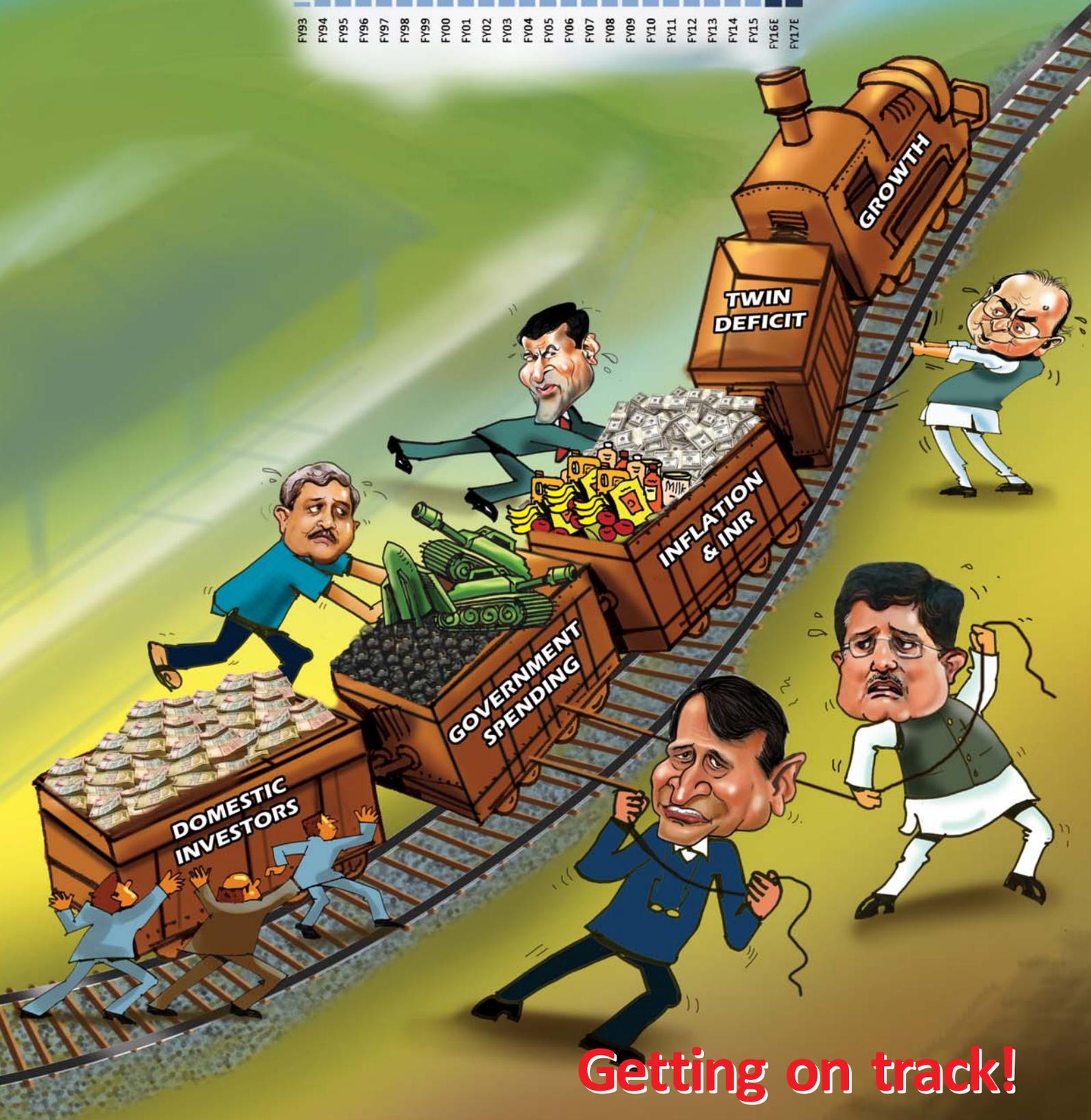
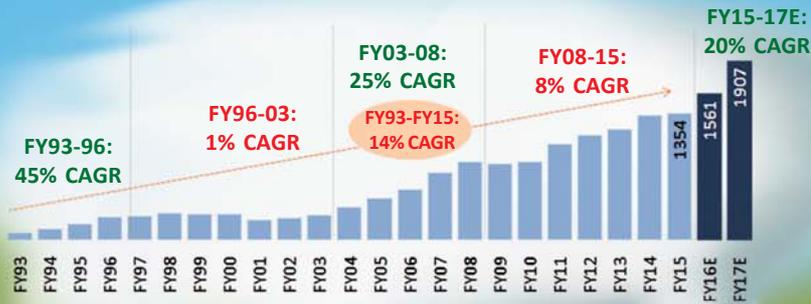


India Strategy



Getting on track!

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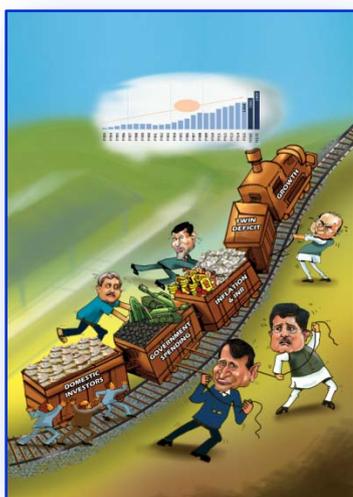
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Note: All stock prices and indices for companies as on 30 June 2015, unless otherwise stated
Investors are advised to refer through disclosures made at the end of the Research Report.

India Strategy

BSE Sensex: 27,574

S&P CNX: 8,329



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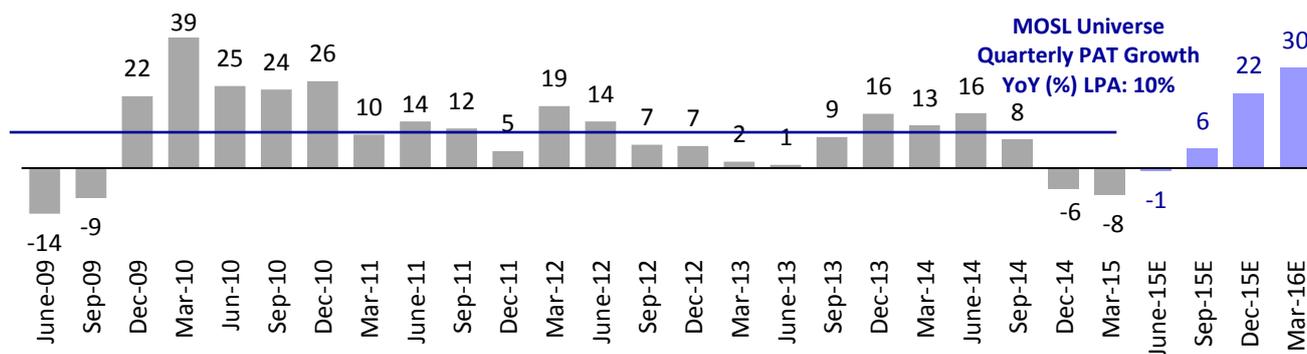
Getting on track!

Inflation, INR, Deficits well in control now; Govt spending to drive capex recovery; Earnings to rebound in FY16/17

1QFY16 PREVIEW: Another quarter of decline! Worst is likely over! | 1QFY16 performance of MOSL Universe: Third consecutive quarter of PAT de-growth

- Our bottom-up estimates indicate a 1% YoY decline in aggregate PAT for the MOSL Universe (ex-RMs). Sales would remain flat and EBITDA would grow moderately (4%). The fall in global commodities, delay in revival of the investment cycle and muted rural consumption continue to impact growth of corporate India.
- Only seven sectors are expected to witness double-digit PAT growth—Media (36%), Telecom (23%), Capital Goods (18%), Private Banks (17%), Consumer (14%), Oil (11%) and Retail (11%). Six sectors would likely report PAT de-growth—Healthcare (-1%), Auto (-7%), Real Estate (-11%), PSU Banks (-27%), Cement (-33%) and Metals (-52%).
- Nifty PAT (ex-BPCL) is likely to remain flat YoY—an improvement over 11% de-growth in 4QFY15. Sales would marginally decline (-1%) in 1QFY16 (v/s -6% in 4QFY15).
- About one-fourth of the Nifty constituents would report >15% YoY PAT growth; however, this would be offset by PAT de-growth in more than one-third of the constituents. Cyclical and domestic-facing companies would contribute to PAT de-growth (14 out of 17 PAT de-growth companies are cyclical).
- Top PAT growth companies would be Maruti (77%), Tata Power (63%), Cipla (+41%), ONGC (+41%), Idea (+36%), Yes Bank (+29%), Indusind Bank (+24%) and Bharti Airtel (+21%).
- Top PAT de-growth companies would be Punjab National Bank (-58%), Cairn India (-57%), Bank of Baroda (-44%), NMDC (-42%), Ambuja Cement (-40%), Grasim (-38%), Hindalco (-38%) and Tata Motors (-31%).

Exhibit 1: PAT de-growth in 1QFY16; expect rebound in 2H



Source: Company, MOSL

FY16-17 ESTIMATES: Expect recovery in 2HFY16 | Government-led capex and low inflation to lead recovery

- Delay in domestic recovery and global commodity fall continue be the headwinds for earnings growth. Other factors such as muted rural consumption, continuing asset quality woes in PSU banks and adverse cross currency movements continue to pull down the aggregate growth of corporate India.
- However, we believe government-led capital spending and favorable inflation leading to lower rates will create conducive environment for earnings growth recovery.
- Our bottom-up estimates suggest aggregate PAT of the MOSL Universe (ex-RMs) to rebound to 17%/23% in FY16/FY17. Sales growth would increase moderately to 9% in FY16 before jumping to 13% in FY17.
- Expect Sensex EPS to grow 15% to 1,561 in FY16 and 22% to 1,907 in FY17. Since the last preview, three-fourths of the Sensex companies would see an EPS cut—led by Tata Steel, Sun Pharma, Hindalco, Tata Motors, Coal India and GAIL. Top upgrade drivers are Maruti, NTPC, ONGC and Bajaj Auto.
- One-third of the Sensex companies would contribute more than two-thirds of FY16 Sensex EPS expansion. Key contributors to the EPS expansion would be ONGC, Tata Motors, ICICI Bank, HDFC Bank, Tata Steel and Reliance Ind, M&M, Axis Bank, HDFC and SBI.

PROFIT POOL: Oil share halves, Technology doubles; Public sector dwarfed | Profit Pool analysis FY03-15: Some interesting trends from the past

India Inc PerforMeter

CAGR %	PAT	Sensex
FY03-FY15	16	20
FY03-FY08	27	39
FY08-FY15	9	9
FY15-17E	20	??

- We expect a pick-up in earnings growth for corporate India from the second half of FY16; this could well be the beginning of the new earnings cycle. While our EPS CAGR for the next two years is 20%, the earnings cycle has seen higher and longer-duration growth.
 - In Phase-1 (FY03-08) of our FY03-15 analysis, PAT CAGR was 27%; it was only 9% in Phase-2 (FY08-15).
- We present some trends to draw from the last 13 years of earnings cycle and pick where reversion to mean can lead to a change in growth trends.
 - #1 PUBLIC v/s PRIVATE SECTOR:** The ultimate case study of value migration
 - #2 CYCLICALS:** Change in PAT orbit
 - #3 OIL & GAS:** PAT share halves to 17% in the best era of crude prices
 - #4 FINANCIALS:** Private sector cashes in on public banks' slip
 - #5 CONSUMER:** Only a foul-weather friend? Not quite
- Based on the above, we expect some of the following potential themes to play out going forward:
 - #1 FY15-17 PAT GROWTH:** Expect acceleration in growth from 2HFY16, CAGR of 20% over FY15-17.
 - #2 PRIVATE BANKS, CONSUMER:** Two large profit pools, which can only get bigger and better (thereby creating several growth opportunities).
 - #3 OIL & GAS:** Reforms can normalize earnings, resulting in significant growth.
 - #4 CEMENT:** Early-bird cyclical turnarounds?
 - #5 CAPITAL GOODS:** Book-to-bill ratio on the rise; govt spending to trigger growth.

