

Market snapshot



Equities - India	Close	Chg .%	YTD.%
Sensex	29,365	-0.2	10.3
Nifty-50	9,119	-0.2	11.4
Nifty-M 100	17,800	0.0	24.0
Equities-Global	Close	Chg .%	YTD.%
S&P 500	2,349	-0.3	4.9
Nasdaq	5,911	-0.1	9.8
FTSE 100	7,115	-0.1	-0.4
DAX	12,049	0.2	4.9
Hang Seng	10,050	-0.1	7.0
Nikkei 225	18,621	1.0	-2.6
Commodities	Close	Chg .%	YTD.%
Brent (US\$/Bbl)	51	-1.6	-7.7
Gold (\$/OZ)	1,283	0.4	10.6
Cu (US\$/MT)	5,594	0.0	1.3
Almn (US\$/MT)	1,923	-0.5	12.8
Currency	Close	Chg .%	YTD.%
USD/INR	64.6	0.0	-4.8
USD/EUR	1.1	-0.5	1.5
USD/JPY	109.1	0.1	-6.8
YIELD (%)	Close	1MChg	YTDchg
10 Yrs G-Sec	6.9	0.0	0.4
10 Yrs AAA Corp	7.9	0.1	0.3
Flows (USD b)	21-Apr	MTD	YTD
FII	-0.2	-0.5	6.1
DII	0.2	0.8	1.0
Volumes (INRb)	21-Apr	MTD*	YTD*
Cash	328	295	279
F&O	4,486	4,778	4,511

Quote of the day

A savvy entrepreneur will not always look for investment money, first.

Today's top research idea



HDFC Bank: Stellar performance on all fronts

Buy with a target price of 1,790

- ❖ HDFCB's PAT grew 18% YoY to INR39.9b, led by 27% YoY PPOp growth (10% beat). The bank delivered robust loan growth, strong cost control, margin improvement and impeccable asset quality.
- ❖ Loans grew 12% QoQ. Incremental growth in the quarter was driven by corporate loans (62% incremental share; 36% of overall loans). In retail loans (+9% QoQ), the main drivers were credit cards and business banking (+10%/13% QoQ). For FY17, HDFCB achieved 25% incremental market share of the system.
- ❖ Digitalization is enabling bank to reduce the excess workforce. Headcount declined by ~6k (10k in 2H) QoQ, leading to 8% QoQ decline in employee costs.
- ❖ Asset quality remained impeccable, with NSL less than 50bp. However, HDFCB incurred increased provisioning due to NPAs that received RBI dispensation in the prior quarter.



Research covered

Cos/Sector	Key Highlights
HDFC Bank	Stellar performance on all fronts
ACC	Volume growth led by capacity expansions
Bharat Forge	Creating a future ready organization
Ashok Leyland	EGR Solution for BS4 could give competitive advantage
Fortis Healthcare	RHT buyback can create significant value
Results Expectation	Hexaware Tech Indiabulls Hsg Fin Reliance Ind UltraTech



Piping hot news

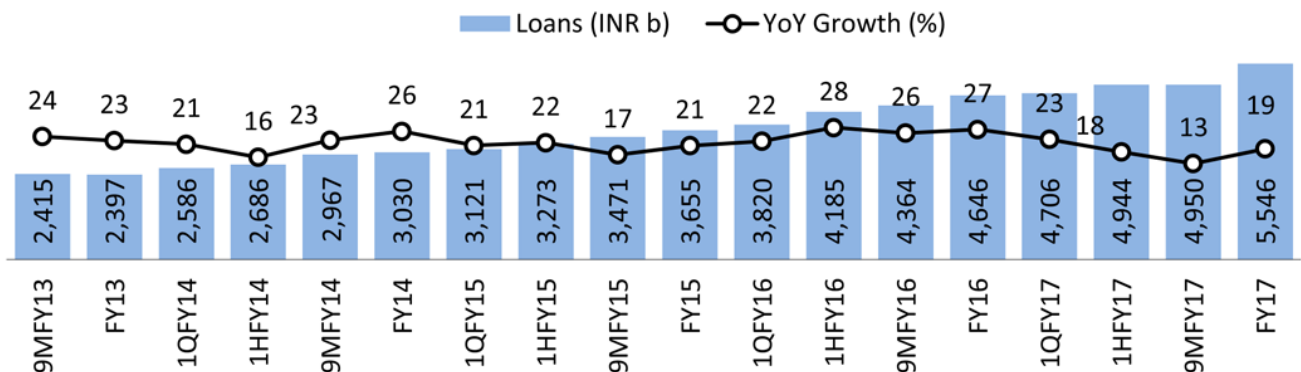
GST to boost growth by 4.2%, make products cheaper: Fed paper

- ❖ The goods and services tax (GST) can boost India's GDP growth by up to 4.2 per cent — double the previous estimate -- as lower taxes on manufactured goods will bump up output and make products cheaper, a US Federal Reserve paper said.



Chart of the Day: HDFC Bank - Robust sequential loan growth driven by strong traction in corporate loans

Loans grew 19% YoY (12% QoQ)





Kindly click on numbers for the detailed news link

1

Banks Lend More to Govt in FY17 as Demand from Cos Remains Weak

For the first time in more than a decade, in 2016-17 Indian banks lent more to the government, including buying bonds from the secondary market, than lending to companies and individuals...

2

Govt's generic push will dent Rs 90,000-cr branded pharma market

Pharma companies may soon start wooing chemists as the Narendra Modi government plans to make it mandatory for doctors to prescribe pure-generic drugs, instead of branded generics as they do now. Though the plan was first announced in this year's Budget, the prime minister spoke about it for the first time at a public event on Monday. The health ministry has now started working on amending the Drugs and Cosmetics Act to this effect. "Indian patients may face quality issues without price benefit as intense competition among marketers will lead to incentivising a chemist," says D G Shah, secretary-general of the Indian Pharmaceutical Alliance...

3

Tata Motors completes 1st commercial pilot of electric bus in Shimla

Tata Motors started commercial test drive of its first batch of electric buses under the Marcopolo brand in Shimla over the weekend. "Last Friday we successfully piloted our first electric bus in Shimla..."

4

Eveready eyes joint ventures in personal-care, food space with South-East Asian companies

Eveready Industries is eyeing joint ventures (JVs) with South-East Asian FMCG majors in the food and personal care space. While lighting and small appliances are seen as future growth drivers, the company aims to be debt-free in another two years...

5

IRB Infra to launch InvIT in the first week of May

Making it the first company to raise funds through Infrastructure Investment Trusts (InvITs), toll-road builder IRB Infrastructure Developers will launch the fund raising mode in the first week of May. The company plans to raise over Rs. 4,300 crore through a fresh issue, and an additional undisclosed sum through offer for sale by IRB and certain subsidiaries. IRB, when contacted, declined to comment on the date of launching of InvITs...

6

ONGC plans \$11 billion investment to boost gas production by 30%

After more than a decade of nearly static output, state-run Oil and Natural Gas Corp. (ONGC) expects to increase gas production by nearly 30% over the next three-four years with an investment of around \$11 billion, according to two senior company officials with knowledge of the matter...

7

General Atlantic joins race for Fortis Healthcare stake

Private equity fund General Atlantic Llc. has become the fifth entity to show interest in buying a controlling stake in hospital operator Fortis Healthcare Ltd, according to two people aware of the development. Three US funds—KKR and Co. Lp...



HDFC Bank

BSE SENSEX	S&P CNX
29,365	9,119
Bloomberg	HDFCB IN
Equity Shares (m)	2,562.6
M.Cap.(INRb)/(USD\$)	3,836.6 / 59.4
52-Week Range (INR)	1500 / 1086
1, 6, 12 Rel. Per (%)	4/13/24
Avg Val, INRm	2559
Free float (%)	78.8

CMP: INR1,497 TP: INR1,790 (+20%)

Buy

Stellar performance on all fronts

- HDFC Bank's (HDFCB) 4QFY17 PAT grew 18% YoY (2% beat) to INR39.9b, led by 27% YoY PPOP growth (10% beat). The bank delivered robust loan growth, strong cost control, margins improvement and impeccable asset quality.
- Loans grew 12% QoQ and 19% YoY to INR5.55t. Note that sequential growth is off a low base due to run-down of FCNR (B) linked loan book in the prior quarter. **Domestic loans grew 23.7% YoY in FY17.** Incremental growth in the quarter was driven by corporate loans (62% incremental share; 36% of overall loans). In retail loans (+9% QoQ and 22% YoY), the main drivers were credit cards and business banking (+10%/13% QoQ and 27%/43% YoY). **For FY17, HDFCB achieved 25% incremental market share of the system.**
- The bank is focusing cutting flab in the system. Further, digitalization is helping reduce the excess workforce. Headcount declined by ~6k (10k in 2H) QoQ, leading to 8% QoQ decline in employee costs.
- Other highlights: a) Asset quality is impeccable, with **NSL less than 50bp.** However, HDFCB incurred increased provisioning due NPAs that received RBI dispensation in the prior quarter; b) fees grew 16% YoY and 14% QoQ.
- Excellent performance by subs: a) HDB Financials' loans grew 32% YoY to INR335b and PAT rose 28% YoY for FY17; b) HDFC Securities' PAT grew 62% YoY to INR2.2b; PAT margin expanded to 39% from 33% a year ago.

Valuation and view: HDFCB is well positioned in the current environment, with 45%+ CASA ratio, opportunities for significant loan market share gains (+80bp YoY to 7%) and least asset quality risk. With tier 1 capital of 13.3%, strong capacity amid the moderate growth cycle and significant digitization initiatives, the bank is well placed to benefit from the expected pick-up in the economic growth cycle. RoE is expected to be ~19-20% in FY17-19. **We value the bank at 4x FY19 BV. Our target price does not capture value of subsidiaries. Our back-of-the-envelope calculation suggests value of INR85/share (3x FY19 BV for HDB Financials and 15x earnings for securities business; 20% Holdco discount).**

Financials & Valuations (INR b)			
Y/E MARCH	2017	2018E	2019E
NII	331.4	388.6	461.7
OP	257.3	300.5	358.4
NP	145.5	172.0	203.4
NIM (%)	4.7	4.5	4.4
EPS (INR)	56.8	67.1	79.4
EPS Gr. (%)	16.7	18.2	18.3
BV/Sh. (INR)	349	387.2	448.1
ABV/Sh. (INR)	344	381.0	440.0
RoE (%)	17.9	18.2	19.0
RoA (%)	1.9	1.8	1.8
Payout (%)	23.4	23.4	23.4
Valuations			
P/E(X)	26.4	22.3	18.9
P/BV (X)	4.3	3.9	3.3
P/ABV (X)	4.3	3.9	3.4
Div. Yield (%)	0.7	0.9	1.1

Quarterly Performance

	FY16				FY17E				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY16	FY17
Net Interest Income	63,888	66,809	70,685	74,533	77,814	79,936	83,091	90,551	275,915	331,392
% Change (Y-o-Y)	23.5	21.2	24.0	24.0	21.8	19.6	17.6	21.5	23.2	20.1
Other Income	24,619	25,518	28,722	28,659	28,066	29,010	31,427	34,463	107,517	122,965
Net Income	88,507	92,327	99,407	103,192	105,881	108,945	114,518	125,014	383,432	454,357
Operating Expenses	40,008	41,898	42,048	45,843	47,689	48,700	48,425	52,220	169,797	197,033
Operating Profit	48,499	50,429	57,359	57,349	58,192	60,246	66,093	72,794	213,635	257,324
% Change (Y-o-Y)	26.2	24.2	20.0	21.5	20.0	19.5	15.2	26.9	22.7	20.5
Other Provisions	7,280	6,813	6,539	6,625	8,667	7,490	7,158	12,618	27,256	35,933
Profit before Tax	41,219	43,616	50,820	50,725	49,525	52,756	58,935	60,176	186,379	221,391
Tax Provisions	14,262	14,922	17,251	16,982	17,136	18,202	20,281	20,275	63,417	75,894
Net Profit	26,957	28,695	33,568	33,742	32,389	34,553	38,653	39,901	122,962	145,497
% Change (Y-o-Y)	20.7	20.5	20.1	20.2	20.2	20.4	15.1	18.3	20.4	18.3
Operating Parameters										
NIM (Reported,%)*	4.3	4.2	4.3	4.3	4.4	4.2	4.1	4.3	4.3	4.3
Deposit Growth (%)	30.1	29.7	26.5	21.2	18.5	16.7	21.1	17.8	21.2	17.8
Loan Growth (%)	22.4	27.9	25.7	27.1	23.2	18.1	13.4	19.4	27.1	19.4
CD Ratio (%)	78.9	82.6	83.3	85.0	82.0	83.6	78.0	86.2	85.0	86.2
CASA Ratio (%)	39.6	39.7	40.0	43.2	39.9	40.4	45.4	48.0	43.2	48.0
Asset Quality										
OSRL (INR B)	3.8	4.2	4.4	4.6	4.7	4.9	5.0	0.0	4.6	0.0
OSRL (%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.0
Gross NPA (INR B)	38.5	38.3	42.6	43.9	49.2	50.7	52.3	58.9	43.9	58.9
Gross NPA (%)	1.0	0.9	1.0	0.9	1.0	1.0	1.1	1.1	0.9	1.1



BSE SENSEX	S&P CNX
29,365	9,119
Bloomberg	ACC IN
Equity Shares (m)	188
M.Cap.(INRb)/(USDb)	281.2 / 4.2
52-Week Range (INR)	1738 / 1257
1, 6, 12 Rel. Per (%)	6/-9/-9
Avg Val, INRm	544
Free float (%)	45.5

Financials & Valuations (INR b)

Y/E Dec	2016	2017E	2018E
Sales	109	123	137
EBITDA	12	15	19
NP	6	9	12
Adj. EPS (INR)	34	49	64
EPS Gr. (%)	-10	46	29
BV/Sh (INR)	451	470	504
RoE (%)	7	11	13
RoCE (%)	8	11	13
P/E (x)	44	30	24
P/BV (x)	3	3	3

Estimate change



TP change



Rating change



CMP: INR1,497 TP: INR1,521(+2%)

Neutral

Volume growth led by capacity expansion

- **Volume trend reversal after three quarters:** 1QCY17 volumes increased 3.8% YoY to 6.60mt (est. of 6.49mt), led by ramp-up of new capacity in the east. Cement realization of INR4,265/t (+4% YoY, -2% QoQ) was marginally below our estimate of INR4,297/t. However, the full impact of price hikes initiated in February/March 2017 would be reflected in realization improvement in 2QCY17. RMC volumes rose 8% YoY, led by higher sales of value-added products. Revenue increased 8% YoY to INR30.99b (est. of INR30.9b), led by volume growth in both Cement and RMC.
- **Margin beat led by lower other expenses:** EBITDA declined 9% YoY to INR3.42b (above-estimate), translating into margin of 11.0% (-231pp YoY, +250pp QoQ). EBITDA/ton fell 14% YoY (+33% QoQ) to INR476 (above-estimate). Unitary cost rose 7% YoY (-6% QoQ) to INR4,179/t (est. of INR4,470) due to higher power & fuel/freight cost, partially offset by positive operating leverage. Other expenses were lower as financials were restated with ACC adopting Ind-AS accounting effective 1 January 2017.
- **New plants in east improving profitability:** The ramp-up of two new grinding units in Jamul and Sindri led to a reversal in volumes in 1QCY17. We expect margin improvement to be driven by ramp-up of these new units as their profitability is higher than the company's other plants.
- **Valuation gap to persist; maintain Neutral:** With new growth avenues (expansion in east) and market share improvement, we expect better profitability in CY17/CY18. However, it continues to face medium-term concerns about cost structure and efficient utilization of excess clinker from its Jamul plant. Even in an upturn, ACC's operating margin would lag industry due to inefficient operations for majority of its units. The stock trades at ~30% discount to peers at EV/ton of USD109 (CY18E). We thus believe that valuation gap with its more efficient peers would persist. **Neutral.**

