MOTILAL OSWAL

21 September 2017

MORNING INDIA

Market snapshot

Equities - India	Close	Chg .%	YTD.%
Sensex	32,401	0.0	21.7
Nifty-50	10,141	-0.1	23.9
Nifty-M 100	19,055	-0.2	32.8
Equities-Global	**Close**	**Chg .%**	**YTD.%**
S&P 500	2,508	0.1	12.0
Nasdaq	6,456	-0.1	19.9
FTSE 100	7,272	0.0	1.8
DAX	12,569	0.1	9.5
Hang Seng	11,174	0.4	18.9
Nikkei 225	20,310	0.1	6.3
Commodities	**Close**	**Chg .%**	**YTD.%**
Brent (US$/Bbl)	56	1.4	0.5
Gold ($/OZ)	1,315	0.5	13.4
Cu (US$/MT)	6,482	-0.1	17.4
Almn (US$/MT)	2,150	2.6	26.2
Currency	**Close**	**Chg .%**	**YTD.%**
USD/INR	64.3	0.0	-5.3
USD/EUR	1.2	0.1	13.8
USD/JPY	111.4	-0.2	-4.9
YIELD (%)	**Close**	**1MChg**	**YTDchg**
10 Yrs G-Sec	6.6	0.0	0.1
10 Yrs AAA Corp	7.5	0.0	-0.1
Flows (USD b)	**20-Sep**	**MTD**	**YTD**
FIIs	-0.2	-0.8	6.1
DIIs	0.1	1.3	7.9
Volumes (INRb)	**20-Sep**	**MTD***	**YTD***
Cash	342	319	292
F&O	4,312	5,114	5,278

Note: YTD is calendar year, *Avg

Today's top research theme

THEMATIC | Staffing: Well placed! Multiple opportunities ensure sustenance of superior growth

- The Staffing industry is on a structural growth path, driven by two key themes - under penetration and formalization. These factors, in the backdrop of a favorable regulatory push are expected to result in the organized industry growing at a 22% CAGR over the next five years, and 16% CAGR for the five after that.
- The two listed companies in the sector have both adopted contrasting strategies. While Quess is expansive, broadening its offerings through acquisitions, TeamLease has been a focused staffing and HR player. Ample opportunities exist in staffing and ancillary services given which we are positive on both the companies.
- Superior growth of 25%+ is expected to continue going forward, which along with margin expansion result in compounded earnings.

Research covered

Cos/Sector	Key Highlights
Staffing	Well placed! Multiple opportunities ensure sustenance of superior growth
Reliance Inds.	TRAI boost to RJio; increasing target price
Tata Steel	Tata Thyssenkrupp JV will de-risk Tata's balance sheet
Lupin	Prepping for next wave of growth; Takeaways from CEO track
M&M	Acquires Turkish tractor company Erkunt for INR8b
Telecom	IUC impact: Cutting Bharti/Idea's EBITDA estimates
Aviation	Domestic passengers increase 15.7% in August (Monthly)

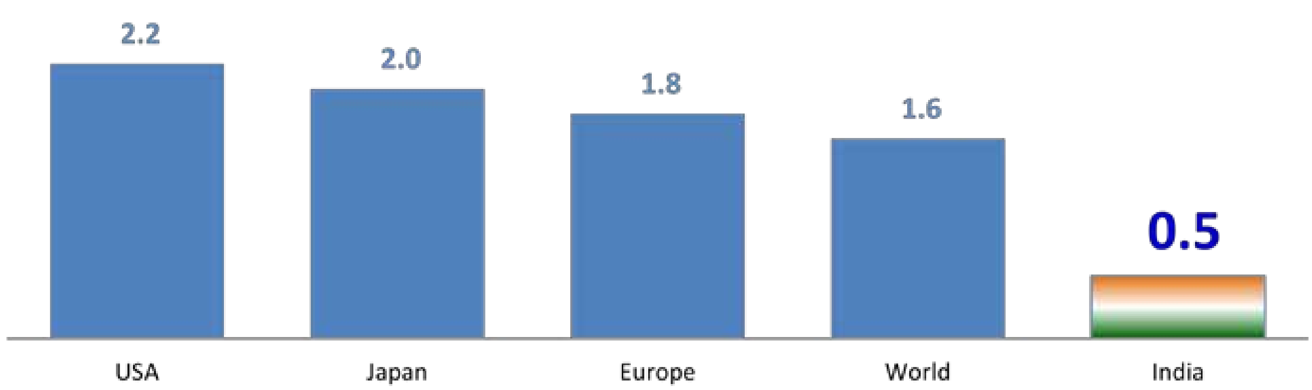
Piping hot news

Government planning additional measures to boost growth: Jaitley

- Union Finance Minister Arun Jaitley on Wednesday said the government was planning to come out with additional measures to bolster the economy that has hit a three-year low of 5.7 per cent in the first quarter of the current fiscal...

Chart of the Day: Staffing - Thematic | Well placed! Multiple opportunities ensure sustenance of superior growth

The average global flexi-staffing penetration stood at ~1.6%



Source: CIETT economic report 2016

Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

US Fed keeps rates steady, balance sheet to fall up to $10 bn per month

The US Federal Reserve left interest rates unchanged on Wednesday but signaled it still expects one more increase by the end of the year despite recent weak inflation readings...

2

SBI to hire merchant banker for sale of non-core assets

The State Bank of India (SBI) has started the process for selling some of its investments which are not critical to its core business in an attempt to shore up its capital base, two people aware of the development said. SBI has stakes in stock exchanges, depositories, clearing and warehousing corporations, and credit rating agencies...

3

Birla, Kotak look to pick 24% stake in Max Financial

Suitors are making a beeline for Max Financial Services now that the merger talks with HDFC Life have fallen through. ET NOW knows of at least two suitors that are hoping to buy a significant stake in Max Financial...

4

RBI to regulate peer-to-peer lending firms

All peer-to-peer lending (P2P) platforms will be regulated by the Reserve Bank of India (RBI), according to a government of India notification released on Wednesday...

5

National Housing Bank looks to cap loans advanced by housing finance companies

The National Housing Bank (NHB) could be looking to cap the amount of loan that can be advanced by housing financiers against property mortgaged with them, said Sriram Kalyanaraman, chairman of NHB. ...

6

Bhel eyes rail track electrification orders

State-run Bharat Heavy Electricals Ltd (Bhel), India's largest power equipment maker, is eyeing a major role in the Indian Railways' track electrification programme to tide over the uncertainties of the Indian power sector...

7

Govt mulling price cap on more medical devices

After slashing prices of coronary stents and knee implants, the government is considering capping prices of more medical devices deemed essential in health care centres to improve their affordability and accessibility—a move that is expected to hit the medical device industry...

Staffing

Well placed!

Multiple opportunities ensure sustenance of superior growth

- **Over 2009-14, the staffing industry has grown at a CAGR of 20%. Estimates for the next five years maintain the high historical growth rate seen by the industry, which is possible with the confluence of favorable macroeconomic conditions and supportive policy changes.**
- **The factors that compound the growth story are [1] India's adoption of temporary staffing stands at a third of the global average and [2] Shift of the market to the organized segment post GST implementation and other upcoming labor reforms.**
- **The industry is faced with several other growth avenues, including forays into other businesses and HR services. This could lead to a sustained period of high growth. We expect revenue CAGR of 25%+ for both Quess Corp and TeamLease over FY17-20.**
- **The staffing industry requires minimal capital expenditure and sees disproportionate increase in profitability and return ratios on gaining scale. We expect TeamLease to be the key beneficiary of an improving Associate/Core Employee ratio because of its dominance in general staffing.**
- **For Quess, we see value emerging out of its aggressive inorganic foray that has opened multiple avenues of growth and profitability expansion. Its track record on integration of acquisitions has been impeccable since inception.**
- **Recent listings of Quess Corp and TeamLease provide little history to cement the sustenance of high valuations of 40x FY18E EPS and 30x FY19E EPS. However, globally, the performance of staffing companies has been highly correlated with economic activity and the industry has seen a PEG of 1 through cycles.**
- **Apart from growth, valuations would be driven by potential headroom, breadth of services, return ratios and cash generation. We initiate coverage on TeamLease with a Buy rating and target price of INR1,990 (24% upside), and on Quess Corp with a Buy rating and target price of INR990 (18% upside).**
- **We view these companies to be on a structural growth path, led by favorable macroeconomic factors, which we believe justifies rich valuations. Growth pillars are likely to make performance sustainable over the longer term.**

Temporary staffing – an under-penetrated space

- The global workforce solutions ecosystem has staffing (70% of revenue) at its heart and supports business in multiple other ways including recruitment, payroll/compliance, contracting/consulting, talent acquisition technology, process outsourcing and other workforce solutions.
- Temporary staffing across the globe has gained prominence in the last few years, as companies seek flexibility and better cost management. This segment constitutes 2-4% of the total workforce for developed countries, and averages at 1.6% for the world. **However, it constitutes only 0.5% of the workforce in India.** A convergence to the global average itself can triple the industry.

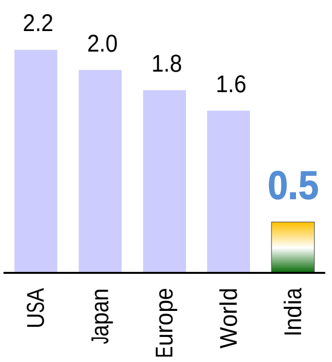
Add to this, the move towards organized players

Though India has a total workforce of ~550m people, its organized workforce stands only at ~30m (~6% of total). Similar is the story for the staffing industry. Organized players have <30% market share in the Indian staffing industry. However, the industry is increasingly moving towards organized players, as they are able to provide services at greater speed, with transparency and full compliance.

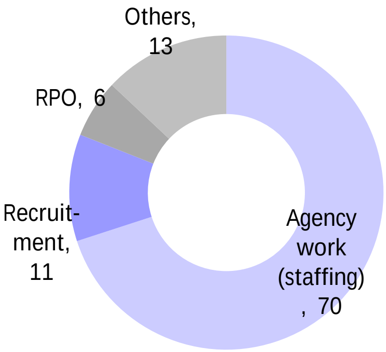
Well placed!

+91 22 3982 5585
Sagar.Lele@motilaloswal.com
Please click here for Video Link

India's flexi-staffing penetration stands at ~0.5%



Staffing constitutes to most of the human resource market



GST – a key trigger...: Currently, there are around 10,000 unorganized players in India that provide staffing services. They had been charging clients on a per employee per month basis including service tax; however, they did not remit the tax to the government. On the other hand, the organized players charged service tax to clients and remitted the amount to the government. This resulted in a non-level playing field, benefitting the unorganized players to the tune of ~15%. GST implementation is likely to shift preferences of customers towards organized players, led by the mechanism of input credit.

...And so is 80JJAA: Section 80JJAA of the Income Tax Act allows for deduction of 30% of the additional employee expenses for a period of three years provided the payments are made by cheque, draft or electronic transfers (amongst multiple other conditions). Our analysis suggests, the provisions would boost earnings for staffing companies by 20-40%, providing for another trigger towards the movement to being organized.

Other services: Smaller in size, but a good profitability boost

- The employment and recruitment industry has diversified into various ancillary services over time. Though staffing is still the most important service provided and constitutes the largest share of revenue in the employment industry, it is closely followed by recruitment. Other services including payroll, education and training, recruitment process outsourcing, and HR consultancy amongst others are gaining in importance and growing much faster.
- In the listed Indian space, Quess and TeamLease have adopted different approaches towards expansion. While Quess has been expanding in several directions (facilities management, industrial asset management, security solutions, etc), TeamLease has been focused on staffing, and may acquire for scale in this business.
- While acquisitions aimed at diversification elevate the risk of integration and management of businesses that are different from core expertise, these businesses have exhibited higher growth than staffing, and higher profitability too. This is clearly reflected in the margin differential of 2pp between the two companies.

Valuations: Steep; but so is growth!

- Quess is currently trading at 44/30x FY18/19E earnings and TeamLease at 44/29x. While valuations seem expensive; growth and positioning have been favorable, and the industry conducive for sustenance of performance.
- The opportunity is large (and multi-directional) for both Quess and TeamLease; and is largely based on the themes of under-penetration and formalization, which makes us positive on both the companies despite perfectly contrasting strategies - expansive for Quess and focused for TeamLease.
- We value Quess using DCF to reach a price target of INR990, implying an upside of 18%. Over FY17-20, we expect 28% revenue CAGR, 37% EBITDA CAGR and 58% PAT CAGR.
- We value TeamLease using DCF to reach a price target of INR1,990, implying 24% upside. Over FY17-20, we expect 25% revenue CAGR, 35% EBITDA CAGR and 26% PAT CAGR.
- Our base assumptions for the DCF is of a terminal growth rate of 5% and WACC of 12%.

