

Market snapshot



Equities - India	Close	Chg. %	YTD.%
Sensex	29,656	1.0	11.4
Nifty-50	9,218	1.1	12.6
Nifty-M 100	17,910	0.6	24.8
Equities-Global	Close	Chg. %	YTD.%
S&P 500	2,374	1.1	6.0
Nasdaq	5,984	1.2	11.2
FTSE 100	7,265	2.1	1.7
DAX	12,455	3.4	8.5
Hang Seng	10,108	0.6	7.6
Nikkei 225	18,876	1.4	-1.2
Commodities	Close	Chg. %	YTD.%
Brent (US\$/Bbl)	51	-0.1	-7.7
Gold (\$/OZ)	1,272	-0.9	9.7
Cu (US\$/MT)	5,625	0.5	1.8
Almn (US\$/MT)	1,938	0.8	13.7
Currency	Close	Chg. %	YTD.%
USD/INR	64.4	-0.2	-5.0
USD/EUR	1.1	1.5	2.9
USD/JPY	110.2	0.9	-5.9
YIELD (%)	Close	1MChg	YTDchg
10 Yrs G-Sec	6.9	0.0	0.4
10 Yrs AAA Corp	7.9	0.0	0.3
Flows (USD b)	24-Apr	MTD	YTD
FII	0.0	-0.2	6.4
DII	0.2	1.0	1.2
Volumes (INRb)	24-Apr	MTD*	YTD*
Cash	303	296	280
F&O	5,660	4,841	4,526

Note: YTD is calendar year, *Avg

Quote of the day

Real economic stimulus comes from real investment.



Today's top research theme

ROOM AIR CONDITIONERS: Focus shifts to inverters

- ✓ We estimate inverter ACs to account for 30% of industry volumes in FY18 and 50% in FY20, driven by: a) convergence of inverter and fixed-speed AC ratings from Jan-18 and b) LG's aggressive pricing in inverters.
- ✓ We prefer Blue Star (initiating with **Neutral**; TP: INR680) over Voltas (downgrading to **Sell**; TP: INR370).
- ✓ Japanese brands (e.g. Daikin, Mitsubishi, Sharp and Hitachi) have dominated the Indian inverter AC market. Market leader Voltas' share and margins are under threat from players like Daikin, Blue Star, Lloyd Electric and Panasonic. We see increasing risks from: a) industry convergence to inverters where Voltas has a weak share (~5-7% of sales from inverter ACs) and b) inventory destocking prior to potential GST implementation in July-17 and the new ratings system for ACs. Stock price run-up over past two months factors in higher expected sales due to hot summers while ignoring aforementioned risks.



Research covered

Cos/Sector	Key Highlights
Room Air Conditioners	Focus shifts to inverters
Reliance Industries	EBITDA exceeds estimates; GRMs at USD11.5/bbl
UltraTech: Result Flash	Cost efficiency helps report better-than-estimated margins
Indiabulls Hsg	Impressive performance on all fronts
Hexaware Tech	Strong start sets stage for full-year revenue guidance beat
Metals Weekly	WSA upgrades world steel demand forecast by 80bps for 2017
Results Expectation	Axis Bank IDFC Bank Indian Bank LIC Hsg Fin M&M Fin Persistent Wipro Zensar Tech



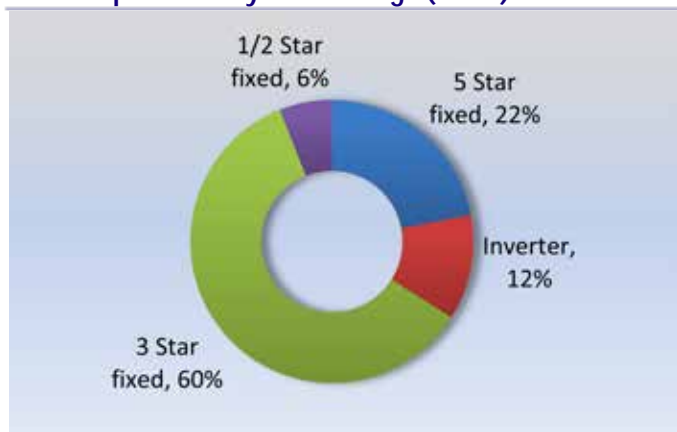
Piping hot news

RIL, BP to buy out Niko stake in KG-D6

- ✓ Niko Resources of Canada is in the process of selling its 10 per cent participating interest in Reliance Industries Ltd (RIL)'s gas discovery in block NEC-25 off Odisha coast to RIL and BP plc. "NEC25—DOC was reviewed by Management committee for Discovery D32.

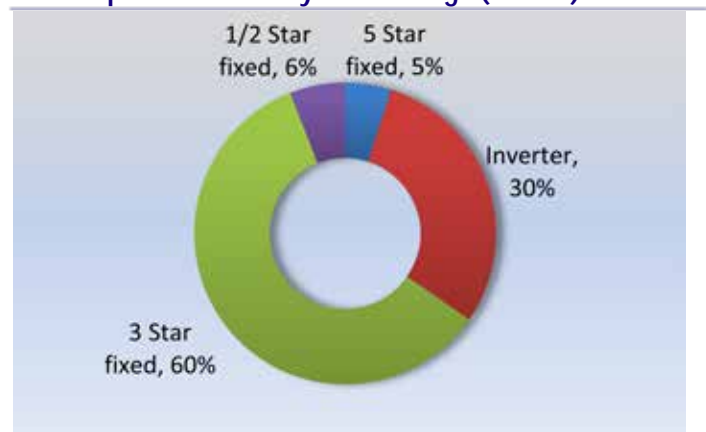
Chart of the Day: Room Air Conditioners - Focus shifts to inverters

Break-up of ACs by star ratings (CY16)



Source: Industry, MOSL

Breakup of AC sales by star ratings (CY17e)



Source: MOSL estimates

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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 numbers for the detailed news link

1

Tata Power may sell cross-holdings after Mundra tariff order

Tata Power would consider selling non-core assets to support the Mundra plant following a Supreme Court ruling against compensatory power tariffs, it told investors on Monday. The non-core assets included cross-holdings at the Tata group level...

2

Airtel Plans to Enter Home Automation to Boost Revenue

Bharti Airtel plans to soon enter the home automation or smart home segment with its Internet of Things (IoT) and machine-to-machine solutions in a move aimed at expanding its revenue base, allowing users to control elements such as lighting, heating, air conditioning, music and security systems through smartphones. "We have a quad play -broadband, fixed line, wireless, DTH. We are in millions of homes. So, that's really what we want to bank on," Harmeen Mehta, group chief information officer at Bharti Airtel, told ET, without elaborating on specific products that the country's leading telecom operator may offer...

3

If Rates are Steady, Gold Loan NBFCs may See 28% Growth

Gold loan NBFCs such as Manappuram Finance and Muthoot Fincorp are expecting a growth of 15-28% in the current financial year in business if gold prices stay the way they are, and there are no major disruptions to the domestic and global economy...

4

Hotels body may take legal recourse on liquor ban issue

The Federation of Hotels and Restaurant Associations of India (FHRAI), one of the leading industry bodies for the hospitality industry, is expected to move the court to get a reprieve on the ban of sale of liquor in hotels and restaurants located within 500 meters from national and state highways...

5

DCB Bank's Rs. 400-cr qualified institutional placement opens

The board of of DCB Bank on Monday announced the opening of a qualified institutional placement and fixed the floor price at Rs. 177.39 a share. The private sector lender's board of directors on March 7 had approved a resolution to raise as much as Rs. 400 crore through a QIP. Through the issue, the bank plans to raise Rs. 400 crore...

6

Siam to file review petition in Supreme Court against BS-III vehicles ban

The Society of Indian Automobile Manufacturers (Siam) is considering filing a review petition in the Supreme Court challenging the apex court's order of 29 March banning sales and registration of BS-III vehicles after 31 March, said four people aware of the matter who asked not to be identified...

7

India's steel output grows 8.2% in March, beating world average

India's steel production grew 8.2% – highest among the major producing nations – in March to 9 million tonne (mt), while the world's average output grew 4.6% in March, data revealed by World Steel Association (WSA) showed...



Room Air Conditioners



Focus shifts to inverters

Inverters estimated to be 30% of volumes in FY18 and 50% in FY20

- n **Expect industry volume CAGR of 15% over FY17-20:** We estimate Indian room air conditioner (AC) volumes to grow from 4.7m units in FY17 to 7.2m in FY20, implying a 15% CAGR. This growth is expected to be driven by rising penetration of ACs (4-5% currently v/s 30% global average), higher disposable income, growing urbanization and the year-round AC usage trend. In our view, ACs could be one of the largest discretionary items in India over next few years.
- n **Shift toward inverter ACs accelerates – to be 50% of industry by FY20:** Over past few years, demand has been continually shifting toward energy-efficient ACs (5-star/inverter), which contributes ~30-35% of overall industry volumes. According to the Bureau of Energy Efficiency (BEE), all ACs that operate on inverter technology will have to be compulsorily rated from 2018. Consequently, the rating for fixed and variable compressors will be merged. The split AC market is expected to transition to inverter technology over next few years, with inverter ACs projected to account for 30% of the market by FY18 and 50% by 2020. LG's recent move to completely shift to split inverters will accelerate the industry transition, in our view.
- n **Higher commodity prices may impact margins – price hikes needed:** Star ratings, which are normally revised every two years, have not been changed since January 2014. Therefore, manufacturers have not resorted to any price hikes. Also, given LG's aggressive pricing strategy, none of the manufacturers have increased prices of late to stay competitive. However, we believe cost pressures stemming from a sharp rise in raw material prices would force companies to hike prices going forward, likely post GST roll out in July, 2017.
- n **Competition remains intense; brand, distribution, service center network and dealer margins as key differentiators:** Our discussion with the channel partners indicates that brand, distribution channel (>50–55% of AC sales now in Tier 2 to Tier 4 cities), service center network and dealer support/margins are the key success factors in the AC industry. Competition has increased with players like Daikin, LG, Panasonic, Lloyd Electric and Blue Star eyeing a larger market share.
- n **Valuation and risks:** Our preference lies with Blue Star (Initiate coverage with a Neutral, TP: INR680, 25x FY19 UCP segment EPS in line with 10 year average which we value at INR580 and INR100 for remaining business) over Voltas (Downgrade to Sell, TP: INR370, 25x FY19 UCP segment EPS vs. 10 year average of 21x which we value at INR310 and INR60 for remaining business). While Voltas is the market leader in the room AC segment, its share and margins are under threat from players like Daikin, Blue Star, Lloyd Electric and Panasonic. Moreover, we see increasing risks from: a) Industry convergence to inverters where Voltas has weak share b) Inventory destocking prior to GST implementation in July, '17 and new ratings for ACs in Jan,'18. The run up in stock prices over the past two months factor in the positives of a hot summer while ignoring the aforementioned risks to growth and margins.

Valuation snapshot

	FY18		FY19	
	Voltas	Bluestar	Voltas	Bluestar
P/E (x)	28	33	25	23
EV/EBIDTA (x)	25	20	22	15
EV/Sales (x)	2	1	2	1
RoE (%)	17	25	17	31
RoCE (%)	16	20	16	27

Room air conditioners: Focus shifts to inverters





Reliance Industries

BSE SENSEX	S&P CNX
29,656	9,218
Bloomberg	RIL IN
Equity Shares (m)	3,240
M.Cap.(INRb)/(USD\$)	4,589/ 68.8
52-Week Range (INR)	1449 / 926
1, 6, 12 Rel. Per (%)	9/28/22
Avg Val, INRm	10920
Free float (%)	54.9

Financials & Valuations (INR b)

Y/E March	2017	2018E	2019E
Net Sales	2,420.3	3,757.2	4,057.3
EBITDA	432.6	502.7	528.9
Net Profit	314.3	358.8	376.8
Adj. EPS (INR)	106.6	121.7	127.8
EPS Gr. (%)	14.6	14.2	5.0
BV/Sh. (INR)	978.1	1,082.3	1,191.7
RoE (%)	11.9	11.8	11.2
RoCE (%)	9.1	10.0	9.9
Payout (%)	14.6	14.4	14.4

Valuations

P/E (x)	13.3	11.6	11.1
P/BV (x)	1.4	1.3	1.2
EV/EBITDA (x)	12.0	8.7	7.4
EV/Sales (x)	2.1	1.2	1.0

Estimate change

TP change

Rating change

CMP: INR1,416 TP: INR1,264 (-11%) Neutral

EBITDA exceeds estimates; GRMs at USD11.5/bbl

RIL's 4QFY17 standalone EBITDA of INR113b (+5% YoY, +6% QoQ) exceeded our estimate of INR107b due to higher GRMs and throughput. PAT of INR81.5b (+11% YoY, +2% QoQ) too beat estimate of INR75.2b, led by a lower effective tax rate of 19%. Cumulative capex in RJio stands at INR1,790b, with 72m prime subscribers. Management guided for full commissioning of the refinery off-gas cracker (ROGC) project by 3QFY18 and the petcoke gasifier project by 4QFY18. Key drivers for near-term stock performance would be (1) core projects commissioning and (2) subscriber ramp-up/ARPU in telecom.

EBITDA beats estimate: Refining EBIT stood at INR62.6b (-2% YoY, +2% QoQ).

4QFY17 GRM stood at USD11.5/bbl (+6% YoY, +6% QoQ). Petchem EBIT was INR34.5b (+27% YoY, +3% QoQ), with margin of 13.7% coming in below 15.5% in 3QFY17 primarily due to a decline in polymer deltas.

Expect no further delays in core projects

- ROGC by 3QFY18: The ROGC project is expected to be fully commissioned by 3QFY18, and the petcoke gasifier project by 4QFY18.
 - Jio capex reaches INR1.79t: Capex to date has reached INR1.79t. The company has written off INR120b on account of revaluation of spectrum. Jio's prime user base reached 72m at end-FY17. The company is still unclear as to when would it stop capitalizing expenses.
 - Domestic E&P continues to shrink: KG-D6 gas production stood at 7.4mmscmd (-24% YoY, -1.3% QoQ) and shale at 39bcfe (-23% YoY and +4% QoQ). KG field development is on cards, but subject to arbitration resolution/plan approvals.
 - 4QFY17 capex at INR330b: Consol. net debt was INR1,966b (v/s INR1,807b at end-FY16).
 - Declares dividend: RIL has recommended a dividend of INR11/share for FY17.
- Valuation view:** On FY19E basis, the stock trades at 11.1x adj. standalone EPS of INR127.8 and EV/EBITDA of 7.4x. Our SOTP-based fair value stands at INR1,264/share. Maintain **Neutral**.

Standalone - Quarterly Earning Model

Y/E March	(INR Million)											
	FY16				FY17				FY16	FY17	4QFY17	Var v/s
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales	658,170	608,170	565,670	499,570	534,960	595,770	618,060	671,460	2,331,580	2,420,250	687,251	-2.3
YoY Change (%)	-31.7	-37.0	-29.5	-10.9	-18.7	-2.0	9.3	34.4	-29.1	3.8	37.6	
Total Expenditure	565,100	509,840	462,950	392,300	426,790	490,220	512,020	558,660	1,930,190	1,987,690	580,553	-3.8
EBITDA	93,070	98,330	102,720	107,270	108,170	105,550	106,040	112,800	401,390	432,560	106,698	5.7
Margins (%)	14.1	16.2	18.2	21.5	20.2	17.7	17.2	16.8	17.2	17.9	15.5	
Depreciation	22,650	23,720	24,050	25,240	19,500	20,290	20,770	24,090	95,660	84,650	22,000	9.5
Interest	5,970	6,940	6,090	5,540	9,240	6,330	9,310	2,350	24,540	27,230	10,820	-78.3
Other Income	18,180	16,170	22,890	18,580	20,330	22,800	30,250	13,710	75,820	87,090	25,703	-46.7
PBT	82,630	83,840	95,470	95,070	99,760	101,730	106,210	100,070	357,010	407,770	99,581	0.5
Tax	19,450	18,230	23,290	21,870	24,280	24,690	25,990	18,560	82,840	93,520	24,397	-23.9
Rate (%)	24	22	24	23	24	24	24	19	23	23	25	
Adj PAT	63,180	65,610	72,180	73,200	75,480	77,040	80,220	81,510	274,170	314,250	75,184	8.4
YoY Change (%)	11.8	14.2	41.9	17.3	19.5	17.4	11.1	11.4	20.7	14.6	2.7	
Margins (%)	9.6	10.8	12.8	14.7	14.1	12.9	13.0	12.1	11.8	13.0	10.9	
Key Assumptions												
Refining throughput (mmt)	16.6	17.1	18.0	17.8	16.8	18.0	17.8	17.5	69.5	70.1	17.0	2.9
GRM (USD/bbl)	10.4	10.6	11.5	10.8	11.5	10.1	10.8	11.5	10.8	11.0	10.2	12.9
Petchem EBITDA/tonne (USD/MT)	273.2	259.9	260.8	271.6	303.8	314.4	329.4	326.2	266.3	318.5	300.0	8.7
Petchem volumes (mmt)	1.9	2.1	2.1	2.1	1.9	2.1	2.0	2.1	8.2	8.0	2.1	0.0

Exhibit 1: RIL segment wise performance snapshot (standalone)

