937</b>	<b>38,850</b>	<b>-9</b>
Change (YoY %)	-35.1	-52.9	-74.8	42.9	16.9	62.3	356.3	106	-27.9	53.1	400.9	-11
(% of Net Sales)	9.2	6.2	2.8	7.5	12.8	11.3	12.7	13.3	6.5	12.6	12.9	-2
<b>EBITDA (USD/tss)</b>	<b>69</b>	<b>45</b>	<b>18</b>	<b>47</b>	<b>89</b>	<b>78</b>	<b>85</b>	<b>103</b>	<b>45</b>	<b>90</b>	<b>93</b>	<b>-9</b>
Interest	10,980	10,487	9,641	10,178	10,707	13,511	13,874	13,364	41,286	51,456	13,441	3
Depreciation	13,465	13,708	11,327	12,319	12,417	14,677	13,797	14,497	50,818	55,388	14,422	-4
Other Income	7,622	29,382	962	1,291	1,367	1,084	1,301	1,298	39,257	5,051	983	32
<b>PBT (before EO Inc.)</b>	<b>10,919</b>	<b>23,491</b>	<b>-12,249</b>	<b>847</b>	<b>10,662</b>	<b>2,597</b>	<b>9,022</b>	<b>18,862</b>	<b>23,008</b>	<b>41,143</b>	<b>11,971</b>	<b>-25</b>
EO Income(exp)	1,584	-5,637	-7,118	-28,578	-35,231	634	284		-39,749	-34,313		
<b>PBT (after EO Inc.)</b>	<b>12,503</b>	<b>17,854</b>	<b>-19,367</b>	<b>-27,731</b>	<b>-24,568</b>	<b>3,230</b>	<b>9,306</b>	<b>18,862</b>	<b>-16,740</b>	<b>6,830</b>	<b>11,971</b>	<b>-22</b>
Total Tax	5,154	2,402	2,434	5,060	7,405	3,634	6,984	4,510	15,050	22,532	2,877	143
% Tax	47.2	10.2	-19.9	597.4	69.4	139.9	77.4	23.9	65.4	54.8	24.0	222
<b>Reported PAT</b>	<b>7,349</b>	<b>15,452</b>	<b>-21,801</b>	<b>-32,791</b>	<b>-31,973</b>	<b>-403</b>	<b>2,321</b>	<b>14,353</b>	<b>-31,790</b>	<b>-15,702</b>	<b>9,094</b>	<b>-74</b>
Minority Interests	-68	8	-310	-720				-8	-1,089	-8	-6	-100
Share of asso. PAT	212	-157	219	-67	142	-91	-3	-3	207	46	-92	-97
<b>Adj. PAT (after MI &amp; asso)</b>	<b>6,045</b>	<b>20,925</b>	<b>-14,155</b>	<b>-3,560</b>	<b>3,400</b>	<b>-1,127</b>	<b>2,035</b>	<b>14,358</b>	<b>9,256</b>	<b>18,666</b>	<b>9,009</b>	<b>-77</b>





# Hindalco

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
28,335	8,768
Bloomberg	HNDL IN
Equity Shares (m)	2,066
M.Cap.(INRb)/(USD\$b)	355.8 / 5.4
52-Week Range (INR)	200 / 59
1, 6, 12 Rel. Per (%)	0/0/0
Avg Val, INRm	1,597.1
Free float (%)	62.3

**CMP: INR186 TP: INR230(+24%) Buy**

## Novelis: FY17 FCF guidance raised to USD350m

### Margin outlook stable despite headwinds in Cans; Maintain Buy

Novelis' 3QFY17 adj. EBITDA (adj. for metal price lag) increased 7% YoY to USD255m (below est. of USD273m) led by operating efficiency and favorable currency benefit, partly offset by lower volumes. FCF generation (post interest and capex) rose from USD44m in 2QFY17 to USD131m on better operating performance. Capex remains low at USD48m, mainly toward sustenance.

- Shipments declined 3.7% YoY to 750kt due to competition from China and softer pick-up in Brazil. Auto shipments increased 13% YoY, representing ~17% share of shipments. All its auto lines are now fully contracted and will gradually reach full utilization by FY19E (~25% of volumes).
  - EBITDA/t (before metal price lag) was up 11% YoY (-3% QoQ) to USD340.
  - Despite headwind in the Beverage Cans segment because of consolidation of customers, the quarterly EBITDA run-rate is expected to be maintained, helped by tailwind of auto product mix and operating efficiencies.
  - USD1.8b debt was refinanced, resulting in annual saving of ~USD24m. Including the USD2.5b debt refinancing done earlier, annual interest cost saving is USD80m, along with elongated repayment schedule.
  - FCF guidance for FY17 was raised to USD350m (from earlier USD300-350m) on better operating performance and working capital management.
- ### Novelis' FCF generation to improve; India business on strong footing
- Novelis is likely to achieve its targeted net debt/EBITDA guidance of 4x by end-FY17, one year ahead of target. Capex will remain at USD250m in FY18 and the focus will be on deleveraging. FCF generation in FY18 is expected to improve on operating performance and interest cost savings (~USD400m guidance).
  - Indian business will benefit from strong LME (pushed up by a rally in coal and alumina prices) and visibility of cost due to (1) domestic supply of coal and (2) captive bauxite/alumina. Maintain **Buy** with a TP of INR230/share.

### Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
Net Sales	1,000.5	1,002.1	1,080.0
EBITDA	106.1	130.8	140.1
PAT	24.7	36.5	45.1
EPS (INR)	12.0	17.7	21.8
Gr. (%)	-11.5	47.7	23.5
BV/Sh (INR)	101.8	111.8	132.0
RoE (%)	11.6	16.5	17.9
RoCE (%)	5.9	8.1	8.8
P/E (x)	14.4	9.7	7.9
P/BV (x)	1.7	1.5	1.3

Estimate change

TP change

Rating change

### Quarterly Performance – USD m

Y/E March	FY16				FY17				FY15	FY16	FY17E	vs Est	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE					3QE (%)
Sales (000 tons)	768	788	779	788	755	773	750	780	3,050	3,123	3,058	779	-4
Change (YoY %)	-0.3	3.0	2.9	4.0	-1.7	-1.9	-3.7	-1.0	5.2	2.4	-2.1		
Net Sales	2,634	2,482	2,354	2,402	2,296	2,361	2,313	2,430	11,147	9,872	9,400	2,411	-4
Change (YoY %)	-1.7	-12.3	-17.3	-13.9	-12.8	-4.9	-1.7	1.2	13.7	-11.4	-4.8	2.4	
EBITDA (adjusted)	213	236	238	277	268	270	255	273	896	964	1,066	273	-6
Change (YoY %)	-8.6	6.8	4.4	29.4	25.8	14.4	7.1	-1.4	-0.3	7.6	10.6	14.6	-50.9
As % of Net Sales	8.1	9.5	10.1	11.5	11.7	11.4	11.0	11.2	8.0	9.8	11.3	11.3	
EBITDA per ton (USD)	277	299	306	352	355	349	340	350	294	309	349	350	-3
Interest	80	80	77	79	80	79	65	65	322	316	289	65	
Depreciation	87	89	88	89	89	90	88	89	352	353	356	89	-1
PBT (before EO item)	46	67	73	109	99	101	102	119	222	295	421	119	-14
Extra-ordinary Income	(91)	(83)	(51)	(62)	(39)	(163)	9	-	(60)	(287)	(193)	-	
PBT (after EO item)	-45	-16	22	47	60	-62	111	119	162	8	228	119	-6
Total Tax	15	-3	16	18	36	27	47	36	14	46	146	36	32
% Tax	-33.3	18.8	72.7	38.3	60.0	-43.5	42.3	30.0	8.6	575.0	63.9	30.0	
PAT before minority	-60	-13	6	29	24	-89	64	83	148	-38	82	83	-23



<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
28,335	8,768
Bloomberg	BHEL IN
Equity Shares (m)	2,447.6
M.Cap.(INRb)/(USDb)	372.0/5.8
52-Week Range (INR)	163 / 90
1, 6, 12 Rel. Per (%)	14/9/-1
Avg Val, INRm	1082
Free float (%)	36.9

**Financials & Valuations(INR b)**

Y/E Mar	2016	2017E	2018E
Net Sales	256.3	315.6	315.5
EBITDA	-19.6	18.9	18.8
PAT	-9.1	13.6	14.0
EPS (INR)	-3.7	5.5	5.7
Gr. (%)	-163.6	-249.2	3.3
BV/Sh (INR)	135.0	139.3	143.7
RoE (%)	-2.7	4.0	4.0
RoCE (%)	-4.1	2.5	2.4
P/E (x)	-40.7	27.3	26.4
P/BV (x)	1.1	1.1	1.1

Estimate change

TP change

Rating change

**CMP: INR152**

**TP: INR115 (-24%)**

**Sell**

**Results beat, but weak execution and order pipeline warrant Sell**

- **3QFY17 performance above estimates:** Sales increased 18.7% YoY to INR63.2b, exceeding our estimate INR60.5b. Power segment sales grew by 18% YoY to INR50.9b and Industry segment sales by 20% YoY to INR13.7b. Improved pace of execution was driven by management's focus on expediting project completion. EBITDA stood at INR2.2b, with margin at 3.5% (est. of -12.4%). Other expenses fell 65% YoY to INR7.2b on reversal of provisions for contractual obligations (net provisions at INR-0.26b) and lower SG&A costs (-6% YoY). PAT stood at INR935m (est. of INR6.8b loss).
- **Gross margin expanded 220bp YoY (+320bp QoQ) to 37.4%**, led by a) expansion of vendor base, b) economic and bulk buying and c) use of in-house material leading to cost savings. According to management, margins would remain around the same levels for next few quarters.
- **L1 in 10.6GW of orders; slow-moving orders stand still at INR430b.** BHEL is L1 in 10.6GW of orders, as against 12GW in 2QFY17. This reduction can be ascribed to cancellation of the large order for NTPC Barethi (2640MW). Order book stands at INR984b, of which ~44% are slow moving. Of the slow-moving orders, BHEL expects projects worth INR220b to start moving over next 2-3 months once environmental clearance is obtained.
- **Maintain Sell:** We raise estimates for FY17/FY18 by 40%/4% to factor in higher-than-estimated provision reversals and lower SG&A costs. We maintain our **Sell** rating, given a) likelihood of execution remaining constrained (~44% of order book is slow moving), b) weak order pipeline for FY17/FY18 and c) continued pressure on margins due to execution of JDU projects and intense competition. We revise up our TP to INR115 (P/E of 20x FY19E, earlier INR110).

**Quarterly Performance**

(INR Million)

Y/E March	FY16				FY17				FY16	FY17E	Est 3QE	Var. VsEst
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Sales (Net)</b>	43,617	59,380	53,272	100,048	56,225	66,645	63,254	129,461	256,300	315,585	60,500	4.6%
Change (%)	-15.0	-3.4	-14.0	-21.1	28.9	12.2	18.7	29.4	-15.1	23.1	13.6	
<b>EBITDA</b>	-2,093	-4,379	-16,120	3,638	710	1,551	2,239	14,391	-19,597	18,891	-7,500	-129.8%
Change (%)	-196.1	-250.2	-648.7	-78.4	-133.9	-135.4	-113.9	295.6	-193.4	-196.4	-54	
As a % Sales	-4.9	-7.4	-30.3	3.6	1.3	2.3	3.5	11.1	-7.6	6.0	-12.4	
Interest	33	44	52	140	57	50	263	198	268	568	55	
Depreciation	2,425	2,249	2,255	2,428	2,182	2,080	2,088	3,605	9,356	9,955	2,500	
Other Income	4,924	3,739	1,708	4,139	2,493	1,961	1,358	4,652	14,501	2,899	1,800	
<b>PBT</b>	373	-2,933	-16,719	5,209	965	1,382	1,245	15,239	-14,721	18,832	-8,255	-115.1%
Tax	34	-1,125	-5,869	1,555	188	292	310	4,484	-5,633	5,273	-1,500	
Effective Tax Rate (%)	9.1	38.4	35.1	29.8	19.4	21.1	24.9	29.4	38.3	28.0	18	
<b>Reported PAT</b>	339	-1,808	-10,850	3,596	778	1,090	935	10,756	-9,088	13,559	-6,755	-113.8%
Change (%)	-82.5	-244.8	-610.3	-59.5	129.5	-160.3	-108.6	199.1	-164.0	-249.2	-39	
<b>Adj. PAT</b>	339	-1,808	-10,850	3,655	778	1,090	935	10,756	-9,088	13,559	-6,755	-113.8%
Change (%)	-82.5	-244.8	-610.3	-61.7	129.5	-160.3	-108.6	194.3	-163.6	-249.2	-39	

E: MOSL Estimates



# Titan Company

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
28,335	8,768
Bloomberg	TTAN IN
Equity Shares (m)	887.8
M.Cap.(INRb)/(USDb)	349.3 / 5.2
52-Week Range (INR)	445 / 296
1, 6, 12 Rel. Per (%)	5/-5/-9
Avg Val, INRm/ Vol m	596
Free float (%)	47.0

## Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
Net Sales	111.8	120.7	140.0
EBITDA	8.6	11.3	12.0
PAT	7.1	8.2	8.6
EPS (INR)	8.0	9.2	9.7
Gr. (%)	-13.4	15.0	4.6
BV/Sh (INR)	40.4	46.8	53.1
RoE (%)	21.3	21.2	19.3
RoCE (%)	21.8	21.3	19.3
P/E (x)	49.0	42.6	40.7
P/BV (x)	9.7	8.4	7.4

Estimate change



TP change



Rating change



**CMP: INR393**

**TP: INR420(7%)**

**Neutral**

## Decent revenue performance; Margin beats estimates

- **3QFY17 revenue rose 13.9% YoY to INR38.7b** (est. of INR38.1b). EBITDA grew 25.5% YoY to INR3.5b (est. of INR3.1b) due to better-than-expected EBITDA margin, while recurring PAT rose 13.4% YoY to INR2.6b (est. of INR2.3b).
- **Gross margin contracted 100bp YoY to 23.4%**, while EBITDA margin expanded 80bp YoY (est. of flat YoY) to 9.1%. Other expenses to sales dropped by 120bp YoY to 6.3%, A&P to sales by 40bp YoY to 3.1% and staff costs to sales by 20bp YoY to 4.9%, offsetting the gross margin contraction.
- **Jewelry sales rose 15% YoY to INR32.5b**, while segment margin was flat YoY at 10.3%. Jewelry volumes were up 4% YoY on a high base of +28%. Studded ratio was 21% v/s 25% in 3QFY16, as studded jewelry promotions started in December last year, as against January this year. Gross margin for the segment shrunk in the quarter due to a low studded ratio and higher percentage of coins sold in 3QFY17. **Watches sales grew 5.1% YoY to INR5.1b**, with volume up 4% YoY. Domestic volumes grew 6% led by a good festive season. Watches EBIT margin expanded 370bp to 10.4% due to a better product mix for Titan and Fastrack. Eyewear/Precision Engineering sales grew 12%/ 47% YoY.
- **Concall highlights:** 1) If demonetization had not happened, 3QFY17 Jewelry performance would have been much better. 2) North and west did well in the quarter. South and east did not perform as expected. 3) January sales have been healthy. 4) Gained market share from unorganized jewelry players in 3QFY17. 5) FY17 and FY18 tax rate will be ~27-28%.
- **Valuation and view:** We make minor adjustments to FY18E/FY19E EPS as higher tax rate guidance offsets increase in EBITDA forecasts. Even as we expect earnings CAGR of 13.7% over FY16-19E (4% over FY12-16) on a lower base and healthy contribution of GHS, we see risks from the uncertain demand environment. Valuations at 40.7x FY18E appear rich. **Neutral** with a revised TP of INR420 (39x Dec-2018 EPS, 5% discount to three-year average multiples).

## Quarterly Performance

Y/E March	FY16				FY17				FY16	FY17E	FY17	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Sales	26,868	26,547	33,984	24,372	27,825	26,364	38,713	27,809	111,770	120,712	38,062	1.7
YoY Change (%)	-7.1	-25.5	17.3	-1.5	3.6	-0.7	13.9	14.1	-5.5	8.0	12.0	
Total Exp	24,872	24,717	31,037	22,414	25,067	23,760	35,186	25,352	103,179	109,365	34,918	
EBITDA	1,996	1,830	2,811	1,958	2,759	2,604	3,528	2,456	8,591	11,347	3,144	12.2
EBITDA Growth %	-27.3	-39.9	11.7	-21.2	38.2	42.3	25.5	25.5	-20.4	32.1	12.0	
Margins (%)	7.4	6.9	8.3	8.0	9.9	9.9	9.1	8.8	7.7	9.4	8.3	
Depreciation	227	240	248	254	261	260	269	279	971	1,068	283	
Interest	118	87	114	104	88	117	84	113	423	402	131	
Other Income	395	326	440	452	297	277	335	448	1,612	1,356	440	
PBT	2,045	1,829	2,889	2,052	2,706	2,504	3,509	2,514	8,809	11,233	3,171	10.7
Tax	530	365	627	156	471	667	946	950	1,678	3,033	894	
Rate (%)	25.9	20.0	21.7	7.6	17.4	26.6	27.0	37.8	19.0	27.0	28.2	
Adjusted PAT	1,516	1,464	2,261	1,896	2,236	1,837	2,563	1,564	7,131	8,200	2,276	12.6
YoY Change (%)	-14.5	-39.0	18.6	-11.9	47.5	25.5	13.4	-17.5	-13.4	15.0	0.9	

E: MOSL Estimates

BSE SENSEX 28,335  
S&P CNX 8,768

**CMP: INR152 TP: INR172 (+13%)**

**Buy**

We will revisit our estimates post analyst meet/management interaction.

**Financials & Valuations (INR b)**

Y/E March	2016	2017E	2018E
NII	153.1	152.1	168.6
OP	122.2	133.7	145.3
NP	-39.7	18.1	28.0
NIM (%)	2.6	2.4	2.5
EPS (INR)	-20.2	8.5	13.2
EPS Gr. (%)	NM	NM	55.1
BV/Sh. (INR)	180	183	195
RoE (%)	-10.9	4.8	7.0
RoA (%)	-0.6	0.3	0.4
P/E(X)	-7.5	17.9	11.6
P/BV (X)	0.8	0.8	0.8

**Provisions dent profitability; Stable headline asset quality**

- PNB reported PAT of INR2.1b (53% miss). While PPop performance (+8% YoY) was largely in line with estimate, ageing of NPLs and thus elevated credit costs (3.5%) led to the earnings miss. Net interest income declined 9% YoY (-4% QoQ; in-line) owing to muted loan growth (-2% QoQ) and NIM contraction of 18bp QoQ (-42bp YoY) to 2.3%.
- Headline asset quality was largely stable, with GNPL and NNPL flat QoQ at 13.7% and 9.1%, respectively. Slippages declined 9% QoQ, but remained elevated (5.8% annualized slippage ratio v/s 6.5% in 2Q). Net slippages increased 20% QoQ owing to lower recoveries and up-gradations in this quarter; management guided for recoveries of ~INR50b in the next quarter, as against ~INR147b in 9MFY17. OSRL fell 5% QoQ to INR172.2b (4.5% of loans). We await further details on SDR, 5:25 and S4A during the quarter.
- Other highlights:** (1) While overall loan growth was muted, retail portfolio grew 12% YoY, led by healthy growth in housing (+18%) and vehicle (+13%). (2) Deposits grew 12% YoY, led by strong growth in SA deposits (+37% YoY). Overall CASA ratio thus expanded 530bp to 43%. On average daily basis, CASA ratio stood at 40.8%. (3) CET1 ratio remained subdued at 8.3%.