Reliance Industries

BSE SENSEX	S&P CNX
32,402	10,148

CMP: INR840 TP: INR941 (+12%) Neutral

TRAI boost to RJio; increasing target price

- **The Telecom Regulatory Authority of India (TRAI) has reduced the interconnect usage charge (IUC) from 14p/min to 6p/min with effect from 1st October 2017. This would be further reduced to zero from 1st January 2020.**
- **~40% reduction in RJio's access cost would result in the company's EBITDA increasing by 43%/31% in FY19/20.**
- **We also roll over our valuation to September 2018, and increase our target price on Reliance Industries (RIL) from INR750 to INR950, implying a 13% upside.**

Stock Info

Bloomberg	RIL IN
Equity Shares (m)	6502.0
52-Week Range (INR)	861 / 466
1, 6, 12 Rel. Per (%)	4/22/42
M.Cap. (INR b)	5461.7
M.Cap. (USD b)	84.94
Avg Val, INRm	12,124
Free float (%)	55.0

Financials Snapshot (INR b)

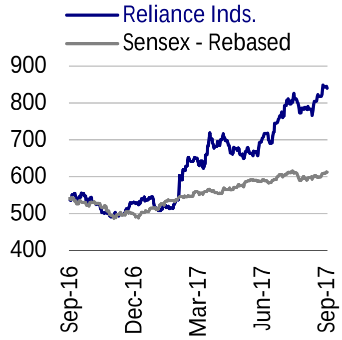
Y/E March	2017	2018E	2019E
Net Sales	2,420	3,237	3,723
EBITDA	433	524	565
Net Profit	314	367	408
EPS (INR)	48.3	56.5	62.8
EPS Gr. (%)	14.6	16.9	11.2
BV/Sh. (INR)	464	515	571
RoE (%)	11.6	12.1	12.1
RoCE (%)	9.1	10.2	10.7
P/E (x)	17.0	14.6	13.1
P/BV (x)	1.8	1.6	1.4
EV/EBITDA (x)	14.7	10.6	8.8

Shareholding pattern (%)

As On	Jun-17	Mar-17	Jun-16
Promoter	45.0	45.0	45.1
DII	11.1	11.6	13.0
FII	25.6	24.8	22.7
Others	18.3	18.6	19.3

FII Includes depository receipts

Stock Performance (1-year)



Revising RJio's EBITDA by 43%/30% for FY19/20E led by IUC savings

- Based on the reduction in the IUC rate, RJio's access cost is revised down by ~INR30b (40%) to INR44b/49b for FY19/20E. Subsequently, we have revised up our EBITDA estimates for FY19/20E by 43%/31% to INR91b/INR130b. Our subscriber and ARPU estimates for FY19/20E remains intact at 132m/156m and INR215/INR229, respectively.
- Zero IUC by 2020 may not alter the scenario significantly. We believe that, by 2020, a significant proportion (70-75%) of subscribers would be data subscribers. In the event of complimentary voice offerings, bundled (data and voice) price plans should protect incumbents' ARPUs.

RJio could choose market share over profitability

- The key question is whether RJio will pass on the benefits to feature phone subscribers to chase market share or will focus on enhancing profitability. RJio's current active subscriber market share stands at 9.6%. We believe RJio will continue tapering freebies for smartphone subscribers, even as it may extend discounts to feature phone subscribers to accelerate market share growth.
- Based on 43%/31% increase in EBITDA for FY19/20E, we increase our DCF-based TP to INR190/share (ex. bonus; prior: INR130/share). Our DCF factors in 12% WACC and 2% terminal growth.

Increasing valuation multiples; maintaining Neutral

- We have increased the refining and marketing multiples from 6x to 7x, driven largely by the better performance exhibited by the company in its refining segment in an adverse environment, due to its better risk and yield/crude management.
- Key triggers: (i) how the company further unfolds its strategy in RJio and (ii) how other core expansions take shape.
- The stock trades at 12.2x standalone FY19E P/E and 10.4x standalone FY19E EV/EBITDA. We roll over to September 2018, and increase our target price on RIL from INR750 to INR941, implying a 12% upside. Maintain **Neutral**.

20 September 2017
Update | Sector: Metals

Tata Steel

BSE SENSEX	S&P CNX
32,401	10,141

CMP: INR688 TP: INR669(-3%) Neutral

Tata Thyssenkrupp JV will de-risk Tata's balance sheet

Focus on growth over deleveraging; Maintain Neutral

- Tata Steel (TATA) has signed an MoU with ThyssenKrupp (TK) to combine Tata Steel Europe (TSE) with TK's European steel business (TK-SE) in a 50:50 joint venture (JV). Debt of EUR2.5b will be transferred by TATA and EUR4b (including Euro3.6b of unfunded pension liabilities) by TK to the JV. Assuming EUR500m of working capital loan, total net debt in the JV will be ~EUR7b, while combined EBITDA will be EUR1.5-1.6b. Thus, the JV will have net debt/EBITDA ratio of ~4.5x. TATA's net debt will decline to ~INR570b under Ind-AS accounting post formation of the JV.
- The entire process of due diligence, regulatory and anti-trust approval is expected to be concluded by end-FY19. Therefore, the JV is likely to become effective in FY20 and realize synergies of EUR400-600m over 3-5 years from now by eliminating duplication of sales, human resource, R&D and administration functions.
- The JV will have total sales of 21mt, which will require ~EUR750m of sustenance capex, ~EUR300m of finance cost and EUR100-150m of tax payout. It is likely to generate free cash flow (FCF) of EUR300-400m (EBITDA – sustenance capex – finance cost – tax), which will remain volatile depending upon market conditions. Some of expected synergies will be absorbed by the market, as has been the case in the past. Therefore, we believe the capital structure of the JV has built in enough headroom to absorb market volatility so that there will be no need of funding from the parent. This will unshackle growth of the Indian business and has been a reason for the re-rating of stock. We are increasing EV/EBITDA multiple in SOTP from 5x to 6.5x for TSE, and raising TATA's target price to INR669/sh.
- TATA (ex-JV debt) has net debt of INR570b and EBITDA of INR147b. Its strategy is to double the capacity of Indian business to 26mt in the next five years. We should expect expansion at KPO to be announced soon. TATA is likely to pursue growth aggressively rather than deleveraging, as it can always look to parent for equity support. Volatility in equity value will remain high. Management appears bullish on steel cycle, while we are cautious. There is also a risk of certain disputed liabilities materializing towards mining as mentioned in the annual report because state governments are looking to capitalize on the recent Supreme Court judgment. **Maintain Neutral**.

Stock Info

Bloomberg	TATA IN
Equity Shares (m)	971
52-Week Range (INR)	692 / 359
1, 6, 12 Rel. Per (%)	7/28/75
M.Cap. (INR b)	667.9
M.Cap. (USD b)	10.4
Avg Val (INRm)/Vol m	3059
Free float (%)	68.7

Financials Snapshot (INR b)

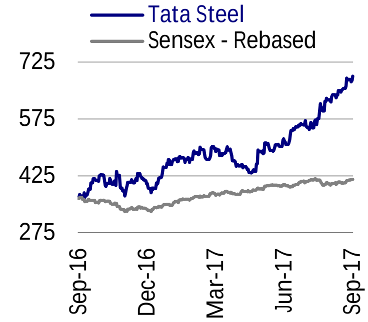
Y/E Mar	2017	2018E	2019E
Net Sales	1,123	1,241	1,257
EBITDA	170	208	203
PAT	37	63	62
EPS (INR)	37.9	65.1	64.3
Gr. (%)	394.2	71.6	-1.3
BV/Sh (INR)	330	371	425
RoE (%)	15.7	18.6	16.2
RoCE (%)	9.4	11.4	10.4
P/E (x)	18.1	10.6	10.7
P/BV (x)	2.1	1.9	1.6

Shareholding pattern (%)

As On	Jun-17	Mar-17	Jun-16
Promoter	31.4	31.4	31.4
DII	30.3	30.6	27.2
FII	13.7	14.1	13.3
Others	24.6	23.9	28.2

FII Includes depository receipts

Stock Performance (1-year)



Lupin

BSE Sensex	S&P CNX
32,401	10,141

CMP: INR1,002 TP: INR1,125 (+12%) Buy

Mr Nilesh Gupta
MD
Lupin

Financials Snapshot (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	174.9	169.1	198.6
EBITDA	44.9	36.2	46.5
Net Profit	25.6	18.7	25.4
EPS (INR)	56.6	41.4	56.3
EPS Gr.(%)	12.4	-26.9	36.0
BV/Sh. (INR)	298.9	329.8	375.5
RoE (%)	20.9	13.2	16.0
RoCE (%)	13.3	8.8	10.8
P/E (x)	17.5	24.2	17.8
P/BV (x)	3.4	3.0	2.7

Prepping for next wave of growth

Takeaways from CEO track

We hosted Mr Nilesh Gupta, Managing Director of Lupin (LPC), as part of 'CEO Track' at our annual conference. Key takeaways:

- **Mr Gupta has categorized the evolution of the Indian pharmaceutical industry into Wave 1, Wave 2 and Wave 3. According to him, the India pharma industry is at the end of Wave 2. Although the next two years will pose challenges for LPC in the US, the company will continue focusing on the complex generics, biosimilars and specialty businesses over the medium term.**
- **Mr Gupta believes that the domestic market can continue recording a 12% CAGR in the medium term. However, the overhang related to 1) new draft policy, 2) government's focus on generic-generic and 3) Jan Aushadhi scheme can exert pressure in the near term.**
- **Over 1995-2015, India became a global generic powerhouse, as exports as % of total revenues reached >45%.**
- **<u>India pharma – the road ahead</u>: In the US, channel consolidation can continue exerting additional pressure in the near term, as the last leg of consolidation will get over in the next few months. Also, GDUFA -2 will lead to faster approvals (which, in turn, will create more competition). Filing costs have also increased.**
- **<u>Quality and compliance</u>: In 2015-16, Indian facilities were issued 20 warning letters out of the total 52 (ex-US). A constantly evolving and holistic regulatory compliance effort is a must today. According to Mr Gupta, good regulatory compliance does cost money and not necessarily gets you a premium.**
- **<u>Focus areas for LPC in specialty business</u>: ADHD, movement disorders, hormones, and niche and small indications in women's health.**
- **<u>Focus areas for LPC in complex generics</u>: Inhalation and complex generics.**

Existing model facing challenges in US

Over the last two decades, the Indian pharma companies have actively transformed themselves from API manufacturers to finished dosage suppliers. Currently, ~40% of generics volumes supplied in the US are from India. Notably, five out of the top-10 global generics companies are Indian. However, Mr Gupta believes that the existing model is facing challenges, and not delivering the same kind of growth as before. In

Mahindra & Mahindra

BSE SENSEX	S&P CNX
32,402	10,148

CMP: INR1,294 TP: INR1,634(+26%) Buy

Acquires Turkish tractor company Erkunt for INR8b

Continues to expand global footprint in tractors

- Mahindra & Mahindra (MM) has acquired a 100% stake in Erkunt Traktor Sanayii A.S, a Turkish tractor player. It would also acquire up to 80% stake in the foundry business of Erkunt Sanayii A.S (Erkunt Foundry). MM would be investing ~INR8b for these acquisitions (~INR4.8b for 100% of tractor unit and ~INR3.2b for 80% of foundry unit).
- Erkunt Traktor is the fourth largest tractor brand in Turkey, with a 6% market share as of CY16. Turkey is fourth largest tractor market globally (volumes of 71k in CY16). The country is a large market for tractors, harvesters, implements and other machinery, with a total industry size of ~USD 3.5b.
- It produces 23 models of tractors in the 55-110HP range. In CY16, Erkunt sold ~4,700 tractors with revenues of ~USD88m.
- It has a strong brand image in Turkey, and is supported by a distribution network of 95 dealers. It has 326 authorized service locations across Turkey.
- Erkunt Foundry is a full service provider of castings and machined components for farm equipment, auto and construction equipment. It focuses on engine blocks, cylinder heads and transmission cases. It has a strong customer portfolio, including JCB, MAN, Ford and Deutz.
- The foundry unit recorded revenue of USD47m in CY16, with ~75% of it coming via exports to EU, the UK and other countries. Foundry business, via its three plants, has capacity of 65,000 tons of casting and 32,600 tons of machining.
- This is MM's second acquisition in Turkey, with earlier one of Hisarlar in Jan-17. Hisarlar has a strong presence in agricultural machinery (45% market share in soil preparation equipment), tractor cabins (42% market share in tractor cabins in Turkey) and machinery components. In CY15, Hisarlar had revenues of USD71m.
- MM is focused on expanding its global presence in the farm mechanization space (tractors + farm implements). This is its fourth global M&A/alliance in farm equipment (others being Mitsubishi Agri, Sampo Rosenlew and Hisarlar).
- MM is working toward becoming a truly global tractor and full-line farm machinery player, and is targeting to generate 50% of its FES revenues from global markets by FY19 (v/s ~37% in FY17). Apart from these inorganic initiatives, MM has entered large agriculture markets like Brazil and Mexico in 2016. It already has a strong presence in large markets like the US (~USD500m revenues) and China.

Valuation and view: The recovery in rural markets improves visibility of volume revival in both core businesses. After a gap of four years, both the businesses – Tractors and UVs – would be delivering double-digit growth over FY17-20. MM is one of the cheapest large-cap auto stocks, with valuation of 16.7x FY19E consolidated EPS and 14.7x FY19E core EPS (adjusted for value of subsidiaries after 20% holding discount). **Buy** with an SOTP-based target price of ~INR1,634.

