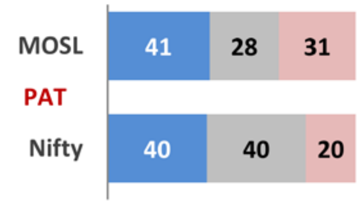
22 May 2017

MORNING INDIA

Corporate performance

4QFY17: Expectations v/s delivery



(no of companies)	Growth (YoY, %) MOSL (107)	Nifty (30)	Sensex (17)
Sales	13.8	11.8	11.9
EBIDTA	15.5	8.9	7.4
PAT	45.7	28.5	18.8

Market snapshot

Equities - India	Close	Chg .%	YTD.%
Sensex	30,465	0.1	14.4
Nifty-50	9,428	0.0	15.2
Nifty-M 100	17,921	-0.6	24.9
Equities-Global	**Close**	**Chg .%**	**YTD.%**
S&P 500	2,382	0.7	6.4
Nasdaq	6,084	0.5	13.0
FTSE 100	7,471	0.5	4.6
DAX	12,639	0.4	10.1
Hang Seng	10,267	0.0	9.3
Nikkei 225	19,591	-0.2	2.5
Commodities	**Close**	**Chg .%**	**YTD.%**
Brent (US$/Bbl)	53	2.7	-3.7
Gold ($/OZ)	1,256	0.7	9.0
Cu (US$/MT)	5,665	1.9	2.6
Almn (US$/MT)	1,942	1.1	14.0
Currency	**Close**	**Chg .%**	**YTD.%**
USD/INR	64.6	-0.3	-4.8
USD/EUR	1.1	0.9	6.6
USD/JPY	111.3	-0.2	-4.9
YIELD (%)	**Close**	**1MChg**	**YTDchg**
10 Yrs G-Sec	6.7	0.0	0.2
10 Yrs AAA Corp	7.9	0.0	0.3
Flows (USD b)	**19-May**	**MTD**	**YTD**
FIIs	-0.2	0.7	7.0
DIIs	0.1	0.1	1.8
Volumes (INRb)	**19-May**	**MTD***	**YTD***
Cash	333	299	285
F&O	6,465	4,897	4,674

Note: YTD is calendar year, *Avg

Quote of the day

The real key to making money in stocks is not to get scared out of them

Today's top research idea

State Bank of India: Healthy standalone operating performance marred by huge clean-up in ABs

- SBIN exhibited strong growth in granular retail loans (+21% YoY), which was broad-based across housing (+17%), auto (+21%) and personal loans (+30%).
- While slippages were elevated, overall trends on asset quality are improving for SBIN with most of the stress in key stress sectors recognized. 72% of corporate slippages in FY17 happened from watch list, which gives us comfort. The bank has declared post-merger revised watch-list of INR324.7b (1.6% of loans) of which INR110b can be attributed to associate banks.
- Within PSBs, SBIN remains the best play recovery in Indian economy with lowest NSL at 8.6%, relatively healthy PCR of 66%, healthy capitalization, strong liability franchise and focus on core operating profitability. Core and non-core strategic investments add significant value to the entity. **Buy**.

Research covered

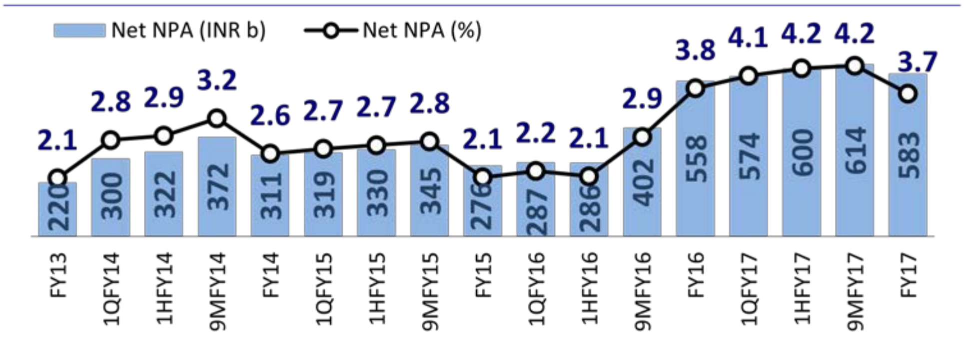
Cos/Sector	Key Highlights
GST	GST Council finalizes tax rates
Consumer	GST rates broadly in line with expectations
SBI	Healthy standalone oper. performance marred by huge clean-up in ABs
Grasim Inds	VSF margins impacted by cost push
Titan Company	Ambitious 20% CAGR targeted in Jewellery; Fair valuations limit upside
GSK Pharma	In line results; Margin improved
PNB	Weak operating performance
Bajaj Auto	Discounts, RM cost, CSR impact margins; guides export recovery in FY18
Cummins India	Results below expectations, exports decline
Granules India	Combination of strong growth and multiple re-rating
KEC Intl.	Operating performance meaningfully above estimates
H T Media	Demonetization continues to impact revenue
D B Corp	Demonetization hangover on ad growth continues
Results Expectation	Allcargo Logistics | Bank of India | GAIL | SRF

Piping hot news

New policy to help Indian defence manufacturing firms gain cutting-edge capabilities

- The defence ministry's decision to allow companies outside state control to build fighter jets, submarines and armoured vehicles is likely to help Indian defence manufacturing firms...

Chart of the Day: SBIN - Improving asset quality trends - NNPA ratio declined 50bp QoQ; PCR increased ~490bp QoQ



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In the news today

Kindly click on numbers for the detailed news link

1

State PSUs assault on exchequer continues, losses soar despite massive grants
State-level public sector enterprises (SLPEs) haven't relented on their perennial assault on the exchequer. According to data reviewed by FE concerning such firms belonging to 19 states, their combined...

2

Jaypee, UltraTech Cement looking to seal Rs16,189 crore deal by July
The Aditya Birla group's Ultratech Cement Ltd's Rs16,189 crore acquisition of the cement business of Jaiprakash Associates Ltd is expected to be completed soon, a top group executive said in an interview. On completion, the purchase will increase UltraTech's cement capacity by almost a third to 90.7 million tonnes per annum and give the company access to the markets of Madhya Pradesh, Uttar Pradesh East, Himachal Pradesh and coastal Andhra Pradesh, where it does not have a presence...

3

Kandla Port Trust set to unlock value from 25,000 acre land bank
The Kandla Port Trust is implementing the landlord port model to unlock value from its 25,000-acre land bank, trust chairman Ravi Parmar said. Kandla Port Trust manages the Kandla Port in Gujarat's Kutch district...

4

Motherson Sumi lines up Rs2,000 crore capex for FY18
Auto components major Motherson Sumi Systems Ltd (MSSL) has lined up capital expenditure (capex) of Rs2,000 crore for the current fiscal, mainly on the upcoming nine plants in five countries including India. MSSL, a joint venture between Samvardhana Motherson Group and Japan's Sumitomo Wiring Systems...

5

Security concerns: India's new rules will bar Chinese companies in power sector
India will soon bar Chinese power companies from projects in the power sector on security concerns after a policy that will define new conditions for foreign firms eyeing the multibillion-dollar market in one of the fastest growing major economies in the world....

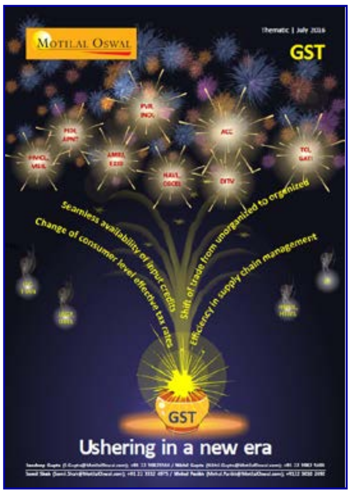
6

EPFO to take call on increasing ETF investment to 15%
Union minister Bandaru Dattatreya today said the EPFO will take a final call on raising investment limit in exchange traded funds (ETFs) to 15 per cent from 10 per cent at a meeting scheduled on May 27 in Pune...

7

Sacked IT employees approaching unions for support
Information technology professionals, who claim they were coerced into resigning by employers looking to trim headcount in the midst of an industry slowdown, are flocking to unions in search of support for their demand for compensation...

GST



GST Council finalizes tax rates

Paves the way for July rollout

The Goods and Services Tax (GST) Council, in its crucial two-day meeting, has finalized the most-awaited tax rates for most goods and services. We believe that the government has struck a fine balance to ensure that the GST rates are non-inflationary. While there has been some divergence from rate expectations for some sectors, we do not see any rationale for near-term buoyancy in the markets as the rates are not disruptive and have been largely kept around the existing structure. We believe that the key monitorable from the market perspective will be GST implementation in the near term and gradual lowering of overall tax rates in the medium term. Also, in our view, GST will be a key catalyst for formalization of the economy over the longer term, triggering supply chain efficiency and boosting government revenues.

FMCG – a key beneficiary

- We believe that the FMCG sector stands to benefit from the reduction in tax rates for soaps, toothpastes and adhesives to 18% from 22-26% currently. Similarly, indirect tax levy on lubricants has been lowered to 18% from 27-28%. We believe that companies might either pass on the benefit of lower duties to consumers to spur demand or retain it to derive margin benefits. Indirect tax levies have been broadly maintained for cigarettes, which, in our view, could auger well for the sector. Key beneficiaries: **PIDI, ITC, CLGT, CSTRL.**

Marginally higher rates for automobiles, cement

- For automobiles, the GST rate is fixed at 28% plus cess (1% for small petrol cars, 3% for small diesel cars and 15% for others). This will lead to an increase in on-road prices of small diesel cars and mid-sized cars by ~1.6% and ~2.1%, respectively. On-road prices for large SUVs, however, will decline by ~3%. MSIL derives ~15% and ~8.5% of its volumes from small diesel cars and mid-sized cars, respectively, which may be impacted due to the change in tax rates.
- GST rate for cement has been increased to 28% from ~22-24% currently. We believe that the increase in tax rates is likely to be passed on to consumers and may not materially impact overall demand.

Limited benefits for multiplexes

- Tax rates on ticketing of multiplexes have been increased marginally from 25-27 currently to 28%. Further, tax on F&B has been hiked to a blended rate of ~ 19-21%, as against the current rate of 11-13%.
- However, the impact of higher duty is likely to be more than offset by the benefit from additional tax credits on lease rentals and annual maintenance contracts (which are currently not available). We believe the overall impact will be lower than originally expected by investors. Key impacted companies: **PVR, INOX**.

FMCG-GST

GST rates broadly in line with expectations

Key points:

- **The GST rates for categories like toothpastes, soaps and household insecticides are lower than the existing indirect rates (all these came as expected in the 18% bracket). However, a higher-than-expected rate of 28% has been applied to detergents, shampoos and coffee.**

- **Among the FMCG companies, the beneficiaries are Colgate, Pidilite and ITC (for cigarette companies, no increase in effective rates is always good news).**

- **Rates were marginally higher than expectations for Asian Paints, Glaxo Consumer, P&G Hygiene and Page Industries, but all these companies have adequate pricing power to pass on the rate differential.**

- **The only clear negative was for alcohol companies like United Spirits and United Breweries. Although alcohol is out of the GST ambit, these companies would bear the brunt of higher-than-expected rates on inputs like ENA, glass bottles and barley. In the absence of input tax credit, these GST rates on inputs could have more impact on EBITDA margins if states do not grant offsets or price increases.**

- **While GST implementation is likely to lead to pipeline issues and some hiccups are expected in the wholesale trade channel in the initial implementation phase, we expect longer-term benefits for many categories due to the likely shift in trade from unorganized to organized segment.**

- **We have Buy ratings on HUL, ITC, Colgate, Britannia (GST rate announcement on biscuits has been postponed), P&G Hygiene and Emami, and recently downgraded Glaxo Consumer and Nestle to Sell. With likely normal monsoon, implementation of government schemes like Direct Benefits Transfer, an increase in rural outlay by 24% for FY18 under the national budget and the farm loan waiver in UP, we believe rural growth is on the cusp of recovery, especially given the weak base of past three years and likely moderate food inflation.**

Exhibit 1. Company-wise impact of GST

Company	Effective indirect tax incidence earlier	GST rate	Impact	Comment
Asian Paints	25%-26%	28%	Marginally negative	Company has adequate pricing power to pass on the higher rate.
Britannia Inds.	14-15%	Announcement of rate on biscuits postponed to next month	Yet to be disclosed	Yet to be disclosed.
Colgate-Palm.	25%	18%	Positive	Likely to be passed either through price action or through adspend/ promotionspend to boost growth.
Dabur India	16-17% on average	Among key products GST rates on toothpaste is 18%, juices at 12%, natural honey at 5%, mustard oil at 5%, other hair oils at 18% and insecticides at 18%	Neutral	Rate on juices was lower than fears of 18%. Rate between natural honey at 5% and artifical honey at 18% should fuel demand for Dabur honey. Disappointment was 12% GST on Ayurvedic products versus expectation of 5%. Other products were in line with expectations and earlier rates.
Emami	Low for Ayurvedic products and 24% for personal products	12% on Ayurvedic products, 18% on oils	Neutral	
Godrej Consumer	23-24%	18% for soaps, 18% for Insecticides, 28% for Hair Colour	Neutral	Domestic sales are only half of GCPLs revenues so impact was anyway going to be smaller than peers. For Soaps and insecticides impact was positive while it was negative for hair colour. On The Crème part of Hair colour the company will have no difficulty in passing on the higher indirect tax rate. Gross margin on hair colour is high and the company may choose to absorb the hike.
GlaxoSmith C H L	~24%	28% on malt extract	Marginally negative	We believe the company will pass on the small differential in indirect tax.
Hind. Unilever	21-24%	Toothpaste 18%, soaps 18%, detergents 28%, tea 5%, instant coffee 28%, icecreams at 18%, noodles 18%, jams 18%, shampoo 28%, deodorants 28%	Neutral	Benefits on soaps and toothpastes compared to earlier rates but disappointment on detergents, coffee and shampoos, which are to be taxed at 28%.
ITC	28% plus cess plus rate per stick	28% plus excise depending on length	Neutral	Incidence of indirect tax remains at ~60% and thus neutral. No increase in rates is historically a positive for ITC
Jyothy Lab.	20% weighted average	Detergents 28%, HI 18%, Ujala 18%, soaps 18%	Neutral	Detergents was a negative surprise at 28% while soaps and HI were lower than current rates. Decision to increase prices in detergents is dependent on HUL, the market leader.
Marico	5-6% in Parachute and Saffola- 14-16% in VAHO	5% rate for Copra and Safflower Oil, 18% for VAHO	Neutral	Fears of higher rate in Copra Oils did not materialize.
P & G Hygiene	7-8% in sanitary napkins, 24% in Vicks	12% for Sanitary Napkins, 28% for confectionaries	Marginally negative	We believe the company will pass on slightly higher rates in both products. There was some discussion of Zero GST on feminine hygiene segment and so from an expectations perspective the announcement was a dampener.
Page Industries	9%	18% rate for branded apparel	Marginally negative	Hope was for 12% rate but came in at 18%. We do not think a brand like Jockey will have a problem passing on this additional cost.
Parag Milk Foods	0% for milk, 5-14% for value added products	Fresh Milk 0%, Curd 0%, UHT milk at 5%, Flavoured milk at 5%, cheese at 12%, ghee 12%, butter 12%	Neutral	Lesser than expected on cheese, in case of ghee rates were higher than current rate and may require 2-3% price increase.
Pidilite Inds.	22-23%	18% rate for adhesives	Positive	The reduction in the duty rates may be passed on to generate volume benefits or may be partially retained to improve margins.
United Breweries	No rate on products as alcohol is out of GST ambit	No rate on products as alcohol is out of GST ambit	Negative	Rate for malted barley has been alloted at 18% as against expectation of 12%. Since beer is out of ambit of GST, there wont be an input tax credit. A higher rate on barley thus has a higher impact on EBITDA if states refuse to give offsets or price increases. There is no clarity yet on GST on used bottles or abatement on service tax on freight.
United Spirits	No rate on products as alcohol is out of GST ambit	No rate on products as alcohol is out of GST ambit	Negative	Rate for ENA as well as glass bottles has been alloted at 18% as against expectation of 12%. Since spirits is out of ambit of GST, there wont be an input tax credit. A higher rate on ENA and glass bottles thus has a higher impact on EBITDA if states refuse to give offsets or price increases.

State Bank of India

BSE SENSEX	S&P CNX
30,465	9,428
Bloomberg	SBIN IN
Equity Shares (m)	7,974
M.Cap.(INRb)/(USDb)	2,199.5 / 32.8
52-Week Range (INR)	315 / 167
1, 6, 12 Rel. Per (%)	2/-5/58
Avg Val, INRm	4914
Free float (%)	38.8

Financials & Valuations (INR b)

Y/E March	2017	2018E	2019E
NII	618.6	703.5	775.7
OP	508.5	521.1	572.0
NP	104.8	124.4	164.0
NIM (%)	2.8	2.8	2.7
EPS (INR)	0.3	19.7	25.9
EPS Gr. (%)	-98.1	6,426.1	31.4
Cons. BV (INR)	222.5	238.4	259.4
Cons. ABV (INR)	136.1	164.2	191.6
RoE (%)	7.3	8.0	9.9
RoA (%)	0.4	0.4	0.5
Cons. P/E (x)	842.9	12.9	9.8
Cons. P/BV (x)	1.1	1.1	1.0

CMP: INR308 TP: INR375(+22%) Buy

Healthy standalone operating performance marred by huge clean-up in Abs

- **SBIN parent:** Reported PAT increased 1.2x YoY and 8% QoQ to INR28.1b (26% beat), led by a robust core PPoP performance (+27% YoY to ~INR118b). Key positives for 4QFY17 were: a) NNPAs fell 5% QoQ; 70% of corporate slippages of INR78b were from the already identified watch-list. b) Impressive NIM performance – adjusting for one-offs, NIM expanded ~8bp QoQ to 2.8%. c) Focus on granular retail loans (+21/9% YoY/QoQ) driven by broad-based growth across housing (+17% YoY), auto (+21% YoY) and personal loans (+30%).
- **Parent asset quality:** Net slippages fell marginally QoQ, but remained elevated at INR81.6b (net slippage ratio 2.2% annualized) v/s INR82.9b in 3Q. Strong operating profitability allowed SBIN to take higher provisions (INR117.4b; INR89.4b in 3Q). Absolute NNPA thus fell 5% QoQ to 3.7% of loans (3Q: 4.2%).
- **Massive clean-up quarter for ABs**: ABs reported net loss of ~INR60b in 4Q, driven by continued harmonization of accounting policy (esp. on asset quality) with parent. Consol. GNPA and NNPA stood at 9.1% and 5.2%, respectively.
- SBIN declared post-merger revised watch-list of INR324.7b (1.6% of loans), of which ~INR110b can be attributed to AB exposures. Power (34% of watch-list), Steel (11%) and Telecom (10%) remain the key monitorables here.
- **FY17 highlights**: a) Consol. earnings were merely INR2.4b v/s INR122.4b in FY16. While parent entity reported PAT of ~INR105b, earnings were dragged by wide losses at the AB level of ~INR119b. b) Continued strengthening of liability franchise, with CASA ratio improving ~175bp to 45.6%.
- **Other highlights:** (a) CET1 ratio fell ~50bp QoQ to 9.3%. b) Fee income growth YoY was moderate at 5%, with share of retail fee up to 78% v/s 74% a year ago.
- **Valuation view:** We like SBIN for its lowest NSL of 8.6%, PCR of 66%, strong liability franchise (CASA ratio: 45.6%) and focus on core operating profitability. Although ABs surprised negatively, the worst is expected to be behind. Slippage ratio should decline in ensuing years. SBIN is highly geared to economic upcycle and asset quality improvement. Profitability is likely to be the highest among peers due to its policy of recognizing stress upfront and lumpy exposures. Strategic and financial investments are becoming meaningful and add ~18% to our SOTP. **Buy**

