

Market snapshot



Equities - India	Close	Chg .%	YTD.%
Sensex	34,813	-1.0	2.2
Nifty-50	10,482	-1.0	-0.5
Nifty-M 100	17,439	-0.9	-17.5
Equities-Global	Close	Chg .%	YTD.%
S&P 500	2,726	-2.0	2.0
Nasdaq	7,201	-2.8	4.3
FTSE 100	7,053	-0.7	-8.3
DAX	11,325	-1.8	-12.3
Hang Seng	10,440	0.1	-10.8
Nikkei 225	22,270	0.1	-2.2
Commodities	Close	Chg .%	YTD.%
Brent (US\$/Bbl)	68	-1.1	1.8
Gold (\$/OZ)	1,200	-0.8	-7.9
Cu (US\$/MT)	6,074	-0.1	-15.7
Almn (US\$/MT)	1,930	-0.8	-14.5
Currency	Close	Chg .%	YTD.%
USD/INR	72.9	0.5	14.1
USD/EUR	1.1	-1.0	-6.6
USD/JPY	113.8	0.0	1.0
YIELD (%)	Close	1MChg	YTDchg
10 Yrs G-Sec	7.8	0.53	0.5
10 Yrs AAA Corp	8.9	0.03	1.0
Flows (USD b)	12-Nov	MTD	YTD
FII	0.11	0.2	-5.6
DII	-0.15	-0.2	15.7
Volumes (INRb)	12-Nov	MTD*	YTD*
Cash	298	381	364
F&O	5,716	10,545	9,032

Note: YTD is calendar year, *Avg



Today's top research idea

Coal India: Power sector dragging FSA realization but boosting e-auction prices; strong earnings growth

- ❖ Coal India's 2QFY19 revenue grew 22% YoY to ~INR222b. Adj. EBITDA (ex-OBR) increased 266% YoY to ~INR47b. Adj. PAT increased 737% YoY to INR30.8b, lower than our estimate due to higher OBR provision, marginal revenue miss and higher cost of stock adjustment, partly offset by higher other income. High e-auction prices are compensating for the loss of volumes to the less-remunerative power sector.
- ❖ We expect PAT CAGR (FY18-20) of ~27%, led by the full benefit of price hikes and evacuation charges, higher volumes, and operating leverage. The stock trades attractively at 5x FY20E EV/adj. EBITDA. We value the stock on 6.5x FY20E EV/EBITDA at INR358/share. Maintain **Buy**.

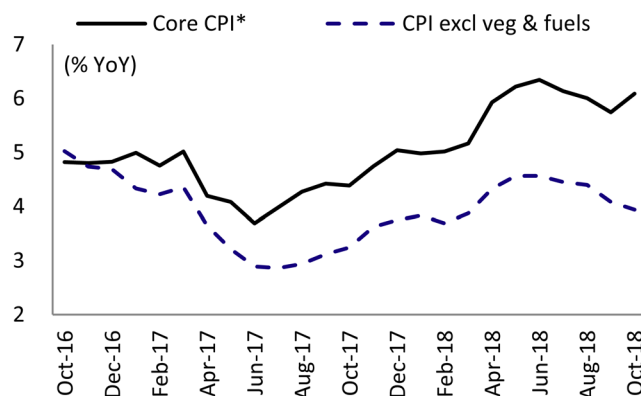


Research covered

Cos/Sector	Key Highlights
Coal India	Power sector dragging FSA realization but boosting e-auction prices; strong earnings growth
Britannia Industries	Fourth successive quarter of double-digit volume growth; Operating margin hits new high of 15.8%
Eicher Motors	In-line; margin miss attributable to launch expense, negative op. leverage
Shree Cement	EBITDA beat; PAT affected by fair-value loss pertaining to investments in IL&FS
Aurobindo Pharma	Performance better than expectations
Oil India	EBITDA growth (albeit in-line) restricted by higher other expenditure
Bank of India	Weak quarter; elevated provisions drive net losses
Other Results	NALCO KNRC
Other Update	Tata Motors – JLR EcoScope Metals Weekly
Results Expectation	AL CGPOWER ENGR GETD GNP GRASIM JSP MAHGL NMDC SUNP TATA

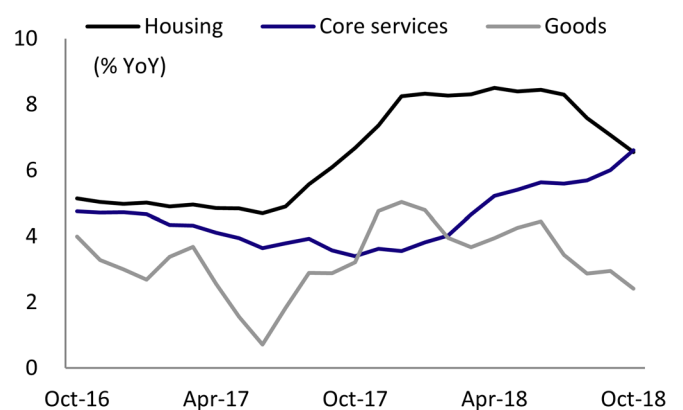
Chart of the Day: EcoScope – Lower inflation defies further rate hikes in FY19

Core inflation rises to 6.1% in Oct'18



Source: CSO, MOSL

...as inflation in 'core services' rises



Source: CSO, MOSL

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

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



Kindly click on textbox for the detailed news link

1

IL&FS places two subsidiaries on the block

Troubled financial conglomerate Infrastructure Leasing and Financial Services (IL&FS) has kick-started the asset monetisation exercise as it has decided to sell its stake in two of its subsidiaries — IL&FS Securities Services and ISSL Settlement and Transactions Services Ltd., — both engaged in the securities ...

2

Retail inflation eases to 3.31% in leeway to RBI to hold rates

The Reserve Bank of India (RBI) is likely to keep interest rates unchanged in its bimonthly monetary policy review on 5 December, with retail inflation unexpectedly easing to a 13-month low in October, driven by lower food prices. Data released by the statistics department showed that the consumer price index (CPI)-based inflation rate slowed to 3.31% in October from 3.7% a month ago, on the back of lower prices of pulses, vegetables and sugar, while factory output—measured by the index of industrial production (IIP)—decelerated to 4.5% in September from a revised 4.7% in the previous month as manufacturing growth eased.

3

Workers end strike at Royal Enfield Tamil Nadu plant; work resumes tomorrow

Workers of two-wheeler major Royal Enfield's manufacturing facility in Oragadam, near Chennai, have called off their strike, which has been going on for 50 days. The strike was called off following a discussion held before the district administration. The employees will join production work ...

4

Tata begins due diligence to buy Jet Airways from Naresh Goyal

Tata Group is conducting due diligence of Jet Airways (India) Ltd as the nation's largest conglomerate explores the purchase of a controlling stake in the cash-strapped airline, two people directly aware of the development said. Saurabh Agarwal, chief financial officer of Tata Sons Ltd, is leading ...

5

RBI unlikely to open window for NBFCs

Amid growing demand for liquidity support for non-banking finance companies, the Reserve Bank of India (RBI) is unlikely to provide any special support to the sector, though it will continue to provide funds to the banking system as liquidity deficit in the system is a concern. According to sources, the RBI is of the view that bigger NBFCs that have high ratings from rating agencies are not facing any liquidity issues.

6

Aurobindo Pharma to acquire under development product, related assets from Advent for \$12.5mn

Drug firm Aurobindo Pharma said Monday its arm Aurobindo Pharma USA Inc has signed a pact to acquire an under-development product and certain related assets from Australian Advent Pharmaceuticals Pty Ltd for USD 12.5 million.

7

India's September domestic air traffic up 20%: IATA

India's domestic air passenger traffic grew in double digits for the 49th consecutive month in September, a global airline association said on Monday. The International Air Transport Association (IATA) said India's domestic air passenger volume measured in revenue passenger kilometres (RPK) was highest among major aviation markets like Australia, Brazil, China, ...



Coal India

BSE SENSEX	S&P CNX
34,813	10,482
Bloomberg	COAL IN
Equity Shares (m)	6,207
M.Cap.(INRb)/(USD\$)	1639.1 / 22.5
52-Week Range (INR)	317 / 256
1, 6, 12 Rel. Per (%)	-6/2/-12
Avg Val, INRm/ Vol m	1207
Free float (%)	21.7

Financials & Valuations (INR b)

Y/E Mar	2018	2019E	2020E
Net Sales	858.6	988.8	1,011.4
EBITDA	203.1	253.7	293.3
PAT	118.9	167.4	191.2
EPS (INR)	19.2	27.0	30.8
Gr. (%)	26.3	40.7	14.2
BV/Sh (INR)	32.0	34.7	37.7
RoE (%)	35.4	77.8	81.6
RoCE (%)	58.4	98.6	101.9
P/E (x)	13.8	9.8	8.6
P/BV (x)	8.3	7.6	7.0

Estimate change

TP change

Rating change

CMP: INR264

TP: INR358(+35%)

Buy

Power sector dragging FSA realization...

...but boosting e-auction prices; strong earnings growth

- 2QFY19 revenue grew 22% YoY to ~INR222b (our estimate: INR227b), led by (1) higher FSA realization (up ~7% YoY to INR1,308/t v/s our estimate of INR1,325/t), (2) higher e-auction realization (up 61% YoY/8% QoQ to INR2,592/t v/s our estimate of INR2,400/t) and (3) increased volumes (up ~6% to 137.3mt).
- Adj. EBITDA (ex-OBR) increased 266% YoY to ~INR47b (our estimate: INR62b). The miss can be attributed to: (1) higher provisions, (2) revenue miss due to lower-than-estimated e-auction volume and FSA realization and (3) higher cost in stock adjustment. Employee cost was in line with our estimate at INR90b.
- Adj. PAT of INR30.8b came in lower than our estimate due to higher OBR provision, marginal revenue miss and higher cost of stock adjustment, partly offset by higher other income.

Valuations attractive; Maintain Buy

- COAL is supplying higher share of production on a priority basis to the less-remunerative power sector, which is the reason behind the miss in FSA realization. Demand for domestic coal increases when imports are expensive, as is the case now. However, COAL is benefitting from higher e-auction prices and operating leverage.
- We lower our e-auction volume estimate by 20mt to 82mt, raise our e-auction price estimate by INR800/t to INR2,500/t and increase our adj. EBITDA estimate by 1% to INR254b for FY19.
- We expect PAT CAGR (FY18-20) of ~27%, led by the full benefit of price hikes and evacuation charges, higher volumes and operating leverage. The stock trades attractively at 5x FY20E EV/adj. EBITDA. We value the stock on 6.5x FY20E EV/EBITDA at INR358/share. Maintain **Buy**.

Quarterly Performance (Consolidated) – INR m

Y/E March	FY18				FY19				FY18	FY19E	FY19
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
Sales	1,91,617	1,81,483	2,16,433	2,69,092	2,42,609	2,21,981	2,47,066	2,77,157	8,58,624	9,88,813	2,27,130
Change (%)	4.0	11.9	6.0	16.1	26.6	22.3	14.2	3.0	9.8	15.2	25.2
Adj. EBITDA	34,151	12,888	55,405	1,00,646	55,636	47,165	66,780	84,135	2,03,089	2,53,716	62,740
As of % Sales	17.8	7.1	25.6	37.4	22.9	21.2	27.0	30.4	23.7	25.7	27.6
Depreciation	6,699	7,146	7,511	9,308	7,452	8,069	7,637	8,022	30,664	31,180	7,266
OBR	-1,069	578	9,226	24,847	8,835	8,023	9,126	7,234	33,583	33,218	217
Interest	1,209	1,007	974	1,127	1,103	8	815	1,685	4,318	3,611	842
Other Income	12,066	6,107	8,409	20,002	22,624	20,113	10,261	3,849	46,583	56,846	4,831
EO Inc/(Exp)	0	0	0	-73,844	0	0	0	0	-73,844	0	0
PBT	39,378	10,264	46,102	11,521	60,869	51,178	59,463	71,044	1,07,264	2,42,554	59,245
Tax	15,860	6,576	16,052	-1,420	23,025	20,317	19,623	12,202	37,067	75,167	19,551
Tax Rate (%)	40.3	64.1	34.8	-1.7	37.8	39.7	33.0	17.2	34.6	31.0	33.0
Reported PAT	23,518	3,689	30,050	12,942	37,843	30,861	39,840	58,842	70,198	1,67,386	39,694
Adjusted PAT	23,518	3,689	30,050	61,686	37,843	30,861	39,840	58,842	1,18,942	1,67,386	39,694
Change (%)	-23.3	-38.5	4.2	127.0	60.9	736.7	32.6	-4.6	28.3	40.7	976.2

Britannia Industries

BSE SENSEX 34,813 S&P CNX 10,482

CMP: INR5,754 TP: INR6,870 (+19%)

Buy

Concall Details



Date: 13th Nov 2018
Time: 10:30am IST
Dial-in:
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+91 22 7115 8214

Financials & Valuations (INR b)

Y/E Mar	2018	2019E	2020E
Net Sales	99.1	110.5	131.7
EBITDA	15.0	17.5	22.3
NP	10.0	11.8	15.0
EPS (INR)	83.6	98.6	124.9
EPS Gr. (%)	13.5	17.8	26.7
BV/Sh. (INR)	283.7	320.1	343.4
RoE (%)	32.9	32.6	37.6
RoCE (%)	27.9	27.5	32.6
P/E	68.8	58.4	46.1
EV/EBITDA	45.3	38.8	30.4

Fourth successive quarter of double-digit volume growth; Operating margin hits new high of 15.8%

Consolidated performance

- **BRIT's consolidated sales increased 12.7% YoY to INR28.7b** (our estimate: INR28.8b) in 2QFY19. We expect the base business volume growth to come in around 10% (press release states double-digit volume growth; our estimate: +10%). Consolidated EBITDA grew 20.3% YoY to INR4.5b (our estimate: INR4.6b), while consolidated PAT increased 16.2% YoY to INR3b (our estimate: INR3.2b).
- **Consolidated gross margin expanded by 230bp YoY to 40%.** Higher other expenses were up 170bp YoY to form about 20.4% of sales, but lower staff costs as a percentage of sales (down 40bp YoY to 3.8%) meant that EBITDA margin expansion was restricted to 100bp YoY to 15.8% (our estimate: 15.8%). According to management, marginal inflation was witnessed in key raw material prices, but cost-efficiencies and operating leverage supported operating margin expansion.
- **1HFY19 consolidated performance:** Sales, EBITDA and Adjusted PAT grew 12.6%, 19.5% and 17.7% YoY, respectively. EBITDA margin expanded 90bp YoY to 15.6%.

Standalone performance for 2QFY19

- **Standalone sales, EBITDA and adjusted PAT grew 13.4%, 20.2% and 15.6% YoY, respectively.** Operating margin (15.7%) expanded by 90bp YoY.

Subsidiary performance for 2QFY19

- Sales, EBITDA and adjusted PAT grew by 3%, 21% and 24%, respectively. Subsidiary EBITDA margin improved by 270bp YoY to 18%.

Quarterly Performance

Y/E March	FY18				FY19				(INR Million)			
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY18	FY19E	FY19 Variance	
Base business volume growth (%)	2.0	5.0	11.0	11.0	11.0	10.0	6.0	7.0	7.3	8.4	10.0	
Net Sales	22,637	25,453	25,675	25,375	25,438	28,696	28,114	28,228	99,140	110,476	28,762	(0.2)
YoY Change (%)	5.7	6.6	12.5	13.1	12.4	12.7	9.5	11.2	9.5	11.4	13.0	
COGS	13,873	15,840	15,745	15,613	15,264	17,205	16,959	17,162	61,071	66,590	17,468	
Gross Profit	8,764	9,613	9,930	9,762	10,175	11,491	11,154	11,066	38,069	43,886	11,294	1.7
Margins (%)	38.7	37.8	38.7	38.5	40.0	40.0	39.7	39.2	38.4	39.7	39.3	
EBITDA	3,285	3,777	3,984	3,971	3,894	4,544	4,503	4,526	15,017	17,466	4,555	(0.3)
Margins (%)	14.5	14.8	15.5	15.6	15.3	15.8	16.0	16.0	15.1	15.8	15.8	
YoY Growth (%)	3.9	11.4	26.8	28.9	18.5	20.3	13.0	14.0	17.6	16.3	20.6	
Depreciation	332	336	329	424	356	369	362	492	1,421	1,580	370	
Interest	13	14	26	24	24	24	26	19	76	93	14	
Other Income	352	508	359	444	420	440	431	845	1,664	2,136	610	
PBT	3,293	3,934	3,989	3,968	3,933	4,590	4,547	4,860	15,184	17,929	4,781	(4.0)
Tax	1,133	1,326	1,354	1,330	1,352	1,559	1,546	1,639	5,142	6,096	1,625	
Rate (%)	34.4	33.7	33.9	33.5	34.4	34.0	34.0	33.7	33.9	34.0	34.0	
Adjusted PAT	2,160	2,609	2,635	2,638	2,581	3,031	3,001	3,221	10,041	11,833	3,155	(3.9)
YoY Change (%)	-1.5	11.5	19.6	25.2	19.5	16.2	13.9	22.1	13.5	17.8	21.0	

E: MOSL Estimates



Eicher Motors

BSE SENSEX	S&P CNX
34,813	10,482
Bloomberg	EIM IN
Equity Shares (m)	27
M.Cap.(INRb)/(USD\$b)	599.3 / 8.2
52-Week Range (INR)	32210 / 20301
1, 6, 12 Rel. Per (%)	-8/-26/-32
12M Avg Val (INR M)	1656
Free float (%)	50.7

CMP: INR21,977 TP: INR26,351 (+20%) Buy

Financials & Valuations (INR b)

Y/E Mar	2018	2019E	2020E
Net Sales	89.6	103.4	120.8
EBITDA	28.1	32.7	38.5
PAT	21.8	24.8	30.8
EPS (INR)	800	911	1,128
Gr. (%)	27.0	13.9	23.9
BV/Sh (INR)	2,579	3,277	4,172
RoE (%)	35.2	31.1	30.3
RoCE (%)	30.1	27.1	26.9
P/E (x)	27.5	24.1	19.5
P/BV (x)	8.5	6.7	5.3

Estimate change



TP change



Rating change



In-line; margin miss attributable to launch expense, negative op. leverage

- Consol. revenue grew 11% YoY to INR24b (in-line). Adj. PAT grew 7% YoY (-1.7% QoQ) to INR5.6b (est. of INR5.8b). In 1HFY19, revenue/EBITDA/PAT grew 19%/18%/14%, implying residual growth of 12%/15%/14% for 2H.
- RE's net realization improved 1.3% QoQ (+7.3% YoY) to INR114.4k (est. of INR113.2k), led by favourable mix. EBITDA margin shrank 130bp YoY (-170bp QoQ) to 30.6% (est. of 31.1%) due to launch expense (650cc twins) and negative operating leverage. Adj. PAT rose 1.3% YoY to INR4.9b.
- VECV's realizations fell 0.7% QoQ (+2% YoY) to INR1.58m (est. of INR1.55m) due to product mix impact. EBITDA margin shrank 20bp YoY/QoQ to 9% (est. of 9.6%). PAT grew 50% YoY (+20% QoQ) to INR1.4b (in-line).
- Earnings call highlights:** (a) Order book has shrunk, with blended waiting period of 2-3 weeks. SSG (incl. Maharashtra, Karnataka and Kerala) declined in single-digits in 2QFY19. However, demand was good in festival season (Oct-18). (b) RE focuses on diluting impact of price increase (up to 18% increase, incl. ABS) by increasing financing. (c) Finance penetration in Oct-18 at over ~50% of volumes (v/s 1HFY19 at 45-46% and ~33% two years back). (d) For 650cc twins, India is expected to be the biggest market; it is targeting existing RE owners. (e) Strike at Oragadam continues – EIM not willing to negotiate with external party. Net production loss is ~800/day.
- Valuation view:** We lower FY19/20 consol. EPS by 5%/6% to factor in S/A EPS cut of 5%/6% (lower volumes/high other expense) and VECV earnings cut of 6%/6%. Maintain **Buy** with a TP of INR26,351 (Sep'20 SOTP based).

