

Market snapshot



Equities - India	Close	Chg .%	YTD.%
Sensex	27,140	0.9	1.9
Nifty-50	8,381	1.1	2.4
Nifty-M 100	15,160	1.2	5.6
Equities-Global	Close	Chg .%	YTD.%
S&P 500	2,275	0.3	1.6
Nasdaq	9,346	0.0	1.0
FTSE 100	7,290	0.2	2.1
DAX	11,646	0.5	1.4
Hang Seng	9,734	0.7	3.6
Nikkei 225	19,365	0.3	1.3
Commodities	Close	Chg .%	YTD.%
Brent (US\$/Bbl)	54	2.9	-1.8
Gold (\$/OZ)	1,192	0.3	3.4
Cu (US\$/MT)	5,690	-0.8	3.0
Almn (US\$/MT)	1,763	0.3	3.4
Currency	Close	Chg .%	YTD.%
USD/INR	68.3	0.2	0.6
USD/EUR	1.1	0.3	0.6
USD/JPY	115.4	-0.3	-1.3
YIELD (%)	Close	1MChg	YTDchg
10 Yrs G-Sec	6.4	0.0	-0.1
10 Yrs AAA Corp	7.8	0.1	0.2
Flows (USD b)	11-Jan	MTD	CY16
FII	-0.1	-0.5	2.9
DII	0.2	0.5	5.3
Volumes (INRb)	11-Jan	MTD*	CY16*
Cash	252	202	220
F&O	5,326	3,282	3,447

Note: YTD is calendar year, *Avg

Quote of the day

You only have to do a very few things right in your life so long as you don't do too many things wrong



Today's top research ideas

mPower (December 2016) | Generation up 6% YoY; Southern region demand grows 8.8% in 8MFY17

- ❖ Conventional power generation grew 6% YoY to 95bkwh in December 2016, driven by coal-based generation growth at 7.8% YoY. Generation increased 5.1% YoY to 825bkwh in 9MFY17.
- ❖ 1.5GW capacities were added in November. The major ones were 660MW by Sembcorp in Andhra Pradesh and 600MW by Singareni in Telangana. For 8MFY17, capacity addition was at 4.2GW against 8.3GW in 8MFY16.
- ❖ All-India PLF of conventional capacities declined 22bp YoY to 49% in December and 67bp YoY to 50% in 9MFY17.
- ❖ In 8MFY17, consumption increased 5.1% YoY. UP, Bihar, TN and Karnataka are witnessing high growth of 10-12%.



Research covered

Cos/Sector	Key Highlights	Est Chg
TCS	More headwinds than just seasonal	↔
Infosys	A temporary blip in the trajectory	↔
Cyient	-	
Financials & Metals	Steel sector – Incremental developments	-
mPower	December 2016: Generation up 6% YoY	-
Healthcare	Pricing pressure in the US to keep growth under check	-



Piping hot news

Patel warns against steep interest rate subvention

- ❖ Reserve Bank of India (RBI) Governor Urjit Patel on Wednesday cautioned that credit guarantees and interest rate subventions reduced the incentive to guard against risk when people were protected from its consequences. Patel was speaking at Gandhinagar, Gujarat, at an event to commemorate GIFT, India's first International Financial Services Centre (IFSC). On the New Year's eve, Prime Minister Narendra Modi raised the ceiling for credit guarantees on loans to small businesses from Rs 1 crore to Rs 2 crore and offered interest rate relief of 4 per cent on housing loans up to Rs 9 lakh and 3 per cent on loans up to Rs 12 lakh.



Chart of the Day: Bankwise steel sector exposure and stress loans as of 1HFY17

INR B	% of Funded % of loans			of (a)				of (b)			
	Steel (a)	Exp	% of loans	Standard	% of steel	Stress (b)	% of steel	NPA	% of steel	Other stress	% of steel
ICICI	361	3.8	7.0	218	60.4	143	39.6	96	26.6	47	13.0
AXSB	250	4.8	6.5	191	76.2	60	23.8	33	13.0	27	10.8
SBIN Cons	1,810	9.5	9.9	1,226	67.7	584	32.3	557	30.8	27	1.5
PNB	287	6.4	7.3	118	41.1	169	58.9	146	50.9	23	8.0
BOB	263	5.1	7.4	161	61.1	102	38.9	97	37.0	5	1.9
CBK	230	6.8	7.0	110	47.8	120	52.2	110	47.8	10	4.3
OBC	118	5.5	8.3	40	33.7	78	66.3	66	55.9	12	10.4
BOI	165	4.1	4.5	42	25.3	123	74.7	116	70.0	8	4.7
INBK	51	2.7	4.0	14	27.9	37	72.1	32	62.3	5	9.9
Aggregate	3,535	6.4	8.0	2,119	59.9	1,416	40.1	1,252	35.4	164	4.6
Industry	4,115		6.2			1,765	42.9				

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

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



Kindly click on numbers for the detailed news link

1

Donald Trump: Pharma industry is getting away with murder

US president-elect Donald Trump on Wednesday attacked the pharmaceutical industry for high drug prices and for manufacturing overseas, saying he will create new procedures for bidding on drugs...

2

Shutdowns in China Give Hope to Indian Steel Makers, Stocks Rally...

Steel stocks including JSW Steel, Tata Steel and SAIL rallied 4-5% on Wednesday on reports of Chinese capacity shutdowns. However, this development may not benefit Indian steel producers much since there is no reduction in Chinese steel production, believe industry experts. The Chinese stance in the steel sector matters since it accounts for almost half of global demand and half of the world's steel production.

3

In November, banks' exposure in all major industries shrank

In November, banks shrank their credit base to various industries, data from the Reserve Bank of India showed. The infrastructure sector saw a dip of 6.7 per cent in the year to November 25. Part of the reason could be that banks have become risk-averse in lending and, at the same time, companies are not borrowing ...

4

NITI Aayog bats for changing 10% I-T slab

National Institution for Transforming Indian (NITI) Aayog is in favour of keeping the threshold for the income tax (I-T) exemption intact at Rs 2.5 lakh. Instead, they want to extend the tax (10%) on the Rs 5 lakh slab to Rs 7 lakh....

5

SBI ringing in new business plan

With the government telling public sector banks that the capital support needed by them cannot be funded by budgetary support alone, State Bank of India is working on a '2 by 20' plan to grow business under its own steam. Over the next few years, India's largest bank will seek to attain return on assets (ROA) of 2 per cent and return on equity (ROE) of 20 per cent in a bid to become independent for capital, generating enough surplus to be able to clock an annual growth of 15-17 per cent, said a senior...

6

Sell 50% stake in PSUs through strategic disinvestment: NIPFP to govt

Even as the government has adopted a cautious approach to disinvestment after setting itself ambitious targets in the past three Union Budgets, a working paper published by a government-funded think tank National Institute of Public Finance and Policy (NIPFP) has called for a ...

7

Havells India to step up presence in South with tech-enabled fans

Havells India, which expects to increase its market share in the fans segment with its new range of technology-enabled and value for money products, says that demonetisation impact was temporary. Saurabh Goel, Executive Vice-President...



3QFY17 RESULTS

What to expect

TCS

BSE SENSEX
26,900

S&P CNX
8,289

CMP: INR2,325 TP: INR2,500(+8%)

Neutral



Stock Info

Bloomberg	TCS IN
Equity Shares (m)	1970.4
52-Week Range (INR)	2740/2055
1, 6, 12 Rel. Per (%)	5/-4/11
M.Cap. (INR b)	4562.4
M.Cap. (USD b)	66.9
Avg Val, INRm	2840
Free float (%)	26.7

Financials Snapshot (INR b)

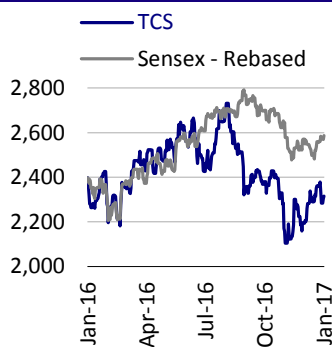
Y/E Mar	2017E	2018E	2019E
Net Sales	1,183.9	1,340.7	1,478.0
EBITDA	322.8	364.5	386.1
PAT	263.1	290.9	311.7
EPS (INR)	133.8	148.0	158.6
Gr. (%)	8.3	10.6	7.2
BV/Sh (INR)	423.5	501.0	580.7
RoE (%)	33.4	30.8	28.0
RoCE (%)	32.4	30.0	27.3
P/E (x)	17.4	15.7	14.7
P/BV (x)	5.3	4.5	3.8

Shareholding pattern (%)

As On	Sep-16	Jun-16	Sep-15
Promoter	73.3	73.3	73.9
DII	5.2	5.2	8.9
FII	17.0	17.0	12.7
Others	4.5	4.5	4.5

FII Includes depository receipts

Stock Performance (1-year)



More headwinds than just seasonal

Expectations from 3QFY17

On account of seasonal weakness, we expect 3QFY17 revenue growth of 1.5% QoQ CC for TCS. However, the depreciation of major currencies against the USD is likely to pare 160bp of this increase. The outlook on deal wins, project delays and budgets would be keenly watched. The stock trades at 17.4x FY17E and 15.7x FY18E earnings. Neutral.

Seasonal weakness and cross-currency woes impact 3QFY17

After the seasonally strong 1H offered nothing to write home about, compounding of furloughs in 3Q keeps our expectations muted. In this scenario, we expect 1.5% QoQ CC growth for TCS. It saw a deferment to the tune of ~USD27m in an India-based contract in the previous quarter, which is expected to get added in 3Q. This would lead to better revenue growth than in 2Q (+1% QoQ CC).