**Valuation and view:** Significant stress is being recognized over last several quarters (GNPA% at 13.7% v/s 6.6% as of FY15), with OSRL at 4.5% v/s 8% a year ago. Concentration of Infra (incl. power) and Iron and Steel is very high (70% of OSRL). Any upgrade in these segments can lead to a better performance, in our view. Investments in ventures are adding significant value (INR30/share) for the bank. We will review our earnings estimate post interaction with management. **Buy.**

**Quarterly Performance**

Y/E March	FY16				FY17E				Vs. Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	3Q Est.	
Interest Income	120,347	123,450	122,206	108,240	115,749	118,304	119,842	119,249	0
Interest Expense	79,322	80,231	81,010	80,563	78,759	79,505	82,534	81,853	1
Net Interest Income	41,025	43,220	41,196	27,677	36,990	38,799	37,308	37,397	0
% Change (YoY)	-6.3	4.1	-2.7	-27.0	-9.8	-10.2	-9.4	-9.2	
Other Income	13,974	13,569	16,706	24,522	23,551	23,879	25,135	26,526	-5
Net Income	54,998	56,789	57,902	52,199	60,541	62,678	62,443	63,923	-2
Operating Expenses	23,677	27,404	28,724	19,920	27,794	29,557	30,897	31,133	-1
Operating Profit	31,321	29,385	29,179	32,279	32,746	33,120	31,546	32,789	-4
% Change (YoY)	0.2	2.2	6.1	0.8	4.6	12.7	8.1	12.4	
Other Provisions	18,114	18,821	37,755	104,852	27,384	25,338	29,359	26,184	12
Profit before Tax	13,207	10,564	-8,577	-72,574	5,362	7,783	2,187	6,605	-67
Tax Provisions	6,000	4,354	-9,087	-18,902	2,299	2,289	116	2,180	-95
Net Profit	7,207	6,210	510	-53,671	3,064	5,494	2,072	4,426	-53
% Change (YoY)	-48.7	7.9	-93.4	NM	-57.5	-11.5	306.2	767.6	





# P&G Hygiene and Healthcare

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
28,335	8,768
<b>Bloomberg</b>	<b>PG IN</b>
Equity Shares (m)	32.5
M.Cap.(INR b)/(USD b)	219.8 / 3.3
52-Week Range (INR)	7280 / 5620
1, 6, 12 Rel. Per (%)	-5/1/12
Avg Val, (INR m)	41
Free float (%)	29.4

## Financials & Valuations (INR b)

Y/E June	2016	2017E	2018E
Net Sales	22.8	24.5	29.2
EBITDA	6.1	6.8	7.9
NP	4.2	4.7	5.4
EPS (INR)	129.9	145.7	167.7
EPS Gr. (%)	22.0	12.1	15.0
BV/Sh. (INR)	465.6	539.8	624.8
RoE (%)	30.8	29.0	28.8
RoCE (%)	31.3	29.4	29.1
P/E (x)	53.6	47.8	41.5
P/BV (x)	15.0	12.9	11.1

Estimate change

TP change

Rating change

**CMP: INR6,963 TP: INR8,250 (+18%)**

**Buy**

## Sales disappoint, EBITDA and PAT well ahead of expectations

- **Sales declined 2.4% YoY (est. of +10%) to INR6.43b.** EBITDA margin at 35.5%, however, was up 270bp YoY (est. of -700bp due to fears of a high base). EBITDA increased by 5.7% YoY (est. of -14.3%) to INR2.29b and PAT by 2.8% YoY (est. of -14.4%) to INR1.51b.
- **Demonetization affects sales:** Management stated that unforeseen liquidity crunch impacted trade inventories and consumer offtake. While the company did not give segmental details, we assume that Healthcare (29% of sales in FY16) is likely to have been affected more post demonetization.
- **Gross margin expansion healthy:** Gross margin expanded 330bp YoY to 63.7%. Staff costs were flat YoY at 4.3% of sales and advertisement costs declined 10bp YoY to 8.5% of sales. However, other expenses increased 70bp YoY to 15.4% of sales, partially offsetting gross margin gains.
- **Balance sheet highlights:** (1) Both inventory and debtors have increased over June 2016 levels. Net working capital was marginally positive at end-December 2016 at INR228m, as against negative INR470m at end-June 2016. We expect net working capital to normalize by end-June 2017. (2) Inter-group lending, which has been reducing sharply over past two years, was flattish in December 2016 compared to June 2016.
- **Valuation and view:** PGHH's has distinct advantages over FMCG peers, as (1) it is in a much faster growing category and (2) it enjoys far superior barriers to entry in its key Feminine Hygiene segment (69% of sales). Its ongoing distribution expansion and unmatched category development efforts will only enhance the entry barriers further. Consequently, longer-term earnings prospects are far superior to FMCG peers. We maintain 45x target multiple on December 2018 EPS, arriving at a target price of INR 8,250 (8,340 earlier).

## Standalone - Quarterly Earning Model

Y/E June	FY16				FY17				FY16	FY17	FY17	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	5,387	6,593	5,438	5,336	6,004	6,432	5,927	6,152	22,754	24,515	7,505	-14.3%
YoY Change (%)					11.5	-2.4	9.0	15.3	-2.5	7.7	10.0	
Total Expenditure	4,418	4,431	4,104	3,748	4,493	4,146	4,592	4,453	16,701	17,684	5,651	
EBITDA	970	2,162	1,334	1,588	1,512	2,286	1,335	1,698	6,053	6,831	1,855	23.3%
Growth					55.9	5.7	0.1	7.0				
Margins (%)	18.0	32.8	24.5	29.8	25.2	35.5	22.5	27.6	26.6	27.9	24.7	
Depreciation	127	142	124	124	127	132	142	202	517	603	163	
Interest	17	28	7	8	4	43	4	4	60	55	10	
Other Income	212	206	236	222	225	208	236	280	876	950	206	
PBT before EO expense	1,038	2,199	1,439	1,677	1,605	2,320	1,425	1,773	6,353	7,122	1,887	
PBT	1,038	2,199	1,439	1,677	1,605	2,320	1,425	1,773	6,353	7,122	1,887	22.9%
Tax	343	733	468	585	561	814	477	534	2,129	2,386	632	
Rate (%)	33.0	33.4	32.5	34.9	34.9	35.1	33.5	30.1	33.5	33.5	33.5	
Reported PAT	696	1,465	971	1,092	1,044	1,506	947	1,238	4,223	4,736	1,255	20.0%
Adj PAT	696	1,465	971	1,092	1,044	1,506	947	1,238	4,223	4,736	1,255	20.0%
YoY Change (%)		61.6	11.7	2.0	50.1	2.8	-2.4	13.4	22.0	12.1	-14.4	
Margins (%)	12.9	22.2	17.9	20.5	17.4	23.4	16.0	20.1	18.6	19.3	16.7	

E: MOSL Estimates





<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
28,335	8,768
Bloomberg	MRPL IN
Equity Shares (m)	1,753
M.Cap.(INRb)/(USD\$b)	195.9 / 2.9
52-Week Range (INR)	116 / 52
1, 6, 12 Rel. Per (%)	-3/44/63
Avg Val, INRm	106
Free float (%)	11.4

**CMP: INR112 TP: INR114(+2%) Downgrade to Neutral**

**EBITDA below est.; forex loss lowers PAT further**

MRPL reported 3QFY17 EBITDA of INR13.1b (excl. forex loss of INR1.6b; est. of INR15.7b; +46% QoQ, +157% YoY), led by lower-than-estimated GRM of USD7.43/bbl (est. of USD9.3/bbl). Interest cost came in at INR1.4b (est. of INR1.1b, +25% QoQ, -10% YoY). Other income of INR636m (-31% QoQ, -61% YoY) missed estimate of INR745m. PAT came in at INR5.7b (est. of INR10.9b, +36% QoQ, +92% YoY).

**Financials & Valuations (INR b)**

Y/E Mar	2016	2017E	2018E
Net Sales	396.5	423.7	552.9
EBITDA	17.9	42.5	43.9
PAT	13.3	22.6	22.2
EPS (INR)	7.6	12.9	12.7
Gr. (%)	NA	70.2	(1.8)
BV/Sh (INR)	36.6	46.5	56.2
RoE (%)	22.6	31.0	24.7
RoCE (%)	14.3	18.6	16.7
P/E (x)	14.8	8.7	8.8
P/BV (x)	3.1	2.4	2.0

Estimate change



TP change



Rating change



- **Core GRM below estimates:** Core GRM stood at USD5.1/bbl (est. of USD7.0/bbl), as against USD5.5/bbl in 2QFY17 and USD8.37/bbl in 3QFY16. GRM has been lower due to the 36-day shutdown of HCU-1 and 5-day technical shutdown of the polypropylene unit. The company reported inventory gain of USD2.43/bbl v/s loss of USD0.9/bbl and USD3.57/bbl in 2QFY17 and 3QFY16, respectively. However, according to management, HCU-1 is up and running, while the polypropylene unit is also running at +80% utilization since January 2017.

- Crude throughput stood at 4.4mmt (+8% QoQ, +14% YoY), reflecting 116% utilization in the quarter. We believe that the refinery should stabilize at these levels.

- Debt stood at INR70b, against which it has cash balance of INR23.5b. Iran outstanding payment was only USD102m as of December 2016.

**Valuation and view:** Barring such unforeseen technical problems (as seen in this quarter), we believe that the refinery should be able to report GRM of USD6.7/bbl in FY18/19. We expect strong operating cash flow of INR30b each year, excluding working capital changes. The stock trades at 8.1x FY19E EPS and EV of 4.0x FY19E EBITDA. We value the stock at EV of 5.5x FY19E EBITDA to arrive at a fair value of INR94/share for the standalone refinery and add INR20 for OMPL (2% upside). The stock has climbed 29% since its last result announcement. We thus downgrade MRPL to **Neutral with a TP of INR114**.

**Standalone - Quarterly Earning Model**

Y/E March	FY16				FY17				FY16	FY17E	FY17	Var. vs est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	3QE	3QE		
<b>Net Sales</b>	<b>113,148</b>	<b>102,211</b>	<b>88,187</b>	<b>92,929</b>	<b>84,288</b>	<b>99,690</b>	<b>114,753</b>	<b>124,927</b>	<b>396,474</b>	<b>423,657</b>	<b>118,494</b>	<b>-3%</b>
YoY Change (%)	-28.1	-35.8	-40.1	-17.6	-25.5	-2.5	30.1	34.4	-31.2	6.9	34.4	
Total Expenditure	105,954	111,353	83,721	77,565	72,076	91,835	103,277	113,979	378,593	381,166	102,761	1%
<b>EBITDA</b>	<b>7,194</b>	<b>-9,142</b>	<b>4,466</b>	<b>15,364</b>	<b>12,212</b>	<b>7,855</b>	<b>11,476</b>	<b>10,949</b>	<b>17,881</b>	<b>42,491</b>	<b>15,733</b>	<b>-27%</b>
Margins (%)	6.4	-8.9	5.1	16.5	14.5	7.9	10.0	8.8	4.5	10.0	13.3	
Depreciation	1,482	1,593	1,596	2,452	1,707	1,681	1,702	1,814	7,122	6,903	1,758	-3%
Interest	1,223	1,627	1,555	1,462	1,465	1,115	1,395	1,433	5,867	5,409	1,076	30%
Other Income	2,140	2,402	1,636	2,394	2,295	926	636	682	8,572	4,540	745	-15%
<b>PBT before EO expense</b>	<b>6,629</b>	<b>-9,961</b>	<b>2,951</b>	<b>13,845</b>	<b>11,335</b>	<b>5,984</b>	<b>9,015</b>	<b>8,384</b>	<b>13,464</b>	<b>34,718</b>	<b>13,645</b>	<b>-34%</b>
Extra-Ord expense	1,542	205	6	77	0	0	0	0	1,830	0	0	
<b>PBT</b>	<b>5,087</b>	<b>-10,166</b>	<b>2,945</b>	<b>13,768</b>	<b>11,335</b>	<b>5,984</b>	<b>9,015</b>	<b>8,384</b>	<b>11,634</b>	<b>34,718</b>	<b>13,645</b>	<b>-34%</b>
Tax	1,032	-1,032	0	343	4,155	1,826	3,355	2,794	343	12,130	2,720	23%
Rate (%)	20	10	0	2	37	31	37	33	3	35	20	
<b>Reported PAT</b>	<b>4,055</b>	<b>-9,134</b>	<b>2,945</b>	<b>13,424</b>	<b>7,181</b>	<b>4,159</b>	<b>5,660</b>	<b>5,589</b>	<b>11,291</b>	<b>22,588</b>	<b>10,925</b>	<b>-48%</b>
<b>Adj PAT</b>	<b>5,284</b>	<b>-8,950</b>	<b>2,951</b>	<b>13,499</b>	<b>7,181</b>	<b>4,159</b>	<b>5,660</b>	<b>5,589</b>	<b>13,067</b>	<b>22,588</b>	<b>10,925</b>	<b>-48%</b>
YoY Change (%)	-1,563.8	-8.2	-115.6	15.4	35.9	-146.5	91.8	-58.6	-175.2	72.9	265.3	
Margins (%)	4.7	-8.8	3.3	14.5	8.5	4.2	4.9	4.5	3.3	5.3	9.2	
<b>Key Assumptions</b>												
Refining throughput (mmt)	3.9	3.5	3.8	4.4	3.7	4.0	4.2	4.0	15.6	15.9	4.0	6%
GRM (USD/bbl)	5.1	5.3	8.4	9.0	5.3	5.5	5.1	6.9	6.9	4.8	9.3	-45%

E: MOSL Estimates



# The Ramco Cements

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
28,335	8,768
Bloomberg	TRCL IN
Equity Shares (m)	238
M.Cap.(INRb)/(USDb)	162 / 2.4
52-Week Range (INR)	728 / 355
1, 6, 12 Rel. Per (%)	12/22/63
Avg Val, INRm	135
Free float (%)	57.7

**CMP: INR681**

**TP: INR815(+20%)**

**Buy**

## Strong volume growth and interest cost savings drive profits

- **Robust volume growth:** TRCL's volumes grew 22% YoY (but declined 2% QoQ) to 1.99mt in 3QFY17 (v/s our estimate of 1.93mt), driven by higher sales to eastern markets. Volumes grew 90-100% YoY in the eastern markets and ~11% YoY in the southern markets. We expect growth to moderate due to high base and already high utilization for its eastern units.
- **Subdued realizations:** Cement realizations declined by 2% QoQ (and 6% YoY) to INR4,682/tonne (v/s our estimate of INR4,769/tonne) due to weak pricing in eastern markets on poor demand. Net sales grew 15% YoY (but declined 7% QoQ) to INR9.4b (v/s our estimate of INR9.3b).
- **EBITDA/ton at elevated levels:** Cement EBITDA/tonne declined 12-13% YoY/QoQ to INR1,340 (v/s our estimate of INR1,376) due to lower realization (higher exposure to eastern market) and higher other expenses. Margin was 28.7% (-5.8pp QoQ, -1.4pp YoY) v/s our estimate of 28.4% due to lower pricing.
- **Management commentary:** (1) 9MFY17 capex at INR1.86b; FY17 target capex at INR2.2b, (2) debt repayment of INR5.3b for the period April 2016 to February 2017; current debt on books is ~INR17b, of which INR12b is interest-bearing debt, (3) interest income of INR190m is recognized for claims pertaining to delay in payment from TN state electricity board.
- **Buyback:** TRCL announced buyback amount not exceeding INR1.8b at a price not exceeding INR720 per share.

## Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
Net Sales	35.9	39.7	43.9
EBITDA	10.5	12.2	13.9
PAT	5.6	6.9	7.6
EPS (INR)	23.4	29.0	31.9
Gr. (%)	130.3	23.6	10.2
BV/Sh (INR)	129.9	155.4	182.7
RoE (%)	19.5	20.3	18.9
RoCE (%)	13.2	14.2	14.4
P/E (x)	29.0	23.5	21.3
EV/EBITDA (x)	17.3	14.4	12.1

Estimate change



TP change



Rating change



## Best play on southern recovery

With ~12% market share in the South, strong brand/dealer network, superior pricing and industry-leading RoE (18-20% in FY18), peak parameters are already in place. TRCL is likely to generate free cash in excess of INR24b over FY16-FY19, implying yield of 5%. We estimate 17%/24% EBITDA/PBT CAGR over FY17-19. The stock trades at an EV of 9.6x FY19E EBITDA and USD150/ton (FY19E). Maintain **Buy**; our target price of INR815 (11.5x FY19E EBITDA) implies 20% upside.

## Quarterly Performance

Y/E March	FY16				FY17				FY16	FY17E	FY18E	FY17 3QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE					
Sales Dispatches (m ton)	1.81	1.71	1.63	2.09	2.08	2.03	1.99	2.26	7.235	8.36	8.94	1.93	3
YoY Change (%)	-14.8	-11.9	-5.4	10.9	14.5	18.9	22.3	8.3	-5.6	15.5	7.0	19.0	
Realization (INR/ton)	5,178	4,876	4,967	5,056	4,541	4,769	4,682	4,704	5,024	4,674	4,844	4,769	-2
YoY Change (%)	17.7	2.9	4.7	-4.8	-12.3	-2.2	-5.7	-7.0	5.0	-7.0	3.6	-5.6	
QoQ Change (%)	-2.5	-5.8	1.9	1.8	-10.2	5.0	-1.8	0.5				0.0	
Net Sales	9,041	8,766	8,128	9,788	9,667	10,124	9,374	10,488	35,872	39,653	43,919	9,264	1
YoY Change (%)	-2.2	-4.9	3.4	1.8	6.9	15.5	15.3	7.1	-0.2	10.5	10.8	14.1	
EBITDA	2,104	2,840	2,485	2,926	2,988	3,493	2,690	3,037	10,504	12,208	13,919	2,627	2
Margins (%)	23.3	32.4	30.6	29.9	30.9	34.5	28.7	29.0	29.3	30.8	31.7	28.4	
Depreciation	667	671	679	653	663	667	661	660	2,670	2,651	2,685	650	
Interest	493	456	420	433	291	282	261	248	1,802	1,082	925	270	
Other Income	452	130	76	341	73	93	273	169	999	608	877	100	
PBT	1,396	1,842	1,463	2,181	2,106	2,637	2,061	2,299	7,031	9,082	11,186	1,807	14
Tax	403	421	279	342	547	567	542	524	1,448	2,180	3,580	398	
Rate (%)	28.9	22.8	19.1	15.7	26.0	21.5	26.3	22.8	20.6	24.0	32.0	22.0	
Adj PAT	992	1,421	1,183	1,838	1,559	2,070	1,498	1,775	5,583	6,903	7,607	1,409	6
YoY Change (%)	173.7	58.4	415.4	96.8	57.1	45.6	26.6	-3.5	130.4	23.6	10.2	19.7	
Margins (%)	11.0	16.2	14.6	18.8	16.1	20.4	16.0	16.9	15.6	17.4	17.3	15.2	



# Hexaware Technologies

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
28,335	8,768
<b>Bloomberg</b>	<b>HEXW IN</b>
Equity Shares (m)	302
M.Cap.(INRb)/(USDb)	59.4 / 0.9
52-Week Range (INR)	274 / 178
1, 6, 12 Rel. Per (%)	-8/-10/-35
Avg Val, INRm	259
Free float (%)	28.8

**CMP: INR197 TP: INR220 (+12%) Neutral**

## Strong revenue growth overshadowed by guidance

- **Strong growth in a seasonally weak quarter...:** 4QCY16 revenue growth of 3.4% QoQ CC beat our estimate of +1%. Traction in underlying business was strong with volumes growth of 8.4% QoQ, but seasonality pulled it down by 390bp. Although 4Q was also marred by seasonal weakness, HEXW expects sustained growth momentum as new deal wins continue ramping up. Deal wins in 4Q stood at USD53m, taking the CY16 total to USD151m (+26% YoY).
- **...but CY17 outlook impacted by client issues:** Guidance of 10-12% YoY CC growth for CY17 factors in expected ramp-down at one of the top five customers (-150bp) starting 2HCY17. While the guidance implies slightly better-than-industry growth, it implies a CQGR of only 1.6% given a strong exit in CY16. Guidance of flat margin YoY was below our expectation, mainly given the 600bp+ decline over last three years amid pick-up in utilization.
- **In-line margin despite utilization uptick:** EBITDA margin for 4Q was in line with expectations. Utilization uptick of 450bp QoQ helped mitigate the impact of seasonality, wage hike (full onsite and part offshore) and increased transition costs related to deal ramp-ups. Expectations of paring of utilization back to earlier levels and continued SGA investments have kept the margin guidance in check. PAT at INR1.2b was in line with our estimate.
- **Valuation and view:** High payout has been a positive for valuations so far, but dividend is expected to remain at current levels (INR1 per share in 4Q). We slightly lower our estimates, led by [1] lower exit rate because of the client ramp-down in 2HCY17 and [2] flat margin expectations in CY17 (v/s our earlier estimate of +60bp). Volatility in top accounts and the rigidity of profitability at the new base are expected to keep re-rating under check. We expect USD revenue CAGR of 10.1% and EPS CAGR of 7.9% over CY16-18E. Our target price of INR220 discounts forward EPS by 14x. Maintain **Neutral**.