Stock Info

Bloomberg	MM IN
Equity Shares (m)	592.6
52-Week Range (INR)	1460/1142
1, 6, 12 Rel. Per (%)	-8/-9/-22
M.Cap. (INR b)/ (USD b)	766.9/11.9
Avg Val, INRm	1503
Free float (%)	74.8

Financials Snapshot (INR b)

Y/E Mar	2017	2018E	2019E
Sales	437.9	496.7	568.1
EBITDA	47.7	56.7	66.9
NP (incl MVML)	37.4	38.5	46.4
Adj. EPS (INR) *	62.5	64.4	77.5
EPS Gr. (%)	12.1	2.9	20.4
Cons. EPS (INR)	54.3	68.5	82.4
BV/Sh. (INR)	432.4	475.4	530.3
RoE (%)	14.2	13.9	14.9
RoCE (%)	13.3	12.9	13.9
Payout (%)	22.7	36.9	31.0
Valuations			
P/E (x)	20.7	20.1	16.7
Cons. P/E (x)	23.8	18.9	15.7
P/BV (x)	3.0	2.7	2.4
EV/EBITDA (x)	15.6	13.1	10.9
Div. Yield (%)	1.0	1.5	1.5

* incl. MVML

At Mahindra's Farm Equipment Sector, our strategy is to globalize aggressively and also expand our portfolio to include various new categories of tractors and farm machinery. Turkey is a very important market in our globalization journey and we wish to participate in its entire agri mechanization landscape. The acquisition of Erkunt will enable Mahindra to expand its footprint in the world's 4th largest tractor market.

Dr. Pawan Goenka, MD, M&M

IUC impact: Cutting Bharti/Idea's EBITDA estimates

RJio's EBITDA raised by 43% for FY19E

Post the Telecom Regulatory Authority of India's (TRAI) cut in interconnect usage charge (IUC) to INR0.06/min from INR0.14/min, we have revised our model estimates and target price for Bharti, Idea and RJio.

- **Bharti's FY18/19E India wireless EBITDA is cut by 2.9%/4.4% and consolidated EBITDA by 1.7%/2.6%. Subsequently, we cut the target price to INR470 (prior: INR490).**
- **Idea's EBITDA is revised down by 2.5%/4% for FY18/19E. We have thus cut the target price to INR105.**
- **RJio's EBITDA for FY19/20E is raised by 43%/31%. We thus increase our DCF-based target price to INR190/share (ex-bonus; prior: INR 130).**

Bharti's consolidated EBITDA expected to drop 2.6% in FY19

Following the TRAI's reduction in IUC to INR0.06/min from INR0.14/min, we cut Bharti's India wireless EBITDA by 2.9%/4.4% for FY18/19E. The revenue impact could be to the tune of 6-7%. This is higher in comparison to the meager 1-1.5% revenue/EBITDA impact in 4QFY15 when the IUC was reduced by 33% to INR0.14, due to higher incoming traffic from RJio over the last few quarters. Consolidated EBITDA should see a relatively low impact of 1.7%/2.6% for FY18/19E.

Idea's consolidated EBITDA to drop 4% for FY19

Idea should see a lesser impact on ARPUs (v/s Bharti) due to the cut in IUC. This is because of its lower market share than Bharti. We have cut Idea's EBITDA by 2.5%/4% for FY18/19E.

Revising up RJio's EBITDA by 43%/31% led by potential IUC cut-led savings

Based on the reduction in the IUC rate to INR 0.06/min from INR0.14/min, RJio's access cost is revised down by ~INR30b (40%) to INR44b/49b for FY19/20E. Subsequently, we have revised up EBITDA estimate for FY19/20E by 43%/31% to INR91b/INR130b. Our subscriber and ARPU estimates for FY19/20E remain intact at 132m/156m and INR215/INR229, respectively. Based on the EBITDA revision, we have increased our DCF-based TP to INR190/share (ex-bonus; prior: INR130/share). Our DCF factors in 12% WACC and 2% terminal growth.

RJio could choose market share over profitability

The key question is whether RJio will pass on the benefits to feature phone subscribers to chase market share or will focus on enhancing profitability. RJio's current active subscriber market share stands at 9.6%. We believe RJio will continue tapering freebies for smartphone subscribers, even as it may extend discounts to feature phone subscribers to accelerate market share growth.

Risk of undercutting ARPUs low at IUC of INR0.06

The IUC rate will be reduced to zero only from 2020, which remains a big positive for the incumbents, in our view. The reduced IUC cost is likely to allow RJio to reduce feature phone subscriber ARPU from INR150 to INR100, assuming it passes on the gains to improve market share. This is in line with incumbents' current feature phone subscriber ARPU of INR90-100.

Zero IUC by 2020 may not alter the scenario significantly

We believe that, by 2020, a significant proportion (70-75%) of subscribers would be data subscribers. In the event of complimentary voice offerings, bundled (data and voice) price plans should protect incumbents' ARPUs.

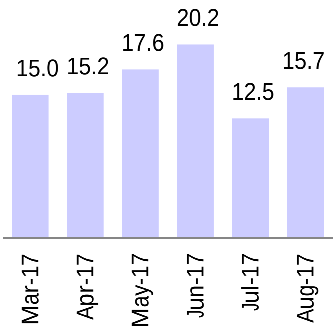
Lowering Bharti's TP to INR470 and Idea's to INR105

We have revised down Bharti's TP to INR470 (prior: INR490) and Idea's TP to INR105 (prior: INR110), led by the EBITDA cuts.

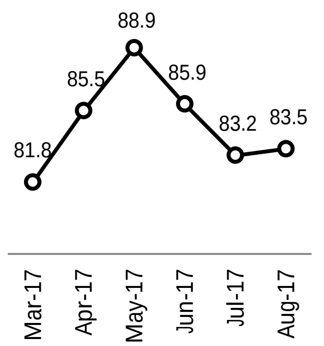
Remain positive on Bharti and Idea, though

With major regulatory headwinds behind, we believe Bharti and Idea's focus would now shift to execution. Bharti has consistently added active subscribers in the last four months, while Idea has protected its market share. We believe RJio's gradual reduction in freebies should further minimize competitive intensity, driving ARPU accretion in the market. Improving FCF generation in Bharti's Africa operations and inorganic restructuring possibilities offer further upside from the current INR80/share for Africa operations.

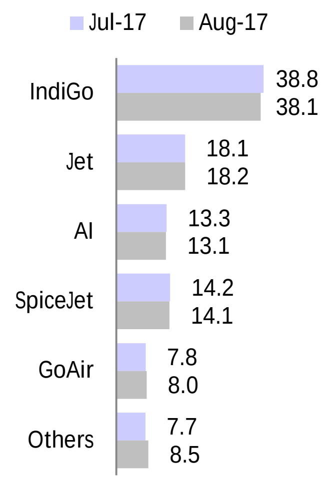
Domestic passenger growth (YoY; %)



Industry load factor (%)



Passenger market share (%)



Domestic passengers increase 15.7% in August

ASK/RPK growth for IndiGo remains muted due to engine issues

- **Domestic air passengers in India grew 15.7% YoY to 9.7m in August 2017 (v/s +12.5% YoY in July 2017). Passenger growth has been in double-digits for the last 37 months.**
- **Domestic ASK growth in August was 14% YoY (v/s +13% YoY July 2017) and RPK rose 16% YoY (v/s +12% in July 2017). While IndiGo's ASK/RPK grew 6/8% YoY due to engine issues, SpiceJet's ASK/RPK grew 31/33% YoY in August.**
- **Domestic industry load factor stood at 83.5% in August 2017 (v/s 83.2/85.9% in July/June 2017). IndiGo's load factor stood at 83.6% v/s 83.7 in July 2017.**

Domestic air passengers up 15.7% YoY to 9.7m in August

- India's domestic air passengers grew 15.7% YoY to 9.7m in August 2017. Passenger growth has been in double-digits for the last 37 months.
- IndiGo's passengers grew slower at 10% YoY in August due to engine issues.
- GoAir's passengers rose 15% YoY in August, after growing at 4% YoY in July due to engine issues.
- While IndiGo and GoAir faced engine issues, SpiceJet's domestic passenger volumes grew 29% YoY in August (v/s 36.7% YoY in July 2017).
- Passenger volume growth for the other airlines was as follows: Jet Airways: +10% YoY (v/s +6.4/9.9% YoY in July/June 2017) and Air India: +6% YoY (v/s+2.9/ -5.5% YoY in July/June 2017).

IndiGo's PAX market share stays highest; GoAir's share inches up

- IndiGo's passenger market share slipped to 38% in August 2017 (v/s 38.8/40.1% in July/June 2017).
- SpiceJet's market share stood at 14.1% (v/s 14.2/13.4% in July/June 2017).
- Jet Airways' market share remained below 20% for the 17th consecutive month at 18.2%. Prior to that, it had market share of above 20% since July 2014.
- Air India's market share stood at 13.1% (v/s 13.3/12.9% in July/June 2017).
- GoAir's market share stood at 8%; it seems to have stabilized in the 8-9% range.

Domestic ASKs grow 14.3% YoY in August 2017 (v/s +13.2% in July -17)

- IndiGo's domestic ASK increased 6.4% YoY (v/s +5.9/8.7% YoY in July/June 2017); its domestic ASK share was the highest at 39.5%.
- SpiceJet's domestic ASK grew 30.7% YoY (v/s 34.7/28.8% YoY in July/June 2017).
- Domestic ASK grew 21% YoY (v/s 16/18.5% YoY in July/June 2017) for GoAir and 13.6% YoY (v/s 14/10.9% YoY in July/June 2017) for Jet Airways.

Domestic RPKs rise 16% YoY in August-17 (v/s +12/21% YoY in July/Jun -17)

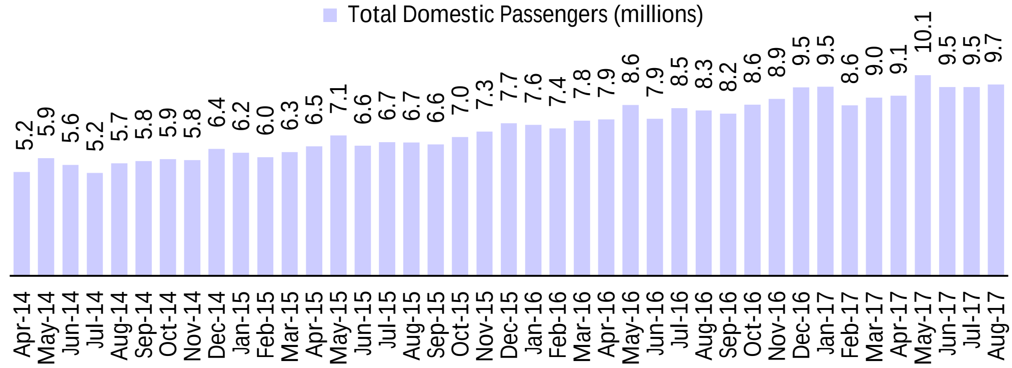
- IndiGo's RPK grew 8.3% YoY (v/s +6/22.7% YoY in July/June 2017), with the highest market share of 39.5% in August 2017.
- SpiceJet's domestic RPK grew 32.5% YoY (v/s +38.2/30.9% YoY in July/June 2017), with a market share of 13.3% in August 2017.
- GoAir's domestic RPK grew 20% YoY (v/s +6/25.3% YoY in July/June 2017), with a market share of 8.2% in August 2017.
- Jet's RPK growth stood at +13% YoY, followed by Air India (+6.4% YoY).

Domestic industry load factor at 83.5% (v/s 83.2/85.9% in July/June 2017)

- SpiceJet's load factor stood at 94.5% in August 2017 (v/s 94.4/94.5% in July/June 2017); has had 90%+ load factor for the last 28 months.
- IndiGo's load factor stood at 83.6% (v/s 83.7/87.8% in July/June 2017).
- GoAir's load factor stood at 85.4% (v/s 82.5/89.4% in July/June 2017).
- Jet reported load factor at 81% (v/s 80.3/81.2% in July/June 2017).
- Air India reported load factor at 76% (v/s 75.3/76.8% in July/June 2017).

Passenger growth has been in double-digits over the last 37 months

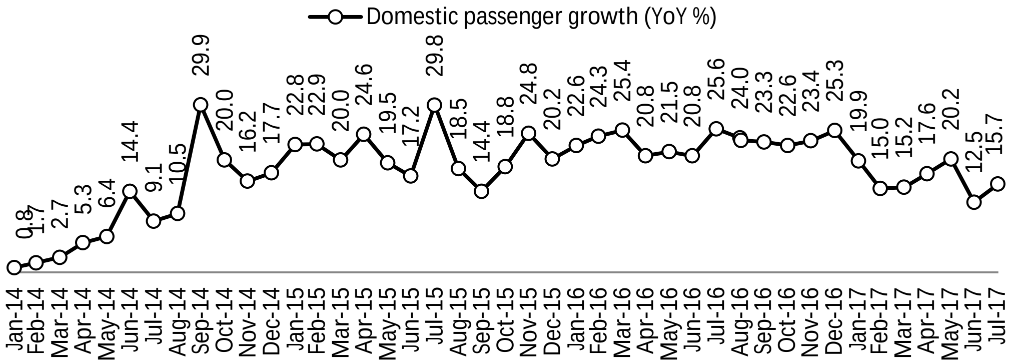
Domestic passengers grew 15.7% YoY to 9.7m in August 2017



Source: DGCA, MOSL

Domestic passenger volumes grew 15.7% YoY in August 2017

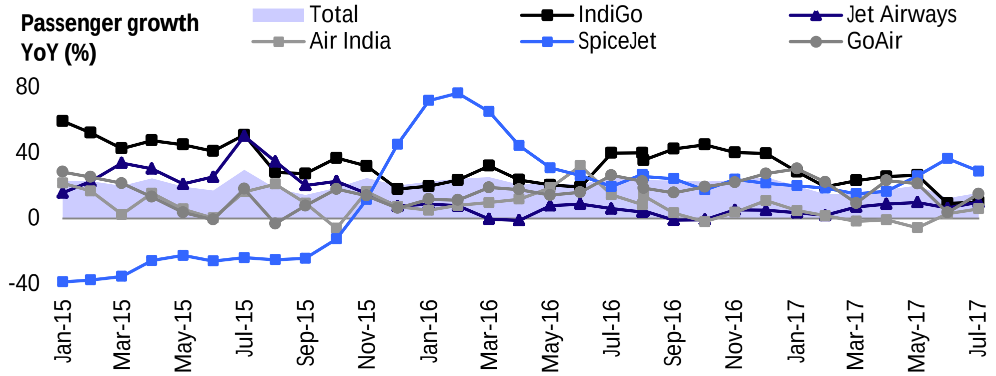
Double-digit passenger growth since August 2014



Source: DGCA, MOSL

IndiGo's passenger volumes grew 10.1% YoY in August 2017

Airline-wise passenger growth (YoY; %)



Source: DGCA, MOSL

1. Tech Mah on h-1b visa processing: critical for us to allow import of technology; Vineet Nayyar, VC

- More than being good news for company, it is a recognition by the US that even if they want to go into Make In America, they would need inputs like any other economy from outside the country, to run an efficient industrial system. Technology is one such important input.
- Therefore, for them to succeed, it was critical to allow import of technology and persons who can handle technology as India is a major provider of the same.
- Company already doing fair amount of off-shore work with US citizens. Most clients found ways of continuing work. In fact, work for company increased even during that period.
- Confident that Indian tech companies are not behind the curve because they have been in a continuous state of adaptations and have been in continuous state of being at the cutting edge.
- Will see some revenue growth going forward.

