

Market snapshot



Equities - India	Close	Chg. %	YTD.%
Sensex	31,271	0.3	17.4
Nifty-50	9,664	0.3	18.1
Nifty-M 100	17,856	0.7	24.4
Equities-Global	Close	Chg. %	YTD.%
S&P 500	2,433	0.2	8.7
Nasdaq	6,297	0.4	17.0
FTSE 100	7,479	-0.6	4.7
DAX	12,672	-0.1	10.4
Hang Seng	10,611	0.0	12.9
Nikkei 225	19,985	0.0	4.6
Commodities	Close	Chg. %	YTD.%
Brent (US\$/Bbl)	47	-3.5	-14.3
Gold (\$/OZ)	1,287	-0.5	11.7
Cu (US\$/MT)	5,592	0.1	1.2
Almn (US\$/MT)	1,903	0.2	11.7
Currency	Close	Chg. %	YTD.%
USD/INR	64.3	-0.1	-5.3
USD/EUR	1.1	0.0	7.1
USD/JPY	109.4	0.0	-6.5
YIELD (%)	Close	1MChg	YTDchg
10 Yrs G-Sec	6.6	-0.1	0.1
10 Yrs AAA Corp	7.6	-0.1	0.1
Flows (USD b)	7-Jun	MTD	YTD
FII's	0.0	-0.5	7.3
DII's	0.0	0.1	2.4
Volumes (INRb)	7-Jun	MTD*	YTD*
Cash	266	257	287
F&O	4,417	4,084	4,767

Note: YTD is calendar year, \*Avg

Quote of the day

Our greatest glory is not in never falling, but in rising every time we fall



Today's top research idea

GAIL India: A case for lower PE

US contracts pose threat of losses; downgrading to Sell

- ❖ GAIL may face challenges to find customers for the 5.8mmtpa import contracts it has signed with US companies.
- ❖ Threat of losses on US shale gas import contracts looms large and may wipe out ~20% of EBITDA for each USD1/mmBtu loss. In the current pricing environment, US shale would be ~USD2/mmBtu more expensive than prevailing spot prices in Asia-Pacific. Incremental benefits from transmission, trading and petrochemicals are limited.
- ❖ Led largely by the petrochemicals and LPG segments, we expect EBITDA to increase by 24% in FY18. However, RoE at 11.7% and RoCE at 10.0% would still remain ~5% lower than a decade ago due to increased balance sheet size. We revise our stock rating to Sell. Our target price of INR357 implies 11% downside.



Research covered

Cos/Sector	Key Highlights
GAIL India	A case for lower PE; downgrading to Sell
Voices	4QFY17   India Inc on Call: Demand revival in the offing
EcoScope	RBI moves closer to a rate cut
Financials	Regulatory impetus to affordable housing finance segment



Piping hot news

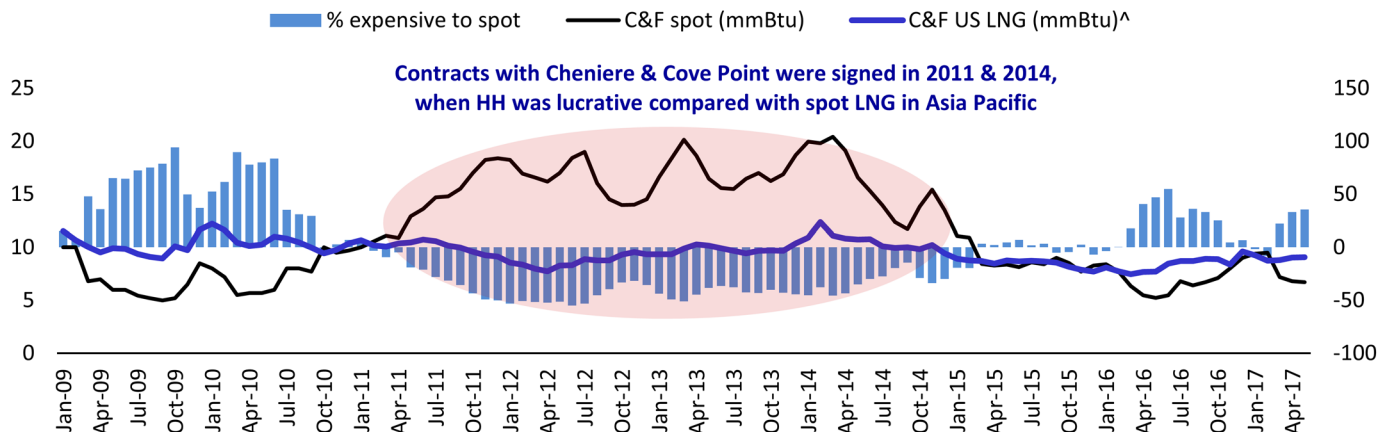
Home loans set to get cheaper as RBI eases norms for banks

- ❖ The Reserve Bank of India (RBI) on Wednesday made it possible for banks to lend more to home buyers, and at lower interest rates, in a move that should benefit customers as well as real estate developers.



Chart of the Day: GAIL India – A case for lower PE

US contracts ~30% expensive to prevailing spot prices in Asia-Pacific



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

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



Kindly click on textbox for the detailed news link

**1****Reliance Nippon Life AMC plans IPO in FY18; eyes valuation of Rs 20,000 cr**

Reliance Nippon Life Asset Management (RNLAM), the asset management arm of Anil Ambani-promoted Reliance Capital, plans to come up with an initial public offering (IPO) — the first by a major asset manager in the country — before March 2018...

**2****Indian media, entertainment sector to grow at 10.6%: PwC**

PwC's 2017 Global E&M Outlook projects the global entertainment and media industry will clock 4.2 per cent annual growth between 2016 and 2021 while the Indian industry is expected to grow at 10.6 per cent to exceed Rs 291,000 crore by 2021. The key takeaways from the report are in line with major industry trends. TV advertising will continue to command a huge share of the advertising pie, though Internet advertising will emerge as the fastest growing advertising platform. The report also predicts India will be among the largest and fastest growing newspaper markets in the country, owing to the popularity of vernacular publications, and rising literacy...

**3****Power Finance Corporation to revamp its lending portfolio**

Power sector's key financier Power Finance Corporation (PFC) is looking to shift its focus from conventional energy to other upcoming sectors such as transmission, last-mile distribution infrastructure and renewable energy...

**4****Paint prices to remain stable under GST: IPA**

Paint prices are expected to remain stable under the goods and services tax (GST) as its impact is neutral. The GST rate on paints is 28 per cent, which current effective taxes add up to. Excise duty accounts for 12.5 per cent, with states charging value added tax (VAT) of 12.5-14.5 per cent...

**5****GMR Airports wins rights to build a new airport in Greece**

GMR Airports Ltd, a subsidiary of GMR Infrastructure Ltd, has won the rights to build, operate and manage an airport in Greece, its second international airport after Mactan Cebu International Airport (MCIA) in Philippines...

**6****Govt abandons goal of training 500 million people in new skills by 2022**

The government has abandoned its goal of training 500 million people in new skills by 2022, in a clear shift in strategy. Skill development ministry officials, at a press conference in New Delhi on Tuesday, also refused to spell out a new number that the Union government and its 22 departments and ministries...

**7****Yes Bank gets shareholders' nod to raise Rs20,000 crore**

Private sector lender Yes Bank on Wednesday said it has received shareholders' nod to raise Rs20,000 crore in debt instruments through various routes. "The shareholders approved through special resolution the proposal to borrow/raise funds in Indian/foreign currency by issue of debt securities..."



# GAIL India

BSE SENSEX 31,271 S&P CNX 9,664

**CMP: INR403 TP: INR357(-11%) Downgrade to Sell**



### Stock Info

Bloomberg	GAIL IN
Equity Shares (m)	1,691
52-Week Range (INR)	434 / 269
1, 6, 12 Rel. Per (%)	-10/5/27
M.Cap. (INR b)	681.6
M.Cap. (USD b)	10.1
Avg Val, INRm	1193
Free float (%)	45.6

### Financials Snapshot (INR b)

Y/E Mar	2017	2018E	2019E
Sales	480.7	527.0	632.2
EBITDA	63.2	78.4	87.1
Adj. PAT	38.2	46.4	53.4
Adj. EPS (INR)	22.6	27.4	31.6
EPS Gr. (%)	66.0	21.5	15.2
BV/Sh.(INR)	225.6	243.0	263.0
RoE (%)	10.2	11.7	12.5
RoCE (%)	9.0	10.0	10.7
Payout (%)	39.8	36.5	36.5

### Valuations

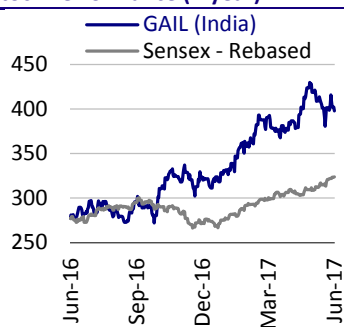
P/E (x)	17.9	14.7	12.8
P/BV (x)	1.8	1.7	1.5
EV/EBITDA (x)	9.9	8.2	7.3
Div. Yield (%)	1.7	2.1	2.4

### Shareholding pattern (%)

As On	Mar-17	Dec-16	Mar-16
Promoter	54.4	56.1	56.1
DII	24.3	25.3	24.0
FII	16.1	15.7	17.3
Others	5.2	2.9	2.6

FII Includes depository receipts

### Stock Performance (1-year)



## A case for lower PE

### US contracts pose threat of losses; downgrading to Sell

- GAIL is likely to find it challenging to get customers for the 5.8mtpa import contracts it has signed with US companies. A hit of USD1/mmBtu on these long-term take-or-pay contracts could wipe out ~20% of its EBITDA.
- Incremental benefits from transmission, trading and petrochemicals are limited. Return ratios are likely to be under stress due to capex on long-gestation pipeline projects.
- We revise our stock rating to Sell. Our target price of INR357 implies 11% downside.

### US shale contracts turn expensive in current environment

- GAIL has a total of 5.8mtpa contracts signed with two US companies – 3.5mtpa with Cheniere and 2.3mtpa with Dominion Cove.
- Due to high liquefaction and transportation cost, they are priced 20-30% higher than spot LNG in Asia-Pacific. As a result, GAIL has been unable to find customers, though offtake is expected to commence latest from early 2018.
- We do not see destination change to Europe as very lucrative due to low-pricing environment in Europe. Unless the central government initiates some policy intervention to take care of these volumes, we expect a hit of INR20b annually for every USD1/mmBtu decline in realization.

### Transmission volumes to grow steadily, but utilization still low at ~50%

- With an increase in domestic gas production and LNG consumption, we expect GAIL's gas transmission volumes to increase 5% in FY18 and 10% in FY19.
- While final tariffs of six pipeline networks have been finalized, the final initial tariffs of the HVJ pipeline and DUPL/DPPL are yet to come. After assuming ~1%/6% annualized growth in blended gas transmission tariff in FY18/19, we arrive at 6%/16% growth in gas transmission EBITDA in FY18/19.

### Petrochemical segment stabilizes, but margins may be under pressure

- We expect 90% utilization of Pata in FY18 and 95% in FY19. However, due to large expansion of ~30% in US ethylene capacity in the next 2-3 years, we expect margin compression. We assume 4-8% decline in margins, going forward.
- Due to lower utilization of ~64% in FY17, we expect petchem segmental EBITDA to increase by 34% in FY18 and 8% in FY19.