Quarterly Performance (Standalone)

Y/E December	(INR Million)								CY17	CY17E
	CY15				CY16					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	
Cement Sales (m ton)	5.82	6.20	5.61	5.99	6.36	6.12	5.07	5.45	6.60	24.60
YoY Change (%)	-10.2	-2.4	-0.2	4.0	9.3	-1.3	-9.6	-9.0	3.8	7.0
Cement Realization	4,535	4,385	4,438	4,339	4,109	4,267	4,371	4,353	4,265	4,522
YoY Change (%)	5.5	-1.2	-1.8	-2.3	-9.4	-2.7	-1.5	0.3	3.8	5.4
QoQ Change (%)	2.1	-3.3	1.2	-2.2	-5.3	3.8	2.4	-0.4	-2.0	
Net Sales	28,854	29,612	27,400	28,461	28,727	28,698	24,706	26,346	30,997	123,275
YoY Change (%)	-2.8	-1.6	-0.1	3.0	-0.4	-3.1	-9.8	-7.4	7.9	12.7
Total Expenditure	24,718	26,817	24,762	26,300	24,953	24,607	22,458	24,116	27,579	107,860
EBITDA	4,137	2,795	2,638	2,162	3,774	4,092	2,247	2,231	3,418	15,415
Margins (%)	14.3	9.4	9.6	7.6	13.1	14.3	9.1	8.5	11.0	12.5
Depreciation	1,698	1,657	1,607	1,559	1,434	1,410	1,529	1,679	1,650	6,608
Interest	226	143	150	154	188	183	197	209	252	700
Other Income	1,141	775	678	2,241	1,131	686	744	934	1,101	3,750
PBT before EO Item	3,353	1,771	1,559	2,689	3,283	3,185	1,265	1,277	2,617	11,857
EO Income/(Expense)	-123	0	0	0	0	0	0	-428	0	0
PBT after EO Item	3,230	1,771	1,559	2,689	3,283	3,185	1,265	849	2,617	11,857
Tax	824	456	389	255	937	806	424	44	502	2,609
Rate (%)	25.5	25.8	24.9	9.5	28.5	25.3	33.5	5.2	19.2	22.0
Reported PAT	2,406	1,314	1,170	2,435	2,346	2,378	841	805	2,115	9,248
Adjusted PAT	2,497	1,314	1,170	2,435	2,346	2,378	841	1,233	2,115	9,248
Margins (%)	8.7	4.4	4.3	8.6	8.2	8.3	3.4	4.7	6.8	7.5
YoY Change (%)	-5.2	-45.5	-42.9	100.6	-6.0	81.0	-28.1	-49.4	-9.9	43.3

E: MOSL Estimates



Bharat Forge

BSE SENSEX 29,365 **S&P CNX** 9,119

CMP: INR1078 TP: INR1266 (+17%) Buy



Stock Info

Bloomberg	BHFC IN
Equity Shares (m)	232.8
52-Week Range (INR)	1109/687
1, 6, 12 Rel. Per (%)	6/16/18
M.Cap. (INR b)	251.0
M.Cap. (USD b)	3.6
Avg Val, INRm	836
Free float (%)	54.3

Financials Snapshot (INR b)

Y/E March	2017E	2018E	2019E
Sales	73.8	82.3	95.3
EBITDA	13.5	16.5	20.9
NP	5.9	8.7	11.8
EPS (INR)	25.3	37.2	50.6
EPS Gr. (%)	-10.2	47.2	36.2
BV/Sh. (INR)	169.2	194.4	233.0
RoE (%)	15.7	20.5	23.7
RoCE (%)	10.8	14.7	18.0

Valuations

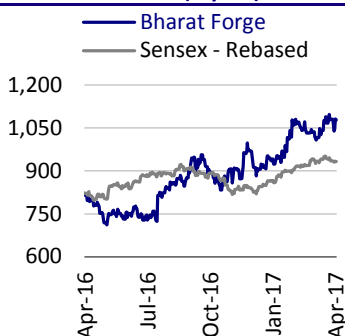
P/E (x)	42.7	29.0	21.3
P/BV (x)	6.4	5.5	4.6
EV/EBITDA (x)	19.8	15.8	12.1
EV/Sales (x)	3.6	3.2	2.7

Shareholding pattern (%)

As On	Dec-16	Sep-16	Dec-15
Promoter	45.7	46.7	46.7
DII	23.3	25.8	15.4
FII	11.7	7.8	16.7
Others	19.3	19.6	21.1

FII Includes depository receipts

Stock Performance (1-year)



Creating a future ready organization

Import substitution and Defence offers multi-decade opportunity

We visited Bharat Forges' Kalyani Center for Technology Innovation (KCTI) at Pune. KCTI is an umbrella unit catering to BHFC's requirement of innovation, R&D, testing and advanced learning. We got glimpse of work BHFC is doing to be future ready w.r.t products, technologies, new materials etc. Key highlights of our visit and interaction with Mr Baba Kalyani, Chairman and senior management team:

- BHFC is preparing for the future by investing in new technologies, new materials and new products. This would help to increase content per vehicle and diversify into new segments.
- It would benefit significantly from consolidation in the global forging industry, driven by a) OEMs/Tier-1 suppliers moving away from metal parts and investing in electronics, and b) exit of financially weak players.
- BHFC is witnessing seriousness of the government towards 'Make in India'. Hence, it expects import substitution in above segment to be huge multi-decade opportunity.
- It is focused on growing existing businesses in Autos and industrial by adding new products (like transmission in autos, EV parts), gaining share (by offering solutions like light weighting) and adding new customers.
- 2020 would be inflection point for new segments (like Aerospace, Defence, Rails etc) as quite a few of the products under development would be commercialized by then. This is without capital programs of defence.
- In Defence, it is targeting 3 major opportunities viz a) Artillery programs, b) Vehicle programs, and c) Air Defence systems. While these programs would take at least 2-3 years to fructify, it is also working on driving replacement/consumables business in defence.
- It has sufficient forging capacity (~65% utilization), but would have to invest in machining capacities. It would continue to invest ~1% of revenues in R&D.

Valuation and view

Strong cyclical recovery in North American truck market and Oil & Gas segment coupled with structural improvement in business quality driven by shift towards technology intensive business (from capex intensive business) would drive earnings going further. Valuations at 29x/21.3x FY18E/FY19E consolidated EPS do not factor in high-potential businesses seeded over the last two years. Maintain Buy with a TP of ~INR1,266 (25x Mar'19E consol EPS).



Ashok Leyland

BSE SENSEX 29,365
S&P CNX 9,119

CMP: INR85 **TP: INR98(+15%)** **Buy**



Stock Info

Bloomberg	AL IN
Equity Shares (m)	2,846
52-Week Range (INR)	112 / 74
1, 6, 12 Rel. Per (%)	-4/-6/-33
M.Cap. (INR b)	233.1
M.Cap. (USD b)	3.6
Avg Val, INRm	1088
Free float (%)	49.6

Financials Snapshot (INR b)

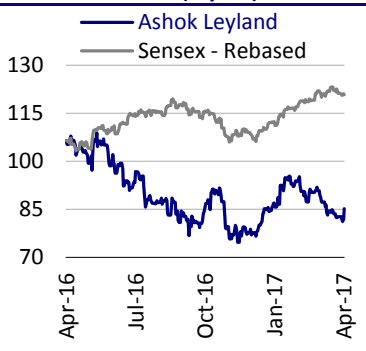
Y/E March	2017E	2018E	2019E
Sales	196.6	217.9	249.2
EBITDA	22.0	24.8	29.9
NP	12.0	14.7	18.8
Adj. EPS (INR)	4.2	5.2	6.6
EPS Gr. (%)	8.3	22.2	27.7
BV/Sh. (INR)	21.8	24.5	28.4
RoE (%)	20.6	22.3	24.9
RoCE (%)	15.0	17.5	20.1
P/E (x)	20.1	16.5	12.9
P/BV (x)	3.9	3.5	3.0

Shareholding pattern (%)

As On	Mar-17	Dec-16	Mar-16
Promoter	50.4	50.4	50.4
DII	9.9	8.9	10.0
FII	17.9	11.9	6.4
Others	21.9	28.8	33.3

FII Includes depository receipts

Stock Performance (1-year)



EGR Solution for BS4 could give competitive advantage

Focus on making business acyclic

We attended the Ashok Leylands' Global Conference 2017, themed 'Conquer New Frontiers'. Mr Dheeraj Hinduja (Chairman) and Mr Vinod Dasari (MD) highlighted initiatives taken by AL to leverage on evolving CV industry dynamics and making business cyclical by reducing India truck business revenues to 50% in 5 years (from ~70% currently).

Key highlights from the conference:

- Expects to gain competitive advantage driven by EGR solution for BS3 due to lower initial cost and operating cost
- While near term CV demand is expected to be weak, macro parameters suggests recovery is no too far.
- AL's confidence in conversion of BS3 inventory to BS4 is based on EGR technology. Expects conversion cost at INR300-400m for its 10k units inventory.
- AL is prepared for changing CV industry environment to gain competitive advantage by not only delivering high quality service and spares, but also offering cost effective digitally enabled trucks.
- AL is highly focused on making business acyclical by reducing India truck business revenues to 50% in 5 years (from ~70% currently), by growing share of LCVs, Exports, Spare parts and Defence

EGR based solution to BS4 could give AL competitive advantage

- AL believes its BS4 solution based on iEGR technology (v/s SCR technology adopted by competitors) gives it significant competitive advantage with potential to gain market share.
- iEGR not only results in lower cost by INR40-42k/unit than SCR, but also offers ~10% higher mileage than BS3, lower maintenance cost, and better payload.
- Also, SCR would result in higher operating costs due to additional consumption of 1ltr of DEF (Urea) for 10ltr of diesel consumption, but availability of DEF is also a challenge.

Near term demand weak, but macro indicators suggests recovery

- While demand in Apr-17 is expected to be weak, Mr Dasari is confident of recovery in demand driven by a) improving sentiments and economy, b) pick-up in infrastructure, and c) pick-up in mining.
- He doesn't expect CV demand to be materially impacted by implementation of GST led lower wait time at state borders.

Confident of converting BS3 inventory to BS4 due to EGR technology

- AL is confident of converting BS3 vehicle inventory to BS4 compliant as its BS4 solution is based on EGR (v/s SCR based solution for the industry).
- It expects incremental cost of conversion at INR30-40k/vehicle (over & above engine cost), and hence impact on AL would be under INR300-400m.
- It has already converted ~250 BS3 vehicles to BS4. It is confident of selling BS3 engines/part in replacement market

Conquer new frontiers in evolving industry environment

- AL believes operating environment for the CV industry is changing, with focus shifting from world class products to services/solutions, and from innovative trucks to digitally enabled trucks.
- AL is prepared to leverage on these changing trends to gain competitive advantage by not only delivering high quality service and spares (several initiatives to further improve availability/quality of service and spares at right price and time), but also offering cost effective digitally enabled trucks (by fitting telematic device by default which can be connected to AL's i-Alert app).
- This in turn would not only help significantly improving revenues of spares for AL (30% growth in FY17) and servicing fees for dealer (39% growth in FY17), but also enable improvement in fleet uptime and efficiencies through analytics enabled by digitally connected trucks.

LCVs – target to double market share to 30% by launching 1 product per quarter

- It is targeting to double its market share from 15% to 30% in 4 years, by launching one product every quarter in 2-7 tons category.
- It has sufficient capacity at 100k (v/s current volumes of ~32k), which can be further de-bottlenecked.

Exports – targeting 33% of volumes from exports

- AL's focus on exports have evolved from exporting buses to MENA markets to targeting wider markets by making all products export ready.
- It is targeting markets like India and hence focusing on 6 markets of SAARC, SE Asia, LatAm, Africa, ME and CIS. It has recently shifted its headquarters for international business to Dubai.
- It is targeting exports to contribute ~33% to volumes (from current <10%) in next 5 years. It has developed micro market strategy for each of their key markets, and would be open to set-up assembly units if required (for eg it is setting up 2 assembly lines in Kenya and Ivory Coast to benefit from regional trade treaties).

Spare parts – huge headroom to grow

- AL has taken initiatives (under SPARK program) to unlock potential of spare parts business. This program would focus on getting right mix of products at right price, at right time and attain right level of market coverage
- This coupled with MaxServe program, which is focused on improving service market share, will help to boost spare parts revenues for AL.

- In spare parts, it faces competition from two sources i.e its own vendor and spurious parts (globally for players like Scania, 85% of aftermarkets part are supplied by Scania). For spurious parts, it is using law enforcement agencies by conduction raids on spurious part dealers. For competition from its own vendors, there is disincentive for vendor in form of risk of AL getting additional supplier for the same part.
- It sees multi fold growth opportunity in spare parts business, as contribution of spares to ALs revenues is just ~7% (v/s up to 30% for global players).

Defence business target of 10x revenues, but long gestation period

- It has reworked its strategy for defence business and would offer wider product portfolio from current 4x4 trucks.
- Although defence business has long gestation, it is very sticky business due to approval process involved.
- It has already won 12 out of 13 procurement tenders, but supplies would be dependent on Army starting procurement. Similarly, for Mounted Gun project all the 3 players in the fray have AL as their logistical solution provider.
- It expects strong traction in defence business after 2-3 years, but expects normal growth in the interim driven by existing defence kit business (including exports). It is targeting revenues of INR50b (10x from current levels) in medium term.

Hinduja family focused on 4 core areas

- Mr Dheeraj Hinduja, Chairman elaborated on Hinduja family's philosophy of business owned by family but managed professionally. Family focuses on 4 areas viz strategy, M&A and JVs, Governance and Risk management, leaving day to day operations to the professional management.
- AL's vision is to be among global top-10 M&HCV and top-5 bus players by volumes. In 2010 when this vision was crystallised, AL was ranked 17th in M&HCV. It is now ranked 12th in M&HCV and 4th in buses.

Valuation & view

- We believe AL is very well placed to defend its market share in the Indian CV industry driven by its differentiated approach to provide cost effective solutions. Further, we find merit in its strategy to reduce dependence on the Indian truck business, though we expect it to play out in medium term. In near term, we see CV demand to remain muted due to weak freight availability, implementation of GST and sharp increase in CV prices. Mandatory scrappage incentive scheme and regulations on overloading could significantly boost demand for CV.
- AL trades at 16.5x/12.9 FY18E/FY19E EPS and EV/EBITDA of 9.8x/7.7x respectively. Maintain Buy with target price of ~INR98 (~9.3x FY19 EV/EBITDA, in line with LPA).



