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Market snapshot



Equities - India	Close	Chg. %	YTD.%
Sensex	31,904	-0.2	19.8
Nifty-50	9,873	-0.3	20.6
Nifty-M 100	18,291	-0.3	27.5
Equities-Global	Close	Chg. %	YTD.%
S&P 500	2,473	0.0	10.5
Nasdaq	6,390	0.1	18.7
FTSE 100	7,488	0.8	4.8
DAX	12,447	0.0	8.4
Hang Seng	10,847	-0.1	15.5
Nikkei 225	20,145	0.6	5.4
Commodities	Close	Chg. %	YTD.%
Brent (US\$/Bbl)	49	-0.9	-12.1
Gold (\$/OZ)	1,237	-0.2	6.7
Cu (US\$/MT)	5,925	-0.1	7.3
Almn (US\$/MT)	1,892	-0.1	11.0
Currency	Close	Chg. %	YTD.%
USD/INR	64.4	0.2	-5.0
USD/EUR	1.2	-0.2	9.1
USD/JPY	112.4	0.3	-4.1
YIELD (%)	Close	1MChg	YTDchg
10 Yrs G-Sec	6.5	0.0	-0.1
10 Yrs AAA Corp	7.5	0.0	-0.1
Flows (USD b)	20-Jul	MTD	YTD
FII	0.0	0.2	8.7
DII	0.0	0.3	3.6
Volumes (INRb)	20-Jul	MTD*	YTD*
Cash	297	282	285
F&O	9,907	5,485	4,969

Note: YTD is calendar year, *Avg

Today's top research idea

Kotak Mahindra Bank: Strong all-around performance; Merger synergies yielding results

- ✓ KMB's strong operating performance was marked by robust performance in both standalone bank and its other businesses.
- ✓ Strong presence across geographies/products and healthy capitalization (T1 of ~19%) place the bank in a sweet spot to capitalize on growth opportunities and gain market share.
- ✓ KMB's premium multiples are likely to sustain, considering strong growth and operating leverage available across businesses, and a clean loan portfolio.
- ✓ Comfort on asset quality remains the highest, with no SDR/5:25, negligible SMA2 (21bp) and OSRL (6bp). At our SOTP of INR1,153, KMB will trade at 4.2x 2019E consol. BV. Buy.

Research covered

Cos/Sector	Key Highlights
Mahindra & Mahindra	Getting future ready; UV segment needs push; tractor segment healthy
Reliance Inds.	Standalone EBITDA/PAT largely in line; GRMs at USD11.9/bbl
Kotak Mah. Bank	Strong all-around performance; Merger synergies yielding results
Wipro	Revenue beat offset by 2Q guidance
Hind.Zinc	Operating performance in line
Bajaj Auto	Operating performance below expectations; high RM cost hurt margins
A B B	Performance hurt by ECL provisioning; valuation premium warrants Sell
Alembic Pharma	Weak results; GST implementation impacts domestic growth
D B Corp	In-line operational performance; ad performance healthier than expected
Zensar Tech.	Miss led by top client weakness; Quarterly performance misses estimates
NIIT Tech.	In-line performance; navigating client-specific challenges
KPIT Tech	Profitability resurrection pushed further ahead
Results Expectation	Ashok Leyland Dewan Housing Indian Bank MRPL Persistent System

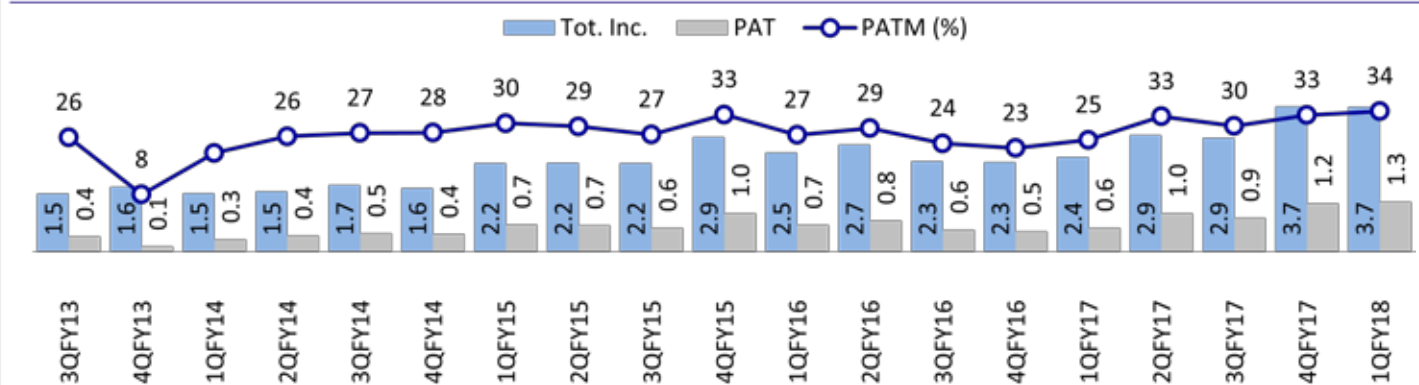
Piping hot news

Under Vikram Limaye, NSE applies to settle co-location case with Sebi

- ✓ The National Stock Exchange of India Ltd (NSE) on Thursday sought a settlement with the markets regulator over allegations that it had provided unfair access to its high-frequency trading systems to some brokers.

Chart of the Day: Kotak Mahindra Bank: Strong all-around performance; Merger synergies yielding results

Steps taken to enhancing shareholder value



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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 textbox for the detailed news link

1**Reliance Industries to buy 25 pct stake in Ekta Kapoor led Balaji Telefilms for Rs 413 cr**

Reliance Industries will buy a 24.92% stake in the Ekta Kapoor-promoted Balaji Telefilms, a listed media and entertainment firm, for around Rs 413 crore...

2**GST to moderate price growth, says Unilever CEO Graeme Pitkethly**

Unilever said softening commodity costs and the new Goods and Services Tax regime in India will moderate the Anglo-Dutch consumer goods major's price growth by 30 basis points at the global level. "We expect price growth to moderate," Graeme Pitkethly, CFO at Unilever, said on Thursday. "There are two reasons for this. First of all, a little less pressure from commodity cost increases in the second half, and secondly, tax benefits from the introduction of GST in India will be passed onto consumers with an impact at the global Unilever level of around 28 to 30 basis points on price in the second half..."

3**Wipro buyback worth Rs 10,000 cr announced; if successful, India Inc buybacks to hit Rs 40,000 cr mark, highest ever**

Software major Wipro on Thursday announced a proposal to buy back 34.37 crore shares for Rs 11,000 crore. In June 2016, the Bengaluru-based company had completed a buyback of shares worth Rs 2,500 crore...

4**Package for textiles sector unveiled by Centre misses target, enrolls just 41,000 in EPF scheme**

Despite the special package for the textile and garment sector unveiled by the Modi government in June last year, fresh employee registrations from the sector under the employees provident fund (EPF) scheme have been just 40,800 so far...

5**Private insurers reap a windfall from crop cover scheme**

Farmers' distress is likely to cause yet more trouble to the government. Contrary to Agricultural Minister Radha Mohan Singh's claim that insurance companies, mostly in the private domain, have not unduly benefited from the Pradhan Mantri Fasal Bima Yojana (PMFBY), official data shows that they would have made a windfall of over ₹16,700 crore in 2016-17...

6**Tata group to sell biotech unit Advinus Therapeutics to Eurofins Scientific**

The Tata group on Thursday said it had agreed to sell its pharmaceuticals and biotech research unit Advinus Therapeutics to Eurofins Scientific, a Luxembourg-based group of laboratories. Group holding company Tata Sons Ltd...

7**ABG Shipyard agrees to insolvency proceedings**

Debt-ridden ABG Shipyard Ltd on Thursday admitted before the Ahmedabad bench of the National Company Law Tribunal (NCLT) that it had defaulted on loan repayments and agreed for bankruptcy proceedings to be initiated against it...



Mahindra & Mahindra

BSE SENSEX
31,955

S&P CNX
9,900

CMP: INR1,383 TP: INR1,625 (+17%)

Buy



Stock Info

Bloomberg	MM IN
Equity Shares (m)	592.6
52-Week Range (INR)	1,509/1,142
1, 6, 12 Rel. Per (%)	-3/-3/-20
M.Cap. (INR b)	819.9
M.Cap. (USD b)	12.7
Avg Val, INRm	1555.0
Free float (%)	74.8

Financials Snapshot (INR b)

Y/E Mar	2018E	2019E	2020E
Sales	490.5	561.0	631.4
EBITDA	55.0	64.1	73.3
NP*	40.4	47.2	53.0
EPS (INR)*	67.4	78.9	88.6
EPS Gr. (%)	7.8	17.0	12.3
Cons.EPS (INR)	66.7	79.9	87.3
BV/Sh. (INR)	476.3	529.4	592.2
RoE (%)	14.1	14.6	14.8
RoCE (%)	13.1	13.6	13.9
Sales	490.5	561.0	631.4
P/E (x)	20.5	17.5	15.6
Cons. P/E (x)	20.7	17.3	15.9
P/BV (x)	2.9	2.6	2.3

* incl. MVML

Shareholding pattern (%)

As On	Mar-17	Dec-16	Mar-16
Promoter	25.3	25.3	25.4
DII	20.1	19.1	18.1
FII	39.8	41.0	42.9
Others	14.8	14.6	13.5

FII Includes depository receipts

Getting future ready

UV segment needs push; tractor segment healthy

Mahindra & Mahindra's (MM) FY17 annual report highlights the company's focus on technologically advanced new products in the farm segment, continuous improvement in the UV segment to comply with the new emission/regulatory norms, and market share increase in the CV segment.

Farm segment: Focus on technological prowess

Right products drive growth and market share

- Strong tractor segment growth of ~23% in FY17 was supported by the good performance of YUVO, which has helped the company gain market share in the 30-50 HP segment (covers 70-80% of industry). YUVO, an all-new tractor platform launched in April 2016, was highly successful in strengthening the technology leadership of Mahindra tractors in FY17.
- MM, in April 2017, also launched its third new tractor platform, JIVO, a new-age small tractor platform in the sub-25 HP category (covers only 5% of industry), which is an ideal choice for the growing segments of horticulture and row crop farming.

Strategy: Farming 3.0 (a holistic view by MM)

- Farming 3.0 is a comprehensive ecosystem, with offerings across the value chain for the farmer. It provides access to smart machinery, precision farming practices, digital platforms and ecosystem connect with an aim to help farmers improve their crop yields and double their farm income.
- With increasing labor cost and its scarcity, greater adoption of various forms of mechanization is the way forward, in our view. Against this backdrop, MM believes that the market for tractors and other farm equipment should grow over the long term.
- MM's objective is to strengthen its global footprint and bring modern technologies in farm mechanization into India. It also plans to leverage its partnerships with MAM (Japan) and Sampo Rosenlew (Finland).

Outlook

- According to MM, tractor industry growth in FY18 is expected to be driven by positive rural sentiment, driven by normal monsoon and good agri income.

Auto segment: Challenges remain, but confident of sailing through

Losing market share in UVs; CV segment remains healthy

- In the UV segment, MM lost market share from 37.9% to 29.2% in FY17, led by intensifying competition and rural slowdown due to the impact of demonetization. However, its bread and butter segment (Bolero, Scorpio, etc) is gradually recovering, and should do well, led by likely good monsoon and higher agri income.

- n In February 2016, MM launched Blazo series of HCVs (trucks) with Fuelsmart technology, leading to ~18% volume growth to 6,715 units in FY17. Consequently, its market share in the HCV segment expanded to 4% from 3.4% in the previous year.
- n In the LCV<2T segment, volumes grew ~8%, led by the success of Jeeto. MM's market share in this segment increased from 23.9% in FY16 to 25.7% in FY17.
- n To maintain its leadership position in goods LCVs in the 2-3.5t segment (market share: 65.8%), the company launched Supro Minitruck and Supro Cargo Van in February 2017.

Strategy

- n The company has strategized to strengthen the product portfolio and refresh/update existing products. Also, MM is pursuing a strategy to introduce petrol engines across the product range – the share of diesel variant in total PV sales declined to 40% in FY17 from 58% in FY13.

Healthy outlook

- n For FY18, SIAM forecasts good growth for the industry: +7-9% for PVs, +5-7% for LCV goods, +4-6% for CVs, double-digit for 3Ws, and 9-11% for 2Ws.

Focus on EVs to stay ahead of market

- n MM is focusing on development of the electric vehicle (EV) market and upgradation of EV technology capabilities. MM's EV portfolio comprises E20 electric car, e-Verito car and the Supro EV cargo and van. It sold 973 units in FY17, up from 870 units in FY16. The plan is to increase capacity from 1,000 units in phase-1 to 5,000 units in phase-2 over the next 2-3 years.

Regulatory changes to increase investment/capex

- n The new safety regulations will be rolled out under the name of Bharat New Vehicle Safety Assessment Program (BNVSAP), which will be applicable from FY19 for new vehicles and from FY20 for existing vehicles. Similarly, emission norms will be changed to BS-VI with effect from 1 April 2020 on a pan-India basis. MM believes that conforming to the next stage of regulations will call for the use of advanced technologies and will have an impact on costs. At the same time, it is geared-up and confident of meeting these regulations.

Reduction of losses of key subsidiaries

- n Ssangyong reported PAT of INR2.3b in FY17 as against loss of INR1.6b in FY16. Overall, the key subsidiaries reported reduction in losses this year ([Refer Exhibit 8](#)).
- n MM is working toward containing 2W losses (FY17: INR4.7b) by adopting an efficiency-focused approach and cost management. The company will focus on improving sales of Mojo, and expects to bring a few Mojo variants in FY18. Mahindra Two Wheelers' (MTWL) past business strategy was focused on addressing the mass 2W market. However, given the market response, MTWL has decided to make a strategy shift by focusing on niche premium 2Ws.

Valuation and view

We estimate ~17% consolidated EPS CAGR over FY17-20 (v/s ~9% compounded annual decline over FY14-17). Recovery in rural markets improves visibility of volume revival in both its core businesses. MM is one of the cheapest large-cap auto stocks, with valuation of 17.5x/15.6x FY19/20E consolidated EPS and 14.1/12.4x core EPS (adjusted for value in subsidiaries after 20% holding discount). Maintain **Buy** with an SOTP-based target price of ~INR1,625.

Reliance Industries

BSE SENSEX	S&P CNX
31,904	9,873

CMP: INR1,529

Under Review

We will revisit our estimates post analyst meet/management interaction.

Financials & Valuations (INR b)

Y/E March	2017	2018E	2019E
Net Sales	2,420.3	3,257.4	3,739.4
EBITDA	432.6	507.0	538.3
Net Profit	314.3	354.1	386.1
EPS (INR)	96.7	108.9	118.8
EPS Gr. (%)	14.6	12.7	9.1
BV/Sh. (INR)	974.5	1,076.9	1,188.6
RoE (%)	11.6	11.7	11.5
RoCE (%)	9.1	9.9	10.2
Payout (%)	13.3	14.4	14.4

Valuations			
P/E (x)	15.8	14.0	12.9
P/BV (x)	1.6	1.4	1.3
EV/EBITDA(x)	13.8	10.2	8.6
EV/Sales (x)	2.5	1.6	1.2

Standalone EBITDA/PAT largely in line; GRMs at USD11.9/bbl

Reliance Industries' (RIL) 1QFY18 standalone EBITDA rose 7% YoY (+3% QoQ) to INR116b, largely in line with our estimate of INR118.5b. Reported PAT rose 9% YoY (flat QoQ) to INR81.9b, in line with estimate of INR82.9b. Reported GRM stood at USD11.9/bbl (est. of USD10) and refining throughput at 17.3mmt (est. of 17.5mmt).

- n **Refining segment:** Refining EBIT stood at INR63.7b (-3% YoY, +2% QoQ) in 1QFY18. Reported GRM increased 3% YoY/QoQ to USD11.9/bbl v/s Reuters SG GRM of USD6.4/bbl. Refining throughput stood at 17.3mmt (+3% YoY, -1% QoQ) and exports at 10mmt.
- n **Petrochemical segment:** Petrochemical EBIT stood at INR39.8b (+37% YoY, +15% QoQ), with margin of 17% coming in above 14% in 4QFY17, primarily due to an increase in polymer deltas. Petrochemical production – PP/PE/PVC at 980tmt (-14% YoY, -8% QoQ), POY at 590tmt (+15% YoY, +2% QoQ) and PX/PTA/MEG at 2.1mmt (+37% YoY, +11% QoQ). RIL successfully commissioned the last crystallization train (Train 3) of the PX complex at Jamnagar in June 2017.
- n **E&P segment:** E&P EBIT stood at -INR2.3b v/s INR480m in 1QFY17 and -INR780m in 4QFY17. KG-D6 gas production stood at 6.4mmcmd (-27% YoY, -14% QoQ). Panna-Mukta gas production stood at 4.6mmcmd (-12% YoY, flat QoQ). Shale gas production was down 11% QoQ due to shut-in at several wells at Eagle Ford led by completion activity in adjacent pads.
- n **Retail segment:** Retail EBIT stood at INR2.9b (+97% YoY, +20% QoQ), with the margin at 2.5%. Reliance Retail added 18 stores during the quarter to reach a total of 3,634 stores across 703 cities. It commissioned 17 petro retail outlets in 1QFY18 and now operates 465 outlets under Reliance Retail.
- n At the end of 1QFY18, consolidated outstanding debt stood at INR2,006b (v/s INR1,966b at end-FY17) and cash & cash equivalents stood at INR721b (v/s INR772b at end-FY17).
- n **Valuation view:** On FY19E, the stock trades at 12.9x standalone EPS of INR119 and EV/EBITDA of 8.6x. We will revisit our estimates post the analyst meet.

