

Market snapshot



Equities - India	Close	Chg. %	YTD.%
Sensex	31,291	0.0	17.5
Nifty-50	9,630	0.0	17.6
Nifty-M 100	17,908	-0.8	24.8
Equities-Global	Close	Chg. %	YTD.%
S&P 500	2,435	0.0	8.7
Nasdaq	6,237	0.0	15.9
FTSE 100	7,439	-0.1	4.2
DAX	12,794	0.2	11.4
Hang Seng	10,403	0.1	10.7
Nikkei 225	20,111	0.1	5.2
Commodities	Close	Chg. %	YTD.%
Brent (US\$/Bbl)	45	1.2	-19.3
Gold (\$/OZ)	1,251	0.3	7.9
Cu (US\$/MT)	5,724	0.1	3.6
Almn (US\$/MT)	1,861	0.2	9.2
Currency	Close	Chg. %	YTD.%
USD/INR	64.6	0.1	-4.9
USD/EUR	1.1	0.1	5.9
USD/JPY	111.1	-0.1	-5.1
YIELD (%)	Close	1MChg	YTDchg
10 Yrs G-Sec	6.5	0.0	-0.1
10 Yrs AAA Corp	7.5	0.0	-0.1
Flows (USD b)	22-Jun	MTD	YTD
FII	0.0	0.3	8.1
DII	0.1	0.7	3.0
Volumes (INRb)	22-Jun	MTD*	YTD*
Cash	310	267	285
F&O	10,505	4,756	4,794

Note: YTD is calendar year, \*Avg

Quote of the day

Money is usually attracted, not pursued



Today's top research idea

Metals: 73mt opportunity

JSW Steel and Tata Steel – the only contenders

- India's steel demand is expected to outpace supply as early as FY21, with possibility of the gap widening to 73mt by FY27 if no investment is made. Therefore, it is the right time to build globally competitive new capacities, which will require large capex of INR150-250b.
- Only JSTL and TATA have the balance sheets to support such capex. Other players are stressed or on verge of bankruptcy. JSTL is our top pick. We expect its stock price to double in three years. TATA's business is structurally improving due to its exit from weak assets and de-risking from pension liabilities in the UK. We upgrade the stock to **Neutral**.
- We are positive on JSP. Maintain **Sell** on SAIL as it is struggling with its cost structure. Coal India will remain sluggish until grade, employee and volume growth concerns are behind.



Research covered

Cos/Sector	Key Highlights
<b>Metals</b>	<b>73mt opportunity; JSW Steel and Tata Steel – the only contenders</b>
JSW Steel	Tested, proven low-cost growth to double stock price
Jindal Steel & Power	Strong steel volume growth to drive turnaround
Tata Steel	FCF generation after seven years
Coal India	Realization under pressure on grade adjustment and mix



Piping hot news

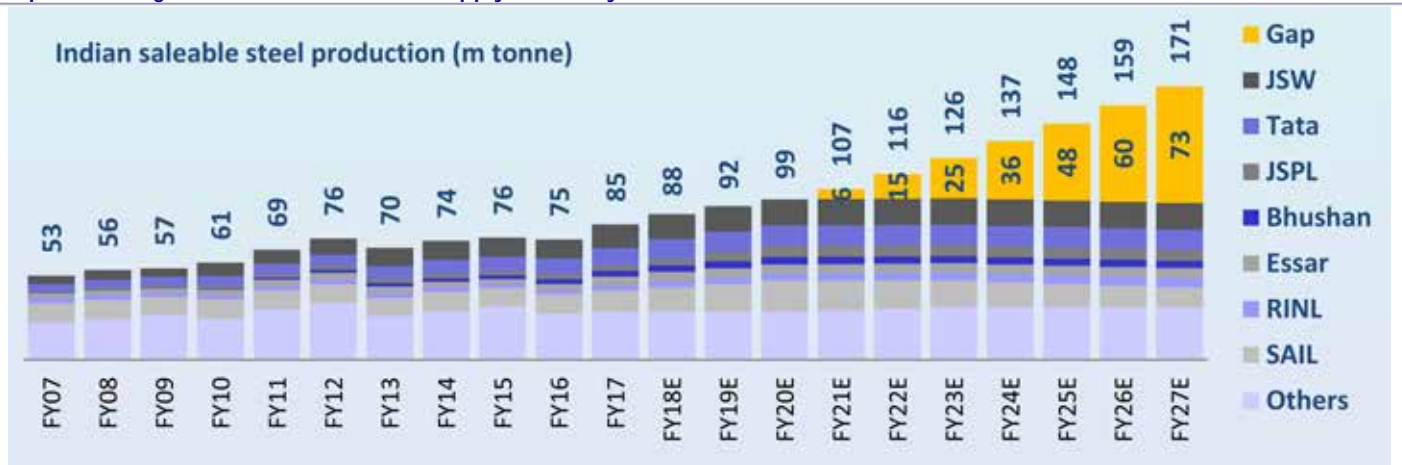
Nasscom forecasts single-digit growth for IT sector at 7-8% in FY18

- The National Association of Software and Services Companies (Nasscom) on Thursday forecast 7-8 per cent growth for the IT sector in 2017-18 (FY18), attributing this to political and economic uncertainties impacting decisions and discretionary spend.



Chart of the Day: Metals (73mt opportunity; JSW Steel and Tata Steel – the only contenders)

Gap will emerge between demand and supply in a few years



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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

### Bankruptcy Code: Banks to refer Essar Steel, Electrosteel, Bhushan Steel to NCLT

The fate of three near-bankrupt steel companies — Essar Steel, Bhushan Steel and Electrosteel Steels — which together owe lenders nearly `1 lakh crore will now be decided by the National Company Law Tribunal (NCLT)...

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### Companies warn cut-throat telecom tariffs may lead to bloodbath

Bharti Airtel chairman Sunil Mittal warned the government that only one or two non-state phone companies would stay in business if current levels of competition persisted with tariffs pegged well below cost, according to four people aware of discussions that took place between leading carriers and telecom minister Manoj Sinha on Thursday. He was backed by B Sriram, MD of State Bank of India, they said...

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### RBI expands overseeing committee membership to five for bad loan resolution

The Reserve Bank of India (RBI) on Thursday reconstituted the oversight committee (OC) mechanism and increased the number of members to five from the earlier two. The panel has mandate to vet restructuring proposals for big-ticket stressed loans...

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### Tata Power proposes to sell 51% equity in loss-making Mundra UMPP at Re 1

Tata Power has approached Gujarat Urja Vikas Nigam (GUVNL) to buy 51 per cent equity in the 4,000 Mw Mundra Ultra Mega Power Project (UMPP) for Rs 1. Adani Power and Essar Power, which also have power projects based on imported coal, are contemplating similar moves...

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### WhatsApp in talks with SBI and NPCI for payments via UPI

Messaging application WhatsApp has initiated discussions with Indian banks and other institutions to allow its users to make payments via United Payments Interface (UPI), which facilitates instant fund transfer between two bank accounts on the mobile platform...

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### Air India privatization: NITI Aayog recommends unbundling

NITI Aayog says before Air India privatization, the airline's domestic and international business, and real estate assets should be delinked and then sold separately...

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### Modi government's midnight GST launch function to be a sober one-hour function

The Centre's GST launch on the night of June 30 will be a sober, one-hour function, reminiscent of late night session that was held in Parliament in 1992 to commemorate 50 years of the Quit India movement and one to celebrate India's 50 years of Independence when a special session of...



# Metals

## Companies covered

JSW Steel

Jindal Steel & Power

Tata Steel

Coal India

## 73mt opportunity

### JSW Steel and Tata Steel – the only contenders

- n Indian steel demand growth has historically moved in tandem with the economic cycle. However, demand growth CAGR has been 6-8% if looked in 10-year windows.
- n We expect Indian steel demand to grow at a CAGR of 7.3% over the next 10 years. Indian steel producers' recent investments in adding capacities will only help meet demand for the next three years. The gap between demand and supply is expected to start emerging as early as FY21, and widen to 73mt by FY27 if no investment is made.
- n Therefore, it is the right time to build globally competitive new capacities, which will require large capex of INR150-250b.
- n We note that only JSW Steel (JSTL) and Tata Steel (TATA) have the balance sheets to support such capex. All other large private names are either under debt trap or have stretched balance sheets, with possibility of Indian banks exercising bankruptcy proceedings against some of them. Public sector companies have a poor execution track record.
- n JSTL is our top pick. We expect its stock price to double in three years. We are raising the target price to INR280/share, rolling it over to FY19E.
- n TATA's business is structurally improving due to its exit from weak assets and de-risking from pension liabilities in the UK. We are raising the target price to INR581, rolling it over to FY19E. We upgrade the stock to Neutral.
- n We had recently upgraded Jindal Steel and Power (JSP) to Buy as it is in the final stages of commissioning a new furnace, which will drive strong volumes growth and turnaround of the business. We maintain our Buy rating on the stock.
- n Coal India's stock performance is expected to remain sluggish until concerns around grades, wage hike and volume growth are behind. We have cut estimates, but maintain our Buy rating.
- n We maintain Buy on NMDC as it has high-quality iron ore and low-cost operations, while valuations are attractive.
- n We maintain Sell on SAIL as it is still struggling with its cost structure and project execution. Also, debt continues to rise on its balance sheet. Its old furnaces are becoming economically unviable and will need to be closed.

## Valuations: Indian Companies

	Rating	Price (INR)	MCAP (USD M)	EPS			P/E (x)		EV/EBITDA (x)		P/B(x)	
				FY17E	FY18E	FY19E	FY18E	FY19E	FY18E	FY19E	FY18E	FY19E
<b>Steel</b>												
Tata Steel	Neutral	502	7,565	37.0	50.2	66.5	10.0	7.5	6.7	6.0	1.4	1.2
JSW Steel	Buy	195	7,313	14.8	19.8	22.6	9.9	8.6	7.9	7.4	1.8	1.5
JSPL	Buy	125	1,768	-20.9	-16.0	-2.5	-7.8	-49.3	9.5	6.7	0.4	0.4
SAIL	Sell	57	3,646	-6.2	-11.2	2.0	-5.1	28.6	39.9	9.2	0.7	0.7
<b>Non-Ferrous</b>												
Hindalco	Buy	195	6,253	16.2	22.6	25.9	8.6	7.5	5.9	5.2	1.2	1.1
Nalco	Neutral	65	2,602	3.7	3.6	4.0	18.2	16.1	7.2	6.4	1.2	1.2
Vedanta	Neutral	237	10,877	15.1	24.5	27.4	9.6	8.6	5.8	5.8	1.3	1.2
<b>Mining</b>												
Coal India	Buy	255	25,022	14.9	17.6	18.6	14.5	13.7	6.8	6.5	6.5	6.4
Hindustan Zinc	Neutral	241	15,792	19.7	21.5	23.7	11.2	10.2	6.7	5.7	2.8	2.4
NMDC	Buy	112	6,909	10.0	12.1	12.8	9.3	8.8	5.7	5.3	1.5	1.4

BSE SENSEX 31,284 S&P CNX 9,634

**CMP: INR199 TP: INR280(+40%) Buy**



**Stock Info**

Bloomberg	JSTL IN
Equity Shares (m)	2,417
52-Week Range (INR)	209/133
1, 6, 12 Rel. Per (%)	1/7/26
M.Cap. (INR b)	481.5
M.Cap. (USD b)	7.5
Avg Val ( INRm)	1137
Free float (%)	58.4

**Financials Snapshot (INR b)**

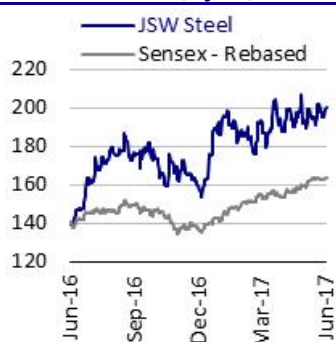
Y/E Mar	2017	2018E	2019E
Net Sales	556.0	628.2	644.1
EBITDA	122.6	137.8	146.5
PAT	35.8	47.8	54.6
EPS (INR)	14.8	19.8	22.6
Gr. (%)	NM	33.6	14.1
BV/Sh (INR)	93.7	109.7	129.8
RoE (%)	17.3	19.4	18.8
RoCE (%)	7.9	8.8	8.9
P/E (x)	13.4	10.1	8.8
EV/EBITDA (x)	8.1	7.2	6.7

**Shareholding pattern (%)**

As On	Mar-17	Dec-16	Mar-16
Promoter	41.6	41.6	41.5
DII	16.9	17.2	18.2
FII	20.5	20.9	19.8
Others	20.9	20.3	20.5

FII Includes depository receipts

**Stock Performance (1-year)**



**Tested, proven low-cost growth to double stock price**

**Operating cost to decline by INR1,000/t; Reiterating Buy**

**Leveraging its existing infra and expertise to grow at low cost**

JSW Steel (JSTL) is the largest Indian steel producer and fastest growing steel company in the world. JSTL has been able to add new capacities at low specific capex as it has developed strong in-house project execution expertise and has advantage of site layouts. JSTL is leveraging its old furnaces to expand capacity by rebuilding them. Recently, the Dolvi plant’s capacity was increased from 3.3mtpa to 5mtpa at specific capex of USD400/t. JSTL is again leveraging this site to double the capacity to 10mt at low specific capex of USD461/t. This is very attractive relative to specific capex for greenfield projects (e.g. USD1,200-1,300/t for Tata Steel at Kalinganagar). The project cost is less than 5x of expected EBITDA generation, which implies accretion to equity value on reinvestment. There are tax benefits at Dolvi, which boosts its margins. JSTL has more such opportunities at Salav and Vijaynagar to drive future growth.

