

Market snapshot



Equities - India	Close	Chg. %	YTD.%
Sensex	30,322	0.4	13.9
Nifty-50	9,445	0.5	15.4
Nifty-M 100	18,406	0.9	28.3
Equities-Global	Close	Chg. %	YTD.%
S&P 500	2,402	0.5	7.3
Nasdaq	6,150	0.5	14.2
FTSE 100	7,454	0.3	4.4
DAX	12,807	0.3	11.5
Hang Seng	10,450	1.6	11.2
Nikkei 225	19,870	0.1	4.0
Commodities	Close	Chg. %	YTD.%
Brent (US\$/Bbl)	51	2.0	-7.4
Gold (\$/OZ)	1,232	0.2	6.2
Cu (US\$/MT)	5,593	1.0	1.3
Almn (US\$/MT)	1,902	0.9	11.6
Currency	Close	Chg. %	YTD.%
USD/INR	64.1	-0.4	-5.5
USD/EUR	1.1	0.9	4.0
USD/JPY	113.6	0.0	-3.0
YIELD (%)	Close	1MChg	YTDchg
10 Yrs G-Sec	6.8	-0.1	0.3
10 Yrs AAA Corp	7.3	-0.1	-0.3
Flows (USD b)	15-May	MTD	YTD
FII	0.0	0.4	6.7
DII	0.0	0.1	1.7
Volumes (INRb)	15-May	MTD*	YTD*
Cash	264	291	283
F&O	3,181	4,414	4,611

Note: YTD is calendar year, \*Avg

Quote of the day

Money is hard to earn and easy to lose. Guard yours with care.



Today's top research theme

India Strategy: 4QFY17 interim earnings review; In-line so far; margin contraction evident

- ✓ The 4QFY17 earnings season so far has been in line with expectations in terms of headline numbers. The MOSL Universe has reported sales, EBITDA and PAT growth of 10.2%, 5% and 12.2% YoY, as against expectations of 11.2%, 2.7% and 10.4%, respectively.
- ✓ Of the 24 Nifty companies that have declared their results so far, 19 have reported earnings ahead of/in line with our estimates. Sales/EBITDA/PAT for the 24 Nifty companies have grown 11.7%/1.6%/6.3% v/s expectation of 12%/(0.9%)/2.2%.
- ✓ Almost three-fourths (that is, 56) of the 81 MOSL coverage companies have reported EBITDA either in line with or above estimates. On the PAT front, 55 out of 81 companies either met or exceeded expectations.
- ✓ Ex-Financials, EBITDA margin declined 200bp YoY to 21.5% v/s estimate of 21%. Barring Metals, other sectors have seen margin contraction.



Research covered

Cos/Sector	Key Highlights
India Strategy	4QFY17 interim earnings review
Utilities	Flexible coal linkage enhances value of low-cost plants
Vedanta	Strong operating performance on HZL and aluminum; Maintain Neutral
Siemens	Operational performance below expectations
Colgate-Palmolive	Sales and volumes in-line; high ad spends lead to EBITDA miss
Bata India	Balance sheet clean-up phase; high provisioning leads to pre-tax loss
South Indian Bank	Growth getting back on track; ARC sales help lower NPAs
Indo Count Inds	Results below estimates; EBITDA margin shrinks 630bp YoY
Idea Cellular	Too many moving levers in the near term
J&K Bank	Results broadly in-line
Metals Weekly	Domestic flat product prices lower; Private miners cut iron ore prices
Results Expectation	PI Industries   PNB   Shree Cement   Tata Steel



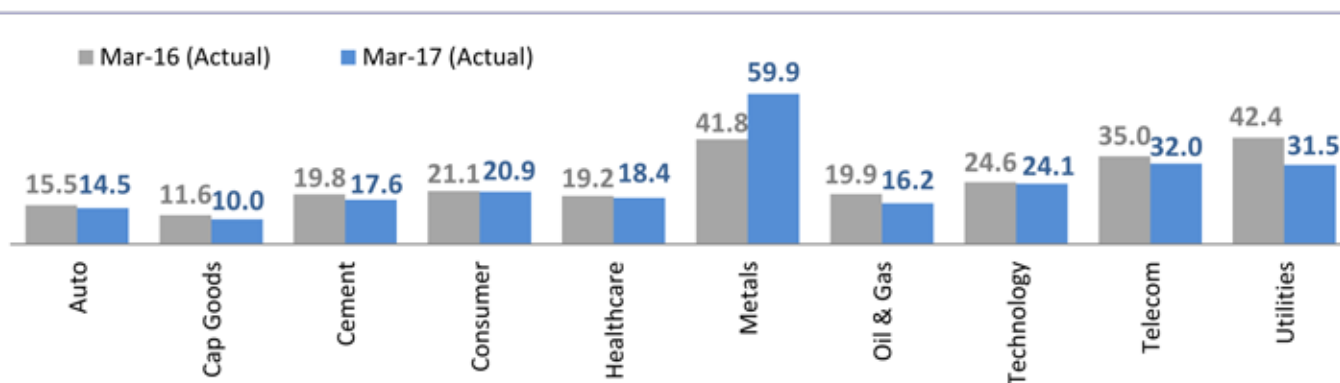
Piping hot news

April exports rise 20% for eighth straight month at \$24.6 bn

- ✓ Exports in April grew at 19.4 per cent, resulting in growth for eight consecutive months, but the trade difference was the highest in 29 months because of a 49.2 per cent jump in imports.



Chart of the Day: MOSL Universe sectoral EBITDA margins – Broad-based margin contraction (%)



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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

**Rupee at 21-month high of 64.05 against dollar on robust macro data**

Continuing its dominance against the dollar, the rupee shot up by a whopping 26 paise to end at a fresh 21-mth high of 64.05 driven by robust macro data even as exporters aggressively offloaded the American currency...

2

**Govt to pay bankers to manage PSU IPOs**

The government will now have to pay investment bankers for managing the initial public offerings (IPOs) of public sector units (PSUs), as none of them seems interested to perform gratis services. Till now, the government paid a fee of Rs 1. However, no banker has quoted Rs 1 fees in the bid for the recently concluded investment pitches to manage the share sale of general insurers New India Assurance and General Insurance Corporation of India (GIC Re), or Indian Railway Catering and Tourism Corporation (IRCTC), among others, said sources...

3

**Vedanta to invest \$1 bn more in FY18, says CEO**

Tom Albanese, CEO of Vedanta Ltd and London-listed Vedanta Resources Ltd, is optimistic that the good days of metal and oil companies are finally here which would see the returns on investments to go up in the current fiscal...

4

**Rera impact: Stressed realtors seek buyouts or JVs with big players**

With the Real Estate (Regulation and Development) Act, or Rera, in place in many states, leading developers or those promoted by corporates are seeing a surge in requests for buyouts and joint ventures from smaller and stressed companies...

5

**Marico eyes 'healthy' in-between snacking segment**

FMCG major Marico Ltd is looking at food, especially the in-between snacking segment, as one of its growth drivers this fiscal. This apart, increased offerings in male grooming and premium edible oils are the other big bets...

6

**EPFO looks to invest Rs18,000 crore in stocks**

India's retirement fund manager Employees' Provident Fund Organization (EPFO) will invest at least Rs18,000 crore in stocks in the current financial year, adding fuel to a stock market that is already on fire ...

7

**NPA classification in conformity with RBI norms, says YES Bank**

YES Bank said that its non-performing assets (NPAs) varied from that of Reserve Bank of India's assessment to the tune of Rs. 4,176 crore as at end-March 2016. YES Bank had reported gross bad loans of Rs. 748.98 crore at the end of March 2016 compared with Rs. 4,925 crore assessed by the central bank...



## 4QFY17 interim earnings review

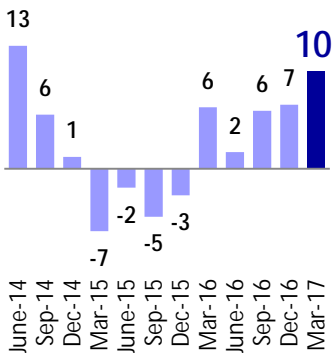
### In-line so far; margin contraction evident

- 81 MOSL Universe companies and 24 Nifty companies have declared their 4QFY17 results as of Saturday, May 13, 2017.
- These companies comprise (a) 50% of estimated PAT for MOSL Universe and 52% of estimated PAT for Nifty, and (c) 38% of Indian market cap.

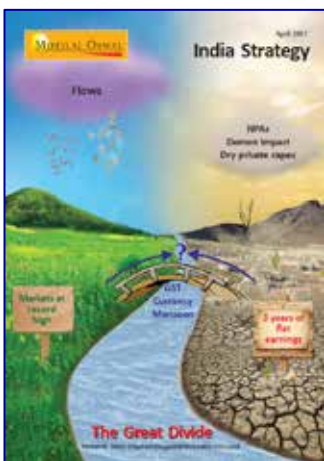
#### Key takeaways

- The 4QFY17 earnings season so far has been in line with expectations in terms of headline numbers. Of the 24 Nifty companies that have declared their results so far, 19 have reported earnings ahead of/in line with our estimates. The earnings upgrade/downgrade ratio is skewed in favor of downgrades, with 11 MOSL Universe companies seeing upgrades of 5%+ and 26 seeing downgrades of 5%+.
- The MOSL Universe has reported sales, EBITDA and PAT growth of 10.2%, 5% and 12.2% YoY, as against expectations of 11.2%, 2.7% and 10.4%, respectively.
- Sales/EBITDA/PAT for the 24 Nifty companies have grown 11.7%/1.6%/6.3% v/s expectation of 12%/(0.9%)/2.2%.
- Almost three-fourths (that is, 56) of the 81 MOSL coverage companies have reported EBITDA either in line with or above estimates. On the PAT front, 55 out of 81 companies either met or exceeded expectations. Ex-Financials, EBITDA margin declined 200bp YoY to 21.5% v/s estimate of 21%.
- Based on the results of the 13 Sensex companies, we have raised our Sensex EPS estimates marginally by 0.7%/0.6% for FY18/FY19 to INR1,583/1,915. Upgrades are led largely by Bharti Airtel, Hero MotoCorp, Reliance while Infosys, TCS, Wipro and ICICI Bank have seen earnings downgrades.

Sales growth at 11-quarter high (%)



Refer our Mar-17  
Quarter Preview



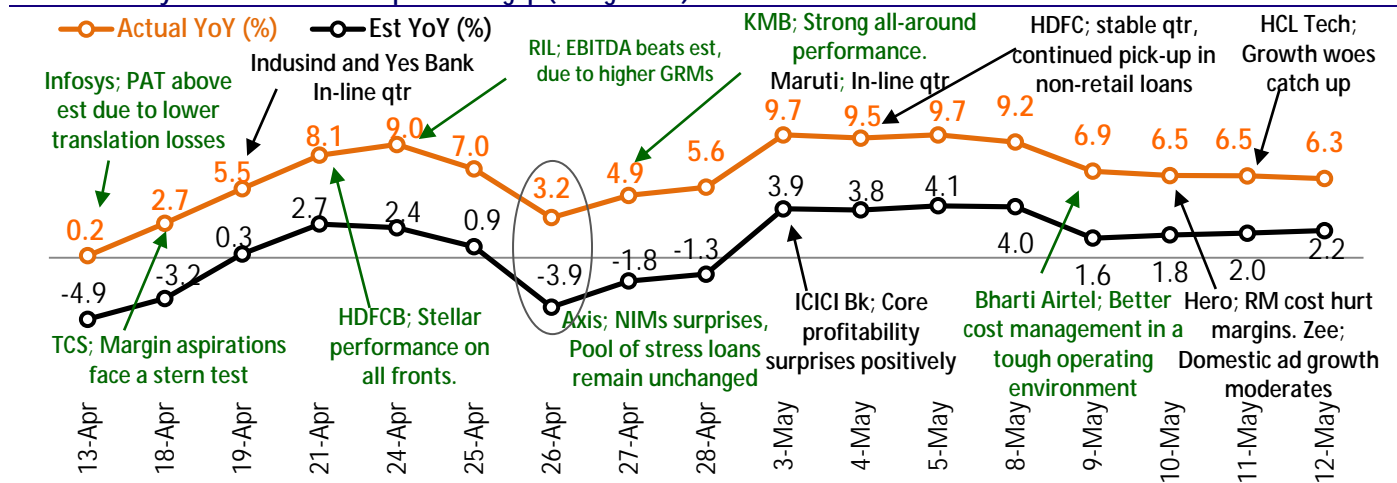
### Five key trends from the results declared until May 13, 2017:

- Volume growth has been better than expected, as demonetization impact has faded. Discretionary Consumption sectors (Jewelry, Paints, Consumer Electricals, Cement) have reported better than expected volumes.
- Sales growth at 10.2% YoY for the 81 MOSL Universe companies is at an 11-quarter high.
- Barring Metals, other sectors have seen margin contraction.
- Cement companies have surprised on both volume and cost front, and reported profits 44% ahead of expectation.
- After many quarters, NBFC profits missed our estimates.

### Aggregate PAT grows 12% YoY, in line with our estimate

- Aggregate performance of MOSL Universe:** Sales grew 10.2% YoY (our estimate: +11.2%), EBITDA grew 5% YoY (our estimate: +2.7%), and PAT grew 12.2% YoY (our estimate: +10.4%).
  - Six sectors missed PAT estimates – Capital Goods, PSU Banks, NBFCs, Healthcare, Media, and Utilities.
  - Six sectors reported PAT de-growth – NBFCs (-2%), Capital Goods (-1%), Telecom (-59%), Utilities (-92%), and Others (-13%).
  - Technology sector posted YoY flat PAT (our estimate: -4.9%).
- Nifty Universe performance:** Sales grew 11.7% YoY (our estimate: +12%), EBITDA grew 1.6% YoY (our estimate: -0.9%), and PAT grew 6.3% YoY (our estimate: +2.2%).
  - Top companies that beat estimates:** ACC (182% beat), UltraTech (21%), Axis Bank (47%), Kotak Bank (10%), RIL (8%), Bharti Airtel (20%).
  - Top companies that missed estimates:** Hero MotoCorp (8% miss), Bharti Infratel (18%), ICICI Bank (12%), Zee (25%).

Exhibit 1: Nifty-50: Performance-expectation gap (PAT growth)



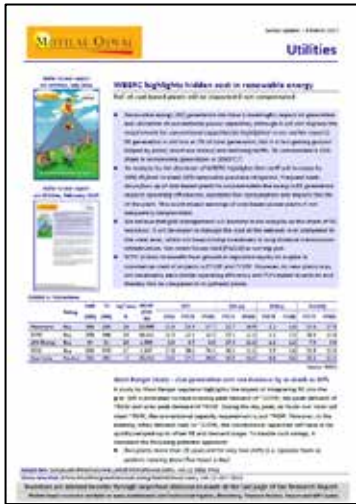
- n **Tweaking FY18/FY19 estimates marginally:** Based on 4QFY17 results for the 81 companies, we marginally cut MOSL Universe PAT estimates for FY18 and FY19 by 1% each, as EBITDA estimates remain largely unchanged. For these 81 companies, we now expect 12%/18% PAT growth for FY18/19.
  - o We raise our FY18E EPS for 11 companies (5% upgrade) and cut our FY18E EPS for 26 companies (5% downgrade).
  - o **Top FY18E EPS upgrades:** Dalmia Bharat (40%), Bharti Airtel (23%), MMFS (18%), Indian Bank (11%), TVS Motor (10%), Federal Bank (10%).
  - o **Top FY18E EPS downgrades:** BHAFIN (24%), Arvind (24%), Tata Comm (24%), Equitas (22%), Union Bank (20%), OBC (19%), Nestle (18%), IDFC Bank (14%), Wipro(8%).
- n **Sensex estimates see marginal upgrade:** Based on the results of the 12 Sensex companies, we raise our Sensex EPS estimates for FY17/18/19 by 2%/0.7%/0.6% to INR1,336/1,583/1,915.
  - o **Top FY18E Sensex EPS upgrades:** Bharti Airtel (23%), Hero MotoCorp (7%), RIL (7%).
  - o **Top FY18E Sensex EPS downgrades:** Wipro (-8%), Yes Bank (-7%), ICICI Bank (-6%), and Zee (-5%).
- n **Key results lined up over the rest of the season:** For the remaining 95 companies of our MOSL Universe, we expect sales to grow by 14.9% YoY, EBITDA by 12.7% YoY, and PAT by 51.8% YoY. PSU Banks, Oil & Gas, and Metals are expected to drive this performance. We expect the remaining Nifty Universe companies to deliver sales growth of 12.2% YoY. EBITDA/PAT growth of the remaining Nifty Universe is expected at 4.8%/20% YoY.
  - o Key results to watch for: SBI, Tata Motors, Sun Pharma, ONGC, L&T ([refer Exhibit 27](#)).





