

Market snapshot



Equities - India	Close	Chg. %	YTD.%
Sensex	32,370	-0.1	21.6
Nifty-50	10,122	-0.2	23.7
Nifty-M 100	18,935	-0.6	31.9
Equities-Global	Close	Chg. %	YTD.%
S&P 500	2,501	-0.3	11.7
Nasdaq	6,423	-0.5	19.3
FTSE 100	7,264	-0.1	1.7
DAX	12,600	0.2	9.7
Hang Seng	11,198	0.2	19.2
Nikkei 225	20,347	0.2	6.5
Commodities	Close	Chg. %	YTD.%
Brent (US\$/Bbl)	56	0.4	0.9
Gold (\$/OZ)	1,294	-1.6	11.6
Cu (US\$/MT)	6,440	-0.6	16.6
Almn (US\$/MT)	2,146	-0.2	26.0
Currency	Close	Chg. %	YTD.%
USD/INR	64.9	0.9	-4.4
USD/EUR	1.2	-0.9	12.9
USD/JPY	112.3	0.8	-4.1
YIELD (%)	Close	1MChg	YTDchg
10 Yrs G-Sec	6.7	0.1	0.2
10 Yrs AAA Corp	7.5	0.1	0.0
Flows (USD b)	21-Sep	MTD	YTD
FII	-0.2	-0.9	5.9
DII	0.2	1.6	8.2
Volumes (INRb)	21-Sep	MTD*	YTD*
Cash	348	320	292
F&O	11,605	5,547	5,314

Note: YTD is calendar year, *Avg



Today's top research idea

United Breweries: Clouds of gloom appear to be dispersing; cheers to growth; Upgrading to Buy

For United Breweries (UBBL), we are upgrading our rating to Buy, as:

- ✓ The impact of the highway alcohol sale ban, GST, and liquor prohibition in a few states has been nowhere as bad as feared. Demand outlook too appears to be turning favorable.
- ✓ Key alcohol-consuming states like Karnataka, Telangana and Andhra Pradesh had the benefit of extended deadline for highway liquor ban beyond 1st April.
- ✓ The GST impact on margins was expected to be ~200bp in FY18. Encouragingly, it is now likely to be less than half of that.
- ✓ Meanwhile, UBBL's stock price has been range-bound in the recent past, despite the alcohol industry recovering from a spate of bad news. This, along with the promising long-term prospects, makes the stock an attractive investment proposition, in our view.



Research covered

Cos/Sector	Key Highlights
United Breweries	Upgrading to Buy
India Strategy	Sectoral weights in Nifty - A journey down the memory lane
Financial Deep Dive	Business insights from experts
Room Air Conditioners	New energy ratings come into effect from January 2018



Piping hot news

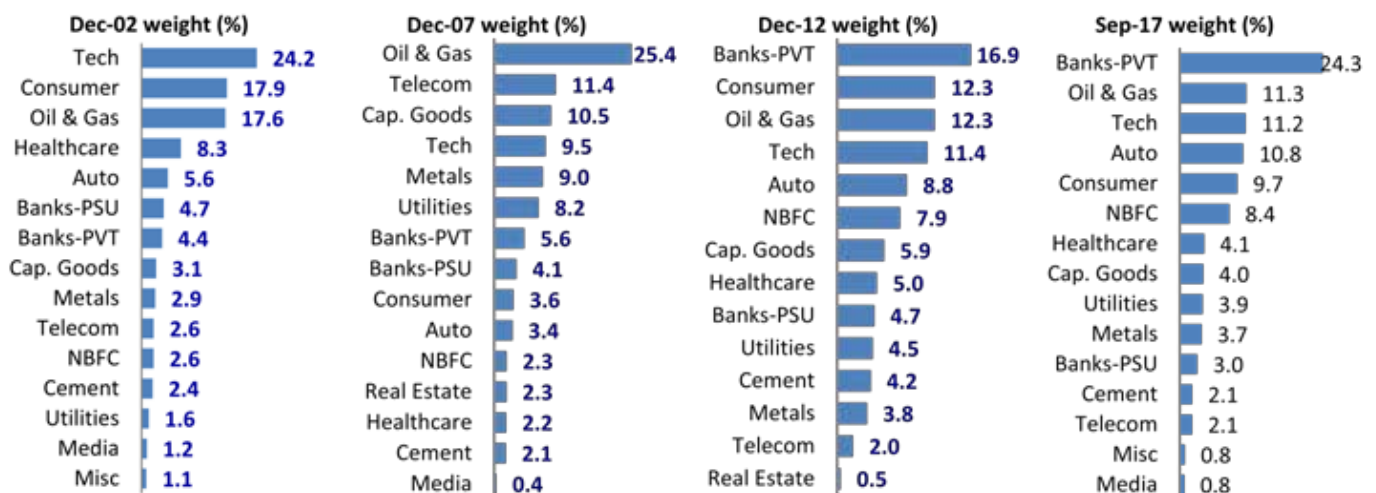
Govt looking at ₹50,000 crore growth stimulus

- ✓ India's government is considering a plan to loosen its fiscal deficit target to enable it to spend up to 500 billion rupees (\$7.7 billion) more to halt an economic slowdown, two government officials with direct knowledge of the plan said on Thursday.



Chart of the Day: Sectoral weights in Nifty – Sharp reversal in fortunes of BFSI over the last 15 years

BFSI now contributes 35.6% (+3.1x in 15 years) of Nifty-50



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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.



Kindly click on textbox for the detailed news link

1

OECD cuts India's FY18 growth outlook

The Organisation for Economic Co-operation and Development has trimmed India's growth forecast for the current financial year, citing the temporary impact of the rollout of the goods and services tax and demonetisation, expecting the economy to expand at a slower pace than China...

2

Oil PSUs mulling to acquire stake in oil field in UAE: Utpal Bora

Indian oil PSUs are mulling to acquire up to 20 per cent stake in an oil field belonging to Abu Dhabi National Oil Company (ADNOC) in UAE, Utpal Bora, CMD of Oil India Limited said today. "One offer has come from ADNOC of UAE. They are offering some stake in a field. It is a producing oil field. We are now doing some due diligence now whether it is worth investing or not," Bora told PTI...

3

Notice to Airtel for opening Payments Bank

The UIDAI has slapped notices on Bharti Airtel and Airtel Payments Bank over its retailers allegedly opening payments bank accounts without taking "informed consent" of customers who go for Aadhaar-based mobile SIM verification...

4

ITI wins Rs 7,000 crore order for ASCON from Defence

State-owned ITI Ltd today said it has won Rs 7,000 crore-phase IV tender of Army (Army Static Switched Communication Network-ASCON) for deploying and maintaining its strategic communication network across the country...

5

GSTN snag caused Rs600 crore revenue shortfall for Karnataka: minister

Karnataka faced a revenue shortfall of about Rs600 crore in July due to "GSTN glitches", state agriculture minister Krishna Byre Gowda said on Thursday. "The revenue shortfall for July appears to be somewhere around Rs600 crore..."

6

IUC isn't a source of revenue: Trai

Telecom Regulatory Authority of India (Trai) on Thursday said interconnect usage charge (IUC) between operators cannot be considered as a source of revenue, but should be treated as a reimbursement for calls being terminated on a rival network...

7

Airtel gets shareholders' nod for amalgamation with Telenor

India's largest telecom operator Bharti Airtel today said it has got shareholders' approval for its scheme of amalgamation with Telenor India. Shareholders representing 99.98 per cent holding voted in favour of the resolution while a mere 0.02 per cent voted against it, according to a regulatory filing by Bharti Airtel...



United Breweries

BSE SENSEX 32,370 S&P CNX 10,122

CMP: INR802 TP: INR980(+22%) Upgrade to Buy



Stock Info

Bloomberg	UBBL IN
Equity Shares (m)	264.4
52-Week Range (INR)	976 / 716
1, 6, 12 Rel. Per (%)	-3/-6/-23
M.Cap. (INR b)	212.8
M.Cap. (USD b)	3.3
Avg Val (INRm)/Vol m	262
Free float (%)	26.1

Financials Snapshot (INR b)

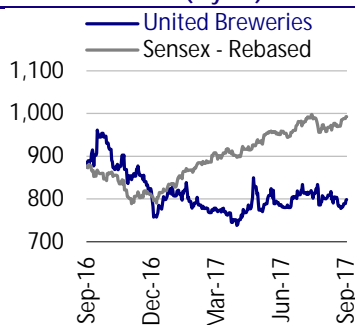
Y/E Mar	2017	2018E	2019E
Net Sales	47.6	51.6	60.3
EBITDA	6.7	7.0	8.6
NP	2.3	2.6	3.7
EPS (INR)	8.7	9.9	14.0
EPS Gr. (%)	-23.0	13.9	41.5
BV/Sh. (INR)	88.3	96.6	108.6
RoE (%)	10.2	10.7	13.6
RoCE (%)	9.1	10.0	12.9
P/E (x)	92.4	81.1	57.3
P/BV (x)	9.1	8.3	7.4

Shareholding pattern (%)

As On	Jun-17	Mar-17	Jun-16
Promoter	73.9	73.9	73.9
DII	4.4	4.6	6.9
FII	16.4	15.8	13.5
Others	5.4	5.7	5.7

FII Includes depository receipts

Stock Performance (1-year)



Clouds of gloom appear to be dispersing; cheers to growth

Upgrading to Buy

We are upgrading our rating on United Breweries (UBBL) back to Buy with the following rationale:

- n The impact of the highway alcohol sale ban, GST, and alcohol prohibition in a few states has been nowhere as bad as feared.
- n The company performed well in 1QFY18 despite the highway ban becoming effective, with sales, EBITDA and PAT all increasing in the range of 7-10%. While Maharashtra and Kerala had a severe impact on sales (had less time to prepare for the highway ban; deadline was 1st April 2017), other key states like Karnataka, Telangana and Andhra Pradesh saw much less impact (had more time to prepare; were granted an extended deadline). Besides, the recent Supreme Court judgments have offered some relief.
- n The GST impact on margins was expected to be ~200bp in FY18. Encouragingly, it is now likely to be less than half of that.
- n Demand appears to be on the cusp of revival. Kingfisher Storm (launched in 1QFY18) has been witnessing good response. The company has also launched a spate of brands from the Heineken stable in FY18, which is expected to support growth of the premium and super-premium segments, boosting gross margin potential. The company has also gained market share in both FY17 and 1QFY18.
- n The stock has been the worst performer within our coverage universe since the month post demonetization. While there has been a sharp rally in alcohol peer UNSP's share price (led by better news flow in recent months), UBBL has remained at the same price level since we downgraded it to Hold after 4QFY17 results.
- n With receding fears, improving prospects and **strong moats** (brewery in every state, distribution across outlets selling beer, brand strength, scale benefits, efforts on water sustainability), the medium- to long-term earnings growth prospects appear promising. PAT of USD37m in FY17 for India's largest beer company is miniscule, in our view, and can potentially be several times higher over the medium to long term. We thus upgrade our rating to Buy.

The dark clouds that were gathering earlier...

- n Post November last year, the sector appeared to have come under pressure due to:
 - Ø **Demonetization** (November 2016) and its lingering impact for a few months leading to a weak demand scenario.
 - Ø **Highway ban** (announced in December 2016), which was implemented in phases across various states (from Apr'17 in Maharashtra and Kerala, July'17 in Karnataka and Andhra Pradesh, and Oct'17 in Telangana).
 - Ø **Announcement of prohibition** in Madhya Pradesh and Chhattisgarh (was implemented already in Kerala, Tamil Nadu and Bihar over the preceding two years), and fears that other states would follow suit.

- Ø **Likely adverse impact of GST on margins**, as it was becoming evident then that states would not grant set-offs for absence of input tax credit under the GST (alcohol was kept out of the ambit of GST, but not alcohol inputs). Management had also cited a potential 200bp impact on margins in FY18 in its 3QFY17 results conference call.
- Ø We had highlighted these concerns in our industry report in April 2017 ([Bad News, when it rains, it pours](#)) and in our [4QFY17 results review](#) on United Breweries in which we had downgraded our rating on UBBL from Buy to Neutral, particularly as management had highlighted at its post-results conference call that country-wide sales were down in double-digits YoY for the month of Apr'17.

