

Motilal Oswal values your support in the Asiamoney Brokers Poll 2017 for India Research, Sales and Trading team.

We [request your ballot](#).



Market snapshot



| Equities - India | Close | Chg. % | YTD. % |
|------------------|--------|--------|--------|
| Sensex | 32,029 | 0.4 | 20.3 |
| Nifty-50 | 9,915 | 0.4 | 21.1 |
| Nifty-M 100 | 18,262 | -0.2 | 27.2 |
| Equities-Global | Close | Chg. % | YTD. % |
| S&P 500 | 2,473 | 0.0 | 10.4 |
| Nasdaq | 6,388 | 0.0 | 18.7 |
| FTSE 100 | 7,453 | -0.5 | 4.3 |
| DAX | 12,240 | -1.7 | 6.6 |
| Hang Seng | 10,787 | -0.6 | 14.8 |
| Nikkei 225 | 20,100 | -0.2 | 5.2 |
| Commodities | Close | Chg. % | YTD. % |
| Brent (US\$/Bbl) | 47 | -2.7 | -14.5 |
| Gold (\$/OZ) | 1,248 | 0.9 | 7.6 |
| Cu (US\$/MT) | 5,971 | 0.8 | 8.1 |
| Almn (US\$/MT) | 1,892 | 0.0 | 11.0 |
| Currency | Close | Chg. % | YTD. % |
| USD/INR | 64.3 | -0.2 | -5.2 |
| USD/EUR | 1.2 | 1.2 | 10.4 |
| USD/JPY | 111.8 | -0.5 | -4.6 |
| YIELD (%) | Close | 1MChg | YTDchg |
| 10 Yrs G-Sec | 6.4 | 0.0 | -0.1 |
| 10 Yrs AAA Corp | 7.5 | 0.0 | -0.1 |
| Flows (USD b) | 21-Jul | MTD | YTD |
| FII | 0.0 | 0.2 | 8.7 |
| DII | 0.0 | 0.3 | 3.6 |
| Volumes (INRb) | 21-Jul | MTD* | YTD* |
| Cash | 342 | 286 | 285 |
| F&O | 5,736 | 5,502 | 4,975 |

Note: YTD is calendar year, *Avg



Today's top research idea

Reliance Industries: Standalone EBITDA/PAT largely in line

- ✓ RIL reported standalone financials in line with expectation. However, GRM of USD11.9/bbl was higher than our estimate. RIL's GRM has shown strong resilience towards weak crack spreads, narrowing light-heavy differential and narrowing Brent -dubai differential due to better yield/crude optimization & risk management. Petrochem has also shown improvement in margin due to rise of 69% QoQ delta in PP, 5% QoQ rise in PE delta and almost doubling of SBR & PBR deltas. Commissioning of ROGC would be done in next 45-60days while petcoke gasifier is expected to be commissioned fully by Mar-18.
- ✓ RIL announced launch of its Jio phone which is targeting current pool of 530m feature phone users. Current paid subscriber base has improved to 100m. Going further, Telecom would be a major driver of stock performance.



Research covered

| Cos/Sector | Key Highlights |
|----------------------|---|
| Telecom | RJio's big-bang VoLTE feature phone launch to expand its target market |
| Reliance Inds. | Standalone EBITDA/PAT largely in line; GRMs at USD11.9/bbl |
| Bajaj Auto | Higher RM cost, negative operating leverage results in 8-year low margins |
| United Spirits | Highway ban impact greater than expected |
| Avenue Supermarts | Revenue, EBITDA and PAT post strong growth |
| Britannia Industries | Well positioned in a high-potential market |
| Ashok Leyland | EBITDA margins disappoint led by increased costs |
| MRPL | EBITDA impacted by inventory loss; core GRM at USD7.07/bbl |
| Divi's Lab | Regulatory issues impacted revenues |
| Indian Bank | Focus on core operating parameters continues; Asset quality improves |
| Dewan Hsg. Fin. | Growth surprises positively; re-rating to continue |
| JK Bank | Balance sheet clean up phase; PAT positive after 3 quarters |
| Persistent System | A stern test of our margin recovery thesis |
| Zensar Tech. | Legacy pressures offset Digital pivot |
| Results Expectation | ACEM BHIN DELTA HDFCB IHFL INFOE LTI MMFS TCOM Z |



Piping hot news

ONGC not to make open offer post HPCL acquisition

- ✓ ONGC will not be required to make an open offer to minority shareholders of HPCL after buying out government's 51.11 per cent stake as the deal won't trigger takeover norms as did the IOC-IBP merger in 2002, a senior government official said.



Chart of the Day: RJio's big-bang VoLTE feature phone launch to expand its target market

Exhibit 1: Revenues & margin to soar

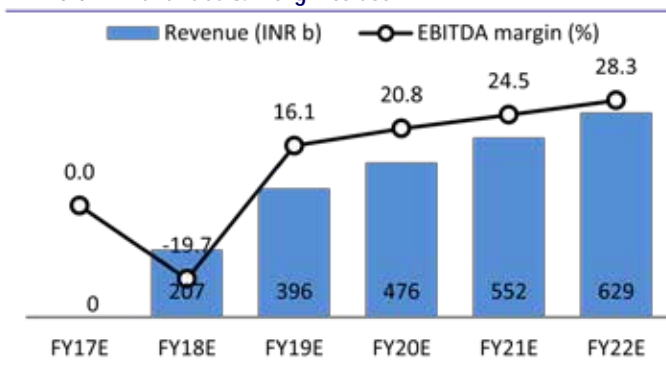
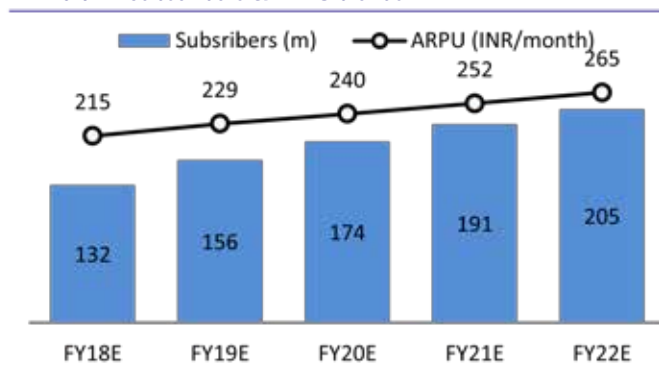


Exhibit 2: Subscribers & ARPU trends



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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

Debtors have filed over 33% of insolvency cases

Essar Steel tried to stay insolvency proceedings against it by moving the Gujarat High Court. But not all Indian companies think along similar lines...

2

Reliance Jio phone: Bharti Airtel, Vodafone, Idea eye unequal competition; major setback in store

The Volte 4G feature phone launch by Reliance Jio Infocomm will place the incumbents like Bharti Airtel, Vodafone, and Idea Cellular at a great disadvantage in the fresh competition which has emerged in the telecom market. Jio has a fully-4G Volte network and therefore can provide unlimited voice calls on its feature phones for free. This is not the case with incumbents, who largely have GSM network which cannot support unlimited (free) voice calls and also suffers from data capability...

3

Monsoon in India: Much relief for nation, rains widespread, crop sowing satisfactory

After covering the entire country, the south-west monsoon was active over the western, central and eastern parts of the country in the last few days...

4

Colgate can't brush off Ramdev's Patanjali effect, admits CEO

In a first, ColgateBSE 0.65 % Palmolive's global CEO Ian Cook named Indian rival Patanjali while talking to investors about the need to respond to changing consumer preferences in India where the toothpaste giant recorded its steepest market share fall in a decade last year...

5

Telecom companies cite 6 year old affidavit to red flag request to scrap IUC

Telcos have red-flagged attempts by 'some participants' to push for the scrapping of an inter-network charge by citing an affidavit filed by the regulator in the Supreme Court six years ago ...

6

Blackstone Group plans to set up an ARC in India

If Blackstone Group indeed sets up an ARC, it will be the latest among foreign private equity investors who have spotted the opportunity in stressed assets...

7

PEs build \$4-billion war chest for bad assets

Last week, different Benches of the National Company Law Tribunal (NCLT) admitted bankruptcy proceedings against Electrosteel Steels, Alok Industries and Monnet Ispat & Energy. These were all under the Insolvency and Bankruptcy Code (IBC) that took effect last year. PEs have build \$4-billion war chest for bad assets...



RJio's big-bang VoLTE feature phone launch to expand its target market

Device offerings and ARPU-accretive plans indicate limited market disruption

- n In line with its previous strategy, RJio has launched VoLTE feature phone with ARPU-accretive plan at INR153 (unlimited voice and data). This, in our view, may expand the market, but challenge the incumbents to match its value offerings. Key positive for RJio remains its widened target market, from 300m smartphone users to overall 800m unique subscribers.
- n We do not expect the launch to cause major industry disruption over the long term. We believe RJio's VoLTE device offers limited value proposition for voice-only subscribers having current average ARPU of INR70-80.
- n RJio's feature phone launch, however, may attract entry-level data consumers, given the wide pricing gap of ~4x between prevailing feature phone and smartphone ARPUs. Besides this, it may act as a stepping stone for smartphone migration (for 4G usage).
- n We believe small operators (which hold majority of the second SIM, deal-hunting users) are at the highest risk of losing subscribers to RJio post the device launch. Larger operators too may see market share risk until they launch VoLTE network, potentially in the next 10-12 months.
- n We have revised RJio's DCF-based value/share to INR260 from INR110 on the back of higher subscriber growth, driving 15%/46% revenue/EBITDA revision in FY19E.

Limited price disruption

- n RJio has priced the VoLTE device at INR1,500 (entirely refundable after three years), which is nearly 50-70% higher than the price of feature phones currently available in the market. Additionally, there are no bundled offerings.
- n The dual-SIM handset with 2G capability and three-year lock-in for refund may pose a challenge for RJio to retain customers for a long period (subscribers may continue to use services of their primary operator via the dual SIM facility).
- n Additionally, the VoLTE feature phone is offering unlimited voice and data at ARPU of INR153, which is double the prevailing feature phone ARPU of INR70-80, according to industry estimates.
- n RJio's VoLTE ARPU floor may not go significantly below its current offerings as it may increase the proportion of inter-connect costs. This highlights that RJio continues its previous strategy of ARPU accretion in the industry. We see this as a major positive for RJio as well as the industry as a whole.

Value proposition high for entry-level data subscribers

- n We believe RJio's VoLTE device offers limited value proposition for voice-only subscribers having current average ARPU of INR70-80. Voice services see relatively mature usage at average 400-500 MOUs, and thus, may not see high elasticity. Additionally, incumbents can match the voice offerings, given the current low feature phone ARPU.

- n We believe RJio's data/digital offerings to feature phone users may be a good value proposition for entry-level data subscribers. Besides this, it may act as a stepping stone for smartphone migration (for 4G usage). This, in our view, is because RJio's INR153 plan allows to bridge the gap of ~4x between prevailing feature phone and smartphone ARPUs. Thus, it should attract fresh low-hanging data subscribers.
- n We do not see the risk of downtrading by smartphone users due to VoLTE feature phone's low data handling capability and small screen size. This may limit data usage despite unlimited data offering, and accelerate faster migration to smartphone.

RJio's target market expands with data-enabled VoLTE device

- n We believe the launch of VoLTE device is a key positive for RJio as it expands its target market from current 300m smartphone users to overall 800m unique subscribers. This is likely to accelerate its subscriber growth.
- n Additionally, the INR153 price plan reduces the risk of high IUC-led operating cost. Even if there is about 90% off-net calling on 400-500 MOUs, the IUC cost will be restricted to INR50-60/subscriber.
- n We believe this may also act as a key support to ARPU levels, as any further ARPU reduction in the quest for higher subscriber market share may become economically unviable.
- n We have revised our subscriber estimates by 22%/18% for FY18/19E, leading to 15%/46% increase in FY19E revenue/EBITDA to INR396b/INR64b. We expect RJio to add ~40m out of the current 89m active subscribers, as per TRAI, led by VoLTE feature phone consumption.

Smaller operators vulnerable to subscriber share loss

- n We continue to believe that smaller operators (which have a larger proportion of second-SIM, deal-hunting subscribers) are highly vulnerable to RJio's price plans. This is evident from April/May' 17 subscriber data, which highlighted active subscriber gains for Bharti, but significantly higher subscriber churn for smaller operators.
- n For incumbents, particularly Bharti, the launch of feature phone by RJio may prolong the risk of subscriber retention over the next 10-12 months, as it may not have any value proposition for feature phone subscribers looking for low-ARPU data consumption.
- n Our channel checks indicate that VoLTE network launch may accelerate among large operators, but this may take about 10-12 months (this poses a risk of market share dilution).
- n We continue preferring Bharti, given its strong network position, which should allow earnings accretion as the current hyper-competitive market settles. Idea remains vulnerable in the near term, given its weak competitive footing. However, over a three-year period, its improved competitive position and synergy gains should support the stock price.



Telecom



Vodafone's revenue growth stabilizes

Unlimited usage plans drive high volume growth at stable ARPUs

- n **Wireless revenue stabilizes after two quarters of decline:** Vodafone India's wireless revenue grew 1% QoQ (declined 15% YoY) to INR89b. Revenue stabilized after last two quarters of 6-7% QoQ decline. ARPU dropped 1% QoQ (and 20% YoY) to INR141. Launch of commercial offerings by Rjio has arrested the revenue decline, as subscriber usage is recovering. This has offset the ARPU decline seen on the back of unlimited usage fixed-price plans.
- n **Voice revenue stabilizes:** Voice revenue stabilized, with a 1% QoQ growth to INR67.6b, led by 1.4% subscriber growth to 212m, partly offset by voice ARPU decline of 1% to INR107.
- n **Data volumes record significant leap:** Data revenue grew just 0.4% QoQ to INR21.3b, 24% of total revenue. Data volumes grew 84% QoQ, steered by unlimited usage plans. The monthly data usage per customer surged 78% QoQ to 1.1GB, but this was offset by 45% QoQ decline in data price to INR90/GB.
- n **Expect sequentially stable revenue for Bharti and Idea in 1QFY18:** Vodafone's sequentially steady revenue indicates that incumbent telcos like Bharti and Idea should also see revenue stabilization in 1QFY18, on the back of voice and data volume recovery, partly offset by the decline in ARPUs due to unlimited offerings.
- n **Capex to be postponed to FY19:** The Vodafone-Idea merger is expected to conclude by FY18. Until then, we expect both Vodafone and Idea to soften capex spending. Our channel checks indicate that post-merger, both network restructuring and fresh capex will accelerate, as complementary networks of both the companies will be synergized.
- n **Expect market share dilution until the merger:** We continue to believe that both Vodafone and Idea operate on weak competitive footing. Until the merger, it might be challenging for them to retain their market share. However, beyond FY19, better data network should strengthen their competitive position and arrest market share dilution.

Exhibit 1: Vodafone: Key Performance Indicators

| Particulars | FY15 | | | | FY16 | | | | FY17 | | | | FY18 |
|------------------------|------|------|-----|------|------|------|------|-----|------|------|------|------|------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q |
| India Wireless (INR b) | 97 | 97 | 100 | 100 | 102 | 99 | 100 | 104 | 105 | 103 | 96 | 88 | 89 |
| Growth (QoQ) | 3.1 | -0.6 | 3.5 | 0.2 | 1.5 | -2.2 | 0.6 | 3.9 | 1 | -2.3 | -6.3 | -8 | 0.7 |
| ARPU (INR) | 193 | 187 | 189 | 184 | 184 | 178 | 175 | 177 | 176 | 171 | 158 | 142 | 141 |
| Growth (QoQ) | 0.5 | -3.1 | 1.1 | -2.7 | -0.2 | -3.2 | -1.6 | 1.1 | -0.3 | -3.1 | -7.5 | -9.9 | -1.1 |
| Subscriber base (m) | 170 | 174 | 179 | 184 | 185 | 188 | 194 | 198 | 199 | 201 | 205 | 209 | 212 |
| growth | 2 | 2.3 | 2.8 | 2.9 | 0.9 | 1.5 | 2.9 | 2.2 | 0.7 | 0.7 | 2 | 2.1 | 1.4 |
| Voice revenues (INR b) | 83 | 80 | 82 | 81 | 79 | 76 | 76 | 79 | 79 | 76 | 72 | 67 | 68 |
| growth (QoQ) | 1.2 | -3.7 | 2.3 | -0.6 | -2.3 | -3.9 | 0 | 3.8 | -0.5 | -3.4 | -5 | -6.9 | 0.8 |

Source: MOSL, Company



Reliance Industries

BSE SENSEX 32,029 S&P CNX 9,915

CMP: INR1,586 TP: INR1,499 (-5%) Neutral

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| | |
|-----------------------|-------------|
| Bloomberg | RIL IN |
| Equity Shares (m) | 3,240 |
| M.Cap.(INRb)/(USDb) | 4,589/ 68.8 |
| 52-Week Range (INR) | 1592 / 932 |
| 1, 6, 12 Rel. Per (%) | 10/36/42 |
| Avg Val, INRm | 11542 |
| Free float (%) | 55.0 |

Financials & Valuations (INR b)

| Y/E March | 2017 | 2018E | 2019E |
|-------------------|-------|-------|-------|
| Net Sales | 2,420 | 3,283 | 3,774 |
| EBITDA | 433 | 532 | 573 |
| Net Profit | 314 | 376 | 417 |
| Adj. EPS (INR) | 96.7 | 115.5 | 128.1 |
| EPS Gr. (%) | 14.6 | 19.5 | 10.9 |
| BV/Sh. (INR) | 974 | 1,083 | 1,204 |
| RoE (%) | 11.6 | 12.3 | 12.3 |
| RoCE (%) | 9.1 | 10.4 | 10.9 |
| Payout (%) | 13.3 | 14.4 | 14.4 |
| Valuations | | | |
| P/E (x) | 16.4 | 13.7 | 12.4 |
| P/BV (x) | 1.6 | 1.5 | 1.3 |
| EV/EBITDA (x) | 14.2 | 10.0 | 8.3 |
| EV/Sales (x) | 2.5 | 1.6 | 1.3 |

Estimate change

TP change

Rating change

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

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

§ **EBITDA in line:** Refining EBIT stood at INR64b (-3% YoY, +2% QoQ). 1QFY18 GRM stood at USD11.9/bbl v/s USD11.5/bbl in 1QFY17 and 4QFY17. GRM was much higher, despite weakening in gasoline/diesel cracks and lower light-heavy and Brent-Dubai spreads, due to better yield/crude optimization and risk management. Petchem EBIT was INR40b (+37% YoY, +15% QoQ), with margin of 16.5% coming in ahead of 13.7% in 4QFY17, primarily due to strengthening PP and PE deltas.

§ **Expect no further delays in core projects:** Management guided for full commissioning of the ROGC project in another 45-60 days. No change in commissioning schedule of petcoke gasifier; expecting by 4QFY18.

§ **Domestic E&P continues to shrink:** E&P EBIT stood at -INR2.3b v/s INR480m in 1QFY17 and -INR780m in 4QFY17. KG-D6 gas production stood at 6.4mmscmd (-27% YoY, -14% QoQ). Shale gas production was down to 34.7bcfe (-22% YoY, -11% QoQ) due to temporary shut-in at several wells.

§ **Jio capex reaches INR2t:** Capex to date has reached INR2t, with INR210b spent in 1QFY18 and expected INR20b in next 3-4 quarters. Jio's paid subscribers reached 100m. The company is expected to report RJio financials from 2QFY18.

§ **1QFY18 capex at INR250b:** Consol. gross debt was INR2t with cash of INR721b. Net debt stood at INR2.5t, including suppliers' credit and deferred spectrum liabilities.

§ **Raise estimates:** For the last few quarters, RIL's GRM has shown great resilience to (a) weakness in product crack spreads, (b) narrowing of light-heavy and Brent-Dubai differentials. The same has been possible through aggressive risk management, crude and yield optimization. On account of this resilience, we raise our GRM estimate to USD11.2/11.4/bbl v/s USD10.2/10.4/bbl earlier for FY18/19.

§ **Valuation view:** On FY19E basis, the stock trades at 12.4x adj. SA EPS of INR128 and EV/EBITDA of 8.3x. Our SOTP-based fair value stands at INR1,499/share. Maintain **Neutral**.

Standalone - Quarterly Earning Model

| Y/E March | FY17 | | | | FY18E | | | | FY17 | FY18E | 1QFY18 | 1QFY18 | Var v/s |
|-------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|---------|---------|---------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | | | | | |
| Net Sales | 534,960 | 595,770 | 618,060 | 671,460 | 642,170 | 861,603 | 886,224 | 892,829 | 2,420,250 | 3,282,826 | 574,944 | 574,944 | 11.7 |
| YoY Change (%) | -18.7 | -2.0 | 9.3 | 34.4 | 20.0 | 44.6 | 43.4 | 33.0 | 3.8 | 35.6 | 7.5 | 7.5 | |
| Total Expenditure | 426,790 | 490,220 | 512,020 | 558,660 | 526,280 | 724,198 | 745,153 | 754,771 | 1,987,690 | 2,750,401 | 456,421 | 456,421 | 15.3 |
| EBITDA | 108,170 | 105,550 | 106,040 | 112,800 | 115,890 | 137,405 | 141,071 | 138,059 | 432,560 | 532,425 | 118,523 | 118,523 | -2.2 |
| Margins (%) | 20.2 | 17.7 | 17.2 | 16.8 | 18.0 | 15.9 | 15.9 | 15.5 | 17.9 | 16.2 | 20.6 | 20.6 | |
| Depreciation | 19,500 | 20,290 | 20,770 | 24,090 | 21,580 | 27,456 | 27,456 | 27,456 | 84,650 | 103,948 | 27,456 | 27,456 | -21.4 |
| Interest | 9,240 | 6,330 | 9,310 | 2,350 | 7,880 | 9,355 | 9,355 | 9,355 | 27,230 | 35,944 | 9,355 | 9,355 | -15.8 |
| Other Income | 20,330 | 22,800 | 30,250 | 13,710 | 19,180 | 25,685 | 25,685 | 25,685 | 87,090 | 96,235 | 24,600 | 24,600 | -22.0 |
| PBT | 99,760 | 101,730 | 106,210 | 100,070 | 105,610 | 126,280 | 129,946 | 126,933 | 407,770 | 488,769 | 106,313 | 106,313 | -0.7 |
| Tax | 24,280 | 24,690 | 25,990 | 18,560 | 23,650 | 27,782 | 28,588 | 27,925 | 93,520 | 107,945 | 23,389 | 23,389 | 1.1 |
| Rate (%) | 24 | 24 | 24 | 19 | 22 | 22 | 22 | 22 | 23 | 22 | 22 | 22 | |
| Adj PAT | 75,480 | 77,040 | 80,220 | 81,510 | 81,960 | 98,498 | 101,358 | 99,008 | 314,250 | 380,824 | 82,924 | 82,924 | -1.2 |
| YoY Change (%) | 19.5 | 17.4 | 11.1 | 11.4 | 8.6 | 27.9 | 26.3 | 21.5 | 14.6 | 21.2 | 9.9 | 9.9 | |
| Margins (%) | 14.1 | 12.9 | 13.0 | 12.1 | 12.8 | 11.4 | 11.4 | 11.1 | 13.0 | 11.6 | 14.4 | 14.4 | |
| Key Assumptions | | | | | | | | | | | | | |
| Refining throughput (mmt) | 16.8 | 18.0 | 17.8 | 17.5 | 17.3 | 17.5 | 17.5 | 17.5 | 70.1 | 69.8 | 17.5 | 17.5 | -1.1 |
| GRM (USD/bbl) | 11.5 | 10.1 | 10.8 | 11.5 | 11.9 | 11.0 | 11.0 | 11.0 | 11.0 | 11.2 | 10.0 | 10.0 | 18.7 |
| Petchem EBITDA/tonne (USD/MT) | 303.8 | 314.4 | 329.4 | 313.7 | 349.4 | 300.0 | 300.0 | 280.0 | 315.3 | 307.4 | 350.0 | 350.0 | -0.2 |
| Petchem volumes (mmt) | 1.9 | 2.1 | 2.0 | 2.1 | 2.2 | 2.9 | 3.0 | 3.0 | 8.1 | 11.1 | 2.5 | 2.5 | -10.9 |

E: MOSL Estimates



Bajaj Auto

| | |
|------------|---------|
| BSE SENSEX | S&P CNX |
| 32,029 | 9,915 |

| | |
|-----------------------|--------------|
| Bloomberg | BJAUT IN |
| Equity Shares (m) | 289 |
| M.Cap.(INRb)/(USD\$) | 814.6 / 12.7 |
| 52-Week Range (INR) | 3122 / 2510 |
| 1, 6, 12 Rel. Per (%) | -2/-14/-14 |
| Avg Val, INRm | 806 |
| Free float (%) | 50.7 |

Financials & Valuations (INR b)

| Y/E Mar | 2017 | 2018E | 2019E |
|-------------|------|-------|-------|
| Net Sales | 218 | 241 | 271 |
| EBITDA | 44.2 | 44.8 | 53.0 |
| PAT | 38.3 | 39.7 | 47.3 |
| EPS (INR) | 132 | 137 | 164 |
| Gr. (%) | -2.6 | 3.7 | 19.2 |
| BV/Sh (INR) | 589 | 648 | 713 |
| RoE (%) | 25.3 | 22.2 | 24.0 |
| RoCE (%) | 24.6 | 21.5 | 23.3 |
| P/E (x) | 21.3 | 20.5 | 17.2 |
| P/BV (x) | 4.8 | 4.4 | 4.0 |

Estimate change

TP change

Rating change



CMP: INR2,819 TP: INR3,281(+17%)

Buy

Higher RM cost, negative operating leverage results in 8-year low margins

- Volume decline drags revenue; 6% YoY realization growth a surprise: Net sales declined 5.3% YoY (grew 11.1% QoQ) to INR54.4b (our estimate: INR52.3b), as volumes declined 10.7% YoY (grew 12.8% QoQ). In the domestic market, lower channel inventory and purchase postponement by customers due to GST impacted wholesale numbers. However, an unexpected ~6% YoY increase (1.5% QoQ decline) in realization to INR61,258/unit (our estimate: +2%) aided revenue. Export revenue grew 20.5% YoY to INR24.8b.
- EBITDA margin at multi-quarter low on higher RM, operating deleverage: EBITDA fell 20% YoY to INR9.4b (our estimate: ~INR10b), implying EBITDA margin of 17.2% (-320bp YoY, -130bp QoQ; our estimate: 19.1%). This was due to higher RM cost (+280bp YoY, +220bp QoQ) and operating deleverage on weak domestic volumes. However, adjusted PAT declined just 3.2% to INR9.5b (our estimate: INR8.8b) due to higher other income. It reported exceptional cost of INR320m related to GST-related compensation to dealers.
- Management commentary: (a) Maintained motorcycle industry growth outlook at 7% in FY18; BJAUT to grow at 10% from July 2017; guided FY18 exports at 1.6m units, (b) Guided EBITDA margin of 19.5-20% v/s 18.3% in 1QFY18, (c) Took price hikes of INR500-1,000/unit in 2W and INR1,500-2,000/unit in 3W in domestic markets towards the end of May, and indicated a price hike in exports from July, (d) Aiming at electric 3W launch in two years, (e) In final stages of announcing a global alliance in 2Ws.
- Valuation and view: We have lowered our EPS estimates by 3-4% for FY18/19 on lower margin assumptions. Valuations at 20.5x/17.2x FY18E/19E standalone EPS are attractive, considering worst of volumes and margins are behind us. We value BJAUT at 18x FY19E EPS and add INR214/share for its KTM stake to arrive at a TP of INR3,281. Maintain Buy.