In INRb	FY15				FY16				FY17			4QFY17 (%)		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Segmental Revenues														
Petchem	237	249	213	201	196	199	180	195	194	213	217	252	29.1	16.3
Refining	910	918	732	486	614	513	496	403	489	518	532	639	58.4	20.0
Oil & Gas	16	14	13	12	12	12	10	9	8	7	6	7	-24.5	9.1
Others	2	2	4	4	2	3	3	4	2	3	3	3	-3.9	19.7
Total	1,165	1,183	962	703	823	726	688	611	694	741	758	901	47.4	18.9
Segmental EBITDA														
Petchem	26	32	29	30	33	35	36	38	38	44	44	45	16.9	3.1
Refining	46	47	40	54	59	62	71	72	74	67	70	74	2.2	5.5
Oil & Gas	10	8	8	7	8	8	8	3	3	3	1	2	-28.8	117.6
Total	82	88	78	91	101	104	116	114	115	114	114	121	6.3	5.6
EBITDA Margin (%)														
Petchem	11.0	13.0	13.8	14.9	17.0	17.5	19.9	19.7	19.6	20.8	20.1	17.8		
Refining	5.0	5.1	5.5	11.2	9.6	12.0	14.4	17.9	15.1	13.0	13.1	11.5		
Oil & Gas	65.3	61.2	58.1	57.8	69.9	66.6	83.4	34.6	44.4	37.7	16.4	32.6		
Total	7.0	7.4	8.1	13.0	12.2	14.4	16.8	18.6	16.6	15.4	15.1	13.4		
Segmental EBIT														
Petchem	19	24	22	21	24	25	26	27	29	35	34	35	27.0	2.8
Refining	38	38	32	47	51	54	63	64	66	59	61	63	-1.6	2.2
Oil & Gas	5	3	3	2	2	1	2	-2	0	0	-1	-1	-67.8	-37.6
Others	1	1	1	1	1	1	1	1	1	1	1	1	35.2	4.4
Total	62	66	57	71	79	81	92	89	96	95	95	98	9.3	3.0
EBIT Margin (%)														
Petchem	7.9	9.6	10.3	10.6	12.5	12.6	14.3	13.9	14.9	16.3	15.5	13.7		
Refining	4.1	4.1	4.4	9.7	8.3	10.5	12.7	15.8	13.4	11.4	11.5	9.8		
Oil & Gas	31.3	24.1	19.8	13.4	19.5	11.7	24.6	-26.9	6.1	3.4	-20.1	-11.5		
Total	5.3	5.6	6.0	10.2	9.6	11.2	13.4	14.6	13.9	12.8	12.5	10.8		
Operating Metrics														
Refining (USD/bbl)														
RIL GRM	8.7	8.3	7.3	10.1	10.4	10.6	11.5	10.8	11.5	10.1	10.8	11.5	6.5	6.5
Singapore GRM	5.8	4.8	6.3	8.6	8.0	6.3	8.0	7.8	5.0	5.1	6.7	6.4	-17.9	-4.5
Premium	2.9	3.5	1.0	1.5	2.4	4.3	3.5	3.0	6.5	5.0	4.1	5.1	70.0	24.4
Refinery Thr' put (mmt)	16.7	17.3	17.7	16.2	16.6	17.1	18.0	17.8	16.8	18.0	17.8	17.5	-1.7	-1.7
Utilization (%)	108	112	114	105	107	110	116	115	108	116	115	113		
Petrochemicals														
Polymer (TMT)	1,082	1,132	1,049	1,037	1,083	1,217	1,183	1,141	1,146	1,186	1,054	1,069	-6.3	1.4
Polyester (TMT)	455	488	447	457	512	543	548	591	513	594	597	580	-1.9	-2.8
Polyester Int. (TMT)	1,086	1,305	1,241	1,245	1,452	1,475	1,725	1,780	1,533	1,739	1,735	1,885	5.9	8.6
E&P														
Gross Oil Prodn (tmt)														
PMT	273	246	246	218	213	246	218	246	231	211	201	196	-20.0	-2.0
KG-D6	72	68	68	68	55	53	49	45	43	39	41	47	3.4	12.6
Total	345	314	314	286	267	299	267	291	274	251	242	243	-16.4	0.5
Gross Gas Prodn (mmscmd)														
PMT	7.1	6.4	6.7	6.3	5.8	5.5	5.5	5.8	5.3	4.7	4.9	4.6	-20.4	-5.1
KG-D6	13.1	12.6	12.0	11.4	11.5	11.5	10.7	9.7	8.7	7.7	7.5	7.4	-23.5	-1.3
Total	20	19	19	18	17	17	16	15	14	12	12	12	-22.4	-2.8
Shale production (bcfe)	48.6	49.8	52.1	49.4	49.3	51.0	54.2	50.6	44.5	41.4	37.5	39.1	-22.7	4.3

Source: Company, MOSL

Ultratech Cement

BSE SENSEX 29,656 S&P CNX 9,218

CMP: INR4,144 TP: INR4,727(+14%) Buy

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

Conference Call Details



Date: 25th April 2017

Time: 09:30am IST

Dial-in details:

+91-22-3960 0683

+91-22-6746 5917

Financials & Valuations (INR b)

Y/E Mar	2017E	2018E	2019E
Net Sales	238.9	261.4	292.9
EBITDA	49.7	56.6	67.9
NP	26.4	33.2	41.4
EPS (INR)	96.1	120.9	150.9
EPS Gr. (%)	11.3	25.8	24.8
BV/Sh. (INR)	840.0	943.4	1,071.1
RoE (%)	12.0	13.6	15.0
RoCE (%)	10.4	11.6	12.8
P/E (x)	43.1	34.3	27.5
P/BV (x)	4.9	4.4	3.9

Cost efficiency helps report better-than-estimated margins

Volume growth continues to be muted

- Net sales increased 3% YoY (-2% QoQ) to ~INR65.95b (est. of INR63.93b), driven by 3% YoY higher realizations at 4,689mt. Volumes were flat YoY at 13.68mt (est. of 13.56mt).
- EBITDA declined 7% YoY (+15% QoQ) to ~INR12.78b (est. of INR10.6b). Reported EBITDA is not comparable to estimated EBITDA due to the grouping of financials.
- EBITDA margin contracted 2.1pp YoY (-0.5pp QoQ) to 19.4% (est. of 16.6%) due to weak realizations.
- EBITDA/t at INR921 declined 6% YoY/4% QoQ (est. of INR771/t).
- Other income at INR2.4b was higher than estimated due to write-back of provisions.
- Hence, adjusted PAT declined 11% YoY to INR6.98b.

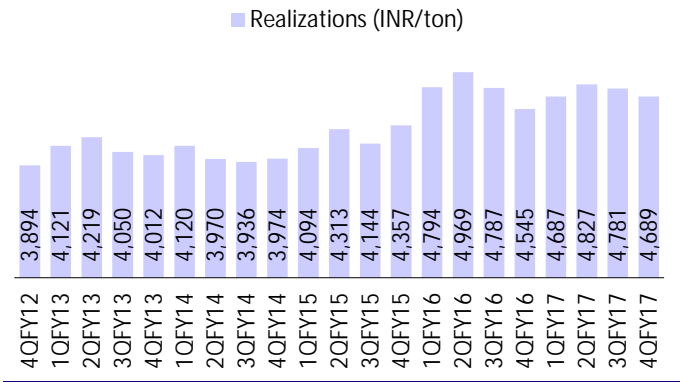
Key questions for management

- FY18 volume guidance both for the industry and Ultratech
- Expectation of pricing trend over next few quarters
- Likely impact of higher power & fuel and freight cost
- Timeline for integration of JPA's assets with itself
- Valuation and view:** We will revisit our estimates post the earnings call. Based on our current estimates, it trades at 15x FY19E EBITDA. Maintain **Buy** with a target price of INR4,727.

Quarterly Performance

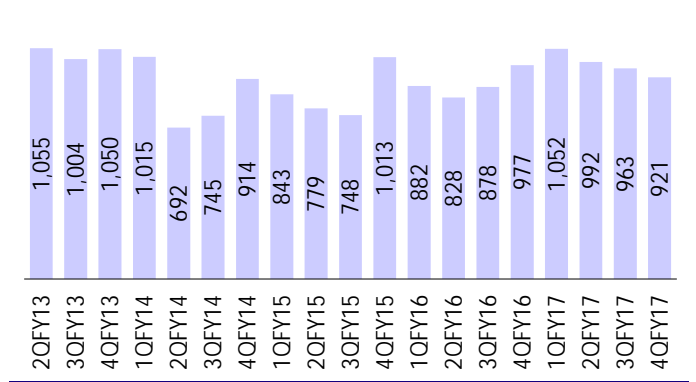
Y/E March	FY16				FY17				FY16	FY17E	FY18E	FY17	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE					
Sales (m ton)	12.14	10.80	11.47	13.70	12.91	10.87	11.40	13.68	48.1	48.9	51.3	13.56	1
YoY Change (%)	3.8	4.3	4.4	16.0	6.3	0.6	-0.6	-0.2	7.2	1.6	4.9	-0.3	
Blended Realn.(INR/ton) *	4,794	4,969	4,787	4,545	4,687	4,827	4,781	4,689	4,799	4,762	4,971	4,589	2
YoY Change (%)	17.1	15.2	15.5	4.3	-2.2	-2.9	-0.1	3.2	-2.4	-0.8	4.4	0.7	
QoQ Change (%)	10.0	3.7	-3.7	-5.1	3.1	3.0	-0.9	-1.9				-2.1	
Net Sales	59,476	55,270	56,520	64,023	61,823	53,966	56,091	65,953	237,088	238,914	261,440	63,927	3
EBITDA	10,939	9,212	10,366	13,770	13,723	10,938	11,135	12,782	46,266	49,690	56,927	10,601	21
Margins (%)	18.4	16.7	18.3	21.5	22.2	20.3	19.9	19.4	19.5	20.8	21.8	16.6	
Depreciation	2,852	3,352	3,259	3,515	3,027	3,139	3,156	3,357	12,970	12,679	12,669	3,080	
Interest	1,399	1,319	1,273	1,126	1,525	1,367	1,293	1,529	5,117	5,714	4,798	1,225	
Other Income	1,770	1,945	1,676	1,402	2,006	2,335	970	2,401	4,807	6,600	6,900	1,500	
PBT before EO expense	8,459	6,485	7,510	10,531	11,177	8,767	7,655	10,297	32,986	37,896	46,360	7,796	-17
Tax	2,419	1,911	2,231	2,723	3,428	2,757	2,021	3,276	9,284	11,482	12,981	2,059	
Rate (%)	28.6	29.5	29.7	25.9	30.7	31.4	26.4	32.2	28.1	30.4	28.0	26	
Reported PAT	6,040	4,574	5,280	7,808	7,749	6,011	5,634	6,883	23,702	26,277	33,379	5,737	30
Adj PAT	6,040	4,574	5,280	7,808	7,749	6,011	5,634	6,976	23,702	26,372	33,379	5,737	22
YoY Change (%)	-3.4	11.5	44.9	27.0	28.3	31.4	6.7	-10.7	17.6	11.3	26.6	-15.8	

Exhibit 1: UTCEM Realization trend



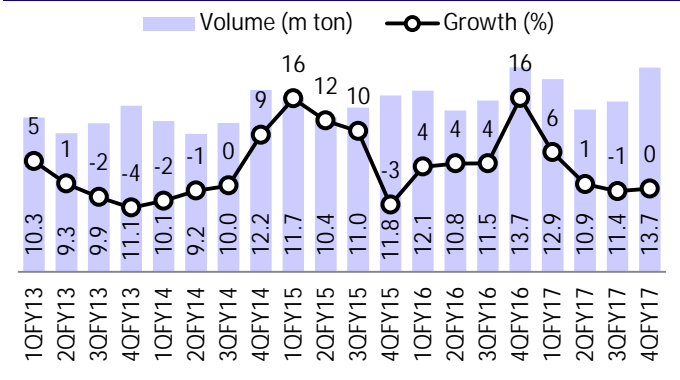
Source: MOSL, Company

Exhibit 2: UTCEM EBITDA per tonne trend



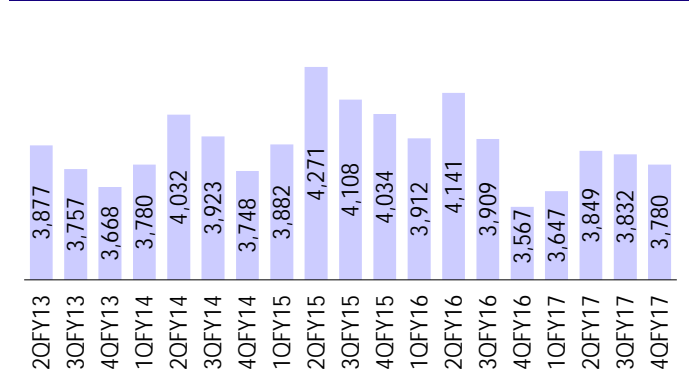
Source: MOSL, Company

Exhibit 3: UTCEM volume trend



Source: MOSL, Company

Exhibit 4: UTCEM Total cost per tonne



Source: MOSL, Company



Indiabulls Housing Finance

BSE SENSEX 29,656 S&P CNX 9,218

CMP: INR1,007 TP: INR1,227 (+22%) Buy

Bloomberg	IHFL IN
Equity Shares (m)	421.3
M.Cap. (INR b) / (USD b)	424.2/6.6
52-Week Range (INR)	1013 / 616
1, 6, 12 Rel. Per (%)	4/10/35
12M Avg Val (INR M)	1689
Free float (%)	76.4

Financials & Valuation (INR Billion)

Y/E March	2017	2018E	2019E
Net Fin inc	39.9	49.0	60.3
PPP	45.5	56.4	70.0
EPS (INR)	69.0	82.2	101.6
EPS Gr. (%)	24.0	19.2	23.5
BV/Sh. (INR)	288	322	364
RoA on AUM (%)	3.1	2.9	2.8
RoE (%)	25.5	27.0	29.6
Payout (%)	52.5	50.0	50.0
Valuations			
P/E (x)	14.6	12.2	9.9
P/BV (x)	3.5	3.1	2.8
P/ABV (x)	3.5	3.1	2.8
Div. Yield (%)	3.6	4.1	5.0

Impressive performance on all fronts

- Indiabulls Housing Finance's (IHFL) PAT grew 24% YoY to INR8.4b (1% below our estimate) in a quarter that was characterized by strong disbursement growth (+44% YoY), stable spreads and cost-to-income ratio. The tax rate, however, was lower at 14%, the impact of which was offset by increased additions to floating provisions buffer. AUM growth of 33% YoY (+12% QoQ) was the highest in 19 quarters.
- Yield on loans declined sharply by 44bp QoQ to 11.63% due to continued mix shift toward retail home loans, coupled with interest rate cuts in the quarter. However, cost of funds also declined 41bp QoQ, resulting in largely stable spreads (3.24% v/s 3.27% QoQ).
- FY17 marked a year of sharp change in liability mix. Only 4% of incremental borrowings came from banks. Management targets to continue reducing the share of bank borrowings from 37% currently to 20-25% by FY20.
- PAT for FY17 grew 24% YoY, in-line with the trend witnessed in the past few years. RoA/RoE remained best-in-class at 3.1%/26%.
- GNPA/NNPA remained largely stable at 0.85%/0.36%. Provisions made during the quarter amounted to INR3.11b v/s INR1.78b in 3QFY17. The company made additional provisions due to tax benefit in enjoyed on DTAs in the quarter.
- Valuation and view:** IHFL's transformation from a diversified lender to a focused mortgage player has yielded returns, with RoE/RoA improving from 3%/0.8% in FY09 to +26%/3.4% in FY17. Focus on core mortgage loans and market share gains should drive AUM growth of 26% over next three years. Also, capital consumption will be lower, with a gradual shift toward individual home loans and increased sell-downs. IHFL is among the lowest-levered HFCs. Asset quality trend is likely to remain stable. We expect RoE to cross 30% by FY20. We largely maintain our EPS estimates. We use RI model with Rf of 7%, CoE of 15% and terminal growth rate of 5%. Maintain Buy with a TP of INR1,227 (3.8x FY19E P/B).

Quarterly Performance

Y/E March	(INR Million)								FY16	FY17
	FY16				FY17					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Income from operations	18,290	19,850	20,751	24,009	23,720	25,098	25,859	29,314	82,899	103,990
Other Income	1,960	2,607	2,326	2,463	2,255	3,651	4,186	2,935	9,356	13,027
Total income	20,249	22,457	23,077	26,472	25,975	28,749	30,045	32,249	92,256	117,017
Y-o-Y Growth (%)	27.4	31.7	24.2	24.7	28.3	28.0	30.2	21.8	26.8	26.8
Interest expenses	11,390	12,450	12,258	13,616	14,109	16,279	16,329	17,391	49,714	64,108
Net Income	8,859	10,007	10,820	12,855	11,866	12,470	13,716	14,858	42,541	52,910
Y-o-Y Growth (%)	26.6	33.4	30.2	22.3	33.9	24.6	26.8	15.6	27.7	24.4
Operating Expenses	1,937	2,594	2,765	3,957	3,116	3,258	3,658	5,160	11,253	15,192
Profit before tax	6,922	7,413	8,055	8,898	8,750	9,212	10,058	9,698	31,289	37,718
Y-o-Y Growth (%)	29.2	31.1	29.5	18.7	26.4	24.3	24.9	9.0	26.5	20.5
Tax Provisions	1,810	1,858	2,010	2,083	2,401	2,352	2,555	1,325	7,761	8,633
Net Profit	5,113	5,555	6,045	6,815	6,349	6,861	7,502	8,373	23,528	29,085
Minority Int	0	0	-21	-60	-49	-18	13	32	-81	-22
Net Profit after MI	5,113	5,555	6,024	6,754	6,301	6,843	7,515	8,405	23,447	29,064
Y-o-Y Growth (%)	20.7	23.9	26.0	22.6	23.2	23.2	24.7	24.4	23.3	24.0

E: MOSL Estimates



Hexaware Technologies

BSE SENSEX	S&P CNX
29,656	9,218
Bloomberg	HEXW IN
Equity Shares (m)	302
M.Cap.(INRb)/(USD\$b)	66.2 / 1.0
52-Week Range (INR)	254 / 178
1, 6, 12 Rel. Per (%)	-2/3/-28
Avg Val, INRm	256
Free float (%)	28.7

CMP: INR219 TP: INR235(+7%) Neutral

Strong start sets stage for full-year revenue guidance beat

- Impressive 1Q all but ensures beat to CY17 guidance:** HEXW's CC revenue growth of 4.2% in 1QCY17 significantly beat our estimate of +-1% QoQ, with an impressive YoY run-rate of 19.9%. This leaves HEXW with an ask rate of 0-1% QoQ to meet its original CY17 guidance of 10-12%. While the company preferred to remain conservative and refrained from raising the guidance, the outlook for a strong 2Q all but ensures a beat despite the impending impact from client ramp-down in 4Q. We are modeling 13% growth.
- Revenue traction drives operating profit beat:** Including ESOP expenses, EBITDA margin shrunk 40bp to 16.9% (v/s est. of -80bp) led by strong revenue traction and intact high utilization (HEXW had cited expectation of some contraction earlier). PAT fell 6.3% QoQ to INR1.1b, nearly in line with our estimate, as lower other income offset operational beat.
- APAC/IMS to remain growth outliers:** 1Q growth was dominated by APAC, (+21% QoQ), and among services by IMS (+21% QoQ). HEXW expects APAC to continue leading growth among regions, along with IMS, where cloud transition still has significant growth opportunities. While net new wins with TCV of USD25m were down QoQ and YoY, HEXW expects TCV to be higher for the full year given the strong pipeline.
- Valuation view:** Over CY16-18E, we expect revenues CAGR of 11% and earnings CAGR of 10%. Our 2.3% revenue estimates upgrade for CY17/18 does not fully reflect in earnings growth for CY17, due to the stronger INR we are factoring in. While HEXW should outperform industry this year, it will be its second year of double-digit growth in last five years. Keeping the volatile history in mind, our target price for HEXW stands at INR235, which discounts CY18E EPS by 14x. Maintain **Neutral**.