...have started dispersing now

- n The impact from the various aforementioned events was much lesser than feared, led by:
 - Ø **Impressive 1QFY18 results**: The company's 1QFY18 sales were up 7% YoY (flat volumes YoY), with EBITDA and PAT increasing 9.4% and 9.8%, respectively. This was despite (a) double-digit sales decline YoY in April (first month after the highway ban) and (b) the number of outlets selling beer only gradually increasing to ~62,000 in July from ~50,000 in April; stood at 82,000 before the ban). 1Q (summer season) is usually the most important quarter for beer companies in India, followed by 4Q.
 - Ø **Better throughput from existing outlets**: Two obvious inferences can be drawn here: (i) May and June witnessed substantially strong growth (despite the highway ban), offsetting the double-digit decline in April and (ii) customers successfully migrated to new restaurants/bars/beer-selling outlets; no significant effect on demand.
 - Ø **Subsequent increase in outlets**: After dipping from ~82,000 to ~50,000 in the first month of the highway ban, the number of outlets increased to ~62,000 outlets by end-July; we reckon up to 69,000 outlets by end-August. We note that unlike Maharashtra and Kerala (highway ban was imposed on 1 April), some other states (where the highway ban was imposed in the second phase and will be imposed in the third phase) got more time to prepare, limiting the damage. In a relief to the industry, the Supreme Court in July also provided some relaxation to bars and restaurants, and approved de-notification of highways by states.
 - Ø **No contagion effect**: The various state governments talking of prohibition clarified later implementation of the same would be restricted (just like it was in Tamil Nadu earlier). In states like Madhya Pradesh, for example, only a few outlets that were close to holy places and the Narmada River were asked to close down. There has also been no contagion effect; other states did not follow suit. Kerala has repealed prohibition.
 - Ø **Lower-than-anticipated impact of GST**: The market feared that that there could be as much as 200bp impact on FY18 EBITDA margin as a result of GST. However, we believe the actual impact may turn out to be much lesser, possibly less than 100bp. Moreover, since GST was to be implemented from July 2017, the crucial first quarter did not see any adverse impact. This thus should restrict the full-year impact. Even the remainder of the year will be

less affected than initially feared. Under GST, while the rates on other inputs were in line with expectations, there was some relief as the government announced that barley will have 0% GST, as against indirect tax incidence in mid-teens on it earlier. Since malted barley had 18% GST rate, the beer companies chose to malt the barley themselves.

- Ø **Market share gain:** UBBL has gained market share by 100bp in both FY17 and 1QFY18, extending its dominance further in the Indian beer market. SABMiller continues to lose market share, and we gather from industry sources that its merger with AB Inbev in India has faced some teething issues. Carlsberg, after recording a spectacular rise in market share over the past decade (not at UB's cost), has started focusing on both growth and profitability. It has not seen any subsequent rise in market share in the past three quarters, and has reportedly not increased its promotion spend further, which augurs well for industry profitability. UBBL already has four key moats: (a) presence of a brewery (owned or contract) in every key state (v/s peers which have to deal with prohibitively high inter-state duties) (b) advantage of scale of operations in its breweries (it market share is 3x that of the next largest competitor), (c) availability across all outlets selling beer in the country and (d) brand strength which is crucial in a media dark category.
- Ø **New launches:** 1QFY18 also witnessed a spate of new launches by UBBL. The company launched Kingfisher Storm, a new premium strong beer in May 2017. It is a less bitter and easy-to-drink smooth beer. It is available in a blue bottle and 500ml cans. It has been launched in the large profitable markets of Karnataka, Maharashtra and West Bengal, where it has received an overwhelming response, according to the latest annual report. The annual report also states that UBBL will be launching the brand in a phased manner in other states over the next few months. The company has also launched five premium global brands from the Heineken stable (viz. Desperados, Edelweiss, Sol, Affligem and Dos Equis) in 1QFY17 in all metro cities. Notably, these are the first launches from the Heineken stable after the eponymous Heineken beer (launched in India a few years ago). The new launches come at a time when competitors are struggling, and should help extend the advantage that UBBL has in the industry. While volumes from these six launches may not be very high, these brands will have a significantly positive rub-off on gross margins over the medium term.
- n **Stock performance:** Since 1 December 2016 (almost a month after demonetization), UBBL has been the worst performer compared to peers under our coverage (-7.8% v/s average peer stock price appreciation of 28.1%). Even United Spirits, which faced similar headwinds, is also now on the path of recovery (40% stock price appreciation over the same period).
- n **Valuation and view:** Since our downgrade to Hold from Buy in May 2017, UBBL's share price has been flattish, despite improving news flows. With its worries receding, lesser-than-feared near-term impact from various events, likely revival of the business in terms of demand, huge long-term growth prospects in beer, moderating competitive intensity, revitalization of its portfolio and promising gross margin prospects (as a result of new launches,

[strong moats](#) on brewery reach, distribution and brand strength), we believe UBBL is poised for a strong rally. PAT of USD37m in FY17 for India's largest beer company is miniscule, in our view, and can potentially be several times higher over the medium to long term. Even as we move toward September'19 target multiples, we raise our target multiples back to 35x price to cash EPS (from 33x earlier) on account of improving prospects. Revised target price of INR980 implies an 22% upside.

Exhibit 1: Valuation matrix

Company	Reco	CMP	TP	Up-side (%)	Mkt Cap (USD B)	EPS Growth YoY (%)			P/E (x)			RoE (%)	Div. (%)
		(INR)	(INR)			FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY17
Consumer													
Asian Paints	Neutral	1,230	1,200	-2	18.3	8.7	5.6	19.5	58.5	55.4	46.4	28.5	0.8
Britannia Inds.	Buy	4,332	4,660	8	8.0	7.3	15.8	22.6	58.8	50.8	41.4	36.9	0.0
Colgate-Palm.	Buy	1,118	1,285	15	4.8	-5.7	15.2	21.7	52.6	45.7	37.5	50.4	0.9
Dabur India	Neutral	310	315	1	8.5	1.9	6.7	18.3	42.8	40.1	33.9	28.4	0.8
Emami	Buy	1,125	1,310	16	4.0	4.5	1.4	23.1	42.4	41.8	34.0	35.8	0.8
Godrej Consumer	Neutral	936	995	6	10.0	12.4	14.0	14.6	49.5	43.5	37.9	24.6	0.6
GlaxoSmith C H L	Sell	5,047	4,500	-11	3.3	0.9	1.3	15.2	32.3	31.9	27.7	22.2	1.1
Hind. Unilever	Buy	1,255	1,360	8	42.0	1.9	16.8	19.2	63.9	54.7	45.9	65.6	1.4
ITC	Neutral	269	280	4	50.8	9.4	10.4	11.4	32.1	29.1	26.1	23.5	2.1
Jyothy Lab.	Neutral	400	395	-1	1.2	175.7	-12.6	13.2	35.6	40.7	36.0	21.1	1.5
Marico	Neutral	323	355	10	6.6	12.1	8.5	20.9	51.5	47.4	39.2	36.7	0.9
Nestle India	Neutral	7,144	6,160	-14	10.7	-1.6	-2.5	16.2	60.5	62.1	53.5	39.0	0.9
P & G Hygiene	Neutral	8,364	8,800	5	4.2	2.3	14.0	16.1	62.9	55.2	47.5	39.3	3.9
Page Industries	Buy	19,164	19,600	2	3.3	15.0	23.4	35.2	80.3	65.0	48.1	40.0	0.5
Parag Milk Foods	Neutral	243	245	1	0.3	-46.4	152.6	37.0	67.5	26.7	19.5	6.0	0.0
Pidilite Inds.	Neutral	839	810	-4	6.7	6.7	7.9	14.0	50.2	46.5	40.8	28.2	0.6
United Breweries	Neutral	802	980	22	3.3	-23.0	13.9	41.5	92.4	81.1	57.3	10.2	0.1
United Spirits	Neutral	2,565	2,525	-2	5.9	87.1	29.1	49.3	96.0	74.4	49.8	21.3	0.0
Retail													
Jubilant Food.	Sell	1,393	850	-39	1.4	-32.1	48.0	40.0	139.2	94.1	67.2	8.2	0.2
Titan Company	Neutral	619	565	-9	8.6	18.5	17.6	18.2	68.5	58.3	49.3	20.6	0.4

Source: Company, MOSL

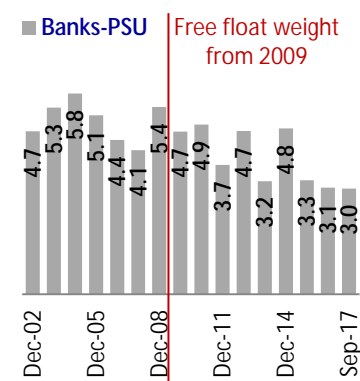
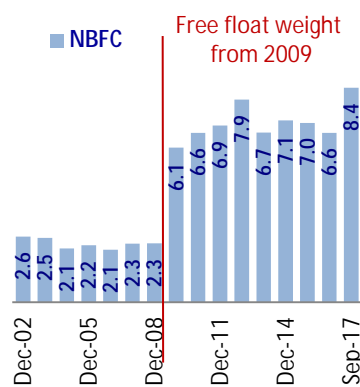
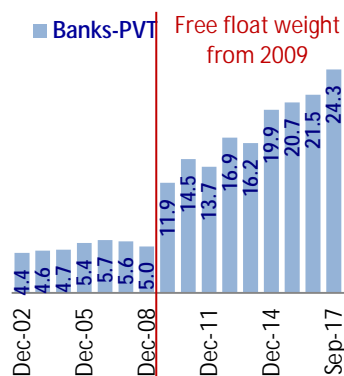


Sectoral weights in Nifty: A journey down the memory lane

Financials lord over the indices; set to gain further strength

- Over the years, the sectoral representation in Nifty-50 has undergone a sea change, in consonance with the changes in the underlying economy – new sectors have evolved, while some of the erstwhile dominant sectors of the economy have lost relative importance in the new India.
- In this report, we take a deep dive to understand how the weights of various sectors/companies in Nifty-50 have changed in the last 15 years.

Index moving to free float basis have boosted weight of Pvt. Financials



BFSI and Oil account for almost half of the index

- The weight of Financials has seen a secular rise in the benchmark indices. BFSI now contributes 35.6% (+3.1x in 15 years) of Nifty-50. The share of Private Banks/NBFC in the index has gone up, led by a) better earnings performance, coupled with capital raising from the markets (this boosted the free float of Financials), b) sub-par earnings growth witnessed in other sections of the market over the last eight years and c) index moving to a free float basis from June 2009.
- As more Insurance companies are listed and the relevance of NBFCs goes up (given the wider financialization of savings and broad-basing of financial disintermediation), we expect the weight of BFSI to inch up further.
- We note that 15 years back, PSU Banks' weight (4.7%) was higher than Private Banks (4.4%) in the index, with SBI alone contributing 4.4% of Nifty-50. Today, at 24.3%, Private Banks have the highest weight in Nifty-50, while PSU Banks have just 3% weight. HDFC Bank, at 9.8%, is the highest weighted stock today, much higher than 1.8% 15 years back.
- Six out of the nine BFSI companies in Nifty-50 today are private banks. In India, there are 22 listed PSU banks and only 17 listed private banks. This is significantly different from how things were 15 years back in Nifty-50 – five BFSI companies, of which only two were private banks. Notably, of the 19 listed private banks in December 2002, eight have merged till-date.
- Weight of Oil & Gas in the index has fluctuated significantly over the last 15 years, in line with the underlying volatile earnings stream of the sector. The sector weight was at 17.6% around 15 years back. However, with the inclusion of ONGC, it gradually climbed to the 1st position a decade ago to 25.4%. The sector's weight has been stable at ~11-12% over the last five years with moderation in earnings growth.

