

Motilal Oswal values your support in the Asiamoney Brokers Poll 2018 for India Research, Sales and Trading team. We request your ballot.



Market snapshot



Equities - India	Close	Chg. %	YTD.%
Sensex	37,494	0.4	10.1
Nifty-50	11,320	0.4	7.5
Nifty-M 100	18,802	0.1	-11.0
Equities-Global	Close	Chg. %	YTD.%
S&P 500	2,803	-0.6	4.8
Nasdaq	7,630	-1.4	10.5
FTSE 100	7,701	0.0	0.2
DAX	12,798	-0.5	-0.9
Hang Seng	11,046	0.0	-5.7
Nikkei 225	22,545	-0.7	-1.0
Commodities	Close	Chg. %	YTD.%
Brent (US\$/Bbl)	75	1.0	11.5
Gold (\$/OZ)	1,221	-0.2	-6.3
Cu (US\$/MT)	6,224	-0.8	-13.6
Almn (US\$/MT)	2,075	1.0	-8.0
Currency	Close	Chg. %	YTD.%
USD/INR	68.7	0.0	7.5
USD/EUR	1.2	0.4	-2.5
USD/JPY	111.0	0.0	-1.5
YIELD (%)	Close	1MChg	YTDchg
10 Yrs G-Sec	7.8	0.01	0.5
10 Yrs AAA Corp	8.7	0.03	0.8
Flows (USD b)	30-Jul	MTD	YTD
FII	-0.03	0.1	-0.5
DII	0.01	0.7	10.1
Volumes (INRb)	30-Jul	MTD*	YTD*
Cash	370	328	356
F&O	5,157	8,632	8,358

Note: YTD is calendar year, \*Avg



Today's top research idea

HDFC: AUM growth healthy

Disclosure of stress pool a negative surprise

- ❖ HDFC's PAT increased 54% YoY to INR21.9b, driven by healthy AUM growth, stable spreads and timing mismatch of receipt of dividend income (INR5.9b in 1QFY19 v/s INR599m in 1QFY18).
- ❖ AUM grew 18% YoY (+5% QoQ) to INR4.19t. Individual lending AUM grew 18% YoY (+4.5% QoQ) to INR3.04t.
- ❖ For Stage 3 assets, HDFC has reported a new disclosure of standard stressed pool of 2.52% (1.49% a year ago and 3.24% a quarter ago). It has adjusted excess provisions outstanding on the balance sheet against the stress pool (in line with Ind-AS requirement).
- ❖ With access to multiple sources of borrowings, we believe HDFC will be able to manage spreads better than its peers in this rising interest rate environment. Overall loan growth remains steady and transition to Ind-AS has been smooth. Buy with a TP of INR2,335.



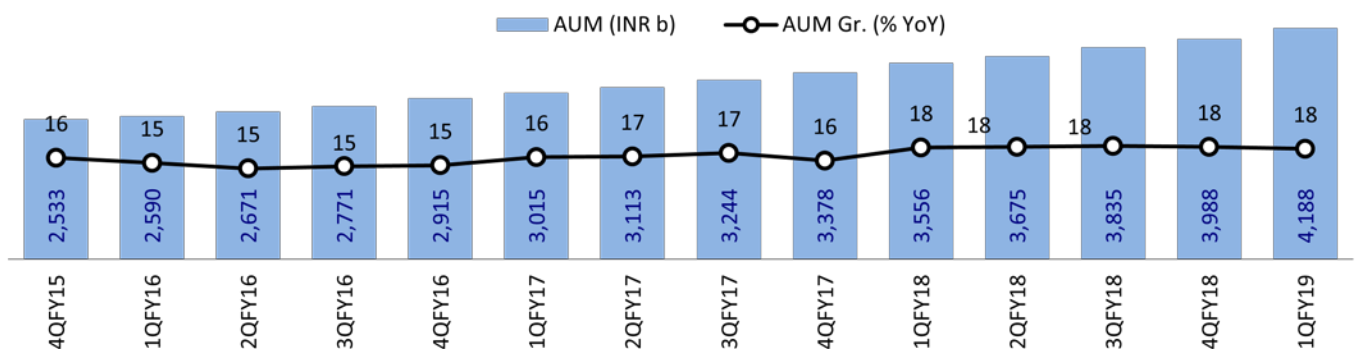
Research covered

Cos/Sector	Key Highlights
HDFC	AUM growth healthy; Disclosure of stress pool a negative surprise
Tata Steel (ART)	Cash flows muted despite improved operating performance
Axis Bank	Asset quality improvement in sight
Avenue Supermarts	Outperformance on most fronts
Godrej Consumer	Africa drags international performance
Tech Mahindra	Operating performance marginally ahead
Shree Cement	Volumes impress, but forex loss impacts profits
Piramal Enterprises	Retail housing finance scaling up; one-time loss on sale of subsidiary
Interglobe Aviation	Hit by a double whammy of crude and competition
Sun TV Network	Improving viewership, digitization in TN to support earnings
M&M Fin Serv	Strong operating performance; Transition to Ind-AS positive
Other Results	IDEA   ESC   GUJS   SOIL   PSYS   EQUITAS
Automobiles	Mixed commentaries on impact of axle norm on HCVs
Metals Weekly	Global iron ore prices rise on falling Chinese port inventories
Results Expectation	AJP   BHE   CSTR   DABUR   JAGP   MAHGL   PWGR   TTMT   UPLL   VEDL



Chart of the Day: HDFC - AUM growth healthy; Disclosure of stress pool a negative surprise

AUM growth on a steady trajectory



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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.motilalosal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.



Kindly click on textbox for the detailed news link

1

**With India in focus, Harley Davidson to come out with 250-500 cc bike**

Iconic US superbike maker Harley-Davidson is planning to launch a mid-size motorcycle in the 250-500 cc range for emerging markets as it eyes major gains in India and plots to challenge Royal Enfield's leadership position...

2

**No govt plan to hike allocation of funds for state-run banks**

The finance ministry does not plan to increase allocation of funds beyond what has been budgeted to shore up capital buffers of state-run banks as it expects the lenders to resolve some of the bad loans weighing them down, a ministry official said. Most state-controlled banks reported huge losses in the year ended 31 March after the Reserve Bank of India asked them to end all loan restructuring schemes. This increased the pile of bad loans. The huge losses wiped out the entire ₹1 trillion capitalization done by the government in 2017-18...

3

**Guidelines for implementation of strategic partnership model in defence manufacturing approved**

The Defence Ministry today approved key guidelines for implementation of an ambitious policy under which select private firms will be roped in to build military platforms like submarines and fighter jets in India in partnership with foreign entities...

4

**Government looks to pool land holding of loss-making PSUs to monetise asset**

The government is looking to pool land owned by lossmaking public sector companies and hand it over to state run developers such as NBCC (India) Ltd to develop it and realise value or sell it through a bidding process...

5

**Govt planning national e-commerce regulator**

A national regulator for e-commerce, mandatory data localization and tax sops for data centres are part of an upcoming legislation governing all aspects of electronic commerce in the country, the draft of a national policy showed. The regulator will ensure consumer protection and compliance with foreign investment caps in e-commerce. The national policy framework in this regard, prepared by a task force headed by commerce secretary Rita Teatota, was discussed on Monday by a think tank, headed by industry minister Suresh Prabhu, set up for the purpose. The draft will be further fine-tuned before it is sent for inter-ministerial consultations...

6

**Blackstone in talks with Singh brothers, Dhillon family to acquire realty asset**

Global private equity major Blackstone Group is in advanced talks with Ranbaxy's Singh brothers and Dhillon family to acquire their real estate portfolio spread over 1 million sq ft office properties for over Rs 1,000 crore, said two persons familiar with the development...

7

**NITI Aayog plans to revive struggling real estate sector, seeks tax sops**

Real estate may get a tax boost from the government, with the NITI Aayog, the government's policy think tank, in consultation with the urban development ministry, making a case for a clutch of incentives for the sector, which is in the midst of a slowdown...



BSE SENSEX 37,494 S&P CNX 11,320

**CMP: INR2,028 TP: INR2,335 (+15%) Buy**

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Bloomberg	HDFC IN
Equity Shares (m)	1,676
M.Cap.(INRb)/(USD\$b)	3427.9 / 49.9
52-Week Range (INR)	2051 / 1638
1, 6, 12 Rel. Per (%)	0/1/-2
12M Avg Val (INR M)	5365
Free float (%)	100.0

**Financials & Valuations (INR b)**

Y/E March	2018	2019E	2020E
NII	113.1	123.4	144.6
PAT	121.6	99.4	110.9
Adj. EPS (INR)	40.7	48.0	53.5
EPS Gr. (%)	12.4	18.2	11.4
BV/Sh. (INR)	373.6	430.9	467.2
ABV/Sh. (INR)	246.9	307.0	343.3
RoAA (%)	1.9	1.8	1.8
Core RoE (%)	18.6	17.5	16.5
Payout (%)	32.0	46.4	46.4
<b>Valuation</b>			
AP/E (x)	29.6	22.2	16.7
P/BV (x)	5.4	4.7	4.3
AP/ABV (x)	4.9	3.5	2.6
Div. Yield (%)	1.0	0.9	1.1

**AUM growth healthy; Disclosure of stress pool a negative surprise**

- HDFC's PAT increased 54% YoY to INR21.9b, driven by healthy AUM growth, stable spreads and timing mismatch of receipt of dividend income (INR5.9b in 1QFY19 v/s INR599m in 1QFY18). Total AUM grew 18% YoY (+5% QoQ) to INR4.19t. Individual lending AUM grew 18% YoY (+4.5% QoQ) to INR3.04t. **Corporate lending growth has moderated from 22% YoY a year ago to 18% YoY now.**
- Reported spreads were stable YoY at 2.28% for the quarter, with individual lending spreads at 1.91% and non-individual lending spreads at 3.14%. NIM stood at 3.5% v/s 3.4% a year ago. Note that HDFC has only restated NIM for 1QFY18 (4% to 3.4%); however, there has not been any restatement for spreads.
- **NII growth of 13% YoY is significantly lower than AUM growth of 18%, as, under Ind- AS, HDFC has started recognizing interest on ZCB liability through P&L and structured liability on an effective cost basis.**
- **Asset quality:** GNPA ratio is up 7bp QoQ to 1.18%, largely driven by a 14bp QoQ increase in corporate GNPLs to 2.32%. **Outstanding provisions on the balance sheet stood at INR47.6b v/s INR32.8b (restated from INR31.5b) a year ago.**
- **Ind-AS impact:** (a) Reduction in operating income due to accounting of ZCB and structured liability through P&L. (b) ESOP accounting (INR952m in 1QFY18 and INR1.9b in 1QFY19). (c) Benefit due to DTL write-back. Interestingly, management mentioned that entire ESOP expense is taken care of. HDFC continues to amortize HDFCB-related assignment income, as it has started treating it as servicing fees. HDFC has not reported reconciliation of FY18 opening networth and impact due to Ind-AS.
- **ECL disclosure is a negative surprise:** For Stage 3 assets, HDFC has reported a new disclosure of standard stressed pool of 2.52% (1.49% a year ago and 3.24% a quarter ago). It has adjusted excess provisions outstanding on the balance sheet against the stress pool (in line with Ind-AS requirement). For stage 3 loans, it has provided a 28% coverage ratio (stable YoY). Stage 3 loans are up YoY from INR82.2b to INR139b. Stressed standard loans are up YoY from INR46.7b to INR93.7b (although declined from INR116b a quarter ago). While disclosure has been a negative surprise, additional provisions on the balance sheet has not impacted networth.
- **Valuation view:** HDFC's retail loan growth is impressive, despite intense competition and a high base. Corporate loan growth has been picking up. Also, with access to multiple sources of borrowings, we believe HDFC will be able to manage spreads better than its peers in this rising interest rate environment. **Buy with an SOTP-based TP (FY20E based) of INR2,335.** The increase in TP from INR2,225 comes on the back of higher subsidiary valuation (especially HDFCB and HDFCSL) and an increase in multiple for the core business.

HDFC: Quarterly Performance

(INR Million)

Y/E March	FY18				FY19				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
<b>Net Interest Income</b>	25,655	26,108	29,287	32,110	28,904	30,331	31,394	32,746	113,127	123,375
YoY Change (%)	15.1	13.7	13.7	12.6	12.7	16.2	7.2	2.0	13.6	9.1
Gross fee income	1,279	1,599	2,091	2,378	2,624	2,398	2,509	2,610	8,148	10,141
<b>Core Income</b>	26,934	27,707	31,378	34,487	31,528	32,729	33,903	35,355	121,275	133,515
YoY Change (%)	11.4	11.1	13.3	10.5	17.1	18.1	8.0	2.5	12.3	10.1
Operating Expenses	3,497	2,248	2,395	2,321	5,096	3,250	3,348	3,328	9,578	15,022
% of core income	13.0	8.1	7.6	6.7	16.2	9.9	9.9	9.4	7.9	11.3
Commission expenses	1,024	1,577	1,691	1,729	1,205	1,340	1,394	1,422	6,700	5,360
% of core income	3.8	5.7	5.4	5.0	3.8	4.1	4.1	4.0	5.5	4.0
<b>Core Operating profits</b>	22,413	23,882	27,292	30,438	25,227	28,139	29,161	30,606	104,997	113,134
YoY Change (%)	9.1	10.8	11.2	8.7	12.6	17.8	6.9	0.6	10.9	7.7
Provisions	1,636	950	950	1,000	197	300	325	378	3,750	1,200
<b>Core PBT</b>	20,776	22,932	26,342	29,438	25,030	27,839	28,836	30,228	101,247	111,934
YoY Change (%)	4.5	11.3	12.7	11.0	20.5	21.4	9.5	2.7	12.0	10.6
Profit on Sale of Inv.	18	654	52,665	3,006	2	10,500	1,500	1,430	56,347	14,000
Dividend income	-855	5,381	1,528	3,411	4,986	600	1,800	5,604	11,146	12,990
One off expense/Prov			-15,750	-800					-16,550	
Other Income	109	104	117	117	113	125	125	151	447	514
<b>PBT</b>	20,049	29,071	64,902	35,172	30,132	39,064	32,261	37,412	152,637	139,438
YoY Change (%)	-25.7	13.7	156.4	19.7	50.3	34.4	-50.3	6.4	42.3	-8.6
Provision for Tax	5,979	8,060	8,200	6,710	8,800	11,211	9,259	10,748	31,000	40,019
<b>PAT</b>	14,070	21,011	56,702	28,462	21,332	27,853	23,002	26,664	121,637	99,419
YoY Change (%)	-24.8	15.0	233.3	39.2	51.6	32.6	-59.4	-6.3	63.4	-18.3

E: MOSL Estimates; FY19 estimates are under Ind-AS



# Annual Report Threadbare

## TATA STEEL FY18

Tata Steel's FY18 annual report analysis highlights improved operating performance, with EBITDA increasing 29% to INR218.9b, primarily led by standalone operations. Restructuring of pension scheme led to an exceptional gain of INR138.5b (66% of PBT) and overfunded status of INR194.1b. However, consolidated operating cash flow declined to INR80.2b (FY17: INR108.2b) due to pension settlement payout of ~INR46.7b and increase in standalone cash conversion cycle from 19 days to 41 days. Adjusted for the settlement payment, EBITDA-CFO conversion remained muted at 71% (FY17: 75%). Consolidated adjusted (to forex impact) gross debt increased to INR915.5b (FY17: INR882.9b) due to increased indebtedness of subsidiaries, while adjusted net debt declined to INR687b (FY17: INR776.9b), aided by rights issue of INR91b. Impairment losses, primarily in Canada mining business, were INR11.6b, 10.2% of PBT before exceptional items. Contingent liability increased to INR139.8b, 23% of net worth (FY17: INR121b, 34% of NW) due to demand raised by authorities for excess production.

- Subsidiaries' margins muted despite higher realizations:** Consolidated revenue grew 13.3% to INR1,330.2b (FY17: INR1,174.2b) aided by increased realization. While standalone EBITDA margin expanded 400bp to 25%, weak operating performance at subsidiaries (derived EBITDA margin flat at 8%) contained consolidated EBITDA margin – up 200bp to 16%.
- Pension settlement – overfunded status, future costs to remain low:** With TSE favorably restructuring its pension scheme, benefit obligations declined, in turn leading to (a) overfunded status of INR194.1b (FY17: INR6.6b), (b) exceptional gain of INR138.5b (66% of PBT), and (c) cash outlay of ~INR46b (GBP550m). Also, due to lower actuarial assumptions under restructured scheme – nil salary growth v/s 1.5% earlier and 2.1% pension growth v/s 3.1% earlier would result in lower future pension costs.
- Working capital dents cash flows:** Standalone EBITDA-CFO declined to 75% (FY17: 94%) due to increase in cash conversion cycle from 19 days in FY17 to 41 days in FY18. This led to INR8.2b investment in working capital against release of INR11.5b in FY17. Consolidated CFO declined to INR80.2b (FY17: INR108.2b), impacted by one-time settlement payout of INR46.7b (GBP550m). Adjusted for this, EBITDA-CFO remained muted at 71% (FY17: 74%); though FCF improved, it remained negative (-INR3.3b v/s -INR27.6b in FY17).
- Net debt decline aided by rights issue:** Consolidated gross debt increased to INR915.5b (FY17: INR858.7b) due to rise in indebtedness of subsidiaries and adverse forex impact. Adjusted for forex impact, consolidated gross debt stood at INR915.5b (FY17: INR882.9b); while, net debt declined to INR687.0b (FY17: INR776.9b) aided by rights issue of INR91.1b.

The ART of annual report analysis

- Superior Standalone performance marred by subsidiaries despite improved realizations
- Despite adjusting pension payout, cash flow generation (Pre tax CFO - EBITDA) remain muted at 71% (FY17: 74%)
- Net debt (adjusted to forex) decline to INR687.0b (FY17:776.9b) aided by rights issue of INR91.1b.

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### Stock Info

Bloomberg	TATA IN
Equity Shares (m)	1,203
M.Cap.(INRb)/(USD\$b)	610.3 / 8.9
52-Week Range (INR)	747 / 494
1, 6, 12 Rel. Per (%)	-8/-29/-14
12M Avg Val (INR M)	4270
Free float (%)	66.8

### Shareholding pattern (%)

As On	Jun-18	Mar-18	Jun-17
Promoter	32.3	33.2	31.4
DII	30.0	26.7	30.3
FII	16.6	18.6	13.7
Others	21.1	21.5	24.6

FII Includes depository receipts

### Auditor's name

Price Waterhouse & CO

### Sandeep Ashok Gupta

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# Axis Bank

BSE SENSEX 37,494  
S&P CNX 11,320

**CMP: INR568 TP: INR670 (+18%) BUY**

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Bloomberg	AXSB IN
Equity Shares (m)	2,567
M.Cap.(INRb)/(USDb)	1459.8 / 21.3
52-Week Range (INR)	628 / 448
1, 6, 12 Rel. Per (%)	6/-8/-6
12M Avg Val (INR M)	4433
Free float (%)	74.9

### Financials & Valuation (INR b)

Y/E March	FY18	FY19E	FY20E
NII	186.2	208.3	243.5
OP	155.9	175.5	216.9
NP	2.8	51.9	93.9
NIM (%)	3.1	3.0	2.9
EPS (INR)	1.1	20.1	35.9
BV/Sh. (INR)	247.2	267.7	299.1
ABV/Sh. (INR)	193.8	222.4	263.1
RoE (%)	0.5	7.8	12.7
RoA (%)	0.04	0.68	1.04

### Valuations

P/E(X)	511.5	28.3	15.8
P/BV (X)	2.3	2.1	1.9
P/ABV (X)	2.9	2.6	2.2

### Asset quality improvement in sight; earnings outlook getting better

- AXSB reported PAT of INR7.01b (est. of INR7.92b), led by steady revenue growth and controlled opex (+12% YoY). Asset quality improved as fresh slippages subsided; however, rating downgrades resulted in an increase in the vulnerable asset pool to INR122.4b.
- NII grew 12%/9% YoY/QoQ to INR51.7b; in line if adjusted for a recovery on NCLT account. NIM expanded 13bp QoQ to 3.46% (again aided by NCLT recovery), and management guided for stable trends over FY19. Core fee growth stood at modest 5% YoY, affected by a muted trend in corporate fee (-24% YoY), while retail fee growth stood healthy at 18% YoY. AXSB absorbed the entire MTM losses of INR1.35b during the quarter.
- Loan growth stood at 14.4% YoY (flat QoQ), led by 21% YoY retail loan growth and 19% YoY SME loan growth. Deposit base declined 1.4% QoQ, led by a sequential decline in CA/SA deposits, while term deposits grew 13.2% QoQ. CASA growth, thus, moderated to 8% YoY (14.5% YoY in 4QFY18), though the daily average CASA mix stood stable at 46%.
- Fresh slippages moderated to INR43.37b (FY18 quarterly average: INR83.5b), which, coupled with healthy upgrade/recoveries/write-backs, enabled a sequential decline in GNPLs/NNPLs. PCR ratio improved 280bp QoQ to 54.4% (400bp QoQ improvement in technical coverage ratio). 88% of corporate slippages came from the BB and below assets; however, the size of vulnerable pool still increased 34% QoQ to INR122.4b, affected by rating downgrades of INR46b. AXSB highlighted that the rating downgrade cycle will normalize now and that 2HFY19 credit cost should revert toward mean levels.
- **Valuation and view:** AXSB's performance underscores the asset quality recovery that is getting evident across many other corporate banks. With an improving outlook on fresh slippages/credit cost, we expect earnings to start normalizing 2HFY19 onward. AXSB has already increased the PCR to 69% (NCLT-1 provisions of 83%), which will further curb incremental provisioning requirement. We revise our earnings marginally, and value AXSB at INR670 per share (2.5x FY20E ABV for standalone bank). Maintain **Buy**.

**Quarterly Snapshot**

	FY18				FY19E				FY18	FY19E	1QFY19E	V/S our
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				Est
<b>Net Interest Income</b>	<b>46,161</b>	<b>45,396</b>	<b>47,315</b>	<b>47,305</b>	<b>51,668</b>	<b>49,996</b>	<b>55,204</b>	<b>51,449</b>	<b>1,86,177</b>	<b>2,08,316</b>	<b>48,889</b>	<b>5.7</b>
% Change (Y-o-Y)	2.2	0.6	9.2	0.0	11.9	10.1	16.7	8.8	2.9	11.9	5.9	6.0
Other Income	29,998	25,855	25,931	27,887	29,250	30,094	30,708	32,780	1,09,671	1,22,831	29,008	0.8
<b>Total Income</b>	<b>76,160</b>	<b>71,252</b>	<b>73,246</b>	<b>75,191</b>	<b>80,918</b>	<b>80,090</b>	<b>85,912</b>	<b>84,229</b>	<b>2,95,848</b>	<b>3,31,148</b>	<b>77,897</b>	<b>3.9</b>
Operating Expenses	33,248	33,478	34,708	38,469	37,198	37,355	41,246	39,847	1,39,903	1,55,646	37,569	-1.0
<b>Operating Profit</b>	<b>42,912</b>	<b>37,773</b>	<b>38,538</b>	<b>36,722</b>	<b>43,720</b>	<b>42,735</b>	<b>44,666</b>	<b>44,381</b>	<b>1,55,945</b>	<b>1,75,502</b>	<b>40,327</b>	<b>8.4</b>
% Change (Y-o-Y)	-4.0	-7.9	-16.9	-16.1	1.9	13.1	15.9	20.9	-11.3	12.5	-6.0	7.9
Provisions	23,419	31,404	28,110	71,795	33,377	26,345	24,318	17,286	1,54,729	1,01,326	28,824	15.8
<b>Profit before Tax</b>	<b>19,492</b>	<b>6,369</b>	<b>10,428</b>	<b>-35,073</b>	<b>10,343</b>	<b>16,390</b>	<b>20,347</b>	<b>27,095</b>	<b>1,216</b>	<b>74,176</b>	<b>11,503</b>	<b>-10.1</b>
Tax	6,436	2,045	3,163	-13,186	3,333	5,341	5,897	7,683	-1,541	22,253	3,587	-7.1
<b>Net Profit</b>	<b>13,056</b>	<b>4,324</b>	<b>7,264</b>	<b>-21,887</b>	<b>7,011</b>	<b>11,049</b>	<b>14,450</b>	<b>19,413</b>	<b>2,757</b>	<b>51,923</b>	<b>7,916</b>	<b>-11.4</b>
% Change (Y-o-Y)	-16.1	35.5	25.3	-278.7	-46.3	155.5	98.9	-188.7	-92.5	1,783.5	-39.4	-6.9
<b>Operating Parameters</b>												
Deposit (INR b)	3,937	4,164	4,090	4,536	4,471	4,899	5,076	5,307	4,536	5,307	4,670	-4.3
Loan (INR b)	3,855	4,102	4,209	4,397	4,411	4,731	4,930	5,192	4,397	5,192	4,527	-2.6
Deposit Growth (%)	10.0	9.5	10.3	9.5	13.5	17.6	24.1	17.0	9.5	17.0	18.6	-5.1
Loan Growth (%)	11.8	16.1	21.2	17.8	14.4	15.3	17.1	18.1	17.8	18.1	17.4	-3.0
CD Ratio (%)	97.9	98.5	102.9	96.9	98.7	96.6	97.1	97.8	96.9	97.8	96.9	1.7
<b>Asset Quality</b>												
Gross NPA (INR b)	220	274	250	342	327	323	302	295	342	295	357	-8.5
Gross NPA (%)	5.0	5.9	5.3	6.8	6.5	6.6	5.9	5.7	6.8	5.7	7.6	-1.1
Net NPA (INR b)	98	141	118	166	149	158	145	138	166	138	178.4	-16.5
Net NPA (%)	2.3	3.1	2.6	3.4	3.1	3.3	2.9	2.7	3.4	2.7	3.9	-0.9
PCR (%)	55.7	48.7	52.9	51.6	54.4	51.0	52.0	53.3	51.6	53.3	50.0	4.4

Note: The bank reports GNPA/NNPA ratios on gross customer assets

Source: MOSL, Company



# Avenue Supermarts

BSE SENSEX 37,494 S&P CNX 11,320

**CMP: INR1594 TP: 1117 (-30%) Sell**

Motilal Oswal values your support in the Asiamoney Brokers Poll 2018 for India Research, Sales and Trading team. We request your ballot.



Bloomberg	DMART IN
Equity Shares (m)	624
M.Cap.(INRb)/(USDb)	993.9 / 14.5
52-Week Range (INR)	1622 / 861
1, 6, 12 Rel. Per (%)	2/30/61
12M Avg Val (INR M)	1320
Free float (%)	17.8

**Financials & Valuations (INR b)**

Y/E March	2018	2019E	2020E
Sales	150.3	188.1	237.5
EBITDA	13.5	17.4	22.7
NP	8.1	10.4	13.9
EPS (Rs)	12.9	16.7	22.3
EPS Growth (%)	68.4	29.3	33.7
BV/Share (Rs)	74.8	91.5	113.9
P/E (x)	123.4	95.4	71.4
P/BV (x)	21.3	17.4	14.0
RoE (%)	18.9	20.1	21.8
RoCE (%)	16.1	19.5	20.9

Estimate change

TP change

Rating change

**Outperformance on most fronts; stratospheric valuations leave little room for rerating**

**EBITDA and PAT exceed estimates:** DMart’s revenue increased 27% YoY to INR45.6b (est. of INR43.9b) in 1QFY19. EBITDA grew 39% YoY to INR4.2b (est. of INR3.8b), with the margin expanding 80bp YoY to 9.3%. Other income declined 38% YoY to INR143m (est. of INR50m). Adj. PAT grew 43% YoY to INR2.5b (est. of INR2.2b). PAT margin expanded 60bp YoY to 5.5% (est. of 5%). We note that the gross margin was relatively low in 1QFY19 on account of the company’s effort to maintain or bring down prices for consumers across categories.

**Added two new stores in 1QFY19; looking to add 25-30 stores annually:** DMart added two new stores in the quarter, taking the total store count to 157. In a recent analyst meet, the company reiterated its strategy to accelerate store addition where it will also explore the leasing model. There is no specific target, but the company is looking to add 25-30 stores annually. The company had added 24 stores in FY18, of which 14 were in 4Q. Total store count rose from 131 in FY17 to 155 in FY18, and at a 16% CAGR over FY13-18.

**Valuations and view:** DMart has consistently outperformed its peers, with strong 14% SSSG and 9% EBITDA margin (as at FY18). We expect the strong momentum to continue, with a robust revenue/EBITDA CAGR (FY18-21) of 25%/29%, driven by 17% SSSG and healthy 25 store additions annually. Consequently, we have raised our multiple from 40x to 50x FY20E EPS to arrive at a TP of INR1,117 (prior: INR867). At CMP, the stock is expensively valued at 71x/54x FY20/21E P/E. At such rich valuations, we believe there is limited room for re- rating. Maintain **Sell**.

**Standalone - Quarterly Earning**

Y/E March	FY18				FY19E				FY18	FY19E	FY19E	Var (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	1Q	1QE		
<b>Net Sales</b>	<b>35,981</b>	<b>35,083</b>	<b>40,939</b>	<b>38,100</b>	<b>45,594</b>	<b>44,555</b>	<b>50,764</b>	<b>47,206</b>	<b>150,332</b>	<b>188,120</b>	<b>43,897</b>	<b>4</b>
YoY Change (%)	35.7	26.3	22.6	22.5	26.7	23.8	44.7	15.3	26.4	25.1	22.0	
Total Expenditure	32,949	31,904	36,721	35,155	41,367	40,189	45,535	43,627	136,804	170,718	40,056	
<b>EBITDA</b>	<b>3,032</b>	<b>3,179</b>	<b>4,217</b>	<b>2,945</b>	<b>4,227</b>	<b>4,366</b>	<b>5,229</b>	<b>3,579</b>	<b>13,528</b>	<b>17,401</b>	<b>3,841</b>	<b>10</b>
Margins (%)	8.4	9.1	10.3	7.7	9.3	9.8	10.3	7.6	9.0	9.3	8.8	
Depreciation	337	351	393	465	403	440	480	524	1,590	1,847	470	
Interest	243	109	110	132	100	50	50	53	594	253	100	
Other Income	228	212	137	149	143	140	140	145	726	567	50	
<b>PBT before EO expense</b>	<b>2,680</b>	<b>2,930</b>	<b>3,851</b>	<b>2,497</b>	<b>3,866</b>	<b>4,016</b>	<b>4,839</b>	<b>3,147</b>	<b>12,070</b>	<b>15,868</b>	<b>3,321</b>	<b>16</b>
<b>PBT</b>	<b>2,680</b>	<b>2,930</b>	<b>3,851</b>	<b>2,497</b>	<b>3,866</b>	<b>4,016</b>	<b>4,839</b>	<b>3,147</b>	<b>12,070</b>	<b>15,868</b>	<b>3,321</b>	<b>16</b>
Tax	932	1,020	1,334	826	1,360	1,406	1,694	984	4,158	5,443	1,129	
Rate (%)	34.8	34.8	34.6	33.1	35.2	35.0	35.0	31.3	34.4	34.3	34.0	
MI & P/L of Asso. Cos.	0	0	0	0	0	0	0	0	-185	0	0	
<b>Reported PAT</b>	<b>1,748</b>	<b>1,910</b>	<b>2,518</b>	<b>1,671</b>	<b>2,506</b>	<b>2,611</b>	<b>3,145</b>	<b>2,163</b>	<b>8,097</b>	<b>10,425</b>	<b>2,192</b>	<b>14</b>
<b>Adj PAT</b>	<b>1,748</b>	<b>1,910</b>	<b>2,518</b>	<b>1,671</b>	<b>2,506</b>	<b>2,611</b>	<b>3,145</b>	<b>2,163</b>	<b>8,097</b>	<b>10,425</b>	<b>2,192</b>	<b>14</b>
YoY Change (%)	47.6	65.2	65.8	72.9	43.4	49.4	64.6	-14.1	69.1	28.8	25.4	
Margins (%)	4.9	5.4	6.1	4.4	5.5	5.9	6.2	4.6	5.4	5.5	5.0	

E: MOSL Estimates





# Godrej Consumer

**BSE SENSEX** 37,494  
**S&P CNX** 11,320

**CMP: INR1,312 TP:INR1,240(-5%) Neutral**

Motilal Oswal values your support in the Asiamoney Brokers Poll 2018 for India Research, Sales and Trading team. We request your ballot.