Quarterly Performance

| | FY17 | | | | FY18 | | | | (INR Million) | | | |
|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|---------|---------|----------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | FY17 | FY18E | Est. 1Q | Var. (%) |
| Volumes ('000 units) | 995 | 1,032 | 852 | 788 | 888 | 1,047 | 999 | 977 | 3,666 | 3,911 | 888.4 | 0.0 |
| Growth YoY (%) | -1.8 | -2.3 | -10.5 | -9.7 | -10.7 | 1.4 | 17.2 | 24.1 | (5.8) | 6.7 | (10.7) | |
| Realization (INR/unit) | 57,784 | 58,676 | 59,495 | 62,171 | 61,258 | 61,411 | 61,718 | 61,644 | 59,419 | 61,513 | 58,907 | 4.0 |
| Growth YoY (%) | 4.5 | 2.0 | 2.0 | 1.2 | 6.0 | 4.7 | 3.7 | -0.8 | 2.4 | 3.5 | 1.9 | |
| Net Sales | 57,480 | 60,545 | 50,669 | 48,973 | 54,424 | 64,267 | 61,626 | 60,256 | 217,827 | 240,573 | 52,335 | 4.0 |
| Change (%) | 2.7 | -0.4 | -8.7 | -8.6 | -5.3 | 6.1 | 21.6 | 23.0 | (3.6) | 10.4 | -8.9 | |
| RM/Sales % | 67.2 | 67.0 | 66.8 | 67.8 | 70.0 | 68.8 | 68.8 | 68.6 | 67.1 | 69.2 | 67.4 | |
| Staff cost/Sales % | 4.7 | 4.3 | 4.8 | 4.6 | 5.0 | 4.4 | 4.3 | 4.4 | 4.6 | 4.5 | 5.3 | |
| Oth. Exp./Sales % | 7.7 | 7.4 | 7.9 | 9.2 | 7.8 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.3 | |
| EBITDA | 11,763 | 12,961 | 10,439 | 9,060 | 9,384 | 12,147 | 11,730 | 11,537 | 44,384 | 44,254 | 10,017 | -6.3 |
| EBITDA Margins (%) | 20.5 | 21.4 | 20.6 | 18.5 | 17.2 | 18.9 | 19.0 | 19.1 | 20.4 | 18.4 | 19.1 | -190bp |
| Other Income | 2,671 | 3,420 | 3,193 | 2,936 | 4,573 | 3,200 | 3,200 | 3,281 | 12,220 | 14,254 | 3,200 | |
| Interest | 2 | 7 | 3 | 2 | 2 | 3 | 3 | 3 | 14 | 10 | 3 | |
| Depreciation | 775 | 770 | 772 | 757 | 753 | 775 | 785 | 823 | 3,073 | 3,135 | 775 | |
| PBT | 13,657 | 15,605 | 12,858 | 11,236 | 12,881 | 14,570 | 14,143 | 13,993 | 53,516 | 55,363 | 12,440 | 3.5 |
| Tax | 3,873 | 4,378 | 3,612 | 3,218 | 3,642 | 4,298 | 4,172 | 4,101 | 15,081 | 16,213 | 3,608 | |
| Effective Tax Rate (%) | 28.4 | 28.1 | 28.1 | 28.6 | 28.3 | 29.5 | 29.5 | 29.3 | 28.2 | 29.3 | 29.0 | |
| Adj. PAT | 9,784 | 11,228 | 9,246 | 8,018 | 9,469 | 10,272 | 9,971 | 9,892 | 38,436 | 39,694 | 8,832 | 7.2 |
| Change (%) | 2.2 | 6.7 | (4.7) | (15.5) | (3.2) | (8.5) | 7.8 | 23.4 | (2.2) | 3.3 | -9.7 | |

E: MOSL Estimates

United Spirits

BSE SENSEX 32,029
S&P CNX 9,915

CMP: INR2709

Neutral

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

Conference Call Details



Date: 24th July 2017

Time: 10.00 AM IST

Dial-in details:

+91 22 3960 0651

Financials & Valuations (INR b)

| Y/E Mar | 2017 | 2018E | 2019E |
|-------------|-------|-------|-------|
| Sales | 85.5 | 93.4 | 107.8 |
| EBITDA | 9.8 | 11.8 | 14.4 |
| PAT | 3.9 | 5.4 | 7.5 |
| EPS (INR) | 26.7 | 37.4 | 51.8 |
| EPS Gr. (%) | 87.1 | 39.7 | 38.7 |
| BV/Sh.(INR) | 133.4 | 193.7 | 263.0 |
| RoE (%) | 21.3 | 19.3 | 19.7 |
| RoCE (%) | 11.8 | 13.8 | 15.7 |
| Payout (%) | 0.0 | 0.0 | 0.0 |

Valuations

| | | | |
|----------------|------|------|------|
| P/E (x) | 94.1 | 67.3 | 48.5 |
| P/BV (x) | 18.9 | 13.0 | 9.6 |
| EV/EBITDA (x) | 37.0 | 30.2 | 24.4 |
| Div. Yield (%) | 0.0 | 0.0 | 0.0 |

Highway ban impact greater than expected; Prestige and Above volumes decline 9.7% YoY, overall volumes down 18.9%

- n UNSP posted standalone net sales decline of 12.7% YoY (est.flat sales) to INR 17.8b with 18.9% decline in volumes YoY (est.9% decline).
- n Management attributed sales decline to highway ban and one off impact of operating model changes. The management expects the impact of highway ban in 2QFY18 and 3QFY18 as well, albeit to a lesser extent compared to 1QFY18.
- n Gross sales declined 0.6% YoY to INR58.2b with excise duty as a percentage of sales up 420bps YoY to 69.4%. There has been increased tax and excise levies in Maharashtra and West Bengal.
- n Overall 1QFY18 volumes declined 18.9% YoY to 18.0m cases - Popular Segment declined 25.6% YoY to 9.6m cases while Prestige and above segment volumes declined 9.7% YoY to 8.4m cases.
- n In 1QFY18, Net sales of Prestige and above portfolio declined 8% YoY while Popular segment sales declined by 20% YoY in this period.
- n Gross margin improved 270bp YoY to 46.0% due to improved mix.
- n Adspends were up 90bp YoY to 9.1% of sales.
- n EBITDA margin however declined by 170 bps YoY to 8.8% (est9.0%) despite sharp gross margin improvement. Staff costs increased 50 bp YoY and other expenses increased by 290bp YoY to 18.7% of sales. EBITDA margin decline was because of sharp sales decline due to highway ban even as the company continued to invest in the business.
- n EBITDA declined 26.2% YoY to INR1.57b (est. INR 1.82b).
- n Interest costs declined 31.7% YoY to INR703m led by debt reduction and favourable rates.
- n PBT was INR859m versus expectation of INR 1.3b. Other income was significantly lower than expectations at INR309m vs expectations of INR 691m
- n Tax rates were lower than expected at 25.8% versus expectation of 33%.
- n Adjusted PAT declined 23.4% YoY to INR637m (est. 13.1% growth to INR869m).

Quarterly Performance

| Y/E March (Standalone) | FY17 | | | | FY18 | | | | (INR Million) | | | Var. (%) |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|--------|-------------|-------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | FY17 | FY18 | FY18 1QE | |
| Volume Growth % | -0.2 | 1.0 | -5.0 | -8.2 | -19.0 | -7.0 | 0.0 | 4.0 | -3.1 | -3.0 | -9.0 | |
| Net Sales | 20,405 | 20,377 | 24,845 | 20,140 | 17,818 | 20,988 | 27,329 | 25,459 | 85,030 | 91,595 | 20,273 | -12.1% |
| YoY Change (%) | 10.4 | 7.7 | 3.1 | -1.1 | -12.7 | 3.0 | 10.0 | 26.4 | 3.8 | 7.7 | 0.0 | |
| Total Exp | 18,271 | 18,126 | 22,007 | 17,599 | 16,244 | 18,460 | 24,345 | 22,570 | 75,650 | 81,619 | 18,453 | |
| EBITDA | 2,134 | 2,251 | 2,838 | 2,541 | 1,574 | 2,529 | 2,985 | 2,889 | 9,380 | 9,976 | 1,820 | -13.5% |
| Margins (%) | 10.5 | 11.0 | 11.4 | 12.6 | 8.8 | 12.0 | 10.9 | 11.3 | 11.0 | 10.9 | 9.0 | |
| EBITDA growth (%) | 24.5 | -22.5 | 11.4 | 132.3 | -26.2 | 12.3 | 5.2 | 13.7 | 13.4 | 6.4 | -10.0 | |
| Depreciation | 261 | 332 | 313 | 418 | 321 | 365 | 344 | 452 | 1,323 | 1,482 | 287 | |
| Interest | 1,030 | 885 | 922 | 853 | 703 | 797 | 830 | 1,028 | 3,690 | 3,358 | 927 | |
| PBT From operations | 843 | 1,034 | 1,603 | 1,270 | 550 | 1,367 | 1,811 | 1,408 | 4,367 | 5,136 | 606 | -9.3% |
| Other income | 241 | 389 | 454 | 253 | 309 | 778 | 908 | 970 | 1,441 | 2,965 | 691 | |
| PBT | 1,084 | 1,423 | 2,057 | 1,523 | 859 | 2,145 | 2,719 | 2,379 | 5,808 | 8,101 | 1,298 | -33.8% |
| Tax | 253 | 445 | 580 | 515 | 222 | 708 | 897 | 846 | 1,923 | 2,673 | 428 | |
| Rate (%) | 23.3 | 31.3 | 28.2 | 33.8 | 25.8 | 33.0 | 33.0 | 35.6 | 33.1 | 33.0 | 33.0 | |
| Adj. PAT | 831 | 978 | 1,477 | 1,008 | 637 | 1,437 | 1,822 | 1,532 | 3,885 | 5,428 | 869 | -26.7% |
| YoY Change (%) | 616.1 | -22.0 | 86.1 | 204.6 | -23.4 | 46.9 | 23.3 | 52.0 | 87.1 | 39.7 | 13.1 | |

E: MOSL Estimates

Avenue Supermarts

| | |
|------------|---------|
| BSE SENSEX | S&P CNX |
| 32,029 | 9,915 |

CMP: INR914 TP: INR804(-12%) Neutral

Revenue, EBITDA and PAT post strong growth; in-line with estimates; But margins declined 50bp led by higher raw material costs

- n DMART's 1QFY18 revenue grew 35.7% YoY to INR35.9b as against INR26.5b in 1QFY17, in-line with our estimate of INR35.6b.
- n EBITDA margin contracted 50bp YoY to 8.4% in 1QFY18 from 8.9% in 1QFY17, in-line with our estimate of 8.4%, however the transition into GST regime witnessed minimal migration challenges.
- n Accordingly, adj. PAT grew from INR1,184m in 1QFY17 to INR1,748m (est. INR1,775m) in 1QFY18, growing 47.6%. The sharp increase in PAT was led by higher other income which grew from INR49m in 1QFY17 to INR228m in 1QFY18.
- n **Valuation and view:** We will revisit our estimates post the discussion with management. Outlook on growth, especially same store sales growth, would be keenly watched. Based on current estimates, it trades at 12.8/17.9x FY18/19E EPS. Maintain **Neutral**.

Financials & Valuations (INR b)

| Y/E Mar | 2017 | 2018E | 2019E |
|--------------|-------|-------|-------|
| Net Sales | 119.0 | 163.1 | 217.9 |
| EBITDA | 9.8 | 13.7 | 18.7 |
| NP | 4.8 | 8.0 | 11.2 |
| EPS (INR) | 7.7 | 12.8 | 17.9 |
| EPS Gr. (%) | 34.5 | 67.2 | 39.3 |
| BV/Sh. (INR) | 61.6 | 70.5 | 83.0 |
| RoE (%) | 17.9 | 19.4 | 23.3 |
| RoCE (%) | 14.2 | 16.7 | 23.4 |
| P/E (x) | 119.1 | 71.2 | 51.1 |
| P/BV (x) | 14.8 | 13.0 | 11.0 |

Quarterly Performance

| Y/E March | FY17 | | | | FY18 | | | | FY17 | FY18E | FY18E | Var (%) |
|--------------------------------|--------|--------|--------|--------|--------|--------|--------|---------|---------|--------|-------|---------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | | | | |
| Net Sales | 26,524 | 33,394 | 31,106 | 35,981 | 39,118 | 45,749 | 42,616 | 118,977 | 163,464 | 35,650 | 1 | |
| YoY Change (%) | - | - | 40.6 | 35.7 | - | 37.0 | 37.0 | 38.6 | 37.4 | | | |
| Total Expenditure | 24,176 | 30,511 | 29,029 | 32,949 | 35,464 | 41,678 | 39,633 | 109,165 | 149,723 | 32,641 | | |
| EBITDA | 2,348 | 2,883 | 2,077 | 3,032 | 3,654 | 4,072 | 2,983 | 9,812 | 13,741 | 3,009 | 1 | |
| Margins (%) | 8.9 | 8.6 | 6.7 | 8.4 | 9.3 | 8.9 | 7.0 | 8.2 | 8.4 | 8.4 | | |
| Depreciation | 288 | 314 | 354 | 337 | 380 | 410 | 450 | 1,278 | 1,577 | 365 | | |
| Interest | 281 | 310 | 308 | 243 | 0 | 0 | 0 | 1,220 | 243 | 0 | | |
| Other Income | 49 | 85 | 99 | 228 | 46 | 46 | 46 | 286 | 367 | 46 | | |
| PBT before EO expense | 1,828 | 2,344 | 1,515 | 2,680 | 3,320 | 3,708 | 2,579 | 7,600 | 12,287 | 2,690 | 0 | |
| PBT | 1,828 | 2,344 | 1,515 | 2,680 | 3,320 | 3,708 | 2,579 | 7,600 | 12,287 | 2,690 | 0 | |
| Tax | 643 | 825 | 548 | 932 | 1,129 | 1,261 | 877 | 2,683 | 4,199 | 915 | | |
| Rate (%) | 35.2 | 35.2 | 36.2 | 34.8 | 34.0 | 34.0 | 34.0 | 35.3 | 34.2 | 34.0 | | |
| MI & Profit/Loss of Asso. Cos. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 129 | 0 | 0 | | |
| Reported PAT | 1,184 | 1,519 | 967 | 1,748 | 2,191 | 2,447 | 1,702 | 4,788 | 8,088 | 1,775 | -2 | |
| Adj PAT | 1,184 | 1,519 | 967 | 1,748 | 2,191 | 2,447 | 1,702 | 4,788 | 8,088 | 1,775 | -2 | |
| YoY Change (%) | - | - | 47.4 | 47.6 | | 61.1 | 76.1 | 49.5 | 68.9 | | | |
| Margins (%) | 4.5 | 4.5 | 3.1 | 4.9 | 5.6 | 5.3 | 4.0 | 4.0 | 4.9 | 5.0 | | |

E: MOSL Estimates



BSE SENSEX
32,029

S&P CNX
9,915

CMP: INR3,832 TP: INR4,450 (+16%)

Buy



Stock Info

| | |
|-----------------------|-----------|
| Bloomberg | BRIT IN |
| Equity Shares (m) | 120.0 |
| 52-Week Range (INR) | 3841/2776 |
| 1,6,12 Rel. Perf. (%) | 5/6/20 |
| M.Cap. (INR b) | 459.5 |
| M.Cap. (USD b) | 6.8 |
| Avg Val (INRm) | 569 |
| Free float (%) | 49.3 |

Financials Snapshot (INR b)

| Y/E Dec | 2017 | 2018E | 2019E |
|-------------|-------|-------|-------|
| Net Sales | 89.6 | 101.5 | 118.7 |
| EBITDA | 11.9 | 13.8 | 17.2 |
| PAT | 8.8 | 10.3 | 12.7 |
| EPS (INR) | 73.7 | 85.4 | 105.5 |
| Gr. (%) | 7.3 | 16.0 | 23.5 |
| BV/Sh (INR) | 224.7 | 272.4 | 335.0 |
| RoE (%) | 36.9 | 34.4 | 34.7 |
| RoCE (%) | 31.1 | 28.7 | 29.5 |
| P/E (x) | 52.0 | 44.9 | 36.3 |
| P/BV (x) | 17.1 | 14.1 | 11.4 |

Shareholding pattern (%)

| As On | Mar-17 | Dec-16 | Mar-16 |
|----------|--------|--------|--------|
| Promoter | 50.7 | 50.7 | 50.7 |
| DII | 11.7 | 11.0 | 20.8 |
| FII | 16.0 | 17.4 | 6.5 |
| Others | 21.6 | 20.9 | 22.0 |

FII Includes depository receipts

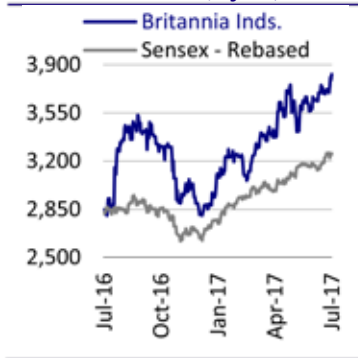
Well positioned in a high-potential market

Scouting for more growth opportunities to stay ahead of competition

Key takeaways from Britannia's (BRIT) FY17 annual report:

- n Considerable investments toward R&D in recent years leading to the launch of a slew of products
- n Exhibited massive improvements in distribution, particularly direct distribution
- n Ambitious expansion plans signify management's confidence on long-term growth prospects, despite near-term challenges
- n Massive growth opportunity in each of its key product categories, such as biscuits, cakes, rusks and other adjacencies
- n Company sees potential for joint ventures and distribution tie-ups
- n Existing categories offer high-growth potential: (1) **Biscuits:** Low per capita consumption in India and premiumization are likely to present attractive growth opportunities, in our view. This is expected to be driven by the company's efforts on R&D, distribution expansion, understanding of consumer behavior, and large-scale capacity expansion. (2) **Cakes:** This segment is dominated by unorganized players. Thus, BRIT's capabilities on innovation/achieving longer shelf life for its products without compromising on quality place it well to take share away from unorganized names, especially post GST implementation. (3) **Rusks:** The company is well positioned to eat into the share of unorganized players in this segment too, driven by its efforts on innovation, market leadership and manufacturing scale. We note that both the cakes and rusks categories can also leverage significantly on BRIT's wide distribution reach of 4.7m outlets (including 1.55m outlets direct reach) in the biscuits segment.
- n **Focus on R&D, distribution/manufacturing expansion to pay off:** (1) BRIT's investment in R&D (including a new R&D center commissioned in FY17), is paying off handsomely both in terms of new product launches and potential entry into adjacencies. (2) Distribution expansion has been massive, with its direct reach doubling over the past three years (overall reach of 4.7m outlets at end-FY17, including 0.7m outlets added over the past year). (3) BRIT added eight new lines at five of its plants across south and west India in FY17, with more capacities being set up in FY18 at Guwahati (Assam), Ranjangaon (Maharashtra) and Mundra SEZ. This is indicative of management's confidence on the long-term growth prospects. To grow its business, the company incurred capex of INR2.6b in FY17, which is likely to increase to INR3.5b in FY18.

Stock Performance (1-year)



- n **Working capital increase, higher other assets hurt operating cash flows:** Compared to consolidated sales growth of 13.3% in FY17, inventory increase stood at 50% (+3 days to 22 days) and other assets growth at 57% to INR14b. Higher inventory can be partly attributed to import of wheat to take advantage of cheaper global rates and a sharp reduction in import duty on wheat by the Indian government last year. Other assets increased due to (i) advances paid on such contracts and (2) rise in inter-corporate deposits of Wadia Group company, Bombay Dyeing (offers attractive coupon of 12%, but is not part of best practices, especially considering the increase in ICD amounting to INR2.5b to this entity).
- n **Other points worth considering:** (1) Sale of all the shares owned so far by CEO Varun Berry, (2) absence of disclosure of segment-wise sales break-up in the FY17 annual report, unlike in the previous years, (3) company no more providing data on material cost break-up for key commodities and (4) company no longer sharing data on ad expenses in the quarterly numbers. We note that it is not mandatory to provide sales/material cost break-up as per regulatory norms, but best practices demand maintenance of previous high disclosure standards. Also, the annual report highlights as much as 14% YoY reduction in ad spend in FY17. This in itself is not a worry as the reduction was largely due to conservatism on adspend in 2HFY17 following demonetization. However, it means that out of INR1.55b costs savings YoY in FY17, INR611m (~40%) came from advertisements, which is unlikely to sustain, in our view. Encouragingly, the company's targeted costs saving in FY18 is 40% higher than FY17 levels without much help from adspend reduction.
- n **Valuation and view:** We are enthused by investments in R&D, distribution expansion and capacity increase, all of which are essential building blocks for strong revenue growth. Targeted entry into agencies and a slew of potential strategic tie-ups (leveraging on its enviable and consistently improving distribution reach, R&D capabilities and marketing skills) present another leg of growth. There are no changes to our forecasts. We maintain **Buy** with a target price of INR4,450 (40x June 2019E EPS, 15% premium to three-year average).

Ashok Leyland

BSE SENSEX 29,859
S&P CNX 9,285

CMP: INR86

TP: INR122

BUY

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

Conference Call Details

Date: 24th July 2017

Time: 10.00 AM IST

Dial-in details:

186030131313

Financials & Valuations (INR b)

| Y/E Mar | 2017 | 2018E | 2019E |
|--------------|-------|-------|-------|
| Net Sales | 200.2 | 253.3 | 288.8 |
| EBITDA | 22.0 | 27.7 | 32.4 |
| NP | 13.4 | 16.1 | 20.8 |
| EPS (INR) | 4.6 | 5.5 | 7.1 |
| EPS Gr. (%) | 8.1 | 19.8 | 29.1 |
| BV/Sh. (INR) | 20.9 | 24.0 | 28.4 |
| RoE (%) | 23.3 | 24.5 | 27.1 |
| RoCE (%) | 21.8 | 21.6 | 24.7 |
| P/E (x) | 22.4 | 18.7 | 14.5 |
| P/BV (x) | 4.9 | 4.3 | 3.6 |

EBITDA margins disappoint led by increased costs

- Revenues were in line at INR42.4b (est. of INR42.8b), -0.5% YoY (-36% QoQ).
- Growth in revenues was led by realization growth of 8.9% YoY (+7% QoQ) to INR1.49b, led by price hikes.
- However, the benefit of higher realizations was offset by volume decline of ~8.6% YoY (-40% QoQ) to 28.45k units due to pre-buying ahead of BS-IV emission norms implementation (effective 1 April), postponement in purchase ahead of GST implementation, and limited availability of BS-IV components from vendors.
- AL's market share increased by 360bp YoY to 34.7% in the domestic M&HCV segment, and by 96bp YoY to 8.1% in the LCV segment (as of 1QFY18). AL indicated that the success of iEGR technology for BS-IV vehicles is one of the drivers of market share gains.
- EBITDA margin contracted 410bp YoY (-380bp QoQ) to 7.2%, led by an increase in staff cost (+192bp YoY), RM costs (+76bp YoY) and other operating expenses (+142bp YoY).
- AL reported aggregate exceptional loss of ~INR126m.
- Higher tax led to adj. PAT decline of 59% YoY (-72% QoQ) to ~INR1.2b (est. of INR2.1b).

Key questions for the management

- Update on CV demand post GST
- RM cost guidance and possibility of price hikes to mitigate the impact of the same
- Update on Hinduja Foundries and its profitability

Valuation and view: We will revisit our estimates post the earnings call. The stock trades at 18.7x/14.5x FY18/19E EPS. We have a **Buy** rating with a TP of ~INR122.

Quarterly Performance

| (INR Million) | FY17 | | | | FY18 | | | | FY17 | FY18E | FY17 1QE | Var. (%) |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|---------------|-------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | | | |
| Total Volumes (nos) | 31,165 | 33,446 | 32,838 | 47,617 | 28,484 | 40,246 | 42,591 | 57,483 | 145,066 | 168,804 | 28,484 | 0.0 |
| Growth % | 10.7 | -10.5 | 6.2 | 8.5 | -8.6 | 20.3 | 29.7 | 20.7 | 3.4 | 16.4 | -8.6 | |
| Realizations (INR '000) | 1,367 | 1,382 | 1,375 | 1,390 | 1,488 | 1,480 | 1,488 | 1,531 | 1,380 | 1,501 | 1,501 | -0.9 |
| % change | -0.9 | 4.0 | 3.4 | 2.1 | 8.9 | 7.1 | 8.2 | 10.2 | 2.3 | 8.7 | 9.8 | |
| Net operating revenues | 42,588 | 46,224 | 45,163 | 66,179 | 42,378 | 59,578 | 63,364 | 88,001 | 200,187 | 253,321 | 42,755 | -0.9 |
| Change (%) | 9.7 | -6.9 | 9.8 | 10.8 | -0.5 | 28.9 | 40.3 | 33.0 | 5.7 | 26.5 | 0.4 | |
| RM/sales % | 68.7 | 67.8 | 69.4 | 71.9 | 69.4 | 70.5 | 70.6 | 71.3 | 69.7 | 70.6 | 69.8 | -40bp |
| Staff/sales % | 8.4 | 8.0 | 8.7 | 6.2 | 10.3 | 7.1 | 7.1 | 5.0 | 7.6 | 6.9 | 9.2 | 110bp |
| Other exp/sales % | 11.6 | 12.6 | 11.8 | 10.8 | 13.0 | 11.0 | 11.7 | 11.1 | 11.6 | 11.6 | 11.0 | 200bp |
| Total Cost | 37,768 | 40,859 | 40,621 | 58,880 | 39,317 | 52,802 | 56,666 | 76,868 | 178,161 | 225,653 | 38,485 | |
| EBITDA | 4,820 | 5,365 | 4,542 | 7,299 | 3,061 | 6,776 | 6,699 | 11,133 | 22,025 | 27,669 | 4,269 | -28.3 |
| EBITDA Margins(%) | 11.3 | 11.6 | 10.1 | 11.0 | 7.2 | 11.4 | 10.6 | 12.7 | 11.0 | 10.9 | 10.0 | -280bp |
| Other Income | 385 | 316 | 258 | 404 | 384 | 425 | 475 | 546 | 1,363 | 1,830 | 375 | 2.4 |
| Interest | 338 | 339 | 453 | 423 | 366 | 300 | 225 | 313 | 1,554 | 1,204 | 375 | -2.3 |
| PBT before EO Item | 4,154 | 4,146 | 2,396 | 6,114 | 1,730 | 5,476 | 5,509 | 9,634 | 16,809 | 22,376 | 2,869 | -39.7 |
| EO Exp/(Inc) | 0 | 0 | 0 | 3,508 | 126 | 0 | 0 | 0 | 3,508 | 0 | 0 | |
| PBT | 4,154 | 4,146 | 2,396 | 2,605 | 1,605 | 5,476 | 5,509 | 9,634 | 13,301 | 22,376 | 2,869 | -44.1 |
| Tax | 1,246 | 1,202 | 778 | -2,157 | 492 | 1,533 | 1,542 | 2,697 | 1,070 | 6,265 | 803 | |
| Effective Tax Rate (%) | 30.0 | 29.0 | 32.5 | - | 30.7 | 28.0 | 28.0 | - | 8.0 | 28.0 | 28.0 | |
| Adj. PAT | 2,908 | 2,944 | 1,618 | 4,279 | 1,199 | 3,943 | 3,966 | 6,744 | 13,447 | 16,111 | 2,066 | -41.9 |
| Change (%) | 130 | 14 | -26 | -16 | -59 | 34 | 145 | 58 | 11.6 | 19.8 | -29.0 | |

E: MOSL Estimates



| | |
|-----------------------|-------------|
| BSE SENSEX | S&P CNX |
| 32,029 | 9,915 |
| Bloomberg | MRPL IN |
| Equity Shares (m) | 1,753 |
| M.Cap.(INRb)/(USD\$b) | 236.8 / 3.5 |
| 52-Week Range (INR) | 143 / 74 |
| 1, 6, 12 Rel. Per (%) | -3/7/43 |
| Avg Val, INRm | 186 |
| Free float (%) | 11.4 |

Financials & Valuations (INR b)

| Y/E Mar | 2017 | 2018E | 2019E |
|-------------|-------|--------|-------|
| Net Sales | 432.1 | 433.3 | 488.2 |
| EBITDA | 47.1 | 35.3 | 40.3 |
| PAT | 25.9 | 16.5 | 20.6 |
| EPS (INR) | 14.8 | 9.4 | 11.7 |
| Gr. (%) | 95.1 | (36.2) | 24.4 |
| BV/Sh (INR) | 57.5 | 64.7 | 73.7 |
| RoE (%) | 31.4 | 15.5 | 17.0 |
| RoCE (%) | 19.6 | 11.6 | 13.6 |
| P/E (x) | 8.6 | 13.4 | 10.8 |
| P/BV (x) | 2.2 | 2.0 | 1.7 |

| | |
|-----------------|---|
| Estimate change | ↔ |
| TP change | ↔ |
| Rating change | ↓ |

CMP: INR127 TP: INR113(-11%) Downgrade to Sell

EBITDA impacted by inventory loss; core GRM at USD7.07/bbl

- MRPL's 1QFY18 EBITDA of INR5.8b (excl. forex gain of INR315m; -52% YoY, -63% QoQ) came in significantly below our estimate of INR7.5b due to inventory loss of INR4.4b (USD2.33/bbl) and higher opex (USD3.3/bb) due to shut down. While interest cost came in at INR1.1b (est. of INR1.2b, -26% YoY, -12% QoQ), depreciation stood at INR1.6b (est. INR1.9b; -4% YoY/QoQ). Other income of INR204m (-91% YoY, -45% QoQ) missed our estimate of INR584m. Effective tax rate stood at 29.5% v/s 33% in 4QFY17 and 37% in 1QFY17. Adj. PAT of INR2.3b (-67% YoY, -73% QoQ) was significantly below our estimate of INR3.3b.
- Core GRM at USD7.07/bbl:** Including the inventory impact, the company reported GRM of USD4.74/bbl (est. of USD5.5) in 1QFY18 v/s USD5.29/bbl in the year-ago period. Core GRM stood at USD7.07/bbl v/s benchmark Singapore GRM of USD6.4/bbl. Inventory loss stood at USD2.33/bbl in 1QFY18 v/s gain of USD4.72/bbl in 1QFY17.
- Crude throughput stood at 3.98mmt** (-6% YoY, -3% QoQ), implying 106% utilization in the quarter, as against throughput of 3.66mmt (98% utilization) in 1QFY17.
- Valuation and view:** We believe that the refinery should be able to report GRM of USD6.2/6.5/bbl in FY18/19. The stock trades at 10.8x FY19E EPS of INR11.7 and EV of 5.8x FY19E EBITDA. We value the stock at EV of 5.5x FY19E EBITDA to arrive at a fair value of INR97/share for the standalone refinery and add INR16 for OMPL. Our fair value stands at INR113. Peak valuations leave no room for upside, in our view. **Downgrade to Sell.**

