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Market snapshot



Equities - India	Close	Chg. %	YTD. %
Sensex	32,228	-0.1	21.0
Nifty-50	9,965	0.0	21.7
Nifty-M 100	18,377	0.4	28.1
Equities-Global	Close	Chg. %	YTD. %
S&P 500	2,477	0.3	10.6
Nasdaq	6,412	0.0	19.1
FTSE 100	7,435	0.8	4.1
DAX	12,264	0.5	6.8
Hang Seng	10,783	-0.4	14.8
Nikkei 225	19,955	-0.1	4.4
Commodities	Close	Chg. %	YTD. %
Brent (US\$/Bbl)	50	4.2	-9.3
Gold (\$/OZ)	1,251	-0.4	7.9
Cu (US\$/MT)	6,197	3.4	12.2
Almn (US\$/MT)	1,909	1.0	12.0
Currency	Close	Chg. %	YTD. %
USD/INR	64.4	0.1	-5.1
USD/EUR	1.2	0.0	10.5
USD/JPY	111.3	0.5	-5.0
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)	25-Jul	MTD	YTD
FII	0.0	0.2	8.7
DII	0.0	0.3	3.6
Volumes (INRb)	25-Jul	MTD*	YTD*
Cash	297	288	286
F&O	5,275	5,488	4,980

Note: YTD is calendar year, *Avg

Today's top research idea

Axis Bank: Core PPOP helped by healthy fees

- ✓ Axis Bank surprised positively with core PPOP beating estimates due to better than expected core fee income growth.
- ✓ Asset quality remained under pressure with gross stressed asset pool largely unchanged QoQ.
- ✓ We largely maintain our earnings estimates as expected benefit of reduced credit costs should be offset by suppressed margins.
- ✓ We expect PPOP to stay flat in FY18 with moderation in trading gains (one-off high in FY17).
- ✓ We expect continued balance sheet cleanup to keep return ratios under pressure.
- ✓ We build in 0.8%/9.3% RoA/RoE for FY18 and maintain neutral with a TP of INR545.

Research covered

Cos/Sector	Key Highlights
Axis Bank	Core PPOP helped by healthy fees
Bharti Airtel	Consolidated EBITDA declines marginally
Asian Paints	Impacted by GST-related challenges
Vedanta	Many segments were weak; cost pressure in AL
Bharti Infratel	Growth outlook remains upbeat
Hero Motocorp	GST compensation, RM hurt margin; Volume guidance slightly lowered
Pidilite	Performance impacted by GST-led destocking
GSK Pharma	GST impacts revenues, margins tank
M&M Fin. Serv.	Operating performance strong; Strengthening the balance sheet
Tata Comm	Margin-led EBITDA growth to continue
L&T Infotech	1Q weakness offset by sanguine FY18 outlook
GE & T&D India	Strong sales and margin beat; orders up 98% YoY
Results Expectation	BHAFIN FB MPHL NEST PVR Yes

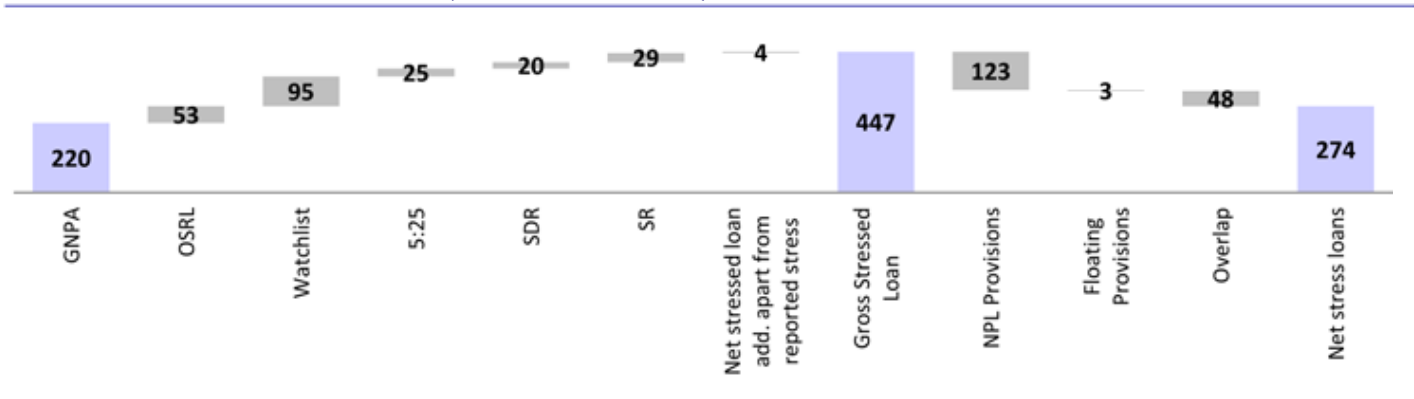
Piping hot news

Big financial blow for NPA-laden banks on cards as RBI unlikely to ease provisioning load

- ✓ Banks hoping to escape steep provisions on loans referred to bankruptcy court, apart from the 12 companies that the Reserve Bank of India (RBI) recently mandated for the insolvency process, are set to be disappointed.

Chart of the Day: Axis Bank – Core PPOP helped by healthy fees

Pool of net stress loans stands at INR274b (6.6% of customer assets)



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

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



Kindly click on textbox for the detailed news link

1

Sebi may ask companies to keep bourses in loop on defaults

The Securities and Exchange Board of India (Sebi) is planning to make it mandatory for listed companies to inform stock exchanges if they fail to make interest and loan installment payments on time in order to ensure greater fiscal discipline and keep...

2

Trucks cover 30 per cent more distance a day post-GST

The distance travelled by trucks per day has increased by at least 30% post the rollout of goods and services tax (GST), according to a document prepared by the road transport ministry on the impact of GST on logistics sector. Trucks are covering 300-325 km a day on an average against about 225 km a day before GST, it said...

3

Government starts mega drive to link NREGS a/c with Aadhaar

The government has started a drive to bring all active workers of the National Rural Employment Guarantee Scheme (NREGS) under the Aadhaar framework to bring down duplication under the scheme and prevent leakage of funds...

4

LIC to offload excess stake in firms in 2 years

Insurer needs to dilute stakes worth Rs 9,000 cr in 12 companies to comply with 15% shareholding cap. The Insurance Regulatory and Development Authority of India has given Life Insurance Corporation of India (LIC) two years to pare shareholdings in companies in which it owns more than the permitted 15 per cent...

5

JSW Energy eyes solar rooftop, energy storage

The Sajjan Jindal-promoted JSW Energy is planning an asset-light strategy and is evaluating options in the solar rooftop and energy storage segments for a stronger foothold in renewable energy. "Energy storage is one area where a paradigm shift is happening..."

6

Vodafone-Idea merger expected to complete in 2018

The merger of Vodafone India Ltd and Idea Cellular Ltd is set to be completed ahead of time in 2018, the companies said on Tuesday. The Vodafone-Idea merger will create India's largest telecom firm, eclipsing Bharti Airtel Ltd and pose a formidable challenge to new entrant and disruptor Reliance Jio Infocomm Ltd...

7

Govt unlikely to demerge Air India

The government is unlikely to demerge Air India as it fears such a move could erode the value of the national carrier. InterGlobe Aviation, which runs India's leading airline IndiGo, has expressed interest in taking over the international business of Air India...



Axis Bank

BSE SENSEX 32,228 S&P CNX 9,965

CMP: INR545 TP: INR545 (+0%) Neutral

Bloomberg	AXSB IN
Equity Shares (m)	2,395.0
M.Cap.(INR b)/(USD b)	1,304.5 / 20.3
52-Week Range (INR)	1228 / 849
1, 6, 12 Rel. Per (%)	-4/2/-7
12M Avg Val (INR M)	1203
Free float (%)	47.2

Financials & Valuation (INR b)

Y/E March	2018E	2019E	2020E
NII	192.4	225.5	271.2
OP	172.1	197.7	236.5
NP	52.3	91.2	120.7
NIM (%)	3.4	3.4	3.4
EPS (INR)	21.8	38.1	50.4
BV/Sh. (INR)	242.9	274.3	315.8
RoE (%)	9.3	14.7	17.1
RoA (%)	0.8	1.2	1.3
P/E(X)	24.9	14.3	10.8
P/BV (X)	2.2	2.0	1.7

Core PPOp helped by healthy fees; Pool of stress loans remains unchanged

- Axis Bank's (AXSB) PAT came in at INR13.06b (5% beat). Key positives were: a) continued healthy retail loan growth of 22% YoY; reported loan growth was lower at -12% due to FCNR-B linked loans redemption in 2HFY17, b) average daily CASA growth stood at 24% YoY, with SA growth at 22% YoY; average CASA ratio stood at 45%, and c) fee income growth improved to 17% v/s average of ~8% over the last two years, driven by strong retail fees (+33% YoY; 48% of fees v/s 42% a year ago).
- Total pool of gross stress loans was largely unchanged at ~INR400b (9.6% of customer assets), despite high write-offs of INR24.6b (65bp of loans) during the quarter. Gross slippages were elevated due to a) slippages outside watch-list of INR15b+ and higher stress in Agri segment. Net stress loans stood at INR274b (6.6% of customer assets) v/s INR283b (7% of customer assets) a quarter ago.
- Absolute GNPA increased 4% QoQ. GNPA/NNPA came in at 5.03%/2.3% (-1bp/+19bp QoQ). Management commented that stressed assets outside watch-list may continue to add to slippages.
- CET1 ratio/Tier 1 ratio/CAR stood at 11.15%/12.6%/16.6%. During the quarter, the bank raised INR35b/INR50b of AT1/T2 bonds. Based on expected capital consumption, we believe AXSB should raise CET1 capital by end of 1HCY18.
- Valuation and view:** We largely maintain our earnings estimates. In our view, the expected benefit of reduction in credit cost should be compensated by lower margins. In FY17, trading gains contributed 20% of operating profits v/s FY13-16 average of 6%. We expect this to decline to 15% of PPOp in FY18, leading to flat PPOp. Core PPOp is expected to stay flat in FY18. Continued clean-up and expected pressure on core income are likely to keep return ratios under pressure. We expect RoAs of ~0.8% and RoEs of ~9.3% in FY18. We expect earnings to normalize only in FY19. We roll forward the TP by a quarter to June 2019. At our TP, AXSB will trade at 1.9x June 2019E BV and 14x earnings. Maintain **Neutral**.

Quarterly Performance

	FY17				FY18				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY17	FY18
Interest Income	1,11,139	1,11,591	1,11,010	1,11,682	1,10,525	1,13,281	1,16,194	1,21,411	4,45,422	4,61,411
Interest Expense	65,970	66,452	67,673	64,396	64,364	65,973	67,457	71,263	2,64,490	2,69,056
Net Interest Income	45,169	45,139	43,337	47,286	46,161	47,308	48,737	50,147	1,80,931	1,92,355
% Change (Y-o-Y)	11.4	11.1	4.1	3.9	2.2	4.8	12.5	6.1	7.5	6.3
Other Income	27,383	25,397	34,002	30,132	29,998	29,700	30,450	34,738	1,16,913	1,24,886
Net Income	72,552	70,535	77,339	77,418	76,160	77,008	79,187	84,886	2,97,844	3,17,241
Operating Expenses	27,858	29,534	30,937	33,670	33,248	34,874	37,011	40,008	1,21,999	1,45,142
Operating Profit	44,694	41,002	46,402	43,747	42,912	42,134	42,176	44,878	1,75,845	1,72,099
% Change (Y-o-Y)	9.2	13.0	16.4	-0.5	-4.0	2.8	-9.1	2.6	9.2	-2.1
Other Provisions	21,172	36,227	37,958	25,813	23,419	22,500	22,500	25,027	1,21,170	93,447
Profit before Tax	23,522	4,774	8,444	17,935	19,492	19,634	19,676	19,850	54,676	78,653
Tax Provisions	7,967	1,584	2,649	5,684	6,436	6,577	6,592	6,743	17,883	26,349
Net Profit	15,555	3,191	5,796	12,251	13,056	13,057	13,085	13,107	36,793	52,304
% Change (Y-o-Y)	-21.4	-83.3	-73.4	-43.1	-16.1	309.2	125.8	7.0	-55.3	42.2
Operating Parameters										
NIM (Cal, %)	3.7	3.7	3.5	3.7	3.5	3.5	3.4	3.4	3.6	3.4
Deposit Growth (%)	16.3	17.3	9.6	15.8	10.0	9.8	20.4	16.0	15.8	16.0
Loan Growth (%)	21.2	18.5	10.1	10.1	11.8	13.5	20.7	18.0	10.1	18.0
CD Ratio (%)	96.4	92.9	93.6	90.0	97.9	96.1	93.8	91.6	90.0	91.6
Core CASA ratio (%)	40.0	41.0	42.0	45.0	0.0					45.0
Asset Quality										
OSRL (INR b)	73.6	67.0	63.4	53.8					53.8	0.0
OSRL (%)	2.1	1.9	1.8	1.4					1.4	0.0
Gross NPA (INR b)	95.5	163.8	204.7	212.8	220.3	237.1	249.7	250.2	212.8	250.2
Gross NPA (on cust. assets, %)	2.5	4.2	5.2	5.0	5.0	5.7	5.8	5.5	5.0	5.5

E: MOSL Estimates

BSE SENSEX 32,228 S&P CNX 9,965

CMP: INR428

TP: INR435

Buy

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

Conference Call Details



Date: 26th July 2017
Time: 02:30pm IST
Dial-in details:
+91-22-4444 9999

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	954.7	931.6	1034.9
EBITDA	353.3	340.8	391.9
NP	44.4	17.3	27.6
EPS (INR)	11.1	4.3	6.9
EPS Gr. (%)	-6.4	-61.1	59.6
BV/Sh. (INR)	168.8	171.8	177.5
RoE (%)	6.7	2.5	4.0
RoCE (%)	5.4	3.7	4.6
P/E (x)	38.5	98.9	62.0
P/BV (x)	2.5	2.5	2.4

Consolidated EBITDA declines marginally

- Consolidated revenue stood at INR219.6b (flat QoQ, -14% YoY; in-line). Consolidated EBITDA of INR77.6b declined 1% QoQ (-19% YoY; 4% ahead of estimate). EBITDA margin at 35.3% shrunk 50bp QoQ (-200bp YoY).
- India wireless revenue declined by a meager 0.4% QoQ (-14.2% YoY) to INR129.1b, marginally ahead of expectation. India EBITDA at INR44.3b declined 8% QoQ (-31% YoY; 2% below estimates). India EBITDA margin at 34.3% contracted 260bp QoQ (-810bp YoY; 100bp miss) due to high SG&A costs.
- Africa revenue fell 4% QoQ (-22% YoY) to INR48.5b (2% below estimate) due to currency movements. Africa EBITDA of INR13.6b rose 4% QoQ (-3% YoY), exceeding estimate by 2% due to cost efficiency in SG&A and employee cost. Africa EBITDA margin at 28.1% expanded 220bp QoQ (+570bp YoY).
- PAT at INR3.7b declined 2% QoQ (-75% YoY).

Key Metrics India

- Voice revenue at INR92.6b (in-line) was flat QoQ, but declined 12% YoY. Data revenue recovered, with 3% QoQ growth (-20% YoY) to INR28.1b. ARPU at INR154 declined 2%/21% QoQ/YoY (2% better than expectation). Voice ARPU at INR111 was down 3% QoQ. Data ARPU at INR156 was down 4% QoQ.

Africa

- ARPU at USD3.1 was flat QoQ (-5% YoY). Voice RPM dropped 7% QoQ to 1.4 cents, partly offset by 6% jump in MOUs.

Valuation and view: We will revisit our estimates post the earnings call. At CMP of INR428, the stock trades at EV/EBITDA of 7.6x/6.6x on FY18/19. We have a **Buy** rating on the stock with TP of INR435.