Bloomberg	GCPL IN
Equity Shares (m)	681
M.Cap.(INRb)/(USDb)	893.8 / 13
52-Week Range (INR)	1380 / 861
1, 6, 12 Rel. Per (%)	1/20/8
12M Avg Val (INR M)	641
Free float (%)	36.8

**Financials & Valuation (INR b)**

Y/E Mar	2018	2019E	2020E
Net Sales	98.4	111.2	126.3
EBITDA	20.7	23.9	27.4
PAT	14.4	16.7	19.4
EPS (INR)	21.1	24.5	28.5
Gr. (%)	11.4	16.1	16.2
BV/Sh (INR)	91.9	106.1	121.7
RoE (%)	24.9	24.8	25.0
RoCE (%)	16.2	17.4	18.4
P/E (x)	62.1	53.5	46.1
EV/EBITDA (x)	44.4	38.3	33.2

Estimate change	↔
TP change	↔
Rating change	↔

**Africa drags international performance, domestic demand improving**

- **Godrej Consumer's (GCPL) 1QFY19 consol. net sales (including OOI) grew 13.7% YoY** to INR24.8b (est. of INR25.2b excl. OOI). Consol. comparable (adjusted for GST accounting effect) constant currency sales grew 10% YoY in 1QFY19, with India business reporting 14% growth.
- **India branded business volumes grew 14% YoY.** Household Insecticides reported comparable 17% YoY sales growth. Soaps sales grew 10% YoY (led by double-digit volume growth), while Hair color sales increased 12% YoY.
- **Gross margin expanded 230bp YoY to 55.8%.** High staff cost (+90bp YoY to 12%) was majorly offset by lower ad spends (-30bp YoY to 8.4%) and other expenses (-30bp YoY to 17.3%), resulting in EBITDA margin expansion of 210bp YoY to 18.1%.
- **EBITDA grew 28.4% YoY to INR4.5b** (est. of INR4.4b excl. OOI). Adj. PAT grew 36.5% to INR3.2b (est. of INR3b). Note that PAT is adjusted for a deferred tax asset amounting to INR938.1m during the quarter, on account of sale of certain brands within the Group entities that shall derive benefits of future tax deductions for the Group.
- **Concall highlights: (1)** Urban and rural businesses grew by 13% and 17%, respectively. Management expects rural business to continue growing faster. **(2)** Prices were increased in Hair colour and Home fresheners toward end-1QFY19, which will reflect more prominently 2QFY19 onward.
- **Valuation and view:** At 46.1x Mar'20E EPS, the stock is richly valued. While earnings growth has been more consistent than FMCG peers, its pace has been coming off significantly. With the company's exposure to various geographies, attendant currency risks and relatively low RoE (early-20s), we believe the stock does not warrant a higher multiple. Maintain **Neutral** with a revised target price of INR1,240 (42x Jun'20E EPS, 5% premium to three-year average).

**Quarterly Performance (Consolidated)**

Y/E March	FY18				FY19				FY18	FY19E	FY19	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Net Sales (including OOI)</b>	<b>21,773</b>	<b>25,066</b>	<b>26,303</b>	<b>25,289</b>	<b>24,760</b>	<b>28,324</b>	<b>28,933</b>	<b>29,208</b>	<b>98,433</b>	<b>111,226</b>	<b>25,204</b>	-1.8%
YoY Change (%)	2.9	6.3	9.5	5.8	13.7	13.0	10.0	15.5	6.2	13.0	16.0	
<b>EBITDA</b>	<b>3,498</b>	<b>5,427</b>	<b>5,987</b>	<b>6,050</b>	<b>4,491</b>	<b>6,189</b>	<b>6,586</b>	<b>6,684</b>	<b>20,671</b>	<b>23,949</b>	<b>4,383</b>	2.5%
Margins (%)	16.1	21.6	22.8	23.9	18.1	21.8	22.8	22.9	21.0	21.5	17.4	
YoY Growth (%)	-8.7	16.1	15.8	10.9	28.4	14.0	10.0	10.5	8.0	15.9	27.0	
Depreciation	374	386	396	401	421	405	416	423	1,557	1,665	400	
Interest	397	402	386	422	477	321	309	318	1,607	1,426	326	
Other Income	237	190	359	290	310	171	323	276	1,076	1,079	212	
<b>PBT</b>	<b>2,960</b>	<b>4,721</b>	<b>5,467</b>	<b>5,435</b>	<b>3,853</b>	<b>5,633</b>	<b>6,184</b>	<b>6,219</b>	<b>18,292</b>	<b>21,937</b>	<b>3,869</b>	-0.4%
Tax	634	1,060	1,148	1,204	678	1,296	1,422	1,496	3,925	4,892	890	
Rate (%)	21.4	22.5	21.0	22.2	17.6	23.0	23.0	24.1	21.5	22.3	23.0	
<b>Adj PAT</b>	<b>2,327</b>	<b>3,664</b>	<b>4,322</b>	<b>4,234</b>	<b>3,177</b>	<b>4,338</b>	<b>4,762</b>	<b>4,721</b>	<b>14,382</b>	<b>16,691</b>	<b>2,979</b>	6.6%
YoY Change (%)	-9.2	13.8	23.7	11.3	36.5	18.4	10.2	11.5	10.0	16.1	28.0	

E: MOSL Estimate



# Tech Mahindra

BSE SENSEX 37,494 S&P CNX 11,320

CMP: INR658 TP: INR800(+22%) Buy

Motilal Oswal values your support in the Asiamoney Brokers Poll 2018 for India Research, Sales and Trading team. We [request your ballot](#).



Bloomberg	TECHM IN
Equity Shares (m)	985
M.Cap.(INRb)/(USD\$b)	641.9 / 9.4
52-Week Range (INR)	729 / 380
1, 6, 12 Rel. Per (%)	-6/5/56
12M Avg Val (INR M)	1673
Free float (%)	64.0

### Financials & Valuations (INR b)

Y/E Mar	2018	2019E	2020E
Net Sales	307.7	349.6	398.5
EBITDA	47.2	58.9	69.1
PAT	38.0	39.1	47.3
EPS (INR)	42.7	43.3	52.6
Gr. (%)	33.6	1.3	21.6
BV/Sh (INR)	213.4	244.4	283.1
RoE (%)	21.5	19.3	20.2
RoCE (%)	17.8	16.0	17.0
P/E (x)	15.4	15.2	12.5
P/BV (x)	3.1	2.7	2.3

Estimate change ↔

TP change ↔

Rating change ↔

### Quarterly Performance (Consolidated)

Y/E March	FY18				FY19E				FY18	FY19E	Est. 1Q	Var. (% /
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue (USD m)	1,138	1,179	1,209	1,244	1,224	1,258	1,291	1,338	4,771	5,111	1,213	0.9
QoQ (%)	0.6	3.6	2.5	2.9	-1.6	2.8	2.6	3.6	9.6	7.1	-2.5	88bp
Revenue (INR m)	73,361	76,064	77,760	80,545	82,763	85,565	88,707	92,578	3,07,730	3,49,614	81,331	1.8
YoY (%)	6.0	6.1	2.9	7.5	12.8	12.5	14.1	14.9	5.6	13.6	10.9	192bp
GPM (%)	28.0	29.3	30.8	31.9	30.7	30.9	31.5	32.5	30.0	31.4	31.0	-28bp
SGA (%)	15.3	14.7	14.6	14.3	14.3	15.0	14.5	13.8	14.7	14.6	14.8	-48bp
EBITDA	9,347	11,057	12,638	14,119	13,569	13,626	15,059	16,679	47,161	58,932	13,215	2.7
EBITDA Margin (%)	12.7	14.5	16.3	17.5	16.4	15.9	17.0	18.0	15.3	16.9	16.2	20bp
EBIT Margin (%)	9.4	11.0	12.7	13.8	13.0	12.4	13.6	14.7	11.8	13.5	12.5	50bp
Other income	4,106	3,222	2,250	4,513	1,114	840	1,529	1,462	14,091	4,945	2,436	-54.3
Interest expense	370	386	341	527	305	253	253	252	1,624	1,063	401	-23.9
ETR (%)	25.4	25.3	21.8	18.6	21.2	24.0	24.0	24.0	22.4	23.4	24.0	
PAT excl. BT amort & EOI	7,985	8,362	9,422	12,221	8,979	8,416	10,019	11,177	37,990	38,591	9,312	-3.6
QoQ (%)	35.8	4.7	12.7	29.7	-26.5	-6.3	19.0	11.6			-23.8	
YoY (%)	21.7	29.7	10.1	107.9	12.4	0.6	6.3	-8.5	38.3	1.6	16.6	
EPS (INR)	9.0	9.4	10.6	13.7	10.1	9.4	11.2	12.5	42.6	43.3	11.7	
Headcount	1,15,990	1,17,225	1,15,241	1,12,807	1,13,552	1,18,079	1,21,524	1,12,807	1,12,807	1,25,507	1,15,655	-1.8
Util excl. trainees (%)	77.0	81.0	83.0	84.0	81.0	84.9	83.6	84.0	81.1	83.3	84.3	-330bp
Attrition (%)	17.0	16.0	17.0	18.0	19.0							
Offshore rev. (%)	36.3	35.9	34.2	33.0	33.4	35.1	34.7	33.0	34.8	34.5	32.6	81bp

## Operating performance marginally ahead

### Telecom outlook encouraging

- 1QFY19 operating performance marginally ahead:** TECHM's 1QFY19 CC revenue was flattish QoQ (+0.3%) and grew 6.9% YoY, better than our expectation of a 1.2% QoQ decline and 5.3% YoY growth. EBITDA of 16.4% (-110bp QoQ) was marginally better than our estimate of 16.0%; ~250bp of headwinds from wages, visas, Comviva and utilization were partly offset by currency and operational efficiencies. PAT declined sharply QoQ to INR9b (-26.5% QoQ, +12.4% YoY) – well below our estimate of INR10.4b. This was due to significantly lower other income and forex gains.
- Worst for Telecom behind:** Telecom saw a steep decline (-6.4% QoQ), but excluding cross currencies and Comviva, the decline was 1-1.5%. Management, however, cited that growth is coming back in the vertical. The robust deal flow is reflected in LOIs worth ~USD200m in the first 30 days of the month (equivalent to run-rates seen for the entire quarter recently).
- Traction in Enterprise multi-faceted:** Although growth across verticals was a mixed bag in Enterprise, the segment grew 3.8% QoQ CC. Manufacturing continued its healthy form spread across sub-segments. Even BFSI, though volatile sequentially, is expected to deliver on YoY revenues. The 'Others' vertical has been the fastest growing segment, thanks to CJs acquisition.
- Valuation view:** A strong commentary on Telecom drives ~0.5-1.5% upgrades to our revenue estimates, while 3.2% earnings cut in FY19 is a function of lower 1Q PAT due to other income. We expect TECHM to grow its revenues/EPS at a CAGR of 8.5/11% over FY18-20. Higher forex gains base in FY18 impacts earnings CAGR. Our expected EBIT CAGR is 24.7%. At 15/12x FY19/20E, TECHM's valuations are attractive considering the recovery demonstrated in margins, which may now be followed by traction in Telecom. Our TP of INR800 discounts forward earnings by 15x. **Buy.**



# Shree Cement

BSE SENSEX 37,494 S&P CNX 11,320

**CMP: INR17,175 TP: INR19,804(+15%) Buy**

Motilal Oswal values your support in the Asiamoney Brokers Poll 2018 for India Research, Sales and Trading team. We request your ballot.



Bloomberg	SRCM IN
Equity Shares (m)	35
M.Cap.(INRb)/(USD\$b)	598.3 / 8.7
52-Week Range (INR)	19842 / 15015
1, 6, 12 Rel. Per (%)	5/-5/-18
12M Avg Val (INR M)	403
Free float (%)	35.2

**Financials & Valuations (INR b)**

Y/E Mar	2018	2019E	2020E
Net Sales	98.3	125.8	164.8
EBITDA	24.3	28.1	39.4
PAT	13.4	14.8	21.5
EPS (INR)	385.8	424.5	617.1
Gr. (%)	0.4	10.0	45.3
BV/Sh (INR)	2,554	2,931	3,500
RoE (%)	16.2	15.5	19.2
RoCE (%)	13.7	12.2	15.3
P/E (x)	44.5	40.5	27.8
P/BV (x)	6.7	5.9	4.9
EV/EBITDA (x)	23.7	20.8	14.9
EV/Ton (USD)	234	200	194

Estimate change ↔  
 TP change ↔  
 Rating change ↔

**Volumes impress, but forex loss impacts profits**

- **Healthy volume growth:** SRCM's 1QFY19 volumes including clinker increased ~19% YoY (+8% QoQ) to 6.99mt, led by healthy growth in eastern operations. Realizations declined ~2.6% YoY (-1% QoQ) to INR4,107 (in-line) due to weaker prices in north markets. Revenue increased 19% YoY to INR30.7b (est. of INR30.4b). Cement revenue grew 2% YoY to INR28.6b, while power revenue increased 109% YoY to INR2.0b due to healthy merchant power rates and higher volumes.
- **Higher forex loss impacts margins:** EBITDA declined 19% YoY to INR5.75b (est. of INR6.77b) due to a forex loss of INR700m in 1QFY19. Overall margin contracted 8.9pp YoY (-3.65pp QoQ) to 18.7% on account of an increase in unitary cost (led by higher freight cost and power & fuel cost due to an increase in petcoke prices) and other expenses due to forex loss. Power EBITDA stood at INR420m, resulting in cement EBITDA/t of INR763 (est. of INR934). Depreciation increased 32% YoY (+31% QoQ) due to commissioning of grinding units in Bihar (2mt) and Rajasthan (3.6mt), and a clinker unit of 2.6mt in east. Tax rate stood at 10% in 1QFY19 v/s 19.5% in the year-ago period, resulting in a 37% YoY decline in PAT to INR2.77b.
- **Key highlights:** (1) Power volumes increased 58% YoY to 451mn units. 2) Power EBITDA/unit increased 2.4x QoQ to INR0.9/unit, led by better realizations. 3) Other expenses included a forex loss of INR700m.
- **Valuation and view:** SRCM is likely to deliver EBITDA CAGR of 27% over FY18-20, led by healthy volume growth (driven by rapid capacity addition) and pricing improvement (driven by higher realizations in the underlying markets in the north). In our view, SRCM – with its superior return ratios and strong earnings growth – deserves to trade at premium valuations. We, thus, value the stock at 15.5x (~10% premium to Ultratech) FY20E EV/EBITDA to arrive at a target price of INR19,804. Maintain **Buy**.

**Quarterly Performance**

(INR Million)

Y/E March	FY18				FY19				FY18	FY19E	FY19	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Sales Dispat. (m ton)	5.89	4.88	5.33	6.44	6.99	5.66	6.28	7.66	22.54	26.59	7.04	-1
YoY Change (%)	14.8	6.8	8.5	8.7	18.7	16.0	18.0	18.9	9.7	18.0	19.6	
Realization (INR/Ton)	4,215	4,170	4,132	4,157	4,107	4,157	4,307	4,338	4,171	4,231	4,107	0
YoY Change (%)	8.5	2.6	10.4	7.4	-2.6	-0.3	4.2	4.3	6.8	1.4	-2.3	
QoQ Change (%)	8.9	-1.1	-0.9	0.6	-1.2	1.2	3.6	0.7			-1.2	
<b>Net Sales</b>	<b>25,769</b>	<b>21,368</b>	<b>23,027</b>	<b>28,111</b>	<b>30,699</b>	<b>24,951</b>	<b>28,522</b>	<b>34,448</b>	<b>98,331</b>	<b>118,620</b>	<b>30,378</b>	<b>1</b>
YoY Change (%)	17.2	4.1	23.5	15.3	19.1	16.8	23.9	22.5	14.4	20.6	18.1	
<b>EBITDA</b>	<b>7,133</b>	<b>5,605</b>	<b>5,293</b>	<b>6,294</b>	<b>5,752</b>	<b>4,594</b>	<b>6,199</b>	<b>9,867</b>	<b>24,325</b>	<b>26,413</b>	<b>6,774</b>	<b>-15</b>
Margins (%)	27.7	26.2	23.0	22.4	18.7	18.4	21.7	28.6	24.7	22.3	22.3	
Depreciation	2,312	2,253	2,100	2,330	3,055	2,752	2,752	2,451	8,994	11,010	2,750	
Interest	329	380	207	437	562	182	182	182	1,353	1,108	300	
Other Income	974	995	873	1,049	936	1,000	1,000	1,064	3,891	4,000	1,000	
<b>PBT before EO Exp</b>	<b>5,466</b>	<b>3,968</b>	<b>3,858</b>	<b>4,576</b>	<b>3,071</b>	<b>2,660</b>	<b>4,265</b>	<b>8,298</b>	<b>17,868</b>	<b>18,295</b>	<b>4,724</b>	<b>-35</b>
Extra-Ord Expense	0	0	-403	0	-24	0	0	0	-403	-24	0	
<b>PBT</b>	<b>5,466</b>	<b>3,968</b>	<b>4,262</b>	<b>4,576</b>	<b>3,095</b>	<b>2,660</b>	<b>4,265</b>	<b>8,298</b>	<b>18,271</b>	<b>18,319</b>	<b>4,724</b>	<b>-34</b>
Tax	1,065	1,850	928	584	301	266	426	2,671	4,427	3,664	236	
Rate (%)	19.5	46.6	21.8	12.8	9.7	10.0	10.0	32.2	24.2	20.0	5.0	
<b>Reported PAT</b>	<b>4,401</b>	<b>2,118</b>	<b>3,333</b>	<b>3,992</b>	<b>2,795</b>	<b>2,394</b>	<b>3,838</b>	<b>5,628</b>	<b>13,844</b>	<b>14,655</b>	<b>4,487</b>	<b>-38</b>
<b>Adj PAT</b>	<b>4,401</b>	<b>2,118</b>	<b>2,930</b>	<b>3,992</b>	<b>2,771</b>	<b>2,394</b>	<b>3,838</b>	<b>5,628</b>	<b>13,441</b>	<b>14,631</b>	<b>4,487</b>	
YoY Change (%)	-13.3	-27.4	24.5	31.1	-37.0	13.1	31.0	41.0	0.4	8.9	2.0	



# Piramal Enterprises

BSE SENSEX  
37,494

S&P CNX  
11,320

**CMP: INR2,664 TP: INR3,125 (+17%)**

**Buy**

Motilal Oswal values your support in the Asiamoney Brokers Poll 2018 for India Research, Sales and Trading team. We request your ballot.



Bloomberg	PIEL IN
Equity Shares (m)	173
M.Cap.(INRb)/(USD\$b)	484.1 / 7.1
52-Week Range (INR)	3010 / 2279
1, 6, 12 Rel. Per (%)	-1/-7/-25
12M Avg Val (INR M)	599
Free float (%)	48.6

### Financials & Valuations (INR b)

Y/E March	2018	2019E	2020E
Revenues	106.4	134.3	168.8
EBITDA	29.6	36.9	45.2
PAT	12.7	12.7	22.9
EPS (INR)	77.8	78.6	133.1
EPS Gr. (%)	7.2	1.1	69.2
BV/Sh. (INR)	1,326	1,378	1,465
Payout (%)	32.1	28.3	29.2
<b>Valuations</b>			
P/E (x)	34.3	33.9	20.0
P/BV (x)	2.0	1.9	1.8
Div. Yield (%)	1.0	0.9	1.6

### Retail housing finance scaling up; one-time loss on sale of subsidiary

- Piramal Enterprises' (PIEL) 1QFY19 adjusted PAT grew 27% YoY to INR3.8b. However, due to an INR4.5b loss on sale of its subsidiary, Piramal Imaging SA, the company reported a consolidated net loss of INR698m.
- **Financial Services** – The loan book grew in line with trend at 64% YoY to reach INR470b. **The share of real estate lending continues to decline, while that of corporate lending and retail housing finance is on the rise. NIM for 1QFY19 at 7.1% was 60bp lower than that for FY18.** As a result, RoA for 1QFY19 was 30bp lower than that for FY18 at 3.6%. RoE for the quarter was 17%. The performance on the RoA/RoE front is a tad below our expectations. However, the GNPL ratio remains stable at 30bp, while total provisioning on the balance sheet is unchanged at 1.8%.
- **Pharma Services** – Global pharma revenue grew 16% YoY to INR9.8b. EBITDA margin, however, shrank 300bp YoY to 20% in 1QFY19, primarily due to a change in revenue mix (high growth from service business). Going forward, PIEL expects margin to improve to ~25%.
- Due to the merger of Piramal Capital and Piramal Housing Finance, its credit rating got upgraded to CARE AA+.

**Valuation view:** PIEL has the distinction of being one of the few companies in India to generate 25%+ book value CAGR over the past 25+ years. We believe that the company has the DNA to incubate and grow businesses in niche segments. Given the migration to retail loans, margins and profitability have come in marginally below our expectation. Hence, we cut our FY20E EPS estimate by 11% due to lower-than-expected profitability in the pharma and IT segments. Our FY20 SOTP based TP is **INR3,125. Buy.**

Y/E March	(INR Million)								FY18	FY19
	FY18				FY19					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Revenues</b>	<b>22,541</b>	<b>25,359</b>	<b>28,584</b>	<b>29,911</b>	<b>29,025</b>	<b>32,184</b>	<b>35,821</b>	<b>37,318</b>	<b>106,394</b>	<b>134,348</b>
Growth YoY %	26.9	29.0	22.0	21.5	28.8	26.9	25.3	24.8	24.5	26.3
Financial Services	10,842	11,859	13,159	13,955	15,586	16,989	18,518	20,778	49,816	71,871
Healthcare	9,179	10,942	10,746	13,619	10,658	12,382	12,157	13,737	44,486	48,934
HC Insights and Analytics	2,520	2,557	4,679	2,337	2,781	2,813	5,146	2,803	12,092	13,543
<b>Segmental Results</b>	<b>6,085</b>	<b>7,524</b>	<b>8,806</b>	<b>7,196</b>	<b>7,831</b>	<b>8,737</b>	<b>10,825</b>	<b>9,523</b>	<b>29,611</b>	<b>36,915</b>
Growth YoY %	52.4	89.0	39.3	8.8	28.7	16.1	22.9	32.3	41.6	24.7
Financial Services	4,458	4,728	5,462	5,287	6,138	6,598	7,093	7,520	19,933	27,349
Healthcare	1,380	2,596	1,857	2,169	1,577	1,857	2,188	2,250	8,001	7,873
HC Insights and Analytics	248	201	1,488	-259	115	281	1,544	-248	1,677	1,693
Depreciation and Interest	2,590	2,612	2,291	2,480	2,798	2,750	2,750	2,775	9,973	11,073
Extra Ordinary Item	0	0	0	0	-4,500	0	0	0	0	-4,500
<b>Reported Profit Before Tax</b>	<b>3,495</b>	<b>4,912</b>	<b>6,515</b>	<b>4,716</b>	<b>532</b>	<b>5,987</b>	<b>8,075</b>	<b>6,748</b>	<b>19,638</b>	<b>21,343</b>
Growth YoY %	59.6	90.8	49.9	18.1	-84.8	21.9	24.0	43.1	49.9	8.7
Taxes	1,021	1,898	2,118	1,892	1,810	1,976	2,665	2,193	6,928	8,644
Tax rate %	29.2	38.6	32.5	40.1	340.1	33.0	33.0	32.5	35.3	40.5
<b>Profit After Tax</b>	<b>2,475</b>	<b>3,015</b>	<b>4,397</b>	<b>2,824</b>	<b>-1,278</b>	<b>4,011</b>	<b>5,410</b>	<b>4,555</b>	<b>12,710</b>	<b>12,699</b>
Growth YoY %	43.1	18.5	22.6	-4.6	-151.6	33.0	23.1	61.3	17.5	-0.1
MI and Others	548	821	508	924	602	650	700	1,028	2,801	2,980
<b>PAT</b>	<b>3,022</b>	<b>3,836</b>	<b>4,905</b>	<b>3,748</b>	<b>-676</b>	<b>4,661</b>	<b>6,110</b>	<b>5,583</b>	<b>15,511</b>	<b>15,679</b>
Growth YoY %	30.9	25.2	21.4	20.5	-122.4	21.5	24.6	49.0	23.9	1.1

Note: 4QFY18 numbers exclude one-off DTA benefit





# InterGlobe Aviation

BSE SENSEX  
37,494

S&P CNX  
11,320

**CMP: INR1,004**

**TP: INR903 (-10%)**

**Neutral**

Motilal Oswal values your support in the Asiamoney Brokers Poll 2018 for India Research, Sales and Trading team. We [request your ballot](#).



Bloomberg	INDIGO IN
Equity Shares (m)	384
M.Cap.(INRb)/(USD\$b)	386 / 5.6
52-Week Range (INR)	1520 / 993
1, 6, 12 Rel. Per (%)	-13/-21/-38
12M Avg Val (INR M)	1118
Free float (%)	25.1

### Financials & Valuations (INR b)

Y/E Mar	2018	2019E	2020E
Net Sales	230.2	293.4	367.9
EBITDA	65.7	68.4	89.6
PAT	22.4	16.2	24.7
EPS (INR)	58.3	42.1	64.3
Gr. (%)	35.1	-27.8	52.7
BV/Sh (INR)	184.1	191.1	201.9
RoE (%)	41.3	22.4	32.7
RoCE (%)	31.0	25.6	36.9
P/E (x)	17.2	23.9	15.6
P/BV (x)	5.5	5.3	5.0
Adj. EV/EBITDAR	9.1	9.4	7.5

Estimate change



TP change



Rating change



## Hit by a double whammy of crude and competition; Turbulence ahead!

INDIGO's revenue of INR65b (+13% YoY, +12% QoQ) was below our estimate of INR72b due to a lower yield of INR4.10 (est. of INR4.51; -5% YoY, +7% QoQ). EBITDAR of INR10.3b (-47% YoY, -8% QoQ) came in significantly below our estimate of INR21.4b due to (a) higher fuel cost per ASK of INR1.54 (est. of INR1.48; +30% YoY, +11% QoQ) and (b) a rise in other expenses per ASK of INR1.17 (est. of INR0.98; +24% YoY, +21%QoQ), led by a forex loss and higher maintenance cost. While the company reported an EBITDA loss, PAT stood at INR278m (-97% YoY, -76% QoQ) helped by higher other income of INR3.1b (+51% YoY, +19% QoQ) and a lower tax rate of 11.3% v/s 28% in 1QFY18 and 29% in 4QFY18.

- **Ticket yield down ~5% YoY in a seasonally strong 1Q:** INDIGO's ticket yield declined 5% YoY (+10% QoQ) to INR3.6 (est. of INR3.9), led by pricing pressure in the 15-day window (contributes ~40%) due to heightened competitive intensity.
- **EBITDAR margin contracts to 15.8% (34% in 1QFY18):** Fuel cost per ASK increased sharply by 30% YoY in 1QFY19. However, we note that 1Q is a seasonally strong quarter from demand perspective and cost increases should have been passed on. A low ticket yield, thus, indicates limited pricing power with the airline. Adding to this, higher other expenses squeezed the EBITDAR margin to a six-year low of 15.8% in 1QFY19.
- **Aggressive ASK guidance for 2QFY19 and FY19:** Management guided for ASK growth of 28% YoY in 2QFY19 and 25% YoY in FY19. We expect INDIGO to face pricing pressure in 2QFY19 to profitably deploy incremental capacity in a seasonally lean quarter given the increased competitive intensity due to industry-wide capacity addition.
- **Cutting estimates by 27% for FY19:** Dismal operating performance in a seasonally strong 1Q and expected pricing pressure in 2Q result in a 27% cut in the earnings estimate for FY19. We adjust our yield estimate for FY20, resulting in ~8% cut in earnings.
- **Valuation and view:** We remain confident on INDIGO's execution capabilities and profitability focus. However, rising crude oil prices in a highly competitive and price-sensitive market will weigh on INDIGO's profitability over FY19/20. Thus, we remain cautious on the stock; it trades at 15.6x FY20E EPS of INR64.5 and 7.5x FY20E adj. EV/EBITDAR. We value INDIGO at 14x FY20E EPS to arrive at a TP of INR903. Maintain **Neutral**.



