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## Market snapshot



Equities - India	Close	Chg. %	YTD.%
Sensex	32,246	0.7	21.1
Nifty-50	9,966	0.5	21.8
Nifty-M 100	18,304	0.2	27.5
Equities-Global	Close	Chg. %	YTD.%
S&P 500	2,470	-0.1	10.3
Nasdaq	6,411	0.4	19.1
FTSE 100	7,378	-1.0	3.3
DAX	12,209	-0.3	6.3
Hang Seng	10,821	0.3	15.2
Nikkei 225	19,976	-0.6	4.5
Commodities	Close	Chg. %	YTD.%
Brent (US\$/Bbl)	48	1.8	-13.0
Gold (\$/OZ)	1,257	0.7	8.4
Cu (US\$/MT)	5,995	0.4	8.5
Almn (US\$/MT)	1,891	-0.1	10.9
Currency	Close	Chg. %	YTD.%
USD/INR	64.3	0.0	-5.2
USD/EUR	1.2	0.0	10.4
USD/JPY	110.7	-0.9	-5.4
YIELD (%)	Close	1MChg	YTDchg
10 Yrs G-Sec	6.4	0.0	-0.1
10 Yrs AAA Corp	7.5	0.0	-0.1
Flows (USD b)	24-Jul	MTD	YTD
FII	-0.1	0.2	8.6
DII	0.1	0.4	3.7
Volumes (INRb)	24-Jul	MTD*	YTD*
Cash	306	287	286
F&O	5,488	5,501	4,978

Note: YTD is calendar year, \*Avg

## Today's top research theme

### THEMATIC | Radio: Well tuned to flourish

- Over the past 18 months, the Indian radio industry has witnessed a 66% increase in the number of channels to reach 407, led by phase-III auctions and phase-II license renewals. This is likely to drive radio industry revenue CAGR of 16% over CY16-21E, ~1.4x of traditional media (ex-digital). Also, despite the evolution of the digital medium, radio remains a stable advertising medium globally, backed by its localized and interactive content.
- Entertainment Network India Limited (ENIL)/Music Broadcast's (MBL) with market shares of 30%/14% have strong execution capabilities. Inventory addition should help ENIL/MBL to record revenue growth of 16%/15% and EBITDA CAGR of 30%/20% over FY17-20. RoIC too will improve to 20%/25% by FY20, led by improving EBITDA margins and asset turns. Overall, their FCF yield should improve to ~5% by FY20.
- We initiate coverage on ENIL with a Neutral rating and a TP of INR 928, assigning 20x on FY19E EBITDA of INR2.1b. We initiate coverage on MBL with Buy rating and a TP of INR 469, assigning 18x EV/EBITDA on FY19E EBITDA of INR1.3b.

## Research covered

Cos/Sector	Key Highlights
Radio	(Thematic) Well tuned to flourish
HDFC Bank	Stellar performance on all fronts
Avenue Supermarts	Results in-line; geographical expansion to drive growth
Zee Entertainment	Ad performance in-line
Ambuja Cement	Sharp pricing improvement drives multi-year-high EBITDA/t
Indiabulls Hsg Fin	Strong growth, stable performance overall
United Spirits	Highway alcohol sale ban to impact volumes over coming quarters
Ashok Leyland	Higher staff cost, one-off costs, negative operating leverage hurt EBITDA margin
Cummins India	Infrastructure spend to drive domestic growth
Info Edge	Ahead of estimates, but uncertainty clouds near term
D B Corp	In-line quarter; maintain estimates and target price
J&K Bank	Balance sheet clean-up phase
Metals Weekly	Chinese export steel prices continue to trend higher
Results Flash	BHIN   MMFS   TCOM   LTI   DELTA
Results Expectation	APNT   AXSB   BHARTI   GETD   GLXO   HMCL   PIDI   VEDL

## Piping hot news

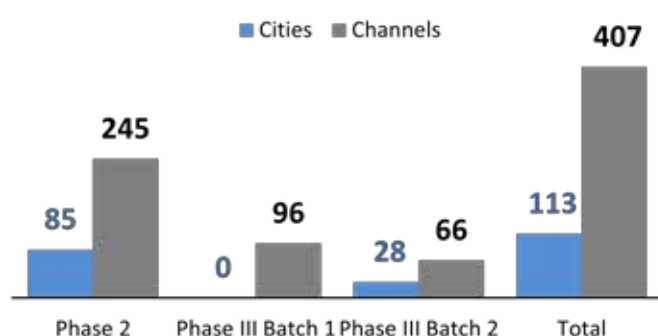
### DoT, Finance Ministry to ease burden of debt-laden telecom sector

- The Department of Telecommunications (DoT) and the finance ministry have broadly agreed on relief measures for the debt-laden telecom sector...

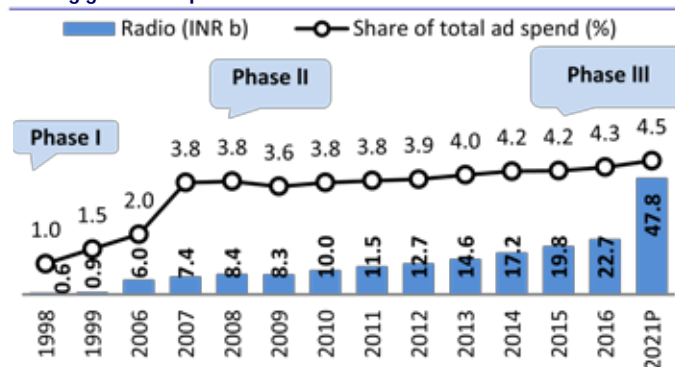


## Chart of the Day: Radio – Well tuned to flourish

Phase-III – Total number of channels increased by two thirds



Strong growth expected with addition of new licenses



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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](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.



Kindly click on textbox for the detailed news link

1

### ITC increases prices of cigarette by 4-8% as a result of higher tax

ITC increased cigarette prices by 4-8% on Monday, a week after the GST Council imposed a cess to make up for lower tax incidence under the new regime on a class of goods tagged as sin products. Premium brands like Classic and Gold Flake Kings have...

2

### Tax base widens to 6.26 cr in 2016-17: CBDT

Income taxpayer base moved up substantially to 6.26 crore at the end of the last fiscal, from nearly 4 crore earlier, CBDT Chairman Sushil Chandra said today. Clearing the air on disclosure of bank account details of non-resident Indians (NRIs), expats, as well as foreigners with investments in private equity in India, Chandra also said that such accounts need to be disclosed only when a refund is due to the assessee...

3

### IMF keeps India GDP growth forecast unchanged at 7.2% for 2017-18

IMF's World Economic Outlook report has predicted India GDP growth rate at 7.2% for 2017-18 and 7.7% for 2018-19, even as it sees World GDP growth rate at 3.5% in 2017 and 3.6% in 2018...

4

### Reliance Jio row: Bharti Airtel chief Sunil Mittal questions Trai over IUC on international calls

Even as the Trai and the incumbent telcos are locked in an intense debate over interconnect usage charge for domestic calls, Sunil Bharti Mittal, chairman of Bharti Group, has pointed that the regulator not debating IUC for international calls means...

5

### Indian Overseas Bank, Central Bank of India downgraded by Moody's, says Centre's support likely lower than assumed

Moody's Investors Service on Monday downgraded long-term bank deposit ratings of two public sector banks and said that the introduction of policies like the Financial Resolution and Deposit Insurance Bill suggests that the extent of the government's ...

6

### SEBI may curb excessive derivative speculation to boost tax collection

Capital market regulator SEBI is seeking major changes to the structure of equity trading in India, evidently driven by the government's recent realisation that it may be losing chunks of tax revenues due to a high concentration of equity trading volumes in the derivative segment...

7

### Indian Railways station redevelopment scheme to offer over 144 acres of land to developers

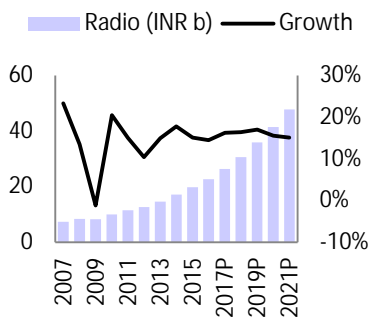
The Indian Railways, under its massive station redevelopment programme, is set to offer more than 144 acres of land with its 23 stations for commercial development...



# Radio



## Radio industry to grow at ~16% next 5 years



## Well tuned to flourish

- Over the past 18 months, the Indian radio industry has witnessed a 66% increase in the number of channels to reach 407, led by phase-III auctions and phase-II license renewals. The launch of these channels over the last six months is likely to drive radio industry revenue CAGR of 16% over CY16-21E, ~1.4x of traditional media (ex-digital).
- Despite the evolution of the digital medium, radio remains a stable advertising medium globally, backed by its localized and interactive content. Notably, radio operators have introduced digital radio to mitigate the risk of losing share to digital medium. We believe the radio listenership base in India is likely to increase going forward, driven by (i) wider footprint and (ii) phase-III-led content differentiation avenues.
- Entertainment Network India Limited (ENIL)/Music Broadcast's (MBL) heavy upfront investment of INR7.1b/3.4b in phase-III auctions and phase II renewals led to single-digit return ratios in FY17. However, ENIL/MBL are expected to reach RoIC of 20%/25% by FY20, led by improving EBITDA margins and asset turns.
- Large operators like ENIL/MBL with market shares of 30%/14% have strong execution capabilities. Inventory addition should help ENIL/MBL to record revenue growth of 16%/15% and EBITDA CAGR of 30%/20% over FY17-20.
- We initiate coverage on ENIL with a Neutral rating and a TP of INR 928, assigning 20x on FY19E EBITDA of INR2.1b, led by its healthy growth and market leadership. We initiate coverage on MBL with Buy rating and a TP of INR 469, assigning 18x EV/EBITDA on FY19E EBITDA of INR1.3b, as we believe the company should improve its market share led by an increasing listenership base.

## Asset monetization phase to improve sector RoIC

### Phase-III opens up growth opportunities

The Indian radio industry has witnessed significant inventory (advertising time) growth over the past 18 months. Notably, over this period, the number of radio channels in the country increased 66% to 407 from 245, while the total number of cities with presence of private FM operators has grown to 113 from 85. This has led to steady growth in advertising time in an otherwise inventory-starved radio industry. Additionally, the renewal of Phase-II licenses in FY16 for 15 years has provided much-needed clarity on long-term business continuity and mitigated the risk of high license cost. Also, we note that the radio industry's current share of India's overall ad pie at ~4% has grown from 1.5% during the Phase-I period. The new frequencies should increase the ad share further, helping catch up with the world average of 7% and the US' 11% (ex-digital). With significant inventory addition, radio (market size of INR23b in CY16) is likely to emerge as the fastest growing ad market (+16%, 1.4x of the traditional ad market, over CY16-21E, ex-digital) in India.

### Digital unlikely to hurt radio market

Radio is largely associated with music/songs in India. With the advent of various digital platforms, iPods/MP3 players, etc., it was widely expected that the need to listen to radio would reduce over time. However, we note that radio listenership and ad market has grown consistently, with radio operators bringing in interactive RJ talk shows, local city updates and other interesting programs to the table, giving listeners a feeling of two-way communication. A similar trend is observed globally –

## Radio:

### Well tuned to flourish



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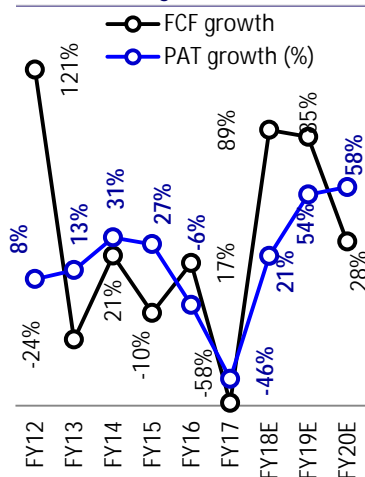
[Please click here for video link](#)

Content Differentiation and Interactive medium provides radio an edge over digital media

CAGR FY17-20E	ENIL (%)	MBL (%)
Revenue	16	15
EBITDA	30	20
PAT	43	41

Meagre incremental maintenance capex will drive FCF and RoIC growth post the huge investments in phase III

FCF and PAT growth for ENIL



radio remains a stable advertising medium in most developed markets, despite the advent of the digital platforms (~7% share of the total ad pie). We believe that the radio listenership base is likely to improve in India, with (i) an increase in the number of cities under radio coverage and (ii) content differentiation (multiple frequencies, allowance of news/current affairs). Also, with increasing internet penetration, radio operators have started introducing digital radio (offering music of different genre, mood, artist and time period). We note that due to the lack of listeners and a viable revenue model in the digital medium, radio operators for now are only offering limited content (music). However, as digital medium evolves, we believe the operators should expand their offering to include localized content, RJ talks, etc., to de-risk their businesses.

**ENIL, MBL: Strong execution capability, leadership position to drive industry-leading revenue growth**

Entertainment Network India Limited (ENIL) and Music Broadcast (MBL) remain the top two players in the radio space, with market shares of 30% and 14%, respectively. At 13% and 17%, ENIL and MBL's revenue growth has remained resilient over the last five years. ENIL added 42 stations over the last two years to be the largest operator with 73 channels (excluding three Oye FM stations), while MBL added 11 channels to take its total channel count to 39. Fresh inventory with the launch of new channels is likely to help ENIL/MBL record revenue growth of 16%/15% over the next three years (FY17-20E). Additionally, operating leverage from an inherent fixed cost structure and networking of new channels are expected to drive profit margins. We thus expect EBITDA/PAT CAGR (FY17-20) of 30%/43% for ENIL and 20%/41% for MBL.

**Heavy lifting concluded; asset monetization mode (RoIC, FCF)**

Phase-III has seen overall INR13b cumulative investment in upfront license cost, which is ~60% of the private FM market size. ENIL and MBL have spent >INR7b and INR3.4b, respectively, toward Phase-III license acquisition, set-up cost and renewal of Phase-II licenses (i.e. nearly 60-70% of their balance sheet size). This has resulted in their RoCE and RoEs plummeting from average 20-25% to currently below cost of capital. However, incremental maintenance capex should be a meager INR50-60m, driving steep FCF and RoIC growth. We expect ENIL and MBL to reach RoIC of 20%/25% by FY20, led by improving EBITDA margins and asset turns. Also, their FCF yield should improve to ~5%, with FCF generation of INR4.3b for ENIL and INR2.6b for MBL over the next three years (FY17-20).

**Valuation: ENIL (Neutral); MBL (Buy) – it's a three-year story**

Global radio companies with low-single-digit growth garner ~10-12x EV/EBITDA on a one-year forward basis. At current price, ENIL is trading at EV/EBITDA of 25x/20x and P/E of 70x/45x for FY18E/19E. The company's strong execution capability is evident from its intact leadership position (30% market share over the last 10 years), despite operating in a homogeneous product market. We assign 20x on FY19E EBITDA of INR2.1b, arriving at a target price of 928, which is 2% above CMP. We initiate coverage with a **Neutral** recommendation. ENIL is expected to witness super-normal growth over FY18-20, RoIC recovery to ~20% and high FCF generation

with FCF yield of 5%. Subsequently, if we assign 15x EV/EBITDA on weighted-average 1QFY22E EBITDA of INR3.6b, we arrive at a target price of 1,270/share. Including the valuation of the three 'Oye' FM stations (which may be acquired by March'18) of INR51/share, the combined TP is INR 1,321, implying 45% upside over a three-year period (+15% annually). We think the current price captures large portion of ENIL's growth potential.

MBL is trading at EV/EBITDA of 13x/10x and P/E of 22x/17x for FY18/19E. The company is trading at ~30-35% discount to ENIL in terms of FY19E EV/EBITDA, despite its healthy growth and RoIC/FCF potential. We believe there is strong likelihood of shrinking of this discount. We value the company at 18x EV/EBITDA on FY19E EBITDA of INR1.3b, arriving at a TP of INR469/share, ~29% upside from the CMP of INR365. We initiate coverage with **Buy**. The high multiple is provided to capture the super-normal EBITDA/PAT CAGR opportunity of 20%/41% over the next three years (FY17-20). MBL's growth is a three-year story, as RoIC is likely to recover from current 13% to 25% over the next three years. Subsequently, if we assign 15x EV/EBITDA on weighted average 1QFY22E EBITDA of INR1.9b, we arrive at a TP of 626/share, implying 72% upside over a three-year period.



# HDFC Bank

BSE SENSEX	S&P CNX
32,246	9,966
Bloomberg	HDFCB IN
Equity Shares (m)	2,553
M.Cap.(INRb)/(USDb)	3,236.6 / 47.5
52-Week Range (INR)	1318 / 929
1, 6, 12 Rel. Per (%)	2/5/11
Avg Val, INRm	1782
Free float (%)	78.7

### Financials & Valuations (INR b)

Y/E MARCH	2018E	2019E	2020E
NII	400.9	479.4	576.0
OP	321.7	387.3	464.5
NP	174.8	210.4	253.6
NIM (%)	4.7	4.6	4.5
EPS (INR)	68.2	82.1	99.0
EPS Gr. (%)	20.2	20.4	20.5
BV/Sh. (INR)	388.2	451.2	527.1
ABV/Sh. (INR)	381.7	447.8	522.4
RoE (%)	18.8	19.6	20.2
RoA (%)	1.8	1.8	1.8
Payout (%)	23.4	23.4	23.4
<b>Valuations</b>			
P/E(X)	25.4	21.1	17.5
P/BV (X)	4.5	3.8	3.3
P/ABV (X)	4.5	3.9	3.3
Div. Yield (%)	0.8	0.9	1.1

**CMP: INR1,735 TP: INR2,000(+15%)**

**Buy**

### Stellar performance on all fronts

- HDFCB's 1QFY18 PAT grew 20% YoY (2% miss) to INR38.9b, driven by 29% YoY PPOp growth (3% beat), partly offset by provisions. HDFCB delivered robust loan growth, strong cost control, QoQ improvement in margins and best-in-class asset quality.
- Loans grew 5% QoQ and 23% YoY to INR5.81t. Incremental growth in 1QFY18 was driven by retail loans (75% incremental share; 66% of overall loans). In retail loans (+3.5% QoQ, +25% YoY), the main drivers were business banking/personal loans, which grew 8%/11% QoQ and 27%/37% YoY.
- Fee income picked up in the quarter (+30% YoY). However, adjusted for one-off fee income from OMCs and exceptionally strong credit card sales, fee income growth came in at ~18%-20%.
- CASA growth was strong at 29% YoY, led by 26% YoY SA growth and 34% YoY CA growth. CASA ratio stood at 44%, down 400bp from one-off high of 48% in 4QFY17.
- Asset quality stays robust, with **NSL at 54bp**. However, HDFCB incurred increased provisioning for NPAs resulting from farm loan waivers and also from additional provisions created against stressed sectors.
- Valuation and view:** HDFCB is well positioned in the current environment, with 44% CASA ratio, opportunities for significant loan market share gains and least asset quality risk. With tier 1 capital of 13.6%, strong capacity amid the moderate growth cycle and significant digitization initiatives, the bank is well placed to benefit from the expected pick-up in the economic growth cycle. RoE is expected to be ~19-20% in FY18-20. **We arrive at an SOTP-based valuation of INR2,000 for the bank (4x June 2019E BV for the bank at INR1,900 and INR100 for subsidiaries) and maintain Buy.**

### Quarterly Performance

	FY17				FY18E				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY17	FY18
Interest Income	1,65,160	1,70,699	1,76,056	1,81,144	1,86,687	1,96,034	2,06,186	2,17,296	6,93,060	8,06,203
Interest Expense	87,346	90,764	92,965	90,593	92,980	98,094	1,03,489	1,10,778	3,61,667	4,05,341
<b>Net Interest Income</b>	<b>77,814</b>	<b>79,936</b>	<b>83,091</b>	<b>90,551</b>	<b>93,707</b>	<b>97,940</b>	<b>1,02,697</b>	<b>1,06,518</b>	<b>3,31,392</b>	<b>4,00,863</b>
% Change (Y-o-Y)	21.8	19.6	17.6	21.5	20.4	22.5	23.6	17.6	20.1	21.0
Other Income	28,066	29,010	31,427	34,463	35,167	34,019	36,199	41,393	1,22,965	1,46,777
<b>Net Income</b>	<b>1,05,881</b>	<b>1,08,945</b>	<b>1,14,518</b>	<b>1,25,014</b>	<b>1,28,874</b>	<b>1,31,959</b>	<b>1,38,896</b>	<b>1,47,911</b>	<b>4,54,357</b>	<b>5,47,640</b>
Operating Expenses	47,689	48,700	48,425	52,220	53,675	55,725	57,177	59,389	1,97,033	2,25,965
<b>Operating Profit</b>	<b>58,192</b>	<b>60,246</b>	<b>66,093</b>	<b>72,794</b>	<b>75,199</b>	<b>76,234</b>	<b>81,719</b>	<b>88,522</b>	<b>2,57,324</b>	<b>3,21,675</b>
% Change (Y-o-Y)	20.0	19.5	15.2	26.9	29.2	26.5	23.6	21.6	20.4	25.0
Other Provisions	8,667	7,490	7,158	12,618	15,588	12,750	10,800	15,609	35,933	54,747
<b>Profit before Tax</b>	<b>49,525</b>	<b>52,756</b>	<b>58,935</b>	<b>60,176</b>	<b>59,612</b>	<b>63,484</b>	<b>70,919</b>	<b>72,912</b>	<b>2,21,391</b>	<b>2,66,928</b>
Tax Provisions	17,136	18,202	20,281	20,275	20,673	21,902	24,467	25,047	75,894	92,090
<b>Net Profit</b>	<b>32,389</b>	<b>34,553</b>	<b>38,653</b>	<b>39,901</b>	<b>38,938</b>	<b>41,582</b>	<b>46,452</b>	<b>47,865</b>	<b>1,45,496</b>	<b>1,74,838</b>
% Change (Y-o-Y)	20.2	20.4	15.1	18.3	20.2	20.3	20.2	20.0	18.3	20.2
<b>Operating Parameters</b>										
NIM (Reported,%)*	4.4	4.2	4.1	4.3					4.3	4.2
NIM (Cal, %)#	4.7	4.5	4.6	4.8	4.7	4.6	4.6	4.6	4.6	4.6
Deposit Growth (%)	18.5	16.7	21.1	17.8	17.0	18.0	16.1	22.0	17.8	22.0
Loan Growth (%)	23.2	18.1	13.4	19.4	23.4	25.7	31.9	22.0	19.4	22.0
CD Ratio (%)	82.0	83.6	78.0	86.2	86.5	89.0	88.6	86.2	86.2	86.2
CASA Ratio (%)	39.9	40.4	45.4	48.0				0.0	48.0	46.0
<b>Asset Quality</b>										
OSRL (INR B)	4.7	4.9	5.0	3.3	0.0	0.0	0.0	0.0	3.3	
OSRL (%)	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.1	
Gross NPA (INR B)	49.2	50.7	52.3	58.9	72.4	81.4	90.4	94.7	58.9	94.7
Gross NPA (%)	1.0	1.0	1.1	1.1	1.2	1.3	1.4	1.4	1.1	1.4

# Bharti Infratel

BSE SENSEX	S&P CNX
32,246	9,966

**CMP: INR406**

**TP: INR435**

**Buy**

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

## Conference Call Details



**Date:** 25<sup>th</sup> July 2017  
**Time:** 02:30pm IST  
**Dial-in details:**  
+91-22-4444 9999

### Financial Snapshot (INR Billion)

Y/E March	FY17	FY18E	FY19E
Net Sales	134.2	146.6	159.4
EBITDA	59.0	66.1	71.1
NP	27.5	33.4	37.7
EPS (INR)	14.9	18.0	20.4
EPS Gr. (%)	25.3	21.5	12.9
BV/Sh. (INR)	83.7	97.0	112.7
RoE (%)	16.2	20.0	19.4
RoCE (%)	13.2	14.8	14.1
Payout (%)	125.0	25.7	22.8
<b>Valuations</b>			
P/E (x)	27.3	22.5	19.9
P/BV (x)	4.8	4.2	3.6
EV/EBITDA (x)	12.7	10.8	9.5
Div. Yield (%)	3.9	1.0	1.0
EV/Sales (x)	5.6	4.9	4.2

### Rental revenue/EBITDA up 3.5%/5.5% QoQ

- n Pro forma consolidated revenue rose 10% YoY (flat QoQ) to INR35.2b, missing estimate by 2%.
- n Pro forma consolidated rental revenue remained steady at INR22.6b (+9.8% YoY, +3.5% QoQ), marginally above estimate.
- n Energy revenue declined 5.4% QoQ (+10% YoY) to INR12.6b, a seasonal trend but it missed estimate by 6%.
- n Consolidated co-location at 218,401 rose 11% YoY (+4% QoQ), 1% above estimate.
- n Colocation adds stood at 7,795, significantly higher than est. of +5,536 and also +5,673 in the last quarter.
- n We expect co-location adds to remain high over the next four quarters, given telcos' healthy data rollout plans.
- n Total number of towers stood at 90,837 (+192 QoQ).
- n Consolidated EBITDA rose 12.9% YoY (+0.2% QoQ) to INR15.8b, 2.8% ahead of estimate of INR15.3b, due to better-than-expected rental EBITDA.
- n Consolidated EBITDA margin of 44.7% expanded 125bp YoY (flat QoQ; ~200bp ahead of our estimate).
- n Rental EBITDA at INR15.2b was up 11.7% YoY (+5.5% QoQ), with rental margin up 130bp QoQ to 67%.
- n Energy EBITDA at INR600m was up 54% YoY (-56% QoQ), with energy margin at 4.7% (+140bp YoY, -550bp QoQ).
- n Capex stood at INR5.7b v/s our full-year estimate of INR17b.
- n PAT of INR6.6b dropped 12.2% YoY (+11.3% QoQ), largely due to high taxes.

