

Market snapshot



Equities - India	Close	Chg .%	YTD.%
Sensex	26,900	0.6	1.0
Nifty-50	8,289	0.6	1.3
Nifty-M 100	14,984	0.7	4.4
Equities-Global	Close	Chg .%	YTD.%
S&P 500	2,269	0.0	1.3
Nasdaq	9,350	0.1	1.0
FTSE 100	7,263	0.3	1.7
DAX	11,583	0.2	0.9
Hang Seng	9,664	0.6	2.9
Nikkei 225	19,301	-0.8	1.0
Commodities	Close	Chg .%	YTD.%
Brent (US\$/Bbl)	53	-2.2	-4.6
Gold (\$/OZ)	1,188	0.6	3.1
Cu (US\$/MT)	5,736	3.0	3.9
Almn (US\$/MT)	1,758	1.3	3.1
Currency	Close	Chg .%	YTD.%
USD/INR	68.2	0.0	0.4
USD/EUR	1.1	-0.2	0.4
USD/JPY	116.0	-0.2	-0.9
YIELD (%)	Close	1MChg	YTDchg
10 Yrs G-Sec	6.4	0.0	-0.1
10 Yrs AAA Corp	7.6	0.0	0.1
Flows (USD b)	10-Jan	MTD	CY16
FII	0.0	-0.3	2.9
DII	0.0	0.3	5.3
Volumes (INRb)	10-Jan	MTD*	CY16*
Cash	207	195	220
F&O	2,300	2,990	3,447

Note: YTD is calendar year, *Avg

Quote of the day

In the business world, the rearview mirror is always clearer than the windshield.



Today's top research ideas

IndusInd Bank 3QFY17: Strong Performance vaporizes demonetization worries

- ❖ Core PPOP growth was impressive at 30% YoY (+8% QoQ) driven by a) strong NII growth (35% YoY, 8% QoQ; +4% beat), b) impeccable fees performance (+7% QoQ, 22% YoY) and c) controlled C/I ratio (~47%).
- ❖ Stable QoQ NIMs at 4% (+10bp YoY) despite impact of demonetization was supported by sharp fall (+25bp QoQ) in COF.
- ❖ Asset quality remained stable QoQ with GNPA at 94bp and PCR of 59%. Management remains confident of 25%+ balance sheet growth with superior profitability and asset quality.
- ❖ Conservatively we have cut earnings by 2-3% to factor in lower loan growth. Maintain Buy with Target price of INR1430 (up from INR1400 due to roll over by a quarter; 3.4x December 2018 BV).



Research covered

Cos/Sector	Key Highlights	Est Chg
IndusInd Bank	Strong performance fades demonetization worries	↔
Tata Motors	JLR December volumes in line at 53,063 units, up 4% YoY	↔
Fuel or Engines	Union Budget 2017-18 may not add much to FY18 GDP growth	
Financials – NBFCs	Expect demonetization-led subdued performance	
Cement	Demonetization affects demand recovery	



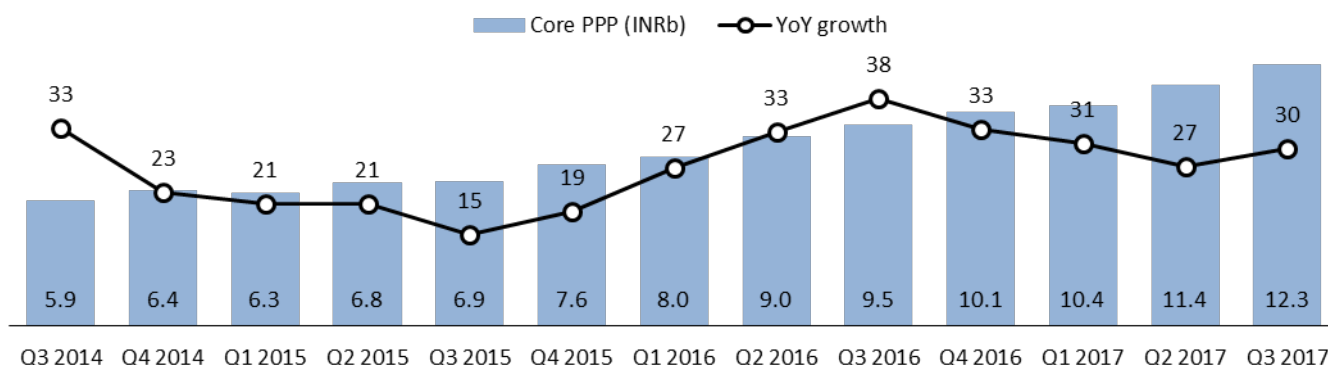
Piping hot news

World Bank projects GDP growth at 7% in FY17, despite demonetisation

- ❖ The World Bank has projected India's economy to grow at seven per cent in the current financial year, even after taking into account the impact of demonetisation. It stated the impact of demonetisation was for the short term. Though the projection was 0.6 percentage points lower than its earlier estimate of 7.6 per cent, these are only a shade below the Advance Estimates put out by the Central Statistical Office (CSO). CSO estimated the growth to be at 7.1 per cent without considering the effect of demonetisation and will factor in the impact in its revised Advance Estimates to be put out by February-end.



Chart of the Day: IIB - Strong Core operating profitability in a challenging environment



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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

NITI Aayog: No effect of note ban on rabi sowing, prices of crops

The acute cash crunch in rural areas due to demonetisation and the resultant drop in prices of fruits and vegetables in November and December could lower farmers' income in 2016-17 by just 0.26 per cent, said a paper by NITI Aayog member and eminent...

2

Auto sales at 16-yr low in Dec as note ban takes toll

Monthly automobile sales growth rate in India slipped to a 16-year low in December with total vehicle sales declining by 18.66 per cent as demonetisation hits the industry hard. According to latest Society of Indian Automobile Manufacturers (SIAM) data, most of the major segments, including scooters, motorcycles and cars, witnessed record decline December sales as the automobile sector continued to bear the brunt of negative consumer sentiments in the wake of the ban of Rs 500 and Rs 1,000 notes announced in November...

3

Home sales down 44% in Oct-Dec 2016

Housing market came to a "complete standstill" during October-December 2016 on adverse impact of demonetisation as sales fell by 44 per cent in the eight top cities, lowest since 2010. This resulted in a Rs 22,600 crore revenue loss to the builders, according to Knight Frank...

4

Centre mulls hike in service tax rate if GST rollout is delayed

The Centre could consider increasing the service tax rate in the coming Budget as a fallback option in case the rollout of the Goods and Services Tax (GST) is delayed beyond April 1. "There is some thinking of an increase in the service tax rate in case the GST is not implemented from April..."

5

JSW Cement to buy Shiva Cement; open offer likely

JSW Cement is close to buying out the entire 37.15 per cent promoters' stake, including that of ACC which owns 12.65 per cent equity in the Odisha-based Shiva Cement. Part of the \$11-billion JSW Group, JSW Cement will make an open offer to acquire 20 per cent after acquiring majority stake. An announcement is expected after the Shiva Cement's board meeting ends late Tuesday evening or Wednesday morning, said informed sources...

6

Trai Allowing Jio to Break Rules: Airtel

Bharti Airtel has stepped up its legal battle against the telecom regulator, filing an additional affidavit in the telecom tribunal in which it has slammed the sectoral watchdog for "tacitly" allowing Reliance Jio Infocomm to break rules around "anti-competitive" promotional offers...

7

ABB India-led consortium bags Rs 5.7k-cr order from Power Grid

ABB India along with its consortium partner BHEL has bagged a Rs 5,700 crore worth of orders from Power Grid Corporation of India Limited to deliver a transmission link. The share of ABB in the order is Rs 4,350 crore...



IndusInd Bank

BSE SENSEX	S&P CNX
26,900	8,289
Bloomberg	IIB IN
Equity Shares (m)	595.8
M.Cap.(INRb)/(USD\$)	671.3 / 10.0
52-Week Range (INR)	1255 / 799
1, 6, 12 Rel. Per (%)	4/8/15
Avg Val, INRm	1473
Free float (%)	85.1

CMP: INR1,162 TP: INR1,430 (+23%)

Buy

Strong performance fades demonetization worries

- IndusInd Bank's (IIB) 3QFY17 PAT grew 29% YoY (5% beat) to INR7.5b, led by strong core operating profitability (4% beat). Asset quality remained stable QoQ, with GNPA at 94bp and PCR at 59%.
- Core PPOP growth was impressive at 30% YoY (+8% QoQ), helped by strong NII growth (35% YoY, 8% QoQ; 4% beat), healthy fees performance (+7% QoQ, 22% YoY) and a controlled C/I ratio (~47%). Despite the impact of demonetization, IIB reported stable NIMs, led by a sharp fall (-25bp QoQ) in cost of funds (COF).
- The decline in COF was driven by a) strong CASA inflows (+46% YoY; +34% QoQ adjusted), b) re-pricing of bulk deposits (38% of overall deposits) and c) continued repricing of retail term deposits.
- Although CA reduced by 230bp QoQ (2Q had one-off float of INR80b), SA mobilization was strong (+22/56% QoQ/YoY). Resultantly, the CASA ratio at the end of the quarter increased to 37.1% from 36.5% in 2QFY17.
- Both corporate and consumer loans exhibited robust 25% YoY growth, resulting in a 58:42 loan mix at the end of the quarter. Multiple levers built over the years helped IIB compensate for lower yet healthy growth in vehicle finance (+21 YoY), with strong growth of 42% YoY in retail non-vehicle loans.
- **Valuation and view:** IIB's key focus is to scale up its operations using a 3D strategy: Dominate (to be among the top three banks in home markets), Differentiate (extensive use of technology and cross-sell) and Diversify (new products). Strong core profitability (3% of avg. assets v/s private banks' avg. of 2.5% and HDFCB's 2.7%), an improving CASA ratio (best among mid-sized private banks) and healthy return ratios (RoA of 1.9%+ and RoE of 16-18%) are the key positives. **Maintain Buy with a target price of INR1,430 (up from INR1,400 due to roll over by a quarter; 3.4x December 2018 BV).**

Financials & Valuations (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
ABV/Sh. (INR)	288	328	377
RoE (%)	16.6	15.5	16.4
RoA (%)	1.8	1.9	1.9
P/E (X)	30.2	24.0	19.8
P/BV (X)	4.0	3.5	3.0
P/ABV (X)	4.0	3.5	3.1

Quarterly Performance

	(INR Million)									
	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	9,807	10,943	11,734	12,682	13,564	14,603	15,784	16,205	45,166	60,157
% Change (YoY)	22.5	31.3	36.2	37.1	38.3	33.4	34.5	27.8	32.1	33.2
Other Income	7,616	7,835	8,390	9,128	9,730	9,704	10,168	11,010	32,970	40,612
Net Income	17,423	18,778	20,124	21,810	23,294	24,307	25,952	27,215	78,135	100,768
Operating Expenses	8,196	8,713	9,514	10,298	10,956	11,491	12,319	13,572	36,721	48,337
Operating Profit	9,227	10,065	10,610	11,512	12,338	12,816	13,633	13,643	41,414	52,431
% Change (YoY)	23.2	38.9	37.1	35.4	33.7	27.3	28.5	18.5	33.7	26.6
Other Provisions	1,233	1,581	1,771	2,137	2,305	2,139	2,169	2,148	6,722	8,760
Profit before Tax	7,994	8,484	8,839	9,375	10,033	10,677	11,465	11,495	34,693	43,671
Tax Provisions	2,744	2,884	3,029	3,172	3,419	3,635	3,959	3,879	11,828	14,892
Net Profit	5,250	5,600	5,810	6,204	6,614	7,042	7,506	7,617	22,865	28,779
% Change (YoY)	24.7	30.2	29.9	25.3	26.0	25.7	29.2	22.8	27.5	25.9
Operating Parameters										
NIM (Reported,%)	3.7	3.9	3.9	3.9	4.0	4.0	4.0		3.9	
NIM (Cal, %)	3.5	3.7	3.7	3.7	3.8	3.8	3.9	3.8	3.7	3.8
Deposit Growth (%)	21.6	22.5	24.6	25.4	31.0	38.9	37.9	32.0	25.4	32.0
Loan Growth (%)	23.1	30.6	28.7	28.5	29.7	26.4	25.1	24.0	28.5	24.0
CD Ratio (%)	93.0	96.8	95.1	95.1	92.1	88.1	86.2	89.3	95.1	89.3
CASA Ratio (%)	34.7	34.7	35.0	35.2	34.4	36.5	37.0	0.0	35.2	35.2
Asset Quality										
OSRL (INR b)	4.6	4.9	4.8	4.7	4.6	4.4	4.2		4.7	
OSRL (%)	0.6	0.6	0.6	0.5	0.5	0.4	0.4		0.5	
Gross NPA (INR b)	5.7	6.0	6.8	7.8	8.6	9.0	9.7	10.7	7.8	10.7
Gross NPA (%)	0.8	0.8	0.8	0.9	0.9	0.9	0.9	1.0	0.9	1.0

E: MOSL Estimates; Quarterly calculated margins based on total assets, yearly on interest earning assets



Tata Motors

BSE SENSEX
26,900

S&P CNX
8,289

CMP: INR515 TP: INR696(+35%)

Buy

TATA MOTORS

Stock Info

Bloomberg	TTMT IN
Equity Shares (m)	3,395.9
52-Week Range (INR)	599 / 266
1, 6, 12 Rel. Per (%)	10/11/38
M.Cap. (INR b)	1748.9
M.Cap. (USD b)	25.7
Avg Val, INRm	4214
Free float (%)	67.0

