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Market snapshot



Equities - India	Close	Chg. %	YTD. %
Sensex	32,310	-0.2	21.3
Nifty-50	10,015	-0.1	22.3
Nifty-M 100	18,469	0.5	28.7
Equities-Global	Close	Chg. %	YTD. %
S&P 500	2,472	-0.1	10.4
Nasdaq	6,375	-0.1	18.4
FTSE 100	7,368	-1.0	3.2
DAX	12,163	-0.4	5.9
Hang Seng	10,756	-0.9	14.5
Nikkei 225	19,960	-0.6	4.4
Commodities	Close	Chg. %	YTD. %
Brent (US\$/Bbl)	52	1.3	-6.8
Gold (\$/OZ)	1,259	-0.3	8.6
Cu (US\$/MT)	6,296	0.0	14.0
Almn (US\$/MT)	1,885	-1.7	10.6
Currency	Close	Chg. %	YTD. %
USD/INR	64.2	0.1	-5.4
USD/EUR	1.2	0.0	11.0
USD/JPY	111.3	0.0	-5.0
YIELD (%)	Close	1MChg	YTDchg
10 Yrs G-Sec	6.5	0.0	-0.1
10 Yrs AAA Corp	7.5	0.0	0.0
Flows (USD b)	28-Jul	MTD	YTD
FII	0.0	0.5	9.0
DII	0.1	0.5	3.8
Volumes (INRb)	28-Jul	MTD*	YTD*
Cash	331	300	287
F&O	3,756	5,927	5,053

Note: YTD is calendar year, \*Avg

Today's top research idea

Capital First: Capitalizing on multiple opportunities

- Over the past six years, Capital First has transformed itself from a predominantly wholesale financier to a well-diversified retail financier with impeccable asset quality. CAFL is a niche play in the retail NBFC space with a diversified loan portfolio. While secured MSME financing is the largest product in the portfolio, CAFL targets to increase the share of higher-yielding consumer durables (CD) and two-wheeler (2W) financing from 13%/10% currently to 16-17% each by FY19.
- Additionally, the company has built a large unsecured MSME financing book (18% of total). Over the past few years, CAFL has made significant investments in building new product segments. With the investment phase now largely behind, the benefits are expected to accrue over the medium term. We expect RoA/RoE to improve from 1.6%/12% in FY17 to 1.9%/17% in FY20.

Research covered

Cos/Sector	Key Highlights
Capital First	(Initiating Coverage): Capitalizing on multiple opportunities
Larsen & Toubro	Strong pick-up in domestic infrastructure execution
NTPC	Weakness in core RoE due to seasonal factors
HPCL	ONGC-HPCL merger; Finding the right value for HPCL
LIC Housing	Missed estimates
Idea Cellular	Latent synergies to bolster growth
Biocon	Malaysian plant commercialization impacts profits
Glenmark Pharma.	No impact of GST in 1Q; Zetia boosts US sales
Cholaman.Inv.&Fn	Strong quarter; HE getting back on track
Crompton Gr. Con	Adverse revenue mix, channel destocking impact performance
Escorts	Strong monsoon, early festive season to lay growth foundation
India Cements	Lower-than-estimated earnings led by higher employee and interest cost
Equitas Holdings	Steady shift to secured Products
Automobile	2W retails recovering post initial GST hiccups
Results Expectation	BHE   CCRI   GCPL   HEXW   INDIGO   SRCM   SHTF   SIEM   TRP

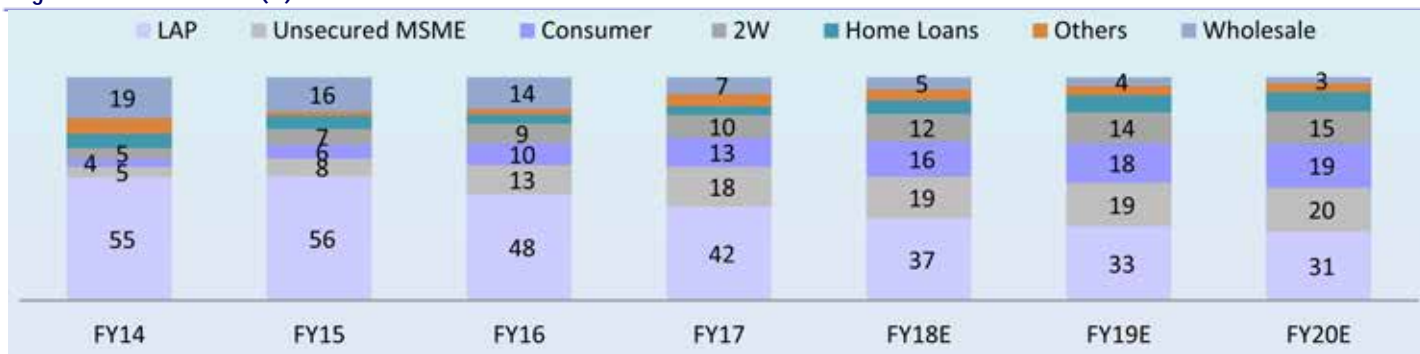
Piping hot news

Infosys sees another senior-level exit, in fresh blow to Vishal Sikka

- A top executive at Infosys Ltd's products and platforms unit EdgeVerve has quit, three executives familiar with the development said.

Chart of the Day: Capital First - Capitalizing on multiple opportunities

Segment-wise AUM mix (%)



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

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



Kindly click on textbox for the detailed news link

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### Big relief to UP builders, Yogi Adityanath government redefines ongoing projects

The Uttar Pradesh government's real estate rules have amended the definition of an "ongoing project", allowing a builder to be exempt from the purview of Real Estate Regulation Act (RERA) even if he has just applied for a licence or received a...

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### Tata Group to consolidate defence, financial services and infrastructure businesses

Tata Sons chairman N Chandrasekaran will kick off consolidation at the Tata Group by clustering all defence businesses under one company as it looks to turn the sprawling and loosely held conglomerate into a leaner business house, and also tap into the opportunity posed by India's growing defence spending. The group will look at consolidating its financial services businesses spanning corporate and retail lending to mutual funds and insurance besides creating a larger infrastructure vertical by bringing all the related companies under one umbrella...

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### NPA pile may trip up PSBs' Esops

It may take a while before public sector bank employees can get stock options as the lenders will need to improve their financial performance before becoming eligible to issue the incentives, according to the draft guidelines...

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### NSE case: Sebi may recast panel after two members raise conflict on interest issue

The Securities and Exchange Board of India (Sebi) may have to examine the constitution of its high-powered advisory committee (HPAC) on consent orders after two members were seen to have a potential conflict of interest in the National Stock Exchange (NSE)...

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### Arun Jaitley urges PEs, ARCs to hasten resolution of insolvency cases

Finance minister Arun Jaitley has urged private equity players and asset reconstruction companies to act swiftly towards resolution of stressed assets, hoping that this will inspire confidence among investors as well as boost the economy...

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### Snapdeal-Flipkart deal falling apart after six months of hard negotiations

A crucial meeting to settle the proposed merger of beleaguered online marketplace Snapdeal with market leader Flipkart, due to take place in Bengaluru over Monday and Tuesday, has been called off, said three people aware of the developments...

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### GST Council may raise e-way bill floor from Rs 50,000 to prevent harassment

The Rs 50,000 threshold for e-way bills under the goods and services tax (GST) regime may be raised in order to reduce the scope for harassment and return of the so-called inspector raj. The GST Council may also simplify procedures to improve ease of doing business, said officials aware of the matter...



# Capital First

BSE Sensex 32,310 S&P CNX 10,015

CMP: INR766 TP: INR925 (+21%) Buy



### Stock Info

Bloomberg	CAFL IN
Equity Shares (m)	97.4
52-Week Range (INR)	815/ 465
1, 6, 12 Rel. Per (%)	12/3/-12
M.Cap. (INR b)	72.1
M.Cap. (USD b)	1.1
12M Avg Val (INR M)	373
Free float (%)	64

### Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E
NII	12.3	16.5	21.2
PPP	8.1	11.6	15.1
PAT	2.4	3.2	4.2
EPS (INR)	24.6	33.0	43.3
EPS Gr. (%)	34.2	33.8	31.5
BV/Sh. (INR)	234.4	263.8	303.0
RoA on AUM (%)	1.6	1.8	1.9
RoE (%)	12.0	13.2	15.3
Payout (%)	10.6	9.0	8.0
<b>Valuations</b>			
P/E (x)	30.0	22.4	17.1
P/BV (x)	3.2	2.8	2.4
Div. Yield (%)	0.4	0.4	0.5

### Shareholding pattern (%)

As On	Jun-17	Mar-17	Jun-16
Promoter	36.0	61.1	65.1
DII	10.9	6.2	7.6
FII	25.7	8.4	7.5
Others	27.4	24.3	19.8

FII Includes depository receipts

### Capital First

Capitalizing on multiple opportunities



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## Capitalizing on multiple opportunities

### Becoming a formidable player in multiple segments

- Founded in 2012 via management buyout of an existing NBFC, Capital First (CAFL) is a non-deposit-taking NBFC focusing largely on retail lending. Over the past six years, CAFL has transformed itself from a predominantly wholesale financier to a well-diversified retail financier with impeccable asset quality.
- CAFL is a niche play in the retail NBFC space with a diversified loan portfolio. While secured MSME financing is the largest product in the portfolio, CAFL targets to increase the share of higher-yielding consumer durables (CD) and two-wheeler (2W) financing from 13%/10% currently to 16-17% each by FY19. Additionally, the company has built a large unsecured MSME financing book (18% of total).
- Margins are expected to expand significantly (~90bp over FY17-20E), driven by incremental share of higher-yielding products, combined with declining cost of funds (CoF). This, coupled with 23% AUM CAGR, should drive 29% NII CAGR over FY17-20.
- Over the past few years, CAFL has made significant investments in building new product segments. With the investment phase now largely behind, the benefits are expected to accrue over the medium term. We expect RoA/RoE to improve from 1.6%/12% in FY17 to 1.9%/17% in FY20. Against this favorable backdrop, we initiate coverage on CAFL with a Buy rating and a target price of INR925 (3.0x FY19E BVPS).

### Classic turnaround story

CAFL was founded in 2012 via management buyout of an existing listed NBFC, which primarily dealt in wholesale financing. Mr Vaidyanathan, the current chairman, joined the company in 2010. He roped in private equity firm Warburg Pincus in 2012, which acquired a majority stake in the company. Since then, CAFL has undergone a major turnaround. The company has diversified the balance sheet away from wholesale financing, with the share of this segment declining from 90% in FY10 to 7% now. With new management and shareholders coming in, significant emphasis was laid on underwriting standards and asset quality, resulting in a decline in the GNPL ratio from 5%+ to 1% over FY10-17.

### Niche play in MSME financing; Growth driven by new product segments

CAFL is a niche play in the retail NBFC space, with MSME financing as a key focus area. It has been able to score well over banks and other peers due to its better service, quick TAT and low-to-mid ticket size. The company started CD and 2W financing in 2010-11. Both these businesses have scaled up well, and CAFL is now among the largest players in both these segments. **Consequently, management intends to further increase the combined share of both these segments from 23% to 35% (equally split) by FY19.** At the same time, the company will look to reduce the share of LAP, which is witnessing intense pricing pressure across industry. We expect ~40% AUM CAGR in 2W and CD financing to drive 23% overall AUM CAGR over FY17-20E.

Stock Performance (1-year)



**Margins on an uptrend led by evolving asset and liability mix**

With the gradual loan mix shift toward unsecured MSME, 2W and CD financing, yields have improved from 14.6% in FY13 to 17.4% in FY17. Management targets to further increase the share of higher-yielding CD/2W financing from 13%/10% currently to 16-17% each by FY19. This should be accompanied by a decline in the share of low-yielding LAP from 42% currently to 33% by FY19, in our view. **Our calculation suggests that overall yields can increase by 50bp due to the changing loan book mix, despite lower incremental yields in LAP. CAFL would be one of the very few NBFCs under our coverage to exhibit an improvement in yields.** At the same time, the company should reap significant benefits of lower CoF due to MCLR cuts by banks and also refinancing of higher-cost maturing NCDs. Consequently, we expect margins to improve from 7.2% in FY17 to 8.1% in FY20.

**Asset quality best among peers**

With the change in ownership and management in FY11, the company prioritized improving asset quality and cleaning the balance sheet. With these actions, the GNPL ratio declined from 5.3% in FY10 to 0.1% in FY12. Asset quality has remained benign since then, as company has an aggressive write-off policy. The 0.95% GNPL ratio in FY17 (at 120 dpd NPA recognition basis) is the best in our NBFC coverage universe. Importantly, CAFL has been proactive in detecting early warning signals. The company also maintains healthy provision coverage of 68% on its GNPLs.

**30%+ PAT CAGR over FY17-20E**

We expect under-penetration in the large business segments, coupled with a focus on CD/2W financing, to drive AUM CAGR of 23% over FY17-20. The change in AUM mix is expected to drive yields upward. This, coupled with lower cost of borrowings, should result in 90bp NIM expansion over FY17-20, in our view. As a result, we expect robust NII CAGR of 29% over FY17-20. However, we expect the expense ratio (opex/average AUM) to increase from 4.6% to 4.9% over FY17-20 due to the changing asset mix (cost structure in CD/2W financing is higher than that in LAP). Similarly, credit costs should also increase from 2.4% in FY17 to 3.2% in FY20, in our view. Overall, this should drive RoA/RoE improvement from 1.6%/12% in FY17 to 1.9%/17% by FY20. The expected PAT CAGR of 30%+ over FY17-20E for CAFL would be one of the highest in our coverage universe.

**Improving return ratios, strong growth; Initiating with Buy**

CAFL raised INR3.4b via preferential allotment to GIC in December 2016. While its tier I capital ratio is comfortable at 16%, better-than-expected growth rate would lead to additional capital requirement in the medium term. With strong AUM CAGR and improving return ratios over the medium term, we believe the stock is attractively priced at current valuations. We value the company based on its residual income model. Assuming Rf of 7.0%, CoE of 14% and a terminal growth rate of 5%, we initiate coverage with a Buy rating and a target price of INR925, implying 3.0x FY19E P/B.



BSE SENSEX	S&P CNX
32,310	10,015

**CMP: INR1,159 TP: INR1,345 (+16%)**

**Buy**

Bloomberg	LT IN
Equity Shares (m)	1,399.4
M.Cap.(INRb)/(USD\$b)	1,621.9 / 25.3
52-Week Range (INR)	1223 / 864
1, 6, 12 Rel. Per (%)	-2/5/-4
Avg Val, INRm	2676
Free float (%)	100.0

**Financials & Valuations (INR b)**

Y/E Mar	2017	2018E	2019E
Sales	1,100	1,227	1,336
EBITDA	110.7	129.1	150.2
Adj PAT *	59.2	62.7	72.3
EPS (INR)*	42.3	44.8	51.7
EPS Gr. (%)	43.0	5.9	15.3
BV/Sh (INR)	358.8	383.4	415.7
RoE (%)	12.2	12.1	12.9
RoCE (%)	8.0	8.4	10.0
P/E (x)*	27.4	25.8	22.4
P/BV (x)	3.4	3.2	3.0

\*Consolidated

Estimate change	↔
TP change	↔
Rating change	↔

**Strong pick-up in domestic infrastructure execution**

- n **In-line 1QFY18 operational performance (excluding one-off):** LT's 1QFY18 revenue increased 10% YoY to INR238.1b, in line with our estimate of INR237b. EBITDA of INR20.6b (+9% YoY) was 13% below our estimate of INR23.6b; however, adjusting for one-offs (INR1.2b disputed receivables not recognized for Nabha power and INR1b for inventory write-down in shipbuilding), EBIDTA (INR22.8b) was in line with our estimate. Reported PAT grew 46% YoY to INR8.9b, 10% below our estimate of INR9.9b. We highlight a sharp reduction in losses from associates/JVs (loss of INR372m v/s INR1.7b in 1QFY17), driven by improvement in IDPL's road portfolio and surrender of two road projects. NWC stood at 20% of sales v/s 18% in 4QFY17 – the marginal deterioration was due to pick-up in domestic execution.
- n **E&C execution at 14% YoY; domestic infrastructure grew 18% YoY:** E&C sales of INR154b rose 14% YoY. Importantly, domestic infrastructure sales rose 18% YoY (2% in FY17), a five-quarter high, as a few large projects started execution. Note that domestic infra margin is 300bp higher than overseas; however, this did not show up in 1QFY18, as some of the projects have not reached margin threshold limits. E&C margin shrunk 50bp YoY to 7.4% in 1QFY18.
- n **Cutting order growth estimates:** Order intake stood at INR264b (-11% YoY) v/s estimate of INR280b. Order inflow was impacted by a fall in international order inflow (-40% YoY to INR79b; 1QFY17 had the Saudi Aramco INR67b gas field order). Domestic orders grew 12% YoY. To factor in weak orders in 1QFY18, we cut our FY18 order estimates to 11% (earlier 15%), which implies 9MFY18 growth of 17%. Order book stood at INR2.6t (+2% YoY).
- n **Maintaining FY18 guidance: Growth of 10-12% in sales, 12-14% in orders and 0.25% in margins:** With a pipeline of INR6t for 9MFY18, LT expects to achieve its full-year guidance of INR1.6-1.63t (+10-12% YoY), despite a weak 1QFY18.
- n **Valuation view:** We slightly tweak our estimates to factor in lower order inflows in 1QFY18, but our FY18/19 estimates are largely unchanged. Maintain **Buy** with an SOTP-based TP of INR1,345 (E&C business at 25x FY19E EPS).

**Quarterly Performance (Consolidated)**

(INR Million)

Y/E March	FY17				FY18E				FY17	FY18E	1Q	% Var
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE				
Sales	217,265	250,107	262,870	368,280	238,109	271,000	296,000	411,290	1,100,110	1,216,490	237,000	0.5%
Change (%)	8.4	8.2	1.4	12.0	9.6	8.4	12.6	11.7	8%	11%	8.3	
EBITDA	18,890	22,977	25,227	43,351	20,567	26,800	32,050	58,258	110,747	131,830	23,600	-12.9%
Change (%)	15.1	7.8	18.7	-3.6	8.9	16.6	27.0	34.4	5.8	19.0	23.9	
Margin (%)	8.7	9.2	9.6	11.8	8.6	9.9	10.8	14.2	10%	11%	10.0	
Depreciation	4,648	4,602	7,223	7,227	5,513	4,800	4,700	4,764	23,699	19,776	4,750	
Interest	3,248	3,517	3,788	2,966	3,651	3,400	3,300	3,404	13,398	13,754	3,000	
Other Income	3,058	4,813	2,568	3,995	3,849	3,000	2,600	1,752	14,010	11,200	3,000	
Extraordinary Inc/(Exp)	0	4,024	0	-2,810	0	0	0	0	1,214	0	0	
Reported PBT	14,052	19,671	16,785	37,152	15,253	21,600	26,650	51,842	88,874	109,500	18,850	-19.1%
Tax	5,488	6,807	4,399	3,372	4,597	6,800	6,500	17,143	23,782	35,040	6,500	
Effective Tax Rate (%)	39.1	34.6	26.2	9.1	30.1	31.5	24.4	33.1	22.9	32.0	34.5	
Reported PAT	6,096	14,346	9,725	30,246	8,925	12,000	17,350	30,831	60,412	63,261	9,850	-9.4%
Change (%)	45.5	84.3	38.9	29.5	46.4	-16.4	78.4	1.9	3.8	3.8	61.6	
Adjusted PAT	6,096	10,322	9,725	33,056	8,925	12,000	17,350	30,831	59,198	63,261	9,850	-9.4%
Change (%)	45.5	40.9	38.9	44.6	46.4	16.3	78.4	-6.7	7.9	7.9	61.6	

E: MOSL Estimates


BSE SENSEX	S&P CNX
32,310	10,015
Bloomberg	NTPC IN
Equity Shares (m)	8,245
M.Cap.(INRb)/(USD\$b)	1352.3 / 21.1
52-Week Range (INR)	178 / 143
1, 6, 12 Rel. Per (%)	0/-23/11
Avg Val, INRm	751.0
Free float (%)	30.3

**Financials & Valuations (INR b)**

Y/E Mar	2017	2018E	2019E
Net Sales	820.8	852.5	971.2
EBITDA	218.3	252.0	320.7
PAT	107.1	110.4	133.4
EPS (INR)	13.0	13.4	16.2
Gr. (%)	5.4	3.1	20.8
BV/Sh (INR)	118.7	126.6	136.8
RoE (%)	11.5	10.9	12.3
RoCE (%)	7.0	7.4	8.7
P/E (x)	12.6	12.2	10.1
P/BV (x)	1.4	1.3	1.2

Estimate change 

TP change 

Rating change 

**CMP: INR164 TP: INR198(+21%)**

**Buy**

**Weakness in core RoE due to seasonal factors**

**Recent capacity additions auger well for earnings growth; Maintain Buy**  
NTPC standalone 1QFY18 est. adjusted PAT grew 7% YoY to INR25.7b (inline) on higher other income. Other income was ~4x YoY to INR6.6b on recovery of interest on delayed payments. The core generation RoE was down 9% YoY to est. INR20.7b due to lower PLF incentives, wage hike, GCV measurements and higher planned shutdowns' expenses. The under recovery of wage provision (~INR500m) is likely to be reversed once the regulator approves, like in the past. The O&M expenses would normalize in the coming quarters.

- n NTPC group installed capacity increased by 1.1GW QoQ to 51.6GW. It has commissioned Solapur 660MW, RE 227MW and Nabinagar (JV) 250MW in the quarter. Declared capacity was unchanged QoQ at 47.2GW.
- n **Capitalization to accelerate** NTPC is targeting capitalization of ~4.7GW capacity in FY18. It has already commissioned projects of ~3.7GW and plans to commission an additional ~2.6GW before end of FY18. NTPC also targets to capitalize 250MW in JV companies in FY18.

**Capitalization to drive earnings growth; Maintain Buy**

- n We expect regulated equity to grow at ~20% CAGR over FY17-20E driven by acceleration in project capitalization. PAT is estimated to grow at ~11% CAGR over FY17-20E. Capitalization would start to outpace capex, boosting RoEs and drive re-rating of the stock. The stock trades attractive at 1.2x FY19E P/BV, while earnings growth is strong. We value the stock at INR198/share even after factoring 150bps regulatory risk to RoE w.e.f. FY20E in our DCF model. Maintain Buy.