Read More

2. Orient bell : Private projects been sluggish, should see momentum in next 2 quarters; Madhur Daga, MD

- Q2 has seen a bit of revival for the company and Q1 was flattish.
- 35% of revenues come from government projects. Fairly steady and moving towards high value products.
- Private projects have been sluggish and should see some momentum in next two quarters.
- Positive effect of GST will take some time.
- Expect to post low double-digit volume growth.

Read More

3. NBCC : Expect 8-9% margins from new order; Anoop Kumar Mittal, CMD

- Confirmed that company has received Rs 4000 crore order for housing complex for Excise Department in Mumbai.
- Would take order book to Rs 8000 crore.
- Margins from new order would be around 8-9%.

Read More

4. TATA Metaliks : Evaluating all options to increase growth; Sandeep Kumar, MD

- Demand has not moved up significantly. Pig iron prices as well as coke prices have moved up.
- Current capacity around 2.1 lakh tonne per annum.
- Evaluating all options to increase growth.

Read More

1. Fiscal push is needed now, not later

- India's quarterly GDP (gross domestic product) growth declined for the sixth consecutive quarter in the three months ended 30 June. Since the first quarter of last year, growth rates have been 9.2%, 7.9%, 7.5%, 7.0%, 6.1% and 5.7%. These cannot be explained only by temporary disruptive factors like demonetization or destocking prior to the roll-out of the goods and services tax (GST). Nor can this steady decline be explained solely by global conditions. Other key indicators also corroborate this longer-term decline. Fixed capital formation as a share of the GDP has been declining for five years. Credit flow to industry has been drying up. This of course is a manifestation of the twin balance-sheet problem, namely over-leveraged corporates, and stressed bank loans. The big picture is that from a spending and demand-side perspective, all four drivers of growth are sputtering. Private investment spending (as evidenced by fixed capital formation) is growing at barely 1.6%. Exports have grown only about 1.2% last quarter. Consumer spending growth, normally a reliable and consistent driver, has dropped to 6.6% from 8.6% a year ago. Even government spending which grew at 20% last year has slowed down.

Read More

2. The market rally needs to be on a firmer footing

- Emerging market assets have soared this year on easy global liquidity, and the receding fears of synchronized interest rate hikes in the developed countries have further supported risk. Inflation has been low despite tightening labour market conditions in the US, Japan and Europe. Volatility has also been muted—though there has been the occasional geopolitical scare to provide jitters. India has not been an exception. Investors in Indian financial assets have had a good run so far this year. The sharp decline in nominal economic growth, the weak growth in corporate earnings and balance sheet stress has not come in the way of a stock market rally that now seems frothy. However, valuations based on forward earnings are getting richer by the day—though perhaps not yet in bubble territory. The benchmark Nifty index had an average forward valuation of 15.86 over the past 10 years. The forward valuation right now is 20.35.

Read More

3. Why Modi government must provide sops to encourage digital payments

- Ahead of RBI's final guidelines on merchant discount rates (MDR)—the rate that merchants pay credit card companies—the government has indicated to the central bank that it would like to see MDR for debit cards capped at Rs 200 per transaction. With debit card transactions slowing—in July this year, these added to Rs 34,600 crore as compared to Rs 58,000 crore in December 2016—the government would like to encourage digital transactions, and lowering MDR is seen as one way of encouraging merchants to accept debit cards. The idea of a cap on MDR, however, vitiates market principles. The government must try and see that less cash is used, but this cannot be at the cost of the banks or the merchants. If it believes some financial support is necessary to promote digital transactions, it must be prepared to fund the effort—after all, the government will benefit from higher taxes from the economy using less cash. Asking banks to pick up the tab will simply discourage them from putting out more Point of Sale (PoS) machines. Keep in mind, users are moving to more digital transactions anyway since they are more convenient—larger volumes will, over time, drive down costs anyway. Keep in mind, though the value of transactions is smaller compared with the December peaks, it is nevertheless twice what it was in July 2016.

Read More

4. Telecom crisis needs urgent solutions

- The Indian telecommunications sector can be considered one that has taken the country into the 21st century. In fact, if it wasn't for the post 1995 liberalisation, and the consequent entry of private telecom service providers, India would likely still be witnessing sub 1 per cent GDP growth rates, as opposed to the 6 per cent being witnessed over the last few years. With more than a billion mobile phone subscribers, 40 per cent of which are accessing the Internet via their phones, this is only expected to go much higher. The sector contributed as much 6.25 per cent to the GDP, a number expected to go up to 8.2 per cent in another three years. But despite this, the sector is currently facing its worst phase ever and needs the government to step in. The sector is currently finding it increasingly difficult to manage its cumulative debt of almost ₹5 lakh crore, with revenues of less than ₹ 1.8 lakh crore, and steadily falling. Much of the ambitious plans of the government like Digital India and Smart-cities are dependent on the sector and its sound financial health.

Read More

International

5. The EuroZone recovery achieves critical mass

- Portugal's rehabilitation in capital markets is the latest illustration of the remarkable turnround in the eurozone economy. At the height of the bloc's sovereign debt crisis, the yield on the country's benchmark 10-year bond rose above 16 per cent. This week, it fell below 2.5 per cent after S&P restored Portugal to an investment grade rating. The upgrade, and the resulting bond rally, is well deserved. It follows years of painful austerity measures that have cut the budget deficit to a 40-year low. Both the public and private sector have accepted difficult labour market reforms that are paying off — with Portuguese exporters thriving despite a resurgent euro. The Socialist-led government is pressing on with a banking sector clean-up and with fiscal consolidation. Economic growth outstripped the eurozone average last year and is expected to accelerate. Unemployment has fallen to single digits. However, the situation remains fragile. In particular, many of the jobs that have been created are low-grade and relatively insecure. And while Portugal's public finances are on the right trajectory, its debt remains huge.

Read More

Valuation snapshot

Company	Reco	CMP	TP	% Upside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
		(INR)	(INR)	Downside	FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Automobiles														
Amara Raja	Buy	780	986	26	28.0	28.2	37.9	27.8	27.6	5.1	4.5	20.3	17.3	19.9
Ashok Ley.	Buy	119	118	-1	4.6	5.2	7.0	26.2	23.1	5.7	5.0	23.1	23.2	27.0
Bajaj Auto	Buy	3,088	3,281	6	132.3	137.2	163.6	23.3	22.5	5.2	4.8	25.3	22.2	24.0
Bharat Forge	Buy	1,265	1,353	7	26.2	36.5	50.5	48.4	34.7	7.2	6.2	16.2	19.2	22.8
Bosch	Neutral	21,789	21,994	1	473.1	547.2	705.7	46.1	39.8	7.6	6.8	15.8	18.0	20.7
CEAT	Buy	1,767	2,029	15	93.3	94.2	126.8	18.9	18.8	3.0	2.6	16.9	14.8	17.3
Eicher Mot.	Buy	32,388	35,854	11	612.7	852.9	1,092.8	52.9	38.0	16.5	12.3	37.1	37.0	35.4
Endurance Tech.	Buy	1,061	1,059	0	23.5	29.3	37.9	45.2	36.2	8.6	7.2	20.8	21.6	23.3
Escorts	Neutral	672	732	9	20.0	37.1	45.8	33.7	18.1	3.4	2.9	10.6	17.3	18.3
Exide Ind	Buy	222	269	21	8.1	9.2	11.0	27.4	24.2	3.8	3.4	13.9	14.1	15.0
Hero Moto	Neutral	3,858	3,818	-1	169.1	189.3	199.1	22.8	20.4	7.6	6.6	35.7	34.6	31.5
M&M	Buy	1,293	1,625	26	54.3	68.5	82.4	23.8	18.9	3.0	2.7	14.2	13.9	14.9
Mahindra CIE	Not Rated	244	-		5.4	9.9	11.8	45.6	24.8	2.8	2.5	6.4	10.8	11.5
Maruti Suzuki	Buy	8,122	8,819	9	248.6	281.7	374.5	32.7	28.8	6.8	5.9	20.3	20.1	22.8
Tata Motors	Buy	416	542	30	19.8	22.4	59.8	21.0	18.5	2.4	2.1	9.8	12.3	26.6
TVS Motor	Buy	655	612	-7	11.7	14.4	23.7	55.8	45.5	12.9	10.7	25.6	25.7	33.6
Aggregate								**29.5**	**25.4**	**5.0**	**4.4**	**17.1**	**17.4**	**22.3**
Banks - Private														
Axis Bank	Neutral	519	545	5	15.4	21.8	38.1	33.8	23.8	2.3	2.1	6.9	9.3	14.7
DCB Bank	Neutral	197	192	-2	7.0	8.4	10.4	28.1	23.5	2.9	2.4	10.8	11.4	11.8
Equitas Hold.	Buy	162	201	24	5.0	1.7	6.1	32.1	93.5	2.5	2.4	9.5	2.6	8.7
Federal Bank	Buy	120	139	16	4.8	5.4	6.8	24.9	22.3	2.4	1.9	9.9	10.0	10.5
HDFC Bank	Buy	1,849	2,000	8	56.8	68.2	82.1	32.6	27.1	5.5	4.8	18.3	18.8	19.6
ICICI Bank	Buy	291	366	26	15.3	14.9	17.0	19.0	19.5	2.1	2.0	10.2	8.9	9.5
IDFC Bank	Neutral	60	62	3	2.3	2.8	3.2	25.7	21.6	1.4	1.3	5.6	6.3	6.9
IndusInd	Under Review	1,728	-		47.9	61.9	76.8	36.0	27.9	5.2	4.5	15.4	17.3	18.5
J&K Bank	Neutral	78	91	16	-31.3	3.8	8.2	NM	20.5	0.7	0.7	-27.0	3.5	7.2
Kotak Mah. Bk	Buy	1,025	1,153	12	26.8	32.4	41.0	38.2	31.6	4.9	4.4	13.8	15.0	16.3
RBL Bank	Under Review	531	-		11.9	18.0	23.7	44.7	29.5	4.7	3.3	12.3	13.6	13.9
South Indian	Buy	32	34	8	2.2	2.9	3.7	14.5	11.0	1.2	1.1	9.5	10.8	12.7
Yes Bank	Buy	1,879	2,133	14	73.0	92.3	114.5	25.8	20.4	4.0	3.5	18.9	18.3	19.5
Aggregate								**30.8**	**24.9**	**3.5**	**3.1**	**11.5**	**12.5**	**14.2**
Banks - PSU														
BOB	Buy	148	198	33	6.0	9.5	20.8	24.8	15.6	1.0	0.9	4.0	6.1	12.4
BOI	Neutral	157	149	-5	-14.8	-11.2	6.6	NM	NM	0.7	0.7	-6.7	-5.2	3.0
Canara	Neutral	345	360	4	18.8	30.1	47.0	18.4	11.5	0.7	0.7	4.2	6.2	9.1
IDBI Bk	Neutral	57	49	-13	1.5	6.4	8.6	37.1	8.8	0.5	0.5	1.4	5.8	7.3
Indian Bk	Buy	284	382	34	29.3	34.4	38.3	9.7	8.3	0.9	0.9	10.1	10.9	11.2
OBC	Neutral	137	150	10	-31.6	17.1	21.4	NM	8.0	0.4	0.4	-8.4	4.6	5.4
PNB	Buy	145	184	27	6.2	5.8	11.0	23.4	24.9	0.8	0.8	3.6	3.2	5.9
SBI	Buy	271	341	26	0.3	14.6	26.8	909.5	18.5	1.3	1.2	-0.2	7.0	11.4
Union Bk	Neutral	139	140	1	8.1	9.0	19.1	17.2	15.4	0.4	0.5	2.7	3.0	6.1
Aggregate								**100.0**	**17.7**	**0.9**	**0.8**	**0.9**	**4.6**	**8.3**
NBFCs														
Bajaj Fin.	Buy	1,905	1,800	-5	33.6	47.6	62.9	56.7	40.0	10.8	8.8	21.7	24.3	25.9
Bharat Fin.	Neutral	963	820	-15	21.0	31.8	68.7	45.9	30.3	5.4	4.4	15.1	16.1	28.0
Capital First	Buy	825	925	12	24.6	33.3	44.3	33.5	24.8	3.5	3.1	12.0	13.3	15.6
Cholaman.Inv.&Fn	Buy	1,171	1,400	20	46.0	56.0	67.3	25.5	20.9	4.2	3.6	18.0	18.6	19.0
Dewan Hsg.	Buy	592	630	7	29.6	37.7	47.1	20.0	15.7	2.3	2.1	14.4	14.1	15.6
GRUH Fin.	Neutral	532	450	-15	8.1	9.9	12.1	65.4	53.5	19.6	16.1	32.5	33.0	32.8
HDFC	Buy	1,767	1,900	8	46.8	52.9	59.0	37.7	33.4	7.0	6.3	18.9	19.3	18.4
Indiabulls Hsg	Buy	1,312	1,350	3	69.0	86.3	108.4	19.0	15.2	4.6	4.1	25.5	28.2	31.3
L&T Fin Holdings	Buy	208	200	-4	5.2	7.3	10.6	39.7	28.4	4.7	4.1	12.4	15.6	19.1
LIC Hsg Fin	Neutral	649	708	9	38.2	41.6	48.9	17.0	15.6	3.1	2.6	19.4	18.2	18.5