# Utilities

Refer our report dated 9-Mar-17



## Flexible coal linkage enhances value of low-cost plants

### 18GW state-owned plants could stop generation; Buy JSPL, JSWE

- n Flexible utilization of coal linkage (tolling) is a win-win. Saving of transport cost reduces DISCOMs' power purchase cost and supports generation by low-cost private power plants.
- n There is potential for ~18GW of high-cost state GENCOs to use tolling and generate savings of ~INR25b, representing 10% of finance cost saving under UDAY.
- n Private generating companies with ~27GW of untied capacities – many near coal mines – would benefit. Merchant power prices would get a boost.
- n Rising renewable energy (RE) generation enhances the value of low-cost base-load generating plants. Tolling and stricter environment norms could drive faster-than-expected rebalancing of the power market.
- n We like JSPL and JSW Energy. The implied value of their merchant capacities is at a significant discount to replacement cost.

### Policy on flexible use of coal linkage promotes efficiency

Under the scheme, a state GENCO can toll its coal linkage to another power plant if the landed cost of electricity from the participating plant is lower than its own variable cost. India's power sector has historically grown on the concept of local generation. Ignoring logistics disadvantage, states often set up plants far away from coal mines in their own regions (local generation). The resultant inefficiency is getting evident as India's power market evolves – merit order principle, expanding transmission grid, development of merchant power market, and over-supply. The flexible utilization of coal linkage policy aims to reduce this inefficiency by enabling the most efficient use of coal – a small but excellent policy move, in our view ([click here for policy document](#)).

Refer our report dated 5-Apr-17



### At least ~18GW of state GENCO capacity could stop generation

Based on data available from government sources, ~18GW of state-owned generation capacity has variable cost of INR3.1-4/kWh (Exhibit 3), which can alternatively be INR1.5-1.7/kWh in a plant near the coal mines (Exhibit 4).

Assuming the DISCOM seeks a saving of ~10% on its existing variable cost (~INR0.3/kWh) and transmission cost (~INR0.4/kWh), the participating private generation plant can still earn a contribution margin of ~INR1/kWh under tolling. Unlike the e-auction coal/merchant power market, the tolling arrangement provides an assured schedule and low cost coal to the participating plant. We estimate that the DISCOMs could save ~INR25b in power purchase cost (@10% saving). This is equivalent to ~10% of the interest cost savings under UDAY, without burden on any player in the value chain. The ~18GW we have identified is not exhaustive, as data for some of the state GENCOs (like Karnataka/Tamil Nadu) is not available.



BSE SENSEX	S&P CNX
30,322	9,445
Bloomberg	VEDL IN
Equity Shares (m)	3,717
M.Cap. (INRb)/(USD\$b)	897.0 / 14.0
52-Week Range (INR)	278 / 94
1, 6, 12 Rel. Per (%)	-4/0/127
Avg Val, INRm	2680
Free float (%)	37.1

**CMP: INR241      TP: INR225 (-7%)      Neutral**

## Strong operating performance on HZL and aluminum

### Maintain Neutral

Vedanta (VEDL) reported a strong 4Q, on expected lines, as EBITDA grew 23% QoQ to INR73.5b. The performance was driven by feast phase of mining at Hindustan Zinc (HZL; best-ever volumes and decade-high realization) and higher prices/volumes in aluminum. Ex-HZL EBITDA grew 12% QoQ. The results included Cairn India as merged entity. Adj. PAT declined 18% QoQ to INR15.2b on dividend distribution tax at subsidiaries. Net debt (incl. buyers' credit and dividend of INR72b paid in April) rose INR38b QoQ to INR266b.

### Key highlights:

- Aluminum:** Lower power cost on operating/sourcing efficiencies and higher volumes (de-stocking) drove EBITDA surprise. EBITDA/t rose USD96 QoQ to USD398. FY18 volumes guidance is 1.5-1.6mt (est. of 1.45mt), up ~40% YoY. Duty hike on captive power will impact only the 500kt Jharsuguda operations.
- Cairn India:** Rajasthan volumes would increase from ~157kboepd in 4Q to ~165kboepd in FY18 on infill drilling at Mangala and higher gas production.

### Dividend policy

- VEDL announced its dividend distribution policy to pass through the dividend paid by HZL (ex-special dividend) and a minimum of 30% of the ex-HZL PAT of Vedanta. VEDL had average payout of ~30% over FY14-16.

### Cut LME zinc/lead estimates; Maintain Neutral

- In light of volatility, we have reduced LME zinc estimate to USD2,800/t (from USD3,000/t) and lead estimate to USD2,250/t (from USD2,300/t). Resultantly, VEDL's attr. EBITDA is cut by ~6% for FY18/19E to INR210/227b.
- We estimate healthy attr. EBITDA CAGR of 14% over FY17-19, driven by higher aluminum and zinc volumes. However, despite factoring in ~10% higher zinc LME v/s spot and ~6% higher USD/INR, the stock appears fairly valued at 5.9x FY18E EV/EBITDA. TP is revised to INR225/sh. (from INR250). **Maintain Neutral.**

### Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	722.3	867.0	948.1
EBITDA	175.9	210.5	227.1
PAT	56.3	91.1	101.8
EPS (INR)	15.1	24.5	27.4
Gr. (%)	-24.6	127.7	81.0
BV/Sh (INR)	160.5	171.8	185.3
RoE (%)	9.7	14.8	15.3
RoCE (%)	12.1	13.8	14.2
P/E (x)	15.9	9.8	8.8
P/BV (x)	1.4	1.3	1.2

Estimate change

TP change

Rating change

### Quarterly Performance (Consolidated) – INR million

Y/E March	FY16				FY17				FY16	FY17	Vs Est (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales	170,169	165,609	148,766	159,793	144,371	158,596	194,171	225,113	644,336	722,250	235,086	-4
Change (YoY %)	-0.2	-15.3	-22.6	-10.3	-15.2	-4.2	30.5	40.9	-12.5	12.1	47.1	
EBITDA	45,353	38,601	29,057	34,720	34,396	46,674	59,964	73,501	147,731	214,535	73,560	0
As % of Net Sales	26.7	23.3	19.5	21.7	23.8	29.4	30.9	32.7	22.9	29.7	31.3	
Interest	13,578	14,181	13,906	15,380	13,931	14,503	15,082	15,035	57,045	58,550	14,531	3
D & A	17,175	16,602	17,704	15,629	14,920	15,289	15,203	16,037	67,109	61,448	16,842	-5
Other Income	11,480	12,152	7,154	13,757	10,935	12,521	9,160	9,208	44,543	41,824	10,957	-16
PBT (before EO item)	26,080	19,969	4,602	17,468	16,480	29,403	38,840	51,637	68,119	136,360	53,143	-3
PBT (after EO item)	21,937	19,969	6,602	-105,655	16,480	29,403	38,840	50,493	-57,147	135,216	53,143	
Total Tax	3,525	2,040	1,606	-2,841	4,914	6,623	8,968	20,604	4,330	41,109	10,378	
% Tax	16.1	10.2	24.3	2.7	29.8	22.5	23.1	40.8	-7.6	30.4	19.5	
Reported PAT	18,412	17,929	4,996	-102,814	11,567	22,780	29,872	29,889	-61,477	94,107	42,766	
Minority interest	8,459	9,587	4,819	9,004	5,417	10,259	11,209	15,784	31,869	42,668	10,558	
Adjusted PAT	14,096	8,342	-1,823	11,305	6,150	12,521	18,663	15,249	31,920	52,583	32,207	-53
Change (YoY %)	-29.6	-51.2	-111.5	54.7	-56.4	50.1	nm	34.9	-47.1	64.7	184.9	



BSE SENSEX	S&P CNX
30,322	9,445
Bloomberg	SIEM IN
Equity Shares (m)	356.1
M.Cap. (INRb)/(USD\$b)	505.7 / 7.9
52-Week Range (INR)	1470 / 1011
1, 6, 12 Rel. Per (%)	6/14/4
Avg Val, INRm	294
Free float (%)	25.0

### Financials & Valuations (INR b)

Y/E Sep	2016	2017E	2018E
Net Sales	108.1	116.3	142.2
EBITDA	10.2	11.8	15.6
PAT	6.3	8.6	11.9
EPS (INR)	17.8	24.3	33.3
Gr. (%)	5.2	36.2	37.3
BV/Sh (INR)	191.6	221.3	242.6
RoE (%)	9.3	11.0	13.7
RoCE (%)	15.1	15.8	19.2
P/E (x)	79.6	58.4	42.6
P/BV (x)	7.4	6.4	5.8

Estimate change



TP change



Rating change



**CMP: INR1,420 TP: INR1,355(-5%)**

**Neutral**

### Operational performance below expectations; continued focus on profitable growth

- Operating performance below expectations:** Siemens' (SIEM) 2QFY17 operating performance was below our expectations. On reported basis Revenue increased 5% YoY to INR29.3b (above est. of INR26.8b, revenue from continuing business up 23% YoY). EBITDA stood at INR2.8b (-13% YoY), with the margin at 9.5% (-200bp YoY; est. of 12.9%). Net profit from operations stood at INR1.9b (-5.0% YoY), below our est. of INR2.6b.
- Gross margin contracts 190bp to 31.9%:** Gross margin shrunk 190bp YoY to 31.9% in 2QFY17. EBITDA margin of 9.5% came in below our est. of 12.9%, primarily due to an adverse revenue mix, currency fluctuations and a change in accounting norms. EBIT margin from continuing business contracted 170bp YoY to 7.7% on account of margin compression across segments.
- Order inflow from continuing business up 96% YoY; book-to-bill at 1.1x:** Order intake (continuing business) for the quarter stood at INR47.2b (+96% YoY; INR29.4b in 2QFY16), led by finalization of large-ticket orders of HVDC line of Pugalur-Trichur (INR1.7b). The company's book-to-bill stood at 1.1x, with an order book position of INR118.2b.
- Valuation view:** We cut our FY17 estimates by 6% to factor in margin pressure on account of fluctuations in product mix, currency and accounting norm change. At CMP, SIEM trades at 58.4/42.6/36.7x its FY17/18/FY19E EPS of INR24.3/33.3/38.7. Given expensive valuations, we maintain **Neutral** with a TP of INR1,355 based on 35x FY19E EPS.

### Quarterly Performance (Standalone)

(INR Million)

Y/E September	FY16				FY17				FY16	FY17	MOSL 2Q	Var %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Total Revenues	23,142	27,836	26,204	30,906	22,933	29,288	24,750	39,311	108,094	116,282	26,750	9.5%
Change (%)	-12.8	4.9	10.3	-6.3	-0.9	5.2	-5.5	27.2	1.4	10.6	-3.9	
EBITDA	1,888	3,218	2,338	2,414	2,337	2,786	2,450	4,224	10,176	11,797	3,450	-19.2%
As % of Revenues	8.2	11.6	8.9	7.8	10.2	9.5	9.9	10.7	9.4	10.1	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	2,545	4,558	32,446	12,519	3,620	-20.9%
Tax	592	1,003	670	770	856	1,001	751	1,098	3,148	3,705	1,068	
Effective Tax Rate (%)	34.7	34.8	34.0	3.0	34.9	34.9	29.5	24.1	9.7	29.6	29.5	
Reported PAT	1,113	1,881	1,300	24,670	1,600	1,863	1,794	3,460	29,298	8,813	2,552	-27.0%
Adjusted PAT	1,113	1,881	1,300	1,845	1,600	1,791	1,794	3,460	6,346	8,646	2,552	-29.8%
Change (%)	4.9	21.8	-22.7	7.1	43.8	-4.8	38.0	87.6	39.9	43.3	43.8	



# Colgate-Pamolive

BSE SENSEX	S&P CNX
30,322	9,445
Bloomberg	CLGT IN
Equity Shares (m)	272.0
M.Cap. (INRb)/(USD\$b)	276.1 / 4.3
52-Week Range (INR)	1049 / 788
1, 6, 12 Rel. Per (%)	-5/-7/0
12M Avg Val (INR M)	330
Free float (%)	49.0

## Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	39.5	44.5	51.1
EBITDA	9.4	11.3	13.5
PAT	5.8	7.0	8.5
EPS (INR)	21.2	25.7	31.1
Gr. (%)	-5.7	20.8	21.1
BV/Sh (INR)	46.8	49.6	53.4
RoE (%)	50.4	53.2	60.3
RoCE (%)	49.3	52.1	59.2
P/E (x)	46.8	38.7	32.0
P/BV (x)	21.2	20.0	18.6

Estimate change



TP change



Rating change



**CMP: INR994 TP: INR1,180(+19%)**

**Buy**

## Sales and volumes in-line; high ad spends lead to EBITDA miss

- Colgate (CLGT) posted net sales growth of 2.5% YoY (est. of +3.5%) to INR10.3b in 4QFY17. Volumes fell 2% YoY, as against est. of -1%. EBITDA rose 1.2% YoY (est. of +5%) to INR2.4b, while PAT declined 0.5% YoY to INR1.4b.
- Market shares stable:** Market share in toothpaste was stable at 55.1% in FY17 (55.4% in Jan-Dec 2016). Toothbrush market share stood at 47.4%, up from 47% YoY in the Jan-Dec 2016 period.
- Gross margin (+140bp YoY to 62.6%) continued its uptrend.** Staff costs were flat YoY and other expenses declined 80bp YoY. However, the impact was offset by a sharp 240bp YoY increase in ad spend, a welcome move, in our view – CLGT is the only company in the FMCG space apart from GCPL to not cut A&P in 4QFY17. EBITDA margin shrunk 20bp YoY to 23.5% in the quarter.
- FY17 performance:** Sales were up 3% YoY to INR39.5b. EBITDA grew 0.7% YoY to INR9.4b, as gross margin expansion of 110bp was offset by 130bp higher ad spend to sales to 12.9%. PAT declined 5.7% YoY to INR5.8b. Net fixed assets (incl. CWIP) increased INR1.9b YoY. Negative net working capital rose 12.5% YoY as increase in creditor days offset higher receivables.
- Concall highlights:** (1) Momentum on innovation will continue (incl. the natural space). (2) Distribution network reaches 5.8m outlets, implying a sharp increase over two years.
- Valuation view:** Oral care category has high growth potential, and CLGT has strong moats in the form of distribution, category development, brand strength, R&D and a concentrated focus in oral care. This has helped it ensure a remarkable track record in tackling competition. Long-term earnings potential is strong, and balance sheet is best-of-breed. There is no material change to our EPS forecasts. Maintain **Buy** with revised TP of INR1,180 (INR1,200 earlier) based on 38x Mar-18 EPS, 5% discount to average multiple for past three years.

## Quarterly Performance

Y/E March	FY16				FY17				FY16	FY17	FY17 4QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Toothpaste Volume Gr %	2.0	3.0	1.0	3.0	5.0	4.0	-12.0	-3.0	2.3	-1.5	-2.0	
Net Sales	9,237	9,581	9,484	10,079	10,056	10,483	8,650	10,326	38,381	39,515	10,057	2.7%
YoY Change (%)					8.9	9.4	-8.8	2.5		3.0	3.5	
COGS	3,641	3,658	3,529	3,939	3,818	3,910	3,159	3,877	14,767	14,763	4,117	
Gross Profit	5,596	5,924	5,955	6,140	6,238	6,574	5,491	6,449	23,614	24,751	5,939	8.6%
Gross Margin (%)	60.6	61.8	62.8	60.9	62.0	62.7	63.5	62.5	61.5	62.6	59.1	
Other operating Expenses % to sales	39.3	36.0	38.5	37.7	41.7	37.3	39.8	39.3	37.9	39.5	35.0	
Other operating Income	72	67	85	77	76	83	96	49	301	304	204	
EBITDA	2,038	2,543	2,387	2,413	2,117	2,748	2,141	2,443	9,381	9,449	2,620	-6.7%
Margins (%)	21.9	26.4	24.9	23.8	20.9	26.0	24.5	23.5	24.3	23.7	25.5	
YoY Growth (%)					3.9	8.1	-10.3	1.2		0.7	5.0	
Depreciation	253	269	295	297	316	333	342	341	1,114	1,332	322	
Interest	0	0	0	0	0	0	0	0	0	0	0	
Financial other Income	81	107	98	114	96	113	109	80	399	398	39	
PBT	1,866	2,380	2,190	2,230	1,897	2,527	1,908	2,182	8,666	8,514	2,337	-6.6%
Tax	626	812	724	797	640	714	630	756	2,959	2,740	770	
Rate (%)	33.5	34.1	33.1	35.7	33.7	28.3	33.0	34.6	34.1	32.2	33.0	
Adj PAT	1,241	1,569	1,466	1,433	1,257	1,813	1,278	1,426	5,707	5,774	1,567	-9.0%
YoY Change (%)					1.3	15.6	-12.8	-0.5		1.2	-17.3	

E: MOSL Estimates



# Bata India

BSE SENSEX	S&P CNX
30,322	9,445

**CMP: INR575**

**Under Review**

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

### Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
Sales	24.5	27.6	31.3
EBITDA	2.7	3.2	3.9
NP	1.7	2.0	2.5
Adj EPS (INR)	13.5	15.6	19.3
EPS Gr. (%)	20.2	16.0	24.0
BV/Sh (INR)	101.9	113.8	129.0
RoE (%)	13.9	14.5	15.9
RoCE (%)	14.0	14.6	16.0

### Valuations

P/E (x)	42.7	36.8	29.7
P/BV (x)	5.6	5.1	4.5
EV/EBITDA (x)	25.4	21.6	17.1

### Results broadly in-line

- n BATA reported overall revenue growth of 6.1% YoY (est. of +2%) to INR5,980m (est. of INR5,556m – not adjusted for Ind-AS) from INR5,636m in 4QFY16.
- n EBITDA margin shrunk 50bp from 10% in 4QFY16 to 9.5% (est. of 11%) in 4QFY17. EBITDA increased 1% YoY to INR567m (est. of INR611m). Gross margin contracted 320bp YoY, offset by lower other expenses (-270bp YoY). Depreciation was lower at INR166m v/s INR206m in the year-ago period.
- n Thus, adj. PAT stood at INR359m (est. of INR349m), as against INR282m in 4QFY16, implying growth of 27% YoY.
- n Management commented that “last quarter saw infusion of new lines in men’s and ladies contemporary collection, along with exciting and colorful range for teenage consumers. It was supported by new technology ‘XO Rise’ range under Power Sportswear and high impact associations like ‘Footwear Partner’ for the ongoing fbb Colors Femina Miss India 2017 beauty pageant.”