Financials & Valuations (INR b)

Y/E Dec	2016	2017E	2018E
Net Sales	35.3	39.3	43.6
EBITDA	5.7	6.4	7.0
PAT	4.2	4.6	5.0
EPS (INR)	13.7	15.4	16.7
Gr. (%)	5.8	12.3	8.4
BV/Sh (INR)	56.3	64.5	76.9
RoE (%)	26.5	25.3	23.5
RoCE (%)	24.2	23.4	22.7
P/E (x)	16.0	14.3	13.2
P/BV (x)	3.9	3.4	2.9

Estimate change	↔
TP change	↔
Rating change	↔

Quarterly Performance (Consolidated)

Y/E Dec	CY16				CY17				CY16	CY17E	Est. 1QCY17	Var. (% / bp)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Revenue (USD m)	121.7	129.7	135.2	138.9	144.7	149.1	151.8	148.3	525	594	140.0	3.4
QoQ (%)	-1.9	6.6	4.2	2.7	4.2	3.1	1.8	-2.3	8.2	13.1	0.8	339bp
Revenue (INR m)	8,202	8,697	9,041	9,409	9,605	9,843	10,020	9,863	35,349	39,331	9,323	3.0
YoY (%)	15.0	12.6	10.5	14.8	17.1	13.2	10.8	4.8	13.2	11.3	13.7	344bp
GPM (%)	33.6	34.6	35.4	34.6	34.1	33.7	33.6	31.8	34.6	33.3	33.8	22bp
SGA (%)	19.0	19.0	18.0	17.3	17.2	17.2	17.0	17.0	18.3	17.1	17.3	-14bp
EBITDA	1,194	1,353	1,576	1,624	1,623	1,625	1,660	1,456	5,747	6,364	1,541	8157bp
EBITDA Margin (%)	14.6	15.6	17.4	17.3	16.9	16.5	16.6	14.8	16.3	16.2	16.5	36bp
EBIT Margin (%)	12.9	14.0	15.9	15.8	15.3	15.1	15.1	13.2	14.7	14.7	15.0	27bp
Other income	55	132	67	140	28	151	154	96	394	429	70	-60.2
ETR (%)	24.2	25.8	25.8	25.1	23.8	25.5	25.5	25.5	25.3	25.1	26.0	
PAT	842	999	1,114	1,216	1,139	1,218	1,243	1,045	4,171	4,645	1,086	4.9
QoQ (%)	-15.3	18.6	11.5	9.2	-6.3	6.9	2.1	-16.0			-10.7	434bp
YoY (%)	1.0	1.0	-0.1	22.3	35.3	21.9	11.6	-14.1	6.1	11.4	29.0	627bp
EPS (INR)	2.8	3.3	3.7	4.0	3.8	4.0	4.1	3.5	13.7	15.4	3.6	
Headcount	11,599	11,875	11,859	12,115	12,734	13,341	13,652	13,652	12,115	13,652	12,390	2.8
Utilization (%)	69.6	70.0	74.1	78.6	78.9	77.0	77.0	74.0	73.9	77.8	77.0	190bp
Attrition (%)	16.0	16.6	16.5	16.1								
Offshore rev. (%)	36.9	36.1	34.4	35.5	33.4	32.9	33.2	32.3	35.7	33.0	35.1	-165bp



Metals Weekly

WSA upgrades world steel demand forecast by 80bps for 2017

Global demand forecast is revised upward to 1.3% for 2017. China's demand would be flat at 681mt (v/s. -2% estimated earlier). RoW demand is cut by 20bps to 2.4% growth for 2017. Global demand would grow by 0.9% in 2018, but would decline by 2% to 667mt in China. Unless managed by supply actions, rising exports from China could once again hurt prices globally.

- n Indian steel: Long product (TMT Mumbai) prices were down ~4% WoW. Sponge iron prices were down 5% WoW, while domestic scrap prices were down ~4% WoW. Domestic iron ore were unchanged, while pellet was marginally lower. Domestic HRC prices were unchanged.
Raw Materials: Iron ore prices (China cfr) were down ~1% WoW. Thermal coal prices were unchanged. Coking coal corrected by ~16% WoW on likelihood of easing supply.
- n Europe: HRC prices were down ~2% WoW. CIS export HRC prices were up 1% WoW. Rotterdam scrap prices were down ~6% WoW.
- n China: local HRC prices declined ~3% WoW but rebar rose ~1% WoW. Export prices were unchanged.
- n Base metals: Aluminum (cash LME) was up 2% WoW. Alumina prices were unchanged. Zinc (cash LME) was up ~1% WoW while lead was down ~5% WoW. Copper was down ~1% WoW. Crude oil (Brent) prices were down ~7% WoW.

Metal Prices

	CMP	change since						
		21-Apr	%	14-Apr	%	1-Jan	%	1-Apr
STEEL								
TMT- Mumbai (INR/ton)	32,000	-4	33,300	5	30,600	16	27,600	
HRC- Mumbai (INR/ton)	37,333	0	37,333	-2	38,222	22	30,667	
HRC (USD/ton) fob CIS	455	1	450	-8	495	24	368	
METALLICS								
Sponge iron - Raipur (INR/ton)	17,200	-5	18,200	8	15,950	29	13,300	
Pig iron - Raipur (INR/ton)	25,033	1	24,875	11	22,550	30	19,300	
Iron ore spot (USD/ton) cfr China	68	-1	69	-14	79	24	55	
Coking coal (USD/ton) fob Aus.	263	-16	314	10	240	221	82	
Shred. scrap (USD/ton) Rotterdam	244	-6	260	-12	278	4	235	
ALUM.								
LME Spot (USD/ton)	1,933	2	1,890	13	1,714	27	1,524	
Indian prices (INR '000/ton)	125	3	122	8	116	24	101	
LME inventories ('000 ton)	1,688	-3	1,746	-23	2,202	-39	2,783	
ZINC								
LME Spot (USD/ton)	2,582	1	2,562	1	2,563	40	1,842	
Indian prices (INR '000/ton)	167	1	165	-4	174	-86	1,222	
LME inventories ('000 ton)	355	-1	359	-17	428	-18	435	
COPPER								
LME Spot (USD/ton)	5,601	-1	5,655	2	5,501	15	4,880	
Indian prices (INR '000/ton)	362	-1	365	-3	374	14	319	
LME inventories ('000 ton)	268	5	255	-14	312	88	143	
OTHERS								
Gold (INR/10gms)	29,320	0	29,400	5	27,812	1	29,080	
Sliver (INR/1kg)	41,406	-2	42,454	6	38,921	13	36,651	
Lead Spot LME (USD/ton)	2,142	-5	2,256	8	1,985	25	1,720	
Brent crude (USD/bbl)	52.0	-7	55.9	-9	56.8	34	38.7	
MISC.								
INR/USD	64.6	0	64.5	-5	68.0	-2	66.2	
BDI	1,195	-8	1,296	24	961	166	450	

Valuations: Indian companies

Company	Price (INR)	EV/EBITDA (x) FY18E	EV/EBITDA (x) FY19E	P/B (x) FY18E
Steel				
Tata Steel	451	7.3	6.6	2.9
JSW Steel	188	6.5	5.6	1.8
JSPL	112	9.5	6.6	0.3
SAIL	60	58.1	10.3	0.8
Non-Ferrous				
Hindalco	188	6.0	5.3	1.3
Nalco	67	5.0	4.4	1.2
Vedanta	232	5.3	5.3	1.2
Mining				
Coal India	277	6.5	6.0	6.7
HZL	273	6.7	5.8	3.1
NMDC	129	6.7	6.3	1.6

Note: Detailed table on pg 25 Source: MOSL

Valuations: Global companies

	Price	EV/EBITDA (x) CY17	EV/EBITDA (x) CY18	P/B (x) CY17
Mining				
BHP	AUD 24.04	5.2	5.7	1.6
FMG	AUD 5.45	3.1	4.3	nm
Rio Tinto	AUD 60.24	4.8	5.8	1.9
Vale	USD 26.86	4.6	5.9	1.1
Teck Res.	USD 21.79	4.0	5.4	0.9
Steel				
A. Mittal	EUR 7.14	4.7	4.7	nm
Posco	k KRW 270	5.6	5.4	0.6
US Steel	USD 30.42	5.0	4.5	2.2
Nucor	USD 60	6.9	7.1	2.3
JFE	JPY 1857	9.0	6.8	nm
Gerdau	BRL 9.55	6.7	5.4	1.1
Angang	CNY 5.24	7.2	6.5	0.8
Non Ferrous				
Alcoa	USD 31.7	4.0	4.6	1.0
Hydro	NOK 50.5	6.1	6.0	1.2
Rusal	HKD 3.82	9.3	9.1	nm

Note: Detailed on pg 25 Source: Bloomberg



Axis Bank

Bloomberg	AXSB IN
Equity Shares (m)	2382.8
M. Cap. (INR b)/(USD b)	1207 / 19
52-Week Range (INR)	638 / 418
1,6,12 Rel Perf. (%)	-5 / -12 / -3

Financial Snapshot (INR b)

Y/E March	2016	2017E	2018E	2019E
NII	168.3	179.1	204.9	243.5
OP	161.0	177.4	188.1	218.4
NP	82.2	32.9	56.8	100.5
NIM (%)	3.8	3.7	3.7	3.6
EPS (INR)	34.5	13.8	25.5	46.6
EPS Gr. (%)	11.2	-60.0	72.8	76.9
BV/Sh. (INR)	216.8	230.6	251.6	290.0
ABV/Sh. (INR)	209.9	207.1	227.0	264.4
RoE (%)	17.1	6.2	10.6	17.2
RoA (%)	1.7	0.6	0.9	1.4
Payout (%)	15.0	0.0	17.6	17.6

Valuations

P/E(X)	14.7	36.7	21.2	12.0
P/BV (X)	2.3	2.2	2.0	1.8
P/ABV (X)	2.4	2.4	2.2	1.9
Div. Yield (%)	1.0	0.0	0.7	1.2

CMP: INR507 TP: INR510 (0%) Neutral

- Led by significant NPA addition, FCNR redemption, and increased risk aversion, we expect AXSB to report mid-to-high single-digit loan growth. Overall deposit growth would be moderate (8% YoY) owing to partial redemption of CASA deposits accumulated post demonetization and large-scale FCNR deposits redeemed in 3Q.
- Yield on loans would remain under pressure following MCLR cuts/ aggressive competition in refinance market. Margins in 3Q were impacted by ~23bp on account of interest income reversals and we expect margins to normalize by ~13bp QoQ to 3.6%.
- Bulk of the slippages are expected to be arising from the watch-list (INR127.1b) and the proportion of corporate non-watch-list slippages would be a key monitorable. While slippages should moderate in 4Q, we expect them to remain at elevated levels (4.5% annualized slippage ratio), leading to higher credit costs.
- We estimate PAT at INR8.3b (v/s INR5.8b in 3Q), but subdued on a YoY basis owing to high NPA provisioning.
- AXSB trades at 1.8x FY19E BV and 12x FY19E EPS. **Neutral.**

Key issues to watch for

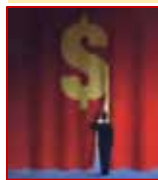
- Quantum of corporate slippages from non-watch list accounts
- Quantum of loans rescheduled under the 5:25, SDR and S4A schemes.

Quarterly Performance

(INR Million)

	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	40,562	40,621	41,621	45,526	45,169	45,139	43,337	45,498	168,330	179,143
% Change (Y-o-Y)	22.5	15.2	15.9	19.8	11.4	11.1	4.1	-0.1	18.3	6.4
Other Income	22,983	20,414	23,378	26,940	27,383	25,397	34,002	34,361	93,715	121,142
Net Income	63,545	61,035	64,998	72,466	72,552	70,535	77,339	79,859	262,044	300,286
Operating Expenses	22,624	24,755	25,148	28,481	27,858	29,534	30,937	34,561	101,008	122,890
Operating Profit	40,921	36,280	39,851	43,985	44,694	41,002	46,402	45,298	161,036	177,396
% Change (Y-o-Y)	41.3	14.7	20.2	9.6	9.2	13.0	16.4	3.0	20.3	10.2
Other Provisions	11,218	7,072	7,126	11,683	21,172	36,227	37,958	32,592	37,099	127,949
Profit before Tax	29,703	29,208	32,725	32,302	23,522	4,774	8,444	12,706	123,938	49,447
Tax Provisions	9,919	10,051	10,972	10,759	7,967	1,584	2,649	4,366	41,701	16,565
Net Profit	19,784	19,156	21,753	21,543	15,555	3,191	5,796	8,341	82,237	32,882
% Change (Y-o-Y)	18.7	18.9	14.5	-1.2	-21.4	-83.3	-73.4	-61.3	11.8	-60.0
Operating Parameters										
NIM (Reported,%)	3.8	3.9	3.8	4.0	3.8	3.6	3.4		3.9	
Deposit Growth (%)	13.2	14.2	16.2	11.0	16.3	17.3	9.6	8.0	11.0	8.0
Loan Growth (%)	23.5	23.1	21.0	20.5	21.2	18.5	10.1	5.0	20.5	5.0
CD Ratio (%)	92.5	92.0	93.2	94.6	96.4	92.9	93.6	92.0	94.6	92.0
Asset Quality										
OSRL (INR b)	85.2	84.3	77.5	80.7	73.6	67.0	63.4		80.7	
OSRL (%)	3.0	2.8	2.5	2.4	2.1	1.9	1.8		2.4	
Gross NPA (INR b)	42.5	44.5	57.2	60.9	95.5	163.8	204.7	224.9	60.9	224.9
Gross NPA (on cust. assets, %)	1.4	1.4	1.68	1.7	2.5	4.2	5.2	6.1	1.7	6.1

E: MOSL Estimates



IDFC Bank

Bloomberg	IDFCBK IN
Equity Shares (m)	3392.6
M. Cap. (INR b)/(USD b)	206 / 3
52-Week Range (INR)	83 / 44
1,6,12 Rel Perf. (%)	-4 / -27 / 0

Financial Snapshot (INR b)

Y/E March	2H2016	2017E	2018E	2019E
NII	8.5	20.4	25.0	30.9
OP	7.4	19.0	21.9	27.1
NP	4.7	10.0	13.0	16.1
NIM (%)		2.5	2.3	2.3
EPS (INR)		3.0	3.8	4.8
EPS Gr. (%)			30.1	23.9
BV/Sh. (INR)	40.2	42.4	45.4	49
ABV/Sh. (INR)	37.8	39.9	42.4	46
RoE (%)		7.1	8.7	10.1
RoA (%)		1.1	1.0	1.1
Payout (%)	20.0	20.0	20.0	20.0

Valuations

P/E(X)	20.5	15.8	12.7
P/BV (X)	1.4	1.3	1.2
P/ABV (X)	1.5	1.4	1.3
Div. Yield (%)	1.0	1.3	1.6

CMP: INR61 TP: INR63 (+4%) Neutral

- n We expect moderate loan growth of 6% YoY (+3% QoQ), with incremental growth to be driven by the retail segment (acquisition of portfolio for PSL), as the bank is conservative on corporate growth. During the quarter, the bank has sold a substantial part of stress loans to ARC, which would also impact reported loan growth.
- n Yields are expected to remain under pressure and we expect flat margins at ~2% in 4QFY17.
- n Non-interest income would be INR2.5b (down 25% QoQ, but up 83% YoY), led by moderate fee income growth and lower trading gains than in 3Q.
- n Opex is likely to grow 27% YoY, driven by costs associated with expansion of retail and rural banking franchise. Strong total income growth of 40% YoY would lead to 56% YoY growth in PPOp.
- n Stress additions would keep credit costs elevated and we expect high provisioning at INR1.7b. We expect PAT decline of ~5% YoY.
- n The stock trades at 1.2x FY19E BV and 12.7x FY19E EPS. **Neutral**.

Key issues to watch for

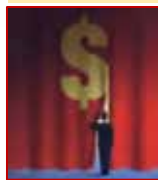
- ⊗ Outlook on balance sheet growth and costs.
- ⊗ Retail franchise building plans and update.