**Quarterly Performance (standalone, INR m)**

Y/E March	FY17				FY18				FY17	FY18E	FY18 1QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Sales</b>	<b>188,585</b>	<b>193,979</b>	<b>193,959</b>	<b>204,167</b>	<b>198,793</b>	<b>200,651</b>	<b>198,119</b>	<b>207,312</b>	<b>782,734</b>	<b>804,876</b>	<b>196,785</b>	<b>1</b>
EBITDA	52,139	53,914	52,260	58,248	52,684	58,049	58,033	72,345	216,200	241,110	58,949	-11
Other income	1,579	1,906	2,502	4,702	6,626	1,636	2,458	-524	10,689	10,196	1,569	
PBT	30,761	32,580	30,819	30,080	34,654	30,240	30,166	35,721	123,879	130,780	31,400	10
Tax	7,066	7,621	6,131	9,286	8,472	6,108	6,093	5,743	30,026	26,417	6,343	
<b>PAT</b>	<b>23,695</b>	<b>24,960</b>	<b>24,687</b>	<b>20,794</b>	<b>26,182</b>	<b>24,131</b>	<b>24,072</b>	<b>29,978</b>	<b>93,853</b>	<b>104,364</b>	<b>25,058</b>	<b>4</b>
Change (%)	4.1	-17.9	-7.5	-25.5	10.5	-3.3	-2.5	44.2	-12.9	11.2	5.7	
<b>Adj. PAT</b>	<b>24,047</b>	<b>23,410</b>	<b>22,448</b>	<b>26,606</b>	<b>25,742</b>	<b>24,131</b>	<b>24,072</b>	<b>30,418</b>	<b>96,227</b>	<b>104,364</b>	<b>25,058</b>	<b>3</b>
Change (%)	5.7	-0.7	0.0	0.5	7.0	3.1	7.2	14.3	1.0	8.5	4.2	
<b>A. Generation</b>	<b>22,827</b>	<b>22,138</b>	<b>20,536</b>	<b>23,121</b>	<b>20,757</b>	<b>22,826</b>	<b>22,111</b>	<b>30,534</b>	<b>88,298</b>	<b>96,227</b>	<b>23,805</b>	<b>-13</b>
Core RoE (%)	21.9	21.0	19.4	21.4	18.8	19.9	18.5	24.3	20.7	19.9	22	
a. Base RoE - 15.5%	15,582	16,337	16,428	16,765	17,069	17,816	18,562	21,600	65,113	75,047	17,069	0
b. PLF incentive	1,530	0	0	1,500	549	0	0	3,222	3,030	3,771	1,800	
c. Others	5,715	5,801	4,108	4,855	3,139	5,011	3,548	5,712	20,155	17,410	4,937	-36
<b>B. Other income</b>	<b>1,220</b>	<b>1,272</b>	<b>1,912</b>	<b>3,485</b>	<b>4,985</b>	<b>1,305</b>	<b>1,962</b>	<b>-116</b>	<b>7,930</b>	<b>8,136</b>	<b>1,252</b>	<b>298</b>
<b>Key metrics</b>												
Regulated Equity	420,146	423,072	424,822	440,489	440,489	479,026	479,026	527,857	440,489	527,857	440,489	0
Commercial cap.(MW)	45,878	45,928	45,928	47,293	47,293	50,108	51,268	54,778	47,293	54,778	47,518	0
Coal-based PLF (%)	81.4	74.7	77.2	81.2	79.1	0.0	0.0	0.0			0	



BSE SENSEX 32,383 S&P CNX 10,021

CMP: INR374 TP: INR427 (+14%)

Buy



**Stock Info**

Bloomberg	HPCL IN
Equity Shares (m)	1,524
52-Week Range (INR)	393/254
1, 6, 12 Rel. Per (%)	7/-11/23
M.Cap. (INR b)	559.3
M.Cap. (USD b)	8.7
Avg Val, INRm	1893.0
Free float (%)	48.9

**Financials Snapshot (INR m)**

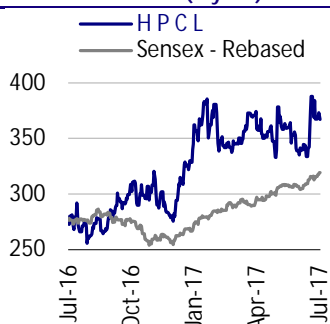
Y/E Mar	2017	2018E	2019E
Net Sales	1,870	1,855	2,085
EBITDA	105.8	91.4	100.6
PAT	62.1	45.0	49.7
EPS (INR)	40.7	29.5	32.6
Gr. (%)	66.6	(27.5)	10.4
BV/Sh (INR)	133.4	152.5	173.6
RoE (%)	32.4	20.6	20.0
RoCE (%)	18.8	12.3	12.0
P/E (x)	9.2	12.7	11.5
P/BV (x)	2.8	2.5	2.2

**Shareholding pattern (%)**

As On	Jun-17	Mar-17	Jun-16
Promoter	51.1	51.1	51.1
DII	10.1	9.6	14.5
FII	16.9	16.9	19.4
Others	21.9	22.4	15.0

FII Includes depository receipts

**Stock Performance (1-year)**



**ONGC-HPCL merger**

**Finding the right value for HPCL**

The Department of Investment and Public Asset Management (DIPAM) has invited bids for appointing an advisor for strategic sale of the government's 51.11% stake in HPCL to ONGC. The bid document mentions the following methodologies for achieving the best valuation for HPCL: (1) discounted cash flow, (2) relative valuation, (3) asset-based valuation, and (4) market valuation. We study the four possibilities to estimate what the reserve price could be. We also take a look at the possibility of a control premium. However, for this report, we leave aside the issue of open offer. While theoretically, an open offer is likely, legal interpretations may be complex and contradictory.

**Discounted cash flow method**

Using a GRM of USD5.1/bbl, net marketing margin of INR1.1/liter, stretched till 2038, but taking nil terminal value, we arrive at a DCF valuation of INR470/share for HPCL. Our valuation uses a WACC of 11%. Nil terminal growth beyond 2038 suggests the possibility of disruptive technologies like electric vehicles having an adverse impact on refineries. We have only taken imminent capex like expansion of Vizag refinery, and ignored larger ones like petrochemicals complex in Andhra Pradesh and participation in 60mmtpa West Coast refinery.

**Relative valuation**

Global peers are trading at 6.9x FY19E EV/EBITDA and 10x FY19E P/E. Indian peers are also trading at 6.9x FY19E EV/EBITDA and a little lower 9.5x FY19E P/E. Though there aren't many comparables for pure marketing plays, Caltex Australia, Z Energy, New Zealand and Petron Corp are trading at an average 7.5x FY19E EV/EBITDA and 12.3x FY19E PE. Our SOTP valuation of HPCL implies 7.8x FY19E EV/EBITDA and 11.5x FY19E EPS.

**Asset valuation models**

HPCL's consolidated FY18E book value is INR164. It is not correct to look at long-term average P/BV due to regulations prior to deregulation of diesel in 2014. Since 2015, the stock has traded at average P/BV of 1.7x. For the last one year, due to better GRMs, the stock has traded at 2.2x. At 2.2x, the stock is valued at INR361. We also use replacement method (Exhibit 4) to value the assets. Our replacement cost methodology suggests a value of INR350/share.

**Market valuation**

The stock declined 10% after 4QFY17 results, partly on account of cloud over merger, and partly on account of expected inventory losses in 1QFY18 and expected market share loss to private players. However, with expected premium valuation for sale to ONGC, it has appreciated. Using the last 60 days' average, the valuation of the company stands at INR356/share.

# LIC Housing Fin.

BSE SENSEX	S&P CNX
32,383	10,021
Bloomberg	LICHF IN
Equity Shares (m)	505.0
M.Cap.(INR b)/(USD b)	341.4/5.3
52-Week Range (INR)	688 / 432
1, 6, 12 Rel. Per (%)	-8/14/26
Avg Val. (INR m)	1259
Free float (%)	59.7

## Financials & Valuations (INR b)

Y/E March	2017	2018E	2019E
NII	36.5	42.9	48.0
PPP	32.4	38.3	43.0
Adj. PAT	19.3	24.2	27.2
Adj. EPS (INR)	38.2	47.9	53.8
EPS Gr. (%)	16.3	25.3	12.3
BV/Sh (INR)	213.2	251.6	294.8
RoAA (%)	1.5	1.6	1.6
RoE (%)	19.4	20.6	19.7
Payout (%)	18.8	19.7	19.7
<b>Valuations</b>			
P/E (x)	19.4	15.4	13.8
P/BV (x)	3.5	2.9	2.5
Div. Yield (%)	0.8	1.1	1.2

**CMP: INR721**

## Under pressure

- LIC Housing Finance (LICHF) reported 1QFY17 PAT of INR4.7b missed our estimate by 20%. Sharp sequential decline in margins and largely stable provisions on a YoY basis (despite high base in 1QFY17) were the key reasons for the miss. Overall, it was a subdued quarter for LICHF.
- Loan book growth remained in line with past trends at ~15% YoY. There was slight shift in mix towards non-core loans. However, after two quarters of INR10b+ disbursements in builder loans, LICHF has reverted to the average of INR4-5b disbursements in this segment. This was a key positive in the results.
- There was a sharp (47bp) sequential decline in margins primarily driven by 40bp decline in both, retail and non-retail yields. With (calculated) retail yields at 9.8% in the quarter, we believe there will be a further reduction of 30-50bp over time. Oddly, calculated average cost of funds increased 7bp QoQ. This might be due to repayment of large borrowings at quarter end, resulting in a smaller denominator. Due to the subdued margin performance, NII growth (incl fees) was only 9% YoY.
- Reported incremental spreads declined from 2.8% in FY17 to 2.2% in 1QFY18 largely due to yield pressure partially offset by lower cost of funds.
- GNPL ratio was up 13bp YoY to 0.72%, with individual portfolio GNPL ratio increasing 7bp YoY to 0.42%. While this is not a concern, credit costs in the quarter declined only 10% YoY to INR1.05b. This is despite 1QFY17 having a higher base due to INR920m one-off provisions on ageing of builder loans. We await clarity from management on the same.

**Valuation and view:** Despite being the second largest HFC, LICHF has managed to grow at ~15% YoY consistently. However, over the past 4-8 quarters, growth has been driven largely by non-core loans. With the retail portfolio witnessing moderate growth and sustained yield pressure, topline growth has been sluggish. While we acknowledge that its LAP book is not as risky as peers (INR1-1.5m average ticket size at 30% LTV), we believe valuation will re-rate only with growth returning in the core home loan portfolio. We look to revise our estimates and target price post the analyst concall on 31<sup>st</sup> July.

## LICHF: Quarterly Performance

Y/E March									(INR Million)	
	FY17				FY18				FY17	FY18
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	33,263	34,283	35,125	36,096	36,332	36,867	37,858	41,491	138,767	152,547
Interest Expenses	25,018	25,626	25,972	25,699	26,962	27,637	28,466	26,368	102,315	109,432
<b>Net Interest Income</b>	<b>8,245</b>	<b>8,657</b>	<b>9,154</b>	<b>10,396</b>	<b>9,370</b>	<b>9,230</b>	<b>9,392</b>	<b>15,123</b>	<b>36,452</b>	<b>43,114</b>
YoY Growth (%)	25.1	20.8	22.6	26.6	13.6	6.6	2.6	45.5	23.8	18.3
Fees and other income	535	616	362	523	214	590	650	672	2,036	2,126
<b>Net Income</b>	<b>8,780</b>	<b>9,273</b>	<b>9,516</b>	<b>10,919</b>	<b>9,583</b>	<b>9,820</b>	<b>10,042</b>	<b>15,795</b>	<b>38,489</b>	<b>45,240</b>
YoY Growth (%)	24.2	18.8	18.7	22.7	9.1	5.9	5.5	44.6	21.1	17.5
Operating Expenses	1,382	1,364	1,407	1,965	1,354	1,650	1,775	2,129	6,118	6,908
<b>Operating Profit</b>	<b>7,399</b>	<b>7,909</b>	<b>8,109</b>	<b>8,954</b>	<b>8,229</b>	<b>8,170</b>	<b>8,267</b>	<b>13,665</b>	<b>32,371</b>	<b>38,332</b>
YoY Growth (%)	18.7	17.3	19.2	22.3	11.2	3.3	2.0	52.6	19.4	18.4
Provisions and Cont.	1,165	303	453	893	1,045	280	280	-510	2,813	1,094
<b>Profit before Tax</b>	<b>6,234</b>	<b>7,606</b>	<b>7,656</b>	<b>8,061</b>	<b>7,185</b>	<b>7,890</b>	<b>7,987</b>	<b>14,176</b>	<b>29,558</b>	<b>37,238</b>
Tax Provisions	2,156	2,659	2,663	2,769	2,484	2,762	2,795	4,992	10,247	13,033
<b>Net Profit</b>	<b>4,078</b>	<b>4,948</b>	<b>4,993</b>	<b>5,292</b>	<b>4,701</b>	<b>5,129</b>	<b>5,192</b>	<b>9,184</b>	<b>19,311</b>	<b>24,205</b>
YoY Growth (%)	6.7	20.2	19.2	18.1	15.3	3.7	4.0	73.5	16.3	25.3
Loan Growth (%)	15.4	14.9	15.3	15.5	15.4	15.5	15.8	13.8	15.5	13.8
Borrowings Growth (%)	15.7	14.2	15.0	13.9	14.3	14.6	15.3	13.9	13.9	13.9
Cost to Income Ratio (%)	15.7	14.7	14.8	18.0	14.1	16.8	17.7	13.5	15.9	15.3
Tax Rate (%)	34.6	35.0	34.8	34.4	34.6	35.0	35.0	35.2	34.7	35.0





# Idea Cellular

BSE SENSEX	S&P CNX
32,310	10,015

Bloomberg	IDEA IN
Equity Shares (m)	3,601
M.Cap.(INRb)/(USD\$b)	344.0 / 5.4
52-Week Range (INR)	124 / 66
1, 6, 12 Rel. Per (%)	13/7/-24
Avg Val, INRm	1692
Free float (%)	57.6

### Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	355.8	346.8	368.7
EBITDA	102.8	84.2	95.0
Adj PAT	-4.0	-39.3	-40.8
EPS (INR)	-1.1	-10.9	-11.3
Gr. (%)	-116.2	884.1	3.6
BV/Sh (INR)	68.6	57.7	46.4
RoE (%)	-1.6	-17.3	-21.7
RoCE (%)	1.5	-0.3	0.3
P/E (x)	-86.2	-8.8	-8.5
P/BV (x)	1.4	1.7	2.1
EV/EBITDA (x)	8.1	10.0	9.0

Estimate change



TP change



Rating change



**CMP: INR96 TP: INR110 (+15%) Buy**

### Latent synergies to bolster growth

- Flat consolidated revenues – a solace to Idea:** Marred by disruption in the sector over the last two quarters, Idea's revenue for 1QFY18 came in flat QoQ (-14% YoY) at INR81.7b. Recovery in voice revenue growth to 2% QoQ (to INR61b) was offset by data revenue decline of 7% QoQ (to INR13.7b). The risk of down-trading due to unlimited price plans was offset by traffic recovery led by end of RJio's free usage offer. Subsequently, ARPU stabilized to INR141 from INR142 in the quarter. The key negative in Idea's result is the continued fall in data subscribers (10% QoQ), which can be ascribed to broadband subscriber churn due to their migration to 4G devices.
- EBITDA declines 11.5%, commensurating estimate QoQ:** Overall revenues recovered from the lows, but EBITDA continued to decline (-12%QoQ or -39%YoY to INR18.8b), largely due to higher network expenses (+6%QoQ) and roaming and access charges. Consequently, margin shrunk 300bp QoQ (-970bpYoY), and net loss widened QoQ to INR8.1b from INR3.3b.
- Silver linings to the cloud:** We believe competitiveness in the industry is likely to bottom out by end-FY18 and that RJio's VoLTE offering is not price-disruptive. VoLTE network launch by incumbents and improving handset ecosystem may leave only 3-4 telecom players in the market. The CCI approval for Vodafone-Idea merger will: (1) allow them to plan the network synergies sooner, 2) reduce the gestation period and 3) create a strong competitive position in the market.
- Maintain Buy with TP of INR 110:** Idea is valued at 9x EV/EBITDA on FY19E, which partly captures the gains from Vodafone merger. The estimated back-ended synergy gains (not yet modeled in our numbers) in FY20 value the stock at 6.8x on FY20E. Gains from tower sale may provide further upside. We maintain **Buy** with TP of INR110 on 9.5x FY19E EV/EBITDA. However, the merger, as well as its timelines, remains a key risk to our rating.

### Quarterly Performance (INR m)

Y/E March	FY17				FY18				FY17	FY18E	1QFY18E	Variance %
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Gross Revenue	94,866	93,002	86,627	81,261	81,665	84,531	87,974	92,073	355,758	346,806	79,689	2.5
YoY Change (%)	7.9	7.0	-3.9	-14.3	-13.9	-9.1	1.6	13.3	12.7	-2.5	-16.0	
Total Expenditure	63,917	64,601	64,973	60,062	62,911	64,590	66,687	68,398	252,995	262,618	60,713	3.6
EBITDA	30,949	28,401	21,655	21,199	18,754	19,941	21,286	23,675	102,763	84,188	18,977	-1.2
Margins (%)	32.6	30.5	25.0	26.1	23.0	23.6	24.2	25.7	28.9	24.3	23.8	-85 bp
Depreciation	19,192	19,543	19,653	19,885	20,679	21,348	21,889	22,545	78,272	86,461	20,857	-0.9
Share in Profits from Associates	1,035	1,057	1,143	983	818	834	851	868	4,218	3,371	1,003	-18.4
Net Finance Costs	9,431	8,753	9,232	9,366	11,539	11,131	11,131	11,131	37,342	44,932	10,513	9.8
PBT before EO expense	3,361	1,162	-6,087	-7,069	-12,646	-11,704	-10,882	-9,133	-8,633	-43,833	-11,391	11.0
PBT	3,361	1,162	-6,087	-7,069	-12,646	-11,704	-10,882	-9,133	-8,633	-43,833	-14,291	-11.5
Tax	1,158	247	-2,248	-3,792	-4,497	0	0	0	-4,636	-4,497	-3,000	49.9
Rate (%)	34.5	21.3	36.9	53.6	35.6	0.0	0.0	0.0	53.7	10.3	26.3	922 bp
Reported PAT	2,203	915	-3,839	-3,277	-8,149	-11,704	-10,882	-9,133	-3,997	-39,336	-8,391	-2.9
YoY Change (%)	-74.2	-88.7	-150.2	-156.9	-469.9	-1,379.6	183.5	178.7	-117.3	884.1	-480.9	-2.3
Margins (%)	2.3	1.0	-4.4	-4.0	-10.0	-13.8	-12.4	-9.9	-1.1	-11.3	-10.5	-55 bp

Source: MOSL, Company



<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
32,310	10,015
<b>Bloomberg</b>	<b>BIOS IN</b>
Equity Shares (m)	600
M.Cap.(INR b)/(USD b)	234.1 / 3.6
52-Week Range (INR)	424 / 256
1, 6, 12 Rel. Per (%)	16/-/1/27
Avg Val, (INR m)	1082
Free float (%)	39.3

**Financials & Valuations (INR b)**

Y/E Mar	2017	2018E	2019E
Net Sales	40.8	50.6	63.5
EBITDA	11.4	12.2	16.3
PAT	6.0	5.8	8.5
EPS (INR)	10.2	9.7	14.2
Gr. (%)	31.8	-4.8	45.9
BV/Sh (INR)	80.6	87.5	97.5
RoE (%)	12.3	11.1	14.5
RoCE (%)	9.4	8.8	14.9
<b>P/E (x)</b>			
P/BV (x)	38.2	40.1	27.5
P/BV (x)	4.8	4.5	4.0
EV/EBITDA (x)	20.5	19.3	14.2
Div. Yield (%)	0.7	0.6	0.9

Estimate change



TP change



Rating change



**CMP: INR390 TP: INR330(-15%) Sell**

**Malaysian plant commercialization impacts profits**

- Biocon (BIOS) reported weak 1QFY18 results.** Revenue declined 5% YoY to INR9.3b (est. of INR10b), mainly due to weak performance in the Small molecules (-17% YoY) and Branded formulations (-13% YoY) segments. With commercialization of the Malaysian plant, operational expense and fixed cost (depreciation and interest cost) increased ~USD12m, leading to a 27% YoY decline in EBITDA to INR1.9b (est. of INR2.3b). Margin for the quarter came in at 20.6% (-530bp YoY), with employee expenses up ~400bp YoY (as % of sales).
- Branded business impacted by GST; Syngene showing signs of recovery:** Small molecules sales declined 17% YoY due to pricing pressure. Branded formulations sales fell 13% YoY due to destocking in trade channels ahead of GST implementation. BIOS, however, expects growth to bounce back in 2Q. The company has guided for mid-to-high-teens growth in India business in the coming quarters. Biologics business grew 15% YoY in 1Q. Syngene business (~29% of revenue) grew 6% YoY.
- Concall takeaways:** 1) Maintained USD200m of revenue guidance from Biologics in FY19E; substantial portion will come from EMs. 2) Tender business from the Malaysian plant is worth USD20m annualized (USD5m in 1Q). 3) Peg Filgrastim TAD is 9<sup>th</sup> Oct. 4) Malaysian facility was inspected by EU regulator in Mar/Apr-17. Observations were issued, and Biocon has replied to it. 5) Syngene signed a multi-year agreement with Japanese manufacturer to produce a novel drug.
- Biosimilars pipeline progressing well:** The recent run-up in the stock price is primarily led by positive developments in the Biosimilars portfolio. Although the progress is impressive, there are still uncertainties that cap the upside potential. In the near term, commissioning of the Malaysia plant would exert pressure on profits. We thus cut our FY18E EPS by 6.7%. However, we have increased our TP multiple on the back of enhanced visibility of Biologics launch in the EU and US markets. Maintain **Sell** with a TP of INR330 @ 23x FY19E EPS (v/s INR300 @ 20x FY19E EPS).