Exhibit 2: FY03-15 India Inc PAT performance: Sector-wise highlights

Sector (No of Companies)	PAT (INR b)				PAT CAGR (%)				ROE (%)				MOSL Univ. PAT Share (%)			
	FY03	FY08	FY15	FY17E	FY03-15	FY03-08	FY08-FY15	FY15-17E	FY03	FY08	FY15	FY17E	FY03	FY08	FY15	FY17E
Auto (11)	21	85	292	492	24	32	19	30	19	26	22	23	3	4	8	9
Capital Goods (12)	15	80	99	174	17	40	3	32	12	25	10	14	2	4	3	3
Cement (14)	7	97	60	146	20	69	-7	56	8	30	6	12	1	5	2	3
Consumer (15)	48	75	209	304	13	9	16	21	38	35	33	37	7	3	5	5
Financials (31)	141	341	951	1,395	17	19	16	21	30	14	15	16	22	16	25	25
Banks-Private (10)	25	90	376	540	26	30	23	20	18	11	15	17	4	4	10	10
Banks-PSU (10)	87	192	313	491	11	17	7	25	25	18	10	13	13	9	8	9
NBFC (11)	29	58	263	363	20	15	24	18	48	14	18	19	4	3	7	7
Healthcare (14)	17	51	169	280	21	25	19	29	25	21	20	22	3	2	4	5
Media (11)	3	5	21	46	18	10	24	47	25	7	14	22	0	0	1	1
Metals (9)	27	303	295	283	22	62	0	-2	15	26	10	9	4	14	8	5
Oil & Gas (12)	265	529	638	1,004	8	15	3	25	25	19	10	13	40	25	17	18
Real Estate (10)	1	91	26	47	30	142	-16	35	13	30	4	7	0	4	1	1
Retail (3)	0	2	10	15	41	61	28	23	7	24	22	23	0	0	0	0
Technology (11)	39	159	548	692	25	32	19	12	36	32	27	25	6	7	14	12
Telecom (4)	-4	133	110	129	L to P	L to P	-3	8	-3	22	8	8	-1	6	3	2
Utilities (10)	67	173	346	457	15	21	10	15	12	14	14	17	10	8	9	8
Others (25)	6	23	62	107	21	29	15	31	15	17	15	20	1	1	2	2
MOSL (192)	653	2,146	3,836	5,569	16	27	9	20	20	20	14	16	100	100	100	100

Source: Company, MOSL

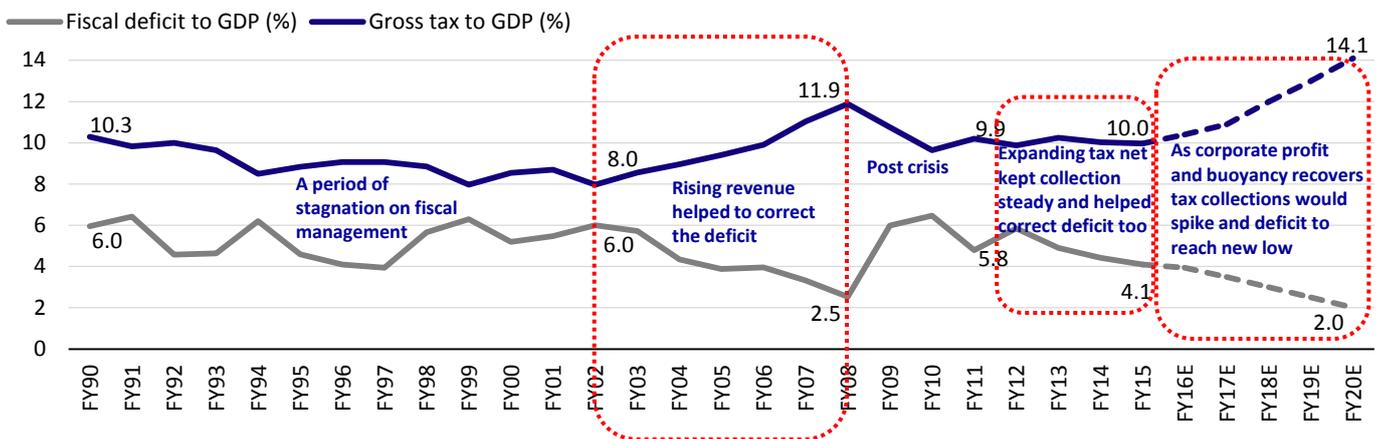


ECONOMICS: A strong macro at early stage of recovery to create a virtuous investment cycle | Revenue buoyancy on growth to accelerate fiscal correction

- Tax-GDP ratio increased by around 400bp in the previous upcycle between FY02 to FY08. The current phase of fiscal consolidation is being achieved on the back of expenditure compression and increased tax effort. However, a repeat of tax buoyancy seen in the previous upcycle would allow accelerated reduction in fiscal deficit to as low as 2% by FY20.
- Higher revenue, besides fiscal correction, would allow a jump in government expenditure. Together with an expenditure switch towards capex spend away from subsidy this would act as a big booster to investments in general.
- While many private infrastructure companies came up in the previous cycle ploughing sizable investments in the economy; the winners of the current cycle are likely to be those well positioned to benefit from the direction of the economy that the government is seeking to give in the next five years.
- The fiscal discipline and macro stability should bring in its wake a revision in the rating of India several notches higher than the current investment grade, particularly when the criteria laid out by S&P in its Sep-14 rating outlook upgrade have all been satisfied by a comfortable margin and countries with comparable macro parameters and credit history enjoy much higher ratings.
- On the inflation front, government has taken a multitude of measures to ensure that the backbone of food inflation is broken through a series of intervention aimed at curbing prices, providing subsidy and other forms of support, improved co-ordination with the states and smoothing the supply chain to ensure higher food availability. Other drivers of inflation viz., global commodity and food prices, rural wage have all eased.

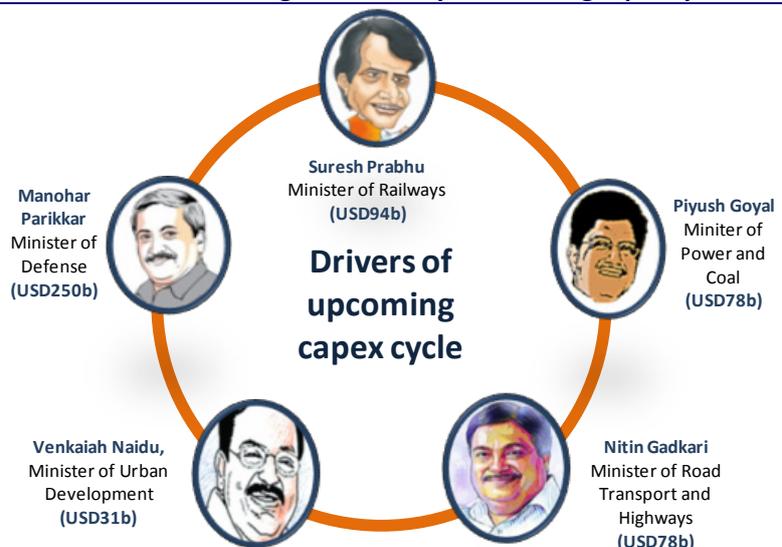
- The structural decline in inflation can take rates and bond yields to a level even lower than the low point of previous cycle particularly when net market borrowing by the government is slated to decline releasing a good deal of financial savings to be channelized into other forms of investments.
- After the bouts of volatility during late 2013, INR has returned to stability to emerge as one of the best performing currencies. The external stability parameters have also strengthened on the back of increased capital flows.
- Greenshoots of a capex recovery on the back of higher public spend towards infrastructure are visible already with CMIE capex data, recovery of IIP capital goods and sectors facing the focus areas of the government showing an uptrend. However, the biggest silver lining comes from a marked improvement in credit quality and some decline in the indebtedness of infra companies that makes them lendable again. With interest rate cycle headed south and selective push from the government this indeed is a more surefooted recipe for investment recovery.

Exhibit 3: Revenue buoyancy of 400bp in FY02-08 economic upcycle – an equivalent jump now would take deficit to new low



Source: Government, MOSL

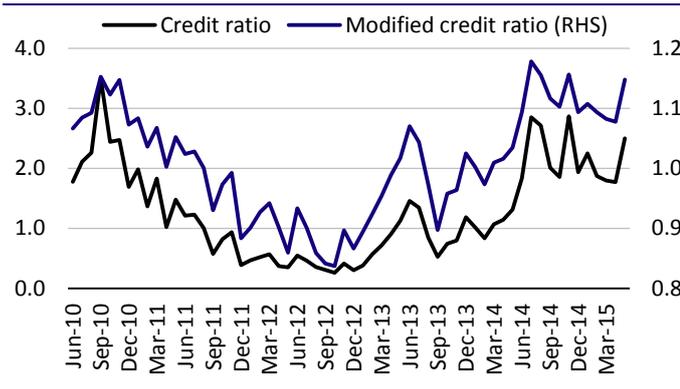
Exhibit 4: Government would be a significant catalyst for coming capex cycle



Figures in USD b indicate capex planned over next 5 years

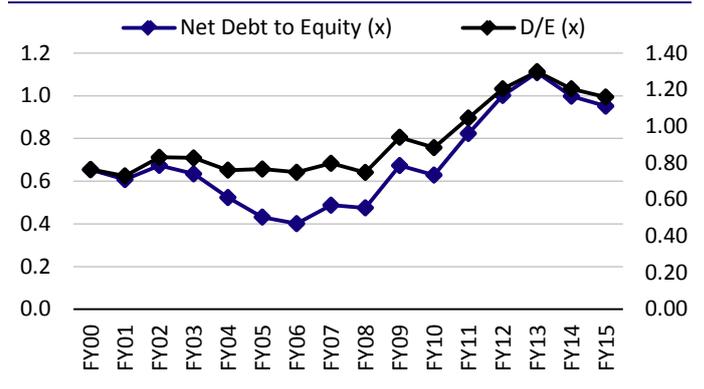
Source: Government, MOSL

Exhibit 5: Credit quality has improved noticeably



Source: RBI, Government, MOSL

Exhibit 6: Indebtedness of infra cos. on a decline now



Source: RBI, Government, MOSL



MARKETS & FLOWS: Indian equities have delivered positive returns for 3 consecutive years

- Indian equities have delivered positive returns for three consecutive years, and positive returns in five out of the last six years.
- Sectoral performances have been very divergent in CY15YTD. Telecom was the top performer with 14% return and significantly outperformed the Nifty (1% return); it was followed by Capital Goods (+13%) and Healthcare (+13%). PSU Banks (-22%) and Metals (-13%) were the top underperformers.
- Lupin was the best-performing Sensex stock (32% return) for CY15, followed by Maruti Suzuki (21%) and HUL (21%). Hindalco, Tata Steel, Sesa Sterlite, Hero Motocorp, SBI, ITC, ICICI Bank, GAIL and Tata Motors were the top underperformers (delivering negative returns of 10-30%).
- Valuations of Indian equities are near the long-term averages; need growth to pick-up. The Sensex trades at 16.9x P/E (slightly above its long-period average of 16.2x) and near its 10-year average P/B of 2.8x.
- Domestic MFs have turned big buyers in Indian equities for 14 consecutive months. DII (ex MFs) have also turned net buyers by pumping in USD1.3b in three months after 13 months of outflows.
- FIIs invested another USD6.2b in the first half of CY15 compared with USD16.2b in CY14. However, FIIs have been net sellers in recent months.
- FII holding in BSE-200 companies is at an all-time high of 25.6% compared with DII at 10.9%. FIIs have bought USD 169b in 23 years. Since Jan 2000, FIIs bought USD158b compared with DIIs' USD8.8b. We expect this trend to stabilize as domestic flows have turned positive now.
- Financial savings to increase; higher share toward equities likely.

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ECONOMIST: [Dipankar Mitra](mailto:Dipankar.Mitra@MotilalOswal.com) (Dipankar.Mitra@MotilalOswal.com)

Sources of exhibits in this section include RBI, CMIE, Bloomberg, IMF, UN, Rogers International, Industry, Companies, and MOSL database

1QFY16 PREVIEW

Another quarter of decline! Worst is likely over!



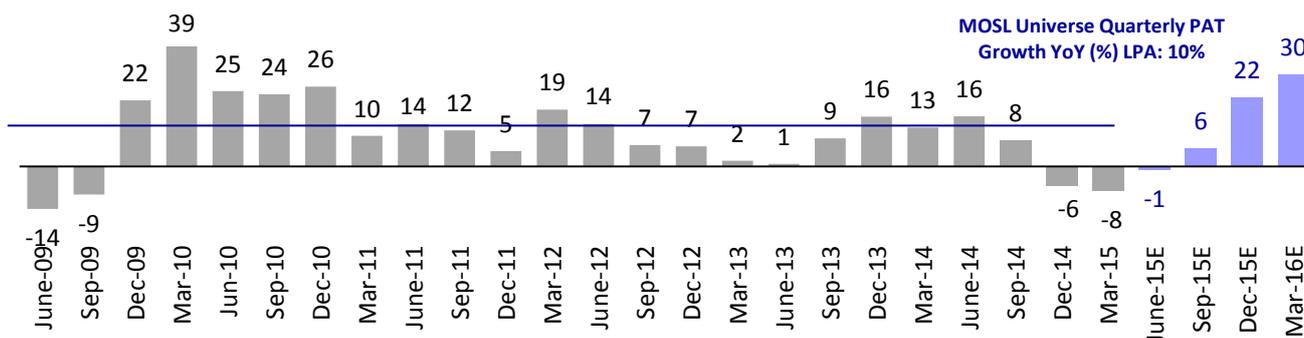
1QFY16 performance of MOSL Universe: Third consecutive quarter of PAT de-growth

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- Top PAT de-growth companies would be Punjab National Bank (-58%), Cairn India (-57%), Bank of Baroda (-44%), NMDC (-42%), Ambuja Cement (-40%), Grasim (-38%), Hindalco (-38%) and Tata Motors (-31%).