Quarterly Performance

(INR Million)

	FY16		FY17E				2HFY16	FY17E
	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	3,863	4,168	4,989	4,956	5,208	5,264	8,031	20,416
% Change (Y-o-Y)					34.8	26.3		NA
Other Income	2,179	1,377	2,128	4,101	3,350	2,520	3,556	12,100
Net Income	6,042	5,545	7,117	9,057	8,558	7,784	11,587	32,516
Operating Expenses	2,153	2,947	2,768	3,234	3,798	3,727	5,100	13,527
Operating Profit	3,889	2,598	4,349	5,823	4,760	4,057	6,487	18,990
% Change (Y-o-Y)					22.4	56.2		NA
Other Provisions	123	119	236	223	2,318	1,701	242	4,478
Profit before Tax	3,766	2,479	4,113	5,600	2,443	2,356	6,246	14,511
Tax Provisions	1,345	829	1,465	1,722	530	781	2,173	4,499
Net Profit	2,422	1,651	2,648	3,878	1,913	1,575	4,072	10,013
% Change (Y-o-Y)	NA	NA	NA	NA	-21.0	-4.6		NA
Operating Parameters								
NIM (Reported,%)	2.0	2.1	2.4	2.2	2.1			
NIM (Cal, %)	2.1	2.3	2.4	2.0	2.0	2.0	2.2	2.5

E: MOSL Estimates



Indian Bank

Bloomberg	INBK IN
Equity Shares (m)	480.3
M. Cap. (INR b)/(USD b)	136 / 2
52-Week Range (INR)	310 / 85
1,6,12 Rel Perf. (%)	-5 / 22 / 156

Financial Snapshot (INR b)

Y/E March	2016	2017E	2018E	2019E
NII	44.5	51.1	55.0	65.3
OP	30.3	38.9	40.6	46.0
NP	7.1	13.0	14.5	17.3
NIM (%)	2.5	2.7	2.7	2.8
EPS (INR)	14.8	27.1	30.1	35.9
EPS Gr. (%)	-29.2	82.7	11.2	19.4
BV/Sh. (INR)	281	301	324	352
ABV/Sh (INR)	202	216	238	270
RoE (%)	5.5	9.3	9.6	10.6
RoA (%)	0.4	0.6	0.6	0.7
Div. Payout (%)	23.2	23.2	23.2	23.2

Valuations

P/E (x)	19.1	10.5	9.4	7.9
P/BV (x)	1.0	0.9	0.9	0.80
P/ABV (x)	1.4	1.3	1.2	1.05
Div. Yield (%)	0.5	1.9	2.1	2.5

CMP: INR283 TP: INR331 (+17%) Buy

- Net loan growth is expected to be a muted ~4% QoQ (-2% YoY), after three consecutive quarters of sequential decline. Deposit growth is expected to be flat (+1% QoQ, +4% YoY), led by redemption of CASA deposits accumulated in the previous quarter.
- Calculated NIMs are expected to improve ~20bp QoQ (+35bp YoY), as 3QFY17/4QFY16 were impacted by interest income reversals. This would drive NII growth of 19% YoY (and 9% QoQ).
- Fee income would be subdued. Significantly lower trading gains would lead to 5% QoQ decline (but 8% YoY growth) in non-interest income. We expect slippage ratio to remain elevated at 2.6% and credit costs to remain high at 1.75% (1.78% in 3QFY17), as INBK looks to improve provision coverage.
- INBK trades at 0.8x FY19E BV and 7.9x FY19E EPS. **Maintain Buy.**

Key issues to watch for

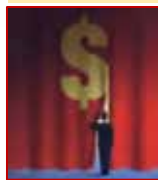
- Outlook on business growth and asset quality remains the key factor to monitor.
- Quantum of loans rescheduled under the 5/25 scheme.
- View on margins with an improvement in liquidity and lower interest rates.

Quarterly Performance

(INR Million)

	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	11,203	10,804	11,108	11,346	12,363	12,783	12,466	13,532	44,463	51,145
% Change (Y-o-Y)	4.5	-8.2	0.5	2.4	10.4	18.3	12.2	19.3	-0.3	15.0
Other Income	3,756	4,375	4,452	5,294	4,417	5,846	5,997	5,719	17,814	21,979
Net Income	14,959	15,179	15,560	16,640	16,780	18,629	18,463	19,252	62,277	73,124
Operating Expenses	7,873	7,824	7,893	8,366	7,748	8,567	8,251	9,618	31,955	34,183
Operating Profit	7,086	7,355	7,667	8,274	9,032	10,062	10,212	9,634	30,322	38,941
% Change (Y-o-Y)	11.2	-3.8	-3.5	1.2	27.5	36.8	33.2	16.4	6.9	17.4
Other Provisions	4,081	1,371	7,181	8,136	4,170	4,783	5,403	6,531	20,768	20,887
Profit before Tax	3,006	5,984	487	138	4,862	5,279	4,809	3,103	9,554	18,054
Tax Provisions	853	2,291	2	-707	1,788	1,228	1,074	965	2,439	5,055
Net Profit	2,153	3,693	485	845	3,074	4,051	3,735	2,138	7,115	12,999
% Change (Y-o-Y)	3.9	17.5	-82.5	-59.0	42.8	9.7	670.4	153.1	-29.2	82.7
Operating Parameters										
NIM (Rep, %)	2.4	2.3	2.3	2.4	2.5	2.6	2.5		2.3	
Deposit Growth (%)	12.9	4.7	8.1	5.4	1.1	3.2	5.2	4.0	5.4	4.0
Loan Growth (%)	5.7	5.0	3.7	2.5	1.5	0.2	-0.7	-2.0	2.5	-2.0
CASA Ratio (%)	29.5	29.8	30.7	31.9	32.1	33.6	38.7		31.9	0.0
Asset Quality										
OSRL (INR b)	101.1	100.6	88.6	63.7	62.9	64.1	59.5		63.7	
OSRL (%)	8.3	8.2	7.2	4.9	5.1	5.2	4.9		4.9	
Gross NPA (INR b)	58.2	57.7	70.7	88.3	88.9	91.9	96.8	100.0	88.3	100.0
Gross NPA (%)	4.7	4.6	5.6	6.7	7.0	7.3	7.7	7.7	6.7	7.7

E: MOSL Estimates



LIC Housing Finance

Bloomberg	LICHF IN
Equity Shares (m)	505.0
M. Cap. (INR b)/(USD b)	315 / 5
52-Week Range (INR)	629 / 432
1,6,12 Rel Perf. (%)	8 / -1 / 13

CMP: INR624 TP: INR723 (+16%) Buy

- n LICHF is likely to report strong earnings growth of 28% YoY, led by stable loan growth and improvement in spreads.
- n Margins are likely to improve ~20bp YoY, driven by significantly lower cost of funds due to falling bond yields.
- n We expect loan growth of 15% YoY, driven primarily by the LAP segment. The share of builder loans is likely to remain around 3% of overall book. Growth in the retail home loan book would be the key monitorable.
- n Operating expenses would grow 17% YoY, resulting in 40bp YoY improvement in C/I ratio to 17.4%.
- n Asset quality is likely to remain stable. We model provisions of INR780m, as against INR453m in 3QFY17.
- n The stock trades at 2.5x FY18E and 2.1x FY19E BV. **Maintain Buy.**

Financial Snapshot (INR b)

Y/E March	2016	2017E	2018E	2019E
NII	29.4	36.4	41.7	48.8
PPP	27.1	32.4	37.4	44.0
Adj. PAT	16.6	19.3	23.7	27.9
Adj. EPS (INR)	32.9	38.3	46.9	55.3
EPS Gr. (%)	23.3	16.5	22.3	17.9
BV/Sh (INR)	181.1	211.8	249.4	293.7
RoAA (%)	1.5	1.5	1.6	1.6
RoE (%)	19.6	19.5	20.3	20.3
Payout (%)	19.4	19.7	19.7	19.7
Valuations				
P/E (x)	19.0	16.3	13.3	11.3
P/BV (x)	3.4	2.9	2.5	2.1
Div. Yield (%)	0.9	1.0	1.3	1.5

Key issues to watch for

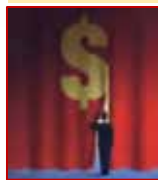
- Ø Trend in incremental spreads, given stable share of LAP and lower cost of funds.
- Ø Performance of corporate loan book and loans against property.
- Ø Management commentary on increasing competitive intensity and margin trends.

LICHF: Quarterly Performance

(INR Million)

Y/E March	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	29,174	30,260	31,018	32,057	33,263	34,283	35,125	36,117	122,508	138,788
Interest Expenses	22,585	23,091	23,549	23,843	25,018	25,626	25,972	25,793	93,068	102,408
Net Interest Income	6,589	7,169	7,469	8,214	8,245	8,657	9,154	10,324	29,441	36,380
YoY Growth (%)	30.2	34.8	36.2	26.4	25.1	20.8	22.6	25.7	31.6	23.6
Fees and other income	481	634	549	683	535	616	362	484	2,346	1,997
Net Income	7,069	7,803	8,018	8,897	8,780	9,273	9,516	10,808	31,787	38,377
YoY Growth (%)	24.6	31.3	30.0	25.3	24.2	18.8	18.7	21.5	27.7	20.7
Operating Expenses	835	1,060	1,214	1,578	1,382	1,364	1,407	1,852	4,687	6,004
Operating Profit	6,234	6,743	6,804	7,319	7,399	7,909	8,109	8,955	27,100	32,372
YoY Growth (%)	25.3	35.4	28.8	27.0	18.7	17.3	19.2	22.4	29.1	19.5
Provisions and Cont.	443	301	344	376	1,165	303	453	780	1,465	2,700
Profit before Tax	5,790	6,442	6,460	6,943	6,234	7,606	7,656	8,176	25,636	29,672
Tax Provisions	1,969	2,325	2,271	2,463	2,156	2,659	2,663	2,848	9,028	10,326
Net Profit	3,821	4,117	4,189	4,480	4,078	4,948	4,993	5,328	16,608	19,346
YoY Growth (%)	18.6	20.6	21.7	18.5	6.7	20.2	19.2	18.9	19.8	16.5
Loan Growth (%)	17.9	17.0	15.2	15.5	15.4	14.9	15.3	14.8	15.5	14.8
Borrowings Growth (%)	17.8	15.2	14.6	14.9	15.7	14.2	15.0	13.9	14.9	13.9
Cost to Income Ratio (%)	11.8	13.6	15.1	17.7	15.7	14.7	14.8	17.1	14.7	15.6
Tax Rate (%)	34.0	36.1	35.2	35.5	34.6	35.0	34.8	34.8	35.2	34.8

E: MOSL Estimates



Mahindra Fin. Services

Bloomberg	MMFS IN
Equity Shares (m)	564.6
M. Cap. (INR b)/(USD b)	181 / 3
52-Week Range (INR)	405 / 232
1,6,12 Rel Perf. (%)	7 / -22 / 14

Financial Snapshot (INR b)

Y/E March	2016	2017E	2018E	2019E
NII	32.1	31.6	36.0	40.8
PPP	20.9	17.9	20.3	23.0
PAT	6.7	4.5	6.2	7.9
EPS (INR)	11.9	7.9	10.9	14.1
BV/Sh.(INR)	107.8	111.3	117.1	125.5
ABV/Sh (INR)	92.5	91.3	94.0	100.7
RoA on AUM (%)	1.9	1.1	1.3	1.5
RoE (%)	11.4	7.2	9.6	11.6
Payout (%)	47.2	56.2	46.8	41.0
Valuations				
P/E (x)	26.9	40.7	29.4	22.8
P/BV (x)	3.0	2.9	2.7	2.6
P/ABV (x)	3.5	3.5	3.4	3.2
Div. Yield (%)	1.2	1.2	1.4	1.5

CMP: INR321 TP: INR380 (+18%) Buy

- There has been some recovery after demonetization, especially in cars and UV segments. Overdue collections have also improved.
- MMFS' AUM is likely to grow 15% YoY and 1.5% QoQ. NII is likely to decline 5% YoY due to the strong base in 4QFY16.
- Costs are expected to increase marginally on a sequential basis. We expect 39.5% C/I ratio in 4Q v/s 48% in the prior quarter.
- Asset quality is expected to improve sequentially. We expect GNPL ratio to moderate to 9.4% v/s 11.1% in the prior quarter.
- MMFS took a significant provision charge (INR4,190m) in 3QFY17. As a result, we expect incremental provisioning to be lower, especially due to improvements in asset quality. We factor in INR1,571b provisions in 4QFY17.
- The stock trades at 3.4x FY18E and 3.2x FY19E BV. We upgrade our estimates and TP given stronger performance. **Maintain Buy.**

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

Y/E March	FY16				FY17				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY16	FY17E
Operating Income	13,608	14,200	14,002	16,721	13,664	14,916	14,904	16,960	58,532	60,445
Other Income	76	183	85	176	93	241	130	211	519	675
Total income	13,684	14,383	14,087	16,897	13,757	15,157	15,035	17,172	59,051	61,120
YoY Growth (%)	6.7	5.1	0.9	9.9	0.5	5.4	6.7	1.6	5.7	3.5
Interest Expenses	6,445	6,542	6,696	6,711	6,910	7,086	7,441	7,451	26,393	28,888
Net Income	7,239	7,841	7,391	10,186	6,847	8,071	7,593	9,721	32,658	32,232
Operating Expenses	2,635	2,808	2,946	3,391	3,260	3,567	3,645	3,837	11,781	14,308
Operating Profit	4,604	5,033	4,445	6,795	3,587	4,504	3,949	5,884	20,877	17,924
YoY Growth (%)	-0.2	0.7	-6.8	5.7	-22.1	-10.5	-11.2	-13.4	0.3	-14.1
Provisions	3,228	2,772	3,406	1,089	2,245	3,042	4,190	1,571	10,495	11,049
Profit before Tax	1,376	2,261	1,039	5,706	1,341	1,462	-241	4,313	10,383	6,876
Tax Provisions	486	799	367	2,003	472	514	-85	1,519	3,656	2,420
Net Profit	890	1,462	672	3,703	870	948	-156	2,794	6,727	4,456
YoY Growth (%)	-42.6	-29.4	-50.8	11.1	-2.2	-35.1	-123.3	-24.6	-19.1	-33.8
Cost to Income Ratio (%)	36.4	35.8	39.9	33.3	47.6	44.2	48.0	39.5	36.1	44.4
Provisions/Operating Profits (%)	70.1	55.1	76.6	16.0	62.6	67.5	106.1	26.7	50.3	61.6
Tax Rate (%)	35.3	35.3	35.3	35.1	35.2	35.2	35.2	35.2	35.2	35.2

E: MOSL Estimates



Persistent Systems

Bloomberg	PSYS IN
Equity Shares (m)	80.0
M. Cap. (INR b)/(USD b)	47 / 1
52-Week Range (INR)	782 / 501
1,6,12 Rel Perf. (%)	-12 / -21 / -41

Financial Snapshot (INR b)

y/e march	2016	2017E	2018E	2019E
Sales	23.1	28.9	32.5	36.4
EBITDA	4.2	4.5	5.3	6.2
Adj. PAT	3.0	3.0	3.5	4.0
Adj. EPS (INR)	37.2	37.4	43.4	50.5
EPS Gr. (%)	2.3	0.6	16.0	16.4
BV/Sh.(INR)	211.0	244.4	254.2	264.6
RoE (%)	19.5	16.9	17.9	20.1
RoCE (%)	18.9	16.7	15.3	17.1

Valuations

P/E (x)	16.0	15.9	13.7	11.8
P/BV (x)	2.8	2.4	2.3	2.3
EV/EBITDA (x)	9.3	8.6	7.0	5.9
Div. Yield (%)	1.8	2.0	2.0	2.0

CMP: INR596 TP: INR730 (+23%) Neutral

- n Revenue growth is expected to be led by the Enterprise segment, whereas revenue from the IBM Watson deal would decline, as 3Q is the strongest quarter for IBM seasonally.
- n Growth in ISVs is likely to continue following the same trajectory as earlier. Aided by these factors, we expect 4QFY17 revenue to grow 0.3% QoQ CC to USD110.5m.
- n Cross-currency movements are likely to result in a tailwind of 20bp during the quarter, leading to 0.5% USD growth.
- n EBITDA margins are expected to decline, as revenue from the IBM Watson IoT deal would decline during the quarter. This is likely to result in a 70bp reduction in EBITDA margins to 15.2%.
- n Our PAT estimate for the quarter is INR706m, down 14% QoQ owing to lower other income. Translation losses due to the USD closing at INR65/USD would lead to pressure on PAT.
- n The stock trades at 13.7x FY18E and 11.8x FY19E earnings. **Neutral.**

Key issues to watch for

- Ø Performance and outlook for top clients in ISV (ex-IBM).
- Ø Commentary on traction with Enterprise customers and potential of winning large deals.
- Ø Outlook on sustainable profit margins in the near to medium term.