Currency impact expected to be greater compared to peers

The situation would be further accentuated by the depreciation of the GBP, EUR, AUD and JPY against the USD. Cross-currency movement is expected to shave off 160bp from revenues, leading to -0.2% QoQ growth in USD terms. Cross-currency headwind is greater for TCS because of its relatively high exposure to the JPY. For the rest of the tier-I peers, we expect a cross-currency hit of 110-140bp.

Revenue deceleration in six of the last seven quarters

YoY revenue growth has been on a downward spiral for TCS since past two years. Organic growth came down from 14.5% YoY CC in 3QFY15 to 9.8% YoY CC in 3QFY16, and is expected to decline further to +7.9% YoY CC in 3QFY17. TCS' revenue growth has decelerated in six of the last seven quarters due to a pullback in discretionary spend and issues in pockets like Telecom, Energy, LatAm, Japan and Insurance. This trend, however, does not apply for 3Q, where expected growth of 7.9% YoY CC compares with 6.8% YoY CC in 2Q.

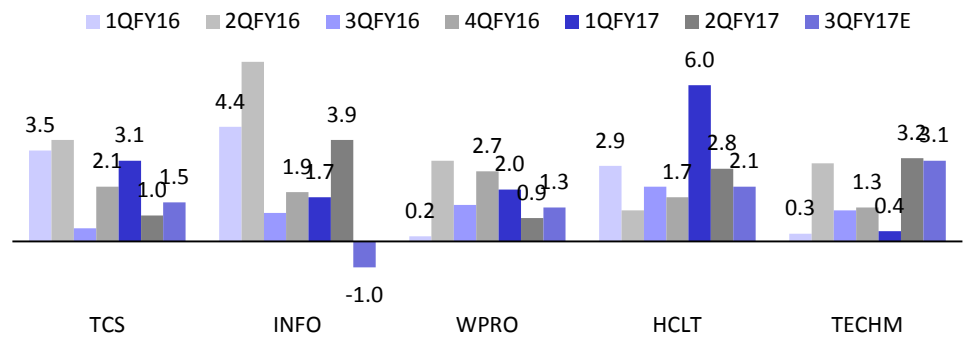
Profitability thus might be hurt

Our EBIT margin estimate for 3QFY17 stands at 25.5% QoQ (-50bp QoQ), below the lower end of the guided range of 26-28%. There is a possibility of TCS' margins being lower than the range for FY17, unless there is a pick-up in profitability in 4Q. We estimate PAT to decline 5.1% QoQ to INR62.5b, led by lower revenue, profitability and other income.

Key issues to watch for:

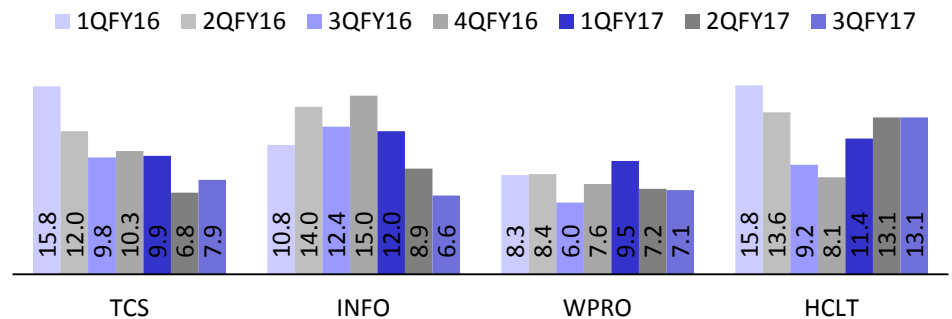
- Outlook on revenue from TCS Japan.
- Traction in new Digital initiatives (automation/solutions).
- Outlook for BFSI vertical.

Exhibit 1: Seasonal weakness dampens revenue growth (QoQ, CC %)



Source: Company, MOSL

Exhibit 2: YoY traction seen picking up only at TCS and HCLT (YoY, CC, %)



Source: Company, MOSL

Exhibit 1: Quarterly Performance

Y/E March	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue (USD m)	4,036	4,156	4,145	4,207	4,362	4,374	4,363	4,463	16,544	17,563
QoQ (%)	3.5	3.0	-0.3	1.5	3.7	0.3	-0.2	2.3	7.1	6.2
Revenue (INR m)	256,681	271,655	273,640	284,486	293,050	292,840	294,529	303,502	1,086,462	1,183,920
YoY (%)	16.1	14.1	11.7	17.5	14.2	7.8	7.6	6.7	14.8	9.0
GPM (%)	44.9	45.5	45.6	44.8	43.9	44.8	44.5	44.7	45.2	44.5
SGA (%)	16.8	16.7	17.3	17.0	17.1	17.1	17.3	17.3	17.0	17.2
EBITDA	72,019	78,224	77,469	79,068	78,380	81,110	80,095	83,218	306,780	322,803
EBITDA Margin (%)	28.1	28.8	28.3	27.8	26.7	27.7	27.2	27.4	28.2	27.3
EBIT Margin (%)	26.3	27.1	26.6	26.1	25.1	26.0	25.5	25.7	26.5	25.6
Other income	7,707	6,751	6,990	9,050	9,630	10,520	7,180	9,567	30,498	36,897
ETR (%)	23.2	24.1	23.2	23.7	24.0	23.8	23.8	23.8	23.6	23.9
PAT	57,086	60,553	61,095	63,412	63,179	65,860	62,523	66,608	242,146	258,170
QoQ (%)	-3.3	6.1	0.9	3.8	-0.4	4.2	-5.1	6.5		
YoY (%)	12.9	14.5	12.2	7.4	10.7	8.8	2.3	5.0	11.6	6.6
EPS (INR)	29.1	30.8	31.0	32.3	32.1	33.4	31.7	33.8	123.2	131.0
Headcount	324,935	335,620	344,691	353,843	362,079	371,519	369,802	377,448	353,843	377,448
CC QoQ rev gr (%)	3.4	3.9	0.5	2.1	3.1	1.0	-0.2	2.3	11.8	8.4
Attrition (%)	15.9	16.2	15.9	15.5	13.6	12.9				

Source: MOSL, Company



3QFY17 RESULTS
What to expect

Infosys

BSE SENSEX 26,900 S&P CNX 8,289

CMP: INR971 TP: INR1,250(+29%) Buy



Stock Info

Bloomberg	INFO IN
Equity Shares (m)	2296.9
52-Week Range (INR)	1278/900
1, 6, 12 Rel. Per (%)	-2/-15/-17
M.Cap. (INR b)	2229.4
M.Cap. (USD b)	32.7
Avg Val, INRm	4007.3
Free float (%)	87.3

Financials Snapshot (INR b)

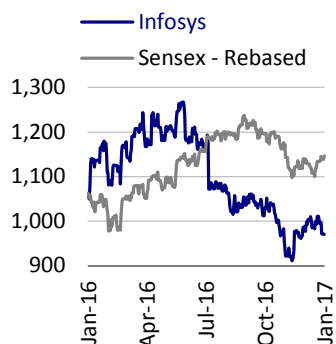
Y/E Mar	2017E	2018E	2019E
Net Sales	687.5	781.1	865.6
EBITDA	184.6	210.3	230.3
PAT	141.0	155.0	171.4
EPS (INR)	61.7	67.8	75.0
Gr. (%)	4.5	10.0	10.5
BV/Sh (INR)	300.3	331.9	368.2
RoE (%)	22.8	22.6	22.5
RoCE (%)	21.6	21.5	21.4
P/E (x)	15.7	14.3	12.9
P/BV (x)	3.2	2.9	2.6

Shareholding pattern (%)

As On	Sep-16	Jun-16	Sep-15
Promoter	12.8	12.8	13.1
DII	18.0	17.3	17.2
FII	40.1	41.0	56.7
Others	29.2	29.1	13.1

FII Includes depository receipts

Stock Performance (1-year)



A temporary blip in the trajectory

Expectations from 3QFY17

Progressive steps taken by Infosys (INFO) have been resulting in positive output metrics, barring a couple of bumps that have led to two downward revisions in guidance through the year. The RBS contract ramp-down is likely to hit INFO in 3Q, but the temporary halt in momentum is expected to pick up beyond the quarter. Deal wins and the outlook going forward would be keenly watched. The stock trades at 15.7x FY17E and 14.3x FY18E earnings. Maintain Buy.

Two guidance revisions so far

Following a soft start to the year, INFO had revised its revenue growth guidance for FY17 downward from 11.5-13.5% YoY CC to 10.5-12%. This was further revised to 8-9% CC post 2Q with the termination of a contract with RBS' standalone UK bank, Williams & Glyn (W&G), leading to gradual ramp-down of as many as 3,000 employees.

RBS ramp-down to impact 3Q revenue growth...

In CC terms, our revenue growth estimate is -1% QoQ on the back of seasonal weakness and RBS ramp-down. The GST deal started to ramp-up in the previous quarter, resulting in strong overall growth. However, this provides limited support to 3Q revenue growth in terms of incremental dollar contributions. Cross-currency headwinds of 110bp are likely to lead to USD revenue decline of 2.1% QoQ.

...and consequently take a toll on profitability

We expect EBITDA margin to decline 80bp QoQ to 26.5%, as revenue growth momentum gets affected. Our PAT estimate is INR34.9b (-3.2% QoQ), led by lower revenue and profitability.

