17 June 2019

MORNING INDIA

MOTILAL OSWAL

Market snapshot

Motilal Oswal values your support in the Asiamoney Brokers Poll 2019 for India Research, Sales and Trading team. We request your ballot.

ASIAMONEY POLL 2019

Equities - India	Close	Chg .%	CYTD.%
Sensex	39,452	-0.7	9.4
Nifty-50	11,823	-0.8	8.8
Nifty-M 100	17,565	-0.9	-1.7
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	2,887	-0.2	15.2
Nasdaq	7,797	-0.5	17.5
FTSE 100	7,346	-0.3	9.2
DAX	12,096	-0.6	14.6
Hang Seng	10,420	-0.5	2.9
Nikkei 225	21,117	0.4	5.5
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	63	0.9	18.3
Gold ($/OZ)	1,342	0.0	4.6
Cu (US$/MT)	5,798	-0.6	-2.5
Almn (US$/MT)	1,733	-1.3	-7.0
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	69.8	0.4	0.0
USD/EUR	1.1	-0.6	-2.3
USD/JPY	108.6	0.2	-1.0
YIELD (%)	**Close**	**1MChg**	**CYTDchg**
10 Yrs G-Sec	6.9	-0.09	-0.4
10 Yrs AAA Corp	8.1	-0.09	-0.4
Flows (USD b)	**14-Jun**	**MTD**	**CYTD**
FIIs	-0.03	0.04	11.26
DIIs	0.05	0.02	-1.67
Volumes (INRb)	**14-Jun**	**MTD***	**CYTD***
Cash	311	332	360
F&O	7,630	12,740	10,877

Note: *Average

Today's top research idea

Godrej Consumer: Balance sheet improving, earnings revival awaited

Management meet and financial analysis takeaways

- Domestic volumes should grow faster compared to 4QFY19 on expected recovery in demand environment, traction on new products and better utilization of expanded distribution but material revival in volumes and earnings will take time.
- Balance sheet performance —a key concern area in the past— has been good in recent years, particularly on cash conversion cycle, which declined from 47 days to 14 days in the past three years (on average basis) and from 60 days to 11 days on year-end basis. Nevertheless material ROCE improvement beyond 17.7% in FY19 (16.5% in FY16) needs strong earnings revival to come through.
- Valuations of 34.7x FY21, while cheaper than peer average, offers limited upside on considering weaker than best of breed peer earnings visibility and less than peer ROCE levels (at least currently). Maintain Neutral.

Research covered

Cos/Sector	Key Highlights
Godrej Consumer	Balance sheet improving, earnings revival awaited
Hexaware Tech.	Hexaware acquires US-based digital consulting firm Mobiquity
KEC International	Back on growth track post a challenging last year
S H Kelkar Co.	Expect gradual recovery on structural changes
Metals	CRU, global producers point at continuing aluminum deficit
Utilities	Power demand recovering; E-auction prices trending lower
EcoScope	Trade deficit rose slightly to USD15.4b in May'19

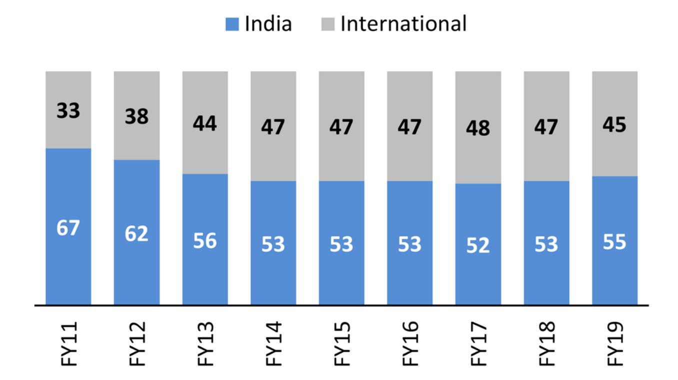
Piping hot news

India may trade places with US to ship items to China

India has identified 151 products that it can export to China instead of the US and benefit from the price advantage thrown up by the retaliatory higher duties slapped by the Xi Jinping government on US products amid the intensifying trade war between the two countries...

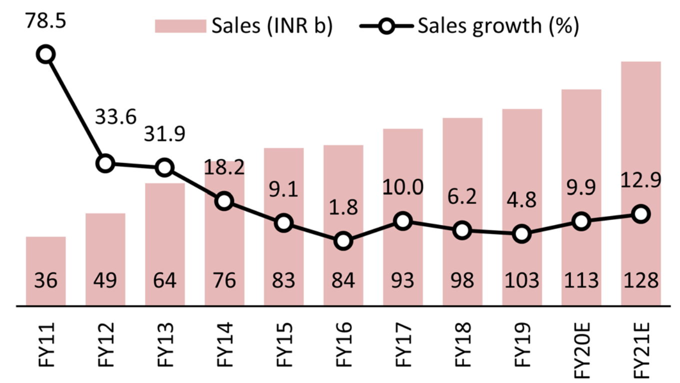
Chart of the Day: Godrej Consumer (Balance sheet improving, earnings revival awaited)

International business contributes 45% to the topline



Source: Company, MOFSL

Consol. sales to grow at 11.4% CAGR over FY19-21



Source: Company, MOFSL

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In the news today

Kindly click on textbox for the detailed news link

1

Rainfall Deficiency Hits 43%, Monsoon To Pick Up in Next 2-3 Days

The Southwest Monsoon is expected to advance further up north as Cyclone Vayu loses intensity—paving the way for the wind system to move towards the Arabian Sea, India Meteorological Department said in its weather forecast on Sunday...

2

GST Council meet on 21 June to focus on checking tax evasion

Goods and Services Tax Council, the federal indirect tax body, is set to take several decisions to curb tax evasion in its first meeting to be chaired by new finance minister Nirmala Sitharaman on 21 June. The government plans to increase scrutiny on businesses amid lower-than-expected GST collections after handholding them through the first two years of the tax reform. The 35th meeting of the GST Council will seek to introduce compliance requirements, initially on big businesses and eventually on all merchants to curb tax leakage...

3

Power rates in Uttar Pradesh likely to increase by up to 25%

In order to bridge the widening gap between cost of power and revenue realised, the Uttar Pradesh Power Corporation (UPPCL) has sought the state power regulator's nod for average tariff increase of 20-25% for domestic consumers for 2019-20. The hike, if cleared by the regulator,...

4

Punjab National Bank puts 6 NPAs worth over ₹1,000 crore on block

State-owned Punjab National Bank has put on sale six non-performing loans amounting to over ₹1,000 crore, including two accounts of Vandana Vidyut and Visa Steel. Asset reconstruction companies (ARCs), non-banking financial companies (NBFCs),...

5

Dr. Reddy's to sell 2 neuro products to Upsher-Smith for $110 million

Dr. Reddy's Laboratories has entered into a definitive agreement with Upsher-Smith Laboratories to sell the U.S. and select territory rights of two neurology products, a deal that will fetch the Hyderabad-headquartered drug maker over $110 million. Under the agreement, announced on Friday, Dr. Reddy's will receive $70 million as upfront consideration and $40.5 million more in near term milestones and additional financial considerations including, existing contractual obligation and inventory...

6

CERC allows Power Grid to offer towers to telcos for BTS installation

Power regulator CERC has allowed state-owned transmission utility Power Grid to offer towers to telecom companies for BTS (base trans-receiver station) installation to improve mobile connectivity, especially in remote rural areas...

7

PSU disinvestment: Govt to sell stake in 3 insurers to New India Assurance

Scouting for resources to make up for any potential shortfall in tax revenues, the government is exploring the feasibility of selling its stake in three general insurers —National, Oriental and United — after their proposed merger with New India Assurance...

Godrej Consumer

BSE SENSEX	S&P CNX
39,452	11,823

GODREJ | CONSUMER PRODUCTS

Stock Info

Bloomberg	GCPL IN
Equity Shares (m)	1,022
M.Cap.(INRb)/(USDb)	678.1 / 9.7
52-Week Range (INR)	979 / 628
1, 6, 12 Rel. Per (%)	-3/-29/-26
12M Avg Val (INR M)	891
Free float (%)	36.8

Financials Snapshot (INR b)

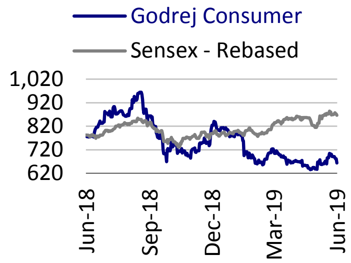
Y/E Mar	2019	2020E	2021E
Net Sales	103.1	113.3	127.9
EBITDA	21.2	23.9	27.3
PAT	15.4	16.6	19.5
EPS (INR)	15.1	16.2	19.1
Gr. (%)	7.2	7.5	17.6
BV/Sh (INR)	71.1	75.6	79.1
RoE (%)	22.8	22.1	24.7
RoCE (%)	17.7	17.9	19.7
Payout (%)	44.2	61.6	69.9
Valuation			
P/E (x)	43.9	40.9	34.7
P/BV (x)	9.3	8.8	8.4
EV/EBITDA (x)	32.9	28.8	25.1
Div. Yield (%)	1.0	1.5	2.0

Shareholding pattern (%)

As On	Mar-19	Dec-18	Mar-18
Promoter	63.3	63.2	63.3
DII	2.5	2.3	2.2
FII	27.5	27.7	28.0
Others	6.8	6.8	6.5

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR663 TP: INR700 (+6%) Neutral

Balance sheet improving, earnings revival awaited

We met the management of GCPL and had a detailed look at the company's segmental and balance sheet performance in recent years. Key takeaways:

- **The worst seems to be over on the domestic volume growth front, but strong revival will take time.**
- **Despite muted growth of the past three years, we believe GCPL's domestic business is of high quality with attractive long-term growth prospects. It should grow faster on expected recovery in demand environment, traction on new products (also significantly margin accretive), and better utilization of expanded distribution (now at ~6m outlets, direct reach of ~1.3m outlets).**
- **Balance sheet performance —a key concern area in the past— has been fairly good in recent years, particularly on the cash conversion cycle front, which declined from 47 days to 14 days in the past three years (on average basis) and from 60 days to 11 days on year-end basis. If not for earnings slowdown of the past three years (PBT growth of 7% CAGR), ROCE improvement (from 16.5% in FY16 to 17.7% in FY19) would have been more impressive.**
- **Nevertheless, while the stock price is down nearly 30% from its peak, there are no clear indications that earnings slowdown (7% PBT growth in the past three years) will turn around materially in FY20 to anywhere close to earlier levels. Between FY08-16, the company reported over 20% CAGR growth on all fronts — Sales, EBITDA, PAT and EPS.**
- **The other factor is that majority of the CCC cycle improvement has come in from higher creditor days. GCPL's efforts to reduce inventory days, particularly in the African business are yet to make a substantial impact at the consol. level. Valuations of 34.7x FY21, while cheaper than peer average, offers limited upside on considering weaker than best of breed peer earnings visibility and less than peer ROCE levels (at least currently). Maintain Neutral.**

Recent performance subdued

- One of GCPL's biggest concerns is the persistent deterioration in ROCE (over 50% until FY08). Interestingly, Sales, EBITDA and PAT CAGR were robust during FY08-19 — all three metrics grew at near identical pace of ~23% CAGR. But, the last three years saw slowdown in growth with Sales/EBITDA/PBT growing at 7%/9%/9%.

Growth revival expected in domestic business, off a low base

- We believe that GCPL's international business should do better in the coming days. Also, fundamentally, we don't find anything wrong with the growth prospects of its domestic business. Further, recent meeting with management confirmed our belief that GCPL is set to grow faster now compared to the last few years led by (a) expected recovery in demand environment, (b) resumption in healthy pace of new launches (NPD), and (c) benefits of healthy distribution expansion. Besides, all its NPDs are significantly gross margin accretive; as it picks up scale, it should make a sizeable contribution to both incremental sales growth and operating margins. Nevertheless, recovery in earnings to earlier strong levels still appears some time away.

Growth along with balance sheet improvement to drive re-rating

- Balance sheet performance has been quite creditable. If not for earnings slowdown of the past three years, ROCE would have improved at a healthy pace. In fact, ROCE has improved from 16.5% in FY16 to 17.7% in FY19, with a large part of the improvement coming in FY19. ROE has stayed at ~23% despite low numerator growth in recent years. But, return ratios will improve at a faster pace, if GCPL continues with its self-imposed moratorium on big ticket acquisitions.
- Consolidated cash conversion cycle (CCC) has seen marked improvement over the last four years, largely led by remarkable growth in payable days. Thus, potential improvement in inventory and debtor days, both in domestic and international business, should lead to further improvement in CCC days.

Valuation & View

- While the stock price is down nearly 30% from its peak, there is yet no clear indication that earnings slowdown (7% PBT growth in the past three years) will turn around materially in FY20 to anywhere close to earlier levels. During FY08-16, the company reported over 20% CAGR growth on all fronts — Sales, EBITDA, PAT and EPS. The other factor is that majority of the CCC cycle improvement has come in from higher creditor days. GCPL's efforts to reduce inventory days, particularly in the African business is yet to make a substantial impact on the consolidated level. This offers an opportunity for significant improvement if plans for further reduction in inventory days in Africa pan out as targeted, and particularly, if topline growth revives as well. Valuations of 34.7x FY21, while cheaper than peer average, offers limited upside on considering weaker than best of breed peer earnings visibility and less than peer ROCE levels (at least currently). Maintain **Neutral**.

