

# Q3FY19 Results Preview

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## Heading for low-single digit earnings growth in Q3FY19

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## Heading for low-single digit earnings growth in Q3FY19

- The moderation in demand growth seen across sectors, in line with the expected deceleration in real GDP growth in H2 to 6.8%, along with continued margin pressure is likely to impact corporate performance in Q3FY19. The impact of rising raw material costs and the INR's depreciation in the quarter is expected to be visible in several sectors. The performance is also impacted due to the weak post-monsoon rainfall and weakening farm sector realizations, which have adversely affected sowing of principal crops. Fiscal conditions have tightened due to lower-than-expected tax revenue collections, leading to cumulative fiscal deficit rising to 114% of FY19 Budget estimate by Nov'18. Overall, these factors are expected to impact sectors such as Autos, Cement, Agro inputs, and Capital Goods & Infrastructure that have been increasingly dependent on government outlays. On the positive side, higher rural spending by the government appears to be holding on strong volume growth for consumer companies. Festive demand during the quarter is also expected to support the organized retail sector. The hope is that the softening in commodity prices toward the end of Q3 can have a positive impact on corporate performance in Q4FY19. In our view, FY19 consensus EPS growth rate for the Nifty of 13% and FY20 rate of 20%+ are fairly optimistic and can be subject to further downgrades.
- The Banking sector is expected to report healthy earnings growth, led by an acceleration in credit growth, containment of NPA formation, resolution of sticky accounts, and an improvement in treasury gains. Concerns remain with respect to the impact of farm loan waivers as well as fresh forbearances provided to the MSME sector. We continue to prefer private banks. The stress in the farm sector is expected to reflect on the Agro-chemical sector and demand concerns are affecting the Auto sector, especially the commercial vehicles segment. The Metals & Mining sector is likely to see muted performance. The Cement sector is expected to see the sustenance of margin contraction.
- Overall, the sales growth of Emkay universe companies (ex-Financials and Oil & Gas) is expected to slow to further to 11.6% yoy in Q3FY19 (13% in Q2 and 16% in Q1), while margins should contract by 55bps, translating into an expected profit growth of 3.2% (11% in Q2 and 22.3% in Q1). Excluding the outliers (top and bottom 3 & 5 companies), APAT is estimated to grow by 9-10%. In Q3FY19, sales growth should be led by sectors such as Construction & Infra (29% yoy), Auto Ancillary (20%), and IT (20%). Pharma (6.8% yoy), Engineering & Capital Goods (7.3%), and Automobile (7.5%) are likely to be a drag on sales growth.
- The expansion in EBITDA margins is expected to be driven by sectors such as Media & Entertainment (182bps), Information Technology (99bps), and Metals (82bps). Telecom (-234bps), Construction & Infrastructure (-234bps), and Auto (-127bps) are likely to be the laggards. Strong APAT growth is expected from sectors such as Media & Entertainment (59.7% yoy), Retail (25.5%), and Information Technology (22.5% yoy).
- **Potential positive surprises:** IGL, Gulf Oil Lubricants, United Breweries, NCC, SRF, and Bajaj Finance
- **Potential negative surprises:** Petronet LNG, IOCL, BPCL, HPCL, and Shriram Transport Finance

% yoy growth	Sales		EBIDTA		APAT	
	Q2FY19	Q3FY19	Q2FY19	Q3FY19	Q2FY19	Q3FY19
Emkay Universe	13.3%	11.6%	11.6%	8.5%	11.7%	3.2%
Emkay Large Cap	11.6%	11.3%	9.9%	7.8%	9.8%	1.7%
Emkay Mid Cap	20.7%	12.5%	28.5%	17.6%	30.8%	23.1%
Emkay Small Cap	20.4%	13.7%	12.6%	5.3%	11.4%	-1.8%

**Note:** Emkay Universe (ex BFSI and Oil & Gas)

## Sectoral expectations

- **Agrochemicals:** Companies in our coverage universe are expected to report moderate performance in this quarter, primarily due to lower-than-expected rainfall in key producing states, rising cost pressure from China, and depreciating rupee. India's cumulative rainfall during the post-monsoon season from October 1, 2018 to December 26, 2018, has been 43% lower than LPA. Rainfall in four broad geographical divisions of the country during the period have been lower than LPA by 51% each in Central, East and North East India, 39% in North West India and 36% in South. Rabi crop acreage remained muted as on January 04, 2019, down 3.5% yoy. This was primarily due to lower-than-expected rainfall in key producing states. Paddy sowing is down by a quarter (25%) yoy, while sowing for pulses, coarse cereals, and oilseeds remained down by 6.4% yoy, 17.3% yoy and 1.5% yoy, respectively. Wheat sowing remained flat. Incidence of fall army worm in maize and jowar in some parts of Tamil Nadu and Maharashtra has been reported above the Economic Threshold Limit (ETL), while incidence of spodoptera litura on groundnuts has been reported in Odisha. Overall, pest infestations have been moderate this year. These factors have affected the consumption of agrochemicals during the quarter under review. Our interaction with management and channel partners suggest that raw material prices will continue to remain at these levels. This would adversely impact EBITDA margins in Q3FY19. However, integrated players should see stability in margins. Aggregate revenues of domestic companies are likely to increase by 12% yoy, primarily driven by exports for companies like Rallis India, PI Industries, UPL Ltd. Companies exclusively with domestic presence are likely to report flat to negative revenue growth due to adverse weather conditions coupled with lower pest infestations. Aggregate EBITDA is expected to grow 16% yoy, while EBITDA margin is likely to remain flat (down 50bps) due to increasing cost pressure from China and falling rupee. PI Industries and UPL remain our top picks due to their superior product mix, healthy product placements, a high degree of backward integration, and resilient business models.

## Sectoral expectations

- **Fertilizer:** Following a decent offtake in H1FY19, adverse weather conditions have dampened growth of fertilizers in Q3FY19. Industry-wide sales of complex fertilizers are likely to decline by 13% yoy in the three-month period, given a sharp decline in sales of indigenous fertilizers (NPK -10% yoy and DAP -50% yoy). Urea sales is down by 8% yoy. For YTD FY19, industry-wide sales of complexes rose by 6% yoy, driven by 79% and 12% growth in imported and indigenous NPK, respectively, while the urea sales remained flat yoy. We expect Coromandel International to report subdued performance, with a decrease of 17.5% yoy in manufactured volumes to 0.5mn MT. Trading volumes are expected to fall by 7% yoy. GSFC should post a decent growth of 38%+ yoy in the fertilizer volumes, led by 36% yoy growth in complexes and 41% yoy increase in urea volumes. Deepak Fertilisers is likely to report a volume decline in own manufactured NPK fertilizers of 29% yoy, while traded fertilizer volume is expected to increase sharply by 400% yoy. Chambal is expected to post 3% yoy growth in urea volume, while traded fertilizer volume is expected to drop by 11% yoy. DCM Shriram is expected to post moderate results, primarily due to weak realizations in the chlor vinyl business as well as in the sugar segment (partially offset by a better profitability in the distillery segment), which is likely to dampen growth in Q3FY19. Globally, prices of key fertilizers such as urea and DAP continue to be on an uptrend, while MOP prices have stabilized over the last one quarter. Prices of key raw materials such as phosphoric acid, ammonia and natural gas have also started to stabilize. However, increase in subsidies for phosphorous (P) and sulphur (S) by 27% and 20%, respectively, and about 10% price hike taken by companies should continue to support margins in FY19. However, subsidy on potash (K) has been cut by 10%, while subsidy on nitrogen (N) has been kept unchanged. Complex fertilizer realizations remained stable on account of good demand as a result of companies offering lower discounts as compared to last year. Aggregate revenues of fertilizer companies are expected to increase by 6% yoy, while the EBITDA margin is likely to decline by 180bps yoy due to rising cost pressure coupled with crude and rupee volatility. Consequently, EBITDA is expected to fall by 9% yoy. We remain optimistic on companies that are backward integrated in phosphoric acid and enjoy a higher revenue share from NPK fertilizers. This comes as they enjoy brand equity and less competition compared with DAP/MOP. Our preferred stock picks are Coromandel Int'l and GSFC.

## Sectoral expectations (contd.)

- **Automobiles & Ancillaries: Aggregate revenue growth is expected at 9% yoy**, which is a below average growth (17%) in the past four quarters. This is attributed to a fall in the MHCV segment and lower growth in other segments. Companies that are expected to record subdued revenue performance include Ashok Leyland (-12% yoy), Eicher Motors (-1%), Maruti Suzuki (2%) and Hero MotoCorp (5%), while companies likely to register strong growth are Escorts (36%), Motherson Sumi (23%), TVS Motors (22%), Apollo Tyres (17%) and Bajaj Auto (16%). **Aggregate EBITDA margin (excluding Tata Motors) is likely to contract by -110bps qoq** on the back of negative operating leverage, commodity inflation and increase in incentives/discounts. Commodity price movements (in comparison with prices at the beginning of Q3FY19) in rupee terms were adverse sequentially, with increases in steel (2% qoq) and crude oil (10%) prices. The INR's depreciation against the USD, EUR and the GBP is expected to have a positive effect on companies with large overseas exposure such as Tata Motors, Motherson Sumi, and Bajaj Auto. Negatively affected importers include Maruti Suzuki, Exide Industries, Amara Raja Batteries, Apollo Tyres, and Hero MotoCorp. Companies such as Ashok Leyland (-210bps qoq), Maruti Suzuki (-180bps), Hero MotoCorp (-130bps), TVS Motors (-110bps) and Eicher Motors (-100bps) are likely to see notable margin contractions, while Amara Raja (+180bps), Tata Motors (+130bps), Escorts (+130bps) and Exide (+130bps) should see an improvement in margins. **Outlook:** Although our channel checks indicate that rising ownership cost, deferred purchases during elections, and NBFCs' selective financing constrained volume performances across the automotive segments in Q3FY19, we expect the PV and 2W segments to see a gradual improvement in volumes in the coming months. We expect double-digit volume growth in both PVs and 2Ws in FY20, driven by new products, volume pick-up in the state of Kerala, softening fuel prices, and the continuing uptrend in rural sales. Our top picks, among the OEMs, are Maruti Suzuki and Mahindra & Mahindra, while in ancillaries we prefer Motherson Sumi and Apollo Tyres.

## Sectoral expectations (*contd.*)

- **BFSI – Banking:** Accelerating loan growth, stable margins, and treasury gains should lead to healthy PPOP growth for banks, while investment provision write-back (net of deferred provisions) should accelerate NPA provision cover and still banks should report reasonable earnings growth. We are factoring in ~20% yoy growth in earnings for our coverage universe (excluding SBI), with private bank growth expected at about 14% yoy. Corporate slippages could be higher qoq due to the devolvement of NFB exposures and the recognition of the IL&FS exposure though banks have requested the RBI to provide special dispensation. However, some corporate resolutions, moderate though including Uttam Galva, Binani, Adhunik, KSS Petron and sale of NPAs by select banks (e.g., Jayaswal Neco and Mahalakshmi TMT) should help banks contain NPA formation on the corporate front. With the RBI allowing restructuring of SME loans up to Rs250mn, the imminent risk of stress flow from the SME sector has been postponed for now. The impact of farm loan waiver in a few states will be largely split between 3Q and 4Q, with the bulk of the pain reflecting in 4Q mainly in crop loans. Retail asset quality is holding up well except for some stress in the LAP segment. On an overall basis, NPA formation could be largely contained, which coupled with improving loan growth, should lead to lower NPA ratios qoq. We believe that the court judgment on Sec 29A (barring promoters to bid under NCLT) and 12th February 2018 RBI Circular calling for automatic referral to NCLT post 180 days default and the RBI's stance on allowing 66% lenders approval for resolution outside NCLT will be critical for otherwise slower pace of NPA resolutions. We continue to prefer private banks with a preference for bellwether HDFCB and also ICICI - underpinned by its healthy capital ratios, growth/margin outlook, improving return ratios, reasonable valuations, and most importantly the new MD and CEO with a cleaner track record. We continue to prefer IndusInd, however, the past premium valuations will take time to return. The current softness in G-sec yields (temporary though), capital infusion, and lumpy NPA resolutions via the NCLT have brought back some interest back to the PSBs. However, we remain selective, and like SBIN (attractive valuations, better growth outlook, and heavy line-up of NPA resolutions).

## Sectoral expectations (contd.)

- **BFSI – Insurance:** Life insurance companies in our coverage are likely to report moderate growth in Q3FY19 due to softness in new business volumes. Private players are expected to maintain high single-digit Annualized Premium Equivalent (APE) YTD growth, with better growth for top private players (ex-IPRU) under our coverage. We expect better growth in Q4FY19, which itself contributes c. 35% to annual volumes. The trend in monthly data indicates a continued thrust towards the individual protection segment, with slower growth in the ticket size viz-à-viz the policies sold. However, lower disbursements by HFCs in Q3FY19 may result in weaker credit protect segment growth. Despite slower APE growth expectations, the value of new business (VNB) margin is likely to remain strong, given increased contribution from the high-margin protection business as well as traditional savings business. For Emkay's life insurance coverage universe, we expect Gross Written Premium (GWP) growth of 21.1% yoy, with negative APE growth of 3.2% yoy. Excluding IPRU, we expect APE growth of 2.4% yoy. Strong renewals are also expected due to improving persistency trends. **We are positive on MAXF owing to its consistent premium growth delivery and SBIL due to its new banca tie-ups and stake sale overhang on the verge of receiving clearance.**
- **BFSI – Non-Banking Financial Services:** Q3FY19 has remained crucial for NBFCs amid the funding reluctance from capital markets as well as banks, weak festive demand, and the steep rise in portfolio assignments in order to manage liquidity. Demand environment for NBFCs has remained sporadic, varying for each lender based on its liquidity positioning and segmental exposure. Rising securitization/assignments should further pressurize overall AUM growth, especially for NBFCs with relatively weak liability franchise. For the Emkay NBFC coverage universe, we expect NII growth of ~14.3% yoy, driven by healthy credit growth for relatively better players like Bajaj Finance and HDFC Limited. Similarly, we expect PAT to grow ~13% yoy, in line with NII and AUM growth. Bajaj Finance (Buy, TP Rs2,690) remains our top pick in the sector, with a superior growth profile, a favorable ALM maturity, and a diversified book. We also continue to like HDFC Limited (TP Rs2,142), M&M Finance (TP Rs486), and Cholamandalam Finance (TP Rs1,474), considering their healthy growth rates, steady ALM profiles, and attractive risk-reward opportunity. We would remain cautious on LTFH and Edelweiss Financial considering their risky asset exposure.



## Sectoral expectations (contd.)

- **Cement:** Higher input costs (energy and freight) should adversely affect the profitability of cement companies under our coverage universe despite a strong demand scenario. The average realization for our coverage universe is expected to increase by 2.3% yoy, while opex/ton is expected to increase by 4% yoy. We expect average EBIDTA/ton for our coverage universe to decline by 2.3% yoy, led by higher input costs. Among the large-caps, we expect UltraTech and ACC to report EBITDA growth of 16.1% and 22.7% yoy, respectively. Among the mid-sized players, Prism Johnson and JK Cement are expected to record EBITDA growth of 13-15% yoy. We expect EBITDA/ton growth of ACC and UltraTech to increase by 15.8% and 3.5% yoy, respectively. JK Cement and Prism Cement are expected to clock EBITDA/ton growth of 8.5% and 6.2%, respectively. Other companies are expected to see a decline in their EBITDA/ton between 11% and 30% yoy, with EBITDA/ton remaining flat for JK Lakshmi. We expect earnings downgrades for most mid-sized companies under our coverage universe after Q3 results. We cut our FY19 EBITDA estimates by 3-8% for Shree Cement, Ramco Cements, JK Lakshmi, Prism, and India Cements. We cut our FY19/FY20 EBITDA estimates for Orient Cement by 17.7%/7.6%. We prefer market leaders, or companies that offer growth opportunities and are available at attractive valuations. Our preferred stock picks in the sector include UltraTech, ACC, JK Cement, and Star Cement.
- **Construction & Infrastructure:** In FY19, the NHAI's target is to award projects involving 8,500-9,000km of road construction; however, ordering activity has been muted in 9MFY19 and hence the authority has reduced its target to 4,500-5,000km. The government wants to ensure smooth execution of the projects and has been very stringent thus far on land acquisition for the projects, leading to muted ordering activity. Q3 is seasonally one of the strongest quarters for infra players, and we expect our universe to report ~30% top-line growth, mainly due to a low base from last year. In our view, the key monitorable would be the pace of execution, working capital cycle management, and leverage of the companies. A few players have already raised funds and placed themselves in a comfortable position before execution gains pace. Our top picks in the sector are Sadbhav Engineering, KNR Constructions, ITD Cementation, PNC Infratech, and Ashoka Buildcon.



## Sectoral expectations (contd.)

- **Consumer Goods:** We expect companies in our consumer goods universe to post healthy revenue/EBITDA/PAT growth of 12%/15%/17% in Q3FY19. Despite higher comparables, most companies should report strong volume (7-13%) growth, driven by the continued recovery in rural demand. We expect gross margin to contract marginally due to input cost inflation; however, cost saving efficiencies and the benefit of operating leverage would still drive modest EBITDA margin expansion for our universe. Within staples we expect strong performance from Nestle, Britannia, Marico and Hindustan Unilever (HUL), with earnings growth of 18-20% on steady volume growth and margin improvement. United Breweries (UBL) and United Spirits (UNSP) to record another quarter of strong 60-100% earnings growth, driven by robust volumes and margin expansion on lower comparables. We expect paint companies to report a strong volume performance. Although margins will recover sequentially, earnings growth will be lower. We prefer United Breweries, Nestle and Marico.
- **Engineering and Capital Goods:** We expect revenues to grow 7% yoy across the capital goods universe, while PAT is likely to increase by 17% yoy. A few companies in our ECG coverage universe (KECI and Skipper) are expected to be affected by the ongoing liquidity squeeze owing to withdrawal of buyers' credit. We believe that increasing working capital debt and finance costs are likely to impact their profitability. Order inflows are expected to drop for most companies, largely due to lack of private sector capex and a moderation in infrastructure spending. At the aggregate level, order inflows will likely fall by 15% yoy to Rs256bn. Emkay expectations: 1) 7% yoy revenue growth to Rs249bn; 2) EBITDAM is expected to improve by 40bps yoy to 9.1%, while EBITDA is expected to grow 12% yoy to Rs23bn. Excluding BHEL, EBITDAM is expected to improve by 10bps yoy to 10.5%, while EBITDA is expected to be up 10% yoy to Rs19bn; and 3) Net profits are likely to grow 17% yoy to about Rs14bn. Excluding BHEL, net profits are expected to increase by 14% yoy to about Rs12bn. Our stock selection is influenced by visibility, cash flows, and RoIC. We are biased towards companies with significant international business exposure and robust order backlogs, especially in T&D and infra projects. Our preferred stock picks include KECI, KPTL, and KKC.

## Sectoral expectations (contd.)

- **IT Services:** Q3 has traditionally been a seasonally weak quarter for the Indian IT services industry due to less number of working days and furloughs. We expect 1.5-3.0% CC growth on a qoq basis for large-caps and 2.0-3.5% CC growth on a qoq basis for mid-caps. While the appreciation of the US dollar against all major currencies, such as the EUR, the AUD, and the JPY, will negatively affect growth across companies in USD terms, strong INR depreciation (down ~3.0%/11.4% qoq/yoy) in Q3FY19 should incrementally help record good growth and improvement in margins in reported INR terms (more so, on a yoy basis). We expect cross-currency headwinds of 30-70bps on revenue growth and margin tailwinds of 40-60bps for our coverage universe.
- **Media & Entertainment:** The entire festive season falling in Q3FY19 did not turn out to be fruitful for the industry in terms of healthy advertisement revenue growth. While Broadcasters and Multiplexes are expected to outpace other mediums with healthy advertisement growth. We believe that Print Media's wait for a recovery in advertisement revenue will continue despite seasonality. Among the Broadcasters, Zee Entertainment/Sun TV are expected to register 18%/9% ad growth yoy, with SUN TV's ad growth being restricted due to market share loss in TN. SUN TV's headline number will include movie production business, restricting LTL comparison with preceding quarters. Healthy box office collections should aid strong footfalls for Multiplexes. Ad growth for PVR/Inox is expected at 20%/30% yoy. Among the Radio companies, Music Broadcast Ltd (MBL) is expected to deliver 13% yoy growth, while ENIL should record 20% yoy growth.
- **Metals & Mining:** We expect ferrous companies under our coverage to report muted growth in production and sales volumes in Q3FY19. However, weaker realizations are likely to drag down overall growth performance. Almost all commodity prices during the quarter faced headwinds. Domestic iron ore prices have been trending on the downside. This is due to domestic customers resorting to imports, thereby putting pressure on domestic prices. Coking coal prices internationally have been buoyant owing to strong demand from both China and India. Going forward, we expect weakness to continue in steel prices and percolate in raw material prices. This should help steel companies limit the downside to their margins. Nearly all metals in the LME complex have seen prices retreating in view of strengthening US dollar, increasing global trade disputes, softening demand from China and metal specific issues. In the non-ferrous space, we prefer zinc over aluminum due to metal specific concerns pertaining to the latter, though we expect weakness in LME prices in the near term. Catalysts to watch shall be the resolution of trade disputes and improvement in the Chinese economy. Our top stock picks in the sector are Tata Steel and Vedanta Ltd.

## Sectoral expectations (contd.)

- **Oil & Gas:** Brent prices fell 10% qoq to US\$67.7/bbl in Q3. Despite beginning the quarter on a strong note, oil prices fell due to demand concerns and the supply glut, with the OPEC-Russia/allies production cut of 1.2mb/d making no impact. While, on average, the INR weakened 3% qoq, it closed 3 points above vs. the level at the Q2-end, implying sizeable forex gains for OMCs. Benchmark GRM was down over 30% qoq as light distillate cracks plunged due to oversupply. Nevertheless, we expect OMCs to see a qoq improvement in core GRMs on lower fuel & loss costs, OSP benefits, and favorable price-lag impact though reported GRMs are expected to be weak due to high inventory losses. We estimate average gross marketing margins on diesel/petrol to be down 9%/up 34% qoq with some impact of adverse price lag. This, along with heavy marketing inventory losses, should result in a weak earnings performance by OMCs. We estimate under-recoveries will rise 23% qoq to Rs130bn although the upstream subsidy burden is unlikely to resurface with oil prices coming down. We estimate ONGC's gas output will rise 4% qoq. Total gas demand-supply is expected to be weaker qoq due to lower demand from the power sector, leading to a fall in pipeline volumes for GAIL and GSPL. Petronet is expected to have a weak quarter with Dahej/Kochi utilization down qoq. In the CGD space, IGL should maintain healthy volume growth though Gujarat Gas could be weaker. Margins, however, should be strong for both on better-than-expected rupee and soft LNG prices. GAIL's petchem segment should be impacted by lower oil prices and the shutdown at Pata 2, while gas trading business should be affected by the spike in Henry Hub prices, lowering margins qoq. We expect RIL's standalone earnings to decline 5% qoq due to weaker GRMs (estimate US\$8.7/bbl) and petchem earnings (from inventory losses). However, consolidated numbers should see a moderate decline, supported by higher earnings from Retail and Jio. The lubricant sector is expected to maintain 4-5% industry growth, with an expansion in margins sequentially.
- **Pharmaceutical:** Q3FY19 may well mark the cyclical bottom for large-cap Indian generic companies, at least from a US revenues perspective even while earnings bottom may not follow suit immediately. However, we expect the next 12-18 months period to be a strong growth phase for a number of generic companies given the low earnings base and possible bunching of approvals as a number of regulatory issues get resolved over time. We believe that it may be time to get constructive on a few names and ride the momentum. However, we are very clear that we are in a phase of a cyclical uptrend in Indian generic stocks even as the structural challenges for the industry will persist.

## Sectoral expectations (contd.)

- **Power:** Q3FY19 is expected to see broadly positive results for our coverage companies. Power Grid Corporation's growth should come on the back of strong capitalization, while NTPC's should be driven by better availability during the quarter. Strong demand will drive CESC's earnings, while depreciating rupee could impact JSW Energy's Q3FY19 earnings. While the sector is plagued by fuel shortages and lack of long-term PPAs due to distress discoms' financials, recent government initiatives - the Saubhagya scheme, auctioning of coal and gas linkages and the SHAKTI policy - may unblock the policy logjam. Investors should continue to focus on earnings, valuations, and risk profile.
- **Retail:** For our retail coverage, we expect strong growth in Q3FY19, driven by festive demand and season sales during the quarter. Revenue/EBITDA/PAT growth expectations for our coverage are 17%/22%/26%. We expect most retailers to post double-digit top-line growth and expansion in margins, led by operating leverage and cost efficiencies. Our preferred stock picks include Titan, Jubilant FoodWorks and ABFRL.
- **Specialty Chemicals:** In our Specialty Chemicals coverage universe (ex. Tata Chemical whose numbers are not comparable since it exited the fertilizer business), we expect overall sector revenue growth to be 19% yoy. EBITDA is likely to see 24% yoy growth on the back of an improvement in operational performance. However, due to higher tax rate and lower other income, overall net profit is likely to increase by only 14% yoy. Fluorine chemistry-based companies are likely to witness decent revenue growth although with some margin contraction due to increased raw material prices. Fluorspar prices are up by 40+% yoy. SRF's specialty chemicals businesses are likely to demonstrate strong revenue performance, thanks to strong exports at key clients. SRF could post some inventory losses in the Textile and Packaging businesses due a sharp decline in the prices of key raw-materials. However, Navin Fluorine's speciality chemical business is likely to show muted revenue growth due to the lower traction in exports. Navin is expected to post strong performance in CRAMs business. The Enzyme chemistry universe should show muted revenue growth on a yoy basis due to subdued demand from top clients. Emersion polymer chemistry-based companies (BASF and Apcotex) should continue to post strong show on the revenue front, with flat margin performance. Toluene chemistry (Vinati Organics) universe is likely to post robust revenue growth with stable margin amid a better demand scenario for key products such as IBB, ATBS, and speciality chemicals. The impact of higher coal prices during the quarter was partially mitigated by better realization in the soda ash business. GHCL and Tata Chemical are likely to report healthy revenue growth in soda-ash. GHCL can surprise in the textile segment, driven by a better-than-expected turnaround in the Home Textile business.

## Sectoral expectations (*contd.*)

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- **Telecom:** On expected lines, the wireless revenue decline for service providers should see a deceleration, attributable to Minimum Recharge plans, while the underlying downtrading in post-paid should still continue. Strong subscriber additions on JIO Phone should continue to attract low-end subscribers from competitors. The full impact on tower rentals after the Vodafone-Idea (VIL) merger and the rise in network opex with continued site rollouts could affect BHARTI's EBITDA. The full-quarter impact of merger-related cost savings should drive EBITDA growth for VIL. We believe that JIO will continue to showcase robust subscriber additions, driven by the success of JIO Phone. While BHIN is expected to see a recovery in tenancy additions from JIO and Bharti, the full-quarter impact of the Idea-Vodafone merger is expected to restrict growth.

## Q3FY19 Preview

YoY	Net Sales Growth	EBITDA Growth	EBITDA Margin growth	Adjusted PAT Growth
Emkay Universe	11.6%	8.5%	-55 bps	3.2%
Emkay Large Cap	11.3%	7.8%	-65 bps	1.7%
Emkay Mid Cap	12.5%	17.6%	74 bps	23.1%
Emkay Small Cap	13.7%	5.3%	-102 bps	-1.8%
Emkay Universe ex Top 3 Cos	10.9%	6.0%	-86 bps	-2.8%
Emkay Universe ex Top 5 Cos	10.5%	5.5%	-91 bps	-5.0%
Emkay Universe ex Top 3 and Bottom 3 Cos	10.6%	8.6%	-33 bps	9.4%
Emkay Universe ex Top 5 and Bottom 5 Cos	10.2%	8.0%	-38 bps	10.1%

*Top 5 companies based on Contribution to PAT Growth are TCS, Coal India, SAIL, National Aluminium & Infosys*

*Bottom 5 companies based on Contribution to PAT Growth are Vodafone Idea, Bharti Airtel, Hindustan Zinc, JSW Steel & Tata Chemicals*

## Q3FY19 Strong Results

Company Name	Sector	APAT (Rs mn)		APAT Gr (%)
		Dec-18E	Dec-17	
<b>Large Caps</b>				
Bank of Baroda	BFSI	5681	1118	408.2
SAIL	Metals & Mining	6498	865	651.1
Ultratech Cement	Cement	5099	3177	60.5
United Breweries	Consumer Goods	956	474	101.7
United Spirits	Consumer Goods	2356	1473	59.9
<b>Mid Caps</b>				
ABFRL	Retail	657	350	87.8
Glenmark Pharma	Pharmaceuticals	2551	1099	132.0
Jsw Energy	Power	844	506	67.0
Sterlite Tech	Others	1428	901	58.5
<b>Small Caps</b>				
Atul Auto	Automobiles	158	97	63.1
Dynamatic Technologies	Engineering & Capital Goods	105	1	9415.3
Granules India	Pharmaceuticals	542	350	54.8
Inox Leisure	Media & Entertainment	253	132	91.9
NIIT Tech	Information Technology	1144	757	51.2
Ramco Systems	Information Technology	130	38	243.7
V2 Retail	Others	210	137	54.0
Vinati Organics	Speciality Chemicals	617	317	94.3



## Q3FY19 Weak Results

Company Name	Sector	APAT (Rs mn)		APAT Gr (%)
		Dec-18E	Dec-17	
<b>Large Caps</b>				
Ashok Leyland	Automobiles	2938	4499	-34.7
BPCL	Oil & Gas	3257	21437	-84.8
HDFC	BFSI	21097	56702	-62.8
HPCL	Oil & Gas	2347	19497	-88.0
Indian Oil	Oil & Gas	1080	78832	-98.6
Shree Cements	Cement	1472	2930	-49.8
<b>Mid Caps</b>				
Bayer CropScience	Agri Input & Chemicals	74	107	-30.7
Tata Chemicals	Speciality Chemicals	2775	5584	-50.3
Tata Communications	Telecommunications	72	103	-30.6
<b>Small Caps</b>				
APL Apollo Tubes	Others	213	359	-40.7
DCM Shriram	Agri Input & Chemicals	1454	2129	-31.7
Deepak Fertilisers	Agri Input & Chemicals	228	638	-64.3
HSIL	Building Materials	180	295	-39.0
Jindal Stainless	Metals & Mining	541	963	-43.8
Jindal Stainless Hisar	Metals & Mining	644	1140	-43.5
KNR Construction	Construction & Infrastructure	325	657	-50.6
PNC Infratech	Construction & Infrastructure	477	931	-48.7
Sanghi Industries	Cement	73	322	-77.4

## Possible Surprises – Positives

Company Name	EPS (Rs)	yoy growth (%)	Reason
IGL	2.8	20%	Better margins sequentially from more favorable-than-expected rupee, softer LNG prices
Gulf Oil Lubricants India	9.7	13%	Strong volume growth and margin expansion qoq
United Breweries	3.6	102%	Strong volume growth on recovery in key markets
Bajaj Finance	17.5	31.3%	Strong disbursement growth coupled with steady margins
NCC	2.8	28.2%	Strong execution momentum to continue

## Possible Surprises – Negatives

Company Name	EPS (Rs)	yoy growth (%)	Reason
Petronet LNG	3.2	-17%	Weak volume growth and seasonal dip in margins
IOCL	0.1	-99%	Heavy inventory losses
BPCL	1.7	-85%	
HPCL	1.5	-88%	
Shriram Transport	24.3	11.2%	Flat AUM number coupled with pressure on margins

## Emkay Universe Q3FY19 Result Preview

Sector Name	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)	
	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ
Agri Input & Chemicals	177440	215244	163156	9%	-18%	23668	30982	23118	2%	-24%	13149	17764	15583	-16%	-26%	6.2	8.3	7.3	-16%	-26%
Auto Ancillaries	267890	238358	222695	20%	12%	25131	23367	22698	11%	8%	9409	8681	9006	4%	8%	2.0	1.8	1.9	4%	8%
Automobiles	1429634	1409976	1330435	7%	1%	171089	169037	176064	-3%	1%	67879	73624	67902	0%	-8%	7.6	8.2	7.6	0%	-8%
BFSI	982714	937277	833019	18%	5%	535113	521155	460860	16%	3%	189686	173712	166714	14%	9%	6.3	5.7	5.7	10%	9%
Building Materials	24093	23052	21305	13%	5%	3087	2509	2984	3%	23%	1410	1007	1448	-3%	40%	3.5	2.5	3.6	-3%	40%
Cement	253880	235819	227971	11%	8%	39275	35511	37320	5%	11%	13839	12884	14267	-3%	7%	3.4	3.1	3.5	-3%	7%
Construction & Infrastructure	149216	132485	115508	29%	13%	24124	23323	21379	13%	3%	11097	10537	11002	1%	5%	2.5	2.4	2.5	1%	5%
Consumer Goods	373430	363726	334071	12%	3%	76628	73984	66642	15%	4%	52255	50975	44785	17%	3%	4.8	4.7	4.2	17%	3%
Engineering & Capital Goods	248810	246895	231831	7%	1%	22582	20235	20122	12%	12%	13696	12642	11717	17%	8%	2.2	2.1	1.9	17%	8%
Information Technology	1121670	1083705	937886	20%	4%	260267	248411	208356	25%	5%	205063	193810	167362	23%	6%	12.0	11.4	9.8	23%	6%
Media & Entertainment	73658	66534	63653	16%	11%	25296	21601	20705	22%	17%	10945	9278	6855	60%	18%	3.5	3.0	2.2	60%	18%
Metals & Mining	1510064	1534746	1401654	8%	-2%	328132	314551	293118	12%	4%	148932	131997	132841	12%	13%	5.0	4.4	4.5	11%	13%
Oil & Gas	3644651	3818920	3132320	16%	-5%	167950	326131	350285	-52%	-49%	101569	156666	214094	-53%	-35%	4.7	7.3	9.9	-53%	-35%
Pharmaceuticals	342689	338395	320965	7%	1%	71618	70377	69222	3%	2%	40726	42446	38211	7%	-4%	6.1	6.4	5.7	7%	-4%
Power	394806	403845	363920	8%	-2%	161406	168475	152882	6%	-4%	63800	68549	56321	13%	-7%	2.2	2.3	1.9	13%	-7%
Retail	130354	120346	111691	17%	8%	13953	12632	11443	22%	10%	7517	6415	5989	26%	17%	3.6	3.1	2.9	25%	17%
Speciality Chemicals	79644	83461	68275	17%	-5%	13773	13848	11907	16%	-1%	6352	6961	8729	-27%	-9%	7.8	8.6	10.8	-27%	-9%
Telecommunications	400878	358225	345981	16%	12%	92829	88215	109032	-15%	5%	-61473	-36536	-3831			-6.3	-3.8	-0.4		
Others	185158	189476	155685	19%	-2%	25522	27007	22567	13%	-5%	12633	15856	11018	15%	-20%	4.0	5.0	3.5	15%	-20%
<b>Emkay</b>	<b>11790678</b>	<b>11800485</b>	<b>10382020</b>	<b>14%</b>	<b>0%</b>	<b>2081443</b>	<b>2191350</b>	<b>2080702</b>	<b>0%</b>	<b>-5%</b>	<b>908486</b>	<b>957270</b>	<b>980014</b>	<b>-7%</b>	<b>-5%</b>	<b>4.7</b>	<b>4.9</b>	<b>5.0</b>	<b>-8%</b>	<b>-5%</b>
<b>Emkay*</b>	<b>7194322</b>	<b>7072079</b>	<b>6445197</b>	<b>12%</b>	<b>2%</b>	<b>1398381</b>	<b>1362074</b>	<b>1288345</b>	<b>9%</b>	<b>3%</b>	<b>629252</b>	<b>639292</b>	<b>609514</b>	<b>3%</b>	<b>-2%</b>	<b>4.3</b>	<b>4.4</b>	<b>4.2</b>	<b>3%</b>	<b>-2%</b>
Large Cap*	5735773	5594538	5155095	11%	3%	1176913	1130911	1091401	8%	4%	528068	526611	519490	2%	0%	5.2	5.2	5.2	1%	0%
Mid Cap*	784185	814895	696932	13%	-4%	134545	147248	114431	18%	-9%	63189	75375	51351	23%	-16%	2.0	2.3	1.6	23%	-16%
Small Cap*	674364	662646	593171	14%	2%	86923	83915	82514	5%	4%	37995	37306	38673	-2%	2%	2.9	2.8	2.9	-2%	2%

\*Note: ex BFSI and Oil & Gas

## Emkay Universe Q3FY19 Result Preview (Contd...)

Company Nam	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)		
	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	
<b>Agri Input &amp; Chemicals</b>																					
Bayer CropScience	5133	11041	4797	7%	-54%	252	2186	226	12%	-88%	74	1427	107	-31%	-95%	2.2	41.6	3.1	-31%	-95%	
Chambal Fertilisers	26025	24861	23301	12%	5%	2130	2072	2650	-20%	3%	1108	1450	1512	-27%	-24%	2.7	3.5	3.6	-27%	-24%	
Coromandel International	28608	50083	26949	6%	-43%	3343	6663	3184	5%	-50%	1794	3853	1722	4%	-53%	6.2	13.2	5.9	4%	-53%	
DCM Shriram	16162	17001	17837	-9%	-5%	2664	2963	3299	-19%	-10%	1454	1677	2129	-32%	-13%	8.9	10.3	13.0	-32%	-13%	
Deepak Fertilisers	14970	17687	16449	-9%	-15%	1295	1151	1490	-13%	13%	228	246	638	-64%	-7%	2.6	2.8	7.2	-64%	-7%	
Dhanuka Agritech	2333	3834	2215	5%	-39%	352	756	353	0%	-53%	282	550	286	-1%	-49%	5.7	11.2	5.8	-1%	-49%	
GSFC	20549	26719	15375	34%	-23%	1645	3182	1615	2%	-48%	1002	2243	997	1%	-55%	2.5	5.6	2.5	1%	-55%	
Insecticides India	1755	4583	1759	0%	-62%	250	692	230	9%	-64%	116	430	96	21%	-73%	5.6	20.8	4.7	21%	-73%	
PI Industries	6257	7230	5377	16%	-13%	1143	1346	1048	9%	-15%	803	944	806	0%	-15%	5.8	6.8	5.8	0%	-15%	
Rallis India	4389	6538	3902	12%	-33%	488	1234	378	29%	-60%	269	852	251	7%	-68%	1.4	4.4	1.3	7%	-68%	
Sharda Cropchem	3743	3097	3255	15%	21%	318	347	357	-11%	-8%	73	162	99	-26%	-55%	0.8	1.8	1.1	-26%	-55%	
UPL	47518	42570	41940	13%	12%	9789	8390	8290	18%	17%	5945	3930	6940	-14%	51%	23.5	15.5	27.4	-14%	51%	
<b>Automobiles</b>																					
Ashok Leyland	62960	76080	71412	-12%	-17%	5362	8059	7884	-32%	-33%	2938	4755	4499	-35%	-38%	1.0	1.6	1.5	-35%	-38%	
Atul Auto	1837	1765	1290	42%	4%	239	229	156	53%	4%	158	149	97	63%	6%	7.1	6.7	4.3	63%	6%	
Bajaj Auto	73916	79868	63693	16%	-7%	12097	13430	12315	-2%	-10%	10765	11525	9524	13%	-7%	37.2	39.8	32.9	13%	-7%	
Eicher Motors	22499	24082	22690	-1%	-7%	6589	7293	7072	-7%	-10%	5090	5663	5309	-4%	-10%	186.5	207.5	194.5	-4%	-10%	
Escorts	16375	13984	12050	36%	17%	2063	1575	1450	42%	31%	1354	1026	919	47%	32%	15.8	12.0	10.7	47%	32%	
Hero Motocorp	76498	90909	73142	5%	-16%	10579	13787	11580	-9%	-23%	7715	9763	8054	-4%	-21%	38.6	48.9	40.3	-4%	-21%	
Mahindra & Mahindra	129605	127902	114915	13%	1%	18015	18493	16926	6%	-3%	9754	16412	9200	6%	-41%	7.8	13.2	7.4	6%	-41%	
Maruti Suzuki India	197091	224332	192832	2%	-12%	26619	34313	30378	-12%	-22%	16603	22404	17990	-8%	-26%	55.0	74.2	59.6	-8%	-26%	
Tata Motors	803787	721121	741561	8%	11%	86150	67576	85435	1%	27%	11993	-186	10766	11%		3.5	-0.1	3.2	11%		
TVS Motor	45066	49935	36850	22%	-10%	3376	4282	2868	18%	-21%	1511	2113	1544	-2%	-28%	3.2	4.4	3.2	-2%	-28%	
<b>Auto ancillaries</b>																					
Amara Raja Batteries	17881	17531	15535	15%	2%	2743	2366	2416	14%	16%	1479	1202	1345	10%	23%	8.7	7.0	7.9	10%	23%	
Apollo Tyres	47562	42574	40501	17%	12%	5401	4672	4964	9%	16%	2293	1860	2453	-7%	23%	4.0	3.3	4.3	-7%	23%	
Exide Industries	25027	27204	22783	10%	-8%	3385	3327	2826	20%	2%	1818	1908	1543	18%	-5%	2.1	2.2	1.8	18%	-5%	
Motherson Sumi	177419	151050	143877	23%	17%	13602	13001	12493	9%	5%	3819	3711	3666	4%	3%	1.2	1.2	1.2	4%	3%	

## Emkay Universe Q3FY19 Result Preview (Contd...)

Company Nam	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)		
	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	
<b>Banks &amp; Fin. Services</b>																					
Axis Bank	54430	52321	47315	15%	4%	42821	40940	38538	11%	5%	9260	7896	7264	27%	17%	3.6	3.1	2.8	27%	17%	
Bajaj Finance	30004	26652	23724	26%	13%	19094	17386	14230	34%	10%	10099	9203	7668	32%	10%	17.5	16.0	13.3	31%	10%	
Bank of Baroda	47407	44925	43940	8%	6%	34890	30819	36501	-4%	13%	5681	4254	1118	408%	34%	2.1	1.6	0.5	343%	34%	
Cholamandalam Finance	8142	8119	7930	3%	0%	5259	5207	4694	12%	1%	2927	3047	2492	17%	-4%	18.7	19.5	15.9	17%	-4%	
Edelweiss Fin. Services	14019	14718	11861	18%	-5%	4040	4588	3608	12%	-12%	2416	2764	2364	2%	-13%	2.7	3.1	2.6	6%	-13%	
HDFC	30388	26288	29287	4%	16%	29850	38904	29099	3%	-23%	21097	24671	56702	-63%	-14%	12.4	14.5	35.5	-65%	-14%	
HDFC Bank	125026	117634	103143	21%	6%	103720	94800	84513	23%	9%	56113	50057	46426	21%	12%	20.7	18.4	17.9	15%	12%	
HDFC Standard Life	67792	68405	54677	24%	-1%	0	0	0			2426	2870	2073	17%	-15%	1.2	1.4	1.0	17%	-15%	
ICICI Bank	66639	64176	57053	17%	4%	58297	52497	50578	15%	11%	17494	9089	16502	6%	92%	13.6	7.1	12.8	6%	92%	
ICICI Pru Life	78374	76819	68556	14%	2%	0	0	0			3504	3009	4521	-22%	16%	2.4	2.1	3.1	-22%	16%	
Indusind Bank	23060	22033	18948	22%	5%	20468	19924	16647	23%	3%	8889	9203	9362	-5%	-3%	3.0	3.1	3.1	-5%	-3%	
L&T Finance Holdings	15838	15966	12706	25%	-1%	11513	11494	9409	22%	0%	4954	5604	3841	29%	-12%	2.8	2.8	2.0	43%	0%	
LIC Housing Finance	10017	10599	8976	12%	-5%	9372	9633	8050	16%	-3%	5353	5732	4911	9%	-7%	10.6	11.4	9.7	9%	-7%	
Magma Fincorp	3414	3498	3593	-5%	-2%	1878	1913	1942	-3%	-2%	787	766	650	21%	3%	2.9	2.8	2.7	7%	3%	
Mahindra Finance	12090	11666	10711	13%	4%	7378	7869	6553	13%	-6%	3443	3814	3420	1%	-10%	5.6	6.2	5.6	1%	-10%	
Max Financial	35367	32990	30444	16%	7%	0	0	0			1374	1546	1280	7%	-11%	2.2	3.1	2.3	-3%	-30%	
SBI Life	87101	76855	68141	28%	13%	0	0	0			2851	2505	2303	24%	14%	2.9	2.5	2.3	24%	14%	
Shriram City Union Finance	9421	9769	9157	3%	-4%	5601	6243	5449	3%	-10%	2108	2493	2255	-7%	-15%	32.0	37.8	34.2	-7%	-15%	
Shriram Transport Finance	19671	20612	17094	15%	-5%	14885	16226	13486	10%	-8%	5512	6096	4956	11%	-10%	24.3	26.9	21.8	11%	-10%	
State Bank of India	219392	209057	186875	17%	5%	141604	139049	117546	20%	2%	11885	9449	-24164		26%	1.3	1.1	-2.8		26%	
Yes Bank	25122	24176	18888	33%	4%	24443	23664	20018	22%	3%	11513	9647	10769	7%	19%	5.0	4.2	4.7	6%	19%	
<b>Building Materials</b>																					
Century Plyboards	5986	5644	5099	17%	6%	924	742	878	5%	24%	548	378	467	18%	45%	2.5	1.7	2.1	18%	45%	
HSIL	6405	6227	5795	11%	3%	749	514	725	3%	46%	180	47	295	-39%	285%	2.7	0.7	4.5	-39%	285%	
Kajaria Ceramics	7418	7253	6612	12%	2%	1157	1089	1100	5%	6%	577	536	543	6%	8%	7.3	6.7	6.8	6%	8%	
Somany Ceramics	4283	3928	3800	13%	9%	257	164	281	-9%	57%	105	46	143	-27%	129%	2.7	1.2	3.7	-27%	129%	

## Emkay Universe Q3FY19 Result Preview (Contd...)

Company Nam	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)	
	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ
<b>Cement</b>																				
ACC	37867	34332	34941	8%	10%	5012	4461	4084	23%	12%	2473	2091	1703	45%	18%	13.2	11.1	9.1	45%	18%
Ambuja Cements	29212	26139	27126	8%	12%	4823	3582	5383	-10%	35%	2300	1786	3119	-26%	29%	1.5	1.2	2.1	-26%	29%
India Cements	12585	13871	12131	4%	-9%	1263	1548	1673	-25%	-18%	-126	132	152			-0.4	0.4	0.5		
JK Cement	12332	11006	11261	10%	12%	1925	1698	1702	13%	13%	802	647	731	10%	24%	11.5	9.3	10.4	10%	24%
JK Lakshmi Cement	8609	8514	8374	3%	1%	969	916	943	3%	6%	103	78	86	20%	32%	0.9	0.7	0.7	20%	32%
Orient Cement	5614	5608	5115	10%	0%	320	358	391	-18%	-10%	-198	-167	-177			-1.0	-0.8	-0.9		
Prism Johnson	13830	13353	12963	7%	4%	947	803	822	15%	18%	166	70	149	11%	135%	0.3	0.1	0.3	11%	135%
Ramco Cements	11895	11835	10564	13%	1%	2121	2472	2306	-8%	-14%	943	1145	1180	-20%	-18%	4.0	4.8	5.0	-20%	-18%
Sanghi Industries	2610	2441	2796	-7%	7%	378	324	618	-39%	17%	73	20	322	-77%	271%	0.3	0.1	1.5	-77%	271%
Shree Cements	26327	25866	23027	14%	2%	5698	5733	5293	8%	-1%	1472	2810	2930	-50%	-48%	42.3	80.7	84.1	-50%	-48%
Star Cement	4359	3623	3774	15%	20%	1081	687	1413	-23%	57%	733	364	895	-18%	101%	1.7	0.9	2.1	-18%	101%
Ultratech Cement	88640	79231	75899	17%	12%	14738	12931	12691	16%	14%	5099	3908	3177	61%	30%	18.6	14.2	11.6	61%	30%
<b>Construction &amp; Infra</b>																				
Ahluw alia Contracts	5069	4392	3611	40%	15%	660	574	625	6%	15%	366	312	292	25%	17%	5.5	4.7	4.4	25%	17%
Ashoka Buildcon	8427	7644	6589	28%	10%	1096	1037	746	47%	6%	676	621	470	44%	9%	2.4	2.2	1.7	44%	9%
Container Corporation	18126	18223	16396	11%	-1%	4441	5042	4456	0%	-12%	2992	3361	2891	3%	-11%	6.1	6.9	5.9	3%	-11%
IRB Infrastructure	14944	14323	12962	15%	4%	6874	6701	6303	9%	3%	2070	1729	2073	0%	20%	5.9	4.9	5.9	0%	20%
ITD Cementation	6544	6204	5749	14%	5%	785	781	786	0%	1%	278	274	395	-30%	2%	1.6	1.6	2.3	-30%	2%
J Kumar	6065	5147	4572	33%	18%	989	910	776	27%	9%	397	354	329	21%	12%	5.2	4.7	4.4	21%	12%
KNR Construction	4605	4163	4332	6%	11%	806	831	984	-18%	-3%	325	450	657	-51%	-28%	2.3	3.2	4.7	-51%	-28%
NBCC	18956	14059	15115	25%	35%	765	456	750	2%	68%	832	728	733	14%	14%	0.5	0.4	0.4	14%	14%
NCC	32385	31048	18507	75%	4%	3718	3651	2551	46%	2%	1671	1732	1304	28%	-3%	2.8	2.9	2.2	28%	-3%
PNC Infratech	7055	5586	4725	49%	26%	917	746	663	38%	23%	477	351	931	-49%	36%	1.9	1.4	3.6	-49%	36%
Sadbhav Engineering	9977	6906	9351	7%	44%	1197	833	1056	13%	44%	628	383	618	2%	64%	3.7	2.2	3.6	2%	64%
Simplex Infrastructure	17062	14791	13601	25%	15%	1877	1760	1684	11%	7%	386	244	311	24%	58%	6.8	4.3	5.5	24%	58%