### LPG segment margins too may be under stress

- Led by low gas cost and a rise in oil prices, EBITDA for the LPG segment is likely to grow 26% in FY18 but at a slower 15% in FY19.
- ~60% of global LPG is gas-based and the rest is from refining. Increase in US shale gas-based LPG is likely to put long-term margins under stress.

### Valuation and view

- Led largely by the petrochemicals and LPG segments, we expect EBITDA to increase by 24% in FY18. Gas transmission and LPG would further support 11% increase in EBITDA in FY19. EPS should grow 22% in FY18 and 15% in FY19.
- However, RoE at 12.5% and RoCE at 10.7% for FY19 would still remain ~5% lower than a decade ago due to increased balance sheet size.
- Threat of losses on US shale gas import contracts looms large and may wipe out ~20% of EBITDA for each USD1/mmBtu loss. In the current pricing environment, US shale would be ~USD2/mmBtu more expensive than prevailing spot prices in Asia-Pacific.
- We value GAIL using SOTP at INR357/share, implying ~11% downside. The core business is valued at 9x FY19E EPS adjusted for other income. We add another INR87 for listed and unlisted investments. We downgrade the stock to **Sell**.

#### Exhibit 1: SOTP-based target price stands at INR357/share

Business	INR/sh	Remarks
PE Multiple (x)	9x	
FY19 adj. EPS	30.0	9x FY19E adj. EPS
Core Business	270	
Listed Investments	73	20% discount to CMP/target price
Unlisted investments	13	30% discount to book value
<b>Target price</b>	<b>357</b>	

Source: MOSL, Company



## Demand revival in the offing

### Near-term disruption due to GST; pricing power coming back gradually

- Earnings performance and management commentaries for 4QFY17 have belied the fears of the demonetization impact spilling over to 4QFY17. Commentaries from various B2C sectors indicate that consumption is the strongest pillar of the economy even as private capex takes time to revive. Banking remains a story of two halves – private banks eating into the share of PSUs, which grapple with the twin problems of asset quality and capitalization.
- Commentaries from the B2C sectors like Auto (guidance of double-digit industry growth in PVs, 2Ws and tractors), FMCG (recovery in rural and wholesale markets) and Consumer Discretionary indicate positive demand momentum ahead, led by hopes of a second consecutive year of normal monsoon, lower interest rates, and the waning impact of demonetization. However, companies have cautioned about some near-term disruption due to GST implementation, as trade inventory de-stocking is likely to impact primary sales for a quarter even as demand remains intact. Management commentary in Pharma has remained tepid with the sector facing a host of issues, especially in the US market.
- Capital Goods companies have shared cautious optimism on order inflow, with activities picking up in segments like transmission, renewables, defense, roads and railways. On the execution front, things have started to show some traction, with projects on hand getting timely executed. However, competitive intensity remains high.
- In BFSI, loan growth for mid-sized private banks and larger private banks is much ahead (2.5x-4x) of system loan growth. Managements are extremely positive on strong CASA base built up over FY17, which is expected to yield rich dividends on the cost of funds side, in retail asset growth, and fee income. Asset quality trends for corporate lenders will remain a key monitorable in FY18 – managements of most PSBs expect slippages to recede in FY18. Housing finance companies have guided for continued strong performance, given the opportunity size and the government’s massive thrust on housing.
- Most companies have expressed concerns about rising input costs and the need for price hikes. This will have continued implications for the margins for our MOSL (ex-Financials, OMC) universe, which reported first quarter of operating margin contraction in 4QFY17 after nine consecutive quarters of expansion.

### Autos



Majority of OEMs expect an improvement in FY18 volumes, with double-digit growth in PVs, 2Ws and tractors, led by a recovery in rural segment, expectations of good monsoon, and better economic growth. Retail demand continues to remain robust. GST impact for most OEMs is neutral; however, hybrid cars are likely to become expensive, and large SUVs and luxury cars cheaper. Our channel checks indicate volumes normalization across segments post a period impacted by demonetization. Commodity price inflation was largely reflected. However, incremental RM costs, coupled with BS-IV-related cost inflation, would be reflected 1QFY18 onward.



**Capital Goods**

Managements of most Capital Goods companies shared a cautious optimism on order inflow, with activities picking up in segments like transmission, renewables, defense, roads and railways. On the execution front, things have started to show some traction, with projects on hand getting timely executed. However, competitive intensity remains high in the sector. In Consumer Durables, managements remain confident about the demand scenario; however, GST could prove to be a dampener in the near term, with input credit likely leading to muted demand and destocking of inventory at the distributor and dealer levels.



**Cement**

Demand is expected to increase owing to robust growth in infrastructure, which constitutes 20% of overall demand for cement. While Mumbai accounts for 3-4% of India’s demand, tier II cities are still facing lower demand. Tamil Nadu and Kerala are affected by water scarcity and political instability. Northern markets are facing demand pressure due to liquidity crisis, while east is moderately affected. Western markets are witnessing an upsurge in demand and volumes. Initiatives like ‘Affordable Housing Programs’ (under which 352 projects have been launched) will boost demand further.



**Consumer**

Managements of most consumer companies believe that sales have recovered after demonetization, although the impact lingers for those with greater exposure to rural and wholesale channels. Companies believe that there would be some impact of GST (implementation expected on 1 July 2017) in 1HFY18, but from a longer-term perspective, it would be beneficial for the organized sector.

Material costs in recent months have been moderately up (YoY material cost inflation is still high). This, along with INR appreciation, will provide some relief. Moderate raw material inflation is usually good for FMCG companies in a healthy demand environment, as volume gains are abetted by realization growth as well. Some companies have taken price hikes in part of their portfolios, full effect of which is likely to be seen in FY18. However, in an environment of gradual demand recovery, passing on raw material cost increases may not be easy. Also, A&P spends, which were postponed to 1HFY18, will keep margins under check.



**Financials**

Loan growth at 25%+ for mid-sized private banks and 15%+ for larger private banks is significantly ahead of system loan growth of ~6%. Given capital constraints and asset quality issues of PSBs, we expect the dominance of private banks to continue. Managements are extremely positive on strong CASA base built up over FY17, which is expected to yield rich dividends on the cost of funds side, in retail asset growth, and fee income. Asset quality trends for corporate lenders – ICICI, AXSB and YES – will remain a key monitorable in FY18. Cautious stance of investors is reflected in these banks trading at a relative discount to retail private banks. While managements of most PSBs expect slippages to recede in FY18, we expect credit costs to remain elevated due to NPL ageing. Core revenue is expected to pick up from a low base, but remain weak. Progress on NPA resolution in large accounts will be key to a turnaround.



**Healthcare**

The industry was significantly impacted by channel consolidation over last 2-3 years. Companies expect further pressure in FY18 on the back of big-ticket consolidation (like Walmart & Mckesson and Walgreens & Rite-Aid). Big-three PBMs—Express Scripts, CVS Caremark, and OptumRx, a division of large insurer UnitedHealth Group—control 75-80% of the market, which translates into 180m prescription drug



customers. Although GST will impact near-term growth due to channel destocking, companies expect a revival in 2H. Emerging market growth should normalize with a stable currency environment. Overall, earnings growth should improve over next few quarters.

### Media

Broadcasters within our coverage universe expect to match TV industry ad revenue growth of 11-12%. Broadcasters remained non-committal on subscription guidance, given regulatory uncertainty around the implementation of the new tariff order, which continues to be contested in courts. In terms of content, companies are expected to opt for diverging strategies to protect their viewership shares (for example, Zee is expected to step-up its investment in movies, while SUN TV has decided to lower its investments in this space and focus on its fiction/non-fiction content pipeline). Within the distribution pack, the outlook on both ARPU and subscriber addition remains somber. Within the Print pack, FY18 is expected to see a recovery in ad volumes as the demon impact is largely behind. Our coverage companies are expected to post 8-10% ad growth in FY18. Newsprint consumption is expected to remain contained, and newsprint price escalation is estimated at 2-3% YoY.



### Metals

Management commentary on demand was positive. Government spending is expected to be the key trigger for growth. There is some renewed optimism in the sector, with managements of strong balance sheet companies evaluating expansion opportunities. Hindalco and Vedanta were positive on aluminum prices, given stricter environment measures adopted by China. Vedanta is also positive on zinc prices, given the closure of large mines and steady demand growth. GST could have some impact on inventory clearing in the near term, but companies could benefit in the medium-to-long term from lower working capital requirement and reduced logistics cost.



### Oil & Gas

Commentary for ONGC appears most optimistic with 10-15% annual growth in gas production over next 3-4 years. Oil India guided for meager 2% volume growth and flat oil production for next 3-4 years. RIL continues to be bullish on its refining margins and benefits from expansion in its core projects. OMCs cautioned about market share loss to private players. Daily pricing pilot data are being studied and may be rolled out in additional cities. Gas companies continued to guide for volume growth, with IGL guiding for 8-10% sustainable volume growth and MGL guiding for a tad lower 6-8% volume growth. GAIL will ramp-up its PATA petrochem expansion in FY18.



### Retail

Demonetization has benefitted Titan – there has been a strong revival and market share gain in Jewellery. Management is confident of healthy growth after GST implementation as well.

JUBI's management is witnessing normalized sales in 1QFY18. Management stated that same-store-sales are more important for the company than near-term margins.



### Technology

Growth commentary for FY18 looks moderate for most companies on a constant currency, organic basis. While the macroeconomic environment seems to be getting better, technology spend continues to see the duality of pressure in traditional business and savings being ploughed into new initiatives. Moreover, customer-specific issues, and softness in verticals like Retail have been keeping broad-based growth recovery at bay. Along with the continual of traditional margin pressures,



companies are now keeping a close eye on the INR, post recent appreciation. Further strengthening of the INR may hurt the companies, going forward.

**Telecom**

After RJio’s commercial launch, both Bharti and Idea are witnessing some respite. Data volume growth has been buoyant, but lower ARPU packs have pulled down pricing and revenues. The next 2-3 quarters may see high competitive intensity, but expect ARPU accretion as data absorption increases. Bharti’s capex intensity is likely to remain high in FY18 to continue 4G network rollout, even though capacity has far outstripped demand. Idea’s capex intensity has reduced.

**Utilities**

Overall, electricity demand is expected to improve, driven by measures like UDAY and focus on ‘Make in India’. UDAY has had a positive impact as receivables for some companies have come down. However, oversupply in the market remains a concern and significant increase in electricity prices is unlikely. There is no visibility on long-term PPAs; however, companies are evaluating opportunities in the short- and medium-term contracts. Power Grid is positive on future growth opportunities from solar, wind and opening up of the intra-state transmission network. NTPC expects a pick-up in project execution.

**VOICES: INDIA INC ON CALL**



This is **Voices’ first anniversary issue**. To mark this occasion, we **introduce Concall Audio Links** for 164 companies



Key takeaways from the post results management commentary for 131 companies under coverage



Links to the full earnings call transcripts



Links to our Results Updates on each company





## RBI moves closer to a rate cut

### The RBI sticks to 'neutral' stance while lowering inflation forecast to 3.5% for FY18

- The Monetary Policy Committee (MPC), as expected, chose to keep the policy interest rates unchanged, continuing with the 'neutral' policy stance it had adopted in February 2017.
- The Reserve Bank of India (RBI) lowered its FY18 inflation forecast dramatically from ~4.75% earlier to ~3.5%, and FY18 real GVA was also downgraded by 10 basis points (bp) to 7.3%.
- Notably, it was for the first time since the formation of MPC that a decision was not taken unanimously, with member Dr Ravindra Dholakia having a different view. It would be interesting to see if the differences grow wider in future.
- Admittedly, we found the statement relatively less dovish than expected. Despite a significant cut in FY18 inflation forecast, the RBI does not seem confident to cut rates. However, we expect lower inflation to compel the RBI to cut rates.

