

Market snapshot



Equities - India	Close	Chg. %	YTD.%
Sensex	29,319	-0.3	10.1
Nifty-50	9,105	-0.4	11.2
Nifty-M 100	17,511	-0.7	22.0
Equities-Global	Close	Chg. %	YTD.%
S&P 500	2,342	-0.3	4.6
Nasdaq	5,849	-0.1	8.7
FTSE 100	7,148	-2.5	0.1
DAX	12,000	-0.9	4.5
Hang Seng	10,044	-1.6	6.9
Nikkei 225	18,419	0.3	-3.6
Commodities	Close	Chg. %	YTD.%
Brent (US\$/Bbl)	54	-1.3	-2.4
Gold (\$/OZ)	1,286	-0.3	10.9
Cu (US\$/MT)	5,539	-2.1	0.3
Almn (US\$/MT)	1,876	-1.0	10.1
Currency	Close	Chg. %	YTD.%
USD/INR	64.6	0.2	-4.8
USD/EUR	1.1	0.3	1.1
USD/JPY	108.9	0.5	-7.0
YIELD (%)	Close	1MChg	YTDchg
10 Yrs G-Sec	6.9	0.0	0.3
10 Yrs AAA Corp	8.0	0.0	0.4
Flows (USD b)	18-Apr	MTD	YTD
FII	-0.1	-0.3	6.4
DII	0.1	0.5	0.7
Volumes (INRb)	18-Apr	MTD*	YTD*
Cash	324	294	278
F&O	6,306	4,502	4,462

Note: YTD is calendar year, \*Avg

Quote of the day

We need to make a greater investment in human intelligence.



Today's top research idea

Coal India: Volume growth to accelerate; Upgrade to Buy

- ✓ After a modest 1.6% growth in volumes in FY17, we expect growth to accelerate to ~7% in FY18/19E aided by an end to the destocking cycle and import substitution.
- ✓ Despite a 6.9% price hike, FSA NSR was flat in 2Q/3Q FY17 suggesting impact of grade slippage is already behind. The recent re-garding of coal mines is primarily a formalization of the grade adjustments, in our view.
- ✓ Average NSR is expected to increase by 2.8% in FY18E on higher e-auction coal prices, even as there are no further price hikes. We expect 18% employee wage hike. However, cost of mining will still decline on operating leverage.
- ✓ We expect 21% adj. EBITDA, 15% EPS CAGR over FY17-19E. Upgrade to Buy with TP of INR335/sh on strong earnings growth and attractive dividend yield.



Research covered

Cos/Sector	Key Highlights
Coal India	Volume growth to accelerate; Upgrade to Buy
TCS	Margin aspirations face a stern test
Indraprastha Gas	Moving in the right direction, but fairly valued
RBI	RBI urges banks to exercise caution with additional provisioning to stressed sectors
EcoScope	IMD forecasts just-normal monsoon with even distribution in 2017
Gruh Finance	Impressive all-round performance
Results Expectation	IndusInd Bank   Yes Bank



Piping hot news

IMD forecasts a normal monsoon, in boost to India's rural economy

- ✓ India will receive normal rains during the June-to-September southwest monsoon season, the government's weather office said on Tuesday.

Chart of the Day: TCS - Margin aspirations face a stern test

YoY CC growth lower than the previous quarter at 7.3%, but remains in single digits for the sixth consecutive quarter



...as competitive intensity gradually pulls down pricing



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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

**TCS misses both revenue and profit estimates in March quarter**

Tata Consultancy Services Ltd (TCS) missed analysts' estimates for both revenue and profit in the fourth fiscal quarter, even as India's largest software services firm's full-year sales rose 6.2% to \$17.58 billion...

2

**Tata Steel plans \$663 mn payout for one-time UK pension settlement under new scheme**

Tata Steel is planning to write a cheque of 520 million pounds (\$663 million) to its UK pensioners as a one-time settlement under a new and rare scheme called the Regulated Appointment Arrangement (RAA), said multiple sources aware of the development.

3

**Donald Trump calls for tighter H-1B visa programme used by Indians**

US President Donald Trump on Tuesday ordered federal agencies to look at tightening the H-1B visa programme used to bring high-skilled foreign workers to the US, as he tries to carry out his campaign pledges to put "America First". The move is a deterrent to Indian IT companies ...

4

**RBI asks banks to closely monitor telecom loans as debt mounts**

The Reserve Bank of India (RBI) on Tuesday advised banks to consider setting aside higher provisions even for good loans in stressed sectors. The advisory means the central bank is worried that banks have not fully recognized their bad loans, said experts. Indian banks are sitting on a toxic loan pile of at least Rs7 trillion, or 9% of all bank credit...

5

**IOB, IDBI, BoI, UBI may be 1st in line of RBI fire under new PCA**

Weak state-run banks like Indian Overseas Bank, IDBI Bank, Bank of India and Union Bank of India are in for regulatory action if the tightened prompt corrective action (PCA) is implemented properly, warns S&P in a report...

6

**Vijay Mallya extradition process to be a long, cumbersome exercise**

Businessman Vijay Mallya's arrest in London on Tuesday on behalf of India was swiftly followed by him being produced at a magistrate's court before being released on bail. But the road ahead for India's extradition request may be considerably longer—Tuesday's arrest was no more than the...

7

**IMF retains its India GDP growth forecast at 7.2% for 2017-18**

The International Monetary Fund (IMF) on Tuesday called for accelerated economic reforms for India to achieve a higher growth trajectory, while retaining its GDP growth projection of 7.2% for 2017-18...



# Coal India

BSE SENSEX  
29,319

S&P CNX  
9,105

**CMP: INR279**

**TP: INR335(+20%)**

**Upgrade to Buy**



## Stock Info

Bloomberg	COAL IN
Equity Shares (m)	6,207
52-Week Range (INR)	350 / 273
1, 6, 12 Rel. Per (%)	-3/-15/-12
M.Cap. (INR b)	1,731.9
M.Cap. (USD b)	26.8
Avg Val, INRm	1275
Free float (%)	21.1

## Financials Snapshot (INR b)

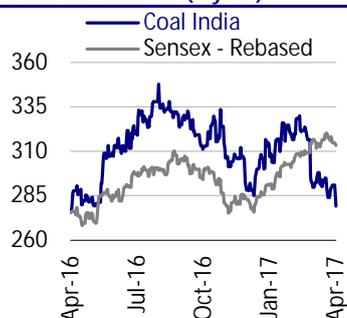
Y/E Mar	2016	2017E	2018E
Net Sales	760.9	835.4	888.8
EBITDA	139.0	191.1	212.2
PAT	103.5	124.6	136.9
EPS (INR)	16.7	20.1	22.1
Gr. (%)	-26.2	20.4	9.9
BV/Sh (INR)	41.0	41.1	41.2
RoE (%)	40.6	48.8	53.5
RoCE (%)	37.6	52.9	57.9
P/E (x)	16.7	13.9	12.7
P/BV (x)	6.8	6.8	6.8

## Shareholding pattern (%)

As On	Dec-16	Sep-16	Dec-15
Promoter	79.8	79.7	79.7
DII	10.8	10.3	8.6
FII	6.9	7.8	8.8
Others	2.5	2.3	2.9

FII Includes depository receipts

## Stock Performance (1-year)



## Volume growth to accelerate

**E-auction price rising, NSR already reflects grade slippage; Upgrade to Buy**

### COAL's dispatch growth to accelerate despite substitution by RE

- Apparent coal demand growth has disappointed with a decline of 2.4% in FY17 due to destocking, efficiency gains, substitution (pet coke) and pick-up in renewable power generation. However, real consumption growth remains robust (e.g., 5% growth in the power sector).
- We are positively surprised with pick-up in RE projects, and are thus upgrading capacity target by 30GW to 110GW at the end of FY20E. On adjusting our power supply and coal supply models, we have reduced Indian apparent coal demand estimates by 52mt to 918mt for FY20. We note that apparent coal demand will still increase at a CAGR of 5.4% over FY17-20E, compared to flat demand over last two years.
- Despite reducing estimates by 16mt and 24mt, we note that Coal India's dispatches will increase by 6.8% to 580mt in FY18E and by 6.6% to 618mt in FY19E, driven by end of destocking and substitution of coal and pet coke imports, despite a rising share of RE in power generation.

### Grade slippage issue largely behind; E-auction prices driving NSR

- COAL's net sales realization (NSR) on FSA volumes has disappointed due to stricter enforcement of GCV measurements. Thus, despite a price hike of 6.9% in May 2016 (revenue gain of INR33b), the NSR of FSA volumes was broadly flat in 2Q/3QFY17.
- COAL has re-evaluated grades of its coal mines, resulting in downward revision in grades of 177 of its 400 odd mines. Based on our analysis of data of individual subsidiaries, we estimate the impact is INR15-25b. This, in our view, is already reflected in the FSA NSR of the past few quarters.
- E-auction coal prices are inching up due to higher international coal prices. We are raising the e-auction prices by ~INR207/t to ~INR1,650/t, which is driving a 2.8% increase in average NSR in FY18E despite no further price hike.

### Cost of mining will decline despite wage hike

- We believe COAL will be able to negotiate an 18% wage hike in view of low inflation, high existing wages and pressure from power consumers to keep coal prices low. COAL's wages have increased 405% in 12 years, the highest among the metal and mining companies. We expect employee cost to increase by less than 2% in FY18 after rising 14% in FY17 due to 3-4% natural net attrition.
- Cost of mining will decline as operating leverage will come into play on volume growth.

### Strong earnings growth, attractive dividend yield; Upgrading to Buy

- n Despite reducing volume estimates by 24mt, we expect 6.7% CAGR in volumes, 21% CAGR in adj. EBITDA and 15% CAGR in EPS over two years on operating leverage and upgrade in e-auction prices while keeping FSA prices unchanged.
- n COAL deserves a premium over other metal and mining stocks due to its dominant position in the Indian markets and its current coal pricing being very competitive, which has virtually no downside risk. Therefore, we value the stock at 7.5xEV/adj. EBITDA.
- n We are moving the valuation basis to FY19E and raising the target price to INR335. At CMP, the stock has upside of 20%, which is in addition to ~6% dividend yield and is very attractive compared to its cost of equity. Therefore, we upgrade the stock to **Buy**.

Exhibit 1: Metals sector valuation

	Rating	Price (INR)	MCAP (USD M)	EPS			P/E (x)		EV/EBITDA (x)		P/B(x)	
				FY17E	FY18E	FY19E	FY18E	FY19E	FY18E	FY19E	FY18E	FY19E
<b>Steel</b>												
Tata Steel	Sell	450	6,803	18.9	39.4	45.7	11.4	9.9	7.3	6.6	2.9	2.4
JSW Steel	Buy	187	7,040	13.6	18.3	20.5	10.2	9.1	6.5	5.6	1.8	1.5
JSPL	Buy	119	1,690	-22.3	-17.5	-2.2	-6.8	-53.8	9.6	6.7	0.3	0.3
SAIL	Sell	60	3,874	-7.4	-12.6	0.4	-4.8	161.6	58.1	10.3	0.8	0.8
<b>Non-Ferrous</b>												
Hindalco	Buy	184	5,902	16.9	22.6	25.4	8.1	7.2	6.0	5.3	1.3	1.1
Nalco	Buy	73	2,944	3.9	5.3	5.8	13.8	12.6	5.7	5.0	1.3	1.2
Vedanta	Neutral	231	10,630	17.6	28.1	31.3	8.2	7.4	5.3	5.3	1.2	1.1
<b>Mining</b>												
Coal India	Buy	279	27,419	16.7	20.1	22.1	13.9	12.7	6.6	6.0	6.8	6.8
Hindustan Zinc	Neutral	273	17,957	19.5	25.6	27.9	10.7	9.8	6.7	5.8	3.0	2.5
NMDC	Buy	127	7,816	11.9	12.1	12.8	10.5	9.9	6.6	6.2	1.6	1.5

Source: MOSL, Company Data



BSE SENSEX	S&P CNX
29,319	9,105
Bloomberg	TCS IN
Equity Shares (m)	1,970
M.Cap.(INRb)/(USD\$b)	4,549.0 / 70.4
52-Week Range (INR)	2740 / 2055
1, 6, 12 Rel. Per (%)	-8/-8/-22
Avg Val, INRm	3104
Free float (%)	26.7

**CMP: INR2,309      TP: INR2,400(+4%)      Neutral**

### Margin aspirations face a stern test

#### Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	1,179.7	1,263.6	1,398.6
EBITDA	323.1	336.8	370.2
PAT	262.9	267.5	286.3
EPS (INR)	133.4	139.7	149.6
Gr. (%)	8.3	4.7	7.0
BV/Sh (INR)	425.3	413.9	485.8
RoE (%)	33.5	32.4	32.3
RoCE (%)	32.4	27.7	25.5
P/E (x)	17.3	16.5	15.4
P/BV (x)	5.4	5.6	4.7

Estimate change



TP change



Rating change



- Mirrors opportunities and concerns similar to INFO:** Retail and BFSI dragged TCS' 4QFY17 CC revenue growth to 1% QoQ (est. of +2%). Like INFO, TCS demonstrated strength in Communications, cited concerns in Retail and optimism in BFSI through the course of the year. We now model 8.2% CC revenue growth for FY18E, which implies a CQGR of 2.1% (v/s 1.8% in FY17).
- We see margin contraction YoY:** 4Q margin contracted 40bp QoQ to 25.7%, in line with our estimate. While TCS continues to target 26-28% EBIT margin, we believe offsets to recent currency movements will only come gradually, driving our assumption of 50bp YoY contraction in FY18 EBIT margin to 25.2%. 4QFY17 PAT declined 2.5% QoQ to INR66b (est. of INR62b) due to a lower forex impact. A stronger INR and our estimate of lower margin imply 4.7% earnings growth for FY18E.
- Expecting two of the three weak verticals to recover:** BFSI, Retail and Hi-tech were the key drags in FY17, of which TCS expects to see a recovery in BFSI and Hi-Tech next year. The stronger verticals will likely see continued traction, although the outlook is more of cautious optimism in Communications and Manufacturing.
- Valuation and view:** A relative weaker exit to the fiscal and currency headwinds to margins drive 1%/3% cut in our USD revenue/earnings estimates. At 16.5x FY18E earnings, TCS continues to command a significant premium, which could come under pressure given a year of weak earnings growth (4.7% YoY in FY18E). Our price target of INR2,400 discounts FY19E earnings by 16x and implies 4% upside. Maintain **Neutral**.