Quarterly performance (Consolidated)

(INR M)

Y/E March	FY18				FY19				FY18	FY19E	FY19E	2QE VAR (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Operating income	20,006	21,673	22,690	25,280	25,478	24,082	24,862	28,994	89,650	103,415	23,785	1.2
Growth (%)	28.6	23.5	23.7	33.9	27.3	11.1	9.6	14.7	27.5	15.4	9.7	
EBITDA	6,207	6,825	7,072	7,972	8,095	7,293	7,598	9,689	28,076	32,676	7,409	-1.6
Recurring PAT	4,708	5,295	5,309	6,486	5,761	5,663	5,753	7,651	21,797	24,828	5,812	-2.6
Growth (%)	25.1	28.1	27.0	39.1	22.4	7.0	8.4	18.0	27.2	13.9	12.2	
Standalone (Royal Enfield)												
Royal Enfield ('000 units)	184	203	207	227	225	210	211	246	820	892	210	0.0
Growth (%)	24.8	21.5	18.8	27.4	22.5	3.6	2.1	8.3	23.1	8.8	3.6	
Net Realn (INR '000/unit)	109	107	110	111	113	114	118	118	109	116	113	1.1
Change - YoY (%)	2.9	1.0	3.9	5.4	3.9	7.3	7.5	6.1	3.4	6.2	6.1	
EBITDA Margins (%)	31.4	31.9	31.7	32.3	32.3	30.6	30.6	32.7	31.9	31.6	31.1	-50bp
Recurring PAT	4,943	4,864	4,720	4,146	5,912	4,927	5,158	6,394	18,674	22,395	5,031	-2.1
Growth (%)	46.6	22.8	13.7	0.7	19.6	1.3	9.3	54.2	19.7	19.9	3.4	
VECV												
Total CV Volumes	11,584	15,017	16,231	23,100	16,326	18,696	17,255	23,642	65,932	75,919	18,696	0.0
Growth (%)	-27.9	12.0	37.7	33.2	40.9	24.5	6.3	2.3	12.5	15.1	24.5	
Net Realn (INR '000/unit)	1,556	1,558	1,596	1,436	1,598	1,586	1,571	1,505	1,524	1,560	1,550	2.3
Change - YoY (%)	16.9	5.9	-0.2	-2.5	2.7	1.9	-1.6	4.8	4.4	2.4	-0.5	
EBITDA Margins (%)	8.3	9.2	8.7	9.5	9.2	9.0	8.3	9.6	9.0	9.1	9.6	-50bp
Recurring PAT	670	950	1,328	1,783	1,180	1,421	1,093	1,813	4,731	5,507	1,436	-1.0
Growth (%)	-38.1	46.2	133.0	52.4	76.1	49.6	-17.7	1.6	35.8	16.4	51.1	

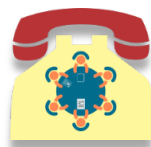
E: MOSL Estimates

Shree Cement

BSE SENSEX 34,813 S&P CNX 10,482

CMP: INR15,391 TP: INR19,410 (+26%) Buy

Conference Call Details



Date: 13th Nov 2018
Time: 12:00 pm IST
Dial-in details:
+91 22 62801143

Financials & Valuations (INR b)

Y/E Mar	2018	2019E	2020E
Sales	98.3	120.4	147.4
EBITDA	24.3	26.1	34.2
NP	13.4	13.0	18.7
Adj EPS (INR)	385.8	373.5	535.8
EPS Gr. (%)	0.4	-3.2	43.4
BV/Sh (INR)	2,554	2,795	3,268
RoE (%)	16.2	14.0	17.7
RoCE (%)	13.7	11.3	14.7
Payout (%)	15.1	20.3	11.7
Valuations			
P/E (x)	43.2	44.7	31.1
P/BV (x)	6.5	6.0	5.1
EV/EBITDA (x)	23.0	20.9	15.7
EV/Ton (USD)	209	190	179

EBITDA beat; PAT affected by fair-value loss pertaining to investments in IL&FS

- Shree cement volumes in 2QFY19 increased by ~16% YoY to 5.64mt (est. 5.51mt). Power units increased 36% YoY to 400m units.
- 2QFY19 revenue stood at INR25.8b, +21% YoY (est. INR24.6b). Cement revenue came in at INR 24b (+18% YoY). Power revenues increased 75% YoY to INR1.79b.
- Cement realizations increased 2% YoY/+4% QoQ to INR4,268/ton (est. INR4,207/ton).
- INR 840m of MTM forex loss was recorded in other expenses. As a result, EBITDA came in lower at INR6b (+8% YoY) v/s est. INR4.55b. Power EBITDA stood at INR405m resulting in cement EBITDA/ton of INR999 (-12% YoY;+16% QoQ).
- The company accounted for fair-value loss of INR1,781.3m due to the principal investment made in the Preference Shares of the IL&FS group during the quarter and the six months ended 30th September, 2018.
- As a result, reported PAT stood at INR494m while adjusted PAT stood at INR3.11b (+47% YoY) v/s est. of INR1.55b.
- The company has announced capacity expansion to 3mt of its cement grinding unit in Cuttack at a capex of INR4.23b and to 2.5mt at its unit in Jharkhand at a capex of INR4.8b. The capacity in Cuttack should be commissioned by Sept'19 and Jharkhand is expected to be commissioned by Jun'19.

Valuation and view: The stock trades at 20.9x/15.7x FY19/FY20E EV/EBITDA. Maintain Buy with a target price of INR19,410 (15.5x Sept'20 EV/EBITDA).

Quarterly Performance

Y/E March	FY18				FY19		FY19	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	2QE	(%)
Sales Dispat. (m ton)	5.89	4.88	5.33	6.44	6.99	5.64	5.51	2
YoY Change (%)	14.8	6.8	8.5	8.7	18.7	15.6	13.0	
Realization (INR/Ton)	4,215	4,181	4,132	4,157	4,107	4,268	4,207	1
YoY Change (%)	8.5	2.9	10.4	7.4	-2.6	2.1	0.9	
QoQ Change (%)	8.9	-0.8	-1.2	0.6	-1.2	3.9	2.4	
Net Sales	25,769	21,424	23,027	28,111	30,699	25,866	24,618	5
YoY Change (%)	17.2	4.4	23.5	15.3	19.1	20.7	15.2	
EBITDA	7,133	5,605	5,293	6,294	6,452	6,037	4,556	33
Margins (%)	27.7	26.2	23.0	22.4	21.0	23.3	18.5	
Depreciation	2,312	2,253	2,100	2,330	3,055	3,295	3,060	
Interest	329	380	207	437	562	618	560	
Other Income	974	995	873	1,049	936	514	1,000	
PBT before EO Exp	5,466	3,968	3,858	4,576	3,771	2,638	1,936	36
Extra-Ord Expense	0	3	-403	0	676	2,618	0	
PBT	5,466	3,965	4,262	4,576	3,095	20	1,936	-99
Tax	1,065	1,850	928	584	301	-473	387	
Rate (%)	19.5	46.7	21.8	12.8	9.7	-2,343.6	20.0	
Reported PAT	4,401	2,115	3,333	3,992	2,795	494	1,549	-68
Adj PAT	4,401	2,118	2,930	3,992	3,471	3,112	1,549	
YoY Change (%)	-13.3	-27.4	24.5	31.1	-21.1	46.9	-26.9	

Aurobindo Pharma

BSE SENSEX
34,813

S&P CNX
10,482

CMP: INR798

TP: INR910 (+14%)

Buy

Conference Call Details



Date: 13th Nov 2018

Time: 08:30am IST

Dial-in details:

+91-22-6280 1292

Financials & Valuations (INR b)

Y/E Mar	2018	2019E	2020E
Net Sales	165.0	183.3	251.9
EBITDA	37.9	40.3	56.2
NP	25.0	25.9	34.6
EPS (INR)	42.7	44.2	59.1
EPS Gr. (%)	8.7	3.5	33.8
BV/Sh. (INR)	199.4	240.0	296.6
RoE (%)	23.8	20.1	22.0
RoCE (%)	17.4	15.3	15.9
P/E (x)	18.7	18.1	13.5
P/BV (x)	4.0	3.3	2.7

Performance better than expectations

- Revenue grew 7% YoY to INR47.5b (our estimate: INR45.3b) in 2QFY19, largely led by US business.
- US business grew by ~6% YoY (+18% QoQ) to INR22.3b, despite a high base. In CC terms, US business de-grew by ~3% YoY to USD318m.
- After five quarters, ARV segment reported strong growth of ~18% YoY to INR2.4b. Europe and RoW segment grew by ~8% YoY to INR14.6b. API segment grew by ~6% YoY to INR8.2b.
- Gross margin shrank ~310bp YoY (+190bp QoQ) to 57%.
- EBITDA margin contracted ~360bp YoY (+330bp QoQ) to 21.6% (our estimate: 20.5%) due to a change in product mix and higher employee cost/R&D cost (+150bp/+100bp YoY, as % of sales). This was partially offset by lower other expenses (-200bp).
- R&D spend stood at 4.6% v/s 4% in 1QFY19 and 3.6% in 2QFY18.
- Adjusted PAT declined ~15% YoY to INR6.6b (our estimate: INR5.7b).
- During the quarter, ARBP incurred exceptional expense of INR268m related to purchase of R&D asset for USD12.5m.

Key questions for management

- Injectable business growth outlook in FY19/20
- Uptake of key launches during the quarter
- Whether strong growth in Europe and RoW market is sustainable
- Impact of price erosion in base business and future outlook

Valuation and view: We have a **Buy** rating on ARBP.

Quarterly performance (Consolidated)

Y/E March	FY18				FY19E				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	2QE	vs Est
Net Sales	36,788	44,359	43,361	40,491	42,503	47,514	48,024	45,219	45,340	4.8%
YoY Change (%)	-2.3	17.5	11.0	11.2	15.5	7.1	10.8	11.7	2.2	
EBITDA	8,416	11,173	10,256	8,040	7,792	10,260	11,045	11,219	9,295	10.4%
Margins (%)	22.9	25.2	23.7	19.9	18.3	21.6	23.0	24.8	20.5	
Depreciation	1,312	1,321	1,381	1,566	1,545	1,637	1,550	1,454	1,550	
Interest	169	173	189	247	295	354	214	2	280	
Other Income	221	103	258	438	437	263	125	-25	125	
PBT before EO expense	7,156	9,782	8,944	6,665	6,389	8,532	9,406	9,739	7,590	
Forex loss/(gain)	77	4	-73	159	682	397	0	0	0	
Exceptional (expenses)/income						-268				
PBT	7,080	9,778	9,017	6,506	5,707	7,866	9,406	9,739	7,590	
Tax	1,910	1,980	3,069	1,224	1,155	1,754	2,399	2,868	1,822	
Rate (%)	27.0	20.2	34.0	18.8	20.2	22.3	25.5	29.4	24.0	
Minority Interest	-15	-13	-3	-3	-3	-2	-14	-36	-14	
Reported PAT	5,185	7,812	5,950	5,285	4,555	6,114	7,022	6,907	5,782	5.7%
Adj PAT	5,241	7,815	6,566	5,414	5,203	6,632	7,022	6,907	5,782	14.7%
YoY Change (%)	-9.5	32.2	2.9	-2.6	-0.7	-15.1	6.9	27.6	-26.0	
Margins (%)	14.2	17.6	15.1	13.4	12.2	14.0	14.6	15.3	12.8	



Oil India

BSE SENSEX	S&P CNX
34,813	10,482
Bloomberg	OINL IN
Equity Shares (m)	1,202
M.Cap.(INRb)/(USD\$b)	225.8 / 3.1
52-Week Range (INR)	259 / 180
1, 6, 12 Rel. Per (%)	-2/-14/-22
12M Avg Val (INR M)	221
Free float (%)	33.9

Financials & Valuations (INR b)

Y/E Mar	2018	2019E	2020E
Sales	106.6	146.9	144.8
EBITDA	39.1	58.5	56.8
Adj. PAT	26.7	36.2	34.8
Adj. EPS (INR)	23.6	32.1	30.8
EPS Gr. (%)	-1.2	35.8	-4.0
BV/Sh.(INR)	246.9	264.0	280.5
RoE (%)	9.4	12.6	11.3
RoCE (%)	4.8	7.3	6.5
P/E (x)	8.4	6.2	6.5
P/BV (x)	0.8	0.8	0.7
EV/EBITDA (x)	6.8	4.6	4.6
Div. Yield (%)	5.5	7.5	7.2

Estimate change



TP change



Rating change



CMP: INR199

TP: INR263 (+32%)

Buy

EBITDA growth (albeit in-line) restricted by higher other expenditure

- Revenue increased 51% YoY (+10% QoQ) to INR37.4b, marginally ahead of our estimate of INR35.7b, led by better-than-expected crude oil production and sales. Crude oil sales/production ratio stood at 97% (our estimate: 98%), while realization came in at USD73.4/bbl (our estimate: USD73.7; +47% YoY, +2% QoQ). EBITDA growth was restricted to 46% YoY (+5% QoQ) (at INR14.7b – in line with our estimate of INR14.7b) due to higher other expenditure of USD9.4/boe (our estimate: USD6.8; 2QFY18: USD4.6; 1QFY19: USD8.8). Other expenditure inched up due to (a) provisions of ~INR1.2b (2QFY18: INR15.1m) and (b) insurance, rent and sundry expenditure of INR2.71b (2QFY18: INR73.8m). PAT of INR8.6b (+33% YoY, +23% QoQ) came in below our estimate of INR9.7b due to lower other income of INR2.9b (our estimate: INR4b; -13% YoY, +127% QoQ).
- Gross realization was impacted by rising crude oil prices. Production of crude oil stood at 0.86mmt (flat YoY, +1% QoQ) and of gas at 0.7bcm (-9% YoY, +4% QoQ). Total production declined 4% YoY (+3% QoQ) to 1.55mmtoe. Sales of oil stood at 0.83mmt (-1% YoY, +2% QoQ) and of gas at 0.65bcm (+2% YoY, +8% QoQ). Total sales were flat YoY (+5% QoQ) at 1.48mmtoe.
- Valuation and view:** We model Brent price at ~USD75/70 bbl and INR/USD at 70.7/73.4 for FY19/20. We expect EPS of INR32.1/30.8 in FY19/20. We believe USD60-70/bbl should not be a concern for return of subsidy regime. Rising gas price would be a positive for the stock. Our SOTP-based fair value stands at INR263 (incl. investment value of IN94). We value OINL at 8x FY20E adj. EPS of INR30.8, and add investments of INR94 in IOCL, NRL and BCPL. The stock trades at 6.5x FY20E EPS of INR30.8. Dividend yield is attractive at ~6%. Maintain **Buy**.

Quarterly Performance

Y/E March	FY18				FY19				FY18	FY19E	FY19	Var vs
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	23.3	24.7	28.5	30.0	33.9	37.4	37.6	37.9	106.6	146.9	35.7	5%
Change (%)	5.0	6.1	20.0	23.1	45.4	51.3	31.9	26.3	13.8	37.8	44.2	
EBITDA	8.7	10.1	12.2	8.0	14.1	14.7	16.1	13.6	39.1	58.5	14.7	0%
% of Net Sales	37.5	40.9	42.9	26.7	41.5	39.4	42.8	35.8	36.7	39.8	41.3	
Change (%)	1.3	21.0	84.2	34.6	61.1	45.7	31.5	69.5	32.2	49.6	45.5	
D,D&A	2.9	3.2	3.6	3.0	3.4	3.7	3.4	4.9	12.7	15.3	3.4	6%
Interest	1.0	1.1	1.0	1.1	1.1	1.3	0.8	1.3	4.2	4.5	0.8	63%
OI (incl. Oper. other inc)	1.5	3.3	2.1	7.9	1.3	2.9	4.0	7.4	14.8	15.6	4.0	-28%
PBT before exceptionals	6.4	9.1	9.8	11.8	10.9	12.7	15.9	14.8	37.1	54.3	14.5	-12%
Exceptional item	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
PBT after exceptionals	6.4	9.1	9.8	11.8	10.9	12.7	15.9	14.8	37.1	54.3	14.5	-12%
Tax	1.9	2.7	2.7	3.1	3.8	4.1	5.2	4.9	10.4	18.1	4.8	-15%
Rate (%)	29.4	29.3	28.0	26.5	35.2	32.2	33.0	33.0	28.1	33.3	33.0	
PAT	4.5	6.5	7.1	8.7	7.0	8.6	10.7	9.9	26.7	36.2	9.7	-11%
Change (%)	-8.9	11.3	55.1	4,387.3	56.2	33.4	51.0	14.7	72.3	35.8	50.6	
Adj. EPS (INR)	4.0	5.7	6.2	7.7	6.2	7.6	9.4	8.8	23.6	32.1	8.1	-6%
Key Assumptions (USD/bbl)												
Exchange rate (INR/USD)	64.5	64.3	64.8	64.4	67.0	70.2	72.5	73.0	64.5	70.7	70.2	0%
Gas Price (USD/bbl)	2.8	2.8	3.2	3.2	3.4	3.4	3.7	3.7	3.0	3.5	3.4	0%
Gross Oil Realization	48.4	50.1	59.4	64.9	72.0	73.4	73.8	73.8	55.7	73.3	73.7	0%
Net Oil Realization	48.4	50.1	59.4	64.9	72.0	73.4	73.8	73.8	55.7	73.3	73.7	0%

Bank of India

BSE SENSEX 34,813 S&P CNX 10,482

CMP: INR87

TP: INR90 (+4%)

Neutral

Financials & Valuations (INR b)

Y/E March	2018	2019E	2020E
NII	105.1	122.8	142.6
OP	71.4	92.8	109.1
NP	-60.4	8.9	14.4
NIM (%)	1.8	2.1	2.3
EPS (INR)	-43.2	5.08	8.26
EPS Gr. (%)	192.5	-111.8	62.7
ROE (%)	-17.8	2.5	4.0
ROA (%)	-1.0	0.1	0.2
BV/Sh. (INR)	186	188	194
ABV/Sh. (INR)	65	72	93
Valuations			
P/E(X)	-2.0	17.1	10.5
P/BV (X)	0.5	0.5	0.4
P/ABV (X)	1.3	1.2	0.9

Weak quarter; elevated provisions drive net losses

- BOI reported a loss of INR11.6b, affected by elevated provisions of INR33.4b (NPA provisions of INR28.3b). NII was flat YoY at INR29.3b (-12.7% QoQ due to NCLT recoveries in 1QFY19). NIM shrank further by 22bp QoQ to 2.27%.
- Other income declined 40% YoY, mainly due to treasury losses. BOI incurred treasury losses of INR1.9b in 2QFY19 and has to further make provisions of ~INR4.2b over 2HFY19 toward remaining MTM losses. Opex intensity moderated (declined 3% YoY due to 17% YoY fall in other opex).
- Gross loan book grew 3.4% QoQ, even as international loan book declined ~3% QoQ (mainly on account of discontinuation of LoCs/LoUs). Retail loans grew 11.3%/3.2% YoY/QoQ, led by vehicle finance (+22.4% YoY), personal loans (+18.4% YoY) and mortgage loans (+21.4% YoY). Deposits declined ~6%/~1% YoY/QoQ. CASA deposits grew 4.6% YoY, driving 243bp YoY improvement in CASA mix to 41.4%.
- Slippages moderated to INR38.2b (but still appear elevated, INR7.4b on account of exchange fluctuation). Absolute GNPA increased 1.6% QoQ to INR615.6b, while NNPA declined ~7% sequentially. GNPA/NNPA ratio declined 30bp/81bp QoQ to 16.4%/7.6%; the bank guided for a sharp decline in NNPA ratio to 6% by 3QFY19.
- **Analyst meet highlights:** (a) SMA2 advances stood at INR28b. (b) IL&FS exposure at INR37b (INR3.4b toward holding co and the rest toward SPVs). (c) O/s SR book of INR29.7b (INR8b provided for). (d) INR19b write-back expected from Essar Steel.
- **Other highlights:** (a) Tier 1 ratio stood at 7.7% for 2QFY19. (b) Gratuity provisions of INR1.09b have been deferred to subsequent quarter. (c) Bank has availed the RBI dispensation relating to MSME borrowers and accordingly retained advances of INR19.1b as standard assets.
- **Valuation view:** Weak asset quality and capitalization levels remain an overhang on the bank's performance. Pending MTM losses and uncertainty around MSME exposure where the bank has availed RBI's dispensation will further suppress earnings recovery. Possible exit from the PCA framework backed by a reduction in net NPA and capital infusion from the government remains a near-term trigger. We, thus, expect credit costs to stay elevated in the near term, weighing down on RoA/RoE. Maintain **Neutral** with a TP of INR90 based on 1.0x FY20E ABV.

Exhibit 1: Quarterly snapshot

INR m	FY17				FY18				FY19		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Profit and Loss												
Net Interest Income	27,752	27,197	28,626	34,686	25,330	29,082	25,012	25,639	33,543	29,268	1	-13
Other Income	12,384	20,106	17,693	17,540	16,110	17,064	10,412	13,752	8,301	10,304	-40	24
Trading profits	3,790	10,720	10,010	8,460	6,480	7,430	810	-340	-4,650	-1,980	NM	NM
Forex Income	3,950	3,890	2,710	1,220	3,590	3,120	2,750	4,560	3,650	3,730	20	2
Recoveries	320	400	390	1,440	680	850	840	1,700	2,080	2,820	232	36
Others (Non core)	4,324	5,096	4,583	6,420	5,360	5,664	6,012	7,832	7,221	5,734	1	-21
Total Income	40,136	47,304	46,319	52,226	41,440	46,146	35,424	39,391	41,844	39,572	-14	-5
Operating Expenses	23,597	22,375	21,734	20,951	17,646	23,816	21,881	27,670	23,152	23,102	-3	0
Employee	12,884	13,950	13,188	13,944	9,217	12,691	11,828	15,297	10,895	13,903	10	28
Others	10,713	8,425	8,547	7,007	8,429	11,125	10,053	12,372	12,258	9,199	-17	-25
Operating Profits	16,539	24,928	24,584	31,275	23,794	22,331	13,543	11,721	18,692	16,470	-26	-12
Core Operating Profits	12,748	14,208	14,574	22,815	17,314	14,901	12,733	12,061	23,342	18,450	24	-21
Provisions	27,702	22,962	23,026	47,362	22,453	19,533	48,997	66,741	25,642	33,433	71	30
NPA provisions	24,530	21,900	25,460	44,835	21,560	18,670	43,731	66,990	22,600	28,276	51	25
Provisions on Invst.	-120	350	290	2,650	1,310	810	9,060	3,510	3,850	5,470	575	42
Others	3,292	712	-2,724	-123	-417	53	-3,793	-3,759	-808	-314	NM	NM
PBT	-11,163	1,966	1,559	-16,087	1,342	2,798	-35,454	-55,020	-6,950	-16,963	NM	NM
Taxes	-3,750	698	542	-5,632	464	1,007	-12,042	-15,327	-7,901	-5,400	NM	NM
PAT	-7,414	1,268	1,017	-10,455	877	1,791	-23,412	-39,693	951	-11,563	NM	NM
Balance Sheet												
Deposits (INR b)	4,980	5,053	5,426	5,400	5,437	5,437	5,260	5,209	5,146	5,121	-6	0
Loans (INR b)	3,639	3,633	3,602	3,665	3,640	3,645	3,509	3,414	3,278	3,403	-7	4
Asset Quality												
GNPA	519	523	518	520	510	493	642	623	606	616	25	2
NNPA	283	275	255	253	244	236	361	282	279	260	10	-7
Slippages	62	40	32	69	40	21	183	130	67	38	78	-43
Ratios (%)												
Asset Quality Ratios												
GNPA	13.4	13.5	13.4	13.2	13.1	12.6	16.9	16.6	16.7	16.4	374	-30
NNPA	7.8	7.6	7.1	6.9	6.7	6.5	10.3	8.3	8.5	7.6	117	-81
PCR (Cal)	45.5	47.4	50.7	51.4	52.2	52.2	43.8	54.7	53.9	57.8	557	386
PCR (Inc TWO,)	53.1	0.0	58.7	61.5	63.5	65.2	57.0	65.9	66.7	69.1	389	245
Credit Cost	2.7	2.4	2.5	4.9	2.4	2.1	4.9	7.7	2.7	3.4	134	68
Business Ratios												
Fees to Total Income	21.4	19.8	16.6	17.4	23.2	20.9	27.1	35.8	31.0	31.0	1,017	9
Cost to Core Income	64.9	61.2	59.9	47.9	50.5	61.5	63.2	69.6	49.8	55.6	-592	580
Tax Rate	33.6	35.5	34.7	35.0	34.6	36.0	34.0	27.9	113.7	31.8	-415	-8,185
CASA Reported (Domestic)	35.3	35.8	40.9	39.8	39.1	39.0	40.4	41.4	41.8	41.4	243	-32
Loan/Deposit	73.1	71.9	66.4	67.9	66.9	67.0	66.7	65.5	63.7	66.4	-60	275
CAR	12.1	12.5	12.1	12.1	12.4	12.2	12.1	12.9	11.4	10.9	-130	-50
Tier I	9.0	9.4	9.1	8.9	9.0	8.9	8.8	9.7	8.1	7.7	-120	-48
Profitability Ratios												
RoA	-0.5	0.0	0.1	-0.6	0.1	0.1	-1.4	-2.4	0.1	-0.7	NM	NM
RoE	-2.3	0.4	0.3	-3.3	0.3	0.6	-7.2	-11.7	0.3	-3.3	NM	NM
Yield on loans	8.0	8.1	7.9	7.9	7.4	7.5	7.0	6.7	8.1	7.9	38	-28
Yield On Investments	7.8	7.7	7.6	7.4	7.3	7.3	7.2	7.2	7.2	7.4	13	18
Cost of Deposits	4.9	4.9	4.8	4.8	4.7	4.6	4.5	4.6	4.5	4.5	-8	-4
Margins	2.2	2.2	2.2	2.4	2.0	2.2	1.9	1.7	2.5	2.3	12	-22

Source: Company, MOSL



BSE SENSEX	S&P CNX
34,813	10,482
Bloomberg	NACL IN
Equity Shares (m)	1,933
M.Cap.(INRb)/(USDb)	134.2 / 1.8
52-Week Range (INR)	90 / 57
1, 6, 12 Rel. Per (%)	4/-3/-25
12M Avg Val (INR M)	773
Free float (%)	43.4

Financials & Valuations (INR b)

Y/E Mar	2018	2019E	2020E
Net Sales	95.1	116.9	111.1
EBITDA	16.8	31.9	23.4
PAT	9.9	19.6	14.4
EPS (INR)	5.1	10.2	7.4
Gr. (%)	37.0	99.1	-26.6
BV/Sh (INR)	54.3	57.7	58.0
RoE (%)	9.5	18.1	12.9
RoCE (%)	12.9	25.0	17.3
P/E (x)	13.6	6.8	9.3
P/BV (x)	1.3	1.2	1.2

Estimate change

TP change

Rating change



CMP: INR70

TP: INR90 (+30%)

Buy

Another strong quarter; smelter now at full capacity

Valuations attractive; Maintain Buy

2QFY19 EBITDA declined 16% QoQ (+140% YoY) to INR8.5b (in-line), led by lower LME. Adj. PAT was down 19% QoQ (+140% YoY) at INR5.1b (our estimate: INR5.4b). Effective tax rate stood at 38%, higher than our estimate of 33% and 34% in 1Q.