- **Policy rates kept unchanged...:** As was widely expected, the MPC decided to keep the key policy rates unchanged – repo rate at 6.25%, reverse repo rate at 6% and marginal standing facility (MSF) rate at 6.5%. (*Exhibit 1*). The cash reserve ratio (CRR) was also maintained at 4% of net demand and time liabilities (NDTL), but statutory liquidity ratio was cut by 50bp to 20% of NDTL. The MPC also maintained its neutral policy stance.
- **RBI sees much lower inflation than previously predicted for FY18:** The RBI reduced its headline inflation forecast from 4.5% in 1HFY18 to 2.0-3.5% now. For 2HFY18, it was lowered from 5% to 3.5-4.5%. It implies that full-year FY18 inflation forecast is reduced from 4.75% to ~3.5%, lower than the medium-term target of 4%. Further, FY18 real GVA forecast was also downgraded from 7.4% to 7.3%. Risks are evenly balanced in both cases.
- Notably, it was for the first time since the formation of the MPC that a decision was not taken unanimously, with member Dr Ravindra Dholakia having a different view. It would be interesting to see if the differences grow wider in future.
- **Lower inflation does not guarantee a rate cut:** Although we did not expect the RBI to cut policy rates today, we certainly did expect dovish guidance in line with a downward revision in inflation forecasts. What surprised us was that, despite lowering its inflation forecast by more than a percentage point, the RBI did not sound very convinced about a rate cut. The policy statement says “...*The current state of the economy underscores the need to revive private investment, restore banking sector health and remove infrastructural bottlenecks. Monetary policy can play a more effective role only when these factors are in place...*” However, with inflation readings expected to remain much lower than the medium-term target of 4%, we expect the central bank to cut rates in its future meetings.

# Financials

## Regulatory impetus to affordable housing finance segment

### Lowering of risk weights and standard asset provisioning is a key positive

- The Reserve Bank of India (RBI) has directed banks to reduce risk weights from 75% to 50% for housing loans with ticket size greater than INR7.5m, and from 50% to 35% for loans greater than INR3.0m but less than INR7.5m.
- In addition, the RBI has lowered the standard asset provisioning requirement by 15bp to 25bp.
- However, the above regulations apply only to incremental loans.

### Boost to affordable housing finance; NHB likely to follow suit, in our view

The RBI's revised regulations are applicable only to **incremental loans with ticket size above INR3m and LTV < 75%**.

Outstanding loan	LTV ratio (%)	New Regulations		Old Regulations	
		Risk Weight (%)	Standard Asset Provision (%)	Risk Weight (%)	Standard Asset Provision (%)
Up to Rs.30 lakh	≤ 80	35		35	
	> 80 and ≤ 90	50		50	
Above Rs.30 lakh and up to Rs.75 lakh	≤ 75	35	0.25	35	0.40
	> 75 and <80	35		50	
Above Rs.75 lakh	≤ 75	50		75	

### Our view

We remain positive on the housing finance sector, given the continued governmental and regulatory stimulus. The reduction in risk weights and standard asset provisioning is expected to further boost growth. We expect competition from banks to intensify as return ratios for housing loans improve due to lower provisioning and higher leverage. HFCs are also likely to benefit if the NHB mandates a reduction in standard assets provisions for HFCs.

### HDFC and Indiabulls to benefit if NHB follows suit

HFC	Average ticket size (INR m)
IHFL	2.5
HDFC	2.4
LICHF	2.1
DHFL	1.7
Repco	1.2
GRUH	0.8



### 1. IndusInd Bank: Will not look to stretch loan growth at 25%; Romesh Sobti, MD & CEO

- The size of the balance sheet we have, we do not stretch to do 25% loan growth. We are just bringing some depth in the corporate side as well as the retail side.
- Our competitiveness on pricing has improved as a consequence of growth in our current account and saving account (CASA) for instance and the fact that we have a fixed rate book.
- Incremental lending will be cheaper but incremental liability is also cheaper.
- Going forward we expect credit cost should be sub-60 bps for us and we hope that it is more towards 50 bps than 60 bps because we have seen a much better book behaviour on the retail side.

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### 2. Gartner India: See change in the way it cos hire people; Partha Iyengar

- We are moving into a period of weakness for India because the new skills that are needed are not just the next level of technology capabilities but higher level of business and domain understanding, higher level of greater emphasis on the softer skills etc. And this is where individual employees or students are struggling how to retool themselves in this environment.
- Neither are companies doing a good job of retooling their internal employees as opposed to laying off.
- Earlier transformations were from one technology to other but this is now from technology to business. All this is causing the stress for the companies.
- Going forward there will be a change in the way IT companies hire people and the number of people they hire.

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### 3. SBI: Cut in SLR rates to prod banks to lend more; Dinesh Kumar Khara, MD

- As far as the demand or for that matter the credit growth is concerned, much of it is a function of how the private investment also starts perceiving the opportunities.
- As of now the banking system is flushed with lot of liquidity and there is no dearth of liquidity as far as funding or maybe financing the growth requirements of the corporates are concerned.
- The only requirement is that the project should be bankable; it should be the bankable risk that is something which is most important.
- The system has got lot of liquidity and the cut in SLR rate of about 50 bps will pump in more money into the banking system.

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### 1. Why we must invest more in human capital. by Rana Kapoor

- India's major employment generator IT-services has witnessed tremendous pressure through automation, digitisation, cloud computing and restrictions to outsourcing among developed countries. There are hopes that more jobs might get created by new technologies. However, nobody can second guess the changes which might happen over the next decade. Currently, there is a growing gap between job creation and the needs of our machine-powered future. We therefore have to embark upon a journey of continuous adjustments to develop, utilise, and maintain human capital and social cohesion.

[➔ Read More](#)

### 2. Need to rejig export incentives. by Pritam Banerjee

- Minister of State for Commerce, Nirmala Sitharaman recently announced that the review of foreign trade policy will be completed prior to July 1 when GST will be rolled out. This review is especially important since it is being done in an environment where India is under some pressure to move away from post-export incentives that are increasingly not compatible with WTO rules. Besides incompatibility with WTO, giving incentive to a firm that is already exporting somewhat counter-intuitive as it is essentially rewarding a successful and therefore competitive exporter.

[➔ Read More](#)

### 3. With RBI's inflation forecast going horribly wrong, central bank must see what is wrong. by The Financial Express

- Though consensus opinion among economists seems to be that the central bank will not cut repo rates today, but that it will soften its stance right now—and then cut rates in August—what is more important is what RBI chooses to say about its inflation-forecasting methodology. Everyone can, and does, get forecasts wrong, but that it should happen so often, and for even short intervals, is surely worrying. In October 2016, when headline CPI inflation was at 4.2%, RBI projected March 2017 inflation at 5.3%—inflation had been 6.1% just a few months ago in July 2016.

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### 4. Telecom tariffs orders redundant, TRAI should focus on ensuring quality services. by Mansi Kedia and Rajat Kathuria

- The old order changeth, yielding place to new, And God fulfils Himself in many ways, Lest one good custom should corrupt the world –Idylls of the King, Alfred Tennyson The context of tariff regulation and the principles of tariff assessment are vastly different today from the time when tariff regulation was first introduced in Indian telecom in the late 1990s. The changes are manifest in technology, market structure, competition dynamics, service offerings and, above all, in the shift in attention from voice to data.

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## 5. What could go wrong for Theresa May in UK elections. by Salil Tripathi

- When the British Prime Minister Theresa May called for snap parliamentary elections in April, the ruling Conservatives were leading the opposition Labour Party by nearly 20 points. In late March, May had invoked Article 50 to initiate the proceedings to withdraw the United Kingdom from the European Union. She wanted to capitalize on three trends: Labour was in disarray; the UK Independence Party, which gained prominence during the referendum to leave the EU in 2016 had an existential crisis, given that the UK was now leaving the EU; and support for the Liberal Democrats

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## 6. Thinking strategically about privatization. by Niranjana Rajadhyaksha

- There is an old story that needs to be retold at a time when the privatization of public sector companies such as Air India is once again being avidly discussed. A young parliamentarian named Atal Bihari Vajpayee asked during a debate why the government was building hotels rather than hospitals. Prime Minister Jawaharlal Nehru explained that the government was building hotels so that it could then use the profits to build hospitals. I am not sure whether this story is apocryphal or not—but it does provide an interesting insight into one of the reasons why public investment was directed towards the creation of new enterprises in Nehruvian India.

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## International

### 7. Do not bend the IPO rules for Saudi Aramco. by John Gapper

- For the client who has everything, nothing is too much trouble. Rolls-Royce Motor Cars has just unveiled a bespoke coupe called the Sweptail. There is only one Sweptail, modelled after the lines of a yacht and reportedly costing £10m, built for a super-wealthy customer for whom the standard Rolls is not enough. The buyer is anonymous, although it is a fair bet that anyone who wants his car to match his boat, with a compartment for his favourite champagne produced in the year of his birth, is an oligarch of some stripe. Perhaps he hails from Russia or the Gulf, where billionaires tend to get their way.