**Valuation and view:** We will revisit our estimates the post earnings call. At CMP of INR406, the stock trades at 10.7x/9.4x on FY18/19 EBITDA. We have a **Buy** rating on the stock with a target price of INR435.

### Quarterly Performance

Y/E March (Consolidated)	(INR Million)								FY16	FY17	FY18E
	FY17				FY18						
	1Q	2Q	3Q	4Q	1QE	2Q	3Q	4Q			
Revenue from operations	32,106	32,919	34,007	35,204	35,239	36,296	37,105	37,917	123,314	134,237	146,557
YoY Change (%)	6.9	8.3	9.5	10.6	9.8	10.3	9.1	7.7	5.7	8.9	9.2
Total Expenditure	18,159	18,421	19,206	19,481	19,489	20,069	20,411	20,500	69,205	75,268	80,469
EBITDA	13,947	14,498	14,801	15,723	15,750	16,227	16,694	17,417	54,109	58,969	66,087
Margins (%)	43.4	44.0	43.5	44.7	44.7	44.7	45.0	45.9	43.9	43.9	45.1
Depreciation	5,648	5,629	5,664	5,684	5,905	5,933	6,083	6,107	22,235	22,626	24,028
Interest	-1,281	-2,472	-947	287	-627	-2,655	-2,655	-2,655	-1,847	-4,414	-8,592
Other Income	352	333	357	414	474	0	0	0	2,048	1,455	474
PBT	9,932	11,674	10,441	10,166	10,946	12,949	13,266	13,965	35,769	42,212	51,126
Tax	2,369	3,936	4,237	4,200	4,307	4,403	4,510	4,748	13,293	14,742	17,760
Rate (%)	23.9	33.7	40.6	41.3	39.3	34.0	34.0	34.0	37.2	34.9	34.7
Reported PAT	7,563	7,738	6,204	5,966	6,639	8,547	8,755	9,217	22,476	27,470	33,365
Adj PAT	7,563	7,738	6,204	5,966	6,639	8,547	8,755	9,217	22,476	27,470	33,365
YoY Change (%)	71.0	30.8	25.3	-17.0	-12.2	10.4	41.1	54.5	12.8	22.2	21.5
Margins (%)	23.6	23.5	18.2	16.9	18.8	23.5	23.6	24.3	18.2	20.5	22.8

E: MOSL Estimates



# Avenue Supermarts

BSE SENSEX 32,246  
S&P CNX 9,966

CMP: INR919 TP: INR882(-4%) **Neutral**

Bloomberg	DMART IN
Equity Shares (m)	624
M.Cap.(INRb)/(USDb)	570.4 / 8.8
52-Week Range (INR)	964 / 559
1, 6, 12 Rel. Per (%)	11/-/-
Avg Val, INRm	-
Free float (%)	-

### Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	119.0	163.1	217.9
EBITDA	9.8	13.6	18.5
PAT	4.8	7.9	11.0
EPS (INR)	7.7	12.7	17.6
Gr. (%)	34.5	65.8	38.7
BV/Sh (INR)	61.6	70.5	82.8
RoE (%)	17.9	19.3	23.0
RoCE (%)	14.2	16.5	23.2
P/E (x)	119.8	72.3	52.1
P/BV (x)	14.9	13.0	11.1

Estimate change

TP change

Rating change

### Results in-line; geographical expansion to drive growth

- In-line revenue, EBITDA and PAT:** DMART reported overall revenue of INR35.9b (est. of INR35.6b) in 1QFY18, as against INR26.5b in 1QFY17, marking growth of 35.7%. EBITDA margin contracted 50bp from 8.9% in 1QFY17 to 8.4% (est. 8.4%) in 1QFY18 on account of minor migration challenges into the GST regime and higher employee expenses (increase in manpower for new stores added in 4QFY17). EBITDA stood at INR3b (est. of INR3b), as against INR2.3b in 1QFY17 (up 29%). Accordingly, adj. PAT grew 47.6% from INR1,184m in 1QFY17 to INR1,748m (est. INR1,775m) in 1QFY18. The sharp increase in PAT was led by higher other income (up from INR49m in 1QFY17 to INR228m in 1QFY18).
- Minor impact of GST during transition:** DMART witnessed margin contraction of 50bp YoY to 8.4% in 1QFY18 on account of the transitional impact of GST. However, migration challenges into the GST regime have been minimal for the company, with only supplies from certain vendors expected to see short-term disruptions. On the consumer front, the company did not witness any impact on sales/footfall during the transition and neither any impact is expected post GST, indicating that the consumption levels have not changed.
- Store addition to pick up in 2HFY18:** DMART added only one store (in Punjab) in 1QFY18, keeping growth of total trading area muted at 4.1m sq.ft. However, going by the trend, the company adds majority of its stores in the second half of the year (2HFY17 witnessed addition of 19 stores; 90.5% of the annual store addition). The company is expected to expand its footprint in geographies where it has limited presence, and further add ~24 stores in FY18, in line with its business strategy.
- Valuation and view:** 1QFY18 has witnessed robust growth of 35.7% for DMART. We expect future growth on similar lines, as, in our view, same-store sales growth is expected to follow the historical trend and continue at +20% levels. We expect sales and PAT CAGR of 33% and 45%, respectively, over FY17-20E. However, valuation at present largely captures future earnings growth, as evident from the continuous run-up in the stock price since listing. Therefore, we maintain our **Neutral** rating with a TP of INR882 (downside of 4%).

### Standalone - Quarterly Earning

Y/E March	FY17				FY18				FY17	FY18E	FY18E	Var (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Sales	26,524	27,953	33,394	31,106	35,981	39,118	45,749	42,616	118,977	163,464	35,650	1
YoY Change (%)	-	-	-	40.6	35.7	-	37.0	37.0	38.6	37.4		
Total Expenditure	24,176	25,449	30,511	29,029	32,949	35,519	41,723	39,675	109,165	149,867	32,641	
EBITDA	2,348	2,504	2,883	2,077	3,032	3,599	4,026	2,940	9,812	13,598	3,009	1
Margins (%)	8.9	9.0	8.6	6.7	8.4	9.2	8.8	6.9	8.2	8.3	8.4	
Depreciation	288	323	314	354	337	380	410	450	1,278	1,577	365	
Interest	281	321	310	308	243	0	0	0	1,220	243	0	
Other Income	49	53	85	99	228	46	46	46	286	367	46	
PBT before EO expense	1,828	1,914	2,344	1,515	2,680	3,265	3,662	2,537	7,600	12,144	2,690	0
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	1,828	1,914	2,344	1,515	2,680	3,265	3,662	2,537	7,600	12,144	2,690	0
Tax	643	666	825	548	932	1,110	1,245	862	2,683	4,150	915	
Rate (%)	35.2	34.8	35.2	36.2	34.8	34.0	34.0	34.0	35.3	34.2	34.0	
Minority Interest & Profit/Loss of Asso.	0	0	0	0	0	0	0	0	129	0	0	
Reported PAT	1,184	1,247	1,519	967	1,748	2,155	2,417	1,674	4,788	7,994	1,775	-2
Adj PAT	1,184	1,247	1,519	967	1,748	2,155	2,417	1,674	4,788	7,994	1,775	-2
YoY Change (%)	-	-	-	47.4	47.6	-	59.1	73.2	49.5	67.0		
Margins (%)	4.5	4.5	4.5	3.1	4.9	5.5	5.3	3.9	4.0	4.9	5.0	

E: MOSL Estimates





# Zee Entertainment

BSE SENSEX	S&P CNX
32,246	9,966

**CMP: INR550 TP: INR630 (+15%) Buy**

Bloomberg	Z IN
Equity Shares (m)	960
M.Cap. (INRb)/(USDb)	463.9 / 6.8
52-Week Range (INR)	589 / 429
1, 6, 12 Rel. Per (%)	5/-3/2
Avg Val, INRm	1052
Free float (%)	56.9

**Financials & Valuations (INR b)**

Y/E MARCH	2017	2018E	2019E
Net Sales	64.3	66.4	76.7
EBITDA	19.3	21.6	27.0
NP	12.2	14.1	18.2
EPS (INR)	23.1	14.7	18.9
EPS Gr. (%)	149.4	-36.2	28.4
EPS ex-&TV, INR	24.0	15.3	18.0
RoE (%)	24.7	22.6	24.5
RoCE (%)	23.1	18.5	20.7
P/E (x)	23.8	37.3	29.1
P/E ex-&TV (x)	23.0	36.0	30.6
EV/EBITDA (x)	26.4	23.5	19.0
Div. Yield (%)	0.5	0.5	0.5

Estimate change	↔
TP change	↑
Rating change	↔

**Ad performance in-line; subscription surprises positively**

- Operational performance exceeds expectations:** 1QFY18 EBITDA grew 7% YoY to INR4.84b (3.5% above estimate of INR4.68b). Revenue exceeded our expectation, led by better-than-expected subscription income and other sales & services. While revenue declined 2% YoY, it was up 10% YoY to INR15.4b (3% above our estimate of INR14.94b) on like-to-like basis (ex-sports). Despite the EBITDA beat, PAT missed estimate by 24% to INR2.5b (+16% YoY). This was a function of (i) lower-than-expected net other income and (ii) MTM losses on preference liability and higher-than-expected tax outgo.
- Domestic ad growth largely in-line:** Headline ad revenue grew 6% YoY to INR9.65b (in-line), of which domestic ads contributed INR9.1b (8% YoY; est. of INR9b). Domestic ad revenue (ex-sports and RBNL) grew 6.9% to INR8.7b. Softness in ad growth was on expected lines, as advertisers pulled the plug in June as primary sales suffered in the run up to GST roll-out. Management expects July to be soft too. International ad revenue fell 18% YoY to INR578m (est. of INR663m) as international biz was bogged down by continuation of certain region-specific issues and currency appreciation.
- Subscription surprises positively; margins in-line:** Ex-sports, domestic subscription grew 14.5% YoY to INR3.78b (10% above our estimate of INR3.43b) and international subscription (ex-sports) remained largely flat YoY at INR1b (est. of INR0.93b). On a reported basis, domestic and international subscription declined 9% YoY each. Management is confident of mid-teen growth in domestic subscription over the next three years – we have modeled +17%/20% in FY19/FY20. Non-sports margin remained largely flat YoY at 31.4% (in-line). Programming cost on a reported basis declined 11% YoY to INR5.86b (in-line) due to absence of sports-related content payouts.
- Valuation and view:** We expect ad growth to revert to normal post 2Q. We revise our EPS estimates by 2%/3% for FY19/FY20 to factor in higher margins, and revise our TP to INR630 (prior: INR585) as we roll over our valuations to 32x June FY19 EPS (ex-&TV), plus INR27 toward &TV DCF value less INR11.5 toward pref. share liability. Maintain **Buy**.

**Quarterly Performance**

Y/E March	(INR Million)								FY17	FY18	FY18 MOSLe 1Q	Var %
	FY17				FY18							
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Advertising Revenue	9,120	9,592	9,554	8,469	9,665	10,167	10,892	9,276	36,735	40,000	9,667	0.0
Subscription Revenue	5,282	5,833	5,935	5,580	4,791	5,082	6,250	6,090	22,630	22,213	4,353	10.1
Other Sales and Services	1,315	1,529	902	1,231	947	1,071	915	1,249	4,978	4,181	920	2.9
<b>Net Sales</b>	<b>15,716</b>	<b>16,954</b>	<b>16,391</b>	<b>15,280</b>	<b>15,403</b>	<b>16,320</b>	<b>18,056</b>	<b>16,615</b>	<b>64,342</b>	<b>66,394</b>	<b>14,941</b>	<b>3.1</b>
Change (%)	17.3	23.0	3.4	0.4	-2.0	-3.7	10.2	8.7	10.7	3.2	-4.9	
Prog. Transmission & Direct Exp	6,575	7,688	7,035	6,527	5,863	6,303	6,870	6,739	27,825	25,776	5,906	-0.7
Staff Cost	1,499	1,533	1,419	1,593	1,669	1,547	1,712	1,578	6,043	6,507	1,464	14.0
Selling and Other Exp	3,110	2,841	2,780	2,474	3,027	3,166	3,381	2,975	11,205	12,548	2,892	4.6
<b>EBITDA</b>	<b>4,532</b>	<b>4,892</b>	<b>5,158</b>	<b>4,687</b>	<b>4,844</b>	<b>5,303</b>	<b>6,092</b>	<b>5,323</b>	<b>19,269</b>	<b>21,563</b>	<b>4,678</b>	<b>3.5</b>
Change (%)	45.6	36.4	20.1	14.0	6.9	8.4	18.1	13.6	27.3	11.9	3.2	
EBITDA margin (%)	28.8	28.9	31.5	30.7	31.4	32.5	33.7	32.0	29.9	32.5	31.3	14bp
Depreciation	251	336	249	316	311	323	336	349	1,152	1,319	323	-3.6
Finance cost	75	86	90	1,122	147	100	100	725	1,372	1,072	100	47.0
Other Income	734	432	525	549	1,011	600	600	788	2,240	2,999	700	44.4
Fair Value through P&L	-1,132	-829	-714	470	-532				-2,205	-532		
Extraordinary items				12,234					12,234	0		
<b>PBT</b>	<b>3,807</b>	<b>4,074</b>	<b>4,630</b>	<b>16,503</b>	<b>4,864</b>	<b>5,480</b>	<b>6,256</b>	<b>5,037</b>	<b>29,015</b>	<b>21,638</b>	<b>4,955</b>	<b>-1.8</b>
Tax	1,626	1,634	2,081	1,464	2,344	1,863	2,127	1,672	6,804	8,006	1,635	43.4
Effective Tax Rate (%)	42.7	40.1	44.9	8.9	48.2	34.0	34.0	33.2	23.5	37.0	33.0	1519bp
<b>PAT</b>	<b>2,181</b>	<b>2,440</b>	<b>2,549</b>	<b>15,039</b>	<b>2,520</b>	<b>3,617</b>	<b>4,129</b>	<b>3,365</b>	<b>22,211</b>	<b>13,632</b>	<b>3,320</b>	<b>-24.1</b>
Minority Interest/Associates	12	56	41	-103	6	1	0	0	7	7	2	180.0
<b>Adj PAT after MI and Extra-Ordinary gains/losses</b>	<b>2,170</b>	<b>2,384</b>	<b>2,508</b>	<b>2,908</b>	<b>2,514</b>	<b>3,616</b>	<b>4,129</b>	<b>3,365</b>	<b>9,969</b>	<b>13,625</b>	<b>3,318</b>	<b>-24.2</b>
Change (%)	-11.0	-16.2	8.6	28.4	15.9	51.7	64.6	15.7	8.0	36.7	52.9	



# Ambuja Cements

BSE SENSEX	S&P CNX
32,246	9,966

Bloomberg	ACEM IN
Equity Shares (m)	1,985.7
M.Cap.(INRb)/(USDb)	531.8 / 8.3
52-Week Range (INR)	282 / 191
1, 6, 12 Rel. Per (%)	7/2/-15
Avg Val, INRm	683
Free float (%)	36.9

### Financials & Valuations (INR b)

Y/E Dec	2016	2017E	2018E
Sales	91.6	102.0	113.0
EBITDA	15.8	18.0	21.8
NP	9.7	13.8	16.3
Adj. EPS (INR)	4.9	7.0	8.2
EPS Gr. (%)	-10.6	42.2	18.4
BV/Sh. (INR)	96.4	101.7	107.6
RoE (%)	5.1	7.0	7.9
RoCE (%)	6.9	7.2	8.1
P/E (x)	37.8	26.6	22.5
P/BV (x)	1.9	1.8	1.7

Estimate change	↔
TP change	↑
Rating change	↔

**CMP: INR268**

**TP: INR308 (+15%)**

**Buy**

### Sharp pricing improvement drives multi-year-high EBITDA/t

- Moderate volume growth:** 2QCY17 standalone revenue of INR28.23b (+12% YoY) came in only marginally below our estimate of INR28.49b, led by strong realization improvement to INR4,651 (+7.6% YoY, +10.5% QoQ; largely in line with est. of INR4,663) on sharp price increases in the western market (~38% of ACEM volumes). Volumes increased 3.8% YoY, led by healthy growth in the east and north markets.
- Healthy pricing drives multi-quarter-high EBITDA/t:** EBITDA increased 6% YoY to INR6.13b, translating into margin of 21.7% (+7.3pp QoQ, -1pp QoQ). EBITDA/ton increased 2% YoY to INR1,010 (+INR404/t QoQ) due to a sharp increase in pricing. Other income declined 51% YoY due to receipt of ACC's dividend in 2QCY16. Hence, PBT declined 8% YoY to INR5.47b. PAT fell 13% YoY to INR3.92b due to higher tax rate of 28%.
- Unitary cost higher by 9% YoY:** Unitary cost rose 9% YoY to INR3,641/tonne in 2QCY17, led by 8%/16% increase in freight/power & fuel cost. P&F cost/t rose 4% QoQ due to higher petcoke prices.
- Valuation and view:** While ACEM's growth potential remains muted due to its limited expansion, we believe better utilization headroom in the faster-growing regions (north and west) should offer some resilience. ACEM's core strengths are intact, and its presence in the north and west markets could lead to meaningful realization improvement. Additionally, the proposed merger of ACEM and ACC could drive further cost synergies. The stock trades at 15x/12 CY18E/CY19E EV/EBITDA and USD157/ton on CY19 capacity. Maintain **Buy** with a TP of INR308/share (15% upside).

### Quarterly Performance

Y/E December	CY16				CY17				CY16	CY17E	(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			Est. 2QE	Var. (%)
Sales Volume (m ton)*	5.97	5.85	4.58	5.09	6.02	6.07	5.10	5.63	21.49	22.82	6.15	-1
YoY Change (%)	9.9	-1.7	-6.5	-7.1	0.9	3.8	11.4	10.6	-1.2	6.2	5.1	
Realization (INR/ton)	4,032	4,322	4,376	4,316	4,208	4,651	4,551	4,474	4,263	4,468	4,633	0
YoY Change (%)	-9.7	3.2	2.3	0.4	4.4	7.6	4.0	3.7	-1.0	4.8	6.7	
QoQ Change (%)	-6.2	7.2	1.3	-1.4	-2.5	10.5	-2.1	-1.7			10.1	
Net Sales	24,060	25,281	20,043	21,967	25,334	28,233	23,211	25,183	91,604	101,961	28,495	-1
YoY Change (%)	-0.8	1.4	-4.3	-6.8	5.3	11.7	15.8	14.6	7.7	5.4	12.1	
EBITDA	4,255	5,782	2,760	2,947	3,651	6,131	3,835	4,338	15,755	17,953	5,953	3
Margins (%)	17.7	22.9	13.8	13.4	14.4	21.7	16.5	17.2	17.2	17.6	20.9	
Depreciation	3,830	1,507	1,595	1,563	1,460	1,439	1,500	1,495	8,501	5,894	1,470	
Interest	188	212	192	136	377	165	150	-103	715	589	150	
Other Income	1,303	1,900	2,503	755	1,310	940	2,700	1,051	6,837	6,000	1,300	
PBT before EO Item	1,541	5,963	3,477	2,003	3,124	5,466	4,885	3,996	13,376	17,471	5,633	-3
Rate (%)	69.4	24.2	20.3	15.7	21.1	28.2	24.0	7.4	27.5	21.0	25.0	
Reported Profit	535	4,519	2,770	1,601	2,465	3,922	3,712	3,702	9,703	13,802	4,225	-7
Adj PAT	471	4,519	2,770	1,689	2,465	3,922	3,712	3,702	9,703	13,802	4,225	-7
YoY Change (%)	-85.2	99.7	80.4	16.2	423.7	-13.2	34.0	119.2	14.4	42.2	5.7	

E: MOSL Estimates



# Indiabulls Housing Finance

BSE SENSEX	S&P CNX
32,246	9,966

Bloomberg	IHFL IN
Equity Shares (m)	421.3
M.Cap. (INR b) / (USD b)	486.6/7.6
52-Week Range (INR)	1187 / 616
1, 6, 12 Rel. Per (%)	1/36/41
12M Avg. Val (INR M)	1838
Free float (%)	76.4

## Financials & Valuations (INR b)

Y/E March	2017	2018E	2019E
Net Fin inc	39.9	54.4	67.3
PPP	45.5	57.4	72.4
EPS (INR)	69.0	86.3	108.4
EPS Gr. (%)	24.0	25.0	25.6
BV/Sh. (INR)	288	324	368
RoA on AUM (%)	3.1	3.0	3.0
RoE (%)	25.5	28.2	31.3
Payout (%)	52.5	50.0	50.0

## Valuations

P/E (x)	16.7	13.4	10.7
P/BV (x)	4.0	3.6	3.1
P/ABV (x)	4.0	3.6	3.1
Div. Yield (%)	3.1	3.7	4.7

**CMP: INR1,155      TP: INR1,350 (+17%)      Buy**

## Strong growth, stable performance overall

- Indiabulls Housing Finance's (IHFL) PAT grew 23% YoY to INR7.8b (8% below our estimate), mainly driven by lower-than-estimated income on investments. Core operating performance was robust, with strong AUM growth (+33% YoY), stable spreads and a decline in C/I ratio.
- Management alluded to strong growth witnessed in the home loan segment, especially the mass housing segment. Disbursements were up 39% YoY in home loans. Yields continue to remain under pressure (down 14bp QoQ and 94bp YoY to 11.49%). However, due to the sharp decline in cost of funds, reported spreads remained intact at 3.24%. Management continues to guide for incremental spreads in the range of 2.75-3% and book spreads of 3-3.25%. We believe the company will continue delivering at the higher end of its guided range over the foreseeable future.
- The share of home loans in the overall book inched up 100bp to 57%. Management reiterated its guidance of 66% share of home loans by FY20.
- The liability mix continued to evolve in favor of NCDs. Management plans to raise bulk of incremental funding from NCDs, taking the share of NCDs to 60% by FY20 (currently 52%).
- 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 29% over the 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. While we marginally increase our AUM growth estimates, we cut overall EPS estimates for FY18/19 by 4%/5% to factor in lower investment income. Maintain **Buy** with a TP of INR1,350 (3.7x FY19E P/B).