Hexaware Technologies

BSE SENSEX	S&P CNX
39,452	11,823

HEXAWARE

Bloomberg	HEXW IN
Equity Shares (m)	302
M.Cap.(INRb)/(USDb)	102.7 / 1.5
52-Week Range (INR)	557 / 295
1, 6, 12 Rel. Per (%)	-8/-5/-34
12M Avg Val (INR M)	806
Free float (%)	37.4

Financials & Valuations(INR b)

Y/E Dec	2018	2019E	2020E
Net Sales	46.5	56.4	68.8
EBITDA	7.3	8.7	10.4
PAT	5.8	6.6	8.0
EPS (INR)	19.3	21.0	24.6
Gr. (%)	16.5	8.6	17.0
BV/Sh (INR)	79.7	89.8	101.3
RoE (%)	26.5	24.9	25.8
RoCE (%)	24.7	25.1	26.0
P/E (x)	17.8	16.4	14.0
P/BV (x)	4.3	3.8	3.4

Shareholding pattern (%)

As On	Mar-19	Dec-18	Mar-18
Promoter	56.9	56.7	57.1
DII	4.6	3.3	2.0
FII	22.5	24.2	21.2
Others	16.0	15.8	19.8

FII Includes depository receipts

CMP: INR345 TP: INR370 (+7%) Neutral

Hexaware acquires US-based digital consulting firm Mobiquity

In this note, we present the key highlights of Hexaware's (HEXW) acquisition of Mobiquity, our thoughts on this deal and particulars about our estimate changes.

About Mobiquity

- Mobiquity is one of the largest independent customer experience consulting firms specializing in creating frictionless multi-channel digital experiences leveraging cloud technologies.
- Its CY18 revenue stood at USD70m, which grew at a three-year CAGR of ~24%. With a gross margin of ~40% and EBITDA in low teens (slightly less than HEXW), the company is profitable and in a high-growth phase.
- CEO John Castleman, who joined 3.5 years back, is credited to have rapidly grown the company through large client relationships. The company has a sticky client base of large companies, including Amazon, AWS, Rabobank, Philips, Wawa and Backbase.
- Mobiquity employs 700+ people, with core design and strategy team strength of 60. Its offshore base of 200 employees is in India (Ahmedabad and Pune). Attrition is currently at 17-18% level.

Transaction details

- The deal was signed and closed on 14^{th} Jun'19 for a total consideration of USD182m in an all-cash transaction. Post-acquisition, Mobiquity will run as an independent company in its current form by the existing management. While USD131m is paid up front, the deferred payment of USD51m will be done in two tranches: [1] USD31m in Jan'20 and [2] remainder USD20m in Oct'20 based on the performance.

Advantage to HEXW

- HEXW – which has been automation heavy – will further strengthen its customer experience set of capabilities. Most of the work Mobiquity does is cloud native, which will be a boost to its cloud-based development capabilities.
- The company will gain from Mobiquity's strong AWS partnership as it is one the few recognized premier digital customer experience consulting firms.
- BFS is a key vertical for HEXW. While it has a strong presence in capital markets and other sub-segments, it lacks in digital banking. With Mobiquity, it will strengthen banking as it gains access to partnership with Backbase, which provides digital banking solutions. This, in turn, will help build digital-born and omni-channel banking capabilities. Going forward, there will be one FS sales team – HEXW's FS sales team will be aligned under Mobiquity and will sell all the services under the vertical.
- The strategic intent to run Mobiquity separately is to leverage benefits of better pricing (50% higher) and better ability to attract talent.

Take away from Management Commentary

- **Margin profile of Mobiquity:** Gross margins are higher than HEXW (7-8pp), led by premium pricing, partially offset by a higher salary structure. SGA is also considerably higher, and thus, the EBIT margin is lower than HEXW's. Overall margins are in the range of low-teens. Revenue is generated project-by-project, and there is little to no annuity based revenue. Going ahead, there will be little change in the margin profile since HEXW will not intervene in the functioning of the company.
- **Strong synergy but little on cost side:** The acquisition will help HEXW to cross-sell and up-sell its services to Mobiquity's clients and vice versa, since services offered by both companies are complementary to each other rather than competitive. This acquisition would help HEXW to gain traction in the banking and pharma verticals, which are the focus areas for HEXW. It also brings in valued partnerships, particularly with AWS and Backbase (digital banking solutions provider). Since 80% of the applications Mobiquity builds are native to cloud, HEXW will be able to position its cloud services adding one more component to it. Mobiquity has strong AWS partnership and is one of the few partners for digital customer experience consulting; this will help HEXW to strengthen its partnership with AWS. HEXW will not interfere in cost management of Mobiquity; it will remain a high-SGA business in the near future.
- **High client concentration:** Around 89% of Mobiquity's revenues are derived from top 20 clients. While revenues are not sticky, clients are. Top 5 clients of Mobiquity have remained same since its inception in 2011. Some of the prominent customers include Amazon, Raboback, Philips and Otsuka.
  Leadership remains intact: Unlike many other tuck-in acquisitions, Mobiquity will remain as an independent company with CEO as John Castleman. He joined the company 3.5 years back after selling another company in the same space to EPAM (now known as EPAM India). Since HEXW and Mobiquity are in different spaces, there is little case for CEO to move on. Previously, it was seen that in the case of tuck-in acquisitions with earn-outs involved, employees used to leave after receiving their earn-outs (they have large stakes in the startups). However, in case of Mobiquity, most of the earn-outs will go to the financial investor, thereby controlling the attrition in senior management.
- **Guidance:** HEXW reported that large NN deal won in 4QCY18 has been cancelled, and thus, it will not be recognizing its revenue in CY19. Customer has decided that it will put a halt on outsourcing and focus on automation first. That said, this will not affect the organic guidance as HEXW has a strong order book for the year. Organic guidance remains the same in the range of 12-14%, while overall growth guidance is around 20% YoY. Full-year EBITDA will grow in line with revenue. Overall deal will be neutral on EPS.
- **Capital allocation:** Going ahead, there will be some slowdown in payouts. The company will focus more on building capital. In addition to that, there will be no more acquisitions at least for one year.

Change in estimate and valuation view

- We have revised our revenue growth estimate for CY19/20 to 20%, taking into consideration 24% growth in revenue of the acquired entity, although for CY19 only half of the acquired entity's revenue will be realized. We have factored in growth of 13% for the organic business and 24% for Mobiquity for FY21 as well. Baking this into our model, our CY19/20 revenue estimates are changed by +5.6%/+12.4%.
- We have changed our EBITDA margin estimate for CY19/20 by 20bp, considering the slightly lower margins in Mobiquity.
- Three factors have been changed while estimating PAT: [1] Other Income – Led by USD130m cash reduction, [2] Interest cost – increase in borrowing by USD 20m and [3] USD8m of net operating loss carried forward from Mobiquity. Overall these losses have offset the increase in EPS completely, and thus, our EPS estimate remains unchanged.

Exhibit 1: Change in estimates

	Revised			Earlier			Change		
	CY18E	CY19E	CY20E	CY18E	CY19E	CY20E	CY18E	CY19E	CY20E
INR/USD	68.6	70.0	71.0	68.6	70.1	71.0	0.0%	0.0%	0.0%
USD Revenue (m)	677.7	805.8	968.7	677.7	762.9	861.9	0.0%	5.6%	12.4%
USD rev growth (%)	11.6	18.9	20.2	11.6	12.6	13.0	0bp	630bp	720bp
EBITDA Margin (%)	15.8	15.4	15.1	15.8	15.6	15.3	0bp	-20bp	-20bp
EPS (INR)	19.3	21.0	24.6	19.3	21.2	24.1	0.0%	-0.9%	2.0%

Source: Company, MOFSL

K E C Intl.

BSE SENSEX	S&P CNX
39,452	11,823

KEC INTERNATIONAL LIMITED

Stock Info

Bloomberg	KECI IN
Equity Shares (m)	257
M.Cap.(INRb)/(USDb)	75.5 / 1.1
52-Week Range (INR)	420 / 230
1, 6, 12 Rel. Per (%)	4/-5/-36
12M Avg Val (INR M)	159
Free float (%)	48.7

Financials Snapshot (INR b)

Y/E Mar	2019	2020E	2021E
Net Sales	110.0	128.8	148.4
EBITDA	11.5	13.5	15.5
Adj PAT	4.9	6.3	7.5
EPS (INR)	19.0	24.4	29.2
EPS Gr. (%)	6.0	28.5	19.8
BV/Sh. (INR)	94.7	117.2	144.5
RoE (%)	20.0	20.8	20.2
RoCE (%)	17.2	17.7	17.8
P/E (x)	16.9	13.2	11.0
P/BV (x)	3.4	2.7	2.2

Shareholding pattern (%)

As On	Mar-19	Dec-18	Mar-18
Promoter	57.7	57.7	73.3
DII	20.0	19.6	4.4
FII	16.4	17.0	16.8
Others	5.9	5.7	5.5

FII Includes depository receipts

CMP: INR321 TP: INR438 (+37%) Buy

Back on growth track post a challenging last year

Diversification playing out well, financial leverage to kick in

- **Business diversification to pick up pace:** KEC International (KEC) has been attaining successful business diversification, reducing its dependency on Power T&D segment in general and Power Grid capex in particular. Key highlights:
  - While Power Grid has traditionally been the largest customer for the company, we estimate that it now forms only ~7% of the order book (v/s ~30% in FY16) with KEC actively capitalizing on other growth opportunities as well. Subsequently, we believe that Power Grid is now no more the largest customer for the company.
  - SEBs have overtaken Power Grid, with the share of the former in domestic Power T&D now at ~46% versus 38% for the latter, as per our estimates.
  - SAARC region has emerged as the new growth engine with an order book CAGR of 29% over FY14-18, driving growth in the international business.
  - Railways segment now forms 26% of order book, having grown 10x over the past three years.
  - Civil segment can be similar story as Railways. We estimate Civil revenue CAGR of 31% over FY19-21 (v/s management's target of 100% CAGR).
- **Scenario analysis suggests upside to our EPS estimate:** While our base-case scenario builds in 31% revenue CAGR (FY19-21) in Civil business, our bull-case scenario (assuming management is able to attain its ambition of ~INR20b of revenue from Civil in FY21) suggests an 8% upside to our FY21 EPS estimate. This would also result in higher gross debt owing to increased working capital requirement; however, net D/E is likely to remain unchanged at 0.5x for FY21. Moreover, the contribution of Power T&D (incl. SAE) is likely to decline further to 60% in FY21 v/s our base-case assumption of 65%. Note that the share of Power T&D has been falling from the level of ~85% in FY16, reflecting business diversification is playing out.
- **Room for financial leverage to play out:** We note that G-Sec/CP rates are down 120bp/150bp from the peak levels around end-Sep'18. Interest rates have corrected in the international markets as well. Moreover, the company has reverted back to an optimal debt mix, as against an unfavorable mix last year. Thus, we believe that there is room for financial leverage to play out. Our sensitivity analysis of the impact of interest rates accounting for gross debt and interest bearing acceptances and advances from customers suggests that for every 50bp decrease in interest rates, earnings increase by 2.5% for KEC. We model flat interest expense over FY19-21, despite the expected strong 16% revenue CAGR over the same period.
- **Maintaining Buy with higher TP:** We raise our target multiple to 15x from 12x earlier, in line with its historical trading multiple of 15x, and raise our TP to INR438. We maintain our Buy rating on the stock on account of (a) the declining business concentration risk due to its foray into Railways, Civil, etc., (b) EPS CAGR of 24% over FY19-21 and (c) RoE profile of 20%+.

14 June 2019

Update | Sector: Consumer Products

S H Kelkar and Co

BSE SENSEX	S&P CNX
39,452	11,823

CMP: INR140 TP: INR169 (+20%) Buy

Expect gradual recovery on structural changes

Stock Info

Bloomberg	SHKL IN
Equity Shares (m)	145
M.Cap.(INRb)/(USDb)	20.3 / 0.3
52-Week Range (INR)	248 / 137
1, 6, 12 Rel. Per (%)	-8/-31/-50
12M Avg Val (INR M)	36
Free float (%)	43.1

Financials Snapshot (INR b)

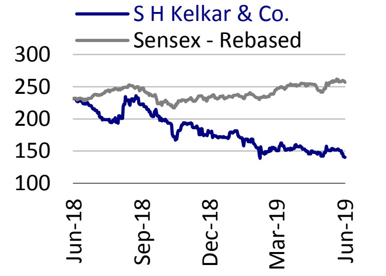
Y/E MARCH	FY19	FY20E	FY21E
Net Sales	10.5	12.9	15.7
EBITDA (Rs b)	1.4	2.0	2.4
NP	0.9	1.1	1.3
EPS	6.1	7.5	9.4
EPS Gr (%)	-13.7	22.7	25.1
BV/Share (Rs)	59.7	62.2	68.9
P/E (x)	22.9	18.7	14.9
P/BV (x)	2.3	2.2	2.0
RoE (%)	10.3	12.2	14.3
RoCE (%)	11.6	14.7	17.3

Shareholding pattern (%)

As On	Mar-19	Dec-18	Mar-18
Promoter	56.9	56.7	57.1
DII	4.6	3.3	2.0
FII	22.5	24.2	21.2
Others	16.0	15.8	19.8

FII Includes depository receipts

Stock Performance (1-year)



Sluggish performance on GST-led liquidity issues

- S H Kelkar's (SHKL) notable presence in the unorganized segment, which was once considered a strength, appeared to have taken a toll on its financial performance. Smaller players – which account for 15% of its customer base (mostly belonging to the homecare segment comprising Agarbattis/other such products) – were severely hit following the GST implementation due to liquidity concerns. Revenue from its top 100 customers (which account for 30-40% of its domestic revenue) grew at 10%+, while that from the remaining customers declined by 7-8%, impacting the overall performance (up by a meager 0.5% to INR10.4b in FY19). Importantly, ~50% of the company's smaller customers are likely to be weeded out of the market, which is also a cause for concern.
- However, according to the company, the structural shift away from the unorganized segment will also serve as an advantage for SHKL because of the addition of mid- and large-size customers and the gradual increase in their wallet share (as they upgrade to premium products). Such players will still be huge in number given that 30-40% of the flavor industry and 15-18% of the fragrance industry is unorganized.