Standalone - Quarterly Earning Model

(INR Million)

Y/E March	FY17				FY18				
	1Q	2Q	3Q	4Q	1QE	1QAct	Var (%)	YoY (%)	QoQ (%)
Net Sales	534,960	595,770	618,060	671,460	574,944	642,170	12%	20%	-4%
YoY Change (%)	-18.7	-2.0	9.3	34.4	7.5	20.0			
Total Expenditure	426,790	490,220	512,020	558,660	456,421	526,280	15%	23%	-6%
EBITDA	108,170	105,550	106,040	112,800	118,523	115,890	-2%	7%	3%
Margins (%)	20.2	17.7	17.2	16.8	20.6	18.0			
Depreciation	19,500	20,290	20,770	24,090	27,456	21,580	-21%	11%	-10%
Interest	9,240	6,330	9,310	2,350	9,355	7,880	-16%	-15%	235%
Other Income	20,330	22,800	30,250	13,710	24,600	19,180	-22%	-6%	40%
PBT	99,760	101,730	106,210	100,070	106,313	105,610	-1%	6%	6%
Tax	24,280	24,690	25,990	18,560	23,389	23,650	1%	-3%	27%
Rate (%)	24.3	24.3	24.5	18.5	22.0	22.4			
Adj PAT	75,480	77,040	80,220	81,510	82,924	81,960	-1%	9%	1%
YoY Change (%)	19.5	17.4	11.1	11.4	9.9	8.6			
Margins (%)	14.1	12.9	13.0	12.1	14.4	12.8			
Key Assumptions									
Refining throughput (mmt)	16.8	18.0	17.8	17.5	17.5	17.3	-1%	3%	-1%
GRM (USD/bbl)	11.5	10.1	10.8	11.5	10.0	11.9	19%	3%	3%



Kotak Mahindra Bank

BSE SENSEX	S&P CNX
31,904	9,873

Bloomberg	KMB IN
Equity Shares (m)	1,839
M.Cap.(INRb)/(USDb)	1,366.3 / 20.0
52-Week Range	1019 / 692
1, 6, 12 Rel. Per (%)	-3/18/11
Avg Val, INRm	2001
Free float (%)	69.9

Financials & Valuations (INR b)

Y/E March	2018E	2019E	2020E
NII	93.9	112.1	135.3
OP	72.7	90.6	113.2
Cons. NP	61.7	78.1	96.6
Cons. EPS (INR)	32.4	41.0	50.8
EPS Gr. (%)	20.9	26.5	23.7
Cons. BV. (INR)	232	272	321
Cons. RoE (%)	15.0	16.3	17.1
RoA (%)	1.8	2.0	2.0
P/E(X) (Cons.)	30.2	23.9	19.3
P/BV (X) (Cons.)	4.2	3.6	3.1

CMP: INR980

TP: INR1,153(+18%)

Buy

Strong all-around performance; Merger synergies yielding results

- n **Standalone results:** PAT grew 30% YoY to INR9.1b (in-line). Core operating profit grew strongly by 30% YoY, led by healthy NII growth (17% YoY; NIMs strong at 4.5%), acceleration in fee income (+43% YoY) and pristine asset quality (stable GNPA's at 2.6%). KMB holds more than requisite provisioning in relation to its exposure of INR2.36b to the 12 accounts identified by the RBI for bankruptcy proceedings under NCLT (four accounts inherited from ING Vysya Bank). Loan growth came in at 18% YoY (+6% QoQ; +15% in 4QFY17), led by robust growth in CV (+6% QoQ, 35% YoY), corporate banking (+21/8% YoY/QoQ) and unsecured loans (+24/5% YoY/QoQ).
- n **Other highlights:** a) CASA ratio remained stable QoQ at 44%, despite moderation in CA deposits, led by robust SA mobilization (+44/6% YoY/QoQ). b) SMA2 increased 11bp QoQ to 0.21%; OSRL fell 21% to 6bp.
- n **Other businesses:** a) Profitability at its capital market business improved to INR1.3b (+57% YoY), led by 108% YoY PAT growth of K-Sec to INR1.25b. b) K-Sec market share declined 30bp QoQ to 1.9%. c) Overall AUM increased 8% QoQ (+37% YoY), led by strong inflows in equity AUM (+92% YoY).
- n **Valuation and view:** With the completion of merger integration with eIVBL, synergies are likely to flow in. Strong presence across geographies/products and healthy capitalization (T1 of ~19%) place the bank in a sweet spot to capitalize on growth opportunities and gain market share. KMB's premium multiples are likely to sustain, considering strong growth and operating leverage available across businesses, and a clean loan portfolio. Comfort on asset quality remains the highest, with no SDR/5:25, negligible SMA2 (21bp) and OSRL (6bp). At our SOTP of INR1,153, KMB will trade at 4.2x 2019E consol. BV. **Buy.**

Quarterly Performance

Y/E March	FY17				FY18E				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Kotak Bank (standalone)										
Net Interest Income	19,191	19,954	20,503	21,614	22,456	23,037	23,784	24,639	81,261	93,916
% Change (Y-o-Y)	20.1	18.9	16.1	16.4	17.0	15.5	16.0	14.0	17.8	15.6
Operating Profit	13,150	14,401	15,277	17,020	15,954	17,640	18,752	20,369	59,848	72,715
% Change (Y-o-Y)	120.3	37.8	26.8	42.5	21.3	22.5	22.7	19.7	48.1	21.5
Net Profit	7,420	8,133	8,798	9,765	9,127	10,322	11,056	12,080	34,115	42,587
% Change (Y-o-Y)	291.0	42.8	38.6	40.3	23.0	26.9	25.7	23.7	63.2	24.8
Other Businesses										
Kotak Prime	1,200	1,300	1,330	1,330	1,320	1,452	1,568	1,674	5,150	6,014
Kotak Mah. Investments	400	530	480	560	450	650	700	829	1,960	2,629
Kotak Mah. Capital Co	230	50	70	110	50	150	180	183	460	563
Kotak Securities	600	960	850	1,210	1,250	1,000	1,020	1,063	3,610	4,333
International subs	130	310	220	210	170	300	315	333	860	1,118
Kotak Mah. AMC & Trustee Co.	190	70	160	130	150	250	300	342	560	1,042
Kotak Investment Advisors	110	10	0	0	0	0	0	175	125	175
Kotak OM Life Insurance	710	630	680	1,010	1,030	756	816	883	3,030	3,485
Con.adj and MI	-240	30	80	-280	-80	-50	-50	-20	-385	-200
Conso. PAT	10,750	12,023	12,668	14,045	13,467	14,830	15,906	17,542	49,485	61,746
% Change (Y-o-Y)	108.0	27.4	33.9	33.2	25.3	23.4	25.6	24.9	43.0	24.8

E: MOSL Estimates, Quarterly numbers vary from full year number due to difference in reporting



BSE SENSEX	S&P CNX
31,904	9,873

CMP: INR269 TP: INR270(+0%) Neutral

Bloomberg	WPRO IN
Equity Shares (m)	4,866
M.Cap.(INRb)/(USD\$b)	1,309.1 / 20.3
52-Week Range (INR)	284 / 205
1, 6, 12 Rel. Per (%)	4/-5/-14
Avg Val, INRm	865
Free float (%)	26.8

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	550.4	562.0	611.5
EBITDA	108.8	110.9	122.8
PAT	83.3	81.7	86.0
EPS (INR)	16.9	18.1	19.1
Gr. (%)	-6.3	7.1	5.4
BV/Sh (INR)	105.9	109.2	128.3
RoE (%)	16.9	16.1	16.1
RoCE (%)	13.6	13.5	14.7
P/E (x)	15.9	14.8	14.1
P/BV (x)	2.5	2.5	2.1

Estimate change	↔
TP change	↔
Rating change	↔

Revenue beat offset by 2Q guidance

Announces INR110b buyback

- Revenue exceeds estimate and guidance:** 1QFY18 CC revenue growth stood at 0.3% QoQ, ahead of our estimate of -1% QoQ and also marginally exceeded the company's guidance of -2% to 0% QoQ. However, growth was lopsided and came from India/ME/APAC/Emerging markets, while the core markets of the US (flat) and Europe (decline) were relatively muted. IT Services EBIT margin shrank 90bp QoQ to 16.8%, in line with our estimate, but with slightly higher currency realization of INR66.1 v/s our assumed rate of INR65.5. PAT rose 7.4% QoQ to INR20.8b, above our estimate of INR18.6b, led by above-estimate revenues and other income.
- 2QFY18 guidance offsets 1Q beat:** For 2QFY18, WPRO expects revenue of USD1,962-2,001m, implying QoQ CC growth between -0.5% and +1.5%. This is below our 2QFY18 growth estimate of 1.8% QoQ, offsetting the 1Q beat. The larger geographies of Europe and the US are expected to chip in. However, it expects to catch up with the industry by 4QFY18. WPRO expects to contain margins in a narrow band of 17.5-18%, which it achieved in FY17.
- Announces INR110b buyback:** WPRO announced buyback of 343.75m equity shares (7.06% of paid up equity) at INR320 per share – totaling to INR110b. This amounts to more than 50% of net cash if we include short-term loans and borrowings amounting to INR123b. The promoters have also expressed their intention to participate in the proposed buyback.
- Valuation view:** Our operating estimates are largely unchanged, and the 4.8% earnings upgrade for FY18 comes from the 1Q PAT beat led by higher other income. While WPRO's outlook for industry-matching growth is encouraging, the guidance tells a different story – YoY CC revenue guidance at the midpoint for 2Q is 3.1%, implying fifth consecutive quarter of deceleration. Similarly, WPRO's comments on freeing up senior resources by automating L2 tickets raise hope for the company and industry, but do not reflect in any form of margin strength just yet. WPRO trades at 14.8x/14.1x FY18E/FY19E EPS. We expect revenue and earnings CAGR of 5.7% over FY17-19E. Our price target of INR270 discounts FY19E EPS by 14x, and implies no upside to CMP. **Maintain Neutral.**

Quarterly Performance (Consolidated)

Y/E March	FY17				FY18E				FY17	FY18E	FY19E	Est. 1QFY18	Var. (% / bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q					
IT Services Revenue (USD m)	1,931	1,916	1,903	1,955	1,972	1,997	2,032	2,074	7,705	8,075	8,662	1,956	0.8
QoQ (%)	2.6	-0.8	-0.7	2.7	0.9	1.3	1.8	2.0	4.9	4.8	7.3	0.1	81bp
Overall Revenue (INR m)	135,992	137,657	136,878	139,875	136,261	138,446	141,951	145,380	550,402	562,038	611,462	134,062	1.6
QoQ (%)	-0.2	1.2	-0.6	2.2	-2.6	1.6	2.5	2.4				-4.2	157bp
YoY (%)	11.1	10.0	6.4	2.6	0.2	0.6	3.7	3.9	7.4	2.1	8.8	-1.4	162bp
GPM (%)	29.1	28.9	29.4	28.0	28.7	27.9	28.4	28.8	28.9	28.5	28.7	28.4	38bp
SGA (%)	13.0	13.2	13.0	11.9	12.8	12.2	12.2	12.2	12.8	12.3	12.1	12.7	12bp
IT Serv. EBIT (%)	17.8	17.8	18.3	17.7	16.8	16.5	17.0	17.5	17.9	17.0	17.5	16.6	25bp
EBIT Margin (%)	16.1	15.8	16.4	16.1	16.0	15.7	16.2	16.6	16.1	16.1	16.6	15.7	26bp
Other income	4,848	4,958	5,120	5,328	5,079	4,392	3,330	1,959	20,254	14,760	11,337	3,189	59.3
ETR (%)	22.9	22.2	23.3	24.2	22.3	22.3	22.3	22.3	23.2	22.3	23.5	23.0	-65bp
PAT	20,518	20,672	21,094	19,340	20,765	20,272	20,424	20,194	83,326	81,655	86,037	18,566	11.8
QoQ (%)	-8.2	0.8	2.0	-8.3	7.4	-2.4	0.8	-1.1				-4.0	1137bp
YoY (%)	-6.2	-7.5	-5.6	-13.5	1.2	-1.9	-3.2	4.4	-6.3	-2.0	5.4	-9.5	1072bp
EPS (INR)	4.2	4.3	4.4	4.0	4.3	4.2	4.5	4.5	16.9	18.1	19.1	3.8	
Headcount	173,863	174,238	179,129	181,482	166,790	169,655	173,040	176,675	181,482	176,675	190,425	180,197	-7.4
Util excl. trainees (%)	79.7	82.8	81.9	84.8	82.1	82.1	82.1	82.1	77.4	77.4	77.2	82.0	10bp
Attrition (%)	16.5	16.6	16.3	16.3	15.9								
Offshore rev. (%)	45.6	46.1	46.5	47.2	46.4	46.2	46.1	46.1	46.4	46.2	46.0	46.8	-40bp
Rev Guidance (USDm)	1950	1950	1955	1941	1955								
Fixed Price (%)	56	56.4	57.7	58.3	58.2								



Hindustan Zinc

BSE SENSEX	S&P CNX
31,904	9,873

CMP: INR281 TP: INR301(+7%) Neutral

Bloomberg	HZ IN
Equity Shares (m)	4,225
M.Cap.(INRb)/(USD\$b)	1,187.5 / 18.4
52-Week Range (INR)	305 / 172
1, 6, 12 Rel. Per (%)	12/-20/31
Avg Val, INRm	694
Free float (%)	35.1

Operating performance in line

Zinc price outlook remains bullish; Maintain Neutral

1QFY18 operating performance was in line

- n Hindustan Zinc's (HZL) EBITDA increased 111% YoY to INR23.8b (in-line) in 1QFY18, driven by 85% growth in mine production to 233kt and a 35% increase in LME for zinc. Mine production was lower last year due to famine phase.
- n Zinc volumes were 7% ahead of estimates at 194kt (+90% YoY).
- n Cost of production increased 2% YoY (+18% QoQ) to INR62,698/t due to rising commodity prices and mine mix (higher stripping ratio in open cast mines) and lower average grade.
- n PBT at INR24.2b was 12% ahead of estimate, led by lower DDA and higher other income (net of finance cost).

Mine development running aggressively; eyeing higher volumes beyond FY20E

- n Mine development is progressing well at 8,828 meters (+82% YoY, +28% QoQ).
- n Vertical shaft at RA in on track to start production by 2HFY19. SK mine vertical shaft and expansion of mill to 5.8mtpa too will be completed in 1HFY19E. Zawar mine expansion to 2.7mtpa too will be completed.
- n Targeting aggressive production expansion beyond FY20E (mine 1.5mtpa).

Zinc price outlook remains bullish; Maintain Neutral

- n Zinc supply is getting tighter due to strong demand and a lag in supply response. The pricing outlook has turned more bullish.
- n We had recently raised the LME assumption by USD400 to USD3,200/t, and the rating to **Neutral** with a target price of INR301/share.

Financials & Valuations (INR b)

Y/E March	2017	2018E	2019E
Net Sales	173.0	215.1	233.4
EBITDA	97.4	122.8	133.4
NP	83.2	91.0	100.2
EPS (INR)	19.7	21.5	23.7
EPS Gr. (%)	-0.6	9.5	10.0
BV/Sh. (INR)	72.6	85.7	101.0
RoE (%)	24.4	27.2	25.4
RoCE (%)	28.3	31.8	30.1
Payout (%)	180.4	39.2	35.7
EV/EBITDA (x)	10.7	8.1	7.1

Estimate change	↔
TP change	↔
Rating change	↔

Quarterly Performance

Y/E March	FY17				FY18				FY17	FY18E	INR million	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	vs Est. %
Zinc refined (kt)	120	148	211	217	194	189	203	209	696	795	181	7
Lead refined (kt)	23	32	36	47	35	37	39	41	138	152	35	-1
Silver (tonnes)	88	107	117	135	115	112	120	124	447	470	107	7
Zinc LME (USD/t)	1,918	2,252	2,518	2,777	2,589	2,800	3,200	3,200	2,366	2,947	2,589	0
Net Sales	25,306	35,257	49,799	62,602	45,760	50,002	61,025	63,490	172,964	224,646	44,195	4
Change (YoY %)	-30.3	-12.6	45.2	99.9	98.1	41.8	22.5	1.4	21.6	29.9	74.6	
EBITDA	11,309	20,767	27,834	37,480	23,840	27,960	36,432	37,924	97,390	126,157	23,652	1
Change (YoY %)	-42.5	2.6	88.3	186.5	110.8	34.6	30.9	1.2	43.7	29.5	109.2	
As % of Net Sales	44.7	58.9	55.9	59.9	47.6	55.9	59.7	59.7	56.3	56.2	53.5	
Finance cost	712	712	451	142	1,370	0	0	0	2,017	1,370	90	
DD&A	3,644	4,317	4,589	5,321	3,600	5,004	5,054	5,105	17,871	18,764	4,955	-27
Other Income	6,101	7,702	5,882	4,811	5,300	3,206	3,407	3,069	24,496	14,982	3,012	76
PBT (before EO item)	13,053	23,440	28,676	36,829	24,170	26,162	34,785	35,889	101,998	121,005	21,619	12
EO exp. (income)	5	0	0	0	0	0	0	0	-5	0	0	
PBT (after EO item)	13,048	23,440	28,676	36,829	24,170	26,162	34,785	35,889	102,003	121,005	21,619	12
Total Tax	2,680	4,421	5,477	6,259	5,410	5,494	7,305	7,537	18,837	25,745	4,540	19
% Tax	20.5	18.9	19.1	17.0	22.4	21.0	21.0	21.0	18.5	21.3	21.0	
Reported PAT	10,369	19,019	23,199	30,570	18,760	20,668	27,480	28,352	83,166	95,260	17,079	10
Adjusted PAT	10,374	19,019	23,199	30,570	18,760	20,668	27,480	28,352	83,161	95,260	17,079	10
Change (YoY %)	-53.4	-11.4	28.1	42.2	80.8	8.7	18.5	-7.3	-0.7	14.5	64.6	25.1

BSE SENSEX 31,904 S&P CNX 9,873

CMP: INR2,819 TP: INR3,359 BUY

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

Conference Call Details



Date: 21st July 2017
Time: 10:00am IST
Dial-in details:
+91-22-3960 0663

Financials & Valuations (INR b)

Y/E Mar	2018E	2019E	2020E
Net Sales	236.2	264.0	298.1
EBITDA	47.3	54.5	62.7
NP	41.5	48.6	56.5
EPS (INR)	143	168	195
EPS Gr. (%)	8.5	17.0	16.2
BV/Sh. (INR)	654	721	770
RoE (%)	23.1	24.4	26.2
RoCE (%)	22.4	23.6	34.4
P/E (x)	19.6	16.8	14.4
P/BV (x)	4.3	3.9	3.7

Operating performance below expectations; high RM cost hurt margins

- Net sales declined 5.3% YoY (grew 11.1% QoQ) to INR54.4b (our estimate: INR52.3b), as volume fell 10.7% YoY (grew 12.8% QoQ). In the domestic market, factors like reduced stocks within channel and postponement of purchases by customers impacted wholesale numbers. Billing for June 2017 was ~108k units v/s retails of ~155k units. However, ~6% YoY increase (1.5% QoQ decline) in realization to INR61,258/unit aided revenue.
- Export revenue grew 20.5% YoY to INR24.8b, led by 12% YoY volume growth and 7.5% YoY realization growth. Realization per dollar was lower at INR66.8 v/s INR67.1 in 4QFY17 and 1QFY17.
- RM cost was higher by 280bp YoY (220bp QoQ) due to commodity cost inflation. Consequently, EBITDA margin declined 322bp YoY (126bp QoQ) to 17.2% (our estimate: 19.1%). Automotive business EBIT margin shrank 375bp YoY (235bp QoQ) to 15.9%, led by operating deleverage due to lower volumes.
- Exceptional cost of INR320m is one-time compensation to dealers as a part of transition to GST. It indicated loss of INR1,400 per vehicle due to same.
- Other income grew 71% YoY to INR4.6b due to likely dividend from KTM.
- KTM's domestic volume increased 52.8% YoY, led by healthy response to recently-launched KTM 250 (sold ~2,300 units) and KTM 390, which has wait list in the domestic market. BJAUT indicated strong response to KTM in future.