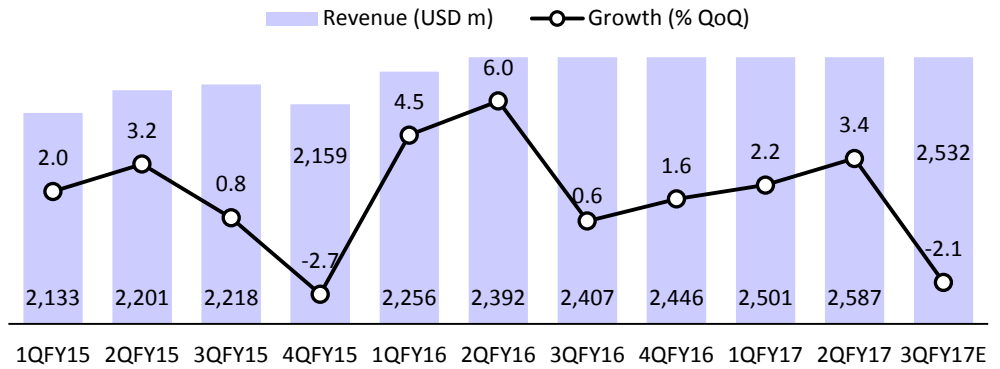
Guidance achievement unlikely an issue

A 1% CC decline in revenue in 3Q would result in an ask rate of 0-4% for 4Q in order to achieve the revised guidance. INFO's deal wins have picked up substantially, with LTM wins of USD3.1b as of September 2016, marking 35% growth YoY. TCV of deal wins crossed a billion dollars in 2QFY17. The deal win traction, compounded by investments in the right areas, has the ability to put recovery back on track.

Key issues to watch for:

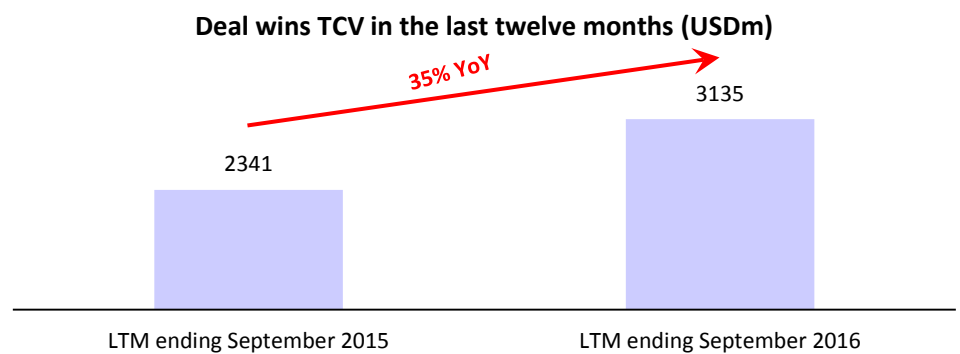
- TCV of deal wins during the quarter.
- Commentary around contribution of newly launched services.
- Commentary around macro, verticals, margins and pricing.

Exhibit 2: Drag on growth caused by RBS



Source: MOSL, Company

Exhibit 3: Encouraging results on deal wins



Source: MOSL, Company

Exhibit 4: Quarterly performance

Y/E March	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue (USD m)	2,256	2,392	2,407	2,446	2,501	2,587	2,532	2,584	9,501	10,204
QoQ (%)	4.5	6.0	0.6	1.6	2.2	3.4	-2.1	2.1	9.1	7.4
Revenue (INR m)	143,540	156,350	159,020	165,500	167,820	173,100	170,887	175,710	624,410	687,517
YoY (%)	12.4	17.2	15.3	23.4	16.9	10.7	7.5	6.2	17.1	10.1
GPM (%)	38.6	40.1	39.5	40.5	38.7	39.1	38.7	39.0	39.7	38.9
SGA (%)	12.4	12.3	12.3	12.5	12.2	11.8	12.2	12.0	12.4	12.0
EBITDA Margin (%)	26.2	27.8	27.2	28.0	26.5	27.3	26.5	27.0	27.4	26.8
EBIT Margin (%)	24.0	25.5	24.9	25.5	24.1	24.9	24.1	24.6	25.0	24.4
Other income	7,580	7,930	8,020	7,720	7,530	7,600	8,057	6,845	31,250	30,032
ETR (%)	27.9	29.0	27.2	27.9	28.4	28.8	29.0	29.0	28.0	28.8
PAT	30,300	33,980	34,650	35,970	34,360	36,060	34,912	35,577	134,930	140,959
QoQ (%)	-2.2	12.1	2.0	3.8	-4.5	4.9	-3.2	1.9	9.4	4.5
YoY (%)	5.0	9.8	6.6	16.1	13.4	6.1	0.8	-1.1	9.4	4.5
EPS (INR)	13.3	14.9	15.2	15.7	15.0	15.8	15.3	15.6	59.0	61.7
Headcount	179,523	187,976	193,383	194,044	197,050	199,829	203,687	209,283	194,044	209,283
Util excl. trainees (%)	80.9	82.0	81.4	80.8	81.1	83.1	81.9	81.3	81.7	82.1
Attrition (%)	19.2	19.9	18.1	17.3	21.0	20.0				
Offshore rev. (%) (IT Serv)	43.9	43.9	43.5	43.5	43.0	43.0				
Fixed Price (%)	42.4	44.0	44.6	45.1	45.7	47.1				

Source: MOSL, Company



Cyient

Bloomberg	CYL IN
Equity Shares (m)	112.2
M. Cap. (INR b)/(USD b)	55 / 1
52-Week Range (INR)	555 / 371
1,6,12 Rel Perf. (%)	-2 / 4 / -4

CMP: INR494 TP: INR600 (+21%) Buy

- We expect CYL's USD revenue to grow 0.2% QoQ in 3QFY17 (+1.6% QoQ in CC).
- In the core services business, CYL's revenue is expected to decline by 1.8% QoQ, led by cross-currency headwinds. We expect a CC decline of 0.4% in core services revenue because of seasonal weakness on the high base of 2Q formed by the 7.4% QoQ growth.
- The movement of Rangsons towards achieving its 50% annual growth guidance is expected to be bulky in 2H, in line with which we expect USD16m revenue in 3Q (+16% QoQ).
- Margins are expected to decline by 50bp QoQ to 13.5% because of cross-currency headwinds and higher incremental revenue from lower-margin Rangsons.
- PAT estimate for the quarter is INR1b, up 6% QoQ. Higher other income is a function of translation gains in 3Q, compared to a loss in the previous quarter.
- The stock trades at 13.9x FY17E and 10.9x FY18E EPS. Maintain Buy.

Financial Snapshot (INR b)

Y/E Mar	2016	2017E	2018E	2019E
Sales	31.0	36.3	42.6	47.9
EBITDA	4.2	5.0	6.2	6.8
PAT	3.3	3.9	5.0	5.3
EPS (INR)	30.7	34.6	44.2	47.5
EPS Gr. (%)	-1.9	12.8	27.7	7.5
BV/Sh. (INR)	186.6	210.9	241.8	275.1
RoE (%)	16.5	16.4	18.3	17.3
RoCE (%)	15.1	15.4	17.2	16.2
Payout (%)	22.8	30.0	30.0	30.0

Valuations

P/E (x)	15.6	13.9	10.9	10.1
P/BV (x)	2.6	2.3	2.0	1.7
EV/EBITDA (x)	11.1	9.1	6.9	5.9
Div yld (%)	1.5	2.2	2.8	3.0

Key issues to watch for

- Update on problem verticals like Semiconductor and Energy.
- Outlook for Rangsons for FY17/18 and progress on synergy through DLM.
- Margin trajectory going ahead.

Quarterly Performance

Y/E March	FY16				FY17E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY16	FY17E
Revenue (USD m)	114	118	118	121	125	137	137	141	472	539
QoQ (%)	-2.6	3.6	0.0	2.1	3.1	9.5	0.2	3.3	5.6	14.3
Revenue (INR m)	7,263	7,717	7,818	8,158	8,349	9,136	9,234	9,607	30,955	36,326
YoY (%)	16.8	14.8	9.8	11.7	15.0	18.4	18.1	17.8	13.1	17.4
GPM (%)	35.4	36.6	34.4	34.2	35.0	34.4	33.2	33.9	35.1	34.1
SGA (%)	22.7	21.6	20.3	21.1	22.0	20.4	19.7	19.7	21.4	20.4
EBITDA Margin (%)	12.6	15.1	14.1	13.0	13.1	14.0	13.5	14.2	13.7	13.7
EBIT Margin (%)	10.1	12.6	11.3	9.4	10.4	11.5	11.3	12.1	10.8	11.3
Other income	298	299	246	222	116	184	287	310	1,065	897
ETR (%)	28.7	23.5	20.8	20.4	25.5	22.6	23.5	23.5	23.4	23.7
PAT before EOI	748	985	869	844	740	973	1,031	1,141	3,446	3,885
QoQ (%)	-20.3	31.7	-11.8	-2.8	-12.3	31.5	6.0	10.6		
YoY (%)	9.2	9.2	-13.9	-10.1	-1.1	-1.2	18.8	35.1	-1.9	12.8
EPS (INR)	6.7	8.8	7.7	7.5	6.6	8.7	9.2	10.2	30.7	34.6
Headcount	11,507	11,311	11,481	11,569	12,297	12,797	12,747	12,847	11,569	12,847
Util excl. trainees (%)	75.4	76.1	76.7	73.3	75.5	77.2	74.8	76.3		
Attrition (%)	18.8	21.6	20.6	18.4	19.9	22.7				
Fixed Price (%)	44.7	44.6	43.3	41.0	42.9	42.4	40.3	41.1		