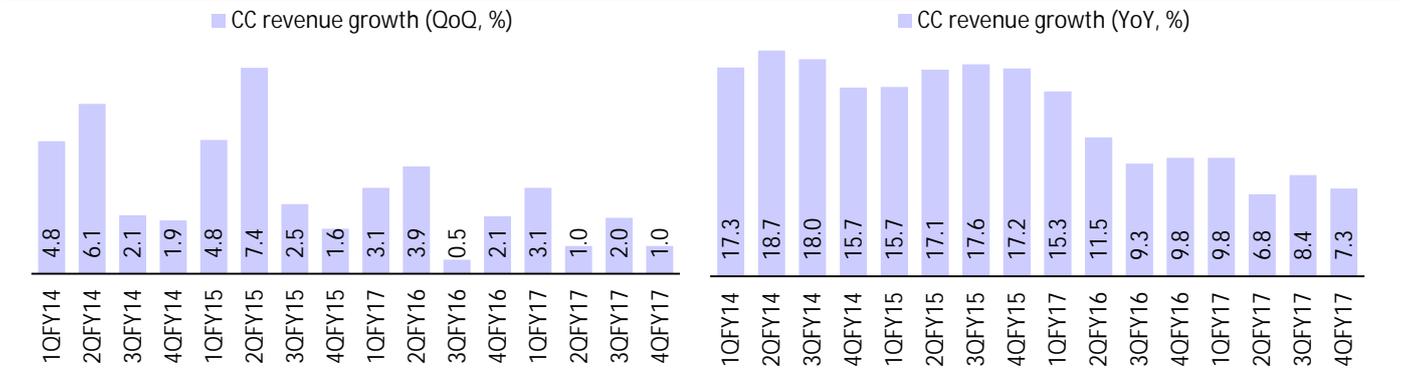
#### Quarterly Performance (Consolidated)

Y/E March	FY16				FY17				FY16	FY17	Est. 4QFY17	Var. (%) / bp
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue (USD m)	4,036	4,156	4,145	4,207	4,362	4,374	4,387	4,452	16,544	17,575	4,504	-1.1
QoQ (%)	3.5	3.0	-0.3	1.5	3.7	0.3	0.3	1.5	7.1	6.2	2.7	-117bp
Revenue (INR m)	256,681	271,655	273,640	284,486	293,050	292,840	297,350	296,420	1,086,462	1,179,660	299,935	-1.2
YoY (%)	16.1	14.1	11.7	17.5	14.2	7.8	8.7	4.2	14.8	8.6	5.4	-124bp
GPM (%)	44.9	45.5	45.6	44.8	43.9	44.8	44.5	45.0	45.2	44.5	44.4	61bp
SGA (%)	16.8	16.7	17.3	17.0	17.1	17.1	16.8	17.6	17.0	17.1	17.1	47bp
EBITDA	72,019	78,224	77,469	79,068	78,380	81,110	82,290	81,330	306,780	323,110	81,880	-0.7
EBITDA Margin (%)	28.1	28.8	28.3	27.8	26.7	27.7	27.7	27.4	28.2	27.4	27.3	14bp
EBIT Margin (%)	26.3	27.1	26.6	26.1	25.1	26.0	26.0	25.7	26.5	25.7	25.6	11bp
Other income	7,707	6,751	6,990	9,050	9,630	10,520	11,850	9,890	30,498	41,890	4,614	114.3
ETR (%)	23.2	24.1	23.2	23.7	24.0	23.8	23.6	23.1	23.6	23.6	23.5	-36bp
PAT	57,086	60,553	61,095	63,412	63,179	65,860	67,780	66,080	242,146	262,899	61,965	6.6
QoQ (%)	-3.3	6.1	0.9	3.8	-0.4	4.2	2.9	-2.5			-8.6	607bp
YoY (%)	12.9	14.5	12.2	7.4	10.7	8.8	10.9	4.2	11.6	8.6	-2.3	649bp
EPS (INR)	29.1	30.8	31.0	32.3	32.1	33.4	34.4	33.5	123.2	133.4	31.4	
Headcount	324,935	335,620	344,691	353,843	362,079	371,519	378,497	378,223	353,843	378,223	385,749	-2.0
CC QoQ rev gr (%)	3.4	3.9	0.5	2.1	3.1	1.0	2.0	1.0	11.8	8.4	2.0	
Attrition (%)	15.9	16.2	15.9	15.5	13.6	12.9	12.2					

### 4QFY17 revenue growth below estimates

- n TCS' 4QFY17 constant currency (CC) revenue growth was 1% QoQ, below our expectation of 2% QoQ CC.
- n Revenue growth was constituted of 1.7% QoQ volume growth, implying CC realization decline of 0.7%. Cross currency movements provided a tailwind to revenue growth to the tune of 50bp, taking reported USD revenue growth to 1.5% QoQ, at USD4,452m.
- n YoY CC revenue growth during the quarter was 7.5%, compared to 8.6% in the previous quarter.
- n Strength in Digital has been buoyant since it saw some weakness in 2QFY17. Revenue from Digital grew by 7.6% QoQ CC (22.7% YoY CC), and it now constitutes to 17.9% of total revenue. This compares with contribution of 16.8% in 3QFY17 and 15.5% in 4QFY16.

**Exhibit 1: YoY CC growth lower than the previous quarter at 7.3%, but remains in single digits for the sixth consecutive quarter**



Source: MOSL, Company



# Indraprastha Gas

BSE SENSEX 29,319 S&P CNX 9,105

CMP: INR1,044 TP: INR1,023 (-2%)

Neutral



## Moving in the right direction, but fairly valued

### Stock Info

Bloomberg	IGL IN
Equity Shares (m)	140.0
52-Week Range (INR)	1071/556
1, 6, 12 Rel. Per (%)	3/23/70
M.Cap. (INR b)	146.2
M.Cap. (USD b)	2.2
12M Avg Val (INR M)	600
Free float (%)	55.0

### Financials Snapshot (INR b)

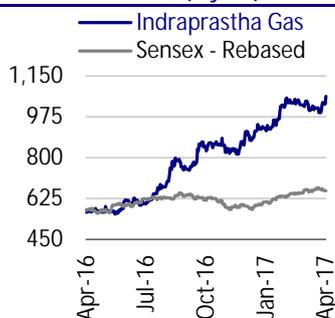
Y/E Mar	2017E	2018E	2019E
Sales	37.2	43.6	48.4
EBITDA	10.2	10.4	11.4
Adj. PAT	6.1	6.1	6.9
Adj. EPS (INR)	43.3	43.8	49.4
EPS Gr. (%)	45.5	1.2	12.8
BV/Sh.(INR)	205.3	238.6	276.3
RoE (%)	22.3	19.7	19.2
RoCE (%)	21.6	18.7	18.4
P/E (x)	24.1	23.8	21.1
P/BV (x)	5.1	4.4	3.8

### Shareholding pattern (%)

As On	Dec-16	Sep-16	Dec-15
Promoter	45.0	45.0	45.0
DII	19.1	19.5	21.7
FII	22.6	21.5	20.5
Others	13.3	14.1	12.9

FII Includes depository receipts

### Stock Performance (1-year)



We recently met management of Indraprastha Gas (IGL). Key takeaways:

### CNG segment to see 8-10% growth

- At peak, Delhi Transport Corporation (DTC) had a fleet of 5,500 buses. However, due to the phasing out of older buses and the inability to add newer ones, the fleet size has narrowed to 4,000 buses, of which only ~3,500 are operational. Some growth though is expected to come from addition of cluster buses, as well as feeder buses for metros. Most aggregator cabs have converted fully to CNG. Around 40-50,000 cabs with all-India permits are expected to convert to CNG once their current licenses expire. The restriction on approved CNG kits still exists, leading to monthly conversions coming down to 1,500 from 3,000-4,000/month. The company guides for CNG growth of 8-10%. It has ~420 CNG stations and plans to add ~25 each year.

### Expect >100,000 household connections every year

- IGL added 76,000 household connections in FY16 and another 100,000+ in FY17. In NCR, there are 4m LPG connections, of which 2-2.2m could be potentially converted to PNG-residential. Of these, the company has cumulatively connected ~0.8m households. It targets 25-40,000 connections in defense areas. It is also exploring new avenues like universities/state houses.

### Rewari to commence operations in FY18

- IGL intends to open two CNG retail outlets in early FY18 and then two more by fiscal-end. It aims to add further 4-6 CNG stations in FY19. It also intends to connect 300 PNG-residential. Volumes are expected to be less than 0.1mmscmd in FY18 from Rewari. In 4-5 years, peak sales volume would be 0.4-0.5mmscmd.

### FO/petcoke ban could add 0.2mmscmd

- A ban on usage of FO/petcoke in NCR is being discussed. If the ban is implemented and no industries shift out of NCR, then current industrial sales volume of 0.44mmscmd could increase by maximum of 0.2mmscmd. It has also bid for three nearby areas in CGD round 8, two of which have potential of 0.5mmscmd and the third has potential of 0.2mmscmd.

### Fairly valued; maintain Neutral

- With EBITDA/scm of INR5.6 in FY18/19 and overall volume growth of 11%/9%, we estimate standalone EPS of INR49.4 for FY19. Our SOTP-based fair value stands at INR1,023.
- We do not see much upside, and thus maintain our **Neutral** rating.

**IGL - Operational highlights**

INR Million	FY15				FY16				FY17		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Net sales</b>	<b>8,672</b>	<b>9,489</b>	<b>9,410</b>	<b>9,129</b>	<b>8,994</b>	<b>9,658</b>	<b>9,269</b>	<b>8,816</b>	<b>8,970</b>	<b>9,624</b>	<b>9,429</b>
Realization (INR/scm)	25.4	26.1	26.6	26.5	25.8	25.8	25.1	23.6	22.7	22.9	22.2
<b>Total raw material</b>	<b>5,420</b>	<b>6,095</b>	<b>6,255</b>	<b>6,045</b>	<b>5,587</b>	<b>6,240</b>	<b>5,685</b>	<b>5,249</b>	<b>4,774</b>	<b>5,348</b>	<b>5,181</b>
Gas cost (INR/scm)	15.9	16.8	17.7	17.6	16.0	16.6	15.4	14.1	12.1	12.7	12.2
<b>Gross margin</b>	<b>3,252</b>	<b>3,393</b>	<b>3,155</b>	<b>3,084</b>	<b>3,407</b>	<b>3,419</b>	<b>3,584</b>	<b>3,566</b>	<b>4,197</b>	<b>4,277</b>	<b>4,248</b>
Gross Margin (INR/scm)	9.5	9.3	8.9	9.0	9.8	9.1	9.7	9.6	10.6	10.2	10.0
<b>EBITDA</b>	<b>2,068</b>	<b>2,147</b>	<b>1,886</b>	<b>1,720</b>	<b>1,938</b>	<b>1,880</b>	<b>1,850</b>	<b>1,929</b>	<b>2,570</b>	<b>2,575</b>	<b>2,515</b>
EBITDA (INR/scm)	6.1	5.9	5.3	5.0	5.6	5.0	5.0	5.2	6.5	6.1	5.9
<b>PAT</b>	<b>1,140</b>	<b>1,196</b>	<b>1,082</b>	<b>959</b>	<b>1,018</b>	<b>1,016</b>	<b>1,051</b>	<b>1,076</b>	<b>1,480</b>	<b>1,442</b>	<b>1,448</b>
PAT (INR/scm)	3.3	3.3	3.1	2.8	2.9	2.7	2.8	2.9	3.8	3.4	3.4
<b>Volumes</b>											
CNG (MMSCMD)	2.8	3.0	3.0	2.9	3.0	3.1	3.1	3.2	3.3	3.5	3.5
PNG (MMSCMD)	0.9	0.9	0.9	0.9	0.9	1.0	0.9	0.9	1.0	1.1	1.1
<b>Total (MMSCMD)</b>	<b>3.7</b>	<b>3.9</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>	<b>4.1</b>	<b>4.0</b>	<b>4.1</b>	<b>4.3</b>	<b>4.6</b>	<b>4.6</b>
<b>Per unit realizations</b>											
CNG (INR/scm)	27.4	28.2	28.2	28.3	27.9	27.9	27.1	26.7	26.3	26.4	25.3
CNG (INR/kg)	36.5	37.7	37.6	37.4	37.2	37.3	36.6	36.5	35.7	35.8	34.4
PNG (INR/scm)	30.1	31.0	33.0	32.7	30.4	29.8	29.4	24.4	21.7	22.2	22.5

Source: Company, MOSL

## RBI urges banks to exercise caution with additional provisioning to stressed sectors

### Impact on earnings to be minimal, in our view

- n The Reserve Bank of India (RBI), in its notification dated 18 April 2017, has called upon banks to make higher provisioning on standard assets in stressed sectors. The quantum of additional provisioning above the regulatory minimum, however, has not yet been specified.
- n The notification suggests quarterly review of current/emerging risks in sectors to which the banks have exposure, based on certain qualitative/quantitative parameters.
- n The RBI requires that the telecom sector in particular be reviewed by 30 June and that banks provide a higher rate of provisioning on telecom exposure.
- n We do not expect a major impact of these guidelines on earnings – our calculations suggest 3-8% reduction in PAT estimates in a worst-case scenario (~5bp impact on RoA).

### Precautionary stance aimed at strengthening balance sheet

The new RBI notification requires: a) board-approved policy be put in place to prescribe higher rates of provisioning based on risk/stress in various exposures, b) quarterly review of the performance of these sectors based on parameters such as debt-equity, interest coverage, outlook and NPLs, and c) stronger provisioning and monitoring of exposures to the telecom sector, which is under significant stress with an interest coverage ratio of less than one. This move by the RBI is focused on strengthening the balance sheet and more prudent monitoring of potential stress.