Standalone - Quarterly earning model

| Y/E March | FY17 | | | | FY18 | | | | (INR Million) | | | | |
|---------------------------|--------|--------|---------|---------|---------|---------|---------|---------|---------------|---------|---------|-------------|------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | FY17 | FY18E | FY18 | Var. vs 1QE | est |
| Net Sales | 84,288 | 99,690 | 114,753 | 133,349 | 102,624 | 109,409 | 110,241 | 111,074 | 432,079 | 433,349 | 106,126 | | -3% |
| YoY Change (%) | -25.5 | -2.5 | 30.1 | 43.5 | 21.8 | 9.7 | -3.9 | -16.7 | 9.0 | 0.3 | 25.9 | | |
| EBITDA | 12,206 | 7,855 | 11,476 | 15,540 | 5,827 | 9,737 | 9,809 | 9,881 | 47,076 | 35,253 | 7,562 | | -23% |
| Margins (%) | 14.5 | 7.9 | 10.0 | 11.7 | 5.7 | 8.9 | 8.9 | 8.9 | 10.9 | 8.1 | 7.1 | | |
| Depreciation | 1,703 | 1,681 | 1,702 | 1,703 | 1,637 | 1,896 | 1,896 | 1,896 | 6,788 | 7,325 | 1,896 | | -14% |
| Interest | 1,459 | 1,115 | 1,395 | 1,219 | 1,074 | 1,263 | 1,263 | 1,263 | 5,188 | 4,864 | 1,263 | | -15% |
| Other Income | 2,295 | 926 | 636 | 375 | 204 | 579 | 579 | 579 | 4,232 | 1,941 | 584 | | -65% |
| PBT before EO expense | 11,340 | 5,984 | 9,015 | 12,993 | 3,320 | 7,157 | 7,228 | 7,300 | 39,332 | 25,005 | 4,987 | | -33% |
| Extra-Ord expense | 0 | 0 | 0 | -15,973 | 0 | 0 | 0 | 0 | -15,973 | 0 | 0 | | |
| PBT | 11,340 | 5,984 | 9,015 | 28,966 | 3,320 | 7,157 | 7,228 | 7,300 | 55,305 | 25,005 | 4,987 | | -33% |
| Tax | 4,155 | 1,826 | 3,355 | 9,542 | 980 | 2,385 | 2,409 | 2,433 | 18,877 | 8,207 | 1,662 | | -41% |
| Rate (%) | 37 | 31 | 37 | 33 | 30 | 33 | 33 | 33 | 34 | 33 | 33 | | |
| Reported PAT | 7,185 | 4,159 | 5,660 | 19,424 | 2,340 | 4,771 | 4,819 | 4,867 | 36,428 | 16,798 | 3,325 | | -30% |
| Adj. PAT | 7,185 | 4,159 | 5,660 | 8,713 | 2,340 | 4,771 | 4,819 | 4,867 | 25,907 | 16,798 | 3,325 | | -30% |
| YoY Change (%) | 36.0 | -146.5 | 91.8 | -35.5 | -67.4 | 14.7 | -14.9 | -44.1 | 98.3 | -35.2 | -53.7 | | |
| Margins (%) | 8.5 | 4.2 | 4.9 | 6.5 | 2.3 | 4.4 | 4.4 | 4.4 | 6.0 | 3.9 | 3.1 | | |
| Key Assumptions | | | | | | | | | | | | | |
| Refining throughput (mmt) | 3.7 | 4.0 | 4.4 | 4.2 | 4.0 | 4.0 | 4.0 | 4.0 | 16.3 | 16.0 | 4.0 | | -1% |
| Core GRM (USD/bbl) | 5.3 | 5.5 | 5.1 | 8.1 | 7.1 | 6.4 | 6.4 | 6.4 | 6.0 | 6.6 | 5.5 | | 27% |

E: MOSL Estimates



| | |
|-----------------------|-------------|
| BSE SENSEX | S&P CNX |
| 32,029 | 9,915 |
| Bloomberg | DIVI IN |
| Equity Shares (m) | 265.5 |
| M.Cap.(INRb)/(USDb) | 191.4 / 3.0 |
| 52-Week Range (INR) | 1,380 / 533 |
| 1, 6, 12 Rel. Per (%) | 10/-18/-55 |
| Avg Val, INRm | 1162.0 |
| Free float (%) | 47.9 |

| Financials & Valuations (INR b) | | | |
|---------------------------------|-------|-------|-------|
| Y/E Mar | 2017 | 2018E | 2019E |
| Net Sales | 40.5 | 37.4 | 42.6 |
| EBITDA | 14.3 | 12.1 | 14.9 |
| PAT | 10.5 | 8.9 | 10.6 |
| EPS (INR) | 39.7 | 33.6 | 40.0 |
| Gr. (%) | -5.3 | -15.4 | 19.2 |
| BV/Sh (INR) | 176.5 | 195.0 | 217.0 |
| RoE (%) | 23.5 | 18.1 | 19.4 |
| RoCE (%) | 23.3 | 18.0 | 19.4 |
| P/E (x) | 18.2 | 21.5 | 18.0 |
| P/BV (x) | 4.1 | 3.7 | 3.3 |

| | |
|-----------------|---|
| Estimate change | ↔ |
| TP change | ↔ |
| Rating change | ↔ |

CMP: INR721 TP: INR680 (-6%) Neutral

Regulatory issues impacted revenues

- Revenues declined 18%YoY (~16% miss), while EBITDA of INR2.4b was 23% below our estimate. EBITDA margin contracted ~1010bpYoY to 29.8% due lower turnover and remediation expense related to import alert at unit II. PAT of INR1.8b (-42%YoY) was ~25% below our estimate. Sales was impacted by INR1.5b during the quarter due to time required for setting up protocols and procedures for release of export shipment as specified in the import alert by the US FDA.
- Guides for minimal impact from Unit-2 import alert:** DIVIS expects loss of <5% of sales due to the Unit-2 import alert. Divis has already hired a third-party consultant to enact remediation measures and help the company to prepare for Unit-1 inspection. We have witnessed with DRRD and SUNP that batch-by-batch testing of products leads to a delay in supplies and an increase in cost.
- Unit-1 US FDA inspection is due:** Unit-1 accounts for 35% of total revenue & its exposure to the US market stands at ~11% of total revenues. This plant was last inspected in June 14, and an inspection is due over the coming few days. It will be critical for the company to come out clear in the USFDA inspection (particularly since the FDA had cited data integrity issues in Unit-2).
- Buyback/special dividend could be near-term trigger:** Divis has cash of ~INR17b. There is a possibility of a buyback/ special dividend (like DRRD) in the near term, which could provide near-term support to the stock price.
- Regulatory concerns a big overhang in near term; Maintain Neutral:** We retain our Neutral rating with revised target price of INR680 (v/s INR600 earlier), as we increase our target multiple to 17x from 15x earlier on back of recent positive development on regulatory front (relief on majority of products and removal of import alert under clause 99-32).

Quarterly Performance

| Y/E March | (INR M) | | | | | | | | | | FY18E | Var. (%) |
|----------------------|---------|-------|-------|--------|-------|-------|-------|-------|--------|--------|-------|----------|
| | FY17 | | | | FY18E | | | | FY17 | FY18E | | |
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | 10E | 11E | | |
| Net Op Revenue | 10,060 | 9,918 | 9,600 | 10,631 | 8,212 | 9,918 | 9,888 | 9,366 | 40,547 | 37,384 | 9,748 | -15.8 |
| YoY Change (%) | 24.7 | 3.1 | 12.7 | -2.8 | -18.4 | 0.0 | 3.0 | -11.9 | 7.6 | -7.8 | -3.1 | |
| EBITDA | 4,016 | 3,680 | 3,777 | 3,585 | 2,448 | 3,223 | 3,214 | 3,265 | 14,267 | 12,150 | 3,168 | -22.7 |
| Margins (%) | 39.9 | 37.1 | 39.3 | 33.7 | 29.8 | 32.5 | 32.5 | 34.9 | 35.2 | 32.5 | 32.5 | |
| Depreciation | 301 | 308 | 310 | 314 | 323 | 512 | 512 | 507 | 1,233 | 1,855 | 350 | |
| Interest | 4 | 4 | 4 | 10 | 5 | 5 | 5 | 6 | 23 | 22 | 5 | |
| Other Income | 184 | 226 | 215 | 245 | 297 | 345 | 345 | 393 | 870 | 1,379 | 250 | |
| PBT before EO Income | 3,896 | 3,595 | 3,678 | 3,505 | 2,417 | 3,051 | 3,041 | 3,144 | 13,882 | 11,653 | 3,063 | |
| PBT | 3,896 | 3,595 | 3,678 | 3,505 | 2,417 | 3,051 | 3,041 | 3,144 | 13,882 | 11,653 | 3,063 | -21.1 |
| Tax | 878 | 565 | 996 | 912 | 652 | 717 | 715 | 655 | 3,350 | 2,738 | 720 | |
| Rate (%) | 22.5 | 15.7 | 27.1 | 26.0 | 27.0 | 23.5 | 23.5 | 20.8 | 24.1 | 23.5 | 23.5 | |
| Adj PAT | 3,018 | 3,030 | 2,683 | 2,593 | 1,765 | 2,334 | 2,326 | 2,489 | 10,533 | 8,914 | 2,343 | -24.6 |
| YoY Change (%) | 23.1 | 2.5 | 8.8 | -19.5 | -41.5 | -23.0 | -13.3 | -4.0 | -5.1 | -15.4 | -22.4 | |
| Margins (%) | 30.0 | 30.5 | 27.9 | 24.4 | 21.5 | 23.5 | 23.5 | 26.6 | 26.0 | 23.8 | 24.0 | |
| Reported PAT | 3,018 | 2,239 | 2,683 | 2,593 | 1,765 | 2,334 | 2,326 | 2,489 | 10,533 | 8,914 | 2,343 | -24.6 |

E: MOSL Estimates; Quarterly numbers are standalone



Indian Bank

| | |
|-----------------------|-------------|
| BSE SENSEX | S&P CNX |
| 32,029 | 9,915 |
| Bloomberg | INBK IN |
| Equity Shares (m) | 480 |
| M.Cap.(INRb)/(USDb) | 130.7 / 1.9 |
| 52-Week Range (INR) | 365 / 144 |
| 1, 6, 12 Rel. Per (%) | 7/17/106 |
| Avg Val, INRm | 304 |
| Free float (%) | 17.9 |

CMP: INR329 TP: INR382(+16%) Buy

Financials & Valuations (INR b)

| Y/E March | 2018E | 2019E | 2020E |
|-----------------|-------|-------|-------|
| NII | 58.7 | 65.1 | 74.5 |
| OP | 44.8 | 46.2 | 50.2 |
| NP | 16.5 | 18.4 | 20.3 |
| EPS (INR) | 34.4 | 38.3 | 42.3 |
| EPS Gr. (%) | 17.6 | 11.4 | 10.3 |
| BV/Sh. (INR) | 327 | 357 | 389 |
| ABV/Sh (INR) | 245 | 273 | 306 |
| RoE (%) | 10.9 | 11.2 | 11.3 |
| RoA (%) | 0.7 | 0.7 | 0.7 |
| Div. Payout (%) | 23.2 | 23.2 | 23.2 |

Valuations

| | | | |
|----------------|-----|-----|-----|
| P/E (x) | 9.6 | 8.6 | 7.8 |
| P/BV (x) | 1.0 | 0.9 | 0.8 |
| P/ABV (x) | 1.3 | 1.2 | 1.1 |
| Div. Yield (%) | 2.1 | 2.3 | 2.6 |

Focus on core operating parameters continues; Asset quality improves

- INBK reported PAT of INR3.7b (in-line) v/s INR3.2m in 1QFY17, led by strong total income of INR21.1b (+26% YoY led by 48% YoY growth in other income) and controlled opex (11% YoY, -5% QoQ). Provisioning was 52% higher than estimate at INR7.2b, as PCR increased 350bp QoQ to 61.65%.
- Gross slippages increased 14% QoQ, but strong recoveries and upgrades at INR3.5b (v/s INR201m in 4QFY17) led to net slippage ratio of 1.1%, the lowest in seven quarters. Absolute GNPA declined 2% QoQ, while GNPA/NNPA fell 26bp/34bp QoQ to 7.21%/4.05%. Calculated PCR improved to 45.7%. Total stressed book stood at 8.5% of net advances.
- Overall loan book grew 1%/4% QoQ/YoY to INR1.29b. The bank cut down on its corporate book exposure, with the share of corporate loans declining 200bp YoY to 49%. With a comfortable capital position (CET1 11.7%), the bank is well poised to grow its loan book.
- Calculated NIM expanded 27bp QoQ to 2.94% (28bp higher than estimate), driven by lower CoF (5.48% v/s 6.24% YoY), partially offset by lower yield on advances (8.8% v/s 9.25%). NIM is expected to improve further with moderation in interest reversals (INR450m in 1QFY18).
- Valuation and view:** Focus on balance sheet consolidation and core operating parameters has led to improving earnings, despite challenging macros. Capitalization is best-in-class with CET 1 ratio of 11.7%. The bank is planning a FPO to reduce GoI shareholding to 75%. Improvement in loan growth is expected to drive operating leverage in the ensuing years. We expect RoAs/RoE to be the best among PSBs at 0.7%/11.2% (FY19E). Maintain **Buy** with a target price of INR382 (1x FY19E BV) based on RI model.

Quarterly Performance

| | FY17 | | | | FY18E | | | | (INR Million) | |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|----------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | FY17 | FY18E |
| Interest Income | 40,713 | 39,944 | 39,576 | 40,165 | 41,360 | 42,011 | 42,334 | 41,557 | 1,60,397 | 1,67,201 |
| Interest Expense | 28,350 | 27,161 | 27,110 | 26,316 | 26,765 | 27,300 | 27,710 | 26,705 | 1,08,937 | 1,08,479 |
| Net Interest Income | 12,363 | 12,783 | 12,466 | 13,849 | 14,595 | 14,711 | 14,624 | 14,852 | 51,461 | 58,722 |
| % Change (Y-o-Y) | 10.4 | 18.3 | 12.2 | 22.1 | 18.1 | 15.1 | 17.3 | 7.2 | 15.7 | 14.1 |
| Other Income | 4,417 | 5,846 | 5,997 | 5,854 | 6,521 | 5,390 | 5,621 | 5,694 | 22,114 | 23,804 |
| Net Income | 16,780 | 18,629 | 18,463 | 19,703 | 21,116 | 20,101 | 20,245 | 20,547 | 73,574 | 82,526 |
| Operating Expenses | 7,748 | 8,567 | 8,251 | 9,001 | 8,592 | 9,631 | 10,012 | 9,450 | 33,567 | 37,685 |
| Operating Profit | 9,032 | 10,062 | 10,212 | 10,701 | 12,524 | 10,470 | 10,233 | 11,097 | 40,007 | 44,841 |
| % Change (Y-o-Y) | 27.5 | 36.8 | 33.2 | 29.3 | 38.7 | 4.1 | 0.2 | 3.7 | 18.1 | 12.2 |
| Other Provisions | 4,170 | 4,783 | 5,403 | 8,069 | 7,156 | 4,600 | 4,000 | 4,782 | 22,425 | 20,538 |
| Profit before Tax | 4,862 | 5,279 | 4,809 | 2,632 | 5,368 | 5,870 | 6,233 | 6,314 | 17,582 | 24,303 |
| Tax Provisions | 1,788 | 1,228 | 1,074 | -565 | 1,644 | 1,878 | 1,995 | 2,260 | 3,526 | 7,777 |
| Net Profit | 3,074 | 4,051 | 3,735 | 3,197 | 3,724 | 3,992 | 4,238 | 4,055 | 14,057 | 16,526 |
| % Change (Y-o-Y) | 42.8 | 9.7 | 670.4 | 278.4 | 21.2 | -1.5 | 13.5 | 26.8 | 97.6 | 17.6 |
| Operating Parameters | | | | | | | | | | |
| NIM (Rep, %) | 2.5 | 2.6 | 2.5 | 2.7 | 2.7 | 0.0 | 0.0 | 0.0 | 2.7 | 0.0 |
| Deposit Growth (%) | 1.1 | 3.2 | 5.2 | 2.4 | 7.9 | 9.6 | 8.5 | 7.5 | 2.4 | 7.5 |
| Loan Growth (%) | 1.5 | 0.2 | -0.7 | -1.0 | 4.2 | 7.5 | 10.3 | 10.0 | -1.0 | 10.0 |
| CASA Ratio (%) | 32.1 | 33.6 | 38.7 | 37.7 | 36.5 | 0.0 | 0.0 | 0.0 | 37.7 | 0.0 |
| Asset Quality | | | | | | | | | | |
| OSRL (INR b) | 62.9 | 64.1 | 59.5 | 43.2 | 44.0 | 0.0 | 0.0 | 0.0 | 43.2 | 0.0 |
| OSRL (%) | 5.1 | 5.2 | 4.9 | 3.4 | 3.4 | 0.0 | 0.0 | 0.0 | 3.4 | 0.0 |
| Gross NPA (INR b) | 88.9 | 91.9 | 96.8 | 98.7 | 96.5 | 97.3 | 98.0 | 102.7 | 98.7 | 102.7 |
| Gross NPA (%) | 7.0 | 7.3 | 7.7 | 7.5 | 7.2 | 7.1 | 7.0 | 7.1 | 7.5 | 7.1 |

E: MOSL Estimates



Dewan Housing

BSE SENSEX 32,029
S&P CNX 9,915

CMP: INR458

TP: INR630 (+38%)

Buy

| | |
|------------------------|-------------|
| Bloomberg | DEWH IN |
| Equity Shares (m) | 313 |
| M.Cap. (INRb)/(USD\$b) | 143.4 / 2.2 |
| 52-Week Range (INR) | 479 / 214 |
| 1, 6, 12 Rel. Per (%) | -3/50/95 |
| Avg Val, INRm | 905 |
| Free float (%) | 60.8 |

Financials & Valuations (INR b)

| Y/E March | 2017 | 2018E | 2019E |
|-------------|------|-------|-------|
| NII | 15.1 | 19.3 | 24.9 |
| PPP | 16.2 | 21.2 | 26.7 |
| Adj. PAT | 9.3 | 11.8 | 14.7 |
| EPS (INR) | 29.6 | 37.7 | 47.1 |
| EPS Gr. (%) | 18.5 | 27.4 | 24.9 |
| BV (INR) | 252 | 282 | 321 |
| RoAA (%) | 1.2 | 1.2 | 1.3 |
| RoE (%) | 14.4 | 14.1 | 15.6 |
| Payout (%) | 15.7 | 17.4 | 17.4 |

Valuations

| | | | |
|----------------|------|------|-----|
| P/E (x) | 15.5 | 12.1 | 9.7 |
| P/BV (x) | 1.8 | 1.6 | 1.4 |
| P/ABV (x) | 1.8 | 1.6 | 1.4 |
| Div. Yield (%) | 0.9 | 1.2 | 1.5 |

Growth surprises positively; re-rating to continue

- n Dewan Housing Finance's (DEWH) 1QFY18 PAT grew 29% YoY to INR2.61b. Strong AUM growth, YoY reduction in C/I ratio and continued decline in cost of funds were key highlights of the quarter.
- n Disbursement growth of 33% YoY, the strongest in 13 quarters, led to AUM growth of 5.6% QoQ/22.5% YoY in the quarter. We expect DEWH to maintain this growth rate, given the large untapped opportunity and the sufficient capital it has to support this growth.
- n Loan mix was largely unchanged, though there was a 70bp sequential increase in the share of builder loans. We expect the share of builder loans to continue increasing at this pace for the remainder of the year, post which it should remain stable.
- n The liability mix was largely stable sequentially. Reduction in cost of funds continues (12bp QoQ), albeit at a slower pace than in the past few quarters.
- n Opex grew 15% YoY to INR1.6b, resulting in 280bp reduction in the calculated C/I ratio to 25.3%. We expect prudent cost rationalization to continue over the next 2-3 years. This would be the key driver for strong PAT growth over the medium term, in our view.
- n Asset quality was stable. However, credit costs increased 84% YoY to INR830m.
- n **Valuation and view:** DEWH continues capitalizing on its mortgage lending expertise in an underpenetrated market. Its focuses on being a core mortgage finance player, as evident from its divestment of non-core assets (such as the life insurance business). Also, with management's commitment toward lowering operating cost, we believe the company has enough room to reduce its C/I ratio by 200-300bp over the next few years. We believe its gradual transformation to a core mortgage player with strong growth and healthy return ratios would result in further re-rating. We upgrade FY18/19 EPS estimates by 2%/4% to factor in stronger revenue growth. **Buy** with a TP of INR630 (2.0x FY19E BVPS).

DEWH: Quarterly performance

| Y/E March | FY17 | | | | FY18 | | | | (INR Million) | |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | FY17 | FY18 |
| Interest Income | 19,319 | 21,227 | 23,151 | 22,835 | 23,529 | 24,705 | 25,446 | 26,209 | 86,531 | 99,889 |
| Interest Expenses | 14,754 | 16,307 | 18,001 | 17,475 | 17,869 | 18,494 | 18,772 | 18,987 | 66,536 | 74,122 |
| Net Interest Income | 4,565 | 4,920 | 5,150 | 5,360 | 5,660 | 6,211 | 6,675 | 7,221 | 19,995 | 25,767 |
| YoY Growth (%) | 14.5 | 21.0 | 20.8 | 22.6 | 24.0 | 26.2 | 29.6 | 34.7 | 19.8 | 28.9 |
| Fees and other income | 275 | 451 | 514 | 943 | 549 | 500 | 600 | 806 | 2,182 | 2,455 |
| Net Income | 4,840 | 5,371 | 5,664 | 6,303 | 6,209 | 6,711 | 7,275 | 8,027 | 22,177 | 28,222 |
| YoY Growth (%) | 15.5 | 18.3 | 21.6 | 29.1 | 28.3 | 25.0 | 28.4 | 27.4 | 21.4 | 27.3 |
| Operating Expenses | 1,361 | 1,398 | 1,497 | 1,717 | 1,570 | 1,646 | 1,743 | 2,018 | 5,973 | 6,977 |
| YoY Growth (%) | 8.4 | 6.1 | 9.1 | 10.8 | 15.4 | 17.7 | 16.4 | 17.6 | 8.7 | 16.8 |
| Operating Profits | 3,479 | 3,972 | 4,167 | 4,586 | 4,640 | 5,065 | 5,532 | 6,009 | 16,204 | 21,245 |
| YoY Growth (%) | 18.6 | 23.2 | 26.9 | 37.7 | 33.4 | 27.5 | 32.8 | 31.0 | 26.9 | 31.1 |
| Provisions | 450 | 450 | 450 | 830 | 830 | 600 | 800 | 1,258 | 2,180 | 3,488 |
| Profit before Tax | 3,029 | 3,522 | 3,717 | 3,756 | 3,810 | 4,465 | 4,732 | 4,751 | 14,024 | 17,757 |
| Tax Provisions | 1,015 | 1,196 | 1,269 | 1,273 | 1,205 | 1,518 | 1,609 | 1,617 | 4,754 | 5,949 |
| Profit after tax | 2,014 | 2,326 | 2,448 | 2,483 | 2,605 | 2,947 | 3,123 | 3,134 | 9,270 | 11,809 |
| YoY Growth (%) | 16.2 | 29.0 | 31.7 | 30.9 | 29.3 | 26.7 | 27.6 | 26.2 | 27.1 | 27.4 |
| Loan growth (%) | 18.3 | 16.0 | 16.9 | 16.7 | 19.8 | 21.0 | 20.0 | 20.9 | 18.5 | 18.0 |
| Borrowings growth (%) | 20.4 | 38.5 | 28.0 | 33.1 | 34.4 | 12.0 | 16.0 | 12.5 | 45.7 | 23.9 |
| Cost to Income Ratio (%) | 28.1 | 26.0 | 26.4 | 27.2 | 25.3 | 24.5 | 24.0 | 25.1 | 26.9 | 24.7 |
| Tax Rate (%) | 33.5 | 34.0 | 34.2 | 33.9 | 31.6 | 34.0 | 34.0 | 34.0 | 33.9 | 33.5 |

E: MOSL Estimates

BSE SENSEX 32,029
S&P CNX 9,915

CMP: INR84

TP: INR89

Neutral

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

Conference Call Details



Date: 24th July 2017
Time: 03:30pm IST
Dial-in details:
+91-22-3960 0818

Financials & Valuations (INR b)

| Y/E Mar | 2018E | 2019E | 2020E |
|--------------|-------|-------|-------|
| NII | 27.1 | 30.3 | 34.5 |
| OP | 13.0 | 14.3 | 16.5 |
| NP | 2.1 | 4.3 | 6.0 |
| EPS (INR) | 4.0 | 8.2 | 11.5 |
| EPS Gr. (%) | NA | 106.3 | 40.6 |
| BV/Sh. (INR) | 113.8 | 120.0 | 128.7 |
| RoE (%) | 5.8 | 7.0 | 9.2 |
| RoA (%) | 0.4 | 0.4 | 0.5 |
| P/E (x) | 21.2 | 10.3 | 7.3 |
| P/BV (x) | 0.7 | 0.7 | 0.7 |

Balance sheet clean up phase; PAT positive after 3 quarters

- n JKBK reported PAT of INR302m in 1QFY18 (+32% YoY on a low base), after 3 consecutive quarters of losses. Adjusted for DTAs recognized against higher than required provisions, PAT came in at INR2.7b.
- n Strong recoveries and upgrades at INR1.9b helped partly offset slippages of INR5.1b (22% decline from INR6.5b in 4Q). Gross and net slippage ratio stood at 4.1%/2.5% vs 5.2%/2.8% in 4Q. Focus on increasing PCR led to 7% sequential decline in NNPA's (4.3% v/s 4.6% in 4Q) with increase in reported PCR to 70.26% from 66.9% in 4Q. GNPA stood at 10.6%. Std. restructured loans stood at INR55.5b (11% of loans). S4A book stood at INR2.45b at the end of the quarter.
- n NII grew ~13% YoY (+9% QoQ) led sharp improvement in NIMs to 3.7% (+20bp QoQ, +32bp YoY) even as loan book was flat YoY and declined 2% QOQ. NIM improved on the back of 37bp/36bp QoQ/YoY increase in spreads.
- n Total income growth of 6%/10% QoQ/YoY was partially offset by opex growth of 13% YoY (-10% QoQ on a one-off high base), resulting in 33%/5% QoQ/YoY PPop growth.
- n **Other highlights:** (1) Loan growth was flat YoY (2% decline QoQ; share of J&K State loans stood at ~51% v/s 50% in FY17, (2) CASA ratio stood at 50.9% (-80bp QoQ). (3) Tier 1/CAR stood at 9.16%/11.1%

Valuation and view: While we like the management's focus on clean-up of balance sheet, continued high stress additions and high proportion of restructured book remain a cause for concern. Recoveries/resolutions in non J&K State corporate portfolio (19% NPA) will be a significant trigger for the bank. We will revise our estimates post concall.

Quarterly Performance

| Y/E March | (INR M) | | | | | | | | | |
|-----------------------------|--------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|----------------|---------------|
| | FY17 | | | | FY18 | | | | FY17 | FY18 |
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | |
| Interest Income | 16,724 | 16,857 | 16,495 | 16,782 | 16,803 | 16,878 | 17,283 | 17,156 | 66,858 | 68,121 |
| Interest Expense | 10,398 | 10,443 | 10,666 | 10,232 | 9,681 | 10,359 | 10,773 | 10,236 | 41,739 | 41,049 |
| Net Interest Income | 6,326 | 6,414 | 5,830 | 6,550 | 7,122 | 6,519 | 6,510 | 6,921 | 25,119 | 27,072 |
| % Change (YoY) | -9.0 | -7.6 | -13.5 | 1.2 | 12.6 | 1.6 | 11.7 | 5.7 | -7.3 | 7.8 |
| Other Income | 1,167 | 1,309 | 1,207 | 1,246 | 1,102 | 1,312 | 1,276 | 1,398 | 4,929 | 5,087 |
| Net Income | 7,493 | 7,723 | 7,037 | 7,795 | 8,224 | 7,831 | 7,786 | 8,318 | 30,048 | 32,159 |
| Operating Expenses | 4,000 | 3,967 | 4,106 | 5,032 | 4,539 | 4,752 | 4,865 | 4,953 | 17,105 | 19,109 |
| Operating Profit | 3,493 | 3,756 | 2,930 | 2,764 | 3,685 | 3,079 | 2,921 | 3,365 | 12,943 | 13,050 |
| % Change (YoY) | -23.8 | NA | -25.1 | -27.4 | 5.5 | -18.0 | -0.3 | 21.8 | -22.4 | 0.8 |
| Other Provisions | 3,137 | 9,921 | 7,263 | 7,683 | 2,787 | 2,064 | 2,139 | 2,491 | 28,003 | 9,480 |
| Profit before Tax | 356 | -6,165 | -4,332 | -4,919 | 898 | 1,015 | 782 | 874 | -15,060 | 3,570 |
| Tax Provisions | 127 | -141 | 653 | 624 | -1,785 | 345 | 266 | 297 | 1,263 | -877 |
| Extraordinary items | 0 | 0 | 0 | 0 | 2,382 | 0 | 0 | 0 | | 2,382 |
| Net Profit | 229 | -6,024 | -4,986 | -5,543 | 302 | 670 | 516 | 577 | -16,323 | 2,065 |
| % Change (YoY) | -85.6 | NA | NA | NA | 31.9 | NA | NA | NANA | | NA |
| Operating Parameters | | | | | | | | | | |
| NIM (Reported, %) | 3.38 | 3.37 | 2.99 | 3.50 | 3.70 | | | | 3.3 | 3.7 |
| Loan Growth (%) | 12.9 | 4.0 | -3.5 | -0.8 | -0.2 | 6.6 | 16.9 | 12.0 | -0.8 | 12.0 |
| Deposit Growth (%) | 10.8 | 11.9 | 15.3 | 4.4 | 4.0 | 7.3 | 5.6 | 12.0 | 4.4 | 12.0 |
| CASA Ratio (%) | 43.1 | 45.1 | 47.4 | 51.7 | 50.9 | | | | 51.7 | 51.9 |
| CD ratio (%) | 70.8 | 68.0 | 60.8 | 68.7 | 67.9 | 67.6 | 67.3 | 68.7 | 68.7 | 68.7 |
| Asset Quality | | | | | | | | | | |
| Gross NPA (INR b) | 47.1 | 56.8 | 57.1 | 60.0 | 56.4 | 57.4 | 58.8 | 59.7 | 60.0 | 59.7 |
| Gross NPA (%) | 9.3 | 11.3 | 11.8 | 11.2 | 10.8 | 10.6 | 10.4 | 10.0 | 11.2 | 10.0 |



Persistent System

| | |
|------------|---------|
| BSE SENSEX | S&P CNX |
| 32,029 | 9,915 |

CMP: INR657 TP: INR750(+14%) Buy

| | |
|-----------------------|------------|
| Bloomberg | PSYS IN |
| Equity Shares (m) | 80 |
| M.Cap.(INRb)/(USD\$b) | 52.5 / 0.8 |
| 52-Week Range (INR) | 710 / 501 |
| 1, 6, 12 Rel. Per (%) | -6/-14/-12 |
| Avg Val, INRm | 87 |
| Free float (%) | 69.3 |

Financials & Valuations (INR b)

| Y/E Mar | 2017 | 2018E | 2019E |
|-------------|-------|-------|-------|
| Net Sales | 28.8 | 31.1 | 35.0 |
| EBITDA | 4.7 | 5.1 | 5.9 |
| PAT | 3.1 | 3.5 | 4.2 |
| EPS (INR) | 37.7 | 43.3 | 52.0 |
| Gr. (%) | 1.4 | 15.0 | 20.0 |
| BV/Sh (INR) | 244.5 | 254.1 | 264.3 |
| RoE (%) | 17.0 | 17.9 | 20.7 |
| RoCE (%) | 16.7 | 16.0 | 17.1 |
| P/E (x) | 17.1 | 14.8 | 12.4 |
| P/BV (x) | 2.6 | 2.5 | 2.4 |

| | |
|-----------------|---|
| Estimate change | ↔ |
| TP change | ↔ |
| Rating change | ↔ |

A stern test of our margin recovery thesis

- 1QFY18 was all about margin contraction:** Persistent Systems' (PSYS) 1QFY18 revenue of USD113m (+3.6% QoQ, in line) lost relevance to sharp 360bp QoQ contraction in EBITDA margin to 14.3%, significantly below our estimate of 16.5%. This 220bp miss naturally challenged our thesis of margin recovery-led earnings growth in the company. Net income grew 3.2% QoQ to INR751m, in line with our estimate of INR758m. This was facilitated by forex gains of INR183m.
- A plethora of factors led to margin disappointment:** The following factors contributed to 1QFY18 margin contraction: [1] currency (120bp), [2] onsite revenue mix shift and investments in new partnerships (90bp), [3] lower offshore utilization (40bp), [4] visa and costs related to Parx acquisition (70bp), [5] upfront investment in sales team (30bp) and [5] change in bad debt provisions (40bp). Part offset came from healthy growth in IT Services revenue.
- Services segment took over from Digital:** Onsite mix shift was a contributor to revenue growth during the quarter, as volume growth was 1.8% QoQ. High flying Digital segment declined 1.3% QoQ, whereas Services saw growth of 5% QoQ during the quarter. PSYS cited the brakes on Digital as quarterly aberration and should resume. Alliance segment was strong (+9% QoQ), whereas Accelerite dropped from USD10.5m to USD9.4m.
- Focus on shifting to solutions:** PSYS continues to strive to break away from the linearity of revenue growth and headcount additions, even beyond its IP-led revenues segment. This is reflected in its technical headcount addition of 0.5% YoY and utilization improvement of 1.7%, as against 9.2% YoY growth in linear revenues and 8% growth in overall revenues.
- Valuation and view:** While 1Q margin miss was a definite dent, we note that a large part of the same was driven by higher investments in sales, and some of the GPM impacts (visa and acquisition costs, utilization) are addressable in the near term. PSYS remains intent on driving growth through solutions, which will help margins and maintain our thesis of bottoming out of profitability in FY17 – difference being that we expect expansion in FY19 and FY18 margins to remain flat YoY. We expect FY17-19 USD revenue/earnings CAGR of 11/15%. Our price target of INR750 discounts forward earnings by 14x. Maintain **Buy**.

