

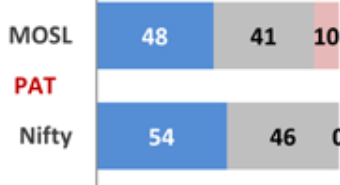
Corporate performance



4QFY17: Expectations v/s delivery

% of Companies that have Declared Results

Above Expectations In-line Below Expectations



(no of companies)	Growth (YoY, %)		
	MOSL (29)	Nifty (13)	Sensex (7)
Sales	18.0	17.2	17.8
EBITDA	13.6	8.9	6.9
PAT	7.2	4.9	3.1

Market snapshot



Equities - India	Close	Chg. %	YTD.%
Sensex	30,030	-0.3	12.8
Nifty-50	9,342	-0.1	14.1
Nifty-M 100	18,007	-0.1	25.5
Equities-Global	Close	Chg. %	YTD.%
S&P 500	2,389	0.1	6.7
Nasdaq	6,049	0.4	12.4
FTSE 100	7,237	-0.7	1.3
DAX	12,444	-0.2	8.4
Hang Seng	10,261	-0.5	9.2
Nikkei 225	19,252	-0.2	0.7
Commodities	Close	Chg. %	YTD.%
Brent (US\$/Bbl)	51	-0.7	-8.4
Gold (\$/OZ)	1,265	-0.1	9.1
Cu (US\$/MT)	5,669	-0.4	2.6
Almn (US\$/MT)	1,915	-2.1	12.4
Currency	Close	Chg. %	YTD.%
USD/INR	64.1	0.1	-5.5
USD/EUR	1.1	0.1	3.3
USD/JPY	111.4	0.1	-4.9
YIELD (%)	Close	1MChg	YTDchg
10 Yrs G-Sec	6.9	0.0	0.4
10 Yrs AAA Corp	7.9	0.0	0.3
Flows (USD b)	27-Apr	MTD	YTD
FII	0.0	-0.2	6.4
DII	0.0	1.2	1.4
Volumes (INRb)	27-Apr	MTD*	YTD*
Cash	347	304	282
F&O	9,968	5,393	4,657

Note: YTD is calendar year, *Avg

Quote of the day

Failure is another steppingstone to greatness

Research Team (Gautam.Duggad@MotilalOswal.com)

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.

Today's top research idea

ONGC: Projects finally showing results

Cost efficiency, production growth and dividend yield call for re-rating

- ✓ After almost a decade of negative-to-flat growth, we believe gas production would grow at 10-15% annually for the next five years. Our recent meeting with the management reinforced our belief.
- ✓ Continued improved oil recovery (IOR) and contribution of new projects to production would also help reverse the decadal trend of negative-to-flat growth.
- ✓ We expect oil prices to remain in the band of USD50-60/bbl, which would provide stability to its earnings.
- ✓ After two years of negative EPS growth, we expect EPS growth of 31% in FY18 and 14% in FY19. Positive policy developments, cost efficiency and dividend yield of 4-6% would further aid re-rating of the stock. Upgrade to Buy.

Research covered

Cos/Sector	Key Highlights
ONGC	Projects finally showing results
EcoScope	Believe it or not, demonetization did not hurt employment
Maruti Suzuki	In-line; 4Q reflects cost inflation, but expect Gujarat ramp-up impact in 1HFY18
Kotak Mah. Bank	Strong all-around performance; merger synergies yielding results
Shriram Transport	Performance better than expectation despite migration to 120dpd
TVS Motor	Adjusted margins better than estimates; strong EPS growth to continue
Biocon	Strong results; monetization of biosimilars key catalyst
Tata Elxsi	EBITDA and PAT below estimates
KPIT Tech	Momentum still elusive
Results Expectation	Ambuja Cement CEAT Coromandel Intl Federal Bank

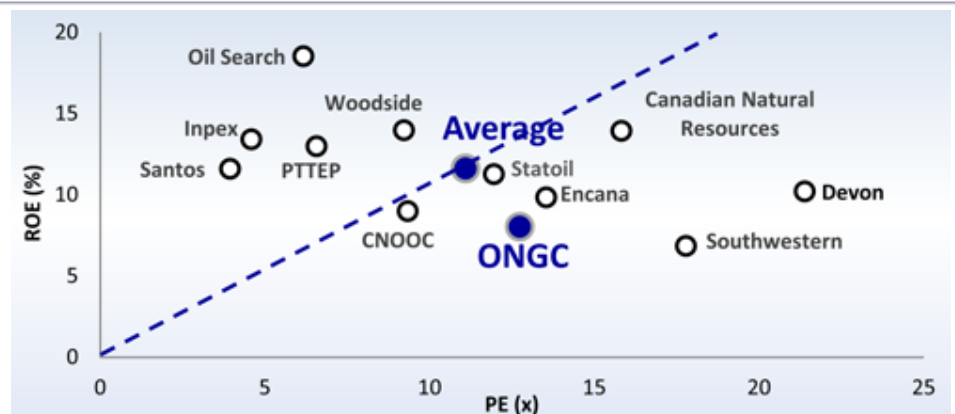
Piping hot news

PM Modi to review GST, black money policy

- ✓ In a meeting on Tuesday, May 2, Prime Minister Narendra Modi will review the revenue department's effort to crack down on the circulation of undisclosed ('black') money in the economy.

Chart of the Day: ONGC (Projects finally showing results)

Valuation of global peers – ONGC is undervalued compared to its global peers



Source: Company, MOSL



Kindly click on numbers for the detailed news link

1

Retailers Limit Purchases Ahead of GST Rollout

Many small retailers and wholesalers are restricting the quantity of products they buy from consumer goods companies, fearing that they may incur a loss when the country moves to goods and services tax (GST)...

2

Korea's Kia Motors to pump in \$1.1 bn for India ride

Korean small carmaker Kia Motors has finally announced it will be entering the Indian car market, with an investment of \$1.1 billion (about Rs 7,000 crore). It will set up a manufacturing unit in Andhra Pradesh, with an annual capacity of 300,000 units. The agreement was signed on Thursday with the state government for a factory in Anantapur district. Kia's parent company is Hyundai, India's second-biggest carmaker, with a 17 per cent market share. Kia plans to produce a compact sedan and compact sport utility vehicle (SUV) for the Indian market....

3

Railways plans tie-up with IOC to cut on expenses

The railways will soon be reaching an understanding with Indian Oil Corporation (IOC) for refining crude oil imported by the transport behemoth itself — a move that is likely to save Rs 2,000-2,500 crore a year on taxes for the ailing transporter...

4

India one of the best places for global realty investments: Report

The global realty investments into India rose by three per cent annually in the past two years and they are likely to see a similar trend in 2017 as well, according to a report by Cushman & Wakefield, a leading property consultancy. Global investors are optimistic about the country's long-term economic potential and this will drive the flow...

5

Rs 50,000 cr plan to revive shut fertiliser plants, build new gas pipelines

The Central government and cash-rich coal, power and oil PSUs will jointly invest over Rs 50,000 crore to revive closed fertiliser plants and set up new gas pipelines, in a move aimed at making India self-sufficient in urea by 2020-21 and negating the need for imports...

6

Commodity derivative options to spur farmer participation

The Securities and Exchange Board of India's (Sebi) decision to allow options trading in commodity derivatives comes as a shot in the arm for farmers, who can now look to a wider portfolio of derivatives to hedge risks in their produce better...

7

GMR may sell 25% stake in Hyderabad airport

The debt-laden GMR group is close to selling a part of its controlling stake in the Hyderabad airport to Abu Dhabi's sovereign wealth fund. The group is likely to offload 20-25 per cent of its stake in the airport at an enterprise value of \$700 million (roughly Rs. 4,500 crore)...



BSE SENSEX 30,030 S&P CNX 9,342



Stock Info

Bloomberg	ONGC IN
Equity Shares (m)	12,833
52-Week Range (INR)	212/133
1, 6, 12 Rel. Per (%)	-6/-11/11
M.Cap. (INR b)	2,335.7
M.Cap. (USD b)	34.4
Avg Val, INRm	1422
Free float (%)	31.9

Financials Snapshot (INR b)

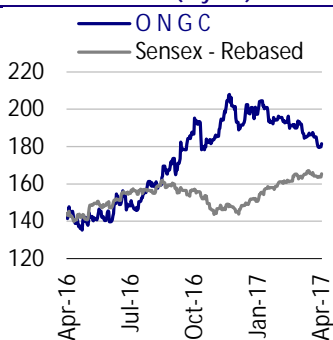
Y/E Mar	FY17E	FY18E	FY19E
Sales	1408	1683	1905
EBITDA	549	689	801
NP	196	257	294
EPS (Rs)	15.3	20.0	22.9
EPS Gr. (%)	12.2	31.1	14.5
BV/Sh. (Rs)	150	158	167
RoE (%)	10.4	13.0	14.1
RoCE (%)	9.0	10.8	11.6
P/E (x)	11.8	9.0	7.8
P/BV (x)	1.2	1.1	1.1
EV/EBITDA (x)	5.1	4.1	3.5
Div. Yield (%)	4.4	5.7	6.6

Shareholding pattern (%)

As On	Dec-16	Sep-16	Dec-15
Promoter	68.9	68.9	68.9
DII	11.7	11.9	11.5
FII	5.8	5.4	6.0
Others	13.6	13.8	13.6

Note: FII Includes depository receipts

Stock Performance (1-year)



CMP: INR180 TP: INR233 (+30%) Upgrade to Buy

Projects finally showing results

Cost efficiency, production growth and dividend yield call for re-rating

- ☐ After almost a decade of negative-to-flat growth, we believe gas production would grow at 10-15% annually for the next five years. Our recent meeting with the management reinforced our belief.
- ☐ Continued improved oil recovery (IOR) and contribution of new projects to production would also help reverse the decadal trend of negative-to-flat growth.
- ☐ We expect oil prices to remain in the band of USD50-60/bbl, which would provide stability to its earnings.
- ☐ After two years of negative EPS growth, we expect EPS growth of 31% in FY18 and 14% in FY19. Positive policy developments, cost efficiency and dividend yield of 4-6% would further aid re-rating of the stock. Upgrade to Buy.

Cost efficiencies through lower work-over and water injection

- ☐ Better optimization has resulted in opex coming down from USD7.4/boe in FY16 to USD5.9/boe in 9MFY17. We expect this cost efficiency to sustain.
- ☐ USD1/boe change in opex results in 7% change in EBITDA and EPS.

Gas production to begin growing once again

- ☐ ONGC expects Daman/C26 to add 4.5mmscmd to production in FY18.
- ☐ S1 and Vashishta gas fields would add 1.5mmscmd while WO16 would add 1.2mmscmd in FY18.
- ☐ IOR at the Bassein field is expected to add 3.9mmscmd in FY19. In the longer run, Cluster-2 at KG DWN-98/2 would add a peak production of ~16mmscmd.

Oil production also inching up

- ☐ ONGC has guided that oil production from nominated fields would increase. WO16 would add 3,800bopd in FY18 while Vasai East is likely to add another 4,800bopd.
- ☐ Ratna & R-series would add 3,000bopd in FY19 along with 8,000bopd from B127 and 5,000bopd from Assam.
- ☐ Ratna & R-series would peak at 14,700bopd in FY20. Production from Cluster-2 would commence in FY21, with peak expected at 77,000bopd.

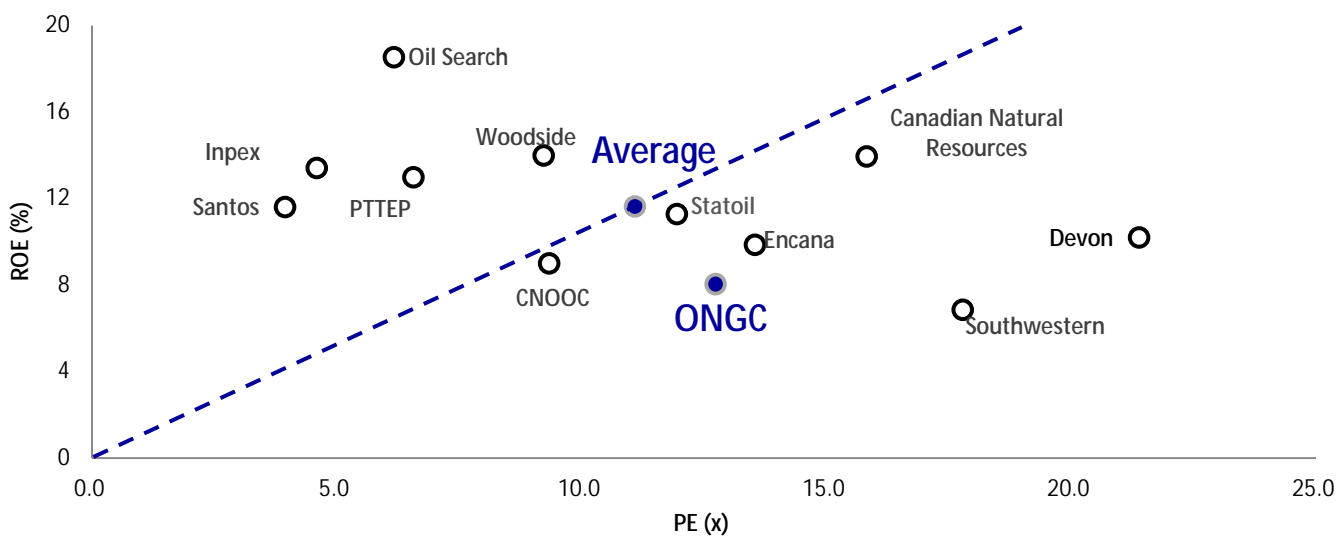
Expects no subsidy till USD65/bbl

- ☐ The company has not been bearing any subsidy since 2QFY16. Realization in 9MFY17 was USD48.65/bbl against USD51.46/bbl in 9MFY16.
- ☐ Subsidy in 9MFY16 stood at USD1.52/bbl. We do not expect any subsidy burden to be levied on ONGC as long as oil prices are below USD65/bbl. However, realization may be capped if oil prices rise above USD65/bbl.
- ☐ We estimate that USD5/bbl increase in realization results in 10% increase in EPS.

Upgrade to Buy

- n ONGC has spent a total of INR424b on IOR since CY00. In FY16, 29.6% of the oil production came from IOR. The government has been working on incentivizing recovery techniques. This may further reduce costs for the company.
- n There are strong signs that OPEC would extend the ongoing production cut. 98% adherence to agreed production cut has been observed, which suggests the seriousness towards oil price stability. With Brent of USD55/60/bbl in FY18/19, we expect EPS of INR20/22.9 in FY18/19.
- n ONGC is trading at 7.8x FY19E EPS of INR22.9 and at an EV of 3.5x FY19E EBITDA. Using SOTP, we value the stock at INR233 (upside of 30%). We upgrade the stock from Neutral to **Buy**.

Valuation of global peers – ONGC is undervalued compared to its global peers



Source: Company, MOSL

Believe it or not, demonetization did not hurt employment

122,000 jobs created in 3QFY17 – the highest in the new series

- Eight selected sectors (manufacturing, construction, trade, transport, accommodation & restaurant, IT/BPO, education and health, which together constitute ~81% of total employment at units with 10+ workers) added 122,000 jobs in 3QFY17, much higher than +32,000 in the previous quarter. Notably, after recording a workforce decline of 12,000 in 2QFY17, the manufacturing sector added the highest number of workers (+83,000) in 3QFY17.
- The eight sectors employed 20.72m workers as on 1 January 2017, up from 20.52m at the beginning of April 2016, implying average growth of 0.32% in the first three quarters of FY17. Considering average real GDP growth of 7.2% during this period, employment elasticity seems to have worsened significantly.
- Although the pace of job creation remains weak, it is pertinent to note that (in contrast to our fear) demonetization did not dent employment generation in the economy. In fact, employment addition in 3Q was more than that in 1HFY17.