## Emkay Universe Q3FY19 Result Preview (Contd...)

Company Nam	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)		
	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	
<b>Consumers Goods</b>																					
Asian Paints	48480	46391	42605	14%	5%	9790	7842	8912	10%	25%	6144	4928	5546	11%	25%	6.4	5.1	5.8	11%	25%	
Berger Paints	15455	14901	13386	15%	4%	2473	2068	2226	11%	20%	1479	1173	1304	13%	26%	1.5	1.2	1.3	13%	26%	
Britannia Industries	28790	28696	25675	12%	0%	4679	4544	3984	17%	3%	3131	3030	2637	19%	3%	13.0	12.6	11.0	19%	3%	
Colgate-Palmolive	11367	11680	10333	10%	-3%	3117	3296	2824	10%	-5%	1856	1923	1635	13%	-4%	6.8	7.1	6.0	13%	-4%	
Dabur	21527	21250	19664	9%	1%	4436	4508	4035	10%	-2%	3704	3776	3330	11%	-2%	2.1	2.1	1.9	11%	-2%	
Emami	8168	6280	7566	8%	30%	2831	1894	2647	7%	49%	2080	1300	1962	6%	60%	4.6	2.9	4.3	6%	60%	
Glaxosmithkline Consumer	11369	12720	10347	10%	-11%	2309	3537	2040	13%	-35%	1969	2755	1637	20%	-29%	46.8	65.5	38.9	20%	-29%	
Godrej Consumer Products	27946	26592	26303	6%	5%	6341	4865	5987	6%	30%	4506	3580	4230	7%	26%	4.4	3.5	4.1	7%	26%	
Hindustan Unilever	95180	92340	85900	11%	3%	19801	20190	16800	18%	-2%	14248	15220	11980	19%	-6%	6.6	7.0	5.5	19%	-6%	
Marico	18678	18368	16243	15%	2%	3593	2941	3021	19%	22%	2644	2183	2233	18%	21%	2.0	1.7	1.7	18%	21%	
Nestle India	29799	29394	26015	15%	1%	7255	7146	6215	17%	2%	4725	4573	3945	20%	3%	49.0	47.4	40.9	20%	3%	
Pdillite Industries	17589	17574	15429	14%	0%	3861	3648	3703	4%	6%	2456	2312	2398	2%	6%	4.8	4.5	4.7	2%	6%	
United Breweries	13810	15260	11971	15%	-10%	2123	3182	1526	39%	-33%	956	1638	474	102%	-42%	3.6	6.2	1.8	102%	-42%	
United Spirits	25273	22281	22633	12%	13%	4020	4324	2723	48%	-7%	2356	2586	1473	60%	-9%	3.2	3.6	2.0	60%	-9%	
<b>Eng. &amp; Capital Goods</b>																					
ABB	29021	25154	27794	4%	15%	3194	1940	2937	9%	65%	2028	1083	1715	18%	87%	9.6	5.1	8.1	18%	87%	
BHEL	69361	67799	67052	3%	2%	3812	2408	3021	26%	58%	2095	1852	1532	37%	13%	0.6	0.5	0.4	37%	13%	
Blue Star	10887	10322	9792	11%	5%	595	581	513	16%	2%	238	223	188	27%	7%	2.5	2.3	2.0	27%	7%	
Cummins India	15162	14869	13547	12%	2%	2426	2509	1967	23%	-3%	1979	2116	1722	15%	-6%	7.1	7.6	6.2	15%	-6%	
Dynamatic Technologies	3842	3699	3517	9%	4%	511	426	336	52%	20%	105	79	1	9415%	33%	16.5	12.4	0.2	9415%	33%	
GET&D India	13379	9933	15376	-13%	35%	1338	921	1494	-10%	45%	868	515	718	21%	69%	3.4	2.0	2.8	21%	69%	
Kalpataru Power	16300	15741	14174	15%	4%	1793	1709	1520	18%	5%	939	914	752	25%	3%	6.1	6.0	4.9	25%	3%	
KEC International	27657	24085	24049	15%	15%	2766	2532	2441	13%	9%	1123	963	1118	0%	17%	4.4	3.7	4.3	0%	17%	
Siemens	29034	39392	24295	20%	-26%	2855	4186	2724	5%	-32%	1977	2792	1905	4%	-29%	5.6	7.8	5.4	4%	-29%	
Skipper	5812	5240	5664	3%	11%	559	388	741	-24%	44%	269	25	292	-8%	980%	2.6	0.2	2.9	-8%	980%	
Thermax	12416	14276	11170	11%	-13%	971	1100	955	2%	-12%	685	745	586	17%	-8%	6.1	6.6	5.2	17%	-8%	
Triveni Turbine	1739	2172	1656	5%	-20%	383	451	332	15%	-15%	247	301	194	28%	-18%	0.8	0.9	0.6	28%	-18%	
Voltas	14202	14214	13747	3%	0%	1380	1085	1142	21%	27%	1141	1035	995	15%	10%	3.5	3.1	3.0	15%	10%	

## Emkay Universe Q3FY19 Result Preview (Contd...)

Company Nam	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)		
	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	
<b>IT Services</b>																					
eclerx Services	3672	3559	3399	8%	3%	908	831	904	0%	9%	667	698	575	16%	-4%	17.5	17.8	14.4	21%	-2%	
Firstsource Solutions	10153	9547	8872	14%	6%	1437	1328	1161	24%	8%	984	928	996	-1%	6%	1.4	1.3	1.5	-2%	6%	
HCL Tech	154723	148610	128080	21%	4%	36515	34990	29640	23%	4%	26275	25400	21940	20%	3%	19.4	18.2	15.7	23%	6%	
Hexaware Technologies	12590	12096	10048	25%	4%	1989	2023	1599	24%	-2%	1395	1722	1211	15%	-19%	4.6	5.7	4.1	13%	-19%	
Infosys	212773	206090	177940	20%	3%	48937	48940	43190	13%	0%	41481	41100	36970	12%	1%	9.5	9.4	8.5	12%	1%	
Intellect Design	3517	3804	2707	30%	-8%	202	383	161	25%	-47%	122	315	122	0%	-61%	1.0	2.5	1.0	0%	-61%	
L&T Infotech	24752	24023	19609	26%	3%	5544	5501	3987	39%	1%	4057	4003	2829	43%	1%	23.2	22.9	16.2	43%	1%	
Majesco	2489	2425	2073	20%	3%	276	265	94	193%	4%	164	133	-91		23%	5.8	4.8	-3.6		22%	
Mindtree	18025	17554	13777	31%	3%	2794	2699	2074	35%	4%	2098	2063	1415	48%	2%	12.8	12.6	8.6	48%	2%	
Mphasis	19895	19149	16607	20%	4%	3104	3145	2566	21%	-1%	2548	2709	2150	19%	-6%	13.7	14.6	11.6	19%	-6%	
MPS	1024	1006	679	51%	2%	266	258	239	11%	3%	192	187	176	9%	3%	10.3	10.0	9.4	9%	3%	
NIT	2278	2285	2094	9%	0%	215	219	184	17%	-1%	199	260	197	1%	-23%	1.2	1.6	1.2	1%	-23%	
NIT Tech	9615	9074	7565	27%	6%	1740	1634	1296	34%	7%	1144	1118	757	51%	2%	18.6	18.2	12.3	51%	2%	
Nucleus Software	1234	1215	1060	16%	2%	232	229	187	24%	1%	203	191	181	12%	6%	7.0	6.6	6.2	12%	6%	
Oracle Financial Services	12863	12133	10591	21%	6%	5332	4988	4202	27%	7%	3745	3520	2897	29%	6%	43.9	41.2	33.9	29%	6%	
Persistent Systems	8697	8356	7919	10%	4%	1522	1436	1375	11%	6%	903	881	917	-1%	2%	11.3	11.0	11.5	-1%	2%	
Ramco Systems	1407	1315	1252	12%	7%	291	229	194	50%	27%	130	41	38	244%	218%	4.2	1.3	1.2	240%	220%	
TCS	379085	368540	309040	23%	3%	105765	102780	82880	28%	3%	84014	79010	65310	29%	6%	22.4	21.1	17.4	29%	6%	
Tech Mahindra	89936	86298	77760	16%	4%	17088	16186	12647	35%	6%	11385	10642	9432	21%	7%	12.8	11.9	10.6	20%	7%	
Wipro	152944	146627	136815	12%	4%	26109	20347	19775	32%	28%	23358	18889	19342	21%	24%	5.2	4.2	4.3	21%	24%	
<b>Media &amp; Entertainment</b>																					
DB Corp	6480	5821	5986	8%	11%	1255	923	1396	-10%	36%	687	462	781	-12%	49%	3.9	2.6	4.5	-12%	49%	
Dish TV	16486	15943	16143	2%	3%	5593	5406	4978	12%	3%	283	255	-1637		11%	0.3	0.2	-1.5		11%	
Entertainment Network	1779	1225	1484	20%	45%	428	273	356	20%	56%	175	90	132	33%	93%	3.7	1.9	2.8	33%	93%	
Inox Leisure	4344	3653	3259	33%	19%	671	448	463	45%	50%	253	120	132	92%	111%	2.6	1.2	1.4	92%	111%	
Jagran Prakashan	6235	5534	5981	4%	13%	1387	996	1629	-15%	39%	672	421	848	-21%	60%	2.2	1.4	2.6	-17%	60%	
PVR	7910	7103	5587	42%	11%	1554	1258	1018	53%	24%	461	330	289	60%	40%	9.9	7.1	6.2	60%	40%	
Sun TV Network	9168	7496	6833	34%	22%	7037	5540	4920	43%	27%	3368	3513	2670	26%	-4%	8.5	8.9	6.8	26%	-4%	
Zee Entertainment	21257	19759	18381	16%	8%	7371	6757	5944	24%	9%	5047	4087	3641	39%	24%	5.3	4.3	3.8	39%	24%	

## Emkay Universe Q3FY19 Result Preview (Contd...)

Company Nam	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)		
	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	
<b>Metals &amp; Mining</b>																					
Coal India	244490	221981	216433	13%	10%	54636	39142	46179	18%	40%	40629	30847	30051	35%	32%	6.5	5.0	4.8	35%	32%	
Hindalco	125060	108330	110228	13%	15%	15160	10907	13117	16%	39%	5898	3086	4908	20%	91%	3.1	1.6	2.6	20%	91%	
Hindustan Zinc	53259	47770	59220	-10%	11%	26624	23340	32440	-18%	14%	19167	18150	22980	-17%	6%	4.5	4.3	5.4	-17%	6%	
Jindal Stainless	29980	30814	29889	0%	-3%	3048	2312	3855	-21%	32%	541	167	963	-44%	224%	1.1	0.3	2.1	-46%	224%	
Jindal Stainless Hisar	22174	22294	24386	-9%	-1%	2216	2298	3251	-32%	-4%	644	674	1140	-44%	-4%	2.7	2.9	4.8	-44%	-4%	
JSW Steel	195101	215520	178610	9%	-9%	42391	49060	38510	10%	-14%	16419	20870	20170	-19%	-21%	6.8	8.7	8.4	-19%	-21%	
MOIL	3803	3578	2998	27%	6%	1162	1463	1228	-5%	-21%	855	1051	1038	-18%	-19%	3.3	4.1	3.9	-15%	-19%	
National Aluminium Co	28299	30409	23888	18%	-7%	6872	8509	3437	100%	-19%	4087	5100	-797		-20%	2.1	2.6	-0.4		-20%	
NMDC	26281	24379	24690	6%	8%	13236	12594	12099	9%	5%	9231	6365	7417	24%	45%	2.9	2.0	2.3	24%	45%	
SAIL	178338	167180	153237	16%	7%	24265	23650	14402	68%	3%	6498	5878	865	651%	11%	1.6	1.4	0.2	651%	11%	
Tata Steel	381729	435441	334466	14%	-12%	76804	89195	56969	35%	-14%	25763	29579	22595	14%	-13%	21.4	24.6	23.3	-8%	-13%	
Vedanta	221550	227050	243610	-9%	-2%	61718	52080	67630	-9%	19%	19201	10230	21510	-11%	88%	5.2	2.8	5.8	-11%	88%	
<b>Oil &amp; Gas</b>																					
BPCL	710710	722918	606164	17%	-2%	-290	33497	31882			3257	12187	21437	-85%	-73%	1.7	6.2	10.9	-85%	-73%	
Gujarat Gas	20659	19644	15713	31%	5%	2423	1801	1999	21%	35%	853	604	600	42%	41%	6.2	4.4	4.4	42%	41%	
Gujarat State Petronet	4633	4870	3502	32%	-5%	4015	4050	2971	35%	-1%	2232	3233	1816	23%	-31%	4.0	5.7	3.2	23%	-31%	
Gulf Oil Lubricants	4249	4172	3559	19%	2%	751	714	616	22%	5%	480	403	425	13%	19%	9.7	8.1	8.5	13%	19%	
HPCL	657585	675180	574743	14%	-3%	4524	30086	31585	-86%	-85%	2347	10920	19497	-88%	-79%	1.8	8.5	15.3	-88%	-79%	
Indian Oil	1295820	1308797	1106669	17%	-1%	3184	94936	132687	-98%	-97%	1080	33227	78832	-99%	-97%	0.1	3.5	8.3	-99%	-97%	
Indraprastha Gas	14966	14215	11839	26%	5%	3265	3080	2631	24%	6%	1984	1873	1659	20%	6%	2.8	2.7	2.4	20%	6%	
Petronet LNG	96163	107453	77571	24%	-11%	8009	9047	8474	-5%	-11%	4787	5629	5288	-9%	-15%	3.2	3.8	3.5	-9%	-15%	
Reliance Industries	839867	961670	732560	15%	-13%	142068	148920	137440	3%	-5%	84547	88590	84540	0%	-5%	14.3	15.0	14.3	0%	-5%	

## Emkay Universe Q3FY19 Result Preview (Contd...)

Company Nam	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)		
	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	
<b>Pharmaceuticals</b>																					
Aurobindo Pharma	48339	47514	43361	11%	2%	10735	10260	10256	5%	5%	6614	6383	6614	0%	4%	11.3	10.9	11.3	0%	4%	
Cadila Healthcare	30972	29612	32596	-5%	5%	7298	6878	8412	-13%	6%	4344	4175	5433	-20%	4%	4.2	4.1	5.3	-20%	4%	
Cipla	38761	40119	39138	-1%	-3%	7021	7528	8187	-14%	-7%	3375	3771	4677	-28%	-10%	4.2	4.7	5.8	-28%	-10%	
Divi's Lab	11895	12850	10379	15%	-7%	4524	5141	3261	39%	-12%	3323	3977	2247	48%	-16%	12.5	15.0	8.5	48%	-16%	
Dr. Reddy's Lab	38597	37978	38060	1%	2%	7619	7403	8006	-5%	3%	4017	5038	3663	10%	-20%	24.2	30.3	22.1	10%	-20%	
Glenmark Pharma	26285	25813	22037	19%	2%	4631	4401	3227	44%	5%	2551	2468	1099	132%	3%	9.0	8.7	3.9	132%	3%	
Granules India	5447	5809	4107	33%	-6%	969	1005	740	31%	-4%	542	603	350	55%	-10%	2.1	2.4	1.4	55%	-10%	
Ipca Lab	9592	9978	8592	12%	-4%	1688	1728	1612	5%	-2%	1134	1198	1056	7%	-5%	9.0	9.5	8.4	7%	-5%	
Lupin	40262	39511	39756	1%	2%	5816	5496	6883	-16%	6%	2417	2660	2222	9%	-9%	5.4	5.9	4.9	9%	-9%	
Sun Pharma	72378	69376	66532	9%	4%	15907	15312	14534	9%	4%	10259	9956	8784	17%	3%	4.3	4.1	3.7	17%	3%	
Suven Life Sciences	1440	895	1637	-12%	61%	394	244	514	-23%	61%	288	180	346	-17%	60%	2.3	1.4	2.7	-17%	60%	
Torrent pharma	18724	18940	14770	27%	-1%	5015	4980	3590	40%	1%	1863	2040	1720	8%	-9%	11.0	12.1	10.2	8%	-9%	
<b>Port</b>																					
Adani Ports	29215	26080	26889	9%	12%	18996	17035	17842	6%	12%	11480	11847	9729	18%	-3%	5.5	5.7	4.7	18%	-3%	
Gujarat Pipavav	1794	1711	1627	10%	5%	1005	975	947	6%	3%	540	553	579	-7%	-2%	1.1	1.1	1.2	-7%	-2%	
<b>Power</b>																					
CESC	18748	22200	17060	10%	-16%	3101	5110	2760	12%	-39%	1696	2710	1540	10%	-37%	12.7	20.3	11.6	10%	-37%	
Gujarat Industries Pow er	3832	3612	3426	12%	6%	1497	1467	1178	27%	2%	747	998	591	26%	-25%	4.9	6.6	3.9	26%	-25%	
JSW energy	21446	24308	19932	8%	-12%	5844	8613	5807	1%	-32%	844	3021	506	67%	-72%	0.5	1.8	0.3	67%	-72%	
NHPC	16060	24950	14979	7%	-36%	8740	15966	7843	11%	-45%	6650	12031	6864	-3%	-45%	0.6	1.1	0.6	-3%	-45%	
NTPC	226054	223115	208507	8%	1%	58731	56427	55953	5%	4%	27031	24260	23608	15%	11%	3.3	2.9	2.9	15%	11%	
Power Grid Corporation	83838	82830	75070	12%	1%	71463	69725	67383	6%	2%	23848	23095	20408	17%	3%	4.6	4.4	3.9	17%	3%	
Reliance Pow er	24829	22831	24947	0%	9%	12030	11167	11958	1%	8%	2984	2434	2803	6%	23%	1.1	0.9	1.0	6%	23%	

## Emkay Universe Q3FY19 Result Preview (Contd...)

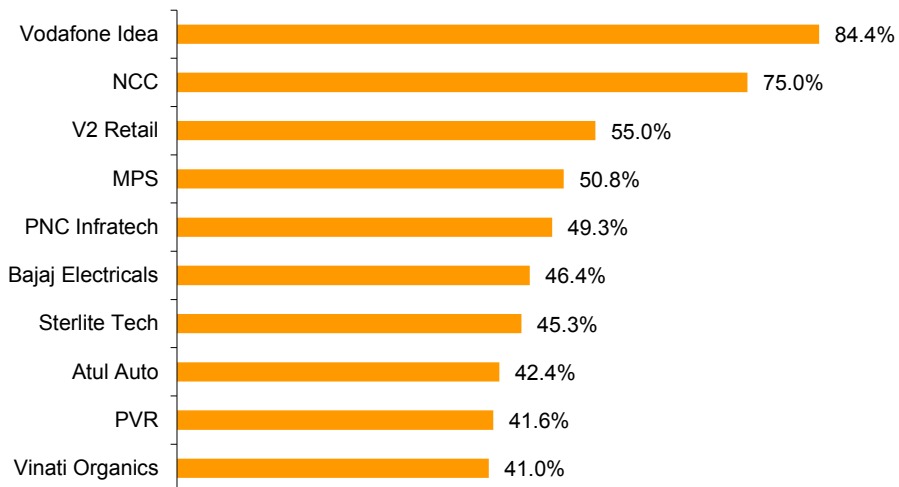
Company Nam	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)		
	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	
<b>Retail</b>																					
ABFRL	20936	20073	18550	13%	4%	1757	1428	1380	27%	23%	657	427	350	88%	54%	0.9	0.6	0.5	88%	54%	
Future Lifestyle	14585	13360	12256	19%	9%	1405	1224	1149	22%	15%	526	374	444	18%	41%	2.8	2.0	2.3	18%	41%	
Jubilant FoodWorks	9137	8814	7952	15%	4%	1571	1475	1369	15%	7%	833	777	660	26%	7%	12.6	11.8	10.0	26%	7%	
Page Industries	7044	6908	6210	13%	2%	1482	1428	1289	15%	4%	967	926	834	16%	4%	86.7	83.0	74.8	16%	4%	
Raymond	16898	18478	14842	14%	-9%	1431	1864	1015	41%	-23%	393	635	288	36%	-38%	6.4	10.3	4.7	36%	-38%	
Shoppers Stop	9921	8645	9632	3%	15%	854	540	794	8%	58%	396	132	330	20%	200%	4.5	1.5	4.0	14%	200%	
Titan Company	51834	44068	42248	23%	18%	5452	4671	4447	23%	17%	3745	3144	3082	22%	19%	4.2	3.5	3.5	22%	19%	
<b>Speciality Chemicals</b>																					
Advanced Enzyme Tech	1153	1032	1082	7%	12%	470	421	452	4%	12%	275	247	252	9%	11%	2.5	2.2	2.3	9%	11%	
Apcotex Industries	1627	1601	1379	18%	2%	185	196	173	7%	-6%	123	101	134	-8%	22%	5.7	4.6	6.5	-12%	22%	
BASF India	14680	16755	12787	15%	-12%	734	681	679	8%	8%	149	93	-9		60%	3.4	2.2	-0.2		60%	
Camlin Fine Sciences	2293	2013	2067	11%	14%	160	172	46	246%	-7%	-36	13	-50			-0.3	0.1	-0.4			
GHCL	8095	8354	7179	13%	-3%	1700	1752	1382	23%	-3%	749	784	712	5%	-4%	7.7	8.0	7.3	5%	-4%	
Navin Fluorine	2320	2417	2215	5%	-4%	506	503	524	-3%	0%	336	342	477	-30%	-2%	6.8	6.9	9.7	-30%	-2%	
SRF	17747	19154	13971	27%	-7%	3173	3148	2527	26%	1%	1365	1512	1312	4%	-10%	23.4	25.9	22.5	4%	-10%	
Tata Chemicals	29110	29607	25739	13%	-2%	5968	6020	5626	6%	-1%	2775	3217	5584	-50%	-14%	10.9	12.6	21.9	-50%	-14%	
Vinati Organics	2618	2528	1857	41%	4%	877	952	498	76%	-8%	617	650	317	94%	-5%	12.0	12.7	6.2	94%	-5%	
<b>Telecommunications</b>																					
Bharti Airtel	205742	204225	203186	1%	1%	59353	62435	74688	-21%	-5%	-9196	1188	3057			-2.3	0.3	0.8			
Bharti Infratel	35410	36683	36553	-3%	-3%	13200	14864	15982	-17%	-11%	6163	6355	5854	5%	-3%	3.3	3.4	3.2	5%	-3%	
Vodafone Idea	120044	76635	65096	84%	57%	14086	4614	12234	15%	205%	-58512	-44080	-12845			-16.3	-12.3	-3.6			
Tata Communications	39682	40682	41146	-4%	-2%	6190	6302	6128	1%	-2%	72	1	103	-31%	8873%	0.3	0.0	0.4	-31%	8873%	

## Emkay Universe Q3FY19 Result Preview (Contd...)

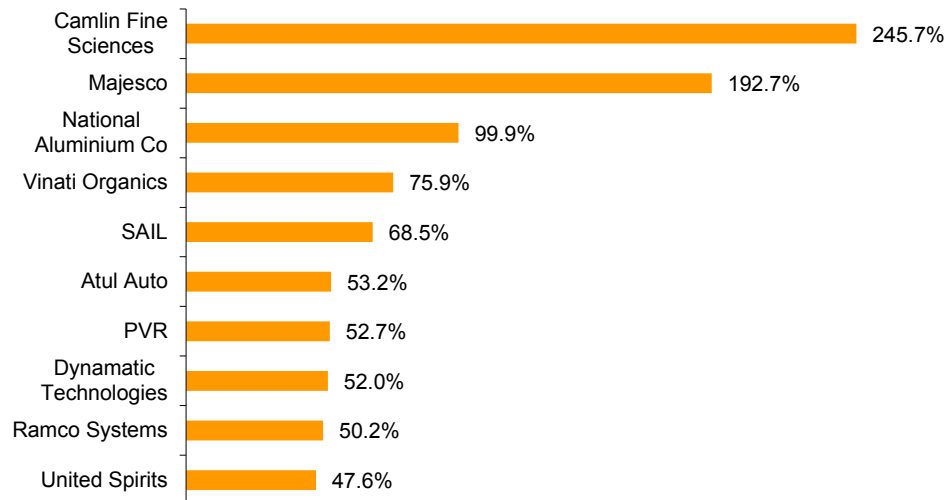
Company Nam	Net Sales (Rs mn)			Growth (%)		Ebitda (Rs mn)			Growth (%)		APAT (Rs mn)			Growth (%)		EPS (Rs)			Growth (%)		
	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	Q3FY19	Q2FY19	Q3FY18	YoY	QoQ	
<b>Others</b>																					
Apar Industries	18887	18879	15022	26%	0%	1247	1122	1009	24%	11%	377	286	395	-5%	32%	9.8	7.4	10.3	-5%	32%	
APL Apollo Tubes	13665	16905	13144	4%	-19%	725	862	885	-18%	-16%	213	267	359	-41%	-20%	9.0	11.2	15.2	-41%	-20%	
Bajaj Electricals	16763	15984	11451	46%	5%	932	799	703	33%	17%	408	341	368	11%	20%	4.0	3.3	3.6	10%	20%	
Delta Corp	2082	2014	1622	28%	3%	807	762	687	17%	6%	504	481	447	13%	5%	1.9	1.8	1.7	13%	5%	
Essel Propack	6427	6835	5951	8%	-6%	1227	1202	1143	7%	2%	481	493	450	7%	-2%	3.1	3.1	2.9	7%	-2%	
Grasim Industries	51054	51185	43838	16%	0%	9803	10705	8896	10%	-8%	5508	8167	4739	16%	-33%	8.4	12.4	7.2	16%	-33%	
Havells India	22303	21910	19658	13%	2%	2777	2625	2622	6%	6%	1881	1786	1734	8%	5%	3.0	2.9	2.8	8%	5%	
Heritage Foods	5924	6194	5789	2%	-4%	447	487	376	19%	-8%	205	212	167	23%	-3%	4.4	4.6	3.6	23%	-3%	
Orient Refractories	1815	1867	1578	15%	-3%	303	314	331	-8%	-3%	219	224	220	0%	-2%	1.8	1.9	1.8	0%	-2%	
Parag Milk Foods	5851	5735	5193	13%	2%	615	581	588	5%	6%	273	304	255	7%	-10%	3.3	3.6	3.0	7%	-10%	
Prabhat Dairy	4411	4184	4039	9%	5%	406	393	375	8%	3%	131	124	148	-11%	6%	1.3	1.3	1.5	-11%	6%	
Radico Khaitan	5404	5176	4825	12%	4%	925	917	755	22%	1%	510	495	350	46%	3%	3.8	3.7	2.6	46%	3%	
Sheela Foam	6120	5355	5322	15%	14%	643	424	615	5%	52%	408	244	391	4%	67%	8.4	5.0	8.0	4%	67%	
Sterlite Tech	12135	10843	8352	45%	12%	2973	2733	2017	47%	9%	1428	1314	901	59%	9%	3.6	3.3	2.2	58%	9%	
Sterling Tools	1170	1394	1088	7%	-16%	199	267	230	-14%	-26%	106	152	126	-16%	-30%	2.9	4.2	3.5	-16%	-30%	
Sunteck Realty	2450	1803	2015	22%	36%	931	780	884	5%	19%	595	509	557	7%	17%	4.2	3.6	4.0	7%	17%	
V2 Retail	2361	1557	1524	55%	52%	307	-79	227	35%		210	22	137	54%	870%	8.9	0.9	5.8	54%	870%	
Varun Beverages	6336	11657	5274	20%	-46%	257	2112	225	14%	-88%	-825	436	-726			-4.5	2.4	-4.0			

# Top-10 Companies

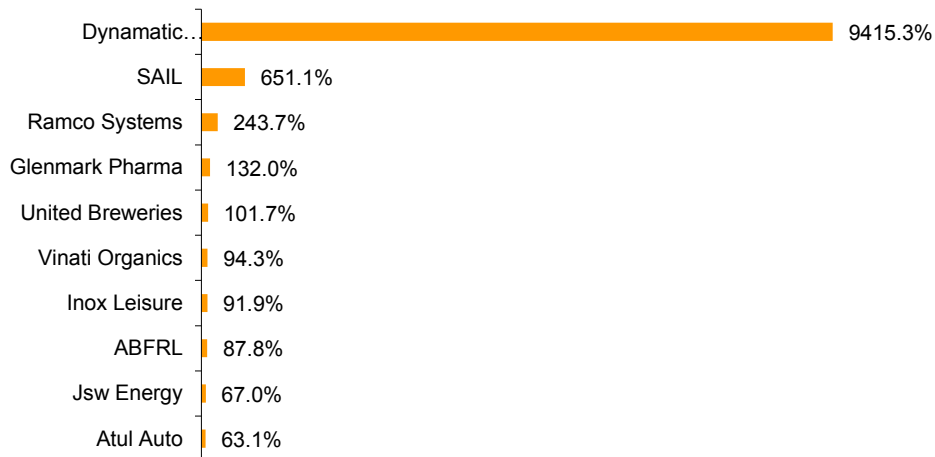
Net Sales Growth



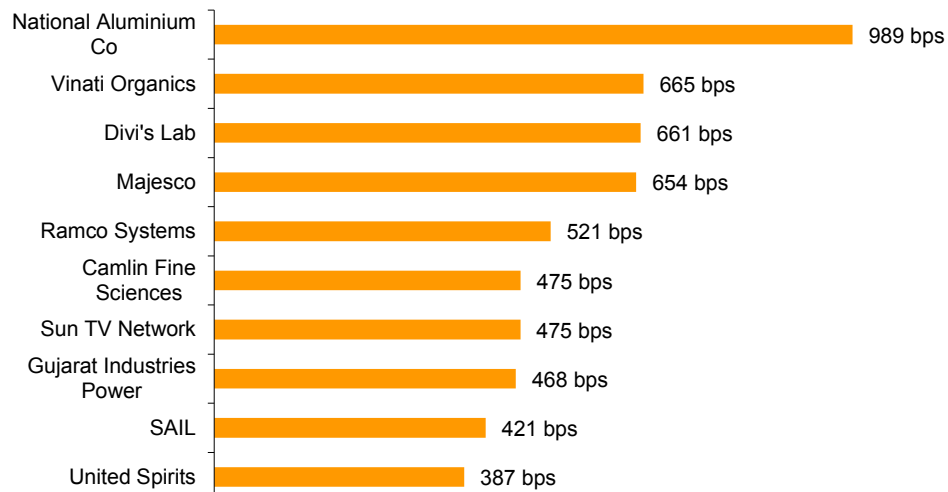
Ebitda Growth



PAT Growth



Ebitda Margin Growth

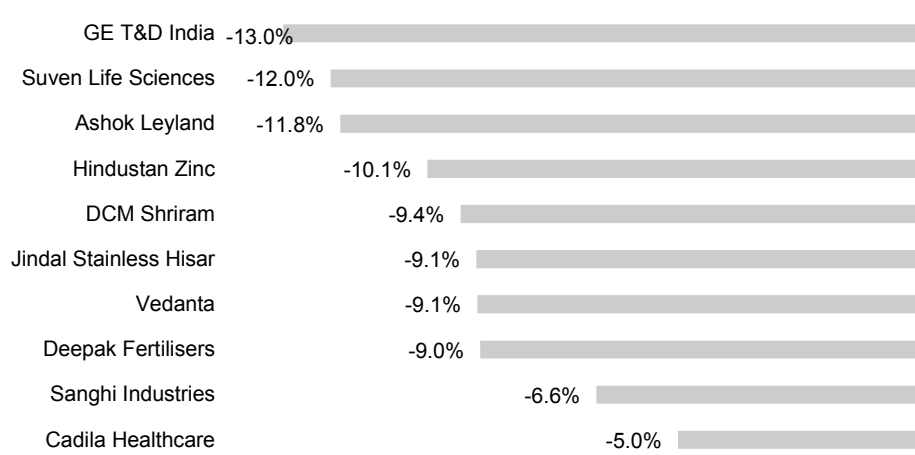


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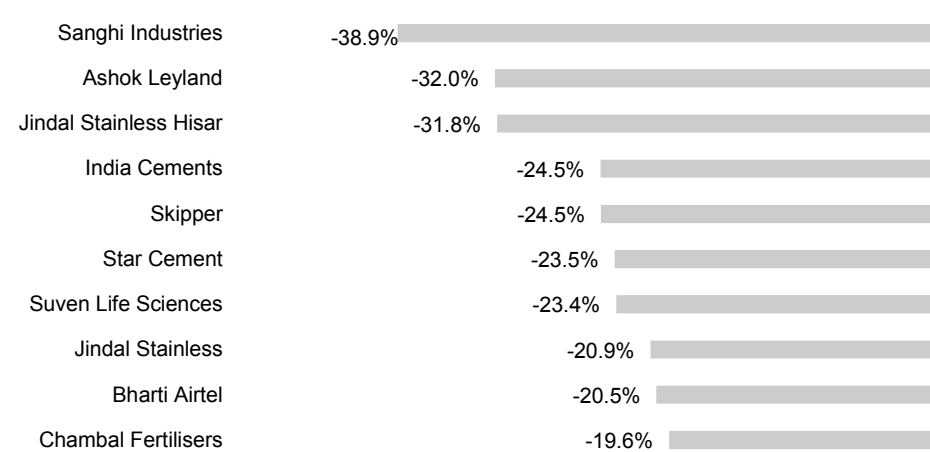


## Bottom-10 Companies

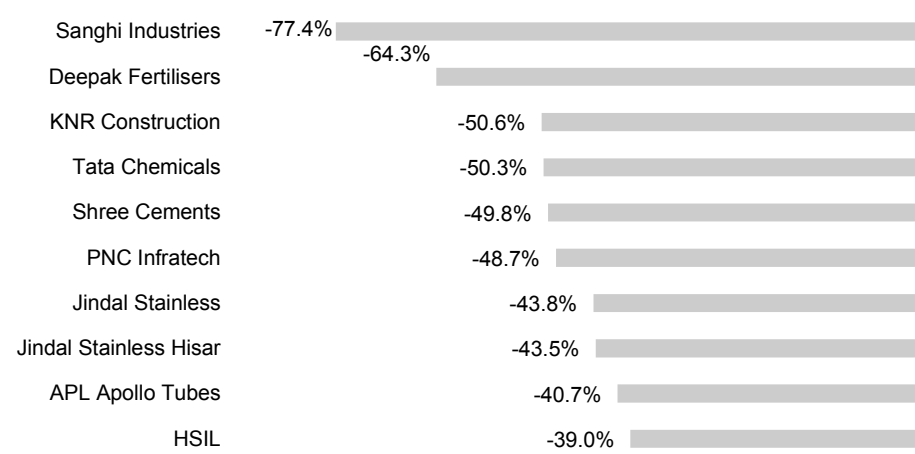
### Net Sales Growth



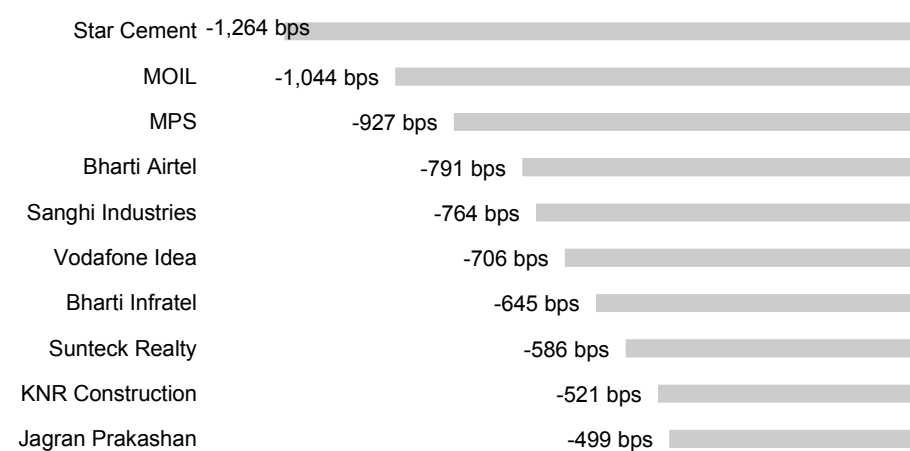
### Ebitda Growth



### PAT Growth

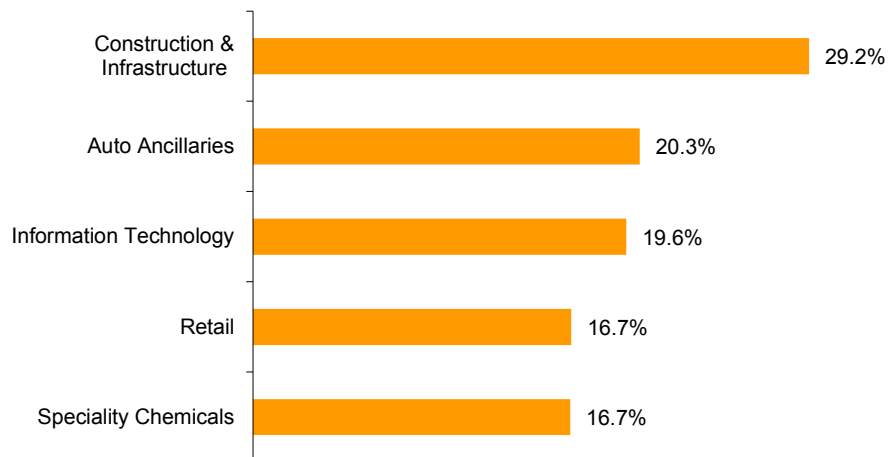


### Ebitda Margin Growth

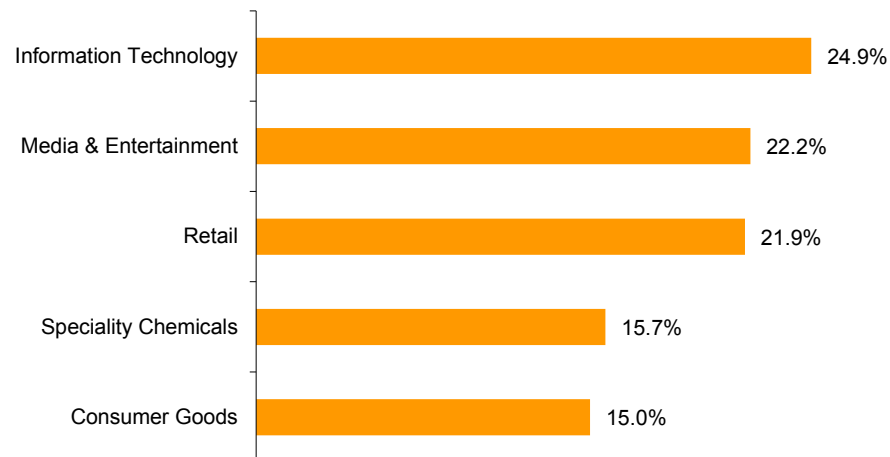


# Top-5 Sectors

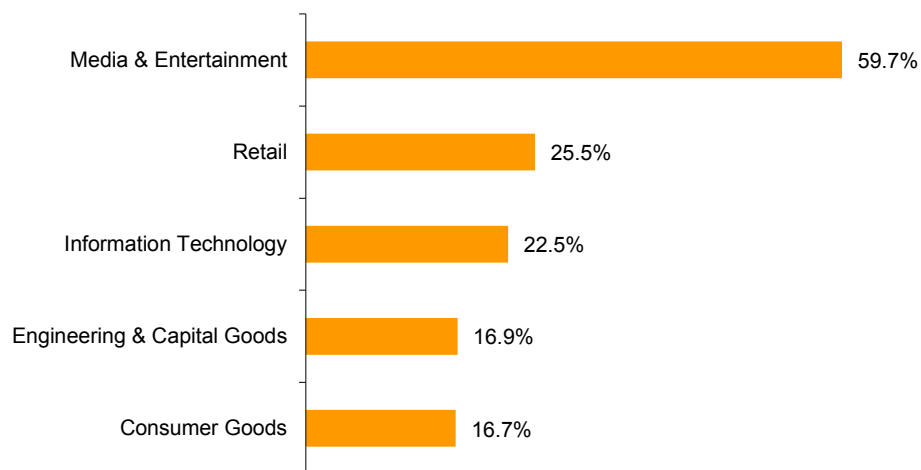
Net Sales Growth



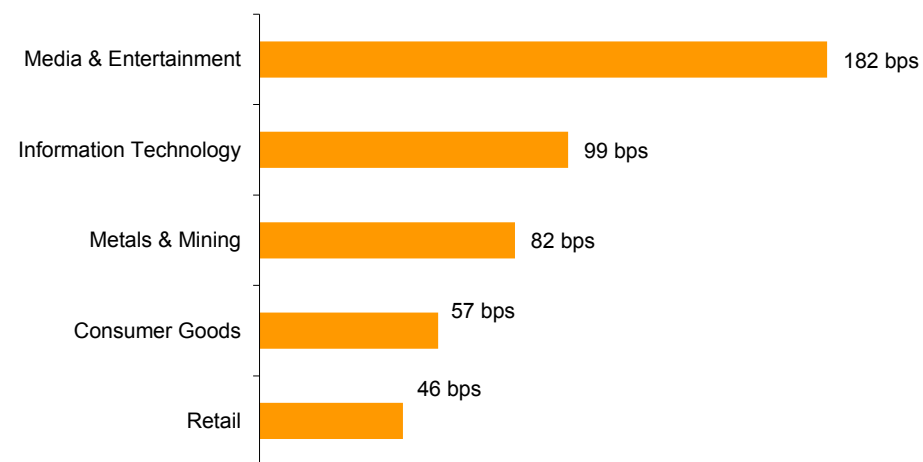
Ebitda Growth



PAT Growth

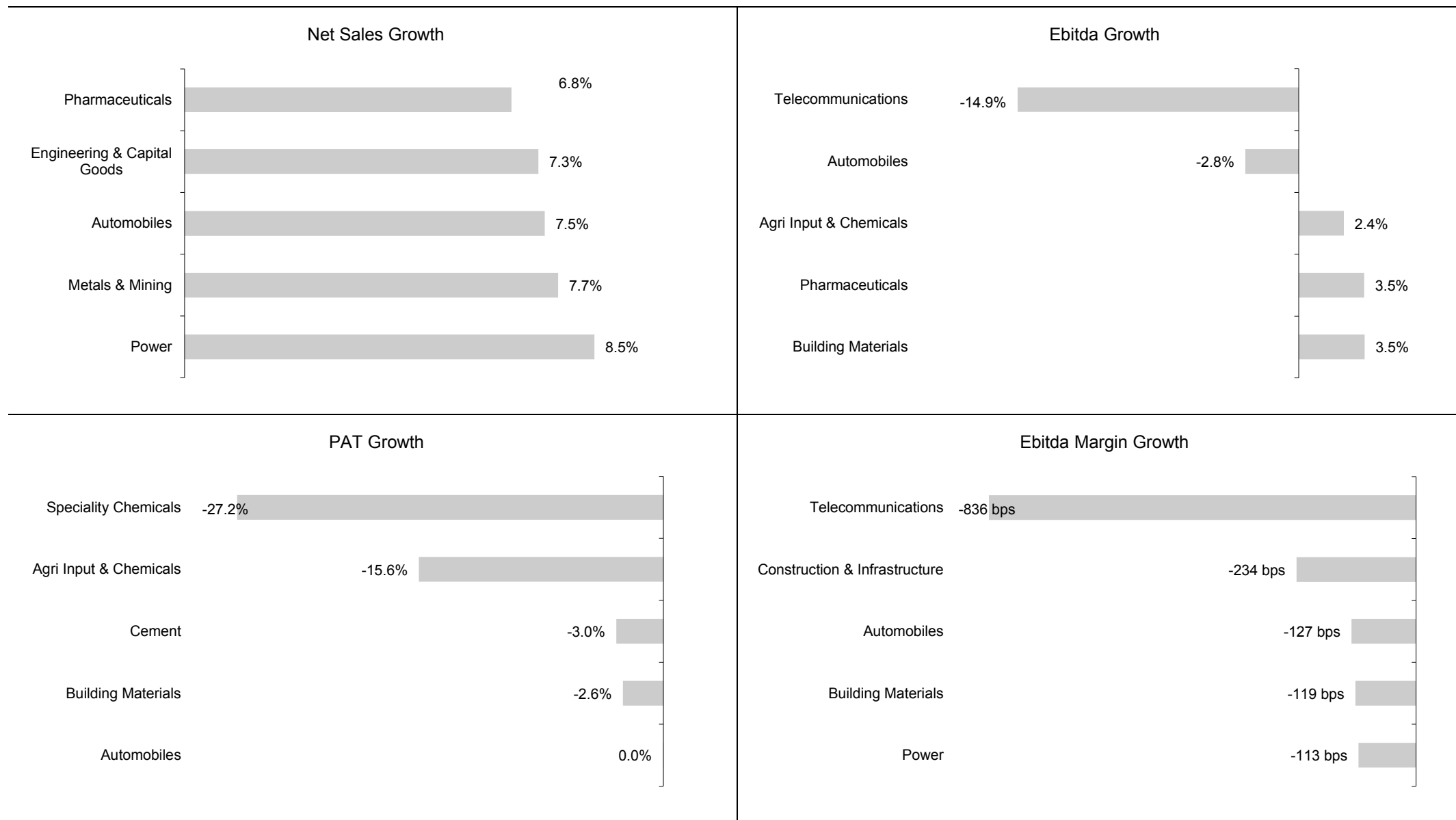


Ebitda Margin Growth



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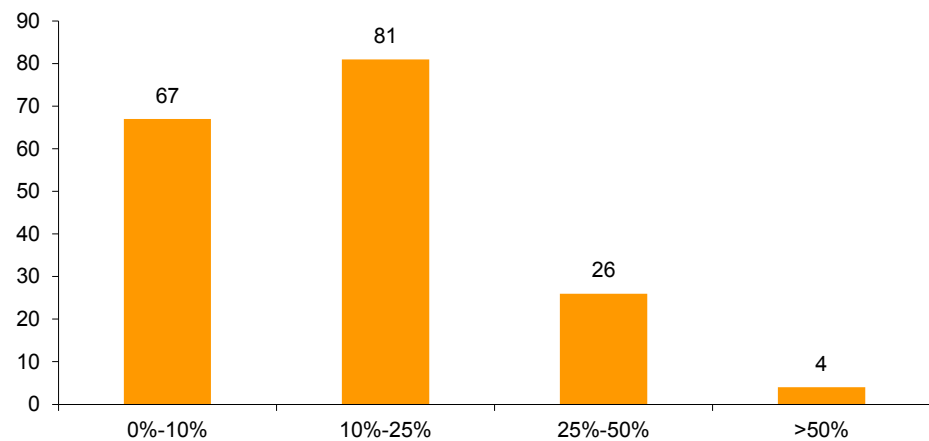
## Bottom-5 Sectors