Key questions for the management

- Outlook on export demand, especially in key markets like Nigeria, Sri Lanka.
- Commodity inflation impact in 1QFY18.

Valuation and view: We will revisit our estimates post earnings call. The stock trades at 19.6x/16.8x FY18E/19E EPS. Maintain **Buy** with a TP of INR3,359.

Quarterly Performance

Y/E March	FY17				FY18				FY17	FY18E	INR Million	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			Est. 1Q	Var. (%)
Volumes ('000 units)	995	1,032	852	788	888	1,047	999	977	3,666	3,911	888.4	0.0
Growth YoY (%)	-1.8	-2.3	-10.5	-9.7	-10.7	1.4	17.2	24.1	(5.8)	6.7	(10.7)	
Realization (INR/unit)	57,784	58,676	59,495	62,171	61,258	61,809	62,736	55,754	59,419	60,407	58,907	4.0
Growth YoY (%)	4.5	2.0	2.0	1.2	6.0	5.3	5.4	-10.3	2.4	1.7	1.9	
Net Sales	57,480	60,545	50,669	48,973	54,424	64,683	62,642	54,499	217,827	236,249	52,335	4.0
Change (%)	2.7	-0.4	-8.7	-8.6	-5.3	6.8	23.6	11.3	(3.6)	8.5	-8.9	
RM/Sales %	67.2	67.0	66.8	67.8	70.0	67.7	67.2	65.1	67.1	67.7	67.4	
Staff cost/Sales %	4.7	4.3	4.8	4.6	5.0	4.4	4.2	4.8	4.6	4.6	5.3	
Oth. Exp./Sales %	7.7	7.4	7.9	9.2	7.8	8.3	8.0	7.5	8.0	8.0	8.3	
EBITDA	11,763	12,961	10,439	9,060	9,384	12,698	12,937	12,328	44,384	46,803	10,017	-6.3
EBITDA Margins (%)	20.5	21.4	20.6	18.5	17.2	19.6	20.7	22.6	20.4	19.8	19.1	-190bp
Other Income	2,671	3,420	3,193	2,936	4,573	3,400	3,650	2,789	12,220	14,412	3,200	
Interest	2	7	3	2	2	3	3	3	14	10	3	
Depreciation	775	770	772	757	753	800	835	880	3,073	3,268	775	
PBT	13,657	15,605	12,858	11,236	12,881	15,296	15,750	14,234	53,516	57,937	12,440	3.5
Tax	3,873	4,378	3,612	3,218	3,642	4,436	4,567	4,314	15,081	16,960	3,608	
Effective Tax Rate (%)	28.4	28.1	28.1	28.6	28.3	29.0	29.0	30.3	28.2	29.3	29.0	
Adj. PAT	9,784	11,228	9,246	8,018	9,469	10,860	11,182	9,920	38,436	41,522	8,832	7.2
Change (%)	2.2	6.7	(4.7)	(15.5)	(3.2)	(3.3)	20.9	23.7	(2.2)	8.0	-9.7	

E: MOSL Estimates



BSE SENSEX	S&P CNX
31,904	9,873

Bloomberg	ABB IN
Equity Shares (m)	211.9
M.Cap.(INRb)/(USDb)	313.4 / 4.9
52-Week Range (INR)	1619 / 950
1, 6, 12 Rel. Per (%)	-5/11/-2
Avg. Val, INRm	126
Free float (%)	25.0

Financials & Valuations (INR b)

Y/E Dec	2016	2017E	2018E
Net Sales	86.6	97.5	113.1
EBITDA	7.9	10.0	12.6
Adj. PAT	3.7	5.2	6.9
Adj. EPS (INR)	19.7	24.4	32.5
EPS Gr (%)	25.0	23.7	33.2
BV/Sh (INR)	154.9	179.3	203.3
RoE (%)	12.7	13.6	16.0
RoCE (%)	18.3	20.9	24.0
P/E (x)	75.8	61.2	46.0
P/BV (x)	9.6	8.3	7.3

Estimate change

TP change

Rating change



CMP: INR1,459

TP: INR1,180 (-20%)

Sell

Performance hurt by ECL provisioning; valuation premium warrants Sell

- Operational performance below expectations:** 2QCY17 revenue rose 6% YoY to INR22.3b, missing our estimate of INR23.8b by 7%. EBITDA margin of 6.6% (+120bp YoY) too was below our estimate of 9.7%. EBITDA rose 30% YoY to INR1.5b, but came in below our estimate of INR2.2b due to ECL provisioning done under Ind-AS accounting system and expenses incurred on developing new products. PAT of INR0.8b too missed our estimate of INR1.1b.
- Gross margin improves 160bp YoY to 36% – near-all time high:** Gross margin improved 160bp YoY to 35.9%, driven by initiatives undertaken over the past 3-4 years toward increased localization, rationalization of supply chain, improving efficiency, better project management capabilities and lower raw material prices. EBITDA margin improved 120bp YoY to 6.6%.
- 2Q order inflow up 13% YoY; order backlog increases 56% YoY:** Order inflow increased 13% YoY to INR23.0b in 2QCY17, driven by finalization of base orders. Large-ticket orders did not materialize during the quarter, given the cautious approach adopted by clients in the run-up to GST implementation. Key sectors driving base orders were utilities, transmission and infrastructure, while industrial companies continued to incur operational capex. Order backlog stands at INR121b (+56% YoY), providing revenue visibility of 1.4x its CY16 revenue.
- Valuation view:** Management is optimistic on the demand scenario, driven by government capex. It continues to remain focused on margin expansion via its efforts toward operational efficiency and localization. We cut our estimates for CY17/18 by 11/2% to factor in margin compression on account of ECL provisioning, and maintain our **Sell rating** given premium valuations. We maintain our price target of INR1,180 (35x Mar'19 EPS of INR33).

Quarterly Performance

Y/E December	CY16				CY17				CY16	CY17E	(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			MOSL	Var.
Sales	20,035	20,947	20,550	24,915	21,689	22,237	23,383	30,173	85,318	96,113	23,833	-6.7%
Change (%)	10.4	8.4	4.4	2.7	8.3	6.2	13.8	21.1	6.4	12.7	13.4	
EBITDA	1,808	1,136	1,516	2,819	1,715	1,473	1,533	5,230	7,901	9,951	2,236	-34.1%
Change (%)	25.9	-29.5	-2.7	7.1	-5.2	29.7	1.1	85.5	5.8	25.9	31.5	
As % of Sales	9.0	5.4	7.4	11.3	7.9	6.6	6.6	17.3	9.3	10.4	9.4	
Depreciation	359	357	406	389	376	383	393	420	1510	1573	393	
Interest	223	197	178	285	212	231	327	399	919	1,169	285	
Other Income	149	299	299	95	186	326	100	-233	658	378	40	
PBT	1,376	881	1,231	2,241	1,312	1,185	913	4,177	6,131	7,587	1,598	-25.8%
Tax	442	324	427	773	428	435	309	1,249	1,957	2,421	542	
Effective Tax Rate (%)	32.1	36.8	34.7	34.5	32.6	36.7	33.9	29.9	31.9	31.9	33.9	
Reputed PAT	854	556	811	1,468	884	751	603	2,928	3,687	5,166	1,056	-28.9%
Adj. PAT	934	556	871	1,468	884	751	603	2,928	4,175	5,166	1,056	-28.9%
Change (%)	72.0	-18.7	48.2	13.4	-5.3	34.9	-30.7	99.4	25.0	23.7	36.4	



Alembic Pharmaceuticals

BSE SENSEX	S&P CNX
31,904	9,873

CMP: INR558 TP: INR510 (-9%) Neutral

Bloomberg	ALPM IN
Equity Shares (m)	189
M.Cap.(INRb)/(USDb)	105.2 / 1.6
52-Week Range (INR)	709 / 492
1, 6, 12 Rel. Per (%)	5/-24/-20
Avg. Val, INRm	58
Free float (%)	27.3

Financials & Valuations (INR b)

Y/E MAR	2017	2018E	2019E
Net Sales	31.0	32.5	37.2
EBITDA	6.1	5.9	7.3
PAT	4.0	3.9	4.8
EPS (INR)	21.6	20.5	25.5
Gr. (%)	-43.2	-5.2	24.7
BV/Sh (INR)	100.8	115.3	134.8
RoE (%)	23.0	19.0	20.4
RoCE (%)	22.1	18.5	20.1
P/E (x)	25.9	27.3	21.9
P/BV (x)	5.5	4.8	4.1
EV/EBITDA(x)	17.1	17.4	14.2

Estimate change

TP change

Rating change



Weak results; GST implementation impacts domestic growth

- 1Q results below expectations: Sales declined 11% YoY to INR6.5b (~15% below estimate) in 1QFY18 due to muted growth in India business (-21% YoY). EBITDA margin contracted ~580bp YoY to 15.6% due to lower domestic sales and high R&D expense (14% of sales). PAT declined 35% YoY to INR667m due to weak operating profit. We expect a recovery in 2QFY18, driven by channel refilling in the domestic markets (post GST implementation) and ramp-up in US sales (on the back of Pristiq launch).
- GST impacts domestic business; US business up sequentially: Domestic business declined 21% YoY, primarily due to channel destocking in the run up to GST implementation. Industry has lost almost one month of sales due to inventory destocking at the channel partner level. Although a recovery is expected in the coming quarters, it would be key to watch if channel partners refill inventory to old levels. International business sales declined 9% YoY – US business fell ~5% YoY (+>10%QoQ), while non-US business declined ~17% YoY. US sales included one month of Pristiq sales. We expect the US business to grow sequentially, led by the ramp-up of six products launched in 1Q.
- Concall takeaways: (a) Capex for FY18 to be ~INR5b. (b) R&D expense to remain high at ~INR5b annually, as ALPM plans to file ~100 ANDAs over the next three years. (c) Oncology oral solids and injectables facilities to be ready for batch testing in FY18; ANDA filings to start FY19 onward. (d) Couple of Derma filings can happen in FY18 through CMO. (e) General injectable and Derma filings in the US to start from FY19.
- Investments in niche areas to fetch return in medium term: Given that recent investments in Oncology, Derma and Ophthal will fetch returns only from FY20, high R&D expense, coupled with pricing pressure in the US, will keep growth in check over the near term. We maintain **Neutral** with a TP of INR510 @20x FY19E EPS (v/s INR640 @20x FY19E EPS). We cut FY18E/FY19E EPS by ~20% as we build in lower domestic growth and operating margins.

Quarterly Performance (Consolidated)

(INR Million)

Y/E March	FY17				FY18E				FY17	FY18E	FY17E	1QE vs Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Sales	7,270	8,716	7,699	7,367	6,482	8,491	8,613	8,885	31,013	32,535	7,636	-15.1%
YoY Change (%)	24.6	-13.1	-16.4	17.8	-10.8	-2.6	11.9	20.6	-1.3	4.9	5.0	
Total Expenditure	5,711.2	6,945	6,253	6,032	5,468	6,826	7,080	7,305	24,904	26,679	6,216	
EBITDA	1,559	1,771	1,446	1,335	1,014	1,664	1,533	1,580	6,109	5,856	1,420	-28.6%
Margins (%)	21.4	20.3	18.8	18.1	15.6	19.6	17.8	17.8	19.7	18.0	18.6	
Depreciation	193.8	206	211	218	218.4	225	225	235	830	903	225	
Interest	10.7	10	8	18	8.9	14	14	5	51	42	18	
Other Income	14.1	12	10	20	2	9	9	13	62	33	9	
PBT	1,369	1,567	1,237	1,118	789	1,434	1,303	1,353	5,290	4,944	1,186	
Tax	332.7	332	393	165	154.8	316	287	331	1,222	1,088	261	
Rate (%)	24.3	21.2	31.8	14.7	19.6	22.0	22.0	24.4	23.1	22.0	22.0	
Minority Interest & Profit/Loss of Asso. C	16.1	49	-17	23	-33	0	0	0	38	0	0	
Adj PAT	1,020	1,187	861	930	667	1,119	1,016	1,022	4,029	3,856	925	-27.9%
YoY Change (%)	46.2	-58.8	-68.0	2.2	-34.6	-5.8	18.0	9.9	-45.0	-4.3	-9.3	
Margins (%)	14.0	13.6	11.2	12.6	10.3	13.2	11.8	11.5	13.0	11.9	12.1	

E: MOSL Estimates

BSE SENSEX
31,904S&P CNX
9,873

CMP: INR372

TP: INR450

Buy

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

Conference Call Details

Date: 21th July 2017

Time: 12:30pm IST

Dial-in details:

+91-22-3938 1071

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	22.4	24.4	26.5
EBITDA	6.4	7.2	8.0
NP	3.7	4.3	5.0
EPS (INR)	20.4	23.6	27.5
EPS Gr. (%)	25.8	16.0	16.1
BV/Sh. (INR)	86.7	97.3	109.7
RoE (%)	25.5	25.7	26.5
RoCE (%)	23.0	24.0	24.9
P/E (x)	18.3	15.7	13.6
P/BV (x)	4.3	3.8	3.4

In-line operational performance; ad performance healthier than expected

- n PAT grew 6% YoY to INR1.1b (largely in-line; our estimate: INR1.12b). EBITDA grew 3% YoY to INR1.86b (largely in-line, our estimate: INR1.85b). EBITDA margin was in-line at 31.4%.
- n Print ad revenue was healthier than expected, given the impact of GST rollout and high base effect. Print ad revenue grew 4.5% YoY to INR3.9b (1.5% above our estimated INR3.85b).
- n Circulation revenue disappointed; grew 5% YoY to INR1.23b (our estimate: INR1.27b); growth was primarily yield-driven on growth from mature markets.
- n Digital business revenue declined 1.5% YoY to INR123m; Radio ad revenue grew 11% YoY to INR312m (in-line).
- n Raw material cost increased 7% YoY to INR1.71b (1% above estimate). Overall operating expenses grew 4.8% YoY to INR4.08b, largely in-line, as lower employee costs more than cushioned the escalation in RM and SG&A expenses.
- n For Emerging business, including mobile app downloading and E-real estate, reported EBITDA loss reduced to INR62m (v/s INR76m in 4QFY17).
- n RM cost at 28.7% of revenue in 1QFY18 vs 31.1% in 4QFY17 and 28% in 1QFY17 (est: 28.4% of revenue).
- n **Key questions for the management**
- n Which sectors were laggards and which sectors are expected to drive ad revival
- n Update on the new IRS survey

Valuation and view: We will revisit our estimates post earnings call. At CMP of INR372, the stock trades at an attractive 15.7x FY18E and 13.6x FY19E EPS. We have a **Buy** rating.

Quarterly Performance (INR m)

Y/E March	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	5,704	5,287	6,273	5,171	5,942	5,700	7,071	5,653	22,435	24,366
YoY (%)	20.5	10.6	7.1	0.6	4.2	7.8	12.7	9.3	9.4	8.6
Operating Expenses	3,892	3,782	4,290	4,049	4,079	4,217	4,585	4,359	16,013	17,160
EBITDA	1,812	1,505	1,982	1,122	1,863	1,484	2,485	1,294	6,422	7,205
YoY (%)	48.7	33.6	6.1	-1.7	2.8	-1.5	25.4	15.3	19.9	12.2
EBITDA margin (%)	31.8	28.5	31.6	21.7	31.4	26.0	35.1	22.9	28.6	29.6
Depreciation	211	216	218	218	220	225	227	224	863	896
Interest	34	6	30	5	16	11	10	11	74	43
Other Income	41	41	36	51	70	80	80	81	170	321
PBT	1,608	1,325	1,771	950	1,697	1,328	2,328	1,140	5,654	6,588
Tax	568	440	590	309	597	451	792	388	1,907	2,240
Effective Tax Rate (%)	35.3	33.2	33.3	32.5	35.2	34.0	34.0	34.0	33.7	34.0
PAT	1,040	885	1,181	641	1,100	876	1,537	752	3,747	4,348
Minority Interest	0	0	0	0	0	0	0	0	0	0
Adj PAT	1,040	885	1,181	641	1,100	876	1,537	752	3,747	4,348
YoY (%)	56.5	47.3	10.6	-0.2	5.8	-1.0	30.1	17.3	25.9	16.0

BSE SENSEX 31,904 S&P CNX 9,873

CMP: INR808

TP: INR1,020(+26%)

Buy

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

Conference Call Details



Date: 21st July 2017
Time: 16:00 IST
Dial-in details:
+91-22-3938 1075

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	30.6	31.3	36.7
EBITDA	3.8	3.6	5.0
NP	2.3	2.4	3.3
EPS (INR)	52.1	53.2	72.5
EPS Gr. (%)	-24.1	2.2	36.2
BV/Sh. (INR)	354.0	393.9	449.8
RoE (%)	15.5	14.2	17.2
RoCE (%)	21.4	17.6	23.0
Payout (%)	23.0	21.3	19.7
Div. Yield	1.5	1.4	1.8

Miss led by top client weakness

Quarterly performance misses estimates

- n ZENT's 1QFY18 revenue grew 2.5% QoQ CC, below our estimate of +5.3% QoQ. In USD terms, revenue grew 2.2% QoQ to USD114m, indicating a cross-currency impact of -30bp.
- n We estimate contribution of 3.9% from the full integration of Foolproof and Keystone. Excluding this, we estimate organic revenue to have declined by ~1.5% QoQ.
- n EBITDA margin expanded 230bp QoQ to 10.2%. However, this was 160bp below our estimate of 11.8%. Our expectations were based on reversal of one-time expenses incurred in the previous quarter and integration of higher-margin acquisitions.
- n While IMS margins improved to 3.1% from -12.2% in the previous quarter, Application margins were lower QoQ by 370bp to 13.9%.
- n PAT at INR472m (-36.3% YoY) was lower than our estimate of INR558m (-26.8% YoY), led by the overall operational miss.