E: MOSL Estimates

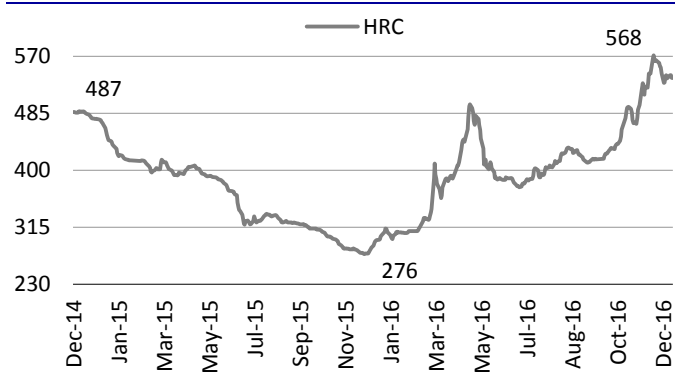


Steel sector – Incremental developments

Largest stress sector for banking system

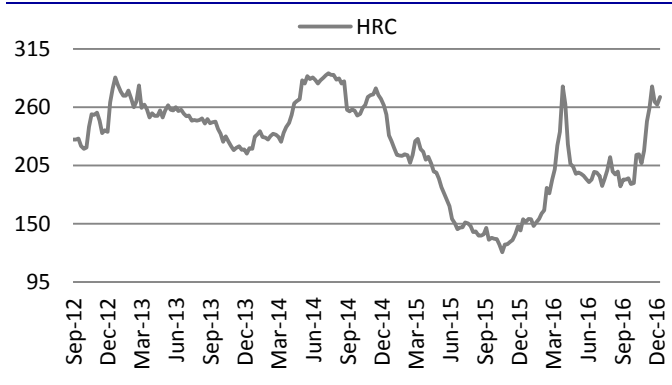
Chinese government plans to cut 100-110mt sub-standard steel production capacity by June 2017. This represents ~10% of China's crude steel capacity of ~1,100mt. While the announced cuts are small considering the over-supply of ~300-400mt, this is another step by the Chinese government to tackling the over-supply situation. If the cuts are implemented as targeted, along with environment norms made more stringent and effective, we expect a gradual improvement in steel product spreads. Decline in local demand as China shifts from manufacturing to service based economy is a potential risk.

Exhibit 5: China domestic steel prices - USD/t



Source: MOSL, Company

Exhibit 6: China steel products spreads – USD/t



Source: MOSL, Company

Steel sector (including basic metals) contributes ~6.2% of the loan book for the sector. As per RBI FSR, Stress loans in the steel sector is ~40%. Under RBI AQR, this was the largest sector which led to stress loans build up. Steel contributes 21-22% of the total stress loans of the banking system. In our view, top 3 steel exposures, contribute 40-50% of the overall stress loans of the steel sector. Incremental positive developments for the sector augurs well for asset quality of the banks. Although we don't expect significant upgrades immediately but improvement in cash flow will have positive impact on valuations of financials. PSU banks, ICICIB and AXSB are the biggest beneficiaries in our coverage.

Exhibit 7: Bankwise steel sector exposure and stress loans as of 1HFY17

INR B	% of Funded			of (a)				of (b)			
	Steel (a)	Exp	% of loans	Standard	% of steel	Stress (b)	% of steel	NPA	% of steel	Other stress	% of steel
ICICIB	361	3.8	7.0	218	60.4	143	39.6	96	26.6	47	13.0
AXSB	250	4.8	6.5	191	76.2	60	23.8	33	13.0	27	10.8
SBIN Cons	1,810	9.5	9.9	1,226	67.7	584	32.3	557	30.8	27	1.5
PNB	287	6.4	7.3	118	41.1	169	58.9	146	50.9	23	8.0
BOB	263	5.1	7.4	161	61.1	102	38.9	97	37.0	5	1.9
CBK	230	6.8	7.0	110	47.8	120	52.2	110	47.8	10	4.3
OBC	118	5.5	8.3	40	33.7	78	66.3	66	55.9	12	10.4
BOI	165	4.1	4.5	42	25.3	123	74.7	116	70.0	8	4.7
INBK	51	2.7	4.0	14	27.9	37	72.1	32	62.3	5	9.9
Aggregate	3,535	6.4	8.0	2,119	59.9	1,416	40.1	1,252	35.4	164	4.6
Industry	4,115		6.2			1,765	42.9				

Note: For other stress we have included reported OSRL and also factored in additional stress for 5:25, SDR exposures

Source: MOSL



Power monthly

December 2016: Generation up 6% YoY

Southern region demand grows 8.8% in 8MFY17

Generation up 6% YoY in December (+5.1% YTD)

- Conventional power generation grew 6% YoY to 95bkwh in December 2016.
- Coal-based generation increased faster at 7.8% YoY; hydropower generation declined 2.6% YoY and nuclear generation declined 3.8% YoY. Increase in coal-based generation was led by state-owned capacities, increasing by 15% YoY. Center-owned coal-based generation was up 8% YoY, while privately-owned coal-based generation was flat.
- NTPC's standalone coal-based power generation increased 4.4% YoY to 20bkwh in December. PLF for its coal-based plants was up 130bp YoY to 79%.
- Generation increased 5.1% YoY to 825bkwh in 9MFY17, while PLF declined 67bp YoY to 50%.

1.5GW capacity added in November; PLF down 22bp YoY

- 1.5GW capacities were added in November. The major ones were 660MW by Sembcorp in Andhra Pradesh and 600MW by Singareni in Telangana. For 8MFY17, capacity addition was at 4.2GW against 8.3GW in 8MFY16.
- All-India PLF of conventional capacities declined 22bp YoY to 49% in December and 67bp YoY to 50% in 9MFY17.
- PLF of coal-based power plants was down 74bp YoY to 58% in December and 243bp YoY to 59% in 9MFY17.

Strong growth in consumption in southern region in November

- In November, southern region consumption growth was the highest at ~24%, led by growth in Karnataka, AP and TN. UP also reported strong growth of ~12%. Consumption declined sharply in Chhattisgarh (21% YoY), MP (11% YoY) and WB (11% YoY). Chhattisgarh and MP have a good share of energy-intensive industries, which may have been impacted due to demonetization.
- In 8MFY17, consumption increased 5.1% YoY. UP, Bihar, TN and Karnataka are witnessing high growth of 10-12%.

IEX: rates unchanged MoM; volume growth moderates

- IEX all-India rates were unchanged MoM at INR2.32/kWh. South rates (at INR2.69/kWh) remain at premium to rest-of-India (at INR2.14/kWh). IEX volumes grew just 4% YoY. South continues to drive volumes – up 91% YoY.

Merchant plants: JSW's Ratnagiri PLFs decline on shutdown and fuel prices

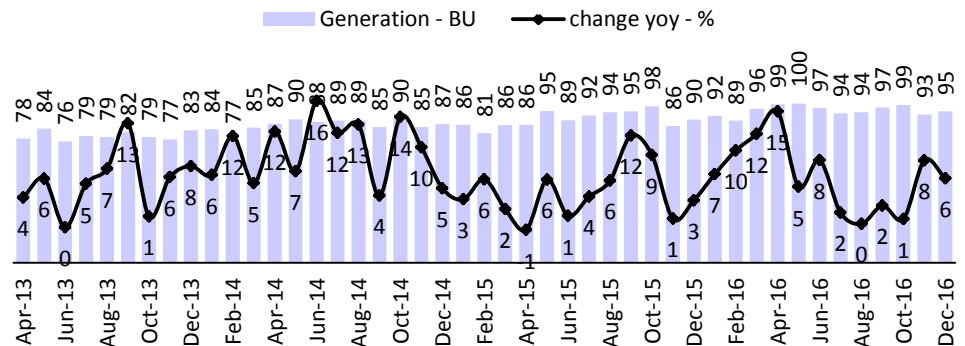
- **JSW Energy:** Vijaynagar PLF was down MoM to 48% in December, but should improve on 650MW PPA with Karnataka. Ratnagiri PLF declined by half to 39% due to shutdown and high coal prices.
- **CESC:** Dhariwal's PLF declined from 34% to 24% MoM; supply to Noida for 34MW has commenced.
- **Rattan India:** Plant was shut in December.

Generation in December 2016

All-India generation grew 6%; coal-based generation grew 7.8%

Electricity generation increased by 6% YoY in December, strong considering the likelihood of impact on consumption due to demonetization.

Exhibit 8: All-India electricity generation



Source: MOSL, CEA

Coal-based generation grew 7.8% YoY in December. System PLF was down 22bp YoY to 49%. Coal-based PLF was down 74bp YoY to 58%.