Fortis Healthcare

BSE SENSEX 29,422
S&P CNX 9,136

CMP: INR204 TP: INR250 (+23%) Buy



RHT buyback can create significant value

Stock Info

Bloomberg	FORH IN
Equity Shares (m)	463.1
52-Week Range (INR)	211 / 143
1, 6, 12 Rel. Per (%)	14/11/0
M.Cap. (INR b)	92.6
M.Cap. (USD b)	1.4
Avg Val, INRm	329
Free float (%)	47.7

Financials Snapshot (INR b)

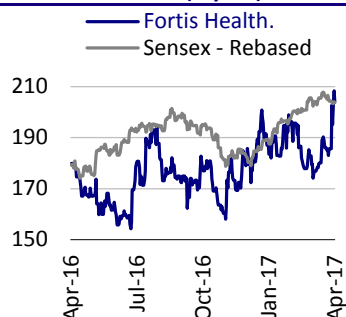
Y/E Mar	FY17E	FY18E	FY19E
Sales	45.8	52.0	59.1
EBITDA	3.9	6.4	8.1
NP	1.1	1.4	3.0
EPS (Rs)	2.3	2.9	6.5
EPS Gr. (%)	-186.5	-253.2	177.1
BV/Share (INR)	88.7	103.7	110.1
P/E (x)	86.9	69.3	31.4
P/BV (x)	2.3	2.0	1.9
RoE (%)	2.7	3.1	6.1
RoCE (%)	4.2	3.7	5.3

Shareholding pattern (%)

As On	Dec-16	Sep-16	Dec-15
Promoter	67.6	70.3	71.3
DII	1.1	3.3	5.3
FII	20.7	15.2	10.7
Others	10.6	11.2	12.7

FII Includes depository receipts

Stock Performance (1-year)



Media reports have been highlighting the possibility of fresh equity infusion in Fortis Healthcare (FORH), which could be used to buy back Religare Health Trust (RHT).

According to media reports, a few private equity firms are already conducting due diligence. In this report, we have tried to analyze the impact of such transaction on the fair value of FORH.

In case of RHT buyback, TP will increase by ~20% to INR300: RHT is listed in Singapore with market cap (in terms of INR) of ~INR35b. Given that FORH will pay business trust (BT) cost of >INR4b to RHT in FY19E, RHT (at current market cap) trades at 10.75x FY19E EV/EBITDA, significantly below Hospital asset valuation of 20-22x forward EV/EBITDA. We believe RHT acquisition will increase EV of FORH by ~INR60b. FORH owns ~30% stake in RHT, and it will thus have to buy back the remaining stake worth INR25b, for which it may look to raise fresh equity. Even after assuming dilution through fresh equity (share count increasing from 523m to 642m), our target price for FORH will increase from ~INR250 to INR300.

SRL demerger on track; separate listing expected in 2QFY18: Meeting of shareholders is scheduled on 27 April 2017 to approve SRL demerger. Post shareholder approval, FORH will approach the National Company Law Tribunal and the SEBI. According to FORH, the demerger process will complete by end-July 2017/August 2017 beginning. We believe SRL demerger, coupled with stake acquisition in FHTL and asset sweating in existing hospitals, will help unlock significant value for FORH's shareholders.

Mitigating impact of stent price control; demonetization impact to be limited in FY18:

Cardiology accounts for ~21-22% of total hospital revenue for FORH. Angiography/angioplasty forms 50% of Cardiac revenue and 11-12% of total revenue. FORH is trying to mitigate the impact of price control on stents by re-calibrating cost of other services. Demonetization led to muted growth in 3Q for FORH and its peers. However, we do not expect any major impact of demonetization on FY18 numbers.

Hospital business EBITDAC to grow 10x over FY16-19E: Given that a large part of BT cost is fixed (except Chennai, no major greenfield addition expected in the near term), we expect normalized growth in BT cost to be in mid-single-digits (much lower than EBITDAC CAGR of ~18%). We expect one-time reduction of INR2b in BT cost on annualized basis from 2HFY17 (>40% reduction in BT cost) due to the FHTL transaction. Lower base, coupled with strong growth in EBITDAC and relatively flattish BT cost, would result in a multifold increase in Hospital EBITDA for FORH from INR0.5b in FY16 to INR5.4b in FY19E.

Top pick in healthcare delivery space: Although RHT buyback could act as a significant catalyst (will increase the TP by INR50), regardless of this event we argue for a multiple re-rating in the stock on the back of a multifold increase in Hospital EBITDA, SRL demerger, asset light expansion strategy and FHTL transaction. We have rolled forward our valuation multiple to FY19E from 1HFY19E. We value the Hospital business based on 20x FY19E EV/EBITDA (v/s 22x earlier) and the Diagnostics business based on 25x Sep-18 EV/EBITDA. FORH remains our top pick in the healthcare delivery space with a target price of INR250 (v/s INR240 earlier).

Valuations attractive: RHT buyback can create significant value

- We believe FHTL acquisition, coupled with SRL demerger, should help unlock significant value for FORH shareholders. Operating profit growth of the Hospital business is at an inflection point. Asset sweating, coupled with high operating leverage, is expected to play a key role in driving a multifold increase in EBITDA.
- We expect Hospital EBITDA to grow more than 10x over next three years, led by its strong operational performance, acquisition of FHTL and flattish BT cost. Also, ex-SRL and RHT stake, the Hospital business is trading at a significant discount to peers.
- We value Hospital based on 20x FY19E EV/ EBITDA (in line with peers) and Diagnostics based on 25x FY19E EV/ EBITDA (in line with Dr. Lal).
- We maintain our Buy rating with an SOTP-based target price of INR250, implying an upside of ~23%.

Exhibit 1: SOTP-based target price of INR250 implies ~23% upside from CMP

SOTP (INR m)	FY19E	INR/ Share		Comments
SRL (56% stake Diagnostic business)	37,591	25 x	72	EV/EBITDA x
Domestic hospital	109,845	20 x	210	EV/EBITDA x
Fortis stake in business trust (~29%)	10,650	CMP	20	CMP
Target EV (INR m)	158,086			
Net debt/cash			-14,000	
Monetization of non-core assets			5,000	Land Parcels in Delhi, Mohali & minority interest in Sri Lanka Hospital
Minority interest in FHTL			-20,000	
Implied Equity Value	129,086			
Diluted Shares Outstanding			523	
Target Price (INR/share)	250			

Source: MOSL, Company

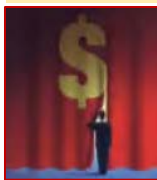
Exhibit 2: TP will increase by INR50 to INR300 if FORH acquires 100% stake in RHT

SOTP (INR m)	FY19E	INR/ Share		Comments
SRL (56% stake Diagnostic business)	37,591	25 x	59	EV/EBITDA x
Domestic hospital	169,855	20 x	265	EV/EBITDA x
Fortis stake in business trust (~30%)	0	0 x	0	CMP
Target EV (INR m)	207,446			
Net debt/cash			-22,000	Fortis debt of INR14b + RHT debt of INR8b
Monetization of non-core assets			5,000	Land Parcels in Delhi, Mohali & minority interest in Sri Lanka Hospital
Minority interest in FHTL			0	Business assumed acquired
Implied Equity Value	190,446			
Diluted Shares Outstanding			642	
Target Price (INR/share)	300			

Source: MOSL, Company

Key catalysts driving stock performance over medium term

- Buyback of RHT using proceeds from fresh equity issuance
- Faster ramp-up of new hospitals, including FMRI, Bangalore, Ludhiana and Chennai
- 100% acquisition of FHTL to lead to a significant reduction in interest cost and minority interest
- SRL, in our view, trades at a significant discount to peers; demerger of the business to help unlock value for shareholders



Hexaware Technologies

Bloomberg	HEXW IN
Equity Shares (m)	301.8
M. Cap. (INR b)/(USD b)	65 / 1
52-Week Range (INR)	273 / 178
1,6,12 Rel Perf. (%)	-7 / 7 / -35

CMP: INR215 TP: INR220 (+2%) Neutral

- We expect USD revenue to grow 0.8% QoQ to USD140m (0.5% QoQ CC).
- Although QoQ growth is expected to be soft, the quarter would strike 15% YoY growth, signifying strong momentum in the business.
- EBITDA margins have been steady over the last two quarters despite wage hike, resulting out of strong volume growth and improvement in operational efficiencies.
- However, in 1Q, we expect EBITDA margins to decline by 80bp QoQ to 16.5%, as utilization gets aligned to comfortable levels, and because of INR appreciation against the USD.
- Our PAT estimate for the quarter is INR1,086m, down 10.7% from the previous quarter, on the back of lower other income led by translation losses.
- The stock trades at 14.4x CY17E and 13.2x CY18E earnings. **Neutral.**

Financial Snapshot (INR Billion)

Y/E DEC	2015	2016	2017E	2018E
Sales	31.2	35.3	39.0	43.4
EBITDA	5.4	5.7	6.4	7.1
PAT	3.9	4.2	4.5	5.0
EPS (INR)	12.9	13.7	14.9	16.3
EPS Gr. (%)	22.1	5.8	8.9	9.1
BV/Sh. (INR)	47.4	56.3	66.3	77.3
RoE (%)	28.9	26.5	24.4	22.7
RoCE (%)	27.7	24.2	22.8	21.7
Payout (%)	64.5	38.6	25.8	23.6

Valuation

P/E (x)	16.6	15.7	14.4	13.2
P/BV (x)	4.5	3.8	3.2	2.8
EV/EBITDA	11.0	10.2	9.2	8.0
Wt. yld (%)	4.0	2.6	1.9	1.9

Key issues to watch for

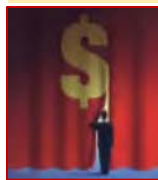
- Large deal pipeline and traction post the increased S&M spend.
- Commentary on sustenance of revenue growth.
- Health of top customers and outlook over CY17E.

Quarterly Performance (Indian GAAP)

(INR m)

Y/E Dec	CY16				CY17				CY15	CY16E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue (USD m)	121.7	129.7	135.2	138.9	140.0	144.3	146.9	148.1	525	579
QoQ (%)	-1.9	6.6	4.2	2.7	0.8	3.1	1.8	0.8	8.2	10.3
Revenue (INR m)	8,202	8,697	9,041	9,409	9,323	9,670	9,915	10,069	35,349	38,977
YoY (%)	15.0	12.6	10.5	14.8	13.7	11.2	9.7	7.0	13.2	10.3
GPM (%)	33.6	34.6	35.4	34.6	33.8	34.2	34.1	32.3	34.6	33.6
SGA (%)	19.0	19.0	18.0	17.3	17.3	17.3	17.3	17.3	18.3	17.3
EBITDA	1,194	1,353	1,576	1,624	1,541	1,631	1,670	1,515	5,747	6,357
EBITDA Margin (%)	14.6	15.6	17.4	17.3	16.5	16.9	16.8	15.0	16.3	16.3
EBIT Margin (%)	12.9	14.0	15.9	15.8	15.0	15.3	15.3	13.5	14.7	14.8
Other income	55	132	67	140	70	112	107	93	394	382
ETR (%)	24.2	25.8	25.8	25.1	26.0	26.0	26.0	26.0	25.3	26.0
PAT	842	999	1,114	1,216	1,086	1,180	1,202	1,074	4,171	4,543
QoQ (%)	-15.3	18.6	11.5	9.2	-10.7	8.6	1.9	-10.6		
YoY (%)	1.0	1.0	-0.1	22.3	29.0	18.1	7.9	-11.6	6.1	8.9
EPS (INR)	2.8	3.3	3.7	4.0	3.6	3.9	3.9	3.5	13.7	14.9
Headcount	11,599	11,875	11,859	12,115	12,390	12,820	13,095	13,536	12,115	13,536
Utilization (%)	69.6	70.0	74.1	78.6	77.0	77.0	77.0	74.0	73.8	77.3
Attrition (%)	16.0	16.6	16.5	16.1						
Offshore rev. (%)	36.9	36.1	34.4	35.5	35.1	35.3	35.6	34.5	35.7	35.1

E: MOSL Estimates



Indiabulls Housing

Bloomberg	IHFL IN
Equity Shares (m)	421.3
M. Cap. (INR b)/(USD b)	415 / 6
52-Week Range (INR)	1002 / 600
1,6,12 Rel Perf. (%)	13 / 8 / 40

CMP: INR986 TP: INR1,150 (+17%) Buy

- We expect strong loan growth to continue, driven by retail home loans. We estimate 8% QoQ and 28% YoY loan growth.
- Margins are expected to remain largely stable. Net income should grow 27% YoY.
- Expenses are likely to grow 22% YoY, resulting in modest decline in cost-income ratio.
- Asset quality is expected to remain stable. In 3QFY17, GNPA's were at 0.85% and NNPA's at 0.36%.
- PAT is likely to grow 26% YoY to INR8.6b during the quarter.
- The stock trades at 3.1x FY18E and 2.7x FY19E BV. Maintain **Buy**.

Financial Snapshot (INR b)

Y/E March	2016	2017E	2018E	2019E
Net Fin inc	28.7	39.3	46.5	56.6
PPP	36.4	46.6	55.7	68.2
EPS (INR)	55.7	69.3	84.4	102.7
EPS Gr. (%)	4.1	24.4	21.9	21.7
BV/Sh. (INR)	254	281	316	358
RoA on AUM (%)	3.3	3.1	2.9	2.7
RoE (%)	27.1	25.9	28.3	30.5
Payout (%)	76.0	52.5	50.0	50.0
Valuations				
P/E (x)	17.7	14.2	11.7	9.6
P/BV (x)	3.9	3.5	3.1	2.8
P/ABV (x)	3.9	3.5	3.1	2.8
Div. Yield (%)	4.6	3.7	4.3	5.2

Key issues to watch for

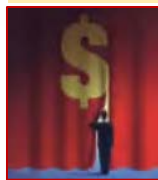
- AUM growth trend and growth guidance post demonetization.
- Movement in incremental spreads and margins, especially given the sharp home loan rate cuts.
- Asset quality trends in the corporate and loans against property segments.