44% of Nifty-50 constituents unchanged over 15 years

- Out of the 50 stocks in Nifty, 22 have been part of the index since 15 years. Of these 22, three each are from Technology and Auto (they have been in the index for 15 years now). Private Banks, Consumer, Oil & Gas, Metals, Healthcare and Cement have two stocks each, while NBFC, Capital Goods, PSU Banks and Utilities have one stock in the index.
- Combined weight of these 22 stocks declined to 62.7% v/s 75.3% 15 years back, but is up from 44.3% as of December 2007.



Some of listed new age Financials



Staying in Top-10 is not easy – only Reliance could manage that

- n Over the last 15 years, Reliance Industries (RIL) is the only stock to maintain its position in the Top-10 in Nifty-50. However, the stock's weight in the index has declined by 41%, from 12.3% in December 2002 to 7.3% in September 2017.
- n Notably, over the last five years, eight stocks have consistently featured in the top 10 list.
- n HDFC Bank and LT have exhibited the strongest improvement in their rankings, moving up from 14th and 19th position then to 1st and 7th positions now, respectively.
- n HUL, which was at number two position then, has slipped to 12th rank. Wipro, which was at 3rd position, has slipped to 34th. This in a way also underscores the underlying changes in the economy and evolution of new sectors over the past decade and a half.

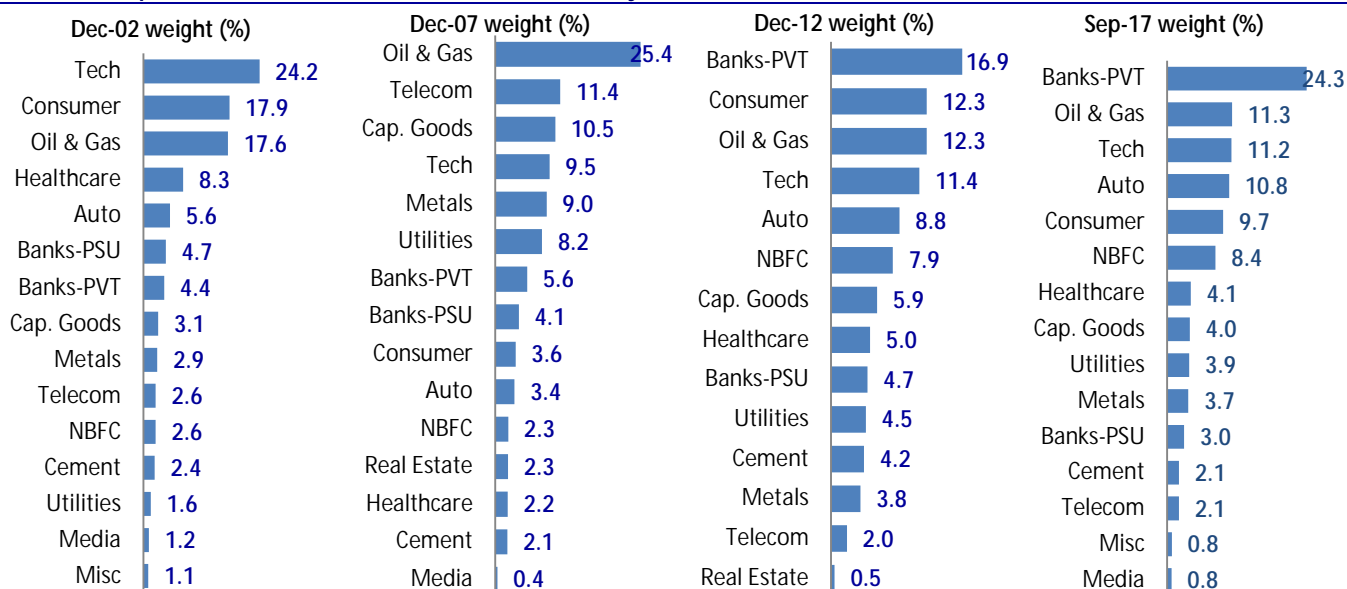
Weight of new entrants over past five years has been quite stable

- n Out of the 17 new entrants in Nifty in the last five years, IndusInd Bank/Yes Bank are at new highs, with their weights increasing 2.6x/2.1x since they entered the index.
- n Meanwhile, Bank of Baroda and Tech Mahindra's weights have halved.
- n Lupin's weight is down significantly from its peak of 1.6% to 0.6% now due to the underperformance of the Pharma sector over the past two years.
- n Stocks that have seen stable weights after entering the index are: Asian Paints, Ultratech, Zee Entertainment, Bosch, Adani Ports, Eicher Motors, Aurobindo Pharma, and Bharti Infratel.

Crystal Ball Gazing: Financials set to extend its dominance

- n We expect the BFSI sector to strengthen its already strong leadership positioning in the index. Within BFSI, we expect Private Banks' weightage to move up further as the underlying theme of Value Migration from Public Sector Banks to Private Sector Banks plays out.
- n As mentioned in the beginning, the listing of key Insurance companies (life as well as non-life) should further add to BFSI's weights.
- n Evolution of Small Finance Banks, Payment Banks and New-age NBFCs will also lend support to the weightage of BFSI in the index.

Exhibit 2: Sharp reversal in fortunes of BFSI over the last 15 years



Note: Prices and weight as of 18th Sep 2017



Financials Deep Dive – Business insights from experts



We hosted the third edition of Financials Deep Dive (4th day of AGIC), with the participation of experts from varied fields: Retail Banking (Yes Bank), Real Estate and Corporate Financing (Piramal Finance), Vehicle Financing (Hinduja Leyland Finance), Restructuring & Turnaround Services (E&Y), Credit Bureau (CRIF High Mark), and Digital Payments (NPCI). Most speakers emphasized the niche areas their businesses operate in and how their businesses/companies have scaled up through constant product innovation and risk management. We present our key takeaways.

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- n **Yes Bank** presented its strategy of evolving into a granular retail bank. The session revolved around its systems, processes, management team, customer mining strategies and product offerings. Its target CASA ratio of 40%+ is likely to be achieved two years earlier than stated (by CY18 v/s CY20; 36% now). The bank is confident of sharply improving profitability in the retail business, with (a) operating leverage playing out, (b) addition of branch banking assets, (c) levers available to cut interest cost on savings deposits, and (d) surge in core retail fees (expected to be 35% of overall fees v/s 27% now).
- n **Piramal Finance** presented insights on how it has positioned itself as a contender in the crowded real estate finance market. Strong corporate governance, ability to provide innovative solutions for borrowers, continuous new product and line-of-business addition, and value addition (based on its in-house expertise) are its key pillars for strong growth and healthy asset quality. It also plans to tap the SME and emerging corporate banking space to emerge as a strong diversified financial services company. It has received the housing finance license in September 2017 and the management is optimistic about this business.
- n Our interaction with Mr Sachin Pillai, CEO, **Hinduja Leyland Finance** revealed that the vehicle finance industry (especially CV financing) is undergoing a phase of stiff competition, leading to contraction in spreads. Many vehicle financiers are incrementally focusing more on used vehicles to earn higher yields. Interestingly, the migration towards higher LCV/M&HCV ratio continues, as Hinduja Leyland Finance expects growth in LCV sales to be 400-500bp higher than M&HCV sales. GST has led to longer working capital cycles for VF dealers, and hence, higher working capital demand. The GST rate of 28% on construction equipment is unfavorable vis-à-vis the 15% tax rate earlier. The company expects HFCs/NBFCs to continue dominating the LAP market, which should reach INR5t by FY19.
- n The **Insolvency and Bankruptcy Code (IBC)** is a landmark act to enable a time-bound resolution process for stressed businesses and facilitate liquidation for unviable businesses, providing relief to their lenders. Unlike SARFAESI, IBC provides for a distinction between bankruptcy and insolvency, providing a time-bound chance for viable businesses to turn around, but liquidate businesses where no resolution is possible. Globally, recovery from a resolution plan can be 25-40% against 10-15% from liquidation. If the global average is considered, then in India, provisioning/haircut could be higher than expected.

- n In this age of retail credit growth, the significance of credit bureaus cannot be overstated. **CRIF High Mark** data suggests that retail lending growth of 18% in FY17 is just a tad more than commercial lending growth of 16%. However, asset quality performance was much better in retail lending, with GNPL ratio increasing only 25bp compared to over 200bp increase in commercial lending. As expected, asset quality in the MFI sector deteriorated sharply, with GNPL ratio crossing 10%. However, interestingly, asset quality performance under the JLG lending model was worse than under individual lending. PSU Banks lost ~400bp market share in retail lending and 600bp market share in commercial lending over FY16-17.
- n While 'Net Banking', 'RTGS', 'NEFT', 'IMPS', 'Mobile Wallets' have changed the banking transaction experience of customers, **NPCI** has gone a step ahead and developed 'UPI', which has been a game changer in terms of simplifying the process for the end user while ensuring interoperability and greater convenience. Progress in adoption of UPI along with BHIM and Bharat QR is expected to boost merchant acceptance of electronic payments. With 52 banks on board covering 7m customers and 17m transactions in August 2017, UPI has disrupted the digital payments industry.



Room Air Conditioners

Please refer our report dated April 2017



New energy ratings come into effect from January 2018

Multifold impact on pricing, volumes and market share likely

The Bureau of Energy Efficiency (BEE) has mandated new energy ratings from January 2018 (see Exhibit 2). These norms were last changed in January 2014 and the new ratings would imply a two-star upgrade across the ratings table alongside a convergence of fixed-speed and inverter AC ratings. We present our views on the likely impact on the room air conditioner industry following this change.

Pre-buy likely, as prices typically go up 8-10% with each rating change

Rating changes are usually followed by price hikes. Fence-sitting consumers usually rush to buy before price hikes are effected. Voltas' sales volume grew 45% in 3QFY14 (ratings changed with effect from January 2014) and 19% in 3QFY12 (ratings changed with effect from January 2012). With the impending rating change from January 2018, pre-buying is likely in 3QFY18. Volume growth for 3QFY18 would also be boosted by a weak base – demonetization had led to a decline in air conditioner (AC) sales in 3QFY17. On the flip side, there could be some destocking by dealers, starting 3QFY18, as they begin clearing old stock before the new ratings to come into effect.

After a surge in 3QFY18, volumes likely to be subdued in 4QFY18

A logical outcome of price hikes following rating changes is subdued volumes post the price hikes. Voltas' sales volume grew just 6% in 4QFY14 and declined 3% in 4QFY12. The subdued volumes are both because of pre-buying in the earlier quarter and impact of higher prices on demand. We would expect a similar situation to play out this time as well. While it's too early to call out the industry volume growth for CY18 (largely dependent on the summer season), we see downside risks as: (a) both CY16 and CY17 had strong summers, which is unusual – empirically, a good summer season is usually followed by a weak summer, and (b) price hikes are likely to dampen consumer demand.

Convergence of fixed-speed and inverter AC ratings to lead to higher share of inverter ACs; 4/5-star versions likely to be available only in inverter ACs

As we have been highlighting for some time, the convergence of ratings would lead to a faster shift from fixed-speed ACs to inverter ACs. The share of inverter ACs is already ~30% (in 1HCY17; primarily driven by LG's decision to sell only inverter ACs from January 2017) and should increase further from January 2018. Moreover, post January 2018, we expect all 4/5-star ACs to be inverter ACs and 3-star or below to be fixed-speed ACs. We expect the share of inverter ACs to rise to 50% by FY20. There would again be a rating upgrade effective January 2020 (rating upgrades happen every two years), further accelerating this shift.

New models with revised ratings/prices to be rolled out from January 2018

Most companies have already started working on the introduction of revised models and prices from January 2018. While the new energy norms can be met using both fixed-speed and inverter compressors, the key difference is in space requirement. Fixed-speed ACs require more space; this is why inverter ACs are dominant in SE Asia, where space is a constraint. We expect production of old models to stop from November 2017 and new models to be rolled out from January 2018. Primary sales for manufacturers typically pick up from February, as dealers stock up for the upcoming summer season in March (South India) and April (West/North India).