Demand trends post elections – a key monitorable

- SHKL has witnessed exuberance in demand as FMCG players – to which it has a large exposure – are coming up with new launches due to their renewed confidence after the formation of a majority government at the center. Notably, it is witnessing new wins from larger players with a higher wallet share. Additionally, the CFF acquisition is likely to be consolidated from Oct'19, which will further add to the revenue stream. Buoyed by the improved operating environment, management expects revenue growth of ~15% in FY20. However, at this point, we await clearer signs of demand revival, and thus, conservatively build in a revenue growth estimate of 10% to INR11b (like-to-like). On a consol. basis, SHKL is estimated to achieve revenue of INR13b (+24% YoY) in FY20.

Expect margins support from Mahad facility ramp-up and price hikes

- The Mahad facility (manufactures Tonalid and other key raw materials), which was commissioned in Sep'18, has been operating at optimal utilization levels since May'19. We expect ~INR200m cost savings due to the Mahad facility ramp-up. Additionally, the price hikes taken last year are likely to start bearing fruit. We, thus, expect the EBITDA margin to improve by 220bp to 15.2% in FY20.

Cash flows to free up on better WC cycle; funds to be deployed toward buyback

- In FY19, working capital increased on account of inflationary pressures because of variations in RM prices. However, the potentially higher revenue contribution from large-size customers is likely to free up cash flows on better credit terms at 60 days (v/s 60-80 days for smaller players). We expect SHKL's cash flows to increase by 2.4x to INR964m in FY20, which will likely be used to meet its buyback needs. Notably, the company has approved a buyback of 33,00,000 fully paid-up equity shares of INR10, which is about 9.7% of share capital. The record date for the same is set to 20^{th} Jun'19. The promoters will also participate in the buyback process proportionately.

Acquisition of remaining stake in Creative Flavors & Fragrances (CFF)

- SHKL's board has approved the acquisition of the remaining 49% stake in Creative F&F, Italy in CY19 for EUR18m.

CFF and CDC Singapore, in-house encapsulation technology

- The CFF Italy acquisition and the CDC Singapore set-up will provide the company in-roads into unexplored territories like fine fragrance, fabric softener/detergents, textiles, industrials and paints. Its encapsulation technology helps a product retain the scent experience across various stages of use, which makes purchases more attractive. Also, the 'controlled release technique' increases the longevity of fragrance when a product is in use, improving its desirability. It already has the proof of concept ready and expects new segments to drive further growth.

Other takeaways

- Typically, the company makes 400 designs a year; however, there were lesser product launches last year. Also, where designs were approved, several were not commercialized due to consumption slowdown.
- 'Naturals' is a premiumization trend, for which SHKL has a full range of products.
- Interest is 9% on debt, which is a mix of domestic and international debt.

Valuation view

- SHKL's performance has been disappointing for three years now, with its revenue remaining flat at ~INR10b and PAT declining from INR1,025m to INR885m. The company's prospects now hinge on its ability to pursue new segments, grow the existing product categories, and the level of aggression from the FMCG industry to launch new products. SHKL has alluded to exuberance in new product launches after the general elections, but we await more signs of sustenance of this trend. Moreover, the company efforts to make a foray into newer segments backed by technology are unlikely to drive meaningful benefits over the near term. However, we are confident about the margin expansion to be derived on account of Mahad plant utilization at optimum levels. We reinstate our rating to Buy (from Under Review) and cut our revenue / PAT estimates by 13% / 16% on like to like basis for FY20E and FY21E, respectively. We reduce our PE multiple from 22x to 18x to value the stock at FY21E EPS of 9.4/share and arrive at a target price of 169/share.

CRU, global producers point at continuing aluminum deficit

Excess inventory build-up could be erased by 2020-21

CRU, a commodity-focused global analytical firm, recently hosted a call highlighting its view on the aluminum market trends. It expects the aluminum market to remain in deficit in 2019 on account of (a) the lack of new investments and (b) the closures of illegal Chinese capacity, despite muted demand expectations (ex-China: <1% growth). Furthermore, inventory (in days of consumption) is trending down toward the 2007 levels. According to CRU, LME prices will have to increase to ~USD2,200/t for new smelters to be economical. We note that global aluminum producers (Alcoa, Rusal and Hydro) have also maintained a similar stance. With continuing deficit and lower inventory days, LME prices are likely to increase over the medium term. This would be positive for Nalco and Hindalco.

Smelter investments at historical low

- Aluminum smelter capex outside China has been at historical lows, given the low LME prices. CRU noted that upcoming capacities by Rusal would require LME prices of ~US2,200/t for their viability. Besides, planned smelting capacities, such as that in Vietnam, are facing financing issues, given the low LME prices (currently at ~USD1,750).
- CRU highlighted that a few capacities outside of China have permanently closed due to low LME prices and higher operating cost. In fact, aluminum production outside of China has not grown over the last five years, even as demand has increased.
- The analytical firm also highlighted that the smelters in Australia and some parts of Europe would come under pressure at LME prices of USD1,650-1,700. Further, if section 232 of tariffs were to be done away, the plants restarted in the US would no longer be profitable.
- New smelter investments in China have also become difficult due to supply-side reforms and environment initiatives. About 4-5mt of illegal smelting capacity was closed in China. New capacities can only be built by replacing old plants. Rusal notes that regulator actions like winter cuts, capping on coal consumption, the launch of the national carbon market and the shutdown of capacities that breach the environment norms will create barriers for unreasonable new capacity addition in China.
- Chinese operating smelter capacities have not grown over the last two years, despite new ramp-ups (Exhibit 1)
- CRU noted that China's aluminum demand will increase by ~0.9mt annually, even after building in the likelihood of weaker demand. China will need new smelter capacities by mid-2020s, according to CRU.

Inventory days continue declining

- CRU noted that inventories in days of consumption have fallen to the pre-global financial crisis (GFC) levels. The period since GFC saw a sharp build-up in inventory as production continued but demand took a hit.

- The reduction in inventory has been sharper outside of China, as noted by Hydro (Exhibit 2). Inventory days outside China have fallen to ~30 from a peak of ~75 and ~25-30 pre-GFC. Inventory days in China have also fallen but are still high at ~70 as of end-1QCY19. Recent SHFE inventory data (Exhibit 5) is indicating a sharp fall in inventory over the past few months, which, in our view, is due to slow but still growing demand and falling production in China.
- CRU expects the inventory built up during the 2008-11 period to be eliminated by 2020-21.

Demand moderating, but market to remain in deficit

- CRU noted that growth in aluminum demand ex-China is expected to be muted at <1% amid the ongoing backdrop of trade wars and slowing global demand.
- In case of China, while the government has undertaken stimulus measures to revive its economy, the current program mostly entails tax cuts and not higher government investments (as witnessed previously). Thus, the impact on investment-related commodities should not be significant. Demand growth for aluminum in China is likely to be at 2.5%, according to CRU.
- China's restriction on aluminum scrap imports from the US – in retaliation to the US' trade actions – is also impacting primarily aluminum demand outside of China. The increase in supply of secondary aluminum (through scrap) is partly negating the influence of deficit in primary aluminum ex-China.
- CRU noted that the aluminum market would remain in deficit for 2019, despite lower demand growth. Overall aluminum consumption is likely to grow at 1.7% in 2019 (v/s 3% in 2018).
- Alcoa, as per its last update, also expects the aluminum market to be in deficit in 2019. It expects a deficit of 1.7-1.9mt ex-China and a marginal surplus of 0-0.2mt in China. The deficit is based on global aluminum demand growth estimate of ~2-3%. Hydro, on the other hand, expects a global aluminum deficit of ~1.4-1.6mt, explained by 1.5-1.7mt deficit ex-China and 0.1mt surplus in China.

Cost curve flattening

- CRU highlighted that smelters in China have been replaced with newer, more efficient technology, thereby reducing costs. Further, smelters are being relocated from east China to regions such as Inner Mongolia, which have lower costs of power. Accordingly, the cost curve for aluminum has flattened.
- Production cost for the 90th percentile smelter is now 1.75x of the lowest smelter (v/s 2.5x in 2003). Given the flattening cost curve, the margins for the first quartile of smelters are lower. Hence, incentive for investment in aluminum smelter has decreased.

Alumina has limited downside risk

- 3.25mt of Chinese alumina capacities have faced closures due to improper disposition of red mud. However, CRU noted that inspection teams have visited the site and these capacities can be restarted in eight weeks' time upon approval.

- CRU expects alumina prices to decrease to ~USD320 on the back of restart of Chinese capacities along with restart of Alunorte refinery (additional supply of 3.1mt). Prices though are unlikely to sustain at such levels as 50% of Chinese alumina refineries would be making losses, leading to subsequent closures.

China exports moving up the value chain

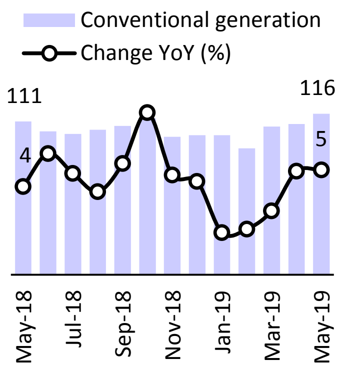
- China's aluminum exports are moving toward higher-value products. While reported product exports stand at 5.8mt, China is increasingly exporting finished products with aluminum usage such as air-conditioners, auto components, insulated cables and fabricated goods. The estimated exports in the form of finished products are ~6mt (v/s 2.5mt in 2011).

Higher LME provides upside for Nalco, Hindalco

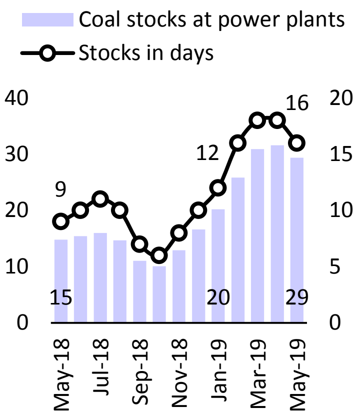
- Even as LME prices are down ~8% since the beginning of the year, we note that spreads (i.e. all-in aluminum – alumina – power cost) have improved for the non-integrated smelters (Exhibit 4). Alumina and coal cost, the two key drivers of aluminum CoP, have corrected by ~7% and 36%, respectively, since the beginning of the year. Aluminum prices exhibit a strong correlation with the marginal cost of production (Exhibit 3). Thus, while global demand for aluminum has been weak, the impact on LME was accentuated by the decline in cost of production, in our view.
- We believe there is limited scope for cost of production to fall further. Alumina is already close to the marginal cost of production. Coal prices are also closing near. Carbon product input prices are stabilizing, indicating that future correction in carbon product prices should be limited. Between the factors of demand, supply and cost of production that drives prices, we believe supply and cost of production have limited scope to surprise negatively. If demand continues, even though low, the expectation of a deficit should drive LME higher. Low inventories levels will support the increase in prices.
- CRU believe that a sudden price increase in aluminum is unlikely, as was seen in case of zinc in 2016 when a similar situation was developing and prices shot up by ~85% in a short while (Exhibit 6). It believes that the influence of deficit will first be visible in an increase in physical premiums.
- At spot LME, Hindalco/Nalco are trading at 5.7/4x EV/EBITDA versus the long-term average of ~7.2/7.8x. We are building in LME prices of USD1,856/1,900 for FY20/21. Every USD100/t higher LME will boost EBITDA of HNDL/NACL by 5/19% and TP by INR22/INR8. With fully integrated operations, HNDL and NACL will be the key beneficiaries of higher LME prices. Maintain **Buy**.

Power & Coal monthly

All-India conventional electricity generation (b kWh)



Coal stocks at power plants



Power demand recovering

E-auction prices trending lower

Conventional generation increases 5.1% in May'19

- Conventional electricity generation increased 5.1% YoY in May'19 (YTD: +5% YoY); it is showing signs of recovery after the muted offtake seen in Jan-Mar (0% YoY). Hydro generation surged ~32% YoY while coal generation was up ~3%.

Total generation increases 5.8% YoY in Apr'19

- Including renewable energy (RE), generation has grown 5.8% YoY in Apr'19. RE represents 8.2% of India's generation in Apr'19 – accounting for ~20% share of the incremental generation.

E-auction prices trending downwards

- E-auction realizations for March/April stood at INR2,276/INR2,488. This is lower v/s average monthly realizations of ~INR3,300 over Dec'18-Feb'19, given improved availability and lower international coal prices.
- Coal stocks at power plants stood at 16 days in May'19 (v/s 18 days in Apr'19), significantly improving from just six days in Oct'18.

IEX volumes lower

- Volumes on the IEX stood at 3.8b kWh, declining ~23% YoY. On a trailing twelve-month (TTM) basis, volumes are 6% higher. Average prices stood at INR3.34/kWh (v/s INR3.22/kWh in Apr'19).

Plant availability for NTPC's Unchahar, Mauda improving

- Availability at key NTPC plants has improved — PAF for Unchahar-IV TPS (May'19: 96% v/s May'18: 0%), Mauda-I (May'19: 88% v/s May'18: 53%) and Mauda-II (May'19: 78% v/s May'18: 59%). This would help reduce fixed-charge under recoveries.