**Various operational improvements will boost EBITDA/t by INR1,000**

JSTL’s specific opex is lowest in the industry because its furnaces are new and of large globally competitive size. The opex will improve further as it starts operations at the recently acquired iron ore mines in Karnataka in FY18E. This will save nearly IN12b (4.7mtpa@INR2500/t) FY19E onward in transportation cost, as captive ore will displace purchases from Odisha and Chhattisgarh for its Vijaynagar operations. A pipe conveyor too is expected to get commissioned in FY18, which will save nearly INR5b annually in iron ore trucking cost (20mt@INR250/t) in Bellary. Rebuilding of blast furnace no. 3 at Vijaynagar will expand capacity by 1.3mt to 4.5mtpa and result in savings of INR9b (4.5mt @INR2000/t). A digitization exercise is expected to bring annual savings of INR3b. We expect a boost to EBITDA/t by INR1,000/t from these operational improvements.

**Iron ore supply to ease for the company**

JSTL will benefit from the upcoming iron ore mining auctions as leases of merchant mines, which were operating on deemed extension, will expire by the end of FY20. The Indian government is working on creating a separate window for end-users, easing competition with traders. Also, we expect the 30mtpa cap on iron ore mining in Karnataka to rise, which will improve supply and ease prices of iron ore.

**Reiterating Buy; expect stock price to double in three years**

As Dolvi expansion is completed by FY20, JSTL is likely to operate at 21mtpa run-rate of steel sales in 2HFY21. JSTL’s EBITDA/t has averaged INR7,800 over 10 years, irrespective of volatility in steel prices. We expect the margins to improve to INR9,000/t on operational improvements, easing supply in Karnataka, and new captive iron ore mines. This will raise EBITDA run-rate to INR190b, while net debt is likely to remain stable or decline gradually if no new investments are undertaken. We expect 5mtp expansion and various downstream investments with total capex of INR268b to get funded from cash profit. As a result, the stock price is likely to double in three years. We roll over the target price to FY19E and raise it to INR280/share. Reiterate **Buy**.

# Jindal Steel & Power

BSE SENSEX 31,284 S&P CNX 9,634

**CMP: INR127 TP: INR184 (+45%) Buy**



### Stock Info

Bloomberg	JSP IN
Equity Shares (m)	915
52-Week Range (INR)	135/61
1, 6, 12 Rel. Per (%)	9/61/71
M.Cap. (INR b)	116.3
M.Cap. (USD b)	1.8
Avg Val ( INRm)/Vol m	1274
Free float (%)	38.1

### Financials Snapshot (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	216.2	254.2	313.4
EBITDA	46.6	61.0	78.5
PAT	-19.1	-14.7	-2.3
EPS (INR)	-20.9	-16.0	-2.5
Gr. (%)	14.8	-23.2	-84.3
BV/Sh (INR)	328.5	312.0	309.0
RoE (%)	-7.9	-5.0	-0.8
RoCE (%)	1.0	1.9	3.9
P/E (x)	-6.1	-7.9	-50.3
EV/EBITDA (x)	12.3	9.5	6.7

### Shareholding pattern (%)

As On	Mar-17	Dec-16	Mar-16
Promoter	61.9	61.9	61.9
DII	4.4	1.8	2.8
FII	15.2	17.6	18.3
Others	18.5	18.7	17.0

FII Includes depository receipts

### Stock Performance (1-year)



## Strong steel volume growth to drive turnaround

Angul expansion on track; Maintain Buy

### Capacity expansion in steel at Angul to drive strong volumes growth

- Steel mill expansion at Angul is progressing well, and once completed, JSP's India steel capacity would increase from ~5mt to ~8mt. The blast furnace and the iron ore/coke making facilities were recently commissioned in May 2017. The BOF is on track for completion by Sep/Oct 2017.
- The new blast furnace would correct the hot metal mix (thereby improving utilization), reduce operating cost and leverage the existing infrastructure to drive turnaround at Angul.
- We estimate Indian business steel sales CAGR of 32% over FY17-19E to 5.8mt, led by capacity expansion. Standalone EBITDA CAGR is estimated at 33% over the same period to INR51b, significantly improving the sustainability and outlook of the India steel business.

### Power benefiting from lower coal cost; sale of asset to boost cash flows

- The sale of Tamnar 1,000MW (EUP1) to JSW Energy at INR40b would boost cash flows and drive deleveraging. The sale of the plant is value-accretive, as the earnings outlook for the plant is weak due to an oversupplied power market.
- The remaining 2,400MW has highly lucrative PPAs for 750MW, of which 150MW will start in October 2017, driving earnings growth.
- JSP is also benefiting from a reduction in coal cost due to quality adjustments by Coal India and a recovery of statutory charges like cess and royalties as part of tariff.
- Being one of the lowest-cost power producers due to its locational advantage, JSP is also able to make the best of favorable opportunities in the merchant power market. It achieved PLF of ~90% in April-May 2017 at EUP1 on the back of strong seasonal demand. The higher PLFs were also aided by seasonally high merchant power prices.

### Performance of overseas assets improving

- The Oman steel plant is turning around on improving product mix and benefit of low-cost gas supplies. Margins in 4QFY17 improved to USD85/t, led by higher steel spreads and an improving product mix on commissioning of the new bar mill. Increasing utilization of bar mill (~50% in 4QFY17) would drive further product mix benefit.
- The overseas coal assets remain exposed to movement in coking coal prices. The operations are sustainable at coking coal prices of USD140-150/t, which, in our view, is the close to the bottom for coking coal prices. With EBITDA run-rate of USD120-130m, the overseas debt of USD2b is serviceable.

**Sharp turnaround in cash profit; Maintain Buy**

- n We expect consolidated EBITDA CAGR of 32% to INR78b over FY17-19. Although adjusted PAT would remain negative due to bloated depreciation on massive asset revaluation, there will be a sharp turnaround in cash profits, which would drive re-rating.
- n The Angul site can accommodate much larger 12mtpa capacity, which implies that new capacity addition would require low specific capex, shorter execution cycle, and deliver superior IRR. The site is strategically located in an over-supplied iron ore region and is close to ports.
- n While there are some risks (steel and coking coal prices, slower production ramp-up) to our estimates, there could be an upside if any of the several anticipated events (access to iron ore inventories at Sarda mines, captive iron ore mines in auction, PPA for idle 1,500MW capacity, etc.) play out.
- n The stock trades at attractive 6.7x FY19E EV/EBITDA. We value the stock at INR184/share. Maintain **Buy**.

# Tata Steel

BSE SENSEX 31,284 S&P CNX 9,634

**CMP: INR519 TP: INR581(+12%)**

**Neutral**



**Stock Info**

Bloomberg	TATA IN
Equity Shares (m)	971
52-Week Range (INR)	525/297
1, 6, 12 Rel. Per (%)	3/12/38
M.Cap. (INR b)	504.4
M.Cap. (USD b)	7.8
Avg Val ( INRm)/Vol m	2863.0
Free float (%)	68.7

**Financials Snapshot (INR b)**

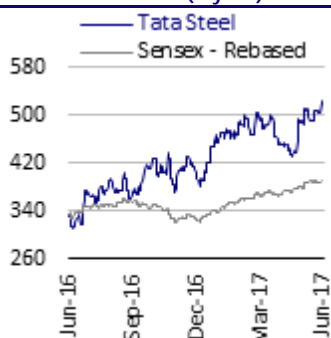
Y/E Mar	2017	2018E	2019E
Net Sales	1,135	1,220	1,232
EBITDA	168	185	203
PAT	36	49	65
EPS (INR)	37.0	50.2	66.5
Gr. (%)	382.0	35.7	32.5
BV/Sh (INR)	330	362	418
RoE (%)	15.4	14.5	17.1
RoCE (%)	9.2	9.7	10.4
P/E (x)	14.0	10.3	7.8
EV/EBITDA (x)	7.5	6.8	6.1

**Shareholding pattern (%)**

As On	Mar-17	Dec-16	Mar-16
Promoter	31.4	31.4	31.4
DII	30.6	30.8	26.7
FII	14.1	13.1	13.2
Others	23.9	24.8	28.8

FII Includes depository receipts

**Stock Performance (1-year)**



## FCF generation after seven years

Raising TP; upgrading to Neutral

### Structural improvements

Tata Steel's (TATA) business is structurally improving with (1) exit from weak businesses of long products and specialty businesses in the UK, (2) persistence to de-risk the British Pension Scheme and (3) turnaround at the highly profitable Indian business, aided by import curbs in the country.

### De-risking from pension scheme

TATA has taken a number of steps to de-risk the British Pension Scheme (BPS) from future deficits. Future accruals for existing employees have been converted from defined benefit to defined contribution. In a regulator assisted arrangement (RAA), BPS will cap annual increments such that the scheme is de-risked from future deficits. In exchange, TATA will pay GBP550m and 33% equity in TSUK (UK business). We are now factoring in the payout in cash flows in FY18E.

### To generate free cash flow after seven years

As TATA sells 84m shares in Tata Motors, it will fetch ~INR38b, which will partly fund the expected payout of GBP550m toward de-risking BPS in FY18E. After a hiatus of seven years, TATA will generate free cash flow in FY18E, which will drive de-leveraging of the balance sheet while investing in growth.

### Operating parameters have improved materially

TATA has surprised us positively on its operating efficiencies at TSI (India business), which helped it contain the impact of spike in coking coal prices in 2HFY17. Coke rate at 360kg/thm is the best in the industry, which has significantly improved over the last two years (Exhibit 14).

### Compelling case for expansion at KPO

On improved visibility of FCF, we expect TATA to announce capacity expansion at KPO (Kalinganagar) to leverage the infrastructure and captive iron ore mines. As discussed earlier in the report, there is a compelling case for building new globally competitive capacities in India, as we expect the demand-supply gap to start emerging as early as FY21. We are now factoring in capex of INR240b over FY19-21E, which will drive volume growth at TSI in FY22E.

### TSI – play on steel prices

TSI, being integrated with captive iron ore mines, benefited from a rally in steel prices in FY17 as the steel market got support from monetary expansion in China. Sustainability of monetary expansion, however, is uncertain. The Indian steel market has witnessed correction in steel prices in 1QFY18 due to seasonal demand factors and volatility in Chinese steel prices.

**Rolling over TP to FY19E; upgrading to Neutral**

We are raising FY19E SOTP by INR51/share to INR581/share to factor in translation gains on forex debt (FY19E year-end USD/INR to INR67 from INR70.9) and value unlocking from the sale of Tata Motor shares (removal of 20% holding company discount and savings in interest expense). While we value the Indian business at 6.5xEV/EBITDA, we value European business at lower 5x EV/EBITDA because of low EBITDA/t and higher requirements of sustenance capex. We are also adjusting INR22b equity value for the 33% anti-embarrassment stake in TS-UK, which TATA is giving away to the pension fund in exchange for de-risking the scheme. We are rolling over the target price to FY19E, and thus, increasing it to INR581/share based on FY19E SOTP, upside 12%.