Quarterly Performance

(INR Million)

Y/E March	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Income from operations	18,290	19,850	20,751	24,009	23,720	25,098	25,859	28,028	82,899	102,704
Other Income	1,960	2,607	2,326	2,463	2,255	3,651	4,186	4,990	9,356	15,083
Total income	20,249	22,457	23,077	26,472	25,975	28,749	30,045	33,018	92,256	117,787
Y-o-Y Growth (%)	27.4	31.7	24.2	24.7	28.3	28.0	30.2	24.7	26.8	27.7
Interest expenses	11,390	12,450	12,258	13,616	14,109	16,279	16,329	16,657	49,714	63,374
Net Income	8,859	10,007	10,820	12,855	11,866	12,470	13,716	16,361	42,541	54,413
Y-o-Y Growth (%)	26.6	33.4	30.2	22.3	33.9	24.6	26.8	27.3	27.7	27.9
Operating Expenses	1,937	2,594	2,765	3,957	3,116	3,258	3,658	4,827	11,253	14,859
Profit before tax	6,922	7,413	8,055	8,898	8,750	9,212	10,058	11,534	31,289	39,554
Y-o-Y Growth (%)	29.2	31.1	29.5	18.7	26.4	24.3	24.9	29.6	26.5	26.4
Tax Provisions	1,810	1,858	2,010	2,083	2,401	2,352	2,555	2,976	7,761	10,284
Net Profit	5,113	5,555	6,045	6,815	6,349	6,861	7,502	8,558	23,528	29,270
Minority Int	0	0	-21	-60	-49	-18	13	-56	-81	-110
Net Profit after MI	5,113	5,555	6,024	6,754	6,301	6,843	7,515	8,502	23,447	29,160
Y-o-Y Growth (%)	20.7	23.9	26.0	22.6	23.2	23.2	24.7	25.9	23.3	24.4

E: MOSL Estimates



Reliance Industries

Bloomberg	RIL IN
Equity Shares (m)	3240.0
M. Cap. (INR b)/(USD b)	4584 / 71
52-Week Range (INR)	1418 / 926
1,6,12 Rel Perf. (%)	8 / 24 / 17

Financial snapshot (INR b)

y/e march	2016	2017E	2018E	2019E
Net Sales	2,331.6	2,436.0	3,696.1	3,989.7
EBITDA	401.4	426.5	482.1	497.7
Net Profit	274.2	293.5	335.8	363.3
Adj. EPS	93.0	99.6	113.9	123.2
(INR)				
EPS Gr. (%)	20.5	7.1	14.4	8.2
BV/Sh. (INR)	814.7	900.0	997.5	1,103.0
RoE (%)	12.0	11.6	12.0	11.7
RoCE (%)	8.9	9.2	10.1	10.3
Payout (%)	13.5	14.4	14.4	14.4

Valuations

P/E (x)	11.5	14.2	12.4	11.5
P/BV (x)	1.3	1.6	1.4	1.3
EV/EBITDA	1.8	11.2	8.5	7.3
(x)				
EV/Sales (x)	10.3	2.0	1.1	0.9

CMP: INR1,415 TP: INR1,259 (-11%) Neutral

- We expect RIL to report GRM of USD10.2/bbl v/s USD10.8/bbl in 3QFY17 and USD10.8/bbl in 4QFY16.
- RIL's refining segment profit is likely to remain subdued due to decline in GRMs. Petchem profitability is expected to increase YoY, led by improved deltas.
- We expect RIL to report EBITDA of INR106.7b v/s INR106.2b in 3QFY17 and INR95.1b in 4QFY16.
- We expect RIL to report standalone PAT of INR75b (+3% YoY). Reported consolidated numbers would include shale gas business, but with a one-quarter lag.
- RIL trades at 11.5x FY19E adjusted EPS of INR123. RIL's new refining/petchem projects are likely to add to earnings from 2HFY18/FY19, but Telecom business would be a drag on profitability. Maintain Neutral.

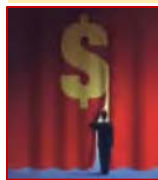
Key issues to watch for

- GRM.
- Petchem margins.
- Progress on core expansions.
- Update on Telecom venture.

Standalone - Quarterly Earning Model

(INR Million)

Y/E March	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	658,170	608,170	565,670	499,570	534,960	595,770	618,060	687,251	2,331,580	2,436,041
YoY Change (%)	-31.7	-37.0	-29.5	-10.9	-18.7	-2.0	9.3	37.6	-29.1	4.5
Total Expenditure	565,100	509,840	462,950	392,300	426,790	490,220	512,020	580,553	1,930,190	2,009,583
EBITDA	93,070	98,330	102,720	107,270	108,170	105,550	106,040	106,698	401,390	426,458
Margins (%)	14.1	16.2	18.2	21.5	20.2	17.7	17.2	15.5	17.2	17.5
Depreciation	22,650	23,720	24,050	25,240	19,500	20,290	20,770	22,000	95,660	82,560
Interest	5,970	6,940	6,090	5,540	9,240	6,330	9,310	10,820	24,540	35,700
Other Income	18,180	16,170	22,890	18,580	20,330	22,800	30,250	25,703	75,820	99,083
PBT	82,630	83,840	95,470	95,070	99,760	101,730	106,210	99,581	357,010	407,281
Tax	19,450	18,230	23,290	21,870	24,280	24,690	25,990	24,397	82,840	99,357
Rate (%)	24	22	24	23	24	24	24	25	23	24
Adj PAT	63,180	65,610	72,180	73,200	75,480	77,040	80,220	75,184	274,170	307,924
YoY Change (%)	11.8	14.2	41.9	17.3	19.5	17.4	11.1	2.7	20.7	12.3
Margins (%)	9.6	10.8	12.8	14.7	14.1	12.9	13.0	10.9	11.8	12.6
Key Assumptions										
Refining throughput (mmt)	16.6	17.1	18.0	17.8	16.8	18.0	17.8	17.0	69.5	69.6
GRM (USD/bbl)	10.4	10.6	11.5	10.8	11.5	10.1	10.8	10.2	10.8	10.6
Petchem EBITDA/tonne (USD/MT)	273.2	259.9	260.8	271.6	303.8	314.4	329.4	300.0	266.3	311.9
Petchem volumes (mmt)	1.9	2.1	2.1	2.1	1.9	2.1	2.0	2.1	8.2	8.0



UltraTech Cement

Bloomberg	UTCEM IN
Equity Shares (m)	274.4
M. Cap. (INR b)/(USD b)	1117 / 17
52-Week Range (INR)	4130 / 3050
1,6,12 Rel Perf. (%)	3 / -5 / 11

Financial Snapshot (INR Billion)

Y/E March	2016	2017E	2018E	2019E
Sales	238.4	235.1	257.2	288.4
EBITDA	43.5	45.7	52.2	63.2
NP	21.7	25.1	33.0	41.6
Adj EPS (INR)	79.3	91.6	120.5	151.6
EPS Gr. (%)	7.9	15.6	31.5	25.9
BV/Sh (INR)	755.8	835.8	938.8	1,067.2
RoE (%)	11.0	11.5	13.6	15.1
RoCE (%)	9.3	9.9	11.6	13.0
Payout (%)	13.9	12.7	14.5	15.3

Valuations

P/E (x)	51.4	44.4	33.8	26.8
P/BV (x)	5.4	4.9	4.3	3.8
EV/EBITDA (x)	25.4	23.8	20.1	15.9
EV/Ton (USD)	248	244	235	225

CMP: INR4,071 TP: INR4,734 (+16%) Buy

- 4QFY17 cement volumes are estimated to decline 0.3% YoY to 13.56mt due to a high base. Realizations are estimated to increase 0.7% YoY (-2.2% QoQ) to INR3,972/ton.
- We estimate grey cement EBITDA/ton at INR654 (-INR125/ton QoQ) due to weak realizations. EBITDA margin is expected to contract 2.3pp QoQ to 16.6%.
- EBITDA is estimated to decline 17.5% YoY to INR10.6b, translating into PAT decline of 16% YoY to INR5.74b.
- The stock trades at 34x FY18E EPS, 20x FY18E EV/EBITDA, and FY18E EV/ton of USD235. Maintain Buy.

Key issues to watch out for:

- Volume growth recovery and outlook.
- Cement pricing outlook and sustainability.
- Update on JPA acquisition

Quarterly Performance

Y/E March	(INR Million)									
	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales (m ton)	12.14	10.80	11.47	13.60	12.91	10.87	11.40	13.56	48.1	48.7
YoY Change (%)	3.8	4.3	4.4	15.2	6.3	0.6	-0.6	-0.3	7.2	1.4
Grey Cement Realn.(INR/ton) *	4,183	4,192	4,056	3,946	4,083	4,160	4,057	3,972	4,138	4,063
YoY Change (%)	2.2	-2.8	-2.1	-9.4	-2.4	-0.8	0.0	0.7	-2.1	-1.8
QoQ Change (%)	-4.0	0.2	-3.2	-2.7	3.5	1.9	-2.5	-2.1		
Net Sales	59,476	55,270	56,520	64,359	61,823	53,966	55,401	63,927	238,410	235,117
EBITDA	10,939	9,212	10,366	12,850	13,723	10,938	10,445	10,601	43,498	45,707
Margins (%)	18.4	16.7	18.3	20.0	22.2	20.3	18.9	16.6	18.2	19.4
Depreciation	2,852	3,352	3,259	3,493	3,027	3,139	3,156	3,080	12,890	12,402
Interest	1,399	1,319	1,273	1,110	1,525	1,367	1,293	1,225	5,053	5,410
Other Income	1,770	1,945	1,676	1,055	2,006	2,335	1,660	1,500	5,015	7,500
PBT after EO Expense	8,459	6,485	7,510	9,301	11,177	8,767	7,655	7,796	30,570	35,395
Rate (%)	28.6	29.5	29.7	26.7	30.7	31.4	26.4	26.4	28.9	29.0
Adj PAT	6,040	4,574	5,280	6,814	7,749	6,011	5,634	5,737	21,747	25,131
YoY Change (%)	-3.4	11.5	44.9	10.8	28.3	31.4	6.7	-15.8	7.9	15.6

E: MOSL Estimates; * Grey cement realization is our estimate



1. JSW Steel: Plan to increase capacity to 45 mt by 2030; Seshagiri Rao, JMD & Group CFO

- Planning to increase its manufacturing capacity to 40-45 million tonne by 2030 from the present 18 million tonne.
- This is in line with maintaining 15% share; national steel policy envisages to increase installed capacity to 300 mt by 2030.
- Have approvals to increase the current capacity to 27mt, received environmental clearance to increase capacity at Vijaynagar plant from 12mt to 16mt & to double the capacity at Dovi to 10 mt.
- To set up a greenfield steel project today it costs Rs 6,000-7,000 crore per million tonne, however, we spend only almost half of this at Rs 3,000-3,500 crore per mt.

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2. Manappuram Finance: We want to aggressively grow home loan portfolio; VP Nandakumar, MD & CEO

- Hope by next month the gold loan disbursal will reach the 100% level, which was of the same level of pre demonetisation era.
- Though gold loan portfolio is doing good and has potential for growth, however, we are looking to diversify our portfolio.
- Have acquired more than 90% of Asirwad Microfinance which is a Chennai based company and after our acquisition this company is also spatially distributed across the country and grown and that company is doing well.
- Currently 15% of the revenues come from non-gold portfolio, aiming to ramp it up to 50% by 2025.

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1. Dealing with bad debt. by Mohan Lavi

- The IMF recently released a Financial Stability Report that contains a section on asset quality and capital indicators for emerging market banks. In the list of countries whose banks are most vulnerable, India joins Russia, Colombia and Saudi Arabia. The quantum of NPAs with banks in India varies depending on whom one asks but everyone agrees that there is a problem and it is gargantuan. The RBI has been doing its bit to ensure that banks report NPAs accurately. The Prudential Norms for Income Recognition and Asset Classification (IRAC) issued by the RBI have been regularly amended to ensure that they capture the correct amount of NPAs.

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2. Implementing AADHAAR on mandatory basis will empower Govt to build massive surveillance system. by P Chidambaram

- Aadhaar, a unique identification number to every citizen, was an idea born in 2009. Was it an idea ahead of its time? A lot of people thought so, especially people working at the ground level among the poor and the neglected sections of the people. Aadhaar was not a revolutionary idea. It is the foundation on which identity cards are issued in dozens of countries. Aadhaar was also not a novel idea. In India, other instruments have been issued—and are in use—which also serve as proof of identity for certain purposes. The best known are passports, driving licences, PAN and ration cards.

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3. An Italian sojourn: glimpses of a faltering recovery. by Sudipto Mundle

- Europe's long recession finally seems to have bottomed out. However, the recovery remains uneven across countries. The Central East European economies are growing consistently at around 3-4% per year, according to Michael Landesmann, a Vienna-based economist who tracks those countries. Germany and France, the two largest European Union (EU) economies, are growing at around 1.5% now. Among the worst affected of the southern economies, Spain is now growing at over 3%. But recovery in Greece and Italy is still faltering.

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4. French elections may prove to be a tipping point for globalization. by d. Ravi Kanth

- A litmus test for the future of the euro and globalization, once again. And this time, it is in the land of liberty, equality and fraternity. On Monday, the world will know which way the French electorate would have voted with their feet. Will they plump for a more mainstream candidate to save the euro, the European Union, and sail with the rough winds of globalization? Or will they go for a Trump-like candidate such as Marine Le Pen, the leader of Front National Party (FNP), for unleashing the ugly forms of majoritarian cultural/economic nationalism?

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5. Have the power to change. by Anil Sardana

- India's power sector is facing a conundrum. While existing power plants are suffering from low utilisation rates of about 60%, or are lying stranded for either want of fuel or power purchase agreement (PPA), there is a brisk addition of new renewable and thermal capacities through public sector undertakings (PSUs). Today, India's grid-connected installed capacity is 310 GW, while the peak power demand is only 170 GW. Under-utilisation of existing assets affects the profitability of power companies, hampers their capacity to service debt obligations and increases their risk of becoming non-performing assets (NPAs).

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International

6. Global economy: spring breaks through the political storm. by Shawn Donnan

- Brexit and Donald Trump were supposed to bring doom, gloom and trade wars to the global economy, if not famine and populism-fuelled pestilence. But time heals many a prediction. And so instead this week's spring meetings of the world's finance chiefs in Washington have been brimming with an optimism worthy of the season. "Spring is in the air and spring is in the economy as well," said Christine Lagarde, managing director of the International Monetary Fund, as she opened the meetings on Thursday.