Exhibit 9: Electricity generation by fuel source

		Monthly		Year to date		
		Dec-16	YoY %	Dec-15	Dec-16	YTD YoY %
Thermal						
Generation	MU	85,888	7.0	695,174	737,711	6.1
PLF	%	54	-57bps	62	60	
Capacity	MW			198,364	214,578	8.2
Coal						
Generation	MU	79,048	7.8	635,210	674,124	6.1
PLF	%	58	-74bps	62	59	
Capacity	MW			167,032	182,262	9.1
Lignite						
Generation	MU	2,952	13.5	25,022	25,923	3.6
PLF	%	65	87bps	66	66	
Capacity	MW			5,860	6,110	4.3
Gas						
Generation	MU	3,878	-9.0	34,633	37,680	8.8
PLF	%	21	-280bps	22	23	
Capacity	MW			24,419	25,228	3.3
Others						
Generation	MU	9	-11.4	310	176	-43.3
Capacity	MW			994	979	-1.5
Hydro						
Generation	MU	6,173	-2.6	102,145	101,109	-1.0
PLF	%	19	-75bps	36	36	
Capacity	MW			42,641	43,139	1.2
Nuclear						
Generation	MU	2,839	-3.8	27,770	28,203	1.6
PLF	%	66	-259bps	73	74	
Capacity	MW			5,780	5,780	0.0
All India						
Generation	MU	94,899	6.0	825,090	867,023	5.1
PLF	%	49	-22bps	51	50	
Capacity	MW			246,785	262,805	6.5

Source: CEA



Results Preview



Company name

Alembic Pharmaceuticals
Biocon
Cadila Healthcare
Cipla
Divi's Laboratories
Dr Reddy's Labs
Glenmark Pharma
GSK Pharma
Ipsa Laboratories
Lupin
Ranbaxy Labs
Sanofi India
Sun Pharma
Torrent Pharmaceuticals

Pricing pressure in the US to keep growth under check

- We expect our pharma universe to report sequentially flat EBITDA growth in 3QFY17, largely led by pricing pressure and higher R&D expenditure. Also, increased US regulatory scrutiny is resulting in higher remediation expenses and de-risking of key products. This, in turn, should weigh down on operating margins for our coverage universe.
- Glenmark is expected to exhibit strong growth in the US, led by Zetia FTF and a series of other generic launches. Aurobindo should report stable US sales, driven by key launches (including Crestor). On the other hand, Sun and Lupin should continue witnessing a sequential decline in the US business on the back of competition in key products.
- After a strong 1HFY17, the domestic pharma business is expected to face headwinds from seasonal weakness and demonetization. Although the chronic business may benefit at the margin due to demonetization, the acute segment may see some impact in the near term.
- Among MNCs, Sanofi is likely to report better numbers, while GSK should face some pressure from the ongoing supply issues.
- The pace of approvals has picked up at the US FDA. However, the lack of key approvals, higher R&D spends and regulatory concerns in the domestic/US markets are likely to keep growth under check.
- We maintain our top picks – Aurobindo, Sun Pharma, Fortis and Granules.

Exhibit 10: Expected quarterly performance summary (INR m)

Sector	CMP (INR)	RECO	Sales (INR m)			EBDITA (INR m)			PAT (INR m)		
			Dec-16	Var % YoY	Var % QoQ	Dec-16	Var % YoY	Var % QoQ	Dec-16	Var % YoY	Var % QoQ
Healthcare											
Alembic Pharma	605	Neutral	8,075	-12.3	-7.3	1,696	-55.8	-4.2	1,137	-57.7	-4.2
Alkem Lab	1,670	Neutral	14,404	13.0	-12.1	2,548	8.2	-17.9	2,083	11.2	-26.4
Aurobindo Pharma	666	Buy	38,595	10.4	2.2	9,456	14.9	1.8	6,106	16.3	3.3
Biocon	936	Sell	9,273	12.0	-1.3	2,253	25.3	0.2	1,382	34.2	-6.0
Cadila Health	362	Buy	25,827	6.4	9.8	5,553	-4.0	7.6	3,688	-5.5	9.2
Cipla	568	Neutral	39,015	25.6	4.0	6,897	30.3	1.3	4,077	18.3	15.1
Divis Labs	753	Neutral	10,349	21.5	4.3	3,881	20.8	5.5	2,764	12.1	-8.8
Dr Reddy's Labs	3,091	Neutral	37,242	-6.1	3.9	7,821	-22.0	29.8	4,494	-22.4	38.5
Fortis Health	189	Buy	11,244	8.0	-6.0	1,054	665.5	6.5	-766	Loss	PL
Glenmark Pharma	899	Neutral	23,424	35.8	7.8	5,388	59.5	35.4	3,108	82.9	41.7
Granules India	110	Buy	4,070	18.0	11.9	834	23.2	12.4	389	43.2	-4.7
GSK Pharma	2,747	Neutral	8,016	10.0	2.4	1,523	48.3	22.3	1,166	40.2	18.2
IPCA Labs.	550	Neutral	8,098	18.4	-7.1	1,218	36.5	-4.8	567	135.8	20.3
Lupin	1,494	Buy	42,453	19.4	-1.1	10,499	19.7	2.1	6,241	17.8	-5.8
Sanofi India	4,290	Buy	6,145	8.1	-1.6	1,438	27.3	-0.7	809	14.8	0.3
Sun Pharma	638	Buy	80,368	13.5	-2.8	26,834	23.7	-15.3	17,534	23.8	-21.6
Torrent Pharma	1,351	Buy	14,773	-4.0	5.1	3,565	-41.8	8.0	2,250	-35.4	8.7
Sector Aggregate			381,370	11.7	0.7	92,456	9.6	-0.6	57,028	8.4	-6.2

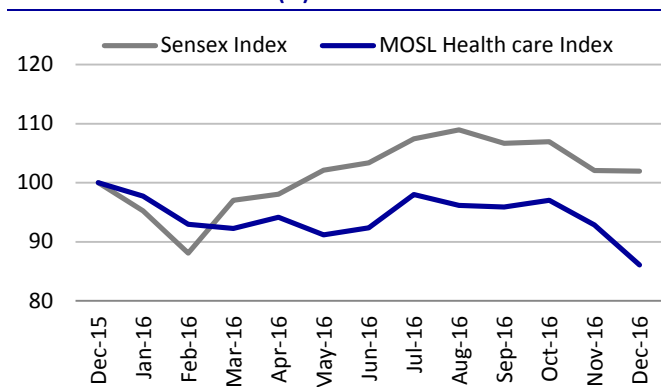
Exhibit 11: 3QFY17 Aggregates

Healthcare Universe	YoY Growth (%)			EBITDA Margin (%)			PAT margin (%)		
	Sales	EBITDA	Adj PAT	Dec-16	Dec-15	CHG (BPS)	Dec-16	Dec-15	CHG (BPS)
MNC Pharma	9.1	37.3	28.6	20.9	16.6	429	13.9	11.8	211
Big 5 Generics	9.3	10.4	10.6	26.8	26.6	25	17	16.8	19
CRAMS	20.5	21.2	15.2	32.7	32.5	20	21.9	22.9	-101
Second Tier generics	16.2	-0.5	1	20.1	23.5	-337	12.5	14.3	-187
Sector Aggregate	11.7	9.6	8.4	24.2	24.7	-47	15	15.4	-45

Depreciated USD/INR to benefit export-oriented companies

- The average rate of the INR against the USD has depreciated by ~2.3% YoY over the past year (67.46 in 3QFY17 v/s 65.95 last year).
- USD/INR, however, has been flat sequentially. It is thus unlikely to result in any significant MTM impact for companies with large forex debt and derivative exposure.
- Brexit was expected to have a negative impact on companies from 2QFY17. However, we note that most Indian companies have limited exposure to the UK market (<1-2% of sales). Also, post the Brexit vote, it is still unclear whether or not Indian companies will have to conduct separate trials for approval in the UK and other EU markets. Separate trials would mean additional cost for companies (however, this is not expected to happen at least for next two years).

Relative Performance-1 Yr (%)



Relative Performance-3- month (%)

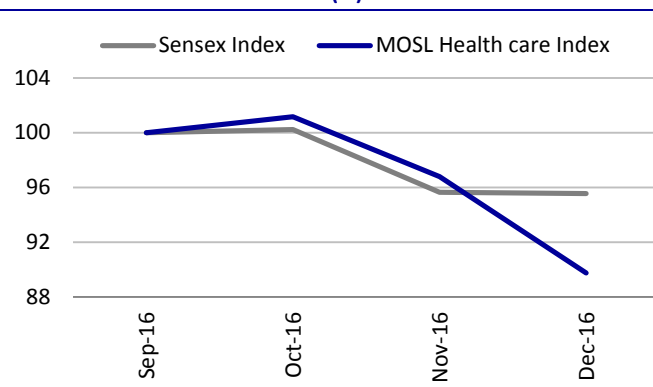


Exhibit 12: Comparative valuation

Sector / Companies	CMP (INR)	RECO	EPS (INR)			PE (x)			EV/EBITDA (x)			ROE (%)		
			FY17E	FY18E	FY19E	FY17E	FY18E	FY19E	FY17E	FY18E	FY19E	FY17E	FY18E	FY19E
Healthcare														
Alembic Pharma	605	Neutral	23.5	30.7	36.5	25.7	19.7	16.6	16.7	12.7	10.2	25.1	26.8	25.6
Alkem Lab	1,670	Neutral	77.3	84.4	98.4	21.6	19.8	17.0	18.0	14.8	11.6	23.9	21.8	21.5
Aurobindo Pharma	666	Buy	42.0	50.0	56.9	15.8	13.3	11.7	11.2	9.2	7.7	29.9	27.2	24.2
Biocon	936	Sell	27.1	34.3	45.0	34.6	27.3	20.8	19.8	15.7	12.2	12.2	13.9	16.2
Cadila Health	362	Buy	13.6	18.7	22.9	26.6	19.3	15.8	17.5	13.0	10.5	23.9	27.2	26.8
Cipla	568	Neutral	18.1	25.6	32.4	31.4	22.2	17.5	17.8	13.5	10.8	11.2	13.9	15.1
Divis Labs	753	Neutral	45.4	51.0	57.0	16.6	14.8	13.2	11.7	10.0	8.5	26.7	26.5	25.7
Dr Reddy's Labs	3,091	Neutral	82.7	141.7	170.0	37.4	21.8	18.2	19.7	13.0	10.3	10.6	16.1	16.8
Fortis Health	189	Buy	-1.3	3.5	6.7	-143.0	53.6	28.2	19.7	11.4	9.0	-1.5	3.8	6.4
Glenmark Pharma	899	Neutral	41.4	49.7	60.5	21.7	18.1	14.9	11.1	9.8	9.6	20.4	19.1	19.0
Granules India	110	Buy	7.1	10.0	13.9	15.6	11.0	7.9	8.3	6.4	4.8	20.5	22.7	26.0
GSK Pharma	2,747	Neutral	50.4	61.8	71.6	54.5	44.5	38.3	45.7	36.4	29.9	29.6	40.8	50.3
IPCA Labs.	550	Neutral	17.0	29.4	39.0	32.3	18.7	14.1	15.1	11.2	8.7	9.0	14.1	16.5
Lupin	1,494	Buy	61.6	77.0	89.0	24.3	19.4	16.8	15.6	12.5	10.4	22.8	23.4	22.2
Sanofi India	4,290	Buy	142.2	172.8	198.9	30.2	24.8	21.6	16.2	13.7	11.6	17.8	19.4	19.7
Sun Pharma	638	Buy	27.8	37.9	42.9	22.9	16.8	14.9	14.0	11.1	9.0	20.3	23.9	22.3
Torrent Pharma	1,351	Buy	57.7	78.4	96.0	23.4	17.2	14.1	15.4	12.3	9.8	26.4	29.9	30.2
Sector Aggregate						25.0	18.8	16.0	15.4	12.1	9.9	17.8	19.8	19.6