Company	Reco	CMP	TP	% Upside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
		(INR)	(INR)	Downside	FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Manappuram	Not Rated	107	-		8.6	10.8	12.5	12.4	9.9	2.7	2.4	24.0	25.9	26.9
M&M Fin.	Buy	425	459	8	7.1	13.9	17.8	60.0	30.6	3.8	3.5	6.5	12.0	14.2
Muthoot Fin	Buy	514	550	7	29.5	38.2	44.2	17.4	13.5	3.2	2.7	19.4	21.5	21.2
PFC	Neutral	134	117	-12	25.7	27.2	30.2	5.2	4.9	0.9	0.8	17.9	17.0	16.8
Repco Home	Buy	647	800	24	29.1	34.5	39.3	22.2	18.7	3.6	3.0	17.4	17.5	17.0
REC	Neutral	168	134	-20	31.4	35.0	40.4	5.4	4.8	1.0	0.9	19.9	19.1	19.1
Shriram City Union	Buy	2,130	2,800	31	84.3	121.7	164.1	25.3	17.5	2.8	2.5	11.7	15.0	17.6
STF	Buy	1,069	1,330	24	55.6	80.0	102.4	19.2	13.4	2.2	1.9	11.7	15.0	16.9
Aggregate								**21.7**	**18.2**	**3.7**	**3.2**	**16.8**	**17.6**	**18.1**
Capital Goods														
ABB	Sell	1,467	1,200	-18	19.7	22.4	31.6	74.4	65.4	9.5	8.3	12.7	12.6	15.8
Bharat Elec.	Buy	192	215	12	6.9	7.4	8.2	27.6	25.9	5.7	4.4	20.6	17.0	16.9
BHEL	Sell	134	100	-25	2.1	4.6	4.9	62.3	29.3	1.0	1.0	1.6	3.4	3.5
Blue Star	Neutral	783	650	-17	12.9	17.5	26.1	60.8	44.7	9.9	9.3	18.0	21.4	29.6
CG Cons. Elec.	Buy	223	250	12	4.7	5.0	6.4	47.6	44.2	25.9	19.1	76.4	49.7	49.7
CG Power & Indu.	Neutral	81	80	-2	4.1	2.0	2.5	19.8	40.0	1.2	1.2	6.2	3.0	3.7
Cummins	Buy	925	1,180	28	26.5	27.7	35.0	34.9	33.4	6.8	6.3	21.2	19.7	22.8
GE T&D	Neutral	411	395	-4	5.7	9.3	11.3	71.7	44.2	10.2	8.9	12.4	21.5	22.7
Havells	Neutral	515	455	-12	9.6	10.9	13.8	53.9	47.1	9.8	8.8	18.2	18.6	20.7
K E C Intl	Neutral	316	295	-6	11.9	13.1	16.4	26.6	24.1	5.1	4.4	21.2	19.5	20.9
L&T	Buy	1,235	1,380	12	42.3	46.5	56.2	29.2	26.6	3.4	3.2	12.5	12.4	13.8
Pennar Eng.	Not Rated	108	-		7.1	9.1	11.2	15.4	12.0	1.6	1.4	10.2	11.6	12.6
Siemens	Neutral	1,433	1,355	-5	17.8	22.7	33.0	80.4	63.1	7.5	6.5	9.3	10.3	13.7
Solar Ind	Neutral	935	900	-4	20.6	24.2	30.0	45.3	38.6	8.3	7.1	19.8	19.8	20.9
Suzlon Energy	Not Rated	17	-		0.6	0.9	1.0	26.4	19.0	-1.5	-1.7	NM	-8.8	-11.0
Thermax	Neutral	918	830	-10	30.8	30.0	33.2	29.8	30.6	4.1	3.7	14.3	12.7	12.8
Va Tech Wab.	Buy	639	800	25	29.8	34.6	39.8	21.5	18.5	3.5	3.0	16.8	17.6	17.4
Voltas	Sell	548	430	-22	15.5	16.8	19.1	35.5	32.6	5.5	4.9	18.0	15.8	16.0
Aggregate								**36.8**	**32.1**	**4.1**	**3.8**	**11.2**	**11.7**	**12.9**
Cement														
Ambuja Cem.	Buy	280	308	10	4.9	7.0	8.2	57.3	40.3	2.9	2.8	5.1	7.0	7.9
ACC	Neutral	1,788	1,622	-9	36.1	49.8	65.0	49.5	35.9	3.9	3.7	7.9	10.6	13.1
Birla Corp.	Buy	958	1,150	20	29.4	40.9	58.9	32.6	23.4	2.2	2.1	7.3	9.2	12.2
Dalmia Bharat	Buy	2,766	3,282	19	38.8	68.7	89.9	71.4	40.3	5.0	4.4	7.2	11.6	13.4
Grasim Inds.	Neutral	1,221	1,276	4	67.9	71.3	102.7	18.0	17.1	2.0	1.8	11.5	10.9	13.9
India Cem	Neutral	185	201	9	5.6	8.0	11.8	32.9	23.1	1.1	1.1	3.4	4.7	6.6
J K Cements	Buy	1,013	1,277	26	33.7	39.7	54.4	30.1	25.5	4.0	3.5	14.4	14.8	17.5
JK Lakshmi Ce	Buy	418	519	24	7.0	9.7	16.4	60.1	43.0	3.5	3.3	6.0	7.9	12.1
Ramco Cem	Buy	734	806	10	27.3	27.4	34.4	26.9	26.8	4.7	4.0	19.0	16.1	17.5
Orient Cem	Buy	165	185	12	-1.6	4.4	7.1	NM	37.3	3.4	3.2	-3.2	8.8	12.8
Prism Cem	Buy	109	140	29	0.3	3.5	5.6	397.6	31.2	5.7	5.0	1.4	17.0	22.9
Shree Cem	Buy	18,413	22,360	21	384.4	460.4	547.8	47.9	40.0	8.3	7.0	18.4	19.1	19.1
Ultratech	Buy	4,197	4,936	18	96.1	91.5	138.8	43.7	45.8	4.8	4.4	11.6	10.1	14.0
Aggregate								**38.5**	**33.0**	**3.7**	**3.4**	**9.6**	**10.3**	**12.7**
Consumer														
Asian Paints	Neutral	1,239	1,200	-3	21.0	22.2	26.5	58.9	55.8	15.6	14.2	28.5	26.7	28.1
Britannia	Buy	4,349	4,660	7	73.7	85.3	104.6	59.0	51.0	19.4	16.0	36.9	34.3	34.5
Colgate	Buy	1,136	1,285	13	21.2	24.4	29.8	53.5	46.5	24.3	23.0	50.4	50.8	58.2
Dabur	Neutral	315	315	0	7.2	7.7	9.1	43.4	40.7	11.4	9.8	28.4	26.0	26.3
Emami	Buy	1,139	1,310	15	26.5	26.9	33.1	42.9	42.3	14.7	12.6	35.8	32.0	33.9
Godrej Cons.	Neutral	948	995	5	18.9	21.5	24.7	50.1	44.0	12.2	9.5	24.6	24.2	22.8
GSK Cons.	Sell	5,025	4,500	-10	156.1	158.1	182.1	32.2	31.8	6.8	6.6	22.2	21.1	22.6
HUL	Buy	1,259	1,360	8	19.6	22.9	27.3	64.1	54.9	40.9	39.4	65.6	73.1	82.8
ITC	Neutral	271	280	3	8.4	9.3	10.3	32.3	29.3	7.3	7.2	23.5	24.8	26.3

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR) FY17	FY18E	FY19E	P/E (x) FY17	FY18E	P/B (x) FY17	FY18E	ROE (%) FY17	FY18E	FY19E
Jyothy Lab	Neutral	414	395	-5	11.2	9.8	11.1	36.9	42.2	6.9	7.0	21.1	16.5	18.4
Marico	Neutral	331	355	7	6.3	6.8	8.2	52.6	48.5	18.4	15.7	36.7	34.9	37.7
Nestle	Neutral	7,223	6,160	-15	118.0	115.1	133.6	61.2	62.8	23.1	21.5	39.0	35.5	38.1
Page Inds	Buy	19,039	19,600	3	238.7	294.7	398.4	79.8	64.6	31.9	25.6	40.0	39.6	43.1
Parag Milk	Neutral	243	245	1	3.6	9.1	12.5	67.4	26.7	3.1	2.8	6.0	11.0	13.3
Pidilite Ind.	Neutral	851	810	-5	16.7	18.1	20.6	50.9	47.1	13.2	10.8	28.2	25.2	23.5
P&G Hygiene	Neutral	8,418	8,800	5	132.9	151.6	176.0	63.3	55.5	39.7	32.9	39.3	64.9	62.8
Prabhat Dairy	Not Rated	133	-		3.5	3.5	6.4	37.6	38.2	1.9	1.8	5.2	4.9	8.5
United Brew	Neutral	800	875	9	8.7	10.1	15.0	92.0	79.4	9.2	8.4	10.4	11.0	14.7
United Spirits	Neutral	2,628	2,525	-4	26.7	34.5	51.5	98.3	76.2	19.7	13.7	21.3	18.0	20.3
Aggregate								**47.7**	**43.1**	**13.1**	**12.1**	**27.5**	**28.2**	**29.3**
Healthcare														
Alembic Phar	Neutral	479	510	6	21.6	20.5	25.5	22.2	23.4	4.8	4.2	23.0	19.0	20.4
Alkem Lab	Neutral	1,754	1,830	4	75.7	73.5	91.6	23.2	23.9	5.0	4.3	23.4	19.2	20.5
Ajanta Pharma	Buy	1,204	1,606	33	58.4	52.8	64.2	20.6	22.8	6.8	5.4	37.7	26.5	25.9
Aurobindo	Buy	746	850	14	39.3	44.9	50.0	19.0	16.6	4.7	3.7	27.6	24.8	22.1
Biocon	Sell	355	330	-7	10.2	9.7	14.2	34.8	36.5	4.4	4.1	12.3	11.1	14.5
Cadila	Buy	487	555	14	14.2	17.9	24.1	34.3	27.2	7.2	6.0	23.0	23.9	26.3
Cipla	Neutral	569	520	-9	15.9	21.1	26.0	35.8	26.9	3.7	3.3	10.2	12.1	13.2
Divis Lab	Neutral	943	720	-24	39.7	33.6	40.0	23.8	28.1	5.3	4.8	23.5	18.1	19.4
Dr Reddy's	Neutral	2,314	2,400	4	72.6	79.6	120.1	31.9	29.1	3.1	2.9	9.7	10.6	14.3
Fortis Health	Buy	154	220	43	10.3	2.2	5.6	14.8	70.3	1.6	1.4	11.3	2.1	4.9
Glenmark	Neutral	611	775	27	39.3	42.9	51.7	15.6	14.2	3.8	3.1	24.7	21.6	20.9
Granules	Buy	132	200	52	7.2	8.2	11.5	18.2	16.1	3.3	2.3	21.1	17.7	18.8
GSK Pharma	Neutral	2,388	2,500	5	34.4	46.8	54.9	69.5	51.0	10.1	11.7	14.5	23.0	30.9
IPCA Labs	Neutral	492	430	-13	16.1	16.6	26.8	30.6	29.6	2.5	2.4	8.6	8.2	12.2
Jubilant Life	Buy	690	905	31	37.0	47.1	56.7	18.7	14.7	3.1	2.6	18.1	19.5	19.6
Lupin	Buy	1,002	1,125	12	55.8	41.4	56.3	18.0	24.2	3.4	3.0	20.6	13.2	16.0
Sanofi India	Buy	4,085	4,820	18	129.1	133.6	160.6	31.6	30.6	5.4	5.1	17.1	16.6	18.1
Shilpa Medicare	Buy	580	805	39	14.0	21.1	30.4	41.4	27.5	5.1	4.3	14.4	17.0	20.4
Strides Shasun	Buy	1,015	1,300	28	32.3	47.4	74.8	31.5	21.4	3.3	3.0	10.7	14.7	20.2
Sun Pharma	Buy	506	515	2	26.1	15.1	23.3	19.4	33.6	3.3	3.4	18.5	10.0	14.7
Syngene Intl	Not Rated	475	-		13.0	16.1	18.0	36.5	29.4	7.4	6.0	22.2	22.5	20.7
Torrent Pharma	Neutral	1,258	1,350	7	55.2	53.4	67.3	22.8	23.6	4.9	4.3	23.8	19.5	21.5
Aggregate								**23.8**	**26.1**	**4.0**	**3.7**	**16.9**	**14.0**	**16.3**
Logistics														
Allcargo Logistics	Buy	173	212	23	9.8	11.2	13.3	17.6	15.4	2.6	2.3	12.6	16.0	16.8
Blue Dart	Not Rated	4,258	-		102.5	129.9	163.2	41.5	32.8	18.4	14.0	50.5	48.6	46.8
Concor	Neutral	1,364	1,214	-11	38.0	42.1	48.6	35.9	32.4	3.8	3.6	10.8	11.3	12.4
Gateway Distriparks	Buy	232	272	17	6.8	9.0	12.4	34.0	25.8	2.5	2.4	7.3	9.4	12.4
Gati	Not Rated	117	-		8.4	15.9	23.9	14.0	7.4	1.9	1.7	12.4	19.4	25.4
Transport Corp.	Not Rated	288	-		16.9	21.0	25.9	17.0	13.7	2.6	2.3	16.7	17.8	18.6
Aggregate								**31.7**	**26.6**	**3.9**	**3.7**	**12.4**	**13.8**	**15.4**
Media														
Dish TV	Buy	77	106	37	1.0	1.3	4.3	78.1	59.0	16.8	13.0	24.1	24.9	99.2
D B Corp	Buy	368	450	22	20.4	23.7	27.6	18.1	15.5	4.2	3.8	25.5	25.8	26.6
Den Net.	Neutral	93	90	-3	-8.6	-2.7	0.3	NM	NM	1.7	1.9	-12.0	-5.3	0.7
Ent.Network	Neutral	829	928	12	11.4	13.4	21.7	72.5	62.0	4.6	4.3	6.7	7.2	10.7
Hind. Media	Buy	274	350	28	25.9	28.3	33.6	10.6	9.7	1.8	1.5	19.0	17.3	17.3
HT Media	Neutral	104	90	-13	7.4	7.9	8.1	14.0	13.1	0.9	0.9	7.1	6.9	6.4
Jagran Prak.	Buy	182	225	24	10.8	12.4	14.1	16.9	14.7	2.5	2.4	17.6	16.5	17.4
Music Broadcast	Buy	388	469	21	6.4	9.3	14.0	60.4	41.7	4.0	3.7	11.2	9.3	12.4
PVR	Buy	1,312	1,628	24	20.5	30.9	46.9	63.9	42.5	6.4	5.6	10.4	14.0	18.2
Siti Net.	Neutral	25	32	27	-1.8	-0.3	0.4	NM	NM	3.5	3.6	-23.5	-4.1	6.2