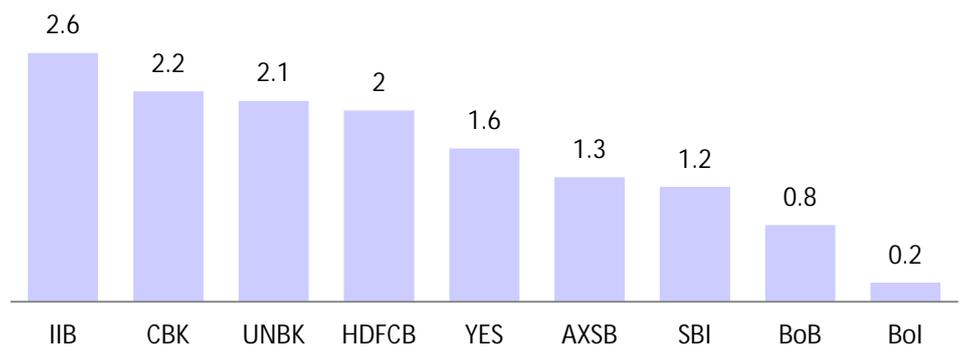
### Provisioning in troubled segments already at comfortable levels

Troubled corporate banks are already running at 25%+ stress sector loans, wherein provisions are high at ~25-50%+. Moreover, many of the stressed segments already have high NPLs (Exhibit 2). According to the Financial Stability Report of the RBI, the telecom sector contributes ~1.2% of total debt in the industry. Poor outlook, coupled with high leverage and interest burden, has led to a cautious stance by the RBI. Banks with the largest telecom exposure as percentage of their total exposure are IIB, CBK and UNBK (Exhibit 1).

### No significant impact on profitability

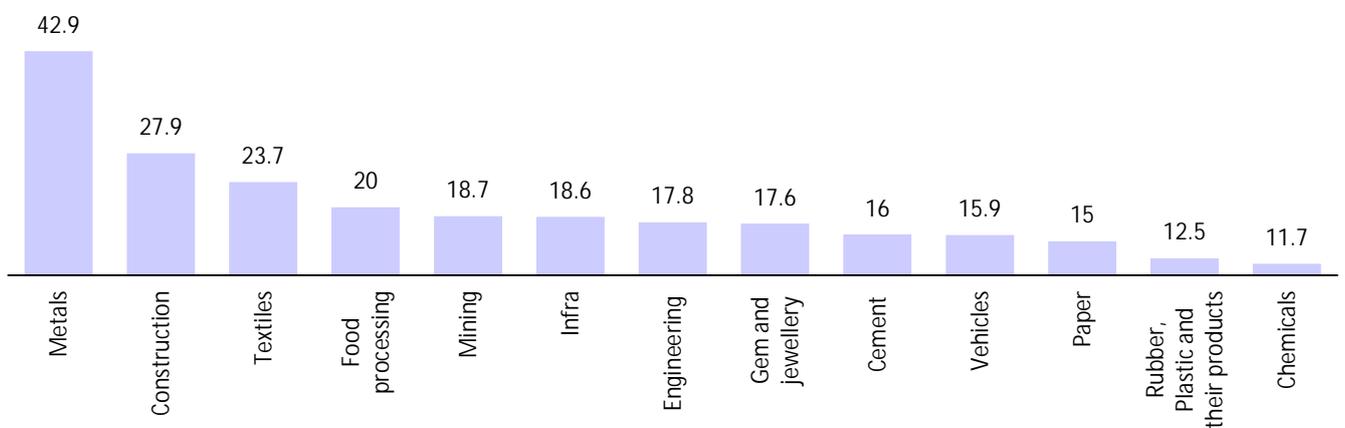
If we conservatively assume that the boards will require banks to make 3% provisioning on loans in stressed sectors (realistically, it should be at ~2%), then additional standard asset provisioning amounts to ~12bp of loans. Our calculations suggest that this would translate into 3-8% cut in PAT estimates (~5bp impact on RoA). Hence, a significant impact on profitability seems to be unlikely. However, we appreciate the RBI's direction for banks to adopt a more conservative/prudent stance on monitoring of potential stress in the balance sheet.

Exhibit 1: Telecom exposure as a percentage of gross funded exposure



Source: MOSL, Company

Exhibit 2: Stressed advances (GNPA + OSRL) ratio of various segments



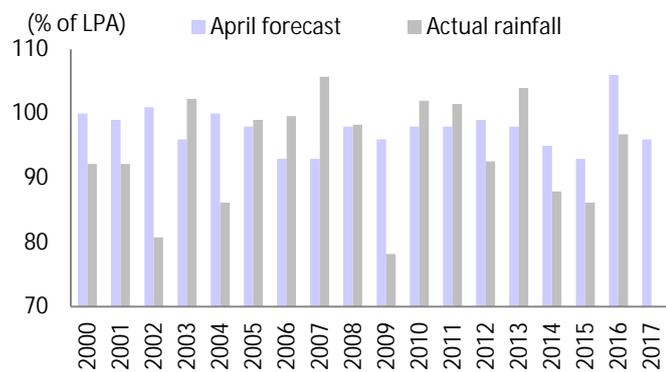
Source: MOSL, Company, FSR

## IMD forecasts just-normal monsoon with even distribution in 2017

### Forecast in line with Skymet's prediction

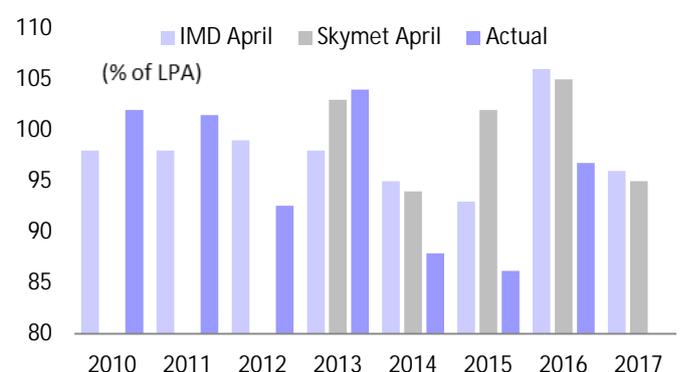
- n The Indian Meteorological Department's (IMD) forecast for India's crucial June-September or south-west monsoon season stands at 96% of long-period average (LPA), with an error of +/- 5%. We note that forecast for this year is lower than last year's 106%, but higher than 2014/2015 forecast of 95%/93% (Exhibit 1). The likelihood of near-normal rainfall is 38%, and distribution of rain across the country is also expected to be good. The IMD considers rain in India as normal if it is between 96% and 104% of 50-year average of 89cm for the four months beginning June. Regarding El Nino, the weather bureau mentioned that there are weak chances of it developing in the latter part of the monsoon season. Further, the forecast of the IMD is in line with that of Skymet, the private weather forecasting agency (Exhibit 2).
- n While the forecast is not as optimistic as last year, the prediction of normal monsoon is a welcome sign, considering that agriculture in India is heavily dependent on rains and that June-September monsoon accounts for ~70% of annual rainfall. While good rainfall aids crop production and thus agricultural gross value added (GVA) (Exhibit 3), there is no direct correlation of monsoon with food inflation.
- n Also, although there is no direct correlation between monsoon and rural wages (Exhibit 4), a second consecutive normal monsoon season could ease pressure on the government to waive off farm loans.

Exhibit 1: IMD forecasts just-normal monsoon in 2017...



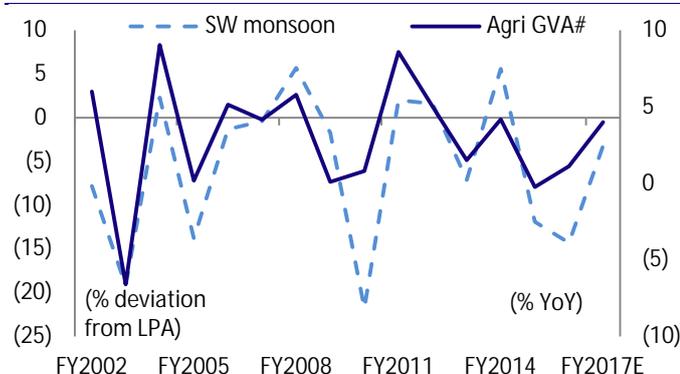
Source: IMD, MOSL

Exhibit 2: ...which is in line with Skymet predictions



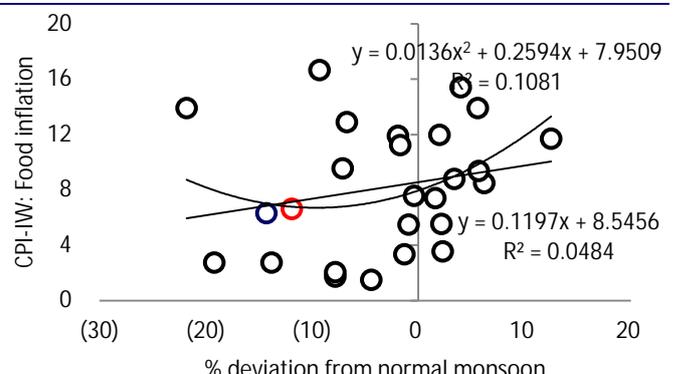
Source: IMD, Skymet, MOSL

Exhibit 3: While south west monsoon aids agri GVA...



Source: IMD, MOSPI, MOSL

Exhibit 4: ...it isn't directly correlated with rural wages



Source: IMD, MOSPI, MOSL



# Gruh Finance

BSE SENSEX	S&P CNX
29,319	9,105
Bloomberg	GRHF IN
Equity Shares (m)	364.6
M.Cap. (INR b)/(USD b)	128.3/1.9
52-Week Range (INR)	436 / 244
1, 6, 12 Rel. Per (%)	7/10/40
Avg Val, INRm	106
Free float (%)	41.5

**CMP: INR392 TP: INR421 (+7%) Neutral**

## Impressive all-round performance

- n Gruh Finance (GRHF) reported PAT of INR1,104m (6% above our estimate) for 4QFY17, driven by strong loan growth, controlled operating expenses and lower provisioning charge.
- n Loan growth for the quarter was a robust 19% YoY, marginally ahead of our expectation, driven by growth of 19% in housing loans and 37% in developer loans.
- n Home loan disbursements were up a robust 59% YoY in the quarter. In our view, this could be due to pent-up demand in the system, but we await management clarity. Disbursements to developers were up 93% YoY, which, in our view, was a one-off. GRHF continues to scale back in LAP - disbursements were down 58% YoY, a trend similar to the prior quarter.
- n Operating expenses declined 2% YoY to INR241m, driven by a 13% fall in other operating expenses. We believe this is due to lower branch opening expenses. As a result, C/I ratio declined 280bp YoY to 13%.
- n GNPL ratio was largely stable YoY at 0.31%. The company continued to maintain nil net NPLs (0.09% in 4QFY16). Provisioning charge stood at INR14m v/s INR61m in 4QFY16 and INR327m in 3QFY17. Note that GRHF took large provisioning charge in 3QFY17 in order to take PCR to 100%.
- n **Valuation and view:** GRHF has performed impressively, with 25% loan book CAGR and 26% PAT CAGR over the last decade. Its presence in the affordable housing segment in rural areas provides pricing power on the asset side, with cost of funding at par with large HFCs. At the same time, it has not compromised on underwriting standards, with GNPL/NNPL of 0.31%/nil (10-year average of 0.6%/nil). We upgrade our FY18E/19E EPS by 2%/5% led by better-than-expected loan growth and mix shift away from higher-risk assets like LAP. We upgrade our TP to INR421 (9.5x FY19 P/B). Maintain **Neutral**.

## Financials & Valuations (INR b)

Y/E March	2017	2018E	2019E
NII	5.3	6.4	7.8
PPP	4.7	5.9	7.1
PAT	3.0	3.7	4.6
EPS (INR)	8.1	10.3	12.5
EPS Gr. (%)	21.5	26.3	21.7
BV/Sh. (INR)	30.5	36.7	44.3
ABV/Sh. (INR)	30.5	36.7	44.3
RoA (%)	2.4	2.5	2.5
RoE (%)	30.4	30.6	30.9
Payout (%)	34.0	34.0	34.0

Valuations			
	2017	2018E	2019E
P/E (x)	48.4	38.3	31.5
P/BV (x)	12.9	10.7	8.9
Div. Yield (%)	0.7	0.9	1.1

## Quarterly performance

Y/E MARCH	(INR Million)									
	FY16				FY17				FY16	FY17
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Operating Income	2,967	3,118	3,236	3,705	3,463	3,674	3,810	4,161	12,752	14,874
<b>Total income</b>	<b>2,967</b>	<b>3,118</b>	<b>3,236</b>	<b>3,705</b>	<b>3,463</b>	<b>3,674</b>	<b>3,810</b>	<b>4,161</b>	<b>12,754</b>	<b>14,874</b>
Y-o-Y Growth (%)	22.8	21.0	19.3	21.5	16.7	17.8	17.8	12.3	20.3	16.6
Interest expenses	1,902	1,987	2,034	2,151	2,241	2,351	2,297	2,307	8,074	9,196
<b>Net Income</b>	<b>1,066</b>	<b>1,131</b>	<b>1,202</b>	<b>1,554</b>	<b>1,222</b>	<b>1,323</b>	<b>1,513</b>	<b>1,854</b>	<b>4,680</b>	<b>5,678</b>
Operating Expenses	196	257	205	245	201	273	219	241	844	935
<b>Operating Profit</b>	<b>869</b>	<b>874</b>	<b>997</b>	<b>1,309</b>	<b>1,021</b>	<b>1,050</b>	<b>1,294</b>	<b>1,613</b>	<b>3,836</b>	<b>4,742</b>
Y-o-Y Growth (%)	18.6	22.7	21.8	22.8	17.5	20.1	29.8	23.3	20.4	23.6
Provisions and Cont.	121	72	178	61	125	91	327	14	219	322
<b>Profit before Tax</b>	<b>749</b>	<b>803</b>	<b>818</b>	<b>1,248</b>	<b>896</b>	<b>958</b>	<b>967</b>	<b>1,600</b>	<b>3,617</b>	<b>4,420</b>
Tax Provisions	246	286	281	370	294	339	326	495	1,181	1,454
<b>Net Profit</b>	<b>503</b>	<b>517</b>	<b>537</b>	<b>878</b>	<b>601</b>	<b>619</b>	<b>640</b>	<b>1,104</b>	<b>2,436</b>	<b>2,966</b>
Y-o-Y Growth (%)	9.0	8.3	7.8	10.6	19.6	19.9	19.2	25.8	19.5	21.8
Int Exp/ Int Earned (%)	64.1	63.7	62.9	58.1	64.7	64.0	60.3	55.4	63.3	61.8
Cost to Income Ratio (%)	18.4	22.7	17.1	15.8	16.5	20.7	14.5	13.0	18.0	16.5
Tax Rate (%)	32.8	35.6	34.4	29.6	32.8	35.4	33.8	31.0	32.7	32.9