- **Alumina:** Production was down 18% QoQ at 477kt due to seasonal factors. Sales, however, increased ~1% QoQ to 324kt, led by destocking. Alumina realization increased 2% QoQ to USD570/t (our estimate: USD550/t). Calculated cost of production (CoP) increased QoQ.
- **Aluminum:** Production increased 4% QoQ (8% YoY) to 114kt, which is now near full capacity. Sales increased ~10% QoQ to 115kt. Aluminum realization declined by USD357 QoQ to USD2,162/t, as against a decline in LME of ~USD200/t. Product premiums were lower. CoP was lower QoQ, aided by operating leverage benefit and currency depreciation.

Alumina prices will drive earnings; valuations attractive; Maintain Buy

- While alumina prices have come off from recent highs, the market is expected to remain tight, given the partial shutdown at Hydro's alumina facilities and rising aluminum production. NAACL is a key beneficiary of higher alumina prices as it is net long and has the advantage of low-cost captive bauxite.
- We have cut our alumina price estimate from USD450 to USD400/t for 4QFY19 and FY20. EBITDA is reduced by 4%/18% to INR31.9b/INR23b for FY19/20E.
- We expect EBITDA to increase by ~90% to INR31.9b in FY19, driven by strong sector tailwinds. Stock is trading at attractive valuations of EV/EBITDA of 4.6x FY20E. We value the stock at 5.5x FY20E EV/EBITDA at INR90/sh. Maintain **Buy**.

Quarterly Performance (Standalone) – INR m

Y/E March	FY18				FY19				FY18	FY19E	FY19	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Aluminium Sales ('000 tons)	89	113	110	112	105	115	112	112	424	444	112	3
Alumina Sales ('000 tons)	259	380	256	440	320	324	303	353	1,335	1,300	322	1
Avg LME Aluminium (USD/ton)	1,910	2,011	2,097	2,162	2,250	2,050	2,050	2,050	2,045	2,100	2,050	0
NSR premiums (USD/ton)	323	239	269	190	269	112	190	190	256	190	190	-41
Alumina NSR (USD/ton)	314	334	422	413	560	570	450	400	371	495	550	4
Net Sales	18,027	24,548	23,888	28,632	29,733	30,409	28,081	28,628	95,094	116,851	30,052	1
Change (YoY %)	16.4	33.0	20.2	12.3	64.9	23.9	17.6	0.0	19.9	22.9	22	
EBITDA	2,270	3,549	4,668	6,297	10,111	8,509	6,791	6,490	16,783	31,902	8,429	1
Change (YoY %)	16.6	106.0	63.7	47.3	345.5	139.8	45.5	3.1	55.5	90.1	138	
As % of Net Sales	12.6	14.5	19.5	22.0	34.0	28.0	24.2	22.7	17.6	27.3	28.0	
Interest	4	4	5	6	6	6	0	0	20		0	
Depreciation	1,170	1,123	1,243	1,268	1,217	1,160	1,224	1,219	4,804	4,820	1,169	-1
Other Income	859	810	766	573	621	903	704	704	3,008	2,931	704	28
PBT (before EO Item)	1,954	3,231	4,186	5,597	9,509	8,246	6,271	5,974	14,968	30,012	7,964	4
Extra-ordinary Income	6	-32	6,784	-1,336	910	0	0	0	5,421		0	
PBT (after EO Item)	1,960	3,199	10,969	4,261	10,419	8,246	6,271	5,974	20,388	30,012	7,964	4
Total Tax	670	853	3,752	1,690	3,549	3,146	2,047	1,950	6,964	10,692	2,600	21
% Tax	34.2	26.7	34.2	39.7	34.1	38.2	32.6	32.6	34.2	35.6	33	
Reported PAT	1,289	2,346	7,218	2,571	6,871	5,100	4,224	4,024	13,424	19,321	5,365	-5
Adjusted PAT	1,287	2,127	2,756	3,685	6,270	5,100	4,224	4,024	9,855	19,321	5,365	-5

KNR construction

BSE SENSEX 34,813
S&P CNX 10,482

CMP: INR191 TP: INR275 (+44%) Buy

Conference Call Details



Date: 13th Nov 2018

Time: 03.00 pm IST

Dial-in details:

+91-22-6280 1309

Financials & Valuations (INR b)

Y/E Mar	2018	2019E	2020E
Net Sales	19.3	20.2	28.0
EBITDA	3.9	3.5	4.2
Adj PAT	2.7	1.9	2.4
Adj EPS (INR)	19.4	13.7	16.8
Gr. (%)	61.8	-29.1	22.3
BV/Sh (INR)	82.3	95.3	111.8
RoE (%)	26.5	15.5	16.2
RoCE (%)	19.5	14.0	15.5
P/E (x)	9.9	13.9	11.4
P/BV (x)	2.3	2.0	1.7
EV/EBITDA (x)	7.4	7.3	5.7

Strong beat led by execution of better margin orders

- Revenue for the quarter stood at INR4.2b (+5.8% YoY) ahead of our estimate of INR3.8b led by the timely execution of the KP Sagar irrigation project (INR1.2b revenue contribution; 30% of the 2QFY19 sales), Pollachi (INR457m), Madurai (INR416m), and Hubli (582m).
- EBIDTA at INR831m (+ 1% YoY) was ahead of our estimate of INR596m. Operating margins stood at 20% (-100bp YoY) ahead of our estimate of 15.5%. Operating margins during the quarter were supported by execution of orders, which promised better margins. Key projects like KP Sagar irrigation (INR1.2b revenue; 20%+ EBIDTA margins, 30% of Revenue), led to margins coming in at 20.0% for the quarter.
- Other income stood at INR88m v/s our estimate of INR78m.
- Tax rate for the quarter stood at 0.6% v/s our estimate of 10% (Tax rate for FY18 stood at -1.5%, management guidance of 5%).
- PAT at INR450m (-24% YoY) was ahead of our estimate of INR263m.
- HAM project update: Financial closure was achieved for all the projects. Appointed dates for two projects is expected by end-Dec'18 and for the balance two projects, by end-Jan'19. Appointed date is to be taken only after 80% physical land is available.

Valuation and View

The stock currently trades at 14x/11x its FY19/20E EPC of INR13.7/16.8. We have a Buy rating on the stock with a target price of INR275.

Standalone - Quarterly Earning Model

Y/E March	FY18				FY19				FY18	FY19E	MOSL 1Q	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	4,807	3,933	4,332	6,244	5,564	4,163	4,353	6,168	19,317	20,247	3,847	8
YoY Change (%)	58.6	5.3	13.3	29.5	15.7	5.8	0.5	-1.2	25.3	4.8	-2.2	
Total Expenditure	3,962	3,109	3,348	5,036	4,465	3,331	3,678	5,318	15,455	16,793	3,251	
EBITDA	845	825	984	1,207	1,099	831	675	850	3,861	3,454	596	39
Margins (%)	17.6	21.0	22.7	19.3	19.7	20.0	15.5	13.8	20.0	17.1	15.5	
Depreciation	244	235	371	491	360	393	328	230	1,341	1,310	328	
Interest	52	43	49	88	72	74	62	78	231	286	54	
Other Income	123	27	61	183	178	88	89	58	393	413	78	
PBT before EO expense	672	574	624	811	844	453	374	599	2,682	2,271	293	55
PBT	672	574	624	811	844	453	374	599	2,682	2,271	293	
Tax	-4	-17	-33	14	104	3	37	196	-39	341	29	
Rate (%)	-0.6	-2.9	-5.2	1.7	12.3	0.6	10.0	32.8	-1.5	15.0	10.0	
Reported PAT	676	591	657	798	740	450	337	403	2,721	1,930	263	71
Adj PAT	676	591	657	798	740	450	337	403	2,721	1,930	263	
YoY Change (%)	123.7	34.5	58.1	52.1	9.5	-23.8	-48.7	-49.5	61.8	-29.1	-55.4	
Margins (%)	14.1	15.0	15.2	12.8	13.3	10.8	7.7	6.5	14.1	9.5	6.8	

E: MOSL Estimates



Tata Motors

BSE SENSEX 34,813 S&P CNX 10,482

CMP: INR186 TP: INR246(+33%) Buy

TATA MOTORS

Stock Info

Bloomberg	TTMT IN
Equity Shares (m)	3,397
M.Cap.(INRb)/(USDb)	588.6 / 8.1
52-Week Range (INR)	444 / 165
1, 6, 12 Rel. Per (%)	1/-38/-61
12M Avg Val (INR M)	3862
Free float (%)	62.7

Financials Snapshot (INR b)

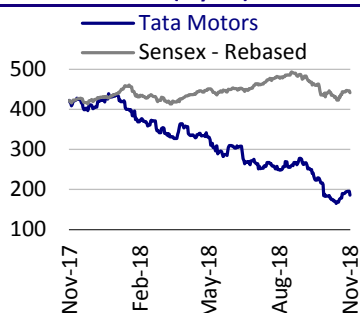
Y/E March	2018	2019E	2020E
Net Sales	2,946	3,146	3,405
EBITDA	369.7	350.2	426.1
NP	77.8	10.1	76.0
Adj. EPS (INR)	22.9	3.0	22.4
EPS Gr. (%)	15.7	-87.0	653.3
BV/Sh. (INR)	281.0	283.5	305.5
RoE (%)	10.1	1.1	7.6
RoCE (%)	6.4	5.0	4.7
P/E (x)	8.1	62.6	8.3
P/BV (x)	0.7	0.7	0.6

Shareholding pattern (%)

As On	Sep-18	Jun-18	Sep-17
Promoter	37.3	36.4	36.4
DII	17.4	18.7	15.3
FII	18.8	18.3	22.6
Others	26.5	26.7	25.8

FII Includes depository receipts

Stock Performance (1-year)



JLR delivers in-line wholesale volumes for Oct'18

Volumes up 1% YoY for Jaguar, but down 8% YoY for LR

- JLR's wholesale volumes declined 6% YoY (-11.7% MoM) to 46.8k units (our estimate: 45.5k) in Oct'18 – this includes China JV volumes of 2.4k units.
- Jaguar volumes increased 0.6% YoY to 13.4k units (our estimate: 14.5k), while Land Rover volumes declined 8.4% YoY to 33.4k units (our estimate: 31k).
- JLR's retail volumes declined 4.6% YoY in Oct'18, impacted by a decline of 49% in China retails and 13.5% YoY in Europe retails. UK and US volumes grew 46.9% and 24.1% YoY, respectively.
- Jaguar retail volumes grew 11.6% YoY, driven by models like XE, E-pace and I-Pace. Volumes, however, declined substantially for other models.
- LR's retail volumes declined 10.5% YoY, as growth in Range Rover (+18%), Range Rover Sport (+13%) and Velar (+2.5%) was more than offset by lower volumes across other models.
- Mr Felix Brautigam, Jaguar Land Rover Chief Commercial Officer said,** "We continue to face challenges in some markets, notably China. Despite this, we saw a strong performance in the UK and North America, which is a testament to our customers' loyalty to our brands and the positive response of new customers to our evolving product line-up. As announced last week, we are implementing a turnaround plan and taking all the necessary steps to rejuvenate our business especially in China. This involves working closely with our sales network and balancing production with demand in the present market conditions to achieve healthy development for our future that is not unduly dependent on incentives."
- The stock trades at 8.3x FY20E consolidated EPS. Maintain **Buy** with a target price of INR246 (Sep'20 SOTP-based).



Lower inflation defies further rate hikes in FY19

Inflation expected to move towards 3% by Dec'18

- India's headline CPI inflation came in lower-than-expected for the fifth consecutive month at a 13-month low of 3.3% in Oct'18, well below our estimate/market consensus of 3.5%/3.6%. The deviation was primarily because of food prices, which fell by 0.1% YoY in Oct'18 as against our expectation of 0.7% growth.
- Core inflation, however, rose to 6.1% from 5.7% in the previous month, which was higher than our estimate of 5.8%. Inflation in core services surged to 6.6% from 6% in Sept'18.
- Separately, IIP grew 4.5% YoY in Sept'18, better than market consensus of 4.2%, but lower than our expectation of 5%. Capital goods - a proxy for investment activity- grew ~6% YoY in 2QFY19, slower than the 8.6% growth seen in 1Q.
- Overall, we maintain that the RBI will resist rate hikes in Dec'18 and Feb'19, as inflation is expected to remain at ~3% in Nov-Dec'18. Real GDP growth is also seen weakening from 8.2% in 1Q to 7-7.2% in 2Q and further to 6.5% in 2HFY19.

I. Retail inflation eases to 3.3% in October 2018

- **October CPI inflation at 13-month low...:** CPI-based retail inflation came in at a 13-month low of 3.3% YoY in Oct'18, down from 3.7% in the previous month (*Exhibit 1*). The number was much lower than our estimate of 3.5%, as well as the market consensus of 3.6%. This is the fifth consecutive month of a lower-than-expected headline number.
- **...on account of lower-than-expected food inflation...:** Food & beverages' inflation (weight in CPI: 45.9%) came in at -0.1% YoY in Oct'18, well below our estimate of +0.7%. This was the first instance of a decline in 16 months. Vegetables' inflation fell to -8.1% from -4.2% in September, contributing 29bp to the fall in the headline inflation number in October (*Exhibit 2*). Inflation in cereals, pulses, oils & fats, eggs, milk and fruits also eased in Oct'18.
- **...while core inflation surprised on the upside...:** Core inflation (all items excluding 'food & beverages' and 'fuel & light') rose to 6.1% in Oct'18 from 5.7% in Sept'18 (*Exhibit 3*), much higher than our estimate of 5.8%. Core-core inflation (excluding petrol/diesel from core inflation) rose to 5.7% after touching a six-month low of 5.4% in the previous month. Inflation in the fuel & light group remained unchanged at 8.6% in Oct'18.
- **...even as Inflation in 'core services' touched record levels:** Further refinement of CPI items show that inflation in 'core services' surged to 6.6% in October from 6% in the preceding month (*Exhibit 4*). This is the highest level of inflation in core services in at least 46 months. Inflation in this segment has risen by ~306bp since the beginning of 2018. Inflation in housing eased by ~50bp to a 13-month low of 6.6%, while inflation in goods eased to 2.4% from 2.9% in September.
- **Overall, we maintain that the RBI will resist rate hikes in Dec'18 and Feb'19, as inflation is expected to remain at ~3% in Nov-Dec'18. Real GDP growth is also expected to weaken from 8.2% in 1Q to 7-7.2% in 2Q, and further to 6.5% in 2HFY19.**



Metals Weekly

Steel mill's spreads continue shrinking; Alumina down 4%

- **Indian steel:** Long product (TMT Mumbai) prices were up ~2% WoW. Sponge iron prices were up ~1% WoW and scrap prices were also up ~2% WoW. Domestic iron ore prices remained unchanged. Pellet prices were also unchanged. Domestic HRC prices were unchanged, but import offers were lower.
- **Raw materials:** Iron ore prices (China CFR) were up ~1% WoW. Thermal coal prices were unchanged. Coking coal prices were down ~1% WoW. China's pellet import prices were down ~2% WoW. Chinese graphite electrode prices were higher.
- **Europe:** HRC prices were unchanged. CIS HRC export prices were down ~1% WoW. Rotterdam scrap prices were up ~1% WoW.
- **China steel prices:** Chinese local rebar and HRC prices were down ~1-2% WoW. Export price of rebar were unchanged, but HRC prices were down ~1% WoW.
- **Base metals:** Aluminum (cash LME) was unchanged. Alumina prices were lower ~4% WoW. Copper (cash LME) was down ~3% WoW. Zinc (cash LME) was down ~4%, while lead was down ~2% WoW. Brent crude prices were down ~4% WoW.

Metal Prices

	CMP	change since						
		9-Nov	%	2-Nov	%	31-Mar	%	1-Jan
STEEL								
TMT- Mumbai (INR/ton)	37,700	2	37,000	-2	38,500	-4	39,200	
HRC- Mumbai (INR/ton)	46,500	0	46,500	2	45,500	9	42,500	
HRC (USD/ton) fob CIS	500	0	503	-19	618	-9	548	
METALLICS								
Sponge iron - Raipur (INR/ton)	23,000	1	22,700	6	21,600	3	22,400	
Pig iron - Raipur (INR/ton)	30,300	0	30,300	-2	31,050	7	28,375	
Iron ore spot (USD/ton) cfr China	74	1	73	10	67	1	73	
Coking coal (USD/ton) fob Aus.	217	-1	220	0	217	-17	262	
Shred. scrap (USD/ton) Rotterdam	321	1	317	-10	355	-5	337	
ALUM.								
LME Spot (USD/ton)	1,965	0	1,967	-5	2,069	-11	2,206	
Indian prices (INR '000/ton)	143	0	143	7	134	2	140	
LME inventories ('000 ton)	1,056	0	1,051	-19	1,306	-4	1,099	
ZINC								
LME Spot (USD/ton)	2,556	-4	2,654	-22	3,285	-25	3,396	
Indian prices (INR '000/ton)	186	-4	193	-13	213	-14	215	
LME inventories ('000 ton)	133	-7	143	-35	206	-26	180	
COPPER								
LME Spot (USD/ton)	6,088	-3	6,255	-12	6,923	-14	7,097	
Indian prices (INR '000/ton)	440	-1	443	-2	448	-3	456	
LME inventories ('000 ton)	171	-5	180	-47	321	-16	204	
OTHERS								
Gold (INR/10gms)	31,773	0	31,739	6	30,112	8	29,443	
Sliver (INR/1kg)	38,205	0	38,372	1	37,762	-1	38,643	
Lead Spot LME (USD/ton)	1,957	-2	1,995	-19	2,416	-24	2,590	
Brent crude (USD/bbl)	70.2	-4	72.8	6	66.2	4	67.6	
MISC.								
INR/USD	72.7	0	73.0	12	65.1	15	63.3	
BDI	1,147	-20	1,428	0	1,143	-16	1,371	

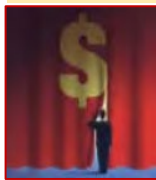
Valuations: Indian companies

Company	Price (INR)	EV/EBITDA (x)		P/B (x)
		FY19E	FY20E	FY19E
Steel				
Tata Steel	578	5.8	7.0	1.0
JSW Steel	353	7.0	7.3	2.6
JSPL	183	7.0	6.3	0.6
SAIL	67	6.0	6.3	0.7
Non-Ferrous				
Hindalco	243	5.9	5.7	1.3
Nalco	71	3.2	3.3	1.1
Vedanta	223	6.3	4.9	1.3
Rain Ind.	188	4.9	4.4	1.3
Mining				
Coal India	264	5.4	4.8	7.8
HZL	263	7.8	5.9	3.2
NMDC	116	4.9	4.5	1.4

Note: Detailed table on pg 25 Source: MOSL

Valuations: Global companies

	Price	EV/EBITDA (x)		
		CY18	CY19	CY18
Mining				
BHP	AUD 33.41	6.1	6.4	2.4
FMG	AUD 4.25	4.6	4.5	0.9
Rio Tinto	AUD 81.23	5.8	6.2	2.3
Vale	USD 54.65	5.4	5.3	1.7
Teck Res.	USD 20.83	3.4	3.8	0.7
Steel				
A. Mittal	EUR 22.26	3.6	3.9	0.6
Posco	KRW 265.5	4.1	4.1	0.5
US Steel	USD 27.69	3.4	3.3	1.1
Nucor	USD 62.78	5.5	6.2	1.9
JFE	JPY 2181	6.2	6.0	0.6
Gerdau	BRL 16.12	6.3	6.0	1.1
Angang	CNY 5.79	4.2	4.6	0.8
Non Ferrous				
Alcoa	USD 34.36	2.9	3.2	1.2
Hydro	NOK 42.38	5.7	5.0	1.0
Rusal	HKD 2.2	5.4	5.0	0.7



Ashok Leyland

Buy

Bloomberg	AL IN
Equity Shares (m)	2927.1
M. Cap. (INR b)/(USD b)	348 / 5
52-Week Range (INR)	168 / 105
1,6,12 Rel Perf. (%)	-4 / -28 / -18

Financial Snapshot (INR b)

Y/E March	2017	2018	2019E	2020E
Sales	200.2	262.5	304.6	365.1
EBITDA	22.0	27.4	33.7	42.5
NP	12.4	15.8	20.4	26.0
Adj. EPS (INR)	4.3	5.4	7.0	8.9
EPS Gr. (%)	3.0	23.9	29.6	27.3
BV/Sh. (INR)	21.5	24.5	28.4	34.1
RoE (%)	21.4	23.7	26.4	28.4
RoCE (%)	21.8	20.7	23.6	26.1

Valuations

P/E (x)	27.4	22.1	17.0	13.4
P/BV (x)	5.5	4.9	4.2	3.5
EV/EBITDA (x)	15.2	11.6	9.5	7.1
Div. Yield (%)	1.3	2.0	2.1	2.2

- In 2QFY19, volumes increased 26.8% YoY (-23.3% QoQ), as M&HCV and LCV sales increased 22% YoY and 42% YoY, respectively, led by continued strong demand.
- We expect realization to remain flat YoY (-0.5% QoQ), led by product mix impact.
- Net revenue is likely to grow 26.8% YoY (-22.7% QoQ) to INR76.7b, led by volume and realization growth.
- EBITDA margin is likely to expand 100 bp YoY (+70 bp QoQ) to 11.1% led by operating leverage.
- EBITDA should increase 39.6% YoY (+31.9% QoQ) to INR8.5b.
- PAT should increase 55.9% YoY (+37% QoQ) to INR5.2b.
- We increase FY19/FY20 EPS by 4.8%/2% as we increase volumes by 6.6%/10.9%.
- The stock trades at EV/EBITDA of 9.5x FY19E and 7.1x FY20E EBITDA. Maintain **Buy**.