Aggregate PAT to decline 1% YoY; sales to remain flat

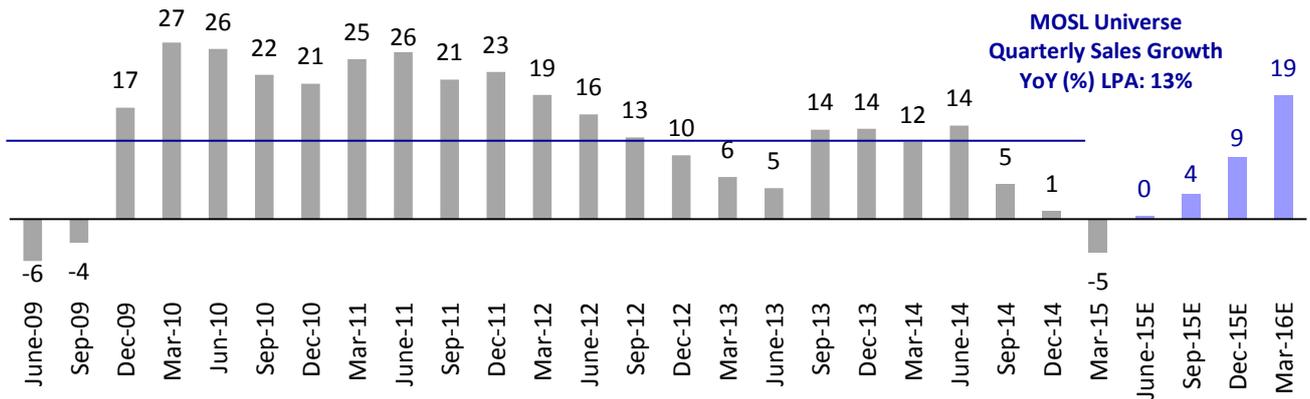
- MOSL Universe’s (ex-RMs) sales and EBITDA would grow marginally (1% each). Aggregate PAT would decline 1% YoY.
 - 1QFY16 would be the third consecutive quarter of PAT de-growth. Such consecutive PAT de-growth was last witnessed in Sep-09.
 - Several domestic cyclicals like Auto, Cement and PSU Banks would de-grow.
 - Global sectors such as Metals and Healthcare would continue to report PAT decline; Technology would report one of the lowest PAT growth (7% YoY).
 - Large sectors that would report growth include Consumer, Private Banks, NBFCs, Utilities, Oil and Technology.
- EBITDA margins (ex-Financials & RMs) would expand ~70bps YoY to 20%, near its LPA of 20.2%—despite Cap Goods, Cement, Metals well below the LPA level.
- This quarter would see continued impact of fall in global commodities and a consequent negative WPI impact.

Exhibit 7: PAT de-growth in 1QFY16; expect rebound in 2H



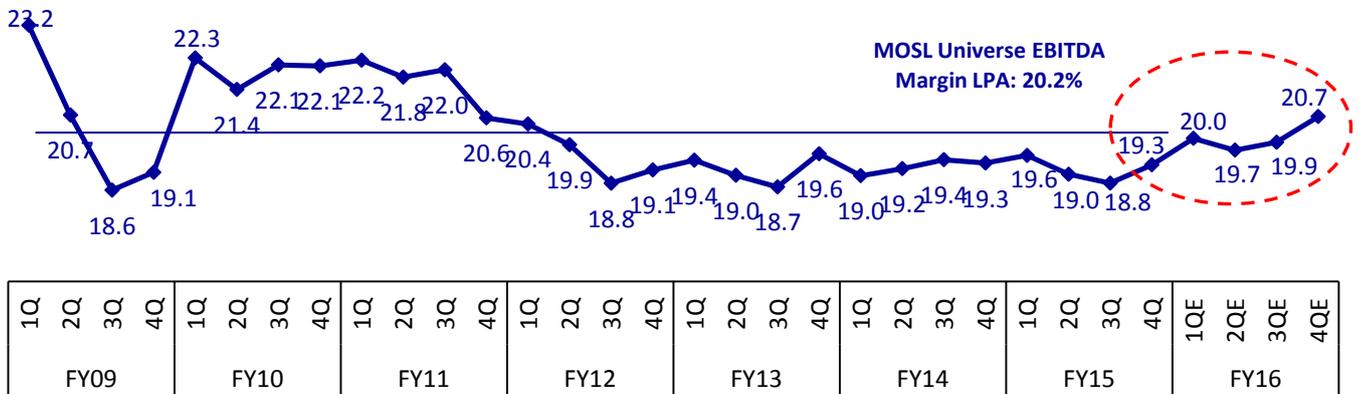
Source: Company, MOSL

Exhibit 8: Sales to remain muted during 1H



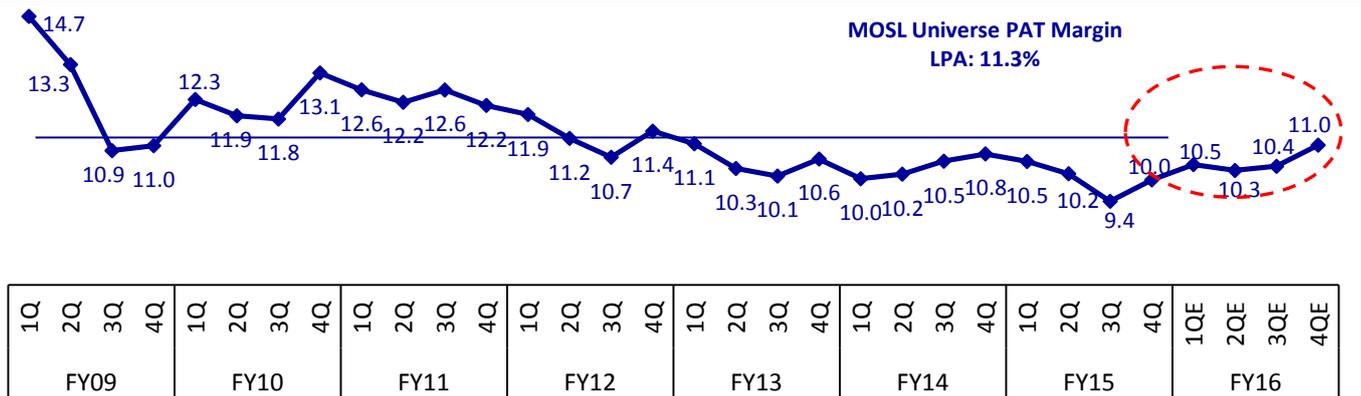
Source: Company, MOSL

Exhibit 9: 1QFY16 EBITDA margin (ex-Financials & RMs) would expand 70bps to 20%; shows signs of bottoming out



Source: Company, MOSL

Exhibit 10: 1QFY16 PAT margin (ex-Financials & RMs) to expand 50bps to 10.5%



Source: Company, MOSL

Exhibit 11: Sector-wise 1QFY16 performance of the MOSL Universe

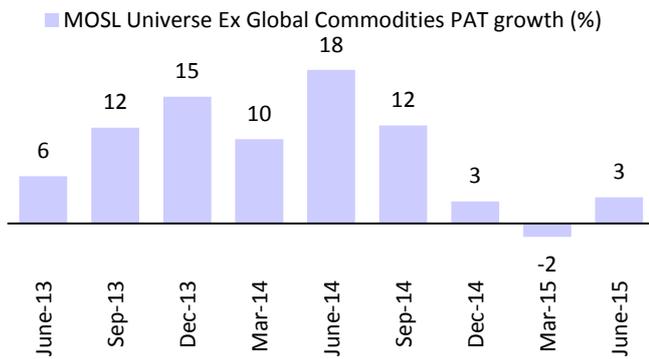
Sector (No of companies)	Sales			EBITDA			Net Profit			PAT	Delta	EBITDA Margin
	Mar-15	Var % YoY	Var % QoQ	Mar-15	Var % YoY	Var % QoQ	Mar-15	Var % YoY	Var % QoQ	Share %	Share %	Chg bp YoY
High growth sectors	1,131	8	-13	387	16	-9	168	19	-13	18	363	222
Media (9)	54	15	8	15	18	21	6	36	28	1	23	67
Telecom (4)	418	7	4	152	15	6	30	23	10	3	77	235
Others (18)	171	11	-4	29	14	4	17	18	6	2	37	45
Capital Goods (10)	291	0	-39	25	7	-60	18	18	-60	2	37	50
Private Banks (8)	198	18	3	166	18	-6	96	17	-3	10	188	-38
Med/Low growth sectors	3,371	-1	12	841	11	7	530	10	6	56	630	278
Consumer (15)	388	8	6	83	12	6	58	14	4	6	96	85
Oil Excl. RMs (9)	1,433	-13	23	278	6	21	166	11	24	18	223	354
Retail (3)	42	6	10	4	8	7	2	11	-11	0	3	16
NBFC (11)	120	16	-3	111	14	-5	68	9	-2	7	75	-155
Utilities (10)	658	7	4	188	19	1	97	9	-1	10	105	292
Technology (11)	729	14	5	178	10	3	140	7	0	15	128	-102
PAT de-growth sectors	2,990	0	-3	616	-9	0	244	-25	16	26	-1,093	-220
Healthcare (14)	306	12	8	73	4	33	46	-1	21	5	-7	-177
Auto (11)	1,130	3	-2	167	-1	12	83	-7	40	9	-88	-64
Real Estate (8)	48	8	-6	16	-4	8	6	-11	0	1	-10	-388
PSU Banks (6)	273	2	-2	185	0	-17	57	-27	9	6	-284	-83
Cement (7)	167	1	0	25	-14	-18	11	-33	-25	1	-76	-240
Metals (9)	1,066	-6	-7	152	-29	2	42	-52	2	4	-629	-453
MOSL Excl. RMs (163)	7,492	1	1	1,845	4	1	943	-1	4	100	100	81
MOSL Ex Oil & Metals (145)	4,993	7	-2	1,416	9	-2	735	3	1			45
Sensex (30)	4,812	-1	0	1,135	5	1	612	5	7			136
Sensex Ex Oil & Metal (24)	2,955	6	-5	809	7	-6	455	4	-2			40
Nifty Ex BPCL (49)	5,564	-1	0	1,403	3	1	737	0	7			89
Nifty Ex Oil & Metal (41)	3,660	7	-3	1,051	8	-5	556	1	0			33

Source: Company, MOSL

Mixed bag in terms of sectoral performance: Share of global commodities in aggregate PAT to increase, led by Oil & Gas; Metals drag

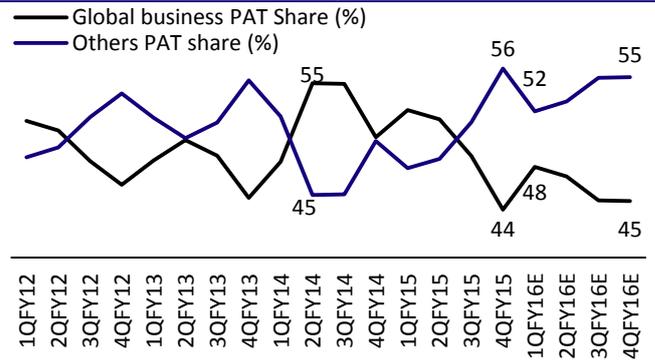
- Overall, seven sectors would report double-digit PAT growth and six sectors would report PAT de-growth.
- Financials would report PAT de-growth of 1%, a first, primarily driven by poor performance of PSU banks
 - PSUs will account for a 37% share in the sector's profits in 1QFY16 v/s 49% in 1QFY15
- Technology would continue to report mid-single digit growth (7%) for the second consecutive quarter; Healthcare would continue to witness negative growth (-3% YoY)
- Capital Goods would report 18% growth after 11 consecutive quarters of PAT decline, thus giving indication of early signs of revival in investment cycle.
- Auto, Cement and Metals would continue to report PAT de-growth.
- Sectors with record PAT:
 - Consumer and Telecom would report multi-quarter high PAT numbers
 - Metals would report its lowest PAT in eight years
- Share of commodities in the aggregate PAT would increase in 1QFY16—a reversal from the last few quarters, primarily led by Oil. Metals would continue to drag

Exhibit 12: MOSL Universe ex-Global Commodities PAT gr (%)



Source: Company, MOSL

Exhibit 13: Contribution of global businesses^ would reduce to 48% in 1QFY16 and to 45% by FY16-end



^ Global businesses include IT, Healthcare, Metals, Oil (Ex RMs), JLR

Source: Company, MOSL

Exhibit 14: Sectoral quarterly PAT trend (INR b)

Sector	FY12				FY13				FY14				FY15				FY16E			
	Jun	Sep	Dec	Mar																
Auto	50	52	63	80	56	50	47	76	50	71	81	77	89	74	75	59	83	94	99	103
Capital Goods	23	28	34	65	26	27	28	60	17	22	26	55	15	20	22	44	18	25	31	57
Cement	19	12	16	23	25	19	16	20	19	11	11	18	17	14	9	15	11	10	14	20
Consumer	33	36	38	38	40	42	46	44	45	48	52	49	50	54	58	55	58	64	69	66
Financials	129	151	163	193	179	180	190	205	202	182	194	213	223	213	209	222	221	239	265	291
Private Banks	42	45	52	57	54	57	67	71	70	72	80	85	82	85	95	100	96	101	113	119
PSU Banks	51	65	71	91	80	74	71	73	75	52	52	64	78	63	48	52	57	63	72	87
NBFC	36	41	40	45	45	49	51	60	57	58	61	64	62	65	66	69	68	74	79	84
Healthcare	20	22	21	23	22	28	28	31	34	41	45	43	45	52	33	37	44	54	54	61
Media	4	4	4	3	4	5	5	4	5	5	6	5	5	5	8	6	7	7	9	8
Metals	90	72	63	72	78	57	45	78	62	61	61	76	68	74	63	34	25	34	34	50
Oil & Gas	56	38	284	367	-251	342	217	403	95	203	137	346	187	153	71	247	207	209	211	222
Oil & Gas Ex RMs	150	178	139	139	154	173	166	133	139	174	175	165	149	149	95	134	166	155	153	171
Real Estate	6	6	5	6	5	4	6	4	5	4	4	5	5	4	5	5	5	4	9	6
Retail	2	2	2	2	2	2	3	2	2	2	2	3	2	3	2	3	2	3	3	3
Technology	66	67	80	82	89	91	95	95	104	119	127	132	130	135	142	140	140	144	152	159
Telecom	16	15	15	16	12	11	6	6	13	12	12	18	20	24	24	22	25	24	25	27
Utilities	42	41	42	50	50	47	50	48	50	51	52	50	50	51	48	58	56	62	56	62
Others	12	10	10	11	12	10	10	11	12	11	13	14	14	12	14	16	17	16	18	20
MOSL Univ Excl RMs	661	696	696	802	753	745	741	817	760	814	862	922	885	883	808	848	877	935	990	1,103

Comparable Universe, excludes Coal India, Just Dial, Prestige Estate, Bharti Infratel, Alembic Pharma, Vedanta due to merger, RattanIndia Power, Hathway and Repco Home Fin.