Top client weakness and strong Digital growth

- n Weakness was seen in top five clients (35% of revenue), which saw a decline of 7% QoQ. Barring this, growth was strong across all other buckets: Top 6-10 grew by 8.7% QoQ, Top 11-20 by 15.4% QoQ and Non Top 20 by 6.2% QoQ.
- n Growth in Digital was encouraging, as Foolproof and Keystone got added to the portfolio. Digital revenue grew 8.8% QoQ and 33.3% YoY.

Valuation and view: We will revisit our estimates the post earnings call. Outlook on growth, especially in top accounts, and insights on execution of strategy would be keenly watched. Based on current estimates, it trades at 15.5/11.1x FY18/19E EPS. **Maintain Buy.**

Quarterly Performance (Consolidated)

Y/E March	FY17				FY18E				FY17	FY18E	Est.	1QFY18	Var. (% / bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q					
Revenue (USD m)	114	116	118	112	114	119	121	125	459	480	118	-3.4	
QoQ (%)	3.1	1.8	1.3	-4.9	2.2	4.2	1.8	2.9	1.4	4.4	5.9	-362bp	
Revenue (INR m)	7,554	7,703	7,865	7,433	7,367	7,742	7,944	8,238	30,556	31,291	7,610	-3.2	
YoY (%)	7.2	1.8	3.9	-0.4	-2.5	0.5	1.0	10.8	3.1	2.4	-0.2	-230bp	
GPM (%)	29.1	30.1	30.2	27.7	27.6	26.5	26.3	27.9	29.3	27.1	28.8	-118bp	
SGA (%)	15.4	15.6	16.4	19.9	17.4	15.5	15.0	15.0	16.8	15.7	17.0	44bp	
EBITDA	1,037	1,111	1,085	585	748	850	900	1,061	3,819	3,558	896	-16.5	
EBITDA Margin (%)	13.7	14.4	13.8	7.9	10.2	11.0	11.3	12.9	12.5	11.4	11.8	-162bp	
EBIT Margin (%)	12.3	12.8	12.3	6.2	7.7	9.6	9.9	11.5	10.9	9.7	10.4	-267bp	
Other income	198	70	201	-228	203	150	148	139	241	639	28	635.8	
ETR (%)	32.6	29.6	30.2	45.5	32.0	29.0	29.0	29.0	31.6	29.6	29.0		
PAT	741	704	800	104	472	584	619	726	2,349	2,401	558	-15.5	
QoQ (%)	5.4	-5.0	13.7	-87.0	354.7	23.9	5.9	17.4			157.2	19747bp	
YoY (%)	-2.8	-22.9	11.9	-85.2	-36.3	-17.0	-22.7	599.7	-24.1	2.2	-26.8	-948bp	
EPS (INR)	16.4	15.6	17.7	2.3	10.5	13.0	13.7	16.1	52.1	53.2	12.4		
Headcount	8,238	8,316	8,564	8,524	8,567	8,807	9,057	9,107	8,524	9,107	8,724	-1.8	
Utilization (%)	79.8	80.1	79.5	79.2	83.2	82.0	80.5	81.0	79.7	81.7	81.0	220bp	
Offshore rev. (%)	31.2	33.8	33.5	34.5	37.5	36.6	35.9	35.8	33.2	36.4	34.2	326bp	



NIIT Technologies

BSE SENSEX	S&P CNX
31,904	9,873

CMP: INR546

TP: INR540(-1%)

Neutral

Bloomberg	NITEC IN
Equity Shares (m)	61
M.Cap.(INRb)/(USDb)	33.4 / 0.5
52-Week Range (INR)	601 / 370
1, 6, 12 Rel. Per (%)	-6/5/2
Avg Val, INRm	158
Free float (%)	69.3

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	27.8	29.0	31.3
EBITDA	4.6	4.8	5.2
PAT	2.6	2.5	2.9
EPS (INR)	38.0	42.3	48.7
Gr. (%)	-16.9	11.2	15.2
BV/Sh (INR)	286.5	300.6	330.1
RoE (%)	13.7	14.4	15.4
RoCE (%)	15.7	14.1	15.3
P/E (x)	14.3	12.9	11.2
P/BV (x)	1.9	1.8	1.7

In-line performance; navigating client-specific challenges

- Largely in-line performance:** NITEC's 1QFY18 CC revenue growth of 1.4% QoQ (excluding one-time revenue gains in 4Q) was largely in line with our estimate of +1.3%. RuleTek acquisition contributed ~0.5% QoQ CC (one-month impact), adjusted for which, the performance was marginally below our estimate. EBITDA margin shrunk 200bp QoQ to 15.6%, in line with our estimate of 15.8%, but with better quality (higher GPM offset by higher SGA). Net income for the quarter increased 64% YoY to INR513m, below our estimate of INR587m, due to tax on dividend income from foreign subsidiaries
- BFSI/manufacturing drove growth, order intake steady:** BFSI grew 1.7% QoQ CC, while Manufacturing & Others grew 4.3% QoQ CC. Transportation, however, was a drag (-0.8% QoQ CC). Total order intake during the quarter was USD110m, in the narrow band of recent quarters. Digital revenues constitute ~21% of the business.
- Expects performance to continue picking up:** Despite ~USD2m impact from client ramp-down in 2Q, NITEC expects its revenue growth to accelerate, with the push coming from Digital segments and improvement in NITL. Even EBITDA margin should start inching from 15.6% and exit the year at ~18%, led by business mix and improvement in GIS for the remainder of the year.
- Valuation and view:** Following the positive commentary and stabilizing segments, our earnings estimates are up by ~3% for FY18/FY19. We expect revenue CAGR of 7.2% and earnings CAGR of 13% over FY17-19. The company's investments in tuck-in Digital capabilities can potentially drive better growth, going forward. We continue to watch out for more definitive signs of the same. The stock trades at 11x FY19E earnings. Expansion of valuation multiple will be a function of improved revenue growth. Our price target of INR540 discounts FY19E earnings by 11x.
Neutral.

Quarterly Performance (Consolidated)

Y/E March (Consolidated)	FY17				FY18E				FY17	FY18E	Est. 1QFY18	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue (USD m) Ex. forex & bought outs	99	103	101	104	108	109	110	112	408	440	105	3.3
QoQ (%)	-2.2	4.2	-2.4	3.1	3.9	0.7	1.4	1.7	0.5	7.8	0.8	314bp
Revenue (INR m)	6,707	6,929	6,938	7,176	7,089	7,188	7,311	7,458	27,750	29,046	6,862	3.3
YoY (%)	4.6	2.2	2.2	4.8	5.7	3.7	5.4	3.9	3.5	4.7	2.5	316bp
GPM (%)	35.1	35.3	36.0	36.2	35.4	34.4	34.1	34.1	35.7	34.5	34.8	63bp
SGA (%)	19.9	18.8	19.2	18.6	19.8	18.0	17.6	17.0	19.1	18.1	19.0	81bp
EBITDA (INRm)	1,015	1,145	1,162	1,260	1,108	1,181	1,203	1,279	4,582	4,771	1,084	2.2
EBITDA Margin (%)	15.1	16.5	16.7	17.6	15.6	16.4	16.5	17.1	16.5	16.4	15.8	-1.1
EBIT Margin (%)	10.3	11.9	12.1	13.2	11.2	11.8	11.8	12.6	11.9	11.8	11.5	-31bp
Other income	83	29	59	-12	58	88	71	79	159	296	80	-27.1
ETR (%)	10.4	24.9	25.3	13.4	34.7	24.0	24.0	24.0	18.6	26.4	24.0	44.6
Minority Interest	46.0	54.0	48.0	72.0	42.0	72.0	72.0	72.0	220.0	258.0	72.0	
PAT	285	590	624	739	513	638	639	700	2,238	2,489	587	-12.6
QoQ (%)	-63.9	107.0	5.8	18.4	-30.6	24.3	0.2	9.5	-20.1	11.2	-45.3	1470bp
YoY (%)	-51.4	-13.6	-15.8	-6.5	80.0	8.1	2.4	-5.3			87.6	-758bp
EPS (INR)	5.1	9.7	10.6	12.6	8.7	10.8	10.9	11.9	38.0	42.3	9.5	
Headcount	9,022	8,868	8,809	8,853	8,963	9,138	9,338	9,438	8,853	9,438	8,978	-0.2
Util excl. trainees (%)	79.8	81.0	80.0	81.0	81.2	80.0	79.0	79.5	80.4	79.9	80.5	70bp
Attrition (%)	13.4	12.9	12.9	12.7	12.1							
Offshore rev. (%)	39.0	39.0	40.0	41.0	40.0				39.8	39.7		
Fixed Price (%)	46.0	46.0	48.0	48.0	49.0							



KPIT Technologies

BSE SENSEX	S&P CNX
31,904	9,873

CMP: INR134

TP: INR140(+4%)

Neutral

Bloomberg	KPIT IN
Equity Shares (m)	197
M.Cap. (INRb)/(USD b)	26.4 / 0.4
52-Week Range (INR)	147 / 106
1, 6, 12 Rel. Per (%)	3/-24/-17
Avg Val, INRm	147.7
Free float (%)	83.3

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	33.2	35.3	38.7
EBITDA	3.5	3.3	4.2
PAT	2.1	2.1	2.7
EPS (INR)	11.9	10.6	13.1
Gr. (%)	-15.3	-11.2	23.7
BV/Sh (INR)	79.2	85.6	98.7
RoE (%)	14.3	13.0	14.2
RoCE (%)	15.9	13.8	16.5
P/E (x)	11.2	12.6	10.2
P/BV (x)	1.7	1.6	1.4

Estimate change



TP change



Rating change



Profitability resurrection pushed further ahead

- Revenue beat driven by license sale:** KPIT's 1QFY18 revenue growth of 3.5% QoQ CC beat our estimate of 1.3%. Growth was primarily driven by ~50% growth in Products & Platforms, which included a one-time license sale of USD2m. Excluding this, revenue growth was largely in-line. The strong start to the year has resulted in an ask rate of -2% to 0% to achieve its guidance of 6-8%; hence we raise estimates towards achieving the higher end of the band.
- Margin improvement yet elusive:** EBITDA margin declined by 100bp to 9.1%, a 200bp miss to our estimate of 11.1%, led by INR appreciation, visa expenses and higher subcontracting expenses. The company wasn't able to make use of the multiple levers it has, especially utilization, as lateral hiring of ~150 employees was undertaken while overall growth momentum has been subdued. Adjusted PAT at INR530m declined by 1.4% QoQ. The quarter included an exceptional gain of INR25.5m, resulting out of the sale of minority stake in Sankalp Semiconductors.
- Operational inefficiencies continue to weigh upon profitability:** While growth momentum has been soft, KPIT undertook aggressive fresher hiring in FY17, impacting margins by >300bp. While this provides potential tailwinds in the form of utilization, which is currently at 68%, visibility of revival has been lowered, as 2Q would be impacted by wage hikes to the tune of 225-250bp. This is expected to lead to two consecutive years of PAT decline; -20% in FY17E and -11% in FY18E.
- Revenue revival key to re-rating:** Amid sluggish revenue growth momentum and execution issues, profitability is likely to remain under pressure. We have cut earnings estimates by 18.7/14% for FY18/19E primarily because of revised margin expectations. We are now modeling an EBITDA margin of 9.4% in FY18, compared to 11.7% earlier. Inconsistent revenue performance and the consequent volatility in profit are key drags on KPIT's valuation. We maintain our **Neutral** rating, with a price target of INR140—discounting forward EPS by 10x.

Quarterly Performance

Y/E March	FY17				FY18E				FY17	FY18E	Est. 1QFY18	Var. (% / bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue (USD m)	120	123	123	128	134	135	135	137	494	541	131	2.4
QoQ (%)	-3.5	3.0	-0.4	4.4	4.8	0.4	0.1	1.3	0.8	9.5	2.3	249bp
Revenue (INR m)	8,032	8,310	8,307	8,585	8,704	8,767	8,846	9,027	33,234	35,344	8,456	2.9
YoY (%)	5.9	2.3	2.2	2.1	8.4	5.5	6.5	5.2	3.1	6.3	5.3	308bp
GPM (%)	28.9	29.5	29.0	29.2	26.6	26.4	26.8	27.1	29.1	26.7	29.6	-299bp
SGA (%)	18.3	18.5	18.8	19.0	17.6	17.8	17.3	17.1	18.7	17.5	18.5	-98bp
EBITDA	855	914	846	870	788	758	841	896	3,486	3,310	935	-15.8
EBITDA Margin (%)	10.7	11.0	10.2	10.1	9.1	8.6	9.5	9.9	10.5	9.4	11.1	-201bp
EBIT Margin (%)	8.3	8.6	7.9	7.3	6.9	6.5	7.3	7.8	8.0	7.1	8.1	-112bp
Other income	116	49	29	12	121	93	96	96	207	405	10	1162.2
Interest	56	14	66	0	26	24	23	22	136	96	0	6601.1
ETR (%)	24.3	25.1	23.1	15.3	23.4	23.5	23.5	23.5	22.2	23.5	23.5	
PAT	551	562	475	537	555	488	552	593	2,125	2,189	529	5.0
QoQ (%)	-37.8	2.0	-15.5	13.1	3.3	-12.0	13.1	7.3			-1.6	490bp
YoY (%)	24.0	-25.2	-35.4	-39.3	0.9	-13.1	16.3	10.3	-24.5	3.0	-3.9	478bp
EPS (INR)	2.8	2.8	3.7	2.7	2.8	2.3	2.6	2.8	11.9	10.6	2.6	
Headcount	11,288	11,666	11,881	12,110	12,261	12,445	12,504	12,588	12,110	12,588	12,219	0.3
Util excl. trainees (%)	68.1	69.2	67.8	68.3	68.8	72.5	72.0	73.0	68.3	71.6	71.9	-301bp
Offshore rev. (%)	41.5	43.2	43.0	43.0	43.9	44.7	44.6	44.9	42.7	44.5	44.4	-48bp
Fixed Price (%)	28.5	28.0	33.7	35.8								



Ashok Leyland

Bloomberg	AL IN
Equity Shares (m)	2926.5
M. Cap. (INR b)/(USD b)	291 /4.5
52-Week Range (INR)	102 / 74
1,6,12 Rel Perf. (%)	7 / 1 / -13

Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Sales	200.2	253.6	290.0	347.5
EBITDA	22.0	28.2	33.5	41.0
NP	13.4	16.7	21.8	28.0
Adj. EPS (INR)	4.6	5.7	7.4	9.6
EPS Gr. (%)	8.1	24.4	30.1	28.5
BV/Sh. (INR)	20.9	24.2	29.0	35.5
RoE (%)	23.3	25.3	27.9	29.6
RoCE (%)	21.8	22.2	25.5	0.0
Payout (%)	33.9	35.0	30.3	26.2

Valuations

P/E (x)	21.6	17.4	13.4	10.4
P/BV (x)	4.7	4.1	3.4	2.8
EV/EBITDA (x)	13.0	9.5	7.5	5.5
Div. Yield (%)	1.6	2.0	2.3	2.5

CMP: INR99 TP: INR123 (+24 %) Buy

- Volumes declined 8.6% YoY (and 40% QoQ), as M&HCV sales declined 17% YoY while LCV sales grew 21%, led by pre-buying impact and postponement of purchase due to GST.
- We expect realization to increase by 9.8% YoY (and 8% QoQ), led by lower discounts and BS-4 related price hikes.
- Net revenue is likely to grow 0.4% YoY (but decline 35% QoQ), as lower volumes would be offset by higher realizations.
- EBITDA margin is likely to contract 133bp YoY (and 104bp QoQ), driven by higher RM costs and other expenses.
- EBITDA should decline 11.4% YoY (and 41.5% QoQ) to ~INR4.3b.
- However, lower tax rate would restrict adjusted PAT decline to ~29% YoY (and 52% QoQ) to INR2.1b.
- We have revised our EPS estimates for FY18/FY19 by 4%/5%, led by higher other income. The stock trades at an EV/EBITDA of 9.5x FY18E and 7.5x FY19E. Maintain **Buy**.

Key issues to watch

- Update on CV demand post BS-IV and GST, and discount trends.
- RM cost guidance and price hikes to mitigate the same.
- Contribution of exports, spare parts and defense to revenues.
- Capex and investment guidance for FY18.
- Update on Hinduja Foundries and its profitability.