### Financials & Valuations (INR b)

Y/E Dec	2016	2017E	2018E
Net Sales	35.3	40.3	44.8
EBITDA	5.7	6.5	7.1
PAT	4.2	4.7	4.9
EPS (INR)	13.7	15.3	15.9
Gr. (%)	5.8	12.0	3.9
BV/Sh (INR)	56.3	66.4	77.1
RoE (%)	26.5	25.0	22.2
RoCE (%)	24.2	23.5	21.6
P/E (x)	14.4	12.8	12.4
P/BV (x)	3.5	3.0	2.6

Estimate change

TP change

Rating change

### Quarterly Performance (Consolidated)

Y/E Dec	CY15				CY16				CY17 1QE	CY16	CY17E	Est. 4QCY16	Var. (%) / bp
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q					
Revenue (USD m)	114.9	121.3	125.1	124.1	121.7	129.7	135.2	138.9	140.2	525	581	135.5	2.5
QoQ (%)	0.3	5.6	3.1	-0.8	-1.9	6.6	4.2	2.7	1.0	8.2	10.6	0.2	250bp
Revenue (INR m)	7,134	7,722	8,184	8,195	8,202	8,697	9,041	9,409	9,536	35,349	40,287	9,148	2.9
YoY (%)	21.1	26.5	22.0	15.1	15.0	12.6	10.5	14.8	16.3	13.2	14.0	11.6	319bp
GPM (%)	35.7	35.0	35.3	34.7	33.6	34.6	35.4	34.6	33.6	34.6	33.8	34.9	-32bp
SGA (%)	17.9	17.8	17.4	18.8	19.0	19.0	18.0	17.3	17.5	18.3	17.6	17.5	-19bp
EBITDA	1,270	1,323	1,460	1,302	1,194	1,353	1,576	1,624	1,539	5,747	6,544	1,591	3320bp
EBITDA Margin (%)	17.8	17.1	17.8	15.9	14.6	15.6	17.4	17.3	16.1	16.3	16.2	17.4	-13bp
EBIT Margin (%)	16.2	15.6	16.4	14.3	12.9	14.0	15.9	15.8	14.6	14.7	14.8	15.8	-2bp
Other income	-96	84	97	88	55	132	67	140	103	394	368	167	-16.3
ETR (%)	21.2	23.5	22.4	21.0	24.2	25.8	25.8	25.1	26.0	25.3	26.0	25.8	
PAT	834	989	1,115	994	842	999	1,114	1,216	1,109	4,171	4,671	1,196	1.6
QoQ (%)	-11.2	18.6	12.7	-10.9	-15.3	18.6	11.5	9.2	-8.8			7.4	177bp
YoY (%)	18.6	29.3	29.7	5.9	1.0	1.0	-0.1	22.3	31.7	6.1	12.0	20.4	198bp
EPS (INR)	2.8	3.3	3.7	3.3	2.8	3.3	3.7	4.0	3.6	13.7	15.3	3.9	
Headcount	10,100	11,009	11,341	11,375	11,599	11,875	11,859	12,115	12,500	12,115	13,536	12,008	0.9
Utilization (%)	73.6	72.1	70.4	69.7	69.6	70.0	74.1	78.6	76.0	73.8	77.0	74.0	460bp
Attrition (%)	16.6	17.1	17.4	16.9	16.0	16.6	16.5						
Offshore rev. (%)	41.1	38.8	39.2	37.7	36.9	36.1	34.4	35.5	34.6	35.7	35.0	35.1	44bp



# J&K Bank

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
28,335	8,768
Bloomberg	JKBK IN
Equity Shares (m)	484.9
M.Cap.(INRb)/(USD\$b)	35.2/0.5
52-Week Range (INR)	92/55
1, 6, 12 Rel. Per (%)	14/3/-13
Avg Val, INRm	119
Free float (%)	46.8

**CMP: INR73 TP: INR75 (+4%) Neutral**

## Higher provisions dent profitability; PCR improves sharply QoQ

- JKBK reported net loss of INR5b v/s loss of INR6b in 2QFY17, led by elevated NPL provisioning of INR5.7b (annualized credit cost of 4.9%). While slippages were contained (annualized slippage ratio of 1.6% v/s average of 11.7% in preceding three quarters), ageing of the NPL portfolio led to higher provisions.
- In absolute terms, GNPL was flat QoQ, but NNPL declined 17% QoQ, as JKBK's PCR improved from 43% in 2QFY17 to 53%. In percentage terms, GNPL and NNPL was at 11.8% and 6% v/s 11.3% and 6.8% a quarter ago.
- During the quarter, the bank implemented INR1.7b of SDR and INR1.2b of S4A.
- NII de-grew 14% YoY on the back of 86bp YoY (38bp QoQ) decline in NIM and 3.5% YoY (5% QoQ) decline in loan book. During the quarter, JKBK reversed interest on restructured loans and higher competition from outside J&K state impacted yields on loans, and in turn, margins.
- CASA growth was strong at 29% YoY and 12% QoQ, of which SA deposits grew 27% YoY and 13% QoQ. Resultantly, CASA ratio improved to 47.4% from 45.1% in 2QFY17 (in the state of J&K, the bank has a CASA ratio of 54%).
- **Valuation and view:** Slippages moderated during the quarter. However, high proportion of restructured pool remains a concern. We cut our estimates for FY17 and pencil in a loss of ~INR12b (led by higher credit costs and lower NIMs), but largely maintain our estimates for FY18/19. While valuations are attractive at 0.6x FY18E BV, we would wait to see an improving trend on asset quality to change our rating on the stock. **Maintain Neutral.**

## Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
NII	27.1	25.1	27.2
OP	16.7	14.0	14.7
NP	4.2	-12.2	6.3
NIM (%)	3.9	3.5	3.5
EPS (INR)	8.6	-25.2	13.0
EPS Gr. (%)	-18.2	-393.7	-151.5
BV/Sh. (INR)	132	106.7	119.7
RoE (%)	6.6	-21.1	11.5
RoA (%)	0.5	-1.5	0.7
P/E(X)	8.5	-2.9	5.6
P/BV (X)	0.55	0.68	0.61

## Quarterly Performance

Y/E March	(INR Million)								FY16	FY17E
	FY16				FY17					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	6,948	6,945	6,737	6,471	6,326	6,414	5,830	6,505	27,101	25,074
% Change (YoY)	9.0	0.4	5.5	-5.2	-9.0	-7.6	-13.5	0.5	2.2	-7.5
Other Income	1,356	1,265	1,027	1,392	1,167	1,309	1,207	1,571	5,040	5,254
Net Income	8,305	8,210	7,764	7,863	7,493	7,723	7,037	8,076	32,141	30,329
Operating Expenses	3,722	3,833	3,854	4,054	4,000	3,967	4,106	4,282	15,462	16,355
Operating Profit	4,583	4,377	3,910	3,809	3,493	3,756	2,930	3,794	16,679	13,974
% Change (YoY)	2.4	1.2	2.8	-33.8	-23.8	NA	-25.1	-0.4	-9.1	-16.2
Other Provisions	2,129	1,266	2,397	3,971	3,137	9,921	7,263	4,761	9,762	25,081
Profit before Tax	2,454	3,111	1,513	-162	356	-6,165	-4,332	-967	6,917	-11,108
Tax Provisions	867	1,155	337	398	127	-141	653	471	2,757	1,111
Net Profit	1,588	1,956	1,177	-560	229	-6,024	-4,986	-1,437	4,160	-12,218
% Change (YoY)	22.1	13.5	12.5	NA	-85.6	NA			-18.2	NA

## Operating Parameters

	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
NIM (Reported, %)	3.9	4.0	3.9	3.6	3.4	3.4	3.0			
NIM (CaI, %)	4.1	4.3	4.1	3.8	3.6	3.6	3.2	3.5	3.9	3.5
Loan Growth (%)	-2.6	1.4	5.3	12.6	12.9	4.0	-3.5	-7.0	12.6	-7.0
Deposit Growth (%)	-2.2	-0.8	0.7	5.5	10.8	11.9	15.3	11.0	5.5	11.0
CD ratio (%)	69.5	73.2	72.6	72.3	70.8	68.0	60.8	60.6	72.3	60.6

E: MOSL Estimates





# Bharat Forge

Bloomberg	BHFC IN
Equity Shares (m)	232.8
M. Cap. (INR b)/(USD b)	213 / 3
52-Week Range (INR)	1009 / 687
1,6,12 Rel Perf. (%)	4 / 20 / 1

**CMP: INR913 TP: INR1,096 (+19%) Buy**

- We expect BHFC's shipment tonnage to decline 7% YoY to 47,358 tons, which is an improvement from the previous quarters as demand for class 8 trucks are showing signs of improvements along with revival in industrial segments. Net realization is likely to dip ~6% YoY to ~INR194.7k/ton.
- As a result, net revenue would decline 12.3% YoY (+3.5% QoQ) to ~INR9.2b.
- EBITDA margin is likely to contract 200bp YoY (+40bp QoQ) to 28.2%, as negative operating leverage due to decline in volumes is likely to put pressure on margins (rise in staff expenses).
- PAT is likely to decline ~18% YoY (+9% QoQ) to INR1.4b.
- The stock trades at 25.1x FY18E and 19.7x FY19E EPS; maintain **Buy**.

## Financial Snapshot (INR b)

Y/E Mar	2016	2017E	2018E	2019E
Sales	76.5	72.9	82.2	92.7
EBITDA	14.2	13.3	16.3	19.1
NP	6.6	6.0	8.5	10.8
EPS (INR)	28.1	25.8	36.4	46.3
EPS Gr. (%)	-10.9	-8.4	41.3	27.1
BV/Sh. (INR)	153.6	169.7	194.1	228.4
RoE (%)	18.7	15.9	20.0	21.9
RoCE (%)	12.5	10.9	14.4	16.7

## Valuations

P/E (x)	32.4	35.4	25.1	19.7
P/BV (x)	5.9	5.4	4.7	4.0
EV/EBITDA (x)	16.4	17.1	13.6	11.1
EV/Sales (x)	3.0	3.1	2.7	2.3

Consolidated

## Key issues to watch

- Outlook for US Class 8 Trucks for CY16-17.
- Outlook for oil & gas and mining segments, primarily with regard to price recovery.
- Update on ramp-up of new orders under commercial vehicles, PVs, aerospace and rail.

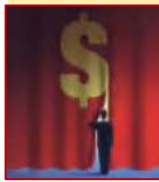
## Quarterly performance

(INR Million)

	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
<b>Tonnage</b>	<b>51,984</b>	<b>54,559</b>	<b>50,741</b>	<b>52,413</b>	<b>49,098</b>	<b>46,203</b>	<b>47,358</b>	<b>50,262</b>	<b>209,697</b>	<b>192,921</b>
Change (%)	5.8	3.8	-4.8	-7.5	-5.6	-15.3	-6.7	-4.1	-0.9	-8.0
<b>Realization (INR '000/ton)</b>	<b>219.1</b>	<b>206.0</b>	<b>207.3</b>	<b>192.3</b>	<b>184.2</b>	<b>192.8</b>	<b>194.7</b>	<b>202.1</b>	<b>205.3</b>	<b>193.5</b>
Change (%)	8.9	-4.9	-7.7	-10.9	-15.9	-6.4	-6.1	5.1	-4.4	-5.7
<b>Net operating income</b>	<b>11,388</b>	<b>11,239</b>	<b>10,520</b>	<b>10,080</b>	<b>9,044</b>	<b>8,909</b>	<b>9,223</b>	<b>10,157</b>	<b>43,054</b>	<b>37,332.4</b>
Change (%)	15.3	-1.3	-12.2	-17.6	-20.6	-20.7	-12.3	0.8		-13.3
RM/Sales (%)	34.1	36.0	34.2	35.9	34.4	34.4	34.5	34.7	35.5	34.5
Staff Cost (% of Sales)	8.2	8.3	9.0	9.2	10.1	10.1	10.3	10.5	8.6	10.3
Other Exp. (% of Sales)	26.4	27.2	26.6	25.3	28.5	27.6	27.0	26.4	26.1	27.3
<b>EBITDA</b>	<b>3,566</b>	<b>3,204</b>	<b>3,173</b>	<b>2,982</b>	<b>2,444</b>	<b>2,477</b>	<b>2,601</b>	<b>2,893</b>	<b>12,830</b>	<b>10,414</b>
EBITDA Margins (%)	31.3	28.5	30.2	29.6	27.0	27.8	28.2	28.5	29.8	27.9
Non-Operating Income	299	282	231	225	256	309	330	317	999	1,213
Interest	213	222	226	202	170	189	175	166	863	700
Depreciation	749	714	674	644	740	726	760	804	2,614	3,030
<b>PBT</b>	<b>2,904</b>	<b>2,550</b>	<b>2,461</b>	<b>2,361</b>	<b>1,791</b>	<b>1,870</b>	<b>1,996</b>	<b>2,240</b>	<b>10,310</b>	<b>7,897</b>
Effective Tax Rate (%)	32.5	32.4	32.5	30.3	31.8	32.2	31.0	29.4	32.0	31.0
<b>Adj. PAT</b>	<b>1,960</b>	<b>1,723</b>	<b>1,690</b>	<b>1,645</b>	<b>1,221</b>	<b>1,269</b>	<b>1,377</b>	<b>1,582</b>	<b>7,039</b>	<b>5,449</b>
Change (%)	35.2	-2.9	-14.0	-18.9	-37.7	-26.3	-18.5	-3.8	-117.6	-22.6

E: MOSL Estimates





Bloomberg	CIPLA IN
Equity Shares (m)	802.9
M. Cap. (INR b)/(USD b)	456 / 7
52-Week Range (INR)	658 / 458
1,6,12 Rel Perf. (%)	-2 / 14 / -16

**CMP: INR568 TP: INR525 (-8%) Neutral**

- We expect Cipla's revenues to grow 25.6% YoY to INR39b in 3QFY17.
- Export formulation business is expected to grow 25.5% YoY to INR21.7b. Domestic business is also expected to grow 15% YoY to INR13.7b, driven by traction in Respiratory business. Impact of demonetization will be the key to watch. Export API sales are expected to report 11.8% YoY growth to INR2.4b.
- EBITDA is likely to grow 30.3% YoY to INR6.9b, with margin expansion of 70bp to 17.7%, owing to lower gNexium sales compared to 3QFY16. We expect reported PAT to increase 18.3% YoY to INR4.07b.
- We believe that earnings acceleration and potential upgrades on successful EU inhaler portfolio monetization would help it sustain current multiples going forward (24x one-year forward P/E). The stock trades at 22.2x FY18E earnings. Maintain Neutral.

**Financial Snapshot (INR Billion)**

Y/E MARCH	2016	2017E	2018E	2019E
Sales	136.8	155.2	182.2	210.1
EBITDA	25.0	27.3	35.5	43.1
NP	15.1	14.5	20.5	26.0
EPS (INR)	18.8	18.1	25.6	32.4
EPS Gro. (%)	34.0	-3.8	41.2	26.6
BV/Sh. (INR)	147.4	161.8	184.4	213.7
RoE (%)	12.8	11.2	13.9	15.1
RoCE (%)	10.6	8.8	11.1	12.5
<b>Valuations</b>				
P/E (x)	30.2	31.4	22.2	17.5
P/BV (x)	3.9	3.5	3.1	2.7
EV/EBITDA (x)	20.0	18.1	13.7	10.9
Div. Yield (%)	0.4	0.4	0.4	0.4

**Key issues to watch out**

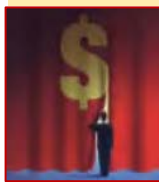
- Launch of combination inhaler in UK market (USD450m market size).
- Margin improvement in Medpro operations (acquired in July 2014).
- Sustained strong growth in domestic formulations (38% of sales).

**Quarterly Performance**

(INR Million)

Y/E March	FY16				FY17E				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Revenues</b>	<b>38,385</b>	<b>34,551</b>	<b>31,066</b>	<b>32,665</b>	<b>36,500</b>	<b>37,510</b>	<b>39,015</b>	<b>42,172</b>	<b>136,666</b>	<b>155,197</b>
YoY Change (%)	41.1	24.9	12.3	5.6	-4.9	8.6	25.6	29.1	20.5	13.6
<b>EBITDA</b>	<b>10,545</b>	<b>7,860</b>	<b>5,294</b>	<b>4,421</b>	<b>6,112</b>	<b>6,807</b>	<b>6,897</b>	<b>7,498</b>	<b>28,120</b>	<b>27,315</b>
Margins (%)	27.5	22.7	17.0	13.5	16.7	18.1	17.7	17.8	20.6	17.6
Depreciation	1,494	1,584	1,375	1,414	2,038	2,292	1,650	2,614	5,867	8,594
Interest	639	636	230	368	315	352	350	333	1,872	1,350
Other Income	505	308	51	547	252	272	275	301	1,411	1,100
<b>PBT after EO expense</b>	<b>8,917</b>	<b>5,948</b>	<b>3,741</b>	<b>3,186</b>	<b>4,011</b>	<b>4,436</b>	<b>5,172</b>	<b>4,852</b>	<b>21,792</b>	<b>18,471</b>
Tax	2,418	401	120	-39	553	719	1,000	1,238	2,899	3,510
Rate (%)	27.1	6.7	3.2	-1.2	13.8	16.2	19.3	25.5	13.3	19.0
Minority Interest	7.4	117.0	174.2	185.4	67.6	173.6	95.0	83.8	484.0	420.0
<b>Reported PAT</b>	<b>6,492</b>	<b>5,430</b>	<b>3,447</b>	<b>3,040</b>	<b>3,391</b>	<b>3,543</b>	<b>4,077</b>	<b>3,531</b>	<b>18,409</b>	<b>14,542</b>
YoY Change (%)	120.4	81.8	5.1	17.1	-47.8	-34.7	18.3	16.1	55.9	-21.0
Margins (%)	16.9	15.7	11.1	9.3	9.3	9.4	10.4	8.4	13.5	9.4

E: MOSL Estimates



# Gateway Distriparks

Bloomberg	GDPL IN
Equity Shares (m)	108.6
M. Cap. (INR b)/(USD b)	28 / 0
52-Week Range (INR)	360 / 206
1,6,12 Rel Perf. (%)	9 / -16 / -23

## Financial snapshot (INR b)

Y/E March	2016	2017E	2018E	2019E
Sales	10.5	11.6	12.3	14.0
EBITDA	2.5	2.4	2.9	3.5
NP	1.2	1.0	1.7	2.2
EPS (INR)	11.4	9.6	15.6	20.0
EPS (INR)*	8.7	7.6	11.7	14.3
EPS Gr. (%)*	-31.3	-12.8	54.1	22.5
RoE (%)	10.1	8.3	12.8	15.2
RoCE (%)	7.5	7.7	10.7	12.7
Payout (%)	81.7	59.0	45.1	45.4
<b>Valuations</b>				
P/E (x)	22.4	26.6	16.3	12.7
Adj. P/E (x)	29.4	33.7	21.9	17.8
EV/EBITDA (x)	2.2	2.2	2.0	1.9
EV/EBITDA (x)*	11.8	12.5	9.9	8.0
Div. Yield (%)	16.6	17.6	14.0	11.5

\* Adjusted for Blackstone's stake

**CMP: INR255 TP: INR313 (+23%) Buy**

- We expect GDPL to report net sales of INR2.9b (+10% YoY, +3% QoQ), led by increased volumes in Rail and CFS businesses.
- We estimate EBITDA at INR592m (-4% YoY, +2% QoQ) and EBITDA margin at 20.1%. We estimate adjusted PAT at INR243m (-17% YoY, -3% QoQ).
- The stock trades at 9.9/8x FY18E/FY19E adjusted EV/EBITDA.
- GDPL remains a direct play on the upcoming dedicated freight corridor project, which will multiply its asset turnover and significantly improve profitability. Buy.