Source: Company, MOSL

Exhibit 15: Sectoral quarterly PAT growth trend (%)

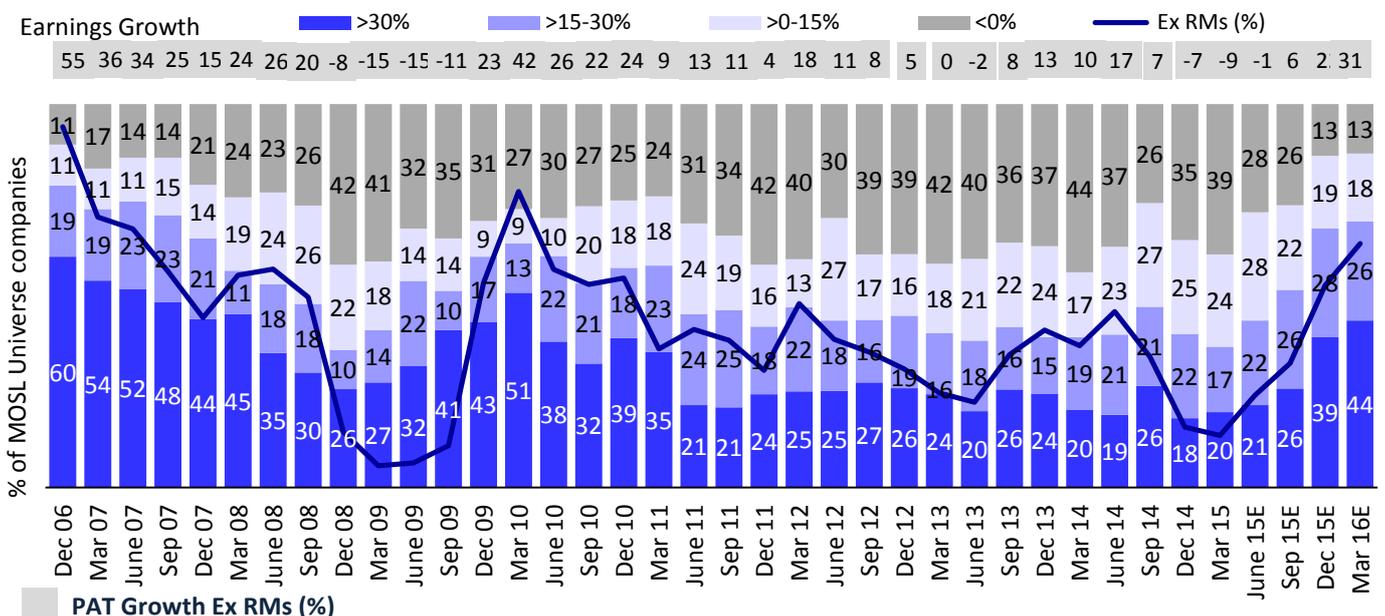
Sector	FY12				FY13				FY14				FY15				FY16E			
	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar
Auto	7	4	30	52	12	-3	-25	-5	-12	41	71	2	79	4	-7	-24	-7	27	32	75
Capital Goods	4	1	4	30	12	-4	-18	-8	-33	-21	-6	-9	-13	-6	-16	-19	18	24	42	30
Cement	5	73	53	15	28	63	-2	-14	-26	-44	-33	-11	-10	26	-12	-16	-33	-25	44	32
Consumer	15	19	17	22	24	15	23	18	13	17	12	11	11	12	11	13	14	18	19	19
Financials	1	18	13	57	39	19	16	6	13	1	2	4	10	17	8	4	-1	12	27	31
Private Banks	31	28	27	29	30	27	28	25	29	26	20	20	18	19	19	17	17	18	19	20
PSU Banks	-22	9	6	124	56	14	0	-19	-6	-30	-27	-12	4	21	-9	-18	-27	1	51	66
NBFC	17	23	11	18	23	20	29	34	26	18	20	6	10	11	7	9	9	15	20	22
Health Care	15	4	8	8	9	27	35	34	57	50	58	42	34	25	-25	-14	-3	4	62	64
Media	14	8	-8	-34	-2	8	22	25	26	12	21	13	-5	3	31	17	32	36	15	36
Metals	14	2	-12	-24	-13	-22	-29	8	-20	8	37	-3	9	22	4	-55	-64	-55	-46	46
Oil & Gas	60	-84	61	96	PL	812	-24	10	-138	-41	-37	-14	97	-25	-48	-29	10	36	197	-10
Oil & Gas Ex RMs	43	25	-11	9	3	-3	19	-4	-10	1	6	24	8	-14	-46	-19	11	4	60	28
Real Estate	-4	-10	-37	-8	-5	-31	11	-29	-6	-10	-34	20	8	-2	16	-11	-17	14	94	29
Retail	68	17	13	52	6	14	22	24	15	5	-12	12	-6	24	5	-2	11	7	32	29
Technology	20	13	24	26	35	35	19	15	17	30	34	39	25	13	11	6	7	7	7	13
Telecom	-26	-38	-30	-13	-26	-25	-57	-58	10	13	95	170	53	91	99	26	25	1	1	24
Utilities	8	6	13	3	18	14	19	-4	2	9	4	4	0	1	-8	16	12	21	16	6
Others	30	-10	-1	-6	-1	1	8	-4	2	13	26	30	20	8	11	14	18	39	25	25
MOSL Univ Excl RMs	14	12	5	19	14	7	7	2	1	9	16	13	16	8	-6	-8	-1	6	22	30

Comparable Universe, excludes Coal India, Just Dial, Prestige Estate, Bharti Infratel, Alembic Pharma, Vedanta due to merger, RattanIndia Power, Hathway and Repco Home Fin. Source: Company, MOSL

Distribution of PAT growth to improve slightly

- Nearly one-fifth (21%) of the companies would report >30% PAT growth, roughly same as in the previous quarter. Companies reporting >15% growth would increase to 22% from 17% in 4Q.
- Less than one-third of the companies would report PAT de-growth, a welcome change from nearly 40% in 4Q.

Exhibit 16: Broadbasing of high PAT growth companies

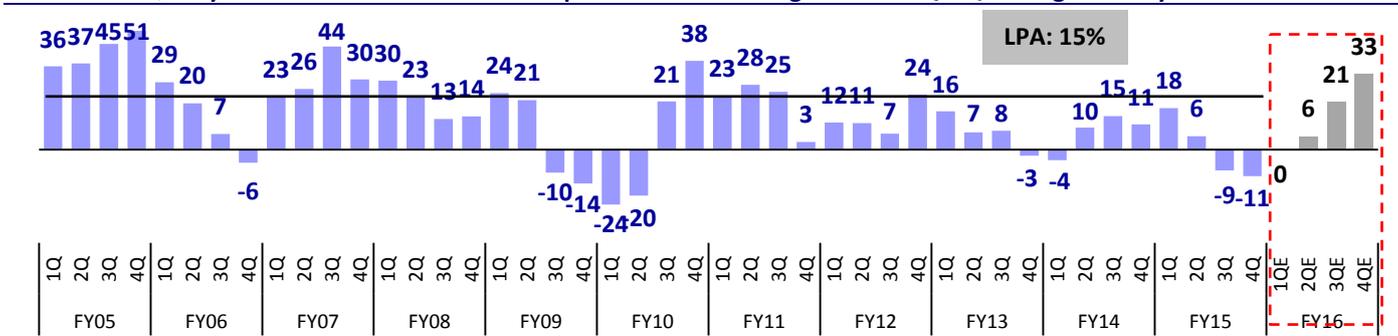


Source: Company, MOSL

Nifty PAT would remain flat; de-growth in sales to continue

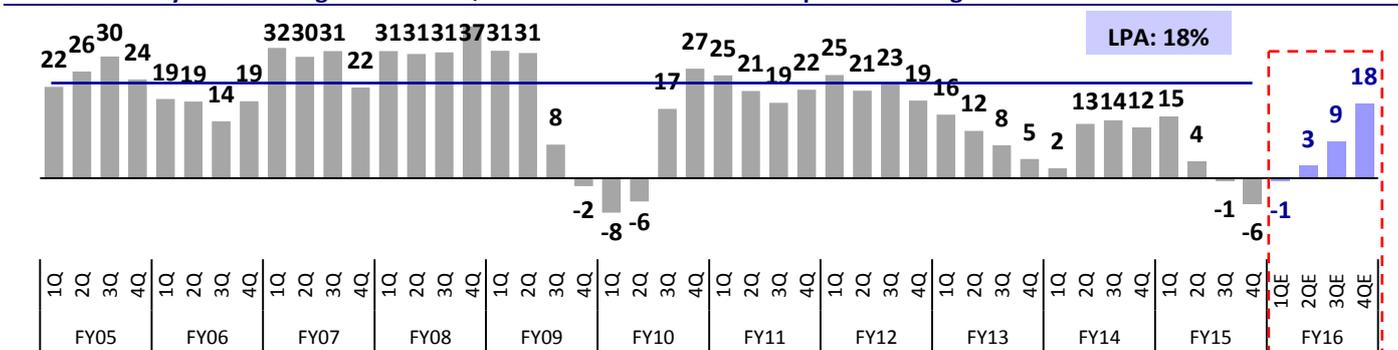
- While Nifty PAT (ex-BPCL) is likely to remain flat YoY, it marks an improvement over 11% de-growth in 4QFY15. Sales would marginally decline (-1%) in 1QFY16 (v/s -6% in 4QFY15).
- Cyclical and domestic-facing companies would contribute to PAT de-growth (14 out of 17 PAT de-growth companies are cyclical)
- Most of the top PAT growth companies—Tata Power (+63%), Idea (+36%), Cipla (+41%), ONGC (+41%)—were aided by lower base.
- Top PAT growth companies would be Maruti (77%), Tata Power (63%), Cipla (+41%), ONGC (+41%), Idea (+36%), Yes Bank (+29%), Indusind Bank (+24%) and Bharti Airtel (+21).
- Top PAT de-growth companies would be Punjab National Bank (-58%), Cairn India (-57%), Bank of Baroda (-44%), NMDC (-42%), Ambuja Cement (-40%), Grasim (-38%), Hindalco (-38%) and Tata Motors (-31%).