**Quarterly performance (Consolidated)**

Y/E March	FY17				FY18E				(INR Million)			
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY17	FY18E	FY18E	
Net Sales	9,920	9,400	10,290	9,250	9,337	10,939	12,033	17,948	40,787	50,603	10,076	-7.3%
YoY Change (%)	22.4	19.6	24.2	-2.1	-5.9	16.4	16.9	94.0	18.2	24.1	2.7	
Total Expenditure	7,289	7,150	7,680	7,430	7,416	8,313	9,145	13,552	29,421	38,426	7,738	
EBITDA	2,631	2,250	2,610	1,820	1,921	2,625	2,888	4,397	11,366	12,177	2,338	-17.8%
Margins (%)	26.5	23.9	25.4	19.7	20.6	24.0	24.0	24.5	27.9	24.1	23.2	
Depreciation	661	680	710	730	988	1,000	1,050	2,034	2,772	5,072	950	
Interest	57	70	90	50	161	68	68	-61	260	236	68	
Other Income	409	520	630	653	540	500	500	460	0	2,000	500	
PBT	2,322	2,020	2,440	1,693	1,312	2,057	2,270	2,884	8,334	8,870	1,820	-27.9%
Tax	552	420	550	110	376	494	545	714	1,616	2,129	437	
Rate (%)	23.8	20.8	22.5	6.5	28.7	24.0	24.0	24.8	19.4	24.0	24.0	
Minority Interest	104	130	180	150	123	175	175	439	760	912	175	
PAT	1,666	1,470	1,710	1,433	813	1,389	1,550	1,731	5,958	5,829	1,208	-32.7%
YoY Change (%)	34.6	51.5	66.0	-56.6	-51.2	-5.5	-9.3	20.8	28.3	-2.2	32.0	
Margins (%)	16.8	15.6	16.6	15.5	8.7	12.7	12.9	9.6	14.6	11.5	12.0	

# Glenmark Pharma


BSE SENSEX	S&P CNX
32,310	10,015

Bloomberg	GNP IN
Equity Shares (m)	282
M.Cap.(INRb)/(USD\$b)	202.0 / 3.2
52-Week Range (INR)	993 / 600
1, 6, 12 Rel. Per (%)	10/-36/-30
Avg Val, INRm	694
Free float (%)	53.5

## Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	89.7	97.8	113.2
EBITDA	18.2	19.1	22.2
PAT	11.1	12.1	14.6
EPS (INR)	39.3	42.9	51.7
Gr. (%)	58.0	9.2	20.3
BV/Sh (INR)	159.2	198.5	246.5
RoE (%)	24.7	21.6	20.9
RoCE (%)	19.1	18.6	20.5
P/E (x)	18.4	16.9	14.0
P/BV (x)	4.5	3.6	2.9

Estimate change 

TP change 

Rating change 

**CMP: INR718**

**TP: INR775(+8%)**

**Neutral**

## No impact of GST in 1Q; Zetia boosts US sales

Net sales grew 22% YoY (but declined 4% QoQ) to INR23.2b (v/s our estimate of INR23.5b). EBITDA margin expanded >600bp YoY (and QoQ) to 23.3% on strong ramp-up in US sales (up 55% YoY and 9% QoQ), strong growth in India despite GST impact (up ~15% YoY), lower R&D cost at INR2.55b (down ~INR1b QoQ), and forex loss of INR1.4b in 4QFY17. PAT increased by 47% YoY to INR3.3b.

**No impact of GST in India business; US remains strong:** US sales were USD162m. Zetia sales came at ~USD55m (up USD5m QoQ) whereas base business grew ~USD10m QoQ to USD107m. We expect US sales to inch up in 2Q on the back of Statera ramp-up. However, overall US sales should decline due to loss of Zetia exclusivity. Unlike peers like DRRD, Alembic and GSK, which reported domestic sales decline due to GST, GNP reported growth of ~15% YoY in India business. According to GNP, this is because the company had offered attractive discounts to distributors in the June quarter.

**Earnings call highlights:** (1) GNP has cut its sales growth guidance to 8-10% from 12-15% due to currency fluctuation; EBITDA margin guidance is unchanged (flat YoY), (2) Net debt declined to INR33.6b from INR36.7b in 4QFY17; should go up again in 2Q to INR36b (due to high R&D and other investments), and then decline to INR33.5b-33.4b by FY18-end, (3) Cash interest cost payment was ~INR480m out of total interest cost of INR709m, (4) R&D expenses expected to be 11% of sales in FY18 (to reach ~15% in 2Q on investment in NCE portfolio), (5) GBR 830 phase-2 data should come out in a week – positive data would mean high probability of an out-licensing deal, (6) Effective tax rate to be ~25% in FY18.

**Maintain Neutral:** Weak cash flow conversion and high net debt remain key concerns for GNP. Maintain Neutral with a TP of INR775 (15x FY19E EPS). We expect margins to come under pressure in the coming quarters due to high R&D expense and new competition in Zetia from early June 2017. Any big in-licensing deal in the innovation business could act as a positive catalyst.

## Quarterly performance (Consolidated)

Y/E March	FY17				FY18E				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY17	FY18E
<b>Net Revenues (Core)</b>	<b>19,095</b>	<b>21,732</b>	<b>24,630</b>	<b>24,244</b>	<b>23,294</b>	<b>24,197</b>	<b>23,620</b>	<b>26,658</b>	<b>89,701</b>	<b>97,769</b>
YoY Change (%)	17.4	17.9	42.8	11.5	22.0	11.3	-4.1	10.0	18.2	9.0
<b>EBITDA</b>	<b>3,192</b>	<b>3,978</b>	<b>6,929</b>	<b>4,110</b>	<b>5,438</b>	<b>4,114</b>	<b>4,582</b>	<b>4,943</b>	<b>18,211</b>	<b>19,077</b>
Margins (%)	16.7	18.3	28.1	17.0	23.3	17.0	19.4	18.5	20.3	19.5
Depreciation	642	770	625	689	777	744	744	711	2,644	2,976
Interest	430	629	617	697	709	488	488	268	2,373	1,953
Other Income	1,358	491	866	-185	489	500	500	511	2,530	2,000
<b>PBT before EO Expense</b>	<b>3,477</b>	<b>3,070</b>	<b>6,553</b>	<b>2,539</b>	<b>4,441</b>	<b>3,381</b>	<b>3,850</b>	<b>4,476</b>	<b>15,724</b>	<b>16,148</b>
Extra-Ord Expense	0	0	0	809	0	0	0	0	809	0
<b>PBT after EO Expense</b>	<b>3,477</b>	<b>3,070</b>	<b>6,553</b>	<b>1,730</b>	<b>4,441</b>	<b>3,381</b>	<b>3,850</b>	<b>4,476</b>	<b>15,724</b>	<b>16,148</b>
Tax	1,209	876	1,782	-107	1,108	845	962	1,122	3,827	4,037
Rate (%)	34.8	28.5	27.2	-6.2	24.9	25.0	25.0	25.1	24.3	25.0
<b>Reported PAT (incl one-offs)</b>	<b>2,268</b>	<b>2,193</b>	<b>4,771</b>	<b>1,837</b>	<b>3,334</b>	<b>2,536</b>	<b>2,887</b>	<b>3,354</b>	<b>11,897</b>	<b>12,111</b>
<b>Reported PAT (excl MI)</b>	<b>2,268</b>	<b>2,193</b>	<b>4,771</b>	<b>1,837</b>	<b>3,334</b>	<b>2,536</b>	<b>2,887</b>	<b>3,354</b>	<b>11,897</b>	<b>12,111</b>
YoY Change (%)	24.0	9.4	180.8	23.5	47.0	15.6	-39.5	82.6	56.5	1.8
Margins (%)	11.9	10.1	19.4	7.6	14.3	10.5	12.2	12.6	13.3	12.4

E: MOSL Estimates



# Cholamandalam Inv & Fin

BSE SENSEX	S&P CNX
32,310	10,015
Bloomberg	CIFC IN
Equity Shares (m)	156.3
M.Cap.(INRb)/(USD\$b)	184 / 2.9
52-Week Range (INR)	1244 / 805
1, 6, 12 Rel. Per (%)	5/-3/-6
Avg Val, INRm	373
Free float (%)	46.9

**CMP: INR1,179 TP: INR1,400 (+19%) Buy**

## Strong quarter; HE getting back on track

- Cholamandalam Investment and Finance's (CIFC) 1QFY18 PAT grew 25% YoY to INR2.07b, beating our estimate by 5%, largely driven by stronger-than-expected margins (7.9% v/s 7.3% YoY).
- The strong margins performance was driven by lower CoF, higher share of securitized assets, increased share of VF v/s HE, and lower borrowings-to-loans ratio. **The securitized loan book increased 6% QoQ to INR66b. In the past 5-6 years of disclosing quarterly numbers, this book has always declined QoQ (4Q is always strong as banks rush to meet PSL norms). For the first time, the off-BS book increased sequentially in 1Q.** This was a big delta for margins, in our view. Additionally, **on-book loans grew 6% YoY, but borrowings increased only 3% YoY. Consequently, margins improved by 25bp (as per our calculation).**
- Disbursements in LAP have recovered from 4QFY17 lows, but are still below pre-demon levels. Hence, AUM growth in LAP was just 4% YoY. VF disbursements grew by 15% and AUM by 17% YoY. However, management is confident of achieving 18-20% overall disbursement growth for the year.
- Other takeaways:** (1) 50bp YoY decline in expense ratio in the VF segment and 20bp in LAP (major part of our thesis). (2) Credit costs in the LAP segment have finally begun to decline (20bp YoY and 40bp QoQ). (3) Margins in LAP remain under pressure (-40bp QoQ, 50bp YoY).

**Valuation view:** CIFC has a well-diversified portfolio, both geographically as well as product-wise. It is further expanding into newer segments like home loans and MSME financing. With strong branch expansion, focus on new products and improvement in the broader economy, we expect AUM CAGR of 19% over FY17-20. This would be accompanied by a structural improvement in RoE to ~20% by FY19. We increase our FY18/19 EPS estimates by 2-3%. **Buy** with a target price of INR1,400 (3.6x FY19E P/B).

## Financials & Valuations (INR b)

Y/E March	2017	2018E	2019E
NII	23.5	29.1	33.8
PPP	13.9	17.9	21.4
Adj. PAT	6.9	8.8	10.5
EPS (INR)	46.0	56.0	67.3
EPS Gr. (%)	26.3	21.8	20.3
BV (INR)	276	325	384
BVPS Gr. (%)	18	18	18
RoAA (%)	2.6	2.8	2.9
RoE (%)	18.0	18.6	19.0
<b>Valuations</b>			
P/E (x)	25.6	21.1	17.5
P/BV (x)	4.3	3.6	3.1
Div. Yield (%)	0.4	0.5	0.6

## CIFC: Quarterly Performance

Y/E March	FY17				FY18				FY2017	FY2018E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Income from Operations	11,017	11,558	11,698	12,069	12,273	12,641	13,147	13,928	45,790	51,611
Interest Expenses	5,481	5,694	5,658	5,476	5,410	5,545	5,711	5,866	22,308	22,531
<b>Net Interest Income</b>	<b>5,536</b>	<b>5,864</b>	<b>6,040</b>	<b>6,594</b>	<b>6,863</b>	<b>7,096</b>	<b>7,436</b>	<b>8,062</b>	<b>23,482</b>	<b>29,080</b>
YoY Growth (%)	13.8	20.6	20.1	22.5	24.0	21.0	23.1	22.3	13.4	23.8
Other Op. and Other Income	68	69	60	65	76	77	77	78	529	685
<b>Net Operating Income</b>	<b>5,604</b>	<b>5,933</b>	<b>6,100</b>	<b>6,659</b>	<b>6,939</b>	<b>7,173</b>	<b>7,513</b>	<b>8,141</b>	<b>24,011</b>	<b>29,766</b>
YoY Growth (%)	14.3	21.0	20.5	22.6	23.8	20.9	23.2	22.3	12.0	24.0
Operating Expenses	2,264	2,527	2,588	2,754	2,777	2,915	3,049	3,169	10,133	11,910
<b>Operating Profit</b>	<b>3,341</b>	<b>3,405</b>	<b>3,512</b>	<b>3,905</b>	<b>4,162</b>	<b>4,258</b>	<b>4,464</b>	<b>4,972</b>	<b>13,878</b>	<b>17,856</b>
YoY Growth (%)	20.4	22.7	17.9	19.1	24.6	25.1	27.1	27.3	6.9	28.7
Provisions & Loan Losses	804	772	1,003	529	981	1,100	1,400	913	3,106	4,393
<b>Profit before Tax</b>	<b>2,537</b>	<b>2,634</b>	<b>2,509</b>	<b>3,376</b>	<b>3,181</b>	<b>3,158</b>	<b>3,064</b>	<b>4,059</b>	<b>10,771</b>	<b>13,463</b>
Tax Provisions	880	924	884	1,181	1,116	1,105	1,072	1,417	3,868	4,711
<b>Net Profit</b>	<b>1,657</b>	<b>1,709</b>	<b>1,625</b>	<b>2,196</b>	<b>2,066</b>	<b>2,053</b>	<b>1,992</b>	<b>2,642</b>	<b>6,903</b>	<b>8,752</b>
YoY Growth (%)	50.3	55.0	34.9	50.7	24.6	20.1	22.5	20.3	21.4	26.8



# CG Consumer Electricals

BSE SENSEX	S&P CNX
32,310	10,015

Bloomberg	CROMPTON IN
Equity Shares (m)	626.8
M.Cap.(INRb)/(USDb)	131.0/2.0
52-Week Range (INR)	246 / 135
1, 6, 12 Rel. Per (%)	-10/-5/21
Avg Val, INRm	222
Free float (%)	65.6

### Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	39.8	42.7	48.7
EBITDA	4.9	5.1	6.3
Adj PAT	2.9	3.2	4.0
EPS (INR)	4.7	5.0	6.4
EPS Gr. (%)	146.1	7.6	27.6
BV/Sh. (INR)	8.6	11.6	14.2
RoE (%)	76.4	49.7	49.7
RoCE (%)	32.5	28.0	30.6
P/E (x)	44.9	41.7	32.7
P/BV (x)	24.4	18.0	14.8

Estimate change



TP change



Rating change



**CMP: INR209**

**TP: INR240 (+15%)**

**Buy**

### Adverse revenue mix, channel destocking impact performance

- Results below expectations, impacted by GST-led channel destocking:** CG Consumer Electricals (CGCEL) reported 1QFY18 sales of INR10.6b (-3.7% YoY), below our estimate. Sales were impacted, as dealers resorted to channel destocking in May and June on transition to GST (impact of INR1.3b-1.5b). Adjusting for the GST impact, sales grew 7% YoY. EBITDA declined 17.8% YoY to INR1.3b, impacted by adverse revenue mix and ESOPs (INR140m) issued. Net profit of INR0.8b was below our estimate of INR1b. CGEL incurred INR330m (3.1% of sales) on advertising and promotion during the quarter.
- Margin compression led by adverse revenue mix:** Gross margin expanded 100bp YoY to 30.6%, led by cost reduction as well as premiumization initiatives taken by the company. EBITDA of INR1.3b (-18% YoY) was below our estimate. Operating margin was 12.3% v/s 14.4% in 1QFY17. Margin compression was on account of adverse revenue mix. Low-margin lighting business contributed 25% to revenue compared to 23% in 1QFY17, whereas high-margin electrical consumer durables contributed 75% as against 77% in 1QFY17. Margins were also impacted as CGCEL issued 0.15m share as ESOPs to employees (employee cost at 6.5% v/s 4.2% in 1QFY17).
- Valuation and view:** We cut our earnings estimates by 8/3% for FY18/19 to adjust for the GST implications on performance. We like CGCEL for its strong product portfolio, established brand, market leadership, wide distribution network, and robust RoCE profile (29%/31% in FY18/19). We maintain our **Buy** rating on the stock, with a revised target price of INR240.

### Crompton: Quarterly Estimates (Standalone)

(INR Million)

Y/E March	FY17				FY18				FY17	FY18	Vs Est. 1Q	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Sales	10,962	8,900	8,889	10,762	10,554	9,900	10,000	11,945	39,759	42,654	12,000	-12.0%
Change (%)			9.7	7.4	-3.7	11.2	12.5	11.0	119.5	7.3	7.1	
EBITDA	1,573	974	993	1,386	1,294	1,090	1,140	1,582	4,902	5,106	1,650	-21.6%
Change (%)			19.9	9.0	-17.8	11.9	14.8	14.2	134.0	4.2	6.5	
As of % Sales	14.4	10.9	11.2	12.9	12.3	11.0	11.4	13.2	12.3	12.0	13.8	
Depreciation	28	27	26	29	32	30	30	24	110	116	30	
Interest	180	161	162	153	162	155	150	135	655	658	153	
Other Income	34	42	50	69	97	80	80	69	195	326	50	
PBT	1,400	827	855	1,273	1,198	985	1,040	1,492	4,331	4,658	1,517	-21.1%
Tax	465	273	281	388	395	350	350	410	1,399	1,505	500	
Effective Tax Rate (%)	33.2	33.0	32.9	30.5	33.0	35.5	33.7	27.5	32.3	32.3	33.0	
Adjusted PAT	935	554	574	885	802	635	690	1,082	2,932	3,153	1,017	-21.1%
Change (%)			35	16.6	(14.2)	14.6	20.3	22.2	138.7	7.6	10.7	
Extraordinary Income (net)	-	-	-	(20.7)	-	-	-	-	-	-	-	
Reported PAT	935	554	574	864	802	635	690	1,082	2,907	3,153	1,017	-21.1%
Change (%)			39	29.8	(14.2)	14.6	20.3	25.2	166.9	8.5	10.7	

# Coromandel International

BSE SENSEX 32,310  
S&P CNX 10,015

CMP: INR437

Under Review

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

## Conference Call Details



Date: 31st July 2017

Time: 2:30pm IST

Dial-in details:

+91-22-3938 1028

## Revenue in-line, strong beat on EBITDA and PAT

- Coromandel reported overall revenue of INR22.7b (est. of INR22.2b) in 1QFY18, as against INR20.6b in 1QFY17, marking growth of 10.6%.
- EBITDA margin expanded significantly by 320bp to 7.5% (est. of 4.6%) in 1QFY18 on account of gross margin expansion of 240bp. EBITDA increased 94% YoY to INR1,715m (est. INR1,025m).
- Consequently, adj. PAT grew from INR75m in 1QFY17 to INR754m (est. INR364m) in 1QFY18, mainly because of lower base and significant reduction in finance cost (INR441m v/s INR651m in 1QFY17).

## Key questions for management

- Capacity utilization in fertilizer business and change in realization
- Changes in raw material prices
- Update on pending subsidy

**Valuation and view:** We will revisit our estimates post the earnings call. Based on our current estimates, at CMP of INR437, the stock trades at 20x/17x P/E on FY18/FY19E EPS. Currently, we have the stock rating under review and will update post the earnings call.

## Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
Sales	100.3	117.2	127.7
EBITDA	9.8	11.1	12.4
NP	4.8	6.4	7.6
Adj EPS (INR)	16.6	21.8	26.1
EPS Gr. (%)	36.0	31.3	19.4
BV/Sh (INR)	99.1	112.5	128.4
RoE (%)	17.5	20.6	21.6
RoCE (%)	12.3	14.4	15.8

## Valuations

P/E (x)	26.6	20.3	17.0
P/BV (x)	4.5	3.9	3.4
EV/EBITDA (x)	15.2	13.0	11.5

## Quarterly Performance

Y/E March									(INR Million)		FY18	Var %
	FY17				FY18				FY17	FY18E		
Consolidated	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE			1QE	
Net Sales	20,595	35,752	22,708	22,591	22,770	37,510	29,305	28,133	100,308	117,220	22,272	2
YoY Change (%)	-6.6	-0.7	-18.4	-25.0	10.6	4.9	29.1	24.5	-13.5	469.2	8.1	
Total Expenditure	19,709	31,906	20,337	19,867	21,055	33,347	26,228	24,926	90,481	106,084	21,247	
EBITDA	886	3,846	2,372	2,724	1,715	4,164	3,077	3,207	9,827	11,136	1,025	67
Margins (%)	4.3	10.8	10.4	12.1	7.5	11.1	10.5	11.4	9.8	9.5	4.6	
Depreciation	244	254	256	254	245	247	268	264	1,007	1,030	251	
Interest	651	586	529	473	441	375	352	300	2,238	1,402	390	
Other Income	125	177	118	128	124	215	135	170	548	658	138	
PBT before EO expense	117	3,183	1,705	2,125	1,153	3,757	2,592	2,813	7,130	9,362	522	121
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	117	3,183	1,705	2,125	1,153	3,757	2,592	2,813	7,130	9,362	522	121
Tax	38	1,054	583	679	393	1,157	835	847	2,275	2,996	157	
Rate (%)	32.1	33.1	34.2	31.9	34.1	30.8	32.2	30.1	31.9	32.0	30.2	
Minority Interest & Profit	5	-4	4	3	6	0	0	0	8	6	0	
Reported PAT	75	2,134	1,117	1,443	754	2,600	1,757	1,966	4,847	6,360	364	107
Adj PAT	75	2,134	1,117	1,443	754	2,600	1,757	1,966	4,847	6,360	364	107
YoY Change (%)	-49.2	25.9	72.6	56.1	907.1	21.8	57.3	36.3	42.3	7,900.5	386.0	
Margins (%)	0.4	6.0	4.9	6.4	3.3	6.9	6.0	7.0	4.8	5.4	1.6	

E: MOSL Estimates



# Escorts

BSE SENSEX	S&P CNX
32,310	10,015
Bloomberg	ESC IN
Equity Shares (m)	123
M.Cap.(INRb)/(USD\$b)	79.1 / 1.2
52-Week Range (INR)	768 / 250
1, 6, 12 Rel. Per (%)	-1/65/144
Avg Val, INRm	859
Free float (%)	57.0

### Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	41.5	49.7	54.8
EBITDA	3.1	4.9	5.8
PAT	1.6	3.0	3.8
EPS (INR)	20.0	37.1	45.8
Gr. (%)	68.9	85.7	23.5
BV/Sh (INR)	197.2	230.7	270.5
RoE (%)	10.6	17.3	18.3
RoCE (%)	10.2	16.9	18.3
P/E (x)	33.5	18.0	14.6
P/BV (x)	3.4	2.9	2.5

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR669 TP: INR732(+9%) Neutral**

## Strong monsoon, early festive season to lay growth foundation

- Steady growth despite GST transitional hiccups:** Overall revenue increased 11% to INR11.6b (est. of INR11.2b) in 1QFY18 from INR10.5b in 1QFY17, led by strong growth of 20% YoY in Construction Equipment and 10% YoY growth in Tractors. EBITDA margin shrunk 20bp YoY from 8.6% to 8.4% (est. of 8.3%), led by gross margin contraction of 70bp. EBITDA increased 8% YoY to INR975m (est. of INR934m) from INR900m. Consequently, adj. PAT grew 14.3% YoY from INR548m to INR626m (est. of INR565m), led by higher-than-expected other income of INR205m (est. of INR120m).
- Market share takes hit; 2QFY18 expected to bring positive swing:** ESC witnessed a decline in its domestic Tractors market share to 9.7% in 1QFY18 on account of deferral of sales due to GST. Overall domestic tractor industry witnessed subdued growth of 8.5% YoY in 1QFY18 due to de-growth of 3% in the south and west regions. However, with a continued focus on farm mechanization and the transitional phase of GST over, the domestic tractor industry is expected to grow at higher levels of 18-20% in 2QFY18. Railway business (+13% YoY in 1QFY18) is also expected record CAGR of 15-20% over the next three years, led by strong order book visibility (INR1.5b worth of orders expected to get executed by 3QFY18).
- Valuation and view:** We believe ESC is well placed to grow along with industry and deliver a robust performance (51% PAT CAGR and 15% sales CAGR over FY17-19E). Tractor business is set to benefit from good monsoon and increased focus on farm mechanization. We value ESC on P/E multiple of 16x on FY19E EPS and maintain **Neutral** with a TP of INR732 (upside of 9%).