### Key questions for management

- n Company’s SSG in 4QFY17 and the reasons for the same.
- n Updates on online channel sales and competitive intensity.
- n Outlook for FY18, considering new launches and stores revamps.

**Valuation and view:** We will revisit our estimates post the earnings call. Based on our current estimates, at CMP of INR575, the stock trades at 37x/30x P/E on FY19E/FY20E EPS. We have the stock rating Under Review and will update post the call with management.

### Quarterly Performance

Y/E March	(INR Million)											
	FY16				FY17				FY16	FY17E	FY17E	Var
Consolidated	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		4QE		(%)
Net Sales	6,849	5,747	6,255	5,636	6,746	5,837	6,408	5,980	24,487	24,543	5,556	8
YoY Change (%)	10.1	4.9	16.4	14.7	-1.5	1.6	2.5	6.1	NM	0.2	2.0	
Total Expenditure	6,015	5,267	5,473	5,073	5,926	5,302	5,651	5,413	21,827	21,819	4,945	
EBITDA	834	480	782	563	820	535	757	567	2,660	2,724	611	-7
Margins (%)	12.2	8.4	12.5	10.0	12.2	9.2	11.8	9.5	10.9	11.1	11.0	
Depreciation	194	192	195	206	162	160	162	166	788	657	180	
Interest	5	6	2	5	7	13	5	16	17	28	3	
Other Income	78	97	89	101	110	141	190	122	365	541	100	
PBT before EO expense	713	380	674	453	761	504	780	507	2,220	2,581	528	-4
Extra-Ord expense	430	318	0	0	0	0	217	0	747	217	0	
PBT	1,143	697	674	453	761	504	563	507	1,472	2,364	528	-4
Tax	240	154	226	170	257	158	186	147	791	780	180	
Rate (%)	33.7	40.6	33.5	37.6	33.8	31.3	23.8	29.1	35.7	33.0	34.0	
Reported PAT	902	543	448	282	504	346	377	359	2,185	1,584	349	3
Adj PAT	473	226	448	282	504	346	594	359	1,439	1,729	349	3
YoY Change (%)	-22.3	-42.1	28.2	11.9	6.6	53.2	32.5	27.3	315.9	20	25.1	
Margins (%)	6.9	3.9	7.2	5.0	7.5	5.9	9.3	6.0	5.9	7.0	6.3	

E: MOSL Estimates

# South India Bank

BSE SENSEX 29,926  
S&P CNX 9,314

**CMP: INR24.7**

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

## Conference Call Details



**ed Date:** 16<sup>th</sup> May, 2017

**Time:** 10:30am IST

**Dial-in details:**

+91-22-3960 0818

## Financials & Valuations (INR b)

Y/E March	2017	2018E	2019E
NII	15.1	16.8	18.9
OP	8.8	12.1	11.8
NP	3.3	3.9	4.2
NIM (%)	2.8	2.8	2.8
EPS (INR)	2.5	2.9	3.1
BV/Sh. (INR)	8.5	17.8	6.2
RoE (%)	9.3	10.2	10.0
RoA (%)	0.5	0.6	0.5
P/E(X)	10.6	9.0	8.5
P/BV (X)	0.9	0.9	0.8

## Growth getting back on track; ARC sales help lower NPAs

- South Indian Bank (SIB) reported PAT growth of -32%/+4% QoQ/YoY. While PPop declined QoQ on a high base due to one-off treasury gains in 3QFY17, on a YoY basis, elevated provisions (+42% YoY) offset PPop growth of 26% to result in muted PAT growth of 4% YoY.
- NII grew +5%/+11% QoQ/YoY on the back of +5%/+13% advances growth as NIM remained flat YoY and expanded 8bp QoQ to 2.74%. Opex growth was controlled at -1%/+2% QoQ/YoY, and the CI ratio stood at 51.3% (adjusted for amortization of ARC sale losses of INR316m, CI ratio stood at 46%).
- Loan growth of +5%/+13% QoQ/YoY was led by healthy growth in retail (+11%/15% QoQ/YoY) and SME/agri (+5%/+13% QoQ/YoY), reflecting the bank's steady shift in loan mix to granular retail loans.
- FY17 highlights:** (1) Capital position was healthy post rights issue, with Tier 1/CAR at 10.9%/12.37%. (2) Asset quality showed improvement driven by ARC sales, with GNPA/NNPA at 2.45%/1.45%; GNPA, standard restructured and other stressed loans stood at 4% of advances compared to 8% in 3QFY17. (3) The bank has raised INR6.3b in 4QFY17 via a rights issue – allotted 450m shares to shareholders at INR14/share.

**Valuation view:** While we like management's strategy of focusing on granular low-ticket retail/SME loans, rising share of core deposits and improving C/I ratio, the near-term pressure on return ratio (RoEs to decline due to rights issue) and asset quality will weigh on valuations. We will revisit our estimates post earnings call.

## Quarterly Performance

	FY16				FY17				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY16	FY17
Interest Income	13,767	14,050	14,077	13,679	14,472	14,502	14,790	14,707	55,572	58,471
Interest Expense	10,363	10,166	10,009	9,936	10,736	10,050	10,614	10,316	40,475	41,717
<b>Net Interest Income</b>	<b>3,404</b>	<b>3,884</b>	<b>4,067</b>	<b>3,743</b>	<b>3,736</b>	<b>4,452</b>	<b>4,175</b>	<b>4,391</b>	<b>15,097</b>	<b>16,754</b>
% Change (YoY)	-0.2	8.4	27.1	7.8	9.8	14.6	2.7	17.3	10.5	11.0
Other Income	1,038	1,212	1,533	1,391	1,734	1,459	2,585	1,377	5,174	7,156
<b>Net Income</b>	<b>4,442</b>	<b>5,096</b>	<b>5,600</b>	<b>5,134</b>	<b>5,471</b>	<b>5,911</b>	<b>6,760</b>	<b>5,768</b>	<b>20,271</b>	<b>23,910</b>
% Change (YoY)	-3.9	12.7	16.6	9.4	23.2	16.0	20.7	12.4	8.8	17.9
Operating Expenses	2,633	2,965	2,970	2,911	2,876	2,937	2,991	2,960	11,478	11,764
<b>Operating Profit</b>	<b>1,809</b>	<b>2,130</b>	<b>2,631</b>	<b>2,223</b>	<b>2,595</b>	<b>2,973</b>	<b>3,770</b>	<b>2,808</b>	<b>8,793</b>	<b>12,146</b>
% Change (YoY)	-31.6	1.0	19.9	34.7	43.4	39.6	43.3	26.3	-0.3	38.1
Other Provisions	795	675	1,064	1,163	1,141	1,283	2,066	1,653	3,696	6,144
<b>Profit Before Tax</b>	<b>1,014</b>	<b>1,456</b>	<b>1,567</b>	<b>1,060</b>	<b>1,454</b>	<b>1,690</b>	<b>1,703</b>	<b>1,155</b>	<b>5,097</b>	<b>6,002</b>
Tax Provisions	361	522	551	331	503	585	590	400	1,764	2,077
<b>Net Profit</b>	<b>653</b>	<b>934</b>	<b>1,016</b>	<b>730</b>	<b>951</b>	<b>1,105</b>	<b>1,114</b>	<b>755</b>	<b>3,333</b>	<b>3,925</b>
% Change (YoY)	-48.4	22.4	15.6	347.1	45.6	18.4	9.6	3.5	8.5	17.8
<b>Operating Parameters</b>										
NIM (Reported, %)	2.5	2.7	2.8	2.7	2.7	2.8	2.7	2.7	2.7	2.7
NIM (CaI, %)	2.6	2.9	3.1	2.7	2.6	3.0	2.7	2.7	2.8	2.8
Deposit Growth (%)	12.6	13.6	10.3	7.3	10.6	13.5	19.0	18.7	7.3	18.7
Loan Growth (%)	11.6	11.8	9.7	9.9	7.8	10.1	10.9	12.9	9.9	12.9
CD Ratio (%)	73.1	74.6	74.7	73.7	71.2	72.3	69.6	70.2	73.7	70.2
Tax Rate (%)	35.6	35.8	35.1	31.2	34.6	34.6	34.6	34.6	34.6	34.6
<b>Asset Quality</b>										
Gross NPA (INR b)	7.1	8.9	11.1	15.6	16.5	17.5	17.9	6.4		6.4
Gross NPA (%)	1.9	2.2	2.8	3.8	4.0	4.0	4.0	2.5		2.5

E: MOSL Estimates

# Indo Count Industries

BSE SENSEX 30,322 S&P CNX 9,445

CMP: INR194

TP: INR232

BUY

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

## Conference Call Details



Date: 16<sup>th</sup> May 2017

Time: 3:00pm IST

Dial-in details:

022 3960 0711

### Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Sales	22.6	25.5	28.7
EBITDA	4.3	5.7	6.6
NP	2.6	3.2	3.9
Adj EPS (INR)	13.0	16.4	19.9
EPS Gr. (%)	-10.7	26.3	21.4
BV/Sh (INR)	42.9	60.3	81.5
RoE (%)	34.8	31.8	28.1
RoCE (%)	26.5	27.5	25.8

### Valuations

P/E (x)	14.9	11.8	9.7
P/BV (x)	4.5	3.2	2.4
EV/EBITDA (x)	9.6	6.6	5.3

### Results below estimates; EBITDA margin shrinks 630bp YoY

- ICNT reported revenue of INR5,129m (est. of INR5,460m) in 4QFY17, marking flattish YoY growth.
- EBITDA declined 26% from INR1,224m in 4QFY16 to INR901m (est. INR1,174m) in 4QFY17. EBITDA margin contracted 630bp from 23.8% in 4QFY16 to 17.6% (est. of 21.5%) in 4QFY17.
- Despite gross margin expansion of 410bp YoY to 52.2%, higher other expenses (+910bp to 28.6% from 19.5% in 4QFY16) led to EBITDA margin contraction.
- Consequently, PAT declined 28.1% from INR679m in 4QFY16 to INR488m (est. of INR669m) in 4QFY17.

### Key questions for management

- Impact of currency and increase in cotton prices.
- Reasons for significant improvement in gross margin despite sharp increase in other expenses.
- Outlook for FY18, considering recent launches of branded business.

**Valuation and view:** We will revisit our estimates post the earnings call. Based on our current estimates, at CMP of INR194, the stock trades at 12x/10x P/E on FY18E/FY19E EPS. We have the stock rating as **Buy**, which we will update post the call with management.

### Standalone - Quarterly Earning Model

Y/E March	FY16				FY17				FY17E	FY17	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	4QE	%	
Net Sales	4,579	5,765	5,009	5,134	4,926	5,763	5,029	5,129	22,814	5,460	-6
YoY Change (%)	44.9	20.4	16.9	12.4	7.6	0.0	0.4	-0.1	3.1	4.0	
Total Expenditure	3,567	4,713	3,858	3,910	3,824	4,599	4,009	4,228	18,046	4,286	
EBITDA	1,012	1,052	1,151	1,224	1,103	1,164	1,020	901	4,768	1,174	-23
Margins (%)	22.1	18.2	23.0	23.8	22.4	20.2	20.3	17.6	20.9	21.5	
Depreciation	67	69	72	81	80	73	79	79	357	80	
Interest	146	156	94	121	98	116	91	89	380	80	
Other Income	0	0	0	0	0	0	0	0	0	0	
PBT	798	828	985	1,022	924	975	849	733	4,031	1,014	-28
Tax	277	311	213	343	321	348	287	245	1,330	345	
Rate (%)	34.6	37.6	21.6	33.6	34.8	35.7	33.8	33.4	33.0	34.0	
Reported PAT	522	516	773	679	603	627	562	488	2,701	669	-27
Adj PAT	522	516	773	679	603	627	562	488	2,701	669	-27
YoY Change (%)	109.4	21.5	77.1	48.6	15.6	21.5	-27.3	-28.1	2.0	1.4	
Margins (%)	11.4	9.0	15.4	13.2	12.2	10.9	11.2	9.5	11.8	12.3	

E: MOSL Estimates



# Idea Cellular

BSE SENSEX	S&P CNX
30,322	9,445
Bloomberg	IDEA IN
Equity Shares (m)	3,601
M.Cap.(INRb)/(USD\$b)	315.6 / 4.9
52-Week Range (INR)	124 / 66
1, 6, 12 Rel. Per (%)	-3/5/-43
Avg Val, INRm	1697
Free float (%)	57.6

**CMP: INR85**

**TP: INR110 (+29%)**

**Buy**

## Too many moving levers in the near term

### EBITDA at INR21.9b surprisingly up 1% QoQ, 19% above estimate

**Network cost savings protect EBITDA:** Idea's (IDEA) revenues declined 6%/14% QoQ/YoY to INR81.3b (in-line). EBITDA surprisingly grew 1% QoQ (-39% YoY) to INR21.9b (higher than est. of INR18.5b). It majorly benefited from lower network cost (-5% QoQ) on the back of ~900 2G site reduction and other cost-optimization measures. EBITDA margin expanded 200bp QoQ to 27% (410bp above est.). Net loss stood at INR3.8b (flat QoQ), as against net profit of INR5.8b in the year-ago period. FY17 revenue/EBITDA of INR355.8b/INR102.8b declined 1%/21% YoY. PAT in FY17 turned negative at INR4b v/s INR30.8b in FY16.

**Deteriorating voice and data pricing:** Voice revenue of INR59.7b declined 3% QoQ on the back of a 12% fall in voice pricing, partly offset by high incoming traffic, which led to 10% voice traffic growth. Data revenue continued the free fall (-16% QoQ to INR14.6b) owing to 28% ARMB decline, partly offset by 17% data traffic growth. Blended ARPU dropped 10% QoQ to INR142, while data ARPU remained flat at INR111.

**Expect EBITDA to bottom in FY18:** We maintain our FY18 estimate of 5%/17% revenue/EBITDA fall, given Rjio's continued freebies in 1QFY18 and a gradual recovery from 3Q-4QFY18. We expect industry to bottom in next 3-4 quarters. We thus expect revenue/EBITDA growth of 7%/9% in FY19.

**Vodafone merger to change IDEA's competitive position, but near-term market share risk remains:** IDEA is valued at 10x EV/EBITDA on FY18E. The company's merger with Vodafone could be a big positive, improving its network capability/market standing. We maintain **Buy** with a revised TP of INR110 on 10x FY19E EV/EBITDA, which partly captures gains from Vodafone merger. However, until the merger gets fructified, the stock could languish due to likely market share dilution in a hyper competitive industry outlook triggered by high capacity requirements.

### Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	355.8	337.8	360.9
EBITDA	102.8	85.4	93.4
PAT	-4.0	-46.5	-49.0
EPS (INR)	-1.1	-12.9	-13.6
Gr. (%)	-113.0	1,063.8	5.2
BV/Sh (INR)	68.6	55.7	43.4
RoE (%)	-1.6	-20.8	-27.4
RoCE (%)	1.5	-0.3	0.1
P/E (x)	-76.7	-6.6	-6.3
P/BV (x)	1.2	1.5	2.0
EV/EBITDA (x)	8.3	10.3	9.8

Estimate change



TP change



Rating change



### Quarterly Performance (Consolidated)

(INR Million)

Y/E March	FY16				FY17				FY16	FY17
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross Revenue	87,915	86,891	90,097	94,839	94,866	93,002	86,627	81,261	359,809	355,758
YoY Change (%)	16.3	14.8	12.4	12.6	7.9	7.0	-3.9	-14.3	14.0	-1.1
Total Expenditure	58,122	56,320	58,812	58,678	64,124	64,601	64,973	59,316	229,510	252,995
EBITDA	29,793	30,570	31,285	36,160	30,742	28,401	21,655	21,945	130,300	102,763
Margins (%)	33.9	35.2	34.7	38.1	32.4	30.5	25.0	27.0	36.2	28.9
Depreciation	14,117	15,381	16,231	19,737	19,192	19,543	19,653	19,885	66,508	78,272
Share in Profits from Associates	927				1,035	1,057	1,143	983		4,218
Interest	3,240	2,726	3,349	7,678	9,224	8,753	9,232	10,112	16,545	37,342
PBT before EO expense	13,364	12,464	11,705	8,745	3,362	1,162	-6,087	-7,069	47,247	-8,633
PBT	13,364	12,464	11,705	8,745	3,362	1,162	-6,087	-7,069	47,247	-8,633
Tax	4,816	4,371	4,063	2,989	1,158	247	-2,248	-3,792	16,447	-4,636
Rate (%)	36.0	35.1	34.7	34.2	34.4	21.3	36.9	53.6	34.8	53.7
Reported PAT	8,548	8,093	7,642	5,756	2,204	915	-3,839	-3,277	30,799	-3,997
Margins (%)	9.7	9.3	8.5	6.1	2.3	1.0	-4.4	-4.0	8.6	-1.1





# J&K Bank

BSE SENSEX	S&P CNX
30,322	9,445
Bloomberg	JKBK IN
Equity Shares (m)	521.5
M.Cap.(INRb)/(USD\$b)	42.2/0.6
52-Week Range (INR)	92 / 55
1, 6, 12 Rel. Per (%)	1/19/8
Avg Val, INRm	117
Free float (%)	46.8

## Financials & Valuations (INR b)

Y/E March	2017	2018E	2019E
NII	25.1	27.1	30.3
OP	12.9	12.9	14.2
NP	-16.3	2.3	4.2
NIM (%)	3.5	3.5	3.5
EPS (INR)	-31.3	4.4	8.0
EPS Gr. (%)	NA	NA	83.4
BV/Sh. (INR)	108.8	112.2	118.3
ABV/Sh. (INR)	78.6	87.6	99.1
RoE (%)	-27.0	4.0	7.0
RoA (%)	-2.0	0.3	0.4
P/E(X)	-2.6	18.5	10.1

**CMP: INR81**

**TP: INR89 (+10%)**

**Neutral**

### Balance sheet clean-up phase; high provisioning leads to pre-tax loss

- J&K reported net loss of INR5.5b in 4QFY17 owing to elevated credit costs (~5% annualized). High provisioning was on account of high net stress addition (~2.8% net slippage ratio) and a strong focus of management to clean up balance sheet (calculated PCR rose to ~59.6% v/s 52.8% in 3Q).
- Strong recoveries and upgrades at INR3.6b (4Q is seasonally strong) helped partly offset high stress additions (INR6.5b v/s INR1.9b in 3Q). Focus on increasing PCR led to a 10% sequential decline in NNPA's (4.9% of loans v/s 6% in 3Q). Stock of restructured loans stood at INR63.8b (11% of loans), of which INR44b pertained to J&K state. The bank implemented INR3.1b in S4A and INR1.1b in SDR during the quarter.
- NII grew 12% QoQ (+1% YoY), led by strong sequential loan growth (+10% QoQ) and a sharp improvement in NIM to 3.5% (+50bp QoQ).
- Despite net income growth of 11% QoQ, high opex (+23% QoQ) led to a 6% QoQ fall in PPOP (-27% YoY). Operating costs were impacted by one-offs due to a) depreciation adjustment on revalued assets of ~INR150m, b) INR250m digitalization expenses and c) INR250m principal settlement related.
- FY17 highlights:** (1) Loan growth was flat YoY (but grew 10% QoQ); share of J&K state loans stood at ~50% v/s 48.6% in FY16. (2) CASA ratio stood at 51.7% (+760b YoY) – highest ever; SA deposits grew 19% YoY.

**Valuation and view:** The bank is on track to close a capital raise of INR2.82b (second tranche by 25 May – we expect capital augmentation efforts to continue (8.7% Tier 1). While we like management's focus to clean up balance sheet, continued high stress additions and high proportion of restructured book remain a cause for concern. Recoveries/resolutions in non-J&K state corporate portfolio (19% NPA) will be a significant trigger for the bank. We cut estimates sharply to factor in high provisioning (focus on increasing PCR). Maintain **Neutral**.

## Quarterly Performance

Y/E March	FY16				FY17				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY16	FY17
Net Interest Income	6,948	6,945	6,737	6,471	6,326	6,414	5,830	6,550	27,101	25,119
% Change (YoY)	9.0	0.4	5.5	-5.2	-9.0	-7.6	-13.5	1.2	2.2	-7.3
Other Income	1,356	1,265	1,027	1,392	1,167	1,309	1,207	1,246	5,040	4,929
Net Income	8,305	8,210	7,764	7,863	7,493	7,723	7,037	7,795	32,141	30,048
Operating Expenses	3,722	3,833	3,854	4,054	4,000	3,967	4,106	5,032	15,462	17,105
Operating Profit	4,583	4,377	3,910	3,809	3,493	3,756	2,930	2,764	16,679	12,943
% Change (YoY)	2.4	1.2	2.8	-33.8	-23.8	NA	-25.1	-27.4	-9.1	-22.4
Other Provisions	2,129	1,266	2,397	3,971	3,137	9,921	7,263	7,683	9,762	28,003
Profit before Tax	2,454	3,111	1,513	-162	356	-6,165	-4,332	-4,919	6,917	-15,060
Tax Provisions	867	1,155	337	398	127	-141	653	624	2,757	1,263
Net Profit	1,588	1,956	1,177	-560	229	-6,024	-4,986	-5,543	4,160	-16,323
% Change (YoY)	22.1	13.5	12.5	NA	-85.6	NA	NA	NA	-18.2	NA
<b>Operating Parameters</b>										
NIM (Reported, %)	3.9	4.0	3.9	3.6	3.4	3.4	3.0	3.5	3.9	3.3
Loan Growth (%)	-2.6	1.4	5.3	12.6	12.9	4.0	-3.5	-0.8	12.6	-0.8
Deposit Growth (%)	-2.2	-0.8	0.7	5.5	10.8	11.9	15.3	4.4	5.5	4.4
CASA Ratio (%)	44.7	43.2	42.7	44.1	43.1	45.1	47.4	51.7	44.1	51.7
CD ratio (%)	69.5	73.2	72.6	72.3	70.8	68.0	60.8	68.7	72.3	68.7
<b>Asset Quality</b>										
Gross NPA (INR b)	29.9	30.8	33.4	43.7	47.1	56.8	57.1	60.0	43.7	60.0
Gross NPA (%)	6.6	6.5	6.8	8.3	9.3	11.3	11.8	11.2	8.3	11.2

E: MOSL Estimates



# Metals Weekly

## Domestic flat product prices lower; Private miners cut iron ore prices

- Indian steel: Long product (TMT Mumbai) prices unchanged WoW. Sponge iron fell ~2% WoW while domestic scrap prices were up ~1% WoW. Private miners in Odisha cut iron ore prices by INR100-300/t WoW. Pellet prices were also lower. Domestic HRC prices were down ~2% WoW
- Raw Materials: Iron ore prices (China cfr) were down ~1% WoW. Thermal coal prices were down ~3% WoW. Coking coal were down by ~20% WoW, back to the levels pre-weather disruptions in Australia. China pellet import prices were down ~5% WoW.
- Europe: HRC prices were down ~1% WoW. CIS export HRC prices were down ~2%. Rotterdam scrap prices were down ~3% WoW.
- China: local HRC prices were up ~1% WoW while rebar rose ~3% WoW. Rebar product spreads for Chinese mills are at multi-year highs. Export rebar prices were unchanged while HRC was down ~2% WoW.
- Base metals: Aluminum (cash LME) was down ~1% WoW. Alumina prices were lower. Zinc (cash LME) was unchanged WoW while lead was down ~1% WoW. Copper was unchanged WoW. Crude oil (Brent) prices were up ~4% WoW.

### Metal Prices

	CMP	change since						
		12-May	%	5-May	%	1-Jan	%	1-Apr
<b>STEEL</b>								
TMT- Mumbai (INR/ton)	31,200	0	31,300	2	30,600	13	27,600	
HRC- Mumbai (INR/ton)	35,556	-2	36,444	-7	38,222	16	30,667	
HRC (USD/ton) fob CIS	435	-2	445	-12	495	18	368	
Sponge iron - Raipur (INR/ton)	16,200	-2	16,500	2	15,950	22	13,300	
<b>METALLICS</b>								
Pig iron - Raipur (INR/ton)	24,675	-1	24,900	9	22,550	28	19,300	
Iron ore spot (USD/ton) cfr China	61	-1	62	-22	79	12	55	
Coking coal (USD/ton) fob Aus.	170	-20	212	-29	240	107	82	
Shred. scrap (USD/ton) Rotterdam	251	-3	260	-10	278	7	235	
<b>ALUM.</b>								
LME Spot (USD/ton)	1,880	-1	1,907	10	1,714	23	1,524	
Indian prices (INR '000/ton)	121	-1	123	4	116	20	101	
LME inventories ('000 ton)	1,556	-2	1,592	-29	2,202	-44	2,783	
<b>ZINC</b>								
LME Spot (USD/ton)	2,582	0	2,577	1	2,563	40	1,842	
Indian prices (INR '000/ton)	166	0	166	-5	174	-86	1,222	
LME inventories ('000 ton)	345	2	339	-19	428	-21	435	
<b>COPPER</b>								
LME Spot (USD/ton)	5,520	0	5,531	0	5,501	13	4,880	
Indian prices (INR '000/ton)	356	0	356	-5	374	12	319	
LME inventories ('000 ton)	329	-6	352	6	312	130	143	
<b>OTHERS</b>								
Gold (INR/10gms)	28,066	0	28,161	1	27,812	-3	29,080	
Sliver (INR/1kg)	38,059	1	37,869	-2	38,921	4	36,651	
Lead Spot LME (USD/ton)	2,166	-1	2,190	9	1,985	26	1,720	
Brent crude (USD/bbl)	50.8	4	49.1	-10	56.8	31	38.7	
<b>MISC.</b>								
INR/USD	64.2	0	64.3	-6	68.0	-3	66.2	
BDI	1,014	1	1,001	6	961	125	450	

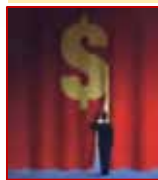
### Valuations: Indian companies

Company	Price (INR)	EV/EBITDA (x)		P/B (x)	
		FY18E	FY19E	FY18E	FY19E
<b>Steel</b>					
Tata Steel	437	7.2	6.6	2.8	
JSW Steel	197	6.6	5.8	1.9	
JSPL	112	9.5	6.6	0.3	
SAIL	60	58.1	10.3	0.8	
<b>Non-Ferrous</b>					
Hindalco	191	6.0	5.3	1.3	
Nalco	66	5.0	4.3	1.2	
Vedanta	236	5.8	5.8	1.3	
<b>Mining</b>					
Coal India	276	6.9	6.2	6.8	
HZL	255	7.2	6.2	3.0	
NMDC	126	6.5	6.1	1.6	

Note: Detailed table on pg 25 Source: MOSL

### Valuations: Global companies

	Price	EV/EBITDA (x)			P/B (x)		
		CY17	CY18	CY17	CY17	CY18	CY17
<b>Mining</b>							
BHP	AUD 23.75	5.2	5.6	nm			
FMG	AUD 4.74	2.9	3.9	nm			
Rio Tinto	AUD 59.8	4.8	5.7	1.8			
Vale	USD 24.6	4.3	5.2	0.9			
Teck Res.	USD 18.44	3.5	4.6	0.8			
<b>Steel</b>							
A. Mittal	EUR 6.649	4.6	4.6	nm			
Posco	KRW 272.5	5.4	5.3	0.5			
US Steel	USD 20.04	5.1	4.1	1.6			
Nucor	USD 57.32	6.7	6.6	2.2			
JFE	JPY 1860	6.8	6.5	nm			
Gerdau	BRL 9.62	6.8	5.5	1.1			
Angang	CNY 4.89	7.0	6.3	0.8			
<b>Non Ferrous</b>							
Alcoa	USD 31.79	4.2	4.6	1.0			
Hydro	NOK 47.76	5.8	5.6	1.2			
Rusal	HKD 3.81	9.0	9.0	nm			



# PI Industries

Bloomberg	PI IN
Equity Shares (m)	136.6
M. Cap. (INR b)/(USD b)	114 / 2
52-Week Range (INR)	950 / 553
1,6,12 Rel Perf. (%)	-2 / -6 / 28

**CMP: INR833 TP: INR1046 (+25%) Buy**

- We expect revenue to grow 4% YoY to INR6b, with slowdown in CSM business on account of pain in global agri-chem.
- We estimate 310bp margin expansion to 21.4%, and expect EBITDA to grow 22% YoY to INR1.28b.
- We estimate adjusted PAT at INR935m, as against INR934m in 4QFY16. **Buy.**

## Financial Snapshot (INR Billion)

Y/E March	2016	2017E	2018E	2019E
Sales	21.0	23.5	28.5	34.0
EBITDA	4.3	5.3	6.7	8.3
NP	3.0	4.1	4.8	6.0
EPS (INR)	22.1	30.4	34.8	43.6
EPS Gr. (%)	22.8	37.4	14.6	25.2
BV/Sh. (INR)	85.8	110.7	138.8	174.4
RoE (%)	29.2	30.9	27.9	27.8
RoCE (%)	26.8	29.6	27.7	27.8

## Valuations

P/E (x)	37.7	27.5	24.0	19.1
P/BV (x)	9.7	7.5	6.0	4.8
EV/EBITDA (x)	27.6	22.5	17.4	13.6
EV/Sales (x)	5.7	5.1	4.1	3.3

## Key things to watch for

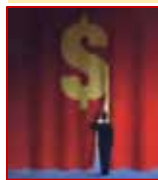
- CSM growth and order book.
- Agrochemical business updates for FY18.

## Standalone - Quarterly Earning Model

(INR Million)

Y/E March	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	5,921	4,768	5,110	5,848	6,834	5,719	4,879	6,064	21,647	23,496
YoY Change (%)	25.7	11.8	1.2	8.9	15.4	20.0	-4.5	3.7	11.6	8.5
Total Expenditure	4,577	3,933	4,079	4,775	5,178	4,440	3,845	4,764	17,364	18,228
EBITDA	1,344	835	1,031	1,073	1,656	1,279	1,034	1,300	4,283	5,269
Margins (%)	22.7	17.5	20.2	18.3	24.2	22.4	21.2	21.4	19.8	22.4
Depreciation	115	117	137	170	178	181	183	195	538	737
Interest	27	15	27	26	16	13	12	12	96	53
Other Income	86	89	80	70	113	134	133	90	325	469
PBT before EO expense	1,288	792	947	947	1,575	1,219	973	1,183	3,974	4,949
Extra-Ord expense	0	0	0	-20	0	0	0	0	-20	0
PBT	1,288	792	947	967	1,575	1,219	973	1,183	3,994	4,949
Tax	429	223	238	14	306	205	33	248	904	792
Rate (%)	33.3	28.1	25.2	1.4	19.4	16.8	3.4	21.0	22.6	16.0
Reported PAT	859	570	708	953	1,269	1,014	940	935	3,090	4,157
Adj PAT	859	570	708	934	1,269	1,014	940	935	3,075	4,157
YoY Change (%)	24.4	25.2	19.9	64.0	47.7	77.9	32.7	0.1	33.3	35.2
Margins (%)	14.5	12.0	13.9	16.0	18.6	17.7	19.3	15.4	14.2	17.7

E: MOSL Estimates



# Punjab National Bank

Bloomberg	PNB IN
Equity Shares (m)	2128.0
M. Cap. (INR b)/(USD b)	322 / 5
52-Week Range (INR)	164 / 71
1,6,12 Rel Perf. (%)	4 / -1 / 62

**CMP: INR151 TP: INR186 (+23%) Buy**

- In line with industry trend, we expect muted loan growth (-2.5% YoY / +4% QoQ). Deposits should grow 10%+ YoY, reflecting large CASA inflows in 3Q post demonetization. However, 4Q might see some CASA outflow.
- NII is likely to show strong growth (+44% YoY) owing to ~10bp QoQ and ~65bp YoY improvement in NIMs – 3QFY17 and 4QFY16 were affected by interest income reversals.
- Fee income growth is likely to be moderate and trail balance sheet growth (+3% YoY); overall non-interest income is likely to grow just 2% YoY (and decline QoQ) owing to sharp fall in trading gains.
- Stress addition is likely to be elevated but recoveries could surprise positively, with intense efforts. We expect credit cost to be high at ~300bp in an effort to shore up coverage ratio (37% in 3QFY17).
- Resolutions in key accounts remain a key trigger. The stock trades at 0.7x FY19E BV and 9.1x FY19E EPS. Maintain Buy.

## Financial Snapshot (INR b)

Y/E March	2016	2017E	2018E	2019E
NII	153.1	153.0	173.2	198.3
OP	122.2	130.2	145.1	160.8
NP	-39.7	11.2	26.5	35.2
NIM (%)	2.6	2.4	2.5	2.6
EPS (INR)	-20.2	5.3	12.4	16.6
EPS Gr. (%)	NM	NM	135.6	33.0
BV/Sh. (INR)	180	181	191	205
ABV/Sh. (INR)	54	74	100	141
RoE (%)	-10.9	3.0	6.7	8.3
RoA (%)	-0.6	0.2	0.4	0.4

## Valuations

P/E(X)	-7.5	28.6	12.1	9.1
P/BV (X)	0.8	0.8	0.8	0.7
P/ABV (X)	2.80	2.04	1.52	1.07
Div. Yield (%)	0.0	0.5	1.2	1.6

## Key issues to watch for

- Outlook on asset quality, as net stressed loans remain one of the highest in the industry.
- Capital raising plans via fresh issue and sale of non-core assets.