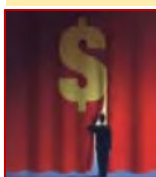
Key issues to watch

- Update on CV demand post implementation of new axle norms and discount trends
- Update on LCVs, exports and defense business
- RM cost guidance and price hikes to mitigate the same
- Capex and investment guidance for FY19 and FY20

Quarterly Performance

	FY18				FY19				FY18	FY19
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Total Volumes (nos)	28,488	40,986	46,627	58,772	42,127	51,958	48,200	62,912	174,873	205,197
Growth %	-8.6	22.6	42.0	23.4	47.9	26.8	3.4	7.0	20.5	17.3
Realizations (INR '000)	1,495	1,475	1,532	1,493	1,484	1,476	1,484	1,492	1,501	1,484
% change	9.4	6.7	4.2	0.2	-0.7	0.1	-3.1	-0.1	8.8	-1.1
Net operating revenues	42,579	60,469	71,412	87,725	62,501	76,701	71,510	93,856	262,479	304,568
Change (%)	0.0	30.8	47.9	23.7	46.8	26.8	0.1	7.0	31.1	16.0
RM/sales %	69.1	71.3	71.0	71.9	69.6	70.5	70.4	70.4	70.9	70.3
Staff/sales %	9.9	8.1	6.6	5.2	7.9	6.7	7.1	5.7	6.9	6.7
Other exp/sales %	13.8	10.4	11.4	11.2	12.1	11.7	11.6	12.3	11.7	12.0
EBITDA	3,061	6,118	7,884	10,327	6,475	8,541	7,804	10,859	27,390	33,679
EBITDA Margins(%)	7.2	10.1	11.0	11.8	10.4	11.1	10.9	11.6	10.4	11.1
Other Income	384	557	380	577	500	575	650	355	1,898	2,080
Interest	366	410	335	201	116	225	175	236	1,312	752
PBT before EO Item	1,730	4,826	6,576	9,299	5,366	7,341	6,679	9,303	22,433	28,751
EO Exp/(Inc)	126	0	0	0	147	0	0	0	126	0
PBT	1,605	4,826	6,576	9,299	5,220	7,341	6,679	9,303	22,307	28,751
Tax	492	1,484	2,079	2,626	1,519	2,129	1,937	2,754	6,681	8,338
Effective Tax Rate (%)	30.7	30.7	31.6	28.2	29.1	29.0	29.0	29.6	30.0	29.0
Adj. PAT	1,199	3,342	4,497	6,674	3,805	5,212	4,742	6,549	15,714	20,413
Change (%)	-58.7	13.5	178.1	36.5	217.2	55.9	5.4	-1.9	27.1	29.9

E: MOSL Estimates



CG Power and Industrial

Neutral

Bloomberg	CGPOWER IN
Equity Shares (m)	626.8
M. Cap. (INR b)/(USD b)	28 / 0
52-Week Range (INR)	99 / 43
1,6,12 Rel Perf. (%)	-17 / -52 / -58

Financial Snapshot (INR b)

Y/E March	2017	2018	2019E	2020E
Net Sales	55.2	61.9	65.6	70.0
EBITDA	4.4	4.6	5.6	5.9
Adj. PAT	-4.2	-7.2	0.3	2.5
EPS(INR)	2.4	-11.5	0.5	3.9
EPS Gr. (%)	-32.6	-578.2	NA	710.3
BV/Sh. (INR)	65.6	43.3	43.7	47.3
RoE (%)	3.5	1.4	7.9	10.4
RoCE (%)	6.4	7.0	8.5	10.2
Payout (%)	25%	7.7	7.7	7.7

Valuations

P/E (x)	18.6	-3.9	92.4	11.4
P/BV (x)	0.7	1.0	1.0	1.0
EV/EBITDA (x)	7.4	8.2	6.1	5.2
Div Yield (%)	1.3	-3.2	0.1	0.7

* Consolidated

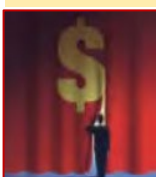
- CG has entered into a strategic alliance with Tenaga Switchgear to expand its market reach and customer base in Malaysia.
- During the quarter, CG inaugurated Indonesia's first high-voltage and extra high-voltage factory.
- We expect standalone revenue to grow 8.2% YoY to INR13.1b in 2QFY19.
- Operating profit is expected to improve 325.4% YoY to INR1.0b, led by better product-mix. EBITDA margin should expand 140 bp YoY to 7.8%.
- We estimate adjusted PAT at INR569m as against profit of INR392m in 2QFY18. Maintain **Neutral**.

Key issues to watch

- Debt reduction in demerged business through asset sales

Quarterly performance (Standalone)

	FY18				FY19E				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Sales	12,607	12,085	11,794	14,309	11,798	13,071	12,501	15,899	49,810	53,270
Change (%)	11.7	11.4	10.8	21.6	-6.4	8.2	6.0	11.1	4.6	6.9
EBITDA	653	771	871	1,157	909	1,021	987	1,759	3,452	4,677
Change (%)	4.8	-8.8	3.9	42.2	39.2	32.4	13.3	52.1	-52	-24
As of % Sales (Adj)	5.2	6.4	7.4	8.1	7.7	7.8	7.9	11.1	6.9	8.8
Depreciation	229	265	262	264	257	283	283	308	1,021	1,130
Interest	525	541	536	538	517	500	500	458	2,140	1,975
Other Income	428	615	454	484	375	451	488	564	1,981	1,877
Exceptional items (reported)	125	-189	-426	-4,044	15	0	0	0	-4,534	15
PBT	327	579	527	839	510	689	693	1,558	2,272	3,449
Tax	142	-2	10	212	156	120	120	310	465	706
Effec. Tax Rate (%)	43.4	-0.3	1.8	25.2	30.7	17.4	17.3	19.9	20.5	20.5
Reported PAT	310	392	92	-3,417	368	569	573	1,248	-3,247	2,758
Adj PAT	185	581	518	627	354	569	573	1,248	1,807	2,743
Change (%)	-51.9	-34.1	-36.8	31.1	91.0	-2.1	10.6	99.1	-29.8	51.8



Engineers India

Buy

Bloomberg	ENGR IN
Equity Shares (m)	673.9
M. Cap. (INR b)/(USD b)	77 / 1
52-Week Range (INR)	206 / 110
1,6,12 Rel Perf. (%)	-9 / -39 / -38

Financial Snapshot (INR b)

Y/E March	2017	2018	2019E	2020E
Net Sales	14.5	17.9	25.0	35.4
EBITDA	3.9	4.4	4.2	5.3
Adj. PAT	3.7	4.0	4.1	4.9
EPS (INR)	5.4	6.3	6.5	7.8
EPS Gr. (%)	32.9	14.8	4.2	19.3
BV/Sh. (INR)	41.2	33.7	36.9	40.8
RoE (%)	13.3	15.7	17.3	18.7
RoCE (%)	13.3	15.7	17.3	18.8
Payout (%)	46.4	77.6	46.4	46.4

Valuations

P/E (x)	21.1	18.4	17.6	14.8
P/BV (x)	2.8	3.4	3.1	2.8
EV/EBITDA (x)	13.9	10.9	11.2	8.1
Div Yield (%)	1.5	3.5	2.3	2.7

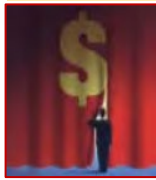
- During the quarter, EIL booked orders of INR50b that it received from HPCL Rajasthan Refinery Limited, which includes project management consultants (PMC) as well as engineering, procurement and construction (EPC) jobs.
- We expect revenue to increase 32% YoY, supported by growth in turnkey segment execution (120% YoY) and expect consultancy and engineering projects to register muted growth of 2% YoY.
- We expect operating profit to register 30% decline YoY, despite 32% growth in revenue, given adverse revenue-mix (higher share of low-margin turnkey projects). Margins in the turnkey segment for 2QFY18 stood at 50.6% given INR374m was received from a customer for a one-time settlement for time extension on a particular project.
- We expect net profit to register a 21% YoY decline to INR939m. Maintain **Buy**.

Key issues to watch

- Performance of the turnkey project segment, which has seen margin volatility in the recent past

Quarterly Performance

Y/E March	FY18				FY19				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	3,754	4,291	4,734	5,097	5,733	5,650	6,050	7,594	17,876	25,028
YoY Change (%)	9.8	26.6	45.7	15.1	52.7	31.7	27.8	49.0	23.4	40.0
Total Expenditure	2,936	2,901	3,386	4,302	4,870	4,675	4,710	6,591	13,486	20,846
EBITDA	818	1,390	1,349	795	864	975	1,340	1,003	4,390	4,182
Margins (%)	21.8	32.4	28.5	15.6	15.1	17.3	22.1	13.2	24.6	16.7
Depreciation	60	62	59	58	55	65	60	75	238	255
Interest	0	1	1	4	2	1	1	2	6	6
Other Income	456	467	393	479	522	550	500	561	1,795	2,133
PBT before EO expense	1,214	1,794	1,682	1,213	1,328	1,459	1,779	1,488	5,941	6,055
Extraordinary expense/income	0	0	0	-220	0	0	0	0	260	0
PBT	1,214	1,794	1,682	1,433	1,328	1,459	1,779	1,488	5,681	6,055
Tax	400	602	597	303	462	520	540	415	1,902	1,938
Rate (%)	32.9	33.6	35.5	21.2	34.8	35.6	30.4	27.9	33.5	32.0
Reported PAT	815	1,192	1,084	1,129	866	939	1,239	1,073	3,779	4,117
Adj PAT	815	1,192	1,084	909	866	939	1,239	1,073	4,039	4,117
YoY Change (%)	1.4	27.0	27.4	-41.7	6.3	-21.2	14.3	18.0	-2.7	1.9
Margins (%)	21.7	27.8	22.9	17.8	15.1	16.6	20.5	14.1	22.6	16.5



GE T&D

Neutral

Bloomberg	GETD IN
Equity Shares (m)	256.1
M. Cap. (INR b)/(USD b)	67 / 1
52-Week Range (INR)	473 / 230
1,6,12 Rel Perf. (%)	1 / -43 / -47

Financial Snapshot (INR b)

Y/E March	2017	2018	2019E	2020E
Net Sales	40.5	43.3	44.2	45.7
EBITDA	2.2	2.9	3.9	4.2
Adj. PAT	1.5	1.9	2.7	2.8
EPS (INR)	5.7	7.5	10.5	10.9
EPS Gr. (%)	325.3	30.8	40.5	3.5
BV/Sh. (INR)	40.3	46.5	53.0	59.8
RoE (%)	13.3	17.3	21.2	19.3
RoCE (%)	16.3	22.5	30.0	28.3
Payout (%)	31.4	31.4	31.4	31.4

Valuations

P/E (x)	45.5	34.8	24.8	24.0
P/BV (x)	6.5	5.6	4.9	4.4
EV/EBITDA (x)	32.0	21.9	16.2	14.6
EV/ Sales (x)	1.8	1.4	1.4	1.3
Div Yield (%)	0.7	0.7	1.3	1.3

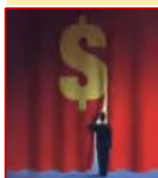
- We expect GETD to register revenue growth of 12% YoY to INR9.7b in 2QFY19. Growth would be driven by a pick-up in the execution of the Champa Kurukshetra (CK) phase II project and through booking of sales, which had slipped in earlier quarters.
- We expect operating profit of INR900m in 2QFY19, as against INR805m in 2QFY18. Operating margins are expected to remain stable during the quarter at 9.3%.
- Gross margin is likely to see 170 bp decline YoY to 36.1%. 2QFY18 gross margins were higher given closure of the CK phase I project. Even INR depreciation can act as a spoil-sport for the company.
- GETD is expected to book net profit of INR645m as against INR475m in 2QFY18. Maintain **Neutral**.

Key issues to watch

- Progress in the Champa-Kurukshetra II project, which is expected to be executed in FY19
- Margins during the quarter as INR depreciated 10% YoY and GE T&D is a net importer

Quarterly Performance

Y/E March	FY18				FY19				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Sales	12,093	8,700	14,386	8,139	11,624	9,700	13,500	9,354	43,317	44,178
Change (%)	41.5	4.2	23.5	-32.0	-3.9	11.5	-6.2	14.9	6.9	2.0
EBITDA	1,055	805	728	179	1,442	900	1,000	587	2,853	3,928
Change (%)	4,875.9	130.6	-3.0	-83.7	36.7	11.8	37.4	227.9	-9.0	-9.0
As of % Sales	8.7	9.3	5.1	2.2	12.4	9.3	7.4	6.3	6.6	8.9
Depreciation	224	228	218	229	217	235	240	222	899	914
Interest	278	225	238	141	155	120	120	105	883	500
Other Income	422	344	630	638	192	400	400	577	1,948	1,569
PBT	975	695	1,099	419	1,262	945	1,040	837	3,189	4,084
Tax	358	220	381	141	442	300	350	297	1,101	1,389
Effective Tax Rate (%)	36.7	31.6	34.7	33.7	35.0	31.7	33.7	35.4	34.5	34.0
Reported PAT	617	475	718	278	820	645	690	540	2,088	2,695
Change (%)	-131.3	131.6	62.0	-39.7	33.0	35.7	-3.9	94.3	NM	29.1
Adj PAT	617	475	521	305	820	645	690	540	1,919	2,695
Change (%)	71.4	131.6	17.6	-33.8	33.0	35.7	32.4	76.9	30.8	40.5



Glenmark Pharma

Neutral

Bloomberg	GNP IN
Equity Shares (m)	282.3
M. Cap. (INR b)/(USD b)	177 / 2
52-Week Range (INR)	712 / 484
1,6,12 Rel Perf. (%)	1 / 6 / -10

Financial Snapshot (INR Billion)

y/e Mar	2017	2018	2019E	2020E
Sales	89.7	89.7	98.7	110.8
EBITDA	18.2	14.8	15.5	18.3
NP	11.1	8.0	8.4	10.0
EPS (INR)	39.3	28.5	29.7	35.6
EPS Gro. (%)	58.0	-27.5	4.1	20.0
BV/Sh. (INR)	159.2	183.0	212.2	244.2
RoE (%)	24.7	15.6	14.0	14.6
RoCE (%)	19.1	14.4	15.6	15.5

Valuations

P/E (x)	15.9	22.0	21.1	17.6
P/BV (x)	3.9	3.4	2.9	2.6
EV/EBITDA (x)	11.8	14.1	13.6	11.4
EV/Sales (x)	2.4	2.3	2.1	1.9

- We expect Glenmark Pharmaceuticals (GNP) to report healthy growth of ~12.8% YoY to INR25.1b. This can be attributed to growth across geographies. US business is expected to increase by ~11% YoY, and Europe business is expected to exhibit 25% YoY growth. India branded business is likely to post decent growth of 10% YoY.
- EBITDA margins are expected to remain largely flat (+30 bp YoY) to 16.3%. Absolute EBITDA is expected to grow by ~15% YoY to INR4.1b on back of revenue growth.
- We expect PAT to grow at a lower rate than EBITDA (+~3% YoY) to INR2.2b, primarily due to lower other income and higher tax rate.
- We maintain Neutral, with a TP of INR550. Any big in-licensing deal in innovation business could act as a positive catalyst.

Key issues to watch out for

- New ANDA filings in complex category
- Update on free-cash generation and debt repayment schedule
- Progress of NCE/NBE pipeline and potential out-licensing prospects

Quarterly Performance

(INR Million)

Y/E March	FY18				FY19E				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Revenues (Core)	23,294	22,234	21,715	22,479	21,294	25,084	25,019	27,303	89,722	98,700
YoY Change (%)	22.0	2.3	-11.8	-7.3	-8.6	12.8	15.2	21.5	0.0	10.0
EBITDA	5,438	3,552	2,905	2,949	3,106	4,089	3,878	4,393	14,845	15,466
Margins (%)	23.3	16.0	13.4	13.1	14.6	16.3	15.5	16.1	16.5	15.7
Depreciation	777	752	754	735	794	790	781	759	3,019	3,123
Interest	709	698	705	744	790	750	740	680	2,856	2,961
Other Income	489	629	90	1,015	495	450	500	605	2,222	2,050
PBT before EO Expense	4,441	2,731	1,537	2,485	2,017	2,999	2,857	3,559	11,193	11,432
Extra-Ord Expense	0	0	0	0	-1,250	0	0	0	0	-1,250
PBT after EO Expense	4,441	2,731	1,537	2,485	3,267	2,999	2,857	3,559	11,193	12,682
Tax	1,108	589	489	968	937	795	760	932	3,155	3,424
Rate (%)	24.9	21.6	31.8	39.0	28.7	26.5	26.6	26.2	28.2	27.0
Reported PAT	3,334	2,141	1,047	1,516	2,330	2,204	2,097	2,627	8,039	9,258
Adj PAT (excl one-offs)	3,334	2,141	1,047	1,516	1,442	2,204	2,097	2,627	8,039	8,370
YoY Change (%)	47.0	-2.4	-78.0	-17.5	-56.7	2.9	100.2	73.2	-27.5	4.1
Margins (%)	14.3	9.6	4.8	6.7	6.8	8.8	8.4	9.6	9.0	8.5

E: MOSL Estimates



Grasim Industries

Neutral

Bloomberg	GRASIM IN
Equity Shares (m)	657.3
M. Cap. (INR b)/(USD b)	638 / 9
52-Week Range (INR)	1300 / 915
1,6,12 Rel Perf. (%)	-2 / -19 / -31

Financial Snapshot (INR Billion)

Y/E March	2017	2018	2019E	2020E
Sales	360.7	562.0	689.9	800.5
EBITDA	73.9	121.9	151.2	172.1
Adj. PAT	31.7	31.1	42.9	54.8
Adj. EPS (INR)	67.8	47.3	65.3	83.3
EPS Gr. (%)	26.9	-30.2	37.9	27.7
BV/Sh. (INR)	672.3	872.6	932.4	1010.4
RoE (%)	10.8	7.0	7.2	8.6
RoCE (%)	12.2	9.2	8.1	9.1
Payout (%)	7.7	11.3	8.2	6.4

Valuations

P/E (x)	14.3	20.5	14.9	11.6
P/BV (x)	1.4	1.1	1.0	1.0
EV/EBITDA (x)	7.6	9.4	14.6	9.8

- We expect net sales of INR42.5b; (5%YoY; -11%QoQ) led by 5%YoY increase in sales of VSF and 11%YoY sales in Chemical business
- Standalone EBITDA should increase by 21%YoY to INR 9.5bn led by 8%YoY increase in EBITDA for VSF and 41%YoY increase for chemical business. We estimate EBITDA margin at 22.4% (+2.9pp; +0.37QoQ).
- We estimate adjusted PAT at INR5.8b (-7% YoY) due to higher depreciation and interest. Maintain Neutral.