Exhibit 2: Power & Coal – Key snapshot

	FY17	FY18	FY19	YTD FY20	May-19
Total generation growth (%)	**5.8**	**5.4**	**5.2**	**5.8***	**na**
Conv. Generation growth (%)	4.7	4.1	3.6	5.0	5.1
RE generation growth (%)	24.0	24.9	24.5	15.5*	na
All India Peak Demand (GW)	**158**	**161**	**176**	**183**	**183**
Capacity addition (GW)					
Net Coal	5.5	6.5	3.5	0.0	0.0
Solar	5.5	9.4	6.5	1.2	0.7
Wind	5.4	1.8	1.6	0.5	0.3
Total capacity add	**20.3**	**18.5**	**12.1**	**2.4**	**1.7**
IEX traded volumes growth (%)	16.9	12.6	11.7	-13.3	-23.3
IEX avg. prices (INR/kWh)	0.0	2.4	3.3	3.3	3.3
Coal receipts by Power plants, growth (%)	-0.1	6.1	8.2	5.3*	na
Coal cons. by Power plants, growth (%)	5.4	5.8	3.4	3.2*	na
Coal stocks at Power plants (days)	19	10	18	16	16
Coal India Dispatches, growth (%)	2.0	6.9	4.8	0.5	-1.5
Coal India Production, growth (%)	3.2	2.4	7.0	-0.1	-1.2

Note: YTD indicates data for 2mFY20;* indicates data for 1mFY20

Trade deficit rose slightly to USD15.4b in May'19

- **India's merchandise trade deficit rose slightly to a six-month high of USD15.4b in May'19, from USD15.3b a month ago and USD14.6b in May'18. The rise is largely because of higher petroleum and gold imports, as non-oil non-gold imports fell in the month. While petroleum imports rose 8.2% to USD12.4b, gold imports increased 31.6% to USD5.2b in May'19. Non-oil non-gold imports, however, declined 1.3% to USD28.1b during the month.**
- **Notwithstanding a higher trade deficit in May'19, exports appear to have risen 3.9% to USD29.9b v/s four-month low growth of 0.6% in Apr'19, while imports rose only 4.3% to USD45.4b v/s six-month high growth of 9.3% in the previous month. For the year-to-down period, exports rose by an average of 2.3% to USD56.1b, and imports by an average of 6.8% to USD86.6b.**
- **Within exports, growth of 51% was seen in electronic goods, 21% in chemicals, 14% in textiles raw materials and 4% in engineering goods. These four items together accounted for 40% of total exports in May'19. However, exports of other products like petroleum fell by 1% and gems & jewelry by 7%.**
- **Apart from petroleum and gold which accounted for 38% of imports in May'19, imports of products like silver fell by 14%, pearls and precious stones by 24%, and transport equipment by 3%, which helped offset a higher rise in overall imports.**
- **Overall trade balance in Apr-May'19 stood at USD30.7b, 8.3% higher than USD28.3b in Apr-May'18.**

Exhibit 1: Imports grew faster than exports…

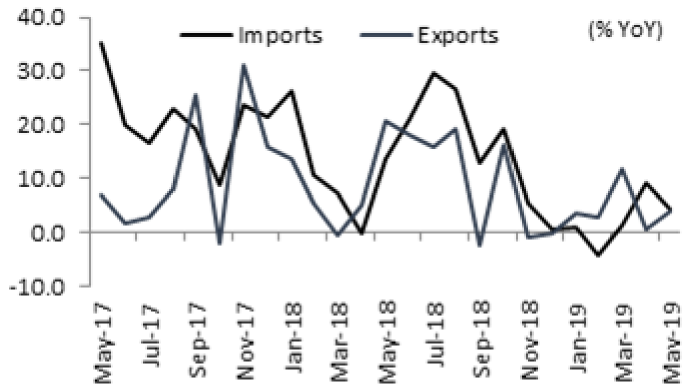
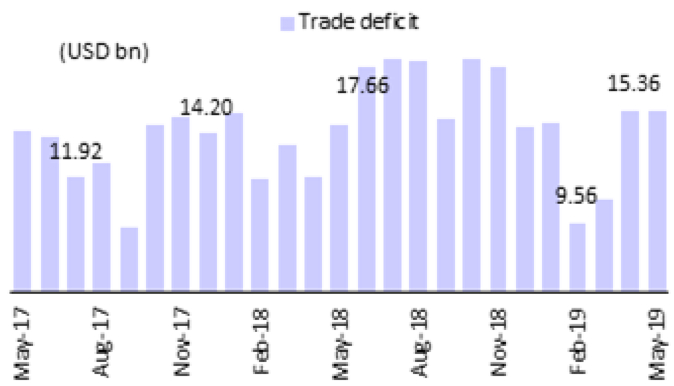


Exhibit 2: …leading to a slightly higher trade deficit in May'19



Source: Ministry of Commerce and Industry, MOFSL

1. INDUSIND BANK: BANK, BHARAT FINANCIAL BOARDS LIKELY TO MEET NEXT WEEK TO FINALISE MERGER; Romesh Sobti, MD & CEO

- The boards of bank and Bharat Financial Inclusion could meet next week, hopefully, to complete the formalities of the proposed merger.
- The liability profile is an important part of the synergy. They have 9-9.5 million customers, 115,000 villages, 1,800 branches and each one of these customers will have a savings bank account. So, over the next 2-3 years this will become an additional low cost source of raising liabilities.
- Bank's microfinance institution (MFI) book will be at 9-10 percent after the Bharat Financial merger.
- Bank's special mention accounts 1 and 2 (SMA) exposure sectorally was less than Rs 600 crore over 45 odd companies. So bank has nil overdue.
- CV book is growing healthily even if the market slowed down and also the NBFC portfolio is behaving well, not seeing any undue stress there.
- Provision coverage ratio should go back to 60 percent by FY20.
- The board and I are committed to giving a smooth succession. So all that is in place; grooming and all has been done for many years now and confident that the switchover will happen.

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2. THERMAX : WILL BE EXPANDING ENERGY AND ENVIRONMENT BUSINESS; MS Unnikrishnan, MD & CEO

- The industry, in the last 5-6 months, has witnessed a slowdown in capacity building and investment. So, expect the government in this budget should announce projects that encourage and starts a cycle of capacity building and private capital investment. For that purpose, it should announce and allocate big projects like road, infrastructure, ports, airports and dams.
- Think the government should private investment support in some selected areas like manufacturing, process, healthcare and wellness areas.
- European subsidiary, which went into losses last year, will turn profitable this year, maybe not in the first quarter but it will move from the negative zone to positive by the end of the year.
- Last year, company started production at its Indonesian subsidiary and its top line will grow by at least 100 per cent in this fiscal.
- The Chinese subsidiary's operations will be shut down because it is a bit difficult to take the company forward.
- Surprisingly, big projects are not visible in FY20, but have some medium size projects – valued between $ 10 million – 38 million – which are at a discussion level at present and few have reached to finalization level.
- (Regarding capex) don't have anything big in kitty in FY20, but company will have something in FY21.

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3. MAHINDRA HOLIDAYS: RS 1,000 CR CAPEX PLANNED; Kavinder Singh, MD & CEO

- Company is nearly 61 resorts at present. Additional 33 resorts of a company, Holiday Club Resorts, Finland, which was acquired three years back, are also available for members. These resorts are available in Finland, Sweden and Spain. So, the number goes up to 94.
- Apart from this, company also has an exchange scheme under which patrons, who are not willing to visit a resort, can visit partner hotels. Company has partnered with 103 hotels within and outside India.
- Have announced a capital expenditure of Rs 800-1,000 crore, which will be spent in the next three-four years to develop new resorts. In fact, company has developed a plan of 1,400-1,500 rooms, which will be required to suffice the demand of its members.
- On like-to-like comparison in the same accounting standard, one will find that profits have gone up from Rs 38 crore to Rs 49 crore instead of Rs 15 crore that is visible at present. So, profit has increased by 28% and this was the best-ever quarter for company. Company earned a profit of Rs 155 crore in the year, which was 17% more than the corresponding year.
- Three-four years ago, company was adding 12,000 new customers every year to its list. Then, it went up to 16,000 and now it is at 18,000 and will take it ahead.
- Occupancy level stands between 80 and 85%. Company has Rs 572 crore cash in its books.
- Every year company has been able to increase the margins by 1-1.5%. Still have the opportunity to improve the margins through new member additions and resort income.

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1. NBFC CRISIS: LOOKING BEYOND MFS

- Ever since IL&FS defaulted on its obligations and sparked off a liquidity crisis for NBFCs, the mutual fund industry has been hauled over the coals by commentators for its exposure to the troubled firms.
- Given their frequent disclosures, the crisis has exposed several shortcomings in debt funds' investing practices — from chasing high yields and taking on concentration risks to over-investing in risky bonds where liquidity is wont to dry up at the first sign of trouble. With SEBI tightening valuation rules, debt funds have had to take immediate write-downs. These are good developments. Hopefully, they will make debt fund managers wary of taking on risky bond bets in future and caution investors about the market risks that they sign up for, while buying debt funds. But in all the brouhaha over the impact of the NBFC crisis on mutual funds, investors and regulators must not lose sight of its implications for even larger bond market participants who are far less transparent.

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2. THE SECRET TO REVIVING INDIA'S STUTTERING ECONOMY

- The elections are over. The victor has emerged. The return to power of Prime Minister Narendra Modi has sparked a buoyant rally in India's stock markets, with the Sensex reaching record highs. This is likely rooted in the optimistic belief that Modi will act decisively to revitalize a stuttering economy. Or in the realistic belief that he represents the best hope for fiscally sustainable growth. Over the past week, many economists have urged the new government to implement structural reforms, such as easing land and labour laws. They have argued that economic reforms are key to growth and employment. This line of thought ignores the most important lessons from the past five years of the Modi government. Economic reforms with patchy implementation can create a regulatory maze. The much-touted reforms such as the goods and services tax (GST) and the Insolvency and Bankruptcy Code (IBC) were expected to boost the economy but instead led to a period of economic disruption as businesses struggled to respond to the drastic changes.

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3. GIVING SOLAR POWER A LEG-UP

- India's renewables transition has so far been a success story, with the share of renewables capacity increasing sharply in recent years. Today, wind and solar account for about 20 per cent (70 GW) of the total installed capacity of about 350 GW, of which solar's share is 27 GW (it was just 3 GW in 2014). In another remarkable inflection point, addition in renewables capacity has outstripped that of thermal generation in recent times. Of the 16 GW capacity added in 2018, solar accounted for nearly 70 per cent, with coal accounting for 28 per cent and wind 14 per cent. While it is a fact that utility solar is able to sell power at ₹2-2.5 a unit, against ₹4-4.5 in the case of rooftop solar, a shift in the mix towards the latter is desirable on many counts. Rooftop solar is decentralised, it empowers ordinary people and communities, and does not require land acquisition.

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Valuation snapshot

Company	Reco	CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
		(INR)	(INR)	Downside	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
Automobiles																
Amara Raja	Buy	614	761	24	28.3	33.3	38.0	2.6	17.6	14.2	18.4	16.1	2.8	2.5	16.1	16.4
Ashok Ley.	Buy	88	107	22	6.9	7.3	6.3	16.6	4.6	-13.8	12.1	14.0	2.8	2.6	24.2	19.2
Bajaj Auto	Neutral	2870	3050	6	165.4	174.3	190.1	9.3	5.4	9.0	16.5	15.1	3.4	3.1	21.9	21.5
Bharat Forge	Buy	455	595	31	22.2	24.5	27.0	20.3	10.4	10.3	18.6	16.9	3.5	3.0	19.8	19.1
Bosch	Neutral	16876	18200	8	541.9	578.4	673.9	15.3	6.7	16.5	29.2	25.0	6.2	5.4	19.9	23.2
CEAT	Buy	922	1277	38	63.6	73.1	91.2	-0.5	14.9	24.7	12.6	10.1	1.2	1.1	10.3	11.7
Eicher Mot.	Buy	19779	23500	19	813.9	877	1,007	1.8	7.8	14.8	22.5	19.6	5.1	4.3	24.4	23.6
Endurance Tech.	Buy	1195	1350	13	36.2	42.9	49.4	24.5	18.4	15.4	27.9	24.2	5.6	4.8	21.7	21.5
Escorts	Neutral	560	671	20	53.2	56.1	57.5	34.7	5.4	2.5	10.0	9.8	1.6	1.4	17.2	15.2
Exide Ind	Buy	206	281	36	9.1	10.9	12.2	10.6	20.2	12.2	18.9	16.8	2.7	2.4	14.0	14.2
Hero Moto	Neutral	2673	2912	9	169.5	176.8	184.7	-8.5	4.3	4.5	15.1	14.5	3.8	3.4	26.1	24.8
M&M	Buy	636	810	27	42.5	46.4	45.8	3.7	9.0	-1.2	13.7	13.9	2.0	1.8	13.7	11.9
Mahindra CIE	Buy	229	290	26	14.1	17.1	19.4	44.7	21.3	13.0	13.4	11.9	1.8	1.5	14.0	13.8
Maruti Suzuki	Buy	6732	8047	20	247.7	277.3	334.4	-7.1	12.0	20.6	24.3	20.1	4.1	3.7	16.4	18.1
Motherson Sumi	Buy	123	144	17	5.1	5.9	7.2	-5.2	15.2	21.9	20.9	17.2	3.3	2.9	16.2	18.2
Tata Motors	Neutral	164	190	16	-4.4	13.8	15.0	PL	LP	8.8	11.9	10.9	0.9	0.8	7.5	7.6
TVS Motor	Neutral	464	480	4	14.1	18.1	22.9	1.1	28.6	26.2	25.6	20.2	5.5	4.5	23.5	24.6
Aggregate								**-21.2**	**29.8**	**10.4**	**18.6**	**16.9**	**2.9**	**2.6**	**15.4**	**15.4**
Banks - Private																
AU Small Finance	Buy	707	720	2	13.2	18.2	24.8	28.9	38	36.2	38.9	28.6	5.1	4.3	14.8	16.4
Axis Bank	Buy	800	875	9	18.2	40.0	55.7	1,538.1	120	39.1	20.0	14.4	2.7	2.3	14.3	17.0
DCB Bank	Buy	234	275	18	10.5	14.0	18.6	32.0	33.2	33.1	16.7	12.5	2.1	1.8	14.1	16.2
Equitas Hold.	Buy	136	160	17	6.3	9.3	12.2	583.7	46.2	31.5	14.7	11.2	1.7	1.5	12.0	14.2
Federal Bank	Buy	106	120	13	6.3	8.0	10.0	32.2	26.7	25.3	13.3	10.6	1.5	1.3	11.4	12.9
HDFC Bank	Buy	2436	2780	14	79.3	94.4	115.6	16.9	19.1	22.4	25.8	21.1	3.9	3.4	16.1	17.2
ICICI Bank	Buy	418	470	12	5.2	21.2	28.5	-52.8	305.8	34.5	19.7	14.7	2.3	2.1	12.4	15.0
IndusInd	Buy	1425	1900	33	54.9	96.8	122.5	-8.8	76.3	26.6	14.7	11.6	2.6	2.2	19.5	20.4
Kotak Mah. Bk	Neutral	1474	1450	-2	37.7	44.6	54.1	16.0	18.0	21.4	33.1	27.2	4.3	3.7	13.4	14.4
RBL Bank	Buy	627	800	28	20.3	25.2	34.8	34.3	24.1	37.8	24.9	18.0	2.6	2.3	12.4	13.5
South Indian	Buy	13	18	36	1.4	2.2	3.1	-26.2	64.4	36.7	5.9	4.3	0.4	0.4	7.4	9.6
Yes Bank	Buy	115	280	143	7.5	14.1	19.8	-59.6	88.6	40.9	8.2	5.8	0.8	0.7	11.0	13.5
Aggregate								**8.9**	**62.4**	**30.1**	**22.6**	**17.3**	**3.1**	**2.7**	**13.6**	**15.5**
Banks - PSU																
BOB	Buy	119	150	26	1.6	11.5	21.7	LP	605.4	88.1	10.3	5.5	0.6	0.6	6.0	10.7
BOI	Neutral	86	90	4	-22.0	3.2	11.7	Loss	LP	270.9	27.3	7.4	0.7	0.7	2.4	8.7
Canara	Neutral	263	278	6	17.0	42.3	49.3	LP	148.5	16.6	6.2	5.3	0.5	0.5	8.2	8.9
Indian Bk	Buy	264	280	6	6.7	24.0	39.6	-74.4	258.3	64.9	11.0	6.7	0.7	0.6	6.7	10.2
PNB	Neutral	77	80	5	-27.1	5.7	8.6	Loss	LP	51	13	8.9	0.8	0.7	5.7	8.1
SBI	Buy	344	380	11	2.6	33.5	37.3	LP	1,199	11.6	10.3	9.2	1.2	1.1	13.4	13.2
Union Bk	Neutral	73	80	10	4.5	12.8	24.6	LP	185.7	92.1	5.7	3.0	0.3	0.3	5.5	9.9
Aggregate								**Loss**	**LP**	**35**	**10**	**7.4**	**0.9**	**0.8**	**8.6**	**10.5**
NBFCs																
Aditya Birla Cap	Buy	94	130	38	4.0	4.3	5.8	25.7	9.0	34.4	21.8	16.2	2.0	1.6	9.9	10.9
Bajaj Fin.	Neutral	3520	2900	-18	69.5	86.8	107.4	60.0	25.0	23.8	40.5	32.8	8.5	6.9	23.2	23.4
Cholaman.Inv.&Fin	Under Review	292	-		15.2	16.8	18.7	21.7	10.8	11.6	17.4	15.6	3.1	2.6	19.4	18.3
HDFC	Buy	2182	2330	7	43.1	49.2	56.3	29.6	14.2	14.3	44.3	38.8	4.5	4.0	13.8	14.3
HDFC Life Insur.	Buy	448	475	6	6.3	7.1	8.8	14.4	12.9	23.0	62.7	51.0	4.1	3.4	20.6	18.2
ICICI Pru Life	Buy	360	450	25	8.0	8.2	9.7	-29.5	3.8	18.0	43.6	37.0	2.1	1.8	16.0	15.7
Indiabulls Hsg	Under Review	672	-		95.9	101.9	119.0	5.0	6.3	16.8	6.6	5.6	1.5	1.4	24.3	25.3
Indostar Capital	Buy	362	525	45	26.1	38.4	53.5	2.5	47.2	39.4	9.4	6.8	1.0	0.9	11.1	13.6
L&T Fin Holdings	Buy	121	170	41	11.2	13.1	15.4	64.8	17.3	17.7	9.2	7.8	1.5	1.3	17.7	17.8
LIC Hsg Fin	Buy	537	580	8	48.1	54.3	61.3	21.4	12.8	12.8	9.9	8.8	1.5	1.3	15.9	15.8

		CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
Company	**Reco**	**(INR)**	**(INR)**	**Downside**	**FY19**	**FY20E**	**FY21E**	**FY19**	**FY20E**	**FY21E**	**FY20E**	**FY21E**	**FY20E**	**FY21E**	**FY20E**	**FY21E**
MAS Financial	Buy	603	700	16	28.1	33.0	39.9	52.5	17.4	21.1	18.3	15.1	3.1	2.7	18.4	19.0
M&M Fin.	Buy	413	540	31	25.3	29.5	34.0	44.7	16.3	15.6	14.0	12.1	2.2	1.9	16.3	16.8
Muthoot Fin	Neutral	634	560	-12	49.2	55.3	64.2	10.8	12.4	15.9	11.4	9.9	2.4	2.0	22.2	22.1
PNB Housing	Buy	790	875	11	71.1	73.2	80.4	40.9	2.9	9.8	10.8	9.8	1.6	1.4	15.6	15.0
Repco Home	Buy	372	500	34	37.5	42.6	49.2	16.7	13.7	15.3	8.7	7.6	1.3	1.1	16.2	16.0
Shriram City Union	Buy	1454	2100	44	149.9	165.5	188.6	48.7	10.4	14.0	8.8	7.7	1.3	1.1	15.9	15.7
Shriram Trans.	Buy	1082	1325	23	113.1	129.7	149.7	4.3	14.6	15.4	8.3	7.2	1.3	1.1	17.2	17.0
Aggregate								**27.8**	**14.4**	**17.1**	**22.7**	**19.4**	**3.4**	**2.9**	**14.8**	**15.1**
Capital Goods																
ABB	Sell	1510	1190	-21	12.0	18.3	22.6	12.7	52.9	23.4	82.3	66.7	7.4	6.8	9.0	10.1
Bharat Elec.	Buy	111	130	17	7.9	7.5	8.2	37.7	-5.1	9.6	14.7	13.4	2.7	2.4	18.3	17.9
BHEL	Neutral	69	74	8	3.5	3.9	4.4	58.9	11.8	11.6	17.6	15.7	0.8	0.7	4.3	4.7
Blue Star	Neutral	792	770	-3	19.5	24.4	31.0	34.7	25.6	26.6	32.4	25.6	7.2	6.0	22.4	23.3
CG Cons. Elec.	Buy	232	270	17	6.0	7.6	9.0	15.5	28.2	17.9	30.3	25.7	10.5	8.5	38.7	36.7
Cummins	Buy	763	910	19	26.1	28.6	32.6	10.8	9.6	14.1	26.7	23.4	4.7	4.4	18.5	19.5
Engineers India	Buy	117	125	7	5.9	6.5	7.5	-8.4	10.4	15.3	18.0	15.6	3.1	2.9	17.1	18.0
GE T&D	Neutral	233	275	18	8.3	9.3	11.0	10.8	12.0	18.0	25.0	21.2	3.8	3.4	15.9	16.9
Havells	Neutral	778	800	3	12.7	15.9	20.0	12.9	25.5	25.9	49.0	38.9	10.0	8.6	20.4	22.0
K E C Intl	Buy	321	438	37	19.0	24.4	29.2	6.0	28.6	19.7	13.2	11.0	2.7	2.2	20.8	20.2
L&T	Buy	1529	1850	21	61.4	76.9	96.1	18.7	25.3	24.9	19.9	15.9	3.1	2.7	16.3	18.0
Siemens	Buy	1252	1290	3	25.1	32.5	34.0	27.1	29.5	4.6	38.5	36.8	4.9	4.4	13.3	12.7
Solar Ind	Neutral	1168	1230	5	28.9	35.0	43.9	18.6	21.0	25.6	33.4	26.6	7.1	5.8	23.2	24.1
Thermax	Buy	1088	1190	9	27.2	31.3	39.7	32.4	15.1	27.0	34.8	27.4	3.7	3.4	11.2	13.0
Va Tech Wab.	Neutral	321	331	3	23.1	25.4	33.1	-9.5	10.0	30.4	12.6	9.7	1.5	1.3	12.4	14.4
Voltas	Neutral	605	595	-2	15.7	17.4	20.5	-9.2	10.8	18.0	34.8	29.5	4.4	4.0	13.3	14.1
Aggregate								**19.7**	**19.8**	**20.5**	**24.2**	**20.1**	**3.2**	**2.9**	**13.4**	**14.5**
Cement																
Ambuja Cem.	Neutral	214	211	-2	6.3	6.8	7.8	2.0	8.7	14.6	31.5	27.5	2.0	1.9	6.3	7.1
ACC	Buy	1549	1913	24	57.3	66.3	85.4	22.1	15.8	28.7	23.4	18.1	2.5	2.3	11.3	13.3
Birla Corp.	Buy	630	583	-7	33.2	45.0	63.2	53.6	35.5	40.4	14.0	10.0	1.0	0.9	7.5	9.8
Dalmia Bhar.	Buy	1166	1319	13	15.6	18.8	31.4	13.3	20.4	66.7	61.9	37.1	2.1	2.0	3.4	5.5
Grasim Inds.	Neutral	901	960	7	71.3	85.7	102.0	50.6	20.2	19.1	10.5	8.8	1.3	1.3	6.3	6.3
India Cem	Neutral	96	117	21	2.3	5.2	7.9	-31.0	132.7	51.6	18.4	12.1	0.6	0.5	3.0	4.5
J K Cements	Buy	1008	1155	15	34.1	41.9	52.7	-16.8	22.9	25.7	24.0	19.1	2.6	2.4	11.5	13.0
JK Lakshmi Ce	Buy	358	435	21	6.8	12.2	20.5	-8.7	80.3	68.2	29.4	17.5	2.6	2.2	9.0	13.7
Ramco Cem	Buy	783	880	12	21.9	28.4	35.8	-8.7	29.7	26.2	27.6	21.9	3.7	3.2	14.1	15.5
Orient Cem	Buy	109	119	9	2.3	4.4	8.1	7.5	89.8	84	24.8	13.5	2.0	1.7	8.3	13.7
Prism Johnson	Buy	92	104	13	3.1	3.8	4.1	123.4	21.3	7.7	24.4	22.6	3.6	3.1	15.6	14.8
Sanghi Inds.	Buy	63	78	25	2.1	3.4	3.3	-43.6	61.3	-1.0	18.5	18.7	0.9	0.8	5.0	4.7
Shree Cem	Buy	20493	23400	14	362.2	470.3	628.1	-6.1	29.8	33.6	43.6	32.6	6.5	5.5	15.9	18.2
Ultratech	Buy	4503	5190	15	89.4	113.0	153.6	4.3	26.4	35.9	39.8	29.3	3.6	3.2	10.1	11.5
Aggregate								**17.8**	**24.4**	**27.5**	**24.9**	**19.5**	**2.5**	**2.3**	**10.0**	**11.6**
Consumer																
Asian Paints	Sell	1413	1150	-19	23.1	23.7	28.8	9.1	2.6	21.7	59.7	49.1	13.1	12.1	22.9	25.6
Britannia	Buy	2960	3350	13	48.1	59.2	69.8	15.1	23.1	17.8	50.0	42.4	15.8	15.4	32.5	36.7
Colgate	Buy	1161	1375	18	27.4	29.8	34.4	8.8	8.9	15.3	38.9	33.8	22.8	24.8	57.3	70.4
Dabur	Neutral	401	415	4	8.5	9.2	10.4	9.0	8.5	12.8	43.6	38.7	11.2	10.3	27.2	27.9
Emami	Buy	331	455	37	12.2	13.1	15.1	0.2	7.7	15.4	25.3	21.9	6.4	6.2	26.9	28.7
Future Consumer	Buy	41	57	41	-0.1	0.6	1.5	Loss	LP	155.0	69.8	27.4	6.1	5.0	9.2	20.2
Godrej Cons.	Neutral	663	700	6	15.1	16.2	19.1	7.2	7.3	17.9	40.9	34.7	8.8	8.4	22.1	24.7
GSK Cons.	Neutral	7718	7470	-3	216.1	229.6	256.8	29.8	6.3	11.8	33.6	30.1	7.1	6.4	22.3	22.4
HUL	Buy	1825	2070	13	28.9	33.1	39.4	18.2	14.4	19.2	55.2	46.3	49.8	48.4	91.8	106.1
ITC	Neutral	278	305	10	10.2	10.8	12.1	14.8	6.6	12.1	25.7	22.9	5.5	5.1	22.2	23.2
Jyothy Lab	Neutral	166	175	6	5.4	6.0	7.4	10.5	11.2	23.1	27.7	22.5	4.4	4.1	16.1	18.8