LG to see minimal disruption due to new ratings; advantage Japanese brands

Among the air conditioner manufacturers, LG is likely to face the least disruption, as it has already switched its entire range to inverters from January 2017. Globally, LG has moved out of fixed-speed compressors and only sells split inverter models. Moreover, the Japanese brands (Daikin, Sharp, Hitachi, and Mitsubishi Electric) have historically dominated the inverter AC segment – a faster shift to inverters in the Indian market plays in their favor. Most Indian brands have historically focused on fixed-speed ACs and transition would be relatively more disruptive in their cases.

Strategic choice between inverter ACs and fixed-speed ACs to determine market share over the next few years

In our view, manufacturers need to make a strategic choice between: (a) the industry rapidly moving to inverter ACs and align their portfolio / marketing strategies accordingly (as in the case of LG, Japanese brands) to retain and/or gain share, (b) fixed-speed ACs continuing to dominate and align their portfolio in favor of fixed-speed ACs. This decision could have multifold ramifications in terms of who gains or loses market share over the next few years.

Poor quality of power beyond tier-1 cities may not deter shift to inverter ACs

One of the frequent arguments against a shift to inverter ACs has been poor quality of power beyond the tier-1 cities. It is argued that poor quality power could affect the PCBs in inverter ACs – we do not buy this argument. Even in case of fixed-speed ACs, consumers normally buy a stabilizer to protect against the variations in power supply and this would continue in the case of inverter ACs. Moreover, our interactions with dealers suggest that inverter compressors are less prone to failure than fixed-speed compressors.

Valuation and view

We maintain our **Sell rating on Voltas**, with a target price of INR430. Our cautious view is driven by (a) threat to margins from intensifying competition in the room AC segment, (b) industry convergence towards inverter ACs, where Voltas has historically had a weak share, and (c) steep valuations, with the UCP segment valued at 37x FY19E EPS. We maintain our **Neutral stance on Blue Star**, with a target price of INR650. Key risks to our ratings are (a) strong summer season in CY18, driving room AC sales, and (b) faster than expected recovery in execution and project business margins.



1. Sobha : Q2FY18 impacted by RERA & GST; should be able to maintain q1fy18 sales momentum; JC Sharma, Vice Chairman & MD

- n Company's second quarter performance impact by RERA and GST but should be able to maintain Q1FY18 sales momentum.
- n FY18 tougher than last year but expects good performance from the company.
- n Margins will be maintained and could move higher.
- n Company has registered 34 projects in Bengaluru and close to 48 projects excluding Bengaluru.

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2. Royal Orchid : Hotel operations in jaipur may turnaround in FY18; Amit Jaiswal, CFO

- n Got a benefit of 3% due to GST and passed on the benefit to customers.
- n Further said that occupancy level has gone beyond 75% due to GST.
- n Looking to increase average revenue per room to Rs 3,600 going ahead. Will be adding 800 rooms this year.
- n In talks to dispose of non-core assets.
- n Value of Powai and Tanzania lands should be around Rs 80 crore. Currently Central in Bangalore and Hotel Royal Ochid in Jaipur making losses.
- n Hotel operations in Jaipur may turnaround in FY18.

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3. Karnataka Bank : Don't have M&A options right now, but open to it if come our way; Mahabaleshwara MS, MD & CEO

- n Growth aspiration is one of the aspects that is going to be part of transformation.
- n Do not have M&A options right now but open to it if they come the company's way.
- n Committed for the company's identity. Lot of growth opportunities which will be explored to emerge as a strong player in banking industry.
- n FY18 loan growth seen at 15% or more.

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1. Address fundamental flaws in fuel pricing

- n The furore caused by the sharp increase in petrol and diesel prices, since 'dynamic' daily pricing was introduced in June, has put the Government on the defensive. Oil minister Dharmendra Pradhan, forced to explain last week, said that prices of these fuels in India had increased due to a sharp rise in their international prices. Not everyone was convinced. When the price of crude oil has halved since mid-2014, critics ask, why does petrol and diesel today cost almost the same as in mid-2014. They point out that when the crude oil rout was underway, the governments, central and State, instead of passing on the benefit to consumers, chose to pocket most of the gains through regular hikes in excise duty and VAT (value added tax). And now, despite rise in prices, the Government is holding on to these high taxes instead of cutting them and giving relief to consumers. Taxes now are indeed high (more than 100 per cent of the base cost of petrol and diesel). Some critics also insinuate that the too-little-to-be-observed price changes under the daily pricing mechanism are being used as a cover to give effect to sharp hikes cumulatively. While high taxes are indeed a problem, we cannot forget some fundamental issues arising from the pricing policies adopted by the oil companies.

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2. Why dynastic politics is harming India

- n Congress vice-president Rahul Gandhi's fumbling justification of his party's brand of dynastic politics at the University of California, Berkeley, US, last week continues to haunt him. It is now Union finance minister Arun Jaitley's turn to put the boot in after colleagues like Amit Shah had a go. Gandhi's blithe dismissal of the phenomenon indeed rankles. But he was correct in pointing out that most mainstream parties in India are culpable. The Bharatiya Janata Party (BJP) is far from immune to it, no matter that its tallest leaders have come up the hard way. Across the northern and Dravidian parties, it has become the norm more than the exception. This transformation of dynastic politics into a generalized phenomenon comes with serious negative consequences. The logic of dynastic politics is the logic of patronage. The dynast trades economic largesse and access to the machinery of the state for long-term fealty. Economist Mancur Olson has described it as stationary bandits versus roving bandits. Dynasts are the former. They have incentive to develop their constituencies because they are in for the long haul.

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3. Who knew healthcare was so complex

- n NITI Aayog's recommendation to improve access, reduce out-of-pocket expenditure, create infrastructure and augment capacity at district hospitals for non-communicable diseases (NCDs), is urgent and necessary. It deserves credit for recognizing that the public sector does not have the wherewithal to meet the NCD challenge and that the private sector is needed to address this gap. We highlight some remaining concerns. The NITI Aayog's solution is to incentivize the private sector via public private partnerships (PPPs), wherein the government provides land, infrastructure, capital for viability gap funding, and

patients via referrals from public screening programmes. In return, the government fixes the price of basic services to ensure a reasonable rate of return. The delivery, quality and governance of the PPPs is monitored by the project steering committee, contracts management cell and project coordination committee, etc.

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4. Is FDI the new engine of growth?

n The official discussion paper (DP), Industrial Policy—2017, (goo.gl/jEPs6u) is a welcome effort. That said, while it sets down a laundry list of known constraints, it ignores serious analyses of poor industrial performance. Pedantically discussing competitiveness, the policy paper makes very little reference to trends in global trade, or inadequate domestic industrial demand, falling capacity utilization or negative credit growth (“Economic Reforms And Manufacturing Sector” by R. Nagaraj, Economic And Political Weekly, 14 January 2017). There is an exception, however. Flaggering the boom in foreign direct investment (FDI) inflows, the paper claims it as a badge of success for the official policy. The report says, “Total FDI inflow was \$156.53 billion since April 2014 (\$45.15 billion in 2014-15, \$55.56 billion in 2015-16, and \$60.08 billion in 2016-17). Highest ever annual inflow (\$60.08 billion) was received in 2016-17. FDI equity inflows increased by 52% during 2014-16 and 62% since the launch of Make In India. India is now ranked amongst top 3 FDI destinations (World Investment Report 2016, Unctad) and ninth in the FDI Confidence Index in 2016, up two places from 2015 (AT Kearney)”.

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International

5. The fed holds steady. Will inflation do the same?

n A quick look at the Federal Reserve’s public clues on Wednesday shows little sign it’s ready to reward bad behaviour. Bad behaviour of inflation, that is. And when I say inflation is misbehaving, I am not talking about a jump in prices that would, in the past, have warranted higher interest rates or the threat of them. In today’s world, inflation is too low, despite very low unemployment that would typically correlate with rising wage growth and inflation. Instead of accelerating, inflation has receded since hitting the Fed’s target early in the year. There’s been a bit of handwringing about this from Fed officials in speeches; policy makers in Europe and Japan also wrestle with it. But there’s nothing in Wednesday’s Federal Open Market Committee statement that suggests the Fed is altering course fundamentally. The only thing that really changed in the key second paragraph of the Fed’s statement is a reference to the hurricanes that ripped through Texas and Florida and their impact on energy prices and the broader economy. That may push inflation up temporarily, but that’s about it.

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Automobiles														
Amara Raja	Buy	773	986	28	28.0	28.2	37.9	27.6	27.4	5.1	4.4	20.3	17.3	19.9
Ashok Ley.	Buy	117	118	1	4.6	5.2	7.0	25.8	22.7	5.6	5.0	23.1	23.2	27.0
Bajaj Auto	Buy	3,078	3,281	7	132.3	137.2	163.6	23.3	22.4	5.2	4.8	25.3	22.2	24.0
Bharat Forge	Buy	1,252	1,353	8	26.2	36.5	50.5	47.9	34.3	7.1	6.2	16.2	19.2	22.8
Bosch	Neutral	21,580	21,994	2	473.1	547.2	705.7	45.6	39.4	7.5	6.7	15.8	18.0	20.7
CEAT	Buy	1,742	2,029	16	93.3	94.2	126.8	18.7	18.5	2.9	2.6	16.9	14.8	17.3
Eicher Mot.	Buy	31,832	35,854	13	612.7	852.9	1,092.8	52.0	37.3	16.2	12.1	37.1	37.0	35.4
Endurance Tech.	Buy	1,023	1,059	4	23.5	29.3	37.9	43.6	34.9	8.3	6.9	20.8	21.6	23.3
Escorts	Neutral	667	732	10	20.0	37.1	45.8	33.4	18.0	3.4	2.9	10.6	17.3	18.3
Exide Ind	Buy	218	269	23	8.1	9.2	11.0	26.8	23.7	3.7	3.4	13.9	14.1	15.0
Hero Moto	Neutral	3,889	3,818	-2	169.1	189.3	199.1	23.0	20.5	7.7	6.6	35.7	34.6	31.5
M&M	Buy	1,293	1,634	26	54.3	68.5	82.4	23.8	18.9	3.0	2.7	14.2	13.9	14.9
Mahindra CIE	Not Rated	239	-		5.4	9.9	11.8	44.6	24.2	2.8	2.5	6.4	10.8	11.5
Maruti Suzuki	Buy	8,133	8,819	8	248.6	281.7	374.5	32.7	28.9	6.8	5.9	20.3	20.1	22.8
Tata Motors	Buy	413	542	31	19.8	22.4	59.8	20.9	18.4	2.4	2.1	9.8	12.3	26.6
TVS Motor	Buy	650	612	-6	11.7	14.4	23.7	55.4	45.1	12.8	10.6	25.6	25.7	33.6
Aggregate								29.4	25.3	5.0	4.4	17.1	17.4	22.3
Banks - Private														
Axis Bank	Neutral	512	545	6	15.4	21.8	38.1	33.3	23.5	2.3	2.1	6.9	9.3	14.7
DCB Bank	Neutral	193	192	0	7.0	8.4	10.4	27.6	23.0	2.8	2.3	10.8	11.4	11.8
Equitas Hold.	Buy	159	201	27	5.0	1.7	6.1	31.4	91.6	2.4	2.3	9.5	2.6	8.7
Federal Bank	Buy	118	139	17	4.8	5.4	6.8	24.6	22.0	2.3	1.9	9.9	10.0	10.5
HDFC Bank	Buy	1,840	2,000	9	56.8	68.2	82.1	32.4	27.0	5.5	4.7	18.3	18.8	19.6
ICICI Bank	Buy	285	366	28	15.3	14.9	17.0	18.6	19.1	2.1	2.0	10.2	8.9	9.5
IDFC Bank	Neutral	59	62	5	2.3	2.8	3.2	25.3	21.3	1.4	1.3	5.6	6.3	6.9
IndusInd	Under Review	1,729	-		47.9	61.9	76.8	36.1	27.9	5.2	4.5	15.4	17.3	18.5
J&K Bank	Neutral	78	91	17	-31.3	3.8	8.2	NM	20.3	0.7	0.7	-27.0	3.5	7.2
Kotak Mah. Bk	Buy	1,031	1,153	12	26.8	32.4	41.0	38.4	31.8	5.0	4.4	13.8	15.0	16.3
RBL Bank	Under Review	533	-		11.9	18.0	23.7	44.8	29.6	4.7	3.3	12.3	13.6	13.9
South Indian	Buy	31	34	10	2.2	2.9	3.7	14.3	10.9	1.2	1.1	9.5	10.8	12.7
Yes Bank	Buy	377	427	13	14.6	18.5	22.9	25.8	20.4	4.0	3.5	18.9	18.3	19.5
Aggregate								30.8	24.8	3.5	3.1	11.5	12.5	14.2
Banks - PSU														
BOB	Buy	145	198	36	6.0	9.5	20.8	24.3	15.3	1.0	0.9	4.0	6.1	12.4
BOI	Neutral	151	149	-2	-14.8	-11.2	6.6	NM	NM	0.7	0.7	-6.7	-5.2	3.0
Canara	Neutral	340	360	6	18.8	30.1	47.0	18.1	11.3	0.7	0.7	4.2	6.2	9.1
IDBI Bk	Neutral	56	49	-12	1.5	6.4	8.6	36.6	8.7	0.5	0.5	1.4	5.8	7.3
Indian Bk	Buy	281	382	36	29.3	34.4	38.3	9.6	8.2	0.9	0.9	10.1	10.9	11.2
OBC	Neutral	134	150	12	-31.6	17.1	21.4	NM	7.9	0.4	0.4	-8.4	4.6	5.4
PNB	Buy	142	184	30	6.2	5.8	11.0	22.8	24.3	0.8	0.8	3.6	3.2	5.9
SBI	Buy	269	341	27	0.3	14.6	26.8	902.6	18.4	1.3	1.2	-0.2	7.0	11.4
Union Bk	Neutral	136	140	3	8.1	9.0	19.1	16.8	15.0	0.4	0.4	2.7	3.0	6.1
Aggregate								100.4	17.8	0.9	0.8	0.9	4.6	8.3
NBFCs														
Bajaj Fin.	Buy	1,917	1,800	-6	33.6	47.6	62.9	57.1	40.2	10.9	8.9	21.7	24.3	25.9
Bharat Fin.	Neutral	966	820	-15	21.0	31.8	68.7	46.0	30.4	5.5	4.4	15.1	16.1	28.0
Capital First	Buy	817	925	13	24.6	33.3	44.3	33.2	24.6	3.5	3.1	12.0	13.3	15.6
Cholaman. Inv. & F n	Buy	1,166	1,400	20	46.0	56.0	67.3	25.4	20.8	4.2	3.6	18.0	18.6	19.0
Dewan Hsg.	Buy	594	630	6	29.6	37.7	47.1	20.1	15.8	2.4	2.1	14.4	14.1	15.6
GRUH Fin.	Neutral	544	450	-17	8.1	9.9	12.1	66.9	54.7	20.0	16.4	32.5	33.0	32.8
HDFC	Buy	1,789	1,900	6	46.8	52.9	59.0	38.2	33.8	7.1	6.4	18.9	19.3	18.4