TATA has now largely plugged the cash flow leakages in Europe, but current valuations are already factoring in strong margins. Steel markets and prices are highly dependent on monetary expansion in China, and remain the key source of risk as steel consumption is close to peak. TATA's overall cash flows have high leverage to steel prices as India business is fully integrated. We are upgrading the stock to **Neutral**.

**Tata Sons stake is worth INR135/share for TATA**

TATA also holds 12,375 shares of Tata Sons. Each share is worth ~INR11m if quoted investments are taken at market value and unquoted at book value adjusting for borrowings. This translates into value of INR135/share for TATA. This implies a significant upside to our TP. We have ignored it in our SOTP valuations because it creates a valuation loop, as both TATA and Tata Sons drive value from each other.



# Coal India

BSE SENSEX 31,284 S&P CNX 9,634

**CMP: INR254 TP: INR290(+14%) Buy**



### Stock Info

Bloomberg	COAL IN
Equity Shares (m)	6,207
52-Week Range (INR)	350/252
1, 6, 12 Rel. Per (%)	-12/-33/-36
M.Cap. (INR b)	1,570.5
M.Cap. (USD b)	24.3
Avg Val ( INRm)	1240
Free float (%)	21.1

### Financials Snapshot (INR b)

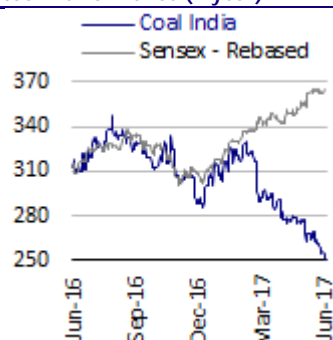
Y/E Mar	2017	2018E	2019E
Net Sales	755.7	808.9	854.9
EBITDA	122.6	169.1	179.6
PAT	92.7	109.2	115.7
EPS (INR)	14.9	17.6	18.6
Gr. (%)	-33.9	17.9	5.9
BV/Sh (INR)	39.5	39.6	39.7
RoE (%)	37.8	44.5	47.0
RoCE (%)	33.1	44.4	46.9
P/E (x)	16.9	14.4	13.6
EV/EBITDA (x)	7.9	5.8	6.1

### Shareholding pattern (%)

As On	Mar-17	Dec-16	Mar-16
Promoter	78.9	79.8	79.7
DII	11.7	10.8	8.6
FII	6.5	6.9	8.5
Others	3.0	2.5	3.2

FII Includes depository receipts

### Stock Performance (1-year)



## Realization under pressure on grade adjustment and mix

Cut estimates by 4%/10% for FY18/19; Attractive dividend yield; Buy

- n The new coal distribution policy 'SHATKI' favors coal supply to the power sector at notified prices. This would lead to a decline in the share of e-auction volumes to 16% from 20% estimated earlier for FY19 (and from ~17% in FY17).
- n Grade adjustments were implemented in a phased manner in FY17. We expect ACQ realization to decline ~2% YoY in FY18 (as against ~1% increase earlier) as grade adjustments are gradually accommodated. E-auction prices are estimated to increase, led by higher international coal prices and a favorable mix within e-auction.
- n Volumes are estimated to grow at a CAGR of 7% over FY17-20E, driven by power generation growth, end to de-stocking and import substitution.
- n We have cut PAT estimates by 4%/10% for FY18/19, considering the impact of grade adjustments and a weaker mix.
- n We estimate earnings to have bottomed out in FY17. PAT is estimated to grow at ~13% CAGR over FY17-20, driven by volume growth and operating leverage, and no increase in realization. We maintain Buy with a revised TP of INR290. The stock offers an attractive dividend yield of ~6% for FY18/19E.

## Volume mix would be impacted under the new coal distribution policy

- n E-auction coal volumes would be impacted under the new coal linkage distribution policy 'SHAKTI,' as power plants (which have PPAs but no coal linkages, and were sourcing coal from e-auctions) can now seek linkages. Linkage coal would be offered at notified prices, at a discount to e-auction coal.
- n There are ~10GW such plants, which are estimated to be consuming ~20mt coal from e-auctions. We expect to see the impact from FY19 (shift from e-auction to notified – ACQ – volumes) as the 'SHAKTI' policy is implemented.
- n Resultantly, we expect the e-auction volume share to decline from ~17% in FY17 to ~16% in FY19, as against our earlier estimate of an increase to ~20%.
- n The 'SHAKTI' coal policy also supports supply of coal to the power sector at notified prices by gradually seeking to relax the limit of 75% of the requirement that Coal India could supply under a linkage. This is likely to lead to slower-than-expected growth in e-auction coal volumes, given that the power sector is the key consumer of coal.

## Realization would be under pressure due to grade adjustments

- n Coal India's ACQ realization declined ~1% in FY17, offsetting the price hike of 7-9%. Realization suffered as the government enforced transparency in the supply of coal. Coal India used to bill on declared grade of the coal mines. As grades were based on limited sampling, the results of declared grades were significantly different (higher) than the actual grade of coal supplied.

- n NTPC, one of the largest consumers of Coal India, was shifted to third-party sampling based coal billing w.e.f. 1 January 2016. The other power sector consumers were gradually shifted w.e.f. 1 October 2016. On the other hand, non-power consumers were included w.e.f. 1 April 2017.
- n We expect ACQ realization to decline ~2% YoY in FY18, as against our earlier estimate of ~1% increase, as the impact of grade adjustment is accommodated. Coal India is also losing incentive income it earns on supplying volumes above a threshold under a linkage. Multiple linkages of a single consumer are now clubbed. This increases the available threshold for the customer and impacts Coal India's incentive income.
- n E-auction coal prices are estimated to increase from INR1,536 per ton in FY17 to INR1,700 per ton over FY18-20 due to higher international coal prices and good demand for its higher-grade coal (which improves mix and thus realization). We have marginally upgraded e-auction realization estimate by INR50/t as power sector volumes that fetched lower premiums in e-auction are moving to ACQ category, improving the mix of the remaining volumes.
- n We estimate average realization to be broadly flat at INR1,395/t in FY18 as the decline in ACQ realization is offset by higher e-auction and a better mix. Realization would decline ~1% YoY to INR1,383/t in FY19 on a weaker mix.

#### **Volume growth to recover led by end of de-stocking, higher power generation and import substitution**

- n We expect dispatches to grow at CAGR of ~7% over FY17-20 to 657mt, driven by an increase in power generation, end of destocking, and import substitution.
- n Dispatches grew 1.6% YoY in FY17 due to de-stocking in the system as the consumers got comfortable on the availability of coal. Volumes were also impacted by an increase in petcoke consumption due to lower prices. We believe de-stocking is now largely behind as inventories are close to sustainable levels. Increase in petcoke prices and the government's drive to substitute imported coal will also aid dispatch growth.

#### **Cost control is key; Expect no negative surprises in wage negotiation**

- n Coal India has taken a wage hike provision of ~INR30b in lieu of the ongoing wage negotiation. The provision represents ~12-15% wage hike. While this is significantly lower than the hikes in the previous wage negotiations, we believe a higher wage hike is unlikely this time. The outlook on coal is significantly different than in the previous cycles, while Coal India's wage bill base is now significantly higher. If management is not successful in limiting the number at the current rate, there could be negative surprise to our estimates.
- n We expect cost of production per ton to have peaked in FY17 at INR1,166. Operating leverage through volume growth is estimated to drive ~3% CAGR decline in CoP to INR1,073 over FY17-20.

**Cut estimates on lower realization; Attractive dividend yield; Buy**

- n We have cut PAT estimates by 4%/10% for FY18/19E to INR109b/INR115b due to a cut to realizations on account of grade adjustments and a weaker mix. This is partly offset by reduced cost on lower stripping ratio and CSR spend, and higher e-auction prices.
- n We estimate earnings to have bottomed out in FY17. PAT is estimated to grow at ~13% CAGR over FY17-20, driven by volume growth and operating leverage, and no increase in realization. Clarity on the impact of grade adjustments and resolution of wage negotiation would drive re-rating of the stock. Our revised TP based on 7.5x FY19E EV/adj. EBITDA is INR290 (from INR316 earlier). Maintain **Buy**. The stock offers an attractive dividend yield of ~6% for FY18/19E.



### 1. Expect 50-60 bps improvement in margin in FY18: Greenply Industries; Shobhan Mittal, Joint MD

- n Expects a substantial shift from unorganised to organised market. Pure organised market is around 50% of total market. Also expects a major shift of market share to organised segment due to GST.
- n Expects new plant to run at 50% utilisation initially. New MDF plant will contribute Rs 1,100-1,200 crore on full year basis.
- n Targeting about 50-60 bps improvement. Going forward, should see better improvements when the new MDF line comes in and starts breaking even and contributing

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### 2. GST & RERA will create confusion among consumers & developers at start: Prestige; Irfan Razack, CMD

- n Rules in many states that it operates in are not yet placed
- n GST will create confusion in the minds of the customers and developers. There will be a bit of a churn for a few weeks or months after that things will completely stabilize
- n Tough to say if realty prices will rise or fall post GST roll out

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### 3. Expect to see 15% growth in FY18: Technocraft; Sharad Saraf, MD

- n Continues to be a challenging time for yarn mill because of government's lopsided policies
- n Expects to have a 15 percent growth next year
- n In the process of evaluating a buyback
- n Currently the company has Rs 500 crore cash on the books

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### 4. Will pass on gst benefits to customers, says Marico; Saugata Gupta, MD & CEO

- n Over the long-term GST provides level playing field for organised players
- n Enough opportunities for optimising networks and supply chain where there are current inefficiencies
- n Should be in a position to procure from all our vendors, ensure they are able to do transfers of stock and able to invoice to all our distributors with 3 days of implementation of GST
- n Q1: there would be an impact especially in June. Q2 would depend on how soon things get back into normal business operations.

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### 1. Avoid the temptation to overregulate telecom

- n India's telecom sector is in the midst of a painful reconfiguration that isn't likely to end anytime soon. The launch of Reliance Jio in September 2016 started a winter of discontent for telecom companies that has stretched well into this summer. The consequent jockeying for market position and appeals to industry regulators were predictable. But those regulators must bear this in mind: While the financial strain on telcos and churn in the market may make regulatory intervention tempting, a heavy-handed approach would be counterproductive. As per investment and brokerage firm CLSA, mobile industry revenue was down to Rs1.88 trillion in FY17 after an uninterrupted upward graph for the previous six fiscal years—from Rs1.19 trillion in FY11 to Rs1.93 trillion in FY16. And it's projected to decline further to Rs1.84 trillion in FY18, with profitability down across the board. This comes at a time when sector incumbents are bearing a heavy debt burden—Rs4.85 trillion or thereabouts at the end of last year—and average revenue per user is plummeting.

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### 2. Bans, do they work at all?

- n We are in the era of bans. Ban on sale of cows for slaughter in animal markets, ban on alcohol sales in shops close to highways, ban on sale of alcohol across the state. Bans serve some immediate benefits to their proponents. It is a clear display of "right intentions". A chief minister who announces total ban of alcohol is signalling genuine interest in eradicating the menace of alcoholism from the state. In politics, whether it is in the US or in Bihar, being seen as having the right intentions is many a times more important than the ultimate result of the act. Bans compartmentalize the general public into those who support and those who oppose the ban. A ban that protects the cow will have strong emotional support of those who consider the cow a holy animal. Anyone who criticizes the ban will be considered as belonging to an out group.

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### 3. India's increasing green growth

- n India is the fastest growing economy in the world. But how has it performed on green growth and energy efficiency? Electricity usage is an important indicator of energy efficiency, and, all else being equal, using less electricity to achieve a given level of output is more efficient. To the extent that electricity production standards and pollution emissions are homogeneous, performance on energy efficiency (positive and negative) can be mostly translated into green growth.