Quarterly Performance (Consolidated)

| Y/E March (Consolidated) | FY17 | | | | FY18E | | | | FY17 | FY18E | Est. 1QFY18 | Var. (% / bp) |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|-------------|---------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | | | |
| Revenue (USD m) | 104.8 | 105.2 | 110.0 | 109.0 | 113.0 | 117.9 | 123.9 | 121.9 | 429 | 477 | 112.7 | 0.2 |
| QoQ (%) | 4.3 | 0.4 | 4.6 | -0.9 | 3.6 | 4.3 | 5.1 | -1.6 | 22.0 | 11.1 | 3.4 | 25bp |
| Revenue (INR m) | 7,018 | 7,040 | 7,455 | 7,271 | 7,280 | 7,660 | 8,115 | 8,044 | 28,784 | 31,099 | 7,269 | 0.2 |
| QoQ (%) | 3.6 | 0.3 | 5.9 | -2.5 | 0.1 | 5.2 | 5.9 | -0.9 | | | 0.0 | 15bp |
| YoY (%) | 40.2 | 29.7 | 25.9 | 7.4 | 3.7 | 8.8 | 8.8 | 10.6 | 24.5 | 8.0 | 3.6 | 16bp |
| GPM (%) | 34.7 | 35.5 | 36.3 | 36.1 | 34.3 | 35.4 | 37.4 | 34.9 | 35.7 | 35.5 | 35.2 | -89bp |
| SGA (%) | 19.6 | 19.8 | 20.4 | 18.2 | 20.0 | 19.2 | 19.2 | 18.3 | 19.5 | 19.3 | 18.7 | 126bp |
| EBITDA | 1,058 | 1,108 | 1,187 | 1,302 | 1,044 | 1,218 | 1,461 | 1,330 | 4,653 | 5,052 | 1,198 | -12.9 |
| EBITDA Margin (%) | 15.1 | 15.7 | 15.9 | 17.9 | 14.3 | 15.9 | 18.0 | 16.5 | 16.2 | 16.2 | 16.5 | -215bp |
| EBIT Margin (%) | 10.2 | 10.5 | 10.7 | 12.5 | 9.0 | 10.6 | 13.1 | 11.5 | 11.0 | 11.1 | 11.1 | -213bp |
| Other income | 253 | 243 | 318 | 143 | 368 | 234 | 299 | 287 | 958 | 1,188 | 206 | 78.9 |
| ETR (%) | 24.3 | 25.3 | 26.7 | 19.9 | 26.3 | 25.0 | 25.0 | 25.0 | 24.1 | 25.3 | 25.0 | |
| PAT | 733 | 735 | 819 | 842 | 751 | 787 | 1,019 | 910 | 3,129 | 3,467 | 758 | -1.0 |
| QoQ (%) | -9.3 | 0.3 | 11.4 | 2.8 | -10.8 | 4.8 | 29.5 | -10.6 | | | -9.9 | nm |
| YoY (%) | 9.0 | 2.3 | 5.7 | 4.2 | 2.5 | 7.0 | 24.4 | 8.1 | 5.2 | 10.8 | 3.5 | nm |
| EPS (INR) | 9.2 | 9.2 | 10.2 | 9.1 | 9.4 | 9.8 | 12.7 | 11.4 | 37.7 | 43.3 | 9.5 | |
| Headcount | 9,389 | 9,305 | 9,229 | 9,460 | 9,401 | 9,537 | 9,593 | 9,724 | 9,460 | 9,724 | 9,741 | -3.5 |
| Util excl. trainees (%) | 75.3 | 74.2 | 78.9 | 77.8 | 77.2 | 78.0 | 78.5 | 78.5 | 76.5 | 77.7 | 78.5 | -130bp |
| Attrition (%) | 16.7 | 15.9 | 15.8 | 15.7 | | | | | | | | |
| IP rev. proportion(%) | 28.2 | 27.8 | 28.4 | 27.6 | 27.2 | 26.7 | 28.0 | 26.4 | 28.0 | 27.1 | 28.4 | -118bp |



Zensar Technologies

| | |
|------------|---------|
| BSE SENSEX | S&P CNX |
| 32,029 | 9,915 |

| | |
|-----------------------|------------|
| Bloomberg | ZENT IN |
| Equity Shares (m) | 45 |
| M.Cap.(INRb)/(USDb) | 37.6 / 0.6 |
| 52-Week Range (INR) | 1136 / 790 |
| 1, 6, 12 Rel. Per (%) | -7/-28/-34 |
| Avg Val, INRm | 33 |
| Free float (%) | 51.3 |

Financials & Valuations (INR b)

| Y/E Mar | 2017 | 2018E | 2019E |
|-------------|-------|-------|-------|
| Net Sales | 30.6 | 30.9 | 35.5 |
| EBITDA | 3.8 | 3.6 | 4.8 |
| PAT | 2.3 | 2.3 | 3.2 |
| EPS (INR) | 52.1 | 51.9 | 70.0 |
| Gr. (%) | -23.7 | -0.3 | 34.9 |
| BV/Sh (INR) | 325.9 | 364.8 | 418.3 |
| RoE (%) | 17.2 | 15.0 | 17.9 |
| RoCE (%) | 23.2 | 17.7 | 21.8 |
| P/E (x) | 15.9 | 16.0 | 11.8 |
| P/BV (x) | 2.5 | 2.3 | 2.0 |

| | |
|-----------------|---|
| Estimate change | ↔ |
| TP change | ↓ |
| Rating change | ↔ |

CMP: INR830

TP: INR950(+15%)

Buy

Legacy pressures offset Digital pivot

Revenue growth led by Keystone: ZENT's 1QFY18 revenue grew 2.5% QoQ CC, as against our estimate of +5.3%. The quarter also included incremental revenue of ~USD5m from the integration of Keystone, implying organic revenue decline of ~2%. Pressure in the organic business was led by ramp-down in Oracle ATG implementations, delays in the Manufacturing vertical deal ramp-ups, and conscious rationalizing of the RoW portfolio.

Margin uptick capped despite exercise of levers: EBITDA margin expanded 230bp QoQ to 10.2% post a drastic 600bp contraction seen in the previous quarter. Full recovery was not seen in margins, despite the presence of several one-off costs in the previous quarter, improved utilization (+400bp) and higher offshoring (+300bp). Led by the overall operational miss, PAT at INR472m was down 36.3% YoY, compared to our estimate of INR558m (-26.8% YoY).

Sluggishness to span another couple of quarters: In the near term, we expect continued moderate growth led by active pruning of long-tail accounts, project delays and pressures emerging out of the Oracle ATG ecosystem. On the other hand, impending wage hike, continued investments in S&M and capability building, and restructuring in the MVS business will keep profitability expansion in check.

Valuation view: ZENT's Digital pivot (36.3% of revenues) contrasts issues in other parts of the portfolio (MVS, Manufacturing vertical ex hi tech), leading us to cut revenue estimates for FY18/19E by 4-5%. Additionally, investments and restructuring expenses drive EPS cut of 16/6%. Our thesis of clean-up completion by FY17 took a hit due to pressure in Oracle ATG from ORCL's cloud push and the overhaul of front-end in the US. Improvement in ZENT's performance will now likely commence only in FY19, which will also limit triggers to valuations. We maintain **Buy** with a revised price target of INR950—discounting forward EPS by 13x.

Quarterly Performance (Consolidated)

| Y/E March | FY17 | | | | FY18E | | | | FY17 | FY18E | Est. | 1QFY18 | Var. (% / bp) |
|-------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|-------|--------|---------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | | | | |
| Revenue (USD m) | 114 | 116 | 118 | 112 | 114 | 117 | 120 | 122 | 459 | 474 | 118 | | -3.4 |
| QoQ (%) | 3.1 | 1.8 | 1.3 | -4.9 | 2.2 | 2.6 | 2.2 | 2.0 | 1.4 | 3.2 | 5.9 | | -362bp |
| Revenue (INR m) | 7,554 | 7,703 | 7,865 | 7,433 | 7,367 | 7,626 | 7,854 | 8,071 | 30,556 | 30,918 | 7,610 | | -3.2 |
| YoY (%) | 7.2 | 1.8 | 3.9 | -0.4 | -2.5 | -1.0 | -0.1 | 8.6 | 3.1 | 1.2 | -0.2 | | -230bp |
| GPM (%) | 29.1 | 30.1 | 30.2 | 27.7 | 27.6 | 26.9 | 27.8 | 27.9 | 29.3 | 27.5 | 28.8 | | -118bp |
| SGA (%) | 15.4 | 15.6 | 16.4 | 19.9 | 17.4 | 16.0 | 15.0 | 15.0 | 16.8 | 15.8 | 17.0 | | 44bp |
| EBITDA | 1,037 | 1,111 | 1,085 | 585 | 748 | 831 | 1,003 | 1,040 | 3,819 | 3,622 | 896 | | -16.5 |
| EBITDA Margin (%) | 13.7 | 14.4 | 13.8 | 7.9 | 10.2 | 10.9 | 12.8 | 12.9 | 12.5 | 11.7 | 11.8 | | -162bp |
| EBIT Margin (%) | 12.3 | 12.8 | 12.3 | 6.2 | 7.7 | 8.6 | 10.5 | 10.6 | 10.9 | 9.4 | 10.4 | | -267bp |
| Other income | 198 | 70 | 201 | -228 | 203 | 166 | 164 | 154 | 241 | 686 | 28 | | 635.8 |
| ETR (%) | 32.6 | 29.6 | 30.2 | 45.5 | 32.0 | 29.0 | 29.0 | 29.0 | 31.6 | 29.6 | 29.0 | | |
| PAT | 741 | 704 | 800 | 104 | 472 | 536 | 658 | 676 | 2,349 | 2,343 | 558 | | -15.5 |
| QoQ (%) | 5.4 | -5.0 | 13.7 | -87.0 | 354.7 | 13.7 | 22.7 | 2.7 | | | 157.2 | | 19747bp |
| YoY (%) | -2.8 | -22.9 | 11.9 | -85.2 | -36.3 | -23.8 | -17.8 | 551.7 | -24.1 | -0.3 | -26.8 | | -948bp |
| EPS (INR) | 16.4 | 15.6 | 17.7 | 2.3 | 10.5 | 11.9 | 14.6 | 15.0 | 52.1 | 51.9 | 12.4 | | |
| Headcount | 8,238 | 8,316 | 8,564 | 8,524 | 8,567 | 8,642 | 8,892 | 8,942 | 8,524 | 8,942 | 8,724 | | -1.8 |
| Utilization (%) | 79.8 | 80.1 | 79.5 | 79.2 | 83.2 | 83.0 | 82.0 | 81.0 | 79.7 | 82.3 | 81.0 | | 220bp |
| Offshore rev. (%) | 31.2 | 33.8 | 33.5 | 34.5 | 37.5 | 37.0 | 36.5 | 35.8 | 33.2 | 36.7 | 34.2 | | 326bp |



Ambuja Cements

| | |
|-------------------------|-------------|
| Bloomberg | ACEM IN |
| Equity Shares (m) | 1985.3 |
| M. Cap. (INR b)/(USD b) | 494 / 8 |
| 52-Week Range (INR) | 282 / 191 |
| 1,6,12 Rel Perf. (%) | 4 / 0 / -16 |

Financial Snapshot (INR Billion)

| Y/E DEC | 2016 | 2017E | 2018E | 2019E |
|----------------|-------|-------|-------|-------|
| Sales | 91.6 | 101.7 | 113.7 | 128.3 |
| EBITDA | 15.8 | 17.7 | 20.9 | 26.6 |
| NP | 9.7 | 14.4 | 16.3 | 20.1 |
| Adj. EPS (INR) | 4.9 | 7.3 | 8.2 | 10.1 |
| EPS Gr. (%) | -10.6 | 48.5 | 12.8 | 23.6 |
| BV/Sh. (INR) | 96.4 | 102.0 | 107.9 | 111.9 |
| RoE (%) | 5.1 | 7.3 | 7.8 | 9.2 |
| RoCE (%) | 6.9 | 7.5 | 8.1 | 9.5 |
| Payout (%) | 29.6 | 22.6 | 28.6 | 60.2 |

Valuations

| | | | | |
|---------------|------|------|------|------|
| P/E (x) | 35.5 | 23.9 | 21.2 | 17.2 |
| P/BV (x) | 1.8 | 1.7 | 1.6 | 1.6 |
| EV/EBITDA (x) | 20.8 | 17.5 | 14.4 | 11.4 |
| EV/Ton (USD) | 166 | 157 | 145 | 133 |

CMP: INR249 TP: INR291 (+17%) Buy

- n Dispatches in 2QCY17 are estimated to increase 5% YoY to 6.15mt led by healthy growth both in North and West markets which constitute ~80% of its focus markets. Average realizations are expected to increase by 10% QoQ to INR4,633/ton due to strong pricing uptick in western region. Revenue is estimated at INR28.5b (+12% YoY).
- n EBITDA margin is expected to be 21% (+6.5pp QoQ, -2.0pp YoY). EBITDA/ton is estimated at ~INR 968 (+INR362 QoQ, -INR26 YoY).
- n Adjusted PAT is estimated to increase 6% YoY to INR4.2b due to weak profitability.
- n The stock trades at P/E of 25x on CY18E earnings+, 14x CY18E EV/EBITDA and CY18E EV/ton of USD134. Maintain Buy.

Key issues to watch out for:

- ⊗ Volume growth recovery and outlook.
- ⊗ Cement pricing outlook and sustainability.
- ⊗ Cost curve trend in CY17.

Quarterly Performance

| Y/E December | (INR Million) | | | | | | | | CY16 | CY17E |
|---------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| | CY16 | | | | CY17 | | | | | |
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3Q | 4QE | | |
| Sales Volume (m ton)* | 5.97 | 5.85 | 4.58 | 5.09 | 6.02 | 6.15 | 5.10 | 5.55 | 21.49 | 22.82 |
| YoY Change (%) | 9.9 | -1.7 | -6.5 | -7.1 | 0.9 | 5.1 | 11.4 | 9.0 | -1.2 | 6.2 |
| Realization (INR/ton) | 4,032 | 4,344 | 4,376 | 4,316 | 4,208 | 4,633 | 4,533 | 4,466 | 4,263 | 4,458 |
| YoY Change (%) | -9.7 | 3.7 | 2.3 | 0.4 | 4.4 | 6.7 | 3.6 | 3.5 | -1.0 | 4.6 |
| QoQ Change (%) | -6.2 | 7.7 | 0.7 | -1.4 | -2.5 | 10.1 | -2.2 | -1.5 | | |
| Net Sales | 24,060 | 25,412 | 20,043 | 21,967 | 25,334 | 28,495 | 23,120 | 24,784 | 91,604 | 101,733 |
| YoY Change (%) | -0.8 | 1.9 | -4.3 | -6.8 | 5.3 | 12.1 | 15.4 | 12.8 | 7.7 | 5.2 |
| EBITDA | 4,255 | 5,813 | 2,760 | 2,947 | 3,651 | 5,953 | 3,743 | 4,378 | 15,755 | 17,725 |
| Margins (%) | 17.7 | 22.9 | 13.8 | 13.4 | 14.4 | 20.9 | 16.2 | 17.7 | 17.2 | 17.4 |
| Depreciation | 3,830 | 1,511 | 1,595 | 1,563 | 1,460 | 1,470 | 1,500 | 1,464 | 8,501 | 5,894 |
| Interest | 188 | 205 | 192 | 136 | 377 | 150 | 150 | -88 | 715 | 589 |
| Other Income | 1,303 | 1,368 | 2,503 | 755 | 1,310 | 1,300 | 2,700 | 1,690 | 6,837 | 7,000 |
| PBT before EO Item | 1,541 | 5,465 | 3,477 | 2,003 | 3,124 | 5,633 | 4,793 | 4,693 | 13,376 | 18,243 |
| Rate (%) | 69.4 | 26.9 | 20.3 | 14.3 | 21.1 | 25.0 | 24.0 | 13.1 | 27.5 | 21.0 |
| Reported Profit | 535 | 3,995 | 2,770 | 1,627 | 2,465 | 4,225 | 3,643 | 4,078 | 9,703 | 14,412 |
| Adj PAT | 471 | 3,995 | 2,770 | 1,717 | 2,465 | 4,225 | 3,643 | 4,078 | 9,703 | 14,412 |
| YoY Change (%) | -85.2 | 76.5 | 80.4 | 18.1 | 423.7 | 5.7 | 31.5 | 137.5 | 14.4 | 48.5 |



Bharti Infratel

| | |
|-------------------------|-------------|
| Bloomberg | BHIN IN |
| Equity Shares (m) | 1896.7 |
| M. Cap. (INR b)/(USD b) | 761 / 12 |
| 52-Week Range (INR) | 413 / 283 |
| 1,6,12 Rel Perf. (%) | 8 / -3 / -2 |

Financial Snapshot (INR Billion)

| Y/E March | 2017 | 2018E | 2019E | 2020E |
|-------------|-------|-------|-------|-------|
| Net Sales | 134.2 | 148.8 | 161.7 | 174.2 |
| EBITDA | 59.0 | 64.3 | 69.1 | 74.1 |
| Adj. NP | 27.5 | 31.7 | 35.8 | 39.1 |
| AdjEPS INR | 14.9 | 17.2 | 19.3 | 20.6 |
| Gr. (%) | 25.3 | 15.6 | 12.7 | 6.7 |
| BV/Sh (INR) | 83.7 | 96.3 | 111.0 | 124.3 |
| RoE (%) | 16.2 | 19.1 | 18.7 | 17.7 |
| RoCE (%) | 13.2 | 14.2 | 13.6 | 13.1 |
| Payout (%) | 125.0 | 27.0 | 24.0 | 21.9 |

Valuations

| | | | | |
|--------------|------|------|------|------|
| P/E (x) | 27.2 | 23.5 | 20.9 | 19.6 |
| P/BV (x) | 4.8 | 4.2 | 3.6 | 3.2 |
| EV/EBITDAx | 12.6 | 11.1 | 9.8 | 8.8 |
| Div. Yld (%) | 4.0 | 1.0 | 1.0 | 1.0 |

CMP: INR401 TP: INR440 (+10%) Buy

- n We expect consolidated revenue to grow 11.8% YoY (and 1.9% QoQ) to INR35.9b.
- n Consolidated rental revenue is likely to reach INR22.4b, up 2.7% QoQ and 9% YoY. We expect energy and other reimbursements to grow 0.6% QoQ.
- n We expect consolidated EBITDA to decline 3% QoQ to INR15.3b. EBITDA margin is likely to drop 200bp QoQ to 42.7% despite 3.1% rental EBITDA growth owing to a seasonal fall of 62% in energy EBITDA.
- n We expect PAT to grow 27% QoQ to INR7.8b.
- n Bharti Infratel trades at EV/EBITDA of 10.5x FY18E and 9.2x FY18E. Maintain Buy.

Key monitorables

- ⊗ Consolidated co-location additions (we expect a steady -5,500 in line with the high tenancy addition in 2HFY17).
- ⊗ Consolidated revenue per sharing operator (expected to remain flat due to tenancy renewal risks).

Quarterly Performance

(INR Million)

| Y/E March | FY17 | | | | FY18 | | | | FY16 | FY17 | FY18E |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|
| (Consolidated) | 1Q | 2Q | 3Q | 4Q | 1QE | 2QE | 3QE | 4QE | | | |
| Revenue from operations | 32,106 | 32,919 | 34,007 | 35,204 | 35,886 | 36,796 | 37,628 | 38,464 | 123,314 | 134,237 | 148,774 |
| YoY Change (%) | 6.9 | 8.3 | 9.5 | 10.6 | 11.8 | 11.8 | 10.6 | 9.3 | 5.7 | 8.9 | 10.8 |
| Total Expenditure | 18,159 | 18,421 | 19,206 | 19,481 | 20,569 | 21,023 | 21,391 | 21,486 | 69,205 | 75,268 | 84,469 |
| EBITDA | 13,947 | 14,498 | 14,801 | 15,723 | 15,317 | 15,774 | 16,238 | 16,978 | 54,109 | 58,969 | 64,306 |
| Margins (%) | 43.4 | 44.0 | 43.5 | 44.7 | 42.7 | 42.9 | 43.2 | 44.1 | 43.9 | 43.9 | 43.2 |
| Depreciation | 5,648 | 5,629 | 5,664 | 5,684 | 5,814 | 5,957 | 6,108 | 6,248 | 22,235 | 22,626 | 24,128 |
| Interest | -1,281 | -2,472 | -947 | 287 | -1,981 | -1,981 | -1,981 | -1,981 | -1,847 | -4,414 | -7,925 |
| Other Income | 352 | 333 | 357 | 414 | 0 | 0 | 0 | 0 | 2,048 | 1,455 | 0 |
| PBT | 9,932 | 11,674 | 10,441 | 10,166 | 11,484 | 11,797 | 12,111 | 12,711 | 35,769 | 42,212 | 48,104 |
| Tax | 2,369 | 3,936 | 4,237 | 4,200 | 3,905 | 4,011 | 4,118 | 4,322 | 13,293 | 14,742 | 16,355 |
| Rate (%) | 23.9 | 33.7 | 40.6 | 41.3 | 34.0 | 34.0 | 34.0 | 34.0 | 37.2 | 34.9 | 34.0 |
| Reported PAT | 7,563 | 7,738 | 6,204 | 5,966 | 7,580 | 7,786 | 7,993 | 8,389 | 22,476 | 27,470 | 31,748 |
| Adj PAT | 7,563 | 7,738 | 6,204 | 5,966 | 7,580 | 7,786 | 7,993 | 8,389 | 22,476 | 27,470 | 31,748 |
| YoY Change (%) | 71.0 | 30.8 | 25.3 | -17.0 | 0.2 | 0.6 | 28.8 | 40.6 | 12.8 | 22.2 | 15.6 |
| Margins (%) | 23.6 | 23.5 | 18.2 | 16.9 | 21.1 | 21.2 | 21.2 | 21.8 | 18.2 | 20.5 | 21.3 |



Delta Corp

| | |
|-------------------------|--------------|
| Bloomberg | DELTA IN |
| Equity Shares (m) | 231.6 |
| M. Cap. (INR b)/(USD b) | 36 / 1 |
| 52-Week Range (INR) | 218 / 89 |
| 1,6,12 Rel Perf. (%) | -1 / 15 / 45 |

CMP: INR155 TP: INR215 (+38%) Buy

- n We expect revenue to grow 8.6% YoY to INR1,180m, driven by the casino business in Goa and Sikkim.
- n EBITDA margin is likely to remain flat at 38.1%, and EBITDA is expected to grow 8% YoY to INR450m.
- n Net profit is likely to increase 50% YoY to INR255m. Buy.

Financial Snapshot (INR Billion)

| Y/E March | 2017 | 2018E | 2019E | 2020E |
|----------------|-------|-------|-------|-------|
| Sales | 4.5 | 6.4 | 7.8 | 9.5 |
| EBITDA | 1.6 | 2.4 | 3.1 | 3.8 |
| Adj. PAT | 0.7 | 1.5 | 1.9 | 2.3 |
| Adj. EPS (INR) | 3.1 | 5.7 | 7.2 | 8.5 |
| EPS Gr. (%) | 125.5 | 86.0 | 26.0 | 19.3 |
| BV/Sh.(INR) | 39.7 | 59.3 | 64.9 | 71.7 |
| RoE (%) | 8.1 | 12.1 | 11.5 | 12.5 |
| RoCE (%) | 9.6 | 12.6 | 11.8 | 19.1 |
| Payout (%) | 13.2 | 25.4 | 21.9 | 19.7 |

Valuations

| | | | | |
|----------------|------|------|------|------|
| P/E (x) | 50.8 | 27.3 | 21.7 | 18.2 |
| P/BV (x) | 3.9 | 2.6 | 2.4 | 2.2 |
| EV/EBITDA (x) | 24.1 | 15.2 | 11.6 | 9.0 |
| Div. Yield (%) | 0.2 | 0.8 | 0.8 | 0.9 |

Key issues to watch for

- Ø Increase in visitations in Goa and ramp-up of Sikkim casino.
- Ø Expansion plans and integration of online business.

Quarterly Performance Consolidated

(INR Million)

| Y/E March | FY17 | | | | FY18 | | | | FY17 | FY18E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | 1QE | 2QE | 3QE | 4QE | | |
| Net Sales | 1,087 | 1,343 | 1,036 | 1,081 | 1,180 | 1,630 | 1,745 | 1,844 | 4,547 | 6,399 |
| YoY Change (%) | 34.6 | 43.8 | 3.4 | 5.3 | 8.6 | 21.4 | 68.5 | 70.5 | 21.2 | 40.7 |
| Total Expenditure | 671 | 776 | 723 | 737 | 730 | 941 | 1,138 | 1,191 | 2,907 | 3,999 |
| EBITDA | 415 | 567 | 313 | 344 | 450 | 689 | 607 | 653 | 1,640 | 2,400 |
| Margins (%) | 38.2 | 42.2 | 30.2 | 31.8 | 38.1 | 42.3 | 34.8 | 35.4 | 36.1 | 37.5 |
| Depreciation | 91 | 93 | 89 | 87 | 94 | 105 | 112 | 112 | 361 | 423 |
| Interest | 87 | 87 | 82 | 94 | 37 | 33 | 30 | 30 | 350 | 130 |
| Other Income | 9 | 11 | 11 | 19 | 26 | 36 | 43 | 76 | 49 | 180 |
| PBT before EO expense | 246 | 399 | 152 | 182 | 344 | 587 | 508 | 587 | 978 | 2,027 |
| Extra-Ord expense | -46 | 2 | 5 | 0 | 0 | 0 | 0 | 0 | 42 | 0 |
| PBT | 292 | 397 | 147 | 181 | 344 | 587 | 508 | 587 | 936 | 2,027 |
| Tax | 85 | 91 | 40 | 64 | 89 | 153 | 122 | 141 | 280 | 507 |
| Rate (%) | 29.2 | 22.9 | 27.2 | 35.4 | 26.0 | 26.0 | 24.0 | 24.0 | 29.9 | 25.0 |
| Minority Interest & P&L of Asso. Cos. | 4 | -16 | 6 | 3 | 0 | 0 | 0 | 0 | 2 | 3 |
| Reported PAT | 202 | 322 | 101 | 114 | 255 | 435 | 386 | 446 | 654 | 1,518 |
| Adj PAT | 170 | 323 | 105 | 114 | 255 | 435 | 386 | 446 | 683 | 1,518 |
| YoY Change (%) | 2,539.9 | 494.1 | -9.4 | -29.3 | 50.1 | 34.4 | 269.3 | 291.7 | 118.8 | 122.1 |
| Margins (%) | 15.6 | 24.1 | 10.1 | 10.5 | 21.6 | 26.7 | 22.1 | 24.2 | 15.0 | 23.7 |

E: MOSL Estimates



HDFC Bank

| | |
|-------------------------|-------------|
| Bloomberg | HDFCB IN |
| Equity Shares (m) | 2562.6 |
| M. Cap. (INR b)/(USD b) | 4233 / 65 |
| 52-Week Range (INR) | 1716 / 1159 |
| 1,6,12 Rel Perf. (%) | 1 / 22 / 27 |

CMP: INR1,652 TP: INR1,885 (+15%) Buy

- Loan growth will be strong at 21% YoY (at least ~2x system growth). Deposit growth will be healthy at ~18% YoY, led by CASA inflows.
- COF decline would help to negate the impact of declining yields environment, and we expect HDFCB to report only a marginal contraction in margins of ~9bp and report strong NIM of 4.7%. NII is expected to grow at 19% YoY.
- Other income is expected to moderate to ~12% YoY, factoring in lower trading gains. Fee income is expected to remain healthy. Tie-up with new banca partners will drive fee income growth.
- Opex growth would be lower than total income growth at ~14% YoY, aided by strong digital initiatives of the bank and the focus on cutting excess flab (headcount reduced by ~10k in 2HFY17).
- Healthy PPOP growth would lead to 19% YoY PAT growth, largely in line with 20% growth trend exhibited by the bank in the last few years. Asset quality is expected to remain stable with GNPA at ~1.1.
- HDFCB trades at 3.7x FY19E BV and 20.8x FY19E EPS. Comfort on earnings (~18% CAGR over FY17-20) remains high. Maintain Buy.