Quarterly performance

(INR Million)

Y/E March	FY18				FY19				FY18	FY19E	FY19	Var. vs est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Net Sales</b>	<b>57,529</b>	<b>52,910</b>	<b>61,779</b>	<b>57,991</b>	<b>65,120</b>	<b>67,343</b>	<b>82,300</b>	<b>78,648</b>	<b>230,209</b>	<b>293,411</b>	<b>72,052</b>	<b>-10%</b>
YoY Change (%)	25.6	27.0	23.9	19.6	13.2	27.3	33.2	35.6	23.9	27.5	25.2	
Fuel cost	17,929	16,781	20,465	23,677	27,480	27,024	28,150	28,267	78,853	110,922	26,135	5%
Employee cost	5,843	6,004	6,137	6,566	6,536	8,087	8,431	8,831	24,550	31,885	7,179	-9%
Other expenses	14,250	14,550	15,820	16,519	20,791	19,019	20,886	21,469	61,139	82,164	17,332	20%
<b>Total Expenditure</b>	<b>38,022</b>	<b>37,335</b>	<b>42,422</b>	<b>46,762</b>	<b>54,807</b>	<b>54,131</b>	<b>57,467</b>	<b>58,567</b>	<b>164,542</b>	<b>224,971</b>	<b>50,645</b>	<b>8%</b>
<b>EBITDAR</b>	<b>19,507</b>	<b>15,574</b>	<b>19,357</b>	<b>11,229</b>	<b>10,313</b>	<b>13,212</b>	<b>24,833</b>	<b>20,081</b>	<b>65,667</b>	<b>68,440</b>	<b>21,407</b>	<b>-52%</b>
Margins (%)	33.9	29.4	31.3	19.4	15.8	19.6	30.2	25.5	28.5	23.3	29.7	
Net Rentals	8,537	8,193	9,442	9,931	10,424	11,592	12,861	13,316	36,102	48,193	10,629	-2%
<b>EBITDA</b>	<b>10,970</b>	<b>7,382</b>	<b>9,915</b>	<b>1,298</b>	<b>-110</b>	<b>1,620</b>	<b>11,972</b>	<b>6,765</b>	<b>29,565</b>	<b>20,247</b>	<b>10,778</b>	<b>-101%</b>
Margins (%)	19.1	14.0	16.0	2.2	-0.2	2.4	14.5	8.6	12.8	6.9	15.0	
Depreciation	983	1,025	1,074	1,286	1,553	1,414	1,414	1,247	4,369	5,627	1,414	10%
Interest	770	857	844	927	1,087	385	380	397	3,398	2,248	535	103%
Other Income	2,026	2,146	2,719	2,577	3,064	2,585	2,585	2,106	9,469	10,340	2,585	19%
<b>PBT</b>	<b>11,243</b>	<b>7,645</b>	<b>10,716</b>	<b>1,662</b>	<b>314</b>	<b>2,406</b>	<b>12,763</b>	<b>7,227</b>	<b>31,267</b>	<b>22,711</b>	<b>11,414</b>	<b>-97%</b>
Tax	3,132	2,130	3,096	486	36	698	3,701	2,096	8,843	6,531	3,310	-99%
Rate (%)	27.9	27.9	28.9	29.2	11.3	29.0	29.0	29.0	28.3	28.8	29.0	
<b>Reported PAT</b>	<b>8,111</b>	<b>5,516</b>	<b>7,620</b>	<b>1,176</b>	<b>278</b>	<b>1,708</b>	<b>9,062</b>	<b>5,131</b>	<b>22,424</b>	<b>16,180</b>	<b>8,104</b>	<b>-97%</b>
<b>EPS</b>	<b>21.1</b>	<b>14.3</b>	<b>19.8</b>	<b>3.1</b>	<b>0.7</b>	<b>4.4</b>	<b>23.6</b>	<b>13.3</b>	<b>58.3</b>	<b>42.1</b>	<b>21.1</b>	<b>-97%</b>
YoY Change (%)	37.1	294.5	56.4	-73.3	-96.6	-69.0	18.9	336.2	35.1	-27.8	-0.1	

E: MOSL Estimates



# SUN TV Networks

BSE SENSEX 37,494 S&P CNX 11,320

**CMP: INR776 TP: INR1,080 (+39%) Buy**

Motilal Oswal values your support in the Asiamoney Brokers Poll 2018 for India Research, Sales and Trading team. We request your ballot.



### Stock Info

Bloomberg	SUNTV IN
Equity Shares (m)	394
M.Cap.(INRb)/(USDb)	305.8 / 4.5
52-Week Range (INR)	1097 / 652
1, 6, 12 Rel. Per (%)	-7/-28/-19
12M Avg Val (INR M)	1309
Free float (%)	25.0

### Financials Snapshot (INR b)

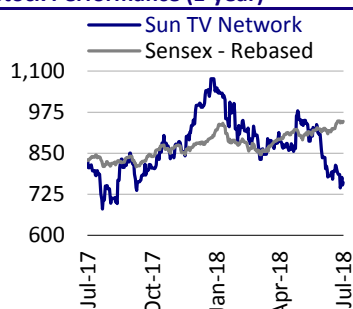
Y/E MARCH	FY18	FY19E	FY20E
Net Sales	28.6	33.8	38.3
EBITDA	19.6	23.6	26.7
NP	10.9	13.7	15.8
EPS (INR)	27.7	34.7	40.1
EPS Gr (%)	11.6	25.3	15.4
BV/Share (INR)	117.7	128.2	140.6
P/E (x)	27.6	22.1	19.1
P/BV (x)	6.5	6.0	5.5
EV/EBITDA (x)	14.4	11.9	10.3
RoE (%)	25.2	28.3	29.8
RoCE (%)	25.3	28.3	29.8

### Shareholding pattern (%)

As On	Jun-18	Mar-18	Jun-17
Promoter	75.0	75.0	75.0
DII	4.8	3.9	2.7
FII	12.1	13.0	14.7
Others	8.1	8.1	7.6

FII Includes depository receipts

### Stock Performance (1-year)



## Improving viewership, digitization in TN to support earnings

Recent stock price correction unwarranted; maintain Buy

- After being hurt by IPL in May 2018, and then by ARASU withdrawing feeds in June 2018, the viewership share for Sun TV channel has increased by 280bp in the last six weeks. Uptick in viewership share on resumption of ARASU feeds, new launches, and increasing share of commission-model-based shows should drive 13% CAGR in ad revenue over FY18-20.
- Foray into the Bangla genre (market size: INR7b), which is likely before the end of FY19, could cost ~INR1.5b annually, translating into 3-5% loss of PBT. However, it should expand SUNTV's target market and earnings growth potential.
- The monthly run-rate of digitization in Tamil Nadu should continue to be 300k-400k subscribers in FY19. Digitized subscribers in the state should reach 5m-7m (50-60% of analog subscribers).
- We expect INR3.6b incremental subscription revenue from the Tamil market over the next 2-3 years and 10-12% CAGR in the non-Tamil market over the same period. We believe SUNTV would comfortably meet our estimate of 16% subscription revenue CAGR over FY18-20.
- We expect IPL to contribute revenue of INR2.4b and PBT of INR1.3b-1.4b in FY19; 85% of the total IPL revenue should be booked in 1QFY19.
- We value SUNTV at 27x (~25% discount to ZEE) FY20E EPS, arriving at a TP of INR1,080 (INR1,100 earlier). With PAT CAGR of 20% over FY18-20 and a steady increase in RoCE to 30%, the valuation gap (currently ~30%) with ZEE should reduce. Maintain Buy.

## Stock price should bounce back on improving ratings

SUNTV's stock price has declined ~20% in the last two months. In May 2018, IPL had hurt viewership ratings, putting pressure on stock price. Post the completion of IPL, Sun TV's ratings remained weak in June 2018 primarily due to ARASU withdrawing channel feeds (as a result of stalemate on analog subscriber ARPU), keeping its stock price under check. However, Sun TV channel ratings have improved 34% (+280bp viewership share) in the last six weeks, with the resumption of channel feeds on ARASU. We expect ratings to improve further in the coming weeks on the back of a strong funnel.

## Healthy launch funnel to improve ratings; expect 13% ad revenue CAGR over FY18-20

The Tamil market has seen intense competition, with the launch of *Colors Tamil* and *Star Vijay's Big Boss*, and aggressive movie library ramp-up by ZEE. However, after its initial aggression, *Colors Tamil* has not featured in the top-5 channel ratings in the last two weeks. Sun TV has been a slow starter, but its content pipeline is building up – it would be launching 3-4 new shows in the next 2-3 quarters. On July 2, 2018, it launched on commission model basis, a horror comedy show, *Maya* in all the four regional languages. *Maya* is directed by the director of *Nandini*, Sun TV's leading primetime show. This acted as a catalyst to a 7% rise in Sun TV's absolute viewership vis-à-vis pre-IPL. However, viewership share contracted 200bp, with rising competition – *Star/ZEE's* viewership increased 170bp/220bp, while *Colors'* viewership dipped 120bp.

Our channels checks suggest another mega serial launch in 2QFY19, with grandeur and cinematography matching Hindi soaps. Overall, we expect SUNTV to release 2-3 new fiction shows and 1-2 new non-fiction shows over the next 6-9 months across the four regional markets. As mandated by regulations, the content would be shot in two languages, Tamil and Kannada, and dubbed in the remaining two languages, Malayalam and Telugu. The launch of new shows would increase content cost, but should support healthy ratings and 13% ad revenue CAGR over FY18-20.

### **Regional viewership growing steadily**

Average viewership of six regional markets (Tamil, Telugu, Kannada, Malayalam, Bangla and Marathi) has been improving – BARC data highlights ~8% YoY growth in impressions against 6% for Hindi GECs. The regional markets are likely to grow at 1.2-1.5x the overall TV ad growth. We see limited risk to our estimate of 13% ad revenue CAGR over FY18-20 even in a reducing market share scenario.

### **Commission model gaining steam**

We expect SUNTV to launch all new Tamil shows on commission model. Currently, it has four shows on commission model. By the end of FY19, 6-7 shows are likely to be on commission model. This should improve ad pricing mix, as it would restrict undercutting through producer model.

### **Bangla launch likely before end of FY19**

SUNTV plans to launch its Bangla channel before the end of FY19. Assuming 50:50 ratio of original content to repeat telecast, with 35-40 hours/week of original content, the annual operating cost would be ~INR1.5b for the first three years, content accounting for most of the cost. Bangla content cost should be sub-INR1m/hour, higher than South Indian content but far lower than Hindi GEC content. SUNTV targets breakeven in 2-3 years. With a market size of INR7b, this would imply 15-20% target viewership share for breakeven at INR1.5b annual operating cost. The launch of Bangla channel is a welcome positive, as it should increase SUNTV's target market, though it might curtail PBT by 3-5%, assuming INR1b-1.5b impact on PBT. We do not expect SUNTV to launch a Marathi channel presently.

### **Pace of digitization healthy; subscription growth could beat our 17% estimate**

As at the end of March 2018, digitization of ~2m subscribers was completed, implying digitization of 300k-400k subscribers per month since October 2017, when digitization began in Tamil Nadu. The management has highlighted that an additional 9m-10m households are yet to be digitized. The monthly rate of digitization of 300k-400k subscribers should continue in FY19, by the end of which Tamil Nadu market should have 5m-7m digitized subscribers (50-60% of analog subscribers). Assuming blended ARPU of INR30 (DTH: INR42; Cable: INR20-25), incremental subscription revenue from Tamil market could be INR3.6b, which could accrue over 2-3 years. INR1b-1.2b per year from non-Tamil markets and similar contribution from Tamil market would imply ~20% subscription revenue CAGR over the next 2-3 years. We have built subscription revenue CAGR of 16% over FY18-20. Our subscription revenue growth factors slow pace of digitization and could be

higher. Also, 1QFY19 might see the impact of reduction in analog revenue by ARASU, partly offsetting the growth in digital cable revenue.

#### **Investments in movie production and library building to remain high**

SUNTV has two movies under production: (1) Sarkar, which is produced by AR Murugadoss and is likely to be released by Diwali, and (2) a movie starring Rajnikant, for which shooting has started which is likely to be released by the end of FY19 or early FY20. Total outlay for the two movie productions is INR3b. Additionally, capex outlay towards movie library is INR4b. So, total investment in movie production and acquisition is likely to be INR7b. Our estimates factor INR5b capex, partly factoring the movie production cost. However, the incremental upside from the movie production is not yet factored.

#### **IPL contribution to increase**

We expect IPL to contribute revenue of INR2.4b and PBT of INR1.3b-1.4b in FY19; 85% of the total IPL revenue would be booked in 1QFY19. This factors 20% of the TV and digital rights in FY19, the first year of the new five-year lease term. If the share of revenue is lower in the first year and increases in the following years, then the revenue/EBITDA contribution in 1QFY19 could be lower by 10%/25%. In FY18, IPL contributed INR1.4b revenue and INR20m pre-tax loss; 85% of the IPL revenue/EBITDA for the year was booked in 1QFY18.

#### **Valuations compelling; maintain Buy**

In the past two months, SUNTV has corrected about 20% due to the decline in viewership of its Tamil flagship channel, Sun TV. However, ratings have recovered in the last 2-3 weeks – since the launch of Maya. The stock is trading at 19x FY20E EPS, at ~30% discount to ZEE. We believe PAT CAGR of 20% over FY18-20 coupled with a steady increase in RoCE to 30% should help reduce the valuation gap. We value SUNTV at 27x (~25% discount to ZEE) FY20E EPS of INR40, arriving at a TP of INR1,080 (INR1,100 earlier). Maintain **Buy**.



# Mahindra Financial Services

BSE SENSEX  
37,494

S&P CNX  
11,320

CMP: INR513

TP: INR600 (+17%)

Buy

Motilal Oswal values your support in the Asiamoney Brokers Poll 2018 for India Research, Sales and Trading team. We request your ballot.



Bloomberg	MMFS IN
Equity Shares (m)	614
M.Cap.(INRb)/(USD\$b)	317.1 / 4.6
52-Week Range (INR)	538 / 386
1, 6, 12 Rel. Per (%)	3/5/12
12M Avg Val (INR M)	867
Free float (%)	48.8

### Financials & Valuations (INR b)

Y/E March	2018	2019E	2020E
NII	35.3	46.5	54.7
PPP	21.7	30.7	36.1
PAT	10.1	12.5	14.9
EPS (INR)	17.4	20.3	24.2
BV/Sh.(INR)	156.6	171.0	188.1
ABV/Sh (INR)	134.1	155.1	173.2
RoA on AUM (%)	2.3	2.3	2.2
RoE (%)	12.5	12.4	13.5
Payout (%)	32.1	29.3	29.3

Valuations			
Y/E March	2018	2019E	2020E
P/E (x)	29.4	25.3	21.2
P/BV (x)	3.3	3.0	2.7
P/ABV (x)	3.8	3.3	3.0
Div. Yield (%)	0.8	1.0	1.2

### Strong operating performance; Transition to Ind-AS positive

- MMFS reported PAT of INR2.7b (+34% YoY) under Ind-AS. The quarter was marked by robust disbursement and AUM growth, as well as an improvement in margins.
- Continuing the trend of the prior quarter, value of assets financed grew 35% YoY to INR103b. For the first time since 2012, disbursement growth has been above 30% for two consecutive quarters.
- Consequently, reported AUM grew 7% QoQ/23% YoY to INR587b. Over the past year, the share of Auto/UV declined from 30% to 27%, which was offset by an increase in the share of SME financing (8% to 12%).
- Calculated NIM on AUM expanded 130bp YoY to 7.7%, driven largely equally by higher yield on loans (better asset quality performance), lower cost of funds and lower leverage. Like peers, MMFS has increased the share of bank borrowings and CPs, and has decreased the share of NCDs over the past year. Opex grew slower than AUM at 18% YoY, resulting in some operating leverage.
- Gross stage 3/net stage 3 loans declined YoY from 14.5%/9.3% to 9.4%/6.3%. Also, as of FY18, gross stage 3 loans were 9% compared to the GNPL ratio of 8.5%. Total provisions as a percentage of loans stood at 5.3% v/s 5.1% a quarter ago and 6.7% a year ago. PCR including standard assets provisions was largely stable QoQ at ~59%.
- Ind-AS impact: (a) FY17/18 networth was restated upward by 2%/3% due to Ind-AS transition. b) FY18 PAT was restated upward by 21% to INR10.8b largely due to lower credit costs.
- Valuation view: The business environment for MMFS is getting better, with multiple tailwinds in each product class. Asset quality data signal early signs of revival. Improvement in credit costs and growth will drive an increase in RoE to 14% in FY20. MMFS' long-term prospects remain strong. Our SOTP-based target price is INR600 (unchanged). Maintain **Buy**.

### Quarterly Performance

Y/E March	FY18				FY19				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY18	FY19E
Operating Income	14,980	16,608	18,340	20,600	19,258	20,221	21,435	22,520	66,295	83,434
Other Income	107	221	124	138	138	148	158	236	592	681
<b>Total income</b>	<b>15,087</b>	<b>16,829</b>	<b>18,464</b>	<b>20,738</b>	<b>19,397</b>	<b>20,370</b>	<b>21,593</b>	<b>22,756</b>	<b>66,887</b>	<b>84,115</b>
YoY Growth (%)	9.7	11.0	22.8	12.5	28.6	21.0	16.9	9.7	7.2	25.8
Interest Expenses	7,553	7,498	7,629	7,550	8,488	8,997	9,492	9,919	30,995	36,895
<b>Net Income</b>	<b>7,534</b>	<b>9,331</b>	<b>10,835</b>	<b>13,188</b>	<b>10,909</b>	<b>11,373</b>	<b>12,101</b>	<b>12,837</b>	<b>35,892</b>	<b>47,220</b>
YoY Growth (%)	10.0	15.6	42.7	16.8	44.8	21.9	11.7	-2.7	6.2	31.6
Operating Expenses	3,274	3,694	4,282	4,927	3,849	4,041	4,243	4,407	14,233	16,540
<b>Operating Profit</b>	<b>4,260</b>	<b>5,636</b>	<b>6,553</b>	<b>8,261</b>	<b>7,060</b>	<b>7,332</b>	<b>7,858</b>	<b>8,430</b>	<b>21,659</b>	<b>30,680</b>
YoY Growth (%)	18.8	25.1	65.9	13.9	65.8	30.1	19.9	2.1	12.3	41.7
Provisions	1,269	4,446	1,989	1,572	2,938	2,900	2,900	2,918	5,681	11,657
<b>Profit before Tax</b>	<b>2,991</b>	<b>1,190</b>	<b>4,563</b>	<b>6,688</b>	<b>4,122</b>	<b>4,432</b>	<b>4,958</b>	<b>5,512</b>	<b>15,979</b>	<b>19,025</b>
Tax Provisions	977	410	1,793	2,443	1,432	1,529	1,711	1,892	5,907	6,563
<b>Net Profit</b>	<b>2,014</b>	<b>780</b>	<b>2,770</b>	<b>4,245</b>	<b>2,691</b>	<b>2,903</b>	<b>3,247</b>	<b>3,620</b>	<b>10,072</b>	<b>12,462</b>
YoY Growth (%)	131.5	-17.7	-1,871.5	81.4	33.6	272.2	17.2	-14.7	151.6	23.7
AUM growth (%)	13.9	13.8	13.3	19.5	26.1	23.3	22.4	20.5	19.6	20.2
Borrowings growth (%)	17.8	16.1	8.8	14.1	19.9	21.7	28.8	23.4	8.0	9.7
Cost to Income Ratio (%)	43.5	39.6	39.5	37.4	35.3	35.5	35.1	34.3	39.7	35.0
Tax Rate (%)	32.7	34.5	39.3	36.5	34.7	34.5	34.5	34.3	37.0	34.5

E: MOSL Estimates; FY19 estimates as under Ind-AS



# Idea Cellular

BSE SENSEX 37,494  
S&P CNX 11,320

CMP: INR58

TP: INR70 (+21%)

Buy

## Conference Call Details



Date: 31st July 2018

Time: 02:30pm IST

Dial-in details:

+91 22 6280 1359

### Financial snapshot

Y/E Mar	2018	2019E	2020E
Net Sales	282.8	238.1	268.8
EBITDA	60.5	36.0	54.9
NP	-78.9	-78.9	-59.0
EPS (INR)	-18.1	-18.1	-13.5
EPS Gr. (%)	1,533.3	0.0	-25.2
BV/Sh. (INR)	62.5	52.1	39.0
RoE (%)	-30.4	-31.6	-29.7
RoCE (%)	-1.8	-4.9	-3.4
P/E (x)	-3.1	-3.1	-4.2
P/BV (x)	0.9	1.1	1.5
EV/EBITDA (x)	12.5	21.8	14.7

## EBITDA declines steeply off a high base

- Revenue declined 4% QoQ (-28% YoY) to INR59b (in-line). Revenue adjusted tower sale and full quarter impact of international IUC declined 3% QoQ.
- EBITDA declined steeply by 54% QoQ (-65% YoY) to INR6.6b (26% miss). Note that 4QFY18 included INR4.4b of one-off gains, excluding which EBITDA fell 35% QoQ.
- EBITDA margin, thus, contracted 12.3pp QoQ (-11.8pp YoY) to 11.2%.
- PAT came in at INR2.6b. However, adjusted for exceptional gain of INR33.6b from sale of standalone towers, net loss widened to INR31.1b v/s INR9.6b in the previous quarter.
- Gross/VLR subs dropped 3%/2% QoQ to 188m/203m, reversing the previous quarter's trend.
- ARPU dropped 5% QoQ to INR100 (est. of INR98). Bharti's ARPU dropped 6% to INR109 (adj. for Telenor subs).
- Data traffic increased 25% QoQ to 1,018b GBs. Voice traffic grew 6% QoQ to 350b mins.
- Consol. net debt stood at INR506b v/s INR523b in 4QFY18; Net debt/EBITDA stood at ~9x on estimated combined entity's net debt of INR1,200b in FY19.
- Incurred capex was meager INR9.8b v/s INR21.1b in 4QFY18; RJio/Bharti capex was at INR170b/INR82b.
- Merger update:** Received final approval of DOT for merger with Idea. The company is in the final stage of merger completion.

### Consolidated - Quarterly Earning Model

(INR Million)

Y/E March	FY18				FY19				FY18	FY19E	1QFY19E	Est Var (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Gross Revenue	81,665	74,655	65,096	61,373	58,892	57,049	59,629	62,524	2,82,789	2,38,094	60,064	-2.0
YoY Change (%)	-13.9	-19.7	-24.9	-24.5	-27.9	-23.6	-8.4	1.9	-20.5	-15.8	-26.5	
Total Expenditure	62,911	59,639	52,862	46,902	52,298	49,731	50,836	49,232	2,22,314	2,02,097	51,210	2.1
EBITDA	18,754	15,016	12,234	14,471	6,594	7,318	8,793	13,292	60,475	35,997	8,854	-25.5
Margins (%)	23.0	20.1	18.8	23.6	11.2	12.8	14.7	21.3	21.4	15.1	14.7	-354
Depreciation	20,679	21,143	21,415	20,854	20,924	21,859	22,412	23,333	84,091	88,528	21,332	-1.9
Share in Profits from Assoc.	818	843	818	745	598	610	622	635	3,224	2,465	760	
Net Finance Costs	11,539	11,829	11,490	9,742	13,844	11,697	11,697	11,697	44,600	48,934	11,697	18.4
PBT before EO expense	-12,646	-17,113	-19,853	-15,380	-27,576	-25,627	-24,694	-21,103	-64,992	-99,001	-23,415	17.8
Extra-Ord expense	0	0	0	0	-33,645	0	0	0	0	-33,645	0	
PBT	-12,646	-17,113	-19,853	-15,380	6,069	-25,627	-24,694	-21,103	-64,992	-65,356	-23,415	-125.9
Tax	-4,497	-6,047	-7,008	-5,758	3,504	-8,457	-8,149	-6,964	-23,310	-20,066	-7,727	-145.3
Rate (%)	35.6	35.3	35.3	37.4	57.7	33.0	33.0	33.0	35.9	30.7	33.0	
Reported PAT	-8,149	-11,066	-12,845	-9,622	2,565	-17,170	-16,545	-14,139	-41,682	-45,290	-15,688	NA
Adj PAT	-8,149	-11,066	-12,845	-9,622	-31,080	-17,170	-16,545	-14,139	-41,682	-78,935	-15,688	NA
YoY Change (%)	-469.6	-1,310.5	234.6	193.6	281.4	55.2	28.8	46.9	942.8	89.4	92.5	
Margins (%)	-10.0	-14.8	-19.7	-15.7	-52.8	-30.1	-27.7	-22.6	-14.7	-33.2	-26.1	



# Escorts

BSE SENSEX 37,494 S&P CNX 11,320

**CMP: INR907 TP: INR988(+9%) Neutral**

Motilal Oswal values your support in the Asiamoney Brokers Poll 2018 for India Research, Sales and Trading team. We [request your ballot](#).

Bloomberg	ESC IN
Equity Shares (m)	123
M.Cap.(INRb)/(USD\$)	111.2 / 1.6
52-Week Range (INR)	1019 / 545
1, 6, 12 Rel. Per (%)	-2/5/20
12M Avg Val (INR M)	1141
Free float (%)	59.9

### Financials & Valuations (INR b)

Y/E Mar	2018	2019E	2020E
Net Sales	50.6	60.0	68.7
EBITDA	5.5	7.1	8.8
PAT	3.5	4.7	5.9
EPS (INR)	39.5	52.5	65.9
Gr. (%)	88.0	32.8	25.5
BV/Sh (INR)	249.2	293.4	350.9
RoE (%)	18.3	19.3	20.4
RoCE (%)	18.3	19.4	30.1
P/E (x)	23.0	17.3	13.8
P/BV (x)	3.6	3.1	2.6

Estimate change	↔
TP change	↔
Rating change	↔

### A better-than-expected quarter, EBITDA margin hits multi-quarter high

- Performance exceeds expectations:** ESC's revenue increased 29.9% YoY (+5.2% QoQ) to INR15.1b (est. of INR14.2b). Tractor, construction equipment and railway businesses grew strongly by 25%, 50% and 35%, respectively, led by healthy volume growth. Tractor segment realization grew 3.5% QoQ (-10.4% YoY) to INR480.6k (est. of INR467.7k), largely led by price hikes. EBITDA margin expanded 390bp YoY (+20bp QoQ) to touch a multi-quarter high of 12.3% (est. of 11.9%), as the impact of higher RM cost (+20bp QoQ) and staff cost (+40bp QoQ due to one-off expense related to pension liabilities) was offset by lower other expense (-80bp QoQ). Other income stood at INR170m as against our estimate of INR210m. Consequently, adj. PAT grew 91% YoY to INR1.2b (est. of INR1.1b).
- Earnings call highlights:** (a) Domestic tractor industry to grow at 12-15% (v/s 9-11% earlier) in FY19, and ESC to outperform led by new product launches. (b) Tractor market share for 1QFY19 was at 10.7% (+100bp), with 15.3% share in strong market and 5.7% share in opportunity market. (c) Expect growth of ~16-18% in CE business and ~18-20% in railway business. (d) RM inflation impact of 2.5% in 1QFY19 passed on, with ~0.8% price hike in Apr-18 and balance in July-18. (e) Total debt declined to INR0.4b (v/s INR0.5b in Mar-18). (f) Expect tractors/CE/ railways business margins to be ~14%/~5%/~18%.
- Valuation view:** We largely maintain our FY19/20E EPS, as the rise in tractor and construction equipment volumes is offset by higher depreciation and a higher tax rate. We factor in ~200bp EBITDA margin expansion to 12.8% in FY20, leading to earnings CAGR of ~29% over FY18-20. In our view, valuations at 17.3x FY19E and 13.8x FY20E largely capture the expected positives. We value the stock on 15x FY20E EPS to arrive at a TP of INR988.

### S/A Quarterly Performance

Y/E March (INR Million)	FY18				FY19				FY18	FY19E	FY18	Var (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Sales	11,632	12,117	12,050	14,361	15,113	14,111	12,982	17,752	50,593	59,957	14,213	6.3
YoY Change (%)	11.0	23.3	12.2	40.5	29.9	16.5	7.7	23.6	22.6	18.5	22.2	
Total Expenditure	10,656	10,708	10,600	12,624	13,257	12,502	11,658	15,464	45,057	52,822	12,522	
EBITDA	975	1,409	1,450	1,738	1,855	1,609	1,324	2,288	5,536	7,135	1,691	9.7
Margins (%)	8.4	11.6	12.0	12.1	12.3	11.4	10.2	12.9	10.9	11.9	11.9	
Depreciation	178	179	179	188	206	208	211	214	732	839	194	
Interest	80	84	59	63	29	10	6	5	295	50	66	
Other Income	205	81	82	226	170	175	183	191	653	718	210	
PBT before EO expense	923	1,227	1,294	1,712	1,791	1,566	1,290	2,259	5,162	6,964	1,641	9.1
Extra-Ord expense	0	69	-1	0	0	0	0	0	68	0	0	
PBT	923	1,159	1,295	1,712	1,791	1,566	1,290	2,259	5,094	6,964	1,641	9.1
Tax	297	383	375	587	595	520	429	754	1,625	2,298	526	
Rate (%)	32.1	33.1	29.0	34.3	33.2	33.2	33.2	33.4	31.9	33.0	32.0	
Adj PAT	626	822	919	1,125	1,196	1,045	861	1,505	3,512	4,662	1,116	7.2
YoY Change (%)	14.3	104.8	67.0	133.6	90.9	27.2	-6.3	33.7	77.3	32.8	78.1	
Margins (%)	5.4	6.8	7.6	7.8	7.9	7.4	6.6	8.5	6.9	7.8	7.8	

E: MOSL Estimates



# Gujarat State Petronet

BSE SENSEX 34,616 S&P CNX 10,517

**CMP: INR195**

**TP: INR196 (+1%)**

**Neutral**

Motilal Oswal values your support in the Asiamoney Brokers Poll 2018 for India Research, Sales and Trading team. We request your ballot.



Bloomberg	GUJS IN
Equity Shares (m)	564
M.Cap.(INRb)/(USDb)	110 / 1.6
52-Week Range (INR)	236 / 166
1, 6, 12 Rel. Per (%)	3/-8/-15
12M Avg Val (INR M)	173
Free float (%)	62.4

### Financials & Valuations (INR b)

Y/E Mar	2018	2019E	2020E
Sales	13.3	15.1	14.4
EBITDA	11.5	12.9	12.3
Adj. PAT	6.7	7.0	6.9
Adj. EPS (INR)	11.9	12.3	12.2
EPS Gr. (%)	34.6	4.0	-1.0
BV/Sh.(INR)	89.8	100.1	110.1
RoE (%)	14.0	13.0	11.6
RoCE (%)	11.6	11.4	10.3
P/E (x)	16.4	15.8	16.0
P/BV (x)	2.2	1.9	1.8

Estimate change

TP change

Rating change

### Strong transmission volumes drive earnings

Reported revenue increased 32% YoY (+12% QoQ) to INR3.9b, ahead of our estimate of INR3.6b, primarily led by higher-than-expected transmission volumes of 36.5mmscmd (est. of 34mmscmd). EBITDA of INR3.4b (+24% YoY, +19% QoQ) exceeded our estimate of INR3b, led by lower O&M expense of INR143/mscm (-28% QoQ). Reported PAT of INR1.4b (-5% YoY, -8% QoQ) missed our estimate of INR1.7b due to (a) higher interest cost of INR579m (est. of INR260m; +448% YoY, +462% QoQ), led by increased borrowing for Gujarat Gas acquisition, (b) lower other income of INR54m (est. of INR207m; -67% YoY, -68% QoQ) and (c) a higher tax rate of 41% (est. of 33%; 38% in 4QFY18 and 36% in 1QFY18).