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#### 4. Addressing India's high logistics costs


n It is a universally acknowledged fact that the cost of logistics is very high in India. Some estimates put it at about 13 per cent of GDP, which is higher than the US (9) and Germany (8). A study by Assocham-Resurgent India (2016) stated that the country can save \$50 billion if logistics costs reduce from 14 per cent to 9 per cent of GDP. Reduced logistics costs would bring down prices of products. Transportation services form a third of the cost of a logistics chain. Improving transportation would require the coordinated development of railways, roads and waterways. Roads carry about 60 per cent of the freight cargo in India. As rail transportation is more energy efficient than road, movement of goods via the road-cum-rail mode could reduce logistics costs considerably.

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### International

#### 5. Emmanuel macron and theresa may tell the tale of two nations

n A government left paralysed by a botched election; a faltering economy; a spate of ugly terrorist attacks; a London tower block engulfed by an appalling fire. There are no visible connections here. The impact, though, is cumulative. A year ago Britain voted to leave the EU. A vibrant nation, the Brexiters promised, would unshackle itself from a sinking continent. How fast the wheel can turn. The promised adventure — “global Britain”, Theresa May, the now badly wounded prime minister, calls it — is suddenly freighted with risk. Politics could yet render Brexit impossible. Across the channel, the winds are blowing in the other direction. Optimism now belongs to the continent's capitals. Growth is picking up, populists are in retreat. In Paris this week Emmanuel Macron, France's new president, put the finishing touches to his La République en Marche administration. The party did not exist two years ago. Now it has the “strong and stable” mandate denied to Mrs May's Conservatives.

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
<b>Automobiles</b>														
Amara Raja	Buy	848	1,044	23	28.0	34.5	41.8	30.3	24.6	5.6	4.7	20.3	20.8	21.2
Ashok Ley.	Buy	93	117	26	4.6	5.5	7.1	20.3	17.0	4.5	3.9	23.3	24.4	26.9
Bajaj Auto	Buy	2,840	3,422	20	132.3	150.4	178.2	21.5	18.9	4.8	4.3	25.3	24.1	25.6
Bharat Forge	Buy	1,154	1,242	8	26.2	37.7	49.7	44.1	30.6	6.5	5.7	16.2	19.9	22.5
Bosch	Neutral	24,277	23,287	-4	473.1	650.7	776.2	51.3	37.3	8.4	7.4	15.8	21.2	22.2
CEAT	Buy	1,837	1,741	-5	93.3	104.9	133.9	19.7	17.5	3.1	2.7	16.9	16.3	17.9
Eicher Mot.	Buy	27,653	30,402	10	613.8	892.0	1,135.1	45.1	31.0	15.6	11.1	40.3	41.9	38.5
Endurance Tech.	Buy	893	948	6	23.5	30.8	37.9	38.0	29.0	7.3	6.0	20.8	22.6	23.1
Escorts	Neutral	710	711	0	23.2	35.9	44.4	30.6	19.7	3.6	3.1	12.3	16.8	17.9
Exide Ind	Buy	219	274	25	8.2	9.5	11.8	26.8	23.1	3.7	3.4	14.0	14.5	15.8
Hero Moto	Neutral	3,733	3,622	-3	169.1	198.1	201.2	22.1	18.8	7.4	6.3	35.7	35.9	31.3
M&M	Buy	1,396	1,603	15	54.3	69.6	81.7	25.7	20.1	3.2	2.9	14.2	14.2	14.4
Mahindra CIE	Not Rated	236	-		5.4	9.9	11.8	44.1	24.0	2.7	2.5	6.4	10.8	11.5
Maruti Suzuki	Buy	7,315	8,060	10	248.6	300.0	370.9	29.4	24.4	6.1	5.3	20.3	21.2	22.3
Tata Motors	Buy	453	635	40	19.8	30.8	65.8	22.9	14.7	2.6	2.2	9.8	16.5	27.8
TVS Motor	Buy	542	581	7	11.7	16.7	26.7	46.1	32.4	10.7	8.5	25.6	29.2	35.9
<b>Aggregate</b>								<b>28.3</b>	<b>21.6</b>	<b>4.9</b>	<b>4.2</b>	<b>17.1</b>	<b>19.3</b>	<b>22.8</b>
<b>Banks - Private</b>														
Axis Bank	Neutral	508	525	3	15.4	23.4	41.2	33.1	21.7	2.2	2.1	6.9	9.9	15.7
DCB Bank	Neutral	207	170	-18	7.0	8.8	11.2	29.6	23.6	3.1	2.8	10.9	12.4	14.0
Equitas Hold.	Buy	154	210	36	4.7	4.8	7.5	32.6	31.8	2.3	2.2	8.9	7.1	10.1
Federal Bank	Buy	118	125	6	4.8	5.8	7.3	24.4	20.4	2.3	2.1	9.9	10.9	12.5
HDFC Bank	Buy	1,698	1,790	5	56.8	67.1	79.4	29.9	25.3	5.1	4.4	17.9	18.2	19.0
ICICI Bank	Buy	289	329	13	15.3	16.3	18.7	18.9	17.8	2.1	2.0	10.2	9.9	10.6
IDFC Bank	Neutral	57	62	8	3.0	3.3	4.3	19.1	17.3	1.3	1.3	7.2	7.4	9.0
IndusInd	Buy	1,490	1,700	14	50.1	59.4	72.0	29.7	25.1	4.5	3.9	16.0	16.5	17.3
J&K Bank	Neutral	93	89	-4	-31.3	4.4	8.0	NM	21.2	0.9	0.8	-27.0	4.0	7.0
Kotak Mah. Bk	Buy	998	1,050	5	26.8	32.3	40.5	37.2	30.9	4.8	4.2	13.8	14.5	15.7
RBL Bank	Under Review	512	-		11.9	17.6	23.8	43.1	29.0	4.5	4.0	12.3	14.6	17.3
South Indian	Buy	29	31	7	2.2	2.9	3.6	13.3	10.1	1.1	1.0	9.4	10.6	12.2
Yes Bank	Buy	1,453	2,110	45	73.0	90.5	114.0	19.9	16.1	3.7	3.1	18.9	17.9	19.4
<b>Aggregate</b>								<b>28.5</b>	<b>22.8</b>	<b>3.3</b>	<b>3.0</b>	<b>11.4</b>	<b>13.0</b>	<b>14.7</b>
<b>Banks - PSU</b>														
BOB	Buy	165	217	32	6.0	19.0	24.9	27.6	8.7	1.1	1.0	4.1	12.3	14.5
BOI	Neutral	136	147	8	-14.8	13.7	22.0	NM	9.9	0.6	0.6	-6.7	6.1	9.0
Canara	Neutral	351	380	8	18.8	33.0	48.9	18.7	10.6	0.7	0.7	4.2	6.8	9.4
IDBI Bk	Neutral	57	49	-13	1.5	6.4	8.6	37.2	8.8	0.5	0.5	1.4	5.8	7.3
Indian Bk	Buy	299	360	21	29.3	33.3	38.1	10.2	9.0	1.0	0.9	10.1	10.6	11.1
OBC	Neutral	147	150	2	-31.6	17.1	21.4	NM	8.6	0.4	0.4	-8.4	4.6	5.4
PNB	Buy	146	184	26	6.2	10.3	14.5	23.4	14.2	0.8	0.8	3.6	5.6	7.5
SBI	Buy	295	375	27	0.3	19.7	25.9	973.6	14.9	1.3	1.2	-0.2	8.9	10.7
Union Bk	Neutral	151	174	15	7.6	24.6	34.5	19.7	6.1	0.5	0.5	2.7	8.1	10.5
<b>Aggregate</b>								<b>101.2</b>	<b>12.0</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>	<b>7.4</b>	<b>9.3</b>
<b>NBFCs</b>														
Bajaj Fin.	Buy	1,401	1,550	11	33.6	47.0	63.6	41.7	29.8	8.0	6.5	21.7	24.0	26.2
Bharat Fin.	Neutral	721	769	7	21.0	32.4	45.3	34.3	22.3	4.1	3.4	15.1	16.7	19.5
Cholaman.Inv.&FnBuy		1,086	1,250	15	46.0	56.7	70.6	23.6	19.2	4.0	3.4	18.1	19.0	19.9
Dewan Hsg.	Buy	456	559	23	29.6	38.6	45.5	15.4	11.8	1.8	1.6	14.4	14.5	15.2
GRUH Fin.	Neutral	450	421	-6	8.1	10.3	12.5	55.3	43.8	14.7	12.2	30.4	30.6	30.9
HDFC	Buy	1,655	1,797	9	46.8	50.7	55.9	35.3	32.7	6.5	5.9	19.3	18.3	17.4
Indiabulls Hsg	Buy	1,114	1,227	10	69.0	82.2	101.6	16.1	13.5	3.9	3.5	25.5	27.0	29.6
LIC Hsg Fin	Neutral	770	723	-6	38.2	44.6	51.2	20.1	17.3	3.6	3.1	19.4	19.3	19.0
Manappuram	Not Rated	97	-		8.2	11.1	14.0	11.9	8.7	2.7	2.4	23.9	29.0	32.2
M&M Fin.	Buy	341	400	17	7.1	12.9	16.4	48.1	26.3	3.0	2.8	6.4	10.9	12.9