### Standalone Quarterly Performance

Y/E March	FY17				FY18				FY17	FY18E	FY18	Var (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Sales	10,480	9,953	10,929	10,223	11,632	11,944	13,547	12,929	41,586	50,051	11,250	3
YoY Change (%)	9.0	21.7	22.6	29.6	11.0	20.0	24.0	26.5	20.2	20.4	7.0	
Total Expenditure	9,580	9,329	10,014	9,480	10,656	10,875	12,192	11,713	38,403	45,437	10,316	
EBITDA	900	625	915	744	975	1,069	1,355	1,215	3,183	4,614	934	4
Margins (%)	8.6	6.3	8.4	7.3	8.4	9.0	10.0	9.4	7.7	9.2	8.3	
Depreciation	139	163	167	167	178	164	182	186	637	710	171	
Interest	85	96	49	112	80	35	32	35	343	182	30	
Other Income	102	71	79	183	205	122	130	122	435	579	120	
PBT before EO expense	778	437	777	647	923	992	1,271	1,116	2,639	4,302	853	8
Extra-Ord expense	58	39	20	-147	0	0	0	0	-38	0	0	
PBT	720	398	757	794	923	992	1,271	1,116	2,676	4,302	853	8
Tax	213	85	221	203	297	335	432	380	756	1,443	288	
Rate (%)	29.5	21.4	29.2	25.6	32.1	33.8	34.0	34.0	28.2	33.6	33.8	
Reported PAT	508	313	536	591	626	657	839	737	1,947	2,859	565	11
Adj PAT	548	343	550	482	626	657	839	737	1,923	2,859	565	11
YoY Change (%)	55.8	215.9	112.5	51.1	14.3	91.3	52.4	52.9	85.7	48.6	9.8	
Margins (%)	5.2	3.4	5.0	4.7	5.4	5.5	6.2	5.7	4.6	5.7	5.0	



# India Cements

BSE SENSEX	S&P CNX
32,310	10,015
Bloomberg	ICEM IN
Equity Shares (m)	307.2
M.Cap.(INRb)/(USD\$b)	62.4 / 0.9
52-Week Range (INR)	226 / 105
1, 6, 12 Rel. Per (%)	3/24/50
12M Avg Val (INR M)	854
Free float (%)	71.8

## Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Sales	50.8	55.1	62.2
EBITDA	8.6	9.1	10.6
NP	1.7	2.5	3.6
Adj. EPS (INR)	5.6	8.0	11.8
EPS Gr. (%)	31.3	42.2	47.1
BV/Sh (INR)	165.8	172.7	183.3
RoE (%)	3.4	4.7	6.6
RoCE (%)	5.3	6.0	7.1
Payout (%)	20.7	14.5	9.9
P/E (x)	36.0	25.3	17.2
P/BV (x)	1.2	1.2	1.1

Estimate change



TP change



Rating change



**CMP: INR203**

**TP: INR200(-1%)**

**Neutral**

## Lower-than-estimated earnings led by higher employee and interest cost

- India Cements (ICEM) posted flat YoY volumes of 2.66mt, as south volumes declined 8% YoY, offset by 15% YoY increase in non-south volumes and growth in export markets. Blended cement realizations increased 5% QoQ due to price improvement in the focus markets. Revenues declined 4% QoQ to INR12.89b (YoY financials are not comparable as 1QFY17 does not include Trinetra merger impact).
- EBITDA declined 2% QoQ to INR1.85b. Margins at 14.4% expanded ~0.3pp QoQ (v/s est. of +1pp). Hence, cement EBITDA/ton declined INR45 QoQ to INR700 due to cost push – employee cost increased to INR1,147m, partly on account of ESOP-related cost and wage revision. Interest cost increased 7% QoQ to INR874m as debt rose by INR2.5b due to an increase in working capital requirement. Tax rate increased to 34%, resulting in PAT of INR264m (-23% QoQ).
- Key takeaways from conference call:** 1) Petcoke usage of 83% at kilns, and imported coal being used at captive power plant. 2) Net plant realization increased 7% YoY on like-to-like basis. 3) Volume in south market declined 7-8% YoY in 1QFY18 due to sand mining ban in Tamil Nadu. 4) Estimated capex for FY18 is INR1.5-2b.
- Maintain Neutral:** ICEM, which enjoys good brand recall/market share, is a healthy play on southern recovery. However, despite its strategically located plants, the cost structure is relatively high due to vintage constraints. High investments in non-cement businesses, elevated debt levels and subdued return ratios keep valuation at discount. We maintain **Neutral** with a TP of INR201 (EV of 7x FY19E EBITDA and USD75/ton). Sustained recovery in southern demand and improvement in capital allocation would be the key re-rating triggers, in our view.

## Quarterly Performance (Standalone)

Y/E March	FY17				FY18				FY17E	FY18E	(INR Million)	
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE			FY17 4QE	Var. (%)
Sales Dispatches (m ton)	2.31	2.46	2.71	2.90	2.66	2.80	2.76	3.09	11.00	11.32	2.65	0
YoY Change (%)	10	14	40	19	15	14	2	7	27.3	2.9	14.9	
Realization (INR/ton)	5,173	5,259	4,633	4,633	4,857	4,735	4,985	4,896	4,589	4,840	4,900	-1
YoY Change (%)	2.5	-5.6	-14.4	-0.9	-6.1	-10.0	7.6	5.7	-16.7	5.5	-5.3	
QoQ Change (%)	10.7	1.7	-11.9	0.0	4.8	-2.5	5.3	-1.8			5.8	
Net Sales	12,025	13,075	12,556	13,436	12,901	13,279	13,781	15,130	50,795	55,091	12,985	-1
YoY Change (%)	11.9	6.7	18.6	17.1	7.3	1.6	9.8	12.6	5.6	8.5	8.0	
EBITDA	2,014	2,244	2,033	1,900	1,856	1,742	2,363	3,172	8,610	9,133	1,961	-5
Margins (%)	16.7	17.2	16.2	14.1	14.4	13.1	17.1	21.0	17.0	16.6	15.1	
Depreciation	511	521	644	639	630	630	630	628	2,571	2,517	640	
Interest	825	876	931	820	874	810	793	812	3,605	3,289	800	
Other Income	32	69	36	17	52	49	49	46	165	196	49	
PBT before EO expense	710	917	495	458	404	351	989	1,778	2,600	3,522	570	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	710	917	495	458	404	351	989	1,778	2,600	3,522	570	
Tax	271	293	189	115	140	88	247	635	867	1,057	142	
Rate (%)	38.1	31.9	38.2	25.1	34.6	25.0	25.0	35.7	33.3	30.0	25.0	
Reported PAT	440	624	306	343	264	263	742	1,143	1,734	2,466	427	-38
Adj PAT	440	624	306	343	264	263	742	1,143	1,734	2,466	427	

E: MOSL Estimates; YoY figures not comparable due to Trinetra merger



# Equitas Holdings

BSE SENSEX 32,310  
S&P CNX 10,015

CMP: INR169

TP: INR201

Buy

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

## Conference Call Details



Date: 31<sup>st</sup> July 2017

Time: 04:30pm IST

Dial-in details:

+91-22-39381003

## Financials & Valuations (INR b)

Y/E Mar	2018E	2019E	2020E
NII	9.9	12.2	14.6
OP	3.3	4.9	6.6
NP	1.7	2.6	3.4
EPS (INR)	5.1	7.6	10.0
EPS Gr. (%)	7.4	49.6	32.1
BV/Sh. (INR)	71	78	87
RoE (%)	7.4	10.2	12.2
RoA (%)	1.7	2.2	2.3
P/E (x)	33.3	22.3	16.9
P/BV (x)	2.4	2.2	1.9

## Steady shift to secured Products; AT PAR delinquencies in MF up marginally

- Equitas reported PAT growth of 75% QoQ and a decline of 1.3x YoY to INR150m (15% miss). PPop beat estimates by 31%, helped by lumpy fees from PSLC lending and largely inline NII. OI (1.6x beat) of INR820m included INR610m of PSLC fees. However, higher than estimated (INR250m) provisions at INR441m (including INR240m of additional prov for MF portfolio) led to PAT miss of 9%.
- AUM and loan book grew -2%/7% YoY and 7%/5% QoQ, the share of microfinance AUMs decreased to 42% of total v/s 46% in 4QFY17 as disbursements in microfinance declined 21%/57% QoQ/YoY. Overall disbursements for the quarter declined to INR10.6b vs INR13.9b a year ago and were largely stable QOQ
- Keeping inline with its strategy, Equitas has decreased unsecured portion of AUMs to 44% v/s 47% in 4Q with robust growth in secured lending products such as UCV (+21% YoY) and LAP (+65% YOY) and new product additions (Business loans, Gold, Agri etc).
- Non MF GNPA % increased to 4.9% vs 4.5% a quarter ago whereas, MF portfolio NPA increased from 2.5% to 5%. RBI's 90 days relaxation window closure could be one of the reason for higher NPA in Non MF portfolio – we await clarification. The total pool of At PAR delinquencies in MF portfolio increased to INR2.05b vs INR1.9b a quarter ago.
- GNPA increased 46% in absolute terms, and calculated PCR increased 270bp QoQ to 51.7%. GNPA/NNPA stood at 4.91% (4.99% in microfinance portfolio and 4.85% in non-MF)/2.95%. Coverage ratio on MF portfolio is healthy at 58%.
- Other highlights:** (1) Deposits grew 20% QoQ helped by strong CASA growth of 80% QoQ, CASA ratio stood at 26% (+900bp QoQ). (2) MF collection efficiency declined marginally to 94.6% v/s 95.4% in 4Q (3) Liability centers increased to 335 vs 285 a quarter ago.

**Valuation and view:** Equitas targets to reduce share of MFI in overall loans to ~30% by FY18. This would be partially offset by high growth in secured products like micro LAP and VF and newly launched products like housing, business, gold and agri loans. We expect near-term recalibration of the growth strategy to yield positive results over medium-to-long term. Fast paced liability branch set up, a strong BC reach and a large captive MFI customer base will enable EQUITAS to recalibrate the liability side, lowering CoF, increasing cross-sell and fee income. We will revise our estimates post the concall on 31<sup>st</sup> July.

## Quarterly Performance

	FY17				FY18				FY17	FY18
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	3,259	3,562	3,822	3,782	3,750	3,863	4,056	4,523		
Interest Expense	1,216	1,556	1,532	1,568	1,590	1,598	1,638	1,501		
Net Interest Income	2,043	2,006	2,291	2,214	2,160	2,265	2,418	3,023	8,555	9,865
% Change (Y-o-Y)	62.7	34.8	46.8	29.9	5.7	12.9	5.6	36.5	42.4	15.3
Other Income	230	287	418	205	820	359	502	16	1,140	1,696
Net Income	2,273	2,293	2,709	2,419	2,980	2,623	2,919	3,039	9,695	11,561
Operating Expenses	1,134	1,408	1,663	1,945	2,286	2,042	2,066	1,818	6,150	8,211
Operating Profit	1,139	885	1,046	474	694	581	853	1,221	3,545	3,350
% Change (Y-o-Y)	52.3	18.2	27.5	-45.8	-39.1	-34.3	-18.4	157.4	11.1	-5.5
Other Provisions	176	149	340	365	441	250	125	-80	1,029	736
Profit before Tax	963	736	706	109	253	331	728	1,301	2,516	2,614
Tax Provisions	352	273	256	40	98	114	251	439	922	902
Net Profit	612	463	449	69	156	217	477	862	1,594	1,712
% Change (Y-o-Y)	62.6	17.8	3.5	-85.3	-74.6	-53.1	6.2	1,152.4	-4.6	7.4
<b>Operating Parameters</b>										
AUM Growth (YoY %)										
NIM (Cal, %)	15.2	14.1	15.9	15.1	14.5	14.6	15.1	18.2	15.1	15.6
Deposit Growth (%)						220.9	16.9			16.9
Loan Growth (%)	42.2	26.5	17.4	15.1	6.9	11.2	11.1	15.4	15.1	15.4
CD Ratio (%)			774.6	309.6	268.1	268.1	305.6	275.8	309.6	275.8
<b>Asset Quality</b>										
Gross NPA (INR b)	918	1,437	1,450	2,060	3,000	3,150	3,300	2,643		



# Automobiles

## 2W retails recovering post initial GST hiccups

### Rural growth recovering on positive sentiment due to timely rain

- n We interacted with leading 2W mass market channel partners from Andhra Pradesh, Gujarat, Karnataka, Maharashtra and Rajasthan to understand and assess the demand recovery post GST.
- n Most 2W channel partners indicated gradual recovery in retail demand from the second half of July. Our interactions indicate that TVSL, HMSI and HMCL are growing better than BJAUT in retails.
- n Factors such as good monsoon and increase in MSPs have lifted sentiment in rural/semi-urban areas. Pre-festive demand is evident in states like Maharashtra and Gujarat.
- n Channel partners have indicated pre-festive inventory building driving wholesale demand.
- n Floods in Rajasthan and Gujarat are impacting demand in a few regions. Launch of Vahan-4 is halting vehicle registration in few districts of Gujarat.

### Retail sales improving MoM post initial GST hiccups

Retail demand on the ground is showing gradual recovery in the last couple of weeks due to normalization of GST-related anxiety. Further, pre-festive demand beginning with Ganesh Chaturthi in Maharashtra followed by Navratri and Diwali should drive volumes. Currently, in key states such as Rajasthan, Andhra Pradesh, Maharashtra and Gujarat, our interactions suggest retail growth of 5-7%. This is expected to inch up to 10-12% in subsequent months, led primarily by festive demand.

### TVSL, HMSI and HMCL witnessing better retails than BJAUT

TVSL, HMCL and HMSI are witnessing better retail demand growth of 5-8% YoY, while BJAUT's retails are relatively stable YoY (as its portfolio is urban focused). *Jupiter* and *Apache* are leading TVSL's growth, while *Activa* is the sole demand driver for HMSI. HMCL is also recovering market share in key traditional markets like Rajasthan. One of the largest HMCL dealers indicated 15-20% retail sales growth in Rajasthan, led by conversion of pent-up demand in the last six months due to regulatory impact. And 7-10% increase in price realizations of key crops like mustard and onion.

### Vahan 4 impacting registrations in Gujarat; however, demand intact

Our interactions with few channel partners in Gujarat indicated slower retails YoY, as registration of vehicles is stopped in districts like Surat due to implementation of Vahan 4 (flagship e-governance application under national transport project). The government is planning Vahan 4 implementation pan India in the subsequent month and plans to abolish the existing RTO system. Demand should bounce back in the subsequent month, as underlying demand drivers are intact.

**YS Guleria, Sr VP,  
Sales and Marketing  
HMSI, said**

"Post GST, the first 10 days of July were a little slow because the consumer was out in the market and trying to find out what kind of benefit had really been passed on to them and then comparing the prices being offered by the various two wheeler makers."

### Inventory stocking to mitigate festive demand

Most OEMs have indicated inventory stocking ahead of the series of festivals such as Ganapati, followed by Diwali (15 days ahead compared to last year), as last minute rush leads to cancellation/deferment in some cases. For example, one of the largest dealers of TVS indicated 30-40% more inventory to meet festive demand.

### Freebies in select regions to win back customers; no recent price increase

No cash discounts are being offered by OEMs to push inventory. However, in the case of HMCL and BJAUT, dealers are offering freebies such as free insurance on a case-to-case basis. HMCL dealers are giving free insurance scheme and loyalty bonus to win back customers in Rajasthan. As per our interactions, HMCL has managed to gain 200-300bp market share in Rajasthan in 3-4 months, backed by its product offerings and aggressive marketing strategy. BJAUT dealers are running free insurance schemes in Karnataka.

### No clear preference for scooters in rural markets, yet

Our interactions with channel partners in rural-dominated markets like Rajasthan and Gujarat indicate that motorcycles are still the preferred mode of commute. Key components in motorcycles – like telescopic suspension (provides longer travel) and better shock absorbers – makes them better-suited for rural road conditions.

### Some impact of recent floods in Gujarat and Rajasthan on demand

Flood-like situations in Gujarat and Rajasthan have impacted demand in some pockets. For example, demand in Balmer and Sirohi regions of Rajasthan has been affected by floods. The full impact of the same is yet to be assessed and evaluated.

### Valuation and view

We prefer 4Ws over 2Ws and CVs due to stronger volume growth and a stable competitive environment. While we expect 2W volumes to benefit from a rural recovery in the near term, competitive intensity remains high in the segment due to changing customer preferences. **Our top picks in Autos are Tata Motors, MSIL and Amara Raja.** We also like MM as the best bet on a rural market recovery. In the 2W space, we have **Buy** on BJAUT, EIM and TVSL, while we are **Neutral** on HMCL.



# Bharat Electronics

Bloomberg	BHE IN
Equity Shares (m)	2233.6
M. Cap. (INR b)/(USD b)	365 / 6
52-Week Range (INR)	187 / 119
1,6,12 Rel Perf. (%)	-5 / -3 / 14

**CMP: INR163 TP: INR200 (+23%) Buy**

### Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Net Sales	86.1	106.5	119.6	129.5
EBITDA	17.6	18.5	20.5	23.6
NP	15.5	16.0	18.2	21.2
EPS (INR)	6.9	7.2	8.1	9.5
EPS Gr. (%)	27.2	3.5	13.6	16.4
BV/Sh (INR)	33.6	43.5	48.6	54.5
RoE (%)	20.6	16.5	16.8	17.4
RoCE (%)	18.9	18.7	17.8	18.5

### Valuations

P/E (x)	23.1	22.7	20.0	17.2
P/BV (x)	4.8	3.7	3.4	3.0
EV/EBITDA (x)	18.1	16.4	14.4	11.9

- n For FY18, BHE plans to pursue business opportunities in solar energy, homeland security, smart cities, smart cards and telecom.
- n For FY18, BHE's growth would be driven by radar/missile systems, communication and network centric systems, tank electronics, gun upgrades, electro-optic systems and electronic warfare systems.
- n BHE has planned capacity enhancement and creation of new test facilities for the defense business.
- n BHE has planned capex of INR23b over the next five years toward modernization and expansion of existing facilities to support the government's 'Make in India' initiative. Majority of the capex would be spent on developing BMS test bed, TCS test bed, test bed for missile system, etc.
- n We expect BHE to register revenue growth of 11% YoY, supported by execution of Akash missile system, IACCS and ship borne EW systems. PAT is expected at INR386m (+6.9% YoY). Maintain **Buy**.

### Key issues to watch

- ⊗ Revenue growth: Key orders (Akash missile, intake of INR67b in FY11-12) are currently under execution for Army and Air Force.
- ⊗ Operating at 60% capacity utilization; possibility of strong operating leverage.

### Quarterly Performance

Y/E March	FY17				FY18				FY17	FY18
	1QE	2Q	3QE	4QE	1QE	2QE	3QE	4QE		
Sales	8714	17033	20867	39877	11715	20235	23962	50587	86119	106500
Change (%)	-20.8	15.9	37.2	23.7	34.4	18.8	14.8	26.9	17.5	23.7
EBITDA	-467	3349	4828	9796	-195	2280	3547	12887	17617	18519
Change (%)	-699	85	74	8	-58	-32	-27	32	28	5
As of % Sales	-5.4	19.7	23.1	24.6	-1.7	11.3	14.8	25.5	20.5	17.4
Depreciation	435	455	455	571	460	480	500	740	1915	2180
Interest	0	3	106	9	0	0	0	118	118	118
Other Income	1387	1714	776	909	1150	1050	1250	1250	4710	4700
Exceptional items (reported)	0	0	0	0	0	0	0	0	0	0
PBT	486	4606	5043	10125	495	2850	4297	13279	20294	20921
Tax	125	1178	1307	2208	109	627	945	3223	4818	4904
Effective Tax Rate (%)	25.7	25.6	25.9	21.8	22.0	22.0	22.0	24.3	23.7	23.4
Reported PAT	361	3427	3735	7917	386	2223	3352	10056	15476	16017
Change (%)	-52.9	66.5	33.3	6.3	6.9	-35.1	-10.3	27.0	18.4	3.5
Adj. PAT	361	3427	3735	7917	386	2223	3352	10056	15476	16017
Change (%)	-52.9	66.5	33.3	6.3	6.9	-35.1	-10.3	27.0	18.4	3.5



# Concor

Bloomberg	CCRI IN
Equity Shares (m)	243.7
M. Cap. (INR b)/(USD b)	284 / 4
52-Week Range (INR)	1250 / 844
1,6,12 Rel Perf. (%)	1 / 9 / -14

### Financial snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Sales	56.1	60.7	71.1	84.7
EBITDA	12.5	11.9	13.1	17.1
NP	8.6	9.6	11.2	13.9
EPS (INR)	38.0	39.2	45.8	56.8
EPS Gr. (%)	-2.6	3.3	16.8	24.0
BV/Sh (INR)	363.0	379.6	398.9	422.9
RoE (%)	10.8	10.6	11.8	13.8
RoCE (%)	10.5	10.3	11.5	13.5
Payout (%)	57.7	57.7	57.7	57.7

### Valuations

P/E (x)	30.7	29.7	25.4	20.5
P/BV (x)	3.2	3.1	2.9	2.8
EV/EBITDA (x)	22.5	23.7	21.6	16.4
Div. Yield (%)	1.4	1.6	1.9	2.3

**CMP: INR1,166 TP: INR1,236(+6%) Neutral**

- n We expect CCRI to report net sales of INR13.8b (+3% YoY, -11% QoQ), led by (a) realization decline of 3% YoY (-9% QoQ), and (b) volume growth of 6% YoY (-2% QoQ).
- n We expect EXIM volumes to improve 5% YoY and expect domestic volumes to grow 15% YoY.
- n We estimate EBITDA at INR2.6b (-3% YoY, -48% QoQ) and PAT at INR1.7b (-5% YoY, -60% QoQ).
- n The stock trades at 25x FY19E EPS of INR45.8 and 4x FY19E EV/EBITDA.
- n CCRI remains a direct play on the upcoming dedicated freight corridor (DFC) project, which will multiply its asset turnover and significantly improve profitability. Neutral.

### Key issues to watch for

- ⊗ EXIM and domestic volumes, and realizations.
- ⊗ Progress on MMLPs and DFC projects.