## Quarterly Performance

Y/E March	FY16				FY17E				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY16	FY17E
<b>Net Interest Income</b>	41,025	43,220	41,196	27,677	36,990	38,799	37,308	39,867	153,118	152,963
% Change (YoY)	-6.3	4.1	-2.7	-27.0	-9.8	-10.2	-9.4	44.0	-7.5	-0.1
Other Income	13,974	13,569	16,706	24,522	23,551	23,879	25,135	24,975	68,770	97,539
<b>Net Income</b>	54,998	56,789	57,902	52,199	60,541	62,678	62,443	64,841	221,888	250,503
Operating Expenses	23,677	27,404	28,724	19,920	27,794	29,557	30,897	32,078	99,725	120,326
<b>Operating Profit</b>	31,321	29,385	29,179	32,279	32,746	33,120	31,546	32,764	122,163	130,176
% Change (YoY)	0.2	2.2	6.1	0.8	4.6	12.7	8.1	1.5	2.2	6.6
Other Provisions	18,114	18,821	37,755	104,852	27,384	25,338	29,359	31,072	179,542	113,152
<b>Profit before Tax</b>	13,207	10,564	-8,577	-72,574	5,362	7,783	2,187	1,692	-57,379	17,025
Tax Provisions	6,000	4,354	-9,087	-18,902	2,299	2,289	116	1,085	-17,635	5,788
<b>Net Profit</b>	7,207	6,210	510	-53,671	3,064	5,494	2,072	607	-39,744	11,236
% Change (YoY)	-48.7	7.9	-93.4	NM	-57.5	-11.5	306.2	NM	NM	NM
<b>Operating Parameters</b>										
NIM (Rep, %)	2.9	3.0	2.8	1.8	2.5	2.5	2.3		2.6	
Deposit Growth (%)	16.4	14.0	13.3	10.3	7.0	6.5	11.6	10.0	10.3	10.0
Loan Growth (%)	9.6	6.7	8.4	8.4	2.8	3.4	-1.8	-2.5	8.4	-2.5
CD Ratio (%)	73.6	70.6	71.6	74.6	70.7	68.5	63.0	66.1	74.6	66.1
Dom. CASA Ratio (%)	38.9	40.2	40.4	41.6	41.4	42.1	47.1		41.6	
Tax Rate (%)	45.4	41.2	105.9	26.0	42.9	29.4	5.3	64.1	30.7	34.0
<b>Asset Quality</b>										
OSRL (INR B)	399.7	382.6	350.0	201.4	189.1	180.9	172.2		201.4	
OSRL (%)	10.5	10.0	8.9	4.9	4.8	4.6	4.5		4.9	
Gross NPA (INR B)	254	249	343	558	567	565	556	555	558	555
Gross NPA (%)	6.5	6.4	8.5	12.9	13.8	13.6	13.7	13.1	12.9	13.1

E: MOSL Estimates





# Shree Cement

Bloomberg	SRCM IN
Equity Shares (m)	34.8
M. Cap. (INR b)/(USD b)	604 / 9
52-Week Range (INR)	18519/12001
1,6,12 Rel Perf. (%)	5 / -9 / 23

### Financial Snapshot (INR Billion)

Y/E March	2016	2017E	2018E	2019E
Sales	72.9	83.4	101.1	119.9
EBITDA	16.7	23.7	30.5	36.8
NP	5.9	13.0	20.3	25.7
Adj EPS (INR)	168.0	374.6	581.4	737.1
EPS Gr. (%)	26.1	57.0	55.2	26.8
BV/Share (INR)	1,774	2,013	2,548	3,239
RoE (%)	10.2	19.8	25.5	25.5
RoCE (%)	10.6	19.4	24.5	24.9
Payout (%)	17.4	36.0	8.0	6.3

### Valuation

P/E (x)	70.3	46.9	30.2	23.8
P/BV (x)	8.0	8.7	6.9	5.4
EV/EBITDA (x)	27.9	24.4	18.3	14.6
EV/Ton (USD)	267	309	277	199

**CMP: INR17,332 TP: INR20,072(+16%) Buy**

- We expect 4QFY17 cement volumes to grow 11% YoY to 5.95mt (including clinker), led by ramp-up of new capacity in the eastern market. Realizations are expected to decline by 3% QoQ to INR3,590/ton due to lower realizations in the focus markets.
- Merchant power sale is expected to be meaningfully lower at 100m units due to a sharp decline in merchant power rates. Power EBITDA is estimated to be negligible.
- Revenue is estimated at INR22.1b (+10% YoY) and EBITDA at INR4.34b, translating into margin of 19.6% (-5.8pp QoQ.). Adjusted PAT is likely to be INR2.28b (+2.4% YoY).
- Valuations stand at 30x FY18E EPS, 18.3x FY18E EBITDA, and FY18E EV/ton of USD277. Maintain Buy.

### Key issues to watch out for:

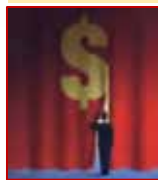
- ⊗ Volume and pricing recovery for north India.
- ⊗ Update on scale-up of recently commissioned units in east.
- ⊗ New expansion plans.

### Quarterly Performance - Shree Cement (S/A)

(INR Million)

Y/E June	FY16			FY17				FY16	FY17E
	1Q	2Q	3Q	1Q	2Q	3Q	4QE		
Sales Dispat. (m ton)	4.19	4.70	5.36	5.13	4.57	4.91	5.95	18.59	20.56
YoY Change (%)	7.9	23.3	29.7	18.0	9.2	4.5	11.1	15.0	10.6
Realization (INR/Ton)	3,619	3,449	3,345	3,885	3,965	3,699	3,590	3,463	3,773
YoY Change (%)	-0.8	-2.6	-5.4	11.8	9.6	7.2	7.3	-2.4	9.0
QoQ Change (%)	4.1	-4.7	-3.0	16.1	2.1	-6.7	-2.9		
<b>Net Sales</b>	<b>17,119</b>	<b>18,030</b>	<b>20,174</b>	<b>21,987</b>	<b>20,068</b>	<b>18,434</b>	<b>22,138</b>	<b>72,517</b>	<b>82,626</b>
YoY Change (%)	6.6	16.9	28.2	27.9	17.2	2.2	9.7	12.6	13.9
<b>EBITDA</b>	<b>4,163</b>	<b>4,586</b>	<b>5,050</b>	<b>7,308</b>	<b>6,563</b>	<b>4,689</b>	<b>4,340</b>	<b>17,315</b>	<b>22,900</b>
Margins (%)	24.3	25.4	25.0	33.2	32.7	25.4	19.6	23.9	27.7
Depreciation	2,448	2,766	3,338	1,540	4,322	3,176	2,994	10,934	12,033
Interest	235	235	286	276	293	411	175	1,019	1,155
Other Income	958	1,017	755	979	1,233	1,356	1,432	3,174	5,000
<b>PBT before EO Exp</b>	<b>2,438</b>	<b>2,602</b>	<b>2,182</b>	<b>6,471</b>	<b>3,180</b>	<b>2,459</b>	<b>2,603</b>	<b>8,536</b>	<b>14,712</b>
<b>PBT</b>	<b>2,438</b>	<b>2,601</b>	<b>2,181</b>	<b>6,471</b>	<b>3,180</b>	<b>2,438</b>	<b>2,603</b>	<b>8,294</b>	<b>14,691</b>
Tax	-26	265	-53	1,394	265	83	315	219	2,057
Rate (%)	-1.1	10.2	-2.4	21.5	8.3	3.4	12.1	2.6	14.0
<b>Reported PAT</b>	<b>2,464</b>	<b>2,336</b>	<b>2,233</b>	<b>5,077</b>	<b>2,915</b>	<b>2,354</b>	<b>2,288</b>	<b>8,074</b>	<b>12,634</b>
<b>Adj PAT</b>	<b>2,464</b>	<b>2,337</b>	<b>2,234</b>	<b>5,077</b>	<b>2,915</b>	<b>2,375</b>	<b>2,288</b>	<b>8,310</b>	<b>12,652</b>
YoY Change (%)	107.4	147.4	79.3	106.1	18.3	1.6	2.4	79.1	52.3

E:MOSL Estimates \*\* FY16 is March ending 12 months



# Tata Steel

Bloomberg	TATA IN
Equity Shares (m)	971.4
M. Cap. (INR b)/(USD b)	479 / 7
52-Week Range (INR)	508 / 297
1,6,12 Rel Perf. (%)	-4 / 20 / 38

**CMP: INR492 TP: 440 (-11%) Sell**

### Financial Snapshot (INR Billion)

Y/E March	2016	2017E	2018E	2019E
Sales	1,172	1,135	1,266	1,296
EBITDA	76	144	173	183
Adj. PAT	7	18	47	54
Adj. EPS (INR)	7.7	18.9	48.6	55.1
EPS Gr(%)	168.6	145.6	157.9	13.3
BV/Sh. (INR)	152	125	164	209
RoE (%)	4.6	13.6	33.7	29.5
RoCE (%)	5.4	7.7	9.5	9.8
Payout (%)	-28.6	-63.8	18.5	16.4
<b>Valuation</b>				
P/E (x)	65.4	26.6	10.3	9.1
P/BV	3.3	4.0	3.1	2.4
EV/EBITDA (x)	16.6	9.2	7.6	6.9
Div. Yield (%)	1.6	1.6	1.6	1.6

- India: We estimate Tata Steel's standalone EBITDA to increase 6% QoQ to INR35.7b on higher volumes. The increase in realization of -7% QoQ would be largely offset by higher coking coal cost. The benefit of higher realization in the ferro chrome business would be offset by delayed impact of royalty. Volumes would increase 6% QoQ (17% YoY) to 3,177kt on Kalinganagar ramp-up. Standalone EBITDA/t is estimated at INR11,239, broadly flat QoQ.
- Europe: EU steel margin is estimated to expand from USD38/t in 3QFY17 to USD58/t on higher steel spreads. Q3 also had the impact of maintenance shutdown. Volumes are estimated at 2.6mt. EBITDA is estimated at INR10.3b, up from INR6.1b in 3Q.
- Consolidated EBITDA is estimated at INR46b, an increase of 31% QoQ on higher margins in EU. 3Q also had an FX impact of INR3b, which is aiding QoQ improvement in EBITDA. PAT is estimated at INR15.8b.

### Key issues to watch out:

- Imports from China and global iron ore prices.

### Quarterly Performance

(INR Million)

Y/E March	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales (k tons)	6,330	6,290	6,370	6,940	5,410	5,650	6,110	6,506	25,930	23,676
Change (YoY %)	-2.0	-3.2	1.1	-1.7	-14.5	-10.2	-4.1	-6.3	-1.5	-8.7
Avg Realization (INR/tss)	47,868	46,589	44,017	42,518	46,635	46,674	45,755	52,143	45,180	47,931
<b>Net Sales</b>	<b>303,003</b>	<b>293,047</b>	<b>280,390</b>	<b>295,076</b>	<b>252,298</b>	<b>263,710</b>	<b>279,565</b>	<b>339,226</b>	<b>1,171,516</b>	<b>1,134,799</b>
Change (YoY %)	-16.8	-18.1	-16.6	-12.4	-16.7	-10.0	-0.3	15.0	-16.0	-3.1
<b>EBITDA</b>	<b>27,742</b>	<b>18,305</b>	<b>7,757</b>	<b>22,052</b>	<b>32,420</b>	<b>29,700</b>	<b>35,393</b>	<b>46,526</b>	<b>75,857</b>	<b>144,039</b>
Change (YoY %)	-35.1	-52.9	-74.8	42.9	16.9	62.3	356.3	111.0	-27.9	53.7
(% of Net Sales)	9.2	6.2	2.8	7.5	12.8	11.3	12.7	13.7	6.5	12.7
<b>EBITDA(USD/tss)</b>	<b>69</b>	<b>45</b>	<b>18</b>	<b>47</b>	<b>89</b>	<b>78</b>	<b>86</b>	<b>107</b>	<b>45</b>	<b>91</b>
Interest	10,980	10,487	9,641	10,178	10,707	13,511	13,874	13,083	41,286	51,175
Depreciation	13,465	13,708	11,327	12,319	12,417	14,677	13,797	14,263	50,818	55,154
Other Income	7,622	29,382	962	1,291	1,367	1,084	1,301	1,298	39,257	5,051
<b>PBT (before EO Inc.)</b>	<b>10,919</b>	<b>23,491</b>	<b>-12,249</b>	<b>847</b>	<b>10,662</b>	<b>2,597</b>	<b>9,022</b>	<b>20,479</b>	<b>23,008</b>	<b>42,760</b>
EO Income(exp)	1,584	-5,637	-7,118	-28,578	-35,231	634	284		-39,749	-34,313
<b>PBT (after EO Inc.)</b>	<b>12,503</b>	<b>17,854</b>	<b>-19,367</b>	<b>-27,731</b>	<b>-24,568</b>	<b>3,230</b>	<b>9,306</b>	<b>20,479</b>	<b>-16,740</b>	<b>8,446</b>
Total Tax	5,154	2,402	2,434	5,060	7,405	3,634	6,984	4,669	15,050	22,691
% Tax	47.2	10.2	-19.9	597.4	69.4	139.9	77.4	22.8	65.4	53.1
<b>Reported PAT</b>	<b>7,349</b>	<b>15,452</b>	<b>-21,801</b>	<b>-32,791</b>	<b>-31,973</b>	<b>-403</b>	<b>2,321</b>	<b>15,810</b>	<b>-31,790</b>	<b>-14,245</b>
Minority Interests	-68	8	-310	-720				2	-1,089	2
Share of asso. PAT	212	-157	219	-67	142	-91	-3	-3	207	46
<b>Adj. PAT (after MI &amp; asso)</b>	<b>6,045</b>	<b>20,925</b>	<b>-14,155</b>	<b>-3,560</b>	<b>3,400</b>	<b>-1,127</b>	<b>2,035</b>	<b>15,805</b>	<b>9,256</b>	<b>20,113</b>



### 1. Branch expansions to aid growth; retail portfolio growing strongly: PNB Housing Fin; Sanjaya Gupta, MD

- n On a YoY basis disbursements grew 43% in 4QFY17 and on annual basis the AUM grew 50%, assets on books grew 42%.
- n Plan to add another 23 branches across the country and we hope that they will start giving business by end of the financial year.
- n In the beginning of the year, we have 63 branches supported by 27 outreach programmes covering about 40-50 unique locations throughout the country.
- n Contribution of non-housing will never breach 30 percent.
- n Doesn't look to securitize much of portfolio during FY17-18.

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### 2. See 20% loan book growth in FY18 driven by retail portfolio: South Indian Bank; VG Mathew, MD & CEO

- n Expects FY18 loan growth at 20%, driven by retail portfolio.
- n Expects credit cost will be lower but relatively higher provisioning will continue for two more quarters.

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### 3. Volume performance to improve going ahead: Dr Lal Pathlabs; Dilip Bidani, CFO

- n Saw volume growth of 8 percent in Q4 versus 5% in Q3.
- n For FY17, they saw volume growth of 10.5 percent and going forward, the company should only improve its volume performance, he added.

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### 4. Electrification of 3-wheelers a meaningful area to work on: Rajiv Bajaj; Rajiv Bajaj, MD

- n Electrification of the 3W very meaningful area to work on but if there is an overnight shift of policy to electric 3-wheelers then it could be catastrophic for the company.
- n There are over 5 million three-wheelers out in the market which could be replaced over a number of years
- n The company should be able to launch electric 3-wheelers by 2020 with BS-VI also coming in.
- n Electrifying the existing three-wheelers would be the lowest level of technological intervention or innovation but the highest level would be creating a new brand for EV business.

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### 5. To add two new products in personal care segment: Vinati Organics.; Vinati Saraf Mutreja, ED

- n YoY revenues in Q4 were up 27.4% to INR 207 cr, EBITDA was up 19.4% in Q4 at INR 60.5 crore
- n EBITDAM down at 31% (4QFY16 32%). Cost of material increased 38 percent at Rs 91 crore.
- n Has been successful in passing on the price revisions of raw materials to customers.
- n The company will be adding two new products in personal care segment. They also plan to start a co-generation plant for captive use which will aid bottomline going forward.

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### 1. Rolling out GST

- n Everyone in authority continues to maintain that GST in India is set for a July 1 arangram. Everyone paying indirect taxes in India would be eagerly awaiting the outcome of the next meeting of the GST Council, scheduled to be held on May 18 and 19 in Srinagar. The meeting, to be headed by Finance Minister Arun Jaitley, is scheduled to finalise the rates of different commodities and services. The Council has already approved most of the rules that are required for rolling out GST such as registration of entities, filing of returns, payment of tax and refund, invoicing and debit and credit notes that are in consonance with the GST law approved by Parliament.