Total employment at end-3QFY17 stood at 20.72m, implying an increase of ~0.4% QoQ, nearly double the average growth rate in 1HFY17

In 3QFY17, all except construction and accommodation & restaurant sectors saw an uptick in the number of jobs added

- Employment generation picked up pace in 3QFY17:** According to the Labor Bureau, 122,000 workers (*Exhibit 1*) were added to the eight selected sectors in 3QFY17, much higher than +32,000 in 2QFY17. Total employment at end-3QFY17 stood at 20.72m, implying an increase of ~0.4% QoQ and nearly double the average growth rate in 1HFY17. In the first three quarters of FY17, total employment generation was close to 0.2m.
- Manufacturing added the most, but construction/A&R saw slight decline:** *Exhibit 2* shows sector-wise change in employment over past two quarters. In 3QFY17, all sectors increased their workforce, barring construction (-1,000) and accommodation & restaurant (no change). The manufacturing sector performed particularly well, adding 83,000 jobs compared to 24,000 in 2QFY17. The education sector added 18,000 jobs, followed by IT/BPO (12,000), trade (7,000) and health (2,000). *Exhibit 3* shows sector-wise contribution to total employment in 3QFY17.

Exhibit 1. Total employment up by 122,000 in 3QFY17, close to two times of job creation in 2QFY17

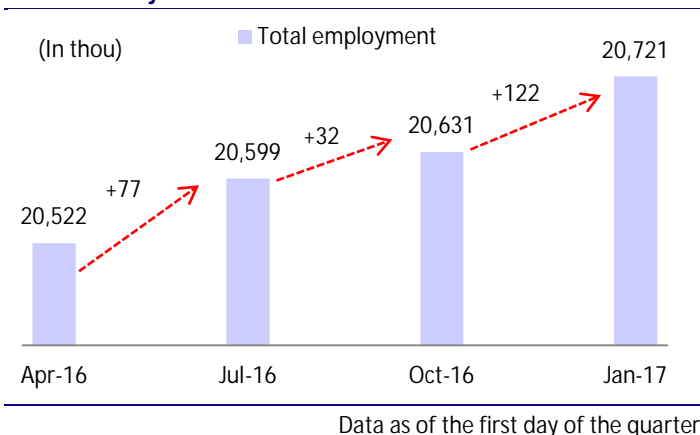
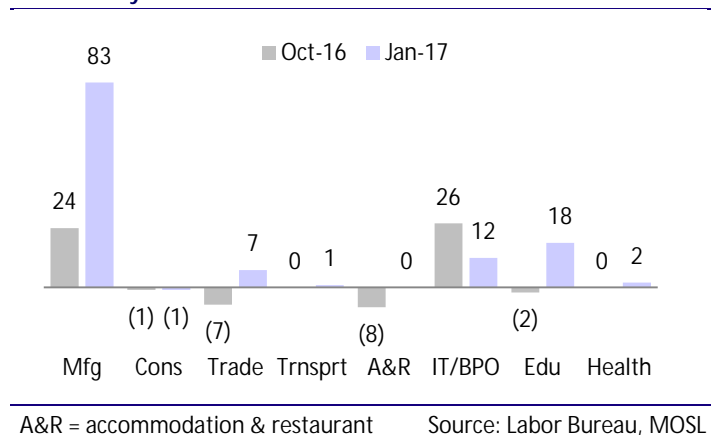


Exhibit 2. Manufacturing added highest number of workers, followed by education in 3QFY17



Average employment growth of only 0.32% QoQ in the past three quarters with real GDP growth of 7.2% YoY points to a sharp deterioration in employment elasticity

With employment growth so weak in the organized sector, it is concerning whether the segment will be able to absorb the displaced workforce from the unorganized segment

- Regular & contractual employees up; casual workers down in 3QFY17:** Of the 122,000 jobs created in 3QFY17, the number of self-employed grew by 11,000, better than a decline of 1,000 in 2QFY17. Employment of regular workers increased by 139,000 and contractual workers by 124,000, which, however, was offset by a decline of 152,000 in casual workers (*Exhibit 4*). Notably, the number of regular employees has increased consistently, while that of casual workers has declined every quarter (down 21% in three quarters). Further, while the number of full-time workers increased for the third consecutive quarter, that of part-time employees has been falling consistently (*Exhibit 4*).
- Employment elasticity seems to have declined recently:** Although we do not have comparable historical data on employment (the new series began from April 2016), average employment growth of only 0.32% QoQ (not YoY) in the past three quarters with real GDP growth of 7.2% YoY points to a sharp deterioration in employment elasticity. According to recent NSSO data, employment elasticity for the non-agricultural sector (with respect to GDP) improved from 0.24% between 2004-05 and 2009-10 to 0.72% between 2009-10 and 2011-12. However, employment elasticity seems to have deteriorated drastically over past few years.
- Who will absorb additional (and displaced) workforce?:** We had pointed out in our previous update that with the historic demonetization move last year and the impending implementation of GST this year, the organized sector is expected to witness huge opportunities. However, this will be at the cost of the unorganized sector, which accounts for over 90% of employment in the economy. With employment growth so weak in the organized sector (which primarily thrives on productivity improvement), it is concerning whether the segment will be able to absorb the displaced workforce from the unorganized segment. Considering that India is expected to provide ~27% of total working age population (15-59 year-old workers) to the world over next 15 years, the worry increases exponentially.

Exhibit 3. Sector-wise break-up of total employment

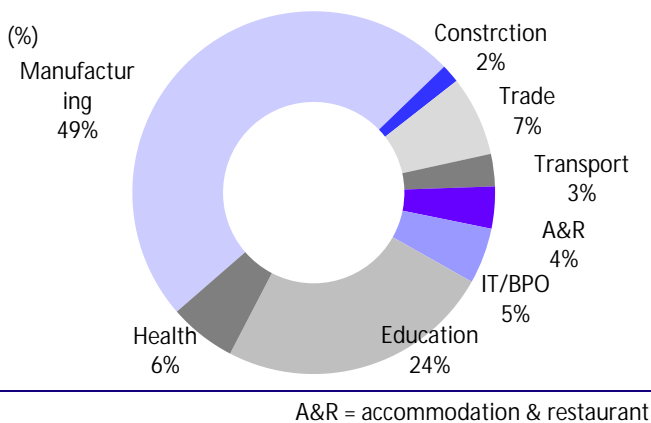
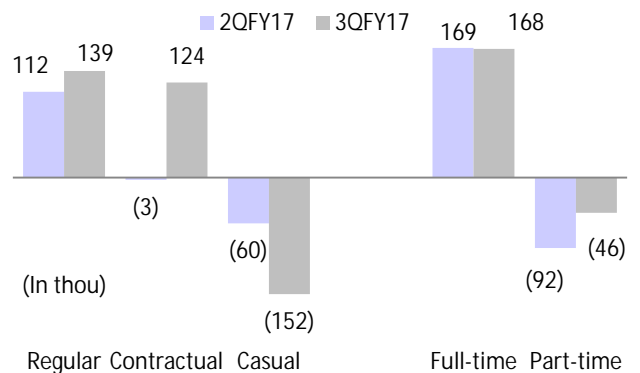


Exhibit 4. Change in different types of employees



Source: Labor Bureau, MoSL



Maruti Suzuki

BSE SENSEX	S&P CNX
30,030	9,342
Bloomberg	MSIL IN
Equity Shares (m)	302
M.Cap.(INRb)/(USD\$b)	1,915.8 / 29.8
52-Week Range (INR)	6444 / 3730
1, 6, 12 Rel. Per (%)	4/1/50
Avg Val, INRm	3618
Free float (%)	43.8

CMP: INR6,371 TP: INR7,319(+15%)

Buy

In-line; 4Q reflects cost inflation, but expect Gujarat ramp-up impact in 1HFY18

- Pre-operative costs pull down reported EBITDA margin:** Net sales grew ~20% YoY (+9% QoQ) to ~INR183.3b (est. of ~INR186.4b), driven by 5% YoY growth (+2% QoQ) in realizations to ~INR442k (est. of ~INR450k). Adjusted EBITDA (for pre-operative costs) grew 15% YoY (+8% QoQ) to ~INR26.8b (est. of INR27.2b). Adjusted EBITDA margin shrunk ~20bp QoQ (-70bp YoY) to 14.6% (in-line), dragged by higher RM costs (+40bp QoQ). Further, lower other income restricted adjusted PAT growth to ~22% YoY (+3% QoQ to ~INR18b; est. of ~INR18.2b). Dividend is raised from INR35/share to INR75/share YoY, implying 37% payout (~24% in FY16).
- Earnings call highlights:** a) Capacities can support up to 12% growth, but there is headroom to stretch, if needed. b) Waiting period on Ignis at 8-10 weeks. c) Impact of commodity price inflation largely reflected in 4QFY17. d) Discounts were lower by ~INR3,854/unit QoQ to ~INR15.2k (~90bp contribution at EBITDA level). e) All future new model agreement would have INR-based royalty. f) Recurring impact of Gujarat plant negligible in 4QFY17, to impact 1HFY18.
- Valuation and view:** We remain positive considering a) multi-year favorable product lifecycle, b) improvement in product mix, c) reducing JPY exposure, d) high FCF generation and sharp improvement in RoIC as capex intensity reduces and e) scope for further improvement in payout. The stock trades at 21.2x/17.2x FY18E/19E consolidated EPS. Maintain **Buy** with a target price of INR7,319 (~20x Mar-19 core EPS + ~INR1,387 cash/share).

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	682.7	816.1	945.3
EBITDA	104.6	130.7	156.0
PAT	74.5	91.2	111.2
Cons. EPS(INR)	253.2	307.6	374.1
Gr. (%)	62.8	21.5	21.6
BV/Sh (INR)	1,083.1	1,313.0	1,596.9
RoE (%)	22.4	23.0	23.1
RoCE (%)	30.7	30.9	30.5
P/E (x)	24.7	20.4	16.7
P/BV (x)	5.8	4.8	3.9

Estimate change



TP change



Rating change



Quarterly Performance (Standalone)

	FY16				FY17E				FY16	FY17E	FY17E	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Total Volumes (nos)	341,329	353,335	374,182	360,354	348,443	418,470	387,251	414,439	1,429,200	1,568,603	414,439	0.0
Change (%)	13.8	9.8	15.5	3.9	2.1	18.4	3.5	15.0	10.6	9.8	15.0	
Realizations (INR/car)	391,907	392,013	401,227	423,023	428,202	426,382	435,500	442,367	401,954	433,729	449,769	-1.6
Change (%)	2.8	2.5	3.1	7.6	9.3	8.8	8.5	4.6	4.0	7.9	5.8	
Net operating revenues	133,769	138,512	150,132	152,438	149,204	178,428	168,648	183,334	574,473	680,348	186,402	-1.6
Change (%)	17.1	12.5	19.1	11.9	11.5	28.8	12.3	20.3	15.0	18.4	21.7	
RM Cost (% of sales)	67.4	66.9	68.6	66.1	67.9	67.7	69.2	69.6	67.4	68.7	68.8	80BP
Staff Cost (% of sales)	3.5	3.0	3.3	3.9	3.9	2.9	3.7	3.4	3.4	3.4	3.7	-40BP
Other Cost (% of sales)	12.9	13.9	13.8	14.7	13.4	12.4	12.4	12.4	13.9	12.5	12.9	-50BP
EBITDA	21,673	22,457	21,452	23,293	22,157	30,374	24,890	26,787	87,936	104,710	27,209	-1.5
EBITDA Margins (%)	16.2	16.2	14.3	15.3	14.9	17.0	14.8	14.6	15.3	15.4	14.60	0BP
Depreciation	6,716	6,694	7,221	7,599	6,389	6,300	6,349	7,010	28,202	26,021	6,929	1.2
EBIT	14,957	15,763	14,231	15,694	15,768	24,074	18,541	19,777	59,734	78,689	20,280	
EBIT Margins (%)	11.2	11.4	9.5	10.3	10.6	13.5	11.0	10.8	10.4	11.6	10.9	
Interest	190	178	244	203	181	197	290	226	815	894	207	9.2
Non-Operating Income	2,065	4,736	2,425	5,384	4,833	8,126	5,919	4,449	14,610	22,798	5,080	-12.4
Extraordinary Expense	0	0	0	0	0	0	0	1,180	0	1,180	1,484	
PBT	16,832	20,321	16,412	20,875	20,420	32,003	24,170	22,820	73,529	99,413	23,669	-3.6
Effective Tax Rate (%)	28.2	26.3	27.9	29.3	27.2	25.1	27.8	25.1	28.3	26.2	27.5	-240BP
PAT	12,081	14,973	11,830	14,762	14,862	23,980	17,445	17,090	52,735	73,377	17,155	
Adjusted PAT	12,081	14,973	11,830	14,762	14,862	23,980	17,445	17,974	52,735	74,248	18,231	-1.4
Change (%)	58.5	73.6	42.7	14.9	23.0	60.2	47.5	21.8	42.1	40.8	16.8	



Kotak Mahindra Bank

BSE SENSEX	S&P CNX
30,030	9,342
Bloomberg	KMB IN
Equity Shares (m)	1,834.4
M.Cap.(INRb)/(USD\$b)	1679.5 / 24.9
52-Week Range (INR)	920 / 690
1, 6, 12 Rel. Per (%)	2/5/13
Avg Val, INR m	1760
Free float (%)	67.9

Financials & Valuations (INR b)

Y/E March	2017	2018E	2019E
NII	81.3	89.8	106.3
OP	59.8	69.0	85.3
Cons. NP	49.4	59.4	74.6
Cons. EPS (INR)	26.8	32.3	40.5
EPS Gr. (%)	42.3	20.3	25.5
Cons. BV. (INR)	207	239	278
Cons. RoE (%)	13.8	14.5	15.7
RoA (%)	1.7	1.8	1.9
P/E(X) (Cons.)	34.1	28.3	22.6
P/BV (X) (Cons.)	4.4	3.8	3.3

CMP: INR915 TP: INR1,050(+15%) Buy

Strong all-around performance; merger synergies yielding results

- Standalone results:** PAT grew 40% YoY to INR9.8b (10% beat). Strong core operating profit (+31% YoY), led by healthy NII growth (16% YoY; 10bp NIM improvement to 4.6%), acceleration in fee income (+24% YoY) and controlled opex growth (+9% YoY), was the key highlight. Absolute GNPA's increased 13% QoQ on a low base; largely stable in % terms at 2.6%.
- 4QFY17 loan growth picked up from 10-12% in the past quarters to 15% YoY. Sequential loan growth of 5% was led by robust growth in CV (+12% QoQ, 38% YoY), pick-up in business loan (+8% QoQ) and unsecured loan products (+10% QoQ). Management guided for 20%+ loan growth in FY18.
- Other highlights: a) CASA ratio improved 600bp in FY17 to 44% driven by robust SA growth of 41% YoY. Benefit received in cost of funds drove NIMs higher by ~30bp over FY16; b) SMA2 declined 9bp QoQ to 10bp, OSRL fell to 7bp (v/s 11bp in 3Q)
- Other businesses:** a) Profitability at its capital market businesses improved to INR1.3b (+94% YoY), led by better profitability of K-Sec (1.4x increase to INR1.2b); b) K-Sec market share remained stable at 2.2%; c) overall AUM increased 6% QoQ (+38% YoY), led by strong inflows in equity AUM of 52% QoQ (+98% YoY).
- Valuation and view:** With completion of integration, synergies of merger with eIVBL are expected to flow in. Strong presence across geographies/products and healthy capitalization (T1 of ~16%) place the bank in a sweet spot to capitalize on growth opportunities and gain market share. KMB's premium multiples are likely to sustain, considering strong growth and operating leverage available across businesses, and a clean loan portfolio. Comfort on asset quality remains the highest, with no SDR/5:25, negligible SMA2 (9bp) and OSRL (7bp). At our SOTP of INR1,050, KMB will trade at 3.8x 2019E consolidated BV. **Buy.**