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR) FY19	EPS (INR) FY20E	EPS (INR) FY21E	EPS Gr. YoY (%) FY19	EPS Gr. YoY (%) FY20E	EPS Gr. YoY (%) FY21E	P/E (x) FY20E	P/E (x) FY21E	P/B (x) FY20E	P/B (x) FY21E	ROE (%) FY20E	ROE (%) FY21E
Marico	Buy	369	425	15	7.2	8.9	10.6	14.2	23.4	19.4	41.5	34.8	13.4	11.7	35.0	35.9
Nestle	Neutral	11490	10615	-8	178.6	196.0	227.2	27.5	9.8	15.9	58.6	50.6	29.8	31.9	51.2	61.0
Page Inds	Neutral	20110	19740	-2	353.2	385.8	464.6	13.5	9.2	20.4	52.1	43.3	24.8	21.7	47.6	50.1
Parag Milk Foods	Buy	244	305	25	15.7	16.7	20.4	51.5	6.3	22.1	14.6	12.0	2.2	1.9	15.9	17.0
Pidilite Ind.	Neutral	1243	1135	-9	18.6	21.7	25.2	-2.0	17.2	15.8	57.2	49.4	13.1	11.2	24.6	24.4
P&G Hygiene	Neutral	11007	9860	-10	131.9	166.2	207.6	14.5	26.0	24.9	66.2	53.0	32.3	27.2	52.8	55.7
United Brew	Neutral	1343	1430	6	21.3	23.9	29.3	42.8	12.1	22.6	56.3	45.9	9.6	8.1	18.3	19.1
United Spirits	Buy	552	675	22	9.3	12.4	17.0	38.1	32.8	37.3	44.6	32.5	10.7	8.1	24.0	24.8
Aggregate								**15.4**	**10.7**	**16.7**	**42.0**	**36.0**	**11.7**	**10.8**	**27.9**	**30.0**
Healthcare																
Alembic Phar	Neutral	499	587	18	31.0	28.5	32.3	41.6	-8.2	13.5	17.5	15.4	3.0	2.6	18.0	17.7
Alkem Lab	Buy	1814	2100	16	63.8	80.0	104.8	8.4	25.4	30.9	22.7	17.3	3.5	3.0	16.5	18.8
Ajanta Pharma	Buy	960	1225	28	44.4	48.2	55.6	-16.1	8.4	15.4	19.9	17.3	3.3	2.8	17.6	17.5
Aurobindo	Buy	616	840	36	43.2	57.9	64.6	1.1	34.2	11.5	10.6	9.5	2.1	1.7	21.9	20.0
Biocon	Neutral	249	335	35	6.2	10.0	11.9	99.6	60.7	19.2	25.0	21.0	4.3	3.8	18.3	19.1
Cadila	Buy	245	345	41	18.3	17.5	19.1	4.3	-4.3	9.1	14.0	12.9	2.1	1.9	16.2	15.6
Cipla	Neutral	556	525	-6	18.7	22.6	26.9	-3.1	20.9	18.9	24.6	20.7	2.6	2.4	10.7	11.4
Divis Lab	Neutral	1527	1590	4	50.0	58.6	69.1	55.0	17.1	17.9	26.1	22.1	5.1	4.3	20.8	21.0
Dr Reddy’s	Neutral	2563	2700	5	105.2	131.6	134.8	62.6	25.1	2.5	19.5	19.0	2.7	2.4	14.6	13.3
Glenmark	Neutral	527	525	0	25.9	28.9	34.6	-9.0	11.5	19.7	18.2	15.2	2.4	2.1	13.7	14.5
Granules	Buy	100	150	50	9.2	10.5	12.7	76.5	14.0	20.6	9.5	7.9	1.5	1.3	16.6	17.8
GSK Pharma	Neutral	1259	1350	7	24.6	28.8	32.9	25.2	17.0	14.4	43.7	38.2	9.5	8.9	21.8	23.2
IPCA Labs	Buy	935	1145	22	37.1	45.4	54.5	95.7	22.2	20.0	20.6	17.2	3.3	2.8	17.0	17.6
Jubilant Life	Buy	472	800	70	57.5	66.1	68.8	26.1	15.0	4.1	7.1	6.9	1.3	1.1	19.5	17.2
Laurus Labs	Buy	339	470	39	31.3	37.8	25.2	49.4	20.6	-33.2	9.0	13.4	1.6	1.8	19.3	14.3
Lupin	Buy	722	930	29	23.3	34.7	44.2	-27.1	49.0	27.3	20.8	16.3	2.2	2.0	11.0	12.8
Sanofi India	Buy	5430	6930	28	165.5	187.5	208.9	16.7	13.3	11.4	29.0	26.0	5.1	4.6	17.8	17.8
Shilpa Medicare	Buy	345	465	35	11.8	16.7	20.4	-8.2	41.6	22.2	20.7	16.9	2.1	1.9	10.6	11.7
Strides Pharma	Buy	428	635	48	6.9	27.5	36.3	-39.2	300.7	32.2	15.6	11.8	1.4	1.2	9.0	11.0
Sun Pharma	Buy	392	480	22	15.1	18.6	21.9	12.2	23.3	17.4	21.1	17.9	2.1	1.9	10.4	11.2
Torrent Pharma	Neutral	1492	1500	1	42.7	53.0	72.6	-7.1	24.1	36.8	28.1	20.6	4.8	4.1	17.9	21.5
Aggregate								**12.8**	**22.9**	**15.5**	**19.6**	**17.0**	**2.7**	**2.4**	**13.9**	**14.2**
Infrastructure																
Ashoka Buildcon	Buy	140	175	25	11.9	13.0	15.4	40.6	9.1	19.1	10.8	9.1	1.6	1.3	15.3	15.9
IRB Infra	Neutral	112	130	16	24.2	19.4	12.6	1.2	-19.9	-35.0	5.8	8.9	0.5	0.5	9.5	5.8
KNR Constructions	Buy	286	335	17	18.9	16.1	19.2	-2.4	-15.0	19.8	17.8	14.9	2.5	2.1	14.8	15.3
Sadbhav Engineering	Neutral	265	275	4	10.9	11.6	14.1	-15.3	6.5	21.3	22.8	18.8	2.1	1.9	9.4	10.4
Aggregate											**11.3**	**11.9**	**1.2**	**1.1**	**10.6**	**9.2**
Logistics																
Allcargo Logistics	Buy	106	140	32	9.7	10.2	12.0	33.6	5.3	17.2	10.4	8.9	1.2	1.0	11.8	12.3
Concor	Buy	538	564	5	19.9	22.7	26.2	14.9	13.9	15.3	23.7	20.5	3.0	2.8	12.9	14.0
Aggregate								**17.6**	**12.5**	**15.6**	**21.5**	**18.6**	**2.7**	**2.5**	**12.3**	**13.2**
Media																
D B Corp	Buy	198	215	9	15.7	21.5	23.4	-11.1	37.0	9.0	9.2	8.5	1.7	1.5	19.0	17.9
Ent.Network	Buy	430	596	39	10.9	17.2	26.7	60.2	58.5	55.0	24.9	16.1	2.0	1.8	8.5	11.9
Jagran Prak.	Buy	109	138	27	8.8	12.2	13.8	-8.7	39.1	13.2	8.9	7.9	1.5	1.3	18.2	18.2
Music Broadcast	Buy	57	70	22	2.2	2.8	3.6	22.9	25.4	29.8	20.5	15.8	2.3	2.0	12.0	13.7
PVR	Buy	1710	1950	14	37.8	40.7	50.6	41.7	7.5	24.4	42.1	33.8	5.0	4.4	13.6	13.9
Sun TV	Buy	523	690	32	35.4	40.3	45.5	27.6	14.0	12.8	13.0	11.5	3.2	2.7	26.7	25.3
Zee Ent.	Neutral	337	400	19	16.4	18.4	21.9	36.4	12.0	18.9	18.3	15.4	3.1	2.7	18.3	18.7
Aggregate								**16.5**	**19.2**	**5.0**	**15.2**	**14.5**	**2.6**	**2.6**	**17.0**	**18.2**
Metals																
Hindalco	Buy	198	253	28	24.7	22.9	24.5	30.9	-7.3	6.8	8.6	8.1	1.0	0.9	12.3	11.8

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR) FY19	EPS (INR) FY20E	EPS (INR) FY21E	EPS Gr. YoY (%) FY19	EPS Gr. YoY (%) FY20E	EPS Gr. YoY (%) FY21E	P/E (x) FY20E	P/E (x) FY21E	P/B (x) FY20E	P/B (x) FY21E	ROE (%) FY20E	ROE (%) FY21E
Hind. Zinc	Neutral	237	239	1	18.8	21.6	21.9	-10.8	14.6	1.7	11.0	10.8	2.6	2.3	25.1	22.3
JSPL	Buy	164	217	32	11.5	-12.5	-0.9	LP	PL	Loss	NM	NM	0.5	0.5	-3.8	-0.3
JSW Steel	Buy	272	332	22	31.8	21.9	29.9	32.4	-31.2	36.6	12.4	9.1	1.7	1.5	14.3	17.2
Nalco	Buy	49	65	32	9.2	5.3	5.8	79.9	-42.3	8.7	9.3	8.5	0.9	0.8	9.6	10.0
NMDC	Buy	107	136	27	15.6	12.3	13.4	19.2	-21.2	8.6	8.7	8.0	1.2	1.1	14.1	14.5
SAIL	Neutral	50	57	13	6.3	6.1	7.8	2,344.1	-4	29.0	8.3	6.5	0.5	0.5	6.1	7.4
Vedanta	Sell	170	144	-15	18.1	16.6	17.4	-11.0	-8.2	4.5	10.2	9.7	1.0	0.9	9.8	9.8
Tata Steel	Neutral	501	532	6	88.6	78.6	77.9	27.3	-11.2	-1.0	6.4	6.4	0.8	0.7	13.5	12.0
Aggregate								**24.1**	**-15.6**	**12.0**	**10.1**	**9.0**	**1.1**	**1.0**	**10.5**	**10.8**
Oil & Gas																
Aegis Logistics	Buy	222	280	26	6.6	10.2	11.6	11.9	54.1	13.4	21.8	19.2	4.5	3.8	22.5	21.6
BPCL	Buy	386	452	17	43.4	47.7	51.6	-12.9	9.9	8.2	8.1	7.5	1.7	1.5	22.7	21.8
GAIL	Neutral	309	351	14	28.1	30.3	31.2	38.4	7.9	3.1	10.2	9.9	1.4	1.3	14.8	13.9
Gujarat Gas	Neutral	184	151	-18	6.3	6.7	7.5	47.4	6.5	13.0	27.7	24.5	5.0	4.3	19.3	18.8
Gujarat St. Pet.	Neutral	180	191	6	14.1	12.7	14.3	18.9	-10.2	12.9	14.2	12.6	1.6	1.4	11.8	12.1
HPCL	Neutral	305	309	1	43.9	51.3	51.6	-7.3	16.8	0.6	6.0	5.9	1.3	1.2	24.0	21.2
IOC	Buy	160	198	24	18.8	18.7	19.7	-23.7	-0.8	5.5	8.6	8.1	1.2	1.1	14.7	14.4
IGL	Buy	335	360	7	11.2	12.9	14.6	19.1	14.6	13.7	26.0	22.9	4.9	4.2	20.2	19.8
Mahanagar Gas	Neutral	874	1007	15	55.3	57.5	59.3	14.3	4.0	3.0	15.2	14.8	3.2	2.8	22.2	20.3
MRPL	Neutral	59	70	19	1.9	10.5	10.4	-84.8	442.7	-0.9	5.6	5.6	0.8	0.8	16.2	14.3
Oil India	Buy	176	233	32	32.0	29.1	30.1	35.6	-9.2	3.5	6.1	5.9	0.7	0.6	11.5	11.2
ONGC	Buy	169	197	17	27.1	28.3	28.3	34.4	4.2	0.2	6.0	6.0	0.9	0.8	15.8	14.5
PLNG	Buy	235	300	28	14.4	18.5	21.7	3.7	28.5	17.6	12.7	10.8	3.2	3.0	26.4	28.6
Reliance Ind.	Neutral	1317	1431	9	67.2	70.7	80.3	10.4	5.2	13.6	18.6	16.4	1.8	1.7	10.3	10.7
Aggregate								**6.0**	**6.4**	**6.6**	**11.7**	**11.0**	**1.6**	**1.4**	**13.2**	**12.9**
Retail																
Avenue Supermarts	Sell	1332	1115	-16	14.5	18.1	23.6	11.9	25.4	30.2	73.4	56.4	12.4	10.1	18.4	19.8
Aditya Birla Fashion	Buy	210	240	14	1.6	3.7	5.4	156.7	126.3	46.2	56.4	38.5	9.4	7.6	18.3	21.9
Future Lifestyle	Buy	448	585	31	8.6	10.8	14.5	30.1	25.4	34.6	41.5	30.8	4.3	3.8	10.7	13.0
Future Retail	Buy	457	550	20	14.6	14.3	15.2	19.1	-2.4	6.3	32.0	30.1	5.0	4.3	17.0	15.4
Jubilant Food.	Neutral	1307	1325	1	24.1	29.3	33.1	62.0	21.6	13.0	44.6	39.5	12.1	10.6	27.2	26.9
Shoppers Stop	Neutral	480	520	8	7.8	13.2	15.9	-36.3	70.0	19.9	36.3	30.2	3.9	3.5	11.4	12.1
Spencers Retail	Buy	97	175	81	0.1	0.7	0.8	LP	780.0	16.0	136.7	117.8	5.1	4.8	3.8	4.2
Titan Company	Buy	1281	1310	2	15.7	20.3	26.2	24.0	29.4	29.2	63.2	48.9	18.0	15.0	29.0	33.4
Trent	Buy	394	440	12	2.9	5.8	7.7	11.6	99.2	32.3	67.8	51.3	7.1	6.3	11.1	13.0
V-Mart Retail	Neutral	2256	2450	9	39.5	47.3	57.2	-8.0	19.8	21.0	47.7	39.4	8.2	6.8	18.9	18.9
Aggregate								**22.8**	**27.5**	**25.8**	**58.0**	**46.1**	**10.7**	**9.1**	**18.5**	**19.7**
Technology																
Cyient	Buy	536	730	36	43.4	48.7	52.4	13.4	12.3	7.6	11.0	10.2	2.1	1.9	18.9	18.4
HCL Tech.	Neutral	1085	1200	11	73.6	77.7	90.4	17.6	5.7	16.3	14.0	12.0	3.2	2.8	23.9	25.0
Hexaware	Neutral	345	370	7	19.3	21.0	24.6	16.5	8.6	17.1	16.4	14.0	3.8	3.4	24.9	25.8
Infosys	Buy	740	860	16	37.5	38.5	44.2	15.9	2.7	14.6	19.2	16.8	5.0	4.6	25.8	28.8
L & T Infotech	Neutral	1770	1910	8	86.6	94.0	106.2	30.6	8.6	13.0	18.8	16.7	5.0	4.1	29.8	27.1
Mindtree	Neutral	971	1000	3	44.8	52.7	62.8	53.1	17.6	19.0	18.4	15.5	4.2	3.6	24.3	25.0
Mphasis	Neutral	956	1070	12	56.1	61.4	71.5	27.4	9.5	16.4	15.6	13.4	2.9	2.5	21.4	22.3
NIIT Tech	Neutral	1320	1400	6	67.0	77.4	88.5	47.1	15.6	14.3	17.0	14.9	3.4	3.0	21.4	21.3
Persistent Sys	Buy	631	800	27	44.0	53.3	60.2	8.9	21.2	13.0	11.8	10.5	2.0	1.7	16.9	17.6
Tata Elxsi	Under Review	859	-		46.6	48.6	57.5	20.2	4.4	18.3	17.7	14.9	3.9	2.9	26.1	22.0
TCS	Neutral	2252	2010	-11	83.5	89.8	100.6	26.4	7.6	12.0	25.1	22.4	9.5	9.0	39.0	41.4
Tech Mah	Buy	741	900	21	48.2	52.9	60.2	12.8	9.8	13.8	14.0	12.3	3.1	2.7	22.7	24.0
Wipro	Neutral	299	280	-6	14.8	17.1	18.4	10.1	15.6	7.5	17.5	16.3	3.5	3.2	18.4	20.6
Zensar Tech	Buy	256	300	17	13.8	16.3	19.1	29.2	17.7	17.5	15.7	13.4	2.6	2.3	17.7	18.1

Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR) FY19	EPS (INR) FY20E	EPS (INR) FY21E	EPS Gr. YoY (%) FY19	EPS Gr. YoY (%) FY20E	EPS Gr. YoY (%) FY21E	P/E (x) FY20E	P/E (x) FY21E	P/B (x) FY20E	P/B (x) FY21E	ROE (%) FY20E	ROE (%) FY21E
Aggregate								**13.5**	**6.3**	**12.9**	**21.2**	**18.8**	**5.8**	**5.3**	**27.5**	**28.3**
Telecom																
Bharti Airtel	Buy	353	405	15	-8.8	-5.4	-2.2	PL	Loss	Loss	NM	NM	1.9	2.0	-3.4	-1.2
Bharti Infratel	Neutral	275	290	5	13.6	13.1	12.6	-0.3	-3.4	-4.1	21.0	21.9	3.7	4.0	17.2	17.5
Vodafone Idea	Buy	13	20	60	-18.5	-5.1	-4.7	Loss	Loss	Loss	NM	NM	0.5	0.6	-22.7	-21.6
Tata Comm	Neutral	493	600	22	-2.2	12.7	22.0	PL	LP	73.7	38.8	22.4	78.1	17.4	-37,172	127.2
Aggregate								**Loss**	**Loss**	**Loss**	**-20**	**-24.4**	**1.6**	**1.8**	**-8.3**	**-7.3**
Utiltites																
Coal India	Buy	255	307	20	28.3	29.2	31.2	47.9	3.1	6.6	8.7	8.2	5.2	4.5	59.2	55.4
CESC	Buy	761	841	10	89.0	84.1	92.5	43.3	-5.6	10.1	9.1	8.2	1.0	1.0	11.9	12.1
JSW Energy	Neutral	69	77	11	4.2	5.0	5.9	40.2	17.4	18.1	13.9	11.8	0.9	0.9	6.8	7.7
NHPC	Neutral	25	26	6	2.2	2.5	2.6	-10.8	15.1	2.5	9.8	9.5	0.8	0.7	8.0	7.9
NTPC	Buy	133	158	19	11.9	13.2	14.9	33.3	11.5	13.0	10.1	8.9	1.1	1.0	11.4	12.0
Power Grid	Buy	195	233	20	19.2	20.9	22.7	16.0	9.2	8.4	9.3	8.6	1.5	1.4	17.5	17.1
Torrent Power	Buy	247	300	21	18.7	20.5	25.7	-4.6	9.6	25.4	12.1	9.6	1.2	1.1	10.6	12.2
Tata Power	Neutral	65	68	4	2.1	5.3	5.6	-60.5	150.1	5.6	12.3	11.7	1.0	0.9	8.2	8.2
Aggregate								**30.5**	**7.4**	**8.9**	**9.5**	**8.7**	**1.6**	**1.5**	**17.3**	**17.3**
Others																
Brigade Enterpr.	Buy	251	324	29	17.5	16.0	15.0	62.0	-8.5	-6.4	15.7	16.7	1.4	1.3	9.6	8.2
BSE	Buy	614	750	22	38.1	37.2	46.1	-12.4	-2.2	23.7	16.5	13.3	1.1	1.1	6.9	8.5
Castrol India	Buy	142	190	34	7.2	7.6	7.7	2.4	6.4	0.7	18.7	18.5	10.9	10.0	61.4	56.2
Coromandel Intl	Buy	420	542	29	25.2	28.1	31.9	6.5	11.5	13.5	15.0	13.2	3.1	2.7	22.5	21.8
Delta Corp	Buy	188	329	75	7.2	9.2	11.0	23.8	27.9	19.6	20.5	17.1	2.3	2.1	12.1	12.8
Indian Hotels	Buy	147	186	27	2.4	3.2	4.4	257.4	34.3	37.8	46.3	33.6	3.8	3.5	8.4	10.7
Interglobe	Neutral	1645	1460	-11	4.1	62.7	104.3	-93.0	1,443	66	26	15.8	8.6	7.9	33.7	52.2
Info Edge	Neutral	2195	1870	-15	23.0	32.4	39.4	54.2	41.1	21.6	67.8	55.8	10.2	8.8	16.1	17.1
Godrej Agrovet	Buy	498	609	22	12.5	15.6	19.1	10.9	24.6	22.2	31.9	26.1	5.2	4.6	17.2	18.7
Kaveri Seed	Buy	497	630	27	34.4	38.7	41.9	7.7	12.3	8.4	12.9	11.9	2.8	2.5	22.9	22.2
Lemon Tree Hotel	Buy	68	91	35	0.7	0.9	1.9	271.9	38.1	106.0	72.2	35.1	5.6	4.8	8.0	14.7
MCX	Buy	793	950	20	28.4	29.7	37.9	34.1	4.4	27.6	26.7	20.9	2.9	2.7	11.1	13.3
Navneet Education	Buy	109	135	24	6.7	8.2	9.7	22.5	22.2	18.5	13.3	11.2	2.6	2.2	21.6	21.6
Oberoi Realty	Buy	516	628	22	22.5	33.5	35.0	78.1	49.2	4.3	15.4	14.7	2.0	1.8	14.2	13.1
Phoenix Mills	Buy	648	785	21	25.0	25.6	28.7	57.8	2.5	12.3	25.3	22.6	2.6	2.4	10.8	11.0
Quess Corp	Neutral	614	750	22	17.5	29.2	39.0	-19.8	67.0	33.4	21.0	15.7	2.2	1.9	14.6	16.6
PI Inds.	Buy	1170	1266	8	29.7	38.0	46.9	11.6	27.8	23.4	30.8	25.0	6.0	5.0	21.0	21.8
Piramal Enterp.	Buy	2068	2974	44	73.7	124.6	151.3	-5.2	68.9	21.5	16.6	13.7	1.4	1.3	8.9	10.1
SRF	Buy	2885	2983	3	113.7	139.5	179.4	60.0	22.7	28.6	20.7	16.1	3.5	2.9	18.3	19.9
S H Kelkar	Buy	140	169	20	6.1	7.5	9.4	-13.9	23.0	25.3	18.7	14.9	2.2	2.0	12.2	14.3
Tata Chemicals	Buy	626	700	12	42.9	45.5	52.9	-10.8	6.1	16.1	13.8	11.9	1.2	1.1	9.1	9.9
Team Lease Serv.	Buy	3093	3550	15	57.2	83.7	119.0	32.9	46.4	42.2	36.9	26.0	7.8	6.0	23.4	26.0
Trident	Buy	65	81	25	8.4	9.3	10.1	71.2	11.7	8.0	6.9	6.4	1.0	0.9	15.0	15.0
UPL	Neutral	1005	1067	6	43.4	63.5	76.2	-0.8	46.3	20.0	15.8	13.2	3.0	2.6	20.7	21.5

Company	1 Day (%)	1M (%)	12M (%)
Automobiles			
Amara Raja Batt.	-1.1	-2.7	-20.6
Ashok Leyland	-0.7	3.7	-39.6
Bajaj Auto	-1.9	-2.3	-0.7
Bharat Forge	-1.2	-0.5	-29.7
Bosch	-0.7	0.3	-7.6
CEAT	-1.3	-6.4	-31.4
Eicher Motors	-1.7	2.8	-33.0
Endurance Tech.	-0.3	4.7	-5.4
Escorts	-3.4	-2.0	-39.6
Exide Inds.	-0.4	-1.3	-18.1
Hero Motocorp	-1.3	6.6	-27.4
M & M	-0.8	3.2	-31.0
Mahindra CIE	-3.4	2.0	-11.4
Maruti Suzuki	-0.7	2.5	-25.0
Motherson Sumi	-1.2	0.7	-41.1
Tata Motors	-2.0	-11.0	-46.3
TVS Motor Co.	-1.7	-0.1	-20.7
Banks - Private			
AU Small Fin. Bank	-0.6	9.3	-1.4
Axis Bank	-2.4	9.4	50.5
DCB Bank	-0.8	7.5	29.6
Equitas Holdings	-0.5	8.2	-11.1
Federal Bank	-0.7	7.8	23.2
HDFC Bank	-0.4	6.4	19.6
ICICI Bank	-0.5	9.7	46.8
IndusInd Bank	-4.4	-0.4	-27.6
Kotak Mah. Bank	-2.1	6.4	10.5
RBL Bank	-1.9	-3.6	12.2
South Ind.Bank	-1.2	-5.0	-46.7
Yes Bank	-1.6	-26.1	-65.8
Banks - PSU			
BOB	-1.5	8.6	-12.2
BOI	-0.2	4.0	-15.9
Canara	0.4	6.0	-5.2
Indian Bk	1.6	13.4	-26.5
PNB	0.4	-7.5	-16.5
SBI	-0.7	9.5	21.6
Union Bk	0.1	-8.3	-22.8
NBFCs			
Aditya Birla Cap	-1.3	-0.7	-33.3
Bajaj Fin.	-0.7	22.0	57.3
Cholaman.Inv.&Fn	-1.0	14.1	-9.0
HDFC	-0.7	11.1	19.0
HDFC Life Insur.	-0.8	14.5	-6.9
Indiabulls Hsg	-3.2	-3.6	-43.3
Indostar Capital	0.2	3.4	-35.2
L&T Fin.Holdings	-1.3	1.7	-28.2
LIC Hsg Fin	-1.1	9.9	8.4
M&M Fin.	-2.3	11.5	-13.5
Muthoot Fin	-1.4	10.9	63.8
MAS Financial Serv.	-2.0	8.1	3.9
ICICI Pru Life	-0.4	7.8	-10.8
PNB Housing	-1.6	1.5	-29.2
Repco Home	-1.7	-7.1	-34.4
Shriram City Union	-0.8	2.3	-36.6
Shriram Trans.	-0.1	6.0	-27.2
Capital Goods			
ABB	-0.2	10.1	19.9

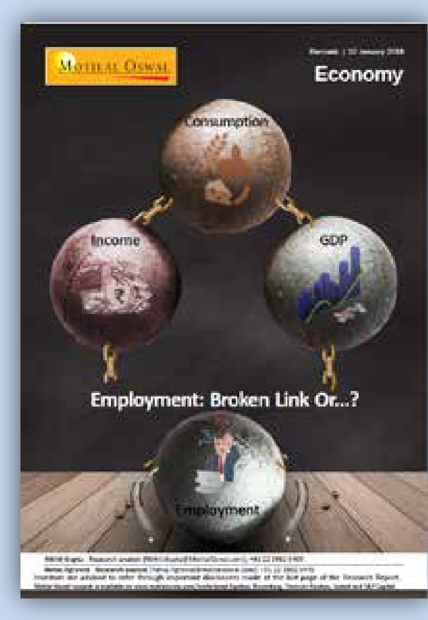
Company	1 Day (%)	1M (%)	12M (%)
Bharat Elec.	0.6	24.4	-4.6
BHEL	-0.2	8.1	-9.9
Blue Star	-0.1	6.3	21.4
CG Cons. Elec.	-1.2	5.2	2.2
Cummins	2.3	9.0	11.3
Engineers India	-0.5	8.3	-11.8
GE T&D	-3.6	-1.3	-24.7
Havells	-0.6	7.7	42.0
K E C Intl	-1.0	16.0	-13.2
L&T	0.8	14.0	13.7
Siemens	-1.6	15.2	24.0
Solar Ind	0.3	8.5	-0.5
Thermax	-0.2	14.7	-5.3
Va Tech Wab.	0.7	21.9	-24.5
Voltas	-1.3	5.7	15.2
Cement			
Ambuja Cem.	-3.0	1.0	4.1
ACC	-2.1	-1.5	18.5
Birla Corp.	-0.4	13.4	-13.3
Dalmia Bhar.	-0.8	9.0	
Grasim Inds.	-0.3	6.6	-13.1
India Cem	-2.6	0.3	-17.3
J K Cements	-1.6	19.4	9.7
JK Lakshmi Ce	1.2	5.3	7.0
Ramco Cem	-1.4	6.6	7.3
Orient Cem	-3.4	6.9	-5.9
Prism Johnson	-1.2	8.3	-15.0
Sanghi Inds.	0.1	6.1	-29.5
Shree Cem	-1.2	7.9	25.3
Ultratech	-1.5	1.9	19.7
Consumer			
Asian Paints	-1.0	7.1	9.9
Britannia	-0.9	9.9	-1.4
Colgate	-1.4	3.4	-5.8
Dabur	-1.9	8.8	3.6
Emami	-1.3	-9.2	-39.6
Future Consumer	0.5	3.1	-25.6
Godrej Cons.	-2.6	4.1	-15.1
GSK Cons.	-0.5	7.7	24.2
HUL	-1.0	7.7	13.1
ITC	-0.7	-5.5	4.0
Jyothy Lab	-2.0	11.7	-26.7
Marico	-2.0	4.3	7.3
Nestle	-1.0	12.5	17.8
Page Inds	-1.4	-6.1	-24.1
Parag Milk	-0.7	2.4	-31.0
Pidilite Ind.	-0.5	9.1	14.5
P&G Hygiene	-0.3	4.4	13.6
United Brew	-0.5	-1.7	3.8
United Spirits	-2.4	3.7	-20.1
Healthcare			
Alembic Phar	0.0	-5.8	-1.5
Alkem Lab	0.9	5.8	-8.7
Ajanta Pharma	-2.2	-9.0	-9.2
Aurobindo	-3.2	-13.8	1.0
Biocon	-2.9	-5.9	-19.0
Cadila	-0.3	-5.9	-38.6
Cipla	-1.2	0.0	-5.5
Divis Lab	-1.2	-5.6	40.8

