

Corporate performance



4QFY17: Expectations v/s delivery

% of Companies that have Declared Results

Above Expectations In-line Below Expectations

MOSL	43	28	29
PAT			
Nifty	43	38	19

(no of companies)	Growth (YoY, %)		
	MOSL (68)	Nifty (21)	Sensex (11)
Sales	11.1	12.0	12.2
EBIDTA	6.7	1.6	-0.9
PAT	18.2	6.4	4.6

Market snapshot



Equities - India	Close	Chg. %	YTD.%
Sensex	30,248	1.1	13.6
Nifty-50	9,407	1.0	14.9
Nifty-M 100	18,357	0.6	27.9
Equities-Global	Close	Chg. %	YTD.%
S&P 500	2,400	0.1	7.2
Nasdaq	6,129	0.1	13.9
FTSE 100	7,385	0.6	3.4
DAX	12,757	0.1	11.1
Hang Seng	10,227	1.0	8.9
Nikkei 225	19,900	-0.3	4.1
Commodities	Close	Chg. %	YTD.%
Brent (US\$/Bbl)	50	3.2	-10.3
Gold (\$/OZ)	1,225	-0.1	5.6
Cu (US\$/MT)	5,475	-0.2	-0.9
Almn (US\$/MT)	1,860	-0.3	9.1
Currency	Close	Chg. %	YTD.%
USD/INR	64.7	0.0	-4.7
USD/EUR	1.1	-0.2	3.1
USD/JPY	113.9	0.2	-2.8
YIELD (%)	Close	1MChg	YTDchg
10 Yrs G-Sec	6.9	0.0	0.4
10 Yrs AAA Corp	8.2	0.0	0.6
Flows (USD b)	10-May	MTD	YTD
FII	0.1	-0.1	6.2
DII	0.0	0.3	1.9
Volumes (INRb)	10-May	MTD*	YTD*
Cash	279	294	283
F&O	4,548	4,250	4,604

Note: YTD is calendar year, *Avg

Quote of the day

The safest way to double your money is to fold it over and put it in your pocket

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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.



Today's top research idea

Zee Entertainment: Domestic ad growth moderates; opex levers help salvage margins

- ❖ 4QFY17 EBITDA grew 14% YoY to INR4.68b (2% above estimate), led by controlled A&P expenses.
- ❖ Revenue came in line at INR15.28b (flat YoY) as higher-than-expected other sales and services offset the impact of soft ad miss.
- ❖ Headline ad revenue remained flat YoY. Both international and domestic ad revenues fell short of already soft expectations, with the former contributing the most to the overall miss.
- ❖ We expect ad growth to revert to normal post 1Q. We tone down our earnings estimate by 5% for FY18E/FY19E to factor in lower other income than earlier expected. We also revise our TP to INR600 and maintain **Buy**.



Research covered

Cos/Sector	Key Highlights
Hero Motocorp	Below est.; Higher discounts and RM costs drag performance
Siemens	Below estimate at operating level; Orders jump 96% on Pugular-Trichur HVDC line order
Zee Entertainment	Domestic ad growth moderates; opex levers help salvage margins
Hindalco-Novelis	Novelis: Excellent quarter and an excellent deal
Godrej Consumer	Increased focus on new growth vectors encouraging
Dalmia Bharat	Strong beat led by higher volumes and cost efficiency
Endurance Tech	In-line operating performance; India better than est., but EU disappoints
Bharti Airtel	Well invested, poised for growth
Petronet LNG	Adjusted EBITDA higher than estimated
Tata Motors-JLR	JLR Apr-17 volumes below est. at 41,923 units (+2% YoY)
Results Expectation	Arvind Asian Paints GSK Consumer Glenmark Pharma Granules India Havells India HCL



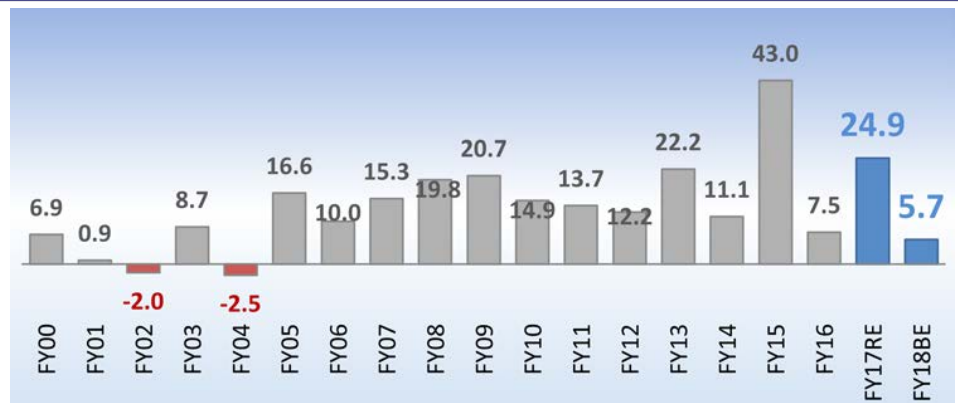
Piping hot news

IMD says monsoon likely to be better than forecast

- ❖ India could receive rains that exceed earlier expectations during the June-to-September south-west monsoon season, the chief of the India Meteorological Department (IMD) said.



Chart of the Day: Rural spending by the general government budgeted to grow at the slowest pace in 14 years (% YoY)



Source: Company, MOSL

*Includes revenue spending on agriculture, rural development and irrigation departments



Kindly click on numbers for the detailed news link

1

Kotak Bank gets shareholder nod to raise Rs 5,700 cr

Kotak Mahindra Bank said it had got its shareholders' approval at an Extraordinary General Meeting (EGM) on Tuesday to raise its equity capital by issuing up to 62 million more shares. At Thursday's closing price of Rs 926.45 a share on the BSE exchange, this would amount to Rs 5,744 crore...

2

Novelis sells 50% stake in South Korean arm for \$315 mn

US-based Novelis on Wednesday announced that it had sold off 50 per cent of its stake in the Ulsan facility in South Korea for \$315 million to form a joint venture with Japan's Kobe Steel, a producer of aluminium rolled products. The joint venture (JV), to be named Ulsan Aluminum, will have each company remaining responsible for its metal supply and commercial relationships, Novelis said in a release. The JV transaction is expected to close in September 2017, subject to customary closing conditions, it added...

3

Banning prescription of brands will kill industry, pharma lobby tells PM

The government's decision to make it mandatory for doctors to prescribe medicines using their generic names would "kill the pharmaceutical industry", the Indian Drug Manufacturers' Association (IDMA) wrote in a letter to Prime Minister Narendra Modi...

4

After 6 months, RBI still in dark on junked notes

Even six months after the demonetisation exercise, the Reserve Bank of India is yet to complete the accounting of the withdrawn Rs. 1,000 and Rs. 500 notes. The RBI has admitted as much in a 15-page response late in April to questions from the Standing Committee on Finance, headed by veteran Congress MP Veerappa Moily...

5

USL to investors: no threat from highway liquor ban

The country's largest liquor maker United Spirits has in a presentation to its investors in London, said that the Supreme Court ban on alcohol sales near highways will have a short-term impact on its sales...

6

Bharti Airtel to invest \$2.5 billion in FY18, with focus on building 4G capacity

India's largest telecom company Bharti Airtel Ltd will strive to acquire more market share even if this means continuing to take a hit on average revenue per user (ARPU) in the near term, a top executive at the firm said in an investor call on Wednesday...

7

Ashok Leyland to skip sub-1 tonne segment

Hinduja flagship Ashok Leyland is unlikely to focus on the sub-1 tonne segment due to unfavourable growth potential. Even as it seeks to double its market share in the LCV segment from 15 per cent to about 30 per cent over the next 3-4 years through 'one new product per quarter' plan...

Hero MotoCorp

BSE SENSEX
30,248S&P CNX
9,407

CMP: INR3,322

TP: INR3,372

Neutral

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

Conference Call Details

Date: 11th May 2017

Time: 11:30am IST

Dial-in details:

+91-22-3938 0611

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	284.0	309.4	332.5
EBITDA	48.0	50.8	50.4
NP	34.1	36.7	37.4
EPS (INR)	170.9	183.9	187.4
EPS Gr. (%)	7.9	7.6	1.9
BV/Sh. (INR)	506.3	581.8	660.7
RoE (%)	36.0	33.8	30.2
RoCE (%)	34.9	32.6	29.2
P/E (x)	19.4	18.1	17.7
P/BV (x)	6.6	5.7	5.0

Below est.; Higher discounts and RM costs drag performance

- Net realization declined ~2.2% YoY (~1% QoQ) to INR42,635/unit (est. of ~INR42,198) due to discounts to liquidate BS-III inventory at ~INR1.9b (est. of ~INR1.6b). In 4QFY17, it took a price increase of up to ~INR800/unit.
- Net sales declined ~8% YoY to ~INR69.1b (est. of ~INR68.4b).
- RM cost was higher by 240bp YoY (360bp QoQ) due to discounts (~190bp impact) and cost inflation (~50bp). Lower staff cost restricted EBITDA decline to ~19% YoY (-11% QoQ) to ~INR9.6b (est. of INR11.2b). EBITDA margin contracted 200bp YoY (320bp QoQ) to 13.8% (est. of 16.3%).
- Lower tax restricted PAT decline to ~14% YoY (-7% QoQ) to ~INR7.2b (est. of ~INR7.8b).
- Declared dividend of INR85/share for FY17 (v/s INR72/share in FY16).
- Undertook price increase of INR500-2,200/unit w.e.f 1 May.
- HMCL has lined up six new products and refreshers in FY18.
- HMCL has guided for capex of INR25b over FY18/19 toward capacity addition, upgradation, product development and digitization.

Key questions for management

- Demand situation and outlook at the retail level post BS-III push.
- Update on LEAP benefits.
- Planned new launches with timelines, including electric 2W.

Valuation and view: We will revisit our estimates post the earnings call. The stock trades at 18x/17.7x FY18/19E EPS. Maintain **Neutral** with TP of ~INR3,372.

Quarterly Performance

Y/E March	FY16				FY17				FY16	4QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Total Volumes ('000 nos)	1,646	1,575	1,690	1,722	1,745	1,823	1,473	1,622	6,632	1,622	0.0
Growth YoY (%)	-4.1	-7.0	2.5	9.3	6.1	15.8	-12.8	-5.8	0.0	-5.8	
Net Realization	41,960	43,237	42,738	43,595	42,391	42,755	43,202	42,635	42,886	42,198	1.0
Growth YoY (%)	2.3	5.8	3.0	1.1	1.0	-1.1	1.1	-2.2	3.1	-3.2	
Net Op Revenues	69,048	68,093	72,235	75,052	73,989	77,963	63,646	69,152	284,427	68,437	1.0
Change (%)	-1.9	-1.5	5.6	10.5	7.2	14.5	-11.9	-7.9	3.1	-8.8	
RM Cost (% sales)	69.7	68.5	67.6	66.1	67.1	66.5	64.9	68.5	67.9	65.3	320bp
Staff Cost (% sales)	4.5	4.5	4.7	4.7	4.5	4.6	5.9	4.7	4.6	5.6	-80bp
Other Exp (% sales)	10.7	10.9	12.0	13.3	11.7	11.4	12.3	12.9	11.8	12.8	10bp
EBITDA	10,420	10,956	11,308	11,892	12,301	13,689	10,797	9,576	44,603	11,182	-14.4
EBITDA Margins (%)	15.1	16.1	15.7	15.8	16.6	17.6	17.0	13.8	15.7	16.3	-250bp
Other Income	1,044	1,115	902	1,168	1,204	1,524	1,319	1,182	4,229	1,113	6.2
Interest	12	12	12	12	15	16	15	15	49	14	3.5
Depreciation	1,030	1,091	1,139	1,147	1,152	1,193	1,249	1,353	4,414	1,294	4.5
PBT	10,422	10,968	11,058	11,900	12,337	14,004	10,853	9,390	44,369	10,987	-14.5
Effective Tax Rate (%)	28.3	28.3	28.3	30.0	28.4	28.3	28.9	23.6	28.7	29.1	-560bp
Adj. PAT	7,475	7,861	7,932	8,333	8,831	10,042	7,720	7,178	31,615	7,788	-7.8
Growth (%)	32.8	3.0	36.1	31.9	18.1	27.7	-2.7	-13.9	24.4	-6.7	

BSE SENSEX 30,248 S&P CNX 9,407

CMP: INR1460 TP: INR1385(-5.8%) Neutral

We will revisit our estimates post management interaction.

Below estimate at operating level; Orders jump 96% on Pugular-Trichur HVDC line order

Financials & Valuations (INR b)

Y/E Mar	2017E	2018E	2019E
Net Sales	112.8	138.7	146.0
EBITDA	12.8	17.0	19.1
NP	9.4	12.9	14.4
EPS (INR)	26.3	36.3	40.6
EPS Gr. (%)	47.4	38.1	11.8
BV/Sh. (INR)	222.3	245.5	216.5
RoE (%)	11.8	14.8	17.6
RoCE (%)	17.1	20.8	18.5
P/E (x)	52.2	37.8	32.2
P/BV (x)	6.2	5.6	6.0

- Sales of INR29.3b (+5% YoY) were ahead of our estimate of INR26.8b (consensus: INR28.6b). On a continuing basis, (excl. healthcare) sales grew 24% YoY. Strong growth was seen across segments: Digital Factory (+18% YoY), Power & Gas (+14% YoY), Energy Management (+33% YoY), Building Technologies (+26% YoY) and Mobility (+45% YoY).
- Gross margin stood at 31.9% (-180bp YoY).
- EBITDA was INR2.8b (-13% YoY), with the margin at 9.5% (-210bp YoY) v/s our estimate of 12.9% (consensus: 9.2%). Other expenses rose 18% YoY to INR3.2b.
- Recurring PAT of INR1.8b was below our estimate of INR2.5b (consensus: INR1.9b).
- Orders stood at INR47.3b (+96% YoY excl. Healthcare), driven by the INR16.8b order for the Pugular-Trichur HVDC line. Order book was at INR128b.
- **Valuation and view:** We will revisit our estimates post the analyst meet. Outlook on capex/ordering activity and earnings growth would be keenly watched. Based on our current estimates, it trades at 39.4/33.0x FY18/19E EPS. Maintain **Neutral**.

Quarterly Performance (Standalone)

Y/E September	FY16				FY17				FY16	FY17	(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			MOSLe 1Q	Var %
Total Revenues	23,142	27,836	26,204	30,906	22,933	29,288	25,350	34,993	108,094	112,564	26,750	9.5%
Change (%)	-12.8	4.9	10.3	-6.3	-0.9	5.2	-3.3	13.2	1.4	7.1	-3.9	
EBITDA	1,888	3,218	2,338	2,414	2,337	2,786	2,850	4,852	10,176	12,825	3,450	-19.2%
As % of Revenues	8.2	11.6	8.9	7.8	10.2	9.5	11.2	13.9	9.4	11.4	12.9	
Depreciation	586	590	625	462	483	502	625	594	2,263	2,203	550	
interest	9	14	21	21	20	21	20	23	64	84	20	
Other Income	411	270	279	683	623	529	740	950	1,645	2,842	740	
Extra-ordinary Items	0	0	0	22,825	0	72	0	0	22,825	0	0	
PBT	1,705	2,884	1,971	25,439	2,456	2,864	2,945	5,186	32,446	13,547	3,620	-20.9%
Tax	592	1,003	670	770	856	1,001	869	1,288	3,148	4,014	1,068	
Effective Tax Rate (%)	34.7	34.8	34.0	3.0	34.9	34.9	29.5	24.8	9.7	29.6	29.5	
Reported PAT	1,113	1,881	1,300	24,670	1,600	1,863	2,076	3,898	29,298	9,533	2,552	-27.0%
Adjusted PAT	1,113	1,881	1,300	1,845	1,600	1,791	2,076	3,898	6,346	9,366	2,552	-29.8%
Change (%)	4.9	21.8	-22.7	7.1	43.8	-4.8	59.7	111.3	39.9	55.2	43.8	
Order Intake (INR b)	34	29	32	25	32	47	30	19	121	129	0.0	
Order book (INR b)	108	110	116	111	109	118	0	0	100	107	0.0	
BTB (x)	1.0	1.0	1.1	1.0	1.4	1.4	0.0	0.0	0.9	0.9	0.0	



Zee Entertainment

BSE SENSEX	S&P CNX
30,248	9,407
Bloomberg	Z IN
Equity Shares (m)	960
M.Cap.(INRb)/(USDb)	463.9 / 6.8
52-Week Range (INR)	589 / 415
1, 6, 12 Rel. Per (%)	-8/-8/6
Avg Val, INRm	1005
Free float (%)	56.9

CMP: INR516 TP: INR600 (+16%) Buy

Domestic ad growth moderates; opex levers help salvage margins

Toning down earnings estimates and TP

- Opex levers salvage operational performance:** 4QFY17 EBITDA grew 14% YoY to INR4.68b (2% above estimate) despite muted revenues, led by controlled A&P expenses. Programming cost fell 6% YoY to INR6.5b (in-line). This quarter includes only two months of Sports biz numbers (which was sold to Sony). Hence, revenues and costs to that extent are lower than the base quarter. Revenue remained flat YoY at INR15.28b (in-line) despite disappointing ad growth (INR8.47b v/s est. of INR8.81b), as higher-than-expected other sales and services offset the impact of soft ad growth.
- Domestic ad growth marginally short of expectations...:** Headline ad revenue remained flat YoY. Both international and domestic ad revenues fell short of already soft expectations (given Sports Biz sale and high base effect of 4QFY17). Domestic ad revenue grew 8% YoY to INR7.94b (est. of INR8.05b). However, Zee performed better than industry, which saw marginally negative-to-flat YoY ad growth in 4Q. The larger part of overall ad miss came from international ad revenue (-53% YoY to INR525m v/s est. of INR766m) as (1) the base quarter included two popular cricket events in Pakistan, which had boosted ad income and (2) certain international issues in Bangladesh/Nigeria.
- ...but domestic subscription in-line:** Domestic subscription declined 3% YoY to INR4.5b (in-line) as the base quarter included some catch-up revenue. Exports, domestic subscription growth was 13.5% in FY17.
- Non-sports margin exceeds estimate by 100bp:** Non-sports margin expanded 94bp YoY to 32.9% (est. of 31.8%) as Zee controlled its opex to offset subdued revenues. Non-sports opex grew 3% YoY v/s revenue growth of 4.4%.
- Valuation and view:** We expect ad growth to revert to normal post 1Q. We tone down our earnings estimate by 5% for FY18E/FY19E to factor in lower other income than earlier expected. We also revise our TP to INR600 (prior: INR610) based on 30x FY19E EPS (ex-&TV) plus INR19 toward &TV DCF value less INR19 toward pref. share liability. Maintain **Buy**.