Financials Snapshot (INR b)

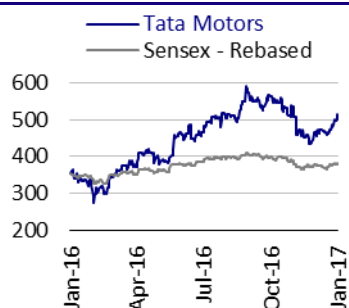
Y/E Mar	2016	2017E	2018E
Net Sales	2,756	2,866	3,289
EBITDA	402.4	356.7	467.2
NP	125.2	98.6	155.0
Adj. EPS (INR)	36.9	29.0	45.6
EPS Gr. (%)	-15.5	-21.2	57.1
BV/Sh. (INR)	237.9	266.0	308.3
RoE (%)	18.3	11.5	15.9
RoCE (%)	14.3	8.8	12.0
P/E (x)	14.0	17.7	11.3
P/BV (x)	2.2	1.9	1.7

Shareholding pattern (%)

As On	Sep-16	Jun-16	Sep-15
Promoter	33.0	33.0	33.0
DII	14.5	16.8	17.7
FII	26.1	25.0	40.9
Others	26.4	25.2	8.4

FII Includes depository receipts

Stock Performance (1-year)



JLR December volumes in line at 53,063 units, up 4% YoY

LR volumes down ~12%; Jaguar volumes up ~81%, driven by F-Pace and XF

- JLR December 2016 wholesale volumes grew 4.1% YoY (2.5% MoM) to 53,063 units (our estimate: 52,000 units), driven by F-Pace and XF long-wheel base in China.
- Jaguar volumes grew ~81% YoY to 15,879 units (our estimate: 16,500 units), driven F-Pace and XF (along with the long-wheel base in China). However, volumes of other Jaguar models continue to moderate.
- Land Rover volumes declined 11.9% YoY to 37,184 units (our estimate: 35,500 units) due to product fatigue and discontinuance of the old Discovery on the back of its re-launch in 4QFY17.
- JLR December 2016 retail volumes grew ~12% YoY (2% MoM) to 55,375 units, driven by 95% growth in retail volumes of Jaguar, while LR volumes declined by 5% YoY.
- Jaguar retail volume growth was driven by the recently-launched F-Pace (at 6.6k units) and supported by 48% YoY growth in XF.
- Land Rover's retail volumes declined by 5% YoY, mainly due to RR Evoque (-4%), and phasing out of old Discovery (-48%). Discovery Sport (+14%) and RR Sport (+17%) arrested further decline.
- In terms of regional retail sales performance, China led the way, with a 33% YoY growth. Besides, North America too supported, with a 30% YoY growth, primarily led by the newly-launched XE. Europe grew 8% YoY while UK declined marginally by 3% YoY.
- For JLR, we are factoring in wholesale volume growth of 12% in FY17 to ~608k. This implies residual growth of ~12% or run-rate of 60.8k units.
- The stock trades at 11.3x/7.3x FY18/FY19E consolidated EPS. Maintain Buy with a TP of INR696 (FY18E SOTP-based) for ordinary shares and INR486 for DVR (~30% discount to TP for ordinary shares).

TATA MOTORS: JLR [Wholesales]

Company Sales	YoY			MoM		YTD			FY17 estimate	Gr. (%)	Residual Growth (%)	Residual Monthly Run rate	FY17 YTD Monthly Run rate
	Dec-16	Dec-15	YoY (%) chg	Nov-16	MoM (%) chg	FY17- YTD	FY16- YTD	(%) chg					
JLR	53,063	50,972	4.1	51,792	2.5	425,806	381,658	11.6	608,323	11.8	12.4	60,839	47,312
Jaguar	15,879	8,784	80.8	17,284	-8.1	126,661	69,913	81.2	174,746	71.1	49.4	16,028	14,073
Land rover	37,184	42,188	-11.9	34,508	7.8	299,145	311,745	-4.0	433,577	-1.9	3.2	44,811	33,238

TATA MOTORS: JLR [Retails]

Company Sales	YoY			MoM		YTD		
	Dec-16	Dec-15	YoY (%) chg	Nov-16	MoM (%) chg	FY17YTD	FY16YTD	(%) chg
JLR	55,375	49,553	11.7	47,588	16.4	424,499	362,758	17.0
Jaguar	16,349	8,382	95.0	14,613	11.9	118,876	64,595	84.0
Land rover	39,026	41,171	-5.2	32,975	18.4	305,623	298,163	2.5

Region-wise Retail Sales

Region	Dec-16	Dec-15	YoY %	Nov-16	MoM %	FY17YTD	FY16YTD	YoY %
UK	7,394	7,637	-3.2	8,181	-9.6	82,127	64,290	27.7
US	13,757	10,618	29.6	10,137	35.7	88,424	60,134	47.0
Europe	12,069	11,220	7.6	11,246	7.3	97,780	72,599	34.7
China	13,859	10,403	33.2	11,591	19.6	91,617	58,545	56.5
RoW	8,296	9,675	-14.3	6,433	29.0	64,551	57,637	12.0
Total JLR	55,375	49,553	11.7	47,588	16.4	424,499	313,205	35.5

Brand-wise Retail Sales

Brands	Dec-16	Dec-15	YoY %	Nov-16	MoM %	FY17YTD	FY16YTD	YoY %
XF	3,597	2,424	48.4	3,054	17.8	25,594	20,808	23.0
XJ	1,258	1,110	13.3	916	37.3	8,361	7,671	9.0
F-Pace	6,604	0		6,526		45,961	0	
XK	0	1		0		1	225	-99.6
XE	4,035	3,952	2.1	3,417	18.1	31,262	19,667	59.0
Others (incl. F-type)	855	895	-4.5	700	22.1	7,697	7,842	-1.8
Total Jaguar	16,349	8,382	95.0	14,613	11.9	118,876	56,213	111.5
Defender	17	1,999	-99.1	15	13.3	1,192	14,989	-92.0
Discovery	2,646	5,071	-47.8	2,623	0.9	33,659	30,232	11.3
Freelander/Dis. Sport	11,485	10,057	14.2	9,698	18.4	88,186	51,780	70.3
Range Rover (incl. new)	5,798	5,853	-0.9	4,487	29.2	29,265	37,943	-22.9
RR Evoque	9,899	10,315	-4.0	8,777	12.8	60,842	67,250	-9.5
RR Sport (incl. new model)	9,180	7,876	16.6	7,375	24.5	63,517	54,798	15.9
Total Land Rover	39,025	41,171	-5.2	32,975	18.3	276,661	256,992	7.7



Hindalco

BSE SENSEX
26,727

S&P CNX
8,236

CMP: INR158 TP: INR234(+48%)

Buy



Stock Info

Bloomberg	HNDL IN
Equity Shares (m)	2066.1
52-Week Range (INR)	185/59
1, 6, 12 Rel. Per (%)	-13/21/98
M.Cap. (INR b)	326.3
M.Cap. (USD b)	4.9
Avg Val, INRm	1396
Free float (%)	62.3

Financials Snapshot (INR b)

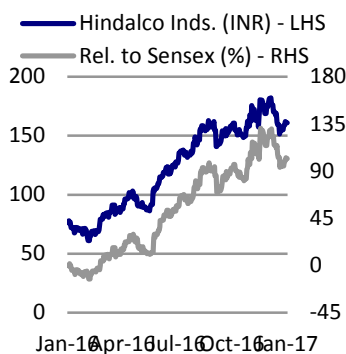
Y/E Mar	2016	2017E	2018E
Sales	1,000.5	1,010	1,089
EBITDA	106.1	132.1	141.0
NP	24.7	38.2	45.7
EPS (INR)	12.0	18.5	22.1
EPS Gr(%)	-11.5	54.6	19.6
BV/Sh. (INR)	101.8	112.3	132.8
RoE (%)	11.6	17.3	18.1
RoCE (%)	5.9	8.2	8.9
P/E (x)	13.2	8.5	7.1
P/BV	1.6	1.4	1.2

Shareholding pattern (%)

As On	Sep-16	Jun-16	Sep-15
Promoter	37.7	37.7	37.0
DII	15.8	17.7	18.0
FII	25.4	22.3	29.1
Others	21.2	22.3	16.0

FII Includes depository receipts

Stock Performance (1-year)



A recent turnaround of FCF to get USD110m boost

Reiterating Buy; remains our top pick

Hindalco (HNDL) remains our top pick in the metals and mining sector. Although volume growth is tapering, its commendable achievements in reducing cost of production, rising share of high-margin autos in Novelis' volumes and strict discipline in capital allocation are driving strong free cash flows (FCF).

Furthermore, rapidly declining financial leverage, refinancing of debt and re-setting of interest rates will drive USD110m additional annual savings in finance cost, boosting FCF. Aluminum demand growth remains strong due to substitution of steel, copper and zinc in various applications. Downside risk to metal prices is very limited, as all-in aluminum prices are trading close to 10-year low. The stock trades at attractive EV/EBTIDA of 5.3x FY18E (adjusted to quoted investments).

We value the stock at INR234, 48% upside. Reiterating Buy.

Fully integrated business; >75% of EBITDA from conversion business

HNDL has a strong business model, with full integration from mining to high-end value-added aluminum products for automobiles and beverage cans. Most (~75%) of the USD2b operating EBITDA comes from the conversion businesses (Novelis, Copper TcRc) and special grade alumina, which is steady and good to service entire debt. Aluminum business is benefiting from declining CoP and asset sweating.

Strategically located assets – competitive advantage

The Indian smelting business is now reaping benefit of USD6b investment in captive bauxite mine, alumina refinery, power plants and 720kt smelting spread over three Greenfield sites in proximity to coal and bauxite mines. Cost of production is declining on easing domestic supply of coal. Hindalco already has secured 75% of its coal requirements through linkages and mine auction. There are more opportunities to secure additional linkages in the upcoming auction. With secured supply of coal and bauxite, there is strong visibility of a very competitive cost structure. Nearly 25% of coal and 60% of bauxite supply is through conveyors. Remaining coal and bauxite too is now available in proximity. Strategically located plants help in reducing cost of logistics and production. Every ton production of aluminum requires nearly 18-20 tons of inputs. Hence, logistics is one of the key drivers of CoP. Hindalco is focused on cost reduction as there is more room to optimize logistics. Its two new smelters are in lowest decile of global cost curve.

Novelis delivering consistent USD1.1b EBITDA, tailwinds from auto

Novelis, the largest FRP producer in the world, is benefiting from tailwinds of strong demand growth from autos, which is helping offset headwinds in the beverage can business in the US and rising competitive intensity in Asia. Share of high-margin autos in the product mix will rise further from 16-17% currently to 25%. There is strong visibility of USD1.1b annual EBITDA.

Strong aluminum demand growth; limited risk to LME prices

Global aluminum demand growth remains strong aided by substitution, despite the weak investment cycle. At current LME, new investment is unlikely due to low RoI, but global markets yet remain oversupplied due to overcapacity in China. A large number of Chinese smelters become unviable at LME below USD1500/t. Thus, prices never sustain below these levels. Thus, at LME assumption of USD1,650/t, the downside risk is limited, while margins are attractive at ~USD400/t.

Improving balance sheet driving USD110m interest cost saving

Hindalco's balance sheet has natural hedge against currency fluctuations because USD debt is serviced by Novelis' cash flows and INR debt by Indian cash flows. Interest cost is declining due to (1) falling benchmark rates (SBI PLR) in India and (2) refinancing of bonds in the US, benefiting from declining financial leverage and debt market liquidity. Novelis has already refinanced USD2.5b debt, saving USD55m annually. It is now looking to refinance another USD2b loan, which will save another USD25m. Indian balance sheet will save interest cost of ~USD30m when interest rates are reset in November 2017. Thus, we expect USD110m of annual interest cost savings.

Capital allocation: Strictly on high RoI, small-size projects

Management's focus has now changed from pursuing long-gestation projects to high-RoI, small-ticket-size investments. Total capex for the group is expected to strictly remain within INR29b. In India, new investment is toward improving value addition. A 200kt copper wire rod project at capex of INR2.5b is expected to be completed by March 2017.

Deleveraging to drive equity value; reiterating Buy

USD8b capex is now completely behind. After 10 long years, Hindalco has started generating free cash flows as the focus now is on sweating of assets and reducing cost of production. Strong growth in FCF and rapidly declining financial leverage are driving up equity value. We expect the stock to get re-rated, and thus assign a target price of INR282/share based on 6.5x FY19E and 20% discount to value of quoted investments. Reiterating **Buy**.

Exhibit 1: SOTP

	FY14	FY15	FY16	FY17E	FY18E	FY19E
EBITDA	82,863	89,446	106,053	132,129	141,046	146,042
EV/EBTIDAx	6.5			6.5	6.5	6.5
Target EV	538,608			858,839	916,798	949,272
Net Debt	529,830	564,761	553,738	522,535	472,752	404,735
EQ = (EV-net Debt)	8,778			336,304	444,046	544,538
A. INR/share(EQ)	4			163	215	264
Investments (quoted)				48,375	48,375	48,375
B. INR/share (investments)				23	23	23
C.discount factor (%)				20	20	20
Implied Price (A+B*(1-C%))				182	234	282
TP (Wtd. Average) - INR/sh.						
Assumptions						
USD/INR	61	61.1	65.5	67.5	70.0	70.0
LME	1,773	1,889	1,592	1,632	1,650	1,650

Source: MOSL, Company

Union Budget 2017-18 may not add much to FY18 GDP growth

Expect redistribution of wealth, not a fiscal stimulus

Demonetization is likely to bring in additional resources to the government with more individuals coming under the tax net. In this note, we argue that even if the Union government announces to redistribute the entire pool of additional resources to the general public in form of tax breaks or higher spending under Budget 2017-18, it may not add much to FY18 GDP growth. However, if the redistribution leads to higher investments, we could see some boost to GDP growth in the subsequent years. It is also likely that such redistribution could also convert savings/investments into consumption, which (as we have argued several times) is highly unsustainable and undesirable.