### Strong transmission volumes; in-line implied tariff

- Transmission volume grew 36% YoY (+7% QoQ) to 36.5mmscmd (est. of 34mmscmd) in 1QFY19.
- Implied transmission tariff stood at INR1,141/mscm (est. of INR1,155; -1% YoY, +1% QoQ).

### Valuation and view

- We model (a) transmission tariff of INR1,200/mscm in FY19/20 v/s actual INR1,141 in 1QFY19 and (b) volumes of 33.5/32.1mmscmd in FY19/FY20 v/s actual 36.5mmscmd in 1QFY19.
- Medium-term risk is some volumes (5-7mmscmd) going away with the start of RIL's petcoke gasification project. For every 5% variation in volumes/tariff, earnings change by ~6%. The stock trades at 16x FY20E adj. EPS of INR12.2. Our 8x FY20E P/E based target price stands at INR196. Maintain **Neutral**.

### Standalone - Quarterly Earning Model

(INR Million)

Y/E March	FY18				FY19				FY18	FY19E	FY19 1QE	Var. vs est.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Net Sales</b>	<b>2,963</b>	<b>3,348</b>	<b>3,502</b>	<b>3,504</b>	<b>3,912</b>	<b>3,839</b>	<b>3,608</b>	<b>3,696</b>	<b>13,318</b>	<b>15,055</b>	<b>3,614</b>	<b>8%</b>
YoY Change (%)	14.8	29.8	31.3	43.2	32.0	14.6	3.0	5.5	29.6	13.0	21.9	
<b>EBITDA</b>	<b>2,760</b>	<b>2,855</b>	<b>2,971</b>	<b>2,892</b>	<b>3,438</b>	<b>3,319</b>	<b>3,098</b>	<b>3,005</b>	<b>11,478</b>	<b>12,860</b>	<b>2,994</b>	<b>15%</b>
YoY Change (%)	18.3	26.3	30.6	43.7	24.6	16.2	4.3	3.9	29.2	12.0	8.5	
Margins (%)	93.1	85.3	84.8	82.5	87.9	86.5	85.9	81.3	86.2	85.4	82.8	
Depreciation	430	438	442	440	448	465	465	488	1,750	1,866	465	-4%
Interest	106	90	55	103	579	310	300	259	354	1,449	260	123%
Other Income	164	278	121	171	54	207	207	405	735	873	207	-74%
<b>PBT</b>	<b>2,389</b>	<b>2,605</b>	<b>2,595</b>	<b>2,520</b>	<b>2,466</b>	<b>2,751</b>	<b>2,540</b>	<b>2,662</b>	<b>10,108</b>	<b>10,418</b>	<b>2,476</b>	<b>0%</b>
Tax	864	836	779	946	1,021	908	838	879	3,424	3,468	817	25%
Rate (%)	36	32	30	38	41	33	33	33	34	33	33	
<b>Reported PAT</b>	<b>1,525</b>	<b>1,770</b>	<b>1,816</b>	<b>1,574</b>	<b>1,444</b>	<b>1,843</b>	<b>1,702</b>	<b>1,784</b>	<b>6,685</b>	<b>6,950</b>	<b>1,659</b>	<b>-13%</b>
YoY Change (%)	25.8	36.3	53.1	23.9	-5.3	4.1	-6.3	13.3	34.6	4.0	8.7	
Margins (%)	51.5	52.9	51.8	44.9	36.9	48.0	47.2	48.3	50.2	46.2	45.9	
<b>Key Operating Parameters</b>												
Transmission Volume (mmscmd)	26.9	31.6	33.5	34.1	36.5	34.0	32.0	31.5	31.5	33.5	34.0	7%
Implied Tariff (INR/mscm)	1,157	1,112	1,123	1,126	1,141	1,200	1,200	1,269	1,129	1,200	1,155	-1%

E: MOSL Estimates



# Gujarat Gas

BSE SENSEX 37,494 S&P CNX 11,320

**CMP: INR778 TP: INR990 (+27%) Buy**

Motilal Oswal values your support in the **Asiamoney Brokers Poll 2018** for India Research, Sales and Trading team. We [request your ballot](#).



Bloomberg	GUJGA IN
Equity Shares (m)	138
M.Cap.(INRb)/(USD\$b)	107.1 / 1.6
52-Week Range (INR)	974 / 715
1, 6, 12 Rel. Per (%)	0/-13/-13
12M Avg Val (INR M)	176
Free float (%)	49.6

### Financials & Valuations (INR b)

Y/E Mar	2018	2019E	2020E
Net Sales	61.7	79.3	89.4
EBITDA	9.0	10.5	12.1
PAT	2.9	4.5	5.6
EPS (INR)	21.2	32.9	40.7
EPS Gr. (%)	32.0	55.4	23.8
BV/Sh (INR)	134.1	160.9	194.0
RoE (%)	36.7	23.6	19.1
RoCE (%)	5.8	4.8	4.0
P/E (x)	16.7	22.3	23.0
P/BV (x)	16.5	20.2	22.8
EV/EBITDA (x)	14.3	11.8	9.9

Estimate change	↔
TP change	↔
Rating change	↔

### Price hikes drive a strong beat on EBITDA

- GUJGA reported EBITDA of INR2.5b (-8% YoY, +12% QoQ), significantly above our estimate of INR1.9b, led by better-than-expected margins. PAT of INR1.2b (+16% YoY, +84% QoQ) came in ahead of our estimate of INR617m – the difference at PAT level increased due to higher other income of INR584m (est. of INR145m; +645% YoY, +489% QoQ). Other income includes INR489m toward interest on income tax refund for the quarter.
- **EBITDA/scm stood at INR4.2/scm:** EBITDA/scm increased QoQ to INR4.2 (est. of INR3.3; -12% YoY, +16% QoQ), led by a price hikes taken during the quarter.
- **PNG volumes up YoY:** PNG – industrial/commercial volumes stood at 4.6mmscmd (+4% YoY, -1% QoQ) and PNG – household volumes at 0.4mmscmd (-5% YoY, -42% QoQ).
- **CNG volumes up 11% YoY:** CNG volumes stood at 1.4mmscmd (+11% YoY, +4% QoQ).

### Valuation and view

- We expect volumes to continue growing in FY19/20, primarily led by the PNG industrial/commercial segment. Increasing CNG volumes is a positive, as it would reduce volatility in volumes and margins for GUJGA.
- For FY19/20, we model volumes of 6.7/7.4mmscmd and EBITDA/scm of INR4.3/4.5. We value the company at 24.3x FY20E EPS of INR40.7. Maintain **Buy** with a TP of INR990 (upside of 27%).

### Standalone - Quarterly Earning Model

Y/E March	FY18				FY19				(INR Million)			
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY18	FY19E	FY19	Var (%)
Net Sales	14,780	13,914	15,713	17,336	17,651	20,435	20,207	21,048	61,743	79,341	18,244	-3.2
YoY Change (%)	20.7	12.5	27.7	23.8	19.4	46.9	28.6	21.4	21.2	28.5	23.4	
EBITDA	2,698	2,027	1,999	2,227	2,486	2,767	2,621	2,663	8,951	10,536	1,902	30.7
Margins (%)	18.3	14.6	12.7	12.8	14.1	13.5	13.0	12.7	14.5	13.3	10.4	
Depreciation	666	683	688	682	707	785	785	785	2,718	3,060	765	-7.7
Interest	496	499	487	479	486	320	320	320	1,961	1,445	361	34.5
Other Income	78	89	91	99	584	70	70	70	357	793	145	303.3
PBT	1,615	934	915	1,165	1,878	1,732	1,586	1,629	4,629	6,824	921	103.9
Tax	571	323	315	506	664	572	523	537	1,715	2,296	304	118.4
Rate (%)	35.4	34.6	34.4	43.4	35.3	33.0	33.0	33.0	37.0	33.6	33.0	
Reported PAT	1,044	611	600	660	1,214	1,161	1,063	1,091	2,914	4,528	617	96.8
YoY Change (%)	39.4	-12.1	41.9	99.0	16.3	90.0	77.1	65.5	32.0	55.4	-40.9	
Margins (%)	7.1	4.4	3.8	3.8	6.9	5.7	5.3	5.2	4.7	5.7	3.4	
Total volume (mmscmd)	6.1	5.7	6.3	6.8	6.4	6.8	7.0	7.2	6.2	6.8	6.6	-2.3
CNG	1.3	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.3	1.5	1.4	-2.9
PNG - Industrials/commercial	4.4	4.0	4.5	4.7	4.6	4.8	5.0	5.1	4.4	4.9	4.6	0.4
PNG - Households	0.4	0.5	0.5	0.7	0.4	0.4	0.5	0.5	0.5	0.4	0.5	-24.0
EBITDA (INR/scm)	4.8	3.8	3.5	3.7	4.2	4.6	4.2	4.2	4.0	4.3	3.3	30.3

E: MOSL Estimates

# Solar Industries

BSE SENSEX 37,494  
S&P CNX 11,320

**CMP: INR1,193**

**TP: INR1,100**

**Neutral**

## Conference Call Details



**Date:** 1<sup>st</sup> August 2018

**Time:** 11:00am IST

**Dial-in details:**

+91-22-6280 1376

## Financials & Valuations (INR b)

Y/E Mar	2018E	2019E	2020E
Net Sales	19.2	23.1	28.5
EBITDA	4.1	4.9	6.2
NP	2.2	2.6	3.3
EPS (INR)	24.4	28.9	36.8
EPS Gr. (%)	18.2	18.6	27.4
BV/Sh. (INR)	119.8	142.9	172.3
RoE (%)	21.9	22.0	23.4
RoCE (%)	23.9	25.3	27.3
P/E (x)	49.0	41.3	32.4
P/BV (x)	10.0	8.3	6.9

## Operational outperformance led by better-than-estimated execution

- Consol. revenue increased 31.7% YoY to INR6.1b, ahead of our estimate of INR5.7b. Execution was supported by overseas subsidiaries, which registered strong growth of 53% YoY to INR2.3b.
- Consol. EBIDTA of INR1.3b (+26% YoY) was ahead of our estimate of INR1.2b. EBIDTA margin stood at 20.9% (-90bp YoY), below our estimate of 21.9%, impacted by margin contraction in the subsidiary business by 169bp YoY to 22.8%.
- Consol. PAT stood at INR678m (+24% YoY), ahead of our estimate of INR651m.
- Revenue from defense stood at INR280m; the target is to reach INR2b for FY19. For FY18, defense revenue stood at INR378m.

## Valuation view

The stock trades at 41.3/32.4x CY18/19E EPS of INR25.3/27.3. We have a **Neutral** rating on the stock with a target price of INR1,100.

## Quarterly Perf. (Consol.)

Y/E March	FY18				FY19				(INR m)			
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY18	FY19E	FY19	Var. Vs Est
<b>Sales</b>	<b>4,667</b>	<b>4,084</b>	<b>4,657</b>	<b>5,753</b>	<b>6,147</b>	<b>4,834</b>	<b>5,523</b>	<b>6,567</b>	<b>19,161</b>	<b>23,104</b>	<b>5,661</b>	<b>8.6</b>
Change (%)	15.8	28.7	10.5	30.1	31.7	18.4	18.6	14.1	21.3	20.6	21.3	
<b>EBITDA</b>	<b>1,019</b>	<b>872</b>	<b>1,043</b>	<b>1,181</b>	<b>1,282</b>	<b>1,039</b>	<b>1,211</b>	<b>1,370</b>	<b>4,116</b>	<b>4,936</b>	<b>1,241</b>	<b>3.3</b>
Change (%)	17.4	25.4	35.9	28.5	25.8	19.1	16.2	16.0	27.1	19.9	22.9	
As of % Sales	21.8	21.4	22.4	20.5	20.9	21.5	21.9	20.9	21.5	21.4	21.9	
Depreciation	125	128	137	123	140	146	146	153	513	585	<b>146</b>	
Interest	58	79	106	84	119	91	99	123	327	432	<b>99</b>	
Other Income	25	33	26	38	77	38	38	-2	121	150	<b>38</b>	
<b>PBT</b>	<b>860</b>	<b>699</b>	<b>826</b>	<b>1,012</b>	<b>1,100</b>	<b>840</b>	<b>1,003</b>	<b>1,093</b>	<b>3,396</b>	<b>4,068</b>	<b>1,033</b>	<b>6.5</b>
Tax	261	216	249	334	371	269	321	320	1,061	1,280	<b>331</b>	
Effective Tax Rate (%)	30.4	30.9	30.2	33.0	33.7	32.0	32.0	29.2	31.2	31.5	32.0	
<b>Reported PAT</b>	<b>548</b>	<b>448</b>	<b>537</b>	<b>659</b>	<b>678</b>	<b>536</b>	<b>642</b>	<b>726</b>	<b>2,206</b>	<b>2,615</b>	<b>651</b>	<b>4.1</b>
Change (%)	9.3	14.4	8.3	17.7	23.8	19.8	19.7	10.2	4.5	18.6	18.9	
<b>Adj PAT</b>	<b>548</b>	<b>448</b>	<b>537</b>	<b>659</b>	<b>678</b>	<b>536</b>	<b>642</b>	<b>726</b>	<b>2,206</b>	<b>2,615</b>	<b>651</b>	<b>4.1</b>
Change (%)	16.3	14.4	8.3	17.7	23.8	19.8	19.7	10.2	13.3	18.6	18.9	

E: MOSL Estimates





# Persistent Systems

BSE SENSEX 37,494 S&P CNX 11,320

CMP: INR826 TP: INR950(+15%) Buy

Motilal Oswal values your support in the Asiamoney Brokers Poll 2018 for India Research, Sales and Trading team. We request your ballot.



Bloomberg	PSYS IN
Equity Shares (m)	80
M.Cap.(INRb)/(USDb)	66.1 / 1
52-Week Range (INR)	880 / 590
1, 6, 12 Rel. Per (%)	-4/2/12
12M Avg Val (INR M)	134
Free float (%)	69.5

### Financials & Valuations (INR b)

Y/E Mar	2018	2019E	2020E
Net Sales	30.3	34.6	39.9
EBITDA	4.7	5.7	7.0
PAT	3.2	3.7	4.7
EPS (INR)	40.4	46.0	58.9
Gr. (%)	7.2	13.9	28.0
BV/Sh (INR)	254.1	264.8	267.8
RoE (%)	16.7	18.3	22.8
RoCE (%)	16.0	15.9	17.6
P/E (x)	20.3	17.8	13.9
P/BV (x)	3.2	3.1	3.1

Estimate change	↔
TP change	↔
Rating change	↔

## Operating beat led by IP revenues; offsets Digital blip

- Revenue beat, but Services and IP contrasted expectations:** PSYS' 1QFY19 revenue grew 5.7% QoQ (est. of +4%) to USD124m. Services revenue (73% of total) declined 1.2% QoQ, missing our estimate of +3.9%. The decline would be lower adjusted for some reclassification (USD1.2-1.5m impact). Within Services, the high flying Digital declined 5.8% QoQ. On the other hand, IP-led revenue surprised positively, with sharp 30% QoQ growth, above our estimate by +26%. This was led by USD6m from IBM CE-CLM resale licenses, whereby PSYS' European investments started to pay off.
- EBITDA margin exceeds but gross margin misses estimate:** Gross margin expanded 100bp QoQ to 35.6%, but was 50bp below our estimate. This was in part due to resale of IP revenue which had proportionate purchase costs. EBITDA margin at 16.8% (+200bp QoQ), however, was above our estimate of 16.3% (SGA optimization). PAT grew 18.5% QoQ to INR873.5m (below est. of INR931m) due to lower forex gains and a higher tax rate.
- Commentary healthy on multiple fronts:** PSYS cited the decline in 1Q Digital services revenue as a blip, and given the pipeline, deal wins and robust demand, this should bounce back in 2Q. Accelerite too should see higher revenue driven by Neuro, Share Insights and Sentient. Even for the margins, PSYS expects ~80-100bp operational improvement YoY in FY19 (ex. currency, which may add another 50-100bp). Our overall revenue and earnings numbers are marginally changed post the results. FY19 EPS is down 5%, mainly on account of adjustments in other income and forex after 1Q.
- Valuation and view:** We expect PSYS to grow its revenue at a CAGR of 9% over FY18-20 and EPS at a much better CAGR of 21%. Better earnings CAGR is due to: [1] improved profitability from operating business and supportive INR, [2] improvement in margins of segments such Digital and [3] operating leverage from investments in sales. Our price target of INR950 discounts forward earnings by 16x, implying an upside of 15%. Maintain **Buy**.

### Quarterly Performance (Consolidated)

Y/E March (Consolidated)	FY18				FY18E				FY18	FY19E	Est. Var. (% / 1QFY19)	bp
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue (USD m)	113.0	118.1	122.5	117.0	123.6	124.0	128.4	130.3	471	506	120.6	2.5
QoQ (%)	3.6	4.5	3.8	-4.6	5.7	0.3	3.5	1.6	9.7	7.6	3.1	259bp
Revenue (INR m)	7,280	7,613	7,919	7,525	8,343	8,433	8,818	9,020	30,337	34,614	8,088	3.2
QoQ (%)	0.1	4.6	4.0	-5.0	10.9	1.1	4.6	2.3			7.5	336bp
YoY (%)	3.7	8.1	6.2	3.5	14.6	10.8	11.4	19.9	5.4	14.1	11.1	350bp
GPM (%)	34.3	34.4	36.7	34.6	35.6	34.4	34.7	35.8	35.0	35.2	36.5	-90bp
SGA (%)	20.0	19.2	19.4	19.9	18.8	18.4	18.1	18.5	19.6	18.7	19.6	-79bp
EBITDA	1,044	1,158	1,375	1,111	1,400	1,310	1,419	1,561	4,687	5,691	1,321	6.0
EBITDA Margin (%)	14.3	15.2	17.4	14.8	16.8	15.5	16.1	17.3	15.5	16.4	16.3	49bp
EBIT Margin (%)	9.0	10.2	12.4	9.2	12.0	10.7	11.5	12.7	10.2	11.7	11.5	48bp
Other income	368	336	193	294	187	194	247	236	1,190	863	311	-40.0
ETR (%)	26.3	25.9	22.0	25.1	26.4	25.0	25.0	25.0	24.7	25.3	25.0	
PAT	751	826	917	737	873	823	943	1,039	3,231	3,679	931	-6.2
QoQ (%)	-10.8	10.0	10.9	-19.6	18.5	-5.8	14.6	10.2			26.3	-779bp
YoY (%)	2.5	12.4	11.9	-12.5	16.3	-0.4	2.9	41.0	3.3	13.9	24.0	-767bp
EPS (INR)	9.4	10.3	11.5	9.2	10.9	10.3	11.8	13.0	40.4	46.0	11.6	
Headcount	9,401	9,246	9,109	8,976	8,902	8,958	9,289	8,976	8,976	9,345	9,152	-2.7
Util excl. trainees (%)	77.2	78.6	79.9	81.2	80.7	82.5	80.5	81.2	79.2	80.3	82.5	-180bp
Attrition (%)	15.5	15.5	14.7	14.7								
IP rev. proportion(%)	27.2	26.0	26.8	22.3	27.4	25.3	26.4	22.3	25.6	26.1	22.6	480bp



# Equitas Holdings

BSE SENSEX  
37,494

S&P CNX  
11,320

**CMP: INR139 TP: INR175 (+26%)**

**Buy**

Motilal Oswal values your support in the Asiamoney Brokers Poll 2018 for India Research, Sales and Trading team. We [request your ballot](#).



Bloomberg	EQUITAS IN
Equity Shares (m)	340
M.Cap.(INRb)/(USDb)	47.4 / 0.7
52-Week Range (INR)	184 / 130
1, 6, 12 Rel. Per (%)	-3/-11/-33
12M Avg Val (INR M)	325
Free float (%)	100.0

### Financials & Valuations (INR b)

Y/E March	FY18	FY19E	FY20E
NII	9.2	10.5	13.2
OP	2.2	3.6	6.4
NP	0.3	1.7	3.3
EPS (INR)	0.9	4.9	9.7
EPS Gr. (%)	-82.3	NM	99.5
BV/Sh. (INR)	67	70	79
ABV/Sh. (INR)	64	67	75
RoE (%)	1.4	7.1	13.0
RoA (%)	0.3	1.1	1.6
P/E(X)	150.3	28.5	14.3
P/BV (X)	2.1	2.0	1.8
P/ABV (X)	2.2	2.1	1.8

## Advances growth picks up; provisions keep sequential PAT growth muted

- Operating expenses stabilizing:** Equitas reported PPOP growth of 13%/6% QoQ/YoY to INR760m – PSLC fees were recognized upfront in 1QFY18 but amortized in 1QFY19 due to Ind-AS adoption by the holding company; 1.85x YoY PPOP growth on a like-for-like basis. Growth was driven by cost control, with cost to assets declining to a multi-quarter low of 6.8% (40bp QoQ decline even with bonus payouts in 1Q). Total income grew 8%/6% QoQ/YoY on a like-for-like basis (NII growth of 18% YoY; other income growth of 41% QoQ, driven by higher share of liability fees). Provisions were higher than expected at INR209m (1.2% credit cost v/s 0.8% in 4Q), as the company chose to increase PCR to 38.9% from 38.5% in 4Q.
- Balance sheet de-risking continues:** In keeping with its goal of taking down the microfinance proportion of loan book, microfinance AUMs declined further to 27% of total v/s 28% in 4QFY18. However, reversing the trend, MF AUMs grew 6% QoQ (-18% YoY) on an absolute basis to INR24.3b, while non-MF AUM grew 9%/59% QoQ/YoY to INR65b, led by 12%/70% QoQ/YoY growth in property finance. Unsecured AUM declined to 32% v/s 47% in FY17, with robust growth in secured lending products such as UCV (+6%/+22% QoQ/YoY) and property finance.
- Asset quality deteriorates marginally:** Total GNPA/NNPA increased 12%/11.5% QoQ to INR2.4b/1.5b, as the bank chose to provide and shore up PCR (38.9% reported v/s 38.5% in 4QFY18). In percentage terms, GNPA/NNPA came in at 2.84%/1.74% (+12bp/+6bp QoQ).
- Other highlights:** (1) Deposits grew 21% QoQ with CASA ratio at 32.1% (-257bp QoQ). (2) Capitalization stayed strong with 25.6% Tier 1 ratio and 27.7% CAR.

### Valuation and view

Equitas has stayed strong on its goal of balance sheet de-risking and diversification, taking down the microfinance proportion of its loan book. This has been partially offset by high growth in secured products. We expect near-term recalibration of the growth strategy to yield positive results over medium-to-long term. We reiterate **Buy** with a target price of INR175/share based on 2.3x Mar'20E ABV.

**Quarterly Performance (INR m)**

Y/E March	FY18				FY19E				FY18	FY19E	1QFY19E	v/s Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Net Interest Income</b>	<b>2,160</b>	<b>2,263</b>	<b>2,337</b>	<b>2,485</b>	<b>2,544</b>	<b>2,572</b>	<b>2,624</b>	<b>2,757</b>	<b>9,245</b>	<b>10,497</b>	<b>2,381</b>	<b>6.9</b>
% Change (YoY)	5.7	12.8	-13.6	12.2	17.8	13.6	12.3	10.9	8.1	13.5	10.2	7.6
Other Income	820	314	326	433	610	702	842	1,065	1,893	3,218	827	-26.3
<b>Total Income</b>	<b>2,980</b>	<b>2,577</b>	<b>2,663</b>	<b>2,918</b>	<b>3,154</b>	<b>3,273</b>	<b>3,466</b>	<b>3,822</b>	<b>11,138</b>	<b>13,715</b>	<b>3,208</b>	<b>-1.7</b>
Operating Expenses	2,263	2,175	2,252	2,244	2,394	2,468	2,519	2,694	8,907	10,075	2,343	2.2
<b>Operating Profit</b>	<b>717</b>	<b>402</b>	<b>411</b>	<b>674</b>	<b>760</b>	<b>805</b>	<b>947</b>	<b>1,128</b>	<b>2,231</b>	<b>3,640</b>	<b>865</b>	<b>-12.1</b>
% Change (YoY)	-37.1	-54.6	-60.7	42.2	6.0	100.2	130.5	67.3	-37.1	63.1	24.6	-18.6
Provisions	439	273	869	138	209	270	300	323	1,719	1,103	233	-10.2
<b>Profit before Tax</b>	<b>278</b>	<b>129</b>	<b>-458</b>	<b>536</b>	<b>551</b>	<b>535</b>	<b>647</b>	<b>804</b>	<b>512</b>	<b>2,537</b>	<b>632</b>	<b>-12.9</b>
Tax	98	65	-152	187	198	214	219	244	198	875	218	-9.3
<b>Net Profit</b>	<b>180</b>	<b>64</b>	<b>-306</b>	<b>348</b>	<b>353</b>	<b>320</b>	<b>428</b>	<b>560</b>	<b>314</b>	<b>1,662</b>	<b>414</b>	<b>-14.7</b>
% Change (YoY)	-70.5	-86.1	-168.2	404.7	95.7	396.9	-239.9	60.9	-80.3	429.2	167.2	-71.5
<b>Operating Parameters</b>												
AUM (INR b)	70.4	73.3	77.2	82.4	89.3	95.3	101.7	106.0	82.4	106.0	88.8	0.5
Deposits (INR b)	23	31	37	47	57	74	88	101	47	101	62	-7.5
Loans (INR b)	61	64	72	78	84	91	97	104	78	104	84	-0.5
AUM Growth (%)	7.3	3.5	7.5	14.8	26.9	30.0	31.7	28.6	14.8	28.6	26	0.6
Deposit Growth (%)	NM	NM	386.7	150.3	153.7	139.9	137.6	115.0	150.3	115.0	174.2	-20.5
Loan Growth (%)	6.9	13.6	22.2	33.7	37.7	41.4	35.2	33.0	33.8	33.0	38.3	-0.6
<b>Asset Quality</b>												
Gross NPA (INR m)	3,000	3,702	3,560	2,130	2,390	2,479	2,688	2,898	2,130	2,898	2,269	5.3
Net NPA (INR m)	1,630	1,988	1,350	1,310	1,460	1,363	1,452	1,529	1,310	1,529	1,316	10.9
Gross NPA (%)	4.9	5.8	5.0	2.7	2.8	2.7	2.7	2.8	2.7	2.8	2.7	0.2
Net NPA (%)	3.0	3.2	1.9	1.7	1.7	1.5	1.5	1.5	1.7	1.5	1.6	0.2
PCR (%)	45.7	46.3	62.1	38.5	38.9	45.0	46.0	47.2	38.5	47.2	42.0	-3.1

E: MOSL Estimates



# Automobiles

Motilal Oswal values your support in the Asiamoney Brokers Poll 2018 for India Research, Sales and Trading team.

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## Mixed commentaries on impact of axle norm on HCVs

### Price aggression by BJAUT impacting moped retails

Our interactions with leading channel partners indicate mixed reactions to the impact of axle norm on M&HCVs. We note delay in buying decision in northern states where western and southern markets is showing contrasting trends. PV and 2W retails are growing at 10-15%, led by continued healthy demand from rural areas. Price aggression by BJAUT is impacting mopeds and other entry-level motorcycles.

- **CVs:** While demand remains steady in western and southern markets, it remains soft in markets like Rajasthan and UP, as customers defer their purchases, resulting in inventory levels of 40-45 days. Discounts per unit, particularly in high-ton vehicles, have increased sequentially. We expect CV wholesales for AL and TTMT to grow by 20% YoY and 30% YoY, respectively in July 2018.
- **2Ws:** Demand momentum remains healthy, with retail sales growth remaining 10-15% in key rural markets. For BJAUT, TVSL and HMCL, wholesales are expected to grow ~18% YoY, 16% YoY, and 11% YoY, respectively.
- **PVs:** MSIL is witnessing retail growth of 10-12% in rural markets, while its sales growth in key urban markets remains at 8-9%. MM is also witnessing retail growth of 9-10%, led by healthy demand from rural markets.
- **Price hikes:** All 2W OEMs except RE have taken average price increase of INR400-500 per unit. No PV players have taken price increases in July 2018.

We prefer PVs over 2Ws and CVs due to their stronger volume growth and stable competitive environment. Our top picks in Autos are MSIL, EIM and MSS among large caps, and AL and EXID among midcaps.