Quarterly performance (INR Million)

Y/E March	FY16				FY17				FY16	FY17
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	137,320	142,526	136,970	152,907	144,373	146,002	147,515	180,707	571,948	618,597
% Change (YoY)	3.6	7.4	-0.6	3.9	5.1	2.4	7.7	18.2	4.0	8.2
Other Income	50,880	61,973	60,870	106,956	72,101	82,614	96,619	103,275	278,454	354,609
Net Income	188,200	204,498	197,840	259,864	216,474	228,616	244,135	283,982	850,402	973,207
Operating Expenses	96,179	101,839	101,861	117,945	105,935	116,373	118,702	123,718	417,824	464,728
Operating Profit	92,021	102,659	95,979	141,919	110,539	112,243	125,433	160,265	432,578	508,479
% Change (YoY)	4.7	21.9	3.3	11.2	20.1	9.3	30.7	12.9	9.4	17.5
Other Provisions	39,997	43,606	79,494	131,741	74,131	78,967	89,428	117,401	294,838	359,927
Profit before Tax	52,024	59,053	16,485	10,178	36,408	33,276	36,004	42,864	137,741	148,552
Tax Provisions	15,099	20,262	5,332	-2,460	11,198	7,893	9,904	14,716	38,234	43,711
Net Profit	36,924	38,791	11,153	12,638	25,210	25,383	26,100	28,148	99,507	104,841
% Change (YoY)	10.3	25.1	-61.7	-66.2	-31.7	-34.6	134.0	122.7	-24.0	5.4
Operating Parameters										
NIM (Cal, %)	3.0	3.0	2.8	3.0	2.9	2.9	2.7	3.1	3.0	2.9
Deposit Growth (%)	13.7	10.9	10.7	9.8	10.5	13.8	22.1	18.1	9.8	18.1
Loan Growth (%)	6.8	10.5	12.9	12.6	10.7	7.2	4.1	7.3	12.6	7.3
Asset Quality										
OSRL (INR B)	560	535	486	391	366	366	346	366	391	366
OSRL (%)	4.4	4.0	3.5	2.7	2.6	2.6	2.4	2.3	2.7	2.3
Gross NPA (INR B)	564	568	728	982	1,015	1,058	1,082	1,123	982	1,123
Gross NPA (%)	4.3	4.2	5.1	6.5	6.9	7.1	7.2	6.9	6.5	6.9

E: MOSL Estimates

22 May 2017

Update | Sector: Cement

Grasim Industries

BSE SENSEX	S&P CNX
30,465	9,428

Bloomberg	GRASIM IN
Equity Shares (m)	466.8
M.Cap.(INRb)/(USDb)	523.3 / 8.1
52-Week Range (INR)	1237 / 782
1, 6, 12 Rel. Per (%)	2/20/12
Avg Val, INRm	1029
Free float (%)	68.7

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	360.7	410.9	457.7
EBITDA	73.9	89.9	106.8
PAT	31.7	40.6	53.5
EPS (INR)	67.9	86.9	114.5
Gr. (%)	28.3	28.1	31.8
BV/Sh (INR)	622.0	703.9	813.5
RoE (%)	11.5	13.1	15.1
RoCE (%)	11.8	14.1	16.6
P/E (x)	16.5	12.9	9.8
P/BV (x)	1.8	1.6	1.4

Estimate change

TP change

Rating change

CMP: INR1,121 TP: INR1,234 (+10%) Neutral

VSF margins impacted by cost push

- **Strong realization drives profits:** Standalone 4QFY17 EBITDA rose 37% YoY (-3.5% QoQ) to INR5.25b, translating into a margin of 18.3% (-2.24pp QoQ, +1.1pp YoY), led by realization improvement in the VSF segment. Revenue grew 13% YoY to INR28.7b, while PAT rose 73% YoY to INR3.15b on lower interest and depreciation expense.
- **VSF – realization uptick drives profits:** VFS revenue grew 12% YoY to INR19.45b (est. of INR16.3b) on realization boost of 11% YoY and modest volume growth of 2.3% YoY, translating into a margin of 17.7% (v/s 15.4% in 4QFY16). However, margin shrunk 5.1pp QoQ due to higher pulp prices and impact of Harihar unit shutdown due to water shortage (impact of INR450m). Realization improvement was driven by an uptrend in global prices and a favorable product mix (higher proportion of specialty products).
- **Chemical performance impacted by lower volumes:** Chemical revenues stood at INR10.68b (+11.6% YoY) due to higher caustic realizations. However, ECU realizations were flat YoY due to negative chlorine realizations. Volumes fell 6% YoY in 4QFY17 due to lower demand for chlorine. Margin were marginally lower at 19.8% (-0.4pp QoQ).
- **FY17 standalone performance:** Revenue of INR103.4b increased 15% YoY, led by a rise of 7% YoY in VSF volumes and 12% YoY in VSF realizations. EBITDA at INR21.54b increased 44% YoY, led by 4.1pp YoY improvement in margin. Hence, adj. PAT increased 57% YoY to INR15.6b.
- **Valuation view:** We believe post proposed restructuring exercise with Aditya Birla Nuvo, GRASIM will be the holding company for multiple diversified lines of business, including cement, finance, chemical and retail. This is likely to attract higher discount than earlier. We thus value its stake in Ultratech Cement at a 45% discount and VSF business at 5x EV/EBITDA, arriving at a TP of INR1,234 (upside of 10 %.) Maintain **Neutral**.

Quarterly Performance (INR Million)

Y/E March	FY16				FY17				FY16	FY17	FY18E	MOSL	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				4QE	(%)
VSF Volume (ton)	102,737	113,756	120,700	130,000	121,000	123,994	122,000	133,000	468,000	499,994	504,994	124,406	7
YoY Change (%)	18.9	12.7	24.4	9.7	17.8	9.0	1.1	2.31	16.2	6.8	1.0	-4.3	
VSF Realization (INR/ton)	113,309	116,708	126,090	126,090	128,039	130,713	137,438	139,960	121,693	135,837	139,337	124,271	13
YoY Change (%)	-4.8	-1.4	8.0	13.8	13.0	12.0	9.0	11.0	5.0	11.6	2.6	-1.4	
QoQ Change (%)	2.3	3.0	8.0	0.0	1.5	2.1	5.1	1.8				-9.6	
Net Sales	**19,349**	**21,197**	**23,032**	**25,429**	**23,959**	**24,887**	**25,260**	**28,761**	**89,692**	**103,457**	**104,329**	**23,980**	20
YoY Change (%)	35.9	34.0	49.1	49.4	23.8	17.4	9.7	13.1	43.5	15.3	0.8	-4.3	
EBITDA	**2,671**	**3,354**	**4,290**	**3,830**	**5,078**	**5,301**	**5,428**	**5,254**	**14,927**	**21,548**	**25,087**	**4,832**	9
Margins (%)	13.8	15.8	18.6	15.1	21.2	21.3	21.5	18.3	16.6	20.8	24.0	20.1	
Depreciation	945	1,006	1,233	1,258	1,104	1,119	1,106	1,133	4,449	4,461	4,711	1,153	
Interest	409	401	396	268	231	156	107	83	1,474	576	179	201	
Other Income	131	2,557	668	574	781	3,587	553	304	3,585	4,739	5,000	766	
PBT before EO Items	**1,447**	**4,504**	**3,330**	**2,878**	**4,525**	**7,612**	**4,769**	**4,343**	**12,588**	**21,249**	**25,197**	**4,245**	7
Extraordinary Inc/(Exp)	0	0	0	0	0	0	0	0	-292	0	0	0	
PBT after EO Items	**1,447**	**4,504**	**3,330**	**2,586**	**4,525**	**7,612**	**4,769**	**4,343**	**12,297**	**21,249**	**25,197**	**3,953**	10
Tax	535	688	611	759	1,317	1,690	1,455	1,188	2,594	5,649	7,559	1,461	
Rate (%)	36.9	15.3	18.3	29.4	29.1	22.2	30.5	27.4	21.1	26.6	30.0	37.0	
Reported PAT	**913**	**3,815**	**2,719**	**1,827**	**3,209**	**5,923**	**3,314**	**3,155**	**9,703**	**15,600**	**17,638**	**2,492**	27
Adj. PAT	**913**	**3,815**	**2,719**	**1,827**	**3,209**	**5,923**	**3,314**	**3,155**	**9,933**	**15,600**	**17,638**	**2,492**	27
Margins (%)	4.7	18.0	11.8	7.2	13.4	23.8	13.1	11.0	11.1	15.1	16.9	10.4	
YoY Change (%)	-13.8	27.5	194.9	302.2	251.6	55.2	21.9	72.7	83.1	57.0	13.1	19.5	

Titan Company

BSE SENSEX	S&P CNX
30,465	9,428

CMP: INR471 **TP: INR505(+7%)** **Neutral**

Ambitious 20% CAGR targeted in Jewellery

Fair valuations limit upside

We attended Titan's (TTAN) Annual Investor Forum. Key takeaways:

- **Focus on growth while sticking to core values**: Management highlighted that TTAN will be aggressively eyeing for growth over next five years. Growth will be supported by the shift in consumer preference toward organized brands at a time when unorganized players are expected to come under pressure post GST implementation. The future will also see a focus on new opportunities/businesses (smart watches, fragrances, silk sarees, ecommerce, etc.). However, growth might come at expense of margins as it will be primarily driven by the lower-margin wedding jewellery segment. The impact on margins is expected to be offset by growth in high-margin studded jewellery, cost efficiencies and leverage effect to some extent. Besides, FY18 will see a more calibrated store expansion strategy relative to FY17 in all business segments.
- **Jewelry – aiming for 2.5x growth by 2022:** Opportunities likely to drive 20% CAGR by 2022 in Jewellery will remain the same, but what is expected to change is the aggression to capture these opportunities. For Tanishq, wedding jewellery segment will be driven by change in inventory levels & mix to compete with regional players, differentiated designs, setting up of Hub stores (which will have a wedding zone inside the store), investing in expert salespeople as well as in branding & marketing. Studded jewellery also remains an important segment driving growth and margins. The focus on cities where its market share is lower than overall 5% national market share (such as Kolkata and Chennai) is also increasing, and also on key areas within a city where market share is lower than it should be. The company aims to open 27 new stores in 19 towns in FY18 as part of this initiative. There will be a greater focus on locally popular products in these stores. Golden Harvest Scheme (GHS) is expected to contribute 19% of total jewellery sales for the next year. TTAN believes that there is a lot of excitement in the segment and that it is seeing customers starting to favor organized brands. This shift from unorganized to organized branded players will also get an added push from GST, due to which many unorganized players are expected to come under pressure. With Tanishq market share only at 5% of overall jewellery market, management intends to lay emphasis on strong revenue push, even if it is at the cost of some near-term profitability and some RoE impact (wedding jewellery has higher inventory). TTAN considers this as an opportunity to grab share from unorganized as well as other organized peers, especially as unorganized segment is likely to struggle for a couple of years to comply with GST requirements.

Stock Info

Bloomberg	TTAN IN
Equity Shares (m)	887.8
52-Week Range (INR)	506 / 296
1, 6, 12 Rel. Per (%)	-4/39/10
M.Cap. (INR b)	418.2
M.Cap. (USD b)	6.3
Avg Val (INR m)	632
Free float (%)	47.0

Financials Snapshot (INR b)

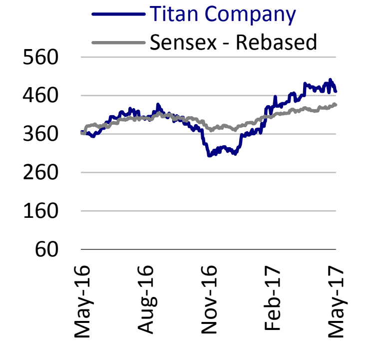
Y/E Mar	2017	2018E	2019E
Sales	129.8	147.1	173.0
EBITDA	11.6	13.2	15.7
Adj. PAT	7.0	9.1	10.8
Adj. EPS (INR)	9.0	10.3	12.1
EPS Gr. (%)	18.5	13.8	18.2
BV/Sh.(INR)	47.7	53.9	62.2
RoE (%)	20.6	20.2	20.9
RoCE (%)	21.1	20.9	21.4
P/E (x)	52.2	45.8	38.8
P/BV (x)	9.9	8.7	7.6

Shareholding pattern (%)

As On	Mar-17	Dec-16	Mar-16
Promoter	53.1	53.1	53.1
DII	5.4	6.0	5.6
FII	21.1	20.2	19.7
Others	20.4	20.8	21.6

FII Includes depository receipts

Stock Performance (1-year)



- **Watches – a year of innovations and launches:** The company came back on growth track (saw double-digit growth in the INR4k price band) and also improved health in a business that is getting affected by a change in preference for gifting. Watches segment, which had been adversely impacted by changing channel preference for buying (to online from offline), witnessed a shift in pattern again to offline buying. From a strategic perspective, it will a) increase focus on smart watches, b) design innovations in brands (Titan, Fastrack and Sonata), c) expand stores and renovate old ones and d) focus on cost management. Fitness is a potentially large market that TTAN aims to target. Globally, these wearable devices are eating into the market share of watches. India is only 0.6% of the wearable devices market as of now. Innovation like 'Titan Juxt Analog Watch' with smart function will provide access to smart watch services when required, removing the need of constantly recharge, unlike a pure smart watch.
- **Eyewear:** In Eyewear, the company expanded rapidly with 95 new stores (20 low-cost stores for small towns) and discontinued/closed down Spexx format of stores. It converted a number of company stores to franchisee stores for better profitability. TTAN introduced various initiatives within the business segment such as: a) correct selling to customers, b) occasion-based in-store format, c) 30 min delivery of spectacles and d) two optometrists per store. In a market that is fragmented/underpenetrated and has seen increasing spends/offers by competitors, the company aims to focus on (1) scaling up with a mixture of large/small format stores and Omni channel, (2) driving same-store growth, (3) brand building and (4) investing in technology to complement Omni channel. FY18 target expansion is 40 stores, of which 25 will be regular, 12 will be low-cost and 3 factory stores to get rid of sludge stock. The division is also investing in frame manufacturing facilities, which should commence operations in two months. Management will also move its lens-making facility into this entity to ensure seamlessness. Eyewear is another business where GST is expected to benefit organized national players like 'Titan Eye'.
- **Valuation view:** There has been a strong revival and market share gains in Jewellery. Management has set an ambitious target of 2.5x growth in Jewellery by 2022, implying a CAGR of 20%. Since next two years could potentially offer strong opportunities for market share gains (as unorganized players take time to cope with GST requirements), the company intends to go all out even at the cost of near-term profitability and RoEs. There is no change to our current forecasts after the analyst meet. Valuations at 38.8x FY19E are fair for a business with ~20% RoEs; and earnings CAGR is expected at 16%. Watches and Eyewear continue to be a bit of drag on overall earnings growth, but management is fighting to keep Watches relevant amid a period of rapid change in consumer habits. Maintain **Neutral** and target price of INR505 (valued at 41x Mar'2019 EPS, in line with three-year average multiple).

GSK Pharma

BSE SENSEX	S&P CNX
30,435	9,429

Bloomberg	GLXO IN
Equity Shares (m)	85
M.Cap.(INRb)/(USDb)	206.9 / 3.2
52-Week Range (INR)	3603 / 2397
1, 6, 12 Rel. Per (%)	-11/-26/-47
Avg Val, INRm	36
Free float (%)	25.0

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	29.3	32.8	36.7
EBITDA	3.5	5.1	6.2
PAT	2.9	4.4	5.1
EPS (INR)	34.4	51.9	60.1
Gr. (%)	-22.2	51.2	15.6
BV/Sh (INR)	159.5	131.0	110.5
RoE (%)	21.5	39.7	54.4
RoCE (%)	19.1	35.7	49.7
P/E (x)	71.1	47.0	40.7
P/BV (x)	15.3	18.6	22.1

Estimate change

TP change

Rating change

CMP: INR2,442 TP: INR2,700(+11%) Neutral

In line results; Margin improved

- GSK Pharma's (GLXO) 3QFY17 sales increased 11.3%YoY to INR7.6b (5% above est.), while EBITDA declined 4.5%YoY to INR1.2b and EBITDA margins came in at 15.3% (vs 17.8% in 4Q FY16; sequentially margins bounced backed from 5.1%). Reported PAT increased 25.5%YoY to INR1.1b mainly due to one-time income from sale of properties and proceeds on divestment of Non-Core Brands.
- **Regulatory issues impacted growth in FY17:** Sales for full year of GSK Pharma stood at INR29.3b (6.8%). Sales growth of the company was adversely impacted by 5% due to mandatory price revisions. EBITDA declined significantly by 23.5% to INR3.5b due to regulatory issues and pricing pressure. This dragged the margins to 11.8% from 16.5% in FY16. Slower growth in revenues and lower margins led to decline in PAT by ~7% to INR3.4b in FY17.
- **Margins improvement is key:** Regulatory issues continued to have a negative impact on margins in 4Q, as gross margins declined ~220bp QoQ. According to AIOCD, FDC related market continued to drag companies, as FDC related market declined 18.4%. Secondary sales increased 8.2% for 4QFY17 in line with market sales.