E: MOSL Estimates

**Exhibit 1: Quarterly performance v/s our estimates and reasons for deviation (INR m)**

Y/E March	4QFY17A	4QFY17E	Var (%)	Comments
Operating Income	4,161	4,210	-1	
<b>Total income</b>	<b>4,161</b>	<b>4,210</b>	<b>-1</b>	<b>In-line</b>
Y-o-Y Growth (%)	12.3	13.6		
Interest expenses	2,307	2,366	-3	Lower-than-expected borrowings
<b>Net Income</b>	<b>1,854</b>	<b>1,844</b>	<b>1</b>	<b>In-line</b>
Operating Expenses	241	260	-7	Lower employee expenses
<b>Operating Profit</b>	<b>1,613</b>	<b>1,585</b>	<b>2</b>	<b>In-line</b>
Y-o-Y Growth (%)	23.3	21.1		
Provisions and Cont.	14	77		No asset quality impact due to demon
<b>Profit before Tax</b>	<b>1,600</b>	<b>1,508</b>	<b>6</b>	
Tax Provisions	495	470	5	
<b>Net Profit</b>	<b>1,104</b>	<b>1,038</b>	<b>6</b>	<b>PAT beat due to lower opex and credit costs</b>
Y-o-Y Growth (%)	25.8	18.2		

Source: Company, MOSL



# IndusInd Bank

Bloomberg	IIB IN
Equity Shares (m)	595.0
M. Cap. (INR b)/(USD b)	833 / 13
52-Week Range (INR)	1440 / 935
1,6,12 Rel Perf. (%)	4 / 9 / 27

## Financial Snapshot (INR Billion)

Y/E MARCH	2016	2017E	2018E	2019E
NII	45.2	60.2	71.8	87.4
OP	41.4	52.4	62.8	75.9
NP	22.9	28.8	34.9	42.4
NIM (%)	4.0	4.3	4.3	4.3
EPS (INR)	38.4	48.4	58.7	71.2
EPS Gr. (%)	13.4	25.9	21.3	21.3
BV/Sh. (INR)	291	333	383	444.3
ABV/Sh. (INR)	288	328	377	437.1
RoE (%)	16.6	15.5	16.4	17.2
RoA (%)	1.8	1.9	1.9	1.9
Payout (%)	18.5	14.0	14.0	14.0

## Valuations

P/E (X)	36.4	28.9	23.9	19.7
P/BV (X)	4.8	4.2	3.7	3.2
P/ABV (X)	4.9	4.3	3.7	3.2
Div. Yield (%)	0.3	0.4	0.5	0.6

**CMP: INR1,400 TP: INR1,685 (+20%) Buy**

- n We expect strong loan growth of ~24% in 4QFY17 – significantly ahead of system loan growth. Deposit growth would be strong at 32% YoY, aided by demonetization in 3Q. Continued market share gains in VF would remain a key factor to monitor.
- n NIM is likely to decline marginally (by 5bp QoQ), but would remain at 3.8-3.9%. The quantum of CASA retained would be a key factor.
- n We expect non-interest income to grow ~20%, supported by healthy fee income growth of ~24%. The management expects stronger contribution of third-party distribution fees owing to increased inflows into MFs and insurance industry.
- n Opex growth would remain high at ~30%+ YoY v/s 25% growth in total income. Healthy PPP growth (+19% YoY) and controlled credit costs would keep earnings growth strong at 22%+ YoY.
- n IIB trades at 3.2x FY19E BV and 19.7x FY19E EPS, with best-in-class RoA of ~1.9% and RoE of 17-18%. **Buy**.

## Key issues to watch for

- ⊗ Continued CV/CE growth would be the key for CFD growth.
- ⊗ Corporate asset quality a key monitorable.
- ⊗ Traction in the non-vehicle consumer lending portfolio.

## Quarterly Performance

	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	27,235	27,978	29,277	31,317	32,917	34,857	36,993	38,480	115,807	143,247
Interest Expense	17,428	17,035	17,543	18,635	19,353	20,254	21,209	22,275	70,641	83,091
<b>Net Interest Income</b>	<b>9,807</b>	<b>10,943</b>	<b>11,734</b>	<b>12,682</b>	<b>13,564</b>	<b>14,603</b>	<b>15,784</b>	<b>16,205</b>	<b>45,166</b>	<b>60,157</b>
% Change (YoY)	22.5	31.3	36.2	37.1	38.3	33.4	34.5	27.8	32.1	33.2
Other Income	7,616	7,835	8,390	9,128	9,730	9,704	10,168	11,010	32,970	40,612
<b>Net Income</b>	<b>17,423</b>	<b>18,778</b>	<b>20,124</b>	<b>21,810</b>	<b>23,294</b>	<b>24,307</b>	<b>25,952</b>	<b>27,215</b>	<b>78,135</b>	<b>100,768</b>
Operating Expenses	8,196	8,713	9,514	10,298	10,956	11,491	12,319	13,572	36,721	48,337
<b>Operating Profit</b>	<b>9,227</b>	<b>10,065</b>	<b>10,610</b>	<b>11,512</b>	<b>12,338</b>	<b>12,816</b>	<b>13,633</b>	<b>13,643</b>	<b>41,414</b>	<b>52,431</b>
% Change (YoY)	23.2	38.9	37.1	35.4	33.7	27.3	28.5	18.5	33.7	26.6
Other Provisions	1,233	1,581	1,771	2,137	2,305	2,139	2,169	2,148	6,722	8,760
<b>Profit before Tax</b>	<b>7,994</b>	<b>8,484</b>	<b>8,839</b>	<b>9,375</b>	<b>10,033</b>	<b>10,677</b>	<b>11,465</b>	<b>11,495</b>	<b>34,693</b>	<b>43,671</b>
Tax Provisions	2,744	2,884	3,029	3,172	3,419	3,635	3,959	3,879	11,828	14,892
<b>Net Profit</b>	<b>5,250</b>	<b>5,600</b>	<b>5,810</b>	<b>6,204</b>	<b>6,614</b>	<b>7,042</b>	<b>7,506</b>	<b>7,617</b>	<b>22,865</b>	<b>28,779</b>
% Change (YoY)	24.7	30.2	29.9	25.3	26.0	25.7	29.2	22.8	27.5	25.9
<b>Operating Parameters</b>										
NIM (Reported,%)	3.7	3.9	3.9	3.9	4.0	4.0			3.9	
NIM (Cal, %)	3.5	3.7	3.7	3.7	3.8	3.8	3.9	3.8	3.7	3.8
Deposit Growth (%)	21.6	22.5	24.6	25.4	31.0	38.9	37.9	32.0	25.4	32.0
Loan Growth (%)	23.1	30.6	28.7	28.5	29.7	26.4	25.1	24.0	28.5	24.0
CD Ratio (%)	93.0	96.8	95.1	95.1	92.1	88.1	86.2	89.3	95.1	89.3
CASA Ratio (%)	34.7	34.7	35.0	35.2	34.4	36.5	37.0		35.2	36.1
Tax Rate (%)	34.3	34.0	34.3	33.8	34.1	34.0	34.5	33.7	34.1	34.1
<b>Asset Quality</b>										
OSRL (INR b)	4.6	4.9	4.8	4.7	4.6	4.4			4.7	
OSRL (%)	0.6	0.6	0.6	0.5	0.5	0.4			0.5	
Gross NPA (INR b)	5.7	6.0	6.8	7.8	8.6	9.0	9.7	10.7	7.8	10.7
Gross NPA (%)	0.8	0.8	0.8	0.9	0.9	0.9	0.9	1.0	0.9	1.0

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



# Yes Bank

Bloomberg	YES IN
Equity Shares (m)	421.1
M. Cap. (INR b)/(USD b)	659.8 / 9.7
52-Week Range (INR)	1575 / 830
1,6,12 Rel Perf. (%)	5/16/68

**CMP: INR1,567 TP: INR2110 (+35%) Buy**

### Financial Snapshot (INR b)

Y/E March	2016	2017E	2018E	2019E
NII	45.7	58.6	76.3	96.3
OP	43.0	56.3	73.3	92.2
NP	25.4	33.3	43.4	54.6
NIM (%)	3.4	3.6	3.8	3.8
EPS (INR)	60.4	73.5	95.7	120.3
EPS Gr. (%)	25.8	21.6	30.3	25.7
BV/Sh. (INR)	327.8	469.3	545.5	641.2
ABV/Sh. (INR)	323.4	463.6	539.3	632.1
RoE (%)	19.9	19.0	18.9	20.3
RoA (%)	1.7	1.8	1.9	2.0

### Valuations

P/E(X)	25.9	21.3	16.4	13.0
P/BV (X)	4.8	3.3	2.9	2.4
P/ABV (X)	4.8	3.4	2.9	2.5
Div. Yield (%)	0.6	0.8	1.1	1.3

- n We expect loan growth to be significantly ahead of system average at 25% YoY (nearly 5x industry growth rate) on the back of refinancing opportunities and strong growth in retail banking.
- n We expect NIM to remain largely stable with falling yields negated by lower cost of funds on account of CASA inflows post demonetization and re-pricing of bulk deposits. Consequently, NII growth is expected to be healthy at 28% YoY, one of the best among peers.
- n Non-interest income growth is likely to be ~23% YoY, led by strong growth from third-party distribution, continued momentum in financial advisory and higher trading gains.
- n Led by aggressive franchise expansion, we expect opex growth to remain high (33%+ YoY).
- n Asset quality performance so far has been significantly better than industry; we expect this trend to continue. YES trades at 2.4x FY19E BV and 13x FY19E EPS. Return ratios also remain strong (RoA of 1.8% and RoE of 20%+). Maintain **Top Pick**.

### Key issues to watch for

- Ø Implementation of retail strategy on assets and liabilities sides.
- Ø Performance on asset quality and quantum of loans rescheduled under 5:25 scheme/sale to ARCs.

### Quarterly Performance

	(INR Million)									
	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	10,598	11,085	11,569	12,414	13,166	14,462	15,075	15,872	45,667	58,574
% Change (Y-o-Y)	42.2	29.4	27.3	27.1	24.2	30.5	30.3	27.8	30.9	28.3
Other Income	5,452	6,181	7,461	8,028	9,005	8,879	9,984	9,890	27,121	37,758
<b>Net Income</b>	16,050	17,266	19,030	20,443	22,171	23,340	25,059	25,762	72,789	96,332
Operating Expenses	6,967	7,074	7,534	8,188	9,103	9,481	10,520	10,897	29,764	40,001
<b>Operating Profit</b>	9,083	10,191	11,496	12,255	13,068	13,860	14,538	14,865	43,025	56,330
% Change (Y-o-Y)	43.7	24.7	33.2	30.7	43.9	36.0	26.5	21.3	32.4	30.9
Other Provisions	980	1,039	1,479	1,865	2,066	1,617	1,154	1,022	5,363	5,859
<b>Profit before Tax</b>	8,103	9,152	10,016	10,390	11,001	12,243	13,384	13,843	37,662	50,471
Tax Provisions	2,591	3,048	3,260	3,369	3,683	4,228	4,558	4,666	12,268	17,135
<b>Net Profit</b>	5,512	6,104	6,757	7,021	7,318	8,015	8,826	9,177	25,394	33,336
% Change (Y-o-Y)	27.7	26.5	25.1	27.4	32.8	31.3	30.6	30.7	26.6	31.3
<b>Operating Parameters</b>										
NIM (Cal, %)	3.5	3.6	3.6	3.6	3.5	3.7	3.7	3.7	3.6	3.7
Deposit Growth (%)	25.2	24.0	23.1	22.5	28.6	28.9	30.5	23.0	22.5	23.0
Loan Growth (%)	35.1	29.0	26.7	30.0	33.0	37.7	38.8	25.0	30.0	25.0
Customer assets growth (%)	26.3	23.6	19.5	23.4	29.9	36.2	35.2		23.4	
<b>Asset Quality</b>										
Gross NPA (INR B)	3.7	4.9	5.6	7.5	8.4	9.2	10.1	11.7	7.5	11.7
Gross NPA (%)	0.5	0.6	0.7	0.8	0.8	0.8	0.9	0.9	0.8	0.9

E: MOSL Estimates



### 1. Gruh Fin: Loan quality remained intact in Q4, saw improvement on demand side; Sudhin Choksey, MD

- n By and large at the end of Q3 there was not much of an adverse impact as far as loan quality was concerned and same scenario is getting reflected in Q4; quality of loan has remained intact.
- n Have seen an improvement in the demand side over the previous three quarters. Continue to focus on the segment of properties costing less than Rs 14-15 lakh, with the average ticket size at Rs 8.33 lakh.
- n NIMs has gone up to around 4.2-4.3; the reduction in the cost of funds have been passed on to our customers because of the rate war, in a bid to retain the customers.
- n Expecting a much improved loan asset growth in the current financial year compared to the last year on the back of improvement in environment in terms of rate of interest, policies, subsidies.

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### 2. Delta corp: Positive on online gaming; it has huge potential; Hardik Dhebar, Group CFO

- n Do not see merger of union territories Daman and Diu with Gujarat on cards.
- n Have been complying with all rules related with casinos. Expect to receive positive news with regards to licence soon.
- n Things are slowly moving back to pre-demonetisation regime. Very positive on the online gaming arena; see a huge potential there.
- n Talking about Sikkim operations, it is completely on track; real potential will be seen from next fiscal onwards.

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### 1. Smoke and mirrors. by The Business Line

n The move by a group of people including the managing trustee of the Tata Trust, R Venkatramanan, to file a PIL in the Bombay High Court seeking to push PSUs into offloading the equity stakes they hold in ITC is curious. The PIL argues that the investments are in direct conflict with the Government's tough stand against tobacco consumption and that they go against the constitutional mandate vested in the PSUs. The Government is the biggest shareholder in ITC with a 32 per cent stake held through five PSU insurance companies and SUUTI (Specified Undertaking of Unit Trust of India).

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### 2. Rethinking south asian identity. by Deepa Kylasam Iyer

n South Asia comprises only 3.5 per cent of the world's surface area but houses 24.8 per cent of the global population spread over eight countries. It has people from hundreds of ethno-linguistic groups and at least seven major religious identities. While South Asia is predicted to grow at the rate of 7 per cent in 2017, it holds only 1.3 per cent of the world's income with nearly 90 per cent of the work force in the informal sector. The nature of economic growth and development that South Asian countries have pursued over the last 25 years has been unexceptionally neo-liberal.