Exhibit 17: 1Q Nifty PAT to remain flat YoY—an improvement from de-growth in 3Q/4Q, but significantly below LPA of 15%



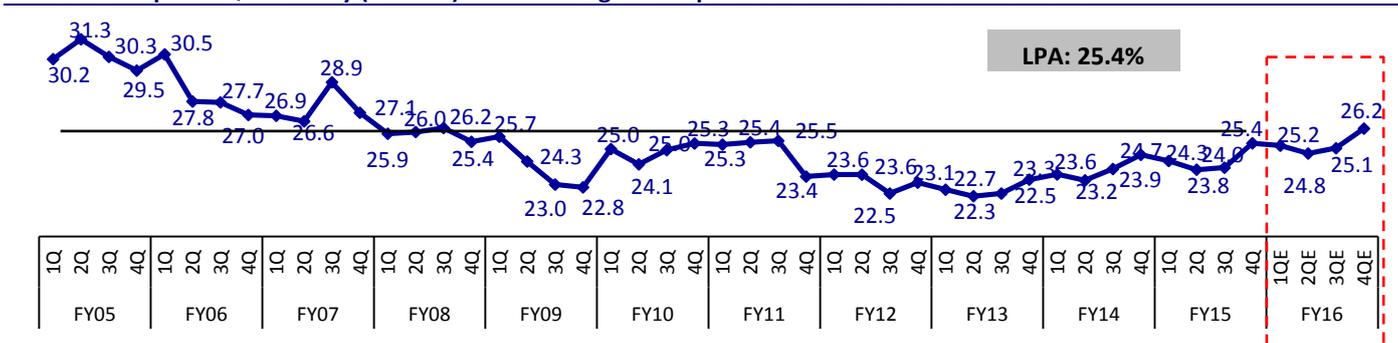
Source: Company, MOSL

Exhibit 18: Nifty sales to de-grow 1% in 1QFY16—the third consecutive quarter of de-growth



Source: Company, MOSL

Exhibit 19: Expect 1QFY16 Nifty (ex-RMs) EBITDA margin to improve and move above LPA of 25.4%



Source: Company, MOSL

Exhibit 20: 1QFY16E performance of Nifty companies (INR b)

Company	Sales		EBITDA		PAT		PAT Contbn (%)	EBITDA margin	
	Jun-15	Var % YoY	Jun-15	Var % YoY	Jun-15	Var % YoY		Jun-15	Var (bp)
High PAT Growth (12)	1,205	11	458	18	202	31	27	38	226
Maruti Suzuki	132	16	22	62	13	77	2	16	461
Tata Power	95	9	26	46	4	63	1	27	688
Cipla	33	23	7	33	4	41	1	22	162
ONGC	235	8	133	6	67	41	9	57	-104
Idea Cellular	89	17	32	29	10	36	1	36	325
Yes Bank	10	40	9	41	6	29	1	86	106
IndusInd Bank	10	22	9	16	5	24	1	89	-464
Bharti Airtel	238	4	85	10	13	21	2	36	211
HDFC Bank	63	22	46	20	27	20	4	74	-78
Axis Bank	39	17	35	20	20	18	3	90	238
Bajaj Auto	59	11	11	22	9	17	1	19	167
NTPC	202	12	43	31	24	17	3	21	303
Med/Low PAT Growth (20)	2,444	-3	613	11	400	8	54	25	304
Asian Paints	36	8	6	15	4	14	1	17	107
Hero MotoCorp	69	-1	8	16	6	13	1	12	173
TCS	258	17	73	14	57	12	8	28	-58
Kotak Mahindra Bank	17	15	11	13	6	12	1	66	-116
GAIL	140	5	12	15	7	12	1	8	70
Power Grid Corp.	46	18	40	19	13	12	2	86	68
ICICI Bank	51	15	51	13	30	12	4	99	-138
Hind. Unilever	85	11	15	16	11	12	2	18	86
Reliance Inds.	752	-22	89	18	62	10	8	12	397
Larsen & Toubro	109	5	12	7	8	9	1	11	23
Wipro	124	11	28	9	22	7	3	23	-32
Dr Reddy's Labs	38	9	9	12	6	6	1	24	50
Coal India	190	7	47	11	43	6	6	25	97
ITC	93	0	33	1	23	5	3	36	16
Infosys	141	10	38	9	30	4	4	27	-22
Bosch	26	10	5	7	3	2	0	18	-51
HDFC	20	16	20	2	14	1	2	100	-1,274
HCL Technologies	97	16	23	3	19	1	3	23	-298
State Bank	138	4	92	5	34	1	5	67	32
Zee Entertainment	13	22	3	-10	2	0	0	21	-750
Negative PAT Growth (17)	1,915	-4	332	-21	134	-37	18	17	-368
Tech Mahindra	62	22	9	1	6	-5	1	15	-311
BHEL	45	-12	2	-21	2	-8	0	4	-43
Lupin	32	-2	8	-21	6	-10	1	26	-612
Vedanta	172	1	43	-24	17	-14	2	25	-829
Mahindra & Mahindra	93	-6	11	-20	7	-20	1	12	-209
Ultratech Cement	61	7	10	-4	5	-27	1	16	-183
ACC	30	0	3	-24	2	-27	0	10	-315
Sun Pharma	67	6	17	-8	10	-28	1	26	-410
Tata Motors	636	-2	95	-14	37	-31	5	15	-223
Hindalco	255	6	22	7	4	-38	1	9	9
Grasim Industries	14	-3	1	-17	1	-38	0	8	-124
Ambuja Cements	25	-8	4	-38	2	-40	0	14	-704
NMDC	19	-45	12	-50	11	-42	2	63	-650
Bank of Baroda	33	0	24	-2	8	-44	1	73	-137
Cairn India	27	-39	14	-57	12	-57	2	52	-2,174
Punjab National Bank	40	-8	28	-10	6	-58	1	70	-136
Tata Steel	304	-16	27	-36	0	PL	0	9	-279
NIFTY Ex BPCL (49)	5,564	-1	1,403	3	737	0	100	25	89

Note: For Financials, Sales represents Net Interest Income, and EBITDA represents Operating Profit

Source: Company, MOSL

Some interesting sectoral trends in 1QFY16 earnings

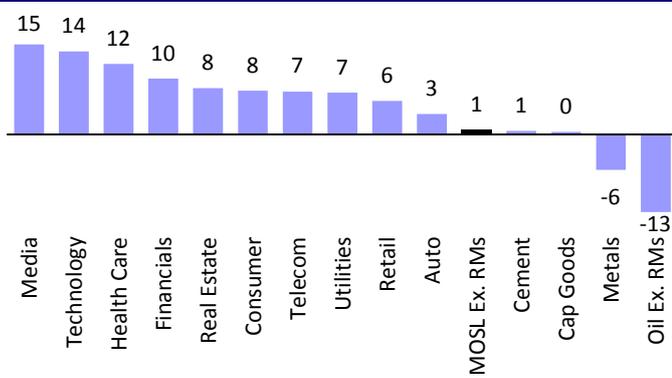
Key PAT growth sectors

- All **Capital Goods** companies (except BHEL and Voltas) would report PAT growth. Except L&T (9%), all companies would report double-digit PAT growth.
- All **Consumer and Retail** companies (except United Spirits) would report PAT growth
- All **Pvt Banks and NBFCs** (except DCB Bank) would report PAT growth

Key PAT de-growth sectors

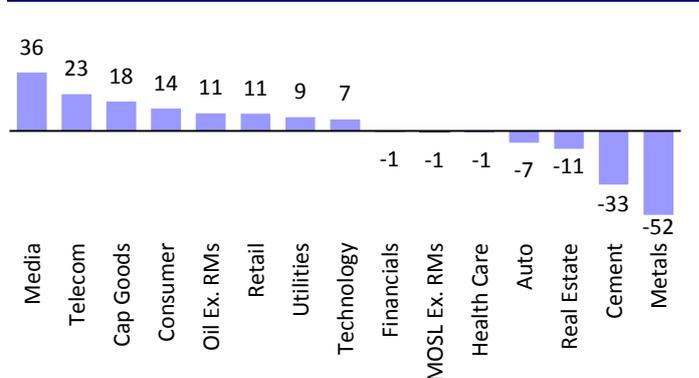
- All **PSU Banks** (except SBI and Indian Bank) would report PAT de-growth
- All **Metal** companies would report PAT de-growth
- All **Cement** companies (except India Cement and Ramco Cement) would report PAT de-growth

Exhibit 21: 1QFY16 sectoral sales growth (%)



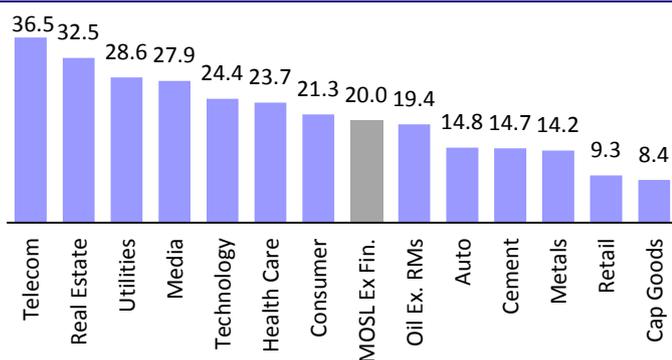
Source: Company, MOSL

Exhibit 22: 1QFY16 sectoral PAT growth (%)



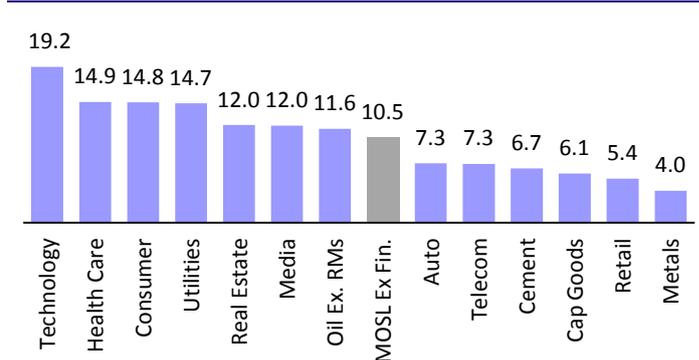
Source: Company, MOSL

Exhibit 23: 1QFY16 sectoral EBITDA margin (%)



Source: Company, MOSL

Exhibit 24: 1QFY16 sectoral PAT margin (%)



Source: Company, MOSL

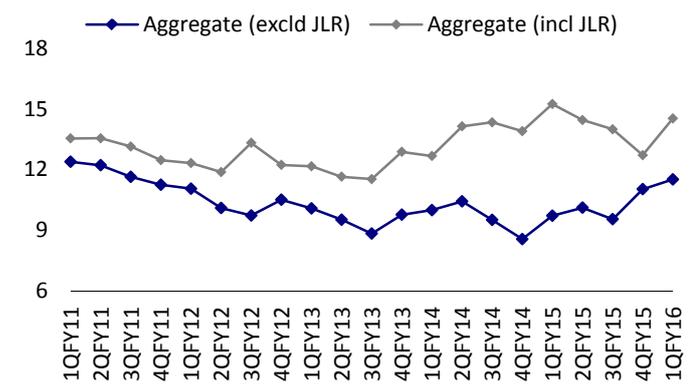
Other sector highlights



AUTOS

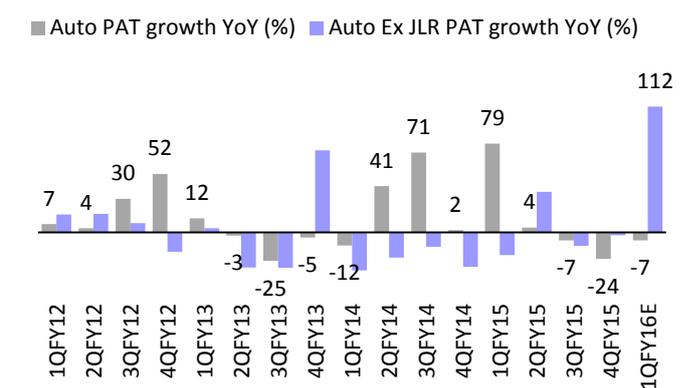
- After an initial spurt last year post elections, demand recovery is losing momentum, with no improvement in the underlying economic environment. M&HCV volumes continued to recover in 1QFY16 (third consecutive quarter of recovery, after nine quarters of decline), with ~15% YoY growth; PV volumes were up by ~7%. However, other segments witnessed muted demand, with 2W and LCVs volumes flat YoY.
- Margins for our auto OEM (ex JLR) coverage universe are expected to expand 180bp YoY (50bp QoQ) to 11.5%, driven primarily by AL (+460bp) and MSIL (+460bp), partially offset by MM (-210bp). EBITDA is likely to grow ~31% YoY (~2.2% QoQ) for our coverage universe (ex JLR), translating into ~19% growth in PAT. While AL is expected to report its fourth consecutive quarter of PAT at INR1.4b (v/s ~INR479m loss in 1QFY15), TVS PAT is likely to grow ~46% and EIM PAT 54%. MM's PAT is estimated to decline by ~20% YoY. We expect margins to improve over the next two years, driven by demand recovery-led discount moderation, soft commodity prices and operating leverage.

Exhibit 25: EBITDA margin (ex JLR) recovery to continue from troughs of 4QFY14



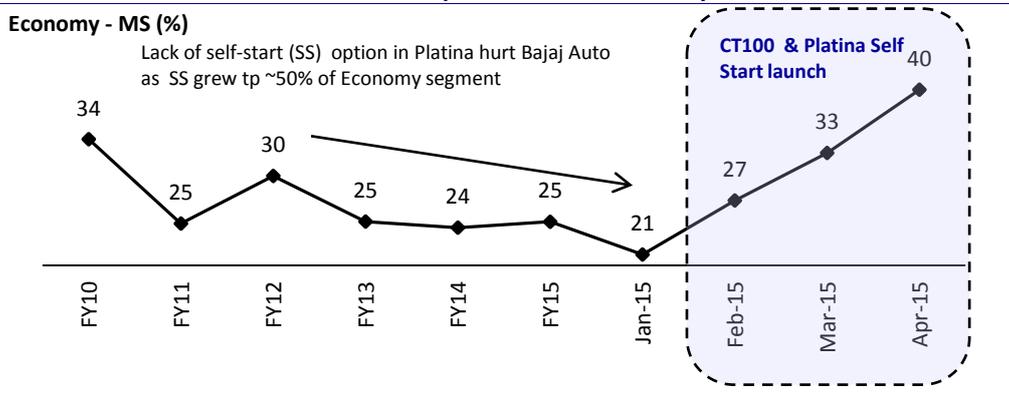
Source: Company, MOSL

Exhibit 26: Auto aggregate PAT growth constrained by JLR



Source: Company, MOSL

Exhibit 27: Market share of BJAUT to improve in FY16, driven by CT-100 launch



Source: Company, MOSL

CAPITAL GOODS

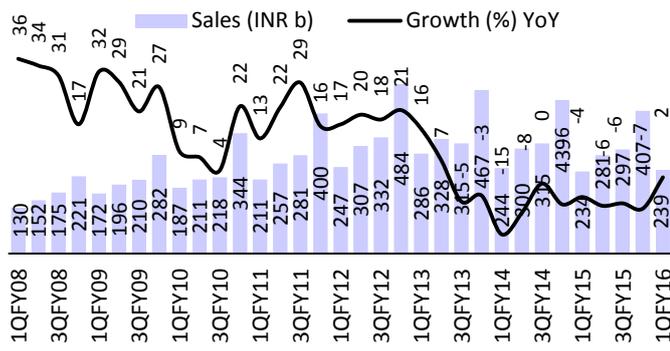


- Managements are expected to guide for cautious optimism, as improved business sentiment is yet to result in increased tenders, leading to slower pace of order finalization. For 1QFY16, we expect 2% revenue growth and EBITDA

margins improving 80bp to 9%. Order inflows for 1QFY15 would be muted, as ordering activity from domestic customers is yet to pick up.