1. PVR Pictures: Online ticket-booking rose to 58% since cash ban; Kamal Gianchandani, President

- Barring an initial blip, demonetisation has not had much of an impact on sales and that the situation is 'back to normal'.
- There had been a drop in admissions to movie theatres soon after the demonetisation announcement. However, the situation started to improve within three days of the decision.
- The percentage of sales through online channels had risen to 58% since the demonetisation announcement, while offline cash payments had significantly reduced from 55% to 25% as of December-end.
- F&B sales had shown a similar trend post demonetisation, suffering initially but stabilising in recent weeks with significant sales being done through cash over the counter. Didn't see any reduction in F&B sales.

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2. IndusInd Bank: Credit cost expected to be below 60 bps in FY17; Romesh Sobti, MD & CEO

- CV sales in November & December were better than the forecasted numbers. Disbursement did see an impact, however, collections remained unaffected in MFIs.
- There will be some shift in the market share from NBFCs to banks in two-wheelers, currently 20% of it are financed, while the rest is paid in cash.
- The bank's NIM had touched 4 percent last quarter, while costs of funds went down 24 bps, yields on assets also fell.
- Passed on the cost of deposits to customers on the corporate side of business and thus sustained our NIMs.
- Most retail products have been growing, many of the businesses the company operates in are EMI-based.
- Expect bank's credit costs to stick to be below 60 bps this fiscal year. Unlikely that SME, MSMEs will see a full impact from the note ban in Q3 and Q4.
- Loan books should continue to see growth of over 20%; money from demonetization is going into MFs and insurance sector.

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1. Change they must. by Mohan R Lavi

- It is reported that the Indian Banks' Association (IBA) has requested the RBI to postpone implementation of IndAS, the Indian equivalent of International Financial Reporting Standards, in banks. Ideally, banks and insurance companies should implement IndAS for the year ending March 31, 2019. The IBA blames the demonetisation drive for this situation. That sounds odd because there is a general consensus that if there is one industry that is not worse off (if not better) after demonetisation, it is banking. Irrespective of all factors, RBI should not give their nod for a postponement.

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2. What the gdp numbers do not say. by Madan Sabnavis

- The GDP forecast for FY17 presented by the Central Statistics Organisation is based on regular extrapolation of data points which are available with the agency and does not include any conjecture of the impact of demonetisation. The growth rate has been scaled down to 7.1 per cent based on data available till October. The positive impact on banking witnessed in November has been consciously ignored when making this forecast. While the final conjecture would vary across estimators, the implicit numbers for H2 of FY17 would be an objective exercise. The only assumption made is that the H1 numbers released in November have not changed as of date.

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3. With Donald Trump set to take over presidency, is us dollar rally over? by Jamal Mecklai

- Last week, the dollar broke above 1.04 to the euro, the first time it had been so strong since January 2003. In April last year, it had powered up to the 1.05-1.06 range, at which time the markets were abuzz with talk about euro parity. Since then, it has bounced around between 1.05 and 1.15 before last week's breakthrough. Interestingly, at this time, there is very little talk about the dollar blowing through euro parity. This despite the near-certainty of more Fed rate hikes, the widely expected expansionary fiscal policy under Trump which is expected to make investment in the US more attractive, and continuing political concerns in Europe.

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4. Time to revamp the tax administration. by Livemint

- It has been over two months since the government invalidated high-denomination currency notes, but the costs and benefits of the move are still being debated fiercely. In terms of costs, high-frequency economic indicators such as auto sales and purchasing managers' indices indicate that economic activity has been hit by the cash crunch. However, the data on tax collection suggests that the impact could be limited.

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5. Bond market for democracy. BY T K Arun

- Corporate bonds are not usually of interest to political analysts and commentators. They tend to dismiss them as the concern of businesses and individual investors with an appetite for risk. They could not be more mistaken. A vibrant corporate market could yet be the saviour of Indian democracy, not to speak of the Indian economy. As this column has noted time and again, old-fashioned, opaque politics constrains India's development. At the root of the paralysis that grips Indian banks that prevents them from opening up their purse strings for building vital infrastructure in short supply is old-style politics and its opaque system of funding.

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International

6. How barack obama rescued the us economy. by Martin Wolf

- How should we assess the economic success or failure of Barack Obama's presidency? This is a difficult question to answer. After all, the incumbent of the White House cannot determine the performance of the huge and complex US economy. Indeed, policy initiatives usually have a modest impact. But the story of Mr Obama's presidency is a little different from the usual, since it began amid the worst financial crisis since the 1930s. If we consider the disaster he inherited and the determination of the Republicans in Congress to ensure he would fail, his record is clearly successful.

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY16	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY16	FY17E	FY18E
Century Ply.	Buy	178	211	18	7.5	8.1	11.0	22.0	16.3	5.9	4.6	36.3	30.1	32.0
Coromandel Intl	Under Review	335	-		11.8	14.7	20.3	22.8	16.5	3.7	3.3	14.9	16.9	21.0
Dynamatic Tech	Buy	2,961	3,388	14	19.4	67.6	112.9	43.8	26.2	6.0	4.9	4.7	15.1	20.7
Eveready Inds.	Buy	233	266	14	9.2	9.2	12.9	25.3	18.1	6.8	5.5	16.2	29.5	33.7
Interglobe	Neutral	866	1,018	18	55.2	56.0	72.6	15.5	11.9	14.5	12.2	176.5	101.3	110.9
Indo Count	Buy	165	223	35	13.4	15.7	18.5	10.5	8.9	3.3	2.4	48.9	37.8	31.2
Info Edge	Buy	853	1,050	23	12.0	17.4	21.9	49.0	38.8	5.5	5.0	8.6	11.7	13.6
Inox Leisure	Sell	228	206	-10	8.4	4.8	8.5	47.7	26.8	3.5	3.1	14.9	7.2	11.6
Jain Irrigation	Under Review	96	-		2.2	5.4	8.2	17.8	11.6	1.5	1.4	4.0	8.4	12.6
Just Dial	Buy	382	426	12	20.4	16.2	19.1	23.6	20.0	3.5	3.0	21.1	15.6	16.1
Kaveri Seed	Buy	437	489	12	24.9	23.1	28.8	18.9	15.1	3.1	2.9	20.7	17.1	20.0
Kitex Garm.	Buy	429	631	47	23.6	30.0	36.7	14.3	11.7	4.3	3.3	35.5	33.7	32.0
Manpasand	Buy	540	761	41	10.1	15.3	23.8	35.3	22.7	2.6	2.4	11.4	8.8	9.9
MCX	Buy	1,240	1,450	17	23.4	30.4	47.5	40.8	26.1	4.8	4.4	3.5	12.2	17.4
Monsanto	Buy	2,266	2,706	19	60.4	67.2	90.2	33.7	25.1	9.7	9.0	26.5	28.3	37.0
PI Inds.	Buy	816	959	18	22.1	31.6	38.7	25.8	21.1	7.3	5.7	29.2	32.0	30.3
SRF	Buy	1,651	1,922	16	73.7	85.4	108.1	19.3	15.3	3.1	2.7	17.0	17.1	18.6
S H Kelkar	Buy	324	338	4	5.5	7.5	10.1	43.3	31.9	5.6	5.0	12.6	13.5	16.6
Symphony	Sell	1,172	1,053	-10	15.6	27.0	35.1	43.4	33.4	23.6	18.9	33.8	56.8	62.9
TTK Prestige	Neutral	5,544	4,896	-12	100.7	107.8	139.9	51.4	39.6	51.4	39.6	17.2	16.6	19.7
V-Guard	Neutral	170	179	6	3.7	4.5	5.8	37.6	29.4	8.9	7.3	26.3	26.1	27.4
Wonderla	Buy	356	392	10	10.6	7.0	12.0	50.7	29.7	4.7	4.2	15.8	9.5	14.8