Quarterly Performance

Y/E March	FY16				FY17				FY16	FY17
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Kotak Bank (standalone)										
Net Interest Income	15,982	16,787	17,662	18,572	19,191	19,954	20,503	21,614	69,004	80,656
% Change (Y-o-Y)	59.5	61.6	66.7	65.4	20.1	18.9	16.1	16.4	63.4	16.9
Operating Profit	5,970	10,448	12,052	11,942	13,150	14,401	15,277	17,020	40,411	58,140
% Change (Y-o-Y)	-10.3	42.4	63.4	38.7	120.3	37.8	26.8	42.5	34.8	43.9
Net Profit	1,898	5,695	6,347	6,958	7,420	8,133	8,798	9,765	20,898	33,228
% Change (Y-o-Y)	-55.8	28.1	36.6	32.0	291.0	42.8	38.6	40.3	12.0	59.0
Other Businesses										
Kotak Prime	1,190	1,270	1,260	1,300	1,200	1,300	1,330	1,330	5,025	5,223
Kotak Mah. Investments	300	360	390	500	400	530	480	560	1,540	1,907
Kotak Mah. Capital Co	30	70	60	170	230	50	70	110	320	424
Kotak Securities	670	780	550	510	600	960	850	1,210	2,515	3,256
International subs	250	320	260	220	130	310	220	210	1,050	900
Kotak Mah. AMC & Trustee Co.	200	230	40	250	190	70	160	130	720	590
Kotak Investment Advisors	0	0	-10	50	110	10	0	0	50	125
Kotak OM Life Insurance	660	480	600	770	710	630	680	1,010	2,510	2,824
Con.adj and MI	-30	230	-40	-180	-240	30	80	-280	-19	1,009
Conso. PAT	5,168	9,435	9,457	10,548	10,750	12,023	12,668	14,045	34,608	49,485
% Change (Y-o-Y)	-25.9	31.5	32.0	15.5	108.0	27.4	33.9	33.2	13.7	43.0

E: MOSL Estimates, Quarterly numbers vary from full year number due to difference in reporting



Shriram Transport Finance

BSE SENSEX	S&P CNX
30,030	9,342
Bloomberg	SHTF IN
Equity Shares (m)	226.9
M.Cap.(INRb)/(USDb)	236.9 / 3.6
52-Week Range (INR)	1325 / 778
1, 6, 12 Rel. Per (%)	-1/-11/-11
Avg Val, INRm	826
Free float (%)	73.9

Financials & Valuations (INR b)

Y/E March	2017	2018E	2019E
Net Inc.	55.2	61.0	69.4
PPP	43.7	47.9	54.6
PAT	12.6	17.3	22.0
Cons.PAT	12.6	17.6	22.4
EPS (INR)	55.4	76.3	96.9
Cons. EPS (INR)	55.6	77.4	98.6
BV/Sh (INR)	498	554	634.0
Cons. BV (INR)	493	556	638.0
RoA on AUM (%)	2.0	2.6	2.9
RoE (%)	11.7	14.5	16.3
Payout (%)	21.2	18.6	17.4

Valuations			
P/Cons. EPS (x)	18.8	13.5	10.6
P/Cons. BV (x)	2.1	1.9	1.6
Div. Yield (%)	1.0	1.2	1.4

CMP: INR1,044

TP: INR1,269 (+22%)

Buy

Performance better than expectation despite migration to 120dpd

- Shriram Transport's (SHTF) 4QFY17 PAT of INR1.5b was in line with our estimate. Better-than-expected margins and controlled opex led to an 8% beat on operating profit (+6% YoY).
- Despite migration to 120dpd (15% of GNPA), management kept its focus on balance sheet strength. PCR declined to just 70% from 75% a quarter ago. Hence, provisioning was higher than estimate and led to in-line PAT.
- Disbursement in old vehicle loans was INR93.5b, in line with the trend witnessed over past 6-7 quarters. Management guided that a complete recovery is 2-3 quarters away and that near-term growth will be driven by improved agri demand. Management guided for 12-15% AUM growth in FY18.
- Reported NIM on AUM contracted 20bp QoQ to 6.97%, driven by lower yields due to interest reversals. However, we are enthused by the reduction in cost of funds over past two quarters (-60bp). SHTF has borne significantly higher cost of funds than peers (refer to Exhibit 2) due to high cost of legacy borrowings. We expect a gradual decline in cost of funds over next 1-2 years as these borrowings are replaced by lower-cost NCDs.
- GNPL ratio increased 160bp QoQ to 8.2% due to the impact of NPA recognition migration. GNPL on 180dpd basis was 4.55% v/s 4.5% in 2QFY17 and 4.3% in 4QFY16 (ignoring QoQ comparison due to demon impact).
- PAT for FY17 was up 7% YoY at INR12.6b, while RoA/RoE was 1.7%/11.7%.

Valuation and view: SHTF's return ratios are at cyclical lows, with decadal high credit cost and NPLs. We believe the worst of asset quality troubles is behind, and SHTF should witness improving return ratios due to lower credit costs. Additionally, we believe margin compression fears are overplayed with the company yet to reap significant benefit on CoF. Delayed pick-up in infra activities is a risk. We cut our FY18-19 estimates by 6%/2% to factor in slower AUM growth and higher PCR. The stock trades at 1.9x/1.6x FY18/19E BV. **BUY** with a TP of INR1,269 (2x FY19E BVPS).

SHTF: Quarterly Performance

Y/E March	FY16				FY17				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY16	FY17
Interest Income	22,015	22,402	23,677	27,207	24,764	24,626	24,438	24,185	95,300	98,013
Interest expenses	11,972	12,059	12,239	14,474	13,165	13,358	12,825	12,746	50,744	52,094
Net Interest Income	10,043	10,343	11,438	12,733	11,598	11,268	11,613	11,440	44,556	45,919
YoY Growth (%)	39.3	31.3	24.5	34.3	15.5	8.9	1.5	-10.2	32.0	3.1
Securitisation income	1,313	1,586	1,768	1,705	1,876	2,262	2,508	2,647	6,171	9,293
Net Income (Incl. Securitization)	11,356	11,929	13,205	14,438	13,474	13,530	14,121	14,087	50,727	55,212
YoY Growth (%)	17.4	18.4	25.4	33.0	18.6	13.4	6.9	-2.4	23.3	8.8
Fees and Other Income	162	211	191	197	167	169	183	240	762	758
Net Operating Income	11,519	12,140	13,396	14,635	13,641	13,699	14,304	14,327	51,489	55,970
YoY Growth (%)	16.2	18.6	25.5	32.9	18.4	12.8	6.8	-2.1	23.1	8.7
Operating Expenses	2,905	3,001	3,287	3,896	3,341	3,138	2,905	2,903	13,089	12,288
Operating Profit	8,613	9,139	10,110	10,739	10,300	10,561	11,398	11,424	38,400	43,682
YoY Growth (%)	16.4	19.3	26.8	33.9	19.6	15.6	12.7	6.4	23.7	13.8
Provisions	3,823	3,997	4,400	8,567	4,603	4,621	6,105	9,114	20,586	24,443
Profit before Tax	4,790	5,142	5,710	2,172	5,697	5,940	5,293	2,310	17,814	19,239
Tax Provisions	1,579	1,761	1,959	733	1,956	2,063	1,834	813	6,032	6,666
Net Profit	3,211	3,381	3,751	1,439	3,741	3,877	3,460	1,496	11,782	12,573
YoY Growth (%)	4.8	11.9	20.1	-54.6	16.5	14.7	-7.8	4.0	-4.8	6.7
AUM Growth (%)	11.3	13.8	16.6	23.1	23.6	19.1	14.6	8.2	23.1	8.2
Securitization Inc. / Net Inc. (%)	11.4	13.1	13.2	11.7	13.7	16.5	17.5	18.5	12.0	16.6
Cost to Income Ratio (%)	25.2	24.7	24.5	26.6	24.5	22.9	20.3	20.3	25.4	22.0
Tax Rate (%)	33.0	34.3	34.3	33.7	34.3	34.7	34.6	35.2	33.9	34.6

E: MOSL Estimates; * Quarterly nos and full year nos will not tally due to different way of reporting financial nos



TVS Motor Company

BSE SENSEX	S&P CNX
30,030	9,342
Bloomberg	TVSL IN
Equity Shares (m)	475.1
M.Cap.(INRb)/(USDb)	239.0 / 3.7
52-Week Range (INR)	519 / 278
1, 6, 12 Rel. Per (%)	15/17/38
Avg Val, INRm	643
Free float (%)	42.6

CMP: INR503

TP: INR581(+16%)

Buy

Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	121.4	149.5	189.7
EBITDA	8.6	12.5	19.0
PAT	5.6	7.9	12.7
EPS (INR)	11.7	16.7	26.7
Gr. (%)	14.1	42.4	60.0
BV/Sh (INR)	50.7	63.8	85.1
RoE (%)	25.6	29.2	35.9
RoCE (%)	22.8	28.8	38.4
P/E (x)	42.8	30.1	18.8
P/BV (x)	9.9	7.9	5.9

Estimate change



TP change



Rating change



Adjusted margins better than estimates; strong EPS growth to continue

RM cost inflation hurts margins, but recurring margin at 7.8%: Total volumes grew 2% YoY (-6.3% QoQ) to 673.6k units. Realizations declined marginally by 0.3% YoY (+1.7% QoQ) to ~INR42.2k. Net sales grew 1.7% YoY (-4.7% QoQ) to INR28.5b. Reported EBITDA margin shrunk 140bp YoY (-160bp QoQ) to 5.7% (est. of 6.7%). However, adjusted for higher discounts due to BS-3 inventory sales (INR571m) and sales tax incentive (INR316m for FY17, ~INR80m for 4Q accounted below EBITDA), recurring EBITDA margin was at 7.8%. Lower tax boosted reported PAT to ~INR1.27b (est. of ~INR1b; -7% YoY).

Earnings call highlights: a) Expects domestic **2W industry to grow 6-8%** in FY18; TVSL to gain 1.5-2bp market share. b) **Double-digit margin target** slightly delayed due to demonetization; now expects FY18 exit margins to be in double-digit. c) **BMW Alliance:** Started BMW G310R supplies from Dec-16, with ~4,700 units in FY17. d) **Price hike:** Took price hike of INR500-1,000/unit in 4QFY17 and another INR200-300/unit in Apr-17. e) **TVS Credit Services:** TVSL has option to convert its preference shares to equity shares, which would result in 83-84% stake.

Valuation and view: We have upgraded our estimates for FY18 and FY19 by 10.3% and 24.1%, respectively, as we a) incorporate BMW alliance numbers in our estimates and b) increase our volume and EBITDA estimates. EPS contribution from BMW alliance is 14.5% in FY19. Further, we now assign a value of ~INR46/share to TVSL's investments in TVS Credit Services as there is clarity of conversion of preference shares to equity shares. The stock trades at 30.1x/18.8x FY18E/FY19E EPS. Maintain **Buy** with a TP of INR581 (~20x FY19E EPS + INR46/share for value in NBFC investment post 20% HoldCo discount).

S/A Quarterly Performance

Y/E March (INR m)	FY16				FY17						(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY16	FY17	4QE	Var. (%)
Volumes (units)	638,033	678,749	702,044	660,540	714,964	815,562	718,562	673,572	2,678,702	2,910,862	674,921	-0.2
Growth (%)	9.2	0.4	7.1	9.6	12.1	20.2	2.4	2.0	6.4	8.7	2.2	
Realization (INR/unit)	40,344	41,803	41,250	42,349	40,295	42,014	41,519	42,230	41,455	41,690	41,972	0.6
Growth (%)	2.2	5.3	1.9	3.9	(0.1)	0.5	0.7	(0.3)	4.0	0.6	(1.5)	
Net Sales	25,741	28,374	28,959	27,973	28,809	34,265	29,834	28,445	111,047	121,353	28,328	0.4
Growth (%)	11.7	5.8	9.2	13.9	11.9	20.8	3.0	1.7	10.6	9.3	0.6	
RM (% of sales)	73.0	72.1	72.3	70.1	72.6	72.3	72.0	75.1	71.9	73.0	71.2	390bp
Emp cost (% of sales)	6.0	5.7	6.1	5.7	6.3	5.8	6.4	6.1	5.9	6.1	6.8	-70bp
Other exp (% of sales)	14.2	14.2	14.4	17.0	14.2	13.8	14.2	13.1	15.0	13.8	15.3	-220bp
EBITDA	1,728	2,270	2,102	1,999	2,004	2,767	2,185	1,615	8,099	8,571	1,895	-14.8
EBITDA Margin(%)	6.7	8.0	7.3	7.1	7.0	8.1	7.3	5.7	7.3	7.1	6.7	-100bp
Interest	130	115	98	144	98	94	115	132	487	440	106	24.4
Depreciation	504	565	621	671	660	724	720	775	2,361	2,878	729	6.2
Other Income	210	195	248	386	362	392	348	632	1,039	1,734	309	104
PBT before EO Exp	1,304	1,785	1,631	1,570	1,608	2,340	1,698	1,340	6,289	6,987	1,368	-2.1
EO Exp	0	0	0	0	0	0	0	0	0	0	0	
PBT after EO Exp	1,304	1,785	1,631	1,570	1,608	2,340	1,698	1,340	6,289	6,987	1,368	-2.1
Tax rate (%)	23.2	25.5	26.3	13.4	24.6	24.2	21.9	5.4	22.2	20.1	25.6	-2,020bp
Adjusted PAT	1,001	1,330	1,202	1,360	1,213	1,774	1,327	1,268	4,893	5,581	1,018	24.5
Growth (%)	38.4	40.2	33.3	50.3	21.2	33.4	10.4	(6.8)	40.7	14.1	(13.5)	

BSE SENSEX 30,030 S&P CNX 9,342

CMP: INR1120 TP: INR800(-28.6%) Sell

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

Conference Call Details

Date: 28th April 2017

Time: 09:00am IST

Dial-in details:

+91-22-3938 1081

Financials & Valuations (INR b)

Y/E Mar	2017E	2018E	2019E
Net Sales	40.8	49.5	61.7
EBITDA	10.2	11.9	15.1
NP	6.7	7.1	8.9
EPS (INR)	33.5	35.6	44.5
EPS Gr. (%)	44.1	6.2	25.0
BV/Sh. (INR)	226.4	251.6	283.0
RoE (%)	14.8	14.1	15.7
RoCE (%)	10.0	10.1	14.6
P/E (x)	33.5	31.6	25.2
P/BV (x)	5.0	4.5	4.0

Strong results; Monetization of Biosimilars key catalyst ahead
Operating leverage drive EBITDA margins

- Biocon posted muted operating performance in 4QFY17
- Revenue (Ind-AS) declined 2% YoY to INR9.3b (vs our est of INR11.3b), driven by weak performance in Syngene and small molecules businesses, although branded formulation and licensing posted strong growth
- EBITDA declined 1.7% YoY to INR1.8b (vs our est of INR2.8b) and EBITDA margin was 19.7%
- PAT (Ind-AS) declined -62% YoY to -INR1.3b (vs our est of INR1.8b)
- R&D expense stood at INR650m in 4Q

Key questions for the management

- Update on progress related to Biotech fillings in US
- Update on US ANDA fillings in US
- Clarity regarding impact of fire at Syngene plant
- Negative operating leverage from Gujarat

Valuation and view: We will revisit our estimates post earnings call. The recent run-up in stock price is primarily on the back of positive developments in the biosimilars portfolio. Although the progress is impressive, we believe there are still uncertainties that cap the upside potential. In the near term, commissioning of the Malaysia plant would exert pressure on profits. We maintain our Sell rating with TP of INR800 @ 20x 1HFY19 EPS.