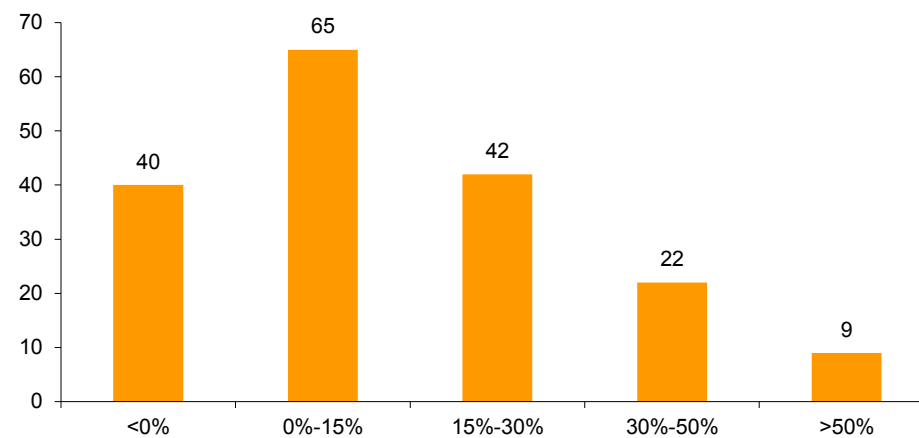
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## Frequency Distribution (No. of Companies)

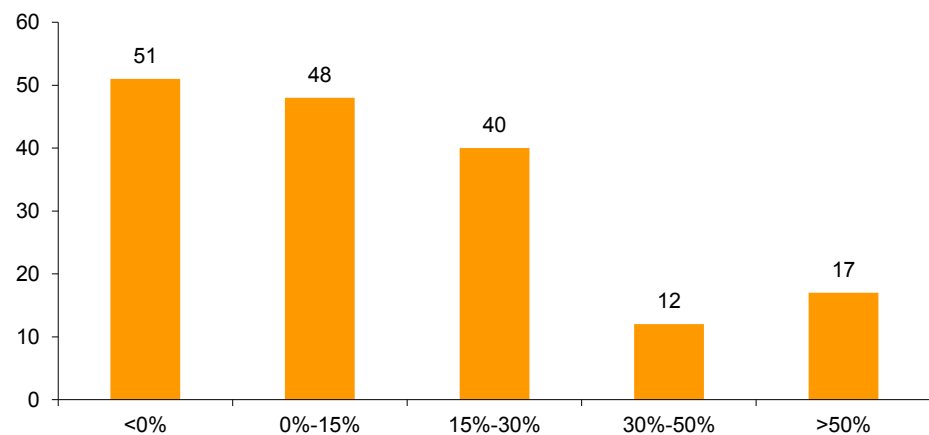
Net Sales Growth



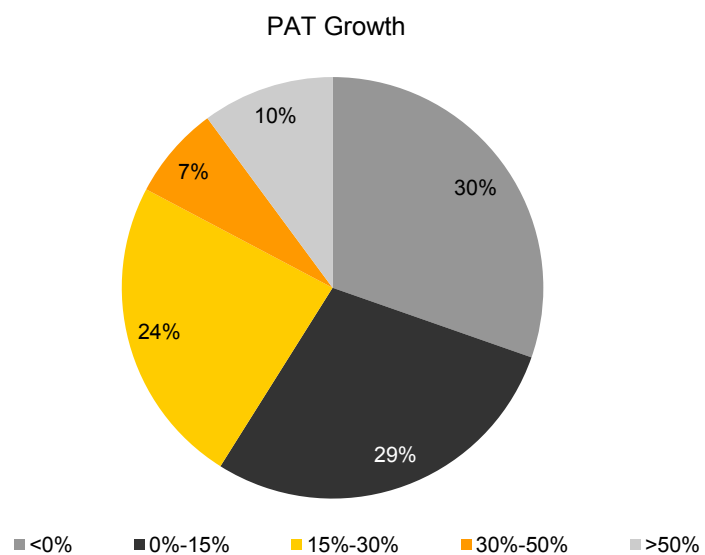
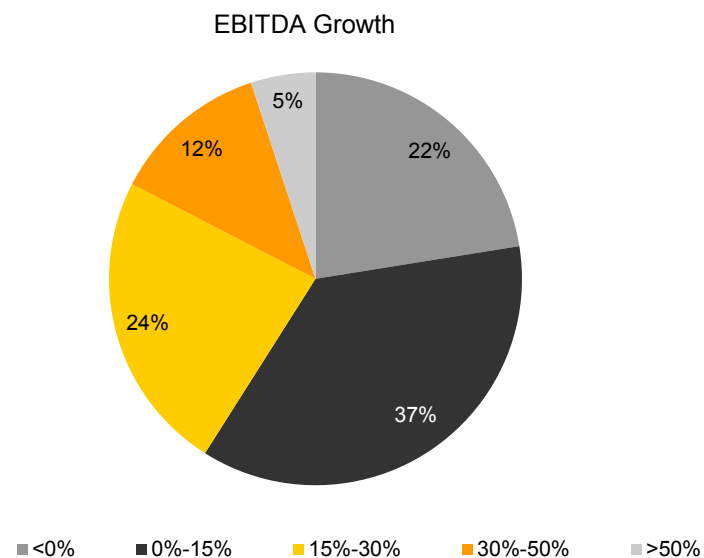
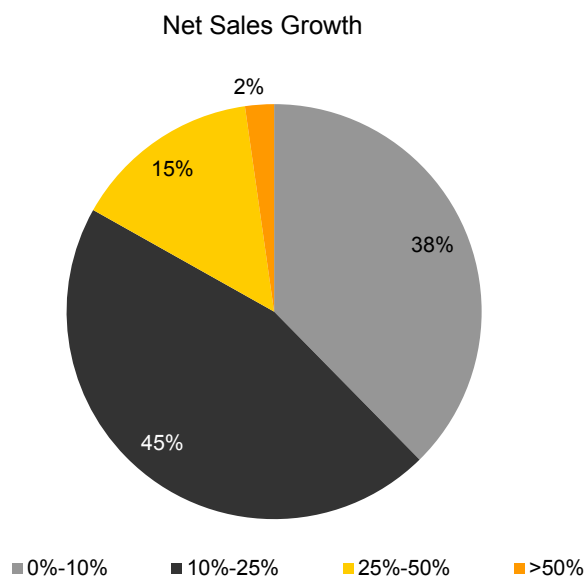
EBITDA Growth



PAT Growth



## Frequency Distribution (Percentage)



# Sectoral Analysis of Q3FY19E Results

## Agri Input - Agrochemicals

- Companies in our coverage universe are expected to report moderate performance in this quarter, primarily due to lower-than-expected rainfall in key producing states, rising cost pressure from China, and depreciating rupee.
- India's cumulative rainfall during the post monsoon season from October 1, 2018 to December 26, 2018, has been 43% lower than LPA. Rainfall in four broad geographical divisions of the country during the period have been lower than LPA by 51% each in Central, East and North East India, 39% in North West India and 36% in South.
- Rabi crop acreage remained muted as on January 04, 2019, down 3.5% yoy. This was primarily due to lower-than-expected rainfall in key producing states. Paddy sowing is down by a quarter (25%) yoy, while sowing for pulses, coarse cereals, and oilseeds remained down by 6.4% yoy, 17.3% yoy and 1.5% yoy, respectively. Wheat sowing remained flat.
- Incidence of fall army worm in maize and jowar in some parts of Tamil Nadu and Maharashtra has been reported above the Economic Threshold Limit (ETL), while incidence of spodoptera litura on groundnuts has been reported in Odisha. Overall, pest infestations have been moderate this year. These factors have affected the consumption of agrochemicals during the quarter under review.
- Our interaction with management and channel partners suggest that raw material prices will continue to remain at these levels. This would adversely impact EBITDA margins in Q3FY19. However, integrated players should see stability in margins.
- Aggregate revenues of domestic companies are likely to increase by 12% yoy, primarily driven by exports for companies like Rallis India, PI Industries, UPL Ltd. Companies exclusively with domestic presence are likely to report flat to negative revenue growth due to adverse weather conditions coupled with lower pest infestations. Aggregate EBITDA is expected to grow 16% yoy, while EBITDA margin is likely to remain flat (down 50bps) due to increasing cost pressure from China and falling rupee.
- PI Industries and UPL remain our top picks due to their superior product mix, healthy product placements, a high degree of backward integration, and resilient business models.

## Agri Input - Agrochemicals

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Bayer Cropscience</b>								
CMP(Rs)	4,243	Net Sales (Rs mn)	5,133	11,041	4,797	7.0%	-53.5%	We expect moderate revenue growth of 7% yoy on account of lower offtake due to the late start to sowing season along with uneven rainfall distribution. We bake in a 4.9% EBITDA margin, up 20bps due to changes in product mix of high-value products. We estimate PAT to be at Rs74mn vs. Rs107mn in Q3FY18.
Mkt Cap (Rs bn)	146	EBITDA (Rs mn)	252	2,186	226	11.6%	-88.5%	
Reco	Reduce	EBITDA Margin (%)	4.9	19.8	4.7	20 bps	-1,488 bps	
Target Price (Rs)	3,743	PAT (Rs mn)	74	1,427	107	-30.7%	-94.8%	
% Upside	-12%	EPS (Rs)	2.2	41.6	3.1	-30.7%	-94.8%	
<b>Dhanuka Agritech</b>								
CMP(Rs)	411	Net Sales (Rs mn)	2,333	3,834	2,215	5.3%	-39.1%	We estimate 5.3% yoy revenue growth as we anticipate moderate sales across segments. Sales of cover, sempra and sakura are expected to remain steady. The EBITDA margin is expected to decline by 85bps to 15.1% due to increasing cost pressure and depreciation of rupee. We expect PAT to remain flat (down 1.2% yoy).
Mkt Cap (Rs bn)	20	EBITDA (Rs mn)	352	756	353	-0.3%	-53.5%	
Reco	Buy	EBITDA Margin (%)	15.1	19.7	15.9	-85 bps	-464 bps	
Target Price (Rs)	554	PAT (Rs mn)	282	550	286	-1.2%	-48.8%	
% Upside	35%	EPS (Rs)	5.7	11.2	5.8	-1.2%	-48.8%	
<b>Insecticides India</b>								
CMP(Rs)	585	Net Sales (Rs mn)	1,755	4,583	1,759	-0.3%	-61.7%	IIL is likely to post flat revenue growth in the quarter. We expect decent growth of 10% in the Formulations business while we expect 30% growth in the technical business. We expect a margin improvement of 116bps yoy to 14.2%, resulting in 9% yoy growth in EBITDA. PAT growth is estimated at 21% yoy.
Mkt Cap (Rs bn)	12	EBITDA (Rs mn)	250	692	230	8.6%	-63.9%	
Reco	Buy	EBITDA Margin (%)	14.2	15.1	13.1	116 bps	-88 bps	
Target Price (Rs)	670	PAT (Rs mn)	116	430	96	20.7%	-72.9%	
% Upside	15%	EPS (Rs)	5.6	20.8	4.7	20.7%	-72.9%	



## Agri Input - Agrochemicals

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>PI Industries</b>								
CMP(Rs)	851	Net Sales (Rs mn)	6,257	7,230	5,377	16.4%	-13.5%	We estimate 16% yoy revenue growth, primarily driven by the CSM business, which is expected to register 34% yoy growth. We expect 22% yoy de-growth in the Domestic Formulations business on lower sowing of paddy (down 25% yoy) in the ongoing rabi season. Margin is expected to contract 122bps to 18.3%, primarily lower formulations sales. APAT (adjusted for forex impact) is estimated at Rs804mn, flat yoy. At US\$1bn, the order book position is likely to remain at the similar level as in Q3FY19.
Mkt Cap (Rs bn)	117	EBITDA (Rs mn)	1,143	1,346	1,048	9.1%	-15.1%	
Reco	Buy	EBITDA Margin (%)	18.3	18.6	19.5	-122 bps	-35 bps	
Target Price (Rs)	920	PAT (Rs mn)	803	944	806	-0.5%	-15.0%	
% Upside	8%	EPS (Rs)	5.8	6.8	5.8	-0.5%	-15.0%	
<b>Rallis</b>								
CMP(Rs)	170	Net Sales (Rs mn)	4,389	6,538	3,902	12.5%	-32.9%	The company is expected to report 11% yoy growth in its standalone business on the back of a better performance in the exports segment, driven by the US and Europe. Metahelix business is expected to record 20% yoy growth in revenues, while EBITDA margins are likely to be negative. Consolidated revenue is expected to grow by 13% yoy, thanks to a better performance of its standalone and Metahelix business. Margin is expected to grow by 143bps, resulting in 29.1% yoy growth in EBITDA and 7.4% yoy growth in PAT.
Mkt Cap (Rs bn)	33	EBITDA (Rs mn)	488	1,234	378	29.1%	-60.5%	
Reco	Buy	EBITDA Margin (%)	11.1	18.9	9.7	143 bps	-776 bps	
Target Price (Rs)	255	PAT (Rs mn)	269	852	251	7.4%	-68.4%	
% Upside	50%	EPS (Rs)	1.4	4.4	1.3	7.4%	-68.4%	
<b>Sharda Cropchem</b>								
CMP(Rs)	300	Net Sales (Rs mn)	3,743	3,097	3,255	15.0%	20.8%	We estimate 15% yoy revenue growth, led by 12% and 29% yoy growth in the agrochemicals and non-agrochemicals businesses, respectively. Margin is expected to remain under pressure at 8.5% due to higher chemical prices in China in the wake of a shutdown of many facilities. We estimate PAT to decline 26% yoy. New registrations to be the key driver of revenue growth.
Mkt Cap (Rs bn)	27	EBITDA (Rs mn)	318	347	357	-10.8%	-8.4%	
Reco	Accumulate	EBITDA Margin (%)	8.5	11.2	11.0	-246 bps	-271 bps	
Target Price (Rs)	354	PAT (Rs mn)	73	162	99	-26.2%	-54.8%	
% Upside	18%	EPS (Rs)	0.8	1.8	1.1	-26.2%	-54.8%	

## Agri Input - Agrochemicals

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>UPL</b>								
CMP(Rs)	752	Net Sales (Rs mn)	47,518	42,570	41,940	13.3%	11.6%	UPL's domestic segment is expected to post 6% yoy revenue growth. We estimate LatAm revenues to grow 22% yoy, primarily due to lower channel inventory in the system. Europe and North America are expected to register revenue growth of 6% yoy each. Revenues from rest of the world is expected to rise 8.5% yoy. We estimate overall revenues to grow 13.3% yoy, primarily driven by better volume growth in LatAm. We estimate 18% yoy EBITDA growth, with an 83bps expansion in the EBITDA margin to 20.6%.
Mkt Cap (Rs bn)	383	EBITDA (Rs mn)	9,789	8,390	8,290	18.1%	16.7%	
Reco	Buy	EBITDA Margin (%)	20.6	19.7	19.8	83 bps	89 bps	
Target Price (Rs)	725	PAT (Rs mn)	5,945	3,930	6,940	-14.3%	51.3%	
% Upside	-4%	EPS (Rs)	23.5	15.5	27.4	-14.3%	51.3%	

## Agri Input – Fertilizer and Chemicals

- Following a decent offtake in H1FY19, adverse weather conditions have dampened growth of fertilizers in Q3FY19. Industry-wide sales of complex fertilizers are likely to decline by 13% yoy in the three-month period, given a sharp decline in sales of indigenous fertilizers (NPK -10% yoy and DAP -50% yoy). Urea sales is down by 8% yoy. For YTD FY19, industry-wide sales of complexes rose by 6% yoy, driven by 79% and 12% growth in imported and indigenous NPK, respectively, while the urea sales remained flat yoy.
- We expect Coromandel International to report subdued performance, with a decrease of 17.5% yoy in manufactured volumes to 0.5mn MT. Trading volumes are expected to fall by 7% yoy.
- GSFC should post a decent growth of 38%+ yoy in the fertilizer volumes, led by 36% yoy growth in complexes and 41% yoy increase in urea volumes. Deepak Fertilisers is likely to report a volume decline in own manufactured NPK fertilizers of 29% yoy, while traded fertilizer volume is expected to increase sharply by 400% yoy. Chambal is expected to post 3% yoy growth in urea volume, while traded fertilizer volume is expected to drop by 11% yoy. DCM Shriram is expected to post moderate results, primarily due to weak realizations in the chlor vinyl business as well as in the sugar segment (partially offset by a better profitability in the distillery segment), which is likely to dampen growth in Q3FY19.
- Globally, prices of key fertilizers such as urea and DAP continue to be on an uptrend, while MOP prices have stabilized over the last one quarter. Prices of key raw materials such as phosphoric acid, ammonia and natural gas have also started to stabilize. However, increase in subsidies for phosphorous (P) and sulphur (S) by 27% and 20%, respectively, and about 10% price hike taken by companies should continue to support margins in FY19. However, subsidy on potash (K) has been cut by 10%, while subsidy on nitrogen (N) has been kept unchanged.
- Complex fertilizer realizations remained stable on account of good demand as a result of companies offering lower discounts as compared to last year. Aggregate revenues of fertilizer companies are expected to increase by 6% yoy, while the EBITDA margin is likely to decline by 180bps yoy due to rising cost pressure coupled with crude and rupee volatility. Consequently, EBITDA is expected to fall by 9% yoy.
- We remain optimistic on companies that are backward integrated in phosphoric acid and enjoy a higher revenue share from NPK fertilizers. This comes as they enjoy brand equity and less competition compared with DAP/MOP. Our preferred stock picks are Coromandel Int'l and GSFC.

## Agri Input – Fertilizer and Chemicals

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Chambal Fertilisers</b>								
CMP(Rs)	157	Net Sales (Rs mn)	26,025	24,861	23,301	11.7%	4.7%	Chambal Fertilisers is expected to clock 3% yoy growth in urea volumes to 0.59mn MT as the company recently commercialized the Gadepan 3 plant. Trading volumes should drop by 11% yoy to 0.36mn MT. We estimate revenue to grow 11.7% yoy to Rs26 bn, whereas, EBITDA is expected to slump by 19.6% yoy to Rs2.1bn. EBITDA margin is expected at 8.2%, a drop of +300bps. PAT is expected to decline by 26.7% yoy.
Mkt Cap (Rs bn)	65	EBITDA (Rs mn)	2,130	2,072	2,650	-19.6%	2.8%	
Reco	Buy	EBITDA Margin (%)	8.2	8.3	11.4	-319 bps	-15 bps	
Target Price (Rs)	197	PAT (Rs mn)	1,108	1,450	1,512	-26.7%	-23.6%	
% Upside	26%	EPS (Rs)	2.7	3.5	3.6	-26.7%	-23.6%	
<b>Coromandel International</b>								
CMP(Rs)	453	Net Sales (Rs mn)	28,608	50,083	26,949	6.2%	-42.9%	CRIN is expected to report subdued performance, with a decrease of 17.5% yoy in manufactured volumes to 0.5mn MT. Trading volumes are expected to fall by 7% yoy. However, realizations will remain healthy due to the recent price hikes, good demand and less discounts. We expect revenue growth of 6.2% yoy. Non-fertilizer revenue is expected to increase by 10% yoy. EBITDA margin is expected to remain flat at 11.7%, primarily due to higher RM costs. PAT is likely to grow by 4.2% yoy.
Mkt Cap (Rs bn)	133	EBITDA (Rs mn)	3,343	6,663	3,184	5.0%	-49.8%	
Reco	Buy	EBITDA Margin (%)	11.7	13.3	11.8	-13 bps	-162 bps	
Target Price (Rs)	569	PAT (Rs mn)	1,794	3,853	1,722	4.2%	-53.4%	
% Upside	26%	EPS (Rs)	6.2	13.2	5.9	4.2%	-53.4%	
<b>Deepak Fertilisers</b>								
CMP(Rs)	144	Net Sales (Rs mn)	14,970	17,687	16,449	-9.0%	-15.4%	The volume of own manufactured fertilizer is expected to decline by 29% yoy to 0.1mn MT, while traded fertilizer volumes should jump by 400% to 0.04mn MT. Fertilizer revenue is expected to grow by 10% yoy along with a margin of 5%. Chemical revenue is expected to decline by 14% yoy while its margin will come in at 10%. PAT is expected to drop by 57% yoy to Rs228mn on higher interest costs.
Mkt Cap (Rs bn)	13	EBITDA (Rs mn)	1,295	1,151	1,490	-13.1%	12.6%	
Reco	Buy	EBITDA Margin (%)	8.7	6.5	9.1	-41 bps	215 bps	
Target Price (Rs)	371	PAT (Rs mn)	228	246	638	-64.3%	-7.5%	
% Upside	158%	EPS (Rs)	2.6	2.8	7.2	-64.3%	-7.5%	

## Agri Input - Agrochemicals

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>DCM Shriram Ltd</b>								
CMP(Rs)	354	Net Sales (Rs mn)	16,162	17,001	17,837	-9.4%	-4.9%	Weak realizations in chlor vinyl and sugar segments are likely to dampen growth in the quarter. However, the distillery segment would support the overall performance in sugar. We expect a 36% yoy decline in the chemicals segment EBIT, while the profitability of sugar business is expected to increase by more than half (56% yoy) due to better distillery segment performance. EBITDA is expected to fall by 19% yoy. PAT is expected to decrease by 31.7% yoy at Rs1.4bn.
Mkt Cap (Rs bn)	57	EBITDA (Rs mn)	2,664	2,963	3,299	-19.2%	-10.1%	
Reco	Buy	EBITDA Margin (%)	16.5	17.4	18.5	-201 bps	-94 bps	
Target Price (Rs)	468	PAT (Rs mn)	1,454	1,677	2,129	-31.7%	-13.3%	
% Upside	32%	EPS (Rs)	8.9	10.3	13.0	-31.7%	-13.3%	
<b>GSFC</b>								
CMP(Rs)	113	Net Sales (Rs mn)	20,549	26,719	15,375	33.7%	-23.1%	We expect 38% yoy growth in fertilizer volumes, driven by 41% yoy growth in urea. Volume of complexes is expected to grow by 36% yoy. Due to a better volume offtake, fertilizer segment's revenue is expected to rise by 52% yoy. However, margins are likely to be under pressure due to rising input costs and depreciating rupee. Caprolactam – Benzene spread is at USD1,100/MT (flat yoy). Revenues from the chemicals segment is expected to decline by 9% yoy due to volatile crude and currency, with a margin contraction of ~450bps yoy to 10.5% Consequently, we expect EBITDA/PAT to grow by 1.9% yoy/0.5% yoy.
Mkt Cap (Rs bn)	45	EBITDA (Rs mn)	1,645	3,182	1,615	1.9%	-48.3%	
Reco	Buy	EBITDA Margin (%)	8.0	11.9	10.5	-250 bps	-390 bps	
Target Price (Rs)	136	PAT (Rs mn)	1,002	2,243	997	0.5%	-55.3%	
% Upside	21%	EPS (Rs)	2.5	5.6	2.5	0.5%	-55.3%	

## Automobiles

- **Mixed trends in revenue growth:** Aggregate revenue growth is expected at 9% yoy, which is a below average growth (17%) in the past four quarters. This is attributed to a fall in the MHCV segment and lower growth in other segments. Companies that are expected to record subdued revenue performance include Ashok Leyland (-12% yoy), Eicher Motors (-1%), Maruti Suzuki (2%) and Hero MotoCorp (5%), while companies likely to register strong growth are Escorts (36%), Motherson Sumi (23%), TVS Motors (22%), Apollo Tyres (17%) and Bajaj Auto (16%).
- **EBITDA margin to contract due to lower scale and higher input costs:** Aggregate EBITDA margin (excluding Tata Motors) is likely to contract by -110bps qoq on the back of negative operating leverage, commodity inflation and increase in incentives/discounts. Commodity price movements (in comparison with prices at the beginning of Q3FY19) in rupee terms were adverse sequentially, with increases in steel (2% qoq) and crude oil (10%) prices. The INR's depreciation against the USD, EUR and the GBP is expected to have a positive effect on companies with large overseas exposure such as Tata Motors, Motherson Sumi, and Bajaj Auto. Negatively affected importers include Maruti Suzuki, Exide Industries, Amara Raja Batteries, Apollo Tyres, and Hero MotoCorp. Companies such as Ashok Leyland (-210bps qoq), Maruti Suzuki (-180bps), Hero MotoCorp (-130bps), TVS Motors (-110bps) and Eicher Motors (-100bps) are likely to see notable margin contractions, while Amara Raja (+180bps), Tata Motors (+130bps), Escorts (+130bps) and Exide (+130bps) should see an improvement in margins. Aggregate earnings (excluding Tata Motors) are expected to decline 1% yoy owing to lower operating margins.
- **Outlook:** Although our channel checks indicate that rising ownership cost, deferred purchases during elections, and NBFCs' selective financing constrained volume performances across the automotive segments in Q3FY19, we expect the PV and 2W segments to see a gradual improvement in volumes in the coming months. We expect double-digit volume growth in both PVs and 2Ws in FY20, driven by new products, volume pick-up in the state of Kerala, softening fuel prices, and the continuing uptrend in rural sales. **Our top picks, among the OEMs, are Maruti Suzuki and Mahindra & Mahindra, while in ancillaries we prefer Motherson Sumi and Apollo Tyres.**

## Automobiles

Name		Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments	
<b>Ashok Leyland</b>								
							<b>(Standalone)</b>	
CMP(Rs)	93	Net Sales (Rs mn)	62,960	76,080	71,412	-11.8%	-17.2%	We expect standalone revenues to decrease by 12% yoy (-17% qoq) to Rs63bn, led by 6% yoy (-16% qoq) fall in volumes and 6% yoy (-2% qoq) dip in realizations. Realizations are expected to decrease sequentially due to adverse mix (lower share of HCVs) and higher discounts. EBITDA margin should contract by 210bps qoq (-250bps yoy) to 8.5% led by lower scale, increase in input costs and discounts. Overall, adjusted PAT is expected to fall by 35% yoy (-38% qoq) to Rs2.9bn.
Mkt Cap (Rs bn)	273	EBITDA (Rs mn)	5,362	8,059	7,884	-32.0%	-33.5%	
Reco	Hold	EBITDA Margin (%)	8.5	10.6	11.0	-252 bps	-208 bps	
Target Price (Rs)	113	PAT (Rs mn)	2,938	4,755	4,499	-34.7%	-38.2%	
% Upside	22%	EPS (Rs)	1.0	1.6	1.5	-34.7%	-38.0%	
<b>Bajaj Auto</b>								
							<b>(Standalone)</b>	
CMP(Rs)	2,695	Net Sales (Rs mn)	73,916	79,868	63,693	16.1%	-7.5%	We expect standalone revenues to rise by 16% yoy (-8% qoq) to Rs73.9bn on 26% yoy (-6% qoq) growth in volumes. Realizations are expected to fall by 2% qoq on account of lower share of three wheelers and adverse mix within motorcycles. EBITDA margin should contract by 50bps qoq (-300bps yoy) to 16.4%, despite currency depreciation benefits owing to negative operating leverage, higher input costs, adverse product mix and increase in incentives/discounts. Overall, adjusted PAT is expected to grow by 13% yoy (-7% qoq) at Rs10.8bn, supported by higher other income.
Mkt Cap (Rs bn)	780	EBITDA (Rs mn)	12,097	13,430	12,315	-1.8%	-9.9%	
Reco	Accumulate	EBITDA Margin (%)	16.4	16.8	19.3	-297 bps	-45 bps	
Target Price (Rs)	2,910	PAT (Rs mn)	10,765	11,525	9,524	13.0%	-6.6%	
% Upside	8%	EPS (Rs)	37.2	39.8	32.9	13.0%	-6.6%	
<b>Eicher Motors</b>								
							<b>(Consolidated)</b>	
CMP(Rs)	20,045	Net Sales (Rs mn)	22,499	24,082	22,690	-0.8%	-6.6%	We expect consolidated revenues to fall marginally by 1% yoy (-7% qoq) to Rs22.5bn. This would be led by a 6% yoy (-7% qoq) fall in the motorcycle volumes. Realizations are expected to increase by 1% qoq, thanks to the commencement of sales of 650cc twins and a growing adoption of rear disc brakes in its product portfolio. EBITDA margin would contract by 100bps qoq (-190bps yoy) to 29.3% due to lower scale and increase in input costs. Overall, adjusted PAT is likely to decline by 4% yoy (-10% qoq) to Rs5.1bn. Share of profits from associates to slump by 17% yoy (-23% qoq) to Rs0.6bn.
Mkt Cap (Rs bn)	547	EBITDA (Rs mn)	6,589	7,293	7,072	-6.8%	-9.6%	
Reco	Buy	EBITDA Margin (%)	29.3	30.3	31.2	-188 bps	-100 bps	
Target Price (Rs)	27,700	PAT (Rs mn)	5,090	5,663	5,309	-4.1%	-10.1%	
% Upside	38%	EPS (Rs)	186.5	207.5	194.5	-4.1%	-10.1%	



## Automobiles

Name		Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments	
<b>Hero MotoCorp</b>							<b>(Standalone)</b>	
CMP(Rs)	2,970	Net Sales (Rs mn)	76,498	90,909	73,142	4.6%	-15.9%	We expect standalone revenues to rise by 5% yoy (-16% qoq) to Rs76.5bn on account of 5% yoy (-16% qoq) growth in volumes. EBITDA margin should contract by 130bps qoq (-200bps yoy) to 13.8%, due to commodity inflation, adverse currency, higher incentives/discounts and a lower scale. Overall, adjusted PAT is likely to decrease by 4% yoy (-21% qoq) to Rs7.8bn.
Mkt Cap (Rs bn)	593	EBITDA (Rs mn)	10,579	13,787	11,580	-8.6%	-23.3%	
Reco	Hold	EBITDA Margin (%)	13.8	15.2	15.8	-200 bps	-134 bps	
Target Price (Rs)	3,350	PAT (Rs mn)	7,715	9,763	8,054	-4.2%	-21.0%	
% Upside	13%	EPS (Rs)	38.6	48.9	40.3	-4.2%	-21.0%	
<b>M&amp;M + MVML</b>							<b>(Standalone+MVML)</b>	
CMP(Rs)	723	Net Sales (Rs mn)	129,605	127,902	114,915	12.8%	1.3%	We expect standalone (including Mahindra Vehicle Manufacturers) revenues to grow by 13% yoy (+1% qoq) to Rs129.6bn. This is attributed to 11% yoy (+2% qoq) growth in volumes. EBITDA margin should contract by 60bps qoq (-80bps yoy) to 13.9% on commodity inflation and higher discounts. Overall, adjusted PAT is likely to rise by 6% yoy (-41% qoq) to Rs9.8bn.
Mkt Cap (Rs bn)	899	EBITDA (Rs mn)	18,015	18,493	16,926	6.4%	-2.6%	
Reco	Buy	EBITDA Margin (%)	13.9	14.5	14.7	-83 bps	-56 bps	
Target Price (Rs)	890	PAT (Rs mn)	9,754	16,412	9,200	6.0%	-40.6%	
% Upside	23%	EPS (Rs)	7.8	13.2	7.4	6.0%	-40.6%	
<b>Maruti Suzuki</b>							<b>(Standalone)</b>	
CMP(Rs)	7,421	Net Sales (Rs mn)	197,091	224,332	192,832	2.2%	-12.1%	We expect standalone revenues to grow by 2% yoy (-12% qoq) to Rs197.1bn due to 3% yoy (-1% qoq) growth in realizations, despite a fall of -1% yoy (-12% qoq) in volumes. EBITDA margin is expected to decrease by 179bps qoq (-225bps yoy) to 13.5% owing to commodity inflation, adverse currency movement, higher discounts and a higher base. Overall, adjusted PAT should slip by 8% yoy (-26% qoq) to Rs16.6bn.
Mkt Cap (Rs bn)	2,242	EBITDA (Rs mn)	26,619	34,313	30,378	-12.4%	-22.4%	
Reco	Buy	EBITDA Margin (%)	13.5	15.3	15.8	-225 bps	-179 bps	
Target Price (Rs)	8,300	PAT (Rs mn)	16,603	22,404	17,990	-7.7%	-25.9%	
% Upside	12%	EPS (Rs)	55.0	74.2	59.6	-7.7%	-25.9%	



## Automobiles

Name		Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>TVS Motor</b>	<b>(Standalone)</b>						We expect standalone revenues to soar by 22% yoy (-10% qoq) to Rs45.1bn, led by 20% yoy (-9% qoq) growth in volumes and 2% yoy (-1% qoq) in realizations. Realizations are expected to fall sequentially due to adverse mix within motorcycles. EBITDA margin should contract by 110bps qoq (-30bps yoy) to 7.5%, despite price hikes and USD depreciation benefits owing to lower scale, commodity inflation and higher discounts. Overall, adjusted PAT likely to fall by 2% yoy (-29% qoq) to Rs1.5bn, impacted by higher depreciation and tax rate.
CMP(Rs)	535	Net Sales (Rs mn)	45,066	49,935	36,850	22.3%	-9.8%
Mkt Cap (Rs bn)	254	EBITDA (Rs mn)	3,376	4,282	2,868	17.7%	-21.1%
Reco	Accumulate	EBITDA Margin (%)	7.5	8.6	7.8	-29 bps	-108 bps
Target Price (Rs)	595	PAT (Rs mn)	1,511	2,113	1,544	-2.1%	-28.5%
% Upside	11%	EPS (Rs)	3.2	4.4	3.2	-2.1%	-28.5%
<b>Atul Auto</b>	<b>(Standalone)</b>						We expect standalone revenue to climb by 42% yoy (+4% qoq) to Rs1.8bn owing to 39% yoy (+3% qoq) growth in volumes. EBITDA margin should remain flat qoq (+90bps yoy) to 13% as we expect higher scale to negate commodity cost increases. Overall, adjusted PAT is likely to be higher by 63% yoy (+6% qoq) to Rs158mn.
CMP(Rs)	335	Net Sales (Rs mn)	1,837	1,765	1,290	42.4%	4.1%
Mkt Cap (Rs bn)	7	EBITDA (Rs mn)	239	229	156	53.2%	4.2%
Reco	Buy	EBITDA Margin (%)	13.0	13.0	12.1	92 bps	1 bps
Target Price (Rs)	570	PAT (Rs mn)	158	149	97	63.1%	6.1%
% Upside	70%	EPS (Rs)	7.1	6.7	4.3	63.1%	6.1%
<b>Escorts</b>	<b>(Standalone)</b>						We expect standalone revenues to grow by 36% yoy (+17% qoq) to Rs16.4bn driven by growth of 36% yoy (+22% qoq) and 24% yoy (+1% qoq) in tractors and construction equipment volumes, respectively. We expect revenues from Railways to grow by 32% yoy. EBITDA margin should expand by 130bps qoq (60bps yoy) to 12.6% owing to a higher scale and better mix. Overall, adjusted PAT is likely to grow by 47% yoy (+32% qoq) to Rs1.4bn.
CMP(Rs)	731	Net Sales (Rs mn)	16,375	13,984	12,050	35.9%	17.1%
Mkt Cap (Rs bn)	90	EBITDA (Rs mn)	2,063	1,575	1,450	42.3%	31.0%
Reco	Buy	EBITDA Margin (%)	12.6	11.3	12.0	56 bps	134 bps
Target Price (Rs)	830	PAT (Rs mn)	1,354	1,026	919	47.4%	31.9%
% Upside	14%	EPS (Rs)	15.8	12.0	10.7	47.4%	31.9%

## Automobiles

Name		Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments	
<b>Tata Motors</b>	<b>(Consolidated)</b>						We expect consolidated revenues to grow by 8% yoy (+12% qoq) to Rs803.8bn, on the back of JLR growth. JLR revenues are expected to grow by 6% yoy (+19% qoq) to GBP6.7bn on 1% yoy (+15% qoq) rise in volumes and 5% yoy (+3% qoq) in realizations. In comparison, standalone revenues are expected to decline by 2% yoy (-12% qoq) to Rs157.2bn owing to 3% yoy (-2% qoq) decrease in realizations. Consolidated EBITDA margin is likely to increase by 140bps qoq (-80bps yoy) to 10.7%. JLR margins are expected to grow by 100bps qoq to 10.9% on higher scale, while standalone margins are expected to decline by 140bps qoq to 10.7% on account of lower scale, higher input costs and discounts. Overall, we expect consolidated earnings to grow by 11% yoy to Rs12bn.	
CMP(Rs)	180	Net Sales (Rs mn)	803,787	721,121	741,561	8.4%		11.5%
Mkt Cap (Rs bn)	568	EBITDA (Rs mn)	86,150	67,576	85,435	0.8%		27.5%
Reco	Buy	EBITDA Margin (%)	10.7	9.4	11.5	-80 bps		135 bps
Target Price (Rs)	256	PAT (Rs mn)	11,993	-186	10,766	11.4%		n.a
% Upside	42%	EPS (Rs)	3.5	-0.1	3.2	11.4%		n.a

## Auto Ancillaries

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Apollo Tyres</b>		<b>(Consolidated)</b>						
CMP(Rs)	229	Net Sales (Rs mn)	47,562	42,574	40,501	17.4%	11.7%	We expect consolidated revenues to rise by 17% yoy (+12% qoq) to Rs47.6bn, led by strong European growth and its standalone operations. EBITDA margin to expand by 40bps qoq (-90bps yoy) to 11.4%. This should be driven by higher margins in European operations due to seasonality. Overall, adjusted PAT to decline by 7% yoy (+23% qoq) to Rs2.3bn impacted by higher depreciation cost and lower other income.
Mkt Cap (Rs bn)	131	EBITDA (Rs mn)	5,401	4,672	4,964	8.8%	15.6%	
Reco	Buy	EBITDA Margin (%)	11.4	11.0	12.3	-90 bps	38 bps	
Target Price (Rs)	290	PAT (Rs mn)	2,293	1,860	2,453	-6.5%	23.3%	
% Upside	27%	EPS (Rs)	4.0	3.3	4.3	-6.5%	23.3%	
<b>Amara Raja</b>		<b>(Standalone)</b>						
CMP(Rs)	739	Net Sales (Rs mn)	17,881	17,531	15,535	15.1%	2.0%	We expect standalone revenues to increase by 15% yoy (+2% qoq) to Rs17.9bn, primarily due to growth in the automotive and tubular battery segments. EBITDA margin to expand by 180bps qoq (-20bps yoy) to 15.3% on account of the recent decline in lead prices. Overall, adjusted PAT is likely to grow by 10% yoy (+23% qoq) to Rs1.5bn.
Mkt Cap (Rs bn)	126	EBITDA (Rs mn)	2,743	2,366	2,416	13.5%	15.9%	
Reco	Buy	EBITDA Margin (%)	15.3	13.5	15.6	-21 bps	184 bps	
Target Price (Rs)	890	PAT (Rs mn)	1,479	1,202	1,345	10.0%	23.0%	
% Upside	20%	EPS (Rs)	8.7	7.0	7.9	10.0%	23.0%	
<b>Exide Industries</b>		<b>(Standalone)</b>						
CMP(Rs)	261	Net Sales (Rs mn)	25,027	27,204	22,783	9.9%	-8.0%	We expect standalone revenues to rise by 10% yoy (-8% qoq) to Rs25bn, driven by growth in the automotive and industrial segments. EBITDA margin to expand by 130bps qoq (+110bps yoy) to 13.5% on account of the recent fall in lead prices. Overall, adjusted PAT to grow by 18% yoy (+14% qoq) to Rs1.8bn.
Mkt Cap (Rs bn)	222	EBITDA (Rs mn)	3,385	3,327	2,826	19.8%	1.7%	
Reco	Accumulate	EBITDA Margin (%)	13.5	12.2	12.4	112 bps	129 bps	
Target Price (Rs)	290	PAT (Rs mn)	1,818	1,908	1,543	17.8%	-4.7%	
% Upside	11%	EPS (Rs)	2.1	2.2	1.8	17.8%	-4.7%	

## Auto Ancillaries

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Motherson Sumi</b>		<b>(Consolidated)</b>						
CMP(Rs)	158	Net Sales (Rs mn)	177,419	151,050	143,877	23.3%	17.5%	We expect consolidated revenues to grow by 23% yoy (+18% qoq) to Rs177.4bn due to Reydel acquisition and 8% depreciation of INR vs. EUR. EBITDA margin to contract by 90bps qoq (-100bps yoy) at 7.7% owing to adverse mix and a fall in standalone margins. Overall, adjusted PAT is likely to increase by 4% yoy (3% qoq) to Rs3.8bn.
Mkt Cap (Rs bn)	500	EBITDA (Rs mn)	13,602	13,001	12,493	8.9%	4.6%	
Reco	Buy	EBITDA Margin (%)	7.7	8.6	8.7	-102 bps	-94 bps	
Target Price (Rs)	225	PAT (Rs mn)	3,819	3,711	3,666	4.2%	2.9%	
% Upside	42%	EPS (Rs)	1.2	1.2	1.2	4.2%	2.9%	

## Banking

- Accelerating loan growth, stable margins, and treasury gains should lead to a healthy PPOP growth for the banks, while investment provision write-back (net of deferred provisions) should accelerate NPA provision cover and still banks should report reasonable earnings growth. We are factoring in ~20% yoy growth in earnings for our coverage universe (excluding SBI), with private bank growth expected at about 14% yoy.
- Corporate slippages could be higher qoq due to devolvement of NFB exposures and the recognition of the IL&FS exposure though banks have requested the RBI to provide special dispensation. However, some corporate resolutions, moderate though including Uttam Galva, Binani, Adhunik, KSS Petron and sale of NPAs by select banks (e.g., Jayaswal Neco and Mahalakshmi TMT) should help bank contain NPA formation on corporate front.
- With the RBI allowing restructuring of SME loans up to Rs250mn, the imminent risk of stress flow from the SME sector has been postponed for now. The impact of farm loan waiver in a few states will be largely split between 3Q and 4Q, with the bulk of the pain reflecting in 4Q mainly in crop loans. Retail asset quality is holding up well except for some stress in the LAP segment. On an overall basis, NPA formation could be largely contained, which coupled with improving loan growth, should lead to lower NPA ratios qoq.
- Among the private banks, we expect HDFCB, ICICI, and Federal Bank to report strong earnings growth and asset quality performance, while Axis, IndusInd and Yes Bank should report subdued performance. In our view, more than earnings performance, the appointment of new MD and CEO in Yes Bank and management rejig/future business strategy by new MD and CEO in Axis Bank will be key monitorables. For IndusInd, the risk of growth moderation in CV, recognition/provisions on IL&FS exposure, adverse news flow in real estate sector, and continued margin pressure remain near-term concerns.
- Among PSBs, we expect SBI/Canara Bank to report strong earnings growth in 3Q led by better credit growth, margins, and treasury support. Bank of Baroda too is likely to report healthy earnings growth like in 2Q; however, the risk of higher IL&FS exposure and the merger of Vijaya/Dena Bank will keep the stock under pressure. After the heavy capital infusion to come out of capital default, Bank of India is likely to accelerate its otherwise higher PCR to reduce NNPA below 6% even at the cost of reporting heavy losses, and should come out of PCA (Prompt Corrective Action).
- **Key events to watch:** We believe that the court judgment on Sec 29A (barring promoters to bid under NCLT) and 12th February 2018 RBI Circular calling for automatic referral to NCLT post 180 days default and the RBI's stance on allowing 66% lenders approval for resolution outside NCLT will be critical for otherwise slower pace of NPA resolutions.
- **Outlook and top picks:** We continue to prefer private banks with a preference for bellwether HDFCB and also ICICI - underpinned by its healthy capital ratios, growth/margin outlook, improving return ratios, reasonable valuations, and most importantly the new MD and CEO with a cleaner track record. We continue to prefer IndusInd, however, the past premium valuations will take time to return. The current softness in G-sec yields (temporary though), capital infusion, and lumpy NPA resolutions via the NCLT have brought back some interest back to the PSBs. However, we remain selective, and like SBIN (attractive valuations, better growth outlook, and heavy line-up of NPA resolutions).