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### 2. Ring-fencing RBI in a new NPA regime

- n The ordinance on bad debt resolution is apparently intended to expedite the resolution — through restructuring or insolvency — of the large NPA accounts by providing an umbrella of the Reserve Bank of India's diktat and protection for the process. One wonders whether the existing sweeping powers already available to the RBI under Section 35A, namely, to issue directions to bank/s were not sufficient, and that an ordinance was required? The new Section 35AA provides for the Centre to authorise the RBI to issue directions to the banks to initiate the insolvency resolution process in respect of a default.

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### 3. Reliance Jio complaint: why competition commission can't start separate probe

- n Even at the time it was set up in 2003, it was never clear what the Competition Commission of India (CCI) would do in areas where there was already a sectoral regulator, and if it was higher in the regulatory hierarchy. So, if both a sectoral regulator and CCI gave a different verdict on the same case, whose order was to be implemented? It was always a tricky question since, while the sectoral regulator had expertise in the area, CCI had better knowledge of competition issues like abuse of dominance and collusion, both explicit as well as implicit. In its wisdom, the government did not clarify the issue and left it to the regulators to work out a solution.

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### 4. Weak public institutions behind India's low state capacity

- n If the dizzying transformation of the Chinese economy has been the defining story of economic development in the last three-and-a-half decades, economic changes in India—while considerably less dramatic—have also been transformative. However, India's recent success masks deep underlying challenges whose import will only multiply in the foreseeable future. While it has been argued that in many ways India's improved economic performance has been despite, not because of, the state—epitomized by epigrams such as "India grows at night while the government sleeps"—continued welfare gains, better distributional outcomes, and the resilience and sustainability of rapid economic growth are in considerable doubt in the absence of better-performing public institutions.

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## International

### 5. Uber is struggling to remain a tech start-up

- n It is now highly likely that the European Court of Justice (ECJ) will later this year reject Uber's fiction that it's simply a marketplace that brings together drivers and riders by declaring it—gasp!—a taxi company. That may not hurt it much financially, but it will set an important precedent: Companies that have a software development operation are not entitled to special treatment. ECJ advocate general Maciej Szpunar has submitted an opinion to the court, saying Uber is not an intermediary matching supply with demand but "a genuine organizer and operator of urban transport services", which itself creates the supply.

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
<b>Automobiles</b>														
Amara Raja	Buy	930	1,084	17	29.3	37.3	43.4	31.8	25.0	6.3	5.2	21.7	22.9	22.0
Ashok Ley.	Buy	86	98	14	4.2	5.2	6.6	20.4	16.7	4.0	3.5	20.6	22.3	24.9
Bajaj Auto	Buy	2,992	3,282	10	133.7	154.8	174.0	22.4	19.3	6.2	5.5	29.5	30.2	30.0
Bharat Forge	Buy	1,122	1,266	13	25.3	37.2	50.6	44.4	30.2	6.6	5.8	15.7	20.5	23.7
Bosch	Neutral	24,155	22,924	-5	472.3	667.8	764.1	51.1	36.2	9.8	8.1	18.2	24.5	23.4
CEAT	Buy	1,636	1,741	6	93.3	104.9	133.9	17.5	15.6	2.7	2.4	16.9	16.3	17.9
Eicher Mot.	Buy	28,937	30,402	5	613.8	892.0	1,135.1	47.1	32.4	16.4	11.6	40.3	41.9	38.5
Endurance Tech.	Buy	819	948	16	23.5	30.8	37.9	34.9	26.6	6.7	5.5	20.8	22.6	23.1
Escorts	Buy	650	608	-6	23.2	34.1	43.4	28.0	19.1	3.3	2.8	12.1	15.9	17.5
Exide Ind	Buy	246	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	3,517	3,622	3	169.1	198.1	201.2	20.8	17.8	6.9	5.9	35.7	35.9	31.3
M&M	Buy	1,376	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	24.9	2.8	2.6	6.4	10.8	11.5
Maruti Suzuki	Buy	6,813	7,319	7	248.6	300.0	370.9	27.4	22.7	5.7	4.9	20.3	21.2	22.3
Tata Motors	Buy	432	619	43	11.5	29.4	62.0	37.5	14.7	1.7	1.5	4.7	11.0	19.7
TVS Motor	Buy	525	581	11	11.7	16.7	26.7	44.7	31.4	10.3	8.2	25.6	29.2	35.9
<b>Aggregate</b>								<b>29.6</b>	<b>20.9</b>	<b>4.2</b>	<b>3.7</b>	<b>14.2</b>	<b>17.6</b>	<b>20.9</b>
<b>Banks - Private</b>														
Axis Bank	Neutral	500	525	5	15.4	23.4	41.2	32.5	21.3	2.2	2.0	6.9	9.9	15.7
DCB Bank	Neutral	191	170	-11	7.0	8.8	11.2	27.4	21.8	2.9	2.6	10.9	12.4	14.0
Equitas Hold.	Buy	163	210	29	4.7	4.8	7.5	34.5	33.6	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	1,555	1,790	15	56.8	67.1	79.4	27.4	23.2	4.7	4.0	17.9	18.2	19.0
ICICI Bank	Buy	302	365	21	16.8	16.8	19.2	18.0	17.9	2.0	1.9	10.1	9.1	9.8
IDFC Bank	Neutral	64	62	-3	3.0	3.3	4.3	21.2	19.3	1.5	1.4	7.2	7.4	9.0
IndusInd	Buy	1,414	1,700	20	50.1	59.4	72.0	28.2	23.8	4.2	3.7	16.0	16.5	17.3
J&K Bank	Neutral	82	75	-8	-25.2	13.0	15.4	NM	6.3	0.8	0.7	-21.1	11.6	12.5
Kotak Mah. Bk	Buy	973	1,050	8	26.8	32.3	40.5	36.3	30.2	4.7	4.1	13.8	14.5	15.7
RBL Bank	Under Review	563	-		11.9	17.6	23.8	47.3	31.9	5.0	4.4	12.3	14.6	17.3
South Indian	Neutral	25	21	-15	2.8	3.1	3.8	8.9	8.0	0.8	0.8	9.7	10.0	11.3
Yes Bank	Buy	1,472	2,110	43	73.0	90.5	114.0	20.2	16.3	3.1	2.7	18.9	17.9	19.4
<b>Aggregate</b>								<b>26.8</b>	<b>21.7</b>	<b>3.1</b>	<b>2.8</b>	<b>11.6</b>	<b>13.0</b>	<b>14.6</b>
<b>Banks - PSU</b>														
BOB	Buy	189	224	19	7.5	19.0	26.1	25.1	10.0	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	364	380	4	18.8	33.0	48.9	19.4	11.0	0.8	0.7	4.2	6.8	9.4
IDBI Bk	Neutral	75	49	-34	1.5	6.4	8.6	49.1	11.7	0.7	0.7	1.4	5.8	7.3
Indian Bk	Buy	358	360	0	29.3	33.3	38.1	12.2	10.8	1.2	1.1	10.1	10.6	11.1
OBC	Neutral	160	150	-6	-31.6	17.1	21.4	NM	9.4	0.4	0.4	-8.4	4.6	5.4
PNB	Buy	167	186	11	5.3	12.4	16.6	31.6	13.4	0.9	0.9	3.0	6.7	8.3
SBI	Buy	300	340	13	8.7	16.9	23.3	34.6	17.7	1.3	1.2	3.9	7.3	9.3
Union Bk	Neutral	174	174	0	7.6	24.6	34.5	22.8	7.1	0.6	0.6	2.7	8.1	10.5
<b>Aggregate</b>								<b>34.9</b>	<b>13.6</b>	<b>1.0</b>	<b>0.9</b>	<b>2.9</b>	<b>7.0</b>	<b>9.0</b>
<b>NBFCs</b>														
Bajaj Fin.	Buy	1,333	1,448	9	34.4	47.5	64.0	38.7	28.1	8.0	6.4	22.7	25.5	27.3
Bharat Fin.	Neutral	810	769	-5	21.0	32.4	45.3	38.6	25.0	4.6	3.9	15.1	16.7	19.5
Dewan Hsg.	Buy	431	559	30	29.6	38.6	45.5	14.6	11.2	1.7	1.5	14.4	14.5	15.2
GRUH Fin.	Neutral	416	421	1	8.1	10.3	12.5	51.1	40.5	13.6	11.3	30.4	30.6	30.9
HDFC	Buy	1,559	1,797	15	46.8	50.7	55.9	33.3	30.8	6.2	5.6	19.3	18.3	17.4
Indiabulls Hsg	Buy	1,063	1,227	15	69.0	82.2	101.6	15.4	12.9	3.7	3.3	25.5	27.0	29.6
LIC Hsg Fin	Neutral	686	723	5	38.2	44.6	51.2	17.9	15.4	3.2	2.8	19.4	19.3	19.0
Manappuram	Not Rated	96	-		8.2	11.1	14.0	11.8	8.7	2.7	2.4	23.9	29.0	32.2
M&M Fin.	Buy	331	400	21	7.1	12.9	16.4	46.8	25.6	2.9	2.7	6.4	10.9	12.9



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
Muthoot Fin	Buy	392	465	19	29.7	34.5	40.0	13.2	11.4	2.5	2.2	19.7	20.2	20.6
PFC	Neutral	160	117	-27	25.7	27.2	30.2	6.2	5.9	1.1	0.9	17.9	17.0	16.8
Repco Home	Buy	753	831	10	28.6	34.0	40.2	26.3	22.2	4.2	3.6	17.3	17.5	17.6
REC	Neutral	219	134	-39	31.4	35.0	40.4	7.0	6.3	1.3	1.1	19.9	19.1	19.1
Shriram Union	City Buy	2,202	2,689	22	84.3	130.4	164.7	26.1	16.9	2.9	2.6	11.8	16.2	17.8
STF	Buy	996	1,269	27	55.6	77.4	98.6	17.9	12.9	2.0	1.8	11.7	14.5	16.3
<b>Aggregate</b>								<b>18.3</b>	<b>15.7</b>	<b>3.2</b>	<b>2.8</b>	<b>17.3</b>	<b>17.8</b>	<b>17.9</b>
<b>Capital Goods</b>														
ABB	Sell	1,564	1,200	-23	19.7	25.1	32.2	79.4	62.4	10.1	8.7	12.7	13.9	15.8
Bharat Elec.	Buy	180	180	0	6.5	7.3	8.5	27.8	24.6	5.3	4.6	20.4	18.8	19.1
BHEL	Sell	172	115	-33	5.5	5.7	5.8	31.0	30.1	1.2	1.2	4.0	4.0	4.0
Blue Star	Neutral	667	650	-3	12.9	19.0	28.0	51.8	35.1	8.4	7.9	18.0	23.2	31.6
CG Cons. Elec.	Buy	240	221	-8	4.6	5.5	6.7	52.6	44.0	39.8	27.1	94.3	73.3	66.1
CG Power & Indu.	Sell	94	45	-52	3.6	3.9	4.5	25.9	24.2	1.4	1.3	5.4	5.5	6.0
Cummins	Neutral	1,065	990	-7	26.6	30.5	36.5	40.0	35.0	8.5	7.8	22.6	23.2	25.3
GE T&D	Neutral	363	340	-6	6.0	11.0	11.4	60.4	32.9	7.2	6.5	11.7	20.7	19.2
Havells	Neutral	513	480	-6	9.6	12.1	14.5	53.7	42.5	9.8	8.7	18.2	20.4	21.4
Inox Wind	Under Review	167	-		12.8	-3.2	15.5	13.0	NM	1.7	1.7	14.9	-3.3	15.1
K E C Intl	Buy	231	175	-24	10.5	12.3	13.5	22.0	18.9	3.4	3.0	16.6	16.8	16.2
L&T	Buy	1,738	1,970	13	53.6	64.7	75.8	32.4	26.9	3.4	3.1	10.9	12.1	12.9
Pennar Eng.	Not Rated	136	-		5.8	7.5	10.0	23.3	18.1	2.0	1.8	8.6	10.0	11.8
Siemens	Neutral	1,420	1,385	-2	17.8	26.3	36.3	79.7	54.1	7.4	6.4	9.3	11.8	14.8
Solar Ind	Neutral	826	800	-3	19.0	22.3	26.5	43.4	37.0	7.4	6.4	18.4	18.6	19.0
Suzlon Energy	Not Rated	20	-		0.6	0.9	1.0	31.0	22.3	-1.8	-2.0	NM	-8.8	-11.0
Thermax	Sell	1,029	781	-24	23.5	28.4	31.5	43.7	36.2	4.9	4.5	11.6	12.9	13.2
Va Tech Wab.	Buy	666	760	14	26.5	34.5	40.3	25.2	19.3	3.4	3.0	8.9	16.7	17.3
Voltas	Sell	432	370	-14	13.6	14.9	16.9	31.8	28.9	5.3	4.7	17.6	17.1	17.1
<b>Aggregate</b>								<b>36.9</b>	<b>31.7</b>	<b>4.1</b>	<b>3.7</b>	<b>11.1</b>	<b>11.8</b>	<b>12.9</b>
<b>Cement</b>														
Ambuja Cem.	Buy	258	283	10	4.9	6.6	7.2	52.8	38.9	2.7	2.6	5.0	6.7	7.1
ACC	Neutral	1,682	1,521	-10	33.7	49.2	63.6	49.8	34.2	3.7	3.8	7.5	11.0	14.2
Birla Corp.	Buy	775	869	12	21.5	41.2	54.4	36.0	18.8	2.1	2.0	6.0	10.9	13.2
Dalmia Bharat	Buy	2,529	3,162	25	38.8	66.7	87.1	65.2	37.9	4.5	4.1	7.2	11.3	13.1
Grasim Inds.	Neutral	1,173	1,067	-9	68.7	86.6	111.1	17.1	13.5	1.9	1.7	11.7	13.2	14.8
India Cem	Neutral	220	152	-31	5.1	8.7	11.9	43.1	25.3	1.8	1.7	4.0	6.2	7.7
J K Cements	Buy	1,116	1,291	16	32.6	37.2	49.3	34.2	30.0	4.3	3.9	13.3	13.6	16.0
JK Lakshmi Ce	Buy	511	526	3	5.9	12.2	17.8	86.2	41.7	4.4	4.3	5.2	10.5	14.7
Ramco Cem	Buy	702	815	16	27.8	30.1	36.2	25.3	23.3	4.6	3.9	19.6	18.0	18.5
Orient Cem	Buy	165	185	12	-1.6	4.5	6.8	NM	36.5	3.4	3.2	-3.2	9.0	12.3
Prism Cem	Buy	124	118	-5	-0.6	2.6	4.8	NM	47.3	6.5	5.9	-3.1	13.1	20.8
Shree Cem	Buy	20,239	20,072	-1	363.2	480.6	642.3	55.7	42.1	10.1	8.3	19.2	21.7	23.5
Ultratech	Buy	4,432	4,928	11	96.1	121.4	159.1	46.1	36.5	5.3	4.7	12.0	13.6	15.7
<b>Aggregate</b>								<b>39.0</b>	<b>29.2</b>	<b>3.8</b>	<b>3.5</b>	<b>9.8</b>	<b>11.9</b>	<b>13.7</b>
<b>Consumer</b>														
Asian Paints	Neutral	1,147	1,210	5	21.0	23.1	27.4	54.6	49.6	14.5	13.9	28.5	28.6	30.6
Britannia	Buy	3,735	4,065	9	72.2	83.3	101.7	51.8	44.8	19.9	15.7	43.1	39.2	38.0
Colgate	Buy	994	1,200	21	21.7	25.8	31.6	45.9	38.6	24.0	22.5	54.9	60.1	68.5
Dabur	Neutral	277	295	7	7.2	7.7	9.1	38.1	35.8	10.0	8.6	28.4	26.0	26.3
Emami	Buy	1,096	1,250	14	26.5	29.2	34.7	41.3	37.5	14.2	11.4	35.8	33.8	32.2
Godrej Cons.	Neutral	1,926	1,950	1	37.8	43.6	50.0	51.0	44.2	12.4	9.6	24.6	24.5	23.0
GSK Cons.	Sell	5,287	4,380	-17	156.1	169.7	185.5	33.9	31.2	7.1	7.0	22.2	22.6	23.0
HUL	Neutral	983	945	-4	19.3	21.5	24.8	51.0	45.7	35.1	36.5	67.6	78.4	92.5
ITC	Buy	277	320	15	8.4	9.3	11.0	33.1	29.7	8.8	7.7	28.4	27.6	28.7
Jyothy Lab	Neutral	384	380	-1	8.0	9.0	10.5	48.2	42.7	7.6	7.0	16.4	17.1	18.1