Quarterly Performance (Consolidated)

Y/E March (Consolidated)	FY16				FY17				FY16	FY17E	FY17E	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	vs Est
Net Sales	8,105	7,860	8,282	9,450	9,814	9,400	10,290	9,250	34,507	40,790	11,286	-18.0%
YoY Change (%)	12.8	4.9	8.8	13.8	21.1	19.6	24.2	-2.1	12.8	18.2	19.4	
Total Expenditure	6,127	6,270	6,483	7,598	7,276	7,150	7,680	7,430	26,654	30,620	8,514	
EBITDA	1,978	1,590	1,799	1,852	2,538	2,250	2,610	1,820	7,853	10,170	2,772	-34.3%
Margins (%)	24.4	20.2	21.7	19.6	25.9	23.9	25.4	19.7	22.8	24.9	24.6	
Depreciation	591	610	621	647	661	680	710	730	2,423	2,765	714	
Interest	44	30	15	166	57	70	90	50	102	252	35	
Other Income	304	-750	289	3,014	502	520	630	490	1,192	2,200	548	
PBT	1,647	200	1,452	4,053	2,322	2,020	2,440	1,530	6,520	9,353	2,571	-40.5%
Tax	376	290	241	591	552	420	550	110	1,131	2,058	536	
Rate (%)	22.8	145.0	16.6	14.6	23.8	20.8	22.5	7.2	17.3	22.0	20.8	
Minority Interest	33	20	181	159	104	130	180	150	744	600	186	
PAT	1,238	-110	1,030	3,303	1,666	1,470	1,710	1,270	4,646	6,695	1,849	
YoY Change (%)	20.2	-4.9	13.4	-63.2	34.6	51.5	66.0	-61.6	-7.0	44.1	-44.0	
Margins (%)	15.3	12.3	12.4	7.9	17.0	15.6	16.6	13.7	13.5	16.4	16.4	

E: MOSL Estimates; Note - Quarterly nos will not add up to full-year nos due to restatements

BSE SENSEX	S&P CNX
30,030	9,342

CMP: INR1529 TP: INR1780(+16%)

Buy

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

Financials & Valuations (INR b)

Y/E Mar	2017E	2018E	2019E
Sales	12.4	14.6	17.3
EBITDA	3.0	3.6	4.4
NP	1.8	2.2	2.8
Adj EPS (INR)	59.3	72.1	89.0
EPS Gr. (%)	19.2	21.6	23.5
BV/Sh (INR)	154.9	194.6	241.7
RoE (%)	42.5	41.3	40.8
RoCE (%)	42.5	41.3	40.8
Payout (%)	45.9	44.9	47.1

Valuations			
P/E (x)	25.8	21.2	17.2
P/BV (x)	9.9	7.9	6.3
EV/EBITDA (x)	15.2	12.3	9.7
Div. Yield (%)	1.4	1.8	2.3

EBITDA and PAT below estimates

- TELX's overall revenue grew 11% to INR3,260m (est. of INR3,380m) in 4QFY17 from INR2,940m in 4QFY16.
- EBITDA increased 13% to INR758m (est. of INR794m) from INR672m in the year-ago period, with the margin expanding 40bp to 23.2% (est. of 23.5%) from 22.8%.
- Other income stood at INR(21)m, as against INR6m in 4QFY16.
- Consequently, PAT grew 8% from INR411m in 4QFY16 to INR445m (est. INR501m) in 4QFY17.

Key questions for management

- Impact of currency on revenue growth and changes in share of JLR.
- Clarity on growth opportunities from new partnerships announced with Irdeto, DISTI and new customer win in China.
- Developments on driverless car, with TELX planning to test it on Bengaluru roads.
- Updates on the medical equipment business.

Valuation and view: We will revisit our estimates post the earnings call. Based on our current estimates, at CMP of INR1,529, the stock trades at 21x/17x P/E on FY18E/FY19E EPS. We have a **Buy** rating with a target price of INR1,780.

Consolidated - Quarterly Earning Model

Y/E March	(INR Million)											
	FY16				FY17				FY16	FY17E	FY17	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		4QE		
Net Sales	2,435	2,637	2,741	2,940	2,943	3,033	3,094	3,260	10,752	12,445	3,380	-4
YoY Change (%)	27.7	28.1	23.7	27.1	20.9	15.0	12.9	10.9	26.6	15.7	15.0	
Total Expenditure	1,875	2,024	2,077	2,268	2,253	2,288	2,355	2,503	8,244	9,483	2,586	
EBITDA	560	613	663	672	691	745	739	758	2,508	2,962	794	-5
Margins (%)	23.0	23.2	24.2	22.8	23.5	24.6	23.9	23.2	23.3	23.8	23.5	
Depreciation	90	57	57	59	67	64	69	68	263	267	65	
Interest	0	0	0	0	0	0	0	0	0	0	0	
Other Income	76	27	23	6	11	26	23	-21	132	94	30	
PBT before EO expense	546	583	629	618	634	707	693	669	2,376	2,789	759	-12
Extra-Ord expense	0	0	13	0	0	57	31	0	13	87	0	
PBT	546	583	616	618	634	651	662	669	2,363	2,702	759	-12
Tax	189	202	217	208	215	220	224	224	815	913	258	
Rate (%)	34.6	34.7	35.2	33.6	33.8	33.8	33.9	33.4	34.5	33.8	34.0	
Reported PAT	357	381	399	411	419	431	438	445	1,548	1,789	501	-11
Adj PAT	357	381	407	411	419	468	458	445	1,557	1,846	501	-11
YoY Change (%)	71.8	61.2	46.8	37.7	17.4	22.9	12.5	8.3	51.3	18.6	22.0	
Margins (%)	14.7	14.5	14.9	14.0	14.2	15.4	14.8	13.6	14.5	14.8	14.8	

E: MOSL Estimates



KPIT Technologies

BSE SENSEX	S&P CNX
30,030	9,342
Bloomberg	KPIT IN
Equity Shares (m)	197
M.Cap.(INRb)/(USDb)	25.3 / 0.4
52-Week Range (INR)	197 / 121
1, 6, 12 Rel. Per (%)	0/0/0
Avg Val, INRm	147.7
Free float (%)	83.3

CMP: INR130 TP: INR150(+15%) Neutral

Momentum still elusive

Financials & Valuations (INR b)

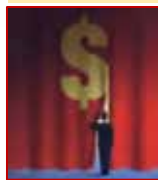
Y/E Mar	2017	2018E	2019E
Net Sales	33.2	35.3	38.3
EBITDA	3.5	4.2	4.7
PAT	2.1	2.7	3.0
EPS (INR)	11.9	13.4	15.2
Gr. (%)	-15.3	12.6	13.2
BV/Sh (INR)	79.2	92.6	107.8
RoE (%)	14.3	15.6	15.2
RoCE (%)	15.9	17.2	17.0
P/E (x)	10.8	9.6	8.5
P/BV (x)	1.6	1.4	1.2

Estimate change	↔
TP change	↔
Rating change	↔

- Revenue driven by acquisition:** KPIT's 4QFY17 revenue of USD128m (+4.4% QoQ) was ahead of our estimate. The quarter included USD4m from the acquisition of MicroFuzzy, excluding which growth was 1.2%, in line with our estimate. Mirroring the past trends, Engineering and Product & Platforms exhibited strength, while growth was weighed upon by softness in IES.
- Margins yet to show meaningful expansion:** EBITDA margin at 10.1% was flattish and at par with expectations. 4Q profitability was impacted by INR appreciation and additional costs associated with the acquisition. EBITDA margin contracted 600bp YoY due to missing revenue growth, continued investments and operational inefficiencies. PAT of INR537m grew 13.1% QoQ, above our estimate of INR451m (+5.0% QoQ).
- Guidance fails to enthuse:** FY17 was a dismal year, where USD revenue was flat YoY, EBITDA margin shrunk 300bp and PAT declined 25% YoY. The company expects 6-8% growth in FY18. A 2pp contribution from MicroFuzzy would imply organic growth of 4-6%, which does not signify a material uptick. The margins outlook remains positive, but not to the extent that lost profitability would be recovered.
- Revenue revival key to re-rating:** Amid sluggish revenue growth and execution issues, profitability is likely to remain under pressure. We have largely maintained estimates as the only difference between expectations and actual performance was the timing mismatch of the acquisition integration. Inconsistent revenue performance and consequent volatility in profits are the key drags on KPIT's valuation. We maintain Neutral with a price target of INR150—discounting FY19E EPS by 10x. We expect valuation uptick to be a function of a material pick-up in performance, which remains elusive at the moment.

Quarterly Performance (Consolidated)

Y/E March	FY16				FY17				FY16	FY17	Est. 4QFY17	Var. (% / bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue (USD m)	118	125	123	124	120	123	123	128	490	494	124	3.2
QoQ (%)	-3.3	5.3	-1.0	0.7	-3.5	3.0	-0.4	4.4	0.3	0.8	1.2	319bp
Revenue (INR m)	7,583	8,123	8,130	8,407	8,032	8,310	8,307	8,585	32,243	33,234	8,284	3.6
YoY (%)	9.9	7.2	4.3	10.2	5.9	2.3	2.2	2.1	7.8	3.1	-1.5	358bp
GPM (%)	28.2	32.1	32.9	35.3	28.9	29.5	29.0	29.2	32.2	29.1	28.9	26bp
SGA (%)	18.7	18.1	18.3	19.1	18.3	18.5	18.8	19.0	18.6	18.7	18.9	14bp
EBITDA	718	1,139	1,186	1,359	855	914	846	870	4,353	3,486	830	4.9
EBITDA Margin (%)	9.5	14.0	14.6	16.2	10.7	11.0	10.2	10.1	13.5	10.5	10.0	12bp
EBIT Margin (%)	7.3	11.9	12.3	13.6	8.3	8.6	7.9	7.3	11.4	8.0	7.6	-36bp
Other income	106	86	36	20	116	49	29	12	248	207	20	-36.4
Interest	47	44	35	25	56	14	66	0	152	136	63	-99.3
ETR (%)	27.9	25.4	26.5	13.4	24.3	25.1	23.1	15.3	22.8	22.2	23.1	
PAT	444	751	735	885	551	562	475	537	2,815	2,125	451	19.1
QoQ (%)	-11.8	69.1	-2.1	20.4	-37.8	2.0	-15.5	13.1			-5.0	1811bp
YoY (%)	-12.6	6.3	12.5	75.7	24.0	-25.2	-35.4	-39.3	18.7	-24.5	-49.0	972bp
EPS (INR)	2.2	3.8	3.7	4.4	2.8	2.8	3.7	2.7	14.1	11.9	2.3	
Headcount	10,839	10,659	10,559	10,910	11,288	11,666	11,881	12,110	10,910	12,110	11,770	2.9
Util excl. trainees (%)	66.4	69.7	69.1	70.2	68.1	69.2	69.2	69.2	68.8	68.9	70.0	-80bp
Offshore rev. (%)	44.7	44.9	41.2	42.1	41.5	43.3	43.6	43.4	43.2	43.0	43.8	-43bp
Fixed Price (%)	26.2	27.1	29.1	26.4	28.5	28.0	33.7					



Ambuja Cements

Bloomberg	ACEM IN
Equity Shares (m)	1985.3
M. Cap. (INR b)/(USD b)	474 / 7
52-Week Range (INR)	282 / 191
1,6,12 Rel Perf. (%)	2 / -13 / -15

Financial Snapshot (INR Billion)

Y/E DEC	2015	2016E	2017E	2018E
Sales	93.7	91.6	99.7	111.5
EBITDA	14.4	15.8	18.4	20.6
NP	8.5	9.7	14.6	15.6
Adj. EPS (INR)	5.5	4.9	7.3	7.9
EPS Gr. (%)	-35.9	-10.5	50.4	6.8
BV/Sh. (INR)	66.9	97.4	101.2	103.9
RoE (%)	8.3	5.0	7.4	7.7
RoCE (%)	8.9	6.9	7.6	7.9
Payout (%)	44.9	29.6	47.8	65.7

Valuations

P/E (x)	38.8	35.9	23.9	22.4
P/BV (x)	3.2	1.8	1.7	1.7
EV/EBITDA (x)	22.3	20.4	18.5	16.4
EV/Ton (USD)	138	156	149	141

CMP: INR239 TP: INR277 (+16%) Buy

- n Dispatches in 1QCY17 are estimated to increase 1% YoY to 6.00mt. Average realizations are expected to decline 1% QoQ to INR4,266/ton. Revenue is estimated at INR25.6b (+6% YoY).
- n EBITDA margin is expected to be 12.6% (-0.8pp QoQ, -4.9pp YoY). EBITDA/ton is estimated at -INR536 (-INR43 QoQ, -INR173 YoY).
- n Adjusted PAT is estimated to decline 27% YoY to INR2.1b due to weak profitability.
- n The stock trades at 24x CY17E EPS, 16x CY17E EV/EBITDA, and CY17E EV/ton of USD149. Maintain Buy.

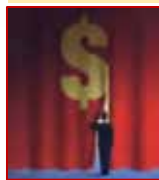
Key issues to watch out for:

- ⊗ Volume growth recovery and outlook.
- ⊗ Cement pricing outlook and sustainability.
- ⊗ Post-demonetization volume demand.

Quarterly Performance (INR m)

Y/E December	CY15				CY16				CY17 1QE	CY16E	CY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Sales Volume (m ton)*	5.43	5.95	4.90	5.48	5.97	5.85	4.58	5.09	6.00	21.49	22.35
YoY Change (%)	-10.4	1.8	1.9	0.8	9.9	-1.7	-6.5	-7.1	0.6	-1.2	4.0
Realization (INR/ton)	4,465	4,190	4,277	4,300	4,053	4,344	4,376	4,316	4,266	4,263	4,388
YoY Change (%)	2.6	-9.5	-6.0	-1.8	-9.2	3.7	2.3	0.4	5.3	-1.0	2.9
QoQ Change (%)	2.0	-6.2	2.1	0.5	-5.7	7.2	0.7	-1.4	-1.2		
Net Sales	24,246	24,928	20,952	23,558	24,183	25,412	20,043	21,967	25,594	91,604	98,061
YoY Change (%)	-8.1	-7.9	-4.2	-1.0	-0.3	1.9	-4.3	-6.8	5.8	7.7	1.4
EBITDA	4,715	3,661	2,944	3,042	4,235	5,813	2,760	2,947	3,218	15,755	16,743
Margins (%)	19.4	14.7	14.1	12.9	17.5	22.9	13.8	13.4	12.6	17.2	17.1
Depreciation	1,578	1,485	1,553	1,641	1,477	1,511	1,595	1,563	1,500	8,501	6,140
Interest	214	316	207	181	182	205	192	136	170	715	625
Other Income	1,336	1,234	898	1,067	1,415	1,368	2,503	755	1,400	6,837	7,800
PBT before EO Item	4,259	3,094	2,082	2,287	3,992	5,465	3,477	2,003	2,948	13,376	17,778
Rate (%)	25.4	26.8	26.2	36.4	27.7	26.9	20.3	7.3	28.0	27.5	25.0
Reported Profit	3,177	2,264	1,536	1,100	3,038	3,995	2,770	1,759	2,122	9,703	13,334
Adj PAT	3,177	2,264	1,536	1,454	2,885	3,995	2,770	1,856	2,122	9,703	13,334
YoY Change (%)	-29.0	-44.6	-35.8	-43.2	-9.2	76.5	80.4	27.7	-26.5	14.4	37.4

E: MOSL Estimates



Ceat Ltd

Bloomberg	CEAT IN
Equity Shares (m)	40.5
M. Cap. (INR b)/(USD b)	54 / 1
52-Week Range (INR)	1422 / 731
1,6,12 Rel Perf. (%)	11 / -10 / 7

CMP: INR1,381 TP: INR1,406 (+2%) Buy

- n We expect revenue to grow 2% YoY (QoQ up 6%) to INR16.5b in 4QFY17. Revenue growth will be subdued on account of volumes decline in Truck and Bus segment, and a fall in realizations.
- n Margins are likely to contract 230bp YoY to 9% on account of volatility in raw material prices. EBITDA is expected to decline 19% YoY to INR1,488m.
- n Thus, we estimate adjusted PAT at INR777m, as against PAT of INR1,047m in 4QFY16. **Buy.**

Financial Snapshot (INR Billion)

Y/E March	2016	2017E	2018E	2019E
Sales	63.8	64.5	71.1	79.1
EBITDA	8.2	6.7	7.8	9.5
NP	4.5	3.6	4.4	5.7
EPS (INR)	112.3	89.9	107.6	140.6
EPS Gr. (%)	63.5	-20.0	19.8	30.6
BV/Sh(INR)	510.4	588.6	682.0	804.0
RoE (%)	12.3	15.4	12.8	9.8
RoCE (%)	2.7	2.3	2.0	1.7
Valuations				
P/E (x)	12.3	15.4	12.8	9.8
EV/EBITDA (x)	7.5	9.3	7.7	6.0
EV/Sales (x)	1.0	1.0	0.9	0.7

Key issues to watch for

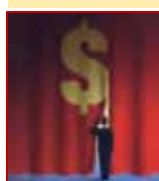
- Ø Update on capex plans.
- Ø Price increase to counter higher raw material costs.
- Ø Impact of demonetization and Chinese import of tyres.