Financials & Valuations (INR b)

Y/E MARCH	2017	2018E	2019E
Net Sales	64.3	73.9	85.7
EBITDA	19.3	23.0	27.5
NP	12.2	15.7	18.7
EPS (INR)	23.1	16.4	19.5
EPS Gr. (%)	118.5	-29.2	18.9
EPS ex-&TV, INR	24.0	17.5	19.9
RoE (%)	23.7	23.8	23.8
RoCE (%)	21.9	19.7	20.4
Div. Payout (%)	9.7	15.3	15.4
Valuations			
P/E (x)	22.3	31.5	26.5
P/E ex-&TV (x)	21.5	29.5	26.0
EV/EBITDA (x)	24.7	21.0	17.7
Div. Yield (%)	0.4	0.5	0.6

Estimate change



TP change



Rating change



Quarterly Performance

Y/E March	FY16				FY17				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY16	FY17
Advertising Revenue	7,799	8,290	9,237	8,472	9,120	9,592	9,554	8,469	34,037	36,734
Subscription Revenue	4,625	4,791	5,218	5,944	5,282	5,833	5,935	5,580	20,578	22,630
Other Sales and Services	974	705	1,399	802	1,315	1,529	902	1,231	3,640	4,977
Net Sales	13,399	13,786	15,854	15,218	15,716	16,954	16,391	15,280	58,255	64,341
Change (%)	23.4	23.3	16.3	13.0	17.3	23.0	3.4	0.4	19.3	10.4
Prog, Transmission & Direct Exp	6,108	6,032	6,999	6,913	6,575	7,688	7,035	6,527	25,969	27,825
Staff Cost	1,380	1,197	1,253	1,222	1,499	1,533	1,419	1,593	5,209	6,043
Selling and Other Exp	2,799	2,971	3,308	2,974	3,110	2,841	2,780	2,474	12,084	11,205
EBITDA	3,112	3,586	4,295	4,110	4,532	4,892	5,158	4,687	14,992	19,268
Change (%)	0.7	11.9	21.5	51.8	45.6	36.4	20.1	14.0	22.5	28.5
EBITDA margin (%)	23.2	26.0	27.1	27.0	28.8	28.9	31.5	30.7	25.7	29.9
Depreciation	168	198	204	209	251	336	249	316	840	1,152
Finance cost	15	21	106	1,333	75	86	90	1,122	123	1,372
Other Income	680	589	295	375	734	432	525	549	2,016	2,240
Fair Value through P&L			-362	835	-1,132	-829	-714	470		-2,205
Extraordinary items		-331		0				12,234	-331	12,234
PBT	3,609	3,626	3,917	3,778	3,807	4,074	4,630	16,503	15,714	29,014
Tax	1,185	1,123	1,602	1,573	1,626	1,634	2,081	1,464	5,528	6,805
Effective Tax Rate (%)	32.8	31.0	40.9	41.6	42.7	40.1	44.9	22.8	35.2	23.5
PAT	2,423	2,504	2,316	2,204	2,181	2,440	2,549	15,039	10,186	22,209
Minority Interest/Associates	-15	-11	7	-60	12	56	41	-103	22	5
Adj PAT after Minority Interest	2,438	2,846	2,309	2,264	2,170	2,384	2,508	2,908	10,495	9,970
Change (%)	15.8	25.0	-25.2	-1.9	-11.0	-16.2	8.6	28.4	7.4	-5.0



Hindalco

BSE SENSEX	S&P CNX
30,248	9,407
Bloomberg	HNDL IN
Equity Shares (m)	2,243
M.Cap.(INRb)/(USD\$b)	419.7 / 6.5
52-Week Range (INR)	204 / 84
1, 6, 12 Rel. Per (%)	-5/-3/91
Avg Val, INRm	2087
Free float (%)	65.3

CMP: INR187 TP: INR242(+29%)

Buy

Novelis: Excellent quarter and an excellent deal

Upgrade TP to factor in sale of Korea unit; Maintain Buy

Novelis reported one of its best-ever EBITDA of USD292m (+5% YoY/15% QoQ; beat of 7%), led by a better metal mix and operating cost savings. FCF generation (post capex and interest) rose ~2x YoY to USD332m. Interest cost fell 25% YoY to USD59m on lower debt and refinancing. Adj. PAT was up 62% YoY to USD47m. For FY17, adj. EBITDA (ex-metal lag) was up 12% YoY to INR1,085m. FCF generation was higher than guided at USD361m (v/s USD160m in FY16).

Volumes recover on strong auto shipments; margins improve

Shipments were flat YoY at 789kt (1% beat), bucking the declining trend over past few quarters, led by strong growth in auto shipments (+26% YoY). EBITDA/t increased USD19/30 YoY/QoQ to USD370/t.

Ulsan plant (S Korea) 50% JV @ USD315m with Kobe Steel is value-accretive

The plant was under-utilized (~220kt production in FY17 v/s capacity of 350-400kt) and faces competition from Chinese players. The deal would leverage on Kobe's facilities in China to drive better utilization and sustainability.

Management expects no EBITDA/volume impact from the deal. Cash flow of USD260m (net of taxes/fees) would go toward further deleveraging.

Higher volumes, FCF and stable capex in FY18

Guidance (a) volumes to be higher YoY on increase in auto shipment (share to rise from 20% in 4QFY17 to 25% by end-FY19). (b) Sustainable EBITDA margin of USD340-360/t. (c) FCF generation higher YoY (d) Capex at USD200-250m.

Deleveraging continues; India business on strong footing; Upgrade TP

- Novelis achieved net debt/EBITDA of 4x one year ahead of target. Strong FCF and asset sale will drive further deleveraging. Management would start looking at growth opportunities as B/S improves, leveraging its position in the auto market. Indian business benefits from strong LME/cost advantage.
- We include proceeds from Ulsan sale in FY18, resulting in lower debt. TP is upgraded to INR242/share (from INR235). Reiterate **Buy**.

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	1,026	1,092	1,108
EBITDA	133.4	142.3	147.8
PAT	39.1	50.7	58.0
EPS (INR)	17.5	22.6	25.9
Gr. (%)	45.8	29.6	14.4
BV/Sh (INR)	117.6	146.6	171.0
RoE (%)	15.9	17.1	16.3
RoCE (%)	8.2	8.7	8.9
P/E (x)	10.7	8.3	7.2
P/BV (x)	1.6	1.3	1.1

Estimate change



TP change



Rating change



Quarterly Performance – USD m

Y/E March	FY16				FY17				FY16	FY17	vs Est	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				4QE
Sales (000 tons)	768	788	779	788	755	773	750	789	3,123	3,067	780	1
Change (YoY %)	-0.3	3.0	2.9	4.0	-1.7	-1.9	-3.7	0.1	2.4	-1.8	-1.0	
Net Sales	2,634	2,482	2,354	2,402	2,296	2,361	2,313	2,621	9,872	9,591	2,495	5
Change (YoY %)	-1.7	-12.3	-17.3	-13.9	-12.8	-4.9	-1.7	9.1	-11.4	-2.8	3.9	
EBITDA (adjusted)	213	236	238	277	268	270	255	292	964	1,085	273	7
Change (YoY %)	-8.6	6.8	4.4	29.4	25.8	14.4	7.1	5.4	7.6	12.6	-1.4	
As % of Net Sales	8.1	9.5	10.1	11.5	11.7	11.4	11.0	11.1	9.8	11.3	10.9	
EBITDA per ton (USD)	277	299	306	352	355	349	340	370	309	354	350	6
Interest	80	80	77	79	80	79	65	59	316	283	65	-9
Depreciation	87	89	88	89	89	90	88	93	353	360	89	4
PBT (before EO item)	46	67	73	109	99	101	102	140	295	442	119	18
Extra-ordinary Income	(91)	(83)	(51)	(62)	(39)	(163)	9	(52)	(287)	(245)	-	
PBT (after EO item)	-45	-16	22	47	60	-62	111	88	8	197	119	-26
Total Tax	15	-3	16	18	36	27	47	41	46	151	36	15
% Tax	-33.3	18.8	72.7	38.3	60.0	-43.5	42.3	46.6	575.0	76.6	30.0	
PAT before minority	-60	-13	6	29	24	-89	64	47	-38	46	83	-44



Godrej Consumer

BSE SENSEX 30,248 S&P CNX 9,407

CMP: INR1,925 TP: INR1,950(+1%) Neutral



Stock Info

	GCPL IN
Bloomberg	340.5
Equity Shares (m)	1956 / 1286
52-Week Range (INR)	12/18/22
1, 6, 12 Rel. Per (%)	656.9
M.Cap. (INR b)	10.2
M.Cap. (USD b)	354
Avg Val (INRm)	36.7
Free float (%)	

Financials Snapshot (INR b)

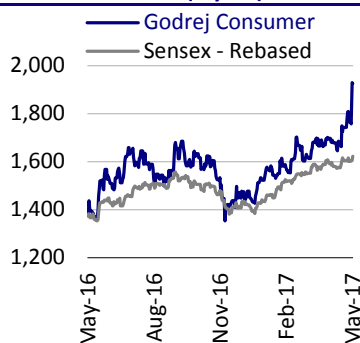
Y/E Mar	2017	2018E	2019E
Net Sales	92.4	107.3	122.4
EBITDA	18.9	22.1	24.9
PAT	12.9	14.8	17.0
EPS (INR)	37.8	43.6	50.0
Gr. (%)	12.4	15.4	14.6
BV/Sh (INR)	155.7	200.6	233.5
RoE (%)	24.6	24.5	23.0
RoCE (%)	16.8	16.6	16.5
P/E (x)	50.9	44.1	38.5
P/BV (x)	12.4	9.6	8.2

Shareholding pattern (%)

As On	Mar-17	Dec-16	Mar-16
Promoter	63.3	63.3	63.3
DII	2.2	2.1	1.9
FII	28.4	28.4	28.6
Others	6.1	6.2	6.3

FII Includes depository receipts

Stock Performance (1-year)



Increased focus on new growth vectors encouraging

We attended Godrej Consumer's (GCPL) analyst meet. Key takeaways:

- The huge risk appetite for acquisitions seems to have faded in recent years, and the focus now appears to be on relatively small acquisitions and improving consolidated RoCEs, which had worsened over many years.
- Management believes that gross margin needs to go up every year to be able to invest more in the core business as well as new vectors.
- GCPL is now spending 27% of A&P on new products, as against 15% four years ago, in the quest for new vectors of growth.
- New products have on average 1,500bp higher gross margin compared to the core range, and thus the impact on EBITDA margin from increased A&P has been limited.
- New growth vector in Indonesia is Hair Care, while in Africa it will be Wet Hair products.
- We maintain our Neutral rating with a target price of INR1,950. At 38.5x Mar-19E EPS, the stock appears fairly valued.
- **Strategy:** The thrust remains on growing ahead of category across geographies and on profitable growth. Nisaba Godrej, who has been part of the business for around 10 years, took over as executive chairperson of the board (effective 10 May 2017), replacing her father Adi Godrej, who has now been designated as chairman emeritus. She underlined the need for building a team ready for future growth with a focus on product development/improvement, stating that she has been part of these activities in her erstwhile role. The huge risk appetite for acquisitions seems to have reduced in recent years, and the focus appears to be on relatively small acquisitions and improving consolidated RoCE, which has been adversely impacted by a spate of acquisitions.
- **Overall business:** From a geographical mix perspective, India contributed 52% of consolidated sales in FY17, followed by Africa (21%; including the Strength of Nature acquisition), Indonesia (16%), Latin America (6%), the UK (4%) and others (1%). From an overall business mix perspective, Hair Care accounted for 31% of consolidated sales in FY17, followed by Household Insecticides (HI; 30%), Personal Wash (17%), Air Care (7%) and other smaller segments (15%). Increasing salience of Household Insecticides and Hair Care is margin-accretive, as profitability in Personal Wash (mainly soaps) is lower than the other two large segments. The two large overseas markets – Indonesia and Africa – are also more profitable than India. Management is keen to ensure that the core business remains strong while still building new growth vectors across geographies. It believes that gross margin needs to go up every year to be able to invest more in core business as well as new vectors. Management has made a conscious call to not expand into Food & Beverage. However, it clarified that this is not cast in stone and that decisions are reviewed every 4-5 years. Project Pi and its equivalents worldwide have led to cumulative cost savings of INR4b.

- **India business and outlook:** Indian FMCG sector has been growing at 0.4x-1x GDP over past four years (v/s 1x-2x GDP growth over FY06-FY12), mainly due to weak rural growth – a key driver of sales. Management, however, is optimistic on industry growth prospects in FY18. GDP growth is progressing well, inflation is low, demand in India is showing signs of recovery and the government's schemes/reforms are set to provide fillip to growth. Based on S-curve comparison and its own projections, GCPL believes that Indian FMCG sector sales can grow at 9-17% over medium-to-long term. In FY17, the company expanded its market share in HI and Hair Care, but its share in Soaps declined marginally. Management believes that gaining share in Soaps is very difficult, as low margins in the category inhibit significant innovation, barring fragrances and liquid soaps. There is also a low loyalty factor. GCPL believes that value-added soaps, such as Cinthol, is the market to be in.
- **New launches and digital/ecommerce expansion in India:** GCPL is now spending 27% of A&P on new products (v/s 15% four years ago) in the quest for new growth vectors. Recent launches in India have been in: (1) the personal repellent range of products under the 'Good Knight' brand in HI segment – globally, this category is as high as 20-40% of HI segment sales; (2) 'Hit' stick launched at INR30 price point, also in the HI segment; (3) Cinthol Deo Stick; (4) B Blunt range of Hair Care products, all of which have attracted good initial response. With higher backing of A&P toward new products and extensive reach via 5.6m outlets (1.1m direct, +20% YoY in FY17; the third largest among FMCG peers), management expects these products to drive around a third of incremental growth, with the remaining two-thirds coming from its core products. Recent extensions of Godrej No 1 soaps, however, have not been successful. The new products have on average 1,500bp higher gross margins than the core range, and thus the EBITDA margin impact of increased A&P spends has been limited. Air Care is another emerging core area. Management believes that it is now the largest player in this segment, a data point that Nielsen does not capture because it does not take into account car fragrances – a segment which GCPL started with before expanding into home and bathroom fragrances. Sales growth was 2x in FY17, and management believes that the business can grow 4-5x over next few years.
- On the digital front, the company had been 2-3 years behind MNCs, but is now catching up well. Project Optimus now covers 37 cities, where it has suggested ordering pattern to sales personnel. Digital spend was 3x over FY16-17. Management believes that e-commerce could be 8% of FMCG sales in 3-4 years, and it is preparing for the same. Duration of advertisement on Digital is much shorter, focusing on the key USP of the product. GCPL has also started Project Ajna, which enables much better data analytics via a highly useful dashboard.
- **International business and outlook:** GCPL does not call itself an MNC in overseas markets, but defines it as having a multi-local operating model. Hiring of locals gives it agility. New growth vector in Indonesia is Hair Care, while in Africa it will be Wet Hair and HI, with the former being a much higher priority for now.

- **Indonesia:** Sales rose 5% in FY17, with very strong rains in the country (usually a one in seven year phenomenon) leading to lower Home Insecticides sales and in turn dragging overall growth. Gross margin expanded 190bp and A&P rose 160bp, leading to flat EBITDA margin. The company has a market share of 52% in Household Insecticides (Hit Brand), 62% in Air Freshener brand Stella, and the baby products brand 'Mitu' has regained the share it had lost after the Megasari acquisition by Godrej. The company has launched the brand 'Nyu,' which is basically Godrej Expert Crème adapted to suit Indonesian conditions. The company is already a strong no. 3 player, and likely to inch up one position soon in a market that has Garnier as the leader. Existing Hair Care products of GCPL in Indonesia only cater to 30% of the USD200m market. Other areas like styling hair mask and hair vitamins/treatment are being explored for entry. Stella also has a USD70cents bathroom fragrance product which is disruptive pricing. Outlet increase in Indonesia has been ~17% in FY17. FY18 is likely to witness 12 launches, and most of these innovations are likely to be gross margin-accretive. Management is aiming for low-double-digit sales growth in Indonesia in FY18.
- **Africa:** GCPL already has a platform for countries which account for 70% of consumption in Africa. South, West and East Africa account for ~33% of business, and thus there is no high dependence on a single geography. In FY17, gross margin expanded by 560bp and EBITDA margin by 50bp. GCPL has three manufacturing hubs in Nigeria, Kenya and South Africa. The FY18 target is to scale up Wet Hair portfolio and sustain Dry Hair double-digit momentum. The Strength of Nature portfolio has one brand for mass market (TCB) and also one for premium brands (Mega Grow). African countries have high Gini coefficient, and thus the rich may account for 30% of consumption in some premium categories, wherein the company is working to expand the Mega Grow brand in Salons. Facebook and Youtube have as high reach as the top 2-3 TV channels in Africa. Naveen Gupta (Godrej Indonesia head) is set to take over from Omar Momin (who will relocate to India) as head of Africa cluster. The full control of the 'Darling' JV has enabled the company to become more nimble on decision making and in terms of working capital. There have been fill rate improvements from ~75% to 95% in Africa over past four years.
- In Latin America, profitability has improved in Argentina, with management trying to replicate this performance in Chile. GCPL is looking at synergies between these two businesses and, over the medium term, expanding into Colombia, Peru and Paraguay. However, the bigger near-term focus remains profitability with an emphasis on core personal care products. Argentina (6th or 7th largest HI market) could be the target for this segment, but as of now management has no plans outside of personal care.
- **Valuation view:** There are no changes to our EPS forecasts. We maintain **Neutral** with a target price of INR1,950. At 38.5x Mar-19E EPS, the stock appears fairly valued. While earnings growth has been more consistent than FMCG peers (FY17 was 8th consecutive year of double-digit EBITDA and PAT growth), we believe that due to its exposure to various geographies, attendant currency risks and relatively low RoE (mid-20's), the stock does not warrant a higher multiple.