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Muthoot Fin	Buy	451	465	3	29.7	34.5	40.0	15.2	13.1	2.8	2.5	19.7	20.2	20.6
PFC	Neutral	129	117	-9	25.7	27.2	30.2	5.0	4.7	0.9	0.8	17.9	17.0	16.8
Repco Home	Buy	867	900	4	29.1	36.0	43.3	29.8	24.1	4.8	4.0	17.4	18.2	18.5
REC	Neutral	182	134	-26	31.4	35.0	40.4	5.8	5.2	1.1	0.9	19.9	19.1	19.1
Shriram City Union	Buy	2,454	2,689	10	84.3	130.4	164.7	29.1	18.8	3.3	2.9	11.8	16.2	17.8
STF	Buy	993	1,269	28	55.6	77.4	98.6	17.9	12.8	2.0	1.8	11.7	14.5	16.3
<b>Aggregate</b>								<b>19.0</b>	<b>16.3</b>	<b>3.3</b>	<b>2.9</b>	<b>17.2</b>	<b>17.7</b>	<b>17.9</b>
<b>Capital Goods</b>														
ABB	Sell	1,486	1,200	-19	19.7	25.1	32.2	75.4	59.3	9.6	8.3	12.7	13.9	15.8
Bharat Elec.	Buy	166	200	20	6.9	7.2	8.1	24.0	23.2	5.0	3.8	20.6	16.5	16.8
BHEL	Sell	137	100	-27	2.0	4.4	5.0	67.6	31.4	1.0	1.0	1.5	3.3	3.6
Blue Star	Neutral	631	610	-3	12.9	17.9	26.6	49.0	35.2	8.0	7.5	18.0	21.9	30.1
CG Cons. Elec.	Buy	220	240	9	4.7	5.6	6.7	47.0	39.4	25.6	18.4	76.4	54.2	50.3
CG Power & Indu.	Sell	84	65	-23	4.1	2.3	4.5	20.5	36.8	1.3	1.2	6.2	3.4	4.2
Cummins	Neutral	904	950	5	26.5	28.8	35.5	34.1	31.4	6.7	6.2	21.2	20.5	23.2
GE T&D	Neutral	343	320	-7	5.7	8.9	10.6	59.9	38.4	8.5	7.5	12.4	20.7	21.5
Havells	Neutral	474	480	1	9.6	12.1	14.5	49.6	39.2	9.0	8.0	18.2	20.4	21.4
Inox Wind	Under Review	141	-		12.8	-3.2	15.5	11.0	NM	1.4	1.5	14.9	-3.3	15.1
K E C Intl	Neutral	243	250	3	11.9	13.6	16.8	20.5	17.8	3.9	3.3	21.2	20.3	21.2
L&T	Buy	1,736	2,000	15	63.3	68.0	78.3	27.4	25.6	3.2	3.1	12.6	12.5	13.6
Pennar Eng.	Not Rated	136	-		5.8	7.5	10.0	23.4	18.1	2.0	1.8	8.6	10.0	11.8
Siemens	Neutral	1,353	1,355	0	17.8	24.3	33.3	75.9	55.7	7.1	6.1	9.3	11.0	13.7
Solar Ind	Neutral	818	825	1	20.6	22.0	27.5	39.7	37.2	7.3	6.3	19.8	18.1	19.5
Suzlon Energy	Not Rated	19	-		0.6	0.9	1.0	29.5	21.2	-1.7	-1.9	NM	-8.8	-11.0
Thermax	Sell	936	850	-9	30.8	32.3	34.0	30.3	29.0	4.2	3.7	14.3	13.6	12.9
Va Tech Wab.	Buy	716	800	12	28.9	34.9	39.8	24.8	20.5	3.9	3.4	16.3	17.7	17.5
Voltas	Sell	465	400	-14	15.5	16.0	18.1	30.1	29.0	4.7	4.2	18.0	15.1	15.3
<b>Aggregate</b>								<b>34.5</b>	<b>30.8</b>	<b>3.9</b>	<b>3.6</b>	<b>11.2</b>	<b>11.7</b>	<b>12.9</b>
<b>Cement</b>														
Ambuja Cem.	Buy	244	283	16	4.9	6.6	7.2	50.0	36.9	2.5	2.4	5.0	6.7	7.1
ACC	Neutral	1,652	1,521	-8	33.7	49.2	63.6	49.0	33.6	3.7	3.7	7.5	11.0	14.2
Birla Corp.	Buy	897	998	11	29.4	40.9	58.9	30.6	21.9	2.1	2.0	7.5	9.2	12.2
Dalmia Bharat	Buy	2,508	3,162	26	38.8	66.7	87.1	64.7	37.6	4.5	4.0	7.2	11.3	13.1
Grasim Inds.	Neutral	1,172	1,234	5	67.9	86.9	114.5	17.3	13.5	1.9	1.7	11.5	13.1	15.1
India Cem	Neutral	211	210	-1	5.6	9.3	12.9	37.5	22.6	1.3	1.2	3.4	5.5	7.2
J K Cements	Buy	983	1,322	34	33.7	46.4	59.5	29.2	21.2	3.9	3.3	14.4	17.0	18.6
JK Lakshmi Ce	Buy	490	550	12	7.0	11.4	20.5	70.5	43.0	4.1	3.8	6.0	9.2	14.7
Ramco Cem	Buy	685	823	20	27.3	31.1	37.5	25.1	22.1	4.5	3.8	19.2	18.6	19.1
Orient Cem	Buy	148	185	25	-1.6	4.5	6.8	NM	32.8	3.1	2.8	-3.2	9.0	12.3
Prism Cem	Buy	120	138	15	0.3	3.7	5.8	344.2	32.3	6.0	5.2	1.8	17.2	22.6
Shree Cem	Buy	17,336	23,316	34	384.4	480.7	621.0	45.1	36.1	8.6	7.1	20.2	21.5	22.6
Ultratech	Buy	4,059	4,928	21	96.1	121.4	159.1	42.2	33.4	4.8	4.3	12.0	13.6	15.7
<b>Aggregate</b>								<b>36.1</b>	<b>27.1</b>	<b>3.5</b>	<b>3.2</b>	<b>9.7</b>	<b>11.8</b>	<b>13.7</b>
<b>Consumer</b>														
Asian Paints	Neutral	1,164	1,210	4	21.0	23.1	27.4	55.4	50.3	14.7	14.1	28.5	28.6	30.6
Britannia	Buy	3,640	4,050	11	73.7	82.1	101.3	49.4	44.4	16.2	15.0	36.9	35.2	37.2
Colgate	Buy	1,101	1,180	7	21.2	25.7	31.1	51.9	42.9	23.5	22.2	50.4	53.2	60.3
Dabur	Neutral	290	295	2	7.2	7.7	9.1	40.0	37.5	10.5	9.0	28.4	26.0	26.3
Emami	Buy	1,104	1,250	13	26.5	29.2	34.7	41.6	37.8	14.3	11.5	35.8	33.8	32.2
Godrej Cons.	Neutral	960	975	2	18.9	21.8	25.0	50.8	44.0	12.3	9.6	24.6	24.5	23.0
GSK Cons.	Sell	5,370	4,380	-18	156.1	169.7	185.5	34.4	31.6	7.2	7.1	22.2	22.6	23.0
HUL	Buy	1,094	1,215	11	19.6	22.8	27.0	55.7	48.0	35.5	34.4	65.6	72.8	82.5
ITC	Buy	311	355	14	8.4	9.6	11.5	37.0	32.4	8.4	8.2	23.5	25.6	28.9
Jyothy Lab	Neutral	377	390	3	11.2	8.9	11.0	33.6	42.2	6.3	6.4	21.1	15.1	18.4





Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Marico	Neutral	314	335	7	6.3	6.9	8.4	49.9	45.1	17.4	14.8	36.7	35.5	38.1
Nestle	Sell	6,773	5,715	-16	118.0	118.6	139.5	57.4	57.1	21.7	19.9	39.0	36.4	39.0
Page Inds	Buy	16,677	18,000	8	238.7	313.9	400.0	69.9	53.1	27.9	22.1	40.0	41.6	42.8
Parag Milk	Neutral	214	245	15	3.6	7.4	12.3	59.4	28.8	2.7	2.5	5.9	9.1	13.4
Pidilite Ind.	Neutral	818	762	-7	16.7	18.4	21.2	48.9	44.3	12.7	10.3	28.2	25.6	24.0
P&G Hygiene	Buy	7,992	8,760	10	144.9	155.8	181.6	55.2	51.3	45.6	36.3	45.3	78.9	74.0
Prabhat Dairy	Not Rated	134	-		3.5	3.5	6.4	37.9	38.5	1.9	1.8	5.2	4.9	8.5
United Brew	Neutral	781	830	6	8.7	9.7	14.7	89.9	80.5	9.0	8.2	10.4	10.7	14.6
United Spirits	Neutral	2,294	2,415	5	26.7	37.4	51.8	85.8	61.4	17.2	11.8	21.3	19.3	19.7
<b>Aggregate</b>								<b>46.8</b>	<b>41.4</b>	<b>12.9</b>	<b>12.0</b>	<b>27.6</b>	<b>29.0</b>	<b>30.6</b>
<b>Healthcare</b>														
Alembic Phar	Neutral	521	640	23	21.6	26.0	32.1	24.1	20.0	5.2	4.3	23.1	23.6	24.1
Alkem Lab	Neutral	1,856	1,900	2	75.7	80.0	94.9	24.5	23.2	5.3	4.5	23.4	20.8	21.0
Ajanta Pharma	Buy	1,525	2,028	33	58.4	66.4	79.9	26.1	23.0	8.6	6.5	37.7	32.3	30.0
Aurobindo	Buy	666	750	13	39.3	44.1	50.2	16.9	15.1	4.2	3.3	28.3	24.8	22.5
Biocon	Sell	332	300	-10	10.2	11.0	15.0	32.6	30.1	4.4	4.0	13.6	13.3	16.1
Cadila	Buy	526	510	-3	14.2	18.1	23.2	37.0	29.0	8.4	6.9	24.8	26.1	27.1
Cipla	Neutral	539	500	-7	15.9	20.0	25.0	33.9	27.0	3.5	3.1	10.2	11.5	12.8
Divis Lab	Neutral	640	600	-6	39.7	35.8	39.8	16.1	17.9	3.6	3.3	23.5	19.2	19.2
Dr Reddy's	Neutral	2,629	2,625	0	72.6	107.1	144.5	36.2	24.6	3.6	2.9	9.6	13.3	15.1
Fortis Health	Buy	198	240	21	10.3	2.1	6.1	19.1	93.7	2.0	1.8	11.3	2.0	5.3
Glenmark	Neutral	628	800	27	39.3	45.0	53.5	16.0	14.0	3.9	3.1	24.7	22.4	21.3
Granules	Buy	137	200	46	7.3	8.1	11.4	18.9	16.8	3.2	2.3	20.0	16.4	17.6
GSK Pharma	Neutral	2,465	2,700	10	34.4	51.9	60.1	71.7	47.4	15.5	18.8	21.5	39.7	54.4
IPCA Labs	Neutral	467	480	3	16.1	22.4	29.9	29.1	20.9	2.4	2.2	8.6	11.0	13.2
Lupin	Buy	1,067	1,475	38	59.2	60.2	73.7	18.0	17.7	3.6	3.1	22.0	18.9	19.7
Sanofi India	Buy	4,274	4,850	13	129.1	131.0	173.4	33.1	32.6	5.7	5.3	17.1	16.3	19.3
Sun Pharma	Buy	539	650	21	26.1	25.4	30.8	20.6	21.2	3.5	3.4	18.5	16.3	17.9
Syngene Intl	Not Rated	462	-		13.0	16.1	18.0	35.5	28.6	7.2	5.9	22.2	22.5	20.7
Torrent Pharma	Buy	1,178	1,450	23	55.2	59.8	73.2	21.3	19.7	5.0	4.3	25.3	23.5	24.6
<b>Aggregate</b>								<b>23.9</b>	<b>22.1</b>	<b>4.2</b>	<b>3.7</b>	<b>17.5</b>	<b>16.6</b>	<b>17.6</b>
<b>Logistics</b>														
Allcargo Logistics	Buy	177	228	29	9.8	12.2	14.3	18.0	14.6	2.7	2.4	12.6	17.2	17.8
Blue Dart	Not Rated	4,283	-		102.5	129.9	163.2	41.8	33.0	18.5	14.1	50.5	48.6	46.8
Concor	Neutral	1,195	1,162	-3	38.0	41.2	45.8	31.5	29.0	3.3	3.1	10.8	11.1	11.7
Gateway Distriparks	Buy	260	310	19	6.8	11.6	14.3	38.2	22.4	2.3	2.2	5.9	9.9	11.7
Gati	Not Rated	132	-		8.4	15.9	23.9	15.8	8.3	2.2	1.9	12.4	19.4	25.4
Transport Corp.	Not Rated	303	-		16.9	21.0	25.9	17.9	14.4	2.8	2.4	16.7	17.8	18.6
<b>Aggregate</b>								<b>29.4</b>	<b>24.3</b>	<b>3.6</b>	<b>3.3</b>	<b>12.2</b>	<b>13.7</b>	<b>15.0</b>
<b>Media</b>														
Dish TV	Buy	77	106	37	1.0	2.1	3.8	78.4	37.7	16.8	11.6	24.1	36.5	44.1
D B Corp	Buy	376	460	22	20.4	24.1	28.7	18.5	15.6	4.3	3.9	25.5	26.2	27.6
Den Net.	Neutral	83	90	8	-8.6	-2.7	0.3	NM	NM	1.5	1.7	-12.0	-5.3	0.7
Hind. Media	Buy	272	360	32	26.4	27.1	29.9	10.3	10.0	1.8	1.5	19.3	16.6	15.6
HT Media	Neutral	82	85	3	7.4	7.9	8.3	11.1	10.5	0.7	0.7	7.1	6.9	6.6
Jagran Prak.	Buy	180	225	25	10.8	12.2	14.0	16.8	14.8	2.4	2.4	17.6	16.3	17.3
PVR	Buy	1,563	1,666	7	20.5	36.1	54.7	76.1	43.3	7.6	6.5	10.4	16.1	20.5
Siti Net.	Neutral	30	36	22	-1.8	-0.5	0.1	NM	NM	4.1	4.5	-23.5	-7.8	1.5
Sun TV	Neutral	833	860	3	24.9	29.5	38.4	33.5	28.2	8.4	7.7	25.0	27.3	31.9
Zee Ent.	Buy	510	600	18	23.1	16.4	19.5	22.0	31.1	8.1	6.8	23.7	23.8	23.8
<b>Aggregate</b>								<b>41.0</b>	<b>29.2</b>	<b>5.9</b>	<b>5.3</b>	<b>14.3</b>	<b>18.1</b>	<b>20.6</b>
<b>Metals</b>														
Hindalco	Buy	192	250	31	16.2	22.6	25.9	11.8	8.5	1.5	1.2	14.0	15.6	15.1
Hind. Zinc	Sell	253	235	-7	19.7	21.5	23.7	12.8	11.7	3.5	2.9	24.4	27.2	25.4