The market is expecting a fiscal stimulus following demonetization, and it will be interesting to see how the government acts to meet these expectations. In case the Union government announces to spend additional resources or convert them into tax breaks, we believe it may have little impact on FY18 GDP growth. Also, even if the government decides to relax its fiscal deficit target for FY18 (say from 3% to 3.5%), it may not necessarily stimulate the economy.

Against this backdrop, we will discuss in this note about the more general argument of how the government could stimulate the economy.

Union Budget 2017-18 unlikely to add much to FY18 GDP growth...

We expect the government to stick to its fiscal deficit target of 3% of GDP for FY18 (*Exhibit 1*). Also, we are more likely to see redistribution of wealth rather than a fiscal stimulus. Following demonetization, tax evaders are expected to have to share a portion of their wealth with the government, which, in turn, is likely to be redistributed among honest tax payers (by cutting individual income tax rates or reducing corporate tax rate) and other domestic entities (by increasing its spending). However, we argue that such redistribution may not impact FY18 GDP growth much. In the worst case scenario, it would convert investments/savings into consumption, which (as we have argued several times), is highly unsustainable and undesirable.

Redistribution may not impact FY18 GDP growth much. In the worst case scenario, it would convert investments/savings into consumption, which is highly unsustainable and undesirable

Exhibit 1: Union government had revised its fiscal deficit targets in 2015-16 Union Budget (% of GDP)

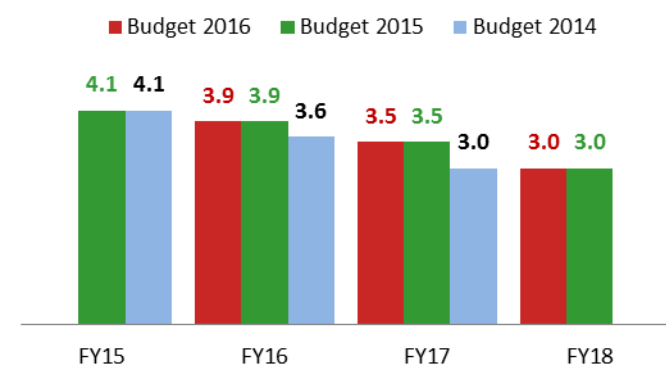
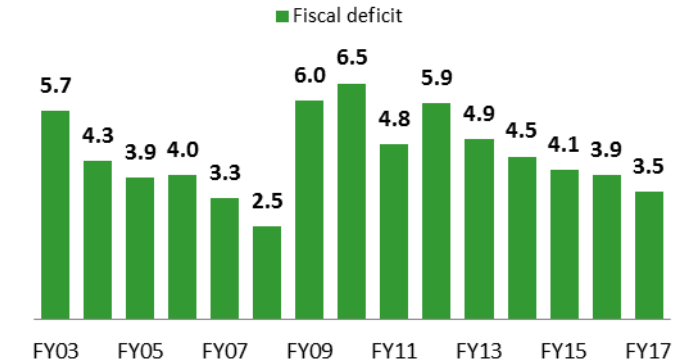


Exhibit 2: Longer-term trend in fiscal deficit of the central government (% of GDP)



Source: Union Budget documents, MoSL

Let's assume there are three parties: Mr Evader (group of people evading taxes earlier, but entering into the tax base in FY18), Mr Honest (including all honest tax payers and other private parties) and Mr Government. Since demonetization is expected to widen the tax base by bringing more individuals under the tax net, Mr Evader will have to share a portion of his wealth with Mr Government. In turn, Mr Government is expected to transfer these additional resources to Mr Honest (either via tax breaks or higher spending). In case Mr Evader was consuming these resources before paying them as taxes to Mr Government, we believe the mere transfer of this spending power from Mr Evader to Mr Honest should not lead to any net change in spending on domestically produced goods & services. There may certainly be a change in the composition of spending, but aggregate spending and thus GDP growth for FY18 will not be impacted much.

Alternatively, it is possible that Mr Evader was saving these resources rather than consuming. Mr Government would now consume such resources. Thus, domestic savings will be converted into consumption. In case these were financial savings of Mr Evader (held as currency), paying them to Mr Government will now reduce resources to finance non-household investments. If these were physical savings of Mr Evader, it reduces investments directly. In other words, the government will effectively convert investments/savings into consumption. Not only does this have hardly any impact on GDP, but it also replaces a sustainable driver of growth with an unsustainable one.

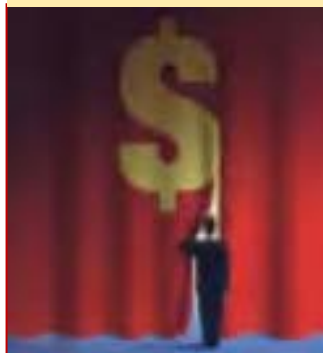
...however, it may help boost GDP growth in subsequent years – all depends on how government uses the additional resources

It is highly likely that the majority of additional resources will be redistributed in the form of tax breaks and higher revenue spending, leaving only a small portion for capital spending

Nevertheless, if the government chooses to use additional resources on capital spending, it may affect GDP growth positively in subsequent years but not in FY18. However, with the government almost unanimously expected to compensate Indian citizens for the pain incurred due to demonetization, it is highly likely that the majority of additional resources will be redistributed in the form of tax breaks and higher revenue spending, leaving only a small portion for capital spending. If this is the case, then it is unlikely to have any substantial impact on GDP growth for FY18 or any subsequent year.



Results Preview



Company name

Bajaj Finance

Bharat Financial Inclusion

Dewan Housing

GRUH Finance

HDFC

Indiabulls Housing

LIC Housing Fin

M & M Financial

Muthoot Finance

RepcO Home Fin

Shriram Transport Fin.

Expect demonetization-led subdued performance

Disbursement growth – the key monitorable; Asset quality impact camouflaged

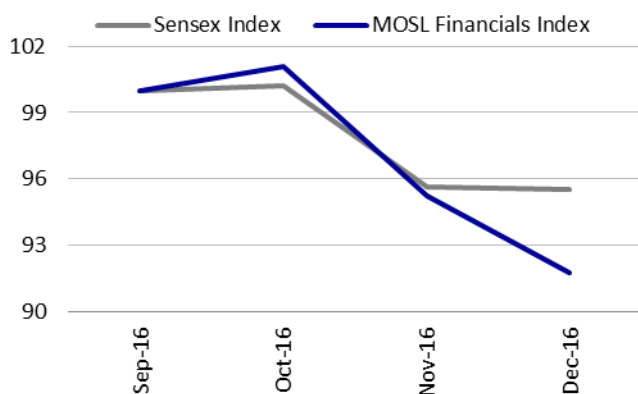
- We expect NBFCs under our coverage universe to report PAT growth of 16% YoY in 3QFY17. In our view, disbursements for all NBFCs have been hit on account of demonetization. Asset quality woes may not be reflected in the quarterly numbers due to the Reserve Bank of India (RBI) dispensation. We expect housing finance companies (HFCs), especially those with a low share of LAP and corporate loans, to perform relatively well on the asset quality front compared to NBFC-AFCs. Our discussions with managements indicate that the business performance was not as bad as envisaged. We believe management commentary on the 4Q outlook is the key. Within our NBFC coverage universe, BHAFIN and LICHF are likely to post strong earnings growth of 25%+ YoY, which is commendable in this environment. HFCs should see a stable quarter in terms of loan growth due to the outstanding sanction pipeline. We would closely look at the margins performance, considering the sharp reduction in bond yields and the significant proportion of incremental funding from bonds.
- **Housing finance companies:** HFCs under our coverage universe should deliver PAT growth of 15% YoY in 3QFY17, driven by a continued focus on the individual segment. The sharp rally in bond yields was the key positive in the quarter. DHFL raised INR140b via bonds in the prior quarter, the full benefits of which should be reflected in the NIM in this quarter, in our view. HDFC is likely to deliver 14% loan growth, and dividend from the bank will support earnings growth. We believe players with a high share of self-employed customers and LAP/builder loans are likely to witness slowdown in disbursements and problems in collections. However, the numbers might not reflect the stress in the segment due to the RBI dispensation on NPA recognition.
- **Asset finance companies:** We expect growth for AFCs under our coverage to slow down sharply from prior quarters, especially in vehicle finance. We expect SHTF/MMFS to report flat AUM QoQ. BAF, however, will be an exception, with 25%+ AUM growth, driven by all segments, except 2W/3W financing and LAP. We do not foresee significant asset quality issues for BAF as its customers are mostly salaried and collections are mainly non-cash based.
- **Gold financing:** Specialized gold financing company, MUTH, is likely to have a subdued quarter with stable AUM QoQ (+10% YoY). We expect margins to improve YoY, but remain largely stable QoQ. We believe future movements in gold prices hold the key.
- **Microfinance:** BHAFIN is likely to report slower AUM growth of ~30%, given slowdown in disbursements post demonetization. Margins, however, should remain stable, resulting in ~30% NII growth. The company recently raised INR7.5b, the benefit of which should be reflected in 2H. Reduction in lending rates due to declining cost of funds and increase in one-year loan ticket-size by the RBI should boost demand for microcredit over medium term, in our view.

Exhibit 1: Expected quarterly performance summary (INR m)

Sector	CMP (INR)	Reco	Net Interest Income			Operating Profit			Net Profit		
			Dec-16	Var % YoY	Var % QoQ	Dec-16	Var % YoY	Var % QoQ	Dec-16	Var % YoY	Var % QoQ
NBFC											
Bajaj Finance	870	Buy	14,773	12.6	6.2	8,623	11.8	8.4	4,404	7.8	8.0
Bharat Financial	629	Buy	1,958	32.6	-7.4	1,243	11.2	-19.7	1,043	31.2	-28.5
Dewan Housing	244	Buy	4,785	12.2	-2.8	3,770	14.8	-5.1	2,122	14.1	-8.8
GRUH Finance	328	Neutral	1,332	10.9	0.7	1,057	6.1	0.7	640	19.2	3.4
HDFC	1,213	Buy	23,927	9.6	4.2	22,357	8.8	3.7	16,539	8.8	-9.5
Indiabulls Housing	644	Buy	9,409	10.8	6.7	9,806	21.7	6.4	7,298	21.1	6.6
LIC Housing Fin	518	Buy	9,298	24.5	7.4	8,517	25.2	7.7	5,316	26.9	7.5
M & M Financial	274	Buy	8,364	14.5	6.8	4,834	8.8	7.3	1,512	125.1	59.5
Muthoot Finance	287	Buy	7,386	31.5	-2.3	4,201	41.3	-12.4	2,617	40.2	-11.8
Repcos Home Fin	577	Buy	889	13.9	-1.5	778	13.9	-7.1	411	6.6	-10.0
Shriram Transport Fin.	911	Buy	14,003	7.7	3.5	10,553	6.5	0.2	3,781	0.8	-2.5
NBFC Banking Sector			96,124	13.7	3.9	75,739	13.9	2.5	45,683	16.0	-2.4

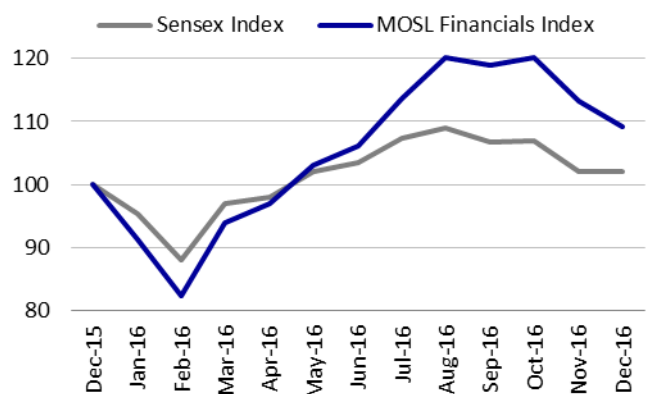
Source: MOSL

Exhibit 2: Relative performance—3 months (%)



Source: Bloomberg, MOSL

Exhibit 3: Relative performance—1-year (%)