Financial Snapshot (INR b)

| Y/E MARCH | 2017 | 2018E | 2019E | 2020E |
|---------------|-------|-------|-------|-------|
| NII | 331.4 | 388.6 | 461.7 | 554.4 |
| OP | 257.3 | 300.5 | 358.4 | 432.2 |
| NP | 145.5 | 172.0 | 203.4 | 240.9 |
| NIM (%) | 4.7 | 4.5 | 4.4 | 4.4 |
| EPS (INR) | 56.8 | 67.1 | 79.4 | 94.0 |
| EPS Gr. (%) | 16.7 | 18.2 | 18.3 | 18.4 |
| BV/Sh. (INR) | 349 | 387.2 | 448.1 | 520.2 |
| ABV/Sh. (INR) | 344 | 381.0 | 440.0 | 509.3 |
| RoE (%) | 17.9 | 18.2 | 19.0 | 19.4 |
| RoA (%) | 1.9 | 1.8 | 1.8 | 1.7 |
| Payout (%) | 23.4 | 23.4 | 23.4 | 23.4 |

Valuations

| | | | | |
|----------------|------|------|------|------|
| P/E(X) | 29.1 | 24.6 | 20.8 | 17.6 |
| P/BV (X) | 4.7 | 4.3 | 3.7 | 3.2 |
| P/ABV (X) | 4.8 | 4.3 | 3.8 | 3.2 |
| Div. Yield (%) | 0.7 | 0.8 | 1.0 | 1.1 |

Key issues to watch for

- Performance in retail loan/SME portfolio, especially in CV/CE.
- Trends in digital banking/payments and various initiatives; overall B/S growth outlook and economic recovery.

Quarterly Performance

(INR Million)

| | FY17 | | | | FY18E | | | | FY17 | FY18 |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1Q | 2Q | 3Q | 4Q | 1QE | 2QE | 3QE | 4QE | | |
| Net Interest Income | 77,814 | 79,936 | 83,091 | 90,551 | 92,916 | 94,860 | 97,711 | 103,090 | 331,392 | 388,578 |
| % Change (Y-o-Y) | 21.8 | 19.6 | 17.6 | 21.5 | 19.4 | 18.7 | 17.6 | 13.8 | 20.1 | 17.3 |
| Other Income | 28,066 | 29,010 | 31,427 | 34,463 | 31,491 | 33,208 | 35,275 | 40,492 | 122,965 | 140,465 |
| Net Income | 105,881 | 108,945 | 114,518 | 125,014 | 124,407 | 128,068 | 132,986 | 143,582 | 454,357 | 529,042 |
| Operating Expenses | 47,689 | 48,700 | 48,425 | 52,220 | 54,478 | 56,373 | 56,358 | 61,349 | 197,033 | 228,559 |
| Operating Profit | 58,192 | 60,246 | 66,093 | 72,794 | 69,929 | 71,695 | 76,628 | 82,233 | 257,324 | 300,484 |
| % Change (Y-o-Y) | 20.0 | 19.5 | 15.2 | 26.9 | 20.2 | 19.0 | 15.9 | 13.0 | 20.5 | 16.8 |
| Other Provisions | 8,667 | 7,490 | 7,158 | 12,618 | 12,200 | 10,200 | 8,000 | 11,414 | 35,933 | 41,814 |
| Profit before Tax | 49,525 | 52,756 | 58,935 | 60,176 | 57,729 | 61,495 | 68,628 | 70,818 | 221,391 | 258,669 |
| Tax Provisions | 17,136 | 18,202 | 20,281 | 20,275 | 19,339 | 20,601 | 22,990 | 23,724 | 75,894 | 86,654 |
| Net Profit | 32,389 | 34,553 | 38,653 | 39,901 | 38,389 | 40,894 | 45,637 | 47,094 | 145,497 | 172,015 |
| % Change (Y-o-Y) | 20.2 | 20.4 | 15.1 | 18.3 | 18.5 | 18.4 | 18.1 | 18.0 | 18.3 | 18.2 |
| Operating Parameters | | | | | | | | | | |
| NIM (Cal, %)# | 4.7 | 4.5 | 4.6 | 4.8 | 4.7 | 4.6 | 4.5 | 4.5 | 4.6 | 4.6 |
| Deposit Growth (%) | 18.5 | 16.7 | 21.1 | 17.8 | 17.8 | 18.8 | 16.8 | 22.0 | 17.8 | 22.0 |
| Loan Growth (%) | 23.2 | 18.1 | 13.4 | 19.4 | 21.4 | 23.6 | 30.9 | 22.0 | 19.4 | 22.0 |
| Tax Rate (%) | 34.6 | 34.5 | 34.4 | 33.7 | 33.5 | 33.5 | 33.5 | 33.5 | 34.3 | 33.5 |
| Asset Quality | | | | | | | | | | |
| Gross NPA (INR B) | 49.2 | 50.7 | 52.3 | 58.9 | 64.4 | 70.0 | 75.6 | 81.1 | 58.9 | 81.1 |
| Gross NPA (%) | 1.0 | 1.0 | 1.1 | 1.1 | 1.1 | 1.1 | 1.2 | 1.2 | 1.1 | 1.2 |

E: MOSL Estimates; * Reported on total assets; # Cal. on interest earning assets



Indiabulls Housing

| | |
|-------------------------|--------------|
| Bloomberg | IHFL IN |
| Equity Shares (m) | 421.3 |
| M. Cap. (INR b)/(USD b) | 443 / 7 |
| 52-Week Range (INR) | 1187 / 616 |
| 1,6,12 Rel Perf. (%) | -7 / 46 / 38 |

CMP: INR1,050 TP: INR1,300 (+24%) Buy

- n We expect strong loan growth to continue, driven by retail home loans. We estimate 2% QoQ and 32% YoY loan growth.
- n Total income should grow 35% YoY to INR16b.
- n Expenses (including provisions) are likely to grow 39% YoY.
- n Asset quality is expected to remain stable. In 4QFY17, GNPA's were at 0.85% and NNPA's at 0.36%.
- n PAT is likely to grow 37% YoY to INR8.6b during the quarter.
- n The stock trades at 3.2x FY18E and 2.8x FY19E BV. Maintain Buy.

Financial Snapshot (INR b)

| Y/E March | 2017 | 2018E | 2019E | 2020E |
|-------------------|------|-------|-------|-------|
| Net Fin inc | 39.9 | 52.6 | 66.5 | 79.5 |
| PPP | 45.5 | 60.2 | 76.3 | 92.4 |
| EPS (INR) | 69.0 | 88.9 | 113.9 | 137.0 |
| EPS Gr. (%) | 24.0 | 28.8 | 28.1 | 20.3 |
| BV/Sh. (INR) | 288 | 325 | 372 | 429 |
| RoA on AUM (%) | 3.1 | 3.1 | 3.2 | 3.0 |
| RoE (%) | 25.5 | 29.0 | 32.7 | 34.2 |
| Payout (%) | 52.5 | 50.0 | 50.0 | 50.0 |
| Valuations | | | | |
| P/E (x) | 15.2 | 11.8 | 9.2 | 7.7 |
| P/BV (x) | 3.6 | 3.2 | 2.8 | 2.4 |
| P/ABV (x) | 3.6 | 3.2 | 2.8 | 2.4 |
| Div. Yield (%) | 3.4 | 4.2 | 5.4 | 6.5 |

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 | FY17 | | | | FY18E | | | | FY17 | FY18E |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| | 1Q | 2Q | 3Q | 4Q | 1QE | 2QE | 3QE | 4QE | | |
| Income from operations | 23,720 | 25,098 | 25,859 | 29,314 | 29,754 | 30,349 | 31,866 | 35,508 | 103,990 | 127,477 |
| Other Income | 2,255 | 3,651 | 4,186 | 2,935 | 4,072 | 4,072 | 4,072 | 4,072 | 13,027 | 16,288 |
| Total income | 25,975 | 28,749 | 30,045 | 32,249 | 33,826 | 34,421 | 35,938 | 39,580 | 117,017 | 143,764 |
| Y-o-Y Growth (%) | 28.3 | 28.0 | 30.2 | 21.8 | 30.2 | 19.7 | 19.6 | 22.7 | 26.8 | 22.9 |
| Interest expenses | 14,109 | 16,279 | 16,329 | 17,391 | 17,826 | 18,271 | 19,002 | 19,740 | 64,108 | 74,839 |
| Net Income | 11,866 | 12,470 | 13,716 | 14,858 | 16,000 | 16,149 | 16,936 | 19,840 | 52,910 | 68,925 |
| Y-o-Y Growth (%) | 33.9 | 24.6 | 26.8 | 15.6 | 34.8 | 29.5 | 23.5 | 33.5 | 24.4 | 30.3 |
| Operating Expenses | 3,116 | 3,258 | 3,658 | 5,160 | 4,331 | 4,458 | 4,354 | 5,033 | 15,192 | 18,176 |
| Profit before tax | 8,750 | 9,212 | 10,058 | 9,698 | 11,668 | 11,691 | 12,582 | 14,808 | 37,718 | 50,749 |
| Y-o-Y Growth (%) | 26.4 | 24.3 | 24.9 | 9.0 | 33.3 | 26.9 | 25.1 | 52.7 | 20.5 | 34.5 |
| Tax Provisions | 2,401 | 2,352 | 2,555 | 1,325 | 3,034 | 3,040 | 3,271 | 3,850 | 8,633 | 13,195 |
| Net Profit | 6,349 | 6,861 | 7,502 | 8,373 | 8,635 | 8,651 | 9,310 | 10,958 | 29,085 | 37,554 |
| Minority Int | -49 | -18 | 13 | 32 | 25 | 25 | 25 | 25 | -22 | 100 |
| Net Profit after MI | 6,301 | 6,843 | 7,515 | 8,405 | 8,610 | 8,626 | 9,285 | 10,933 | 29,064 | 37,454 |
| Y-o-Y Growth (%) | 23.2 | 23.2 | 24.7 | 24.4 | 36.6 | 26.1 | 23.6 | 30.1 | 24.0 | 28.9 |

E: MOSL Estimates



Info Edge

| | |
|-------------------------|------------|
| Bloomberg | INFOE IN |
| Equity Shares (m) | 126.4 |
| M. Cap. (INR b)/(USD b) | 128 / 2 |
| 52-Week Range (INR) | 1127 / 752 |
| 1,6,12 Rel Perf. (%) | 12 / 1 / 6 |

Financial Snapshot (INR b)

| Y/E March | 2016 | 2017 | 2018E | 2019E |
|------------------|-------|-------|-------|-------|
| Sales | 7.1 | 8.0 | 9.2 | 10.5 |
| EBITDA | 1.4 | 2.3 | 2.8 | 3.2 |
| PAT | 1.2 | 2.0 | 2.5 | 2.8 |
| EPS (INR) | 11.3 | 15.7 | 20.3 | 22.9 |
| EPS Gr. (%) | -17.2 | 38.2 | 29.2 | 12.8 |
| BV/Sh. (INR) | 143.6 | 162.7 | 177.6 | 193.4 |
| RoE (%) | 8.1 | 10.2 | 11.9 | 12.3 |
| RoCE (%) | 8.1 | 10.2 | 11.9 | 12.3 |
| Payout (%) | 42.9 | 22.8 | 26.4 | 31.2 |
| Valuation | | | | |
| P/E (x) | 91.6 | 66.3 | 51.3 | 45.5 |
| EV/EBITDA (x) | 77.9 | 47.0 | 38.6 | 32.6 |
| EV/Sales (x) | 15.5 | 13.3 | 11.6 | 10.1 |

CMP: INR1,038 TP: 1,050 (+1%)

Buy

- n We expect standalone revenue to grow 10.4% YoY to INR2.2b.
- n Recruitment segment (~75% of business) is estimated to grow 13.5% YoY to INR1.63b.
- n We estimate real estate portal, 99acres.com's revenue at INR279m (flat YoY), and matrimonial portal, Jeevansathi.com's revenue at INR158m (up 5% YoY).
- n Revenue growth in Naukri.com has been under pressure because of a policy change with respect to the sales incentive structure; we expect normalization in 1HFY18. 99acres.com continues to be impacted by the slowdown in the real estate market and uncertainty around RERA.
- n Our EBITDA margin estimate for the quarter stands at 29% compared to 30.3% in the previous quarter, and 24.2% in 1QFY17.
- n Consequently, we expect PAT of INR587m (up 32.2% YoY).

Key issues to watch for

- Ø Impact of consolidation in the real estate segment, and outlook on ad spends, given the state of competitive dynamics
- Ø Traction in the recruitment business from segments other than IT
- Ø Commentary around monetization in Zomato.com

Standalone Quarterly Performance

(INR Million)

| Y/E March | FY17 | | | | FY18E | | | | FY17 | FY18E |
|--------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | 1QE | 2QE | 3QE | 4QE | | |
| Revenues | 1,976 | 2,100 | 1,861 | 2,084 | 2,182 | 2,306 | 2,329 | 2,432 | 8,021 | 9,249 |
| YoY (%) | 13.1 | 20.6 | 7.3 | 8.0 | 10.4 | 9.8 | 25.1 | 16.7 | 12.6 | 15.3 |
| Salary costs | 963 | 915 | 938 | 936 | 997 | 1,022 | 1,046 | 1,070 | 3,752 | 4,135 |
| Ad and Promotion costs | 258 | 221 | 184 | 217 | 251 | 277 | 279 | 292 | 881 | 1,099 |
| Other Expenses | 277 | 269 | 268 | 300 | 301 | 304 | 307 | 319 | 1,114 | 1,231 |
| Operating Profit | 478 | 695 | 471 | 632 | 633 | 704 | 697 | 750 | 2,275 | 2,783 |
| Margins (%) | 24.2 | 33.1 | 25.3 | 30.3 | 29.0 | 30.5 | 29.9 | 30.9 | 28.4 | 30.1 |
| Other Income | 243 | 248 | 250 | 113 | 252 | 222 | 230 | 238 | 855 | 942 |
| Depreciation | 60 | 62 | 63 | 56 | 59 | 61 | 63 | 65 | 241 | 248 |
| PBT bef. Extra-ordinary | 661 | 881 | 658 | 689 | 826 | 865 | 863 | 923 | 2,889 | 3,477 |
| Provision for Tax | 217 | 254 | 187 | 320 | 239 | 251 | 250 | 268 | 978 | 1,008 |
| ETR (%) | 32.9 | 28.8 | 28.4 | 46.5 | 29.0 | 29.0 | 29.0 | 29.0 | 33.9 | 29.0 |
| PAT bef. Minority | 444 | 627 | 471 | 369 | 587 | 614 | 613 | 655 | 1,911 | 2,469 |
| EOI | 0 | 174 | 0 | -40 | 0 | 0 | 0 | 0 | 134 | 0 |
| Adjusted PAT | 444 | 801 | 471 | 329 | 587 | 614 | 613 | 655 | 2,045 | 2,469 |
| YoY (%) | 54.9 | 136.0 | 116.7 | -15.6 | 32.2 | -23.3 | 30.0 | 99.3 | 65.7 | 20.7 |
| EPS (INR) | 3.6 | 5.1 | 3.9 | 2.7 | 4.9 | 5.1 | 5.1 | 5.4 | 15.4 | 20.5 |

E: MOSL Estimates



L&T Infotech

| | |
|-------------------------|-----------|
| Bloomberg | LTI IN |
| Equity Shares (m) | 170.5 |
| M. Cap. (INR b)/(USD b) | 134 / 2 |
| 52-Week Range (INR) | 840 / 595 |
| 1,6,12 Rel Perf. (%) | 1/-4/- |

Financial Snapshot (INR b)

| y/e march | 2017 | 2018E | 2019E | 2020E |
|--------------|-------|-------|-------|-------|
| Sales | 65.0 | 70.1 | 78.3 | 86.2 |
| EBITDA | 12.3 | 12.8 | 14.2 | 15.6 |
| PAT | 9.7 | 10.3 | 11.4 | 12.2 |
| EPS (INR) | 55.5 | 59.1 | 65.1 | 69.8 |
| EPS Gr. (%) | 5.9 | 6.6 | 10.0 | 7.3 |
| BV/Sh. (INR) | 159.5 | 204.4 | 253.9 | 306.9 |
| ROE (%) | 40.4 | 32.5 | 28.4 | 24.9 |
| RoCE (%) | 42.7 | 33.0 | 30.6 | 28.2 |
| Payout (%) | 17.5 | 20.0 | 20.0 | 20.0 |

Valuation

| | | | | |
|---------------|------|------|------|------|
| P/E (x) | 14.2 | 13.4 | 12.1 | 11.3 |
| P/BV (x) | 5.0 | 3.9 | 3.1 | 2.6 |
| EV/EBITDA (x) | 10.7 | 9.9 | 8.6 | 7.4 |
| DW Yld (%) | 1.2 | 1.5 | 1.6 | 1.8 |

CMP: INR790 TP: INR850 (8%) Buy

- LTI witnessed strong growth throughout FY17, led by sustained ramp-up of deals. Even in 4QFY17, broad-based momentum led to 2.4% QoQ CC growth.
- Given the ramp-up schedule, and visibility lent by new deal wins, revenue growth is expected to be strong 2QFY18 onwards.
- However, 1Q is expected to be moderated, with CC growth of 1.4% QoQ. Cross-currency tailwind of 80bp is expected to lead to USD revenue growth of 2.2% QoQ.
- We expect EBITDA margin to decline by 160bp QoQ to 17.4%, given the increased S&M investments, INR appreciation and visa expenses.
- Our PAT estimate for the quarter is INR2.4b, which implies 5.5% QoQ decline, largely led by lower margins.
- The stock trades at 13.4x FY18E and 12.1x FY19E earnings. Buy.

Key issues to watch for

- Deal wins and ramp-up schedule for FY18.
- Margin trajectory, going forward, given the increased investments.
- Growth in Digital.

Quarterly Performance

| Y/E March | FY17 | | | | FY18E | | | | (INR m) | |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|---------|--------|
| | 1Q | 2Q | 3Q | 4Q | 1QE | 2QE | 3QE | 4QE | FY17 | FY18E |
| Revenue (USD m) | 231 | 240 | 245 | 254 | 260 | 266 | 272 | 276 | 970 | 1,074 |
| QoQ (%) | 0.6 | 3.7 | 2.3 | 3.7 | 2.2 | 2.4 | 2.4 | 1.4 | 9.3 | 10.7 |
| Revenue (INR m) | 15,550 | 16,020 | 16,667 | 16,772 | 16,735 | 17,277 | 17,829 | 18,216 | 65,009 | 70,057 |
| YoY (%) | 16.6 | 9.1 | 12.1 | 7.7 | 7.6 | 7.8 | 7.0 | 8.6 | 11.2 | 7.8 |
| GPM (%) | 35.3 | 35.4 | 34.3 | 35.8 | 34.7 | 34.2 | 35.1 | 35.5 | 35.2 | 34.9 |
| SGA (%) | 15.7 | 16.4 | 16.2 | 16.8 | 17.3 | 16.5 | 16.5 | 16.5 | 16.3 | 16.7 |
| EBITDA | 3,050 | 3,044 | 3,020 | 3,190 | 2,912 | 3,058 | 3,317 | 3,465 | 12,303 | 12,751 |
| EBITDA Margin (%) | 19.6 | 19.0 | 18.1 | 19.0 | 17.4 | 17.7 | 18.6 | 19.0 | 18.9 | 18.2 |
| EBIT Margin (%) | 16.9 | 16.1 | 15.3 | 16.5 | 14.3 | 14.7 | 15.7 | 16.2 | 16.2 | 15.3 |
| Other income | 372 | 365 | 597 | 503 | 689 | 748 | 598 | 547 | 1,837 | 2,583 |
| ETR (%) | 21.2 | 21.0 | 21.2 | 22.3 | 22.0 | 22.0 | 22.0 | 22.0 | 21.4 | 22.0 |
| PAT | 2,359 | 2,326 | 2,481 | 2,547 | 2,406 | 2,566 | 2,651 | 2,727 | 9,711 | 10,350 |
| QoQ (%) | 3.2 | -1.4 | 6.7 | 2.7 | -5.5 | 6.6 | 3.3 | 2.9 | | |
| YoY (%) | 35.1 | 21.3 | 10.5 | 11.4 | 2.0 | 10.3 | 6.8 | 7.1 | 5.9 | 6.6 |
| EPS (INR) | 13.5 | 13.3 | 14.2 | 14.6 | 13.7 | 14.7 | 15.1 | 15.6 | 55.5 | 59.1 |
| Headcount | 19,292 | 21,074 | 20,605 | 21,023 | 21,443 | 21,763 | 22,033 | 22,253 | 21,023 | 22,253 |
| Util incl. trainees (%) | 77.4 | 78.7 | 78.1 | 78.3 | 76.5 | 77.5 | 78.0 | 78.5 | 7807.5 | 77.6 |
| Attrition (%) | 19.5 | 18.5 | 18.1 | 16.9 | | | | | | |
| Offshore rev. (%) | 51.9 | 51.2 | 52.3 | 51.3 | 47.7 | 48.2 | 47.7 | 47.9 | 48.3 | 47.8 |

E: MOSL Estimates



Mahindra Fin. Serv.

| | |
|-------------------------|---------------|
| Bloomberg | MMFS IN |
| Equity Shares (m) | 565.0 |
| M. Cap. (INR b)/(USD b) | 199 / 3 |
| 52-Week Range (INR) | 405 / 244 |
| 1,6,12 Rel Perf. (%) | -9 / 11 / -14 |

CMP: INR352 TP: INR415 (+18%) Buy

- There has been a pick-up in growth in the quarter. We expect 3.5%/15% QoQ/YoY AUM growth in the quarter.
- NII is likely to increase 26% YoY (due to the low base in 1QFY17).
- We expect 15% growth in operating expenses, resulting in 400bp YoY reduction in the C/I ratio 43.5%.
- Asset quality is likely to deteriorate sequentially, but this is a seasonal phenomenon.
- We factor in INR2.5b provisions in 1QFY18 v/s INR3.6b in 4QFY17 and INR2.2b in 1QFY17.
- The stock trades at 2.9x FY18E and 2.7x FY19E BV. Maintain Buy.

Financial Snapshot (INR b)

| Y/E March | 2017 | 2018E | 2019E | 2020E |
|-------------------|-------|-------|-------|-------|
| NII | 33.2 | 38.0 | 43.4 | 50.8 |
| PPP | 19.3 | 22.1 | 25.3 | 30.2 |
| PAT | 4.0 | 7.7 | 9.2 | 11.1 |
| EPS (INR) | 7.1 | 13.6 | 16.4 | 19.7 |
| BV/Sh.(INR) | 114.6 | 122.7 | 132.3 | 144.0 |
| ABV/Sh (INR) | 94.8 | 99.2 | 107.5 | 118.5 |
| RoA on AUM (%) | 1.0 | 1.7 | 1.7 | 1.8 |
| RoE (%) | 6.3 | 11.4 | 12.8 | 14.2 |
| Payout (%) | 39.8 | 41.0 | 41.0 | 41.0 |
| Valuations | | | | |
| P/E (x) | 49.7 | 26.0 | 21.5 | 17.9 |
| P/BV (x) | 3.1 | 2.9 | 2.7 | 2.4 |
| P/ABV (x) | 3.7 | 3.5 | 3.3 | 3.0 |
| Div. Yield (%) | 0.8 | 1.3 | 1.6 | 2.0 |

Key issues to watch for

- Management commentary on performance of rural areas.
- Commentary on pick-up in the CV cycle.
- Asset quality trend in the wake of good monsoon.
- Margin and growth trends.
- Performance of subsidiaries.

Quarterly Performance

(INR Million)

| Y/E March | FY17 | | | | FY18E | | | | FY17 | FY18 |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | |
| Operating Income | 13,664 | 14,916 | 14,904 | 18,255 | 15,759 | 16,444 | 16,786 | 19,527 | 61,739 | 68,516 |
| Other Income | 93 | 241 | 130 | 173 | 200 | 200 | 200 | 227 | 636 | 827 |
| Total income | 13,757 | 15,157 | 15,035 | 18,427 | 15,959 | 16,644 | 16,986 | 19,754 | 62,375 | 69,343 |
| YoY Growth (%) | 0.5 | 5.4 | 6.7 | 9.1 | 16.0 | 9.8 | 13.0 | 7.2 | 5.6 | 11.2 |
| Interest Expenses | 6,910 | 7,086 | 7,441 | 7,137 | 7,331 | 7,575 | 7,789 | 7,850 | 28,574 | 30,545 |
| Net Income | 6,847 | 8,071 | 7,593 | 11,290 | 8,628 | 9,069 | 9,197 | 11,904 | 33,801 | 38,798 |
| Operating Expenses | 3,260 | 3,567 | 3,645 | 4,037 | 3,755 | 4,107 | 4,197 | 4,650 | 14,509 | 16,709 |
| Operating Profit | 3,587 | 4,504 | 3,949 | 7,252 | 4,873 | 4,961 | 5,000 | 7,255 | 19,292 | 22,089 |
| YoY Growth (%) | -22.1 | -10.5 | -11.2 | 6.7 | 35.9 | 10.1 | 26.6 | 0.0 | -7.6 | 14.5 |
| Provisions | 2,245 | 3,042 | 4,190 | 3,614 | 2,500 | 2,200 | 2,600 | 2,974 | 13,091 | 10,274 |
| Profit before Tax | 1,341 | 1,462 | -241 | 3,638 | 2,373 | 2,761 | 2,400 | 4,281 | 6,202 | 11,817 |
| Tax Provisions | 472 | 514 | -85 | 1,298 | 835 | 972 | 845 | 1,507 | 2,198 | 4,159 |
| Net Profit | 870 | 948 | -156 | 2,341 | 1,538 | 1,789 | 1,555 | 2,774 | 4,003 | 7,658 |
| YoY Growth (%) | -2.2 | -35.1 | -123.3 | -36.8 | 76.8 | 88.7 | -1,094.7 | 18.5 | -40.5 | 91.3 |
| Cost to Income Ratio (%) | 47.6 | 44.2 | 48.0 | 35.8 | 43.5 | 45.3 | 45.6 | 39.1 | 42.9 | 43.1 |
| Provisions/Operating Profits (%) | 62.6 | 67.5 | 106.1 | 49.8 | 51.3 | 44.3 | 52.0 | 41.0 | 67.9 | 46.5 |
| Tax Rate (%) | 35.2 | 35.2 | 35.2 | 35.7 | 35.2 | 35.2 | 35.2 | 35.2 | 35.4 | 35.2 |

E: MOSL Estimates



Tata Communications

| | |
|-------------------------|--------------|
| Bloomberg | TCOM IN |
| Equity Shares (m) | 285.0 |
| M. Cap. (INR b)/(USD b) | 197 / 3 |
| 52-Week Range (INR) | 784 / 430 |
| 1,6,12 Rel Perf. (%) | -6 / -7 / 27 |

Financial Snapshot (INR Million)

| Y/E March | 2017 | 2018E | 2019E | 2020E |
|--------------|---------|---------|-------|-------|
| Net Sales | 205.5 | 176.2 | 175.4 | 188.8 |
| EBITDA | 31.0 | 24.1 | 25.3 | 34.2 |
| Adj. NP | 0.4 | 7.4 | 2.9 | 8.8 |
| AdjEPS (INR) | 1.6 | 26.0 | 10.2 | 30.8 |
| Adj.EPSGr(%) | 1,986.6 | 1,573.9 | -60.7 | 202.1 |
| BV/Sh(INR) | -14.7 | 55.9 | 66.1 | 96.9 |
| RoE (%) | -91.6 | 126.2 | 16.7 | 37.8 |
| RoCE (%) | 0.9 | 9.7 | 4.1 | 8.9 |
| RoIC | 1.0 | 9.4 | 5.8 | 15.2 |

Valuations

| | | | | |
|----------------|-------|------|------|------|
| P/E (x) | 481.0 | 28.7 | 73.2 | 24.2 |
| P/BV (x) | -50.9 | 13.4 | 11.3 | 7.7 |
| EV/EBITDA(x) | 10.9 | 12.5 | 11.7 | 8.3 |
| Div. Yield (%) | 0.6 | 0.6 | 0.6 | 0.6 |

CMP: INR690 TP: INR811 (+18%) Buy

- Tata Communications' core revenue is expected to decline 1% QoQ (8% YoY) to INR42.7b on weak voice and data revenues.
- Data revenue is likely to fall 1% QoQ to INR27.8b, adjusting for the impact of sale of Singapore data center business.
- Core EBITDA is likely to grow 11% QoQ to INR5.6b on the back of 140bp improvement in EBITDA margin to 13.1%.
- Data EBITDA is expected to grow 21% QoQ to INR4.7b, led by 310bp improvement in data EBITDA margin to 21%.
- The stock trades at an EV/EBITDA of 11.7x FY18E and 8.3x FY19E.

Key monitorables

- ⊗ Data revenue performance (we expect 1% QoQ degrowth).
- ⊗ Data EBITDA margin (we expect ~310bp QoQ improvement).