## Container Corporation

(INR Million)

Y/E March	FY17				FY18E				FY17	FY18E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Net Sales</b>	<b>13,392</b>	<b>13,786</b>	<b>13,304</b>	<b>15,579</b>	<b>13,795</b>	<b>14,940</b>	<b>15,042</b>	<b>16,889</b>	<b>56,061</b>	<b>60,665</b>
YoY Change (%)	-5.7	-8.2	-5.3	-2.3	3.0	8.4	13.1	8.4	-5.3	8.2
<b>EBITDA</b>	<b>2,619</b>	<b>2,288</b>	<b>2,612</b>	<b>4,950</b>	<b>2,550</b>	<b>2,993</b>	<b>2,973</b>	<b>3,383</b>	<b>12,469</b>	<b>11,899</b>
Margins (%)	19.6	16.6	19.6	31.8	18.5	20.0	19.8	20.0	22.2	19.6
YoY Change (%)	-9.0	-27.6	-6.7	6.2	-2.6	30.8	13.8	-31.7	-6.8	-4.6
Depreciation	841	873	927	877	880	940	940	994	3,518	3,754
Interest	0	3	1	32	9	9	9	10	37	37
Other Income	692	763	845	593	600	1,250	1,250	1,827	2,892	4,927
<b>PBT before EO expense</b>	<b>2,470</b>	<b>2,175</b>	<b>2,529</b>	<b>4,634</b>	<b>2,261</b>	<b>3,294</b>	<b>3,274</b>	<b>4,206</b>	<b>11,806</b>	<b>13,035</b>
Extra-Ord expense	0	0	0	865	0	0	0	0	0	0
<b>PBT</b>	<b>2,470</b>	<b>2,175</b>	<b>2,529</b>	<b>3,768</b>	<b>2,261</b>	<b>3,294</b>	<b>3,274</b>	<b>4,206</b>	<b>11,806</b>	<b>13,035</b>
Tax	685	596	669	411	565	889	884	1,136	2,361	3,474
Rate (%)	27.7	27.4	26.4	10.9	25.0	27.0	27.0	27.0	20.0	26.7
<b>Adj PAT</b>	<b>1,785</b>	<b>1,578</b>	<b>1,860</b>	<b>4,223</b>	<b>1,696</b>	<b>2,405</b>	<b>2,390</b>	<b>3,070</b>	<b>9,446</b>	<b>9,561</b>
YoY Change (%)	-13.7	-32.4	-9.7	37.9	-5.0	52.3	28.5	-27.3	-0.7	1.2
Margins (%)	13.3	11.4	14.0	27.1	12.3	16.1	15.9	18.2	16.8	15.8

E: MOSL Estimates



# Godrej Consumer

Bloomberg	GCPL IN
Equity Shares (m)	681.0
M. Cap. (INR b)/(USD b)	671 / 10
52-Week Range (INR)	993 / 643
1,6,12 Rel Perf. (%)	9 / 12 / 6

**CMP: INR986 TP: INR930 (-6%) Neutral**

- n We expect Godrej Consumer's revenue to rise 9% YoY to INR23.1b.
- n We estimate operating margin to contract 100bp YoY to 16.8%.
- n We have modeled 2.9% EBITDA growth, and expect PAT to grow by 1.3% YoY.
- n The stock trades at 39.5x FY19E EPS of INR25. We have a Neutral rating on the stock.

## Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Sales	92.4	107.3	122.4	138.3
EBITDA	18.9	22.1	24.9	27.7
Adj. PAT	12.9	14.8	17.0	19.3
Adj. EPS (INR)	18.9	21.8	25.0	28.4
EPS Gr. (%)	12.4	15.4	14.6	13.6
BV/Sh.(INR)	77.8	100.3	116.8	136.6
RoE (%)	24.6	24.5	23.0	22.4
RoCE (%)	16.8	16.6	16.5	16.7
Payout (%)	31.2	34.4	30.0	26.4

## Valuations

P/E (x)	52.2	45.2	39.5	34.7
P/BV (x)	12.7	9.8	8.4	7.2
EV/EBITDA (x)	36.7	31.6	27.8	24.7
Div. Yield (%)	0.6	0.8	0.8	0.8

## Key issues to watch for:

- Ø Growth trend in soap volumes.
- Ø Competitive intensity across categories.
- Ø Currency guidance.
- Ø Outlook for international business— demand outlook in Indonesia and margin guidance for LatAm.

## Quarterly Performance (Consolidated)

(INR Million)

Y/E March	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Net Sales</b>	<b>21,202</b>	<b>23,563</b>	<b>23,916</b>	<b>23,805</b>	<b>23,110</b>	<b>27,333</b>	<b>28,461</b>	<b>28,436</b>	<b>92,486</b>	<b>107,339</b>
YoY Change (%)	6.8	11.3	8.9	11.8	9.0	16.0	19.0	19.5	9.7	16.1
<b>EBITDA</b>	<b>3,775</b>	<b>4,631</b>	<b>5,063</b>	<b>5,414</b>	<b>3,883</b>	<b>5,509</b>	<b>6,168</b>	<b>6,501</b>	<b>18,883</b>	<b>22,060</b>
Margins (%)	17.8	19.7	21.2	22.7	16.8	20.2	21.7	22.9	20.4	20.6
YoY Growth (%)	20.5	13.7	12.0	19.5	2.9	19.0	21.8	20.1	16.2	16.8
Depreciation	327	358	363	369	359	393	399	756	1,416	1,908
Interest	326	350	397	379	310	333	377	331	1,452	1,350
Other Income	166	194	294	350	149	174	265	292	1,004	880
<b>PBT</b>	<b>3,298</b>	<b>4,118</b>	<b>4,474</b>	<b>4,972</b>	<b>3,364</b>	<b>4,957</b>	<b>5,656</b>	<b>5,705</b>	<b>16,862</b>	<b>19,683</b>
Tax	754	907	986	1,145	794	1,170	1,335	1,339	3,792	4,638
Rate (%)	22.9	22.0	22.0	23.0	23.6	23.6	23.6	23.5	22.5	23.6
<b>Adj PAT</b>	<b>2,538</b>	<b>3,212</b>	<b>3,489</b>	<b>3,827</b>	<b>2,570</b>	<b>3,787</b>	<b>4,321</b>	<b>4,327</b>	<b>13,065</b>	<b>15,006</b>
YoY Change (%)	17.2	7.3	5.0	21.4	1.3	17.9	23.9	13.1	12.3	14.9

E: MOSL Estimates



# Hexaware Technologies

Bloomberg	HEXW IN
Equity Shares (m)	301.8
M. Cap. (INR b)/(USD b)	73 / 1
52-Week Range (INR)	268 / 178
1,6,12 Rel Perf. (%)	0 / -4 / -8

### Financial Snapshot (INR b)

y/e DEC	2016	2017E	2018E	2019E
Sales	35.3	39.0	43.6	48.7
EBITDA	5.7	6.2	7.0	7.8
PAT	4.2	4.6	5.1	5.6
EPS (INR)	13.7	15.2	16.7	18.5
EPS Gr. (%)	5.8	10.8	10.3	10.9
BV/Sh. (INR)	56.3	64.4	76.8	90.3
ROE (%)	26.5	24.9	23.6	22.1
RoCE (%)	24.2	22.9	22.7	21.8
Payout (%)	38.6	25.6	23.2	21.0

### Valuation

P/E (x)	17.6	15.8	14.4	13.1
P/BV (x)	4.3	3.7	3.1	2.7
EV/EBITDA (x)	11.6	10.5	9.1	7.6
DIV yld (%)	2.3	1.7	1.7	1.7

**CMP: INR240 TP: INR235 (-2%) Neutral**

- We expect USD revenue to grow 3.8% QoQ to USD150m (3.1% QoQ CC).
- At the end of 1Q, the company had guided for strong traction to continue after reporting 4.2% QoQ growth.
- EBITDA margins have been steady over the last two quarters despite wage hike, resulting out of strong volume growth and improvement in operational efficiencies.
- We expect EBITDA margins to decline by 80bp QoQ in 2Q to 16.1%, led by INR appreciation and visa charges.
- Our PAT estimate for the quarter is INR1,142m, up 0.3% from the previous quarter, on the back of higher other income led by lower translation losses.
- The stock trades at 15.8x CY17E and 14.4x CY18E earnings. Neutral.

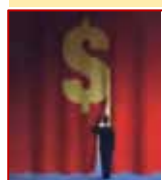
### Key issues to watch for

Large deal pipeline and traction post the increased S&M spend.  
 Commentary on ramp-down schedule of the key customer.  
 Health of top customers and outlook over CY17.

### Quarterly Performance (Indian GAAP)

Y/E Dec	CY16				CY17				CY16	CY17E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue (USD m)	121.7	129.7	135.2	138.9	144.7	150.2	152.9	149.3	525	597
QoQ (%)	-1.9	6.6	4.2	2.7	4.2	3.8	1.8	-2.3	8.2	13.7
Revenue (INR m)	8,202	8,697	9,041	9,409	9,605	9,679	9,936	9,781	35,349	39,001
YoY (%)	15.0	12.6	10.5	14.8	17.1	11.3	9.9	3.9	13.2	10.3
GPM (%)	33.6	34.6	35.4	34.6	34.1	33.1	33.2	31.4	34.6	32.9
SGA (%)	19.0	19.0	18.0	17.3	17.2	17.0	16.8	16.8	18.3	16.9
EBITDA	1,194	1,353	1,576	1,624	1,623	1,561	1,630	1,427	5,747	6,241
EBITDA Margin (%)	14.6	15.6	17.4	17.3	16.9	16.1	16.4	14.6	16.3	16.0
EBIT Margin (%)	12.9	14.0	15.9	15.8	15.3	14.7	14.9	13.1	14.7	14.5
Other income	55	132	67	140	28	113	219	107	394	467
ETR (%)	24.2	25.8	25.8	25.1	23.8	25.5	25.5	25.5	25.3	25.1
PAT	842	999	1,114	1,216	1,139	1,142	1,269	1,031	4,171	4,582
QoQ (%)	-15.3	18.6	11.5	9.2	-6.3	0.3	11.2	-18.7		
YoY (%)	1.0	1.0	-0.1	22.3	35.3	14.3	14.0	-15.2	6.1	9.9
EPS (INR)	2.8	3.3	3.7	4.0	3.8	3.8	4.2	3.4	13.7	15.2
Headcount	11,59	11,875	11,859	12,115	12,734	13,434	13,745	13,745	12,115	13,745
Utilization (%)	69.6	70.0	74.1	78.6	78.9	77.0	77.0	74.0	73.9	77.9
Attrition (%)	16.0	16.6	16.5	16.1	14.9					
Offshore rev. (%)	36.9	36.1	34.4	35.5	33.4	32.9	33.2	32.3	35.7	33.0

E: MOSL Estimates



# InterGlobe Aviation

Bloomberg	INDIGO IN
Equity Shares (m)	360.4
M. Cap. (INR b)/(USD b)	304 / 4
52-Week Range (INR)	1372 / 702
1,6,12 Rel Perf. (%)	-2 / -17 / -37

**CMP: INR1,196 TP: INR1,283 (+7%) Neutral**

- n We expect INDIGO to report revenue of INR57.2b in 1QFY18 (+25% YoY, +18% QoQ) and EBITDAR of INR17.5b (+15% YoY, +32% QoQ).
- n We model ticket yield at INR3.70 (-1.4% YoY, +5.7% QoQ) and RPK at 13.5b (+28% YoY). Any deviation in yield would have a meaningful impact on our estimates.
- n We model ATF at INR52.7/liter (+16% YoY, -4.8% QoQ) for 1QFY18 and expect INDIGO to report net profit of INR6.1b.
- n We model INDIGO's fleet at 137 aircraft as at end-1QFY18 (v/s 133 aircraft as at end-FY17), and at 160/178 aircraft by end-FY18/FY19.
- n We model ASK at 68b/84b in FY18/FY19 v/s 54b in FY17, and RPK at 58.5b/72.5b in FY18/FY19 v/s 46.3b in FY17, driven by an increase in fleet size.
- n The stock trades at 20.6x/13.1x FY18E/FY19E reported EPS of INR57.9/INR91.6 and at an EV of 10x/8.1x FY18E/FY19E adjusted EBITDAR. Maintain **Neutral**.

## Financial Snapshot (INR Billion)

Y/E March	2017	2018E	2019E	2020E
Sales	185.8	241.9	312.2	348.8
EBITDA	21.4	30.9	45.3	50.5
NP	16.6	20.9	33.0	36.8
EPS (INR)	46.0	57.9	91.6	102.1
EPS Gr. (%)	-16.6	25.8	58.2	11.4
BV/Sh (INR)	55.9	62.3	72.3	83.4
RoE (%)	86.2	98.0	136.2	131.1
RoCE (%)	38.9	47.3	87.3	88.0
Payout (%)	89.1	89.1	89.1	89.1
<b>Valuations</b>				
P/E (x)	26.0	20.6	13.1	11.7
P/BV (x)	21.4	19.2	16.5	14.3
Adj.EV/EBITDAR(x)	12.3	10.0	8.1	7.6
Div. Yield (%)	2.8	3.6	5.7	6.3

## Key issues to watch for

- ⊗ Induction of new aircraft in the fleet.
- ⊗ Fuel costs and their impact on yields.

## Quarterly performance

Y/E March	FY17				FY18E				(INR Million)	
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE	FY17	FY18E
<b>Net Sales</b>	<b>45,789</b>	<b>41,669</b>	<b>49,865</b>	<b>48,482</b>	<b>57,216</b>	<b>56,311</b>	<b>66,120</b>	<b>62,263</b>	<b>185,805</b>	<b>241,911</b>
YoY Change (%)	8.7	17.7	16.0	18.5	25.0	35.1	32.6	28.4	15.1	30.2
Fuel cost	13,674	15,524	16,712	17,734	19,320	20,279	21,376	21,961	63,644	82,937
Employee cost	4,789	5,080	5,273	5,339	6,200	6,633	7,008	7,445	20,482	82,937
Other expenses	12,046	11,388	13,471	12,087	14,184	15,155	16,406	17,168	48,992	62,913
<b>Total Expenditure</b>	<b>30,509</b>	<b>31,992</b>	<b>35,457</b>	<b>35,160</b>	<b>39,704</b>	<b>42,067</b>	<b>44,791</b>	<b>46,574</b>	<b>133,118</b>	<b>173,136</b>
<b>EBITDAR</b>	<b>15,279</b>	<b>9,677</b>	<b>14,409</b>	<b>13,322</b>	<b>17,512</b>	<b>14,244</b>	<b>21,329</b>	<b>15,689</b>	<b>52,687</b>	<b>68,775</b>
Margins (%)	33	23	29	27	31	25	32	25	28	28
Net Rentals	7,127	7,721	8,164	8,242	8,485	9,232	9,829	10,364	31,254	37,909
<b>EBITDA</b>	<b>8,152</b>	<b>1,956</b>	<b>6,245</b>	<b>5,080</b>	<b>9,028</b>	<b>5,012</b>	<b>11,500</b>	<b>5,325</b>	<b>21,433</b>	<b>30,866</b>
Margins (%)	17.8	4.7	12.5	10.5	15.8	8.9	17.4	8.6	11.5	12.8
Depreciation	1,148	1,189	1,184	1,052	1,378	1,426	1,421	1,294	4,573	5,519
Interest	1,163	610	759	777	487	487	487	487	3,308	1,950
Other Income	1,626	1,608	1,719	2,938	1,498	1,498	1,498	1,498	7,891	5,992
<b>PBT</b>	<b>7,467</b>	<b>1,765</b>	<b>6,022</b>	<b>6,190</b>	<b>8,660</b>	<b>4,597</b>	<b>11,090</b>	<b>5,042</b>	<b>21,443</b>	<b>29,389</b>
Tax	1,549	367	1,149	1,786	2,512	1,333	3,216	1,462	4,852	8,523
Rate (%)	20.7	20.8	19.1	28.9	29.0	29.0	29.0	29.0	22.6	29.0
<b>Reported PAT</b>	<b>5,918</b>	<b>1,398</b>	<b>4,873</b>	<b>4,403</b>	<b>6,149</b>	<b>3,264</b>	<b>7,874</b>	<b>3,580</b>	<b>16,592</b>	<b>20,866</b>
<b>EPS</b>	<b>16.4</b>	<b>3.9</b>	<b>13.5</b>	<b>12.2</b>	<b>17.1</b>	<b>9.1</b>	<b>21.9</b>	<b>9.9</b>	<b>46.0</b>	<b>57.9</b>
YoY Change (%)	-8.8	24.1	-25.9	-24.0	3.9	133.4	61.6	-18.7	-17.0	25.8

E: MOSL Estimates





# Shree Cement

Bloomberg	SRCM IN
Equity Shares (m)	34.8
M. Cap. (INR b)/(USD b)	617 / 10
52-Week Range (INR)	20560 / 12555
1,6,12 Rel Perf. (%)	-1 / 8 / 6

**CMP: INR17,697 TP: INR21,052(+19%)**

**Buy**

### Financial Snapshot (INR Billion)

Y/E March	2017	2018E	2019E	2020E
Sales	84.3	99.1	120.3	146.6
EBITDA	23.7	26.9	33.8	42.4
NP	13.4	15.8	20.0	29.4
Adj. EPS (INR)	384.4	454.7	575.2	843.5
EPS Gr. (%)	5.4	18.3	26.5	46.6
BV/Share (INR)	2,024	2,432	2,961	3,758
RoE (%)	20.2	20.4	21.3	25.1
RoCE (%)	19.4	19.4	20.5	24.3
Payout (%)	35.1	10.2	8.1	5.5

### Valuation

P/E (x)	46.0	38.9	30.8	21.0
P/BV (x)	8.7	7.3	6.0	4.7
EV/EBITDA (x)	24.7	21.1	16.3	12.4
EV/Ton (USD)	313	283	205	179

n We expect 1QFY18 cement volumes to grow 15% YoY to 5.9mt (including clinker), led by ramp-up of new capacity in the eastern market.. Realizations are expected to increase by 8% QoQ to INR4,071/ton due to higher pricing for its northern operations as also healthy pricing in East.

n Merchant power sales are expected to be meaningfully lower due to a sharp decline in merchant power rates. Power EBITDA is estimated to be negligible in 1QFY18.

n Revenue is estimated at INR24.5b (+12% YoY) and EBITDA at INR6.219b, translating into margin of 25.3% (+3.87pp QoQ.). Adjusted PAT is likely to be INR3.64b (-28.4% YoY).

n Valuations stand at P/E of 30.8x on FY19E , 16.3x FY19E EV/EBITDA and FY19E EV/ton of USD205. Maintain Buy.

### Key issues to watch out for:

- ⊗ Volume and pricing recovery for north India.
- ⊗ Update on various expansion projects.
- ⊗ New expansion plans.

### Quarterly Performance - Shree Cement (S/A)

(INR Million)

Y/E June	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Sales Dispat. (m ton)	5.13	4.57	4.91	5.93	5.90	5.21	5.65	6.40	20.54	23.15
YoY Change (%)	18.0	9.2	4.5	10.7	15.0	14.0	15.0	7.9	10.5	12.7
Realization (INR/Ton)	3,885	3,965	3,699	3,771	4,071	3,921	4,121	3,985	3,825	4,025
YoY Change (%)	11.8	9.6	7.2	13.9	4.8	-1.1	11.4	5.7	10.7	5.2
QoQ Change (%)	17.4	2.1	-6.7	1.9	8.0	-3.7	5.1	-3.3		
<b>Net Sales</b>	<b>21,987</b>	<b>20,068</b>	<b>18,434</b>	<b>23,803</b>	<b>24,534</b>	<b>20,845</b>	<b>23,682</b>	<b>30,083</b>	<b>84,292</b>	<b>99,144</b>
YoY Change (%)	27.9	17.2	2.2	19.1	11.6	3.9	28.5	26.4	16.5	17.6
<b>EBITDA</b>	<b>7,308</b>	<b>6,563</b>	<b>4,689</b>	<b>5,112</b>	<b>6,219</b>	<b>5,647</b>	<b>7,482</b>	<b>7,522</b>	<b>23,672</b>	<b>26,869</b>
Margins (%)	33.2	32.7	25.4	21.5	25.3	27.1	31.6	25.0	28.1	27.1
Depreciation	1,540	4,322	3,176	3,109	3,120	2,750	2,750	3,621	12,147	12,241
Interest	276	293	411	314	320	150	100	748	1,294	1,318
Other Income	979	1,233	1,356	1,510	1,500	1,350	1,350	2,800	5,077	7,000
<b>PBT before EO Exp</b>	<b>6,471</b>	<b>3,180</b>	<b>2,459</b>	<b>3,199</b>	<b>4,279</b>	<b>4,097</b>	<b>5,982</b>	<b>5,953</b>	<b>15,308</b>	<b>20,310</b>
<b>PBT</b>	<b>6,471</b>	<b>3,180</b>	<b>2,438</b>	<b>3,199</b>	<b>4,279</b>	<b>4,097</b>	<b>5,982</b>	<b>5,953</b>	<b>15,308</b>	<b>20,310</b>
Tax	1,394	265	83	154	642	410	598	2,616	1,917	4,468
Rate (%)	21.5	8.3	3.4	4.8	15.0	10.0	10.0	43.9	12.5	22.0
<b>Reported PAT</b>	<b>5,077</b>	<b>2,915</b>	<b>2,354</b>	<b>3,045</b>	<b>3,637</b>	<b>3,687</b>	<b>5,384</b>	<b>3,338</b>	<b>13,391</b>	<b>15,842</b>
<b>Adj PAT</b>	<b>5,077</b>	<b>2,915</b>	<b>2,375</b>	<b>3,045</b>	<b>3,637</b>	<b>3,687</b>	<b>5,384</b>	<b>3,338</b>	<b>13,391</b>	<b>15,842</b>
YoY Change (%)	106.1	18.3	1.6	-51.4	-28.4	26.5	126.7	9.6	5.4	18.3



# Shriram Transport Finance

Bloomberg	SHTF IN
Equity Shares (m)	226.9
M. Cap. (INR b)/(USD b)	237 / 4
52-Week Range (INR)	1325 / 778
1,6,12 Rel Perf. (%)	2 / -2 / -30

**CMP: INR1,046 TP: INR1,339 (+28%) Buy**

- SHTF's AUM is expected to remain sluggish at 8% YoY.
- The company will continue to benefit from declining cost of funds, which should help offset yield pressure. We expect margins to remain stable at 7.3%.
- As a result, NII growth is expected to remain moderate at 8% YoY.
- Due to cost-cutting measures (reduction in headcount) taken in FY17, we expect operating expenses to decline 7% YoY in 1QFY18.
- Asset quality is expected to remain stable. We factor in INR4.8b NPL provisions v/s INR8.8b in 4QFY17 and INR4.55b in 1QFY17.
- The stock trades at 1.9x FY18E and 1.6x FY19E consolidated BV. Maintain Buy.

## Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Net Inc.	55.2	60.4	68.2	78.2
PPP	43.7	48.3	54.6	62.9
PAT	12.6	17.6	22.0	25.8
Cons.PAT	12.6	17.8	22.3	25.9
EPS (INR)	55.4	77.4	96.8	113.9
Cons. EPS (INR)	55.6	78.5	98.5	114.1
BV/Sh (INR)	498	555	634.8	728.7
Cons. BV (INR)	500	564	646.0	740.1
RoA on AUM (%)	2.0	2.6	2.9	3.0
RoE (%)	11.7	14.7	16.3	16.7
Payout (%)	8.4	18.6	17.4	17.4
<b>Valuations</b>				
P/E (x)	18.8	13.3	10.6	9.2
P/B (x)	2.1	1.9	1.6	1.4
Div. Yield (%)	0.4	1.2	1.4	1.6

## Key issues to watch for

- Business growth and momentum, and management commentary on the same.
- Movement in borrowing costs and margins.
- Asset quality trends, given impact of demonetization.
- Recoveries in equipment financing portfolio.
- Management commentary on impact of GST.