Company	Reco	CMP	TP	% Upside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
		(INR)	(INR)	Downside	FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Sun TV	Neutral	842	860	2	24.9	28.5	35.9	33.9	29.5	8.0	7.4	23.6	25.0	28.8
Zee Ent.	Buy	549	630	15	23.1	14.7	18.9	23.8	37.3	9.1	7.8	24.7	22.6	24.5
Aggregate								**41.6**	**31.8**	**5.8**	**5.3**	**14.0**	**16.7**	**21.3**
Metals														
Hindalco	Buy	245	310	27	8.6	19.8	24.5	28.6	12.3	1.9	1.7	7.4	14.3	15.4
Hind. Zinc	Neutral	305	301	-1	19.7	22.2	29.3	15.5	13.8	4.2	4.5	24.4	31.5	38.0
JSPL	Buy	153	194	27	-20.9	-15.8	2.0	NM	NM	0.5	0.5	-7.9	-4.9	0.6
JSW Steel	Buy	259	297	15	14.8	21.9	25.7	17.5	11.8	2.8	2.3	17.3	21.3	20.8
Nalco	Neutral	82	63	-24	3.7	3.5	4.2	22.4	23.8	1.6	1.5	7.2	6.5	7.7
NMDC	Buy	131	180	37	10.0	12.4	12.1	13.2	10.5	1.8	1.7	12.8	15.2	15.6
SAIL	Sell	62	30	-52	-6.2	-7.7	-4.2	NM	NM	0.7	0.8	-6.7	-9.1	-5.3
Vedanta	Buy	323	361	12	15.1	23.9	37.4	21.3	13.5	2.0	1.9	9.7	14.2	20.4
Tata Steel	Neutral	688	591	-14	37.9	65.1	64.3	18.1	10.6	2.1	1.9	15.7	18.6	16.2
Aggregate								**23.7**	**15.6**	**1.8**	**1.7**	**7.6**	**11.2**	**14.0**
Oil & Gas														
BPCL	Buy	496	640	29	48.3	49.1	51.6	10.3	10.1	3.2	2.6	32.4	28.4	25.1
GAIL	Sell	417	346	-17	22.6	26.5	31.3	18.5	15.7	1.8	1.7	9.6	11.3	12.4
Gujarat Gas	Sell	834	691	-17	20.4	37.2	46.1	41.0	22.4	7.0	5.6	17.8	27.6	27.4
Gujarat St. Pet.	Neutral	208	171	-18	8.8	11.1	13.3	23.6	18.6	2.6	2.3	11.6	13.2	14.2
HPCL	Buy	452	583	29	40.7	45.9	42.9	11.1	9.8	3.4	2.8	32.4	31.0	24.2
IOC	Buy	414	558	35	43.0	52.6	46.9	9.6	7.9	1.9	1.6	21.2	22.5	17.5
IGL	Neutral	1,496	1,152	-23	44.0	49.9	56.3	34.0	30.0	7.2	6.1	21.0	21.9	20.9
MRPL	Sell	135	113	-16	14.8	9.4	11.7	9.1	14.3	2.3	2.1	31.4	15.5	17.0
Oil India	Buy	328	316	-4	19.3	27.9	31.1	17.0	11.7	0.9	0.9	5.7	7.5	8.0
ONGC	Buy	168	195	16	16.4	16.5	19.7	10.2	10.2	1.0	0.9	10.1	9.4	10.9
PLNG	Buy	235	274	16	11.4	14.0	17.9	20.7	16.8	4.4	3.7	23.2	23.7	25.5
Reliance Ind.	Neutral	847	750	-12	48.3	57.8	64.1	17.5	14.7	1.8	1.6	11.6	12.3	12.3
Aggregate								**13.2**	**11.8**	**1.8**	**1.6**	**13.3**	**13.5**	**13.2**
Retail														
Jubilant Food	Sell	1,405	850	-39	10.0	14.8	20.7	140.4	94.8	11.5	10.6	8.2	11.1	14.0
Titan Co.	Neutral	630	565	-10	9.0	10.6	12.6	69.8	59.4	13.2	12.1	20.6	21.3	22.2
Aggregate								**76.9**	**64.1**	**13.2**	**12.1**	**17.2**	**18.9**	**19.6**
Technology														
Cyient	Buy	495	600	21	30.6	35.4	41.9	16.1	14.0	2.6	2.3	16.2	16.6	17.3
HCL Tech.	Neutral	887	950	7	59.8	61.8	65.9	14.8	14.4	3.7	3.3	27.5	24.9	23.8
Hexaware	Neutral	276	250	-9	13.7	15.7	16.5	20.2	17.6	4.9	4.2	26.5	25.7	23.1
Infosys	Buy	912	1,050	15	62.9	62.2	67.2	14.5	14.7	3.0	2.7	22.0	19.6	19.3
KPIT Tech	Neutral	124	140	13	11.9	10.6	13.1	10.4	11.7	1.6	1.4	14.3	13.0	14.2
L&T Infotech	Buy	770	880	14	55.5	60.2	68.0	13.9	12.8	4.8	3.8	40.4	33.0	29.4
Mindtree	Neutral	465	450	-3	24.9	28.7	32.9	18.7	16.2	3.0	3.0	16.8	17.3	20.1
Mphasis	Neutral	612	610	0	38.9	40.3	43.0	15.7	15.2	2.1	2.2	13.2	14.5	16.2
NIIT Tech	Neutral	533	540	1	38.0	42.3	48.7	14.0	12.6	1.9	1.8	13.7	14.4	15.4
Persistent Sys	Buy	633	750	18	37.7	43.3	52.0	16.8	14.6	2.6	2.5	17.0	17.9	20.7
Tata Elxsi	Buy	882	996	13	28.1	33.7	39.8	31.3	26.2	9.8	7.9	37.1	33.5	32.2
TCS	Neutral	2,492	2,350	-6	133.4	133.6	147.7	18.7	18.7	5.6	6.0	32.6	31.1	33.5
Tech Mah	Buy	449	490	9	30.9	34.0	36.8	14.5	13.2	2.4	2.2	18.4	17.4	16.9
Wipro	Neutral	292	270	-7	16.9	18.1	19.1	17.3	16.1	2.8	2.7	16.9	16.1	16.1
Zensar Tech	Buy	748	950	27	52.1	51.9	70.0	14.4	14.4	2.3	2.1	17.2	15.0	17.9
Aggregate								**16.8**	**16.7**	**3.8**	**3.8**	**22.9**	**22.8**	**22.0**
Telecom														
Bharti Airtel	Buy	396	490	24	11.1	4.3	6.6	35.7	91.3	2.3	2.3	6.7	2.5	3.8
Bharti Infratel	Buy	393	480	22	14.9	17.9	20.4	26.5	21.9	4.7	4.1	16.2	19.8	19.4
Idea Cellular	Buy	80	110	37	-1.1	-10.9	-11.3	NM	NM	1.2	1.4	-1.6	-17.3	-21.7
Tata Comm	Buy	695	775	12	27.2	8.7	26.1	25.5	79.8	12.4	10.8	132.2	14.5	33.6
Aggregate								**37.3**	**206.7**	**2.6**	**2.6**	**6.9**	**1.2**	**2.8**

Company	Reco	CMP	TP	% Upside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
		(INR)	(INR)	Downside	FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Utiltites														
Coal India	Buy	256	305	19	14.9	19.8	22.0	17.2	13.0	6.5	6.2	37.8	47.6	50.5
CESC	Buy	1,062	1,360	28	51.9	88.9	99.3	20.5	12.0	1.3	1.2	6.5	10.6	10.8
JSW Energy	Sell	79	49	-38	3.8	3.4	2.7	20.7	23.5	1.3	1.2	6.3	5.3	4.2
NTPC	Buy	167	211	26	12.0	13.3	15.7	14.0	12.6	1.4	1.3	10.5	10.9	11.9
Power Grid	Buy	213	262	23	14.2	17.4	20.6	14.9	12.2	2.3	2.0	16.2	17.3	17.8
Tata Power	Sell	84	68	-19	5.2	6.4	6.7	16.3	13.2	1.9	1.7	11.2	13.9	12.1
Aggregate								**15.8**	**13.0**	**2.3**	**2.1**	**14.5**	**16.4**	**17.2**
Others														
Arvind	Neutral	405	375	-7	12.4	12.9	18.6	32.7	31.3	2.9	2.7	10.3	9.1	12.0
Avenue Supermarts	Neutral	1,084	882	-19	7.7	12.7	17.6	141.3	85.2	17.6	15.4	17.9	19.3	23.0
Bata India	Under Review	729	-		13.5	15.7	19.4	53.9	46.4	7.1	6.3	13.9	14.4	15.8
BSE	Neutral	1,018	1,100	8	41.0	42.2	44.6	24.8	24.1	2.1	2.0	8.3	8.5	7.7
Castrol India	Buy	383	489	28	13.6	13.9	14.0	28.1	27.6	31.8	28.6	115.2	108.9	99.2
Century Ply.	Neutral	249	323	30	8.7	9.8	12.9	28.7	25.3	7.8	6.4	31.1	27.7	29.6
Coromandel Intl	Buy	431	523	21	16.6	24.1	29.0	25.9	17.8	4.3	3.7	17.5	22.5	23.4
Delta Corp	Buy	197	243	23	3.1	5.9	8.1	64.6	33.6	5.0	3.3	8.1	12.5	12.9
Dynamatic Tech	Buy	2,209	3,334	51	67.6	112.9	166.7	32.7	19.6	4.5	3.7	15.1	20.7	24.3
Eveready Inds.	Buy	307	358	17	12.9	13.6	16.3	23.8	22.5	7.7	6.3	37.7	30.8	30.1
Interglobe	Neutral	1,131	1,312	16	46.0	63.9	93.7	24.6	17.7	20.2	18.0	86.2	107.5	137.7
Indo Count	Neutral	118	129	10	13.0	8.9	10.8	9.0	13.2	2.7	2.2	34.8	18.6	18.3
Info Edge	Buy	1,092	1,130	3	15.7	21.8	24.7	69.7	50.2	6.7	6.1	10.2	12.7	13.1
Inox Leisure	Sell	236	240	2	3.3	8.0	12.0	70.7	29.4	4.1	3.6	5.9	12.5	16.2
Jain Irrigation	Under Review	106	-		5.5	7.6	10.0	19.2	14.0	1.6	1.6	8.6	11.7	14.8
Just Dial	Neutral	402	465	16	17.5	18.5	21.1	23.1	21.8	3.1	2.8	14.8	13.4	13.7
Kaveri Seed	Buy	574	738	28	19.1	34.0	41.0	30.1	16.9	3.9	4.1	13.6	23.3	27.4
Kitex Garm.	Buy	223	394	77	18.6	22.1	26.2	12.0	10.1	3.2	2.6	29.8	28.6	27.6
Manpasand	Buy	964	926	-4	12.7	20.2	30.9	75.9	47.8	4.8	4.4	7.3	8.5	13.5
MCX	Buy	1,097	1,230	12	24.8	29.4	40.7	44.2	37.3	4.1	3.9	9.9	10.7	13.9
Monsanto	Buy	2,510	3,295	31	86.2	105.1	126.7	29.1	23.9	8.2	7.4	31.6	32.5	34.5
Navneet Education	Buy	175	215	23	7.8	8.7	10.8	22.6	20.0	5.6	4.8	26.8	26.0	27.4
PI Inds.	Buy	770	894	16	33.4	30.4	35.8	23.1	25.3	6.5	5.4	32.8	23.4	22.9
Piramal Enterp.	Buy	2,808	3,044	8	72.6	104.1	144.6	38.7	27.0	3.7	3.4	9.8	13.0	16.4
SRF	Buy	1,601	1,648	3	85.9	80.2	103.0	18.6	20.0	2.9	2.6	16.6	13.7	16.0
S H Kelkar	Buy	266	298	12	7.2	7.6	9.9	36.8	35.1	4.7	4.3	13.7	12.9	15.2
Symphony	Sell	1,412	1,288	-9	23.7	35.1	42.9	59.7	40.2	22.1	19.5	43.3	51.6	54.5
Trident	Buy	107	114	7	6.6	8.3	10.4	16.1	12.9	2.0	1.8	13.0	14.5	16.1
TTK Prestige	Neutral	6,321	5,281	-16	132.1	137.8	176.1	47.9	45.9	8.6	7.9	19.5	18.0	20.7
V-Guard	Neutral	199	167	-16	3.6	4.5	6.0	55.8	44.5	13.3	10.9	27.4	26.9	28.8
Wonderla	Buy	357	393	10	7.0	11.9	16.0	51.0	29.9	4.7	4.2	9.5	14.8	17.5