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	219,581	227,525	238,014	247,324	954,683	932,443
YoY Change (%)	7.9	3.4	-3.0	-12.1	-10.9	-2.5	8.5	NA	335.2	NA
Total Expenditure	159,985	152,113	148,542	140,746	141,997	146,269	151,655	156,304	601,386	596,225
EBITDA	95,480	94,402	84,815	78,600	77,584	81,256	86,359	91,020	353,297	336,219
Margins (%)	37.4	38.3	36.3	35.8	35.3	35.7	36.3	36.8	37.0	36.1
Depreciation	50,402	49,560	48,350	49,418	48,192	53,353	53,353	53,353	197,730	208,252
Interest	19,399	19,057	19,356	19,162	18,274	21,015	21,015	21,015	76,974	81,319
Other Income	2,787	1,568	3,487	2,494	3,698	3,514	3,514	3,514	10,336	14,054
PBT before EO expense	28,466	27,353	20,596	12,514	14,816	10,401	15,504	20,165	88,929	60,702
Extra-Ord expense	3,536	66	2,040	6,055	503	0	0	0	11,697	503
PBT	24,930	27,287	18,556	6,459	14,313	10,401	15,504	20,165	77,232	60,199
Tax	10,089	11,136	11,841	1,753	8,136	5,711	8,514	11,074	34,819	33,435
Rate (%)	40.5	40.8	63.8	27.1	56.8	54.9	54.9	54.9	45.1	55.5
Minority Interest & Profit/Loss of Asso.	222	1,544	1,678	972	2,504	1,901	2,834	3,686	4,416	10,924
Reported PAT	14,619	14,607	5,037	3,734	3,673	2,788	4,157	5,406	37,997	15,840
Mobile ARPU (INR/month)	195.7	187.9	172.0	157.6	154.5	158.8	166.9	172.5	177.0	163.9
QoQ Growth (%)	0.8	-4.0	-8.4	-8.4	-2.0	2.8	5.1	3.4	-8.2	-7.4
Mobile MOU/sub/month	414.2	405.9	418.8	470.8	507.0	512.0	527.4	532.7	425.6	521.9
QoQ Growth (%)	-0.2	-2.0	3.2	12.4	7.7	1.0	3.0	1.0	4.0	22.6
Mobile Traffic (B Min)	315	313	330	381	422	435	456	468	1,340	1,781
QoQ Growth (%)	2.2	-0.5	5.4	15.5	10.7	3.2	4.8	2.6	14.4	33.0
Mobile RPM (INR)	0.47	0.46	0.41	0.33	0.30	0.31	0.32	0.32	0.42	0.31
QoQ Growth (%)	1.0	-2.0	-11.3	-18.5	-9.0	1.8	2.0	2.3	-11.8	-24.5



Asian Paints

BSE SENSEX	S&P CNX
32,228	9,965

Bloomberg	APNT IN
Equity Shares (m)	959.2
M.Cap.(INRb)/(USDb)	1,108.9 / 17.2
52-Week Range (INR)	1228 / 849
1, 6, 12 Rel. Per (%)	-4/2/-7
Avg Val, INRm	1203
Free float (%)	47.2

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	152.9	176.0	206.1
EBITDA	30.2	32.8	39.0
NP	20.2	21.3	25.4
EPS (INR)	21.0	22.2	26.5
EPS Gr. (%)	8.7	5.6	19.5
BV/Sh. (INR)	79.3	87.1	101.3
RoE (%)	28.5	26.7	28.1
RoCE (%)	24.3	23.0	24.7
P/E (x)	54.8	51.9	43.4
P/BV (x)	14.5	13.2	11.4

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR1,152 TP: INR1,200 (+4%)

Neutral

Impacted by GST-related challenges; RM costs pull down margins

- Asian Paints (APNT) reported consol. sales growth of 6.4% YoY (est. of +2%) to **INR38.2b**, with volume growth of ~4% (est. of flat growth) in the domestic decorative paints business. The quarter failed to build on a good start due to destocking ahead of GST implementation.
- Gross margin shrunk sharply by 430bp YoY (est. of +300bp) to 42.8%**, mainly led by higher RM prices. Increase in RM cost, along with slightly higher other expenses (+80bp YoY) and employee expense (+20bp YoY), led to EBITDA margin contraction of 530bp YoY to 17.4% (est. of -200bp). Thus, EBITDA declined 18.5% YoY to INR6.7b (est. of -7%). Adj. PAT fell 20.4% YoY to INR4.4b (est. of -6%).
- Standalone performance:** Net sales grew 7.3% YoY to INR32b. Gross margin shrunk by 470bp YoY to 43.8% and EBITDA margin by 580bp YoY to 18.6%. Thus, EBITDA fell 18.2% YoY to INR6b. Adj. PAT was down 20% YoY to INR4b.
- Subsidiary sales grew 1.5% YoY to INR6b**, while EBITDA and adj. PAT declined 21% and 24% YoY, respectively.
- Concall highlights:** 1) While April saw good demand, May and June were affected by destocking; APNT sees good pick-up in July. 2) There could be some hiccups in 2QFY18 due to GST implementation across channels. 3) The company will take necessary pricing action if RM costs do not stabilize.
- Maintain Neutral:** There is 4%/3% downward change to our FY18/FY19E EPS. While APNT has an enviable business franchise demonstrating healthy volume growth even during consumer sector downturn, fair valuations (43x FY19 EPS) prevent us from being more constructive. Maintain **Neutral** with a revised target price of INR1,200 (43x June FY19'EPS, in line with three-year average).

Quarterly Performance (Consolidated)

Y/E March	FY17				FY18				FY17	FY18	FY18	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		FY18 1QE		
Dom Deco Volume Growth %	11.0	12.0	2.0	10.0	4.0	15.0	15.0	10.0	8.8	11.0	0.0	
Net Sales	35,870	37,633	39,370	39,525	38,152	45,160	47,244	45,470	152,398	176,026	37,101	2.8%
Change (%)	7.6	9.6	2.6	7.8	6.4	20.0	20.0	15.0	6.8	15.5	2.0	
Raw Material/PM	18,961	20,876	22,045	22,194	21,812	25,502	26,454	25,455	84,076	99,224	20,688	
Gross Profit	16,910	16,758	17,325	17,330	16,340	19,657	20,790	20,015	68,322	76,802	16,414	-0.4%
Gross Margin (%)	47.1	44.5	44.0	43.8	42.8	43.5	44.0	44.0	44.8	43.6	44.2	
Operating Expenses	8,748	9,628	9,562	10,211	9,686	11,553	11,474	11,317	38,149	44,031	8,789	
% of Sales	24.4	25.6	24.3	25.8	25.4	25.6	24.3	24.9	25.0	25.0	23.7	
EBITDA	8,162	7,130	7,763	7,119	6,654	8,104	9,316	8,698	30,173	32,772	7,625	-12.7%
Margin (%)	22.8	18.9	19.7	18.0	17.4	17.9	19.7	19.1	19.8	18.6	20.6	
Change (%)	20.3	17.3	-1.2	2.1	-18.5	13.7	20.0	22.2	9.0	8.6	-7.0	
Interest	63	60	92	90	80	80	80	104	305	344	64	
Depreciation	844	844	855	835	905	970	983	998	3,378	3,857	983	
Other Income	719	791	415	701	783	886	456	742	2,626	2,867	805	
PBT	7,973	7,017	7,231	6,895	6,452	7,940	8,708	8,337	29,116	31,438	7,383	-12.6%
Tax	2,593	2,207	2,465	2,205	2,160	2,620	2,874	2,720	9,469	10,375	2,289	
Effective Tax Rate (%)	32.5	31.5	34.1	32.0	33.5	33.0	33.0	32.6	32.5	33.0	31.0	
Adjusted PAT	5,506	4,759	4,662	4,796	4,382	5,270	5,731	5,907	20,162	21,289	5,045	-13.1%

E: MOSL Estimates



BSE SENSEX	S&P CNX
30,322	9,445

Bloomberg	VEDL IN
Equity Shares (m)	3,717
M.Cap.(INRb)/(USDb)	897.0 / 14.0
52-Week Range (INR)	278 / 154
1, 6, 12 Rel. Per (%)	12/-10/45
Avg Val, INRm	2891
Free float (%)	37.1

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	722.3	842	1,001
EBITDA	175.5	205.6	258.9
PAT	56.3	92.1	123.2
EPS (INR)	15.1	24.8	33.1
Gr. (%)		63.7	33.7
BV/Sh (INR)	162.7	172.6	188.2
RoE (%)	9.7	14.8	18.4
RoCE (%)	12.4	14.8	17.4
P/E (x)	18.1	11.1	8.3
P/BV (x)	1.7	1.6	1.5

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR274 TP: INR316 (+15%) Buy

Many segments were weak; cost pressure in AL

Zinc outlook remains bullish; Maintain Buy

- Cons. EBITDA increased 42% YoY to INR48.7b (est. of INR50.7b), driven by strong growth in zinc, O&G and aluminum (AL). The iron ore, copper (Cu) and power segments, however, reported weak operating performance.
- Adjusting for recovery of past costs (not quantified) in O&G revenue, the EBITDA miss stands at 7-10% due to (1) poor Cu by-product credits, (2) slower growth in commercial production of AL, (3) lower sales quantity of iron ore and pig iron and (4) less volumes at Skopriion Zinc due to shut down.
- Margins in Cu (lower TcRC and by-product), AL (cost pressure) and iron ore (widening grade discounts) shrunk significantly in the quarter. We have reduced our estimates for Cu, and maintained for iron ore and AL. Power EBITDA will recover as TSPL has fully recovered from fire-related damages.
- Management maintained guidance for 2mtpa AL production in FY19E, but the guidance for cost of production (CoP) is raised by USD100/t to USD1,600/t for 2HFY18E on expected lines.
- Zinc price outlook remains bullish, which is reflected by the tight concentrate market and very low treatment charge (TC). We are factoring in stronger LME at USD3,200/t (13% higher than current LME). Gamsberg project development too is progressing well, which will start contributing to volumes in FY19E. Rajasthan O&G production too is expected to be 2-3% higher YoY at 165kboepd in FY18E, with potential upside next year.
- Vedanta (VEDL) has a portfolio of high-quality base metals and O&G asset, and is well poised to benefit from the bullish price outlook for zinc. We maintain **Buy** with a target price of INR316.

Quarterly Performance (Consolidated) – INR million

Y/E March	FY17				FY18				FY17	FY18E	FY18 vs Est.	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	%
Net Sales	144,371	158,596	194,171	225,113	182,850	203,365	223,263	232,961	722,250	842,439	181,109	1
Change (YoY %)	-15.2	-4.2	30.5	40.9	26.7	28.2	15.0	3.5	12.4	16.6	25.4	
EBITDA	34,396	46,674	59,964	73,501	48,740	60,444	73,332	75,441	213,319	257,958	50,709	-4
Change (YoY %)	-24.2	20.9	106.4	111.7	41.7	29.5	22.3	2.6	40.8	20.9	47.4	
As % of Net Sales	23.8	29.4	30.9	32.7	26.7	29.7	32.8	32.4	29.5	30.6	28.0	
Finance cost	13,931	14,503	15,082	15,035	15,920	15,108	14,812	13,923	58,550	59,764	15,404	3
DD&A	14,920	15,289	15,203	16,037	13,860	16,427	16,762	17,768	62,915	64,816	16,091	-14
Other Income	10,935	12,521	9,160	9,208	10,550	10,677	10,421	11,360	45,806	43,008	9,200	15
PBT (before EO item)	16,480	29,403	38,840	51,637	29,510	39,587	52,179	55,110	137,660	176,386	28,413	4
EO exp. (income)	0	0	0	1,144	0				1,144	0		
PBT (after EO item)	16,480	29,403	38,840	50,493	29,510	39,587	52,179	55,110	136,516	176,386	28,413	4
Total Tax	4,914	6,623	8,968	20,604	6,810	10,865	14,321	15,126	37,783	47,123	7,798	-13
% Tax	29.8	22.5	23.1	40.8	23.1	27.4	27.4	27.4	27.7	26.7	27.4	
Reported PAT	11,567	22,780	29,872	29,889	22,700	28,721	37,858	39,984	98,733	129,263	20,614	10
Profit from Asso.	0	2	-20	-8	0	10	5	15	-27	30	20	
Minority interest	5,417	10,261	11,188	15,775	7,450	8,482	10,892	10,360	43,584	37,184	7,282	2
Adjusted PAT	6,150	12,521	18,663	15,249	15,250	20,250	26,970	29,639	56,266	92,109	13,352	14
Change (YoY %)	-56.4	50.1	-1,124.9	34.8	148.0	61.7	44.5	94.4	-73.8	63.7	117.1	



Bharti Infratel

BSE SENSEX	S&P CNX
32,228	9,965

CMP: INR417

TP: INR480(+15%)

Buy

Bloomberg	BHIN IN
Equity Shares (m)	1,896.7
M.Cap.(INRb)/(USD\$b)	790.9 / 12.3
52-Week Range (INR)	439 / 283
1, 6, 12 Rel. Per (%)	8/2/-1
Avg Val, INRm	1474
Free float (%)	38.4

Growth outlook remains upbeat

Rental EBITDA up 5.5% QoQ, ahead of expectation

☐ **Healthy tenancy adds aid earnings growth:** BHIN reported healthy 1QFY18 results. Although consolidated revenue of INR35.2b (+10% YoY, flat QoQ) missed estimate by 2%, consolidated EBITDA of INR15.8b (+12.9% YoY, +0.2% QoQ) exceeded estimate by 2.8% due to better-than-expected rental EBITDA (+11.7% YoY, +5.5% QoQ to INR15.2b). Consolidated rental revenue remained steady at INR22.6b (+9.8% YoY, +3.5% QoQ). Energy EBITDA rose 54% YoY, but declined 56% sequentially to INR600m due to seasonality. Energy margin of 4.7% expanded 140bp YoY (-550bp QoQ). PAT declined 12.2% YoY (+11.3% QoQ) to INR6.6b, largely affected by interest fluctuations and higher effective tax.

☐ **Buoyancy in tenancy should continue:** Tenancy additions should remain high over the next 4-6 quarters, with Rjio and Bharti expected to continue data network expansion. Beyond that period, we believe that the ratio of tenancy addition to cell site addition of 1:4 should improve, as a higher proportion of sites will be deployed independently instead of loading on existing 2G sites. This should keep co-location adds steady. In our view, the risk of rental freeze is largely behind, while that of single RAN technology hurting loading revenues is overblown. We estimate Vodafone-Idea merger impact to be ~15% of EBITDA. The opportunity to increase Indus stake provides a healthy cash deployment source and should improve RoCE.

☐ **Maintain Buy with revised TP of INR480:** We maintain **Buy** (SOTP/DCF-based) with a revised target price of INR480. With 10% EBITDA CAGR over FY17-19E, BHIN trades at EV/EBITDA of 9.7x on FY19E. The stock garners over 25% RoIC, and investment in Indus should also improve RoCE. BHIN offers ~4-5% FCF, which may offer additional support to the stock.

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	134.2	146.6	159.3
EBITDA	59.0	66.1	71.1
PAT	27.5	33.4	37.7
EPS (INR)	14.9	18.0	20.4
Gr. (%)	25.3	21.5	12.9
BV/Sh (INR)	83.7	97.0	112.7
RoE (%)	16.2	19.8	19.4
RoCE (%)	13.2	14.8	14.1
P/E (x)	27.9	23.1	20.5
P/BV (x)	5.0	4.3	3.7

Estimate change



TP change



Rating change



Quarterly Performance (INR m)

Y/E March (Consolidated)	FY17				FY18				FY17	FY18E
	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	134,237	146,557
YoY Change (%)	6.9	8.3	9.5	10.6	9.8	10.3	9.1	7.7	8.9	9.2
Total Expenditure	18,159	18,421	19,206	19,481	19,489	20,069	20,411	20,500	75,268	80,469
EBITDA	13,947	14,498	14,801	15,723	15,750	16,227	16,694	17,417	58,969	66,087
Margins (%)	43.4	44.0	43.5	44.7	44.7	44.7	45.0	45.9	43.9	45.1
Depreciation	5,648	5,629	5,664	5,684	5,905	5,933	6,083	6,107	22,626	24,028
Interest	-1,281	-2,472	-947	287	-627	-2,655	-2,655	-2,655	-4,414	-8,592
Other Income	352	333	357	414	474	0	0	0	1,455	474
PBT	9,932	11,674	10,441	10,166	10,946	12,949	13,266	13,965	42,212	51,126
Tax	2,369	3,936	4,237	4,200	4,307	4,403	4,510	4,748	14,742	17,968
Rate (%)	23.9	33.7	40.6	41.3	39.3	34.0	34.0	34.0	34.9	35.1
Reported PAT	7,563	7,738	6,204	5,966	6,639	8,547	8,755	9,217	27,470	33,157
Adj PAT	7,563	7,738	6,204	5,966	6,639	8,547	8,755	9,217	27,470	33,157
YoY Change (%)	71.0	30.8	25.3	-17.0	-12.2	10.4	41.1	54.5	22.2	20.7
Margins (%)	23.6	23.5	18.2	16.9	18.8	23.5	23.6	24.3	20.5	22.6

Source: MOSL, Company



Hero MotoCorp

BSE SENSEX	S&P CNX
32,228	9,965

Bloomberg	HMCL IN
Equity Shares (m)	200
M.Cap.(INRb)/(USDb)	740.2 / 11.5
52-Week Range (INR)	3880 / 2844
1, 6, 12 Rel. Per (%)	-2/-2/-2
Avg Val, INRm	1384
Free float (%)	65.4

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	284.7	321.9	346.6
EBITDA	46.3	52.5	54.0
PAT	33.8	37.8	39.8
EPS (INR)	169.1	189.3	199.1
Gr. (%)	6.9	12.0	5.1
BV/Sh (INR)	506.3	587.2	677.8
RoE (%)	35.7	34.6	31.5
RoCE (%)	34.5	33.4	30.5
P/E (x)	21.9	19.5	18.6
P/BV (x)	7.3	6.3	5.5

CMP: INR3,707 TP: INR3,818(+3%) Neutral

GST compensation, RM hurt margin; Volume guidance slightly lowered

- GST-related dealer compensation and higher RM cost impact margins:** Revenue increased 7.7% YoY to INR79.7b (est. of INR80b) as volumes grew by 6% YoY and realizations by 1.7% YoY to INR43.1k/unit (est. of INR43.3k). Higher RM costs due to commodity inflation and lower spare sales, and dealer compensation of ~INR500m impacted EBITDA by ~60bp. However, the impact of cost inflation was diluted by lower marketing spend. EBITDA margin contracted 30bp YoY (+250bp QoQ) to 16.3% (est. of 16.9%). PAT grew 3.5% YoY (+27% QoQ) to INR9.1b, boosted by higher other income.
- Earning call highlights:** a) FY18 industry growth outlook lowered to higher-single-digit (v/s double-digit growth expectations). b) HMCL indicated that urban markets grew faster than rural in 1QFY18. c) Most of RM cost inflation is in numbers, which was largely passed through price increase of 1-2% in May-17. d) Impact of loss of excise exemption at Haridwar (~100bp) would be diluted by ramp-up at Halol plant (having sales tax incentive). e) 'Glamour' volume was impacted by supply constraints, which are now easing. f) Spare parts sales, which were impacted in 1HCY17 in anticipation of GST roll-out, are expected to recover in the coming quarters.
- Valuation and view:** We cut FY18 EPS by 4.5%, impacted by slower ramp-up of Halol plant and higher tax rate. However, we keep FY19 estimates unchanged, as the negative impact of Haridwar excise expiry will be diluted by Halol sales tax benefit (as full ramp-up now in FY19). Valuations are at 19.5x/18.6x FY18/FY19 EPS. We maintain **Neutral** with a TP of INR3,818 (18x Jun-19 EPS + INR163 per share of Hero FinCorp post 20% Hold-Co discount).