## Banking

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Axis Bank</b>								
CMP(Rs)	651	NII (Rs mn)	54,430	52,321	47,315	15.0%	4.0%	Overall growth remains subdued; bank did not participate much in portfolio buying. Maintains stable to positive bias on NIMs. Given sub-normal slippages in 2Q and change in guard, we expect slippages to be higher qoq. Power account may not slip in 3Q, but runs a chance of slipping in 4Q. Some impact of SBLC devolvement may also show up in 3Q. Essar Oil money flow could help contain NPAs
Mkt Cap (Rs bn)	1,673	Op. Profit (Rs mn)	42,821	40,940	38,538	11.1%	4.6%	
Reco	Accumulate	NIM (%)	3.36	3.36	3.38	-2bps	0bps	
Target Price (Rs)	675	PAT (Rs mn)	9,260	7,896	7,264	27.5%	17.3%	
% Upside	4%	EPS (Rs)	3.58	3.07	2.83	26.2%	16.3%	
<b>Bank of Baroda</b>								
CMP(Rs)	124	NII (Rs mn)	47,407	44,925	43,940	7.9%	5.5%	Loan growth should accelerate, with retail growth around 19-20%; while SME and corporate growth to remain lackluster. Margins should maintain improving trend but real improvement in margin will appear in 4Q, when resolutions bunch up. The bank had deferred Rs284cr of MTM provision; not benefiting much on the treasury front.
Mkt Cap (Rs bn)	328	Op. Profit (Rs mn)	34,890	30,819	36,501	-4.4%	13.2%	
Reco	Accumulate	NIM (%)	2.67	2.61	2.72	-5bps	6bps	Some SBLC devolvement risk is there, but slippages should be around Rs40bn; risk of overseas NPA inflation due to rupee depreciation is not there.
Target Price (Rs)	190	PAT (Rs mn)	6,401	4,254	1,118	472.6%	50.5%	
% Upside	54%	EPS (Rs)	2.27	1.60	0.48	369.4%	41.6%	
<b>HDFC Bank</b>								
CMP(Rs)	2118.85	NII (Rs mn)	125,026	117,634	103,143	21.2%	6.3%	Strong loan growth coupled with no meaningful rise in COF for bank should lead to stable but healthy margins. Cost ratios will largely remain under current levels and that is structurally positive for RoAs. Slippages to be similar to 2Q; impact of farm loan waiver on crop loans will be largely visible in 4Q, while on Term Loans will be visible in 3Q itself.
Mkt Cap (Rs bn)	5,762	Op. Profit (Rs mn)	103,720	94,800	84,513	22.7%	9.4%	
Reco	Buy	NIM (%)	4.3	4.3	4.3	1bps	1bps	
Target Price (Rs)	2500	PAT (Rs mn)	56,113	50,057	46,426	20.9%	12.1%	
% Upside	18%	EPS (Rs)	21.13	18.42	17.92	17.9%	14.7%	

## Banking

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>ICICI Bank</b>								
CMP(Rs)	380	NII (Rs mn)	66,639	64,176	57,053	16.8%	3.8%	Overall credit growth is picking up driven by portfolio buyouts, healthy retail growth and a pick-up in corporate as well. NIMs are likely to be stable in 3Q, but may look better in 4Q on the back of heavy NPA resolutions. Slippages to be range-bound between Rs30bn and Rs40bn; Uttam Galva and Essar Steel Minnesota has been resolved (exposure: Rs15bn).
Mkt Cap (Rs bn)	2,448	Op. Profit (Rs mn)	58,297	52,497	50,578	15.3%	11.0%	
Reco	Accumulate	NIM (%)	3.3	3.33	3.14	17bps	-2bps	
Target Price (Rs)	405	PAT (Rs mn)	17,494	9,089	16,502	6.0%	92.5%	
% Upside	7%	EPS (Rs)	2.72	7.06	12.85	-78.8%	-61.5%	
<b>IndusInd Bank</b>								
CMP(Rs)	1,578	NII (Rs mn)	23,060	22,033	18,948	21.7%	4.7%	Loan growth to remain healthy despite emerging concerns of a slowdown in CV/Corporate book. Margins may remain stable vs. earlier guidance of an improvement. IL&FS provisions should lead to lower profits qoq. Fresh slippages may remain around the 2Q level, if IL&FS does not slip. However, the bank will have to provide for IL&FS exposure in 3Q and 4Q.
Mkt Cap (Rs bn)	950	Op. Profit (Rs mn)	20,468	19,924	16,647	23.0%	2.7%	
Reco	Hold	NIM (%)	3.8	3.84	3.99	-19bps	-4bps	
Target Price (Rs)	1,800	PAT (Rs mn)	8,889	9,203	9,362	-5.1%	-3.4%	
% Upside	14%	EPS (Rs)	12.87	15.32	15.62	-17.6%	-16.0%	
<b>State Bank of India</b>								
CMP(Rs)	305	NII (Rs mn)	219,392	209,057	186,875	17.4%	4.9%	Growth is likely to remain healthy due to strong working capital demand and disintermediation from money markets. Margins are showing improving trend and the bank should have a 4Q exit NIM of 3%. The bank did not defer MTM provisions; hence, we expect provision w/back of about Rs30-35bn. We expect slippages to be marginally higher qoq due to some slippage in Term Farm Loan. On the corporate front, Jet Airways and IL&FS remain stressed for the bank. Bank expects Essar Steel, Bhushan Power and Prayagraj Power to be resolved in 4Q.
Mkt Cap (Rs bn)	2,723	Op. Profit (Rs mn)	141,604	139,049	117,546	20.5%	1.8%	
Reco	Accumulate	NIM (%)	2.8	2.76	2.45	34bps	3bps	
Target Price (Rs)	345	PAT (Rs mn)	11,885	9,449	-24,164	-149.2%	25.8%	
% Upside	13%	EPS (Rs)	1.26	1.06	-2.80	-145.0%	19.0%	

## Banking

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Yes Bank</b>								
CMP(Rs)	192	NII (Rs mn)	25,122	24,176	18,888	33.0%	3.9%	Loan growth is likely to come-off due to the bank's conscious call and some offloading of portfolio. NIMs may remain stable. Slippages may trend down qoq but remain elevated; IL&FS has not defaulted but including which slippages could look higher. Recovery of accounts slipped in 2Q has not fructified till now.
Mkt Cap (Rs bn)	445	Op. Profit (Rs mn)	24,443	23,664	20,018	22.1%	3.3%	
Reco	Reduce	NIM (%)	3.3	3.30	3.50	-24bps	-4bps	
Target Price (Rs)	173	PAT (Rs mn)	11,513	9,647	10,769	6.9%	19.3%	
% Upside	-10%	EPS (Rs)	4.99	4.20	4.70	6.2%	18.9%	



## Insurance

- **Life insurance companies in our coverage are likely to report moderate growth in Q3FY19 due to softness in new business volumes. Private players are expected to maintain high single-digit Annualized Premium Equivalent (APE) YTD growth, with better growth for top private players (excluding IPRU) under our coverage. We expect better growth in Q4FY19, which itself contributes c. 35% to annual volumes.**
- **Monthly business numbers and our interactions with management confirm our hypothesis of a larger focus on the protection business. We believe that a continued push of the protection business through product innovations and health riders is likely to improve the product mix in favor of higher margin segments. This should improve the future profitability. The trend in monthly data indicates a continued thrust towards the individual protection segment, with slower growth in the ticket size viz-à-viz the policies sold. However, lower disbursements by HFCs in Q3FY19 may result in weaker credit protect segment growth.**
- **Despite slower APE growth expectations, the value of new business (VNB) margin is likely to remain strong, given increased contribution from the high-margin protection business as well as traditional savings business.**
- **For Emkay's life insurance coverage universe, we expect Gross Written Premium (GWP) growth of 21.1% yoy, with negative APE growth of 3.2% yoy. Excluding IPRU, we expect APE growth of 2.4% yoy. Strong renewals are also expected due to improving persistency trends.**
- **Sector valuation as a whole has come-down (~30% cut from peak valuations), offering a valuation comfort. We are positive on MAXF owing to its consistent premium growth delivery and SBIL due to its new banca tie-ups and stake sale overhang on the verge of receiving clearance. Although there is a valuation comfort in ICICI Pru, pick up in its new business volumes remains the key to make any meaningful entry in the stock; however, it should get support from the lower base of Q4FY18. Despite having a balanced product mix and the highest VNB margin among peers, HDFCSL's higher valuations viz-à-viz its peers limit the upside potential.**

## Insurance

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>ICICI Prudential Life</b>								
CMP(Rs)	324	GWP (Rs mn)	78,374	76,819	68,556	14.3%	2.0%	We expect IPRU to record lower APE in Q3FY19 at Rs16.5bn (-16.6% yoy and -14% qoq) owing to overall growth moderation witnessed by the industry and also due to changes in its strategy towards mass customers from affluent customers (Its ULIP ticket size is 2.5-3x viz-a-viz its peers).We expect the VNB margin to expand to 17.7% (+20bps qoq) this quarter.
Mkt Cap (Rs bn)	466	APE (Rs mn)	16,449	19,133	19,722	-16.6%	-14.0%	
Reco	Buy	VNB Margin (%)	17.7%	17.5%	13.7%	4.0%	0.2%	
Target Price (Rs)	430	PAT (Rs mn)	3,504	3,009	4,521	-22.5%	16.5%	
% Upside	33%	EPS (Rs)	2.4	2.1	3.1	-22.5%	16.5%	
<b>HDFC Standard Life</b>								
CMP(Rs)	395	GWP (Rs mn)	67,792	68,405	54,677	24.0%	-0.9%	We expect HDFCSL's APE growth to be flattish in Q3FY19 due to a higher base impact kicking in. Lower disbursements in HFCs this quarter may result in softer credit protect segment growth. However, with a balanced mix portfolio and pick-up in deferred annuities, we expect the VNB margin to expand to 24.5% in the three-month period (+20bps qoq).
Mkt Cap (Rs bn)	796	APE (Rs mn)	13,929	14,468	13,484	3.3%	-3.7%	
Reco	Buy	VNB Margin (%)	24.5%	24.3%	22.2%	2.3%	0.2%	
Target Price (Rs)	465	PAT (Rs mn)	2,426	2,870	2,073	17.0%	-15.5%	
% Upside	18%	EPS (Rs)	1.2	1.4	1.0	16.8%	-15.3%	
<b>SBI Life</b>								
CMP(Rs)	613	GWP (Rs mn)	87,101	76,855	68,141	27.8%	13.3%	We expect SBIL to report a relatively better number viz-à-viz its peers due to continued growth driven by its robust distribution capabilities.The recent 'bancassurance' tie-up with Allahabad Bank and Syndicate Bank is structurally positive. We expect the VNB margin to expand to 17.6% (+30bps qoq) on improving product mix (a higher share of protection segment).
Mkt Cap (Rs bn)	613	APE (Rs mn)	24,530	23,494	25,050	-2.1%	4.4%	
Reco	Buy	VNB Margin (%)	17.6%	17.3%	16.0%	1.6%	0.3%	
Target Price (Rs)	830	PAT (Rs mn)	2,851	2,505	2,303	23.8%	13.8%	
% Upside	35%	EPS (Rs)	2.9	2.5	2.3	23.8%	13.8%	

## Insurance

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Max Financial</b>								
CMP(Rs)	435	GWP (Rs mn)	35,367	32,990	30,444	16.2%	7.2%	We expect MAXL to clock 15.3% yoy APE growth (+3.4% qoq), driven by consistent increase in new business volumes. We expect the VNB margin to expand to 20.8% (+40bps qoq) on the back of changes in its product mix towards higher margin segment. The ramp up of agent workforce through a strategic partnership with New York Life is structurally positive.
Mkt Cap (Rs bn)	117	APE (Rs mn)	9,052	8,756	7,852	15.3%	3.4%	
Reco	Buy	VNB Margin (%)	20.8%	20.4%	NA	NA	0.4%	
Target Price (Rs)	615	MAXL PBT (Rs mn)	1,609	1,850	1,536	4.8%	-13.1%	
% Upside	41%	Group PBT (Rs mn)	1,284	1,800	1,343	-4.4%	-28.7%	

## Non-Banking Financial Services

- Q3FY19 has remained crucial for NBFCs amid the funding reluctance from capital markets as well as banks, weak festive demand and steep rise in portfolio assignments in order to manage liquidity. Although we still see a low probability of default for NBFCs (expecting timely RBI intervention), the slowdown in disbursement growth makes compression in margins inevitable for them.
- Demand environment for NBFCs has remained sporadic, varying for each lender based on its liquidity positioning and segmental exposure. Rising securitization/assignments should further pressurize overall AUM growth, especially for NBFCs with relatively weak liability franchise. Similarly, most NBFCs under our coverage universe have been maintaining excess liquidity to avoid volatility in overall cost of funds; however, it has attracted negative carry and would further compress margins.
- For the Emkay NBFC coverage universe, we expect NII growth of ~14.3% yoy, driven by healthy credit growth for relatively better players like Bajaj Finance and HDFC Limited. Similarly, we expect PAT to grow ~13% yoy, in line with NII and AUM growth.
- We expect Bajaj Finance along with HDFC Limited and Mahindra Finance to report healthy growth numbers with relatively positive guidance, while we believe Shriram Transport and Shriram City Union Finance can surprise to the Negative side amid their inability to raise funds at comfortable rates.
- Bajaj Finance (Buy, TP Rs2,690) remains our top pick in the sector, with a superior growth profile, a favorable ALM maturity, and a diversified book. We also continue to like HDFC Limited (TP Rs2,142), M&M Finance (TP Rs486), and Cholamandalam Finance (TP Rs1,474), considering their healthy growth rates, steady ALM profiles, and attractive risk-reward opportunity. We would prefer to remain cautious on LTFH and Edelweiss Financial considering their risky asset exposure.

## Non-Banking Financial Services

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Bajaj Finance</b>								
CMP(Rs)	2,537	NII (Rs mn)	30,004	26,652	23,724	26.5%	12.6%	Bajaj Finance's AUM growth is likely to be strong (~35%) on back of healthy demand in the consumer segment and mortgage business. Net interest margins are expected to decline marginally on a yoy basis primarily on account of higher cost of funds. Asset quality is likely to remain stable.
Mkt Cap (Rs bn)	1,466	Op. Profit (Rs mn)	19,094	17,386	14,230	34.2%	9.8%	
Reco	Buy	NIM (%)	11.7	11.0	12.6	-92 bps	66 bps	
Target Price (Rs)	2,690	PAT (Rs mn)	10,099	9,203	7,668	31.7%	9.7%	
% Upside	6%	EPS (Rs)	17.5	16.0	13.3	31.3%	9.7%	
<b>Cholamandalam Finance</b>								
CMP(Rs)	1,200	NII (Rs mn)	8,142	8,119	7,930	2.7%	0.3%	AUM growth to be impacted by high base effect of Q3FY18 mainly for vehicle finance business. Commentary on disbursements for vehicle finance and asset quality of the home equity business will be key monitorables.
Mkt Cap (Rs bn)	188	Op. Profit (Rs mn)	5,259	5,207	4,694	12.0%	1.0%	
Reco	Buy	NIM (%)	6.7	7.0	8.4	165 bps	-23 bps	
Target Price (Rs)	1,474	PAT (Rs mn)	2,927	3,047	2,492	17.5%	-3.9%	
% Upside	23%	EPS (Rs)	18.7	19.5	15.9	17.4%	-3.9%	
<b>HDFC Ltd</b>								
CMP(Rs)	1,959	NII (Rs mn)	30,388	26,288	29,287	3.8%	15.6%	We expect HDFC's loan growth to remain healthy at ~18% backed by individual loans as well as developer funding. NIM pressure to remain relatively limited. Trend in sanctions in the affordable housing segment will be crucial for future growth trends. Asset quality likely to remain stable.
Mkt Cap (Rs bn)	3,368	Op. Profit (Rs mn)	29,850	38,904	29,099	2.6%	-23.3%	
Reco	Buy	NIM (%)	3.3	2.9	3.7	-36 bps	40 bps	
Target Price (Rs)	2,142	PAT (Rs mn)	21,097	24,671	56,702	-62.8%	-14.5%	
% Upside	9%	EPS (Rs)	12.4	14.5	35.5	-65.0%	-14.5%	

## Non-Banking Financial Services

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>LIC Housing Finance</b>								
CMP(Rs)	481	NII (Rs mn)	10,017	10,599	8,976	11.6%	-5.5%	We expect NIMs to remain under pressure sequentially due to recent rise in overall cost of funds. LICHF's growth momentum in the builder loan segment will to be a key monitorables. Credit costs and asset quality are likely to remain stable sequentially.
Mkt Cap (Rs bn)	243	Op. Profit (Rs mn)	9,372	9,633	8,050	16.4%	-2.7%	
Reco	Hold	NIM (%)	2.4	2.5	2.3	-9 bps	-22 bps	
Target Price (Rs)	461	PAT (Rs mn)	5,353	5,732	4,911	9.0%	-6.6%	
% Upside	-4%	EPS (Rs)	10.6	11.4	9.7	9.0%	-6.6%	
<b>Magma Fincorp</b>								
CMP(Rs)	108	NII (Rs mn)	3,414	3,498	3,593	-5.0%	-2.4%	Weak growth trends expected on back of recent liquidity turmoil. Future management commentary would be a key monitorable. Asset quality will be another key aspect. NIMs should remain under pressure on back of recent steep rise in cost of funds.
Mkt Cap (Rs bn)	29	Op. Profit (Rs mn)	1,878	1,913	1,942	-3.3%	-1.8%	
Reco	Buy	NIM (%)	8.4	8.6	9.3	-86 bps	-16 bps	
Target Price (Rs)	176	PAT (Rs mn)	787	766	650	21.1%	2.8%	
% Upside	63%	EPS (Rs)	2.9	2.8	2.7	6.5%	2.8%	
<b>Mahindra Finance</b>								
CMP(Rs)	462	NII (Rs mn)	12,090	11,666	10,711	12.9%	3.6%	Growth should be healthy however some contraction might be visible on CV volumes. Asset quality to improve sequentially. At the same time, credit costs are expected to continue to taper off compared with the same quarter last year which saw higher write-offs.
Mkt Cap (Rs bn)	285	Op. Profit (Rs mn)	7,378	7,869	6,553	12.6%	-6.2%	
Reco	Buy	NIM (%)	8.0	8.1	8.7	-52 bps	1 bps	
Target Price (Rs)	486	PAT (Rs mn)	3,443	3,814	3,420	0.7%	-9.7%	
% Upside	5%	EPS (Rs)	5.6	6.2	5.6	0.7%	-9.7%	

## Non-Banking Financial Services

Name		Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments	
<b>Shriram City Union Finance</b>								
CMP(Rs)	1,546	NII (Rs mn)	9,421	9,769	9,157	2.9%	-3.6%	Growth momentum could slow down due to lack of demand in SME segment. NIMs are expected to decline on a sequential basis. Asset quality movement will be a key monitorable.
Mkt Cap (Rs bn)	102	Op. Profit (Rs mn)	5,601	6,243	5,449	2.8%	-10.3%	
Reco	Accumulate	NIM (%)	12.5	13.3	14.3	-185 bps	-81 bps	
Target Price (Rs)	2,002	PAT (Rs mn)	2,108	2,493	2,255	-6.5%	-15.4%	
% Upside	29%	EPS (Rs)	32.0	37.8	34.2	-6.6%	-15.4%	
<b>Shriram Transport Finance</b>								
CMP(Rs)	1,193	NII (Rs mn)	19,671	20,612	17,094	15.1%	-4.6%	Growth momentum to remain weak due to recent tight liquidity situation. NPLs and credit costs are expected to remain higher as the company recognizes as per 90-dpd and IND AS. NIMs to remain stable qoq. Asset quality movement under the stricter NPL recognition norms will be a key monitorable.
Mkt Cap (Rs bn)	271	Op. Profit (Rs mn)	14,885	16,226	13,486	10.4%	-8.3%	
Reco	Buy	NIM (%)	7.3	7.5	7.8	-16 bps	-50 bps	
Target Price (Rs)	1,510	PAT (Rs mn)	5,512	6,096	4,956	11.2%	-9.6%	
% Upside	27%	EPS (Rs)	24.3	26.9	21.8	11.2%	-9.6%	
<b>Edelweiss Financial Services</b>								
CMP(Rs)	181	NII (Rs mn)	14,019	14,718	11,861	18.2%	-4.8%	Top-line growth is likely to be driven by the advisory businesses. Margin pressure to remain severe. Capital consumption in the credit business and ALM profile will be key monitorables.
Mkt Cap (Rs bn)	169	Op. Profit (Rs mn)	16,407	16,417	12,322	33.2%	1.6%	
Reco	Buy	NIM (%)	7.1	7.7	7.5	-60 bps	-40 bps	
Target Price (Rs)	211	PAT (Rs mn)	2,416	2,764	2,364	2.2%	-12.6%	
% Upside	17%	EPS (Rs)	2.7	3.1	2.6	5.6%	-12.6%	

## Non-Banking Financial Services

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>L&amp;T Finance Holdings</b>								
CMP(Rs)	148	NII (Rs mn)	15,838	15,966	12,706	24.6%	-0.8%	The strong fee engine is expected to drive growth in operating income. Asset quality and provisioning in the wholesale business to remain key monitorables.
Mkt Cap (Rs bn)	296	Op. Profit (Rs mn)	11,513	11,494	9,409	22.4%	0.2%	
Reco	Buy	NIM (%)	6.9	6.6	6.9	0 bps	30 bps	
Target Price (Rs)	160	PAT (Rs mn)	4,954	5,604	3,841	29.0%	-11.6%	
% Upside	8%	EPS (Rs)	2.8	2.8	2.0	43.4%	0.0%	



## Cement

- **Sales volumes for our coverage universe are expected to rise by 8.5% yoy, driven by 11-13% volume growth of UltraTech, Ramco Cements and Orient Cement. According to the latest data by Core Industries, the cement production grew 9.2% yoy in Oct-Nov '18 (14.2% yoy in Apr-Nov '18). We expect ACC and Ambuja Cement to record volume growth of 6% and 5% yoy, respectively. Shree Cement is expected to post volume growth of 8% yoy. Sanghi Industries is the only cement company under our coverage for which we expect volumes to slump (-13% yoy).**
- **Based on our channel checks, average cement price was down 1.5% qoq pan-India due to price declines in the South and Central regions. Cement price fell 2%/4% qoq in Central/South markets, while it was down 1% qoq in the North, West and East markets. On a yoy basis, average cement price was down 2% yoy pan-India, owing to a 5%/2% decrease in South/North regions. The average realization for our coverage universe is expected to fall 1.2% qoq, but grow 2.3% yoy.**
- **We expect EBITDA growth of 16.1%/22.7% yoy for UltraTech/ACC among the large players. Prism Johnson and JK Cement are expected to record EBITDA growth of 13-15% yoy. Average EBITDA/ton for our coverage universe is expected to slip 2.3% yoy to Rs786 on account of lower realization and higher costs (average increase of 4% yoy). Among the large players, we expect ACC/UltraTech's EBITDA/ton to rise 15.8%/3.5% yoy. Among the mid-sized players, JK Cement and Prism Cement are expected to clock EBITDA/ton growth of 8.5% and 6.2% yoy, respectively. Other companies are expected to see a decline in their EBITDA/ton between 11% and 30% yoy, with EBITDA/ton remaining flat for JK Lakshmi.**
- **We expect an earnings downgrade for most mid-sized companies under our coverage universe after Q3 results. Though input costs (coal, diesel, and packaging cost) have turned favorable, weak pricing power remains a worry. We downgrade our FY19 EBITDA estimates by 3-8% for Shree Cement, Ramco Cements, JK Lakshmi, Prism, and India Cements. We cut our FY19/FY20 EBITDA estimates for Orient Cement by 17.7%/7.6%.**
- **Despite strong demand growth, lack of pricing power remains a cause of concern. We believe that a structural up-cycle in the industry is still some time away. In this scenario, we prefer market leaders, or companies that offer growth opportunities and are available at attractive valuations. Our preferred stock picks in the sector include UltraTech, ACC, JK Cement, and Star Cement.**

## Cement

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>ACC</b>								
CMP(Rs)	1,470	Net Sales (Rs mn)	37,867	34,332	34,941	8.4%	10.3%	We expect 6% yoy growth in the cement volume to 7.3mt. Realization is expected to improve by 2.8% yoy. Higher volume/realization will yield revenue growth of 8.4% yoy. Operating cost/ton is expected to be flat, considering a partial benefit from axle load norms and lower fuel costs to be obtained. Higher volumes, realization and stable costs will lead to 22.7% yoy EBITDA growth and a 155bps yoy improvement in OPM. EBITDA/ton is expected to rise by 15.8% yoy to Rs683 (Rs681 in Q2FY19, +0.3%qoq).
Mkt Cap (Rs bn)	276	EBITDA (Rs mn)	5,012	4,461	4,084	22.7%	12.3%	
Reco	Buy	EBITDA Margin (%)	13.2	111.3.0	11.7	155 bps	24 bps	
Target Price (Rs)	1,836	PAT (Rs mn)	2,473	2,091	1,703	45.2%	18.2%	
% Upside	25%	EPS (Rs)	13.2	11.1	9.1	45.2%	18.2%	
<b>Ambuja Cement</b>								
CMP(Rs)	219	Net Sales (Rs mn)	29,212	26,139	27,126	7.7%	11.8%	Volumes are expected to be at 6.16mt, up 5% yoy. Realization is expected to increase by 2.6% yoy. Higher volumes and realization to yield revenue growth of 7.7% yoy. We expect a 6.8%yoy rise in Opex/ton, despite a cost respite on energy and freight fronts due to higher raw material costs. Therefore, OPM is expected to contract by 333bps yoy to 16.5%. EBITDA/ton is expected to decline 14.7% yoy to Rs783 (Rs656 in Q2FY19, +19.3%qoq).
Mkt Cap (Rs bn)	434	EBITDA (Rs mn)	4,823	3,582	5,383	-10.4%	34.7%	
Reco	Hold	EBITDA Margin (%)	16.5	13.7	19.8	-333 bps	281 bps	
Target Price (Rs)	242	PAT (Rs mn)	2,300	1,786	3,119	-26.3%	28.8%	
% Upside	11%	EPS (Rs)	1.5	1.2	2.1	-26.3%	28.8%	
<b>UltraTech Cement</b>								
CMP(Rs)	3,915	Net Sales (Rs mn)	88,640	79,231	75,899	16.8%	11.9%	We expect 12.3% yoy volume growth to 16.96mt on the back of higher utilization of JP Group's acquired assets. Grey cement realization is expected to improve by 6% yoy. Higher grey volume/realization should result in 16.8% yoy revenue growth and 16.1% yoy growth in EBITDA. OPM is expected to see a slight decrease of about 9bps yoy to 16.6%. EBITDA/ton is expected to rise by 3.5% yoy to Rs772.
Mkt Cap (Rs bn)	1,075	EBITDA (Rs mn)	14,738	12,931	12,691	16.1%	14.0%	
Reco	Accumulate	EBITDA Margin (%)	16.6	16.3	16.7	-9 bps	31 bps	
Target Price (Rs)	4,359	PAT (Rs mn)	5,099	3,908	3,177	60.5%	30.5%	
% Upside	11%	EPS (Rs)	18.6	14.2	11.6	60.5%	30.5%	

## Cement

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>India Cement</b>								
CMP(Rs)	91	Net Sales (Rs mn)	12,585	13,871	12,131	3.7%	-9.3%	Sales volumes are expected to improve by 8% yoy to 2.94mt, whereas realization is expected to decline 3.8% yoy (decline of 2.5% qoq). Higher sales volumes to drive 3.7% yoy revenue growth. Lower realization and higher costs are expected to lead to a 24.5% yoy slump in operating profit and a 375bps yoy contraction in OPM to 10%. EBITDA/ton is expected to be at Rs427 vs. Rs598/Rs494 in Q3FY18/Q2FY19.
Mkt Cap (Rs bn)	28	EBITDA (Rs mn)	1,263	1,548	1,673	-24.5%	-18.4%	
Reco	Hold	EBITDA Margin (%)	10.0	11.2	13.8	-375 bps	-112 bps	
Target Price (Rs)	101	PAT (Rs mn)	-126	132	152	n/m	n/m	
% Upside	11%	EPS (Rs)	-0.4	0.4	0.5	n/m	n/m	
<b>Ramco Cements</b>								
CMP(Rs)	631	Net Sales (Rs mn)	11,895	11,835	10,564	12.6%	0.5%	Ramco Cements is expected to report 12.6% yoy growth in revenue on 12.5% volume growth to 2.56mt, while realization is expected to remain flat. EBITDA is expected to decline by 8% yoy owing to a 5.2% yoy increase in costs with EBITDA margin of 17.8%, a decline of 399bps yoy. EBITDA/ton is expected to be at Rs829 vs. Rs1,014/Rs1,001 in Q3FY18/Q2FY19.
Mkt Cap (Rs bn)	149	EBITDA (Rs mn)	2,121	2,472	2,306	-8.0%	-14.2%	
Reco	Accumulate	EBITDA Margin (%)	17.8	20.9	21.8	-399 bps	-305 bps	
Target Price (Rs)	708	PAT (Rs mn)	943	1,145	1,180	-20.1%	-17.6%	
% Upside	12%	EPS (Rs)	4.0	4.8	5.0	-20.1%	-17.6%	
<b>Shree Cement</b>								
CMP(Rs)	16,754	Net Sales (Rs mn)	26,327	25,866	23,027	14.3%	1.8%	We expect Shree Cement to report revenue growth of 14.3% yoy, factoring in 9.1%/2% yoy cement volume (5.81mt) /realizaton growth. Its power segment to report healthy revenues on 30-40% yoy surge in both volume and merchant power rates. Opex/ton is expected to increase by 6.1% yoy. We expect EBITDA to increase by 7.6% yoy, while EBITDA margin at 21.6% is expected to contract by 134bps yoy. EBITDA/ton is expected to be at Rs896, down 10.8% yoy.
Mkt Cap (Rs bn)	584	EBITDA (Rs mn)	5,698	5,733	5,293	7.6%	-0.6%	
Reco	Hold	EBITDA Margin (%)	21.6	22.2	23.0	-134 bps	-52 bps	
Target Price (Rs)	17,615	PAT (Rs mn)	1,472	2,810	2,930	-49.8%	-47.6%	
% Upside	5%	EPS (Rs)	42.3	80.7	84.1	-49.8%	-47.6%	

## Cement

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>JK Lakshmi Cement</b>								
CMP(Rs)	313	Net Sales (Rs mn)	8,609	8,514	8,374	2.8%	1.1%	We expect the company to post modest revenue growth (+2.8% yoy), based on 3% yoy volume growth to 2.17mt. Opex/ton is expected to remain flat on yoy basis as other expense has been on a declining trend. EBITDA at Rs969mn is expected to grow at 2.7% yoy. EBITDA margin at 11.3% yoy is expected to remain flat on yoy basis. EBITDA/ton is expected to be at Rs446 vs. Rs447/Rs431 in Q3FY18/Q2FY19.
Mkt Cap (Rs bn)	37	EBITDA (Rs mn)	969	916	943	2.7%	5.7%	
Reco	Hold	EBITDA Margin (%)	11.3	10.8	11.3	-1 bps	49 bps	
Target Price (Rs)	327	PAT (Rs mn)	103	78	86	20.2%	32.1%	
% Upside	4%	EPS (Rs)	0.9	0.7	0.7	20.2%	32.1%	
<b>JK Cement</b>								
CMP(Rs)	703	Net Sales (Rs mn)	12,332	11,006	11,261	9.5%	12.0%	Grey cement volume is expected to be at 2.07mt, up 2.1% yoy. Realization is expected to grow by 3.5% yoy. White cement and putty volume is expected to be at 0.35mt (+19%yoy). This will lead to 9.5% yoy revenue growth, while EBITDA is expected to rise by 13.1% yoy. OPM is expected to be at 15.6% yoy (+50bps only) on a 4.5% rise in Opex/ton. Blended EBITDA/ton is expected to be at Rs795 vs. Rs733/Rs786 in Q3FY18/Q2FY19.
Mkt Cap (Rs bn)	54	EBITDA (Rs mn)	1,925	1,698	1,702	13.1%	13.4%	
Reco	Buy	EBITDA Margin (%)	15.6	15.4	15.1	49 bps	19 bps	
Target Price (Rs)	864	PAT (Rs mn)	802	647	731	9.8%	24.0%	
% Upside	23%	EPS (Rs)	11.5	9.3	10.4	9.8%	24.0%	
<b>Orient Cement</b>								
CMP(Rs)	81	Net Sales (Rs mn)	5,614	5,608	5,115	9.7%	0.1%	We expect volume growth of 11.4% yoy to 1.53mt, while realization is expected to decline by 1.5% yoy. Higher volume should lead to 9.7% yoy revenue growth. Opex/ton is expected to remain flat on yoy basis. Lower realization will lead to an 18.1% yoy fall in EBITDA and a 194bps yoy contraction in OPM. EBITDA/ton is expected to be at Rs210 vs. Rs286/Rs243 in Q3FY18/Q2FY19.
Mkt Cap (Rs bn)	17	EBITDA (Rs mn)	320	358	391	-18.1%	-10.4%	
Reco	Hold	EBITDA Margin (%)	5.7	6.4	7.6	-194 bps	-67 bps	
Target Price (Rs)	81	PAT (Rs mn)	-198	-167	-177	n/m	n/m	
% Upside	0%	EPS (Rs)	-1.0	-0.8	-0.9	n/m	n/m	

## Cement

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Prism Johnson</b>								
CMP(Rs)	87	Net Sales (Rs mn)	13,830	13,353	12,963	6.7%	3.6%	Prism Cement is expected to clock 6.7% yoy revenue growth, driven by 8.3%/4%/3% yoy growth in Cement/TBK/RMC segments. We expect cement volume of 1.5mt (up 6% yoy) and realization of Rs4,267/ton (up 2.2% yoy). EBITDA/ton of its Cement segment is estimated at Rs575 vs. Rs541/Rs550 in Q3FY18/Q2FY19. EBITDA of its RMC segment is expected to be at Rs34mn vs. Rs64mn/Rs38mn in Q3FY18/Q2FY19. EBITDA in its TBK Segment is expected to be at Rs20mn vs. Rs17mn/24mn in Q3FY18/Q2FY19.
Mkt Cap (Rs bn)	44	EBITDA (Rs mn)	947	803	822	15.2%	17.9%	
Reco	Hold	EBITDA Margin (%)	6.8	6.0	6.3	50 bps	83 bps	
Target Price (Rs)	103	PAT (Rs mn)	166	70	149	11.5%	135.1%	
% Upside	18%	EPS (Rs)	0.3	0.1	0.3	11.5%	135.1%	
<b>Sanghi Industries</b>								
CMP(Rs)	61	Net Sales (Rs mn)	2,610	2,441	2,796	-6.6%	6.9%	Sanghi Industries is expected to report a 6.6% yoy decline in net sales due to a 13.1% yoy fall in volume growth. Realization may increase by 7.4% yoy. Opex/ton is expected to rise by 18% yoy on high energy and freight costs. Lower realization and higher opex should lead to a 38.9% yoy decline in EBITDA and a 764 bps yoy contraction in OPM to 14.5%. EBITDA/ton is expected to be at Rs581 vs. Rs827/Rs523 in Q3FY18/Q2FY19.
Mkt Cap (Rs bn)	15	EBITDA (Rs mn)	378	324	618	-38.9%	16.6%	
Reco	Hold	EBITDA Margin (%)	14.5	13.3	22.1	-764 bps	120 bps	
Target Price (Rs)	69	PAT (Rs mn)	73	20	322	-77.4%	271.1%	
% Upside	13%	EPS (Rs)	0.3	0.1	1.5	-77.4%	271.1%	
<b>Star Cement</b>								
CMP(Rs)	102	Net Sales (Rs mn)	4,359	3,623	3,774	15.5%	20.3%	We expect 9% yoy volume growth to 0.68mt. Realization is expected to rise by 6% yoy, leading to revenue growth of 15.5% yoy. Opex/ton is expected to go up by 27.4% yoy due to high raw material and fuel costs. Higher operating costs lead to a 23.5% yoy decline in EBITDA. OPM is expected to be at 24.8% vs. 37.4%/19% in Q3FY18/Q2FY19. EBITDA/ton is expected to be at Rs1,600 vs. Rs2,280/Rs1,236 in Q3FY18/Q2FY19.
Mkt Cap (Rs bn)	43	EBITDA (Rs mn)	1,081	687	1,413	-23.5%	57.3%	
Reco	Buy	EBITDA Margin (%)	24.8	19.0	37.4	-1,264bps	583 bps	
Target Price (Rs)	167	PAT (Rs mn)	733	364	895	-18.2%	101.3%	
% Upside	63%	EPS (Rs)	1.7	0.9	2.1	-18.2%	101.3%	

## Construction & Infrastructure

- In FY19, the NHAI's target is to award projects involving 8,500-9,000km of road construction; however, ordering activity has been muted in 9MFY19 and hence the authority has reduced its target to 4,500-5,000km. The government wants to ensure smooth execution of the projects and has been very stringent thus far on land acquisition for the projects, leading to muted ordering activity.
- Most players have healthy order book-to-sales ratios in the range of 3.5x-4.5x its TTM revenues. In our view, one of the key monitorables would be execution as FCs for most of the HAM projects awarded in the month of Feb/Mar'18 have been completed within the stipulated time; however, appointed dates are still awaited and are likely to be obtained by 4QFY19.
- Urban Infra continues to witness traction, especially Metro projects. Work on the majority the Mumbai metro lines is on full swing and revenue traction is gaining momentum. Further, the initial soil testing and construction activity on key projects such as the Mumbai Coastal Road, Versova Bandra Sea-Link, Mumbai Trans-harbor Link, and the Zozila Tunnel have started and is expected to gain pace in FY20.
- Q3 is seasonally one of the strongest quarters for infra players, and we expect our universe to report ~30% top-line growth, mainly due to a low base from last year. In our view, the key monitorable would be the pace of execution, working capital cycle management, and leverage of the companies. A few players have already raised funds and placed themselves in a comfortable position before execution gains pace.
- Our top picks in the sector are Sadbhav Engineering, KNR Constructions, ITD Cementation, PNC Infratech, and Ashoka Buildcon on account of the low leverage on their standalone balance sheets, prudent working capital cycle, and comfortable order book positions.



## Construction & Infrastructure

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Container Corporation of India</b>								
CMP(Rs)	680	Net Sales (Rs mn)	18,126	18,223	16,396	10.6%	-0.5%	We expect CONCOR to report a top-line of ~Rs18bn, up 10.6% yoy, on healthy volume growth in both the segment- EXIM (up 11.6% yoy) and Domestic (up 16%). On the EBITDA margins front, we expect the company to report blended margins of 24.5% on a hike in realization for value-added services, rise in double stacking and strong operational efficiency.
Mkt Cap (Rs bn)	332	EBITDA (Rs mn)	4,441	5,042	4,456	-0.3%	-11.9%	
Reco	Buy	EBITDA Margin (%)	24.5	27.7	27.2	-268 bps	-317 bps	
Target Price (Rs)	732	PAT (Rs mn)	2,992	3,361	2,891	3.5%	-11.0%	
% Upside	8%	EPS (Rs)	6.1	6.9	5.9	3.5%	-11.0%	
<b>IRB Infrastructure</b>								
CMP(Rs)	160	Net Sales (Rs mn)	14,944	14,323	12,962	15.3%	4.3%	We expect double digit growth in toll revenues yoy and a similar growth in construction revenues due to a lower base. Appointed dates for the HAM/BOT project are yet to come and hence construction revenues would be muted in FY19. On a consolidated basis, we expect revenues to grow 15.3% yoy with an EBITDAM of 46%.
Mkt Cap (Rs bn)	56	EBITDA (Rs mn)	6,874	6,701	6,303	9.1%	2.6%	
Reco	Buy	EBITDA Margin (%)	46.0	46.8	48.6	-263 bps	-79 bps	
Target Price (Rs)	289	PAT (Rs mn)	2,070	1,729	2,073	-0.2%	19.7%	
% Upside	81%	EPS (Rs)	5.9	4.9	5.9	-0.2%	19.7%	
<b>Ahluwalia Contracts</b>								
CMP(Rs)	326	Net Sales (Rs mn)	5,069	4,392	3,611	40.4%	15.4%	We expect 40% yoy growth in Q3 on the back of strong execution in its key projects. ACIL has negligible debt and is on course to attain its goal of a debt-free status by FY20E.
Mkt Cap (Rs bn)	22	EBITDA (Rs mn)	660	574	625	5.6%	14.8%	
Reco	Buy	EBITDA Margin (%)	13.0	13.1	17.3	-428 bps	-6 bps	
Target Price (Rs)	406	PAT (Rs mn)	366	312	292	25.4%	17.3%	
% Upside	24%	EPS (Rs)	5.5	4.7	4.4	25.4%	17.3%	

## Construction & Infrastructure

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Sadbhav Engineering</b>								
CMP(Rs)	225	Net Sales (Rs mn)	9,977	6,906	9,351	6.7%	44.5%	We expect Sadbhav Engineering to report single-digit revenue growth (6.7% yoy) as many of its HAM projects are yet to receive the appointed dates. Monetization of its assets, status of appointed date for projects worth Rs78bn, and repayment of loans from SIPL would be the key monitorable.
Mkt Cap (Rs bn)	39	EBITDA (Rs mn)	1,197	833	1,056	13.3%	43.6%	
Reco	Buy	EBITDA Margin (%)	12.0	12.1	11.3	70 bps	-7 bps	
Target Price (Rs)	340	PAT (Rs mn)	628	383	618	1.6%	64.0%	
% Upside	51%	EPS (Rs)	3.7	2.2	3.6	1.6%	64.0%	
<b>Ashoka Buildcon</b>								
CMP(Rs)	135	Net Sales (Rs mn)	8,427	7,644	6,589	27.9%	10.2%	We expect ASBLS's construction revenues to increase by ~28% yoy on the back of strong execution in its road and power projects. ASBL has received FCs and awaiting appointed dates for its HAM projects. Toll revenues witnessed an upward momentum in the past two quarters and we expect the trend to continue on the back of a lower base.
Mkt Cap (Rs bn)	38	EBITDA (Rs mn)	1,096	1,037	746	46.9%	5.7%	
Reco	Buy	EBITDA Margin (%)	13.0	13.6	11.3	168 bps	-56 bps	
Target Price (Rs)	197	PAT (Rs mn)	676	621	470	43.9%	8.9%	
% Upside	45%	EPS (Rs)	2.4	2.2	1.7	43.9%	8.9%	
<b>NCC</b>								
CMP(Rs)	89	Net Sales (Rs mn)	32,385	31,048	18,507	75.0%	4.3%	NCC continues to witness strong order intake since FY18. This has swelled its order book and given that the orders are to be executed in 2-2.5 years, execution is likely to grow at a very healthy pace. We expect NCC to report 75% yoy growth in sales on robust order book and execution capabilities. The recently concluded QIP should aid the company control its interest costs and maintain its leverage. The monetization of assets will be key for continuing the growth momentum.
Mkt Cap (Rs bn)	53	EBITDA (Rs mn)	3,718	3,651	2,551	45.7%	1.8%	
Reco	Buy	EBITDA Margin (%)	11.5	11.8	13.8	-230 bps	-28 bps	
Target Price (Rs)	146	PAT (Rs mn)	1,671	1,732	1,304	28.2%	-3.5%	
% Upside	64%	EPS (Rs)	2.8	2.9	2.2	28.2%	-3.5%	



## Construction & Infrastructure

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>PNC Infratech</b>								
CMP(Rs)	147	Net Sales (Rs mn)	7,055	5,586	4,725	49.3%	26.3%	We expect strong execution as the majority of the key EPC projects have got the requisite approvals and have started contributing to its top-line. On account of a lower base, we expect 49% yoy growth in the top-line with an EBITDAM of 13%. PNC is in advanced talks to monetize one its assets. This should aid the company in meeting its HAM equity requirements. Given the low leverage and better working capital cycle, interest costs are likely to remain under control.
Mkt Cap (Rs bn)	38	EBITDA (Rs mn)	917	746	663	38.4%	22.9%	
Reco	Buy	EBITDA Margin (%)	13.0	13.4	14.0	-103 bps	-35 bps	
Target Price (Rs)	186	PAT (Rs mn)	477	351	931	-48.7%	36.0%	
% Upside	26%	EPS (Rs)	1.9	1.4	3.6	-48.7%	36.0%	
<b>ITD Cementation</b>								
CMP(Rs)	116	Net Sales (Rs mn)	6,544	6,204	5,749	13.8%	5.5%	We expect ~14% revenue growth as execution in its key projects have started. EBITDA margins are expected to decline marginally due to a shift in order book mix. Work on Mumbai metro projects is on full swing and is likely to boost the profitability further.
Mkt Cap (Rs bn)	20	EBITDA (Rs mn)	785	781	786	0.0%	0.5%	
Reco	Buy	EBITDA Margin (%)	12.0	12.6	13.7	(166)	(59)	
Target Price (Rs)	162	PAT (Rs mn)	278	274	177	57%	1.6%	
% Upside	40%	EPS (Rs)	1.6	1.6	1.0	57%	1.6%	
<b>KNR Construction</b>								
CMP(Rs)	215	Net Sales (Rs mn)	4,605	4,163	4,332	6.3%	10.6%	We expect 6% yoy top-line growth for the company as appointed dates for HAM projects are yet to come and a few of its EPC projects are facing headwinds. As a result, execution is impacted. Appointed dates for its HAM projects and new order inflows would be the key monitorables.
Mkt Cap (Rs bn)	30	EBITDA (Rs mn)	806	831	984	-18.1%	-3.1%	
Reco	Buy	EBITDA Margin (%)	17.5	20.0	22.7	-521 bps	-247 bps	
Target Price (Rs)	274	PAT (Rs mn)	325	450	657	-50.6%	-27.8%	
% Upside	28%	EPS (Rs)	2.3	3.2	4.7	-50.6%	-27.8%	

## Construction & Infrastructure

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Simplex Infrastructure</b>								
CMP(Rs)	191	Net Sales (Rs mn)	17,062	14,791	13,601	25.4%	15.4%	We expect ~25% yoy growth in the top-line on healthy execution of its strong order book. Profitability is taking a hit on account of high leverage and hence we expect the profitability to remain under pressure. Working capital management and recovery of dues will be the key to improve earnings growth.
Mkt Cap (Rs bn)	11	EBITDA (Rs mn)	1,877	1,760	1,684	11.4%	6.6%	
Reco	Buy	EBITDA Margin (%)	11.0	11.9	12.4	-138 bps	-90 bps	
Target Price (Rs)	312	PAT (Rs mn)	386	244	311	24.1%	58.0%	
% Upside	64%	EPS (Rs)	6.8	4.3	5.5	24.1%	58.0%	
<b>J Kumar</b>								
CMP(Rs)	130	Net Sales (Rs mn)	6,065	5,147	4,572	32.7%	17.8%	We expect 33% growth in the top-line, as execution from Metro projects is going on a full swing. JKIL in a JV recently won a big order worth Rs13.5bn, which is further likely to boost its order book. The recent SEBI order on shell company status will continue to be an overhang on the stock till further clarity emerges.
Mkt Cap (Rs bn)	10	EBITDA (Rs mn)	989	910	776	27.3%	8.7%	
Reco	Ur	EBITDA Margin (%)	16.3	17.7	17.0	-68 bps	-137 bps	
Target Price (Rs)	-	PAT (Rs mn)	397	354	329	20.5%	12.1%	
% Upside	-	EPS (Rs)	5.2	4.7	4.4	20.5%	12.1%	
<b>NBCC</b>								
CMP(Rs)	62	Net Sales (Rs mn)	18,956	14,059	15,115	25.4%	34.8%	We expect 25% growth yoy given the strong order book and order tendering. We continue to expect 25% revenue CAGR for next 2-3 years, driven by its robust order book. Given that company has negative working capital cycle and strong balance sheet, we expect healthy growth in profitability.
Mkt Cap (Rs bn)	112	EBITDA (Rs mn)	765	456	750	1.9%	67.6%	
Reco	Buy	EBITDA Margin (%)	4.0	3.2	5.0	-93 bps	79 bps	
Target Price (Rs)	115	PAT (Rs mn)	832	728	733	13.5%	14.3%	
% Upside	84%	EPS (Rs)	0.5	0.4	0.4	13.5%	14.3%	

## Consumer Goods

**We expect companies in our consumer goods universe to post healthy revenue/EBITDA/PAT growth of 12%/15%/17% in Q3FY19. Despite higher comparables, most companies should report strong volume (7-13%) growth, driven by the continued recovery in rural demand. We expect gross margin to contract marginally due to input cost inflation; however, cost saving efficiencies and the benefit of operating leverage would still drive modest EBITDA margin expansion for our universe.**

**Within staples we expect strong performance from Nestle, Britannia, Marico and Hindustan Unilever (HUL) with earnings growth of 18-20% on steady volume growth and margin improvement. United Breweries (UBL) and United Spirits (UNSP) to record another quarter of strong 60-100% earnings growth, driven by robust volumes and margin expansion on lower comparables. We expect paint companies to report a strong volume performance. Although margins will recover sequentially, earnings growth will be lower. We prefer United Breweries, Nestle and Marico.**

- **Strong volume growth on continued buoyancy in demand:** Our channel checks and management interactions suggest steady volume growth trend for companies in our consumer goods universe, despite the higher comparables. In staples, we expect high single-digit to low double-digit volume growth with HUL, Nestle, and Britannia continuing to outperform its peers. In alcobev, we expect UBL to report volume growth of 12% on recovery in key markets and further market share gains, while UNSP is likely to report volume growth of 7% adjusted to operating model changes, mainly driven by 13% growth in the Prestige and above brands. In paints, we expect strong volume growth momentum to continue and expect Asian Paints and Berger Paints to report volume growth of 11-12%.
- **Cost-saving initiatives and operating leverage to aid margin expansion:** Strong margin gains are expected in alcobev space, with UBL and UNSP benefitting from favorable comparables and strong growth in higher margin markets. After a weak H1, we expect Marico to start benefitting from correction in copra prices, resulting in a 300bps gross margin expansion qoq. Nestle, Britannia and GSK Consumer to report moderate margin expansion of 50-70bps. While most of HPC will face margin pressure, we expect HUL to report margin gains on price hikes and cost savings. In paints, we expect margins to be impacted by high input costs, however margin decline will be lower sequentially.
- **Key monitorables:** Management commentary on volume growth outlook; margin trends particularly in paints, and market share trend for Colgate.

## Consumer Goods

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Britannia Industries</b>								
CMP(Rs)	3,090	Net Sales (Rs mn)	28,790	28,696	25,675	12.1%	0.3%	We estimate 10% volume growth. International and dairy businesses will remain muted due to rationalization of the portfolio.
Mkt Cap (Rs bn)	742	EBITDA (Rs mn)	4,679	4,544	3,984	17.5%	3.0%	
Reco	Hold	EBITDA Margin (%)	16.3	15.8	15.5	74 bps	42 bps	Low priced inventory and cost saving initiatives will help the company to report margin expansion.
Target Price (Rs)	2,950	PAT (Rs mn)	3,131	3,030	2,637	18.8%	3.3%	
% Upside	-5%	EPS (Rs)	13.0	12.6	11.0	18.8%	3.3%	
<b>Colgate-Palmolive</b>								
CMP(Rs)	1,311	Net Sales (Rs mn)	11,367	11,680	10,333	10.0%	-2.7%	Pan-India rollout and aggressive pricing of Swarna Vedshakti along with higher promotions to improve volume growth to 8%. Price/mix increase to be lower at 2% due to increased promotional intensity.
Mkt Cap (Rs bn)	357	EBITDA (Rs mn)	3,117	3,296	2,824	10.4%	-5.4%	
Reco	Hold	EBITDA Margin (%)	27.4	28.2	27.3	9 bps	-79 bps	Margins are expected to remain muted due to input cost inflation and higher A&P spends.
Target Price (Rs)	1,200	PAT (Rs mn)	1,856	1,923	1,635	13.5%	-3.5%	
% Upside	-8%	EPS (Rs)	6.8	7.1	6.0	13.5%	-3.5%	<i>Note: PAT for Sep'18 and Dec'17 excludes exceptional items.</i>
<b>Dabur India</b>								
CMP(Rs)	416	Net Sales (Rs mn)	21,527	21,250	19,664	9.5%	1.3%	Domestic sales growth estimated at 10% on 8% volume growth. Competitive activity remains higher in hair oil and oral care. Foods to report slower growth despite a delayed festive season.
Mkt Cap (Rs bn)	735	EBITDA (Rs mn)	4,436	4,508	4,035	9.9%	-1.6%	
Reco	Hold	EBITDA Margin (%)	20.6	21.2	20.5	9 bps	-61 bps	International business to grow 8% marginally, impacted by currency depreciation (Turkey) and slow recovery in the GCC.
Target Price (Rs)	400	PAT (Rs mn)	3,704	3,776	3,330	11.2%	-1.9%	
% Upside	-4%	EPS (Rs)	2.1	2.1	1.9	11.2%	-1.9%	Higher overheads (esp. employee cost due to ESOPs) would arrest margin expansion.