Valuation and view: We believe GLXO has strong parent support, superior brand portfolio (competitive advantage), high payout ratio (>100%) and industry-leading return ratios (RoCE of ~50%). We maintain our **Neutral** rating with a target price of INR2,700 @ 45x FY19E PER (v/s @ 45x 1H FY19E**).** However, we cut our FY18/19E EPS by ~6.4%/6.7%% on the back of slower ramp up in domestic sales, decline in margin and disruption due to GST

Quarterly Performance (Consolidated) (INR Million)

Y/E March	FY16				FY17				FY16	FY17	FY17	Chg.
(Standalone)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Net Sales	6,219	7,000	7,287	6,861	6,852	7,829	6,893	7,634	27,411	29,265	7,292	5
YoY Change (%)	-5.1	-5.3	12.8	11.8	10.2	11.8	-5.4	11.3	N/A	6.8	6.3	
Total Expenditure	5,183	5,894	6,260	5,641	6,150	6,584	6,543	6,469	22,895	25,810	6,260	
EBITDA	1,036	1,105	1,027	1,220	702	1,245	350	1,165	4,516	3,455	1,033	13
Margins (%)	16.7	15.8	14.1	17.8	10.2	15.9	5.1	15.3	16.5	11.8	14.2	
Depreciation	49	53	78	67	54	66	66	78	248	264	74	
Other Income	463	489	334	310	441	343	319	351	1,500	1,463	394	
PBT before EO Expense	1,450	1,541	1,282	1,463	1,090	1,522	603	1,438	5,769	4,655	1,353	
Tax	493	507	450	565	386	536	252	570	2,026	1,744	471	
Rate (%)	34.0	32.9	35.1	38.6	35.4	35.2	41.8	39.6	35.1	37.5	34.8	
Adjusted PAT	957	1,034	832	898	705	987	351	869	3,742	2,911	881	-1
YoY Change (%)	-2.7	-19.6	-8.9	-17.3	-26.4	-4.5	-57.8	-3.3	-29.2	-22.2	-1.9	
Margins (%)	15.4	14.8	11.4	13.1	10.3	12.6	5.1	11.4	13.7	9.9	12.1	
Extra-Ord Expense	24	78	33		-18	-2	-179	-259	135	-457	0	
Reported PAT	933	956	799	898	723	988	530	1,127	3,607	3,368	881	28

E: MOSL Estimates

Punjab National Bank

BSE SENSEX	S&P CNX
30,465	9,428
Bloomberg	PNB IN
Equity Shares (m)	2,128
M.Cap.(INRb)/(USDb)	318.8 / 4.7
52-Week Range (INR)	186 / 71
1, 6, 12 Rel. Per (%)	-4/-13/90
Avg Val, INRm	1753
Free float (%)	35.0

Financials & Valuations (INR b)

Y/E March	2017	2018E	2019E
NII	149.9	171.4	188.9
OP	145.7	134.0	144.9
NP	13.2	21.8	30.8
NIM (%)	2.3	2.5	2.5
EPS (INR)	6.2	10.3	14.5
EPS Gr. (%)	NM	64.7	41.3
BV/Sh. (INR)	178	187	199
ABV/Sh. (INR)	71	90	122
RoE (%)	3.6	5.6	7.5
RoA (%)	0.2	0.3	0.4
Payout (%)	0.0	17.4	17.4
P/E(X)	25.0	15.2	10.7
P/BV (X)	0.9	0.8	0.8
P/ABV (X)	2.19	1.73	1.28
Div. Yield (%)	0.0	1.0	1.4

CMP: INR155 TP: INR184 (+19%) Buy

Weak operating performance; High write-offs and recoveries negate impact of relapse from OSRL

- PNB reported 90% beat on operating profit, despite 8% miss on NII. One-off employee expense-related provisions write-back (INR20.3b) and a strong contribution from non-core income (32% of PPoP) led to the strong beat.
- QoQ improvement in PCR by 380bp QoQ (~40%) and higher write-offs (INR26.3b) led to a decline in NNPA ratio to 7.8% from 9.1% a quarter ago.
- Relapse from OSRL and higher slippages from Agri portfolio (due to loan waiver in UP) led to NIM contraction of 13bp QoQ to 2.2%. Total slippages came in at INR69b (for the quarter, 6.7% annualized slippage ratio), of which slippages from restructured book were INR30b. OSRL declined to 2.8% (INR119b) of loans v/s 4.5% (INR172b) a quarter ago.
- NIM improved 40bp YoY as the base quarter was impacted by RBI AQR-related significant NPA recognition. Loan growth of 9%/2% QoQ/YoY was led by healthy growth in retail (8%/14% QoQ/YoY). Within retail, housing and education loans showed strongest QoQ/YoY growth of 7%/18% and 8%/15%, respectively. Within industry book, chemicals book registered 54%/34% QoQ/YoY growth.
- **Valuation and view:** Significant stress is being recognized over last several quarters, and now resolution in key sectors like steel, power, construction and roads remains a key for upgrades and recoveries. The bank has a coverage ratio of 40% (calc.), and in case of resolution/haircut, we do not expect significant hit to net worth. We maintain **Buy** with a SOTP-based target price of INR184.

Quarterly Performance **(INR Million)**

Y/E March	FY16				FY17E				FY16	FY17
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	120,347	123,450	122,206	108,240	115,749	118,304	119,842	118,865	474,244	472,760
Interest Expense	79,322	80,231	81,010	80,563	78,759	79,505	82,534	82,030	321,126	322,828
Net Interest Income	**41,025**	**43,220**	**41,196**	**27,677**	**36,990**	**38,799**	**37,308**	**36,835**	**153,118**	**149,932**
% Change (YoY)	-6.3	4.1	-2.7	-27.0	-9.8	-10.2	-9.4	33.1	-7.5	-2.1
Other Income	13,974	13,569	16,706	24,522	23,551	23,879	25,135	31,028	68,770	89,514
Net Income	**54,998**	**56,789**	**57,902**	**52,199**	**60,541**	**62,678**	**62,443**	**67,863**	**221,888**	**239,445**
Operating Expenses	23,677	27,404	28,724	19,920	27,794	29,557	30,897	5,545	99,725	93,794
Operating Profit	**31,321**	**29,385**	**29,179**	**32,279**	**32,746**	**33,120**	**31,546**	**62,318**	**122,163**	**145,652**
% Change (YoY)	0.2	2.2	6.1	0.8	4.6	12.7	8.1	93.1	2.2	19.2
Other Provisions	18,114	18,821	37,755	104,852	27,384	25,338	29,359	57,535	179,542	125,536
Profit before Tax	**13,207**	**10,564**	**-8,577**	**-72,574**	**5,362**	**7,783**	**2,187**	**4,783**	**-57,379**	**20,115**
Tax Provisions	6,000	4,354	-9,087	-18,902	2,299	2,289	116	2,164	-17,635	6,867
Net Profit	**7,207**	**6,210**	**510**	**-53,671**	**3,064**	**5,494**	**2,072**	**2,619**	**-39,744**	**13,248**
% Change (YoY)	-48.7	7.9	-93.4	NM	-57.5	-11.5	306.2	NM	NM	NM
Operating Parameters										
NIM (Rep, %)	2.9	3.0	2.8	1.8	2.5	2.5	2.3	2.2	2.6	2.4
NIM (Cal, %)	2.9	3.0	2.8	1.8	2.4	2.6	2.3	2.2	2.6	2.4
Deposit Growth (%)	16.4	14.0	13.3	10.3	7.0	6.5	11.6	12.4	10.3	12.4
Loan Growth (%)	9.6	6.7	8.4	8.4	2.8	3.4	-1.8	1.7	8.4	1.7
CD Ratio (%)	73.6	70.6	71.6	74.6	70.7	68.5	63.0	67.5	74.6	67.5
Dom. CASA Ratio (%)	38.9	40.2	40.4	41.6	41.4	42.1	47.1	46.0	41.6	46.0
Tax Rate (%)	45.4	41.2	105.9	26.0	42.9	29.4	5.3	45.2	30.7	34.1
Asset Quality										
OSRL (INR B)	399.7	382.6	350.0	201.4	189.1	180.9	172.2	119.3	201.4	119.3
OSRL (%)	10.5	10.0	8.9	4.9	4.8	4.6	4.5	2.8	4.9	2.8
Gross NPA (INR B)	254	249	343	558	567	565	556	554	558	554
Gross NPA (%)	6.5	6.4	8.5	12.9	13.8	13.6	13.7	12.5	12.9	12.5

E: MOSL Estimates

Bajaj Auto

BSE SENSEX	S&P CNX
30,465	9,428
Bloomberg	BJAUT IN
Equity Shares (m)	289
M.Cap.(INRb)/(USDb)	860.5 / 13.4
52-Week Range (INR)	3122 / 2366
1, 6, 12 Rel. Per (%)	1/-1/2
Avg Val, INRm	782
Free float (%)	50.7

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	217.7	246.6	280.5
EBITDA	44.2	50.3	58.7
PAT	38.3	43.5	51.6
EPS (INR)	132.3	150.4	178.2
Gr. (%)	-2.6	13.7	18.5
BV/Sh (INR)	588.7	660.9	732.2
RoE (%)	25.3	24.1	25.6
RoCE (%)	24.6	23.3	24.8
P/E (x)	22.5	19.8	16.7
P/BV (x)	5.1	4.5	4.1

Estimate change	↑
TP change	↑
Rating change	↔

CMP: INR2,974 TP: INR3,422(+15%) Buy

Discounts, RM cost, CSR impact margins; guides export recovery in FY18

- **Volume decline drags revenue:** Net sales declined 8.6% YoY (and 3.3% QoQ) to INR48.9b (in-line), as volume fell 9.7% YoY (and 7.5% QoQ) on account of slow recovery post demonetization and export headwinds. Realization increased 4.5% QoQ (and 1.2% YoY) to INR62.1k/units due to higher share of premium motorcycles, but partly offset by lower exports and 3W volumes. For FY17, net sales declined 3.6% to INR217.6b, led by 6% volume decline. For FY18, the management guided double-digit growth in exports.
- **EBITDA margin below estimate on higher discounts, RM cost:** EBITDA at ~INR9b (our estimate: ~INR10b) declined 21% YoY, translating into margin decline of 300bp YoY (and 210bp QoQ) to 18.5% (our estimate: 20.5%). This was due to dealer compensation of ~INR160m on BS3 inventory, adverse mix (lower exports) and higher commodity cost due to BS4 production. PAT declined 15.5% to ~INR8b (our estimate: INR8.4b). For FY17, EBITDA margin declined 90bp to 20.3% and PAT declined 2.6% to INR38.3b.
- **Management commentary:** (a) Expects export of 425k-450k units in 1QFY18 and double-digit growth in exports for FY18; (b) Estimates impact of ~100bp in 1QFY18, led by commodity inflation; (c) Price increase of INR500/unit in 2W and ~INR1,000/unit in 3W in 4QFY17; yet to take price hike in 1QFY18; (d) 3W industry still recovering from demonetization, specifically in cargo segment; new permits of ~40k units likely to be issued for Maharashtra and Delhi; (e) Fx hedge rate for FY18 is not materially lower than FY17 average rate of INR67.3/USD; (f) GST – Dealers can claim rebate for excise paid on stocks, but can't claim rebate on CST (2%).
- **Valuation and view:** Valuations at 19.8x/16.7x FY18E/19E standalone EPS are attractive. We value BJAUT at 18x FY19E EPS and add INR214/share for its KTM stake to arrive at a TP of INR3,422. Maintain **Buy**.

Quarterly Performance

(INR Million)	FY16				FY17				FY16	FY17	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q	(%)
Volumes ('000 units)	1,013	1,057	951	872	995	1,032	852	788	3,894	3,666	787.7	0.0
Growth YoY (%)	2.5	0.1	-3.4	11.5	-1.8	-2.3	-10.5	-9.7	2.2	(5.8)	(9.7)	
Realization (INR/unit)	55,273	57,543	58,306	61,430	57,784	58,676	59,495	62,171	58,010	59,375	62,344	-0.3
Growth YoY (%)	4.0	1.9	1.5	1.4	4.5	2.0	2.0	1.2	2.3	2.4	1.4	
Net Sales	**55,993**	**60,799**	**55,478**	**53,595**	**57,480**	**60,545**	**50,669**	**48,973**	**225,865**	**217,667**	**49,109**	-0.3
Change (%)	6.6	2.0	-1.9	13.1	2.7	-0.4	-8.7	-8.6	4.5	(3.6)	-8.4	
RM/Sales %	67.4	66.7	66.6	65.9	67.2	67.0	66.8	67.8	66.6	67.2	66.5	
Staff cost/Sales %	4.3	4.0	4.1	3.8	4.7	4.3	4.8	4.6	4.1	4.6	5.2	
Oth. Exp./Sales %	8.0	7.7	8.2	8.9	7.7	7.4	7.9	9.2	8.2	8.0	7.8	
EBITDA	**11,402**	**13,167**	**11,716**	**11,534**	**11,763**	**12,961**	**10,439**	**9,060**	**47,856**	**44,224**	**10,084**	-10.2
EBITDA Margins (%)	20.4	21.7	21.1	21.5	20.5	21.4	20.6	18.5	21.2	20.3	20.5	-200bp
Other Income	3,063	2,680	2,425	2,569	2,671	3,420	3,193	2,936	10,736	12,220	2,475	
Interest	1	3	2	4	2	7	3	2	11	14	-3	
Depreciation	784	780	746	761	775	770	772	757	3,072	3,073	778	
PBT	**13,680**	**15,063**	**13,392**	**13,338**	**13,657**	**15,605**	**12,858**	**11,236**	**55,510**	**53,356**	**11,784**	-4.6
Tax	4,106	4,540	3,686	3,844	3,873	4,378	3,612	3,218	16,177	15,081	3,365	
Effective Tax Rate (%)	30.0	30.1	27.5	28.8	28.4	28.1	28.1	28.6	29.1	28.3	28.6	
Adj. PAT	**9,574**	**10,524**	**9,706**	**9,493**	**9,784**	**11,228**	**9,246**	**8,018**	**39,297**	**38,276**	**8,419**	-4.8
Change (%)	29.4	26.4	12.7	52.7	2.2	6.7	(4.7)	(15.5)	28.9	(2.6)	-11.3	

Cummins India

BSE SENSEX	S&P CNX
30,435	9,429

Bloomberg	KKC IN
Equity Shares (m)	277
M.Cap.(INRb)/(USDb)	249.2/3.7
52-Week Range (INR)	1096 / 747
1, 6, 12 Rel. Per (%)	-1/6/-7
Avg Val, INRm	262
Free float (%)	49.0

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	50.8	56.6	65.5
EBITDA	8.0	9.2	11.2
PAT	7.3	8.1	9.7
EPS (INR)	26.5	29.3	35.2
Gr. (%)	-2.6	10.6	20.0
BV/Sh (INR)	135.0	146.3	159.8
RoE (%)	21.2	20.8	23.0
RoCE (%)	20.0	19.9	22.0
P/E (x)	36.7	33.2	27.6
P/BV (x)	7.2	6.6	6.1

Estimate change	↓
TP change	↔
Rating change	↔

CMP: INR968 TP: INR950 (-2%) Neutral

Results below expectations, exports decline; Maintain Neutral

- **Weak operating performance led by adverse product mix:** Cummins India's (KKC) 4QFY17 revenue grew 11% YoY to INR11.8b (est. of INR12.6b). Gross margin contracted 340bp YoY to 34.9% (weakest since FY12). EBITDA declined 4.9% YoY to INR1.7b (est. of INR2.1b), with the margin contracting 240bp YoY to 14.4% (est. of 16.6%, lowest since FY09). PAT fell 5.1% YoY to INR1.6b (est. of INR1.9b). Margin compression was led by an adverse product mix. For FY17, sales stood at INR50.8b (+7.8% YoY), EBIDTA at INR8.0b (+3.4%) and PAT at INR7.3b (-2.6% YoY)
- **Domestic business delivers strong performance, exports disappoint:** Revenue increase of 11% YoY was led by 18% YoY growth in domestic segment. Domestic revenue was aided by power gen (+14% YoY), industrial (+20% YoY) and distribution & spares (+21% YoY) segments. Exports declined 7% YoY (-33% QoQ) due to overall weakness in the global market (Africa, Middle East). For FY18, KKC guided for negative 5% to flat export revenue growth, and muted 5-10% growth for domestic business.
- **Adverse mix leads to gross margin contraction of 340bp:** Gross margin shrunk 340bp YoY to 34.9% due to weak product mix, while operating margin contracted 240bp YoY to 14.4%. KKC expects margins to improve with product mix change in favor of better-margin products. Exports (27% of revenue v/s 32% in 4QFY16) enjoy better margins than domestic sales.
- **Premium valuations; maintain Neutral:** We maintain our **Neutral** rating, with a revised TP of INR950 (27x FY19E EPS). The stock trades at 33x FY18E EPS of INR29.3 and 27.6x FY19E EPS of INR35.5. Key risks to our rating are (a) faster-than-expected revival in domestic power generation market and (b) sharp rise in commodity prices, leading to pick-up in LHP exports.

Quarterly Performance (Standalone) **(INR Million)**

	FY16				FY17				FY16	FY17	Vs Est.	Var.
Y/E March	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3QE**	**4QE**			**4Q**	**(%)**
Sales	**13,101**	**11,946**	**11,382**	**10,659**	**12,590**	**12,790**	**13,550**	**11,844**	**47,088**	**50,773**	**12,606**	**-6.0%**
Change (%)	25.3	4.4	5.1	-6.0	-3.9	7.1	19.0	11.1	6.9	7.8	18.8	
EBITDA	**2,217**	**2,019**	**1,727**	**1,788**	**2,063**	**1,990**	**2,265**	**1,700**	**7,751**	**8,018**	**2,093**	**-18.8%**
Change (%)	23.3	6.3	-8.8	1.6	-6.9	-1.4	31.1	-4.9	2.4	14.6	18.0	
As of % Sales	16.9	16.9	15.2	16.8	16.4	15.6	16.7	14.4	16.5	15.8	16.6	
Depreciation	203	200	201	206	206	209	225	208	810	848	249	**-16.4%**
Interest	24	24	24	24	21	43	55	49	96	168	31	
Other Income	595	601	565	498	416	692	461	511	2,279	2,080	523	
PBT	**2,585**	**2,396**	**2,066**	**2,056**	**2,252**	**2,430**	**2,446**	**1,954**	**9,124**	**9,082**	**2,336**	**-16.4%**
Tax	472	417	286	386	440	461	466	369	1,561	1,736	479	
Effective Tax Rate (%)	18.2	17.4	13.9	18.8	19.5	19.0	19.0	18.9	17.1	19.1	20.5	
Adjusted PAT	**2,114**	**1,980**	**1,780**	**1,670**	**1,812**	**1,969**	**1,981**	**1,585**	**7,563**	**7,346**	**1,857**	**-14.7%**
Change (%)	(0.3)	(2.2)	(1.7)	(12.3)	(14.3)	(0.5)	11.3	(5.1)	(3.8)	(2.9)	11.2	
Reported PAT	**2,114**	**1,980**	**1,780**	**1,670**	**1,812**	**1,969**	**1,981**	**1,585**	**7,563**	**7,346**	**1,857**	**-14.7%**
Change (%)	(0.3)	(2.2)	(1.7)	(12.3)	(14.3)	(0.5)	11.3	(5.1)	(3.8)	(2.9)	11.2	

Granules India

BSE SENSEX	S&P CNX
30,465	9,429

Stock Info

Bloomberg	GRAN IN
Equity Shares (m)	229
52-Week Range (INR)	157/91
1, 6, 12 Rel. Per (%)	4/28/-6
M.Cap. (INR b)	33.8
M.Cap. (USD b)	0.5
Avg Val, INRm	197.0
Free float (%)	46.5

Financials Snapshot (INR b)

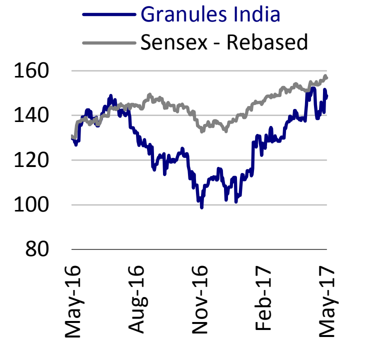
Y/E Mar	2017	2018E	2019E
Net Sales	14.4	17.4	23.9
EBITDA	3.0	3.7	5.2
PAT	1.7	2.1	2.9
EPS (INR)	7.3	8.1	11.4
Gr. (%)	32.7	12.3	39.9
BV/Sh (INR)	43.5	60.4	69.1
RoE (%)	20.0	16.4	17.6
RoCE (%)	17.0	14.7	16.8
P/E (x)	20.5	18.3	13.1
P/BV (x)	3.4	2.5	2.2

Shareholding pattern (%)

As On	Mar-17	Dec-17	Mar-16
Promoter	53.5	51.9	51.1
DII	1.6	1.2	1.2
FII	10	6	6.4
Others	35	40.9	41.3

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR149 TP: INR200 (+34%) Buy

Combination of strong growth and multiple re-rating

From being one of the largest Paracetamol API manufacturers for regulated markets, Granules India (GRAN) has now ventured into CRAMS and US Rx business, where it can leverage its competitive advantage of being a high-quality, low-cost producer. Despite delivering ~40% PAT CAGR over last five years, we expect GRAN to deliver ~35% PAT CAGR till FY20E. This will be led by (1) capacity expansion in the base business, 2) doubling of revenues (INR2.3b in FY20E from INR1.0b in FY17) and expansion in EBITDA margin (>30% in FY20E from ~21% in FY17) in Omnichem CRAMS JV, and 3) new US generic business sales of ~USD85m in FY20 v/s nil currently.