Quarterly Performance

Y/E March (INR Million)	FY17				FY18				FY17	FY18E	FY18	Var. (%)
	1Q	2Q	3Q	4Q	1Q	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	1,849	0.0
Growth YoY (%)	6.1	15.8	-12.8	-5.8	6.0	8.0	21.8	12.3	0.5	11.6	6.0	
Net Realization	42,391	42,755	43,202	42,635	43,104	43,320	43,536	44,312	42,729	43,562	43,267	-0.4
Growth YoY (%)	1.0	-1.1	1.1	-2.2	1.7	1.3	0.8	3.9	-0.4	1.9	2.1	
Net Op Revenues	73,989	77,963	63,646	69,152	79,716	85,340	78,148	80,716	284,750	323,919	80,016	-0.4
Change (%)	7.2	14.5	-11.9	-7.9	7.7	9.5	22.8	16.7	0.1	13.8	8.1	
RM Cost (% sales)	67.1	66.5	64.9	68.5	67.7	66.3	66.0	64.9	66.8	66.2	66.5	120bp
Staff Cost (% sales)	4.5	4.6	5.9	4.7	4.7	4.8	5.1	4.8	4.9	4.8	4.6	10bp
Other Exp (% sales)	11.7	11.4	12.3	12.9	11.4	12.0	12.2	13.4	12.1	12.2	12.0	-60bp
EBITDA	12,301	13,689	10,797	9,576	12,959	14,486	13,032	13,670	46,348	54,146	13,505	-4.0
EBITDA Margins (%)	16.6	17.6	17.0	13.8	16.3	17.0	16.7	16.9	16.3	16.7	16.9	-60bp
Other Income	1,204	1,524	1,319	1,182	1,317	1,400	1,500	1,633	5,224	5,850	1,250	5.4
Interest	15	16	15	15	16	7	6	16	61	45	6	163.3
Depreciation	1,152	1,193	1,249	1,353	1,330	1,360	1,370	1,326	4,927	5,385	1,350	-1.5
PBT	12,337	14,004	10,853	9,390	12,931	14,519	13,156	13,960	46,585	54,566	13,399	-3.5
Effective Tax Rate (%)	28.4	28.3	28.9	23.6	29.3	27.4	27.4	25.6	27.5	27.4	27.4	190bp
Adj. PAT	8,831	10,042	7,720	7,178	9,140	10,545	9,554	10,390	33,771	39,630	9,732	-6.1
Growth (%)	18.1	27.7	-2.7	-13.9	3.5	5.0	23.8	44.8	6.9	17.3	10.2	

E: MOSL Estimates

BSE SENSEX 32,228 S&P CNX 9,965

CMP: INR828 TP: INR835(+1%)

Neutral

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

Conference Call Details



Date: 26th July 2017
Time: 06:30pm IST
Dial-in details:
+91-22-3960 0611

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	56.2	63.7	73.9
EBITDA	12.6	14.1	16.1
NP	8.6	9.5	10.9
EPS (INR)	16.7	18.4	21.2
EPS Gr. (%)	6.7	10.2	14.8
BV/Sh. (INR)	64.5	79.4	97.1
RoE (%)	28.2	25.6	24.0
RoCE (%)	26.8	24.6	23.2
P/E	49.5	44.9	39.1
EV/EBITDA	32.9	29.1	25.0

Performance impacted by GST-led destocking

Consolidated results overview

- n Gross sales were down 1.3% YoY to INR16.7b.
- n Net sales were down 2.6% YoY (est. of flat growth) to INR15.3b, with calculated flat volumes in the Consumer Bazaar segment (est. flat).
- n Gross margin contracted 60bp YoY to 51.7%. Staff costs increased 150bp YoY to 11.8% and other expenses were up 200bp YoY to 18.9%, which led to EBITDA margin contraction of 410bp YoY (est. of -150bp YoY) to 21%. EBITDA was down by 18.5% YoY (est. of -4% YoY) to INR3.2b.
- n Other income increased 79.6% YoY to INR432m.
- n Adj. PAT declined 16.7% YoY (est. of -6.1%) to INR2.3b.

Consolidated segmental performance for 1QFY18

- n Consumer Bazaar segment revenues were down 1.6% YoY to INR14.3b. Industrial segment was flat at INR2.5b. Consumer Bazaar segmental EBIT margin shrunk sharply by 390bp YoY to 23.0%. Consumer Bazaar EBIT declined 15.7% to INR3.3b.
- n Industrial segment margin contracted 360bp to 14.7%.

Standalone performance for 1QFY18

- n Gross sales declined by a meager 0.2% YoY to INR14.9b.
- n Net sales, EBITDA and adj. PAT declined 1.5%, 20.7% and 20.3%, respectively.
- n Gross margin contracted by 240bp YoY to 51.1% and EBITDA margin by 550bp to 22.7%. Staff costs increased 120bp YoY to 10.7%, and other expenses were up 190bp YoY to 17.7%.
- n Consumer Bazaar revenue declined 0.3% YoY. Industrial segment was flat YoY at INR2.5b. Consumer Bazaar segmental EBIT margin shrunk 560bp YoY to 25.6%. Consumer Bazaar EBIT declined 18.1% to INR3.2b.
- n We will review our estimates post the conference call. We have a **Neutral** rating on the stock.

Consolidated - Quarterly Earning Model

Y/E March	FY17				FY18				FY17	FY18E	FY18 1QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Sales	15,694	14,177	13,344	12,954	15,289	16,303	16,012	16,107	56,168	63,711	16,008	-4.5
YoY Change (%)	6.8	7.5	-0.3	4.9	-2.6	15.0	20.0	24.3	4.8	13.4	2.0	
Total Expenditure	11,754	10,951	10,477	10,375	12,079	12,513	12,573	12,477	43,570	49,642	12,226	
EBITDA	3,939	3,225	2,866	2,579	3,210	3,791	3,439	3,630	12,598	14,070	3,782	-15.1
Margins (%)	25.1	22.8	21.5	19.9	21.0	23.3	21.5	22.5	22.4	22.1	23.6	
Depreciation	258	303	295	296	313	318	310	276	1,151	1,217	270	
Interest	35	26	30	48	37	24	27	31	139	119	32	
Other Income	241	324	272	286	432	259	218	-35	1,123	874	193	
PBT	3,887	3,209	2,814	2,520	3,292	3,708	3,321	3,288	12,430	13,608	3,672	-10.4
Tax	1,174	912	793	971	1,033	1,131	1,013	974	3,851	4,151	1,120	
Rate (%)	30.2	28.4	28.2	38.5	31.4	30.5	30.5	29.6	31.0	30.5	30.5	
Adj PAT	2,713	2,309	2,020	1,549	2,260	2,577	2,308	2,313	8,579	9,458	2,552	-11.5
YoY Change (%)	16.3	12.4	1.5	-7.5	-16.7	11.6	14.2	49.4	6.7	10.2	-6.1	
Margins (%)	17.3	16.3	15.1	12.0	14.8	15.8	14.4	14.4	15.3	14.8	15.9	

E: MOSL Estimates



GSK Pharma

BSE SENSEX 32,228 S&P CNX 9,965

CMP: INR2,510 TP: INR2,500 (0%)

Neutral

Bloomberg	GLXO IN
Equity Shares (m)	85
M.Cap.(INRb)/(USDb)	212.6 / 3.3
52-Week Range (INR)	3430 / 2309
1, 6, 12 Rel. Per (%)	-2/-24/-41
Avg Val, INRm	38
Free float (%)	25.0

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	29.3	31.6	35.4
EBITDA	3.5	4.5	5.6
PAT	2.9	4.0	4.7
EPS (INR)	34.4	46.8	54.9
Gr. (%)	-22.2	36.2	17.3
BV/Sh (INR)	236.9	203.2	177.6
RoE (%)	14.5	23.0	30.9
RoCE (%)	15.7	21.3	28.8
P/E (x)	73.0	53.6	45.7
P/BV (x)	10.6	12.4	14.1

Estimate change

TP change

Rating change



GST impacts revenues, margins tank

- GSK Pharma's (GLXO) 1QFY18 sales declined 14.4% YoY to INR5.9b (24% miss). It recorded EBITDA loss of INR6m (est. of INR1.2b) due to lower turnover, and higher other expense (includes one-time expense of INR111m relating to arrears in payment of State Entry Tax) and employee expense. Reported PAT declined 63% YoY to INR264m, including INR124m of one-time income from sale of properties.
- GST impact evident, recovery expected in coming months:** Inventory de-stocking in the run up to GST roll-out impacted primary sales by INR1.3b (~2 weeks of sales). Adjusted for the GST impact, revenue grew ~6% YoY in 1QFY18. Although gross margin remained largely flat YoY and improved marginally QoQ, GLXO made insignificant EBITDA in 1Q (INR-6m) as operating cost below GM remained largely flat. Unlike Alembic which reduced its promotional expense during the quarter, it looks like GLXO has maintained its marketing expense, and thus, other expense for the company went up during the quarter despite lower sales.
- Margin improvement is key:** Apart from GST, regulatory issues continued to have a negative impact on margins. We expect recovery in sales and margins from 2Q, led by channel re-filing. According to AIOCD, FDC-related market (which declined 10.9%) continued to drag companies. Secondary sales of GLXO increased 8.6% in 1QFY18 v/s 7.5% for industry.
- Valuation and view:** We believe GLXO has strong parent support, superior brand portfolio (competitive advantage), high payout ratio (>100%) and industry-leading return ratios (RoCE of ~30%). We maintain our **Neutral** rating with a target price of INR2,500 @ 45x FY19E PER (v/s INR2,700 @ 45x FY19E PER). We have cut our FY18/19E EPS by ~10/9% as we do not expect full sales recovery.

Quarterly Performance (Consolidated)

Y/E March (Standalone)	FY17				FY18E				FY17	FY18E	Chg. (%)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	1QE			
Net Sales	6,852	7,829	6,893	7,634	5,868	8,768	7,720	10,413	29,265	32,769	7,674	-24
YoY Change (%)	10.2	11.8	-5.4	11.3	-14.4	12.0	12.0	36.4	6.8	12.0	12.0	
Total Expenditure	6,150	6,584	6,543	6,469	5,874	7,383	6,500	7,918	25,810	27,675	6,462	
EBITDA	702	1,245	350	1,165	-6	1,385	1,220	2,495	3,455	5,094	1,213	-101
Margins (%)	10.2	15.9	5.1	15.3	-0.1	15.8	15.8	24.0	11.8	15.5	15.8	
Depreciation	54	66	66	78	75	74	74	73	264	296	74	
Other Income	441	343	319	351	340	506	506	672	1,463	2,024	506	
PBT before EO Expense	1,090	1,522	603	1,438	258	1,817	1,652	3,094	4,655	6,822	1,645	
Tax	386	536	252	570	120	645	586	1,070	1,744	2,422	584	
Rate (%)	35.4	35.2	41.8	39.6	46.6	35.5	35.5	34.6	37.5	35.5	35.5	
Adjusted PAT	705	987	351	869	138	1,172	1,065	2,025	2,911	4,400	1,061	-87
YoY Change (%)	-26.4	-4.5	-57.8	-3.3	-80.4	18.8	203.8	133.1	-22.2	51.2	50.6	
Margins (%)	10.3	12.6	5.1	11.4	2.3	13.4	13.8	19.4	9.9	13.4	13.8	
Extra-Ord Expense	-18	-2	-179	-259	-126	0	0	0	-457	-126	0	
Reported PAT	723	988	530	1,127	264	1,172	1,065	2,025	3,368	4,527	1,061	-75



Mahindra Financial Services

BSE SENSEX 32,228 S&P CNX 9,370

CMP: INR399

TP: INR459 (+15%)

Buy

Bloomberg	MMFS
Equity Shares (m)	565.0
M.Cap.(INRb)/(USD\$b)	225.5 / 3.5
52-Week Range (INR)	405 / 244
1, 6, 12 Rel. Per (%)	17/23/10
Avg Val, INRm	-
Free float (%)	-

Financials & Valuations (INR b)

Y/E March	2017	2018E	2019E
NII	33.2	40.0	45.1
PPP	19.3	23.9	26.8
PAT	4.0	7.8	10.0
EPS (INR)	7.1	13.9	17.8
BV/Sh.(INR)	111.8	120.1	130.6
ABV/Sh (INR)	92.0	95.4	104.4
RoA on AUM (%)	1.0	1.7	1.9
RoE (%)	6.5	12.0	14.2
Payout (%)	39.2	41.0	41.0
Valuations			
P/E (x)	56.3	28.8	22.5
P/BV (x)	3.6	3.3	3.1
P/ABV (x)	4.3	4.2	3.8
Div. Yield (%)	0.7	1.2	1.6

Operating performance strong; Strengthening the balance sheet

- Mahindra & Mahindra Financial Services (MMFS) had a strong quarter on the operating front. **Value of assets financed increased 16% YoY in 1QFY18 – the 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. Management expects strong growth to sustain or even improve.
- 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, 4Q-to-1Q GNPL increase is -50-100bp, while in a bad cycle, it goes to as high as 250+bp.
- The company incurred provisioning cost of INR834m, based on its assessment of underlying collateral for NPLs, on which 100% provisioning has been made. **As a result, PCR was largely stable at 60-62%. The sequential PCR decline of a mere 130bp is the lowest in the past 11 years (average decline of 600bp). We view this shoring-up of provisions as a positive sign as it strengthens the balance sheet, despite the negative impact on near-term profitability.**
- 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 signal early signs of 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. As MMFS is highly levered to growth and asset quality, this would have a multiplier effect on the return ratios. We upgrade FY18/19 EPS estimates by 9%/18% and our TP to INR459 (SOTP FY19 based). **Buy.**

Quarterly Performance

Y/E March	(INR Million)									
	FY17				FY18				FY17	FY18
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Operating Income	13,664	14,916	14,904	18,255	15,924	17,261	16,909	20,359	61,739	70,453
Other Income	93	241	130	173	107	200	250	270	636	827
Total income	13,757	15,157	15,035	18,427	16,031	17,461	17,159	20,629	62,375	71,280
YoY Growth (%)	0.5	5.4	6.7	9.1	16.5	15.2	14.1	12.0	5.6	14.3
Interest Expenses	6,910	7,086	7,441	7,137	7,327	7,563	7,777	7,830	28,574	30,497
Net Income	6,847	8,071	7,593	11,290	8,704	9,898	9,382	12,799	33,801	40,782
Operating Expenses	3,260	3,567	3,645	4,037	3,810	4,162	4,252	4,670	14,509	16,893
Operating Profit	3,587	4,504	3,949	7,252	4,894	5,735	5,130	8,129	19,292	23,889
YoY Growth (%)	-22.1	-10.5	-11.2	6.7	36.5	27.3	29.9	12.1	-7.6	23.8
Provisions	2,245	3,042	4,190	3,614	4,258	3,500	2,400	1,634	13,091	11,792
Profit before Tax	1,341	1,462	-241	3,638	636	2,235	2,730	6,495	6,202	12,098
Tax Provisions	472	514	-85	1,298	162	787	961	2,348	2,198	4,258
Net Profit	870	948	-156	2,341	474	1,448	1,769	4,147	4,003	7,840
YoY Growth (%)	-2.2	-35.1	-123.3	-36.8	-45.5	52.8	-1,231.3	77.2	-40.5	95.8
Cost to Income Ratio (%)	47.6	44.2	48.0	35.8	43.8	42.1	45.3	36.5	42.9	41.4
Provisions/Operating Profits (%)	62.6	67.5	106.1	49.8	87.0	61.0	46.8	20.1	67.9	49.4
Tax Rate (%)	35.2	35.2	35.2	35.7	25.5	35.2	35.2	36.2	35.4	35.2



Tata Communications

BSE SENSEX	S&P CNX
32,228	9,965

CMP: INR672

TP: INR775(+15%)

Buy

Bloomberg	TCOM IN
Equity Shares (m)	285
M.Cap.(INRb)/(USD\$b)	192 / 2.9
52-Week Range (INR)	782 / 429
1, 6, 12 Rel. Per (%)	-11/-22/30
Avg Val, INRm	601
Free float (%)	25.0

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	176.2	177.1	190.3
EBITDA	24.1	24.8	32.4
PAT	7.8	2.5	7.4
EPS (INR)	27.2	8.7	26.1
Gr. (%)	1,653.4	-68.0	199.2
BV/Sh (INR)	55.9	64.6	90.6
RoE (%)	132.2	14.5	33.6
RoCE (%)	10.2	3.7	8.0
P/E (x)	24.7	77.2	25.8
P/BV (x)	12.6	10.4	7.4

Margin-led EBITDA growth to continue

EBITDA recovers from last quarter's one-off impact: Core revenue increased 0.4% QoQ (-3.3% YoY) to INR43.1b (marginal beat). Core EBITDA rose 12.6% QoQ (-15.6% YoY) to INR5.6b (in-line). PAT of INR1b exceeded our estimate of INR624m; the company had recorded a loss of INR11b in 4QFY17. Data revenue was flat QoQ (+4.6% YoY) at INR27.8b (in-line). Data EBITDA increased 23% QoQ (-14.9% YoY) to INR4.7b (in-line), with the margin expanding 330bp QoQ (-390bp YoY) to 17%. Traditional EBITDA grew 18% QoQ to INR5.7b. Voice EBITDA fell 22.7%/19.1% QoQ/YoY to INR876m.