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
JSPL	Buy	122	184	51	-20.9	-16.0	-2.5	NM	NM	0.4	0.4	-7.9	-5.0	-0.8
JSW Steel	Buy	197	280	42	14.8	19.8	22.6	13.3	10.0	2.1	1.8	17.3	19.4	18.8
Nalco	Neutral	63	65	3	3.7	3.6	4.0	17.1	17.6	1.2	1.2	7.2	6.7	7.3
NMDC	Under Review	109	-		10.0	12.0	12.7	11.0	9.1	1.5	1.4	12.4	14.9	15.7
SAIL	Sell	58	30	-49	-6.2	-12.6	0.4	NM	NM	0.7	0.8	-6.7	-15.2	0.5
Vedanta	Neutral	234	225	-4	15.1	24.5	27.4	15.5	9.5	1.5	1.4	9.7	14.8	15.3
Tata Steel	Neutral	515	581	13	37.0	50.2	66.5	13.9	10.2	1.6	1.4	15.4	14.5	17.1
<b>Aggregate</b>								<b>17.2</b>	<b>13.5</b>	<b>1.4</b>	<b>1.3</b>	<b>8.0</b>	<b>9.7</b>	<b>12.3</b>
<b>Oil &amp; Gas</b>														
BPCL	Neutral	642	779	21	72.5	64.5	70.3	8.9	10.0	2.7	2.3	32.4	25.1	23.3
GAIL	Sell	360	357	-1	22.6	27.4	31.6	15.9	13.1	1.6	1.5	10.2	11.7	12.5
Gujarat Gas	Sell	778	699	-10	20.4	38.5	46.6	38.1	20.2	6.5	5.2	17.8	28.5	27.5
Gujarat St. Pet.	Neutral	160	171	7	8.8	11.2	13.4	18.1	14.3	2.1	1.9	11.9	13.7	14.6
HPCL	Buy	512	632	23	61.0	45.6	45.8	8.4	11.2	2.6	2.2	32.4	21.2	18.7
IOC	Neutral	394	457	16	41.0	41.9	43.3	9.6	9.4	1.9	1.9	22.3	20.2	19.9
IGL	Neutral	1,076	1,067	-1	43.1	46.7	51.8	25.0	23.0	5.1	4.4	21.0	20.6	19.5
MRPL	Neutral	122	124	1	11.7	12.8	13.3	10.5	9.6	2.1	1.8	24.8	20.5	18.4
Oil India	Buy	283	363	28	19.3	34.7	37.4	14.6	8.1	0.8	0.7	5.7	9.3	9.6
ONGC	Buy	161	229	43	16.4	20.6	23.9	9.8	7.8	0.9	0.9	10.4	11.7	13.0
PLNG	Buy	436	546	25	22.7	26.3	35.9	19.2	16.6	4.0	3.4	23.2	22.4	25.7
Reliance Ind.	Neutral	1,433	1,264	-12	106.6	121.7	127.8	13.4	11.8	1.5	1.3	11.9	11.8	11.2
<b>Aggregate</b>								<b>11.9</b>	<b>10.9</b>	<b>1.6</b>	<b>1.5</b>	<b>13.2</b>	<b>13.4</b>	<b>13.4</b>
<b>Retail</b>														
Jubilant Food	Sell	914	680	-26	10.0	12.2	17.9	91.3	75.1	7.5	7.0	8.2	9.3	12.6
Titan Co.	Neutral	520	505	-3	9.0	10.3	12.1	57.6	50.6	10.9	9.6	20.6	20.2	20.9
<b>Aggregate</b>								<b>60.5</b>	<b>52.9</b>	<b>10.4</b>	<b>9.3</b>	<b>17.2</b>	<b>17.6</b>	<b>18.5</b>
<b>Technology</b>														
Cyient	Buy	516	620	20	30.6	38.3	44.2	16.8	13.5	2.7	2.4	16.2	17.8	17.9
HCL Tech.	Buy	849	960	13	59.8	61.9	67.6	14.2	13.7	3.6	3.5	27.5	25.4	26.0
Hexaware	Neutral	252	235	-7	13.7	15.4	16.7	18.4	16.4	4.5	3.9	26.5	25.3	23.5
Infosys	Buy	940	1,200	28	62.9	64.7	71.1	14.9	14.5	3.1	2.8	23.3	21.4	21.2
KPIT Tech	Neutral	121	150	24	11.9	13.4	15.2	10.2	9.0	1.5	1.3	14.3	15.6	15.2
L&T Infotech	Buy	818	850	4	55.5	59.7	65.0	14.7	13.7	5.1	4.0	40.4	32.8	28.3
Mindtree	Neutral	521	475	-9	24.9	30.5	36.5	20.9	17.1	3.4	3.1	16.8	18.9	20.5
Mphasis	Neutral	595	600	1	38.9	41.7	45.0	15.3	14.3	2.0	2.3	13.2	14.0	15.7
NIIT Tech	Neutral	572	470	-18	42.8	42.5	46.1	13.4	13.5	2.1	1.9	16.1	14.8	14.7
Persistent Sys	Buy	657	700	7	37.7	43.9	51.4	17.4	14.9	2.7	2.6	17.0	18.1	20.3
Tata Elxsi	Buy	1,631	1,607	-1	56.3	68.0	80.4	29.0	24.0	9.1	7.3	37.1	33.7	32.3
TCS	Neutral	2,396	2,400	0	133.4	139.7	149.6	18.0	17.1	5.6	5.8	33.5	32.4	32.3
Tech Mah	Buy	387	500	29	30.9	32.3	36.9	12.5	12.0	2.1	1.9	18.4	16.7	17.0
Wipro	Neutral	255	250	-2	16.9	17.3	19.1	15.1	14.7	2.4	2.2	16.9	15.5	15.7
Zensar Tech	Buy	872	1,020	17	54.9	65.5	76.0	15.9	13.3	2.4	2.1	16.3	17.2	17.4
<b>Aggregate</b>								<b>16.2</b>	<b>15.8</b>	<b>3.8</b>	<b>3.6</b>	<b>23.2</b>	<b>22.6</b>	<b>22.0</b>
<b>Telecom</b>														
Bharti Airtel	Buy	365	430	18	11.1	6.3	11.5	32.9	58.1	2.2	2.1	6.7	3.7	6.4
Bharti Infratel	Buy	375	440	17	14.9	17.5	19.9	25.2	21.4	4.5	3.9	16.2	19.4	19.1
Idea Cellular	Buy	80	110	37	-1.1	-12.9	-13.6	NM	NM	1.2	1.4	-1.6	-20.8	-27.4
Tata Comm	Buy	752	811	8	26.0	18.1	36.0	28.9	41.5	13.5	10.2	126.2	27.9	39.1
<b>Aggregate</b>								<b>35.5</b>	<b>165.9</b>	<b>2.4</b>	<b>2.4</b>	<b>6.9</b>	<b>1.5</b>	<b>3.9</b>
<b>Utilities</b>														
Coal India	Buy	246	290	18	14.9	17.6	18.6	16.5	14.0	6.2	6.2	37.8	44.5	47.0
CESC	Buy	881	1,040	18	51.9	73.4	80.6	17.0	12.0	2.0	1.7	11.4	15.5	15.0
JSW Energy	Buy	65	88	35	3.9	2.1	1.8	16.8	30.7	1.0	1.0	6.7	3.3	2.8
NTPC	Buy	159	198	25	13.0	13.4	16.2	12.2	11.9	1.3	1.3	11.5	10.9	12.3
Power Grid	Buy	202	242	20	14.2	17.6	20.5	14.2	11.4	2.2	1.9	16.2	17.5	17.8



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			P/E (x)		P/B (x)		ROE (%)		
					FY17	FY18E	FY19E	FY17	FY18E	FY17	FY18E	FY17	FY18E	FY19E
Tata Power	Sell	82	67	-19	5.2	6.7	7.0	16.0	12.2	1.9	1.7	11.2	14.6	13.6
<b>Aggregate</b>								<b>14.5</b>	<b>12.9</b>	<b>2.2</b>	<b>2.1</b>	<b>15.3</b>	<b>16.1</b>	<b>16.8</b>
<b>Others</b>														
Arvind	Neutral	376	382	2	12.4	16.6	23.6	30.4	22.6	2.7	2.5	10.3	11.5	14.7
Avenue Supermarts	Neutral	806	804	0	7.7	12.8	17.9	105.0	62.8	13.1	11.4	17.9	19.4	23.3
Bata India	Under Review	523	-		13.5	15.6	19.3	38.8	33.5	5.1	4.6	13.9	14.5	15.9
Castrol India	Buy	412	531	29	13.6	14.6	15.2	30.2	28.3	34.2	30.6	115.2	114.1	106.8
Century Ply.	Neutral	301	323	7	8.7	9.8	12.9	34.6	30.6	9.4	7.7	31.1	27.7	29.6
Coromandel Intl	Under Review	427	-		16.0	18.3	23.6	26.8	23.3	4.6	4.2	18.2	18.9	21.7
Delta Corp	Buy	162	229	41	4.2	5.3	7.1	38.5	30.7	4.1	2.8	11.1	11.3	11.5
Dynamatic Tech	Buy	2,442	3,334	37	67.6	112.9	166.7	36.1	21.6	5.0	4.1	15.1	20.7	24.3
Eveready Inds.	Buy	351	368	5	12.9	14.4	17.5	27.3	24.4	8.8	7.1	37.7	32.3	31.6
Interglobe	Neutral	1,246	1,234	-1	46.0	65.6	88.2	27.1	19.0	22.3	19.7	86.2	110.2	129.8
Indo Count	Buy	183	229	25	13.0	14.6	17.6	14.1	12.6	4.3	3.1	34.8	28.8	25.9
Info Edge	Buy	989	1,050	6	15.7	20.3	22.9	63.1	48.8	6.1	5.6	10.2	11.9	12.3
Inox Leisure	Sell	281	240	-15	3.3	8.0	12.0	84.2	35.0	4.9	4.3	5.9	12.5	16.2
Jain Irrigation	Under Review	109	-		5.5	7.6	10.0	19.7	14.3	1.7	1.6	8.6	11.7	14.8
Just Dial	Neutral	393	465	18	17.5	18.5	21.1	22.5	21.3	3.0	2.7	14.8	13.4	13.7
Kaveri Seed	Buy	633	653	3	19.1	29.5	36.3	33.2	21.5	4.3	4.7	13.6	20.5	25.4
Kitex Garm.	Buy	286	394	37	18.6	22.1	26.2	15.4	13.0	4.1	3.4	29.8	28.6	27.6
Manpasand	Buy	795	900	13	12.7	21.0	30.0	62.6	37.8	3.9	3.7	7.3	8.8	13.1
MCX	Buy	1,103	1,300	18	24.8	30.5	42.9	44.4	36.1	4.1	3.9	9.9	11.1	14.6
Monsanto	Buy	2,709	2,841	5	72.9	89.3	109.3	37.1	30.3	11.3	10.5	30.4	35.9	39.6
Navneet Education	Buy	183	226	23	7.8	9.4	11.3	23.6	19.4	5.9	5.0	26.8	27.8	28.2
PI Inds.	Buy	810	952	17	33.4	33.4	38.1	24.3	24.2	6.9	5.6	32.8	25.4	23.8
Piramal Enterp.	Buy	2,894	3,044	5	72.6	104.1	144.6	39.9	27.8	3.8	3.5	9.8	13.0	16.4
SRF	Buy	1,623	1,816	12	85.9	89.0	111.5	18.9	18.2	3.0	2.6	16.6	15.1	17.0
S H Kelkar	Buy	283	367	30	7.2	9.6	12.2	39.0	29.4	5.0	4.5	13.7	16.1	18.2
Symphony	Sell	1,360	1,288	-5	27.0	35.1	42.9	50.4	38.7	27.4	23.3	56.8	65.0	66.3
TTK Prestige	Neutral	6,673	5,281	-21	106.9	137.7	176.0	62.4	48.4	9.9	8.9	16.5	19.4	22.2
V-Guard	Neutral	182	167	-8	3.6	4.5	6.0	50.8	40.5	12.1	9.9	27.4	26.9	28.8
Wonderla	Buy	371	393	6	7.0	11.9	16.0	53.1	31.1	4.9	4.3	9.5	14.8	17.5