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
Marico	Neutral	309	335	8	6.3	6.9	8.4	49.2	44.5	17.2	14.6	36.7	35.5	38.1
Nestle	Sell	6,611	5,715	-14	118.0	118.6	139.5	56.0	55.7	21.2	19.5	39.0	36.4	39.0
Page Inds	Buy	15,434	17,480	13	235.6	305.1	388.4	65.5	50.6	27.0	21.3	41.3	42.2	43.2
Parag Milk	Neutral	249	250	1	0.8	6.9	12.5	306.7	35.8	3.1	2.8	1.3	8.2	13.2
Pidilite Ind.	Neutral	751	740	-1	16.6	18.3	20.5	45.3	41.1	11.6	9.5	27.9	25.4	23.4
P&G Hygiene	Buy	8,103	8,760	8	144.9	155.8	181.6	55.9	52.0	46.2	36.8	45.3	78.9	74.0
United Brew	Buy	829	1,030	24	10.7	14.3	18.4	77.7	57.8	9.3	8.2	12.6	15.0	16.8
United Spirits	Neutral	2,154	2,025	-6	28.6	42.2	58.7	75.2	51.1	14.2	11.3	20.8	22.1	23.8
<b>Aggregate</b>								<b>43.7</b>	<b>39.0</b>	<b>13.1</b>	<b>11.6</b>	<b>30.1</b>	<b>29.7</b>	<b>30.7</b>
<b>Healthcare</b>														
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	1,915	1,850	-3	79.3	85.7	100.0	24.1	22.3	5.4	4.5	24.4	22.0	21.7
Ajanta Pharma	Buy	1,630	2,028	24	58.4	66.4	79.9	27.9	24.6	9.2	7.0	37.7	32.3	30.0
Aurobindo	Buy	614	900	47	39.8	45.4	54.3	15.4	13.5	3.9	3.1	28.6	25.3	24.0
Biocon	Sell	1,013	900	-11	30.6	33.1	44.9	33.1	30.6	4.5	4.1	13.6	13.3	16.1
Cadila	Buy	488	510	5	12.0	17.7	23.0	40.7	27.6	8.1	6.7	21.4	26.5	27.9
Cipla	Neutral	566	550	-3	17.9	22.0	28.5	31.7	25.8	3.5	3.1	11.0	12.2	13.8
Divis Lab	Neutral	624	600	-4	43.0	32.9	38.6	14.5	19.0	3.5	3.2	25.4	17.7	18.8
Dr Reddy's	Neutral	2,676	2,625	-2	72.6	107.1	144.5	36.9	25.0	3.6	3.0	9.6	13.3	15.1
Fortis Health	Buy	205	250	22	2.3	2.9	6.5	87.5	69.7	2.3	2.0	2.7	3.1	6.1
Glenmark	Neutral	716	800	12	39.3	45.0	53.5	18.2	15.9	4.5	3.6	24.7	22.4	21.3
Granules	Buy	141	200	41	7.3	8.1	11.1	19.5	17.4	3.3	2.3	20.0	16.3	17.2
GSK Pharma	Neutral	2,428	2,700	11	34.5	55.5	64.4	70.3	43.7	15.7	18.8	22.4	43.0	56.9
IPCA Labs	Neutral	557	540	-3	15.8	27.9	37.3	35.2	19.9	2.9	2.6	8.4	13.5	15.9
Lupin	Buy	1,284	1,850	44	61.4	78.6	88.8	20.9	16.3	4.3	3.5	22.8	23.8	22.1
Sanofi India	Buy	4,201	4,850	15	129.1	131.0	173.4	32.5	32.1	5.6	5.2	17.1	16.3	19.3
Sun Pharma	Buy	653	850	30	27.1	32.5	38.7	24.1	20.0	4.6	3.9	19.8	20.9	21.0
Syngene Intl	Not Rated	450	-		13.0	16.1	18.0	34.5	27.9	7.0	5.7	22.2	22.5	20.7
Torrent Pharma	Buy	1,301	1,700	31	56.6	76.3	93.4	23.0	17.0	5.5	4.6	25.9	29.3	29.6
<b>Aggregate</b>								<b>25.6</b>	<b>21.0</b>	<b>4.6</b>	<b>3.8</b>	<b>17.9</b>	<b>18.3</b>	<b>18.9</b>
<b>Logistics</b>														
Allcargo Logistics	Buy	185	203	10	9.0	10.9	12.3	20.5	17.0	2.7	2.4	11.5	14.8	14.8
Blue Dart	Not Rated	4,561	-		102.5	129.9	163.2	44.5	35.1	19.7	15.0	50.5	48.6	46.8
Concor	Neutral	1,185	1,042	-12	29.7	39.9	44.9	39.9	29.7	3.4	3.2	8.8	11.2	11.8
Gateway Distriparks	Buy	250	314	26	8.3	15.7	20.1	30.1	15.9	2.1	2.0	7.2	12.9	15.3
Gati	Not Rated	135	-		8.4	15.9	23.9	16.1	8.5	2.2	2.0	12.4	19.4	25.4
Transport Corp.	Not Rated	253	-		16.9	21.0	25.9	15.0	12.0	2.3	2.0	16.7	17.8	18.6
<b>Aggregate</b>								<b>33.5</b>	<b>24.5</b>	<b>3.7</b>	<b>3.4</b>	<b>11.0</b>	<b>13.7</b>	<b>14.9</b>
<b>Media</b>														
Dish TV	Buy	98	115	18	1.4	2.7	4.3	67.6	36.6	19.5	12.7	33.6	42.0	43.9
D B Corp	Buy	361	450	25	20.4	23.0	26.5	17.7	15.7	4.4	3.9	26.2	26.2	26.8
Den Net.	Neutral	100	90	-10	-3.6	2.2	8.5	NM	45.7	1.2	1.1	-4.1	2.5	8.8
Hind. Media	Buy	282	360	28	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	194	225	16	10.8	12.2	13.9	18.0	15.8	3.5	3.0	20.7	20.6	20.4
PVR	Buy	1,520	1,667	10	20.8	35.7	56.8	73.2	42.6	7.4	6.5	10.6	16.3	22.0
Siti Net.	Neutral	32	40	24	-1.8	0.0	1.2	NM	NM	3.8	3.2	-21.7	0.0	11.1
Sun TV	Neutral	912	860	-6	25.1	29.7	34.5	36.3	30.7	9.1	8.4	25.1	27.3	29.0
Zee Ent.	Buy	525	600	14	23.1	16.4	19.5	22.7	32.1	8.4	7.0	23.7	23.8	23.8
<b>Aggregate</b>								<b>40.8</b>	<b>29.2</b>	<b>6.1</b>	<b>5.4</b>	<b>14.9</b>	<b>18.3</b>	<b>20.3</b>
<b>Metals</b>														
Hindalco	Buy	198	242	22	17.5	22.6	25.9	11.4	8.8	1.7	1.4	15.9	17.1	16.3
Hind. Zinc	Sell	257	235	-8	19.7	21.5	23.7	13.0	11.9	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





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
JSW Steel	Buy	202	222	10	13.6	18.3	20.5	14.9	11.0	2.3	1.9	16.2	18.7	17.9
Nalco	Buy	66	83	25	3.9	5.3	5.8	17.1	12.4	1.2	1.2	7.5	9.6	9.9
NMDC	Buy	129	178	39	12.1	12.3	13.0	10.6	10.5	1.7	1.6	13.4	15.5	15.1
SAIL	Sell	62	30	-51	-7.4	-12.6	0.4	NM	NM	0.7	0.8	-8.1	-15.4	0.5
Vedanta	Neutral	241	250	4	17.7	24.7	27.7	13.6	9.8	1.5	1.4	11.4	15.0	15.6
Tata Steel	Sell	456	440	-3	18.9	39.4	45.7	24.2	11.6	3.7	3.0	13.6	28.2	26.5
<b>Aggregate</b>								<b>17.7</b>	<b>13.9</b>	<b>1.4</b>	<b>1.3</b>	<b>8.0</b>	<b>9.5</b>	<b>12.0</b>
<b>Oil &amp; Gas</b>														
BPCL	Buy	727	763	5	55.9	53.7	58.4	13.0	13.6	3.3	2.9	27.1	22.7	21.4
GAIL	Neutral	414	349	-16	21.7	28.9	32.5	19.1	14.3	2.1	1.9	13.0	14.0	14.4
Gujarat Gas	Sell	777	735	-5	17.5	40.0	49.0	44.5	19.4	4.6	3.8	10.7	21.5	22.0
Gujarat St. Pet.	Neutral	177	162	-8	8.9	11.0	13.2	19.9	16.1	2.3	2.1	12.0	13.5	14.5
HPCL	Buy	536	604	13	53.5	44.9	45.8	10.0	11.9	2.6	2.3	27.8	20.7	18.6
IOC	Buy	442	441	0	43.7	39.4	41.0	10.1	11.2	2.5	2.2	26.0	20.4	18.8
IGL	Neutral	1,004	1,023	2	43.3	43.8	49.4	23.2	22.9	4.9	4.2	22.3	19.7	19.2
MRPL	Neutral	134	114	-15	12.2	11.4	12.8	11.0	11.7	2.9	2.4	29.6	22.7	21.4
Oil India	Buy	320	382	19	28.6	33.1	37.8	11.2	9.7	1.1	1.0	9.8	10.8	11.6
ONGC	Buy	187	233	25	15.3	20.0	22.9	12.3	9.3	1.2	1.2	10.4	13.0	14.1
PLNG	Buy	451	547	21	22.7	25.9	35.1	19.8	17.4	4.2	3.6	23.6	22.1	25.2
Reliance Ind.	Neutral	1,344	1,264	-6	106.6	121.7	127.8	12.6	11.0	1.4	1.2	11.9	11.8	11.2
<b>Aggregate</b>								<b>12.7</b>	<b>11.6</b>	<b>1.7</b>	<b>1.6</b>	<b>13.8</b>	<b>13.7</b>	<b>13.6</b>
<b>Retail</b>														
Jubilant Food	Neutral	1,023	1,110	9	12.3	21.7	29.1	82.9	47.0	8.3	9.2	10.1	19.5	24.9
Titan Co.	Neutral	483	505	4	9.0	10.3	12.1	53.5	47.0	10.1	9.0	20.6	20.2	20.9
<b>Aggregate</b>								<b>57.1</b>	<b>47.7</b>	<b>10.0</b>	<b>9.1</b>	<b>17.5</b>	<b>19.1</b>	<b>20.2</b>
<b>Technology</b>														
Cyient	Buy	533	620	16	30.6	38.3	44.2	17.4	13.9	2.8	2.5	16.2	17.8	17.9
HCL Tech.	Buy	851	960	13	59.8	61.9	67.6	14.2	13.8	3.6	3.5	27.5	25.4	26.0
Hexaware	Neutral	255	235	-8	13.7	15.4	16.7	18.6	16.6	4.5	3.9	26.5	25.3	23.5
Infosys	Buy	952	1,200	26	62.9	64.7	71.1	15.1	14.7	3.2	2.8	23.3	21.4	21.2
KPIT Tech	Neutral	129	150	17	11.9	13.4	15.2	10.8	9.6	1.6	1.4	14.3	15.6	15.2
L&T Infotech	Buy	763	850	11	55.5	59.7	65.0	13.8	12.8	4.8	3.7	40.4	32.8	28.3
Mindtree	Neutral	508	475	-6	24.9	30.5	36.5	20.4	16.7	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	522	470	-10	42.8	42.5	46.1	12.2	12.3	1.9	1.7	16.1	14.8	14.7
Persistent Sys	Buy	584	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	1,558	1,780	14	59.3	72.1	89.0	26.3	21.6	10.1	8.0	42.5	41.3	40.8
TCS	Neutral	2,364	2,400	2	133.4	139.7	149.6	17.7	16.9	5.6	5.7	33.5	32.4	32.3
Tech Mah	Buy	443	550	24	32.5	35.7	40.2	13.6	12.4	2.5	2.2	20.1	19.5	19.2
Wipro	Neutral	506	500	-1	33.8	34.6	38.2	15.0	14.6	2.4	2.2	16.9	15.5	15.7
Zensar Tech	Buy	899	1,020	13	54.9	67.6	78.4	16.4	13.3	2.5	2.2	16.3	17.7	17.8
<b>Aggregate</b>								<b>16.1</b>	<b>15.7</b>	<b>3.8</b>	<b>3.6</b>	<b>23.5</b>	<b>22.8</b>	<b>22.1</b>
<b>Telecom</b>														
Bharti Airtel	Buy	364	430	18	11.1	6.3	11.5	32.7	57.9	2.2	2.1	6.7	3.7	6.4
Bharti Infratel	Buy	371	435	17	14.9	17.5	19.9	25.0	21.2	4.5	3.9	16.2	19.4	19.1
Idea Cellular	Buy	86	120	40	-1.1	-13.3	-15.3	NM	NM	1.2	1.6	-1.6	-21.5	-31.6
Tata Comm	Buy	688	811	18	26.0	19.5	39.4	26.5	35.2	12.3	9.1	126.2	29.8	41.4
<b>Aggregate</b>								<b>35.8</b>	<b>179.8</b>	<b>2.5</b>	<b>2.5</b>	<b>6.9</b>	<b>1.4</b>	<b>3.5</b>
<b>Utilities</b>														
Coal India	Buy	278	335	21	15.9	18.7	20.9	17.4	14.8	6.9	6.9	39.5	46.3	51.8
CESC	Buy	984	970	-1	50.4	74.7	82.2	19.5	13.2	2.2	2.0	11.1	15.8	15.2
JSW Energy	Buy	68	88	29	3.9	2.1	1.8	17.7	32.3	1.1	1.1	6.7	3.3	2.8
NTPC	Buy	160	199	25	11.9	14.3	17.3	13.5	11.2	1.4	1.3	10.6	11.9	13.3
Power Grid	Buy	207	243	18	15.3	17.7	20.7	13.5	11.7	2.2	1.9	17.3	17.5	17.7
Tata Power	Sell	83	69	-17	5.8	6.7	7.0	14.4	12.4	1.4	1.3	10.8	11.1	10.6



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
<b>Aggregate</b>								<b>15.0</b>	<b>12.8</b>	<b>2.3</b>	<b>2.2</b>	<b>15.6</b>	<b>16.9</b>	<b>17.9</b>
<b>Others</b>														
Arvind	Neutral	394	382	-3	12.4	16.6	23.6	31.8	23.7	2.9	2.6	10.3	11.5	14.7
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	450	532	18	13.6	14.9	15.2	32.9	30.2	34.7	31.2	110.9	108.6	100.4
Century Ply.	Buy	267	274	3	7.7	8.6	11.4	34.5	30.9	9.0	7.5	28.9	26.5	28.6
Coromandel Intl	Under Review	399	-		16.0	18.3	23.6	25.0	21.8	4.3	3.9	18.2	18.9	21.7
Delta Corp	Buy	167	229	37	3.3	6.9	7.6	51.2	24.3	4.4	3.3	9.0	15.7	17.0
Dynomatic Tech	Buy	2,875	3,334	16	67.6	112.9	166.7	42.5	25.5	5.9	4.8	15.1	20.7	24.3
Eveready Inds.	Buy	321	287	-11	11.4	13.9	16.9	28.2	23.2	8.6	6.9	34.7	33.0	32.4
Interglobe	Neutral	1,111	1,234	11	46.0	65.6	88.2	24.1	16.9	19.9	17.6	86.2	110.2	129.8
Indo Count	Buy	194	232	20	13.7	17.5	21.1	14.2	11.0	4.1	2.9	33.8	30.8	27.3
Info Edge	Buy	853	1,000	17	16.9	17.9	21.0	50.5	47.6	5.4	5.0	11.1	10.9	11.9
Inox Leisure	Sell	281	240	-15	3.3	8.0	12.0	84.3	35.0	4.9	4.3	5.9	12.5	16.2
Jain Irrigation	Under Review	97	-		5.5	7.6	10.0	17.5	12.8	1.5	1.5	8.6	11.7	14.8
Just Dial	Under Review	511	-		17.2	18.5	22.1	29.7	27.7	4.6	4.0	16.5	15.5	16.2
Kaveri Seed	Buy	548	649	18	23.4	28.6	36.1	23.4	19.2	3.9	3.7	17.3	19.8	22.9
Kitex Garm.	Buy	398	551	38	26.0	31.0	36.7	15.3	12.9	4.1	3.3	29.9	28.7	27.7
Manpasand	Buy	774	841	9	13.3	22.0	31.1	58.2	35.2	3.8	3.5	7.7	9.3	13.5
MCX	Buy	1,075	1,325	23	24.8	30.5	42.9	43.3	35.2	4.0	3.8	9.9	11.1	14.6
Monsanto	Buy	2,719	2,841	4	72.9	89.3	109.3	37.3	30.5	11.3	10.6	30.4	35.9	39.6
Navneet Education	Buy	165	210	28	6.6	8.6	10.5	24.8	19.1	6.3	5.3	26.0	30.0	30.9
PI Inds.	Buy	832	1,046	26	30.4	34.8	43.6	27.4	23.9	7.5	6.0	30.9	27.9	27.8
Piramal Enterp.	Buy	2,866	2,200	-23	74.5	127.1	164.7	38.5	22.5	3.7	3.4	10.0	15.7	18.2
SRF	Buy	1,800	1,825	1	82.4	99.9	125.1	21.9	18.0	3.4	3.0	16.5	17.4	19.1
S H Kelkar	Buy	291	367	26	7.2	9.6	12.2	40.1	30.3	5.2	4.6	13.7	16.1	18.2
Symphony	Sell	1,490	1,288	-14	27.0	35.1	42.9	55.1	42.4	30.0	25.6	56.8	65.0	66.3
TTK Prestige	Neutral	6,360	5,281	-17	106.9	137.7	176.0	59.5	46.2	9.4	8.5	16.5	19.4	22.2
V-Guard	Neutral	210	140	-33	3.7	4.6	5.4	56.7	45.9	15.0	12.0	29.4	29.1	27.6