Consolidated - Quarterly Earning Model

(INR Million)

Y/E March	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	15,798	15,191	15,403	16,289	16,462	15,966	15,572	16,533	62,681	64,533
YoY Change (%)	-1.7	-3.9	-0.7	-0.3	4.2	5.1	1.1	1.5	-1.7	3.0
Total Expenditure	13,644	13,358	13,383	14,443	14,608	14,113	14,037	15,045	54,828	57,803
EBITDA	2,154	1,833	2,020	1,846	1,854	1,854	1,535	1,488	7,853	6,731
Margins (%)	13.6	12.1	13.1	11.3	11.3	11.6	9.9	9.0	12.5	10.4
Depreciation	235	228	277	308	302	317	351	360	1,048	1,331
Interest	264	223	193	238	252	162	191	192	919	797
Other Income	81	77	60	74	57	37	57	60	292	210
PBT before EO expense	1,736	1,459	1,610	1,373	1,356	1,411	1,050	996	6,178	4,813
Extra-Ord expense	0	11	0	0	9	0	0	0	11	9
PBT	1,736	1,448	1,610	1,373	1,347	1,411	1,050	996	6,168	4,805
Tax	610	486	478	334	417	430	262	309	1,908	1,418
Rate (%)	35.1	33.6	29.7	24.3	30.9	30.5	25.0	31.0	30.9	29.5
Minority Interest & Profit/Loss of Asso. Cos.	-91	-91	-2	-8	-110	-88	-50	-90	-191	-338
Reported PAT	1,218	1,053	1,134	1,047	1,041	1,069	838	777	4,451	3,725
Adj PAT	1,218	1,060	1,134	1,047	1,047	1,069	838	777	4,458	3,731
YoY Change (%)	135.6	28.7	27.0	11.5	-14.0	0.9	-26.1	-25.8	40.6	-16.3
Margins (%)	7.7	7.0	7.4	6.4	6.4	6.7	5.4	4.7	7.1	5.8

E: MOSL Estimates



Coromandel Int.

Bloomberg	CRIN IN
Equity Shares (m)	291.3
M. Cap. (INR b)/(USD b)	92 / 1
52-Week Range (INR)	358 / 188
1,6,12 Rel Perf. (%)	-7 / 17 / 44

CMP: INR315

Under Review

- n We expect revenue to remain flat YoY at INR30.5b in 4QFY17, mainly due to a decline in realizations.
- n Margins are likely to expand 150bp YoY to 8.1%. EBITDA should grow 23% YoY to INR2.47b.
- n We expect adjusted PAT to grow 39% YoY to INR1,286m.

Financial Snapshot (INR Billion)

Y/E March	2016	2017E	2018E	2019E
Sales	115.2	109.6	121.9	134.4
EBITDA	7.7	9.6	10.0	11.8
NP	3.4	4.6	5.3	6.9
EPS (INR)	11.8	16.0	18.3	23.6
EPS Gr. (%)	-14.9	35.1	14.8	28.6
BV/Sh. (INR)	83.2	92.0	101.9	115.3
RoE (%)	14.9	18.2	18.9	21.7
RoCE (%)	10.8	13.5	14.6	17.9

Valuations

P/E (x)	26.7	19.8	17.2	13.4
P/BV (x)	3.8	3.4	3.1	2.7
EV/EBITDA (x)	14.5	10.7	9.9	8.2
EV/Sales (x)	1.0	0.9	0.8	0.7

Key issues to watch for

- ⊗ Performance of exports in the non-subsidy business.
- ⊗ Update on subsidy clearance.
- ⊗ Water reservoir levels in South.

Quarterly Performance

(INR Million)

Y/E March	FY16				FY17				FY16	FY17E
Consolidated	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	22,041	36,003	27,555	30,209	20,595	35,752	22,708	30,511	115,807	109,623
YoY Change (%)	17.2	3.9	-7.0	0.8	-6.6	-0.7	-17.6	1.0	2.4	-5.3
Total Expenditure	21,112	32,930	26,159	28,205	19,709	31,906	20,337	28,039	108,406	100,031
EBITDA	929	3,072	1,395	2,004	886	3,846	2,372	2,471	7,401	9,592
Margins (%)	4.2	8.5	5.1	6.6	4.3	10.8	10.4	8.1	6.4	8.8
Depreciation	261	281	246	275	244	254	256	280	1,062	1,039
Interest	599	498	544	567	651	586	529	470	2,209	2,238
Other Income	156	247	144	116	125	177	118	198	663	623
PBT before EO expense	225	2,540	749	1,278	117	3,183	1,705	1,919	4,793	6,939
Extra-Ord expense	0	0	-250	0	0	0	0	0	-250	0
PBT	225	2,540	999	1,278	117	3,183	1,705	1,919	5,043	6,939
Tax	72	844	453	351	38	1,054	583	633	1,720	2,290
Rate (%)	32.0	33.2	45.3	27.5	32.1	33.1	34.2	33.0	34.1	33.0
Minority Interest & Profit/Loss of Asso. Cos.	11	1	0	0	5	-4	0	0	12	11
Reported PAT	142	1,695	547	927	75	2,134	1,122	1,286	3,311	4,638
Adj PAT	142	1,695	410	927	75	2,134	1,122	1,286	3,146	4,638
YoY Change (%)	-56.2	-5.8	-66.8	35.0	-47.4	25.9	173.5	38.8	-22.1	47.4
Margins (%)	0.6	4.7	1.5	3.1	0.4	6.0	4.9	4.2	2.7	4.2

E: MOSL Estimates



Federal Bank

Bloomberg	FB IN
Equity Shares (m)	1719.0
M. Cap. (INR b)/(USD b)	156 / 2
52-Week Range (INR)	92 / 43
1,6,12 Rel Perf. (%)	3 / 16 / 87

CMP: INR91 TP: INR108 (+19%) Buy

- n We expect FB to report ~25% YoY (4% QoQ) loan growth, aided by greater focus on corporate growth. Traction in SME and retail loans would be maintained. We expect NIM to contract by 10bp QoQ.
- n Other income growth is likely to moderate to 4% YoY v/s 44% YoY in 3Q owing to lower trading gains in a rising interest rate scenario. Fee income growth would be flat YoY on a high base; however, traction in corporate segment could throw a positive surprise.
- n Overall PPOp growth is expected to be muted due to lower share of non-interest income and declining margins.
- n We expect slippages to remain largely in line with 3Q (at ~2%), owing to stress in the SME segment. GNPA in % terms is expected to remain largely stable at less than 3%.
- n We expect PAT of INR1.8b v/s INR103m in 4QFY16 and ~INR2b in 3QFY17. FB trades at 1.5x FY19E BV and 13.6x FY19E EPS. **Buy**.

Financial Snapshot (INR b)

Y/E Mar	2016	2017E	2018E	2019E
NII	25.0	30.1	35.2	42.0
OP	14.2	18.1	21.1	25.7
NP	4.8	7.6	9.0	11.5
NIM (%)	3.2	3.3	3.1	3.0
EPS (INR)	2.8	4.4	5.2	6.7
EPS Gr. (%)	-52.9	59.1	19.1	27.2
BV/Sh. (INR)	47	50	54	60
ABV/Sh. (INR)	43	47	51	56
ROE (%)	6.0	9.0	10.0	11.7
ROA (%)	0.5	0.7	0.7	0.7
Payout (%)	29.3	23.2	23.2	23.2

Valuations

P/E(X)	32.9	20.7	17.3	13.6
P/BV (X)	1.9	1.8	1.7	1.5
P/ABV (X)	2.1	2.0	1.8	1.6
Div. Yield (%)	0.8	1.0	1.2	1.5

Key issues to watch for

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

Quarterly Performance

(INR Million)

	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	6,048	6,083	6,057	6,859	6,927	7,262	7,914	8,043	25,042	30,145
% Change (YoY)	7.2	0.4	3.2	10.1	14.5	19.4	30.7	17.3	5.2	20.4
Other Income	1,939	1,823	1,828	2,269	2,370	2,616	2,633	2,347	7,864	9,966
Net Income	7,987	7,906	7,885	9,128	9,297	9,878	10,547	10,390	32,906	40,112
Operating Expenses	4,315	4,540	4,630	5,183	5,039	5,128	5,798	6,064	18,668	22,029
Operating Profit	3,672	3,366	3,255	3,945	4,259	4,750	4,749	4,326	14,238	18,083
% Change (YoY)	4.5	-17.9	-18.1	-15.9	16.0	41.1	45.9	9.6	-12.5	27.0
Other Provisions	1,531	873	751	3,886	1,685	1,684	1,588	1,506	7,041	6,463
Profit before Tax	2,141	2,493	2,504	59	2,574	3,066	3,161	2,820	7,197	11,621
Tax Provisions	727	880	877	-44	901	1,053	1,104	986	2,440	4,044
Net Profit	1,414	1,613	1,627	103	1,673	2,013	2,057	1,834	4,757	7,577
% Change (YoY)	-35.8	-32.9	-38.5	-96.3	18.3	24.8	26.4	1,687.7	-52.7	59.3
Operating Parameters										
NIM (Cal, %)	3.2	3.1	3.1	3.4	3.3	3.3	3.3	3.2	3.2	3.3
Deposit Growth (%)	16.7	14.3	14.1	11.8	12.5	17.0	23.3	22.0	11.8	22.0
Loan Growth (%)	10.1	5.0	9.8	13.3	19.3	27.2	32.0	25.0	13.3	25.0
Asset Quality										
Gross NPA (INR b)	13.0	15.0	16.8	16.7	17.5	18.2	19.5	20.9	16.7	20.9
Gross NPA (%)	2.6	2.9	3.2	2.8	2.9	2.8	2.8	2.9	2.8	2.9

E: MOSL Estimates



1. Axis Bank: We're cautiously optimistic about credit growth in FY18; Jairam Sridharan, CFO

- n Though gross slippage numbers have remained at about Rs 4,800 crore, the net slippage have actually come down quite significantly.
- n There are some challenging times ahead of us, Q4 does tend to be seasonally pretty strong for recoveries, would not blindly extrapolate all the outcomes of Q4 into the next year.
- n We are cautiously optimistic on the outlook for credit as we look at FY18.
- n The intention when we disclosed the watch list was to create it as a two-year entity. We always intended for the watch list to be extinguished one way or the other within two years.
- n Retail will continue to drive growth, will continue to see some strong growth from SME. Hopeful that some sort of turnaround in corporate credit as well; expect a little bit of economic activity in large corporates to pick up.

[➔ Read More](#)

2. Emami: Getting the trade to align with gst is a challenge; Naresh Bhansali, CFO

- n GST preparedness is an ongoing process, something we began about a year ago. Everything else will fall in place once the organisation knows how GST impacts it.
- n Uncertainty about the rates and how it would impact the prices is an area of concern. The response of trade to these changes is another issue at hand.
- n Building awareness around GST will be important and we are helping trade partners in this endeavour.
- n The first and basic task would be to ensure we smoothly transition to the new regime. Supply chain and building logistics around it would be tackled later on.

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3. Maruti: Uncertainty is negative; it impacts customer's buying decision; RC Bhargava, Chairman

- n The company may invest more than the earmarked Rs 2500 crore this year if the programme for acquiring land – for workshops, showrooms etc. picks up speed.
- n Despite all the legal headwinds, the company would be aiming for a 10 percent growth in FY18.
- n Any kind of uncertainty for the industry creates an uncertainty for the customer, which is a serious issue because then that effects his buying decision.
- n The company is on track to introduce 15 new models by 2020.

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**1. The line has changed. by Srividhya Ragavan**

n Yesterday, at the meeting of the global leaders, the IMF and World Bank dropped two important aspects from its closing statement sending shock waves across the globe. The first is trade protectionism and the next is climate change. The watering down of trade protectionism represents a moment of vindication and the change on the climate change agenda, alas, represents a moment of sheer impotence. This new and reformed international agenda comes after both of these organisations sent developing and even least developed countries, for years, on kamikaze missions by parroting out the importance of “reduction of trade barriers” even when local realities and national economics clearly highlighted that some level of protectionism was required to create egalitarianism.

[→ Read More](#)**2. Taxing agriculture critical; don't dismiss. by Bibek Debroy**

n Given its political sensitivity and the fact that the Constitution doesn't give the central government this power, it is not surprising that finance minister Arun Jaitley should rush to clarify that no income tax was going to be levied on agriculture. Jaitley's clarification, in turn, was a response to a statement made by NITI Aayog member Bibek Debroy on how, apart from removing the plethora of exemptions across direct and indirect taxes, the government also needed to tax agricultural income beyond a certain level.

[→ Read More](#)**3. For pharma's sake, drug regulatory agencies need to cooperate. by Ali Mehdi**

n The pharmaceutical Sector in India is at the crossroads. Having established itself as the world leader in the space of generics—accounting for one-fifth of the global generic export volume (IBEF)—it has begun to take the next leap, and is regarded as an emerging hub of pharmaceutical research and innovation. On the other hand, the Indian government, as part of a series of steps to improve health security in the country, wants to give a major push to access to generic medicines through not only the government-owned Jan Aushadhi stores, but also doctor prescriptions at large.

[→ Read More](#)**4. Manage the source to manage the destination. by Biju Dominic**

n Over the years, governments, financial institutions and investment advisers have taken many initiatives to inculcate a saving habit among individuals. Their strategies mostly revolved around guiding one's hard-earned income to appropriate savings destinations. Financial products with varying levels of returns, liquidity, tax benefits, etc., have been developed to attract investments from individuals. The financial services industry took learnings from behavioural sciences to motivate individuals to invest in various savings instruments.

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5. Our internet connectivity. by Ashok Malik

n In the last three years, the Narendra Modi government has followed a liberal investment policy that has opened up more and more sectors to FDI, and a cautious trade policy that has balanced global engagement with jobs and value creation at home. To be fair, India is not alone. In tough times, many major economies have followed a similar policy path. An emerging area where these multiple imperatives of the government are being tested is the internet economy. The surge in FDI and in startups in the internet space was one of the PM's calling cards. Now, in Year Three, numbers have fallen.

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International

6. Emmanuel macron offers the patriotic antidote to nationalism. by Philip Stephens

n Discard the familiar labels. Emmanuel Macron has broken the mould of French politics. The En Marche! leader says his second-round presidential contest with the National Front's Marine Le Pen presents instead a choice between patriotism and nationalism. He is right. This insight should resonate well beyond France. The dividing line that now matters in rich democracies lies between patriots and nationalists. Populist insurgents across Europe have obscured the distinction. Citizens, they pretend, must choose between fealty to the nation and a wrecking globalism.