## Quarterly Performance

Y/E March	(INR Million)									
	FY17				FY18					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY17	FY18
Income from operations	23,720	25,098	25,859	29,314	29,560	30,742	32,894	36,378	103,990	129,575
Other Income	2,255	3,651	4,186	2,935	2,690	2,900	2,900	3,237	13,027	11,727
<b>Total income</b>	<b>25,975</b>	<b>28,749</b>	<b>30,045</b>	<b>32,249</b>	<b>32,250</b>	<b>33,642</b>	<b>35,794</b>	<b>39,615</b>	<b>117,017</b>	<b>141,302</b>
Y-o-Y Growth (%)	28.3	28.0	30.2	21.8	24.2	17.0	19.1	22.8	26.8	20.8
Interest expenses	14,109	16,279	16,329	17,391	17,722	18,165	18,801	20,478	64,108	75,166
<b>Net Income</b>	<b>11,866</b>	<b>12,470</b>	<b>13,716</b>	<b>14,858</b>	<b>14,528</b>	<b>15,477</b>	<b>16,993</b>	<b>19,137</b>	<b>52,910</b>	<b>66,136</b>
Y-o-Y Growth (%)	33.9	24.6	26.8	15.6	22.4	24.1	23.9	28.8	24.4	25.0
Operating Expenses	3,116	3,258	3,658	5,160	3,928	4,086	3,929	5,207	15,192	17,150
<b>Profit before tax</b>	<b>8,750</b>	<b>9,212</b>	<b>10,058</b>	<b>9,698</b>	<b>10,600</b>	<b>11,391</b>	<b>13,064</b>	<b>13,931</b>	<b>37,718</b>	<b>48,986</b>
Y-o-Y Growth (%)	26.4	24.3	24.9	9.0	21.1	23.7	29.9	43.6	20.5	29.9
Tax Provisions	2,401	2,352	2,555	1,325	2,764	2,962	3,397	3,614	8,633	12,736
<b>Net Profit</b>	<b>6,349</b>	<b>6,861</b>	<b>7,502</b>	<b>8,373</b>	<b>7,836</b>	<b>8,429</b>	<b>9,667</b>	<b>10,316</b>	<b>29,085</b>	<b>36,249</b>
Minority Int	-49	-18	13	32	46	40	40	40	-22	166
<b>Net Profit after MI</b>	<b>6,301</b>	<b>6,843</b>	<b>7,515</b>	<b>8,405</b>	<b>7,882</b>	<b>8,469</b>	<b>9,707</b>	<b>10,356</b>	<b>29,064</b>	<b>36,083</b>
Y-o-Y Growth (%)	23.2	23.2	24.7	24.4	25.1	23.8	29.2	23.2	24.0	24.2

E: MOSL Estimates



# United Spirits

BSE SENSEX	S&P CNX
32,246	9,966

**CMP: INR2,641 TP: INR2,525 (-4%) Neutral**

Bloomberg	UNSP IN
Equity Shares (m)	145.3
M.Cap.(INRb)/(USDb)	303.7 / 4.7
52-Week Range (INR)	2773 / 1775
1, 6, 12 Rel. Per (%)	14/2/-6
Avg Val, (INR m)	1129
Free float (%)	41.5

### Financials & Valuation (INR b)

Y/E Mar	2017	2018E	2019E
Total Income	85.5	87.4	100.8
EBITDA	9.8	10.5	13.8
PAT	3.9	5.0	7.5
EPS (INR)	26.7	34.5	51.5
EPS Gr. (%)	87.1	29.1	49.3
BV/Sh.(INR)	133.4	191.4	254.1
RoE (%)	21.3	18.0	20.3
RoCE (%)	11.8	12.4	15.4
P/E (x)	98.8	76.5	51.3
P/BV (x)	19.8	13.8	10.4

Estimate change



TP change



Rating change



### Highway alcohol sale ban to impact volumes over coming quarters

- UNSP's standalone revenue declined 12.7% YoY (est. flat) to INR17.8b in 1QFY18, with volumes down 18.9% YoY (est. of -9%). According to management, adjusted for operating model changes, sales were down 7% YoY. Trade down-stocking in anticipation of highway ban also impacted sales by 3-4%. Gross sales declined 0.6% YoY to INR58.2b, with excise duty as % of sales up 420bp YoY to 69.4%. Overall 1Q volumes fell 18.9% YoY to 18m cases. Popular volumes fell 25.6% YoY to 9.6m cases, while Prestige and above volumes declined 9.7% YoY to 8.4m cases.
- Gross margin expanded 270bp YoY to 46%, driven by price increases in some states (not disclosed), productivity initiatives, and a change in mix. EBITDA margin, however, shrunk 160bp YoY to 8.8% (est. of 9.0%), despite sharp gross margin improvement, as adspend, staff costs and other expenses increased 90bp, 50bp and 290bp YoY to 9.1%, 9.3% and 18.7% of sales, respectively. EBITDA declined 26.2% YoY to INR1.57b (est. of INR1.82b).
- Interest costs declined 31.7% YoY to INR703m, led by debt reduction and favorable rates. Tax rates were lower at 25.8% v/s expectation of 33%. Adjusted PAT declined 23.4% YoY to INR637m (est. of +13.1% to INR869m).
- Conference call highlights: 1) Management expects to recoup the margin loss (on account of GST) over a period of 2-3 years. 2) Company has taken price increases in certain states; Telangana yet to take hike.
- Valuation and view: The impact of highway ban was greater than expected, leading to 7.6%/0.6% reduction in FY18/FY19E EPS. Longer-term margin growth potential remains intact (mainly led by continued mix improvements), but the trajectory is likely to be affected by extent of GST impact on EBITDA margins – management has not yet provided clarity on this. Valuations remain fair, given the risks emanating from a host of factors like (i) GST impact on profitability, (ii) highway ban and (iii) prohibitions of various degrees announced by some states over the past two years. We maintain **Neutral** on the stock with a DCF-based target price of INR2,525.

### Quarterly Performance

Y/E March (Standalone)	FY17				FY18				(INR Million)			
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY17	FY18	FY18 1QE	Var. (%)
Volume Growth %	-0.2	1.0	-5.0	-8.2	-18.9	-7.0	0.0	4.0	-3.1	-5.6	-9.0	
Total Revenues	20,405	20,483	24,943	20,250	17,818	20,278	26,689	22,614	85,476	87,400	20,273	-12.1%
YoY Change (%)	10.4	8.2	3.5	-0.6	-12.7	-1.0	7.0	11.7	4.4	2.3	0.0	
Total Exp	18,271	18,126	22,007	17,599	16,244	17,640	23,414	19,613	75,650	76,912	18,453	
EBITDA	2,134	2,357	2,936	2,651	1,574	2,638	3,275	3,001	9,826	10,488	1,820	-13.5%
Margins (%)	10.5	11.5	11.8	13.1	8.8	13.0	12.3	13.3	11.5	12.0	9.0	
EBITDA growth (%)	24.5	-18.8	15.2	142.3	-26.2	11.9	11.5	13.2	18.8	6.7	-10.0	
Depreciation	261	332	313	418	321	365	344	452	1,323	1,482	287	
Interest	1,030	885	922	853	703	708	701	656	3,690	2,768	927	
PBT From operations	843	1,140	1,701	1,380	550	1,565	2,230	1,894	4,813	6,239	606	-9.3%
Other income	241	283	454	253	309	283	386	266	995	1,244	691	
PBT	1,084	1,423	2,155	1,633	859	1,848	2,616	2,160	5,808	7,482	1,298	-33.8%
Tax	253	445	580	515	222	610	889	748	1,923	2,469	428	
Rate (%)	23.3	31.3	26.9	31.5	25.8	33.0	34.0	34.6	33.1	33.0	33.0	
Adj. PAT	831	978	1,575	1,118	637	1,238	1,726	1,412	3,885	5,013	869	-26.7%
YoY Change (%)	616.1	-4.2	98.5	237.8	-23.4	26.6	9.6	26.3	87.1	29.1	13.1	

\* Our estimate included other operating income under other income head; E: MOSL Estimates



# Ashok Leyland

BSE SENSEX	S&P CNX
32,246	9,966

Bloomberg	AL IN
Equity Shares (m)	2,927
M.Cap.(INRb)/(USD\$b)	301.4 / 4.7
52-Week Range (INR)	110 / 74
1, 6, 12 Rel. Per (%)	9/-1/-8
Avg Val, INRm	1075
Free float (%)	48.7

### Financials & Valuations (INR b)

Y/E March	2017	2018E	2019E
Sales	200.2	252.4	292.2
EBITDA	22.0	25.8	31.8
NP	13.3	15.1	20.4
Adj. EPS (INR)	4.6	5.2	7.0
EPS Gr. (%)	8.0	13.6	34.7
BV/Sh. (INR)	20.9	23.7	27.9
RoE (%)	23.1	23.2	27.0
RoCE (%)	21.8	20.5	24.7
P/E (x)	22.6	19.9	14.8
EV/EBITDA (x)	13.5	10.8	8.3

**CMP: INR103**

**TP: INR118(+15%)**

**Buy**

### Higher staff cost, one-off costs, negative operating leverage hurt EBITDA margin

- Price increase offsets sharp decline in volumes: AL's revenue declined 0.5% YoY (36% QoQ) to INR42.4b (in-line). The 8.6% YoY (40% QoQ) decline in volumes to 28.45k units was offset by 8.9% YoY (7% QoQ) increase in realization to INR1.49m (v/s our estimate of INR1.5m). AL took price increase of 10-14% to offset BS-4 and commodity cost pressures.
- Higher staff cost, one-offs, negative operating leverage impact margins: EBITDA margin declined 410bp YoY (380bp QoQ) to 7.2% (v/s our estimate of 10%), led by increase in staff cost, one-off marketing costs and negative operating leverage. EBITDA declined 36.5% YoY (58% QoQ) to INR3.06b (v/s our estimate of INR4.27b), translating into 59% YoY decline in adjusted PAT to INR1.2b (v/s our estimate of INR2.07b).
- Key takeaways from conference call: (a) Outlook – expects strong recovery in volumes from August 2017; (b) Planning price increase of 1% from August 2017; (c) Exports to grow at 25% in FY18; (d) Planning to double warranty to four years across product range; (e) Capex for FY18 at ~INR5b + Investments in subsidiaries and JVs; (f) Spare parts business grew 34% YoY and contributed ~6% to sales; targeting to increase spares contribution to 10-15% in few years; (g) Operating working capital under control at 8 days.
- Valuation and view: We downgrade FY18/FY19E EPS by 14%/9%, as we (a) lower margins by 70bp/30bp, and (b) increase depreciation. We value AL at ~INR118 [9x June 2019E EV/EBITDA (in-line with LPA) + INR11/share for stake in HLF post 20% HoldCo discount]. Maintain Buy.

### Quarterly Performance

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

E: MOSL Estimates



BSE SENSEX  
32,246

S&P CNX  
9,966

**CMP: INR1,028 TP: INR1,200 (+17%)**

**Buy**



## Infrastructure spend to drive domestic growth

### Key takeaways from FY17 annual report

- Domestic market revival to be driven by infrastructure segment investments
- Expanding product portfolio to cater to incremental global and local demand
- Healthy free cash flow generation led by working capital cycle improvement

### Domestic market revival driven by infra investments by the government; has identified new opportunities in exports

Cummins (KCC) will continue to benefit from the government's ongoing investments in infrastructure and the implementation of GST reforms. Moreover, with revival in the global economy, exports should also revive.

- Power Generation:** The government's renewed push on infra and industrial development should drive demand for DG sets. KCC sees new opportunity as a supplier of rail under-cars and also sees strong demand in FY18 from the Indian Navy/Coast Guard alongside other defense opportunities.
- Industrial:** KCC retains its leadership in construction equipment segments like excavators, wheel loaders, road machinery equipment, and water well rigs.
- Distribution:** The company continues to see good growth, driven by healthy orders for spare parts, improving penetration of service contracts, and demand for engines from key accounts.
- Exports:** KCC is strongly positioned, as global markets recover. It has identified opportunities to supply additional parts to Cummins' various Engine Plants and Part Distribution Centers, globally.

### Plans to focus on 'fit for market' solutions and expansion of product range to serve local and global markets

- KCC plans to develop 'fit for market' solutions to meet upcoming emission regulations, and local and rural market needs.
- It also plans to focus on technological innovation to add value to products in the areas of alternate fuels, recycle/re-use, and hybrid engines.
- It intends to expand the existing product range to serve the local and global market needs
- KCC is focusing on providing energy-efficient solutions to reduce the carbon footprint and improve recyclability

### Valuation and view

Over the years, KCC has developed (a) a strong product portfolio with superior technology to meet domestic demand, (b) a wide distribution network to provide superior after sales service, and (c) cost-effective products to maintain leadership in a fiercely competitive market. Given strong infrastructure push, initial signs of pick-up in the power genset segment, and expected revival in the export segment from 2HFY18, we maintain our Buy rating, with the target price of INR1,200 (32x June 2019E EPS; 10% premium to 5-year average). The stock trades at 39x FY17E EPS of INR26.5, 35x FY18E EPS of INR29.2, and 29x FY19E EPS of 36.0.

#### Stock Info

Bloomberg	KCC IN
Equity Shares (m)	277.2
52-Week Range (INR)	952/423
1,6,12 Rel. Perf. (%)	6/27/53
M.Cap. (INR b)	285.0
M.Cap. (USD b)	4.4
Equity Shares (m)	277.2
Avg Val ( INR m)	275
Free float (%)	49.0

#### Financials Snapshot (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	50.8	56.6	65.5
EBITDA	8.0	9.1	11.4
Adj PAT	7.3	8.1	10.0
EPS (INR)	26.5	29.2	36.0
EPS Gr. (%)	-2.6	10.1	23.4
BV/Sh. (INR)	135.0	146.2	160.1
RoE (%)	21.2	20.7	23.5
RoCE (%)	20.0	19.8	22.5
P/E (x)	38.8	35.2	28.6
P/BV (x)	7.6	7.0	6.4

#### Shareholding pattern (%)

As On	Jun-17	Mar-17	Jun-16
Promoter	51.0	51.0	51.0
DII	21.1	20.9	19.4
FII	15.0	15.0	16.3
Others	12.9	13.2	13.3

FII Includes depository receipts

# Mahindra Financial Services

BSE SENSEX	S&P CNX
32,246	9,966
Bloomberg	MMFS
Equity Shares (m)	565.0
M.Cap.(INRb)/(USDb)	192.1 / 3.0
52-Week Range (INR)	405 / 244
1, 6, 12 Rel. Per (%)	4/-14/-2
Avg Val, INRm	-
Free float (%)	-

CMP: INR364

## Operating performance strong, strengthening the balance sheet

Mahindra & Mahindra Financial Services (MMFS) had a strong quarter on the operating front. However, its 1QFY18 PAT missed estimate by a wide margin due to higher credit costs. The company increased its provisioning on loans, which were overdue for more than 24 months, resulting in INR834m incremental provisioning in the quarter.

**Value of assets financed increased 16% YoY in 1QFY18 – fourth consecutive quarter of 15%+ YoY growth.** This comes after a span of over 12 quarters of sluggish growth, caused by a variety of external factors. We believe the worst is behind, and expect sustained pick-up in growth over the medium term. Consequently, reported AUM increased 14% YoY. The product mix remained largely unchanged.

GNPL ratio increased 150bp QoQ, but declined 20bp YoY to 10.5%. **The sequential increase, which is seasonal, is much lower than that witnessed in the past three years.** Asset quality data from the past 10 years suggest that in a good economic cycle, the 4Q-to-1Q GNPL increase is ~50-100bp, while in a bad cycle, it goes to as high as 250+bp. We believe that with improvement in the overall rural cycle, this number is likely to decline further, given improvement in asset quality.

In order to maintain 100% provision on loans that are more than 24 months due, MMFS incurred a provisioning cost of INR834m, based on its assessment of underlying collateral. **As a result, PCR was largely stable at 60-62%. The sequential PCR decline of mere 130bp is the lowest 4Q-to-1Q decline in the past 11 years (average decline – 600bp).** We view this shoring-up of provisions as a positive sign as it strengthens the balance sheet, despite the negative impact on profitability.

The borrowing mix continues to evolve in favor of market borrowings (its share increased from 58% to 63% sequentially).

**Valuation and view:** The business environment for MMFS seems to be getting better. After several quarters of sluggish disbursement growth, MMFS has finally delivered four consecutive quarters of 15%+ growth. Asset quality data too give early signs of a revival. We like the fact that the company chooses to improve balance sheet quality over near-term profitability. The company's long-term prospects remain strong. MMFS remains highly levered to growth and asset quality. With the environment getting better, this would have a multiplier effect on the return ratios. We look to revise our estimates and target price post the concall on 25 July 2017.

## Financials & Valuations (INR b)

Y/E March	2017	2018E	2019E
NII	33.2	38.0	43.4
PPP	19.3	22.1	25.3
PAT	4.0	7.7	9.2
EPS (INR)	7.1	13.6	16.4
BV/Sh.(INR)	114.6	122.7	132.3
ABV/Sh (INR)	94.8	99.2	107.5
RoA on AUM (%)	1.0	1.7	1.7
RoE (%)	6.3	11.4	12.8
Payout (%)	39.8	41.0	41.0

## Valuations

P/E (x)	51.7	27.0	22.4
P/BV (x)	3.2	3.0	2.8
P/ABV (x)	3.9	3.7	3.4
Div. Yield (%)	0.8	1.3	1.6

## Quarterly Performance

Y/E March	FY17				FY18				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY17	FY18
Operating Income	13,664	14,916	14,904	18,255	15,924	16,444	16,786	17,614	61,739	68,516
Other Income	93	241	130	173	107	200	200	320	636	827
<b>Total income</b>	<b>13,757</b>	<b>15,157</b>	<b>15,035</b>	<b>18,427</b>	<b>16,031</b>	<b>16,644</b>	<b>16,986</b>	<b>17,934</b>	<b>62,375</b>	<b>69,343</b>
YoY Growth (%)	0.5	5.4	6.7	9.1	16.5	9.8	13.0	-2.7	5.6	11.2
Interest Expenses	6,910	7,086	7,441	7,137	7,327	7,575	7,789	7,349	28,574	30,545
<b>Net Income</b>	<b>6,847</b>	<b>8,071</b>	<b>7,593</b>	<b>11,290</b>	<b>8,704</b>	<b>9,069</b>	<b>9,197</b>	<b>10,585</b>	<b>33,801</b>	<b>38,798</b>
Operating Expenses	3,260	3,567	3,645	4,037	3,810	4,107	4,197	4,594	14,509	16,709
<b>Operating Profit</b>	<b>3,587</b>	<b>4,504</b>	<b>3,949</b>	<b>7,252</b>	<b>4,894</b>	<b>4,961</b>	<b>5,000</b>	<b>5,991</b>	<b>19,292</b>	<b>22,089</b>
YoY Growth (%)	-22.1	-10.5	-11.2	6.7	36.5	10.1	26.6	-17.4	-7.6	14.5
Provisions	2,245	3,042	4,190	3,614	4,258	2,200	2,600	1,215	13,091	10,274
<b>Profit before Tax</b>	<b>1,341</b>	<b>1,462</b>	<b>-241</b>	<b>3,638</b>	<b>636</b>	<b>2,761</b>	<b>2,400</b>	<b>4,776</b>	<b>6,202</b>	<b>11,817</b>
Tax Provisions	472	514	-85	1,298	162	972	845	2,180	2,198	4,159
<b>Net Profit</b>	<b>870</b>	<b>948</b>	<b>-156</b>	<b>2,341</b>	<b>474</b>	<b>1,789</b>	<b>1,555</b>	<b>2,595</b>	<b>4,003</b>	<b>7,658</b>
YoY Growth (%)	-2.2	-35.1	-123.3	-36.8	-45.5	88.7	-1,094.7	10.9	-40.5	91.3
Cost to Income Ratio (%)	47.6	44.2	48.0	35.8	43.8	45.3	45.6	43.4	42.9	43.1
Provisions/Operating Profits (%)	62.6	67.5	106.1	49.8	87.0	44.3	52.0	20.3	67.9	46.5
Tax Rate (%)	35.2	35.2	35.2	35.7	25.5	35.2	35.2	45.7	35.4	35.2

E: MOSL Estimates

# Tata Communications

BSE SENSEX 32,246  
S&P CNX 9,966

**CMP: INR646**

**TP: INR811**

**Buy**

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

## Conference Call Details



**Date:** 25<sup>th</sup> July 2017

**Time:** 04:00pm IST

**Dial-in details:**

+91-22 3960 0854

## Financials & Valuations (INR b)

INR million	FY17	FY18E	FY19E
Sales	176.2	177.1	190.3
EBITDA	24.1	24.7	32.7
NP	7.4	2.4	7.7
EPS (Rs)	26.0	8.3	27.2
EPS Growth (%)	1,573.9	-68.2	229.0
BV/Share (Rs)	55.9	64.1	91.3
P/E (x)	24.8	78.2	23.8
P/BV (x)	11.6	10.1	7.1
EV/EBITDA (x)	11.3	10.8	7.8
EV/Sales (x)	1.5	1.5	1.3
RoE (%)	126.2	13.8	35.0
RoCE (%)	9.7	3.6	8.1
RoIC (%)	9.4	5.1	13.6

## Core EBITDA in line with expectation

- Core revenue at INR43.1b was up 0.4% QoQ (-3.3% YoY), marginally better than our expectation.
- Core EBITDA of INR5.6b increased 12.6% QoQ (-15.6% YoY), in line with expectation.
- PAT stood at INR1b (v/s loss of INR11b in 4QFY17), better than our estimate of INR624m.
- Data revenue of INR27.8b was flat QoQ, up 4.6% YoY (in-line).
- Data EBITDA of INR4.7b was up 23% QoQ (-14.9% YoY; in-line). Data EBITDA margin of 17% jumped 330bp QoQ (-390bp YoY).
- Traditional revenue (contributing 71% of revenue) declined 1% QoQ in INR terms to INR19.7b. Traditional EBITDA grew 18% QoQ to INR5.7b. Rupee appreciated 4% QoQ, pulling down dollar revenues.
- Voice revenue at INR15.3b was up 1.3% QoQ (+14.9% YoY), 3% above estimate. Voice EBITDA at INR876m dropped 22.7%/19.1% on QoQ/YoY.
- Capex for 1QFY18 was USD51m v/s INR63m in 1QFY17 on the back of sale of data center and Neotel.
- Net debt increased USD54m to USD1.2b, largely due to dividend payment and the bonus payment to employees.
- After last quarters of multiple one-offs, the recovery has been slow due to currency appreciation and high operating cost owing to revamp in internal restructuring.

**Valuation and view:** We will revisit our estimates post the earnings call. At CMP of INR646, the stock trades at 11.2.x/7.8x on FY18/19 EBITDA. We have a **Buy** rating on the stock with a TP of INR811.

## Cons. Quarterly Earning Model

Y/E March	FY17				FY18				FY17E	FY18E	Variance	
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE				1QFY18E
Net Sales	50,317	45,091	43,601	42,937	43,100	43,857	44,623	45,525	176,197	190,299	43,665	-1
YoY Change (%)	-2.9	-12.1	-14.5	-16.5	-14.3	-2.7	2.3	6.0	-14.3	7.5	-13.2	
Total Expenditure	41,690	38,466	37,910	37,914	37,514	37,979	38,277	38,665	152,138	157,635	37,126	1
EBITDA	8,627	6,625	5,691	5,024	5,586	5,878	6,346	6,860	24,059	32,664	6,539	-15
Margins (%)	17.1	14.7	13.1	11.7	13.0	13.4	14.2	15.1	13.7	17.2	15.0	-201bps
Depreciation	5,378	4,644	4,677	4,677	4,447	4,986	4,986	4,986	18,658	20,397	4,757	-7
Interest	1,721	960	999	780	761	739	726	713	3,672	2,806	724	5
Other Income	608	728	909	1,012	444	345	354	255	3,603	2,025	341	30
PBT before EO expense	2,136	1,750	924	578	822	497	987	1,415	5,332	11,485	1,399	-41
Extra-Ord expense	920	0	0	10,633	0	0	0	0	11,553	0	0	#DIV/0!
PBT	1,216	1,750	924	-10,055	822	497	987	1,415	-6,221	11,485	1,399	-41
Tax	793	899	923	-192	461	164	326	467	2,364	3,790	462	0
Rate (%)	65.2	51.4	99.9	1.9	56.0	33.0	33.0	33.0	-38.0	33.0	33.0	2303bps
Minority Interest & Profit/Loss of Asso.	6	6	-7	-40	32	-28	-28	-28	-51	-51	-13	-354
Reported PAT	418	845	7	-9,824	329	361	689	975	-8,534	7,746	950	-65
Adj PAT	738	845	7	607	329	361	689	975	7,409	7,746	950	-65
YoY Change (%)	70.5	1,303.7	-96.6	132.4	-55.4	-57.3	9,208.6	60.8	1,573.9	229.0	28.7	-293
Margins (%)	1.5	1.9	0.0	1.4	0.8	0.8	1.5	2.1	4.2	4.1	2.2	-141bps

E: MOSL Estimates



BSE SENSEX	S&P CNX
27836.51	8615.25

**CMP: INR763 TP: INR850(+11%) Buy**

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

**Conference Call Details**



**Date:** 25<sup>th</sup> July 2017  
**Time:** 11:00 IST  
**Dial-in details:**  
+91-22-3938 1006

**Financials & Valuations (INR b)**

Y/E Mar	2017	2018E	2019E
Net Sales	65.0	69.7	77.4
EBITDA	12.3	12.0	13.1
NP	9.7	10.1	10.5
EPS (INR)	55.5	58.0	60.2
EPS Gr. (%)	5.9	4.5	3.8
BV/Sh. (INR)	159.5	203.5	249.2
RoE (%)	40.4	31.9	26.6
RoCE (%)	42.7	31.1	28.1
Payout (%)	17.5	20.0	20.0
Div. Yield	1.2	1.5	1.5

**In-line revenue despite some pockets of weakness**

**Margins below estimate; PAT beat led by higher Other Income**

- n LTI's 1QFY18 revenue grew 2% QoQ to USD259m. In CC terms, revenue growth was 1.5% QoQ, in line with our estimate.
- n Gross profit margin declined by 200bp QoQ to 33.8%, 90bp miss to our estimate of 34.7%. EBITDA margin declined by 230bp QoQ to 16.8%, below our estimate of 17.4%. The margin decline was led by currency, aggressive hiring, visa expenses and increased S&M expenses.
- n PAT at INR2,673m (+4.9% QoQ) beat estimates of INR2,406m on account of higher Other Income. Other Income at INR1,084m was 57% higher than our estimate of INR689m.

**Strength seen in IMS and Digital**

- n In terms of verticals, growth in Energy & Utilities (6.7% QoQ CC), CPG, Retail & Pharma (5.4% QoQ CC), High-Tech, Media & Entertainment (4.2% QoQ CC) and Others (54.4% QoQ CC) bettered company average. BFS growth of 1.0% QoQ CC remains resilient tracking at 19% YoY CC.
- n On a sequential basis, weakness was seen in the top 6-10 clients, which saw a 11% QoQ decline. Other weak areas included Manufacturing (13% decline) and Europe (5% decline).
- n In terms of services, the key drivers were IMS (12.5% QoQ CC) and Analytics, AI & Cognitive (4.5% QoQ CC) and Enterprise Integration & Mobility (6.3% QoQ CC).

**Valuation and view:** We will revisit our estimates post earnings call. Outlook on growth, especially in BFS, and on profitability would be keenly watched. Based on current estimates, it trades at 13.2/12.7x FY18/19E EPS. Maintain **Buy**.