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Indiabulls Hsg	Buy	1,282	1,350	5	69.0	86.3	108.4	18.6	14.9	4.5	4.0	25.5	28.2	31.3
L&T Fin Holdings	Buy	211	200	-5	5.2	7.3	10.6	40.3	28.9	4.8	4.1	12.4	15.6	19.1
LIC Hsg Fin	Neutral	660	708	7	38.2	41.6	48.9	17.3	15.9	3.1	2.7	19.4	18.2	18.5
Manappuram	Not Rated	104	-		8.6	10.8	12.5	12.0	9.7	2.6	2.4	24.0	25.9	26.9
M&M Fin.	Buy	425	459	8	7.1	13.9	17.8	59.9	30.6	3.8	3.5	6.5	12.0	14.2
Muthoot Fin	Buy	503	550	9	29.5	38.2	44.2	17.0	13.2	3.1	2.6	19.4	21.5	21.2
PFC	Neutral	132	117	-11	25.7	27.2	30.2	5.1	4.9	0.9	0.8	17.9	17.0	16.8
Repco Home	Buy	644	800	24	29.1	34.5	39.3	22.1	18.7	3.5	3.0	17.4	17.5	17.0
REC	Neutral	166	134	-19	31.4	35.0	40.4	5.3	4.7	1.0	0.8	19.9	19.1	19.1
Shriram City Union	Buy	2,162	2,800	30	84.3	121.7	164.1	25.6	17.8	2.8	2.5	11.7	15.0	17.6
STF	Buy	1,064	1,330	25	55.6	80.0	102.4	19.1	13.3	2.2	1.9	11.7	15.0	16.9
Aggregate								21.6	18.2	3.6	3.2	16.8	17.6	18.1
Capital Goods														
ABB	Sell	1,446	1,200	-17	19.7	22.4	31.6	73.4	64.5	9.3	8.2	12.7	12.6	15.8
Bharat Elec.	Buy	188	215	14	6.9	7.4	8.2	27.2	25.5	5.6	4.3	20.6	17.0	16.9
BHEL	Sell	133	100	-25	2.1	4.6	4.9	61.9	29.1	1.0	1.0	1.6	3.4	3.5
Blue Star	Neutral	786	650	-17	12.9	17.5	26.1	61.0	44.8	9.9	9.3	18.0	21.4	29.6
CG Cons. Elec.	Buy	218	250	15	4.7	5.0	6.4	46.7	43.4	25.4	18.8	76.4	49.7	49.7
CG Power & Indu.	Neutral	82	80	-2	4.1	2.0	2.5	20.0	40.3	1.2	1.2	6.2	3.0	3.7
Cummins	Buy	916	1,180	29	26.5	27.7	35.0	34.6	33.1	6.8	6.3	21.2	19.7	22.8
GE T&D	Neutral	406	395	-3	5.7	9.3	11.3	70.8	43.7	10.1	8.8	12.4	21.5	22.7
Havells	Neutral	511	455	-11	9.6	10.9	13.8	53.4	46.7	9.7	8.7	18.2	18.6	20.7
K E C Intl	Neutral	311	295	-5	11.9	13.1	16.4	26.2	23.8	5.0	4.3	21.2	19.5	20.9
L&T	Buy	1,228	1,380	12	42.3	46.5	56.2	29.0	26.4	3.4	3.2	12.5	12.4	13.8
Pennar Eng.	Not Rated	109	-		7.1	9.1	11.2	15.4	12.0	1.6	1.4	10.2	11.6	12.6
Siemens	Neutral	1,404	1,355	-4	17.8	22.7	33.0	78.8	61.9	7.3	6.4	9.3	10.3	13.7
Solar Ind	Neutral	942	900	-4	20.6	24.2	30.0	45.7	38.9	8.4	7.2	19.8	19.8	20.9
Suzlon Energy	Not Rated	17	-		0.6	0.9	1.0	26.8	19.3	-1.6	-1.7	NM	-8.8	-11.0
Thermax	Neutral	922	830	-10	30.8	30.0	33.2	29.9	30.7	4.1	3.7	14.3	12.7	12.8
Va Tech Wab.	Buy	632	800	27	29.8	34.6	39.8	21.2	18.3	3.5	3.0	16.8	17.6	17.4
Voltas	Sell	535	430	-20	15.5	16.8	19.1	34.6	31.8	5.4	4.8	18.0	15.8	16.0
Aggregate								36.9	32.1	4.1	3.8	11.2	11.7	12.9
Cement														
Ambuja Cem.	Buy	276	308	12	4.9	7.0	8.2	56.5	39.7	2.9	2.7	5.1	7.0	7.9
ACC	Neutral	1,751	1,622	-7	36.1	49.8	65.0	48.5	35.2	3.8	3.6	7.9	10.6	13.1
Birla Corp.	Buy	950	1,150	21	29.4	40.9	58.9	32.4	23.2	2.2	2.1	7.3	9.2	12.2
Dalmia Bharat	Buy	2,772	3,282	18	38.8	68.7	89.9	71.5	40.4	5.0	4.4	7.2	11.6	13.4
Grasim Inds.	Neutral	1,201	1,276	6	67.9	71.3	102.7	17.7	16.8	1.9	1.7	11.5	10.9	13.9
India Cem	Neutral	183	201	10	5.6	8.0	11.8	32.5	22.9	1.1	1.1	3.4	4.7	6.6
J K Cements	Buy	993	1,277	29	33.7	39.7	54.4	29.4	25.0	3.9	3.5	14.4	14.8	17.5
JK Lakshmi Ce	Buy	416	519	25	7.0	9.7	16.4	59.7	42.7	3.5	3.2	6.0	7.9	12.1
Ramco Cem	Buy	720	806	12	27.3	27.4	34.4	26.4	26.3	4.6	4.0	19.0	16.1	17.5
Orient Cem	Buy	163	185	13	-1.6	4.4	7.1	NM	37.0	3.4	3.1	-3.2	8.8	12.8
Prism Cem	Buy	109	140	29	0.3	3.5	5.6	397.6	31.2	5.7	5.0	1.4	17.0	22.9
Shree Cem	Buy	18,391	22,360	22	384.4	460.4	547.8	47.8	39.9	8.3	7.0	18.4	19.1	19.1
Ultratech	Buy	4,169	4,936	18	96.1	91.5	138.8	43.4	45.5	4.8	4.4	11.6	10.1	14.0
Aggregate								38.3	32.8	3.7	3.4	9.6	10.3	12.7
Consumer														
Asian Paints	Neutral	1,230	1,200	-2	21.0	22.2	26.5	58.5	55.4	15.5	14.1	28.5	26.7	28.1
Britannia	Buy	4,332	4,660	8	73.7	85.3	104.6	58.8	50.8	19.3	15.9	36.9	34.3	34.5
Colgate	Buy	1,118	1,285	15	21.2	24.4	29.8	52.6	45.7	23.9	22.6	50.4	50.8	58.2
Dabur	Neutral	310	315	1	7.2	7.7	9.1	42.8	40.1	11.3	9.7	28.4	26.0	26.3
Emami	Buy	1,125	1,310	16	26.5	26.9	33.1	42.4	41.8	14.6	12.4	35.8	32.0	33.9
Godrej Cons.	Neutral	936	995	6	18.9	21.5	24.7	49.5	43.5	12.0	9.4	24.6	24.2	22.8