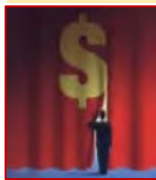
Key issues to watch out for

- Pick-up in cement demand and pricing
- Outlook on VSF business and strategy to utilize upcoming capacities globally
- Outlook on chemical business

Quarterly Performance (Standalone)
(INR Million)

Y/E March	FY18				FY19				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	27,403	40,373	43,838	46,056	47,892	42,573	44,815	43,885	157,885	179,165
YoY Change (%)	14.4	62.2	73.6	60.1	74.8	5.5	2.2	-4.7	52.6	13.5
EBITDA	5,553	7,852	8,896	8,447	10,542	9,530	10,089	9,916	30,802	40,077
Margins (%)	20.3	19.4	20.3	18.3	22.0	22.4	22.5	22.6	19.5	22.4
Depreciation	1,103	1,664	1,658	1,853	1,827	1,827	1,827	1,925	6,277	7,407
Interest	73	427	295	486	588	588	588	560	1,281	2,324
Other Income	658	2,688	212	1,020	1,217	1,250	1,250	1,283	4,523	5,000
PBT before EO Items	5,036	8,449	7,154	7,128	9,343	8,365	8,924	8,714	27,767	35,346
Extraordinary Inc/(Exp)	0	-540	91	-2186.5	0	0	0	0.0	-2,635	0
PBT after EO Items	5,036	7,909	7,245	4,942	9,343	8,365	8,924	8,714	25,131	35,346
Tax	1,564	2,164	2,507	1,210	2,918	2,510	2,677	2,499	7,445	10,604
Rate (%)	31.1	27.4	34.6	24.5	31.2	30.0	30.0	28.7	29.6	30.0
Reported PAT	3,472	5,745	4,739	3,731	6,426	5,856	6,247	6,214	17,687	24,742
Adj. PAT	3,472	6,285	4,648	5,918	6,426	5,856	6,247	6,214	20,322	24,742
Margins (%)	12.7	15.6	10.6	12.8	13.4	13.8	13.9	14.2	12.9	13.8
YoY Change (%)	8.2	6.1	40.3	87.6	85.1	-6.8	34.4	5.0	30.3	21.8

E: MOSL Estimates



Jindal Steel & Power

Buy

Bloomberg	JSP IN
Equity Shares (m)	967.9
M. Cap. (INR b)/(USD b)	181 / 2
52-Week Range (INR)	294 / 136
1,6,12 Rel Perf. (%)	-8 / -27 / 15

Financial Snapshot (INR Billion)

Y/E March	2017	2018	2019E	2020E
Sales	216.2	279.7	393.1	395.2
EBITDA	46.6	64.7	86.7	94.4
Adj. PAT	-19.1	-8.2	-0.9	3.8
Adj. EPS (INR)	-20.9	-8.5	-1.0	3.9
EPS Gr (%)	14.8	-59.4	-88.5	-503.4
BV/Sh. (INR)	328.4	308.4	307.4	310.9
RoE (%)	-7.9	-2.7	-0.3	1.3
RoCE (%)	1.0	3.2	5.0	5.8
Payout (%)	0.0	0.0	0.0	0.0

Valuations

P/E (x)	-9.3	-22.9	-198.7	49.3
P/BV	0.6	0.6	0.6	0.6
EV/EBITDA (x)	13.6	9.9	7.3	6.4
Div. Yield (%)	0.0	0.0	0.0	0.0

- **Standalone:** We estimate standalone EBITDA to decline 20% QoQ to INR13.2b on lower steel prices and higher raw material cost. EBITDA per ton will be down ~INR2000 to INR10,514. Volumes will be flat QoQ at ~1.25mt.
 - **Jindal Power:** Jindal Power's EBITDA is expected to decline 4% QoQ to INR3b on lower generation. Generation will be down 11% QoQ to 2.25BU.
 - **Oman:** We expect EBITDA of INR4b, down ~12% QoQ.
 - Consolidated EBITDA is likely to decline 16% QoQ to INR19.2b.
- Buy.**

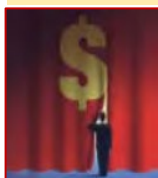
Key issues to watch for

- Ramp-up of Angul
- Power demand growth

Quarterly Performance (Consolidated)

(INR Million)

Y/E March	FY18				FY19				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	59,364	62,393	71,048	86,923	97,282	88,842	102,451	104,565	279,727	393,140
Change (YoY %)	26.4	28.4	27.3	34.0	63.9	42.4	44.2	20.3	29.4	40.5
Total Expenditure	45,837	48,659	54,983	65,558	74,516	69,663	80,107	82,161	215,036	306,447
EBITDA	13,527	13,734	16,065	21,365	22,766	19,179	22,344	22,403	64,691	86,692
Change (YoY %)	37.5	61.9	25.8	37.7	68.3	39.6	39.1	4.9	38.8	34.0
As % of Net Sales	22.8	22.0	22.6	24.6	23.4	21.6	21.8	21.4	23.1	22.1
Interest	9,006	9,268	9,670	10,714	9,729	10,320	10,537	10,478	38,657	41,065
Depreciation	9,622	9,977	9,632	9,599	10,399	11,433	11,925	12,005	38,830	45,763
Other Income	0	14	10	5	0	8	8	9	29	25
PBT (before EO item)	-5,101	-5,496	-3,227	1,057	2,637	-2,566	-110	-72	-12,767	-111
Extra-ordinary Income	0	-1,497	0	-4,376	0	0	0	0	-5,874	0
PBT (after EO item)	-5,101	-6,994	-3,227	-3,319	2,637	-2,566	-110	-72	-18,641	-111
Total Tax	-887	-1,999	-457	944	1,538	399	1,000	723	-2,398	3,661
% Tax	17.4	28.6	14.2	-28.4	58.3	-15.6	-909.5	-1008.5	12.9	-3293.7
Reported PAT	-4,214	-4,995	-2,770	-4,263	1,099	-2,966	-1,110	-795	-16,243	-3,772
MI - Loss/(Profit)	-334	-497	-67	-1,166	-709	-603	-782	-654	-2,064	-2,749
Associate	10	19	43	17	0	28	24	26	87	78
Adjusted PAT	-3,871	-2,982	-2,660	1,295	1,808	-2,334	-305	-115	-8,218	-945
Change (YoY %)	-15.2	-60.0	-34.7	-142.8	-146.7	-21.7	-88.5	-108.9	-57.0	-88.5



Mahanagar Gas

Buy

Bloomberg	MAHGL IN
Equity Shares (m)	98.8
M. Cap. (INR b)/(USD b)	80 / 1
52-Week Range (INR)	1345 / 762
1,6,12 Rel Perf. (%)	0 / -28 / -40

Financial Snapshot (INR b)

Y/E March	2017	2018	2019E	2020E
Sales	20.3	22.3	25.6	28.9
EBITDA	6.4	7.8	8.3	9.0
Adj. PAT	3.9	4.8	5.1	5.4
Adj. EPS (INR)	39.8	48.4	51.1	54.9
EPS Gr. (%)	26.5	21.5	5.7	7.3
BV/Sh.(INR)	186.3	212.1	241.1	272.2
RoE (%)	23.4	24.3	22.6	21.4
RoCE (%)	23.3	24.3	22.6	21.4
Payout (%)	56.6	43.3	43.3	43.3

Valuation

P/E (x)	20.3	16.7	15.8	14.8
P/BV (x)	4.3	3.8	3.4	3.0
EV/EBITDA (x)	12.2	10.1	9.0	7.9
Div. Yield (%)	2.3	2.2	2.3	2.4

- We expect MGL to report volumes of 2.87mmscmd, and assume EBITDA/scm at INR8.1.
- We expect 2QFY19 CNG volumes at 2.09mmscmd (+5% YoY; -1% QoQ) and PNG volumes at 0.77mmscmd (+9% YoY; +3% QoQ).
- We expect MGL to report EBITDA of INR2.1b (+7% YoY; -5% QoQ) for 2QFY19.
- We expect MGL to report PAT of INR1.3b (+4% YoY; -9% QoQ).
- We model total volumes of 2.85/3.09mmscmd and EBITDA/SCM at INR8.0/8.0 in FY19/FY20.
- The stock trades at 14.8x FY20E EPS of INR55. Maintain Buy.

Key issues to watch for

- Increase in volumes
- EBITDA/SCM

Standalone - Quarterly Earning Model

(INR Million)

Y/E March	FY18				FY19E				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	5,309	5,338	5,814	5,870	6,323	6,461	6,551	6,222	22,330	25,561
YoY Change (%)	9.8	2.5	15.3	11.7	19.1	21.0	12.7	6.0	9.8	14.5
Total Expenditure	3,276	3,335	3,805	4,108	4,084	4,325	4,519	4,292	14,524	17,225
EBITDA	2,033	2,003	2,009	1,762	2,239	2,136	2,032	1,930	7,806	8,336
EBITDA/SCM	8.7	8.1	8.0	7.0	8.6	8.1	7.6	7.7	7.9	8.0
Margins (%)	38.3	37.5	34.6	30.0	35.4	33.1	31.0	31.0	35.0	32.6
Depreciation	246	259	268	339	295	340	356	397	1,112	1,388
Interest	2	0	0	1	1	0	0	0	3	1
Other Income	120	139	141	174	153	158	162	183	574	657
PBT	1,904	1,883	1,883	1,595	2,096	1,954	1,838	1,716	7,265	7,603
Tax	661	635	643	548	684	662	623	582	2,487	2,551
Rate (%)	34.7	33.7	34.1	34.3	32.6	33.9	33.9	33.9	34.2	33.6
Reported PAT	1,243	1,248	1,240	1,048	1,413	1,292	1,215	1,134	4,779	5,052
Adj PAT	1,243	1,248	1,240	1,048	1,413	1,292	1,215	1,134	4,779	5,052
YoY Change (%)	34.1	22.1	25.2	5.3	13.6	3.5	-2.0	8.3	21.5	5.7
Margins (%)	23.4	23.4	21.3	17.8	22.3	20.0	18.5	18.2	21.4	19.8
Sales Volumes (mmscmd)										
CNG	1.89	1.99	2.01	2.05	2.12	2.09	2.11	1.87	1.99	2.05
PNG - Domestic	0.32	0.33	0.34	0.35	0.36	0.36	0.38	0.47	0.34	0.39
PNG - Industry/ Commercial	0.36	0.38	0.39	0.39	0.39	0.41	0.43	0.43	0.38	0.42
PNG - Total	0.68	0.71	0.73	0.74	0.75	0.77	0.80	0.90	0.72	0.81
Total Volumes	2.57	2.70	2.74	2.80	2.87	2.87	2.91	2.77	2.70	2.85

E: MOSL Estimates



NMDC

Buy

Bloomberg	NMDC IN
Equity Shares (m)	3163.9
M. Cap. (INR b)/(USD b)	362 / 5
52-Week Range (INR)	163 / 94
1,6,12 Rel Perf. (%)	8 / -12 / -19

Financial Snapshot (INR Billion)

Y/E March	2017	2018	2019E	2020E
Sales	88.3	116.1	110.5	119.4
EBITDA	44.9	63.2	65.0	67.9
Adj. PAT	31.5	41.4	44.1	45.3
Adj. EPS (INR)	10.0	13.1	13.9	14.3
EPS Gr(%)	11.7	31.5	6.5	2.7
BV/Sh. (INR)	71.2	77.0	83.7	90.8
RoE (%)	13.5	17.7	17.4	16.4
RoCE (%)	11.5	17.1	16.6	15.7
Payout (%)	74.9	52.9	51.6	50.3

Valuation

P/E (x)	12.2	9.2	8.7	8.4
P/BV	1.7	1.6	1.4	1.3
EV/EBITDA (x)	7.3	5.3	5.1	4.8
Div. Yield (%)	4.3	4.4	5.0	5.0

- NMDC's adj. EBITDA is expected to come in flat QoQ at ~INR15b as impact of lower volumes is likely to be offset by higher prices.
- Iron ore sales volumes are expected to decrease 4% QoQ to 6.6mt on lower offtake from Karnataka by JSW Steel.
- Domestic iron ore realization is expected to increase 7% QoQ to INR3,800/t.
- Adjusted PAT is expected to decrease 4% QoQ to INR9.3b. **Buy.**

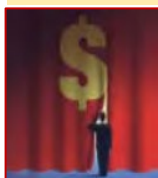
Key issues to watch for

- Increase in global iron ore prices
- Stronger-than-expected iron ore demand

Quarterly Performance

(InR Million)

Y/E March	FY18				FY19				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Production (m tons)	8.5	7.2	8.6	11.3	6.9	6.6	10.0	10.8	35.6	34.2
Sales (m tons)	9.2	8.3	8.1	10.5	6.8	6.6	10.0	10.8	36.1	34.2
Avg Dom. NSR (USD/t)	46	43	45	55	53	57	43	43	48	50
Avg Dom. NSR (INR/t)	2,938	2,836	2,975	3,644	3,541	3,800	2,859	2,859	3,128	3,265
Net Sales	28,415	24,213	24,690	38,830	24,220	25,080	29,467	31,685	116,149	110,453
EBITDA	16,206	12,852	13,314	20,826	14,788	14,907	17,866	17,425	63,198	64,987
As % of Net Sales	57.0	53.1	53.9	53.6	61.1	59.4	60.6	55.0	54.4	58.8
EBITDA per ton (USD)	27	24	25	30	32	34	27	24	27	29
EBITDA per ton (INR/t)	1,765	1,549	1,652	1,976	2,162	2,259	1,787	1,617	1,752	1,899
Interest	82	102	112	76	108	0	0	0	371	108
Depreciation	467	620	772	702	616	738	756	775	2,560	2,885
Other Income	1,286	1,099	1,111	1,702	1,251	508	587	706	5,197	3,052
PBT (before EO Item)	16,944	13,229	13,542	21,749	15,316	14,677	17,697	17,356	65,464	65,046
Extra-ordinary item	-1,258	-823	234	-3,463	-550	0	0	0	-5,309	
PBT (after EO Item)	15,686	12,406	13,776	18,286	14,766	14,677	17,697	17,356	60,155	65,046
Total Tax	5,994	3,963	4,910	7,226	5,013	4,697	5,663	5,554	22,093	20,927
% Tax	38.2	31.9	35.6	39.5	34.0	32.0	32.0	32.0	36.7	32.2
Reported PAT	9,692	8,443	8,866	11,060	9,753	9,980	12,034	11,802	38,062	44,119
Adjusted PAT	10,721	8,370	8,568	13,762	9,691	9,287	11,197	10,982	41,421	44,119



Sun Pharma

Buy

Bloomberg	SUNP IN
Equity Shares (m)	2399.0
M. Cap. (INR b)/(USD b)	1492 / 20
52-Week Range (INR)	679 / 435
1,6,12 Rel Perf. (%)	2 / 14 / 9

Financial Snapshot (INR Billion)

Y/E MARCH	2017	2018	2019E	2020E
Sales	302.6	260.7	311.7	361.6
EBITDA	87.8	51.8	68.6	92.2
NP	62.9	32.4	44.8	63.3
EPS (INR)	26.1	13.5	18.6	26.3
EPS Gro. (%)	33.2	-48.5	38.6	41.2
BV/Sh. (INR)	152.3	158.4	170.0	189.3
RoE (%)	18.1	8.7	11.4	14.6
RoCE (%)	19.0	8.1	11.3	15.0

Valuations

P/E (x)	23.8	46.2	33.4	23.6
P/BV (x)	4.1	3.9	3.7	3.3
EV/EBITDA (x)	16.1	28.2	20.2	14.7
EV/Sales (x)	4.7	5.6	4.4	3.7

- Sun Pharmaceuticals (SUNP) is likely to register a healthy 15% YoY growth in revenue to INR75.5b, primarily on the back of a growth in the US and RoW markets.
- We expect the US business to grow ~18% YoY to INR23.6b. RoW and API businesses are likely to grow 17% YoY and 10% YoY, respectively. India business is expected to grow 8% YoY to INR23.98b due to the high base of last year.
- Margins are expected to expand by ~170 bp YoY to 21.7%. Absolute EBITDA is expected to report robust growth of ~25% YoY to INR16.4b.
- Adjusted PAT is expected to increase by ~20% YoY to INR10.9b.
- Incremental generics business from new launches, which should be higher than base business erosion, increased traction in specialty products and sustained outperformance in the domestic formulation business, should drive growth. We maintain Buy, with a TP of INR790.

Key issues to watch out

- Outlook on new product launches and ANDA filings
- Launch of key products from Halol facility
- Update on traction in specialty products

Quarterly Performance

(INR Million)

Y/E March	FY18				FY19E				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Revenues	61,667	65,901	65,982	67,110	71,388	75,512	78,195	86,644	260,659	311,739
YoY Change (%)	-23.0	-15.1	-14.1	-1.7	15.8	14.6	18.5	29.1	-13.9	19.6
Total Expenditure	51,131	52,747	51,999	52,936	56,175	59,126	60,836	66,971	208,813	243,107
EBITDA	10,535	13,153	13,984	14,174	15,214	16,386	17,359	19,673	51,846	68,632
Margins (%)	17.1	20.0	21.2	21.1	21.3	21.7	22.2	22.7	19.9	22.0
Depreciation	3,466	3,587	3,393	4,552	4,016	3,750	3,650	3,584	14,998	15,000
Interest	1,094	1,574	953	1,554	1,309	900	800	991	5,176	4,000
Net Other Income	1,941	3,151	1,842	5,688	2,851	2,850	3,150	3,149	12,623	12,000
PBT before EO Exp	7,916	11,144	11,479	13,756	12,739	14,586	16,059	18,248	44,295	61,632
EO Exp/(Inc)	9,505	0	0	0	0	0	0	0	9,505	0
PBT	-1,589	11,144	11,479	13,756	12,739	14,586	16,059	18,248	34,790	61,632
Tax	1,618	1,114	7,487	-1,767	1,639	2,188	2,409	4,550	8,452	10,786
Rate (%)	20.4	10.0	65.2	-12.8	12.9	15.0	15.0	24.9	19.1	17.5
PAT (pre Minority Interest)	-3,207	10,030	3,992	15,523	11,101	12,398	13,650	13,698	26,338	50,847
Minority Interest	1,042	908	338	2,434	1,275	1,500	1,500	1,725	4,722	6,000
Reported PAT	-4,249	9,121	3,654	13,090	9,825	10,898	12,150	11,973	21,616	44,847
One-off upsides	0	0	-5,130	3,890	0	0	0	0	-1,240	0
Adj Net Profit	5,256	9,121	8,784	9,200	9,825	10,898	12,150	11,973	32,361	44,847
YoY Change (%)	-74.2	-59.2	-40.3	-24.8	86.9	19.5	38.3	30.1	-9.9	-21
Margins (%)	-6.9	13.8	5.5	19.5	13.8	14.4	15.5	13.8	8.3	14.4



Tata Steel

Neutral

Bloomberg	TATA IN
Equity Shares (m)	1203.2
M. Cap. (INR b)/(USD b)	698 / 10
52-Week Range (INR)	747 / 494
1,6,12 Rel Perf. (%)	3 / -8 / -22

Financial Snapshot (INR Billion)

Y/E March	2017	2018	2019E	2020E
Sales	1,123	1,316	1,463	948
EBITDA	170	219	296	223
Adj. PAT	40	82	105	91
Adj. EPS (INR)	40.7	71.9	87.0	75.2
EPS Gr(%)	429.9	76.5	21.0	-13.5
BV/Sh. (INR)	330	476	554	618
RoE (%)	16.9	17.8	16.9	12.8
RoCE (%)	9.4	11.6	13.1	10.3
Payout (%)	-27.0	6.4	14.0	17.9

Valuation

P/E (x)	14.5	8.2	6.8	7.8
P/BV	1.8	1.2	1.1	1.0
EV/EBITDA (x)	7.7	6.3	6.0	7.0
Div. Yield (%)	1.4	1.4	1.7	1.7

- **India:** We expect Tata Steel's standalone EBITDA to be flat QoQ at INR51.3b as higher volumes are offset by lower margin. Volumes would increase ~7% QoQ to 3.17mt, while EBITDA per ton would decline by ~INR900/t to INR16,154/t on lower steel prices.
- **Europe:** EU sales volumes would decline 4% QoQ to 2.3mt. Margins are estimated to decline to USD56/t.
- Consolidated EBITDA is expected to increase 13% QoQ to INR73.4b aided by inclusion of Bhushan Steel. Adjusted PAT is expected to increase 10% QoQ to INR25.3b. **Neutral.**

Key issues to watch for

- Imports from China and global iron ore prices

Quarterly Performance (Consolidated)

(INR Million)

Y/E March	FY18				FY19				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	295,568	324,641	334,466	361,323	378,328	348,155	357,926	378,401	1,315,998	1,462,810
Change (YoY %)	17.2	23.1	19.6	6.6	28.0	7.2	7.0	4.7	16.0	11.2
EBITDA	49,740	47,207	56,969	64,989	64,677	73,364	74,477	83,215	218,905	295,732
Change (YoY %)	53.4	58.9	61.0	-7.5	30.0	55.4	31	28	30.5	35.1
(% of Net Sales)	16.8	14.5	17.0	18.0	17.1	21.1	20.8	22.0	16.6	20.2
EBITDA(USD/tss)	132	112	134	158	152	166	161	170	134	162
Interest	13,437	13,499	13,273	14,809	16,701	19,047	19,548	19,280	55,018	74,576
Depreciation	15,011	14,733	14,751	15,122	18,056	19,205	19,588	19,645	59,617	76,494
Other Income	1,555	2,532	2,259	2,749	3,473	3,772	3,017	3,738	9,095	13,999
PBT (before EO Inc.)	22,846	21,507	31,205	37,808	33,392	38,884	38,357	48,028	113,365	158,661
EO Income(exp)	-6,168	-447	-11,156	113,761	-3,465				95,991	-3,465
PBT (after EO Inc.)	16,679	21,060	20,049	151,569	29,926	38,884	38,357	48,028	209,357	155,196
Total Tax	7,405	11,380	9,508	5,761	11,037	13,603	13,398	16,723	34,054	54,762
% Tax	32.4	52.9	30.5	15.2	33.1	35.0	34.9	34.8	30.0	34.5
Reported PAT	9,273	9,680	10,541	145,808	18,890	25,281	24,958	31,305	175,303	100,434
Adj. PAT (after MI & asso)	15,352	10,205	24,100	32,633	22,976	25,347	25,005	31,317	82,290	104,645

**1. TITAN : Growing faster than industry each quarter; Bhaskar Bhat, MD**

- The festival season has turned out to be good news. Diwali was exceptionally good for jewellery as expected.
- If one were to take all three segments - watches, jewellery, eyewear, see that a significant part of the rest of the competition is unorganised. Company sees benefits of formalisation of the economy going disproportionately in company's favour.
- Had targeted 25% growth rate in jewellery for the year. Should be able to achieve that in Q3 and Q4 but overall may be less than the 25%. But that is not a significant event because margin growth has been steady, thanks to both a very good growth in studded jewellery, not perhaps in this quarter but generally as well as an improvement in margin in plain gold thanks to efforts in the wedding segment where the larger ticket size and the higher price points fetch better margins.

[→ Read More](#)**Subbu Subramaniam, CFO**

- The company had a very good run up to Diwali, saw 27 percent growth and the retail-end in the first 29 days upto Diwali. Therefore, market share gains continue.
- The company is growing faster than the industry each quarter.
- The company is now seeing the benefits of ad spends for jewelry in the third quarter.
- Regarding watch business, company would spend more on ads in the second half and so expect the EBIT for that business to be in between 15-16 percent for FY19. For the second half, the EBIT margins would be around 12-13 percent in second half because of ad spends.
- Eyewear is small part of the overall business but it saw a good growth in October. The focus here is more on growing topline, increase network rather than look at profitability.
- The company has exposure to IL&FS inter-corporate deposits worth Rs 145 crore

[→ Read More](#)**2. BIOCON : See generics business ramping up significantly over the next 2-3 years; Kiran Mazumdar Shaw, CMD**

- Expecting generics business to contribute significantly to overall revenue over next 2-3 years.
- Bengaluru plant is going to be used for generics business.
- Have recently finished a drug substance inspection and did not get any 483, so that was also a very welcome outcome.
- Fairly confident of achieving biosimilar revenue guidance.