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
<b>Automobiles</b>														
Amara Raja	Buy	874	1,044	19	28.0	34.5	41.8	31.2	25.3	5.8	4.9	20.3	20.8	21.2
Ashok Ley.	Buy	93	117	26	4.6	5.5	7.1	20.2	16.9	4.4	3.9	23.3	24.4	26.9
Bajaj Auto	Buy	2,873	3,422	19	132.3	150.4	178.2	21.7	19.1	4.9	4.3	25.3	24.1	25.6
Bharat Forge	Buy	1,210	1,242	3	26.2	37.7	49.7	46.3	32.1	6.8	6.0	16.2	19.9	22.5
Bosch	Neutral	23,881	23,287	-2	473.1	650.7	776.2	50.5	36.7	8.3	7.3	15.8	21.2	22.2
CEAT	Buy	1,892	1,741	-8	93.3	104.9	133.9	20.3	18.0	3.2	2.8	16.9	16.3	17.9
Eicher Mot.	Buy	29,621	30,402	3	613.8	892.0	1,135.1	48.3	33.2	16.7	11.9	40.3	41.9	38.5
Endurance Tech.	Buy	899	948	5	23.5	30.8	37.9	38.3	29.2	7.3	6.0	20.8	22.6	23.1
Escorts	Neutral	752	711	-5	23.2	35.9	44.4	32.4	20.9	3.8	3.3	12.3	16.8	17.9
Exide Ind	Buy	224	274	23	8.2	9.5	11.8	27.4	23.7	3.8	3.4	14.0	14.5	15.8
Hero Moto	Neutral	3,844	3,622	-6	169.1	198.1	201.2	22.7	19.4	7.6	6.5	35.7	35.9	31.3
M&M	Buy	1,433	1,603	12	54.3	69.6	81.7	26.4	20.6	3.3	3.0	14.2	14.2	14.4
Mahindra CIE	Not Rated	247	-		5.4	9.9	11.8	46.2	25.1	2.9	2.6	6.4	10.8	11.5
Maruti Suzuki	Buy	7,204	8,060	12	248.6	300.0	370.9	29.0	24.0	6.0	5.2	20.3	21.2	22.3
Tata Motors	Buy	458	635	39	19.8	30.8	65.8	23.1	14.9	2.7	2.3	9.8	16.5	27.8
TVS Motor	Buy	536	581	8	11.7	16.7	26.7	45.6	32.1	10.6	8.4	25.6	29.2	35.9
<b>Aggregate</b>								<b>28.4</b>	<b>21.7</b>	<b>4.9</b>	<b>4.2</b>	<b>17.1</b>	<b>19.3</b>	<b>22.8</b>
<b>Banks - Private</b>														
Axis Bank	Neutral	513	525	2	15.4	23.4	41.2	33.4	21.9	2.3	2.1	6.9	9.9	15.7
DCB Bank	Neutral	203	170	-16	7.0	8.8	11.2	29.0	23.1	3.0	2.7	10.9	12.4	14.0
Equitas Hold.	Buy	158	210	33	4.7	4.8	7.5	33.5	32.7	2.4	2.2	8.9	7.1	10.1
Federal Bank	Buy	115	125	9	4.8	5.8	7.3	23.9	20.0	2.3	2.1	9.9	10.9	12.5
HDFC Bank	Buy	1,641	1,790	9	56.8	67.1	79.4	28.9	24.4	4.9	4.2	17.9	18.2	19.0
ICICI Bank	Buy	325	365	12	16.8	16.8	19.2	19.3	19.3	2.2	2.0	10.1	9.1	9.8
IDFC Bank	Neutral	59	62	5	3.0	3.3	4.3	19.6	17.8	1.4	1.3	7.2	7.4	9.0
IndusInd	Buy	1,515	1,700	12	50.1	59.4	72.0	30.2	25.5	4.5	3.9	16.0	16.5	17.3
J&K Bank	Neutral	83	89	8	-31.3	4.4	8.0	NM	18.8	0.8	0.7	-27.0	4.0	7.0
Kotak Mah. Bk	Buy	968	1,050	8	26.8	32.3	40.5	36.1	30.0	4.7	4.1	13.8	14.5	15.7
RBL Bank	Under Review	550	-		11.9	17.6	23.8	46.2	31.1	4.8	4.3	12.3	14.6	17.3
South Indian	Buy	28	31	9	2.2	2.9	3.6	13.0	9.9	1.1	1.0	9.4	10.6	12.2
Yes Bank	Buy	1,494	2,110	41	73.0	90.5	114.0	20.5	16.5	3.8	3.2	18.9	17.9	19.4
<b>Aggregate</b>								<b>28.1</b>	<b>22.7</b>	<b>3.2</b>	<b>2.9</b>	<b>11.4</b>	<b>12.9</b>	<b>14.5</b>
<b>Banks - PSU</b>														
BOB	Buy	177	217	23	6.0	19.0	24.9	29.6	9.3	1.2	1.1	4.1	12.3	14.5
BOI	Neutral	146	147	1	-14.8	13.7	22.0	NM	10.6	0.7	0.6	-6.7	6.1	9.0
Canara	Neutral	363	380	5	18.8	33.0	48.9	19.3	11.0	0.8	0.7	4.2	6.8	9.4
IDBI Bk	Neutral	60	49	-18	1.5	6.4	8.6	39.3	9.3	0.6	0.5	1.4	5.8	7.3
Indian Bk	Buy	313	360	15	29.3	33.3	38.1	10.7	9.4	1.0	1.0	10.1	10.6	11.1
OBC	Neutral	157	150	-5	-31.6	17.1	21.4	NM	9.2	0.4	0.4	-8.4	4.6	5.4
PNB	Buy	152	184	21	6.2	10.3	14.5	24.4	14.8	0.9	0.8	3.6	5.6	7.5
SBI	Buy	291	375	29	0.3	19.7	25.9	961.0	14.7	1.3	1.2	-0.2	8.9	10.7
Union Bk	Neutral	159	174	9	7.6	24.6	34.5	20.8	6.5	0.5	0.5	2.7	8.1	10.5
<b>Aggregate</b>								<b>101.8</b>	<b>12.1</b>	<b>1.0</b>	<b>0.9</b>	<b>0.9</b>	<b>7.4</b>	<b>9.3</b>
<b>NBFCs</b>														
Bajaj Fin.	Buy	1,344	1,550	15	33.6	47.0	63.6	40.0	28.6	7.7	6.2	21.7	24.0	26.2
Bharat Fin.	Neutral	739	769	4	21.0	32.4	45.3	35.2	22.8	4.2	3.5	15.1	16.7	19.5
Dewan Hsg.	Buy	431	559	30	29.6	38.6	45.5	14.6	11.2	1.7	1.5	14.4	14.5	15.2
GRUH Fin.	Neutral	406	421	4	8.1	10.3	12.5	49.9	39.5	13.3	11.0	30.4	30.6	30.9
HDFC	Buy	1,598	1,797	12	46.8	50.7	55.9	34.1	31.5	6.3	5.7	19.3	18.3	17.4
Indiabulls Hsg	Buy	1,139	1,227	8	69.0	82.2	101.6	16.5	13.9	4.0	3.5	25.5	27.0	29.6
LIC Hsg Fin	Neutral	740	723	-2	38.2	44.6	51.2	19.3	16.6	3.5	3.0	19.4	19.3	19.0
Manappuram	Not Rated	92	-		8.2	11.1	14.0	11.3	8.3	2.6	2.3	23.9	29.0	32.2
M&M Fin.	Buy	364	400	10	7.1	12.9	16.4	51.4	28.2	3.2	3.0	6.4	10.9	12.9
Muthoot Fin	Buy	439	465	6	29.7	34.5	40.0	14.8	12.7	2.8	2.4	19.7	20.2	20.6



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
PFC	Neutral	127	117	-8	25.7	27.2	30.2	5.0	4.7	0.8	0.8	17.9	17.0	16.8
Repco Home	Buy	783	900	15	29.1	36.0	43.3	26.9	21.8	4.3	3.7	17.4	18.2	18.5
REC	Neutral	188	134	-29	31.4	35.0	40.4	6.0	5.4	1.1	1.0	19.9	19.1	19.1
Shriram City UnionBuy		2,455	2,689	10	84.3	130.4	164.7	29.1	18.8	3.3	2.9	11.8	16.2	17.8
STF	Buy	1,000	1,269	27	55.6	77.4	98.6	18.0	12.9	2.0	1.8	11.7	14.5	16.3
<b>Aggregate</b>								<b>18.5</b>	<b>15.9</b>	<b>3.2</b>	<b>2.8</b>	<b>17.2</b>	<b>17.7</b>	<b>17.9</b>
<b>Capital Goods</b>														
ABB	Sell	1,424	1,200	-16	19.7	25.1	32.2	72.3	56.8	9.2	7.9	12.7	13.9	15.8
Bharat Elec.	Buy	171	200	17	6.9	7.2	8.1	24.7	23.9	5.1	3.9	20.6	16.5	16.8
BHEL	Sell	138	100	-27	2.0	4.4	5.0	67.9	31.5	1.0	1.0	1.5	3.3	3.6
Blue Star	Neutral	630	610	-3	12.9	17.9	26.6	48.9	35.1	8.0	7.5	18.0	21.9	30.1
CG Cons. Elec.	Buy	235	240	2	4.7	5.6	6.7	50.3	42.2	27.4	19.7	76.4	54.2	50.3
CG Power & Indu.	Sell	84	65	-23	4.1	2.3	4.5	20.5	36.8	1.3	1.2	6.2	3.4	4.2
Cummins	Neutral	913	950	4	26.5	29.3	35.2	34.4	31.1	6.8	6.2	21.2	20.8	23.0
GE T&D	Neutral	338	320	-5	5.7	8.9	10.6	59.0	37.8	8.4	7.4	12.4	20.7	21.5
Havells	Neutral	505	480	-5	9.6	12.1	14.5	52.9	41.8	9.6	8.5	18.2	20.4	21.4
Inox Wind	Under Review	140	-		12.8	-3.2	15.5	10.9	NM	1.4	1.5	14.9	-3.3	15.1
K E C Intl	Neutral	266	250	-6	11.9	13.6	16.8	22.4	19.6	4.3	3.7	21.2	20.3	21.2
L&T	Buy	1,788	2,000	12	63.3	68.0	78.3	28.2	26.3	3.3	3.2	12.6	12.5	13.6
Pennar Eng.	Not Rated	137	-		5.8	7.5	10.0	23.6	18.3	2.0	1.8	8.6	10.0	11.8
Siemens	Neutral	1,339	1,355	1	17.8	24.3	33.3	75.1	55.1	7.0	6.0	9.3	11.0	13.7
Solar Ind	Neutral	827	825	0	20.6	22.0	27.5	40.1	37.6	7.4	6.4	19.8	18.1	19.5
Suzlon Energy	Not Rated	19	-		0.6	0.9	1.0	30.5	21.9	-1.8	-1.9	NM	-8.8	-11.0
Thermax	Sell	955	850	-11	30.8	32.3	34.0	31.0	29.6	4.2	3.8	14.3	13.6	12.9
Va Tech Wab.	Buy	672	800	19	28.9	34.9	39.8	23.2	19.3	3.7	3.2	16.3	17.7	17.5
Voltas	Sell	483	400	-17	15.5	16.0	18.1	31.3	30.2	4.8	4.3	18.0	15.1	15.3
<b>Aggregate</b>								<b>34.9</b>	<b>31.1</b>	<b>3.9</b>	<b>3.6</b>	<b>11.2</b>	<b>11.7</b>	<b>12.9</b>
<b>Cement</b>														
Ambuja Cem.	Buy	237	283	20	4.9	6.6	7.2	48.4	35.7	2.4	2.4	5.0	6.7	7.1
ACC	Neutral	1,612	1,521	-6	33.7	49.2	63.6	47.8	32.8	3.6	3.6	7.5	11.0	14.2
Birla Corp.	Buy	913	998	9	29.4	40.9	58.9	31.1	22.3	2.1	2.0	7.5	9.2	12.2
Dalmia Bharat	Buy	2,377	3,162	33	38.8	66.7	87.1	61.3	35.6	4.3	3.8	7.2	11.3	13.1
Grasim Inds.	Neutral	1,141	1,234	8	67.9	86.9	114.5	16.8	13.1	1.8	1.6	11.5	13.1	15.1
India Cem	Neutral	210	210	0	5.6	9.3	12.9	37.3	22.5	1.3	1.2	3.4	5.5	7.2
J K Cements	Buy	1,051	1,322	26	33.7	46.4	59.5	31.2	22.7	4.2	3.6	14.4	17.0	18.6
JK Lakshmi Ce	Buy	487	550	13	7.0	11.4	20.5	70.0	42.7	4.1	3.8	6.0	9.2	14.7
Ramco Cem	Buy	680	823	21	27.3	31.1	37.5	24.9	21.9	4.4	3.8	19.2	18.6	19.1
Orient Cem	Buy	160	185	16	-1.6	4.5	6.8	NM	35.5	3.3	3.1	-3.2	9.0	12.3
Prism Cem	Buy	114	138	21	0.3	3.7	5.8	328.9	30.9	5.7	5.0	1.8	17.2	22.6
Shree Cem	Buy	18,131	23,316	29	384.4	480.7	621.0	47.2	37.7	9.0	7.4	20.2	21.5	22.6
Ultratech	Buy	4,137	4,928	19	96.1	121.4	159.1	43.0	34.1	4.9	4.4	12.0	13.6	15.7
<b>Aggregate</b>								<b>36.4</b>	<b>27.3</b>	<b>3.5</b>	<b>3.2</b>	<b>9.7</b>	<b>11.8</b>	<b>13.7</b>
<b>Consumer</b>														
Asian Paints	Neutral	1,162	1,210	4	21.0	23.1	27.4	55.3	50.3	14.7	14.1	28.5	28.6	30.6
Britannia	Buy	3,637	4,050	11	73.7	82.1	101.3	49.4	44.3	16.2	15.0	36.9	35.2	37.2
Colgate	Buy	1,066	1,180	11	21.2	25.7	31.1	50.2	41.5	22.8	21.5	50.4	53.2	60.3
Dabur	Neutral	284	295	4	7.2	7.7	9.1	39.1	36.7	10.3	8.8	28.4	26.0	26.3
Emami	Buy	1,126	1,250	11	26.5	29.2	34.7	42.5	38.5	14.6	11.7	35.8	33.8	32.2
Godrej Cons.	Neutral	1,862	1,950	5	37.8	43.6	50.0	49.3	42.7	12.0	9.3	24.6	24.5	23.0
GSK Cons.	Sell	5,350	4,380	-18	156.1	169.7	185.5	34.3	31.5	7.2	7.1	22.2	22.6	23.0
HUL	Buy	1,107	1,215	10	19.6	22.8	27.0	56.4	48.6	35.9	34.8	65.6	72.8	82.5
ITC	Buy	312	355	14	8.4	9.6	11.5	37.2	32.6	8.4	8.3	23.5	25.6	28.9
Jyothy Lab	Neutral	376	390	4	11.2	8.9	11.0	33.5	42.0	6.3	6.4	21.1	15.1	18.4
Marico	Neutral	320	335	5	6.3	6.9	8.4	50.8	46.0	17.7	15.1	36.7	35.5	38.1
Nestle	Sell	6,668	5,715	-14	118.0	118.6	139.5	56.5	56.2	21.3	19.6	39.0	36.4	39.0