Dalmia Bharat

BSE SENSEX 27836.51
S&P CNX 8615.25

CMP: INR2,368 TP: INR2,700(+14%)

Buy

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

Conference Call Details



Date: 11th May 2017

Time: 11:15am IST

Dial-in details:

+91 22 3938 1073

+91-22-3940 3977

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Sales	70.2	79.3	87.8
EBITDA	16.8	19.5	21.4
NP	2.7	4.2	6.2
Adj EPS (INR)	30.7	47.5	70.1
EPS Gr. (%)	42.7	55.0	47.4
BV/Sh (INR)	463	508	578
RoE (%)	6.8	9.8	12.9
RoCE (%)	6.2	7.5	9.2
Payout (%)	7.6	4.9	5.0
Valuations			
P/E (x)	77.3	49.8	33.8
P/BV (x)	5.1	4.7	4.1
EV/EBITDA (x)	17.0	14.5	13.0
EV/Ton (USD)	181	177	174

Strong beat led by higher volumes and cost efficiency

Cost curve continues to improve

- Volumes grew 17% YoY to 4.55mt (est. of 3.93mt) in 4QFY17, as volumes ex OCL increased 28% YoY.
- Revenue rose 16% YoY to INR21.85b (est. of INR18.52b).
- Realizations stood at INR4,802/ton (-2% QoQ, -1% YoY; est. of INR4,717/ton).
- EBITDA rose 8% YoY to INR5.52b (est. of INR3.90b), with the margin at 25.2% (+1pp QoQ, -1.9pp YoY).
- EBITDA/t of INR1,212 was 22% ahead of estimate (-8% YoY, +3% QoQ) as cost efficiencies more than offset for realization drop.
- Interest cost was lower at INR2.0b, as gross debt dropped INR7.2b in FY17.
- Net debt declined to INR52.3b as of end-FY17. Net debt in April-17 further reduced by INR5.6b, helped by proceeds from the sale of KKR shares.
- Tax rate in 4QFY17 was lower at 25% v/s 34% in 4QFY16.
- Hence, adj. PAT of INR1.74b increased 83% YoY.

OCL performance: Cost efficiency led by positive operating leverage

- Volumes grew 4% YoY to 1.8mt in 4Q.
- Revenue rose 4% YoY to INR8.72b.
- Realizations were at INR4,844/t (-INR193/t QoQ) due to weaker realization in the eastern market.
- EBITDA declined 6% YoY to INR2b. EBITDA/t was INR1,115 (-INR40/t QoQ) as impact of lower realizations was largely offset by positive operating leverage.
- PAT fell 7% YoY to INR1.1b due to a tax rate of 26% v/s 10% in 4QFY16.

Valuation and view: We will revisit our estimates post the earnings call. Based on our current estimates, it trades at 14.5x/13.0x FY18/FY19E EBITDA. Maintain **Buy** with a target price of INR2,700 (14.5x FY19E EBITDA).

Quarterly Performance (Consolidated)

Y/E March	(INR Million)								(INR Million)				
	FY16				FY17				FY16	FY17E	FY18E	FY17	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				4QE	
Sales Dispatches (m ton)	3.1	2.85	2.96	3.88	3.76	3.42	3.56	4.55	12.80	15.29	15.98	3.93	16
YoY Change (%)	96.8	95.2	79.6	66.0	21.7	20.0	20.3	17.3	82.4	19.5	4.5	1.2	
Realization (INR/ton)	5,176	4,979	4,998	4,871	4,695	4,897	4,886	4,802	5,009	4,843	4,965	4,717	2
YoY Change (%)	17.7	2.5	7.4	-11.4	-9.3	-1.6	-2.2	-1.4	4.4	-3.3	2.5	-2.7	
QoQ Change (%)	-5.8	-3.8	0.4	-2.5	-3.6	4.3	-0.2	-1.7				-2.6	
Net Sales	15,995	14,190	14,793	18,901	17,654	16,747	17,393	21,850	64,113	74,044	79,334	18,518	18
YoY Change (%)	135.0	104.8	94.2	53.5	10.4	18.0	17.6	15.6	90.5	15.5	7.1	-1.5	
EBITDA	3,858	3,116	3,395	5,116	4,963	3,902	4,211	5,517	15,916	19,019	19,489	3,904	41
Margins (%)	24.1	22.0	23.0	27.1	28.1	23.3	24.2	25.2	24.8	25.7	24.6	21.1	
Depreciation	1,176	1,544	1,416	1,673	1,338	1,587	1,593	1,509	5,809	6,027	5,784	1,517	
Interest	1,724	1,733	1,731	2,070	2,412	2,291	2,198	1,998	7,302	8,900	8,718	2,135	
Other Income	542	925	581	632	887	1,102	712	715	2,295	2,988	3,800	904	
PBT after EO Expense	1,500	769	829	2,005	2,100	1,125	1,131	2,863	5,102	7,210	8,786	1,156	
Tax	772	614	385	689	911	662	624	704	2,456	2,892	3,954	445	
Rate (%)	51.5	79.9	46.4	34.3	43.4	58.9	55.1	24.6	48.1	40.1	45.0	38.4	
Reported PAT (pre minority)	728	155	444	1,317	1,189	463	507	2,159	2,645	4,318	4,832	712	203
Minority + associate	201	31	145	369	250	152	151	319	745	870	612	98	225
PAT Adj for EO items	527	124	299	947	940	311	357	1,736	1,900	3,448	4,220	614	183
YoY Change (%)	-292.7	-173.3		100.4	78.3	149.8	19.2	83.2	6,129.8	81.5	22.4	-35.3	

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

Endurance Technologies

BSE SENSEX 29,859 S&P CNX 9,285

CMP: INR811

TP: INR841

Buy

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

Conference Call Details



Date: 11th May 2017
Time: 09:30am IST
Dial-in details:
+91-22-3938 1075

Financials & Valuations (INR b)

Y/E Mar	2017E	2018E	2019E
Net Sales	55.0	64.2	74.3
EBITDA	7.3	8.9	10.6
NP	3.1	4.1	5.3
EPS (INR)	22.3	29.4	37.4
EPS Gr. (%)	7.5	32.1	27.1
BV/Sh. (INR)	123.2	148.3	177.6
RoE (%)	19.7	21.7	22.9
RoCE (%)	14.3	17.0	19.5
P/E (x)	36.4	27.6	21.7
EV/EBITDA(x)	16.2	13.3	10.9

In-line operating performance; India better than est., but EU disappoints Strong India business performance drives consolidated performance

- Consol. revenue for 4QFY17 grew 3.7% YoY to ~INR13.7b (est. of ~INR12.9b). EBITDA was in-line at ~INR1.75b. PAT grew ~3% YoY to ~INR835m (est. of ~INR711m). For FY17, revenue grew by ~5% YoY and PAT by ~7% to ~INR3.13b.
- Standalone revenue grew ~3.7% to ~INR9.45b (est. of ~INR8.1b), despite a decline in 2W volumes for the industry (~2% YoY). This would be driven by ramp-up with HMSI and HMCL. EBITDA stood at ~INR986m (est. of ~INR883m), with the margin declining 2pp YoY (-130bp QoQ) to 10.4% (est. of 10.8%). Higher OI boosted PAT to ~INR525m (est. of ~INR333m), a decline of 7% YoY.
- EU business (derived) revenue grew just 3.6% YoY to ~INR4.2b (est. of ~INR4.8b). EBITDA margin expanded 360bp YoY (120bp QoQ) to 18.2% (est. of ~INR17.5%), with EBITDA at ~INR766m (v/s ~INR835m). Higher OI boosted PAT to ~INR334m (in-line), up 36% YoY.
- The company declared a dividend of ~INR2.5/share, implying payout of ~13% (including tax).

Key questions for management

- Reason for QoQ increase in RM cost for India business – mix or cost inflation?
- Update on new suspension products and ABS (recent tie-up with BWI).
- EU business: Level of ramp-up at new plant in Germany.

Valuation and view: We will revisit our estimates post the earnings call. The stock trades at 27.6x/21.7x FY18E/19E EPS. Maintain **Buy** with TP of INR841 (23x FY19E EPS).

Consolidated - Quarterly

Y/E March	FY16				FY17				FY16	FY17	FY17 Variance	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				4QE
INR m												
Net Sales	12,710	13,468	12,896	13,175	14,381	14,482	13,203	13,661	52,406	54,976	12,910	5.8
YoY Change (%)					13.1	7.5	2.4	3.7		4.9		
EBITDA	1,543	1,772	1,683	1,726	1,844	2,008	1,769	1,751	6,766	7,338	1,717	2.0
Margins (%)	12.1	13.2	13.1	13.1	12.8	13.9	13.4	12.8	12.9	13.3	13.3	-50bp
Depreciation	549	598	628	656	684	699	741	781	2,506	2,899	775	
Interest	135	146	119	89	104	81	88	49	464	375	101	
Other Income	115	78	33	174	110	54	73	265	340	323	86	
Adj PAT	764	778	654	809	832	893	743	835	2,923	3,131	711	17.5
YoY Change (%)					8.9	14.8	13.6	3.3		7.1		

Standalone

Net Sales	8,749	9,706	9,029	9,112	9,626	10,648	8,929	9,454	27,484	29,203	8,144	16.1
YoY Change (%)					10.0	9.7	-1.1	3.7		6.3		
EBITDA	978	1,211	1,061	1,134	1,184	1,337	1,042	986	3,250	3,563	883	11.7
Margins (%)	11.2	12.5	11.8	12.4	12.3	12.6	11.7	10.4	11.8	12.2	10.8	80bp
Adj PAT	545	552	427	562	555	663	472	525	1,524	1,690	333	57.8
YoY Change (%)					1.8	20.2	10.5	-6.6		10.9		

Subs (Consol - S/A)

Net Sales	3,961	3,762	3,867	4,063	4,755	3,834	4,274	4,208	11,590	12,863	4,767	-11.7
YoY Change (%)					20.0	1.9	10.5	3.6		11.0		
EBITDA	565	561	622	592	661	670	727	766	1,748	2,058	835	-8.3
Margins (%)	14.3	14.9	16.1	14.6	13.9	17.5	17.0	18.2	15.1	16.0	17.5	-70bp
Adj PAT	218	226	227	246	276	230	271	334	672	778	330	1.2
YoY Change (%)					26.8	1.7	19.3	35.8		15.8		



Bharti Airtel

BSE SENSEX	S&P CNX
30,248	9,407
Bloomberg	BHARTI IN
Equity Shares (m)	3,997.3
M.Cap.(INRb)/(USD\$b)	1,490.2 / 23.1
52-Week Range (INR)	401 / 284
1, 6, 12 Rel. Per (%)	6/11/-16
Avg Val, INRm	1335
Free float (%)	32.9

CMP: INR373 TP: INR430 (+15%)

Buy

Well invested, poised for growth

Better cost management in a tough operating environment

- Consol. EBITDA drops 7% QoQ, but 3% above estimate:** Consol. revenue fell 6% QoQ (-12.1% YoY) to INR219.3b, while consol. EBITDA declined 7.3% QoQ (-13.7 YoY) to INR78.6b (3% above estimate). Rjio's free usage plan led to a drop of 6%/10% QoQ in India wireless revenue/EBITDA to INR129.7b/INR47.9b. India EBITDA was 7% above estimate due to lower discretionary cost. Despite Africa revenue declining 6% QoQ to INR50.5b, EBITDA grew 6% (4.7% beat) led by cost efficiencies. PAT fell 30% QoQ (-69% YoY) to INR4.7b on lower EBITDA. For FY17, consol. EBITDA rose 4% YoY to INR353b, led by 4% growth in India wireless EBITDA.
- Lower-than-expected decline in data revenue:** Data revenue saw a lower-than-anticipated decline of 11% QoQ (7% beat), as volumes partly offset the 32% data price decline. Overall India wireless ARPU declined 8%/19% QoQ/YoY to INR158. Voice revenue fell 4.8% QoQ to INR92.5b (1% below estimate). Voice traffic grew 15% QoQ to 330b min, led by higher incoming traffic from Rjio. This impacted India voice RPM, which declined by a steep 17% QoQ to INR0.243/min.
- Huge capacity build-up, getting ready to capture growth avenues:** With huge spectrum and network investment, Bharti's focus is to create ample data capacity to match Rjio's offerings. Management highlighted its focus on improving the data market share (currently at ~35%), and aims to be the key beneficiary of market disruption. As competitive intensity bottoms out in 3-4 quarters, long-term ARPU accretion should bode well for Bharti.
- Maintain Buy with a revised TP of INR430:** We broadly maintain our EBITDA estimate, factoring in a 7% decline in FY18 and 14% growth recovery in FY19. We believe that as the market bottoms out in next 3-4 quarters, the stock can provide 8-10% FCF yield on 15% rise in EBITDA and annual capex reduction of 10%. **Buy** with a revised TP of INR430, based on our SOTP valuation, assigning 8x to India ex-tower, 3x to Africa business and 15% discount to our Bharti Infratel's valuations.

Financials & Valuations (INR b)

Y/E Mar	FY17	FY18E	FY19E
Net Sales	954.7	943.6	1,043.1
EBITDA	353.3	326.8	371.9
NP	44.4	25.1	45.8
EPS (INR)	11.1	6.3	11.5
EPS Gr. (%)	-6.4	-43.4	82.4
BV/Sh. (INR)	168.8	173.8	184.1
RoE (%)	6.7	3.7	6.4
RoCE (%)	5.4	4.8	5.6
P/E (x)	33.5	59.3	32.5
P/BV (x)	2.2	2.1	2.0

Estimate change

TP change

Rating change

Consolidated - Quarterly Earning Model

Y/E March	FY16				FY17				FY16	FY17
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross Revenue	236,709	238,357	240,659	249,596	255,465	246,515	233,357	219,346	965,321	954,683
YoY Change (%)	3.1	4.3	3.7	8.4	7.9	3.4	-3.0	-12.1	340.1	NA
Total Expenditure	154,466	156,014	156,522	158,474	159,985	152,113	148,542	140,746	625,259	601,386
EBITDA	82,243	82,343	84,137	91,122	95,480	94,402	84,815	78,600	340,062	353,297
Margins (%)	34.7	34.5	35.0	36.5	37.4	38.3	36.3	35.8	35.2	37.0
Depreciation	40,404	42,390	43,541	48,163	50,402	49,560	48,350	49,418	174,498	197,730
Interest	19,206	18,752	14,167	17,010	19,399	19,057	19,356	19,162	68,865	76,974
Other Income	2,419	1,929	3,037	3,129	2,787	1,568	3,487	2,494	9,501	10,336
PBT before EO expense	25,051	23,129	29,465	29,078	28,466	27,353	20,596	12,514	106,200	88,929
Extra-Ord expense	-21,384	-6,761	3,405	2,999	3,536	66	2,040	6,055	-14,505	11,697
PBT	46,435	29,890	26,060	26,079	24,930	27,287	18,556	6,459	120,705	77,232
Tax	21,827	13,394	13,523	10,789	10,089	11,136	11,841	1,753	59,368	34,819
Rate (%)	47.0	44.8	51.9	41.4	40.5	40.8	63.8	27.1	49.2	45.1
Minority Interest & Profit/Loss of Asso.	3,478	1,133	1,457	2,095	222	1,544	1,678	972	6,495	4,416
Reported PAT	21,130	15,363	11,080	13,195	14,619	14,607	5,037	3,734	54,842	37,997
Mobile ARPU (INR/month)	198.2	192.6	192.0	194.2	195.7	187.9	172.0	157.6	192.9	177.0
QoQ Growth (%)	-0.1	-2.8	-0.3	1.1	0.8	-4.0	-8.4	-8.4	-2.6	-8.2
Mobile MOU/sub/month	423.9	404.4	404.5	415.2	414.2	405.9	418.8	470.8	409.1	425.6
QoQ Growth (%)	20.8	-4.6	0.0	2.6	-0.2	-2.0	3.2	12.4	18.0	4.0
Mobile Traffic (B Min)	291	282	290	308	315	313	330	381	1,171	1,340
QoQ Growth (%)	-96.7	-3.0	2.9	6.0	2.2	-0.5	5.4	15.5	-96.7	14.4
Mobile RPM (INR)	0.47	0.48	0.47	0.47	0.47	0.46	0.41	0.33	0.47	0.42
QoQ Growth (%)	-17.3	1.8	-0.3	-1.5	1.0	-2.0	-11.3	-18.5	-17.5	-11.8



Petronet LNG

BSE SENSEX	S&P CNX
30,248	9,407
Bloomberg	PLNG IN
Equity Shares (m)	750
M.Cap.(INRb)/(USD\$b)	326.3 / 4.8
52-Week Range (INR)	454/253
1, 6, 12 Rel. Per (%)	5/2/40
Avg Val, INRm	668
Free float (%)	50.0

CMP: INR435 TP: INR547 (+27%) Buy

Adjusted EBITDA higher than estimated

- EBITDA grew 38% YoY and 2% QoQ to INR6.2b, against our estimate of INR6.3b. Adjusted for INR850m of hedging cost in other expenditure, EBITDA was INR7.05b, higher than our estimate. This was primarily due to Gorgon volumes, with Kochi tariff landing at Dahej.
- Throughput at Dahej grew 19% YoY (but declined 6% QoQ) to 177TBtu, against our estimate of 191TBtu, implying ~93% utilization on expanded capacity of 3.75mmt for the quarter. This includes (in TBtu) 107 long-term (flat QoQ), 69.6 third-party (-8% QoQ), and 0.4 pure short-term (-92% QoQ). Throughput was lower QoQ due to high LNG prices of USD9.8/mmBtu in January 2017.
- Kochi utilization stood at 4%. However, FACT has commenced offtake and Kochi refinery is also expected to ramp up soon.

Gas demand growth critical, but take-or-pay offers earnings certainty

- Incremental gas demand will be a function of liquid v/s gas economics; however, take-or-pay contracts offer earnings certainty for PLNG.
- As against 15mmt capacity, PLNG has ~16mmt (RasGas: 8.5, new contracts: 7.5) long-term take-or-pay contracts. We do not see much of a problem in utilization of the Dahej facility.
- Out of four sections, GAIL has already awarded tenders for construction of three along the Kochi-Mangalore pipeline. Once completed, this will also help in ramp-up of the Kochi LNG terminal.

Valuation and view

- With increased capacity at 15mmt and robust utilization levels, we assume FY17/18/19 volumes at 14.4/16/19mmt, and model nil marketing margins. We assume a terminal growth of 3% beyond FY22.
- The stock trades at 12.2x FY19E EPS of INR35.1. We value PLNG on DCF (WACC: 11%, TGR: 3%) to arrive at a fair value of INR547. Reiterate **Buy**.