Healthy order pipeline to drive earnings: According to management, the recent order wins from global clients led to 20% YoY growth in the order pipeline. Higher contribution from the Enterprise segment selling customized solutions should lead to steady EBITDA growth. We have factored in data EBITDA CAGR of 8% over FY17-19E, net of data center sale. Management guided for EBITDA breakeven in the Growth Service segment by end-FY17; however, new product launches should limit profitability. Subsequently, we cut core EBITDA by 2%/5% for FY18E/19E.

Improving FCF to drive deleveraging After INR37.9b debt repayment in FY17, cumulative FCF of INR12.3b over FY18-19E should reduce debt further to INR65b, thereby lowering net debt to EBITDA to 2x. This should allow the company to reach ~15% RoIC over the next 2-3 years.

Maintain TP with reduced TP of INR 775: We believe the Growth Service segment's EBITDA breakeven in 4-6 quarters should drive overall earnings growth. Assuming INR176/share of land value, the stock trades attractively at ~6x on FY19E. EBITDA revision leads us to reduce the target price by 4% to INR775 (excluding land bank). Maintaining **Buy**.

Cons. Quarterly Earning Model

(INR Million)

Y/E March	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	44,569	45,091	43,601	42,937	43,100	43,857	44,623	45,525	176,197	190,299
YoY Change (%)	-14.0	-12.1	-14.5	-16.5	-3.3	-2.7	2.3	6.0	-14.3	7.5
Total Expenditure	37,849	38,466	37,910	37,914	37,514	37,932	38,229	38,614	152,138	157,895
EBITDA	6,720	6,625	5,691	5,024	5,586	5,925	6,394	6,911	24,059	32,403
Margins (%)	15.1	14.7	13.1	11.7	13.0	13.5	14.3	15.2	13.7	17.0
Depreciation	4,660	4,644	4,677	4,677	4,447	4,999	4,999	4,999	18,658	20,512
Interest	933	960	999	780	761	711	699	687	3,672	2,701
Other Income	954	728	909	1,012	444	345	354	255	3,603	1,816
PBT before EO expense	2,081	1,750	924	578	822	560	1,049	1,480	5,332	11,007
Extra-Ord expense	0	0	0	10,633	0	0	0	0	10,633	0
PBT	2,081	1,750	924	-10,055	822	560	1,049	1,480	-5,301	11,007
Tax	734	899	923	-192	461	185	346	488	2,364	3,632
Rate (%)	35.3	51.4	99.9	1.9	56.0	33.0	33.0	33.0	-44.6	33.0
Minority Interest & Profit/Loss of Asso.	0	6	-7	-40	32	-28	-28	-28	-51	-51
Reported PAT	1,347	845	7	-9,824	329	403	731	1,019	-7,614	7,426
Adj PAT	1,347	845	7	607	329	403	731	1,019	7,761	7,426
YoY Change (%)	211.2	1,303.7	-96.6	132.4	-75.6	-52.3	9,774.7	68.0	1,653.4	199.2
Margins (%)	3.0	1.9	0.0	1.4	0.8	0.9	1.6	2.2	4.4	3.9

E: MOSL Estimates



L&T Infotech

BSE SENSEX	S&P CNX
32,228	9,965
Bloomberg	LTI IN
Equity Shares (m)	175.0
M.Cap.(INRb)/(USDb)	133.7/2.0
52-Week Range (INR)	840 / 595
1, 6, 12 Rel. Per (%)	-8/-4/-3
Avg Val, INRm	110.0
Free float (%)	15.7

Financials & Valuations (INR b)			
Y/E Mar	2017	2018E	2019E
Net Sales	65.0	70.1	79.2
EBITDA	12.3	12.1	14.1
PAT	9.7	10.5	11.9
EPS (INR)	55.5	60.2	68.0
Gr. (%)	5.9	8.4	13.1
BV/Sh (INR)	159.5	205.2	256.9
RoE (%)	40.4	33.0	29.4
RoCE (%)	42.7	32.4	31.6
P/E (x)	13.8	12.7	11.2
P/BV (x)	4.8	3.7	3.0

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR764 TP: INR880 (+15%) Buy

1Q weakness offset by sanguine FY18 outlook

- In-line performance driven by Digital-led growth:** LTI's 1QFY18 revenue grew 1.5% QoQ in constant currency (CC) terms, in line with our estimate. Revenue growth was impacted by project closures and absence of pass-through revenue, resulting in a steep decline in Manufacturing (-13.3% QoQ CC) and Europe (-4.5% QoQ CC). However, growth was supported by strength in IMS and Digital, which is an encouraging sign.
- Deal wins lend visibility to sanguine FY18 outlook:** Revenue growth momentum is expected to pick up in 2HFY18 as the deals won in the previous quarters ramp-up. The required rate, however, for 10% YoY growth in FY18 stands at 2%, indicating that continuation of the current momentum should be enough for the company to achieve industry-leading growth. The outlook for most verticals has been robust, barring Manufacturing (17% of revenue), which is expected to remain soft in the near term.
- Margin miss offset by outlook for 2Q:** EBITDA margin (ex. forex gain) shrunk 220bp QoQ to 16.8% (70bp miss), led by INR appreciation, visa expenses, aggressive lateral hiring and higher S&M expenses. However, despite a negative impact of 150-200bp in 2Q from the upcoming wage hike, margin stability/growth is expected. Net hiring of 1,300 employees resulted in a 60bp QoQ decline in utilization, the optimization of which, coupled with absence of visa expenses, should yield positive results.
- Valuation view:** LTI is trading at 12.7/11.3x FY18/19E earnings. Our revised target price of INR880 (+15%) discounts forward earnings by 13x. Although we have adjusted our margin estimates downward by 90/40bp for FY18/19E to factor in the miss, revenue growth momentum and favorable hedge positions have resulted in EPS upgrade of 2/4%. We maintain our positive rating on the stock, given strong positioning, industry-leading growth, superior cash generation, return ratios and track record. **Buy.**

Quarterly Performance

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	271	278	970	1,074	260	(0.2)
QoQ (%)	0.6	3.7	2.3	3.7	2.0	2.5	2.1	2.5	9.3	10.8	2.2	(18)
Revenue (INR m)	15,550	16,020	16,667	16,772	16,707	17,268	17,767	18,358	65,009	70,099	16,735	(0.2)
YoY (%)	16.6	9.1	12.1	7.7	7.4	7.8	6.6	9.5	11.2	7.8	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	16.3	16.3	16.3	16.5	17.3	(28)
EBITDA	3,050	3,044	3,020	3,190	2,799	2,915	3,115	3,300	12,303	12,129	2,912	(3.9)
EBITDA Margin (%)	19.6	19.0	18.1	19.0	16.8	16.9	17.5	18.0	18.9	17.3	17.4	(65)
EBIT Margin (%)	16.9	16.1	15.3	16.5	14.4	14.5	15.2	15.8	16.2	15.0	14.3	9
Other income	372	365	597	503	1,084	828	682	643	1,837	3,236	689	57.3
ETR (%)	21.2	21.0	21.2	22.3	23.4	23.4	23.4	23.4	21.4	23.4	22.0	
PAT	2,359	2,326	2,481	2,547	2,673	2,554	2,595	2,707	9,711	10,529	2,406	11.1
QoQ (%)	3.2	-1.4	6.7	2.7	4.9	-4.5	1.6	4.3			-5.5	1,048
YoY (%)	35.1	21.3	10.5	11.4	13.3	9.8	4.6	6.3	5.9	8.4	2.0	1,131
EPS (INR)	13.5	13.3	14.2	14.6	15.3	14.6	14.8	15.5	55.5	60.2	13.7	
Headcount	19,292	21,074	20,605	21,023	22,321	22,641	23,011	23,481	21,023	23,481	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	14.7							
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

E: MOSL Estimates

BSE SENSEX 32,228 S&P CNX 9,965

CMP: INR330

TP: INR320

Neutral

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

Conference Call Details



Date: 31st July 2017
Time: 04:00pm IST
Dial-in details:
+91-22-3960 0603

Strong sales and margin beat; orders up 98% YoY

- n Sales came in at INR12.1b (+42% YoY) v/s our estimate of INR9.5b. The quarter saw pick-up in execution, driven by strong opening order book of INR82b and commissioning of the Champa-Kurukshetra Ph1 HVDC line.
- n Gross margin stood at 30.3% (+320bp YoY), higher than our estimate of 27%.
- n EBITDA came in at INR1.1b, with margin of 8.7% v/s our estimate of 5.3%. Despite the sharp rise in sales, employee costs declined 21% YoY to INR0.87b.
- n Other income stood at INR0.42b v/s INR0.33b in 1QFY17.
- n PAT of INR0.62b implies a strong beat to our estimate of INR0.32b.
- n Orders stood at INR15.8b (+98% YoY) and order book at INR84.2b.

Financials & Valuations (INR b)

Y/E Mar	2017E	2018E	2019E
Net Sales	40.5	46.5	50.1
EBITDA	2.2	3.0	5.0
NP	1.5	1.8	2.7
EPS (INR)	5.7	7.2	10.6
EPS Gr. (%)	325.3	24.9	47
BV/Sh. (INR)	40.3	44.8	50.1
RoE (%)	12.4	16.8	18.0
RoCE (%)	15.7	20.1	22.7
P/E (x)	57.6	46.1	27.1
P/BV (x)	8.2	7.4	5.9

Valuation and view: We will revisit our estimates post the earnings call. We maintain our **Neutral** rating with a TP of INR320 @30x FY19 EPS.

Quarterly Performance

Y/E March	FY17				FY18				FY17	FY18	MOSL 1QE	Var. Vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Sales	8,546	8,340	11,623	11,963	12,093	9,700	13,021	11,689	40,521	46,502	9,500	27
Change (%)	11.6	-4.4	62.8	26.9	41.5	16.3	12.0	-2.3	22.7	14.8	11.2	
EBITDA	21	339	722	1,097	1,055	672	706	1,219	2,230	3,027	500	111
Change (%)	-70.3	-50.1	-235.7	81.7	4,875.9	98.0	-2.2	11.1	-9.0	-9.0	2,258	
As of % Sales	0.2	4.1	6.2	9.2	8.7	6.9	5.4	10.4	5.5	6.5	5.3	
Depreciation	217	220	221	224	224	224	224	169	873	873	210	
Interest	226	239	343	344	278	194	260	193	589	589	171	
Other Income	326	435	522	177	421	421	421	94	427	427	339	
PBT	-2,425	315	679	705	974	675	642	951	1,195	1,992	458	113
Tax	-455	109	236	244	358	202	193	32	508	508	137	
Effective Tax Rate (%)	18.8	34.6	34.7	34.6	36.8	30.0	30.0	3.4	42.5	25.5	30.0	
Reported PAT	-1,970	206	443	461	616	472	450	919	687	1,484	321	92
Change (%)	-2,041.0	-43.0	-215.4	70.9	-131.3	129.6	1.5	99.3	0.0	0.0	-116.3	
Adj PAT	360	206	443	461	616	472	450	919	687	1,484	321	92
Change (%)	254.6	-43.0	-215.4	70.9	71.1	129.6	1.5	99.3	2.0	2.0	-10.9	



Bharat Financial Inclusion

Bloomberg	BHAFIN IN
Equity Shares (m)	137.1
M. Cap. (INR b)/(USD b)	106/1.6
52-Week Range (INR)	939 / 465
1,6,12 Rel Perf. (%)	-3/-3/-20

Financial Snapshot (INR m)

Y/E March	2017	2018E	2019E	2020E
NII	7,775	11,244	14,991	19,158
PPP	5,522	7,986	10,662	13,594
PAT	2,897	5,698	7,310	7,664
EPS (INR)	21.0	41.3	53.0	55.5
BV/Sh. (INR)	177.3	218.6	271.6	327.1
RoA on AUM (%)	3.3	4.5	4.3	3.6
RoE (%)	15.1	20.9	21.6	18.6
Valuations				
P/E (x)	34.2	17.4	13.6	12.9
P/BV (x)	4.0	3.3	2.6	2.2

CMP: INR718 TP: INR800 (+11%) Neutral

- n BFI's disbursements are likely to grow 10% YoY to INR43b, resulting in GLP growth of 17% YoY and 8% QoQ.
- n Net interest income is likely to grow 14% YoY to INR3.2b.
- n NIM on AUM is likely to decline 50bp YoY to 13.3%.
- n Cost-to-income ratio is expected to increase 500bp YoY to 50.6%.
- n Asset quality is likely to remain stable – at-par delinquency has declined QoQ.
- n We factor in provisions of INR1b, as against INR3.3b in 4QFY17 and INR120m in 1QFY17.
- n Net profit is likely to decline 76% YoY to INR562m, driven by higher provisions in 1QFY18 as well as a one-time tax gain in 1QFY17.
- n The stock trades at 3.3x FY18E and 2.6x FY19E BV. Maintain Neutral.

Key issues to watch for

- Ø Management commentary on growth trends/demand for loans.
- Ø Management commentary on asset quality performance in key states like UP, Maharashtra and Karnataka.
- Ø Guidance on C/I ratio.
- Ø Movement in borrowing costs and margins.

Quarterly Performance

(INR Million)

Y/E March	FY17				FY18E				FY17	FY18
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Income from operations	3,341	3,692	3,682	3,290	4,113	4,606	5,159	5,457	14,005	19,334
Other Income	348	382	407	388	392	396	400	803	1,526	1,992
Total income	3,690	4,074	4,089	3,678	4,505	5,002	5,559	6,260	15,531	21,326
Y-o-Y Growth (%)	53.2	39.9	33.1	61.0	22.1	22.8	35.9	61.0	32.8	37.3
Interest expenses	1,361	1,576	1,643	1,646	1,761	1,867	2,091	2,372	6,225	8,090
Other income	452	422	460	415	419	423	427	748	1,748	2,017
Net Income	2,780	2,921	2,906	2,447	3,163	3,559	3,896	4,636	11,054	15,253
Y-o-Y Growth (%)	52.9	40.9	37.9	3.6	13.8	21.9	34.0	89.4	32.2	38.0
Operating Expenses	1,269	1,372	1,440	1,451	1,601	1,690	1,856	2,120	5,533	7,267
Provisions	120	90	38	3,346	1,000	750	250	288	3,594	2,288
Profit before tax	1,391	1,459	1,428	-2,349	562	1,118	1,790	2,228	1,928	5,698
Y-o-Y Growth (%)	74.9	44.2	38.5	-313.3	-59.6	-23.3	25.3	-194.8	-51.0	195.5
Tax Provisions	-969	0	0	0	0	0	0	0	-969	0
Net Profit	2,359	1,459	1,428	-2,349	562	1,118	1,790	2,228	2,897	5,698
Y-o-Y Growth (%)	285.8	87.4	79.6	-378.1	-76.2	-23.3	25.3	-194.8	-4.4	96.7

E: MOST Estimates



Federal Bank

Bloomberg	FB IN
Equity Shares (m)	1719.0
M. Cap. (INR b)/(USD b)	193 / 3
52-Week Range (INR)	122 / 58
1,6,12 Rel Perf. (%)	-2 / 53 / 70

Financial Snapshot (INR b)

Y/E Mar	2017	2018E	2019E	2020E
NII	30.5	37.3	44.3	53.0
OP	19.2	23.2	27.9	34.6
NP	8.3	10.6	13.2	16.7
NIM (%)	3.3	3.2	3.1	3.0
EPS (INR)	4.8	5.5	6.8	8.6
EPS Gr. (%)	74.1	13.2	24.6	26.6
BV/Sh. (INR)	50.8	62.3	67.7	74.6
ABV/Sh. (INR)	47.2	58.8	64.1	71.9
ROE (%)	9.9	10.2	10.5	12.1
ROA (%)	0.8	0.8	0.9	0.9
Payout (%)	21.5	20.3	19.7	19.7

Valuations

P/E(X)	23.2	20.5	16.5	13.0
P/BV (X)	2.2	1.8	1.7	1.5
P/ABV (X)	2.4	1.9	1.7	1.6
Div. Yield (%)	0.8	0.9	1.0	1.3

CMP: INR112 TP: INR134 (+19%) Buy

- n We expect FB to report ~27% YoY (2.5% QoQ) loan growth, aided by a renewed focus on corporate growth. Traction in SME and retail loans would be maintained. We expect NIM to contract marginally by 8bp QoQ led by lower yields.
- n Other income growth is likely to moderate to 8% YoY owing to lower trading gains. Fee income growth would continue to remain healthy.
- n Overall PPOp growth is expected to be strong at 28% YoY, led by strong revenue growth and controlled opex (+13% YoY).
- n We expect slippages to increase to INR3.3b (at ~1.8% annualized slippage ratio) v/s INR2.4b in 4Q owing to potential stress in SME. GNPA in % terms is expected to remain largely stable at ~2.2%.
- n We have revised our FY18E/FY19E PAT 7%/6% upward to factor in lower leverage benefit from QIP of INR25b in 1QFY18.
- n We expect PAT of INR2.4b v/s INR1.7b in 1QFY17 and ~INR2.6b in 4QFY17. FB trades at 1.7x FY19E BV and 16.5x FY19E EPS. Buy.

Key issues to watch for

- ⊗ Outlook on asset quality.
- ⊗ Strategy on balance sheet growth, particularly corporate growth.