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
Page Inds	Buy	14,869	18,000	21	238.7	313.9	400.0	62.3	47.4	24.9	19.7	40.0	41.6	42.8
Parag Milk	Neutral	232	245	6	3.6	7.4	12.3	64.4	31.2	3.0	2.7	5.9	9.1	13.4
Pidilite Ind.	Neutral	799	762	-5	16.7	18.4	21.2	47.7	43.3	12.4	10.1	28.2	25.6	24.0
P&G Hygiene	Buy	7,920	8,760	11	144.9	155.8	181.6	54.7	50.8	45.2	36.0	45.3	78.9	74.0
United Brew	Neutral	803	830	3	8.7	9.7	14.7	92.3	82.7	9.2	8.5	10.4	10.7	14.6
United Spirits	Neutral	2,351	2,415	3	26.7	37.4	51.8	87.9	62.9	17.6	12.1	21.3	19.3	19.7
<b>Aggregate</b>								<b>46.3</b>	<b>40.9</b>	<b>12.8</b>	<b>11.9</b>	<b>27.7</b>	<b>29.2</b>	<b>30.7</b>
<b>Healthcare</b>														
Alembic Phar	Neutral	553	640	16	21.6	26.0	32.1	25.6	21.2	5.5	4.6	23.1	23.6	24.1
Alkem Lab	Neutral	1,890	1,900	1	75.7	80.0	94.9	25.0	23.6	5.3	4.6	23.4	20.8	21.0
Ajanta Pharma	Buy	1,564	2,028	30	58.4	66.4	79.9	26.8	23.6	8.8	6.7	37.7	32.3	30.0
Aurobindo	Buy	598	750	25	39.3	44.1	50.2	15.2	13.6	3.8	3.0	28.3	24.8	22.5
Biocon	Sell	999	900	-10	30.6	33.1	44.9	32.6	30.2	4.5	4.0	13.6	13.3	16.1
Cadila	Buy	537	510	-5	14.2	18.1	23.2	37.8	29.6	8.6	7.0	24.8	26.1	27.1
Cipla	Neutral	539	500	-7	15.9	20.0	25.0	33.9	27.0	3.5	3.1	10.2	11.5	12.8
Divis Lab	Neutral	645	600	-7	39.7	35.8	39.8	16.3	18.0	3.7	3.3	23.5	19.2	19.2
Dr Reddy's	Neutral	2,541	2,625	3	72.6	107.1	144.5	35.0	23.7	3.4	2.8	9.6	13.3	15.1
Fortis Health	Buy	194	240	24	10.3	2.1	6.1	18.8	91.9	2.0	1.7	11.3	2.0	5.3
Glenmark	Neutral	648	800	23	39.3	45.0	53.5	16.5	14.4	4.1	3.2	24.7	22.4	21.3
Granules	Buy	139	200	44	7.3	8.1	11.4	19.1	17.0	3.2	2.3	20.0	16.4	17.6
GSK Pharma	Neutral	2,448	2,700	10	34.4	51.9	60.1	71.2	47.1	15.3	18.7	21.5	39.7	54.4
IPCA Labs	Neutral	505	480	-5	16.1	22.4	29.9	31.4	22.5	2.6	2.4	8.6	11.0	13.2
Lupin	Buy	1,154	1,475	28	59.2	60.2	73.7	19.5	19.2	3.9	3.4	22.0	18.9	19.7
Sanofi India	Buy	4,076	4,850	19	129.1	131.0	173.4	31.6	31.1	5.4	5.1	17.1	16.3	19.3
Sun Pharma	Buy	511	650	27	26.1	25.4	30.8	19.6	20.1	3.6	3.2	19.2	16.8	17.9
Syngene Intl	Not Rated	470	-		13.0	16.1	18.0	36.1	29.1	7.3	6.0	22.2	22.5	20.7
Torrent Pharma	Buy	1,209	1,450	20	55.2	59.8	73.2	21.9	20.2	5.1	4.4	25.3	23.5	24.6
<b>Aggregate</b>								<b>23.4</b>	<b>21.6</b>	<b>4.2</b>	<b>3.6</b>	<b>17.9</b>	<b>16.6</b>	<b>17.6</b>
<b>Logistics</b>														
Allcargo Logistics	Buy	171	228	33	9.8	12.2	14.3	17.4	14.1	2.6	2.3	12.6	17.2	17.8
Blue Dart	Not Rated	4,373	-		102.5	129.9	163.2	42.6	33.7	18.9	14.4	50.5	48.6	46.8
Concor	Neutral	1,176	1,162	-1	38.0	41.2	45.8	30.9	28.5	3.2	3.1	10.8	11.1	11.7
Gateway Distriparks	Buy	252	310	23	6.8	11.6	14.3	37.0	21.7	2.2	2.1	5.9	9.9	11.7
Gati	Not Rated	125	-		8.4	15.9	23.9	15.0	7.9	2.1	1.8	12.4	19.4	25.4
Transport Corp.	Not Rated	324	-		16.9	21.0	25.9	19.1	15.4	3.0	2.5	16.7	17.8	18.6
<b>Aggregate</b>								<b>29.1</b>	<b>24.0</b>	<b>3.6</b>	<b>3.3</b>	<b>12.2</b>	<b>13.7</b>	<b>15.0</b>
<b>Media</b>														
Dish TV	Buy	85	106	25	1.0	2.1	3.8	85.7	41.2	18.4	12.7	24.1	36.5	44.1
D B Corp	Buy	373	460	23	20.4	24.1	28.7	18.3	15.5	4.3	3.8	25.5	26.2	27.6
Den Net.	Neutral	83	90	8	-8.6	-2.7	0.3	NM	NM	1.5	1.7	-12.0	-5.3	0.7
Hind. Media	Buy	278	360	30	26.4	27.1	29.9	10.5	10.3	1.9	1.6	19.3	16.6	15.6
HT Media	Neutral	83	85	3	7.4	7.9	8.3	11.2	10.5	0.8	0.7	7.1	6.9	6.6
Jagran Prak.	Buy	185	225	21	10.8	12.2	14.0	17.2	15.2	2.5	2.5	17.6	16.3	17.3
PVR	Buy	1,400	1,666	19	20.5	36.1	54.7	68.2	38.8	6.8	5.8	10.4	16.1	20.5
Siti Net.	Neutral	28	36	31	-1.8	-0.5	0.1	NM	NM	3.8	4.2	-23.5	-7.8	1.5
Sun TV	Neutral	823	860	4	24.9	29.5	38.4	33.1	27.9	8.3	7.6	25.0	27.3	31.9
Zee Ent.	Buy	520	600	15	23.1	16.4	19.5	22.5	31.7	8.3	7.0	23.7	23.8	23.8
<b>Aggregate</b>								<b>41.0</b>	<b>29.2</b>	<b>5.9</b>	<b>5.3</b>	<b>14.3</b>	<b>18.1</b>	<b>20.6</b>
<b>Metals</b>														
Hindalco	Buy	197	250	27	16.2	22.6	25.9	12.2	8.7	1.5	1.2	14.0	15.6	15.1
Hind. Zinc	Sell	233	235	1	19.7	21.5	23.7	11.8	10.8	3.2	2.7	24.4	27.2	25.4
JSPL	Buy	119	184	54	-20.9	-16.0	-2.5	NM	NM	0.4	0.4	-7.9	-5.0	-0.8
JSW Steel	Buy	195	241	23	14.8	20.1	22.6	13.2	9.7	2.1	1.8	17.3	19.7	18.8
Nalco	Neutral	65	65	0	3.7	3.6	4.0	17.7	18.2	1.2	1.2	7.2	6.7	7.3





Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
NMDC	Under Review	116	-		10.0	12.0	12.7	11.6	9.6	1.6	1.5	12.4	14.9	15.7
SAIL	Sell	57	30	-47	-6.2	-12.6	0.4	NM	NM	0.6	0.7	-6.7	-15.2	0.5
Vedanta	Neutral	233	225	-4	15.1	24.5	27.4	15.4	9.5	1.5	1.4	9.7	14.8	15.3
Tata Steel	Sell	491	451	-8	37.0	39.5	45.7	13.3	12.4	1.5	1.4	15.4	11.4	12.1
<b>Aggregate</b>								<b>16.6</b>	<b>13.4</b>	<b>1.3</b>	<b>1.3</b>	<b>8.0</b>	<b>9.4</b>	<b>11.8</b>
<b>Oil &amp; Gas</b>														
BPCL	Neutral	716	779	9	72.5	64.5	70.3	9.9	11.1	3.0	2.6	32.4	25.1	23.3
GAIL	Sell	403	358	-11	22.6	28.7	32.7	17.8	14.0	1.8	1.7	10.2	12.2	12.9
Gujarat Gas	Sell	776	699	-10	20.4	38.5	46.6	38.0	20.2	6.5	5.1	17.8	28.5	27.5
Gujarat St. Pet.	Neutral	172	171	0	8.8	11.2	13.4	19.5	15.4	2.2	2.0	11.9	13.7	14.6
HPCL	Buy	540	632	17	61.0	45.6	45.8	8.8	11.8	2.7	2.4	32.4	21.2	18.7
IOC	Neutral	426	457	7	41.0	41.9	43.3	10.4	10.2	2.0	2.1	22.3	20.2	19.9
IGL	Neutral	1,105	1,067	-3	43.1	46.7	51.8	25.6	23.7	5.3	4.5	21.0	20.6	19.5
MRPL	Neutral	130	124	-4	11.7	12.8	13.3	11.1	10.2	2.3	1.9	24.8	20.5	18.4
Oil India	Buy	300	363	21	19.3	34.7	37.4	15.5	8.6	0.8	0.8	5.7	9.3	9.6
ONGC	Buy	172	229	33	16.4	20.6	23.9	10.5	8.4	1.0	1.0	10.4	11.7	13.0
PLNG	Buy	440	547	24	22.7	25.9	35.1	19.4	17.0	4.1	3.5	23.6	22.1	25.2
Reliance Ind.	Neutral	1,339	1,264	-6	106.6	121.7	127.8	12.6	11.0	1.4	1.2	11.9	11.8	11.2
<b>Aggregate</b>								<b>11.9</b>	<b>10.9</b>	<b>1.6</b>	<b>1.5</b>	<b>13.2</b>	<b>13.4</b>	<b>13.4</b>
<b>Retail</b>														
Jubilant Food	Sell	949	680	-28	10.0	12.2	17.9	94.9	78.1	7.8	7.3	8.2	9.3	12.6
Titan Co.	Neutral	537	505	-6	9.0	10.3	12.1	59.4	52.2	11.3	10.0	20.6	20.2	20.9
<b>Aggregate</b>								<b>61.1</b>	<b>53.4</b>	<b>10.5</b>	<b>9.4</b>	<b>17.2</b>	<b>17.6</b>	<b>18.5</b>
<b>Technology</b>														
Cyient	Buy	525	620	18	30.6	38.3	44.2	17.1	13.7	2.8	2.4	16.2	17.8	17.9
HCL Tech.	Buy	878	960	9	59.8	61.9	67.6	14.7	14.2	3.7	3.6	27.5	25.4	26.0
Hexaware	Neutral	245	235	-4	13.7	15.4	16.7	17.9	15.9	4.4	3.8	26.5	25.3	23.5
Infosys	Buy	962	1,200	25	62.9	64.7	71.1	15.3	14.9	3.2	2.9	23.3	21.4	21.2
KPIT Tech	Neutral	111	150	35	11.9	13.4	15.2	9.3	8.3	1.4	1.2	14.3	15.6	15.2
L&T Infotech	Buy	800	850	6	55.5	59.7	65.0	14.4	13.4	5.0	3.9	40.4	32.8	28.3
Mindtree	Neutral	537	475	-12	24.9	30.5	36.5	21.6	17.6	3.5	3.2	16.8	18.9	20.5
Mphasis	Neutral	624	600	-4	38.9	41.7	45.0	16.0	14.9	2.1	2.5	13.2	14.0	15.7
NIIT Tech	Neutral	534	470	-12	42.8	42.5	46.1	12.5	12.6	2.0	1.8	16.1	14.8	14.7
Persistent Sys	Buy	631	700	11	37.7	43.9	51.4	16.7	14.3	2.6	2.5	17.0	18.1	20.3
Tata Elxsi	Buy	1,545	1,607	4	56.3	68.0	80.4	27.4	22.7	8.6	6.9	37.1	33.7	32.3
TCS	Neutral	2,615	2,400	-8	133.4	139.7	149.6	19.6	18.7	6.1	6.3	33.5	32.4	32.3
Tech Mah	Buy	400	500	25	30.9	32.3	36.9	12.9	12.4	2.1	1.9	18.4	16.7	17.0
Wipro	Neutral	549	500	-9	33.8	34.6	38.2	16.2	15.9	2.6	2.3	16.9	15.5	15.7
Zensar Tech	Buy	869	1,020	17	54.9	67.6	78.4	15.8	12.9	2.4	2.1	16.3	17.7	17.8
<b>Aggregate</b>								<b>17.5</b>	<b>17.1</b>	<b>4.1</b>	<b>3.9</b>	<b>23.2</b>	<b>22.7</b>	<b>22.0</b>
<b>Telecom</b>														
Bharti Airtel	Buy	373	430	15	11.1	6.3	11.5	33.5	59.3	2.2	2.1	6.7	3.7	6.4
Bharti Infratel	Buy	383	435	14	14.9	17.5	19.9	25.8	21.9	4.7	4.1	16.2	19.4	19.1
Idea Cellular	Buy	79	110	40	-1.1	-12.9	-13.6	NM	NM	1.1	1.4	-1.6	-20.8	-27.4
Tata Comm	Buy	730	811	11	26.0	18.1	36.0	28.1	40.3	13.1	9.9	126.2	27.9	39.1
<b>Aggregate</b>								<b>35.9</b>	<b>167.6</b>	<b>2.5</b>	<b>2.5</b>	<b>6.9</b>	<b>1.5</b>	<b>3.9</b>
<b>Utilites</b>														
Coal India	Buy	264	316	20	14.9	18.3	20.7	17.7	14.4	6.7	6.7	37.8	46.2	52.1
CESC	Buy	911	1,040	14	51.9	73.4	80.6	17.6	12.4	2.1	1.8	11.4	15.5	15.0
JSW Energy	Buy	63	88	40	3.9	2.1	1.8	16.3	29.7	1.0	1.0	6.7	3.3	2.8
NTPC	Buy	158	198	25	13.0	13.4	16.2	12.1	11.8	1.3	1.2	11.5	10.9	12.3
Power Grid	Buy	205	242	18	14.2	17.6	20.5	14.4	11.6	2.2	1.9	16.2	17.5	17.8
Tata Power	Sell	80	67	-16	5.2	6.7	7.0	15.4	11.8	1.8	1.6	11.2	14.6	13.6
<b>Aggregate</b>								<b>14.7</b>	<b>12.8</b>	<b>2.3</b>	<b>2.1</b>	<b>15.3</b>	<b>16.3</b>	<b>17.4</b>
<b>Others</b>														



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
Arvind	Neutral	379	382	1	12.4	16.6	23.6	30.6	22.8	2.7	2.5	10.3	11.5	14.7
Bata India	Under Review	550	-		13.5	15.6	19.3	40.9	35.2	5.4	4.8	13.9	14.5	15.9
Castrol India	Buy	414	531	28	13.6	14.6	15.2	30.3	28.4	34.4	30.7	115.2	114.1	106.8
Century Ply.	Buy	291	274	-6	7.7	8.6	11.4	37.7	33.7	9.9	8.1	28.9	26.5	28.6
Coromandel Intl	Under Review	421	-		16.0	18.3	23.6	26.4	23.0	4.6	4.1	18.2	18.9	21.7
Delta Corp	Buy	152	229	51	4.2	5.3	7.1	36.0	28.7	3.8	2.6	11.1	11.3	11.5
Dynamatic Tech	Buy	2,431	3,334	37	67.6	112.9	166.7	35.9	21.5	5.0	4.0	15.1	20.7	24.3
Eveready Inds.	Buy	322	368	14	12.9	14.4	17.5	25.0	22.3	8.1	6.5	37.7	32.3	31.6
Interglobe	Neutral	1,128	1,234	9	46.0	65.6	88.2	24.5	17.2	20.2	17.9	86.2	110.2	129.8
Indo Count	Buy	181	229	26	13.0	14.6	17.6	13.9	12.5	4.2	3.1	34.8	28.8	25.9
Info Edge	Buy	1,081	1,050	-3	15.7	20.3	22.9	68.9	53.3	6.6	6.1	10.2	11.9	12.3
Inox Leisure	Sell	290	240	-17	3.3	8.0	12.0	87.1	36.1	5.1	4.5	5.9	12.5	16.2
Jain Irrigation	Under Review	106	-		5.5	7.6	10.0	19.1	13.9	1.6	1.6	8.6	11.7	14.8
Just Dial	Neutral	443	465	5	17.5	18.5	21.1	25.4	24.0	3.4	3.0	14.8	13.4	13.7
Kaveri Seed	Buy	641	653	2	19.1	29.5	36.3	33.6	21.7	4.4	4.8	13.6	20.5	25.4
Kitex Garm.	Buy	403	551	37	26.0	31.0	36.7	15.5	13.0	4.2	3.4	29.9	28.7	27.7
Manpasand	Buy	776	841	8	13.3	22.0	31.1	58.3	35.3	3.8	3.5	7.7	9.3	13.5
MCX	Buy	1,030	1,325	29	24.8	30.5	42.9	41.5	33.7	3.9	3.7	9.9	11.1	14.6
Monsanto	Buy	2,768	2,841	3	72.9	89.3	109.3	37.9	31.0	11.5	10.8	30.4	35.9	39.6
Navneet Education	Buy	188	226	20	7.8	9.4	11.3	24.2	19.9	6.0	5.1	26.8	27.8	28.2
PI Inds.	Buy	811	952	17	33.4	33.4	38.1	24.3	24.3	6.9	5.6	32.8	25.4	23.8
Piramal Enterp.	Buy	2,804	3,044	9	72.6	104.1	144.6	38.6	26.9	3.7	3.4	9.8	13.0	16.4
SRF	Buy	1,635	1,816	11	85.9	89.0	111.5	19.0	18.4	3.0	2.7	16.6	15.1	17.0
S H Kelkar	Buy	287	367	28	7.2	9.6	12.2	39.5	29.8	5.1	4.6	13.7	16.1	18.2
Symphony	Sell	1,280	1,288	1	27.0	35.1	42.9	47.4	36.5	25.8	22.0	56.8	65.0	66.3
TTK Prestige	Neutral	6,738	5,281	-22	106.9	137.7	176.0	63.0	48.9	10.0	9.0	16.5	19.4	22.2
V-Guard	Neutral	189	167	-12	3.6	4.5	6.0	52.9	42.2	12.6	10.3	27.4	26.9	28.8
Wonderla	Buy	368	393	7	7.0	11.9	16.0	52.7	30.8	4.8	4.3	9.5	14.8	17.5



Company	1 Day (%)	1M (%)	12M (%)
<b>Automobiles</b>			
Amara Raja	0.0	0.0	4.7
Ashok Ley.	1.1	11.6	-12.5
Bajaj Auto	-0.1	-0.6	8.7
Bharat Forge	3.8	10.2	61.6
Bosch	0.9	2.6	6.7
CEAT	0.1	14.1	109.7
Eicher Mot.	1.4	14.6	57.5
Endurance Tech.	2.1	13.3	
Escorts	0.1	27.0	336.9
Exide Ind	-0.1	-7.3	38.4
Hero Moto	0.7	14.3	22.9
M&M	1.5	8.5	4.0
Mahindra CIE	-1.4	1.7	23.6
Maruti Suzuki	1.2	8.4	73.9
Tata Motors	-0.6	9.1	-1.1
TVS Motor	0.0	8.8	82.0
<b>Banks - Private</b>			
Axis Bank	0.6	1.7	-3.9
DCB Bank	3.4	6.3	112.8
Equitas Hold.	-0.7	-1.2	-10.1
Federal Bank	2.0	-1.2	103.0
HDFC Bank	0.1	7.1	39.7
ICICI Bank	1.9	8.8	27.9
IDFC Bank	-0.3	-9.2	27.9
IndusInd	0.3	7.6	36.6
J&K Bank	-0.6	0.5	28.8
Kotak Mah. Bk	0.1	6.7	25.6
RBL Bank	1.4	-2.0	
South Indian	2.5	11.4	56.6
Yes Bank	-0.6	-7.1	40.1
<b>Banks - PSU</b>			
BOB	1.4	-5.6	21.8
BOI	2.2	-20.7	69.8
Canara	1.3	-8.0	90.5
IDBI Bk	0.6	-23.1	-8.6
Indian Bk	0.7	-7.0	223.5
OBC	3.8	-10.0	86.0
PNB	1.8	-12.9	95.7
SBI	1.2	-1.8	38.6
Union Bk	1.2	-14.8	35.3
<b>NBFCs</b>			
Bajaj Fin.	0.6	5.5	74.4
Bharat Fin.	1.1	-6.4	9.5
Dewan Hsg.	1.5	-0.2	118.5
GRUH Fin.	1.5	-3.6	42.9
HDFC	-0.5	3.3	27.8
Indiabulls Hsg	0.0	3.2	54.4
LIC Hsg Fin	0.4	2.6	55.9
Manappuram	1.0	1.8	58.6
M&M Fin.	0.8	11.0	10.0
Muthoot Fin	3.3	12.3	60.4
PFC	-0.4	-21.4	54.7
Repco Home	0.4	5.7	6.6
REC	-0.8	-11.6	132.5
STF	0.1	-0.1	-14.7
Shriram City Union	6.0	15.6	47.1