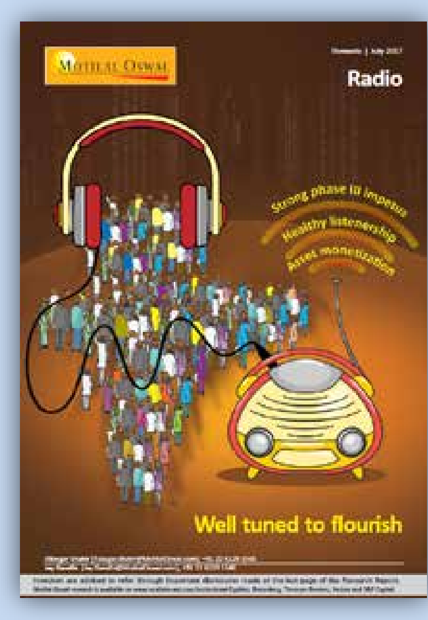
Company	1 Day (%)	1M (%)	12M (%)
Automobiles			
Amara Raja	0.0	-2.1	-21.5
Ashok Ley.	1.0	15.0	42.0
Bajaj Auto	-0.9	9.7	6.9
Bharat Forge	-0.2	8.0	41.8
Bosch	-0.3	-1.0	-6.4
CEAT	-0.4	4.0	55.5
Eicher Mot.	0.1	3.0	38.7
Endurance Tech.	0.4	7.7	
Escorts	-0.5	7.3	83.4
Exide Ind	-1.8	6.4	14.0
Hero Moto	-2.3	-3.1	11.2
M&M	-0.1	-5.7	-8.3
Mahindra CIE	-1.4	3.7	29.0
Maruti Suzuki	-0.3	6.6	47.3
Tata Motors	-2.0	9.1	-24.1
TVS Motor	-0.6	12.2	96.8
Banks - Private			
Axis Bank	-0.3	5.8	-12.4
DCB Bank	0.8	7.5	60.7
Equitas Hold.	-0.6	2.1	-8.2
Federal Bank	1.0	10.7	67.3
HDFC Bank	-0.1	5.4	43.6
ICICI Bank	-1.2	-0.8	17.6
IDFC Bank	0.2	7.4	-11.6
IndusInd	-1.0	6.7	45.9
J&K Bank	-1.3	-4.1	-5.8
Kotak Mah. Bk	-0.9	4.3	29.2
RBL Bank	-0.7	1.3	78.7
South Indian	8.4	13.1	49.6
Yes Bank	0.8	9.2	56.0
Banks - PSU			
BOB	2.8	0.9	-11.0
BOI	1.3	9.4	34.4
Canara	0.7	3.9	16.8
IDBI Bk	0.3	4.6	-23.2
Indian Bk	-0.1	-6.3	31.5
OBC	1.8	11.1	7.9
PNB	0.9	2.2	5.6
SBI	1.0	-2.9	6.4
Union Bk	1.5	5.3	-1.7
NBFCs			
Bajaj Fin.	-0.4	11.6	77.2
Bharat Fin.	1.4	9.9	23.4
Capital First	-0.4	13.0	21.5
Cholaman.Inv.&Fn	0.2	1.4	8.3
Dewan Hsg.	-3.0	31.6	109.3
GRUH Fin.	-1.0	10.4	66.7
HDFC	0.8	1.8	26.8
Indiabulls Hsg	0.3	9.2	63.3
L&T Fin.Holdings	-0.7	18.1	126.3
LIC Hsg Fin	-0.2	-1.5	14.0
Manappuram	-1.3	26.0	11.3
M&M Fin.	-1.7	2.4	26.4
Muthoot Fin	0.7	10.7	45.1
PFC	-0.6	8.7	10.9
Repco Home	0.1	-2.4	-23.0
REC	-0.1	0.8	40.7
STF	-0.3	10.1	-6.3
Shriram City Union	0.4	-0.7	-1.1

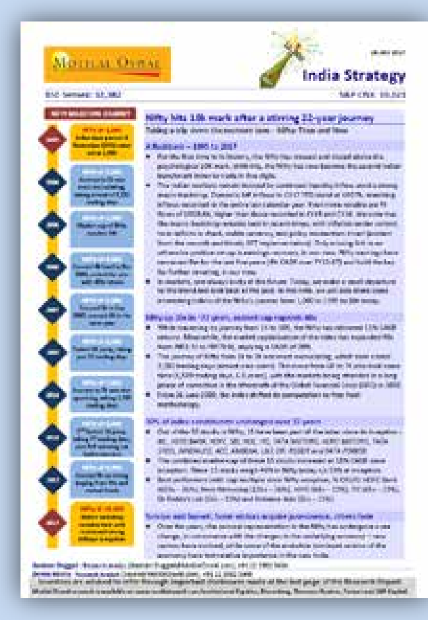
Company	1 Day (%)	1M (%)	12M (%)
Capital Goods			
ABB	1.8	7.6	27.1
Bharat Elec.	0.1	5.1	54.6
BHEL	-0.5	3.2	-8.1
Blue Star	0.1	9.7	49.1
CG Cons. Elec.	1.8	-1.1	42.0
CG Power & Inds Sol.	-0.6	-0.2	0.1
Cummins	-0.9	3.0	1.0
GE T&D	-0.3	8.3	20.5
Havells	0.9	7.9	24.9
K E C Intl	0.6	6.9	153.3
L&T	0.7	9.2	25.6
Pennar Eng.	0.8	17.4	-36.1
Siemens	1.9	9.7	14.9
Solar Ind	-0.7	8.2	45.1
Suzlon Energy	0.3	-1.2	5.3
Thermax	-1.8	2.5	4.6
Va Tech Wab.	-0.2	1.4	16.2
Voltas	0.0	2.1	43.2
Cement			
Ambuja Cem.	-1.4	1.9	5.0
ACC	-1.6	-0.1	9.3
Birla Corp.	-0.2	1.1	47.4
Dalmia Bharat	-0.9	6.2	68.4
Grasim Inds.	-0.1	11.4	50.0
India Cem	-2.6	1.2	23.5
J K Cements	-0.9	0.7	26.9
JK Lakshmi Ce	-0.2	0.1	-10.0
Ramco Cem	-0.6	7.6	25.3
Orient Cem	0.8	6.3	-15.9
Prism Cem	-2.3	-3.0	1.9
Shree Cem	-0.4	6.5	9.4
Ultratech	0.2	4.7	5.3
Consumer			
Asian Paints	-1.1	8.7	6.2
Britannia	-0.3	2.4	27.5
Colgate	-0.7	6.3	18.1
Dabur	0.0	1.2	8.1
Emami	-0.3	3.6	-5.9
Godrej Cons.	-0.7	3.0	15.9
GSK Cons.	0.1	-6.9	-18.4
HUL	-1.7	4.9	39.4
ITC	1.3	-3.8	5.5
Jyothy Lab	-3.9	10.1	18.8
Marico	-0.3	3.6	13.5
Nestle	-0.7	8.7	14.0
Page Inds	-1.9	11.6	26.4
Parag Milk	-1.6	3.0	-25.0
Pidilite Ind.	-0.1	3.9	19.8
P&G Hygiene	-0.3	2.4	25.6
Prabhat Dairy	-1.2	1.7	34.7
United Brew	0.1	-0.1	-8.5
United Spirits	-1.4	1.0	13.8
Healthcare			
Alembic Phar	-1.0	-7.0	-26.5
Alkem Lab	-1.4	-2.2	3.2
Ajanta Pharma	0.3	-0.1	-38.7
Aurobindo	-0.3	5.9	-7.4
Biocon	-1.3	7.9	10.9
Cadila	0.4	2.8	23.8
Cipla	-0.9	0.5	-5.5

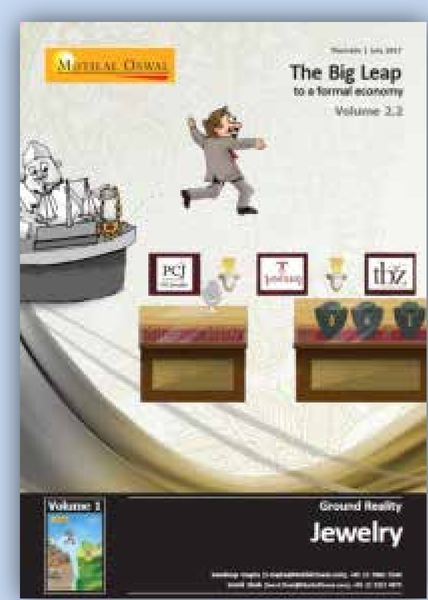
Company	1 Day (%)	1M (%)	12M (%)
Divis Lab	9.1	48.7	-29.7
Dr Reddy's	3.3	16.7	-26.8
Fortis Health	-0.2	5.8	-11.0
Glenmark	-0.7	0.1	-32.5
Granules	-0.1	3.7	8.5
GSK Pharma	-0.6	-0.1	-15.6
IPCA Labs	0.3	19.1	-16.7
Jubilant Life	-1.3	-1.8	16.9
Lupin	-0.4	6.5	-35.3
Sanofi India	1.0	1.3	-4.7
Shilpa Medicare	0.0	2.7	7.1
Strides Shasun	0.7	12.0	-2.8
Sun Pharma	-2.0	7.8	-34.9
Syngene Intl	-1.3	4.7	0.5
Torrent Pharma	0.5	-0.8	-21.6
Logistics			
Allcargo Logistics	-2.0	4.7	-10.2
Blue Dart	-2.2	4.6	-22.3
Concor	0.6	8.7	30.1
Gateway Distriparks	-1.4	-5.1	-11.7
Gati	1.3	6.8	-15.4
Transport Corp.	-2.0	3.9	44.8
Media			
Dish TV	-0.8	-1.2	-21.9
D B Corp	-1.4	-1.8	-7.2
Den Net.	-1.8	11.3	14.8
Ent.Network	-0.7	4.8	1.7
Hind. Media	1.4	1.4	-3.8
HT Media	-1.5	19.5	26.2
Jagran Prak.	-0.7	5.7	-3.1
Music Broadcast	-0.9	3.9	
PVR	-1.8	-0.7	6.7
Siti Net.	0.2	0.2	-27.4
Sun TV	-1.0	13.6	73.3
Zee Ent.	0.7	7.0	4.5
Metals			
Hindalco	-0.8	6.5	68.4
Hind. Zinc	-1.1	3.7	38.2
JSPL	0.8	12.2	87.5
JSW Steel	-1.0	9.2	47.2
Nalco	2.5	18.0	79.0
NMDC	-1.3	8.5	27.3
SAIL	-0.1	4.4	30.8
Vedanta	0.0	8.4	96.9
Tata Steel	1.6	10.0	88.2
Oil & Gas			
BPCL	-2.0	-1.3	27.1
GAIL	-0.8	9.2	44.2
Gujarat Gas	-1.3	8.3	34.2
Gujarat St. Pet.	2.0	12.6	37.5
HPCL	-1.9	2.1	68.8
IOC	-1.0	-3.0	45.2
IGL	0.8	16.9	99.7
MRPL	-1.7	8.0	50.8
Oil India	-0.6	14.3	7.8
ONGC	1.0	4.2	-2.5
PLNG	-0.7	2.6	40.7
Reliance Ind.	0.8	7.5	57.7
Retail			
Jubilant Food	0.7	0.6	48.8
Titan Co.	-1.5	0.9	56.7