## Consumer Goods

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Emami</b>								
CMP(Rs)	423	Net Sales (Rs mn)	8,168	6,280	7,566	7.9%	30.1%	We expect a gradual recovery in revenue growth after a disappointing Q2FY19 on the back of double-digit growth in exports and stabilization of CSD channel. Margins to remain soft due to high input inflation and lower growth. <i>Note: PAT excludes goodwill amortization of Kesh King.</i>
Mkt Cap (Rs bn)	192	EBITDA (Rs mn)	2,831	1,894	2,647	6.9%	49.5%	
Reco	Hold	EBITDA Margin (%)	34.7	30.2	35.0	-33 bps	450 bps	
Target Price (Rs)	450	PAT (Rs mn)	2,080	1,300	1,962	6.0%	60.1%	
% Upside	6%	EPS (Rs)	4.6	2.9	4.3	6.0%	60.1%	
<b>Godrej Consumer</b>								
CMP(Rs)	779	Net Sales (Rs mn)	27,946	26,592	26,303	6.2%	5.1%	Expect a gradual recovery in HI category, but domestic revenue growth to be muted at 10% due to high comparables. Margin recovery in Africa and stable performance in Indonesia expected to improve its international performance <i>Note: PAT for Sep'18 and Dec'17 excludes exceptional items.</i>
Mkt Cap (Rs bn)	797	EBITDA (Rs mn)	6,341	4,865	5,987	5.9%	30.3%	
Reco	Accumulate	EBITDA Margin (%)	22.7	18.3	22.8	-7 bps	440 bps	
Target Price (Rs)	800	PAT (Rs mn)	4,506	3,580	4,230	6.5%	25.9%	
% Upside	3%	EPS (Rs)	4.4	3.5	4.1	6.5%	25.9%	
<b>GSK Consumer</b>								
CMP(Rs)	7,452	Net Sales (Rs mn)	11,369	12,720	10,347	9.9%	-10.6%	Revenue growth would come on the back of domestic volume growth of 8% and 20% growth in exports. Lower raw material prices (mainly SMP and Sugar) and cost saving initiatives to aid margin expansion.
Mkt Cap (Rs bn)	313	EBITDA (Rs mn)	2,309	3,537	2,040	13.2%	-34.7%	
Reco	Rating Suspended	EBITDA Margin (%)	20.3	27.8	19.7	59 bps	-750 bps	
Target Price (Rs)	NA	PAT (Rs mn)	1,969	2,755	1,637	20.3%	-28.5%	
% Upside	NA	EPS (Rs)	8,168	6,280	7,566	7.9%	30.1%	

## Consumer Goods

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Hindustan Unilever</b>								
CMP(Rs)	1,771	Net Sales (Rs mn)	95,180	92,340	85,900	10.8%	3.1%	Expect a stable quarter with broad-based volume growth of 8%. We estimate Home care/ Personal care/ Foods and Refreshment to deliver revenue growth of 13%/11%/11%.
Mkt Cap (Rs bn)	3,833	EBITDA (Rs mn)	19,801	20,190	16,800	17.9%	-1.9%	
Reco	Accumulate	EBITDA Margin (%)	20.8	21.9	19.6	125 bps	-106 bps	Selective price hikes and cost saving efficiencies would drive margin expansion.
Target Price (Rs)	1,900	PAT (Rs mn)	14,248	15,220	11,980	18.9%	-6.4%	<i>Note: PAT (bei) for Sep'18 and Dec'17 excludes exceptional items.</i>
% Upside	7%	EPS (Rs)	6.6	7.0	5.5	18.9%	-6.4%	
<b>Marico</b>								
CMP(Rs)	382	Net Sales (Rs mn)	18,678	18,368	16,243	15.0%	1.7%	We estimate volume growth in Parachute/Saffola/VAHO of 8%/5%/9%. International business is expected to post 13% growth.
Mkt Cap (Rs bn)	493	EBITDA (Rs mn)	3,593	2,941	3,021	18.9%	22.2%	
Reco	Accumulate	EBITDA Margin (%)	19.2	16.0	18.6	64 bps	323 bps	Margins will improve on copra price correction and the benefit of operating leverage.
Target Price (Rs)	390	PAT (Rs mn)	2,644	2,183	2,233	18.4%	21.2%	
% Upside	2%	EPS (Rs)	2.0	1.7	1.7	18.5%	21.2%	
<b>Nestle India</b>								
CMP(Rs)	11,005	Net Sales (Rs mn)	29,799	29,394	26,015	14.5%	1.4%	New product launches would continue to drive double-digit volume growth in its domestic business.
Mkt Cap (Rs bn)	1,061	EBITDA (Rs mn)	7,255	7,146	6,215	16.7%	1.5%	
Reco	Accumulate	EBITDA Margin (%)	24.3	24.3	23.9	45 bps	4 bps	We expect margin expansion on benign raw material prices, while increase in operating efficiencies to drive strong earnings.
Target Price (Rs)	11,000	PAT (Rs mn)	4,725	4,573	3,945	19.8%	3.3%	
% Upside	0%	EPS (Rs)	49.0	47.4	40.9	19.8%	3.3%	

## Consumer Goods

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Asian Paints</b>								
CMP(Rs)	1,401	Net Sales (Rs mn)	48,480	46,391	42,605	13.8%	4.5%	Strong growth momentum in the domestic decorative paints to drive 11% volume growth. Estimate realization growth of 3.5% factoring in the recent price hikes.
Mkt Cap (Rs bn)	1,344	EBITDA (Rs mn)	9,790	7,842	8,912	9.8%	24.8%	
Reco	Hold	EBITDA Margin (%)	20.2	16.9	20.9	-72 bps	329 bps	Margins to recover qoq due to price hikes, but still will be lower yoy as a result of raw material price inflation.
Target Price (Rs)	1,200	PAT (Rs mn)	6,144	4,928	5,546	10.8%	24.7%	
% Upside	-14%	EPS (Rs)	6.4	5.1	5.8	10.8%	24.7%	
<b>Berger Paints</b>								
CMP(Rs)	324	Net Sales (Rs mn)	15,455	14,901	13,386	15.5%	3.7%	Expect Berger's volume and realization growth of 12% and 3.5%, respectively
Mkt Cap (Rs bn)	314	EBITDA (Rs mn)	2,473	2,068	2,226	11.1%	19.6%	
Reco	Hold	EBITDA Margin (%)	16.0	13.9	16.6	-62 bps	213 bps	Margins are likely to contract due to inflation in raw material prices.
Target Price (Rs)	300	PAT (Rs mn)	1,479	1,173	1,304	13.4%	26.1%	
% Upside	-7%	EPS (Rs)	1.5	1.2	1.3	13.4%	26.1%	
<b>Pidilite Industries</b>								
CMP(Rs)	1,106	Net Sales (Rs mn)	17,589	17,574	15,429	14.0%	0.1%	Domestic revenue to grow by 11.5%, driven by 9% volume growth in the consumer bazaar segment. Other businesses likely to report good growth due to inorganic growth.
Mkt Cap (Rs bn)	562	EBITDA (Rs mn)	3,861	3,648	3,703	4.3%	5.8%	
Reco	Hold	EBITDA Margin (%)	22.0	20.8	24.0	-205 bps	119 bps	Margins will witness a contraction due to raw material price inflation (mainly VAM – up 15% yoy).
Target Price (Rs)	1,000	PAT (Rs mn)	2,456	2,312	2,398	2.4%	6.2%	
% Upside	-10%	EPS (Rs)	4.8	4.5	4.7	2.4%	6.2%	



## Consumer Goods

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>United Breweries</b>								
CMP(Rs)	1,411	Net Sales (Rs mn)	13,810	15,260	11,971	15.4%	-9.5%	UBL to report 12% volume growth, led by strong growth in key markets and share gains.
Mkt Cap (Rs bn)	373	EBITDA (Rs mn)	2,123	3,182	1,526	39.1%	-33.3%	
Reco	Buy	EBITDA Margin (%)	15.4	20.9	12.7	262 bps	-548 bps	Margins are expected to improve with the recovery of profitable states and benefit of operating leverage.
Target Price (Rs)	1,550	PAT (Rs mn)	956	1,638	474	101.7%	-41.6%	
% Upside	10%	EPS (Rs)	3.6	6.2	1.8	101.7%	-41.6%	
<b>United Spirits</b>								
CMP(Rs)	600	Net Sales (Rs mn)	25,273	22,281	22,633	11.7%	13.4%	P&A/Popular brands to report volume growth of 13%/2% and realization growth of 3%/1%.
Mkt Cap (Rs bn)	436	EBITDA (Rs mn)	4,020	4,324	2,723	47.6%	-7.0%	
Reco	Hold	EBITDA Margin (%)	15.9	19.4	12.0	387 bps	-350 bps	We expect margins to improve with better state/product mix and benefit of cost saving initiatives.
Target Price (Rs)	650	PAT (Rs mn)	2,356	2,586	1,473	59.9%	-8.9%	<i>Note: PAT for Dec'17 excludes exceptional items.</i>
% Upside	8%	EPS (Rs)	3.2	3.6	2.0	59.9%	-8.9%	
<b>Heritage Foods</b>								
CMP(Rs)	526	Net Sales (Rs mn)	5,924	6,194	5,789	2.3%	-4.4%	VADP to increase by 14% driven by higher growth in curd business. Liquid milk sales would be impacted due to lower realization.
Mkt Cap (Rs bn)	24	EBITDA (Rs mn)	447	487	376	18.8%	-8.2%	
Reco	Buy	EBITDA Margin (%)	7.5	7.9	6.5	105 bps	-32 bps	Margins to expand due to rationalization of Reliance Dairy business in North India.
Target Price (Rs)	710	PAT (Rs mn)	205	212	167	22.6%	-3.2%	
% Upside	35%	EPS (Rs)	4.4	4.6	3.6	22.6%	-3.2%	



## Consumer Goods

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Parag Milk Foods</b>								
CMP(Rs)	244	Net Sales (Rs mn)	5,851	5,735	5,193	12.7%	2.0%	VADP to grow by 15% on the back of distribution expansion and strong festive demand.
Mkt Cap (Rs bn)	21	EBITDA (Rs mn)	615	581	588	4.6%	5.8%	EBITDA margin set to contract owing to higher overheads, following investments to expand its distribution network.
Reco	Hold	EBITDA Margin (%)	10.5	10.1	11.3	-81 bps	38 bps	
Target Price (Rs)	285	PAT (Rs mn)	273	304	255	7.2%	-10.3%	
% Upside	17%	EPS (Rs)	3.3	3.6	3.0	7.2%	-10.3%	
<b>Prabhat Dairy</b>								
CMP(Rs)	94	Net Sales (Rs mn)	4,411	4,184	4,039	9.2%	5.4%	Revenue growth to be driven by higher growth in liquid milk business.
Mkt Cap (Rs bn)	9	EBITDA (Rs mn)	406	393	375	8.3%	3.2%	Margins are likely to remain muted as a result of investments to widen its distribution network for VADP and liquid milk.
Reco	Accumulate	EBITDA Margin (%)	9.2	9.4	9.3	-8 bps	-20 bps	
Target Price (Rs)	187	PAT (Rs mn)	131	124	148	-11.1%	6.2%	PBT would grow by 15%, while PAT would decline by 11% on account of lower tax burden in the base quarter on tax benefit.
% Upside	99%	EPS (Rs)	1.3	1.3	1.5	-11.1%	6.2%	

## Engineering & Capital Goods (ECG)

The ECG sector is expected to clock 7% yoy revenue growth to Rs249bn, while PAT is likely to increase by 17% yoy to Rs14bn. Some companies in our ECG coverage universe (KECI and Skipper) are set to be impacted by the ongoing liquidity squeeze owing to withdrawal of buyer's credit. We believe that rising working capital debt and finance costs are likely to impact their profitability. Management commentary of ECG companies indicates that they have largely hedged their existing forex exposures (receivables and payables) and do not expect to report any significant forex gains/losses, except for the notional mark-to-market (MTM) gains/losses. Order inflows are expected to slump for most companies, largely due to lack of private sector capex and a moderation in infrastructure spending. At the aggregate level, order inflows will likely decrease by 15% yoy to Rs256bn.

- **Revenues are expected to rise by 7% yoy to Rs249bn:** While we expect few companies to record double-digit growth on the back of strong order backlogs, other companies in our ECG universe are likely to see only a moderate increase in revenues. We expect strong revenue growth in Siemens (+19% yoy), KPP (+15% yoy), KEC (+15% yoy), KKC (+12%yoy), TMX (+11% yoy), BLSTR (+11% yoy) and DYTC (+9% yoy). GETD's revenues are expected to fall 13% yoy. Other companies in our ECG universe are expected to register moderate revenue growth -TRIV (+5% yoy), ABB (+4% yoy), BHEL (+3% yoy), Voltas (+3% yoy) and Skipper (+3% yoy).
- **EBITDAM to improve by 40bps to 9.1%:** Margin expansion will likely be driven by DYTC (+374bps), TRIV (+197bps), KKC (+148bps), Voltas (+141bps), BHEL (+99bps), ABB (+44bps), KPP (+28bps), GET&D (+28bps) and BLSTR (+22bps). On the contrary, remaining companies under the ECG universe are expected to record a fall in EBITDAM - Skipper (-345bps), Siemens (-138bps) and KEC (-15bps).
- **Expect 17% yoy net profit increase to Rs14bn:** Except for Skipper, PAT growth is expected across all companies in our ECG coverage - BHEL (+37% yoy), TRIV (+28% yoy), BLSTR (+27% yoy), KPP (+25% yoy), GET&D (+21% yoy), ABB (18% yoy), TMX (+17% yoy), KKC (+15% yoy), Voltas (+15% yoy) and Siemens (+4% yoy). KEC's PAT is expected to remain flat, while Skipper is likely to post a 7.7% yoy decrease in PAT.
- **Aggregate inflows likely to decline by 15% yoy to about Rs256bn:** Except for TRIV, order inflows are likely to decrease across all ECG companies - ABB (Rs20bn, -31% yoy), BHEL (Rs100bn, -17% yoy), TMX (Rs12bn, -15% yoy), KPP(Rs24bn, -15% yoy), BLSTR (Rs5bn, -12% yoy), KEC (Rs50bn, -10% yoy), Siemens (Rs30bn, -8% yoy), GET&D (Rs7.5bn, -4%yoy) and Voltas (Rs5.5bn, -1% yoy). We expect TRIV to record 9% yoy growth in order inflows at Rs1.8bn.
- **Emkay's preferred stock picks:** Our selection is purely driven by revenue visibility, cash flows, and RoIC of the business models. We are biased toward companies with significant international business exposure and robust order backlogs, especially in T&D and infra projects. Our preferred stock picks include KECI, KPTL, and KKC.

## Engineering & Capital Goods (ECG)

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>BHEL</b>								
CMP(Rs)	71	Net Sales (Rs mn)	69,361	67,799	67,052	3.4%	2.3%	Revenues are expected to increase by 3% yoy to Rs69.4bn. We expect the EBITM in power and industrial segment to be at 10% and 5% respectively. PAT is expected to increase by 37% yoy at ~Rs2.1bn. Order inflows are expected to decline by 17% yoy to Rs100bn.
Mkt Cap (Rs bn)	262	EBITDA (Rs mn)	3,812	2,408	3,021	26.2%	58.3%	
Reco	Accumulate	EBITDA Margin (%)	5.5	3.6	4.5	99 bps	194 bps	
Target Price (Rs)	81	PAT (Rs mn)	2,095	1,852	1,532	36.8%	13.1%	
% Upside	14%	EPS (Rs)	0.6	0.5	0.4	36.8%	13.1%	
<b>Cummins India</b>								
CMP(Rs)	847	Net Sales (Rs mn)	15,162	14,869	13,547	11.9%	2.0%	Cummins is expected to report 12% yoy increase in revenues at Rs 15bn. EBITDAM is expected to increase by 148bps yoy to 16%. APAT is likely to increase by ~15% yoy to Rs1.9bn.
Mkt Cap (Rs bn)	235	EBITDA (Rs mn)	2,426	2,509	1,967	23.3%	-3.3%	
Reco	Accumulate	EBITDA Margin (%)	16.0	16.9	14.5	148 bps	-87 bps	
Target Price (Rs)	855	PAT (Rs mn)	1,979	2,116	1,722	15.0%	-6.4%	
% Upside	1%	EPS (Rs)	7.1	7.6	6.2	15.0%	-6.4%	
<b>Thermax</b>								
CMP(Rs)	1,152	Net Sales (Rs mn)	12,416	14,276	11,170	11.2%	-13.0%	Thermax is expected to report 11% yoy growth in revenues at Rs 12.4bn. EBITDAM is likely to decline by 72bps yoy to 7.8%. PAT is expected to increase by 17% yoy to Rs685mn. Order inflows are expected to decline by 15% yoy to ~Rs12bn.
Mkt Cap (Rs bn)	137	EBITDA (Rs mn)	971	1,100	955	1.8%	-11.7%	
Reco	Hold	EBITDA Margin (%)	7.8	7.7	8.5	-72 bps	12 bps	
Target Price (Rs)	1,047	PAT (Rs mn)	685	745	586	16.9%	-8.1%	
% Upside	-9%	EPS (Rs)	6.1	6.6	5.2	16.9%	-8.1%	

## Engineering & Capital Goods (ECG)

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Voltas</b>								
CMP(Rs)	540	Net Sales (Rs mn)	14,202	14,214	13,747	3.3%	-0.1%	Revenues are expected to increase by ~3% yoy mainly impacted by decline in room AC sales : EMPS (+ 10%), EPS (+ 10%), UCP (- 5%). EBITDAM is likely to improve by 141bps yoy to 9.7%. APAT is likely to increase by ~15% yoy to Rs 1,141mn.
Mkt Cap (Rs bn)	179	EBITDA (Rs mn)	1,380	1,085	1,142	20.9%	27.2%	
Reco	Hold	EBITDA Margin (%)	9.7	7.6	8.3	141 bps	208 bps	
Target Price (Rs)	525	PAT (Rs mn)	1,141	1,035	995	14.7%	10.3%	
% Upside	-3%	EPS (Rs)	3.5	3.1	3.0	14.7%	10.3%	
<b>Blue Star</b>								
CMP(Rs)	611	Net Sales (Rs mn)	10,887	10,322	9,792	11.2%	5.5%	Revenues are expected to increase by ~11% to Rs 10.9bn. Revenues in EMP & PAC ,UP and PEIS segment is expected to grow by 15%, 5% and 10% yoy respectively. EBITDAM is expected to improve by 22 bps yoy to 5.5%. APAT is expected to increase by ~27% yoy to Rs 238mn.
Mkt Cap (Rs bn)	59	EBITDA (Rs mn)	595	581	513	15.9%	2.4%	
Reco	Sell	EBITDA Margin (%)	5.5	5.6	5.2	22 bps	-16 bps	
Target Price (Rs)	561	PAT (Rs mn)	238	223	188	26.9%	7.0%	
% Upside	-8%	EPS (Rs)	2.5	2.3	2.0	26.9%	7.0%	
<b>Triveni Turbine</b>								
CMP(Rs)	109	Net Sales (Rs mn)	1,739	2,172	1,656	5.0%	-20.0%	Triveni Turbine is likely to report 5% yoy growth in revenue at Rs1.7bn . EBIDTAM is expected to increase by 197bps yoy to 22%. APAT is likely to increase by 28% to Rs247mn. We expect the company to report order intake of ~Rs1.8bn.
Mkt Cap (Rs bn)	36	EBITDA (Rs mn)	383	451	332	15.3%	-15.1%	
Reco	Accumulate	EBITDA Margin (%)	22.0	20.7	20.0	197 bps	126 bps	
Target Price (Rs)	129	PAT (Rs mn)	247	301	194	27.7%	-17.8%	
% Upside	19%	EPS (Rs)	0.8	0.9	0.6	27.7%	-17.8%	

## Engineering & Capital Goods (ECG)

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>GE T&amp;D India</b>								
CMP(Rs)	296	Net Sales (Rs mn)	13,379	9,933	15,376	-13.0%	34.7%	Revenues are expected to decrease by 13% yoy to Rs13.4bn. We expect EBIDTAM to improve by 28bps yoy to 10%. APAT is expected to increase by 21% yoy to Rs868bn. Pace of order execution and inflows would be the key monitorable.
Mkt Cap (Rs bn)	76	EBITDA (Rs mn)	1,338	921	1,494	-10.5%	45.2%	
Reco	Hold	EBITDA Margin (%)	10.0	9.3	9.7	28 bps	72 bps	
Target Price (Rs)	243	PAT (Rs mn)	868	515	718	20.9%	68.5%	
% Upside	-18%	EPS (Rs)	3.4	2.0	2.8	20.9%	68.5%	
<b>Siemens</b>								
CMP(Rs)	1,052	Net Sales (Rs mn)	29,034	39,392	24,295	19.5%	-26.3%	Siemens is expected to report 20% yoy increase in revenues at Rs 29bn. EBIDTAM is expected to decline by 138bps yoy at 9.8%. APAT is expected to increase by 4% yoy to Rs 1.97bn.
Mkt Cap (Rs bn)	375	EBITDA (Rs mn)	2,855	4,186	2,724	4.8%	-31.8%	
Reco	Accumulate	EBITDA Margin (%)	9.8	10.6	11.2	-138 bps	-79 bps	
Target Price (Rs)	1,119	PAT (Rs mn)	1,977	2,792	1,905	3.8%	-29.2%	
% Upside	6%	EPS (Rs)	5.6	7.8	5.4	3.8%	-29.2%	
<b>ABB</b>								
CMP(Rs)	1,300	Net Sales (Rs mn)	29,021	25,154	27,794	4.4%	15.4%	ABB is expected to report revenue growth of 4% yoy to Rs29bn. EBIDTAM is likely to improve by 44bps yoy to 11%. PAT is expected to increase by 18% YoY to Rs2bn.
Mkt Cap (Rs bn)	275	EBITDA (Rs mn)	3,194	1,940	2,937	8.8%	64.7%	
Reco	Accumulate	EBITDA Margin (%)	11.0	7.7	10.6	44 bps	330 bps	
Target Price (Rs)	1,596	PAT (Rs mn)	2,028	1,083	1,715	18.2%	87.2%	
% Upside	23%	EPS (Rs)	9.6	5.1	8.1	18.2%	87.2%	

## Engineering & Capital Goods (ECG)

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Dynamatic Technologies</b>								
CMP(Rs)	1,503	Net Sales (Rs mn)	3,842	3,699	3,517	9.2%	3.9%	Revenues are expected to increase by 9% yoy to Rs3.8bn. EBITDAM is expected to improve by 374bps yoy to 13.3%. APAT is expected to increase by 9415% yoy to Rs 105mn.
Mkt Cap (Rs bn)	10	EBITDA (Rs mn)	511	426	336	52.0%	20.0%	
Reco	Buy	EBITDA Margin (%)	13.3	11.5	9.6	374 bps	179 bps	
Target Price (Rs)	2,052	PAT (Rs mn)	105	79	1	9415.3%	32.8%	
% Upside	37%	EPS (Rs)	16.5	12.4	0.2	9415.3%	32.8%	
<b>Kalpataru Power</b>								
CMP(Rs)	383	Net Sales (Rs mn)	16,300	15,741	14,174	15.0%	3.5%	Kalpataru is expected to report 15% yoy increase in revenues to Rs16.3bn. EBITDAM is likely to improve by 28bps yoy to Rs11%. APAT is expected to increase by 25% yoy to Rs939mn. We expect the company to report order inflows of ~Rs24bn.
Mkt Cap (Rs bn)	59	EBITDA (Rs mn)	1,793	1,709	1,520	18.0%	4.9%	
Reco	Buy	EBITDA Margin (%)	11.0	10.9	10.7	28 bps	14 bps	
Target Price (Rs)	558	PAT (Rs mn)	939	914	752	24.8%	2.8%	
% Upside	46%	EPS (Rs)	6.1	6.0	4.9	24.8%	2.8%	
<b>KEC International</b>								
CMP(Rs)	289	Net Sales (Rs mn)	27,657	24,085	24,049	15.0%	14.8%	Revenues are expected to increase by 15% YoY to Rs27.7bn. EBITDAM is likely to decrease by 15bps yoy to 10%. APAT is expected to be flat at Rs1.1bn. We expect the company to report order inflows of ~Rs50bn.
Mkt Cap (Rs bn)	74	EBITDA (Rs mn)	2,766	2,532	2,441	13.3%	9.2%	
Reco	Buy	EBITDA Margin (%)	10.0	10.5	10.2	-15 bps	-51 bps	
Target Price (Rs)	450	PAT (Rs mn)	1,123	963	1,118	0.5%	16.6%	
% Upside	56%	EPS (Rs)	4.4	3.7	4.3	0.5%	16.6%	

## Engineering & Capital Goods (ECG)

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Skipper</b>								
CMP(Rs)	85	Net Sales (Rs mn)	5,812	5,240	5,664	2.6%	10.9%	We expect revenues in the Engineering products to grow by 5% and Polymer product to decline by 20% yoy respectively. EBITM in Engineering products and Polymer segment are expected at ~10% and 2% respectively. PAT is expected to decline by 7.7%yoy to Rs269mn
Mkt Cap (Rs bn)	9	EBITDA (Rs mn)	559	388	741	-24.5%	44.2%	
Reco	Buy	EBITDA Margin (%)	9.6	7.4	13.1	-345 bps	222 bps	
Target Price (Rs)	135	PAT (Rs mn)	269	25	292	-7.7%	980.4%	
% Upside	58%	EPS (Rs)	2.6	0.2	2.9	-7.7%	980.4%	

## IT Services

- **Expectations for Q3FY19:** Q3 has traditionally been a seasonally weak quarter for the Indian IT services industry due to less number of working days and furloughs. We expect 1.5-3.0% CC growth on a qoq basis for large-caps and 2.0-3.5% CC growth on a qoq basis for mid-caps. While the appreciation of the US dollar against all major currencies, such as the EUR, the AUD, and the JPY, will negatively affect growth across companies in USD terms, strong INR depreciation (down ~3.0%/11.4% qoq/yoy) in Q3FY19 should incrementally help record good growth and improvement in margins in reported INR terms (more so, on a yoy basis). We expect cross-currency headwinds of 30-70bps on revenue growth and margin tailwinds of 40-60bps for our coverage universe.
- We expect HCL Tech to top the growth charts among large cap players as it has relatively greater exposure to IPs and Q3 is seasonally a strong quarter for IP sales. However, we do not expect Persistent (which has relatively larger exposure to IP sales among midcaps) to get any meaningful incremental revenues from IP sales, given slow traction in its IBM CE/CLM partnership. We expect other companies in our coverage universe to witness the typical Q3 seasonality due to lower number of working days and furloughs.
- **Commentary:** We have been hearing cautious commentary from companies (such as Accenture in their Q1 earnings in December) indicating a global economic slowdown amid increasing fears of trade wars and Brexit. This may lead to a reduction in the growth rate of overall IT spends. In addition, certain mid-caps have pointed toward increasing supply-side constraints in their Q2FY19 commentary. We would be watching the commentary of Indian players on these concerns. The commentary related to the impact of recent sharp decline in oil prices and other macro uncertainties will also be monitored.
- **Actionables:** Given current valuations and our expected earnings, key results that could see some action are: HCL Tech, which could see a re-rating if commentary on organic growth improves further and if it announces a performance update on the IP business; Mphasis - sustained performance and positive order book make it attractive; and LTI - sector-leading growth driven by its growth-hungry attitude and digital supremacy make it the best mid-cap stock in our coverage.



## IT Services

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>TCS</b>								
CMP(Rs)	1,894	Net Sales (Rs mn)	3,79,085	3,68,540	3,09,040	22.7%	2.9%	We have built in a 1.7% qoq constant currency (CC) revenue growth with a ~70 bps qoq cross currency headwind, leading to 1.0% growth in USD terms. We expect traditional Q3 seasonality to lead to relatively low growth. Reported growth to be superior by ~200 bps due to INR depreciation during the quarter. We expect flat margins on a qoq basis as we expect INR depreciation benefits to get deployed into building capable workforce. Key things to watch out for: (1) Commentary on overall global demand outlook (2) OPM guidance band, going forward and (3) Commentary on steps taken to cope up with the structural changes in the industry
Mkt Cap (Rs bn)	7,105	EBITDA (Rs mn)	1,05,765	1,02,780	82,880	27.6%	2.9%	
Reco	Hold	EBITDA Margin (%)	27.9	27.9	26.8	108 bps	1 bps	
Target Price (Rs)	2,100	PAT (Rs mn)	84,014	79,010	65,310	28.6%	6.3%	
% Upside	11%	EPS (Rs)	22.4	21.1	17.4	28.6%	6.3%	
<b>Infosys</b>								
CMP(Rs)	670	Net Sales (Rs mn)	2,12,773	2,06,090	1,77,940	19.6%	3.2%	We expect 1.5% qoq CC growth (with ~50 bps cross currency headwind). We expect a hit of ~75 bps qoq on profitability due to ramp-up of planned investments: building digital and sales capabilities and training of employees as highlighted in the beginning of the year. We expect adjusted net profits to grow by 12% yoy. On reported basis, it will be negative 19% yoy+ as Q3FY18 had a large one-time tax reversal. Key points to focus on: (1) Any revisions in the revenue growth and margin band guidance (2) Continuity of traction in large deal TCV (we believe it would normalize in Q3 on a sequential basis).
Mkt Cap (Rs bn)	2,927	EBITDA (Rs mn)	48,937	48,940	43,190	13.3%	0.0%	
Reco	Reduce	EBITDA Margin (%)	23.0	23.7	24.3	-127 bps	-75 bps	
Target Price (Rs)	640	PAT (Rs mn)	41,481	41,100	36,970	12.2%	0.9%	
% Upside	-4%	EPS (Rs)	9.5	9.4	8.5	12.1%	0.9%	
<b>Wipro</b>								
CMP(Rs)	326	Net Sales (Rs mn)	1,52,944	1,46,627	1,36,815	11.8%	4.3%	After adjusting a reporting change in India Govt. business, we expect 2.0% growth in CC terms in IT services business. A 50 bps CC headwind will lead to 1.5% growth in USD terms. Adjusted for one-time client settlement in Q2FY19, we expect margins to remain flat on a qoq basis as we expect small INR depreciation gains to be re-invested into the business. Key things to watch out for: (1) Q4FY19 guidance as we believe that guidance below 2-4% qoq growth would be disappointing (2) Any further announcements on rightsizing viz. business hive-offs and (3) outlook on spending on key clients and in geographies amid expectations of a global slowdown
Mkt Cap (Rs bn)	1,473	EBITDA (Rs mn)	26,109	20,347	19,775	32.0%	28.3%	
Reco	Reduce	EBITDA Margin (%)	17.1	13.9	14.5	262 bps	319 bps	
Target Price (Rs)	300	PAT (Rs mn)	23,358	18,889	19,342	20.8%	23.7%	
% Upside	-8%	EPS (Rs)	5.2	4.2	4.3	20.6%	23.7%	

## IT Services

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>HCL Tech</b>								
CMP(Rs)	945	Net Sales (Rs mn)	1,54,723	1,48,610	1,28,080	20.8%	4.1%	We expect 3.0% qoq CC growth and a 50 bps cross-currency headwinds, leading to 2.5% growth in USD terms. We expect operating margins to remain flat on a qoq basis as we expect smaller gains from INR depreciation to be re-invested into the business. Reported profits are expected to grow by ~20% yoy. Things to watch out for: 1) Any revisions in its revenue growth and margin guidance for FY19, 2) Commentary related to expected growth and amortization period for acquired IBM IPs and 3) Commentary related to organic growth and ramp-up of large deal wins over the last four quarters.
Mkt Cap (Rs bn)	1,316	EBITDA (Rs mn)	36,515	34,990	29,640	23.2%	4.4%	
Reco	Buy	EBITDA Margin (%)	23.6	23.5	23.1	46 bps	6 bps	
Target Price (Rs)	1,265	PAT (Rs mn)	26,275	25,400	21,940	19.8%	3.4%	
% Upside	34%	EPS (Rs)	19.4	18.2	15.7	23.1%	6.3%	
<b>Tech Mahindra</b>								
CMP(Rs)	690	Net Sales (Rs mn)	89,936	86,298	77,760	15.7%	4.2%	We expect 3.0% CC growth on positive deal traction in the communication business and a recovery in enterprise business. However, a 50 bps cross-currency headwind will lead to 2.5% qoq growth in USD terms. Margins are expected to see a modest improvement of ~25 bps qoq amid increased offshoring efforts and INR depreciation. Margin improvements and INR depreciation will likely lead to ~20% yoy growth in reported PAT. Key things to watch out for: (1) outlook on growth in the communications vertical, specifically on 5G and (2) further potential in terms of OPM gains and levers to drive them in light of lowered growth rate
Mkt Cap (Rs bn)	677	EBITDA (Rs mn)	17,088	16,186	12,647	35.1%	5.6%	
Reco	Hold	EBITDA Margin (%)	19.0	18.8	16.3	274 bps	24 bps	
Target Price (Rs)	730	PAT (Rs mn)	11,385	10,642	9,432	20.7%	7.0%	
% Upside	6%	EPS (Rs)	12.8	11.9	10.6	20.4%	6.9%	
<b>L&amp;T Infotech</b>								
CMP(Rs)	1,688	Net Sales (Rs mn)	24,752	24,023	19,609	26.2%	3.0%	We build in 3.6% qoq CC revenue growth and a 60 bps cross currency headwind, leading to 3.0% growth in USD terms. We expect operating margins to be affected by 50 bps in Q3FY19 on account of initial transition impact on large deal ramp-ups. PAT growth would be modest (1.4% sequentially). On yoy basis, it would still remain strong with over ~43% expected growth. Things to watch out for 1) Pipeline of large deal wins and closures and 2) Competitive positioning in the segment that would be decisive to sustain double-the-market growth rate.
Mkt Cap (Rs bn)	293	EBITDA (Rs mn)	5,544	5,501	3,987	39.1%	0.8%	
Reco	Accumulate	EBITDA Margin (%)	22.4	22.9	20.3	207 bps	-50 bps	
Target Price (Rs)	2,020	PAT (Rs mn)	4,057	4,003	2,829	43.4%	1.4%	
% Upside	20%	EPS (Rs)	23.2	22.9	16.2	43.4%	1.4%	

## IT Services

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Mphasis</b>								
CMP(Rs)	925	Net Sales (Rs mn)	19,895	19,149	16,607	19.8%	3.9%	We expect 2.0% qoq revenue growth in CC terms and a 30 bps cross currency headwind, leading to USD growth of 1.7% which, we believe, is strong (given strong growth in previous quarters). We expect OPM impact of ~80 bps qoq on account of wage hikes in the quarter that would offset gains from strong volume performance. We expect ~6.0% qoq de-growth in the EPS as we assume lower other income and completed buyback assumptions in our EPS computation. Things to watch out for: 1) Traction in other three segments of HP i.e. HPE, HP Inc and Micro Focus and 2) traction in Blackstone portfolio companies
Mkt Cap (Rs bn)	179	EBITDA (Rs mn)	3,104	3,145	2,566	21.0%	-1.3%	
Reco	Buy	EBITDA Margin (%)	15.6	16.4	15.5	15 bps	-82 bps	
Target Price (Rs)	1,370	PAT (Rs mn)	2,548	2,709	2,150	18.5%	-5.9%	
% Upside	48%	EPS (Rs)	13.7	14.6	11.6	18.5%	-5.9%	
<b>Mindtree</b>								
CMP(Rs)	821	Net Sales (Rs mn)	18,025	17,554	13,777	30.8%	2.7%	We expect Mindtree to deliver 2.0% CC growth and a 40 bps cross currency headwind, leading to USD growth of 1.6% qoq. We expect operating margins to remain flat on a qoq basis as we expect savings arising out of INR depreciation to get re-invested into the business. Key things to watch out for: 1) Growth in Top 2-10 accounts has been a challenge for Mindtree over last many quarters which needs to be watched out in Q3FY19; 2) Considerable increase in top client concentration over the last few quarters, which can be a cause for concern in future; and 3) Commentary related to margin improvement in FY19 and beyond.
Mkt Cap (Rs bn)	135	EBITDA (Rs mn)	2,794	2,699	2,074	34.7%	3.5%	
Reco	Hold	EBITDA Margin (%)	15.5	15.4	15.1	45 bps	12 bps	
Target Price (Rs)	920	PAT (Rs mn)	2,098	2,063	1,415	48.3%	1.7%	
% Upside	12%	EPS (Rs)	12.8	12.6	8.6	48.3%	1.7%	
<b>Hexaware</b>								
CMP(Rs)	329	Net Sales (Rs mn)	12,590	12,096	10,048	25.3%	4.1%	We expect 2.5% qoq growth in CC terms and a 30 bps cross currency headwind, leading to 2.2% qoq growth in USD terms. We estimate EBITDA margins to decline by ~90 bps qoq on account of furloughs, wage hikes, and other supply-side constraints. Wage hikes and low forex gains will result into a ~19% qoq decline in its profits. Things to watch out for: 1) Revenue growth guidance and operating margin outlook for CY19; 2) commentary on revenue from the company's top clients; and 3) progress on the company's new services business.
Mkt Cap (Rs bn)	98	EBITDA (Rs mn)	1,989	2,023	1,599	24.4%	-1.7%	
Reco	Hold	EBITDA Margin (%)	15.8	16.7	15.9	-11 bps	-93 bps	
Target Price (Rs)	370	PAT (Rs mn)	1,395	1,722	1,211	15.2%	-19.0%	
% Upside	12%	EPS (Rs)	4.6	5.7	4.1	13.1%	-19.0%	

## IT Services

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Persistent Systems</b>								
CMP(Rs)	570	Net Sales (Rs mn)	8,697	8,356	7,919	9.8%	4.1%	We estimate a 2.5% qoq growth in CC terms and 30bps cross currency headwind, leading to a 2.2% qoq growth in USD terms. Taking into consideration its weak traction in its IBM alliance partnership, we are not expecting any significant incremental revenues coming from IP sales in Q3FY19. We expect a slight improvement of 30bps in its OPM, largely due to INR depreciation. Things to watch out for: 1) Monetisation of platforms being built in association of USAA and partners healthcare; 2) commentary related to IBM alliance and related to recent large IP sell off by IBM to HCL Tech.
Mkt Cap (Rs bn)	46	EBITDA (Rs mn)	1,522	1,436	1,375	10.7%	6.0%	
Reco	Reduce	EBITDA Margin (%)	17.5	17.2	17.4	10 bps	30 bps	
Target Price (Rs)	600	PAT (Rs mn)	903	881	917	-1.5%	2.5%	
% Upside	5%	EPS (Rs)	11.3	11.0	11.5	-1.5%	2.5%	
<b>NIIT Tech</b>								
CMP(Rs)	1,125	Net Sales (Rs mn)	9,615	9,074	7,565	27.1%	6.0%	We expect 2.7% qoq growth in CC terms and a 70 bps of cross currency headwind, leading to 2.0% qoq growth in USD terms. OPM is expected to remain flat as we expect gains arising out of INR depreciation to be re-invested into the business. PAT is expected to grow by ~50% yoy due to good growth and strong yoy INR depreciation. Key things to watch out for: (1) Order book addition in focus areas US/IMS/TTL/BFSI (2) Good qoq growth in new deal traction would be seen as positive
Mkt Cap (Rs bn)	69	EBITDA (Rs mn)	1,740	1,634	1,296	34.3%	6.5%	
Reco	Accumulate	EBITDA Margin (%)	18.1	18.0	17.1	97 bps	9 bps	
Target Price (Rs)	1,335	PAT (Rs mn)	1,144	1,118	757	51.2%	2.3%	
% Upside	19%	EPS (Rs)	18.6	18.2	12.3	51.2%	2.3%	
<b>eClerx Services</b>								
CMP(Rs)	1,060	Net Sales (Rs mn)	3,672	3,559	3,399	8.0%	3.2%	We expect revenue growth of 2.3% qoq in CC terms and a 30 bps cross currency headwind, leading to 2.0% qoq growth in USD terms. We expect EBITDA margins to improve by ~140 bps qoq on the back of an expected improvement in the onsite profitability and operating leverage gains. Net profit is expected to record a sequential de-growth of ~4% on account of higher ETR and lower FX led other income expected in the quarter. Key things to watch out for: (1) commentary for FY19E growth outlook, (2) growth in both top 10 and emerging clients, (3) ramp up status of onsite as well as two/four business and (4) margin outlook.
Mkt Cap (Rs bn)	41	EBITDA (Rs mn)	908	831	904	0.5%	9.3%	
Reco	Accumulate	EBITDA Margin (%)	24.7	23.3	26.6	-186 bps	139 bps	
Target Price (Rs)	1,220	PAT (Rs mn)	667	698	575	16.0%	-4.4%	
% Upside	15%	EPS (Rs)	17.5	17.8	14.4	21.3%	-1.5%	

## IT Services

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Firstsource</b>								
CMP(Rs)	47	Net Sales (Rs mn)	10,153	9,547	8,872	14.4%	6.3%	We build in ~3.5% qoq growth in CC revenues with a ~50 bps cross currency headwinds. Growth optimism is driven by strong deal wins in H1FY19 that are expected to ramp-up from Q3. We expect operating margins to improve marginally by 20 bps for the quarter. Net profit is expected to grow by ~6% sequentially on strong OPM that would offset higher ETR impact for the quarter. Key things to look out for: 1) Commentary across segments, specifically more in healthcare-payers side; 2) Revenue growth, pricing and operating margin outlook; and 3) Revenues from top clients
Mkt Cap (Rs bn)	33	EBITDA (Rs mn)	1,437	1,328	1,161	23.7%	8.2%	
Reco	Buy	EBITDA Margin (%)	14.1	13.9	13.1	106 bps	24 bps	
Target Price (Rs)	72	PAT (Rs mn)	984	928	996	-1.1%	6.1%	
% Upside	53%	EPS (Rs)	1.4	1.3	1.5	-2.3%	6.1%	
<b>NIIT</b>								
CMP(Rs)	84	Net Sales (Rs mn)	2,278	2,285	2,094	8.8%	-0.3%	We expect overall revenues to remain flat on qoq basis due to slow growth momentum in skills and overall schools business. Expect flat margins driven by slow growth momentum. Expect flat yoy growth in net profit to Rs199mn for December 2018 quarter vs. net profit of Rs197mn in December 2017 quarter.
Mkt Cap (Rs bn)	18	EBITDA (Rs mn)	215	219	184	17.1%	-1.4%	
Reco	Hold	EBITDA Margin (%)	9.5	9.6	8.8	67 bps	-11 bps	
Target Price (Rs)	95	PAT (Rs mn)	199	260	197	0.9%	-23.4%	
% Upside	13%	EPS (Rs)	1.2	1.6	1.2	0.9%	-23.4%	
<b>MPS</b>								
CMP(Rs)	472	Net Sales (Rs mn)	1,024	1,006	679	50.8%	1.8%	We expect USD revenues to grow by ~1.0% qoq; revenue growth would be largely driven by sustained traction in the platform business. We expect EBITDA margins of 26%, up ~35 bps qoq on expected gains on better FX realizations and small synergetic gains from TIS business. We expect ~3% growth in net profits on qoq basis. Key things to watch out for: 1) Revenue performance and operating margin outlook due to ongoing TIS integration and 2) future inorganic growth strategy
Mkt Cap (Rs bn)	9	EBITDA (Rs mn)	266	258	239	11.2%	3.1%	
Reco	Buy	EBITDA Margin (%)	26.0	25.7	35.3	-927 bps	34 bps	
Target Price (Rs)	780	PAT (Rs mn)	192	187	176	9.3%	2.7%	
% Upside	65%	EPS (Rs)	10.3	10.0	9.4	9.3%	2.7%	

## IT Services

Name		Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Ramco Systems</b>							
CMP(Rs)	266	Net Sales (Rs mn)	1,407	1,315	1,252	12.4%	7.0%
Mkt Cap (Rs bn)	8	EBITDA (Rs mn)	291	229	194	50.2%	27.3%
Reco	Buy	EBITDA Margin (%)	20.7	17.4	15.5	521 bps	330 bps
Target Price (Rs)	653	PAT (Rs mn)	130	41	38	243.7%	217.7%
% Upside	146%	EPS (Rs)	4.2	1.3	1.2	240.4%	219.6%
<b>Majesco</b>							
CMP(Rs)	495	Net Sales (Rs mn)	2,489	2,425	2,073	20.1%	2.6%
Mkt Cap (Rs bn)	14	EBITDA (Rs mn)	276	265	94	192.7%	4.0%
Reco	Buy	EBITDA Margin (%)	11.1	10.9	4.5	654 bps	15 bps
Target Price (Rs)	700	PAT (Rs mn)	164	133	-91		22.7%
% Upside	42%	EPS (Rs)	5.8	4.8	-3.6		22.2%
<b>Intellect Design</b>							
CMP(Rs)	223	Net Sales (Rs mn)	3,517	3,804	2,707	29.9%	-7.5%
Mkt Cap (Rs bn)	29	EBITDA (Rs mn)	202	383	161	25.5%	-47.3%
Reco	Buy	EBITDA Margin (%)	5.7	10.1	5.9	-20 bps	-432 bps
Target Price (Rs)	285	PAT (Rs mn)	122	315	122	0.0%	-61.4%
% Upside	28%	EPS (Rs)	1.0	2.5	1.0	0.0%	-61.4%



## IT Services

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Oracle Financial Services</b>								
CMP(Rs)	3,582	Net Sales (Rs mn)	12,863	12,133	10,591	21.5%	6.0%	We expect license signings worth ~USD24mn for Q3FY19, maintaining a strong momentum for the year (Q3FY18 was at USD16mn). H1FY19 deal signings up by ~15% yoy. EBITDA margins expected to improve by 180 bps yoy basis, given strong license signings in the quarter. PAT expected to grow by ~30% yoy on strong growth and better margins, further supported by stable other income for the quarter (largely FX led).
Mkt Cap (Rs bn)	307	EBITDA (Rs mn)	5,332	4,988	4,202	26.9%	6.9%	
Reco	Buy	EBITDA Margin (%)	41.5	41.1	39.7	178 bps	34 bps	
Target Price (Rs)	5,050	PAT (Rs mn)	3,745	3,520	2,897	29.3%	6.4%	
% Upside	41%	EPS (Rs)	43.9	41.2	33.9	29.3%	6.4%	
<b>Nucleus Software</b>								
CMP(Rs)	375	Net Sales (Rs mn)	1,234	1,215	1,060	16.4%	1.6%	Expect USD/INR growth of 10%/16% yoy in revenues for Q3FY19, driven by sustained new deal wins. We expect operating margins to improve by 120 bps yoy (flattish on a sequential basis). Reported profits expected to grow by ~12% yoy. Things to watch out for: 1) Commentary on deal momentum and 2) Plans for buyback
Mkt Cap (Rs bn)	11	EBITDA (Rs mn)	232	229	187	24.1%	1.2%	
Reco	Buy	EBITDA Margin (%)	18.8	18.9	17.6	117 bps	-7 bps	
Target Price (Rs)	640	PAT (Rs mn)	203	191	181	12.0%	5.9%	
% Upside	71%	EPS (Rs)	7.0	6.6	6.2	12.0%	5.9%	

## Media and Entertainment

- **The entire festive season falling in Q3FY19 did not turn out to be fruitful for the industry in terms of healthy advertisement revenue growth. While Broadcasters and Multiplexes are expected to outpace other mediums with healthy advertisement growth. We believe that Print Media's wait for a recovery in advertisement revenue will continue despite seasonality. Among the Broadcasters, Zee Entertainment/Sun TV are expected to register 18%/9% ad growth yoy, with SUN TV's ad growth being restricted due to market share loss in TN. SUN TV's headline number will include movie production business, restricting LTL comparison with preceding quarters. Healthy box office collections should aid strong footfalls for Multiplexes. Ad growth for PVR/Inox is expected at 20%/30% yoy. Among the Radio companies, Music Broadcast Ltd (MBL) is expected to deliver 13% yoy growth, while ENIL should record 20% yoy growth.**
  - **Broadcasters:** Zee Entertainment/Sun TV are expected to register 18%/9% yoy ad growth, driven by a continuity in healthy ad spends by FMCG companies. The market share loss TN should restrict growth for Sun TV. Zee's domestic subscription revenue is expected to grow 18% yoy, driven by the benefits from phase III monetization. Sun TV's domestic revenue is expected to grow 34% yoy, while Cable TV subscription is expected to grow 23% yoy, owing to benefits accruing from TN's digitization. Content costs for both Zee and Sun TV are expected to rise amid new launches.
  - **TV Distribution (DISHTV):** Net subscriber addition is expected to rebound to 0.41mn from 0.2mn in Q2FY19. Subscription revenue is expected to grow 3% qoq on a 2% rise in ARPU. Operating performance would be key as the focus will be on cost-synergy deliverables.
  - **Print Media:** Print companies, in our view, will continue to see dismal ad growth despite favorable base and the festive season. DB Corp (+10% yoy) is expected to report better growth in comparison with Jagran (+3%). Circulation revenues for both Jagran and DB Corp should get restricted due to the reduction in number of copies amid a rise in newsprint prices. Q3FY19 raw material cost will see the impact of peak newsprint prices.
- **Multiplexes:** Robust box office collections should aid footfalls for both PVR and Inox. Inox is expected to deliver 26% footfall growth, partially attributable to a favorable base. ATP increase is expected at 0%/3% yoy for PVR and Inox. Ticket revenue is expected to grow 19%/29% yoy for PVR/Inox. Ad revenue growth rates for both PVR and Inox are expected to remain strong at 20% and 30% yoy, respectively. Inox's SPH is expected to increase 7% yoy, a clearly diverging trend vs. PVR. PVR added 21 screens in Q3FY19, while Inox added 17 screens.
- **We have a Buy rating on Inox Leisure; Hold on PVR, DB Corp, ENIL, and Jagran; Reduce on Sun TV; and Sell on Zee and Dish TV.**