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
GSK Cons.	Sell	5,047	4,500	-11	156.1	158.1	182.1	32.3	31.9	6.8	6.7	22.2	21.1	22.6
HUL	Buy	1,255	1,360	8	19.6	22.9	27.3	63.9	54.7	40.7	39.3	65.6	73.1	82.8
ITC	Neutral	269	280	4	8.4	9.3	10.3	32.1	29.1	7.2	7.2	23.5	24.8	26.3
Jyothy Lab	Neutral	400	395	-1	11.2	9.8	11.1	35.6	40.7	6.7	6.7	21.1	16.5	18.4
Marico	Neutral	323	355	10	6.3	6.8	8.2	51.5	47.4	17.9	15.4	36.7	34.9	37.7
Nestle	Neutral	7,144	6,160	-14	118.0	115.1	133.6	60.5	62.1	22.9	21.3	39.0	35.5	38.1
Page Inds	Buy	19,164	19,600	2	238.7	294.7	398.4	80.3	65.0	32.1	25.7	40.0	39.6	43.1
Parag Milk	Neutral	243	245	1	3.6	9.1	12.5	67.5	26.7	3.1	2.8	6.0	11.0	13.3
Pidilite Ind.	Neutral	839	810	-4	16.7	18.1	20.6	50.2	46.5	13.0	10.6	28.2	25.2	23.5
P&G Hygiene	Neutral	8,364	8,800	5	132.9	151.6	176.0	62.9	55.2	39.4	32.7	39.3	64.9	62.8
Prabhat Dairy	Not Rated	134	-	-	3.5	3.5	6.4	37.9	38.4	1.9	1.8	5.2	4.9	8.5
United Brew	Buy	802	980	22	8.7	10.1	15.0	92.2	79.6	9.2	8.4	10.4	11.0	14.7
United Spirits	Neutral	2,565	2,525	-2	26.7	34.5	51.5	96.0	74.4	19.2	13.4	21.3	18.0	20.3
Aggregate								47.6	43.0	13.1	12.1	27.5	28.2	29.3
Healthcare														
Alembic Phar	Neutral	500	510	2	21.6	20.5	25.5	23.2	24.5	5.0	4.3	23.0	19.0	20.4
Alkem Lab	Neutral	1,799	1,830	2	75.7	73.5	91.6	23.8	24.5	5.1	4.4	23.4	19.2	20.5
Ajanta Pharma	Buy	1,257	1,606	28	58.4	52.8	64.2	21.5	23.8	7.1	5.7	37.7	26.5	25.9
Aurobindo	Buy	752	850	13	39.3	44.9	50.0	19.1	16.8	4.7	3.7	27.6	24.8	22.1
Biocon	Sell	363	330	-9	10.2	9.7	14.2	35.6	37.4	4.5	4.2	12.3	11.1	14.5
Cadila	Buy	503	555	10	14.2	17.9	24.1	35.4	28.1	7.4	6.2	23.0	23.9	26.3
Cipla	Neutral	591	520	-12	15.9	21.1	26.0	37.2	28.0	3.8	3.4	10.2	12.1	13.2
Divis Lab	Neutral	991	720	-27	39.7	33.6	40.0	25.0	29.5	5.6	5.1	23.5	18.1	19.4
Dr Reddy's	Neutral	2,486	2,400	-3	72.6	79.6	120.1	34.2	31.2	3.4	3.2	9.7	10.6	14.3
Fortis Health	Buy	152	220	45	10.3	2.2	5.6	14.7	69.5	1.6	1.4	11.3	2.1	4.9
Glenmark	Neutral	629	775	23	39.3	42.9	51.7	16.0	14.6	4.0	3.2	24.7	21.6	20.9
Granules	Buy	128	200	56	7.2	8.2	11.5	17.8	15.7	3.2	2.3	21.1	17.7	18.8
GSK Pharma	Neutral	2,438	2,500	3	34.4	46.8	54.9	70.9	52.1	10.3	12.0	14.5	23.0	30.9
IPCA Labs	Neutral	573	430	-25	16.1	16.6	26.8	35.6	34.5	2.9	2.7	8.6	8.2	12.2
Jubilant Life	Buy	687	905	32	37.0	47.1	56.7	18.6	14.6	3.1	2.6	18.1	19.5	19.6
Lupin	Buy	1,032	1,125	9	56.6	41.4	56.3	18.2	24.9	3.5	3.1	20.9	13.2	16.0
Sanofi India	Buy	4,057	4,820	19	129.1	133.6	160.6	31.4	30.4	5.4	5.0	17.1	16.6	18.1
Shilpa Medicare	Buy	581	805	39	14.0	21.1	30.4	41.5	27.5	5.1	4.3	14.4	17.0	20.4
Strides Shasun	Buy	985	1,300	32	32.3	47.4	74.8	30.5	20.8	3.2	2.9	10.7	14.7	20.2
Sun Pharma	Buy	520	515	-1	26.1	15.1	23.3	19.9	34.5	3.4	3.5	18.5	10.0	14.7
Syngene Intl	Not Rated	483	-	-	13.0	16.1	18.0	37.1	29.9	7.5	6.1	22.2	22.5	20.7
Torrent Pharma	Neutral	1,344	1,350	0	55.2	53.4	67.3	24.4	25.2	5.2	4.6	23.8	19.5	21.5
Aggregate								23.7	26.0	4.0	3.6	17.0	14.0	16.3
Logistics														
Allcargo Logistics	Buy	172	212	23	9.8	11.2	13.3	17.5	15.3	2.6	2.3	12.6	16.0	16.8
Blue Dart	Not Rated	4,250	-	-	102.5	129.9	163.2	41.4	32.7	18.4	14.0	50.5	48.6	46.8
Concor	Neutral	1,344	1,214	-10	38.0	42.1	48.6	35.4	31.9	3.7	3.5	10.8	11.3	12.4
Gateway Distriparks	Buy	231	272	18	6.8	9.0	12.4	33.9	25.7	2.5	2.4	7.3	9.4	12.4
Gati	Not Rated	115	-	-	8.4	15.9	23.9	13.8	7.3	1.9	1.7	12.4	19.4	25.4
Transport Corp.	Not Rated	284	-	-	16.9	21.0	25.9	16.8	13.5	2.6	2.2	16.7	17.8	18.6
Aggregate								31.5	26.4	3.9	3.6	12.4	13.8	15.4
Media														
Dish TV	Buy	76	106	39	1.0	1.3	4.3	77.5	58.5	16.6	12.9	24.1	24.9	99.2
D B Corp	Buy	365	450	23	20.4	23.7	27.6	17.9	15.4	4.2	3.8	25.5	25.8	26.6
Den Net.	Neutral	95	90	-5	-8.6	-2.7	0.3	NM	NM	1.8	1.9	-12.0	-5.3	0.7
Ent.Network	Neutral	837	928	11	11.4	13.4	21.7	73.3	62.7	4.7	4.4	6.7	7.2	10.7
Hind. Media	Buy	273	350	28	25.9	28.3	33.6	10.6	9.7	1.8	1.5	19.0	17.3	17.3
HT Media	Neutral	101	90	-11	7.4	7.9	8.1	13.6	12.8	0.9	0.8	7.1	6.9	6.4
Jagran Prak.	Buy	181	225	24	10.8	12.4	14.1	16.9	14.7	2.5	2.4	17.6	16.5	17.4

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Music Broadcast	Buy	389	469	21	6.4	9.3	14.0	60.5	41.7	4.0	3.7	11.2	9.3	12.4
PVR	Buy	1,284	1,628	27	20.5	30.9	46.9	62.6	41.6	6.2	5.5	10.4	14.0	18.2
Siti Net.	Neutral	25	32	27	-1.8	-0.3	0.4	NM	NM	3.5	3.7	-23.5	-4.1	6.2
Sun TV	Neutral	829	860	4	24.9	28.5	35.9	33.4	29.1	7.9	7.3	23.6	25.0	28.8
Zee Ent.	Buy	536	630	18	23.1	14.7	18.9	23.2	36.3	8.9	7.6	24.7	22.6	24.5
Aggregate								41.6	31.9	5.8	5.3	14.0	16.7	21.3
Metals														
Hindalco	Buy	244	310	27	8.6	19.8	24.5	28.5	12.3	1.9	1.6	7.4	14.3	15.4
Hind. Zinc	Neutral	304	301	-1	19.7	22.2	29.3	15.4	13.7	4.2	4.5	24.4	31.5	38.0
JSPL	Buy	152	194	28	-20.9	-15.8	2.0	NM	NM	0.5	0.5	-7.9	-4.9	0.6
JSW Steel	Buy	255	297	17	14.8	21.9	25.7	17.2	11.6	2.7	2.3	17.3	21.3	20.8
Nalco	Neutral	82	63	-23	3.7	3.5	4.2	22.3	23.7	1.6	1.5	7.2	6.5	7.7
NMDC	Buy	129	180	40	10.0	12.4	12.1	12.9	10.3	1.8	1.7	12.8	15.2	15.6
SAIL	Sell	61	30	-51	-6.2	-7.7	-4.2	NM	NM	0.7	0.8	-6.7	-9.1	-5.3
Vedanta	Buy	323	361	12	15.1	23.9	37.4	21.3	13.5	2.0	1.9	9.7	14.2	20.4
Tata Steel	Neutral	687	669	-3	37.9	65.1	64.3	18.1	10.5	2.1	1.9	15.7	18.6	16.2
Aggregate								23.5	15.5	1.8	1.7	7.6	11.2	14.0
Oil & Gas														
BPCL	Buy	496	640	29	48.3	49.1	51.6	10.3	10.1	3.2	2.6	32.4	28.4	25.1
GAIL	Sell	407	346	-15	22.6	26.5	31.3	18.0	15.3	1.8	1.7	9.6	11.3	12.4
Gujarat Gas	Sell	837	691	-17	20.4	37.2	46.1	41.1	22.5	7.0	5.6	17.8	27.6	27.4
Gujarat St. Pet.	Neutral	204	171	-16	8.8	11.1	13.3	23.2	18.3	2.6	2.3	11.6	13.2	14.2
HPCL	Buy	452	583	29	40.7	45.9	42.9	11.1	9.8	3.4	2.8	32.4	31.0	24.2
IOC	Buy	413	558	35	43.0	52.6	46.9	9.6	7.8	1.9	1.6	21.2	22.5	17.5
IGL	Neutral	1,518	1,152	-24	44.0	49.9	56.3	34.5	30.4	7.3	6.1	21.0	21.9	20.9
MRPL	Sell	132	113	-15	14.8	9.4	11.7	8.9	14.0	2.3	2.0	31.4	15.5	17.0
Oil India	Buy	329	316	-4	19.3	27.9	31.1	17.0	11.8	0.9	0.9	5.7	7.5	8.0
ONGC	Buy	166	195	17	16.4	16.5	19.7	10.1	10.1	1.0	0.9	10.1	9.4	10.9
PLNG	Buy	231	274	19	11.4	14.0	17.9	20.3	16.5	4.3	3.6	23.2	23.7	25.5
Reliance Ind.	Neutral	841	941	12	48.3	56.5	62.8	17.4	14.9	1.8	1.6	11.6	12.1	12.1
Aggregate								13.2	11.9	1.8	1.6	13.3	13.4	13.1
Retail														
Jubilant Food	Sell	1,393	850	-39	10.0	14.8	20.7	139.2	94.1	11.4	10.5	8.2	11.1	14.0
Titan Co.	Neutral	619	565	-9	9.0	10.6	12.6	68.5	58.3	13.0	11.8	20.6	21.3	22.2
Aggregate								75.2	62.7	12.9	11.8	17.2	18.9	19.6
Technology														
Cyient	Buy	503	600	19	30.6	35.4	41.9	16.4	14.2	2.7	2.4	16.2	16.6	17.3
HCL Tech.	Neutral	870	950	9	59.8	61.8	65.9	14.5	14.1	3.6	3.2	27.5	24.9	23.8
Hexaware	Neutral	273	250	-8	13.7	15.7	16.5	19.9	17.3	4.8	4.2	26.5	25.7	23.1
Infosys	Buy	910	1,050	15	62.9	62.2	67.2	14.5	14.6	3.0	2.7	22.0	19.6	19.3
KPIT Tech	Neutral	123	140	14	11.9	10.6	13.1	10.3	11.6	1.6	1.4	14.3	13.0	14.2
L&T Infotech	Buy	780	880	13	55.5	60.2	68.0	14.0	13.0	4.9	3.8	40.4	33.0	29.4
Mindtree	Neutral	463	450	-3	24.9	28.7	32.9	18.6	16.1	3.0	3.0	16.8	17.3	20.1
Mphasis	Neutral	617	610	-1	38.9	40.3	43.0	15.9	15.3	2.1	2.2	13.2	14.5	16.2
NIIT Tech	Neutral	539	540	0	38.0	42.3	48.7	14.2	12.7	1.9	1.8	13.7	14.4	15.4
Persistent Sys	Buy	640	750	17	37.7	43.3	52.0	17.0	14.8	2.6	2.5	17.0	17.9	20.7
Tata Elxsi	Buy	870	996	14	28.1	33.7	39.8	30.9	25.8	9.7	7.8	37.1	33.5	32.2
TCS	Neutral	2,526	2,350	-7	133.4	133.6	147.7	18.9	18.9	5.6	6.0	32.6	31.1	33.5
Tech Mah	Buy	460	490	6	30.9	34.0	36.8	14.9	13.6	2.4	2.2	18.4	17.4	16.9
Wipro	Neutral	291	270	-7	16.9	18.1	19.1	17.2	16.1	2.8	2.7	16.9	16.1	16.1
Zensar Tech	Buy	750	950	27	52.1	51.9	70.0	14.4	14.4	2.3	2.1	17.2	15.0	17.9
Aggregate								16.8	16.7	3.8	3.8	22.9	22.8	22.0
Telecom														
Bharti Airtel	Buy	400	490	23	11.1	4.3	6.6	36.0	92.0	2.4	2.3	6.7	2.5	3.8
Bharti Infratel	Buy	387	480	24	14.9	17.9	20.4	26.1	21.6	4.6	4.0	16.2	19.8	19.4