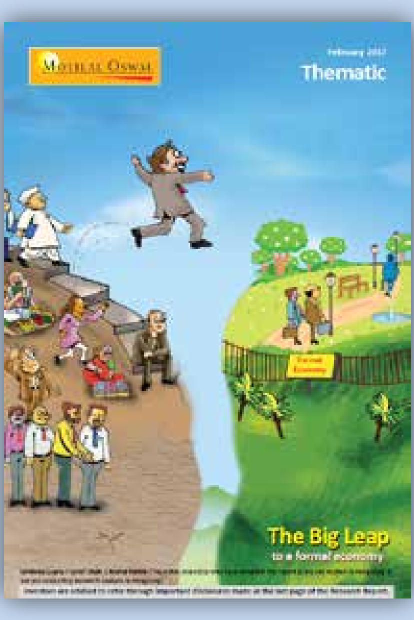
Company	1 Day (%)	1M (%)	12M (%)
Technology			
Cyient	-1.0	-3.1	5.2
HCL Tech.	-0.8	1.2	11.9
Hexaware	-1.1	0.9	40.5
Infosys	0.1	-1.2	-13.2
KPIT Tech	2.1	9.0	-5.5
L&T Infotech	-0.2	-0.2	20.9
Mindtree	-1.5	-0.2	-7.4
Mphasis	-1.4	3.1	21.1
NIIT Tech	5.4	7.2	30.4
Persistent Sys	1.0	2.0	4.6
Quess Corp	0.3	-5.6	58.2
Tata Elxsi	-0.5	4.8	13.9
TCS	-0.2	-0.8	3.4
Tech Mah	0.5	4.9	-3.1
Team Lease Serv.	3.9	9.0	46.1
Wipro	1.0	1.2	21.5
Zensar Tech	-0.4	-6.3	-26.1
Telecom			
Bharti Airtel	0.4	-6.0	23.9
Bharti Infratel	-0.9	-0.3	10.5
Idea Cellular	-3.4	-11.2	-4.4
Tata Comm	-1.6	8.5	31.9
Utiltites			
Coal India	-0.7	5.4	-22.2
CESC	-0.9	12.8	65.4
JSW Energy	0.6	24.2	-0.1
NTPC	-0.9	-3.4	9.1
Power Grid	-1.2	-4.5	19.6
Tata Power	-0.8	4.8	11.2
Others			
Arvind	-1.3	9.3	22.2
Avenue Super.	0.4	17.1	
Bata India	-0.7	7.2	39.8
BSE	-0.1	1.9	
Castrol India	-0.1	-1.1	-16.7
Century Ply.	0.8	0.2	5.5
Coromandel Intl	2.2	-3.2	72.8
Delta Corp	-1.9	15.9	17.4
Dynamatic Tech	0.2	4.7	-26.0
Eveready Inds.	-1.3	0.6	13.3
Interglobe	-1.5	-11.0	31.6
Indo Count	-0.5	2.5	-21.1
Info Edge	-3.8	14.8	27.2
Inox Leisure	-0.4	-0.6	-12.8
Jain Irrigation	2.4	8.3	9.5
Just Dial	-1.9	10.8	-14.0
Kaveri Seed	0.4	2.4	61.4
Kitex Garm.	-2.0	-5.1	-35.3
Manpasand	-0.2	17.3	35.7
MCX	-0.9	6.1	8.7
Monsanto	0.7	2.8	4.8
Navneet Educat.	-0.4	11.3	67.8
PI Inds.	-0.3	1.2	-5.9
Piramal Enterp.	1.0	4.0	49.0
SRF	-0.9	7.4	-1.4
S H Kelkar	-1.4	5.0	-13.2
Symphony	0.2	16.4	20.9
Trident	0.0	30.9	92.9
TTK Prestige	-0.3	2.3	31.1
V-Guard	-1.3	10.7	46.3
Wonderla	1.0	4.6	-7.5

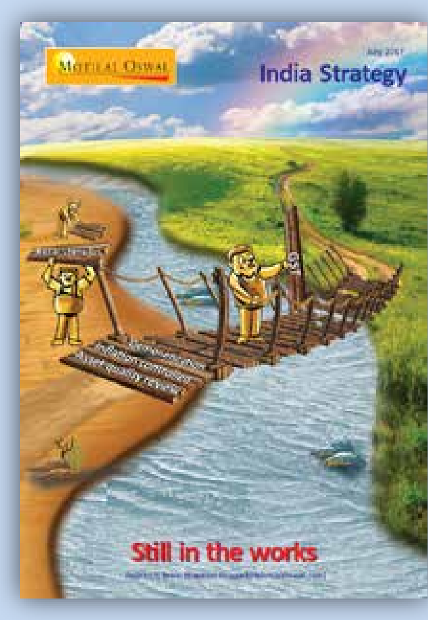
THEMATIC/STRATEGY RESEARCH GALLERY





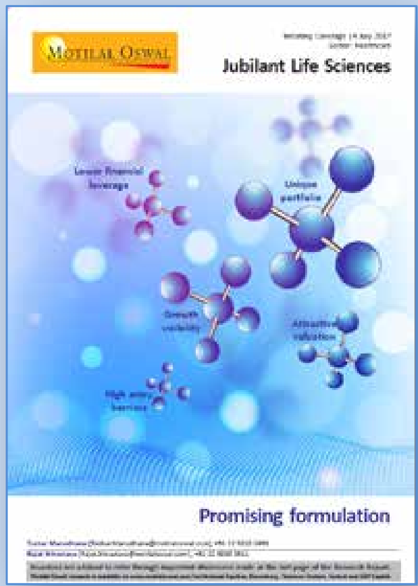


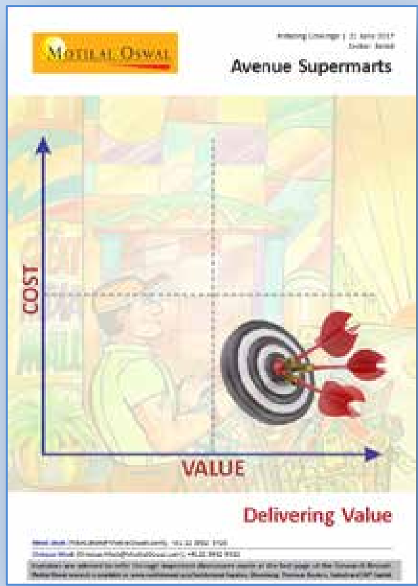


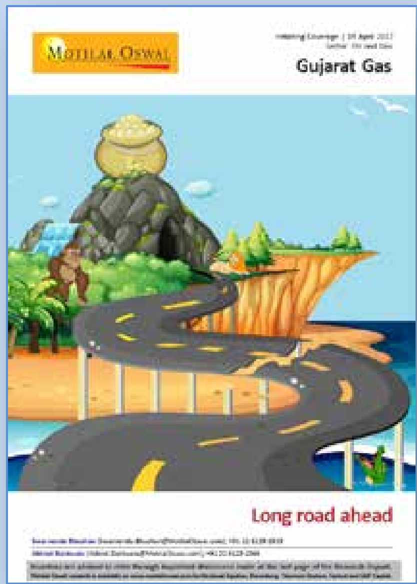


REPORT GALLERY

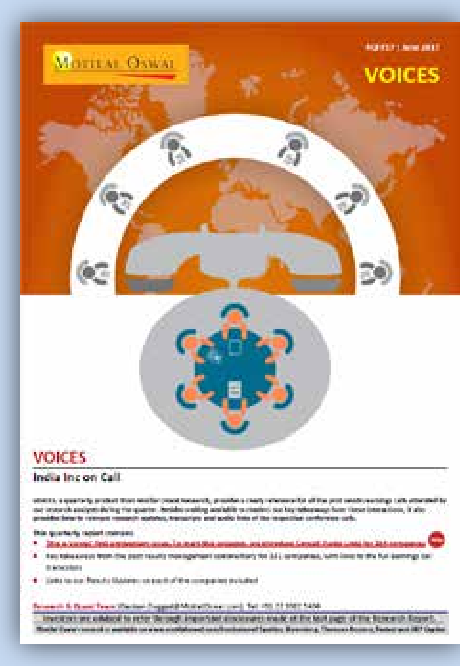
RECENT INITIATING COVERAGE REPORTS

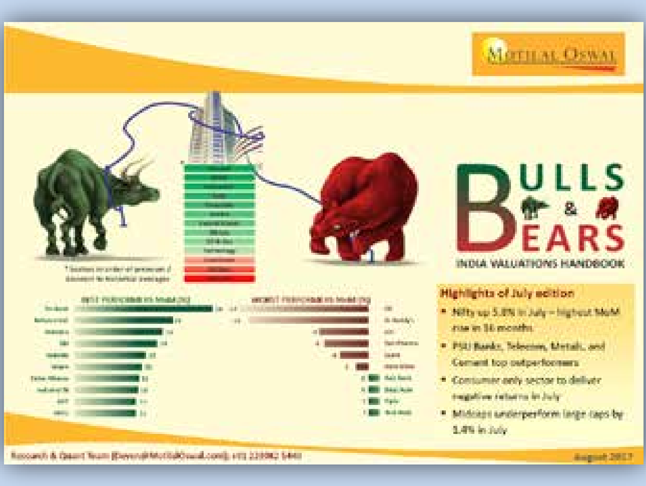


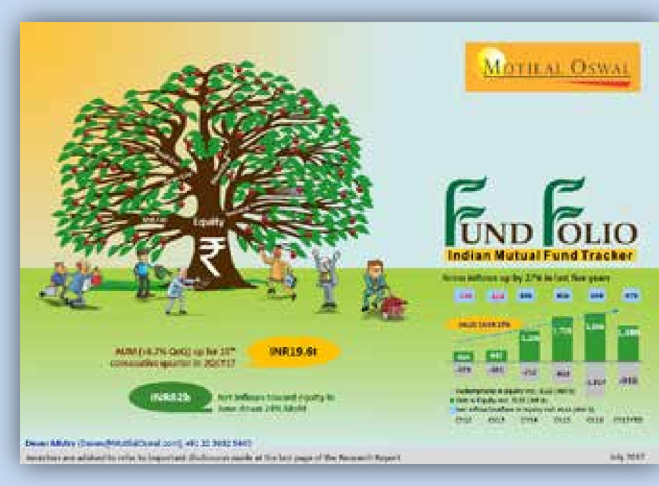




DIFFERENTIATED PRODUCT GALLERY







Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Securities Ltd. (MOSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOSL is a subsidiary company of Motilal Oswal Financial Service Ltd. (MOFSL). MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Metropolitan Stock Exchange Of India Ltd. (MSE) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) & National Securities Depository Limited (NSDL) and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products. Details of associate entities of Motilal Oswal Securities Limited are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf

Pending Regulatory Enquiries against Motilal Oswal Securities Limited by SEBI:

SEBI pursuant to a complaint from client Shri C.R. Mohanraj alleging unauthorized trading, issued a letter dated 29th April 2014 to MOSL notifying appointment of an Adjudicating Officer as per SEBI regulations to hold inquiry and adjudge violation of SEBI Regulations; MOSL requested SEBI to provide all documents, records, investigation report relied upon by SEBI which were referred in Show Cause Notice and also sought personal hearing. The matter is currently pending.

MOSL, it's associates, Research Analyst or their relative may have any financial interest in the subject company. MOSL and/or its associates and/or Research Analyst may have beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report. MOSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report. Research Analyst may have served as director/officer, etc. in the subject company in the last 12 month period. MOSL and/or its associates may have received any compensation from the subject company in the past 12 months.

In the last 12 months period ending on the last day of the month immediately preceding the date of publication of this research report, MOSL or any of its associates may have:

a) managed or co-managed public offering of securities from subject company of this research report,
b) received compensation for investment banking or merchant banking or brokerage services from subject company of this research report,
c) received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report.
d) Subject Company may have been a client of MOSL or its associates during twelve months preceding the date of distribution of the research report.

MOSL and it's associates have not received any compensation or other benefits from the subject company or third party in connection with the research report. To enhance transparency, MOSL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report. MOSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Terms & Conditions:

This report has been prepared by MOSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOSL will not treat recipients as customers by virtue of their receiving this report.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclosure of Interest Statement	Companies where there is interest
§ Analyst ownership of the stock	No

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOSL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Securities Limited (MOSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

Motilal Oswal Capital Markets Singapore Pte Limited is acting as an exempt financial advisor under section 23(1)(f) of the Financial Advisers Act(FAA) read with regulation 17(1)(d) of the Financial Advisors Regulations and is a subsidiary of Motilal Oswal Securities Limited in India. This research is distributed in Singapore by Motilal Oswal Capital Markets Singapore Pte Limited and it is only directed in Singapore to accredited investors, as defined in the Financial Advisers Regulations and the Securities and Futures Act (Chapter 289), as amended from time to time. In respect of any matter arising from or in connection with the research you could contact the following representatives of Motilal Oswal Capital Markets Singapore Pte Limited:

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022-3980 4263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 3080 1000. Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-30801085.

Registration details of group entities.: MOSL: NSE (Cash): INB231041238; NSE (F&O): INF231041238; NSE (CD): INE231041238; BSE (Cash): INB011041257; BSE(F&O): INF011041257; BSE(CD); MSE(Cash): INB261041231; MSE(F&O): INF261041231; MSE(CD): INE261041231; CDSL: IN-DP-16-2015; NSDL: IN-DP-NSDL-152-2000; Research Analyst: INH000000412. AMFI: ARN 17397. Investment Adviser: INA000007100. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670) offers PMS and Mutual Funds products. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) offers wealth management solutions. *Motilal Oswal Securities Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs, Insurance and IPO products. * Motilal Oswal Commodities Broker Pvt. Ltd. offers Commodities Products. * Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. offers Real Estate products. * Motilal Oswal Private Equity Investment Advisors Pvt. Ltd. offers Private Equity products