Company	1 Day (%)	1M (%)	12M (%)
<b>Automobiles</b>			
Amara Raja	0.4	7.3	-1.3
Ashok Ley.	0.8	4.2	-16.2
Bajaj Auto	-0.3	5.5	19.0
Bharat Forge	0.5	3.9	49.2
Bosch	2.8	3.9	16.8
CEAT	0.7	12.9	61.6
Eicher Mot.	-0.8	10.9	52.3
Endurance Tech.	1.3	-1.4	
Escorts	0.6	19.0	273.0
Exide Ind	0.7	8.4	68.2
Hero Moto	-0.6	9.1	20.6
M&M	0.8	7.5	4.8
Mahindra CIE	2.1	10.0	28.2
Maruti Suzuki	1.3	11.9	77.2
Tata Motors	0.3	-4.7	10.7
TVS Motor	1.7	10.7	76.9
<b>Banks - Private</b>			
Axis Bank	-0.5	-1.3	1.9
DCB Bank	0.8	6.5	103.0
Equitas Hold.	0.7	-2.1	12.2
Federal Bank	1.9	26.4	134.1
HDFC Bank	0.4	8.0	36.4
ICICI Bank	1.8	7.2	33.3
IDFC Bank	-0.9	6.1	36.5
IndusInd	0.1	-1.6	32.8
J&K Bank	-3.0	3.9	27.4
Kotak Mah. Bk	2.1	10.7	37.3
RBL Bank	1.2	0.4	
South Indian	-4.5	9.3	46.0
Yes Bank	-0.8	-9.0	55.0
<b>Banks - PSU</b>			
BOB	1.1	7.5	21.7
BOI	1.3	21.5	111.3
Canara	-0.6	15.8	100.7
IDBI Bk	-0.5	2.0	14.6
Indian Bk	1.4	35.8	292.9
OBC	-2.1	5.0	92.8
PNB	-1.1	7.1	115.3
SBI	1.1	3.2	62.4
Union Bk	-0.5	12.0	50.0
<b>NBFCs</b>			
Bajaj Fin.	1.3	5.0	75.0
Bharat Fin.	1.7	5.0	33.8
Dewan Hsg.	0.9	10.9	111.5
GRUH Fin.	-0.4	10.2	61.0
HDFC	0.6	5.7	33.7
Indiabulls Hsg	0.9	11.3	48.9
LIC Hsg Fin	0.4	8.5	50.0
Manappuram	2.3	2.6	91.2
M&M Fin.	0.1	-0.4	10.2
Muthoot Fin	0.6	0.5	85.4
PFC	0.1	-1.6	83.3
Repco Home	0.6	0.3	14.0
REC	2.0	5.9	165.9
STF	0.6	-5.3	-7.2
Shriram City Union	3.2	-1.7	40.0

Company	1 Day (%)	1M (%)	12M (%)
<b>Capital Goods</b>			
ABB	1.1	7.5	23.6
Bharat Elec.	0.4	5.8	56.8
BHEL	0.5	-0.8	40.2
Blue Star	-0.1	-0.4	56.1
CG Cons. Elec.	1.1	12.0	81.0
CG Power & Inds Sol.	3.5	18.0	52.3
Cummins	1.3	7.2	24.7
GE T&D	0.2	2.4	2.5
Havells	0.2	5.7	42.7
Inox Wind	-17.4	-11.0	-30.4
K E C Intl	-0.6	6.6	77.0
L&T	-0.1	3.6	35.1
Pennar Eng.	-2.3	-1.0	-9.6
Siemens	2.0	9.3	22.8
Solar Ind	2.4	0.0	24.6
Suzlon Energy	-5.5	-1.5	34.4
Thermax	0.9	2.2	36.7
Va Tech Wab.	1.1	1.2	13.7
Voltas	-0.4	6.7	33.4
<b>Cement</b>			
Ambuja Cem.	-0.1	5.5	19.0
ACC	0.3	12.8	15.8
Birla Corp.	0.4	4.3	103.3
Dalmia Bharat	0.2	19.4	192.3
Grasim Inds.	1.9	11.7	37.9
India Cem	5.1	35.0	145.4
JK Cements	4.2	19.5	90.7
JK Lakshmi Ce	0.9	12.1	49.3
Ramco Cem	-1.1	4.5	43.8
Orient Cem	1.5	8.4	4.9
Prism Cem	0.4	20.8	34.3
Shree Cem	2.6	14.5	48.1
Ultratech	0.7	10.3	40.6
<b>Consumer</b>			
Asian Paints	1.3	6.5	21.7
Britannia	1.1	9.9	26.7
Colgate	-2.1	-1.7	18.9
Dabur	-1.4	-3.5	-4.5
Emami	-0.1	7.2	-1.7
Godrej Cons.	1.0	14.7	38.1
GSK Cons.	0.1	-0.2	-12.0
HUL	0.3	6.4	18.2
ITC	1.1	-0.9	30.3
Jyothy Lab	4.7	3.9	19.9
Marico	-1.1	2.7	21.7
Nestle	-3.1	2.6	7.9
Page Inds	3.3	9.9	19.5
Parag Milk	2.0	0.5	
Pidilite Ind.	0.2	5.5	24.0
P&G Hygiene	1.8	9.9	24.4
United Brew	-0.1	10.3	8.5
United Spirits	-0.9	13.3	-19.5
<b>Healthcare</b>			
Alembic Phar	-0.1	-3.9	3.1
Alkem Lab	1.2	-9.3	61.4
Ajanta Pharma	1.3	-8.0	6.0
Aurobindo	-1.5	-6.7	-21.9

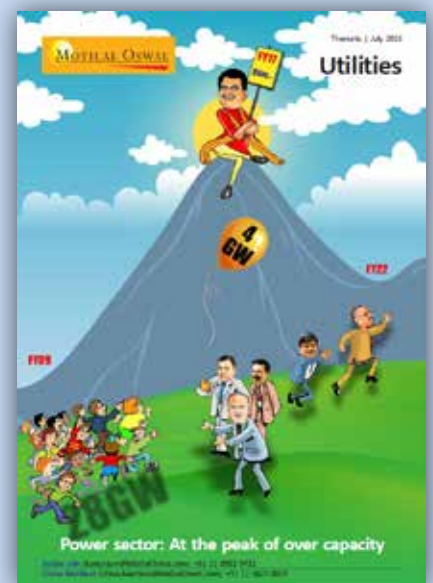
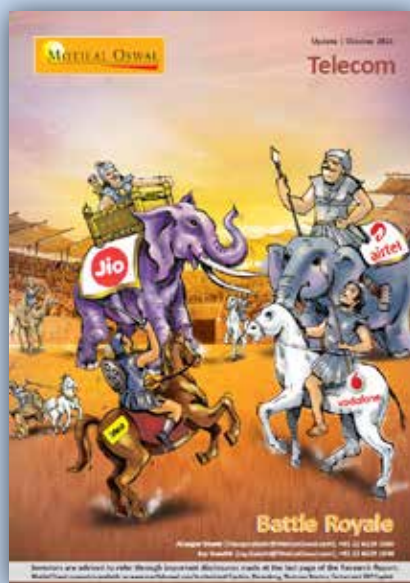
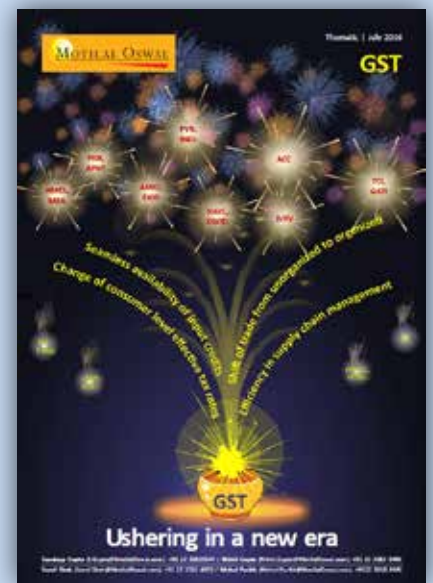
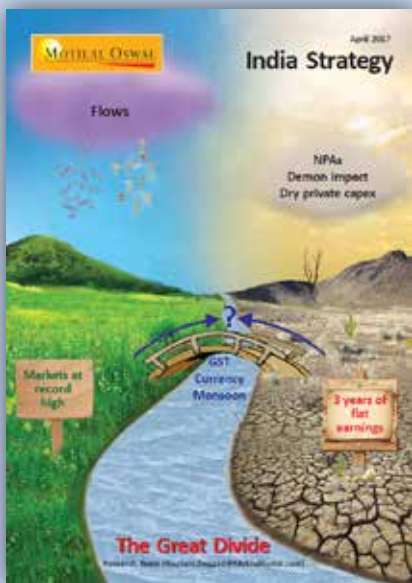


Company	1 Day (%)	1M (%)	12M (%)
Biocon	3.3	-7.7	61.2
Cadila	0.2	7.6	49.2
Cipla	-0.1	-1.7	6.6
Divis Lab	-0.3	-3.8	-42.1
Dr Reddy's	3.5	1.3	-8.1
Fortis Health	-1.4	10.6	22.6
Glenmark	-5.7	-19.4	-17.6
Granules	-1.3	1.8	7.7
GSK Pharma	0.4	-9.4	-28.8
IPCA Labs	1.1	-7.4	18.9
Lupin	2.4	-10.4	-19.1
Sanofi India	0.0	-8.9	-2.3
Sun Pharma	-0.2	-5.7	-17.9
Syngene Intl	0.3	-14.0	16.7
Torrent Pharma	0.2	-10.6	-6.5
<b>Logistics</b>			
Allcargo Logistics	0.7	8.0	27.1
Blue Dart	0.1	-9.1	-15.8
Concor	0.1	0.7	10.6
Gateway Distriparks	-1.3	-10.4	-13.2
Gati	0.7	-2.1	17.3
Transport Corp.	3.1	9.6	59.3
<b>Media</b>			
Dish TV	-0.4	-3.6	1.7
D B Corp	-1.7	-5.7	9.8
Den Net.	1.0	4.0	17.1
Hind. Media	0.4	-2.6	1.7
HT Media	1.0	-2.0	-4.6
Jagran Prak.	0.0	-1.5	11.8
PVR	-0.3	-2.8	80.7
Siti Net.	0.2	-14.8	-9.3
Sun TV	3.2	16.7	133.3
Zee Ent.	-0.3	0.6	17.0
<b>Metals</b>			
Hindalco	3.9	8.1	122.2
Hind. Zinc	0.7	-8.6	54.8
JSPL	2.0	-6.6	83.0
JSW Steel	2.3	5.6	59.1
Nalco	0.1	-8.3	55.6
NMDC	2.1	-0.9	44.1
SAIL	2.3	-0.3	48.4
Vedanta	2.1	-1.1	146.2
Tata Steel	4.4	-1.8	41.1
<b>Oil &amp; Gas</b>			
BPCL	-0.4	-0.5	57.1
GAIL	1.1	9.0	45.3
Gujarat Gas	0.9	-4.6	49.7
Gujarat St. Pet.	2.2	3.1	27.5
HPCL	0.4	-4.1	93.4
IOC	1.7	4.6	113.3
IGL	0.7	-2.5	76.9
MRPL	3.8	12.7	93.6
Oil India	0.4	-4.2	29.9
ONGC	1.2	1.0	37.3
PLNG	3.7	6.2	62.0
Reliance Ind.	-0.5	-1.5	37.4
<b>Retail</b>			
Jubilant Food	3.8	0.9	-13.4

Company	1 Day (%)	1M (%)	12M (%)
Titan Co.	-2.2	0.1	32.5
<b>Technology</b>			
Cyient	0.8	11.1	13.5
HCL Tech.	0.5	4.9	17.8
Hexaware	2.2	23.4	22.6
Infosys	-1.2	2.2	-21.1
KPIT Tech	0.3	-0.4	-21.7
L&T Infotech	1.1	6.2	
Mindtree	-0.5	14.6	-22.2
Mphasis	0.7	6.3	25.2
NIIT Tech	-0.9	22.2	10.5
Persistent Sys	-0.2	3.5	-20.3
Tata Elxsi	0.5	1.3	-18.1
TCS	0.2	1.6	-6.3
Tech Mah	0.1	2.9	-7.5
Wipro	-0.1	2.3	-6.2
Zensar Tech	0.3	-1.3	-6.5
<b>Telecom</b>			
Bharti Airtel	-0.3	6.8	2.5
Bharti Infratel	-0.9	4.6	-1.0
Idea Cellular	-7.0	-0.3	-24.0
Tata Comm	2.4	-3.4	57.1
<b>Utilities</b>			
Coal India	0.5	-4.6	-1.4
CESC	0.7	18.6	81.3
JSW Energy	2.5	5.4	1.2
NTPC	0.6	-2.9	13.3
Power Grid	0.2	3.6	43.0
Tata Power	1.5	-1.2	18.5
<b>Others</b>			
Arvind	-0.6	0.2	31.8
Bata India	1.2	1.3	0.4
Castrol India	2.9	4.3	6.1
Century Ply.	4.6	1.6	55.1
Coromandel Intl	0.1	18.1	77.1
Delta Corp	-0.9	-1.9	103.8
Dynamatic Tech	0.7	1.5	32.5
Eveready Inds.	0.5	10.1	36.3
Interglobe	1.6	1.9	6.3
Indo Count	-2.3	0.1	0.5
Info Edge	2.4	1.4	14.4
Inox Leisure	-0.4	-4.2	43.9
Jain Irrigation	-3.2	-2.7	46.6
Just Dial	2.5	-2.2	-30.0
Kaveri Seed	0.6	0.9	34.4
Kitex Garm.	-0.4	-6.8	-10.6
Manpasand	4.8	7.1	46.1
MCX	-2.8	-11.1	22.7
Monsanto	1.9	8.8	11.6
Navneet Educat.	-1.2	0.1	85.3
PI Inds.	-0.5	-0.2	32.7
Piramal Enterp.	9.8	28.1	126.8
SRF	1.9	6.6	42.5
S H Kelkar	-6.4	-8.8	28.7
Symphony	2.0	-0.1	24.3
TTK Prestige	-0.1	0.8	44.7
V-Guard	1.7	15.2	146.0
Wonderla	-1.4	-2.2	2.1



# 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**



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# DIFFERENTIATED PRODUCT GALLERY

## MOTILAL OSWAL

### SUN PHARMACEUTICAL

**ART ANNUAL REPORT THREADBARE**  
27 September 2018

The ART of annual report analysis

**WHAT'S NEW IN FY18**

- ▶ Tax rates remained low at 13.8%, contingent liabilities for tax dispute rise to INR23.5b.
- ▶ Cash flow of INR18.6b significantly higher than tax expenses recognized in P&L of 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-Week High (INR)	119.42
52-Week Low (INR)	10.00

**Shareholding pattern (%)**

As on	Jun-18	Mar-18	Jun-17
Promoter	33.0	33.0	34.7
MF	39.2	39.0	37.8
FI	24.0	24.0	23.0
Other	3.8	3.8	3.5

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

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## MOTILAL OSWAL

### VOICES

30FY17 | February 2017

**VOICES**  
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

### EcoKnowLedger

Diving into Trending Themes

23 November 2018  
Economy

**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 grow strong however, investment is witnessing one of the worst phases in the past two decades.
- ▶ We find, however, that the growth in economic activity eased towards 5% YoY in 2QFY17 as against 7.5% in the previous two quarters. A sharp contraction in investments, along with some deceleration in consumption, has contributed to a slowdown in our composite EAI in the recent quarter.
- ▶ It is important to note that while our composite EAI is a reliable indicator to gauge economic activity, it should not be compared with the official GDP statistics because the latter includes an estimate for the unorganized sector also. Our leading indicators are based on monthly data covering the formal sector of society.

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

Since the release of new GDP series (in 2015-12 base), its credibility has been in question. The key reason for the disagreement is a widely-held belief that GDP data is not in sync with high-frequency monthly indicators. Weakness in bank credit growth and IP (Index of Industrial Production) are often quoted to support this criticism. Further, very high contribution of "discrepancy" 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).

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

### CornerOffice

Interaction with the CEO

13 December 2018

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

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

We met with Mr. Anandhan Bhattacharya, Chairman of State Bank of India (SBI), to discuss on demonetization, and evaluate its impact on growth, asset quality and profitability of the bank. Incremental cost of funds has declined marginally (less than 4% 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, an excess liquidity, the spread is 2%+ currently, as against blended spread of ~1.4% at 3QFY17.
- ▶ 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 2QFY17.

**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, card, POS, wallet, 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 NPA?**

- ▶ Asset monitoring and recovery teams have performed their respective functions as usual (barring the first three days of demonetization). The bank clearly stated that there is no indication of bandwidth for key departments due to demonetization.
- ▶ SBI 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.

**State Bank of India**  
Mr. Anandhan Bhattacharya  
Chairman

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

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

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## MOTILAL OSWAL

### BULLS & BEARS

INDIA VALUATION'S HANDBOOK

Highlights of March edition

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

**BEST PERFORMERS MoM (%)**

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

**WORST PERFORMERS MoM (%)**

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

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

INR18.3t

INR603b

Net inflows in FY17 down 11% YoY

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April 2017

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