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### 3. Why RBI must permit PDS, Mutual Funds, Insurers, others to directly access Forex market. by Jamal Mecklai

n EXPORTS GREW BY 28% yo-y in March, and while much stronger POL exports (because of higher oil prices) were part of the reason, it is significant to note that exports have risen for seven straight months. In fact, annual exports, while still about 10% shy of the 2014-15 target of \$300 billion, rose (albeit by a modest 4.7%) for the first time in three years. While global growth is clearly back—most other countries have also shown strong exports—the rupee's recent sharp surge may end up aborting this positive development.

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### 4. Managing migration for equitable development. by Livemint

n It is no coincidence that in F. Scott Fitzgerald's magnum opus on the American dream, *The Great Gatsby*, just about every major character is a migrant in 1920s New York—the narrator Nick Carraway is from Minnesota, his neighbour Jay Gatsby from North Dakota, Gatsby's former girlfriend Daisy Buchanan is from Kentucky and her husband Tom from Chicago. Migration has been the cornerstone of the American way of life; people's ability to pack up and move brought dynamism to the US economy, ensuring that the right people could be matched with the right jobs at the right price, thereby enhancing productivity and spurring economic growth.

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## 5. BHIM: India's ticket to a cashless economy. by Varad Pande & Gagandeep Nanda

- n The country seems to be on a train to cashless, and the Unified Payments Interface (UPI)—the payment system that allows mobile-enabled money transfer between bank accounts —seems to be the ticket to ride. While many banks have launched UPI apps, the Bharat Interface for Money (Bhim), the common app that can be used by anyone who has a bank account with a linked mobile number, is seen as the most promising. From the Prime Minister (PM) to district magistrates (DMs), everyone in government seems to be promoting Bhim—the PM invoking it in his Mann Ki Baat radio programme, and reportedly recently asking smartphone manufacturers to pre-install the app in phones; and DMs conducting “Digi-Dhan Melas” to push its adoption.

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## 6. How to unrob our banks. by Rana Kapoor

- n The banking sector is the bulwark of the economy . It plays a crucial role in the latter's overall growth and development. So, a robust and resilient banking sector becomes critical to ensuring continued growth, as well as to avoiding the cascading impact on the economy due to protracted stress in this sector. According to the Centre for Monitoring Indian Economy (CMIE), as of December 2016, around 65% of the overall outstanding credit has been extended by public sector banks (PSBs), while private sector banks account for another 26%.

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## International

## 7. Donald Trump, Kim Jong UN and the risk of nuclear miscalculation. by Gideon Rachman

- n In 1950, a combination of ill-judged words in Washington and miscalculation in Pyongyang led to the outbreak of the Korean war. Now, as the world contemplates the prospect that another war might break out on the Korean peninsula, the danger is that governments in the US and North Korea will once again miscalculate — and slide into conflict. Many historians trace the outbreak of the Korean war to a speech given by Dean Acheson at the National Press Club in Washington in January 1950. The US secretary of state spoke about America's “defence perimeter” in Asia — and suggested that Korea lay beyond the perimeter.

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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	855	1,084	27	29.3	37.3	43.4	29.2	22.9	5.8	4.8	21.7	22.9	22.0
Ashok Ley.	Buy	82	94	15	4.2	5.2	6.6	19.3	15.8	3.7	3.3	20.6	22.3	24.9
Bajaj Auto	Buy	2,823	3,282	16	133.7	154.8	174.0	21.1	18.2	5.9	5.2	29.5	30.2	30.0
Bharat Forge	Buy	1,039	1,182	14	25.3	37.2	50.6	41.1	27.9	6.1	5.3	15.7	20.5	23.7
Bosch	Neutral	22,606	22,924	1	472.3	667.8	764.1	47.9	33.9	9.1	7.6	18.2	24.5	23.4
CEAT	Buy	1,429	1,406	-2	89.9	107.6	140.6	15.9	13.3	2.4	2.1	16.4	16.9	18.9
Eicher Mot.	Buy	25,566	28,811	13	615.4	854.5	1,047.6	41.5	29.9	14.6	10.5	40.7	40.9	36.7
Endurance Tech.	Buy	816	841	3	22.3	29.4	37.4	36.6	27.7	6.6	5.5	19.6	21.6	22.9
Escorts	Buy	541	608	12	23.2	34.1	43.4	23.3	15.9	2.7	2.4	12.1	15.9	17.5
Exide Ind	Buy	225	270	20	8.4	9.8	11.9	26.8	23.0	3.9	3.5	14.5	15.0	16.0
Hero Moto	Neutral	3,224	3,390	5	172.2	185.1	188.3	18.7	17.4	6.8	5.9	39.5	36.2	31.9
M&M	Buy	1,263	1,573	25	61.7	75.4	89.5	20.5	16.7	3.1	2.8	14.5	13.9	14.7
Mahindra CIE	Not Rated	225	-		5.4	9.9	11.8	41.9	22.8	2.6	2.3	6.4	10.8	11.5
Maruti Suzuki	Buy	6,138	7,299	19	253.2	307.6	374.1	24.2	20.0	5.7	4.7	22.4	23.0	23.1
Tata Motors	Buy	444	609	37	11.5	29.4	62.0	38.6	15.1	1.8	1.6	4.7	11.2	20.4
TVS Motor	Buy	469	500	7	11.2	15.2	21.6	41.8	30.9	9.6	7.8	25.1	27.8	31.4
<b>Aggregate</b>								<b>27.9</b>	<b>19.9</b>	<b>4.1</b>	<b>3.6</b>	<b>14.7</b>	<b>18.0</b>	<b>21.2</b>
<b>Banks - Private</b>														
Axis Bank	Neutral	498	510	2	13.8	23.9	40.6	36.1	20.9	2.2	2.0	6.2	9.9	15.2
DCB Bank	Neutral	177	158	-11	7.0	8.8	11.2	25.3	20.2	2.7	2.4	10.9	12.4	14.0
Equitas Hold.	Buy	164	220	34	5.7	6.2	7.4	28.8	26.5	2.5	2.2	10.7	8.9	9.6
Federal Bank	Buy	92	108	18	4.4	5.2	6.7	20.9	17.5	1.8	1.7	9.0	10.0	11.7
HDFC Bank	Buy	1,446	1,670	16	56.6	66.7	79.0	25.6	21.7	4.4	3.8	18.5	18.9	19.3
ICICI Bank	Buy	283	350	24	17.3	17.8	20.5	16.3	15.9	1.9	1.8	10.5	9.8	10.5
IDFC Bank	Neutral	59	63	7	3.0	3.8	4.8	20.0	15.4	1.4	1.3	7.1	8.7	10.1
IndusInd	Buy	1,432	1,685	18	48.4	58.7	71.2	29.6	24.4	4.3	3.7	15.5	16.4	17.2
J&K Bank	Neutral	78	75	-4	-25.2	13.0	15.4	NM	6.0	0.7	0.7	-21.1	11.6	12.5
Kotak Mah. Bk	Buy	881	1,017	15	26.3	32.3	41.3	33.6	27.3	4.3	3.7	13.5	14.5	16.0
RBL Bank	Under Review	550	-		12.7	18.5	24.3	43.2	29.7	4.8	4.2	12.9	15.2	17.4
South Indian	Neutral	22	21	-6	2.8	3.1	3.8	8.1	7.2	0.8	0.7	9.7	10.0	11.3
Yes Bank	Buy	1,606	2,110	31	79.3	97.0	118.4	20.2	16.6	4.1	3.4	22.1	22.6	23.0
<b>Aggregate</b>								<b>25.6</b>	<b>20.4</b>	<b>3.1</b>	<b>2.7</b>	<b>11.9</b>	<b>13.4</b>	<b>14.9</b>
<b>Banks - PSU</b>														
BOB	Buy	176	224	27	7.5	19.0	26.1	23.4	9.3	1.2	1.1	5.0	11.9	14.8
BOI	Neutral	151	129	-15	-5.7	14.5	23.7	NM	10.5	0.6	0.6	-2.5	6.0	9.2
Canara	Neutral	312	310	-1	25.2	35.9	57.6	12.4	8.7	0.6	0.6	5.2	7.0	10.5
IDBI Bk	Neutral	73	49	-32	1.5	6.4	8.6	47.5	11.3	0.7	0.6	1.4	5.8	7.3
Indian Bk	Buy	258	331	28	27.1	30.1	35.9	9.5	8.6	0.9	0.8	9.3	9.6	10.6
OBC	Neutral	152	138	-9	0.3	21.0	26.0	604.5	7.2	0.4	0.4	0.1	5.2	6.1
PNB	Buy	156	186	19	5.3	12.4	16.6	29.6	12.5	0.9	0.8	3.0	6.7	8.3
SBI	Buy	290	340	17	8.7	16.9	23.3	33.4	17.1	1.3	1.2	3.9	7.3	9.3
Union Bk	Neutral	153	174	14	8.5	30.5	45.3	18.1	5.0	0.5	0.5	2.8	9.7	13.0
<b>Aggregate</b>								<b>29.5</b>	<b>12.7</b>	<b>0.9</b>	<b>0.9</b>	<b>3.2</b>	<b>7.0</b>	<b>9.2</b>
<b>NBFCs</b>														
Bajaj Fin.	Buy	1,238	1,448	17	34.4	47.5	64.0	36.0	26.1	7.4	6.0	22.7	25.5	27.3
Bharat Fin.	Neutral	734	859	17	44.6	42.8	55.1	16.4	17.1	3.7	3.0	29.6	19.3	20.4
Dewan Hsg.	Buy	395	500	27	29.6	36.7	42.7	13.3	10.7	1.6	1.4	14.4	13.9	14.5
GRUH Fin.	Neutral	392	373	-5	8.0	10.1	12.0	49.1	39.0	14.1	11.6	31.4	32.7	32.0
HDFC	Buy	1,480	1,752	18	46.7	51.7	57.3	31.7	28.6	5.9	5.4	19.1	18.1	17.1
Indiabulls Hsg	Buy	960	1,150	20	69.3	84.4	102.7	13.9	11.4	3.4	3.0	25.9	28.3	30.5
LIC Hsg Fin	Buy	642	723	13	38.3	46.9	55.3	16.8	13.7	3.0	2.6	19.5	20.3	20.3
Manappuram	Not Rated	93	-		8.2	11.1	14.0	11.4	8.4	2.6	2.3	23.9	29.0	32.2
M&M Fin.	Buy	335	380	13	7.9	10.9	14.1	42.4	30.6	3.0	2.9	7.2	9.6	11.6



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
Muthoot Fin	Buy	400	465	16	29.7	34.5	40.0	13.5	11.6	2.5	2.2	19.7	20.2	20.6
PFC	Neutral	155	117	-25	25.7	27.2	30.2	6.0	5.7	1.0	0.9	17.9	17.0	16.8
Repco Home	Buy	750	831	11	28.6	34.0	40.2	26.2	22.0	4.2	3.6	17.3	17.5	17.6
REC	Neutral	195	134	-31	31.4	35.0	40.4	6.2	5.6	1.2	1.0	19.9	19.1	19.1
Shriram Union	City Buy	2,254	2,689	19	91.8	134.5	164.6	24.5	16.8	3.0	2.6	12.7	16.5	17.5
STF	Buy	1,060	1,289	22	55.3	81.9	100.5	19.2	12.9	2.2	1.9	11.7	15.5	16.7
<b>Aggregate</b>								<b>17.4</b>	<b>15.0</b>	<b>3.1</b>	<b>2.7</b>	<b>17.6</b>	<b>18.0</b>	<b>18.1</b>
<b>Capital Goods</b>														
ABB	Neutral	1,411	1,190	-16	18.4	26.1	32.6	76.6	54.1	9.1	7.8	11.9	14.4	15.9
Bharat Elec.	Buy	172	180	5	6.5	7.3	8.5	26.5	23.5	5.0	4.4	20.4	18.8	19.1
BHEL	Sell	170	115	-32	5.5	5.7	5.8	30.7	29.7	1.2	1.2	4.0	4.0	4.0
CG Cons. Elec.	Buy	210	221	5	4.6	5.5	6.7	46.2	38.6	35.0	23.8	94.3	73.3	66.1
CG Power & Indu.	Sell	79	45	-43	3.6	3.9	4.5	21.6	20.2	1.1	1.1	5.4	5.5	6.0
Cummins	Neutral	939	990	5	26.6	30.5	36.5	35.3	30.8	7.5	6.8	22.6	23.2	25.3
GE T&D	Neutral	340	340	0	6.0	11.0	11.4	56.5	30.8	6.7	6.0	11.7	20.7	19.2
Havells	Neutral	482	425	-12	8.9	12.1	14.1	53.9	39.9	10.9	9.8	20.3	24.6	25.1
Inox Wind	Neutral	185	175	-6	17.5	16.6	17.7	10.6	11.2	1.9	1.6	19.2	15.7	14.6
K E C Intl	Buy	215	175	-19	10.5	12.3	13.5	20.5	17.6	3.2	2.8	16.6	16.8	16.2
L&T	Buy	1,671	1,750	5	53.6	63.6	74.4	31.2	26.3	3.3	3.0	10.9	11.9	12.7
Pennar Eng.	Not Rated	145	-		5.8	7.5	10.0	25.0	19.4	2.1	1.9	8.6	10.0	11.8
Siemens	Neutral	1,298	1,340	3	17.0	25.7	33.5	76.3	50.5	7.0	6.0	9.2	11.9	14.2
Solar Ind	Neutral	821	800	-3	19.0	22.3	26.5	43.2	36.8	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	994	781	-21	23.5	28.4	31.5	42.2	35.0	4.7	4.3	11.6	12.9	13.2
Va Tech Wab.	Buy	663	760	15	26.5	34.5	40.3	25.0	19.2	3.4	3.0	8.9	16.7	17.3
Voltas	Neutral	408	374	-8	13.6	14.9	16.9	30.0	27.3	5.0	4.4	17.6	17.1	17.1
<b>Aggregate</b>								<b>35.1</b>	<b>29.6</b>	<b>3.9</b>	<b>3.6</b>	<b>11.2</b>	<b>12.0</b>	<b>12.7</b>
<b>Cement</b>														
Ambuja Cem.	Buy	241	277	15	4.9	6.7	7.2	49.3	35.9	2.5	2.4	5.0	6.8	7.1
ACC	Neutral	1,493	1,339	-10	33.7	46.7	58.6	44.2	32.0	3.3	3.4	7.5	10.4	13.2
Birla Corp.	Buy	745	869	17	21.5	41.2	54.4	34.6	18.1	2.1	1.9	6.0	10.9	13.2
Dalmia Bharat	Buy	2,063	2,392	16	30.7	47.5	70.1	67.3	43.4	4.5	4.1	6.8	9.8	12.9
Grasim Inds.	Neutral	1,063	1,067	0	68.7	86.6	111.1	15.5	12.3	1.7	1.5	11.7	13.2	14.8
India Cem	Neutral	161	152	-5	5.1	8.7	11.9	31.5	18.4	1.3	1.2	4.0	6.2	7.7
J K Cements	Buy	924	1,103	19	32.6	37.2	49.3	28.3	24.8	3.6	3.2	13.3	13.6	16.0
JK Lakshmi Ce	Buy	453	526	16	5.9	12.2	17.8	76.4	37.0	3.9	3.8	5.2	10.5	14.7
Ramco Cem	Buy	669	815	22	27.8	30.1	36.2	24.1	22.2	4.3	3.7	19.6	18.0	18.5
Orient Cem	Buy	146	167	14	-1.8	3.2	5.8	NM	46.1	3.1	2.9	-3.7	6.6	11.3
Prism Cem	Buy	100	118	18	-0.6	2.6	4.8	NM	38.0	5.3	4.7	-3.1	13.1	20.8
Shree Cem	Buy	17,688	20,072	13	363.2	480.6	642.3	48.7	36.8	8.8	7.3	19.2	21.7	23.5
Ultratech	Buy	3,971	4,735	19	91.6	120.5	151.6	43.3	33.0	4.8	4.2	11.5	13.6	15.1
<b>Aggregate</b>								<b>36.1</b>	<b>26.9</b>	<b>3.5</b>	<b>3.2</b>	<b>9.7</b>	<b>11.9</b>	<b>13.6</b>
<b>Consumer</b>														
Asian Paints	Neutral	1,041	1,145	10	20.5	22.6	26.7	50.8	46.1	15.7	13.8	32.8	31.8	32.4
Britannia	Buy	3,374	4,065	20	72.2	83.3	101.7	46.8	40.5	17.9	14.2	43.1	39.2	38.0
Colgate	Buy	990	1,200	21	21.7	25.8	31.6	45.7	38.4	23.9	22.4	54.9	60.1	68.5
Dabur	Neutral	289	310	7	7.3	8.3	9.7	39.5	34.9	10.3	8.8	28.3	27.2	27.1
Emami	Buy	1,014	1,295	28	24.5	29.8	36.0	41.4	34.0	12.2	10.4	33.8	33.0	33.2
Godrej Cons.	Neutral	1,651	1,740	5	37.1	42.9	49.8	44.5	38.5	9.3	7.9	22.5	22.2	21.9
GSK Cons.	Neutral	5,198	5,410	4	153.9	173.1	190.8	33.8	30.0	7.7	6.7	24.6	24.0	23.1
HUL	Neutral	913	945	3	19.3	21.5	24.8	47.4	42.4	32.6	33.9	67.6	78.4	92.5
ITC	Buy	279	320	15	8.4	9.3	11.0	33.3	29.8	8.8	7.7	28.4	27.6	28.7
Jyothy Lab	Neutral	391	380	-3	8.0	9.0	10.5	49.1	43.5	7.8	7.1	16.4	17.1	18.1
Marico	Buy	299	340	14	6.1	7.0	8.4	49.1	42.6	14.8	12.8	33.3	32.1	34.6