### Snapshot of volumes for July 2018

Company Sales	YoY			MoM		FY19 YTD			FY19 estimate	Gr. (%)	Residual Monthly Run rate	FY19 YTD Monthly Run rate
	Jul-18	Jul-17	YoY (%) chg	Jun-18	MoM (%) chg	FY19 YTD	FY18 YTD (%) chg	FY19 YTD (%) chg				
<b>Maruti Suzuki</b>	<b>171,800</b>	<b>165,346</b>	<b>3.9</b>	<b>144,981</b>	<b>18.5</b>	<b>662,279</b>	<b>559,917</b>	<b>18.3</b>	<b>1,995,241</b>	<b>12.1</b>	<b>166,620</b>	<b>165,570</b>
<b>Mahindra &amp; Mahindra</b>	<b>71,450</b>	<b>60,579</b>	<b>17.9</b>	<b>85,684</b>	<b>-16.6</b>	<b>312,335</b>	<b>262,709</b>	<b>18.9</b>	<b>969,010</b>	<b>11.8</b>	<b>82,084</b>	<b>78,084</b>
UV (incl. pick-ups)	39,200	36,708	6.8	38,728	1.2	160,739	140,346	14.5	534,576	12.0	46,730	40,185
Tractors	25,500	18,832	35.4	40,529	-37.1	126,284	103,825	21.6	355,469	12.0	28,648	31,571
<b>Tata Motors</b>	<b>59,250</b>	<b>46,216</b>	<b>28.2</b>	<b>61,783</b>	<b>-4.1</b>	<b>236,338</b>	<b>155,908</b>	<b>51.6</b>	<b>769,536</b>	<b>20.5</b>	<b>66,650</b>	<b>59,085</b>
HCV's	15,100	12,796	18.0	16,839	-10.3	67,775	40,261	68.3	220,888	15.0	19,139	16,944
LCV's	25,500	18,337	39.1	26,721	-4.6	96,784	64,543	50.0	325,206	26.8	28,553	24,196
<b>CV's</b>	<b>40,600</b>	<b>31,133</b>	<b>30.4</b>	<b>43,560</b>	<b>-6.8</b>	<b>164,559</b>	<b>104,804</b>	<b>57.0</b>	<b>546,095</b>	<b>21.7</b>	<b>47,692</b>	<b>41,140</b>
Cars	12,500	12,246	2.1	12,301	1.6	47,002	44,244	6.2	148,741	8.3	12,717	11,751
UV's	6,150	2,837	116.8	5,922	3.9	24,777	6,860	261.2	74,701	41.4	6,240	6,194
<b>Hero MotoCorp</b>	<b>690,000</b>	<b>623,269</b>	<b>10.7</b>	<b>704,562</b>	<b>-2.1</b>	<b>2,794,949</b>	<b>2,481,356</b>	<b>12.6</b>	<b>8,530,300</b>	<b>12.4</b>	<b>716,919</b>	<b>698,737</b>
<b>Bajaj Auto</b>	<b>398,100</b>	<b>307,727</b>	<b>29.4</b>	<b>404,429</b>	<b>-1.6</b>	<b>1,624,741</b>	<b>1,196,161</b>	<b>35.8</b>	<b>4,676,021</b>	<b>16.7</b>	<b>381,410</b>	<b>406,185</b>
Domestic	226,000	186,497	21.2	234,576	-3.7	914,665	665,406	37.5	2,654,147	13.2	217,435	228,666
Exports	172,100	121,230	42.0	169,853	1.3	710,076	530,755	33.8	2,021,874	21.6	163,975	177,519
<b>Ashok Leyland</b>	<b>14,400</b>	<b>11,981</b>	<b>20.2</b>	<b>15,791</b>	<b>-8.8</b>	<b>56,527</b>	<b>40,469</b>	<b>39.7</b>	<b>192,519</b>	<b>10.1</b>	<b>16,999</b>	<b>14,132</b>
<b>TVS Motor</b>	<b>315,250</b>	<b>271,171</b>	<b>16.3</b>	<b>313,614</b>	<b>0.5</b>	<b>1,243,524</b>	<b>1,073,279</b>	<b>15.9</b>	<b>3,930,277</b>	<b>13.4</b>	<b>335,844</b>	<b>310,881</b>
<b>Eicher Motors</b>												
Royal Enfield	75,300	64,459	16.8	74,477	1.1	300,661	248,457	21.0	944,853	15.2	80,524	75,165
VECV	5,813	4,359	33.4	6,355	-8.5	22,031	15,943	38.2	77,830	18.1	6,975	5,508
<b>Escorts</b>	<b>6,600</b>	<b>5,418</b>	<b>21.8</b>	<b>9,983</b>	<b>-33.9</b>	<b>31,094</b>	<b>22,979</b>	<b>35.3</b>	<b>94,892</b>	<b>18.0</b>	<b>7,975</b>	<b>7,774</b>

Source: Company, MOSL



# Metals Weekly

## Global iron ore prices rise on falling Chinese port inventories

- **Indian steel:** Long product (TMT Mumbai) prices were marginally lower WoW. Sponge iron prices were up ~1% WoW, while scrap prices were up ~4% WoW. Domestic iron ore and pellet prices were unchanged. Domestic HRC prices were unchanged. HRC import offers were marginally lower, but export offers were unchanged.
- **Raw materials:** Iron ore prices (China cfr) were up ~4% WoW. Thermal coal prices were unchanged. Coking coal prices were down ~1% WoW. China's pellet import prices were unchanged. Chinese graphite electrode prices were down ~1% WoW.
- **Europe:** HRC prices were ~2% higher WoW. EU has imposed preliminary duties of 25% if imports exceed the average imports of the last three years. CIS HRC export prices were down ~1% WoW. Rotterdam scrap prices were down ~1% WoW.
- **China steel prices:** Chinese local HRC and rebar prices were down ~1% WoW. Export rebar and HRC prices were also marginally lower.
- **Base metals:** Aluminum (cash LME) was down ~1% WoW. Alumina prices were unchanged, supported by production cuts in China. Copper (cash LME) was up ~3% WoW. Zinc (cash LME) was down ~1%, but lead was up ~2% WoW. Brent crude prices were up ~2% WoW.

### Metal Prices

	CMP	change since								
		27-Jul	%	20-Jul	%	31-Mar	%	1-Jan		
<b>STEEL</b>										
TMT- Mumbai (INR/ton)	35,700	0		35,800	-7		38,500	-9		39,200
HRC- Mumbai (INR/ton)	45,000	0		45,000	-1		45,500	6		42,500
HRC (USD/ton) fob CIS	563	-1		568	-9		618	3		548
<b>METALLICS</b>										
Sponge iron - Raipur (INR/ton)	22,000	1		21,700	2		21,600	-2		22,400
Pig iron - Raipur (INR/ton)	29,100	0		29,000	-6		31,050	3		28,375
Iron ore spot (USD/ton) cfr China	61	4		59	-8		67	-16		73
Coking coal (USD/ton) fob Aus.	171	-1		174	-21		217	-35		262
Shred. scrap (USD/ton) Rotterdam	318	-1		321	-10		355	-6		337
<b>ALUM.</b>										
LME Spot (USD/ton)	2,055	-1		2,075	-1		2,069	-7		2,206
Indian prices (INR '000/ton)	141	-1		143	5		134	1		140
LME inventories ('000 ton)	1,200	-1		1,208	-8		1,306	9		1,099
<b>ZINC</b>										
LME Spot (USD/ton)	2,618	-1		2,635	-20		3,285	-23		3,396
Indian prices (INR '000/ton)	180	1		178	-16		213	-16		215
LME inventories ('000 ton)	243	4		233	18		206	35		180
<b>COPPER</b>										
LME Spot (USD/ton)	6,252	3		6,073	-10		6,923	-12		7,097
Indian prices (INR '000/ton)	427	2		420	-5		448	-6		456
LME inventories ('000 ton)	254	-1		255	-21		321	24		204
<b>OTHERS</b>										
Gold (INR/10gms)	29,722	-1		29,948	-1		30,112	1		29,443
Sliver (INR/1kg)	37,774	-1		38,149	0		37,762	-2		38,643
Lead Spot LME (USD/ton)	2,138	2		2,100	-12		2,416	-17		2,590
Brent crude (USD/bbl)	74.3	2		73.1	12		66.2	10		67.6
<b>MISC.</b>										
INR/USD	68.7	0		68.7	5		65.1	8		63.3
BDI	1,676	-2		1,718	47		1,143	22		1,371

### Valuations: Indian companies

Company	Price (INR)	EV/EBITDA (x)		P/B (x)
		FY19E	FY20E	FY19E
<b>Steel</b>				
Tata Steel	535	4.8	6.8	0.9
JSW Steel	317	6.8	7.5	2.2
JSPL	200	7.2	6.4	0.6
SAIL	75	6.1	6.4	0.8
<b>Non-Ferrous</b>				
Hindalco	209	5.7	5.1	1.2
Nalco	63	3.1	3.0	1.0
Vedanta	219	5.5	4.4	1.3
Rain Ind.	198	5.1	4.6	1.3
<b>Mining</b>				
Coal India	264	5.5	4.8	7.9
HZL	282	7.3	6.1	2.9
NMDC	102	4.2	3.9	1.2

Note: Detailed table on pg 25 Source: MOSL

### Valuations: Global companies

	Price	EV/EBITDA (x) P/B (x)		
		CY18	CY19	CY18
<b>Mining</b>				
BHP	AUD 34.4	6.1	6.3	nm
FMG	AUD 4.35	4.1	4.7	nm
Rio Tinto	AUD 81.38	5.7	6.1	nm
Vale	USD 53.45	5.6	5.8	1.7
Teck Res.	USD 25.93	4.1	4.7	0.9
<b>Steel</b>				
A. Mittal	EUR 26.985	4.5	4.7	0.8
Posco	kKRW 329	4.7	4.6	0.6
US Steel	USD 37	4.4	4.2	1.8
Nucor	USD 67.61	6.0	6.7	2.1
JFE	JPY 2262.5	6.5	6.2	nm
Gerdau	BRL 16.84	7.1	6.7	1.1
Angang	CNY 6.71	6.1	6.1	0.8
<b>Non Ferrous</b>				
Alcoa	USD 43.22	3.7	4.2	1.6
Hydro	NOK 47	5.9	4.9	1.1
Rusal	HKD 2.49	5.2	5.0	0.9





# Ajanta Pharma

Bloomberg	AJP IN
Equity Shares (m)	88.5
M. Cap. (INR b)/(USD b)	91 / 1
52-Week Range (INR)	1592 / 898
1,6,12 Rel Perf. (%)	9 / -36 / -47

## Financial Snapshot (INR Billion)

y/e march	2017	2018	2019E	2020E
Sales	20.0	21.3	21.5	26.2
EBITDA	6.9	6.6	6.0	7.5
NP	5.1	4.7	4.6	5.7
EPS (INR)	57.3	53.0	51.6	65.0
EPS Gro. (%)	21.9	-7.5	-2.6	25.9
BV/Sh. (INR)	177.2	230.8	274.8	329.9
RoE (%)	36.7	26.0	20.4	21.5
RoCE (%)	35.9	26.0	20.4	21.5

## Valuations

P/E (x)	18.0	19.4	20.0	15.9
P/BV (x)	5.8	4.5	3.7	3.1
EV/EBITDA (x)	13.1	13.7	14.5	11.5
EV/Sales (x)	4.5	4.2	4.1	3.3
Dividend Yield (%)	0.9	0.6	0.7	0.9

**CMP: INR1,030 TP:INR1,560 (+51%) Buy**

- We expect Ajanta Pharma (AJP) sales to remain flat at INR4.7b. We expect healthy growth in domestic formulation segment (partly on low base of past year) to be offset by decline in exports.
- With pick-up in industry growth, we expect AJP to outperform by growing at 17.5% YoY due to product launches and better traction in existing portfolio.
- We expect decline in Institutional segment of Africa business, as the company is yet to receive order to supply for CY18.
- Asia sales are expected to show strong YoY growth on low base and strong traction on new launches and existing molecules.
- On overall basis, we expect EBITDA margin to come in at 27.2% and PAT at INR899m for 1QFY19.
- The stock trades at 20x FY19E EPS. We maintain Buy, with a target price of INR1,560 (24x 12M forward earnings).

## Key issues to watch out for

- Start of supply of anti-malaria medicines to Global Fund
- Filing rate, new approval and traction from recently launched products in US market

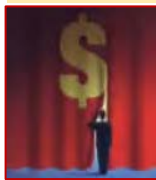
## Quarterly performance

(INR million)

### Consolidated - Quarterly Earning Model

Y/E March	FY18				FY19E				FY18	FY19E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Net Sales</b>	<b>4,731</b>	<b>5,404</b>	<b>5,870</b>	<b>5,303</b>	<b>4,705</b>	<b>5,195</b>	<b>6,219</b>	<b>5,399</b>	<b>21,308</b>	<b>21,518</b>
YoY Change (%)	-0.6	4.8	10.1	11.2	-0.5	-3.9	5.9	1.8	6.5	1.0
Total Expenditure	3,424	3,567	3,896	3,908	3,425	3,746	4,453	3,848	14,794	15,471
<b>EBITDA</b>	<b>1,307</b>	<b>1,837</b>	<b>1,975</b>	<b>1,395</b>	<b>1,280</b>	<b>1,450</b>	<b>1,766</b>	<b>1,551</b>	<b>6,514</b>	<b>6,048</b>
Margins (%)	27.6	34.0	33.6	26.3	27.2	27.9	28.4	28.7	30.6	28.1
Depreciation	134	146	150	166	150	155	160	169	596	634
Interest	1	1	1	1	1	0	0	0	4	1
Other Income	48	92	152	52	54	101	120	93	343	368
<b>PBT before EO expense</b>	<b>1,219</b>	<b>1,783</b>	<b>1,975</b>	<b>1,280</b>	<b>1,183</b>	<b>1,396</b>	<b>1,726</b>	<b>1,475</b>	<b>6,258</b>	<b>5,779</b>
Extra-Ord expense	32	0	0	0	0	0	0	0	32	0
<b>PBT</b>	<b>1,187</b>	<b>1,783</b>	<b>1,975</b>	<b>1,280</b>	<b>1,183</b>	<b>1,396</b>	<b>1,726</b>	<b>1,475</b>	<b>6,226</b>	<b>5,779</b>
Tax	239	464	501	335	284	285	350	296	1,541	1,215
Rate (%)	20.1	26.0	25.3	26.2	24.0	20.4	20.3	20.1	24.7	21.0
Minority Interest & P/L of Asso. Cos.	0	0	0	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>948</b>	<b>1,319</b>	<b>1,475</b>	<b>945</b>	<b>899</b>	<b>1,111</b>	<b>1,376</b>	<b>1,178</b>	<b>4,685</b>	<b>4,565</b>
<b>Adj PAT</b>	<b>980</b>	<b>1,319</b>	<b>1,475</b>	<b>945</b>	<b>899</b>	<b>1,111</b>	<b>1,376</b>	<b>1,178</b>	<b>4,775</b>	<b>4,565</b>
YoY Change (%)	-18.0	0.9	3.4	-22.5	-8.3	-15.8	-6.7	24.7	-7.5	-2.6
Margins (%)	20.7	24.4	25.1	17.8	19.1	21.4	22.1	21.8	22.4	21.2

E: MOSL Estimates



# Bharat Electronics

Bloomberg	BHE IN
Equity Shares (m)	2436.5
M. Cap. (INR b)/(USD b)	254 / 4
52-Week Range (INR)	193 / 101
1,6,12 Rel Perf. (%)	-9 / -47 / -44

### Financial Snapshot (INR b)

Y/E March	2017	2018	2019E	2020E
Net Sales	86.1	103.2	119.1	136.0
EBITDA	17.6	20.0	22.1	25.3
NP	15.5	14.0	15.2	17.9
EPS (INR)	6.3	5.7	6.2	7.3
EPS Gr. (%)	27.2	-8.8	8.4	17.9
BV/Sh (INR)	30.6	31.9	35.5	39.9
RoE (%)	20.6	18.0	17.5	18.4
RoCE (%)	18.8	18.3	18.5	19.5

### Valuations

P/E (x)	25.4	18.2	16.8	14.2
P/BV (x)	5.2	3.3	2.9	2.6
EV/EBITDA (x)	20.2	10.7	9.6	8.1

**CMP: INR104**

**TP: INR150 (+41%)**

**Buy**

- For FY19, BHE plans to pursue business opportunities in space electronics, solar energy, homeland security, smart cards and telecom.
- For FY19, BHE's growth would be driven by radar/missile systems, communication and network-centric systems, tank electronics, gun upgrades, electro-optic systems, and electronic warfare systems.
- BHE has planned capacity enhancement and creation of new test facilities for the defense business.
- We expect muted revenue growth of 8% YoY, given high base effect (98%+ growth in 1QFY17). Execution will be supported by Akash missile system, IACCS, and ship-borne EW systems.
- We expect EBITDA margin of 8.9% v/s 9.5% in 1QFY18, given adverse revenue mix (contribution from low-margin EVM machines). EBITDA is likely to remain flat YoY at INR1.7b. PAT is expected to decline 29% YoY to INR1b. Maintain **Buy**.

### Key issues to watch

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

### Quarterly Performance

(INR Million)

Y/E March	FY18				FY19				FY18	FY19
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Sales</b>	<b>17,248</b>	<b>24,762</b>	<b>25,128</b>	<b>36,085</b>	<b>18,601</b>	<b>28,415</b>	<b>28,902</b>	<b>43,154</b>	<b>103,223</b>	<b>119,072</b>
Change (%)	97.9	45.4	23.1	-9.5	7.8	14.8	15.0	19.6	19.9	15.4
<b>EBITDA</b>	<b>1,633</b>	<b>5,950</b>	<b>4,452</b>	<b>7,962</b>	<b>1,651</b>	<b>5,415</b>	<b>5,552</b>	<b>9,449</b>	<b>19,997</b>	<b>22,067</b>
Change (%)	-450	76	-8	-19	1	-9	25	19	14	10
As of % Sales	9.5	24.0	17.7	22.1	8.9	19.1	19.2	21.9	19.4	18.5
Depreciation	561	590	594	766	570	620	650	843	2,510	2,683
Interest	3	0	0	10	5	2	2	4	13	13
Other Income	723	510	492	279	350	400	500	750	2,004	2,000
<b>PBT</b>	<b>1,793</b>	<b>5,870</b>	<b>4,350</b>	<b>7,465</b>	<b>1,426</b>	<b>5,193</b>	<b>5,400</b>	<b>9,352</b>	<b>19,478</b>	<b>21,371</b>
Tax	540	1746	1322	1878	420	1600	1650	2528	5486	6198
Effective Tax Rate (%)	30.1	29.7	30.4	25.2	29.5	30.8	30.6	27.0	28.2	29.0
<b>Reported PAT</b>	<b>1,253</b>	<b>4,124</b>	<b>3,028</b>	<b>5,587</b>	<b>1,006</b>	<b>3,593</b>	<b>3,750</b>	<b>6,825</b>	<b>13,992</b>	<b>15,173</b>
Change (%)	247.2	19.1	-18.9	-29.4	-19.7	-12.9	23.8	22.1	-9.6	8.4
<b>Adj PAT</b>	<b>1,253</b>	<b>4,124</b>	<b>3,028</b>	<b>5,587</b>	<b>1,006</b>	<b>3,593</b>	<b>3,750</b>	<b>6,825</b>	<b>13,992</b>	<b>15,173</b>
Change (%)	<b>247.2</b>	<b>19.1</b>	<b>-18.9</b>	<b>-29.4</b>	<b>-19.7</b>	<b>-12.9</b>	<b>23.8</b>	<b>22.1</b>	<b>-9.6</b>	<b>8.4</b>



# Castrol (India)

Bloomberg	CSTR.L IN
Equity Shares (m)	989.1
M. Cap. (INR b)/(USD b)	160 / 2
52-Week Range (INR)	214 / 155
1,6,12 Rel Perf. (%)	-8 / -20 / -33

**Financial Snapshot (INR b)**

Y/E Dec	2016	2017	2018E	2019E
Sales	33.6	35.8	36.8	37.6
EBITDA	9.9	10.3	9.1	8.6
PAT	6.7	6.9	6.2	6.2
EPS (INR)	6.8	7.0	6.2	6.3
EPS Gr. (%)	5.8	2.9	-10.7	0.2
BV/Sh.(INR)	9.9	10.3	10.9	11.6
RoE (%)	86.3	69.1	58.8	55.6
RoCE (%)	86.4	69.2	58.8	55.7
Payout (%)	97.4	81.5	90.0	90.0

**Valuations**

P/E (x)	23.8	23.1	25.9	25.8
P/BV (x)	16.3	15.7	14.8	14.0
EV/EBITDA (x)	15.3	14.7	15.9	16.9
Div. Yield (%)	3.4	2.9	2.9	2.9

**CMP: INR162**
**TP: INR219 (+35%)**
**Buy**

- We expect revenue to grow 8% YoY (and +1% QoQ) at INR9.4b, led by volumes of 53m liters (+4% YoY, +4% QoQ) and realization of INR177/liter (+4% YoY, flat QoQ).
- We expect CSTR.L to report EBITDA of INR2.5b (+20% YoY, -8% QoQ). EBITDA margin would be 26.9%, lower than 29.6% in 1QCY18.
- We estimate net profit at INR1.7b (+23% YoY, -7% QoQ).
- The stock trades at 25.8x CY19E EPS of INR6.3. Maintain Buy.

**Key issues to watch for**

- Volume growth.
- Operating margin expansion.
- Launch of new products.
- (d) Competitive pressure from other players.

**Quarterly Performance**

Y/E December	CY17				CY18E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	CY17	CY18E
<b>Net Sales</b>	<b>8,822</b>	<b>8,704</b>	<b>8,614</b>	<b>9,703</b>	<b>9,271</b>	<b>9,381</b>	<b>8,888</b>	<b>9,484</b>	<b>35,843</b>	<b>37,024</b>
YoY Change (%)	3.5	-10.1	13.1	24.5	5.1	7.8	3.2	-2.3	6.7	3.3
Total Expenditure	6,189	6,609	6,078	6,637	6,528	6,861	6,672	7,625	25,513	27,686
<b>EBITDA</b>	<b>2,633</b>	<b>2,095</b>	<b>2,536</b>	<b>3,066</b>	<b>2,743</b>	<b>2,520</b>	<b>2,216</b>	<b>1,859</b>	<b>10,330</b>	<b>9,338</b>
YoY Change (%)	4.7	-33.4	19.1	41.7	4.2	20.3	-12.6	-39.4	3.8	-9.6
Margins (%)	29.8	24.1	29.4	31.6	29.6	26.9	24.9	19.6	28.8	25.2
Depreciation	123	118	111	103	143	128	125	80	455	476
Interest	3	1	2	6	7	4	4	0	12	15
Other Income	185	155	333	164	228	224	210	201	837	863
<b>PBT</b>	<b>2,692</b>	<b>2,131</b>	<b>2,756</b>	<b>3,121</b>	<b>2,821</b>	<b>2,612</b>	<b>2,297</b>	<b>1,980</b>	<b>10,700</b>	<b>9,709</b>
Tax	902	752	974	1,154	1,003	914	804	587	3,782	3,325
Rate (%)	34	35	35	37	36	35	35	30	35	34
<b>PAT</b>	<b>1,790</b>	<b>1,379</b>	<b>1,782</b>	<b>1,967</b>	<b>1,818</b>	<b>1,698</b>	<b>1,493</b>	<b>1,392</b>	<b>6,918</b>	<b>6,384</b>
YoY Change (%)	3.8	-33.3	27.5	26.3	1.6	23.1	-16.2	-29.2	2.5	-7.7
Margins (%)	20.3	15.8	20.7	20.3	19.6	18.1	16.8	14.7	19.3	17.2

E: MOSL Estimates



# Dabur

Bloomberg	DABUR IN
Equity Shares (m)	1761.5
M. Cap. (INR b)/(USD b)	669 / 10
52-Week Range (INR)	397 / 292
1,6,12 Rel Perf. (%)	-3 / 2 / 15

### Financial Snapshot (INR b)

Y/E March	2017	2018	2019E	2020E
Sales	77.0	77.5	88.3	100.8
EBITDA	15.1	16.2	18.7	21.5
Adj. PAT	12.8	13.7	15.9	18.3
Adj. EPS (INR)	7.2	7.8	9.0	10.4
EPS Gr. (%)	1.9	7.2	16.0	15.5
BV/Sh.(INR)	27.5	32.4	35.6	38.9
RoE (%)	28.4	25.9	26.5	28.0
RoCE (%)	24.6	22.9	23.8	25.4
Payout (%)	31.0	96.5	50.0	70.0

### Valuation

P/E (x)	52.4	48.9	42.2	36.5
P/BV (x)	13.8	11.7	10.7	9.8
EV/EBITDA (x)	42.6	39.4	33.7	29.0
Div. Yield (%)	0.6	2.0	1.2	1.9

**CMP: INR380**

**TP: INR455 (+20%)**

**Buy**

- We expect sales to grow 20% YoY to INR21.5b, led by 15% domestic organic volume growth.
- We expect EBITDA margin to expand 200bp YoY to 19.3% in 1QFY19, with EBITDA growth of 33.9% YoY.
- Adjusted PAT is expected to grow 29.4% YoY in the quarter.
- The stock trades at 42.2x/36.5x FY19E/20E EPS of INR9.0/INR10.4; maintain Buy.

### Key issues to watch for

- Domestic volume growth and outlook for rural demand
- Pick-up in science-based Ayurveda product launch
- Recovery in wholesale channel
- Margin performance in international business
- Competitive intensity, especially from Patanjali

### Quarterly Performance (Consolidated)

Y/E March	FY18				FY19				FY18	FY19E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Domestic Vol Growth (%)</b>	-4.4	7.2	13.0	7.7	15.0	7.0	2.0	6.0	6.0	7.5
<b>Net Sales</b>	17,901	19,589	19,664	20,329	21,481	22,332	21,631	22,900	77,483	88,344
YoY Change (%)	-8.3	-1.1	6.1	6.2	20.0	14.0	10.0	12.6	0.6	14.0
Total Exp	14,812	15,390	15,630	15,477	17,344	17,322	17,409	17,591	61,309	69,666
<b>EBITDA</b>	3,089	4,199	4,035	4,852	4,136	5,010	4,222	5,309	16,174	18,677
Margins (%)	17.3	21.4	20.5	23.9	19.3	22.4	19.5	23.2	20.9	21.1
YoY Growth (%)	-11.4	2.7	20.8	16.2	33.9	19.3	4.6	9.4	7.2	15.5
Depreciation	391	401	405	426	418	429	433	463	1,622	1,743
Interest	133	133	132	132	113	113	112	111	531	449
Other Income	813	843	663	732	894	928	730	806	3,052	3,357
<b>PBT</b>	3,378	4,508	4,162	5,026	4,500	5,396	4,407	5,540	17,074	19,842
Tax	589	880	833	1,053	891	1,068	872	1,097	3,354	3,929
Rate (%)	17.4	19.5	20.0	20.9	19.8	19.8	19.8	19.8	19.6	19.8
Minority Interest	3	9	7	12	3	10	8	12	31	34
<b>Adjusted PAT</b>	2,787	3,619	3,321	3,962	3,606	4,317	3,526	4,431	13,689	15,879
YoY Change (%)	-4.8	1.3	13.1	18.9	29.4	19.3	6.2	11.8	7.2	16.0

E: MOSL Estimates



# Jagran Prakashan

Bloomberg	JAGP IN
Equity Shares (m)	311.4
M. Cap. (INR b)/(USD b)	43 / 1
52-Week Range (INR)	192 / 130
1,6,12 Rel Perf. (%)	-18 / -28 / -40

**CMP: INR138 TP: INR180 (+31%) Buy**

- We expect print advertising revenue to grow at modest 4% YoY to INR3.8b mainly on the back of some improvement in government ad spends; local ad spends remain muted.
- Circulation revenue is likely to grow marginally by 2% YoY to INR1.1b, mainly on the back of yield improvement. We expect Radio revenue to grow 10% to INR0.8b.
- Consolidated revenue is expected to grow 4% YoY to INR6.2b.
- However, increase in newsprint prices is likely to impact EBITDA margin. We expect EBITDA margin to drop 100bp YoY to 26.3%, with meager 1% YoY EBITDA growth to INR1.6b.
- PAT is expected to grow 3% YoY to INR0.9b.
- The stock trades at 10.9x FY19E and 9x FY20E EPS. Maintain Buy.

## Financial Snapshot (INR Billion)

Y/E MARCH	2017	2018	2019E	2020E
Net Sales	22.8	23.0	25.3	27.5
EBITDA	6.4	5.8	6.6	7.7
Adj. Net Profit	3.5	3.0	3.7	4.5
Adj. EPS (INR)	10.6	9.6	12.6	15.3
Adj. EPS Gr. (%)	8.8	-9.5	31.0	21.6
BV/Sh (INR)	65.9	65.5	68.0	79.7
RoE (%)	18.4	14.9	18.5	19.5
RoCE (%)	15.9	14.1	17.1	18.1
Div. Payout (%)	0.0	37.4	28.5	23.5

## Valuations

P/E (x)	13.0	14.3	10.9	9.0
P/BV (x)	2.1	2.1	2.0	1.7
EV/EBITDA (x)	6.1	6.5	5.3	4.1
Div. Yield (%)	0.0	2.2	2.2	2.2

## Key things to watch for

- Ad revenue (we expect 4% YoY growth)
- EBITDA margin (we expect 100bp dip to 26.3%)

## Consolidated quarterly performance

Y/E March	FY18				FY19				FY18	FY19E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Total Revenue from Operations</b>	<b>5,913</b>	<b>5,665</b>	<b>5,981</b>	<b>5,480</b>	<b>6,176</b>	<b>6,200</b>	<b>6,569</b>	<b>6,398</b>	<b>23,040</b>	<b>25,344</b>
YoY Change (%)	4.8	2.1	-0.6	-2.5	4.4	9.4	9.8	16.8	0.9	10.0
Total Expenditure	4,301	4,279	4,352	4,276	4,553	4,681	4,727	4,744	17,208	18,705
<b>EBITDA</b>	<b>1,613</b>	<b>1,386</b>	<b>1,629</b>	<b>1,204</b>	<b>1,624</b>	<b>1,519</b>	<b>1,842</b>	<b>1,654</b>	<b>5,832</b>	<b>6,639</b>
Margins (%)	27.3	24.5	27.2	22.0	26.3	24.5	28.0	25.9	25.3	26.2
Depreciation	328	340	343	350	366	366	366	366	1,361	1,463
Interest	72	74	76	49	37	37	37	37	271	148
Other Income	120	125	108	113	118	118	118	227	467	582
<b>PBT</b>	<b>1,333</b>	<b>1,098</b>	<b>1,318</b>	<b>918</b>	<b>1,339</b>	<b>1,235</b>	<b>1,557</b>	<b>1,479</b>	<b>4,667</b>	<b>5,610</b>
Tax	446	375	446	290	448	420	530	475	1,557	1,872
Rate (%)	33.5	34.2	33.8	31.6	33.5	34.0	34.0	32.1	33.4	33.4
Minority Interest & P/L of Asso. Cos.	21	27	25	37	0	0	0	0	111	0
<b>Reported PAT</b>	<b>866</b>	<b>695</b>	<b>848</b>	<b>590</b>	<b>891</b>	<b>815</b>	<b>1,028</b>	<b>1,004</b>	<b>2,999</b>	<b>3,738</b>
<b>Adj PAT</b>	<b>866</b>	<b>695</b>	<b>848</b>	<b>590</b>	<b>891</b>	<b>815</b>	<b>1,028</b>	<b>1,004</b>	<b>2,999</b>	<b>3,738</b>
YoY Change (%)	3.3	-18.5	-12.9	-27.2	2.9	17.2	21.2	70.2	-13.7	24.7
Margins (%)	14.6	12.3	14.2	10.8	14.4	13.1	15.6	15.7	13.0	14.7

E: MOSL Estimates





# Mahanagar Gas

Bloomberg	MAHGL IN
Equity Shares (m)	98.8
M. Cap. (INR b)/(USD b)	80 / 1
52-Week Range (INR)	1345 / 774
1,6,12 Rel Perf. (%)	-2 / -31 / -32

## Financial Snapshot (INR b)

y/e march	2017	2018	2019E	2020E
Sales	20.3	22.3	24.1	27.3
EBITDA	6.4	7.8	7.3	7.9
Adj. PAT	3.9	4.8	4.3	4.6
Adj. EPS (INR)	39.8	48.4	43.7	47.0
EPS Gr. (%)	26.5	21.5	-9.8	7.7
BV/Sh.(INR)	186.3	212.1	236.9	263.5
RoE (%)	23.4	24.3	19.4	18.8
RoCE (%)	23.3	24.3	19.4	18.8
Payout (%)	56.6	43.3	43.3	43.3

## Valuation

P/E (x)	20.4	16.8	18.6	17.3
P/BV (x)	4.4	3.8	3.4	3.1
EV/EBITDA (x)	12.2	10.2	10.4	9.1
Div. Yield (%)	2.3	2.1	1.9	2.1

**CMP: INR811**

**TP: INR940 (+16%)**

**Buy**

- We expect MGL to report volumes of 2.74mmscmd, and assume EBITDA/scm at INR7.3 for 4QFY18.
- We expect 1QFY19 CNG volumes at 2.02mmscmd (+7% YoY; -2% QoQ) and PNG volumes at 0.72mmscmd (+5% YoY; -4% QoQ).
- We expect MGL to report EBITDA of INR1.8b (-11% YoY; +3% QoQ) for 1QFY19.
- We expect MGL to report PAT of INR1.1b (-14% YoY; +2% QoQ).
- We model total volumes of 2.85/3.09mmscmd and EBITDA/SCM at INR7.0/7.0 in FY19/FY20.
- The stock trades at 17.3x FY20E EPS of INR47. Maintain Buy.