Quarterly Performance (IFRS)

Y/E March	FY16				FY17E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY16	FY17E
Revenue (USD m)	78.6	83.0	89.7	100.4	104.8	105.2	110.0	110.5	352	431
QoQ (%)	-1.8	5.5	8.1	12.0	4.3	0.4	4.6	0.5	14.0	22.4
Revenue (INR m)	5,004	5,427	5,921	6,771	7,018	7,040	7,455	7,362	23,123	28,875
QoQ (%)	0.6	8.5	9.1	14.4	3.6	0.3	5.9	-1.3		
YoY (%)	15.0	16.9	19.7	36.1	40.2	29.7	25.9	8.7	22.3	24.9
GPM (%)	39.7	38.9	38.8	35.7	34.7	35.5	36.3	35.0	38.1	35.4
SGA (%)	20.4	20.2	20.1	19.8	19.6	19.8	20.4	19.4	20.1	19.9
EBITDA	969	1,018	1,110	1,074	1,058	1,108	1,187	1,116	4,171	4,467
EBITDA Margin (%)	19.4	18.7	18.8	15.9	15.1	15.7	15.9	15.2	18.0	15.5
EBIT Margin (%)	14.8	14.4	14.6	12.1	10.2	10.5	10.7	9.8	13.9	10.3
Other income	198	182	160	210	253	243	318	217	750	1,031
ETR (%)	28.5	25.5	24.4	21.4	24.3	25.3	26.7	25.0	24.8	25.4
PAT	672	718	775	808	733	735	819	706	2,974	2,993
QoQ (%)	-11.6	6.9	7.8	4.3	-9.3	0.3	11.4	-13.8		
YoY (%)	-2.3	0.7	4.1	6.3	9.0	2.3	5.7	-12.6	2.3	0.6
EPS (INR)	8.4	9.0	9.7	10.1	9.2	9.2	10.2	8.8	37.2	37.4
Headcount	8,454	8,545	8,966	9,264	9,389	9,305	9,229	9,271	9,264	9,271
Util excl. trainees (%)	72.9	76.1	74.5	75.2	75.3	74.2	78.9	78.3	74.7	76.6
Attrition (%)	16.4	17.1	17.1	16.4	16.7	15.9	15.8			
IP rev. proportion (%)	18.4	16.2	20.1	28.2	28.2	27.8	28.4	29.0	21.1	28.4

E: MOSL Estimates



Bloomberg	WPRO IN
Equity Shares (m)	2466.0
M. Cap. (INR b)/(USD b)	1251 / 19
52-Week Range (INR)	607 / 410
1,6,12 Rel Perf. (%)	-1 / 0 / -30

Financial Snapshot (INR b)

y/e mar	2016	2017E	2018E	2019E
Sales	512.4	546.7	580.6	633.8
EBITDA	108.1	108.1	118.9	133.9
PAT	88.9	81.3	90.8	103.9
EPS (INR)	36.1	33.0	37.5	42.9
EPS Gr. (%)	2.9	-8.6	13.6	14.3
BV/Sh. (INR)	189.7	204.1	229.3	254.1
RoE (%)	20.3	16.8	17.2	17.8
RoCE (%)	16.7	13.6	13.9	14.9
Payout (%)	16.6	29.8	34.7	35.0

Valuations

P/E (x)	14.3	15.6	13.8	12.0
P/BV (x)	2.7	2.5	2.2	2.0
EV/EBITDA (x)	10.6	10.7	9.3	8.0
Div Yld (%)	1.2	1.9	2.5	2.9

CMP: INR515 TP: INR540 (+5%) Neutral

- In the previous quarter, Wipro had guided 1-2% QoQ CC growth for 4Q. However, this would include ~7 weeks of additional revenue from the integration of Appirio (~1.5%). Excluding this, the guidance of organic growth is -0.5% to +0.5% QoQ CC.
- We expect organic growth to be flat in 4Q, Appirio is likely to add 1.5pp and cross-currency tailwinds to add 0.7pp, resulting in 2.2% USD revenue growth.
- We expect EBIT margin in IT Services to decline by 65bp because of flattish organic revenue, the integration of lower margin Appirio and INR depreciation during the quarter.
- We expect overall EBIT margins to decline by 20bp, led by improved profitability in the Products business.
- Our PAT estimate is INR19b, -10% QoQ on account of lower other income, resulting from translation losses.
- The stock trades at 13.8x FY18E and 12x FY19E earnings. **Neutral.**

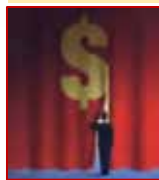
Key issues to watch for

Revenue growth guidance for 1QFY18.
 Commentary on the Healthcare vertical.
 Commentary on large deal wins and ramp-up schedule.

Quarterly Performance (IFRS)

Y/E March	FY16				FY17E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY16	FY17E
Revenue (USD m)	1,794	1,832	1,838	1,882	1,931	1,916	1,903	1,944	7,346	7,694
QoQ (%)	1.1	2.1	0.3	2.4	2.6	-0.8	-0.7	2.2	3.7	4.7
Revenue (INR m)	122,376	125,135	128,605	136,324	135,992	137,657	136,878	136,157	512,440	546,684
QoQ (%)	0.8	2.3	2.8	6.0	-0.2	1.2	-0.6	-0.5		
YoY (%)	9.9	7.1	7.2	12.3	11.1	10.0	6.4	-0.1	9.1	6.7
GPM (%)	30.7	31.4	29.8	29.7	29.1	28.9	29.4	29.5	30.4	29.3
SGA (%)	12.2	12.4	12.0	12.3	13.0	13.2	13.0	13.3	12.2	13.1
IT Serv. EBIT (%)	21.0	20.7	20.2	20.1	17.8	17.8	18.3	17.7	20.5	17.9
EBIT Margin (%)	18.5	19.0	17.9	17.4	16.1	15.8	16.4	16.2	18.2	16.1
Other income	5,286	5,138	5,715	5,426	4,848	4,958	5,120	2,493	21,565	17,419
ETR (%)	21.2	22.4	21.8	22.7	22.9	22.2	23.3	22.5	22.1	22.7
PAT	21,877	22,354	22,341	22,350	20,518	20,672	21,094	18,983	88,922	81,267
QoQ (%)	-3.8	2.2	-0.1	0.0	-8.2	0.8	2.0	-10.0		
YoY (%)	4.0	7.2	1.9	-1.8	-6.2	-7.5	-5.6	-15.1	2.7	-8.6
EPS (INR)	8.9	9.1	9.1	9.1	8.3	8.5	8.7	7.8	36.1	33.0
Headcount	161,789	168,396	170,664	172,912	173,863	174,238	179,129	182,764	172,912	182,764
Util excl. trainees (%)	81.9	82.3	78.0	77.5	79.7	82.8	81.9	81.9	74.9	77.0
Attrition (%)	16.4	16.4	16.3	16.1	16.5	16.6	16.3			
Offshore rev. (%)	45.4	46.1	46.2	45.8	45.6	46.1	46.5	46.3	45.9	46.1
Fixed Price (%)	54.5	53.4	55.9	56.9	56	56.4	57.7			

E: MOSL Estimates



Zensar Technologies

Bloomberg	ZENT IN
Equity Shares (m)	45.4
M. Cap. (INR b)/(USD b)	42 / 1
52-Week Range (INR)	1136 / 865
1,6,12 Rel Perf. (%)	-3 / -14 / -24

Financial Snapshot (INR b)

y/e mar	2016	2017E	2018E	2019E
Sales	29.6	31.4	35.9	40.7
EBITDA	4.3	4.4	5.2	6.0
PAT	3.1	2.9	3.7	4.2
EPS (INR)	68.2	65.3	81.4	92.0
EPS Gr. (%)	17.0	-4.8	24.6	13.1
BV/Sh. (INR)	314.4	367.4	431.7	502.4
RoE (%)	24.0	19.1	20.4	19.7
RoCE (%)	28.5	25.0	25.4	25.2
Payout (%)	17.6	18.1	18.0	19.8

Valuations

P/E (x)	13.6	14.2	11.4	10.0
P/BV (x)	2.9	2.5	2.1	1.8
EV/EBITDA (x)	9.3	8.7	7.2	5.8
Div Yld (%)	1.3	1.3	1.6	2.0

CMP: INR925 TP: INR1,200 (+30%) Buy

- n We expect revenue of USD121m, representing growth of 2.7% QoQ. This would translate into 2% QoQ CC growth. 5% appreciation in USD/ZAR would result in a cross-currency tailwind of 70bp for ZENT.
- n The quarter will also include about one month of revenue from the acquisition of Foolproof. Organic revenue growth is likely to be 1.2% QoQ CC.
- n With the pruning of non-core/low-yield business, we expect EBITDA margins to expand 80bp QoQ to 14.6%. Seasonality and investments in the business had resulted in 30bp decline in margins in the previous quarter.
- n Our PAT estimate is INR684m, -15.7% QoQ on account of a decline in other income (translation losses).
- n The stock trades at 11.4x FY18E and 10x FY19E earnings. **Buy.**

Key issues to watch for

Traction in Digital, large deals and other new initiatives.
Margin outlook, given the need for reinvestment.
Progress on restructuring.

Quarterly Performance (IFRS)

Y/E March	FY16				FY17E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY16	FY17E
Revenue (USD m)	111	116	115	111	114	116	118	121	453	468
QoQ (%)	5.1	4.8	-1.4	-3.7	3.1	1.8	1.3	2.7	5.4	3.4
Revenue (INR m)	7,046	7,564	7,568	7,464	7,624	7,767	7,922	8,037	29,643	31,350
YoY (%)	16.5	16.8	5.5	13.5	8.2	2.7	4.7	7.7	12.8	5.8
GPM (%)	31.7	32.1	30.6	30.8	29.1	29.7	30.0	30.6	31.3	29.9
SGA (%)	16.4	16.6	16.2	18.5	15.3	15.6	16.2	16.0	16.9	15.8
EBITDA	1,080	1,171	1,089	922	1,053	1,092	1,090	1,176	4,262	4,412
EBITDA Margin (%)	15.3	15.5	14.4	12.4	13.8	14.1	13.8	14.6	14.4	14.1
EBIT Margin (%)	13.8	14.0	12.9	10.7	12.5	12.5	12.4	13.2	12.8	12.7
Other income	148	229	95	116	169	37	183	-75	588	313
ETR (%)	29.8	26.9	30.4	21.1	30.5	28.2	29.1	28.0	27.3	29.0
PAT	762	913	715	703	763	687	811	684	3,094	2,945
QoQ (%)	6.2	19.8	-21.7	-1.7	8.5	-10.0	18.1	-15.7		
YoY (%)	36.3	35.7	2.9	-2.1	0.1	-24.8	13.4	-2.7	17.0	-4.8
EPS (INR)	17.6	20.6	15.8	15.5	16.9	15.2	18.0	15.2	68.2	65.3
Headcount	7,895	8,050	8,192	8,256	8,238	8,316	8,564	8,564	8,256	8,564
Utilization (%)	79.0	80.0	82.0	81.0	79.8	80.1	79.5	80.0	80.5	79.9
Offshore rev. (%)	35.0	37.0	34.0	36.0	31.2	33.8	33.5	33.6	35.5	33.0

E: MOSL Estimates



1. JSW Steel: Plans to increase capacity to 45 mt by 2030

- n At 18 mt installed capacity, it has 15% of the national steel manufacturing capacity of 128 mt. If the country builds 300 mt capacity by 2030, it would maintain 15% share, which will be 40-45 mt,".
- n Environmental clearances to increase the capacity at the Vijaynagar plant from 12 mt to 16 mt are in place. At Dolvi, they have approvals to double the capacity to 10 mt leading to capacity to 27 mt from the present 18 mt
- n Takes half the cost to set up greenfield steel project which today costs Rs 6,000-7,000 crore per million tonne. So, that is the kind of capex we will require to create an incremental 22 mt capacity.
- n Steel demand grew 3.5 per cent in fiscal 2017 and JSW expects demand growth to expand 1.2-1.3 times of GDP growth if investments pick up.

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2. Jain Irrigation: See large opportunities going ahead, more debt reduction in FY18

- n Government of India has announced this programme to do irrigation project worth about almost Rs 80,000-90,000 crore. Kerela + Rajasthan order will ensure minimum more than 20 percent plus growth for the entire micro-irrigation division for the current fiscal.
- n Agri-Valley Irrigation Inc (AVI) and Irrigation Design and Construction Inc (IDC) already had about close to more than 110 million revenue this year and because California had good rains, they expect a very robust growth in the current fiscal as well. So we are looking at another 120-130 million or so coming from that acquisition
- n FY17 micro irrigation revenues were closer to Rs 18 billion in India. With execution of the orders in hand, could add USD 3-4 billion. So that more than 20 percent growth is already in the pocket as one would say.
- n Expects Rs 500-1,000 crore of additional orders which would be for the current year and the next year plus growth in retail market segment. For FY18, expects growth would be higher than 20%
- n They have promoted NBFC along with the World Bank. In addition, have signed MoU with SBI,BoB and Union Bank of India.
- n This year we almost closed debt to be closed to debt to EBITDA close to 4, our target for March 2018 is to go towards 3. For March 2016, it was 5. So from 5 we have improved to 4. So Q4 has seen significant reduction in the debt.

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3. Cyient: See fy18 margins higher by 50 bps

- n Cyient posted an operationally stable set of earnings in Q4 as revenues comes in-line with estimates but profits are lower than expectations.
- n Design led manufacturing (DLM) will see growth of around 20 percent versus 36 percent in FY17, but with better profitability.
- n Expects FY18 margins higher by 50 bps, Speaking about H1-B visa, he said the company's US business has only 15 percent of H1-B visa employees. However, salary paid to H1-B is similar to local hires, he added.

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1. Provisions in Rera are draconian and arbitrary

- n The government has set a three-month deadline starting May 1 for all state governments to appoint a Real Estate Regulatory Authority. This is fine, having notified the new law to ensure fair trade practices in the real estate sector in its entirety. But why treat real estate developers like smugglers? The penal provisions for failure to comply with the law are draconian and arbitrary. A developer would be slapped a stiff penalty of up to 10 per cent of the estimated cost of the project if he fails to register the project. Failure to register despite orders issued by RERA will lead to imprisonment for up to three years, or an additional fine of 10 per cent of the project cost or both.

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2. Save steel, but not by sacrificing mining

- n A proposal is firming up in the steel ministry to regulate iron ore prices, so that the steel industry would get its key input cheap. The finance ministry, the commerce ministry and state governments that have sizeable royalties from any kind of mineral, not just iron ore, must raise their voice against this move and prevent a throwback to the time when India used to regulate mineral and metal prices. The whole point of abolishing captive mining and throwing mining rights open to the highest bidder is to allocate resources rationally and remove one major avenue of crony capitalism. It is strange that the steel ministry should be thinking of reversing the logic of such market orientation the present government has championed ever since it took office.

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3. State governments driving fiscal expansion in India

- n Ever since the Fiscal Responsibility and Budget Management Act (FRBM) was introduced in India, state governments have largely been conservative spenders, limiting their spending far more effectively than the Union government. This trend seems to be reversing in recent years, with the aggregate fiscal deficit of states rising at a time when the aggregate fiscal deficit of the Union government has been declining. Overturning years of fiscal conservatism, Indian states have become much more profligate than before, a Mint analysis of major state budgets show. These states, accounting for 86% of India's gross domestic product (GDP) and 76% of the country's population, have witnessed their aggregate gross fiscal deficit rising sharply to around 3.2% of India's GDP in 2016-17, significantly higher than the budget estimates of 2.8%.

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4. Dealing with bad debt

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

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5. Oil Market: Why listed airlines in India must adopt hedging as standard practice

- n Air turbulence creates uneasiness among passengers, especially, those sitting at the tail-end of the plane, oil turbulence can create financial troubles to managers of airline businesses and more so for those sitting on thin financials. The uncertainty in oil markets would be evident from the sticky \$50 per barrel oil prices despite the historic OPEC agreement to cut output by 1.8 million bpd in the first half of 2017. On the other hand, Asian demand has been showing an increasing trend in the last three months. Volatility, thus, is the order of the day and the stakeholders shall better remain protected. With 28 to 42% (current fuel prices) of their operational costs attributable to one of the crude derivative, namely the Aviation Turbine Fuel (ATF), Indian airline sector is no exception to it. While the good times (low oil prices) add value to the investors in the airline industry stocks, bad times (high oil prices) lead to vulnerable operators succumbing to cost pressures and exiting the markets besides leaving NPAs.

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International

6. Global Economics: Why financial cycles matter

- n The first cracks appeared a decade ago. US subprime mortgage defaults began to pick up in the summer of 2007. Most policymakers saw it as a problem restricted to one part of the global financial system. What happened later is now well known. The contagion spread rapidly because of excess leverage, complex derivatives and sheer mismanagement. The North Atlantic financial crisis of September 2008 almost brought down the world economy. Much has happened since. Yet the global economy has still not recovered from the effects of the financial crisis. The latest data does show signs of a cyclical bounce, but the underlying structural problems have not disappeared. The standard view is that the world is now suffering from secular stagnation.