Cons. Quarterly Earning Model

| Y/E March | (INR Million) | | | | | | | | FY17E | FY18E |
|--------------------------------------|---------------|---------|--------|---------|--------|--------|----------|--------|---------|---------|
| | FY17 | | | | FY18 | | | | | |
| | 1Q | 2Q | 3Q | 4Q | 1QE | 2QE | 3QE | 4Q | | |
| Net Sales | 50,317 | 45,091 | 43,601 | 42,937 | 42,664 | 43,409 | 44,187 | 45,100 | 176,197 | 188,759 |
| YoY Change (%) | -2.9 | -12.1 | -14.5 | -16.5 | -15.2 | -3.7 | 1.3 | 5.0 | -14.3 | 7.6 |
| Total Expenditure | 41,690 | 38,466 | 37,910 | 37,914 | 37,091 | 37,356 | 37,632 | 38,003 | 152,138 | 154,550 |
| EBITDA | 8,627 | 6,625 | 5,691 | 5,024 | 5,573 | 6,054 | 6,554 | 7,097 | 24,059 | 34,209 |
| Margins (%) | 17.1 | 14.7 | 13.1 | 11.7 | 13.1 | 13.9 | 14.8 | 15.7 | 13.7 | 18.1 |
| Depreciation | 5,378 | 4,644 | 4,677 | 4,677 | 4,757 | 4,757 | 4,757 | 4,757 | 18,658 | 20,397 |
| Interest | 1,721 | 960 | 999 | 780 | 724 | 711 | 698 | 685 | 3,672 | 2,792 |
| Other Income | 608 | 728 | 909 | 1,012 | 341 | 345 | 354 | 358 | 3,603 | 2,022 |
| PBT before EO expense | 2,136 | 1,750 | 924 | 578 | 433 | 930 | 1,453 | 2,012 | 5,332 | 13,042 |
| Extra-Ord expense | 920 | 0 | 0 | 10,633 | 0 | 0 | 0 | 0 | 11,553 | 0 |
| PBT | 1,216 | 1,750 | 924 | -10,055 | 433 | 930 | 1,453 | 2,012 | -6,221 | 13,042 |
| Tax | 793 | 899 | 923 | -192 | 143 | 307 | 479 | 664 | 2,364 | 4,304 |
| Rate (%) | 65.2 | 51.4 | 99.9 | 1.9 | 33.0 | 33.0 | 33.0 | 33.0 | -38.0 | 33.0 |
| Minority Interest & P&L of Asso.Cos. | 6 | 6 | -7 | -40 | -13 | -13 | -13 | -13 | -51 | -51 |
| Reported PAT | 418 | 845 | 7 | -9,824 | 302 | 636 | 986 | 1,361 | -8,534 | 8,789 |
| Adj PAT | 738 | 845 | 7 | 607 | 302 | 636 | 986 | 1,361 | 7,409 | 8,789 |
| YoY Change (%) | 70.5 | 1,303.7 | -96.6 | 132.4 | -59.0 | -24.7 | 13,223.9 | 124.3 | 1,573.9 | 202.1 |
| Margins (%) | 1.5 | 1.9 | 0.0 | 1.4 | 0.7 | 1.5 | 2.2 | 3.0 | 4.2 | 4.7 |



Zee Entertainment

| | |
|-------------------------|--------------|
| Bloomberg | Z IN |
| Equity Shares (m) | 960.4 |
| M. Cap. (INR b)/(USD b) | 522 / 8 |
| 52-Week Range (INR) | 589 / 382 |
| 1,6,12 Rel Perf. (%) | 4 / -10 / 21 |

Financial Snapshot (INR Billion)

| Y/E MARCH | 2017 | 2018E | 2019E | 2020E |
|------------------|-------|-------|-------|-------|
| Net Sales | 64.3 | 66.2 | 76.7 | 89.2 |
| EBITDA | 19.3 | 21.3 | 25.2 | 30.4 |
| Adj. NP | 12.2 | 14.9 | 17.8 | 20.7 |
| Adj. EPS (INR) | 23.1 | 15.6 | 18.6 | 21.5 |
| Adj. EPS Gr. (%) | 149.4 | -32.6 | 19.2 | 16.1 |
| EPS ex-&TV (INR) | 24.0 | 16.1 | 17.9 | 20.5 |
| RoE (%) | 24.7 | 23.6 | 23.7 | 23.0 |
| RoCE (%) | 23.1 | 19.4 | 20.0 | 20.7 |
| Div. Payout (%) | 10.8 | 16.1 | 16.2 | 13.9 |

Valuations

| | | | | |
|----------------|------|------|------|------|
| P/E (x) | 21.3 | 31.6 | 26.5 | 22.8 |
| P/E ex-&TV (x) | 20.5 | 30.6 | 27.4 | 24.0 |
| EV/EBITDA (x) | 23.5 | 21.1 | 18.1 | 15.1 |
| Div. Yield (%) | 0.5 | 0.5 | 0.6 | 0.6 |

CMP: INR492 TP: INR585 (+19%) Buy

- n We expect advertising revenue to grow 6% YoY to INR9.66b. Ex-sports, ad revenue is expected to grow 9% YoY. GST is expected to have a transient impact on ad spends for June.
- n The network seems to be on track in fixing the low fresh programming hours, with the launch of *Aisi Dewangee* on Zee TV, *Chupke* and *India's Asli Champion* on &TV in 1Q.
- n While on a reported basis, subscription revenue is likely to decline YoY, like-to-like, domestic subscription revenue is expected to grow 11% to INR3.43b.
- n Total revenue is expected to decline 5% YoY to INR14.94b.
- n We expect EBITDA margin hold up YoY at 31.3% (similar levels as 1QFY16 Ex-sports margins of 31.3%).
- n Adjusted PAT is expected to grow ~66% YoY to INR3.61b.
- n Our revised TP is INR585 (32x FY19E EPS (ex-&TV) plus INR22/share towards &TV DCF less INR12/share towards preference share liability). The stock trades at 31.4 FY18E and 26.3x FY18E EPS. Buy.

Key things to watch for

- Ø YoY ad growth (we expect 6%).
- Ø Like-to-like YoY domestic subscription (we expect 11% growth).

Quarterly Performance

(INR Million)

| Y/E March | FY17 | | | | FY18 | | | | FY17 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1Q | 2Q | 3Q | 4Q | 1QE | 2QE | 3QE | 4QE | |
| Advertising Revenue | 9,120 | 9,592 | 9,554 | 8,469 | 9,667 | 10,359 | 10,987 | 9,323 | 36,735 |
| Subscription Revenue | 5,282 | 5,833 | 5,935 | 5,580 | 4,353 | 5,004 | 6,250 | 6,093 | 22,630 |
| Other Sales and Services | 1,315 | 1,529 | 902 | 1,231 | 920 | 1,071 | 902 | 1,238 | 4,978 |
| Net Sales | 15,716 | 16,954 | 16,391 | 15,280 | 14,941 | 16,434 | 18,139 | 16,654 | 64,342 |
| Change (%) | 17.3 | 23.0 | 3.4 | 0.4 | -4.9 | -3.1 | 10.7 | 9.0 | 10.7 |
| Prog. Transmission & Direct Exp | 6,575 | 7,688 | 7,035 | 6,527 | 5,906 | 6,320 | 6,952 | 6,712 | 27,825 |
| Staff Cost | 1,499 | 1,533 | 1,419 | 1,593 | 1,464 | 1,611 | 1,778 | 1,632 | 6,043 |
| Selling and Other Exp | 3,110 | 2,841 | 2,780 | 2,474 | 2,892 | 3,143 | 3,416 | 3,055 | 11,205 |
| EBITDA | 4,532 | 4,892 | 5,158 | 4,687 | 4,678 | 5,361 | 5,993 | 5,255 | 19,269 |
| Change (%) | 45.6 | 36.4 | 20.1 | 14.0 | 3.2 | 9.6 | 16.2 | 12.1 | 27.3 |
| EBITDA margin (%) | 28.8 | 28.9 | 31.5 | 30.7 | 31.3 | 32.6 | 33.0 | 31.6 | 29.9 |
| Depreciation | 251 | 336 | 249 | 316 | 323 | 329 | 334 | 334 | 1,152 |
| Finance cost | 75 | 86 | 90 | 1,122 | 100 | 100 | 100 | 772 | 1,372 |
| Other Income | 734 | 432 | 525 | 549 | 1,138 | 670 | 797 | 831 | 2,240 |
| Fair Value through P&L | -1,132 | -829 | -714 | 470 | | | | | -2,205 |
| Extraordinary items | | | | 12,234 | | | | | 12,234 |
| PBT | 3,807 | 4,074 | 4,630 | 16,503 | 5,393 | 5,602 | 6,357 | 4,980 | 29,015 |
| Tax | 1,626 | 1,634 | 2,081 | 1,464 | 1,780 | 1,849 | 2,098 | 1,643 | 6,804 |
| Effective Tax Rate (%) | 42.7 | 40.1 | 44.9 | 8.9 | 33.0 | 33.0 | 33.0 | 33.0 | 23.5 |
| PAT | 2,181 | 2,440 | 2,549 | 15,039 | 3,613 | 3,753 | 4,259 | 3,337 | 22,211 |
| Minority Interest/Associates | 12 | 56 | 41 | -103 | 2 | 2 | 2 | 1 | 7 |
| Adj PAT after MI & Extra-Ordinary gains/losses | 2,170 | 2,384 | 2,508 | 2,908 | 3,611 | 3,751 | 4,257 | 3,336 | 9,969 |
| Change (%) | -11.0 | -16.2 | 8.6 | 28.4 | 66.4 | 57.4 | 69.7 | 14.7 | 8.0 |



1. Expect loan growth to pick up in Q2: can fin homes; SK Hota, MD

- n In a position to hold on to fresh approvals like last years.
- n Enquiries have improved, so there is certainly a positive signal as far as the loan book growth or the fresh approvals are concerned.
- n Q2 should be better quarter because there is some clarity emerging as far as Real Estate Regulatory Authority (RERA) and other things are concerned
- n Asset quality is the forte of Can Fin Homes and confident that it will not be an issue for the company going forward.

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2. Attempt is to bring down gross NPA to 5%, says Indian Bank; Kishor Kharat, MD & CEO

- n In 5:25 have roughly around 11 accounts amounting to Rs 1,315 crore, under strategic debt restructuring (SDR) there were 14 accounts of Rs 1,613 crore and under S4A have four accounts roughly around Rs 230 crore.
- n In this quarter there is no new addition to anyone of these
- n On gross NPA front, endeavour is to bring down gross non-performing asset (NPA) below 5 percent.

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3. Hopeful of better topline growth due to diversity in product mix: HIL; Dhirup Roy Choudhary, MD & CEO

- n Going forward to see a much better diversity in product mix which will get growth in the topline
- n GST should help us in consolidating our business
- n Farmers' loan waiver could also have a significant contribution towards positive growth for HIL.
- n GST rates for roofing has come down from 28 percent to 18 percent and now it is at par with the steel sheet which gives a great competition to our cement fibre roofing solutions. That is a very positive way going forward for HIL
- n Unorganised segment will get consolidated and the market share will get split between the organised sector.

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4. Hope to better 5% ad revenue growth going forward: DB Corp; Girish Agarwal, Promoter & Director

- n Happy with the 5 percent ad revenue growth in spite of GST impact and 35 percent EBITDA margin improvement in print in the quarter gone by. Would aim for a higher growth going forward
- n Education, automobile and healthcare were the key contributors to the ad revenue growth and would continue to do so. Real estate will see a bounce back in coming quarters.
- n The fall in ad revenues in the digital space was a conscious decision of removing irritant advertising
- n The digit ad revenues were down 1.5 percent in the quarter at Rs 12.3 crore.

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1. More steel to lenders

n Counter-intuitive as it might seem, Essar Steel may actually have done a favour to the fledgling Insolvency and Bankruptcy Code by challenging the Reserve Bank of India and State Bank of India in the Gujarat High Court, which the latter has now dismissed. The embattled steelmaker had challenged RBI's direction to the lenders to start insolvency proceedings against the company. Essar Steel argued that it was not given an opportunity by the central bank to present its case before its name was included in the list of 12 borrowers that was referred to the National Company Law Tribunal (NCLT) for commencement of insolvency proceedings. The company had argued before the court that it was in the process of revival now having repaid ₹3,467 crore between April 2016 and June 2017 out of its massive outstanding debt of ₹45,000 crore. Its operating parameters had improved and the company was in talks with banks and therefore ought to have been given time to complete restructuring the debt.

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2. Agrarian crisis: the challenge of a small farmer economy

n The rising frequency of farmers' agitations in Tamil Nadu, Maharashtra, Madhya Pradesh and elsewhere and the high incidence of farmer's suicides are symptoms of a deep malaise in rural India. But beyond scanning the morning headlines, urban India has barely noticed. So long as growth keeps chugging along at 6% plus and food prices remain stable, urban India doesn't really care. This complacency about the misfortunes of Bharat is quite dangerous. Agriculture is still the core of our food security. With over 1.3 billion mouths to feed, imports will not solve our problem if there is a severe drought and food shortage. Those old enough will recall the desperate years of 1964-65 and 1965-66. Moreover, though agriculture now accounts for less than 15% of gross domestic product (GDP), it is still the main source of livelihood for nearly half our population. It was, therefore, reassuring to see Nitin Gadkari candidly recognize in a recent TV interview that there is a crisis in Indian agriculture. But what are the roots of this crisis? And what is the way forward? I can only outline the answers to these critical questions in this short column.

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3. Jobs creation: how to make housing the growth sweet spot, power up employment

n Job creation will be India's single biggest priority over the next 20-30 years. One of the major sectors that will always be at the forefront of the economic landscape of India is the housing sector. Over 150 industries are connected to the construction, sale and occupancy of homes, plus each rupee invested in housing adds an overall ₹2.84 to GDP. Yet, housing and construction's biggest strength lies in its labour-intensity: as per a 2014 NCAER study, more than 99% of the jobs in the housing sector are informal in nature. For a country with 800 million-plus unskilled and semi-skilled citizens, this statistic is gold dust. It isn't surprising then, that housing has finally captured the imagination of policy makers. In FY16, 11 housing finance licences were awarded; in the 2017 budget, affordable housing received infrastructure status; and key government schemes now aim to address India's housing shortage. Home loans are gradually becoming cheaper.

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4. Ease of exiting business: how non viable firms continue to hurt the economy

- n The World Bank's Ease of Doing Business framework comprises of nine parameters, one of which is business exit/insolvency. This highlights the significance of exits in a market. Ease of doing business needs to unequivocally address all three stages of a firm, ie, starting, sustaining and exiting of a business. India ranks 136 out of 169 in resolving insolvency. In Mumbai, insolvency is resolved in seven years with a recovery rate of 15.1 cents on the dollar, while in Delhi insolvency is resolved in seven years with a recovery rate of 14.6 cents on the dollar.
- n The above data vindicates those who have constantly argued that ease of shutting businesses is of paramount and equal importance. Ease of Doing Business is not only about the effortless and rapid emergence of new businesses in an economy. It is also concerned about the ease of "exiting" business. Exit is an inevitable truth of any business cycle, and we need to equip the system to enable seamless exits. Investors and entrepreneurs need to be offered a round-trip framework for doing business.

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International

5. Putting aside protocol spells danger for Donald Trump

- n When news broke this week about President Donald Trump having a second, unreported meeting with Russian president Vladimir Putin at the G20 summit in Hamburg on July 7, some wondered what the fuss was all about. Why can't two presidents engage one another in conversation when they are attending the same dinner? What is so wrong about that? Well, international summits are not wedding receptions. World leaders do not wander from table to table, making small talk. Summits and the meals accompanying them are highly choreographed and scripted events and for good reason.

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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 | 839 | 1,073 | 28 | 28.0 | 33.8 | 40.5 | 29.9 | 24.8 | 5.5 | 4.7 | 20.3 | 20.4 | 20.7 |
| Ashok Ley. | Buy | 103 | 122 | 18 | 4.6 | 5.5 | 7.1 | 22.4 | 18.7 | 4.9 | 4.3 | 23.3 | 24.5 | 27.1 |
| Bajaj Auto | Buy | 2,815 | 3,359 | 19 | 132.3 | 144.6 | 169.1 | 21.3 | 19.5 | 4.8 | 4.3 | 25.3 | 23.3 | 24.5 |
| Bharat Forge | Buy | 1,135 | 1,330 | 17 | 26.2 | 37.7 | 49.7 | 43.4 | 30.1 | 6.4 | 5.6 | 16.2 | 19.8 | 22.3 |
| Bosch | Neutral | 24,011 | 23,738 | -1 | 473.1 | 649.9 | 766.2 | 50.7 | 36.9 | 8.3 | 7.3 | 15.8 | 21.1 | 21.9 |
| CEAT | Buy | 1,848 | 2,100 | 14 | 93.3 | 96.2 | 131.3 | 19.8 | 19.2 | 3.1 | 2.7 | 16.9 | 15.1 | 17.8 |
| Eicher Mot. | Buy | 28,858 | 31,326 | 9 | 613.8 | 861.2 | 1,102.9 | 47.0 | 33.5 | 16.3 | 11.8 | 40.3 | 40.8 | 38.0 |
| Endurance Tech. | Buy | 891 | 1,025 | 15 | 23.5 | 30.5 | 38.8 | 37.9 | 29.2 | 7.2 | 6.0 | 20.8 | 22.4 | 23.6 |
| Escorts | Neutral | 656 | 731 | 11 | 20.0 | 36.9 | 45.7 | 32.8 | 17.8 | 3.3 | 2.8 | 10.6 | 17.3 | 18.3 |
| Exide Ind | Buy | 217 | 286 | 32 | 8.2 | 9.7 | 11.9 | 26.6 | 22.4 | 3.7 | 3.3 | 14.0 | 14.8 | 15.9 |
| Hero Moto | Neutral | 3,680 | 3,666 | 0 | 169.1 | 198.2 | 198.7 | 21.8 | 18.6 | 7.3 | 6.2 | 35.7 | 36.0 | 31.0 |
| M&M | Buy | 1,383 | 1,625 | 17 | 54.3 | 66.7 | 79.9 | 25.5 | 20.7 | 3.2 | 2.9 | 14.2 | 14.1 | 14.6 |
| Mahindra CIE | Not Rated | 245 | - | | 5.4 | 9.9 | 11.8 | 45.8 | 24.9 | 2.8 | 2.5 | 6.4 | 10.8 | 11.5 |
| Maruti Suzuki | Buy | 7,528 | 8,483 | 13 | 248.6 | 292.6 | 379.7 | 30.3 | 25.7 | 6.3 | 5.4 | 20.3 | 20.8 | 22.8 |
| Tata Motors | Buy | 465 | 666 | 43 | 19.8 | 30.9 | 64.3 | 23.4 | 15.0 | 2.7 | 2.3 | 9.8 | 16.5 | 27.3 |
| TVS Motor | Buy | 571 | 606 | 6 | 11.7 | 16.3 | 25.9 | 48.6 | 35.0 | 11.3 | 9.0 | 25.6 | 28.6 | 35.2 |
| Aggregate | | | | | | | | 28.7 | 22.3 | 4.9 | 4.2 | 17.1 | 19.0 | 22.6 |
| Banks - Private | | | | | | | | | | | | | | |
| Axis Bank | Neutral | 540 | 500 | -7 | 15.4 | 23.8 | 40.3 | 35.2 | 22.7 | 2.4 | 2.2 | 6.9 | 10.1 | 15.4 |
| DCB Bank | Neutral | 195 | 192 | -2 | 7.0 | 8.4 | 10.4 | 27.9 | 23.3 | 2.9 | 2.3 | 10.8 | 11.4 | 11.8 |
| Equitas Hold. | Buy | 168 | 207 | 23 | 4.7 | 4.8 | 7.4 | 35.6 | 34.8 | 2.5 | 2.4 | 8.9 | 7.1 | 10.1 |
| Federal Bank | Buy | 117 | 134 | 14 | 4.8 | 5.5 | 6.8 | 24.4 | 21.5 | 2.3 | 1.9 | 9.9 | 10.2 | 10.5 |
| HDFC Bank | Buy | 1,703 | 1,885 | 11 | 56.8 | 67.1 | 79.4 | 30.0 | 25.4 | 4.9 | 4.4 | 17.9 | 18.2 | 19.0 |
| ICICI Bank | Buy | 301 | 340 | 13 | 15.3 | 15.6 | 17.9 | 19.7 | 19.3 | 2.2 | 2.1 | 10.2 | 9.4 | 10.1 |
| IDFC Bank | Neutral | 60 | 62 | 3 | 3.0 | 3.5 | 4.2 | 20.1 | 17.2 | 1.4 | 1.3 | 7.2 | 7.9 | 8.8 |
| IndusInd | Buy | 1,568 | 1,800 | 15 | 47.9 | 61.9 | 76.8 | 32.7 | 25.3 | 4.7 | 4.1 | 15.4 | 17.3 | 18.5 |
| J&K Bank | Neutral | 84 | 89 | 6 | -31.3 | 4.4 | 8.0 | NM | 19.1 | 0.8 | 0.7 | -27.0 | 4.0 | 7.0 |
| Kotak Mah. Bk | Buy | 999 | 1,153 | 15 | 26.8 | 32.4 | 41.0 | 37.2 | 30.8 | 4.8 | 4.3 | 13.8 | 15.0 | 16.3 |
| RBL Bank | Under Review | 531 | - | | 11.9 | 18.0 | 24.2 | 44.7 | 29.5 | 4.7 | 4.1 | 12.3 | 14.9 | 17.5 |
| South Indian | Buy | 29 | 34 | 19 | 2.2 | 2.9 | 3.7 | 13.1 | 10.0 | 1.1 | 1.0 | 9.5 | 10.8 | 12.7 |
| Yes Bank | Buy | 1,579 | 2,121 | 34 | 73.0 | 90.7 | 114.6 | 21.6 | 17.4 | 3.4 | 2.9 | 18.9 | 18.0 | 19.5 |
| Aggregate | | | | | | | | 29.2 | 23.2 | 3.3 | 3.0 | 11.4 | 12.8 | 14.4 |
| Banks - PSU | | | | | | | | | | | | | | |
| BOB | Buy | 162 | 212 | 31 | 6.0 | 18.4 | 22.5 | 27.0 | 8.8 | 1.1 | 1.0 | 4.1 | 11.9 | 13.2 |
| BOI | Neutral | 155 | 147 | -5 | -14.8 | 13.7 | 22.0 | NM | 11.3 | 0.7 | 0.7 | -6.7 | 6.1 | 9.0 |
| Canara | Neutral | 351 | 360 | 3 | 18.8 | 30.1 | 47.0 | 18.7 | 11.7 | 0.7 | 0.7 | 4.2 | 6.2 | 9.1 |
| IDBI Bk | Neutral | 59 | 49 | -16 | 1.5 | 6.4 | 8.6 | 38.6 | 9.2 | 0.5 | 0.5 | 1.4 | 5.8 | 7.3 |
| Indian Bk | Buy | 329 | 357 | 9 | 29.3 | 33.2 | 38.0 | 11.2 | 9.9 | 1.1 | 1.0 | 10.1 | 10.6 | 11.1 |
| OBC | Neutral | 150 | 150 | 0 | -31.6 | 17.1 | 21.4 | NM | 8.8 | 0.4 | 0.4 | -8.4 | 4.6 | 5.4 |
| PNB | Buy | 158 | 184 | 16 | 6.2 | 10.3 | 14.5 | 25.4 | 15.4 | 0.9 | 0.8 | 3.6 | 5.6 | 7.5 |
| SBI | Buy | 290 | 362 | 25 | 0.3 | 17.9 | 23.3 | 976.1 | 16.2 | 1.4 | 1.3 | -0.2 | 8.7 | 10.0 |
| Union Bk | Neutral | 155 | 162 | 5 | 7.6 | 24.6 | 34.5 | 20.2 | 6.3 | 0.5 | 0.5 | 2.7 | 8.1 | 10.5 |
| Aggregate | | | | | | | | 107.6 | 13.1 | 0.9 | 0.9 | 0.9 | 6.7 | 8.2 |
| NBFCs | | | | | | | | | | | | | | |
| Bajaj Fin. | Buy | 1,618 | 1,800 | 11 | 33.6 | 47.6 | 62.9 | 48.2 | 34.0 | 9.2 | 7.5 | 21.7 | 24.3 | 25.9 |
| Bharat Fin. | Neutral | 781 | 800 | 2 | 21.0 | 41.3 | 53.0 | 37.2 | 18.9 | 4.4 | 3.6 | 15.1 | 20.9 | 21.6 |
| Cholaman.Inv.&Fn | Buy | 1,137 | 1,300 | 14 | 46.0 | 55.0 | 66.4 | 24.7 | 20.7 | 4.2 | 3.5 | 18.1 | 18.5 | 18.9 |
| Dewan Hsg. | Buy | 458 | 530 | 16 | 29.6 | 37.0 | 45.4 | 15.5 | 12.4 | 1.8 | 1.6 | 14.4 | 13.9 | 15.3 |
| GRUH Fin. | Neutral | 476 | 450 | -5 | 8.1 | 9.9 | 12.1 | 58.5 | 47.9 | 17.5 | 14.4 | 32.5 | 33.0 | 32.8 |
| HDFC | Under Review | 1,642 | - | | 46.8 | 50.7 | 55.9 | 35.0 | 32.4 | 6.5 | 5.9 | 19.3 | 18.3 | 17.4 |
| Indiabulls Hsg | Buy | 1,138 | 1,300 | 14 | 69.0 | 88.9 | 113.9 | 16.5 | 12.8 | 4.0 | 3.5 | 25.5 | 29.0 | 32.7 |
| L&T Fin Holdings | Buy | 153 | 180 | 18 | 5.2 | 7.2 | 9.6 | 29.2 | 21.3 | 3.4 | 3.0 | 12.4 | 15.3 | 17.5 |
| LIC Hsg Fin | Neutral | 740 | 750 | 1 | 38.2 | 47.9 | 53.8 | 19.4 | 15.4 | 3.5 | 2.9 | 19.4 | 20.6 | 19.7 |