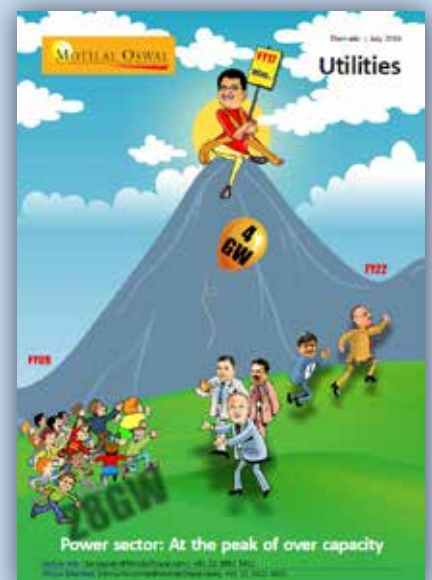
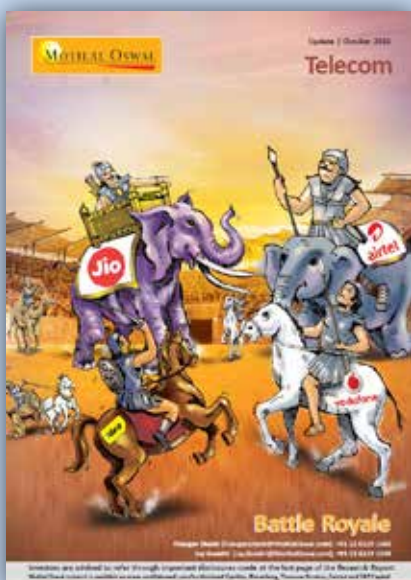
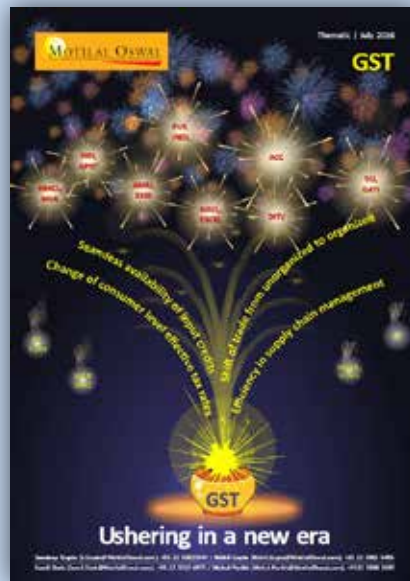
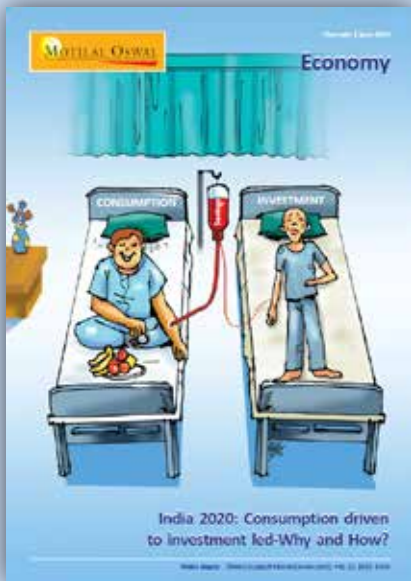
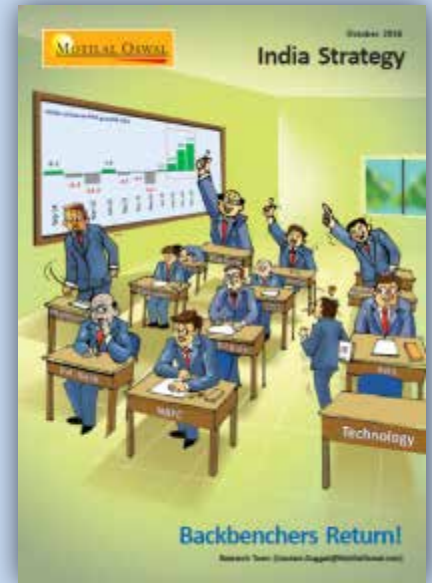
Company	1 Day (%)	1M (%)	12M (%)
Automobiles			
Amara Raja	0.3	-2.2	7.6
Ashok Ley.	0.8	7.7	-7.4
Bajaj Auto	-0.8	-0.1	15.2
Bharat Forge	2.2	-0.9	15.0
Bosch	0.3	2.0	17.3
Eicher Mot.	0.8	1.4	34.3
Endurance Tech.	3.1	-1.0	
Escorts	6.5	10.0	126.3
Exide Ind	1.8	4.0	34.0
Hero Moto	0.8	-5.9	23.3
M&M	1.3	3.4	5.6
Mahindra CIE	3.0	5.4	-19.6
Maruti Suzuki	1.4	9.9	34.4
Tata Motors	0.7	11.8	43.9
TVS Motor	-0.6	4.9	33.3
Banks - Private			
Axis Bank	1.4	-0.6	8.7
DCB Bank	2.5	8.4	52.8
Equitas Hold.	1.0	-5.8	
Federal Bank	3.7	1.8	38.4
HDFC Bank	1.7	2.9	16.5
ICICI Bank	1.8	-1.3	10.6
IDFC Bank	2.1	-7.1	16.9
IndusInd	6.2	10.9	31.6
J&K Bank	2.7	-1.0	-26.3
Kotak Mah. Bk	2.1	-2.5	3.8
RBL Bank	2.1	5.1	
South Indian	2.1	-1.2	9.7
Yes Bank	4.4	8.1	89.7
Banks - PSU			
BOB	4.6	-1.5	14.7
BOI	2.7	-2.4	6.0
Canara	2.8	-12.5	27.7
IDBI Bk	0.9	3.1	-3.3
Indian Bk	5.7	1.5	136.0
OBC	3.9	-6.5	-6.2
PNB	3.6	-8.5	20.1
SBI	1.6	-5.3	23.3
Union Bk	7.2	-2.7	7.5
NBFCs			
Bajaj Fin.	-0.5	0.0	42.1
Bharat Fin.	3.8	-8.2	25.0
Dewan Hsg.	3.6	3.7	19.0
GRUH Fin.	0.5	6.9	29.5
HDFC	1.0	-3.0	5.7
Indiabulls Hsg	4.1	1.3	-2.8
LIC Hsg Fin	2.2	-6.3	6.4
Manappuram	3.1	-0.3	142.6
M&M Fin.	0.9	-1.0	20.4
Muthoot Fin	0.2	-4.6	56.0
PFC	2.4	-1.9	40.4
Repco Home	5.3	13.4	-0.3
REC	4.0	-1.1	25.2
STF	2.9	8.8	18.2
Capital Goods			
ABB	-3.7	7.2	12.4

Company	1 Day (%)	1M (%)	12M (%)
Bharat Elec.	0.9	0.8	14.9
BHEL	0.5	-0.2	-14.0
CG Cons. Elec.	4.1	5.1	
Crompton Grv.	0.4	-1.4	-6.5
Cummins	1.3	5.5	-14.8
GE T&D	1.0	-3.7	-31.7
Havells	0.5	6.0	24.8
Inox Wind	1.1	-7.5	-47.1
K E C Intl	0.1	1.4	2.7
L&T	1.9	3.8	20.3
Pennar Eng.	9.5	-0.7	-0.7
Siemens	0.6	4.0	4.4
Solar Ind	0.2	5.4	-2.2
Suzlon Energy	2.7	3.9	-27.5
Thermax	2.9	-0.2	-8.7
Va Tech Wab.	1.8	-0.2	-26.8
Voltas	-0.2	5.3	15.1
Cement			
Ambuja Cem.	2.8	-0.1	8.8
ACC	2.1	-2.3	4.3
Birla Corp.	0.8	10.0	58.5
Dalmia Bharat	7.9	3.4	113.0
Grasim Inds.	0.8	-2.6	18.2
India Cem	3.4	14.0	34.3
J K Cements	-0.6	-5.2	31.4
JK Lakshmi Ce	1.1	-5.3	13.3
Ramco Cem	2.0	9.8	57.9
Orient Cem	1.8	-2.8	-11.0
Prism Cem	2.7	3.8	16.0
Shree Cem	4.0	-1.1	37.7
Ultratech	2.1	-6.3	22.9
Consumer			
Asian Paints	1.1	-0.8	6.9
Britannia	3.2	-2.1	2.0
Colgate	0.2	-2.9	-1.4
Dabur	0.1	-0.9	5.5
Emami	0.0	0.1	8.9
Godrej Cons.	0.9	6.7	27.4
GSK Cons.	0.4	1.4	-18.0
HUL	1.2	-0.5	3.5
ITC	-0.6	5.0	17.5
Jyothy Lab	1.0	-9.9	8.8
Marico	0.0	2.9	17.9
Nestle	0.5	-7.3	7.0
Page Inds	2.0	4.3	7.3
Parag Milk	-0.1	1.6	
Pidilite Ind.	0.3	-1.1	14.6
P&G Hygiene	0.3	0.8	19.3
Radico Khaitan	-1.5	-1.0	-3.2
United Brew	1.7	-2.6	-8.4
United Spirits	0.5	0.2	-30.5
Healthcare			
Alembic Phar	0.3	-5.2	-8.8
Alkem Lab	0.8	1.2	15.0
Aurobindo	0.7	-2.6	-15.6
Biocon	0.5	6.2	91.6
Cadila	0.4	-8.7	13.4