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Sales	246.2	304.5	394.6
EBITDA	25.9	28.7	38.7
NP	17.1	19.4	19.4
EPS (Rs)	22.7	25.9	25.9
EPS Gr (%)	127.4	130.7	130.7
BV/Share (INR)	107.9	126.5	126.5
RoE (%)	23.6	22.1	22.1
RoCE (%)	19.2	19.5	19.5
P/E (x)	19.1	16.6	16.6
P/BV (x)	4.0	3.4	3.4
EV/EBITDA (x)	13.0	11.3	11.3
EV/Sales (x)	1.4	1.1	1.1

Estimate change

TP change

Rating change

Standalone - Quarterly Earning Model

Y/E March	(INR Million)											
	FY16				FY17				FY16	FY17	FY17E	Var. vs
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		4QE	est	
Net Sales	83,772	75,450	51,460	60,653	53,373	66,144	62,993	63,651	271,334	246,160	77,361	-18%
YoY Change (%)	-17.6	-31.3	-54.0	-15.3	-36.3	-12.3	22.4	4.9	-31.3	-9.3	27.5	
EBITDA	3,611	4,668	3,158	4,466	6,425	7,264	6,071	6,163	15,903	25,923	6,330	-3%
Margins (%)	4.3	6.2	6.1	7.4	12.0	11.0	9.6	9.7	5.9	10.5	8.2	
Depreciation	801	808	807	800	806	860	1,009	1,016	3,216	3,691	1,042	-2%
Interest	612	612	588	576	556	554	517	469	2,387	2,097	399	18%
Other Income	333	360	584	427	494	915	550	1,508	1,704	3,466	778	94%
PBT	2,531	3,608	2,348	3,517	5,556	6,765	5,095	6,186	12,004	23,602	5,667	9%
Tax	780	1,120	564	1,124	1,777	2,170	1,121	1,478	3,588	6,545	1,700	-13%
Rate (%)	31	31	24	32	32	32	22	24	30	28	30	
PAT	1,751	2,488	1,784	2,393	3,779	4,596	3,975	4,708	8,416	17,057	3,967	19%
YoY Change (%)	11.8	-5.3	9.9	42.1	115.8	84.7	122.8	96.8	12.2	102.7	65.8	
Margins (%)	2.1	3.3	3.5	3.9	7.1	6.9	6.3	7.4	3.1	6.9	5.1	
Key Assumptions												
Regas volume (tbtu)	35.3	72.1	79.5	26.5	50.1	60.7	75.3	71.1	213.4	257.1	75.3	-6%
Sales volume (tbtu)	92.6	84.5	63.0	127.0	118.1	128.2	116.1	108.9	367.1	471.2	116.8	-7%

E: MOSL Estimates



Tata Motors

BSE SENSEX 30,248 S&P CNX 9,407

CMP: INR435 TP: INR619 (+43%) Buy

TATA MOTORS

Stock Info

Bloomberg	TTMT IN
Equity Shares (m)	3,396.6
52-Week Range (INR)	599 / 376
1, 6, 12 Rel. Per (%)	-10/-29/-6
M.Cap. (INR b)	1467.5
M.Cap. (USD b)	22.7
Avg Val, INRm	4170
Free float (%)	65.3

Financials Snapshot (INR b)

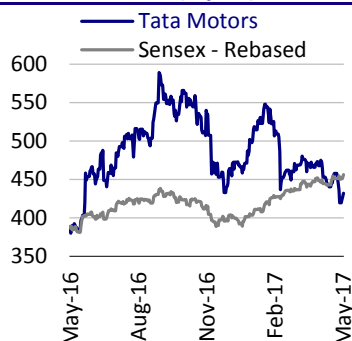
Y/E March	2017E	2018E	2019E
Net Sales	2,783	3,066	3,812
EBITDA	295.8	406.5	582.5
NP	39.1	100.0	210.4
Adj. EPS (INR)	11.5	29.4	62.0
EPS Gr. (%)	-68.8	155.6	110.5
BV/Sh. (INR)	252.1	282.8	346.0
RoE (%)	4.7	11.0	19.7
RoCE (%)	4.4	9.2	15.4
P/E (x)	37.5	14.7	7.0
P/BV (x)	1.7	1.5	1.2

Shareholding pattern (%)

As On	Mar-17	Dec-16	Mar-16
Promoter	34.7	34.7	33.0
DII	15.5	14.8	19.2
FII	23.2	24.2	22.1
Others	26.6	26.2	25.7

FII Includes depository receipts

Stock Performance (1-year)



JLR Apr-17 volumes below est. at 41,923 units (+2% YoY)

Volumes of LR down 8%, while those of Jaguar up ~37% driven by F-Pace and XE

- JLR Apr-17 wholesale volumes grew ~2% YoY (-42% MoM) to 41,923 units, below our estimate of 44,500 units.
- Jaguar volumes grew ~37% YoY to 12,608 units (est. of 13,000 units), driven by F-Pace and XE. Also, XF long-wheel base exhibited good growth in China JV.
- Land Rover (LR) volumes fell ~8% YoY to 29,315 units (est. of 31,500 units), led by run-out of Defender and Discovery. Also, pre-buying in Mar-17 in the UK region due to higher tax from Apr-17 led to lower demand in April.
- JLR Apr-17 retail volumes declined ~2% YoY (-56% MoM) to 40,385 units, led by a decline of ~16% in LR volumes and an increase of 54% in Jaguar volumes.
- Jaguar retail volumes were driven by F-Pace (to ~5.2k units) and XE volume growth of ~12% YoY. Jaguar XF volumes too increased ~12% YoY.
- LR's retail volumes declined ~16% YoY, mainly led by a decline in Discovery Sport (-14%), RR Evoque (-15%), RR Sport (-7%), and run-out of old Discovery, partially offset by sales of all-new Discovery and RR (+9%).
- Region-wise, UK sales declined ~35% YoY, offset by North America (+33%), EU (3%) and China (10%), led by high demand for F-Pace, and XF long-wheel base in China. Rest of world sales declined ~20% YoY.
- Andy Goss, Jaguar Land Rover Group Sales Operations Director said "A small decrease in sales was seen due to two factors. In the UK, customers purchased vehicles before the increase in vehicle tax on 1st April. In addition, the run-out of the previous Discovery model accounted for a year-on-year decrease in Land Rover sales. Sales will increase from this month as the all-new Discovery model continues to go on sale across the world, particularly in China and North America, two of Jaguar Land Rover's biggest markets."
- The stock trades at 14.7x/7x FY18/FY19E consolidated EPS. Maintain **Buy** with a target price of INR619 (FY19 SOTP-based) for ordinary shares and INR433 for DVR (~30% discount to TP for ordinary shares).

TATA MOTORS: JLR [Wholesales]

Company Sales	YoY			MoM		FY18 estimate	Gr. (%)	Residual Growth (%)	Residual Monthly Run rate
	Apr-17	Apr-16	YoY (%) chg	Mar-17	MoM (%) chg				
JLR	41,923	40,933	2.4	71,609	-41.5	694,908	16.3	17.4	59,362
Jaguar	12,608	9,188	37.2	20,492	-38.5	217,417	22.2	21.3	18,619
Land rover	29,315	31,745	-7.7	51,117	-42.7	477,492	13.9	15.6	40,743

TATA MOTORS: JLR [Retails]

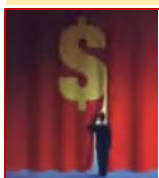
Company Sales	YoY			MoM	
	Apr-17	Apr-16	YoY (%) chg	Mar-17	MoM (%) chg
JLR	40,385	41,341	-2.3	90,838	-55.5
Jaguar	12,310	7,993	54.0	27,820	-55.8
Land rover	28,075	33,348	-15.8	63,018	-55.4

Region-wise Retail Sales

Region	Apr-17	Apr-16	YoY %	Mar-17	MoM %
UK	5,950	9,095	-34.6	31,778	-81.3
US	9,344	7,052	32.5	15,033	-37.8
Europe	9,797	9,543	2.7	20,516	-52.2
China	10,059	9,135	10.1	12,261	-18.0
RoW	5,235	6,516	-19.7	11,250	-53.5
Total JLR	40,385	41,341	-2.3	90,838	-55.5

Brand-wise Retail Sales

Brands	Apr-17	Apr-16	YoY %	Mar-17	MoM %
XF	2,901	2,590	12.0	6,282	-53.8
XJ	867	828	4.7	1,437	-39.7
F-Pace	5,169	1,523	239.4	10,779	-52.0
XK	0	1		0	
XE	2,466	2,200	12.1	7,533	-67.3
Others (incl. F-type)	907	851	6.6	1,789	-49.3
Total Jaguar	12,310	7,993	54.0	27,820	-55.8
Defender	0	351	-100.0	92	-100.0
Discovery	2,101	4,354	-51.7	5,240	-59.9
Freelander/Dis. Sport	8,139	9,424	-13.6	19,161	-57.5
Range Rover (incl. new)	4,486	4,115	9.0	8,231	-45.5
RR Evoque	7,030	8,293	-15.2	17,959	-60.9
RR Sport (incl. new model)	6,319	6,811	-7.2	12,335	-48.8
Total Land Rover	28,075	33,348	-15.8	63,018	-55.4



Arvind

Bloomberg	ARVND IN
Equity Shares (m)	258.2
M. Cap. (INR b)/(USD b)	105 / 2
52-Week Range (INR)	424 / 257
1,6,12 Rel Perf. (%)	1 / 9 / 36

Financial Snapshot (INR Billion)

Y/E March	2016	2017E	2018E	2019E
Sales	84.5	92.6	109.6	127.4
EBITDA	10.7	10.1	12.7	15.3
NP	3.6	3.5	5.6	7.4
EPS (INR)	14.0	13.5	21.8	28.6
EPS Gr. (%)	6.3	-3.7	61.0	31.4
BV/Sh. (INR)	112.8	147.6	164.5	187.1
RoE (%)	12.9	10.4	14.0	16.3
RoCE (%)	10.5	9.1	11.3	13.2
Div Payout (%)	20.5	31.6	22.7	21.4

Valuations				
Y/E March	2016	2017E	2018E	2019E
P/E (x)	28.8	29.9	18.6	14.1
P/BV (x)	3.6	2.7	2.5	2.2
EV/EBITDA (x)	12.7	12.5	9.9	8.1
Div Yield (%)	0.6	0.9	1.0	1.2

CMP: INR407 TP: INR430 (+6%)

Buy

- We expect Brand and Retail to maintain margins at ~25% in 4QFY17, while Textile is expected to see some impact due to an increase in cotton prices. Additionally, exports are expected to see some impact due to appreciation of INR against USD.
- We expect ARVND's revenue to grow 7.3% YoY (7% QoQ) to INR24.9b in 4QFY17, driven by the Brand and Retail segments.
- We expect EBITDA margin to contract 80bp YoY (+190bp QoQ) to 12%, and estimate EBITDA of INR2.98b, which is expected to remain flat. Consequently, we expect adjusted PAT to grow 17% to INR1.3b. **Buy.**

Key things to watch for

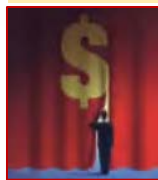
- Impact of cotton price on the Textile business.
- Performance of newly acquired brands and newer formats.

Quarterly Performance (Consolidated)

(INR Million)

Y/E March	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	17,868	19,571	20,338	23,196	21,041	23,311	23,355	24,889	80,973	92,599
YoY Change (%)	0.8	-0.4	-1.9	13.7	17.8	19.1	14.8	7.3	3.1	14.4
Total Expenditure	15,792	17,294	17,760	20,229	18,627	20,988	20,984	21,902	71,074	82,505
EBITDA	2,077	2,277	2,578	2,967	2,415	2,323	2,370	2,987	9,899	10,093
Margins (%)	11.6	11.6	12.7	12.8	11.5	10.0	10.1	12.0	12.2	10.9
Depreciation	586	572	617	664	691	719	734	750	2,440	2,885
Interest	959	906	821	945	891	731	676	670	3,631	2,971
Other Income	270	196	187	208	196	221	109	250	861	778
PBT before EO expense	802	994	1,327	1,566	1,029	1,094	1,070	1,817	4,689	5,016
Extra-Ord expense	-29	56	-22	0	-2	-63	-38	0	80	99
PBT	773	1,050	1,304	1,566	1,027	1,031	1,032	1,817	4,609	4,917
Tax	233	358	389	458	317	270	280	599	1,437	1,475
Rate (%)	30.2	34.1	29.8	29.2	30.9	26.1	27.1	33.0	31.2	30.0
MI & Profit/Loss of Asso. Cos.	-12	-15	11	5	-24	45	4	-70	-11	52
Reported PAT	552	707	905	1,103	734	717	748	1,287	3,161	3,493
Adj PAT	572	670	920	1,104	735	763	776	1,287	3,684	3,563
YoY Change (%)	-36.9	-30.1	-17.1	47.0	28.5	13.9	-15.7	16.6	-3.7	-3.3
Margins (%)	3.1	3.6	4.4	4.8	3.5	3.1	3.2	5.2	3.9	3.8

E: MOSL Estimates



Asian Paints

Bloomberg	APNT IN
Equity Shares (m)	959.2
M. Cap. (INR b)/(USD b)	1036 / 16
52-Week Range (INR)	1230 / 843
1,6,12 Rel Perf. (%)	3 / -17 / 4

Financial Snapshot (INR b)

y/e March	2016	2017	2018E	2019E
Sales	142.8	151.6	171.6	198.1
EBITDA	27.7	30.3	32.6	38.1
Adj. PAT	18.0	19.7	21.7	25.6
Adj. EPS.INR	18.7	20.5	22.6	26.7
EPS Gr. (%)	26.3	9.5	10.2	18.0
BV/Sh.(INR)	58.4	66.5	75.6	88.9
RoE (%)	34.7	32.8	31.8	32.4
RoCE (%)	30.6	29.5	28.6	29.4
Payout (%)	40.4	48.8	50.9	43.1

Valuations

P/E (x)	57.7	52.7	47.8	40.5
P/BV (x)	18.5	16.2	14.3	12.2
EV/EBITDA	36.6	33.4	30.8	26.2
Div. Yield (%)	0.8	1.1	1.2	1.2

CMP: INR1,080 TP: INR1,145 (+6%) Neutral

- We expect revenue to grow 4% to INR38.2b in 4QFY17, with ~3% rise in domestic decorative volumes.
- We note crude prices are up 8% QoQ in 4QFY17. The magnitude of price movement in crude derivatives is lower vis-à-vis crude prices. Operating margin is however likely to contract 20bp to 18.8% in 4QFY17. We estimate 17% PAT growth for 4QFY17, led by a lower tax rate of 25% in 4QFY17 (vs. 35% in 4QFY16).
- The stock trades at 40.5x FY19E EPS of INR26.7; maintain Neutral.

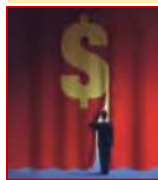
Key issues to watch for:

- Volume growth trends and demand scenario in urban and rural geographies.
- Demand outlook for industrial paints.
- Outlook for raw materials/pricing actions.

Quarterly Performance (Consolidated) (INR Million)

Y/E March	FY16				FY17				FY16	FY17
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Volume Growth % *	12.0	7.0	15.0	13.0	11.0	12.0	2.0	3.0	11.8	7.0
Net Sales	33,343	34,349	38,356	36,698	36,374	37,633	39,370	38,177	142,811	151,555
Change (%)					9.1	9.6	2.6	4.0		6.1
Raw Material/PM	19,088	19,641	21,719	20,055	19,191	20,876	22,045	21,410	80,497	83,522
Gross Profit	14,254	14,708	16,637	16,643	17,183	16,758	17,325	16,767	62,314	68,033
Gross Margin (%)	42.8	42.8	43.4	45.4	47.2	44.5	44.0	43.9	43.6	44.9
Operating Expenses	7,468	8,628	8,782	9,669	8,981	9,628	9,562	9,608	34,630	37,778
% of Sales	22.4	25.1	22.9	26.3	24.7	25.6	24.3	25.2	24.2	24.9
EBITDA	6,786	6,080	7,855	6,974	8,203	7,130	7,763	7,159	27,685	30,255
Margin (%)	20.4	17.7	20.5	19.0	22.6	18.9	19.7	18.8	19.4	20.0
Change (%)					20.9	17.3	-1.2	2.7	34.5	9.3
Interest	89	92	76	149	64	60	92	136	407	352
Depreciation	663	677	694	721	855	844	855	767	2,756	3,321
Other Income	610	629	420	466	719	791	415	427	2,134	2,352
PBT	6,643	5,940	7,504	6,570	8,003	7,017	7,231	6,683	26,656	28,934
Tax	2,047	1,843	2,274	2,279	2,603	2,207	2,465	1,694	8,444	8,970
Effective Tax Rate (%)	30.8	31.0	30.3	34.7	32.5	31.5	34.1	25.4	31.7	31.0
PAT before Minority	4,596	4,096	5,231	4,291	5,400	4,810	4,766	4,989	18,213	19,965
Minority Interest	59	59	16	117	50	51	104	97	250	302
Adjusted PAT	4,537	4,037	5,215	4,174	5,351	4,759	4,662	4,891	17,962	19,663

E: MOSL Estimates



GSK Consumer

Bloomberg	SKB IN
Equity Shares (m)	42.1
M. Cap. (INR b)/(USD b)	218 / 3
52-Week Range (INR)	6584 / 4650
1,6,12 Rel Perf. (%)	-4 / -23 / -35

Financial Snapshot (INR b)

Y/E December	2016	2017E	2018E	2019E
Sales	42.0	40.1	45.7	51.2
EBITDA	8.8	8.6	9.7	10.6
Adj. PAT	6.6	6.5	7.3	8.0
Adj. EPS (INR)	156.5	153.9	173.1	190.8
EPS Gr. (%)	12.8	-1.7	12.5	10.3
BV/Sh. (INR)	581.5	672.3	770.4	880.4
RoE (%)	28.9	24.6	24.0	23.1
RoCE (%)	28.9	24.6	24.0	23.2
Payout (%)	33.7	35.0	40.0	40.0

Valuations

P/E (x)	33.1	33.7	29.9	27.1
P/BV (x)	8.9	7.7	6.7	5.9
EV/EBITDA (x)	20.7	27.2	23.6	21.2
Div. Yield (%)	1.1	1.0	1.2	1.3

CMP: INR5,181 TP: INR5,410 (+4%) Neutral

- We expect GSK Consumer to report net sales of INR11.3b, down 1.3% YoY, led by a 5% volume decline in HFD. In our view, discretionary demand in the core HFD category is yet to witness an uptrend.
- We estimate EBITDA margin to contract 50bp YoY to 21.5%, and PAT decline of 1.8% YoY.
- The stock trades at 27.1x FY19E EPS of INR190.8. We have a Neutral rating on the stock.

Key issues to watch for:

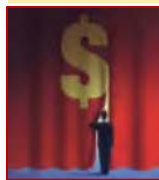
- Growth in HFD volume.
- Outlook for market growth and raw materials.
- Guidance on price increases
- Comment on increasing competitive intensity.