Company	1 Day (%)	1M (%)	12M (%)
<b>Automobiles</b>			
Amara Raja	0.7	-3.7	-1.8
Ashok Ley.	-0.5	8.4	-6.6
Bajaj Auto	0.7	-2.5	8.1
Bharat Forge	-1.2	8.5	56.5
Bosch	-0.1	5.0	11.8
CEAT	-1.9	5.5	123.5
Eicher Mot.	0.3	1.6	47.3
Endurance Tech.	-0.5	10.9	
Escorts	-1.2	14.9	242.0
Exide Ind	-2.8	-5.1	35.7
Hero Moto	-0.9	4.7	21.7
M&M	0.8	6.8	2.8
Mahindra CIE	-1.6	-0.3	24.4
Maruti Suzuki	0.7	9.2	76.3
Tata Motors	-1.0	1.0	-4.2
TVS Motor	-0.5	3.0	83.8
<b>Banks - Private</b>			
Axis Bank	0.1	1.2	-1.6
DCB Bank	-0.6	8.1	113.5
Equitas Hold.	-1.6	-0.1	-12.9
Federal Bank	0.6	6.4	111.3
HDFC Bank	-0.1	7.7	45.1
ICICI Bank	-0.5	4.4	33.4
IDFC Bank	0.0	-4.3	24.5
IndusInd	-0.3	7.1	36.8
J&K Bank	-1.8	10.0	40.8
Kotak Mah. Bk	0.6	6.0	34.9
RBL Bank	-0.2	-6.1	
South Indian	-2.0	12.2	59.2
Yes Bank	1.4	3.3	34.7
<b>Banks - PSU</b>			
BOB	-1.3	-9.7	10.8
BOI	-0.8	-14.0	42.6
Canara	-0.7	-3.2	70.4
IDBI Bk	0.1	-13.8	-18.4
Indian Bk	-0.6	-10.1	120.9
OBC	-0.8	-3.2	45.9
PNB	-0.4	-3.6	50.4
SBI	1.5	0.1	38.4
Union Bk	-0.5	-10.3	21.0
<b>NBFCs</b>			
Bajaj Fin.	-1.0	12.8	84.6
Bharat Fin.	0.1	2.4	4.8
Cholaman.Inv.&Fn	-2.8	4.1	16.8
Dewan Hsg.	-0.9	13.0	127.8
GRUH Fin.	0.8	15.7	65.6
HDFC	1.7	8.9	33.6
Indiabulls Hsg	-0.6	5.9	61.6
LIC Hsg Fin	-0.4	13.9	59.3
Manappuram	3.5	10.6	51.2
M&M Fin.	-1.3	9.5	6.9
Muthoot Fin	-1.9	16.9	68.4
PFC	-1.2	-14.5	54.3
Repco Home	-1.6	15.6	14.1
REC	-1.9	-14.7	115.8
STF	-0.6	-0.4	-13.9
Shriram City Union	2.3	13.2	49.8

Company	1 Day (%)	1M (%)	12M (%)
<b>Capital Goods</b>			
ABB	-1.3	-0.9	20.8
Bharat Elec.	-1.6	-5.3	31.7
BHEL	0.3	-15.4	11.6
Blue Star	-0.7	-2.3	47.4
CG Cons. Elec.	-0.1	-2.3	57.8
CG Power & Inds Sol.	-1.2	-6.4	16.7
Cummins	-0.9	-2.7	11.8
GE T&D	0.7	-3.0	-2.2
Havells	-1.8	-0.7	29.5
Inox Wind	-2.4	-6.7	-40.2
K E C Intl	-1.3	-0.4	81.3
L&T	-1.0	-0.9	16.5
Pennar Eng.	1.4	1.9	-8.1
Siemens	1.5	-0.6	9.2
Solar Ind	-0.1	-0.4	30.9
Suzlon Energy	0.0	-8.6	9.0
Thermax	-0.7	-6.8	17.2
Va Tech Wab.	-2.2	4.1	25.2
Voltas	-0.6	12.2	44.4
<b>Cement</b>			
Ambuja Cem.	1.5	0.4	1.0
ACC	-0.1	1.5	5.4
Birla Corp.	-0.7	16.3	82.2
Dalmia Bharat	-1.1	5.6	130.5
Grasim Inds.	3.5	5.5	37.0
India Cem	-2.4	6.0	106.1
JK Cements	0.2	-10.7	54.1
JK Lakshmi Ce	-1.1	3.5	26.0
Ramco Cem	-1.3	1.6	25.4
Orient Cem	1.4	0.0	-9.2
Prism Cem	2.3	-1.0	27.8
Shree Cem	-0.3	-5.1	23.5
Ultratech	1.0	-5.0	22.3
<b>Consumer</b>			
Asian Paints	0.7	4.5	18.3
Britannia	-0.8	0.0	39.3
Colgate	-0.2	9.5	24.6
Dabur	0.8	4.6	-6.4
Emami	-2.1	0.3	1.6
Godrej Cons.	-1.7	7.7	22.0
GSK Cons.	0.1	1.4	-9.2
HUL	-2.6	7.5	27.3
ITC	0.5	2.3	31.4
Jyothy Lab	-1.8	0.9	26.8
Marico	-0.8	-0.8	20.7
Nestle	0.1	3.0	4.4
Page Inds	2.3	17.4	23.5
Parag Milk	-1.9	-13.5	-17.6
Pidilite Ind.	0.1	10.4	18.9
P&G Hygiene	-0.1	6.5	34.3
Prabhat Dairy	3.7	10.0	32.6
United Brew	-0.1	0.7	5.3
United Spirits	-1.2	11.3	-5.0
<b>Healthcare</b>			
Alembic Phar	-2.0	-13.2	-2.6
Alkem Lab	-0.7	-1.1	34.6
Ajanta Pharma	-0.4	-9.1	5.2
Aurobindo	1.6	15.5	-7.7

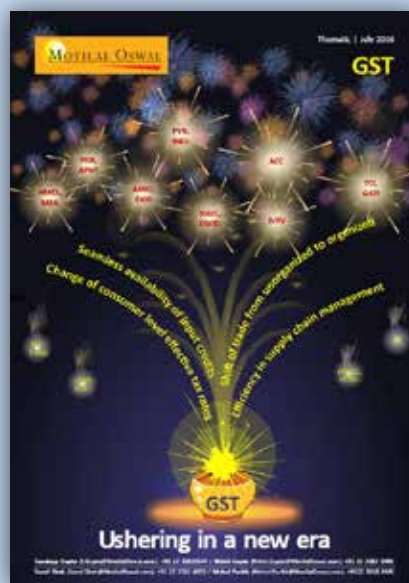
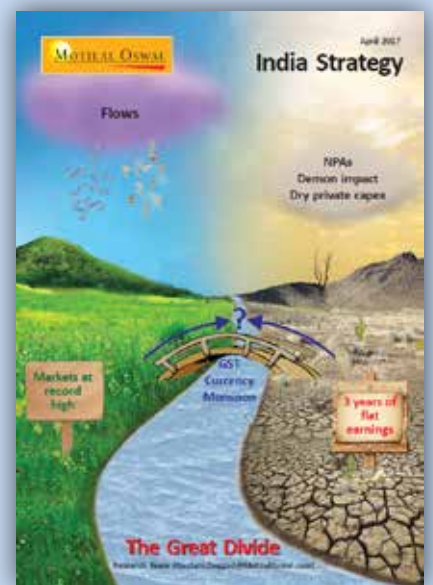
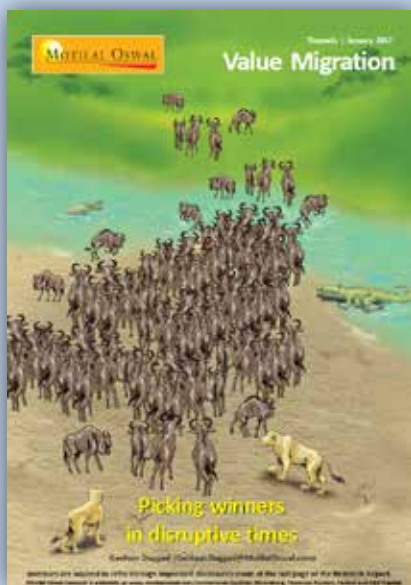
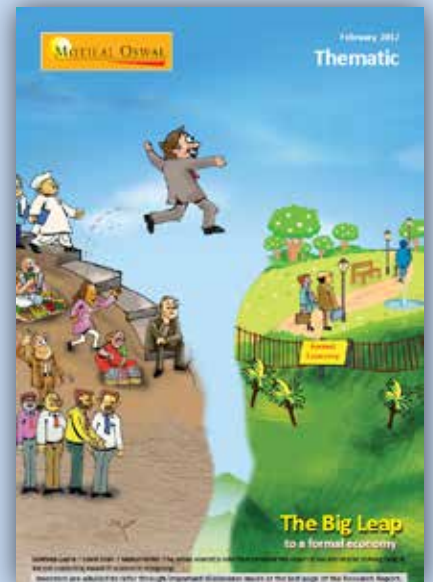
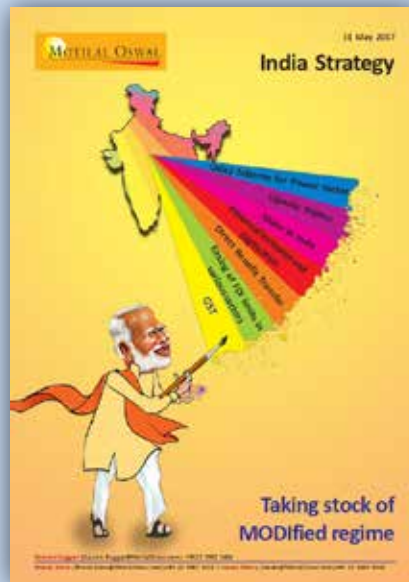


Company	1 Day (%)	1M (%)	12M (%)
Biocon	-1.4	1.4	39.3
Cadila	1.0	14.9	65.5
Cipla	-0.4	-3.9	11.5
Divis Lab	-0.6	7.5	-42.2
Dr Reddy's	-2.0	0.8	-15.3
Fortis Health	1.6	1.6	23.1
Glenmark	-0.1	-6.0	-19.1
Granules	-1.1	-6.4	0.5
GSK Pharma	0.3	1.5	-28.6
IPCA Labs	-0.7	-10.1	-3.5
Lupin	-2.5	-15.5	-27.2
Sanofi India	-1.0	4.2	2.8
Sun Pharma	2.0	-15.9	-27.2
Syngene Intl	-0.2	-4.5	14.1
Torrent Pharma	-1.6	-9.7	-11.1
<b>Logistics</b>			
Allcargo Logistics	1.0	-0.3	1.0
Blue Dart	0.0	1.3	-27.2
Concor	0.4	-0.4	12.1
Gateway Distriparks	0.7	11.9	-17.0
Gati	-1.3	-0.5	-18.1
Transport Corp.	-0.6	16.8	61.1
<b>Media</b>			
Dish TV	-1.5	-20.9	-17.4
D B Corp	0.0	4.3	-0.1
Den Net.	-0.9	-14.6	-7.0
Hind. Media	0.1	0.0	0.3
HT Media	0.6	1.0	6.5
Jagran Prak.	-0.9	-1.2	4.5
PVR	-1.3	5.3	64.7
Siti Net.	-1.5	-7.4	-21.7
Sun TV	-1.8	-1.5	127.3
Zee Ent.	1.1	-2.0	13.5
<b>Metals</b>			
Hindalco	-2.5	1.0	57.0
Hind. Zinc	1.5	2.1	57.9
JSPL	-2.3	6.8	85.5
JSW Steel	-1.3	2.7	41.9
Nalco	-0.2	-6.7	52.7
NMDC	-1.9	-10.5	19.0
SAIL	2.2	-2.9	33.0
Vedanta	-1.7	2.1	85.1
Tata Steel	-0.6	5.7	55.0
<b>Oil &amp; Gas</b>			
BPCL	-1.9	-7.7	30.6
GAIL	-2.3	-8.0	27.9
Gujarat Gas	-2.1	0.5	49.3
Gujarat St. Pet.	-2.9	-7.8	21.1
HPCL	-3.3	0.2	66.0
IOC	-3.6	-7.5	89.6
IGL	-1.4	9.3	78.0
MRPL	-1.3	-5.4	86.8
Oil India	-1.7	-10.3	5.6
ONGC	-2.8	-9.5	10.3
PLNG	-1.7	-1.1	50.2
Reliance Ind.	1.1	8.3	46.2
<b>Retail</b>			
Jubilant Food	-1.4	-11.1	-13.1
Titan Co.	-0.5	8.3	37.0