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
Automobiles														
Amara Raja	Buy	875	1,084	24	29.3	37.3	43.4	29.9	23.5	5.9	4.9	21.7	22.9	22.0
Ashok Ley.	Buy	87	98	12	4.2	5.2	6.6	20.6	16.9	4.0	3.6	20.6	22.3	24.9
Bajaj Auto	Buy	2,859	3,282	15	133.7	154.8	174.0	21.4	18.5	6.0	5.2	29.5	30.2	30.0
Bharat Forge	Buy	1,131	1,266	12	25.3	37.2	50.6	44.8	30.4	6.7	5.8	15.7	20.5	23.7
Bosch	Neutral	22,484	22,924	2	472.3	667.8	764.1	47.6	33.7	9.1	7.5	18.2	24.5	23.4
CEAT	Buy	1,453	1,406	-3	89.9	107.6	140.6	16.2	13.5	2.5	2.1	16.4	16.9	18.9
Eicher Mot.	Buy	26,091	28,811	10	615.4	854.5	1,047.6	42.4	30.5	14.9	10.7	40.7	40.9	36.7
Endurance Tech.	Buy	837	841	0	22.3	29.4	37.4	37.6	28.5	6.8	5.6	19.6	21.6	22.9
Escorts	Buy	550	608	11	23.2	34.1	43.4	23.7	16.1	2.8	2.4	12.1	15.9	17.5
Exide Ind	Buy	236	270	15	8.4	9.8	11.9	28.1	24.0	4.1	3.6	14.5	15.0	16.0
Hero Moto	Neutral	3,205	3,390	6	172.2	185.1	188.3	18.6	17.3	6.8	5.8	39.5	36.2	31.9
M&M	Buy	1,264	1,573	24	61.7	75.4	89.5	20.5	16.8	3.1	2.8	14.5	13.9	14.7
Mahindra CIE	Not Rated	219	-		5.4	9.9	11.8	40.8	22.2	2.5	2.3	6.4	10.8	11.5
Maruti Suzuki	Buy	6,317	7,299	16	253.2	307.6	374.1	24.9	20.5	5.8	4.8	22.4	23.0	23.1
Tata Motors	Buy	445	609	37	11.5	29.4	62.0	38.6	15.1	1.8	1.6	4.7	11.2	20.4
TVS Motor	Buy	485	500	3	11.2	15.2	21.6	43.3	32.0	10.0	8.1	25.1	27.8	31.4
Aggregate								27.8	19.8	4.1	3.6	14.7	18.0	21.2
Banks - Private														
Axis Bank	Neutral	498	510	2	13.8	23.9	42.2	36.1	20.9	2.2	2.0	6.2	9.9	15.7
DCB Bank	Neutral	182	170	-7	7.0	8.8	11.2	26.0	20.7	2.7	2.4	10.9	12.4	14.0
Equitas Hold.	Buy	169	220	30	5.7	6.2	7.4	29.7	27.3	2.5	2.3	10.7	8.9	9.6
Federal Bank	Buy	93	108	16	4.4	5.2	6.7	21.1	17.7	1.8	1.7	9.0	10.0	11.7
HDFC Bank	Buy	1,533	1,790	17	56.8	67.1	79.4	27.0	22.8	4.4	4.0	17.9	18.2	19.0
ICICI Bank	Buy	269	350	30	17.3	17.8	20.5	15.5	15.1	1.9	1.7	10.5	9.8	10.5
IDFC Bank	Neutral	59	63	7	3.0	3.8	4.8	19.9	15.3	1.4	1.3	7.1	8.7	10.1
IndusInd	Buy	1,434	1,700	19	50.1	59.4	72.0	28.6	24.1	4.3	3.7	16.0	16.5	17.3
J&K Bank	Neutral	79	75	-5	-25.2	13.0	15.4	NM	6.1	0.7	0.7	-21.1	11.6	12.5
Kotak Mah. Bk	Buy	893	1,017	14	26.3	32.3	41.6	34.0	27.7	4.3	3.8	13.5	14.5	16.0
RBL Bank	Under Review	564	-		12.7	18.5	24.3	44.3	30.5	4.9	4.4	12.9	15.2	17.4
South Indian	Neutral	25	21	-16	2.8	3.1	3.8	9.0	8.1	0.8	0.8	9.7	10.0	11.3
Yes Bank	Buy	1,556	2,110	36	73.2	92.2	116.2	21.3	16.9	3.2	2.9	18.6	18.0	19.7
Aggregate								25.7	20.4	3.0	2.7	11.5	13.3	14.8
Banks - PSU														
BOB	Buy	179	224	25	7.5	19.0	26.1	23.8	9.4	1.2	1.1	5.0	11.9	14.8
BOI	Neutral	153	129	-16	-5.7	14.5	23.7	NM	10.6	0.6	0.6	-2.5	6.0	9.2
Canara	Neutral	328	310	-6	25.2	35.9	57.6	13.0	9.1	0.7	0.6	5.2	7.0	10.5
IDBI Bk	Neutral	74	49	-33	1.5	6.4	8.6	48.2	11.5	0.7	0.6	1.4	5.8	7.3
Indian Bk	Buy	285	331	16	27.1	30.1	35.9	10.5	9.5	0.9	0.9	9.3	9.6	10.6
OBC	Neutral	156	138	-12	0.3	21.0	26.0	621.4	7.4	0.4	0.4	0.1	5.2	6.1
PNB	Buy	156	186	20	5.3	12.4	16.6	29.4	12.5	0.9	0.8	3.0	6.7	8.3
SBI	Buy	286	340	19	8.7	16.9	23.3	32.9	16.9	1.2	1.2	3.9	7.3	9.3
Union Bk	Neutral	160	174	9	8.5	30.5	45.3	18.9	5.2	0.5	0.5	2.8	9.7	13.0
Aggregate								29.1	12.5	0.9	0.9	3.2	7.0	9.2
NBFCs														
Bajaj Fin.	Buy	1,270	1,448	14	34.4	47.5	64.0	36.9	26.8	7.6	6.1	22.7	25.5	27.3
Bharat Fin.	Neutral	786	859	9	44.6	42.8	55.1	17.6	18.4	3.9	3.2	29.6	19.3	20.4
Dewan Hsg.	Buy	417	500	20	29.6	36.7	42.7	14.1	11.4	1.7	1.5	14.4	13.9	14.5
GRUH Fin.	Neutral	387	421	9	8.1	10.3	12.5	47.5	37.7	12.7	10.5	30.4	30.6	30.9
HDFC	Buy	1,531	1,752	14	46.7	51.7	57.3	32.8	29.6	6.1	5.5	19.1	18.1	17.1
Indiabulls Hsg	Buy	1,007	1,150	14	69.3	84.4	102.7	14.5	11.9	3.6	3.2	25.9	28.3	30.5
LIC Hsg Fin	Buy	658	723	10	38.3	46.9	55.3	17.2	14.0	3.1	2.6	19.5	20.3	20.3
Manappuram	Not Rated	95	-		8.2	11.1	14.0	11.6	8.5	2.6	2.3	23.9	29.0	32.2
M&M Fin.	Buy	343	380	11	7.9	10.9	14.1	43.4	31.3	3.1	2.9	7.2	9.6	11.6
Muthoot Fin	Buy	395	465	18	29.7	34.5	40.0	13.3	11.5	2.5	2.2	19.7	20.2	20.6



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
PFC	Neutral	158	117	-26	25.7	27.2	30.2	6.2	5.8	1.1	0.9	17.9	17.0	16.8
Repco Home	Buy	765	831	9	28.6	34.0	40.2	26.7	22.5	4.3	3.6	17.3	17.5	17.6
REC	Neutral	205	134	-35	31.4	35.0	40.4	6.6	5.9	1.2	1.0	19.9	19.1	19.1
Shriram Union	City Buy	2,300	2,689	17	91.8	134.5	164.6	25.1	17.1	3.0	2.6	12.7	16.5	17.5
STF	Buy	1,055	1,289	22	55.3	81.9	100.5	19.1	12.9	2.1	1.9	11.7	15.5	16.7
Aggregate								17.7	15.2	3.1	2.7	17.6	18.0	18.1
Capital Goods														
ABB	Neutral	1,398	1,190	-15	18.4	26.1	32.6	75.9	53.6	9.0	7.7	11.9	14.4	15.9
Bharat Elec.	Buy	182	180	-1	6.5	7.3	8.5	28.1	24.9	5.4	4.7	20.4	18.8	19.1
BHEL	Sell	176	115	-35	5.5	5.7	5.8	31.8	30.8	1.3	1.2	4.0	4.0	4.0
CG Cons. Elec.	Buy	216	221	2	4.6	5.5	6.7	47.4	39.7	35.9	24.4	94.3	73.3	66.1
CG Power & Indu.	Sell	80	45	-44	3.6	3.9	4.5	21.9	20.5	1.2	1.1	5.4	5.5	6.0
Cummins	Neutral	970	990	2	26.6	30.5	36.5	36.4	31.8	7.8	7.1	22.6	23.2	25.3
GE T&D	Neutral	338	340	1	6.0	11.0	11.4	56.1	30.6	6.7	6.0	11.7	20.7	19.2
Havells	Neutral	484	425	-12	8.9	12.1	14.1	54.2	40.1	11.0	9.9	20.3	24.6	25.1
Inox Wind	Neutral	199	175	-12	17.5	16.6	17.7	11.4	12.0	2.0	1.8	19.2	15.7	14.6
K E C Intl	Buy	222	175	-21	10.5	12.3	13.5	21.1	18.1	3.3	2.8	16.6	16.8	16.2
L&T	Buy	1,731	1,750	1	53.6	63.6	74.4	32.3	27.2	3.4	3.1	10.9	11.9	12.7
Pennar Eng.	Not Rated	147	-	-	5.8	7.5	10.0	25.3	19.6	2.2	2.0	8.6	10.0	11.8
Siemens	Neutral	1,319	1,340	2	17.0	25.7	33.5	77.5	51.3	7.1	6.1	9.2	11.9	14.2
Solar Ind	Neutral	806	800	-1	19.0	22.3	26.5	42.4	36.1	7.3	6.2	18.4	18.6	19.0
Suzlon Energy	Not Rated	20	-	-	0.6	0.9	1.0	31.5	22.7	-1.8	-2.0	NM	-8.8	-11.0
Thermax	Sell	1,051	781	-26	23.5	28.4	31.5	44.7	37.0	5.0	4.6	11.6	12.9	13.2
Va Tech Wab.	Buy	691	760	10	26.5	34.5	40.3	26.1	20.0	3.6	3.2	8.9	16.7	17.3
Voltas	Neutral	415	374	-10	13.6	14.9	16.9	30.5	27.8	5.0	4.5	17.6	17.1	17.1
Aggregate								35.4	29.9	4.0	3.6	11.2	12.0	12.7
Cement														
Ambuja Cem.	Buy	247	277	12	4.9	6.7	7.2	50.5	36.8	2.5	2.5	5.0	6.8	7.1
ACC	Neutral	1,607	1,521	-5	33.7	49.2	63.6	47.6	32.7	3.6	3.6	7.5	11.0	14.2
Birla Corp.	Buy	750	869	16	21.5	41.2	54.4	34.8	18.2	2.1	1.9	6.0	10.9	13.2
Dalmia Bharat	Buy	2,108	2,392	13	30.7	47.5	70.1	68.8	44.4	4.6	4.2	6.8	9.8	12.9
Grasim Inds.	Neutral	1,177	1,067	-9	68.7	86.6	111.1	17.1	13.6	1.9	1.7	11.7	13.2	14.8
India Cem	Neutral	201	152	-24	5.1	8.7	11.9	39.4	23.1	1.6	1.6	4.0	6.2	7.7
J K Cements	Buy	961	1,103	15	32.6	37.2	49.3	29.5	25.8	3.7	3.3	13.3	13.6	16.0
JK Lakshmi Ce	Buy	487	526	8	5.9	12.2	17.8	82.3	39.8	4.2	4.1	5.2	10.5	14.7
Ramco Cem	Buy	692	815	18	27.8	30.1	36.2	24.9	23.0	4.5	3.9	19.6	18.0	18.5
Orient Cem	Buy	168	167	-1	-1.8	3.2	5.8	NM	53.1	3.6	3.4	-3.7	6.6	11.3
Prism Cem	Buy	112	118	5	-0.6	2.6	4.8	NM	42.6	5.9	5.3	-3.1	13.1	20.8
Shree Cem	Buy	18,576	20,072	8	363.2	480.6	642.3	51.1	38.7	9.3	7.6	19.2	21.7	23.5
Ultratech	Buy	4,144	4,735	14	91.6	120.5	151.6	45.2	34.4	5.0	4.4	11.5	13.6	15.1
Aggregate								36.2	26.9	3.5	3.2	9.7	11.9	13.6
Consumer														
Asian Paints	Neutral	1,068	1,145	7	20.5	22.6	26.7	52.1	47.3	16.1	14.1	32.8	31.8	32.4
Britannia	Buy	3,382	4,065	20	72.2	83.3	101.7	46.9	40.6	18.0	14.2	43.1	39.2	38.0
Colgate	Buy	1,036	1,200	16	21.7	25.8	31.6	47.8	40.2	25.0	23.4	54.9	60.1	68.5
Dabur	Neutral	293	310	6	7.3	8.3	9.7	40.1	35.4	10.5	8.9	28.3	27.2	27.1
Emami	Buy	1,007	1,295	29	24.5	29.8	36.0	41.2	33.7	12.2	10.3	33.8	33.0	33.2
Godrej Cons.	Neutral	1,662	1,740	5	37.1	42.9	49.8	44.8	38.7	9.4	8.0	22.5	22.2	21.9
GSK Cons.	Neutral	5,216	5,410	4	153.9	173.1	190.8	33.9	30.1	7.8	6.8	24.6	24.0	23.1
HUL	Neutral	905	945	4	19.3	21.5	24.8	47.0	42.1	32.3	33.6	67.6	78.4	92.5
ITC	Buy	276	320	16	8.4	9.3	11.0	33.0	29.6	8.7	7.7	28.4	27.6	28.7
Jyothy Lab	Neutral	392	380	-3	8.0	9.0	10.5	49.2	43.6	7.8	7.2	16.4	17.1	18.1
Marico	Buy	302	340	13	6.1	7.0	8.4	49.6	43.0	14.9	12.9	33.3	32.1	34.6
Nestle	Neutral	6,288	6,665	6	118.0	139.2	163.3	53.3	45.2	20.1	17.5	39.0	41.4	41.9



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
Page Inds	Buy	13,884	17,480	26	235.6	305.1	388.4	58.9	45.5	24.3	19.2	41.3	42.2	43.2
Parag Milk	Neutral	247	250	1	0.8	6.9	12.5	304.5	35.6	3.0	2.8	1.3	8.2	13.2
Pidilite Ind.	Neutral	715	740	4	16.6	18.3	20.5	43.1	39.1	11.1	9.0	27.9	25.4	23.4
P&G Hygiene	Buy	7,312	8,790	20	145.7	167.7	198.8	50.2	43.6	13.5	11.7	29.0	28.8	29.5
United Brew	Buy	762	1,030	35	10.7	14.3	18.4	71.5	53.2	8.5	7.5	12.6	15.0	16.8
United Spirits	Neutral	1,931	2,025	5	28.6	42.2	58.7	67.4	45.8	12.7	10.1	20.8	22.1	23.8
Aggregate								42.0	36.8	12.4	10.9	29.6	29.5	30.4
Healthcare														
Alembic Phar	Neutral	605	630	4	21.6	28.5	35.8	28.0	21.2	6.0	4.9	23.3	25.5	26.0
Alkem Lab	Neutral	2,028	1,850	-9	79.3	85.7	100.0	25.6	23.7	5.7	4.8	24.4	22.0	21.7
Ajanta Pharma	Buy	1,643	2,028	23	56.0	63.8	79.6	29.3	25.8	9.2	7.1	35.9	30.9	29.9
Aurobindo	Buy	628	915	46	40.1	47.0	54.6	15.6	13.4	4.0	3.1	28.8	26.0	23.9
Biocon	Sell	1,066	800	-25	32.2	34.1	42.7	33.1	31.3	4.7	4.3	14.3	13.6	15.3
Cadila	Buy	451	510	13	12.0	17.7	23.0	37.6	25.6	7.5	6.2	21.4	26.5	27.9
Cipla	Neutral	556	550	-1	17.9	22.0	28.5	31.1	25.3	3.4	3.1	11.0	12.2	13.8
Divis Lab	Neutral	635	600	-5	43.0	32.9	38.6	14.8	19.3	3.6	3.3	25.4	17.7	18.8
Dr Reddy's	Neutral	2,608	3,050	17	76.1	110.9	147.2	34.3	23.5	3.2	2.9	9.8	12.9	15.2
Fortis Health	Buy	211	250	19	2.3	2.9	6.5	89.8	71.6	2.4	2.0	2.7	3.1	6.1
Glenmark	Neutral	883	990	12	40.6	49.2	60.5	21.7	17.9	4.4	3.4	20.1	19.0	19.1
Granules	Buy	147	160	9	6.8	7.7	11.3	21.6	19.1	3.4	2.5	18.8	15.8	18.3
GSK Pharma	Neutral	2,577	2,700	5	34.5	55.5	64.4	74.7	46.4	16.7	19.9	22.4	43.0	56.9
IPCA Labs	Neutral	594	540	-9	15.8	27.9	37.3	37.5	21.3	3.1	2.7	8.4	13.5	15.9
Lupin	Buy	1,362	1,850	36	61.4	78.6	88.8	22.2	17.3	4.6	3.7	22.8	23.8	22.1
Sanofi India	Buy	4,391	5,000	14	129.0	157.8	189.9	34.1	27.8	5.5	5.0	16.2	18.1	19.4
Sun Pharma	Buy	643	850	32	27.1	32.5	38.7	23.7	19.7	4.5	3.8	19.8	20.9	21.0
Syngene Intl	Not Rated	528	-		13.0	16.1	18.0	40.6	32.7	8.2	6.7	22.2	22.5	20.7
Torrent Pharma	Buy	1,468	1,700	16	56.6	76.3	93.4	26.0	19.2	6.2	5.1	25.9	29.3	29.6
Aggregate								26.1	21.3	4.6	3.9	17.6	18.3	18.9
Logistics														
Allcargo Logistics	Buy	176	203	15	9.0	10.9	12.3	19.5	16.2	2.5	2.3	11.5	14.8	14.8
Blue Dart	Not Rated	4,880	-		102.5	129.9	163.2	47.6	37.6	21.1	16.1	50.5	48.6	46.8
Concor	Neutral	1,202	1,042	-13	29.7	39.9	44.9	40.5	30.1	3.5	3.3	8.8	11.2	11.8
Gateway Distriparks	Buy	267	314	18	8.3	15.7	20.1	32.1	17.0	2.3	2.1	7.2	12.9	15.3
Gati	Not Rated	138	-		8.4	15.9	23.9	16.6	8.7	2.3	2.0	12.4	19.4	25.4
Transport Corp.	Not Rated	234	-		16.9	21.0	25.9	13.8	11.1	2.2	1.8	16.7	17.8	18.6
Aggregate								34.2	25.0	3.8	3.4	11.0	13.7	14.9
Media														
Dish TV	Buy	94	115	23	1.4	2.7	4.3	64.8	35.1	18.7	12.2	33.6	42.0	43.9
D B Corp	Buy	381	450	18	20.4	23.0	26.5	18.6	16.6	4.6	4.1	26.2	26.2	26.8
Den Net.	Neutral	98	90	-8	-3.6	2.2	8.5	NM	44.7	1.1	1.1	-4.1	2.5	8.8
Hind. Media	Buy	291	360	24	25.2	27.4	30.3	11.5	10.6	1.9	1.6	18.5	16.8	15.8
HT Media	Neutral	83	90	9	8.0	8.2	8.7	10.3	10.1	0.8	0.7	7.7	7.1	7.0
Jagran Prak.	Buy	192	225	17	10.8	12.2	13.9	17.9	15.7	3.5	3.0	20.7	20.6	20.4
PVR	Buy	1,574	1,667	6	20.8	35.7	56.8	75.8	44.1	7.7	6.7	10.6	16.3	22.0
Siti Net.	Neutral	37	40	7	-1.8	0.0	1.2	NM	NM	4.4	3.7	-21.7	0.0	11.1
Sun TV	Neutral	929	860	-7	25.1	29.7	34.5	37.0	31.2	9.3	8.5	25.1	27.3	29.0
Zee Ent.	Buy	524	610	16	11.4	17.3	20.6	46.1	30.3	10.3	8.3	29.1	30.3	29.4
Aggregate								40.7	29.5	6.6	5.8	16.3	19.6	21.6
Metals														
Hindalco	Buy	191	235	23	16.9	22.6	25.4	11.3	8.4	1.6	1.4	15.4	17.5	16.8
Hind. Zinc	Sell	275	235	-15	19.7	21.5	23.7	14.0	12.8	3.8	3.2	24.4	27.2	25.4
JSPL	Buy	114	181	59	-22.3	-17.5	-2.2	NM	NM	0.3	0.3	-7.5	-4.5	-0.6
JSW Steel	Buy	193	222	15	13.6	18.3	20.5	14.2	10.5	2.1	1.8	16.2	18.7	17.9
Nalco	Buy	67	83	23	3.9	5.3	5.8	17.3	12.6	1.2	1.2	7.5	9.6	9.9