## Media and Entertainment

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>ZEE Entertainment</b>								
CMP(Rs)	452	Net Sales (Rs mn)	21,257	19,759	18,381	15.6%	7.6%	Ad revenue is expected to grow 18% yoy, restricted by high base of last year. Domestic subscription revenue is expected to grow 18% yoy, driven by Phase III monetization. International subscription is expected to grow 8% on a yoy basis, aided by currency tailwinds. Other operating income is estimated at Rs1.3bn, down 7% yoy due to a lack of big movie releases. On a reported basis, programming cost is expected to rise ~20.5% yoy on account of aggressive content launches on ZEE5 and the TV business. Marketing and promotion cost is slated to rise on account of spends on OTT platform.
Mkt Cap (Rs bn)	434	EBITDA (Rs mn)	7,371	6,757	5,944	24.0%	9.1%	
Reco	Sell	EBITDA Margin (%)	34.7	34.2	32.3	234 bps	48 bps	
Target Price (Rs)	374	PAT (Rs mn)	5,047	4,087	3,641	38.6%	23.5%	
% Upside	-17%	EPS (Rs)	5.3	4.3	3.8	38.6%	23.5%	
<b>Sun TV Network</b>								
CMP(Rs)	600	Net Sales (Rs mn)	9,168	7,496	6,833	34.2%	22.3%	Ad revenue is expected to grow by 9% yoy to Rs3.9bn, restricted by a market share loss in TN and a high base from last year. Analog + Digital TV subscription revenue is expected to grow 19% yoy, while DTH subscription revenue is expected to grow 14% yoy. Programming cost and other expenses will be higher on account of new launches across channels. Programming cost is expected to grow 19% yoy to Rs968mn. EBITDA is slated to rise 43% yoy, driven by higher revenues. Revenue growth will be aided by movie production, and a subsequent increase will also be seen in amortization charges.
Mkt Cap (Rs bn)	236	EBITDA (Rs mn)	7,037	5,540	4,920	43.0%	27.0%	
Reco	Reduce	EBITDA Margin (%)	76.8	73.9	72.0	475 bps	285 bps	
Target Price (Rs)	601	PAT (Rs mn)	3,368	3,513	2,670	26.1%	-4.1%	
% Upside	0%	EPS (Rs)	8.5	8.9	6.8	26.1%	-4.1%	
<b>Dish TV</b>								
CMP(Rs)	41	Net Sales (Rs mn)	16,486	15,943	16,143	2.1%	3.4%	Subscription revenue is expected to increase 3% qoq, led by a 2% qoq increase in ARPU, while we expect net adds of ~0.41mn. The 2% qoq increase in ARPU can be ascribed to the low base stemming from seasonality. Programming cost is expected to remain flat qoq, aided by merger-related synergies. Cost-synergy deliverables, which have started to show meaningfully last quarter, are key to watch out for.
Mkt Cap (Rs bn)	75	EBITDA (Rs mn)	5,593	5,406	4,978	12.4%	3.5%	
Reco	Sell	EBITDA Margin (%)	33.9	33.9	30.8	309 bps	2 bps	
Target Price (Rs)	35	PAT (Rs mn)	283	255	-1,637		11.3%	
% Upside	-14%	EPS (Rs)	0.3	0.2	-1.5		11.3%	

## Media and Entertainment

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>PVR*</b>								
CMP(Rs)	1,605	Net Sales (Rs mn)	7,910	7,103	5,587	41.6%	11.4%	Healthy Bollywood box office collections to aid 21% yoy increase in total footfalls and high-single digit rise in comparable footfalls. Ticketing revenues, ex-SPI, are expected to grow 19% yoy. ATP is expected to remain flat on a yoy basis, whereas SPH is expected to fall 3% yoy as the company rationalized food item prices. F&B revenue is expected to record 24% yoy growth to Rs1.78bn. Ad revenue is expected to increase 20% yoy. We are estimating total revenues of Rs1.1bn for SPI Cinemas. Total screen additions for 3Q stand at 21.
Mkt Cap (Rs bn)	75	EBITDA (Rs mn)	1,554	1,258	1,018	52.7%	23.6%	
Reco	Hold	EBITDA Margin (%)	19.6	17.7	18.2	143 bps	194 bps	
Target Price (Rs)	1,417	PAT (Rs mn)	461	330	289	59.7%	39.6%	
% Upside	-12%	EPS (Rs)	9.9	7.1	6.2	59.7%	39.6%	
<b>Inox Leisure</b>								
CMP(Rs)	253	Net Sales (Rs mn)	4,344	3,653	3,259	33.3%	18.9%	Ticketing revenue is expected to grow 29% yoy, led by footfall growth of 26% and ATP increase of 3%. Favorable base and healthy box office collections to aid robust footfall growth. SPH is expected to increase 7% yoy, a diverging trend vs. PVR. ATP is expected to grow 3% yoy to Rs205. F&B revenue is expected to grow by 48% yoy to Rs1.1bn. The company is expected to deliver ad growth of 30% yoy. We expect operating profit to increase 45% yoy. Total screen additions in 3Q stand at 17.
Mkt Cap (Rs bn)	26	EBITDA (Rs mn)	671	448	463	44.9%	49.7%	
Reco	Buy	EBITDA Margin (%)	15.4	12.3	14.2	123 bps	318 bps	
Target Price (Rs)	279	PAT (Rs mn)	253	120	132	91.9%	111.4%	
% Upside	10%	EPS (Rs)	2.6	1.2	1.4	91.9%	111.4%	
<b>DB Corp</b>								
CMP(Rs)	170	Net Sales (Rs mn)	6,480	5,821	5,986	8.2%	11.3%	Print ad revenue is expected to increase 10% yoy – the highest among peers. Digital Ad revenue is expected to grow 3% yoy to Rs159mn. Radio revenue should grow 16% yoy to Rs389mn. Circulation revenue is expected to grow 3% yoy, impacted by a higher base and a marginal reduction in the number of copies. RM cost to increase 31% yoy to Rs2.3bn due to an increase in newsprint prices. EBITDA is expected to decline 34% yoy due to higher costs.
Mkt Cap (Rs bn)	31	EBITDA (Rs mn)	1,255	923	1,396	-10.0%	36.0%	
Reco	Hold	EBITDA Margin (%)	19.4	15.9	23.3	-394 bps	352 bps	
Target Price (Rs)	195	PAT (Rs mn)	687	462	781	-12.1%	48.5%	
% Upside	15%	EPS (Rs)	3.9	2.6	4.5	-12.1%	48.5%	

\* PVRL IN's Ticket revenues KPI's are excluding SPI

## Media and Entertainment

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Jagran Prakashan</b>								
CMP(Rs)	115	Net Sales (Rs mn)	6,235	5,534	5,981	4.3%	12.7%	Consolidated Print and Digital ad revenue is expected to grow by 3.3% yoy to Rs3.8bn. The lower growth is attributable to the delay in the revival of local ad spends and a lack of an uptick in government ad spends. We expect 13% yoy growth in the Radio business. RM cost is expected to increase 16% yoy on higher newsprint prices. Radio EBITDA is expected to grow 17% yoy. Muted print ad revenue growth and higher newsprint prices are expected to dent operating performance.
Mkt Cap (Rs bn)	34	EBITDA (Rs mn)	1,387	996	1,629	-14.8%	39.2%	
Reco	Hold	EBITDA Margin (%)	22.2	18.0	27.2	-499 bps	425 bps	
Target Price (Rs)	115	PAT (Rs mn)	672	421	848	-20.8%	59.7%	
% Upside	0%	EPS (Rs)	2.2	1.4	2.6	-16.8%	59.7%	
<b>Entertainment Network</b>								
CMP(Rs)	606	Net Sales (Rs mn)	1,779	1,225	1,484	19.9%	45.2%	Revenue is expected to grow 20%, driven by higher non-FCT business and seasonally strong growth in radio business. EBITDA is estimated to deliver growth of 20% on a yoy basis, driven by higher revenues and operating efficiencies. Further, the focus on margins for the non-FCT business should also aid operating profits.
Mkt Cap (Rs bn)	29	EBITDA (Rs mn)	428	273	356	20.1%	56.5%	
Reco	Hold	EBITDA Margin (%)	24.0	22.3	24.0	4 bps	173 bps	
Target Price (Rs)	615	PAT (Rs mn)	175	90	132	32.8%	93.1%	
% Upside	2%	EPS (Rs)	3.7	1.9	2.8	32.8%	93.1%	

## Metals and Mining

- **Lesser-than-expected winter production cuts in China resulted in a deterioration of global steel prices. The Indian market also witnessed a gradual slowdown in the pricing environment. The benchmark HRC export prices in China corrected by 11.2% on a sequential basis and around 7.7% on yoy basis. This was coupled with simultaneous increases in raw material prices, especially coking coal, which went up between 12-16% on a qoq basis and 10-16% on a yoy basis, and a surge in high-grade iron ore prices.**
- **We expect steel companies to report a decline in sequential numbers due to weaker realizations and rising input costs as there is hardly any volume growth by either Tata Steel or JSW (both operating at near capacity). On the stainless steel front, we expect JSL and JSHL to post strong numbers as its plant has likely recovered from the extended Q2FY19 shutdown and we do not expect any one-offs on account of the shutdown as compared to the last quarter. Further, increase in debt levels along with high interest rate environment should further impact the bottom-line of companies in our coverage. The management commentary on recent acquisitions (both JSW and Tata Steel) should be the key in absence of any organic volume growth in the near term.**
- **We expect non-ferrous companies to report weak set of numbers on sluggish performance of the LME complex on yoy basis. However, 11% depreciation of Indian rupee will likely restrain the impact of weak LME. For Vedanta and Hindustan Zinc Limited (HZL), higher by-product recovery on account of silver and others will further counter the LME weakness. We expect Vedanta to announce the start of its commercial operations at the Gamsberg project. On Hindalco, we expect further clarity on the Aleris acquisition, which will further drive growth as both Hindalco and Novelis now operate at near capacity.**

## Metals and Mining

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>JSW Steel</b>								
CMP(Rs)	294	Net Sales (Rs mn)	195,101	215,520	178,610	9.2%	-9.5%	We expect JSW Steel to report a 9% drop in its consolidated sales volume, offset by 19% growth in average steel realization on yoy basis. The sales decline in Q3FY19 is primarily on account of poor demand in the quarter in the wake of falling steel prices globally. However, weaker low-grade iron ore prices will likely restrict the EBITDA impact, which we expect to be around Rs11764/ton. Higher interest and depreciation charges are further likely to affect the net profit.
Mkt Cap (Rs bn)	710	EBITDA (Rs mn)	42,391	49,060	38,510	10.1%	-13.6%	
Reco	Accumulate	EBITDA Margin (%)	21.7	22.8	21.6	17 bps	-104 bps	
Target Price (Rs)	402	PAT (Rs mn)	16,419	20,870	20,170	-18.6%	-21.3%	
% Upside	37%	EPS (Rs)	6.8	8.7	8.4	-18.6%	-21.3%	
<b>Tata Steel</b>								
CMP(Rs)	491	Net Sales (Rs mn)	381,729	435,441	334,466	14.1%	-12.3%	For Tata Steel, Q3FY19 is expected to remain muted. India's sales volumes are expected to be at 3.2mt. Realizations are likely to be down marginally on a sequential basis. Domestic EBITDA/ton is likely to remain strong at Rs18521/ton. However, we expect European operations' EBITDA/ton to be at USD66.9/ton, 4.4% lower qoq due to weaker realizations.
Mkt Cap (Rs bn)	559	EBITDA (Rs mn)	76,804	89,195	56,969	34.8%	-13.9%	
Reco	Buy	EBITDA Margin (%)	20.1	20.5	17.0	309 bps	-36 bps	
Target Price (Rs)	751	PAT (Rs mn)	25,763	29,579	22,595	14.0%	-12.9%	
% Upside	53%	EPS (Rs)	21.4	24.6	23.3	-8.1%	-12.9%	
<b>SAIL</b>								
CMP(Rs)	54	Net Sales (Rs mn)	178,338	167,180	153,237	16.4%	6.7%	Sales volumes are expected to total 4.03mt. Revenue is expected to be marginally up qoq on higher volumes. Although the production volume will be higher, lower realizations will impact the margin. Estimated EBITDA/ton is likely to be lower by 8% qoq at Rs6294/ton.
Mkt Cap (Rs bn)	224	EBITDA (Rs mn)	24,265	23,650	14,402	68.5%	2.6%	
Reco	Buy	EBITDA Margin (%)	13.6	14.1	9.4	421 bps	-54 bps	
Target Price (Rs)	94	PAT (Rs mn)	6,498	5,878	865	651.1%	10.5%	
% Upside	73%	EPS (Rs)	1.6	1.4	0.2	651.1%	10.5%	

## Metals and Mining

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments	
<b>Jindal Stainless Hisar</b>									
CMP(Rs)	85	Net Sales (Rs mn)	22,174	22,294	24,386	-9.1%	-0.5%	In Q3FY19, nickel prices were down 13% qoq to USD11516/ton, which is likely to result in lower stainless steel prices. JSHL EBITDA/ton is likely to be at Rs13040/ton (-5.8% qoq).	
Mkt Cap (Rs bn)	20	EBITDA (Rs mn)	2,216	2,298	3,251	-31.8%	-3.6%		
Reco	Buy	EBITDA Margin (%)	10.0	10.3	13.3	-334 bps	-31 bps		
Target Price (Rs)	210	PAT (Rs mn)	644	674	1,140	-43.5%	-4.4%		
% Upside	147%	EPS (Rs)	2.7	2.9	4.8	-43.5%	-4.4%		
<b>Jindal Stainless</b>									
CMP(Rs)	33	Net Sales (Rs mn)	29,980	30,814	29,889	0.3%	-2.7%	JSL's plant was shut for planned maintenance for almost three weeks in Q2FY19. Hence, the results are estimated to be higher in Q3FY19. After debottlenecking, we expect the company to produce 25% higher output. For JSL, we expect realizations to remain under pressure due to global price weakness. However, higher volumes will offset the impact. EBITDA/ton is expected to be at Rs12752/ton.	
Mkt Cap (Rs bn)	16	EBITDA (Rs mn)	3,048	2,312	3,855	-20.9%	31.8%		
Reco	Buy	EBITDA Margin (%)	10.2	7.5	12.9	-273 bps	266 bps		
Target Price (Rs)	115	PAT (Rs mn)	541	167	963	-43.8%	223.7%		
% Upside	247%	EPS (Rs)	1.1	0.3	2.1	-46.1%	223.7%		
<b>Hindustan Zinc</b>									
	274	274	Net Sales (Rs mn)	53,259	47,770	59,220	-10.1%	11.5%	During the third quarter, mined metal production is expected to be lower by 8% on yoy basis. However, higher silver volumes will likely offset the impact partially. On the pricing front, zinc prices dropped by 18.6% yoy to USD2632/ton, while both lead and silver prices were down 21% and 13% to USD1965/ton and USD14.55/oz, respectively. By-product realizations are likely to remain strong in Q3FY19.
	1,157	1,157	EBITDA (Rs mn)	26,624	23,340	32,440	-17.9%	14.1%	
	Hold	Hold	EBITDA Margin (%)	50.0	48.9	54.8	-479 bps	113 bps	
	294	294	PAT (Rs mn)	19,167	18,150	22,980	-16.6%	5.6%	
	7%	7%	EPS (Rs)	4.5	4.3	5.4	-16.6%	5.6%	

## Metals and Mining

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Nalco</b>								
CMP(Rs)	63	Net Sales (Rs mn)	28,299	30,409	23,888	18.5%	-6.9%	In Q3FY19, weak realizations for both alumina and aluminum prices are expected to affect adversely. Aluminum prices dropped by 6.5% yoy to USD1968/ton. Rising fuel costs are likely to drag down margins further.
Mkt Cap (Rs bn)	121	EBITDA (Rs mn)	6,872	8,509	3,437	99.9%	-19.2%	
Reco	Buy	EBITDA Margin (%)	24.3	28.0	14.4	989 bps	-370 bps	
Target Price (Rs)	86	PAT (Rs mn)	4,087	5,100	-797 n.a		-19.9%	
% Upside	37%	EPS (Rs)	2.11	2.64	-0.41 n.a		-19.9%	
<b>Hindalco</b>								
CMP(Rs)	206	Net Sales (Rs mn)	125,060	108,330	110,228	13.5%	15.4%	In Q3FY19, weaker aluminum prices and higher input costs are expected to restrict margins. Copper LME prices have corrected by 9.5% yoy to USDD6172/ton from USD6822/ton during the quarter.
Mkt Cap (Rs bn)	463	EBITDA (Rs mn)	15,160	10,907	13,117	15.6%	39.0%	
Reco	Buy	EBITDA Margin (%)	12.1	10.1	11.9	22 bps	205 bps	
Target Price (Rs)	290	PAT (Rs mn)	5,898	3,086	4,908	20.2%	91.1%	
% Upside	41%	EPS (Rs)	3.1	1.6	2.6	-100.0%	-100.0%	
<b>Vedanta Ltd</b>								
CMP(Rs)	196	Net Sales (Rs mn)	221,550	227,050	243,610	-9.1%	-2.4%	Lower LME prices across board yoy will drag down realizations across the product segments. Goa mines remain non-operational, while the copper smelter at Tuticorin also remains shut. Thus, the profitability should be driven by zinc and oil & gas business. On the Oil & Gas front, we expect Cairn to report 117 boepd production, which is flat on qoq basis.
Mkt Cap (Rs bn)	727	EBITDA (Rs mn)	61,718	52,080	67,630	-8.7%	18.5%	
Reco	Buy	EBITDA Margin (%)	27.9	22.9	27.8	10 bps	492 bps	
Target Price (Rs)	334	PAT (Rs mn)	19,201	10,230	21,510	-10.7%	87.7%	
% Upside	71%	EPS (Rs)	5.2	2.8	5.8	-100.0%	-100.0%	



## Metals and Mining

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>NMDC</b>								
CMP(Rs)	95	Net Sales (Rs mn)	26,281	24,379	24,690	6.4%	7.8%	NMDC has slashed iron ore prices (for both lump and fines) twice during the quarter. However, higher offtake will likely offset the impact of lower realizations. We have factored in the offtake volume at 7.9mt for this quarter and EBITDA/ton at Rs1676/ton (-11% qoq).
Mkt Cap (Rs bn)	300	EBITDA (Rs mn)	13,236	12,594	12,099	9.4%	5.1%	
Reco	Buy	EBITDA Margin (%)	50.4	51.7	49.0	136 bps	-129 bps	
Target Price (Rs)	138	PAT (Rs mn)	9,231	6,365	7,417	24.5%	45.0%	
% Upside	45%	EPS (Rs)	2.9	2.0	2.3	24.5%	45.0%	
<b>MOIL</b>								
CMP(Rs)	168	Net Sales (Rs mn)	3,803	3,578	2,998	26.9%	6.3%	In Q3FY19, ore prices were increased for key grades by 10% wef October 01, 2018. Subsequently, in December 2018, discounts were offered/increased on select grades. Production volumes are expected to remain flat yoy at 0.316mt. We estimate EBITDA/ton to be Rs3676/ton.
Mkt Cap (Rs bn)	43	EBITDA (Rs mn)	1,162	1,463	1,228	-5.4%	-20.6%	
Reco	Buy	EBITDA Margin (%)	30.5	40.9	41.0	-1044 bps	-1035 bps	
Target Price (Rs)	264	PAT (Rs mn)	855	1,051	1,038	-17.7%	-18.7%	
% Upside	57%	EPS (Rs)	3.3	4.1	3.9	-100.0%	-100.0%	
<b>Coal India</b>								
CMP(Rs)	233	Net Sales (Rs mn)	244,490	221,981	216,433	13.0%	10.1%	Both production and offtake volumes were up 2.6% and 1% to 156mt and 154mt, respectively. Blended realizations are expected to be at Rs1582/ton depending on the actual realizations and the impact of measures taken to improve revenues. We are building in EBITDA/ton estimate of Rs348/ton.
Mkt Cap (Rs bn)	1,448	EBITDA (Rs mn)	54,636	39,142	46,179	18.3%	39.6%	
Reco	Buy	EBITDA Margin (%)	22.3	17.6	21.3	101 bps	471 bps	
Target Price (Rs)	333	PAT (Rs mn)	40,629	30,847	30,051	35.2%	31.7%	
% Upside	43%	EPS (Rs)	6.5	5.0	4.8	35.2%	31.7%	



## Oil & Gas

- **Average dated Brent price fell 10% qoq to US\$67.7/bbl in Q3FY19. While the quarter started on a strong note, with Brent crossing US\$85/bbl due to the Iran sanctions, prices fell soon on demand concerns and the supply glut stemming from the ramp-up in Saudi, Russian, and US output. Despite OPEC-Russia/allies announcing a 1.2mb/d cut from January 2019, oil prices closed US\$30/bbl down between the quarter ends. While, on average, the INR weakened 3% qoq to 72.1, it closed 3 points above vs. the Q2-end level, implying sizeable forex gains for refiners. Singapore GRM was down over 30% qoq to US\$4/bbl as light distillate cracks plunged due to oversupply, offset in part by some improvement in FO and jet fuel cracks. Despite weaker benchmark GRMs, we expect OMCs to see a qoq improvement in core GRMs from lower fuel & loss costs, OSP benefits, and favorable price lag impact though reported GRMs would be dismal due to high inventory losses. With lower oil prices, OMCs recovered their auto-fuel marketing margins from the lows hit in early-October to ~Rs7/liter (gross) now, yet due to the price lag impact, we estimate average gross margins on diesel/petrol to be down 9%/up 34% qoq. This would be accompanied by heavy marketing inventory losses as well. Hence, we expect OMCs to report weak earnings – marginal profits at best and even losses in a worst-case scenario.**
- **We estimate gross under-recoveries to increase 23% qoq to Rs130bn due to higher LPG prices though the upstream subsidy burden is unlikely to resurface with oil prices remaining low now, and companies reiterate that they have not received any indication from the government on the subsidy front. We estimate ONGC's gas output will rise 4% qoq, while crude output should be flat. ONGC's EBITDA is estimated to decline slightly as higher sales vs. production should support earnings, while PAT is expected to decline on lower Other Income.**
- **Total gas demand-supply is expected to be weak qoq due to lower demand from the power sector. We expect some fall in pipeline volumes for GAIL and GSPL, while Petronet is expected to have a weak quarter with Dahej/Kochi utilization down qoq, further impacted by the seasonal restart of Dabhol terminal and potential shutdown at the Kochi refinery. In the CGD space, IGL should maintain healthy volume growth though Gujarat Gas could be weaker due to the slowdown in November. Margins, however, should be strong for both on better-than-expected rupee, soft LNG prices, and proactive pricing in October. GAIL's petchem segment would be impacted by lower oil prices and the shutdown at Pata 2; the LPG business by higher domestic gas prices; and gas trading by the winter led spike in Henry Hub prices, lowering margins qoq. Hence, GAIL is estimated to see a sequential decline in earnings.**
- **We expect RIL's standalone earnings to decline 5% qoq due to weak GRMs (estimate US\$8.7/bbl) and petchem earnings (from inventory losses). However, higher earnings fueled by the festival season at Retail and subs addition and controlled opex at Jio should moderate the decline at the consolidated level.**
- **The lubricant sector is expected to maintain 4-5% industry growth with Gulf Oil Lube expected to see a 20% yoy volume growth while margins should improve qoq due to the cooling-off in base oil rates and retail price hikes.**

## Oil & Gas

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Reliance Industries</b>								
CMP(Rs)	1,105	Net Sales (Rs mn)	839,867	961,670	732,560	14.6%	-12.7%	US\$8.7/bbl GRM, down qoq, lower petchem earnings with inventory loss, 25% ETR; Retail, Jio expected to report better earnings qoq, but part of consolidated numbers.
Mkt Cap (Rs bn)	7,002	EBITDA (Rs mn)	142,068	148,920	137,440	3.4%	-4.6%	
Reco	Buy	EBITDA Margin (%)	16.9	15.5	18.8	-185 bps	143 bps	
Target Price (Rs)	1,360	PAT (Rs mn)	84,547	88,590	84,540	0.0%	-4.6%	
% Upside	23%	EPS (Rs)	14.3	15.0	14.3	0.0%	-4.6%	
<b>Indian Oil</b>								
CMP(Rs)	134	Net Sales (Rs mn)	1,295,820	1,308,797	1,106,669	17.1%	-1.0%	Increase in core GRM qoq at \$5.0/bbl, heavy inventory losses, 2% yoy marketing volume growth, flat marketing margin qoq, forex gains
Mkt Cap (Rs bn)	1,301	EBITDA (Rs mn)	3,184	94,936	132,687	-97.6%	-96.6%	
Reco	Buy	EBITDA Margin (%)	0.2	7.3	12.0	-1,174 bps	-701 bps	
Target Price (Rs)	180	PAT (Rs mn)	1,080	33,227	78,832	-98.6%	-96.7%	
% Upside	35%	EPS (Rs)	0.1	3.5	8.3	-98.6%	-96.7%	
<b>BPCL</b>								
CMP(Rs)	352	Net Sales (Rs mn)	710,710	722,918	606,164	17.2%	-1.7%	Increase in core GRM qoq at \$4.3/bbl; heavy inventory losses; 1% yoy marketing volume growth; marketing margin flat qoq and inventory losses; forex gains
Mkt Cap (Rs bn)	763	EBITDA (Rs mn)	-290	33,497	31,882	NM	NM	
Reco	Buy	EBITDA Margin (%)	0.4	4.6	5.3	-487 bps	-425 bps	
Target Price (Rs)	385	PAT (Rs mn)	3,257	12,187	21,437	-84.8%	-73.3%	
% Upside	9%	EPS (Rs)	1.7	6.2	10.9	-75.3%	-56.6%	

## Oil & Gas

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>HPCL</b>								
CMP(Rs)	248	Net Sales (Rs mn)	657,585	675,180	574,743	14.4%	-2.6%	Core GRM increase at \$5.0/bbl, heavy inventory losses, 1% yoy marketing volume growth, flat marketing margin qoq, and forex gains
Mkt Cap (Rs bn)	378	EBITDA (Rs mn)	4,524	30,086	31,585	-85.7%	-85.0%	
Reco	Buy	EBITDA Margin (%)	0.7	4.5	5.5	-481 bps	-377 bps	
Target Price (Rs)	290	PAT (Rs mn)	2,347	10,920	19,497	-88.0%	-78.5%	
% Upside	17%	EPS (Rs)	1.8	8.5	15.3	-88.0%	-78.5%	
<b>Gujarat State Petronet</b>								
CMP(Rs)	170	Net Sales (Rs mn)	4,633	4,870	3,502	32.3%	-4.9%	3% qoq decline in volume and flat tariffs
Mkt Cap (Rs bn)	96	EBITDA (Rs mn)	4,015	4,050	2,971	35.1%	-0.9%	
Reco	Buy	EBITDA Margin (%)	86.7	83.2	84.8	181 bps	350 bps	
Target Price (Rs)	225	PAT (Rs mn)	2,232	3,223	1,816	22.9%	-31.0%	
% Upside	32%	EPS (Rs)	4.0	5.7	3.2	22.9%	-31.0%	
<b>Indraprastha Gas</b>								
CMP(Rs)	271	Net Sales (Rs mn)	14,966	14,215	11,839	26.4%	5.3%	12% yoy volume growth, stronger EBITDA/scm at Rs6.0
Mkt Cap (Rs bn)	189	EBITDA (Rs mn)	3,265	3,080	2,631	24.1%	6.0%	
Reco	Accumulate	EBITDA Margin (%)	21.8	21.7	22.2	-41 bps	15 bps	
Target Price (Rs)	325	PAT (Rs mn)	1,984	1,873	1,659	19.6%	6.0%	
% Upside	20%	EPS (Rs)	2.8	2.7	2.4	19.6%	6.0%	

## Oil & Gas

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Gujarat Gas</b>								
CMP(Rs)	657	Net Sales (Rs mn)	20,659	19,644	15,713	31.5%	5.2%	2% qoq decline in volume at 6.5mmscmd; 35% qoq increase in EBITDA/scm at Rs4.1.
Mkt Cap (Rs bn)	91	EBITDA (Rs mn)	2,423	1,801	1,999	21.2%	34.5%	
Reco	Buy	EBITDA Margin (%)	11.7	9.2	12.7	-99 bps	256 bps	
Target Price (Rs)	865	PAT (Rs mn)	853	604	600	42.2%	41.4%	
% Upside	32%	EPS (Rs)	6.2	4.4	4.4	42.2%	41.4%	
<b>Petronet LNG</b>								
CMP(Rs)	220	Net Sales (Rs mn)	96,163	107,453	77,571	24.0%	-10.5%	101%/6% Dahej/Kochi utilization; nil marketing margins.
Mkt Cap (Rs bn)	330	EBITDA (Rs mn)	8,009	9,047	8,474	-5.5%	-11.5%	
Reco	Buy	EBITDA Margin (%)	8.3	8.4	10.9	-260 bps	-9 bps	
Target Price (Rs)	300	PAT (Rs mn)	4,787	5,629	5,288	-9.5%	-15.0%	
% Upside	36%	EPS (Rs)	3.2	3.8	3.5	-9.5%	-15.0%	
<b>Gulf Oil Lubricants</b>								
CMP(Rs)	831	Net Sales (Rs mn)	4,249	4,172	3,559	19.4%	1.9%	21% yoy volume growth with 4% qoq margin increase.
Mkt Cap (Rs bn)	41	EBITDA (Rs mn)	751	714	616	22.0%	5.2%	
Reco	Buy	EBITDA Margin (%)	17.7	17.1	17.3	38 bps	56 bps	
Target Price (Rs)	1,150	PAT (Rs mn)	480	403	425	13.0%	19.2%	
% Upside	38%	EPS (Rs)	9.7	8.1	8.5	13.0%	19.2%	

## Pharmaceuticals

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- **The cyclical pricing pressure on the sector is expected to abate from H2FY19, as the impact of the PBM consolidation starting to wane with a lesser probability for any further consolidation, given that the industry has shrunk from well over 8-9 players to about 2-3 over the past 4-5 years. In the past, each round of PBM M&As prompted generic companies to take a fresh round of price cuts even in portfolios in which there was no incremental increase in competition.**
- **The industry is at the beginning of a cyclical upturn due to: 1) a low earnings base of 2-3 years for most large-cap names; combined with the fast pace of approvals — this means a window of 12-18 months where earnings can show a rapid recovery; 2) several companies with significant USFDA-related regulatory issues appear to be coming close to finally rectifying their deficiencies. This should boost approvals and growth in the short term.**
- **Overall structural trends in the sector do not give any long-term comfort although the overall earnings decline is expected to bottom out in the near term. Apart from the PBM consolidation and its impact on pricing dynamics, we see a proactive USFDA as another structural headwind that is likely to diminish the long-term value of opportunities in the Complex Generics space in the coming years. Generally, most generic companies are in effect searching for a viable long-term business model.**
- **Top picks: in the large-cap space, our preferred pick is ARBP (Aurobindo Pharma), while we like SVLS (Suven Life) and GRAN (Granules India) in the mid-cap space.**

## Pharmaceutical

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Aurobindo</b>								
CMP(Rs)	747	Net Sales (Rs mn)	48,339	47,514	43,361	11.5%	1.7%	We expect US revenue to grow by ~5% on a yoy basis to USD315mn, supported by mid-sized opportunities like gInvanz, Sildenafil Citrate and gMyrbetriq coupled with favorable currency movement. We expect RoW to grow by ~15% yoy. We anticipate gross margins to expand by ~50bps sequentially. Key developments to look for are the decline in overall debt as well as the traction in the US injectables business and commentary on the new business opportunities.
Mkt Cap (Rs bn)	437	EBITDA (Rs mn)	10,735	10,260	10,256	4.7%	4.6%	
Reco	Buy	EBITDA Margin (%)	22.2	21.6	23.7	-144 bps	62 bps	
Target Price (Rs)	880	PAT (Rs mn)	6,614	6,383	6,614	0.0%	3.6%	
% Upside	18%	EPS (Rs)	11.3	10.9	11.3	0.0%	3.6%	
<b>Cadila Healthcare</b>								
CMP(Rs)	349	Net Sales (Rs mn)	30,972	29,612	32,596	-5.0%	4.6%	We expect the US business to decline by ~20% yoy due to a high base because of gLialda in Q3FY18, while sequentially we anticipate the US business to grow by ~5% on the account of the full quarter for own gAsacol HD and Androgen AG. During the quarter, CDH has launched mid-sized opportunity like gPrevacid. We estimate domestic revenue to remain muted at Rs10.1bn on a higher base. Overall consolidated revenue is estimated at Rs30.9bn, EBITDA at Rs7.2bn and PAT at Rs4.3bn. Key things to look for will be commentary on base business erosion and strategy on product launches.
Mkt Cap (Rs bn)	357	EBITDA (Rs mn)	7,298	6,878	8,412	-13.2%	6.1%	
Reco	Accumulate	EBITDA Margin (%)	23.6	23.2	25.8	-224 bps	34 bps	
Target Price (Rs)	400	PAT (Rs mn)	4,344	4,175	5,433	-20.1%	4.0%	
% Upside	15%	EPS (Rs)	4.2	4.1	5.3	-20.1%	4.0%	
<b>Cipla</b>								
CMP(Rs)	514	Net Sales (Rs mn)	38,761	40,119	39,138	-1.0%	-3.4%	Expect a lackluster quarter for Cipla, due to the headwinds in sub-Saharan Africa and the Global Access business. We assume overall revenues and EBITDA to stand at Rs38.7bn and Rs7.0bn, respectively. We project US revenues of USD115mn, up ~15% yoy (up 6% qoq) on new launches like gToprol XL, gAlbenza and gLotrel. Exports business could benefit from the appreciation in the USD/EUR vs. INR. The key thing to watch for will be the outlook on the tender business and performance in other geographies.
Mkt Cap (Rs bn)	414	EBITDA (Rs mn)	7,021	7,528	8,187	-14.2%	-6.7%	
Reco	Hold	EBITDA Margin (%)	18.1	18.8	20.9	-280 bps	-65 bps	
Target Price (Rs)	555	PAT (Rs mn)	3,375	3,771	4,677	-27.8%	-10.5%	
% Upside	8%	EPS (Rs)	4.2	4.7	5.8	-27.8%	-10.5%	

## Pharmaceutical

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Divi's Lab</b>								
CMP(Rs)	1,459	Net Sales (Rs mn)	11,895	12,850	10,379	14.6%	-7.4%	We expect robust growth in revenue, on healthy performance of the generics and API segments. Overall, consolidated revenue is estimated at Rs11.9bn, EBITDA at Rs4.5bn, and PAT at Rs3.3bn. The company will benefit from the INR's depreciation against the USD/EUR. Increased traction in Nutraceuticals should score a victory for the API giant.
Mkt Cap (Rs bn)	387	EBITDA (Rs mn)	4,524	5,141	3,261	38.7%	-12.0%	
Reco	Buy	EBITDA Margin (%)	38.0	40.0	31.4	661 bps	-198 bps	
Target Price (Rs)	1,575	PAT (Rs mn)	3,323	3,977	2,247	47.9%	-16.4%	
% Upside	8%	EPS (Rs)	12.5	15.0	8.5	47.9%	-16.4%	
<b>Dr. Reddy's Lab</b>								
CMP(Rs)	2,571	Net Sales (Rs mn)	38,597	37,978	38,060	1.4%	1.6%	We expect the US generics business to grow c.10% qoq primarily aided by the launch of gWelchol, gRenvela, gPrilosec OTC. In addition, we expect steady domestic revenue growth of 10% yoy, supported by Derma and Anti Diabetic therapeutic areas. We anticipate the Europe business to pick up on the back of new launches and stabilization of supplies to the market. The cost rationalization program should help overall EBITDA margin to expand sequentially.
Mkt Cap (Rs bn)	427	EBITDA (Rs mn)	7,619	7,403	8,006	-4.8%	2.9%	
Reco	Accumulate	EBITDA Margin (%)	19.7	19.5	21.0	-129 bps	25 bps	
Target Price (Rs)	2,865	PAT (Rs mn)	4,017	5,038	3,663	9.7%	-20.3%	
% Upside	11%	EPS (Rs)	24.2	30.3	22.1	9.7%	-20.3%	
<b>Glenmark Pharma</b>								
CMP(Rs)	655	Net Sales (Rs mn)	26,285	25,813	22,037	19.3%	1.8%	Expect the US generics business to grow ~12% yoy (up 10% qoq) in CC terms, primarily aided by the strong traction by niche products like gWelchol and gVagifem coupled with new launches. Expect the domestic business to grow by ~13% yoy, aided by a strong outperformance in Dermatology, Cardiac and Gynecology therapeutic areas. We assume overall revenue to come in at Rs26.3bn and EBITDA margin to improve sequentially on the back of higher revenue growth. PAT is estimated at Rs2.5bn. The key numbers to watch out for would be overall net debt, overall business mix and commentary on US pricing pressure.
Mkt Cap (Rs bn)	185	EBITDA (Rs mn)	4,631	4,401	3,227	43.5%	5.2%	
Reco	Hold	EBITDA Margin (%)	17.6	17.0	14.6	297 bps	57 bps	
Target Price (Rs)	595	PAT (Rs mn)	2,551	2,468	1,099	132.0%	3.4%	
% Upside	-9%	EPS (Rs)	9.0	8.7	3.9	132.0%	3.4%	



## Pharmaceutical

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Granules India</b>								
CMP(Rs)	89	Net Sales (Rs mn)	5,447	5,809	4,107	32.6%	-6.2%	Expect robust performance to continue for GRAN with revenue growth of c.33% yoy in Q3FY19. The rising utilization levels at the recently commissioned Paracetamol and Metformin facility coupled with Omnicem JV turnaround to aid EBITDA margins expansion sequentially. Overall, we estimate EBITDA at Rs969mn and PAT at Rs542mn. We expect EBITDA margins to improve further to ~18%, as GRAN is able to pass on the cost inflation to its customers. Key things to watch out for would be commentary on raw material cost inflation and business mix.
Mkt Cap (Rs bn)	23	EBITDA (Rs mn)	969	1,005	740	30.9%	-3.6%	
Reco	Buy	EBITDA Margin (%)	17.8	17.3	18.0	-23 bps	49 bps	
Target Price (Rs)	141	PAT (Rs mn)	542	603	350	54.8%	-10.1%	
% Upside	58%	EPS (Rs)	2.1	2.4	1.4	54.8%	-10.1%	
<b>IPCA Lab</b>								
CMP(Rs)	775	Net Sales (Rs mn)	9,592	9,978	8,592	11.6%	-3.9%	We believe IPCA Labs to report revenue growth of ~12% yoy, driven by healthy growth in Domestic formulation (up 12% yoy) and Export Formulations (up ~9% yoy) businesses. The overall API segment is expected to grow by ~13% yoy. Consequently, we expect EBITDA margin to expand slightly by 28bps qoq to ~18%, on the back of higher contribution from Export Formulations. The spotlight will be on management commentary on facilities remediation progress and updates on global fund supplies.
Mkt Cap (Rs bn)	98	EBITDA (Rs mn)	1,688	1,728	1,612	4.7%	-2.3%	
Reco	Accumulate	EBITDA Margin (%)	17.6	17.3	18.8	-117 bps	28 bps	
Target Price (Rs)	870	PAT (Rs mn)	1,134	1,198	1,056	7.4%	-5.3%	
% Upside	12%	EPS (Rs)	9.0	9.5	8.4	7.4%	-5.3%	
<b>Lupin</b>								
CMP(Rs)	842	Net Sales (Rs mn)	40,262	39,511	39,756	1.3%	1.9%	Q3FY19 to be muted quarter for Lupin, given the drought of high-value launches within the US geography. We expect a few new launches (like gMepron, gDacogen and gRapaflo) will offset the pricing pressure in the base portfolio. We project US revenue of ~US\$172mn, down ~7% yoy in CC terms and also expect the Japan region remain to under pressure. Overall, we expect revenue of Rs40.2bn, EBITDA of Rs5.8bn and EBITDA margin of ~14%. Key things to look for would be commentary on the progress of remediation for Goa and Indore facilities and product pipeline.
Mkt Cap (Rs bn)	381	EBITDA (Rs mn)	5,816	5,496	6,883	-15.5%	5.8%	
Reco	Hold	EBITDA Margin (%)	14.4	13.9	17.3	-287 bps	53 bps	
Target Price (Rs)	920	PAT (Rs mn)	2,417	2,660	2,222	8.7%	-9.1%	
% Upside	9%	EPS (Rs)	5.4	5.9	4.9	8.7%	-9.1%	



## Pharmaceutical

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Sun Pharma</b>								
CMP(Rs)	448	Net Sales (Rs mn)	72,378	69,376	66,532	8.8%	4.3%	Expect US revenue to improve in Q3FY19, owing to the clearance of Halol facility and the ramp-up in specialty portfolio. RoW and Emerging market business is expected to grow by ~4% and ~10%, respectively. We assume overall revenue and EBITDA of Rs72.3bn and Rs15.9bn with an EBITDA margin of ~22%. Margins are expected to remain flat due to a surge in the marketing costs. PAT is estimated at Rs10.2bn. Key developments to watch out for would be the launch of NCE and pipeline.
Mkt Cap (Rs bn)	1,075	EBITDA (Rs mn)	15,907	15,312	14,534	9.4%	3.9%	
Reco	Hold	EBITDA Margin (%)	22.0	22.1	21.8	13 bps	-9 bps	
Target Price (Rs)	595	PAT (Rs mn)	10,259	9,956	8,784	16.8%	3.0%	
% Upside	33%	EPS (Rs)	4.3	4.1	3.7	16.8%	3.0%	
<b>Suven Life Sciences</b>								
CMP(Rs)	229	Net Sales (Rs mn)	1,440	895	1,637	-12.0%	60.8%	Revenues should remain volatile across core CRAMS and the specialty chemicals segment. We expect these segments to decline on a yoy basis due to higher base in Q3FY18. We estimate EBITDA margins to come in at ~27% and PAT to stand at Rs288mn. We find tailwinds in the underlying business of SVLS and expect core CRAMS to deliver ~15% revenue growth annually.
Mkt Cap (Rs bn)	29	EBITDA (Rs mn)	394	244	514	-23.4%	61.3%	
Reco	Buy	EBITDA Margin (%)	27.3	27.3	31.4	-406 bps	7 bps	
Target Price (Rs)	350	PAT (Rs mn)	288	180	346	-16.8%	59.8%	
% Upside	53%	EPS (Rs)	2.3	1.4	2.7	-16.8%	59.8%	
<b>Torrent Pharma</b>								
CMP(Rs)	1,817	Net Sales (Rs mn)	18,724	18,940	14,770	26.8%	-1.1%	We build in a revenue growth of ~12% yoy (ex-Unichem portfolio), primarily driven by healthy growth in the domestic business, and traction in Germany and US region on the back of new launches. We expect the Unichem portfolio to contribute ~Rs2.1bn to the top-line. We estimate overall revenue at Rs18.7bn with EBITDA of ~27%. We expect RoW region to grow by ~10% yoy. Key thing to look for will be commentary on Unichem's contribution and outlook for the US business.
Mkt Cap (Rs bn)	308	EBITDA (Rs mn)	5,015	4,980	3,590	39.7%	0.7%	
Reco	Accumulate	EBITDA Margin (%)	26.8	26.3	24.3	248 bps	49 bps	
Target Price (Rs)	1,850	PAT (Rs mn)	1,863	2,040	1,720	8.3%	-8.7%	
% Upside	2%	EPS (Rs)	11.0	12.1	10.2	8.3%	-8.7%	

## Power

- **India's electricity generation during October-November 2018 increased 8.5% yoy to 229.7bn units, with October 2018 witnessing the highest ever generation as well as demand, which stood at 121.8bn units. Power generation in the coal segment improved 8.3% yoy, while it rose 13.2% yoy and 22.8% yoy in the hydro and renewable segments, respectively. Generation, however, dipped 8.7% yoy in the nuclear segment, while it was flat for the gas segment.**
- **The supply position of coal continued to be tepid throughout the quarter, with 23 plants facing sub-critical level of inventory in November 2018 vs. 13 plants in December 2017. Average peak and base deficits improved to 0.5% and 0.9% yoy in Q3FY19 vs. 0.7% and 1.5% in Q3FY18, respectively. The average spot rate on the exchange increased significantly by 20.8% yoy and 11.6% qoq to Rs4.3/unit during the three-month period. Net capacity additions in Q3FY19 across the conventional space stood at 555MW (NTPC's 705MW Badarpur project was retired during the quarter).**
  - **Strong results:** CESC, NTPC, GIPCL and PGCIL are likely to register strong earnings growth in Q3FY19. In our view, NTPC's earnings will be driven by improved PAF. GIPCL's growth will be supported by better earnings from the commissioning of its renewable projects and performance improvement of its Surat plant. CESC will benefit from strong demand, which has also benefitted the scheduling of its untied Dhariwal project. PGCIL expected to report strong capitalization of Rs120bn in Q3FY19.
  - **Weak results:** NHPC is likely to post weak Q3FY19 earnings due to the high-base effect stemming from the receipt of dividend from THDC in Q3FY18. JSW Energy is also likely to record negative earnings growth due to steep depreciation of rupee, partially offset by higher merchant rates during the quarter.
  - **Overall sector view:** Third quarter of FY19 is expected to see broadly positive results for our coverage companies. Power Grid Corporation's growth should come on the back of strong capitalization, while NTPC's should be driven by better availability during the quarter. Strong demand will drive CESC's earnings, while depreciating rupee could impact JSW Energy's Q3FY19 earnings.
  - While the sector is plagued by fuel shortages and lack of long-term PPAs due to distress discoms' financials, recent government initiatives - the Saubhagya scheme, auctioning of coal and gas linkages and the SHAKTI policy - may unblock the policy logjam. Investors should continue to focus on earnings, valuations, and risk profile.
  - **Our top stock picks:** Power Grid (Buy, TP Rs237, CMP Rs198; 1.4x FY20 book; strong capex and capitalization for the next five years), CESC (Buy, TP Rs868, CMP Rs862; 0.8x FY20 book; demerger to be value accretive), and NTPC (Buy, TP Rs200, CMP Rs149; 0.9x FY20 book; risk-averse regulatory business model and attractive valuation).