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
Nestle	Neutral	6,328	7,010	11	118.7	144.0	171.0	53.3	43.9	20.0	17.3	38.8	42.3	42.3
Page Inds	Buy	13,784	17,480	27	235.6	305.1	388.4	58.5	45.2	24.1	19.1	41.3	42.2	43.2
Parag Milk	Neutral	246	250	2	0.8	6.9	12.5	303.4	35.4	3.0	2.8	1.3	8.2	13.2
Pidilite Ind.	Neutral	711	740	4	16.6	18.3	20.5	42.8	38.9	11.0	9.0	27.9	25.4	23.4
P&G Hygiene	Buy	7,359	8,790	19	145.7	167.7	198.8	50.5	43.9	13.6	11.8	29.0	28.8	29.5
United Brew	Buy	738	1,030	40	10.7	14.3	18.4	69.2	51.5	8.2	7.3	12.6	15.0	16.8
United Spirits	Neutral	1,880	2,025	8	28.6	42.2	58.7	65.6	44.6	12.4	9.8	20.8	22.1	23.8
<b>Aggregate</b>								<b>42.2</b>	<b>37.0</b>	<b>12.5</b>	<b>10.9</b>	<b>29.6</b>	<b>29.6</b>	<b>30.4</b>
<b>Healthcare</b>														
Alembic Phar	Neutral	610	630	3	21.6	28.5	35.8	28.2	21.4	6.1	5.0	23.3	25.5	26.0
Alkem Lab	Neutral	2,092	1,850	-12	79.3	85.7	100.0	26.4	24.4	5.9	4.9	24.4	22.0	21.7
Ajanta Pharma	Buy	1,735	2,028	17	56.0	63.8	79.6	31.0	27.2	9.7	7.4	35.9	30.9	29.9
Aurobindo	Buy	664	915	38	40.1	47.0	54.6	16.5	14.1	4.2	3.3	28.8	26.0	23.9
Biocon	Sell	1,111	800	-28	32.2	34.1	42.7	34.5	32.6	4.9	4.4	14.3	13.6	15.3
Cadila	Buy	443	510	15	12.0	17.7	23.0	36.9	25.1	7.4	6.0	21.4	26.5	27.9
Cipla	Neutral	575	550	-4	17.9	22.0	28.5	32.2	26.2	3.6	3.2	11.0	12.2	13.8
Divis Lab	Neutral	632	600	-5	43.0	32.9	38.6	14.7	19.2	3.6	3.2	25.4	17.7	18.8
Dr Reddy's	Neutral	2,631	3,050	16	76.1	110.9	147.2	34.6	23.7	3.3	2.9	9.8	12.9	15.2
Fortis Health	Buy	195	240	23	2.6	3.2	6.5	74.9	61.3	2.2	1.9	3.0	3.3	6.1
Glenmark	Neutral	892	990	11	40.6	49.2	60.5	22.0	18.1	4.4	3.4	20.1	19.0	19.1
Granules	Buy	137	160	16	6.8	7.7	11.3	20.2	17.8	3.2	2.4	18.8	15.8	18.3
GSK Pharma	Neutral	2,641	2,700	2	34.5	55.5	64.4	76.5	47.6	17.1	20.4	22.4	43.0	56.9
IPCA Labs	Neutral	609	540	-11	15.8	27.9	37.3	38.5	21.8	3.1	2.8	8.4	13.5	15.9
Lupin	Buy	1,416	1,850	31	61.4	78.6	88.8	23.0	18.0	4.8	3.9	22.8	23.8	22.1
Sanofi India	Buy	4,542	5,000	10	129.0	157.8	189.9	35.2	28.8	5.7	5.2	16.2	18.1	19.4
Sun Pharma	Buy	665	850	28	27.1	32.5	38.7	24.5	20.4	4.7	4.0	19.8	20.9	21.0
Syngene Intl	Not Rated	520	-		13.0	16.1	18.0	40.0	32.3	8.1	6.6	22.2	22.5	20.7
Torrent Pharma	Buy	1,451	1,700	17	56.6	76.3	93.4	25.6	19.0	6.1	5.1	25.9	29.3	29.6
<b>Aggregate</b>								<b>26.8</b>	<b>21.8</b>	<b>4.7</b>	<b>4.0</b>	<b>17.6</b>	<b>18.3</b>	<b>18.9</b>
<b>Logistics</b>														
Allcargo Logistics	Buy	170	203	19	9.0	10.9	12.3	18.8	15.6	2.4	2.2	11.5	14.8	14.8
Blue Dart	Not Rated	4,894	-		102.5	129.9	163.2	47.7	37.7	21.2	16.1	50.5	48.6	46.8
Concor	Neutral	1,191	1,042	-12	29.7	39.9	44.9	40.1	29.8	3.5	3.2	8.8	11.2	11.8
Gateway Distriparks	Buy	273	314	15	8.3	15.7	20.1	32.9	17.4	2.3	2.2	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	231	-		16.9	21.0	25.9	13.6	11.0	2.1	1.8	16.7	17.8	18.6
<b>Aggregate</b>								<b>34.0</b>	<b>24.9</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	99	115	17	1.4	2.7	4.3	68.4	37.1	19.7	12.9	33.6	42.0	43.9
D B Corp	Buy	379	450	19	20.4	23.0	26.5	18.5	16.5	4.6	4.1	26.2	26.2	26.8
Den Net.	Neutral	96	90	-6	-3.6	2.2	8.5	NM	43.5	1.1	1.1	-4.1	2.5	8.8
Hind. Media	Buy	292	360	23	25.2	27.4	30.3	11.6	10.7	2.0	1.7	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	198	225	14	10.8	12.2	13.9	18.4	16.2	3.6	3.1	20.7	20.6	20.4
PVR	Buy	1,555	1,667	7	20.8	35.7	56.8	74.9	43.6	7.6	6.6	10.6	16.3	22.0
Siti Net.	Neutral	37	40	7	-1.8	0.0	1.2	NM	NM	4.4	3.7	-21.7	0.0	11.1
Sun TV	Neutral	799	800	0	25.1	29.7	34.5	31.8	26.9	8.0	7.3	25.1	27.3	29.0
Zee Ent.	Buy	518	610	18	11.4	17.3	20.6	45.5	29.9	10.1	8.2	29.1	30.3	29.4
<b>Aggregate</b>								<b>38.6</b>	<b>28.0</b>	<b>6.3</b>	<b>5.5</b>	<b>16.3</b>	<b>19.6</b>	<b>21.6</b>
<b>Metals</b>														
Hindalco	Buy	184	235	28	16.9	22.6	25.4	10.9	8.1	1.5	1.3	15.4	17.5	16.8
Hind. Zinc	Neutral	273	268	-2	19.3	25.7	28.0	14.1	10.6	3.8	3.1	24.0	31.8	28.2
JSPL	Buy	119	181	52	-22.3	-17.5	-2.2	NM	NM	0.3	0.3	-7.5	-4.5	-0.6
JSW Steel	Buy	187	222	19	13.6	18.3	20.5	13.8	10.2	2.1	1.8	16.2	18.7	17.9



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
Nalco	Buy	73	83	13	3.9	5.3	5.8	18.9	13.8	1.4	1.3	7.5	9.6	9.9
NMDC	Buy	127	178	40	12.1	12.3	13.0	10.5	10.3	1.7	1.6	13.4	15.5	15.1
SAIL	Sell	60	30	-50	-7.4	-12.6	0.4	NM	NM	0.7	0.8	-8.1	-15.4	0.5
Vedanta	Neutral	231	250	8	17.9	28.3	31.4	12.9	8.1	1.4	1.3	11.5	17.0	17.2
Tata Steel	Sell	450	440	-2	18.9	39.4	45.7	23.9	11.4	3.6	2.9	13.6	28.2	26.5
<b>Aggregate</b>								<b>18.4</b>	<b>13.0</b>	<b>1.4</b>	<b>1.4</b>	<b>7.9</b>	<b>10.5</b>	<b>12.7</b>
<b>Oil &amp; Gas</b>														
BPCL	Buy	725	763	5	55.9	53.7	58.4	13.0	13.5	3.3	2.9	27.1	22.7	21.4
GAIL	Neutral	394	349	-11	21.7	28.9	32.5	18.2	13.6	2.0	1.8	13.0	14.0	14.4
Gujarat St. Pet.	Neutral	174	162	-7	8.9	11.0	13.2	19.5	15.8	2.2	2.0	12.0	13.5	14.5
HPCL	Buy	555	604	9	53.5	44.9	45.8	10.4	12.4	2.7	2.4	27.8	20.7	18.6
IOC	Buy	432	441	2	43.7	39.4	41.0	9.9	11.0	2.4	2.1	26.0	20.4	18.8
IGL	Neutral	1,048	1,023	-2	43.3	43.8	49.4	24.2	23.9	5.1	4.4	22.3	19.7	19.2
MRPL	Neutral	115	114	-1	12.2	11.4	12.8	9.4	10.1	2.5	2.1	29.6	22.7	21.4
Oil India	Buy	332	382	15	28.6	33.1	37.8	11.6	10.0	1.1	1.1	9.8	10.8	11.6
ONGC	Neutral	181	172	-5	12.2	16.1	17.3	14.9	11.2	1.2	1.2	8.4	11.1	11.7
PLNG	Buy	432	454	5	22.2	26.5	36.2	19.4	16.3	4.3	3.6	23.9	24.0	27.2
Reliance Ind.	Neutral	1,370	1,259	-8	99.6	113.9	123.2	13.8	12.0	1.5	1.4	11.6	12.0	11.7
<b>Aggregate</b>								<b>13.5</b>	<b>12.4</b>	<b>1.8</b>	<b>1.7</b>	<b>13.5</b>	<b>13.5</b>	<b>13.4</b>
<b>Retail</b>														
Jubilant Food	Neutral	1,007	1,110	10	12.3	21.7	29.1	81.7	46.3	8.2	9.0	10.1	19.5	24.9
Titan Co.	Neutral	473	485	3	9.4	10.4	11.8	50.2	45.3	10.1	8.7	21.5	20.6	20.3
<b>Aggregate</b>								<b>53.8</b>	<b>46.1</b>	<b>9.9</b>	<b>8.9</b>	<b>18.4</b>	<b>19.3</b>	<b>19.7</b>
<b>Technology</b>														
Cyient	Buy	487	600	23	30.9	37.6	43.1	15.7	13.0	2.3	2.1	14.8	16.0	16.3
HCL Tech.	Buy	808	1,000	24	57.2	64.3	70.3	14.1	12.6	3.5	3.5	27.0	27.8	28.1
Hexaware	Neutral	201	220	9	13.7	14.9	16.3	14.7	13.5	3.6	3.0	26.5	24.4	22.7
Infosys	Buy	922	1,200	30	62.9	64.7	71.1	14.7	14.3	3.1	2.7	23.3	21.4	21.2
KPIT Tech	Neutral	129	150	17	11.5	13.8	15.0	11.2	9.3	1.6	1.4	13.7	15.9	14.9
L&T Infotech	Buy	705	800	13	53.6	58.0	60.8	13.1	12.1	4.9	4.1	41.4	36.6	32.1
Mindtree	Neutral	440	530	20	24.9	34.6	39.4	17.7	12.7	2.9	2.6	17.0	21.5	21.7
Mphasis	Neutral	560	550	-2	42.7	43.0	44.9	13.1	13.0	2.0	1.9	14.1	14.9	14.7
NIIT Tech	Neutral	428	470	10	36.2	46.8	52.9	11.8	9.1	1.5	1.4	13.5	15.9	16.0
Persistent Sys	Neutral	567	730	29	37.4	43.4	50.5	15.1	13.1	2.3	2.2	16.9	17.9	20.1
Tata Elxsi	Buy	1,526	1,780	17	59.3	72.1	89.0	25.7	21.2	9.9	7.8	42.5	41.3	40.8
TCS	Neutral	2,309	2,550	10	131.3	144.7	154.7	17.6	16.0	5.4	5.5	33.0	33.4	33.0
Tech Mah	Buy	418	550	31	32.5	35.7	40.2	12.9	11.7	2.4	2.1	20.1	19.5	19.2
Wipro	Neutral	494	540	9	33.0	37.5	42.9	15.0	13.2	2.4	2.2	16.8	17.2	17.8
Zensar Tech	Buy	904	1,200	33	65.3	81.4	92.0	13.9	11.1	2.5	2.1	19.1	20.4	19.7
<b>Aggregate</b>								<b>15.8</b>	<b>14.7</b>	<b>3.7</b>	<b>3.5</b>	<b>23.4</b>	<b>23.7</b>	<b>22.9</b>
<b>Telecom</b>														
Bharti Airtel	Buy	339	410	21	11.0	5.1	9.4	30.7	66.4	2.0	1.9	6.5	2.9	5.2
Bharti Infratel	Buy	339	435	28	15.5	16.7	19.9	21.8	20.2	3.5	3.1	15.7	15.9	16.7
Idea Cellular	Buy	86	120	40	-3.0	-15.4	-16.9	NM	NM	1.3	1.6	-4.2	-25.3	-37.1
Tata Comm	Buy	711	811	14	6.2	25.6	44.1	114.8	27.8	-71.0	45.7	-50.2	924.0	117.3
<b>Aggregate</b>								<b>39.5</b>	<b>821.2</b>	<b>2.3</b>	<b>2.3</b>	<b>5.7</b>	<b>0.3</b>	<b>2.3</b>
<b>Utilities</b>														
Coal India	Neutral	279	307	10	17.0	19.6	22.1	16.4	14.2	6.7	6.7	41.1	47.4	53.2
CESC	Buy	859	970	13	50.4	74.7	82.2	17.0	11.5	1.9	1.7	11.1	15.8	15.2
JSW Energy	Buy	64	73	14	3.9	2.3	0.8	16.5	27.9	1.2	1.2	7.3	4.3	1.4
NTPC	Buy	162	199	23	11.9	14.3	17.3	13.6	11.3	1.4	1.3	10.6	11.9	13.3
Power Grid	Buy	202	243	20	15.3	17.7	20.7	13.3	11.4	2.1	1.9	17.3	17.5	17.7
<b>Aggregate</b>								<b>14.7</b>	<b>12.6</b>	<b>2.4</b>	<b>2.2</b>	<b>16.0</b>	<b>17.3</b>	<b>18.3</b>
<b>Others</b>														
Arvind	Buy	388	430	11	13.5	21.8	28.6	28.7	17.8	2.6	2.4	10.4	14.0	16.3