| Company | Reco | CMP (INR) | TP (INR) | % Upside Downside | EPS (INR) | | | P/E (x) | | P/B (x) | | ROE (%) | | |
|----------------------|-----------|-----------|----------|-------------------|-----------|-------|-------|-------------|-------------|------------|------------|-------------|-------------|-------------|
| | | | | | FY17 | FY18E | FY19E | FY17 | FY18E | FY17 | FY18E | FY17 | FY18E | FY19E |
| Manappuram | Not Rated | 105 | - | | 8.6 | 10.8 | 12.5 | 12.1 | 9.7 | 2.7 | 2.4 | 24.0 | 25.9 | 26.9 |
| M&M Fin. | Buy | 354 | 415 | 17 | 7.1 | 13.6 | 16.4 | 50.0 | 26.1 | 3.1 | 2.9 | 6.3 | 11.4 | 12.8 |
| Muthoot Fin | Buy | 453 | 550 | 22 | 29.5 | 41.0 | 43.3 | 15.3 | 11.0 | 2.8 | 2.4 | 19.4 | 23.2 | 21.4 |
| PFC | Neutral | 128 | 117 | -9 | 25.7 | 27.2 | 30.2 | 5.0 | 4.7 | 0.9 | 0.8 | 17.9 | 17.0 | 16.8 |
| Repco Home | Buy | 798 | 936 | 17 | 29.1 | 35.8 | 42.5 | 27.4 | 22.3 | 4.4 | 3.7 | 17.4 | 18.1 | 18.2 |
| REC | Neutral | 183 | 134 | -27 | 31.4 | 35.0 | 40.4 | 5.8 | 5.2 | 1.1 | 0.9 | 19.9 | 19.1 | 19.1 |
| Shriram Union | City Buy | 2,346 | 2,900 | 24 | 84.3 | 132.8 | 171.2 | 27.8 | 17.7 | 3.1 | 2.7 | 11.7 | 16.2 | 18.1 |
| STF | Buy | 964 | 1,340 | 39 | 55.6 | 78.5 | 98.5 | 17.3 | 12.3 | 1.9 | 1.7 | 11.7 | 14.7 | 16.3 |
| Aggregate | | | | | | | | 19.8 | 16.5 | 3.3 | 2.9 | 16.9 | 17.8 | 17.9 |
| Capital Goods | | | | | | | | | | | | | | |
| ABB | Sell | 1,461 | 1,200 | -18 | 19.7 | 22.4 | 31.6 | 74.2 | 65.2 | 9.4 | 8.2 | 12.7 | 12.6 | 15.8 |
| Bharat Elec. | Buy | 171 | 200 | 17 | 6.9 | 7.2 | 8.1 | 24.7 | 23.9 | 5.1 | 3.9 | 20.6 | 16.5 | 16.8 |
| BHEL | Sell | 145 | 100 | -31 | 2.1 | 3.6 | 4.7 | 67.5 | 40.8 | 1.1 | 1.1 | 1.6 | 2.7 | 3.4 |
| Blue Star | Neutral | 675 | 610 | -10 | 12.9 | 17.8 | 26.6 | 52.4 | 37.9 | 8.5 | 8.0 | 18.0 | 21.7 | 30.1 |
| CG Cons. Elec. | Buy | 204 | 240 | 17 | 4.7 | 5.5 | 6.6 | 43.7 | 37.3 | 23.8 | 17.2 | 76.4 | 53.4 | 49.8 |
| CG Power & Indu. | Sell | 86 | 65 | -24 | 4.1 | 2.3 | 4.5 | 20.9 | 37.5 | 1.3 | 1.2 | 6.2 | 3.4 | 4.2 |
| Cummins | Buy | 1,007 | 1,110 | 10 | 26.5 | 29.2 | 36.0 | 38.0 | 34.5 | 7.5 | 6.9 | 21.2 | 20.7 | 23.5 |
| GE T&D | Neutral | 327 | 320 | -2 | 5.7 | 6.2 | 7.6 | 57.1 | 52.8 | 8.1 | 7.4 | 12.4 | 14.7 | 16.4 |
| Havells | Neutral | 462 | 455 | -2 | 9.6 | 10.9 | 13.8 | 48.3 | 42.2 | 8.8 | 7.9 | 18.2 | 18.6 | 20.7 |
| K E C Intl | Neutral | 293 | 250 | -15 | 11.9 | 12.8 | 16.4 | 24.7 | 22.9 | 4.8 | 4.1 | 21.2 | 19.2 | 20.9 |
| L&T | Buy | 1,179 | 1,340 | 14 | 42.3 | 47.1 | 54.0 | 27.9 | 25.1 | 3.3 | 3.1 | 12.2 | 12.6 | 13.4 |
| Pennar Eng. | Not Rated | 124 | - | | 7.1 | 9.1 | 11.2 | 17.5 | 13.7 | 1.8 | 1.6 | 10.2 | 11.6 | 12.6 |
| Siemens | Neutral | 1,361 | 1,355 | 0 | 17.8 | 24.3 | 33.3 | 76.4 | 56.1 | 7.1 | 6.1 | 9.3 | 11.0 | 13.7 |
| Solar Ind | Neutral | 895 | 825 | -8 | 20.6 | 22.6 | 28.2 | 43.4 | 39.5 | 8.0 | 6.9 | 19.8 | 18.6 | 19.9 |
| Suzlon Energy | Not Rated | 19 | - | | 0.6 | 0.9 | 1.0 | 30.2 | 21.7 | -1.8 | -1.9 | NM | -8.8 | -11.0 |
| Thermax | Sell | 927 | 850 | -8 | 30.8 | 32.7 | 34.0 | 30.0 | 28.4 | 4.1 | 3.7 | 14.3 | 13.7 | 12.9 |
| Va Tech Wab. | Buy | 609 | 800 | 31 | 28.9 | 34.9 | 39.8 | 21.0 | 17.5 | 3.3 | 2.9 | 16.3 | 17.7 | 17.5 |
| Voltas | Sell | 498 | 400 | -20 | 15.5 | 15.6 | 17.6 | 32.2 | 32.0 | 5.0 | 4.5 | 18.0 | 14.7 | 14.9 |
| Aggregate | | | | | | | | 35.4 | 31.2 | 4.0 | 3.6 | 11.2 | 11.6 | 12.7 |
| Cement | | | | | | | | | | | | | | |
| Ambuja Cem. | Buy | 265 | 291 | 10 | 4.9 | 7.3 | 8.2 | 54.3 | 36.6 | 2.8 | 2.6 | 5.1 | 7.3 | 7.8 |
| ACC | Neutral | 1,711 | 1,622 | -5 | 36.1 | 49.8 | 65.0 | 47.4 | 34.4 | 3.7 | 3.6 | 7.9 | 10.6 | 13.1 |
| Birla Corp. | Buy | 946 | 1,205 | 27 | 29.4 | 40.9 | 58.9 | 32.2 | 23.1 | 2.2 | 2.1 | 7.5 | 9.2 | 12.2 |
| Dalmia Bharat | Buy | 2,641 | 3,162 | 20 | 38.8 | 66.7 | 87.1 | 68.1 | 39.6 | 4.7 | 4.2 | 7.2 | 11.3 | 13.1 |
| Grasim Inds. | Neutral | 1,061 | 1,384 | 30 | 67.9 | 71.2 | 102.6 | 15.6 | 14.9 | 1.7 | 1.5 | 11.5 | 10.9 | 13.9 |
| India Cem | Neutral | 209 | 219 | 5 | 5.6 | 9.3 | 12.9 | 37.1 | 22.4 | 1.3 | 1.2 | 3.4 | 5.5 | 7.2 |
| J K Cements | Buy | 983 | 1,287 | 31 | 33.7 | 40.4 | 53.5 | 29.2 | 24.3 | 3.9 | 3.4 | 14.4 | 15.0 | 17.2 |
| JK Lakshmi Ce | Buy | 464 | 553 | 19 | 7.0 | 11.4 | 19.2 | 66.7 | 40.7 | 3.9 | 3.6 | 6.0 | 9.2 | 13.8 |
| Ramco Cem | Buy | 675 | 823 | 22 | 27.3 | 31.1 | 37.5 | 24.8 | 21.7 | 4.4 | 3.7 | 19.2 | 18.6 | 19.1 |
| Orient Cem | Buy | 160 | 178 | 11 | -1.6 | 4.6 | 7.0 | NM | 34.6 | 3.3 | 3.1 | -3.2 | 9.2 | 12.6 |
| Prism Cem | Buy | 122 | 145 | 19 | 0.3 | 3.7 | 5.6 | 351.4 | 33.0 | 6.1 | 5.3 | 1.8 | 17.2 | 22.0 |
| Shree Cem | Buy | 17,688 | 21,052 | 19 | 384.4 | 454.7 | 575.2 | 46.0 | 38.9 | 8.7 | 7.3 | 20.2 | 20.4 | 21.3 |
| Ultratech | Buy | 4,179 | 4,936 | 18 | 96.1 | 91.5 | 138.8 | 43.5 | 45.6 | 4.8 | 4.4 | 11.6 | 10.1 | 14.0 |
| Aggregate | | | | | | | | 36.8 | 31.0 | 3.6 | 3.3 | 9.7 | 10.5 | 12.9 |
| Consumer | | | | | | | | | | | | | | |
| Asian Paints | Neutral | 1,156 | 1,240 | 7 | 21.0 | 23.1 | 27.4 | 55.0 | 50.0 | 14.6 | 14.0 | 28.5 | 28.6 | 30.6 |
| Britannia | Buy | 3,832 | 4,450 | 16 | 73.7 | 85.5 | 105.4 | 52.0 | 44.8 | 17.1 | 15.7 | 36.9 | 36.5 | 38.3 |
| Colgate | Buy | 1,070 | 1,335 | 25 | 21.2 | 25.7 | 31.1 | 50.4 | 41.7 | 22.8 | 21.6 | 50.4 | 53.2 | 60.3 |
| Dabur | Neutral | 303 | 315 | 4 | 7.2 | 7.7 | 9.1 | 41.8 | 39.1 | 11.0 | 9.4 | 28.4 | 26.0 | 26.3 |
| Emami | Buy | 1,100 | 1,265 | 15 | 26.5 | 28.3 | 33.9 | 41.4 | 38.9 | 14.2 | 11.9 | 35.8 | 33.4 | 34.1 |
| Godrej Cons. | Neutral | 959 | 930 | -3 | 18.9 | 21.8 | 25.0 | 50.8 | 44.0 | 12.3 | 9.6 | 24.6 | 24.5 | 23.0 |
| GSK Cons. | Sell | 5,464 | 4,500 | -18 | 156.1 | 166.3 | 181.9 | 35.0 | 32.8 | 7.4 | 7.2 | 22.2 | 22.1 | 22.4 |
| HUL | Buy | 1,159 | 1,285 | 11 | 19.6 | 22.9 | 27.3 | 59.0 | 50.5 | 37.6 | 36.3 | 65.6 | 73.1 | 82.8 |
| ITC | Neutral | 289 | 280 | -3 | 8.4 | 9.3 | 10.3 | 34.4 | 31.1 | 7.8 | 7.7 | 23.5 | 24.8 | 26.3 |

| Company | Reco | CMP (INR) | TP (INR) | % Upside Downside | EPS (INR) | | | P/E (x) | | P/B (x) | | ROE (%) | | |
|---------------------|-----------|-----------|----------|-------------------|-----------|-------|-------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | | | FY17 | FY18E | FY19E | FY17 | FY18E | FY17 | FY18E | FY17 | FY18E | FY19E |
| Jyothy Lab | Neutral | 384 | 405 | 5 | 11.2 | 8.9 | 11.0 | 34.2 | 42.9 | 6.4 | 6.6 | 21.1 | 15.1 | 18.4 |
| Marico | Neutral | 329 | 360 | 9 | 6.3 | 6.9 | 8.4 | 52.4 | 47.4 | 18.3 | 15.6 | 36.7 | 35.5 | 38.1 |
| Nestle | Sell | 6,816 | 5,990 | -12 | 118.0 | 118.6 | 139.5 | 57.8 | 57.4 | 21.8 | 20.1 | 39.0 | 36.4 | 39.0 |
| Page Inds | Buy | 16,798 | 20,195 | 20 | 238.7 | 317.0 | 400.0 | 70.4 | 53.0 | 28.1 | 22.2 | 40.0 | 42.0 | 42.8 |
| Parag Milk | Neutral | 254 | 240 | -6 | 3.6 | 7.4 | 12.3 | 70.6 | 34.2 | 3.3 | 3.0 | 5.9 | 9.1 | 13.4 |
| Pidilite Ind. | Neutral | 804 | 835 | 4 | 16.7 | 18.4 | 21.2 | 48.0 | 43.6 | 12.5 | 10.1 | 28.2 | 25.6 | 24.0 |
| P&G Hygiene | Buy | 8,051 | 9,082 | 13 | 144.9 | 155.8 | 181.6 | 55.6 | 51.7 | 45.9 | 36.6 | 45.3 | 78.9 | 74.0 |
| Prabhat Dairy | Not Rated | 136 | - | | 3.5 | 3.5 | 6.4 | 38.5 | 39.1 | 1.9 | 1.9 | 5.2 | 4.9 | 8.5 |
| United Brew | Neutral | 814 | 850 | 4 | 8.7 | 9.7 | 14.7 | 93.6 | 83.9 | 9.3 | 8.6 | 10.4 | 10.7 | 14.6 |
| United Spirits | Neutral | 2,709 | 2,415 | -11 | 26.7 | 37.4 | 51.8 | 101.3 | 72.5 | 20.3 | 14.0 | 21.3 | 19.3 | 19.7 |
| Aggregate | | | | | | | | 46.5 | 41.6 | 12.8 | 11.9 | 27.6 | 28.7 | 29.6 |
| Healthcare | | | | | | | | | | | | | | |
| Alembic Phar | Neutral | 540 | 510 | -6 | 21.6 | 20.5 | 25.5 | 25.0 | 26.4 | 5.4 | 4.7 | 23.0 | 19.0 | 20.4 |
| Alkem Lab | Neutral | 1,774 | 1,900 | 7 | 75.7 | 79.7 | 95.0 | 23.4 | 22.3 | 5.0 | 4.3 | 23.4 | 20.7 | 21.0 |
| Ajanta Pharma | Buy | 1,464 | 2,028 | 39 | 58.4 | 66.1 | 79.6 | 25.1 | 22.1 | 8.3 | 6.3 | 37.7 | 32.2 | 29.9 |
| Aurobindo | Buy | 748 | 850 | 14 | 39.3 | 45.7 | 50.0 | 19.0 | 16.4 | 4.7 | 3.7 | 28.3 | 25.5 | 22.3 |
| Biocon | Sell | 400 | 300 | -25 | 10.2 | 10.4 | 14.4 | 39.2 | 38.6 | 5.3 | 4.9 | 13.6 | 12.6 | 15.6 |
| Cadila | Buy | 528 | 510 | -3 | 14.2 | 17.8 | 23.2 | 37.2 | 29.7 | 8.5 | 7.0 | 24.8 | 25.7 | 27.2 |
| Cipla | Neutral | 566 | 500 | -12 | 15.9 | 20.0 | 25.0 | 35.6 | 28.4 | 3.6 | 3.3 | 10.2 | 11.5 | 12.8 |
| Divis Lab | Neutral | 721 | 600 | -17 | 39.7 | 35.4 | 39.8 | 18.2 | 20.4 | 4.1 | 3.7 | 23.5 | 19.0 | 19.2 |
| Dr Reddy's | Neutral | 2,760 | 2,600 | -6 | 72.6 | 106.2 | 143.0 | 38.0 | 26.0 | 3.7 | 3.1 | 9.6 | 13.2 | 14.9 |
| Fortis Health | Buy | 164 | 240 | 47 | 10.3 | 2.1 | 6.1 | 15.8 | 77.5 | 1.7 | 1.5 | 11.3 | 2.0 | 5.3 |
| Glenmark | Neutral | 697 | 800 | 15 | 39.3 | 42.9 | 51.7 | 17.7 | 16.2 | 4.4 | 3.5 | 24.7 | 21.6 | 20.9 |
| Granules | Buy | 142 | 200 | 41 | 7.2 | 8.2 | 11.5 | 19.6 | 17.3 | 3.6 | 2.5 | 21.1 | 17.7 | 18.8 |
| GSK Pharma | Neutral | 2,538 | 2,700 | 6 | 34.4 | 51.9 | 60.1 | 73.8 | 48.8 | 15.9 | 19.4 | 21.5 | 39.7 | 54.4 |
| IPCA Labs | Neutral | 480 | 480 | 0 | 16.1 | 21.3 | 28.5 | 29.9 | 22.5 | 2.5 | 2.3 | 8.6 | 10.5 | 12.7 |
| Jubilant Life | Buy | 750 | 905 | 21 | 37.0 | 47.1 | 56.7 | 20.3 | 15.9 | 3.4 | 2.9 | 18.1 | 19.5 | 19.6 |
| Lupin | Buy | 1,143 | 1,475 | 29 | 59.2 | 57.9 | 72.0 | 19.3 | 19.7 | 3.9 | 3.4 | 22.0 | 18.2 | 19.4 |
| Sanofi India | Buy | 4,171 | 4,820 | 16 | 129.1 | 133.6 | 160.6 | 32.3 | 31.2 | 5.5 | 5.2 | 17.1 | 16.6 | 18.1 |
| Sun Pharma | Buy | 577 | 650 | 13 | 26.1 | 25.2 | 30.8 | 22.1 | 22.9 | 3.8 | 3.6 | 18.5 | 16.1 | 17.9 |
| Syngene Intl | Not Rated | 482 | - | | 13.0 | 16.1 | 18.0 | 37.0 | 29.9 | 7.5 | 6.1 | 22.2 | 22.5 | 20.7 |
| Torrent Pharma | Buy | 1,272 | 1,450 | 14 | 55.2 | 56.8 | 71.4 | 23.0 | 22.4 | 5.4 | 4.7 | 25.3 | 22.4 | 24.2 |
| Aggregate | | | | | | | | 25.4 | 23.7 | 4.4 | 3.9 | 17.5 | 16.4 | 17.4 |
| Logistics | | | | | | | | | | | | | | |
| Allcargo Logistics | Buy | 177 | 228 | 29 | 9.8 | 12.2 | 14.3 | 18.0 | 14.5 | 2.7 | 2.4 | 12.6 | 17.2 | 17.8 |
| Blue Dart | Not Rated | 4,457 | - | | 102.5 | 129.9 | 163.2 | 43.5 | 34.3 | 19.3 | 14.7 | 50.5 | 48.6 | 46.8 |
| Concor | Neutral | 1,181 | 1,236 | 5 | 38.0 | 39.2 | 45.8 | 31.1 | 30.1 | 3.3 | 3.1 | 10.8 | 10.6 | 11.8 |
| Gateway Distriparks | Buy | 266 | 313 | 18 | 6.8 | 10.7 | 13.6 | 39.0 | 24.8 | 2.3 | 2.2 | 5.9 | 9.1 | 11.1 |
| Gati | Not Rated | 124 | - | | 8.4 | 15.9 | 23.9 | 14.9 | 7.8 | 2.0 | 1.8 | 12.4 | 19.4 | 25.4 |
| Transport Corp. | Not Rated | 321 | - | | 16.9 | 21.0 | 25.9 | 18.9 | 15.2 | 2.9 | 2.5 | 16.7 | 17.8 | 18.6 |
| Aggregate | | | | | | | | 29.7 | 25.2 | 3.6 | 3.4 | 12.2 | 13.4 | 15.0 |
| Media | | | | | | | | | | | | | | |
| Dish TV | Buy | 78 | 105 | 35 | 1.0 | 1.4 | 4.0 | 79.0 | 54.9 | 16.9 | 12.9 | 24.1 | 26.8 | 327.5 |
| D B Corp | Buy | 376 | 450 | 20 | 20.4 | 23.6 | 27.5 | 18.4 | 15.9 | 4.3 | 3.9 | 25.5 | 25.7 | 26.5 |
| Den Net. | Neutral | 79 | 90 | 14 | -8.6 | -2.7 | 0.3 | NM | NM | 1.5 | 1.6 | -12.0 | -5.3 | 0.7 |
| Hind. Media | Buy | 283 | 350 | 24 | 25.9 | 28.3 | 33.6 | 10.9 | 10.0 | 1.9 | 1.6 | 19.0 | 17.3 | 17.3 |
| HT Media | Neutral | 85 | 90 | 6 | 7.4 | 7.9 | 8.1 | 11.4 | 10.7 | 0.8 | 0.7 | 7.1 | 6.9 | 6.4 |
| Jagran Prak. | Buy | 175 | 225 | 29 | 10.8 | 12.3 | 14.0 | 16.2 | 14.2 | 2.4 | 2.3 | 17.6 | 16.4 | 17.2 |
| PVR | Buy | 1,366 | 1,588 | 16 | 20.5 | 28.9 | 45.1 | 66.5 | 47.2 | 6.6 | 5.8 | 10.4 | 13.2 | 17.7 |
| Siti Net. | Neutral | 26 | 32 | 24 | -1.8 | -0.1 | 0.5 | NM | NM | 3.6 | 3.7 | -23.5 | -2.0 | 6.9 |
| Sun TV | Neutral | 806 | 860 | 7 | 24.9 | 28.5 | 35.9 | 32.4 | 28.3 | 8.1 | 7.4 | 25.0 | 26.3 | 30.2 |
| Zee Ent. | Buy | 554 | 585 | 6 | 23.1 | 15.6 | 18.6 | 24.0 | 35.6 | 9.2 | 7.7 | 24.7 | 23.6 | 23.7 |
| Aggregate | | | | | | | | 40.5 | 30.3 | 6.0 | 5.4 | 14.7 | 17.8 | 22.7 |
| Metals | | | | | | | | | | | | | | |

| Company | Reco | CMP (INR) | TP (INR) | % Upside Downside | EPS (INR) | | | P/E (x) | | P/B (x) | | ROE (%) | | |
|----------------------|---------|-----------|----------|-------------------|-----------|-------|-------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|
| | | | | | FY17 | FY18E | FY19E | FY17 | FY18E | FY17 | FY18E | FY17 | FY18E | FY19E |
| Hindalco | Buy | 214 | 308 | 44 | 16.2 | 21.8 | 26.1 | 13.3 | 9.8 | 1.6 | 1.4 | 14.0 | 15.2 | 15.4 |
| Hind. Zinc | Sell | 280 | 246 | -12 | 15.1 | 24.4 | 32.2 | 18.5 | 11.5 | 1.7 | 1.6 | 9.7 | 14.6 | 17.9 |
| JSPL | Buy | 137 | 190 | 39 | -20.9 | -17.2 | 2.4 | NM | NM | 0.4 | 0.4 | -7.9 | -5.4 | 0.8 |
| JSW Steel | Buy | 214 | 281 | 31 | 14.8 | 19.0 | 22.6 | 14.5 | 11.3 | 2.3 | 2.0 | 17.3 | 18.7 | 19.0 |
| Nalco | Neutral | 71 | 70 | -1 | 3.7 | 3.8 | 4.2 | 19.2 | 18.8 | 1.3 | 1.3 | 7.2 | 7.0 | 7.5 |
| NMDC | Buy | 123 | 180 | 47 | 10.0 | 12.1 | 12.2 | 12.3 | 10.1 | 1.7 | 1.6 | 12.4 | 15.0 | 15.5 |
| SAIL | Sell | 62 | 37 | -41 | -6.2 | -10.6 | -4.2 | NM | NM | 0.7 | 0.8 | -6.7 | -12.6 | -5.5 |
| Vedanta | Buy | 268 | 311 | 16 | 19.7 | 22.6 | 26.9 | 13.6 | 11.9 | 3.7 | 3.9 | 24.4 | 32.0 | 35.1 |
| Tata Steel | Neutral | 553 | 583 | 6 | 37.9 | 49.6 | 65.6 | 14.6 | 11.1 | 1.7 | 1.5 | 15.7 | 14.3 | 16.8 |
| Aggregate | | | | | | | | 19.2 | 14.7 | 1.6 | 1.5 | 8.2 | 10.3 | 13.2 |
| Oil & Gas | | | | | | | | | | | | | | |
| BPCL | Neutral | 467 | 511 | 9 | 48.3 | 36.7 | 43.5 | 9.7 | 12.7 | 3.0 | 2.6 | 32.4 | 21.7 | 22.3 |
| GAIL | Sell | 377 | 340 | -10 | 22.6 | 26.3 | 29.8 | 16.7 | 14.3 | 1.7 | 1.6 | 9.6 | 11.3 | 11.8 |
| Gujarat Gas | Sell | 762 | 697 | -9 | 20.4 | 33.7 | 46.5 | 37.3 | 22.6 | 6.4 | 5.2 | 17.8 | 25.3 | 28.0 |
| Gujarat St. Pet. | Neutral | 174 | 168 | -3 | 8.8 | 11.0 | 13.1 | 19.7 | 15.7 | 2.2 | 2.0 | 11.6 | 13.1 | 14.0 |
| HPCL | Buy | 367 | 420 | 14 | 40.7 | 29.5 | 32.6 | 9.0 | 12.4 | 2.8 | 2.4 | 32.4 | 20.6 | 20.0 |
| IOC | Neutral | 380 | 459 | 21 | 43.0 | 36.0 | 40.0 | 8.8 | 10.6 | 1.8 | 1.6 | 21.2 | 15.8 | 15.8 |
| IGL | Neutral | 1,143 | 1,070 | -6 | 42.5 | 46.8 | 51.9 | 26.9 | 24.4 | 5.5 | 4.7 | 21.0 | 20.6 | 19.6 |
| MRPL | Neutral | 127 | 113 | -11 | 14.8 | 10.2 | 11.8 | 8.6 | 12.5 | 2.2 | 1.9 | 31.4 | 16.5 | 16.9 |
| Oil India | Buy | 282 | 305 | 8 | 19.3 | 27.9 | 30.1 | 14.6 | 10.1 | 0.8 | 0.7 | 5.7 | 7.5 | 7.8 |
| ONGC | Buy | 165 | 195 | 19 | 16.4 | 17.4 | 19.7 | 10.0 | 9.5 | 1.0 | 0.9 | 10.1 | 9.9 | 10.8 |
| PLNG | Buy | 206 | 259 | 26 | 11.4 | 8.6 | 17.6 | 18.1 | 23.9 | 3.8 | 3.4 | 23.2 | 15.1 | 26.4 |
| Reliance Ind. | Neutral | 1,586 | 1,262 | -20 | 96.7 | 108.9 | 118.8 | 16.4 | 14.6 | 1.6 | 1.5 | 11.6 | 11.7 | 11.5 |
| Aggregate | | | | | | | | 12.1 | 12.4 | 1.6 | 1.5 | 13.3 | 11.9 | 12.4 |
| Retail | | | | | | | | | | | | | | |
| Jubilant Food | Sell | 1,253 | 850 | -32 | 10.0 | 14.8 | 20.7 | 125.2 | 84.6 | 10.3 | 9.4 | 8.2 | 11.1 | 14.0 |
| Titan Co. | Neutral | 543 | 545 | 0 | 9.0 | 10.3 | 12.1 | 60.1 | 52.8 | 11.4 | 10.4 | 20.6 | 20.6 | 21.6 |
| Aggregate | | | | | | | | 64.0 | 55.0 | 11.0 | 10.1 | 17.2 | 18.4 | 19.2 |
| Technology | | | | | | | | | | | | | | |
| Cyient | Buy | 531 | 600 | 13 | 30.6 | 35.4 | 41.9 | 17.3 | 15.0 | 2.8 | 2.5 | 16.2 | 16.6 | 17.3 |
| HCL Tech. | Buy | 905 | 960 | 6 | 59.8 | 61.4 | 66.7 | 15.1 | 14.7 | 3.8 | 3.8 | 27.5 | 25.2 | 25.8 |
| Hexaware | Neutral | 244 | 235 | -3 | 13.7 | 15.4 | 16.7 | 17.8 | 15.8 | 4.3 | 3.8 | 26.5 | 25.3 | 23.5 |
| Infosys | Buy | 980 | 1,200 | 22 | 62.9 | 63.7 | 69.5 | 15.6 | 15.4 | 3.2 | 2.9 | 22.0 | 20.0 | 19.8 |
| KPIT Tech | Neutral | 126 | 140 | 11 | 11.9 | 10.6 | 13.1 | 10.6 | 11.9 | 1.6 | 1.5 | 14.3 | 13.0 | 14.2 |
| L&T Infotech | Buy | 767 | 850 | 11 | 55.5 | 59.1 | 65.1 | 13.8 | 13.0 | 4.8 | 3.8 | 40.4 | 32.5 | 28.4 |
| Mindtree | Sell | 484 | 450 | -7 | 24.9 | 28.7 | 32.9 | 19.4 | 16.8 | 3.2 | 3.1 | 16.8 | 17.3 | 20.1 |
| Mphasis | Neutral | 576 | 600 | 4 | 38.9 | 42.3 | 46.2 | 14.8 | 13.6 | 2.0 | 2.3 | 13.2 | 14.2 | 16.1 |
| NIIT Tech | Neutral | 543 | 540 | 0 | 38.0 | 42.3 | 48.7 | 14.3 | 12.8 | 1.9 | 1.8 | 13.7 | 14.4 | 15.4 |
| Persistent Sys | Buy | 657 | 740 | 13 | 37.7 | 43.9 | 52.3 | 17.4 | 15.0 | 2.7 | 2.6 | 17.0 | 18.1 | 20.8 |
| Tata Elxsi | Buy | 1,681 | 1,607 | -4 | 56.3 | 68.0 | 80.4 | 29.9 | 24.7 | 9.4 | 7.5 | 37.1 | 33.7 | 32.3 |
| TCS | Neutral | 2,491 | 2,350 | -6 | 133.4 | 133.6 | 147.7 | 18.7 | 18.6 | 5.6 | 5.9 | 32.6 | 31.1 | 33.5 |
| Tech Mah | Buy | 395 | 465 | 18 | 30.9 | 31.0 | 36.2 | 12.8 | 12.8 | 2.1 | 1.9 | 18.4 | 16.0 | 16.9 |
| Wipro | Neutral | 286 | 270 | -6 | 16.9 | 18.1 | 19.1 | 16.9 | 15.8 | 2.7 | 2.6 | 16.9 | 16.1 | 16.1 |
| Zensar Tech | Buy | 830 | 1,020 | 23 | 52.1 | 53.2 | 72.5 | 15.9 | 15.6 | 2.3 | 2.1 | 15.5 | 14.2 | 17.2 |
| Aggregate | | | | | | | | 16.6 | 16.5 | 3.8 | 3.8 | 22.9 | 22.9 | 22.2 |
| Telecom | | | | | | | | | | | | | | |
| Bharti Airtel | Buy | 411 | 430 | 5 | 11.1 | 5.9 | 10.9 | 37.0 | 70.0 | 2.4 | 2.4 | 6.7 | 3.4 | 6.1 |
| Bharti Infratel | Buy | 410 | 440 | 7 | 14.9 | 17.2 | 19.3 | 27.6 | 23.9 | 4.9 | 4.3 | 16.2 | 19.1 | 18.7 |
| Idea Cellular | Buy | 92 | 110 | 20 | -1.1 | -9.7 | -11.2 | NM | NM | 1.3 | 1.6 | -1.6 | -15.3 | -20.8 |
| Tata Comm | Buy | 656 | 811 | 24 | 26.0 | 10.2 | 30.8 | 25.2 | 64.3 | 11.7 | 9.9 | 126.2 | 16.7 | 37.8 |
| Aggregate | | | | | | | | 39.6 | 129.0 | 2.7 | 2.7 | 6.9 | 2.1 | 4.2 |
| Utilities | | | | | | | | | | | | | | |
| Coal India | Buy | 262 | 315 | 20 | 14.9 | 17.6 | 18.6 | 17.6 | 14.9 | 6.6 | 6.6 | 37.8 | 44.5 | 47.0 |
| CESC | Buy | 899 | 1,140 | 27 | 51.9 | 78.6 | 86.0 | 17.3 | 11.4 | 1.8 | 1.6 | 10.5 | 14.4 | 13.9 |
| JSW Energy | Buy | 67 | 85 | 27 | 3.9 | 3.2 | 3.1 | 17.3 | 21.2 | 1.1 | 1.0 | 6.3 | 4.9 | 4.8 |