Quarterly Performance

(INR Million)

	FY17				FY18E				FY17	FY18E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	6,927	7,262	7,914	8,424	8,591	9,330	9,460	9,899	30,526	37,279
% Change (YoY)	14.5	19.4	30.7	22.8	24.0	28.5	19.5	17.5	21.7	22.1
Other Income	2,370	2,616	2,747	2,821	2,571	2,667	3,047	3,595	10,818	11,880
Net Income	9,297	9,878	10,661	11,245	11,161	11,997	12,507	13,495	41,345	49,159
Operating Expenses	5,039	5,128	5,912	5,753	5,714	6,107	6,742	7,370	22,095	25,933
Operating Profit	4,259	4,750	4,749	5,492	5,448	5,890	5,764	6,125	19,249	23,227
% Change (YoY)	16.0	41.1	45.9	39.2	27.9	24.0	21.4	11.5	35.2	20.7
Other Provisions	1,685	1,684	1,588	1,227	1,750	1,850	1,650	1,671	6,184	6,921
Profit before Tax	2,574	3,066	3,161	4,265	3,698	4,040	4,114	4,453	13,065	16,306
Tax Provisions	901	1,053	1,104	1,699	1,294	1,414	1,440	1,559	4,757	5,707
Net Profit	1,673	2,013	2,057	2,566	2,404	2,626	2,674	2,895	8,308	10,599
% Change (YoY)	18.3	24.8	26.4	2,400.9	43.7	30.5	30.0	12.8	74.7	27.6
Operating Parameters										
NIM (Cal, %)	3.3	3.3	3.3	3.3	3.2	3.4	3.3	3.2	3.3	3.3
Deposit Growth (%)	12.5	17.0	23.3	23.4	24.0	22.4	21.4	21.0	23.4	21.0
Loan Growth (%)	19.3	27.2	32.0	26.2	27.2	22.0	20.2	25.0	26.2	25.0
Tax Rate (%)	35.0	34.3	34.9	39.8	35.0	35.0	35.0	35.0	36.4	35.0
Asset Quality										
Gross NPA (INR b)	17.5	18.2	19.5	17.3	17.0	17.3	18.7	19.6	17.3	19.6
Gross NPA (%)	2.9	2.8	2.8	2.3	2.2	2.2	2.2	2.1	2.3	2.1

E: MOSL Estimates



Mphasis

Bloomberg	MPHL IN
Equity Shares (m)	210.1
M. Cap. (INR b)/(USD b)	126 / 2
52-Week Range (INR)	654 / 425
1,6,12 Rel Perf. (%)	-3 / -5 / -8

Financial Snapshot (INR b)

Y/E Mar	2017	2018E	2019E	2020E
Sales	60.8	62.3	69.2	75.7
EBITDA	9.7	9.9	11.2	12.3
PAT	8.2	8.2	8.9	9.9
EPS (INR)	38.9	42.3	46.2	51.1
EPS Gr. (%)	12.9	8.8	9.1	10.6
BV/Sh. (INR)	292.4	254.6	272.8	292.2
RoE (%)	13.2	14.2	16.1	16.6
RoCE (%)	12.4	13.7	15.8	16.7
Payout (%)	43.7	52.0	47.6	48.9

Valuations

P/E (x)	15.2	14.0	12.8	11.6
P/BV (x)	2.0	2.3	2.2	2.0
EV/EBITDA(x)	10.0	10.7	9.2	8.0
Div yld (%)	2.9	3.7	3.7	4.2

CMP: INR591 TP: INR600 (-1%) Neutral

- n The HP channel has seen three consecutive quarters of steady performance. We expect this trend to continue in 1QFY18 as well.
- n However, pressures in Digital Risk and in one of the top clients in Direct International are expected to partly offset this, and result in moderation of growth.
- n We expect CC revenue growth of 1.2% QoQ and cross-currency tailwinds of 80bp, leading to USD revenue growth of 2% QoQ.
- n Margins are likely to be stable (-10bp QoQ), with an improved revenue mix offsetting the headwinds of INR appreciation and visa expenses.
- n Our PAT estimate is INR2.01b (+4% QoQ). Higher PAT is also led by higher other income, due to lower translation losses.
- n The stock trades at 14x FY18E and 12.8x FY19E EPS. Neutral.

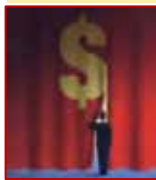
Key issues to watch for

- ⊗ Outlook for Digital Risk given an interest rate cycle reversal.
- ⊗ Strategy changes and roadmap under the new leadership.
- ⊗ Performance in Direct International business, and outlook for the year.

Quarterly Performance

Y/E March	FY17				FY18E				(INR m)	
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE	FY17	FY18E
Revenue (USD m)	224	224	224	222	226	233	237	245	894	940
QoQ (%)	-0.3	-0.2	-0.3	-0.9	2.0	2.9	1.9	3.3	-3.5	5.2
Revenue (INR m)	15,167	15,176	15,361	15,059	14,815	15,385	15,757	16,362	60,763	62,319
YoY (%)	1.5	-2.6	1.3	-0.7	-2.3	1.4	2.6	8.7	-0.2	2.6
GPM (%)	28.1	28.1	27.8	28.7	28.2	28.9	27.7	28.5	28.2	28.3
SGA (%)	12.0	11.8	12.3	12.8	12.5	12.5	12.3	12.3	12.2	12.4
EBITDA	2,445	2,463	2,396	2,384	2,323	2,517	2,422	2,641	9,688	9,903
EBITDA Margin (%)	16.1	16.2	15.6	15.8	15.7	16.4	15.4	16.1	15.9	15.9
EBIT Margin (%)	15.2	15.3	14.7	14.6	14.5	15.2	14.2	15.0	15.0	14.7
Other income	572	711	617	485	648	488	479	546	2,385	2,161
ETR (%)	27.7	27.5	28.5	27.5	27.5	27.5	27.5	27.5	27.8	27.5
PAT	2,043	2,166	2,044	1,934	2,011	2,035	1,961	2,167	8,188	8,174
QoQ (%)	6.4	6.0	-5.6	-5.4	4.0	1.2	-3.6	10.5		
YoY (%)	23.2	14.0	17.7	0.7	-1.6	-6.1	-4.1	12.0	13.0	-0.2
EPS (INR)	9.7	10.3	9.7	8.8	10.4	10.5	10.2	11.2	38.5	42.3
Headcount	22,374	22,284	22,018	21,979	20,954	21,369	21,914	22,434	21,979	22,434
Net Additions	50	-90	-266	-39	-1025	415	545	520	-345	455
HP Channel rev. (%)	23.4	23.9	24.0	24.4						
Fixed Price (%)	19.8	19.1	20.6	19.3						

E: MOSL Estimates



Nestle India

Bloomberg	NEST IN
Equity Shares (m)	96.4
M. Cap. (INR b)/(USD b)	660 / 10
52-Week Range (INR)	7390 / 5701
1,6,12 Rel Perf. (%)	3 / -1 / -9

CMP: INR6,849 TP: INR5,990 (-13%) Sell

- n We expect Nestle India's net sales to grow 16% YoY to INR26.2b off a weak base in 2QCY16. *Maggi* re-launch has been successful, with several new variants. It has already clawed back to >60% market share. The company also launched an array of other products across the portfolio.
- n We estimate EBITDA margin to contract by 100bp YoY to 18.3%. EBITDA and PAT are projected to grow by 10% YoY (to INR4.8b) and 5.4% YoY (to INR3b), respectively.
- n The stock trades at 49.1x CY18E EPS; maintain Sell.

Financial Snapshot (INR b)

Y/E December	2016	2017E	2018E	2019E
Sales	91.6	100.4	112.2	128.1
EBITDA	18.0	18.4	21.4	25.0
Adj. PAT	11.4	11.4	13.5	16.2
Adj. EPS (INR)	118.0	118.6	139.5	167.7
EPS Gr. (%)	-1.6	0.6	17.6	20.2
BV/Sh.(INR)	312.6	339.6	375.3	421.5
RoE (%)	39.0	36.4	39.0	42.1
RoCE (%)	38.8	36.1	38.7	41.8
Payout (%)	53.4	59.0	57.3	56.6

Valuations

P/E (x)	58.0	57.7	49.1	40.8
P/BV (x)	21.9	20.2	18.2	16.2
EV/EBITDA (x)	35.3	34.2	29.0	24.4
Div. Yield (%)	0.9	1.0	1.2	1.4

Key issues to watch for:

- ⊗ Volume trends and management commentary on demand environment.
- ⊗ Recovery in sales and market share of Maggi.

Quarterly Performance

(INR Million)

Y/E December	CY16				CY17				CY16	CY17E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	22,770	22,561	23,462	22,613	24,757	26,171	24,635	24,869	91,593	100,432
YoY Change (%)		16.7	35.1	16.2	8.7	16.0	5.0	10.0	12.8	9.7
COGS	9,872	9,495	9,860	9,591	10,939	11,407	10,599	11,065	38,797	44,010
Gross Profit	12,898	13,066	13,602	13,022	13,818	14,763	14,036	13,804	52,796	56,422
Margin (%)	56.6	57.9	58.0	57.6	55.8	56.4	57.0	55.5	57.6	56.2
Operating Exp	7,375	8,709	9,115	9,087	8,708	9,971	9,818	9,540	34,838	38,037
EBITDA	5,523	4,357	4,487	3,935	5,110	4,792	4,218	4,264	17,958	18,385
Margins (%)	24.3	19.3	19.1	17.4	20.6	18.3	17.1	17.1	19.6	18.3
YoY Growth (%)		21.0	57.0	12.7	-7.5	10.0	-6.0	8.4	12.6	2.4
Depreciation	891	889	882	873	867	907	907	947	3,536	3,628
Interest	259	1	1	-5	228	0	0	0	35	36
Other income	421	522	547	654	578	600	629	546	2,139	2,354
PBT	4,793	3,989	4,151	3,721	4,593	4,486	3,941	3,863	16,526	17,074
Tax	1,722	1,136	1,273	1,127	1,468	1,480	1,300	1,386	5,150	5,634
Rate (%)	35.9	28.5	30.7	30.3	32.0	33.0	33.0	33.0	31.2	33.0
Adjusted PAT	3,071	2,853	2,878	2,594	3,126	3,005	2,640	2,477	11,376	11,440
YoY Change (%)		22.9	74.5	24.3	1.8	5.4	-8.3	-4.5	16.5	0.6

E: MOSL Estimates



PVR

Bloomberg	PVRL IN
Equity Shares (m)	46.7
M. Cap. (INR b)/(USD b)	67 / 1
52-Week Range (INR)	1660 / 967
1,6,12 Rel Perf. (%)	-2 / 5 / 28

CMP: INR1,428 TP: INR1,588 (11%) Buy

- We expect revenue to grow 12% YoY to INR6.4b in 1QFY18 on account of screen additions and expected increase in footfalls.
- Margins are likely to remain flat at 20.5%. We expect EBITDA to improve by 12% to INR1,309m.
- We expect PAT of INR506m, as against INR444m in 4QFY16. Maintain Buy.

Financial Snapshot (INR Billion)

Y/E March	2017	2018E	2019E	2020E
Sales	21.6	24.6	29.3	34.1
EBITDA	3.6	4.4	5.6	6.5
NP	1.0	1.4	2.1	2.7
EPS (INR)	20.5	28.9	45.1	57.3
EPS Gr. (%)	-3.8	41.0	56.0	27.0
BV/Sh. (INR)	206.5	233.6	276.3	331.3
RoE (%)	10.4	13.2	17.7	18.9
RoCE (%)	9.5	11.1	14.7	16.8

Valuations

P/E (x)	69.6	49.3	31.6	24.9
P/BV (x)	6.9	6.1	5.2	4.3
EV/EBITDA (x)	20.9	16.6	12.8	10.5

Key things to watch for

- Growth in sponsorship revenue.
- Number of screen additions.

Quarterly Performance

(INR Million)

Y/E March	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	5,702	5,542	5,377	4,826	6,387	6,373	6,345	5,550	21,628	24,646
YoY Change (%)	17.3	16.8	7.4	18.4	12.0	15.0	18.0	15.0	16.9	14.0
Total Expenditure	4,536	4,612	4,488	4,358	5,077	5,143	5,165	4,945	18,058	20,210
EBITDA	1,167	930	890	467	1,309	1,230	1,180	605	3,570	4,436
Margins (%)	20.5	16.8	16.5	9.7	20.5	19.3	18.6	10.9	16.5	18.0
Depreciation	331	346	345	363	390	436	462	462	1,384	1,750
Interest	192	193	204	216	184	197	215	226	806	822
Other Income	63	49	21	171	33	40	41	56	189	170
PBT before EO expense	707	440	363	60	768	637	544	-27	1,569	2,034
Extra-Ord expense	26	0	0	15	0	0	0	0	41	0
PBT	681	440	363	45	768	637	544	-27	1,528	2,034
Tax	249	149	127	45	263	219	189	(9)	570.0	681.3
Rate (%)	36.6	33.8	35.1	99.8	34.2	34.4	34.8	34.0	37.3	33.5
Reported PAT	428	291	239	-0.5	506	418	355	-17.9	958	1,352
Adj PAT	444	291	239	-0.5	506	418	355	-17.9	984	1,352
YoY Change (%)	-3.0	-8.7	-23.5	NM	13.7	43.5	48.5	NM	-8.0	37.4
Margins (%)	7.5	5.3	4.4	0.0	7.9	6.6	5.6	-0.3	4.4	5.5

E: MOSL Estimates



Yes Bank

Bloomberg	YES IN
Equity Shares (m)	456.5
M. Cap. (INR b)/(USD b)	678 / 10
52-Week Range (INR)	1653 / 1091
1,6,12 Rel Perf. (%)	0 / 10 / 18

Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
NII	58.0	74.9	95.7	122.9
OP	58.4	69.9	88.9	115.2
NP	33.3	41.4	52.3	66.8
NIM (%)	3.4	3.5	3.6	3.7
EPS (INR)	73.0	90.7	114.6	146.4
EPS Gr. (%)	20.8	24.3	26.3	27.8
BV/Sh. (INR)	468.7	540.9	632.1	747.6
ABV/Sh. (INR)	453.4	533.9	622.7	736.1
RoE (%)	18.9	18.0	19.5	21.2
RoA (%)	1.8	1.7	1.8	1.8

Valuations

P/E(X)	20.4	16.4	13.0	10.1
P/BV (X)	3.2	2.7	2.3	2.0
P/ABV (X)	3.3	2.8	2.4	2.0
Div. Yield (%)	0.8	1.1	1.4	1.7

CMP: INR1,485 TP: INR2,110 (+42%) Buy

- n We expect loan growth to be significantly ahead of system average at 32% YoY (> 5x industry growth rate) on the back of refinancing opportunities and strong growth in retail banking.
- n We expect NIM to improve YoY, helped by lower cost of funds on account of CASA inflows post demonetization and re-pricing of bulk deposits. Consequently, NII growth is expected to be healthy at 40% YoY, one of the best among peers. NIM is expected to expand 39bp YoY to 3.74% with reduction in leverage from capital from QIP at the end of FY17.
- n Non-interest income growth is likely to be ~4% YoY, led by strong growth from third-party distribution and processing fees.
- n We expect opex growth be controlled due to digitization (26%+ YoY).
- n Asset quality performance so far has been significantly better than industry; we expect this trend to continue. YES trades at 2.3x FY19E BV and 13x FY19E EPS. Return ratios also remain strong (RoA of 1.8% and RoE of 19.5%). Maintain Buy.

Key issues to watch for

- Ø Implementation of retail strategy on assets and liabilities sides.
- Ø Performance on asset quality and quantum of loans rescheduled under 5:25 scheme/sale to ARCs.

Quarterly Performance

(INR Million)

	FY17				FY18E				FY17	FY18E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	12,516	14,122	14,893	16,397	17,505	18,258	18,875	20,286	57,973	74,925
% Change (Y-o-Y)	18.1	27.4	28.7	32.1	39.9	29.3	26.7	23.7	26.9	29.2
Other Income	9,655	9,219	10,165	12,574	10,050	10,950	11,450	13,957	41,568	46,407
Net Income	22,171	23,340	25,059	28,971	27,555	29,208	30,325	34,243	99,541	121,332
Operating Expenses	9,103	9,481	10,520	12,061	11,433	11,916	12,639	15,469	41,165	51,457
Operating Profit	13,068	13,860	14,538	16,910	16,122	17,292	17,687	18,774	58,375	69,875
% Change (Y-o-Y)	43.9	36.0	26.5	38.0	23.4	24.8	21.7	11.0	35.7	19.7
Other Provisions	2,066	1,617	1,154	3,097	2,500	2,500	1,500	2,028	7,934	8,528
Profit before Tax	11,001	12,243	13,384	13,813	13,622	14,792	16,187	16,746	50,441	61,347
Tax Provisions	3,683	4,228	4,558	4,671	4,427	4,807	5,261	5,443	17,140	19,938
Net Profit	7,318	8,015	8,826	9,141	9,195	9,984	10,926	11,304	33,301	41,409
% Change (Y-o-Y)	32.8	31.3	30.6	30.2	25.6	24.6	23.8	23.7	31.1	24.3
Operating Parameters										
NIM (Cal, %)	3.3	3.6	3.6	3.8	3.7	3.7	3.6	3.7	3.6	3.7
Deposit Growth (%)	28.6	28.9	30.5	27.9	22.4	23.0	24.9	23.0	27.9	23.0
Loan Growth (%)	33.0	37.7	38.8	34.7	32.3	34.8	34.5	28.0	34.7	28.0
Tax Rate (%)	33.5	34.5	34.1	33.8	32.5	32.5	32.5	32.5	34.0	32.5
Asset Quality										
Gross NPA (INR B)	8.4	9.2	10.1	20.2	17.3	17.1	16.9	17.0	20.2	17.0
Gross NPA (%)	0.8	0.8	0.9	1.5	1.2	1.1	1.1	1.0	1.5	1.0

E: MOSL Estimates



1. Indiabulls housing finance aiming for over 30% loan book growth: Gagan Banga; Gagan Banga, VC & MD

- n Target of 30 percent loan book growth would continue. The growth was aided by the changes made by the government like Pradhan Mantri Avas Yojana and benign interest rate scenario.
- n To continue to grow earnings in a range of 20-25
- n General industry consensus is that loans of below Rs 25 lakh may grow at 35-40 percent and if that happens then the company may see higher growth than 30 percent
- n Very watchful with regards to corporate loan book because both RERA and GST has an impact on construction finance project.
- n GNPA's improved to 0.80 percent from 0.84 percent last year, NNPA stood down at 0.31 percent from 0.36 percent.
- n Has been able to maintain their GNPA's at 85 basis points for the last three year and as of now there are no concern on existing books.
- n One is only slightly concerned of how long the industry would take to migrate to RERA but there is no asset quality concern
- n The company is also watchful on the premium housing space and future demand for that space as it is going through a sluggish save.
- n With regards to CLSS scheme, they have disbursed 40,000 loans in last few months and large part of the applications are under process at the nodal agency
- n By start of calendar year 2018, one will see large number of large developers launching projects around affordable housing

[➔ Read More](#)

2. Margins likely to improve going ahead: Tata Communications; Pratibha Advani, CFO

- n Sequentially EBITDA has grown by 23 percent year on year (YoY) primarily led by traditional services.
- n Some products are witnessing double digit YoY growth and some of the products are growing by over 100 percent
- n Given the kind of growth that we are seeing both in traditional as well as growth business, one will start to see margin expansion
- n Payment solution business of the company has been impacted by demonetisation and the cash supply at 50-60 percent of pre-demonetisation levels. As money supply normalises, margins will improve
- n Comfortable at these debt levels, she further mentioned.