**Quarterly Performance (Consolidated)**

Y/E March	FY17				FY18E				FY17	FY18E	Est. 1QFY18	Var. (% / bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue (USD m)	231	240	245	254	259	266	270	274	970	1,069	260	(0.2)
QoQ (%)	0.6	3.7	2.3	3.7	2.0	2.5	1.6	1.4	9.3	10.2	2.2	(18)
Revenue (INR m)	15,550	16,020	16,667	16,772	16,707	17,268	17,684	18,065	65,009	69,725	16,735	(0.2)
YoY (%)	16.6	9.1	12.1	7.7	7.4	7.8	6.1	7.7	11.2	7.3	7.6	(18)
GPM (%)	35.3	35.4	34.3	35.8	33.8	33.4	33.8	34.3	35.2	33.8	34.7	(92)
SGA (%)	15.7	16.4	16.2	16.8	17.0	16.5	16.5	16.5	16.3	16.6	17.3	(28)
EBITDA	3,050	3,044	3,020	3,190	2,799	2,915	3,065	3,212	12,303	11,990	2,912	(3.9)
EBITDA Margin (%)	19.6	19.0	18.1	19.0	16.8	16.9	17.3	17.8	18.9	17.2	17.4	(65)
EBIT Margin (%)	16.9	16.1	15.3	16.5	14.4	13.9	14.4	14.9	16.2	14.4	14.3	9
Other income	372	365	597	503	1,084	764	611	562	1,837	3,020	689	57.3
ETR (%)	21.2	21.0	21.2	22.3	23.4	22.0	22.0	22.0	21.4	22.4	22.0	
PAT	2,359	2,326	2,481	2,547	2,673	2,467	2,464	2,541	9,711	10,144	2,406	11.1
QoQ (%)	3.2	-1.4	6.7	2.7	4.9	-7.7	-0.1	3.1			-5.5	1,048
YoY (%)	35.1	21.3	10.5	11.4	13.3	6.0	-0.7	-0.2	5.9	4.5	2.0	1,131
EPS (INR)	13.5	13.3	14.2	14.6	15.3	14.1	14.1	14.5	55.5	58.0	13.7	
Headcount	19,292	21,074	20,605	21,023	22,321	22,641	22,911	23,131	21,023	23,131	21,443	4.1
Util incl. trainees (%)	77.4	78.7	78.1	78.3	77.7	77.5	78.0	78.5	7807.5	77.9	76.5	120
Attrition (%)	19.5	18.5	18.1	16.9								
Offshore rev. (%)	51.9	51.2	52.3	51.3	53.2	52.2	52.5	52.7	48.3	52.6	47.7	548



# Info Edge India

BSE SENSEX	S&P CNX
32,246	9,966

**CMP: INR984 TP: INR1,130 (+15%) Buy**

Bloomberg	INFOE IN
Equity Shares (m)	121
M.Cap.(INRb)/(USDb)	119.4 / 1.9
52-Week Range (INR)	1127 / 752
1, 6, 12 Rel. Per (%)	-4/-3/-2
Avg Val, INRm	78
Free float (%)	57.6

### Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	8.0	9.3	10.5
EBITDA	2.3	2.9	3.4
PAT	1.9	2.7	3.0
EPS (INR)	15.7	21.8	24.7
Gr. (%)	38.2	38.8	13.4
BV/Sh (INR)	162.7	179.8	197.3
RoE (%)	10.2	12.7	13.1
RoCE (%)	10.2	12.7	13.1
P/E (x)	62.8	45.2	39.8
P/BV (x)	6.0	5.5	5.0

Estimate change	↔
TP change	↔
Rating change	↔

## Ahead of estimates, but uncertainty clouds near term

- 1Q beat on 99acres surprise and cost containment:** INFOE's 1QFY18 standalone revenue grew 12.6% YoY to INR2,225m (2% beat). While revenue growth in the Recruitment business showed 10.4% YoY growth (est. of + 13.5%), real estate portal 99acres.com grew 12.6% YoY, well ahead of our flat revenue estimate. EBITDA grew 47.2% YoY (11% beat) on the back of a stable cost base (+1.1% YoY).
- Risks to near-term growth in key business segments:** INFOE cited that growth in Recruitment fell below its own expectations for the quarter, and the muted outlook in IT Services hiring keeps the prospects uncertain for now. Even in the real estate sector, weakness in the underlying market is compounded by confusion following the impact of RERA. This may be followed by some consolidation of the smaller builders and brokers once RERA takes full effect.
- Competition at bay for now:** INFOE's traffic share in Naukri.com was a healthy 74% excluding Indeed and 60% including Indeed. While Google recently launched its AI-powered job search engine, INFOE expects it to first battle it out with Indeed in the US, and while it continues to keep a close watch, business fundamentals at present are not getting challenged by competitive pressures. Similarly, the launch of UberEats affected Zomato's traffic share for a fortnight and online ordering for a month after launching, but both those metrics are back in place, reinstating Zomato's dominance in the category.
- Valuation view:** Our standalone estimates for FY18/19 saw only marginal upgrades after 1Q beat, which was offset by a tepid near-term outlook. We expect INFOE to leverage any growth opportunity on offer from macro tailwind in Recruitment and Real Estate segments. The situation with respect to hiring in the IT Services sector remains a risk (~40% of recruitment revenues). We see Naukri.com (pick-up in economic growth), 99acres.com (lower competitive intensity) and Zomato.com (focus on driving monetization and profitability) as the key drivers of valuation at INFO. Our SOTP-based price target of INR1,130 implies 15% upside. Maintain **Buy**.

### Quarterly Performance (Standalone)

Y/E March	FY17				FY18E				FY17	FY18E	1QFY18	bp
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenues	1,976	2,100	1,861	2,084	2,225	2,313	2,327	2,424	8,021	9,289	2,182	2.0
YoY (%)	13.1	20.6	7.3	8.0	12.6	10.2	25.0	16.3	12.6	15.8	10.4	220bp
Salary costs	963	915	938	936	991	1,016	1,041	1,066	3,752	4,114	997	-0.6
Ad and Promotion costs	258	221	184	217	254	278	279	291	881	1,102	251	1.3
Other Expenses	277	269	268	300	276	279	281	291	1,114	1,127	301	-8.3
<b>Operating Profit</b>	<b>478</b>	<b>695</b>	<b>471</b>	<b>632</b>	<b>703</b>	<b>741</b>	<b>725</b>	<b>776</b>	<b>2,275</b>	<b>2,946</b>	<b>633</b>	<b>11.1</b>
Margins (%)	24.2	33.1	25.3	30.3	31.6	32.0	31.2	32.0	28.4	31.7	29.0	260bp
Other Income	243	248	250	113	264	264	258	266	855	1,052	252	4.7
Depreciation	60	62	63	56	54	56	58	60	241	230	59	-7.8
<b>PBT bef. Extra-ordinary</b>	<b>661</b>	<b>881</b>	<b>658</b>	<b>689</b>	<b>913</b>	<b>948</b>	<b>925</b>	<b>982</b>	<b>2,889</b>	<b>3,768</b>	<b>826</b>	<b>10.5</b>
Provision for Tax	217	254	187	320	270	281	274	291	978	1,116	239	13.1
ETR (%)	32.9	28.8	28.4	46.5	29.6	29.6	29.6	29.6	33.9	29.6	29.0	60bp
<b>PAT bef. Minority</b>	<b>444</b>	<b>627</b>	<b>471</b>	<b>369</b>	<b>642</b>	<b>667</b>	<b>651</b>	<b>691</b>	<b>1,911</b>	<b>2,652</b>	<b>587</b>	<b>9.4</b>
EOI	0	174	0	-40	0	0	0	0	134	0	0	
<b>Adjusted PAT</b>	<b>444</b>	<b>801</b>	<b>471</b>	<b>329</b>	<b>642</b>	<b>667</b>	<b>651</b>	<b>691</b>	<b>2,045</b>	<b>2,652</b>	<b>587</b>	
YoY (%)	54.9	136.0	116.7	-15.6	44.8	-16.7	38.1	110.1	65.7	29.7	32.2	
EPS (INR)	3.6	5.1	3.9	2.7	5.2	5.4	5.3	5.6	15.4	21.6	4.9	6.9



<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
32,246	9,966

Bloomberg	DBCL IN
Equity Shares (m)	183.4
M.Cap. (INR b) / (USD b)	66/1.0
52-Week Range (INR)	448 / 345
1, 6, 12 Rel. Per (%)	-6/-16/-25
Avg Val (INR m)	138
Free float (%)	30.1

**Financials & Valuation (INR Billion)**

Y/E MAR	2017	2018E	2019E
Net Sales	22.4	24.4	26.5
EBITDA	6.4	7.2	8.1
Adj. Net Profit	3.7	4.4	5.1
Adj. EPS (INR)	20.4	23.7	27.6
Adj. EPS Gr. (%)	25.8	16.5	16.1
BV/Sh (INR)	86.7	97.4	109.8
RoE (%)	25.5	25.8	26.6
RoCE (%)	23.0	24.1	25.0
P/E (x)	18.4	15.8	13.6
P/BV (x)	4.3	3.9	3.4

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR372**      **TP: INR450 (+21%)**      **Buy**

**In-line quarter; maintain estimates and target price**

- n **Operational performance largely in-line:** DBCL's 1QFY18 EBITDA grew 3% YoY to INR1.86b, (largely in-line; our estimate: INR1.85b). Revenue grew 4% YoY to INR5.94b (in-line) as better than expected print ad revenue made up for the circulation disappointment. PAT grew 6% to INR1.1b (our estimate: INR1.12b).
- n **Ad growth healthier than expected:** Print ad revenue grew 4.5% YoY to INR3.9b (our estimate: INR3.85b), despite the high base of 1QFY17 (20% ad growth) and the impact of impending GST implementation on print ad industry. While HMVL saw flat ad revenue, DBCL's ad growth seems healthy. The ad growth run rate pre-GST (April and May) was 7.5-8%. We have modeled 9% CAGR in ad revenue over FY17-19.
- n **Circulation growth moderates, falls short of expectations:** Circulation revenue grew 5% YoY to INR1.23b (our estimate: INR1.27b). Growth was largely led by yield improvement in mature markets. The management intends to rev up circulation growth, given that the ad environment is improving. We have modeled 9% CAGR in circulation over FY17-19.
- n **Margins contract by 40bp; largely in-line:** Margins declined 40bp YoY to 31.4% (our estimate: 31.1%), despite higher-than-expected RM and SG&A costs. Lower-than-expected employee costs more than cushioned the spike in RM and SG&A expenses. RM costs grew 6.8% YoY (price-led) to INR1.71b (our estimate: INR1.69b), constituting 28.7% of revenue.
- n **Maintain Buy rating, target price:** We maintain our PAT estimates, which factor in 9% CAGR in ad/circulation revenue. DBCL trades at 15.8x FY18E and 13.6x FY19E EPS. Maintain **Buy**, with a target price of INR450 (16x FY19E EPS; 11% discount to average P/E of 18x since listing).

**Quarterly Performance**

Y/E March	(INR Million)									
	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	5,704	5,287	6,273	5,171	5,942	5,692	7,094	5,636	22,435	24,366
YoY (%)	20.5	10.6	7.1	0.6	4.2	7.7	13.1	9.0	9.4	8.6
Operating Expenses	3,892	3,782	4,290	4,049	4,079	4,204	4,527	4,321	16,013	17,131
<b>EBITDA</b>	<b>1,812</b>	<b>1,505</b>	<b>1,982</b>	<b>1,122</b>	<b>1,863</b>	<b>1,488</b>	<b>2,567</b>	<b>1,315</b>	<b>6,422</b>	<b>7,235</b>
YoY (%)	48.7	33.6	6.1	-1.7	2.8	-1.1	29.5	17.2	19.9	12.7
EBITDA margin (%)	31.8	28.5	31.6	21.7	31.4	26.1	36.2	23.3	28.6	29.7
Depreciation	211	216	218	218	220	225	227	224	863	896
Interest	34	6	30	5	16	9	9	9	74	43
Other Income	41	41	36	51	70	84	84	84	170	321
<b>PBT</b>	<b>1,608</b>	<b>1,325</b>	<b>1,771</b>	<b>950</b>	<b>1,698</b>	<b>1,338</b>	<b>2,415</b>	<b>1,166</b>	<b>5,654</b>	<b>6,617</b>
Tax	568	440	590	309	597	450	811	392	1,907	2,250
Effective Tax Rate (%)	35.3	33.2	33.3	32.5	35.1	33.6	33.6	33.6	33.7	34.0
<b>PAT</b>	<b>1,040</b>	<b>885</b>	<b>1,181</b>	<b>641</b>	<b>1,101</b>	<b>889</b>	<b>1,604</b>	<b>774</b>	<b>3,747</b>	<b>4,367</b>
Minority Interest	0	0	0	0	0	0	0	0	0	0
<b>Adj PAT</b>	<b>1,040</b>	<b>885</b>	<b>1,181</b>	<b>641</b>	<b>1,101</b>	<b>889</b>	<b>1,604</b>	<b>774</b>	<b>3,747</b>	<b>4,367</b>
YoY (%)	56.5	47.3	10.6	-0.2	5.9	0.4	35.8	20.7	25.9	16.6



BSE SENSEX 32,246  
S&P CNX 9,966

**CMP: INR91 TP: INR91 (+0%) Neutral**

Bloomberg	JKBK IN
Equity Shares (m)	484.9
M.Cap.(INRb)/(USDb)	35.2/0.5
52-Week Range (INR)	96 / 55
1, 6, 12 Rel. Per (%)	-4/26/19
Avg Val, INRm	104
Free float (%)	43.6

### Financials & Valuations (INR b)

Y/E March	2018E	2019E	2020E
NII	28.0	30.3	34.6
OP	14.0	14.4	16.5
NP	2.0	4.3	6.0
NIM (%)	3.6	3.5	3.5
EPS (INR)	3.8	8.2	11.6
EPS Gr. (%)	NA	115.2	40.3
BV/Sh. (INR)	111.8	118.0	126.8
ABV/Sh. (INR)	88.4	100.1	113.9
RoE (%)	3.5	7.2	9.4
RoA (%)	0.2	0.4	0.5
P/E(X)	21.9	10.2	7.3
P/BV (X)	0.8	0.7	0.7

### Balance sheet clean-up phase; PAT turns positive after three quarters

- n JKBK reported PAT of INR302m in 1QFY18 (+32% YoY on a low base), after three consecutive quarters of losses. Adjusted for excess provisions made by the bank (which it created from DTAs recognized), PAT came in at INR2.7b.
- n Slippages of INR5.1b (22% decline from INR6.5b in 4Q) were partly offset by strong recoveries and upgrades of INR1.9b. Gross/net slippage ratio stood at 4.1%/2.5% v/s 5.2%/2.8% in 4QFY17. Steep provisioning helped increase PCR, leading to a 7% QoQ decline in NNPA's (4.3% v/s 4.6% of advances in 4Q), with an increase in reported PCR to 70.26% from 66.9% in 4Q. GNPA stood at 10.6%. Standard restructured loans stood at INR55.5b (11% of loans). S4A book stood at INR2.45b at the end of the quarter.
- n NII grew ~13% YoY (+9% QoQ), led by sharp improvement in NIM to 3.7% (+20bp QoQ, +32bp YoY), even as loan book was flat YoY and declined 2% QoQ. NIM improved on the back of 37bp/36bp QoQ/YoY increase in spreads, as the bank's cost of funds declined 22bp/65bp QoQ/YoY.
- n Total income growth of 6%/10% QoQ/YoY was partially offset by opex growth of 13% YoY (-10% QoQ on one-off high base), resulting in 33%/5% QoQ/YoY PPop growth.
- n **Other highlights:** (1) Loan growth was flat YoY (-2% QoQ; share of J&K State loans stood at ~51% v/s 50% in FY17. (2) CASA ratio stood at 50.9% (-80bp QoQ). (3) Tier 1/CAR stood at 9.16%/11.1%.
- n **Valuation and view:** While we like management's focus on clean-up of balance sheet, continued high stress additions and high proportion of restructured book remain a cause for concern. Recoveries/resolutions in non-J&K state corporate portfolio (19% NPA) will be a significant trigger for the bank. Maintain **Neutral**.

### Quarterly Performance

Y/E March	FY17				FY18				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY17	FY18
Interest Income	16,724	16,857	16,495	16,782	16,803	16,878	17,704	16,715	66,858	68,100
Interest Expense	10,398	10,443	10,666	10,232	9,681	10,068	10,773	9,553	41,739	40,076
Net Interest Income	6,326	6,414	5,830	6,550	7,122	6,810	6,931	7,161	25,119	28,024
% Change (YoY)	-9.0	-7.6	-13.5	1.2	12.6	6.2	18.9	9.3	-7.3	11.6
Other Income	1,167	1,309	1,207	1,246	1,102	1,312	1,276	1,398	4,929	5,087
Net Income	7,493	7,723	7,037	7,795	8,224	8,121	8,207	8,559	30,048	33,111
Operating Expenses	4,000	3,967	4,106	5,032	4,539	4,752	4,865	4,953	17,105	19,109
Operating Profit	3,493	3,756	2,930	2,764	3,685	3,370	3,342	3,606	12,943	14,002
% Change (YoY)	-23.8	NA	-25.1	-27.4	5.5	-10.3	14.0	30.5	-22.4	8.2
Other Provisions	3,137	9,921	7,263	7,683	2,787	2,437	2,526	2,786	28,003	10,536
Profit before Tax	356	-6,165	-4,332	-4,919	898	933	815	820	-15,060	3,466
Tax Provisions	127	-141	653	624	-1,785	317	277	279	1,263	-912
Extraordinary items	0	0	0	0	2,382	0	0	0	0	2,382
Net Profit	229	-6,024	-4,986	-5,543	302	616	538	541	-16,323	1,997
% Change (YoY)	-85.6	NA	NA	NA	31.9	NA	NA	NA	NA	NA
<b>Operating Parameters</b>										
NIM (Reported, %)	3.38	3.37	2.99	3.50	3.70				3.3	3.7
Loan Growth (%)	12.9	4.0	-3.5	-0.8	-0.2	6.6	16.9	12.0	-0.8	12.0
Deposit Growth (%)	10.8	11.9	15.3	4.4	4.0	7.3	5.6	12.0	4.4	12.0
CASA Ratio (%)	43.1	45.1	47.4	51.7	50.9				51.7	51.9
CD ratio (%)	70.8	68.0	60.8	68.7	67.9	67.6	67.3	68.7	68.7	68.7
<b>Asset Quality</b>										
Gross NPA (INR b)	47.1	56.8	57.1	60.0	56.4	57.4	60.4	59.7	60.0	59.7
Gross NPA (%)	9.3	11.3	11.8	11.2	10.8	10.6	10.7	10.0	11.2	10.0

E: MOSL Estimates

# Delta Corp

BSE SENSEX 32,246 S&P CNX 9,966

CMP: INR174 TP: INR215(-23%) Buy

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

**Financials & Valuations (INR b)**

Y/E Mar	2017	2018E	2019E
Net Sales	4.5	6.4	7.8
EBITDA	1.6	2.4	3.1
NP	0.7	1.5	1.9
EPS (INR)	3.1	5.7	7.2
EPS Gr. (%)	125.5	86.0	26.0
BV/Sh. (INR)	39.7	59.3	64.9
RoE (%)	8.1	12.1	11.5
RoCE (%)	9.6	12.6	11.8
P/E (x)	57.0	30.6	24.3
P/BV (x)	4.4	2.9	2.7

**Revenue beats, but PAT misses estimate**

- DELTA reported overall revenue of INR1,286m (est. of INR1,180m), as against INR1,087m in 1QFY17, marking growth of 18.4%.
- EBITDA margin shrunk 300bp YoY to 35.2% in 1QFY18 (est. of 38.1%). EBITDA stood at INR453m (est. INR450m), as against INR415m in 1QFY17.
- Consequently, adjusted PAT stood at INR211m in 1QFY18 (est. INR255m), as against INR170m in 1QFY17, on account of income from exceptional items of INR18m.
- Gaming revenue grew 20% YoY to INR1,157m, while there was marginal growth of 4% YoY in hospitality revenue to INR175m.
- Valuation and view:** We will revisit our estimates post the discussion with management. Amalgamation of Gauss Network with the company and the Goa government's decision of bringing offshore casino operations on land would be keenly watched. Based on current estimates, it trades at 5.7/7.2x FY18/19E EPS. Maintain **Buy**.

**Consolidated - Quarterly Earning Model**

Y/E March	(INR Million)											Var %
	FY17				FY18				FY17	FY18E	FY18	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
Net Sales	1,087	1,343	1,036	1,081	1,286	1,630	1,745	1,844	4,547	6,399	1,180	9
YoY Change (%)	34.6	43.8	3.4	5.3	18.4	21.4	68.5	70.5	21.2	40.7	8.6	
Total Expenditure	671	776	723	737	833	941	1,138	1,191	2,907	3,999	730	
EBITDA	415	567	313	344	453	689	607	653	1,640	2,400	450	1
Margins (%)	38.2	42.2	30.2	31.8	35.2	42.3	34.8	35.4	36.1	37.5	38.1	
Depreciation	91	93	89	87	89	105	112	112	361	423	94	
Interest	87	87	82	94	70	33	30	30	350	130	37	
Other Income	9	11	11	19	37	36	43	76	49	180	26	
PBT before EO expense	246	399	152	182	332	587	508	587	978	2,027	344	-4
Extra-Ord expense	-46	2	5	0	-18	0	0	0	42	0	0	
PBT	292	397	147	181	350	587	508	587	936	2,027	344	2
Tax	85	91	40	64	127	153	122	141	280	507	89	
Rate (%)	29.2	22.9	27.2	35.4	36.1	26.0	24.0	24.0	29.9	25.0	26.0	
Minority Interest & Profit/Loss of Asso. Cos.	4	-16	6	3	1	0	0	0	2	3	0	
Reported PAT	202	322	101	114	223	435	386	446	654	1,518	255	-12
Adj PAT	170	323	105	114	211	435	386	446	683	1,518	255	-17
YoY Change (%)	2,539.9	494.1	-9.4	-29.3	24.4	34.4	269.3	291.7	118.8	122.1	50.1	
Margins (%)	15.6	24.1	10.1	10.5	16.4	26.7	22.1	24.2	15.0	23.7	21.6	

E: MOSL Estimates



# Metals Weekly

## Chinese export steel prices continue to trend higher

- Indian steel: Long product (TMT Mumbai) prices were unchanged WoW. Sponge iron prices were up ~2% WoW while domestic scrap prices were up ~5% WoW. Domestic iron ore and pellet prices were unchanged. Domestic HRC prices were unchanged, but import price offers were up ~2% WoW.
- Raw Materials: Iron ore prices (China cfr) were up ~2% WoW. Chinese iron ore port inventories were unchanged. Thermal coal prices were up ~2% WoW. Coking coal prices were up ~4% WoW on strong buying activity in China. China pellet import prices were up ~1% WoW, as premium over iron ore remains strong.
- Europe: HRC prices were up ~3% WoW, second consecutive week of increase. EU steel spreads improved on higher steel prices, offset partly by increase in iron ore and coking coal. CIS export HRC prices were up ~1% WoW. Rotterdam scrap prices were up ~1% WoW.
- China: local HRC prices were up ~1% WoW, while rebar prices were down ~1% WoW. Steel inventories are declining. Export HRC/rebar prices were up ~2/1% WoW, respectively. The mill spreads are at multiyear high.
- Base metals: Aluminum (cash LME) was unchanged. Zinc (cash LME) was unchanged while lead was down ~2% WoW. Copper was up ~2% WoW. Crude oil (Brent) prices were down ~2% WoW.