Base business – augmented capacity to fuel growth; focus on formulations to boost margins

- GRAN is among the largest manufacturers of Paracetamol and Ibuprofen APIs for the regulated markets. Along with this, it has been supplying Metformin, Guaifenesin and Methacarbamol API/PFI/formulations. Until FY17, ~85% of its business has come from these five base molecules. A higher focus on formulations over past 4-5 years (revenue contribution up >10%) has helped GRAN expand its EBITDA margin from 11% in FY13 to ~21% in FY17.
- Currently, API is running at 100% capacity and PFI at 73% utilization. The company had planned to increase its API capacity by ~40% and PFI capacity by >20% by March 2017, which will also help fuel growth in formulations (as the company is dependent on backward integration). This will help grow the base business at mid-to-high teens till at least FY20 (~16% CAGR over FY17-20E v/s ~7% in FY17).

US business – plans niche foray into Rx business

- GRAN is planning to file ~25-30 ANDAs in the US till FY19E. Of these, ~10 complex ANDAs will be filed from its US-based Virginia facility and the rest from its India-based facility in Gagilapur. The company has already filed two complex generic ANDAs from its Virginia facility in March/April-17 (market size of USD660m), where it expects to be 3rd/4th player at the time of launch (2HFY19). We expect own new filings for GRAN to contribute USD50-60m in FY20E.
- The company has also acquired the marketing rights from US Pharma for its four ANDAs (scheduled to be launched from late FY18E to FY19E). The market size for these products is >USD4b, and revenue potential could be USD30-35m in FY19E.
- Although we are already building in R&D spend of ~USD12m for FY19E, full-year revenue from own filings will start only FY20 onward. Despite this, we estimate an improvement in the consolidated EBITDA margin by 100bp due to traction in the base business and a shift in product mix toward formulations.

Our Initiating coverage report on Granules India

Omnichem CRAMs JV: FDA approval expected in FY18; margins to reach >30% in FY19E

- Granules-Omnichem is a 50:50 JV between GRAN and Ajinomoto-Omnichem, Belgium. Omnichem would be transferring large-scale production of intermediates and APIs to Granules-Omnichem JV. It will also provide full support for quality, engineering, tech transfer, procurement, sales and management-related matters.
- Revenue is likely to grow rapidly beyond FY18 post site approvals for customers (US FDA inspection complete). We expect the EBITDA margin to reach >30% from ~21% currently, as API supply to innovators will start FY19E onward. Besides de-risking, it will provide a steady revenue stream with healthy margins. We see revenue potential of INR450m by FY20E.

Return from investments visible; adding legs to growth

- GRAN plans to invest INR10.5b over three years starting FY16. Over FY16 and FY17, it incurred capex of ~INR1.3b and INR3.4b, respectively. Although full-scale benefit of these investments will be visible from FY19/20E, FY18E will be a critical year as 1) revenue contribution from capacity expansion in traditional business will kick in, 2) filings from the US (already done 2 and ~8 by FY18-end) will provide visibility on areas of investment in the US, 3) FDA approval for the Omnichem JV plant will provide visibility on API sales (and in turn lead to margin improvement to >30% from ~21% currently) and 4) oncology plant should be ready.
- The company plans to incur capex of INR5.5-6.0b in FY18. It intends to invest ~INR4.5b in the US (USD10m in FY16, USD18m in FY17 and ~USD40m in FY18), mainly toward R&D (~60-65% of total) and the rest toward expanding capacity/buying equipment. Capex of INR2.1b has been incurred on traditional business capacity expansion (revenue to start 2QFY18 onward), while INR2.6b will be spent on developing oncology API/formulations plant (to get commissioned by FY19 beginning).

PAT CAGR of ~35% till FY20, despite full R&D expensing

- We expect PAT CAGR of ~35% over FY17-20E. This is after assuming R&D expense of USD12m (5.5% of FY17E sales). This strong growth will be driven primarily by ramp-up of the base business (led by capacity expansion), a shift in product mix, and Omnichem JV and OTC business expansion. Although FY19 will be the first year of US business sales, the full impact of investments in that country will be visible from FY20.

Trades at ~13x FY19E PER; US business ramp-up an option value

- GRAN trades at ~13x FY19E EPS (despite assuming >10% equity dilution). We believe the stock has the potential to deliver >50% return over next 12-18 months, led by multiple re-rating (to >18x forward earnings) and a strong EPS CAGR of ~35% till FY20. At 18x FY19E PER, fair value of the stock is INR200.
- **Key risks to our estimates:** (1) Higher competition in products like Metformin and Paracetamol. (2) Delay in ramp-up of the US business. (3) Regulatory risk for its manufacturing facility.

KEC Intl.

BSE SENSEX	S&P CNX
30,465	9,428

Bloomberg	KECI IN
Equity Shares (m)	257
M.Cap.(INRb)/(USDb)	63.0 / 0.9
52-Week Range (INR)	253 / 111
1, 6, 12 Rel. Per (%)	10/60/67
Avg Val, INRm	85
Free float (%)	49.1

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	85.8	98.4	112.7
EBITDA	8.2	9.3	10.7
PAT	3.0	3.5	4.3
EPS (INR)	11.9	13.6	16.8
Gr. (%)	106.1	14.7	23.3
BV/Sh (INR)	61.7	72.5	85.9
RoE (%)	21.2	20.3	21.2
RoCE (%)	11.9	13.5	14.1
P/E (x)	20.7	18.0	14.6
P/BV (x)	4.0	3.4	2.9

Estimate change
TP change
Rating change

CMP: INR244 TP: INR250(+3%) Neutral

Operating performance meaningfully above estimates, led by better-than-estimated margins

- **Revenue performance ahead of expectation:** Consol. revenue registered growth of 11.3% YoY to INR28.5b in 4QFY17, led by pick-up in execution of orders in hand. All business segments (except SAE Towers and Cables) witnessed growth. SAE Tower sales were impacted by INR appreciation v/s USD. T&D contributed 88% of revenue, followed by Cables (11%), Railways (8%), and Solar and Water (2%). Management has issued revenue growth guidance of 15% YoY for FY18, which will be supported by pick-up in execution of T&D orders in hand and strong growth in non T&D segments. For full-year FY17, revenues were flat YoY at INR85.8b.
- **Consol. EBITDA margin expanded 150bp YoY to 10.6%** in 4QFY17, led by positive contribution from SAE Towers and non-existence of legacy orders (in Water, Railways and Power Systems). Management stated that incremental orders will earn higher margins of ~8%+. SAE Towers reported operating margin of 12.9% in 4Q. For FY18, management guided for positive PAT contribution from SAE Towers, as product deliveries are expected to pick up. Net profit rose 106% YoY, led by execution of better-margin orders and a reduction in interest cost due to a fall in receivables days from 246 to 231. Target is to reach 180 days.

Valuation and outlook

- KEC is well positioned to capitalize on increased domestic spending in Power T&D, Railways and Water. Margins have improved over last two years, led by stabilization of new verticals and completion of loss-making legacy orders. We increase EPS for FY17E/FY18E by 11/21% to factor in margin improvement across verticals and lower interest cost led by improvement in working capital cycle. However, given expensive valuations, we downgrade to **Neutral** with a revised target price of INR250 (15x FY19E EPS). The stock trades at 20.7/18.0/15x FY17/18/19E EPS of INR11.9/13.6/16.8.

Quarterly performance (Consolidated) **(INR Million)**

Y/E March	FY16				FY17				FY16	FY17E	MOSL	Var.
	1Q	2Q	3QE	4QE	1Q	2QE	3QE	4QE			4Q Est	Vs Est
Sales	**18,780**	**20,209**	**20,600**	**25,589**	**17,487**	**20,742**	**19,123**	**28,492**	**85,163**	**85,844**	**26,647**	**7%**
Change (%)	9.1	-7.0	0.3	1.5	-6.9	2.6	-7.2	11.3	0.6	0.8	4.1	
EBITDA	**1,407**	**1,513**	**1,672**	**2,332**	**1,496**	**1,853**	**1,818**	**3,011**	**6,793**	**8,179**	**2,479**	**21%**
Change (%)	22.0	3.8	59.7	26.3	6.3	22.5	8.8	29.2	0.0	20.4	11.2	
As of % Sales	7.5	7.5	8.1	9.1	8.6	8.9	9.5	10.6	7.4	9.5	9.3	
Depreciation	288	285	313	436	291	310	298	408	876	1,297	249	
Interest	710	685	694	705	720	596	583	637	2,774	2,536	660	
Other Income	32	37	23	11	50	55	70	114	103	289	17	
Extra-ordinary Items	0	0	0	0	0	0	0	0	0	0	0	
PBT	**442**	**580**	**687**	**1,202**	**535**	**1,003**	**1,006**	**2,081**	**3,245**	**4,634**	**1,587**	**31%**
Tax	273	299	425	438	226	352	380	625	1,331	1,587	498	
Effective Tax Rate (%)	61.7	51.5	61.9	36.4	42.2	35.1	37.8	30.1	41.0	34.2	31.4	
Reported PAT	**169**	**282**	**262**	**764**	**309**	**650**	**626**	**1,455**	**1,915**	**3,048**	**1,090**	**34%**
Change (%)	83.0	141.1	-60.7	117.6	83.2	131.0	139.0	90.5	21.0	59.2	36.5	
Adj PAT	**169**	**282**	**262**	**764**	**309**	**650**	**626**	**1,455**	**1,915**	**3,048**	**1,090**	**34%**
Change (%)	48.7	38.8	NA	21.5	83.2	131.0	139.0	90.5	175.4	59.2	36.5	

H T Media

BSE SENSEX	S&P CNX
30,465	9,428
Bloomberg	HTML IN
Equity Shares (m)	233
M.Cap.(INRb)/(USDb)	19.2 / 0.3
52-Week Range (INR)	96 / 70
1, 6, 12 Rel. Per (%)	-6/-4/-26
Avg Val, INRm	21
Free float (%)	30.5

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	24.5	27.0	29.1
EBITDA	3.0	3.5	3.5
PAT	1.7	1.8	1.9
EPS (INR)	7.4	7.9	8.3
Gr. (%)	1.6	6.3	5.3
BV/Sh (INR)	109.8	119.5	129.7
RoE (%)	7.1	6.9	6.6
RoCE (%)	8.5	8.2	8.3
P/E (x)	11.2	10.5	10.0
P/BV (x)	0.8	0.7	0.6

Estimate change	⟷
TP change	⟷
Rating change	⟷

CMP: INR82 TP: INR85(+3%) Neutral

Demonetization continues to impact revenue; maintain EPS and TP

- **EBITDA up 4%, but below estimate; PAT down 33%**: EBITDA rose 4% YoY to INR731m, 7.5% below estimate of INR791m, led by revenue disappointment, both on the ad and circulation front. Opex levers marginally cushioned the impact of subdued ad/circulation performance. PAT declined 33% YoY to INR256m, but came in above est. of INR233m largely due to higher-than-expected net other income.
- **Print ad and circulation growth disappoints:** Revenue fell 7% YoY to INR5.85b (est. of INR6.54b). Ad revenue fell 13% YoY to INR4.07b (est. of INR4.38b) due to sustained demon hangover. English ad revenue declined 21% to INR2.33b (7% miss), while Hindi ad revenue grew 3% to INR1.74b. (12% miss). Circulation revenue was at INR757m (est. of INR775m). English circulation fell 8% YoY to INR205m (est. of INR223m), while Hindi circulation grew 3% YoY to INR552m (in-line). Radio revenue grew 44% YoY to INR445m (est. of INR405m), mainly on increased inventory sale from new radio station launches. Like-to-like radio business growth was in high-single-digits YoY.
- **EBITDA margin expands 135bp YoY, marginal miss:** Despite the demonetization impact (which put brakes on ad/circulation growth), HTML largely managed to salvage margins YoY (4QFY17: 12%; +135bp and 40bp lower than estimate) as it reduced raw material (-10% YoY) and other costs (-15% YoY) by lowering pagination and rationing its SG&A expenses.
- **FY17 digital losses as guided:** Management delivered on nearly halving its losses to INR0.39b. HTML is confident of pruning digital losses in FY18.
- **Valuation view:** 4Q operational performance was sub-par. While we remain positive on regional business, sluggish English ad growth, losses in digital and low dividend payout remain key concerns. We maintain our earnings estimates and **Neutral** stance with a target price of INR85 (10x FY19E EPS).

Quarterly Performance (Consolidated) **(INR Million)**

Y/E March	FY16				FY17				FY16	FY17
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue	**5,872**	**6,011**	**6,811**	**6,316**	**6,147**	**6,022**	**6,499**	**5,853**	**25,010**	**24,521**
YoY (%)	7.5	7.2	12.5	9.5	4.7	0.2	-4.6	-7.3	9.2	-2.0
Operating expenses	5,303	5,352	5,625	5,612	5,504	5,518	5,394	5,122	21,892	21,538
EBITDA	**568**	**659**	**1,186**	**704**	**643**	**505**	**1,105**	**731**	**3,117**	**2,983**
YoY (%)	-8.3	-8.5	37.7	45.7	13.1	-23.4	-6.9	3.9	16.1	-4.3
EBITDA margin (%)	9.7	11.0	17.4	11.1	10.5	8.4	17.0	12.5	12.5	12.2
Depreciation	228	269	247	271	295	304	312	337	1,015	1,248
Interest	94	123	209	202	247	245	241	218	628	951
Other Income	281	457	271	535	478	780	549	488	1,543	2,295
Extra-ordinary exps	0	0	0	0	0	0	0	0	0	0
PBT	**527**	**724**	**1,001**	**766**	**579**	**736**	**1,100**	**665**	**3,018**	**3,079**
Tax	171	208	193	263	186	224	36	225	834	671
Effective Tax Rate (%)	32.4	28.7	19.2	34.3	32.2	30.5	3.3	33.8	27.6	21.8
PAT	**356**	**516**	**809**	**503**	**392**	**512**	**1,064**	**440**	**2,184**	**2,408**
Minority Interest	107	147	121	121	168	202	150	184	496	705
Reported PAT	**249**	**368**	**688**	**383**	**224**	**309**	**914**	**256**	**1,688**	**1,703**

MOTILAL OSWAL | MORNING INDIA

22 May 2017
4QFY17 Results | Sector: Utilities

D B Corp

BSE SENSEX	S&P CNX
30,435	9,429
Bloomberg	DBCL IN
Equity Shares (m)	184
M.Cap.(INRb)/(USDb)	67.5 / 1.0
52-Week Range (INR)	448 / 311
1, 6, 12 Rel. Per (%)	-7/-18/-4
Avg Val, INRm	127.0
Free float (%)	30.1

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	22.4	24.8	27.4
EBITDA	6.4	7.3	8.4
Adj. Net Profit	3.7	4.4	5.3
Adj. EPS (INR)	20.4	24.1	28.7
Adj. EPS Gr. (%)	*25.8*	*18.3*	*19.2*
BV/Sh (INR)	86.7	97.6	110.5
RoE (%)	25.5	26.2	27.6
RoCE (%)	23.0	24.4	26.0
Div. Payout (%)	55.0	55.0	55.0
Valuations			
P/E (x)	18.0	15.3	12.8
P/BV (x)	4.2	3.8	3.3
EV/EBITDA (x)	10.3	8.5	7.2
Div. Yield (%)	2.5	3.0	3.6

Estimate change	⟷
TP change	⟷
Rating change	⟷

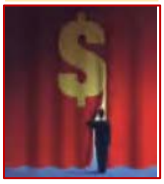
CMP: INR368 TP: INR460 (+25%) Buy

Demonetization hangover on ad growth continues; opex levers salvage margins

- **Operational performance below expectations; PAT cushioned by lower interest/tax outgo:** DBCL's 4QFY17 EBITDA declined 3% YoY to INR1.12b, 6% below our estimate of INR1.2b. The miss was driven by depressed revenue – both print ad and circulation revenue disappointed. Opex levers partially cushioned the impact of the subdued revenue on margins.
- **Demonetization hangover continues to impact ad growth:** Print ad revenue declined 2.7% YoY to INR3.1b in 4QFY17 (4.6% below expectations), as the impact of the demonetization continued. Real Estate, FMCG, Consumer Durables and Retail remained laggards. Auto and Education ad spends have been healthy. Spends from FMCG are expected to improve in FY18. The management is confident of delivering ad growth matching the ~14% ad growth of 1HFY17. We have modeled 10% CAGR in ad revenue over FY17-19.
- **Circulation growth moderates, albeit off a high base:** Circulation revenue grew 7% YoY to INR1.21b (v/s our estimate of INR1.24b). Circulation growth was largely led by yield improvement in mature markets. Net realization per copy grew 9% YoY to INR2.57. We note that circulation growth has moderated in 2HFY17 v/s an average of 12-17% in each quarter prior to 2H.
- **EBITDA margin declined 103bp YoY, marginally short of expectation:** EBITDA margin declined 103bp YoY to 21.7% (v/s our estimate of 22.2%) despite the 4% revenue miss, as opex levers salvaged profitability. RM cost grew 1.6% YoY (price-led) to INR1.6b (v/s our estimate of INR1.66b), constituting 31.1% of revenue. Newsprint consumption declined 4.7% YoY to INR44,750/tonne.
- **Maintain TP and Buy:** We marginally increase our FY18 and PAT estimates by 3% each, factoring in 10% CAGR each in ad and circulation revenue. DBCL trades at 15.3x FY18E and 12.8x FY19E EPS. Maintain **Buy**, with a TP of INR460 (16x FY19E EPS; 11% discount to average P/E of 18x since listing).