Quarterly Performance

(INR Million)

Y/E Mar	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
HFD Volume Growth (%)	2.0	0.0	0.0	0.0	-6.0	-3.0	-17.0	-5.0	0.5	-7.8
Net Sales	9,955	10,918	9,717	11,430	9,439	10,803	8,604	11,283	42,019	40,128
YoY Change (%)					-5.2	-1.1	-11.5	-1.3		-4.5
Total Exp	7,907	8,537	7,865	8,917	7,404	8,351	6,927	8,859	33,226	31,541
EBITDA	2,048	2,381	1,853	2,512	2,035	2,452	1,677	2,424	8,794	8,587
Margins (%)	20.6	21.8	19.1	22.0	21.6	22.7	19.5	21.5	20.9	21.4
YoY Change (%)					-0.6	3.0	-9.5	-3.5		-2.3
Depreciation	192	136	138	251	147	148	171	253	718	718
Interest	7	7	7	4	6	6	6	5	24	24
Other Income	549	589	576	207	592	578	559	384	1,921	2,114
PBT	2,398	2,827	2,283	2,465	2,474	2,876	2,059	2,550	9,973	9,959
Tax	838	988	797	768	868	1,039	695	884	3,391	3,486
Rate (%)	34.9	35.0	34.9	31.2	35.1	36.1	33.8	34.7	34.0	35.0
Adj PAT	1,561	1,839	1,487	1,697	1,606	1,837	1,364	1,666	6,582	6,473
YoY Change (%)					2.9	-0.1	-8.3	-1.8		-1.7

E: MOSL Estimates



Glenmark Pharma

Bloomberg	GNP IN
Equity Shares (m)	271.3
M. Cap. (INR b)/(USD b)	238 / 4
52-Week Range (INR)	993 / 729
1,6,12 Rel Perf. (%)	-7 / -12 / -9

Financial Snapshot (INR Billion)

y/e Mar	2016	2017E	2018E	2019E
Sales	75.9	95.2	108.3	124.2
EBITDA	13.7	24.0	26.5	27.1
NP	7.0	11.5	13.9	17.1
EPS (INR)	24.9	40.6	49.2	60.5
EPS Gro. (%)	42.0	63.4	21.1	23.0
BV/Sh. (INR)	151.3	202.2	259.5	316.4
RoE (%)	16.4	20.1	19.0	19.1
RoCE (%)	12.7	20.7	19.0	17.1

Valuations

P/E (x)	35.3	21.6	17.8	14.5
P/BV (x)	5.8	4.3	3.4	2.8
EV/EBITDA (x)	19.7	11.2	9.8	9.3
D. Yield (%)	0.2	0.3	0.3	0.3

CMP: INR877 TP:INR990 (+13%) Neutral

- We expect Glenmark Pharmaceuticals (GNP) to report robust 38% YoY growth in overall revenues to INR30b, driven by buoyant performance in the US and India market.
- The India branded business is likely to grow 15% YoY, while the US generic segment is expected to driven strong growth, primarily aided by the gZetia launch. LatAm business is expected to show stable growth as the currency headwinds are behind us. We also do not factor any out-licensing income in our 4QFY17 assumptions.
- EBITDA is likely to increase 407% YoY to INR9.9b. We expect margins to increase to 33% on the back of Zetia launch in Dec-16. Adjusted PAT is expected at INR6.2b, up 313.7.9% YoY, aided by lower tax expenses.
- FY17/18 should be one of the best years for Glenmark in terms of growth due to gZetia exclusivity and other key launches lined up in the US. Having said that, weak cash flow conversion and high net debt remain key concern for GNP. Maintain Neutral with a TP of INR990 @ 18x 1HFY19E EPS. Any big in-licensing deal in the innovation business could act as a positive catalyst.

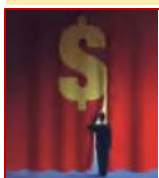
Key issues to watch out

- New ANDA filings in complex category.
- Update on free-cash generation and debt repayment schedule.
- Progress of NCE/NBE pipeline and potential out-licensing prospects.

Quarterly Performance (INR Million)

Y/E March	FY16				FY17E				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Revenues (Core)	16,258	18,440	17,245	21,740	18,832	21,732	24,630	30,012	75,909	95,206
YoY Change (%)	10.0	10.3	1.9	24.0	15.8	17.9	42.8	38.0	15.1	25.4
EBITDA	3,374	3,713	3,379	1,952	3,192	3,978	6,929	9,890	14,326	24,941
Margins (%)	20.8	20.1	19.6	9.0	17.0	18.3	28.1	33.0	18.9	26.2
Depreciation	654	634	559	584	642	770	625	798	2,691	2,836
Interest	419	426	469	475	430	629	617	653	1,789	2,329
Other Income	273	314	340	1,189	1,358	491	866	285	787	3,000
PBT before EO Expense	2,574	2,967	2,692	2,082	3,477	3,070	6,553	8,724	10,632	22,777
Extra-Ord Expense	0	0	0	0	0	0	0	0	0	0
PBT after EO Expense	2,574	2,967	2,692	2,082	3,477	3,070	6,553	8,724	10,632	22,777
Tax	745	962	992	594	1,209	876	1,782	2,571	3,028	6,438
Rate (%)	28.9	32.4	36.9	28.5	34.8	28.5	27.2	29.5	28.5	28.3
Reported PAT (incl one-offs)	1,829	2,004	1,699	1,487	2,268	2,193	4,771	6,154	7,604	16,338
Reported PAT (excl MI)	1,829	2,004	1,699	1,487	2,268	2,193	4,771	6,154	7,604	16,338
YoY Change (%)	-1.1	21.4	48.1	1,301.5	24.0	9.4	180.8	313.7	60.0	114.9
Margins (%)	11.2	10.9	9.9	6.8	12.0	10.1	19.4	20.5	10.0	17.2

E: MOSL Estimates



Granules India

Bloomberg	GRAN IN
Equity Shares (m)	216.7
M. Cap. (INR b)/(USD b)	31 / 0
52-Week Range (INR)	151 / 91
1,6,12 Rel Perf. (%)	6 / 10 / 0

Financial Snapshot (INR Billion)

Y/E MARCH	2016	2017E	2018E	2019E
Sales	14.3	14.2	17.0	24.3
EBITDA	2.8	2.9	3.5	5.2
NP	1.2	1.6	1.9	2.8
EPS (INR)	5.5	6.8	7.7	11.3
EPS Gro. (%)	22.8	24.4	13.3	47.1
BV/Sh. (INR)	30.7	43.1	57.7	66.3
RoE (%)	21.6	18.8	15.8	18.3
RoCE (%)	14.0	11.2	9.3	11.4

Valuations

P/E (x)	25.9	20.8	18.4	12.5
P/BV (x)	4.6	3.3	2.5	2.1
EV/EBITDA (x)	11.0	11.3	9.6	6.8
Di. Yield (%)	2.1	2.3	2.0	1.5

CMP: INR142 TP:INR160 (+13%) Buy

- We expect Granules India sales to decline 6.9% YoY to INR3.5B. We expect one month of disruption in EU formulations sales due to remediation measures taken at Gagilapur formulations plant.
- EBIDTA is also expected to decline 8% YoY to INR721m with slight decline in margin of 20bps to 20.8%, primarily owing to lower raw material costs and better business mix.
- However, we expect to increase ~40% YoY to INR364m on back of profit from minority interest and lower tax rate at 30.8% as against 36.7% in 4QFY16.
- GR trades at 12.5x FY19E EPS. We believe the stock has the potential to deliver >50% return over next 12-18 months, led by multiple re-rating (to >15x forward earnings) and strong EPS CAGR of ~30%. Out TP is based on 16x 1HFY19E PER.

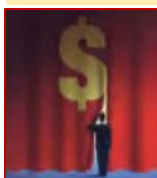
Key issues to watch out

- Contribution of Auctus portfolio and outlook on ANDA filings.
- Performance of Omnicem JV operations.
- Outlook for growth beyond FY18E.

Quarterly performance (INR million)

Y/E March (Consolidated)	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	3,226	3,529	3,449	3,723	3,498	3,638	3,595	3,466	14,295	14,197
YoY Change (%)	3.7	14.7	7.9	5.0	8.4	3.1	4.2	-6.9	11.2	-0.7
Total Expenditure	2,599	2,844	2,772	2,940	2,813	2,896	2,832	2,746	11,571	11,287
EBITDA	627	685	677	783	685	742	763	721	2,725	2,910
Margins (%)	19.4	19.4	19.6	21.0	19.6	20.4	21.2	20.8	19.1	20.5
Depreciation	139	144	167	174	163	185	187	220	643	755
Interest	81	88	114	99	79	83	84	100	399	346
Other Income	14	10	26	14	30	39	43	28	77	140
PBT before EO expense	420	462	422	525	472	513	535	428	1,759	1,949
Tax	133	144	151	193	154	156	176	132	617	618
Rate (%)	31.6	31.1	35.7	36.7	32.5	30.4	32.9	30.8	35.1	31.7
Minority Interest & Profit/ Loss of Asso. Cos.	2	-4	0	0	-71	-51	-31	-67	2	-220
Reported PAT	285	323	272	332	390	408	390	364	1,140	1,551
Adj PAT	285	323	272	332	390	408	390	364	1,140	1,551
YoY Change (%)	24.8	46.2	15.2	48.2	36.5	43.1	43.5	33.9	36.9	36.0
Margins (%)	8.8	9.1	7.9	8.9	11.1	11.2	10.8	10.5	8.0	10.9

E: MOSL Estimates



Havells India

Bloomberg	HAVL IN
Equity Shares (m)	624.6
M. Cap. (INR b)/(USD b)	293 / 5
52-Week Range (INR)	475 / 304
1,6,12 Rel Perf. (%)	7 / -1 / 28

Financial Snapshot (INR b)

Y/E March	2016	2017E	2018E	2019E
Net Sales	77.1	63.1	96.7	112.8
EBITDA	8.0	7.9	11.8	14.0
Adj PAT	4.8	5.6	7.5	8.8
Adj EPS (INR)	7.8	8.9	12.1	14.1
EPS Gr. (%)	-6.0	15.0	35.0	17.0
BV/Sh(INR)	41.0	44.1	49.1	56.2
RoE (%)	19.0	20.3	24.6	25.1
RoCE (%)	20.4	18.1	22.5	24.1
Payout (%)	93.0	65.5	58.2	49.7

Valuations

P/E (x)	60.4	52.5	38.9	33.2
P/BV (x)	11.4	10.6	9.6	8.3
EV/EBITDA (x)	34.6	36.9	24.6	20.7
Div Yield (%)	0.9	1.1	1.3	1.3

CMP: INR469 TP: INR425 (-9%) Neutral

- During the quarter, Havells acquired the consumer durables segment of Lloyd Electric and Engineering Limited for an enterprise value of INR16b on a debt-free, cash-free basis. Lloyd's consumer durables arm has an annual turnover of INR12.4b.
- Standalone revenue is expected to register growth of 8% YoY. We expect the cables segment, which contributes 41% of the company's revenue, to register 5% YoY growth, led by improvement in the prices of the copper (+11% YoY). Electrical consumer durables (+1.2% YoY) and lighting (+2.5% YoY) divisions are likely to report muted growth.
- We expect operating margin to shrink 230bp YoY to 11.4% in 4QFY17, led by increase in staff cost.
- Net profit is expected to decline 23.5% YoY. Maintain **Neutral**.

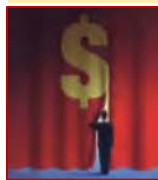
Key issues to watch

- Commentary on the integration of consumer durables arm of Lloyd Electric with itself.
- Commentary on the demonetization-led impact on the sales and guidance for FY18.

Quarterly Performance (Standalone)

(INR Million)

Y/E March	FY16E				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales	12,523	13,359	13,304	14,754	14,668	14,522	15,060	15,896	54,369	61,308
Change (%)	-1.9	-2.1	6.7	9.3	17.1	8.7	13.2	7.7	3.8	12.8
Adj EBITDA	1,620	1,890	1,835	2,196	2,004	2,034	1,907	1,819	7,479	7,861
Change (%)	-1.4	2.9	1.1	11.1	23.7	7.6	4.0	-17.1	2.9	5.1
Adj EBITDA margin (%)	13.1	14.2	13.8	14.9	13.7	14.0	12.7	11.4	13.8	12.8
Depreciation	248	261	266	237	280	308	301	370	922	1,259
Interest	30	31	20	48	16	19	15	0	126	50
Other Income	170	98	134	291	307	253	264	323	687	1,147
Extra-ordinary Items										
PBT	1,489	1,683	1,699	2,208	2,022	2,030	1,877	1,773	7,119	7,699
Tax	421	488	500	567	567	572	537	518	1,988	2,194
Effective Tax Rate (%)	28.2	29.0	29.4	25.7	28.0	28.2	28.6	29.2	27.9	28.5
Reported PAT	1,068	1,195	1,199	1,641	1,456	1,458	1,340	1,255	5,130	5,505
Change (%)	-0.4	-0.1	3.2	34.7	36.3	22.0	11.8	-23.5	10.3	7.3
Adj PAT	1,085	1,204	1,183	1,637	1,450	1,409	1,325	1,255	5,109	5,585
Change (%)	-0.4	-1.0	-0.4	23.6	33.7	17.0	12.0	-23.4	6.0	9.3



HCL Technologies

Bloomberg	HCLT IN
Equity Shares (m)	1412.9
M. Cap. (INR b)/(USD b)	1222 / 19
52-Week Range (INR)	890 / 707
1,6,12 Rel Perf. (%)	-2 / 0 / -18

Financial Snapshot (INR b)

Y/E JUNE	2016	2017E	2018E	2019E
Sales	311.4	467.2	523.9	583.9
EBITDA	68.2	103.0	113.2	124.9
PAT	56.7	81.0	89.7	98.2
EPS (INR)	40.1	57.2	64.3	70.3
EPS Gr. (%)	-20.3	42.5	12.4	9.3
BV/Sh. (INR)	200.2	227.8	233.1	264.7
RoE (%)	21.5	27.0	27.8	28.1
RoCE (%)	19.9	25.2	25.5	26.1
Payout (%)	42.4	42.0	43.6	45.5

Valuation

P/E (x)	21.7	15.2	13.6	12.4
P/BV (x)	4.4	3.8	3.7	3.3
EV/EBITDA	12.2	10.6	9.7	8.5
Div yld (%)	2.0	2.8	3.2	3.7

CMP: INR865 TP:INR1,000 (+16%) Buy

- We expect HCLT's USD revenue to grow 3.7% QoQ in 4QFY17 and 3.4% QoQ on a constant currency basis.
- It is expected to be divided as follows: Organic: 1.5pp, new IBM partnership: 0.6pp (USD10m), and Butler: 1.3pp (USD23m).
- We expect momentum to continue in the IMS business. Deal signings over the last many quarters and growth so far provide visibility and confidence in execution of its 12-14% revenue growth guidance.
- EBIT margins are likely to decline by 20bp to 20.2% because of continued investments in the business, integration of lower margin businesses and increased depreciation, led by amortization of investments made in the IBM partnerships.
- With this, we expect 20.3% EBIT margin for FY17 – towards the higher-end of the 19.5-20.5% guidance range.
- PAT estimate for the quarter is INR19.7b, -4.8% QoQ, on the back of lower margins and lower other income.
- The stock trades at 13.6x FY18E and 12.4x FY19E EPS. Maintain Buy.

Key issues to watch for

- Commentary on performance expectations for FY18.
- Deal signings.
- Organic growth in IMS and traction in Engineering.

HCL Tech Quarterly Performance (US GAAP, INR Million)

Y/E June	FY15				FY16*				FY17				FY16*		FY17E
	4Q	1Q	2Q	3Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Revenue (USD m)	1,538	1,545	1,566	1,587	1,691	1,722	1,745	1,810	4,698	6,968					
QoQ (%)	3.2	0.5	1.4	1.3	6.5	1.9	1.4	3.7	7.1	11.7					
Revenue (INR m)	97,770	100,970	103,410	106,980	113,360	115,190	118,140	120,518	311,360	467,208					
YoY (%)	16.1	15.6	11.4	15.4	15.9	14.1	14.2	12.7	14.6	14.2					
GPM (%)	34.2	34.4	34.6	34.9	34.4	33.6	33.9	33.4	34.6	33.8					
SGA (%)	12.8	12.5	13.0	12.7	12.1	11.8	11.7	11.5	12.7	11.8					
EBITDA (INRm)	21,000	22,110	22,250	23,790	25,210	25,110	26,280	26,386	68,150	102,986					
EBITDA Margin (%)	21.5	21.9	21.5	22.2	22.2	21.8	22.2	21.9	21.9	22.0					
EBIT Margin (%)	20.2	20.6	20.0	20.8	20.6	20.1	20.4	20.2	20.5	20.3					
Other income	2,120	2,410	3,550	2,000	2,530	2,350	2,310	713	7,960	7,903					
ETR (%)	18.6	21.3	20.9	20.5	21.0	21.1	21.5	21.5	20.9	21.3					
PAT before EOI	17,820	18,230	19,190	19,250	20,430	20,150	20,710	19,706	56,670	80,996					
QoQ (%)	5.8	2.3	5.3	0.3	6.1	-1.4	2.8	-4.8							
YoY (%)	-2.9	6.1	-0.2	14.3	14.6	10.5	7.9	2.4	4.0	8.7					
EPS	12.6	12.9	13.6	13.6	14.5	14.3	14.7	13.8	40.1	57.2					
Headcount	106,107	105,571	103,696	104,896	107,968	109,795	111,092	114,742	104,896	114,742					
Util excl. trainees (%)	83.5	83.6	84.7	85.6	85.8	85.3	84.6	84.9	81.8	83.0					
Attrition (%)	16.5	16.3	16.7	17.3	17.8	18.6	17.9								
Fixed Price (%)	56.1	56.2	57.0	56.8	60.9	61.3	63.2								

E: MOSL Estimates



1. DCB Bank: To reach 300 branches by Sep; focus on profitable growth; Nasser Munjee, Chairman

- Concentrating on building the bank and its culture, and aspire to be the most admired bank. Thus aiming to build internal operations which are second to none.
- Would slower the pace of addition of branches to about 10-15 branches a year and concentrate on the performance of the existing branches, once the bank reaches 300 branches, which stands at 260 branches currently.
- After having raised Rs 397 crore via QIP, would not worry about capital raising at least a one year.
- Talking about NPAs, banks never understood the project finance and so bad debts arose out of these project loans. RBI should take top 50 project finance loans and try to resolve them.