Quarterly Performance

Y/E March (INR m)	FY17				FY18E				FY17	FY18E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Total Volumes (nos)	31,165	33,446	32,838	47,617	28,484	40,246	42,591	57,483	145,066	168,804
Growth %	10.7	-10.5	6.2	8.5	-8.6	20.3	29.7	20.7	3.4	16.4
Realizations (INR '000)	1,367	1,382	1,375	1,390	1,501	1,493	1,501	1,510	1,380	1,502
% change	-0.9	4.0	3.4	2.1	9.8	8.1	9.1	8.6	2.3	8.9
Net operating revenues	42,588	46,224	45,163	66,179	42,755	60,108	63,927	86,794	200,187	253,584
Change (%)	9.7	-6.9	9.8	10.8	0.4	30.0	41.5	31.2	5.7	26.7
RM/sales %	68.7	67.8	69.4	71.9	69.8	70.5	70.5	70.9	69.7	70.5
Staff/sales %	8.4	8.0	8.7	6.2	9.2	7.1	7.0	5.5	7.6	6.9
Other exp/sales %	11.6	12.6	11.8	10.8	11.0	11.0	11.7	11.8	11.6	11.4
Total Cost	37,768	40,859	40,621	58,880	38,485	53,234	57,068	76,572	178,161	225,358
EBITDA	4,820	5,365	4,542	7,299	4,269	6,874	6,860	10,223	22,025	28,226
EBITDA Margins(%)	11.3	11.6	10.1	11.0	10.0	11.4	10.7	11.8	11.0	11.1
Other Income	385	316	258	404	375	425	475	555	1,363	1,830
Interest	338	339	453	423	375	300	225	195	1,554	1,095
PBT before EO Item	4,154	4,146	2,396	6,114	2,869	5,574	5,670	9,121	16,809	23,234
EO Exp/(Inc)	0	0	0	3,508	0	0	0	0	3,508	0
PBT	4,154	4,146	2,396	2,605	2,869	5,574	5,670	9,121	13,301	23,234
Tax	1,246	1,202	778	-2,157	803	1,561	1,588	2,554	1,070	6,505
Effective Tax Rate (%)	30.0	29.0	32.5	-	28.0	28.0	28.0	-	8.0	28.0
Adj. PAT	2,908	2,944	1,618	4,279	2,066	4,013	4,082	6,384	13,447	16,728
Change (%)	130	14	-26	-16	-29	36	152	49	11.6	24.4

E: MOSL Estimates



Dewan Housing Finance

Bloomberg	DEWH IN
Equity Shares (m)	313.2
M. Cap. (INR b)/(USD b)	137 / 2
52-Week Range (INR)	468 / 204
1,6,12 Rel Perf. (%)	5 / 62 / 92

CMP: INR436 TP: INR530 (+22%) Buy

Financial Snapshot (INR m)

Y/E March	2017	2018E	2019E	2020E
NII	18.2	22.7	28.1	34.0
PPP	16.2	20.4	25.1	30.2
Adj. PAT	9.3	11.6	14.2	17.0
EPS (INR)	29.6	37.0	45.4	54.3
EPS Gr. (%)	18.5	25.0	22.7	19.6
BV (INR)	252	279	315	357
RoAA (%)	1.2	1.2	1.3	1.3
RoE (%)	14.4	13.9	15.3	16.2
Payout (%)	15.7	23.2	23.2	23.2
Valuations				
P/E (x)	14.7	11.8	9.6	8.0
P/BV (x)	1.7	1.6	1.4	1.2
P/ABV (x)	1.7	1.6	1.4	1.2
Div. Yield (%)	0.9	1.7	2.1	2.5

- n Business growth has picked up well post the impact of demonetization. We expect 15% YoY growth in disbursements to drive 3.4%/20% QoQ/YoY growth in AUM in the quarter.
- n Margins are likely to remain largely stable at 3%. As a result, we expect 21% YoY growth in NII in the quarter.
- n Calculated cost-to-income ratio should decline 160bp QoQ to 26.5%, driven by lower advertising and legal costs.
- n Asset quality is likely to remain stable, with GNPA's of 0.95%. We factor in provisions of INR500m for 1QFY18.
- n Net profit is likely to grow 24% YoY to INR2.5b.
- n The stock trades at 1.6x FY18E and 1.4x FY19E BV. Maintain Buy.

Key issues to watch for

- Ø Business growth trends and momentum, and management commentary on the same.
- Ø Management view on margins due to change in liability mix.
- Ø Asset quality trends in non-retail and LAP segments.
- Ø Guidance on cost structure, going forward.

Quarterly performance

(INR Million)

Y/E March	FY17				FY18E				FY17	FY18
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	19,319	21,227	23,151	22,835	23,520	24,225	25,194	26,585	86,531	99,524
Interest Expenses	14,754	16,307	18,001	17,475	17,999	18,359	18,542	19,403	66,536	74,302
Net Interest Income	4,565	4,920	5,150	5,360	5,521	5,866	6,652	7,182	19,995	25,221
YoY Growth (%)	14.5	21.0	20.8	22.6	20.9	19.2	29.2	34.0	19.8	26.1
Fees and other income	275	451	514	943	300	450	500	695	2,182	1,945
Net Income	4,840	5,371	5,664	6,303	5,821	6,316	7,152	7,877	22,177	27,166
YoY Growth (%)	15.5	18.3	21.6	29.1	20.3	17.6	26.3	25.0	21.4	22.5
Operating Expenses	1,361	1,398	1,497	1,717	1,542	1,617	1,695	1,943	5,973	6,797
YoY Growth (%)	8.4	6.1	9.1	10.8	13.3	15.6	13.2	13.2	8.7	13.8
Operating Profits	3,479	3,972	4,167	4,586	4,279	4,700	5,457	5,934	16,204	20,369
YoY Growth (%)	18.6	23.2	26.9	37.7	23.0	18.3	31.0	29.4	26.9	25.7
Provisions	450	450	450	830	500	400	800	1,134	2,180	2,834
Profit before Tax	3,029	3,522	3,717	3,756	3,779	4,300	4,657	4,800	14,024	17,535
Tax Provisions	1,015	1,196	1,269	1,273	1,281	1,458	1,579	1,627	4,754	5,944
Profit after tax	2,014	2,326	2,448	2,483	2,498	2,842	3,078	3,173	9,270	11,591
YoY Growth (%)	16.2	29.0	31.7	30.9	24.0	22.2	25.8	27.8	27.1	25.0
Loan growth (%)	18.3	16.0	16.9	16.7	20.0	20.0	20.0	23.9	18.5	0.0
Borrowings growth (%)	20.4	38.5	28.0	33.1	29.0	7.0	11.0	7.6	45.7	23.9
Cost to Income Ratio (%)	28.1	26.0	26.4	27.2	26.5	25.6	23.7	24.7	26.9	25.0
Tax Rate (%)	33.5	34.0	34.2	33.9	33.9	33.9	33.9	33.9	33.9	33.9

E: MOSL Estimates



Indian Bank

Bloomberg	INBK IN
Equity Shares (m)	480.3
M. Cap. (INR b)/(USD b)	136 / 2
52-Week Range (INR)	365 / 140
1,6,12 Rel Perf. (%)	-11 / 8 / 72

CMP: INR283 TP: INR357 (+26%) Buy

- Loan growth is expected to be muted at ~5% YoY (+2% QoQ), led by balance sheet recalibration. Deposit growth is expected to be in line with loan growth (+2% QoQ, +5% YoY).
- Calculated NIMs are expected to shrink ~18bp QoQ (-5bp YoY). 4QFY17 had interest on IT refund of INR1.3b. NII will grow ~9% YoY, but decline ~3% QoQ.
- Overall non-interest income is expected to grow 22%, led by strong fee income growth of 20% (on a low base) and higher recoveries. Trading gains are expected to increase 11% on a YoY basis.
- We expect slippage ratio to remain elevated at 2.8% and credit costs to remain high at 1.5% (1.3% in 1QFY17), as INBK looks to improve provision coverage.
- INBK trades at 0.8x FY19E BV and 7.4x FY19E EPS. Maintain Buy.

Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
NII	51.5	55.2	63.9	73.1
OP	40.0	42.2	46.0	49.9
NP	14.1	16.0	18.3	20.1
EPS (INR)	29.3	33.2	38.0	41.9
EPS Gr. (%)	97.6	13.6	14.3	10.3
BV/Sh. (INR)	301	327	356	388
ABV/Sh (INR)	220	243	271	304
RoE (%)	10.1	10.6	11.1	11.3
RoA (%)	0.7	0.7	0.7	0.7
Div. Payout (%)	23.8	23.2	23.2	23.2

Valuations

P/E (x)	9.7	8.5	7.4	6.7
P/ BV (x)	0.9	0.9	0.8	0.7
P/ABV (x)	1.3	1.2	1.0	0.9
Div. Yield (%)	2.1	2.4	2.7	3.0

Key issues to watch for

- Outlook on business growth and asset quality remains the key factor to monitor.
- Quantum of loans rescheduled under the 5/25 scheme.
- View on margins with an improvement in liquidity and lower interest rates.

Quarterly Performance

(INR Million)

	FY17				FY18E				FY17	FY18E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	12,363	12,783	12,466	13,849	13,421	13,837	13,919	14,051	51,461	55,230
% Change (Y-o-Y)	10.4	18.3	12.2	22.1	8.6	8.3	11.7	1.5	15.7	7.3
Other Income	4,417	5,846	5,997	5,854	5,452	6,192	6,607	6,053	22,114	24,304
Net Income	16,780	18,629	18,463	19,703	18,873	20,030	20,526	20,104	73,574	79,534
Operating Expenses	7,748	8,567	8,251	9,001	8,595	9,531	9,907	9,278	33,567	37,311
Operating Profit	9,032	10,062	10,212	10,701	10,277	10,498	10,619	10,826	40,007	42,222
% Change (Y-o-Y)	27.5	36.8	33.2	29.3	13.8	4.3	4.0	1.2	18.1	8.1
Other Provisions	4,170	4,783	5,403	8,069	4,700	4,700	4,700	4,640	22,425	18,740
Profit before Tax	4,862	5,279	4,809	2,632	5,577	5,798	5,919	6,187	17,582	23,482
Tax Provisions	1,788	1,228	1,074	-565	1,785	1,855	1,894	1,980	3,526	7,514
Net Profit	3,074	4,051	3,735	3,197	3,792	3,943	4,025	4,207	14,057	15,968
% Change (Y-o-Y)	42.8	9.7	670.4	278.4	23.4	-2.7	7.8	31.6	97.6	13.6
Operating Parameters										
NIM (Cal, %)	2.7	2.8	2.6	2.8	2.7	2.7	2.7	2.7	2.7	2.7
Deposit Growth (%)	1.1	3.2	5.2	2.4	4.9	6.6	5.5	7.5	2.4	7.5
Loan Growth (%)	1.5	0.2	-0.7	-1.0	4.9	8.3	11.1	10.0	-1.0	10.0
Tax Rate (%)	36.8	23.3	22.3	-21.5	32.0	32.0	32.0	32.0	20.1	32.0
Asset Quality										
Gross NPA (INR b)	88.9	91.9	96.8	98.7	100.4	101.2	101.9	102.7	98.7	102.7
Gross NPA (%)	7.0	7.3	7.7	7.5	7.5	7.4	7.3	7.1	7.5	7.1

E: MOSL Estimates



MRPL

Bloomberg	MRPL IN
Equity Shares (m)	1752.7
M. Cap. (INR b)/(USD b)	212 / 3
52-Week Range (INR)	143 / 67
1,6,12 Rel Perf. (%)	-9 / -5 / 63

Financial snapshot (INR b)

Y/E march	2017	2018E	2019E	2020E
Sales	432.1	436.9	488.2	488.2
EBITDA	47.1	37.0	40.3	40.3
Adj. PAT	25.9	17.8	20.6	21.5
Adj. EPS (INR)	14.8	10.2	11.8	12.3
EPS Gr. (%)	95.1	(31.3)	15.9	4.3
BV/Sh.(INR)	57.5	65.2	74.2	83.6
RoE (%)	31.4	16.5	16.9	15.5
RoCE (%)	19.6	12.4	13.5	13.3
Payout (%)	23.4	23.4	23.4	23.4

Valuation

P/E (x)	8.2	11.9	10.3	9.8
P/BV (x)	2.1	1.9	1.6	1.4
EV/EBITDA (x)	5.5	6.1	5.5	4.6
Div. Yield (%)	3.4	1.7	1.9	2.0

CMP: INR121 TP: INR113 (-6%) Neutral

- n We expect MRPL to report EBITDA of INR7.5b (v/s INR15.5b in 4QFY17). We estimate adjusted PAT at INR3.3b (v/s INR8.7b in 4QFY17).
- n Regional benchmark Reuters Singapore's GRM is up 28% YoY and flat QoQ at USD6.4/bbl. We model MRPL's GRM at USD5.5/bbl v/s USD8.1/bbl in 4QFY17 and USD5.3/bbl in 1QFY17 due to the shutdown at its plant.
- n We expect refinery throughput at 4mmt v/s 4.2mmt in 4QFY17 and 3.7mmt in 1QFY17.
- n For MRPL, we model GRM of ~USD6.2/bbl in FY18 and ~USD6.45/bbl in FY19/20. The stock trades at 10.3x FY19E EPS of INR11.8 and EV of 5.5x FY19E EBITDA. Maintain Neutral.

Key issues to watch for

- Ø GRM.
- Ø Forex fluctuations.
- Ø Inventory changes.

Standalone - Quarterly Earning Model

Y/E March	(INR Million)								FY17	FY18E
	FY17				FY18					
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	84,288	99,690	114,753	133,349	106,126	109,409	110,241	111,074	432,079	436,851
YoY Change (%)	-25.5	-2.5	30.1	43.5	25.9	9.7	-3.9	-16.7	9.0	1.1
Total Expenditure	72,076	91,835	103,277	117,808	98,564	99,672	100,433	101,194	384,996	399,863
EBITDA	12,212	7,855	11,476	15,540	7,562	9,737	9,809	9,881	47,083	36,988
Margins (%)	14.5	7.9	10.0	11.7	7.1	8.9	8.9	8.9	10.9	8.5
Depreciation	1,707	1,681	1,702	1,703	1,896	1,896	1,896	1,896	6,793	7,583
Interest	1,465	1,115	1,395	1,219	1,263	1,263	1,263	1,263	5,194	5,053
Other Income	2,295	926	636	375	584	584	584	584	4,232	2,336
PBT before EO expense	11,335	5,984	9,015	12,993	4,987	7,162	7,234	7,305	39,328	26,688
Extra-Ord expense	0	0	0	-15,973	0	0	0	0	-15,973	0
PBT	11,335	5,984	9,015	28,966	4,987	7,162	7,234	7,305	55,301	26,688
Tax	4,155	1,826	3,355	9,542	1,662	2,387	2,411	2,435	18,877	8,895
Rate (%)	37	31	37	33	33	33	33	33	34	33
Reported PAT	7,181	4,159	5,660	19,424	3,325	4,775	4,823	4,871	36,423	17,793
Adj. PAT	7,181	4,159	5,660	8,713	3,325	4,775	4,823	4,871	25,903	17,793
YoY Change (%)	35.9	-146.5	91.8	-35.5	-53.7	14.8	-14.8	-44.1	98.2	-31.3
Margins (%)	8.5	4.2	4.9	6.5	3.1	4.4	4.4	4.4	6.0	4.1
Key Assumptions										
Refining throughput (mmt)	3.7	4.0	4.4	4.2	4.0	4.0	4.0	4.0	16.3	16.0
Core GRM (USD/bbl)	5.3	5.5	5.1	8.1	5.5	6.4	6.4	6.4	6.0	6.2

E: MOSL Estimates



Persistent Systems

Bloomberg	PSYS IN
Equity Shares (m)	80.0
M. Cap. (INR b)/(USD b)	54 / 1
52-Week Range (INR)	710 / 501
1,6,12 Rel Perf. (%)	12 / -12 / -15

Financial Snapshot (INR b)

Y/E march	2017	2018E	2019E	2020E
Sales	28.8	31.0	34.8	38.0
EBITDA	4.7	5.2	6.1	6.6
Adj. PAT	3.1	3.5	4.2	4.7
Adj. EPS (INR)	37.7	43.9	52.3	59.3
EPS Gr. (%)	1.4	16.4	19.2	13.4
BV/Sh.(INR)	244.5	254.2	264.5	269.7
RoE (%)	17.0	18.1	20.8	22.9
RoCE (%)	16.7	16.0	17.3	20.0
Payout (%)	23.9	27.3	26.8	27.0

Valuations

P/E (x)	17.1	14.7	12.3	10.8
P/BV (x)	2.6	2.5	2.4	2.4
EV/EBITDA (x)	9.0	7.9	6.6	6.1
Div. Yield (%)	1.4	1.9	2.2	2.5

CMP: INR670 TP: INR740 (11%) Buy

- n We expect 3.4% QoQ revenue growth in 1QFY18, driven by [1] high single-digit growth in Digital (versus a CQGR of 11.5% over the past three quarters), [2] growth in IBM IoT, led by seasonal strength, [3] stability in Services and Accelerite.
- n While this is a slightly soft start to the season at 7.6% YoY, Digital should come back in the quarters going forward, to drive ~10% full-year revenue growth.
- n We are modeling EBITDA margin of 16.5% (-140bp QoQ). This is expansion of 140bp YoY from 15.1% in 1QFY17. The key headwinds of INR appreciation, visa expenses and absence of write-back of bad debt provisions should be partly negated by seasonal strength in IBM IoT.
- n Our PAT estimate for the quarter is INR758m, down 10% QoQ owing to lower margins.
- n The stock trades at 14.7x FY18E and 12.3x FY19E earnings. Buy

Key issues to watch for

- ⊗ Performance and outlook for top clients in ISV (ex-IBM).
- ⊗ Commentary on traction with Enterprise customers and potential of winning large deals.
- ⊗ Outlook on sustainable profit margins in the near to medium term.