Source: Bloomberg, MOSL

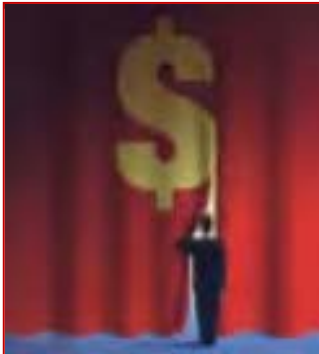
Exhibit 4: Comparative valuation

Sector / Companies	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			RoE (%)		
			FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E
NBFC														
Bajaj Finance	870	Buy	31.8	41.3	56.7	27.4	21.1	15.3	5.3	4.4	3.5	21.1	22.8	25.4
Bharat Financial	629	Buy	42.7	38.5	63.1	14.7	16.3	10.0	3.2	2.7	2.1	28.6	17.7	23.5
Dewan Housing	244	Buy	29.0	36.8	44.6	8.4	6.6	5.5	1.2	1.1	0.9	15.8	17.2	18.2
GRUH Finance	328	Neutral	7.8	9.6	12.3	41.8	34.0	26.7	11.7	9.5	7.8	30.7	30.9	32.2
HDFC	1,213	Buy	47.5	53.7	61.4	25.5	22.6	19.7	4.9	4.4	4.0	20.8	21.1	21.6
Indiabulls Housing	644	Buy	69.5	87.7	113.1	9.3	7.3	5.7	2.3	2.0	1.8	26.0	29.3	33.2
LIC Housing Fin	518	Buy	39.4	48.1	57.3	13.2	10.8	9.0	2.4	2.1	1.7	20.0	20.7	20.9
M & M Financial	274	Buy	12.7	14.6	16.0	21.6	18.7	17.1	2.3	2.1	2.0	11.3	11.9	12.0
Muthoot Finance	287	Buy	27.5	32.0	39.0	10.4	9.0	7.4	1.8	1.6	1.4	18.4	19.0	20.4
Power Finance Corp	124	Neutral	24.0	25.5	40.5	5.2	4.8	3.1	0.8	0.7	0.6	16.8	16.2	22.3
Repcos Home Fin	577	Buy	26.9	38.0	51.6	21.4	15.2	11.2	3.3	2.7	2.3	16.4	19.7	22.2
Rural Electric. Corp.	125	Neutral	29.4	35.3	39.9	4.2	3.5	3.1	0.7	0.6	0.6	18.8	19.5	18.9
Shriram Transport Fin.	911	Buy	63.5	82.3	101.4	14.3	11.1	9.0	1.8	1.6	1.4	13.4	15.4	16.6
NBFC Aggregate						13.6	11.7	9.2	2.4	2.1	1.8	17.7	18.1	19.9

Source: MOSL



Results Preview



Demonetization affects demand recovery

Volume growth to be muted; prices under pressure

Demonetization derails recovery

Cement demand witnessed healthy recovery in October 2016; all India production grew ~7% YoY on a relatively higher base. However, following the announcement of demonetization in November, cement demand was severely impacted. The impact was particularly pronounced in the initial 15 days due to acute cash shortage and absence of alternate methods of payment for a large part of users. November all-India production declined 15% MoM while still registering a growth of ~1% YoY due to low base – November 2015 was part of the festive season.

We expect double-digit YoY volume decline in December, led by high base and demonetization. However, there should be marginal improvement MoM. We expect all-India volume to decline 1% YoY in 3QFY17. MOSL cement universe is likely to see volume decline of 0.9% YoY (+ 2.6% QoQ). We expect (a) pan-India players to report volume decline of 4-8% YoY, (b) players with capacity headroom (SRCM, JKLC) to deliver 2-5% YoY increase in volumes, (c) South-based companies to deliver 15%+YoY growth due to lesser impact of demonetization as also low base.

In 4QFY17, we expect industry volume to decline on a YoY basis due to absence of new construction activity as also high base of 4QFY16. In FY18, industry volumes should see over 5% growth, led by stronger government push towards infrastructure and low cost housing.

Prices under pressure

Prices increased in October in expectation of demand improvement in 2HFY17, but declined in December due to demonetization that resulted in dampened demand. ASP should decline 2% QoQ in 3QFY17 due to weak realization in North and East markets. We estimate price changes of: (a) -5% QoQ in North India, (b) -2% QoQ in Central India, (c) ~+5% QoQ in West India, (d) -6% QoQ in East India, and (e) -2% QoQ in South India.

Profitability likely to be under check

Weaker realizations coupled with subdued volumes and cost push in terms of higher power and fuel cost should result in sharp sequential decline in profitability. The impact would be particularly accentuated for North, Central & East market where price correction has been more dominant. MOSL cement coverage universe EBITDA/ton would be INR728 (-15% QoQ, +3% YoY).

Top picks include Shree Cement, Ramco Cement and Dalmia Cement

The steep ask rate in terms of realization growth should result in a time correction for cement stocks. We believe this could be an attractive entry opportunity for stocks with strong operating cash flows, superior return ratios and higher medium-to-longer-term earnings visibility. We prefer Shree Cement due to superior return ratios – RoCE of 30%, with 38% EBITDA CAGR over FY16-18. Ramco Cement is likely to generate free annual cash flows of INR7b-8b, given strong profitability; it generates a yield of 6-7%. Dalmia Cement trades at an attractive EV/EBITDA of 9.3x FY18E, given strong earnings growth on sustenance of profitability and lower interest cost.

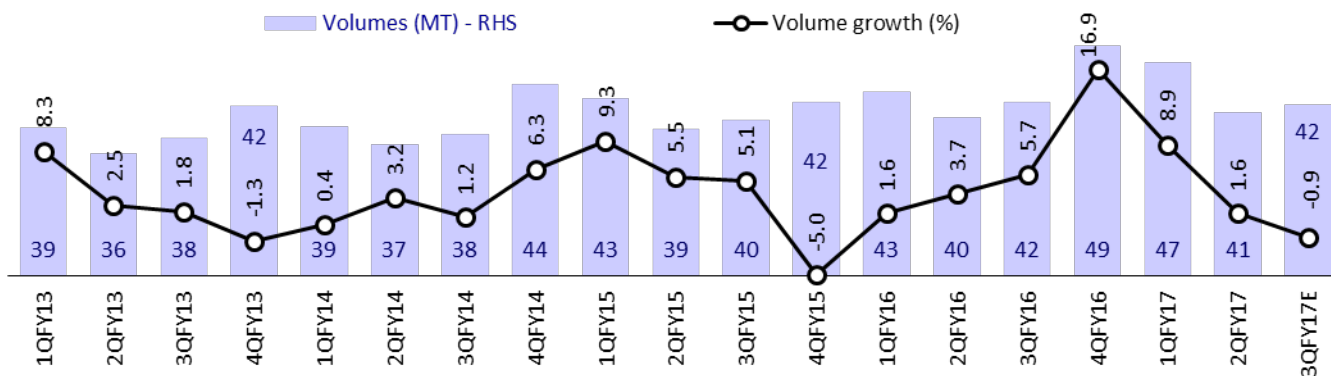
Exhibit 1: Expected quarterly performance summary

Sector	CMP (INR)	RECO	Sales (INR M)			EBDITA (INR M)			PAT (INR M)		
			Dec-16	Var % YoY	Var % QoQ	Dec-16	Var % YoY	Var % QoQ	Dec-16	Var % YoY	Var % QoQ
Cement											
ACC	1,320	Neutral	26,566	-6.7	7.5	1,880	-13.0	-16.3	583	-43.2	-30.7
Ambuja Cements	212	Buy	21,800	-7.5	8.8	2,664	-12.4	-3.5	1,612	10.9	-41.8
Grasim Industries	867	UR	24,792	7.2	-0.4	5,238	22.1	-1.2	3,701	42.2	-37.5
India Cements	122	Neutral	11,919	28.2	-8.8	2,011	37.6	-10.4	481	780.8	-22.9
Ramco Cements	575	Buy	9,264	14.1	-8.5	2,627	7.4	-24.8	1,409	19.7	-31.9
Shree Cement	14,131	Buy	18,879	3.3	-5.9	4,941	16.5	-24.7	2,592	151.8	-11.1
Ultratech Cement	3,299	Buy	53,435	-7.0	-1.0	9,634	-7.7	-11.9	5,078	-0.2	-15.5
Sector Aggregate			166,654	-1.0	-0.1	28,995	3.3	-13.6	15,457	24.3	-26.9

UR: Under Review

Source: MOSL

Exhibit 2: MOSL universe volume at 42mt (-1%YoY)



Source: Company, MOSL

Exhibit 3: Utilizations remain flattish qoq(%)

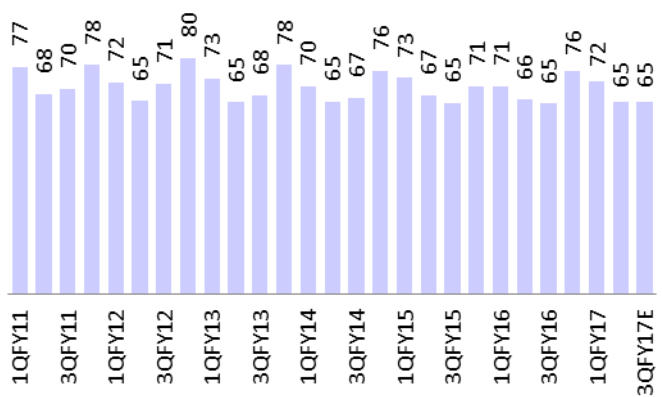


Exhibit 4: Pan-India average cement prices (INR/bag) lower in 3QFY17 due to weak prices in North and East

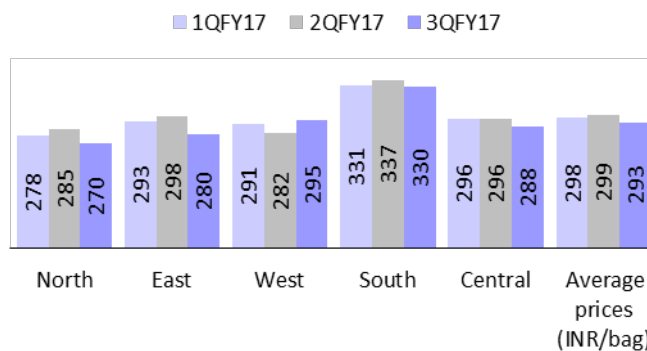
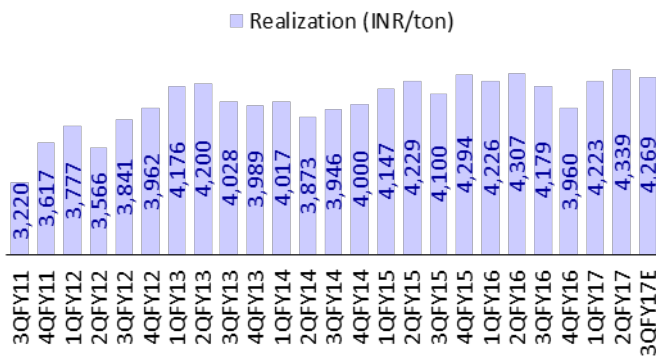
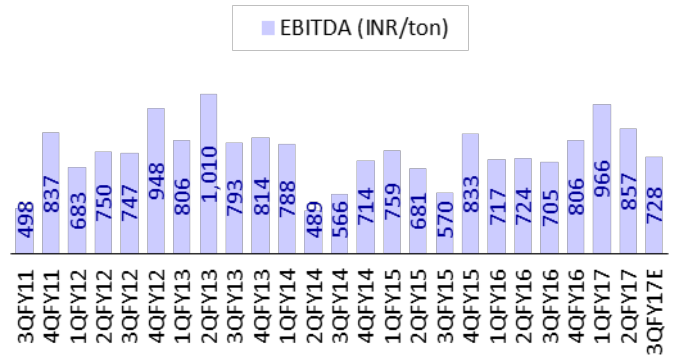


Exhibit 5: MOSL coverage realization to decline 2% QoQ in 3QFY17



Source: Company, MOSL

Exhibit 6: Profitability to decline 15% QoQ, led by weak volume and lower operating leverage



Source: Company, MOSL

Exhibit 7: Relative performance—3 months (%)

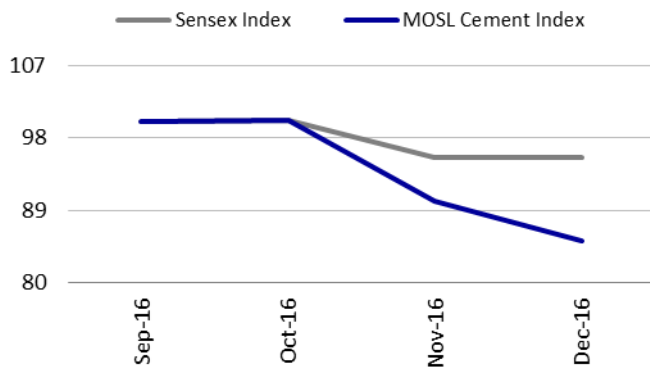
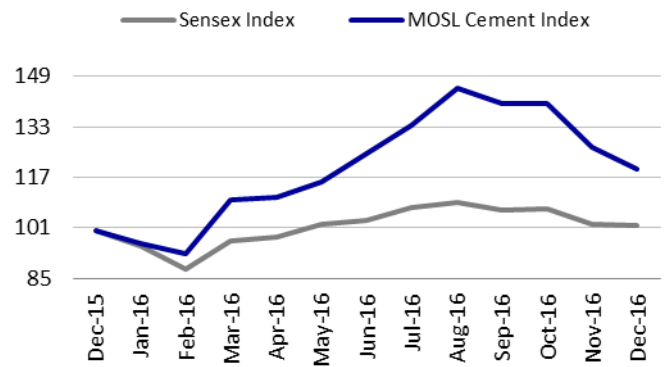


Exhibit 8: Relative performance—1 year (%)