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Idea Cellular	Buy	80	110	37	-1.1	-10.9	-11.3	NM	NM	1.2	1.4	-1.6	-17.3	-21.7
Tata Comm	Buy	704	775	10	27.2	8.7	26.1	25.9	80.8	12.6	10.9	132.2	14.5	33.6
Aggregate								37.2	206.3	2.6	2.6	6.9	1.2	2.8
Utilities														
Coal India	Buy	254	305	20	14.9	19.8	22.0	17.0	12.8	6.4	6.1	37.8	47.6	50.5
CESC	Buy	1,053	1,360	29	51.9	88.9	99.3	20.3	11.8	1.3	1.2	6.5	10.6	10.8
JSW Energy	Sell	77	49	-36	3.8	3.4	2.7	20.0	22.8	1.2	1.2	6.3	5.3	4.2
NTPC	Buy	168	211	26	12.0	13.3	15.7	14.1	12.6	1.4	1.3	10.5	10.9	11.9
Power Grid	Buy	211	262	24	14.2	17.4	20.6	14.8	12.1	2.3	2.0	16.2	17.3	17.8
Tata Power	Sell	83	71	-15	7.4	7.3	7.3	11.2	11.5	1.9	1.7	17.1	15.8	14.2
Aggregate								15.6	12.8	2.3	2.1	14.5	16.4	17.2
Others														
Arvind	Neutral	395	375	-5	12.4	12.9	18.6	31.9	30.5	2.9	2.7	10.3	9.1	12.0
Avenue Supermarts	Neutral	1,070	882	-18	7.7	12.7	17.6	139.4	84.1	17.4	15.2	17.9	19.3	23.0
Bata India	Under Review	745	-		13.5	15.7	19.4	55.2	47.5	7.2	6.5	13.9	14.4	15.8
BSE	Neutral	1,015	1,100	8	41.0	42.2	44.6	24.8	24.1	2.1	2.0	8.3	8.5	7.7
Castrol India	Buy	381	489	28	13.6	13.9	14.0	27.9	27.5	31.6	28.4	115.2	108.9	99.2
Century Ply.	Neutral	249	323	30	8.7	9.8	12.9	28.6	25.3	7.7	6.4	31.1	27.7	29.6
Coromandel Intl	Buy	444	523	18	16.6	24.1	29.0	26.7	18.4	4.5	3.9	17.5	22.5	23.4
Delta Corp	Buy	206	243	18	3.1	5.9	8.1	67.5	35.1	5.2	3.5	8.1	12.5	12.9
Dynamatic Tech	Buy	2,211	3,334	51	67.6	112.9	166.7	32.7	19.6	4.5	3.7	15.1	20.7	24.3
Eveready Inds.	Buy	310	358	15	12.9	13.6	16.3	24.1	22.7	7.8	6.4	37.7	30.8	30.1
Interglobe	Neutral	1,136	1,312	16	46.0	63.9	93.7	24.7	17.8	20.3	18.1	86.2	107.5	137.7
Indo Count	Neutral	116	129	11	13.0	8.9	10.8	8.9	13.0	2.7	2.2	34.8	18.6	18.3
Info Edge	Buy	1,086	1,130	4	15.7	21.8	24.7	69.3	49.9	6.7	6.0	10.2	12.7	13.1
Inox Leisure	Sell	234	240	3	3.3	8.0	12.0	70.1	29.1	4.1	3.6	5.9	12.5	16.2
Jain Irrigation	Under Review	104	-		5.5	7.6	10.0	18.8	13.7	1.6	1.6	8.6	11.7	14.8
Just Dial	Neutral	402	465	16	17.5	18.5	21.1	23.0	21.8	3.1	2.8	14.8	13.4	13.7
Kaveri Seed	Buy	558	738	32	19.1	34.0	41.0	29.3	16.4	3.8	4.0	13.6	23.3	27.4
Kitex Garm.	Buy	220	394	79	18.6	22.1	26.2	11.9	10.0	3.2	2.6	29.8	28.6	27.6
Manpasand	Buy	962	926	-4	12.7	20.2	30.9	75.8	47.7	4.8	4.4	7.3	8.5	13.5
MCX	Buy	1,087	1,230	13	24.8	29.4	40.7	43.8	37.0	4.1	3.9	9.9	10.7	13.9
Monsanto	Buy	2,496	3,295	32	86.2	105.1	126.7	28.9	23.8	8.1	7.3	31.6	32.5	34.5
Navneet Education	Buy	175	215	23	7.8	8.7	10.8	22.6	20.0	5.6	4.9	26.8	26.0	27.4
Quess Corp	Buy	850	990	16	10.0	19.1	27.8	85.0	44.6	11.5	5.0	19.0	15.6	15.0
PI Inds.	Buy	781	894	15	33.4	30.4	35.8	23.4	25.7	6.6	5.5	32.8	23.4	22.9
Piramal Enterp.	Buy	2,833	3,044	7	72.6	104.1	144.6	39.0	27.2	3.7	3.4	9.8	13.0	16.4
SRF	Buy	1,603	1,648	3	85.9	80.2	103.0	18.7	20.0	2.9	2.7	16.6	13.7	16.0
S H Kelkar	Buy	263	298	13	7.2	7.6	9.9	36.3	34.6	4.7	4.3	13.7	12.9	15.2
Symphony	Sell	1,418	1,288	-9	23.7	35.1	42.9	59.9	40.4	22.2	19.6	43.3	51.6	54.5
Team Lease Serv.	Buy	1,610	1,990	24	38.8	36.8	56.0	41.5	43.7	7.2	6.2	19.2	15.3	19.5
Trident	Buy	102	114	12	6.6	8.3	10.4	15.4	12.3	1.9	1.7	13.0	14.5	16.1
TTK Prestige	Neutral	6,326	5,281	-17	132.1	137.8	176.1	47.9	45.9	8.6	7.9	19.5	18.0	20.7
V-Guard	Neutral	199	167	-16	3.6	4.5	6.0	55.8	44.5	13.3	10.9	27.4	26.9	28.8
Wonderla	Buy	358	393	10	7.0	11.9	16.0	51.1	29.9	4.7	4.2	9.5	14.8	17.5



Company	1 Day (%)	1M (%)	12M (%)
Automobiles			
Amara Raja	-0.8	1.7	-22.0
Ashok Ley.	-1.6	14.7	41.4
Bajaj Auto	-0.3	11.1	6.0
Bharat Forge	-1.1	10.1	39.2
Bosch	-1.0	-1.7	-7.5
CEAT	-1.7	4.0	49.3
Eicher Mot.	-1.7	1.0	32.0
Endurance Tech.	-3.5	6.9	
Escorts	-0.8	10.7	80.6
Exide Ind	-2.0	8.1	13.4
Hero Moto	0.8	-2.0	12.4
M&M	0.0	-6.0	-8.2
Mahindra CIE	-2.3	2.4	23.7
Maruti Suzuki	0.1	8.2	47.8
Tata Motors	-0.5	10.3	-24.8
TVS Motor	-0.7	13.1	95.2
Banks - Private			
Axis Bank	-1.4	3.7	-14.3
DCB Bank	-2.0	8.0	57.4
Equitas Hold.	-2.0	1.8	-11.0
Federal Bank	-1.5	11.7	66.8
HDFC Bank	-0.5	5.5	42.3
ICICI Bank	-2.0	-2.7	16.3
IDFC Bank	-1.3	8.1	-13.1
IndusInd	0.1	7.0	46.0
J&K Bank	-0.8	-3.9	-6.4
Kotak Mah. Bk	0.5	6.3	30.7
RBL Bank	0.4	5.0	78.1
South Indian	-1.6	15.0	48.5
Yes Bank	0.3	9.7	54.8
Banks - PSU			
BOB	-2.0	2.5	-11.7
BOI	-3.5	8.3	30.5
Canara	-1.5	4.0	15.8
IDBI Bk	-1.2	3.7	-22.9
Indian Bk	-1.2	-5.3	31.6
OBC	-1.9	11.7	6.8
PNB	-2.4	3.0	4.5
SBI	-0.8	-2.2	6.8
Union Bk	-2.2	3.8	-3.8
NBFCs			
Bajaj Fin.	0.6	13.3	79.2
Bharat Fin.	0.4	11.7	24.5
Capital First	-0.9	15.3	21.7
Cholaman. Inv.&Fn	-0.5	1.4	8.6
Dewan Hsg.	0.5	32.4	110.2
GRUH Fin.	2.2	9.6	71.2
HDFC	1.3	2.9	28.5
Indiabulls Hsg	-2.3	7.0	61.4
L&T Fin.Holdings	1.7	22.8	130.3
LIC Hsg Fin	1.8	1.8	15.8
Manappuram	-2.8	10.0	8.4
M&M Fin.	-0.1	5.2	23.4
Muthoot Fin	-2.1	11.5	38.6
PFC	-1.1	11.4	9.7
Repco Home	-0.5	0.1	-22.9
REC	-1.4	2.8	37.7
STF	-0.5	10.9	-6.8
Shriram City Union	0.2	-1.9	-1.8

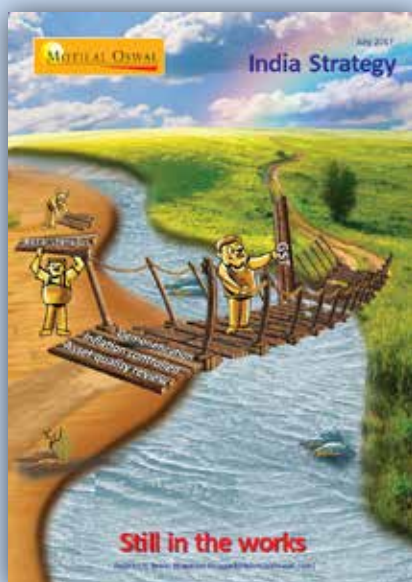
Company	1 Day (%)	1M (%)	12M (%)
Capital Goods			
ABB	-1.4	7.0	25.8
Bharat Elec.	-1.7	5.1	50.9
BHEL	-0.6	6.6	-7.8
Blue Star	0.3	7.2	49.6
CG Cons. Elec.	-1.9	-3.2	37.0
CG Power & Inds Sol.	0.9	1.0	1.6
Cummins	-0.9	3.8	1.5
GE T&D	-1.3	7.8	18.4
Havells	-0.9	7.7	25.7
K E C Intl	-1.6	4.6	149.7
L&T	-0.6	9.0	25.2
Pennar Eng.	0.1	20.7	-36.1
Siemens	-2.0	9.6	11.3
Solar Ind	0.8	10.8	44.9
Suzlon Energy	1.5	5.3	7.3
Thermax	0.4	3.8	4.3
Va Tech Wab.	-1.1	2.8	14.4
Voltas	-2.4	0.6	41.3
Cement			
Ambuja Cem.	-1.4	0.0	4.5
ACC	-2.1	-2.2	7.4
Birla Corp.	-0.9	0.0	44.1
Dalmia Bharat	0.2	7.2	59.9
Grasim Inds.	-1.7	8.5	47.7
India Cem	-1.1	2.7	22.8
J K Cements	-2.0	-0.2	24.8
JK Lakshmi Ce	-0.6	0.6	-11.4
Ramco Cem	-1.9	8.5	24.1
Orient Cem	-0.9	8.7	-16.2
Prism Cem	0.0	-2.3	2.2
Shree Cem	-0.1	7.4	10.1
Ultratech	-0.7	3.9	5.2
Consumer			
Asian Paints	-0.7	8.3	5.2
Britannia	-0.4	2.3	27.5
Colgate	-1.6	3.7	15.3
Dabur	-1.4	2.1	7.3
Emami	-1.2	1.7	-4.6
Godrej Cons.	-1.2	3.5	16.6
GSK Cons.	0.4	-6.1	-17.6
HUL	-0.3	5.2	37.6
ITC	-0.6	-4.5	6.2
Jyothy Lab	-3.5	6.6	15.2
Marico	-2.2	2.1	12.1
Nestle	-1.1	8.0	13.0
Page Inds	0.7	12.7	26.6
Parag Milk	0.2	2.3	-25.1
Pidilite Ind.	-1.4	3.2	18.8
P&G Hygiene	-0.6	2.6	23.4
Prabhat Dairy	0.7	0.8	13.0
United Brew	0.3	0.2	-9.8
United Spirits	-2.4	1.0	10.8
Healthcare			
Alembic Phar	4.4	-2.7	-23.7
Alkem Lab	2.6	-0.7	6.2
Ajanta Pharma	4.4	8.4	-35.9
Aurobindo	0.8	8.1	-6.7
Biocon	2.4	11.0	15.0
Cadila	3.5	6.4	28.9
Cipla	4.0	5.5	-1.5