Quarterly Performance (IFRS)

Y/E March	FY17				FY18E				FY17	FY18E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue (USD m)	104.8	105.2	110.0	109.0	112.7	116.0	121.3	121.7	429	472
QoQ (%)	4.3	0.4	4.6	-0.9	3.4	2.9	4.6	0.3	22.0	9.9
Revenue (INR m)	7,018	7,040	7,455	7,271	7,269	7,595	8,007	8,091	28,784	30,962
QoQ (%)	3.6	0.3	5.9	-2.5	0.0	4.5	5.4	1.1		
YoY (%)	40.2	29.7	25.9	7.4	3.6	7.9	7.4	11.3	24.5	7.6
GPM (%)	34.7	35.5	36.3	36.1	35.7	35.1	37.2	36.8	35.7	36.2
SGA (%)	19.6	19.8	20.4	18.2	18.7	19.0	19.0	18.9	19.5	19.4
EBITDA	1,058	1,108	1,187	1,302	1,198	1,188	1,420	1,409	4,653	5,215
EBITDA Margin (%)	15.1	15.7	15.9	17.9	16.5	15.6	17.7	17.4	16.2	16.8
EBIT Margin (%)	10.2	10.5	10.7	12.5	11.1	10.5	12.8	12.4	11.0	11.7
Other income	253	243	318	143	206	265	297	284	958	1,051
ETR (%)	24.3	25.3	26.7	19.9	25.0	25.0	25.0	25.0	24.1	25.0
PAT	733	735	819	842	758	794	991	967	3,129	3,510
QoQ (%)	-9.3	0.3	11.4	2.8	-9.9	4.7	24.7	-2.4		
YoY (%)	9.0	2.3	5.7	4.2	3.5	8.1	21.0	14.9	5.2	12.2
EPS (INR)	9.2	9.2	10.2	9.1	9.5	9.9	12.4	12.1	37.7	43.9
Headcount	9,389	9,305	9,229	9,460	9,741	9,847	10,028	10,209	9,460	10,209
Util excl. trainees (%)	75.3	74.2	78.9	77.8	78.5	78.0	78.5	78.5	76.6	77.5
Attrition (%)	16.7	15.9	15.8	15.7						
IP rev. proportion(%)	28.2	27.8	28.4	27.6	28.4	28.4	28.9	27.4	28.0	28.2

E: MOSL Estimates



1. India Gate' not registered; does not fall under GST Ambit: KRBL; Anoop Gupta, Joint MD

- n 5% GST is on the registered brand but the brand 'India Gate' is not registered. So we do not fall under any 5 percent.
- n Will be having zero taxability as far as India Gate brand is concerned
- n Company is at an advantage compared to peers and would like to increase its market share.
- n Average realisation is around USD 1,200 and EBITDA > 20% for exports
- n Company has hardly any exposure to Europe of about Rs 30-40 crore in a topline of Rs 4,000 crore.
- n Current capacity utilisation of the company is 55-60 percent.
- n Iran will stop importing rice from next month
- n Coming year season looks to be very good
- n Lowered the price of India Gate by 3-3.5 percent
- n Launching a new kind of food grain called Quinoa. It will be started in next 15 days by first week of August and the revenue expected from Quinoa in first year is Rs 100 crore.

[→ Read More](#)

2. LNG prices may remain low for 5-6 years: Petronet LNG; RK Garg, Director-Finance

- n Overall fundamentals are good and overall growth is on increasing trend
- n LNG consumption in the country during 2016 have been 19 million tonne, there has been a growth and that growth momentum would continue.
- n There is an increase in the overall demand of the gas in the country
- n Speaking about Dahej, there is a ramp up going on due to capacity expansion to 15 million tonne. Tariff increase is a yearly phenomenon and would happen in January 2018
- n Mundra terminal is getting ready by end of this year and it is in Gujarat, thought there could be some synergy with Dahej and Mundra. That is why Petronet is looking into the terminal
- n No concrete decision has been taken yet, yes we are looking into it
- n Kochi terminal may see a ramp up in 2019
- n In the next five-six years LNG prices are likely to remain low and India being a major consumer of energy and gas, we will take advantage of this low price gas in India

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3. Expect slippages in agriculture to reduce going ahead: Canara Bank; Rakesh Sharma, MD & CEO

- n Emphasis was more on retail and CASA deposits
- n Stopped taking bulk deposits.
- n Cost of deposits declined to 5.83 percent versus 6.45 percent YoY
- n Looking at loan growth of 10-11 percent for FY18.
- n Expects slippages in agriculture to reduce going ahead.

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1. Who cares about monetary policy?

n The Reserve Bank of India (RBI) will announce monetary policy in less than two weeks' time. There is already speculation about the official rate of interest, essentially based on information about softening of the inflation rate. Movements in both the Consumer Price Index for all items (CPI) and Whole Price Index (WPI) show declines much below the average inflation target of 4%. In the circumstances, it is no wonder the chief economic adviser to the ministry of finance (MoF), Arvind Subramanian, has strongly pitched for a rate cut. Bank of America-Merrill Lynch strongly favours rate cuts. A number of other commentators have taken the same position. However, the amount of rate cut is not under any serious discussion at this point in time. Do money and asset markets care for monetary policy announcements now? Don't they have solutions, digital or otherwise, to counter the different scenarios of rate cut and constancy of the rate?

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2. Indian Economy: a tale of two narratives

n There are two competing, economic narratives on India at the moment. They sit uneasily with each other. But both are correct. The first centres around the dramatic improvement in macroeconomic stability. Just four years ago, India was the poster-child of emerging market vulnerability. Double-digit inflation, and elevated fiscal and current account deficits (CAD) drove India into a mini balance of payments crisis in 2013. There is, however, a second—more sobering—narrative: of a near-term slowdown that may be hard to reverse using traditional fiscal and monetary policy. After the latest gross domestic product (GDP) revisions, the statistics have finally caught up with the economy. It's clear now that growth had begun to slow well before demonetisation.

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3. China's cashless revolution is likely to spread

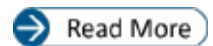
n On a recent trip to Shenzhen, in southern China, I came across a subway busker with two tip jars. The first was a cardboard box filled with coins and bills; the second was a small QR code taped to the box that allowed passersby to leave a tip by smartphone. On one level, this was simply smart business: Chinese made around \$5.5 trillion in e-payment transactions last year. But it also offered a glimpse of the future. Around the developing world, QR codes are beating out Apple Pay and other brand-name payment services for consumers and businesses keen to go cashless. China offers a useful model for that transformation—and a standard that others may soon be emulating. The QR code may seem like an unlikely candidate to foster a financial revolution. It was developed in the 1990s by Japan's Denso Corp. after customers grew dissatisfied with the limited amount of information that could be stored using traditional barcodes. In solving that problem, Denso came up with new codes that could be read 10 times more quickly than their predecessors—QR stands for "quick response."

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International

4. Taking charge at the G-20

- n Coming on the heels of prime minister Narendra Modi's recent visits to Tel Aviv and Washington, DC was the G-20 summit in Hamburg, Germany. Much of the media attention on the two-day summit focused on US President Donald Trump, his bilateral meetings with key heads of state, and whether the Trump administration would use the meeting to push a narrower agenda for globalization where protectionism and parochialism, not partnership, is emphasized. The resultant communique revealed that current US policy runs against the consensus among G-20 countries, particularly in areas like trade and climate change. The communique called for new trade deals to be reciprocal and non-discriminatory, swiftly dispensing with now seemingly archaic notions of trade liberalization. The US aside, the other 19 countries affirmed the importance of climate change, declaring the Paris Agreement as "irreversible".

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Automobiles														
Amara Raja	Buy	833	1,073	29	28.0	33.8	40.5	29.7	24.7	5.5	4.6	20.3	20.4	20.7
Ashok Ley.	Buy	106	122	15	4.6	5.5	7.1	23.1	19.2	5.1	4.4	23.3	24.5	27.1
Bajaj Auto	Buy	2,819	3,359	19	132.3	143.5	167.9	21.3	19.6	4.8	4.3	25.3	23.1	24.4
Bharat Forge	Buy	1,135	1,330	17	26.2	37.7	49.7	43.4	30.1	6.4	5.6	16.2	19.8	22.3
Bosch	Neutral	24,035	23,738	-1	473.1	649.9	766.2	50.8	37.0	8.3	7.4	15.8	21.1	21.9
CEAT	Buy	1,828	2,100	15	93.3	96.2	131.3	19.6	19.0	3.1	2.7	16.9	15.1	17.8
Eicher Mot.	Buy	29,201	31,326	7	613.8	861.2	1,102.9	47.6	33.9	16.5	11.9	40.3	40.8	38.0
Endurance Tech.	Buy	886	1,025	16	23.5	30.5	38.8	37.7	29.0	7.2	5.9	20.8	22.4	23.6
Escorts	Neutral	660	731	11	20.0	36.9	45.7	33.1	17.9	3.3	2.9	10.6	17.3	18.3
Exide Ind	Buy	218	286	31	8.2	9.7	11.9	26.8	22.6	3.7	3.3	14.0	14.8	15.9
Hero Moto	Neutral	3,730	3,666	-2	169.1	198.2	198.7	22.1	18.8	7.4	6.3	35.7	36.0	31.0
M&M	Buy	1,393	1,586	14	54.3	66.7	79.9	25.6	20.9	3.2	2.9	14.2	14.1	14.6
Mahindra CIE	Not Rated	245	-		5.4	9.9	11.8	45.8	24.9	2.8	2.5	6.4	10.8	11.5
Maruti Suzuki	Buy	7,491	8,483	13	248.6	292.6	379.7	30.1	25.6	6.3	5.4	20.3	20.8	22.8
Tata Motors	Buy	460	666	45	19.8	30.9	64.3	23.2	14.9	2.7	2.3	9.8	16.5	27.3
TVS Motor	Buy	572	606	6	11.7	16.3	25.9	48.7	35.1	11.3	9.0	25.6	28.6	35.2
Aggregate								28.9	22.4	4.9	4.3	17.1	19.0	22.6
Banks - Private														
Axis Bank	Neutral	540	500	-7	15.4	23.8	40.3	35.2	22.7	2.4	2.2	6.9	10.1	15.4
DCB Bank	Neutral	193	192	-1	7.0	8.4	10.4	27.6	23.1	2.8	2.3	10.8	11.4	11.8
Equitas Hold.	Buy	169	207	23	4.7	4.8	7.4	35.8	34.9	2.6	2.4	8.9	7.1	10.1
Federal Bank	Buy	119	134	13	4.8	5.5	6.8	24.7	21.8	2.3	1.9	9.9	10.2	10.5
HDFC Bank	Buy	1,708	1,885	10	56.8	67.1	79.4	30.1	25.4	4.9	4.4	17.9	18.2	19.0
ICICI Bank	Buy	301	340	13	15.3	15.6	17.9	19.7	19.2	2.2	2.1	10.2	9.4	10.1
IDFC Bank	Neutral	61	62	1	3.0	3.5	4.2	20.4	17.5	1.4	1.3	7.2	7.9	8.8
IndusInd	Buy	1,562	1,800	15	47.9	61.9	76.8	32.6	25.2	4.7	4.1	15.4	17.3	18.5
J&K Bank	Neutral	84	89	5	-31.3	4.4	8.0	NM	19.2	0.8	0.8	-27.0	4.0	7.0
Kotak Mah. Bk	Buy	980	1,146	17	26.8	32.2	40.4	36.5	30.4	4.7	4.2	13.8	14.9	16.1
RBL Bank	Under Review	539	-		11.9	18.0	24.2	45.3	29.9	4.8	4.2	12.3	14.9	17.5
South Indian	Buy	28	34	20	2.2	2.9	3.7	13.0	9.9	1.1	1.0	9.5	10.8	12.7
Yes Bank	Buy	1,571	2,121	35	73.0	90.7	114.6	21.5	17.3	3.4	2.9	18.9	18.0	19.5
Aggregate								29.1	23.2	3.3	3.0	11.4	12.8	14.4
Banks - PSU														
BOB	Buy	162	212	31	6.0	18.4	22.5	27.0	8.8	1.1	1.0	4.1	11.9	13.2
BOI	Neutral	151	147	-3	-14.8	13.7	22.0	NM	11.0	0.7	0.7	-6.7	6.1	9.0
Canara	Neutral	352	360	2	18.8	30.1	47.0	18.7	11.7	0.7	0.7	4.2	6.2	9.1
IDBI Bk	Neutral	58	49	-15	1.5	6.4	8.6	38.2	9.1	0.5	0.5	1.4	5.8	7.3
Indian Bk	Buy	330	357	8	29.3	33.2	38.0	11.3	9.9	1.1	1.0	10.1	10.6	11.1
OBC	Neutral	149	150	1	-31.6	17.1	21.4	NM	8.7	0.4	0.4	-8.4	4.6	5.4
PNB	Buy	157	184	17	6.2	10.3	14.5	25.2	15.3	0.9	0.8	3.6	5.6	7.5
SBI	Buy	291	362	25	0.3	17.9	23.3	977.1	16.2	1.4	1.3	-0.2	8.7	10.0
Union Bk	Neutral	154	162	6	7.6	24.6	34.5	20.1	6.2	0.5	0.5	2.7	8.1	10.5
Aggregate								108.9	13.2	1.0	0.9	0.9	6.7	8.2
NBFCs														
Bajaj Fin.	Buy	1,588	1,800	13	33.6	47.6	62.9	47.3	33.3	9.0	7.3	21.7	24.3	25.9
Bharat Fin.	Neutral	777	800	3	21.0	41.3	53.0	37.0	18.8	4.4	3.6	15.1	20.9	21.6
Cholaman. Inv. & F n	Buy	1,141	1,300	14	46.0	55.0	66.4	24.8	20.7	4.2	3.5	18.1	18.5	18.9
Dewan Hsg.	Buy	477	530	11	29.6	37.0	45.4	16.1	12.9	1.9	1.7	14.4	13.9	15.3
GRUH Fin.	Neutral	483	450	-7	8.1	9.9	12.1	59.4	48.6	17.8	14.6	32.5	33.0	32.8
HDFC	Under Review	1,651	-		46.8	50.7	55.9	35.2	32.6	6.5	5.9	19.3	18.3	17.4
Indiabulls Hsg	Buy	1,159	1,300	12	69.0	88.9	113.9	16.8	13.0	4.0	3.6	25.5	29.0	32.7
L&T Fin Holdings	Buy	153	180	18	5.2	7.2	9.6	29.2	21.3	3.4	3.0	12.4	15.3	17.5
LIC Hsg Fin	Neutral	751	750	0	38.2	47.9	53.8	19.6	15.7	3.5	3.0	19.4	20.6	19.7

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Manappuram	Not Rated	102	-		8.6	10.8	12.5	11.8	9.5	2.6	2.3	24.0	25.9	26.9
M&M Fin.	Buy	358	415	16	7.1	13.6	16.4	50.6	26.4	3.1	2.9	6.3	11.4	12.8
Muthoot Fin	Buy	460	550	19	29.5	41.0	43.3	15.6	11.2	2.8	2.4	19.4	23.2	21.4
PFC	Neutral	127	117	-8	25.7	27.2	30.2	4.9	4.7	0.8	0.7	17.9	17.0	16.8
Repco Home	Buy	812	936	15	29.1	35.8	42.5	27.9	22.7	4.5	3.8	17.4	18.1	18.2
REC	Neutral	184	134	-27	31.4	35.0	40.4	5.9	5.2	1.1	0.9	19.9	19.1	19.1
Shriram Union	City Buy	2,318	2,900	25	84.3	132.8	171.2	27.5	17.5	3.0	2.7	11.7	16.2	18.1
STF	Buy	961	1,340	40	55.6	78.5	98.5	17.3	12.2	1.9	1.7	11.7	14.7	16.3
Aggregate								19.7	16.4	3.3	2.9	16.9	17.8	17.9
Capital Goods														
ABB	Sell	1,459	1,200	-18	19.7	25.1	32.2	74.0	58.2	9.4	8.1	12.7	13.9	15.8
Bharat Elec.	Buy	173	200	16	6.9	7.2	8.1	24.9	24.1	5.1	4.0	20.6	16.5	16.8
BHEL	Sell	147	100	-32	2.1	3.6	4.7	68.2	41.2	1.1	1.1	1.6	2.7	3.4
Blue Star	Neutral	655	610	-7	12.9	17.8	26.6	50.8	36.8	8.3	7.8	18.0	21.7	30.1
CG Cons. Elec.	Buy	206	240	16	4.7	5.5	6.6	44.1	37.6	24.0	17.3	76.4	53.4	49.8
CG Power & Indu.	Sell	86	65	-24	4.1	2.3	4.5	20.9	37.5	1.3	1.2	6.2	3.4	4.2
Cummins	Buy	970	1,110	14	26.5	29.2	36.0	36.6	33.2	7.2	6.6	21.2	20.7	23.5
GE T&D	Neutral	326	320	-2	5.7	6.2	7.6	56.8	52.5	8.1	7.4	12.4	14.7	16.4
Havells	Neutral	463	455	-2	9.6	10.9	13.8	48.5	42.4	8.8	7.9	18.2	18.6	20.7
K E C Intl	Neutral	295	250	-15	11.9	12.8	16.4	24.9	23.0	4.8	4.1	21.2	19.2	20.9
L&T	Buy	1,186	1,340	13	42.3	47.1	54.0	28.0	25.2	3.3	3.1	12.2	12.6	13.4
Pennar Eng.	Not Rated	124	-		7.1	9.1	11.2	17.6	13.7	1.8	1.6	10.2	11.6	12.6
Siemens	Neutral	1,366	1,355	-1	17.8	24.3	33.3	76.7	56.3	7.1	6.2	9.3	11.0	13.7
Solar Ind	Neutral	880	825	-6	20.6	22.6	28.2	42.7	38.9	7.8	6.7	19.8	18.6	19.9
Suzlon Energy	Not Rated	19	-		0.6	0.9	1.0	29.2	21.0	-1.7	-1.8	NM	-8.8	-11.0
Thermax	Sell	934	850	-9	30.8	32.7	34.0	30.3	28.6	4.1	3.7	14.3	13.7	12.9
Va Tech Wab.	Buy	612	800	31	28.9	34.9	39.8	21.1	17.5	3.4	2.9	16.3	17.7	17.5
Voltas	Sell	491	400	-19	15.5	15.6	17.6	31.8	31.5	4.9	4.4	18.0	14.7	14.9
Aggregate								35.4	31.1	4.0	3.6	11.2	11.7	12.7
Cement														
Ambuja Cem.	Buy	262	291	11	4.9	7.3	8.2	53.6	36.1	2.7	2.6	5.1	7.3	7.8
ACC	Neutral	1,716	1,622	-5	36.1	49.8	65.0	47.5	34.5	3.7	3.6	7.9	10.6	13.1
Birla Corp.	Buy	942	1,205	28	29.4	40.9	58.9	32.1	23.0	2.2	2.1	7.5	9.2	12.2
Dalmia Bharat	Buy	2,651	3,162	19	38.8	66.7	87.1	68.4	39.7	4.7	4.3	7.2	11.3	13.1
Grasim Inds.	Neutral	1,073	1,384	29	67.9	71.2	102.6	15.8	15.1	1.7	1.6	11.5	10.9	13.9
India Cem	Neutral	209	219	5	5.6	9.3	12.9	37.2	22.4	1.3	1.2	3.4	5.5	7.2
J K Cements	Buy	979	1,287	31	33.7	40.4	53.5	29.1	24.2	3.9	3.4	14.4	15.0	17.2
JK Lakshmi Ce	Buy	464	553	19	7.0	11.4	19.2	66.7	40.7	3.9	3.6	6.0	9.2	13.8
Ramco Cem	Buy	679	823	21	27.3	31.1	37.5	24.9	21.9	4.4	3.8	19.2	18.6	19.1
Orient Cem	Buy	163	178	9	-1.6	4.6	7.0	NM	35.2	3.4	3.1	-3.2	9.2	12.6
Prism Cem	Buy	124	145	17	0.3	3.7	5.6	357.3	33.5	6.2	5.4	1.8	17.2	22.0
Shree Cem	Buy	17,870	21,052	18	384.4	454.7	575.2	46.5	39.3	8.8	7.3	20.2	20.4	21.3
Ultratech	Buy	4,143	4,936	19	96.1	91.5	138.8	43.1	45.3	4.8	4.4	11.6	10.1	14.0
Aggregate								37.1	31.3	3.6	3.3	9.7	10.5	12.9
Consumer														
Asian Paints	Neutral	1,157	1,240	7	21.0	23.1	27.4	55.0	50.0	14.6	14.0	28.5	28.6	30.6
Britannia	Buy	3,789	4,450	17	73.7	85.5	105.4	51.4	44.3	16.9	15.5	36.9	36.5	38.3
Colgate	Buy	1,063	1,335	26	21.2	25.7	31.1	50.1	41.4	22.7	21.4	50.4	53.2	60.3
Dabur	Neutral	302	315	4	7.2	7.7	9.1	41.6	39.0	11.0	9.4	28.4	26.0	26.3
Emami	Buy	1,082	1,265	17	26.5	28.3	33.9	40.8	38.3	14.0	11.8	35.8	33.4	34.1
Godrej Cons.	Neutral	956	930	-3	18.9	21.8	25.0	50.6	43.9	12.3	9.5	24.6	24.5	23.0
GSK Cons.	Sell	5,460	4,500	-18	156.1	166.3	181.9	35.0	32.8	7.4	7.2	22.2	22.1	22.4
HUL	Buy	1,153	1,285	11	19.6	22.9	27.3	58.7	50.2	37.4	36.1	65.6	73.1	82.8
ITC	Neutral	290	280	-3	8.4	9.3	10.3	34.5	31.3	7.8	7.7	23.5	24.8	26.3