## Key issues to watch for

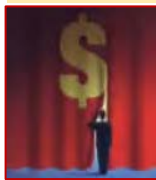
- Increase in volumes
- EBITDA/SCM

## Standalone - Quarterly Earning Model

(INR Million)

Y/E March	FY18				FY19				FY18	FY19E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Net Sales</b>	<b>5,309</b>	<b>5,338</b>	<b>5,814</b>	<b>5,870</b>	<b>5,725</b>	<b>6,088</b>	<b>6,171</b>	<b>6,071</b>	<b>22,330</b>	<b>24,056</b>
YoY Change (%)	9.8	2.5	15.3	11.7	-1.5	3.7	NA	NA	9.8	7.7
Total Expenditure	3,276	3,335	3,805	4,108	3,908	4,209	4,266	4,381	14,524	16,763
<b>EBITDA</b>	<b>2,033</b>	<b>2,003</b>	<b>2,009</b>	<b>1,762</b>	<b>1,817</b>	<b>1,879</b>	<b>1,905</b>	<b>1,690</b>	<b>7,806</b>	<b>7,293</b>
EBITDA/SCM	8.7	8.1	8.0	7.0	7.3	7.1	7.1	6.5	7.9	7.0
Margins (%)	38.3	37.5	34.6	30.0	31.7	30.9	30.9	27.8	35.0	30.3
Depreciation	246	259	268	339	347	347	347	347	1,112	1,388
Interest	2	0	0	1	0	0	0	0	3	0
Other Income	120	139	141	174	154	154	154	157	574	618
<b>PBT</b>	<b>1,904</b>	<b>1,883</b>	<b>1,883</b>	<b>1,595</b>	<b>1,624</b>	<b>1,686</b>	<b>1,712</b>	<b>1,498</b>	<b>7,265</b>	<b>6,522</b>
Tax	661	635	643	548	551	572	580	508	2,487	2,210
Rate (%)	34.7	33.7	34.1	34.3	33.9	33.9	33.9	33.9	34.2	33.9
<b>Reported PAT</b>	<b>1,243</b>	<b>1,248</b>	<b>1,240</b>	<b>1,048</b>	<b>1,073</b>	<b>1,115</b>	<b>1,131</b>	<b>990</b>	<b>4,779</b>	<b>4,312</b>
<b>Adj PAT</b>	<b>1,243</b>	<b>1,248</b>	<b>1,240</b>	<b>1,048</b>	<b>1,073</b>	<b>1,115</b>	<b>1,131</b>	<b>990</b>	<b>4,779</b>	<b>4,312</b>
YoY Change (%)	34.1	22.1	25.2	5.3	-13.4	6.4	NA	NA	21.5	-9.8
Margins (%)	23.4	23.4	21.3	17.8	18.7	18.3	18.3	16.3	21.4	17.9
<b>Sales Volumes (mmscmd)</b>										
CNG	1.89	1.99	2.01	2.05	2.02	2.13	2.15	1.89	1.99	2.05
PNG - Domestic	0.32	0.33	0.34	0.35	0.35	0.35	0.36	0.50	0.34	0.39
PNG - Industry/ Commercial	0.36	0.38	0.39	0.39	0.37	0.39	0.41	0.49	0.38	0.42
PNG - Total	0.68	0.71	0.73	0.74	0.72	0.74	0.77	0.99	0.72	0.81
<b>Total Volumes</b>	<b>2.57</b>	<b>2.70</b>	<b>2.74</b>	<b>2.80</b>	<b>2.74</b>	<b>2.88</b>	<b>2.92</b>	<b>2.89</b>	<b>2.70</b>	<b>2.85</b>

E: MOSL Estimates



# Power Grid Corp.

Bloomberg	PWGR IN
Equity Shares (m)	5231.6
M. Cap. (INR b)/(USD b)	957 / 14
52-Week Range (INR)	226 / 181
1,6,12 Rel Perf. (%)	-11 / -14 / -27

## Financial Snapshot (INR Million)

y/e march	2017	2018	2019E	2020E
Sales	257.0	299.4	343.1	384.9
EBITDA	226.6	263.1	305.2	342.6
NP	74.5	86.5	98.4	107.7
EPS (INR)	14.2	16.5	18.8	20.6
EPS Gr. (%)	27.5	16.1	13.7	9.5
BV/Sh. (INR )	95.3	107.3	121.6	137.2
RoE (%)	15.9	16.3	16.4	15.9
RoCE (%)	7.2	7.5	8.1	8.3
Payout (%)	21.0	23.6	23.8	25.5
<b>VALUATION</b>				
P/E (x)	13.0	11.2	9.8	9.0
P/BV (x)	1.9	1.7	1.5	1.3
EV/EBITDA (x)	9.4	8.5	7.6	7.0
Div. Yield (%)	1.4	1.7	2.0	2.3

**CMP: INR183**
**TP: INR253(+38%)**
**Buy**

- We estimate adj. PAT to grow by 13% YoY to INR24.2b, driven by growth in regulated equity.
- We estimate capitalization of INR70b in the quarter, with full-year capitalization at INR280b.

## Key issues to watch for

- Capitalization/capex guidance for FY19.
- Details on competitively bid projects.
- Development on green energy projects, state JVs, etc.

## Quarterly Performance (Standalone)

Y/E March	INR million								FY18	FY19E
	FY18				FY19					
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Sales</b>	<b>71,814</b>	<b>72,528</b>	<b>75,070</b>	<b>78,113</b>	<b>81,457</b>	<b>81,843</b>	<b>86,431</b>	<b>87,477</b>	<b>297,525</b>	<b>337,208</b>
Change (%)	18.3	16.4	15.5	16.4	13.4	12.8	15.1	12.0	15.7	13.3
<b>EBITDA</b>	<b>62,699</b>	<b>65,560</b>	<b>66,364</b>	<b>66,826</b>	<b>72,069</b>	<b>74,707</b>	<b>77,496</b>	<b>75,793</b>	<b>261,449</b>	<b>300,066</b>
Change (%)	16.8	17.5	14.0	17.2	14.9	14.0	16.8	13.4	15.3	14.8
As of % Sales	87.3	90.4	88.4	85.6	88.5	91.3	89.7	86.6	87.9	89.0
Depreciation	21,311	22,350	23,186	24,065	24,244	25,425	26,376	27,376	90,913	103,421
Interest	17,624	18,673	19,555	20,055	19,011	20,142	21,093	21,633	75,907	81,880
Other Income	2,085	2,397	2,781	2,876	1,857	2,135	2,477	2,429	10,139	8,897
<b>PBT</b>	<b>25,848</b>	<b>26,934</b>	<b>26,405</b>	<b>25,582</b>	<b>30,671</b>	<b>31,274</b>	<b>32,503</b>	<b>29,213</b>	<b>104,769</b>	<b>123,661</b>
Tax	5,324	5,523	5,996	5,536	6,441	6,568	6,826	6,135	22,379	25,969
Effective Tax Rate (%)	20.6	20.5	22.7	21.6	21.0	21.0	21.0	21.0	21.4	21.0
<b>Reported PAT</b>	<b>20,524</b>	<b>21,410</b>	<b>20,408</b>	<b>20,047</b>	<b>24,230</b>	<b>24,707</b>	<b>25,678</b>	<b>23,078</b>	<b>82,390</b>	<b>97,692</b>
<b>Adjusted PAT</b>	<b>21,386</b>	<b>21,539</b>	<b>22,517</b>	<b>21,133</b>	<b>24,230</b>	<b>24,707</b>	<b>25,678</b>	<b>23,078</b>	<b>86,575</b>	<b>97,692</b>
Change (%)	18.8	14.8	15.7	5.0	13.3	14.7	14.0	9.2	13.7	12.8



# Tata Motors

Bloomberg	TTMT IN
Equity Shares (m)	3396.6
M. Cap. (INR b)/(USD b)	851 / 13
52-Week Range (INR)	468 / 263
1,6,12 Rel Perf. (%)	-9 / -43 / -52

## Financial Snapshot (INR b)

Y/E March	2017	2018	2019E	2020E
Net Sales	2,697	2,946	3,256	3,636
EBITDA	369.1	369.7	458.2	510.2
NP	67.3	77.8	136.3	152.8
Adj. EPS (INR)	19.8	22.9	40.1	45.0
EPS Gr. (%)	-48.4	15.7	75.2	12.1
BV/Sh. (INR)	171.0	281.0	322.4	368.6
RoE (%)	9.8	10.1	13.3	13.0
RoCE (%)	9.2	6.4	6.6	6.3

## Valuations

P/E (x)	13.5	11.7	6.7	5.9
P/BV (x)	1.6	1.0	0.8	0.7
EV/EBITDA (x)	2.9	3.1	2.5	1.9

**CMP: INR267**

**TP: INR459 (+72%)**

**Buy**

- Consolidated revenue is likely to grow 18.1% YoY, with EBITDA margin expanding 150bp YoY to 10%. However, due to high depreciation, adjusted PAT is likely to decline 12.2% YoY to INR8.5b.
- We expect JLR's (including JV) volume to grow 4% YoY (decline 21.2% QoQ), led by new product launch.
- JLR's net realization is expected to decline by 2.5% YoY (-0.5% QoQ), led by unfavorable mix. EBITDA margin would expand 250bp YoY (decline 310bp QoQ) to 10.4%, led by lower RM. Higher depreciation would lead to adjusted PAT decline of 41% YoY to GBP88m.
- S/A volume grew 61.4% YoY (declined 13.3% QoQ), led by 68% YoY growth in CVs and 47.5% YoY growth in PVs. EBITDA margin would be 7.1% (+20bp QoQ), led by operating leverage. We expect adjusted PAT to be at INR18b (3<sup>rd</sup> consecutive quarter of positive PAT).
- The stock trades at 6.7x FY19E and 5.9x FY20E EPS. **Buy**.

## Key issues to watch

- Current demand trends for JLR and outlook for key markets
- Update on new launches
- Impact of forex hedge loss
- Update on Chery JV operations and CV business outlook

## Quarterly Perf. [Consol]

(INR Million)

Y/E March	FY18				FY19E				FY18	FY19E
(Consolidated)	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
JLR vols. (incl JV)	138,476	153,210	159,067	182,757	144,070	161,250	168,250	197,223	633,510	670,793
JLR Realizations (GBP/unit)	47,483	48,137	47,181	46,547	46,314	47,009	48,419	49,120	47,288	47,855
JLR EBITDA (%)	7.9	11.8	10.9	13.5	10.4	12.5	13.5	15.8	11.2	13.4
S/A vol. (units)	109,692	153,321	171,388	204,356	177,088	178,694	185,564	228,190	638,757	769,536
S/A Realizations (INR/unit)	829,080	905,798	938,766	967,885	929,170	919,878	910,680	923,385	921,030	920,838
S/A EBITDA (%)	0.0	7.0	8.9	6.9	7.1	7.1	7.7	10.2	6.5	8.1
S/A PAT (INR m)	-4,671	-2,953	2,158	5,152	18,056	-549	1,394	8,173	216	27,074
Net Op Income	584,934	706,907	741,561	912,791	690,866	756,040	801,179	1,008,400	2,946,192	3,256,485
Growth (%)	-10.0	11.3	16.0	18.2	18.1	7.0	8.0	10.5	9.2	10.5
EBITDA	49,648	89,383	85,435	108,944	69,245	92,673	108,393	152,201	333,411	422,511
EBITDA Margins (%)	8.5	12.6	11.5	11.9	10.0	12.3	13.5	15.1	11.3	13.0
PBT before EO Exp	1,168	30,814	20,338	39,480	1,095	24,323	40,293	84,181	91,799	149,892
EO Exp/(Inc)	-36,202	0	47	16,403	0	0	0	0	-19,751	0
PBT after EO Exp	37,370	30,814	20,290	23,077	1,095	24,323	40,293	84,181	111,550	149,892
Tax rate (%)	32.3	35.4	52.6	42.3	35.0	30.0	29.5	29.3	38.9	29.5
Adj PAT	9,712	24,828	12,015	31,271	8,527	25,608	35,549	66,659	77,826	136,343
Growth (%)	(49.3)	197.2	(422.8)	(28.1)	(12.2)	3.1	195.9	113.2	15.7	75.2

E: MOSL Estimates



Bloomberg	UPLL IN
Equity Shares (m)	505.0
M. Cap. (INR b)/(USD b)	315 / 5
52-Week Range (INR)	902 / 603
1,6,12 Rel Perf. (%)	-11 / -25 / -40

**Financial Snapshot (INR Billion)**

Y/E March	2017	2018	2019E	2020E
Sales	163.1	173.8	194.4	221.3
EBITDA	32.2	35.2	40.6	47.4
NP	21.1	22.3	23.6	28.1
EPS (Rs)	41.7	44.2	46.7	55.6
EPS Gr. (%)	55.5	5.9	5.6	19.2
BV/Share	146.5	181.6	218.9	263.4
RoE (%)	31.7	26.9	23.3	23.1
RoCE (%)	22.4	19.8	18.8	19.4
<b>Valuations</b>				
P/E (x)	15.0	14.1	13.4	11.2
P/BV (x)	4.3	3.4	2.9	2.4
EV/EBITDA (x)	10.8	10.0	8.5	7.1
EV/Sales (x)	2.1	2.0	1.8	1.5

**CMP: INR642**

**TP: INR664 (+3%)**

**Buy**

- We expect revenue to grow 12.6% YoY to INR41.9b in 1QFY19, driven by robust growth of 10% in India.
- We expect Latin America and Europe to post a growth of 8% each with North America and RoW business growing at 8.5% and 9% respectively.
- We expect EBITDA margin to expand 50bp YoY to 20.6% and EBITDA to increase 15% YoY to INR8,638m.
- Consequently, we expect adjusted PAT to grow 16.1% to INR5,819m in spite of higher tax rate of 16% in 1QFY19 v/s 9% in 1QFY18. **Buy.**

**Key things to watch for**

- Sugarbeet acreage in Europe.
- New launches and share of branded products.

**Cons.: Quarterly Earning Model**

Y/E March	FY18				FY19				FY18	FY19E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Net Sales</b>	<b>37,230</b>	<b>37,700</b>	<b>41,940</b>	<b>56,910</b>	<b>41,934</b>	<b>42,255</b>	<b>46,578</b>	<b>63,655</b>	<b>173,780</b>	<b>194,422</b>
YoY Change (%)	6.1	6.5	7.0	6.5	12.6	12.1	11.1	11.9	6.5	11.9
Total Expenditure	29,730	30,510	33,650	44,730	33,296	33,889	37,015	49,587	138,620	153,787
<b>EBITDA</b>	<b>7,500</b>	<b>7,190</b>	<b>8,290</b>	<b>12,180</b>	<b>8,638</b>	<b>8,366</b>	<b>9,563</b>	<b>14,068</b>	<b>35,160</b>	<b>40,635</b>
Margins (%)	20.1	19.1	19.8	21.4	20.6	19.8	20.5	22.1	20.2	20.9
Depreciation	1,580	1,650	1,690	1,840	1,800	2,071	2,160	2,160	6,760	8,191
Interest	800	1,820	1,110	4,100	790	1,850	1,100	3,888	7,830	7,628
Other Income	1,010	760	1,190	1,180	1,050	800	1,210	1,440	4,140	4,500
Exch. difference on trade rec./payable	590	420	1,130	-2,030	0	0	0	0	110	0
<b>PBT before EO expense</b>	<b>5,540</b>	<b>4,060</b>	<b>5,550</b>	<b>9,450</b>	<b>7,098</b>	<b>5,245</b>	<b>7,513</b>	<b>9,460</b>	<b>24,600</b>	<b>29,316</b>
Extra-Ord expense	190	310	70	60	0	0	0	0	630	0
<b>PBT</b>	<b>5,350</b>	<b>3,750</b>	<b>5,480</b>	<b>9,390</b>	<b>7,098</b>	<b>5,245</b>	<b>7,513</b>	<b>9,460</b>	<b>23,970</b>	<b>29,316</b>
Tax	480	750	-140	1,660	1,136	934	1,202	1,419	2,750	4,690
Rate (%)	9.0	20.0	-2.6	17.7	16.0	17.8	16.0	15.0	11.5	16.0
MI & P/L of Asso. Cos.	140	630	-120	370	144	612	-55	360	1,020	1,061
<b>Reported PAT</b>	<b>4,730</b>	<b>2,370</b>	<b>5,740</b>	<b>7,360</b>	<b>5,819</b>	<b>3,699</b>	<b>6,366</b>	<b>7,681</b>	<b>20,200</b>	<b>23,565</b>
<b>Adj PAT</b>	<b>5,010</b>	<b>3,320</b>	<b>6,320</b>	<b>7,650</b>	<b>5,819</b>	<b>3,699</b>	<b>6,366</b>	<b>7,681</b>	<b>22,300</b>	<b>23,565</b>
YoY Change (%)	19.9	-7.4	28.6	-9.5	16.1	11.4	0.7	0.4	5.5	5.7
Margins (%)	13.5	8.8	15.1	13.4	13.9	8.8	13.7	12.1	12.8	12.1

E: MOSL Estimates



# Vedanta

Bloomberg	VEDL IN
Equity Shares (m)	3717.0
M. Cap. (INR b)/(USD b)	848 / 12
52-Week Range (INR)	356 / 222
1,6,12 Rel Perf. (%)	-9 / -38 / -25

### Financial Snapshot (INR Billion)

Y/E March	2017	2018	2019E	2020E
Sales	722.3	919	883	958
EBITDA *	175.5	203.1	232.7	272.8
NP	56.3	79.2	87.8	107.0
Adj. EPS (INR)	15.1	21.3	23.6	28.8
EPS Gr (%)		40.7	10.9	21.8
BV/Sh. (INR)	162.7	155.0	168.3	185.3
RoE (%)	9.7	13.4	14.6	16.3
RoCE (%)	12.4	14.4	15.7	17.2
Payout (%)	154.2	119.5	41.5	41.1

### Valuation

P/E (x)	15.2	10.8	9.7	8.0
P/BV	1.4	1.5	1.4	1.2
EV/EBITDA, x*	7.0	6.4	5.7	4.6
Div. Yield (%)	8.5	9.2	3.6	4.3

**CMP:INR228**

**TP: INR274 (+20%)**

**Buy**

- We expect VEDL's EBITDA to decline 13% QoQ to INR68.1b, driven by copper and aluminum, partly offset by crude oil. Adjusted PAT is estimated to decline 23% QoQ to INR17.6b on higher depreciation and lower other income.
- **Aluminum:** EBITDA is expected to decline 18% QoQ to INR10.7b, as higher LME is offset by higher input cost.
- **Zinc India:** EBITDA is expected to decrease 15% QoQ to INR30.8b on lower realization, volume and higher cost.
- **Power:** EBITDA is expected to normalize at INR4.3b (down 28% QoQ).
- **Copper:** Business is expected to suffer on account of closure.
- **Oil & Gas:** EBITDA is expected to increase 38% QoQ to INR20.8b on higher oil prices and volumes.

### Key issues to watch for

- Progress on ramp-up of 1.25mtpa smelter.
- Movement in base metal prices.

### Quarterly (Consolidated)

INR million

Y/E March	FY18				FY19				FY18	FY19E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Net Sales</b>	<b>182,850</b>	<b>215,900</b>	<b>243,610</b>	<b>276,300</b>	<b>218,558</b>	<b>214,133</b>	<b>221,661</b>	<b>228,497</b>	<b>918,660</b>	<b>882,849</b>
Change (YoY %)	26.7	36.1	25.5	22.7	19.5	-0.8	-9.0	-17.3	27.2	-3.9
<b>EBITDA</b>	<b>48,740</b>	<b>56,690</b>	<b>67,630</b>	<b>78,370</b>	<b>68,100</b>	<b>67,323</b>	<b>72,233</b>	<b>75,991</b>	<b>251,430</b>	<b>283,647</b>
Copper	2,130	3,920	2,970	4,070	-1,041	-936	-842	-757	13,090	-3,577
Aluminum	5,280	4,570	6,100	13,100	10,741	6,609	8,922	8,964	29,050	35,236
Iron ore	400	-40	2,310	1,930	743	1,073	1,274	1,709	4,600	4,799
Power	1,100	3,660	5,950	5,970	4,284	4,289	3,604	4,058	16,680	16,235
Zinc-India	23,840	30,240	32,440	36,200	30,817	30,398	31,509	33,311	122,720	126,035
Zinc-Int	3,210	3,890	4,460	2,590	1,761	2,768	3,675	4,006	14,150	12,211
Oil&Gas	13,850	11,760	13,590	15,090	20,796	21,320	22,044	22,385	54,290	86,545
Steel						1,800	2,048	2,315		6,163
Others	-1,070	-1,310	-190	-580					-3,150	0
Change (YoY %)	41.7	21.5	12.8	6.6	39.7	18.8	6.8	-3.0	17.9	12.8
Finance cost	15,920	13,840	13,060	14,240	14,878	14,729	14,582	15,323	57,060	59,513
DD&A	13,860	14,260	15,490	16,830	17,639	17,463	17,288	18,167	60,440	70,558
Other Income	10,550	8,760	5,730	9,930	4,074	8,149	8,067	12,305	34,970	32,595
<b>PBT (before EO item)</b>	<b>29,510</b>	<b>37,350</b>	<b>44,810</b>	<b>57,230</b>	<b>39,656</b>	<b>43,279</b>	<b>48,430</b>	<b>54,806</b>	<b>168,900</b>	<b>186,172</b>
EO exp. (income)	0	-1,860	1,580	-8,190	0	0	0	0	-8,470	0
<b>PBT (after EO item)</b>	<b>29,510</b>	<b>39,210</b>	<b>43,230</b>	<b>65,420</b>	<b>39,656</b>	<b>43,279</b>	<b>48,430</b>	<b>54,806</b>	<b>177,370</b>	<b>186,172</b>
Total Tax	6,810	9,350	13,640	25,740	13,040	14,232	15,925	18,022	55,540	61,220
% Tax	23.1	23.8	31.6	39.3	32.9	32.9	32.9	32.9	31.3	32.9
<b>Reported PAT</b>	<b>22,700</b>	<b>29,860</b>	<b>29,590</b>	<b>39,680</b>	<b>26,616</b>	<b>29,047</b>	<b>32,505</b>	<b>36,784</b>	<b>121,830</b>	<b>124,952</b>
Profit from Asso.	0	0	0	0	-2	-2	-2	-2	0	-8
Minority interest	7,450	8,950	9,060	8,730	9,038	8,970	9,359	9,760	34,190	37,128
<b>Adjusted PAT</b>	<b>15,250</b>	<b>19,050</b>	<b>22,110</b>	<b>22,760</b>	<b>17,576</b>	<b>20,075</b>	<b>23,144</b>	<b>27,022</b>	<b>79,170</b>	<b>87,817</b>
Change (YoY %)	148.0	52.1	18.5	49.3	15.2	5.4	4.7	18.7	40.7	10.9





## 1. BANK OF BARODA: Looking for a 6 to 8% return-on-equity this financial year; PS Jayakumar, MD and CEO

- Should be able to maintain the growth - guidance is between 15-20 percent for the loan book for this year.
- Would hope the net non-performing asset (NPA) numbers would come down barring some imponderables. Would rather wait for one or two more quarters before completely confirming that the NPA issue is behind completely.
- Looking for a reasonable growth, a contained NPA and 6-8 percent return on equity in this financial year. ([Link](#))
- The growth per se has been visible over the last three quarters where the rate of growth has been between 15% and 20%
- Right now, the extent of the incremental non-performing asset has come down partly because the bad accounts have moved into NPA and partly because the new loans have been of very good quality.
- Even the last quarter saw a considerable reduction in the SMA 2 and SMA 1. Those loans that get NPA status are those that are delinquent at the point of the close of the quarter. So, very clearly, bank is starting off with a lower base of problem accounts and the ability to contain them as well as ability to collect more has helped in the situation.
- Do not think there is any new segment or areas that are coming up as NPAs. The new set of accounts that bank is working on are of extremely high quality. So, incremental business is not resulting in any further slippages.
- Looking at a NPA number between 3.5% and 4.25% as bank concludes the financial year 2019. It has made a number of assumptions which includes certain amount of resolutions and expectation of behaviour of the existing portfolio. There is very reasonably good odds or high probability that it will be close to the 100 bps to 125 bps lower from the current level.
- Have neither considered nor met or interviewed with anybody for any position in Axis Bank.

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## 2. PERSISTENT SYSTEMS: Reselling business in europe aided Q1 revenue; Anand Deshpande, Founder, MD and CEO

- Reselling business in Europe aided Q1 FY19 revenue, however, there was a weakness in the services and digital verticals.
- The business contributed \$6-7 million to revenues.
- Going forward, FY19 revenue growth should be better than FY18. Too early to give a guidance.
- In the second quarter the EBIT margins could be impacted because of wage hikes by around 2 percent. But it could be covered over the year because of increased revenues.
- Services business pipeline looks very healthy on back of investments in few products and with some of the healthcare projects should give better revenues in the next two quarters.
- Even the outlook for digital continues to be strong. There is a lot of activity around data, digital and Internet of Thing (IoT) sectors.
- Q2 will be stronger than Q1 on all the other parameters as well.

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### 3. PETRONET LNG: Kochi pipeline will be completed this year; Prabhat Singh, MD and CEO

- The Kochi pipeline which is getting connected to Mangalore is going to be done by this calendar year-end,
- The volume growth has been 111 percent of the utilisation of the Dahej terminal. On an overall and corresponding year basis, have done nearly 34 percent higher in terms of the profits and the throughputs are around 14 percent higher.
- So have been doing well and the time has come that more and more gas is going to be consumed now in the country. The more gas is consumed, the utilisation of the terminal is going to remain in this particular fashion. Even though there are new terminals coming up towards the end of the year or beginning of the next year, this terminal – the way the demand is picking up is going to be available with more than 100 percent capacity and more and more volumes are going to be there.

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### 4. HCL TECH: Should achieve 40% digital revenue in 2-3 years; C Vijayakumar, CEO

- What has really helped company is the focused Mode 1, 2, 3 growth strategy with the right focus on management bandwidth, investments and focus on the right segments to drive growth in Mode 2 and build a strong IP portfolio in Mode 3. Company is also consciously looking at not just organic growth, but inorganic growth as a very integral part of company's growth strategy as well. By doing that, company is conscious that margin should remain stable and return on equity should continue to improve.
- (Regarding dollar revenue growth forecast being downgraded) Only because of the currency headwinds.
- Believe it is going to be a balanced growth of organic and inorganic. Suggested 9.5-11.5% and half of that should be coming from organic.
- Will incrementally see better organic growth on the back of bookings and the market demand is giving confidence.
- This quarter, BFSI sector business was impacted by some specific planned reductions. Overall, broader portfolio continues to be good. Financial services on year on year basis has grown 9%. Need for digital technology adoption is very high in the retail and financial services sector. Company is at 26.6% as of this quarter. Expectation is over the next 2-3 years it will be 40% digital (revenue).

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### 1. Looking Beyond Growth Numbers

- All seems to be well or, at very least, improving. One can soak up economic headlines and analyses, including from bodies like FICCI, that despite short-term challenges India's GDP is expected to grow around 7.5 per cent this year. This makes us the fastest growing economy on a statistical basis. But should we rush to applaud ourselves based only on this fact? Whether these numbers are what we really merit (think: double-digit growth) or whether they sustain gainful engagement of additional manpower (think: @ one million a month) is yet to be fully deliberated. Recent history does demonstrate that during 2003-2012, when GDP growth was 8 per cent plus, there was a massive fall in poverty. So growth and income/gainful employment do move in tandem. Yet, one must remember that GDP captures only the formal economy (FE), while there exists a large (wholly legal) informal economy (IE) that is not measured. Therefore "real" GDP velocity is = (FE + IE). Possibly the "real" GDP growth was well in excess of 8 per cent in the said period.

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### 2. Whose wealth is it anyway, has inequality increased in India?

- One good that emerged from Thomas Piketty's Capital in the Twenty-first Century is the debate that got triggered on inequality. The diktats of capitalism had dominated economic thinking since the turn of the century, and the concept of economic Darwinism caught on. The 2008 financial crisis exposed the fissures in this landscape—greed was then no longer considered good, and it was felt that there needs to be better governance when it comes to compensation to corporates. Piketty's tome is built on these tenets, and goes back through the ages to make the point that inequality had generally increased over the period. It is, however, hard to quantify this concept when the economy in question is as complex as India's. Data is available only for select areas, and the levels of accuracy are questionable given the dominance of the unorganised sector. But, within corporate India, it is possible to pose this question and see the trends based on data from annual reports. This can be one measure of inequality. Piketty has always distinguished between inherited wealth and that which was earned where the former had a distinct advantage.

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### 3. The arguments against an RBI rate hike

- In June, the Reserve Bank of India (RBI) raised its repo rate by a quarter percentage point to 6.25%, endorsed by all six members of the Indian central bank's rate setting body, the monetary policy committee (MPC). The rate hike and a marginal increase in its inflation projection notwithstanding, the stance of the monetary policy was left unchanged—neutral. Which meant that RBI was not willing to signal a rate hiking cycle in India. This was the story in June. Now, most analysts say there could be at least two RBI rate hikes, a quarter percentage point each, during the current financial year that ends in March 2019. While there is a near-consensus on the timing of the second rate hike (not before February 2019), economists and analysts are divided on the first of the two likely rate hikes—should it happen this week or at the next MPC meeting in October?

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## International

### 4. Twilight of the Euro?

- In May 1998, irrevocable conversion rates for the currencies that would be merged into the euro were implemented. In a sense, this makes the single currency just over 20 years old. The first decade of its life had the feeling of a party, particularly in Southern Europe; but the second decade brought the inevitable hangover. Now, as we enter the third decade, the prevailing mood seems to be one of increasing political radicalization. The original party was a cornucopia of cheap credit, which capital markets happily issued to the countries of Southern Europe under the protection of the euro. For a while, these countries finally had enough money to increase public-sector salaries and pensions, as well as spur private consumption and investment. But the credit flooding into these countries created inflationary bubbles, which burst when the 2008 financial crisis in the United States spread to Europe. As capital markets refused to extend further credit, Southern Europe's previously halfway-competitive but now overpriced economies soon ran into serious trouble.