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2. Petronet LNG: Expect Gail to award remaining Kochi-Mangalore pipeline spread soon; Prabhat Singh, MD & CEO

- Dahej plant has operated on an average capacity utilisation of increased capacity on an average around 106% of the terminal.
- The pipeline to the Mangalore side has got four spreads and they have awarded three spreads out of that. So out of 440 kilometers of pipeline, they have awarded nearly 330 kms.
- Gail should be in a position to award the rest 100 kms by end of June or beginning of July.
- Right now the spot prices are hovering around USD 5.5-6 per mmbtu and the impact is that these prices are lower than the long-term prices.

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3. Gruh Finance: mostly cater to lig; going through a learning curve in financing ews; Sudhin Choksey, MD

- The estimate of shortages in urban location is at 18-19 million houses and rural location would be around 30 million, so the overall shortage is around 50 million (5 crore) houses.
- Around 80-90% of this housing shortage is under the economically weaker section (EWS) category and that is where government funding will have to come.
- The value of these houses could be anything between Rs 6 to Rs 9 lakhs. However, the company has been operating in the low-income group (LIG) segment, where the value is between Rs 10-15 lakh.
- With the government now wanting lending institutes to participate in the EWS category, the company has participated in few of the projects.

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1. Why NPAS pile up. by Bala Venkatesh

- As a veteran in the global banking and capital markets space, I despair at the ongoing saga of NPAs and their ensuing impact on capital adequacy and balance sheet strength and, of course, the latest ordinance. I see various experts' suggestions, including from the Ministry of Finance and from the Chief Economic Advisor, on matters ranging from strict operating guidelines for banks' management, to creation of a "bad" bank entity that would absorb all the NPAs, thereby lowering the capital requirements of the public sector banks. Further, the RBI too has come out with guidelines on how it would evaluate bank performance — this list goes on.

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2. Hard choices. by The Business Line

- To get the Indian economy firing on all cylinders, a turnaround in core sectors such as steel, power and energy is absolutely critical. The Centre's efforts to overhaul the steel industry through a refreshed National Steel Policy 2017 are thus understandable. With an eye on the fact that steel production generates a GDP multiplier of 1.4 and employment multiplier of 6.8, the new policy lays down lofty targets for the steel sector by 2030-31 — more than doubling capacity from 122 million tonnes to 300 million tonnes, lifting per capita steel use from 61 kg to 160 kg, producing high-end products and reducing import dependence.

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3. Why Narendra Modi government must subsidise digitalpay directly. by The Financial Express

- With around 80% of the demonetised money supply now replaced, not surprisingly, there is talk of digital payments falling back to their pre-demonetisation days. Mint, for instance, talks of how cash withdrawals from ATMs are now much higher than the use of debit cards at merchant outlets (Point of Sale, or PoS, in jargon). So, in April 2016—to use only debit card data—consumers withdrew Rs 225,210 crore from ATMs versus Rs 14,803 crore used at PoS terminals, or a ratio of 15.2:1. By December 2016, the peak of demonetisation, the figures had changed dramatically.

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4. From here to \$20 trillion: India's economic growth strategy. by Niranjana Rajadhyaksha

- The NITI Aayog has put out an action plan for the next three years. The document has been severely criticized for being a laundry list of government policies. A strategy document is to follow. It should ideally have come before the action plan—to provide a strategic backdrop for individual policies listed out in the three-year action plan. The sequencing is a bit odd. There are some elements of strategic thinking that can be gleaned from the action plan itself. The NITI Aayog, in its discussion on transforming Indian agriculture, has dealt at length with the challenge of increasing farm productivity.

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5. Roll out the sun, but gently. by swaminathan s anklesaria aiyar

- When I argued recently that excessive speed in installing solar power threatened to bust coalbased plants and banks that had financed them, critics said I had ignored the environmental issues. Let's all agree that coal-based power is a mass polluter and health hazard. Our long-term goal must be 100% replacement of all thermal power by solar and wind power. These sources are intermittent. So, thermal power is currently needed when there is no sun or wind (up to 80% of the time). But cheap electric storage is being invented, and one day will enable day-time surpluses to be stored and released after sunset.

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International

6. Britain need not slam its doors to limit migration. by Financial Times

- The lady's not for turning. Theresa May, unbowed by seven years of her party failing to meet its promises on immigration, has made it clear that she has no intention of dropping the pledge to cut net migration to the tens of thousands. The worry is not that this target is out of reach. It is that the prime minister is determined to hit it at any cost. The uncertainties of Brexit are already lessening the appeal of moving to Britain. The number of EU-born workers in the UK fell by about 50,000 in the last quarter of 2016, with the reduction driven by graduates.

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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
Automobiles														
Amara Raja	Buy	898	1,084	21	29.3	37.3	43.4	30.7	24.1	6.1	5.0	21.7	22.9	22.0
Ashok Ley.	Buy	85	98	15	4.2	5.2	6.6	20.2	16.5	3.9	3.5	20.6	22.3	24.9
Bajaj Auto	Buy	2,899	3,282	13	133.7	154.8	174.0	21.7	18.7	6.0	5.3	29.5	30.2	30.0
Bharat Forge	Buy	1,124	1,266	13	25.3	37.2	50.6	44.5	30.2	6.6	5.8	15.7	20.5	23.7
Bosch	Neutral	23,200	22,924	-1	472.3	667.8	764.1	49.1	34.7	9.4	7.8	18.2	24.5	23.4
CEAT	Buy	1,643	1,741	6	93.3	104.9	133.9	17.6	15.7	2.8	2.4	16.9	16.3	17.9
Eicher Mot.	Buy	27,852	30,402	9	613.8	892.0	1,135.1	45.4	31.2	15.7	11.2	40.3	41.9	38.5
Endurance Tech.	Buy	811	841	4	22.3	29.4	37.4	36.4	27.6	6.6	5.5	19.6	21.6	22.9
Escorts	Buy	635	608	-4	23.2	34.1	43.4	27.4	18.6	3.2	2.8	12.1	15.9	17.5
Exide Ind	Buy	247	274	11	8.2	9.5	11.8	30.2	26.1	4.2	3.8	14.0	14.5	15.8
Hero Moto	Neutral	3,322	3,390	2	172.2	185.1	188.3	19.3	17.9	7.0	6.0	39.5	36.2	31.9
M&M	Buy	1,377	1,570	14	61.7	75.4	89.5	22.3	18.3	3.4	3.1	14.5	13.9	14.7
Mahindra CIE	Not Rated	246	-		5.4	9.9	11.8	45.9	25.0	2.8	2.6	6.4	10.8	11.5
Maruti Suzuki	Buy	6,731	7,319	9	248.6	300.0	370.9	27.1	22.4	5.6	4.8	20.3	21.2	22.3
Tata Motors	Buy	432	609	41	11.5	29.4	62.0	37.5	14.7	1.7	1.6	4.7	11.0	20.4
TVS Motor	Buy	497	581	17	11.7	16.7	26.7	42.3	29.7	9.8	7.8	25.6	29.2	35.9
Aggregate								28.8	20.5	4.1	3.6	14.3	17.6	21.2
Banks - Private														
Axis Bank	Neutral	526	525	0	15.4	23.4	41.2	34.2	22.4	2.3	2.2	6.9	9.9	15.7
DCB Bank	Neutral	191	170	-11	7.0	8.8	11.2	27.3	21.7	2.9	2.6	10.9	12.4	14.0
Equitas Hold.	Buy	165	210	27	4.7	4.8	7.5	35.0	34.1	2.5	2.3	8.9	7.1	10.1
Federal Bank	Buy	117	125	7	4.8	5.8	7.3	24.3	20.3	2.3	2.1	9.9	10.9	12.5
HDFC Bank	Buy	1,551	1,790	15	56.8	67.1	79.4	27.3	23.1	4.7	4.0	17.9	18.2	19.0
ICICI Bank	Buy	299	365	22	16.8	16.8	19.2	17.7	17.7	2.0	1.9	10.1	9.1	9.8
IDFC Bank	Neutral	65	62	-5	3.0	3.3	4.3	21.7	19.7	1.5	1.4	7.2	7.4	9.0
IndusInd	Buy	1,431	1,700	19	50.1	59.4	72.0	28.6	24.1	4.3	3.7	16.0	16.5	17.3
J&K Bank	Neutral	83	75	-10	-25.2	13.0	15.4	NM	6.4	0.8	0.7	-21.1	11.6	12.5
Kotak Mah. Bk	Buy	926	1,050	13	26.8	32.3	40.5	34.5	28.7	4.5	3.9	13.8	14.5	15.7
RBL Bank	Under Review	562	-		11.9	17.6	23.8	47.3	31.8	5.0	4.4	12.3	14.6	17.3
South Indian	Neutral	26	21	-20	2.8	3.1	3.8	9.4	8.5	0.9	0.8	9.7	10.0	11.3
Yes Bank	Buy	1,599	2,110	32	73.2	92.2	116.2	21.9	17.3	4.1	3.4	18.6	18.0	19.7
Aggregate								26.8	21.7	3.1	2.8	11.5	13.0	14.6
Banks - PSU														
BOB	Buy	186	224	21	7.5	19.0	26.1	24.7	9.8	1.2	1.1	5.0	11.9	14.8
BOI	Neutral	181	129	-29	-5.7	14.5	23.7	NM	12.5	0.8	0.7	-2.5	6.0	9.2
Canara	Neutral	368	380	3	18.8	33.0	48.9	19.6	11.2	0.8	0.7	4.2	6.8	9.4
IDBI Bk	Neutral	78	49	-37	1.5	6.4	8.6	50.9	12.1	0.7	0.7	1.4	5.8	7.3
Indian Bk	Buy	353	360	2	29.3	33.3	38.1	12.1	10.6	1.2	1.1	10.1	10.6	11.1
OBC	Neutral	173	138	-20	0.3	21.0	26.0	689.9	8.3	0.4	0.4	0.1	5.2	6.1
PNB	Buy	172	186	8	5.3	12.4	16.6	32.6	13.8	1.0	0.9	3.0	6.7	8.3
SBI	Buy	295	340	15	8.7	16.9	23.3	33.9	17.4	1.3	1.2	3.9	7.3	9.3
Union Bk	Neutral	177	174	-2	7.6	24.6	34.5	23.1	7.2	0.6	0.6	2.7	8.1	10.5
Aggregate								32.0	13.7	1.0	1.0	3.1	7.0	9.0
NBFCs														
Bajaj Fin.	Buy	1,326	1,448	9	34.4	47.5	64.0	38.6	27.9	8.0	6.4	22.7	25.5	27.3
Bharat Fin.	Neutral	760	769	1	21.0	32.4	45.3	36.2	23.5	4.3	3.6	15.1	16.7	19.5
Dewan Hsg.	Buy	442	559	27	29.6	38.6	45.5	14.9	11.4	1.8	1.6	14.4	14.5	15.2
GRUH Fin.	Neutral	421	421	0	8.1	10.3	12.5	51.7	40.9	13.8	11.5	30.4	30.6	30.9
HDFC	Buy	1,573	1,797	14	46.8	50.7	55.9	33.6	31.0	6.2	5.6	19.3	18.3	17.4
Indiabulls Hsg	Buy	1,083	1,227	13	69.0	82.2	101.6	15.7	13.2	3.8	3.4	25.5	27.0	29.6
LIC Hsg Fin	Neutral	697	723	4	38.2	44.6	51.2	18.2	15.6	3.3	2.8	19.4	19.3	19.0
Manappuram	Not Rated	97	-		8.2	11.1	14.0	11.8	8.7	2.7	2.4	23.9	29.0	32.2
M&M Fin.	Buy	333	400	20	7.1	12.9	16.4	47.0	25.7	2.9	2.7	6.4	10.9	12.9
Muthoot Fin	Buy	398	465	17	29.7	34.5	40.0	13.4	11.5	2.5	2.2	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	166	117	-30	25.7	27.2	30.2	6.5	6.1	1.1	1.0	17.9	17.0	16.8
Repco Home	Buy	758	831	10	28.6	34.0	40.2	26.5	22.3	4.2	3.6	17.3	17.5	17.6
REC	Neutral	219	134	-39	31.4	35.0	40.4	7.0	6.2	1.3	1.1	19.9	19.1	19.1
Shriram City Union	Buy	2,107	2,689	28	84.3	130.4	164.7	25.0	16.2	2.8	2.5	11.8	16.2	17.8
STF	Buy	1,012	1,269	25	55.6	77.4	98.6	18.2	13.1	2.1	1.8	11.7	14.5	16.3
Aggregate								18.3	15.7	3.2	2.8	17.3	17.8	17.9
Capital Goods														
ABB	Sell	1,599	1,200	-25	19.7	25.1	32.2	81.2	63.8	10.3	8.9	12.7	13.9	15.8
Bharat Elec.	Buy	184	180	-2	6.5	7.3	8.5	28.4	25.2	5.4	4.7	20.4	18.8	19.1
BHEL	Sell	178	115	-35	5.5	5.7	5.8	32.0	31.0	1.3	1.2	4.0	4.0	4.0
Blue Star	Neutral	688	680	-1	12.9	20.3	28.9	53.4	33.8	8.5	7.4	17.8	23.3	28.5
CG Cons. Elec.	Buy	237	221	-7	4.6	5.5	6.7	52.0	43.5	39.4	26.8	94.3	73.3	66.1
CG Power & Indu.	Sell	89	45	-49	3.6	3.9	4.5	24.3	22.8	1.3	1.2	5.4	5.5	6.0
Cummins	Neutral	1,063	990	-7	26.6	30.5	36.5	39.9	34.9	8.5	7.7	22.6	23.2	25.3
GE T&D	Neutral	374	340	-9	6.0	11.0	11.4	62.1	33.9	7.4	6.6	11.7	20.7	19.2
Havells	Neutral	501	425	-15	8.9	12.1	14.1	56.1	41.5	11.4	10.2	20.3	24.6	25.1
Inox Wind	Neutral	199	175	-12	17.5	16.6	17.7	11.4	12.0	2.0	1.8	19.2	15.7	14.6
K E C Intl	Buy	237	175	-26	10.5	12.3	13.5	22.5	19.3	3.5	3.0	16.6	16.8	16.2
L&T	Buy	1,740	1,970	13	53.6	64.7	75.8	32.5	26.9	3.4	3.1	10.9	12.1	12.9
Pennar Eng.	Not Rated	146	-		5.8	7.5	10.0	25.2	19.5	2.2	1.9	8.6	10.0	11.8
Siemens	Neutral	1,461	1,340	-8	17.8	26.3	34.1	82.0	55.5	7.9	6.8	9.6	12.2	14.4
Solar Ind	Neutral	795	800	1	19.0	22.3	26.5	41.8	35.6	7.2	6.2	18.4	18.6	19.0
Suzlon Energy	Not Rated	21	-		0.6	0.9	1.0	33.4	24.0	-1.9	-2.1	NM	-8.8	-11.0
Thermax	Sell	1,040	781	-25	23.5	28.4	31.5	44.2	36.6	4.9	4.5	11.6	12.9	13.2
Va Tech Wab.	Buy	676	760	12	26.5	34.5	40.3	25.5	19.6	3.5	3.1	8.9	16.7	17.3
Voltas	Sell	440	370	-16	13.6	14.9	16.9	32.4	29.5	5.4	4.7	17.6	17.1	17.1
Aggregate								36.9	31.0	4.1	3.8	11.2	12.2	12.9
Cement														
Ambuja Cem.	Buy	260	283	9	4.9	6.6	7.2	53.1	39.2	2.7	2.6	5.0	6.7	7.1
ACC	Neutral	1,694	1,521	-10	33.7	49.2	63.6	50.2	34.4	3.8	3.8	7.5	11.0	14.2
Birla Corp.	Buy	773	869	12	21.5	41.2	54.4	35.9	18.7	2.1	2.0	6.0	10.9	13.2
Dalmia Bharat	Buy	2,368	2,392	1	30.7	47.5	70.1	77.3	49.8	5.1	4.7	6.8	9.8	12.9
Grasim Inds.	Neutral	1,166	1,067	-8	68.7	86.6	111.1	17.0	13.5	1.9	1.7	11.7	13.2	14.8
India Cem	Neutral	214	152	-29	5.1	8.7	11.9	41.9	24.5	1.7	1.7	4.0	6.2	7.7
J K Cements	Buy	1,024	1,103	8	32.6	37.2	49.3	31.4	27.5	3.9	3.6	13.3	13.6	16.0
JK Lakshmi Ce	Buy	510	526	3	5.9	12.2	17.8	86.1	41.7	4.4	4.3	5.2	10.5	14.7
Ramco Cem	Buy	719	815	13	27.8	30.1	36.2	25.9	23.9	4.7	4.0	19.6	18.0	18.5
Orient Cem	Buy	164	185	13	-1.6	4.5	6.8	NM	36.4	3.4	3.2	-3.2	9.0	12.3
Prism Cem	Buy	122	118	-3	-0.6	2.6	4.8	NM	46.3	6.4	5.8	-3.1	13.1	20.8
Shree Cem	Buy	19,524	20,072	3	363.2	480.6	642.3	53.8	40.6	9.8	8.0	19.2	21.7	23.5
Ultratech	Buy	4,366	4,928	13	96.1	121.4	159.1	45.4	36.0	5.2	4.6	12.0	13.6	15.7
Aggregate								39.2	29.5	3.8	3.5	9.8	11.9	13.7
Consumer														
Asian Paints	Neutral	1,158	1,145	-1	20.5	22.6	26.7	56.5	51.2	17.4	15.3	32.8	31.8	32.4
Britannia	Buy	3,713	4,065	9	72.2	83.3	101.7	51.5	44.6	19.7	15.6	43.1	39.2	38.0
Colgate	Buy	1,019	1,200	18	21.7	25.8	31.6	47.0	39.5	24.6	23.0	54.9	60.1	68.5
Dabur	Neutral	282	295	5	7.2	7.7	9.1	38.9	36.5	10.3	8.8	28.4	26.0	26.3
Emami	Buy	1,099	1,250	14	26.5	29.2	34.7	41.4	37.6	14.2	11.5	35.8	33.8	32.2
Godrej Cons.	Neutral	1,925	1,950	1	37.8	43.6	50.0	50.9	44.1	12.4	9.6	24.6	24.5	23.0
GSK Cons.	Neutral	5,354	5,410	1	153.9	173.1	190.8	34.8	30.9	8.0	6.9	24.6	24.0	23.1
HUL	Neutral	996	945	-5	19.3	21.5	24.8	51.7	46.3	35.6	37.0	67.6	78.4	92.5
ITC	Buy	274	320	17	8.4	9.3	11.0	32.7	29.3	8.7	7.6	28.4	27.6	28.7
Jyothy Lab	Neutral	378	380	1	8.0	9.0	10.5	47.4	42.0	7.5	6.9	16.4	17.1	18.1
Marico	Neutral	316	335	6	6.3	6.9	8.4	50.2	45.4	17.5	14.9	36.7	35.5	38.1
Nestle	Neutral	6,919	6,665	-4	118.0	139.2	163.3	58.6	49.7	22.1	19.2	39.0	41.4	41.9