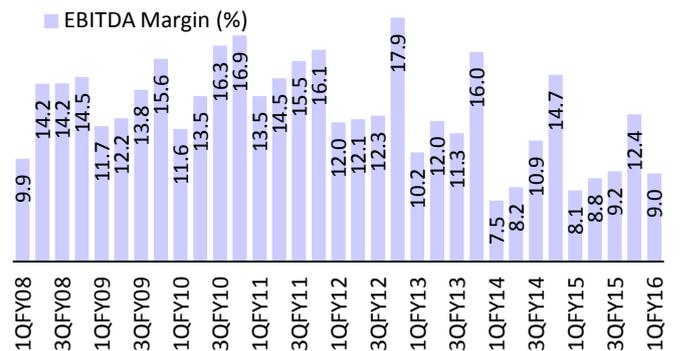
- Project executing companies are restructuring their balance sheets and infusing capital to prepare for the next level of growth.
- ABB continues to invest in localization initiatives, Voltas continues to bid cautiously. For Cummins, exports would remain the key growth driver, which would support operating leverage (current capacity utilization ~50-55%). There remains a sense of guarded optimism on the near term outlook.

Exhibit 28: Revenue to witness muted growth led by constrained execution



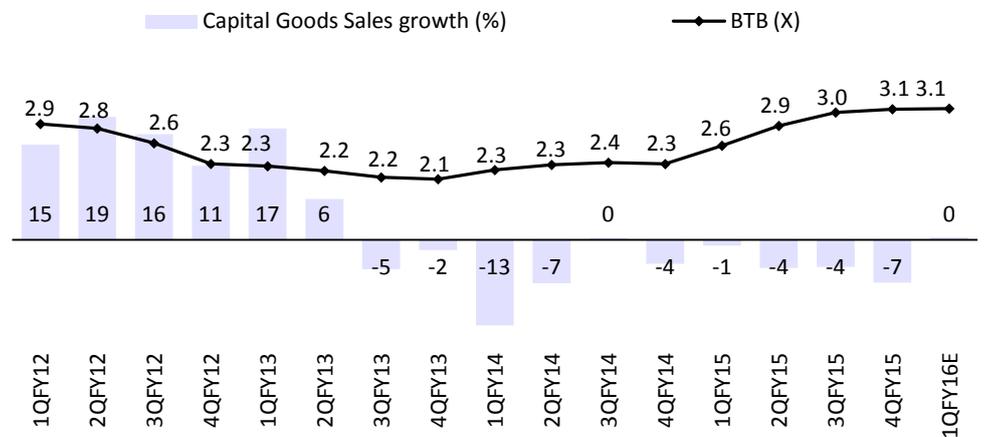
Source: Company, MOSL

Exhibit 29: EBITDA margin to improve by 80bps YoY



Source: Company, MOSL

Exhibit 30: Capital Goods revenues flat led by constrained execution; BTB stable at 3.1x



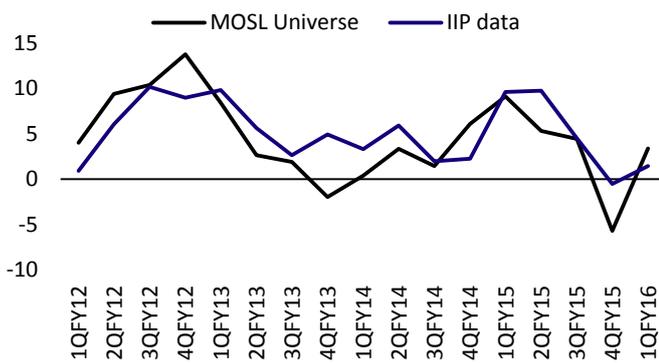
Source: Company, MOSL



CEMENT

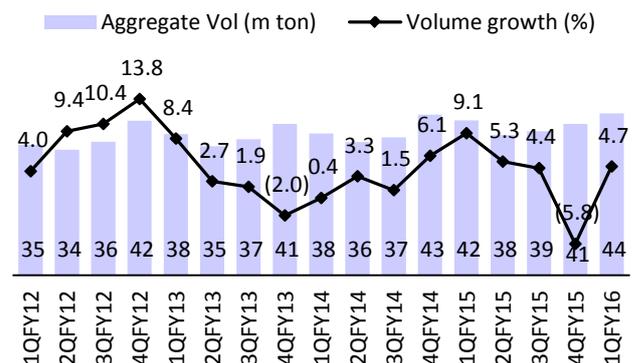
- Demand momentum slowly improved within 1QFY16 after decline in April, 2-3% growth in May and a mixed bag trend in June (0-5%) based on regional intensity of rainfall (lower rainfall in the north led to better volumes than west in June). Overall, north and east are expected to post relatively better volume growth in 1QFY16 v/s west and south (south showing weakest volume trend with near-double digit de-growth). We estimate ~1.5% YoY growth for the industry, while MOSL cement universe to grow by ~3.4% YoY (+5.5% QoQ) due to multiple instance of new capacity commencement viz. Shree Cement, JK Lakshmi and Dalmia Bharat. Effective utilizations stood at ~70% (-3pp YoY, -1pp QOQ).
- Cement prices (ex-south) are down 4-8% QoQ in 1QFY16—the west and the north were worst affected, with 7-8% decline QoQ (though select pockets saw INR10-30/bag uptick during June). East and central regions posted 3-4%QoQ dip in average prices, while production discipline in south continues to hold prices QoQ. We are factoring in INR150-200/ton (~4%) QoQ drop in realizations of MOSL coverage universe, including largely flattish (0-1% QoQ dip) for southern players. We are factoring in for INR10/INR17 per bag (5%/9%) YoY rise in realizations in FY16/FY17.
- Sharp decline in realization would hurt profitability by INR150-200/ton (4pp QoQ dip in margins). Cost should remain flattish amidst (a) 3-4% QoQ decline in imported coal and pet coke prices, (b) 2.7% rise in rail freight and ~3% diesel cost , (c) rise in packaging cost as crude revived, and (d) marginal positive operating leverage QoQ.
- We expect MOSL universe EBITDA/ton at INR660 in 1QFY16 (-INR189 QoQ, -INR117 YoY) with southern players likely to post EBITDA/ton of INR900-1,200 (~1pp QoQ dip in margins). We factor in for EBITDA/ton of INR818/1,096 per ton in FY16/FY17 as against ~INR727 in FY15.

Exhibit 31: Volume growth trend (%) signifies weakness in cement demand in 1QFY16 (%)



Source: Company, MOSL

Exhibit 32: MOSL universe cement volumes to grow 4.7% YoY in 1QFY16



Source: Company, MOSL

CONSUMER

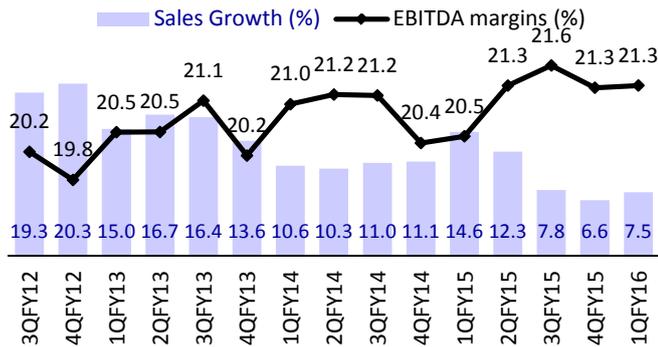


- We expect our Consumer universe to post 7.5% revenue growth and 13.8% PAT growth in 1QFY16. Broadly, consumption trends continue to remain sluggish across categories and geographies (rural growth>urban despite incremental pressure on rural wage growth, given lower salience in overall revenue

contribution). We expect clear trends in rural to emerge only post monsoons and a possible pick-up in government spending.

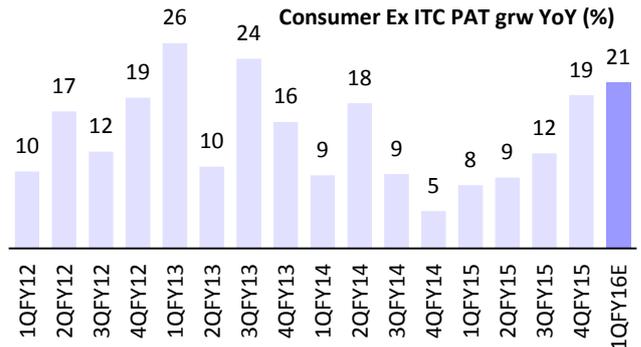
- 1QFY16 should see continued benefit of raw material easing. While competitive intensity has picked up marginally in certain HPC categories, organized players have been proactive in pre-empting and tackling competition. However, we believe the price cuts/discounts have not yet changed the volume trajectory material. We expect EBITDA to grow at 12% in 1QFY16 for our coverage.

Exhibit 33: EBITDA to grow 12% in 1QFY16 aided primarily by RM softening



Source: Company, MOSL

Exhibit 34: Consumer ex-ITC PAT growth healthy



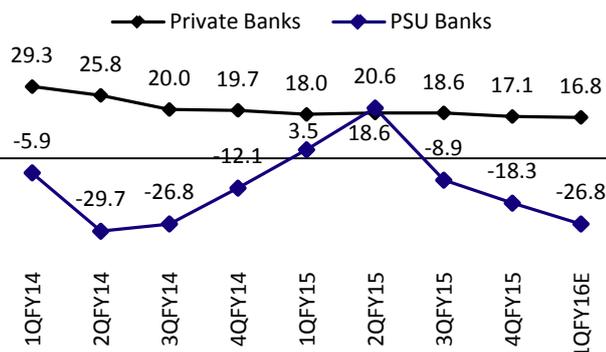
Source: Company, MOSL

FINANCIALS



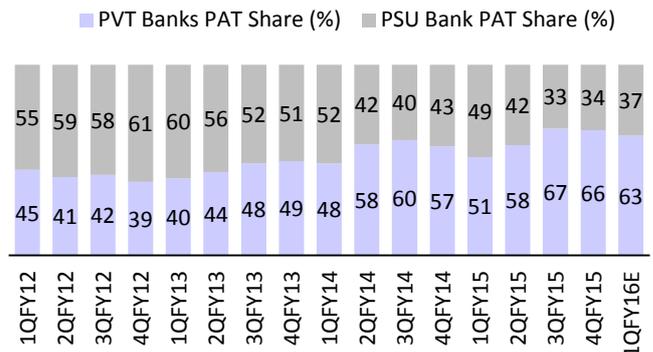
- **PSU banks:** PSU banks' PPP/PAT is expected to grow 0%/-27% YoY on account of lower balance sheet growth and continued asset quality troubles. Higher-than-expected NPAs (especially relapse from RL) will be a drag on earnings. Over the last year, Indian banks, mainly PSUs, have sold ~INR600b worth assets to ARCs; we believe write-downs and resultant MTM provisioning for the same (as per RBI guidelines) would begin over the next one/two quarters. **SBIN** remains our top pick to play revival in Indian economy.
- **Private sector banks:** For private banks, healthy core operating performance and one off income (repatriation of capital) will help to manage earnings. We expect PPP and PAT growth of ~18% YoY and ~17% YoY. Our top picks are **HDFCB, AXSB, YES and DCBB** in private sector.

Exhibit 35: Higher opex and provisions would be a drag on PSU bank's profitability; healthy growth in profitability for Private banks to continue (PAT growth % YoY)



Source: Company, MOSL

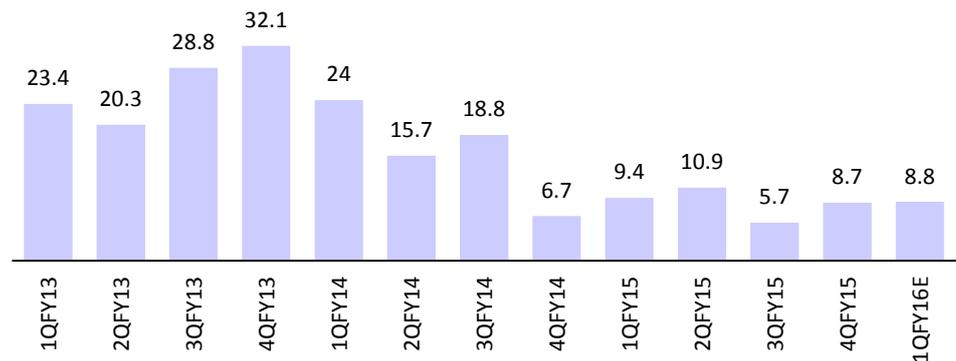
Exhibit 36: Share of PSUs in sector profits will be down to 37% in 1QFY16 vs 49% in 1QFY15



Source: Company, MOSL

- **NBFCs:** We expect the NBFCs under our coverage to deliver 8.8% YoY PAT growth. For retail NBFCs, the quarter would be marred by seasonal weakness, translating into lower growth and margin contraction. However, timely onset of monsoon and sharper focus on recoveries would lead to above trend-line performance on asset quality. Improving macroeconomic environment, stable liquidity, easing wholesale rates and reduction in repo rate by the RBI are the key positives. While incremental data points indicate bottoming-out of the cycle, growth and asset quality outlook is expected to improve gradually for NBFCs. Top picks are **IDFC and MMFS**.