[→ Read More](#)

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
Automobiles														
Amara Raja	Buy	882	1,084	23	29.3	37.3	43.4	30.1	23.7	6.0	4.9	21.7	22.9	22.0
Ashok Ley.	Buy	87	98	13	4.2	5.2	6.6	20.5	16.8	4.0	3.5	20.6	22.3	24.9
Bajaj Auto	Buy	2,861	3,282	15	133.7	154.8	174.0	21.4	18.5	6.0	5.2	29.5	30.2	30.0
Bharat Forge	Buy	1,134	1,266	12	25.3	37.2	50.6	44.9	30.5	6.7	5.8	15.7	20.5	23.7
Bosch	Neutral	22,585	22,924	2	472.3	667.8	764.1	47.8	33.8	9.1	7.6	18.2	24.5	23.4
CEAT	Buy	1,544	1,406	-9	89.9	107.6	140.6	17.2	14.3	2.6	2.3	16.4	16.9	18.9
Eicher Mot.	Buy	25,975	28,811	11	615.4	854.5	1,047.6	42.2	30.4	14.8	10.7	40.7	40.9	36.7
Endurance Tech.	Buy	805	841	4	22.3	29.4	37.4	36.2	27.4	6.5	5.4	19.6	21.6	22.9
Escorts	Buy	546	608	11	23.2	34.1	43.4	23.5	16.0	2.7	2.4	12.1	15.9	17.5
Exide Ind	Buy	228	270	19	8.4	9.8	11.9	27.1	23.2	3.9	3.5	14.5	15.0	16.0
Hero Moto	Neutral	3,297	3,390	3	172.2	185.1	188.3	19.2	17.8	7.0	6.0	39.5	36.2	31.9
M&M	Buy	1,338	1,573	18	61.7	75.4	89.5	21.7	17.7	3.3	3.0	14.5	13.9	14.7
Mahindra CIE	Not Rated	225	-		5.4	9.9	11.8	42.0	22.8	2.6	2.3	6.4	10.8	11.5
Maruti Suzuki	Buy	6,371	7,299	15	253.2	307.6	374.1	25.2	20.7	5.9	4.9	22.4	23.0	23.1
Tata Motors	Buy	456	609	34	11.5	29.4	62.0	39.6	15.5	1.8	1.7	4.7	11.0	20.4
TVS Motor	Buy	503	500	-1	11.2	15.2	21.6	44.8	33.2	10.3	8.4	25.1	27.8	31.4
Aggregate								28.6	20.4	4.2	3.6	14.6	17.8	21.2
Banks - Private														
Axis Bank	Neutral	506	525	4	15.4	23.4	41.2	32.9	21.6	2.2	2.1	6.9	9.9	15.7
DCB Bank	Neutral	182	170	-7	7.0	8.8	11.2	26.0	20.7	2.7	2.4	10.9	12.4	14.0
Equitas Hold.	Buy	169	220	30	5.7	6.2	7.4	29.7	27.3	2.5	2.3	10.7	8.9	9.6
Federal Bank	Buy	95	108	14	4.4	5.2	6.7	21.5	18.0	1.9	1.7	9.0	10.0	11.7
HDFC Bank	Buy	1,567	1,790	14	56.8	67.1	79.4	27.6	23.3	4.5	4.0	17.9	18.2	19.0
ICICI Bank	Buy	274	350	28	17.3	17.8	20.5	15.8	15.4	1.9	1.7	10.5	9.8	10.5
IDFC Bank	Neutral	65	62	-5	3.0	3.3	4.3	21.7	19.7	1.5	1.4	7.2	7.4	9.0
IndusInd	Buy	1,475	1,700	15	50.1	59.4	72.0	29.4	24.8	4.4	3.8	16.0	16.5	17.3
J&K Bank	Neutral	78	75	-4	-25.2	13.0	15.4	NM	6.0	0.7	0.7	-21.1	11.6	12.5
Kotak Mah. Bk	Buy	915	1,017	11	26.3	32.3	41.6	34.8	28.3	4.4	3.8	13.5	14.5	16.0
RBL Bank	Under Review	553	-		12.7	18.5	24.3	43.5	29.9	4.8	4.3	12.9	15.2	17.4
South Indian	Neutral	25	21	-15	2.8	3.1	3.8	8.9	8.0	0.8	0.8	9.7	10.0	11.3
Yes Bank	Buy	1,640	2,110	29	73.2	92.2	116.2	22.4	17.8	3.4	3.0	18.6	18.0	19.7
Aggregate								26.3	21.1	3.1	2.8	11.7	13.2	14.9
Banks - PSU														
BOB	Buy	181	224	24	7.5	19.0	26.1	24.1	9.6	1.2	1.1	5.0	11.9	14.8
BOI	Neutral	177	129	-27	-5.7	14.5	23.7	NM	12.3	0.7	0.7	-2.5	6.0	9.2
Canara	Neutral	329	310	-6	25.2	35.9	57.6	13.1	9.2	0.7	0.6	5.2	7.0	10.5
IDBI Bk	Neutral	75	49	-34	1.5	6.4	8.6	48.8	11.6	0.7	0.7	1.4	5.8	7.3
Indian Bk	Buy	314	360	15	29.3	33.3	38.1	10.7	9.4	1.0	1.0	10.1	10.6	11.1
OBC	Neutral	163	138	-15	0.3	21.0	26.0	647.7	7.8	0.4	0.4	0.1	5.2	6.1
PNB	Buy	165	186	13	5.3	12.4	16.6	31.2	13.2	0.9	0.9	3.0	6.7	8.3
SBI	Buy	282	340	21	8.7	16.9	23.3	32.5	16.7	1.2	1.2	3.9	7.3	9.3
Union Bk	Neutral	160	174	9	8.5	30.5	45.3	18.9	5.2	0.5	0.5	2.8	9.7	13.0
Aggregate								29.8	12.9	1.0	0.9	3.2	7.1	9.2
NBFCs														
Bajaj Fin.	Buy	1,286	1,448	13	34.4	47.5	64.0	37.4	27.1	7.7	6.2	22.7	25.5	27.3
Bharat Fin.	Neutral	793	859	8	44.6	42.8	55.1	17.8	18.5	4.0	3.3	29.6	19.3	20.4
Dewan Hsg.	Buy	424	500	18	29.6	36.7	42.7	14.3	11.6	1.7	1.5	14.4	13.9	14.5
GRUH Fin.	Neutral	401	421	5	8.1	10.3	12.5	49.2	39.0	13.1	10.9	30.4	30.6	30.9
HDFC	Buy	1,567	1,752	12	46.7	51.7	57.3	33.5	30.3	6.3	5.7	19.1	18.1	17.1
Indiabulls Hsg	Buy	1,004	1,227	22	69.0	82.2	101.6	14.5	12.2	3.5	3.1	25.5	27.0	29.6
LIC Hsg Fin	Neutral	670	723	8	38.2	44.6	51.2	17.5	15.0	3.1	2.7	19.4	19.3	19.0
Manappuram	Not Rated	94	-		8.2	11.1	14.0	11.5	8.5	2.6	2.3	23.9	29.0	32.2
M&M Fin.	Buy	332	400	20	7.1	12.9	16.4	46.9	25.7	2.9	2.7	6.4	10.9	12.9



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
Muthoot Fin	Buy	400	465	16	29.7	34.5	40.0	13.5	11.6	2.5	2.2	19.7	20.2	20.6
PFC	Neutral	158	117	-26	25.7	27.2	30.2	6.1	5.8	1.1	0.9	17.9	17.0	16.8
Repco Home	Buy	751	831	11	28.6	34.0	40.2	26.3	22.1	4.2	3.6	17.3	17.5	17.6
REC	Neutral	204	134	-34	31.4	35.0	40.4	6.5	5.8	1.2	1.0	19.9	19.1	19.1
Shriram Union City	Buy	2,244	2,689	20	91.8	134.5	164.6	24.4	16.7	3.0	2.6	12.7	16.5	17.5
STF	Buy	1,041	1,289	24	55.3	81.9	100.5	18.8	12.7	2.1	1.9	11.7	15.5	16.7
Aggregate								18.2	15.6	3.2	2.8	17.5	17.9	18.0
Capital Goods														
ABB	Neutral	1,409	1,190	-16	18.4	26.1	32.6	76.5	54.0	9.1	7.8	11.9	14.4	15.9
Bharat Elec.	Buy	180	180	0	6.5	7.3	8.5	27.8	24.6	5.3	4.6	20.4	18.8	19.1
BHEL	Sell	176	115	-35	5.5	5.7	5.8	31.8	30.8	1.3	1.2	4.0	4.0	4.0
Blue Star	Neutral	676	680	1	14.1	20.3	29.5	47.9	33.3	9.1	7.9	20.2	25.3	31.2
CG Cons. Elec.	Buy	223	221	-1	4.6	5.5	6.7	49.0	41.0	37.1	25.2	94.3	73.3	66.1
CG Power & Indu.	Sell	78	45	-43	3.6	3.9	4.5	21.5	20.1	1.1	1.1	5.4	5.5	6.0
Cummins	Neutral	1,020	990	-3	26.6	30.5	36.5	38.3	33.5	8.2	7.4	22.6	23.2	25.3
GE T&D	Neutral	337	340	1	6.0	11.0	11.4	56.0	30.5	6.7	6.0	11.7	20.7	19.2
Havells	Neutral	477	425	-11	8.9	12.1	14.1	53.4	39.5	10.8	9.7	20.3	24.6	25.1
Inox Wind	Neutral	197	175	-11	17.5	16.6	17.7	11.3	11.9	2.0	1.7	19.2	15.7	14.6
K E C Intl	Buy	218	175	-20	10.5	12.3	13.5	20.7	17.8	3.2	2.8	16.6	16.8	16.2
L&T	Buy	1,763	1,750	-1	53.6	63.6	74.4	32.9	27.7	3.5	3.2	10.9	11.9	12.7
Pennar Eng.	Not Rated	145	-	-	5.8	7.5	10.0	24.9	19.3	2.1	1.9	8.6	10.0	11.8
Siemens	Neutral	1,329	1,340	1	17.0	25.7	33.5	78.1	51.7	7.2	6.2	9.2	11.9	14.2
Solar Ind	Neutral	803	800	0	19.0	22.3	26.5	42.2	36.0	7.2	6.2	18.4	18.6	19.0
Suzlon Energy	Not Rated	21	-	-	0.6	0.9	1.0	32.3	23.2	-1.9	-2.0	NM	-8.8	-11.0
Thermax	Sell	1,030	781	-24	23.5	28.4	31.5	43.7	36.3	4.9	4.5	11.6	12.9	13.2
Va Tech Wab.	Buy	676	760	12	26.5	34.5	40.3	25.6	19.6	3.5	3.1	8.9	16.7	17.3
Voltas	Sell	410	370	-10	13.6	14.9	16.9	30.1	27.4	5.0	4.4	17.6	17.1	17.1
Aggregate								36.2	30.5	4.1	3.7	11.2	12.1	12.8
Cement														
Ambuja Cem.	Buy	249	277	11	4.9	6.7	7.2	51.0	37.1	2.6	2.5	5.0	6.8	7.1
ACC	Neutral	1,633	1,521	-7	33.7	49.2	63.6	48.4	33.2	3.6	3.7	7.5	11.0	14.2
Birla Corp.	Buy	770	869	13	21.5	41.2	54.4	35.7	18.7	2.1	2.0	6.0	10.9	13.2
Dalmia Bharat	Buy	2,100	2,392	14	30.7	47.5	70.1	68.5	44.2	4.5	4.1	6.8	9.8	12.9
Grasim Inds.	Neutral	1,154	1,067	-8	68.7	86.6	111.1	16.8	13.3	1.9	1.7	11.7	13.2	14.8
India Cem	Neutral	212	152	-28	5.1	8.7	11.9	41.5	24.3	1.7	1.6	4.0	6.2	7.7
J K Cements	Buy	960	1,103	15	32.6	37.2	49.3	29.4	25.8	3.7	3.3	13.3	13.6	16.0
JK Lakshmi Ce	Buy	466	526	13	5.9	12.2	17.8	78.7	38.1	4.0	3.9	5.2	10.5	14.7
Ramco Cem	Buy	686	815	19	27.8	30.1	36.2	24.7	22.8	4.5	3.8	19.6	18.0	18.5
Orient Cem	Buy	160	167	4	-1.8	3.2	5.8	NM	50.6	3.4	3.2	-3.7	6.6	11.3
Prism Cem	Buy	118	118	0	-0.6	2.6	4.8	NM	44.9	6.2	5.6	-3.1	13.1	20.8
Shree Cem	Buy	19,385	20,072	4	363.2	480.6	642.3	53.4	40.3	9.7	8.0	19.2	21.7	23.5
Ultratech	Buy	4,233	4,928	16	96.1	121.4	159.1	44.0	34.9	5.0	4.5	12.0	13.6	15.7
Aggregate								37.8	28.3	3.7	3.4	9.8	11.9	13.8
Consumer														
Asian Paints	Neutral	1,103	1,145	4	20.5	22.6	26.7	53.8	48.8	16.6	14.6	32.8	31.8	32.4
Britannia	Buy	3,563	4,065	14	72.2	83.3	101.7	49.4	42.8	18.9	15.0	43.1	39.2	38.0
Colgate	Buy	1,036	1,200	16	21.7	25.8	31.6	47.8	40.2	25.0	23.4	54.9	60.1	68.5
Dabur	Neutral	289	310	7	7.3	8.3	9.7	39.5	34.9	10.3	8.8	28.3	27.2	27.1
Emami	Buy	1,050	1,295	23	24.5	29.8	36.0	42.9	35.2	12.7	10.7	33.8	33.0	33.2
Godrej Cons.	Neutral	1,743	1,740	0	37.1	42.9	49.8	46.9	40.6	9.8	8.4	22.5	22.2	21.9
GSK Cons.	Neutral	5,184	5,410	4	153.9	173.1	190.8	33.7	29.9	7.7	6.7	24.6	24.0	23.1
HUL	Neutral	946	945	0	19.3	21.5	24.8	49.1	44.0	33.8	35.2	67.6	78.4	92.5
ITC	Buy	285	320	12	8.4	9.3	11.0	34.0	30.5	9.0	7.9	28.4	27.6	28.7
Jyothy Lab	Neutral	412	380	-8	8.0	9.0	10.5	51.7	45.9	8.2	7.5	16.4	17.1	18.1



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
Marico	Buy	318	340	7	6.1	7.0	8.4	52.2	45.3	15.7	13.6	33.3	32.1	34.6
Nestle	Neutral	6,700	6,665	-1	118.0	139.2	163.3	56.8	48.1	21.4	18.6	39.0	41.4	41.9
Page Inds	Buy	14,272	17,480	22	235.6	305.1	388.4	60.6	46.8	25.0	19.7	41.3	42.2	43.2
Parag Milk	Neutral	250	250	0	0.8	6.9	12.5	308.2	36.0	3.1	2.8	1.3	8.2	13.2
Pidilite Ind.	Neutral	722	740	3	16.6	18.3	20.5	43.5	39.5	11.2	9.1	27.9	25.4	23.4
P&G Hygiene	Buy	7,343	8,790	20	145.7	167.7	198.8	50.4	43.8	13.6	11.8	29.0	28.8	29.5
United Brew	Buy	776	1,030	33	10.7	14.3	18.4	72.7	54.1	8.7	7.7	12.6	15.0	16.8
United Spirits	Neutral	1,852	2,025	9	28.6	42.2	58.7	64.7	43.9	12.2	9.7	20.8	22.1	23.8
Aggregate								43.6	38.3	12.9	11.3	29.6	29.5	30.4
Healthcare														
Alembic Phar	Neutral	613	630	3	21.6	28.5	35.8	28.3	21.5	6.1	5.0	23.3	25.5	26.0
Alkem Lab	Neutral	1,916	1,850	-3	79.3	85.7	100.0	24.1	22.3	5.4	4.5	24.4	22.0	21.7
Ajanta Pharma	Buy	1,643	2,028	23	56.0	63.8	79.6	29.3	25.8	9.2	7.1	35.9	30.9	29.9
Aurobindo	Buy	609	915	50	40.1	47.0	54.6	15.2	13.0	3.8	3.0	28.8	26.0	23.9
Biocon	Sell	1,120	800	-29	32.2	34.1	42.7	34.8	32.9	5.0	4.5	14.3	13.6	15.3
Cadila	Buy	445	510	15	12.0	17.7	23.0	37.1	25.2	7.4	6.1	21.4	26.5	27.9
Cipla	Neutral	561	550	-2	17.9	22.0	28.5	31.4	25.5	3.5	3.1	11.0	12.2	13.8
Divis Lab	Neutral	631	600	-5	43.0	32.9	38.6	14.7	19.2	3.6	3.2	25.4	17.7	18.8
Dr Reddy's	Neutral	2,593	3,050	18	76.1	110.9	147.2	34.1	23.4	3.2	2.9	9.8	12.9	15.2
Fortis Health	Buy	210	250	19	2.3	2.9	6.5	89.4	71.2	2.4	2.0	2.7	3.1	6.1
Glenmark	Neutral	883	990	12	40.6	49.2	60.5	21.7	17.9	4.4	3.4	20.1	19.0	19.1
Granules	Buy	150	160	7	6.8	7.7	11.3	22.1	19.5	3.5	2.6	18.8	15.8	18.3
GSK Pharma	Neutral	2,558	2,700	6	34.5	55.5	64.4	74.1	46.1	16.6	19.8	22.4	43.0	56.9
IPCA Labs	Neutral	601	540	-10	15.8	27.9	37.3	38.0	21.5	3.1	2.8	8.4	13.5	15.9
Lupin	Buy	1,337	1,850	38	61.4	78.6	88.8	21.8	17.0	4.5	3.7	22.8	23.8	22.1
Sanofi India	Buy	4,100	5,000	22	129.0	157.8	189.9	31.8	26.0	5.1	4.7	16.2	18.1	19.4
Sun Pharma	Buy	637	850	33	27.1	32.5	38.7	23.5	19.6	4.5	3.8	19.8	20.9	21.0
Syngene Intl	Not Rated	535	-		13.0	16.1	18.0	41.1	33.2	8.3	6.8	22.2	22.5	20.7
Torrent Pharma	Buy	1,413	1,700	20	56.6	76.3	93.4	25.0	18.5	6.0	5.0	25.9	29.3	29.6
Aggregate								26.0	21.2	4.6	3.9	17.6	18.3	18.9
Logistics														
Allcargo Logistics	Buy	193	203	5	9.0	10.9	12.3	21.3	17.6	2.8	2.5	11.5	14.8	14.8
Blue Dart	Not Rated	4,915	-		102.5	129.9	163.2	47.9	37.8	21.3	16.2	50.5	48.6	46.8
Concor	Neutral	1,214	1,042	-14	29.7	39.9	44.9	40.9	30.4	3.5	3.3	8.8	11.2	11.8
Gateway Distriparks	Buy	268	314	17	8.3	15.7	20.1	32.3	17.1	2.3	2.1	7.2	12.9	15.3
Gati	Not Rated	137	-		8.4	15.9	23.9	16.4	8.6	2.2	2.0	12.4	19.4	25.4
Transport Corp.	Not Rated	232	-		16.9	21.0	25.9	13.7	11.0	2.1	1.8	16.7	17.8	18.6
Aggregate								34.7	25.4	3.8	3.5	11.0	13.7	14.9
Media														
Dish TV	Buy	95	115	22	1.4	2.7	4.3	65.7	35.6	18.9	12.4	33.6	42.0	43.9
D B Corp	Buy	378	450	19	20.4	23.0	26.5	18.5	16.4	4.6	4.1	26.2	26.2	26.8
Den Net.	Neutral	94	90	-5	-3.6	2.2	8.5	NM	42.9	1.1	1.0	-4.1	2.5	8.8
Hind. Media	Buy	288	360	25	25.2	27.4	30.3	11.4	10.5	1.9	1.6	18.5	16.8	15.8
HT Media	Neutral	82	90	10	8.0	8.2	8.7	10.2	10.1	0.7	0.7	7.7	7.1	7.0
Jagran Prak.	Buy	196	225	15	10.8	12.2	13.9	18.2	16.0	3.5	3.1	20.7	20.6	20.4
PVR	Buy	1,612	1,667	3	20.8	35.7	56.8	77.6	45.2	7.9	6.9	10.6	16.3	22.0
Siti Net.	Neutral	36	40	11	-1.8	0.0	1.2	NM	NM	4.2	3.6	-21.7	0.0	11.1
Sun TV	Neutral	924	860	-7	25.1	29.7	34.5	36.8	31.1	9.2	8.5	25.1	27.3	29.0
Zee Ent.	Buy	529	610	15	11.4	17.3	20.6	46.5	30.6	10.3	8.4	29.1	30.3	29.4
Aggregate								40.4	29.3	6.6	5.7	16.3	19.6	21.6
Metals														
Hindalco	Buy	195	235	21	16.9	22.6	25.4	11.5	8.6	1.6	1.4	15.4	17.5	16.8
Hind. Zinc	Sell	267	235	-12	19.7	21.5	23.7	13.6	12.4	3.7	3.1	24.4	27.2	25.4
JSPL	Buy	114	181	59	-22.3	-17.5	-2.2	NM	NM	0.3	0.3	-7.5	-4.5	-0.6