[→ Read More](#)

3. IEX : Power demand will continue to be strong going forward; Satyanarayan Goel, CEO & MD

- The Q2 volume growth was driven mainly by the increase in demand across the country. Demand increased in states like Gujarat, Maharashtra, Bihar, West Bengal, Telangana, Tamil Nadu and Jammu & Kashmir. These states were active on the exchange platform for purchase of power. In fact, the same trend is continuing in Q3 also.
- The reason for price increase in September and early October was we had early withdrawal of monsoon in September and because of that, hydro generation went down. Wind generation was also lower in September and the problem was aggravated by the shortage of coal in September-October. Because of that, the prices on the exchange platform went up. Company had a significant increase in buy volumes and a similar rise in sell volumes. Today have 25,000 MW of generation capacity.
- One of the stakeholders said CERC should review and regulate the transaction fees. CERC has said that the present transaction fees will remain but any variation in the future shall be with regulatory approval. Earlier, exchanges were free to vary their transaction fees. Now it will be done with regulatory approval. As far as the present fee structure is concerned, that remains.

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1. Indo-Japan ties are the confluence of the two most deep rooted democracies

- In the current volatile global geostrategic framework, India and Japan seem to find a unique congruence of views—both economic and strategic—reflected in a slew of bilateral agreements and the vision document released at the recent India-Japan summit in Tokyo, by Prime Minister Narendra Modi and his Japanese counterpart Shinzo Abe, who called himself “a friend of India for life.” The two leaders vowed not only to actively cooperate in several infrastructure projects of immense importance for India’s growth story, but also to join hands to foster shared interests in the sensitive and strategic domains. The two areas of particular interest and importance to Abe’s Japan are maritime security and strategic connectivity, obliging it to raise its Indian Ocean profile, which, in fact, synergises Modi’s Act East outreach and Abe’s vision of a Free and Open Indo-Pacific. Committing to a ‘2+2’ strategic dialogue—akin to the recent dialogue held between the defence and foreign ministers of India and the United States (US)—the Japan Maritime Self-Defense Force and the Indian Navy could enhance their security cooperation, from Yokosuka to Port Blair to Djibouti.

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2. Dairy Sector: Indian economy’s milch cow

- At the recently concluded annual session of the International Dairy Federation’s World Dairy Summit in the scenic city of Daejeon in South Korea, India was the toast of the world. From a largely captive market—despite being the world’s largest milk producer—the country is emerging as a major exporter now, with production poised to outstrip domestic consumption soon. Brimming with evident pride, India’s representative to the conference RS Sodhi, the managing director of the Rs 40,000 crore Gujarat Cooperative Milk Marketing Federation Ltd (GCMMF)—the cooperative dairy giant better known by the name Amul—exults, “India’s decadal milk production growth, pegged at 4.8% CAGR, is twice that of global milk production, which is growing at 1.8% CAGR. In the past five years, this has improved even more to 5.4% CAGR.”

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3. The importance of blockchain for India

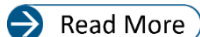
- The unprecedented exuberance around blockchain is due to its promise of a completely new Internet—the Internet of Value. Beyond today’s Internet of information, what if the ownership of digital assets of any type—money, deeds, government records, financial instruments, or art—could be securely stored, tracked and transacted? Blockchain technology is considered revolutionary for its ability to enable the secure movement of assets, without intermediaries, with its economic impact projected to exceed \$3 trillion in the next decade. Globally, we are still in an exciting but nascent stage of blockchain’s evolution as it moves from the protocol stage to infrastructure, before mass consumer interfaces and application layers are dealt with. This is the perfect juncture for a rising power such as India to pay careful attention and capitalize on the enormous opportunities of this new Internet. Sectors such as financial services, agriculture, healthcare, real estate and utilities—all crucial for an emerging economy like India—can see tremendous benefits from the application of blockchain technology.

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International

4. The global impact of a chinese recession

- When China finally has its inevitable growth recession – which will almost surely be amplified by a financial crisis, given the economy’s massive leverage – how will the rest of world be affected? With US President Donald Trump’s trade war hitting China just as growth was already slowing, this is no idle question. Typical estimates, for example those embodied in the International Monetary Fund’s assessments of country risk, suggest that an economic slowdown in China will hurt everyone. But the acute pain, according to the IMF, will be more regionally concentrated and confined than would be the case for a deep recession in the United States. Unfortunately, this might be wishful thinking. First, the effect on international capital markets could be vastly greater than Chinese capital market linkages would suggest. However jittery global investors may be about prospects for profit growth, a hit to Chinese growth would make things a lot worse.

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY18	FY19E	FY18	FY19E
Automobiles																
Amara Raja	Buy	759	902	19	27.6	29.1	37.3	-1.5	5.4	28.2	27.5	26.1	4.4	3.9	17.0	15.8
Ashok Ley.	Buy	118	148	25	5.4	7.0	8.9	23.9	29.6	27.3	21.9	16.9	4.8	4.2	23.7	26.4
Bajaj Auto	Buy	2647	3196	21	151.3	161.5	190.2	7.3	6.7	17.8	17.5	16.4	4.0	3.6	24.2	23.1
Bharat Forge	Buy	585	702	20	18.4	23.6	30.0	40.7	28.1	27.1	31.8	24.8	5.9	5.0	19.6	21.7
Bosch	Neutral	19640	20302	3	469.8	541.0	682.3	-0.7	15.2	26.1	41.8	36.3	6.0	5.5	15.3	15.8
CEAT	Buy	1195	1278	7	64.0	68.1	83.2	-30.3	6.5	22.1	18.7	17.5	1.9	1.7	10.3	10.1
Eicher Mot.	Buy	21977	26351	20	799.6	911	1,128	27.0	13.9	23.9	27.5	24.1	8.5	6.7	35.2	31.1
Endurance Tech.	Buy	1271	1450	14	29.1	36.4	46.9	23.8	25.3	28.9	43.7	34.9	8.2	6.9	21.0	21.6
Escorts	Neutral	653	715	9	39.5	49.7	58.5	88.0	25.8	17.8	16.5	13.1	2.6	2.2	18.3	18.4
Exide Ind	Buy	253	304	20	8.2	9.5	11.8	0.4	15.8	24.6	30.9	26.7	4.0	3.6	12.9	13.4
Hero Moto	Neutral	2838	3280	16	185.1	181.4	200.1	9.5	-2.0	10.3	15.3	15.6	4.8	4.4	33.8	29.4
M&M	Buy	780	1038	33	41.0	49.4	55.4	49.8	20.5	12.0	19.0	15.8	3.1	2.7	14.2	14.9
Maruti Suzuki	Buy	7074	8484	20	266.7	265.9	334.7	7.3	-0.3	25.9	26.5	26.6	5.1	4.6	18.5	17.4
Motherson Sumi	Buy	164	230	40	5.4	6.6	9.4	6.0	21.6	43.5	30.4	25.0	5.6	4.8	19.4	20.6
Tata Motors	Buy	186	246	32	22.9	3.0	22.4	15.7	-86.9	646.2	8.1	62.6	0.7	0.7	10.1	1.1
TVS Motor	Neutral	540	554	3	13.9	16.0	22.6	18.7	14.5	41.8	38.7	33.8	8.9	7.5	25.1	24.1
Aggregate								15.3	-7.5	38.3	21.6	23.4	3.3	3.1	15.5	13.2
Banks - Private																
AU Small Finance	Buy	546	740	36	10.2	13.8	19.2	-79.5	35	38.9	53.3	39.5	6.9	5.0	13.8	14.7
Axis Bank	Buy	606	750	24	1.1	17.9	37.9	-92.8	1,514	111.5	545.5	33.8	2.5	2.3	0.5	7.0
DCB Bank	Neutral	158	170	8	8.0	9.6	11.9	13.8	20.0	24.9	19.8	16.5	1.8	1.7	10.9	10.9
Equitas Hold.	Buy	108	160	48	0.9	5.7	7.9	-82.3	514.8	38.2	116.7	19.0	1.6	1.5	1.4	8.2
Federal Bank	Buy	80	105	31	4.8	5.8	8.6	-1.3	21.8	48.5	16.8	13.8	1.3	1.2	8.3	9.0
HDFC Bank	Buy	1923	2400	25	67.8	79.8	95.9	19.4	17.6	20.2	28.4	24.1	4.7	3.5	17.9	16.7
ICICI Bank	Buy	352	400	14	11.1	8.0	19.8	-34.3	-28.1	148.7	31.9	44.3	2.2	2.1	6.8	4.9
IndusInd	Buy	1492	2000	34	60.2	67.4	98.7	25.2	12.0	46.5	24.8	22.1	3.8	3.4	16.5	16.2
J&K Bank	Buy	41	100	142	3.8	9.1	11.5	LP	143.1	25.5	11.0	4.5	0.4	0.4	3.8	8.9
Kotak Mah. Bk	Neutral	1156	1250	8	32.5	37.3	45.8	21.3	14.6	22.9	35.5	31.0	4.4	3.8	12.5	11.8
RBL Bank	Buy	546	600	10	15.1	20.6	28.6	27.3	36.0	39.1	36.1	26.6	3.4	3.1	11.6	12.3
South Indian	Buy	15	20	32	1.9	1.4	2.8	-25.5	-22.5	94.4	8.2	10.5	0.5	0.5	6.6	4.9
Yes Bank	Buy	223	270	21	18.4	20.1	24.7	26.3	9.0	23.0	12.1	11.1	2.0	1.7	17.7	16.7
Aggregate								-1.3	22.3	48.6	32.8	26.8	3.4	2.9	10.4	10.9
Banks - PSU																
BOB	Buy	109	140	28	-9.8	9.5	15.9	PL	LP	67.8	NM	11.5	0.7	0.7	-5.8	5.7
BOI	Neutral	87	90	3	-43.2	5.1	8.3	Loss	LP	62.7	NM	17.1	0.5	0.5	-17.8	2.5
Canara	Neutral	238	278	17	-63.5	19.3	44.2	PL	LP	129.2	NM	12.4	0.5	0.5	-12.2	3.9
Indian Bk	Buy	222	350	57	26.2	22.3	38.8	-10.4	-14.9	73.9	8.5	10.0	0.6	0.6	8.3	6.6
PNB	Neutral	70	74	5	-50.3	-18.5	8.6	PL	Loss	LP	NM	NM	0.5	0.6	-29.5	-13.6
SBI	Buy	278	370	33	-5.3	5.0	29.6	PL	LP	488.4	NM	55.3	1.1	1.1	-3.5	1.1
Union Bk	Neutral	78	80	2	-56.5	-4.3	3.5	PL	Loss	LP	NM	NM	0.4	0.3	-23.7	-2.1
Aggregate								PL	LP	806.7	0.0	80.9	0.9	0.8	-8.0	1.0
NBFCs																
Aditya Birla Cap	Buy	102	145	42	3.8	4.1	5.3	NA	10.4	27.2	27.1	24.6	2.6	2.3	12.4	10.2
Bajaj Fin.	Neutral	2280	2000	-12	43.4	65.6	81.2	35.9	51.1	23.9	52.5	34.8	8.5	7.0	20.4	22.0
Capital First	Buy	487	960	97	33.1	44.2	55.6	34.3	33.4	26.0	14.7	11.0	1.9	1.6	13.4	15.7
Cholaman.Inv.&Fn	Buy	1318	1525	16	62.3	78.1	87.8	35.5	25.4	12.4	21.2	16.9	4.1	3.3	20.9	21.8
Dewan Hsg. Fin.	Buy	242	-		39.0	45.4	65.9	31.7	16.3	45.3	6.2	5.3	0.9	0.8	14.7	15.4
GRUH Fin.	Neutral	295	285	-3	5.0	6.1	6.8	21.7	24.0	11.0	59.5	48.0	15.0	12.6	29.8	28.5
HDFC	Buy	1795	2140	19	42.3	43.4	49.9	6.2	2.7	15.0	42.4	41.3	4.8	4.2	18.6	16.3
HDFC Stand. Life	Buy	398	450	13	5.5	6.8	8.3	23.7	22.3	22.5	72.0	58.9	5.3	4.4	22.0	18.6
ICICI Pru Life	Buy	350	450	28	11.3	9.7	11.5	-3.8	-13.6	18.4	31.0	35.9	2.7	2.3	16.1	16.8
Indiabulls Hsg	Buy	863	1150	33	90.2	98.4	115.9	31.5	9.1	17.7	9.6	8.8	2.5	2.2	27.9	26.3
L&T Fin Holdings	Buy	133	175	32	6.8	11.5	13.4	29.5	70.0	16.7	19.6	11.6	2.4	2.0	14.2	18.8
LIC Hsg Fin	Buy	430	550	28	33.7	45.5	55.0	-11.9	34.9	21.0	12.8	9.5	1.5	1.3	13.3	14.9



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY18	FY19E	FY18	FY19E
MAS Financial	Buy	522	650	25	19.2	25.3	30.9	27.5	32.0	22.0	27.2	20.6	3.9	3.4	20.7	17.8
M&M Fin.	Buy	430	525	22	17.4	22.8	26.4	146.3	30.8	15.6	24.7	18.9	2.7	2.5	12.5	13.9
Muthoot Fin	Neutral	451	425	-6	43.0	50.4	55.5	45.6	17.2	10.2	10.5	8.9	2.3	2.0	24.1	23.8
PNB Housing	Buy	957	1215	27	49.6	62.6	77.7	56.9	26.3	24.0	19.3	15.3	2.5	2.2	14.0	15.4
Repco Home	Buy	411	553	34	32.9	38.8	43.4	13.1	17.8	11.9	12.5	10.6	2.0	1.7	16.9	17.2
Shriram City UnionBuy		1541	2000	30	100.8	140.7	157.3	19.5	39.6	11.8	15.3	11.0	1.9	1.6	12.7	15.9
Shriram Trans.	Buy	1215	1400	15	69.1	109.0	127.9	24.7	57.7	17.3	17.6	11.1	2.0	1.8	12.7	16.9
Aggregate								24.2	22.9	18.5	28.9	23.5	4.2	3.6	14.5	15.4
Capital Goods																
ABB	Sell	1309	990	-24	19.8	25.6	32.5	8.1	29.1	27.2	66.1	51.2	7.7	6.9	11.6	13.5
Bharat Elec.	Buy	95	105	10	5.7	6.4	7.0	-8.8	11.4	9.7	16.6	14.9	3.0	2.7	18.0	17.9
BHEL	Sell	69	60	-13	2.2	3.2	4.0	62.7	46.6	23.1	31.4	21.4	0.8	0.8	2.5	3.6
Blue Star	Neutral	567	550	-3	14.5	18.5	24.3	12.7	27.2	31.5	39.1	30.7	6.5	5.9	17.5	20.2
CG Cons. Elec.	Buy	211	260	23	5.2	6.0	7.4	14.3	15.3	24.7	40.8	35.4	16.7	13.5	48.7	42.2
CG Power & Indu.	Neutral	35	51	44	2.9	4.4	5.1	-29.8	52.6	16.1	12.2	8.0	0.6	0.5	4.5	6.9
Cummins	Buy	796	920	16	23.5	27.3	32.8	-11.2	16.2	20.1	33.8	29.1	5.5	5.1	18.3	18.3
Engineers India	Buy	121	155	29	6.3	6.5	7.8	14.8	4.2	19.3	19.3	18.5	3.6	3.3	15.7	17.3
GE T&D	Neutral	229	275	20	7.5	10.5	10.9	30.8	40.5	3.5	30.5	21.7	4.9	4.3	17.3	21.2
Havells	Buy	652	700	7	11.2	13.2	16.2	17.4	17.5	22.6	58.1	49.5	10.9	9.7	18.7	19.5
K E C Intl	Neutral	283	330	17	17.9	20.3	25.3	51.1	13.5	24.7	15.8	13.9	3.6	3.0	23.1	21.4
L&T	Buy	1367	1570	15	51.7	61.0	74.7	22.4	17.9	22.5	26.4	22.4	3.4	3.1	13.7	14.6
Siemens	Neutral	912	990	9	19.8	25.1	30.0	10.9	27.0	19.7	46.2	36.3	4.2	3.9	9.1	10.8
Solar Ind	Neutral	1007	1100	9	24.4	28.3	36.4	18.2	15.9	28.8	41.3	35.6	8.4	7.1	21.9	21.6
Thermax	Buy	1047	1240	18	20.5	29.7	38.8	-1.2	44.5	30.8	51.0	35.3	4.3	4.0	8.8	11.8
Va Tech Wab.	Buy	293	450	54	24.1	30.8	35.8	27.6	28.1	16.1	12.2	9.5	1.4	1.3	12.4	12.2
Voltas	Neutral	535	510	-5	17.3	17.8	20.1	11.9	3.0	12.7	30.9	30.0	4.5	4.1	15.9	14.3
Aggregate								15.1	19.6	20.9	30.3	25.4	3.3	3.1	11.0	12.1
Cement																
Ambuja Cem.	Neutral	203	215	6	6.1	6.4	7.7	30.5	6.0	19.4	33.4	31.6	2.0	2.0	6.1	6.3
ACC	Buy	1442	1771	23	46.9	57.6	81.7	27.7	22.9	41.9	30.8	25.0	2.9	2.7	9.7	11.2
Birla Corp.	Buy	638	707	11	18.9	29.1	52.2	-35.6	53.7	79.7	33.7	21.9	1.1	1.1	3.8	5.2
Dalmia Bharat	Buy	2116	2875	36	32.7	16.1	30.9	21.1	-50.8	91.6	64.7	131.3	1.8	3.8	3.8	3.0
Grasim Inds.	Neutral	860	1069	24	47.3	65.3	83.3	-30.2	37.9	27.7	18.2	13.2	1.0	0.9	7.0	7.2
India Cem	Neutral	91	93	2	3.3	1.4	4.9	-42.0	-58.4	258.9	27.9	67.1	0.5	0.5	2.0	0.8
J K Cements	Buy	694	883	27	42.8	33.9	42.1	63.0	-20.9	24.3	16.2	20.5	2.5	2.3	16.5	11.5
JK Lakshmi Ce	Buy	269	349	30	7.4	8.3	10.6	6.4	12.4	27.3	36.4	32.4	2.2	2.1	6.1	6.5
Ramco Cem	Buy	606	695	15	24.0	21.3	27.6	-11.9	-10.9	29.3	25.3	28.4	3.5	3.2	14.5	11.9
Orient Cem	Buy	88	113	28	2.2	1.0	5.5	LP	-52.9	443.2	40.8	86.5	1.8	1.7	4.4	2.0
Prism Johnson	Buy	87	106	21	1.4	2.5	3.4	302.1	82.1	32.4	62.4	34.3	4.3	3.9	7.1	11.9
Sagar Cements	Not Rated	670	-		12.9	23.5	40.2	LP	81.7	71.1	51.8	28.5	1.8	1.7	3.4	6.0
Sanghi Inds.	Buy	62	102	65	3.7	4.5	6.3	29.5	21.9	38.2	16.6	13.6	1.0	0.9	6.9	6.8
Shree Cem	Buy	15391	19410	26	385.8	373.5	535.8	0.4	-3.2	43.5	43.2	44.7	6.5	6.0	16.2	14.0
Ultratech	Buy	3731	4157	11	85.7	83.0	107.1	-10.9	-3.1	29.0	43.5	44.9	4.0	3.7	9.4	8.5
Aggregate								2.5	12.3	36.2	34.4	30.7	2.4	2.3	7.0	7.4
Consumer																
Asian Paints	Neutral	1276	1195	-6	21.1	22.8	27.2	1.9	7.9	19.1	60.3	55.9	14.5	13.7	25.3	25.2
Britannia	Buy	5754	6870	19	83.6	98.6	124.9	13.5	17.8	26.7	68.8	58.4	20.3	18.0	32.9	32.6
Colgate	Buy	1092	1340	23	25.2	26.5	30.8	18.6	5.2	16.1	43.4	41.2	19.5	18.5	49.0	46.1
Dabur	Neutral	375	410	9	7.8	8.1	9.5	7.2	4.2	17.7	48.3	46.4	11.6	10.1	25.9	23.3
Emami	Buy	433	550	27	12.1	12.9	15.4	-8.5	5.9	20.0	35.7	33.7	9.8	9.0	29.2	27.8
Future Consumer	Buy	49	63	28	-0.2	0.0	0.8	Loss	Loss	LP	NM	NM	8.2	8.2	-3.3	-0.2
Godrej Cons.	Neutral	693	775	12	14.1	15.4	18.1	11.4	9.2	17.7	49.2	45.1	11.3	10.2	24.9	23.8
GSK Cons.	Neutral	7234	7045	-3	166.5	205.9	228.8	6.6	23.7	11.1	43.5	35.1	8.7	8.5	21.2	24.5
HUL	Buy	1654	1900	15	24.5	28.8	34.8	24.7	17.5	21.1	67.5	57.5	50.6	48.5	78.1	86.1
ITC	Neutral	274	295	8	8.9	9.8	11.1	5.5	10.5	13.8	30.9	28.0	6.5	6.7	22.3	23.5