## SHTF: Quaterly Performance

(INR Million)

Y/E March	FY17				FY18E				FY17	FY18
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	24,764	24,626	24,438	24,185	25,032	25,532	26,171	27,031	98,013	103,766
Interest expenses	13,165	13,358	12,825	12,746	13,000	13,130	13,327	13,613	52,094	53,072
<b>Net Interest Income</b>	<b>11,598</b>	<b>11,268</b>	<b>11,613</b>	<b>11,440</b>	<b>12,031</b>	<b>12,402</b>	<b>12,843</b>	<b>13,418</b>	<b>45,919</b>	<b>50,694</b>
YoY Growth (%)	15.5	8.9	1.5	-10.2	3.7	10.1	10.6	17.3	3.1	10.4
Securitisation income	1,876	2,262	2,508	2,647	2,515	2,540	2,565	2,048	9,293	9,669
<b>Net Income (Incl. Securitization)</b>	<b>13,474</b>	<b>13,530</b>	<b>14,121</b>	<b>14,087</b>	<b>14,546</b>	<b>14,942</b>	<b>15,409</b>	<b>15,466</b>	<b>55,212</b>	<b>60,363</b>
YoY Growth (%)	18.6	13.4	6.9	-2.4	8.0	10.4	9.1	9.8	8.8	9.3
Fees and Other Income	167	169	183	240	180	189	198	268	758	835
<b>Net Operating Income</b>	<b>13,641</b>	<b>13,699</b>	<b>14,304</b>	<b>14,327</b>	<b>14,726</b>	<b>15,131</b>	<b>15,607</b>	<b>15,734</b>	<b>55,970</b>	<b>61,198</b>
YoY Growth (%)	18.4	12.8	6.8	-2.1	8.0	10.5	9.1	9.8	8.7	9.3
Operating Expenses	3,341	3,138	2,905	2,903	3,112	3,157	3,203	3,393	12,288	12,865
<b>Operating Profit</b>	<b>10,300</b>	<b>10,561</b>	<b>11,398</b>	<b>11,424</b>	<b>11,614</b>	<b>11,974</b>	<b>12,404</b>	<b>12,341</b>	<b>43,682</b>	<b>48,333</b>
YoY Growth (%)	19.6	15.6	12.7	6.4	12.8	13.4	8.8	8.0	13.8	10.6
Provisions	4,603	4,621	6,105	9,114	4,875	5,080	5,580	5,971	24,443	21,506
<b>Profit before Tax</b>	<b>5,697</b>	<b>5,940</b>	<b>5,293</b>	<b>2,310</b>	<b>6,739</b>	<b>6,894</b>	<b>6,824</b>	<b>6,370</b>	<b>19,239</b>	<b>26,828</b>
Tax Provisions	1,956	2,063	1,834	813	2,359	2,413	2,389	2,095	6,666	9,255
<b>Net Profit</b>	<b>3,741</b>	<b>3,877</b>	<b>3,460</b>	<b>1,496</b>	<b>4,381</b>	<b>4,481</b>	<b>4,436</b>	<b>4,275</b>	<b>12,573</b>	<b>17,572</b>
YoY Growth (%)	16.5	14.7	-7.8	4.0	17.1	15.6	28.2	185.7	6.7	39.8
AUM Growth (%)	23.6	19.1	14.6	8.2	8.0	10.0	12.0	12.1	8.2	12.1
Securitization Inc. / Net Inc. (%)	13.7	16.5	17.5	18.5	17.1	16.8	16.4	13.0	16.6	15.8
Cost to Income Ratio (%)	24.5	22.9	20.3	20.3	21.1	20.9	20.5	21.6	22.0	21.0
Tax Rate (%)	34.3	34.7	34.6	35.2	35.0	35.0	35.0	32.9	34.6	34.5

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



# Siemens

Bloomberg	SIEM IN
Equity Shares (m)	356.1
M. Cap. (INR b)/(USD b)	479 / 7
52-Week Range (INR)	1470 / 1011
1,6,12 Rel Perf. (%)	-2 / 3 / -10

**CMP: INR1,345 TP: INR1,355 (1%) Neutral**

### Financial Snapshot (INR b)

Y/E September	2016	2017E	2018E	2019E
Net Sales	108.1	116.3	142.2	151.1
EBITDA	10.2	11.8	15.6	18.2
Adj. PAT	6.3	8.6	11.9	13.8
Adj. EPS (INR)	17.8	24.3	33.3	38.7
EPS Gr (%)	5.2	36.2	37.3	16.0
BV/Sh. (INR)	191.6	221.3	242.6	216.5
RoE (%)	9.3	11.0	13.7	16.9
RoCE (%)	15.1	15.8	19.2	17.7
Payout (%)	30.1	40.9	40.0	30.0

### Valuations

P/E (x)	75.5	55.4	40.3	34.8
P/BV (x)	7.0	6.1	5.5	6.2
EV/EBITDA (x)	43.6	36.7	27.5	22.8
Div. Yield (%)	2.5	0.7	0.7	1.6

- n We expect SIEM to register YoY flattish revenue growth during the quarter to INR26.3b, as it sold the healthcare division in 3QFY16. Excluding healthcare, we expect robust revenue growth of 24% YoY, led by strong performance by the industrial and energy segments.
- n Operating margin is expected to compress by 50bp YoY to 8.4%, and operating profit is expected to decline by 6% YoY.
- n Net profit is expected to register 24% growth YoY to INR1.6b, led by higher other income and a lower tax rate. Maintain **Neutral**.

### Key issues to watch

- ⊘ Raw material imports account for 55% of raw material cost; Siemens AG's network comprises 82% of imports; INR appreciating 6% YoY v/s EUR could have a positive impact on the margin profile.

### Quarterly Performance (Standalone)

(INR Million)

Y/E September	FY16				FY17				FY16	FY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Total Revenues</b>	<b>23,142</b>	<b>27,836</b>	<b>26,204</b>	<b>30,906</b>	<b>22,933</b>	<b>29,288</b>	<b>26,300</b>	<b>37,761</b>	<b>108,094</b>	<b>116,282</b>
Change (%)	-12.8	4.9	10.3	-6.3	-0.9	5.2	0.4	22.2	1.4	10.6
<b>EBITDA</b>	<b>1,888</b>	<b>3,218</b>	<b>2,338</b>	<b>2,414</b>	<b>2,337</b>	<b>2,786</b>	<b>2,200</b>	<b>4,474</b>	<b>10,176</b>	<b>11,797</b>
As % of Revenues	8.2	11.6	8.9	7.8	10.2	9.5	8.4	11.8	9.4	10.1
Depreciation	586	590	625	462	483	502	625	594	2,263	2,203
interest	9	14	21	21	20	21	20	23	64	84
Other Income	411	270	279	683	623	529	740	950	1,645	2,842
Extra-ordinary Items	0	0	0	22,825	0	72	0	0	22,825	0
<b>PBT</b>	<b>1,705</b>	<b>2,884</b>	<b>1,971</b>	<b>25,439</b>	<b>2,456</b>	<b>2,864</b>	<b>2,295</b>	<b>4,808</b>	<b>32,446</b>	<b>12,519</b>
Tax	592	1,003	670	770	856	1,001	677	1,171	3,148	3,705
Effective Tax Rate (%)	34.7	34.8	34.0	3.0	34.9	34.9	29.5	24.4	9.7	29.6
<b>Reported PAT</b>	<b>1,113</b>	<b>1,881</b>	<b>1,300</b>	<b>24,670</b>	<b>1,600</b>	<b>1,863</b>	<b>1,618</b>	<b>3,636</b>	<b>29,298</b>	<b>8,813</b>
<b>Adjusted PAT</b>	<b>1,113</b>	<b>1,881</b>	<b>1,300</b>	<b>1,845</b>	<b>1,600</b>	<b>1,791</b>	<b>1,618</b>	<b>3,636</b>	<b>6,346</b>	<b>8,646</b>
Change (%)	4.9	21.8	-22.7	7.1	43.8	-4.8	24.4	97.1	39.9	43.3

E: MOSL Estimates, Adj EBITDA: Adjusted for change in project revenues and cost estimates



# Torrent Pharmaceuticals

Bloomberg	TRP IN
Equity Shares (m)	169.2
M. Cap. (INR b)/(USD b)	210 / 3
52-Week Range (INR)	1768 / 1144
1,6,12 Rel Perf. (%)	2 / -25 / -25

**CMP: INR1,239 TP:INR1,450 (+17%) Buy**

- n We expect Torrent Pharmaceuticals (TRP) to post 4.2% YoY growth in 1QFY18 reported sales to INR15.7b. US business is expected to decline ~35% YoY owing to continued pressure due to price erosion, while India business is expected to witness 10% YoY growth with successful integration of Elder's portfolio.
- n Reported EBITDA is likely to decline 21% YoY to INR3.5b, with EBITDA margin contracting ~700bpYoY, primarily on account of lower gAbilify sales in 1QFY18 numbers.
- n We expect reported PAT to decrease 27.6% YoY to INR2.1b.
- n Although growth in the US and India will continue to be under pressure in FY18 (due to pricing pressure in the US and GST rollout in India), we believe the impact of these issues is more than factored in the current price. Maintain Buy with a TP of INR1,450, @20x FY19E PER.

### Financial Snapshot (INR Billion)

y/e march	2017	2018E	2019E	2020E
Sales	58.6	65.4	76.1	88.4
EBITDA	13.8	15.2	18.7	22.1
NP	9.3	9.6	12.1	15.2
EPS (INR)	55.2	56.8	71.4	90.0
EPS Gro. (%)	-7.6	2.8	25.8	26.2
BV/Sh. (INR)	235.5	271.8	317.4	374.9
RoE (%)	25.3	22.4	24.2	26.0
RoCE (%)	21.3	20.4	23.4	26.0

### Valuations

P/E (x)	22.4	21.8	17.4	13.8
P/BV (x)	5.3	4.6	3.9	3.3
EV/EBITDA (x)	15.6	13.8	10.8	8.6
D. Yield (%)	1.3	1.4	1.7	2.2

### Key issues to watch out

- ⊗ Contribution of Elder Pharma portfolio and growth strategy.
- ⊗ Performance of Brazilian operations amid market pressure.
- ⊗ Outlook on future ANDA launches.

### Quarterly Performance

(INR Million)

Y/E March	FY17				FY18E				FY17	FY18E
INR m	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Revenues	15,070	14,060	14,130	13,810	15,705	16,035	16,474	17,182	58,570	65,395
YoY Change (%)	-22.6	-27.8	-8.2	-7.9	4.2	14.0	16.6	24.4	-12.3	11.7
EBITDA	4,370	3,300	3,160	2,950	3,450	3,906	4,004	3,877	13,780	15,237
Margins (%)	29.0	23.5	22.4	21.4	22.0	24.4	24.3	22.6	23.5	23.3
Depreciation	680	690	730	970	816	816	816	816	3,070	3,263
Interest	490	510	480	580	368	368	368	368	2,060	1,470
Other Income	260	430	500	1,040	375	375	375	375	2,230	1,500
PBT before EO Expense	3,460	2,530	2,450	2,440	2,642	3,098	3,196	3,069	10,880	12,004
Extra-Ord Expense	0	0	0	0	0	0	0	0	0	0
PBT after EO Expense	3,460	2,530	2,450	2,440	2,642	3,098	3,196	3,069	10,880	12,004
Tax	540	460	160	380	528	620	639	614	1,540	2,401
Rate (%)	15.6	18.2	6.5	15.6	20.0	20.0	20.0	20.0	14.2	20.0
Reported PAT	2,920	2,070	2,290	2,060	2,114	2,478	2,556	2,455	9,340	9,603
YoY Change (%)	-35.0	-53.9	-34.2	-42.3	-27.6	-15.1	23.5	7.2	-49.9	2.8
Margins (%)	19.4	14.7	16.2	14.9	13.5	15.5	15.5	14.3	15.9	14.7

E: MOSL Estimates



### 1. No other low cost funding available till march 2018: HDFC; Keki Mistry, VC & CEO

- n Expects cost of funds to decline here onwards. NIMs will remain broadly at current levels.
- n No other low cost funding available till March 2018.
- n On IPO front, stated objective is to go ahead with the IPO of HDFC Life. Expects to file for HDFC Life IPO by mid-August with Sebi.
- n Government's thrust on housing has been one of the boosts for housing finance companies.
- n Doesn't expect any further rate cut from Reserve Bank of India (RBI) after August 2.

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### 2. GST good, will improve our supply chain: Crompton Greaves Consumer; Shantanu Khosla, MD

- n The impact and reason for decline in last quarter was destocking due to goods and services (GST) transition
- n GST is good and will help improve the supply chain, cut cost and improve service.
- n On lighting business front, LED business grew 42 percent. If there is an increase in electrification, urbanisation and in housing, it will be a huge opportunity

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### 3. Expect major recovery in coming quarters: Karur Vysya Bank; K Venkataraman, MD & CEO

- n Asset quality is on expected lines and had indicated that the asset quality would be higher in Q1 and Q2
- n Reason for higher asset quality was a lot of accounts are undergoing several type of resolution processes like SDRs, S4A or even other kind of flexible restructuring processes. In many cases banks have not been able to take decisions. So we anticipate some of the accounts to slip
- n Gross slippages for the bank stood at Rs 388 crore and net slippages at Rs 323 crore. Do expect a lot of recoveries to come, should take care of releasing the provisions, that would compensate most of the slippages
- n Home loans and vehicle loans picking up

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### 4. AIM to achieve Rs 5100-5200 Crore biz in FY18: supreme industries; MP Talaria, MD

- n Happy GST has gone very smoothly on our system
- n Formal economy will grow and informal economy will be smaller due to GST, which is good for the country
- n Still maintain the forecast that our business for FY18 will be between Rs 5,100 crore and Rs 5,200 crore

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### 1. Why India shouldn't cut rates

- n When the committee that sets monetary policy for India's central bank meets early next month, their decision should be clear. There are plenty of good reasons for them to cut rates. Still, there's one even better reason to hold off. Since the committee last conferred two months ago, inflation has steadily declined. Food is cheaper now and overall consumer price inflation stands at less than 2%. That's below the Reserve Bank of India's (RBI) target zone, which gives the bank more than enough space to loosen policy. And economic conditions would seem to cry out for lower rates. Growth has slowed for four consecutive quarters, with the last print coming in at a far-from-respectable (for India) 6.1%. While the International Monetary Fund (IMF) predicts India will grow at 7.2%, its most recent estimates have tended to be high.

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### 2. No logic in extending length of patents

- n A proposal to further extend the already 20-year-long patent term for pharmaceuticals is on the negotiation table of the Regional Comprehensive Economic Partnership (RCEP). As India negotiates the RCEP, a free trade agreement that can change the intellectual property (IP) landscape of its member countries, this week, we need to look closely at the proposal in the broader context of how the term of protection for IP rights has increased steadily over the years. More so for the generic pharmaceutical companies in India that manufacture patented drugs after the expiry of the patent term. Any extension of the patent term will adversely affect access to the cheaper medicines that they manufacture.

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### 3. Indian railways corporatisation: psu has stuck to its departmental character

- n With his acknowledged reputation Suresh Prabhu as IR's helmsman raised expectations that it would be rescued from the tail-spin it had lapsed into. Prabhu underscored in his last budget speech the need to "reorganise, restructure and rejuvenate" railways. A clear categorical imperative for IR is to re-define and re-orient its management structure; optimise the use of its invaluable assets of real estate and manpower; segregate freight from passenger business; make its core businesses customer-centric in terms of competitive costs, speed, convenience, and reliability; ensure quality in investments; drastically cut costs; shed non-core establishments and activities; corporatise and privatise development and manufacture of railway equipment, also construction as well as suburban and regional passenger services. Although several pioneering projects have been contemplated, inter alia, a bullet train corridor, transformation and mobility cells, re-development of stations, etc, railways somehow looks rudderless and moribund.

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#### 4. Transporting goods is still a bumpy ride

- n First the good news! Post-GST, the elimination of checkpoints by almost all states has resulted in a significant reduction in waiting time. Reports indicate a reduction between 3 to 7 hours leading to a 10-16 per cent increase in road transport efficiency. But this is only the first step towards developing a national regime that governs the movement of goods in the GST environment. The differences between the State and Central governments, and between the States, on the rules and format of a national document or e-waybill to be used for declaration of movement of goods, needs to be resolved. In addition, a national IT system for generation and administration of these e-waybills needs to be put in place. The official deadline for rollout of a uniform national e-waybill and associated regulations governing the movement of cargo is October 1, 2017. In the meantime, each State follows its own system of rules and enforcement.

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### International

#### 5. The electric car revolution will leave many behind

- n This has been another big week for electric cars, which means it has been a frantic week for people who loathe the things. First they had to deal with the UK banning new petrol and diesel car sales from 2040 — just three weeks after France announced a similar plan. Then they have had to gird themselves for the frenzy due later today when Elon Musk presides over the live-streamed first deliveries of the Model 3, his Tesla company's electric car for the masses. All this in the same month that Volvo said all its cars would have an electric motor from 2019. "Crazy" was the word that jumped out from the email that arrived in my inbox on Wednesday from the Global Warming Policy Foundation, a UK think-tank that rarely sees a climate change policy it likes.

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
<b>Automobiles</b>														
Amara Raja	Buy	839	1,095	31	28.0	35.3	42.1	29.9	23.8	5.5	4.6	20.3	21.2	21.3
Ashok Ley.	Buy	109	118	8	4.6	5.2	7.0	24.0	21.1	5.2	4.6	23.1	23.2	27.0
Bajaj Auto	Buy	2,823	3,281	16	132.3	137.2	163.6	21.3	20.6	4.8	4.4	25.3	22.2	24.0
Bharat Forge	Buy	1,151	1,330	16	26.2	37.7	49.7	44.0	30.6	6.5	5.6	16.2	19.8	22.3
Bosch	Neutral	23,769	23,738	0	473.1	649.9	766.2	50.2	36.6	8.2	7.3	15.8	21.1	21.9
CEAT	Buy	1,854	2,100	13	93.3	96.2	131.3	19.9	19.3	3.1	2.7	16.9	15.1	17.8
Eicher Mot.	Buy	29,333	31,326	7	613.8	861.2	1,102.9	47.8	34.1	16.6	12.0	40.3	40.8	38.0
Endurance Tech.	Buy	913	1,025	12	23.5	30.5	38.8	38.9	29.9	7.4	6.1	20.8	22.4	23.6
Escorts	Neutral	669	731	9	20.0	36.9	45.7	33.5	18.1	3.4	2.9	10.6	17.3	18.3
Exide Ind	Buy	217	269	24	8.1	9.2	11.0	26.7	23.5	3.7	3.3	13.9	14.1	15.0
Hero Moto	Neutral	3,632	3,818	5	169.1	189.3	199.1	21.5	19.2	7.2	6.2	35.7	34.6	31.5
M&M	Buy	1,394	1,625	17	54.3	66.7	79.9	25.7	20.9	3.2	2.9	14.2	14.1	14.6
Mahindra CIE	Not Rated	251	-		5.4	9.9	11.8	46.9	25.5	2.9	2.6	6.4	10.8	11.5
Maruti Suzuki	Buy	7,622	8,863	16	248.6	281.0	375.3	30.7	27.1	6.4	5.6	20.3	20.1	22.8
Tata Motors	Buy	446	666	49	19.8	30.9	64.3	22.5	14.4	2.6	2.2	9.8	16.5	27.3
TVS Motor	Buy	583	606	4	11.7	16.3	25.9	49.6	35.8	11.5	9.2	25.6	28.6	35.2
<b>Aggregate</b>								<b>28.7</b>	<b>22.7</b>	<b>4.9</b>	<b>4.3</b>	<b>17.1</b>	<b>18.7</b>	<b>22.6</b>
<b>Banks - Private</b>														
Axis Bank	Neutral	515	545	6	15.4	21.8	38.1	33.5	23.6	2.3	2.1	6.9	9.3	14.7
DCB Bank	Neutral	194	192	-1	7.0	8.4	10.4	27.7	23.2	2.8	2.3	10.8	11.4	11.8
Equitas Hold.	Buy	168	207	23	4.7	4.8	7.4	35.6	34.7	2.5	2.4	8.9	7.1	10.1
Federal Bank	Buy	114	139	22	4.8	5.4	6.8	23.6	21.2	2.2	1.8	9.9	10.0	10.5
HDFC Bank	Buy	1,779	2,000	12	56.8	68.2	82.1	31.3	26.1	5.3	4.6	18.3	18.8	19.6
ICICI Bank	Buy	296	366	24	15.3	14.9	17.0	19.4	19.9	2.2	2.0	10.2	8.9	9.5
IDFC Bank	Neutral	61	62	2	3.0	3.5	4.2	20.2	17.2	1.4	1.3	7.2	7.9	8.8
IndusInd	Buy	1,627	1,800	11	47.9	61.9	76.8	33.9	26.3	4.9	4.2	15.4	17.3	18.5
J&K Bank	Neutral	85	91	7	-31.3	3.8	8.2	NM	22.3	0.8	0.8	-27.0	3.5	7.2
Kotak Mah. Bk	Buy	1,004	1,153	15	26.8	32.4	41.0	37.4	30.9	4.8	4.3	13.8	15.0	16.3
RBL Bank	Under Review	534	-		11.9	18.0	23.7	45.0	29.7	4.7	3.3	12.3	13.6	13.9
South Indian	Buy	30	34	12	2.2	2.9	3.7	13.9	10.6	1.2	1.1	9.5	10.8	12.7
Yes Bank	Buy	1,844	2,133	16	73.0	92.3	114.5	25.3	20.0	3.9	3.4	18.9	18.3	19.5
<b>Aggregate</b>								<b>30.1</b>	<b>24.2</b>	<b>3.5</b>	<b>3.1</b>	<b>11.5</b>	<b>12.6</b>	<b>14.3</b>
<b>Banks - PSU</b>														
BOB	Buy	162	212	31	6.0	18.4	22.5	27.0	8.8	1.1	1.0	4.1	11.9	13.2
BOI	Neutral	162	147	-9	-14.8	13.7	22.0	NM	11.8	0.7	0.7	-6.7	6.1	9.0
Canara	Neutral	364	360	-1	18.8	30.1	47.0	19.4	12.1	0.8	0.7	4.2	6.2	9.1
IDBI Bk	Neutral	59	49	-16	1.5	6.4	8.6	38.6	9.2	0.5	0.5	1.4	5.8	7.3
Indian Bk	Buy	309	382	24	29.3	34.4	38.3	10.5	9.0	1.0	0.9	10.1	10.9	11.2
OBC	Neutral	146	150	2	-31.6	17.1	21.4	NM	8.6	0.4	0.4	-8.4	4.6	5.4
PNB	Buy	159	184	16	6.2	10.3	14.5	25.5	15.5	0.9	0.8	3.6	5.6	7.5
SBI	Buy	299	362	21	0.3	17.9	23.3	1,005.9	16.7	1.4	1.3	-0.2	8.7	10.0
Union Bk	Neutral	157	162	3	7.6	24.6	34.5	20.5	6.4	0.5	0.5	2.7	8.1	10.5
<b>Aggregate</b>								<b>109.1</b>	<b>13.2</b>	<b>1.0</b>	<b>0.9</b>	<b>0.9</b>	<b>6.7</b>	<b>8.3</b>
<b>NBFCs</b>														
Bajaj Fin.	Buy	1,702	1,800	6	33.6	47.6	62.9	50.7	35.7	9.7	7.9	21.7	24.3	25.9
Bharat Fin.	Neutral	846	820	-3	21.0	31.8	68.7	40.3	26.6	4.8	3.9	15.1	16.1	28.0
Cholaman. Inv. & F n	Buy	1,179	1,300	10	46.0	45.6	55.2	25.6	25.9	4.3	3.8	18.0	15.4	16.4
Dewan Hsg.	Buy	460	630	37	29.6	37.7	47.1	15.6	12.2	1.8	1.6	14.4	14.1	15.6
GRUH Fin.	Neutral	475	450	-5	8.1	9.9	12.1	58.3	47.7	17.5	14.3	32.5	33.0	32.8
HDFC	Buy	1,784	1,900	7	46.8	52.9	59.0	38.1	33.7	7.1	6.4	18.9	19.3	18.4
Indiabulls Hsg	Buy	1,175	1,350	15	69.0	86.3	108.4	17.0	13.6	4.1	3.6	25.5	28.2	31.3
L&T Fin Holdings	Buy	170	200	18	5.2	7.3	10.6	32.5	23.2	3.8	3.3	12.4	15.6	19.1
LIC Hsg Fin	Neutral	721	750	4	38.2	47.9	53.8	18.9	15.0	3.4	2.9	19.4	20.6	19.7