Exhibit 37: PAT growth for NBFCs universe expected at 8.8%



Source: Company, MOSL

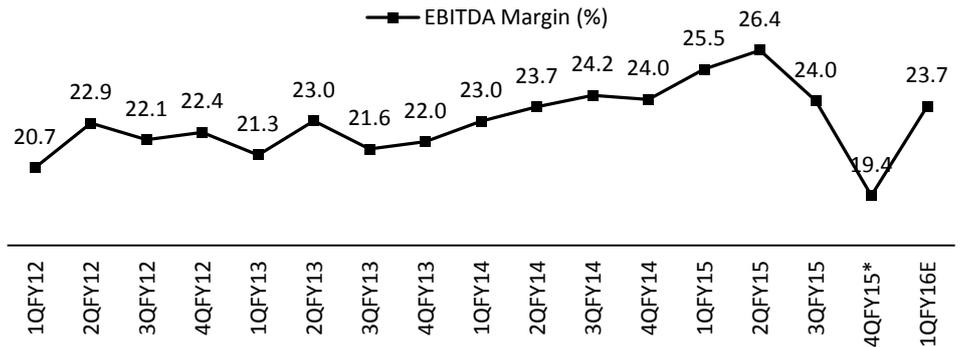
HEALTHCARE



- We estimate 14.2% growth in sector revenue in 1Q, supported by strong performance in domestic market. However, weak quarter in US for few large cap companies is likely to pull down overall EBITDA margins to 23.7% (-180bp). PAT is expected to remain flat, mainly on account of higher depreciation during the quarter. We believe Cipla, Cadila, Torrent Pharma and Alembic Pharma are likely to deliver strong operational performance in 1Q.
- Slow pace of approvals in US and increased pricing pressure is expected to impact larger players like – Sun Pharma, Lupin and Dr Reddy's. However, Cipla is likely to benefit from gNexium supply to its partner Teva (sole generic player). In domestic business, all large cap companies are expected to post double digit growth aided by price increase undertaken in April and continued traction in specialty therapies. According to NPPA, Indian pharma companies are allowed to take 3.6% price hike on NLEM products and 10% price hike on Non NLEM products from April 2015.
- In Mid Caps, apart from IPCA, most of the other companies are expected to benefit from recent surge in ANDA approvals for their US filings. Alembic and Torrent are expected to deliver strong US numbers on account of gAbilify launch. Aurobindo and Glenmark are also likely to benefit from recent drug launches in US market. Cadila would continue to gain from price hike in HCQ and expected to report good growth in US.
- We expect Sun pharma to post muted numbers in 1Q on the back of (1) Ongoing supply constrains at Halol plant, (2) Lack of approvals in US, (3) Price erosion in some of the Taro products and (4) Difficulties in Ranbaxy merger.

- The INR depreciated 8% YoY against the USD in 1QFY16 (63.5 v/s 59 in 1QFY15). Hence, 1QFY16 net sales of export-oriented companies may be higher than witnessed in the last 2-3 quarters.
- However, emerging market currency crisis will affect companies such as Dr Reddy’s, Torrent Pharma and Glenmark in our coverage. Similarly, some negative impact of Euro depreciation would be visible in companies such as Aurobindo, Torrent Pharma and Cipla, which have a higher proportion of Euro sales in the overall revenue.

Exhibit 38: Healthcare: EBITDA Margin to contract by 180bp



*4QFY15(excluding sun pharma): 21%

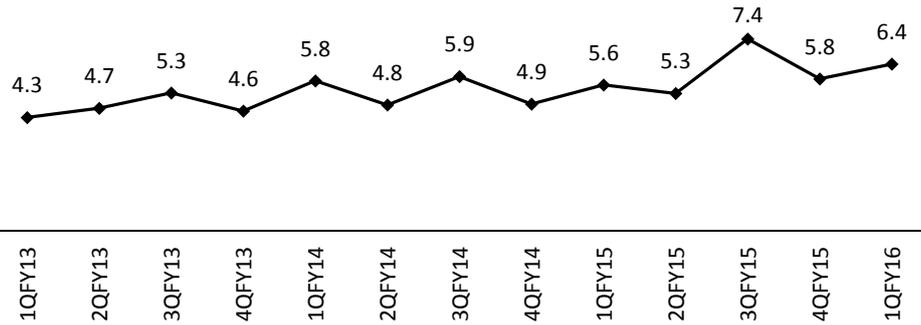
Source: Company, MOSL

MEDIA



- We expect 14% aggregate PAT growth in 1QFY16 but 23% growth ex-ZEE. Earnings growth is expected to be divergent. Among the print companies, DB corp is expected to see pressure on its advertising revenue led by continued weakness in demand from key segments. This coupled with increased launch and start-up expenses are expected to keep PAT under pressure. Print companies (ex-DB Corp) are also expected to see a flat bottom-line YoY. Benign newsprint prices will provide some solace. While ZEE’s earnings would be impacted by increased &TV and sports losses. Earnings are expected to remain flat for SUNTV led by likely escalation in content costs. Pay TV operators (DISHTV and HATH) are expected to report improved profitability in the form of lower losses in the case of Hathway. Dish too is expected to continue its PAT +ve streak after its PAT turnaround in 4Q.
- We expect our universe ad revenue growth to recover to 9% YoY vs 7% each in 4QFY15 and FY15. ZEE would be the only media company to report more than 20% ad growth on the back of its new channel launch. Our industry interactions indicate that growth remained soft for most of 1QFY16, with likely pick-up in 2H.

Exhibit 39: Media: Quarterly PAT (INR b)



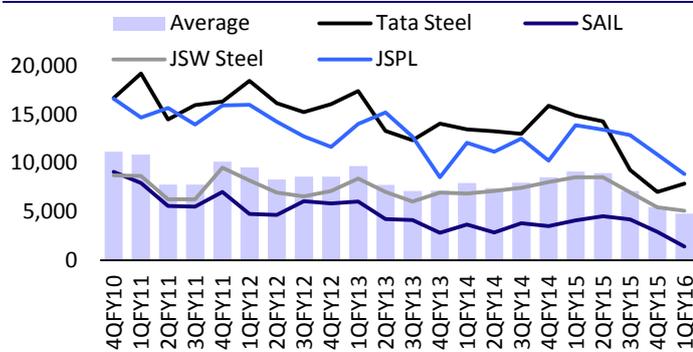
Source: Company, MOSL

METALS



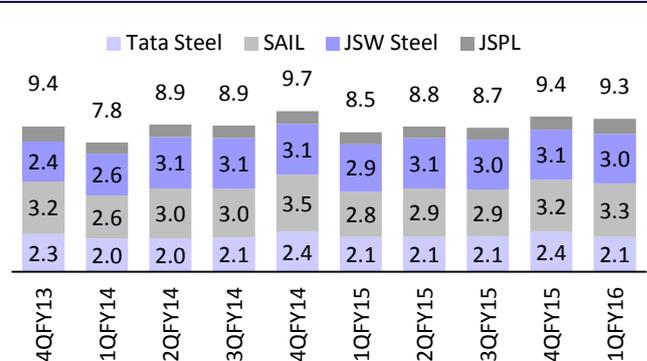
- Although steel demand is gradually improving with single digit growth, the continuous pressure of imports has been shrinking market for domestic mills.
- Post a poor 4QFY15, we expect our Metals coverage universe to post another weak quarter, with aggregate EBITDA declining 32% YoY (growing 7% QoQ) amidst lower metal prices (ex-Zinc) and persisting imports.
- We have cut EBITDA estimates for steel companies by 3-10% on lower realizations.
- While LME aluminum was largely unchanged QoQ (at USD1,800/ton), spot premiums came under significant pressure.
- Zinc prices were supportive in the quarter, up 5% QoQ / 6% YoY to USD2,192. Volumes would be up ~30% YoY, but due to more than tripling of royalty YoY (due to DMF), we expect EBITDA to increase by just 12% YoY for Hindustan Zinc.
- We cut our LME (aluminum) assumption from USD1,900/ton to USD1,800/ton for FY16, and from USD1,950/ton to USD1,900/ton for FY17. Thus, our EBITDA estimates for Hindalco and Nalco are cut by 5% for FY16 and by 25% for FY17. Our target prices are cut from INR206 to INR179 for Hindalco, and from INR77 to INR72 for Nalco. For Vedanta, we cut our EBITDA estimates for FY16 and FY17 by 1%, and trim our target price from INR209 to INR177 on lower aluminum LME and spot aluminum/zinc premiums, offset by higher INR/USD assumptions.

Exhibit 40: India steel – EBITDA/ton (INR)



Source: Company, MOSL

Exhibit 41: Steel sales volume to increase



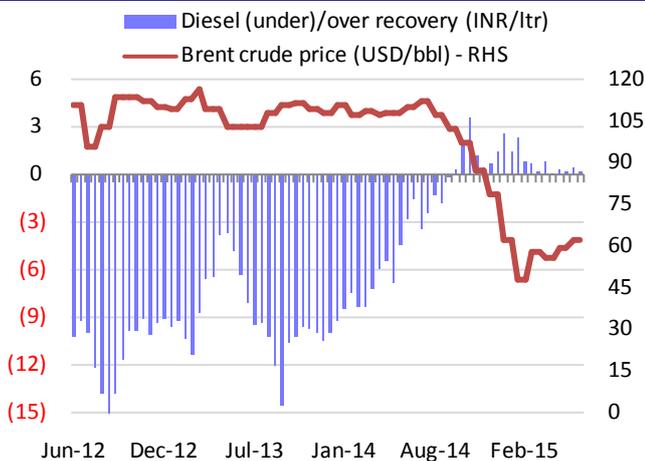
Source: Company, MOSL



OIL & GAS

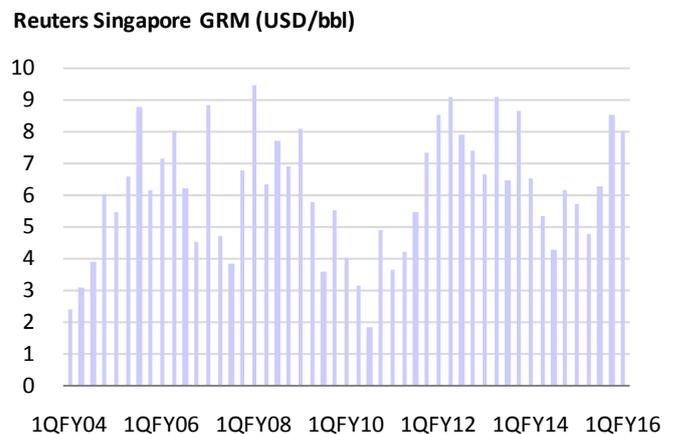
- Including DBTL, expect 1QFY16 under recoveries at INR91b (-68% YoY). While the DBTL component will be compensated by government, sharing of non-DBTL and kerosene subsidy is not yet clear.
- Regional benchmark, Reuters Singapore GRM was up 40% YoY but down 6% QoQ to average at USD8.1/bbl led by higher gasoline cracks.
- In petchem, polymer (PE, PP, PVC) as well as polyester (POY, PSF) spreads were up YoY and QoQ, however polyester QoQ increase was marginal.
- OMC's demonstrate pricing power by tweaking marketing margins, lower QoQ. While upstream PSU's are expected to report strong numbers led by almost nil subsidy, still await clarity on long term subsidy sharing
- RIL's standalone PAT is expected to be up 10% YoY to ~INR62b led by higher petchem margin and GRM, partly negated by lower E&P profits.

Exhibit 42: Diesel into over recovery zone post deregulation



Source: Bloomberg, MOSL

Exhibit 43: Reuters Singapore GRM was up 40% YoY but down 6% QoQ to average at USD8.1/bbl



Source: Bloomberg, MOSL



REAL ESTATE

Economic recovery overhang delays realty pick-up

Over 1QFY16, the BSE Realty index underperformed the broader index by ~14%, as the muted macro outlook and slow pace of on-ground recovery continued as major overhangs. Affordability remains a dampener in most markets, led by (a) higher price, (b) mismatch in product proposition, and (c) delay in economic revival. Investor participation is weak and the end-consumers' decision making time is yet to contract. Prices are range-bound and time correction is underway.

Launch momentum slow; presales to weaken

Launch momentum was slow in 1QFY16; developers continue to wait for approvals under new regulations (Mumbai, Chennai) or demand pick-up. Select launches by Godrej Properties (*Prime, Icon* in Mumbai), Sobha Developers (*Dream Acres* in Bangalore), Lodha (*Central* in Thane, Mumbai) did well. Broader presales momentum is slow in all market including Bangalore. QoQ, we expect lower presales for our coverage universe.