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY18	FY19E	FY18	FY19E
Jyothy Lab	Neutral	188	190	1	4.9	5.4	6.7	-12.4	10.3	24.0	38.2	34.7	6.0	5.6	16.0	16.7
Marico	Buy	339	390	15	6.5	7.4	8.8	-2.8	14.7	18.8	52.5	45.7	17.2	15.0	34.2	35.1
Nestle	Neutral	10117	10130	0	140.0	181.6	202.9	13.2	29.7	11.7	72.3	55.7	28.5	25.8	40.3	48.7
Page Inds	Neutral	29596	30597	3	311.1	406.5	522.3	30.3	30.7	28.5	95.1	72.8	39.0	31.4	41.0	43.1
Parag Milk Foods	Neutral	245	278	13	10.4	12.9	15.7	383.7	24.0	22.3	23.6	19.0	2.9	2.5	13.0	14.2
Pidilite Ind.	Buy	1020	1130	11	18.9	18.3	22.4	13.2	-3.3	22.4	53.9	55.7	14.5	13.0	27.3	24.6
P&G Hygiene	Neutral	9659	10180	5	115.3	157.1	190.3	-13.4	36.3	21.1	83.8	61.5	33.7	29.2	46.3	50.9
Prabhat Dairy	Not Rated	110	-		3.5	6.4	9.7	-2.0	83.8	52.1	31.7	17.3	1.5	1.4	4.9	8.5
United Brew	Buy	1276	1661	30	14.9	19.2	24.1	71.7	28.8	25.6	85.6	66.4	12.5	10.8	15.7	17.5
United Spirits	Neutral	632	655	4	6.7	11.3	15.0	26.1	68.1	31.9	93.7	55.8	18.3	14.5	19.6	26.0
Aggregate								10.6	14.3	18.2	50.8	44.4	13.4	12.8	26.4	28.9
Healthcare																
Alembic Phar	Neutral	590	595	1	21.9	28.0	29.4	2.5	27.8	4.9	26.9	21.1	5.0	4.3	19.6	21.5
Alkem Lab	Buy	1960	2500	28	58.9	74.3	97.0	-21.1	26.2	30.5	33.3	26.4	4.8	4.2	15.1	17.1
Ajanta Pharma	Buy	1075	1482	38	53.0	46.7	58.8	-7.5	-12.0	26.1	20.3	23.1	4.7	4.0	26.0	20.4
Aurobindo	Buy	798	910	14	42.7	44.2	59.1	8.7	3.5	33.8	18.7	18.1	4.0	3.3	23.8	20.1
Biocon	Neutral	627	650	4	6.2	10.5	20.9	-39.2	68.4	99.8	100.9	60.0	7.3	6.5	7.4	11.5
Cadila	Buy	357	430	21	17.5	17.5	18.3	20.6	0.0	4.5	20.3	20.3	4.2	3.6	22.1	19.1
Cipla	Neutral	532	540	2	20.3	19.3	26.5	31.2	-5.0	36.9	26.1	27.5	3.0	2.8	11.5	10.0
Divis Lab	Neutral	1511	1390	-8	33.0	50.3	57.5	-17.3	52.2	14.4	45.7	30.0	6.8	5.8	15.5	20.7
Dr Reddy's	Neutral	2413	2300	-5	64.7	103.2	124.6	-10.9	59.6	20.7	37.3	23.4	3.2	2.9	8.6	13.0
Fortis Health	Buy	140	171	22	-2.3	1.4	4.8	PL	LP	234.2	NM	97.9	1.6	1.6	-2.3	1.6
Glenmark	Neutral	660	550	-17	28.5	29.7	35.6	-27.5	4.1	20.0	23.2	22.3	3.6	3.1	15.6	14.0
Granules	Buy	102	140	37	5.7	7.7	9.4	-21.8	35.6	22.3	18.1	13.3	2.0	1.8	12.2	14.2
GSK Pharma	Neutral	1400	1374	-2	19.7	27.0	30.1	14.4	37.4	11.6	71.2	51.8	11.5	11.0	16.2	21.2
IPCA Labs	Buy	713	850	19	19.0	28.4	38.3	18.1	49.8	34.6	37.6	25.1	3.3	3.0	9.3	12.7
Jubilant Life	Buy	745	917	23	45.6	59.7	69.2	23.3	30.9	16.1	16.3	12.5	2.8	2.3	18.9	20.6
Laurus Labs	Under Review	365	-		15.8	21.1	31.2	-10.9	33.1	47.7	23.0	17.3	2.6	2.3	11.9	14.0
Lupin	Buy	861	1020	19	32.0	26.4	44.8	-43.5	-17.6	70.1	26.9	32.7	2.9	2.7	10.7	8.5
Sanofi India	Buy	6136	6850	12	141.7	172.4	194.9	9.8	21.6	13.0	43.3	35.6	7.0	6.3	16.1	17.7
Shilpa Medicare	Buy	391	620	58	12.8	21.2	26.9	-0.7	65.3	26.6	30.5	18.4	2.9	2.5	10.3	14.4
Strides Pharma	Buy	464	520	12	11.3	9.6	22.8	-65.1	-14.9	138.2	41.2	48.4	1.7	1.6	3.9	3.4
Sun Pharma	Buy	590	790	34	13.5	18.6	26.3	-48.5	38.6	41.2	43.8	31.6	3.7	3.5	8.7	11.4
Torrent Pharma	Neutral	1648	1500	-9	53.7	47.5	65.1	-2.6	-11.5	37.0	30.7	34.7	6.0	5.1	20.3	16.0
Aggregate								-21.1	18.9	32.5	32.8	27.6	4.0	3.6	12.1	13.0
Infrastructure																
Ashoka Buildcon	Buy	123	175	43	-4.2	2.6	4.2	Loss	LP	66.1	NM	48.0	10.9	8.9	-30.2	20.4
IRB Infra	Neutral	140	145	3	23.9	22.5	20.9	17.5	-5.8	-7.1	5.9	6.2	0.8	0.7	14.6	12.3
KNR Constructions	Buy	194	275	42	19.4	13.7	16.8	61.8	-29.1	22.3	9.9	13.9	2.3	2.0	26.5	15.5
Sadbhav Engineering	Buy	220	300	37	12.9	16.0	17.8	17.5	24.7	11.3	17.1	13.7	2.0	1.8	12.5	13.8
Aggregate											12.2	11.1	1.6	1.4	12.9	12.6
Logistics																
Allcargo Logistics	Buy	106	136	28	7.3	8.4	10.5	-23.1	16.3	24.3	14.6	12.6	1.3	1.2	9.5	10.0
Concor	Buy	646	791	23	17.1	26.7	31.5	13.4	56.7	17.8	37.8	24.2	3.3	3.1	9.1	13.4
Aggregate								4.7	49.6	18.7	34.9	23.3	3.1	2.9	8.9	12.3
Media																
Dish TV	Buy	41	50	22	-0.4	0.9	3.5	PL	LP	296.7	NM	47.0	1.1	1.1	-2.1	2.4
D B Corp	Neutral	170	170	0	17.6	15.5	19.9	-13.8	-11.8	28.0	9.6	10.9	1.6	1.7	18.4	14.5
Ent.Network	Buy	621	800	29	6.8	12.3	19.9	-40.5	81.5	61.5	91.4	50.4	3.3	3.2	3.7	6.4
Hathway Cable	Buy	30	47	55	-0.9	-0.8	-0.6	Loss	Loss	Loss	NM	NM	3.1	3.5	-8.7	-8.2
Hind. Media	Neutral	131	237	81	23.9	20.6	21.9	-7.5	-13.8	6.5	5.5	6.3	0.7	0.7	14.0	10.8
HT Media	Neutral	41	59	44	13.0	8.5	9.9	75.6	-34.5	16.6	3.2	4.8	0.4	0.3	12.6	7.5
Jagran Prak.	Buy	112	130	16	9.6	10.6	13.3	-9.5	10.1	25.5	11.7	10.6	1.7	1.7	14.3	15.7



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY18	FY19E	FY18	FY19E
Music Broadcast	Buy	336	420	25	9.1	11.4	15.5	41.1	25.2	36.6	37.1	29.6	3.2	3.1	9.0	10.5
PVR	Buy	1389	1650	19	26.7	40.4	47.9	30.4	51.4	18.5	52.0	34.4	6.0	5.2	12.2	16.2
Sun TV	Buy	617	835	35	27.7	36.2	41.7	11.6	30.5	15.1	22.3	17.0	5.2	4.8	25.2	29.4
Zee Ent.	Buy	438	600	37	14.6	16.0	19.8	-7.0	9.7	24.1	30.1	27.4	5.6	4.8	19.6	18.9
Aggregate								0.1	17.9	31.9	26.9	22.8	3.3	3.1	12.1	13.4
Metals																
Hindalco	Buy	229	338	47	18.9	26.6	27.8	120.5	40.7	4.7	12.2	8.6	1.4	1.2	12.8	14.9
Hind. Zinc	Neutral	264	285	8	21.1	21.0	27.0	7.2	-0.6	28.7	12.5	12.6	3.1	3.2	26.7	25.1
JSPL	Buy	181	315	74	-8.5	-1.0	3.9	Loss	Loss	LP	NM	NM	0.6	0.6	-2.7	-0.3
JSW Steel	Buy	345	444	29	23.4	37.1	34.3	56.9	58.6	-7.7	14.7	9.3	3.0	2.5	22.2	29.3
Nalco	Buy	69	90	30	5.1	10.2	7.4	37.0	100.1	-27.5	13.6	6.8	1.3	1.2	9.5	18.1
NMDC	Buy	107	177	65	13.1	13.9	14.3	31.5	6.5	2.7	8.2	7.7	1.4	1.3	17.7	17.4
SAIL	Neutral	66	78	19	0.3	8.9	6.6	LP	3,354	-25.3	254.6	7.4	0.7	0.7	0.3	9.5
Rain Industries	Buy	184	241	31	23.7	32.4	34.2	238.1	36.4	5.7	7.8	5.7	1.6	1.3	22.9	24.5
Vedanta	Buy	203	243	19	20.4	18.4	25.4	34.6	-9.9	38.4	10.0	11.1	1.2	1.2	12.2	10.9
Tata Steel	Neutral	583	647	11	71.9	87.0	75.2	76.5	21.0	-13.5	8.1	6.7	1.2	1.1	17.8	16.9
Aggregate								73.4	31.2	5.3	12.4	9.5	1.4	1.3	11.5	14.0
Oil & Gas																
Aegis Logistics	Buy	219	312	43	5.9	6.7	9.8	64.5	13.9	46.0	36.9	32.4	6.0	5.3	19.4	17.4
BPCL	Buy	291	397	36	49.8	45.0	34.8	3.0	-9.7	-22.6	5.8	6.5	1.6	1.4	29.0	22.5
GAIL	Neutral	365	371	2	20.4	29.4	34.0	20.5	44.4	15.3	17.9	12.4	2.0	1.8	11.8	15.7
Gujarat Gas	Buy	637	902	42	21.2	21.8	37.1	32.7	3.0	70.3	30.1	29.2	4.7	4.2	16.7	15.2
Gujarat St. Pet.	Buy	185	210	14	11.9	16.7	14.9	34.6	40.6	-10.9	15.6	11.1	2.1	1.8	14.0	17.2
HPCL	Neutral	226	209	-7	47.4	43.2	41.7	-12.4	-8.7	-3.6	4.8	5.2	1.3	1.2	31.0	24.0
IOC	Buy	135	170	26	23.9	15.7	16.2	11.0	-34.1	2.8	5.7	8.6	1.1	1.1	21.0	12.8
IGL	Buy	275	371	35	9.4	10.7	12.6	9.2	13.7	17.2	29.2	25.7	5.5	4.7	20.8	19.7
Mahanagar Gas	Buy	858	1098	28	48.4	51.1	54.9	21.5	5.7	7.3	17.7	16.8	4.0	3.6	24.3	22.6
MRPL	Neutral	81	90	12	12.8	9.9	12.7	-13.6	-22.2	28.1	6.3	8.1	1.3	1.1	21.2	14.9
Oil India	Buy	199	263	32	23.6	32.1	30.8	-1.3	36.0	-4.0	9.4	6.9	0.9	0.8	9.4	12.6
ONGC	Buy	156	208	33	20.2	31.9	32.8	-9.9	58.2	2.7	7.7	4.9	1.0	0.9	13.0	18.9
PLNG	Buy	219	298	36	13.9	15.0	18.9	21.8	8.5	25.5	15.8	14.6	3.4	3.1	23.3	22.1
Reliance Ind.	Buy	1079	1479	37	60.9	66.7	86.3	20.7	9.4	29.4	17.7	16.2	2.2	1.9	13.0	12.7
Aggregate								5.5	11.0	10.2	11.1	10.0	1.7	1.5	14.9	14.9
Retail																
Jubilant Food	Neutral	1101	1235	12	14.9	22.1	27.9	180.4	48.6	26.1	74.1	49.8	15.0	12.5	20.3	25.1
Titan Co.	Buy	893	1045	17	12.6	15.5	19.7	39.9	22.7	27.3	70.7	57.6	15.6	15.6	24.0	27.1
Aggregate								51.1	26.6	27.1	68.0	53.7	14.8	14.4	21.8	26.7
Technology																
Cyient	Neutral	645	750	16	38.2	41.2	48.5	24.8	7.7	17.7	16.9	15.7	3.1	2.8	18.3	17.7
HCL Tech.	Neutral	1033	1090	5	62.6	72.4	78.4	4.5	15.7	8.4	16.5	14.3	3.9	3.1	25.0	24.4
Hexaware	Neutral	316	400	27	16.6	20.4	22.8	21.2	22.7	12.0	19.0	15.5	4.8	4.0	26.9	27.9
Infosys	Buy	664	800	20	32.4	37.6	43.0	3.1	16.3	14.1	20.5	17.6	4.6	4.6	24.1	26.1
KPIT Tech	Buy	215	275	28	12.7	16.5	19.1	6.1	30.2	16.0	16.9	13.0	2.4	2.0	15.4	17.4
L & T Infotech	Neutral	1710	1850	8	66.3	85.7	99.5	19.6	29.2	16.1	25.8	19.9	7.8	6.0	33.1	33.9
Mindtree	Buy	863	1125	30	34.4	47.2	58.7	38.0	37.4	24.4	25.1	18.3	5.2	4.4	18.8	26.1
Mphasis	Neutral	968	1150	19	44.0	57.5	62.3	13.2	30.6	8.4	22.0	16.8	3.4	4.4	14.6	21.8
NIIT Tech	Neutral	1193	1350	13	45.6	70.8	80.8	19.8	55.4	14.2	26.2	16.9	4.1	3.8	16.2	23.4
Persistent Sys	Buy	552	750	36	40.4	45.0	50.0	7.2	11.5	11.1	13.7	12.3	2.0	1.8	16.1	16.1
Tata Elxsi	Buy	997	1400	40	38.7	48.0	52.7	37.7	23.8	10.0	25.7	20.8	8.4	6.6	37.2	35.5
TCS	Neutral	1916	2000	4	66.0	84.0	95.7	-1.0	27.2	13.9	29.0	22.8	8.4	8.8	29.4	38.0
Tech Mah	Buy	725	800	10	42.7	48.0	54.0	33.6	12.5	12.4	17.0	15.1	3.4	3.1	21.5	22.0
Wipro	Neutral	324	350	8	17.9	19.9	22.9	7.7	11.3	15.2	18.1	16.3	3.0	2.5	17.0	17.5
Zensar Tech	Buy	247	300	21	10.6	14.5	17.0	1.3	37.3	17.3	23.4	17.1	3.4	2.9	15.3	18.4
Aggregate								5.3	15.9	12.3	22.5	19.4	5.4	5.2	24.2	26.7
Telecom																



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY18	FY19E	FY18	FY19E
Bharti Airtel	Buy	295	390	32	3.5	-5.8	-3.0	-68.6	PL	Loss	84.6	NM	1.7	2.4	2.0	-3.9
Bharti Infratel	Neutral	259	275	6	13.6	11.9	10.9	-8.1	-13.1	-8.0	19.0	21.8	2.8	3.0	15.6	13.3
Vodafone Idea	Buy	41	55	34	-9.6	-15.9	-14.4	Loss	Loss	Loss	NM	NM	0.7	0.8	-16.0	-28.0
Tata Comm	Buy	514	670	30	1.2	2.8	14.0	-89.0	141.9	398.0	442.1	182.7	29.3	25.2	3.2	14.8
Aggregate								PL	Loss	Loss	-927	-29	1.8	2.3	-0.2	-8.0
Utilities																
Coal India	Buy	264	358	36	19.2	27.0	30.8	26.3	40.9	14.1	13.8	9.8	8.3	7.6	35.4	77.8
CESC	Buy	685	1077	57	75.5	97.3	106.6	45.5	29.0	9.5	9.1	7.0	0.8	0.7	9.2	11.0
JSW Energy	Neutral	70	72	3	3.0	2.9	4.4	-21.2	-4.1	53.1	23.1	24.1	1.0	1.0	4.6	4.3
NHPC	Buy	27	33	24	2.4	2.5	3.0	-17.3	0.5	23.3	10.9	10.9	0.9	0.9	8.5	8.3
NTPC	Buy	153	195	28	10.7	13.7	15.9	-10.9	28.2	16.3	14.3	11.2	1.2	1.1	8.7	10.6
Power Grid	Buy	186	249	34	16.5	18.5	20.2	16.1	12.0	9.2	11.2	10.0	1.8	1.6	16.6	16.7
Tata Power	Neutral	74	72	-3	5.3	4.4	7.0	3.5	-17.9	59.2	13.9	16.9	1.3	1.2	10.7	7.3
Aggregate								7.3	25.7	14.7	13.3	10.5	1.9	1.8	14.5	16.9
Others																
Arvind	Neutral	313	397	27	12.7	13.9	18.8	-1.8	8.9	35.8	24.6	22.6	2.1	2.0	8.9	9.1
Avenue Supermarts	Sell	1391	1124	-19	12.9	17.0	22.5	68.4	31.2	32.6	107.7	82.0	18.6	15.2	18.9	20.4
BSE	Buy	618	800	29	43.5	32.5	42.2	6.0	-25.1	29.5	14.2	19.0	1.1	0.9	7.6	4.6
Castrol India	Buy	147	226	54	7.0	6.8	6.5	2.9	-3.3	-4.4	21.0	21.7	14.2	13.3	69.1	63.5
Coromandel Intl	Buy	418	557	33	22.7	24.6	27.8	38.8	8.3	13.3	18.4	17.0	3.9	3.4	22.1	21.4
Delta Corp	Buy	235	290	23	5.8	7.1	9.7	89.4	23.3	35.6	40.6	32.9	3.7	3.6	11.9	11.2
Interglobe	Neutral	949	785	-17	58.3	-22.9	56.1	35.1	PL	LP	16.3	NM	5.2	5.3	41.3	-12.6
Indo Count	Neutral	63	72	15	6.4	5.8	6.6	-45.7	-9.5	13.6	9.8	10.8	1.3	1.2	14.0	11.4
Info Edge	Neutral	1368	1600	17	22.5	25.9	31.8	31.3	15.3	22.9	60.9	52.8	7.9	7.1	13.4	14.2
Kaveri Seed	Buy	502	729	45	32.0	34.2	42.9	67.8	7.0	25.4	15.7	14.7	3.3	3.0	20.9	21.4
MCX	Buy	707	875	24	21.2	20.4	28.3	-14.6	-3.7	38.8	33.3	34.6	2.6	2.9	7.9	8.0
Navneet Education	Buy	111	156	40	5.5	7.7	8.7	-25.4	40.7	13.3	20.4	14.5	3.5	3.3	17.6	23.1
Oberoi Realty	Buy	409	574	40	12.6	23.3	36.9	21.2	84.9	58.3	32.4	17.5	2.4	1.9	7.8	12.1
Phoenix Mills	Buy	597	699	17	15.8	17.1	23.2	44.2	8.1	35.7	37.7	34.9	3.2	2.7	9.7	8.4
Qess Corp	Neutral	788	750	-5	21.8	19.6	31.3	115.7	-10.2	59.8	36.1	40.2	3.6	3.3	16.5	11.0
PI Inds.	Buy	822	860	5	26.7	30.0	35.8	-20.2	12.6	19.4	30.8	27.4	5.9	5.1	20.7	19.9
Piramal Enterp.	Buy	2272	2735	20	77.8	75.8	128.6	7.2	-2.6	69.7	29.2	30.0	1.7	1.7	7.5	5.6
SRF	Buy	2022	2408	19	79.0	107.3	144.5	-10.3	35.8	34.7	25.6	18.8	3.3	2.9	13.7	16.5
S H Kelkar	Buy	192	244	27	7.1	7.6	9.8	-2.2	7.3	28.5	27.1	25.3	3.2	3.0	12.3	12.3
Tata Chemicals	Buy	699	933	34	48.2	44.4	54.4	39.7	-7.9	22.4	14.5	15.7	1.6	1.5	24.9	9.8
Team Lease Serv.	Buy	2820	3500	24	43.0	63.8	98.9	28.0	48.3	54.9	65.5	44.2	10.6	8.6	17.6	21.4
Trident	Buy	71	83	17	5.3	8.4	9.2	-21.8	59.6	9.5	13.5	8.4	1.2	1.1	9.2	13.7
UPL	Buy	733	749	2	44.2	45.8	50.6	5.9	3.7	10.4	16.6	16.0	4.0	3.4	26.9	23.3



Company	1 Day (%)	1M (%)	12M (%)
Automobiles			
Amara Raja	-1.6	3.2	-3.6
Ashok Ley.	-0.3	2.0	4.3
Bajaj Auto	-1.8	0.7	-17.6
Bharat Forge	0.0	2.0	-15.1
Bosch	-0.9	5.7	-1.6
CEAT	-3.0	8.8	-31.6
Eicher Mot.	-2.3	-8.2	-28.1
Endurance Tech.	-1.6	8.0	13.2
Escorts	-1.8	8.7	-4.4
Exide Ind	-1.4	-1.2	25.7
Hero Moto	-3.8	-1.9	-20.8
M&M	-2.1	1.5	10.6
Maruti Suzuki	-2.6	-2.9	-12.8
Motherson Sumi	-3.8	3.2	-30.3
Tata Motors	-4.8	1.4	-55.5
TVS Motor	-3.1	1.8	-22.8
Banks - Private			
AU Small Fin. Bank	-0.8	-11.7	-11.2
Axis Bank	-1.0	3.7	12.7
DCB Bank	-4.7	-2.6	-12.9
Equitas Hold.	0.6	-15.8	-22.8
Federal Bank	-1.7	8.5	-30.0
HDFC Bank	-1.3	-2.8	6.0
ICICI Bank	-1.0	10.5	12.1
IndusInd	-0.3	-9.7	-10.2
Kotak Mah. Bk	1.6	-1.2	16.2
RBL Bank	-0.9	3.9	7.0
South Indian	-2.1	19.9	-50.4
Yes Bank	-2.2	-9.7	-26.7
Banks - PSU			
BOB	-1.8	13.7	-36.3
BOI	-4.9	13.0	-56.1
Canara	-3.4	3.3	-37.9
Indian Bk	-3.1	-6.1	-45.3
PNB	-2.1	5.7	-62.6
SBI	-1.9	5.5	-16.1
Union Bk	-4.1	13.5	-53.3
NBFCs			
Aditya Birla Cap	-1.0	-5.6	-47.6
Bajaj Fin.	-4.0	-0.4	31.7
Capital First	-1.1	-1.0	-31.3
Dewan Hsg.	4.0	-17.6	-61.8
Cholaman.Inv.&Fn	0.6	10.7	5.9
GRUH Fin.	-0.7	5.1	15.9
HDFC	-1.2	3.7	7.4
HDFC Stand. Life	-0.6	6.6	
Indiabulls Hsg	0.1	-7.3	-27.9
L&T Fin.Holdings	-2.2	0.0	-26.9
LIC Hsg Fin	-1.5	-0.1	-26.4
M&M Fin.	0.1	11.7	-1.0
Muthoot Fin	-1.4	12.9	-3.5
MAS Financial Serv.	6.0	6.2	-10.3
ICICI Pru Life	-2.1	9.9	-6.8
PNB Housing	3.1	6.8	-30.9
Repc Home	3.1	9.2	-30.4