Source: Bloomberg, MOSL

Exhibit 9: 3QFY17 estimates for MOSL coverage

	Volume (m ton)			Realization (INR/ton)			EBITDA (INR/ton)		
	3QFY17	YoY (%)	QoQ (%)	3QFY17	YoY (INR/T)	QoQ (INR/T)	3QFY17	YoY (INR/T)	QoQ (INR/T)
ACC	5.5	-8.5	8.1	4,285	-54	-87	343	-18	-100
Ambuja Cement	5.1	-7.1	11.1	4,284	-16	-92	524	-32	-79
UltraTech	10.9	-5.1	0.1	4,081	-58	-80	873	-11	-119
Birla Corp	1.8	-10.0	0.5	4,336	647	-100	232	-93	-261
India Cement	2.2	16.0	-8.7	5,259	512	0	895	140	-17
Shree Cement	4.9	4.7	7.7	3,765	266	-200	1,000	204	-300
Dalmia Bharat	3.4	16.0	0.4	4,865	-30	125	997	-132	-144
J K Cements	1.9	-5.0	-0.1	4,693	223	-50	623	0	-138
JK Lakshmi	1.7	-2.0	1.1	3,722	59	-100	242	-136	-304
Madras Cement	1.9	19.0	-4.9	4,769	-282	0	1,376	-149	-150
Orient Cement	1.2	15.0	2.9	3,423	84	150	520	321	383
Prism Cement	1.2	-2.0	1.5	4,412	594	70	617	141	174
Sector Aggregate	41.8	-0.9	2.6	4,269	90	-70	728	24	-129

Source: MOSL

Exhibit 10: Comparative valuation

Sector / Companies	CMP (INR)	RECO	EPS (INR)			PE (x)			EV/EBIDTA (x)			ROE (%)		
			FY17E	FY18E	FY19E	FY17E	FY18E	FY19E	FY17E	FY18E	FY19E	FY17E	FY18E	FY19E
Cement														
ACC	1,320	Neutral	32.6	48.9	65.6	40.5	27.0	20.1	19.6	15.3	12.9	7.2	10.9	14.6
Ambuja Cements	212	Buy	5.7	6.9	7.4	26.1	21.4	20.1	17.2	14.7	13.1	5.9	7.1	7.3
Birla Corporation	675	Buy	33.8	44.5	56.6	20.0	15.2	11.9	9.9	7.3	5.9	8.5	9.8	11.9
Dalmia Bharat	1,580	Buy	34.2	50.4	72.3	46.2	31.3	21.9	11.8	9.8	9.3	7.6	10.3	13.1
Grasim Industries	867	Under Review	76.1	88.7	113.4	11.4	9.8	7.6	5.7	4.6	2.7	12.9	13.3	14.9
India Cements	122	Neutral	8.9	10.6	12.7	13.6	11.5	9.6	7.5	7.4	6.6	7.0	7.4	8.0
J K Cements	728	Buy	26.4	36.5	48.7	27.5	20.0	15.0	12.7	10.6	9.5	10.9	13.7	16.1
JK Lakshmi Cem.	365	Buy	4.7	12.2	17.6	77.3	29.9	20.7	15.8	12.6	10.4	4.2	10.5	14.7
Orient Cement	126	Buy	-1.1	3.3	5.7	-114.9	37.8	21.9	19.2	12.1	10.6	-2.3	6.8	11.0
Prism Cement	84	Buy	0.9	3.5	5.1	94.4	24.0	16.6	22.2	13.0	8.9	4.5	16.0	19.8
Ramco Cements	575	Buy	29.4	31.5	42.3	19.5	18.3	13.6	12.4	10.4	8.2	20.6	18.6	21.0
Shree Cement	14,131	Buy	394.3	582.0	725.4	35.8	24.3	19.5	19.0	14.1	11.2	20.2	24.3	24.2
Ultratech Cement	3,299	Buy	94.6	134.8	168.4	34.9	24.5	19.6	19.0	14.1	11.7	11.9	15.0	16.4
Cement Sector Aggregate						27.1	20.5	16.2	13.6	10.7	8.6	10.5	12.6	14.2

Source: MOSL



1. Microsoft India: focus is on cloud tech, gaining leadership in india; Anant Maheshwari, President

- Growing at above the industry growth rate in India. Focussed on multiple sectors unlike our competitors.
- Involved in very different spaces and the blend of those is playing out for many of our customers and partners, this has brought the momentum for Microsoft as we provide an end-to-end solution that is flexible, scalable and hyper secure.
- Continuously looking in terms of what can be done differently across spaces that we operate in; thinking beyond equity as a model.
- Will see a lot more action in cloud space in India with traction seen in different parts of the eco-system.

[➔ Read More](#)

2. Energy Dept(Karnataka): K'taka to have excess power of over 1500 mw next year; DK Shivakumar, Energy Department - Government of Karnataka

- Karnataka State Electricity Board has signed a short-term power purchase agreement with JSW Energy for 600-750 MW of energy.
- Tariffs for this project would be about Rs 3 per unit. Paying power suppliers well as compared to other states.
- Have planned for the next 15 years in a systematic way to procure short term power. Looking at an excess power of 1,500 mw next year.
- Average rate for all other short term PPAs comes to an average Rs 4/unit. The T&D loss stands at 0.5%, lower than last year.

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1. Demonetisation: Reality and the optics. by A Srinivas

- By now, the economic impact of demonetisation has been discussed threadbare. Two months after the momentous announcement, it is pretty clear that the demonetised ₹500 and ₹1,000 notes returning into the system have far exceeded expectations. To many, it would appear that black money hoarders have managed to launder their wealth in ingenious ways. It is now up to the income-tax authorities to do a salvage operation by combing through the millions of deposits and cracking down on those where the sums appear absurd in relation to the profile of the account-holder.

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2. Here's why high tax mop up is critical for India. by The Financial Express

- Finance minister Arun Jaitley has made light of the demonetisation impact on GDP—HSBC has just lowered its FY17 estimate to 6.3% as compared to FY16's 7.6% growth—by highlighting the fact that April to December tax collections at both the central and state government levels have been quite robust. A report in The Times of India (ToI) suggests VAT collections grew 26% in Maharashtra in November and 17% in December—only 3 of 17 states for whom the data is available, ToI reported, showed a decline in VAT collections; even West Bengal, which saw an 8% fall in December reported a 10.8% rise in November.

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3. Telecom Industry waiting for Narendra Modi government to dial the right tax code. by Garima Pande

- India's growth story has been nothing short of inspiring over the last few years. Positive policy reforms and growth-oriented initiatives have put the economy on an upward trajectory. Asia's third-largest economy, it has witnessed a dramatic shift that boasts of favourable economic conditions and improved ease of doing business. Staying true to its new identity, India emerged as the world's fastest-growing major economy, outpacing China, earlier this year. Clarity on several regulatory logjams have been instrumental in driving this. With the introduction of GST, India is all set for one of the biggest makeover of its tax system.

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4. Sequencing economic disruption. by V. Anantha Nageswaran

- According to some well-informed observers, Prime Minister Narendra Modi is apparently quite frustrated at the pace (or, the lack thereof) of change that he is able to effect in India. That is understandable. First, a combined opposition put paid to the hopes of reforming the land acquisition laws that the previous government had put in place. Then, changes to the appointment of judges passed by both houses of Parliament and approved by states was rejected by the Supreme Court. In recent years, the court has interjected itself in matters ranging from cricket to jallikattu to the use of Aadhaar for direct benefit transfer, to the national anthem.

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5. Get the lagaan right. by Hema Ramakrishnan

- The coming Budget should have economy-boosting tax rates now that the government says its tax kitty is brimming after the withdrawal of high-value old currency notes. Direct tax revenues rose by 12% from April to November this year compared to the same period last year. Indirect tax revenues grew by 25% in the period under review. But a large chunk of the revenues come from oil and that dependence is a worry. Businesses could have also accounted for their hidden wealth. Bringing it on to their books may have pushed up sales and profits, helping raise the Centre's tax collections. A detailed breakup is needed to get a clear picture on the impact of demonetisation.

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International

6. Donald trump will win his battle with the spies. by Gideon Rachman

- James Jesus Angleton, who ran counter-intelligence for the Central Intelligence Agency from 1954 until 1975, once described his world as a “wilderness of mirrors”. The heads of America’s intelligence agencies must have felt a similar sense of surreal disorientation, when they briefed Donald Trump last week. The directors of National Intelligence, the CIA and the Federal Bureau of Investigation were charged with describing a Russian intelligence operation. The difficulty was that the intended beneficiary of that operation was none other than Mr Trump himself.