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
Automobiles														
Amara Raja	Buy	874	1,084	24	29.3	37.3	43.4	29.9	23.5	5.9	4.9	21.7	22.9	22.0
Ashok Ley.	Buy	85	94	10	4.2	5.2	6.6	20.1	16.5	3.9	3.5	20.6	22.3	24.9
Bajaj Auto	Buy	2,824	3,282	16	133.7	154.8	174.0	21.1	18.2	5.9	5.2	29.5	30.2	30.0
Bharat Forge	Buy	1,078	1,182	10	25.3	37.2	50.6	42.7	29.0	6.4	5.5	15.7	20.5	23.7
Bosch	Neutral	22,389	22,924	2	472.3	667.8	764.1	47.4	33.5	9.0	7.5	18.2	24.5	23.4
CEAT	Buy	1,447	1,406	-3	89.9	107.6	140.6	16.1	13.4	2.5	2.1	16.4	16.9	18.9
Eicher Mot.	Buy	25,551	28,811	13	615.4	854.5	1,047.6	41.5	29.9	14.6	10.5	40.7	40.9	36.7
Endurance Tech.	Buy	825	841	2	22.3	29.4	37.4	37.1	28.1	6.7	5.5	19.6	21.6	22.9
Escorts	Buy	555	608	9	23.2	34.1	43.4	23.9	16.3	2.8	2.4	12.1	15.9	17.5
Exide Ind	Buy	235	270	15	8.4	9.8	11.9	27.9	23.9	4.0	3.6	14.5	15.0	16.0
Hero Moto	Neutral	3,205	3,390	6	172.2	185.1	188.3	18.6	17.3	6.8	5.8	39.5	36.2	31.9
M&M	Buy	1,260	1,573	25	61.7	75.4	89.5	20.4	16.7	3.1	2.8	14.5	13.9	14.7
Mahindra CIE	Not Rated	223	-		5.4	9.9	11.8	41.7	22.6	2.6	2.3	6.4	10.8	11.5
Maruti Suzuki	Buy	6,204	7,299	18	253.2	307.6	374.1	24.5	20.2	5.7	4.7	22.4	23.0	23.1
Tata Motors	Buy	440	609	38	11.5	29.4	62.0	38.2	15.0	1.8	1.6	4.7	11.2	20.4
TVS Motor	Buy	483	500	4	11.2	15.2	21.6	43.0	31.9	9.9	8.0	25.1	27.8	31.4
Aggregate								27.9	19.9	4.1	3.6	14.7	18.0	21.2
Banks - Private														
Axis Bank	Neutral	486	510	5	13.8	23.9	42.2	35.2	20.4	2.1	1.9	6.2	9.9	15.7
DCB Bank	Neutral	183	170	-7	7.0	8.8	11.2	26.2	20.8	2.7	2.4	10.9	12.4	14.0
Equitas Hold.	Buy	172	220	28	5.7	6.2	7.4	30.2	27.7	2.6	2.4	10.7	8.9	9.6
Federal Bank	Buy	92	108	17	4.4	5.2	6.7	21.0	17.6	1.8	1.7	9.0	10.0	11.7
HDFC Bank	Buy	1,497	1,670	12	56.6	66.7	79.0	26.5	22.4	4.6	4.0	18.5	18.9	19.3
ICICI Bank	Buy	269	350	30	17.3	17.8	20.5	15.5	15.1	1.9	1.7	10.5	9.8	10.5
IDFC Bank	Neutral	59	63	7	3.0	3.8	4.8	19.9	15.3	1.4	1.3	7.1	8.7	10.1
IndusInd	Buy	1,435	1,700	18	50.1	59.4	72.0	28.6	24.1	4.3	3.7	16.0	16.5	17.3
J&K Bank	Neutral	81	75	-7	-25.2	13.0	15.4	NM	6.2	0.8	0.7	-21.1	11.6	12.5
Kotak Mah. Bk	Buy	878	1,017	16	26.3	32.3	41.6	33.5	27.2	4.2	3.7	13.5	14.5	16.0
RBL Bank	Under Review	570	-		12.7	18.5	24.3	44.8	30.8	5.0	4.4	12.9	15.2	17.4
South Indian	Neutral	24	21	-12	2.8	3.1	3.8	8.6	7.7	0.8	0.7	9.7	10.0	11.3
Yes Bank	Buy	1,543	2,110	37	73.2	92.2	116.2	21.1	16.7	3.2	2.8	18.6	18.0	19.7
Aggregate								25.6	20.3	3.0	2.7	11.7	13.3	14.9
Banks - PSU														
BOB	Buy	175	224	28	7.5	19.0	26.1	23.3	9.2	1.2	1.1	5.0	11.9	14.8
BOI	Neutral	151	129	-14	-5.7	14.5	23.7	NM	10.4	0.6	0.6	-2.5	6.0	9.2
Canara	Neutral	323	310	-4	25.2	35.9	57.6	12.8	9.0	0.7	0.6	5.2	7.0	10.5
IDBI Bk	Neutral	72	49	-32	1.5	6.4	8.6	47.2	11.2	0.7	0.6	1.4	5.8	7.3
Indian Bk	Buy	261	331	27	27.1	30.1	35.9	9.6	8.7	0.9	0.8	9.3	9.6	10.6
OBC	Neutral	153	138	-10	0.3	21.0	26.0	610.0	7.3	0.4	0.4	0.1	5.2	6.1
PNB	Buy	155	186	20	5.3	12.4	16.6	29.4	12.5	0.9	0.8	3.0	6.7	8.3
SBI	Buy	282	340	21	8.7	16.9	23.3	32.5	16.7	1.2	1.2	3.9	7.3	9.3
Union Bk	Neutral	157	174	11	8.5	30.5	45.3	18.5	5.1	0.5	0.5	2.8	9.7	13.0
Aggregate								29.4	12.6	0.9	0.9	3.2	7.0	9.2
NBFCs														
Bajaj Fin.	Buy	1,247	1,448	16	34.4	47.5	64.0	36.2	26.3	7.5	6.0	22.7	25.5	27.3
Bharat Fin.	Neutral	748	859	15	44.6	42.8	55.1	16.8	17.5	3.7	3.1	29.6	19.3	20.4
Dewan Hsg.	Buy	415	500	21	29.6	36.7	42.7	14.0	11.3	1.7	1.5	14.4	13.9	14.5
GRUH Fin.	Neutral	391	421	8	8.1	10.3	12.5	48.1	38.1	12.8	10.7	30.4	30.6	30.9
HDFC	Buy	1,507	1,752	16	46.7	51.7	57.3	32.2	29.1	6.0	5.5	19.1	18.1	17.1
Indiabulls Hsg	Buy	990	1,150	16	69.3	84.4	102.7	14.3	11.7	3.5	3.1	25.9	28.3	30.5
LIC Hsg Fin	Buy	643	723	12	38.3	46.9	55.3	16.8	13.7	3.0	2.6	19.5	20.3	20.3
Manappuram	Not Rated	96	-		8.2	11.1	14.0	11.7	8.6	2.7	2.4	23.9	29.0	32.2
M&M Fin.	Buy	345	380	10	7.9	10.9	14.1	43.8	31.6	3.1	2.9	7.2	9.6	11.6
Muthoot Fin	Buy	406	465	14	29.7	34.5	40.0	13.7	11.8	2.5	2.2	19.7	20.2	20.6



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
PFC	Neutral	157	117	-25	25.7	27.2	30.2	6.1	5.7	1.0	0.9	17.9	17.0	16.8
Repco Home	Buy	769	831	8	28.6	34.0	40.2	26.9	22.6	4.3	3.7	17.3	17.5	17.6
REC	Neutral	205	134	-35	31.4	35.0	40.4	6.5	5.9	1.2	1.0	19.9	19.1	19.1
Shriram Union	City Buy	2,305	2,689	17	91.8	134.5	164.6	25.1	17.1	3.0	2.6	12.7	16.5	17.5
STF	Buy	1,056	1,289	22	55.3	81.9	100.5	19.1	12.9	2.1	1.9	11.7	15.5	16.7
Aggregate								17.7	15.2	3.1	2.7	17.6	18.0	18.1
Capital Goods														
ABB	Neutral	1,402	1,190	-15	18.4	26.1	32.6	76.1	53.7	9.0	7.7	11.9	14.4	15.9
Bharat Elec.	Buy	181	180	0	6.5	7.3	8.5	27.9	24.7	5.3	4.7	20.4	18.8	19.1
BHEL	Sell	175	115	-34	5.5	5.7	5.8	31.6	30.6	1.3	1.2	4.0	4.0	4.0
CG Cons. Elec.	Buy	219	221	1	4.6	5.5	6.7	48.0	40.1	36.3	24.7	94.3	73.3	66.1
CG Power & Indu.	Sell	80	45	-43	3.6	3.9	4.5	21.8	20.4	1.2	1.1	5.4	5.5	6.0
Cummins	Neutral	969	990	2	26.6	30.5	36.5	36.4	31.8	7.7	7.1	22.6	23.2	25.3
GE T&D	Neutral	340	340	0	6.0	11.0	11.4	56.5	30.8	6.7	6.0	11.7	20.7	19.2
Havells	Neutral	490	425	-13	8.9	12.1	14.1	54.9	40.7	11.1	10.0	20.3	24.6	25.1
Inox Wind	Neutral	205	175	-14	17.5	16.6	17.7	11.7	12.3	2.1	1.8	19.2	15.7	14.6
K E C Intl	Buy	223	175	-21	10.5	12.3	13.5	21.2	18.2	3.3	2.9	16.6	16.8	16.2
L&T	Buy	1,688	1,750	4	53.6	63.6	74.4	31.5	26.5	3.3	3.0	10.9	11.9	12.7
Pennar Eng.	Not Rated	145	-		5.8	7.5	10.0	25.0	19.4	2.1	1.9	8.6	10.0	11.8
Siemens	Neutral	1,310	1,340	2	17.0	25.7	33.5	77.0	51.0	7.1	6.1	9.2	11.9	14.2
Solar Ind	Neutral	800	800	0	19.0	22.3	26.5	42.0	35.8	7.2	6.2	18.4	18.6	19.0
Suzlon Energy	Not Rated	20	-		0.6	0.9	1.0	31.3	22.5	-1.8	-2.0	NM	-8.8	-11.0
Thermax	Sell	1,017	781	-23	23.5	28.4	31.5	43.2	35.8	4.8	4.4	11.6	12.9	13.2
Va Tech Wab.	Buy	694	760	10	26.5	34.5	40.3	26.2	20.1	3.6	3.2	8.9	16.7	17.3
Voltas	Neutral	414	374	-10	13.6	14.9	16.9	30.5	27.7	5.0	4.5	17.6	17.1	17.1
Aggregate								35.3	29.8	3.9	3.6	11.2	12.0	12.7
Cement														
Ambuja Cem.	Buy	240	277	16	4.9	6.7	7.2	49.0	35.7	2.5	2.4	5.0	6.8	7.1
ACC	Neutral	1,497	1,339	-11	33.7	46.7	58.6	44.4	32.1	3.3	3.4	7.5	10.4	13.2
Birla Corp.	Buy	747	869	16	21.5	41.2	54.4	34.6	18.1	2.1	1.9	6.0	10.9	13.2
Dalmia Bharat	Buy	2,049	2,392	17	30.7	47.5	70.1	66.8	43.1	4.4	4.0	6.8	9.8	12.9
Grasim Inds.	Neutral	1,129	1,067	-5	68.7	86.6	111.1	16.4	13.0	1.8	1.6	11.7	13.2	14.8
India Cem	Neutral	188	152	-19	5.1	8.7	11.9	36.8	21.6	1.5	1.5	4.0	6.2	7.7
J K Cements	Buy	940	1,103	17	32.6	37.2	49.3	28.8	25.2	3.6	3.3	13.3	13.6	16.0
JK Lakshmi Ce	Buy	468	526	13	5.9	12.2	17.8	78.9	38.2	4.1	3.9	5.2	10.5	14.7
Ramco Cem	Buy	676	815	21	27.8	30.1	36.2	24.4	22.5	4.4	3.8	19.6	18.0	18.5
Orient Cem	Buy	152	167	10	-1.8	3.2	5.8	NM	48.1	3.3	3.1	-3.7	6.6	11.3
Prism Cem	Buy	105	118	13	-0.6	2.6	4.8	NM	39.8	5.5	5.0	-3.1	13.1	20.8
Shree Cem	Buy	17,563	20,072	14	363.2	480.6	642.3	48.4	36.5	8.8	7.2	19.2	21.7	23.5
Ultratech	Buy	3,969	4,735	19	91.6	120.5	151.6	43.3	32.9	4.7	4.2	11.5	13.6	15.1
Aggregate								36.6	27.2	3.5	3.2	9.7	11.9	13.6
Consumer														
Asian Paints	Neutral	1,063	1,145	8	20.5	22.6	26.7	51.8	47.0	16.0	14.1	32.8	31.8	32.4
Britannia	Buy	3,374	4,065	20	72.2	83.3	101.7	46.8	40.5	17.9	14.2	43.1	39.2	38.0
Colgate	Buy	1,032	1,200	16	21.7	25.8	31.6	47.6	40.0	24.9	23.3	54.9	60.1	68.5
Dabur	Neutral	290	310	7	7.3	8.3	9.7	39.8	35.1	10.4	8.8	28.3	27.2	27.1
Emami	Buy	1,010	1,295	28	24.5	29.8	36.0	41.3	33.8	12.2	10.3	33.8	33.0	33.2
Godrej Cons.	Neutral	1,677	1,740	4	37.1	42.9	49.8	45.2	39.1	9.5	8.0	22.5	22.2	21.9
GSK Cons.	Neutral	5,242	5,410	3	153.9	173.1	190.8	34.1	30.3	7.8	6.8	24.6	24.0	23.1
HUL	Neutral	906	945	4	19.3	21.5	24.8	47.0	42.1	32.4	33.7	67.6	78.4	92.5
ITC	Buy	274	320	17	8.4	9.3	11.0	32.8	29.4	8.7	7.6	28.4	27.6	28.7
Jyothy Lab	Neutral	395	380	-4	8.0	9.0	10.5	49.6	43.9	7.9	7.2	16.4	17.1	18.1
Marico	Buy	299	340	14	6.1	7.0	8.4	49.1	42.6	14.8	12.8	33.3	32.1	34.6
Nestle	Neutral	6,329	6,665	5	118.0	139.2	163.3	53.6	45.5	20.2	17.6	39.0	41.4	41.9