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Jyothy Lab	Neutral	379	405	7	11.2	8.9	11.0	33.7	42.3	6.3	6.5	21.1	15.1	18.4
Marico	Neutral	326	360	11	6.3	6.9	8.4	51.8	46.9	18.1	15.4	36.7	35.5	38.1
Nestle	Sell	6,859	5,990	-13	118.0	118.6	139.5	58.1	57.8	21.9	20.2	39.0	36.4	39.0
Page Inds	Buy	16,833	20,195	20	238.7	317.0	400.0	70.5	53.1	28.2	22.3	40.0	42.0	42.8
Parag Milk	Neutral	248	240	-3	3.6	7.4	12.3	68.8	33.3	3.2	2.9	5.9	9.1	13.4
Pidilite Ind.	Neutral	798	835	5	16.7	18.4	21.2	47.7	43.3	12.4	10.0	28.2	25.6	24.0
P&G Hygiene	Buy	8,020	9,082	13	144.9	155.8	181.6	55.3	51.5	45.7	36.5	45.3	78.9	74.0
Prabhat Dairy	Not Rated	138	-		3.5	3.5	6.4	39.1	39.7	2.0	1.9	5.2	4.9	8.5
United Brew	Neutral	820	850	4	8.7	9.7	14.7	94.3	84.5	9.4	8.6	10.4	10.7	14.6
United Spirits	Neutral	2,700	2,415	-11	26.7	37.4	51.8	101.0	72.3	20.2	13.9	21.3	19.3	19.7
Aggregate								46.7	41.8	12.9	12.0	27.6	28.7	29.6
Healthcare														
Alembic Phar	Neutral	558	640	15	21.6	24.9	30.5	25.9	22.4	5.5	4.7	23.0	22.6	23.1
Alkem Lab	Neutral	1,801	1,900	5	75.7	79.7	95.0	23.8	22.6	5.1	4.3	23.4	20.7	21.0
Ajanta Pharma	Buy	1,466	2,028	38	58.4	66.1	79.6	25.1	22.2	8.3	6.3	37.7	32.2	29.9
Aurobindo	Buy	750	850	13	39.3	45.7	50.0	19.1	16.4	4.8	3.7	28.3	25.5	22.3
Biocon	Sell	404	300	-26	10.2	10.4	14.4	39.6	39.0	5.4	4.9	13.6	12.6	15.6
Cadila	Buy	528	510	-3	14.2	17.8	23.2	37.1	29.7	8.4	7.0	24.8	25.7	27.2
Cipla	Neutral	572	500	-13	15.9	20.0	25.0	36.0	28.6	3.7	3.3	10.2	11.5	12.8
Divis Lab	Neutral	745	600	-19	39.7	35.4	39.8	18.8	21.1	4.2	3.8	23.5	19.0	19.2
Dr Reddy's	Neutral	2,746	2,600	-5	72.6	106.2	143.0	37.8	25.9	3.7	3.1	9.6	13.2	14.9
Fortis Health	Buy	157	240	53	10.3	2.1	6.1	15.2	74.4	1.6	1.4	11.3	2.0	5.3
Glenmark	Neutral	707	800	13	39.3	42.9	51.7	18.0	16.5	4.4	3.6	24.7	21.6	20.9
Granules	Buy	145	200	38	7.2	8.2	11.5	20.1	17.8	3.7	2.6	21.1	17.7	18.8
GSK Pharma	Neutral	2,547	2,700	6	34.4	51.9	60.1	74.1	49.0	16.0	19.4	21.5	39.7	54.4
IPCA Labs	Neutral	479	480	0	16.1	21.3	28.5	29.8	22.4	2.5	2.3	8.6	10.5	12.7
Jubilant Life	Buy	740	905	22	37.0	47.1	56.7	20.0	15.7	3.4	2.8	18.1	19.5	19.6
Lupin	Buy	1,166	1,475	27	59.2	57.9	72.0	19.7	20.1	4.0	3.4	22.0	18.2	19.4
Sanofi India	Buy	4,189	4,820	15	129.1	133.6	160.6	32.4	31.3	5.6	5.2	17.1	16.6	18.1
Sun Pharma	Buy	582	650	12	26.1	25.2	30.8	22.3	23.1	3.8	3.6	18.5	16.1	17.9
Syngene Intl	Not Rated	486	-		13.0	16.1	18.0	37.4	30.1	7.5	6.2	22.2	22.5	20.7
Torrent Pharma	Buy	1,275	1,450	14	55.2	56.8	71.4	23.1	22.5	5.4	4.7	25.3	22.4	24.2
Aggregate								25.6	23.8	4.5	3.9	17.5	16.5	17.5
Logistics														
Allcargo Logistics	Buy	178	228	28	9.8	12.2	14.3	18.1	14.6	2.7	2.4	12.6	17.2	17.8
Blue Dart	Not Rated	4,490	-		102.5	129.9	163.2	43.8	34.6	19.4	14.8	50.5	48.6	46.8
Concor	Neutral	1,182	1,236	5	38.0	39.2	45.8	31.1	30.1	3.3	3.1	10.8	10.6	11.8
Gateway Distriparks	Buy	270	313	16	6.8	10.7	13.6	39.7	25.2	2.3	2.3	5.9	9.1	11.1
Gati	Not Rated	125	-		8.4	15.9	23.9	14.9	7.9	2.0	1.8	12.4	19.4	25.4
Transport Corp.	Not Rated	324	-		16.9	21.0	25.9	19.1	15.4	3.0	2.5	16.7	17.8	18.6
Aggregate								29.7	25.3	3.6	3.4	12.2	13.4	15.0
Media														
Dish TV	Buy	83	105	27	1.0	1.4	4.0	83.9	58.3	18.0	13.8	24.1	26.8	327.5
D B Corp	Buy	375	450	20	20.4	23.6	27.5	18.4	15.8	4.3	3.8	25.5	25.7	26.5
Den Net.	Neutral	79	90	14	-8.6	-2.7	0.3	NM	NM	1.5	1.6	-12.0	-5.3	0.7
Hind. Media	Buy	280	350	25	25.9	28.3	33.6	10.8	9.9	1.9	1.6	19.0	17.3	17.3
HT Media	Neutral	86	90	5	7.4	7.9	8.1	11.5	10.8	0.8	0.7	7.1	6.9	6.4
Jagran Prak.	Buy	173	225	30	10.8	12.3	14.0	16.0	14.1	2.3	2.3	17.6	16.4	17.2
PVR	Buy	1,384	1,588	15	20.5	28.9	45.1	67.4	47.8	6.7	5.9	10.4	13.2	17.7
Siti Net.	Neutral	26	32	23	-1.8	-0.1	0.5	NM	NM	3.6	3.7	-23.5	-2.0	6.9
Sun TV	Neutral	828	860	4	24.9	28.5	35.9	33.3	29.0	8.3	7.6	25.0	26.3	30.2
Zee Ent.	Buy	539	585	9	23.1	15.6	18.6	23.3	34.6	8.9	7.5	24.7	23.6	23.7
Aggregate								40.6	30.4	6.0	5.4	14.7	17.8	22.7
Metals														

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Hindalco	Buy	214	308	44	16.2	21.8	26.1	13.2	9.8	1.6	1.4	14.0	15.2	15.4
Hind. Zinc	Sell	281	246	-12	19.7	22.1	26.8	14.3	12.7	3.9	4.2	24.4	31.5	35.2
JSPL	Buy	141	190	35	-20.9	-17.2	2.4	NM	NM	0.4	0.5	-7.9	-5.4	0.8
JSW Steel	Buy	215	281	31	14.8	19.0	22.6	14.5	11.3	2.3	2.0	17.3	18.7	19.0
Nalco	Neutral	70	70	0	3.7	3.8	4.2	19.0	18.6	1.3	1.3	7.2	7.0	7.5
NMDC	Buy	124	180	46	10.0	12.1	12.2	12.4	10.2	1.7	1.6	12.4	15.0	15.5
SAIL	Sell	63	37	-41	-6.2	-10.6	-4.2	NM	NM	0.7	0.8	-6.7	-12.6	-5.5
Vedanta	Buy	270	311	15	15.1	24.5	32.2	17.8	11.0	1.7	1.6	9.7	14.6	17.9
Tata Steel	Neutral	556	583	5	37.0	50.5	66.5	15.0	11.0	1.7	1.5	15.4	14.6	17.0
Aggregate								19.4	14.9	1.6	1.5	8.2	10.3	13.2
Oil & Gas														
BPCL	Neutral	467	511	10	48.3	36.7	43.5	9.7	12.7	3.0	2.6	32.4	21.7	22.3
GAIL	Sell	379	340	-10	22.6	26.3	29.8	16.8	14.4	1.7	1.6	9.6	11.3	11.8
Gujarat Gas	Sell	767	697	-9	20.4	33.7	46.5	37.5	22.8	6.4	5.2	17.8	25.3	28.0
Gujarat St. Pet.	Neutral	172	168	-2	8.8	11.0	13.1	19.5	15.6	2.2	1.9	11.6	13.1	14.0
HPCL	Buy	367	420	14	40.7	29.5	32.6	9.0	12.4	2.8	2.4	32.4	20.6	20.0
IOC	Neutral	374	459	23	43.0	36.0	40.0	8.7	10.4	1.7	1.6	21.2	15.8	15.8
IGL	Neutral	1,124	1,070	-5	42.5	46.8	51.9	26.4	24.0	5.4	4.6	21.0	20.6	19.6
MRPL	Neutral	126	113	-10	14.8	10.2	11.8	8.5	12.4	2.2	1.9	31.4	16.5	16.9
Oil India	Buy	282	305	8	19.3	27.9	30.1	14.6	10.1	0.8	0.7	5.7	7.5	7.8
ONGC	Buy	166	195	18	16.4	17.4	19.7	10.1	9.5	1.0	0.9	10.1	9.9	10.8
PLNG	Buy	206	259	26	11.4	8.6	17.6	18.1	24.0	3.8	3.4	23.2	15.1	26.4
Reliance Ind.	Neutral	1,529	1,262	-17	106.6	122.1	131.0	14.3	12.5	1.6	1.4	11.9	11.8	11.5
Aggregate								12.1	12.3	1.6	1.5	13.3	12.0	12.4
Retail														
Jubilant Food	Sell	1,298	850	-35	10.0	14.8	20.7	129.7	87.7	10.6	9.8	8.2	11.1	14.0
Titan Co.	Neutral	530	545	3	9.0	10.3	12.1	58.7	51.5	11.1	10.2	20.6	20.6	21.6
Aggregate								64.2	55.2	11.1	10.1	17.2	18.4	19.2
Technology														
Cyient	Buy	522	600	15	30.6	35.4	41.9	17.0	14.7	2.8	2.4	16.2	16.6	17.3
HCL Tech.	Buy	885	960	8	59.8	61.4	66.7	14.8	14.4	3.7	3.7	27.5	25.2	25.8
Hexaware	Neutral	245	235	-4	13.7	15.4	16.7	17.9	15.9	4.4	3.8	26.5	25.3	23.5
Infosys	Buy	969	1,200	24	62.9	63.7	69.5	15.4	15.2	3.2	2.9	22.0	20.0	19.8
KPIT Tech	Neutral	130	150	16	11.9	10.8	11.4	10.9	12.0	1.6	1.5	14.3	13.2	12.5
L&T Infotech	Buy	784	850	8	55.5	59.1	65.1	14.1	13.3	4.9	3.8	40.4	32.5	28.4
Mindtree	Sell	484	450	-7	24.9	28.7	32.9	19.5	16.9	3.2	3.1	16.8	17.3	20.1
Mphasis	Neutral	577	600	4	38.9	42.3	46.2	14.8	13.6	2.0	2.3	13.2	14.2	16.1
NIIT Tech	Neutral	546	470	-14	42.8	41.0	47.3	12.8	13.3	2.0	1.8	16.1	14.3	15.2
Persistent Sys	Buy	657	740	13	37.7	43.9	52.3	17.4	15.0	2.7	2.6	17.0	18.1	20.8
Tata Elxsi	Buy	1,690	1,607	-5	56.3	68.0	80.4	30.0	24.9	9.4	7.6	37.1	33.7	32.3
TCS	Neutral	2,445	2,350	-4	133.4	133.6	147.7	18.3	18.3	5.5	5.8	32.6	31.1	33.5
Tech Mah	Buy	392	465	19	30.9	31.0	36.2	12.7	12.6	2.1	1.9	18.4	16.0	16.9
Wipro	Neutral	269	250	-7	16.9	17.3	18.9	15.9	15.6	2.5	2.3	16.9	15.4	15.5
Zensar Tech	Buy	812	1,020	26	54.9	62.0	74.2	14.8	13.1	2.3	2.0	16.3	16.3	17.1
Aggregate								16.7	16.6	3.8	3.7	22.9	22.4	22.2
Telecom														
Bharti Airtel	Buy	420	430	2	11.1	5.9	10.9	37.8	71.5	2.5	2.4	6.7	3.4	6.1
Bharti Infratel	Buy	406	440	8	14.9	17.2	19.3	27.3	23.6	4.8	4.2	16.2	19.1	18.7
Idea Cellular	Buy	95	110	16	-1.1	-9.7	-11.2	NM	NM	1.4	1.6	-1.6	-15.3	-20.8
Tata Comm	Buy	667	811	22	26.0	10.2	30.8	25.7	65.4	11.9	10.1	126.2	16.7	37.8
Aggregate								39.9	130.2	2.8	2.7	6.9	2.1	4.2
Utilities														
Coal India	Buy	255	315	23	14.9	17.6	18.6	17.1	14.5	6.5	6.5	37.8	44.5	47.0
CESC	Buy	899	1,140	27	51.9	78.6	86.0	17.3	11.4	1.8	1.6	10.5	14.4	13.9
JSW Energy	Buy	65	85	30	3.9	3.2	3.1	16.9	20.8	1.0	1.0	6.3	4.9	4.8