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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
Automobiles														
Amara Raja	Buy	904	1,061	17	28.7	29.7	38.8	30.5	23.3	6.1	5.0	25.8	21.9	23.6
Ashok Ley.	Buy	85	92	8	3.9	4.9	6.6	17.2	12.9	3.7	3.2	20.9	23.5	26.5
Bajaj Auto	Buy	2,741	3,097	13	131.8	133.0	158.9	20.6	17.3	5.7	5.0	33.2	29.4	30.9
Bharat Forge	Buy	931	1,096	18	28.1	25.8	36.4	36.1	25.6	5.5	4.8	18.7	15.9	20.0
Bosch	Neutral	21,116	20,937	-1	483.3	507.6	657.7	41.6	32.1	8.7	7.2	19.4	19.7	24.5
Eicher Mot.	Buy	22,986	28,755	25	492.9	608.7	869.5	37.8	26.4	13.2	9.4	35.8	40.3	41.6
Endurance Tech.	Buy	557	715	28	20.7	23.5	29.7	23.7	18.8	4.5	3.7	22.4	20.6	21.6
Escorts	Buy	338	410	21	11.1	20.7	34.2	16.3	9.9	1.7	1.5	6.1	10.9	16.3
Exide Ind	Buy	183	205	12	7.3	7.8	9.4	23.4	19.4	3.2	2.9	14.0	13.6	14.7
Hero Moto	Neutral	3,063	3,011	-2	158.3	169.5	192.2	18.1	15.9	6.5	5.5	43.6	39.0	37.5
M&M	Buy	1,213	1,497	23	53.6	66.0	83.7	18.4	14.5	1.5	1.4	15.4	14.5	14.5
Mahindra CIE	Not Rated	191	-		4.2	6.2	9.7	30.8	19.7	2.1	1.9	4.5	7.7	10.3
Maruti Suzuki	Buy	5,675	6,415	13	177.6	252.2	306.9	22.5	18.5	5.2	4.3	19.9	23.1	23.1
Tata Motors	Buy	515	613	19	36.9	29.0	45.6	17.7	11.3	1.9	1.7	18.3	11.5	15.9
TVS Motor	Buy	383	407	6	9.1	11.9	16.5	32.1	23.2	7.8	6.2	24.1	26.5	29.5
Aggregate								22.6	17.1	3.8	3.3	18.8	17.0	19.2
Banks - Private														
Axis Bank	Neutral	447	519	16	34.5	13.0	23.2	34.5	19.2	1.9	1.8	17.1	5.8	9.7
DCB Bank	Neutral	113	128	13	6.8	7.2	8.5	15.8	13.3	1.6	1.5	11.8	11.0	11.7
Equitas Hold.	Buy	149	240	61	6.2	6.0	6.8	24.9	21.8	2.2	2.0	13.3	11.2	9.7
Federal Bank	Buy	70	106	52	2.8	4.5	5.5	15.4	12.8	1.4	1.3	6.0	9.3	10.4
HDFC Bank	Buy	1,212	1,510	25	48.6	57.9	69.8	20.9	17.4	3.7	3.1	18.3	18.7	19.5
ICICI Bank	Buy	260	332	28	16.7	17.2	18.0	15.1	14.5	1.2	1.1	11.3	10.4	10.0
IDFC Bank	Under Review	62	-		0.0	3.1	4.2	19.8	14.7	1.5	1.3	0.0	7.5	9.5
IndusInd	Buy	1,162	1,400	20	38.4	47.6	59.6	24.4	19.5	3.5	3.0	16.6	15.3	16.7
J&K Bank	Neutral	60	68	14	8.6	Loss	14.5	Loss	4.1	0.5	0.5	6.6	Loss	12.4
Kotak Mah. Bk	Buy	712	932	31	18.9	26.6	32.4	26.8	22.0	3.4	3.0	10.9	13.6	14.5
RBL Bank	Buy	362	450	24	9.0	12.2	14.8	29.8	24.4	3.2	2.9	11.2	12.4	12.3
South Indian	Buy	21	30	43	2.5	3.0	3.6	7.1	5.8	0.7	0.6	9.3	10.3	11.7
Yes Bank	Buy	1,263	1,500	19	60.4	74.5	95.8	16.9	13.2	3.3	2.7	19.9	20.9	22.6
Aggregate								21.6	17.0	2.6	2.3	13.7	11.9	13.6
Banks - PSU														
BOB	Buy	153	223	46	Loss	12.3	18.8	12.4	8.1	1.0	0.9	Loss	8.1	11.5
BOI	Neutral	111	125	12	Loss	Loss	18.5	Loss	6.0	0.5	0.4	Loss	Loss	7.5
Canara	Under Review	269	-		Loss	27.2	37.9	9.9	7.1	0.5	0.5	Loss	5.6	7.4
IDBI Bk	Neutral	73	49	-33	Loss	1.5	6.4	48.0	11.4	0.7	0.6	Loss	1.4	5.8
Indian Bk	Buy	235	314	34	14.8	30.4	31.9	7.7	7.4	0.8	0.7	5.5	10.4	10.1
OBC	Neutral	111	108	-3	4.9	19.3	21.3	5.8	5.2	0.3	0.3	1.2	4.8	5.1
PNB	Buy	119	172	44	Loss	8.5	13.2	14.1	9.1	0.7	0.6	Loss	4.8	7.0
SBI	Buy	248	338	36	15.7	9.8	23.3	25.2	10.6	1.1	1.0	7.6	7.5	9.2
Union Bk	Buy	131	168	28	19.7	15.6	30.4	8.4	4.3	0.4	0.4	7.0	5.2	9.5
Aggregate								15.9	10.2	0.8	0.7	-2.7	4.7	7.0
NBFCs														
Bajaj Fin.	Buy	900	1,096	22	23.9	31.8	41.3	28.3	21.8	5.5	4.5	21.1	21.1	22.8
Bharat Fin.	Buy	632	893	41	23.8	42.7	38.5	14.8	16.4	3.2	2.7	24.9	28.6	17.7
Dewan Hsg.	Buy	255	307	20	25.0	31.4	38.8	8.1	6.6	1.3	1.1	15.1	17.0	17.9
GRUH Fin.	Neutral	333	353	6	6.7	8.0	10.1	41.7	33.0	11.8	9.6	31.5	31.3	32.1
HDFC	Buy	1,216	1,553	28	30.6	34.5	37.8	35.3	32.2	5.0	4.4	21.5	19.4	19.0
Indiabulls Hsg	Buy	688	1,015	48	55.7	69.5	87.7	9.9	7.8	2.5	2.2	27.1	26.0	29.3
LIC Hsg Fin	Buy	521	719	38	32.9	39.4	48.1	13.2	10.8	2.5	2.1	19.6	20.0	20.7
Manappuram	Not Rated	71	-		3.5	3.8	4.3	18.6	16.6	2.1	2.0	10.8	11.4	12.2
M&M Fin.	Buy	281	339	21	11.9	14.3	17.4	19.7	16.2	2.4	2.2	11.4	12.6	14.0
Muthoot Fin	Buy	288	373	29	20.3	27.5	32.0	10.5	9.0	1.8	1.6	15.1	18.4	19.0
PFC	Neutral	129	117	-10	23.8	24.0	25.5	5.4	5.1	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	607	842	39	24.0	25.7	37.7	23.6	16.1	3.5	2.9	17.0	15.7	19.6
REC	Neutral	128	134	4	28.5	29.4	33.4	4.4	3.8	0.8	0.7	21.0	18.8	18.5
STF	Buy	939	1,282	36	53.3	66.9	90.2	14.0	10.4	1.9	1.6	12.2	14.1	16.7
Aggregate								13.7	11.8	2.4	2.1	18.0	17.8	18.2
Capital Goods														
ABB	Neutral	1,176	1,125	-4	15.8	18.2	26.9	64.6	43.6	7.4	6.3	11.1	11.4	14.5
Bharat Elec.	Buy	1,513	1,600	6	56.9	60.0	69.9	25.2	21.6	4.5	4.0	15.6	19.2	18.3
BHEL	Sell	128	110	-14	Loss	3.9	5.5	32.5	23.3	0.9	0.9	Loss	2.9	3.9
CG Cons. Elec.	Buy	150	180	20	1.9	3.7	5.1	40.2	29.2	26.9	18.2	52.1	80.9	74.2
Crompton Grv.	Sell	62	48	-23	2.1	0.6	1.9	110.9	33.3	0.8	0.9	3.0	4.2	6.0
Cummins	Neutral	828	836	1	27.2	26.6	31.0	31.1	26.7	6.6	6.0	24.9	22.6	23.6
GE T&D	Neutral	304	320	5	3.0	5.6	10.7	53.9	28.6	6.0	5.5	5.9	-6.8	20.1
Havells	Buy	368	390	6	7.8	7.5	11.3	49.1	32.5	8.3	7.6	19.0	16.9	23.3
Inox Wind	Neutral	182	200	10	20.7	17.5	20.0	10.4	9.1	1.8	1.6	27.9	19.3	18.6
K E C Intl	Buy	144	160	11	7.4	10.1	12.1	14.2	11.9	2.1	1.9	13.5	16.0	16.7
L&T	Buy	1,386	1,600	15	44.7	53.6	62.2	25.8	22.3	2.7	2.5	9.9	10.9	11.7
Pennar Eng.	Not Rated	145	-		7.9	9.4	11.7	15.4	12.5	2.0	1.7	12.6	13.0	13.8
Siemens	Neutral	1,170	1,260	8	16.9	17.0	25.4	68.8	46.0	6.3	5.8	11.8	9.2	12.6
Solar Ind	Neutral	697	690	-1	18.4	19.3	22.9	36.1	30.4	6.3	5.4	20.2	18.6	19.0
Suzlon Energy	Not Rated	15	-		Loss	Loss	0.3	Loss	49.4	Loss	Loss	Loss	Loss	Loss
Thermax	Sell	798	706	-12	23.5	25.2	28.3	31.7	28.2	3.7	3.5	12.5	12.4	12.7
Va Tech Wab.	Buy	482	620	29	16.3	25.2	32.6	19.1	14.8	2.4	2.2	9.7	13.2	15.4
Voltas	Buy	344	370	8	11.7	11.8	14.0	29.2	24.5	4.3	3.8	15.3	15.4	16.4
Aggregate								31.4	24.8	3.2	3.0	7.6	10.2	11.9
Cement														
Ambuja Cem.	Buy	210	234	11	5.5	6.1	7.8	34.2	26.9	1.5	1.5	8.3	6.3	7.9
ACC	Neutral	1,322	1,321	0	32.0	38.1	66.1	34.7	20.0	2.9	2.8	7.2	8.4	14.3
Birla Corp.	Buy	699	759	9	20.4	39.9	51.2	17.5	13.6	1.6	1.5	5.9	10.0	11.1
Dalmia Bharat	Buy	1,552	1,736	12	21.5	37.9	63.5	40.9	24.4	3.3	2.9	5.5	8.4	12.7
Grasim Inds.	Under Review	849	-		48.3	75.4	90.4	11.3	9.4	1.4	1.2	9.2	12.8	13.6
India Cem	Neutral	129	118	-9	4.4	5.4	7.6	23.8	16.9	1.1	1.0	3.9	4.2	5.4
J K Cements	Buy	707	767	8	14.5	26.4	42.6	26.7	16.6	2.8	2.5	6.3	10.9	15.8
JK Lakshmi Ce	Buy	355	440	24	0.4	8.7	30.3	40.9	11.7	3.0	2.5	0.3	7.5	23.6
Ramco Cem	Buy	605	698	15	23.4	26.8	28.9	22.6	21.0	4.0	3.4	19.5	18.9	17.5
Orient Cem	Buy	128	175	36	3.0	Loss	4.5	Loss	28.8	2.7	2.5	6.2	Loss	9.0
Prism Cem	Buy	88	102	15	0.1	0.9	3.9	98.9	22.5	4.3	3.7	0.7	4.5	17.7
Shree Cem	Buy	14,451	17,096	18	201.1	540.6	739.6	26.7	19.5	6.4	4.9	12.2	26.7	28.2
Ultratech	Buy	3,283	4,069	24	79.3	108.9	171.9	30.1	19.1	3.8	3.3	11.0	13.5	18.5
Aggregate								24.9	17.6	3.1	2.6	9.3	12.6	14.9
Consumer														
Asian Paints	Neutral	924	1,020	10	18.7	20.2	22.6	45.8	40.8	14.0	12.3	34.7	32.4	32.0
Britannia	Buy	2,880	3,380	17	70.1	70.6	82.1	40.8	35.1	15.4	12.2	55.9	42.2	38.8
Colgate	Buy	892	1,200	34	22.3	22.3	27.2	40.1	32.8	21.5	20.0	67.9	56.3	63.2
Dabur	Neutral	277	300	8	7.1	7.2	8.5	38.7	32.6	9.9	8.4	33.3	27.8	27.9
Emami	Buy	1,038	1,240	19	25.2	24.7	30.6	42.0	34.0	12.5	10.5	43.4	34.1	33.6
Godrej Cons.	Neutral	1,560	1,655	6	33.2	36.8	43.8	42.4	35.6	8.8	7.5	23.4	22.3	22.7
GSK Cons.	Neutral	5,110	5,465	7	167.1	157.7	178.8	32.4	28.6	7.6	6.6	30.8	25.1	24.7
HUL	Neutral	830	900	8	19.0	19.7	22.4	42.1	37.0	29.2	29.4	82.4	68.7	79.1
ITC	Buy	249	290	17	7.7	8.4	9.6	29.7	26.0	7.9	6.9	29.3	28.4	28.3
Jyothy Lab	Neutral	329	360	9	4.1	7.2	8.5	45.7	38.8	6.7	6.2	9.1	15.0	16.5
Marico	Buy	261	300	15	5.6	6.0	7.2	43.7	36.1	13.0	11.1	36.9	32.8	33.1
Nestle	Neutral	5,875	6,410	9	119.9	111.5	139.2	52.7	42.2	17.8	15.4	40.9	35.9	39.2
Page Inds	Buy	13,964	17,100	22	208.6	247.4	312.7	56.5	44.7	24.2	19.1	46.0	42.9	42.7
Parag Milk	Neutral	272	285	5	6.7	7.0	9.7	38.7	28.1	3.1	2.8	19.5	10.8	10.5
Pidilite Ind.	Buy	631	700	11	14.8	16.4	18.4	38.6	34.4	9.8	8.0	29.9	27.6	25.6



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
P&G Hygiene	Buy	6,785	8,340	23	129.9	138.5	168.9	49.0	40.2	12.7	11.0	30.8	27.7	29.4
Radico Khaitan	Neutral	120	120	0	6.9	5.3	7.1	22.7	17.0	1.6	1.5	10.3	7.3	9.1
United Brew	Buy	806	1,065	32	11.1	12.3	16.4	65.3	49.3	8.9	7.8	14.8	14.5	16.9
United Spirits	Buy	1,910	2,620	37	16.7	27.8	45.7	68.8	41.8	12.7	9.9	19.8	20.3	23.6
Aggregate								38.4	32.8	11.2	9.8	31.8	29.3	29.9
Healthcare														
Alembic Phar	Neutral	603	640	6	38.2	24.7	31.9	24.4	18.9	5.8	4.7	38.8	26.2	27.4
Alkem Lab	Neutral	1,681	1,800	7	64.7	76.7	84.5	21.9	19.9	4.7	4.0	23.8	23.7	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	997	750	-25	23.2	27.1	34.3	36.8	29.1	4.5	4.1	11.5	12.2	13.9
Cadila	Buy	356	450	26	15.4	14.2	19.1	25.0	18.7	5.7	4.6	32.8	24.9	27.4
Cipla	Neutral	576	525	-9	18.8	18.1	25.6	31.8	22.5	3.6	3.1	12.8	11.2	13.9
Divis Lab	Neutral	738	975	32	41.9	45.6	51.6	16.2	14.3	4.1	3.6	28.6	26.8	26.8
Dr Reddy's	Neutral	3,048	3,000	-2	132.3	89.5	141.8	34.0	21.5	3.7	3.2	18.8	11.4	16.0
Fortis Health	Buy	201	240	20	Loss	Loss	3.5	Loss	56.8	2.4	2.0	Loss	Loss	3.8
Glenmark	Neutral	900	990	10	24.9	41.2	48.9	21.8	18.4	4.4	3.5	16.4	20.3	18.8
Granules	Buy	105	160	53	5.5	7.1	10.0	14.8	10.5	2.6	2.2	21.6	20.5	22.7
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	534	540	1	10.5	15.9	29.0	33.7	18.4	2.7	2.4	5.9	8.5	14.0
Lupin	Buy	1,488	1,825	23	50.4	61.6	77.0	24.2	19.3	5.0	4.1	22.9	22.8	23.4
Sanofi India	Buy	4,225	5,200	23	103.2	143.6	172.9	29.4	24.4	5.3	4.7	14.2	18.0	19.4
Sun Pharma	Buy	638	925	45	19.6	28.8	39.4	22.1	16.2	4.4	3.6	16.5	21.0	24.5
Syngene Intl	Not Rated	593	-		11.1	13.0	16.1	45.6	36.8	9.2	7.5	23.3	22.2	22.5
Torrent Pharma	Buy	1,357	1,750	29	59.7	57.7	78.4	23.5	17.3	5.7	4.7	34.4	26.4	29.9
Aggregate								24.9	18.8	6.0	5.0	25.8	24.3	26.5
Logistics														
Allcargo Logistics	Buy	174	196	13	10.8	10.6	12.8	16.4	13.5	2.4	2.1	13.2	13.3	16.8
Blue Dart	Not Rated	4,456	-		78.4	96.7	112.2	46.1	39.7	9.6	8.0	22.5	23.1	22.1
Concor	Neutral	1,188	1,367	15	40.6	36.6	46.8	32.4	25.4	2.8	2.6	10.2	8.7	10.5
Gateway Distriparks	Buy	248	313	26	11.4	9.9	15.6	25.1	15.9	2.1	2.0	10.1	8.5	12.8
Gati	Not Rated	119	-		3.2	9.3	17.6	12.8	6.7	1.9	1.7	5.1	12.4	19.4
Transport Corp.	Not Rated	154	-		13.5	16.9	21.0	9.1	7.3	1.4	1.2	15.4	16.7	17.8
Aggregate								28.2	21.7	3.0	2.8	11.1	10.8	12.8
Media														
Dish TV	Buy	87	115	33	6.5	2.0	3.3	44.1	26.0	Loss	9.8	NM	43.2	46.3
D B Corp	Buy	370	450	22	16.2	21.7	25.8	17.1	14.3	4.5	3.9	22.6	27.8	29.0
Den Net.	Neutral	71	75	5	Loss	Loss	1.9	Loss	38.4	0.8	0.8	Loss	Loss	2.1
Hathway Cab.	Buy	37	47	29	Loss	Loss	2.4	Loss	15.3	2.4	2.0	Loss	Loss	14.3
Hind. Media	Buy	276	360	30	24.6	27.9	29.9	9.9	9.2	1.8	1.5	21.9	20.3	17.9
HT Media	Neutral	75	85	13	7.3	5.9	7.5	12.6	10.0	0.7	0.6	7.7	5.8	6.7
Jagran Prak.	Buy	177	215	22	10.5	10.8	12.6	16.3	14.0	3.2	2.8	24.7	20.8	21.2
PVR	Buy	1,228	1,429	16	25.5	20.4	35.8	60.3	34.3	6.0	5.2	18.7	10.4	16.4
Siti Net.	Buy	37	45	19	Loss	Loss	2.7	Loss	13.8	3.9	2.7	0.1	Loss	23.5
Sun TV	Under Review	534	-		21.1	26.1	30.6	20.5	17.4	5.4	4.9	23.4	26.2	27.9
Zee Ent.	Buy	467	590	26	10.6	11.9	17.7	39.4	26.4	9.1	7.3	27.0	29.1	30.6
Aggregate								29.4	20.1	5.2	4.4	18.2	17.6	21.8
Metals														
Hindalco	Buy	164	234	43	12.0	18.5	22.1	8.9	7.4	1.5	1.2	11.6	17.3	18.1
Hind. Zinc	Neutral	272	282	4	19.4	19.8	21.5	13.7	12.7	3.1	2.6	20.3	20.7	22.5
JSPL	Neutral	75	88	18	Loss	Loss	Loss	Loss	Loss	0.4	0.4	Loss	Loss	Loss
JSW Steel	Buy	178	195	9	Loss	Loss	12.3	Loss	14.5	2.3	2.0	Loss	0.0	14.9
Nalco	Buy	68	73	7	2.7	3.4	5.2	20.0	13.0	1.3	1.2	5.4	6.6	9.5
NMDC	Buy	138	162	17	8.4	10.9	10.8	12.6	12.8	1.8	1.8	15.9	12.8	14.2
SAIL	Sell	53	28	-47	Loss	Loss	Loss	Loss	Loss	0.6	0.7	Loss	Loss	Loss