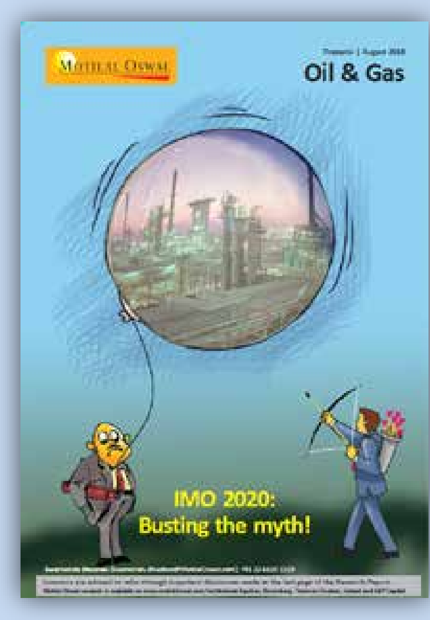
Company	1 Day (%)	1M (%)	12M (%)
Dr Reddy's	-0.9	-8.7	13.0
Glenmark	0.9	-12.6	-9.9
Granules	-1.8	-8.9	14.3
GSK Pharma	0.1	-1.5	-8.9
IPCA Labs	-0.1	1.0	36.2
Jubilant Life	-1.3	-22.1	-40.3
Laurus Labs	0.8	-10.4	-30.6
Lupin	0.4	-10.7	-19.6
Sanofi India	0.5	0.0	6.8
Shilpa Medicare	0.2	-9.7	-11.6
Strides Pharma	-1.8	-2.4	16.3
Sun Pharma	0.6	-6.6	-29.9
Torrent Pharma	-2.9	-9.5	3.1
Infrastructure			
Ashoka Buildcon	-1.9	20.4	-12.7
IRB Infra.Devl.	-0.5	-1.8	-52.0
KNR Construct.	-1.2	21.1	6.5
Sadbhav Engg.	0.3	25.5	-18.5
Logistics			
Allcargo Logist.	-1.8	4.4	-7.1
Concor	0.7	14.7	3.2
Media			
D B Corp	0.1	6.0	-24.8
Ent.Network	-1.2	-7.3	-37.6
Jagran Prak.	-1.0	0.9	-26.8
Music Broadcast	-1.5	0.8	-13.7
PVR	-0.9	-1.1	20.1
Sun TV	-1.4	-2.6	-42.7
Zee Ent.	-4.4	-2.6	-39.3
Metals			
Hindalco	-0.8	2.5	-19.0
Hind. Zinc	-1.3	-7.5	-21.5
JSPL	-2.6	1.9	-32.5
JSW Steel	-1.0	-3.2	-19.9
Nalco	-0.4	0.6	-31.6
NMDC	0.9	15.8	-7.6
SAIL	-2.0	5.8	-41.6
Vedanta	0.7	5.6	-29.4
Tata Steel	-0.3	6.7	-11.9
Oil & Gas			
Aegis Logistics	-2.3	11.4	-10.4
BPCL	-0.6	7.8	-7.3
GAIL	0.2	-10.0	-9.0
Gujarat Gas	1.4	14.4	12.6
Gujarat St. Pet.	-3.6	2.4	-3.1
HPCL	-1.4	13.9	-1.6
IOC	-0.5	11.7	-6.9
IGL	-0.4	10.8	25.4
Mahanagar Gas	-0.5	1.8	5.0
MRPL	-0.3	-7.1	-37.8
Oil India	-0.6	0.8	-20.7
ONGC	0.0	3.0	0.2
PLNG	-0.8	1.0	8.1
Reliance Ind.	-0.6	4.6	30.7
Retail			
Aditya Bir. Fas.	-2.1	0.2	49.8
Avenue Super.	2.3	6.4	-15.0
Future Lifestyle	-0.4	-1.2	3.9
Future Retail	-0.8	7.3	-19.0

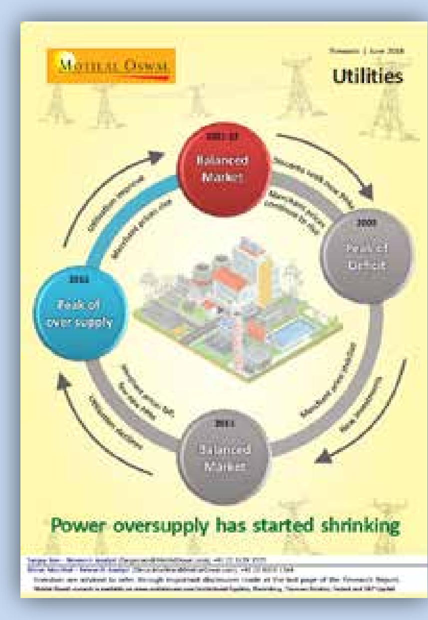
Company	1 Day (%)	1M (%)	12M (%)
Jubilant Food	-1.4	8.6	-4.0
Spencer's Retail	-3.2	-24.6	
Shoppers St.	-0.6	4.5	-14.4
Titan Co.	-1.0	11.0	41.5
Trent	-0.3	5.8	21.2
V-Mart Retail	3.5	-5.2	-5.9
Technology			
Cyient	-3.7	-4.5	-27.6
HCL Tech.	-1.4	1.8	15.9
Hexaware	-0.4	-1.7	-23.1
Infosys	-0.3	3.7	19.5
L&T Infotech	0.7	3.3	6.0
Mindtree	-0.2	-0.4	-2.3
Mphasis	-2.2	-0.7	-13.6
NIIT Tech	-1.5	5.4	17.2
Persistent Sys	1.2	2.3	-23.1
Tata Elxsi	1.8	2.4	-33.2
TCS	0.1	7.5	25.7
Tech Mah	-0.5	-6.4	6.0
Wipro	0.1	5.2	49.4
Zensar Tech	0.2	5.2	2.9
Telecom			
Bharti Airtel	-2.7	5.2	2.3
Bharti Infra.	1.5	2.1	-7.0
Idea Cellular	-3.0	-10.6	-67.0
Tata Comm	1.0	-9.9	-19.2
Utiltites			
Coal India	-0.2	5.2	-10.1
CESC	0.4	14.9	-2.4
JSW Energy	-2.3	2.8	-4.0
NHPC Ltd	-0.6	10.1	-5.6
NTPC	-1.4	5.8	0.6
Power Grid	0.4	7.0	-2.2
Tata Power	-1.3	3.4	-15.7
Torrent Power	-1.8	1.7	-4.3
Others			
Brigade Enterpr.	0.5	10.3	4.1
BSE	0.1	2.4	-28.5
Castrol India	-1.2	-0.4	-17.0
Coromandel Intl	-1.2	2.8	-1.4
Delta Corp	-0.2	-6.9	-23.3
Godrej Agrovet	-0.5	4.1	-23.8
Indian Hotels	-0.7	2.2	8.5
Interglobe	-1.7	5.3	34.0
Info Edge	0.4	15.9	75.5
Kaveri Seed	-3.1	11.3	-11.4
Lemon Tree Hotel	-1.7	-5.1	-10.2
MCX	-2.1	-4.0	-3.4
Navneet Educat.	-0.8	2.0	-13.4
Oberoi Realty	-2.3	1.0	1.4
Phoenix Mills	0.9	9.6	0.5
PI Inds.	2.4	14.4	44.7
Piramal Enterp.	-0.5	-3.4	-14.7
Quess Corp	-0.8	-7.0	-50.4
SRF	-1.3	10.9	53.4
S H Kelkar	-0.7	-1.5	-39.5
Tata Chemicals	-0.8	9.2	-15.3
Team Lease Serv.	3.5	6.7	3.7
Trident	-1.7	0.6	8.4
UPL	0.0	4.8	46.7

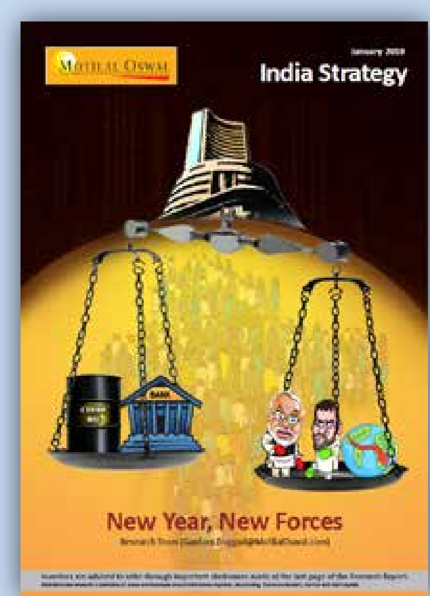
NOTES

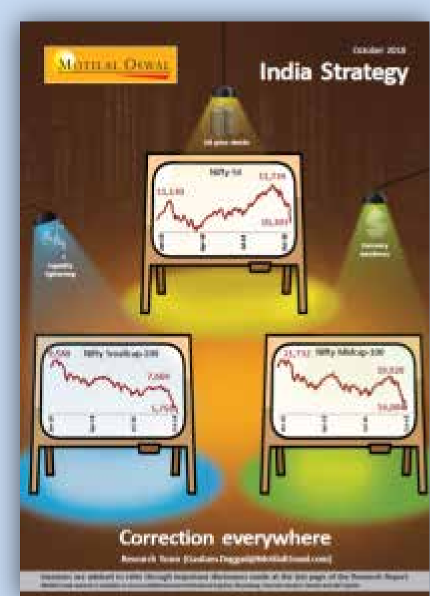
THEMATIC/STRATEGY RESEARCH GALLERY











REPORT GALLERY

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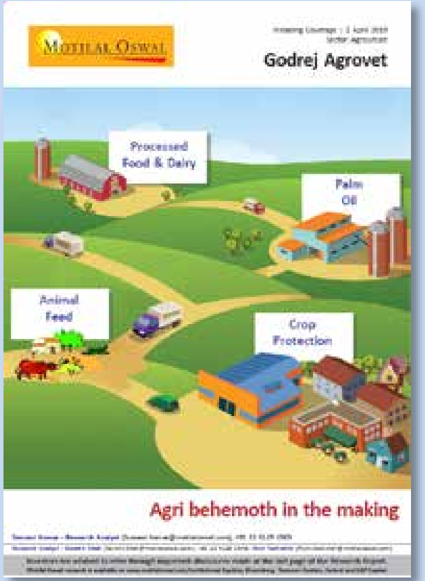

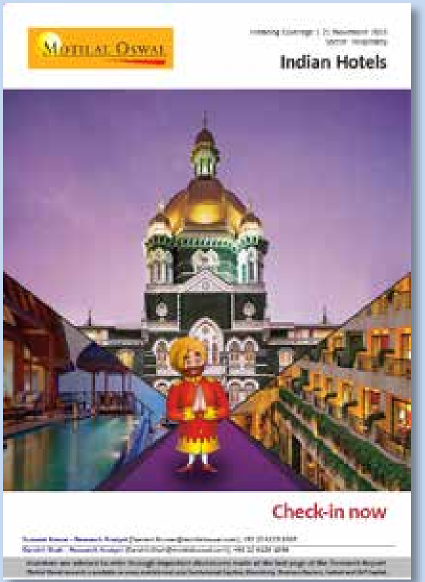

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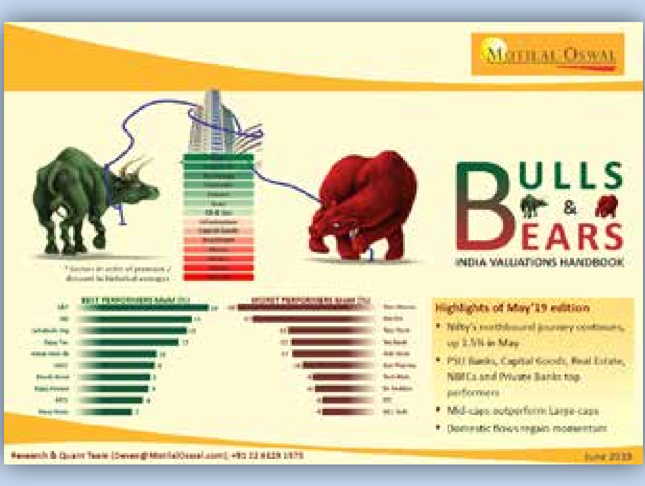

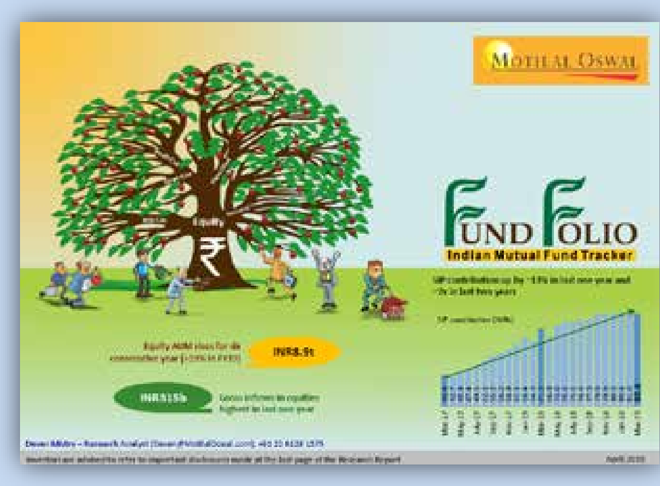

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