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY18	FY19E	FY18	FY19E
<b>Automobiles</b>																
Amara Raja	Buy	805	945	17	27.6	31.9	37.8	-1.5	15.5	18.6	29.2	25.3	4.7	4.1	17.0	17.2
Ashok Ley.	Buy	113	149	32	5.4	6.6	8.7	23.9	23.4	30.5	21.0	17.0	4.6	4.0	23.7	25.1
Bajaj Auto	Buy	2669	3223	21	151.3	153.9	174.6	7.3	1.7	13.5	17.6	17.3	4.0	3.6	24.2	22.1
Bharat Forge	Buy	626	754	20	17.7	23.9	30.2	37.9	35.2	26.2	35.4	26.2	6.3	5.3	18.8	22.0
Bosch	Neutral	18623	19017	2	469.8	579.1	704.3	-0.7	23.3	21.6	39.6	32.2	5.7	5.2	15.3	16.8
CEAT	Buy	1385	1588	15	64.0	76.1	99.2	-31.5	19.0	30.4	21.7	18.2	2.1	2.0	10.3	11.2
Eicher Mot.	Buy	28570	34264	20	553.2	986	1,289	-12.1	78.2	30.8	51.6	29.0	11.1	8.5	24.4	33.2
Endurance Tech.	Buy	1335	1483	11	29.1	36.6	49.4	23.8	26.0	35.0	45.9	36.4	8.6	7.3	21.0	21.7
Escorts	Neutral	907	988	9	39.5	52.5	65.9	88.0	32.9	25.5	23.0	17.3	3.6	3.1	18.3	19.3
Exide Ind	Buy	275	300	9	8.2	10.4	12.7	0.4	27.3	21.8	33.6	26.4	4.3	3.9	12.9	14.7
Hero Moto	Neutral	3205	3442	7	185.1	193.4	219.0	9.5	4.5	13.2	17.3	16.6	5.4	4.9	33.8	31.1
M&M	Buy	933	1053	13	40.2	50.5	55.2	46.9	25.4	9.5	23.2	18.5	3.7	3.3	14.2	15.1
Maruti Suzuki	Buy	9381	10805	15	266.7	311.2	409.2	7.3	16.7	31.5	35.2	30.1	6.8	6.0	18.5	19.5
Motherson Sumi	Buy	324	414	28	8.2	11.4	16.6	5.9	40.3	44.6	39.8	28.3	7.3	6.2	19.5	23.7
Tata Motors	Buy	267	459	72	22.9	40.1	45.0	15.7	75.2	12.1	11.7	6.7	1.0	0.8	10.1	13.3
TVS Motor	Neutral	514	572	11	13.9	17.6	25.7	18.7	26.5	45.5	36.8	29.1	8.5	7.0	25.1	26.3
<b>Aggregate</b>								<b>12.9</b>	<b>31.7</b>	<b>20.8</b>	<b>25.6</b>	<b>19.4</b>	<b>3.9</b>	<b>3.4</b>	<b>15.2</b>	<b>17.5</b>
<b>Banks - Private</b>																
AU Small Finance	Buy	641	705	10	10.7	15.3	21.6	-42.7	43	41.1	60.2	41.9	7.9	6.6	14.1	17.2
Axis Bank	Buy	568	670	18	1.1	20.1	35.9	-92.8	1,709	78.6	511.5	28.3	2.3	2.1	0.5	7.8
DCB Bank	Neutral	168	170	1	8.0	9.5	11.2	13.8	18.9	18.2	21.1	17.7	1.9	1.8	10.9	10.8
Equitas Hold.	Buy	139	175	26	0.9	4.9	9.7	-82.3	429.2	98.0	167.1	28.5	2.3	2.0	1.4	7.1
Federal Bank	Buy	90	110	22	4.8	5.8	7.9	-1.3	22.8	35.2	19.0	15.5	1.5	1.4	8.3	9.1
ICICI Bank	Buy	307	355	16	11.1	9.9	20.8	-34.3	-10.8	110.5	27.8	31.2	1.9	1.9	6.8	6.2
IndusInd	Buy	1966	2250	14	60.2	81.8	108.2	25.2	36.0	32.2	32.7	24.0	5.0	4.4	16.5	19.4
J&K Bank	Buy	57	100	76	3.8	6.5	7.8	LP	74.1	19.7	15.1	8.7	0.5	0.6	3.8	6.7
Kotak Mah. Bk	Neutral	1305	1400	7	32.5	37.2	45.7	21.3	14.2	22.9	40.1	35.1	4.9	4.3	12.5	11.8
RBL Bank	Buy	563	650	15	15.1	20.4	28.8	27.3	34.9	41.3	37.2	27.6	3.5	3.2	11.6	12.2
South Indian	Buy	18	26	41	1.9	1.7	3.9	-25.5	-9.7	134.2	9.9	11.0	0.7	0.6	6.6	5.7
Yes Bank	Buy	369	444	20	18.4	23.8	30.7	26.3	29.0	29.2	20.0	15.5	3.3	2.8	17.7	19.5
<b>Aggregate</b>								<b>-12.9</b>	<b>40.4</b>	<b>54.7</b>	<b>36.5</b>	<b>26.0</b>	<b>3.0</b>	<b>2.7</b>	<b>8.2</b>	<b>10.5</b>
<b>Banks - PSU</b>																
BOB	Buy	152	175	15	-9.8	11.7	19.6	PL	LP	67.9	NM	13.0	1.0	0.9	-5.8	6.9
BOI	Neutral	103	112	8	-43.2	1.3	4.2	Loss	LP	230.0	NM	81.6	0.6	0.5	-17.8	0.6
Canara	Neutral	290	278	-4	-63.5	19.3	44.2	PL	LP	129.2	NM	15.0	0.7	0.6	-12.2	3.9
Indian Bk	Buy	363	385	6	26.2	33.6	47.4	-10.4	28.1	41.3	13.8	10.8	1.0	1.0	8.3	9.8
PNB	Neutral	86	85	-1	-50.3	-11.4	5.9	PL	Loss	LP	NM	NM	0.6	0.7	-29.6	-8.1
SBI	Buy	297	365	23	-5.3	17.9	30.6	PL	LP	70.4	NM	16.6	1.2	1.2	-3.5	7.4
Union Bk	Neutral	88	97	10	-56.5	-4.3	3.5	PL	Loss	LP	NM	NM	0.4	0.4	-23.7	-2.1
<b>Aggregate</b>								<b>PL</b>	<b>LP</b>	<b>118.3</b>	<b>0.0</b>	<b>20.3</b>	<b>0.9</b>	<b>0.9</b>	<b>-8.0</b>	<b>4.6</b>
<b>NBFCs</b>																
Aditya Birla Cap	Buy	147	215	46	3.8	5.3	7.5	NA	41.5	42.1	39.2	27.7	3.7	2.9	12.4	12.1
Bajaj Fin.	Neutral	2679	2500	-7	43.4	62.7	82.9	35.9	44.5	32.2	61.7	42.7	10.0	8.3	20.4	21.1
Capital First	Buy	560	960	71	33.1	44.2	55.6	34.3	33.4	26.0	16.9	12.7	2.1	1.9	13.4	15.7
Cholaman.Inv.&F n	Buy	1436	1700	18	62.3	75.3	89.5	35.5	20.8	18.9	23.1	19.1	4.4	3.7	20.9	21.0
Dewan Hsg.	Buy	616	765	24	37.4	45.4	65.9	26.2	21.4	45.3	16.5	13.6	2.2	2.0	14.1	15.4
GRUH Fin.	Neutral	320	300	-6	5.0	6.2	7.0	21.9	25.5	13.1	64.5	51.4	18.1	14.9	31.8	31.8
HDFC	Buy	2028	2335	15	40.7	48.0	53.5	12.4	17.9	11.5	29.5	22.2	5.4	4.7	18.6	17.5
HDFC Stand. Life	Buy	496	525	6	5.5	6.8	8.3	23.7	22.6	22.5	89.6	73.1	6.5	5.5	25.8	26.0
ICICI Pru Life	Buy	420	450	7	11.3	11.6	12.5	-3.8	2.4	8.4	37.3	36.4	3.2	2.8	16.1	16.8
Indiabulls Hsg	Buy	1341	1650	23	90.2	108.8	131.5	31.5	20.6	20.9	14.9	12.3	4.4	3.8	30.7	33.2
L&T Fin Holdings	Buy	178	240	35	6.8	11.8	13.9	29.5	74.7	17.4	26.3	15.1	3.2	2.7	14.2	19.3
LIC Hsg Fin	Neutral	533	525	-1	39.4	45.0	53.5	3.0	14.3	18.7	13.5	11.8	2.2	1.9	17.0	17.2





Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY18	FY19E	FY18	FY19E
MAS Financial	Buy	576	750	30	19.2	24.5	30.7	27.5	27.7	25.3	30.0	23.5	4.5	3.9	12.7	15.4
M&M Fin.	Buy	513	600	17	17.4	20.3	24.2	145.6	16.7	19.2	29.5	25.3	3.8	3.3	12.5	12.4
Muthoot Fin	Neutral	411	460	12	43.0	44.8	48.9	45.6	4.1	9.2	9.6	9.2	2.1	1.8	24.1	21.4
PNB Housing	Buy	1312	1750	33	49.9	65.7	87.3	57.7	31.8	32.9	26.3	20.0	3.5	3.1	14.3	16.5
Repco Home	Buy	614	710	16	32.9	37.7	44.3	13.1	14.3	17.5	18.6	16.3	3.0	2.5	16.9	16.7
Shriram City Union	Buy	1942	2500	29	100.8	136.9	158.5	19.5	35.8	15.8	19.3	14.2	2.3	2.0	12.7	15.4
Shriram Trans.	Buy	1416	1650	17	69.1	109.4	135.5	24.7	58.4	23.8	20.5	12.9	2.4	2.0	12.7	16.9
<b>Aggregate</b>								<b>24.4</b>	<b>26.7</b>	<b>22.6</b>	<b>34.5</b>	<b>27.2</b>	<b>5.1</b>	<b>4.4</b>	<b>14.9</b>	<b>16.1</b>
<b>Capital Goods</b>																
ABB	Sell	1208	950	-21	19.8	25.2	31.3	8.1	27.0	24.5	60.9	48.0	7.1	6.4	11.6	13.3
Bharat Elec.	Buy	108	150	39	5.7	6.2	7.3	-8.8	8.4	17.9	18.7	17.3	3.4	3.0	18.0	17.5
BHEL	Sell	73	60	-18	2.2	3.2	4.1	64.1	45.6	28.0	33.3	22.9	0.8	0.8	2.5	3.6
Blue Star	Neutral	670	715	7	15.1	19.8	25.4	17.0	31.5	28.1	44.4	33.8	7.7	7.0	18.1	21.6
CG Cons. Elec.	Buy	239	280	17	5.2	6.4	7.8	14.3	23.4	22.6	46.3	37.5	19.0	15.1	48.7	44.8
CG Power & Indu.	Neutral	64	59	-8	2.9	4.6	5.0	-29.8	59.3	9.8	22.1	13.9	1.0	1.0	4.5	7.3
Cummins	Buy	679	830	22	23.5	27.7	33.2	-11.2	17.7	19.9	28.9	24.5	4.7	4.4	18.3	18.5
Engineers India	Buy	132	160	21	6.3	6.5	7.7	14.8	4.4	17.7	21.1	20.2	3.9	3.6	15.7	17.3
GE T&D	Neutral	287	330	15	7.5	11.7	13.2	30.8	56.4	12.7	38.3	24.5	6.2	5.3	17.3	23.4
Havells	Buy	624	645	3	11.2	13.8	16.9	17.4	23.4	22.1	55.6	45.1	10.4	9.2	18.7	20.4
K E C Intl	Neutral	334	410	23	17.9	19.6	25.7	51.1	9.5	31.1	18.7	17.1	4.3	3.5	23.1	20.8
L&T	Buy	1296	1540	19	51.7	56.8	72.1	22.4	9.9	27.0	25.1	22.8	3.3	3.0	13.7	13.8
Siemens	Neutral	977	1095	12	19.8	26.1	31.5	10.9	32.0	20.6	49.4	37.4	4.5	4.2	9.1	11.2
Solar Ind	Neutral	1193	1100	-8	24.4	28.9	36.8	18.2	18.6	27.4	49.0	41.3	10.0	8.3	21.9	22.0
Thermax	Buy	1153	1350	17	20.5	33.0	42.3	-1.2	60.8	28.0	56.2	34.9	4.8	4.3	8.8	13.0
Va Tech Wab.	Buy	360	575	60	24.1	33.4	38.2	27.6	38.8	14.5	14.9	10.8	1.7	1.5	12.4	15.2
Voltas	Neutral	568	570	0	17.3	19.2	21.4	11.9	11.3	11.0	32.9	29.5	4.8	4.3	15.9	15.4
<b>Aggregate</b>								<b>15.2</b>	<b>17.0</b>	<b>23.9</b>	<b>30.3</b>	<b>25.9</b>	<b>3.3</b>	<b>3.1</b>	<b>11.0</b>	<b>11.9</b>
<b>Cement</b>																
Ambuja Cem.	Neutral	227	231	2	6.1	8.1	9.6	30.5	33.9	18.0	37.3	27.9	2.2	2.1	6.1	7.8
ACC	Buy	1506	1633	8	46.9	72.5	92.4	27.7	54.7	27.4	32.1	20.8	3.0	2.8	9.7	14.0
Birla Corp.	Buy	787	942	20	19.8	39.3	49.1	-30.5	98.4	24.9	39.7	20.0	1.8	1.7	4.6	8.7
Dalmia Bharat	Buy	2627	2794	6	60.2	68.4	105.6	109.9	13.5	54.4	43.6	38.4	4.3	3.9	10.3	10.5
Grasim Inds.	Neutral	1021	1056	3	57.4	122.6	146.5	-15.4	113.6	19.5	17.8	8.3	1.5	1.3	8.6	16.9
India Cem	Neutral	117	108	-8	3.5	5.4	8.0	-38.1	54.7	47.7	33.7	21.8	0.7	0.7	2.1	3.2
J K Cements	Buy	772	-		42.8	52.9	70.9	63.0	23.7	33.9	18.0	14.6	2.7	2.3	16.5	17.3
JK Lakshmi Ce	Buy	336	451	34	7.4	12.7	21.8	5.8	72.3	71.6	45.6	26.5	2.7	2.5	6.1	9.8
Ramco Cem	Buy	718	826	15	23.9	29.2	37.2	-12.3	22.5	27.3	30.1	24.6	4.0	3.5	14.2	15.4
Orient Cem	Buy	128	170	33	2.2	5.4	8.7	LP	148.6	62.2	59.4	23.9	2.6	2.4	4.4	10.3
Prism Johnson	Buy	114	136	19	1.1	5.5	7.3	288.2	416.9	33.5	107.6	20.8	5.5	4.5	4.0	22.7
Sagar Cements	Not Rated	807	-		25.2	50.6	70.6	LP	101.0	39.7	32.1	16.0	2.0	1.8	6.5	12.0
Sanghi Inds.	Buy	94	111	18	3.7	6.6	9.0	29.5	77.5	35.9	25.3	14.3	1.3	1.2	6.9	9.8
Shree Cem	Buy	17175	19804	15	385.8	424.5	617.1	0.4	10.0	45.4	44.5	40.5	6.7	5.9	16.2	15.5
Ultratech	Buy	4236	4536	7	85.7	103.3	141.4	-10.9	20.5	36.9	49.4	41.0	4.5	4.1	9.4	10.5
<b>Aggregate</b>								<b>0.9</b>	<b>54.2</b>	<b>29.7</b>	<b>36.9</b>	<b>23.9</b>	<b>3.2</b>	<b>2.9</b>	<b>8.7</b>	<b>12.1</b>
<b>Consumer</b>																
Asian Paints	Neutral	1431	1405	-2	21.1	23.3	28.3	1.9	10.1	21.6	67.7	61.5	16.3	15.3	25.3	25.7
Britannia	Buy	6345	7300	15	83.6	107.4	133.2	13.5	28.4	24.0	75.9	59.1	22.4	19.6	32.9	35.3
Colgate	Buy	1121	1360	21	25.2	27.8	32.5	18.6	10.5	16.7	44.5	40.3	20.0	18.9	49.0	48.3
Dabur	Buy	393	455	16	7.8	9.0	10.4	7.2	16.0	15.5	50.6	43.6	12.1	11.0	25.9	26.5
Emami	Buy	566	690	22	12.1	14.8	17.8	-8.5	22.0	20.1	46.6	38.2	12.7	11.0	29.2	30.9
Future Consumer	Buy	49	75	54	-0.2	0.3	1.1	Loss	LP	284.7	NM	172.7	8.1	7.7	-2.8	4.6
Godrej Cons.	Neutral	1312	1240	-5	21.1	24.5	28.5	11.1	16.1	16.3	62.1	53.5	14.3	12.4	24.9	24.8
GSK Cons.	Neutral	6513	6590	1	166.5	187.8	215.6	6.6	12.8	14.8	39.1	34.7	7.9	7.0	21.2	21.4
HUL	Buy	1689	2010	19	24.5	29.2	35.6	24.7	19.5	21.8	69.0	57.7	51.7	48.8	78.1	86.9



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY18	FY19E	FY18	FY19E
ITC	Neutral	301	295	-2	8.9	10.0	11.4	5.5	13.2	13.8	34.0	30.0	7.1	6.6	22.3	22.9
Jyothy Lab	Neutral	219	220	0	4.9	5.7	7.0	-12.4	14.9	24.5	44.5	38.7	7.0	6.5	16.0	17.3
Marico	Neutral	363	365	0	6.4	7.6	9.0	2.0	18.3	18.2	56.7	47.9	18.4	16.0	34.0	35.8
Nestle	Neutral	10127	9425	-7	140.0	189.3	209.0	13.2	35.2	10.4	72.3	53.5	28.5	25.4	40.3	50.2
Page Inds	Buy	29156	32200	10	311.1	423.2	564.5	30.3	36.0	33.4	93.7	68.9	38.4	30.1	41.0	43.6
Parag Milk Foods	Neutral	301	314	4	10.4	12.0	14.9	187.1	15.8	24.3	29.0	25.0	3.5	3.1	13.0	13.2
Pidilite Ind.	Buy	1117	1335	19	18.1	20.8	23.7	8.1	14.8	14.3	61.8	53.8	15.9	12.9	26.1	26.4
P&G Hygiene	Neutral	10455	9390	-10	131.3	162.1	187.8	-1.2	23.4	15.8	79.6	64.5	42.0	35.4	57.0	59.7
Prabhat Dairy	Not Rated	153	-		3.5	6.4	9.7	-2.0	83.8	52.1	44.0	23.9	2.1	2.0	4.9	8.5
United Brew	Buy	1122	1555	39	14.9	18.8	23.9	71.7	25.8	27.2	75.3	59.8	11.1	9.6	15.8	17.2
United Spirits	Neutral	600	615	3	6.7	9.2	13.2	26.1	36.4	43.1	88.9	65.2	17.4	11.6	19.6	17.8
<b>Aggregate</b>								<b>10.7</b>	<b>17.6</b>	<b>18.2</b>	<b>53.4</b>	<b>45.4</b>	<b>14.1</b>	<b>12.7</b>	<b>26.5</b>	<b>27.9</b>
<b>Healthcare</b>																
Alembic Phar	Neutral	555	540	-3	21.9	25.0	28.2	2.5	14.3	12.5	25.3	22.2	4.7	4.1	19.6	19.3
Alkem Lab	Buy	2112	2400	14	58.9	76.1	100.0	-21.1	29.3	31.4	35.9	27.7	5.2	4.5	15.1	17.4
Ajanta Pharma	Buy	1129	1560	38	53.0	51.6	65.0	-7.5	-2.6	25.9	21.3	21.9	4.9	4.1	26.0	20.4
Aurobindo	Buy	603	750	24	42.7	46.3	50.0	8.7	8.4	8.0	14.1	13.0	3.0	2.5	23.8	20.9
Biocon	Neutral	582	625	7	6.2	10.6	20.9	-39.2	71.1	96.5	93.8	54.8	6.7	6.2	7.2	11.3
Cadila	Buy	383	460	20	16.9	18.2	20.7	19.1	7.4	13.7	22.6	21.1	4.5	4.0	22.1	20.1
Cipla	Neutral	633	540	-15	20.0	24.9	30.0	28.8	25.0	20.3	31.7	25.4	3.6	3.3	11.3	12.9
Divis Lab	Neutral	1157	1200	4	33.0	43.9	52.6	-17.3	33.0	19.7	35.0	26.3	5.2	5.0	15.5	19.3
Dr Reddy's	Neutral	2067	2170	5	64.7	99.3	120.6	-10.9	53.6	21.4	32.0	20.8	2.7	2.5	8.6	12.5
Fortis Health	Buy	137	171	25	-2.3	1.4	4.8	PL	LP	234.2	NM	96.1	1.6	1.5	-2.3	1.6
Glenmark	Neutral	578	535	-7	28.5	29.4	35.6	-27.5	3.4	20.9	20.3	19.6	3.2	2.8	15.6	14.1
Granules	Buy	101	130	29	5.7	6.8	8.7	-21.8	20.2	28.0	17.8	14.8	2.0	1.8	12.2	12.7
GSK Pharma	Neutral	3158	2888	-9	39.3	61.3	69.4	14.4	56.0	13.2	80.3	51.5	13.0	14.2	16.2	27.5
IPCA Labs	Buy	747	825	10	19.0	30.0	39.3	18.1	58.1	31.0	39.4	24.9	3.5	3.1	9.3	13.3
Jubilant Life	Buy	763	1020	34	45.6	63.0	73.3	23.3	38.2	16.4	16.7	12.1	2.9	2.4	18.9	21.6
Laurus Labs	Buy	451	586	30	15.8	27.3	34.3	-10.9	72.1	25.8	28.5	16.5	3.2	2.7	11.9	17.8
Lupin	Buy	820	865	5	46.8	36.2	48.0	-17.4	-22.5	32.5	17.5	22.6	2.8	2.6	15.8	11.8
Sanofi India	Buy	5877	6590	12	141.7	166.8	191.6	9.8	17.7	14.8	41.5	35.2	6.7	6.1	16.1	17.2
Shilpa Medicare	Buy	408	593	45	12.8	23.1	28.5	-0.7	79.6	23.4	31.8	17.7	3.1	2.6	10.3	15.6
Strides Shasun	Buy	392	481	23	11.3	16.1	28.1	-65.1	42.6	75.0	34.8	24.4	1.4	1.4	3.9	5.7
Sun Pharma	Buy	563	610	8	13.5	19.0	25.1	-48.5	41.5	31.7	41.9	29.6	3.6	3.3	8.7	11.6
Torrent Pharma	Neutral	1487	1350	-9	53.7	49.8	66.8	-2.6	-7.3	34.1	27.7	29.9	5.4	4.6	20.3	16.7
<b>Aggregate</b>								<b>-18.5</b>	<b>21.6</b>	<b>25.4</b>	<b>29.9</b>	<b>24.6</b>	<b>3.8</b>	<b>3.4</b>	<b>12.6</b>	<b>13.8</b>
<b>Infrastructure</b>																
Ashoka Buildcon	Buy	151	195	29	-4.2	0.8	2.6	Loss	LP	231.0	NM	190.2	13.4	9.0	-30.2	5.7
IRB Infra	Neutral	203	225	11	23.9	23.8	23.5	17.5	-0.5	-1.2	8.5	8.5	1.2	1.0	14.6	12.9
KNR Constructions	Buy	236	320	35	19.4	13.8	18.3	61.8	-28.7	32.6	12.2	17.1	2.9	2.5	26.5	15.5
Sadbhav Engineering	Buy	275	385	40	12.9	17.3	17.4	17.5	34.2	0.7	21.3	15.9	2.5	2.2	12.5	14.8
<b>Aggregate</b>											<b>15.9</b>	<b>14.3</b>	<b>2.0</b>	<b>1.8</b>	<b>12.8</b>	<b>12.6</b>
<b>Logistics</b>																
Allcargo Logistics	Buy	119	148	24	7.3	8.2	10.6	-23.1	13.2	28.8	16.4	14.5	1.5	1.4	9.5	9.9
Concor	Buy	660	769	17	17.1	25.8	30.9	13.4	51.2	19.7	38.7	25.6	3.4	3.2	9.1	12.9
<b>Aggregate</b>								<b>4.7</b>	<b>44.5</b>	<b>21.0</b>	<b>34.2</b>	<b>23.6</b>	<b>3.0</b>	<b>2.8</b>	<b>8.9</b>	<b>12.0</b>
<b>Media</b>																
Dish TV	Buy	67	100	50	-0.4	1.8	5.5	PL	LP	201.8	NM	36.6	1.8	1.7	-2.1	4.9
D B Corp	Neutral	248	300	21	17.6	18.4	23.1	-13.8	4.3	25.7	14.1	13.5	2.4	2.5	18.4	17.0
Ent.Network	Buy	710	810	14	6.9	14.9	22.0	-39.9	117.1	47.3	103.4	47.6	3.8	3.6	3.8	7.7
Hathway Cable	Buy	17	47	178	-0.9	-0.8	-0.6	Loss	Loss	Loss	NM	NM	1.7	1.9	-8.7	-8.2
Hind. Media	Neutral	176	237	34	23.9	25.5	28.0	-7.5	6.9	9.5	7.4	6.9	1.0	0.9	14.0	13.2
HT Media	Neutral	56	59	6	13.0	8.5	9.9	75.6	-34.5	16.6	4.3	6.5	0.5	0.5	12.6	7.5



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY18	FY19E	FY18	FY19E
Jagran Prak.	Buy	123	180	46	9.6	12.6	15.3	-9.5	31.0	21.6	12.8	9.8	1.9	1.8	14.3	18.4
Music Broadcast	Buy	312	455	46	9.1	13.0	17.1	41.1	43.5	31.6	34.4	24.0	3.0	2.8	9.0	11.9
PVR	Buy	1127	1565	39	26.7	34.3	44.8	29.9	28.6	30.5	42.3	32.9	4.9	4.3	12.2	13.9
Sun TV	Buy	776	1080	39	27.7	34.7	40.1	11.6	25.1	15.6	27.6	22.1	6.5	6.0	25.2	28.3
Zee Ent.	Buy	525	680	30	14.6	16.1	19.5	-7.0	10.6	21.3	36.0	32.5	6.7	5.8	19.6	19.0
<b>Aggregate</b>								<b>0.1</b>	<b>25.5</b>	<b>33.9</b>	<b>31.3</b>	<b>24.9</b>	<b>3.8</b>	<b>3.5</b>	<b>12.1</b>	<b>14.1</b>
<b>Metals</b>																
Hindalco	Buy	211	326	54	18.9	24.1	27.9	120.5	27.7	15.8	11.2	8.8	1.3	1.3	12.8	14.4
Hind. Zinc	Neutral	275	295	7	21.1	22.2	26.3	7.2	5.0	18.6	13.0	12.4	3.2	2.8	26.7	24.2
JSPL	Buy	203	327	61	-8.5	-0.1	3.9	Loss	Loss	LP	NM	NM	0.7	0.7	-2.7	0.0
JSW Steel	Buy	328	385	17	23.4	33.4	30.1	56.9	42.8	-9.8	14.0	9.8	2.8	2.2	22.2	25.5
Nalco	Buy	61	104	70	5.0	8.1	7.8	35.3	61.1	-3.4	12.2	7.6	1.1	1.0	9.1	13.4
NMDC	Buy	105	178	70	13.1	13.6	14.6	31.5	4.1	6.8	8.0	7.7	1.4	1.3	17.7	17.0
SAIL	Neutral	77	85	10	0.3	8.5	7.1	LP	3,187	-15.7	300.2	9.1	0.9	0.8	0.3	9.1
Rain Industries	Buy	193	240	24	23.7	32.1	34.3	238.1	35.4	6.8	8.1	6.0	1.6	1.3	22.9	24.3
Vedanta	Buy	225	274	22	21.3	23.6	28.7	40.7	10.6	22.0	10.6	9.5	1.5	1.3	13.4	14.6
Tata Steel	Neutral	553	634	15	71.9	93.0	67.4	76.5	29.4	-27.5	7.7	5.9	1.2	1.0	17.8	17.9
<b>Aggregate</b>								<b>74.8</b>	<b>32.6</b>	<b>1.5</b>	<b>12.3</b>	<b>9.2</b>	<b>1.4</b>	<b>1.3</b>	<b>11.8</b>	<b>14.0</b>
<b>Oil &amp; Gas</b>																
Aegis Logistics	Buy	235	308	31	5.9	8.8	11.6	64.5	47.9	32.7	39.6	26.8	6.5	5.5	19.4	22.2
BPCL	Buy	396	534	35	49.8	44.3	48.7	3.0	-11.0	10.0	8.0	8.9	2.1	1.9	29.0	22.4
GAIL	Neutral	377	352	-7	20.4	26.0	31.4	20.5	27.4	21.0	18.5	14.5	2.1	1.9	11.8	13.9
Gujarat Gas	Buy	778	990	27	21.2	32.9	40.7	32.0	55.5	23.7	36.7	23.6	5.8	4.8	16.7	22.3
Gujarat St. Pet.	Neutral	195	196	1	11.9	12.3	12.2	34.6	3.7	-0.8	16.4	15.8	2.2	1.9	14.0	13.0
HPCL	Buy	287	430	50	47.4	42.8	46.9	-12.4	-9.7	9.6	6.1	6.7	1.7	1.5	31.0	23.8
IOC	Buy	166	259	56	23.9	19.9	21.7	11.0	-16.8	9.1	7.0	8.4	1.4	1.3	21.0	16.0
IGL	Buy	298	386	30	10.1	11.4	12.9	16.5	13.2	13.6	29.6	26.2	5.9	5.0	20.8	20.8
Mahanagar Gas	Buy	900	940	4	48.4	43.7	47.0	21.5	-9.8	7.7	18.6	20.6	4.2	3.8	24.3	19.4
MRPL	Neutral	83	112	35	12.8	11.1	12.0	-13.3	-13.8	8.8	6.5	7.5	1.3	1.2	21.3	16.5
Oil India	Buy	212	318	50	22.2	35.8	37.9	-1.2	61.3	5.8	9.5	5.9	0.9	0.8	9.4	14.7
ONGC	Buy	164	221	35	20.2	27.1	32.2	-9.9	34.4	18.7	8.1	6.0	1.0	0.9	13.0	16.2
PLNG	Buy	229	312	36	13.9	17.2	19.3	21.8	24.5	11.9	16.5	13.3	3.5	3.0	23.3	24.6
Reliance Ind.	Buy	1150	1301	13	60.9	76.6	94.9	20.7	25.7	23.9	18.9	15.0	2.3	2.0	13.0	14.3
<b>Aggregate</b>								<b>5.6</b>	<b>13.8</b>	<b>17.4</b>	<b>11.9</b>	<b>10.4</b>	<b>1.8</b>	<b>1.6</b>	<b>14.9</b>	<b>15.1</b>
<b>Retail</b>																
Jubilant Food	Neutral	1418	1320	-7	14.9	22.0	27.5	180.6	48.2	24.8	95.3	64.4	19.3	15.6	20.3	24.2
Titan Co.	Buy	891	1130	27	12.6	16.2	20.5	39.5	28.8	26.1	70.7	54.9	15.6	13.9	23.9	26.7
<b>Aggregate</b>								<b>50.9</b>	<b>31.7</b>	<b>25.9</b>	<b>73.8</b>	<b>56.1</b>	<b>16.0</b>	<b>14.1</b>	<b>21.7</b>	<b>25.1</b>
<b>Technology</b>																
Cyient	Neutral	704	780	11	38.2	38.8	45.9	24.8	1.4	18.2	18.4	18.2	3.4	3.0	18.3	16.7
HCL Tech.	Neutral	947	1100	16	62.6	72.0	81.5	4.5	15.2	13.1	15.1	13.1	3.6	3.1	25.0	25.3
Hexaware	Sell	459	380	-17	16.6	19.1	22.4	21.2	15.1	17.3	27.7	24.0	7.0	5.9	26.9	26.4
Infosys	Buy	1353	1550	15	64.8	72.7	85.8	3.1	12.3	18.0	20.9	18.6	4.7	4.5	24.1	25.0
KPIT Tech	Under Review	296	-		12.7	14.7	17.1	6.4	15.7	16.6	23.3	20.1	3.6	3.0	15.4	16.1
Mindtree	Buy	916	1225	34	34.4	46.3	64.4	38.0	34.8	39.0	26.7	19.8	5.5	4.7	18.8	25.7
Mphasis	Neutral	1106	1030	-7	44.0	54.7	64.3	13.2	24.2	17.6	25.1	20.2	3.9	3.5	14.6	18.4
NIIT Tech	Neutral	1229	1100	-10	45.6	59.3	70.2	19.8	30.1	18.4	27.0	20.7	4.3	3.8	16.2	19.5
Persistent Sys	Buy	826	950	15	40.4	46.0	58.9	7.2	13.9	28.0	20.3	17.8	3.2	3.1	16.7	18.3
Tata Elxsi	Buy	1425	1700	19	38.7	47.4	55.4	37.7	22.3	16.8	36.8	30.1	12.3	9.6	37.6	35.8
TCS	Neutral	1945	1950	0	66.0	81.9	93.5	-1.0	24.1	14.1	29.5	23.7	8.5	8.3	29.4	34.9
Tech Mah	Buy	655	800	22	42.7	43.3	52.3	33.4	1.4	20.8	15.4	15.2	3.1	2.7	21.5	19.3
Wipro	Neutral	273	300	10	17.9	18.8	21.5	7.7	5.2	14.2	15.3	14.5	2.5	2.2	17.0	15.7
Zensar Tech	Buy	1231	1500	22	52.8	70.7	92.2	1.3	34.0	30.5	23.3	17.4	3.4	2.9	15.3	18.0
<b>Aggregate</b>								<b>5.0</b>	<b>10.1</b>	<b>14.6</b>	<b>22.5</b>	<b>20.4</b>	<b>5.4</b>	<b>5.1</b>	<b>24.1</b>	<b>24.9</b>