[➔ Read More](#)

3. Expect improvement in gross NPA going ahead, says M&M Financial; Ramesh Iyer, VC & MD

- n Expects second half of FY18 to be very good for MMFSL.
- n Expect improvement in gross non-performing asset (NPA) going ahead.
- n Expects improvement in yields with good monsoon.
- n Gross NPA in standalone book has remained almost flat year on year (YoY) in percentage terms
- n A temporary shift has taken place from Q1 to Q2 in the housing portfolio.

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4. Aim to reduce concentration on wagons biz; to diversify into rail EPC: Texmaco rail; AK Vijay, ED

- n Reducing their concentration on wagons business and would focus on diversifying into rail Engineering, Procurement, Construction (EPC) slowly.
- n Rail EPC orderbook stands at Rs 2000 crore plus, while loco shell division order stands at Rs 550 crore.
- n The bridge division orderbook is at Rs 50 crore but tenders have been bided for Rs 500-700 crore and expect to win a substantial part of it and wagon division orderbook at Rs 225 crore
- n The tender quantity of Indian railways is around Rs 9500 crore and targeting around Rs 2000 crore of orders from them.
- n Acquisitions of Bright Power and Kalindee are doing well.

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5. Always on lookout for acquisitions; nothing on radar currently: Just Dial; VSS Mani, MD & CEO

- n Buyback is more tax efficient than dividend.
- n Strong traffic growth of 32-33 percent seen in last quarter.
- n Always on lookout for acquisitions, however nothing on the radar currently

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1. Bad loans crisis: how to rescue public sector banks

n On Sunday, November 23, 2008, the United States government, acting in concert with the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation, rescued Citigroup by guaranteeing to shoulder the major part of the losses on \$306 billion of identified toxic loans in the books of Citigroup. The government, with its guarantee, had rescued the bank by providing the capital adequacy required for the bank to continue operating. Something similar can be a way out for the rescue of public sector banks (PSU) that have credible turnaround plans and management. CRISIL estimates that banks would have to take losses of Rs 240,000 crore on just 50 top bad accounts which have exposure of Rs 400,000 crore. The government does not have the wherewithal to pump in cash into the banks on a scale of this magnitude. At the same time, without taking on those losses, there is monstrous waste in a capital-scarce country of underutilised assets underlying these loans which can then be put to optimum use.

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2. Private healthcare with public money

n Two recent developments related to public health in India hold the prospect of changing the nature of service provision for the people. Both lean heavily on the private sector in an effort to improve the deplorable state of healthcare services for India's 1.3 billion people. It is imperative, nevertheless, to ensure that the association with the private sector is rooted in principles of justice rather than merely financial expedience. More than a week ago, a new policy by the Delhi government was announced which, quite unexpectedly, said that the government would pay for surgeries of private citizens conducted at private hospitals. These surgeries would be ones that the government would not be able to conduct expeditiously at its own facilities. Private healthcare in India usually offers quality service but is often expensive and largely unregulated. The national health policy notes "growing incidences of catastrophic expenditure due to healthcare costs, which are presently estimated to be one of the major contributors to poverty".

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3. Electric solutions: here is why evehicles need much more than just tax breaks

n While a NITI Aayog-RMI study spoke of how 44% of vehicles on Indian roads in 2030 would be electric, it did not highlight how the country was to get there. The government did well to impose a lower GST of 12% on electrics—the duty is 28-43% for fossil fuel cars. Now, according to an FE report, it is mulling more reforms to bring India closer to NITI's target of a 37% reduction in carbon emissions and a 64% fall in energy demand by 2030. The government plans to reduce the GST levy to zero and enhance customer incentives for electric vehicles (EVs).

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4. How to recharge the hydropower sector

n On June 27, NITI Aayog notified its latest draft of the National Energy Policy. The draft policy proposes to bail out stranded large hydropower projects. The bailout is expected to consider close to 11,000 MW hydro projects. The new policy also suggests increase in the life of hydro projects from current 35 years to 60 years. Given the Government's power sector reforms agenda, the plan to revive the stranded projects is a positive sign. However, the revival strategy must address the underlying policy issues that triggered this emergency. As of May 2017, India's total generation capacity stood at 330GW, of which 44GW is from hydropower. Despite having significant hydro potential of 148GW, only 44MW (30 per cent) of the total potential is harnessed. The share of hydropower in the overall energy mix has been falling since 1962-63 when it stood at 51 per cent, against 13 per cent today.

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International

5. The path to fed balance-sheet normalization

n The latest World Economic Outlook update by the International Monetary Fund (IMF)—while maintaining the previous global growth forecast—has lowered its 2017 and 2018 growth projections for the US. This is largely because fiscal policy is now expected to be less expansionary than was previously assumed. The IMF now expects the US to grow at 2.1% in the current year, compared with the earlier projection of 2.3%. Analysts and market participants are coming to the realization that it will perhaps not be easy for the Donald Trump administration to pursue policies of its choice. All this is likely to seep into the deliberation of the rate-setting committee of the US Federal Reserve which will meet on 25-26 July. Although the Fed did not alter its policy path in anticipation of an expansionary fiscal policy, the diminishing possibility of fiscal support could have an impact on economic activity and inflation.

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Automobiles														
Amara Raja	Buy	847	1,073	27	28.0	33.8	40.5	30.2	25.1	5.6	4.7	20.3	20.4	20.7
Ashok Ley.	Buy	105	118	12	4.6	5.2	7.0	23.0	20.3	5.0	4.4	23.1	23.2	27.0
Bajaj Auto	Buy	2,845	3,281	15	132.3	137.2	163.6	21.5	20.7	4.8	4.4	25.3	22.2	24.0
Bharat Forge	Buy	1,120	1,330	19	26.2	37.7	49.7	42.8	29.7	6.3	5.5	16.2	19.8	22.3
Bosch	Neutral	24,188	23,738	-2	473.1	649.9	766.2	51.1	37.2	8.4	7.4	15.8	21.1	21.9
CEAT	Buy	1,878	2,100	12	93.3	96.2	131.3	20.1	19.5	3.1	2.8	16.9	15.1	17.8
Eicher Mot.	Buy	28,377	31,326	10	613.8	861.2	1,102.9	46.2	32.9	16.0	11.6	40.3	40.8	38.0
Endurance Tech.	Buy	913	1,025	12	23.5	30.5	38.8	38.9	29.9	7.4	6.1	20.8	22.4	23.6
Escorts	Neutral	647	731	13	20.0	36.9	45.7	32.4	17.5	3.3	2.8	10.6	17.3	18.3
Exide Ind	Buy	217	286	32	8.2	9.7	11.9	26.5	22.4	3.7	3.3	14.0	14.8	15.9
Hero Moto	Neutral	3,707	3,666	-1	169.1	198.2	198.7	21.9	18.7	7.3	6.2	35.7	36.0	31.0
M&M	Buy	1,390	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	252	-		5.4	9.9	11.8	47.0	25.5	2.9	2.6	6.4	10.8	11.5
Maruti Suzuki	Buy	7,515	8,483	13	248.6	292.6	379.7	30.2	25.7	6.3	5.4	20.3	20.8	22.8
Tata Motors	Buy	456	666	46	19.8	30.9	64.3	23.0	14.7	2.7	2.2	9.8	16.5	27.3
TVS Motor	Buy	570	606	6	11.7	16.3	25.9	48.6	35.0	11.3	9.0	25.6	28.6	35.2
Aggregate								28.8	22.5	4.9	4.3	17.1	18.9	22.6
Banks - Private														
Axis Bank	Neutral	545	500	-8	15.4	23.8	40.3	35.5	22.9	2.4	2.2	6.9	10.1	15.4
DCB Bank	Neutral	198	192	-3	7.0	8.4	10.4	28.2	23.6	2.9	2.4	10.8	11.4	11.8
Equitas Hold.	Buy	168	207	23	4.7	4.8	7.4	35.6	34.8	2.5	2.4	8.9	7.1	10.1
Federal Bank	Buy	119	134	13	4.8	5.5	6.8	24.7	21.8	2.3	1.9	9.9	10.2	10.5
HDFC Bank	Buy	1,739	2,000	15	56.8	68.2	82.1	30.6	25.5	5.2	4.5	18.3	18.8	19.6
ICICI Bank	Buy	304	340	12	15.3	15.6	17.9	19.9	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	1,543	1,800	17	47.9	61.9	76.8	32.2	24.9	4.6	4.0	15.4	17.3	18.5
J&K Bank	Neutral	90	91	2	-31.3	3.8	8.2	NM	23.4	0.8	0.8	-27.0	3.5	7.2
Kotak Mah. Bk	Buy	987	1,153	17	26.8	32.4	41.0	36.8	30.4	4.8	4.2	13.8	15.0	16.3
RBL Bank	Under Review	530	-		11.9	18.0	23.7	44.6	29.4	4.7	3.3	12.3	13.6	13.9
South Indian	Buy	30	34	15	2.2	2.9	3.7	13.6	10.3	1.2	1.1	9.5	10.8	12.7
Yes Bank	Buy	1,614	2,121	31	73.0	90.7	114.6	22.1	17.8	3.4	3.0	18.9	18.0	19.5
Aggregate								29.4	23.3	3.4	3.0	11.5	12.8	14.5
Banks - PSU														
BOB	Buy	165	212	29	6.0	18.4	22.5	27.5	8.9	1.1	1.0	4.1	11.9	13.2
BOI	Neutral	164	147	-10	-14.8	13.7	22.0	NM	12.0	0.7	0.7	-6.7	6.1	9.0
Canara	Neutral	357	360	1	18.8	30.1	47.0	19.0	11.9	0.8	0.7	4.2	6.2	9.1
IDBI Bk	Neutral	62	49	-20	1.5	6.4	8.6	40.3	9.6	0.6	0.5	1.4	5.8	7.3
Indian Bk	Buy	321	382	19	29.3	34.4	38.3	11.0	9.3	1.1	1.0	10.1	10.9	11.2
OBC	Neutral	157	150	-4	-31.6	17.1	21.4	NM	9.2	0.4	0.4	-8.4	4.6	5.4
PNB	Buy	163	184	13	6.2	10.3	14.5	26.2	15.9	0.9	0.9	3.6	5.6	7.5
SBI	Buy	296	362	22	0.3	17.9	23.3	996.0	16.5	1.4	1.3	-0.2	8.7	10.0
Union Bk	Neutral	161	162	0	7.6	24.6	34.5	21.1	6.6	0.5	0.5	2.7	8.1	10.5
Aggregate								109.3	13.2	1.0	0.9	0.9	6.7	8.3
NBFCs														
Bajaj Fin.	Buy	1,623	1,800	11	33.6	47.6	62.9	48.3	34.1	9.2	7.5	21.7	24.3	25.9
Bharat Fin.	Neutral	792	800	1	21.0	41.3	53.0	37.7	19.2	4.5	3.6	15.1	20.9	21.6
Cholaman. Inv. & F n	Buy	1,153	1,300	13	46.0	55.0	66.4	25.1	21.0	4.2	3.6	18.1	18.5	18.9
Dewan Hsg.	Buy	462	630	36	29.6	37.7	47.1	15.6	12.3	1.8	1.6	14.4	14.1	15.6
GRUH Fin.	Neutral	462	450	-3	8.1	9.9	12.1	56.8	46.4	17.0	13.9	32.5	33.0	32.8
HDFC	Under Review	1,632	-		46.8	50.7	55.9	34.8	32.2	6.5	5.9	19.3	18.3	17.4
Indiabulls Hsg	Buy	1,199	1,350	13	69.0	86.3	108.4	17.4	13.9	4.2	3.7	25.5	28.2	31.3
L&T Fin Holdings	Buy	155	180	16	5.2	7.2	9.6	29.7	21.7	3.5	3.1	12.4	15.3	17.5
LIC Hsg Fin	Neutral	732	750	2	38.2	47.9	53.8	19.1	15.3	3.4	2.9	19.4	20.6	19.7