## Power

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>CESC</b>								
CMP(Rs)	654	Net Sales (Rs mn)	18,748	22,200	17,060	9.9%	-15.6%	Standalone generation is likely to remain flat on a yoy basis at 1.4bn units. Power purchases are likely to rise by 8.7% yoy to 1.4bn units. PAT is also expected to increase by 10.1% yoy to Rs1.7bn, implying a core quarterly RoE of 3.6%. The company has won a distribution franchisee of Malegaon circle in Maharashtra. Spencer's and CESC Ventures are likely to be listed on the stock exchange by the third-fourth week of January 2019.
Mkt Cap (Rs bn)	87	EBITDA (Rs mn)	3,101	5,110	2,760	12.3%	-39.3%	
Reco	Buy	EBITDA Margin (%)	16.5	23.0	16.2	36 bps	-648 bps	
Target Price (Rs)	868	PAT (Rs mn)	1,696	2,710	1,540	10.1%	-37.4%	
% Upside	33%	EPS (Rs)	12.7	20.3	11.6	10.1%	-37.4%	
<b>Gujarat Industries Power</b>								
CMP(Rs)	80	Net Sales (Rs mn)	3,832	3,612	3,426	11.8%	6.1%	Electricity generation in Q3FY19 is likely to increase 5.1% yoy to 1.24bn units, driven by incremental generation from the commissioning of renewable projects and higher generation at the Surat plant. Consequently, PLF is expected to improve across both the units of Surat plant. Revenue is likely to grow by 11.8% yoy, while net profit is expected to soar 26.3% yoy to Rs747mn in Q3FY19.  Key things to watch out for: (1) PLF across its wind and solar plants and (2) execution progress at its new solar project.
Mkt Cap (Rs bn)	12	EBITDA (Rs mn)	1,497	1,467	1,178	27.1%	2.0%	
Reco	Buy	EBITDA Margin (%)	39.1	40.6	34.4	468 bps	-155 bps	
Target Price (Rs)	137	PAT (Rs mn)	747	998	591	26.3%	-25.2%	
% Upside	71%	EPS (Rs)	4.9	6.6	3.9	26.3%	-25.2%	
<b>JSW Energy</b>								
CMP(Rs)	70	Net Sales (Rs mn)	21,446	24,308	19,932	7.6%	-11.8%	Overall generation is likely to increase 5.8% yoy, driven by 16.4% and 12.4% yoy rise in generation across its Vijaynagar and Ratnagiri plants. Generation at its Hydro plants is expected to increase by 5.8% yoy, while in Barmer it is expected to decrease 7.6% yoy. Realization is expected to remain largely flat at Rs4.0/unit. Consequently, revenue is likely to rise by 7.6% yoy, whereas PAT is expected to drop by 8.7% yoy to Rs659mn, primarily due to higher international coal prices and depreciating rupee during the quarter.
Mkt Cap (Rs bn)	115	EBITDA (Rs mn)	5,844	8,613	5,807	0.6%	-32.1%	
Reco	Hold	EBITDA Margin (%)	27.3	35.4	29.1	-188 bps	-818 bps	
Target Price (Rs)	73	PAT (Rs mn)	659	2,843	722	-8.7%	-76.8%	
% Upside	4%	EPS (Rs)	0.4	1.7	0.4	-8.7%	-76.8%	

## Power

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>NHPC</b>								
CMP(Rs)	26	Net Sales (Rs mn)	16,060	24,950	14,979	7.2%	-35.6%	We estimate revenue to increase 7.2% yoy to Rs16.1bn as electricity generation is expected to surge 19.3% yoy to 4.1bn units and realization is expected to grow marginally by 1.9% yoy to Rs4.5/unit. PAT, however, is expected to fall 3.1% yoy on reported basis, primarily due to higher Q3FY18 base, driven by the receipt of Rs2.37bn in dividends from THDC. Key things to watch for: 1) PAF for the quarter and 2) status of under construction plants, mainly Subansiri.
Mkt Cap (Rs bn)	266	EBITDA (Rs mn)	8,740	15,966	7,843	11.4%	-45.3%	
Reco	Buy	EBITDA Margin (%)	54.4	64.0	52.4	206 bps	-957 bps	
Target Price (Rs)	31	PAT (Rs mn)	6,650	12,031	6,864	-3.1%	-44.7%	
% Upside	19%	EPS (Rs)	0.6	1.1	0.6	-3.1%	-44.7%	
<b>NTPC</b>								
CMP(Rs)	147	Net Sales (Rs mn)	2,26,054	2,23,115	2,08,507	8.4%	1.3%	NTPC's power generation is expected to remain flat on yoy basis at 68.1bn units. Fuel costs are likely to rise 6.0% yoy to Rs2.1/unit. Tariff rate likely to increase by 8.0% yoy to Rs3.5/unit. PAT, however, is likely to grow 14.5% yoy to Rs27.0bn, implying an effective RoE of 4.8% during the quarter. NTPC's PAF improved to 87.8% yoy during Q3FY19 vs. 87.2% in Q3FY18 and 86% qoq. Key things to watch for: 1) coal supply and 2) adj. - previous year sales.
Mkt Cap (Rs bn)	1,212	EBITDA (Rs mn)	58,731	56,427	55,953	5.0%	4.1%	
Reco	Buy	EBITDA Margin (%)	26.0	25.3	26.8	-85 bps	69 bps	
Target Price (Rs)	200	PAT (Rs mn)	27,031	24,260	23,608	14.5%	11.4%	
% Upside	36%	EPS (Rs)	3.3	2.9	2.9	14.5%	11.4%	
<b>Power Grid Corporation</b>								
CMP(Rs)	198	Net Sales (Rs mn)	83,838	82,830	75,070	11.7%	1.2%	PGCIL is expected to report a strong capitalization (of Rs120bn) and PAT of Rs23.8bn (+16.9% yoy). This comes on the back of strong capitalization of Rs229bn in the past one year. Revenue is tipped to rise 11.7% yoy to Rs83.8bn. EBITDA is also expected to increase 6.1% yoy to Rs71.5bn. We expect Rs62bn in capex for the quarter.
Mkt Cap (Rs bn)	1,038	EBITDA (Rs mn)	71,463	69,725	67,383	6.1%	2.5%	
Reco	Buy	EBITDA Margin (%)	85.2	84.2	89.8	-452 bps	106 bps	
Target Price (Rs)	237	PAT (Rs mn)	23,848	23,095	20,408	16.9%	3.3%	
% Upside	19%	EPS (Rs)	4.6	4.4	3.9	16.9%	3.3%	

## Power

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Reliance Power</b>								
CMP(Rs)	30	Net Sales (Rs mn)	24,829	22,831	24,947	-0.5%	8.8%	Reliance Power is expected to clock 6.4% yoy PAT growth to Rs3.0bn. PLF for Rosa is likely to drop to 39.1% in Q3FY19 from 73.1% yoy due to lower offtake. PLF for Butibori is also expected to slump to 56.7% from 80.1% yoy, while that of Sasan is expected to climb to 98.3% vs. 94.6% yoy. Key things to watch for: 1) fuel supply at Rosa and 2) status of the Bangladesh project
Mkt Cap (Rs bn)	85	EBITDA (Rs mn)	12,030	11,167	11,958	0.6%	7.7%	
Reco	Buy	EBITDA Margin (%)	48.5	48.9	47.9	51 bps	-46 bps	
Target Price (Rs)	49	PAT (Rs mn)	2,984	2,434	2,803	6.4%	22.6%	
% Upside	61%	EPS (Rs)	1.1	0.9	1.0	6.4%	22.6%	

## Retail

For our retail coverage, we expect strong growth in Q3FY19, driven by festive demand and season sales during the quarter. Revenue/EBITDA/PAT growth expectations for our coverage are 17%/22%/26%. We expect most retailers to post double-digit top-line growth and expansion in margins, led by operating leverage and cost efficiencies. Our preferred stock picks include Titan, Jubilant FoodWorks and, ABFRL.

- **Festive season should contribute positively towards top-line growth for retailers.** Titan is likely to report strong top-line growth of 23%, driven by robust performance of its jewelry segment, which is expected to grow by 24% compared with 16% in H1FY19. We estimate ABFRL to also record strong growth of about 13%, supported by better SSG's across Madura Fashions and Pantaloons. Considering last year's high base, we expect SSG for Jubilant to slowdown but still remain healthy at 13%, driving overall top-line growth of 15%. Future Lifestyle is also expected to register a robust quarter, with strong SSG for Central and Brand Factory. We expect moderate recovery for Page Industries against the Q2FY19 setback. However, overall growth is likely come at below targeted guidance.
- **Most fashion retailers to see margin expansion** - We expect strong SSGs and cost efficiencies to aid margin expansion for fashion retailers - ABFRL, FLFL, Page, Raymond and Shoppers Stop. Jubilant and Titan should report broadly stable margins due to inflationary pressures and higher ad spends, respectively.
- **Key monitorables** - SSG trends and management commentary on demand outlook and competition from ecommerce players.

## Retail

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>ABFRL</b>								
CMP(Rs)	209	Net Sales (Rs mn)	20,936	20,073	18,550	12.9%	4.3%	Expect Lifestyle and Pantaloons to grow by 14% and 10% yoy, respectively, with an improvement in SSGs owing to strong festive season demand.
Mkt Cap (Rs bn)	161	EBITDA (Rs mn)	1,757	1,428	1,380	27.3%	23.1%	
Reco	Accumulate	EBITDA Margin (%)	8.4	7.1	7.4	95 bps	128 bps	Margin expansion to continue on account of higher profitability from Pantaloons and lower losses in fast fashion (Q3FY18 includes a write-off of Rs160mn).
Target Price (Rs)	200	PAT (Rs mn)	657	427	350	87.8%	53.8%	
% Upside	-4%	EPS (Rs)	0.9	0.6	0.5	87.8%	53.8%	
<b>Future Lifestyle</b>								
CMP(Rs)	389	Net Sales (Rs mn)	14,585	13,360	12,256	19.0%	9.2%	We expect strong SSG for Central and Brand Factory.
Mkt Cap (Rs bn)	76	EBITDA (Rs mn)	1,405	1,224	1,149	22.3%	14.8%	Margin expansion to be driven by operating leverage.
Reco	Buy	EBITDA Margin (%)	9.6	9.2	9.4	26 bps	47 bps	
Target Price (Rs)	535	PAT (Rs mn)	526	374	444	18.3%	40.7%	
% Upside	37%	EPS (Rs)	2.8	2.0	2.3	18.3%	40.7%	
<b>Jubilant FoodWorks</b>								
CMP(Rs)	1,240	Net Sales (Rs mn)	9,137	8,814	7,952	14.9%	3.7%	We estimate top-line growth to be driven by a slower but still healthy SSG of 13%, despite the high base.
Mkt Cap (Rs bn)	164	EBITDA (Rs mn)	1,571	1,475	1,369	14.8%	6.5%	Commodity prices are benign but rising employee costs and crude led inflation may keep margins flat.
Reco	Accumulate	EBITDA Margin (%)	17.2	16.7	17.2	-2 bps	46 bps	
Target Price (Rs)	1,450	PAT (Rs mn)	833	777	660	26.1%	7.2%	
% Upside	17%	EPS (Rs)	12.6	11.8	10.0	26.1%	7.2%	



## Retail

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Page Industries</b>								
CMP(Rs)	22,937	Net Sales (Rs mn)	7,044	6,908	6,210	13.4%	2.0%	Expect moderate recovery vs. Q2. Overall top-line growth to be still below targeted growth guidance. Price hikes to offset inflationary cost pressures, leading to EBITDA margin improvement.
Mkt Cap (Rs bn)	256	EBITDA (Rs mn)	1,482	1,428	1,289	15.0%	3.8%	
Reco	Hold	EBITDA Margin (%)	21.0	20.7	20.8	29 bps	36 bps	
Target Price (Rs)	26,600	PAT (Rs mn)	967	926	834	15.9%	4.4%	
% Upside	16%	EPS (Rs)	86.7	83.0	74.8	15.9%	4.4%	
<b>Raymond</b>								
CMP(Rs)	815	Net Sales (Rs mn)	16,898	18,478	14,842	13.8%	-8.5%	Raymond is expected to report stable performance in Q3FY19. This is attributed to growth of textiles (13%) and apparels segments (15%). Focus on operational efficiencies should help margin expansion.
Mkt Cap (Rs bn)	50	EBITDA (Rs mn)	1,431	1,864	1,015	40.9%	-23.3%	
Reco	Buy	EBITDA Margin (%)	8.5	10.1	6.8	163 bps	-162 bps	
Target Price (Rs)	1,000	PAT (Rs mn)	393	635	288	36.2%	-38.2%	
% Upside	23%	EPS (Rs)	6.4	10.3	4.7	36.2%	-38.2%	
<b>Shoppers Stop</b>								
CMP(Rs)	505	Net Sales (Rs mn)	9,921	8,645	9,632	3.0%	14.8%	Shoppers Stop expected to report mid-single digit SSG EBITDA margin improvement should continue due to cost savings and higher focus on private labels.
Mkt Cap (Rs bn)	44	EBITDA (Rs mn)	854	540	794	7.7%	58.1%	
Reco	Hold	EBITDA Margin (%)	8.6	6.3	8.2	37 bps	236 bps	
Target Price (Rs)	555	PAT (Rs mn)	396	132	330	20.1%	199.9%	
% Upside	10%	EPS (Rs)	4.5	1.5	4.0	13.8%	199.9%	



## Retail

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Titan Company</b>								
CMP(Rs)	946	Net Sales (Rs mn)	51,834	44,068	42,248	22.7%	17.6%	Expect a strong quarter with jewelry growth of 24% (vs. 16% in H1FY19), driven by market share gains from new collections and network expansion.
Mkt Cap (Rs bn)	840	EBITDA (Rs mn)	5,452	4,671	4,447	22.6%	16.7%	
Reco	Accumulate	EBITDA Margin (%)	10.5	10.6	10.5	-1 bps	-8 bps	EBITDA margins expected to be flat during the quarter, given a significant increase in ad spends in the watches division.
Target Price (Rs)	1,000	PAT (Rs mn)	3,745	3,144	3,082	21.5%	19.1%	
% Upside	6%	EPS (Rs)	4.2	3.5	3.5	21.5%	19.1%	

## Specialty Chemicals

**In our Specialty Chemicals coverage universe (ex. Tata Chemical whose numbers are not comparable since it exited the fertilizer business), we expect overall sector revenue growth to be 19% yoy. EBITDA is likely to see 24% yoy growth on the back of an improvement in operational performance. However, due to higher tax rate and lower other income, overall net profit is likely to increase by only 14% yoy.**

- Fluorine chemistry-based companies are likely to witness decent revenue growth although with some margin contraction due to increased raw material prices. Fluorspar prices are up by 40+% yoy. SRF's specialty chemicals businesses are likely to demonstrate strong revenue performance, thanks to strong exports at key clients. SRF could post some inventory losses in the Textile and Packaging businesses due a sharp decline in the prices of key raw-materials. However, Navin Fluorine's speciality chemical business is likely to show muted revenue growth due to the lower traction in exports. Navin is expected to post strong performance in CRAMs business.
- The Enzyme chemistry universe should show muted revenue growth on a yoy basis due to subdued demand from top clients.
- Emersion polymer chemistry-based companies (BASF and Apcotex) should continue to post strong show on the revenue front, with flat margin performance.
- Toluene chemistry (Vinati Organics) universe is likely to post robust revenue growth with stable margin amid a better demand scenario for key products such as IBB, ATBS, and speciality chemicals.
- The impact of higher coal prices during the quarter was partially mitigated by better realization in the soda ash business. GHCL and Tata Chemical are likely to report healthy revenue growth in soda-ash. GHCL can surprise in the textile segment, driven by a better-than-expected turnaround in the Home Textile business.

## Specialty Chemicals

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Advance Enzymes</b>								
CMP(Rs)	171	Net Sales (Rs mn)	1,153	1,032	1,082	6.6%	11.8%	We expect revenue to increase marginally by 6.6% yoy due to muted demand from top clients. The Human segment is likely to lead the way. Improvement in revenue from the high-margin Human segment could marginally offset higher other expenses and employee cost post the Evoxx acquisition. EBITDA margin, on a yoy basis, could contract 94bps yoy. PAT is expected to grow by 9% yoy to Rs275mn.
Mkt Cap (Rs bn)	19	EBITDA (Rs mn)	470	421	452	4.2%	11.7%	
Reco	Buy	EBITDA Margin (%)	40.8	40.8	41.7	-94 bps	-4 bps	
Target Price (Rs)	333	PAT (Rs mn)	275	247	252	9.0%	11.0%	
% Upside	95%	EPS (Rs)	2.5	2.2	2.3	9.0%	11.0%	
<b>Apcotex Industries</b>								
CMP(Rs)	527	Net Sales (Rs mn)	1,627	1,601	1,379	18.0%	1.6%	We expect revenue to increase 18% yoy, led by volume and realization growth. We expect strong growth in Latex and Nitrile Rubber businesses. EBITDA margin is expected to contract by 117bps yoy due to the fluctuation in raw material prices. PAT is likely to decline by 8% yoy on lower other income.
Mkt Cap (Rs bn)	11	EBITDA (Rs mn)	185	196	173	7.0%	-5.5%	
Reco	Buy	EBITDA Margin (%)	11.4	12.3	12.6	-117 bps	-87 bps	
Target Price (Rs)	686	PAT (Rs mn)	123	101	134	-8.0%	21.9%	
% Upside	30%	EPS (Rs)	5.7	4.6	6.5	-12.2%	21.9%	
<b>BASF India</b>								
CMP(Rs)	1,520	Net Sales (Rs mn)	14,680	16,755	12,787	14.8%	-12.4%	We expect revenue to increase by 14.8% yoy, led by decent performance in Agri Solutions and Functional Materials and Solutions. EBITDA margin is likely to remain flat yoy. The Performance Products segment is expected to remain muted. The company is likely to report a PAT of Rs149mn vs. a loss of Rs9mn in Q3FY18.
Mkt Cap (Rs bn)	66	EBITDA (Rs mn)	734	681	679	8.1%	7.7%	
Reco	Accumulate	EBITDA Margin (%)	5.0	4.1	5.3	-31 bps	93 bps	
Target Price (Rs)	2,212	PAT (Rs mn)	149	93	-9	n.a	59.8%	
% Upside	46%	EPS (Rs)	3.4	2.2	-0.2	n.a	59.8%	

## Specialty Chemicals

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Camlin Fine Science</b>								
CMP(Rs)	53	Net Sales (Rs mn)	2,293	2,013	2,067	10.9%	13.9%	Revenue is expected to rise by 10.9% yoy due to incremental sales from the Aroma business post consolidation of China JV and good traction in the Blend business. Healthy growth in the high-margin Blend and Aroma segments is likely to result in 475bps expansion in EBITDA margin to 7% (vs. 2.2% in Q3FY18). However, due to adverse currency movement the other income will be low. As a result, Camlin is likely to post loss of Rs36mn vs. a loss of Rs50mn in Q3FY18.
Mkt Cap (Rs bn)	6	EBITDA (Rs mn)	160	172	46	245.7%	-6.8%	
Reco	Buy	EBITDA Margin (%)	7.0	8.5	2.2	475 bps	-155 bps	
Target Price (Rs)	183	PAT (Rs mn)	-36	13	-50	n.a	n.a	
% Upside	243%	EPS (Rs)	-0.3	0.1	-0.4	n.a	n.a	
<b>GHCL</b>								
CMP(Rs)	242	Net Sales (Rs mn)	8,095	8,354	7,179	12.8%	-3.1%	Revenue is expected to increase 12.8% yoy on better Soda Ash business aided by recovery in the Home Textile segment. The Home Textiles business is likely to sustain the last quarters' performance and could show some improvement at the operational level. However, due to higher coal prices, soda ash margin could marginally contain overall EBITDA margin (up by 175bps yoy). PAT is expected at Rs749mn vs. Rs712mn.
Mkt Cap (Rs bn)	24	EBITDA (Rs mn)	1,700	1,752	1,382	23.0%	-3.0%	
Reco	Buy	EBITDA Margin (%)	21.0	21.0	19.2	175 bps	3 bps	
Target Price (Rs)	358	PAT (Rs mn)	749	784	712	5.2%	-4.5%	
% Upside	48%	EPS (Rs)	7.7	8.0	7.3	5.2%	-4.5%	
<b>Navin Fluorine</b>								
CMP(Rs)	686	Net Sales (Rs mn)	2,320	2,417	2,215	4.8%	-4.0%	Navin is expected to report 18% revenue growth after adjusting for Piramal JV numbers from last-year sales. However, the company is expected to report 4.8% yoy growth in revenue on a reported basis. On a like-to-like basis, CRAMS business is expected to report 27% yoy growth. The specialty chemical segment is likely to remain muted led by lower export revenue. EBITDA margin is expected to contract 184bps yoy at 21.8% due to higher raw material prices. Fluorspar prices are up by more than 40% yoy. PAT is expected to drop by 29.6% yoy (adversely affected by the removal of Piramal JV earnings).
Mkt Cap (Rs bn)	34	EBITDA (Rs mn)	506	503	524	-3.4%	0.5%	
Reco	Buy	EBITDA Margin (%)	21.8	20.8	23.6	-184 bps	97 bps	
Target Price (Rs)	922	PAT (Rs mn)	336	342	477	-29.6%	-1.9%	
% Upside	34%	EPS (Rs)	6.8	6.9	9.7	-29.6%	-1.9%	

## Specialty Chemicals

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>SRF</b>								
CMP(Rs)	2,025	Net Sales (Rs mn)	17,747	19,154	13,971	27.0%	-7.3%	SRF is expected to post 27% yoy revenue growth on the back of a strong traction in Chemicals and Packaging segments, aided by low single-digit growth in the Textiles segment. We expect EBITDA margin to contract marginally on raw material price fluctuations and capitalization of two Chemical plants. EBITDA margin is expected to report at 17.9% (vs. 18.1% in Q3FY18). Net profit is expected to grow in single digits due to higher depreciation and interest costs.
Mkt Cap (Rs bn)	116	EBITDA (Rs mn)	3,173	3,148	2,527	25.6%	0.8%	
Reco	Buy	EBITDA Margin (%)	17.9	16.4	18.1	-21 bps	144 bps	
Target Price (Rs)	2,409	PAT (Rs mn)	1,365	1,512	1,312	4.0%	-9.7%	
% Upside	19%	EPS (Rs)	23.4	25.9	22.5	4.0%	-9.7%	
<b>Tata Chemicals</b>								
CMP(Rs)	700	Net Sales (Rs mn)	29,110	29,607	25,739	13.1%	-1.7%	Revenue is likely to increase 13% yoy on better standalone performance coupled with an improvement in subsidiaries. Improvement in African and US subsidiary volumes should be marginally offset by the European business led by a discontinuation of the trading business. Higher raw material prices are likely to dent EBITDA margin by 136bps yoy. PAT is expected to register a 50% decline as last year there was an exceptional gain from the sale of discontinued fertilizer business.
Mkt Cap (Rs bn)	178	EBITDA (Rs mn)	5,968	6,020	5,626	6.1%	-0.9%	
Reco	Accumulate	EBITDA Margin (%)	20.5	20.3	21.9	-136 bps	17 bps	
Target Price (Rs)	804	PAT (Rs mn)	2,775	3,217	5,584	-50.3%	-13.7%	
% Upside	15%	EPS (Rs)	10.9	12.6	21.9	-50.3%	-13.7%	
<b>Vinati Organics</b>								
CMP(Rs)	1,606	Net Sales (Rs mn)	2,618	2,528	1,857	41.0%	3.5%	Revenue is likely to jump 41% yoy due to a lower base, higher ATBS sales post the Lubrizol exit from the business in global markets coupled with better overall realization on higher crude prices. EBITDA margin could improve by 665bps on economies of scale and higher ATBS and IBB sales. Lower PAT base could result in a 94% yoy jump to Rs 617mn.
Mkt Cap (Rs bn)	83	EBITDA (Rs mn)	877	952	498	75.9%	-7.9%	
Reco	Buy	EBITDA Margin (%)	33.5	37.7	26.8	665 bps	-417 bps	
Target Price (Rs)	1,715	PAT (Rs mn)	617	650	317	94.3%	-5.2%	
% Upside	7%	EPS (Rs)	12.0	12.7	6.2	94.3%	-5.2%	

## Telecom

- **On expected lines, the wireless revenue decline for service providers should see a deceleration, attributable to Minimum Recharge plans, while the underlying downtrading in post-paid should still continue. Strong subscriber additions on JIO Phone should continue to attract low-end subscribers from competitors. The full impact on tower rentals after the Vodafone-Idea (VIL) merger and the rise in network opex with continued site rollouts could affect BHARTI's EBITDA. The full-quarter impact of merger-related cost savings should drive EBITDA growth for VIL. We believe that JIO will continue to showcase robust subscriber additions, driven by the success of JIO Phone. While BHIN is expected to see a recovery in tenancy additions from JIO and Bharti, the full-quarter impact of the Idea-Vodafone merger is expected to restrict growth.**
  - Bharti's India wireless business will have a negative impact from ICR renegotiation with TTSL, while the underlying decline in post-paid revenues will be largely offset by minimum recharge plans. Bharti's domestic wireless revenues are expected to decline by 1%, while ARPUs for Bharti/VIL are estimated to increase by 2%/3% qoq. Voice traffic for Bharti/Idea should increase by 1.4%/1% qoq, impacted by a fall in subscriber base. The subscriber base of Bharti/Idea is expected to fall by 8mn/11mn due to subscriber loss with the implementation of minimum recharge plans.
  - Data volume growth is likely to remain healthy qoq amid increased quantum of data offered in the existing plans and the reduction in tariffs. We estimate data volume growth of 20% qoq for both Bharti and VIL.
- **Wireless EBITDA for Bharti should continue to fall due to a rise in network opex, while SG&A cost-savings should partially restrict the decline. Growth in Africa and Enterprise EBITDA should lead to flat EBITDA on a consolidated basis. VIL, on the other hand, should see ~28% qoq growth in EBITDA, driven by the full-quarter benefits of the initial cost synergies. Lower gross subscriber additions are expected to drive savings on SG&A for both the companies. Bharti's net loss would be restricted by lower MTM losses. Africa operations should see better performance, driven by: 1) continued growth in CC revenues; and 2) INR depreciation.**
- **Bharti Infratel: We estimate consolidated tower addition of 242 and a net tenancy increase of 5.7k vs. a decline of 26.2k in Q2FY19, resulting in a tenancy ratio of 1.94x vs 1.89x in 2Q. Energy margins are expected narrow to 6.4% from 7.2% in Q2FY19. Rental/month/tower will have the positive impact of aggressive loading from telcos.**
- **Tata Communications: Data revenues are expected to grow by 7% yoy, while EBITDA is expected to remain subdued due to the weak performance in the voice segment. Up-fronting of costs in growth services could have a negative impact on seasonally weak revenues.**
- **Maintain Hold rating on Bharti Infratel and Tata Communications. We have a Reduce rating on Bharti Airtel and a Sell rating on VIL.**

## Telecom

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Bharti Airtel</b>								
CMP(Rs)	329	Net Sales (Rs mn)	2,05,742	2,04,225	2,03,186	1.3%	0.7%	India mobile revenue to decline 0.8% qoq to Rs101.7bn, impacted by ICR renegotiation with TTSL, while the introduction of minimum recharge plans should offset the impact of downtrading in post-paid revenues. India wireless ARPU is expected to witness a minor uptick (+2.2% qoq to Rs103). MOU and data usage should continue to grow, driven by increasing acceptance of bundled plans. Minutes to increase 1.4% on a qoq basis, while data volume is estimated to increase 20% qoq. Increased network opex, led by aggressive rollouts and the full-quarter impact of higher tower rentals with Vodafone-Idea merger to India wireless EBITDA. Africa revenue and EBITDA are expected to grow by 7% qoq each. Lower MTM losses should restrict net loss.
Mkt Cap (Rs bn)	1,316	EBITDA (Rs mn)	59,353	62,435	74,688	-20.5%	-4.9%	
Reco	Reduce	EBITDA Margin (%)	28.8	30.6	36.8	-791 bps	-172 bps	
Target Price (Rs)	268	PAT (Rs mn)	-9,196	1,188	3,057			
% Upside	-19%	EPS (Rs)	-2.3	0.3	0.8			
<b>Bharti Infratel</b>								
CMP(Rs)	298	Net Sales (Rs mn)	35,410	36,683	36,553	-3.1%	-3.5%	Rental revenue is expected to record a decline of 7.5% qoq, affected by the full-quarter impact of Vodafone-Idea exits. However, tenancy additions from Airtel and JIO would drive growth in 3Q. Energy reimbursements are expected to grow 2% qoq to Rs15.8bn. Consolidated tower additions will be 242, while total tenants to increase by 5.7k on a qoq basis, resulting in a tenancy ratio of 1.94x vs. 1.9x in Q2FY19. We expect energy margins of 6.4% vs. 7.2% in Q2FY19, and 6.9% in Q3FY18. For standalone and Indus, we expect tower additions of 150 and 220, respectively.
Mkt Cap (Rs bn)	551	EBITDA (Rs mn)	13,200	14,864	15,982	-17.4%	-11.2%	
Reco	Hold	EBITDA Margin (%)	37.3	40.5	43.7	-645 bps	-324 bps	
Target Price (Rs)	270	PAT (Rs mn)	6,163	6,355	5,854	5.3%	-3.0%	
% Upside	-9%	EPS (Rs)	3.3	3.4	3.2	5.3%	-3.0%	
<b>Idea Cellular*</b>								
CMP(Rs)	37	Net Sales (Rs mn)	1,20,044	76,635	65,096	84.4%	56.6%	Headline numbers would not be comparable on a qoq basis due to merger (effective from 1st Sep'18). We believe the introduction of Minimum Recharge plans will restrict any further decline in wireless revenues and will offset post-paid downtrading. Blended ARPU to increase by 3% qoq to Rs90, led by the introduction of minimum recharge plans leading to a fall in subscribers (-11mn qoq). MOU to rebound by 4% qoq. Net loss should continue to rise with the increase in debt burden and depreciation charge.
Mkt Cap (Rs bn)	323	EBITDA (Rs mn)	14,086	4,614	12,234	15.1%	205.3%	
Reco	Sell	EBITDA Margin (%)	11.7	6.0	18.8	-706 bps	571 bps	
Target Price (Rs)	33	PAT (Rs mn)	-58,512	-44,080	-12,845			
% Upside	-10%	EPS (Rs)	-16.3	-12.3	-3.6			

\* Estimates for Idea Cellular is provided ex- Vodafone financials.



## Telecom

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Tata Communication</b>								
CMP(Rs)	528	Net Sales (Rs mn)	39,682	40,682	41,146	-3.6%	-2.5%	GDS revenue is expected to grow by 7% yoy to Rs30.9bn, while GDS EBITDA is estimated at Rs5.4bn (+3% qoq), with a margin of 17.5%. GDS EBITDA will have an impact of cost up-fronting for some growth services projects while it will see benefits from stable operating performance in the ATM business. Seasonality should impact revenue of growth services. GVS revenue is expected to decline by 31% yoy to Rs8.5bn due to lower volumes and realization; GVS EBITDA is estimated at Rs680mn (-8% yoy), with a margin of 8.0%.
Mkt Cap (Rs bn)	150	EBITDA (Rs mn)	6,190	6,302	6,128	1.0%	-1.8%	
Reco	Hold	EBITDA Margin (%)	15.6	15.5	14.9	71 bps	11 bps	
Target Price (Rs)	540	PAT (Rs mn)	72	1	103	-30.6%	8873.4%	
% Upside	2%	EPS (Rs)	0.3	0.0	0.4	-30.6%	8873.4%	



## Others

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Adani Ports &amp; SEZ</b>								
CMP(Rs)	379	Net Sales (Rs mn)	29,215	26,080	26,889	8.7%	12.0%	Adani Ports & SEZ's port income to grow 8.7% yoy, driven by 7.3% growth in volumes on higher container traffic at Mundra on a yoy basis. EBITDA to come in at Rs19.0bn, up by 6.5% yoy as the EBITDA margin is expected to be at 65.0%, down 133bps yoy on lower SEZ income on a yoy basis. Net profit at Rs11.5bn is expected to rise 18% yoy. Notably, we have not incorporated the forex losses due to the INR's depreciation in our Q3FY19 PAT estimates; there was a forex loss of Rs3.82bn in Q1FY19 and a loss of Rs5.7bn in Q2FY19.
Mkt Cap (Rs bn)	785	EBITDA (Rs mn)	18,996	17,035	17,842	6.5%	11.5%	
Reco	Accumulate	EBITDA Margin (%)	65.0	65.3	66.4	-133 bps	-29 bps	
Target Price (Rs)	450	PAT (Rs mn)	11,480	11,847	9,729	18.0%	-3.1%	
% Upside	19%	EPS (Rs)	5.5	5.7	4.7	18.0%	-3.1%	
<b>Apar Industries</b>								
CMP(Rs)	639	Net Sales (Rs mn)	18,887	18,879	15,022	25.7%	0.0%	We expect overall revenues to increase by a quarter yoy to Rs18.9bn driven by strong sales in its conductor (+33.6% yoy) and cable segments (+29.0% yoy). Specialty oil segment sales expected to decline 9.0% yoy due to weakening crude prices. Expect EBITDA margins to remain flat at 6.6% on yoy basis. EBITDA to grow by 23.6% yoy to Rs1.2 bn. Reported PAT is likely to fall marginally by 4.6% yoy to Rs377mn, primarily due to higher interest costs and forex expenses.
Mkt Cap (Rs bn)	24	EBITDA (Rs mn)	1,247	1,122	1,009	23.6%	11.1%	
Reco	Buy	EBITDA Margin (%)	6.6	5.9	6.7	-12 bps	66 bps	
Target Price (Rs)	821	PAT (Rs mn)	377	286	395	-4.6%	31.8%	
% Upside	29%	EPS (Rs)	9.8	7.4	10.3	-4.6%	31.8%	
<b>APL Apollo Tubes</b>								
CMP(Rs)	1,150	Net Sales (Rs mn)	13,665	16,905	13,144	4.0%	-19.2%	Expect volume to increase by 7% YoY but decline in selling price to restrict revenue growth to 4% on YoY basis. Sharp fall in the prices of steel should incur inventory losses as the company carries inventory of 120k tonnes. We expect EBITDA to fall 18% to INR725m after taking into account the inventory loss of INR320m.
Mkt Cap (Rs bn)	27	EBITDA (Rs mn)	725	862	885	-18.0%	-15.9%	
Reco	Buy	EBITDA Margin (%)	5.3	5.1	6.7	-142 bps	21 bps	
Target Price (Rs)	1,819	PAT (Rs mn)	213	267	359	-40.7%	-20.1%	
% Upside	58%	EPS (Rs)	9.0	11.0	14.9	-39.9%	-18.6%	

## Others

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Bajaj Electricals</b>								
CMP(Rs)	490	Net Sales (Rs mn)	16,763	15,984	11,451	46.4%	4.9%	We expect BJE's revenue to increase 46.4% YoY due to order execution in project business and continuous momentum in consumer business from last quarter. EBITDA margin should decline 58bps YoY due to lower margin in project business. Net profit should increase by 10.8% YoY to Rs408m.
Mkt Cap (Rs bn)	50	EBITDA (Rs mn)	932	799	703	32.5%	16.5%	
Reco	Buy	EBITDA Margin (%)	5.6	5.0	6.1	-58 bps	56 bps	
Target Price (Rs)	735	PAT (Rs mn)	408	341	368	10.8%	19.8%	
% Upside	50%	EPS (Rs)	4.0	3.3	3.6	10.4%	19.8%	
<b>Century Plyboards</b>								
CMP(Rs)	174	Net Sales (Rs mn)	5,986	5,644	5,099	17.4%	6.1%	Revenue is expected to increase 17.4% yoy on higher revenues from the MDF segment and 10% yoy growth in Ply wood/Laminates. Despite this, higher costs are expected to restrict EBITDA growth at 5.3% yoy. Cost pressures should lead to a 178bps contraction in OPM to 15.4%. Interest expenses are expected to rise about 2.5x yoy due to higher debt. Lower depreciation (due to change in accounting policy) would drive profit growth of 17.5% yoy.
Mkt Cap (Rs bn)	39	EBITDA (Rs mn)	924	742	878	5.3%	24.5%	
Reco	Buy	EBITDA Margin (%)	15.4	13.2	17.2	-178 bps	229 bps	
Target Price (Rs)	235	PAT (Rs mn)	548	378	467	17.5%	45.0%	
% Upside	36%	EPS (Rs)	2.5	1.7	2.1	17.5%	45.0%	
<b>Delta Corp.</b>								
CMP(Rs)	264	Net Sales (Rs mn)	2,082	2,014	1,622	28.4%	3.4%	DELTA's 3Q revenue should rise 28.4% YoY backed by better footfalls at Goa casinos. The quarterly EBITDA will increase by 17.4%YoY on account of better operational efficiency. EBITDA margin should decline by 361bps YoY due to increase in license fees and lower margin in online business.The net profit will increase by 12.7% YoY to Rs504mn.
Mkt Cap (Rs bn)	71	EBITDA (Rs mn)	807	762	687	17.4%	5.8%	
Reco	Buy	EBITDA Margin (%)	38.8	37.9	42.4	-361 bps	90 bps	
Target Price (Rs)	380	PAT (Rs mn)	504	481	447	12.7%	4.8%	
% Upside	44%	EPS (Rs)	1.9	1.8	1.7	12.7%	4.8%	

## Others

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Essel Propack</b>								
CMP(Rs)	108	Net Sales (Rs mn)	6,427	6,835	5,951	8.0%	-6.0%	We expect ESEL's revenue to rise by 8% YoY to Rs6.4bn on the back of recovery in Indian pharma vertical. We expect EBITDA margin to improve 151bps QoQ due to operating leverage. Net profit to rise by 6.8% YoY to Rs481m
Mkt Cap (Rs bn)	34	EBITDA (Rs mn)	1,227	1,202	1,143	7.4%	2.1%	
Reco	Hold	EBITDA Margin (%)	19.1	17.6	19.2	-11 bps	151 bps	
Target Price (Rs)	99	PAT (Rs mn)	481	493	450	6.8%	-2.5%	
% Upside	-8%	EPS (Rs)	3.1	3.1	2.9	6.8%	-2.5%	
<b>Grasim Industries</b>								
CMP(Rs)	837	Net Sales (Rs mn)	51,054	51,185	43,838	16.5%	-0.2%	In the VSF segment, volume is expected to increase 1% yoy and realization is expected to improve 14.8% yoy, resulting in EBITDA growth of 31.1% yoy. EBITDA/kg is expected to be at Rs43.7 vs. Rs33.5 in Q3FY18. In the Chemicals segment, OPM is expected to be at 24.8%, down 260bps yoy. For the company, EBITDA is expected to grow 10.2% yoy to Rs9.8bn, with OPM decreasing 109bps yoy to 19.2%.
Mkt Cap (Rs bn)	550	EBITDA (Rs mn)	9,803	10,705	8,896	10.2%	-8.4%	
Reco	Buy	EBITDA Margin (%)	19.2	20.9	20.3	-109 bps	-171 bps	
Target Price (Rs)	1,029	PAT (Rs mn)	5,508	8,167	4,739	16.2%	-32.3%	
% Upside	23%	EPS (Rs)	8.4	12.4	7.2	16.2%	-32.3%	
<b>Gujarat Pipavav</b>								
CMP(Rs)	96	Net Sales (Rs mn)	1,794	1,711	1,627	10.3%	4.9%	Gujarat Pipavav is expected to report revenues of Rs1.8bn, up 10.3% yoy, on the back of a 21% yoy increase in volumes led by containers, while net average realization is expected to fall 6.8% yoy. EBITDA is expected to be Rs1.0bn, up 6.1% yoy, while margin is expected to decline by 218bps yoy to 56%. PAT, however, is expected to be Rs540mn, down 6.7% yoy due to higher base yoy, driven by a one-off rebate received on container cargo of Rs79mn in Q3FY18. Adjusted PAT is up 8% on a yoy basis.
Mkt Cap (Rs bn)	46	EBITDA (Rs mn)	1,005	975	947	6.1%	3.0%	
Reco	Buy	EBITDA Margin (%)	56.0	57.0	58.2	-218 bps	-98 bps	
Target Price (Rs)	174	PAT (Rs mn)	540	553	579	-6.7%	-2.4%	
% Upside	82%	EPS (Rs)	1.1	1.1	1.2	-6.7%	-2.4%	

## Others

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Havells India</b>								
CMP(Rs)	670	Net Sales (Rs mn)	22,303	21,910	19,658	13.5%	1.8%	Revenue is expected to grow 13% yoy, driven by favorable base for Switchgears and Cables & wires, as well as sustained growth in ECD and Lighting. New product launches in the ECD segment should continue to drive healthy growth. The decline in margin contribution from Switchgears, Cables & wires and ECD could restrict EBITDA growth on a yoy basis. The weak festive season sales and the high discounts offered to clear AC inventory should restrict Lloyd's revenue growth. For Lloyd, we expect subdued revenue growth of 3.2% yoy on lower demand; EBIT margin is expected to be 18%.
Mkt Cap (Rs bn)	419	EBITDA (Rs mn)	2,777	2,625	2,622	5.9%	5.8%	
Reco	Accumulate	EBITDA Margin (%)	12.5	12.0	13.3	-89 bps	47 bps	
Target Price (Rs)	620	PAT (Rs mn)	1,881	1,786	1,734	8.5%	5.3%	
% Upside	-7%	EPS (Rs)	3.0	2.9	2.8	8.5%	5.3%	
<b>HSIL</b>								
CMP(Rs)	235	Net Sales (Rs mn)	6,405	6,227	5,795	10.5%	2.9%	We expect HSIL's revenues to rise 10.5% yoy, driven by 14%, 8% and 6% growth in building products, glassware products and the consumer segment, respectively. We expect improvement in Pacjaging segment's profit on a sequential basis. EBITDA at Rs749mn is expected to increase by 3.3% yoy. OPM is expected to contract slightly by 82bps yoy to 11.7%. We expect a 39% yoy decline in profits to Rs180mn owing to higher depreciation and interest expenses.
Mkt Cap (Rs bn)	17	EBITDA (Rs mn)	749	514	725	3.3%	45.8%	
Reco	Accumulate	EBITDA Margin (%)	11.7	8.3	12.5	-82 bps	344 bps	
Target Price (Rs)	317	PAT (Rs mn)	180	47	295	-39.0%	284.9%	
% Upside	35%	EPS (Rs)	2.7	0.7	4.5	-39.0%	284.9%	
<b>Kajaria Ceramics</b>								
CMP(Rs)	515	Net Sales (Rs mn)	7,356	7,253	6,612	11.3%	1.4%	Sales volume expected to increase 13% yoy to 19.8msm. Realization expected to be down 1.6% yoy. We expect the company's revenue to be at Rs7.4bn, up 11.3% yoy. EBITDA is expected to increase by mere 3% due to higher gas prices. OPM is expected to contract 123bps yoy to 15.4%. Profit is expected to grow by 2.2% yoy to Rs555mn.
Mkt Cap (Rs bn)	82	EBITDA (Rs mn)	1,133	1,089	1,100	3.0%	4.0%	
Reco	Buy	EBITDA Margin (%)	15.4	15.0	16.6	-123 bps	38 bps	
Target Price (Rs)	445	PAT (Rs mn)	555	536	543	2.2%	3.5%	
% Upside	-14%	EPS (Rs)	7.0	6.7	6.8	2.2%	3.5%	

## Others

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Orient Refractories</b>								
CMP(Rs)	237	Net Sales (Rs mn)	1,815	1,867	1,578	15.0%	-2.8%	Revenue is expected to increase by 15% yoy on the back of capacity expansion, robust growth in exports, aided by a healthy domestic steel market. Higher raw material costs could dent the EBITDA margin. We expect a 427bps contraction in EBITDA margin on a yoy basis. Net profit is expected to remain flat yoy.
Mkt Cap (Rs bn)	29	EBITDA (Rs mn)	303	314	331	-8.4%	-3.4%	
Reco	Buy	EBITDA Margin (%)	16.7	16.8	21.0	-427 bps	-10 bps	
Target Price (Rs)	293	PAT (Rs mn)	219	224	220	-0.3%	-1.9%	
% Upside	23%	EPS (Rs)	1.8	1.9	1.8	-0.3%	-1.9%	
<b>Radico Khaitan</b>								
CMP(Rs)	401	Net Sales (Rs mn)	5,404	5,176	4,825	12.0%	4.4%	We expect RDCK's 3Q revenue to increase by 12% in 3Q with EBITDA margin improvement of 146bps to 17.1% backed by premiumization and low RM costs. Expect net profit growth to be at INR510m, increase of 46% led by lower interest cost compared to previous year.
Mkt Cap (Rs bn)	53	EBITDA (Rs mn)	925	917	755	22.4%	0.8%	
Reco	Buy	EBITDA Margin (%)	17.1	17.7	15.7	146 bps	-60 bps	
Target Price (Rs)	547	PAT (Rs mn)	510	495	350	45.8%	3.0%	
% Upside	36%	EPS (Rs)	3.8	3.7	2.6	45.7%	3.0%	
<b>Sheela Foam</b>								
CMP(Rs)	1,390	Net Sales (Rs mn)	6,120	5,355	5,322	15.0%	14.3%	SFL's revenue would rise 15% YoY backed by price hike and volume recovery in starlight. EBITDA margin will decline 105bps YoY to 10.5% due to higher TDI prices (a key raw material) and cost of accelerated EBO conversions. Net profit would increase by 4.2% YoY to Rs408m. Benefits from recent correction in TDI prices will be visible in 4Q earnings.
Mkt Cap (Rs bn)	68	EBITDA (Rs mn)	643	424	615	4.6%	51.5%	
Reco	Buy	EBITDA Margin (%)	10.5	7.9	11.5	-105 bps	258 bps	
Target Price (Rs)	1,752	PAT (Rs mn)	408	244	391	4.2%	67.3%	
% Upside	26%	EPS (Rs)	8.4	5.0	8.0	4.2%	67.3%	

## Others

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Somany Ceramics</b>								
CMP(Rs)	361	Net Sales (Rs mn)	4,283	3,928	3,800	12.7%	9.0%	Revenue is expected to increase 12.7% yoy led by 8% yoy increase in sales volume. Realization is expected to decline 9% yoy. Revenue from other segments is expected to be at Rs483mn. Lower realization and higher gas price would lead to 8.6% yoy fall in EBITDA and 140bps yoy contraction in OPM to 6%. Profit is expected to be at Rs105mn, down 26.9% yoy.
Mkt Cap (Rs bn)	15	EBITDA (Rs mn)	257	164	281	-8.6%	56.6%	
Reco	Accumulate	EBITDA Margin (%)	6.0	4.2	7.4	-140 bps	182 bps	
Target Price (Rs)	388	PAT (Rs mn)	105	46	143	-26.9%	128.8%	
% Upside	7%	EPS (Rs)	2.7	1.2	3.7	-26.9%	128.8%	
<b>Sunteck Realty</b>								
CMP(Rs)	347	Net Sales (Rs mn)	2,450	1,803	2,015	21.6%	35.9%	We expect SRIN's revenue to increase 22% YoY due to ramp up in sales in Sunteck Westworld project and Sunteck waterfront project. The EBITDA margins will decline 586bps to 38% on the back of change in revenue in favor of affordable housing. The company is expected to report profit of Rs595m.
Mkt Cap (Rs bn)	51	EBITDA (Rs mn)	931	780	884	5.4%	19.3%	
Reco	Buy	EBITDA Margin (%)	38.0	43.3	43.9	-586 bps	-526 bps	
Target Price (Rs)	702	PAT (Rs mn)	595	509	557	6.8%	16.8%	
% Upside	102%	EPS (Rs)	4.2	3.6	4.0	6.8%	16.8%	
<b>Sterling Tools</b>								
CMP(Rs)	351	Net Sales (Rs mn)	1,170	1,394	1,088	7.5%	-16.0%	We expect revenue to increase 7.5% yoy, as better performance in the tractor segment was offset by the sluggishness in the CV segment, which is one of the major revenue contributor for Sterling. Overall, Auto industry remains subdued during the quarter which has resulted in low-single digit growth in the top-line. Higher commodity prices could dent margins by 417bps yoy. PAT is likely to contract 15.8% yoy.
Mkt Cap (Rs bn)	13	EBITDA (Rs mn)	199	267	230	-13.7%	-25.5%	
Reco	Hold	EBITDA Margin (%)	17.0	19.2	21.2	-417 bps	-217 bps	
Target Price (Rs)	354	PAT (Rs mn)	106	152	126	-15.8%	-30.4%	
% Upside	1%	EPS (Rs)	2.9	4.2	3.5	-15.8%	-30.4%	