Company	1 Day (%)	1M (%)	12M (%)
Divis Lab	5.1	59.2	-25.4
Dr Reddy's	7.5	28.6	-21.1
Fortis Health	-1.1	5.8	-11.9
Glenmark	2.8	5.5	-30.4
Granules	-2.4	1.9	6.1
GSK Pharma	2.1	2.4	-13.3
IPCA Labs	16.5	39.8	-3.0
Jubilant Life	-0.4	-1.4	9.4
Lupin	3.0	11.9	-33.2
Sanofi India	-0.7	1.6	-5.2
Shilpa Medicare	0.3	5.6	6.4
Strides Shasun	-3.0	9.4	-4.3
Sun Pharma	2.6	12.8	-33.2
Syngene Intl	1.7	8.8	0.3
Torrent Pharma	6.8	7.6	-16.9
Logistics			
Allcargo Logistics	-0.3	7.6	-10.8
Blue Dart	-0.2	3.6	-22.9
Concor	-1.4	9.9	26.9
Gateway Distriparks	-0.4	-2.5	-11.0
Gati	-1.1	7.2	-16.7
Transport Corp.	-1.4	3.7	41.7
Media			
Dish TV	-0.8	0.3	-22.1
D B Corp	-0.8	-3.0	-8.7
Den Net.	1.8	15.0	18.9
Ent.Network	-0.1	4.1	0.3
Hind. Media	-0.1	2.0	-3.8
HT Media	-2.3	10.4	22.4
Jagran Prak.	-0.4	5.1	-4.4
Music Broadcast	-0.8	5.2	
PVR	-2.1	0.2	4.4
Siti Net.	0.2	-0.4	-28.0
Sun TV	-1.6	15.2	70.2
Zee Ent.	-2.5	5.0	1.8
Metals			
Hindalco	-0.3	8.5	63.7
Hind. Zinc	-0.3	4.5	38.4
JSPL	-0.9	15.2	87.8
JSW Steel	-1.8	8.9	45.3
Nalco	-0.5	18.3	76.8
NMDC	-1.8	6.1	25.6
SAIL	-2.2	2.7	27.7
Vedanta	-0.2	10.2	95.6
Tata Steel	-0.1	10.4	86.0
Oil & Gas			
BPCL	0.1	-0.3	26.9
GAIL	-2.4	8.3	40.2
Gujarat Gas	0.4	9.4	34.2
Gujarat St. Pet.	-1.6	9.1	35.2
HPCL	0.1	4.1	67.9
IOC	-0.2	0.0	44.7
IGL	1.4	20.7	103.4
MRPL	-1.8	7.3	48.2
Oil India	0.4	20.5	8.4
ONGC	-0.9	5.4	-2.7
PLNG	-1.9	0.8	38.3
Reliance Ind.	-0.7	7.5	57.1
Retail			
Jubilant Food	-0.8	0.7	47.4
Titan Co.	-1.9	0.6	52.2

Company	1 Day (%)	1M (%)	12M (%)
Technology			
Cyient	1.7	-1.0	6.5
HCL Tech.	-1.9	-0.3	10.3
Hexaware	-1.3	2.7	38.8
Infosys	-0.3	4.1	-13.9
KPIT Tech	-0.5	10.8	-5.8
L&T Infotech	1.2	3.4	22.2
Mindtree	-0.5	0.2	-9.4
Mphasis	0.9	4.6	20.7
NIIT Tech	1.2	11.3	31.7
Persistent Sys	1.1	2.4	6.4
Tata Elxsi	-1.3	6.0	12.1
TCS	1.3	0.2	4.7
Tech Mah	2.6	6.8	-0.5
Wipro	-0.2	1.0	20.5
Zensar Tech	0.3	-5.2	-25.7
Telecom			
Bharti Airtel	0.8	-4.7	24.1
Bharti Infratel	-1.5	0.4	3.9
Idea Cellular	0.2	-9.8	-4.7
Tata Comm	1.3	11.5	34.0
Utilities			
Coal India	-1.1	6.1	-23.2
CESC	-0.9	11.8	63.7
JSW Energy	-3.3	22.3	-3.0
NTPC	0.4	-2.2	9.2
Power Grid	-0.8	-4.0	20.5
Tata Power	-1.1	3.9	9.1
Others			
Arvind	-2.6	8.1	18.6
Avenue Super.	-1.3	15.3	
Bata India	2.3	11.4	45.8
BSE	-0.3	0.8	
Castrol India	-0.6	-1.6	-16.8
Century Ply.	-0.1	-1.6	4.5
Coromandel Intl	3.2	1.7	77.0
Delta Corp	4.6	20.0	22.7
Dynamatic Tech	0.1	2.4	-27.2
Eveready Inds.	1.2	2.9	16.3
Interglobe	0.4	-10.5	28.6
Indo Count	-1.5	6.4	-26.4
Info Edge	-0.6	16.4	27.1
Inox Leisure	-0.9	1.1	-13.0
Jain Irrigation	-1.7	8.8	11.2
Just Dial	-0.1	10.7	-13.5
Kaveri Seed	-2.9	2.9	58.2
Kitex Garm.	-1.1	-4.5	-35.1
Manpasand	-0.2	17.8	34.6
MCX	-0.9	9.3	5.9
Monsanto	-0.6	2.0	2.1
Navneet Educat.	0.1	11.5	69.4
PI Inds.	1.3	4.3	-4.6
Piramal Enterp.	0.9	8.5	50.9
Quess Corp	0.6	-3.4	56.8
SRF	0.2	8.2	-0.4
S H Kelkar	-1.3	5.2	-14.1
Symphony	0.4	15.9	22.3
Team Lease Serv.	1.7	11.9	45.5
Trident	-4.2	29.2	84.8
TTK Prestige	0.1	0.2	30.6
V-Guard	0.0	11.9	48.7
Wonderla	0.2	5.1	-6.0

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REPORT GALLERY

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Shilpa Medicare

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Capital First

Capitalizing on multiple opportunities

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MOTILAL OSWAL Initiating Coverage | 14 July 2017
Sector: Healthcare

Jubilant Life Sciences

Promising formulation

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Sector: Retail

Avenue Supermarts

Delivering Value

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MOTILAL OSWAL Initiating Coverage | 13 June 2017
Sector: Finance

Cholamandalam Finance

Prepared, Equipped and Armed

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MOTILAL OSWAL Initiating Coverage | 20 April 2017
Sector: Power

Tata Power

Struggling for RoE

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MOTILAL OSWAL Initiating Coverage | 20 April 2017
Sector: Energy

Gujarat Gas

Long road ahead

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DIFFERENTIATED PRODUCT GALLERY

MOTILAL OSWAL Annual Report Threadbare

31st Dec 2017

28X ENTERTAINMENT FY17

The FY17 Annual Report highlights our earnings in cash flow conversion of 27% with increase in cash conversion ratio by 2% over FY16 (24.8%). This is primarily due to the increase in leveraged (primarily movie rights), which increased from 40% in FY16 to 45% in FY17, and the higher utilization of 100% of net assets FY17. FY17 also had a higher expense accounting on asset financial assets compared to the higher expense on assets in FY16. FY17 also had a higher expense on assets, which increased from 10% in FY16 to 12% in FY17, which dragged back to 28.7% overall high rate of 28.7%.

- Revenue growth drove margin rise. Revenue grew 17% in FY17, with (i) advertisement services growing 19% (FY16: 24%), due to better placement and subscription revenue rising 17% (FY16: 20%) and (ii) other revenue growing 15% (FY16: 15%), due to higher utilization of net assets. Revenue growth was 15.1% due to the utilization of net assets of 100% in FY17.
- Year-over margin high, adjusted for profit on the sale of the sports business, the effective tax rate increased to 10.1% (FY16: 20.2%). This is primarily due to the utilization of net assets in FY17, which is a significant benefit. The effective tax rate is higher than the industry, which is a significant benefit. The effective tax rate is higher than the industry, which is a significant benefit.
- Higher amount of net profit for FY17 compared to FY16. The effective tax rate is higher than the industry, which is a significant benefit. The effective tax rate is higher than the industry, which is a significant benefit.
- High return on capital (ROIC) of 28.7% (FY16: 24.8%) is a significant benefit. The effective tax rate is higher than the industry, which is a significant benefit. The effective tax rate is higher than the industry, which is a significant benefit.
- High return on capital (ROIC) of 28.7% (FY16: 24.8%) is a significant benefit. The effective tax rate is higher than the industry, which is a significant benefit. The effective tax rate is higher than the industry, which is a significant benefit.

Key Metrics:

Particular	2017	2016
Revenue	100	85
Operating Profit	28.7	24.8
Net Profit	28.7	24.8
EPS	100	85
Dividend	100	85

Key Performance Indicators:

Particular	2017	2016
Operating Profit Margin	28.7%	24.8%
Net Profit Margin	28.7%	24.8%
EPS	100	85
Dividend	100	85

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MOTILAL OSWAL The CornerOffice

Research with the CEO

Focus on double-digit volume growth

At the end of the year, the company has achieved a growth of 28.7% in FY17, which is a significant benefit. The effective tax rate is higher than the industry, which is a significant benefit. The effective tax rate is higher than the industry, which is a significant benefit.

Key Metrics:

Particular	2017	2016
Revenue	100	85
Operating Profit	28.7	24.8
Net Profit	28.7	24.8
EPS	100	85
Dividend	100	85

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MOTILAL OSWAL VOICES

India Inc on Call

India's quarterly growth has been robust, despite a heavy reliance on the private sector. The effective tax rate is higher than the industry, which is a significant benefit. The effective tax rate is higher than the industry, which is a significant benefit.

Key Metrics:

Particular	2017	2016
Revenue	100	85
Operating Profit	28.7	24.8
Net Profit	28.7	24.8
EPS	100	85
Dividend	100	85

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MOTILAL OSWAL EcoKnowledge

Doing into Training Tables

Only two states implement 17% Pay Commission in FY18

The FY18 budget shows that the government has implemented the 17% pay commission in only two states, which is a significant benefit. The effective tax rate is higher than the industry, which is a significant benefit. The effective tax rate is higher than the industry, which is a significant benefit.

Key Metrics:

Particular	2017	2016
Revenue	100	85
Operating Profit	28.7	24.8
Net Profit	28.7	24.8
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MOTILAL OSWAL BULLS & BEARS

INDIA VALUATIONS HANDBOOK

Highlights of July edition:

- Nifty up 5.8% in July - Highest MoM rise in 36 months.
- PSU Banks, Telecom, Metals, and Cement top performers.
- Consumer only sector to deliver negative returns in July.
- Midcaps underperform large caps by 3.4% in July.

Key Metrics:

Particular	2017	2016
Revenue	100	85
Operating Profit	28.7	24.8
Net Profit	28.7	24.8
EPS	100	85
Dividend	100	85

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MOTILAL OSWAL FUND FOLIO

Indian Mutual Fund Tracker

Key Metrics:

Particular	2017	2016
Revenue	100	85
Operating Profit	28.7	24.8
Net Profit	28.7	24.8
EPS	100	85
Dividend	100	85

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