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
Vedanta	Neutral	233	250	8	20.1	10.8	21.3	21.6	10.9	1.4	1.2	17.0	7.9	13.0
Tata Steel	Sell	431	321	-26	2.9	7.7	11.7	56.1	36.8	2.8	3.7	1.3	4.6	8.7
Aggregate								27.1	15.8	1.5	1.4	6.0	5.7	8.9
Oil & Gas														
BPCL	Buy	658	756	15	55.2	55.5	56.4	11.9	11.7	2.9	2.5	31.6	26.2	22.7
Cairn India	Neutral	258	-		11.4	14.0	12.5	18.5	20.7	1.0	0.9	4.0	5.3	4.6
GAIL	Neutral	441	429	-3	18.1	28.7	36.4	15.4	12.1	1.7	1.5	7.7	12.9	13.2
Gujarat St. Pet.	Neutral	136	168	23	7.9	8.8	11.0	15.5	12.4	1.8	1.6	11.7	11.9	13.5
HPCL	Buy	478	543	14	38.0	52.7	45.1	9.1	10.6	2.2	2.0	22.4	26.6	19.7
IOC	Buy	346	464	34	20.3	49.3	40.1	7.0	8.6	1.9	1.7	13.6	29.3	20.8
IGL	Neutral	933	898	-4	29.7	42.0	43.7	22.2	21.4	4.6	3.9	18.4	21.8	19.8
MRPL	Buy	112	115	2	7.4	17.0	15.8	6.6	7.1	2.3	1.8	22.1	39.4	28.4
Oil India	Buy	482	508	5	38.8	44.7	54.1	10.8	8.9	1.2	1.1	10.5	11.5	13.0
ONGC	Neutral	198	223	13	13.6	14.8	20.0	13.4	9.9	1.3	1.3	9.5	10.1	13.1
PLNG	Buy	363	411	13	11.2	19.8	26.9	18.3	13.5	3.7	3.1	14.0	21.5	24.7
Reliance Ind.	Neutral	1,087	1,002	-8	93.0	100.9	109.0	10.8	10.0	1.2	1.1	12.0	11.8	11.5
Aggregate								11.1	10.5	1.5	1.4	11.4	13.8	13.3
Retail														
Jubilant Food	Neutral	834	900	8	15.0	14.8	24.7	56.5	33.8	6.7	6.3	13.4	11.8	18.8
Shopper's Stop	Neutral	291	300	3	5.8	7.5	9.2	38.6	31.5	2.8	2.5	6.3	7.6	8.5
Titan Co.	Neutral	362	360	0	8.0	8.4	9.8	42.9	37.1	7.7	6.6	21.3	19.3	19.1
Aggregate								44.5	36.2	6.8	6.0	16.8	15.3	16.5
Technology														
Cyient	Buy	490	600	22	30.7	34.6	44.2	14.1	11.1	2.3	2.0	16.5	16.4	18.3
HCL Tech.	Buy	836	960	15	40.1	56.7	63.2	14.8	13.2	3.6	3.1	21.5	26.6	25.5
Hexaware	Neutral	202	230	14	12.9	13.6	15.5	14.8	13.0	3.9	3.3	28.9	27.7	27.5
Infosys	Buy	971	1,250	29	59.0	61.7	68.7	15.7	14.1	3.2	2.9	24.7	22.8	22.8
KPIT Tech	Neutral	139	170	23	14.1	12.6	15.6	11.0	8.9	1.7	1.4	21.0	16.9	17.6
L&T Infotech	Buy	676	800	18	52.4	54.9	58.6	12.3	11.5	4.7	3.9	45.3	42.3	36.8
Mindtree	Neutral	488	520	7	35.9	26.6	36.2	18.3	13.5	3.2	2.8	27.4	18.0	22.0
Mphasis	Neutral	533	560	5	34.5	42.2	54.0	12.6	9.9	1.7	1.5	12.3	13.7	16.3
NIIT Tech	Neutral	431	450	4	45.7	38.6	50.2	11.2	8.6	1.5	1.3	19.0	14.2	16.6
Persistent Sys	Neutral	632	700	11	37.2	36.2	45.0	17.4	14.0	2.7	2.6	19.5	16.7	19.2
Tata Elxsi	Buy	1,411	1,619	15	49.7	60.2	73.6	23.4	19.2	8.9	7.2	46.3	42.8	41.7
TCS	Neutral	2,315	2,500	8	123.2	131.0	144.9	17.7	16.0	5.5	4.6	37.1	33.0	31.3
Tech Mah	Buy	474	550	16	35.1	30.9	36.0	15.3	13.2	2.7	2.3	23.4	19.1	19.3
Wipro	Neutral	477	560	18	36.1	34.3	39.5	13.9	12.1	2.4	2.1	20.3	17.7	18.5
Zensar Tech	Buy	934	1,250	34	68.2	69.5	92.5	13.4	10.1	2.5	2.1	24.0	20.3	22.8
Aggregate								16.1	14.3	3.8	3.3	24.4	23.4	22.9
Telecom														
Bharti Airtel	Buy	320	410	28	11.9	14.0	11.9	22.9	26.8	1.8	1.7	7.4	8.2	6.6
Bharti Infratel	Buy	354	435	23	11.8	17.2	17.8	20.5	19.8	3.6	3.2	12.7	17.2	16.6
Idea Cellular	Sell	75	65	-13	8.6	Loss	Loss	Loss	Loss	1.1	1.1	12.6	Loss	Loss
Aggregate								26.3	31.7	1.9	1.8	9.2	7.4	5.8
Utilites														
Coal India	Neutral	300	297	-1	22.6	16.8	21.1	17.8	14.2	6.0	5.7	42.2	33.4	40.3
CESC	Buy	658	940	43	27.8	40.9	64.7	16.1	10.2	1.5	1.4	6.0	9.1	14.1
JSW Energy	Buy	64	85	32	7.6	5.4	3.3	11.9	19.8	1.2	1.1	15.5	10.1	5.8
NTPC	Buy	162	199	23	12.3	11.9	14.3	13.7	11.4	1.4	1.3	11.9	10.6	11.9
Power Grid	Buy	187	209	12	11.5	14.2	16.8	13.1	11.1	2.0	1.7	14.7	16.1	16.6
Aggregate								15.0	12.5	2.3	2.1	17.7	15.3	16.9
Others														
Arvind	Buy	363	444	22	14.0	16.3	22.9	22.3	15.8	2.4	2.2	12.9	12.4	14.4
Bata India	Buy	465	483	4	11.2	10.9	14.2	42.7	32.7	4.6	4.2	13.1	11.3	13.4
Castrol India	Buy	389	529	36	9.6	12.8	13.8	30.3	28.3	33.5	30.0	76.0	118.4	111.7



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
Century Ply.	Buy	178	211	19	7.5	8.1	11.0	21.9	16.2	5.9	4.6	36.3	30.1	32.0
Coromandel Intl	Buy	339	280	-17	11.8	14.7	20.3	23.0	16.7	3.7	3.3	14.9	16.9	21.0
Dynamatic Tech	Buy	2,969	3,388	14	19.4	67.6	112.9	43.9	26.3	6.1	4.9	4.7	15.1	20.7
Eveready Inds.	Buy	224	266	19	9.2	9.2	12.9	24.3	17.4	6.6	5.3	16.2	29.5	33.7
Interglobe	Neutral	857	1,018	19	55.2	56.0	72.6	15.3	11.8	14.3	12.0	176.5	101.3	110.9
Indo Count	Buy	164	223	36	13.4	15.7	18.5	10.4	8.8	3.3	2.4	48.9	37.8	31.2
Info Edge	Buy	852	1,050	23	12.0	17.4	21.9	49.0	38.8	5.5	5.0	8.6	11.7	13.6
Inox Leisure	Sell	228	206	-10	8.4	4.8	8.5	47.8	26.8	3.5	3.1	14.9	7.2	11.6
Jain Irrigation	Buy	96	92	-4	2.2	5.4	8.2	17.8	11.6	1.5	1.4	4.0	8.4	12.6
Just Dial	Buy	379	426	12	20.4	16.2	19.1	23.5	19.8	3.4	3.0	21.1	15.6	16.1
Kaveri Seed	Buy	424	489	15	24.9	23.1	28.8	18.4	14.7	3.1	2.8	20.7	17.1	20.0
Kitex Garm.	Buy	429	631	47	23.6	30.0	36.7	14.3	11.7	4.3	3.3	35.5	33.7	32.0
Manpasand	Buy	540	761	41	10.1	15.3	23.8	35.3	22.7	2.6	2.4	11.4	8.8	9.9
MCX	Buy	1,242	1,450	17	23.4	30.4	47.5	40.8	26.2	4.8	4.4	3.5	12.2	17.4
Monsanto	Buy	2,259	2,706	20	60.4	67.2	90.2	33.6	25.0	9.6	8.9	26.5	28.3	37.0
PI Inds.	Buy	816	959	18	22.1	31.6	38.7	25.8	21.1	7.3	5.7	29.2	32.0	30.3
SRF	Buy	1,577	1,922	22	73.7	85.4	108.1	18.5	14.6	3.0	2.6	17.0	17.1	18.6
S H Kelkar	Buy	321	338	5	5.5	7.5	10.1	43.0	31.7	5.6	5.0	12.6	13.5	16.6
Symphony	Sell	1,172	1,053	-10	15.6	27.0	35.1	43.4	33.4	23.6	18.9	33.8	56.8	62.9
TTK Prestige	Neutral	5,568	4,757	-15	100.7	127.0	156.6	43.9	35.5	43.9	35.5	17.2	19.3	21.0
V-Guard	Neutral	166	179	8	3.7	4.5	5.8	36.7	28.7	8.7	7.2	26.3	26.1	27.4
Wonderla	Buy	352	392	12	10.6	7.0	12.0	50.1	29.3	4.6	4.1	15.8	9.5	14.8