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY18	FY19E	FY18	FY19E
<b>Telecom</b>																
Bharti Airtel	Buy	383	470	23	4.1	-0.8	1.2	-63.3	PL	LP	94.0	NM	2.2	2.2	2.4	-0.5
Bharti Infratel	Neutral	289	305	5	13.6	13.5	13.8	-8.1	-1.2	2.4	21.2	21.5	3.2	3.3	15.6	14.9
Idea Cellular	Buy	58	70	20	-18.1	-18.1	-13.5	Loss	Loss	Loss	NM	NM	0.9	1.1	-30.4	-31.6
Tata Comm	Buy	577	730	26	3.5	6.5	20.2	-67.2	86.3	212.9	166.6	89.5	33.0	24.1	9.4	31.1
<b>Aggregate</b>								<b>-98.8</b>	<b>PL</b>	<b>Loss</b>	<b>2,861</b>	<b>-75</b>	<b>2.1</b>	<b>2.2</b>	<b>0.1</b>	<b>-2.9</b>
<b>Utilities</b>																
Coal India	Buy	263	345	31	19.2	26.2	30.6	28.3	36.6	16.7	13.7	10.0	8.5	7.8	36.5	77.8
CESC	Buy	948	1292	36	75.5	96.2	105.4	45.5	27.4	9.6	12.6	9.9	1.1	1.0	9.2	10.9
JSW Energy	Neutral	66	75	14	3.0	3.5	4.8	-21.2	15.5	36.5	21.8	18.8	1.0	1.0	4.6	5.1
NHPC	Buy	24	36	50	2.4	2.9	3.2	-17.3	20.1	8.1	9.9	8.2	0.8	0.8	8.5	9.8
NTPC	Buy	156	194	24	13.6	15.3	16.3	9.8	12.8	6.4	11.5	10.2	1.2	1.2	11.1	11.7
Power Grid	Buy	183	253	38	16.5	18.8	20.6	16.1	13.7	9.5	11.1	9.7	1.7	1.5	16.3	16.4
Tata Power	Neutral	74	75	2	5.3	6.2	7.9	3.5	16.0	26.9	13.8	11.9	1.3	1.1	10.7	10.2
<b>Aggregate</b>								<b>14.3</b>	<b>21.9</b>	<b>11.6</b>	<b>12.1</b>	<b>9.9</b>	<b>1.9</b>	<b>1.7</b>	<b>15.4</b>	<b>17.4</b>
<b>Others</b>																
Arvind	Neutral	419	451	8	12.7	15.1	19.5	-0.2	18.8	29.1	33.0	27.8	2.9	2.6	8.9	9.9
Avenue Supermarts	Sell	1593	1117	-30	12.9	16.7	22.3	68.4	29.3	33.5	123.3	95.4	21.3	17.4	18.9	20.1
BSE	Buy	798	1000	25	43.5	42.3	52.7	6.0	-2.7	24.7	18.4	18.9	1.4	1.1	7.6	6.0
Castrol India	Buy	172	219	27	7.0	6.2	6.3	2.9	-10.7	0.2	24.6	27.6	16.7	15.7	69.1	58.8
Coromandel Intl	Buy	431	557	29	22.7	23.5	27.9	38.8	3.7	18.4	19.0	18.3	4.0	3.5	22.1	20.6
Delta Corp	Buy	248	301	21	5.8	6.9	9.4	89.4	18.8	36.3	42.8	36.1	3.9	3.8	11.9	10.8
Interglobe	Neutral	1004	903	-10	58.3	42.1	64.3	35.1	-27.8	52.7	17.2	23.9	5.5	5.3	41.3	22.4
Indo Count	Under Review	80	-		6.4	7.4	8.6	-45.7	15.8	16.8	12.6	10.9	1.7	1.5	14.0	14.3
Info Edge	Buy	1348	1550	15	22.5	25.7	31.8	31.3	14.5	23.9	60.0	52.5	7.8	7.1	13.4	14.1
Kaveri Seed	Under Review	610	-		32.0	34.5	41.2	67.8	8.0	19.4	19.1	17.7	4.0	3.6	20.9	21.6
MCX	Buy	834	1000	20	21.2	23.0	33.7	-14.6	8.4	46.7	39.3	36.3	3.1	3.0	7.9	8.4
Navneet Education	Neutral	112	143	27	5.4	7.6	8.4	-26.1	40.0	11.6	20.8	14.8	3.5	3.1	17.4	22.1
Oberoi Realty	Buy	491	627	28	12.6	22.6	41.3	21.2	79.1	82.8	38.9	21.7	2.9	2.2	7.8	11.7
Phoenix Mills	Buy	617	757	23	15.8	19.3	24.5	44.2	22.1	27.0	39.0	31.9	3.3	2.6	9.6	9.2
Qess Corp	Neutral	1026	1100	7	21.8	23.0	35.0	115.7	5.3	52.1	47.0	44.6	4.7	4.2	18.8	12.4
PI Inds.	Buy	808	956	18	26.7	32.3	39.8	-20.2	21.0	23.5	30.3	25.0	5.8	4.9	20.7	21.3
Piramal Enterp.	Buy	2664	3125	17	77.8	78.6	133.1	7.2	1.0	69.3	31.5	31.2	1.8	1.8	7.5	5.8
SRF	Buy	1721	2206	28	80.4	99.6	129.8	-10.3	23.9	30.2	21.4	17.3	2.8	2.5	13.7	15.4
S H Kelkar	Buy	199	280	41	7.1	8.4	11.2	-2.2	18.7	33.2	28.1	23.6	3.4	3.0	12.3	13.5
Tata Chemicals	Buy	685	959	40	48.2	47.7	56.9	39.7	-1.0	19.1	14.2	14.4	1.6	1.5	24.9	10.6
Team Lease Serv.	Buy	2690	3500	30	43.0	60.4	95.7	28.0	40.3	58.6	62.5	44.6	10.1	8.2	17.6	20.4
Trident	Buy	56	86	54	5.3	7.2	8.6	-21.8	36.9	19.5	10.6	7.8	0.9	0.9	9.2	11.8
UPL	Buy	642	664	3	44.2	46.7	51.1	5.9	5.6	9.5	14.5	13.8	3.5	2.9	26.9	23.3



Company	1 Day (%)	1M (%)	12M (%)
<b>Automobiles</b>			
Amara Raja	1.8	11.0	-4.0
Ashok Ley.	0.0	-10.0	3.3
Bajaj Auto	-0.3	-5.1	-5.4
Bharat Forge	-0.7	2.2	8.7
Bosch	-0.1	6.5	-21.6
CEAT	-0.5	10.1	-25.2
Eicher Mot.	-1.4	0.0	-2.6
Endurance Tech.	-0.6	6.8	46.2
Escorts	-1.5	4.3	35.6
Exide Ind	0.7	6.5	27.1
Hero Moto	0.4	-7.7	-11.8
M&M	2.5	4.0	33.8
Maruti Suzuki	0.7	6.3	23.1
Motherson Sumi	2.1	14.1	0.1
Tata Motors	-0.1	-0.7	-40.1
TVS Motor	-2.4	-7.0	-11.8
<b>Banks - Private</b>			
AU Small Fin. Bank	1.1	-2.5	9.0
Axis Bank	2.7	11.4	10.4
DCB Bank	0.9	1.8	-13.5
Equitas Hold.	0.1	2.4	-17.1
Federal Bank	-0.4	10.4	-20.7
ICICI Bank	4.8	11.5	3.8
IndusInd	-0.5	1.4	20.8
Kotak Mah. Bk	-0.5	-2.8	29.9
RBL Bank	-1.2	1.9	5.4
South Indian	1.7	-17.5	-39.4
Yes Bank	-0.2	8.7	0.1
<b>Banks - PSU</b>			
BOB	9.9	34.5	-6.0
BOI	5.7	18.2	-36.2
Canara	3.7	15.1	-20.4
Indian Bk	2.5	5.6	17.5
PNB	5.0	13.4	-45.8
SBI	3.8	14.7	-0.6
Union Bk	3.7	7.6	-43.8
<b>NBFCs</b>			
Aditya Birla Cap	2.9	10.6	
Bajaj Fin.	-1.1	16.6	57.4
Capital First	5.5	8.4	-26.9
Cholaman.Inv.&Fn	-1.9	-5.1	21.8
Dewan Hsg.	0.1	-3.6	33.8
GRUH Fin.	-1.3	4.8	34.6
HDFC	-0.8	6.3	13.7
HDFC Stand. Life	-2.5	8.8	
Indiabulls Hsg	1.9	17.4	14.1
L&T Fin.Holdings	0.8	17.6	4.6
LIC Hsg Fin	-0.7	13.7	-26.1
M&M Fin.	-0.8	9.3	27.7
Muthoot Fin	-0.6	8.4	-11.9
MAS Financial Serv.	1.1	3.4	
ICICI Pru Life	2.3	11.4	-6.2
PNB Housing	-2.3	16.6	-12.6
Repco Home	-0.5	10.9	-19.1

Company	1 Day (%)	1M (%)	12M (%)
Shriram City Union	0.5	-4.5	-14.1
Shriram Trans.	0.1	9.0	46.0
<b>Capital Goods</b>			
ABB	1.9	2.3	-15.2
Bharat Elec.	5.2	-1.0	-33.4
BHEL	2.7	1.9	-23.6
Blue Star	-2.1	4.0	-4.3
CG Cons. Elec.	-2.2	5.5	14.7
CG Power & Inds Sol.	0.9	14.0	-24.6
Cummins	-0.1	4.6	-31.5
Engineers India	-0.6	6.5	-17.2
GE T&D	-0.7	-0.8	-27.5
Havells	0.0	15.0	30.5
K E C Intl	-3.4	-0.1	10.3
L&T	-1.2	1.9	11.8
Siemens	-0.9	-0.3	-32.5
Solar Ind	4.1	5.3	32.1
Thermax	1.3	9.5	29.6
Va Tech Wab.	1.9	-7.4	-41.2
Voltas	-0.9	9.0	11.4
<b>Cement</b>			
Ambuja Cem.	0.9	9.4	-13.7
ACC	-1.8	12.5	-12.9
Birla Corp.	1.4	8.9	-16.5
Dalmia Bharat	-2.4	15.0	-0.7
Grasim Inds.	-0.3	1.5	-4.5
India Cem	-1.5	11.0	-42.1
J K Cements	-3.5	-11.5	-23.6
JK Lakshmi Ce	-0.7	8.8	-24.8
Ramco Cem	-0.7	2.5	6.7
Orient Cem	0.4	17.5	-18.6
Prism Johnson	-2.4	8.8	-5.0
Sagar Cements	1.9	1.3	-2.2
Sanghi Inds.	-0.1	15.7	2.1
Shree Cem	0.3	10.4	-1.7
Ultratech	2.7	11.4	5.3
<b>Consumer</b>			
Asian Paints	-0.2	13.2	24.1
Britannia	-0.6	2.4	62.3
Colgate	1.8	-5.2	4.9
Dabur	1.9	0.5	26.7
Emami	0.1	7.1	2.4
Future Consumer	4.4	-2.7	15.3
Godrej Cons.	0.3	7.1	24.2
GSK Cons.	1.3	-0.2	17.3
HUL	1.9	2.9	46.3
ITC	-0.4	13.2	3.4
Jyothy Lab	-2.4	-7.6	18.1
Marico	0.7	9.6	9.2
Nestle	-1.6	3.3	49.4
Page Inds	0.4	4.9	76.6
Parag Milk	1.6	-4.1	21.7
Pidilite Ind.	-0.8	5.1	42.0
P&G Hygiene	-0.9	5.6	30.9
Prabhat Dairy	0.9	15.7	12.5





Company	1 Day (%)	1M (%)	12M (%)
United Brew	0.5	-2.7	37.7
United Spirits	0.7	-9.8	17.3
<b>Healthcare</b>			
Alembic Phar	-2.2	10.3	2.0
Alkem Lab	-0.1	11.9	16.6
Ajanta Pharma	3.3	14.6	-20.4
Aurobindo	2.0	-0.6	-16.7
Biocon	-0.8	-6.0	49.3
Cadila	2.6	1.5	-29.8
Cipla	-0.3	2.9	11.9
Divis Lab	5.1	11.4	71.9
Dr Reddy's	-0.7	-7.5	-16.1
Fortis Health	0.3	1.8	-13.8
Glenmark	0.8	-0.7	-19.4
Granules	-0.8	24.9	-27.3
GSK Pharma	-0.4	12.5	29.9
IPCA Labs	-0.4	7.3	54.4
Jubilant Life	-3.8	9.4	5.5
Lupin	0.6	-9.2	-22.8
Laurus Labs	0.3	-2.1	-23.2
Sanofi India	0.9	13.3	37.7
Shilpa Medicare	7.1	2.8	-36.8
Strides Shasun	8.8	-0.5	-62.7
Sun Pharma	1.1	0.5	2.3
Torrent Pharma	0.2	6.0	19.3
<b>Infrastructure</b>			
Ashoka Buildcon	1.4	-0.5	22.8
IRB Infra.Devl.	0.0	-4.1	-10.4
KNR Construct.	0.9	9.3	13.2
Sadbhav Engg.	-0.4	-3.5	-5.6
<b>Logistics</b>			
Allcargo Logistics	1.3	12.9	-30.4
Concor	1.8	0.9	14.8
<b>Media</b>			
Dish TV	-1.0	-7.3	-18.5
D B Corp	-1.2	-3.5	-34.1
Ent.Network	0.1	2.1	-20.9
Hathway Cab.	3.4	-31.7	-48.4
Hind. Media	-2.8	-7.9	-37.9
HT Media	1.6	-22.6	-36.8
Jagran Prak.	-3.4	-9.1	-30.2
Music Broadcast	2.3	2.8	-13.1
PVR	1.2	-17.6	-15.8
Sun TV	0.1	-0.7	-2.6
Zee Ent.	1.2	-3.6	-2.7
<b>Metals</b>			
Hindalco	-1.3	-8.4	-2.2
Hind. Zinc	0.3	-0.4	-1.1
JSPL	-0.2	-9.1	35.6
JSW Steel	1.5	0.4	52.1
Nalco	-1.8	-5.2	-11.9
NMDC	0.8	-3.0	-14.6
Rain Industries	-3.8	0.1	48.5
SAIL	2.5	-6.9	23.4
Vedanta	2.3	-4.7	-18.2

Company	1 Day (%)	1M (%)	12M (%)
Tata Steel	0.6	-2.7	6.3
<b>Oil &amp; Gas</b>			
Aegis Logistics	-0.8	10.4	25.0
BPCL	-0.3	6.6	-16.6
GAIL	-0.2	10.9	32.5
Gujarat Gas	1.0	6.2	2.6
Gujarat St. Pet.	-0.6	8.8	1.0
HPCL	0.9	10.8	-23.3
IOC	0.8	6.7	-9.4
IGL	1.1	17.4	25.3
Mahanagar Gas	1.1	8.5	-8.9
MRPL	2.5	2.2	-33.2
Oil India	0.2	0.9	12.7
ONGC	1.7	3.7	-0.4
PLNG	-1.2	4.5	13.1
Reliance Ind.	1.8	18.2	44.2
<b>Retail</b>			
Jubilant Food	0.2	2.2	115.9
Titan Co.	0.9	1.4	67.3
<b>Technology</b>			
Cyient	-0.7	-8.2	34.4
HCL Tech.	-1.7	2.2	6.4
Hexaware	0.3	-0.1	76.2
Infosys	-1.6	3.6	35.6
KPIT Tech	-0.9	9.0	132.9
Mindtree	-2.3	-7.1	91.2
Mphasis	-1.3	2.0	85.6
NIIT Tech	-1.9	12.1	137.1
Persistent Sys	-1.0	1.8	28.3
Tata Elxsi	-1.8	6.7	63.2
TCS	0.1	5.3	56.7
Tech Mah	1.5	-0.3	72.2
Wipro	-0.4	4.6	-5.3
Zensar Tech	-0.1	-3.7	53.8
<b>Telecom</b>			
Bharti Airtel	5.1	0.6	-7.3
Bharti Infratel	0.1	-4.0	-28.3
Idea Cellular	3.6	-1.4	-38.8
Tata Comm	1.6	-2.7	-14.3
<b>Utilites</b>			
Coal India	0.2	-0.7	4.3
CESC	-0.2	3.7	2.0
JSW Energy	-1.6	0.3	-8.6
NHPC Ltd	0.0	2.8	-20.5
NTPC	0.8	-2.3	-4.9
Power Grid	2.0	-1.9	-14.4
Tata Power	2.8	1.1	-9.7
<b>Others</b>			
Arvind	-1.7	5.2	15.9
Avenue Super.	1.6	7.5	77.5
BSE	-0.7	-5.0	-26.4
Castrol India	-0.8	4.5	-14.6
Coromandel Intl	7.5	9.8	-1.4
Delta Corp	4.2	14.3	43.7



Company	1 Day (%)	1M (%)	12M (%)
Interglobe	-0.2	-7.6	-22.0
Indo Count	-0.9	29.7	-48.7
Info Edge	-3.9	13.8	35.9
Kaveri Seed	0.6	9.5	-10.7
MCX	0.7	14.1	-24.5
Navneet Educat.	1.2	-10.3	-33.9
Oberoi Realty	2.1	2.9	25.7
Phoenix Mills	-1.8	-7.3	26.1
PI Inds.	-0.1	7.3	5.7
Piramal Enterp.	0.2	5.2	-8.7
Ques Corp	-4.1	-9.9	14.3
SRF	2.2	1.5	11.1
S H Kelkar	0.1	-10.8	-26.2
Tata Chemicals	0.9	-1.9	9.8
Team Lease Serv.	0.9	-9.4	106.5
Trident	1.2	-0.7	-33.3
UPL	1.0	3.6	-26.0

# THEMATIC/STRATEGY RESEARCH GALLERY

**MOTILAL OSWAL** Thematic | April 2018  
**Economy**

Private investment, Fiscal spending, Private consumption

**Fiscal policy has reached limits**

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Motilal Oswal research is available on [www.motilaloswal.com/indianmarket/Equities](http://www.motilaloswal.com/indianmarket/Equities), Bloomberg, Thomson Reuters, Factset and IIF Capital.

**MOTILAL OSWAL** Thematic | 30 January 2018  
**Economy**

Consumption, Income, GDP, Employment

**Employment: Broken Link Or...?**

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**MOTILAL OSWAL** Thematic Research | April 2017  
**Economy**

**Is fiscal policy reaching limits?**

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**MOTILAL OSWAL** Thematic | 29 March 2018  
**Automobiles**

Technological up-gradation, GST, Environmental norms

**Batteries: Huge opportunities, but challenges too**

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**MOTILAL OSWAL** Thematic | March 2018  
**Capital Goods**

CEMENT, STEEL, OIL & GAS, FERTILIZERS, TELECOM, POWER

**Industrial Capex On recovery path**

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**MOTILAL OSWAL** Thematic | February 2018  
**Oil & Gas**

FY10, FY20, FY30

**The Electric Avalanche Still sometime away**

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**MOTILAL OSWAL** June 2018  
**India Strategy**

**'Recovery' ball starts rolling**

Research Team (Gautam.Duggad@motilaloswal.com)

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**MOTILAL OSWAL** April 2018  
**India Strategy**

FY19 earnings growth 25%, FY18 earnings growth 11%

Political flux, Consumer, Industrial capex revival, Improving macros, Rebound of corporate lenders, Monsoon boost, Trade war / oil price shocks

**More ladders than snakes**

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**MOTILAL OSWAL** January 2018  
**India Strategy**

GDP growth bottoming, Favorable commodity cycle, Rural consumption revival

**End of a long drought**

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# REPORT GALLERY

## RECENT INITIATING COVERAGE REPORTS

**MOTILAL OSWAL** Initiating Coverage | 18 April 2020  
Sector: **Food Items**

### Phoenix Mills



**The Specialist**

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 should be read in conjunction with the research report. Research, Finance, India, Sector and ICF Report.

**MOTILAL OSWAL** Initiating Coverage | 17 April 2020  
Sector: **Chemicals**

### Tata Chemicals



**Flight of rebirth**

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**MOTILAL OSWAL** Initiating Coverage | 12 March 2020  
Sector: **Consumer**

### Future Consumer



**Company of the "Future"**

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**MOTILAL OSWAL** Initiating Coverage | 17 March 2020  
Sector: **Logistics**

### Aegis Logistics



**The Giant Kelp**

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 should be read in conjunction with the research report. Research, Finance, India, Sector and ICF Report.

**MOTILAL OSWAL** Initiating Coverage | 16 February 2020  
Sector: **Agri-Inputs**

### UPL



**Reaping growth**

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**MOTILAL OSWAL** Initiating Coverage | 14 January 2020  
Sector: **Healthcare**

### Laurus Labs

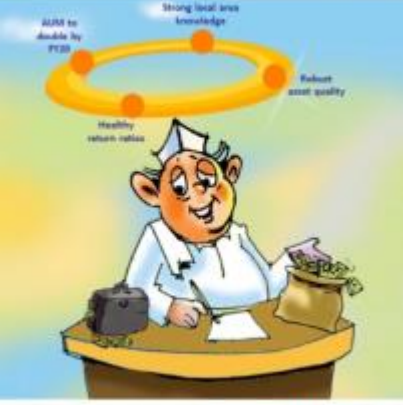


**Angling for growth**

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**MOTILAL OSWAL** Initiating Coverage | 11 January 2020  
Sector: **Financial**

### MAS Financial Services



**Grassroots financier**

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**MOTILAL OSWAL** Initiating Coverage | 8 January 2020  
Sector: **Finance**

### AU Small Finance Bank



**First Among Equals**

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**MOTILAL OSWAL** Initiating Coverage | 26 December 2019  
Sector: **Automobile**

### Motherson Sumi



**Magical times ahead!**

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# DIFFERENTIATED PRODUCT GALLERY

**MOTILAL OSWAL** 30 February 2018

### Annual Report Threadbare

**MOTHERSON FY17**

Motherson's most recent (FY17) annual report highlights an improvement in its operating cash flows to Rs 295.13 crores. This was primarily an outcome of higher working capital of debtors, led by the increase in trade payables by ₹103.06 Cr. FY17 ROCE of 24.4% was the highest among all companies in the industry. The company has also achieved a net debt-to-equity ratio of 100%.

**Key Highlights:**

- Operating cash flows rose 36% to ₹295.13 crores from ₹217.14 crores in FY16. This was primarily due to higher trade payables of ₹103.06 Cr. FY17 ROCE of 24.4% was the highest among all companies in the industry. The company has also achieved a net debt-to-equity ratio of 100%.
- Positive free cash flow (FCF) of ₹103.06 Cr. in FY17, compared to ₹50.00 Cr. in FY16. This was primarily due to higher trade payables of ₹103.06 Cr. FY17 ROCE of 24.4% was the highest among all companies in the industry. The company has also achieved a net debt-to-equity ratio of 100%.
- Operating cash flows rose 36% to ₹295.13 crores from ₹217.14 crores in FY16. This was primarily due to higher trade payables of ₹103.06 Cr. FY17 ROCE of 24.4% was the highest among all companies in the industry. The company has also achieved a net debt-to-equity ratio of 100%.

**Financials:**

Particulars	2017	2016
Revenue	₹1,000.00	₹950.00
EBITDA	₹250.00	₹200.00
EBIT	₹200.00	₹150.00
Operating Cash Flows	₹295.13	₹217.14
Net Debt	₹100.00	₹100.00
Equity	₹100.00	₹100.00
ROCE	24.4%	20.0%

**MOTILAL OSWAL** 4 June 2018

### The Corner Office

**Targeting 40% sales in 12 years, L&T CAGR near 17% in 2018**

Four key strategies to reduce costs, increase growth, and improve margins.

**1. Focus on the core business:** L&T is a large company with a diverse portfolio. The company has decided to focus on its core business, which is the construction of infrastructure projects.

**2. Reduce costs:** L&T has a long history of cost reduction. The company has implemented several measures to reduce costs, including:
 

- Optimizing the supply chain.
- Reducing overheads.
- Improving operational efficiency.

**3. Increase revenue:** L&T has a strong track record of revenue growth. The company has implemented several measures to increase revenue, including:
 

- Expanding into new markets.
- Increasing the number of projects.
- Improving the quality of projects.

**4. Improve margins:** L&T has a strong track record of improving margins. The company has implemented several measures to improve margins, including:
 

- Optimizing the supply chain.
- Reducing overheads.
- Improving operational efficiency.

**Conclusion:** L&T is a large company with a diverse portfolio. The company has decided to focus on its core business, which is the construction of infrastructure projects. The company has implemented several measures to reduce costs, increase revenue, and improve margins. These measures include:
 

- Optimizing the supply chain.
- Reducing overheads.
- Improving operational efficiency.
- Expanding into new markets.
- Increasing the number of projects.
- Improving the quality of projects.

**MOTILAL OSWAL** 10 June 2018

### VOICES

**India Inc on Call**

VOICES, a quarterly journal from Motilal Oswal Research, provides a ready reference for all the year results quarterly announced by all listed companies during the quarter. Besides making available to readers our top takeaways from these interactions, it also provides links to Motilal Research website, forecasts and analysis of the respective conference calls.

**Key Highlights:**

- Quarterly results commentary for 140 companies, with links to the full earnings call recordings.
- 100+ top takeaways (TAT) on 400+ of the companies covered.
- Research & Opinions Team (Shrikanth Duggirala, NAVEEN KUMAR, et al.) +11 22 8922 5000

VOICES is available to refer through important disclosures made at the last page of the Research Report. Motilal Research website is available at [www.motilalresearch.com](http://www.motilalresearch.com). Research, Investor Services, Equity and Debt Capital.

**MOTILAL OSWAL** 25 June 2018

### EcoKnowlEdge

**How many jobs does India need to create?**

More than 200 million jobs are needed to create a middle class.

**Key Highlights:**

- India needs to create more than 200 million jobs to create a middle class.
- The government should target to create 100 million jobs by 2020.
- The private sector should create 100 million jobs by 2020.
- The government should create 100 million jobs by 2020.

**Conclusion:** India needs to create more than 200 million jobs to create a middle class. The government should target to create 100 million jobs by 2020. The private sector should create 100 million jobs by 2020. The government should create 100 million jobs by 2020.

**MOTILAL OSWAL**

### BULLS & BEARS

INDIA VALUATION'S HANDBOOK

Highlights of May edition

- Private and PSU banks the only positive performers.
- Concast, Telecom, Healthcare, Real Estate, Auto the top underperformers.
- Midcap underperforms largecap.

**Market Sentiment:**

Category	Value
BSE Sensex	30,000
Nifty 50	10,000
Midcap	5,000
Smallcap	2,000
Dividend Yield	1.5%
PE Ratio	15
EPS	₹100
Market Cap	₹1,00,000
Debt to Equity	100%
ROCE	20%
Operating Cash Flow	₹50,000

Research & Opinions Team (Shrikanth Duggirala, NAVEEN KUMAR, et al.) +11 22 8922 5000

**MOTILAL OSWAL**

### FUND FOLIO

Indian Mutual Fund Tracker

For FY17, equity AUM is up 4%, as opposed to equity AUM of up 12% in FY16.

**Key Highlights:**

- Equity AUM is up 4% in FY17, as opposed to equity AUM of up 12% in FY16.
- Debt AUM is up 15% in FY17, as opposed to debt AUM of up 10% in FY16.
- Hybrid AUM is up 10% in FY17, as opposed to hybrid AUM of up 8% in FY16.

**Conclusion:** Equity AUM is up 4% in FY17, as opposed to equity AUM of up 12% in FY16. Debt AUM is up 15% in FY17, as opposed to debt AUM of up 10% in FY16. Hybrid AUM is up 10% in FY17, as opposed to hybrid AUM of up 8% in FY16.



Explanation of Investment Rating	
<b>Investment Rating</b>	<b>Expected return (over 12-month)</b>
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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

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