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
NTPC	Buy	165	198	20	13.0	13.4	16.2	12.7	12.3	1.4	1.3	11.5	10.9	12.3
Power Grid	Buy	219	242	11	14.2	17.6	20.6	15.4	12.4	2.3	2.0	16.2	17.5	17.8
Tata Power	Sell	83	68	-18	5.2	6.4	6.7	16.0	13.0	1.9	1.7	11.2	13.9	12.1
Aggregate								15.1	13.2	2.3	2.1	15.2	16.1	16.8
Others														
Arvind	Neutral	380	359	-5	12.4	12.5	18.1	30.6	30.3	2.7	2.6	10.3	8.8	11.8
Avenue Supermarts	Neutral	909	804	-12	7.7	12.8	17.9	118.5	70.8	14.8	12.9	17.9	19.4	23.3
Bata India	Under Review	572	-		13.5	15.7	19.4	42.3	36.4	5.5	5.0	13.9	14.4	15.8
Castrol India	Buy	405	527	30	13.6	14.4	15.0	29.7	28.0	33.6	30.1	115.2	113.3	106.1
Century Ply.	Neutral	287	323	13	8.7	9.8	12.9	33.0	29.2	8.9	7.4	31.1	27.7	29.6
Coromandel Intl	Under Review	429	-		16.6	21.8	26.1	25.8	19.7	4.3	3.8	17.5	20.6	21.6
Delta Corp	Buy	163	215	32	3.1	5.7	7.2	53.3	28.6	4.1	2.7	8.1	12.1	11.5
Dynamatic Tech	Buy	2,392	3,334	39	67.6	112.9	166.7	35.4	21.2	4.9	4.0	15.1	20.7	24.3
Eveready Inds.	Buy	333	368	11	12.9	14.4	17.5	25.8	23.1	8.4	6.7	37.7	32.3	31.6
Interglobe	Neutral	1,242	1,283	3	46.0	57.9	91.6	27.0	21.4	22.2	19.9	86.2	98.0	136.2
Indo Count	Buy	159	200	26	13.0	13.2	15.4	12.2	12.1	3.7	2.8	34.8	26.4	23.5
Info Edge	Buy	1,025	1,050	2	15.7	20.3	22.9	65.4	50.6	6.3	5.8	10.2	11.9	12.3
Inox Leisure	Sell	258	240	-7	3.3	8.0	12.0	77.5	32.2	4.5	4.0	5.9	12.5	16.2
Jain Irrigation	Under Review	110	-		5.5	7.6	10.0	19.8	14.4	1.7	1.6	8.6	11.7	14.8
Just Dial	Neutral	378	465	23	17.5	18.5	21.1	21.7	20.5	2.9	2.6	14.8	13.4	13.7
Kaveri Seed	Buy	646	755	17	19.1	31.3	37.7	33.9	20.6	4.4	4.7	13.6	21.6	26.0
Kitex Garm.	Buy	274	394	44	18.6	22.1	26.2	14.8	12.4	4.0	3.2	29.8	28.6	27.6
Manpasand	Buy	743	927	25	12.7	20.3	30.9	58.5	36.7	3.7	3.4	7.3	8.5	13.5
MCX	Buy	1,101	1,300	18	24.8	28.0	42.2	44.4	39.3	4.1	3.9	10.2	10.2	14.5
Monsanto	Buy	2,703	3,295	22	86.2	105.1	126.7	31.3	25.7	8.8	8.0	31.6	32.5	34.5
Navneet Education	Buy	175	226	29	7.8	9.4	11.3	22.6	18.5	5.6	4.8	26.8	27.8	28.2
PI Inds.	Buy	764	952	25	33.4	33.4	38.1	22.9	22.8	6.5	5.3	32.8	25.4	23.8
Piramal Enterp.	Buy	2,946	3,044	3	72.6	104.1	144.6	40.6	28.3	3.8	3.5	9.8	13.0	16.4
SRF	Buy	1,515	1,816	20	85.9	86.3	109.2	17.6	17.6	2.8	2.5	16.6	14.7	16.7
S H Kelkar	Buy	272	287	6	7.2	8.6	10.3	37.5	31.6	4.8	4.4	13.7	14.5	15.6
Symphony	Sell	1,306	1,288	-1	23.7	35.1	42.9	55.2	37.2	20.5	18.0	43.3	51.6	54.5
TTK Prestige	Neutral	6,400	5,281	-17	132.1	137.8	176.1	48.5	46.4	8.7	8.0	19.5	18.0	20.7
V-Guard	Neutral	182	167	-8	3.6	4.5	6.0	50.9	40.6	12.1	9.9	27.4	26.9	28.8
Wonderla	Buy	357	393	10	7.0	11.9	16.0	51.1	29.9	4.7	4.2	9.5	14.8	17.5



Company	1 Day (%)	1M (%)	12M (%)
Automobiles			
Amara Raja	-0.2	-0.2	-4.7
Ashok Ley.	-0.9	13.8	13.4
Bajaj Auto	-0.2	0.1	1.8
Bharat Forge	-1.2	-4.0	52.1
Bosch	-1.4	-2.7	-3.5
CEAT	-1.3	-2.2	108.1
Eicher Mot.	0.1	4.7	47.0
Endurance Tech.	0.5	-2.1	
Escorts	1.1	-8.9	165.6
Exide Ind	0.1	-3.0	23.8
Hero Moto	-1.0	-1.9	13.8
M&M	0.7	0.2	-4.6
Mahindra CIE	-1.5	1.7	33.9
Maruti Suzuki	-0.9	3.8	67.6
Tata Motors	-0.1	-1.5	-6.8
TVS Motor	-0.2	4.2	89.0
Banks - Private			
Axis Bank	3.9	5.6	-3.3
DCB Bank	-0.1	-7.6	93.9
Equitas Hold.	-0.7	6.8	-3.4
Federal Bank	3.1	-0.1	89.5
HDFC Bank	0.9	1.2	38.6
ICICI Bank	-0.5	2.7	23.5
IDFC Bank	-1.0	7.2	19.6
IndusInd	-0.9	3.1	39.7
J&K Bank	-2.8	-11.4	23.9
Kotak Mah. Bk	-1.4	-0.2	25.4
RBL Bank	0.2	5.6	
South Indian	-0.9	-3.7	44.5
Yes Bank	0.5	8.9	35.3
Banks - PSU			
BOB	-1.5	-3.3	2.7
BOI	-2.9	10.3	37.5
Canara	-5.1	-0.1	39.6
IDBI Bk	0.6	4.5	-20.5
Indian Bk	0.2	9.5	113.9
OBC	-0.5	0.1	28.5
PNB	-1.0	8.9	21.1
SBI	-0.9	0.2	25.9
Union Bk	-1.7	1.4	12.4
NBFCs			
Bajaj Fin.	2.9	12.6	83.8
Bharat Fin.	0.5	7.2	-0.6
Cholaman.Inv.&Fn	-0.7	0.9	17.8
Dewan Hsg.	1.7	3.7	117.0
GRUH Fin.	-1.2	9.1	63.7
HDFC	-0.2	1.1	23.7
Indiabulls Hsg	0.8	2.6	62.5
L&T Fin.Holdings	1.7	3.9	101.1
LIC Hsg Fin	0.0	-3.1	48.8
Manappuram	0.9	9.9	33.3
M&M Fin.	0.3	0.9	13.6
Muthoot Fin	-2.1	-0.8	65.5
PFC	2.9	-3.8	21.3
Repc Home	-0.2	-8.4	0.8
REC	0.8	-2.6	82.1
STF	-1.1	-3.0	-19.5
Shriram City Union	0.5	-4.3	21.8

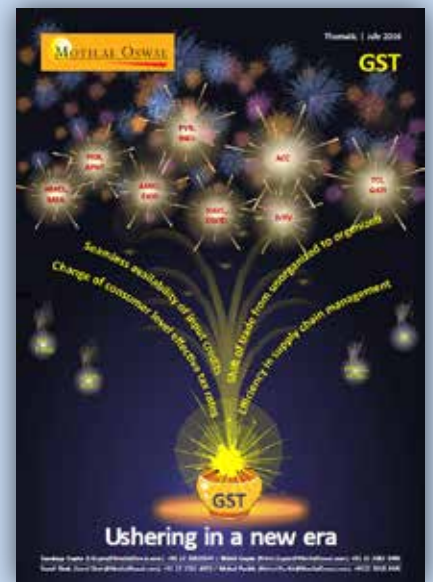
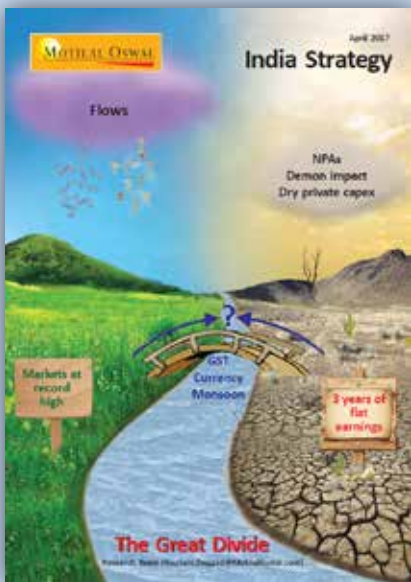
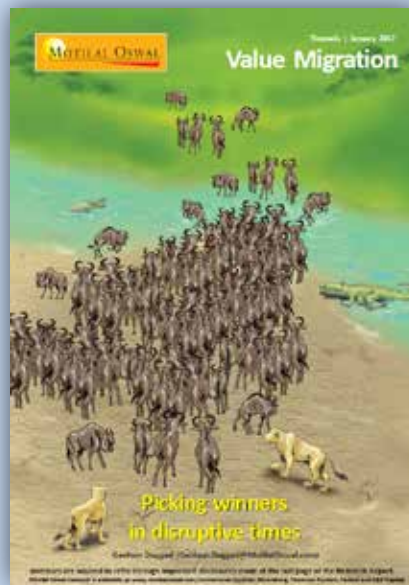
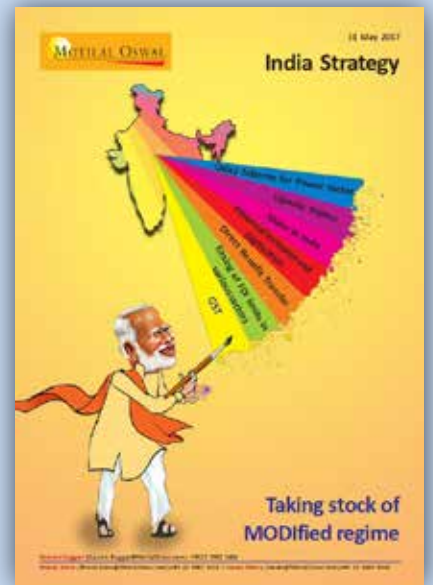
Company	1 Day (%)	1M (%)	12M (%)
Capital Goods			
ABB	0.4	-2.5	12.1
Bharat Elec.	-0.7	2.8	38.1
BHEL	0.9	6.4	1.6
Blue Star	-1.2	0.5	46.2
CG Cons. Elec.	0.9	-6.1	34.8
CG Power & Inds Sol.	0.7	1.2	16.8
Cummins	0.4	4.7	13.4
GE T&D	1.9	-4.3	-9.8
Havells	-0.9	-4.3	26.6
K E C Intl	-5.4	18.3	110.3
L&T	0.4	1.6	13.2
Pennar Eng.	-1.4	-9.1	-31.0
Siemens	0.9	2.7	1.6
Solar Ind	1.1	6.9	28.8
Suzlon Energy	0.0	-0.3	1.6
Thermax	1.8	-3.0	1.0
Va Tech Wab.	-8.7	-15.5	3.8
Voltas	-0.5	4.4	46.7
Cement			
Ambuja Cem.	-0.8	9.0	0.0
ACC	-1.0	4.1	5.0
Birla Corp.	0.8	3.0	72.7
Dalmia Bharat	-2.9	4.0	106.2
Grasim Inds.	2.2	12.6	33.2
India Cem	0.1	-3.4	80.8
J K Cements	0.3	-1.9	39.0
JK Lakshmi Ce	-1.1	-4.4	11.3
Ramco Cem	-2.5	-2.0	20.5
Orient Cem	2.1	10.0	-6.4
Prism Cem	0.8	7.4	16.2
Shree Cem	-2.1	1.7	10.2
Ultratech	-1.5	1.9	16.4
Consumer			
Asian Paints	0.1	0.5	12.4
Britannia	-0.5	5.8	35.1
Colgate	-0.8	-1.7	12.0
Dabur	-1.6	5.2	-0.7
Emami	1.1	-3.0	-2.4
Godrej Cons.	-0.4	-1.3	18.5
GSK Cons.	-0.1	2.0	-14.4
HUL	0.0	5.2	27.1
ITC	-0.6	-6.1	15.5
Jyothy Lab	3.7	-0.7	30.8
Marico	-1.5	2.5	17.1
Nestle	-1.1	2.3	3.0
Page Inds	-0.3	3.0	24.6
Parag Milk	1.1	12.8	-23.9
Pidilite Ind.	-0.2	-1.8	9.8
P&G Hygiene	-1.3	0.7	26.5
Prabhat Dairy	0.5	8.1	42.0
United Brew	-1.7	4.9	4.3
United Spirits	-1.3	18.2	12.6
Healthcare			
Alembic Phar	2.7	6.7	-5.3
Alkem Lab	1.1	-3.8	17.4
Ajanta Pharma	0.2	-4.4	-10.0
Aurobindo	-2.1	13.9	-6.0
Biocon	-3.1	20.6	70.6



Company	1 Day (%)	1M (%)	12M (%)
Cadila	-3.1	0.7	41.9
Cipla	0.6	4.7	10.4
Divis Lab	-1.3	15.8	-37.2
Dr Reddy's	-0.9	2.8	-25.4
Fortis Health	4.2	-20.8	-12.0
Glenmark	-0.1	12.5	-17.1
Granules	0.4	5.0	-1.2
GSK Pharma	-0.3	3.4	-25.1
IPCA Labs	-0.3	1.0	-1.9
Jubilant Life	2.9	5.6	136.8
Lupin	-0.5	4.8	-32.0
Sanofi India	-0.5	-1.3	-6.6
Sun Pharma	-1.0	11.1	-27.0
Syngene Intl	-1.4	4.4	15.0
Torrent Pharma	-1.8	6.7	-10.9
Logistics			
Allcargo Logistics	0.4	0.4	-5.1
Blue Dart	-1.7	6.1	-25.3
Concor	0.2	-0.4	1.7
Gateway Distriparks	1.8	5.8	-6.6
Gati	-0.2	-5.3	-29.7
Transport Corp.	0.4	4.6	50.1
Media			
Dish TV	0.8	4.5	-14.2
D B Corp	0.9	-0.6	-5.1
Den Net.	1.3	-4.8	-10.9
Hind. Media	0.5	1.6	2.6
HT Media	-2.3	5.0	8.4
Jagran Prak.	1.2	-5.2	-4.2
PVR	-0.3	-11.9	28.0
Siti Net.	-0.4	-10.8	-31.3
Sun TV	-1.0	-2.2	106.8
Zee Ent.	-0.9	6.7	16.1
Metals			
Hindalco	0.2	5.8	57.4
Hind. Zinc	0.2	11.3	44.8
JSPL	-1.5	11.7	101.9
JSW Steel	-2.2	7.8	32.6
Nalco	-1.8	10.4	46.3
NMDC	2.9	9.4	30.8
SAIL	-1.2	9.6	31.3
Vedanta	-1.3	11.9	66.8
Tata Steel	-2.6	6.5	50.9
Oil & Gas			
BPCL	-0.6	5.4	21.9
GAIL	-0.2	0.8	27.9
Gujarat Gas	0.7	-4.2	39.1
Gujarat St. Pet.	-1.4	2.6	33.9
HPCL	-4.3	3.3	47.4
IOC	-0.2	-8.9	46.0
IGL	-0.8	3.7	82.5
MRPL	-3.7	-0.9	64.2
Oil India	-0.5	-4.4	0.9
ONGC	1.7	-1.7	11.2
PLNG	0.0	-7.3	40.9
Reliance Ind.	-0.3	8.2	49.5
Retail			
Jubilant Food	0.6	40.3	13.4
Titan Co.	-0.5	0.5	29.0

Company	1 Day (%)	1M (%)	12M (%)
Technology			
Cyient	-0.4	2.9	7.0
HCL Tech.	-1.0	3.6	21.4
Hexaware	-0.9	-4.7	11.9
Infosys	-1.1	2.7	-10.5
KPIT Tech	-3.1	4.1	-2.4
L&T Infotech	-0.4	-5.0	10.4
Mindtree	-4.4	-6.8	-15.2
Mphasis	0.6	-3.0	6.9
NIIT Tech	-0.7	-5.2	16.4
Persistent Sys	-0.8	-3.5	2.5
Tata Elxsi	1.1	4.5	1.4
TCS	-0.2	0.2	-1.9
Tech Mah	-1.3	-0.7	-22.5
Wipro	-0.8	5.9	-0.1
Zensar Tech	2.2	-6.6	-19.4
Telecom			
Bharti Airtel	-0.4	14.7	15.4
Bharti Infratel	-2.2	7.5	14.3
Idea Cellular	-0.2	15.7	-10.1
Tata Comm	-1.1	-10.5	43.2
Utilities			
Coal India	0.2	0.5	-22.4
CESC	-0.4	1.3	48.6
JSW Energy	2.2	4.6	-21.7
NTPC	-1.2	4.1	5.1
Power Grid	0.2	5.2	30.3
Tata Power	-0.2	0.7	14.4
Others			
Arvind	-0.1	-0.6	19.9
Avenue Super.	-0.3	10.5	
Bata India	-0.4	7.5	0.0
Castrol India	-0.8	-1.8	-2.1
Century Ply.	-1.1	-2.1	25.7
Coromandel Intl	0.2	1.8	81.3
Delta Corp	-1.8	-0.1	76.5
Dynamatic Tech	-2.4	-6.9	-7.4
Eveready Inds.	1.7	-5.7	25.1
Interglobe	-1.4	0.9	30.7
Indo Count	-1.6	-12.1	-12.0
Info Edge	-0.5	3.4	23.6
Inox Leisure	-3.1	-9.7	4.8
Jain Irrigation	0.3	1.2	54.0
Just Dial	6.7	-7.5	-31.2
Kaveri Seed	-0.6	3.6	55.3
Kitex Garm.	1.1	-3.9	-21.4
Manpasand	0.1	-7.0	4.4
MCX	-0.5	0.9	6.1
Monsanto	-1.7	-5.2	9.4
Navneet Educat.	-1.2	-4.3	86.0
PI Inds.	-2.3	-6.2	3.7
Piramal Enterp.	-0.3	1.3	79.0
SRF	-1.0	-7.0	12.0
S H Kelkar	3.3	-3.9	17.7
Symphony	-1.0	-2.5	8.4
TTK Prestige	0.0	-4.7	34.3
V-Guard	-0.1	-2.5	84.4
Wonderla	0.2	-5.0	-11.5

THEMATIC/STRATEGY RESEARCH GALLERY



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CEAT

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DIFFERENTIATED PRODUCT GALLERY

JC LAKSHMI CEMENT

Annual Report 2017

The ABC of annual report analysis

Key highlights:

- Operating performance remains steady (FY17 vs FY16) with EBITDA up 17% to ₹2,122.74 Cr (FY16: ₹1,812.28 Cr) as healthy 22% volume growth...
- High finance and depreciation cost stays profitable...
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CornerOffice

Slow of new launches encouraging

Key highlights:

- United Breweries (UB) has started a slow of new launches in FY17 which is encouraging after the overall track of previous years...
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India Inc on Call

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BULLS & BEARS

INDIA VALUATIONS HANDBOOK

Highlights of June edition:

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FUND FOLIO

Indian Mutual Fund Tracker

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