### Metal Prices

	CMP	change since						
		21-Jul	%	14-Jul	%	1-Apr	%	1-Jan
<b>STEEL</b>								
TMT- Mumbai (INR/ton)	30,400	0	30,300	-10	33,600	-1	30,600	
HRC- Mumbai (INR/ton)	35,500	0	35,500	-5	37,333	-7	38,222	
HRC (USD/ton) fob CIS	468	1	463	-3	483	-6	495	
Sponge iron - Raipur (INR/ton)	16,800	2	16,500	-9	18,500	5	15,950	
<b>METALLICS</b>								
Pig iron - Raipur (INR/ton)	22,833	4	21,900	-4	23,850	1	22,550	
Iron ore spot (USD/ton) cfr China	67	2	66	-10	75	-15	79	
Coking coal (USD/ton) fob Aus.	174	4	168	-39	283	-28	240	
Shred. scrap (USD/ton) Rotterdam	283	1	281	9	260	2	278	
<b>ALUM.</b>								
LME Spot (USD/ton)	1,901	0	1,904	-2	1,930	5	1,814	
Indian prices (INR '000/ton)	122	0	123	-1	124	5	116	
LME inventories ('000 ton)	1,355	-2	1,378	-25	1,818	-38	2,202	
<b>ZINC</b>								
LME Spot (USD/ton)	2,758	0	2,769	3	2,665	8	2,563	
Indian prices (INR '000/ton)	177	-1	178	3	172	2	174	
LME inventories ('000 ton)	269	2	264	-27	367	-37	428	
<b>COPPER</b>								
LME Spot (USD/ton)	6,002	2	5,858	4	5,770	9	5,501	
Indian prices (INR '000/ton)	386	2	377	1	381	3	374	
LME inventories ('000 ton)	307	-1	309	16	265	-2	312	
<b>OTHERS</b>								
Gold (INR/10gms)	28,320	1	28,036	-2	28,845	2	27,812	
Sliver (INR/1kg)	37,573	1	37,072	-10	41,896	-3	38,921	
Lead Spot LME (USD/ton)	2,212	-2	2,264	-2	2,260	11	1,985	
Brent crude (USD/bbl)	48.1	-2	48.9	-13	55.2	-15	56.8	
<b>MISC.</b>								
INR/USD	64.5	0	64.3	0	64.3	-5	68.0	
BDI	977	7	912	-20	1,223	2	961	

### Valuations: Indian companies

Company	Price (INR)	EV/EBITDA (x) FY18E	EV/EBITDA (x) FY19E	P/B (x) FY18E
<b>Steel</b>				
Tata Steel	553	7.0	6.2	1.5
JSW Steel	214	8.5	7.7	2.0
JSPL	137	9.8	6.8	0.4
SAIL	62	35.3	14.8	0.8
<b>Non-Ferrous</b>				
Hindalco	214	6.2	5.4	1.4
Nalco	71	7.7	6.9	1.3
Vedanta	268	6.5	5.0	1.6
<b>Mining</b>				
Coal India	262	7.0	6.7	6.6
HZL	280	7.6	5.9	4.1
NMDC	123	6.3	6.2	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
<b>Mining</b>				
BHP	AUD 24.49	6.0	6.5	1.8
FMG	AUD 5.06	3.3	4.9	nm
Rio Tinto	AUD 63.05	5.6	6.5	2.1
Vale	USD 26.71	4.8	5.4	1.0
Teck Res.	USD 19.47	4.0	4.9	0.8
<b>Steel</b>				
A. Mittal	EUR 21.59	5.0	5.0	0.7
Posco	KRW 327.5	5.6	5.6	0.6
US Steel	USD 23.68	6.3	4.8	1.9
Nucor	USD 60.23	7.4	6.9	2.2
JFE	JPY 2099	7.6	7.0	nm
Gerdau	BRL 10.69	7.5	6.0	1.1
Angang	CNY 6.13	8.2	7.5	0.8
<b>Non Ferrous</b>				
Alcoa	USD 36.62	4.6	4.8	1.1
Hydro	NOK 52.05	6.5	6.0	1.3
Rusal	HKD 4.2	9.1	8.4	nm

Note: Detailed on pg 25 Source: Bloomberg



# Asian Paints

Bloomberg	APNT IN
Equity Shares (m)	959.2
M. Cap. (INR b)/(USD b)	1064 / 16
52-Week Range (INR)	1230 / 850
1,6,12 Rel Perf. (%)	-4 / 5 / -4

## Financial Snapshot (INR b)

y/e March	2017	2018E	2019E	2020E
Sales	152.9	175.7	206.4	242.8
EBITDA	30.2	33.5	39.6	47.3
Adj. PAT	20.2	22.2	26.3	31.8
Adj. EPS.INR	21.0	23.1	27.4	33.2
EPS Gr. (%)	8.7	10.0	18.6	20.9
BV/Sh.(INR)	79.3	82.7	96.7	116.4
RoE (%)	28.5	28.6	30.6	31.1
RoCE (%)	24.3	24.9	27.0	28.0
Payout (%)	47.6	49.7	41.9	34.7

## Valuations

P/E (x)	52.7	47.9	40.4	33.4
P/BV (x)	14.0	13.4	11.5	9.5
EV/EBITDA	34.2	30.8	26.0	21.5
Div. Yield (%)	1.1	1.2	1.2	1.2

**CMP: INR1,109      TP: INR1,240 (+12%)      Neutral**

- n We expect revenues to grow 2% YoY to INR37.1b in 1QFY18, with flattish volumes in the domestic decorative business.
- n We note that crude prices have been flat YoY and are actually down 8% QoQ in 1QFY18. The magnitude of price movement in crude derivatives is lower vis-à-vis crude prices. Gross margin is, however, likely to contract 300bp YoY to 44.2% in 1QFY18, mostly due to an unfavorable base.
- n Operating margin to contract 200bp to 20.6% in 1QFY18.
- n We thus estimate 6% PAT decline for 1QFY18.
- n The stock trades at 40.4x FY19E EPS of INR27.4; Maintain Neutral.

### Key issues to watch for:

- ⊗ Volume growth trends and demand scenario in urban and rural geographies.
- ⊗ Demand outlook for industrial paints.
- ⊗ Outlook for raw materials/pricing actions.

## Quarterly Performance (Consolidated)

(INR Million)

Y/E March	FY17				FY18				FY17	FY18
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Dom Deco Volume Growth %	11.0	12.0	2.0	10.0	0.0	15.0	15.0	10.0	8.8	11.0
Net Sales	36,374	37,633	39,370	39,525	37,101	45,160	47,244	46,217	152,902	175,723
Change (%)	9.1	9.6	2.6	7.8	2.0	20.0	20.0	16.9	7.1	14.9
Raw Material/PM	19,191	20,876	22,045	22,194	20,688	25,502	26,218	25,321	84,306	97,729
Gross Profit	17,183	16,758	17,325	17,330	16,414	19,657	21,026	20,896	68,596	77,994
Gross Margin (%)	47.2	44.5	44.0	43.8	44.2	43.5	44.5	45.2	44.9	44.4
Operating Expenses	8,981	9,628	9,562	10,211	8,789	11,779	11,710	12,260	38,381	44,539
% of Sales	24.7	25.6	24.3	25.8	23.7	26.1	24.8	26.5	25.1	25.3
EBITDA	8,203	7,130	7,763	7,119	7,625	7,878	9,316	8,636	30,214	33,455
Margin (%)	22.6	18.9	19.7	18.0	20.6	17.4	19.7	18.7	19.8	19.0
Change (%)	20.9	17.3	-1.2	2.1	-7.0	10.5	20.0	21.3	9.1	10.7
Interest	64	60	92	90	64	60	92	471	306	687
Depreciation	855	844	855	835	983	970	983	954	3,388	3,890
Other Income	719	791	415	701	805	886	464	795	2,626	2,951
PBT	8,003	7,017	7,231	6,895	7,383	7,734	8,705	8,006	29,146	31,829
Tax	2,603	2,207	2,465	2,205	2,289	2,398	2,699	2,482	9,480	9,867
Effective Tax Rate (%)	32.5	31.5	34.1	32.0	31.0	31.0	31.0	31.0	32.5	31.0
PAT before Minority	5,400	4,810	4,766	4,690	5,094	5,337	6,006	5,524	19,666	21,962
Minority Interest	50	51	104	-106	50	51	104	-426	98	-222
Adjusted PAT	5,351	4,759	4,662	4,796	5,045	5,286	5,902	5,950	20,162	22,184

E: MOSL Estimates



# Axis Bank

Bloomberg	AXSB IN
Equity Shares (m)	2395.1
M. Cap. (INR b)/(USD b)	1219 / 19
52-Week Range (INR)	638 / 425
1,6,12 Rel Perf. (%)	0 / -5 / -21

## Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
NII	180.9	199.4	232.5	276.6
OP	175.8	177.2	203.0	240.5
NP	36.8	57.0	96.5	123.3
NIM (%)	3.6	3.5	3.4	3.3
EPS (INR)	15.4	23.8	40.3	51.5
EPS Gr. (%)	-55.5	54.9	69.3	27.8
BV/Sh. (INR)	226.7	244.6	277.8	320.2
ABV/Sh. (INR)	203.3	217.0	246.2	295.9
RoE (%)	6.9	10.1	15.4	17.2
RoA (%)	0.6	0.9	1.2	1.3
Payout (%)	32.5	25.2	17.6	17.6

## Valuations

P/E(X)	33.1	21.4	12.6	9.9
P/BV (X)	2.2	2.1	1.8	1.6
P/ABV (X)	2.5	2.3	2.1	1.7
Div. Yield (%)	1.0	1.0	1.2	1.5

**CMP: INR509 TP: INR500 (-2%) Neutral**

- n We expect AXSB to report ~10% loan growth, driven by continued strong growth in the retail and SME segments. Overall deposit growth will continue to be strong at 19%, given a relatively low base of 1QFY17 (pre-demon).
- n Yield on loans would remain under pressure following MCLR cuts/aggressive competition in the refinance market. Margins are expected to moderate marginally by ~10bp QoQ to 3.6%, coming off a strong 4Q when margins had expanded 25bp QoQ. Margins will also be impacted by stress additions.
- n Current watch-list stands at INR112b (2.2% of customer assets) and is expected to be done away with completely in FY18. While slippages should moderate in 1Q, we expect them to remain at elevated levels (4.5% annualized slippage ratio), leading to high credit costs.
- n We estimate PAT at INR12.4b v/s INR15.6b in 1QFY17 (v/s INR12.3b in 4Q), subdued on a YoY basis owing to high NPA provisioning.
- n AXSB trades at 1.8x FY19E BV and 12.6x FY19E EPS. Neutral.

### Key issues to watch for

- ⊗ Quantum of corporate slippages from watch-list and any revision in the size of the same.
- ⊗ Quantum of loans rescheduled under 5:25, SDR and S4A.

## Quarterly Performance

(INR Million)

	FY17				FY18E				FY17	FY18
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Net Interest Income</b>	<b>45,169</b>	<b>45,139</b>	<b>43,337</b>	<b>47,286</b>	<b>47,965</b>	<b>48,918</b>	<b>50,107</b>	<b>52,454</b>	<b>180,931</b>	<b>199,444</b>
% Change (Y-o-Y)	11.4	11.1	4.1	3.9	6.2	8.4	15.6	10.9	7.5	10.2
Other Income	27,383	25,397	34,002	30,132	26,145	28,432	30,430	35,560	116,913	120,567
<b>Net Income</b>	<b>72,552</b>	<b>70,535</b>	<b>77,339</b>	<b>77,418</b>	<b>74,110</b>	<b>77,350</b>	<b>80,537</b>	<b>88,014</b>	<b>297,844</b>	<b>320,011</b>
Operating Expenses	27,858	29,534	30,937	33,670	32,421	34,606	35,810	39,955	121,999	142,791
<b>Operating Profit</b>	<b>44,694</b>	<b>41,002</b>	<b>46,402</b>	<b>43,747</b>	<b>41,689</b>	<b>42,745</b>	<b>44,728</b>	<b>48,059</b>	<b>175,845</b>	<b>177,220</b>
% Change (Y-o-Y)	9.2	13.0	16.4	-0.5	-6.7	4.3	-3.6	9.9	9.2	0.8
Other Provisions	21,172	36,227	37,958	25,813	23,000	23,000	23,000	22,537	121,170	91,537
<b>Profit before Tax</b>	<b>23,522</b>	<b>4,774</b>	<b>8,444</b>	<b>17,935</b>	<b>18,689</b>	<b>19,745</b>	<b>21,728</b>	<b>25,522</b>	<b>54,676</b>	<b>85,683</b>
Tax Provisions	7,967	1,584	2,649	5,684	6,261	6,614	7,279	8,550	17,883	28,704
<b>Net Profit</b>	<b>15,555</b>	<b>3,191</b>	<b>5,796</b>	<b>12,251</b>	<b>12,428</b>	<b>13,130</b>	<b>14,449</b>	<b>16,972</b>	<b>36,793</b>	<b>56,979</b>
% Change (Y-o-Y)	-21.4	-83.3	-73.4	-43.1	-20.1	311.5	149.3	38.5	-55.3	54.9
<b>Operating Parameters</b>										
NIM (Cal, %)	3.8	3.7	3.5	3.7	3.6	3.6	3.5	3.5	3.6	3.5
Deposit Growth (%)	16.3	17.3	9.6	15.8	19.3	17.9	26.9	20.0	15.8	20.0
Loan Growth (%)	21.2	18.5	10.1	10.1	10.3	12.6	20.8	20.0	10.1	20.0
Tax Rate (%)	33.9	33.2	31.4	31.7	33.5	33.5	33.5	33.5	32.7	33.5
<b>Asset Quality</b>										
Gross NPA (INR b)	95.5	163.8	204.7	212.8	228.6	243.1	252.7	260.1	212.8	260.1
Gross NPA (on cust. assets, %)	2.5	4.2	5.2	5.0	5.8	5.9	5.8	5.6	5.0	5.6

E: MOSL Estimates





# Bharti Airtel

Bloomberg	BHARTI IN
Equity Shares (m)	3997.3
M. Cap. (INR b)/(USD b)	1516 / 23
52-Week Range (INR)	401 / 284
1,6,12 Rel Perf. (%)	2 / 4 / -13

### Financial Snapshot (INR Billion)

Y/E March	2017	2018E	2019E	2020E
Net Sales	954.7	927.4	1,025.5	1,129.5
EBITDA	353.3	324.0	367.7	417.0
Adj. NP	44.4	23.5	43.4	61.7
AdjEPS(INR)	11.1	5.9	10.9	15.4
AdjEPS Gr(%)	-6.4	-47.1	84.7	42.2
BV/Sh (INR)	168.8	173.4	183.1	197.3
RoE (%)	6.7	3.4	6.1	8.1
RoCE (%)	5.4	4.7	5.5	6.4
Payout (%)	12.7	20.5	11.1	7.8

### Valuations

P/E (x)	34.5	65.2	35.3	24.8
P/BV (x)	2.3	2.2	2.1	1.9
EV/EBITDA x	7.3	7.5	6.6	5.5
Div. Yld (%)	0.3	0.3	0.3	0.3

**CMP: INR379 TP: INR430 (+13%) Buy**

- n We expect consolidated revenue to decline 0.6% QoQ (and 14.6% YoY) to INR218.1b. We expect India wireless revenue to decline 1.3% QoQ (and 14.9% YoY) to INR128.1b and Africa revenue to decline 1.9% QoQ to INR49.5b.
- n Consolidated EBITDA margin is likely to decline 160bp QoQ to 34.2%, led by 180bp contraction in India wireless margin to 35.1%, partly offset by 50bp expansion in Africa EBITDA margin to 27%.
- n Consolidated net profit is expected to fall 42% QoQ (85% YoY) to INR2.2b.
- n We expect India wireless ARPU to decline 3.5% QoQ (and 22.3% YoY) to INR152.1, with voice ARPU shrinking 2% QoQ and data ARPU declining 7% QoQ.
- n Bharti trades at an EV/EBITDA of 7.5x FY18E and 6.6x FY19E. Maintain Buy.

### Key monitorables

- Ø Consolidated revenue (expect 0.6% decline QoQ).
- Ø India wireless revenue (expected to decline 1.3% QoQ).
- Ø Consolidated EBITDA margin (expected at 34.2%; -180bp QoQ).
- Ø India wireless EBITDA margin (expected at 35.1%; -180bp QoQ).

### Consolidated - Quarterly Earning Model

Y/E March	(INR Million)								FY17	FY18E
	FY17				FY18					
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Revenue	255,465	246,515	233,357	219,346	218,059	227,901	236,517	244,955	954,683	927,431
YoY Change (%)	7.9	3.4	-3.0	-12.1	-11.5	-2.3	7.8	NA	335.2	NA
Total Expenditure	159,985	152,113	148,542	140,746	143,397	148,886	153,458	157,665	601,386	603,407
EBITDA	95,480	94,402	84,815	78,600	74,661	79,014	83,059	87,290	353,297	324,024
Margins (%)	37.4	38.3	36.3	35.8	34.2	34.7	35.1	35.6	37.0	34.9
Depreciation	50,402	49,560	48,350	49,418	52,063	52,063	52,063	52,063	197,730	208,252
Interest	19,399	19,057	19,356	19,162	21,197	21,197	21,197	21,197	76,974	84,789
Other Income	2,787	1,568	3,487	2,494	2,336	2,336	2,336	2,336	10,336	9,342
PBT before EO expense	28,466	27,353	20,596	12,514	3,737	8,089	12,134	16,365	88,929	40,325
Extra-Ord expense	3,536	66	2,040	6,055	0	0	0	0	11,697	0
PBT	24,930	27,287	18,556	6,459	3,737	8,089	12,134	16,365	77,232	40,325
Tax	10,089	11,136	11,841	1,753	1,308	2,831	4,247	5,728	34,819	14,114
Rate (%)	40.5	40.8	63.8	27.1	35.0	35.0	35.0	35.0	45.1	35.0
Minority Interest & P&L of Asso.Cos.	222	1,544	1,678	972	253	547	821	1,108	4,416	2,729
Reported PAT	14,619	14,607	5,037	3,734	2,176	4,711	7,066	9,530	37,997	23,482
Mobile ARPU (INR/month)	195.7	187.9	172.0	157.6	152.1	159.6	166.4	171.7	192.9	177.0
QoQ Growth (%)	0.8	-4.0	-8.4	-8.4	-3.5	4.9	4.2	3.2	-2.6	-8.2
Mobile MOU/sub/month	414.2	405.9	418.8	470.8	477.8	482.6	497.1	502.1	409.1	425.6
QoQ Growth (%)	-0.2	-2.0	3.2	12.4	1.5	1.0	3.0	1.0	18.0	4.0
Mobile Traffic (B Min)	315	313	330	381	396	405	422	431	1,171	1,340
QoQ Growth (%)	2.2	-0.5	5.4	15.5	3.7	2.4	4.2	2.2	-96.7	14.4
Mobile RPM (INR)	0.47	0.46	0.41	0.33	0.32	0.33	0.33	0.34	0.47	0.42
QoQ Growth (%)	1.0	-2.0	-11.3	-18.5	-4.9	3.9	1.2	2.2	-17.5	-11.8

E: MOSL Estimates



# GET&D

Bloomberg	GETD IN
Equity Shares (m)	256.1
M. Cap. (INR b)/(USD b)	87 / 1
52-Week Range (INR)	384 / 277
1,6,12 Rel Perf. (%)	-3 / -5 / -19

**CMP: INR339 TP: INR320 (-6%) Neutral**

- n We expect GETD to register revenue growth of 11% YoY to INR11.1b in 1QFY18. Revenue growth would be driven by execution of the Champa-Kurukshetra Phase-II project, which is expected to be commissioned by 2QFY18.
- n We expect operating profit of INR500m in 1QFY18, as against INR21m in 1QFY17. Gross margin is likely to expand 280bp to 30.5% from 27.8% in 1QFY17.
- n GETD is expected to book net profit of INR215m, as against INR360m in 1QFY17. Maintain **Neutral**.

### Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Net Sales	40.5	46.5	50.1	54.5
EBITDA	2.2	4.2	5.0	5.8
Adj. PAT	1.5	2.3	2.7	3.4
EPS (INR)	5.7	8.9	10.6	13.4
EPS Gr. (%)	325.3	56.0	18.5	26.7
BV/Sh. (INR)	40.3	45.9	52.5	60.8
RoE (%)	12.4	20.7	21.5	23.7
RoCE (%)	15.7	24.5	27.1	30.5
Payout (%)	31.4	31.4	31.4	31.4

### Valuations

P/E (x)	59.0	37.8	31.9	26.6
P/BV (x)	8.4	7.4	6.4	5.9
EV/EBITDA (x)	40.8	21.3	17.4	15.5
EV/ Sales (x)	2.2	1.9	1.8	1.7
Div Yield (%)	0.5	0.8	1.0	1.2

### Key issues to watch

- Progress in the Champa-Kurukshetra Phase-II project.

### Quarterly Performance

(INR Million)

Y/E March	FY17				FY18				FY17	FY18
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Sales</b>	<b>8,546</b>	<b>8,340</b>	<b>11,623</b>	<b>11,963</b>	<b>9,500</b>	<b>9,700</b>	<b>13,021</b>	<b>14,282</b>	<b>40,521</b>	<b>46,502</b>
Change (%)	11.6	-4.4	62.8	26.9	11.2	16.3	12.0	19.4	22.7	14.8
<b>EBITDA</b>	<b>21</b>	<b>339</b>	<b>722</b>	<b>1,097</b>	<b>500</b>	<b>528</b>	<b>1,375</b>	<b>1,802</b>	<b>2,230</b>	<b>4,204</b>
Change (%)	-70.3	-50.1	-235.7	81.7	2,258.5	55.5	90.5	64.2	-9.0	-9.0
As of % Sales	0.2	4.1	6.2	9.2	5.3	5.4	10.6	12.6	5.5	9.0
Depreciation	217	220	221	224	237	237	237	237	873	873
Interest	226	239	343	344	171	194	260	220	589	589
Other Income	326	435	522	177	214	214	214	214	427	427
<b>PBT</b>	<b>-2,425</b>	<b>315</b>	<b>679</b>	<b>705</b>	<b>307</b>	<b>311</b>	<b>1,092</b>	<b>1,560</b>	<b>1,195</b>	<b>3,169</b>
Tax	-455	109	236	244	92	93	328	468	508	508
Effective Tax Rate (%)	18.8	34.6	34.7	34.6	30.0	30.0	30.0	30.0	42.5	16.0
<b>Reported PAT</b>	<b>-1,970</b>	<b>206</b>	<b>443</b>	<b>461</b>	<b>215</b>	<b>218</b>	<b>764</b>	<b>1,092</b>	<b>687</b>	<b>2,661</b>
Change (%)	-2,041.0	-43.0	-215.4	70.9	-110.9	5.8	72.5	136.7	0.0	0.0
<b>Adj. PAT</b>	<b>360</b>	<b>206</b>	<b>443</b>	<b>461</b>	<b>215</b>	<b>218</b>	<b>764</b>	<b>1,092</b>	<b>687</b>	<b>2,661</b>
Change (%)	254.6	-43.0	-215.4	70.9	-40.4	5.8	72.5	136.7	2.0	2.0



# GSK Pharma

Bloomberg	GLXO IN
Equity Shares (m)	84.7
M. Cap. (INR b)/(USD b)	214 / 3
52-Week Range (INR)	3540 / 2309
1,6,12 Rel Perf. (%)	3 / -25 / -42

## Financial Snapshot (INR Billion)

Y/E MARCH	2017	2018E	2019E	2020E
Sales	29.3	32.8	36.7	41.1
EBITDA	3.5	5.1	6.2	6.9
NP	2.9	4.4	5.1	5.5
EPS (INR)	34.4	51.9	60.1	64.9
EPS Gro. (%)	-22.2	51.2	15.6	8.0
BV/Sh. (INR)	159.5	131.0	110.5	110.5
RoE (%)	21.5	39.7	54.4	58.7
RoCE (%)	19.1	35.7	49.7	58.6

## Valuations

P/E (x)	73.5	48.6	42.1	38.9
P/BV (x)	15.8	19.3	22.9	22.9
EV/EBITDA	60.0	41.2	33.9	30.5
D. Yield (%)	2.9	2.9	2.9	2.9

**CMP: INR2,527 TP:INR2,700(7%) Neutral**

- In 1QFY18, we expect GlaxoSmithKline Pharmaceuticals (GLXO) to report modest 12% YoY increase in revenues to INR7.7b.
- EBITDA is expected to increase ~73% YoY to INR1.2b due to expansion in margin by 560bp to 15.8%.
- Decline in EBITDA margin will impact adj. PAT, which is expected to decline ~2% YoY to INR881m. Growth and profitability are expected to gradually improve with volume ramp-up in key NLEM products.
- We believe GLXO has strong parent support, superior brand portfolio (competitive advantage), high payout ratio (>100%) and industry-leading return ratios (RoCE of ~50%). We maintain our Neutral rating with a target price of INR2,700 @ 45x FY19E PER.

## Key issues to watch out

- Ø New product introductions in FY18E.
- Ø Market performance of products impacted by DPCO 2013.