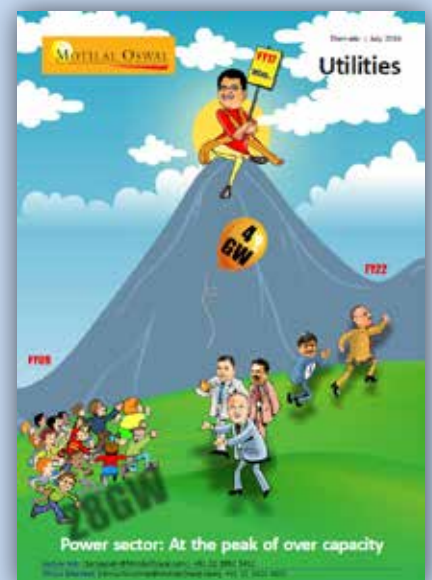
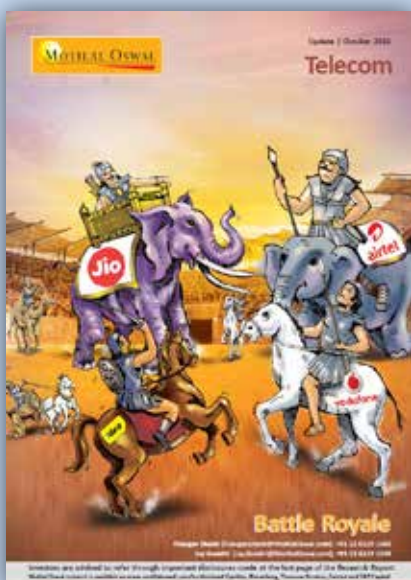
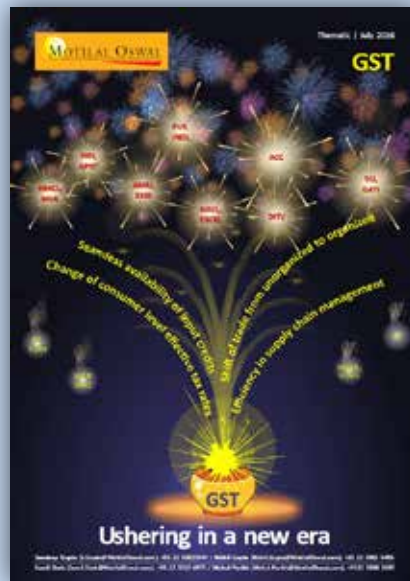
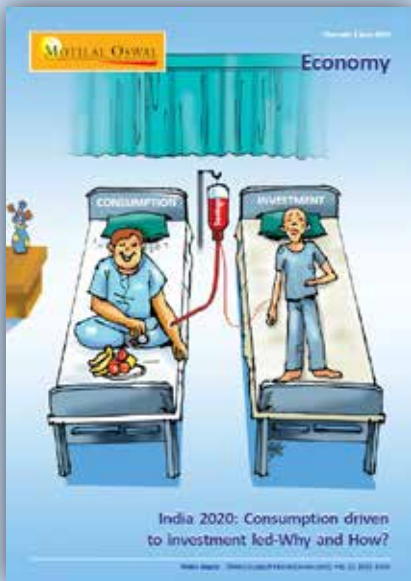
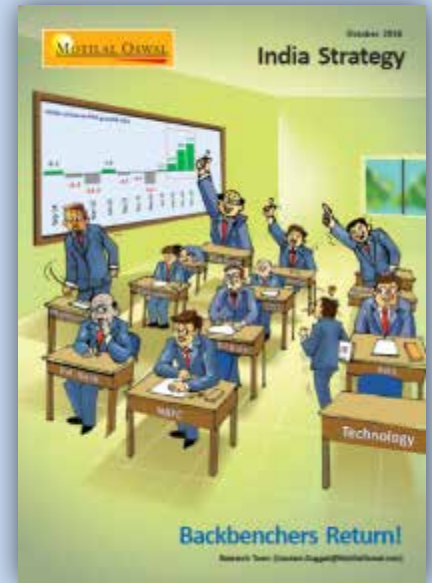
Company	1 Day (%)	1M (%)	12M (%)
Automobiles			
Amara Raja	0.1	-2.5	7.1
Ashok Ley.	-0.1	6.8	-6.6
Bajaj Auto	0.7	0.8	15.3
Bharat Forge	2.6	-3.1	11.7
Bosch	0.9	1.6	15.8
Eicher Mot.	0.0	0.6	33.5
Endurance Tech.	-1.1	-4.0	
Escorts	4.1	3.3	107.4
Exide Ind	-1.3	2.2	29.0
Hero Moto	0.9	-6.7	23.1
M&M	0.8	2.0	1.4
Mahindra CIE	0.4	2.3	-22.0
Maruti Suzuki	0.5	8.4	34.6
Tata Motors	3.0	11.0	45.8
TVS Motor	-0.3	5.5	34.6
Banks - Private			
Axis Bank	-1.2	-2.0	8.1
DCB Bank	0.0	5.7	46.6
Equitas Hold.	-0.6	-6.8	
Federal Bank	2.3	-1.8	32.7
HDFC Bank	1.5	1.2	14.2
ICICI Bank	0.9	-3.0	6.3
IDFC Bank	-0.4	-9.0	12.3
IndusInd	0.2	4.5	22.7
J&K Bank	-0.3	-3.6	-28.8
Kotak Mah. Bk	0.2	-4.5	2.4
RBL Bank	1.9	3.0	
South Indian	-0.5	-3.2	7.4
Yes Bank	0.7	3.6	82.0
Banks - PSU			
BOB	0.0	-5.8	8.7
BOI	0.1	-5.0	0.9
Canara	-0.3	-14.8	22.2
IDBI Bk	-0.9	2.2	-6.0
Indian Bk	0.3	-4.0	118.7
OBC	-0.1	-10.0	-12.9
PNB	-0.3	-11.7	13.5
SBI	0.3	-6.8	18.6
Union Bk	2.8	-9.3	-4.5
NBFCs			
Bajaj Fin.	2.6	0.5	42.5
Bharat Fin.	2.0	-11.6	18.9
Dewan Hsg.	0.0	0.1	14.3
GRUH Fin.	2.3	6.4	26.7
HDFC	-0.5	-4.0	3.5
Indiabulls Hsg	2.1	-2.6	-6.6
LIC Hsg Fin	-0.7	-8.3	3.2
Manappuram	0.8	-3.3	135.3
M&M Fin.	2.1	-1.9	19.4
Muthoot Fin	-0.9	-4.8	55.9
PFC	-1.0	-4.2	35.7
Repco Home	1.2	7.7	-6.6
REC	-1.0	-5.0	19.4
STF	0.9	5.7	11.7
Capital Goods			
ABB	12.9	11.4	11.6

Company	1 Day (%)	1M (%)	12M (%)
Bharat Elec.	4.0	-0.1	16.6
BHEL	0.4	-0.7	-16.6
CG Cons. Elec.	0.4	1.0	
Crompton Grv.	0.7	-1.8	-7.1
Cummins	2.6	4.1	-17.6
GE T&D	2.6	-4.6	-32.1
Havells	1.2	5.5	21.5
Inox Wind	-0.5	-8.6	-48.4
K E C Intl	1.4	1.4	1.2
L&T	0.4	1.8	17.5
Pennar Eng.	0.0	-9.3	-7.8
Siemens	1.7	3.4	2.5
Solar Ind	-0.7	5.2	-2.6
Suzlon Energy	-0.3	1.2	-30.9
Thermax	-0.6	-3.1	-9.5
Va Tech Wab.	-0.2	-2.0	-29.3
Voltas	2.0	5.5	15.8
Cement			
Ambuja Cem.	-0.3	-2.8	6.3
ACC	-0.3	-4.3	2.1
Birla Corp.	0.6	9.1	56.3
Dalmia Bharat	0.5	-4.2	96.5
Grasim Inds.	-1.1	-3.4	18.8
India Cem	2.1	10.2	29.3
J K Cements	-1.8	-4.7	25.5
JK Lakshmi Ce	-0.8	-6.3	10.4
Ramco Cem	5.0	7.6	55.6
Orient Cem	0.3	-4.5	-14.3
Prism Cem	3.9	1.0	12.8
Shree Cem	0.6	-5.0	30.3
Ultratech	-0.4	-8.2	21.4
Consumer			
Asian Paints	1.5	-1.8	5.6
Britannia	-0.4	-5.2	-0.6
Colgate	-0.1	-3.2	-3.7
Dabur	1.1	-1.1	3.0
Emami	-0.2	0.1	6.7
Godrej Cons.	1.4	5.8	24.8
GSK Cons.	-0.6	1.0	-21.6
HUL	-0.1	-1.7	2.3
ITC	1.3	5.6	19.1
Jyothy Lab	-0.2	-10.8	8.1
Marico	1.1	2.9	14.3
Nestle	-0.2	-7.8	4.3
Page Inds	1.8	2.2	4.1
Parag Milk	0.6	1.8	
Pidilite Ind.	2.7	-1.4	13.3
P&G Hygiene	-0.3	0.5	19.5
Radico Khaitan	0.5	0.5	2.3
United Brew	0.4	-4.2	-11.8
United Spirits	-0.1	-0.3	-32.0
Healthcare			
Alembic Phar	-0.3	-5.6	-9.7
Alkem Lab	0.1	0.4	13.9
Aurobindo	0.7	-3.3	-17.3
Biocon	-1.6	5.7	92.4
Cadila	-1.5	-9.1	14.7

Company	1 Day (%)	1M (%)	12M (%)
Cipla	-0.2	-0.6	-7.5
Divis Lab	0.6	-36.4	-34.6
Dr Reddy's	-0.6	-4.3	1.3
Fortis Health	1.0	16.4	13.9
Glenmark	0.5	-0.5	4.9
Granules	3.5	-6.8	-24.8
GSK Pharma	0.8	-0.6	-16.8
IPCA Labs	-0.6	-1.8	-21.5
Lupin	-0.2	-1.9	-13.1
Sanofi India	0.4	-3.1	-0.1
Sun Pharma	0.9	-5.2	-19.5
Syngene Intl	-0.3	-5.7	45.9
Torrent Pharma	1.2	1.1	-5.8
Logistics			
Allcargo Logistics	1.0	3.8	-7.4
Blue Dart	0.6	-3.1	-32.9
Concor	0.2	6.3	-6.8
Gateway Distriparks	0.1	5.7	-22.5
Gati	0.6	-1.8	-25.4
Transport Corp.	0.2	-9.1	-15.4
Media			
Dish TV	0.8	-2.9	-12.7
D B Corp	0.3	4.0	13.5
Den Net.	-1.2	10.7	-31.5
Hathway Cab.	1.2	6.9	-14.0
Hind. Media	-0.1	5.9	-6.0
HT Media	-0.4	2.3	-13.5
Jagran Prak.	-1.8	2.3	5.0
PVR	3.8	10.8	54.2
Siti Net.	1.1	2.9	4.2
Sun TV	-1.1	3.2	26.5
Zee Ent.	0.7	1.6	13.3
Metals			
Hindalco	3.9	-9.6	113.5
Hind. Zinc	1.1	-3.3	93.9
JSPL	0.9	0.8	-11.4
JSW Steel	1.2	8.3	71.4
Nalco	4.1	4.5	81.9
NMDC	1.3	9.0	54.9
SAIL	0.9	-4.2	11.6
Vedanta	0.0	-5.0	186.9
Tata Steel	2.1	0.1	69.8
Oil & Gas			
BPCL	0.9	3.7	45.8
Cairn India	0.7	-2.4	99.3
GAIL	1.2	2.7	18.1
Gujarat St. Pet.	-0.8	-8.4	-6.8
HPCL	3.3	5.6	61.7
IOC	1.1	14.4	55.1
IGL	1.0	7.4	65.1
MRPL	4.0	16.8	68.5
Oil India	0.8	8.8	22.4
ONGC	-0.1	-3.3	29.5
PLNG	-2.9	-6.1	37.5
Reliance Ind.	0.9	5.9	6.2

Company	1 Day (%)	1M (%)	12M (%)
Retail			
Jubilant Food	1.2	-3.5	-39.0
Shopper's Stop	-2.6	-0.3	-26.5
Titan Co.	2.2	10.8	3.9
Technology			
Cyient	0.9	-2.7	-4.9
HCL Tech.	-0.5	4.4	1.0
Hexaware	-0.9	-2.9	-16.1
Infosys	0.0	-1.7	-8.7
KPIT Tech	0.9	3.7	-13.2
L&T Infotech	-0.2	3.5	
Mindtree	-1.6	3.7	-30.8
Mphasis	0.1	3.1	14.0
NIIT Tech	0.3	-1.6	-19.7
Persistent Sys	-0.4	5.0	0.1
Tata Elxsi	1.9	-1.0	-31.3
TCS	0.5	5.6	-3.4
Tech Mah	0.2	0.3	-9.3
Wipro	0.8	3.9	-14.3
Zensar Tech	0.5	-7.5	-13.1
Telecom			
Bharti Airtel	0.3	-3.3	-1.2
Bharti Infratel	1.0	-1.2	-11.4
Idea Cellular	0.7	-2.9	-44.1
Utilities			
Coal India	0.1	-2.2	-6.4
CESC	1.4	5.5	33.0
JSW Energy	0.3	9.1	-22.4
NTPC	-0.4	-1.0	16.3
Power Grid	0.2	1.1	31.8
Others			
Arvind	0.9	2.8	5.2
Bata India	0.2	9.1	-5.1
Castrol India	0.0	-3.2	-10.9
Century Ply.	0.0	2.7	6.4
Coromandel Intl	2.9	19.4	86.6
Dynamatic Tech	1.6	2.4	31.6
Eveready Inds.	1.0	2.0	-26.8
Interglobe	0.5	1.3	-32.7
Indo Count	-0.1	-0.5	-25.0
Info Edge	-1.1	-0.5	1.4
Inox Leisure	-0.8	4.6	-2.3
Jain Irrigation	2.0	6.6	31.7
Just Dial	-2.2	-0.8	-54.5
Kaveri Seed	2.5	0.0	13.2
Kitex Garm.	-0.5	6.5	-36.6
Manpasand	1.1	-5.8	10.3
MCX	-0.5	-6.5	38.4
Monsanto	-0.1	-0.2	-8.8
PI Inds.	-1.5	-1.3	16.8
SRF	0.3	2.8	19.8
S H Kelkar	-0.6	7.0	24.3
Symphony	1.0	-0.8	1.2
TTK Prestige	-2.3	2.8	27.5
V-Guard	1.5	-5.2	79.7
Wonderla	-1.0	5.0	-10.3

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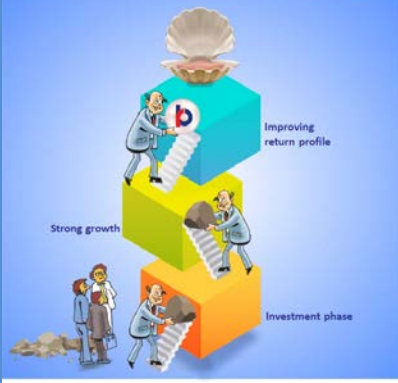
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