Company	1 Day (%)	1M (%)	12M (%)
Shriram City Union	1.2	-5.0	-24.7
Shriram Trans.	-1.1	16.7	-5.0
Capital Goods			
ABB	-0.3	0.1	-3.5
Bharat Elec.	-3.5	11.3	-46.8
BHEL	-1.4	-8.0	-23.1
Blue Star	-2.8	0.9	-19.8
CG Cons. Elec.	-1.8	2.3	-13.5
CG Power & Inds Sol.	-2.1	-13.1	-57.4
Cummins	2.2	17.1	-7.6
Engineers India	-0.7	3.7	-35.1
GE T&D	-2.9	-11.9	-41.9
Havells	0.7	9.6	28.0
K E C Intl	0.0	4.6	-2.5
L&T	0.0	10.7	10.2
Siemens	-3.9	-0.1	-24.0
Solar Ind	-0.7	-0.4	-8.0
Thermax	-0.7	11.7	5.1
Va Tech Wab.	-0.8	15.1	-48.3
Voltas	-0.6	5.0	-7.2
Cement			
Ambuja Cem.	-1.0	-8.2	-25.0
ACC	-1.7	-4.0	-17.8
Birla Corp.	1.7	13.2	-42.0
Dalmia Bharat	-3.7	0.7	-28.7
Grasim Inds.	-0.7	-4.1	-29.6
India Cem	-6.1	-4.9	-44.8
J K Cements	-0.3	-0.1	-33.9
JK Lakshmi Ce	-1.8	-1.2	-38.6
Ramco Cem	-2.8	3.0	-12.8
Orient Cem	-3.0	-1.0	-46.0
Prism Johnson	-2.0	-4.1	-22.1
Sagar Cements	-1.3	5.0	-20.0
Sanghi Inds.	-1.4	-10.2	-47.2
Shree Cem	-0.3	0.4	-14.9
Ultratech	-1.8	-1.7	-14.3
Consumer			
Asian Paints	-1.7	1.1	8.5
Britannia	0.0	0.2	17.8
Colgate	-1.2	-0.7	4.2
Dabur	-0.2	-7.9	11.4
Emami	2.7	-2.5	-31.2
Future Consumer	1.2	21.7	-18.4
Godrej Cons.	-0.2	-3.2	11.1
GSK Cons.	1.2	3.1	19.9
HUL	-1.1	5.4	29.3
ITC	-1.2	-0.3	6.0
Jyothy Lab	-1.6	-9.8	9.8
Marico	-0.5	8.0	9.9
Nestle	-1.1	4.3	31.1
Page Inds	-2.0	2.1	32.5
Parag Milk	-2.3	-3.2	0.5
Pidilite Ind.	-1.7	2.7	23.1
P&G Hygiene	-0.6	7.8	10.6
Prabhat Dairy	-0.5	-10.0	-24.5
United Brew	1.1	8.6	15.2



Company	1 Day (%)	1M (%)	12M (%)
United Spirits	1.1	21.1	5.5
Healthcare			
Alembic Phar	-0.2	0.8	14.8
Alkem Lab	3.1	-0.6	-1.2
Ajanta Pharma	-0.5	5.0	-10.8
Aurobindo	-1.8	8.5	12.1
Biocon	-2.2	3.1	65.9
Cadila	-1.0	-5.4	-20.9
Cipla	1.0	-14.5	-11.7
Divis Lab	-2.6	17.7	51.3
Dr Reddy's	0.3	-1.5	2.9
Fortis Health	-0.6	4.4	5.5
Glenmark	-2.1	9.9	14.2
Granules	-2.8	11.1	-16.8
GSK Pharma	-1.8	-0.3	6.5
IPCA Labs	1.4	8.3	31.1
Jubilant Life	-2.3	12.5	23.4
Lupin	0.7	1.8	3.8
Laurus Labs	-0.7	-11.1	-30.5
Sanofi India	0.3	3.2	37.0
Shilpa Medicare	-2.5	-2.8	-40.5
Strides Pharma	-2.7	8.1	-38.8
Sun Pharma	-1.1	-0.2	10.7
Torrent Pharma	0.1	4.1	35.4
Infrastructure			
Ashoka Buildcon	0.6	7.0	-11.3
IRB Infra.Devl.	0.9	4.9	-38.8
KNR Construct.	-0.3	8.5	-27.6
Sadbhav Engg.	0.6	-7.7	-30.5
Logistics			
Allcargo Logistics	-2.3	7.5	-37.2
Concor	-3.4	6.2	-3.8
Media			
Dish TV	-2.0	-25.7	-46.7
D B Corp	-0.2	-10.3	-53.9
Ent.Network	-0.7	0.4	-21.5
Hathway Cab.	0.5	10.8	-18.1
Hind. Media	0.4	-9.3	-45.5
HT Media	0.1	-14.7	-58.0
Jagran Prak.	-0.1	2.9	-33.5
Music Broadcast	1.2	3.7	-13.2
PVR	-4.0	5.0	-0.4
Sun TV	-0.8	-5.4	-27.9
Zee Ent.	-2.7	-6.0	-19.2
Metals			
Hindalco	-3.8	1.2	-12.0
Hind. Zinc	-0.2	-5.1	-15.1
JSPL	-1.7	1.5	5.4
JSW Steel	-0.8	-9.0	30.4
Nalco	-1.3	3.7	-20.4
NMDC	-2.9	-3.9	-15.2
Rain Industries	-2.3	-0.1	-53.6
SAIL	-0.8	-1.5	-17.0
Vedanta	-2.6	-5.0	-35.3
Tata Steel	1.7	1.4	-10.5

Company	1 Day (%)	1M (%)	12M (%)
Oil & Gas			
Aegis Logistics	1.6	17.1	-5.3
BPCL	-1.9	0.9	-41.9
GAIL	-0.9	1.6	6.8
Gujarat Gas	-1.0	3.5	-27.1
Gujarat St. Pet.	-2.2	8.2	-13.9
HPCL	-6.2	3.4	-46.3
IOC	-4.6	1.2	-31.8
IGL	0.2	13.9	-12.5
Mahanagar Gas	1.6	4.0	-22.1
MRPL	-2.7	-3.0	-34.3
Oil India	-0.3	-1.7	-16.4
ONGC	-0.3	-0.8	-15.4
PLNG	-2.6	0.8	-17.6
Reliance Ind.	-1.3	-4.2	23.3
Retail			
Jubilant Food	1.4	-7.1	29.7
Titan Co.	5.3	10.8	16.7
Technology			
Cyient	-1.3	-1.5	19.7
HCL Tech.	0.4	5.0	18.9
Hexaware	-1.1	-18.9	-8.2
Infosys	0.5	-2.2	39.6
KPIT Tech	-0.4	6.2	33.2
L&T Infotech	-0.3	-2.7	77.2
Mindtree	1.4	-9.4	70.2
Mphasis	2.3	-4.4	32.6
NIIT Tech	1.8	14.0	88.0
Persistent Sys	-1.2	-19.9	-14.2
Tata Elxsi	-3.1	2.4	10.0
TCS	0.3	-0.1	38.9
Tech Mah	2.7	4.5	47.4
Wipro	-0.3	2.5	8.4
Zensar Tech	0.5	-13.2	40.8
Telecom			
Bharti Airtel	-1.0	1.7	-40.7
Bharti Infratel	-3.7	-2.5	-37.1
Idea Cellular	-2.9	13.9	-56.3
Tata Comm	-0.1	5.9	-26.0
Utilities			
Coal India	-1.5	-5.3	-4.4
CESC	-0.4	-1.9	-13.4
JSW Energy	-3.3	10.3	-14.4
NHPC Ltd	1.5	12.2	-1.8
NTPC	-1.0	-6.9	-13.6
Power Grid	-2.9	-1.4	-12.0
Tata Power	-1.9	8.0	-9.3
Others			
Arvind	-2.3	-5.2	-24.6
Avenue Super.	-0.4	-1.4	20.1
BSE	-1.2	-2.6	-36.8
Castrol India	-1.9	1.7	-25.8
Coromandel Intl	-1.6	10.5	-16.4
Delta Corp	-2.1	6.4	-11.6
Interglobe	-4.3	17.2	-19.3



Company	1 Day (%)	1M (%)	12M (%)
Indo Count	-2.7	-7.0	-44.0
Info Edge	-2.5	-7.9	16.0
Kaveri Seed	-4.9	-2.9	-3.5
MCX	-0.1	-5.0	-25.7
Navneet Educat.	-1.7	4.1	-30.0
Oberoi Realty	-3.0	5.9	-11.5
Phoenix Mills	-0.4	12.1	15.7
PI Inds.	-2.8	6.4	-2.5
Piramal Enterp.	-0.7	1.2	-13.2
Ques Corp	0.7	-0.2	-4.9
SRF	-3.0	14.0	15.4
S H Kelkar	-0.9	-3.3	-26.8
Tata Chemicals	0.0	6.6	-3.5
Team Lease Serv.	5.0	14.6	48.9
Trident	1.4	23.2	-19.0
UPL	-1.1	16.8	-0.8

NOTES

THEMATIC/STRATEGY RESEARCH GALLERY

MOTILAL OSWAL Thematic | April 2018
Economy

Private investment Fiscal spending Private consumption

Fiscal policy has reached limits

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MOTILAL OSWAL Thematic | 10 January 2018
Economy

Consumption Income GDP Employment

Employment: Broken Link Or...?

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MOTILAL OSWAL Thematic Research | April 2017
Economy

Is fiscal policy reaching limits?

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MOTILAL OSWAL Thematic | August 2018
Oil & Gas

IMO 2020: Busting the myth!

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MOTILAL OSWAL Thematic | June 2018
Utilities

2021-22 Balanced Market
2009 Peak of Deficit
2016 Peak of over supply
2013 Balanced Market

Power oversupply has started shrinking

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MOTILAL OSWAL Thematic | 20 March 2018
Automobiles

Batteries: Huge opportunities, but challenges too

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MOTILAL OSWAL October 2018
India Strategy

Correction everywhere

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MOTILAL OSWAL June 2018
India Strategy

'Recovery' ball starts rolling

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MOTILAL OSWAL April 2018
India Strategy

More ladders than snakes

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REPORT GALLERY

RECENT INITIATING COVERAGE REPORTS

MOTILAL OSWAL Initiating Coverage | 21 June 2020
Sector: Financials

ICICI Prudential Life Insurance



Moving up the profitability curve

Research Analyst: Anupam Singh (anupam.singh@motilal.com), 461 21 8881 8490
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MOTILAL OSWAL Initiating Coverage | 28 April 2020
Sector: Retail Goods

Phoenix Mills



The Specialist

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MOTILAL OSWAL Initiating Coverage | 27 April 2020
Sector: Chemicals

Tata Chemicals



Flight of rebirth

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MOTILAL OSWAL Initiating Coverage | 22 March 2020
Sector: Consumer

Future Consumer



Company of the "Future"

Research Analyst: Anupam Singh (anupam.singh@motilal.com), 461 21 8881 8490
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MOTILAL OSWAL Initiating Coverage | 7 March 2020
Sector: Logistics

Aegis Logistics



The Giant Kelp

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MOTILAL OSWAL Initiating Coverage | 28 February 2020
Sector: Agriculture

UPL



Reaping growth

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MOTILAL OSWAL Initiating Coverage | 20 January 2020
Sector: Healthcare

Laurus Labs

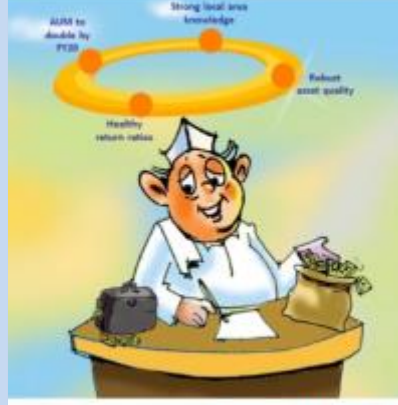


Angling for growth

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MOTILAL OSWAL Initiating Coverage | 20 January 2020
Sector: Financials

MAS Financial Services



Grassroots financier

Research Analyst: Anupam Singh (anupam.singh@motilal.com), 461 21 8881 8490
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MOTILAL OSWAL Initiating Coverage | 9 January 2020
Sector: Financials

AU Small Finance Bank



First Among Equals

Research Analyst: Anupam Singh (anupam.singh@motilal.com), 461 21 8881 8490
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DIFFERENTIATED PRODUCT GALLERY

MOTILAL OSWAL

7 September 2018

Annual Report Threadbare

LUPIN FY18

LPC's FY18 annual report analysis highlights a weak operating performance, with EBITDA declining 31% to INR15.2b, primarily due to continuing pricing pressure in the US market. QoQ declined 61% to INR15.2b, as cash conversion days deteriorated to 218 (FY17: 188 days), majorly due to rising trade receivables. Further, synergistic growth continued with the acquisition of Solisco for an upfront cash payout of INR3.7b (total consideration: USD124.1m, INR81.1b), which led to FCF post interest declining to INR6.2b (FY17: INR8.2b). Our analysis reveals that revenue growth from the acquired subsidiaries has been high; however, their profit contribution has remained muted. Intangibles assets remained elevated at INR66.2b, 84% of EOV. This is despite an impairment of INR14.6b recognized on acquired intangibles of the Gavis portfolio. Interestingly, the transfer of IP rights (primarily Gavis) within the group (from Lupin entities holding it to Lupin Inc) before impairment led to a reduction in an otherwise high ETR (at 123%) to 57.2% (FY17: 28.8%).

- Op. performance deteriorates, further drag on Impairment: High pricing pressure, intensified competition, volatile industry conditions and regulatory challenges in the US markets led to a revenue decline of 10% to INR15.2b. Further, rising input costs dragged EBITDA by 31% to INR15.2b with margins declining 600bps to 20%. Impairment charges (at INR14.6b) for the Gavis portfolio and higher taxes (ETR at 57.2% v/s 29.9% in FY17) led to a decline in profitability by 80% to INR6.2b.
- Rising working capital intensity dents cash flows: Increased investment in working capital at INR10.2b as against release of INR5.2b in FY17 led to a decline in operating cash flows post interest declining 61% to INR15.5b (FY17: INR39.6b). Trade receivables increased by 21% to INR51.2b (despite a decline in revenue) leading to an increase in receivable days to 210 days (FY17: 90 days). Cash conversion cycle in turn increased to 218 days from 188 days in FY17. Net debt increased by INR4.2b to INR56.2b.

- Acquisitions boost revenue, profitability remains muted: LPC has made 15 acquisitions over FY08-18. The revenue contribution from these acquisitions has been strong; however, their profitability contribution continues to be weak. These acquisitions have led to significant intangibles (including ITD and Goodwill) from INR7.7b in FY14 to INR70.9b in FY18 (52% of NW).
- Intra-group transfer of assets and ETR reduction: LAMSA (Lupin Atlantic Holdings SA) transferred various intangible products, primarily comprising portfolio of Gavis to Lupin Inc. For a consideration of USD52m, Lupin Inc. recorded the intangibles for USD302.3m and wrote off USD379.7m (~INR2.5b) through net worth. This intra-group transfer has led to a tax benefit of INR1.6b, thereby aiding to reduce ETR to 57.2% (FY17: 29.9%) ETR (including this benefit) rose to 123% due to non-deductibility of expenses (primarily impairment related in our view).

The ART of annual report analysis

- Rise in working capital intensity at INR10.2b (FY17: INR5.2b) led to a 61% decline in QoQ to INR6.2b
- Intra-group asset transfer (primarily post-IP rights) has benefits of INR3.7b
- Revenue contribution of acquired businesses remains strong; however, their profit contribution remains subdued

Stock Info	LPC IN
Bloomberg	553
CRP	553
Equity Shares (m)	432
M.Cap (INR)(USD)	423.7/5.8
52-week Range (INR)	209/17.04
L.E. 12 Mnt. Per (%)	4/5/26
12M Avg. Div. Yield (%)	2083
Free float (%)	53.0

Shareholding pattern (%)	Jun-18	Mar-18	Jun-17
Promoter	47.0	47.0	46.7
DI	12.1	12.2	9.8
FI	25.8	25.4	30.8
Others	15.1	15.4	12.6



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MOTILAL OSWAL VOICES



India Inc on Call

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

This quarterly report contains:

- Company Audio Links for 20 companies
- Key takeaways from the past results management commentary for 140 companies, with links to the full earnings call transcripts
- Links to our Results Updates on each of the companies included

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MOTILAL OSWAL EcoKnowledge

24 August 2018 Economy Diving into Trending Themes

How sustainable is the leverage of Indian households?

Household debt market is only 20-30% of its potential size

Between FY12 and FY15, non-fool credit (NFC) of scheduled commercial banks (SCBs) grew at a CAGR of 11.5%, while personal/retail loans grew at a CAGR of 14.2%. In the subsequent three years (up to FY18), while NFC growth eased to 8.1%, personal loans grew faster at 17.8%. Consequently, the latter has become the key driving force of bank loans, and thus, almost all banks are now pushing personal loans. Personal loans now account for ~25% of NFC, as against ~18% in FY12. This trend has obviously raised doubts over the sustainability of such a high growth in personal loans, and thus, reliance of banks on them.

In the first two parts of our III-part series, we discussed in detail the balance sheet of Indian households and how it compares with its foreign counterparts. We explained in Part I that personal loans are only a part of the total household debt in India, which has risen to an all-time high of 46.1% of its income in FY18. In Part II, we confirmed that notwithstanding the recent growth, India's household debt is still much lower compared to its counterparts in other developing economies. In this final Part-III, we present two arguments debating the ongoing rise in household/personal debt that could continue for many more years to come.

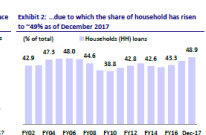
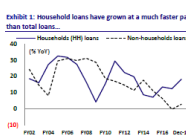
One, for the first time in the past two decades, the growth in household debt (and personal loans also) is driven by credit widening (number of accounts), rather than credit deepening (loan accounts). Such trends are beneficial to all – the lenders, the borrowers and the economy – and make the growth sustainable.

Two, an estimate of the potential size of the household debt in the country and the potential base of creditworthy borrowers confirm that the current market and the tax base also is only 20-30% of its potential size. It implies that there is a large room for the lenders (banks or other lending institutions) to grow its personal/household debt for at least a few years, which would also continue to support economic growth.

In this final and Part-III of our series on Indian households, we discuss in detail the sustainability of household debt in India, which has been a key driver for banking loans in the economy. As we explained in Part I of our series, personal loans are only a portion of the total household loans in the banking system. Roughly, personal loans represent about half of the household loans. Since FY15, while total loans have grown at a

CAGR of 3%, household loans have increased at a CAGR of ~15% (Exhibit 1).

“Since FY15, while total loans have grown at a CAGR of 3%, household loans have increased at a CAGR of ~15%.”



Source: Reserve Bank of India (RBI); CEC; NIOS.

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MOTILAL OSWAL

The Corner Office

Targeting INR600b sales in 10 years, 14% CAGR over FY18-28

Four-ier strategy to reduce sales volatility from large projects

We met the MD, Unishulbham, Managing Director and CEO of Thermoac. He highlighted that the company targets annual sales of INR600b by 2028 (translating into a CAGR of 14%). We also discussed the company's four-ier strategy to reduce sales volatility from large projects. Our key takeaways:

- Four-ier strategy to reduce revenue volatility from large projects: Over the past five years, Thermoac has witnessed drying up of large orders from the core sectors: Power, Steel, Cement and Refining, leading to volatility in its sales. To de-risk itself, the company has identified a four-ier strategy:
 - Thermoac is primarily in absorption chillers. It is looking at an acquisition to enter process cooling, which is 2-3x the size of the absorption chiller market.
 - Thermoac is the market leader in the B2B segment but has ~4% share in the commercial segment. It targets a double-digit market share in the commercial segment.
 - Roof-top solar (INR10b industry) is an emerging market and Thermoac would be present in the industrial and commercial segments.
 - After three years of difficulty, its water business is now profitable. Thermoac intends to expand footprint and achieve double-digit profit in this segment.

Green shoots of recovery in industrial caps

Equity pipeline for transport products (10-15% quarterly) has improved in FY18 – it is more widely spread across the end markets of tyres, auto components, FAB, pharma and chemicals. On core sectors, the company highlighted:

- In the tyre segment, there are a few projects in the pipeline, with orders likely to be placed in FY18.
- In steel, Jindal Steel is likely to place an order for its plant near Mumbai in FY18 while Tata Steel is likely to order out phase-2 of Kalinganagar (Orissa) in FY20.
- In cement, a few captive power plant orders are in the pipeline along with JVs.
- In refineries, two plants are in the pipeline in FY18, namely, HCL Barmer and BPL Numaligarh.
- In aluminium, no large orders are expected in FY18.
- In power, Thermoac is participating in the SOI tenders issued by NTPC/private power plants. However, given the intense competition, it is not building in any order in FY18.

Need for new products and geographies to drive growth

Thermoac is already in heating, cooling, captive power, air/water pollution equipment. For growth, it needs new geographies and new products. It has started a manufacturing facility in Indonesia (INR2b of sales in three years) and invested in new factories for plants in Deqing and absorption chillers in Sheny, Andhra Pradesh. The Sheny factory will complement the Deqing facility in China for heat exchangers. Reports have already grown to 40% of sales and the target is 50% of sales – key geographies being targeted are Africa, Middle East, SE Asia and Europe. The Indonesian factory that currently manufactures the company's standard products will supply to the entire ASEAN region and management expects this region to be a bigger market than India for Thermoac in the next 10 years.

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BULLS & BEARS
INDIA VALUATION'S HANDBOOK

Highlights of August edition

- Nifty continues its positive momentum; up 2.9% in August
- Healthcare, Metals, Utilities, Technology and Consumer were the top positive performers
- Mid-caps outperform large-caps after three months of underperformance

FUND FOLIO
Indian Mutual Fund Tracker

For CY18 YTD, equity AUM is up 8%, in line with Nifty's rise

Equity AUM rises in July after two consecutive months of decline

INR8.3t

INR106b

Net inflows in July up 29% MoM

MOTILAL OSWAL

Equity Incl. Abcr & ELLS AUM (NR B)

AUM CAGR 5%
NIFTY CAGR 5%

1,827 3,195 7,966 8,135 10,531 11,257

6,304 6,283 7,966 8,135 10,531 6,251

CY13 CY14 CY15 CY16 CY17 CY18YTD

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September 2018

August 2018

Explanation of Investment Rating

Investment Rating

BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst becomes inconsistent with the investment rating legend, the Research Analyst shall within 28 days of the inconsistency, take appropriate measures to make the recommendation consistent with the investment rating legend.

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