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
NMDC	Buy	131	178	36	12.1	12.3	13.0	10.8	10.6	1.7	1.6	13.4	15.5	15.1
SAIL	Sell	60	30	-50	-7.4	-12.6	0.4	NM	NM	0.7	0.8	-8.1	-15.4	0.5
Vedanta	Neutral	232	250	8	17.7	24.7	27.7	13.1	9.4	1.5	1.4	11.4	15.0	15.6
Tata Steel	Sell	451	440	-2	18.9	39.4	45.7	23.9	11.5	3.6	2.9	13.6	28.2	26.5
Aggregate								18.0	14.1	1.4	1.3	7.9	9.6	12.0
Oil & Gas														
BPCL	Buy	715	763	7	55.9	53.7	58.4	12.8	13.3	3.3	2.8	27.1	22.7	21.4
GAIL	Neutral	413	349	-16	21.7	28.9	32.5	19.0	14.3	2.1	1.9	13.0	14.0	14.4
Gujarat Gas	Sell	827	735	-11	17.5	40.0	49.0	47.3	20.7	4.9	4.1	10.7	21.5	22.0
Gujarat St. Pet.	Neutral	198	162	-18	8.9	11.0	13.2	22.3	18.0	2.6	2.3	12.0	13.5	14.5
HPCL	Buy	556	604	9	53.5	44.9	45.8	10.4	12.4	2.7	2.4	27.8	20.7	18.6
IOC	Buy	422	441	5	43.7	39.4	41.0	9.7	10.7	2.3	2.1	26.0	20.4	18.8
IGL	Neutral	1,056	1,023	-3	43.3	43.8	49.4	24.4	24.1	5.1	4.4	22.3	19.7	19.2
MRPL	Neutral	127	114	-10	12.2	11.4	12.8	10.4	11.1	2.8	2.3	29.6	22.7	21.4
Oil India	Buy	323	382	18	28.6	33.1	37.8	11.3	9.8	1.1	1.0	9.8	10.8	11.6
ONGC	Neutral	182	172	-5	12.2	16.1	17.3	14.9	11.2	1.3	1.2	8.4	11.1	11.7
PLNG	Buy	435	454	4	22.2	26.5	36.2	19.6	16.4	4.3	3.6	23.9	24.0	27.2
Reliance Ind.	Neutral	1,416	1,259	-11	99.6	113.9	123.2	14.2	12.4	1.6	1.4	11.6	12.0	11.7
Aggregate								13.6	12.5	1.8	1.7	13.5	13.5	13.4
Retail														
Jubilant Food	Neutral	1,046	1,110	6	12.3	21.7	29.1	84.8	48.1	8.5	9.4	10.1	19.5	24.9
Titan Co.	Neutral	482	485	1	9.4	10.4	11.8	51.2	46.2	10.3	8.9	21.5	20.6	20.3
Aggregate								53.8	46.2	9.9	8.9	18.4	19.3	19.7
Technology														
Cyient	Buy	542	620	14	30.6	37.8	44.1	17.7	14.3	2.9	2.5	16.2	17.6	17.9
HCL Tech.	Buy	818	1,000	22	57.2	64.3	70.3	14.3	12.7	3.6	3.5	27.0	27.8	28.1
Hexaware	Neutral	219	220	0	13.7	14.9	16.3	16.0	14.7	3.9	3.3	26.5	24.4	22.7
Infosys	Buy	926	1,200	30	62.9	64.7	71.1	14.7	14.3	3.1	2.8	23.3	21.4	21.2
KPIT Tech	Neutral	131	150	15	11.5	13.8	15.0	11.4	9.5	1.6	1.4	13.7	15.9	14.9
L&T Infotech	Buy	723	800	11	53.6	58.0	60.8	13.5	12.5	5.0	4.2	41.4	36.6	32.1
Mindtree	Neutral	450	475	6	24.9	30.5	36.5	18.1	14.8	2.9	2.7	16.8	18.9	20.5
Mphasis	Neutral	528	550	4	42.7	43.0	44.9	12.4	12.3	1.9	1.8	14.1	14.9	14.7
NIIT Tech	Neutral	429	470	9	36.2	46.8	52.9	11.9	9.2	1.5	1.4	13.5	15.9	16.0
Persistent Sys	Neutral	564	730	29	37.4	43.4	50.5	15.1	13.0	2.3	2.2	16.9	17.9	20.1
Tata Elxsi	Buy	1,582	1,780	13	59.3	72.1	89.0	26.7	21.9	10.2	8.1	42.5	41.3	40.8
TCS	Neutral	2,329	2,400	3	133.4	139.7	149.6	17.5	16.7	5.5	5.6	33.5	32.4	32.3
Tech Mah	Buy	430	550	28	32.5	35.7	40.2	13.2	12.0	2.5	2.2	20.1	19.5	19.2
Wipro	Neutral	492	540	10	33.0	37.5	42.9	14.9	13.1	2.4	2.1	16.8	17.2	17.8
Zensar Tech	Buy	910	1,200	32	65.3	81.4	92.0	13.9	11.2	2.5	2.1	19.1	20.4	19.7
Aggregate								15.7	14.9	3.7	3.5	23.6	23.4	22.7
Telecom														
Bharti Airtel	Buy	343	410	19	11.0	5.1	9.4	31.1	67.4	2.0	1.9	6.5	2.9	5.2
Bharti Infratel	Buy	359	435	21	15.5	16.7	19.9	23.1	21.4	3.7	3.3	15.7	15.9	16.7
Idea Cellular	Buy	85	120	41	-3.0	-15.4	-16.9	NM	NM	1.2	1.6	-4.2	-25.3	-37.1
Tata Comm	Buy	706	811	15	6.2	25.6	44.1	114.0	27.6	-70.5	45.4	-50.2	924.0	117.3
Aggregate								39.8	828.0	2.3	2.3	5.7	0.3	2.3
Utilities														
Coal India	Buy	278	335	21	16.7	20.1	22.1	16.7	13.8	6.8	6.8	40.6	48.8	53.5
CESC	Buy	914	970	6	50.4	74.7	82.2	18.1	12.2	2.1	1.8	11.1	15.8	15.2
JSW Energy	Buy	64	73	15	3.9	2.3	0.8	16.4	27.7	1.2	1.2	7.3	4.3	1.4
NTPC	Buy	166	199	20	11.9	14.3	17.3	14.0	11.6	1.4	1.3	10.6	11.9	13.3
Power Grid	Buy	205	243	19	15.3	17.7	20.7	13.4	11.6	2.2	1.9	17.3	17.5	17.7
Aggregate								15.0	12.6	2.4	2.2	15.9	17.4	18.3
Others														
Arvind	Buy	403	430	7	13.5	21.8	28.6	29.8	18.5	2.7	2.4	10.4	14.0	16.3



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
Bata India	Under Review	582	-		10.9	14.2	17.7	53.5	41.0	5.8	5.2	11.3	13.4	15.0
Castrol India	Buy	446	532	19	13.6	14.9	15.2	32.7	30.0	34.4	31.0	110.9	108.6	100.4
Century Ply.	Buy	265	274	3	7.7	8.6	11.4	34.3	30.7	9.0	7.4	28.9	26.5	28.6
Coromandel Intl	Under Review	367	-		15.9	19.6	25.1	23.0	18.7	4.0	3.6	18.2	20.1	22.7
Delta Corp	Buy	167	229	37	3.3	6.9	7.6	51.2	24.3	4.4	3.3	9.0	15.7	17.0
Dynamatic Tech	Buy	2,789	3,334	20	67.6	112.9	166.7	41.2	24.7	5.7	4.6	15.1	20.7	24.3
Eveready Inds.	Buy	303	287	-5	11.4	13.9	16.9	26.5	21.8	8.1	6.5	34.7	33.0	32.4
Interglobe	Neutral	1,119	1,092	-2	39.0	64.7	78.0	28.7	17.3	19.6	16.6	72.2	104.1	106.3
Indo Count	Buy	193	232	20	13.7	17.5	21.1	14.1	11.0	4.0	2.9	33.8	30.8	27.3
Info Edge	Buy	826	1,000	21	16.9	17.9	21.0	48.9	46.1	5.2	4.9	11.1	10.9	11.9
Inox Leisure	Sell	301	230	-24	2.5	8.2	11.5	120.6	36.9	4.7	4.2	3.8	11.5	14.3
Jain Irrigation	Under Review	111	-		5.5	7.6	10.0	20.0	14.6	1.7	1.7	8.6	11.7	14.8
Just Dial	Under Review	528	-		17.2	18.5	22.1	30.8	28.6	4.7	4.2	16.5	15.5	16.2
Kaveri Seed	Buy	572	649	14	23.4	28.6	36.1	24.4	20.0	4.1	3.8	17.3	19.8	22.9
Kitex Garm.	Buy	512	551	8	26.0	31.0	36.7	19.7	16.5	5.3	4.3	29.9	28.7	27.7
Manpasand	Buy	712	843	18	14.9	23.1	38.3	47.8	30.8	3.5	3.2	8.6	9.6	16.3
MCX	Buy	1,164	1,400	20	26.3	30.0	42.5	44.2	38.8	4.5	4.3	10.6	11.3	15.0
Monsanto	Buy	2,573	2,841	10	72.9	89.3	109.3	35.3	28.8	10.7	10.0	30.4	35.9	39.6
Navneet Education	Buy	166	210	26	6.6	8.6	10.5	25.0	19.4	6.4	5.4	26.0	30.0	30.9
PI Inds.	Buy	889	1,046	18	30.4	34.8	43.6	29.3	25.5	8.0	6.4	30.9	27.9	27.8
Piramal Enterp.	Buy	2,450	2,200	-10	74.5	127.1	164.7	32.9	19.3	3.2	2.9	10.0	15.7	18.2
SRF	Buy	1,716	1,825	6	82.4	99.9	125.1	20.8	17.2	3.3	2.8	16.5	17.4	19.1
S H Kelkar	Buy	321	371	16	7.7	10.3	13.3	41.6	31.1	5.5	4.9	13.9	16.8	19.1
Symphony	Sell	1,455	1,288	-11	27.0	35.1	42.9	53.8	41.4	29.3	25.0	56.8	65.0	66.3
TTK Prestige	Neutral	6,588	5,281	-20	106.9	137.7	176.0	61.6	47.8	9.8	8.8	16.5	19.4	22.2
V-Guard	Neutral	188	140	-25	3.7	4.6	5.4	50.7	41.0	13.4	10.8	29.4	29.1	27.6
Wonderla	Buy	387	393	1	7.0	11.9	16.0	55.4	32.4	5.1	4.5	9.5	14.8	17.5



Company	1 Day (%)	1M (%)	12M (%)
Automobiles			
Amara Raja	0.0	-0.3	-5.6
Ashok Ley.	2.3	-0.1	-17.2
Bajaj Auto	1.3	0.5	13.4
Bharat Forge	4.9	11.4	38.8
Bosch	0.4	-1.9	13.4
CEAT	0.7	10.2	31.7
Eicher Mot.	2.1	7.1	29.4
Endurance Tech.	1.5	14.5	
Escorts	-1.0	4.3	228.2
Exide Ind	0.5	9.7	64.5
Hero Moto	0.0	-5.1	6.8
M&M	0.4	-0.9	-4.5
Mahindra CIE	-2.0	9.5	7.9
Maruti Suzuki	1.8	5.2	65.5
Tata Motors	1.1	-5.4	6.8
TVS Motor	0.5	13.4	46.4
Banks - Private			
Axis Bank	2.6	1.8	5.0
DCB Bank	-0.6	9.4	85.5
Equitas Hold.	-1.4	6.7	22.9
Federal Bank	0.6	3.6	95.9
HDFC Bank	2.4	7.6	40.3
ICICI Bank	-0.2	-2.2	6.6
IDFC Bank	0.2	-3.5	9.1
IndusInd	-0.1	3.2	46.3
J&K Bank	-2.0	5.8	8.5
Kotak Mah. Bk	1.7	1.7	32.1
RBL Bank	-1.0	14.4	
South Indian	4.4	22.4	50.7
Yes Bank	0.8	1.8	77.6
Banks - PSU			
BOB	2.1	5.8	10.6
BOI	1.6	15.1	56.9
Canara	1.5	11.8	59.7
IDBI Bk	2.3	-2.2	1.9
Indian Bk	9.3	8.7	183.6
OBC	1.9	8.0	58.2
PNB	0.3	10.0	72.7
SBI	1.2	3.4	42.8
Union Bk	2.0	3.8	20.0
NBFCs			
Bajaj Fin.	1.9	7.7	82.1
Bharat Fin.	5.0	-6.7	34.4
Dewan Hsg.	0.7	15.4	103.1
GRUH Fin.	-1.1	3.0	53.6
HDFC	1.6	4.7	35.3
Indiabulls Hsg	1.7	5.2	49.6
LIC Hsg Fin	2.3	9.7	42.7
Manappuram	-1.5	-2.3	142.9
M&M Fin.	-0.8	6.9	24.3
Muthoot Fin	-2.8	13.0	101.6
PFC	0.9	8.8	79.4
Repco Home	-0.6	14.2	15.6
REC	0.3	18.2	139.5
STF	-0.1	2.4	10.7
Shriram City Union	0.3	10.8	40.0