## Quarterly performance

(INR million)

Y/E March	FY17				FY18E				FY17	FY18E
(Standalone)	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	6,852	7,829	6,893	7,634	7,674	8,768	7,720	8,606	29,265	32,769
YoY Change (%)	10.2	11.8	-5.4	11.3	12.0	12.0	12.0	12.7	6.8	12.0
Total Expenditure	6,150	6,584	6,543	6,469	6,462	7,383	6,500	7,331	25,810	27,675
EBITDA	702	1,245	350	1,165	1,213	1,385	1,220	1,276	3,455	5,094
Margins (%)	10.2	15.9	5.1	15.3	15.8	15.8	15.8	14.8	11.8	15.5
Depreciation	54	66	66	78	74	74	74	74	264	296
Other Income	441	343	319	351	506	506	506	506	1,463	2,024
PBT before EO Expense	1,090	1,522	603	1,438	1,645	1,817	1,652	1,708	4,655	6,822
Tax	386	536	252	570	584	645	586	606	1,744	2,422
Rate (%)	35.4	35.2	41.8	39.6	35.5	35.5	35.5	35.5	37.5	35.5
Adjusted PAT	705	987	351	869	1,061	1,172	1,065	1,102	2,911	4,400
YoY Change (%)	-26.4	-4.5	-57.8	-3.3	50.6	18.8	203.8	26.8	-22.2	51.2
Margins (%)	10.3	12.6	5.1	11.4	13.8	13.4	13.8	12.8	9.9	13.4
Extra-Ord Expense	-18	-2	-179	-259	0	0	0	0	-457	0
Reported PAT	723	988	530	1,127	1,061	1,172	1,065	1,102	3,368	4,400



# Hero MotoCorp

Bloomberg	HMCL IN
Equity Shares (m)	199.7
M. Cap. (INR b)/(USD b)	739 / 11
52-Week Range (INR)	3880 / 2844
1,6,12 Rel Perf. (%)	-3 / 6 / 3

## Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Sales	284.7	323.9	348.8	382.3
EBITDA	46.3	54.1	54.0	59.1
NP	33.8	39.6	39.7	43.8
Adj. EPS (INR)	169.1	198.2	198.7	218.6
EPS Gr. (%)	6.9	17.2	0.3	10.0
BV/Sh. (INR)	506.3	596.1	686.3	794.8
RoE (%)	35.7	36.0	31.0	29.6
RoCE (%)	34.5	34.7	30.0	28.8
Payout (%)	57.8	52.2	52.1	47.3

## Valuations

P/E (x)	21.9	18.7	18.6	16.9
P/BV (x)	7.3	6.2	5.4	4.7
EV/EBITDA (x)	14.6	12.1	12.0	10.8
Div. Yield (%)	2.3	2.4	2.4	2.4

**CMP: INR3,700 TP:INR3,666 (-1%) Neutral**

- n Volume increased 6% YoY (and 14% QoQ) to 1.84m units, led by gradual recovery post demonetization impact and stocking of inventory to meet festive demand starting next month.
- n Realization would increase by 2% YoY (flat QoQ) to INR43,267/unit. We estimate negative impact of INR100 per unit due to discount and compensation related to GST.
- n Net revenue should grow 8% YoY (and 14% QoQ) to INR80b.
- n EBITDA margin is expected to increase by 25bp YoY (and 156bp QoQ) to 16.9% led by lower RM and operating leverage benefits.
- n EBITDA is likely to grow 10% YoY (and 25% QoQ) to ~INR13.5b.
- n We expect PAT to increase 10% YoY (and 16% QoQ) to INR9.7b.
- n We keep FY18E EPS unchanged while we reduce FY19E EPS by 1.3%. The stock trades at 18.7x FY18E and 18.6x FY19E EPS; maintain **Neutral**.

### Key issues to watch

- Ø Update on demand environment (especially rural areas) at the retail level and channel inventory.
- Ø Cost related to dealer compensation for ITC loss due to GST.
- Ø Guidance on export plans and new launches along with timelines.
- Ø Update on cost saving initiatives.

## Quarterly Performance

(INR Million)

Y/E March (INR m)	FY17				FY18E				FY17	FY18E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Total Volumes ('000 nos)	1,745	1,823	1,473	1,622	1,849	1,970	1,795	1,822	6,664	7,436
Growth YoY (%)	6.1	15.8	-12.8	-5.8	6.0	8.0	21.8	12.3	0.5	11.6
Net Realization	42,391	42,755	43,202	43,375	43,267	43,483	43,700	43,809	42,729	43,562
Growth YoY (%)	1.0	-1.1	1.1	-0.5	2.1	1.7	1.2	1.0	-0.4	1.9
<b>Net Op Revenues</b>	<b>73,989</b>	<b>77,963</b>	<b>63,646</b>	<b>70,352</b>	<b>80,016</b>	<b>85,661</b>	<b>78,442</b>	<b>79,800</b>	<b>284,750</b>	<b>323,919</b>
Change (%)	7.2	14.5	-11.9	-6.3	8.1	9.9	23.2	13.4	0.1	13.8
RM Cost (% sales)	67.1	66.5	64.9	67.3	66.5	66.3	66.0	66.0	66.8	66.2
Staff Cost (% sales)	4.5	4.6	5.9	4.7	4.6	4.8	5.1	4.9	4.9	4.8
Other Exp (% sales)	11.7	11.4	12.3	12.7	12.0	12.0	12.2	12.8	12.1	12.2
<b>EBITDA</b>	<b>12,301</b>	<b>13,689</b>	<b>10,797</b>	<b>10,776</b>	<b>13,505</b>	<b>14,556</b>	<b>13,096</b>	<b>12,989</b>	<b>46,348</b>	<b>54,146</b>
EBITDA Margins (%)	16.6	17.6	17.0	15.3	16.9	17.0	16.7	16.3	16.3	16.7
Other Income	1,204	1,524	1,319	1,182	1,250	1,400	1,500	1,700	5,224	5,850
Interest	15	16	15	15	6	7	6	26	61	45
Depreciation	1,152	1,193	1,249	1,353	1,350	1,360	1,370	1,382	4,927	5,462
<b>PBT</b>	<b>12,337</b>	<b>14,004</b>	<b>10,853</b>	<b>10,590</b>	<b>13,399</b>	<b>14,589</b>	<b>13,220</b>	<b>13,281</b>	<b>46,585</b>	<b>54,489</b>
Effective Tax Rate (%)	28.4	28.3	28.9	20.9	27.4	27.4	27.4	27.4	27.5	27.4
<b>Adj. PAT</b>	<b>8,831</b>	<b>10,042</b>	<b>7,720</b>	<b>8,378</b>	<b>9,732</b>	<b>10,596</b>	<b>9,602</b>	<b>9,646</b>	<b>33,771</b>	<b>39,576</b>
Growth (%)	18.1	27.7	-2.7	0.5	10.2	5.5	24.4	15.1	6.9	17.2

E: MOSL Estimates



# Pidilite Industries

Bloomberg	PIDI IN
Equity Shares (m)	512.7
M. Cap. (INR b)/(USD b)	420 / 6
52-Week Range (INR)	837 / 569
1,6,12 Rel Perf. (%)	4 / 18 / 0

## Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Sales	56.2	63.7	73.9	85.7
EBITDA	12.6	14.1	16.1	18.6
Adj. PAT	8.6	9.5	10.9	12.6
Adj. EPS (INR)	16.7	18.4	21.2	24.5
EPS Gr. (%)	6.7	10.2	14.8	15.8
BV/Sh.(INR)	64.5	79.4	97.1	118.1
RoE (%)	28.2	25.6	24.0	22.8
RoCE (%)	26.8	24.6	23.2	22.1
Payout (%)	29.2	16.3	14.2	12.2

## Valuations

P/E (x)	49.0	44.5	38.7	33.5
P/BV (x)	12.7	10.3	8.4	6.9
EV/EBITDA (x)	32.6	28.8	24.7	21.0
Div. Yield (%)	0.6	0.4	0.4	0.4

**CMP: INR820 TP: INR835 (+2%) Neutral**

- We expect Pidilite's (PIDI) revenue to grow by 2% YoY, led by 2% volume growth in Consumer and Bazaar segment.
- EBITDA margin is expected to contract 150bp YoY to 23.6%.
- We expect EBITDA and PAT to decline by 4% and 6% YoY, respectively.
- While we like the business franchise and the long-term growth prospects, fair valuations at 38.7x FY19E EPS of INR21.2 keep us Neutral on the stock.

## Key issues to watch for:

- Volume growth in Fevicol.
- Outlook for VAM prices.
- Outlook for industrial and construction chemical segments.
- Progress on Elastomer project (if any).

## Quarterly Performance (Consolidated)

(INR Million)

Y/E March	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Net Sales</b>	<b>15,694</b>	<b>14,177</b>	<b>13,344</b>	<b>12,954</b>	<b>16,008</b>	<b>16,303</b>	<b>16,012</b>	<b>15,388</b>	<b>56,168</b>	<b>63,711</b>
YoY Change (%)	6.8	7.5	-0.3	4.9	2.0	15.0	20.0	18.8	4.8	13.4
Total Expenditure	11,750	10,951	10,477	10,375	12,226	12,513	12,573	12,331	43,570	49,642
<b>EBITDA</b>	<b>3,943</b>	<b>3,225</b>	<b>2,866</b>	<b>2,579</b>	<b>3,782</b>	<b>3,791</b>	<b>3,439</b>	<b>3,058</b>	<b>12,598</b>	<b>14,070</b>
Margins (%)	25.1	22.8	21.5	19.9	23.6	23.3	21.5	19.9	22.4	22.1
Depreciation	258	303	295	296	270	318	310	318	1,151	1,217
Interest	35	26	30	48	32	24	27	37	139	119
Other Income	241	324	272	286	193	259	218	204	1,123	874
<b>PBT before EO expense</b>	<b>3,891</b>	<b>3,220</b>	<b>2,814</b>	<b>2,520</b>	<b>3,672</b>	<b>3,708</b>	<b>3,321</b>	<b>2,907</b>	<b>12,430</b>	<b>13,608</b>
Extra-Ord expense	4	11	0	0					4	0
<b>PBT</b>	<b>3,887</b>	<b>3,209</b>	<b>2,814</b>	<b>2,520</b>	<b>3,672</b>	<b>3,708</b>	<b>3,321</b>	<b>2,907</b>	<b>12,430</b>	<b>13,608</b>
Tax	1,174	912	793	971	1,120	1,131	1,013	887	3,851	4,151
Rate (%)	30.2	28.4	28.2	38.5	30.5	30.5	30.5	30.5	31.0	30.5
<b>Adj PAT</b>	<b>2,717</b>	<b>2,309</b>	<b>2,020</b>	<b>1,549</b>	<b>2,552</b>	<b>2,577</b>	<b>2,308</b>	<b>2,021</b>	<b>8,579</b>	<b>9,458</b>
YoY Change (%)	16.4	12.4	1.5	-7.5	-6.1	11.6	14.2	30.5	6.7	10.2
Margins (%)	17.3	16.3	15.1	12.0	15.9	15.8	14.4	13.1	15.3	14.8

E: MOSL Estimates



# Vedanta

Bloomberg	VEDL IN
Equity Shares (m)	3717.0
M. Cap. (INR b)/(USD b)	1014 / 16
52-Week Range (INR)	278 / 85
1,6,12 Rel Perf. (%)	-2 / 36 / 197

### Financial Snapshot (INR Billion)

Y/E March	2017	2018E	2019E	2020E
Sales	722.3	809	888	958
EBITDA *	175.5	195.5	213.0	226.1
NP	56.3	81.9	86.5	93.3
Adj. EPS (INR)	15.1	22.0	23.3	25.1
EPS Gr (%)		45.5	5.7	7.8
BV/Sh. (INR)	162.7	157.8	153.1	150.2
RoE (%)	9.7	13.7	15.0	16.5
RoCE (%)	12.4	13.9	14.7	15.2
Payout (%)	154.2	77.4	79.5	77.5
<b>Valuation</b>				
P/E (x)	15.5	10.7	10.1	9.4
P/BV	1.4	1.5	1.5	1.6
EV/EBITDA	7.2	6.5	5.8	5.3
Div. Yield (%)	8.3	6.0	6.6	6.9

**CMP:INR272 TP: INR250 (-8%) Neutral**

- n We estimate VEDL's EBITDA to increase 49% YoY to INR51.3b, driven by zinc and aluminum. Adj. PAT is estimated to increase 125% YoY to INR13.8b.
- n By segments:
- n **Aluminum:** EBITDA is estimated to increase by 125% YoY to INR5.9b, driven by higher LME (up USD339/t YoY to USD1,909/t) and volumes (up 42% YoY to 324kt), partly offset by increase in alumina and carbon product costs.
- n **Zinc:** EBITDA is estimated to increase by 109% YoY to INR23.6b on higher volumes and LME.
- n **Iron ore:** EBITDA is estimated to decline by 40% YoY to INR2.2b, driven by lower pig iron realization.
- n **Power:** EBITDA is estimated to decline by 37% YoY to INR2.4b on shut-down at Talwandi Saboo.
- n **Copper:** EBITDA is down 19% YoY to INR4.4b on lower Tc/Rcs. Volumes are estimated to be unchanged YoY at 100kt.

### Key issues to watch for:

- Ø Progress on ramp-up of 1.25mtpa smelter.
- Ø Movement in base metal prices.

### Quarterly Performance (Consolidated)

(INR Million)

Y/E March	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Net Sales</b>	<b>144,371</b>	<b>158,596</b>	<b>194,171</b>	<b>225,113</b>	<b>181,742</b>	<b>200,520</b>	<b>207,699</b>	<b>218,956</b>	<b>722,250</b>	<b>808,916</b>
Change (YoY %)	-15.2	-4.2	30.5	40.9	25.9	26.4	7.0	-2.7	12.4	12.0
Total Expenditure	109,975	111,922	134,207	151,612	130,401	139,496	142,877	152,673	508,931	565,446
<b>EBITDA</b>	<b>34,396</b>	<b>46,674</b>	<b>59,964</b>	<b>73,501</b>	<b>51,341</b>	<b>61,024</b>	<b>64,822</b>	<b>66,283</b>	<b>213,319</b>	<b>243,470</b>
Copper	5,410	4,304	5,017	5,160	3,322	4,202	3,977	4,562	16,926	16,062
Aluminum	2,660	4,200	6,520	9,900	5,984	8,085	8,559	9,046	23,057	31,675
Iron ore	3,730	1,050	4,710	3,870	1,113	783	2,849	1,682	13,224	6,427
Power	3,870	3,641	4,452	4,565	1,160	5,023	5,033	4,978	16,425	16,193
Zinc-India	11,309	20,767	27,834	37,480	23,652	27,960	30,073	31,308	95,302	112,993
Zinc-International	2,490	3,390	2,020	1,380	3,539	3,029	2,507	3,238	9,261	12,314
Oil&Gas			12,216	12,929	12,572	11,942	11,823	11,468	40,132	47,806
Change (YoY %)	-24.2	20.9	106.4	111.7	49.3	30.7	8.1	-9.8	40.8	14.1
As % of Net Sales	23.8	29.4	30.9	32.7	28.2	30.4	31.2	30.3	29.5	30.1
Finance cost	13,931	14,503	15,082	15,035	15,404	15,108	14,812	13,923	58,550	59,248
DD&A	14,920	15,289	15,203	16,037	16,091	16,427	16,762	17,768	62,915	67,048
Other Income	10,935	12,521	9,160	9,208	9,200	10,677	10,421	11,360	45,806	41,658
<b>PBT (before EO item)</b>	<b>16,480</b>	<b>29,403</b>	<b>38,840</b>	<b>51,637</b>	<b>29,045</b>	<b>40,166</b>	<b>43,669</b>	<b>45,952</b>	<b>137,660</b>	<b>158,833</b>
EO exp. (income)	0	0	0	1,144					1,144	0
<b>PBT (after EO item)</b>	<b>16,480</b>	<b>29,403</b>	<b>38,840</b>	<b>50,493</b>	<b>29,045</b>	<b>40,166</b>	<b>43,669</b>	<b>45,952</b>	<b>136,516</b>	<b>158,833</b>
Total Tax	4,914	6,623	8,968	20,604	7,972	11,024	11,986	12,612	37,783	43,594
% Tax	29.8	22.5	23.1	40.8	27.4	27.4	27.4	27.4	27.7	27.4
<b>Reported PAT</b>	<b>11,567</b>	<b>22,780</b>	<b>29,872</b>	<b>29,889</b>	<b>21,073</b>	<b>29,142</b>	<b>31,683</b>	<b>33,340</b>	<b>98,733</b>	<b>115,238</b>
Profit from Associates	0	2	-20	-8	20	10	5	15	-27	50
Minority interest	5,417	10,261	11,188	15,775	7,250	8,509	9,154	8,522	43,584	33,435
<b>Adjusted PAT</b>	<b>6,150</b>	<b>12,521</b>	<b>18,663</b>	<b>15,249</b>	<b>13,843</b>	<b>20,643</b>	<b>22,534</b>	<b>24,833</b>	<b>56,266</b>	<b>81,853</b>
Change (YoY %)	-56.4	50.1	-1,124.9	34.8	125.1	64.9	20.7	62.8	-73.8	45.5



### 1. Expect better margins from last year because of GST: V-mart retail; Lalit Agarwal, CMD

- n Things have settled down, things are rolling back, most of the vendors have started dispatching goods, customers are coming in.
- n Consumer demand is still little low otherwise GST is back to normal and seeing supply chain streamlined
- n GST implementation has weakened the micro, small & medium enterprises (MSME) sector in this particular quarter
- n Anticipate a small dip in the sales, he added. Expect better margins from last year because of GST, said Agarwal.

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### 2. Expect fy18 loan growth at 7-8%: Vijaya Bank; Kishore Sansi, MD & CEO

- n Deposits have grown by 3.39 percent, advances have grown by 3.5 percent, savings accounts have increased by 29.11 percent and current accounts have increased by 32.42 percent year-on-year
- n Yield of advances is down due to accounts shifting to marginal cost of lending rate (MCLR) regime.
- n Targets net interest margins of 3 percent by FY18.
- n Expect FY18 loan growth at 7-8 percent
- n Loan growth expected to come largely from micro, small and medium enterprises (MSMEs), retail and mid-corporate sector

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### 3. Raw material prices should decline going forward: cupid; Om Garg, CMD

- n Target is to achieve more than 35 percent EBITDA margin
- n Raw material prices should decline going forward.
- n 80 percent orders are from exports.

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### 4. No threat for cable tv, our connection is based on real time: GTPL Hathway; Aniruddhasinhji Jadeja, Promoter & MD

- n There is no threat for cable TV.
- n GTPL Hathway's connection is based on real time.
- n There is no need to reduce prices for cable TV

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### 1. Is a dotcom bubble repeat underway?

n This time is different." Those are usually famous last words when it comes to markets. But it's what a number of industry experts have been saying about the US tech sector for the past three years or so, while others warn of a tech bubble. Last week, the S&P 500 technology index went past its March 2000 peak. The latter, of course, was the dotcom bubble's acme and dying gasp both. Is this a warning, or is it truly different this time? The San Francisco region is well acquainted with the folly of greedy optimism. Halfway through 1847, the city had less than 500 inhabitants. The California Gold Rush took off in 1849. By the end of the year, San Francisco had between 25,000 and 30,000 inhabitants. Gold fever was in the air. Dubious businesses flourished at the merest hint of prospective gold strikes. The city's real estate boom would have given the apparatchiks trying to control China's real estate bubble nightmares. About a century-and-a-half later, history repeated itself.

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### 2. How RBI can empower NBFCs to face challenges

n India has shown dramatic improvement in terms of financial inclusion in the last few years with around 20 crore people having gained access to financial services as validated by a report by global consultancy firm BCG in 2016. According to a recent report by The Global Microscope 2016, India is firmly among the leaders in providing financial empowerment to the marginalised section of the society. Through financial inclusion policies such as Pradhan Mantri Jan Dhan Yojana, India's effort in encouraging holistic economic development has shown considerable progress. To sustain the economic growth of 7-8%, the focus needs to shift towards broadening the scope of financial inclusion. Right now, the focus is more towards providing un-banked entities with banking products and tax benefits. It's time to move beyond enablement to true empowerment. A survey conducted across 540 SMEs by the Firstbiz and Greyhound Knowledge Group last year reports, that over 500 SMEs in this country found 'lack of easy finance and credit instruments' to be their most critical challenge. The fact that money lenders continue to account for nearly 30% of total banking business reflects the dependence of credit starved SMEs toward informal means for raising money. This invariably results in exorbitantly higher interest rates for loans, which most of the SMEs find difficult to pay back.

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### 3. Healthcare systems need drastic surgery

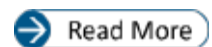
n High-end private healthcare in India has recently taken a couple of hard knocks. The West Bengal Clinical Establishment Regulatory Commission, set up in response to widespread public protests over mistreatment and overcharging, has in an early verdict fined Apollo hospital chain ₹30 lakh over the death of a 4-month-old at their Kolkata hospital for "mismanagement and misrepresentation". The hospital will appeal. Most recently, the Maharashtra FDA (Food and Drug Administration) has sent to the National Pharmaceutical Pricing Authority a report on startling overpricing of medical devices by leading hospitals. In an obvious attempt to get around the regulator's cap on the price of coronary stents, these hospitals are levying a huge markup on balloon and guiding catheters also used for angioplasty. If you add the margin that the distributor makes, patients are paying five times the imported cost of these devices. The latter already includes the development cost and the margin of the manufacturer.

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#### 4. The RBI'S Harsh prescription

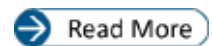
- n In a press release issued on 13 June by the Reserve Bank of India (RBI) wherein 12 accounts for reference under Insolvency and Bankruptcy Code were cited, it was also mentioned that RBI will notify revised provisioning norms for cases accepted under the code. Certain newspapers have recently reported that RBI has mandated banks to set aside at least 50% of the loan amount as probable losses for cases referred under the code. These reports also suggest that the RBI has directed a provisioning of 100% of the loan amount for cases that are not resolved in the initial period of 180 days. If these reports are indeed true, the RBI has probably erred on the side of caution. There is limited or no empirical basis available in the public domain to justify the "zero recovery" assumption envisaged by the RBI. In addition, the RBI's assumption regarding the final resolution timeline of 180 days is quite aggressive and does not align with the findings based on the experience of developed countries.

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### International

#### 5. Public offerings that serve a wealthy few

- n The US market in public share listings is ailing; over the past two decades, the number of initial offerings has plunged 45 per cent. That is one reason Barack Obama, then president, passed the Jumpstart Our Business Startups Act, which allowed listing companies worth less than \$1bn to keep their finances private for longer. The Trump administration recently loosened those standards to include any company of any size, the idea being that less onerous reporting standards would encourage more public offerings. Jay Clayton, US Securities and Exchange Commission chair, positioned it as a big win for the little guy. The extent, he said, to which companies are eschewing public markets in the US makes most individual investors unable to benefit from their growth.