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					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
Page Inds	Buy	14,611	17,480	20	235.6	305.1	388.4	62.0	47.9	25.6	20.2	41.3	42.2	43.2
Parag Milk	Neutral	249	250	0	0.8	6.9	12.5	307.6	35.9	3.1	2.8	1.3	8.2	13.2
Pidilite Ind.	Neutral	746	740	-1	16.6	18.3	20.5	45.0	40.9	11.6	9.4	27.9	25.4	23.4
P&G Hygiene	Buy	7,953	8,760	10	144.9	155.8	181.6	54.9	51.0	45.4	36.2	45.3	78.9	74.0
United Brew	Buy	803	1,030	28	10.7	14.3	18.4	75.3	56.1	9.0	7.9	12.6	15.0	16.8
United Spirits	Neutral	1,965	2,025	3	28.6	42.2	58.7	68.6	46.6	12.9	10.3	20.8	22.1	23.8
Aggregate								43.1	38.2	13.2	11.5	30.6	30.0	30.9
Healthcare														
Alembic Phar	Neutral	600	640	7	21.6	26.0	32.1	27.8	23.0	6.0	5.0	23.1	23.6	24.1
Alkem Lab	Neutral	1,908	1,850	-3	79.3	85.7	100.0	24.0	22.2	5.4	4.5	24.4	22.0	21.7
Ajanta Pharma	Buy	1,598	2,028	27	58.4	66.4	79.9	27.3	24.1	9.0	6.9	37.7	32.3	30.0
Aurobindo	Buy	619	900	45	39.8	45.4	54.3	15.6	13.6	3.9	3.1	28.6	25.3	24.0
Biocon	Sell	1,004	900	-10	30.6	33.1	44.9	32.8	30.4	4.5	4.1	13.6	13.3	16.1
Cadila	Buy	470	510	8	12.0	17.7	23.0	39.2	26.6	7.8	6.4	21.4	26.5	27.9
Cipla	Neutral	560	550	-2	17.9	22.0	28.5	31.3	25.5	3.5	3.1	11.0	12.2	13.8
Divis Lab	Neutral	638	600	-6	43.0	32.9	38.6	14.8	19.4	3.6	3.3	25.4	17.7	18.8
Dr Reddy's	Neutral	2,600	2,625	1	76.1	110.9	145.5	34.2	23.5	3.2	2.9	9.8	12.9	15.0
Fortis Health	Buy	210	250	19	2.3	2.9	6.5	89.3	71.2	2.4	2.0	2.7	3.1	6.1
Glenmark	Neutral	888	990	11	40.6	49.2	60.5	21.9	18.0	4.4	3.4	20.1	19.0	19.1
Granules	Buy	142	160	13	6.8	7.7	11.3	20.9	18.5	3.3	2.5	18.8	15.8	18.3
GSK Pharma	Neutral	2,422	2,700	11	34.5	55.5	64.4	70.2	43.6	15.7	18.7	22.4	43.0	56.9
IPCA Labs	Neutral	549	540	-2	15.8	27.9	37.3	34.7	19.7	2.8	2.5	8.4	13.5	15.9
Lupin	Buy	1,260	1,850	47	61.4	78.6	88.8	20.5	16.0	4.3	3.5	22.8	23.8	22.1
Sanofi India	Buy	4,221	4,850	15	129.1	131.0	173.4	32.7	32.2	5.6	5.2	17.1	16.3	19.3
Sun Pharma	Buy	642	850	32	27.1	32.5	38.7	23.7	19.7	4.5	3.8	19.8	20.9	21.0
Syngene Intl	Not Rated	464	-		13.0	16.1	18.0	35.7	28.8	7.2	5.9	22.2	22.5	20.7
Torrent Pharma	Buy	1,340	1,700	27	56.6	76.3	93.4	23.7	17.6	5.7	4.7	25.9	29.3	29.6
Aggregate								25.3	20.7	4.5	3.8	17.6	18.2	18.9
Logistics														
Allcargo Logistics	Buy	183	203	11	9.0	10.9	12.3	20.3	16.8	2.6	2.3	11.5	14.8	14.8
Blue Dart	Not Rated	4,673	-		102.5	129.9	163.2	45.6	36.0	20.2	15.4	50.5	48.6	46.8
Concor	Neutral	1,196	1,042	-13	29.7	39.9	44.9	40.3	30.0	3.5	3.2	8.8	11.2	11.8
Gateway Distriparks	Buy	256	314	23	8.3	15.7	20.1	30.8	16.3	2.2	2.0	7.2	12.9	15.3
Gati	Not Rated	135	-		8.4	15.9	23.9	16.2	8.5	2.2	2.0	12.4	19.4	25.4
Transport Corp.	Not Rated	250	-		16.9	21.0	25.9	14.8	11.9	2.3	2.0	16.7	17.8	18.6
Aggregate								33.8	24.8	3.7	3.4	11.0	13.7	14.9
Media														
Dish TV	Buy	92	115	25	1.4	2.7	4.3	63.8	34.6	18.4	12.0	33.6	42.0	43.9
D B Corp	Buy	374	450	20	20.4	23.0	26.5	18.3	16.3	4.5	4.0	26.2	26.2	26.8
Den Net.	Neutral	103	90	-13	-3.6	2.2	8.5	NM	46.9	1.2	1.1	-4.1	2.5	8.8
Hind. Media	Buy	283	360	27	25.2	27.4	30.3	11.2	10.3	1.9	1.6	18.5	16.8	15.8
HT Media	Neutral	84	90	7	8.0	8.2	8.7	10.5	10.3	0.8	0.7	7.7	7.1	7.0
Jagran Prak.	Buy	196	225	15	10.8	12.2	13.9	18.2	16.0	3.5	3.1	20.7	20.6	20.4
PVR	Buy	1,542	1,667	8	20.8	35.7	56.8	74.2	43.2	7.5	6.6	10.6	16.3	22.0
Siti Net.	Neutral	32	40	26	-1.8	0.0	1.2	NM	NM	3.7	3.2	-21.7	0.0	11.1
Sun TV	Neutral	862	860	0	25.1	29.7	34.5	34.4	29.0	8.6	7.9	25.1	27.3	29.0
Zee Ent.	Buy	516	610	18	11.4	17.3	20.6	45.4	29.8	10.1	8.2	29.1	30.3	29.4
Aggregate								38.4	27.8	6.2	5.4	16.3	19.6	21.6
Metals														
Hindalco	Buy	187	235	26	16.9	22.6	25.4	11.0	8.3	1.6	1.3	15.4	17.5	16.8
Hind. Zinc	Sell	255	235	-8	19.7	21.5	23.7	13.0	11.8	3.5	3.0	24.4	27.2	25.4
JSPL	Buy	114	181	58	-22.3	-17.5	-2.2	NM	NM	0.3	0.3	-7.5	-4.5	-0.6
JSW Steel	Buy	197	222	12	13.6	18.3	20.5	14.6	10.8	2.2	1.9	16.2	18.7	17.9
Nalco	Buy	68	83	23	3.9	5.3	5.8	17.4	12.6	1.3	1.2	7.5	9.6	9.9



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	Buy	126	178	41	12.1	12.3	13.0	10.4	10.3	1.7	1.6	13.4	15.5	15.1
SAIL	Sell	61	30	-51	-7.4	-12.6	0.4	NM	NM	0.7	0.8	-8.1	-15.4	0.5
Vedanta	Neutral	229	250	9	17.7	24.7	27.7	12.9	9.3	1.4	1.3	11.4	15.0	15.6
Tata Steel	Sell	438	440	0	18.9	39.4	45.7	23.2	11.1	3.5	2.8	13.6	28.2	26.5
Aggregate								17.5	13.7	1.4	1.3	7.9	9.6	12.0
Oil & Gas														
BPCL	Buy	728	763	5	55.9	53.7	58.4	13.0	13.6	3.3	2.9	27.1	22.7	21.4
GAIL	Neutral	418	349	-16	21.7	28.9	32.5	19.3	14.5	2.1	1.9	13.0	14.0	14.4
Gujarat Gas	Sell	783	735	-6	17.5	40.0	49.0	44.8	19.6	4.6	3.9	10.7	21.5	22.0
Gujarat St. Pet.	Neutral	179	162	-9	8.9	11.0	13.2	20.1	16.2	2.3	2.1	12.0	13.5	14.5
HPCL	Buy	530	604	14	53.5	44.9	45.8	9.9	11.8	2.6	2.3	27.8	20.7	18.6
IOC	Buy	441	441	0	43.7	39.4	41.0	10.1	11.2	2.5	2.2	26.0	20.4	18.8
IGL	Neutral	1,023	1,023	0	43.3	43.8	49.4	23.6	23.3	5.0	4.3	22.3	19.7	19.2
MRPL	Neutral	134	114	-15	12.2	11.4	12.8	10.9	11.7	2.9	2.4	29.6	22.7	21.4
Oil India	Buy	325	382	18	28.6	33.1	37.8	11.4	9.8	1.1	1.0	9.8	10.8	11.6
ONGC	Buy	188	233	24	15.3	20.0	22.9	12.3	9.4	1.3	1.2	10.4	13.0	14.1
PLNG	Buy	435	454	4	22.7	24.0	33.3	19.1	18.1	4.0	3.5	23.6	20.6	24.3
Reliance Ind.	Neutral	1,360	1,264	-7	106.6	121.7	127.8	12.8	11.2	1.4	1.3	11.9	11.8	11.2
Aggregate								12.7	11.6	1.7	1.6	13.8	13.7	13.6
Retail														
Jubilant Food	Neutral	974	1,110	14	12.3	21.7	29.1	79.0	44.8	8.0	8.7	10.1	19.5	24.9
Titan Co.	Neutral	482	485	1	9.4	10.4	11.8	51.2	46.2	10.3	8.9	21.5	20.6	20.3
Aggregate								52.4	45.0	9.7	8.7	18.4	19.3	19.7
Technology														
Cyient	Buy	536	620	16	30.6	38.3	44.2	17.5	14.0	2.8	2.5	16.2	17.8	17.9
HCL Tech.	Buy	842	1,000	19	57.2	64.3	70.3	14.7	13.1	3.7	3.6	27.0	27.8	28.1
Hexaware	Neutral	249	235	-6	13.7	15.4	16.7	18.2	16.2	4.4	3.9	26.5	25.3	23.5
Infosys	Buy	943	1,200	27	62.9	64.7	71.1	15.0	14.6	3.1	2.8	23.3	21.4	21.2
KPIT Tech	Neutral	129	150	16	11.9	13.4	15.2	10.8	9.6	1.6	1.4	14.3	15.6	15.2
L&T Infotech	Buy	750	850	13	55.5	59.7	65.0	13.5	12.6	4.7	3.7	40.4	32.8	28.3
Mindtree	Neutral	501	475	-5	24.9	30.5	36.5	20.1	16.4	3.3	3.0	16.8	18.9	20.5
Mphasis	Neutral	578	550	-5	42.7	43.0	44.9	13.5	13.4	2.1	1.9	14.1	14.9	14.7
NIIT Tech	Neutral	527	470	-11	42.8	42.5	46.1	12.3	12.4	1.9	1.8	16.1	14.8	14.7
Persistent Sys	Buy	582	700	20	37.7	43.9	51.4	15.5	13.3	2.4	2.3	17.0	18.1	20.3
Tata Elxsi	Buy	1,537	1,780	16	59.3	72.1	89.0	25.9	21.3	9.9	7.9	42.5	41.3	40.8
TCS	Neutral	2,333	2,400	3	133.4	139.7	149.6	17.5	16.7	5.5	5.6	33.5	32.4	32.3
Tech Mah	Buy	430	550	28	32.5	35.7	40.2	13.2	12.1	2.5	2.2	20.1	19.5	19.2
Wipro	Neutral	500	500	0	33.8	34.6	38.2	14.8	14.5	2.4	2.1	16.9	15.5	15.7
Zensar Tech	Buy	888	1,020	15	54.9	67.6	78.4	16.2	13.1	2.5	2.2	16.3	17.7	17.8
Aggregate								16.1	15.5	3.8	3.6	23.5	23.0	22.3
Telecom														
Bharti Airtel	Buy	373	410	10	11.1	10.1	17.0	33.5	37.0	2.2	2.1	6.7	5.8	9.2
Bharti Infratel	Buy	367	435	19	14.9	17.5	19.9	24.7	21.0	4.5	3.9	16.2	19.4	19.1
Idea Cellular	Buy	91	120	33	-3.0	-15.4	-16.9	NM	NM	1.3	1.7	-4.2	-25.3	-37.1
Tata Comm	Buy	661	811	23	26.0	19.5	39.4	25.4	33.8	11.8	8.8	126.2	29.8	41.4
Aggregate								37.5	113.7	2.4	2.3	6.3	2.1	4.8
Utilities														
Coal India	Buy	278	335	20	15.9	18.7	20.9	17.5	14.9	6.9	6.9	39.5	46.3	51.8
CESC	Buy	988	970	-2	50.4	74.7	82.2	19.6	13.2	2.2	2.0	11.1	15.8	15.2
JSW Energy	Buy	70	88	26	3.9	2.1	1.8	18.1	33.0	1.1	1.1	6.7	3.3	2.8
NTPC	Buy	162	199	23	11.9	14.3	17.3	13.7	11.3	1.4	1.3	10.6	11.9	13.3
Power Grid	Buy	211	243	15	15.3	17.7	20.7	13.8	11.9	2.2	1.9	17.3	17.5	17.7
Tata Power	Sell	82	69	-16	5.8	6.7	7.0	14.2	12.1	1.4	1.3	10.8	11.1	10.6
Aggregate								15.1	12.9	2.4	2.2	15.6	16.9	17.9
Others														



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	Buy	421	430	2	13.5	21.8	28.6	31.1	19.3	2.9	2.6	10.4	14.0	16.3
Bata India	Under Review	575	-		10.9	14.2	17.7	52.9	40.5	5.7	5.2	11.3	13.4	15.0
Castrol India	Buy	441	532	21	13.6	14.9	15.2	32.3	29.6	34.0	30.6	110.9	108.6	100.4
Century Ply.	Buy	257	274	7	7.7	8.6	11.4	33.3	29.8	8.7	7.2	28.9	26.5	28.6
Coromandel Intl	Under Review	410	-		16.0	18.3	23.6	25.7	22.4	4.5	4.0	18.2	18.9	21.7
Delta Corp	Buy	166	229	38	3.3	6.9	7.6	50.9	24.2	4.4	3.3	9.0	15.7	17.0
Dynomatic Tech	Buy	2,751	3,334	21	67.6	112.9	166.7	40.7	24.4	5.6	4.6	15.1	20.7	24.3
Eveready Inds.	Buy	316	287	-9	11.4	13.9	16.9	27.7	22.7	8.4	6.8	34.7	33.0	32.4
Interglobe	Neutral	1,124	1,234	10	46.0	65.6	88.2	24.4	17.1	20.1	17.8	86.2	110.2	129.8
Indo Count	Buy	204	232	14	13.7	17.5	21.1	14.9	11.6	4.3	3.1	33.8	30.8	27.3
Info Edge	Buy	848	1,000	18	16.9	17.9	21.0	50.2	47.3	5.3	5.0	11.1	10.9	11.9
Inox Leisure	Sell	280	240	-14	3.3	8.0	12.0	84.0	34.9	4.9	4.3	5.9	12.5	16.2
Jain Irrigation	Under Review	105	-		5.5	7.6	10.0	19.0	13.8	1.6	1.6	8.6	11.7	14.8
Just Dial	Under Review	515	-		17.2	18.5	22.1	30.0	27.9	4.6	4.0	16.5	15.5	16.2
Kaveri Seed	Buy	557	649	17	23.4	28.6	36.1	23.8	19.5	4.0	3.7	17.3	19.8	22.9
Kitex Garm.	Buy	400	551	38	26.0	31.0	36.7	15.4	12.9	4.2	3.4	29.9	28.7	27.7
Manpasand	Buy	709	841	19	13.3	22.0	31.1	53.3	32.2	3.5	3.2	7.7	9.3	13.5
MCX	Buy	1,128	1,325	17	24.8	30.5	42.9	45.5	36.9	4.2	4.0	9.9	11.1	14.6
Monsanto	Buy	2,664	2,841	7	72.9	89.3	109.3	36.5	29.8	11.1	10.4	30.4	35.9	39.6
Navneet Education	Buy	165	210	27	6.6	8.6	10.5	24.9	19.2	6.3	5.3	26.0	30.0	30.9
PI Inds.	Buy	845	1,046	24	30.4	34.8	43.6	27.8	24.3	7.6	6.1	30.9	27.9	27.8
Piramal Enterp.	Buy	2,526	2,200	-13	74.5	127.1	164.7	33.9	19.9	3.3	3.0	10.0	15.7	18.2
SRF	Buy	1,776	1,825	3	82.4	99.9	125.1	21.6	17.8	3.4	2.9	16.5	17.4	19.1
S H Kelkar	Buy	316	371	17	7.7	10.3	13.3	41.0	30.6	5.4	4.9	13.9	16.8	19.1
Symphony	Sell	1,465	1,288	-12	27.0	35.1	42.9	54.2	41.7	29.5	25.1	56.8	65.0	66.3
TTK Prestige	Neutral	6,425	5,281	-18	106.9	137.7	176.0	60.1	46.6	9.5	8.6	16.5	19.4	22.2
V-Guard	Neutral	212	140	-34	3.7	4.6	5.4	57.2	46.3	15.1	12.1	29.4	29.1	27.6
Wonderla	Buy	383	393	3	7.0	11.9	16.0	54.8	32.1	5.0	4.5	9.5	14.8	17.5