| Company | Reco | CMP (INR) | TP (INR) | % Upside Downside | EPS (INR) | | | P/E (x) | | P/B (x) | | ROE (%) | | |
|-------------------|--------------|-----------|----------|-------------------|-----------|-------|-------|-------------|-------------|------------|------------|-------------|-------------|-------------|
| | | | | | FY17 | FY18E | FY19E | FY17 | FY18E | FY17 | FY18E | FY17 | FY18E | FY19E |
| NTPC | Buy | 164 | 198 | 20 | 13.0 | 13.4 | 16.2 | 12.6 | 12.3 | 1.4 | 1.3 | 11.5 | 10.9 | 12.3 |
| Power Grid | Buy | 215 | 242 | 12 | 14.2 | 17.6 | 20.6 | 15.1 | 12.2 | 2.3 | 2.0 | 16.2 | 17.5 | 17.8 |
| Tata Power | Sell | 83 | 68 | -18 | 5.2 | 6.4 | 6.7 | 16.1 | 13.1 | 1.9 | 1.7 | 11.2 | 13.9 | 12.1 |
| Aggregate | | | | | | | | 15.0 | 13.2 | 2.3 | 2.1 | 15.2 | 16.1 | 16.8 |
| Others | | | | | | | | | | | | | | |
| Arvind | Neutral | 370 | 359 | -3 | 12.4 | 12.5 | 18.1 | 29.9 | 29.5 | 2.7 | 2.5 | 10.3 | 8.8 | 11.8 |
| Avenue Supermarts | Neutral | 914 | 804 | -12 | 7.7 | 12.8 | 17.9 | 119.1 | 71.2 | 14.8 | 13.0 | 17.9 | 19.4 | 23.3 |
| Bata India | Under Review | 580 | - | | 13.5 | 15.7 | 19.4 | 42.9 | 36.9 | 5.6 | 5.0 | 13.9 | 14.4 | 15.8 |
| Castrol India | Buy | 410 | 527 | 29 | 13.6 | 14.4 | 15.0 | 30.0 | 28.4 | 34.0 | 30.5 | 115.2 | 113.3 | 106.1 |
| Century Ply. | Neutral | 288 | 323 | 12 | 8.7 | 9.8 | 12.9 | 33.1 | 29.3 | 9.0 | 7.4 | 31.1 | 27.7 | 29.6 |
| Coromandel Intl | Under Review | 433 | - | | 16.6 | 21.8 | 26.1 | 26.0 | 19.8 | 4.4 | 3.8 | 17.5 | 20.6 | 21.6 |
| Delta Corp | Buy | 171 | 215 | 26 | 3.1 | 5.7 | 7.2 | 56.0 | 30.1 | 4.3 | 2.9 | 8.1 | 12.1 | 11.5 |
| Dynomatic Tech | Buy | 2,380 | 3,334 | 40 | 67.6 | 112.9 | 166.7 | 35.2 | 21.1 | 4.9 | 4.0 | 15.1 | 20.7 | 24.3 |
| Eveready Inds. | Buy | 328 | 368 | 12 | 12.9 | 14.4 | 17.5 | 25.5 | 22.7 | 8.2 | 6.6 | 37.7 | 32.3 | 31.6 |
| Interglobe | Neutral | 1,242 | 1,283 | 3 | 46.0 | 57.9 | 91.6 | 27.0 | 21.4 | 22.2 | 19.9 | 86.2 | 98.0 | 136.2 |
| Indo Count | Buy | 155 | 200 | 29 | 13.0 | 13.2 | 15.4 | 11.9 | 11.7 | 3.6 | 2.7 | 34.8 | 26.4 | 23.5 |
| Info Edge | Buy | 1,008 | 1,050 | 4 | 15.7 | 20.3 | 22.9 | 64.3 | 49.8 | 6.2 | 5.7 | 10.2 | 11.9 | 12.3 |
| Inox Leisure | Sell | 273 | 240 | -12 | 3.3 | 8.0 | 12.0 | 81.9 | 34.0 | 4.7 | 4.2 | 5.9 | 12.5 | 16.2 |
| Jain Irrigation | Under Review | 109 | - | | 5.5 | 7.6 | 10.0 | 19.7 | 14.4 | 1.7 | 1.6 | 8.6 | 11.7 | 14.8 |
| Just Dial | Neutral | 381 | 465 | 22 | 17.5 | 18.5 | 21.1 | 21.8 | 20.7 | 2.9 | 2.6 | 14.8 | 13.4 | 13.7 |
| Kaveri Seed | Buy | 638 | 755 | 18 | 19.1 | 31.3 | 37.7 | 33.5 | 20.4 | 4.3 | 4.7 | 13.6 | 21.6 | 26.0 |
| Kitex Garm. | Buy | 270 | 394 | 46 | 18.6 | 22.1 | 26.2 | 14.6 | 12.2 | 3.9 | 3.2 | 29.8 | 28.6 | 27.6 |
| Manpasand | Buy | 769 | 927 | 21 | 12.7 | 20.3 | 30.9 | 60.6 | 38.0 | 3.8 | 3.5 | 7.3 | 8.5 | 13.5 |
| MCX | Buy | 1,128 | 1,300 | 15 | 24.8 | 28.0 | 42.2 | 45.4 | 40.3 | 4.2 | 4.0 | 10.2 | 10.2 | 14.5 |
| Monsanto | Buy | 2,718 | 3,295 | 21 | 86.2 | 105.1 | 126.7 | 31.5 | 25.9 | 8.9 | 8.0 | 31.6 | 32.5 | 34.5 |
| Navneet Education | Buy | 172 | 226 | 31 | 7.8 | 9.4 | 11.3 | 22.2 | 18.3 | 5.5 | 4.7 | 26.8 | 27.8 | 28.2 |
| PI Inds. | Buy | 761 | 952 | 25 | 33.4 | 33.4 | 38.1 | 22.8 | 22.7 | 6.4 | 5.2 | 32.8 | 25.4 | 23.8 |
| Piramal Enterp. | Buy | 2,916 | 3,044 | 4 | 72.6 | 104.1 | 144.6 | 40.2 | 28.0 | 3.8 | 3.5 | 9.8 | 13.0 | 16.4 |
| SRF | Buy | 1,512 | 1,816 | 20 | 85.9 | 86.3 | 109.2 | 17.6 | 17.5 | 2.8 | 2.5 | 16.6 | 14.7 | 16.7 |
| S H Kelkar | Buy | 270 | 287 | 6 | 7.2 | 8.6 | 10.3 | 37.3 | 31.5 | 4.8 | 4.3 | 13.7 | 14.5 | 15.6 |
| Symphony | Sell | 1,349 | 1,288 | -5 | 23.7 | 35.1 | 42.9 | 57.0 | 38.4 | 21.2 | 18.6 | 43.3 | 51.6 | 54.5 |
| TTK Prestige | Neutral | 6,387 | 5,281 | -17 | 132.1 | 137.8 | 176.1 | 48.4 | 46.3 | 8.7 | 7.9 | 19.5 | 18.0 | 20.7 |
| V-Guard | Neutral | 181 | 167 | -8 | 3.6 | 4.5 | 6.0 | 50.7 | 40.4 | 12.1 | 9.9 | 27.4 | 26.9 | 28.8 |
| Wonderla | Buy | 358 | 393 | 10 | 7.0 | 11.9 | 16.0 | 51.2 | 30.0 | 4.7 | 4.2 | 9.5 | 14.8 | 17.5 |



| Company | 1 Day (%) | 1M (%) | 12M (%) |
|------------------------|-----------|--------|---------|
| Automobiles | | | |
| Amara Raja | 0.7 | -0.4 | -4.3 |
| Ashok Ley. | -2.6 | 10.1 | 6.5 |
| Bajaj Auto | -0.1 | -0.2 | 1.8 |
| Bharat Forge | 0.1 | -2.8 | 56.0 |
| Bosch | -0.1 | -1.2 | -1.9 |
| CEAT | 1.1 | -1.1 | 110.6 |
| Eicher Mot. | -1.2 | 4.7 | 46.6 |
| Endurance Tech. | 0.5 | -0.7 | |
| Escorts | -0.6 | -8.7 | 161.2 |
| Exide Ind | -0.8 | -3.7 | 24.1 |
| Hero Moto | -1.3 | -2.4 | 12.7 |
| M&M | -0.7 | -0.2 | -3.6 |
| Mahindra CIE | 0.0 | 2.1 | 35.9 |
| Maruti Suzuki | 0.5 | 3.6 | 70.5 |
| Tata Motors | 1.0 | 1.6 | -5.3 |
| TVS Motor | -0.3 | 4.7 | 90.1 |
| Banks - Private | | | |
| Axis Bank | 0.0 | 6.4 | 0.4 |
| DCB Bank | 0.8 | -6.5 | 95.5 |
| Equitas Hold. | -0.4 | 7.5 | -3.2 |
| Federal Bank | -1.3 | 0.4 | 92.4 |
| HDFC Bank | -0.3 | 0.2 | 38.7 |
| ICICI Bank | 0.2 | 3.5 | 26.5 |
| IDFC Bank | -1.5 | 5.7 | 19.9 |
| IndusInd | 0.4 | 4.9 | 37.9 |
| J&K Bank | -0.7 | -11.5 | 24.3 |
| Kotak Mah. Bk | 1.9 | 0.7 | 31.3 |
| RBL Bank | -1.4 | 3.6 | |
| South Indian | 1.2 | -3.1 | 47.7 |
| Yes Bank | 0.5 | 10.2 | 36.8 |
| Banks - PSU | | | |
| BOB | -0.1 | -3.3 | 6.2 |
| BOI | 2.4 | 12.7 | 44.3 |
| Canara | -0.4 | -0.7 | 43.4 |
| IDBI Bk | 1.1 | 3.8 | -17.7 |
| Indian Bk | -0.5 | 9.5 | 122.0 |
| OBC | 0.7 | 1.1 | 33.5 |
| PNB | 0.9 | 8.2 | 27.8 |
| SBI | -0.1 | 0.1 | 28.7 |
| Union Bk | 0.7 | 2.1 | 18.1 |
| NBFCs | | | |
| Bajaj Fin. | 1.8 | 14.3 | 85.7 |
| Bharat Fin. | 0.5 | 8.5 | 2.3 |
| Cholaman.Inv.&Fn | -0.4 | 1.8 | 13.7 |
| Dewan Hsg. | -3.8 | -0.4 | 110.4 |
| GRUH Fin. | -1.4 | 6.8 | 63.6 |
| HDFC | -0.6 | 0.9 | 23.2 |
| Indiabulls Hsg | -1.8 | 1.6 | 59.4 |
| L&T Fin.Holdings | 0.1 | 4.5 | 104.3 |
| LIC Hsg Fin | -1.4 | -4.2 | 47.3 |
| Manappuram | 2.9 | 11.7 | 39.7 |
| M&M Fin. | -1.2 | 2.5 | 11.6 |
| Muthoot Fin | -1.7 | -1.5 | 64.8 |
| PFC | 1.1 | -1.4 | 23.8 |
| Repco Home | -1.7 | -9.4 | -4.3 |
| REC | -0.5 | -1.3 | 83.5 |
| STF | 0.4 | -3.5 | -17.5 |
| Shriram City Union | 0.9 | -2.3 | 23.2 |

| Company | 1 Day (%) | 1M (%) | 12M (%) |
|----------------------|-----------|--------|---------|
| Capital Goods | | | |
| ABB | 0.2 | -3.0 | 15.0 |
| Bharat Elec. | -0.7 | 1.3 | 38.1 |
| BHEL | -1.0 | 6.3 | 3.8 |
| Blue Star | 3.1 | 6.1 | 47.5 |
| CG Cons. Elec. | -0.9 | -7.1 | 36.1 |
| CG Power & Inds Sol. | 0.0 | 0.5 | 18.8 |
| Cummins | 3.8 | 10.3 | 14.1 |
| GE T&D | 0.5 | -3.9 | -7.9 |
| Havells | -0.3 | -4.2 | 26.7 |
| K E C Intl | -0.4 | 19.3 | 109.4 |
| L&T | -0.6 | 0.8 | 13.7 |
| Pennar Eng. | -0.2 | -7.7 | -29.9 |
| Siemens | -0.4 | 2.1 | 2.8 |
| Solar Ind | 1.7 | 9.3 | 33.0 |
| Suzlon Energy | 3.5 | 2.4 | 5.8 |
| Thermax | -0.8 | -1.6 | 2.3 |
| Va Tech Wab. | -0.4 | -16.8 | 3.8 |
| Voltas | 1.4 | 6.5 | 48.9 |
| Cement | | | |
| Ambuja Cem. | 1.2 | 10.2 | -0.3 |
| ACC | -0.3 | 3.5 | 0.6 |
| Birla Corp. | 0.4 | 4.7 | 73.5 |
| Dalmia Bharat | -0.4 | 4.1 | 96.3 |
| Grasim Inds. | -1.2 | 12.3 | 29.9 |
| India Cem | -0.2 | -3.5 | 82.0 |
| J K Cements | 0.3 | 0.1 | 39.3 |
| JK Lakshmi Ce | 0.0 | -6.4 | 10.7 |
| Ramco Cem | -0.6 | -2.8 | 19.4 |
| Orient Cem | -1.8 | 9.4 | -6.6 |
| Prism Cem | -1.6 | 4.4 | 17.4 |
| Shree Cem | -1.0 | 1.7 | 8.2 |
| Ultratech | 0.9 | 4.0 | 14.9 |
| Consumer | | | |
| Asian Paints | -0.1 | 0.0 | 11.1 |
| Britannia | 1.1 | 4.4 | 36.0 |
| Colgate | 0.7 | -3.0 | 11.4 |
| Dabur | 0.3 | 5.2 | -0.5 |
| Emami | 1.6 | -2.5 | -2.1 |
| Godrej Cons. | 0.3 | -1.8 | 19.0 |
| GSK Cons. | 0.1 | 1.9 | -15.0 |
| HUL | 0.5 | 3.1 | 27.3 |
| ITC | -0.4 | -6.7 | 15.1 |
| Jyothy Lab | 1.3 | -0.1 | 32.4 |
| Marico | 1.1 | 4.1 | 18.6 |
| Nestle | -0.6 | 0.7 | -0.3 |
| Page Inds | -0.2 | 3.0 | 23.8 |
| Parag Milk | 2.6 | 16.6 | -23.6 |
| Pidilite Ind. | 0.7 | -1.7 | 10.3 |
| P&G Hygiene | 0.4 | 0.6 | 27.3 |
| Prabhat Dairy | -1.3 | 5.4 | 41.8 |
| United Brew | -0.7 | 4.0 | 4.5 |
| United Spirits | 0.3 | 16.6 | 14.0 |
| Healthcare | | | |
| Alembic Phar | -3.2 | 1.6 | -7.7 |
| Alkem Lab | -1.5 | -5.2 | 14.3 |
| Ajanta Pharma | -0.1 | -4.4 | -9.6 |
| Aurobindo | -0.4 | 14.1 | -5.4 |
| Biocon | -1.0 | 18.8 | 71.1 |

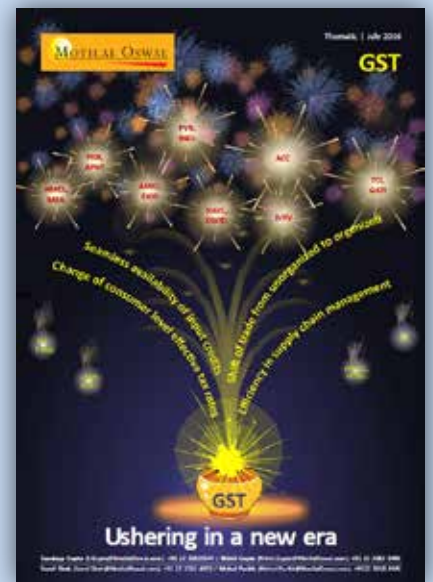
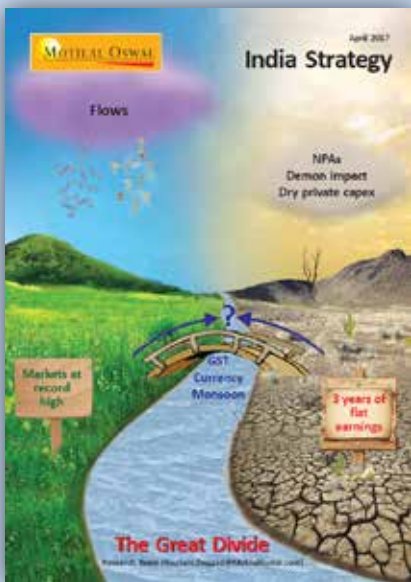
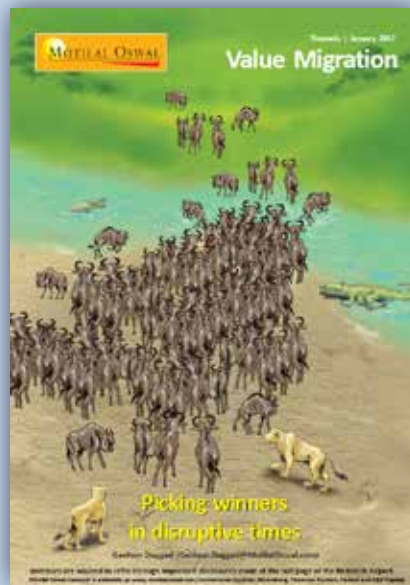
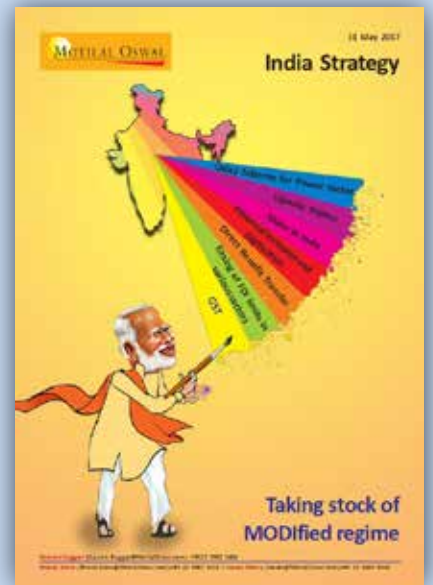


| Company | 1 Day (%) | 1M (%) | 12M (%) |
|----------------------|-----------|--------|---------|
| Cadila | 0.1 | 1.4 | 41.7 |
| Cipla | -1.0 | 4.7 | 9.8 |
| Divis Lab | -3.2 | 11.9 | -39.0 |
| Dr Reddy's | 0.5 | 2.8 | -23.7 |
| Fortis Health | 4.1 | -16.1 | -9.2 |
| Glenmark | -1.5 | 10.8 | -18.1 |
| Granules | -2.4 | 2.4 | -1.3 |
| GSK Pharma | -0.4 | 3.2 | -25.0 |
| IPCA Labs | 0.2 | 1.9 | -0.8 |
| Jubilant Life | 1.0 | 7.4 | 132.6 |
| Lupin | -2.0 | 4.4 | -32.2 |
| Sanofi India | -0.4 | -3.4 | -7.6 |
| Sun Pharma | -0.9 | 9.2 | -27.4 |
| Syngene Intl | -0.9 | 4.3 | 12.7 |
| Torrent Pharma | -0.3 | 6.3 | -12.7 |
| Logistics | | | |
| Allcargo Logistics | -0.6 | 0.8 | -5.4 |
| Blue Dart | -0.7 | 4.0 | -25.4 |
| Concor | -0.1 | -0.8 | 2.3 |
| Gateway Distriparks | -1.6 | 2.9 | -6.0 |
| Gati | -0.6 | -7.4 | -28.8 |
| Transport Corp. | -1.2 | 5.2 | 50.5 |
| Media | | | |
| Dish TV | -5.9 | -0.7 | -20.7 |
| D B Corp | 0.4 | 0.0 | -7.4 |
| Den Net. | -0.1 | -6.1 | -10.0 |
| Hind. Media | 1.1 | 4.1 | 3.8 |
| HT Media | -0.6 | 3.9 | 7.9 |
| Jagran Prak. | 1.3 | -4.0 | -2.6 |
| PVR | -1.3 | -13.8 | 25.0 |
| Siti Net. | -0.8 | -13.8 | -31.3 |
| Sun TV | -2.7 | -5.0 | 97.8 |
| Zee Ent. | 3.0 | 9.9 | 22.4 |
| Metals | | | |
| Hindalco | 0.2 | 9.0 | 60.4 |
| Hind. Zinc | -0.3 | 12.6 | 45.0 |
| JSPL | -3.1 | 9.6 | 101.9 |
| JSW Steel | -0.2 | 7.1 | 33.1 |
| Nalco | 1.2 | 12.2 | 48.4 |
| NMDC | -0.6 | 10.1 | 27.8 |
| SAIL | -0.8 | 9.1 | 33.6 |
| Vedanta | -0.6 | 12.6 | 70.6 |
| Tata Steel | -0.6 | 6.8 | 52.5 |
| Oil & Gas | | | |
| BPCL | 0.0 | 7.1 | 21.5 |
| GAIL | -0.4 | 2.4 | 28.6 |
| Gujarat Gas | -0.6 | -4.1 | 36.8 |
| Gujarat St. Pet. | 0.9 | 5.4 | 36.4 |
| HPCL | 0.0 | 4.1 | 42.4 |
| IOC | 1.6 | -6.8 | 46.4 |
| IGL | 1.8 | 4.8 | 86.5 |
| MRPL | 0.4 | 2.0 | 58.3 |
| Oil India | 0.2 | -1.7 | 0.4 |
| ONGC | -0.8 | -0.4 | 10.9 |
| PLNG | -0.2 | -7.3 | 41.0 |
| Reliance Ind. | 3.8 | 11.9 | 57.6 |
| Retail | | | |
| Jubilant Food | -3.5 | 35.2 | 9.7 |
| Titan Co. | 2.5 | 3.9 | 33.0 |

| Company | 1 Day (%) | 1M (%) | 12M (%) |
|-------------------|-----------|--------|---------|
| Technology | | | |
| Cyient | 1.8 | 4.6 | 9.2 |
| HCL Tech. | 2.2 | 7.2 | 24.8 |
| Hexaware | -0.6 | -5.6 | 10.5 |
| Infosys | 1.1 | 3.8 | -9.3 |
| KPIT Tech | -2.5 | 2.6 | -7.6 |
| L&T Infotech | -2.1 | -7.1 | 10.0 |
| Mindtree | -0.1 | -6.9 | -14.6 |
| Mphasis | -0.1 | -3.1 | 6.3 |
| NIIT Tech | -0.6 | -6.4 | 16.5 |
| Persistent Sys | -0.1 | -3.6 | 3.5 |
| Tata Elxsi | -0.6 | 3.9 | 1.2 |
| TCS | 1.9 | 3.5 | -0.4 |
| Tech Mah | 0.9 | 1.0 | -21.6 |
| Wipro | 6.5 | 11.9 | 5.7 |
| Zensar Tech | 2.2 | -4.7 | -17.9 |
| Telecom | | | |
| Bharti Airtel | -2.0 | 12.3 | 12.1 |
| Bharti Infratel | 1.1 | 10.4 | 16.5 |
| Idea Cellular | -3.1 | 13.9 | -12.8 |
| Tata Comm | -1.7 | -12.8 | 43.7 |
| Utilities | | | |
| Coal India | 2.7 | 4.6 | -21.3 |
| CESC | 0.0 | 0.1 | 51.2 |
| JSW Energy | 2.2 | 3.6 | -16.1 |
| NTPC | -0.6 | 2.8 | 6.1 |
| Power Grid | -1.6 | 4.6 | 32.4 |
| Tata Power | 0.7 | 1.8 | 17.7 |
| Others | | | |
| Arvind | -2.6 | -3.3 | 19.7 |
| Avenue Super. | 0.6 | 11.7 | |
| Bata India | 1.4 | 9.8 | 2.7 |
| Castrol India | 1.1 | -1.4 | -0.4 |
| Century Ply. | 0.3 | -4.1 | 25.5 |
| Coromandel Intl | 0.8 | 0.5 | 85.1 |
| Delta Corp | 5.2 | 3.3 | 89.5 |
| Dynamatic Tech | -0.5 | -5.0 | -7.0 |
| Eveready Inds. | -1.4 | -7.0 | 23.9 |
| Interglobe | 0.0 | -0.6 | 31.2 |
| Indo Count | -2.6 | -16.2 | -12.2 |
| Info Edge | -1.7 | 3.7 | 17.9 |
| Inox Leisure | 5.6 | -3.4 | 8.0 |
| Jain Irrigation | -0.3 | 1.0 | 55.7 |
| Just Dial | 0.8 | -6.7 | -31.8 |
| Kaveri Seed | -1.3 | 0.4 | 59.8 |
| Kitex Garm. | -1.2 | -2.4 | -22.5 |
| Manpasand | 3.4 | -4.4 | 9.9 |
| MCX | 2.5 | 2.6 | 10.2 |
| Monsanto | 0.6 | -2.9 | 10.1 |
| Navneet Educat. | -1.4 | -6.8 | 84.1 |
| PI Inds. | -0.4 | -6.1 | 2.9 |
| Piramal Enterp. | -1.0 | 1.5 | 81.4 |
| SRF | -0.2 | -7.4 | 10.7 |
| S H Kelkar | -0.5 | -5.6 | 15.8 |
| Symphony | 3.3 | -0.1 | 13.2 |
| TTK Prestige | -0.2 | -3.6 | 34.9 |
| V-Guard | -0.4 | -1.4 | 79.8 |
| Wonderla | 0.3 | -4.8 | -10.9 |

NOTES

THEMATIC/STRATEGY RESEARCH GALLERY

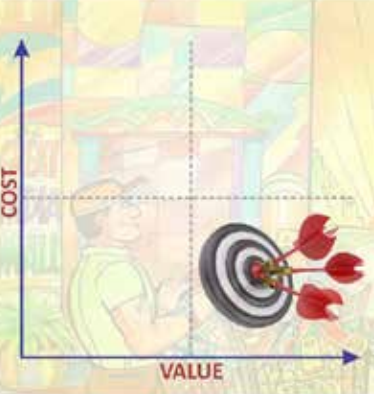


REPORT GALLERY

RECENT INITIATING COVERAGE REPORTS

MOTILAL OSWAL Initiating Coverage | 21 April 2017
Sector: Retail

Avenue Supermarts



Delivering Value

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MOTILAL OSWAL Initiating Coverage | 21 April 2017
Sector: Financial

Cholamandalam Finance



Prepared, Equipped and Armed

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MOTILAL OSWAL Initiating Coverage | 28 April 2017
Sector: Utility

Tata Power




Struggling for RoE

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Sector: Oil and Gas

Gujarat Gas



Long road ahead

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MOTILAL OSWAL Initiating Coverage | 28 March 2017
Sector: Publishing

Navneet Education




Steadfast; growth gaining momentum

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MOTILAL OSWAL Initiating Coverage | 28 March 2017
Sector: Automobile

Delta Corp



Favorable odds

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MOTILAL OSWAL Initiating Coverage | 27 March 2017
Sector: Healthcare

Ajanta Pharma



Promising growth trajectory

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MOTILAL OSWAL Initiating Coverage | 27 February 2017
Sector: Consumer Goods

Piramal Enterprises




Winner's Edge

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MOTILAL OSWAL Initiating Coverage | 28 February 2017
Sector: Automobile

CEAT



Well balanced

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DIFFERENTIATED PRODUCT GALLERY

MOTILAL OSWAL 27 March 2017

Annual Report Threadbare

JC LAKSHMI CEMENT

Strong performance in FY17

After a year of strong performance, JC Lakshmi Cement (JCL) has recorded a strong performance, with revenue growing 10% to ₹1,100 crore and EBITDA growing 12% to ₹200 crore. The company's strong performance is primarily due to its focus on high quality and innovation in its products, which has led to a strong demand for its products in the market.

The ABC of annual report analysis

ART

ART is a tool used to analyze the annual report of a company. It stands for Annual Report Threadbare. The ABC of annual report analysis is a framework used to analyze the annual report of a company. It stands for Annual Report Threadbare. The ABC of annual report analysis is a framework used to analyze the annual report of a company. It stands for Annual Report Threadbare.

Key highlights

- Revenue grew 10% to ₹1,100 crore
- EBITDA grew 12% to ₹200 crore
- Operating profit grew 15% to ₹150 crore
- Net profit grew 18% to ₹100 crore

Key risks

- Commodity price volatility
- Operational risks
- Financial risks
- Regulatory risks

Conclusion

JC Lakshmi Cement has achieved a strong performance in FY17, driven by its focus on high quality and innovation in its products. The company's strong performance is a testament to its commitment to excellence and its focus on its customers.

MOTILAL OSWAL 28 June 2017

The Corner Office

Deliberations with the CEO

Slow of new launches encouraging

Highway toll and GST paper operations face challenges

Key highlights

- India's economic growth is slowing down, which is a concern for the government. The government is taking steps to stimulate the economy, but the private sector is not responding as strongly as expected.
- The government is facing challenges in the form of rising inflation and a weak rupee. The government is taking steps to address these issues, but the private sector is not responding as strongly as expected.
- The government is facing challenges in the form of rising inflation and a weak rupee. The government is taking steps to address these issues, but the private sector is not responding as strongly as expected.

Conclusion

The Indian economy is facing challenges, but the government is taking steps to address these issues. The private sector is not responding as strongly as expected, which is a concern for the government.

MOTILAL OSWAL 19 July 2017

VOICES

India Inc on Call

India Inc is facing challenges in the form of rising inflation and a weak rupee. The government is taking steps to address these issues, but the private sector is not responding as strongly as expected.

Key highlights

- India Inc is facing challenges in the form of rising inflation and a weak rupee.
- The government is taking steps to address these issues, but the private sector is not responding as strongly as expected.

Conclusion

India Inc is facing challenges, but the government is taking steps to address these issues. The private sector is not responding as strongly as expected, which is a concern for the government.

MOTILAL OSWAL 17 March 2017

EcoKnowlodge

Diving into Trending Themes

Only two states implement 17th Pay Commission in FY18

17th Pay Commission (17th PC) is the 17th pay band for government employees. It is a significant step towards the implementation of the 7th pay commission. The 17th PC is expected to be implemented in FY18.

Key highlights

- Only two states (Kerala and Karnataka) have implemented the 17th PC in FY18.
- The 17th PC is expected to be implemented in FY18.

Conclusion

The 17th PC is a significant step towards the implementation of the 7th pay commission. Only two states have implemented it in FY18.

MOTILAL OSWAL

BULLS & BEARS

INDIA VALUATIONS HANDBOOK

Highlights of June edition

- India's economic growth is slowing down, which is a concern for the government.
- The government is taking steps to stimulate the economy, but the private sector is not responding as strongly as expected.

Key highlights

- India's economic growth is slowing down, which is a concern for the government.
- The government is taking steps to stimulate the economy, but the private sector is not responding as strongly as expected.

Conclusion

The Indian economy is facing challenges, but the government is taking steps to address these issues. The private sector is not responding as strongly as expected, which is a concern for the government.

MOTILAL OSWAL

FUND FOLIO

Indian Mutual Fund Tracker

Key highlights

- India's economic growth is slowing down, which is a concern for the government.
- The government is taking steps to stimulate the economy, but the private sector is not responding as strongly as expected.

Conclusion

The Indian economy is facing challenges, but the government is taking steps to address these issues. The private sector is not responding as strongly as expected, which is a concern for the government.

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| Analyst ownership of the stock | No |
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A graph of daily closing prices of securities is available at www.nseindia.com and <http://economicstimes.indiatimes.com/markets/stocks/stock-quotes>

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