Quarterly Performance **(INR Million)**

Y/E March	FY16				FY17				FY16	FY17	FY17	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			MOSLe 4Q	Var %
Sales	**4,734**	**4,781**	**5,859**	**5,143**	**5,704**	**5,287**	**6,273**	**5,171**	**20,516**	**22,435**	**5,399**	-4.2
YoY (%)	-3.2	-0.4	5.6	5.9	20.5	10.6	7.1	0.6	1.9	9.4	5.0	
Operating Expenses	3,515	3,654	3,991	4,001	3,892	3,782	4,290	4,049	15,161	16,013	4,202	-3.6
EBITDA	**1,218**	**1,127**	**1,868**	**1,142**	**1,812**	**1,505**	**1,982**	**1,122**	**5,355**	**6,422**	**1,197**	-6.3
YoY (%)	-9.5	-8.7	1.2	-4.4	48.7	33.6	6.1	-1.7	-5.6	19.9	4.8	
EBITDA margin (%)	25.7	23.6	31.9	22.2	31.8	28.5	31.6	21.7	26.1	28.6	22.2	*-47bp*
Depreciation	208	215	233	222	211	216	218	218	878	863	216	1.1
Interest	21	27	19	24	34	6	30	5	92	74	30	-84.0
Other Income	68	53	37	122	41	41	36	51	281	170	56	-9.2
PBT	**1,057**	**938**	**1,654**	**1,017**	**1,608**	**1,325**	**1,771**	**950**	**4,666**	**5,654**	**1,007**	-5.7
Tax	393	337	585	375	568	440	590	309	1,690	1,907	363	-15.1
Eff. Tax Rate (%)	37.2	35.9	35.4	36.8	35.3	33.2	33.3	32.5	36.2	33.7	36.1	*-361bp*
Adj PAT	**665**	**601**	**1,068**	**642**	**1,040**	**885**	**1,181**	**641**	**2,976**	**3,747**	**644**	-0.4
YoY (%)	-16.0	-11.8	1.6	0.4	56.5	47.3	10.6	-0.2	-7.3	25.9	0.2	



Allcargo

Bloomberg	AGLL IN
Equity Shares (m)	252.1
M. Cap. (INR b)/(USD b)	45 / 1
52-Week Range (INR)	222 / 143
1,6,12 Rel Perf. (%)	3 / -8 / -5

Financial snapshot (INR b)

Y/E March	2016	2017E	2018E	2019E
Sales	56.6	56.5	60.8	65.5
EBITDA	5.2	4.7	5.0	5.3
NP	2.7	2.3	2.8	3.1
EPS (INR)	10.8	9.0	10.9	12.3
EPS Growth (%)	17.2	(13.8)	20.8	13.0
BV/Share (INR)	87.5	69.7	78.2	87.9
RoE (%)	13.2	11.5	14.8	14.8
RoCE (%)	11.2	9.4	11.9	12.4
Valuations				
P/E (x)	16.6	19.8	16.4	14.5
P/BV (x)	2.0	2.6	2.3	2.0
EV/EBITDA (x)	9.4	9.5	8.1	7.0

CMP: INR179 TP: INR203 (+14%) Buy

- We expect AGLL to report EBITDA of INR1.1b (-9% YoY, +11% QoQ) and PAT of INR466m (-33% YoY, -5% QoQ), led by lower volume growth.
- We estimate MTO volumes at 122k TEU (-8% QoQ, +9% YoY) and CFS volumes at 81k TEU (-5% QoQ, +8% YoY).
- We estimate 5% EBITDA CAGR and 10% PAT CAGR over FY16-18, and expect return ratios to improve from ~13% to ~17%, driven by margin expansion and reduction in capex intensity in the business.
- The stock trades at 14.5x FY19E EPS of INR12.3. Maintain Buy.

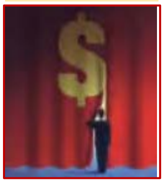
Key issues to watch for

➢ **(a) Volume data, and (b) set up of logistics park in Jhajjar.**

Consolidated - Quarterly Earning Model (INR Million)

Y/E March	FY16				FY17				FY16	FY17
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	**14,764**	**14,534**	**13,261**	**13,976**	**13,937**	**14,084**	**14,052**	**13,809**	**56,535**	**55,882**
YoY Change (%)	11.8	-0.6	-7.4	-1.2	-5.6	-3.1	6.0	-1.2	0.4	-1.2
Total Expenditure	13,353	13,194	12,093	12,760	12,641	12,824	13,059	12,703	51,400	51,226
EBITDA	**1,411**	**1,340**	**1,168**	**1,216**	**1,297**	**1,261**	**993**	**1,106**	**5,135**	**4,656**
Margins (%)	9.6	9.2	8.8	8.7	9.3	9.0	7.1	8.0	9.1	8.3
Depreciation	362	556	497	359	436	434	407	474	1,774	1,750
Interest	106	102	112	95	75	75	78	75	416	303
Other Income	67	70	133	122	111	80	246	56	391	492
PBT before EO expense	**1,009**	**752**	**692**	**884**	**897**	**832**	**754**	**614**	**3,337**	**3,095**
Extra-Ord expense	49	15	59	6	17	10	63	0	129	89
PBT	**960**	**737**	**633**	**878**	**880**	**822**	**691**	**614**	**3,208**	**3,006**
Tax	190	131	102	169	256	178	211	160	592	805
Rate (%)	19.8	17.8	16.1	19.3	29.1	21.7	30.6	26.0	18.5	26.8
Reported PAT	**770**	**606**	**531**	**709**	**624**	**643**	**480**	**454**	**2,616**	**2,201**
Min. Interest & P& L of Asso. Cos.	-4	13	-18	-27	-14	1	12	12	-36	11
Adj PAT	**751**	**603**	**544**	**691**	**610**	**644**	**492**	**466**	**2,589**	**2,212**
YoY Change (%)	45.7	-16.9	-31.4	22.5	-18.7	6.9	-9.6	-32.6	-0.3	-14.5
Margins (%)	5.1	4.1	4.1	4.9	4.4	4.6	3.5	3.4	4.6	4.0

E: MOSL Estimates



Bank of India

Bloomberg	BOI IN
Equity Shares (m)	1055.4
M. Cap. (INR b)/(USD b)	151 / 2
52-Week Range (INR)	144 / 79
1,6,12 Rel Perf. (%)	10 / 13 / 31

Financial Snapshot (INR b)

Y/E March	2016	2017E	2018E	2019E
NII	117.2	112.6	134.6	165.9
OP	60.4	87.4	100.3	120.1
NP	-60.9	-6.0	15.3	25.0
NIM (%)	2.1	2.0	2.2	2.4
EPS (INR)	-74.5	-5.7	14.5	23.7
EPS Gr. (%)	NM	NM	NM	63.6
ROE (%)	-24.5	-2.5	6.0	9.2
ROA (%)	-1.0	-0.1	0.2	0.3
BV/Sh. (INR)	283	238	249	267
ABV/Sh. (INR)	61	79	130	199
Div. Payout (%)	0.0	0.0	23.2	23.2
Valuations				
P/E(X)	-1.9	-25.2	9.9	6.0
P/BV (X)	0.50	0.60	0.57	0.54
P/ABV (X)	2.35	1.80	1.10	0.72
Div. Yield (%)	0.0	0.0	2.0	3.3

CMP: INR143 TP: INR129 (-9%) Neutral

- Continued asset quality strain and capital conservation efforts have led to six consecutive quarters of decline in loan growth. We expect 4QFY17 loan growth to be flat QoQ (+2% YoY). Deposit growth may decline QoQ due to redemption of CASA intake.
- We expect NIM to remain largely stable QoQ at ~2% (-27bp YoY). Overall NII is expected to de-grow 9%.
- While non-interest income is likely to contribute strongly to total income (~35%), it would be lower than in 3QFY17 owing to lower trading gains. Fee income is expected to remain muted.
- We expect stress additions to remain high during the quarter (slippage ratio ~4%), leading to elevated provisioning.
- We expect operating profit to decline 13% QoQ (but grow 46% YoY) as a result of lower non-core income growth.
- BOI trades at 0.5x FY19E BV and 6x FY19E EPS. Maintain Neutral.

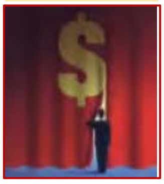
Key issues to watch for

- Stress addition trends and outlook for FY18.
- Upgrade/recovery trends.
- Quantum of loans rescheduled under the 5:25 scheme.
- Outlook on balance sheet growth and further capital infusion.

Quarterly Performance (INR Million)

	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	**29,127**	**30,197**	**27,080**	**31,872**	**27,752**	**27,197**	**28,626**	**29,047**	**117,246**	**112,623**
% Change (Y-o-Y)	8.4	-0.4	-2.6	12.0	-4.7	-9.9	5.7	-8.9	3.0	-3.9
Other Income	8,406	7,781	10,473	8,836	12,384	20,106	17,693	15,339	36,525	65,522
Net Income	**37,533**	**37,978**	**37,553**	**40,708**	**40,136**	**47,304**	**46,319**	**44,386**	**153,772**	**178,144**
Operating Expenses	20,490	23,396	23,463	26,066	23,597	22,375	21,734	23,010	93,415	90,717
Operating Profit	**17,042**	**14,583**	**14,090**	**14,642**	**16,539**	**24,928**	**24,584**	**21,376**	**60,356**	**87,427**
% Change (Y-o-Y)	-17.3	-31.7	-24.5	2.6	-3.0	70.9	74.5	46.0	-19.4	44.9
Other Provisions	15,147	32,374	36,039	54,704	27,702	22,962	23,026	21,725	138,264	95,415
Profit before Tax	**1,895**	**-17,791**	**-21,950**	**-40,062**	**-11,163**	**1,966**	**1,559**	**-349**	**-77,908**	**-7,988**
Tax Provisions	598	-6,529	-6,894	-4,191	-3,750	698	542	513	-17,016	-1,997
Net Profit	**1,297**	**-11,262**	**-15,056**	**-35,871**	**-7,414**	**1,268**	**1,017**	**-863**	**-60,892**	**-5,991**
% Change (Y-o-Y)	-83.9	-243.3	-968.4	NM	NM	NM	NM	NM	NM	NM
Operating Parameters										
NIM (Reported, %)	2.1	2.3	2.0	2.1	2.2	2.2	2.2		2.1	
Deposit Growth (%)	1.5	1.3	-0.3	-3.6	-2.0	-3.8	2.6	2.0	-3.6	2.0
Loan Growth (%)	3.5	-1.1	-3.2	-7.2	-1.9	-1.8	-2.6	2.3	-7.2	2.3
CD Ratio (%)	77.7	75.2	75.1	74.3	77.8	76.8	71.3	74.5	74.3	74.5
Tax Rate (%)	31.5	36.7	31.4	10.5	33.6	35.5	34.7		21.8	25.0
Asset Quality										
OSRL (INR b)	193.9	193.1	172.7	128.7	119.5	120.1	128.1		128.7	
OSRL (%)	4.9	4.9	4.3	3.4	3.1	3.1	3.3		3.4	
Gross NPA (INR b)	268.9	298.9	365.2	498.8	518.7	522.6	517.8	525.9	498.8	525.9
Gross NPA (%)	6.8	7.6	9.2	13.1	13.4	13.5	13.4	13.5	13.1	13.5

E: MOSL Estimates



GAIL (India)

Bloomberg	GAIL IN
Equity Shares (m)	1693.4
M. Cap. (INR b)/(USD b)	648 / 10
52-Week Range (INR)	401 / 251
1,6,12 Rel Perf. (%)	-6 / 21 / 29

Financial snapshot (INR b)

y/e march	2016	2017E	2018E	2019E
Sales	515.9	504.8	538.3	620.6
EBITDA	39.5	66.2	81.9	87.6
Adj. PAT	22.8	36.7	48.9	55.0
Adj. EPS (INR)	13.5	21.7	28.9	32.5
EPS Gr. (%)	-23.9	61.1	33.2	12.4
BV/Sh.(INR)	180.6	197.2	215.5	236.0
RoE (%)	7.6	13.0	14.0	14.4
RoCE (%)	6.4	9.7	11.5	12.0
Payout (%)	36.8	32.5	36.8	36.8
Valuations				
P/E (x)	28.4	17.6	13.2	11.8
P/BV (x)	2.1	1.9	1.8	1.6
EV/EBITDA (x)	11.6	9.6	7.5	6.6
Div. Yield (%)	1.1	1.7	2.3	2.6

CMP: INR383 TP: INR349 (-9%) Neutral

- We expect GAIL to report a PAT of INR11b (+44% YoY and +12% QoQ). We model nil subsidy sharing for GAIL in 4QFY17 (v/s nil in 4QFY16 and 3QFY17).
- We estimate EBITDA at INR18.3b in 4QFY17 v/s INR11.2b in 4QFY16 and INR17b in 3QFY17.
- We model Brent crude price of USD49/bbl for FY17, USD55/bbl for FY18 and USD60/bbl for the long term.
- Segmental EBIT (pre-subsidy) is expected to be INR17.7b, up 51% YoY, led by turnaround in petchem division profitability and likely higher gas transmission profitability.
- GAIL trades at 11.8x FY19E EPS of INR32.5. Maintain Neutral.

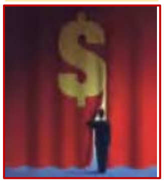
Key issues to watch for

- **(a) Petchem profitability, (b) profitability in gas trading business, (c) progress of pipeline projects, (d) pending tariff revisions for key pipelines, and (e) visibility on placement of US contracts.**

Quarterly Performance (INR Million)

Y/E March	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	**125,191**	**140,880**	**133,572**	**116,272**	**106,866**	**118,582**	**121,079**	**155,418**	**515,914**	**501,945**
Change (%)	-6.4	-0.3	-10.8	-18.5	-14.6	-15.8	-9.4	33.7	-9.1	-2.7
EBITDA	**9,976**	**7,675**	**11,008**	**11,186**	**15,732**	**15,155**	**17,015**	**18,347**	**39,845**	**66,248**
% of Net Sales	8.0	5.4	8.2	9.6	14.7	12.8	14.1	11.8	7.7	13.2
Depreciation	3,077	3,227	3,356	3,497	3,354	3,563	3,579	3,657	13,158	14,153
Interest	1,636	1,635	1,524	1,546	1,774	1,198	1,601	1,191	6,341	5,765
Other Income	1,248	3,787	3,102	3,256	1,362	3,361	3,002	3,000	11,394	10,725
Extraordinary item*	0	0	0	0	4,893	0	0	0	0	4,893
PBT	**6,511**	**6,599**	**9,230**	**9,399**	**16,858**	**13,755**	**14,836**	**16,499**	**31,740**	**61,948**
Tax	2,270	2,194	2,472	1,699	3,506	4,508	5,007	5,445	8,636	18,466
Rate (%)	34.9	33.2	26.8	18.1	20.8	32.8	33.7	33.0	27.2	29.8
PAT	**4,241**	**4,405**	**6,758**	**7,700**	**13,352**	**9,247**	**9,829**	**11,054**	**23,105**	**43,482**
Adj PAT	**4,241**	**4,405**	**6,758**	**7,700**	**8,459**	**9,247**	**9,829**	**11,054**	**23,105**	**38,589**
Change (%)	-31.7	-66.2	20.8	50.8	99.4	109.9	45.4	43.6	-22.8	67.0
EPS (INR)	**2.5**	**2.6**	**4.0**	**4.5**	**5.0**	**5.5**	**5.8**	**6.5**	**13.6**	**22.8**
Key Assumptions										
Gas Trans. volume (mmsmd)	87	90	97	95	96	101	103	104	92	101
Petchem sales ('000MT)	50	84	84	116	110	136	146	170	334	562

E: MOSL Estimates



SRF

Bloomberg	SRF IN
Equity Shares (m)	57.4
M. Cap. (INR b)/(USD b)	95 / 1
52-Week Range (INR)	1970 / 1166
1,6,12 Rel Perf. (%)	1 / -20 / 14

Financial Snapshot (INR Billion)

Y/E March	2016	2017E	2018E	2019E
Sales	46.0	47.3	55.2	63.8
EBITDA	9.6	10.0	11.6	13.8
NP	4.2	4.7	5.7	7.3
EPS (INR)	73.7	82.4	99.9	125.1
EPS Gr. (%)	39.7	11.8	21.3	25.3
BV/Sh. (INR)	456.8	523.8	603.4	705.4
RoE (%)	17.0	16.5	17.4	19.1
RoCE (%)	19.4	18.4	20.8	24.5
Valuations				
P/E (x)	22.4	20.0	16.5	13.2
P/BV (x)	3.6	3.1	2.7	2.3
EV/EBITDA (x)	11.6	11.2	9.7	7.8
EV/Sales (x)	2.4	2.4	2.0	1.7

CMP: INR1,655 TP: INR1,825 (+10%) Buy

- Flouro chemicals (refrigerants) business is expected to post a strong quarter backed by exports business. We expect company to achieve 9000t for full-year FY17.
- Specialty chemicals continue to remain under pain in 4QFY17. We reiterate that structurally there are no issues with the company.
- We expect SRF's revenue to grow 11% YoY to INR12.3b, and EBITDA to increase 13% YoY to INR2.5b. We expect EBITDA margin to improve 50bp YoY to 20.5%, and adjusted PAT to grow 11% YoY to INR1.16b. **Buy**.

Key things to watch for

- **Growth in chemicals segment (particularly specialty chemicals).**
- **Client additions and capex plans in specialty chemicals.**
- **Margins in technical textile and packaging segment.**

Consolidated - Quarterly Earning Model **(INR Million)**

Y/E March	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	**12,214**	**11,628**	**10,956**	**11,150**	**12,192**	**11,438**	**11,330**	**12,354**	**45,948**	**47,307**
YoY Change (%)	5.7	-2	-2	3	0	-2	3.4	11	1.2	3.0
Total Expenditure	9,547	9,144	8,619	8,918	9,352	9,112	9,014	9,822	36,228.1	37,348.8
EBITDA	**2,667**	**2,484**	**2,337**	**2,232**	**2,841**	**2,326**	**2,317**	**2,533**	**9,720**	**9,958**
Margins (%)	21.8	21.4	21.3	20.0	23.3	20.3	20.4	20.5	21.2	21.1
Depreciation	725	733	714	725	734	735	744	755	2,897	2,970
Interest	344	334	312	315	282	242	270	280	1,304	1,066
Other Income	45	68	48	106	55	70	61	71	268	259
PBT before EO expense	**1,644**	**1,485**	**1,358**	**1,299**	**1,880**	**1,419**	**1,363**	**1,569**	**5,786**	**6,182**
Extra-Ord expense	-8	103	65	-57	-63	-72	45	0	103	-90
PBT	**1,652**	**1,382**	**1,293**	**1,356**	**1,943**	**1,491**	**1,319**	**1,569**	**5,683**	**6,272**
Tax	522	361	325	268	501	298	271	408	1,476	1,474
Rate (%)	31.6	26.1	25.1	19.8	25.8	20.0	20.6	26.0	26.0	23.5
Reported PAT	**1,129**	**1,021**	**969**	**1,088**	**1,442**	**1,193**	**1,048**	**1,161**	**4,207**	**4,798**
Adj PAT	**1,124**	**1,097**	**1,017**	**1,042**	**1,395**	**1,135**	**1,083**	**1,161**	**4,284**	**4,729**
YoY Change (%)	21.3	34	32	80	24	3	6.4	11	41.5	10.4
Margins (%)	9.2	9.4	9.3	9.3	11.4	9.9	9.6	9.4	9.3	10.0

E: MOSL Estimates

1. Bank of Baroda: Retail loan book to grow at 20%, corporate book at 18% plus in FY18; PS Jayakumar, MD & CEO

- Going forward too, would look to reduce net NPAs.
- The bank saw a pickup in loan growth in March 2017, the bank expects retail loan book to grow at 20% and corporate loan book to growth at over 18% in FY18.
- In FY17, the retail loan growth book stood at 17 percent.
- The bank does not require capital for taking care of balance sheet challenges like NPAs etc.

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2. Pidilite: Aim to retain market leader position; improve margins; Apurva Parekh, Director

- Margins have improved because of continuous efforts to do so. Historically our operating margins or operating profit margins have been around 21-22 percent level.
- It's a level we are comfortable with. In last couple of years it has expanded to around 25 percent or more.
- On advertisement front, have lowered ad spends this quarter.
- Not concerned by competition in adhesives or non-adhesive segments, would continue to strive towards retaining market leader position.