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
JSW Steel	Buy	198	222	12	13.6	18.3	20.5	14.6	10.8	2.2	1.9	16.2	18.7	17.9
Nalco	Buy	67	83	24	3.9	5.3	5.8	17.2	12.6	1.2	1.2	7.5	9.6	9.9
NMDC	Buy	126	178	41	12.1	12.3	13.0	10.5	10.3	1.7	1.6	13.4	15.5	15.1
SAIL	Sell	60	30	-50	-7.4	-12.6	0.4	NM	NM	0.7	0.8	-8.1	-15.4	0.5
Vedanta	Neutral	234	250	7	17.7	24.7	27.7	13.2	9.5	1.5	1.4	11.4	15.0	15.6
Tata Steel	Sell	446	440	-1	18.9	39.4	45.7	23.6	11.3	3.6	2.9	13.6	28.2	26.5
Aggregate								18.3	14.3	1.4	1.4	7.9	9.6	12.0
Oil & Gas														
BPCL	Buy	735	763	4	55.9	53.7	58.4	13.2	13.7	3.4	2.9	27.1	22.7	21.4
GAIL	Neutral	419	349	-17	21.7	28.9	32.5	19.3	14.5	2.1	1.9	13.0	14.0	14.4
Gujarat Gas	Sell	839	735	-12	17.5	40.0	49.0	48.0	21.0	4.9	4.1	10.7	21.5	22.0
Gujarat St. Pet.	Neutral	184	162	-12	8.9	11.0	13.2	20.7	16.7	2.4	2.1	12.0	13.5	14.5
HPCL	Buy	542	604	11	53.5	44.9	45.8	10.1	12.1	2.7	2.3	27.8	20.7	18.6
IOC	Buy	443	441	0	43.7	39.4	41.0	10.1	11.3	2.5	2.2	26.0	20.4	18.8
IGL	Neutral	1,059	1,023	-3	43.3	43.8	49.4	24.5	24.2	5.2	4.4	22.3	19.7	19.2
MRPL	Neutral	132	114	-14	12.2	11.4	12.8	10.8	11.5	2.9	2.4	29.6	22.7	21.4
Oil India	Buy	323	382	18	28.6	33.1	37.8	11.3	9.8	1.1	1.0	9.8	10.8	11.6
ONGC	Neutral	180	172	-4	12.2	16.1	17.3	14.7	11.1	1.2	1.2	8.4	11.1	11.7
PLNG	Buy	431	454	5	22.2	26.5	36.2	19.4	16.2	4.3	3.6	23.9	24.0	27.2
Reliance Ind.	Neutral	1,408	1,264	-10	106.6	121.7	127.8	13.2	11.6	1.4	1.3	11.9	11.8	11.2
Aggregate								13.4	12.3	1.8	1.6	13.3	13.4	13.2
Retail														
Jubilant Food	Neutral	1,034	1,110	7	12.3	21.7	29.1	83.8	47.5	8.4	9.3	10.1	19.5	24.9
Titan Co.	Neutral	478	485	2	9.4	10.4	11.8	50.8	45.8	10.2	8.8	21.5	20.6	20.3
Aggregate								54.0	46.3	9.9	8.9	18.4	19.3	19.7
Technology														
Cyient	Buy	538	620	15	30.6	37.8	44.1	17.6	14.2	2.8	2.5	16.2	17.6	17.9
HCL Tech.	Buy	813	1,000	23	57.2	64.3	70.3	14.2	12.6	3.6	3.5	27.0	27.8	28.1
Hexaware	Neutral	230	235	2	13.7	15.4	16.7	16.8	15.0	4.1	3.6	26.5	25.3	23.5
Infosys	Buy	924	1,200	30	62.9	64.7	71.1	14.7	14.3	3.1	2.7	23.3	21.4	21.2
KPIT Tech	Neutral	128	150	17	11.9	13.7	14.5	10.7	9.3	1.6	1.4	14.3	16.0	14.5
L&T Infotech	Buy	710	800	13	53.6	58.0	60.8	13.2	12.2	5.0	4.1	41.4	36.6	32.1
Mindtree	Neutral	489	475	-3	24.9	30.5	36.5	19.7	16.1	3.2	2.9	16.8	18.9	20.5
Mphasis	Neutral	535	550	3	42.7	43.0	44.9	12.5	12.4	1.9	1.8	14.1	14.9	14.7
NIIT Tech	Neutral	461	470	2	36.2	46.8	52.9	12.8	9.9	1.7	1.5	13.5	15.9	16.0
Persistent Sys	Buy	583	700	20	37.7	43.9	51.4	15.5	13.3	2.4	2.3	17.0	18.1	20.3
Tata Elxsi	Buy	1,530	1,780	16	59.3	72.1	89.0	25.8	21.2	9.9	7.9	42.5	41.3	40.8
TCS	Neutral	2,301	2,400	4	133.4	139.7	149.6	17.2	16.5	5.4	5.6	33.5	32.4	32.3
Tech Mah	Buy	425	550	29	32.5	35.7	40.2	13.1	11.9	2.4	2.2	20.1	19.5	19.2
Wipro	Neutral	496	500	1	33.8	34.6	38.2	14.7	14.3	2.3	2.1	16.9	15.5	15.7
Zensar Tech	Buy	843	1,020	21	54.9	67.6	78.4	15.3	12.5	2.4	2.1	16.3	17.7	17.8
Aggregate								15.6	15.0	3.7	3.5	23.5	23.1	22.3
Telecom														
Bharti Airtel	Buy	358	410	15	11.0	5.1	9.4	32.5	70.3	2.1	2.0	6.5	2.9	5.2
Bharti Infratel	Buy	365	435	19	15.5	16.7	19.9	23.5	21.8	3.8	3.4	15.7	15.9	16.7
Idea Cellular	Buy	85	120	41	-3.0	-15.4	-16.9	NM	NM	1.2	1.6	-4.2	-25.3	-37.1
Tata Comm	Buy	722	811	12	6.2	25.6	44.1	116.5	28.2	-72.0	46.4	-50.2	924.0	117.3
Aggregate								41.2	856.7	2.4	2.4	5.7	0.3	2.3
Utilities														
Coal India	Buy	275	335	22	16.7	20.1	22.1	16.5	13.7	6.7	6.7	40.6	48.8	53.5
CESC	Buy	930	970	4	50.4	74.7	82.2	18.4	12.4	2.1	1.8	11.1	15.8	15.2
JSW Energy	Buy	67	73	9	3.9	2.3	0.8	17.3	29.2	1.2	1.2	7.3	4.3	1.4
NTPC	Buy	164	199	21	11.9	14.3	17.3	13.8	11.5	1.4	1.3	10.6	11.9	13.3
Power Grid	Buy	207	243	17	15.3	17.7	20.7	13.6	11.7	2.2	1.9	17.3	17.5	17.7
Aggregate								14.9	12.6	2.4	2.2	15.9	17.4	18.3



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17E	FY18E	FY19E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY19E
Others														
Arvind	Buy	402	430	7	13.5	21.8	28.6	29.7	18.5	2.7	2.4	10.4	14.0	16.3
Bata India	Under Review	584	-		10.9	14.2	17.7	53.7	41.1	5.8	5.3	11.3	13.4	15.0
Castrol India	Buy	438	532	22	13.6	14.9	15.2	32.1	29.4	33.7	30.4	110.9	108.6	100.4
Century Ply.	Buy	256	274	7	7.7	8.6	11.4	33.1	29.7	8.7	7.2	28.9	26.5	28.6
Coromandel Intl	Under Review	363	-		15.9	19.6	25.1	22.8	18.5	3.9	3.5	18.2	20.1	22.7
Delta Corp	Buy	166	229	38	3.3	6.9	7.6	51.0	24.2	4.4	3.3	9.0	15.7	17.0
Dynamatic Tech	Buy	2,757	3,334	21	67.6	112.9	166.7	40.8	24.4	5.6	4.6	15.1	20.7	24.3
Eveready Inds.	Buy	301	287	-5	11.4	13.9	16.9	26.4	21.7	8.1	6.5	34.7	33.0	32.4
Interglobe	Neutral	1,117	1,092	-2	39.0	64.7	78.0	28.7	17.3	19.6	16.6	72.2	104.1	106.3
Indo Count	Buy	203	232	14	13.7	17.5	21.1	14.8	11.6	4.3	3.1	33.8	30.8	27.3
Info Edge	Buy	823	1,000	21	16.9	17.9	21.0	48.8	45.9	5.2	4.9	11.1	10.9	11.9
Inox Leisure	Sell	298	230	-23	2.5	8.2	11.5	119.4	36.6	4.7	4.2	3.8	11.5	14.3
Jain Irrigation	Under Review	113	-		5.5	7.6	10.0	20.4	14.8	1.7	1.7	8.6	11.7	14.8
Just Dial	Under Review	507	-		17.2	18.5	22.1	29.5	27.5	4.5	4.0	16.5	15.5	16.2
Kaveri Seed	Buy	566	649	15	23.4	28.6	36.1	24.1	19.8	4.1	3.8	17.3	19.8	22.9
Kitex Garm.	Buy	515	551	7	26.0	31.0	36.7	19.8	16.6	5.3	4.3	29.9	28.7	27.7
Manpasand	Buy	707	843	19	14.9	23.1	38.3	47.4	30.6	3.5	3.2	8.6	9.6	16.3
MCX	Buy	1,219	1,400	15	26.3	30.0	42.5	46.3	40.6	4.7	4.5	10.6	11.3	15.0
Monsanto	Buy	2,562	2,841	11	72.9	89.3	109.3	35.1	28.7	10.7	10.0	30.4	35.9	39.6
Navneet Education	Buy	170	210	23	6.6	8.6	10.5	25.6	19.8	6.5	5.5	26.0	30.0	30.9
PI Inds.	Buy	865	1,046	21	30.4	34.8	43.6	28.5	24.8	7.8	6.2	30.9	27.9	27.8
Piramal Enterp.	Buy	2,472	2,200	-11	74.5	127.1	164.7	33.2	19.4	3.2	2.9	10.0	15.7	18.2
SRF	Buy	1,792	1,825	2	82.4	99.9	125.1	21.8	17.9	3.4	3.0	16.5	17.4	19.1
S H Kelkar	Buy	319	371	16	7.7	10.3	13.3	41.4	31.0	5.5	4.9	13.9	16.8	19.1
Symphony	Sell	1,411	1,288	-9	27.0	35.1	42.9	52.2	40.2	28.4	24.2	56.8	65.0	66.3
TTK Prestige	Neutral	6,331	5,281	-17	106.9	137.7	176.0	59.2	46.0	9.4	8.5	16.5	19.4	22.2
V-Guard	Neutral	189	140	-26	3.7	4.6	5.4	51.2	41.4	13.5	10.8	29.4	29.1	27.6
Wonderla	Buy	388	393	1	7.0	11.9	16.0	55.5	32.5	5.1	4.5	9.5	14.8	17.5



Company	1 Day (%)	1M (%)	12M (%)
Automobiles			
Amara Raja	-0.2	2.5	-6.2
Ashok Ley.	-1.1	1.0	-19.6
Bajaj Auto	-1.0	1.7	12.2
Bharat Forge	1.5	11.5	40.9
Bosch	-0.1	-1.0	11.8
CEAT	-0.8	15.8	37.5
Eicher Mot.	-0.2	7.5	29.1
Endurance Tech.	-1.6	11.5	
Escorts	-0.5	4.5	217.0
Exide Ind	-1.2	6.6	52.3
Hero Moto	-0.4	-1.3	11.8
M&M	-0.9	5.6	-3.4
Mahindra CIE	1.7	12.1	11.6
Maruti Suzuki	-0.6	6.4	65.0
Tata Motors	1.1	-2.1	8.9
TVS Motor	0.2	17.3	53.4
Banks - Private			
Axis Bank	-2.2	3.8	8.7
DCB Bank	-0.5	7.8	90.7
Equitas Hold.	1.1	6.3	19.1
Federal Bank	0.3	4.9	97.3
HDFC Bank	1.3	11.0	39.4
ICICI Bank	-1.0	0.2	11.9
IDFC Bank	6.2	7.2	30.6
IndusInd	0.6	5.2	41.9
J&K Bank	-0.3	5.9	13.5
Kotak Mah. Bk	1.6	5.0	28.5
RBL Bank	0.6	11.5	
South Indian	1.9	21.8	49.4
Yes Bank	3.8	7.4	79.1
Banks - PSU			
BOB	-0.1	5.6	12.5
BOI	8.7	31.2	83.3
Canara	-0.2	10.9	59.7
IDBI Bk	0.3	-0.3	5.4
Indian Bk	2.2	18.4	212.4
OBC	1.6	13.8	69.2
PNB	-0.9	12.2	82.8
SBI	-1.6	0.9	43.5
Union Bk	-1.0	3.1	21.3
NBFCs			
Bajaj Fin.	-2.0	8.7	85.2
Bharat Fin.	0.2	-7.5	33.5
Dewan Hsg.	-1.5	16.9	106.9
GRUH Fin.	4.3	8.0	54.4
HDFC	-1.1	6.3	39.6
Indiabulls Hsg	-0.7	4.7	43.1
LIC Hsg Fin	-0.8	10.2	44.7
Manappuram	-1.4	-4.3	132.7
M&M Fin.	0.6	3.8	8.4
Muthoot Fin	2.8	14.6	91.5
PFC	0.1	11.0	76.1
Repco Home	-1.9	12.7	15.0
REC	-0.4	16.4	123.8
STF	-1.2	2.1	4.6
Shriram City Union	1.6	6.1	35.4