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
<b>Automobiles</b>														
Amara Raja	Buy	843	1,073	27	28.0	33.8	40.5	30.1	25.0	5.6	4.7	20.3	20.4	20.7
Ashok Ley.	Buy	104	122	17	4.6	6.0	7.6	22.6	17.3	5.0	4.2	23.3	26.5	28.3
Bajaj Auto	Buy	2,827	3,281	16	132.3	137.2	163.6	21.4	20.6	4.8	4.4	25.3	22.2	24.0
Bharat Forge	Buy	1,129	1,330	18	26.2	37.7	49.7	43.2	30.0	6.4	5.5	16.2	19.8	22.3
Bosch	Neutral	24,050	23,738	-1	473.1	649.9	766.2	50.8	37.0	8.3	7.4	15.8	21.1	21.9
CEAT	Buy	1,841	2,100	14	93.3	96.2	131.3	19.7	19.1	3.1	2.7	16.9	15.1	17.8
Eicher Mot.	Buy	28,843	31,326	9	613.8	861.2	1,102.9	47.0	33.5	16.3	11.8	40.3	40.8	38.0
Endurance Tech.	Buy	910	1,025	13	23.5	30.5	38.8	38.8	29.8	7.4	6.1	20.8	22.4	23.6
Escorts	Neutral	653	731	12	20.0	36.9	45.7	32.7	17.7	3.3	2.8	10.6	17.3	18.3
Exide Ind	Buy	215	286	33	8.2	9.7	11.9	26.4	22.2	3.7	3.3	14.0	14.8	15.9
Hero Moto	Neutral	3,691	3,666	-1	169.1	198.2	198.7	21.8	18.6	7.3	6.2	35.7	36.0	31.0
M&M	Buy	1,389	1,625	17	54.3	66.7	79.9	25.6	20.8	3.2	2.9	14.2	14.1	14.6
Mahindra CIE	Not Rated	249	-		5.4	9.9	11.8	46.5	25.3	2.9	2.6	6.4	10.8	11.5
Maruti Suzuki	Buy	7,552	8,483	12	248.6	292.6	379.7	30.4	25.8	6.3	5.5	20.3	20.8	22.8
Tata Motors	Buy	464	666	44	19.8	30.9	64.3	23.4	15.0	2.7	2.3	9.8	16.5	27.3
TVS Motor	Buy	577	606	5	11.7	16.3	25.9	49.1	35.4	11.4	9.1	25.6	28.6	35.2
<b>Aggregate</b>								<b>28.7</b>	<b>22.3</b>	<b>4.9</b>	<b>4.2</b>	<b>17.1</b>	<b>19.0</b>	<b>22.6</b>
<b>Banks - Private</b>														
Axis Bank	Neutral	534	500	-6	15.4	23.8	40.3	34.8	22.5	2.4	2.2	6.9	10.1	15.4
DCB Bank	Neutral	196	192	-2	7.0	8.4	10.4	28.0	23.4	2.9	2.3	10.8	11.4	11.8
Equitas Hold.	Buy	168	207	24	4.7	4.8	7.4	35.5	34.7	2.5	2.4	8.9	7.1	10.1
Federal Bank	Buy	117	134	14	4.8	5.5	6.8	24.3	21.5	2.3	1.9	9.9	10.2	10.5
HDFC Bank	Buy	1,735	1,885	9	56.8	67.1	79.4	30.5	25.8	5.0	4.5	17.9	18.2	19.0
ICICI Bank	Buy	303	340	12	15.3	15.6	17.9	19.8	19.4	2.2	2.1	10.2	9.4	10.1
IDFC Bank	Neutral	60	62	3	3.0	3.5	4.2	20.1	17.2	1.4	1.3	7.2	7.9	8.8
IndusInd	Buy	1,553	1,800	16	47.9	61.9	76.8	32.4	25.1	4.7	4.1	15.4	17.3	18.5
J&K Bank	Neutral	91	89	-2	-31.3	4.0	8.2	NM	22.9	0.8	0.8	-27.0	5.8	7.0
Kotak Mah. Bk	Buy	992	1,153	16	26.8	32.4	41.0	36.9	30.6	4.8	4.3	13.8	15.0	16.3
RBL Bank	Under Review	526	-		11.9	18.0	23.7	44.2	29.2	4.6	3.3	12.3	13.6	13.9
South Indian	Buy	29	34	16	2.2	2.9	3.7	13.5	10.2	1.1	1.1	9.5	10.8	12.7
Yes Bank	Buy	1,593	2,121	33	73.0	90.7	114.6	21.8	17.6	3.4	2.9	18.9	18.0	19.5
<b>Aggregate</b>								<b>29.3</b>	<b>23.3</b>	<b>3.3</b>	<b>3.0</b>	<b>11.4</b>	<b>12.8</b>	<b>14.3</b>
<b>Banks - PSU</b>														
BOB	Buy	164	212	29	6.0	18.4	22.5	27.4	8.9	1.1	1.0	4.1	11.9	13.2
BOI	Neutral	160	147	-8	-14.8	13.7	22.0	NM	11.7	0.7	0.7	-6.7	6.1	9.0
Canara	Neutral	353	360	2	18.8	30.1	47.0	18.8	11.7	0.7	0.7	4.2	6.2	9.1
IDBI Bk	Neutral	61	49	-18	1.5	6.4	8.6	39.6	9.4	0.6	0.5	1.4	5.8	7.3
Indian Bk	Buy	322	382	18	29.3	34.4	38.3	11.0	9.4	1.1	1.0	10.1	10.9	11.2
OBC	Neutral	153	150	-2	-31.6	17.1	21.4	NM	8.9	0.4	0.4	-8.4	4.6	5.4
PNB	Buy	161	184	14	6.2	10.3	14.5	25.9	15.7	0.9	0.9	3.6	5.6	7.5
SBI	Buy	294	362	23	0.3	17.9	23.3	989.9	16.4	1.4	1.3	-0.2	8.7	10.0
Union Bk	Neutral	157	162	3	7.6	24.6	34.5	20.6	6.4	0.5	0.5	2.7	8.1	10.5
<b>Aggregate</b>								<b>107.7</b>	<b>13.1</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>	<b>6.7</b>	<b>8.3</b>
<b>NBFCs</b>														
Bajaj Fin.	Buy	1,598	1,800	13	33.6	47.6	62.9	47.6	33.6	9.1	7.4	21.7	24.3	25.9
Bharat Fin.	Neutral	785	800	2	21.0	41.3	53.0	37.4	19.0	4.4	3.6	15.1	20.9	21.6
Cholaman. Inv. & F n	Buy	1,129	1,300	15	46.0	55.0	66.4	24.6	20.5	4.1	3.5	18.1	18.5	18.9
Dewan Hsg.	Buy	456	630	38	29.6	37.7	47.1	15.4	12.1	1.8	1.6	14.4	14.1	15.6
GRUH Fin.	Neutral	467	450	-4	8.1	9.9	12.1	57.4	47.0	17.2	14.1	32.5	33.0	32.8
HDFC	Under Review	1,635	-		46.8	50.7	55.9	34.9	32.3	6.5	5.9	19.3	18.3	17.4
Indiabulls Hsg	Buy	1,155	1,300	13	69.0	88.9	113.9	16.7	13.0	4.0	3.6	25.5	29.0	32.7
L&T Fin Holdings	Buy	154	180	17	5.2	7.2	9.6	29.4	21.5	3.5	3.0	12.4	15.3	17.5
LIC Hsg Fin	Neutral	742	750	1	38.2	47.9	53.8	19.4	15.5	3.5	3.0	19.4	20.6	19.7

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Manappuram	Not Rated	108	-		8.6	10.8	12.5	12.6	10.1	2.8	2.5	24.0	25.9	26.9
M&M Fin.	Buy	364	415	14	7.1	13.6	16.4	51.3	26.8	3.2	3.0	6.3	11.4	12.8
Muthoot Fin	Buy	462	550	19	29.5	41.0	43.3	15.6	11.3	2.8	2.4	19.4	23.2	21.4
PFC	Neutral	128	117	-8	25.7	27.2	30.2	5.0	4.7	0.9	0.8	17.9	17.0	16.8
Repco Home	Buy	781	936	20	29.1	35.8	42.5	26.8	21.8	4.3	3.6	17.4	18.1	18.2
REC	Neutral	181	134	-26	31.4	35.0	40.4	5.8	5.2	1.1	0.9	19.9	19.1	19.1
Shriram Union	City Buy	2,319	2,900	25	84.3	132.8	171.2	27.5	17.5	3.0	2.7	11.7	16.2	18.1
STF	Buy	964	1,340	39	55.6	78.5	98.5	17.3	12.3	1.9	1.7	11.7	14.7	16.3
<b>Aggregate</b>								<b>19.7</b>	<b>16.5</b>	<b>3.3</b>	<b>2.9</b>	<b>16.9</b>	<b>17.8</b>	<b>17.9</b>
<b>Capital Goods</b>														
ABB	Sell	1,448	1,200	-17	19.7	22.4	31.6	73.5	64.6	9.3	8.2	12.7	12.6	15.8
Bharat Elec.	Buy	172	200	16	6.9	7.2	8.1	24.9	24.0	5.1	4.0	20.6	16.5	16.8
BHEL	Sell	146	100	-32	2.1	3.6	4.7	68.0	41.0	1.1	1.1	1.6	2.7	3.4
Blue Star	Neutral	671	610	-9	12.9	17.8	26.6	52.1	37.7	8.5	8.0	18.0	21.7	30.1
CG Cons. Elec.	Buy	206	240	17	4.7	5.5	6.6	44.0	37.6	23.9	17.3	76.4	53.4	49.8
CG Power & Indu.	Sell	85	65	-24	4.1	2.3	4.5	20.8	37.3	1.3	1.2	6.2	3.4	4.2
Cummins	Buy	1,028	1,110	8	26.5	29.2	36.0	38.8	35.2	7.6	7.0	21.2	20.7	23.5
GE T&D	Neutral	329	320	-3	5.7	6.2	7.6	57.3	53.0	8.1	7.4	12.4	14.7	16.4
Havells	Neutral	461	455	-1	9.6	10.9	13.8	48.3	42.2	8.8	7.9	18.2	18.6	20.7
K E C Intl	Neutral	288	250	-13	11.9	12.8	16.4	24.3	22.5	4.7	4.0	21.2	19.2	20.9
L&T	Buy	1,179	1,340	14	42.3	47.1	54.0	27.9	25.0	3.3	3.1	12.2	12.6	13.4
Pennar Eng.	Not Rated	123	-		7.1	9.1	11.2	17.4	13.6	1.8	1.6	10.2	11.6	12.6
Siemens	Neutral	1,374	1,355	-1	17.8	24.3	33.3	77.1	56.6	7.2	6.2	9.3	11.0	13.7
Solar Ind	Neutral	900	825	-8	20.6	22.6	28.2	43.6	39.7	8.0	6.9	19.8	18.6	19.9
Suzlon Energy	Not Rated	19	-		0.6	0.9	1.0	29.9	21.5	-1.7	-1.9	NM	-8.8	-11.0
Thermax	Sell	915	850	-7	30.8	32.7	34.0	29.7	28.0	4.1	3.7	14.3	13.7	12.9
Va Tech Wab.	Buy	590	800	36	28.9	34.9	39.8	20.4	16.9	3.2	2.8	16.3	17.7	17.5
Voltas	Sell	500	400	-20	15.5	15.6	17.6	32.4	32.1	5.0	4.5	18.0	14.7	14.9
<b>Aggregate</b>								<b>35.4</b>	<b>31.2</b>	<b>4.0</b>	<b>3.6</b>	<b>11.2</b>	<b>11.6</b>	<b>12.7</b>
<b>Cement</b>														
Ambuja Cem.	Buy	268	291	9	4.9	7.3	8.2	54.8	36.9	2.8	2.6	5.1	7.3	7.8
ACC	Neutral	1,727	1,622	-6	36.1	49.8	65.0	47.8	34.7	3.7	3.6	7.9	10.6	13.1
Birla Corp.	Buy	939	1,205	28	29.4	40.9	58.9	32.0	22.9	2.2	2.0	7.5	9.2	12.2
Dalmia Bharat	Buy	2,622	3,162	21	38.8	66.7	87.1	67.6	39.3	4.7	4.2	7.2	11.3	13.1
Grasim Inds.	Neutral	1,053	1,384	31	67.9	71.2	102.6	15.5	14.8	1.7	1.5	11.5	10.9	13.9
India Cem	Neutral	209	219	5	5.6	9.3	12.9	37.1	22.4	1.3	1.2	3.4	5.5	7.2
J K Cements	Buy	985	1,287	31	33.7	40.4	53.5	29.2	24.4	3.9	3.4	14.4	15.0	17.2
JK Lakshmi Ce	Buy	468	553	18	7.0	11.4	19.2	67.3	41.1	3.9	3.6	6.0	9.2	13.8
Ramco Cem	Buy	675	823	22	27.3	31.1	37.5	24.8	21.7	4.4	3.7	19.2	18.6	19.1
Orient Cem	Buy	160	178	11	-1.6	4.6	7.0	NM	34.6	3.3	3.1	-3.2	9.2	12.6
Prism Cem	Buy	121	145	20	0.3	3.7	5.6	347.7	32.6	6.1	5.2	1.8	17.2	22.0
Shree Cem	Buy	17,716	21,052	19	384.4	454.7	575.2	46.1	39.0	8.8	7.3	20.2	20.4	21.3
Ultratech	Buy	4,185	4,936	18	96.1	91.5	138.8	43.6	45.7	4.8	4.4	11.6	10.1	14.0
<b>Aggregate</b>								<b>36.8</b>	<b>31.0</b>	<b>3.6</b>	<b>3.3</b>	<b>9.7</b>	<b>10.5</b>	<b>12.9</b>
<b>Consumer</b>														
Asian Paints	Neutral	1,156	1,240	7	21.0	23.1	27.4	55.0	50.0	14.6	14.0	28.5	28.6	30.6
Britannia	Buy	3,825	4,450	16	73.7	85.4	105.5	51.9	44.8	17.0	14.0	36.9	34.4	34.7
Colgate	Buy	1,070	1,335	25	21.2	25.7	31.1	50.4	41.7	22.8	21.6	50.4	53.2	60.3
Dabur	Neutral	306	315	3	7.2	7.7	9.1	42.2	39.5	11.1	9.5	28.4	26.0	26.3
Emami	Buy	1,104	1,265	15	26.5	28.3	33.9	41.6	39.1	14.3	12.0	35.8	33.4	34.1
Godrej Cons.	Neutral	991	930	-6	18.9	21.8	25.0	52.4	45.4	12.7	9.9	24.6	24.5	23.0
GSK Cons.	Sell	5,516	4,500	-18	156.1	166.3	181.9	35.3	33.2	7.4	7.2	22.2	22.1	22.4
HUL	Buy	1,158	1,285	11	19.6	22.9	27.3	59.0	50.5	37.6	36.2	65.6	73.1	82.8
ITC	Neutral	293	280	-5	8.4	9.3	10.3	34.9	31.6	7.9	7.8	23.5	24.8	26.3

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Jyothy Lab	Neutral	378	405	7	11.2	8.9	11.0	33.7	42.3	6.3	6.5	21.1	15.1	18.4
Marico	Neutral	331	360	9	6.3	6.9	8.4	52.6	47.6	18.3	15.6	36.7	35.5	38.1
Nestle	Sell	6,830	5,990	-12	118.0	118.6	139.5	57.9	57.6	21.9	20.1	39.0	36.4	39.0
Page Inds	Buy	16,735	20,195	21	238.7	317.0	400.0	70.1	52.8	28.0	22.2	40.0	42.0	42.8
Parag Milk	Neutral	253	240	-5	3.6	7.4	12.3	70.3	34.1	3.2	3.0	5.9	9.1	13.4
Pidilite Ind.	Neutral	812	835	3	16.7	18.4	21.2	48.5	44.0	12.6	10.2	28.2	25.6	24.0
P&G Hygiene	Buy	8,239	9,082	10	144.9	155.8	181.6	56.9	52.9	47.0	37.5	45.3	78.9	74.0
Prabhat Dairy	Not Rated	137	-		3.5	3.5	6.4	38.8	39.4	1.9	1.9	5.2	4.9	8.5
United Brew	Neutral	815	850	4	8.7	9.7	14.7	93.7	84.0	9.4	8.6	10.4	10.7	14.6
United Spirits	Neutral	2,641	2,415	-9	26.7	37.4	51.8	98.8	70.7	19.8	13.6	21.3	19.3	19.7
<b>Aggregate</b>								<b>46.6</b>	<b>41.7</b>	<b>12.8</b>	<b>11.9</b>	<b>27.6</b>	<b>28.6</b>	<b>29.6</b>
<b>Healthcare</b>														
Alembic Phar	Neutral	546	510	-7	21.6	20.5	25.5	25.3	26.7	5.4	4.7	23.0	19.0	20.4
Alkem Lab	Neutral	1,797	1,900	6	75.7	79.7	95.0	23.8	22.6	5.1	4.3	23.4	20.7	21.0
Ajanta Pharma	Buy	1,441	2,028	41	58.4	66.1	79.6	24.7	21.8	8.1	6.2	37.7	32.2	29.9
Aurobindo	Buy	745	850	14	39.3	45.7	50.0	18.9	16.3	4.7	3.7	28.3	25.5	22.3
Biocon	Sell	399	300	-25	10.2	10.4	14.4	39.1	38.5	5.3	4.9	13.6	12.6	15.6
Cadila	Buy	532	510	-4	14.2	17.8	23.2	37.4	29.9	8.5	7.0	24.8	25.7	27.2
Cipla	Neutral	570	500	-12	15.9	20.0	25.0	35.8	28.5	3.7	3.3	10.2	11.5	12.8
Divis Lab	Neutral	687	680	-1	39.7	33.6	40.0	17.3	20.5	3.9	3.5	23.5	18.1	19.4
Dr Reddy's	Neutral	2,692	2,600	-3	72.6	106.2	143.0	37.1	25.3	3.6	3.0	9.6	13.2	14.9
Fortis Health	Buy	167	240	43	10.3	2.1	6.1	16.2	79.2	1.7	1.5	11.3	2.0	5.3
Glenmark	Neutral	689	800	16	39.3	42.9	51.7	17.5	16.0	4.3	3.5	24.7	21.6	20.9
Granules	Buy	142	200	41	7.2	8.2	11.5	19.6	17.4	3.6	2.5	21.1	17.7	18.8
GSK Pharma	Neutral	2,556	2,700	6	34.4	51.9	60.1	74.4	49.2	16.0	19.5	21.5	39.7	54.4
IPCA Labs	Neutral	479	480	0	16.1	21.3	28.5	29.8	22.5	2.5	2.3	8.6	10.5	12.7
Jubilant Life	Buy	744	905	22	37.0	47.1	56.7	20.1	15.8	3.4	2.8	18.1	19.5	19.6
Lupin	Buy	1,143	1,475	29	59.2	57.9	72.0	19.3	19.7	3.9	3.4	22.0	18.2	19.4
Sanofi India	Buy	4,287	4,820	12	129.1	133.6	160.6	33.2	32.1	5.7	5.3	17.1	16.6	18.1
Sun Pharma	Buy	571	650	14	26.1	25.2	30.8	21.9	22.6	3.8	3.6	18.5	16.1	17.9
Syngene Intl	Not Rated	478	-		13.0	16.1	18.0	36.7	29.6	7.4	6.1	22.2	22.5	20.7
Torrent Pharma	Buy	1,267	1,450	14	55.2	56.8	71.4	22.9	22.3	5.4	4.7	25.3	22.4	24.2
<b>Aggregate</b>								<b>25.2</b>	<b>23.6</b>	<b>4.4</b>	<b>3.9</b>	<b>17.5</b>	<b>16.4</b>	<b>17.4</b>
<b>Logistics</b>														
Allcargo Logistics	Buy	177	228	29	9.8	12.2	14.3	18.0	14.5	2.7	2.4	12.6	17.2	17.8
Blue Dart	Not Rated	4,387	-		102.5	129.9	163.2	42.8	33.8	19.0	14.5	50.5	48.6	46.8
Concor	Neutral	1,175	1,236	5	38.0	39.2	45.8	30.9	30.0	3.2	3.1	10.8	10.6	11.8
Gateway Distriparks	Buy	269	313	16	6.8	10.7	13.6	39.5	25.1	2.3	2.2	5.9	9.1	11.1
Gati	Not Rated	123	-		8.4	15.9	23.9	14.8	7.8	2.0	1.8	12.4	19.4	25.4
Transport Corp.	Not Rated	318	-		16.9	21.0	25.9	18.8	15.1	2.9	2.5	16.7	17.8	18.6
<b>Aggregate</b>								<b>29.6</b>	<b>25.1</b>	<b>3.6</b>	<b>3.4</b>	<b>12.2</b>	<b>13.4</b>	<b>15.0</b>
<b>Media</b>														
Dish TV	Buy	80	105	32	1.0	1.4	4.0	80.6	56.0	17.3	13.2	24.1	26.8	327.5
D B Corp	Buy	372	450	21	20.4	23.6	27.5	18.2	15.7	4.3	3.8	25.5	25.7	26.5
Den Net.	Neutral	78	90	15	-8.6	-2.7	0.3	NM	NM	1.5	1.6	-12.0	-5.3	0.7
Hind. Media	Buy	276	350	27	25.9	28.3	33.6	10.7	9.8	1.9	1.6	19.0	17.3	17.3
HT Media	Neutral	88	90	2	7.4	7.9	8.1	11.9	11.1	0.8	0.7	7.1	6.9	6.4
Jagran Prak.	Buy	174	225	29	10.8	12.3	14.0	16.2	14.2	2.4	2.3	17.6	16.4	17.2
PVR	Buy	1,370	1,588	16	20.5	28.9	45.1	66.8	47.4	6.6	5.9	10.4	13.2	17.7
Siti Net.	Neutral	26	32	25	-1.8	-0.1	0.5	NM	NM	3.6	3.6	-23.5	-2.0	6.9
Sun TV	Neutral	810	860	6	24.9	28.5	35.9	32.6	28.4	8.1	7.5	25.0	26.3	30.2
Zee Ent.	Buy	550	585	6	23.1	15.6	18.6	23.8	35.3	9.1	7.7	24.7	23.6	23.7
<b>Aggregate</b>								<b>40.5</b>	<b>30.3</b>	<b>6.0</b>	<b>5.4</b>	<b>14.7</b>	<b>17.8</b>	<b>22.7</b>
<b>Metals</b>														

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Hindalco	Buy	214	308	44	16.2	21.8	26.1	13.2	9.8	1.6	1.4	14.0	15.2	15.4
Hind. Zinc	Sell	278	246	-12	15.1	24.4	32.2	18.4	11.4	1.7	1.6	9.7	14.6	17.9
JSPL	Buy	138	190	37	-20.9	-17.2	2.4	NM	NM	0.4	0.4	-7.9	-5.4	0.8
JSW Steel	Buy	214	281	31	14.8	19.0	22.6	14.4	11.3	2.3	2.0	17.3	18.7	19.0
Nalco	Neutral	70	70	0	3.7	3.8	4.2	19.0	18.6	1.3	1.3	7.2	7.0	7.5
NMDC	Buy	122	180	47	10.0	12.1	12.2	12.3	10.1	1.7	1.6	12.4	15.0	15.5
SAIL	Sell	63	37	-42	-6.2	-10.6	-4.2	NM	NM	0.7	0.8	-6.7	-12.6	-5.5
Vedanta	Buy	265	311	17	19.7	22.6	26.9	13.4	11.7	3.6	3.9	24.4	32.0	35.1
Tata Steel	Neutral	547	583	6	37.9	49.6	65.6	14.4	11.0	1.7	1.5	15.7	14.3	16.8
<b>Aggregate</b>								<b>19.1</b>	<b>14.7</b>	<b>1.6</b>	<b>1.5</b>	<b>8.2</b>	<b>10.3</b>	<b>13.2</b>
<b>Oil &amp; Gas</b>														
BPCL	Neutral	466	511	10	48.3	36.7	43.5	9.6	12.7	3.0	2.6	32.4	21.7	22.3
GAIL	Sell	376	340	-10	22.6	26.3	29.8	16.7	14.3	1.7	1.6	9.6	11.3	11.8
Gujarat Gas	Sell	762	697	-8	20.4	33.7	46.5	37.3	22.6	6.4	5.2	17.8	25.3	28.0
Gujarat St. Pet.	Neutral	180	168	-7	8.8	11.0	13.1	20.5	16.3	2.3	2.0	11.6	13.1	14.0
HPCL	Buy	369	420	14	40.7	29.5	32.6	9.1	12.5	2.8	2.4	32.4	20.6	20.0
IOC	Neutral	377	459	22	43.0	36.0	40.0	8.8	10.5	1.8	1.6	21.2	15.8	15.8
IGL	Neutral	1,138	1,070	-6	42.5	46.8	51.9	26.8	24.3	5.4	4.6	21.0	20.6	19.6
MRPL	Sell	120	113	-6	14.8	9.4	11.7	8.1	12.7	2.1	1.8	31.4	15.5	17.0
Oil India	Buy	281	305	8	19.3	27.9	30.1	14.6	10.1	0.8	0.7	5.7	7.5	7.8
ONGC	Buy	163	195	19	16.4	17.4	19.7	9.9	9.4	0.9	0.9	10.1	9.9	10.8
PLNG	Buy	202	259	28	11.4	8.6	17.6	17.8	23.6	3.8	3.4	23.2	15.1	26.4
Reliance Ind.	Neutral	1,616	1,499	-7	96.7	115.5	128.1	16.7	14.0	1.7	1.5	11.6	12.3	12.3
<b>Aggregate</b>								<b>12.3</b>	<b>12.3</b>	<b>1.6</b>	<b>1.5</b>	<b>13.3</b>	<b>12.1</b>	<b>12.6</b>
<b>Retail</b>														
Jubilant Food	Sell	1,251	850	-32	10.0	14.8	20.7	125.0	84.5	10.2	9.4	8.2	11.1	14.0
Titan Co.	Neutral	537	545	2	9.0	10.3	12.1	59.4	52.2	11.3	10.3	20.6	20.6	21.6
<b>Aggregate</b>								<b>65.0</b>	<b>55.9</b>	<b>11.2</b>	<b>10.3</b>	<b>17.2</b>	<b>18.4</b>	<b>19.2</b>
<b>Technology</b>														
Cyient	Buy	542	600	11	30.6	35.4	41.9	17.7	15.3	2.9	2.5	16.2	16.6	17.3
HCL Tech.	Buy	903	960	6	59.8	61.4	66.7	15.1	14.7	3.8	3.7	27.5	25.2	25.8
Hexaware	Neutral	242	235	-3	13.7	15.4	16.7	17.7	15.7	4.3	3.8	26.5	25.3	23.5
Infosys	Buy	991	1,200	21	62.9	63.7	69.5	15.8	15.6	3.3	3.0	22.0	20.0	19.8
KPIT Tech	Neutral	123	140	14	11.9	10.6	13.1	10.3	11.6	1.6	1.4	14.3	13.0	14.2
L&T Infotech	Buy	764	850	11	55.5	59.1	65.1	13.8	12.9	4.8	3.7	40.4	32.5	28.4
Mindtree	Sell	484	450	-7	24.9	28.7	32.9	19.4	16.9	3.2	3.1	16.8	17.3	20.1
Mphasis	Neutral	580	600	3	38.9	42.3	46.2	14.9	13.7	2.0	2.3	13.2	14.2	16.1
NIIT Tech	Neutral	536	540	1	38.0	42.3	48.7	14.1	12.7	1.9	1.8	13.7	14.4	15.4
Persistent Sys	Buy	636	750	18	37.7	43.3	52.0	16.9	14.7	2.6	2.5	17.0	17.9	20.7
Tata Elxsi	Buy	1,671	1,607	-4	56.3	68.0	80.4	29.7	24.6	9.3	7.5	37.1	33.7	32.3
TCS	Neutral	2,533	2,350	-7	133.4	133.6	147.7	19.0	19.0	5.6	6.0	32.6	31.1	33.5
Tech Mah	Buy	399	465	17	30.9	31.0	36.2	12.9	12.9	2.1	1.9	18.4	16.0	16.9
Wipro	Neutral	292	270	-7	16.9	18.1	19.1	17.3	16.1	2.8	2.7	16.9	16.1	16.1
Zensar Tech	Buy	809	950	17	52.1	51.9	70.0	15.5	15.6	2.5	2.2	17.2	15.0	17.9
<b>Aggregate</b>								<b>16.9</b>	<b>16.9</b>	<b>3.9</b>	<b>3.9</b>	<b>22.9</b>	<b>22.9</b>	<b>22.3</b>
<b>Telecom</b>														
Bharti Airtel	Buy	420	430	2	11.1	5.9	10.9	37.8	71.5	2.5	2.4	6.7	3.4	6.1
Bharti Infratel	Buy	410	440	7	14.9	17.2	19.3	27.6	23.9	4.9	4.3	16.2	19.1	18.7
Idea Cellular	Buy	92	110	20	-1.1	-9.7	-11.2	NM	NM	1.3	1.6	-1.6	-15.3	-20.8
Tata Comm	Buy	648	811	25	26.0	10.2	30.8	24.9	63.5	11.6	9.8	126.2	16.7	37.8
<b>Aggregate</b>								<b>39.0</b>	<b>127.3</b>	<b>2.7</b>	<b>2.7</b>	<b>6.9</b>	<b>2.1</b>	<b>4.2</b>
<b>Utilities</b>														
Coal India	Buy	261	315	21	14.9	17.6	18.6	17.5	14.8	6.6	6.6	37.8	44.5	47.0
CESC	Buy	899	1,140	27	51.9	78.6	86.0	17.3	11.4	1.8	1.5	10.5	14.4	13.9
JSW Energy	Buy	66	85	29	3.9	3.2	3.1	17.0	20.9	1.0	1.0	6.3	4.9	4.8