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3. United Breweries: Q1, Q2 will be challenging due to highway alcohol ban; Shekhar Ramamurthy, MD

- UB's performance of about minus 10, minus 11, was actually significantly ahead of the market and... having gained almost 1% over the full year.
- The impact of this highway ban will be felt into the first two quarters of this year too because of the way highways are defined in India, that any road which is maintained by either state or the centre is national or state highway.
- By our estimates, industry declined in the month of April could be anything between 13% and 15%. We have to wait and watch for the April, May, June seasons.
- The industry will settle down only around Q3 of this year. Definitely we will go back to growth. I am convinced on the fundamentals of our economy.

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1. Hidden peril. by The Business Line

- The massive online attack by unknown hackers using ransomware WannaCry is a grim reminder to policymakers, software companies and users of technology in general of the hidden perils of a connected world. The mass cyber attack seized control of computers at hospitals, retail shops, logistics firms and individuals across 100 countries. India was not exempt, with the attack once again exposing the country's unpreparedness to deal with such threats. Over the last few years, online users have been hit by many such attacks including the Heartbleed bug that is estimated to have affected nearly 17 per cent of all websites, and the hack on Yahoo which compromised nearly 500 million users.

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2. Trade is great, but it creates losers. by Tirumala Kv & Moin Afaque

- We have seen the events of the last one year — the rise of Donald Trump, Brexit, and so on — carried on the waves of an anti-globalisation backlash. Prior to that, the same developed countries had been pitching for more open and free trade. Between 1990 and 2014, goods trade volume increased more than five times, from $3.5 trillion to $19 trillion. Service trade has grown just as spectacularly in this period. Trade-led globalisation has produced many winners, but there were losers as well who were never adequately compensated.

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3. Insolvency and bankruptcy code: here's why resolution must be strictly time-bound. by The Financial Express

- As stated in its preamble, the Insolvency and Bankruptcy Code, 2016 (Code) provides for re-organisation and insolvency resolution of corporate persons, partnership firms and individuals in a time-bound manner for maximisation of value of assets. It envisages specific roles for each participant—the stakeholders comprising debtors and creditors, and the ecosystem comprising Adjudicating Authority (AA), Insolvency and Bankruptcy Board of India (IBBI), information utilities, and insolvency professionals—in different processes and specifies timelines for performance of each task in a process. The USP of the Code is time-bound completion of processes.

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4. BIG DATA'S BIG GOVERNANCE IMPACT. BY V. SRIDHAR

- The anniversary of the signing of the first International Telegraph Convention and the creation of the International Telecommunication Union (ITU) was celebrated on 17 May as World Telecommunication and Information Society Day (WTISD). The theme this year is "Big Data for Big Impact". As has been pointed out by Houlin Zhao, the secretary general of ITU, the theme for this year is to explore the power of Big Data for development. The analysis of vast amounts of data collected from the different devices that we use on a day-to-day basis provides an opportunity to discover hidden secrets and enables us to do predictive analysis and informed decision making across individual, organizational, societal, national and international levels.

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5. A celebration in Yokohama and a summit in Beijing. by Sudipto Mundle

- Some 6,000 delegates came together in Yokohama earlier this month to celebrate the 50th anniversary of the Asian Development Bank (ADB). Indeed there is much for the ADB to celebrate. Its growth during the past five decades has been phenomenal. Thirty-one member countries, the original owners of ADB, launched the bank with an authorized capital of only $1 billion in 1966. That capital has since grown to $143 billion. Its level of assistance, including loans, equity investment, guarantees, grants and technical assistance, has grown from around $100 million in the initial years to as much as $17.5 billion per year at present.

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6. Now get down to business. by Hema Ramakrishnan

- The G20, which is clear that tax evaders deserve no refu ge, is now batting for tax cer tainty to foster entreprene urship, investment and growth. A subtle shift in its otherwise dismal perception of businesses became evident when financial leaders, who met at the German resort town of Baden-Baden, endorsed a report on the subject in March. They also vowed to track the progress on tax certainty in 2018. The group's call for a predictable tax regime is well-timed, coming as it does when companies are grappling with a new set of global tax rules being adopted by governments, including India's, to fight tax evasion.

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International

7. Theresa may delivers a manifesto for middle England. by Financial Times

- Theresa May has left voters in no doubt of the kind of Britain she wishes to build, if she secures a strong personal mandate in next month’s general election. In launching her manifesto, she rejected Thatcherite individualism, and indeed all ideology, promising “mainstream government for mainstream Britain”. In broad outline, this appears to mean a more interventionist approach to both economic and social affairs than previous Conservative governments would have countenanced. It is an unabashed attempt to seize the unoccupied centre ground.

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR) FY17E	EPS (INR) FY18E	EPS (INR) FY19E	P/E (x) FY17E	P/E (x) FY18E	P/B (x) FY17E	P/B (x) FY18E	ROE (%) FY17E	ROE (%) FY18E	ROE (%) FY19E
Automobiles														
Amara Raja	Buy	894	1,084	21	29.3	37.3	43.4	30.5	24.0	6.1	5.0	21.7	22.9	22.0
Ashok Ley.	Buy	85	98	15	4.2	5.2	6.6	20.1	16.4	3.9	3.5	20.6	22.3	24.9
Bajaj Auto	Buy	2,971	3,282	10	132.3	153.0	172.2	22.5	19.4	5.0	4.6	25.3	24.7	25.1
Bharat Forge	Buy	1,056	1,266	20	25.3	37.2	50.6	41.8	28.4	6.2	5.4	15.7	20.5	23.7
Bosch	Neutral	23,031	22,924	0	472.3	667.8	764.1	48.8	34.5	9.3	7.7	18.2	24.5	23.4
CEAT	Buy	1,775	1,741	-2	93.3	104.9	133.9	19.0	16.9	3.0	2.6	16.9	16.3	17.9
Eicher Mot.	Buy	27,904	30,402	9	613.8	892.0	1,135.1	45.5	31.3	15.8	11.2	40.3	41.9	38.5
Endurance Tech.	Buy	799	948	19	23.5	30.8	37.9	34.0	26.0	6.5	5.4	20.8	22.6	23.1
Escorts	Buy	640	608	-5	23.2	34.1	43.4	27.6	18.8	3.2	2.8	12.1	15.9	17.5
Exide Ind	Buy	238	274	15	8.2	9.5	11.8	29.1	25.2	4.1	3.6	14.0	14.5	15.8
Hero Moto	Neutral	3,573	3,622	1	169.1	198.1	201.2	21.1	18.0	7.1	6.0	35.7	35.9	31.3
M&M	Buy	1,333	1,570	18	61.7	75.4	89.5	21.6	17.7	3.3	3.0	14.5	13.9	14.7
Mahindra CIE	Not Rated	248	-		5.4	9.9	11.8	46.3	25.2	2.9	2.6	6.4	10.8	11.5
Maruti Suzuki	Buy	6,788	8,060	19	248.6	300.0	370.9	27.3	22.6	5.7	4.9	20.3	21.2	22.3
Tata Motors	Buy	443	619	40	11.5	29.4	62.0	38.5	15.0	1.8	1.6	4.7	11.0	19.7
TVS Motor	Buy	525	581	11	11.7	16.7	26.7	44.7	31.4	10.4	8.2	25.6	29.2	35.9
Aggregate								**29.7**	**21.0**	**4.2**	**3.7**	**14.0**	**17.4**	**20.6**
Banks - Private														
Axis Bank	Neutral	501	525	5	15.4	23.4	41.2	32.6	21.4	2.2	2.1	6.9	9.9	15.7
DCB Bank	Neutral	191	170	-11	7.0	8.8	11.2	27.3	21.7	2.9	2.6	10.9	12.4	14.0
Equitas Hold.	Buy	158	210	33	4.7	4.8	7.5	33.5	32.6	2.4	2.2	8.9	7.1	10.1
Federal Bank	Buy	112	125	11	4.8	5.8	7.3	23.3	19.5	2.2	2.0	9.9	10.9	12.5
HDFC Bank	Buy	1,560	1,790	15	56.8	67.1	79.4	27.5	23.2	4.7	4.0	17.9	18.2	19.0
ICICI Bank	Buy	307	365	19	16.8	16.8	19.2	18.3	18.2	2.1	1.9	10.1	9.1	9.8
IDFC Bank	Neutral	61	62	2	3.0	3.3	4.3	20.2	18.3	1.4	1.3	7.2	7.4	9.0
IndusInd	Buy	1,390	1,700	22	50.1	59.4	72.0	27.7	23.4	4.2	3.6	16.0	16.5	17.3
J&K Bank	Neutral	85	89	5	-31.3	4.4	8.0	NM	19.3	0.8	0.8	-27.0	4.0	7.0
Kotak Mah. Bk	Buy	937	1,050	12	26.8	32.3	40.5	34.9	29.0	4.5	3.9	13.8	14.5	15.7
RBL Bank	Under Review	556	-		11.9	17.6	23.8	46.8	31.5	4.9	4.3	12.3	14.6	17.3
South Indian	Buy	26	31	18	2.2	2.9	3.6	12.1	9.1	1.0	0.9	9.4	10.6	12.2
Yes Bank	Buy	1,430	2,110	48	73.0	90.5	114.0	19.6	15.8	3.7	3.1	18.9	17.9	19.4
Aggregate								**27.0**	**21.8**	**3.1**	**2.8**	**11.4**	**12.9**	**14.5**
Banks - PSU														
BOB	Buy	189	217	15	6.0	19.0	24.9	31.5	9.9	1.3	1.2	4.1	12.3	14.5
BOI	Neutral	179	129	-28	-5.7	14.5	23.7	NM	12.3	0.8	0.7	-2.5	6.0	9.2
Canara	Neutral	367	380	3	18.8	33.0	48.9	19.6	11.1	0.8	0.7	4.2	6.8	9.4
IDBI Bk	Neutral	69	49	-28	1.5	6.4	8.6	45.0	10.7	0.6	0.6	1.4	5.8	7.3
Indian Bk	Buy	345	360	4	29.3	33.3	38.1	11.8	10.3	1.1	1.1	10.1	10.6	11.1
OBC	Neutral	157	150	-5	-31.6	17.1	21.4	NM	9.2	0.4	0.4	-8.4	4.6	5.4
PNB	Buy	155	186	20	6.2	9.4	13.8	25.0	16.5	0.9	0.8	3.6	5.2	7.2
SBI	Buy	308	340	10	8.7	16.9	23.3	35.5	18.2	1.3	1.3	3.9	7.3	9.3
Union Bk	Neutral	174	174	0	7.6	24.6	34.5	22.8	7.1	0.6	0.6	2.7	8.1	10.5
Aggregate								**35.6**	**14.0**	**1.0**	**1.0**	**2.8**	**6.8**	**8.8**
NBFCs														
Bajaj Fin.	Buy	1,292	1,550	20	33.6	47.0	63.6	38.5	27.5	7.4	6.0	21.7	24.0	26.2
Bharat Fin.	Neutral	696	769	11	21.0	32.4	45.3	33.1	21.5	3.9	3.3	15.1	16.7	19.5
Dewan Hsg.	Buy	405	559	38	29.6	38.6	45.5	13.7	10.5	1.6	1.4	14.4	14.5	15.2
GRUH Fin.	Neutral	397	421	6	8.1	10.3	12.5	48.8	38.6	13.0	10.8	30.4	30.6	30.9
HDFC	Buy	1,521	1,797	18	46.8	50.7	55.9	32.5	30.0	6.0	5.5	19.3	18.3	17.4
Indiabulls Hsg	Buy	1,041	1,227	18	69.0	82.2	101.6	15.1	12.7	3.6	3.2	25.5	27.0	29.6
LIC Hsg Fin	Neutral	683	723	6	38.2	44.6	51.2	17.8	15.3	3.2	2.7	19.4	19.3	19.0
Manappuram	Not Rated	90	-		8.2	11.1	14.0	11.0	8.1	2.5	2.2	23.9	29.0	32.2
M&M Fin.	Buy	315	400	27	7.1	12.9	16.4	44.5	24.4	2.7	2.6	6.4	10.9	12.9
Muthoot Fin	Buy	379	465	23	29.7	34.5	40.0	12.8	11.0	2.4	2.1	19.7	20.2	20.6

Company	Reco	CMP	TP	% Upside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
		(INR)	(INR)	Downside	FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
PFC	Neutral	155	117	-24	25.7	27.2	30.2	6.0	5.7	1.0	0.9	17.9	17.0	16.8
Repco Home	Buy	754	831	10	28.6	34.0	40.2	26.3	22.2	4.2	3.6	17.3	17.5	17.6
REC	Neutral	217	134	-38	31.4	35.0	40.4	6.9	6.2	1.3	1.1	19.9	19.1	19.1
Shriram City Union	Buy	2,137	2,689	26	84.3	130.4	164.7	25.3	16.4	2.9	2.5	11.8	16.2	17.8
STF	Buy	1,000	1,269	27	55.6	77.4	98.6	18.0	12.9	2.0	1.8	11.7	14.5	16.3
Aggregate								**18.2**	**15.6**	**3.1**	**2.8**	**17.2**	**17.7**	**17.9**
Capital Goods														
ABB	Sell	1,528	1,200	-21	19.7	25.1	32.2	77.5	61.0	9.9	8.5	12.7	13.9	15.8
Bharat Elec.	Buy	174	180	3	6.5	7.3	8.5	26.9	23.9	5.1	4.5	20.4	18.8	19.1
BHEL	Sell	164	115	-30	5.5	5.7	5.8	29.6	28.7	1.2	1.1	4.0	4.0	4.0
Blue Star	Neutral	647	650	1	12.9	19.0	28.0	50.2	34.1	8.2	7.6	18.0	23.2	31.6
CG Cons. Elec.	Buy	223	221	-1	4.6	5.5	6.7	48.9	40.8	37.0	25.2	94.3	73.3	66.1
CG Power & Indu.	Sell	92	45	-51	3.6	3.9	4.5	25.1	23.5	1.3	1.3	5.4	5.5	6.0
Cummins	Neutral	968	990	2	26.5	19.1	24.0	36.5	50.8	7.2	6.8	21.2	13.7	16.3
GE T&D	Neutral	364	340	-6	6.0	11.0	11.4	60.5	33.0	7.2	6.5	11.7	20.7	19.2
Havells	Neutral	485	480	-1	9.6	12.1	14.5	50.7	40.1	9.2	8.2	18.2	20.4	21.4
Inox Wind	Under Review	158	-		12.8	-3.2	15.5	12.3	NM	1.6	1.6	14.9	-3.3	15.1
K E C Intl	Buy	245	175	-29	10.5	12.3	13.5	23.3	20.0	3.6	3.1	16.6	16.8	16.2
L&T	Buy	1,724	1,970	14	53.6	64.7	75.8	32.2	26.6	3.4	3.1	10.9	12.1	12.9
Pennar Eng.	Not Rated	131	-		5.8	7.5	10.0	22.5	17.4	1.9	1.7	8.6	10.0	11.8
Siemens	Neutral	1,376	1,355	-2	17.8	24.3	33.3	77.2	56.7	7.2	6.2	9.3	11.0	13.7
Solar Ind	Neutral	823	800	-3	19.0	22.3	26.5	43.3	36.9	7.4	6.4	18.4	18.6	19.0
Suzlon Energy	Not Rated	21	-		0.6	0.9	1.0	32.4	23.3	-1.9	-2.0	NM	-8.8	-11.0
Thermax	Sell	982	781	-21	23.5	28.4	31.5	41.7	34.6	4.6	4.3	11.6	12.9	13.2
Va Tech Wab.	Buy	672	760	13	26.5	34.5	40.3	25.4	19.4	3.5	3.1	8.9	16.7	17.3
Voltas	Sell	416	370	-11	13.6	14.9	16.9	30.6	27.8	5.1	4.5	17.6	17.1	17.1
Aggregate								**36.2**	**32.0**	**4.0**	**3.7**	**11.1**	**11.5**	**12.6**
Cement														
Ambuja Cem.	Buy	251	283	13	4.9	6.6	7.2	51.4	37.9	2.6	2.5	5.0	6.7	7.1
ACC	Neutral	1,680	1,521	-9	33.7	49.2	63.6	49.8	34.1	3.7	3.8	7.5	11.0	14.2
Birla Corp.	Buy	767	869	13	21.5	41.2	54.4	35.6	18.6	2.1	2.0	6.0	10.9	13.2
Dalmia Bharat	Buy	2,428	3,162	30	38.8	66.7	87.1	62.6	36.4	4.3	3.9	7.2	11.3	13.1
Grasim Inds.	Neutral	1,121	1,067	-5	68.7	86.6	111.1	16.3	12.9	1.8	1.6	11.7	13.2	14.8
India Cem	Neutral	208	152	-27	5.1	8.7	11.9	40.7	23.8	1.7	1.6	4.0	6.2	7.7
J K Cements	Buy	1,111	1,322	19	33.7	46.4	59.5	33.0	23.9	4.4	3.8	14.4	17.0	18.6
JK Lakshmi Ce	Buy	472	550	16	7.0	11.4	20.5	67.9	41.4	4.0	3.6	6.0	9.2	14.7
Ramco Cem	Buy	687	815	19	27.8	30.1	36.2	24.7	22.8	4.5	3.8	19.6	18.0	18.5
Orient Cem	Buy	153	185	21	-1.6	4.5	6.8	NM	33.8	3.2	2.9	-3.2	9.0	12.3
Prism Cem	Buy	121	118	-2	-0.6	2.6	4.8	NM	45.8	6.3	5.7	-3.1	13.1	20.8
Shree Cem	Buy	18,675	23,316	25	384.4	480.7	621.0	48.6	38.9	9.2	7.6	20.2	21.5	22.6
Ultratech	Buy	4,361	4,928	13	96.1	121.4	159.1	45.4	35.9	5.2	4.6	12.0	13.6	15.7
Aggregate								**37.9**	**28.4**	**3.7**	**3.4**	**9.8**	**11.9**	**13.7**
Consumer														
Asian Paints	Neutral	1,122	1,210	8	21.0	23.1	27.4	53.4	48.5	14.2	13.6	28.5	28.6	30.6
Britannia	Buy	3,588	4,065	13	72.2	83.3	101.7	49.7	43.1	19.1	15.1	43.1	39.2	38.0
Colgate	Buy	1,015	1,180	16	21.2	25.7	31.1	47.8	39.6	21.7	20.5	50.4	53.2	60.3
Dabur	Neutral	276	295	7	7.2	7.7	9.1	38.0	35.6	10.0	8.6	28.4	26.0	26.3
Emami	Buy	1,107	1,250	13	26.5	29.2	34.7	41.7	37.9	14.3	11.5	35.8	33.8	32.2
Godrej Cons.	Neutral	1,798	1,950	8	37.8	43.6	50.0	47.6	41.2	11.6	9.0	24.6	24.5	23.0
GSK Cons.	Sell	5,290	4,380	-17	156.1	169.7	185.5	33.9	31.2	7.1	7.0	22.2	22.6	23.0
HUL	Buy	1,008	1,165	16	19.6	22.4	25.9	51.3	44.9	32.7	32.0	65.6	72.1	81.4
ITC	Buy	286	320	12	8.4	9.3	11.0	34.1	30.6	9.0	7.9	28.4	27.6	28.7
Jyothy Lab	Neutral	373	390	4	11.2	8.9	11.0	33.2	41.7	6.2	6.4	21.1	15.1	18.4
Marico	Neutral	310	335	8	6.3	6.9	8.4	49.3	44.6	17.2	14.7	36.7	35.5	38.1