Company	1 Day (%)	1M (%)	12M (%)
<b>Technology</b>			
Cyient	1.5	2.0	4.1
HCL Tech.	0.6	-1.1	10.2
Hexaware	-2.4	-1.2	13.6
Infosys	-0.4	-2.0	-21.5
KPIT Tech	-1.4	-1.0	-35.5
L&T Infotech	-0.9	4.8	
Mindtree	0.3	3.6	-20.4
Mphasis	0.1	1.3	8.0
NIIT Tech	-1.3	17.3	9.5
Persistent Sys	-3.6	13.6	-6.3
Tata Elxsi	0.8	6.8	-8.4
TCS	-0.4	-5.3	-10.1
Tech Mah	-1.1	-6.0	-26.4
Wipro	-0.5	-2.2	-9.5
Zensar Tech	0.2	-2.1	-9.7
<b>Telecom</b>			
Bharti Airtel	-0.2	-1.7	0.7
Bharti Infratel	0.9	-3.0	10.6
Idea Cellular	-0.6	-8.6	-20.9
Tata Comm	-0.1	12.3	66.2
<b>Utilities</b>			
Coal India	-1.8	-10.2	-22.2
CESC	-1.9	-0.3	52.9
JSW Energy	0.6	-0.4	-18.2
NTPC	-0.7	0.4	4.4
Power Grid	-2.1	-0.3	29.5
Tata Power	0.8	0.5	11.9
<b>Others</b>			
Arvind	-1.7	-1.0	16.0
Avenue Super.	-1.5	11.7	
Bata India	-1.0	-4.0	-1.5
Castrol India	-0.9	-3.1	10.4
Century Ply.	0.4	17.6	50.7
Coromandel Intl	-0.7	8.1	78.7
Delta Corp	-2.1	10.7	81.6
Dynamatic Tech	-2.6	-9.1	-4.8
Eveready Inds.	-0.4	7.1	36.6
Interglobe	-0.3	19.3	21.9
Indo Count	-1.1	-3.0	-3.5
Info Edge	1.8	16.2	22.1
Inox Leisure	-0.5	1.5	23.6
Jain Irrigation	0.7	18.2	62.9
Just Dial	-3.9	-20.4	-40.2
Kaveri Seed	-0.3	19.7	42.5
Kitex Garm.	3.3	3.9	-17.0
Manpasand	-1.1	1.4	48.9
MCX	0.3	12.9	13.1
Monsanto	-3.3	-2.9	5.1
Navneet Educat.	-0.9	14.1	95.8
PI Inds.	0.0	-0.6	18.7
Piramal Enterp.	0.7	4.8	107.5
SRF	-0.6	-5.0	29.3
S H Kelkar	-1.3	-3.5	30.9
Symphony	0.7	-3.2	12.7
TTK Prestige	0.8	3.7	46.1
V-Guard	-1.2	-6.6	86.5
Wonderla	-1.3	-2.8	-5.7

## NOTES

# THEMATIC/STRATEGY RESEARCH GALLERY



# REPORT GALLERY

## RECENT INITIATING COVERAGE REPORTS

**MOTILAL OSWAL** Initiating Coverage | 23 June 2017  
Sector: Finance

### Cholamandalam Finance

**Prepared, Equipped and Armed**

Source: Company Reports, Analyst Research, etc. | +91 22 6862 9129  
Research and analysis is subject to change. Investment decisions should be based on the full report of the Research Report. Motilal Oswal Research is available on www.motilal.com and Research Report, Research, Research Report, Report and ICF Trade.

**MOTILAL OSWAL** Initiating Coverage | 20 April 2017  
Sector: Utilities

### Tata Power

**Struggling for RoE**

Source: Market Research, Analyst Research, etc. | +91 22 6862 9129  
Research and analysis is subject to change. Investment decisions should be based on the full report of the Research Report. Motilal Oswal Research is available on www.motilal.com and Research Report, Research, Research Report, Report and ICF Trade.

**MOTILAL OSWAL** Initiating Coverage | 28 April 2017  
Sector: Oil and Gas

### Gujarat Gas

**Long road ahead**

Source: Market Research, Analyst Research, etc. | +91 22 6862 9129  
Research and analysis is subject to change. Investment decisions should be based on the full report of the Research Report. Motilal Oswal Research is available on www.motilal.com and Research Report, Research, Research Report, Report and ICF Trade.

**MOTILAL OSWAL** Initiating Coverage | 28 March 2017  
Sector: Education

### Navneet Education

**Steadfast; growth gaining momentum**

Source: Market Research, Analyst Research, etc. | +91 22 6862 9129  
Research and analysis is subject to change. Investment decisions should be based on the full report of the Research Report. Motilal Oswal Research is available on www.motilal.com and Research Report, Research, Research Report, Report and ICF Trade.

**MOTILAL OSWAL** Initiating Coverage | 23 March 2017  
Sector: Entertainment

### Delta Corp

**Favorable odds**

Source: Market Research, Analyst Research, etc. | +91 22 6862 9129  
Research and analysis is subject to change. Investment decisions should be based on the full report of the Research Report. Motilal Oswal Research is available on www.motilal.com and Research Report, Research, Research Report, Report and ICF Trade.

**MOTILAL OSWAL** Initiating Coverage | 27 March 2017  
Sector: Healthcare

### Ajanta Pharma

**Promising growth trajectory**

Source: Market Research, Analyst Research, etc. | +91 22 6862 9129  
Research and analysis is subject to change. Investment decisions should be based on the full report of the Research Report. Motilal Oswal Research is available on www.motilal.com and Research Report, Research, Research Report, Report and ICF Trade.

**MOTILAL OSWAL** Initiating Coverage | 14 February 2017  
Sector: Automobile

### Piramal Enterprises

**Winner's Edge**

Source: Market Research, Analyst Research, etc. | +91 22 6862 9129  
Research and analysis is subject to change. Investment decisions should be based on the full report of the Research Report. Motilal Oswal Research is available on www.motilal.com and Research Report, Research, Research Report, Report and ICF Trade.

**MOTILAL OSWAL** Initiating Coverage | 23 February 2017  
Sector: Automobile

### CEAT

**Well balanced**

Source: Market Research, Analyst Research, etc. | +91 22 6862 9129  
Research and analysis is subject to change. Investment decisions should be based on the full report of the Research Report. Motilal Oswal Research is available on www.motilal.com and Research Report, Research, Research Report, Report and ICF Trade.

**MOTILAL OSWAL** Initiating Coverage | 23 December 2016  
Sector: Consumer Product

### SH Kelkar

**Adding flavor to fragrance**

Source: Market Research, Analyst Research, etc. | +91 22 6862 9129  
Research and analysis is subject to change. Investment decisions should be based on the full report of the Research Report. Motilal Oswal Research is available on www.motilal.com and Research Report, Research, Research Report, Report and ICF Trade.



# DIFFERENTIATED PRODUCT GALLERY

**MOTILAL OSWAL** 27 March 2017

## Annual Report 2016-17

### JC LAKSHMI CEMENT

**Strong performance in FY17**

After a record quarter in FY16, the cement company performed well with revenue doubling to INR 1,07,000 crore (vs INR 53,000 crore) on the back of an 8% fall in realisation for FY16. However, net revenue grew 23% to INR 68,000 crore. Strong financial and operational performance of the company led to a revision of the FY17 revenue target. The company reported 8% growth in net revenue (vs INR 63,000 crore) in FY17. The company reported 8% growth in net revenue (vs INR 63,000 crore) in FY17. The company reported 8% growth in net revenue (vs INR 63,000 crore) in FY17.

**Key highlights:**

- Operating performance remains strong (FY17 vs FY16: Revenue: INR 1,07,000 crore vs INR 53,000 crore; Net Revenue: INR 68,000 crore vs INR 63,000 crore; Net Profit: INR 10,000 crore vs INR 9,000 crore).
- High financial and operational performance led to a revision of the FY17 revenue target.
- Operating performance remains strong (FY17 vs FY16: Revenue: INR 1,07,000 crore vs INR 53,000 crore; Net Revenue: INR 68,000 crore vs INR 63,000 crore; Net Profit: INR 10,000 crore vs INR 9,000 crore).

**Key Metrics:**

Particulars	FY17	FY16
Revenue	1,07,000	53,000
Net Revenue	68,000	63,000
Net Profit	10,000	9,000
Operating Profit	12,000	11,000
EBITDA	15,000	14,000
EBIT	13,000	12,000
EPS	100	90

**Key Ratios:**

Particulars	FY17	FY16
Operating Profit Margin	11.2%	11.3%
Net Profit Margin	13.4%	14.3%
Operating Profit to Revenue	11.2%	11.3%
Net Profit to Revenue	13.4%	14.3%

**Key Ratios (continued):**

Particulars	FY17	FY16
Operating Profit to Revenue	11.2%	11.3%
Net Profit to Revenue	13.4%	14.3%
Operating Profit to Revenue	11.2%	11.3%
Net Profit to Revenue	13.4%	14.3%

**Key Ratios (continued):**

Particulars	FY17	FY16
Operating Profit to Revenue	11.2%	11.3%
Net Profit to Revenue	13.4%	14.3%
Operating Profit to Revenue	11.2%	11.3%
Net Profit to Revenue	13.4%	14.3%

**MOTILAL OSWAL** 28 June 2017

## CornerOffice

Interaction with the CEO

### MCX

**Profession built up rolling - available as an opportunity in the global post-crisis environment**

MCX is a leading exchange in India, providing a platform for trading various commodities. The company has been successful in building up its professional staff and rolling out its products across different markets.

**Key highlights:**

- Profession built up rolling - available as an opportunity in the global post-crisis environment.
- Available as an opportunity in the global post-crisis environment.
- Available as an opportunity in the global post-crisis environment.

**Key Metrics:**

Particulars	FY17	FY16
Revenue	1,000	900
Net Revenue	800	750
Net Profit	100	100

**MOTILAL OSWAL** 19 April 2017

## VOICES

**India Inc on Call**

India Inc on Call is a quarterly publication that provides a platform for industry leaders to share their views on the current economic and business environment in India. The publication is a must-read for anyone interested in the Indian market.

**Key highlights:**

- India Inc on Call is a quarterly publication that provides a platform for industry leaders to share their views on the current economic and business environment in India.
- India Inc on Call is a quarterly publication that provides a platform for industry leaders to share their views on the current economic and business environment in India.

**Key Metrics:**

Particulars	FY17	FY16
Revenue	1,000	900
Net Revenue	800	750
Net Profit	100	100

**MOTILAL OSWAL** 17 March 2017

## EcoKnowledge

Diving into Economic Debates

### On the FY17 status of the 7th Pay Commission in FY18

The 7th Pay Commission is a key factor in determining the salaries of government employees. The commission is expected to be implemented in FY18, which will have a significant impact on the government's fiscal position.

**Key highlights:**

- On the FY17 status of the 7th Pay Commission in FY18.
- On the FY17 status of the 7th Pay Commission in FY18.

**Key Metrics:**

Particulars	FY17	FY16
Revenue	1,000	900
Net Revenue	800	750
Net Profit	100	100

**MOTILAL OSWAL**

## BULLS & BEARS

INDIA VALUATIONS HANDBOOK

**Highlights of May edition:**

- Another positive month for Bull's - up 3.4% in May
- Private Banks, Consumer, Technology and Auto top performers for May
- Eight sectors achieved negative returns in May
- Midcaps underperformed large caps for the first time in last four months

**Key Metrics:**

Particulars	FY17	FY16
Revenue	1,000	900
Net Revenue	800	750
Net Profit	100	100

**MOTILAL OSWAL**

## FUND FOLIO

Indian Mutual Fund Tracker

**Key highlights:**

- Equity AUM of MI industry at new high, up 40% in 12 months
- IRRS-2t
- Midcaps underperformed large caps for the first time in last four months

**Key Metrics:**

Particulars	FY17	FY16
Revenue	1,000	900
Net Revenue	800	750
Net Profit	100	100

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