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
Bata India	Under Review	572	-		10.9	14.2	17.7	52.5	40.3	5.7	5.1	11.3	13.4	15.0
Castrol India	Buy	429	532	24	13.6	14.9	15.2	31.4	28.8	33.1	29.7	110.9	108.6	100.4
Century Ply.	Buy	252	274	9	7.7	8.6	11.4	32.6	29.2	8.5	7.1	28.9	26.5	28.6
Coromandel Intl	Under Review	344	-		15.9	19.6	25.1	21.6	17.5	3.7	3.3	18.2	20.1	22.7
Delta Corp	Buy	169	229	36	3.3	6.9	7.6	51.8	24.6	4.5	3.4	9.0	15.7	17.0
Dynamic Tech	Buy	2,755	3,334	21	67.6	112.9	166.7	40.7	24.4	5.6	4.6	15.1	20.7	24.3
Eveready Inds.	Buy	290	287	-1	11.4	13.9	16.9	25.4	20.9	7.7	6.2	34.7	33.0	32.4
Interglobe	Neutral	1,075	1,092	2	39.0	64.7	78.0	27.6	16.6	18.9	16.0	72.2	104.1	106.3
Indo Count	Buy	189	232	23	13.7	17.5	21.1	13.8	10.8	4.0	2.9	33.8	30.8	27.3
Info Edge	Buy	837	1,000	20	16.9	17.9	21.0	49.5	46.7	5.2	4.9	11.1	10.9	11.9
Inox Leisure	Sell	289	230	-21	2.5	8.2	11.5	115.9	35.5	4.5	4.0	3.8	11.5	14.3
Jain Irrigation	Under Review	99	-		5.5	7.6	10.0	17.9	13.1	1.5	1.5	8.6	11.7	14.8
Just Dial	Under Review	495	-		17.2	18.5	22.1	28.8	26.8	4.4	3.9	16.5	15.5	16.2
Kaveri Seed	Buy	545	649	19	23.4	28.6	36.1	23.2	19.1	3.9	3.6	17.3	19.8	22.9
Kitex Garm.	Buy	423	551	30	26.0	31.0	36.7	16.3	13.7	4.4	3.6	29.9	28.7	27.7
Manpasand	Buy	713	843	18	14.9	23.1	38.3	47.8	30.8	3.5	3.2	8.6	9.6	16.3
MCX	Buy	1,150	1,400	22	26.3	30.0	42.5	43.7	38.3	4.5	4.2	10.6	11.3	15.0
Monsanto	Buy	2,508	2,841	13	72.9	89.3	109.3	34.4	28.1	10.4	9.8	30.4	35.9	39.6
Navneet Education	Buy	168	210	25	6.6	8.6	10.5	25.2	19.5	6.4	5.4	26.0	30.0	30.9
PI Inds.	Buy	825	1,046	27	30.4	34.8	43.6	27.2	23.7	7.5	5.9	30.9	27.9	27.8
Piramal Enterp.	Buy	2,228	2,200	-1	74.5	127.1	164.7	29.9	17.5	2.9	2.6	10.0	15.7	18.2
SRF	Buy	1,647	1,825	11	82.4	99.9	125.1	20.0	16.5	3.1	2.7	16.5	17.4	19.1
S H Kelkar	Buy	312	371	19	7.7	10.3	13.3	40.5	30.3	5.4	4.8	13.9	16.8	19.1
Symphony	Sell	1,472	1,288	-12	27.0	35.1	42.9	54.5	41.9	29.6	25.2	56.8	65.0	66.3
TTK Prestige	Neutral	6,525	5,281	-19	106.9	137.7	176.0	61.0	47.4	9.7	8.8	16.5	19.4	22.2
V-Guard	Neutral	183	140	-23	3.7	4.6	5.4	49.3	39.9	13.0	10.5	29.4	29.1	27.6
Wonderla	Buy	383	393	3	7.0	11.9	16.0	54.8	32.1	5.0	4.5	9.5	14.8	17.5



Company	1 Day (%)	1M (%)	12M (%)
<b>Automobiles</b>			
Amara Raja	-0.1	-2.4	-8.8
Ashok Ley.	-1.4	-10.1	-25.3
Bajaj Auto	-1.0	-3.1	11.1
Bharat Forge	-1.9	0.4	25.0
Bosch	-1.2	-0.6	12.9
CEAT	-1.6	12.9	24.5
Eicher Mot.	-2.1	3.9	26.2
Endurance Tech.	-0.5	16.5	
Escorts	-1.6	5.4	215.5
Exide Ind	-2.3	3.0	68.7
Hero Moto	-0.2	-3.6	5.2
M&M	-0.5	-3.1	-5.8
Mahindra CIE	-0.4	6.2	7.7
Maruti Suzuki	0.3	-0.8	65.1
Tata Motors	-1.2	-6.8	9.1
TVS Motor	-0.7	6.0	40.5
<b>Banks - Private</b>			
Axis Bank	-0.9	-3.7	12.1
DCB Bank	2.4	8.6	101.8
Equitas Hold.	-1.1	-1.4	
Federal Bank	-0.7	5.4	103.7
HDFC Bank	0.7	1.4	32.8
ICICI Bank	0.5	0.8	19.5
IDFC Bank	-0.4	-4.4	9.9
IndusInd	-0.3	3.4	44.9
J&K Bank	-1.3	3.8	31.5
Kotak Mah. Bk	-0.8	3.9	29.0
RBL Bank	1.9	13.1	
South Indian	-0.4	9.3	38.3
Yes Bank	-0.3	6.5	79.8
<b>Banks - PSU</b>			
BOB	0.0	6.7	18.7
BOI	3.0	19.3	63.4
Canara	0.5	6.8	65.6
IDBI Bk	-0.2	-4.3	1.8
Indian Bk	-0.5	-9.0	163.3
OBC	-0.3	18.5	66.3
PNB	-1.7	7.8	89.2
SBI	0.2	5.9	55.3
Union Bk	-0.6	-0.6	19.5
<b>NBFCs</b>			
Bajaj Fin.	-1.8	6.9	69.3
Bharat Fin.	-3.7	-11.9	28.8
Dewan Hsg.	-1.1	10.4	90.3
GRUH Fin.	6.0	5.5	53.1
HDFC	0.1	2.0	31.3
Indiabulls Hsg	-1.6	-0.4	49.4
LIC Hsg Fin	0.9	9.5	32.4
Manappuram	0.7	0.6	143.7
M&M Fin.	-0.6	7.6	20.6
Muthoot Fin	1.6	14.4	114.1
PFC	-1.1	9.7	84.7
Repco Home	0.8	5.9	12.1
REC	-3.2	15.9	143.8
STF	-1.5	0.5	6.3
Shriram City Union	1.2	9.2	41.9

Company	1 Day (%)	1M (%)	12M (%)
<b>Capital Goods</b>			
ABB	-2.8	16.3	5.2
Bharat Elec.	0.3	6.1	42.6
BHEL	-1.5	1.0	28.6
CG Cons. Elec.	-0.4	8.3	
CG Power & Inds Sol.	-1.1	7.4	42.6
Cummins	-2.2	5.2	5.4
GE T&D	-2.3	8.5	-15.9
Havells	-1.2	9.2	40.6
Inox Wind	-1.7	1.6	-27.3
K E C Intl	1.2	25.1	64.6
L&T	-0.6	7.8	33.8
Pennar Eng.	1.2	6.3	-8.3
Siemens	0.5	2.9	10.1
Solar Ind	-0.5	11.8	18.4
Suzlon Energy	-1.3	3.7	28.6
Thermax	0.2	9.6	29.9
Va Tech Wab.	0.9	10.2	14.6
Voltas	0.0	5.0	38.9
<b>Cement</b>			
Ambuja Cem.	-2.5	2.9	5.4
ACC	-0.4	5.9	2.0
Birla Corp.	-0.8	6.5	89.1
Dalmia Bharat	-0.7	7.8	138.1
Grasim Inds.	-0.9	2.0	30.3
India Cem	-1.7	0.2	71.7
J K Cements	0.4	4.1	40.8
JK Lakshmi Ce	-0.5	6.5	23.8
Ramco Cem	1.0	5.4	44.1
Orient Cem	-2.4	4.9	-5.2
Prism Cem	-1.5	1.5	15.6
Shree Cem	0.2	7.6	36.2
Ultratech	-0.6	-1.6	16.5
<b>Consumer</b>			
Asian Paints	-1.7	-3.4	17.7
Britannia	-0.1	4.1	18.6
Colgate	-1.3	0.1	17.2
Dabur	-1.2	3.8	5.6
Emami	-1.0	-3.9	3.5
Godrej Cons.	-1.5	-1.8	20.0
GSK Cons.	0.1	-6.0	-14.3
HUL	0.0	1.2	1.8
ITC	0.0	-0.8	24.8
Jyothy Lab	-2.1	7.7	27.7
Marico	-0.9	2.0	16.1
Nestle	0.2	2.0	3.3
Page Inds	-0.6	-5.9	7.5
Parag Milk	-1.5	12.2	
Pidilite Ind.	-0.1	1.3	13.9
P&G Hygiene	-0.2	7.8	13.3
United Brew	-1.7	-5.2	-6.0
United Spirits	-2.5	-14.7	-21.6
<b>Healthcare</b>			
Alembic Phar	0.0	0.8	6.4
Alkem Lab	-2.4	3.2	63.9
Ajanta Pharma	-1.4	-3.3	15.3
Aurobindo	1.7	-3.4	-15.3