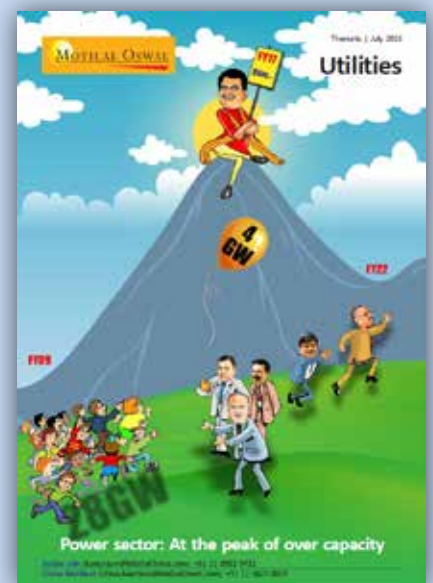
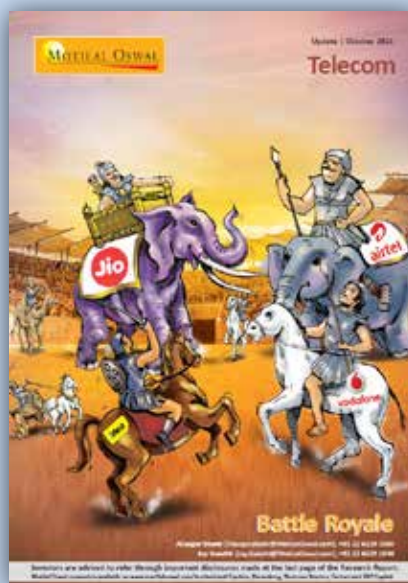
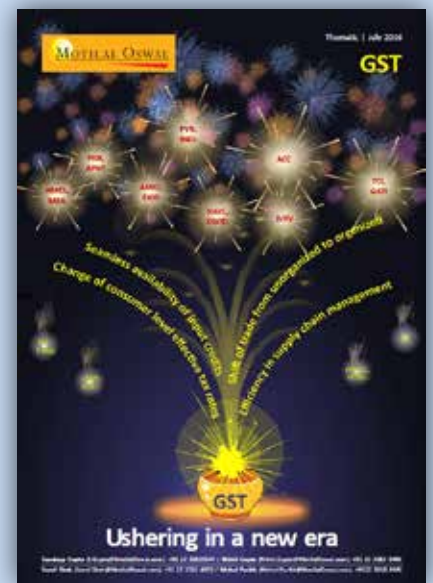
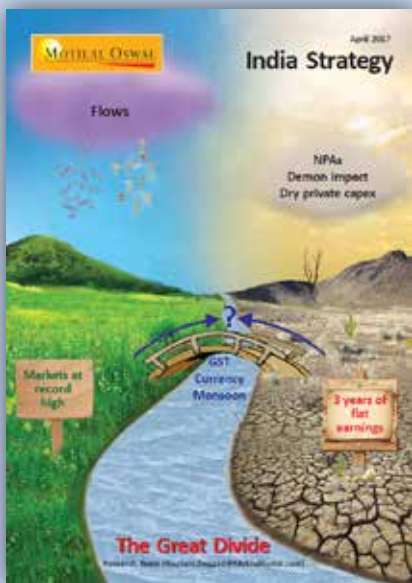
Company	1 Day (%)	1M (%)	12M (%)
Capital Goods			
ABB	-0.2	17.1	4.7
Bharat Elec.	0.9	17.0	55.9
BHEL	0.6	5.4	38.0
CG Cons. Elec.	-1.1	9.1	
CG Power & Inds Sol.	0.3	3.4	37.5
Cummins	0.1	5.0	10.4
GE T&D	-0.6	7.9	-15.7
Havells	-1.3	8.4	43.2
Inox Wind	-2.8	14.6	-26.2
K E C Intl	-0.6	6.2	73.6
L&T	2.5	11.6	37.0
Pennar Eng.	1.1	16.2	-6.3
Siemens	0.7	6.1	14.9
Solar Ind	0.8	9.1	16.9
Suzlon Energy	0.8	5.5	34.9
Thermax	3.3	15.6	35.4
Va Tech Wab.	-0.4	3.2	22.5
Voltas	0.0	6.7	39.2
Cement			
Ambuja Cem.	3.1	7.2	11.8
ACC	7.4	15.2	13.5
Birla Corp.	0.4	8.4	96.0
Dalmia Bharat	2.9	11.0	148.8
Grasim Inds.	4.2	11.0	46.3
India Cem	7.0	27.4	125.5
J K Cements	2.2	8.7	54.0
JK Lakshmi Ce	4.3	12.7	39.8
Ramco Cem	2.3	7.2	54.1
Orient Cem	10.4	31.1	9.4
Prism Cem	7.0	13.8	28.1
Shree Cem	5.8	14.3	46.9
Ultratech	4.4	4.3	26.7
Consumer			
Asian Paints	0.5	0.2	22.6
Britannia	0.3	2.5	19.9
Colgate	0.4	5.8	21.9
Dabur	0.8	4.0	10.3
Emami	-0.3	-2.1	-2.8
Godrej Cons.	-0.9	-0.2	21.6
GSK Cons.	-0.5	0.2	-12.9
HUL	-0.2	0.6	2.3
ITC	0.7	-1.7	27.9
Jyothy Lab	-0.8	10.9	29.6
Marico	0.9	3.6	16.6
Nestle	-0.6	-0.8	5.6
Page Inds	-0.3	-5.2	8.0
Parag Milk	-0.1	9.8	
Pidilite Ind.	0.4	3.7	19.4
P&G Hygiene	-0.5	5.2	13.1
United Brew	1.4	-1.5	1.1
United Spirits	1.5	-13.3	-20.7
Healthcare			
Alembic Phar	-0.4	0.5	-1.9
Alkem Lab	-1.9	-8.3	64.3
Ajanta Pharma	-4.4	-10.1	9.6
Aurobindo	-0.8	-8.7	-19.5



Company	1 Day (%)	1M (%)	12M (%)
Biocon	-2.5	-6.7	93.4
Cadila	0.3	1.1	34.9
Cipla	-1.3	-6.3	4.6
Divis Lab	0.5	1.8	-40.9
Dr Reddy's	0.0	-0.6	-16.8
Fortis Health	3.3	19.2	17.2
Glenmark	-2.2	-0.5	8.6
Granules	-2.2	7.1	15.1
GSK Pharma	-0.7	-6.5	-29.5
IPCA Labs	-0.8	1.2	18.9
Lupin	-3.3	-8.2	-12.6
Sanofi India	-2.0	-5.6	4.4
Sun Pharma	0.4	-8.6	-21.6
Syngene Intl	-0.9	1.2	42.1
Torrent Pharma	2.1	4.0	0.6
Logistics			
Allcargo Logistics	0.5	6.1	9.8
Blue Dart	0.4	-3.2	-17.7
Concor	0.4	20.0	10.7
Gateway Distriparks	-2.2	4.9	-10.1
Gati	1.0	-1.1	13.5
Transport Corp.	0.3	7.3	40.7
Media			
Dish TV	-5.6	-12.5	5.6
D B Corp	0.3	0.4	14.4
Den Net.	-1.0	21.3	10.3
Hind. Media	-0.1	2.1	7.6
HT Media	0.0	1.6	-3.9
Jagran Prak.	0.1	9.9	13.3
PVR	1.2	10.4	91.0
Siti Net.	-1.2	-1.3	8.1
Sun TV	-0.9	23.1	160.0
Zee Ent.	-0.8	1.2	31.0
Metals			
Hindalco	1.7	-1.9	88.9
Hind. Zinc	0.6	-6.9	74.6
JSPL	1.8	-4.8	56.2
JSW Steel	2.7	3.1	43.4
Nalco	0.6	-10.1	52.6
NMDC	1.0	-4.7	30.7
SAIL	-0.1	-3.3	31.1
Vedanta	-0.3	-13.2	120.9
Tata Steel	0.0	-8.6	27.5
Oil & Gas			
BPCL	-0.1	10.1	51.8
GAIL	3.2	8.4	50.4
Gujarat Gas	-0.3	12.6	55.5
Gujarat St. Pet.	2.1	24.6	38.6
HPCL	0.0	7.4	95.8
IOC	-0.6	13.2	96.8
IGL	-0.4	5.0	82.5
MRPL	2.7	24.8	84.5
Oil India	-0.3	-2.9	35.7
ONGC	0.9	-5.5	26.0
PLNG	0.3	9.7	65.6
Reliance Ind.	1.2	10.1	36.4
Retail			
Jubilant Food	1.5	-3.2	-16.1

Company	1 Day (%)	1M (%)	12M (%)
Titan Co.	0.5	7.6	30.1
Technology			
Cyient	3.3	14.6	19.8
HCL Tech.	0.7	-6.1	-3.2
Hexaware	1.6	-0.8	-13.2
Infosys	0.3	-10.2	-23.7
KPIT Tech	-0.1	-0.9	-12.7
L&T Infotech	0.3	5.0	
Mindtree	0.1	-4.1	-36.5
Mphasis	-1.1	-12.4	8.2
NIIT Tech	1.3	2.1	-13.9
Persistent Sys	-0.3	-6.4	-24.4
Tata Elxsi	2.5	5.4	-19.0
TCS	0.8	-4.0	-3.6
Tech Mah	0.6	-9.4	-9.4
Wipro	-0.3	-4.0	-11.8
Zensar Tech	0.6	-0.8	-8.7
Telecom			
Bharti Airtel	0.1	0.8	-2.8
Bharti Infratel	1.5	15.6	-3.5
Idea Cellular	-0.2	-6.5	-27.7
Tata Comm	0.1	-3.2	73.1
Utilities			
Coal India	0.1	-6.9	-3.5
CESC	0.2	10.4	70.8
JSW Energy	-0.5	2.7	-8.9
NTPC	-0.5	1.2	16.1
Power Grid	-0.3	5.8	40.2
Others			
Arvind	0.8	3.0	46.1
Bata India	2.1	7.8	4.2
Castrol India	4.2	6.7	14.1
Century Ply.	1.2	7.0	46.2
Coromandel Intl	0.1	15.9	67.3
Delta Corp	-1.9	-5.7	93.7
Dynamatic Tech	-0.4	-2.6	27.7
Eveready Inds.	-0.4	21.5	14.1
Interglobe	0.6	9.7	11.8
Indo Count	-0.1	-5.0	-7.3
Info Edge	2.0	0.4	2.2
Inox Leisure	1.2	20.6	44.7
Jain Irrigation	-0.7	16.7	70.6
Just Dial	0.8	-7.9	-39.5
Kaveri Seed	1.0	2.1	37.3
Kitex Garm.	0.5	21.4	13.9
Manpasand	-0.8	-0.8	35.0
MCX	3.6	-4.3	33.7
Monsanto	1.4	2.9	49.6
Navneet Educat.	-1.9	20.0	87.8
PI Inds.	2.7	4.1	38.7
Piramal Enterp.	4.3	31.8	127.5
SRF	0.7	7.7	26.7
S H Kelkar	0.1	5.0	31.5
Symphony	-1.2	-4.2	17.5
TTK Prestige	0.5	13.5	46.9
V-Guard	1.7	11.1	185.4
Wonderla	-0.7	1.3	-0.6

THEMATIC/STRATEGY RESEARCH GALLERY



REPORT GALLERY

RECENT INITIATING COVERAGE REPORTS

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

Long road ahead

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

Steadfast; growth gaining momentum

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

Favorable odds

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

Promising growth trajectory

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Sonal Bhavsra Desai (Sonal.Desai@motilal.com), +91 22 3962 1938

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

Winner's Edge

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Ajay Chandra (Ajay.Chandra@motilal.com), +91 22 3962 5117 / Praveen Kumar (Praveen.Kumar@motilal.com), +91 22 3962 5117

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

Well balanced

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

Adding flavor to fragrance

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

Gaining ground

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

Proficient miner

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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.motilal.com/MotilalInvestorEgity, Bloomberg, Thomson Reuters, Factset and I&P Capital.

DIFFERENTIATED PRODUCT GALLERY

MOTILAL OSWAL

SUN PHARMACEUTICAL

ART ANNUAL REPORT THREADBARE
27 September 2018

The ART of annual report analysis

WHAT'S NEW IN FY18

- ▶ Tax rates remained low at 13.8%, contingent liabilities for tax dispute rise to INR23.5b.
- ▶ Cash flow of INR18.6b significantly higher than tax expense recognized in P&L of INR15.8b.
- ▶ OCF post interest increases to INR44.7b (FY17: INR32.7b) on decline in other assets to INR24.7b partially offset by INR18.1b increase in receivables.

Stock Info

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

Shareholding pattern (%)

As on	Jun-18	Mar-18	Jun-17
Promoter	33.0	33.0	34.7
MFI	39.2	39.0	37.8
FI	24.8	24.4	23.8
Other	3.0	3.6	3.8

Auditor's name
Deloitte Haskins & Sells LLP

Key highlights:

- Operating performance muted: Revenue grew just 3.2% to INR235b. EBITDA margin expanded 70bp to 29.4%, led by gross margin expansion. Contingent liabilities on tax disputes increased to INR23.5b (FY17: INR15.8b); cash tax paid (at INR18.6b) was significantly higher than expense (at INR15.8b), operating cash flow post interest increased from INR15.2b to INR18.6b on decline in other assets to INR24.7b (partially representing USD100m receivables for financing Proteus liability); however, this was partially offset by INR13.1b increase in receivables. FY18 deteriorated to INR23.5b (FY17: INR15.8b) on higher capex and acquisition of brands, goodwill and intangibles rose to INR87.8b (24% of net worth), cash and investments stood at INR161.6b (54% of net worth), with 21% drop, representing FY18 financials (in FY18 annual report) received prior year financials incorporated.
- Operating performance muted: Revenue grew just 3.2% to INR235b. EBITDA margin expanded 70bp to 29.4%, led by gross margin expansion, partially compensated by higher (a) legal and consultancy cost at INR15b (8.1% of revenue, FY17: INR16.5b), (b) revenue R&D expenses at INR23b (7.9% of revenue, FY17: INR18b), and (c) miscellaneous expenses (after regrouping) at INR0.5b (FY17: INR0.4b), including INR1b additional liability towards USD100m debt.
- Tax rates remain less contingent liabilities on tax dispute rise: Tax rates remained low at 13.8%, primarily on account of low tax rates in certain subsidiaries (Sun Pharma Global P2C-IN) and Sun Pharmaceutical Laboratories (SPL). On a consolidated basis, contingent liabilities increased steeply from INR13.1b in FY17 to INR23.5b (13% of net worth). The increase in overall tax dispute liabilities was driven by tax dispute liabilities for the standalone entity increasing from INR1.1b in FY17 to INR1.9b.
- Cash tax significantly exceeds tax expense recognized: The cash tax paid (cash flow, at INR18.6b) continued to be higher than the tax expense recognized in the P&L (at INR15.8b) on account of deferred tax assets (DTA) recognized, tax paid under protest and advance income tax paid. The cumulative tax paid under protest as at the end of FY18 was INR13.1b. Details on such amount paid in FY18 or cumulative amount paid in FY18 are not available.
- High capex and rising receivables debt: FCY: P&L post interest declined 21% YoY to INR20.5b on rising capex and acquisition of brands. Operating cash flow were primarily supported by decline in other current assets by INR23b, which was partially offset by increase in receivables by INR23.1b.

ART will present a complete picture of annual reports - statistics, average size structure, we believe ART's wide coverage - from accounting and auditing basis to corporate governance and compliance to government matters - will continue to be a core pillar of our stock investment workflow.

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MOTILAL OSWAL

CornerOffice

Interaction with the CEO

Demonetization: A mammoth task for India's largest bank

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

We met with Mr. Anandharaman Bharathiraja, Chairman of State Bank of India (SBI), to discuss on demonetization, and evaluate its impact on growth, asset quality and profitability of the bank. Incremental cost of funds has declined marginally (less than 4% read) over last one month, and excess liquidity is parked in reserve repo and MSF operations (earning spread of ~1%). Operating expenses are likely to increase in the near term, which should be more than offset by trading gains, in our view. We largely maintain our optimistic and reiterate our preference for SBI among peers with its SCRR-based target price of INR335.

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

- Since demonetization, SBI has collected deposits of ~INR4 and disbursed (via withdrawal) ~INR1, leading to net addition of ~INR3. The bank also aggressively cut its bank deposits (leading to higher repayment rates), which led to significantly lower net accretion over the past month.
- Of the net accretion, three-fourths were savings deposits, 15% were current account deposits and the rest were retail term deposits.
- Standard cost of these deposits is less than 4%, and excess liquidity is parked in reverse repo, MSF and bond markets (considering muted loan growth) at a yield of ~1%. Hence, on excess liquidity, the spread is 2% currently, as against blended spread of ~1.4% at 30/12/17.
- Significant liquidity addition in the system has led to a sharp fall in yield, which has helped banks to monetize the bond portfolio. We expect trading gains to be strong in 2017/17.

Digitalization efforts to yield noteworthy results over long term

- The Government of India (GoI) and the banking sector are working together to move toward a less-cash economy. The bank has all channels available (e.g. UPI, cards, POS, wallets, internet banking and mobile banking) to push toward digitalization.
- Over the past month, cashless transactions increased significantly: (a) debit card spends are up 1x on MoM, (b) POS terminal deployment has increased from 64k/month to 16k, 46k terminal orders in hand, (c) 7m new debit cards are activated and (d) SBI Buddy (wallet) transactions are up 1x on MoM.

Asset quality: Will demonetization lead to higher NPAs?

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

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

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

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MOTILAL OSWAL

VOICES

30/12/17 | February 2018

India Inc on Call

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

This quarterly report contains:

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

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MOTILAL OSWAL

EcoKnowledge

Diving into Trending Themes

Monthly data confirm 6.5% growth is for real in India

Creating monthly economic activity index (EAI) since 1998

- Based on monthly macroeconomic indicators, we create India's economic activity index (EAI), which shows that the economic growth averaged 6.4% YoY in the first nine months of 2018 as against ~3% growth over the previous five years (2011-2015). Motilal Oswal's leading indicators (MOI) suggest that consumption continues to run strong, however, investment is witnessing one of the worst phases in the past two decades.
- We find, however, that the growth in economic activity eased towards 5% YoY in 2QFY17 as against 7.5% in the previous two quarters. A sharp contraction in investments, along with some deceleration in consumption, has contributed to a slowdown in our composite EAI in the recent quarter.
- It is important to note that while our composite EAI is a reliable indicator to gauge economic activity, it should not be compared with the official GDP statistics because the latter includes an estimate for the unorganized sector also. Our leading indicators are based on monthly data covering the formal sector of society.

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

Since the release of new GDP series (in 2013-12 base), its credibility has been in question. The key reason for the disagreement is a widely-held belief that GDP data is not in sync with high-frequency monthly indicators. Weakness in bank credit growth and IP (Index of Industrial Production) are often quoted to support this criticism. Further, very high contribution of 'discrepancies' has also shaken confidence in the official statistics. To bridge this gap, we introduce Motilal Oswal's leading indicators (MOI) for consumption, investment and external trade. Based on our econometric analysis, we have combined five monthly macroeconomic data series to create MOI for consumption, eight monthly data points to create MOI for investment, and five data points to create MOI for external trade (of goods & services).

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

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MOTILAL OSWAL

BULLS & BEARS

INDIA VALUATIONS HANDBOOK

Highlights of March edition

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

BEST PERFORMERS MoM (%)

Indiabulls	11
Bliss Infotech	11
Adani Ports	10
HFCL	10
Tata Power	10
Bank Mid-Cap	9
WIPAC	9
IL&T	7
Indraprastha Gas	7
ITC	7

WORST PERFORMERS MoM (%)

Coal India	-1
Two Wheelers	-1
Oil & Natural Gas	-1
ONGC	-1
Bank Small Cap	-1
DRIL	-1
Axis Bank	-1
GAU	-1
Infosys	-1
HARP	-1

Investors are advised to refer to important disclosures made at the end of this report.

April 2017

MOTILAL OSWAL

FUND FOLIO

Indian Mutual Fund Tracker

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

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

INR18.3t

INR603b

Net inflows in FY17 down 11% YoY

Equity AUM (INR t) - Nifty Index

Year	Equity AUM (INR t)	Nifty Index
FY13	1,304	5,236
FY14	1,438	5,483
FY15	1,636	6,764
FY16	3,067	7,778
FY17	4,842	9,174

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

April 2017

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