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
Page Inds	Buy	13,923	17,480	26	235.6	305.1	388.4	59.1	45.6	24.4	19.2	41.3	42.2	43.2
Parag Milk	Neutral	247	250	1	0.8	6.9	12.5	304.7	35.6	3.0	2.8	1.3	8.2	13.2
Pidilite Ind.	Neutral	712	740	4	16.6	18.3	20.5	42.9	39.0	11.0	9.0	27.9	25.4	23.4
P&G Hygiene	Buy	7,347	8,790	20	145.7	167.7	198.8	50.4	43.8	13.6	11.8	29.0	28.8	29.5
United Brew	Buy	752	1,030	37	10.7	14.3	18.4	70.5	52.5	8.4	7.4	12.6	15.0	16.8
United Spirits	Neutral	1,903	2,025	6	28.6	42.2	58.7	66.5	45.1	12.5	10.0	20.8	22.1	23.8
Aggregate								42.3	37.1	12.5	11.0	29.6	29.5	30.4
Healthcare														
Alembic Phar	Neutral	607	630	4	21.6	28.5	35.8	28.1	21.3	6.0	4.9	23.3	25.5	26.0
Alkem Lab	Neutral	2,067	1,850	-10	79.3	85.7	100.0	26.0	24.1	5.8	4.9	24.4	22.0	21.7
Ajanta Pharma	Buy	1,718	2,028	18	56.0	63.8	79.6	30.7	26.9	9.6	7.4	35.9	30.9	29.9
Aurobindo	Buy	633	915	44	40.1	47.0	54.6	15.8	13.5	4.0	3.1	28.8	26.0	23.9
Biocon	Sell	1,094	800	-27	32.2	34.1	42.7	34.0	32.1	4.8	4.4	14.3	13.6	15.3
Cadila	Buy	450	510	13	12.0	17.7	23.0	37.5	25.5	7.5	6.1	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	631	600	-5	43.0	32.9	38.6	14.7	19.2	3.6	3.2	25.4	17.7	18.8
Dr Reddy's	Neutral	2,609	3,050	17	76.1	110.9	147.2	34.3	23.5	3.2	2.9	9.8	12.9	15.2
Fortis Health	Buy	204	240	18	2.6	3.2	6.5	78.3	64.1	2.3	2.0	3.0	3.3	6.1
Glenmark	Neutral	903	990	10	40.6	49.2	60.5	22.2	18.3	4.5	3.5	20.1	19.0	19.1
Granules	Buy	150	160	7	6.8	7.7	11.3	22.1	19.5	3.5	2.6	18.8	15.8	18.3
GSK Pharma	Neutral	2,596	2,700	4	34.5	55.5	64.4	75.2	46.7	16.8	20.1	22.4	43.0	56.9
IPCA Labs	Neutral	599	540	-10	15.8	27.9	37.3	37.9	21.4	3.1	2.7	8.4	13.5	15.9
Lupin	Buy	1,409	1,850	31	61.4	78.6	88.8	22.9	17.9	4.8	3.9	22.8	23.8	22.1
Sanofi India	Buy	4,482	5,000	12	129.0	157.8	189.9	34.8	28.4	5.6	5.1	16.2	18.1	19.4
Sun Pharma	Buy	640	850	33	27.1	32.5	38.7	23.6	19.7	4.5	3.8	19.8	20.9	21.0
Syngene Intl	Not Rated	533	-		13.0	16.1	18.0	41.0	33.1	8.3	6.8	22.2	22.5	20.7
Torrent Pharma	Buy	1,438	1,700	18	56.6	76.3	93.4	25.4	18.8	6.1	5.0	25.9	29.3	29.6
Aggregate								26.4	21.5	4.7	3.9	17.6	18.3	18.9
Logistics														
Allcargo Logistics	Buy	176	203	16	9.0	10.9	12.3	19.4	16.1	2.5	2.2	11.5	14.8	14.8
Blue Dart	Not Rated	4,863	-		102.5	129.9	163.2	47.4	37.4	21.0	16.0	50.5	48.6	46.8
Concor	Neutral	1,197	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	273	314	15	8.3	15.7	20.1	32.8	17.4	2.3	2.2	7.2	12.9	15.3
Gati	Not Rated	137	-		8.4	15.9	23.9	16.4	8.6	2.2	2.0	12.4	19.4	25.4
Transport Corp.	Not Rated	234	-		16.9	21.0	25.9	13.8	11.1	2.2	1.8	16.7	17.8	18.6
Aggregate								34.0	24.9	3.7	3.4	11.0	13.7	14.9
Media														
Dish TV	Buy	99	115	17	1.4	2.7	4.3	68.6	37.2	19.8	12.9	33.6	42.0	43.9
D B Corp	Buy	380	450	19	20.4	23.0	26.5	18.6	16.5	4.6	4.1	26.2	26.2	26.8
Den Net.	Neutral	99	90	-9	-3.6	2.2	8.5	NM	45.1	1.1	1.1	-4.1	2.5	8.8
Hind. Media	Buy	291	360	24	25.2	27.4	30.3	11.5	10.6	2.0	1.6	18.5	16.8	15.8
HT Media	Neutral	83	90	9	8.0	8.2	8.7	10.3	10.1	0.8	0.7	7.7	7.1	7.0
Jagran Prak.	Buy	192	225	17	10.8	12.2	13.9	17.8	15.7	3.5	3.0	20.7	20.6	20.4
PVR	Buy	1,555	1,667	7	20.8	35.7	56.8	74.9	43.6	7.6	6.6	10.6	16.3	22.0
Siti Net.	Neutral	38	40	6	-1.8	0.0	1.2	NM	NM	4.5	3.8	-21.7	0.0	11.1
Sun TV	Neutral	937	860	-8	25.1	29.7	34.5	37.3	31.5	9.4	8.6	25.1	27.3	29.0
Zee Ent.	Buy	529	610	15	11.4	17.3	20.6	46.5	30.6	10.3	8.4	29.1	30.3	29.4
Aggregate								40.4	29.3	6.6	5.7	16.3	19.6	21.6
Metals														
Hindalco	Buy	188	235	25	16.9	22.6	25.4	11.1	8.3	1.6	1.3	15.4	17.5	16.8
Hind. Zinc	Sell	273	235	-14	19.7	21.5	23.7	13.9	12.7	3.8	3.2	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	188	222	18	13.6	18.3	20.5	13.8	10.3	2.1	1.8	16.2	18.7	17.9
Nalco	Buy	67	83	24	3.9	5.3	5.8	17.2	12.5	1.2	1.2	7.5	9.6	9.9



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
NMDC	Buy	129	178	38	12.1	12.3	13.0	10.7	10.5	1.7	1.6	13.4	15.5	15.1
SAIL	Sell	60	30	-50	-7.4	-12.6	0.4	NM	NM	0.7	0.8	-8.1	-15.4	0.5
Vedanta	Neutral	232	250	8	17.7	24.7	27.7	13.1	9.4	1.5	1.4	11.4	15.0	15.6
Tata Steel	Sell	451	440	-2	18.9	39.4	45.7	23.9	11.5	3.6	2.9	13.6	28.2	26.5
Aggregate								18.2	14.3	1.4	1.4	7.9	9.6	12.0
Oil & Gas														
BPCL	Buy	716	763	7	55.9	53.7	58.4	12.8	13.3	3.3	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	830	735	-11	17.5	40.0	49.0	47.5	20.7	4.9	4.1	10.7	21.5	22.0
Gujarat St. Pet.	Neutral	194	162	-16	8.9	11.0	13.2	21.8	17.6	2.5	2.3	12.0	13.5	14.5
HPCL	Buy	556	604	9	53.5	44.9	45.8	10.4	12.4	2.7	2.4	27.8	20.7	18.6
IOC	Buy	425	441	4	43.7	39.4	41.0	9.7	10.8	2.4	2.1	26.0	20.4	18.8
IGL	Neutral	1,060	1,023	-3	43.3	43.8	49.4	24.5	24.2	5.2	4.4	22.3	19.7	19.2
MRPL	Neutral	124	114	-8	12.2	11.4	12.8	10.1	10.8	2.7	2.3	29.6	22.7	21.4
Oil India	Buy	324	382	18	28.6	33.1	37.8	11.3	9.8	1.1	1.0	9.8	10.8	11.6
ONGC	Neutral	180	172	-4	12.2	16.1	17.3	14.8	11.1	1.2	1.2	8.4	11.1	11.7
PLNG	Buy	434	454	5	22.2	26.5	36.2	19.5	16.4	4.3	3.6	23.9	24.0	27.2
Reliance Ind.	Neutral	1,400	1,259	-10	99.6	113.9	123.2	14.1	12.3	1.6	1.4	11.6	12.0	11.7
Aggregate								13.5	12.4	1.8	1.7	13.5	13.5	13.4
Retail														
Jubilant Food	Neutral	1,031	1,110	8	12.3	21.7	29.1	83.6	47.4	8.4	9.2	10.1	19.5	24.9
Titan Co.	Neutral	479	485	1	9.4	10.4	11.8	50.9	46.0	10.2	8.9	21.5	20.6	20.3
Aggregate								53.8	46.2	9.9	8.9	18.4	19.3	19.7
Technology														
Cyient	Buy	524	620	18	30.6	37.8	44.1	17.1	13.9	2.8	2.4	16.2	17.6	17.9
HCL Tech.	Buy	813	1,000	23	57.2	64.3	70.3	14.2	12.6	3.6	3.5	27.0	27.8	28.1
Hexaware	Neutral	216	220	2	13.7	14.9	16.3	15.7	14.5	3.8	3.3	26.5	24.4	22.7
Infosys	Buy	924	1,200	30	62.9	64.7	71.1	14.7	14.3	3.1	2.7	23.3	21.4	21.2
KPIT Tech	Neutral	131	150	14	11.5	13.8	15.0	11.4	9.5	1.6	1.4	13.7	15.9	14.9
L&T Infotech	Buy	721	800	11	53.6	58.0	60.8	13.4	12.4	5.0	4.2	41.4	36.6	32.1
Mindtree	Neutral	450	475	6	24.9	30.5	36.5	18.1	14.8	2.9	2.7	16.8	18.9	20.5
Mphasis	Neutral	534	550	3	42.7	43.0	44.9	12.5	12.4	1.9	1.8	14.1	14.9	14.7
NIIT Tech	Neutral	424	470	11	36.2	46.8	52.9	11.7	9.1	1.5	1.4	13.5	15.9	16.0
Persistent Sys	Neutral	566	730	29	37.4	43.4	50.5	15.1	13.0	2.3	2.2	16.9	17.9	20.1
Tata Elxsi	Buy	1,543	1,780	15	59.3	72.1	89.0	26.0	21.4	10.0	7.9	42.5	41.3	40.8
TCS	Neutral	2,311	2,400	4	133.4	139.7	149.6	17.3	16.5	5.4	5.6	33.5	32.4	32.3
Tech Mah	Buy	427	550	29	32.5	35.7	40.2	13.1	12.0	2.4	2.2	20.1	19.5	19.2
Wipro	Neutral	493	540	9	33.0	37.5	42.9	15.0	13.2	2.4	2.2	16.8	17.2	17.8
Zensar Tech	Buy	904	1,200	33	65.3	81.4	92.0	13.9	11.1	2.5	2.1	19.1	20.4	19.7
Aggregate								15.8	15.0	3.7	3.5	23.6	23.4	22.7
Telecom														
Bharti Airtel	Buy	343	410	20	11.0	5.1	9.4	31.1	67.3	2.0	1.9	6.5	2.9	5.2
Bharti Infratel	Buy	353	435	23	15.5	16.7	19.9	22.7	21.1	3.6	3.3	15.7	15.9	16.7
Idea Cellular	Buy	85	120	41	-3.0	-15.4	-16.9	NM	NM	1.2	1.6	-4.2	-25.3	-37.1
Tata Comm	Buy	705	811	15	6.2	25.6	44.1	113.9	27.6	-70.4	45.3	-50.2	924.0	117.3
Aggregate								39.5	821.2	2.3	2.3	5.7	0.3	2.3
Utilities														
Coal India	Buy	277	335	21	16.7	20.1	22.1	16.6	13.8	6.8	6.7	40.6	48.8	53.5
CESC	Buy	912	970	6	50.4	74.7	82.2	18.1	12.2	2.1	1.8	11.1	15.8	15.2
JSW Energy	Buy	64	73	14	3.9	2.3	0.8	16.5	27.9	1.2	1.2	7.3	4.3	1.4
NTPC	Buy	167	199	19	11.9	14.3	17.3	14.1	11.7	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
Aggregate								15.0	12.6	2.4	2.2	15.9	17.4	18.3
Others														
Arvind	Buy	400	430	8	13.5	21.8	28.6	29.5	18.4	2.7	2.4	10.4	14.0	16.3



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
Bata India	Under Review	570	-		10.9	14.2	17.7	52.4	40.1	5.7	5.1	11.3	13.4	15.0
Castrol India	Buy	429	532	24	13.6	14.9	15.2	31.4	28.8	33.0	29.7	110.9	108.6	100.4
Century Ply.	Buy	262	274	5	7.7	8.6	11.4	33.9	30.3	8.9	7.3	28.9	26.5	28.6
Coromandel Intl	Under Review	367	-		15.9	19.6	25.1	23.0	18.7	4.0	3.6	18.2	20.1	22.7
Delta Corp	Buy	170	229	35	3.3	6.9	7.6	52.2	24.8	4.5	3.4	9.0	15.7	17.0
Dynomatic Tech	Buy	2,801	3,334	19	67.6	112.9	166.7	41.4	24.8	5.7	4.6	15.1	20.7	24.3
Eveready Inds.	Buy	304	287	-6	11.4	13.9	16.9	26.6	21.9	8.1	6.5	34.7	33.0	32.4
Interglobe	Neutral	1,113	1,092	-2	39.0	64.7	78.0	28.6	17.2	19.5	16.6	72.2	104.1	106.3
Indo Count	Buy	193	232	20	13.7	17.5	21.1	14.1	11.0	4.0	2.9	33.8	30.8	27.3
Info Edge	Buy	810	1,000	24	16.9	17.9	21.0	48.0	45.2	5.1	4.8	11.1	10.9	11.9
Inox Leisure	Sell	298	230	-23	2.5	8.2	11.5	119.2	36.5	4.7	4.2	3.8	11.5	14.3
Jain Irrigation	Under Review	112	-		5.5	7.6	10.0	20.2	14.7	1.7	1.7	8.6	11.7	14.8
Just Dial	Under Review	524	-		17.2	18.5	22.1	30.5	28.4	4.7	4.1	16.5	15.5	16.2
Kaveri Seed	Buy	566	649	15	23.4	28.6	36.1	24.2	19.8	4.1	3.8	17.3	19.8	22.9
Kitex Garm.	Buy	509	551	8	26.0	31.0	36.7	19.6	16.4	5.3	4.3	29.9	28.7	27.7
Manpasand	Buy	718	843	17	14.9	23.1	38.3	48.1	31.0	3.5	3.2	8.6	9.6	16.3
MCX	Buy	1,123	1,400	25	26.3	30.0	42.5	42.6	37.4	4.4	4.1	10.6	11.3	15.0
Monsanto	Buy	2,538	2,841	12	72.9	89.3	109.3	34.8	28.4	10.6	9.9	30.4	35.9	39.6
Navneet Education	Buy	170	210	24	6.6	8.6	10.5	25.5	19.7	6.5	5.5	26.0	30.0	30.9
PI Inds.	Buy	866	1,046	21	30.4	34.8	43.6	28.5	24.9	7.8	6.2	30.9	27.9	27.8
Piramal Enterp.	Buy	2,349	2,200	-6	74.5	127.1	164.7	31.5	18.5	3.1	2.8	10.0	15.7	18.2
SRF	Buy	1,704	1,825	7	82.4	99.9	125.1	20.7	17.1	3.3	2.8	16.5	17.4	19.1
S H Kelkar	Buy	320	371	16	7.7	10.3	13.3	41.6	31.1	5.5	4.9	13.9	16.8	19.1
Symphony	Sell	1,472	1,288	-13	27.0	35.1	42.9	54.5	41.9	29.6	25.3	56.8	65.0	66.3
TTK Prestige	Neutral	6,555	5,281	-19	106.9	137.7	176.0	61.3	47.6	9.7	8.8	16.5	19.4	22.2
V-Guard	Neutral	185	140	-24	3.7	4.6	5.4	49.9	40.3	13.2	10.6	29.4	29.1	27.6
Wonderla	Buy	390	393	1	7.0	11.9	16.0	55.8	32.7	5.1	4.6	9.5	14.8	17.5