Company	1 Day (%)	1M (%)	12M (%)
Automobiles			
Amara Raja	1.7	1.2	-5.7
Ashok Ley.	2.9	3.3	-18.7
Bajaj Auto	1.3	2.2	14.5
Bharat Forge	1.1	3.7	43.1
Bosch	-0.5	2.1	17.5
CEAT	-3.3	18.8	61.9
Eicher Mot.	2.7	8.9	37.5
Endurance Tech.	2.0	-2.2	
Escorts	5.8	16.5	267.0
Exide Ind	3.8	8.5	66.7
Hero Moto	1.0	3.8	12.2
M&M	2.6	7.5	1.9
Mahindra CIE	0.4	10.6	30.0
Maruti Suzuki	1.5	7.5	75.0
Tata Motors	1.3	-9.1	11.1
TVS Motor	-0.5	4.6	66.7
Banks - Private			
Axis Bank	1.7	3.0	7.8
DCB Bank	-0.5	11.6	109.1
Equitas Hold.	0.2	1.5	16.2
Federal Bank	-1.1	30.3	138.9
HDFC Bank	1.0	8.2	35.5
ICICI Bank	-0.9	7.5	32.4
IDFC Bank	0.3	7.9	37.6
IndusInd	0.7	0.4	35.8
J&K Bank	0.2	4.1	27.4
Kotak Mah. Bk	2.1	5.8	28.4
RBL Bank	0.5	-4.3	
South Indian	-0.6	20.5	60.9
Yes Bank	-0.2	-0.1	68.3
Banks - PSU			
BOB	-0.5	8.7	18.1
BOI	-0.2	23.9	102.8
Canara	-1.6	19.4	95.7
IDBI Bk	-4.8	3.8	12.6
Indian Bk	1.3	30.3	276.4
OBC	-0.1	14.6	98.2
PNB	-0.9	13.0	108.3
SBI	-0.5	1.9	55.6
Union Bk	-1.3	13.7	46.2
NBFCs			
Bajaj Fin.	3.2	7.4	78.5
Bharat Fin.	0.0	-2.3	27.7
Dewan Hsg.	0.9	14.8	120.7
GRUH Fin.	2.0	8.9	67.1
HDFC	3.2	7.2	29.1
Indiabulls Hsg	-0.2	15.8	57.9
LIC Hsg Fin	2.1	11.1	51.2
Manappuram	1.5	1.7	133.7
M&M Fin.	2.6	-1.7	11.2
Muthoot Fin	0.4	6.1	92.2
PFC	0.2	9.1	96.2
Repco Home	1.4	9.9	20.7
REC	-0.9	19.6	161.3
STF	0.8	-6.8	-4.9
Shriram City Union	-0.9	-5.6	25.7

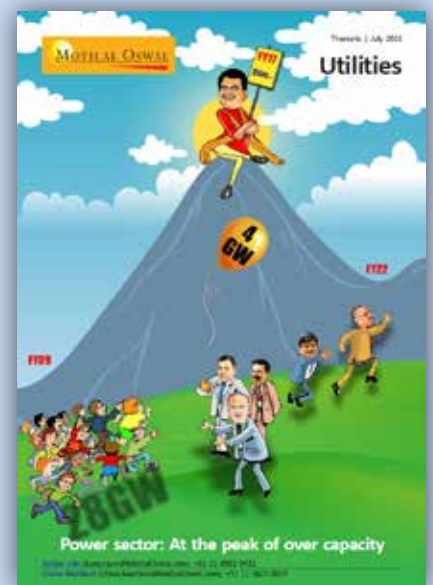
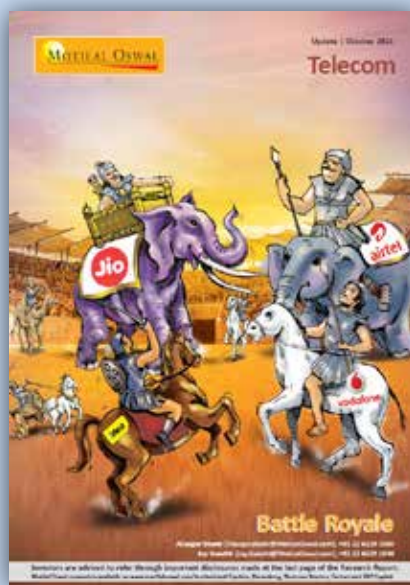
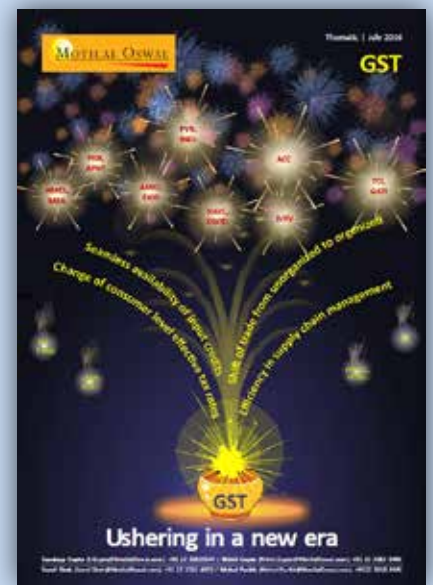
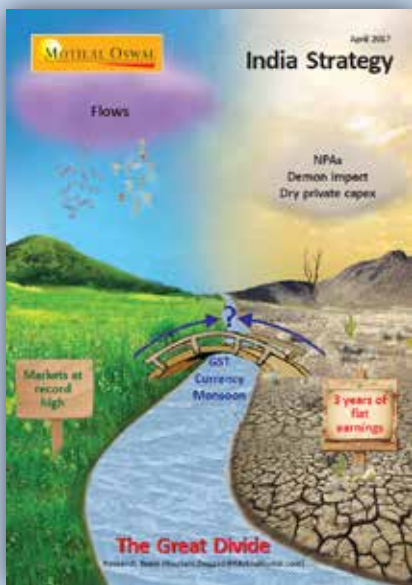
Company	1 Day (%)	1M (%)	12M (%)
Capital Goods			
ABB	4.0	13.6	24.9
Bharat Elec.	1.6	6.9	57.3
BHEL	0.4	1.6	38.0
Blue Star	-2.5	2.8	59.7
CG Cons. Elec.	-1.3	12.3	
CG Power & Inds Sol.	6.3	11.5	46.0
Cummins	-0.3	8.6	20.6
GE T&D	2.0	8.2	8.0
Havells	1.5	6.2	44.6
Inox Wind	-1.2	5.5	-18.1
K E C Intl	7.2	10.8	85.2
L&T	-0.1	3.9	32.0
Pennar Eng.	-2.4	4.5	-5.6
Siemens	1.0	11.4	27.2
Solar Ind	0.7	-6.7	18.8
Suzlon Energy	2.4	9.6	43.0
Thermax	2.6	5.4	36.4
Va Tech Wab.	1.3	-1.8	17.4
Voltas	2.9	7.0	43.3
Cement			
Ambuja Cem.	0.8	6.2	17.7
ACC	-0.1	15.1	16.0
Birla Corp.	0.3	4.0	97.7
Dalmia Bharat	-1.7	11.7	171.3
Grasim Inds.	-0.1	7.2	38.3
India Cem	2.5	30.7	136.9
J K Cements	0.8	9.0	80.9
JK Lakshmi Ce	2.1	13.6	51.1
Ramco Cem	1.9	6.1	43.7
Orient Cem	-1.0	14.2	9.7
Prism Cem	-0.3	16.7	38.0
Shree Cem	0.3	10.7	51.7
Ultratech	-1.5	7.6	37.6
Consumer			
Asian Paints	-0.6	9.2	28.8
Britannia	3.6	8.8	31.6
Colgate	1.3	0.3	20.6
Dabur	3.2	-1.6	-3.0
Emami	2.0	6.1	-1.0
Godrej Cons.	-0.2	14.4	39.3
GSK Cons.	3.5	3.6	-9.2
HUL	4.6	7.7	15.5
ITC	0.9	0.1	27.8
Jyothy Lab	1.8	10.2	21.8
Marico	4.2	5.4	26.2
Nestle	3.2	4.7	25.3
Page Inds	1.3	3.6	12.9
Parag Milk	-2.5	0.0	
Pidilite Ind.	0.4	6.2	25.0
P&G Hygiene	-0.3	8.1	25.1
United Brew	1.2	7.8	3.3
United Spirits	3.5	4.0	-25.6
Healthcare			
Alembic Phar	1.4	-3.2	1.4
Alkem Lab	0.3	-10.9	55.5
Ajanta Pharma	1.0	-8.0	3.2
Aurobindo	3.9	-5.8	-24.1



Company	1 Day (%)	1M (%)	12M (%)
Biocon	-4.1	-9.0	62.4
Cadila	-0.8	4.2	41.0
Cipla	1.5	-4.9	4.3
Divis Lab	0.9	-3.0	-40.4
Dr Reddy's	0.6	-1.4	-11.2
Fortis Health	-1.6	13.2	23.4
Glenmark	3.3	1.9	3.9
Granules	1.4	3.0	8.1
GSK Pharma	0.1	-11.4	-31.4
IPCA Labs	0.7	-13.5	16.4
Lupin	0.7	-11.1	-22.0
Sanofi India	1.6	-8.4	-2.9
Sun Pharma	0.5	-3.7	-19.9
Syngene Intl	-1.0	-13.7	27.7
Torrent Pharma	2.2	-8.9	-3.4
Logistics			
Allcargo Logistics	0.0	4.3	21.7
Blue Dart	1.4	-7.8	-12.6
Concor	0.0	5.7	14.8
Gateway Distriparks	0.8	-2.5	-9.3
Gati	1.1	-2.6	17.5
Transport Corp.	-0.3	6.6	54.3
Media			
Dish TV	-3.2	-9.7	1.1
D B Corp	-1.6	-2.0	14.7
Den Net.	5.3	14.6	17.4
Hind. Media	-0.6	-1.6	5.4
HT Media	1.4	-2.4	-3.2
Jagran Prak.	0.1	4.9	15.5
PVR	-0.5	0.5	85.7
Siti Net.	-0.9	-16.3	-11.1
Sun TV	0.5	9.5	138.7
Zee Ent.	4.0	-6.4	23.5
Metals			
Hindalco	0.4	-3.9	108.2
Hind. Zinc	0.5	-11.0	67.7
JSPL	0.4	-10.6	76.9
JSW Steel	2.5	-3.1	53.3
Nalco	-0.1	-9.1	56.9
NMDC	0.3	-6.4	36.2
SAIL	0.7	-8.5	44.1
Vedanta	1.5	-16.0	127.1
Tata Steel	1.0	-11.6	33.5
Oil & Gas			
BPCL	1.0	4.1	60.9
GAIL	-0.8	8.5	42.6
Gujarat Gas	-0.5	1.4	50.5
Gujarat St. Pet.	4.3	12.6	29.3
HPCL	0.4	-2.4	91.3
IOC	0.0	7.2	113.4
IGL	1.1	1.8	79.0
MRPL	0.0	21.3	94.1
Oil India	-0.2	-3.9	32.7
ONGC	1.0	0.8	35.4
PLNG	1.4	5.3	57.3
Reliance Ind.	2.2	-1.6	38.5
Retail			
Jubilant Food	-1.8	-5.2	-17.4

Company	1 Day (%)	1M (%)	12M (%)
Titan Co.	2.9	-0.8	29.5
Technology			
Cyient	0.7	13.2	13.6
HCL Tech.	-0.4	1.1	17.0
Hexaware	-0.2	18.0	16.0
Infosys	-0.4	-1.0	-22.2
KPIT Tech	0.6	0.0	-21.2
L&T Infotech	0.3	4.3	
Mindtree	-0.8	12.4	-22.5
Mphasis	0.4	3.6	22.3
NIIT Tech	6.2	22.7	11.8
Persistent Sys	0.7	3.2	-18.7
Tata Elxsi	-0.2	-1.7	-17.8
TCS	-0.9	-3.7	-7.6
Tech Mah	1.3	-2.9	-9.8
Wipro	-1.6	-0.6	-7.1
Zensar Tech	-0.4	-4.0	-8.4
Telecom			
Bharti Airtel	7.9	7.9	1.0
Bharti Infratel	0.4	2.7	-3.3
Idea Cellular	4.1	3.2	-19.8
Tata Comm	1.1	-6.2	50.6
Utilities			
Coal India	0.1	-3.1	-2.4
CESC	1.8	17.4	84.8
JSW Energy	1.1	6.5	1.6
NTPC	0.7	-2.6	15.4
Power Grid	1.1	7.9	48.7
Tata Power	-1.6	-6.2	12.7
Others			
Arvind	0.3	5.7	46.0
Bata India	-0.7	1.4	-0.5
Castrol India	0.0	1.7	4.3
Century Ply.	-0.1	-1.4	40.7
Coromandel Intl	2.1	25.3	81.6
Delta Corp	2.8	-7.6	102.2
Dynamatic Tech	2.5	-4.0	27.2
Eveready Inds.	2.2	13.2	29.7
Interglobe	-1.4	3.5	4.6
Indo Count	0.6	4.1	5.4
Info Edge	0.6	-0.7	13.6
Inox Leisure	-0.8	-5.0	43.2
Jain Irrigation	1.5	3.6	55.4
Just Dial	2.2	-1.8	-29.8
Kaveri Seed	0.2	0.1	37.9
Kitex Garm.	-0.6	-5.1	-10.0
Manpasand	1.5	0.9	37.8
MCX	-0.2	-8.8	28.0
Monsanto	2.6	6.6	46.6
Navneet Educat.	-1.5	2.1	86.6
PI Inds.	0.6	1.7	35.8
Piramal Enterp.	1.4	28.6	103.4
SRF	1.0	8.8	25.7
S H Kelkar	2.0	2.4	40.4
Symphony	0.6	-2.7	21.4
TTK Prestige	-0.5	2.6	43.8
V-Guard	0.4	15.0	149.5
Wonderla	1.4	-2.5	0.7

THEMATIC/STRATEGY RESEARCH GALLERY



REPORT GALLERY

RECENT INITIATING COVERAGE REPORTS

MOTILAL OSWAL Initiating Coverage | 19 April 2017
Sector: Oil and Gas
Gujarat Gas



Long road ahead

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MOTILAL OSWAL Initiating Coverage | 29 March 2017
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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MOTILAL OSWAL Initiating Coverage | 16 December 2016
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 expense recognized in P&L of INR15.8b.
- ▶ 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
52.52 High (INR)	1,100.12
52.52 Low (INR)	1,000.07

Shareholding pattern (%)

As on	Jun-18	Mar-18	Jun-17
Promoter	33.0	33.0	34.7
MF	39.2	39.0	3.8
FI	24.0	24.4	23.0
Other	3.8	3.6	33.5

Auditor's name
Deloitte Haskins & Sells LLP

Key highlights:

- Operating performance muted: Revenue grew just 3.2% to INR235.8b. EBITDA margin expanded 70bp to 29.4%, led by gross margin expansion. Contingent liabilities on tax disputes increased to INR23.5b (FY17: INR15.8b); cash tax paid (at INR18.6b) was significantly higher than expense (at INR15.8b), operating cash flow post interest increased from INR15.2b to INR18.6b on decline in other assets to INR24.7b (partially representing USD100m receivables for financing Proteus liability); however, this was partially offset by INR13.1b increase in receivables. FY18 deteriorated to INR20.4b (FY17: INR24.0b) on higher capex and acquisition of brands, goodwill and intangibles rose to INR87.8b (24% of net worth), cash and investments stood at INR161.6b (54% of net worth), with 20% year-on-year FY18 financials (in FY18 annual report) received prior year financials incorporated.
- Operating performance muted: Revenue grew just 3.2% to INR235.8b. EBITDA margin expanded 70bp to 29.4%, led by gross margin expansion, partially compensated by higher (a) legal and consultancy cost at INR15b (8.1% of revenue, FY17: INR16.5b), (b) revenue R&D expenses at INR23b (7.9% of revenue, FY17: INR18b), and (c) miscellaneous expenses (after regrouping) at INR0.5b (FY17: INR0.4b), including INR1b additional liability towards USD100m debt.
- Tax rates remain less contingent liabilities on tax dispute rise: Tax rates remained low at 13.8%, primarily on account of low tax rates in certain subsidiaries (Sun Pharma Global P2C-IN) and Sun Pharmaceutical Laboratories (SPL). On a consolidated basis, contingent liabilities increased steeply from INR13.1b in FY17 to INR23.5b (13% of net worth). The increase in overall tax dispute liabilities was driven by tax dispute liabilities for the standalone entity increasing from INR1.1b in FY17 to INR1.9b.
- Cash tax significantly exceeds tax expense recognized: The cash tax paid (cash flow, at INR18.6b) continued to be higher than the tax expense recognized in the P&L (at INR15.8b) on account of deferred tax assets (DTA) recognized, tax paid under protest and advance income tax paid. The cumulative tax paid under protest as at the end of FY18 was INR13.1b. Details on such amount paid in FY18 or cumulative amount paid in FY18 are not available.
- High capex and rising receivables debt: FCY: P&L post interest declined 21% YoY to INR20.4b on rising capex and acquisition of brands. Operating cash flow were primarily supported by decline in other current assets by INR23b, which was partially offset by increase in receivables by INR23.1b.

ART will present a treasure pot of annual reports - valuations, average size structures, we believe ART's work create - from accounting and auditing basis to corporate governance and compliance to government matters - will create a career path for the stock investment warriors.
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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. Anandharam Bharathicharan, 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% read) over last one month, and excess liquidity is parked in reserve 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.
- Standard 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, on excess liquidity, the spread is 2% currently, as against blended spread of ~1.4% at 30/12/17.
- 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 discussion of bandwidth for key departments due to demonetization.
- SBI 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. Bharathicharan 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. Bharathicharan was involved in launching various new business initiatives like general insurance, customer service and infrastructure fund.

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MOTILAL OSWAL

VOICES

30/12/17 | February 2018

India Inc on Call

VOICES, 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 2018 as against ~3% growth over the previous five years (2011-2015). Motilal Oswal's leading indicators (MOI) suggest that consumption continues to run 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 2013-12 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).

These leading indicators are then weighed to create a composite monthly index for economic activity. Exhibit 2 shows the high correlation between our composite EAI and official estimates of real GDP growth (including discrepancies). The two indicators share a strong positive correlation, which is as high as 72%.

Exhibit 1: Strong correlation between our composite EAI and real GDP growth

Further, our leading indicators are available for almost two decades, providing a great source of information on Indian economic activity since late 1990s. We also find that MOI confirm consumption to be the key driver of economic growth, while investments lag markedly.

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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
HFCL	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
HDFC	-1

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April 2017

MOTILAL OSWAL

FUND FOLIO

Indian Mutual Fund Tracker

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

Equity AUM (INR L) - Nifty Index

Equity AUM (INR L) - Nifty Index

Year	Equity AUM (INR L)	Nifty Index
FY13	1,304	5,236
FY14	1,438	5,483
FY15	1,636	6,764
FY16	2,067	7,778
FY17	2,482	9,174

Acme rise by 40% against Nifty rise of 2.1% in last 5 years

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

INR18.3t

INR603b Net inflows in FY17 down 11% YoY

Investors are advised to refer to important disclosures made at the last page of the Research Report.
April 2017

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