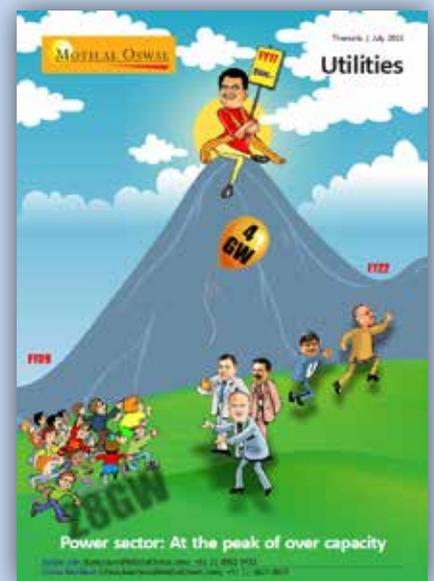
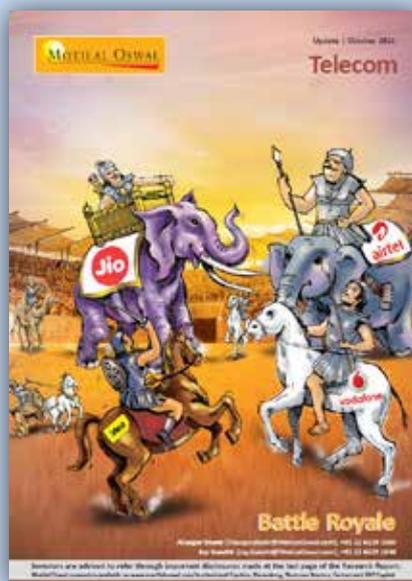
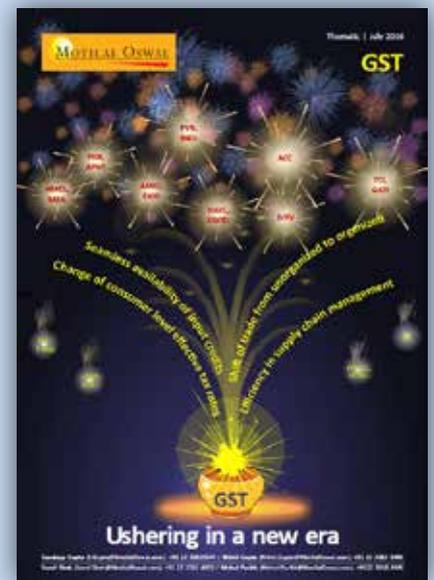
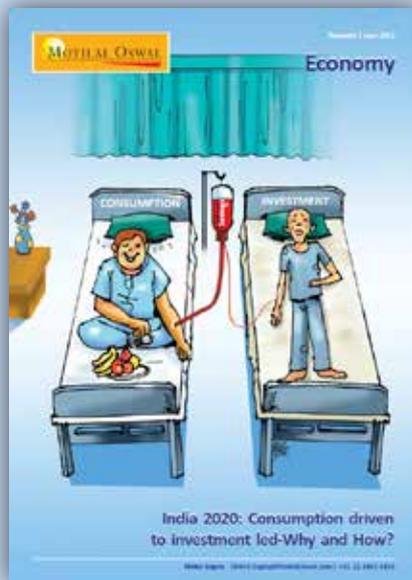
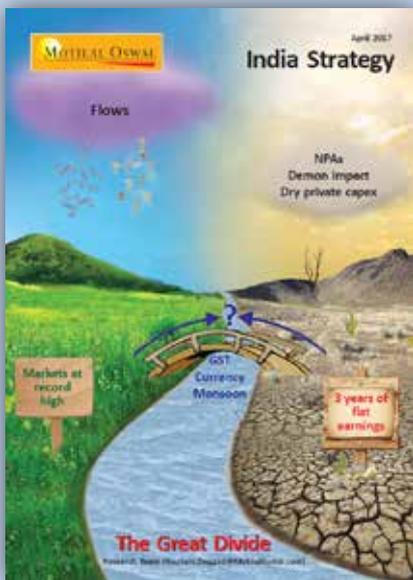
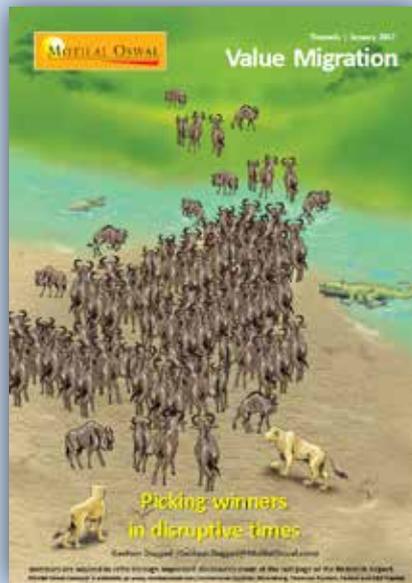


Company	1 Day (%)	1M (%)	12M (%)
Biocon	0.0	-0.7	98.6
Cadila	-2.0	-0.2	34.2
Cipla	-0.3	-3.6	9.6
Divis Lab	-1.2	-17.1	-39.1
Dr Reddy's	-1.1	-3.8	-14.9
Fortis Health	-3.8	6.8	8.7
Glenmark	0.5	0.7	12.9
Granules	-0.4	5.8	7.9
GSK Pharma	-1.2	-4.2	-28.8
IPCA Labs	-0.4	10.9	24.1
Lupin	-0.2	-2.6	-9.9
Sanofi India	-2.6	1.4	6.7
Sun Pharma	-1.8	-5.9	-20.5
Syngene Intl	-0.5	-1.3	36.9
Torrent Pharma	-0.7	0.2	-1.4
<b>Logistics</b>			
Allcargo Logistics	-0.1	0.4	7.9
Blue Dart	-0.4	-3.0	-21.8
Concor	0.7	19.9	11.8
Gateway Distriparks	-2.2	7.4	-6.3
Gati	-0.6	-2.7	10.7
Transport Corp.	-0.6	0.5	38.9
<b>Media</b>			
Dish TV	-1.3	-7.0	8.7
D B Corp	-1.9	-1.1	16.8
Den Net.	5.8	14.5	3.4
Hind. Media	0.0	1.9	7.6
HT Media	-0.5	1.0	1.5
Jagran Prak.	0.4	11.4	23.4
PVR	-1.7	10.3	94.2
Siti Net.	-1.2	-1.8	6.4
Sun TV	1.3	6.5	121.1
Zee Ent.	-0.7	-0.3	26.8
<b>Metals</b>			
Hindalco	1.2	-6.3	89.2
Hind. Zinc	-1.9	-11.9	62.3
JSPL	-2.0	-8.6	71.5
JSW Steel	-3.7	-2.4	40.5
Nalco	1.8	-0.4	62.5
NMDC	-0.9	-8.5	27.0
SAIL	-1.9	-4.9	35.7
Vedanta	-2.4	-12.8	137.0
Tata Steel	-2.6	-10.3	34.4
<b>Oil &amp; Gas</b>			
BPCL	-0.1	13.1	50.1
GAIL	0.3	5.0	46.2
Gujarat St. Pet.	-0.3	8.1	26.4
HPCL	-0.6	8.2	91.8
IOC	1.6	14.8	101.0
IGL	-1.4	0.5	85.0
MRPL	-2.5	13.0	71.8
Oil India	-0.2	-1.1	41.2
ONGC	-1.1	-4.7	30.7
PLNG	-1.9	9.8	58.3
Reliance Ind.	-1.5	5.4	29.1
<b>Retail</b>			
Jubilant Food	1.9	-8.8	-19.5
Titan Co.	-2.0	2.2	31.1

Company	1 Day (%)	1M (%)	12M (%)
<b>Technology</b>			
Cyient	1.0	5.1	0.7
HCL Tech.	-0.5	-6.6	-5.3
Hexaware	-2.3	-10.0	-22.2
Infosys	-0.3	-11.3	-25.5
KPIT Tech	-0.2	-4.9	-15.9
L&T Infotech	-0.6	-0.2	
Mindtree	0.9	-7.1	-39.8
Mphasis	1.7	-5.2	10.5
NIIT Tech	-0.9	1.0	-16.2
Persistent Sys	-0.3	-10.6	-26.5
Tata Elxsi	-0.3	0.6	-21.6
TCS	-0.5	-8.6	-8.5
Tech Mah	-0.8	-13.4	-12.2
Wipro	0.4	-1.9	-16.2
Zensar Tech	0.2	-0.4	-6.6
<b>Telecom</b>			
Bharti Airtel	-0.8	-2.4	-5.6
Bharti Infratel	-1.6	9.5	-14.5
Idea Cellular	0.3	-20.3	-28.8
Tata Comm	0.4	-6.8	76.7
<b>Utilities</b>			
Coal India	-2.3	-3.7	1.2
CESC	2.2	3.4	69.7
JSW Energy	0.9	-0.2	-10.7
NTPC	1.6	1.0	16.0
Power Grid	0.3	4.0	38.9
<b>Others</b>			
Arvind	-2.5	-4.1	43.3
Bata India	-1.6	7.9	3.6
Castrol India	0.2	0.7	13.2
Century Ply.	-2.8	4.7	38.6
Coromandel Intl	2.0	6.5	56.3
Delta Corp	-2.2	-1.2	97.0
Dynamatic Tech	-0.9	-3.3	25.0
Eveready Inds.	-0.4	17.5	10.7
Interglobe	-1.6	16.6	2.3
Indo Count	-1.8	2.0	-10.8
Info Edge	0.6	-0.1	5.2
Inox Leisure	-2.1	15.9	37.5
Jain Irrigation	-2.0	5.2	53.8
Just Dial	-2.0	-18.0	-44.0
Kaveri Seed	-0.2	2.5	33.4
Kitex Garm.	-0.2	-0.5	-2.7
Manpasand	-0.3	-2.4	26.0
MCX	-3.0	2.9	38.5
Monsanto	-1.2	-0.5	45.9
Navneet Educat.	2.0	17.0	88.6
PI Inds.	0.1	-8.8	26.1
Piramal Enterp.	-1.8	19.6	105.5
SRF	-3.3	2.2	18.8
S H Kelkar	-2.0	0.4	25.2
Symphony	-0.4	1.5	20.7
TTK Prestige	2.0	10.6	41.2
V-Guard	2.8	4.4	174.3
Wonderla	-2.2	-2.0	0.6

## NOTES

# THEMATIC/STRATEGY RESEARCH GALLERY



# REPORT GALLERY

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**MOTILAL OSWAL** Initiating Coverage | 29 March 2017  
Sector: Publishing

### Navneet Education

**Steadfast; growth gaining momentum**

Nilesh Shah (Nilesh.Shah@MotilalOswal.com), +91 22 3982 5426  
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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: Automobiles

### Endurance Technologies

**Gaining ground**

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**MOTILAL OSWAL** Initiating Coverage | 14 December 2016  
Sector: Technology

### L&T Infotech

**Proficient miner**

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**MOTILAL OSWAL** Initiating Coverage | 10 November 2016  
Sector: Financials

### RBL Bank

**A unique model - on a fast lane**

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# DIFFERENTIATED PRODUCT GALLERY

## MOTILAL OSWAL

### SUN PHARMACEUTICAL

**ART ANNUAL REPORT THREADBARE**  
27 September 2018

The ART of annual report analysis

**WHAT'S NEW IN FY18**

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

**Stock Info**

Exchange	BSE/NSE
CAP (INR)	771
Face Value (INR)	2,000.0
52-Week Range (INR)	954/106
52-Week High (INR)	1,100.12
52-Week Low (INR)	1,000.07

**Shareholding pattern (%)**

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

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

**Key highlights:**

- Operating performance muted: Revenue grew just 3.2% to INR235b. EBITDA margin expanded 70bp to 29.4%, led by gross margin expansion. Contingent liabilities on tax disputes increased to INR23.5b (FY17: INR13.8b); cash tax paid (at INR13.8b) was significantly higher than expenses (at INR13.8b), operating cash flow post interest increased from INR12.7b to INR18.6b on decline in other assets to INR24.7b (partially representing USD100m receivables for financing Proteus liability); however, this was partially offset by INR13.1b increase in receivables. FY18 deteriorated to INR23.5b (FY17: INR13.8b) on higher capex and acquisition of brands, goodwill and intangibles rose to INR87.8b (24% of net worth), cash and investments stood at INR161.5b (51% of net worth), with 21% drop, representing FY18 financials (in FY18 annual report) received prior year financials incorporated.
- Operating performance muted: Revenue grew just 3.2% to INR235b. EBITDA margin expanded 70bp to 29.4%, led by gross margin expansion, partially compensated by higher (a) legal and consultancy cost at INR13b (8.1% of revenue, FY17: INR16.5b), (b) revenue R&D expenses at INR23b (7.9% of revenue, FY17: INR18b), and (c) miscellaneous expenses (after regrouping) at INR0.5b (FY17: INR0.4b), including INR1b additional liability towards USD100m debt.
- Tax rates remain less contingent liabilities on tax dispute rise: Tax rates remained low at 13.8%, primarily on account of low tax rates in certain subsidiaries (Sun Pharma Global P2C-IN) and Sun Pharmaceutical Laboratories (SPL). On a consolidated basis, contingent liabilities increased steeply from INR13.1b in FY17 to INR23.5b (11% of net worth). The increase in overall tax dispute liabilities was driven by tax dispute liabilities for the standalone entity increasing from INR1.1b in FY17 to INR1.9b.
- Cash tax significantly exceeds tax expense recognized: The cash tax paid (cash flow, at INR18.6b) continued to be higher than the tax expense recognized in the P&L (at INR13.8b) on account of deferred tax assets (DTA) recognized, tax paid under protest and advance income tax paid. The cumulative tax paid under protest as at the end of FY18 was INR13.1b. Details on such amount paid in FY18 or cumulative amount paid in FY18 are not available.
- High capex and rising receivables debt: FCY: P&L post interest declined 21% YoY to INR20.5b on rising capex and acquisition of brands. Operating cash flow were primarily supported by decline in other current assets by INR23.5b, which was partially offset by increase in receivables by INR18.1b.

**ART will present a treasure trove of annual reports - statistical, average size structure, we believe ART will create: from accounting and auditing basis to corporate governance to general investors - will create point a career path or the stock investment workshop.**

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## MOTILAL OSWAL

### VOICES

30FY17 | February 2017

**VOICES**  
India Inc on Call

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

This quarterly report contains:

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

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## MOTILAL OSWAL

### EcoKnowLedge

Diving into Trending Themes

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.

**"EcoKnowLedge"** 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 2013-12 base), its credibility has been in question. The key reason for the disagreement is a widely-held belief that GDP data is not in sync with high-frequency monthly indicators. Weakness in bank credit growth and IP (Index of Industrial Production) are often quoted to support this criticism. Further, very high contribution of 'discrepancies' has also shaken confidence in the official statistics. To bridge this gap, we introduce Motilal Oswal's leading indicators (MOI) for consumption, investment and external trade. Based on our econometric analysis, we have combined five monthly macroeconomic data series to create MOI for consumption, eight monthly data points to create MOI for investment, and five data points to create MOI for external trade (of goods & services).

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, on 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 activation 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 discussion of bandwidth for key departments due to demonetization.
- ▶ SBI has seen recoveries in small-value accounts and agri gold loans.
- ▶ SME portfolio performance will depend upon how soon the things will normalize. It is too early to take a call right now.

**State Bank of India**  
 Mr. Anandhan Bhattacharya  
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## MOTILAL OSWAL

### BULLS & BEARS

INDIA VALUATIONS HANDBOOK

Highlights of March edition

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

**BEST PERFORMERS MoM (%)**

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

**WORST PERFORMERS MoM (%)**

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

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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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