Company	1 Day (%)	1M (%)	12M (%)
Automobiles			
Amara Raja	0.8	1.2	-5.3
Ashok Ley.	4.0	-4.2	-21.2
Bajaj Auto	-0.3	-2.7	11.3
Bharat Forge	-0.4	5.9	32.0
Bosch	-0.8	-2.3	12.0
CEAT	-1.4	12.2	27.2
Eicher Mot.	0.2	2.6	24.6
Endurance Tech.	-0.2	17.4	
Escorts	1.3	5.6	222.2
Exide Ind	-1.6	6.9	71.3
Hero Moto	0.1	-4.1	5.4
M&M	-1.1	-2.7	-5.1
Mahindra CIE	-1.4	6.9	7.8
Maruti Suzuki	-1.1	2.1	69.1
Tata Motors	-0.8	-7.0	9.0
TVS Motor	-1.3	10.3	43.8
Banks - Private			
Axis Bank	-0.4	-0.5	6.1
DCB Bank	1.6	11.2	88.3
Equitas Hold.	-0.3	6.4	55.9
Federal Bank	-0.2	4.1	110.0
HDFC Bank	2.4	3.8	36.5
ICICI Bank	-1.3	-1.1	13.0
IDFC Bank	0.2	-4.1	8.9
IndusInd	0.6	2.7	45.7
J&K Bank	3.5	7.7	35.8
Kotak Mah. Bk	-1.1	2.3	28.0
RBL Bank	-1.1	13.7	
South Indian	6.2	16.9	42.8
Yes Bank	-0.1	3.8	75.0
Banks - PSU			
BOB	-2.4	7.6	15.1
BOI	-0.7	17.1	59.1
Canara	-0.3	12.0	68.7
IDBI Bk	-0.3	-6.7	0.4
Indian Bk	1.3	-1.6	167.9
OBC	-0.3	13.7	63.5
PNB	-0.1	8.8	84.0
SBI	-1.0	3.6	50.6
Union Bk	1.3	2.7	23.2
NBFCs			
Bajaj Fin.	-0.4	6.1	72.8
Bharat Fin.	-1.1	-9.4	28.2
Dewan Hsg.	1.0	14.8	100.8
GRUH Fin.	0.7	3.1	50.8
HDFC	-0.6	3.2	32.4
Indiabulls Hsg	1.1	6.0	51.1
LIC Hsg Fin	0.1	9.4	37.4
Manappuram	-1.2	5.0	141.1
M&M Fin.	1.7	9.0	28.0
Muthoot Fin	-2.4	16.0	115.5
PFC	0.6	9.1	86.7
Repco Home	1.5	14.2	15.2
REC	2.3	22.1	156.3
STF	-1.9	0.8	6.5
Shriram City Union	0.4	12.8	37.2

Company	1 Day (%)	1M (%)	12M (%)
Capital Goods			
ABB	-0.2	17.5	6.1
Bharat Elec.	1.3	13.2	50.6
BHEL	0.4	3.5	31.8
CG Cons. Elec.	1.0	10.8	
CG Power & Inds Sol.	-0.2	8.9	35.1
Cummins	2.6	7.2	8.6
GE T&D	0.0	7.5	-16.6
Havells	-0.5	8.8	39.6
Inox Wind	0.1	15.8	-25.6
K E C Intl	1.1	25.9	70.3
L&T	0.4	8.9	33.5
Pennar Eng.	1.0	18.5	-5.0
Siemens	-0.1	4.4	10.9
Solar Ind	-1.9	8.8	15.7
Suzlon Energy	-0.5	6.7	27.2
Thermax	2.0	11.6	29.5
Va Tech Wab.	0.5	16.8	20.1
Voltas	-1.1	6.7	37.0
Cement			
Ambuja Cem.	-0.9	1.2	5.9
ACC	-1.0	6.0	2.0
Birla Corp.	0.0	6.7	91.4
Dalmia Bharat	-1.7	7.9	138.7
Grasim Inds.	-1.6	3.5	38.1
India Cem	-1.0	15.1	109.3
J K Cements	0.2	6.2	47.1
JK Lakshmi Ce	-0.2	3.9	26.4
Ramco Cem	-1.5	3.5	44.0
Orient Cem	1.3	13.9	-0.8
Prism Cem	-1.9	3.4	18.7
Shree Cem	-0.3	7.8	34.9
Ultratech	-1.0	-0.8	17.8
Consumer			
Asian Paints	0.4	-0.4	20.0
Britannia	-0.1	2.6	18.6
Colgate	2.5	5.4	21.2
Dabur	-0.1	3.2	8.5
Emami	-0.6	-3.2	1.4
Godrej Cons.	-0.5	-1.2	23.9
GSK Cons.	-0.8	-3.0	-12.7
HUL	-1.1	0.5	0.4
ITC	-1.8	-4.6	22.8
Jyothy Lab	0.4	11.1	28.5
Marico	-1.0	2.5	17.9
Nestle	-0.3	-0.1	4.9
Page Inds	-0.9	-4.7	2.9
Parag Milk	-0.6	12.5	
Pidilite Ind.	-0.7	1.9	14.9
P&G Hygiene	-0.6	7.6	13.0
United Brew	0.2	-2.9	-1.8
United Spirits	0.8	-11.9	-22.1
Healthcare			
Alembic Phar	-0.3	2.0	6.3
Alkem Lab	-1.6	-2.9	62.6
Ajanta Pharma	-0.5	-6.9	15.2
Aurobindo	-0.1	-8.4	-17.9



Company	1 Day (%)	1M (%)	12M (%)
Automobiles			
Amara Raja	0.8	1.2	-5.3
Ashok Ley.	4.0	-4.2	-21.2
Bajaj Auto	-0.3	-2.7	11.3
Bharat Forge	-0.4	5.9	32.0
Bosch	-0.8	-2.3	12.0
CEAT	-1.4	12.2	27.2
Eicher Mot.	0.2	2.6	24.6
Endurance Tech.	-0.2	17.4	
Escorts	1.3	5.6	222.2
Exide Ind	-1.6	6.9	71.3
Hero Moto	0.1	-4.1	5.4
M&M	-1.1	-2.7	-5.1
Mahindra CIE	-1.4	6.9	7.8
Maruti Suzuki	-1.1	2.1	69.1
Tata Motors	-0.8	-7.0	9.0
TVS Motor	-1.3	10.3	43.8
Banks - Private			
Axis Bank	-0.4	-0.5	6.1
DCB Bank	1.6	11.2	88.3
Equitas Hold.	-0.3	6.4	55.9
Federal Bank	-0.2	4.1	110.0
HDFC Bank	2.4	3.8	36.5
ICICI Bank	-1.3	-1.1	13.0
IDFC Bank	0.2	-4.1	8.9
IndusInd	0.6	2.7	45.7
J&K Bank	3.5	7.7	35.8
Kotak Mah. Bk	-1.1	2.3	28.0
RBL Bank	-1.1	13.7	
South Indian	6.2	16.9	42.8
Yes Bank	-0.1	3.8	75.0
Banks - PSU			
BOB	-2.4	7.6	15.1
BOI	-0.7	17.1	59.1
Canara	-0.3	12.0	68.7
IDBI Bk	-0.3	-6.7	0.4
Indian Bk	1.3	-1.6	167.9
OBC	-0.3	13.7	63.5
PNB	-0.1	8.8	84.0
SBI	-1.0	3.6	50.6
Union Bk	1.3	2.7	23.2
NBFCs			
Bajaj Fin.	-0.4	6.1	72.8
Bharat Fin.	-1.1	-9.4	28.2
Dewan Hsg.	1.0	14.8	100.8
GRUH Fin.	0.7	3.1	50.8
HDFC	-0.6	3.2	32.4
Indiabulls Hsg	1.1	6.0	51.1
LIC Hsg Fin	0.1	9.4	37.4
Manappuram	-1.2	5.0	141.1
M&M Fin.	1.7	9.0	28.0
Muthoot Fin	-2.4	16.0	115.5
PFC	0.6	9.1	86.7
Repco Home	1.5	14.2	15.2
REC	2.3	22.1	156.3
STF	-1.9	0.8	6.5
Shriram City Union	0.4	12.8	37.2

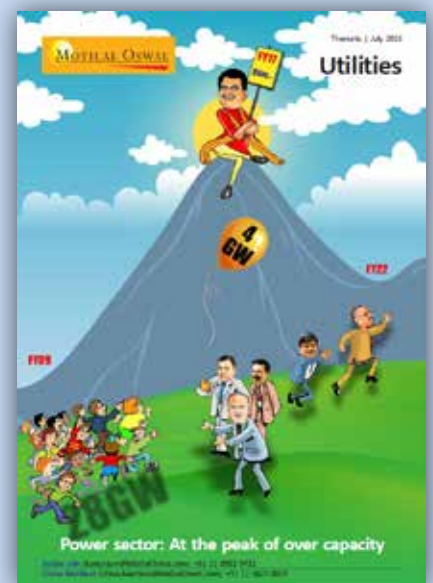
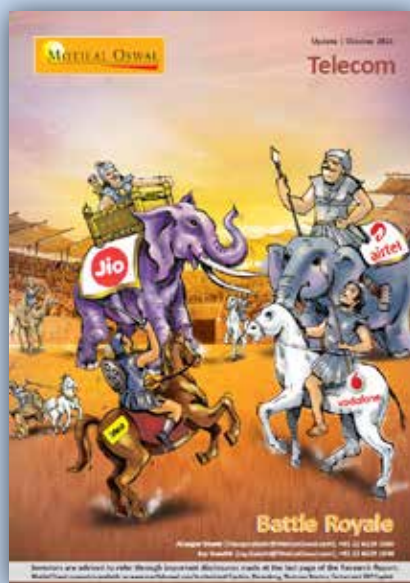
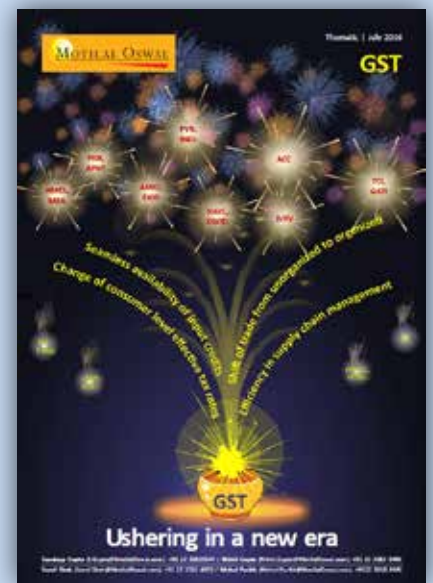
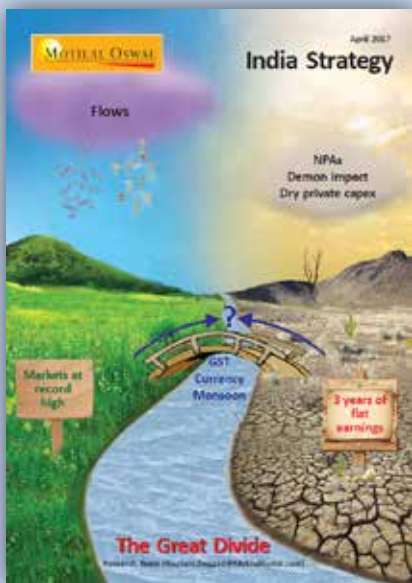
Company	1 Day (%)	1M (%)	12M (%)
Capital Goods			
ABB	-0.2	17.5	6.1
Bharat Elec.	1.3	13.2	50.6
BHEL	0.4	3.5	31.8
CG Cons. Elec.	1.0	10.8	
CG Power & Inds Sol.	-0.2	8.9	35.1
Cummins	2.6	7.2	8.6
GE T&D	0.0	7.5	-16.6
Havells	-0.5	8.8	39.6
Inox Wind	0.1	15.8	-25.6
K E C Intl	1.1	25.9	70.3
L&T	0.4	8.9	33.5
Pennar Eng.	1.0	18.5	-5.0
Siemens	-0.1	4.4	10.9
Solar Ind	-1.9	8.8	15.7
Suzlon Energy	-0.5	6.7	27.2
Thermax	2.0	11.6	29.5
Va Tech Wab.	0.5	16.8	20.1
Voltas	-1.1	6.7	37.0
Cement			
Ambuja Cem.	-0.9	1.2	5.9
ACC	-1.0	6.0	2.0
Birla Corp.	0.0	6.7	91.4
Dalmia Bharat	-1.7	7.9	138.7
Grasim Inds.	-1.6	3.5	38.1
India Cem	-1.0	15.1	109.3
J K Cements	0.2	6.2	47.1
JK Lakshmi Ce	-0.2	3.9	26.4
Ramco Cem	-1.5	3.5	44.0
Orient Cem	1.3	13.9	-0.8
Prism Cem	-1.9	3.4	18.7
Shree Cem	-0.3	7.8	34.9
Ultratech	-1.0	-0.8	17.8
Consumer			
Asian Paints	0.4	-0.4	20.0
Britannia	-0.1	2.6	18.6
Colgate	2.5	5.4	21.2
Dabur	-0.1	3.2	8.5
Emami	-0.6	-3.2	1.4
Godrej Cons.	-0.5	-1.2	23.9
GSK Cons.	-0.8	-3.0	-12.7
HUL	-1.1	0.5	0.4
ITC	-1.8	-4.6	22.8
Jyothy Lab	0.4	11.1	28.5
Marico	-1.0	2.5	17.9
Nestle	-0.3	-0.1	4.9
Page Inds	-0.9	-4.7	2.9
Parag Milk	-0.6	12.5	
Pidilite Ind.	-0.7	1.9	14.9
P&G Hygiene	-0.6	7.6	13.0
United Brew	0.2	-2.9	-1.8
United Spirits	0.8	-11.9	-22.1
Healthcare			
Alembic Phar	-0.3	2.0	6.3
Alkem Lab	-1.6	-2.9	62.6
Ajanta Pharma	-0.5	-6.9	15.2
Aurobindo	-0.1	-8.4	-17.9



Company	1 Day (%)	1M (%)	12M (%)
Biocon	-2.1	-4.5	92.9
Cadila	0.4	1.8	37.9
Cipla	-1.8	-4.7	6.9
Divis Lab	0.1	-0.5	-39.7
Dr Reddy's	-0.1	-0.5	-16.1
Fortis Health	-2.1	13.6	12.8
Glenmark	-0.6	1.4	14.0
Granules	3.8	11.8	17.2
GSK Pharma	-0.7	-5.7	-29.4
IPCA Labs	0.7	8.6	21.8
Lupin	-1.3	-2.9	-10.4
Sanofi India	-1.2	-2.0	5.6
Sun Pharma	-2.4	-8.5	-22.7
Syngene Intl	-2.1	0.0	42.0
Torrent Pharma	-1.1	-0.2	0.9
Logistics			
Allcargo Logistics	1.7	3.1	8.6
Blue Dart	-0.4	-4.4	-21.8
Concor	0.9	20.7	8.6
Gateway Distriparks	-1.1	5.5	-8.2
Gati	3.1	-3.4	9.8
Transport Corp.	-0.1	5.2	40.8
Media			
Dish TV	-0.4	-7.6	12.3
D B Corp	0.9	-1.8	14.7
Den Net.	0.6	22.4	8.9
Hind. Media	0.4	0.2	7.5
HT Media	-1.1	0.2	-2.0
Jagran Prak.	-3.8	11.4	12.5
PVR	-0.2	10.2	92.8
Siti Net.	0.4	-0.5	8.8
Sun TV	4.7	24.2	162.8
Zee Ent.	-1.0	1.1	31.7
Metals			
Hindalco	0.6	-5.9	84.4
Hind. Zinc	-3.3	-11.0	56.6
JSPL	0.7	-12.3	50.1
JSW Steel	-1.1	-2.3	37.8
Nalco	-1.8	-9.3	51.7
NMDC	1.4	-5.6	26.5
SAIL	-0.9	-4.5	30.1
Vedanta	-0.6	-11.2	118.9
Tata Steel	-0.7	-9.2	26.4
Oil & Gas			
BPCL	-0.8	11.5	50.1
GAIL	-0.4	8.2	45.5
Gujarat Gas	-1.9	14.1	53.4
Gujarat St. Pet.	5.1	21.2	39.5
HPCL	0.5	9.9	97.2
IOC	-0.7	14.2	100.4
IGL	-0.8	3.1	85.5
MRPL	-1.9	22.8	87.3
Oil India	-0.5	-2.2	37.3
ONGC	0.3	-7.1	28.6
PLNG	-2.1	9.9	62.7
Reliance Ind.	2.2	10.8	34.8
Retail			
Jubilant Food	0.2	-5.8	-20.3