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Manappuram	Not Rated	105	-		8.6	10.8	12.5	12.2	9.8	2.7	2.4	24.0	25.9	26.9
M&M Fin.	Buy	402	459	14	7.1	13.9	17.8	56.7	29.0	3.6	3.3	6.5	12.0	14.2
Muthoot Fin	Buy	467	550	18	29.5	41.0	43.3	15.8	11.4	2.9	2.5	19.4	23.2	21.4
PFC	Neutral	123	117	-5	25.7	27.2	30.2	4.8	4.5	0.8	0.7	17.9	17.0	16.8
Repco Home	Buy	759	936	23	29.1	35.8	42.5	26.1	21.2	4.2	3.5	17.4	18.1	18.2
REC	Neutral	175	134	-24	31.4	35.0	40.4	5.6	5.0	1.0	0.9	19.9	19.1	19.1
Shriram Union City	Buy	2,244	2,900	29	84.3	132.8	171.2	26.6	16.9	2.9	2.6	11.7	16.2	18.1
STF	Buy	970	1,340	38	55.6	78.5	98.5	17.4	12.3	1.9	1.7	11.7	14.7	16.3
<b>Aggregate</b>								<b>20.3</b>	<b>16.9</b>	<b>3.4</b>	<b>3.0</b>	<b>16.9</b>	<b>17.8</b>	<b>18.1</b>
<b>Capital Goods</b>														
ABB	Sell	1,424	1,200	-16	19.7	22.4	31.6	72.3	63.6	9.2	8.0	12.7	12.6	15.8
Bharat Elec.	Buy	178	200	13	6.9	7.2	8.1	25.7	24.8	5.3	4.1	20.6	16.5	16.8
BHEL	Sell	144	100	-30	2.1	3.6	4.7	66.8	40.3	1.1	1.1	1.6	2.7	3.4
Blue Star	Neutral	699	610	-13	12.9	17.8	26.6	54.3	39.3	8.8	8.3	18.0	21.7	30.1
CG Cons. Elec.	Buy	208	255	22	4.7	5.0	6.4	44.6	41.4	24.2	17.9	76.4	49.7	49.7
CG Power & Indu.	Sell	85	65	-23	4.1	2.3	4.5	20.6	37.0	1.3	1.2	6.2	3.4	4.2
Cummins	Buy	992	1,200	21	26.5	29.2	36.0	37.4	34.0	7.3	6.8	21.2	20.7	23.5
GE T&D	Neutral	396	320	-19	5.7	7.2	8.5	69.1	55.4	9.8	8.8	12.4	16.8	18.0
Havells	Neutral	478	455	-5	9.6	10.9	13.8	50.0	43.7	9.1	8.2	18.2	18.6	20.7
K E C Intl	Neutral	303	250	-18	11.9	12.8	16.4	25.6	23.7	4.9	4.2	21.2	19.2	20.9
L&T	Buy	1,159	1,340	16	42.3	47.1	54.0	27.4	24.6	3.2	3.0	12.2	12.6	13.4
Pennar Eng.	Not Rated	122	-		7.1	9.1	11.2	17.2	13.4	1.8	1.6	10.2	11.6	12.6
Siemens	Neutral	1,446	1,355	-6	17.8	24.3	33.3	81.2	59.6	7.5	6.5	9.3	11.0	13.7
Solar Ind	Neutral	903	825	-9	20.6	22.6	28.2	43.8	39.9	8.0	6.9	19.8	18.6	19.9
Suzlon Energy	Not Rated	19	-		0.6	0.9	1.0	30.3	21.8	-1.8	-1.9	NM	-8.8	-11.0
Thermax	Sell	890	850	-4	30.8	32.7	34.0	28.8	27.2	3.9	3.6	14.3	13.7	12.9
Va Tech Wab.	Buy	612	800	31	28.9	34.9	39.8	21.1	17.5	3.4	2.9	16.3	17.7	17.5
Voltas	Sell	510	400	-22	15.5	15.6	17.6	33.0	32.8	5.1	4.6	18.0	14.7	14.9
<b>Aggregate</b>								<b>35.7</b>	<b>31.5</b>	<b>4.0</b>	<b>3.7</b>	<b>11.2</b>	<b>11.6</b>	<b>12.7</b>
<b>Cement</b>														
Ambuja Cem.	Buy	263	308	17	4.9	7.0	8.2	53.8	37.8	2.7	2.6	5.1	7.0	7.9
ACC	Neutral	1,728	1,622	-6	36.1	49.8	65.0	47.9	34.7	3.7	3.6	7.9	10.6	13.1
Birla Corp.	Buy	942	1,205	28	29.4	40.9	58.9	32.1	23.0	2.2	2.1	7.5	9.2	12.2
Dalmia Bharat	Buy	2,645	3,162	20	38.8	66.7	87.1	68.2	39.7	4.7	4.2	7.2	11.3	13.1
Grasim Inds.	Neutral	1,069	1,384	29	67.9	71.2	102.6	15.8	15.0	1.7	1.6	11.5	10.9	13.9
India Cem	Neutral	203	219	8	5.6	9.3	12.9	36.0	21.7	1.2	1.2	3.4	5.5	7.2
J K Cements	Buy	1,010	1,287	27	33.7	40.4	53.5	30.0	25.0	4.0	3.5	14.4	15.0	17.2
JK Lakshmi Ce	Buy	446	553	24	7.0	11.4	19.2	64.1	39.1	3.7	3.4	6.0	9.2	13.8
Ramco Cem	Buy	673	823	22	27.3	31.1	37.5	24.7	21.7	4.4	3.7	19.2	18.6	19.1
Orient Cem	Buy	158	185	17	-1.6	4.4	7.1	NM	35.6	3.3	3.0	-3.2	8.8	12.8
Prism Cem	Buy	120	145	21	0.3	3.7	5.6	345.1	32.4	6.0	5.2	1.8	17.2	22.0
Shree Cem	Buy	17,481	21,052	20	384.4	454.7	575.2	45.5	38.4	8.6	7.2	20.2	20.4	21.3
Ultratech	Buy	4,024	4,936	23	96.1	91.5	138.8	41.9	44.0	4.6	4.3	11.6	10.1	14.0
<b>Aggregate</b>								<b>36.4</b>	<b>30.9</b>	<b>3.5</b>	<b>3.2</b>	<b>9.7</b>	<b>10.5</b>	<b>12.9</b>
<b>Consumer</b>														
Asian Paints	Neutral	1,153	1,200	4	21.0	22.2	26.5	54.8	51.9	14.5	13.2	28.5	26.7	28.1
Britannia	Buy	3,909	4,450	14	73.7	85.4	105.5	53.0	45.7	17.4	14.3	36.9	34.4	34.7
Colgate	Buy	1,069	1,335	25	21.2	25.7	31.1	50.4	41.7	22.8	21.6	50.4	53.2	60.3
Dabur	Neutral	310	315	2	7.2	7.7	9.1	42.8	40.1	11.3	9.7	28.4	26.0	26.3
Emami	Buy	1,104	1,265	15	26.5	28.3	33.9	41.6	39.1	14.3	12.0	35.8	33.4	34.1
Godrej Cons.	Neutral	1,056	930	-12	18.9	21.8	25.0	55.9	48.4	13.6	10.5	24.6	24.5	23.0
GSK Cons.	Sell	5,551	4,500	-19	156.1	166.3	181.9	35.6	33.4	7.5	7.3	22.2	22.1	22.4
HUL	Buy	1,154	1,285	11	19.6	22.9	27.3	58.8	50.3	37.5	36.1	65.6	73.1	82.8
ITC	Neutral	291	280	-4	8.4	9.3	10.3	34.7	31.4	7.8	7.8	23.5	24.8	26.3

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Jyothy Lab	Neutral	371	405	9	11.2	8.9	11.0	33.0	41.5	6.2	6.3	21.1	15.1	18.4
Marico	Neutral	333	360	8	6.3	6.9	8.4	52.9	47.9	18.5	15.7	36.7	35.5	38.1
Nestle	Sell	6,779	5,740	-15	118.0	115.1	133.6	57.5	58.9	21.7	20.2	39.0	35.5	38.1
Page Inds	Buy	16,507	20,195	22	238.7	317.0	400.0	69.1	52.1	27.7	21.9	40.0	42.0	42.8
Parag Milk	Neutral	247	240	-3	3.6	7.4	12.3	68.6	33.2	3.2	2.9	5.9	9.1	13.4
Pidilite Ind.	Neutral	787	810	3	16.7	18.1	20.6	47.0	43.6	12.2	10.0	28.2	25.2	23.5
P&G Hygiene	Buy	7,988	9,082	14	144.9	155.8	181.6	55.1	51.3	45.6	36.3	45.3	78.9	74.0
Prabhat Dairy	Not Rated	136	-		3.5	3.5	6.4	38.5	39.1	1.9	1.9	5.2	4.9	8.5
United Brew	Neutral	815	850	4	8.7	9.7	14.7	93.8	84.0	9.4	8.6	10.4	10.7	14.6
United Spirits	Neutral	2,556	2,525	-1	26.7	34.5	51.5	95.6	74.1	19.2	13.4	21.3	18.0	20.3
<b>Aggregate</b>								<b>46.9</b>	<b>42.2</b>	<b>12.9</b>	<b>12.0</b>	<b>27.6</b>	<b>28.3</b>	<b>29.4</b>
<b>Healthcare</b>														
Alembic Phar	Neutral	544	510	-6	21.6	20.5	25.5	25.2	26.6	5.4	4.7	23.0	19.0	20.4
Alkem Lab	Neutral	1,811	1,900	5	75.7	79.7	95.0	23.9	22.7	5.1	4.4	23.4	20.7	21.0
Ajanta Pharma	Buy	1,418	2,028	43	58.4	66.1	79.6	24.3	21.4	8.0	6.1	37.7	32.2	29.9
Aurobindo	Buy	724	850	17	39.3	45.7	50.0	18.4	15.8	4.6	3.6	28.3	25.5	22.3
Biocon	Sell	390	300	-23	30.6	29.1	42.5	12.7	13.4	1.6	1.5	12.3	11.1	14.5
Cadila	Buy	545	510	-6	14.2	17.8	23.2	38.4	30.7	8.7	7.2	24.8	25.7	27.2
Cipla	Neutral	565	500	-12	15.9	20.0	25.0	35.6	28.3	3.6	3.3	10.2	11.5	12.8
Divis Lab	Neutral	673	680	1	39.7	33.6	40.0	17.0	20.0	3.8	3.5	23.5	18.1	19.4
Dr Reddy's	Neutral	2,462	2,500	2	72.6	85.1	125.2	33.9	28.9	3.3	3.1	9.6	11.3	14.8
Fortis Health	Buy	159	240	51	10.3	2.1	6.1	15.4	75.3	1.6	1.4	11.3	2.0	5.3
Glenmark	Neutral	718	800	11	39.3	42.9	51.7	18.3	16.7	4.5	3.6	24.7	21.6	20.9
Granules	Buy	138	200	45	7.2	8.2	11.5	19.1	16.9	3.5	2.4	21.1	17.7	18.8
GSK Pharma	Neutral	2,431	2,500	3	34.4	46.8	54.9	70.8	52.0	10.3	12.0	14.5	23.0	30.9
IPCA Labs	Neutral	484	480	-1	16.1	21.3	28.5	30.1	22.7	2.5	2.3	8.6	10.5	12.7
Jubilant Life	Buy	724	905	25	37.0	47.1	56.7	19.6	15.4	3.3	2.8	18.1	19.5	19.6
Lupin	Buy	1,063	1,475	39	59.2	57.9	72.0	17.9	18.4	3.6	3.1	22.0	18.2	19.4
Sanofi India	Buy	4,269	4,820	13	129.1	133.6	160.6	33.1	31.9	5.7	5.3	17.1	16.6	18.1
Sun Pharma	Buy	551	650	18	26.1	25.2	30.8	21.1	21.8	3.6	3.4	18.5	16.1	17.9
Syngene Intl	Not Rated	476	-		13.0	16.1	18.0	36.6	29.5	7.4	6.0	22.2	22.5	20.7
Torrent Pharma	Buy	1,247	1,450	16	55.2	56.8	71.4	22.6	22.0	5.3	4.6	25.3	22.4	24.2
<b>Aggregate</b>								<b>24.3</b>	<b>23.1</b>	<b>4.2</b>	<b>3.7</b>	<b>17.4</b>	<b>16.2</b>	<b>17.3</b>
<b>Logistics</b>														
Allcargo Logistics	Buy	171	228	33	9.8	12.2	14.3	17.4	14.1	2.6	2.3	12.6	17.2	17.8
Blue Dart	Not Rated	4,300	-		102.5	129.9	163.2	41.9	33.1	18.6	14.2	50.5	48.6	46.8
Concor	Neutral	1,150	1,236	8	38.0	39.2	45.8	30.3	29.3	3.2	3.0	10.8	10.6	11.8
Gateway Distriparks	Buy	275	313	14	6.8	10.7	13.6	40.4	25.6	2.4	2.3	5.9	9.1	11.1
Gati	Not Rated	121	-		8.4	15.9	23.9	14.5	7.7	2.0	1.8	12.4	19.4	25.4
Transport Corp.	Not Rated	312	-		16.9	21.0	25.9	18.4	14.8	2.9	2.4	16.7	17.8	18.6
<b>Aggregate</b>								<b>29.1</b>	<b>24.8</b>	<b>3.6</b>	<b>3.3</b>	<b>12.2</b>	<b>13.4</b>	<b>15.0</b>
<b>Media</b>														
Dish TV	Buy	82	105	29	1.0	1.4	4.0	82.6	57.4	17.7	13.5	24.1	26.8	327.5
D B Corp	Buy	376	450	20	20.4	23.7	27.6	18.5	15.8	4.3	3.9	25.5	25.8	26.6
Den Net.	Neutral	83	90	8	-8.6	-2.7	0.3	NM	NM	1.5	1.7	-12.0	-5.3	0.7
Ent.Network	Neutral	904	928	3	11.4	13.8	21.2	79.1	65.5	5.0	4.7	6.7	7.4	10.5
Hind. Media	Buy	284	350	23	25.9	28.3	33.6	11.0	10.0	1.9	1.6	19.0	17.3	17.3
HT Media	Neutral	88	90	2	7.4	7.9	8.1	11.8	11.1	0.8	0.7	7.1	6.9	6.4
Jagran Prak.	Buy	176	225	28	10.8	12.3	14.0	16.4	14.4	2.4	2.4	17.6	16.4	17.2
Music Broadcast	Buy	360	469	30	6.4	10.0	14.3	56.1	36.0	3.8	3.4	11.2	9.9	12.6
PVR	Buy	1,340	1,628	22	20.5	30.9	46.9	65.3	43.4	6.5	5.7	10.4	14.0	18.2
Siti Net.	Neutral	26	32	23	-1.8	-0.1	0.5	NM	NM	3.6	3.7	-23.5	-2.0	6.9
Sun TV	Neutral	797	860	8	24.9	28.5	35.9	32.1	28.0	8.0	7.4	25.0	26.3	30.2
Zee Ent.	Buy	539	630	17	23.1	14.7	18.9	23.3	36.6	8.9	7.7	24.7	22.6	24.5

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
<b>Aggregate</b>								<b>40.5</b>	<b>30.8</b>	<b>5.8</b>	<b>5.2</b>	<b>14.2</b>	<b>17.0</b>	<b>22.2</b>
<b>Metals</b>														
Hindalco	Buy	216	308	43	16.2	21.8	26.1	13.3	9.9	1.7	1.4	14.0	15.2	15.4
Hind. Zinc	Sell	278	246	-11	19.7	22.6	26.9	14.1	12.3	3.8	4.1	24.4	32.0	35.1
JSPL	Buy	150	190	27	-20.9	-17.2	2.4	NM	NM	0.5	0.5	-7.9	-5.4	0.8
JSW Steel	Buy	216	281	30	14.8	19.0	22.6	14.6	11.4	2.3	2.0	17.3	18.7	19.0
Nalco	Neutral	70	70	1	3.7	3.8	4.2	18.9	18.5	1.3	1.3	7.2	7.0	7.5
NMDC	Buy	123	180	47	10.0	12.1	12.2	12.3	10.1	1.7	1.6	12.4	15.0	15.5
SAIL	Sell	63	37	-41	-6.2	-10.6	-4.2	NM	NM	0.7	0.8	-6.7	-12.6	-5.5
Vedanta	Buy	275	316	15	15.1	24.8	33.1	18.1	11.1	1.7	1.6	9.7	14.8	18.4
Tata Steel	Neutral	552	583	6	37.9	49.6	65.6	14.5	11.1	1.7	1.5	15.7	14.3	16.8
<b>Aggregate</b>								<b>19.4</b>	<b>14.8</b>	<b>1.6</b>	<b>1.5</b>	<b>8.2</b>	<b>10.4</b>	<b>13.3</b>
<b>Oil &amp; Gas</b>														
BPCL	Neutral	475	511	8	48.3	36.7	43.5	9.8	12.9	3.0	2.6	32.4	21.7	22.3
GAIL	Sell	380	340	-10	22.6	26.3	29.8	16.8	14.4	1.7	1.6	9.6	11.3	11.8
Gujarat Gas	Sell	758	697	-8	20.4	33.7	46.5	37.1	22.5	6.3	5.2	17.8	25.3	28.0
Gujarat St. Pet.	Neutral	193	168	-13	8.8	11.0	13.1	21.9	17.5	2.4	2.2	11.6	13.1	14.0
HPCL	Buy	374	420	12	40.7	29.5	32.6	9.2	12.7	2.8	2.5	32.4	20.6	20.0
IOC	Neutral	367	459	25	43.0	36.0	40.0	8.5	10.2	1.7	1.5	21.2	15.8	15.8
IGL	Neutral	1,189	1,070	-10	42.5	46.8	51.9	28.0	25.4	5.7	4.8	21.0	20.6	19.6
MRPL	Sell	124	113	-9	14.8	9.4	11.7	8.4	13.1	2.2	1.9	31.4	15.5	17.0
Oil India	Buy	282	305	8	19.3	27.9	30.1	14.6	10.1	0.8	0.7	5.7	7.5	7.8
ONGC	Buy	165	195	18	16.4	16.5	19.7	10.0	10.0	1.0	0.9	10.1	9.4	10.9
PLNG	Buy	203	259	28	11.4	8.6	17.6	17.8	23.6	3.8	3.4	23.2	15.1	26.4
Reliance Ind.	Neutral	1,594	1,499	-6	96.7	115.5	128.1	16.5	13.8	1.6	1.5	11.6	12.3	12.3
<b>Aggregate</b>								<b>12.2</b>	<b>12.5</b>	<b>1.6</b>	<b>1.5</b>	<b>13.3</b>	<b>12.0</b>	<b>12.7</b>
<b>Retail</b>														
Jubilant Food	Sell	1,313	850	-35	10.0	14.8	20.7	131.2	88.7	10.8	9.9	8.2	11.1	14.0
Titan Co.	Neutral	533	545	2	9.0	10.3	12.1	59.0	51.8	11.2	10.2	20.6	20.6	21.6
<b>Aggregate</b>								<b>63.6</b>	<b>54.7</b>	<b>11.0</b>	<b>10.1</b>	<b>17.2</b>	<b>18.4</b>	<b>19.2</b>
<b>Technology</b>														
Cyient	Buy	524	600	15	30.6	35.4	41.9	17.1	14.8	2.8	2.5	16.2	16.6	17.3
HCL Tech.	Neutral	890	950	7	59.8	61.8	65.9	14.9	14.4	3.7	3.3	27.5	24.9	23.8
Hexaware	Neutral	260	235	-10	13.7	15.4	16.7	19.0	16.9	4.6	4.0	26.5	25.3	23.5
Infosys	Buy	998	1,200	20	62.9	63.7	69.5	15.9	15.7	3.3	3.0	22.0	20.0	19.8
KPIT Tech	Neutral	127	140	10	11.9	10.6	13.1	10.6	12.0	1.6	1.5	14.3	13.0	14.2
L&T Infotech	Buy	763	880	15	55.5	60.2	68.0	13.7	12.7	4.8	3.7	40.4	33.0	29.4
Mindtree	Sell	479	450	-6	24.9	28.7	32.9	19.3	16.7	3.1	3.1	16.8	17.3	20.1
Mphasis	Neutral	596	610	2	38.9	40.3	43.0	15.3	14.8	2.0	2.2	13.2	14.5	16.2
NIIT Tech	Neutral	518	540	4	38.0	42.3	48.7	13.6	12.3	1.8	1.7	13.7	14.4	15.4
Persistent Sys	Buy	644	750	16	37.7	43.3	52.0	17.1	14.9	2.6	2.5	17.0	17.9	20.7
Tata Elxsi	Buy	1,746	1,848	6	56.3	68.0	80.4	31.0	25.7	9.7	7.8	37.1	33.7	32.3
TCS	Neutral	2,483	2,350	-5	133.4	133.6	147.7	18.6	18.6	5.5	5.9	32.6	31.1	33.5
Tech Mah	Buy	380	465	22	30.9	31.0	36.2	12.3	12.3	2.0	1.9	18.4	16.0	16.9
Wipro	Neutral	289	270	-7	16.9	18.1	19.1	17.1	15.9	2.7	2.6	16.9	16.1	16.1
Zensar Tech	Buy	800	950	19	52.1	51.9	70.0	15.4	15.4	2.5	2.2	17.2	15.0	17.9
<b>Aggregate</b>								<b>16.9</b>	<b>16.7</b>	<b>3.9</b>	<b>3.8</b>	<b>22.9</b>	<b>22.8</b>	<b>22.1</b>
<b>Telecom</b>														
Bharti Airtel	Buy	413	490	19	11.1	4.3	6.6	37.2	95.2	2.4	2.4	6.7	2.5	3.8
Bharti Infratel	Buy	404	480	19	14.9	17.9	20.4	27.2	22.5	4.8	4.2	16.2	19.8	19.4
Idea Cellular	Buy	96	110	15	-1.1	-10.9	-12.6	NM	NM	1.4	1.7	-1.6	-17.3	-24.2
Tata Comm	Buy	674	775	15	27.2	8.7	26.1	24.7	77.4	12.1	10.4	132.2	14.5	33.6
<b>Aggregate</b>								<b>39.2</b>	<b>218.4</b>	<b>2.7</b>	<b>2.7</b>	<b>6.9</b>	<b>1.2</b>	<b>2.4</b>
<b>Utilities</b>														
Coal India	Buy	252	315	25	14.9	17.6	18.6	16.9	14.3	6.4	6.4	37.8	44.5	47.0