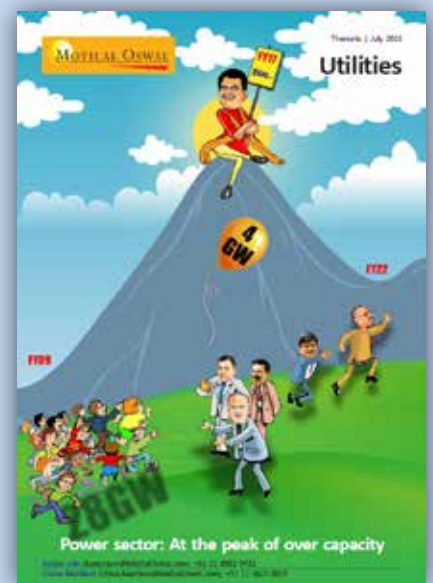
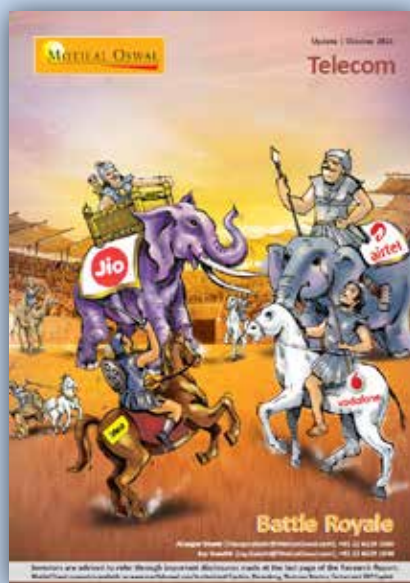
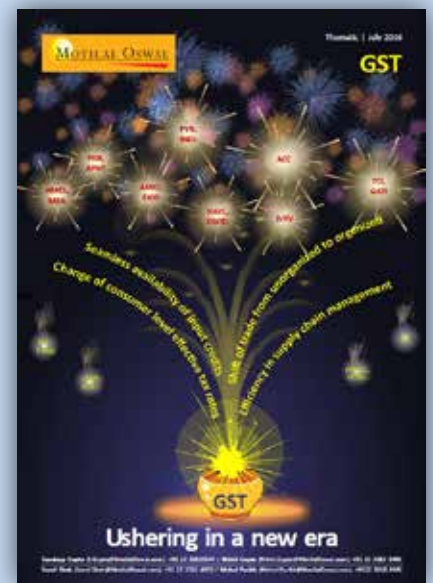
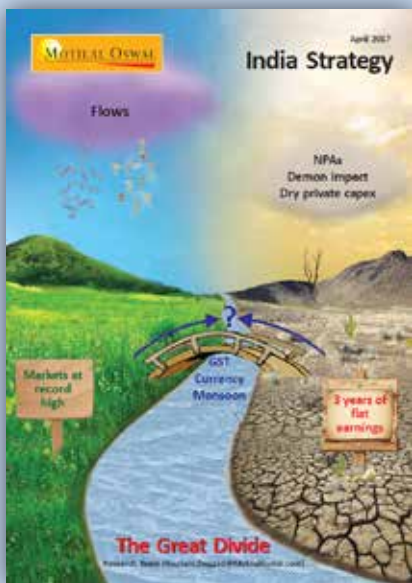
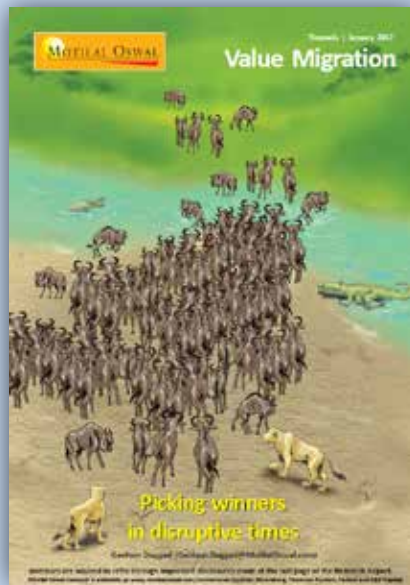
Company	1 Day (%)	1M (%)	12M (%)
<b>Capital Goods</b>			
ABB	0.4	0.8	17.5
Bharat Elec.	1.4	-4.5	41.2
BHEL	-0.7	-20.3	15.3
Blue Star	-0.7	-7.3	45.3
CG Cons. Elec.	-0.5	3.8	78.1
CG Power & Inds Sol.	1.0	8.4	18.2
Cummins	-0.5	-11.5	14.1
GE T&D	-1.1	1.1	-7.8
Havells	1.2	4.1	40.3
Inox Wind	0.5	-29.1	-38.8
K E C Intl	-0.2	25.7	94.8
L&T	0.7	3.6	20.1
Pennar Eng.	1.4	-4.8	-8.0
Siemens	-0.8	-1.2	10.9
Solar Ind	0.3	6.1	33.4
Suzlon Energy	-0.3	-4.7	22.1
Thermax	-1.4	-5.3	19.0
Va Tech Wab.	0.4	-0.4	9.5
Voltas	-0.8	15.6	43.6
<b>Cement</b>			
Ambuja Cem.	0.6	-3.9	1.0
ACC	0.5	-2.6	4.6
Birla Corp.	0.2	18.5	119.2
Dalmia Bharat	-0.2	4.8	156.2
Grasim Inds.	0.6	-4.0	31.9
India Cem	0.4	1.2	117.1
J K Cements	-2.9	5.2	68.2
JK Lakshmi Ce	-0.6	0.0	41.5
Ramco Cem	-2.7	0.2	27.3
Orient Cem	4.7	-0.2	-2.1
Prism Cem	-1.2	-1.7	22.2
Shree Cem	0.0	-5.9	30.1
Ultratech	0.3	-4.3	24.2
<b>Consumer</b>			
Asian Paints	0.7	1.4	12.6
Britannia	0.5	3.2	30.2
Colgate	3.8	5.3	24.7
Dabur	0.4	4.0	-7.4
Emami	0.2	3.8	9.8
Godrej Cons.	2.3	5.4	20.8
GSK Cons.	0.5	3.6	-7.3
HUL	1.3	16.0	23.4
ITC	0.4	12.7	29.1
Jyothy Lab	1.3	-0.3	29.7
Marico	0.6	4.7	24.9
Nestle	-0.2	-0.8	3.4
Page Inds	-0.6	4.7	6.4
Parag Milk	-1.2	-3.1	-6.2
Pidilite Ind.	-0.1	8.7	12.5
P&G Hygiene	1.5	7.4	27.4
United Brew	-1.1	3.3	9.0
United Spirits	-3.2	24.0	-4.5
<b>Healthcare</b>			
Alembic Phar	0.7	-6.8	-0.7
Alkem Lab	-1.9	-2.1	38.8
Ajanta Pharma	-1.4	-4.4	-1.0
Aurobindo	2.1	1.4	-22.6



Company	1 Day (%)	1M (%)	12M (%)
Biocon	0.8	-3.8	37.9
Cadila	9.6	15.3	68.2
Cipla	1.1	-1.7	15.1
Divis Lab	2.2	2.9	-43.8
Dr Reddy's	-0.4	-2.3	-19.5
Fortis Health	1.8	-7.9	17.5
Glenmark	0.9	-23.4	-15.1
Granules	1.5	-0.1	-0.8
GSK Pharma	-0.1	0.1	-30.4
IPCA Labs	-0.8	-6.1	17.1
Lupin	0.3	-7.7	-19.6
Sanofi India	0.1	-2.5	-5.2
Sun Pharma	1.3	-19.0	-30.8
Syngene Intl	-1.3	-0.4	22.7
Torrent Pharma	-0.2	-6.6	-12.0
<b>Logistics</b>			
Allcargo Logistics	-1.1	-5.1	4.9
Blue Dart	-0.7	-8.8	-27.2
Concor	0.8	-1.2	8.9
Gateway Distriparks	1.9	0.2	-17.8
Gati	0.5	-7.3	-6.7
Transport Corp.	2.2	30.1	78.8
<b>Media</b>			
Dish TV	-1.2	-12.2	-4.3
D B Corp	1.8	-0.6	-0.1
Den Net.	0.8	-15.1	-7.5
Hind. Media	0.2	-2.4	1.6
HT Media	-1.3	0.6	3.7
Jagran Prak.	0.2	-4.0	7.9
PVR	0.5	-8.0	53.1
Siti Net.	2.6	-14.7	-25.7
Sun TV	0.9	-3.4	128.0
Zee Ent.	-0.1	2.4	12.5
<b>Metals</b>			
Hindalco	0.9	6.3	80.5
Hind. Zinc	0.2	-7.1	36.0
JSPL	0.9	10.2	91.9
JSW Steel	1.3	2.9	41.8
Nalco	0.8	-0.5	55.2
NMDC	2.3	-7.2	26.1
SAIL	0.3	-4.8	36.2
Vedanta	1.8	4.5	112.4
Tata Steel	0.2	13.4	43.2
<b>Oil &amp; Gas</b>			
BPCL	-1.4	-1.3	46.5
GAIL	1.2	-3.9	43.3
Gujarat Gas	1.7	-1.9	47.5
Gujarat St. Pet.	-3.0	-6.1	27.1
HPCL	-0.9	2.8	78.8
IOC	0.5	-1.6	103.6
IGL	-0.9	6.6	91.8
MRPL	0.7	2.1	90.9
Oil India	0.7	-7.1	13.5
ONGC	0.6	-6.0	21.4
PLNG	-2.0	2.4	61.5
Reliance Ind.	2.0	0.8	40.3
<b>Retail</b>			
Jubilant Food	-0.2	-7.7	-5.6