### Key issues to watch for

- Volume growth, realization and per TEU profitability.

## Quarterly performance

(INR Million)

Y/E March	FY16				FY17				FY16	FY17E
(Consolidated)	1Q	2Q	3Q	4Q	1Q*	2Q*	3QE	4QE		
<b>Net Sales</b>	<b>2,628</b>	<b>2,595</b>	<b>2,671</b>	<b>2,575</b>	<b>2,782</b>	<b>2,857</b>	<b>2,938</b>	<b>2,978</b>	<b>10,470</b>	<b>11,556</b>
YoY Change (%)	-6.1	-11.3	-2.4	-2.9	5.9	10.1	10.0	15.7	-5.8	10.4
Total Expenditure	1,938	1,954	2,053	2,006	2,227	2,276	2,346	2,336	7,951	9,186
<b>EBITDA</b>	<b>690</b>	<b>641</b>	<b>619</b>	<b>569</b>	<b>555</b>	<b>581</b>	<b>592</b>	<b>642</b>	<b>2,518</b>	<b>2,370</b>
Margins (%)	26.3	24.7	23.2	22.1	19.9	20.3	20.1	21.5	24.1	20.5
YoY Change (%)	-8	-25	-28	-28	-20	-9	-4	13	-23	-6
Depreciation	201	202	202	200	195	194	206	211	805	805
Interest	51	50	46	38	51	88	89	82	184	310
Other Income	57	48	47	13	40	80	67	74	165	261
<b>PBT</b>	<b>495</b>	<b>437</b>	<b>418</b>	<b>345</b>	<b>349</b>	<b>379</b>	<b>364</b>	<b>422</b>	<b>1,695</b>	<b>1,515</b>
Tax	296	141	126	108	124	127	121	124	671	496
Rate (%)	59.8	32.2	30.1	31.4	35.6	33.6	33.2	29.3	39.6	32.7
<b>PAT before minority / profit of assoc.</b>	<b>199</b>	<b>297</b>	<b>292</b>	<b>237</b>	<b>225</b>	<b>252</b>	<b>243</b>	<b>299</b>	<b>1,024</b>	<b>1,019</b>
YoY Change (%)	-48.0	-38.0	-44.5	-46.0	13.0	-15.0	-16.6	26.3	-43.9	-0.5
Margins (%)	7.6	11.4	10.9	9.2	8.1	8.8	8.3	10.0	9.8	8.8

E: MOSL Estimates, \*1QFY17 and 2QFY17 is addition of Rail and CFS details as provided and not actual consolidated number



# Hathway Cable

Bloomberg	HATH IN
Equity Shares (m)	830.5
M. Cap. (INR b)/(USD b)	31 / 0
52-Week Range (INR)	45 / 24
1,6,12 Rel Perf. (%)	1 / 10 / -19

**Financial Snapshot (INR Billion)**

Y/E March	2016	2017E	2018E	2019E
Net Sales	20.8	22.7	26.4	29.3
EBITDA	3.9	4.0	5.7	7.3
EBITDA #	1.6	2.2	5.1	6.9
Adj. NP	-1.6	-2.0	-1.1	0.2
Adj. EPS (INR)	-1.9	-2.4	-1.4	0.3
Adj. EPS Gr. (%)	NA	NA	NA	NA
BV/Sh (INR)	16.3	13.2	11.5	11.8
RoE (%)	-11.3	-16.6	-11.0	2.3
RoCE (%)	-2.6	-4.7	-0.1	6.9
<b>Valuations</b>				
P/E (x)	-19.4	-15.0	-27.1	134.9
EV/EBITDA (x)*	15.4	15.1	10.7	8.1
EV/EBITDA (x)*#	37.2	27.3	11.9	8.6
EV/Sub (INR)*	4,858	4,928	4,965	4,819

\* Based on attributable EBITDA and subs post minority stake; # (ex-activation)

**CMP: INR37**
**TP: INR47**
**Buy**

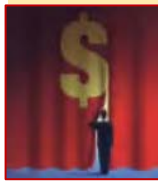
- We expect standalone revenue to grow 5% QoQ to INR3.38b.
- Cable subscription revenue is expected to grow 5% QoQ to INR1.16b.
- EBITDA is expected to grow 7% QoQ to INR569m on overall basis, and 11% QoQ on an ex-activation basis to INR349m. EBITDA margin is likely to largely remain flat QoQ at ~16.8%. On an ex-activation basis too, EBITDA margin is likely to largely remain flat QoQ at 10%.
- We expect net loss to largely remain flat QoQ at INR0.41b in 3QFY17.
- The stock trades at attributable EV/EBITDA (ex-activation) of 27.4x FY17E and 11.9x FY18E. Maintain Buy.

**Key things to watch for**

- Cable subscription revenue growth (we expect 5% QoQ).
- EBITDA margin (we expect 16.8%).
- EBITDA margin (ex-activation) (we expect 10%).

**Quarterly Performance (Standalone)**
**(INR Million)**

Y/E March	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
<b>Sales</b>	<b>2,587</b>	<b>2,704</b>	<b>3,004</b>	<b>3,399</b>	<b>3,021</b>	<b>3,211</b>	<b>3,387</b>	<b>3,703</b>	<b>11,694</b>	<b>13,321</b>
YoY Change (%)	3.4	2.6	25.6	25.9	16.8	18.8	12.7	8.9	14.3	13.9
Operating expenses	2,176	2,247	2,507	2,601	2,576	2,677	2,818	2,968	9,531	11,040
<b>EBITDA</b>	<b>411</b>	<b>457</b>	<b>498</b>	<b>798</b>	<b>445</b>	<b>533</b>	<b>569</b>	<b>735</b>	<b>2,163</b>	<b>2,282</b>
YoY Change (%)	-6.3	13.9	102.5	157.4	8.3	16.7	14.3	-7.9	55.0	5.5
EBITDA margin (%)	15.9	16.9	16.6	23.5	14.7	16.6	16.8	19.8	18.5	17.1
Depreciation	592	615	637	701	704	727	742	749	2,545	2,923
Interest	214	231	225	230	298	246	255	264	900	1,063
Other Income	45	34	28	17	51	16	16	16	124	99
<b>PBT</b>	<b>-349</b>	<b>-356</b>	<b>-336</b>	<b>-116</b>	<b>-505</b>	<b>-424</b>	<b>-413</b>	<b>-263</b>	<b>-1,158</b>	<b>-1,605</b>
<b>Adjusted net profit</b>	<b>-349</b>	<b>-356</b>	<b>-336</b>	<b>-116</b>	<b>-505</b>	<b>-424</b>	<b>-413</b>	<b>-263</b>	<b>-1,158</b>	<b>-1,605</b>
YoY Change (%)	NA	NA	NA	NA	NA	NA	NA	NA	-35.4	38.6
Forex and exceptional items	24	-36	-10	343	27	-20	0	0	321	7
<b>Reported PAT</b>	<b>-374</b>	<b>-320</b>	<b>-326</b>	<b>-459</b>	<b>-532</b>	<b>-404</b>	<b>-413</b>	<b>-263</b>	<b>-1,479</b>	<b>-1,612</b>



# Hero MotoCorp

Bloomberg	HMCL IN
Equity Shares (m)	199.7
M. Cap. (INR b)/(USD b)	602 / 9
52-Week Range (INR)	3740 / 2375
1,6,12 Rel Perf. (%)	-8 / -2 / 10

**CMP: INR3,014 TP:INR3,011 (+1%) Neutral**

- Sales volume declined 13% YoY (-19% QoQ) to 1.47m units, as demonetization impact derailed November and December sales volumes. Volume decline for Hero was steeper due to higher rural exposure.
- Realization should grow by 1% YoY (+2% QoQ) to INR43,659 per unit.
- Net revenue is likely to decline 12% YoY (~2% QoQ) to INR64.3b.
- EBITDA margin is expected to contract 90bp YoY (-290bp QoQ) to 14.7% on higher fixed costs due to decline in volumes.
- EBITDA is likely to decline 17% YoY (-31% QoQ) to ~INR9.4b.
- We expect PAT to decline 13% YoY (-31% QoQ) to INR6.9b.
- The stock trades at 15.7x FY18E and 15.5x FY19E EPS; maintain **Neutral**.

## Financial Snapshot (INR b)

Y/E March	2016	2017E	2018E	2019E
Sales	284.4	287.7	328.9	359.8
EBITDA	44.6	46.5	52.4	52.7
NP	31.6	33.8	38.4	38.9
Adj. EPS (INR)	158.3	169.5	192.2	195.0
EPS Gr. (%)	26.6	7.1	13.4	1.5
BV/Sh. (INR)	397.8	470.9	554.7	641.2
RoE (%)	43.6	39.0	37.5	32.6
RoCE (%)	42.9	38.1	36.7	32.0
Payout (%)	52.3	54.3	53.9	53.1

Valuations				
Y/E March	2016	2017E	2018E	2019E
P/E (x)	19.0	17.8	15.7	15.5
P/BV (x)	7.6	6.4	5.4	4.7
EV/EBITDA (x)	12.5	11.8	10.2	9.9
Div. Yield (%)	2.4	2.7	3.0	3.0

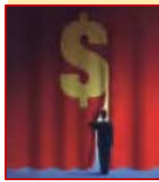
## Key issues to watch

- Update on demand environment (especially rural areas) at the retail level, channel inventory to assess the impact of demonetization.
- Guidance on export plans and new launches along with timelines.
- Update on cost-saving initiatives.

## Quarterly Performance

Y/E March	(INR Million)									
	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Total Volumes ('000 nos)	1,646	1,575	1,690	1,722	1,745	1,823	1,473	1,648	6,632	6,690
Growth YoY (%)	-4.1	-7.0	2.5	9.3	6.1	15.8	-12.8	-4.3	0.0	0.9
Net Realization	41,960	43,237	43,159	43,595	42,391	42,755	43,659	43,363	42,886	43,009
Growth YoY (%)	2.3	5.8	4.0	1.1	1.0	-1.1	1.2	-0.5	3.1	0.3
<b>Net Op Revenues</b>	<b>69,048</b>	<b>68,093</b>	<b>72,948</b>	<b>75,052</b>	<b>73,989</b>	<b>77,963</b>	<b>64,319</b>	<b>71,468</b>	<b>284,427</b>	<b>287,739</b>
Change (%)	-1.9	-1.5	6.7	10.5	7.2	14.5	-11.8	-4.8	3.1	1.2
RM Cost (% sales)	69.7	68.5	66.9	66.0	67.1	66.5	66.5	67.1	67.9	66.8
Staff Cost (% sales)	4.5	4.5	4.7	4.7	4.5	4.6	5.8	5.5	4.6	5.1
Other Exp (% sales)	10.7	10.9	12.7	13.4	11.7	11.4	13.0	11.9	11.8	12.0
<b>EBITDA</b>	<b>10,420</b>	<b>10,956</b>	<b>11,399</b>	<b>11,919</b>	<b>12,301</b>	<b>13,689</b>	<b>9,482</b>	<b>11,040</b>	<b>44,603</b>	<b>46,511</b>
EBITDA Margins (%)	15.1	16.1	15.6	15.9	16.6	17.6	14.7	15.4	15.7	16.2
Other Income	1,044	1,115	842	1,168	1,204	1,524	1,500	1,273	4,229	5,500
Interest	12	12	6	12	15	16	8	17	49	55
Depreciation	1,030	1,091	1,139	1,155	1,152	1,193	1,350	1,349	4,414	5,044
<b>PBT</b>	<b>10,422</b>	<b>10,968</b>	<b>11,096</b>	<b>11,920</b>	<b>12,337</b>	<b>14,004</b>	<b>9,624</b>	<b>10,947</b>	<b>44,369</b>	<b>46,912</b>
Effective Tax Rate (%)	28.3	28.3	28.3	30.0	28.4	28.3	28.3	26.2	28.7	27.8
<b>Adj. PAT</b>	<b>7,475</b>	<b>7,861</b>	<b>7,958</b>	<b>8,347</b>	<b>8,831</b>	<b>10,042</b>	<b>6,900</b>	<b>8,074</b>	<b>31,615</b>	<b>33,848</b>
Growth (%)	32.8	3.0	36.5	32.2	18.1	27.7	-13.3	-3.3	24.4	7.1

E: MOSL Estimates



# Indraprastha Gas

Bloomberg	IGL IN
Equity Shares (m)	140.0
M. Cap. (INR b)/(USD b)	131 / 2
52-Week Range (INR)	960 / 484
1,6,12 Rel Perf. (%)	14 / 53 / 76

**CMP: INR935 TP: INR898 (-4%) Neutral**

- We expect IGL to report volumes of 4.4mmscmd and PAT of INR1.4b (up 36% YoY, flat QoQ) for 3QFY17.
- We expect 3QFY17 CNG volumes at 3.38mmscmd (+10% YoY, -2.5% QoQ). We model total volumes of 4.4/4.8mmscmd in FY17/FY18.
- Due to increased gas cost, IGL has hiked CNG prices by INR1.85/kg. However, it is yet to pass on the increased gas cost to industrial consumers. In 3QFY17, EBITDA/scm could be lower than INR6.5 in 1QFY17 and INR6.1 in 2QFY17.
- We expect IGL to report EBITDA of INR2.5b (+33% YoY, -4.4% QoQ) for 3QFY17.
- The stock trades at 21.4x FY18E EPS of INR43.7. Neutral.

## Financial Snapshot (INR b)

y/e march	2016	2017E	2018E	2019E
Sales	36.7	36.2	41.5	45.7
EBITDA	7.6	10.0	10.4	11.0
Adj. PAT	4.2	5.9	6.1	6.7
Adj. EPS (INR)	29.7	42.0	43.7	47.6
EPS Gr. (%)	-4.9	41.2	4.0	9.0
BV/Sh.(INR)	172.6	204.4	237.5	273.4
RoE (%)	18.4	21.8	19.8	18.6
RoCE (%)	17.1	21.0	18.8	17.8
Payout (%)	20.2	19.1	20.6	21.0
<b>Valuation</b>				
P/E (x)	31.4	22.3	21.4	19.7
P/BV (x)	5.4	4.6	3.9	3.4
EV/EBITDA (x)	16.6	12.4	11.5	10.4
Div. Yield (%)	0.6	0.9	1.0	1.1

## Key issues to watch for

- (a) Likely increase in volumes following lower gas prices, and
- (b) EBITDA margin.

## Quarterly performance

(INR Million)

Y/E MARCH	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>8,994</b>	<b>9,658</b>	<b>9,269</b>	<b>8,816</b>	<b>8,970</b>	<b>9,624</b>	<b>8,889</b>	<b>8,759</b>	<b>36,737</b>	<b>36,242</b>
Change (%)	3.7	1.8	-1.5	-3.4	-0.3	-0.3	-4.1	-0.6	0.1	-1.3
<b>EBITDA</b>	<b>1,938</b>	<b>1,880</b>	<b>1,850</b>	<b>1,929</b>	<b>2,570</b>	<b>2,575</b>	<b>2,461</b>	<b>2,429</b>	<b>7,597</b>	<b>10,036</b>
EBITDA (Rs/scm)	5.6	5.0	5.0	5.2	6.5	6.1	6.1	6.0	5.2	5.1
% of Net Sales	21.5	19.5	20.0	21.9	28.7	26.8	27.7	27.7	20.7	27.7
% Change	-6.3	-12.4	-1.9	12.2	32.7	37.0	33.0	25.9	-2.9	32.1
Depreciation	386	395	399	398	466	483	478	478	1,577	1,905
Interest	36	27	18	10	0	0	0	0	91	0
Other Income	79.1	99.2	135.1	106.1	106.5	251.4	189.0	170.3	419.5	717.2
<b>PBT after EO</b>	<b>1,596</b>	<b>1,557</b>	<b>1,569</b>	<b>1,627</b>	<b>2,211</b>	<b>2,177</b>	<b>2,172</b>	<b>2,121</b>	<b>6,349</b>	<b>8,681</b>
Tax	577	542	517	551	731	735	734	716	2,187	2,916
Rate (%)	36.2	34.8	33.0	33.9	33.1	33.8	33.8	33.8	34.4	33.6
<b>PAT</b>	<b>1,018</b>	<b>1,016</b>	<b>1,051</b>	<b>1,076</b>	<b>1,480</b>	<b>1,442</b>	<b>1,439</b>	<b>1,405</b>	<b>4,162</b>	<b>5,765</b>
<b>EPS (INR)</b>	<b>7.3</b>	<b>7.3</b>	<b>7.5</b>	<b>7.7</b>	<b>10.6</b>	<b>11.1</b>	<b>10.3</b>	<b>10.0</b>	<b>29.7</b>	<b>42.0</b>
<b>Gas Volumes (mmscmd)</b>										
CNG	2.97	3.10	3.07	3.15	3.31	3.47	3.38	3.42	3.07	3.40
PNG	0.87	0.98	0.94	0.95	1.02	1.11	1.02	1.02	0.93	1.04
<b>Total</b>	<b>3.84</b>	<b>4.08</b>	<b>4.01</b>	<b>4.10</b>	<b>4.34</b>	<b>4.58</b>	<b>4.40</b>	<b>4.44</b>	<b>4.01</b>	<b>4.44</b>
<b>YoY Change (%)</b>										
CNG	4.7	2.9	4.1	7.1	11.7	11.9	10.0	8.5	4.7	10.5
PNG	(4.8)	4.7	5.1	7.7	17.7	13.3	8.0	8.3	3.1	11.7
<b>Total</b>	<b>2.3</b>	<b>3.3</b>	<b>4.3</b>	<b>7.2</b>	<b>13.0</b>	<b>12.3</b>	<b>9.5</b>	<b>8.4</b>	<b>4.3</b>	<b>10.8</b>

E: MOSL Estimates





Bloomberg	NTPC IN
Equity Shares (m)	8245.5
M. Cap. (INR b)/(USD b)	1359 / 20
52-Week Range (INR)	170 / 117
1,6,12 Rel Perf. (%)	1 / 8 / 11

**Financial Snapshot (INR Million)**

y/e march	2016	2017E	2018E	2019E
Net Sales	787.1	822.9	963.5	1,107.2
EBITDA	191.6	230.7	300.4	381.4
NP	101.6	97.8	117.9	142.4
Adj. EPS (INR)	12.3	11.9	14.3	17.3
EPS Gr. (%)	1.7	-3.8	20.6	20.8
BV/Sh. (INR)	108.2	115.2	124.1	135.4
RoE (%)	11.9	10.6	11.9	13.3
RoCE (%)	7.3	6.9	8.1	9.5
Payout (%)	27.2	33.7	31.5	28.9
<b>VALUATION</b>				
P/E (x)	10.5	13.5	11.2	9.3
P/BV (x)	1.2	1.4	1.3	1.2
EV/EBITDA (x)	11.1	11.0	9.0	7.2
Div. Yield (%)	2.5	2.8	3.1	3.7

**CMP: INR165**

**TP: INR199**

**Buy**

- We estimate a modest 5% YoY growth in adjusted PAT to INR21.7b in 3QFY17. Generation business PAT is likely to grow 7% YoY to INR19.5b while other income is estimated to decline 9% YoY to INR2.3b.
- PLF incentives are expected to be insignificant.
- Commercial capacity is estimated to remain unchanged at 45.9GW.
- NTPC shifted to coal sampling 'at wagon' from 'at secondary crusher'. The impact of this change will be a key variable to watch for.

**Key issues to watch for**

- PLF for coal-based projects and generation loss.
- Core RoE and incentives.
- Impact of shift in GCV determination.