Company	1 Day (%)	1M (%)	12M (%)
Capital Goods			
ABB	-1.1	19.1	10.3
Bharat Elec.	0.0	13.1	48.2
BHEL	0.1	4.7	37.6
Blue Star	0.0	9.1	55.3
CG Cons. Elec.	1.5	11.1	
CG Power & Inds Sol.	0.1	1.4	32.0
Cummins	0.8	10.1	14.8
GE T&D	-1.5	7.5	-10.5
Havells	-1.7	6.2	38.5
Inox Wind	1.3	16.3	-27.1
K E C Intl	-0.4	12.7	71.7
L&T	0.7	14.0	38.0
Pennar Eng.	0.3	16.8	-1.9
Siemens	-0.4	7.2	12.5
Solar Ind	-0.4	7.1	18.0
Suzlon Energy	-1.7	11.4	42.8
Thermax	0.2	13.7	32.4
Va Tech Wab.	0.4	0.2	17.5
Voltas	-0.6	5.5	35.7
Cement			
Ambuja Cem.	1.2	9.5	10.7
ACC	1.9	17.0	14.3
Birla Corp.	0.3	10.2	94.1
Dalmia Bharat	-0.6	9.1	141.7
Grasim Inds.	-1.1	8.5	39.6
India Cem	3.3	37.7	138.2
JK Cements	1.0	7.6	57.5
JK Lakshmi Ce	-1.6	7.2	29.3
Ramco Cem	-1.3	6.6	51.4
Orient Cem	1.4	26.1	5.9
Prism Cem	3.8	22.4	35.8
Shree Cem	0.9	18.5	52.2
Ultratech	0.0	7.1	32.7
Consumer			
Asian Paints	-0.2	5.6	23.9
Britannia	0.0	7.9	24.6
Colgate	-0.2	5.5	21.1
Dabur	-1.9	5.3	6.0
Emami	2.1	3.4	4.7
Godrej Cons.	1.0	4.2	27.4
GSK Cons.	-0.5	-0.3	-13.6
HUL	0.6	5.4	6.0
ITC	-1.9	1.1	28.3
Jyothy Lab	0.3	18.6	36.7
Marico	-1.6	10.6	26.9
Nestle	4.2	4.1	13.8
Page Inds	0.3	-2.9	10.2
Parag Milk	1.1	12.8	
Pidilite Ind.	-0.7	5.5	19.0
P&G Hygiene	-1.1	7.5	13.9
United Brew	1.8	0.7	2.5
United Spirits	-2.1	-15.6	-21.7
Healthcare			
Alembic Phar	-1.8	4.6	-0.9
Alkem Lab	-2.5	-13.2	58.8
Ajanta Pharma	0.2	-8.5	7.4
Aurobindo	-2.5	-9.1	-20.3

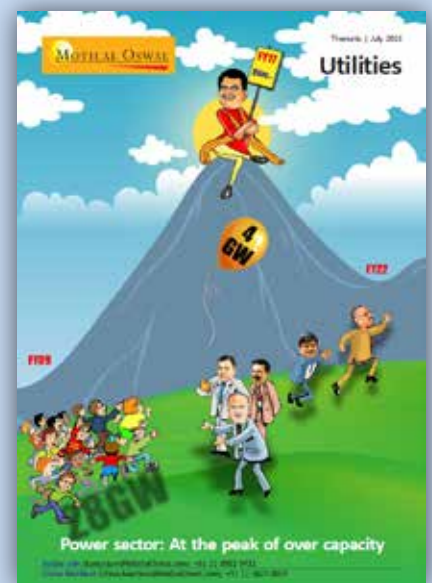
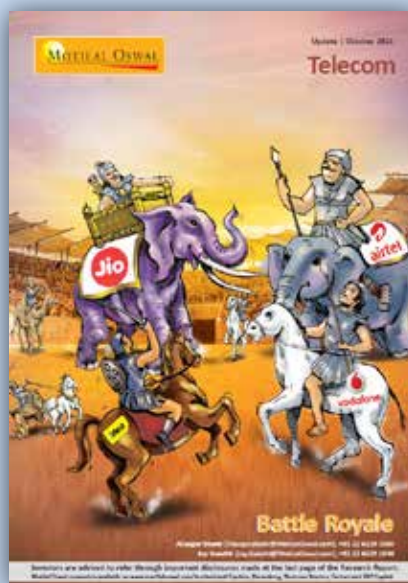
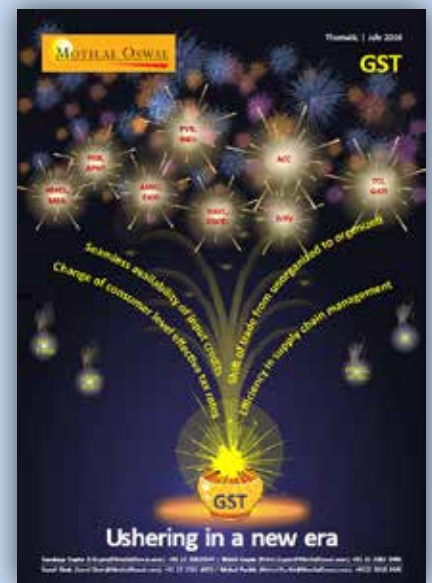
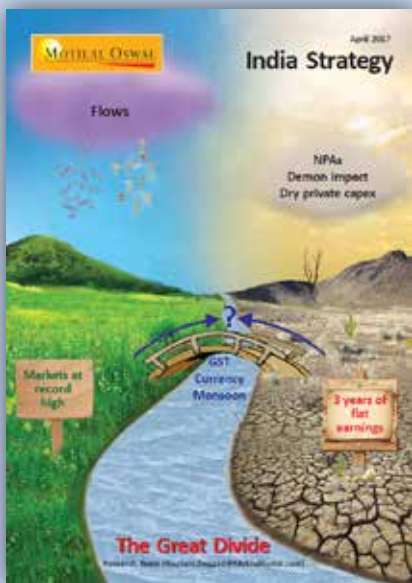


Company	1 Day (%)	1M (%)	12M (%)
Biocon	-0.7	-1.2	96.0
Cadila	-1.8	-0.8	36.2
Cipla	1.0	-5.3	4.2
Divis Lab	-2.1	-0.5	-39.4
Dr Reddy's	-0.7	-1.7	-17.1
Fortis Health	-2.9	17.9	17.8
Glenmark	-1.1	1.0	6.9
Granules	0.7	7.5	13.4
GSK Pharma	0.3	-6.6	-31.9
IPCA Labs	-0.8	4.0	21.2
Lupin	-2.5	-8.6	-14.8
Sanofi India	-0.9	-12.5	-6.4
Sun Pharma	-0.9	-7.8	-21.7
Syngene Intl	-0.4	0.0	37.8
Torrent Pharma	-1.2	0.6	-2.2
Logistics			
Allcargo Logistics	0.9	15.1	22.4
Blue Dart	0.8	-3.3	-16.5
Concor	0.1	22.7	12.8
Gateway Distriparks	0.2	6.2	-10.6
Gati	-0.4	-4.5	15.4
Transport Corp.	-1.9	5.4	40.3
Media			
Dish TV	-0.6	-13.3	4.7
D B Corp	-0.1	-0.6	14.4
Den Net.	-0.1	15.6	5.1
Hind. Media	-0.8	1.1	11.4
HT Media	-0.2	1.2	-8.9
Jagran Prak.	1.1	10.5	19.8
PVR	1.5	13.9	98.2
Siti Net.	-1.8	-7.2	1.6
Sun TV	0.0	21.4	159.0
Zee Ent.	0.1	2.3	29.7
Metals			
Hindalco	-1.1	3.3	91.4
Hind. Zinc	-2.2	-17.6	54.7
JSPL	0.5	-2.5	47.8
JSW Steel	-0.4	10.4	45.3
Nalco	-0.6	-9.4	41.6
NMDC	-2.4	-5.7	27.9
SAIL	-0.8	-0.8	30.3
Vedanta	-0.2	-10.4	123.1
Tata Steel	-1.9	-6.7	25.0
Oil & Gas			
BPCL	0.6	14.0	49.9
GAIL	1.2	11.6	49.6
Gujarat Gas	0.9	8.0	57.5
Gujarat St. Pet.	-2.2	16.2	32.8
HPCL	0.9	4.9	89.6
IOC	2.3	19.4	102.7
IGL	-0.5	4.1	85.2
MRPL	4.9	31.7	88.1
Oil India	-0.7	-2.9	31.5
ONGC	-0.4	-5.1	21.5
PLNG	0.1	6.0	63.4
Reliance Ind.	-0.6	12.6	38.1
Retail			
Jubilant Food	-1.6	-6.1	-22.4

Company	1 Day (%)	1M (%)	12M (%)
Titan Co.	-0.4	6.5	28.5
Technology			
Cyient	1.1	13.6	17.1
HCL Tech.	1.5	-5.0	-3.0
Hexaware	3.4	6.2	-6.0
Infosys	1.1	-10.2	-25.5
KPIT Tech	-1.0	-1.5	-16.8
L&T Infotech	-0.5	3.4	
Mindtree	2.4	6.0	-30.2
Mphasis	0.7	-10.8	8.1
NIIT Tech	0.9	8.9	-4.2
Persistent Sys	0.4	-2.2	-22.5
Tata Elxsi	-2.4	2.8	-24.9
TCS	-0.4	-4.6	-8.1
Tech Mah	-0.8	-9.3	-11.4
Wipro	1.0	-1.5	-11.6
Zensar Tech	0.5	-7.5	-13.3
Telecom			
Bharti Airtel	0.0	5.7	-4.1
Bharti Infratel	-0.1	16.8	-2.7
Idea Cellular	-0.2	-2.5	-31.7
Tata Comm	0.7	0.4	72.1
Utilities			
Coal India	-0.8	-5.9	-5.5
CESC	0.6	13.0	68.2
JSW Energy	5.2	9.8	-1.4
NTPC	-0.8	0.5	16.8
Power Grid	1.0	6.1	43.7
Others			
Arvind	-0.7	3.1	38.3
Bata India	0.0	7.5	3.9
Castrol India	0.0	4.9	12.4
Century Ply.	-3.1	5.8	40.3
Coromandel Intl	1.2	15.1	58.6
Delta Corp	-1.9	-5.0	94.8
Dynamatic Tech	0.5	-3.9	27.3
Eveready Inds.	-1.1	21.0	21.4
Interglobe	0.3	6.1	6.9
Indo Count	4.2	2.7	-3.1
Info Edge	2.1	2.3	3.7
Inox Leisure	0.9	15.4	40.6
Jain Irrigation	-0.4	19.9	77.7
Just Dial	-2.2	-10.7	-40.4
Kaveri Seed	-0.4	3.7	41.7
Kitex Garm.	-0.5	22.4	11.8
Manpasand	0.1	0.3	31.7
MCX	0.1	-0.4	36.6
Monsanto	-0.5	2.4	40.5
Navneet Educat.	-0.1	24.0	91.6
PI Inds.	-0.9	1.2	36.8
Piramal Enterp.	1.0	33.4	122.9
SRF	2.6	11.8	32.2
S H Kelkar	-0.2	5.3	36.9
Symphony	-1.1	-6.7	15.7
TTK Prestige	-0.8	8.7	40.2
V-Guard	1.6	12.3	175.2
Wonderla	-0.4	1.7	0.3

NOTES

THEMATIC/STRATEGY RESEARCH GALLERY



REPORT GALLERY

RECENT INITIATING COVERAGE REPORTS

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

Long road ahead

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

Steadfast; growth gaining momentum

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

Favorable odds

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

Promising growth trajectory

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

Winner's Edge

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

Well balanced

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

Adding flavor to fragrance

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

Gaining ground

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

Proficient miner

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DIFFERENTIATED PRODUCT GALLERY

MOTILAL OSWAL

SUN PHARMACEUTICAL

ART ANNUAL REPORT THREADBARE
27 September 2018

The ART of annual report analysis

WHAT'S NEW IN FY18

- ▶ Tax rates remained low at 13.8%, contingent liabilities for tax dispute rise to INR23.5b.
- ▶ Cash flow of INR18.4b significantly higher than tax expenses recognized in P&L of INR15.8b.
- ▶ OCF post interest increases to INR44.7b (FY17: INR32.7b) on decline in other assets to INR24.7b partially offset by INR18.1b increase in receivables.

Stock Info

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

Shareholding pattern (%)

As on	Jun-18	Mar-18	Jun-17
Promoter	33.0	33.0	34.7
MF	39.2	39.0	3.8
FI	24.0	24.4	23.0
Other	3.8	3.6	33.5

Auditor's name
Deloitte Haskins & Sells LLP

Key highlights:

- Operating performance muted: Revenue grew just 3.2% to INR235.6b. EBITDA margin expanded 70bp to 29.4%, led by gross margin expansion, partially compensated by higher (a) legal and consultancy cost at INR15b (8.1% of revenue, FY17: INR16.5b), (b) revenue R&D expenses at INR23b (7.9% of revenue, FY17: INR18b), and (c) miscellaneous expenses (after regrouping) at INR0.5b (FY17: INR0.4b), including INR1b additional liability towards USDPHCO (dead).
- Tax rates remain less contingent liabilities on tax dispute rise: Tax rates remained low at 13.8%, primarily on account of low tax rates in certain subsidiaries (Sun Pharma Global P2C-IN) and Sun Pharmaceutical Laboratories (SPL). On a consolidated basis, contingent liabilities increased steeply from INR33.3b in FY17 to INR23.5b (13% of net worth). The increase in overall tax dispute liabilities was driven by tax dispute liabilities for the standalone entity increasing from INR1.1b in FY17 to INR1.9b.
- Cash tax significantly exceeds tax expense recognized: The cash tax paid (cash flow, at INR23.5b) continued to be higher than the tax expense recognized in the P&L (of INR15.8b) on account of deferred tax assets (DTA) recognized, tax paid under protest and advance income tax paid. The cumulative tax paid under protest as at the end of FY18 was INR13.3b. Details on such amount paid in FY18 or cumulative amount paid in FY18 are not available.
- High capex and rising receivables debt: FCY: P&L post interest declined 21% YoY to INR20.5b on rising capex and acquisition of brands. Operating cash flow were primarily supported by decline in other current assets by INR25b, which was partially offset by increase in receivables by INR23.1b.

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

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MOTILAL OSWAL

VOICES

30FY17 | February 2017

VOICES
India Inc on Call

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

This quarterly report contains:

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

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MOTILAL OSWAL

EcoKnowLedge

Diving into Trending Themes

23 November 2018
Economy

Monthly data confirm 6.5% growth is for real in India
Creating monthly economic activity index (EAI) since 1998

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

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

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

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

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MOTILAL OSWAL

CornerOffice

Interaction with the CEO

23 December 2018

Demonetization: A mammoth task for India's largest bank
CASA to get strong push, SME NPA too early to take a call

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

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

- ▶ Since demonetization, SBI has collected deposits of ~INR4 and disbursed (via withdrawal) ~INR1, leading to net addition of ~INR3. The bank also aggressively cut its bank deposits (leading to higher repayment rates), which led to significantly lower net accretion over the past month.
- ▶ Of the net accretion, three-fourths were savings deposits, 15% were current account deposits and the rest were retail term deposits.
- ▶ Standard cost of these deposits is less than 4%, and excess liquidity is parked in reverse repo, MSF and bond markets (considering muted loan growth) at a yield of ~1%. Hence, on excess liquidity, the spread is 2% currently, as against blended spread of ~1.4% at 3QFY17.
- ▶ Significant liquidity addition in the system has led to a sharp fall in yield, which has helped banks to monetize the bond portfolio. We expect trading gains to be strong in 2QFY17.

Digitalization efforts to yield noteworthy results over long term

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

Asset quality: Will demonetization lead to higher NPA?

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

State Bank of India
Mr. Anandhan Bhattacharya, Chairman

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

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

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MOTILAL OSWAL

BULLS & BEARS

INDIA VALUATIONS HANDBOOK

Highlights of March edition

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

BEST PERFORMERS MoM (%)

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

WORST PERFORMERS MoM (%)

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

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April 2017

MOTILAL OSWAL

FUND FOLIO

Indian Mutual Fund Tracker

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

Highlights:

- ▶ Average AUM up 35% YoY (INR4.8t) in FY17
- ▶ INR18.3t
- ▶ INR603b
- ▶ Net inflows in FY17 down 11% YoY

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April 2017

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