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
NTPC	Buy	164	198	21	13.0	13.4	16.2	12.6	12.3	1.4	1.3	11.5	10.9	12.3
Power Grid	Buy	217	242	12	14.2	17.6	20.6	15.2	12.3	2.3	2.0	16.2	17.5	17.8
Tata Power	Sell	83	68	-18	5.2	6.4	6.7	16.1	13.0	1.9	1.7	11.2	13.9	12.1
<b>Aggregate</b>								<b>15.1</b>	<b>13.3</b>	<b>2.3</b>	<b>2.1</b>	<b>15.2</b>	<b>16.1</b>	<b>16.8</b>
<b>Others</b>														
Arvind	Neutral	370	359	-3	12.4	12.5	18.1	29.9	29.5	2.7	2.5	10.3	8.8	11.8
Avenue Supermarts	Neutral	919	804	-12	7.7	12.8	17.9	119.7	71.6	14.9	13.0	17.9	19.4	23.3
Bata India	Under Review	588	-		13.5	15.7	19.4	43.5	37.4	5.7	5.1	13.9	14.4	15.8
Castrol India	Buy	409	527	29	13.6	14.4	15.0	30.0	28.3	34.0	30.4	115.2	113.3	106.1
Century Ply.	Neutral	286	323	13	8.7	9.8	12.9	32.9	29.1	8.9	7.3	31.1	27.7	29.6
Coromandel Intl	Under Review	442	-		16.6	21.8	26.1	26.6	20.3	4.5	3.9	17.5	20.6	21.6
Delta Corp	Buy	174	215	24	3.1	5.7	7.2	56.9	30.6	4.4	2.9	8.1	12.1	11.5
Dynomatic Tech	Buy	2,367	3,334	41	67.6	112.9	166.7	35.0	21.0	4.8	3.9	15.1	20.7	24.3
Eveready Inds.	Buy	330	368	12	12.9	14.4	17.5	25.6	22.9	8.3	6.7	37.7	32.3	31.6
Interglobe	Neutral	1,234	1,283	4	46.0	57.9	91.6	26.8	21.3	22.1	19.8	86.2	98.0	136.2
Indo Count	Buy	156	200	29	13.0	13.2	15.4	12.0	11.8	3.6	2.7	34.8	26.4	23.5
Info Edge	Buy	984	1,050	7	15.7	20.3	22.9	62.8	48.6	6.0	5.5	10.2	11.9	12.3
Inox Leisure	Sell	266	240	-10	3.3	8.0	12.0	79.8	33.1	4.6	4.1	5.9	12.5	16.2
Jain Irrigation	Under Review	110	-		5.5	7.6	10.0	19.8	14.5	1.7	1.6	8.6	11.7	14.8
Just Dial	Neutral	379	465	23	17.5	18.5	21.1	21.7	20.5	2.9	2.6	14.8	13.4	13.7
Kaveri Seed	Buy	652	755	16	19.1	31.3	37.7	34.2	20.8	4.4	4.8	13.6	21.6	26.0
Kitex Garm.	Buy	272	394	45	18.6	22.1	26.2	14.7	12.3	3.9	3.2	29.8	28.6	27.6
Manpasand	Buy	779	927	19	12.7	20.3	30.9	61.3	38.4	3.9	3.6	7.3	8.5	13.5
MCX	Buy	1,164	1,300	12	24.8	28.0	42.2	46.9	41.6	4.4	4.1	10.2	10.2	14.5
Monsanto	Buy	2,741	3,295	20	86.2	105.1	126.7	31.8	26.1	8.9	8.1	31.6	32.5	34.5
Navneet Education	Buy	169	226	34	7.8	9.4	11.3	21.8	17.9	5.4	4.6	26.8	27.8	28.2
PI Inds.	Buy	751	952	27	33.4	33.4	38.1	22.5	22.5	6.4	5.2	32.8	25.4	23.8
Piramal Enterp.	Buy	2,923	3,044	4	72.6	104.1	144.6	40.3	28.1	3.8	3.5	9.8	13.0	16.4
SRF	Buy	1,501	1,816	21	85.9	86.3	109.2	17.5	17.4	2.8	2.5	16.6	14.7	16.7
S H Kelkar	Buy	276	287	4	7.2	8.6	10.3	38.1	32.1	4.9	4.4	13.7	14.5	15.6
Symphony	Sell	1,412	1,288	-9	23.7	35.1	42.9	59.7	40.2	22.1	19.5	43.3	51.6	54.5
TTK Prestige	Neutral	6,390	5,281	-17	132.1	137.8	176.1	48.4	46.4	8.7	8.0	19.5	18.0	20.7
V-Guard	Neutral	181	167	-8	3.6	4.5	6.0	50.6	40.4	12.1	9.9	27.4	26.9	28.8
Wonderla	Buy	355	393	11	7.0	11.9	16.0	50.8	29.8	4.6	4.2	9.5	14.8	17.5



Company	1 Day (%)	1M (%)	12M (%)
<b>Automobiles</b>			
Amara Raja	0.5	0.4	-6.6
Ashok Ley.	0.9	12.9	7.6
Bajaj Auto	0.4	0.1	3.9
Bharat Forge	-0.5	1.8	53.5
Bosch	0.2	1.0	-1.0
CEAT	-0.3	2.1	108.3
Eicher Mot.	-0.1	6.1	45.4
Endurance Tech.	2.2	3.7	
Escorts	-0.4	-3.6	163.0
Exide Ind	-0.7	-0.7	18.6
Hero Moto	0.3	0.8	13.2
M&M	0.4	0.9	-3.7
Mahindra CIE	1.6	7.9	39.8
Maruti Suzuki	0.3	4.3	71.1
Tata Motors	-0.2	4.6	-8.5
TVS Motor	1.1	7.5	91.4
<b>Banks - Private</b>			
Axis Bank	-1.1	5.9	-0.6
DCB Bank	0.4	-2.2	95.5
Equitas Hold.	-0.3	9.7	-7.8
Federal Bank	-0.3	1.8	83.3
HDFC Bank	1.8	3.3	40.9
ICICI Bank	0.6	3.9	26.4
IDFC Bank	0.0	6.2	19.8
IndusInd	-0.9	4.2	36.6
J&K Bank	8.0	-0.1	35.4
Kotak Mah. Bk	-0.7	0.6	30.5
RBL Bank	-1.1	4.0	
South Indian	2.4	4.1	51.3
Yes Bank	0.9	10.9	37.5
<b>Banks - PSU</b>			
BOB	1.5	2.1	8.7
BOI	3.2	19.2	50.6
Canara	0.7	4.0	50.7
IDBI Bk	2.6	7.9	-15.7
Indian Bk	-1.9	11.6	121.5
OBC	1.8	6.3	37.4
PNB	2.0	12.1	34.1
SBI	1.4	1.9	31.8
Union Bk	1.7	7.3	24.3
<b>NBFCs</b>			
Bajaj Fin.	-1.2	14.1	80.7
Bharat Fin.	0.4	10.6	-7.1
Cholaman.Inv.&Fn	-0.7	6.2	10.7
Dewan Hsg.	-0.6	3.6	105.2
GRUH Fin.	-1.9	7.1	60.1
HDFC	-0.4	-1.0	20.6
Indiabulls Hsg	1.5	4.6	57.2
L&T Fin.Holdings	0.7	9.7	100.3
LIC Hsg Fin	0.3	-1.3	45.7
Manappuram	3.4	14.3	44.3
M&M Fin.	2.8	9.9	13.4
Muthoot Fin	2.0	3.5	66.3
PFC	-0.6	4.3	17.7
Repc Home	-2.1	-7.2	-7.5
REC	-0.8	2.9	73.5
STF	0.0	-0.2	-18.1
Shriram City Union	-1.9	-4.6	21.4

Company	1 Day (%)	1M (%)	12M (%)
<b>Capital Goods</b>			
ABB	-0.9	0.5	12.8
Bharat Elec.	0.6	4.6	39.2
BHEL	0.7	8.4	3.6
Blue Star	-0.6	8.8	45.2
CG Cons. Elec.	0.7	-6.0	38.8
CG Power & Inds Sol.	-0.6	4.8	16.4
Cummins	2.1	13.4	16.0
GE T&D	0.4	-3.9	-8.7
Havells	-0.2	-0.5	22.5
K E C Intl	-1.8	17.6	104.4
L&T	-0.1	2.6	12.3
Pennar Eng.	-0.6	-8.8	-30.1
Siemens	0.9	3.3	2.4
Solar Ind	0.5	10.7	34.2
Suzlon Energy	-1.0	3.3	5.3
Thermax	-1.2	-2.2	1.4
Va Tech Wab.	-3.2	-15.9	0.5
Voltas	0.4	10.2	49.6
<b>Cement</b>			
Ambuja Cem.	0.9	10.3	1.1
ACC	1.0	5.6	2.6
Birla Corp.	-0.8	6.7	74.9
Dalmia Bharat	-0.7	5.9	82.8
Grasim Inds.	-0.8	7.7	29.2
India Cem	0.1	3.8	82.8
J K Cements	0.2	1.9	39.0
JK Lakshmi Ce	0.9	-4.2	11.8
Ramco Cem	0.0	-1.0	19.6
Orient Cem	0.2	11.5	-6.4
Prism Cem	-1.1	1.8	15.8
Shree Cem	0.2	4.7	9.0
Ultratech	0.1	4.6	15.0
<b>Consumer</b>			
Asian Paints	0.0	0.2	10.6
Britannia	-0.2	4.8	34.2
Colgate	0.0	-3.3	12.1
Dabur	1.0	5.9	-0.6
Emami	0.4	1.0	-1.8
Godrej Cons.	3.3	3.6	20.5
GSK Cons.	0.9	2.5	-15.0
HUL	-0.1	5.6	28.2
ITC	1.6	-5.7	17.5
Jyothy Lab	-1.5	3.3	31.0
Marico	0.4	6.1	19.0
Nestle	0.2	3.2	-3.4
Page Inds	-0.4	2.5	22.9
Parag Milk	-0.4	19.5	-23.5
Pidilite Ind.	1.0	-2.0	10.8
P&G Hygiene	2.3	2.3	29.3
Prabhat Dairy	0.6	3.9	43.6
United Brew	0.2	4.5	4.6
United Spirits	-2.5	17.6	9.9
<b>Healthcare</b>			
Alembic Phar	1.0	7.5	-7.1
Alkem Lab	1.3	-1.5	14.0
Ajanta Pharma	-1.6	-4.7	-10.2
Aurobindo	-0.3	11.0	-6.8
Biocon	-0.3	21.0	48.0

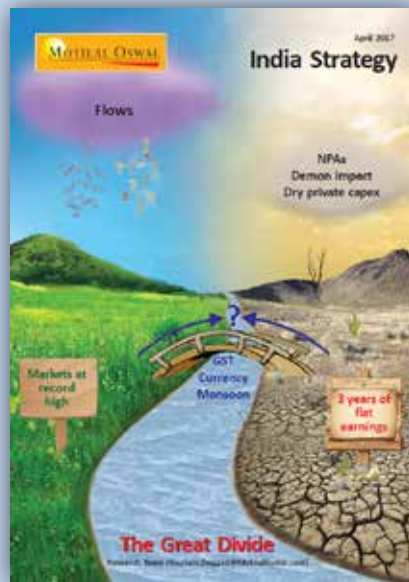
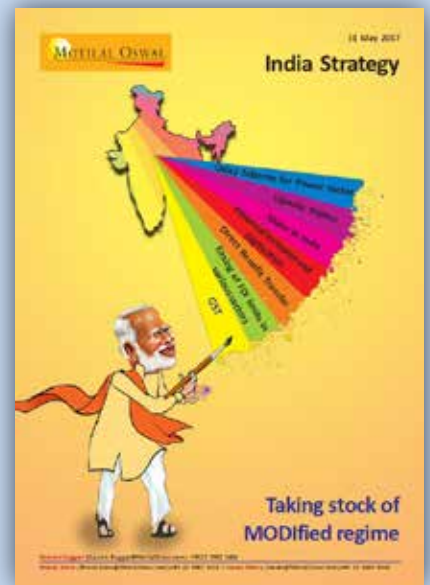
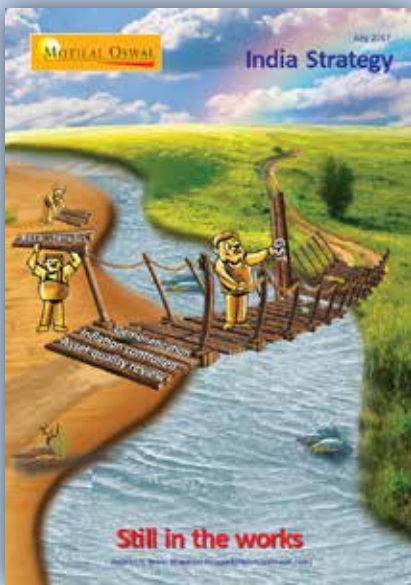


Company	1 Day (%)	1M (%)	12M (%)
Cadila	0.7	1.2	43.0
Cipla	0.6	5.3	9.6
Divis Lab	-4.7	7.6	-42.9
Dr Reddy's	-2.4	1.9	-25.3
Fortis Health	2.3	-2.9	-7.5
Glenmark	-1.1	9.8	-20.4
Granules	0.2	4.8	-1.2
GSK Pharma	0.7	3.7	-24.6
IPCA Labs	-0.1	1.2	-2.2
Jubilant Life	-0.5	10.6	128.6
Lupin	0.0	7.7	-32.7
Sanofi India	2.8	3.2	-4.7
Sun Pharma	-0.9	5.0	-27.5
Syngene Intl	-0.8	4.3	12.5
Torrent Pharma	-0.4	7.5	-13.1
<b>Logistics</b>			
Allcargo Logistics	0.1	1.9	-6.9
Blue Dart	-1.6	3.6	-26.2
Concor	-0.5	0.9	0.9
Gateway Distriparks	1.3	4.2	-2.3
Gati	-0.6	-4.3	-29.5
Transport Corp.	-0.8	7.9	47.3
<b>Media</b>			
Dish TV	2.0	7.6	-18.7
D B Corp	-1.1	-2.6	-8.6
Den Net.	-0.6	-3.1	-10.6
Hind. Media	-2.2	1.0	1.2
HT Media	3.9	6.0	12.0
Jagran Prak.	-0.5	-3.4	-2.7
PVR	0.3	-9.2	28.8
Siti Net.	-0.8	-11.1	-32.0
Sun TV	0.5	0.0	90.2
Zee Ent.	-0.7	8.1	18.1
<b>Metals</b>			
Hindalco	-0.2	13.3	57.4
Hind. Zinc	-0.7	10.9	43.7
JSPL	1.3	16.8	99.9
JSW Steel	-0.1	9.4	32.5
Nalco	-1.3	13.2	42.9
NMDC	-0.3	14.0	24.8
SAIL	1.4	10.2	32.2
Vedanta	-1.3	11.8	56.7
Tata Steel	-0.9	7.9	49.9
<b>Oil &amp; Gas</b>			
BPCL	-0.3	10.8	19.9
GAIL	-0.4	6.1	26.8
Gujarat Gas	-0.1	0.3	36.4
Gujarat St. Pet.	3.9	13.5	40.6
HPCL	0.6	9.0	42.2
IOC	-0.9	-1.6	44.6
IGL	-0.5	6.5	83.9
MRPL	-5.5	1.6	48.4
Oil India	-0.4	2.2	0.0
ONGC	-0.8	3.3	10.0
PLNG	-1.5	-7.6	37.5
Reliance Ind.	1.9	12.6	59.3
<b>Retail</b>			
Jubilant Food	-0.2	35.8	8.5
Titan Co.	-1.1	4.8	31.0

Company	1 Day (%)	1M (%)	12M (%)
<b>Technology</b>			
Cyient	2.0	5.4	11.6
HCL Tech.	-0.2	6.1	23.8
Hexaware	-0.6	-1.9	8.2
Infosys	1.2	5.1	-7.6
KPIT Tech	-2.6	2.7	-8.5
L&T Infotech	-0.4	-5.2	9.2
Mindtree	0.1	-9.0	-13.1
Mphasis	0.7	-2.1	7.3
NIIT Tech	-1.3	-4.7	15.7
Persistent Sys	-3.1	-3.7	-3.3
Tata Elxsi	-0.6	4.0	0.4
TCS	1.7	7.3	0.9
Tech Mah	1.0	4.7	-21.0
Wipro	1.9	13.6	8.6
Zensar Tech	-2.4	-6.6	-18.1
<b>Telecom</b>			
Bharti Airtel	2.2	14.8	14.3
Bharti Infratel	-0.2	10.0	13.4
Idea Cellular	-0.1	15.8	-13.9
Tata Comm	-1.3	-10.5	40.9
<b>Utilities</b>			
Coal India	-0.3	6.5	-20.9
CESC	-0.1	3.3	48.4
JSW Energy	-1.6	4.1	-17.2
NTPC	-0.2	3.9	4.8
Power Grid	0.6	5.6	30.0
Tata Power	-0.4	2.0	15.2
<b>Others</b>			
Arvind	0.0	0.1	18.3
Avenue Super.	0.5	14.9	
Bata India	1.4	12.8	3.2
Castrol India	-0.1	0.3	-1.1
Century Ply.	-0.7	-4.8	25.1
Coromandel Intl	2.1	4.0	90.4
Delta Corp	1.5	14.3	93.1
Dynamatic Tech	-0.5	-0.7	-7.7
Eveready Inds.	0.6	-5.7	22.4
Interglobe	-0.7	-0.6	29.1
Indo Count	0.5	-11.5	-12.5
Info Edge	-2.4	-0.5	14.0
Inox Leisure	-2.5	-2.7	7.2
Jain Irrigation	0.5	4.2	56.6
Just Dial	-0.6	-3.1	-31.5
Kaveri Seed	2.1	2.8	68.3
Kitex Garm.	0.6	-3.0	-22.5
Manpasand	1.3	-0.1	11.4
MCX	3.2	7.6	7.3
Monsanto	0.8	2.6	13.6
Navneet Educat.	-2.0	-5.0	80.3
PI Inds.	-1.2	-7.1	2.0
Piramal Enterp.	0.2	3.6	84.9
SRF	-0.7	-5.6	8.0
S H Kelkar	2.0	1.9	13.1
Symphony	4.7	6.2	18.2
TTK Prestige	0.1	-4.5	36.2
V-Guard	-0.1	0.8	77.5
Wonderla	-0.8	-4.7	-11.4



# THEMATIC/STRATEGY RESEARCH GALLERY



# REPORT GALLERY

## RECENT INITIATING COVERAGE REPORTS

**MOTILAL OSWAL** Initiating Coverage | 23 June 2017  
Sector: Finance

### Cholamandalam Finance

**Prepared, Equipped and Armed**

Source: Company Reports, Research Analysts, etc. | +91 22 6862 9129  
Research and analysis is subject to change. Research Analysts' views are the best page of the Research Report. Motilal Oswal Research is subject to any material and/or financial updates, including, Technical, Sector, System and IIF, India.

**MOTILAL OSWAL** Initiating Coverage | 20 April 2017  
Sector: Utilities

### Tata Power

**Struggling for RoE**

Source: Market Research, Research Analysts, etc. | +91 22 6862 9129  
Research and analysis is subject to change. Research Analysts' views are the best page of the Research Report. Motilal Oswal Research is subject to any material and/or financial updates, including, Technical, Sector, System and IIF, India.

**MOTILAL OSWAL** Initiating Coverage | 28 April 2017  
Sector: Oil and Gas

### Gujarat Gas

**Long road ahead**

Source: Market Research, Research Analysts, etc. | +91 22 6862 9129  
Research and analysis is subject to change. Research Analysts' views are the best page of the Research Report. Motilal Oswal Research is subject to any material and/or financial updates, including, Technical, Sector, System and IIF, India.

**MOTILAL OSWAL** Initiating Coverage | 28 March 2017  
Sector: Education

### Navneet Education

**Steadfast; growth gaining momentum**

Source: Market Research, Research Analysts, etc. | +91 22 6862 9129  
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**MOTILAL OSWAL** Initiating Coverage | 23 March 2017  
Sector: Information

### Delta Corp

**Favorable odds**

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### Ajanta Pharma

**Promising growth trajectory**

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**MOTILAL OSWAL** Initiating Coverage | 14 February 2017  
Sector: Automobile

### Piramal Enterprises

**Winner's Edge**

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**MOTILAL OSWAL** Initiating Coverage | 23 February 2017  
Sector: Automobile

### CEAT

**Well balanced**

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**MOTILAL OSWAL** Initiating Coverage | 23 December 2016  
Sector: Consumer Product

### SH Kelkar

**Adding flavor to fragrance**

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# DIFFERENTIATED PRODUCT GALLERY

**MOTILAL OSWAL** 27 March 2017

## Annual Report 2016-17

### JC LAKSHMI CEMENT

**Strong performance in FY17**

After a record quarter in FY16, the cement company performed well with revenue doubling to INR 1,07,000 crore on the back of an 8% fall in realisation for FY16. However, net revenue grew 23% to INR 6,000 crore. Strong financial and operational performance of the company led to a revision of the FY17 revenue target. The company reported 8% growth in net revenue and an increase in EBITDA to INR 1,000 crore. The company reported 8% growth in net revenue and an increase in EBITDA to INR 1,000 crore. The company reported 8% growth in net revenue and an increase in EBITDA to INR 1,000 crore.

**Key highlights:**

- Operating performance remains strong with FY17 revenue of INR 1,07,000 crore, up from INR 1,00,000 crore in FY16.
- High financial and operational performance led to a revision of the FY17 revenue target.
- Operating performance remains strong with FY17 revenue of INR 1,07,000 crore, up from INR 1,00,000 crore in FY16.

**Key Metrics:**

Particulars	2016-17	2015-16
Revenue	107,000	100,000
EBITDA	1,000	1,000
Net Profit	6,000	6,000

**MOTILAL OSWAL** 19 April 2017

## VOICES

**India Inc on Call**

India Inc is a quarterly column that provides a clear view on the pulse of the Indian economy. It is a must-read for all those who are interested in the Indian economy. It provides a clear view on the pulse of the Indian economy. It provides a clear view on the pulse of the Indian economy.

**Key highlights:**

- India Inc is a quarterly column that provides a clear view on the pulse of the Indian economy.
- It provides a clear view on the pulse of the Indian economy.

**MOTILAL OSWAL** 17 March 2017

## EcoKnowledge

**One Two Three Budget 2017-18**

**Key highlights:**

- The 12th Finance Commission (FC) has recommended a 1% increase in the central government's share of the states' share of the tax pool.
- The 12th Finance Commission (FC) has recommended a 1% increase in the central government's share of the states' share of the tax pool.

**Key Metrics:**

Particulars	2017-18	2016-17
Revenue	107,000	100,000
EBITDA	1,000	1,000
Net Profit	6,000	6,000

**MOTILAL OSWAL** 28 June 2017

## CornerOffice

**Profession built on selling**

Profession built on selling is a quarterly column that provides a clear view on the pulse of the Indian economy. It is a must-read for all those who are interested in the Indian economy. It provides a clear view on the pulse of the Indian economy.

**Key highlights:**

- Profession built on selling is a quarterly column that provides a clear view on the pulse of the Indian economy.
- It provides a clear view on the pulse of the Indian economy.

**MOTILAL OSWAL**

## BULLS & BEARS

**INDIA VALUATIONS HANDBOOK**

**Highlights of May edition:**

- Another positive month for Bull's - up 3.4% in May
- Private Banks, Consumer, Technology and Auto top performers for May
- Eight sectors delivered negative returns in May
- Midcaps underperformed large caps for the first time in last four months

**Key Metrics:**

Category	Value
Best Performing Sectors (%)	3.4
Worst Performing Sectors (%)	-1.2

**MOTILAL OSWAL**

## FUND FOLIO

**Indian Mutual Fund Tracker**

**Key highlights:**

- Equity AUM of all industry at new high, up 40% in 12 months
- IRRS-2x
- Midcaps underperformed large caps for the first time in last four months

**Key Metrics:**

Category	Value
Equity AUM	10,000
IRRS-2x	40%

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