Company	1 Day (%)	1M (%)	12M (%)
Titan Co.	0.0	3.4	27.9
Technology			
Cyient	4.2	10.4	4.4
HCL Tech.	-0.4	-5.2	-3.4
Hexaware	4.2	-1.8	-16.0
Infosys	-0.4	-10.5	-25.7
KPIT Tech	3.1	-1.9	-14.8
L&T Infotech	0.7	2.4	
Mindtree	1.6	-5.3	-37.9
Mphasis	-1.3	-9.3	7.1
NIIT Tech	-0.6	1.7	-15.6
Persistent Sys	-0.4	-9.5	-26.1
Tata Elxsi	0.0	2.7	-21.9
TCS	-0.7	-7.0	-5.7
Tech Mah	1.4	-10.9	-11.7
Wipro	-1.4	-0.9	-18.0
Zensar Tech	0.0	0.2	-8.7
Telecom			
Bharti Airtel	0.1	-1.9	-3.8
Bharti Infratel	3.1	12.8	-8.6
Idea Cellular	0.6	-8.4	-27.0
Tata Comm	-0.9	-5.5	70.5
Utilites			
Coal India	-1.1	-5.3	-0.5
CESC	1.5	8.9	73.3
JSW Energy	-1.0	2.7	-11.6
NTPC	2.0	3.2	18.3
Power Grid	-1.4	6.0	39.0
Others			
Arvind	0.4	-0.1	49.4
Bata India	-1.3	5.6	2.5
Castrol India	-0.5	2.1	13.5
Century Ply.	-0.7	7.3	41.1
Coromandel Intl	0.0	10.6	65.0
Delta Corp	-0.1	0.5	96.3
Dynamatic Tech	1.3	-0.7	21.1
Eveready Inds.	0.4	24.4	14.0
Interglobe	-3.8	19.0	8.8
Indo Count	-0.8	1.8	-9.4
Info Edge	-0.5	-3.3	1.6
Inox Leisure	1.5	19.1	45.6
Jain Irrigation	-1.8	16.9	68.4
Just Dial	-0.9	-12.1	-40.9
Kaveri Seed	1.6	3.9	37.9
Kitex Garm.	-0.1	21.0	14.7
Manpasand	-0.8	-0.6	25.3
MCX	-1.7	-0.2	33.9
Monsanto	0.9	1.2	45.1
Navneet Educat.	-0.5	21.5	90.7
PI Inds.	1.8	-1.7	32.7
Piramal Enterp.	3.8	26.2	121.1
SRF	-0.3	6.2	22.2
S H Kelkar	0.3	6.5	28.8
Symphony	-1.1	1.9	18.8
TTK Prestige	-1.4	9.6	41.9
V-Guard	-1.0	6.9	174.7
Wonderla	-1.0	1.3	2.1

THEMATIC/STRATEGY RESEARCH GALLERY



REPORT GALLERY

RECENT INITIATING COVERAGE REPORTS

MOTILAL OSWAL Initiating Coverage | 19 April 2017
Sector: Oil and Gas
Gujarat Gas

Long road ahead

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Akshay Dabwale (Akshay.Dabwale@MotilalOswal.com) +91 22 3929 1566

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MOTILAL OSWAL Initiating Coverage | 29 March 2017
Sector: Publishing
Navneet Education

Steadfast; growth gaining momentum

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MOTILAL OSWAL Initiating Coverage | 23 March 2017
Sector: Entertainment
Delta Corp

Favorable odds

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Nitesh Shah (Nitesh.Shah@MotilalOswal.com) +91 22 3962 5426

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MOTILAL OSWAL Initiating Coverage | 17 March 2017
Sector: Healthcare
Ajanta Pharma

Promising growth trajectory

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Sonal Bhavsra Desai (Sonal.Bhavsra@motilal.com) +91 22 3950 1958

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MOTILAL OSWAL Initiating Coverage | 17 February 2017
Sector: Financials - Pharmaceuticals
Piramal Enterprises

Winner's Edge

Ashish Mittal (Ashish.Mittal@MotilalOswal.com) +91 22 3962 5417 / Anil Jain (Anil.Jain@MotilalOswal.com) +91 22 3962 5426
Ajay Chandra (Ajay.Chandra@MotilalOswal.com) +91 22 3962 5424 / Praveen Kumar (Praveen.Kumar@MotilalOswal.com) +91 22 3962 5429

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MOTILAL OSWAL Initiating Coverage | 16 February 2017
Sector: Automobiles
CEAT

Well balanced

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Chetan Meeth (Chetan.Meeth@MotilalOswal.com) +91 22 3962 5422

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MOTILAL OSWAL Initiating Coverage | 20 December 2016
Sector: Consumer Product
SH Kelkar

Adding flavor to fragrance

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Nitesh Shah (Nitesh.Shah@MotilalOswal.com) +91 22 3962 5426, Chirvik Dasa (Chirvik.Dasa@MotilalOswal.com) +91 22 3920 2410

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MOTILAL OSWAL Initiating Coverage | 16 December 2016
Sector: Automobile
Endurance Technologies

Gaining ground

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Sanku Gadhvi (Sanku.Gadhvi@MotilalOswal.com) +91 22 3929 1534 / Aditya Vora (Aditya.Vora@MotilalOswal.com)

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MOTILAL OSWAL Initiating Coverage | 14 December 2016
Sector: Technology
L&T Infotech

Proficient miner

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Ashish Chopra (Ashish.Chopra@MotilalOswal.com) +91 22 3962 5424

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DIFFERENTIATED PRODUCT GALLERY

MOTILAL OSWAL

SUN PHARMACEUTICAL

ART ANNUAL REPORT THREADBARE
27 September 2018

The ART of annual report analysis

WHAT'S NEW IN FY18

- ▶ Tax rates remained low at 13.8%, contingent liabilities for tax dispute rise to INR2.1B.
- ▶ Cash flow of INR18.4b significantly higher than tax expense recognized in P&L of INR2.1b.
- ▶ OCF post interest increases to INR44.7b (FY17: INR22.7b) on decline in other assets to INR24.7b partially offset by INR18.1b increase in receivables.

Stock Info

Exchange	BSE/NSE
CAP (INR)	771
Face Value (INR)	2,000.0
52 Week Range (INR)	954/106
52 Week High (INR)	119.42
52 Week Low (INR)	1,000.07

Shareholding pattern (%)

As on	Jun-18	Mar-18	Jun-17
Promoter	33.0	33.0	34.7
MF	39.2	39.0	3.8
FI	24.0	24.0	23.0
Other	3.8	3.8	33.5

Auditor's name
Deloitte Haskins & Sells LLP

Key highlights:

- Operating performance muted: Revenue grew just 3.2% to INR23.8b. EBITDA margin expanded 70bp to 29.4%, led by gross margin expansion, partially compensated by higher (a) legal and consultancy cost at INR1.5b (6.1% of revenue, FY17: INR1.5b), (b) revenue R&D expenses at INR2.9b (12.6% of revenue, FY17: INR1.8b), and (c) miscellaneous expenses (after regrouping) at INR0.1b (FY17: INR0.4b), including INR0.1b additional liability towards USDP/COE (paid).
- Tax rates remain less contingent liabilities on tax dispute rise: Tax rates remained low at 13.8%, primarily on account of low tax rates in certain subsidiaries (Sun Pharma Global P25-26) and Sun Pharmaceutical Laboratories (SPL). On a consolidated basis, contingent liabilities increased steeply from INR33.3b in FY17 to INR41.1b (15% of net worth). The increase in overall tax dispute liabilities was driven by tax dispute liabilities for the standalone entity increasing from INR11.1b in FY17 to INR1.8b.
- Cash tax significantly exceeds tax expense recognized: The cash tax paid (cash flow, at INR23.8b) continued to be higher than the tax expense recognized in the P&L (of INR2.1b) on account of deferred tax assets (DTA) recognized, tax paid under protest and advance income tax paid. The cumulative tax paid under protest as at the end of FY18 was INR13.1b. Details on such amount paid in FY18 or cumulative amount paid in FY18 are not available.
- High capex and rising receivables debt: FCY: P&L post interest declined 21% YoY to INR20.5b on rising capex and acquisition of brands. Operating cash flow were primarily supported by decline in other current assets by INR2.5b, which was partially offset by increase in receivables by INR2.1b.

ART will present a complete picture of annual reports - valuation, average size structure, we believe ART will assist: from accounting and auditing basis to corporate governance and compliance to general investors - will create point a career path or the stock investment workflow.

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MOTILAL OSWAL

CornerOffice

Interaction with the CEO

Demonetization: A mammoth task for India's largest bank

CASA to get strong push, SME NPA too early to take a call

We met with Mr. Anandharam Bharathicharan, Chairman of State Bank of India (SBI), to discuss on demonetization, and evaluate its impact on growth, asset quality and profitability of the bank. The demonetization, SBI has collected deposits of ~INR4 and disbursed (via withdrawal) ~INR1, leading to net addition of ~INR3. The bank also aggressively cut its bank deposits (leading to higher repayment rates), which led to significantly lower net accretion over the past month.

Excess liquidity: A profit drag or one-off gain?

- Since demonetization, SBI has collected deposits of ~INR4 and disbursed (via withdrawal) ~INR1, leading to net addition of ~INR3. The bank also aggressively cut its bank deposits (leading to higher repayment rates), which led to significantly lower net accretion over the past month.
- Of the net accretion, three-fourths were savings deposits, 15% were current account deposits and the rest were retail term deposits.
- Standard cost of these deposits is less than 4%, and excess liquidity is parked in reverse repo, MSF and bank guarantees (considering muted loan growth) at a yield of ~1%, hence, on excess liquidity, the spread is 2% currently, as against blended spread of ~2.4% at Q2 FY17.
- Significant liquidity addition in the system has led to a sharp fall in yield, which has helped banks to monetize the bond portfolio. We expect trading gains to be strong in Q3 FY17.

Digitalization efforts to yield noteworthy results over long term

- The Government of India (GoI) and the banking sector are working together to move toward a less-cash economy. The bank has all channels available (e.g. UPI, cards, POS, wallets, internet banking and mobile banking) to push toward digitalization.
- Over the past month, cashless transactions increased significantly: (a) debit card spends are up 1x on MoM, (b) POS terminal activation has increased from 64k/month to 15k, 45k terminal orders in hand, (c) 7m new debit cards are activated and (d) SBI Buddy (wallet) transactions are up 1x on MoM.

Asset quality: Will demonetization lead to higher NPAs?

- Asset monitoring and recovery teams have performed their respective functions as usual (barring the first three days of demonetization). The bank clearly stated that there is no discussion of bandwidth for key departments due to demonetization.
- SBI has seen recoveries in small-value accounts and agri gold loans.
- SME portfolio performance will depend upon how soon the things will normalize. It is too early to take a call right now.

Ms. Bharathicharan is the first woman chairman of SBI, she joined the bank 18 years ago as a probationary officer. She has worked in various functions like finance, retail, treasury, HR and IT.

Ms. Bharathicharan was involved in launching various new business initiatives like general insurance, customer service and infrastructure fund.

13 December 2018
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MOTILAL OSWAL

VOICES

30 FY17 | February 2017

India Inc on Call

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

This quarterly report contains:

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

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MOTILAL OSWAL

EcoKnowledge

Diving into Trending Themes

Monthly data confirm 6.5% growth is for real in India

Creating monthly economic activity index (EAI) since 1998

- Based on monthly macroeconomic indicators, we create India's economic activity index (EAI), which shows that the economic growth averaged 6.4% YoY in the first nine months of 2016 as against ~3% growth over the previous five years (2011-2015). Motilal Oswal's leading indicators (MOI) suggest that consumption continues to run strong, however, investment is witnessing one of the worst phases in the past two decades.
- We find, however, that the growth in economic activity eased towards 5% YoY in Q3 FY17 as against 7.5% in the previous two quarters. A sharp contraction in investments, along with some deceleration in consumption, has contributed to a slowdown in our composite EAI in the recent quarter.
- It is important to note that while our composite EAI is a reliable indicator to gauge economic activity, it should not be compared with the official GDP statistics because the latter includes an estimate for the unorganized sector also. Our leading indicators are based on monthly data covering the formal sector of society.

"EcoKnowledge" is Motilal Oswal's new product in which we deep-dive into trending macro-economic themes. This new product complements our existing "Earnings" product, which is renowned for regular updates on macro-economics.

Since the release of new GDP series (in 2015-12 base), its credibility has been in question. The key reason for the disagreement is a widely-held belief that GDP data is not in sync with high-frequency monthly indicators. Weakness in bank credit growth and IP (Index of Industrial Production) are often quoted to support this criticism. Further, very high contribution of 'discrepancies' has also shaken confidence in the official statistics. To bridge this gap, we introduce Motilal Oswal's leading indicators (MOI) for consumption, investment and external trade. Based on our econometric analysis, we have combined five monthly macroeconomic data series to create MOI for consumption, eight monthly data points to create MOI for investment, and five data points to create MOI for external trade (of goods & services).

Further, our leading indicators are available for almost two decades, providing a great source of information on Indian economic activity since late 1990s. We also find that MOI confirm consumption to be the key driver of economic growth, while investments lag markedly.

These leading indicators are then weighted to create a composite monthly index for economic activity. Exhibit 2 shows the high correlation between our composite EAI and official estimates of real GDP growth (including discrepancies). The two indicators share a strong positive correlation, which is as high as 72%.

Exhibit 1: Strong correlation between our composite EAI and real GDP growth

Further, our leading indicators are available for almost two decades, providing a great source of information on Indian economic activity since late 1990s. We also find that MOI confirm consumption to be the key driver of economic growth, while investments lag markedly.

"Innovation is seeing what everybody has seen and thinking what nobody has thought"

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MOTILAL OSWAL

BULLS & BEARS

INDIA VALUATION'S HANDBOOK

Highlights of March edition

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

BEST PERFORMERS MoM (%)

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

WORST PERFORMERS MoM (%)

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

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April 2017

MOTILAL OSWAL

FUND FOLIO

Indian Mutual Fund Tracker

Equity AUM up 40% in FY17 and 25% in five years

Average AUM up 35% YoY (INR4.8t) in FY17

INR18.3t

INR603b

Net inflows in FY17 down 11% YoY

Equity AUM up 40% in FY17 and 25% in five years

Equity AUM (INR t) - Nifty Index

▲ AUM rise by 40% against 35% rise of Nifty in last 5 years

Year	Equity AUM (INR t)	Nifty Index
FY13	1,304	5,483
FY14	1,438	6,764
FY15	1,636	8,067
FY16	2,482	9,442
FY17	3,114	9,174

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April 2017

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