**Quarterly Performance (standalone)**

INR million

Y/E March	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Sales</b>	<b>170,187</b>	<b>177,229</b>	<b>173,175</b>	<b>179,901</b>	<b>187,354</b>	<b>192,415</b>	<b>176,559</b>	<b>179,415</b>	<b>700,492</b>	<b>735,743</b>
Change (%)	-5.9	6.9	-7.6	-6.4	10.1	8.6	2.0	-0.3		
EBITDA	33,718	38,550	45,277	53,355	50,874	52,393	50,238	57,299	170,900	210,804
Depreciation	12,380	13,229	13,935	14,710	13,952	14,342	15,829	17,623	54,253	61,745
Interest	7,309	8,145	8,251	8,599	9,004	8,898	9,973	11,174	32,304	39,050
Other income	3,046	4,510	3,405	5,706	2,810	3,471	2,852	5,637	16,667	14,770
Exceptional	0	0	-384	-39	33	-44	0	0	-424	-11
PBT	17,076	21,686	26,113	35,712	30,761	32,580	27,287	34,139	100,587	124,768
Tax	-4,278	-7,297	1,184	8,548	7,066	7,621	5,512	6,896	-1,842	27,094
<b>PAT</b>	<b>21,354</b>	<b>28,983</b>	<b>24,929</b>	<b>27,164</b>	<b>23,695</b>	<b>24,960</b>	<b>21,775</b>	<b>27,243</b>	<b>102,429</b>	<b>97,673</b>
Change (%)	-3.0	39.9	-18.9	-7.7	11.0	-13.9	-12.7	0.3	-0.5	-4.6
<b>Adj. PAT</b>	<b>21,330</b>	<b>22,165</b>	<b>20,691</b>	<b>25,603</b>	<b>24,047</b>	<b>23,410</b>	<b>21,775</b>	<b>27,243</b>	<b>89,789</b>	<b>96,475</b>
Change (%)	9.6	24.2	-10.1	-6.3	12.7	5.6	5.2	6.4		7.4
<b>A. Generation</b>	<b>18,742</b>	<b>19,364</b>	<b>18,197</b>	<b>21,355</b>	<b>21,850</b>	<b>20,991</b>	<b>19,499</b>	<b>22,745</b>	<b>77,658</b>	<b>85,085</b>
Core RoE (%)	20	20	19	21	21	20	18	21	20	20
a. Base RoE - 15.5%	14,305	14,690	15,168	15,656	16,166	16,337	16,476	16,941	59,819	65,920
b. PLF incentive	780	890	-17	1,052	1,530	0	0	2,061	2,705	3,591
c. Others	3,657	3,784	3,046	4,647	4,154	3,756	3,023	3,743	15,134	14,676
<b>B. Other income</b>	<b>2,588</b>	<b>2,801</b>	<b>2,493</b>	<b>4,248</b>	<b>2,197</b>	<b>2,419</b>	<b>2,276</b>	<b>4,498</b>	<b>12,132</b>	<b>11,391</b>
<b>Key metrics</b>										
Regulated Equity	369,160	389,020	393,853	414,204	420,146	423,072	427,302	447,085	414,204	447,085
Commercial capacity (MW)	43,143	43,943	44,443	45,103	45,878	45,928	45,928	48,028	45,103	48,028
Coal-based PLF (%)	77.6	77.3	78.2	81.3	81.4	74.7	0.0	0.0	78.6	

E: MOSL Estimates

50



# Siemens

Bloomberg	SIEM IN
Equity Shares (m)	356.1
M. Cap. (INR b)/(USD b)	399 / 6
52-Week Range (INR)	1355 / 969
1,6,12 Rel Perf. (%)	2 / -11 / -10

### Financial Snapshot (INR b)

Y/E September	2015	2016	2017E	2018E
Net Sales	52.6	46.2	47.7	54.3
EBITDA	4.1	4.1	4.6	5.5
Adj PAT	2.8	3.0	3.3	3.8
Adj EPS (INR)	23.5	24.8	27.6	32.0
EPS Gr (%)	8.2	5.2	11.2	16.1
BV/Sh. (INR)	197.7	212.5	229.2	249.2
RoE (%)	12.5	12.2	12.5	13.4
RoCE (%)	11.3	10.7	12.2	12.9
Payout (%)	32.9	34.2	33.8	32.1
<b>Valuations</b>				
P/E (x)	33.2	31.5	28.3	24.4
P/BV (x)	3.9	3.7	3.4	3.1
EV/EBITDA (x)	23.3	22.7	19.7	16.4
Div. Yield (%)	1.0	1.1	1.2	1.3

**CMP: INR1,121 TP: INR1260 Neutral**

- During the quarter, SIEM approved the sale and transfer of its engineering, design and development services for global wind power business to a subsidiary, Wind Holdco Sociadada Limitada (SA), Spain for a consideration of INR75m.
- SIEM and Whispering Heights Real Estate Private Limited have executed an MoU for the transfer of the company's leasehold interest in a property for a consideration of INR6.1b.
- We expect SIEM to register muted YoY revenue decline of 2.1% to INR22.6b, as we exclude revenue of the healthcare division, which it sold in 3QFY16. Excluding healthcare, we expect robust revenue growth of 19% YoY, led by strong performance by the industrial and energy segments.
- We expect SIEM to register sales of INR22.1b, a growth of 12% YoY (excluding healthcare division). EBITDA is likely to decline 3% YoY to INR1.9b and net profit is likely to grow 22% YoY to INR1.4b on higher other income and lower tax rate. Maintain **Neutral**.

### Key issues to watch

- Raw material imports account for 55% of raw material cost; Siemens AG's network comprises 82% of imports; EUR depreciating 1% YoY v/s INR could bolster product competitiveness and margin profile.

### Quarterly Performance (Standalone)

(INR Million)

Y/E September	FY17				FY18				FY16	FY17
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Total Revenues</b>	<b>23,142</b>	<b>27,836</b>	<b>26,204</b>	<b>30,906</b>	<b>22,650</b>	<b>27,350</b>	<b>26,400</b>	<b>33,498</b>	<b>108,088</b>	<b>109,898</b>
Change (%)	5.9	4.9	10.3	-6.3	-2.1	-1.7	0.7	8.4	1.4	4.5
<b>EBITDA</b>	<b>1,940</b>	<b>3,061</b>	<b>2,338</b>	<b>2,414</b>	<b>1,940</b>	<b>3,000</b>	<b>3,300</b>	<b>4,323</b>	<b>9,731</b>	<b>12,563</b>
As % of Revenues	8.4	11.0	8.9	7.8	8.6	11.0	12.5	12.9	9.0	11.4
Depreciation	586	590	625	462	570	600	625	646	2,263	2,441
interest	19	21	21	21	20	20	20	19	59	79
Other Income	411	270	279	683	640	740	740	774	1,639	2,894
Extra-ordinary Items	0	0	0	22,825	0	0	0	0	0	0
<b>PBT</b>	<b>1,746</b>	<b>2,720</b>	<b>1,971</b>	<b>25,439</b>	<b>1,990</b>	<b>3,120</b>	<b>3,395</b>	<b>4,431</b>	<b>9,166</b>	<b>13,095</b>
Tax	606	946	670	770	650	920	1,002	1,309	2,992	3,881
Effective Tax Rate (%)	34.7	34.8	34.0	3.0	32.7	29.5	29.5	29.5	32.6	29.6
<b>Reported PAT</b>	<b>1,140</b>	<b>1,774</b>	<b>1,300</b>	<b>24,670</b>	<b>1,340</b>	<b>2,200</b>	<b>2,393</b>	<b>3,122</b>	<b>6,174</b>	<b>9,214</b>
<b>Adjusted PAT</b>	<b>1,140</b>	<b>1,774</b>	<b>1,300</b>	<b>1,845</b>	<b>1,340</b>	<b>2,200</b>	<b>2,393</b>	<b>3,122</b>	<b>6,056</b>	<b>1,340</b>
Change (%)	7.5	14.9	-22.7	7.1	17.5	24.0	84.1	69.3	33.5	-77.8
Order Intake (INR b)	34	29	32	25	35	0	0	0	121	120
Order book (INR b)	108	110	116	111	0	0	0	0	100	101
BTB (x)	1.0	1.0	1.1	1.0	0.0	0.0	0.0	0.0	0.9	0.9

E: MOSL Estimates, Adj EBITDA: Adjusted for change in project revenues and cost estimates



# Thermax

Bloomberg	TMX IN
Equity Shares (m)	119.2
M. Cap. (INR b)/(USD b)	93 / 1
52-Week Range (INR)	945 / 691
1,6,12 Rel Perf. (%)	-7 / -7 / -16

### Financial Snapshot (INR b)

Y/E March	2016	2017E	2018E	2019E
Net Sales	52.6	46.2	47.7	54.3
EBITDA	4.1	4.1	4.6	5.5
Adj PAT	2.8	3.0	3.3	3.8
EPS (INR)	23.5	24.8	27.6	32.0
EPS Gr. (%)	8.2	5.2	11.2	16.1
BV/Sh. (INR)	197.7	212.5	229.2	249.2
RoE (%)	12.5	12.2	12.5	13.4
RoCE (%)	11.3	10.7	12.2	12.9
Payout (%)	32.9	34.2	33.8	32.1
<b>Valuations</b>				
P/E (X)	33.2	31.5	28.3	24.4
P/BV (X)	3.9	3.7	3.4	3.1
EV/EBITDA (X)	23.3	22.7	19.7	16.4
Div Yield (%)	1.0	1.1	1.2	1.3

**CMP: INR780**

**TP: INR706 (-9%)**

**Sell**

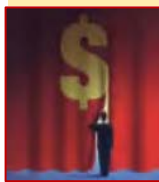
- Revenue is likely to decline 7% YoY, led by constrained execution environment prevailing in the energy segment. Operating margin is expected to remain stable YoY at 9.3%.
- Ordering activity remains muted on a weak macro environment. We believe domestic orders have remained at the base level (INR5b-7b per quarter), as the company has not announced any meaningful order during the quarter.
- Increased internationalization of the business is a vital part of TMX's ongoing strategy. The company also announced plans to partly localize operations in SE Asia by setting up subsidiaries. It is planning to set up a boiler facility in Indonesia with capex of USD50m. TMX expects the facility to generate revenue of USD100m over 3-4 years post commissioning of the plant. Maintain **Sell**.

### Key issues to watch

- Demand environment in domestic and overseas markets.
- Sustainability of margins in energy (10.1% in 2QFY17) and environment (8% in 2QFY17) segments.

### Quarterly Performance (Standalone)

Y/E March	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Sales</b>	<b>10,173</b>	<b>10,829</b>	<b>10,390</b>	<b>12,932</b>	<b>8,145</b>	<b>8,708</b>	<b>9,664</b>	<b>12,382</b>	<b>44,589</b>	<b>39,387</b>
Change (%)	21.2	-9.1	-9.4	-14.3	-19.9	-19.6	-7.0	-4.3	-5.1	-11.7
<b>EBITDA</b>	<b>788</b>	<b>907</b>	<b>988</b>	<b>1,182</b>	<b>637</b>	<b>773</b>	<b>902</b>	<b>1,401</b>	<b>3,742</b>	<b>3,714</b>
Change (%)	36.5	-25.8	-24.8	-27.3	-19.1	-14.7	-8.7	18.5	-20.4	-0.7
As of % Sales	7.7	8.4	9.5	9.1	7.8	8.9	9.3	11.3	8.4	9.4
Depreciation	158	157	160	135	168	166	187	183	609	704
Interest	12	12	2	-1	7	7	10	22	46	46
Other Income	210	195	131	478	211	289	185	193	1,140	877
Extra-ordinary Items										
<b>PBT</b>	<b>829</b>	<b>933</b>	<b>957</b>	<b>1,526</b>	<b>673</b>	<b>888</b>	<b>890</b>	<b>1,389</b>	<b>4,227</b>	<b>3,840</b>
Tax	271	315	279	413	221	292	276	387	1,252	1,176
Effective Tax Rate (%)	32.7	33.8	29.1	27.0	32.8	32.8	31.0	27.9	29.6	30.6
<b>Reported PAT</b>	<b>558</b>	<b>618</b>	<b>678</b>	<b>1,113</b>	<b>452</b>	<b>597</b>	<b>614</b>	<b>1,001</b>	<b>2,975</b>	<b>2,665</b>
Change (%)	34.8	(28.2)	(11.1)	(15.9)	(19.0)	(3.5)	(9.5)	(10.0)	(11.4)	(10.4)
<b>Adj PAT</b>	<b>558</b>	<b>618</b>	<b>678</b>	<b>1,113</b>	<b>452</b>	<b>597</b>	<b>614</b>	<b>1,001</b>	<b>2,975</b>	<b>2,665</b>
Change (%)	34.8	(28.2)	(11.1)	(15.9)	(19.0)	(3.5)	(9.5)	(10.0)	(11.4)	(10.4)



# Union Bank of India

Bloomberg	UNBK IN
Equity Shares (m)	687.4
M. Cap. (INR b)/(USD b)	86 / 1
52-Week Range (INR)	160 / 104
1,6,12 Rel Perf. (%)	-14 / -5 / -17

**CMP: INR125 TP: INR168 (+34%) Buy**

- Demonetization, capital constraint and low risk appetite would lead to lower loan growth of 1.5% YoY. Deposit growth is expected to be healthy at ~12% YoY, and resultantly, CD ratio is expected to contract by 350bp+ QoQ (and 750bp+ YoY).
- We expect NIM decline of 10bp+ on account of excess liquidity built during the quarter and lower incremental spreads on investments. Despite this, NII growth is expected to be healthy at 11% YoY, on account of lower interest income reversals (3QFY16 had an impact of higher slippages based on AQR review).
- Non-interest income is likely to grow 45%+ YoY, led by higher non-core income.
- The stock trades at 0.4x FY18E BV and 4.1x FY18E EPS. Buy.

## Financial Snapshot (INR b)

Y/E March	2016	2017E	2018E	2019E
NII	83.1	88.9	100.2	116
OP	56.4	68.2	77.1	89.6
NP	13.5	10.7	20.9	31.4
NIM (%)	2.3	2.3	2.4	2.5
EPS (INR)	19.7	15.6	30.4	45.7
EPS Gr. (%)	-29.6	-20.5	94.3	50.6
BV/Sh. (INR)	293.9	307.7	334.5	375
ABV/Sh. (INR)	151.1	121.4	130.0	179
RoE (%)	7.0	5.2	9.5	12.9
RoA (%)	0.3	0.3	0.4	0.6
Div. Payout (%)	11.5	11.6	11.6	11.6
<b>Valuations</b>				
P/E(X)	6.4	8.0	4.1	2.7
P/BV (X)	0.43	0.41	0.38	0.33
P/ABV (X)	0.8	1.0	1.0	0.70
Div. Yield (%)	1.6	1.2	2.4	3.6

## Key issues to watch for

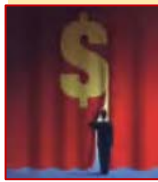
- Performance on asset quality—slippage from restructured loans, going forward.
- Quantum of loans rescheduled under the 5:25 scheme.
- Trends and efforts to improve CASA ratio and NIM.
- Update and trends on balance sheet growth.

## Quarterly Performance

(INR Million)

	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Interest Income</b>	<b>21,302</b>	<b>21,017</b>	<b>19,965</b>	<b>20,847</b>	<b>21,023</b>	<b>22,774</b>	<b>22,097</b>	<b>22,959</b>	<b>83,131</b>	<b>88,852</b>
% Change (YoY)	0.6	0.8	-5.9	-1.7	-1.3	8.4	10.7	10.1	-1.5	6.9
Other Income	7,832	9,595	8,927	9,964	10,399	11,394	13,082	12,359	36,317	47,234
<b>Net Income</b>	<b>29,134</b>	<b>30,612</b>	<b>28,892</b>	<b>30,811</b>	<b>31,421</b>	<b>34,169</b>	<b>35,179</b>	<b>35,318</b>	<b>119,448</b>	<b>136,087</b>
Operating Expenses	14,252	16,505	15,551	16,715	15,171	15,972	18,661	18,123	63,022	67,926
<b>Operating Profit</b>	<b>14,882</b>	<b>14,107</b>	<b>13,342</b>	<b>14,096</b>	<b>16,251</b>	<b>18,197</b>	<b>16,519</b>	<b>17,194</b>	<b>56,426</b>	<b>68,161</b>
% Change (YoY)	8.5	5.8	-9.0	-14.7	9.2	29.0	23.8	22.0	-3.1	20.8
Other Provisions	6,424	4,325	12,377	15,647	13,530	16,203	13,561	10,350	38,772	53,644
<b>Profit before Tax</b>	<b>8,458</b>	<b>9,782</b>	<b>965</b>	<b>-1,551</b>	<b>2,721</b>	<b>1,994</b>	<b>2,957</b>	<b>6,844</b>	<b>17,654</b>	<b>14,516</b>
Tax Provisions	3,270	3,200	180	-2,512	1,058	227	651	1,838	4,138	3,774
<b>Net Profit</b>	<b>5,188</b>	<b>6,582</b>	<b>785</b>	<b>961</b>	<b>1,663</b>	<b>1,767</b>	<b>2,307</b>	<b>5,006</b>	<b>13,516</b>	<b>10,742</b>
% Change (YoY)	-21.9	77.3	-74.0	-78.3	-67.9	-73.2	193.7	420.8	-24.1	-20.5
<b>Operating Parameters</b>										
NIM (Cal, %)	2.4	2.3	2.2	2.3	2.3	2.4	2.2	2.3	2.3	2.3
Deposit Growth (%)	10.0	10.2	4.6	8.2	3.5	9.3	12.6	9.5	8.2	9.5
Loan Growth (%)	6.0	3.3	5.0	4.6	3.5	7.7	1.4	2.0	4.6	2.0
<b>Asset Quality</b>										
OSRL (%)	5.5	5.5	5.2	3.1	2.7	2.0			3.1	0.0
Gross NPA (INR b)	141.4	155.4	185.0	241.7	272.8	298.6	316.2	329.4	241.7	329.4
Gross NPA (%)	5.5	6.1	7.1	8.7	10.2	10.7	11.7	11.5	8.7	11.5

E: MOSL Estimates



# United Breweries

Bloomberg	UBBL IN
Equity Shares (m)	264.4
M. Cap. (INR b)/(USD b)	211 / 3
52-Week Range (INR)	976 / 690
1,6,12 Rel Perf. (%)	-8 / 5 / -19

**CMP: INR796 TP: INR1,065 (+34%) Buy**

- We expect United Breweries' revenue to decline 2.9% YoY to INR10.7b.
- We build in EBITDA margin contraction of 320bp YoY to 12.7%, and 22.5% EBITDA decline YoY to INR1.4b.
- We estimate 5% PAT growth in 3QFY17, mainly due to low interest costs and tax rate compared to the base quarter.
- The stock trades at 48.7x FY18E EPS of INR16.4. Maintain Buy.

## Financial Snapshot (INR b)

Y/E March	2016	2017E	2018E	2019E
Sales	48.3	49.5	57.4	66.0
EBITDA	6.8	6.9	8.8	10.6
PAT	2.9	3.3	4.3	5.2
EPS (INR)	11.1	12.3	16.4	19.7
EPS Gr. (%)	12.8	11.2	32.6	20.4
BV/Sh.(INR)	79.8	90.2	103.9	120.7
RoE (%)	14.8	14.5	16.9	17.5
RoCE (%)	13.2	12.9	14.7	15.5
<b>Valuations</b>				
P/E (x)	71.8	64.5	48.7	40.4
P/BV (x)	10.0	8.8	7.7	6.6
EV/EBITDA (x)	31.7	30.8	24.7	20.2
EV/Sales (x)	4.4	4.3	3.8	3.2

## Key issues to watch for

- Trends in volume growth and margins.
- Price trend and outlook for raw materials.