		CMP	TP	% Upside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
Company	Reco	(INR)	(INR)	Downside	FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
Nestle	Sell	6,530	5,715	-12	118.0	118.6	139.5	55.3	55.0	20.9	19.2	39.0	36.4	39.0
Page Inds	Buy	14,525	17,480	20	235.6	305.1	388.4	61.7	47.6	25.4	20.1	41.3	42.2	43.2
Parag Milk	Neutral	241	250	4	0.8	6.9	12.5	297.0	34.7	3.0	2.7	1.3	8.2	13.2
Pidilite Ind.	Neutral	761	740	-3	16.6	18.3	20.5	45.9	41.7	11.8	9.6	27.9	25.4	23.4
P&G Hygiene	Buy	7,586	8,760	15	144.9	155.8	181.6	52.4	48.7	43.3	34.5	45.3	78.9	74.0
United Brew	Neutral	774	830	7	8.7	9.7	14.7	89.0	79.8	8.9	8.2	10.4	10.7	14.6
United Spirits	Neutral	1,921	2,025	5	28.6	42.2	58.7	67.1	45.6	12.7	10.1	20.8	22.1	23.8
Aggregate								**43.3**	**38.6**	**12.9**	**11.4**	**29.9**	**29.5**	**30.5**
Healthcare														
Alembic Phar	Neutral	600	640	7	21.6	26.0	32.1	27.8	23.1	6.0	5.0	23.1	23.6	24.1
Alkem Lab	Neutral	1,874	1,850	-1	79.3	85.7	100.0	23.6	21.9	5.3	4.4	24.4	22.0	21.7
Ajanta Pharma	Buy	1,675	2,028	21	58.4	66.4	79.9	28.7	25.2	9.4	7.2	37.7	32.3	30.0
Aurobindo	Buy	596	900	51	39.8	45.4	54.3	15.0	13.1	3.8	3.0	28.6	25.3	24.0
Biocon	Sell	980	900	-8	30.6	33.1	44.9	32.0	29.6	4.4	4.0	13.6	13.3	16.1
Cadila	Buy	459	510	11	12.0	17.7	23.0	38.3	26.0	7.7	6.3	21.4	26.5	27.9
Cipla	Neutral	563	550	-2	17.9	22.0	28.5	31.5	25.7	3.5	3.1	11.0	12.2	13.8
Divis Lab	Neutral	611	600	-2	43.0	32.9	38.6	14.2	18.6	3.5	3.1	25.4	17.7	18.8
Dr Reddy’s	Neutral	2,656	2,625	-1	72.6	107.1	144.5	36.6	24.8	3.6	3.0	9.6	13.3	15.1
Fortis Health	Buy	203	250	23	2.3	2.9	6.5	86.7	69.1	2.3	2.0	2.7	3.1	6.1
Glenmark	Neutral	660	800	21	39.3	45.0	53.5	16.8	14.7	4.1	3.3	24.7	22.4	21.3
Granules	Buy	149	200	34	7.3	8.1	11.1	20.5	18.3	3.4	2.5	20.0	16.3	17.2
GSK Pharma	Neutral	2,442	2,700	11	34.5	55.5	64.4	70.8	44.0	15.8	18.9	22.4	43.0	56.9
IPCA Labs	Neutral	529	540	2	15.8	27.9	37.3	33.4	18.9	2.7	2.4	8.4	13.5	15.9
Lupin	Buy	1,315	1,850	41	61.4	78.6	88.8	21.4	16.7	4.4	3.6	22.8	23.8	22.1
Sanofi India	Buy	4,071	4,850	19	129.1	131.0	173.4	31.5	31.1	5.4	5.1	17.1	16.3	19.3
Sun Pharma	Buy	652	850	30	27.1	32.5	38.7	24.1	20.0	4.6	3.9	19.8	20.9	21.0
Syngene Intl	Not Rated	483	-		13.0	16.1	18.0	37.1	30.0	7.5	6.1	22.2	22.5	20.7
Torrent Pharma	Buy	1,287	1,700	32	56.6	76.3	93.4	22.7	16.9	5.4	4.5	25.9	29.3	29.6
Aggregate								**25.5**	**20.9**	**4.6**	**3.8**	**17.9**	**18.3**	**18.9**
Logistics														
Allcargo Logistics	Buy	178	203	14	9.0	10.9	12.3	19.7	16.3	2.6	2.3	11.5	14.8	14.8
Blue Dart	Not Rated	4,303	-		102.5	129.9	163.2	42.0	33.1	18.6	14.2	50.5	48.6	46.8
Concor	Neutral	1,196	1,042	-13	29.7	39.9	44.9	40.3	30.0	3.5	3.2	8.8	11.2	11.8
Gateway Distriparks	Buy	246	310	26	6.8	11.6	14.3	36.1	21.2	2.1	2.0	5.9	9.9	11.7
Gati	Not Rated	135	-		8.4	15.9	23.9	16.1	8.5	2.2	2.0	12.4	19.4	25.4
Transport Corp.	Not Rated	261	-		16.9	21.0	25.9	15.4	12.4	2.4	2.0	16.7	17.8	18.6
Aggregate								**33.7**	**24.9**	**3.7**	**3.4**	**10.9**	**13.5**	**14.6**
Media														
Dish TV	Buy	99	115	17	1.4	2.7	4.3	68.5	37.1	19.7	12.9	33.6	42.0	43.9
D B Corp	Buy	368	450	22	20.4	24.0	28.8	18.0	15.3	4.2	3.8	25.5	26.1	27.7
Den Net.	Neutral	96	90	-6	-3.6	2.2	8.5	NM	43.7	1.1	1.1	-4.1	2.5	8.8
Hind. Media	Buy	276	360	30	26.4	27.1	29.9	10.5	10.2	1.8	1.6	19.3	16.6	15.6
HT Media	Neutral	82	90	9	8.0	8.2	8.7	10.2	10.1	0.8	0.7	7.7	7.1	7.0
Jagran Prak.	Buy	186	225	21	10.8	12.2	13.9	17.3	15.2	3.4	2.9	20.7	20.6	20.4
PVR	Buy	1,519	1,667	10	20.8	35.7	56.8	73.1	42.6	7.4	6.5	10.6	16.3	22.0
Siti Net.	Neutral	32	40	26	-1.8	0.0	1.2	NM	NM	3.7	3.2	-21.7	0.0	11.1
Sun TV	Neutral	852	860	1	25.1	29.7	34.5	34.0	28.7	8.5	7.8	25.1	27.3	29.0
Zee Ent.	Buy	511	600	17	23.1	16.4	19.5	22.1	31.2	8.1	6.8	23.7	23.8	23.8
Aggregate								**40.2**	**28.7**	**6.0**	**5.3**	**14.9**	**18.4**	**20.4**
Metals														
Hindalco	Buy	191	242	27	17.5	22.6	25.9	10.9	8.4	1.6	1.3	15.9	17.1	16.3
Hind. Zinc	Sell	246	235	-4	19.7	21.5	23.7	12.5	11.4	3.4	2.9	24.4	27.2	25.4
JSPL	Buy	112	181	62	-22.3	-17.5	-2.2	NM	NM	0.3	0.3	-7.5	-4.5	-0.6
JSW Steel	Buy	194	241	25	14.8	20.1	22.6	13.1	9.6	2.1	1.8	17.3	19.7	18.8

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR) FY17E	FY18E	FY19E	P/E (x) FY17E	FY18E	P/B (x) FY17E	FY18E	ROE (%) FY17E	FY18E	FY19E
Nalco	Buy	68	83	23	3.9	5.3	5.8	17.4	12.7	1.3	1.2	7.5	9.6	9.9
NMDC	Buy	123	178	45	12.1	12.3	13.0	10.2	10.0	1.6	1.5	13.4	15.5	15.1
SAIL	Sell	60	30	-50	-7.4	-12.6	0.4	NM	NM	0.7	0.8	-8.1	-15.4	0.5
Vedanta	Neutral	230	225	-2	15.1	24.5	27.4	15.2	9.4	1.4	1.3	9.7	14.8	15.3
Tata Steel	Sell	489	451	-8	37.0	39.5	45.7	13.2	12.4	1.5	1.4	15.4	11.4	12.1
Aggregate								**16.8**	**13.6**	**1.3**	**1.3**	**8.0**	**9.3**	**11.7**
Oil & Gas														
BPCL	Buy	703	763	9	55.9	53.7	58.4	12.6	13.1	3.2	2.8	27.1	22.7	21.4
GAIL	Neutral	401	349	-13	21.7	28.9	32.5	18.5	13.9	2.0	1.9	13.0	14.0	14.4
Gujarat Gas	Sell	782	735	-6	17.5	40.0	49.0	44.7	19.6	4.6	3.9	10.7	21.5	22.0
Gujarat St. Pet.	Neutral	174	162	-7	8.9	11.0	13.2	19.5	15.8	2.2	2.0	12.0	13.5	14.5
HPCL	Buy	521	604	16	53.5	44.9	45.8	9.7	11.6	2.6	2.2	27.8	20.7	18.6
IOC	Buy	435	441	1	43.7	39.4	41.0	10.0	11.1	2.4	2.1	26.0	20.4	18.8
IGL	Neutral	999	1,023	2	43.3	43.8	49.4	23.1	22.8	4.9	4.2	22.3	19.7	19.2
MRPL	Neutral	134	124	-7	11.7	12.8	13.3	11.5	10.5	2.3	2.0	24.8	20.5	18.4
Oil India	Buy	317	382	21	28.6	33.1	37.8	11.1	9.6	1.1	1.0	9.8	10.8	11.6
ONGC	Buy	180	233	29	15.3	20.0	22.9	11.8	9.0	1.2	1.1	10.4	13.0	14.1
PLNG	Buy	448	547	22	22.7	25.9	35.1	19.7	17.3	4.2	3.5	23.6	22.1	25.2
Reliance Ind.	Neutral	1,319	1,264	-4	106.6	121.7	127.8	12.4	10.8	1.3	1.2	11.9	11.8	11.2
Aggregate								**12.6**	**11.4**	**1.7**	**1.6**	**13.7**	**13.7**	**13.6**
Retail														
Jubilant Food	Neutral	1,017	1,110	9	12.3	21.7	29.1	82.5	46.8	8.3	9.1	10.1	19.5	24.9
Titan Co.	Neutral	471	505	7	9.0	10.3	12.1	52.2	45.8	9.9	8.7	20.6	20.2	20.9
Aggregate								**55.0**	**46.0**	**9.6**	**8.8**	**17.5**	**19.1**	**20.2**
Technology														
Cyient	Buy	512	620	21	30.6	38.3	44.2	16.7	13.4	2.7	2.4	16.2	17.8	17.9
HCL Tech.	Buy	846	960	13	59.8	61.9	67.6	14.1	13.7	3.5	3.5	27.5	25.4	26.0
Hexaware	Neutral	253	235	-7	13.7	15.4	16.7	18.5	16.4	4.5	3.9	26.5	25.3	23.5
Infosys	Buy	958	1,200	25	62.9	64.7	71.1	15.2	14.8	3.2	2.8	23.3	21.4	21.2
KPIT Tech	Neutral	126	150	19	11.9	13.4	15.2	10.6	9.4	1.6	1.4	14.3	15.6	15.2
L&T Infotech	Buy	773	850	10	55.5	59.7	65.0	13.9	12.9	4.8	3.8	40.4	32.8	28.3
Mindtree	Neutral	497	475	-4	24.9	30.5	36.5	20.0	16.3	3.2	2.9	16.8	18.9	20.5
Mphasis	Neutral	581	550	-5	42.7	43.0	44.9	13.6	13.5	2.1	2.0	14.1	14.9	14.7
NIIT Tech	Neutral	499	470	-6	42.8	42.5	46.1	11.7	11.7	1.8	1.7	16.1	14.8	14.7
Persistent Sys	Buy	577	700	21	37.7	43.9	51.4	15.3	13.1	2.4	2.3	17.0	18.1	20.3
Tata Elxsi	Buy	1,549	1,780	15	59.3	72.1	89.0	26.1	21.5	10.0	8.0	42.5	41.3	40.8
TCS	Neutral	2,507	2,400	-4	133.4	139.7	149.6	18.8	17.9	5.9	6.1	33.5	32.4	32.3
Tech Mah	Buy	416	550	32	32.5	35.7	40.2	12.8	11.7	2.4	2.1	20.1	19.5	19.2
Wipro	Neutral	519	500	-4	33.8	34.6	38.2	15.4	15.0	2.5	2.2	16.9	15.5	15.7
Zensar Tech	Buy	891	1,020	14	54.9	67.6	78.4	16.2	13.2	2.5	2.2	16.3	17.7	17.8
Aggregate								**16.7**	**16.2**	**3.9**	**3.7**	**23.5**	**22.8**	**22.1**
Telecom														
Bharti Airtel	Buy	373	430	15	11.1	6.3	11.5	33.5	59.3	2.2	2.1	6.7	3.7	6.4
Bharti Infratel	Buy	379	435	15	14.9	17.5	19.9	25.5	21.7	4.6	4.0	16.2	19.4	19.1
Idea Cellular	Buy	88	110	25	-1.1	-12.9	-13.6	NM	NM	1.3	1.6	-1.6	-20.8	-27.4
Tata Comm	Buy	674	811	20	26.0	19.5	39.4	25.9	34.5	12.1	8.9	126.2	29.8	41.4
Aggregate								**35.9**	**163.7**	**2.5**	**2.5**	**6.9**	**1.5**	**4.0**
Utiltites														
Coal India	Buy	277	335	21	15.9	18.7	20.9	17.4	14.8	6.9	6.9	39.5	46.3	51.8
CESC	Buy	878	1,040	18	51.9	73.4	80.6	16.9	12.0	2.0	1.7	11.4	15.5	15.0
JSW Energy	Buy	65	88	36	3.9	2.1	1.8	16.8	30.6	1.0	1.0	6.7	3.3	2.8
NTPC	Buy	159	199	25	11.9	14.3	17.3	13.4	11.1	1.4	1.3	10.6	11.9	13.3
Power Grid	Buy	206	243	18	15.3	17.7	20.7	13.5	11.6	2.2	1.9	17.3	17.5	17.7
Tata Power	Sell	84	69	-18	5.8	6.7	7.0	14.6	12.5	1.5	1.3	10.8	11.1	10.6
Aggregate								**14.9**	**12.7**	**2.3**	**2.1**	**15.6**	**16.9**	**17.9**

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR) FY17E	EPS (INR) FY18E	EPS (INR) FY19E	P/E (x) FY17E	P/E (x) FY18E	P/B (x) FY17E	P/B (x) FY18E	ROE (%) FY17E	ROE (%) FY18E	ROE (%) FY19E
Others														
Arvind	Neutral	377	382	1	12.4	16.6	23.6	30.4	22.6	2.7	2.5	10.3	11.5	14.7
Bata India	Under Review	546	-		13.5	15.6	19.3	40.6	35.0	5.4	4.8	13.9	14.5	15.9
Castrol India	Buy	437	532	22	13.6	14.9	15.2	32.0	29.4	33.7	30.3	110.9	108.6	100.4
Century Ply.	Buy	254	274	8	7.7	8.6	11.4	32.9	29.4	8.6	7.1	28.9	26.5	28.6
Coromandel Intl	Under Review	409	-		16.0	18.3	23.6	25.6	22.3	4.4	4.0	18.2	18.9	21.7
Delta Corp	Buy	153	229	50	3.3	6.9	7.6	46.9	22.3	4.1	3.1	9.0	15.7	17.0
Dynamatic Tech	Buy	2,744	3,334	21	67.6	112.9	166.7	40.6	24.3	5.6	4.6	15.1	20.7	24.3
Eveready Inds.	Buy	326	287	-12	11.4	13.9	16.9	28.5	23.5	8.7	7.0	34.7	33.0	32.4
Interglobe	Neutral	1,064	1,234	16	46.0	65.6	88.2	23.1	16.2	19.0	16.9	86.2	110.2	129.8
Indo Count	Buy	194	229	18	13.0	14.6	17.6	15.0	13.4	4.5	3.3	34.8	28.8	25.9
Info Edge	Buy	851	1,000	18	16.9	17.9	21.0	50.4	47.5	5.3	5.0	11.1	10.9	11.9
Inox Leisure	Sell	288	240	-17	3.3	8.0	12.0	86.3	35.8	5.0	4.4	5.9	12.5	16.2
Jain Irrigation	Under Review	93	-		5.5	7.6	10.0	16.7	12.2	1.4	1.4	8.6	11.7	14.8
Just Dial	Under Review	509	-		17.2	18.5	22.1	29.7	27.6	4.6	4.0	16.5	15.5	16.2
Kaveri Seed	Buy	537	649	21	23.4	28.6	36.1	22.9	18.8	3.9	3.6	17.3	19.8	22.9
Kitex Garm.	Buy	393	551	40	26.0	31.0	36.7	15.1	12.7	4.1	3.3	29.9	28.7	27.7
Manpasand	Buy	793	841	6	13.3	22.0	31.1	59.6	36.1	3.9	3.6	7.7	9.3	13.5
MCX	Buy	991	1,325	34	24.8	30.5	42.9	39.9	32.4	3.7	3.5	9.9	11.1	14.6
Monsanto	Buy	2,782	2,841	2	72.9	89.3	109.3	38.1	31.2	11.6	10.8	30.4	35.9	39.6
Navneet Education	Buy	163	210	29	6.6	8.6	10.5	24.5	18.9	6.2	5.2	26.0	30.0	30.9
PI Inds.	Buy	811	1,046	29	30.4	34.8	43.6	26.7	23.3	7.3	5.8	30.9	27.9	27.8
Piramal Enterp.	Buy	2,835	3,044	7	72.6	104.1	144.6	39.1	27.2	3.7	3.4	9.8	13.0	16.4
SRF	Buy	1,743	1,825	5	82.4	99.9	125.1	21.2	17.4	3.3	2.9	16.5	17.4	19.1
S H Kelkar	Buy	289	367	27	7.2	9.6	12.2	39.9	30.1	5.1	4.6	13.7	16.1	18.2
Symphony	Sell	1,418	1,288	-9	27.0	35.1	42.9	52.5	40.4	28.5	24.3	56.8	65.0	66.3
TTK Prestige	Neutral	6,353	5,281	-17	106.9	137.7	176.0	59.4	46.1	9.4	8.5	16.5	19.4	22.2
V-Guard	Neutral	204	140	-31	3.7	4.6	5.4	55.1	44.6	14.6	11.7	29.4	29.1	27.6
Wonderla	Buy	385	393	2	7.0	11.9	16.0	55.0	32.2	5.0	4.5	9.5	14.8	17.5