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Manappuram	Not Rated	108	-		8.6	10.8	12.5	12.5	10.0	2.7	2.5	24.0	25.9	26.9
M&M Fin.	Buy	399	415	4	7.1	13.6	16.4	56.4	29.5	3.5	3.3	6.3	11.4	12.8
Muthoot Fin	Buy	467	550	18	29.5	41.0	43.3	15.8	11.4	2.9	2.5	19.4	23.2	21.4
PFC	Neutral	125	117	-6	25.7	27.2	30.2	4.9	4.6	0.8	0.7	17.9	17.0	16.8
Repco Home	Buy	784	936	19	29.1	35.8	42.5	26.9	21.9	4.3	3.7	17.4	18.1	18.2
REC	Neutral	178	134	-25	31.4	35.0	40.4	5.7	5.1	1.1	0.9	19.9	19.1	19.1
Shriram Union	City Buy	2,322	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	997	1,340	34	55.6	78.5	98.5	17.9	12.7	2.0	1.8	11.7	14.7	16.3
Aggregate								19.7	16.5	3.3	2.9	16.9	17.7	17.9
Capital Goods														
ABB	Sell	1,432	1,200	-16	19.7	22.4	31.6	72.7	63.9	9.2	8.1	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	145	100	-31	2.1	3.6	4.7	67.7	40.9	1.1	1.1	1.6	2.7	3.4
Blue Star	Neutral	706	610	-14	12.9	17.8	26.6	54.8	39.7	8.9	8.4	18.0	21.7	30.1
CG Cons. Elec.	Buy	204	240	17	4.7	5.5	6.6	43.7	37.3	23.7	17.1	76.4	53.4	49.8
CG Power & Indu.	Sell	85	65	-23	4.1	2.3	4.5	20.7	37.1	1.3	1.2	6.2	3.4	4.2
Cummins	Buy	1,005	1,200	19	26.5	29.2	36.0	37.9	34.5	7.4	6.9	21.2	20.7	23.5
GE T&D	Neutral	327	320	-2	5.7	6.2	7.6	57.1	52.8	8.1	7.4	12.4	14.7	16.4
Havells	Neutral	458	455	-1	9.6	10.9	13.8	47.9	41.8	8.7	7.8	18.2	18.6	20.7
K E C Intl	Neutral	295	250	-15	11.9	12.8	16.4	24.9	23.0	4.8	4.1	21.2	19.2	20.9
L&T	Buy	1,171	1,340	14	42.3	47.1	54.0	27.7	24.9	3.3	3.0	12.2	12.6	13.4
Pennar Eng.	Not Rated	120	-		7.1	9.1	11.2	17.0	13.3	1.7	1.5	10.2	11.6	12.6
Siemens	Neutral	1,365	1,355	-1	17.8	24.3	33.3	76.6	56.2	7.1	6.2	9.3	11.0	13.7
Solar Ind	Neutral	895	825	-8	20.6	22.6	28.2	43.4	39.5	8.0	6.9	19.8	18.6	19.9
Suzlon Energy	Not Rated	19	-		0.6	0.9	1.0	29.9	21.5	-1.7	-1.9	NM	-8.8	-11.0
Thermax	Sell	909	850	-6	30.8	32.7	34.0	29.5	27.8	4.0	3.6	14.3	13.7	12.9
Va Tech Wab.	Buy	585	800	37	28.9	34.9	39.8	20.2	16.8	3.2	2.8	16.3	17.7	17.5
Voltas	Sell	504	400	-21	15.5	15.6	17.6	32.6	32.4	5.0	4.5	18.0	14.7	14.9
Aggregate								35.5	31.3	4.0	3.6	11.2	11.6	12.7
Cement														
Ambuja Cem.	Buy	268	308	15	4.9	7.0	8.2	54.7	38.5	2.8	2.6	5.1	7.0	7.9
ACC	Neutral	1,725	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	956	1,205	26	29.4	40.9	58.9	32.5	23.3	2.2	2.1	7.5	9.2	12.2
Dalmia Bharat	Buy	2,590	3,162	22	38.8	66.7	87.1	66.8	38.8	4.6	4.2	7.2	11.3	13.1
Grasim Inds.	Neutral	1,075	1,384	29	67.9	71.2	102.6	15.8	15.1	1.7	1.6	11.5	10.9	13.9
India Cem	Neutral	210	219	4	5.6	9.3	12.9	37.4	22.5	1.3	1.2	3.4	5.5	7.2
J K Cements	Buy	973	1,287	32	33.7	40.4	53.5	28.9	24.1	3.9	3.4	14.4	15.0	17.2
JK Lakshmi Ce	Buy	467	553	18	7.0	11.4	19.2	67.1	41.0	3.9	3.6	6.0	9.2	13.8
Ramco Cem	Buy	668	823	23	27.3	31.1	37.5	24.5	21.5	4.3	3.7	19.2	18.6	19.1
Orient Cem	Buy	161	178	11	-1.6	4.6	7.0	NM	34.8	3.3	3.1	-3.2	9.2	12.6
Prism Cem	Buy	121	145	20	0.3	3.7	5.6	347.0	32.6	6.0	5.2	1.8	17.2	22.0
Shree Cem	Buy	17,574	21,052	20	384.4	454.7	575.2	45.7	38.6	8.7	7.2	20.2	20.4	21.3
Ultratech	Buy	4,106	4,936	20	96.1	91.5	138.8	42.7	44.9	4.7	4.4	11.6	10.1	14.0
Aggregate								36.8	31.2	3.6	3.3	9.7	10.5	12.9
Consumer														
Asian Paints	Neutral	1,152	1,240	8	21.0	23.1	27.4	54.8	49.8	14.5	13.9	28.5	28.6	30.6
Britannia	Buy	3,856	4,450	15	73.7	85.4	105.5	52.3	45.1	17.2	14.2	36.9	34.4	34.7
Colgate	Buy	1,068	1,335	25	21.2	25.7	31.1	50.3	41.7	22.8	21.5	50.4	53.2	60.3
Dabur	Neutral	307	315	3	7.2	7.7	9.1	42.3	39.7	11.2	9.6	28.4	26.0	26.3
Emami	Buy	1,105	1,265	14	26.5	28.3	33.9	41.7	39.1	14.3	12.0	35.8	33.4	34.1
Godrej Cons.	Neutral	997	930	-7	18.9	21.8	25.0	52.8	45.7	12.8	9.9	24.6	24.5	23.0
GSK Cons.	Sell	5,489	4,500	-18	156.1	166.3	181.9	35.2	33.0	7.4	7.2	22.2	22.1	22.4
HUL	Buy	1,149	1,285	12	19.6	22.9	27.3	58.5	50.1	37.3	36.0	65.6	73.1	82.8
ITC	Neutral	291	280	-4	8.4	9.3	10.3	34.7	31.4	7.8	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	380	405	7	11.2	8.9	11.0	33.8	42.4	6.3	6.5	21.1	15.1	18.4
Marico	Neutral	332	360	9	6.3	6.9	8.4	52.8	47.7	18.4	15.7	36.7	35.5	38.1
Nestle	Sell	6,816	5,990	-12	118.0	118.6	139.5	57.8	57.5	21.8	20.1	39.0	36.4	39.0
Page Inds	Buy	16,720	20,195	21	238.7	317.0	400.0	70.0	52.7	28.0	22.1	40.0	42.0	42.8
Parag Milk	Neutral	256	240	-6	3.6	7.4	12.3	70.9	34.4	3.3	3.0	5.9	9.1	13.4
Pidilite Ind.	Neutral	828	835	1	16.7	18.4	21.2	49.5	44.9	12.8	10.4	28.2	25.6	24.0
P&G Hygiene	Buy	8,122	9,082	12	144.9	155.8	181.6	56.1	52.1	46.3	36.9	45.3	78.9	74.0
Prabhat Dairy	Not Rated	136	-		3.5	3.5	6.4	38.6	39.2	1.9	1.9	5.2	4.9	8.5
United Brew	Neutral	810	850	5	8.7	9.7	14.7	93.2	83.5	9.3	8.5	10.4	10.7	14.6
United Spirits	Neutral	2,595	2,525	-3	26.7	34.5	51.5	97.1	75.2	19.5	13.6	21.3	18.0	20.3
Aggregate								46.9	42.0	12.9	12.0	27.6	28.6	29.6
Healthcare														
Alembic Phar	Neutral	542	510	-6	21.6	20.5	25.5	25.1	26.5	5.4	4.7	23.0	19.0	20.4
Alkem Lab	Neutral	1,823	1,900	4	75.7	79.7	95.0	24.1	22.9	5.2	4.4	23.4	20.7	21.0
Ajanta Pharma	Buy	1,451	2,028	40	58.4	66.1	79.6	24.8	22.0	8.2	6.2	37.7	32.2	29.9
Aurobindo	Buy	751	850	13	39.3	45.7	50.0	19.1	16.4	4.8	3.7	28.3	25.5	22.3
Biocon	Sell	404	300	-26	10.2	10.4	14.4	39.6	39.0	5.4	4.9	13.6	12.6	15.6
Cadila	Buy	544	510	-6	14.2	17.8	23.2	38.3	30.6	8.7	7.2	24.8	25.7	27.2
Cipla	Neutral	565	500	-11	15.9	20.0	25.0	35.5	28.3	3.6	3.3	10.2	11.5	12.8
Divis Lab	Neutral	675	680	1	39.7	33.6	40.0	17.0	20.1	3.8	3.5	23.5	18.1	19.4
Dr Reddy's	Neutral	2,689	2,600	-3	72.6	106.2	143.0	37.0	25.3	3.6	3.0	9.6	13.2	14.9
Fortis Health	Buy	169	240	42	10.3	2.1	6.1	16.3	79.9	1.7	1.5	11.3	2.0	5.3
Glenmark	Neutral	702	800	14	39.3	42.9	51.7	17.9	16.3	4.4	3.5	24.7	21.6	20.9
Granules	Buy	140	200	43	7.2	8.2	11.5	19.4	17.2	3.6	2.5	21.1	17.7	18.8
GSK Pharma	Neutral	2,510	2,700	8	34.4	51.9	60.1	73.0	48.3	15.7	19.2	21.5	39.7	54.4
IPCA Labs	Neutral	480	480	0	16.1	21.3	28.5	29.9	22.5	2.5	2.3	8.6	10.5	12.7
Jubilant Life	Buy	736	905	23	37.0	47.1	56.7	19.9	15.6	3.3	2.8	18.1	19.5	19.6
Lupin	Buy	1,120	1,475	32	59.2	57.9	72.0	18.9	19.4	3.8	3.3	22.0	18.2	19.4
Sanofi India	Buy	4,259	4,820	13	129.1	133.6	160.6	33.0	31.9	5.6	5.3	17.1	16.6	18.1
Sun Pharma	Buy	567	650	15	26.1	25.2	30.8	21.7	22.5	3.7	3.5	18.5	16.1	17.9
Syngene Intl	Not Rated	471	-		13.0	16.1	18.0	36.2	29.2	7.3	6.0	22.2	22.5	20.7
Torrent Pharma	Buy	1,266	1,450	15	55.2	56.8	71.4	22.9	22.3	5.4	4.7	25.3	22.4	24.2
Aggregate								25.1	23.5	4.4	3.8	17.5	16.4	17.4
Logistics														
Allcargo Logistics	Buy	174	228	31	9.8	12.2	14.3	17.7	14.3	2.6	2.3	12.6	17.2	17.8
Blue Dart	Not Rated	4,392	-		102.5	129.9	163.2	42.8	33.8	19.0	14.5	50.5	48.6	46.8
Concor	Neutral	1,173	1,236	5	38.0	39.2	45.8	30.9	29.9	3.2	3.1	10.8	10.6	11.8
Gateway Distriparks	Buy	267	313	17	6.8	10.7	13.6	39.3	24.9	2.3	2.2	5.9	9.1	11.1
Gati	Not Rated	124	-		8.4	15.9	23.9	14.9	7.8	2.0	1.8	12.4	19.4	25.4
Transport Corp.	Not Rated	321	-		16.9	21.0	25.9	18.9	15.2	3.0	2.5	16.7	17.8	18.6
Aggregate								29.4	25.0	3.6	3.3	12.2	13.4	15.0
Media														
Dish TV	Buy	79	105	32	1.0	1.4	4.0	80.5	55.9	17.3	13.2	24.1	26.8	327.5
D B Corp	Buy	368	450	22	20.4	23.7	27.6	18.0	15.5	4.2	3.8	25.5	25.8	26.6
Den Net.	Neutral	79	90	14	-8.6	-2.7	0.3	NM	NM	1.5	1.6	-12.0	-5.3	0.7
Ent.Network	Neutral	935	928	-1	11.4	13.8	21.2	81.8	67.8	5.2	4.9	6.7	7.4	10.5
Hind. Media	Buy	287	350	22	25.9	28.3	33.6	11.1	10.1	1.9	1.6	19.0	17.3	17.3
HT Media	Neutral	89	90	2	7.4	7.9	8.1	11.9	11.2	0.8	0.7	7.1	6.9	6.4
Jagran Prak.	Buy	173	225	30	10.8	12.3	14.0	16.1	14.1	2.3	2.3	17.6	16.4	17.2
Music Broadcast	Buy	367	469	28	6.4	10.0	14.3	57.1	36.6	3.8	3.5	11.2	9.9	12.6
PVR	Buy	1,384	1,588	15	20.5	28.9	45.1	67.4	47.8	6.7	5.9	10.4	13.2	17.7
Siti Net.	Neutral	26	32	25	-1.8	-0.1	0.5	NM	NM	3.5	3.6	-23.5	-2.0	6.9
Sun TV	Neutral	815	860	6	24.9	28.5	35.9	32.8	28.6	8.2	7.5	25.0	26.3	30.2
Zee Ent.	Buy	539	630	17	23.1	14.7	18.9	23.3	36.5	8.9	7.7	24.7	22.6	24.5

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
Aggregate								41.1	31.3	5.8	5.3	14.2	17.0	22.1
Metals														
Hindalco	Buy	220	308	40	16.2	21.8	26.1	13.6	10.1	1.7	1.4	14.0	15.2	15.4
Hind. Zinc	Sell	282	246	-13	15.1	24.4	32.2	18.6	11.6	1.7	1.6	9.7	14.6	17.9
JSPL	Buy	140	190	36	-20.9	-17.2	2.4	NM	NM	0.4	0.4	-7.9	-5.4	0.8
JSW Steel	Buy	215	281	31	14.8	19.0	22.6	14.5	11.3	2.3	2.0	17.3	18.7	19.0
Nalco	Neutral	71	70	-1	3.7	3.8	4.2	19.2	18.8	1.3	1.3	7.2	7.0	7.5
NMDC	Buy	121	180	49	10.0	12.1	12.2	12.2	10.0	1.7	1.6	12.4	15.0	15.5
SAIL	Sell	64	37	-42	-6.2	-10.6	-4.2	NM	NM	0.7	0.8	-6.7	-12.6	-5.5
Vedanta	Buy	274	311	13	19.7	22.6	26.9	13.9	12.2	3.8	4.0	24.4	32.0	35.1
Tata Steel	Neutral	553	583	5	37.9	49.6	65.6	14.6	11.1	1.7	1.5	15.7	14.3	16.8
Aggregate								19.0	14.6	1.6	1.5	8.2	10.3	13.2
Oil & Gas														
BPCL	Neutral	467	511	10	48.3	36.7	43.5	9.7	12.7	3.0	2.6	32.4	21.7	22.3
GAIL	Sell	373	340	-9	22.6	26.3	29.8	16.5	14.2	1.7	1.5	9.6	11.3	11.8
Gujarat Gas	Sell	764	697	-9	20.4	33.7	46.5	37.4	22.7	6.4	5.2	17.8	25.3	28.0
Gujarat St. Pet.	Neutral	182	168	-8	8.8	11.0	13.1	20.7	16.5	2.3	2.1	11.6	13.1	14.0
HPCL	Buy	373	420	13	40.7	29.5	32.6	9.2	12.6	2.8	2.4	32.4	20.6	20.0
IOC	Neutral	374	459	23	43.0	36.0	40.0	8.7	10.4	1.7	1.6	21.2	15.8	15.8
IGL	Neutral	1,127	1,070	-5	42.5	46.8	51.9	26.5	24.1	5.4	4.6	21.0	20.6	19.6
MRPL	Sell	123	113	-8	14.8	9.4	11.7	8.3	13.0	2.1	1.9	31.4	15.5	17.0
Oil India	Buy	280	305	9	19.3	27.9	30.1	14.5	10.0	0.8	0.7	5.7	7.5	7.8
ONGC	Buy	164	195	19	16.4	17.4	19.7	10.0	9.4	0.9	0.9	10.1	9.9	10.8
PLNG	Buy	206	259	26	11.4	8.6	17.6	18.1	24.0	3.8	3.4	23.2	15.1	26.4
Reliance Ind.	Neutral	1,603	1,499	-7	96.7	115.5	128.1	16.6	13.9	1.6	1.5	11.6	12.3	12.3
Aggregate								12.3	12.4	1.6	1.5	13.3	12.1	12.6
Retail														
Jubilant Food	Sell	1,295	850	-34	10.0	14.8	20.7	129.4	87.4	10.6	9.7	8.2	11.1	14.0
Titan Co.	Neutral	536	545	2	9.0	10.3	12.1	59.4	52.2	11.2	10.3	20.6	20.6	21.6
Aggregate								64.4	55.3	11.1	10.2	17.2	18.4	19.2
Technology														
Cyient	Buy	535	600	12	30.6	35.4	41.9	17.4	15.1	2.8	2.5	16.2	16.6	17.3
HCL Tech.	Buy	895	960	7	59.8	61.4	66.7	14.9	14.6	3.7	3.7	27.5	25.2	25.8
Hexaware	Neutral	247	235	-5	13.7	15.4	16.7	18.1	16.1	4.4	3.8	26.5	25.3	23.5
Infosys	Buy	994	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	124	140	13	11.9	10.6	13.1	10.4	11.7	1.6	1.4	14.3	13.0	14.2
L&T Infotech	Buy	771	850	10	55.5	58.0	60.2	13.9	13.3	4.8	3.8	40.4	31.9	26.6
Mindtree	Sell	481	450	-7	24.9	28.7	32.9	19.3	16.8	3.1	3.1	16.8	17.3	20.1
Mphasis	Neutral	577	600	4	38.9	42.3	46.2	14.8	13.6	2.0	2.3	13.2	14.2	16.1
NIIT Tech	Neutral	529	540	2	38.0	42.3	48.7	13.9	12.5	1.8	1.8	13.7	14.4	15.4
Persistent Sys	Buy	645	750	16	37.7	43.3	52.0	17.1	14.9	2.6	2.5	17.0	17.9	20.7
Tata Elxsi	Buy	1,662	1,607	-3	56.3	68.0	80.4	29.5	24.4	9.3	7.4	37.1	33.7	32.3
TCS	Neutral	2,571	2,350	-9	133.4	133.6	147.7	19.3	19.2	5.7	6.1	32.6	31.1	33.5
Tech Mah	Buy	391	465	19	30.9	31.0	36.2	12.7	12.6	2.1	1.9	18.4	16.0	16.9
Wipro	Neutral	290	270	-7	16.9	18.1	19.1	17.1	16.0	2.7	2.7	16.9	16.1	16.1
Zensar Tech	Buy	806	950	18	52.1	51.9	70.0	15.5	15.5	2.5	2.2	17.2	15.0	17.9
Aggregate								17.1	17.1	3.9	3.9	22.9	22.9	22.2
Telecom														
Bharti Airtel	Buy	428	430	1	11.1	5.9	10.9	38.5	72.8	2.5	2.5	6.7	3.4	6.1
Bharti Infratel	Buy	417	435	4	14.9	18.0	20.4	28.0	23.1	5.0	4.3	16.2	20.0	19.4
Idea Cellular	Buy	98	110	12	-1.1	-9.7	-11.2	NM	NM	1.4	1.7	-1.6	-15.3	-20.8
Tata Comm	Buy	672	811	21	26.0	8.3	27.2	25.8	81.3	12.0	10.5	126.2	13.8	35.0
Aggregate								39.5	123.0	2.7	2.7	6.9	2.2	4.2
Utilities														
Coal India	Buy	259	315	22	14.9	17.6	18.6	17.3	14.7	6.5	6.5	37.8	44.5	47.0