Company	1 Day (%)	1M (%)	12M (%)
Cipla	0.4	-0.3	-5.3
Divis Lab	0.3	-36.2	-32.6
Dr Reddy's	0.0	-4.4	3.6
Fortis Health	-1.5	14.6	11.5
Glenmark	0.5	0.0	7.4
Granules	-0.1	-6.9	-23.0
GSK Pharma	-0.3	-0.9	-15.9
IPCA Labs	4.1	2.3	-17.4
Lupin	2.2	0.3	-10.7
Sanofi India	-1.0	-4.1	-0.4
Sun Pharma	1.5	-3.8	-17.3
Syngene Intl	1.8	-4.0	48.2
Torrent Pharma	0.4	1.5	-3.7
Logistics			
Allcargo Logistics	2.4	6.3	-1.9
Blue Dart	0.9	-2.3	-31.6
Concor	-0.2	6.1	-7.3
Gateway Distriparks	-0.1	5.6	-22.3
Gati	0.5	-1.3	-23.3
Transport Corp.	0.2	-8.9	-12.8
Media			
Dish TV	0.5	-2.4	-9.6
D B Corp	-0.1	3.9	15.2
Den Net.	1.8	12.8	-27.7
Hathway Cab.	-0.4	6.4	-14.3
Hind. Media	-0.4	5.5	-6.6
HT Media	-2.3	-0.1	-13.3
Jagran Prak.	1.5	3.9	6.5
PVR	-0.6	10.1	54.8
Siti Net.	0.3	3.2	7.3
Sun TV	0.4	3.6	31.3
Zee Ent.	2.5	4.1	16.9
Metals			
Hindalco	6.3	-3.9	124.1
Hind. Zinc	2.0	-1.4	98.9
JSPL	9.4	10.3	-2.1
JSW Steel	5.2	13.9	83.9
Nalco	6.2	10.9	83.1
NMDC	1.7	10.9	59.5
SAIL	6.1	1.7	20.8
Vedanta	2.1	-3.0	179.1
Tata Steel	4.0	4.1	77.8
Oil & Gas			
BPCL	0.4	4.0	48.9
Cairn India	1.8	-0.6	101.4
GAIL	0.8	3.6	20.4
Gujarat St. Pet.	0.4	-8.1	-7.0
HPCL	2.5	8.2	67.9
IOC	0.7	15.3	58.3
IGL	0.1	7.5	58.0
MRPL	-0.9	15.7	63.8
Oil India	0.2	9.0	28.1
ONGC	-0.2	-3.4	30.9
PLNG	1.1	-5.1	40.2
Reliance Ind.	-0.3	5.6	3.1

Company	1 Day (%)	1M (%)	12M (%)
Retail			
Jubilant Food	1.8	-1.7	-37.5
Shopper's Stop	1.7	1.4	-24.8
Titan Co.	-0.4	10.4	4.4
Technology			
Cyient	0.5	-2.2	-3.9
HCL Tech.	-0.4	3.9	2.2
Hexaware	-1.2	-4.0	-15.8
Infosys	-0.2	-1.9	-8.3
KPIT Tech	-0.1	3.5	-12.3
L&T Infotech	0.2	3.6	
Mindtree	0.1	3.8	-33.7
Mphasis	-0.6	2.6	13.2
NIIT Tech	-0.4	-2.1	-21.0
Persistent Sys	0.4	5.4	2.5
Tata Elxsi	-0.8	-1.8	-30.9
TCS	0.3	5.9	-1.7
Tech Mah	0.0	0.3	-6.7
Wipro	-0.1	3.8	-11.5
Zensar Tech	-0.5	-8.0	-13.2
Telecom			
Bharti Airtel	0.9	-2.5	0.5
Bharti Infratel	-0.3	-1.5	-10.8
Idea Cellular	0.1	-2.9	-42.7
Utilities			
Coal India	5.4	3.1	-0.1
CESC	1.4	7.0	35.9
JSW Energy	0.1	9.2	-22.5
NTPC	1.2	0.2	16.1
Power Grid	1.7	2.8	32.5
Others			
Arvind	0.1	2.9	6.0
Bata India	2.5	11.8	-2.1
Castrol India	0.7	-2.5	-10.3
Century Ply.	0.1	2.8	3.3
Coromandel Intl	-1.1	18.1	87.2
Dynamatic Tech	-0.3	2.1	32.5
Eveready Inds.	4.0	6.2	-23.3
Interglobe	1.1	2.4	-30.2
Indo Count	1.1	0.6	-23.7
Info Edge	0.0	-0.4	3.4
Inox Leisure	-0.1	4.5	-2.0
Jain Irrigation	-0.1	6.5	32.2
Just Dial	0.7	-0.1	-54.1
Kaveri Seed	3.0	2.9	20.7
Kitex Garm.	0.0	6.5	-35.3
Manpasand	0.0	-5.8	13.1
MCX	-0.2	-6.7	38.0
Monsanto	0.3	0.1	-8.5
PI Inds.	0.0	-1.3	17.4
SRF	4.7	7.6	27.5
S H Kelkar	0.8	7.8	21.6
Symphony	0.0	-0.8	3.8
TTK Prestige	-0.4	2.3	25.0
V-Guard	2.3	-3.0	84.3
Wonderla	1.3	6.4	-9.1

THEMATIC/STRATEGY RESEARCH GALLERY



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SH Kelkar



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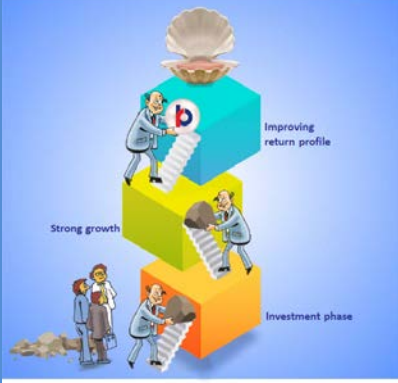
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Sector: Technology
L&T Infotech



Proficient miner

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United Breweries



Cheers to growth

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Sector: Healthcare
Fortis Healthcare



Fortifying growth

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Sector: Financials
Equitas Holdings



Fixing the missing link

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Initiating Coverage | 18 November 2015
Sector: Consumer
Page Industries



Getting into the big league

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DIFFERENTIATED PRODUCT GALLERY

MOTILAL OSWAL

SUN PHARMACEUTICAL

Our research team into annual report season highlights several performance highlights from Sun Pharma's 2016-17 annual report. Revenue grew just 2.2% to INR 2,450 crore, but gross margin expansion, favourable conditions on tax expenses (increased to 10.5% from 10.1%) and cost control (SG&A) was significantly higher than expected (see below). Operating with low net interest expense from 2016-17 to 2017-18 is an indication of their intent to return to primarily operating activities (revenue for financing activities being). However, this was partially offset by net debt increase in 2017-18, not mentioned in 2016-17 annual report. Overall, we expect Sun Pharma to continue to be a strong performer in the Indian pharmaceutical market, with its focus on R&D and marketing to be a key driver of its growth. (For our complete report on Sun Pharma, visit www.motilaloswal.com)

Operating performance analysis: Revenue grew just 2.2% to INR 2,450 crore, but gross margin expansion, favourable conditions on tax expenses (increased to 10.5% from 10.1%) and cost control (SG&A) was significantly higher than expected (see below). Operating with low net interest expense from 2016-17 to 2017-18 is an indication of their intent to return to primarily operating activities (revenue for financing activities being).

Key highlights from 2016-17 annual report:

- Revenue grew just 2.2% to INR 2,450 crore, but gross margin expansion, favourable conditions on tax expenses (increased to 10.5% from 10.1%) and cost control (SG&A) was significantly higher than expected (see below).
- Operating with low net interest expense from 2016-17 to 2017-18 is an indication of their intent to return to primarily operating activities (revenue for financing activities being).
- Key highlights from 2016-17 annual report: Revenue grew just 2.2% to INR 2,450 crore, but gross margin expansion, favourable conditions on tax expenses (increased to 10.5% from 10.1%) and cost control (SG&A) was significantly higher than expected (see below).

Download the full report at www.motilaloswal.com

ANNUAL REPORT TREADBARE

The ART of Threadbare is an initiative to help investors understand the company's performance in a more comprehensive manner.

Key highlights from the report:

- Revenue grew 10% to INR 1,200 crore, but gross margin expansion, favourable conditions on tax expenses (increased to 10.5% from 10.1%) and cost control (SG&A) was significantly higher than expected (see below).
- Operating with low net interest expense from 2016-17 to 2017-18 is an indication of their intent to return to primarily operating activities (revenue for financing activities being).

MOTILAL OSWAL

CornerOffice

Subscriptions with the CEO

Democratization: A milestone task for India's largest bank

As we witness a remarkable transformation, the role of the bank is changing. It is no longer just a place to deposit money, but a platform for growth, innovation and productivity. The bank is expected to be a key driver of India's economic growth, and its success will be a key indicator of the country's overall performance.

Key highlights from the report:

- Revenue grew 10% to INR 1,200 crore, but gross margin expansion, favourable conditions on tax expenses (increased to 10.5% from 10.1%) and cost control (SG&A) was significantly higher than expected (see below).
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MOTILAL OSWAL

VOICES

India Inc on Call

Key highlights from the report:

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MOTILAL OSWAL

EcoKnowledge

Living into the future

Identify data confirms 6.5% growth is for real

Based on monthly macroeconomic indicators, we conclude India's economic activity index (EAI), which shows that the economy grew 6.5% in the first nine months of 2016, up from 5.9% in the same period last year. This is a significant improvement over the previous period, and it is a clear indication of the government's efforts to stimulate growth.

Key highlights from the report:

- Revenue grew 10% to INR 1,200 crore, but gross margin expansion, favourable conditions on tax expenses (increased to 10.5% from 10.1%) and cost control (SG&A) was significantly higher than expected (see below).
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MOTILAL OSWAL

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MOTILAL OSWAL

BULLS & BEARS

INDIA WALL STREET HANDBOOK

Highlights of November edition:

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

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MOTILAL OSWAL

FUND FOLIO

Indian Mutual Fund Tracker

A MONTH INTO DEMONETIZATION

Key highlights from the report:

- Revenue grew 10% to INR 1,200 crore, but gross margin expansion, favourable conditions on tax expenses (increased to 10.5% from 10.1%) and cost control (SG&A) was significantly higher than expected (see below).
- Operating with low net interest expense from 2016-17 to 2017-18 is an indication of their intent to return to primarily operating activities (revenue for financing activities being).

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