Company	1 Day (%)	1M (%)	12M (%)
Titan Co.	1.9	9.1	49.3
<b>Technology</b>			
Cyient	-0.6	2.3	8.2
HCL Tech.	-1.2	6.1	20.8
Hexaware	-5.2	2.7	14.4
Infosys	-1.8	3.2	-23.5
KPIT Tech	3.1	-13.6	-40.4
L&T Infotech	2.0	9.1	
Mindtree	-1.9	8.3	-17.5
Mphasis	0.4	11.2	12.4
NIIT Tech	-2.8	13.5	4.3
Persistent Sys	1.8	8.3	-13.4
Tata Elxsi	0.3	0.1	-14.4
TCS	-3.0	12.7	-0.6
Tech Mah	-2.1	-3.3	-25.5
Wipro	-2.1	10.1	1.7
Zensar Tech	-0.2	-1.7	-8.1
<b>Telecom</b>			
Bharti Airtel	1.2	8.1	6.7
Bharti Infratel	-0.4	4.6	2.2
Idea Cellular	-1.4	-3.5	-25.2
Tata Comm	-1.6	13.9	61.7
<b>Utilities</b>			
Coal India	0.4	-5.4	-14.2
CESC	2.0	-3.3	64.1
JSW Energy	-0.2	-2.2	-11.2
NTPC	-0.3	-1.4	6.6
Power Grid	0.8	-1.9	36.6
Tata Power	0.5	-4.1	8.4
<b>Others</b>			
Arvind	-1.4	-7.1	21.1
Bata India	0.5	-3.8	-0.7
Castrol India	0.8	-5.0	7.5
Century Ply.	3.5	14.4	77.0
Coromandel Intl	3.7	6.8	75.2
Delta Corp	-1.4	-5.0	79.8
Dynamatic Tech	-0.1	-9.1	-4.2
Eveready Inds.	1.9	5.6	29.5
Interglobe	1.3	1.0	12.3
Indo Count	3.0	-9.9	-1.1
Info Edge	2.4	29.0	36.1
Inox Leisure	-0.9	4.5	40.1
Jain Irrigation	1.8	4.2	59.8
Just Dial	-0.5	-10.1	-32.4
Kaveri Seed	-0.8	13.8	41.6
Kitex Garm.	0.6	-1.1	-14.6
Manpasand	0.1	13.5	37.3
MCX	1.7	-8.0	4.7
Monsanto	-0.5	7.5	15.2
Navneet Educat.	3.2	12.0	117.7
PI Inds.	0.2	-4.2	18.2
Piramal Enterp.	0.1	12.0	99.8
SRF	0.3	-6.7	29.3
S H Kelkar	2.8	-7.9	33.7
Symphony	-1.7	-9.8	6.6
TTK Prestige	-0.1	3.7	47.3
V-Guard	-0.4	-7.5	101.0
Wonderla	-0.4	-3.9	-6.2

# THEMATIC/STRATEGY RESEARCH GALLERY



# REPORT GALLERY

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Sector: Oil and Gas  
**Gujarat Gas**

**Long road ahead**

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Sector: Publishing  
**Navneet Education**

**Steadfast; growth gaining momentum**

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**MOTILAL OSWAL** Initiating Coverage | 23 March 2017  
Sector: Entertainment  
**Delta Corp**

**Favorable odds**

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**MOTILAL OSWAL** Initiating Coverage | 17 March 2017  
Sector: Healthcare  
**Ajanta Pharma**

**Promising growth trajectory**

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**MOTILAL OSWAL** Initiating Coverage | 17 February 2017  
Sector: Financials - Pharmaceuticals  
**Piramal Enterprises**

**Winner's Edge**

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**MOTILAL OSWAL** Initiating Coverage | 16 February 2017  
Sector: Automobiles  
**CEAT**

**Well balanced**

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**MOTILAL OSWAL** Initiating Coverage | 20 December 2016  
Sector: Consumer Product  
**SH Kelkar**

**Adding flavor to fragrance**

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Sector: Automobile  
**Endurance Technologies**

**Gaining ground**

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**MOTILAL OSWAL** Initiating Coverage | 14 December 2016  
Sector: Technology  
**L&T Infotech**

**Proficient miner**

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# DIFFERENTIATED PRODUCT GALLERY

## MOTILAL OSWAL

### SUN PHARMACEUTICAL

**ART ANNUAL REPORT THREADBARE**  
27 September 2018

The ART of annual report analysis

**WHAT'S NEW IN FY18**

- ▶ Tax rates remained low at 13.8%, contingent liabilities for tax dispute rise to INR23.5b.
- ▶ Cash flow of INR18.6b significantly higher than tax expenses recognized in P&L of INR13.8b.
- ▶ OCF post interest increases to INR44.7b (FY17: INR32.7b) on decline in other assets to INR24.7b partially offset by INR18.1b increase in receivables.

**Stock Info**

Exchange	BSE/NSE
CAP (INR)	771
Face Value (INR)	2,000.0
52-Week Range (INR)	954/106
52-Week High (INR)	119.42
52-Week Low (INR)	10.00

**Shareholding pattern (%)**

As on	Jun-18	Mar-18	Jun-17
Promoter	33.0	33.0	34.7
MFI	39.2	39.0	37.8
FI	24.8	24.4	23.8
Other	3.0	3.6	3.8

**Auditor's name**  
Deloitte Haskins & Sells LLP

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## MOTILAL OSWAL

### CornerOffice

Interaction with the CEO

#### Demonetization: A mammoth task for India's largest bank

CASA to get strong push, SME NPA too early to take a call

We met with Mr. Anandhan Bhattacharya, Chairman of State Bank of India (SBI), to discuss on demonetization, and evaluate its impact on growth, asset quality and profitability of the bank. Incremental cost of funds has declined marginally (less than 4% over last one month), and excess liquidity is parked in reverse repo and MSF operations (earning spread of ~1%). Operating expenses are likely to increase in the near term, which should be more than offset by trading gains. In our view, we largely maintain our optimistic and reiterate our preference for SBI among peers with its SCRR-based target price of INR335.

**Excess liquidity: A profit drag or one-off gain?**

- ▶ Since demonetization, SBI has collected deposits of ~INR4 and disbursed (via withdrawal) ~INR1, leading to net addition of ~INR3. The bank also aggressively cut its bank deposits (leading to higher repayment rates), which led to significantly lower net accretion over the past month.
- ▶ Of the net accretion, three-fourths were savings deposits, 15% were current account deposits and the rest were retail term deposits.
- ▶ Branded cost of these deposits is less than 4%, and excess liquidity is parked in reverse repo, MSF and bond markets (considering muted loan growth) at a yield of ~1%. Hence, an excess liquidity, the spread is 2%+ currently, as against branded spread of ~1.4% at 30/11/17.
- ▶ Significant liquidity addition in the system has led to a sharp fall in yield, which has helped banks to monetize the bond portfolio. We expect trading gains to be strong in 2017/17.

**Digitalization efforts to yield noteworthy results over long term**

- ▶ The Government of India (GoI) and the banking sector are working together to move toward a less-cash economy. The bank has all channels available (e.g. UPI, cards, POS, wallets, internet banking and mobile banking) to push toward digitalization.
- ▶ Over the past month, cashless transactions increased significantly: (a) debit card spends are up 1x on MoM, (b) POS terminal deployment has increased from 64k/month to 16k, 46k terminal orders in hand, (c) 7m new debit cards are activated and (d) SBI Buddy (wallet) transactions are up 1x on MoM.

**Asset quality: Will demonetization lead to higher NPAs?**

- ▶ Asset monitoring and recovery teams have performed their respective functions as usual (barring the first three days of demonetization). The bank clearly stated that there is no indication of bandwidth for key departments due to demonetization.
- ▶ SBI's NPA has seen recoveries in small-value accounts and agri gold loans.
- ▶ SME portfolio performance will depend upon how soon the things will normalize. It is too early to take a call right now.

**Ms. Bhattacharya is the first woman chairman of SBI, she joined the bank 18 years ago as a probationary officer. She has worked in various functions like force, retail, treasury, HR and IT.**

**Ms. Bhattacharya was involved in launching various new business initiatives like general insurance, customer service and infrastructure fund.**

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## MOTILAL OSWAL

### VOICES

30/11/17 | February 2017

**India Inc on Call**

VOICEL, a quarterly product from Motilal Oswal Research, provides a ready reference for all the post results earnings calls attended by our research analysts during the quarter. Besides making available to readers our key takeaways from these interactions, it also provides links to relevant research updates and to the transcripts of the respective conference calls.

**This quarterly report contains:**

- ▶ Key takeaways from the post results management commentary for 123 companies, with links to the full earnings call transcripts
- ▶ Links to our Results Updates on each of the companies included

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## MOTILAL OSWAL

### EcoKnowledge

Diving into Trending Themes

#### Monthly data confirm 6.5% growth is for real in India

Creating monthly economic activity index (EAI) since 1998

- ▶ Based on monthly macroeconomic indicators, we create India's economic activity index (EAI), which shows that the economic growth averaged 6.4% YoY in the first nine months of 2016 as against ~3% growth over the previous five years (2011-2015). Motilal Oswal's leading indicators (MOI) suggest that consumption continues to grow strong, however, investment is witnessing one of the worst phases in the past two decades.
- ▶ We find, however, that the growth in economic activity eased towards 5% YoY in 2QFY17 as against 7.5% in the previous two quarters. A sharp contraction in investments, along with some deceleration in consumption, has contributed to a slowdown in our composite EAI in the recent quarter.
- ▶ It is important to note that while our composite EAI is a reliable indicator to gauge economic activity, it should not be compared with the official GDP statistics because the latter includes an estimate for the unorganized sector also. Our leading indicators are based on monthly data covering the formal sector of society.

**"EcoKnowledge" is Motilal Oswal's new product in which we deep-dive into trending macro-economic themes. This new product complements our existing "Earnings" product, which is renowned for regular updates on macro-economics.**

Since the release of new GDP series (in 2015-12 base), its credibility has been in question. The key reason for the disagreement is a widely-held belief that GDP data is not in sync with high-frequency monthly indicators. Weakness in bank credit growth and IP (Index of Industrial Production) are often quoted to support this criticism. Further, very high contribution of 'discrepancies' has also shaken confidence in the official statistics. To bridge this gap, we introduce Motilal Oswal's leading indicators (MOI) for consumption, investment and external trade. Based on our econometric analysis, we have combined five monthly macroeconomic data series to create MOI for consumption, eight monthly data points to create MOI for investment, and five data points to create MOI for external trade (of goods & services).

**"Innovation is seeing what everybody has seen and thinking what nobody has thought."**

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## MOTILAL OSWAL

### BULLS & BEARS

INDIA VALUATION'S HANDBOOK

Highlights of March edition

- ▶ Nifty ends at record high - up 19% in FY17
- ▶ Metals, PSU Banks, Media, Oil and NBFCs top outperformers for FY17
- ▶ Technology and Telecom only sectors to deliver negative return
- ▶ Mid-caps outperform Nifty by 16% in FY17

**BEST PERFORMERS MoM (%)**

Indiabulls	11
Bliss Infra	11
Asian Paints	10
HDFC	10
Tata Power	10
Bank Mid-Cap	9
WIPAC	9
IL&T	7
Indraprastha	7
ITC	7

**WORST PERFORMERS MoM (%)**

Coal India	-1
Two Wheel	-1
in Mobility	-1
ONGC	-1
Bank Small	-1
GENC	-1
Axis Bank	-1
GAU	-1
UPL	-1
HARP	-1

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## MOTILAL OSWAL

### FUND FOLIO

Indian Mutual Fund Tracker

Equity AUM up 40% in FY17 and 25% in five years

Average AUM up 35% YoY (INR4.8t) in FY17

Net Inflows in FY17 down 11% YoY

Equity AUM (INR t) - Nifty Index

Income rise by 10% against 10% rise in 5 years

Equity AUM (INR t) - Nifty Index

Year	Equity AUM (INR t)	Nifty Index
FY13	1,304	5,483
FY14	1,438	6,764
FY15	1,836	8,067
FY16	2,442	9,442
FY17	3,174	11,114

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