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
CESC	Buy	930	1,360	46	51.9	88.9	99.3	17.9	10.5	1.2	1.1	6.5	10.6	10.8
JSW Energy	Buy	72	85	18	3.9	3.2	3.1	18.6	22.9	1.1	1.1	6.3	4.9	4.8
NTPC	Buy	164	198	21	13.0	13.4	16.2	12.6	12.2	1.4	1.3	11.5	10.9	12.3
Power Grid	Buy	214	242	13	14.2	17.6	20.6	15.0	12.1	2.3	2.0	16.2	17.5	17.8
Tata Power	Sell	82	68	-17	5.2	6.4	6.7	15.8	12.8	1.9	1.7	11.2	13.9	12.1
<b>Aggregate</b>								<b>15.0</b>	<b>13.1</b>	<b>2.2</b>	<b>2.1</b>	<b>14.9</b>	<b>15.9</b>	<b>16.6</b>
<b>Others</b>														
Arvind	Neutral	362	359	-1	12.4	12.5	18.1	29.2	28.9	2.6	2.5	10.3	8.8	11.8
Avenue Supermarts	Neutral	897	882	-2	7.7	12.7	17.6	117.0	70.6	14.6	12.7	17.9	19.3	23.0
Bata India	Under Review	575	-		13.5	15.7	19.4	42.6	36.6	5.6	5.0	13.9	14.4	15.8
Castrol India	Buy	403	527	31	13.6	14.4	15.0	29.6	27.9	33.5	30.0	115.2	113.3	106.1
Century Ply.	Neutral	300	323	8	8.7	9.8	12.9	34.5	30.5	9.3	7.7	31.1	27.7	29.6
Coromandel Intl	Under Review	437	-		16.6	21.8	26.1	26.3	20.0	4.4	3.9	17.5	20.6	21.6
Delta Corp	Buy	173	237	37	3.1	5.8	7.9	56.5	29.9	4.3	2.9	8.1	12.3	12.6
Dynamic Tech	Buy	2,367	3,334	41	67.6	112.9	166.7	35.0	21.0	4.8	3.9	15.1	20.7	24.3
Eveready Inds.	Buy	315	368	17	12.9	14.4	17.5	24.5	21.8	7.9	6.4	37.7	32.3	31.6
Interglobe	Neutral	1,287	1,283	0	46.0	57.9	91.6	27.9	22.2	23.0	20.7	86.2	98.0	136.2
Indo Count	Buy	157	200	28	13.0	13.2	15.4	12.0	11.9	3.7	2.7	34.8	26.4	23.5
Info Edge	Buy	992	1,130	14	15.7	21.8	24.7	63.3	45.6	6.1	5.5	10.2	12.7	13.1
Inox Leisure	Sell	252	240	-5	3.3	8.0	12.0	75.7	31.4	4.4	3.9	5.9	12.5	16.2
Jain Irrigation	Under Review	108	-		5.5	7.6	10.0	19.4	14.2	1.7	1.6	8.6	11.7	14.8
Just Dial	Neutral	373	465	25	17.5	18.5	21.1	21.4	20.2	2.9	2.6	14.8	13.4	13.7
Kaveri Seed	Buy	683	755	11	19.1	31.3	37.7	35.8	21.8	4.7	5.0	13.6	21.6	26.0
Kitex Garm.	Buy	282	394	40	18.6	22.1	26.2	15.2	12.7	4.1	3.3	29.8	28.6	27.6
Manpasand	Buy	807	927	15	12.7	20.3	30.9	63.6	39.9	4.0	3.7	7.3	8.5	13.5
MCX	Buy	1,105	1,300	18	24.8	28.0	42.2	44.5	39.4	4.1	3.9	10.2	10.2	14.5
Monsanto	Buy	2,723	3,295	21	86.2	105.1	126.7	31.6	25.9	8.9	8.0	31.6	32.5	34.5
Navneet Education	Buy	170	226	33	7.8	9.4	11.3	21.9	18.0	5.5	4.6	26.8	27.8	28.2
PI Inds.	Buy	764	952	25	33.4	33.4	38.1	22.9	22.8	6.5	5.3	32.8	25.4	23.8
Piramal Enterp.	Buy	2,936	3,044	4	72.6	104.1	144.6	40.5	28.2	3.8	3.5	9.8	13.0	16.4
SRF	Buy	1,549	1,816	17	85.9	86.3	109.2	18.0	17.9	2.8	2.5	16.6	14.7	16.7
S H Kelkar	Buy	270	287	6	7.2	8.6	10.3	37.2	31.4	4.8	4.3	13.7	14.5	15.6
Symphony	Sell	1,459	1,288	-12	23.7	35.1	42.9	61.7	41.5	22.9	20.2	43.3	51.6	54.5
TTK Prestige	Neutral	6,385	5,281	-17	132.1	137.8	176.1	48.3	46.3	8.7	7.9	19.5	18.0	20.7
V-Guard	Neutral	193	167	-14	3.6	4.5	6.0	54.0	43.1	12.9	10.5	27.4	26.9	28.8
Wonderla	Buy	355	393	11	7.0	11.9	16.0	50.8	29.8	4.6	4.2	9.5	14.8	17.5



Company	1 Day (%)	1M (%)	12M (%)
<b>Automobiles</b>			
Amara Raja	-1.0	0.2	-6.3
Ashok Ley.	4.0	18.5	16.0
Bajaj Auto	-0.8	1.5	6.1
Bharat Forge	1.0	9.1	54.0
Bosch	-0.8	2.0	-3.5
CEAT	-1.1	2.3	110.0
Eicher Mot.	0.9	7.7	39.2
Endurance Tech.	-0.9	3.4	
Escorts	4.2	2.3	158.2
Exide Ind	0.7	-0.1	22.5
Hero Moto	-2.0	-1.5	13.8
M&M	-0.3	2.9	-4.0
Mahindra CIE	1.0	9.6	38.4
Maruti Suzuki	0.4	5.3	60.0
Tata Motors	0.1	0.9	-11.8
TVS Motor	1.6	8.8	100.7
<b>Banks - Private</b>			
Axis Bank	-1.8	4.1	-5.2
DCB Bank	-1.2	-1.1	86.9
Equitas Hold.	1.2	12.5	-16.3
Federal Bank	0.8	1.7	75.6
HDFC Bank	-0.5	6.8	42.5
ICICI Bank	-3.6	1.7	19.7
IDFC Bank	2.3	9.5	19.9
IndusInd	1.3	9.2	39.3
J&K Bank	-0.6	-3.1	25.6
Kotak Mah. Bk	0.5	3.1	34.0
RBL Bank	0.0	5.9	
South Indian	-1.0	10.4	57.4
Yes Bank	3.2	27.3	51.1
<b>Banks - PSU</b>			
BOB	0.3	3.9	4.6
BOI	4.6	19.0	46.4
Canara	2.9	11.9	44.9
IDBI Bk	-0.6	9.4	-15.9
Indian Bk	-0.5	9.6	98.3
OBC	-0.2	3.3	24.2
PNB	3.0	16.5	23.2
SBI	0.3	8.2	29.6
Union Bk	1.3	7.6	21.3
<b>NBFCs</b>			
Bajaj Fin.	1.2	24.2	64.8
Bharat Fin.	3.2	20.2	-5.5
Cholaman.Inv.&Fn	0.3	9.0	8.8
Dewan Hsg.	2.0	7.6	105.7
GRUH Fin.	-0.7	12.0	61.2
HDFC	3.2	9.5	27.3
Indiabulls Hsg	1.2	9.3	52.6
L&T Fin.Holdings	5.7	20.7	94.3
LIC Hsg Fin	-2.3	-2.9	40.3
Manappuram	0.5	11.1	30.4
M&M Fin.	0.4	19.2	25.2
Muthoot Fin	0.2	4.6	46.5
PFC	1.1	-0.9	12.1
Repco Home	-1.5	-6.0	-8.1
REC	0.6	2.4	65.0
STF	-1.2	-3.0	-21.4
Shriram City Union	0.0	-6.1	18.1

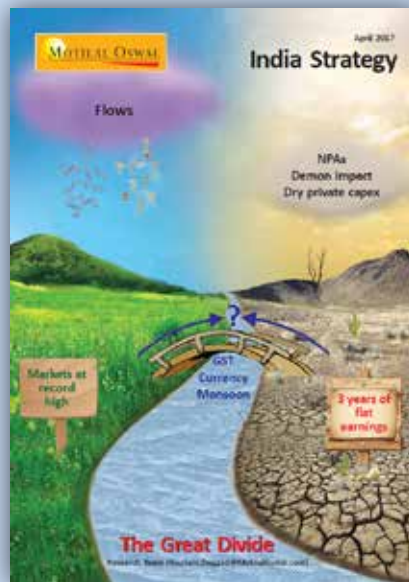
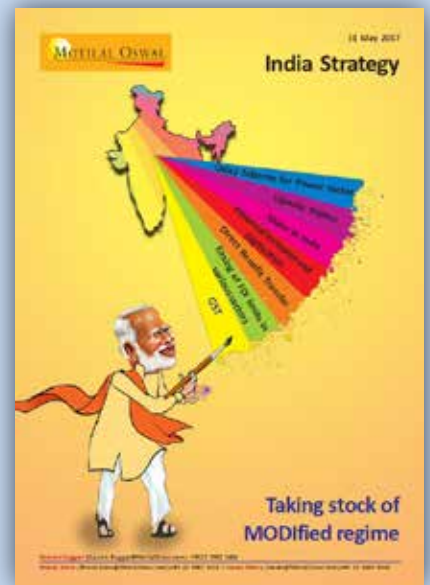
Company	1 Day (%)	1M (%)	12M (%)
<b>Capital Goods</b>			
ABB	-0.2	-1.9	12.6
Bharat Elec.	-0.1	11.7	45.6
BHEL	0.7	5.5	-3.8
Blue Star	1.4	15.5	44.2
CG Cons. Elec.	-0.2	-4.8	35.7
CG Power & Inds Sol.	0.1	5.4	8.5
Cummins	3.2	8.8	12.1
GE T&D	-1.6	17.6	13.2
Havells	3.8	3.5	25.6
K E C Intl	0.4	24.2	111.4
L&T	-2.0	2.4	10.3
Pennar Eng.	-0.5	-0.8	-34.7
Siemens	4.1	12.0	9.9
Solar Ind	0.6	11.0	38.0
Suzlon Energy	-3.5	8.5	11.0
Thermax	-1.2	-5.6	1.1
Va Tech Wab.	2.3	-10.3	5.2
Voltas	-1.1	13.5	47.2
<b>Cement</b>			
Ambuja Cem.	-0.6	7.4	-3.2
ACC	-0.4	9.2	2.8
Birla Corp.	-0.6	8.6	75.7
Dalmia Bharat	1.1	9.2	80.3
Grasim Inds.	-0.1	6.4	32.2
India Cem	-6.2	6.0	64.5
J K Cements	0.3	6.7	44.2
JK Lakshmi Ce	-2.9	-7.3	5.2
Ramco Cem	2.0	-1.4	21.1
Orient Cem	-2.8	14.0	-7.8
Prism Cem	-0.2	1.1	8.6
Shree Cem	-0.3	5.4	7.3
Ultratech	-0.5	1.7	9.2
<b>Consumer</b>			
Asian Paints	0.4	3.9	2.3
Britannia	1.2	7.4	36.4
Colgate	-0.7	-1.6	14.9
Dabur	-0.3	6.9	0.7
Emami	-0.6	4.1	-2.1
Godrej Cons.	-1.7	12.3	29.2
GSK Cons.	0.1	2.8	-12.4
HUL	-1.6	5.9	27.1
ITC	0.9	-5.5	14.7
Jyothy Lab	-1.2	5.1	28.1
Marico	2.0	7.0	17.9
Nestle	-0.2	2.2	-6.1
Page Inds	-0.7	-2.0	21.8
Parag Milk	-0.1	14.0	-24.0
Pidilite Ind.	-0.5	0.6	4.5
P&G Hygiene	-0.3	0.2	24.8
Prabhat Dairy	0.1	6.3	45.7
United Brew	0.5	3.7	-1.1
United Spirits	0.4	7.9	1.0
<b>Healthcare</b>			
Alembic Phar	0.3	8.2	-11.3
Alkem Lab	-1.5	-0.8	18.2
Ajanta Pharma	0.5	-8.3	-17.8
Aurobindo	-2.0	8.0	-7.1
Biocon	-2.2	19.0	42.0
Cadila	0.9	3.5	50.9



Company	1 Day (%)	1M (%)	12M (%)
Cipla	-0.9	5.3	8.6
Divis Lab	1.8	5.0	-43.5
Dr Reddy's	-6.1	-7.1	-16.8
Fortis Health	-2.9	-4.7	-8.8
Glenmark	0.3	14.1	-15.8
Granules	0.7	4.9	-2.1
GSK Pharma	-1.5	-0.9	-27.4
IPCA Labs	0.4	1.2	-2.0
Jubilant Life	-1.3	5.0	113.4
Lupin	-4.3	-0.2	-37.6
Sanofi India	-0.1	3.1	-7.3
Sun Pharma	-3.9	1.0	-33.1
Syngene Intl	-2.0	4.1	14.0
Torrent Pharma	-2.0	6.9	-13.2
<b>Logistics</b>			
Allcargo Logistics	0.5	-0.3	-15.9
Blue Dart	-1.2	0.2	-27.5
Concor	-1.4	1.5	-2.3
Gateway Distriparks	0.8	7.5	3.1
Gati	-0.9	-5.1	-33.1
Transport Corp.	-1.0	7.1	36.5
<b>Media</b>			
Dish TV	0.6	8.1	-13.2
D B Corp	0.6	-0.2	-7.4
Den Net.	0.3	6.4	-4.6
Ent.Network	-0.7	-0.1	26.1
Hind. Media	2.3	3.3	2.9
HT Media	4.2	7.1	5.1
Jagran Prak.	0.3	-1.9	-2.5
Music Broadcast	0.3	2.7	
PVR	0.8	-4.6	17.2
Siti Net.	0.2	-7.3	-30.2
Sun TV	0.1	-1.3	78.5
Zee Ent.	0.2	11.3	11.2
<b>Metals</b>			
Hindalco	-2.2	13.8	61.3
Hind. Zinc	0.8	7.0	37.1
JSPL	-1.9	25.5	75.9
JSW Steel	0.4	9.1	28.0
Nalco	-1.0	7.7	47.1
NMDC	0.2	15.3	19.8
SAIL	-1.1	9.3	32.1
Vedanta	-1.9	13.4	62.4
Tata Steel	-1.7	6.1	57.5
<b>Oil &amp; Gas</b>			
BPCL	-0.5	15.4	22.1
GAIL	0.6	6.7	31.9
Gujarat Gas	-0.4	1.9	32.7
Gujarat St. Pet.	0.8	11.4	48.6
HPCL	2.0	9.6	37.3
IOC	-0.3	-5.2	37.9
IGL	1.3	14.8	87.1
MRPL	2.0	3.8	52.9
Oil India	1.1	6.1	1.5
ONGC	0.8	4.1	11.4
PLNG	-1.8	-6.3	36.4
Reliance Ind.	-0.3	14.0	55.4
<b>Retail</b>			
Jubilant Food	2.7	40.3	8.3
Titan Co.	1.0	5.0	24.7

Company	1 Day (%)	1M (%)	12M (%)
<b>Technology</b>			
Cyient	-0.3	2.7	8.4
HCL Tech.	0.1	5.2	18.5
Hexaware	1.2	7.5	13.2
Infosys	2.6	7.9	-7.5
KPIT Tech	1.6	3.4	-7.7
L&T Infotech	-0.5	-3.1	12.2
Mindtree	-0.7	-9.8	-17.7
Mphasis	-2.8	0.5	10.1
NIIT Tech	-0.9	-10.4	11.5
Persistent Sys	-0.4	-0.8	-7.0
Tata Elxsi	0.7	9.8	6.4
TCS	-0.1	5.6	-5.1
Tech Mah	0.6	-3.1	-21.8
Wipro	-0.4	11.8	4.4
Zensar Tech	-0.2	-4.8	-23.8
<b>Telecom</b>			
Bharti Airtel	-0.6	9.5	11.1
Bharti Infratel	-1.7	7.2	1.3
Idea Cellular	3.1	14.5	-9.1
Tata Comm	-0.1	-6.3	51.3
<b>Utilities</b>			
Coal India	-1.7	2.4	-23.7
CESC	3.7	5.8	48.0
JSW Energy	7.6	14.0	-11.2
NTPC	-0.7	3.2	3.1
Power Grid	-1.3	3.2	22.2
Tata Power	-0.2	0.2	15.6
<b>Others</b>			
Arvind	-0.8	1.2	18.8
Avenue Super.	-0.1	9.7	
Bata India	0.7	8.6	-0.6
Castrol India	-0.9	-0.2	-7.4
Century Ply.	0.8	-0.1	29.2
Coromandel Intl	0.4	6.8	78.3
Delta Corp	5.2	11.6	86.1
Dynamatic Tech	1.3	-4.0	-7.1
Eveready Inds.	-2.0	-8.9	22.4
Interglobe	3.5	1.9	35.9
Indo Count	0.6	-6.9	-10.8
Info Edge	0.3	0.6	21.1
Inox Leisure	-2.4	-4.0	3.6
Jain Irrigation	1.8	4.4	49.9
Just Dial	-1.4	0.1	-30.9
Kaveri Seed	4.4	4.8	74.3
Kitex Garm.	-1.0	1.9	-19.7
Manpasand	2.4	7.6	20.4
MCX	-0.9	4.1	3.4
Monsanto	-1.0	0.0	15.2
Navneet Educat.	1.0	1.0	73.4
PI Inds.	-0.3	-6.0	1.9
Piramal Enterp.	3.1	4.9	82.7
SRF	0.2	2.1	8.7
S H Kelkar	-0.2	0.1	6.7
Symphony	-1.5	8.5	21.0
TTK Prestige	0.2	-3.5	25.7
V-Guard	-0.3	10.8	67.5
Wonderla	-0.6	-0.9	-12.2

# THEMATIC/STRATEGY RESEARCH GALLERY



# REPORT GALLERY

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**Steadfast; growth gaining momentum**

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**Favorable odds**

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**Promising growth trajectory**

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**Winner's Edge**

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Sector: Automobiles

### CEAT

**Well balanced**

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# DIFFERENTIATED PRODUCT GALLERY

**MOTILAL OSWAL** 27 March 2017

**Annual Report Threadbare**

**JK LAKSHMI CEMENT**

**Strong performance in FY17**

**The ART of annual report analysis**

**Key highlights:**

- Operating performance remained steady FY17 at ₹730 to ₹822.74 (FY16: ₹802.26), as healthy 23% volume growth (contribution from the Q4) and steady ₹1200 cost offset by a strong ₹800 cost in excise duty (FY16: ₹800.26) and ₹1200 (FY16: ₹800.26) and ₹1200 (FY16: ₹800.26).
- High finance and depreciation cost were profitable. The company continued its focus on financial cost to ₹600 to ₹650 (FY16: ₹600.26) and ₹650 (FY16: ₹600.26) and ₹650 (FY16: ₹600.26).
- Revenue rose thanks to healthy growth, though revenue with a strong operating performance to ₹1200 (FY16: ₹1200.26) and ₹1200 (FY16: ₹1200.26).

**Key metrics:**

Revenue	₹822.74
Operating Profit	₹230.26
EBITDA	₹230.26
Net Profit	₹120.26
EPS	₹120.26

**MOTILAL OSWAL** 27 March 2017

**VOICES**

**India Inc on Call**

India Inc on Call is a quarterly podcast that features thought leaders, provides a clear view on the latest market insights and offers an in-depth analysis of the quarter. India Inc on Call is available to all our research subscribers, analysts and clients of the Research Corner Office.

**Key highlights:**

- India Inc on Call is a quarterly podcast that features thought leaders, provides a clear view on the latest market insights and offers an in-depth analysis of the quarter.
- India Inc on Call is available to all our research subscribers, analysts and clients of the Research Corner Office.

**MOTILAL OSWAL** 27 March 2017

**EcoKnowLedge**

**Diving into Trending Themes**

**Only two states implemented 100% Panchayati Raj in FY18**

**Key highlights:**

- Only two states have implemented 100% Panchayati Raj in FY18, which is a significant achievement.
- Only two states have implemented 100% Panchayati Raj in FY18, which is a significant achievement.

**MOTILAL OSWAL** 23 June 2017

**The CornerOffice**

**Deliverables with the CFO**

**Slow of new launches encouraging**

**Key highlights:**

- Slow of new launches encouraging, as the market remains cautious.
- Slow of new launches encouraging, as the market remains cautious.

**MOTILAL OSWAL**

**BULLS & BEARS**

**INDIA VALUATIONS HANDBOOK**

**Highlights of June edition:**

- Key highlights of the June edition, including market trends and valuations.
- Key highlights of the June edition, including market trends and valuations.

**MOTILAL OSWAL**

**FUND FOLIO**

**Indian Mutual Fund Tracker**

**Key highlights:**

- Key highlights of the Fund Folio tracker, including performance metrics and fund recommendations.
- Key highlights of the Fund Folio tracker, including performance metrics and fund recommendations.

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<input type="checkbox"/> Analyst ownership of the stock	No

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