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
CESC	Buy	895	1,140	27	51.9	78.6	86.0	17.3	11.4	1.7	1.5	10.5	14.4	13.9
JSW Energy	Buy	66	85	28	3.9	3.2	3.1	17.2	21.1	1.0	1.0	6.3	4.9	4.8
NTPC	Buy	164	198	21	13.0	13.4	16.2	12.6	12.2	1.4	1.3	11.5	10.9	12.3
Power Grid	Buy	216	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	16.0	13.0	1.9	1.7	11.2	13.9	12.1
Aggregate								15.1	13.2	2.3	2.1	15.2	16.1	16.8
Others														
Arvind	Neutral	368	359	-2	12.4	12.5	18.1	29.7	29.4	2.7	2.5	10.3	8.8	11.8
Avenue Supermarts	Neutral	926	882	-5	7.7	12.7	17.6	120.6	72.8	15.0	13.1	17.9	19.3	23.0
Bata India	Under Review	584	-		13.5	15.7	19.4	43.2	37.2	5.7	5.1	13.9	14.4	15.8
Castrol India	Buy	412	527	28	13.6	14.4	15.0	30.2	28.5	34.2	30.6	115.2	113.3	106.1
Century Ply.	Neutral	287	323	13	8.7	9.8	12.9	33.0	29.2	8.9	7.4	31.1	27.7	29.6
Coromandel Intl	Under Review	446	-		16.6	21.8	26.1	26.9	20.5	4.5	4.0	17.5	20.6	21.6
Delta Corp	Buy	169	215	27	3.1	5.7	7.2	55.3	29.7	4.2	2.8	8.1	12.1	11.5
Dynomatic Tech	Buy	2,400	3,334	39	67.6	112.9	166.7	35.5	21.2	4.9	4.0	15.1	20.7	24.3
Eveready Inds.	Buy	327	368	13	12.9	14.4	17.5	25.4	22.7	8.2	6.6	37.7	32.3	31.6
Interglobe	Neutral	1,246	1,283	3	46.0	57.9	91.6	27.1	21.5	22.3	20.0	86.2	98.0	136.2
Indo Count	Buy	154	200	30	13.0	13.2	15.4	11.8	11.6	3.6	2.7	34.8	26.4	23.5
Info Edge	Buy	993	1,130	14	15.7	21.8	24.7	63.4	45.7	6.1	5.5	10.2	12.7	13.1
Inox Leisure	Sell	267	240	-10	3.3	8.0	12.0	80.0	33.2	4.6	4.1	5.9	12.5	16.2
Jain Irrigation	Under Review	109	-		5.5	7.6	10.0	19.7	14.3	1.7	1.6	8.6	11.7	14.8
Just Dial	Neutral	382	465	22	17.5	18.5	21.1	21.9	20.7	2.9	2.6	14.8	13.4	13.7
Kaveri Seed	Buy	654	755	15	19.1	31.3	37.7	34.3	20.9	4.5	4.8	13.6	21.6	26.0
Kitex Garm.	Buy	271	394	45	18.6	22.1	26.2	14.6	12.3	3.9	3.2	29.8	28.6	27.6
Manpasand	Buy	784	927	18	12.7	20.3	30.9	61.8	38.7	3.9	3.6	7.3	8.5	13.5
MCX	Buy	1,156	1,300	12	24.8	28.0	42.2	46.6	41.3	4.3	4.1	10.2	10.2	14.5
Monsanto	Buy	2,721	3,295	21	86.2	105.1	126.7	31.6	25.9	8.9	8.0	31.6	32.5	34.5
Navneet Education	Buy	167	226	35	7.8	9.4	11.3	21.6	17.7	5.4	4.5	26.8	27.8	28.2
PI Inds.	Buy	754	952	26	33.4	33.4	38.1	22.6	22.5	6.4	5.2	32.8	25.4	23.8
Piramal Enterp.	Buy	2,912	3,044	5	72.6	104.1	144.6	40.1	28.0	3.8	3.5	9.8	13.0	16.4
SRF	Buy	1,518	1,816	20	85.9	86.3	109.2	17.7	17.6	2.8	2.5	16.6	14.7	16.7
S H Kelkar	Buy	277	287	4	7.2	8.6	10.3	38.2	32.2	4.9	4.4	13.7	14.5	15.6
Symphony	Sell	1,468	1,288	-12	23.7	35.1	42.9	62.0	41.8	23.0	20.3	43.3	51.6	54.5
TTK Prestige	Neutral	6,392	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	50.7	40.4	12.1	9.9	27.4	26.9	28.8
Wonderla	Buy	357	393	10	7.0	11.9	16.0	51.0	29.8	4.7	4.2	9.5	14.8	17.5



Company	1 Day (%)	1M (%)	12M (%)
Automobiles			
Amara Raja	0.4	0.8	-6.6
Ashok Ley.	0.8	13.8	9.1
Bajaj Auto	0.6	0.7	5.4
Bharat Forge	-0.8	1.0	50.1
Bosch	0.6	1.5	-1.2
CEAT	1.9	4.0	107.3
Eicher Mot.	-1.6	4.4	42.3
Endurance Tech.	0.3	4.0	
Escorts	-1.0	-4.6	153.6
Exide Ind	0.7	0.0	19.4
Hero Moto	0.4	1.3	13.0
M&M	0.1	1.0	-4.8
Mahindra CIE	1.1	9.1	41.3
Maruti Suzuki	-0.5	3.8	65.1
Tata Motors	-1.6	2.9	-10.4
TVS Motor	-1.2	6.3	89.7
Banks - Private			
Axis Bank	1.9	7.9	1.2
DCB Bank	1.0	-1.2	97.1
Equitas Hold.	0.3	10.0	-9.9
Federal Bank	1.7	3.6	80.4
HDFC Bank	0.3	3.6	39.5
ICICI Bank	0.3	4.3	24.2
IDFC Bank	0.0	6.2	18.5
IndusInd	-0.7	3.5	33.4
J&K Bank	-1.2	-1.3	30.6
Kotak Mah. Bk	-0.4	0.2	29.1
RBL Bank	0.8	4.8	
South Indian	1.0	5.2	50.3
Yes Bank	1.4	12.4	36.5
Banks - PSU			
BOB	0.5	2.6	5.8
BOI	2.7	22.4	49.1
Canara	1.1	5.2	44.7
IDBI Bk	1.7	9.8	-16.7
Indian Bk	-0.4	11.1	109.9
OBC	2.8	9.3	35.4
PNB	1.0	13.3	25.2
SBI	0.6	2.6	28.9
Union Bk	2.5	9.9	22.6
NBFCs			
Bajaj Fin.	1.6	15.9	80.8
Bharat Fin.	0.9	11.6	-8.4
Cholaman.Inv.&Fn	2.1	8.5	12.4
Dewan Hsg.	1.4	5.0	105.3
GRUH Fin.	-1.1	5.9	58.2
HDFC	-0.2	-1.1	18.3
Indiabulls Hsg	3.8	8.5	61.5
L&T Fin.Holdings	0.9	10.7	102.5
LIC Hsg Fin	-1.4	-2.8	41.2
Manappuram	-0.5	13.8	42.2
M&M Fin.	9.8	20.7	24.5
Muthoot Fin	1.1	4.6	67.8
PFC	-2.2	2.1	12.5
Repco Home	0.4	-6.8	-5.3
REC	-1.8	1.0	64.6
STF	3.4	3.2	-16.7
Shriram City Union	-1.1	-4.9	20.9

Company	1 Day (%)	1M (%)	12M (%)
Capital Goods			
ABB	-1.1	-0.6	10.4
Bharat Elec.	0.1	4.7	38.5
BHEL	-0.4	7.9	-1.1
Blue Star	5.2	14.5	50.8
CG Cons. Elec.	-0.8	-6.8	33.4
CG Power & Inds Sol.	-0.4	4.4	15.1
Cummins	-2.2	11.0	12.7
GE T&D	-0.3	-4.3	-9.7
Havells	-0.8	-1.3	20.0
K E C Intl	2.5	20.5	108.5
L&T	-0.6	1.9	10.8
Pennar Eng.	-2.2	-10.8	-34.4
Siemens	-0.6	2.7	1.3
Solar Ind	-0.6	10.1	32.4
Suzlon Energy	0.0	3.3	5.9
Thermax	-0.7	-2.9	0.0
Va Tech Wab.	-0.9	-16.6	-0.6
Voltas	0.7	10.9	49.8
Cement			
Ambuja Cem.	-0.1	10.1	-0.4
ACC	-0.1	5.4	2.8
Birla Corp.	1.8	8.7	73.8
Dalmia Bharat	-1.2	4.6	86.7
Grasim Inds.	2.1	10.0	32.3
India Cem	0.7	4.5	79.5
JK Cements	-1.2	0.7	38.2
JK Lakshmi Ce	-0.2	-4.4	10.6
Ramco Cem	-1.1	-2.1	20.1
Orient Cem	0.4	11.9	-5.4
Prism Cem	-0.2	1.6	15.9
Shree Cem	-0.8	3.9	9.3
Ultratech	-1.9	2.6	11.8
Consumer			
Asian Paints	-0.4	-0.2	7.8
Britannia	0.8	5.6	35.4
Colgate	-0.1	-3.4	11.2
Dabur	0.4	6.3	0.3
Emami	0.1	1.1	-1.8
Godrej Cons.	0.6	4.3	21.2
GSK Cons.	-0.5	2.0	-16.2
HUL	-0.7	4.8	26.8
ITC	-0.6	-6.3	16.0
Jyothy Lab	0.4	3.7	31.0
Marico	0.3	6.4	17.3
Nestle	-0.2	3.0	-4.1
Page Inds	-0.1	2.4	22.8
Parag Milk	0.9	20.5	-22.1
Pidilite Ind.	2.0	-0.1	12.7
P&G Hygiene	-1.4	0.9	26.9
Prabhat Dairy	-0.6	3.3	38.8
United Brew	-0.5	3.9	4.1
United Spirits	-1.7	15.5	5.7
Healthcare			
Alembic Phar	-0.8	6.6	-8.0
Alkem Lab	1.4	-0.1	19.7
Ajanta Pharma	0.7	-4.0	-12.1
Aurobindo	0.8	11.8	-6.0
Biocon	1.3	22.6	49.9
Cadila	2.4	3.7	46.5

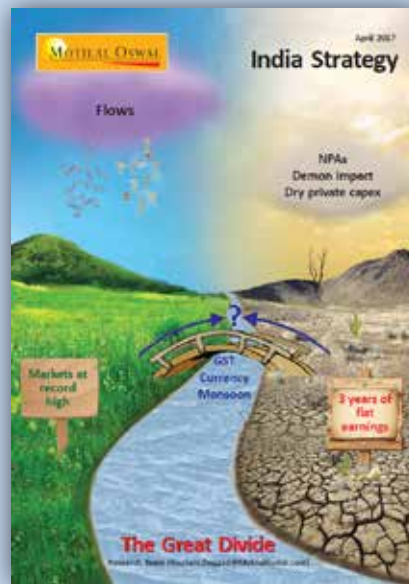
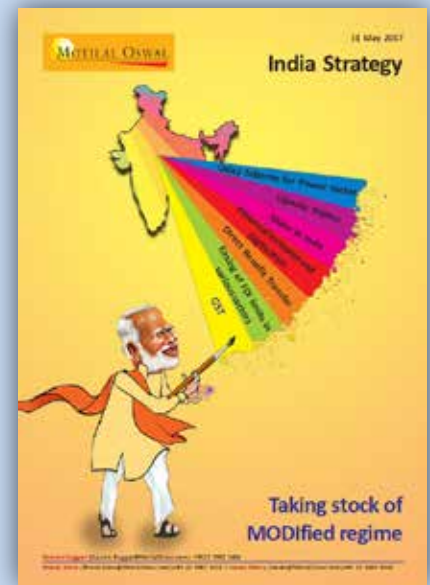


Company	1 Day (%)	1M (%)	12M (%)
Cipla	-0.9	4.4	7.6
Divis Lab	-1.7	5.7	-43.7
Dr Reddy's	-0.1	1.7	-22.6
Fortis Health	0.9	-2.1	-5.3
Glenmark	1.8	11.8	-18.8
Granules	-1.2	3.5	-1.8
GSK Pharma	-1.8	1.8	-26.3
IPCA Labs	0.2	1.4	-3.0
Jubilant Life	-1.0	9.5	123.6
Lupin	-2.0	5.6	-34.8
Sanofi India	-0.7	2.5	-7.1
Sun Pharma	-0.8	4.2	-29.4
Syngene Intl	-1.5	2.7	10.5
Torrent Pharma	-0.1	7.5	-13.2
Logistics			
Allcargo Logistics	-1.4	0.4	-10.0
Blue Dart	0.1	3.7	-26.6
Concor	-0.2	0.7	-0.8
Gateway Distriparks	-0.7	3.5	-0.3
Gati	0.9	-3.4	-29.9
Transport Corp.	0.9	8.9	47.9
Media			
Dish TV	-0.1	7.5	-19.5
D B Corp	-1.1	-3.7	-10.1
Den Net.	0.8	-2.3	-9.3
Ent.Network	3.0	0.5	31.4
Hind. Media	4.0	5.0	4.8
HT Media	0.3	6.4	10.7
Jagran Prak.	-0.5	-3.9	-3.4
Music Broadcast	0.4	2.9	
PVR	1.0	-8.3	26.1
Siti Net.	-0.2	-11.3	-31.9
Sun TV	0.6	0.6	88.0
Zee Ent.	-2.1	5.8	13.4
Metals			
Hindalco	2.7	16.4	62.8
Hind. Zinc	1.3	12.4	43.8
JSPL	1.1	18.0	99.8
JSW Steel	0.5	9.9	32.1
Nalco	1.4	14.8	46.5
NMDC	-0.9	13.0	21.5
SAIL	0.5	10.7	31.6
Vedanta	3.7	15.9	59.6
Tata Steel	1.0	9.0	52.0
Oil & Gas			
BPCL	0.2	11.0	18.0
GAIL	-0.7	5.4	27.3
Gujarat Gas	0.3	0.6	38.4
Gujarat St. Pet.	1.2	14.8	39.3
HPCL	1.0	10.1	37.8
IOC	-0.7	-2.4	39.4
IGL	-0.9	5.5	80.9
MRPL	2.5	4.2	37.4
Oil India	-0.6	1.5	-0.8
ONGC	0.3	3.6	8.3
PLNG	1.8	-5.9	38.8
Reliance Ind.	-0.8	11.7	57.1
Retail			
Jubilant Food	3.5	40.6	10.5
Titan Co.	-0.1	4.7	29.9

Company	1 Day (%)	1M (%)	12M (%)
Technology			
Cyient	-1.3	4.1	9.6
HCL Tech.	-0.9	5.1	21.2
Hexaware	2.1	0.1	8.8
Infosys	0.3	5.4	-8.0
KPIT Tech	0.6	3.3	-7.6
L&T Infotech	0.9	-4.3	11.3
Mindtree	-0.5	-9.5	-12.5
Mphasis	-0.5	-2.6	6.8
NIIT Tech	-1.4	-6.0	14.6
Persistent Sys	1.4	-2.4	-3.1
Tata Elxsi	-0.5	3.4	2.9
TCS	1.5	8.9	0.7
Tech Mah	-1.9	2.7	-23.0
Wipro	-0.7	12.8	6.9
Zensar Tech	-0.5	-7.0	-19.4
Telecom			
Bharti Airtel	1.8	16.9	15.5
Bharti Infratel	1.7	11.9	14.0
Idea Cellular	6.5	23.3	-8.6
Tata Comm	3.7	-7.2	44.9
Utilities			
Coal India	-1.1	5.4	-22.3
CESC	-0.4	3.0	45.5
JSW Energy	1.0	5.1	-17.0
NTPC	0.0	3.9	4.4
Power Grid	-0.2	5.4	28.3
Tata Power	-0.2	1.7	15.1
Others			
Arvind	-0.5	-0.4	16.7
Avenue Super.	0.8	15.8	
Bata India	-0.6	12.1	1.7
Castrol India	0.7	1.0	0.1
Century Ply.	0.4	-4.4	22.7
Coromandel Intl	1.0	5.0	90.0
Delta Corp	-2.8	11.0	83.2
Dynamatic Tech	1.4	0.7	-6.7
Eveready Inds.	-0.9	-6.6	21.9
Interglobe	1.0	0.3	30.1
Indo Count	-1.2	-12.6	-13.1
Info Edge	1.0	0.5	14.1
Inox Leisure	0.2	-2.4	7.3
Jain Irrigation	-0.8	3.4	54.6
Just Dial	0.8	-2.3	-30.9
Kaveri Seed	0.3	3.2	72.1
Kitex Garm.	-0.2	-3.3	-22.5
Manpasand	0.7	0.7	9.7
MCX	-0.7	6.8	9.4
Monsanto	-0.7	1.8	11.9
Navneet Educat.	-1.0	-5.9	77.7
PI Inds.	0.4	-6.7	2.3
Piramal Enterp.	-0.4	3.2	83.2
SRF	1.1	-4.5	9.1
S H Kelkar	0.3	2.2	14.6
Symphony	4.0	10.4	20.4
TTK Prestige	0.0	-4.5	35.7
V-Guard	0.1	0.9	70.4
Wonderla	0.3	-4.4	-14.0

NOTES

THEMATIC/STRATEGY RESEARCH GALLERY



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Favorable odds

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Sector: Automobiles

CEAT

Well balanced

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DIFFERENTIATED PRODUCT GALLERY

JK LAKSHMI CEMENT

Annual Report 2017

The ART of annual report analysis

JK Lakshmi Cement (JKL) has achieved a remarkable performance, with a revenue doubling to INR 1,700 crore in FY17 over INR 800 crore in FY16. The company reported a 100% growth in EBITDA and a 100% increase in EBITDA margin to 10.5% from 8.5% in FY16. The company's revenue growth is primarily driven by the strong demand for cement in the infrastructure sector, particularly in the highway and real estate sectors.

Operating performance remains robust with EBITDA of INR 177 crore (FY17) vs INR 67 crore (FY16), as healthy 22% revenue growth (FY17 over FY16) has led to a 25% increase in EBITDA. The company's revenue growth is primarily driven by the strong demand for cement in the infrastructure sector, particularly in the highway and real estate sectors.

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CornerOffice

Slow of new launches encouraging

Highway toll and GDP growth rate pose new challenges

United Business

United Business (UB) has started a new line of new launches in FY17, which is encouraging after the overall launch of previous years. The company plans to continue with this program in FY18 from the respective states, highway toll and other infrastructure are expected to be a key driver for the company's new line of new launches.

28 June 2017

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VOICES

India Inc on Call

India Inc on Call

India Inc on Call

27 March 2017

VOICES

India Inc on Call

India Inc on Call

India Inc on Call

BULLS & BEARS

INDIA VALUATIONS HANDBOOK

HIGHLIGHTS OF JUNE EDITION

• Nifty down 1% in June after three months of positive returns.

• Real Estate, Healthcare, Consumer, and Telecom top performers.

• Healthcare and Technology only sector delivering negative returns in CY17 YTD.

27 March 2017

BULLS & BEARS

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Equity

Equity

Equity

27 March 2017

Equity

Equity

Equity

FUND FOLIO

Indian Mutual Fund Tracker

FUND FOLIO

Indian Mutual Fund Tracker

27 March 2017

FUND FOLIO

Indian Mutual Fund Tracker

FUND FOLIO

Indian Mutual Fund Tracker

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