## Standalone - Quarterly Earning Model (INR m)

Y/E March	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>14,546</b>	<b>10,723</b>	<b>10,996</b>	<b>12,074</b>	<b>15,642</b>	<b>10,386</b>	<b>10,676</b>	<b>12,784</b>	<b>48,340</b>	<b>49,487</b>
YoY Change (%)					7.5	-3.1	-2.9	5.9		2.4
Total Expenditure	12,062	9,373	9,247	10,839	12,733	9,174	9,320	11,393	41,521	42,620
<b>EBITDA</b>	<b>2,484</b>	<b>1,350</b>	<b>1,749</b>	<b>1,235</b>	<b>2,909</b>	<b>1,212</b>	<b>1,356</b>	<b>1,391</b>	<b>6,818</b>	<b>6,868</b>
YoY Change (%)					17.1	-10.3	-22.5	12.6		0.7
Margins (%)	17.1	12.6	15.9	10.2	18.6	11.7	12.7	10.9	14.1	13.9
Depreciation	583	598	615	638	637	702	600	608	2,435	2,547
Interest	202	205	184	168	148	141	90	90	759	469
Other Income	167	242	191	311	136	8	330	340	910	814
<b>PBT before EO expense</b>	<b>1,866</b>	<b>789</b>	<b>1,140</b>	<b>739</b>	<b>2,260</b>	<b>376</b>	<b>996</b>	<b>1,033</b>	<b>4,534</b>	<b>4,665</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
<b>PBT</b>	<b>1,866</b>	<b>789</b>	<b>1,140</b>	<b>739</b>	<b>2,260</b>	<b>376</b>	<b>996</b>	<b>1,033</b>	<b>4,534</b>	<b>4,665</b>
Tax	645	268	428	216	790	106	249	258	1,556	1,403
Rate (%)	34.5	33.9	37.5	29.2	34.9	28.1	25.0	25.0	34.3	30.1
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>1,221</b>	<b>521</b>	<b>713</b>	<b>524</b>	<b>1,471</b>	<b>270</b>	<b>747</b>	<b>775</b>	<b>2,979</b>	<b>3,263</b>
<b>Adj PAT</b>	<b>1,221</b>	<b>521</b>	<b>713</b>	<b>524</b>	<b>1,471</b>	<b>270</b>	<b>747</b>	<b>775</b>	<b>2,979</b>	<b>3,263</b>
YoY Change (%)					20.4	-48.1	4.8	47.9		9.5
Margins (%)	8.4	4.9	6.5	4.3	9.4	2.6	7.0	6.1	6.2	6.6

E: MOSL Estimates





### 1. PNB: See slippages below rs 4.8k cr in q4; no more loan rate cut; Usha Ananthasubramanian, MD & CEO

- Slippages to decline further in Q4, after a decline in the Q3FY17 as well. The recovery for Q3 was set at Rs 2,413 crore and upgradation was at Rs 1,534 crore. The recoveries have been more in line with the earlier provided guidance.
- The bank may allot another Rs 5,000 crore for recoveries and upgradations for Q4. The recovery guidance for the year given by the bank earlier, was Rs 20,000 crore.
- The non-performing asset situation for PNB would have been much better had it not been for demonetisation.
- The bank states that the reduction in slippages in NPA has translated to higher operating profits for the company. Hinting at the fact that another lending rate cut may not come very soon.
- All banks have brought huge cuts to the MCLR (marginal costs of funds based lending rates) after demonetisation already and these cover all the benefits the RBI passed onto the banks.
- PNB made a collection of Rs 95,000 crore due to demonetisation. It passed on the gain from the surge in deposits by way of reducing lending rates to make lending conducive for customers.

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### 2. Jubilant food: Headwinds from note ban for another 2-3 months; Sachin Sharma, CFO

- The impact of demonetisation has showed up in the form of reduced phone orders for Domino's Pizza.
- These headwinds are expected to continue for another 2-3 months. Same-store sales growth was also significantly affected due to lower phone-based orders.
- Despite the note ban, online orders and dine-in sales grew; expect online orders to grow by 70%.
- The company has had to shut down 6 Domino's branches this year. The focus of the company is now going to be towards entering only those geographies that are margin-accretive.

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### 1. Now to call the shots. by Pranab Dhal Samanta

- Prime Minister Narendra Modi has reached a very delicate and significant phase of his term, one that has little to do with his party's prospects in Uttar Pradesh but a lot to do with the stamp of authority he wants to cement on his office by the time he is up for re-election in 2019. This relates to the PM's institutional role as head of executive. And, by now, the broad consensus is that he runs a tight ship, steered by a powerful PMO that has sought to actively explore the boundaries of executive authority. The impact of the change he brought has been felt on other institutions: legislature, judiciary, even the bureaucracy.

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### 2. Union budget 2017 has done precious little to rationalise explicit subsidies. by M Govinda Rao

- The difficult international environment, decelerating economy and hardships suffered by the people on account of demonetisation had raised high expectations of a reform-oriented budget to revitalise the economy to accelerate growth and employment opportunities. The international environment marked with growing protectionism will continue to constrain the exports. As the US is set to raise interest rates, the net capital outflow is likely to increase, exerting pressure on the exchange rate. The possibility of increase in crude oil prices has the potential to put pressure on domestic prices as well as fiscal and current account balances.

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### 3. Trai's new order on the validity of rjio's happy new year offer lacks merit. by Narender Gupta

- Telecom regulatory authority of India (Trai) has upheld the tariff offer of RJio deeming it to be non-predatory, non-discriminatory and compliant with interconnect user charges (IUC) regulation. It has taken this stand without offering any explanation, data or any calculation of underlying cost of providing the service by RJio. So, the conclusion is nothing but a mere eyewash. Notwithstanding the above, let us examine how authentic are theoretical grounds on which Trai has based its decision. Welcome offer and Happy new year offer are two distinct promotional offers.

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### 4. Why india doesn't trust its private sector. by Livemint

- The Indian economy has made enormous progress since the 1991 economic reforms. All political formations in power have taken this process forward. The latest Economic Survey, in its second chapter, "The Economic Vision For Precocious, Cleavaged India", has beautifully mapped some the developments in the Indian economy. For instance, India's trade to gross domestic product (GDP) ratio has doubled to reach 53% over the last decade ending 2012 and is higher than that in China. The flow of foreign direct investment has also picked up significantly in recent times and the contribution of the private sector has increased over the years.

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## International

### 5. Europe has a chance to dominate deep tech. by John Thornhill

- Like so many other European entrepreneurs at the start of the century, Siraj Khaliq headed off to the magic factory that is Silicon Valley to chase his dreams. His choice was a smart one: he pursued a successful career as an early Googler and start-up entrepreneur. But when Mr Khaliq returned to Britain after 13 years in the valley, he was in for a big surprise. As he began touring Europe as a partner in Atomico, the venture capital fund, Mr Khaliq discovered that the region's once laggardly tech hubs had changed beyond recognition. "I was shocked," he says. "There is an energy across Europe. It is almost like there's another Renaissance going on."

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY16	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY16	FY17E	FY18E
<b>Automobiles</b>														
Amara Raja	Buy	887	1,087	23	28.7	29.2	37.7	30.3	23.5	6.0	5.0	25.8	21.6	23.1
Ashok Ley.	Buy	94	114	22	3.9	4.8	6.4	19.5	14.7	4.2	3.6	20.9	23.1	26.3
Bajaj Auto	Buy	2,775	3,432	24	131.8	136.2	160.6	20.4	17.3	5.7	5.0	33.2	30.0	31.0
Bharat Forge	Buy	981	1,096	12	28.1	25.8	36.4	38.0	26.9	5.8	5.1	18.7	15.9	20.0
Bosch	Neutral	22,391	20,937	-6	483.3	507.6	657.7	44.1	34.0	9.2	7.6	19.4	19.7	24.5
Eicher Mot.	Buy	23,718	29,172	23	492.9	625.6	870.8	37.9	27.2	13.5	9.7	35.8	41.2	41.3
Endurance Tech.	Buy	635	715	13	20.7	22.6	28.7	28.1	22.1	5.1	4.3	22.4	19.9	21.1
Escorts	Buy	394	410	4	11.1	20.7	34.2	19.0	11.5	2.0	1.8	6.1	10.9	16.3
Exide Ind	Buy	208	205	-1	7.4	8.2	9.7	25.2	21.4	3.6	3.2	14.1	14.2	14.9
Hero Moto	Neutral	3,259	3,120	-4	158.3	169.5	192.2	19.2	17.0	6.9	5.9	43.6	39.0	37.5
M&M	Buy	1,259	1,499	19	53.6	66.0	83.7	19.1	15.0	1.5	1.4	15.4	14.5	14.5
Mahindra CIE	Not Rated	194	-		4.2	6.2	9.7	31.3	19.9	2.2	2.0	4.5	7.7	10.3
Maruti Suzuki	Buy	6,206	6,808	10	177.6	247.5	307.5	25.1	20.2	5.7	4.7	19.9	22.8	23.2
Tata Motors	Buy	507	775	53	36.9	29.0	45.6	17.5	11.1	1.9	1.6	18.3	11.5	15.9
TVS Motor	Buy	392	462	18	9.1	11.9	15.4	33.0	25.5	7.9	6.4	24.1	26.4	27.9
<b>Aggregate</b>								<b>23.6</b>	<b>17.8</b>	<b>4.0</b>	<b>3.4</b>	<b>18.8</b>	<b>16.9</b>	<b>19.2</b>
<b>Banks - Private</b>														
Axis Bank	Neutral	493	535	9	34.5	14.1	25.0	35.1	19.7	2.1	2.0	17.1	6.3	10.3
DCB Bank	Neutral	135	134	-1	6.8	7.1	8.6	19.0	15.7	2.0	1.7	11.8	10.9	11.8
Equitas Hold.	Buy	180	240	34	6.2	6.1	6.9	29.7	25.9	2.7	2.4	13.3	11.3	9.9
Federal Bank	Buy	83	105	27	2.8	4.6	5.5	18.0	15.1	1.6	1.5	6.0	9.4	10.4
HDFC Bank	Buy	1,307	1,510	15	48.6	56.9	68.3	23.0	19.2	4.0	3.4	18.3	18.6	19.3
ICICI Bank	Buy	288	345	20	16.7	17.2	17.9	16.7	16.1	1.3	1.2	11.3	10.4	9.9
IDFC Bank	Neutral	63	68	8		3.1	3.9	20.6	16.0	1.5	1.4		7.4	8.9
IndusInd	Buy	1,326	1,430	8	38.4	48.4	58.7	27.4	22.6	4.0	3.5	16.6	15.5	16.4
J&K Bank	Under Review	72	68	-6	8.6	Loss	12.9	Loss	5.6	0.7	0.6	6.6	Loss	11.1
Kotak Mah. Bk	Buy	774	940	21	18.9	26.3	32.3	29.5	24.0	3.7	3.3	10.9	13.5	14.5
RBL Bank	Buy	393	450	15	9.0	12.4	17.5	31.5	22.4	3.4	3.1	11.2	12.6	14.4
South Indian	Neutral	23	21	-9	2.5	2.8	3.1	8.3	7.5	0.8	0.7	9.3	9.7	10.0
Yes Bank	Buy	1,397	1,575	13	60.4	79.3	97.0	17.6	14.4	3.6	3.0	19.9	22.1	22.6
<b>Aggregate</b>								<b>23.6</b>	<b>18.6</b>	<b>2.8</b>	<b>2.5</b>	<b>13.7</b>	<b>12.0</b>	<b>13.6</b>
<b>Banks - PSU</b>														
BOB	Buy	187	223	19	Loss	12.3	18.8	15.2	10.0	1.2	1.1	Loss	8.1	11.5
BOI	Neutral	133	125	-6	Loss	Loss	18.5	Loss	7.2	0.6	0.5	Loss	Loss	7.5
Canara	Neutral	312	300	-4	Loss	23.9	36.7	13.0	8.5	0.6	0.6	Loss	4.9	7.2
IDBI Bk	Neutral	82	49	-40	Loss	1.5	6.4	53.4	12.7	0.8	0.7	Loss	1.4	5.8
Indian Bk	Buy	291	330	14	14.8	30.4	32.2	9.6	9.0	1.0	0.9	5.5	10.4	10.2
OBC	Neutral	130	114	-12	4.9	6.6	19.6	19.7	6.6	0.3	0.3	1.2	1.7	4.8
PNB	Buy	152	172	13	Loss	8.5	13.2	17.9	11.5	0.8	0.8	Loss	4.8	7.0
SBI	Buy	278	338	22	15.7	9.8	23.3	28.3	11.9	1.2	1.1	7.6	7.5	9.2
Union Bk	Buy	169	168	0	19.7	15.6	30.4	10.8	5.6	0.5	0.5	7.0	5.2	9.5
<b>Aggregate</b>								<b>19.0</b>	<b>11.9</b>	<b>0.9</b>	<b>0.8</b>	<b>-2.7</b>	<b>4.6</b>	<b>7.0</b>
<b>NBFCs</b>														
Bajaj Fin.	Buy	1,060	1,276	20	23.9	34.1	44.6	31.1	23.8	6.4	5.2	21.1	22.5	24.1
Bharat Fin.	Buy	824	883	7	23.8	45.2	43.2	18.2	19.1	4.1	3.4	24.9	30.0	19.4
Dewan Hsg.	Buy	297	405	36	25.0	30.7	35.6	9.7	8.3	1.5	1.3	15.1	16.6	16.6
GRUH Fin.	Neutral	359	348	-3	6.7	7.9	9.8	45.7	36.5	12.9	10.7	31.5	31.0	32.1
HDFC	Buy	1,406	1,580	12	32.6	36.1	38.4	38.9	36.7	5.6	5.1	20.9	19.6	19.6
Indiabulls Hsg	Buy	828	1,015	23	55.7	69.5	86.2	11.9	9.6	3.0	2.6	27.1	26.0	28.9
LIC Hsg Fin	Buy	555	693	25	32.9	37.6	44.7	14.8	12.4	2.6	2.2	19.6	19.1	19.5
Manappuram	Not Rated	92	-		3.5	3.8	4.3	24.0	21.4	2.7	2.5	10.8	11.4	12.2
M&M Fin.	Buy	300	323	8	11.9	8.4	11.1	35.6	27.1	2.7	2.6	11.4	7.7	9.7
Muthoot Fin	Buy	342	373	9	20.3	27.5	32.0	12.4	10.7	2.2	1.9	15.1	18.4	19.0
PFC	Neutral	132	117	-11	23.8	24.0	25.5	5.5	5.2	0.9	0.8	18.3	16.8	16.2



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY16	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY16	FY17E	FY18E
Repco Home	Buy	743	842	13	24.0	25.7	37.7	28.9	19.7	4.2	3.6	17.0	15.7	19.6
REC	Neutral	141	134	-5	28.5	29.4	35.3	4.8	4.0	0.8	0.7	21.0	18.8	19.5
Shriram City Union	Buy	1,959	2,500	28	80.4	91.2	130.5	21.5	15.0	2.6	2.3	12.3	12.7	16.1
STF	Buy	948	1,225	29	53.3	58.1	77.9	16.3	12.2	1.9	1.7	12.2	12.3	14.7
<b>Aggregate</b>								<b>16.1</b>	<b>13.8</b>	<b>2.8</b>	<b>2.4</b>	<b>17.7</b>	<b>17.2</b>	<b>17.7</b>
<b>Capital Goods</b>														
ABB	Neutral	1,180	1,125	-5	15.8	18.2	26.9	64.8	43.8	7.4	6.3	11.1	11.4	14.5
Bharat Elec.	Buy	1,562	1,800	15	56.9	61.9	73.3	25.2	21.3	4.6	4.0	15.6	19.7	19.0
BHEL	Sell	152	110	-28	Loss	3.9	5.5	38.5	27.6	1.1	1.1	Loss	2.9	3.9
CG Cons. Elec.	Buy	193	205	6	1.9	4.6	5.5	42.3	35.4	32.0	21.8	52.1	94.3	73.3
Crompton Grv.	Sell	72	48	-33	2.1	0.6	1.9	128.6	38.7	1.0	1.0	3.0	4.2	6.0
Cummins	Neutral	904	990	10	27.2	26.6	30.5	33.9	29.7	7.2	6.6	24.9	22.6	23.2
GE T&D	Neutral	309	340	10	3.0	6.0	11.0	51.4	28.0	6.1	5.5	5.9	11.7	20.7
Havells	Buy	437	440	1	7.8	8.9	12.0	48.9	36.5	9.5	8.6	19.0	19.5	23.6
Inox Wind	Neutral	184	175	-5	20.7	19.4	16.5	9.5	11.2	1.8	1.6	27.9	21.2	15.3
K E C Intl	Buy	154	175	14	7.4	10.5	12.3	14.6	12.6	2.3	2.0	13.5	16.6	16.8
L&T	Buy	1,500	1,620	8	44.7	53.1	63.7	28.3	23.5	2.9	2.7	9.9	10.8	12.0
Pennar Eng.	Not Rated	134	-		8.8	10.5	12.4	12.8	10.8	1.8	1.6	14.2	14.5	14.6
Siemens	Neutral	1,231	1,260	2	16.9	17.0	25.3	72.4	48.6	6.7	6.1	11.8	9.2	12.6
Solar Ind	Neutral	733	690	-6	18.4	19.3	22.9	38.0	32.0	6.6	5.7	20.2	18.6	19.0
Suzlon Energy	Not Rated	16	-		Loss	Loss	0.6	Loss	28.2	Loss	Loss	Loss	Loss	Loss
Thermax	Sell	864	706	-18	23.5	24.8	27.6	34.9	31.4	4.1	3.8	12.5	12.2	12.5
Va Tech Wab.	Buy	492	620	26	16.3	25.2	32.6	19.5	15.1	2.5	2.2	9.7	13.2	15.4
Voltas	Neutral	331	370	12	11.7	11.8	14.0	28.1	23.6	4.1	3.6	15.3	15.4	16.4
<b>Aggregate</b>								<b>32.9</b>	<b>26.1</b>	<b>3.5</b>	<b>3.2</b>	<b>7.6</b>	<b>10.5</b>	<b>12.2</b>
<b>Cement</b>														
Ambuja Cem.	Buy	235	246	5	5.5	5.7	6.9	41.4	33.9	1.7	1.7	8.3	5.9	7.1
ACC	Neutral	1,456	1,339	-8	37.6	33.7	46.7	43.1	31.2	3.2	3.3	8.5	7.5	10.4
Birla Corp.	Buy	747	759	2	20.4	33.8	44.5	22.1	16.8	1.7	1.6	5.9	8.5	9.8
Dalmia Bharat	Buy	1,915	2,246	17	21.5	32.3	50.7	59.3	37.7	4.1	3.7	5.5	7.2	10.4
Grasim Inds.	Neutral	948	1,067	13	48.3	70.2	86.5	13.5	11.0	1.5	1.4	9.2	12.0	13.1
India Cem	Neutral	165	138	-16	4.4	7.3	10.7	22.4	15.4	1.3	1.2	3.9	5.8	7.6
J K Cements	Buy	788	938	19	14.5	32.6	37.2	24.2	21.2	3.0	2.7	6.3	13.3	13.6
JK Lakshmi Ce	Buy	393	455	16	0.4	5.9	12.2	66.4	32.1	3.4	3.3	0.3	5.2	10.5
Ramco Cem	Buy	681	698	3	23.4	29.4	31.5	23.1	21.6	4.4	3.7	19.5	20.6	18.6
Orient Cem	Buy	136	167	23	3.0	Loss	3.2	Loss	42.9	2.9	2.7	6.2	Loss	6.6
Prism Cem	Buy	107	102	-5	0.1	0.9	3.5	119.8	30.5	5.2	4.6	0.7	4.5	16.0
Shree Cem	Buy	15,896	19,006	20	238.5	387.1	582.8	41.1	27.3	7.5	6.0	14.5	19.9	24.4
Ultratech	Buy	3,703	4,058	10	79.3	93.5	129.6	39.6	28.6	4.4	3.9	11.0	11.7	14.5
<b>Aggregate</b>								<b>31.5</b>	<b>23.5</b>	<b>3.5</b>	<b>3.0</b>	<b>9.6</b>	<b>11.2</b>	<b>12.8</b>
<b>Consumer</b>														
Asian Paints	Neutral	997	1,035	4	18.7	20.2	22.9	49.2	43.5	15.0	13.2	34.7	32.5	32.3
Britannia	Buy	3,225	3,380	5	70.1	70.6	82.1	45.7	39.3	17.2	13.7	55.9	42.2	38.8
Colgate	Buy	894	1,115	25	22.7	21.7	25.8	41.3	34.7	21.6	20.2	68.9	54.9	60.1
Dabur	Neutral	266	300	13	7.1	7.3	8.3	36.5	32.1	9.5	8.1	33.3	28.3	27.3
Emami	Buy	1,111	1,260	13	25.2	24.5	29.8	45.4	37.2	13.4	11.4	43.4	33.8	33.0
Godrej Cons.	Neutral	1,577	1,655	5	33.2	36.8	42.8	42.8	36.8	8.9	7.6	23.4	22.4	22.2
GSK Cons.	Neutral	5,076	5,465	8	167.1	157.7	178.8	32.2	28.4	7.5	6.6	30.8	25.1	24.7
HUL	Neutral	855	865	1	19.0	19.3	21.5	44.4	39.7	30.5	31.8	82.4	67.6	78.4
ITC	Buy	277	295	6	7.7	8.4	9.5	33.1	29.1	8.8	7.7	29.3	28.4	28.1
Jyothy Lab	Neutral	348	365	5	4.1	7.6	9.0	45.9	38.7	7.0	6.4	9.1	15.7	17.2
Marico	Buy	270	300	11	5.6	6.1	7.1	44.5	38.2	13.3	11.5	36.9	33.3	32.4
Nestle	Neutral	6,155	6,410	4	119.9	111.5	139.2	55.2	44.2	18.7	16.1	40.9	35.9	39.2
Page Inds	Buy	14,327	17,100	19	208.6	247.4	312.7	57.9	45.8	24.8	19.5	46.0	42.9	42.7





Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY16	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY16	FY17E	FY18E
Parag Milk	Neutral	274	285	4	6.7	7.0	9.7	38.9	28.3	3.1	2.8	19.5	10.8	10.5
Pidilite Ind.	Neutral	672	720	7	14.8	16.6	18.3	40.4	36.8	10.4	8.5	29.9	28.0	25.4
P&G Hygiene	Buy	6,963	8,340	20	129.9	138.5	168.9	50.3	41.2	13.0	11.3	30.8	27.7	29.4
Radico Khaitan	Neutral	129	120	-7	6.9	5.3	7.1	24.4	18.3	1.7	1.6	10.3	7.3	9.1
United Brew	Buy	818	1,065	30	11.1	12.3	16.4	66.3	50.0	9.1	7.9	14.8	14.5	16.9
United Spirits	Buy	2,280	2,885	27	16.7	28.6	47.0	79.6	48.5	15.0	11.6	19.8	20.8	24.0
<b>Aggregate</b>								<b>40.9</b>	<b>35.4</b>	<b>12.0</b>	<b>10.5</b>	<b>31.9</b>	<b>29.3</b>	<b>29.6</b>
<b>Healthcare</b>														
Alembic Phar	Neutral	556	630	13	38.2	23.2	27.9	24.0	19.9	5.4	4.5	38.8	24.8	24.7
Alkem Lab	Neutral	1,808	1,800	0	64.7	77.3	84.4	23.4	21.4	5.1	4.3	23.8	23.9	21.8
Aurobindo	Buy	700	1,050	50	33.9	42.0	49.9	16.7	14.0	4.4	3.4	32.5	29.9	27.2
Biocon	Sell	1,099	750	-32	23.2	33.2	35.6	33.1	30.9	4.9	4.4	11.5	14.7	14.1
Cadila	Buy	367	425	16	15.4	12.0	16.9	30.6	21.7	6.1	5.1	32.8	21.4	25.5
Cipla	Neutral	597	525	-12	18.8	18.1	25.6	33.0	23.4	3.7	3.2	12.8	11.2	13.9
Divis Lab	Neutral	736	815	11	41.9	45.4	51.0	16.2	14.4	4.1	3.6	28.6	26.7	26.5
Dr Reddy's	Neutral	3,064	3,050	0	132.3	77.7	129.4	39.4	23.7	3.8	3.3	18.8	10.0	14.9
Fortis Health	Buy	185	240	29	Loss	Loss	3.5	Loss	52.5	2.2	1.8	Loss	Loss	3.8
Glenmark	Neutral	959	990	3	24.9	41.6	49.2	23.0	19.5	4.7	3.7	16.4	20.5	18.9
Granules	Buy	126	160	27	5.5	7.0	8.0	18.0	15.6	3.1	2.1	21.6	19.9	16.6
GSK Pharma	Neutral	2,731	3,150	15	44.2	50.4	61.8	54.2	44.2	16.1	18.0	22.1	29.6	40.8
IPCA Labs	Neutral	526	540	3	10.5	17.0	29.4	30.9	17.9	2.7	2.4	5.9	9.0	14.1
Lupin	Buy	1,468	1,825	24	50.4	61.6	77.0	23.8	19.1	5.0	4.1	22.9	22.8	23.4
Sanofi India	Buy	4,099	5,200	27	103.2	142.2	172.8	28.8	23.7	5.1	4.6	14.2	17.8	19.4
Sun Pharma	Buy	670	925	38	19.6	27.8	37.9	24.1	17.6	4.7	3.8	16.5	20.3	23.9
Syngene Intl	Not Rated	526	-		11.1	13.0	16.1	40.4	32.6	8.2	6.7	23.3	22.2	22.5
Torrent Pharma	Buy	1,286	1,700	32	59.7	56.8	76.3	22.6	16.8	5.4	4.5	34.4	26.0	29.2
<b>Aggregate</b>								<b>26.0</b>	<b>19.8</b>	<b>6.2</b>	<b>5.1</b>	<b>25.8</b>	<b>23.7</b>	<b>25.7</b>
<b>Logistics</b>														
Allcargo Logistics	Buy	176	196	12	10.8	10.5	12.8	16.7	13.7	2.5	2.2	13.2	13.3	16.9
Blue Dart	Not Rated	4,299	-		84.4	102.5	129.9	41.9	33.1	18.6	14.2	55.5	50.5	48.6
Concor	Neutral	1,261	1,317	4	40.6	36.3	45.9	34.8	27.4	2.9	2.8	10.2	8.6	10.3
Gateway Distriparks	Buy	259	313	21	11.4	9.6	15.6	27.0	16.6	2.2	2.0	10.1	8.3	12.8
Gati	Not Rated	125	-		3.2	9.3	17.6	13.5	7.1	2.0	1.8	5.1	12.4	19.4
Transport Corp.	Not Rated	191	-		13.5	16.9	21.0	11.3	9.1	1.8	1.5	15.4	16.7	17.8
<b>Aggregate</b>								<b>29.1</b>	<b>22.2</b>	<b>3.3</b>	<b>3.0</b>	<b>11.6</b>	<b>11.3</b>	<b>13.5</b>
<b>Media</b>														
Dish TV	Buy	88	115	32	6.5	1.7	3.2	51.9	27.8	Loss	10.4	NM	38.2	46.1
D B Corp	Buy	380	450	18	16.2	21.1	23.9	18.0	15.9	4.6	4.1	22.6	27.0	27.1
Den Net.	Neutral	84	75	-11	Loss	Loss	1.9	Loss	45.2	1.0	0.9	Loss	Loss	2.1
Hathway Cab.	Buy	36	47	29	Loss	Loss	-0.8	Loss	-46.7	2.8	3.0	Loss	Loss	-6.1
Hind. Media	Buy	277	355	28	24.6	26.5	29.4	10.5	9.4	1.8	1.5	21.9	19.3	17.8
HT Media	Neutral	82	85	4	7.3	8.0	8.2	10.2	10.1	0.7	0.7	7.7	7.7	7.1
Jagran Prak.	Buy	188	215	14	10.5	10.8	12.2	17.5	15.4	3.4	3.0	24.7	20.7	20.6
PVR	Buy	1,268	1,533	21	25.5	20.8	35.7	61.1	35.5	6.2	5.4	18.7	10.6	16.3
Siti Net.	Buy	39	45	15	Loss	Loss	2.7	Loss	14.4	4.1	2.8	0.1	Loss	23.5
Sun TV	Under Review	694	-		21.1	25.4	30.3	27.3	22.9	6.9	6.3	23.4	25.3	27.6
Zee Ent.	Buy	503	600	19	10.6	12.2	17.6	41.2	28.6	9.7	7.8	27.0	31.3	30.3
<b>Aggregate</b>								<b>33.1</b>	<b>23.9</b>	<b>5.7</b>	<b>4.9</b>	<b>18.2</b>	<b>17.4</b>	<b>20.7</b>
<b>Metals</b>														
Hindalco	Buy	186	234	26	12.0	18.5	22.1	10.0	8.4	1.7	1.4	11.6	17.3	18.1
Hind. Zinc	Neutral	311	282	-9	19.8	21.5	25.4	14.5	12.3	3.0	2.6	20.7	22.5	22.6
JSPL	Neutral	90	88	-2	Loss	Loss	Loss	Loss	Loss	0.5	0.5	Loss	Loss	Loss
JSW Steel	Buy	189	226	20	Loss	Loss	19.0	Loss	10.0	2.1	1.8	Loss	16.4	19.6
Nalco	Buy	73	73	0	2.7	3.7	4.8	19.8	15.3	1.4	1.3	5.4	7.1	8.7



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY16	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY16	FY17E	FY18E
NMDC	Buy	147	162	11	8.4	10.9	10.8	13.4	13.6	2.0	1.9	15.9	12.8	14.2
SAIL	Sell	66	28	-58	Loss	Loss	Loss	Loss	Loss	0.8	0.9	Loss	Loss	Loss
Vedanta	Neutral	248	250	1	10.8	21.4	27.3	11.6	9.1	1.3	1.2	7.9	13.0	14.8
Tata Steel	Sell	473	321	-32	7.7	11.7	37.1	40.4	12.8	4.0	3.3	4.6	8.7	28.3
<b>Aggregate</b>								<b>19.0</b>	<b>13.9</b>	<b>1.6</b>	<b>1.5</b>	<b>5.1</b>	<b>8.3</b>	<b>10.6</b>
<b>Oil &amp; Gas</b>														
BPCL	Buy	713	756	6	55.2	55.5	56.4	12.9	12.7	3.1	2.7	31.6	26.2	22.7
Cairn India	Neutral	273	-		11.4	14.0	12.5	19.5	21.8	1.0	1.0	4.0	5.3	4.6
GAIL	Neutral	476	429	-10	18.1	28.7	36.4	16.6	13.1	1.8	1.7	7.7	12.9	13.2
Gujarat St. Pet.	Neutral	165	163	-1	7.9	8.8	11.0	18.7	15.0	2.1	1.9	11.7	12.0	13.5
HPCL	Buy	557	543	-3	38.0	52.7	45.1	10.6	12.4	2.6	2.3	22.4	26.6	19.7
IOC	Buy	391	458	17	20.3	43.5	39.9	9.0	9.8	2.2	1.9	13.6	25.9	20.7
IGL	Neutral	1,020	898	-12	29.7	42.0	43.7	24.3	23.4	5.0	4.3	18.4	21.8	19.8
MRPL	Buy	112	115	3	7.4	17.0	15.8	6.6	7.1	2.3	1.8	22.1	39.4	28.4
Oil India	Buy	336	382	14	28.7	27.5	39.0	12.2	8.6	1.1	1.1	10.4	9.5	12.7
ONGC	Neutral	193	204	6	13.6	12.6	21.1	15.4	9.2	1.3	1.2	9.6	8.6	13.8
PLNG	Buy	381	411	8	11.2	19.8	26.9	19.2	14.2	3.8	3.2	14.0	21.5	24.7
Reliance Ind.	Neutral	1,031	1,057	3	93.0	99.2	107.9	10.4	9.5	1.1	1.0	12.0	11.6	11.4
<b>Aggregate</b>								<b>11.3</b>	<b>9.9</b>	<b>1.5</b>	<b>1.3</b>	<b>11.4</b>	<b>12.9</b>	<b>13.4</b>
<b>Retail</b>														
Jubilant Food	Neutral	999	1,008	1	15.0	12.8	22.4	77.9	44.6	8.1	8.9	13.4	10.4	19.9
Shopper's Stop	Neutral	295	300	2	5.8	4.1	8.0	72.1	36.8	2.9	2.7	6.3	4.2	7.7
Titan Co.	Neutral	393	360	-8	8.0	8.7	9.8	45.0	40.3	8.5	7.5	21.3	20.2	19.7
<b>Aggregate</b>								<b>49.1</b>	<b>40.7</b>	<b>7.6</b>	<b>6.9</b>	<b>16.8</b>	<b>15.5</b>	<b>17.1</b>
<b>Technology</b>														
Cyient	Buy	465	600	29	30.7	33.4	42.7	13.9	10.9	2.2	1.9	16.5	15.9	17.8
HCL Tech.	Buy	815	980	20	40.1	58.1	64.7	14.0	12.6	3.6	3.1	21.5	27.3	26.7
Hexaware	Neutral	197	230	17	12.9	13.6	15.5	14.4	12.7	3.8	3.2	28.9	27.7	27.5
Infosys	Buy	945	1,250	32	59.0	62.8	67.8	15.0	13.9	3.1	2.8	24.7	23.2	22.5
KPIT Tech	Neutral	132	150	13	14.1	11.7	13.8	11.3	9.6	1.7	1.4	21.0	14.0	15.9
L&T Infotech	Buy	685	800	17	52.4	54.2	57.5	12.6	11.9	4.8	3.9	45.3	41.8	36.2
Mindtree	Neutral	453	530	17	35.9	25.1	33.7	18.0	13.4	3.0	2.7	27.4	17.1	21.0
Mphasis	Neutral	571	550	-4	34.5	42.6	41.4	13.4	13.8	2.0	1.9	12.3	14.1	14.4
NIIT Tech	Neutral	421	470	12	45.7	38.2	49.3	11.0	8.5	1.5	1.3	19.0	14.2	16.5
Persistent Sys	Neutral	602	730	21	37.2	38.9	46.2	15.5	13.0	2.4	2.3	19.5	17.5	18.9
Tata Elxsi	Buy	1,451	1,780	23	49.7	59.3	72.1	24.5	20.1	9.4	7.5	46.3	42.5	41.3
TCS	Neutral	2,245	2,500	11	123.2	135.2	145.3	16.6	15.5	5.2	4.4	37.1	33.8	31.1
Tech Mah	Buy	471	550	17	35.1	32.5	36.6	14.5	12.9	2.7	2.4	23.4	20.1	20.0
Wipro	Neutral	458	560	22	36.1	33.4	37.2	13.7	12.3	2.2	2.0	20.3	17.0	17.0
Zensar Tech	Buy	902	1,250	39	68.2	68.6	85.0	13.2	10.6	2.4	2.1	24.0	20.0	21.1
<b>Aggregate</b>								<b>15.4</b>	<b>14.1</b>	<b>3.6</b>	<b>3.2</b>	<b>24.4</b>	<b>23.7</b>	<b>22.8</b>
<b>Telecom</b>														
Bharti Airtel	Buy	352	410	16	11.9	11.3	7.9	31.1	44.6	2.0	2.0	7.4	6.7	4.5
Bharti Infratel	Buy	302	435	44	11.8	15.6	16.7	19.4	18.1	3.1	2.8	12.7	15.7	15.9
Idea Cellular	Under Review	107	-		8.6	Loss	Loss	Loss	Loss	1.6	2.0	12.6	Loss	Loss
Tata Comm	Buy	746	811	9	1.6	8.5	31.4	87.7	23.7	-94.4	31.7	-91.6	-75.4	402.2
<b>Aggregate</b>								<b>47.9</b>	<b>103.3</b>	<b>2.3</b>	<b>2.3</b>	<b>9.3</b>	<b>4.9</b>	<b>2.2</b>
<b>Utilities</b>														
Coal India	Neutral	316	297	-6	22.6	16.8	20.0	18.8	15.8	6.5	6.5	42.2	34.5	41.0
CESC	Buy	806	940	17	27.8	48.4	70.7	16.7	11.4	1.8	1.6	3.1	4.7	6.3
JSW Energy	Buy	62	83	34	7.6	4.1	3.3	15.1	19.0	1.2	1.1	15.5	7.7	6.0
NTPC	Buy	173	199	15	12.3	11.9	14.3	14.6	12.1	1.5	1.4	11.9	10.6	11.9
Power Grid	Buy	200	209	4	11.5	14.2	16.8	14.1	11.9	2.1	1.9	14.7	16.1	16.6
<b>Aggregate</b>								<b>16.0</b>	<b>13.5</b>	<b>2.5</b>	<b>2.3</b>	<b>17.7</b>	<b>15.3</b>	<b>16.8</b>
<b>Others</b>														



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY16	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY16	FY17E	FY18E
Arvind	Buy	370	430	16	14.0	13.5	21.8	27.3	17.0	2.5	2.2	12.9	10.4	14.0
Bata India	Buy	505	483	-4	11.2	10.9	14.2	46.4	35.5	5.0	4.5	13.1	11.3	13.4
Castrol India	Buy	416	499	20	9.6	12.8	13.4	32.4	31.1	35.8	32.2	76.0	118.4	108.8
Century Ply.	Buy	215	211	-2	7.5	4.6	8.8	47.1	24.5	8.2	6.6	36.3	18.2	29.8
Coromandel Intl	Under Review	336	-		11.8	16.3	20.0	20.6	16.8	3.6	3.2	14.9	18.5	20.4
Dynamatic Tech	Buy	3,080	3,388	10	19.4	67.6	112.9	45.6	27.3	6.3	5.1	4.7	15.1	20.7
Eveready Inds.	Buy	249	287	15	9.2	12.4	13.9	20.1	18.0	6.7	5.4	16.2	37.8	33.1
Interglobe	Neutral	847	1,010	19	55.2	39.3	54.1	21.5	15.7	14.8	12.9	176.5	72.8	88.1
Indo Count	Buy	184	223	21	13.4	15.7	18.5	11.7	9.9	3.7	2.7	48.9	37.8	31.2
Info Edge	Buy	835	1,075	29	13.0	16.9	19.0	49.3	43.9	5.2	4.9	9.2	11.1	11.5
Inox Leisure	Sell	227	207	-9	8.4	2.5	8.2	90.7	27.8	3.5	3.2	14.9	3.8	11.5
Jain Irrigation	Under Review	95	-		2.2	5.5	7.6	17.2	12.5	1.5	1.4	4.0	8.6	11.7
Just Dial	Buy	398	443	11	20.4	17.2	18.5	23.2	21.6	3.6	3.1	21.1	16.5	15.5
Kaveri Seed	Buy	466	577	24	24.9	23.4	28.6	19.9	16.3	3.4	3.1	20.7	17.3	19.8
Kitex Garm.	Buy	435	551	27	23.6	26.0	31.0	16.8	14.1	4.5	3.7	35.5	29.9	28.7
Manpasand	Buy	686	761	11	10.1	14.9	23.8	46.0	28.9	3.4	3.1	11.4	8.6	9.9
MCX	Buy	1,149	1,400	22	23.4	28.3	40.8	40.6	28.1	4.4	4.1	3.5	11.4	15.2
Monsanto	Under Review	2,306	-		60.1	68.4	87.2	33.7	26.4	9.8	9.2	26.4	28.8	35.9
PI Inds.	Buy	916	959	5	22.1	31.3	38.4	29.3	23.9	8.2	6.4	29.2	31.7	30.1
SRF	Buy	1,749	1,915	9	73.7	81.0	105.0	21.6	16.7	3.3	2.9	17.0	16.2	18.2
S H Kelkar	Buy	311	338	9	5.5	7.5	10.1	41.6	30.7	5.4	4.8	12.6	13.5	16.6
Symphony	Sell	1,308	1,053	-19	15.6	27.0	35.1	48.4	37.3	26.3	22.4	35.0	56.8	65.0
TTK Prestige	Neutral	5,682	4,896	-14	100.7	107.8	139.9	52.7	40.6	52.7	40.6	17.2	16.6	19.7
V-Guard	Neutral	218	179	-18	3.7	4.5	5.8	48.2	37.8	11.5	9.4	26.3	26.1	27.4
Wonderla	Buy	381	392	3	10.6	7.0	11.9	54.5	31.9	5.0	4.5	15.8	9.5	14.8