MOSL Universe stock performance

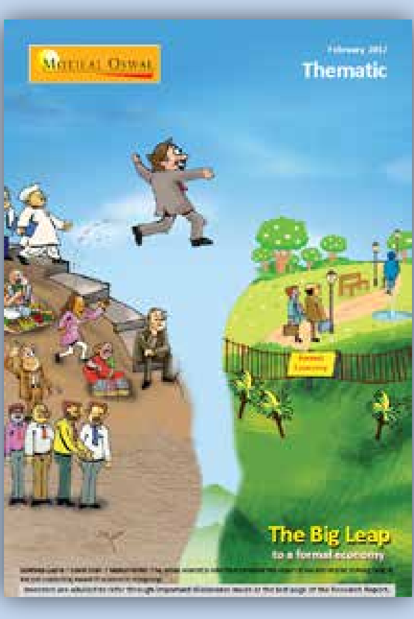
Company	1 Day (%)	1M (%)	12M (%)
Automobiles			
Amara Raja	-2.0	2.9	-5.2
Ashok Ley.	-1.7	4.6	-16.6
Bajaj Auto	-0.1	5.7	21.7
Bharat Forge	0.1	0.9	46.9
Bosch	-1.4	2.5	10.0
CEAT	-3.3	23.7	84.3
Eicher Mot.	-1.6	9.7	53.1
Endurance Tech.	-0.5	-1.7	
Escorts	0.6	16.9	270.8
Exide Ind	-0.5	1.8	58.8
Hero Moto	-0.6	11.5	23.6
M&M	-1.3	5.8	1.8
Mahindra CIE	2.1	10.2	33.3
Maruti Suzuki	-0.7	9.5	72.9
Tata Motors	1.1	-0.1	14.3
TVS Motor	-0.9	11.5	77.5
Banks - Private			
Axis Bank	1.8	0.3	2.2
DCB Bank	-1.4	8.3	111.7
Equitas Hold.	-2.2	-4.2	6.7
Federal Bank	1.1	22.6	126.2
HDFC Bank	0.1	7.8	37.2
ICICI Bank	0.0	9.3	36.2
IDFC Bank	-1.7	3.4	28.6
IndusInd	-1.0	-2.3	29.9
J&K Bank	0.1	10.2	40.2
Kotak Mah. Bk	-0.6	7.2	32.8
RBL Bank	0.8	-3.6	
South Indian	0.6	17.7	60.6
Yes Bank	2.0	-10.9	47.9
Banks - PSU			
BOB	0.4	7.8	37.6
BOI	-0.3	19.9	116.5
Canara	-0.2	16.0	111.4
IDBI Bk	-1.6	-3.9	7.0
Indian Bk	-2.0	35.9	281.4
OBC	-1.8	4.4	93.6
PNB	-2.0	1.0	109.9
SBI	1.7	8.4	78.2
Union Bk	-0.4	16.3	63.1
NBFCs			
Bajaj Fin.	-1.6	3.8	67.0
Bharat Fin.	-4.1	-6.9	10.5
Dewan Hsg.	-2.9	1.0	110.5
GRUH Fin.	-3.4	1.7	52.4
HDFC	-1.2	2.1	29.3
Indiabulls Hsg	-1.2	8.9	50.4
LIC Hsg Fin	1.2	6.0	50.1
Manappuram	-1.2	-3.1	79.9
M&M Fin.	-1.5	-7.3	6.9
Muthoot Fin	-0.1	-6.5	73.0
PFC	-0.7	-0.7	82.7
Repco Home	0.1	-3.0	12.8
REC	-0.6	9.5	175.6
STF	0.6	-8.5	-9.1
Shriram City Union	-2.0	-5.9	36.1

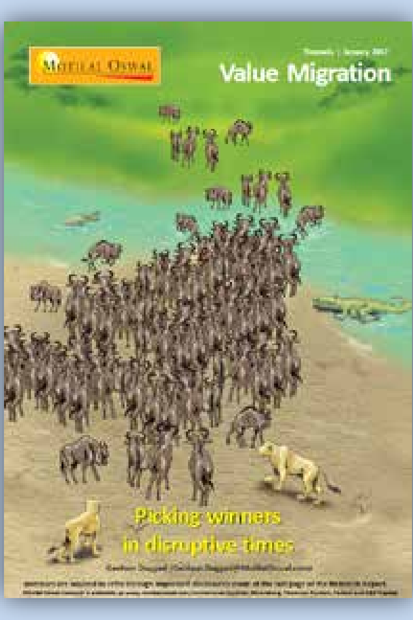
Company	1 Day (%)	1M (%)	12M (%)
Capital Goods			
ABB	1.5	8.3	23.1
Bharat Elec.	-0.3	-2.4	56.1
BHEL	-0.3	-5.5	37.7
Blue Star	-0.3	-5.3	51.7
CG Cons. Elec.	-3.8	5.6	57.2
CG Power & Inds Sol.	1.4	15.1	50.9
Cummins	-8.1	2.1	12.9
GE T&D	-1.8	6.4	4.6
Havells	-2.3	-0.3	35.8
Inox Wind	0.3	-21.3	-33.3
K E C Intl	3.7	13.2	86.7
L&T	0.1	3.2	36.1
Pennar Eng.	0.1	-9.2	-13.4
Siemens	-0.2	6.6	23.7
Solar Ind	0.7	2.1	25.2
Suzlon Energy	2.8	3.5	35.7
Thermax	-2.4	-1.3	34.4
Va Tech Wab.	0.2	-2.5	16.0
Voltas	0.3	0.6	28.3
Cement			
Ambuja Cem.	-0.2	4.4	17.6
ACC	0.6	11.4	19.0
Birla Corp.	-0.7	2.5	103.6
Dalmia Bharat	-0.7	17.4	180.7
Grasim Inds.	-0.7	3.8	32.2
India Cem	0.5	19.0	140.1
J K Cements	0.8	20.0	90.2
JK Lakshmi Ce	-1.2	3.3	32.3
Ramco Cem	-1.9	2.5	40.0
Orient Cem	-2.8	3.3	-2.4
Prism Cem	-1.3	16.1	36.0
Shree Cem	-0.8	6.5	39.2
Ultratech	0.2	10.5	37.1
Consumer			
Asian Paints	-2.4	7.0	17.3
Britannia	0.9	4.7	19.8
Colgate	3.6	2.7	23.6
Dabur	1.1	-5.1	-2.1
Emami	2.5	8.6	0.5
Godrej Cons.	0.9	9.3	32.0
GSK Cons.	-0.2	1.2	-9.1
HUL	2.0	10.8	23.6
ITC	2.8	2.4	32.7
Jyothy Lab	-1.3	-3.9	20.4
Marico	1.3	2.8	24.8
Nestle	0.0	3.6	7.2
Page Inds	-0.7	3.3	9.5
Parag Milk	-1.8	-3.7	-2.8
Pidilite Ind.	-1.3	6.7	23.4
P&G Hygiene	-0.4	8.5	23.9
United Brew	-2.2	4.4	4.9
United Spirits	-5.9	1.1	-21.5
Healthcare			
Alembic Phar	-0.5	-1.2	8.0
Alkem Lab	-2.4	-9.5	52.9
Ajanta Pharma	3.1	-3.3	6.2
Aurobindo	-0.7	-6.8	-22.6

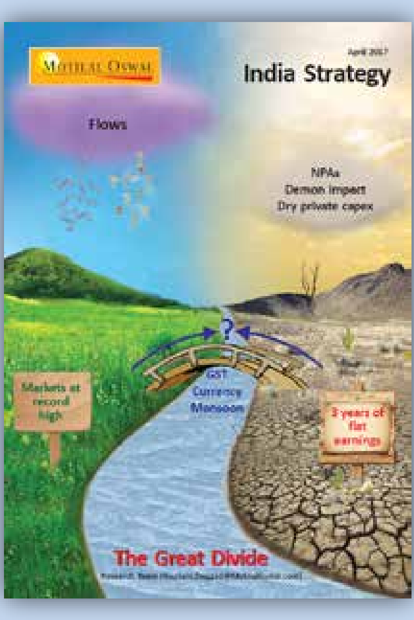
MOSL Universe stock performance

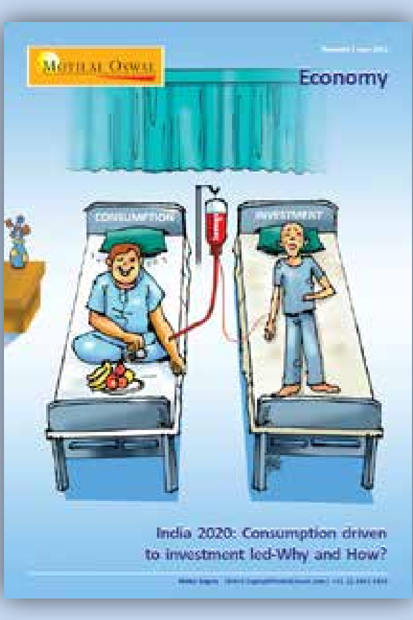
Company	1 Day (%)	1M (%)	12M (%)
Biocon	-0.8	-11.7	58.3
Cadila	-2.2	3.5	41.5
Cipla	0.9	-2.0	9.9
Divis Lab	-0.2	-3.4	-42.1
Dr Reddy's	-0.8	1.7	-12.1
Fortis Health	3.5	-0.6	20.8
Glenmark	-2.3	-27.6	-22.6
Granules	0.7	5.2	13.8
GSK Pharma	1.6	-6.3	-27.0
IPCA Labs	0.5	-12.7	18.1
Lupin	0.8	-6.9	-20.6
Sanofi India	-1.6	-9.7	-5.2
Sun Pharma	-0.2	-1.8	-17.7
Syngene Intl	-2.0	-9.0	25.2
Torrent Pharma	-2.1	-11.0	-6.4
Logistics			
Allcargo Logistics	-1.9	3.2	16.2
Blue Dart	-0.6	-12.0	-21.3
Concor	0.3	-1.7	10.2
Gateway Distriparks	-1.4	-11.2	-18.4
Gati	-1.1	0.8	7.7
Transport Corp.	0.6	11.4	54.3
Media			
Dish TV	-1.1	0.3	7.6
D B Corp	-0.1	-3.1	15.7
Den Net.	-1.6	-3.6	9.9
Hind. Media	-0.6	-6.1	0.2
HT Media	-4.5	-0.9	-6.4
Jagran Prak.	-0.2	-5.7	12.0
PVR	0.5	-2.2	80.7
Siti Net.	-1.1	-16.5	-17.7
Sun TV	-2.3	1.0	129.8
Zee Ent.	-0.9	-2.2	16.7
Metals			
Hindalco	-1.3	2.9	119.5
Hind. Zinc	0.3	-9.3	61.9
JSPL	-1.4	-0.8	85.3
JSW Steel	1.1	2.0	46.6
Nalco	1.5	-0.2	64.3
NMDC	-0.8	-2.6	36.9
SAIL	0.0	-0.4	51.0
Vedanta	-0.5	-1.7	142.2
Tata Steel	0.5	8.4	50.1
Oil & Gas			
BPCL	-1.5	-3.0	52.8
GAIL	-1.0	1.8	43.8
Gujarat Gas	-0.5	-8.5	54.2
Gujarat St. Pet.	0.7	-3.4	27.8
HPCL	-1.9	-6.1	86.7
IOC	-1.0	0.0	111.9
IGL	-0.3	-5.6	73.8
MRPL	-1.8	10.3	103.3
Oil India	-0.2	-4.5	23.7
ONGC	-0.5	0.1	28.6
PLNG	1.1	1.4	67.8
Reliance Ind.	-0.6	-3.7	38.7
Retail			
Jubilant Food	-0.5	0.0	-11.3
Titan Co.	-0.1	-0.2	29.7
Technology			
Cyient	-0.6	3.5	9.2
HCL Tech.	-0.3	4.7	16.1
Hexaware	-0.9	21.9	19.8
Infosys	-0.4	4.3	-20.5
KPIT Tech	-1.5	-0.7	-22.9
L&T Infotech	-0.4	9.5	
Mindtree	1.1	12.2	-22.8
Mphasis	0.8	7.0	24.9
NIIT Tech	-2.8	18.0	5.2
Persistent Sys	-0.9	2.3	-19.7
Tata Elxsi	-0.2	0.9	-17.3
TCS	-1.1	8.9	-1.9
Tech Mah	-1.4	0.5	-12.7
Wipro	-0.8	4.2	-4.3
Zensar Tech	-0.8	-1.8	-9.3
Telecom			
Bharti Airtel	0.5	9.6	8.0
Bharti Infratel	0.1	9.4	-1.5
Idea Cellular	1.1	2.3	-18.2
Tata Comm	0.1	-5.0	52.4
Utiltites			
Coal India	0.2	-2.0	-1.1
CESC	5.8	-1.6	59.1
JSW Energy	-0.6	-0.5	-6.4
NTPC	0.6	-3.6	17.2
Power Grid	-1.1	-2.5	43.0
Tata Power	0.6	-1.3	23.1
Others			
Arvind	-3.2	-2.6	24.2
Bata India	-1.1	-3.3	-4.2
Castrol India	0.7	0.4	17.7
Century Ply.	-2.1	-2.6	54.2
Coromandel Intl	-2.2	17.3	83.5
Delta Corp	-1.8	-10.7	82.1
Dynamatic Tech	-0.3	-1.9	33.6
Eveready Inds.	1.3	8.5	37.9
Interglobe	-3.0	-1.9	5.3
Indo Count	-0.1	0.4	6.5
Info Edge	-2.2	2.7	15.3
Inox Leisure	1.7	1.0	49.5
Jain Irrigation	-1.1	-13.9	42.4
Just Dial	-0.8	1.5	-29.6
Kaveri Seed	0.6	-2.5	22.9
Kitex Garm.	-1.4	-8.0	-16.3
Manpasand	-0.4	8.8	58.8
MCX	-1.3	-12.8	15.9
Monsanto	-0.6	10.8	22.1
Navneet Educat.	0.0	-2.4	82.1
PI Inds.	-0.3	-3.4	29.9
Piramal Enterp.	1.3	25.8	96.5
SRF	-2.0	4.4	41.0
S H Kelkar	2.0	-10.6	26.8
Symphony	-1.8	-4.5	20.0
TTK Prestige	-1.0	-2.4	46.0
V-Guard	-4.9	13.0	139.8
Wonderla	0.1	-0.4	-1.1

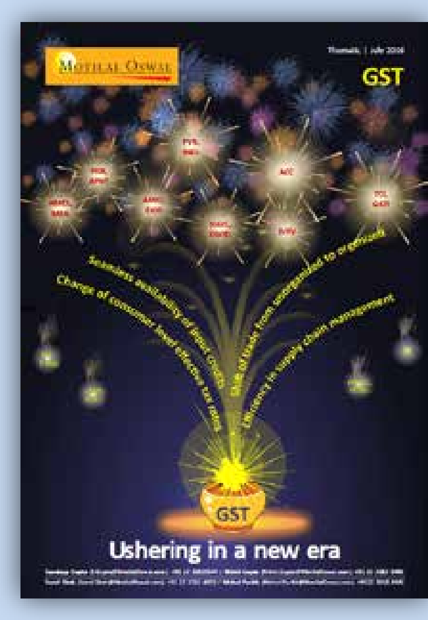
THEMATIC/STRATEGY RESEARCH GALLERY

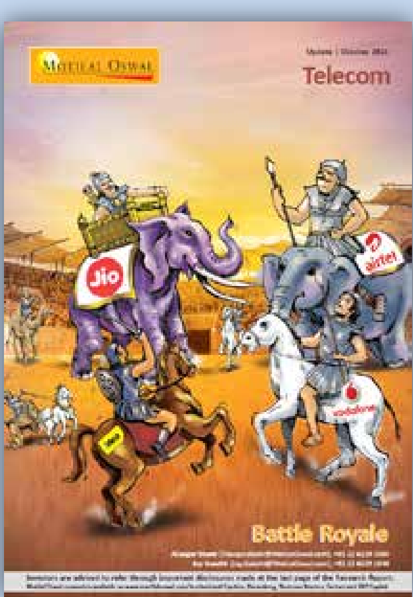


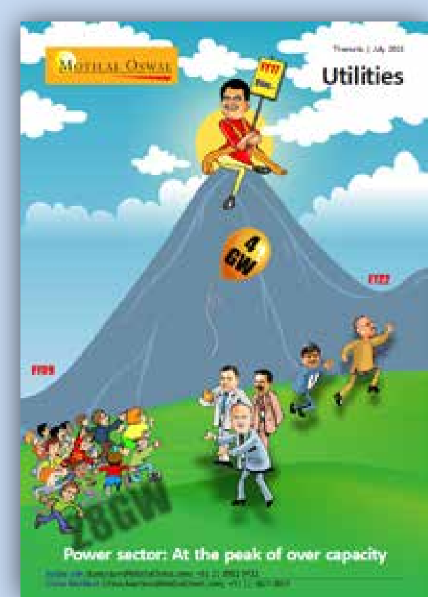






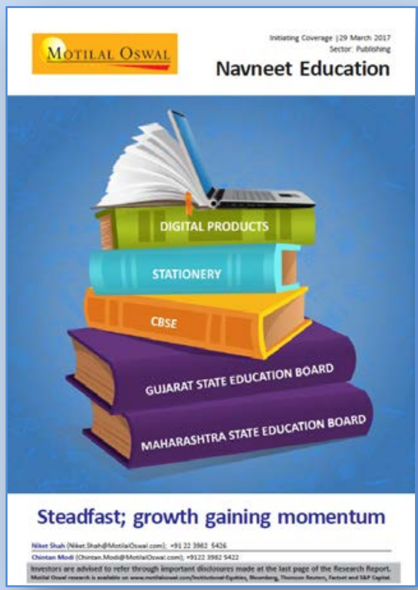


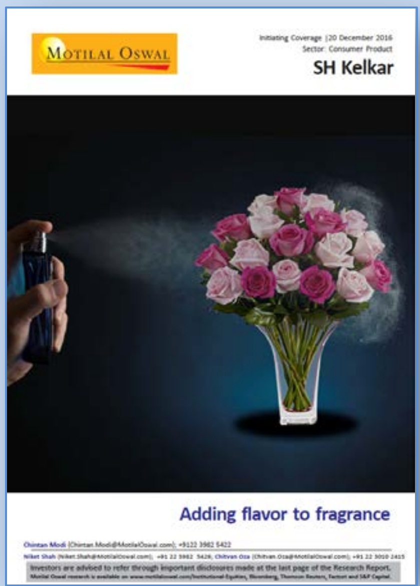




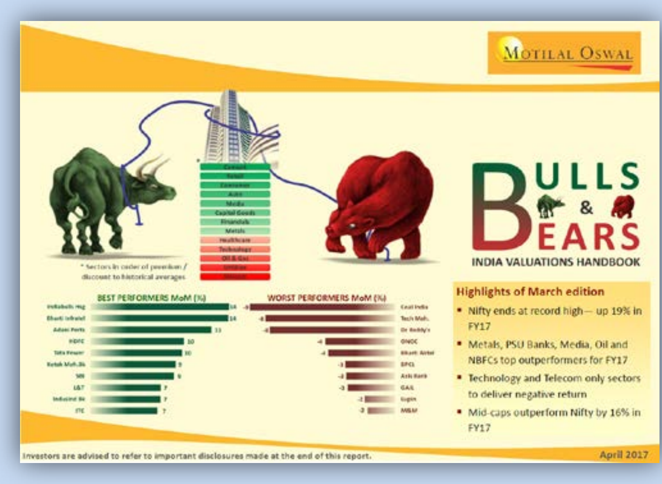
REPORT GALLERY

RECENT INITIATING COVERAGE REPORTS





DIFFERENTIATED PRODUCT GALLERY



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