## Others

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Sterlite Technologies</b>								
CMP(Rs)	285	Net Sales (Rs mn)	12,135	10,843	8,352	45.3%	11.9%	SOTL revenue should increase 45% YoY backed by high sales volume and consolidation of Metallurgica acquisition. We expect EBITDA to increase by 47% YoY led by rise in revenue. EBITDA margin should improve 35bps YoY on the back of operating leverage. Net profit will grow by 58.5% YoY to Rs1428m
Mkt Cap (Rs bn)	115	EBITDA (Rs mn)	2,973	2,733	2,017	47.4%	8.8%	
Reco	Buy	EBITDA Margin (%)	24.5	25.2	24.1	35 bps	-70 bps	
Target Price (Rs)	520	PAT (Rs mn)	1,428	1,314	901	58.5%	8.7%	
% Upside	82%	EPS (Rs)	3.6	3.3	2.2	57.9%	8.7%	
<b>Time Technoplast</b>								
CMP(Rs)		Net Sales (Rs mn)						
Mkt Cap (Rs bn)		EBITDA (Rs mn)						
Reco		EBITDA Margin (%)						
Target Price (Rs)		PAT (Rs mn)						
% Upside		EPS (Rs)						
<b>V2 Retail</b>								
CMP(Rs)	271	Net Sales (Rs mn)	2,361	1,557	1,524	55.0%	51.7%	We expect VREL's revenue to rise 55% YoY driven by new store rollout and spillover of festival season in 3QFY19. EBITDA margin would decline by 189bps YoY due to decline in SSSG and high corporate expenses. The reason for lower SSSG is tepid festive season sales. Net profit would rise by 54% YoY to Rs210m led by lower tax expense due to one time payment in 4QFY19 to lenders under CDR mechanism
Mkt Cap (Rs bn)	9	EBITDA (Rs mn)	307	-79	227	35.3%	-487.8%	
Reco	Buy	EBITDA Margin (%)	13.0	-5.1	14.9	-189 bps	1,809 bps	
Target Price (Rs)	361	PAT (Rs mn)	210	22	137	54.0%	869.6%	
% Upside	33%	EPS (Rs)	6.2	0.6	4.3	44.2%	933.3%	



## Others

Name			Dec'18E	Sep'18	Dec'17	% Chg YoY	% Chg QoQ	Comments
<b>Varun Beverages</b>								
CMP(Rs)	812	Net Sales (Rs mn)	6,336	11,657	5,274	20.1%	-45.6%	Q4CY18 is generally seasonally a weak quarter for VBL t volume growth of 20%. Expect VBL to register EBITDA of INR257mn, increase of 14% on a yoy basis.
Mkt Cap (Rs bn)	148	EBITDA (Rs mn)	257	2,112	225	14.5%	-87.8%	
Reco	Buy	EBITDA Margin (%)	4.1	18.1	4.3	-20 bps	-1,406 bps	
Target Price (Rs)	937	PAT (Rs mn)	-825	423	-728	13.3%	-295.2%	
% Upside	15%	EPS (Rs)	-4.5	2.3	-4.0	13.2%	-295.2%	



# Valuations

Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	Target Price (Rs)	Sales (Rs mn)		EBITDA (Rs mn)		PAT (Rs mn)		EPS (Rs)		PE (x)		PB (x)		ROCE (%)		ROE (%)		
					FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e
<b>Agri Input &amp; Chemicals</b>																					
Bayer CropScience	4,243	146	Reduce	3,743	29,538	34,855	5,072	6,253	3,415	4,279	99.6	124.8	42.6	34.0	7.2	6.4	27.5	30.3	18.0	20.0	
Chambal Fertilisers	157	65	Buy	197	79,483	101,785	8,649	14,456	5,184	7,460	12.5	17.9	12.6	8.8	2.0	1.7	9.8	13.2	16.9	20.9	
Coromandel International	453	133	Buy	569	135,945	144,797	14,463	14,894	7,455	8,782	25.5	30.0	17.8	15.1	3.7	3.2	22.5	22.6	22.1	22.5	
DCM Shriram	354	57	Buy	468	68,704	71,393	9,310	10,750	5,800	6,721	35.5	41.2	10.0	8.6	1.8	1.6	21.5	22.4	18.6	19.4	
Deepak Fertilisers	144	13	Buy	371	71,738	83,341	6,648	8,608	2,020	3,447	22.9	39.1	6.3	3.7	0.6	0.5	9.2	12.5	9.5	14.9	
Dhanuka Agritech	411	20	Buy	554	10,313	11,289	1,686	1,929	1,261	1,318	25.7	27.7	16.0	14.8	2.8	2.7	23.6	25.2	18.6	18.2	
GSFC	113	45	Buy	136	82,560	79,312	7,850	8,557	5,136	5,299	12.9	13.3	8.7	8.5	0.6	0.6	8.9	8.5	6.9	6.7	
Insecticides India	585	12	Buy	670	11,287	11,664	1,779	1,869	1,007	1,066	48.7	51.6	12.0	11.3	1.9	1.7	20.8	19.4	17.1	15.9	
PI Industries	851	117	Buy	920	27,131	32,085	5,562	6,934	4,092	5,061	29.7	36.7	28.7	23.2	5.3	4.5	25.0	26.3	19.8	20.9	
Rallis India	170	33	Buy	255	21,069	24,160	2,874	3,798	1,860	2,476	9.6	12.7	17.8	13.4	2.6	2.3	20.1	24.2	15.0	18.2	
Sharda Cropchem	300	27	Accumulate	354	19,714	22,662	3,213	3,920	1,679	2,129	18.6	23.6	16.1	12.7	2.2	1.9	19.3	22.5	14.1	16.2	
UPL	752	383	Buy	725	197,771	360,692	40,592	73,561	23,062	27,210	45.2	53.4	16.6	14.1	3.5	2.8	22.6	19.5	22.8	22.1	
<b>Automobiles</b>																					
Ashok Leyland	93	273	Hold	113	291,396	333,366	29,615	34,904	17,154	20,570	5.8	7.0	15.9	13.3	3.4	3.1	29.8	33.1	22.7	24.5	
Atul Auto	335	7	Buy	570	6,581	7,471	845	1,018	554	638	24.7	28.5	13.6	11.8	2.9	2.5	34.8	34.2	23.2	22.8	
Bajaj Auto	2,695	780	Accumulate	2,910	299,748	345,040	49,994	59,115	43,097	50,264	148.9	173.7	18.1	15.5	3.7	3.3	30.3	31.7	21.4	22.4	
Eicher Motors	20,045	547	Buy	27,700	101,973	122,621	31,225	37,947	23,978	29,605	878.4	1,084.6	22.8	18.5	6.1	4.8	38.3	37.2	29.9	28.9	
Escorts	731	90	Buy	830	59,260	64,168	7,111	7,829	4,600	5,135	53.8	60.0	13.6	12.2	2.1	1.9	25.0	24.1	16.8	16.3	
Hero Motocorp	2,970	593	Hold	3,350	329,062	373,548	51,140	58,496	35,242	40,426	176.5	202.4	16.8	14.7	4.6	4.1	39.5	40.7	28.4	29.2	
Mahindra & Mahindra	723	899	Buy	890	539,449	646,068	77,430	92,970	48,587	58,546	39.1	47.1	18.5	15.4	2.6	2.3	20.0	21.9	15.0	16.1	
Maruti Suzuki India	7,421	2,242	Buy	8,300	881,121	1,004,095	127,921	149,874	82,761	99,660	274.0	330.0	27.1	22.5	4.8	4.3	26.9	28.9	18.7	20.1	
Tata Motors	180	568	Buy	256	3,191,774	3,642,261	310,562	412,868	38,635	96,139	11.4	28.3	15.8	6.4	0.6	0.6	4.4	7.9	4.0	9.5	
TVS Motor	535	254	Accumulate	595	183,096	211,008	15,040	18,686	7,371	9,658	15.5	20.3	34.5	26.3	7.5	6.2	25.6	29.5	23.5	25.8	
<b>Auto Ancillaries</b>																					
Amara Raja Batteries	739	126	Buy	890	72,490	84,069	10,547	12,947	5,550	6,927	32.5	40.6	22.7	18.2	3.7	3.2	25.4	27.3	17.5	18.8	
Apollo Tyres	229	131	Buy	290	183,156	216,913	21,877	28,486	9,920	13,846	17.3	24.2	13.2	9.5	1.2	1.1	10.0	12.9	9.8	12.5	
Exide Industries	261	222	Accumulate	290	109,036	125,673	15,179	18,835	7,940	10,231	9.3	12.0	28.0	21.7	5.2	4.6	21.3	23.6	13.9	16.1	
Motherson Sumi	158	500	Buy	225	660,881	788,566	58,316	80,304	19,779	28,282	6.3	9.0	25.3	17.7	4.8	4.1	18.3	25.7	19.4	24.9	

# Valuations

Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	Target Price (Rs)	Sales (Rs mn)		EBITDA (Rs mn)		PAT (Rs mn)		EPS (Rs)		PE (x)		PB (x)		ROCE (%)		ROE (%)		
					FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	
<b>Building Materials</b>																					
Century Plyboards	174	39	Buy	235	23,038	26,067	3,385	4,182	1,765	2,278	7.9	10.3	21.8	16.9	3.9	3.3	21.7	24.7	19.3	21.1	
HSIL	235	17	Accumulate	317	25,036	27,981	2,888	3,520	670	1,135	9.3	15.7	25.4	15.0	1.3	1.2	6.2	8.6	5.2	8.5	
Kajaria Ceramics	515	82	Buy	445	29,341	33,497	4,448	5,536	2,207	2,966	13.2	17.8	38.9	29.0	5.7	4.9	20.8	24.5	15.4	18.2	
Somany Ceramics	361	15	Accumulate	388	17,465	20,177	1,421	1,950	415	783	9.8	18.5	36.9	19.6	2.5	2.3	9.3	13.3	6.9	12.1	
<b>Cement</b>																					
ACC	1,470	276	Buy	1,836	147,195	157,247	21,400	23,690	10,972	12,351	58.4	65.7	25.2	22.4	2.8	2.6	16.3	17.2	11.4	12.0	
Ambuja Cements	219	434	Hold	242	111,715	120,018	19,599	22,062	12,215	13,930	6.2	7.0	35.6	31.2	2.1	2.1	8.4	9.3	6.0	6.7	
India Cements	91	28	Hold	101	55,865	59,923	6,094	7,628	514	1,569	1.7	5.1	54.6	17.9	0.5	0.5	4.2	5.9	1.0	3.0	
JK Cement	703	54	Buy	864	50,201	54,314	7,228	8,313	2,588	3,469	33.5	44.9	21.0	15.7	2.0	1.9	10.7	10.9	11.2	12.4	
Jk Lakshmi Cement	313	37	Hold	327	35,855	38,500	3,937	4,722	534	1,174	4.5	10.0	69.0	31.4	2.5	2.3	7.6	9.9	3.6	7.6	
Orient Cement	81	17	Hold	81	24,084	26,212	2,272	3,147	-141	408	-0.7	2.0	-117.0	40.5	1.7	1.6	4.6	8.0	-1.4	4.1	
Prism Johnson	87	44	Hold	103	58,168	61,858	5,069	5,563	1,470	1,893	2.9	3.8	29.7	23.1	3.7	3.2	15.7	17.3	13.4	14.9	
Ramco Cements	631	149	Accumulate	708	49,194	54,627	9,979	11,933	4,967	5,936	21.1	25.2	29.9	25.0	3.3	3.0	11.8	12.6	11.7	12.6	
Sanghi Industries	61	15	Hold	69	10,576	12,095	1,806	2,361	463	1,010	1.8	4.0	33.0	15.1	0.9	0.9	4.8	5.9	2.9	6.0	
Shree Cements	16,754	584	Hold	17,615	112,857	130,603	24,891	31,270	10,308	12,799	295.9	367.4	56.6	45.6	6.0	5.4	12.6	14.1	11.1	12.5	
Star Cement	102	43	Buy	167	18,847	22,002	4,625	5,510	2,994	3,959	7.1	9.4	14.3	10.8	2.5	2.1	20.4	24.8	18.7	21.0	
Ultratech Cement	3,915	1,075	Accumulate	4,359	363,654	461,985	66,415	83,211	22,092	27,646	80.5	95.8	48.6	40.8	3.8	3.1	9.0	10.0	8.1	8.6	
<b>Construction &amp; Infra</b>																					
Ahluwalia Contracts	326	22	Buy	406	19,495	23,325	2,593	3,102	1,452	1,782	21.7	26.6	15.1	12.3	2.9	2.3	33.3	32.7	21.0	21.0	
Ashoka Buildcon	135	38	Buy	197	39,774	49,137	12,728	14,495	246	696	0.9	2.5	154.4	54.5	10.5	9.4	10.6	11.9	7.3	18.3	
Container Corporation	680	332	Buy	732	68,709	78,086	16,731	19,556	11,960	14,259	24.5	29.3	27.7	23.3	3.3	3.1	16.1	18.0	12.3	13.7	
IRB Infrastructure	160	56	Buy	289	67,939	88,319	27,991	33,119	8,372	9,122	23.8	26.0	6.7	6.2	0.9	0.8	11.6	12.6	13.9	13.7	
ITD Cementation	116	20	Buy	162	31,163	34,399	3,740	4,164	1,525	1,858	7.1	10.8	16.3	10.7	1.9	1.3	14.9	18.3	10.2	13.4	
J Kumar	130	10	Ur		23,326	27,603	3,965	4,692	1,596	2,018	21.1	26.7	6.2	4.9	0.6	0.5	15.2	16.8	10.1	11.6	
KNR Construction	215	30	Buy	274	20,468	25,272	3,697	4,038	2,039	2,108	14.5	15.0	14.8	14.3	2.2	1.9	18.5	17.3	16.2	14.5	
NBCC	62	112	Buy	115	94,781	130,719	5,403	7,843	4,852	6,831	2.7	3.8	23.2	16.5	5.1	4.5	35.5	44.0	23.4	29.1	
NCC	89	53	Buy	146	104,468	119,027	11,700	13,111	4,962	5,547	8.3	9.2	10.7	9.6	1.1	1.0	19.0	17.9	11.1	11.3	
PNC Infratech	147	38	Buy	186	28,220	39,509	3,810	5,334	2,129	2,668	8.3	10.4	17.7	14.1	1.9	1.7	15.0	17.3	11.1	12.4	
Sadbhav Engineering	225	39	Buy	340	40,230	52,871	4,546	6,027	2,213	2,692	12.9	15.7	17.4	14.3	1.9	1.7	11.4	14.7	11.2	12.2	
Simplex Infrastructure	191	11	Buy	312	65,622	75,453	7,428	8,605	1,278	1,772	22.5	31.2	8.5	6.1	0.5	0.5	12.2	13.1	6.7	7.9	

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# Valuations

Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	Target Price (Rs)	Sales (Rs mn)		EBITDA (Rs mn)		PAT (Rs mn)		EPS (Rs)		PE (x)		PB (x)		ROCE (%)		ROE (%)		
					FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e
<b>Consumer Goods</b>																					
Asian Paints	1,401	1,344	Hold	1,200	192,308	220,851	35,656	41,639	22,143	25,932	23.1	27.0	60.7	51.8	14.4	13.0	33.6	35.6	25.0	26.4	
Berger Paints	324	314	Hold	300	59,745	69,072	9,000	11,005	5,176	6,427	5.3	6.6	60.8	48.9	12.7	11.2	29.5	33.1	22.2	24.3	
Britannia Industries	3,090	742	Hold	2,950	111,107	127,933	17,939	21,259	12,014	14,243	50.0	59.3	61.7	52.1	17.5	14.2	45.4	43.9	31.4	30.2	
Colgate-Palmolive	1,311	357	Hold	1,200	45,932	51,576	12,576	14,303	7,518	8,659	27.6	31.8	47.4	41.2	22.2	20.8	73.7	80.0	48.0	52.2	
Dabur	416	735	Hold	400	86,706	97,651	18,252	20,784	15,438	17,867	8.8	10.1	47.5	41.1	11.3	9.9	28.0	28.7	25.3	25.6	
Emami	423	192	Hold	450	28,025	31,774	7,822	8,836	5,529	6,358	12.2	14.0	34.7	30.2	8.9	8.1	20.2	23.4	17.4	19.7	
Glaxosmithkline Consumer	7,452	313	Rating Suspended	NA	48,880	54,743	10,718	11,845	8,625	9,638	205.1	229.2	36.3	32.5	8.1	7.2	39.1	38.6	23.4	23.3	
Godrej Consumer Products	779	797	Accumulate	800	108,373	122,438	22,567	26,557	15,904	19,056	15.6	18.7	50.1	41.8	11.2	9.8	25.0	29.0	23.8	25.1	
Hindustan Unilever	1,771	3,833	Accumulate	1,900	394,364	451,976	87,996	104,318	62,422	74,253	28.9	34.3	61.4	51.6	49.7	44.8	126.2	136.0	84.4	91.3	
Marico	382	493	Accumulate	390	72,258	79,897	13,064	16,490	9,462	12,041	7.3	9.3	52.1	40.9	17.5	15.1	43.4	49.2	35.3	39.6	
Nestle India	11,005	1,061	Accumulate	11,000	114,375	131,203	27,498	31,234	17,443	20,286	180.9	210.4	60.8	52.3	28.5	25.4	70.9	76.3	48.9	51.4	
Pdillite Industries	1,106	562	Hold	1,000	69,970	79,989	14,368	16,704	9,959	11,629	19.6	22.9	56.4	48.3	13.5	11.5	35.0	35.3	25.7	25.7	
United Breweries	1,411	373	Buy	1,550	65,032	74,954	11,833	13,919	5,992	7,369	22.7	27.9	62.3	50.6	11.5	9.5	28.9	30.6	20.2	20.6	
United Spirits	600	436	Hold	650	90,615	102,902	14,073	16,991	8,068	10,274	11.1	14.1	54.1	42.4	13.5	10.2	24.6	28.8	28.1	27.4	
<b>Eng &amp; Capital Goods</b>																					
ABB	1,300	275	Accumulate	1,596	106,613	119,900	9,211	11,548	5,394	6,834	25.5	32.2	51.1	40.3	6.8	5.9	21.2	23.3	14.1	15.7	
BHEL	71	262	Accumulate	81	299,557	326,984	20,428	28,108	12,005	16,532	3.3	4.5	21.8	15.8	0.8	0.8	6.9	8.9	3.7	5.0	
Blue Star	611	59	Sell	561	49,662	55,368	3,150	4,246	1,413	2,056	14.7	21.4	41.5	28.5	6.8	6.2	21.9	27.9	16.7	22.8	
Cummins India	847	235	Accumulate	855	57,101	63,112	8,602	9,508	7,140	7,804	25.8	28.2	32.9	30.1	5.4	5.1	19.8	20.2	16.9	17.5	
Dynamatic Technologies	1,503	10	Buy	2,052	15,978	17,321	1,770	2,195	322	752	50.7	118.6	29.6	12.7	2.8	2.3	11.9	15.3	9.7	19.6	
GE T&D India	296	76	Hold	243	41,611	39,530	3,394	3,523	1,914	1,940	7.5	7.6	39.7	39.1	5.8	5.2	28.8	27.1	15.3	14.0	
Kalpataru Power	383	59	Buy	558	66,045	75,969	7,520	8,831	3,810	4,680	24.8	30.5	15.4	12.6	1.9	1.7	19.3	20.7	13.0	14.2	
KEC International	289	74	Buy	450	111,831	123,452	11,764	12,973	4,985	6,221	19.4	24.2	14.9	11.9	3.1	2.5	23.7	23.3	22.6	23.1	
Siemens	1,052	375	Accumulate	1,119	127,251	137,904	13,161	13,968	8,939	9,358	25.1	26.3	41.9	40.0	4.5	4.2	18.1	17.3	11.2	10.8	
Skipper	85	9	Buy	135	23,025	26,509	2,420	2,866	618	833	6.0	8.1	14.1	10.5	1.3	1.2	17.0	18.9	9.4	11.7	
Thermax	1,152	137	Hold	1,047	53,837	64,020	4,637	6,093	2,681	3,604	23.8	32.0	48.4	36.0	4.5	4.1	14.9	18.4	9.5	11.9	
Triveni Turbine	109	36	Accumulate	129	8,017	9,527	1,722	1,998	1,069	1,284	3.2	3.9	33.6	27.9	6.9	6.0	31.8	33.4	22.0	22.9	
Voltas	540	179	Hold	525	67,370	78,996	5,907	8,769	4,459	6,523	13.5	19.7	40.0	27.4	4.3	3.8	16.4	21.4	11.0	14.7	

# Valuations

Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	Target Price (Rs)	Sales (Rs mn)		EBITDA (Rs mn)		PAT (Rs mn)		EPS (Rs)		PE (x)		PB (x)		ROCE (%)		ROE (%)		
					FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e
<b>Information Technology</b>																					
eClerx Services	1,060	41	Accumulate	1,220	14,481	15,705	3,470	3,981	2,676	2,899	69.3	75.0	15.3	14.1	3.0	2.5	29.2	26.1	21.8	19.3	
Firstsource Solutions	47	33	Buy	72	39,498	44,105	5,557	6,421	3,838	4,584	5.6	6.7	8.5	7.1	1.3	1.1	16.5	19.6	15.6	16.9	
HCL Tech	945	1,316	Buy	1,265	599,468	669,705	141,372	160,635	102,285	108,960	75.5	82.5	12.5	11.5	3.1	2.7	32.7	31.2	26.0	24.6	
Hexaware Technologies	329	98	Hold	370	46,405	53,061	7,389	8,622	5,977	6,430	19.8	21.3	16.6	15.4	4.2	3.7	36.5	33.7	27.3	25.4	
Infosys	670	2,927	Reduce	640	822,632	890,694	213,019	230,413	159,317	171,431	36.6	40.7	18.3	16.5	4.1	4.2	31.8	33.5	23.5	25.0	
Intellect Design	223	29	Buy	285	14,086	16,860	1,098	2,396	1,158	1,451	8.5	10.6	26.2	21.0	2.6	2.3	12.4	14.1	11.4	11.6	
L&T Infotech	1,688	293	Accumulate	2,020	96,330	108,947	21,737	23,862	15,811	17,560	90.4	100.4	18.7	16.8	6.5	5.4	53.2	48.9	38.3	35.2	
Majesco	495	14	Buy	700	9,768	11,402	1,006	1,237	562	742	20.0	26.4	24.8	18.8	2.3	2.0	15.4	16.4	9.8	11.5	
Mindtree	821	135	Hold	920	69,926	77,974	10,549	11,996	7,576	8,173	46.2	49.9	17.8	16.5	4.2	3.6	34.8	32.2	25.5	23.6	
Mphasis	925	179	Buy	1,370	77,739	89,354	12,631	14,802	10,614	12,315	57.1	66.2	16.2	14.0	3.4	2.9	25.9	29.1	20.0	22.4	
MPS	472	9	Buy	780	3,795	4,452	992	1,303	731	948	39.3	50.9	12.0	9.3	2.0	1.7	24.5	28.2	17.5	19.9	
NIT	84	18	Hold	95	9,063	10,074	875	1,182	1,060	1,322	6.4	8.0	13.1	10.5	1.4	1.3	2.7	5.2	11.3	13.1	
NIT Tech	1,125	69	Accumulate	1,335	36,722	41,339	6,447	7,261	4,257	4,702	69.3	76.6	16.2	14.7	3.1	2.7	25.1	23.7	20.6	19.5	
Nucleus Software	375	11	Buy	640	4,850	5,488	879	990	782	931	26.9	32.1	13.9	11.7	2.2	1.9	21.1	23.4	16.2	17.5	
Oracle Financial Services	3,582	307	Buy	5,050	52,075	57,337	22,366	25,193	15,339	17,567	179.5	205.3	20.0	17.4	9.6	9.3	71.3	77.6	48.3	54.1	
Persistent Systems	570	46	Reduce	600	33,807	36,446	5,795	6,187	3,510	3,687	43.9	46.1	13.0	12.4	1.9	1.8	22.5	21.6	15.7	14.9	
Ramco Systems	266	8	Buy	653	5,553	6,923	1,160	1,763	447	1,000	14.0	31.4	18.9	8.5	1.4	1.2	12.0	19.4	7.8	15.4	
TCS	1,894	7,105	Hold	2,100	1,470,648	1,629,029	405,009	446,640	320,043	346,254	85.5	94.6	22.2	20.0	7.9	7.5	46.6	48.2	36.7	38.0	
Tech Mahindra	690	677	Hold	730	350,694	384,053	64,265	70,796	43,083	47,591	48.3	53.4	14.3	12.9	2.9	2.6	26.2	25.9	21.4	21.0	
Wipro	326	1,473	Reduce	300	594,779	643,666	93,912	109,482	84,677	98,252	18.8	21.8	17.4	15.0	2.8	2.5	17.5	18.8	16.8	17.8	
<b>Media &amp; Entertainment</b>																					
DB Corp	170	31	Hold	195	24,791	26,742	5,204	6,233	2,843	3,416	16.3	19.5	10.5	8.7	1.8	1.8	24.2	30.3	16.2	20.9	
Dish TV	41	75	Sell	35	65,722	70,577	22,374	24,802	1,259	3,671	0.7	1.9	62.0	21.3	1.5	1.4	9.8	12.5	2.1	6.8	
Entertainment Network	606	29	Hold	615	6,111	7,201	1,438	2,034	494	938	10.4	19.7	58.4	30.8	3.1	2.8	8.2	13.1	5.4	9.6	
Inox Leisure	253	26	Buy	279	15,462	17,580	2,439	2,769	882	1,026	9.2	10.7	27.6	23.7	3.2	2.8	17.2	17.6	12.4	12.7	
Jagran Prakashan	115	34	Hold	115	24,186	26,045	5,433	5,968	2,658	3,088	8.5	9.9	13.4	11.6	1.8	1.7	17.6	22.0	12.7	15.4	
PVR	1,605	75	Hold	1,417	29,469	34,981	5,508	6,705	1,745	2,131	37.3	45.6	43.0	35.2	6.0	5.2	16.5	15.2	15.0	15.8	
Sun TV Network	600	236	Reduce	601	37,620	42,093	25,137	27,952	14,181	15,696	36.0	39.8	16.7	15.1	4.4	3.8	42.4	40.3	28.1	26.8	
Zee Entertainment	452	434	Sell	374	78,200	88,828	26,024	29,636	15,902	19,141	16.6	19.9	27.3	22.7	4.9	4.1	26.6	27.8	19.3	19.8	

## Valuations

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					FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	
<b>Metals &amp; Mining</b>																					
Coal India	233	1,448	Buy	333	956,408	1,053,672	219,501	245,850	143,652	151,673	23.1	24.4	10.1	9.5	6.1	6.8	99.2	117.4	57.5	67.5	
Hindalco	206	463	Buy	290	1,298,181	1,346,507	155,244	167,577	53,172	61,270	23.9	27.5	8.7	7.5	0.9	0.8	10.2	10.4	11.0	11.4	
Hindustan Zinc	274	1,157	Hold	294	226,946	264,121	115,530	138,735	85,054	103,322	20.1	24.5	13.6	11.2	2.9	2.6	34.8	35.5	24.1	24.8	
Jindal Stainless	33	16	Buy	115	135,476	150,724	14,689	17,385	3,862	5,724	8.1	11.9	4.1	2.8	0.6	0.5	14.7	16.3	14.5	17.4	
Jindal Stainless Hisar	85	20	Buy	210	95,885	105,241	11,693	12,710	5,412	6,821	22.9	28.9	3.7	2.9	1.0	0.7	20.6	21.5	31.0	28.9	
JSW Steel	294	710	Accumulate	402	780,173	778,059	188,633	201,229	79,962	82,327	33.3	34.3	8.8	8.6	2.0	1.6	19.3	17.2	25.1	20.8	
MOIL	168	43	Buy	264	13,983	15,664	6,162	6,998	5,010	5,544	19.4	21.5	8.6	7.8	1.4	1.2	24.0	24.5	16.1	16.4	
National Aluminium Co	63	121	Buy	86	111,545	108,865	23,050	21,764	14,666	13,561	7.6	7.0	8.3	9.0	1.1	1.1	17.8	15.7	14.2	12.5	
NMDC	95	300	Buy	138	114,374	121,691	61,062	63,115	41,639	47,279	13.2	14.9	7.2	6.4	0.8	0.8	19.2	18.9	12.2	12.8	
SAIL	54	224	Buy	94	734,769	861,837	118,873	136,778	42,151	51,373	10.2	12.4	5.3	4.4	0.6	0.5	11.1	11.9	11.1	12.2	
Tata Steel	491	559	Buy	751	1,585,630	1,573,200	300,234	306,299	104,887	103,777	87.1	86.2	5.6	5.7	0.8	0.7	12.9	11.1	14.5	12.7	
Vedanta	196	727	Buy	334	895,382	927,185	252,801	292,411	75,752	109,236	20.4	29.4	9.6	6.7	1.2	1.1	12.6	14.9	13.3	17.2	
<b>Oil &amp; Gas</b>																					
BPCL	352	763	Buy	385	3,293,213	3,258,526	119,079	101,024	60,647	58,821	30.8	29.9	11.4	11.8	1.8	1.7	18.5	14.8	21.5	14.9	
Gujarat Gas	657	91	Buy	865	80,193	89,866	10,140	11,378	3,968	4,714	28.8	34.2	22.8	19.2	4.2	3.6	12.9	14.4	19.9	20.3	
Gujarat State Petronet	170	96	Buy	225	17,663	16,452	15,569	14,186	8,847	7,305	15.7	13.0	10.9	13.2	1.7	1.5	16.2	13.9	16.4	12.2	
Gulf Oil Lubricants	831	41	Buy	1,150	16,910	19,899	2,880	3,427	1,790	2,188	36.0	44.0	23.1	18.9	7.3	6.0	38.4	41.0	34.6	35.0	
HPCL	248	378	Buy	290	3,150,973	3,193,030	107,482	91,113	47,695	44,525	31.3	29.2	7.9	8.5	1.4	1.3	13.6	9.6	18.8	15.9	
Indian Oil	134	1,301	Buy	180	5,733,423	5,641,173	329,803	289,931	134,408	136,495	14.2	14.4	9.4	9.3	1.1	1.0	15.7	12.9	11.8	11.2	
Indraprastha Gas	271	189	Accumulate	325	58,929	67,440	12,580	14,284	7,766	8,694	11.1	12.4	24.4	21.8	4.7	4.1	25.7	25.5	20.6	20.2	
Petronet LNG	220	330	Buy	300	398,102	415,928	35,040	37,567	22,983	25,603	15.3	17.1	14.4	12.9	3.0	2.7	25.1	25.4	22.2	21.9	
Reliance Industries	1,105	7,002	Buy	1,360	6,065,260	6,693,444	822,508	1,060,421	374,047	475,797	63.1	80.1	17.5	13.8	2.0	1.8	10.5	11.9	12.1	13.8	

# Valuations

Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	Target Price (Rs)	Sales (Rs mn)		EBITDA (Rs mn)		PAT (Rs mn)		EPS (Rs)		PE (x)		PB (x)		ROCE (%)		ROE (%)		
					FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	
<b>Pharmaceuticals</b>																					
Aurobindo Pharma	747	437	Buy	880	185,502	279,660	39,221	58,458	24,091	33,133	41.1	56.6	18.2	13.2	3.2	2.6	19.1	21.1	18.9	21.7	
Cadila Healthcare	349	357	Accumulate	400	125,461	135,815	28,294	31,061	18,089	19,341	17.7	18.9	19.7	18.5	3.6	3.1	15.9	16.2	19.2	18.0	
Cipla	514	414	Hold	555	157,157	180,130	28,671	36,981	14,355	20,669	17.8	25.7	28.8	20.0	2.7	2.5	10.7	13.9	9.7	12.9	
Divi's Lab	1,459	387	Buy	1,575	47,578	52,820	17,631	20,700	12,941	15,127	48.7	57.0	29.9	25.6	5.7	5.0	27.0	26.9	20.4	20.8	
Dr. Reddy's Lab	2,571	427	Accumulate	2,865	150,340	171,984	25,945	34,064	12,763	18,851	76.9	113.6	33.4	22.6	3.2	2.9	8.1	11.6	9.8	13.3	
Glenmark Pharma	655	185	Hold	595	100,782	109,757	16,815	18,521	8,195	9,392	29.0	33.3	22.5	19.7	3.1	2.7	15.5	15.0	14.8	14.8	
Granules India	89	23	Buy	141	20,480	23,854	3,272	4,398	1,939	2,639	7.6	10.4	11.7	8.6	1.5	1.3	10.3	14.2	14.0	16.8	
Ipca Lab	775	98	Accumulate	870	37,303	40,935	6,547	7,729	4,141	4,867	32.8	38.6	23.6	20.1	3.2	2.8	14.2	15.9	14.4	14.8	
Lupin	842	381	Hold	920	165,000	185,473	29,141	36,720	13,319	17,591	29.5	38.9	28.6	21.6	2.6	2.5	11.1	12.2	9.5	11.8	
Sun Pharma	448	1,075	Hold	595	282,885	317,237	61,553	80,574	36,728	51,212	15.3	21.3	29.3	21.0	2.7	2.5	10.0	12.5	9.5	12.3	
Suven Life Sciences	229	29	Buy	350	6,597	7,221	1,738	2,272	1,252	1,671	9.8	13.1	23.3	17.5	3.4	2.9	20.8	24.7	15.3	17.9	
Torrent Pharma	1,817	308	Accumulate	1,850	77,544	88,042	20,437	24,599	8,292	11,287	49.0	66.7	37.1	27.3	5.4	4.7	12.6	15.8	16.0	18.5	
<b>Ports</b>																					
Adani Ports	379	785	Accumulate	450	110,878	122,398	69,365	77,877	40,504	50,078	18.4	22.7	20.6	16.7	3.2	2.7	15.8	16.3	17.8	18.7	
Gujarat Pipavav	96	46	Buy	174	6,990	7,977	3,861	4,474	2,124	2,502	4.4	5.2	21.8	18.5	2.3	2.3	15.5	17.3	10.5	12.3	
<b>Power</b>																					
CESC	654	87	Buy	868	87,174	90,535	20,448	21,244	10,917	11,223	81.9	84.2	8.0	7.8	0.7	0.6	15.9	14.7	8.6	8.3	
Gujarat Industries Power	80	12	Buy	137	15,729	15,817	5,680	5,632	2,879	2,906	19.0	19.2	4.2	4.2	0.5	0.4	13.6	12.8	11.5	10.7	
JSW Energy	70	115	Hold	73	87,877	90,286	34,653	35,761	8,172	10,814	5.0	6.6	14.1	10.7	1.0	0.9	11.2	11.9	7.1	8.7	
NHPC	26	267	Buy	31	82,538	89,056	46,777	50,443	40,568	41,768	3.0	3.1	8.7	8.4	1.0	0.9	9.2	8.9	12.9	12.5	
NTPC	147	1,212	Buy	200	960,062	1,083,906	282,580	332,915	124,718	147,137	15.1	17.8	9.7	8.2	1.1	1.0	8.8	9.5	11.6	12.6	
Power Grid Corporation	197	1,032	Buy	237	323,464	351,942	288,241	313,201	104,323	116,025	19.9	22.2	9.9	8.9	1.8	1.6	10.5	10.6	19.3	19.0	
Reliance Power	30	85	Buy	49	99,712	101,526	47,481	48,568	10,642	11,888	3.8	4.2	8.0	7.2	0.3	0.3	6.9	7.3	4.1	4.4	

## Valuations

Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	Target Price (Rs)	Sales (Rs mn)		EBITDA (Rs mn)		PAT (Rs mn)		EPS (Rs)		PE (x)		PB (x)		ROCE (%)		ROE (%)		
					FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e
<b>Retail</b>																					
ABFRL	209	161	Accumulate	200	80,768	92,476	6,393	8,216	1,818	3,216	2.4	4.2	88.6	50.1	12.6	10.1	12.0	15.3	15.4	22.4	
Future Lifestyle	389	76	Buy	535	53,032	62,352	5,017	6,086	1,668	2,264	8.6	11.7	45.3	33.4	3.2	2.9	12.3	14.1	7.6	9.2	
Jubilant FoodWorks	1,240	164	Accumulate	1,450	34,980	40,181	5,939	6,953	3,125	3,803	23.7	28.8	52.4	43.0	12.9	10.2	39.1	38.7	27.0	26.5	
Page Industries	22,937	256	Hold	26,600	29,336	34,797	6,622	8,046	4,310	5,261	386.4	471.6	59.4	48.6	24.1	19.2	64.1	62.0	45.1	43.9	
Raymond	815	50	Buy	1,000	65,320	73,070	5,687	6,792	1,703	2,281	27.7	37.2	29.4	21.9	2.6	2.3	11.2	12.7	9.0	11.1	
Shoppers Stop	505	44	Hold	555	40,374	45,217	2,668	3,211	988	1,330	11.2	15.1	44.9	33.4	4.3	3.8	15.3	18.4	9.9	12.0	
Titan Company	946	840	Accumulate	1,000	185,043	220,751	21,505	26,161	15,193	18,510	17.1	20.8	55.3	45.4	12.9	10.5	36.1	35.9	25.7	25.6	
<b>Specialty Chemicals</b>																					
Advanced Enzyme Tech	171	19	Buy	333	4,497	5,396	1,917	2,414	1,196	1,619	10.7	14.5	15.9	11.8	2.8	2.3	25.7	28.6	19.4	21.6	
Apcotex Industries	527	11	Buy	686	6,472	7,184	882	1,007	578	646	27.9	31.2	18.9	16.9	3.7	3.2	26.7	25.5	21.5	20.3	
BASF India	1,520	66	Accumulate	2,212	63,502	74,396	3,757	7,248	1,294	4,492	29.9	103.8	50.8	14.6	4.8	3.8	11.6	27.8	9.5	28.9	
Camlin Fine Sciences	53	6	Buy	183	9,188	11,898	661	2,402	26	1,196	0.2	9.2	247.0	5.8	2.0	2.0	6.3	24.1	0.7	35.4	
GHCL	242	24	Buy	358	31,523	34,731	7,217	8,333	3,538	4,320	36.3	44.3	6.7	5.4	1.2	1.0	22.5	23.9	20.1	20.5	
Navin Fluorine	686	34	Buy	922	10,007	11,488	2,367	2,809	1,710	2,064	34.7	41.8	19.8	16.4	3.0	2.6	22.1	22.1	16.2	17.0	
SRF	2,025	116	Buy	2,409	72,043	81,070	13,222	15,868	6,248	7,864	106.9	134.6	18.9	15.1	2.9	2.4	14.1	16.1	16.2	17.5	
Tata Chemicals	700	178	Accumulate	804	117,683	123,219	24,331	25,313	11,189	12,121	43.9	47.6	15.9	14.7	1.5	1.4	10.2	10.6	10.3	10.5	
Vinati Organics	1,606	83	Buy	1,715	10,704	15,974	3,519	5,012	2,426	3,264	47.2	63.5	34.0	25.3	8.2	6.3	38.8	40.9	26.9	28.2	
<b>Telecommunications</b>																					
Bharti Airtel	329	1,316	Reduce	268	823,493	894,211	256,162	283,871	2,933	-24,294	0.7	-6.1	448.7	-54.2	1.5	1.5	2.4	3.0	0.3	-2.8	
Bharti Infratel	298	551	Hold	270	142,796	142,439	55,655	54,157	25,633	23,380	13.9	12.6	21.5	23.6	3.6	3.6	24.0	23.0	15.9	15.2	
Tata Communications	528	150	Hold	540	162,855	167,971	25,325	27,883	-179	1,774	-0.6	6.2	-837.9	84.8	54.1	12.6	6.3	8.9	-4.6	24.1	
Vodafone Idea	37	323	Sell	33	375,793	497,131	39,597	121,246	-192,001	-166,512	-14.0	-12.1	-2.6	-3.0	0.6	2.1	-7.5	-3.6	-36.0	-32.4	

## Valuations

Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	Target Price (Rs)	Sales (Rs mn)		EBITDA (Rs mn)		PAT (Rs mn)		EPS (Rs)		PE (x)		PB (x)		ROCE (%)		ROE (%)	
					FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e
<b>Others</b>																				
Apar Industries	639	24	Buy	821	72,278	78,886	4,995	5,643	1,543	2,271	40.3	59.3	15.8	10.8	2.0	1.7	30.6	32.2	13.2	17.2
APL Apollo Tubes	1,150	27	Buy	1,819	61,205	71,283	3,753	5,000	1,386	1,993	57.4	80.9	20.0	14.2	2.7	2.2	16.4	18.9	14.7	17.1
Bajaj Electricals	490	50	Buy	735	67,795	69,071	4,160	4,981	2,084	2,372	20.4	23.2	24.0	21.1	4.5	3.9	20.0	19.2	20.4	19.8
Delta Corp	264	71	Buy	380	7,609	9,345	2,910	3,783	1,805	2,446	6.7	9.0	39.6	29.2	3.7	3.4	15.5	18.6	10.0	12.1
Essel Propack	108	34	Hold	99	26,720	29,854	4,897	5,538	1,918	2,232	6.1	7.1	17.6	15.2	2.7	2.8	17.7	21.0	15.3	18.1
Grasim Industries	837	550	Buy	1,029	193,472	211,129	41,518	43,737	29,219	28,713	44.4	43.7	18.6	19.0	1.2	1.1	25.0	22.3	27.9	22.2
Havells India	670	419	Accumulate	620	98,940	113,312	12,484	15,158	8,291	10,166	13.3	16.3	50.5	41.2	9.9	8.7	27.9	30.2	20.8	22.5
Heritage Foods	526	24	Buy	710	25,361	28,986	1,926	2,270	978	1,215	21.1	26.2	25.0	20.1	2.9	2.6	15.4	17.6	12.0	13.6
Orient Refractories	237	29	Buy	293	7,400	8,733	1,466	1,730	941	1,173	7.8	9.8	30.3	24.3	7.4	6.0	40.7	41.3	26.5	27.3
Parag Milk Foods	244	21	Hold	285	22,680	25,651	2,331	2,611	1,036	1,191	12.4	14.2	19.7	17.2	2.5	2.2	17.3	17.6	13.6	13.8
Prabhat Dairy	94	9	Accumulate	187	17,457	19,820	1,584	1,843	624	796	6.4	8.2	14.7	11.5	1.2	1.1	11.0	12.6	8.2	9.7
Radico Khaitan	401	53	Buy	547	20,080	22,110	3,396	3,889	1,844	2,353	13.8	17.7	29.0	22.7	4.0	3.5	18.0	21.6	14.9	16.4
Sheela Foam	1,390	68	Buy	1,752	22,966	26,493	2,385	2,940	1,606	1,947	32.9	39.9	42.2	34.8	8.9	7.4	32.3	34.0	23.7	23.2
Sterling Tools	351	13	Hold	354	5,254	6,147	1,015	1,188	527	635	14.6	17.6	24.0	19.9	4.4	3.7	28.5	29.7	19.9	20.4
Sterlite Tech	285	115	Buy	520	45,539	62,528	10,785	14,351	5,227	7,185	13.0	17.9	21.9	15.9	7.1	5.3	29.4	30.0	37.6	38.2
Sunteck Realty	347	51	Buy	702	9,188	14,689	5,008	6,662	2,896	3,796	20.6	27.1	16.8	12.8	1.7	1.5	15.9	18.6	10.5	12.3
Symphony	1,134	79	Accumulate	981	12,083	14,435	2,095	2,575	1,629	1,988	23.3	28.4	48.7	39.9	10.8	9.1	30.1	30.4	24.2	24.8
Time Technoplast	100	23	Buy	272	35,932	42,123	5,487	6,520	2,343	3,064	10.4	13.5	9.7	7.4	1.3	1.2	17.0	19.4	14.8	16.8
V2 Retail	271	9	Buy	361	7,744	11,022	596	970	442	504	12.8	14.4	21.1	18.8	3.2	2.8	15.9	24.4	15.7	16.2
Varun Beverages	812	148	Buy	937	46,853	53,047	9,846	11,418	2,817	3,697	15.4	20.2	52.7	40.1	7.4	6.4	13.7	15.9	15.0	17.2



## Valuations

Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	Target Price (Rs)	Net Interest Income (Rs mn)		Pre Provision Profit (Rs mn)		PAT (Rs mn)		EPS (Rs)		PE (x)		PB (x)		ROA (%)		ROE (%)	
					FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e	FY19e	FY20e
<b>BFSI</b>																				
Axis Bank	651	1,673	Accumulate	675	214,861	254,790	173,221	209,525	35,050	85,146	13.5	32.6	48.1	20.0	2.6	2.4	0.5	1.0	5.3	11.7
Bajaj Finance	2,537	1,466	Buy	2,690	93,810	125,650	66,822	90,915	35,212	48,621	61.2	84.5	41.4	30.0	7.5	6.1	3.6	3.6	19.4	22.1
Bank of Baroda	124	328	Accumulate	190	187,110	215,053	134,412	156,990	23,329	48,595	8.3	16.3	15.0	7.6	1.0	0.9	0.3	0.6	5.0	9.3
Cholamandalam Finance	1,200	188	Buy	1,474	34,607	42,917	19,962	25,436	11,017	13,702	70.4	87.6	17.0	13.7	3.5	2.9	2.4	2.4	19.5	20.3
Edelweiss Financial Services	181	169	Buy	211	18,974	25,572	17,732	23,154	9,274	11,652	10.1	12.7	17.9	14.2	2.3	2.0	1.3	1.5	13.2	14.7
HDFC	1,959	3,368	Buy	2,142	137,640	171,644	154,226	181,663	105,405	124,877	61.6	72.9	31.8	26.9	4.5	4.1	2.5	2.5	15.7	16.3
HDFC Bank	2,103	5,719	Buy	2,500	480,430	574,680	392,061	475,633	210,311	256,661	79.2	94.5	26.6	22.3	3.9	3.5	1.8	1.9	17.2	16.9
HDFC Standard Life	395	796	Buy	465	294,810	364,746			13,178	16,101	6.6	8.0	60.3	49.3	13.7	11.2	1.1	1.1	25.0	25.1
ICICI Bank	380	2,448	Accumulate	405	262,363	306,926	233,098	275,381	51,469	120,596	8.0	18.8	47.5	20.3	2.6	2.3	0.6	1.2	4.8	10.6
ICICI Pru Life	324	466	Buy	430	321,378	378,655			13,344	15,461	9.3	10.8	34.9	30.1	6.4	5.9	0.9	0.9	18.8	20.3
Indusind Bank	1,578	950	Hold	1,800	106,639	134,799	90,636	114,219	41,758	61,525	60.4	89.1	26.1	17.7	3.8	3.2	1.6	1.9	15.9	19.3
L&T Finance Holdings	148	296	Buy	160	58,223	68,782	44,455	52,731	21,448	26,660	10.6	13.7	14.0	10.9	2.6	2.2	2.1	2.2	16.8	18.6
LIC Housing Finance	481	243	Hold	461	44,763	50,793	39,627	44,682	23,243	25,801	46.0	51.1	10.4	9.4	1.6	1.4	1.2	1.2	16.4	15.5
Magma Fincorp	108	29	Buy	176	13,315	15,027	6,465	7,615	2,705	3,398	10.0	12.6	10.7	8.5	1.3	1.1	1.7	1.8	10.8	12.0
Mahindra Finance	462	285	Buy	486	44,000	53,250	28,527	35,409	12,024	16,273	19.5	26.4	23.7	17.5	3.5	3.1	2.0	2.2	12.4	15.1
Max Financial	435	117	Buy	615	142,777	167,047			6,318	7,557	11.8	14.4	37.0	30.3	4.1	3.7	1.1	1.1	22.1	23.4
Reliance Nippon	156	95	Buy	204	18,263	20,042			5,343	5,870	8.9	9.8	17.4	15.9	4.1	4.0	23.0	25.0	23.1	25.0
SBI Life	613	613	Buy	830	327,188	408,697			13,139	15,395	13.1	15.4	46.6	39.8	8.1	7.0	1.0	1.0	18.7	18.9
Shriram City Union Finance	1,546	102	Accumulate	2,002	37,504	41,718	22,364	23,887	7,846	9,278	118.9	140.6	13.0	11.0	1.8	1.6	2.5	2.6	13.3	14.1
Shriram Transport Finance	1,193	271	Buy	1,510	77,501	92,269	62,807	74,862	19,924	27,030	87.8	119.1	13.6	10.0	2.1	1.8	2.1	2.4	14.4	16.6
State Bank of India	305	2,723	Accumulate	345	882,829	1,005,500	554,859	663,132	10,441	165,407	1.1	17.6	275.3	17.4	1.9	1.7	0.0	0.4	0.5	6.8
Yes Bank	192	445	Reduce	173	98,024	127,138	97,647	120,912	45,917	58,272	19.9	23.8	9.7	8.1	1.6	1.2	1.3	1.3	17.1	16.9

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BUY	Expected total return (%) (Stock price appreciation and dividend yield) of over 25% within the next 12-18 months.
ACCUMULATE	Expected total return (%) (Stock price appreciation and dividend yield) of over 10% within the next 12-18 months.
HOLD	Expected total return (%) (Stock price appreciation and dividend yield) of upto 10% within the next 12-18 months.
REDUCE	Expected total return (%) (Stock price depreciation) of upto (-) 10% within the next 12-18 months.
SELL	The stock is believed to underperform the broad market indices or its related universe within the next 12-18 months.

Completed Date: 09 Jan 2019 12:20:44 (SGT)  
Dissemination Date: 09 Jan 2019 12:21:44 (SGT)

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