Company	1 Day (%)	1M (%)	12M (%)
<b>Automobiles</b>			
Amara Raja	-1.0	-4.4	0.6
Ashok Ley.	-1.1	10.4	3.9
Bajaj Auto	-0.8	2.5	17.5
Bharat Forge	-0.8	7.6	27.0
Bosch	-0.6	5.9	38.8
Eicher Mot.	-0.1	4.4	30.8
Endurance Tech.	-0.5	13.0	
Escorts	2.9	20.1	199.5
Exide Ind	-0.3	11.5	66.3
Hero Moto	-0.1	6.2	26.4
M&M	-0.7	3.2	3.4
Mahindra CIE	-0.5	3.0	-11.7
Maruti Suzuki	0.9	10.6	66.7
Tata Motors	-3.5	1.8	50.3
TVS Motor	-1.0	1.7	36.0
<b>Banks - Private</b>			
Axis Bank	-0.9	8.3	23.5
DCB Bank	1.7	18.7	68.5
Equitas Hold.	-0.7	21.3	
Federal Bank	-1.3	23.1	81.0
HDFC Bank	-0.5	9.6	23.8
ICICI Bank	-0.9	11.5	37.6
IDFC Bank	1.2	4.0	14.6
IndusInd	0.9	15.9	45.3
J&K Bank	3.6	19.9	1.9
Kotak Mah. Bk	0.9	8.2	11.8
RBL Bank	0.1	10.4	
South Indian	3.6	12.4	24.8
Yes Bank	-0.1	12.0	79.7
<b>Banks - PSU</b>			
BOB	1.5	22.3	47.6
BOI	0.6	20.6	36.3
Canara	0.2	15.1	61.3
IDBI Bk	-2.2	15.0	43.4
Indian Bk	-0.2	24.6	237.4
OBC	3.6	17.5	23.5
PNB	1.4	27.4	60.4
SBI	0.2	12.8	65.0
Union Bk	0.6	30.5	28.3
<b>NBFCs</b>			
Bajaj Fin.	-1.1	20.7	58.1
Bharat Fin.	-0.2	32.4	45.7
Dewan Hsg.	-1.1	19.6	66.0
GRUH Fin.	1.1	9.5	43.6
HDFC	0.4	15.0	18.8
Indiabulls Hsg	3.8	25.9	21.3
LIC Hsg Fin	-1.1	5.7	24.3
Manappuram	0.1	28.3	209.8
M&M Fin.	-0.2	8.9	50.7
Muthoot Fin	-3.1	15.6	85.2
PFC	-3.0	1.9	49.0
Repco Home	-2.2	23.4	17.7
REC	-3.2	10.3	48.1
STF	-1.8	2.2	12.7
Shriram City Union	0.5	7.0	31.0

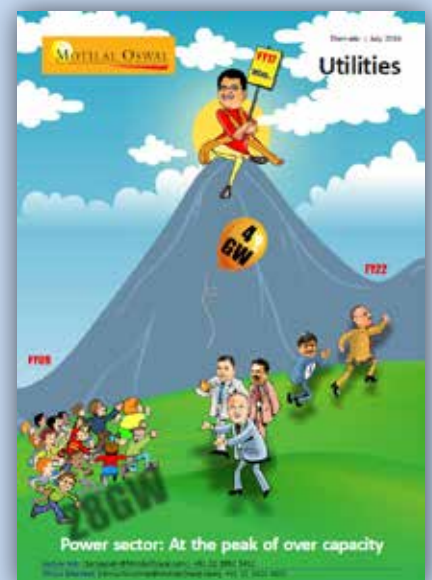
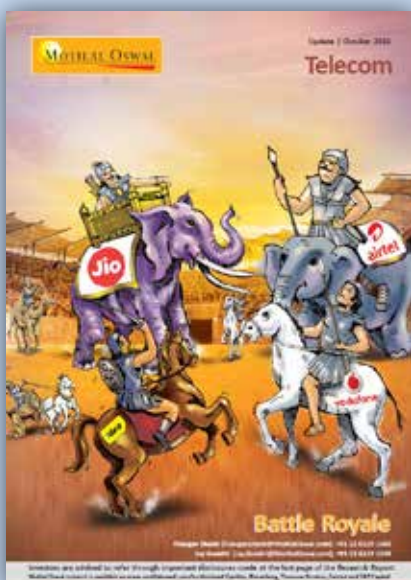
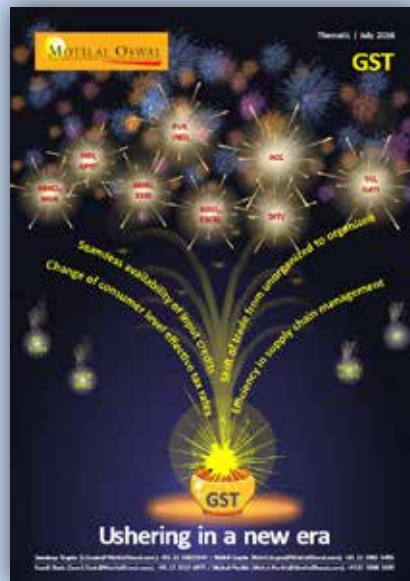
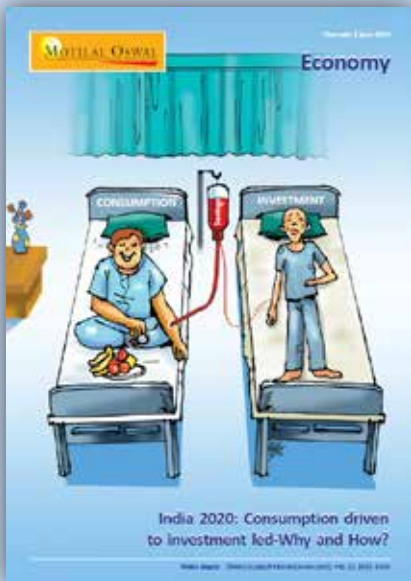
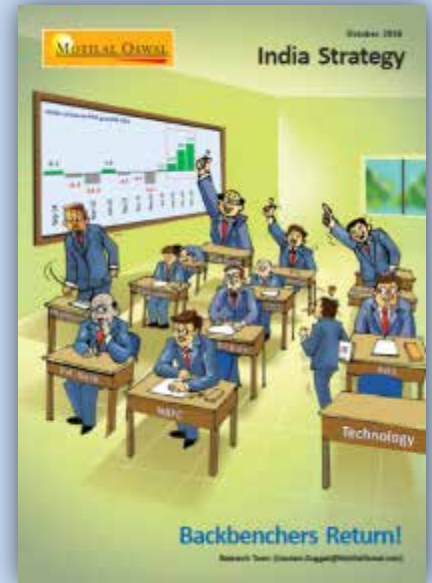
Company	1 Day (%)	1M (%)	12M (%)
<b>Capital Goods</b>			
ABB	4.2	13.0	4.4
Bharat Elec.	1.7	10.8	26.6
BHEL	5.5	20.2	14.4
CG Cons. Elec.	2.7	29.8	
Crompton Grv.	3.1	16.2	63.7
Cummins	-0.9	11.9	-6.7
GE T&D	-0.3	3.1	-30.9
Havells	0.5	21.2	44.0
Inox Wind	-1.3	0.2	-37.7
K E C Intl	0.0	6.7	30.9
L&T	1.0	7.8	31.6
Pennar Eng.	-0.1	-7.6	-11.9
Siemens	0.7	5.7	18.7
Solar Ind	1.2	4.6	18.2
Suzlon Energy	-0.9	7.7	0.6
Thermax	1.5	7.7	8.5
Va Tech Wab.	-0.4	2.1	-13.1
Voltas	-1.4	-1.5	18.6
<b>Cement</b>			
Ambuja Cem.	-2.1	10.4	20.1
ACC	-1.7	9.0	14.6
Birla Corp.	-0.8	6.6	90.7
Dalmia Bharat	-1.9	24.6	164.0
Grasim Inds.	0.2	11.0	37.1
India Cem	0.2	31.2	95.6
J K Cements	-1.1	10.3	69.5
JK Lakshmi Ce	-1.6	10.2	43.4
Ramco Cem	-4.7	17.6	77.8
Orient Cem	-2.6	6.6	-0.6
Prism Cem	-3.7	26.8	48.3
Shree Cem	-0.5	11.2	53.6
Ultratech	-1.2	11.2	30.3
<b>Consumer</b>			
Asian Paints	0.5	7.4	11.1
Britannia	-1.9	11.7	12.5
Colgate	0.3	-0.6	4.9
Dabur	-1.3	-3.6	6.3
Emami	-3.4	7.6	8.1
Godrej Cons.	-0.7	3.6	26.6
GSK Cons.	-1.0	-0.8	-11.7
HUL	-0.6	2.7	1.2
ITC	0.3	14.2	28.3
Jyothy Lab	0.1	4.4	21.3
Marico	5.4	3.7	18.6
Nestle	-2.0	4.2	13.3
Page Inds	-0.8	4.6	21.8
Parag Milk	-1.8	4.0	
Pidilite Ind.	-0.2	9.4	12.7
P&G Hygiene	-0.5	1.4	26.9
Radico Khaitan	0.8	6.4	13.6
United Brew	-2.5	2.4	0.5
United Spirits	0.8	18.9	-12.6
<b>Healthcare</b>			
Alembic Phar	0.2	-8.2	-6.7
Alkem Lab	-0.3	8.9	35.3
Aurobindo	-0.9	1.1	-8.2

Company	1 Day (%)	1M (%)	12M (%)
Biocon	0.1	14.7	132.6
Cadila	-0.1	-3.2	12.4
Cipla	-0.7	2.6	4.8
Divis Lab	-2.5	-0.2	-33.3
Dr Reddy's	-1.0	-3.1	-1.4
Fortis Health	-0.3	-3.6	10.0
Glenmark	-0.1	7.2	30.6
Granules	-1.8	12.1	10.7
GSK Pharma	-0.2	0.6	-17.0
IPCA Labs	-0.2	-3.8	-15.1
Lupin	-1.7	-2.9	-18.5
Sanofi India	0.5	-3.0	-3.0
Sun Pharma	-0.7	4.5	-21.9
Syngene Intl	-1.3	-9.5	31.6
Torrent Pharma	0.2	-6.6	-6.4
<b>Logistics</b>			
Allcargo Logistics	-1.4	2.1	-4.4
Blue Dart	-0.6	-3.0	-30.2
Concor	-1.1	7.9	12.1
Gateway Distriparks	-0.6	4.3	-6.6
Gati	-2.1	7.2	14.0
Transport Corp.	-1.6	25.5	35.4
<b>Media</b>			
Dish TV	-0.4	1.9	9.0
D B Corp	1.2	2.2	18.6
Den Net.	-3.5	15.7	7.6
Hathway Cab.	1.1	2.8	-1.2
Hind. Media	-0.2	1.7	3.9
HT Media	-1.2	8.8	10.4
Jagran Prak.	0.7	7.3	18.1
PVR	0.6	7.3	71.4
Siti Net.	-1.0	5.0	9.1
Sun TV	0.7	30.2	98.1
Zee Ent.	-0.3	8.5	23.4
<b>Metals</b>			
Hindalco	-2.1	15.6	160.6
Hind. Zinc	-1.6	17.6	84.8
JSPL	-0.8	22.7	41.8
JSW Steel	-1.4	7.9	81.9
Nalco	2.7	12.5	114.7
NMDC	-0.4	7.8	73.2
SAIL	0.9	27.7	62.3
Vedanta	-0.9	7.8	236.4
Tata Steel	0.1	12.8	102.2
<b>Oil &amp; Gas</b>			
BPCL	1.5	7.5	69.2
Cairn India	-0.8	6.5	114.1
GAIL	-1.4	7.6	39.5
Gujarat St. Pet.	5.7	19.8	21.3
HPCL	1.4	19.3	123.5
IOC	-1.3	13.0	98.6
IGL	2.0	10.6	84.7
MRPL	4.2	3.0	78.4
Oil India	-3.6	-6.1	31.0
ONGC	-2.9	-4.5	31.8
PLNG	-1.9	1.9	44.4
Reliance Ind.	-0.9	-3.9	6.0

Company	1 Day (%)	1M (%)	12M (%)
<b>Retail</b>			
Jubilant Food	-0.8	18.9	-14.8
Shopper's Stop	0.8	0.6	-20.8
Titan Co.	0.5	10.8	6.5
<b>Technology</b>			
Cyient	-0.7	-4.5	16.1
HCL Tech.	-0.8	0.1	-6.4
Hexaware	0.1	-2.3	-20.0
Infosys	1.1	-2.7	-19.6
KPIT Tech	0.0	-1.7	-3.2
L&T Infotech	-0.2	0.8	
Mindtree	-2.4	-9.6	-40.9
Mphasis	1.1	8.2	30.0
NIIT Tech	-0.3	-0.5	-20.5
Persistent Sys	0.5	-4.9	-6.3
Tata Elxsi	-1.1	4.2	-31.8
TCS	0.2	-1.7	-7.5
Tech Mah	-1.3	0.3	-0.8
Wipro	-0.8	-2.6	-18.0
Zensar Tech	1.2	-3.8	3.5
<b>Telecom</b>			
Bharti Airtel	-0.7	10.1	14.7
Bharti Infratel	-0.8	-14.7	-17.2
Idea Cellular	-0.9	47.3	5.8
Tata Comm	-1.3	17.8	97.8
<b>Utilities</b>			
Coal India	-2.9	3.2	-3.2
CESC	4.2	25.9	79.0
JSW Energy	-1.2	-5.0	-12.2
NTPC	0.1	5.7	39.0
Power Grid	-0.5	6.1	37.9
<b>Others</b>			
Arvind	-2.3	2.4	29.8
Bata India	-0.7	7.2	4.9
Castrol India	-1.4	6.8	0.9
Century Ply.	-1.4	22.1	50.5
Coromandel Intl	0.3	7.3	102.0
Dynamatic Tech	-1.4	5.3	70.1
Eveready Inds.	0.1	11.9	5.6
Interglobe	-1.3	1.1	1.1
Indo Count	-1.2	14.0	-24.2
Info Edge	0.5	-4.4	6.6
Inox Leisure	0.4	-0.5	9.4
Jain Irrigation	-1.4	3.7	54.2
Just Dial	-0.7	6.0	-30.1
Kaveri Seed	-1.7	12.0	33.6
Kitex Garm.	0.0	5.0	-1.3
Manpasand	0.9	27.1	49.7
MCX	-2.4	-8.3	41.1
Monsanto	-0.2	1.8	9.9
PI Inds.	-1.2	9.1	37.4
SRF	1.1	11.8	54.0
S H Kelkar	0.5	-2.1	22.2
Symphony	0.3	9.7	18.9
TTK Prestige	-0.6	0.3	33.8
V-Guard	1.7	32.1	141.6
Wonderla	-0.3	10.4	0.5



# THEMATIC/STRATEGY RESEARCH GALLERY





# REPORT GALLERY

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**SH Kelkar**



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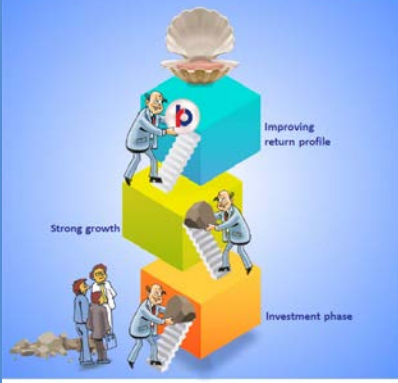
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**Cheers to growth**

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Initiating Coverage | 18 November 2015  
Sector: Consumer

**Page Industries**



**Getting into the big league**

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# DIFFERENTIATED PRODUCT GALLERY

## MOTILAL OSWAL

### SUN PHARMACEUTICAL

Our research team into annual report season highlights several performance highlights from Sun Pharma's 2016-17 annual report. Revenue grew just 2.2% to INR 2,450 crore, but gross margin expansion, favourable conditions on tax expenses (increased to 100% from 80%) and cost reduction (INR 200 crore) was significantly higher than expected for 2016-17. Operating cash flow and interest income increased from INR 200 crore to INR 250 crore in order to cater to its primary operating activities (including its ongoing medicine business). However, this was partially offset by a rise in income tax expenditure. Net consolidated profit (PAT) increased to INR 1,100 crore (up from INR 900 crore) and net profit (NP) increased to INR 1,000 crore (up from INR 800 crore). Operating cash flow and interest income increased from INR 200 crore to INR 250 crore. Operating cash flow and interest income increased from INR 200 crore to INR 250 crore.

### ART TREADBARE

ANNUAL REPORT  
The ART of Threadbare

The ART of Threadbare is a quarterly report that has been published in the past few years. It is a quarterly report that has been published in the past few years. It is a quarterly report that has been published in the past few years.

Key highlights:

- Operating performance metrics: Revenue grew just 2.2% to INR 2,450 crore, but gross margin expansion, favourable conditions on tax expenses (increased to 100% from 80%) and cost reduction (INR 200 crore) was significantly higher than expected for 2016-17.
- Operating cash flow and interest income increased from INR 200 crore to INR 250 crore.
- Net consolidated profit (PAT) increased to INR 1,100 crore (up from INR 900 crore) and net profit (NP) increased to INR 1,000 crore (up from INR 800 crore).

## MOTILAL OSWAL

### CornerOffice

Subscriptions with the CEO

#### Democratization: A milestone task for India's largest bank

State Bank of India (SBI) has taken a significant step towards democratization by launching its 'SBI Micro' initiative. This initiative aims to provide financial services to small businesses and individuals, thereby promoting financial inclusion. SBI Micro offers a range of products including micro-loans, micro-savings, and micro-insurance. The bank has also established a network of micro-branches across the country to serve these customers better. This move is expected to significantly boost SBI's market share in the micro-finance segment.

Key highlights:

- SBI Micro initiative launched to promote financial inclusion.
- Products include micro-loans, micro-savings, and micro-insurance.
- Network of micro-branches established across the country.

## MOTILAL OSWAL

### VOICES

India Inc on Call

VOICES is a quarterly report that provides a comprehensive overview of the Indian economy and market trends. It covers various sectors including IT, pharmaceuticals, and infrastructure. The report also includes insights from industry experts and analysts. Key highlights include the strong performance of the IT sector, the growth of the pharmaceutical industry, and the challenges faced by the infrastructure sector. The report also discusses the impact of government policies on the economy and provides recommendations for investors and businesses.

Key highlights:

- Strong performance of the IT sector.
- Growth of the pharmaceutical industry.
- Challenges faced by the infrastructure sector.

## MOTILAL OSWAL

### EcoKnowledge

Living into trading theory

#### Identity data confirms 6.5% growth in real retail living

Based on monthly transactions, EcoKnowledge has identified a strong correlation between real retail living and GDP growth. This indicates that the real estate market is performing well and is a key driver of economic growth. The report also highlights the importance of real retail living in the overall economy and provides insights into the factors driving this growth. Key highlights include the strong correlation between real retail living and GDP growth, the importance of real retail living in the overall economy, and the factors driving this growth.

Key highlights:

- Strong correlation between real retail living and GDP growth.
- Importance of real retail living in the overall economy.
- Factors driving this growth.

## MOTILAL OSWAL

### BULLS & BEARS

INDIA WALLSTREET HANDBOOK

Highlights of November edition:

- Nifty ended November with a 7% loss, closing at 6,225 after recovering from an intra-month low of 7,935 post Trump's victory and demonetization.
- Metals, Utilities and PSU Banks only sectors to give positive returns.
- Real Estate, Media and Cement top negative performers.

December 2016

## MOTILAL OSWAL

### FUND FOLIO

Indian Mutual Fund Tracker

A MONTH INTO DEMONETIZATION

Key highlights:

- Significant change in sector and stock allocation of funds.
- Technology, Healthcare and IT funds saw big increase.
- Consumer, Private Equity, Auto, Consumer and Media saw signs of moderation.

December 2016

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