The NCR market showed marginal improvement on the residential front, with approval for Dwarka Expressway expected to drive demand. DLF's *Camellia* would post stable momentum. Discount schemes and innovative offerings are in full swing. Developers like Tata Housing resorted to online property auctions and sales to offload inventory. Operating cash flows for most companies would remain sub-normal, resulting in rise in gearing levels.

PE activities strong; commercial market picking up gradually

Though private equity (PE) players remain upbeat on Indian real estate, the quarter witnessed the exit of key PE players like ASK group and Milestone in certain projects. The commercial asset class is showing positive signs towards recovery in the NCR and Bangalore markets, with rentals picking up and demand outpacing supply.

Exhibit 44: Quarterly Trend in Presales value (INR b)

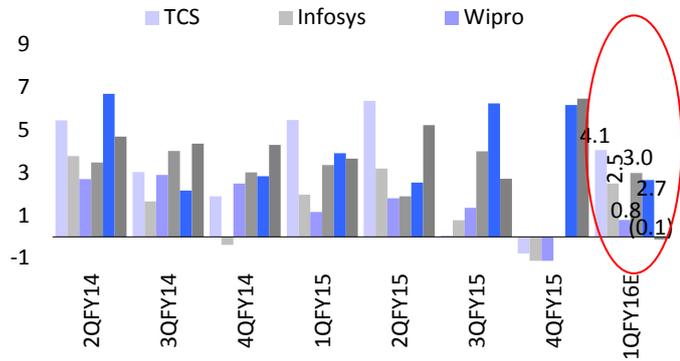
Presales (INR b)					FY15				FY15	YoY, %
	FY11	FY12	FY13	FY14	1Q	2Q	3Q	4Q		
NCR Centric developers	102.6	90.9	66.3	55.8	6.5	11.1	7.9	21.5	46.9	-36
DLF	59.4	52.9	38.2	40.7	3.1	9.2	6.5	19.8	38.6	-22
Unitech	43.2	38.1	28.1	15.1	3.4	1.9	1.4	1.7	8.3	-64
Mumbai Centric developers	79.1	39.6	38.7	39.7	10.0	8.3	12.0	21.8	52.1	1
IBREL	48.4	19.5	30.0	30.7	5.6	4.0	5.2	5.5	20.3	-48
HDIL	20.7	10.6	-	5.6	3.0	3.3	3.8	4.0	14.1	89
ORL	10.1	9.5	8.7	3.4	1.4	1.0	3.0	12.3	17.7	247
Bangalore Centric developers	32.4	46.8	68.2	75.7	21.4	23.2	20.9	21.2	86.6	-23
Sobha	10.9	17.4	22.2	23.4	4.8	5.6	4.3	6.3	21.0	-39
PEPL	13.8	20.6	31.1	36.3	13.1	12.9	7.6	10.1	43.7	-15
Purva	7.6	8.8	14.9	16.0	3.5	4.7	4.8	1.3	14.2	-45
Brigade			7.9	13.4	2.5	4.1	4.2	3.5	14.3	-29
Diversified	16.9	18.9	18.8	16.3	4.1	3.9	5.4	4.2	17.7	-33
MAHLIFE	7.0	6.0	4.4	3.7	0.5	0.9	3.1	2.5	7.0	16
GPL (own stake)	10.0	12.8	14.4	12.6	3.6	3.0	2.3	1.7	10.7	-47

TECHNOLOGY



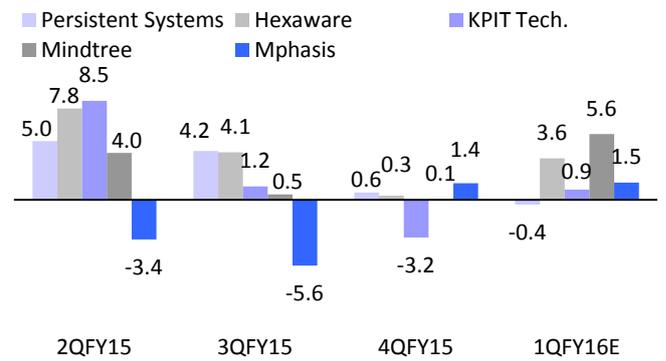
- We expect aggregate reported USD revenue growth of 2.6% QoQ across top tier IT companies in 1QFY16, with TCS leading organic growth at 4.1% QoQ in CC terms. Energy segment at WPRO and Telecom at TECHM will drag the performance across those two companies. Tier II IT companies are expected to fare in a similarly polarized fashion, with aggregate growth estimated at 2.4% QoQ. PSYS, KPIT, CYL and MPHL all face specific headwinds to their portfolio.
- While INR appreciation of ~2.0%+ QoQ along with relatively stable global currencies is a tailwind to margins, wage hikes at TCS, INFO and WPRO, and growth issues in TECHM will offset the impact from the same. Only HCLT in tier-I should see expansion in margins.
- Across tier I, our aggregate estimate for PAT growth is 7% YoY, led by TCS (12%). TECHM should lag with YoY decline of 5% due to lower margins. Tier II IT universe is expected to report a PAT growth of 12% YoY, led by HEXW (+41% YoY) and MTCL (+18% YoY). KPIT is expected to lag (-17% YoY).

Exhibit 45: WPRO, TECHM to lag peers; expect TCS, CTSH to benefit from 1Q seasonality



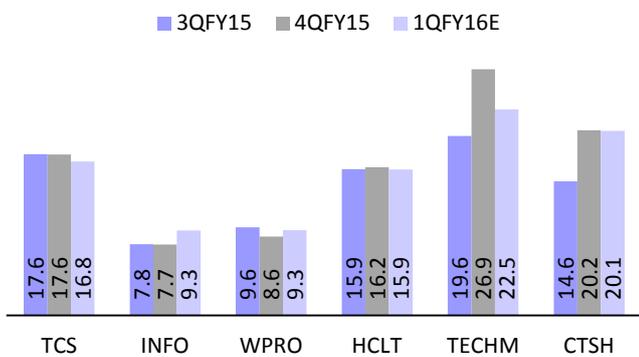
Source: Company, MOSL

Exhibit 46: Tier-II IT performance impacted by several client specific issues during the quarter



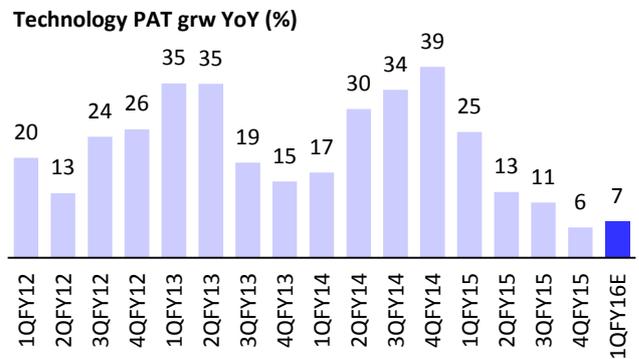
Source: Company, MOSL

Exhibit 47: Ex-TECHM, CC YoY revenue growth is not expected to witness deceleration



Source: Company, MOSL

Exhibit 48: Technology growth is expected to be one of the lowest ever



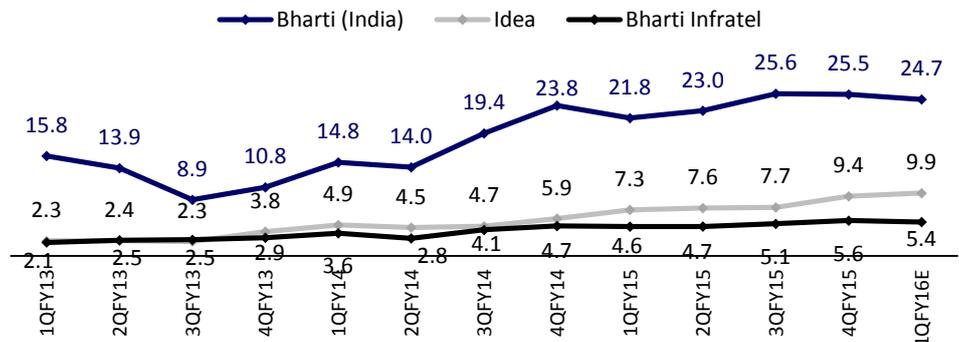
Source: Company, MOSL

TELECOM



- YoY earnings rebound to remain strong, with PAT for Bharti/Idea growing 21%/36% YoY. PAT growth for Bharti Infratel should remain healthy at 16%.
- We expect ~19%/29% YoY India mobile EBITDA growth for Bharti/Idea supported by wireless traffic growth and continued momentum in data business. Voice RPM is likely to be under pressure

Exhibit 49: Telecom: Quarterly PAT (INR b)



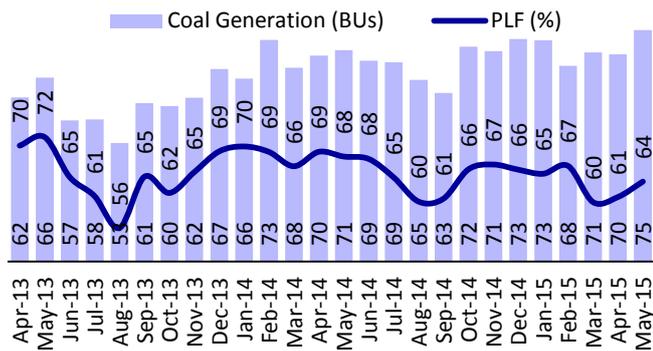
Source: Company, MOSL



UTILITIES

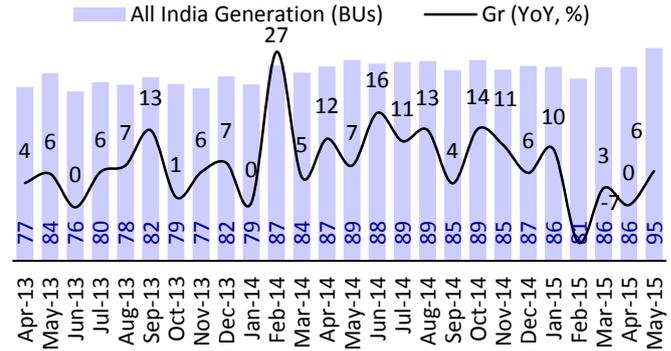
- In April-May 2015, all-India generation grew 3% YoY, led by similar 3% YoY growth in coal generation, while gas based generation de-grew by 14% YoY. Generation growth for the month of April stood at 0.3% YoY, while on set of summer led to rather better generation of 6% YoY in the month of May 2015. Coal project PLF has remained range-bound at ~63%.
- Power demand stood flat YoY for the period April-May 2015, comprising of demand de-growth in the month of April to the tune of 3.5% YoY offset by 2.3% YoY improvement in demand in May 2015. Subdued demand growth is partly led by poor DISCOMs financials, while our interaction with industry indicates real slowdown too impacting demand. Over the same period, power supply increased by 1.1% YoY, leading to base deficit of 2.3%, vs 4.1% YoY.
- We expect Utilities companies in our coverage to report revenue growth of 7.2% YoY and PAT growth of 8.7% YoY in 1QFY16. Aggregate PAT would be negatively impacted by de-growth in PAT for JSW energy, and higher losses for RattanIndia Power. However, NTPC (up 17% YoY), Powergrid (up 12% YoY), Coal India (up 6% YoY) and Tata Power (up 63% YoY) would report robust PAT growth.

Exhibit 50: Coal project PLFs remain range-bound



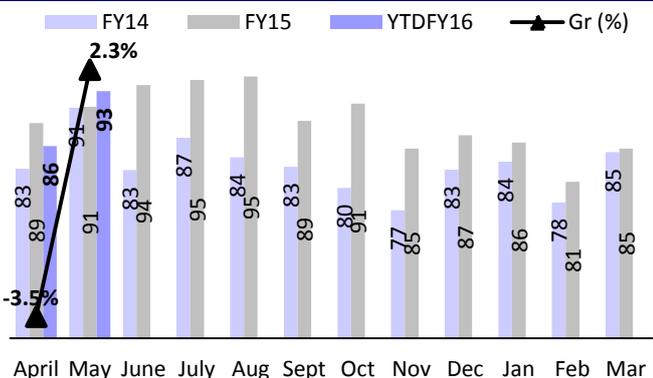
Source: CEA

Exhibit 51: Monthly generation appears flattish



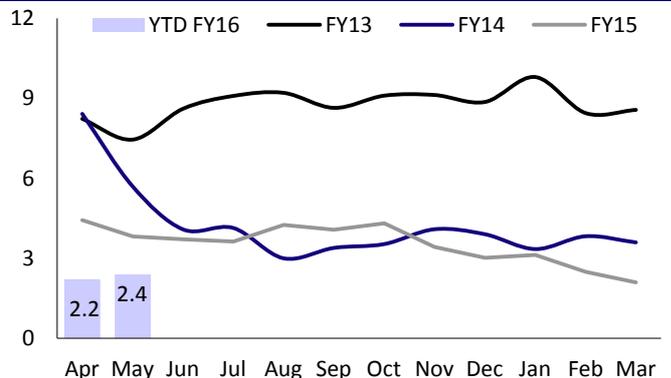
Source: CEA

Exhibit 52: Power demand remain muted (BUs)



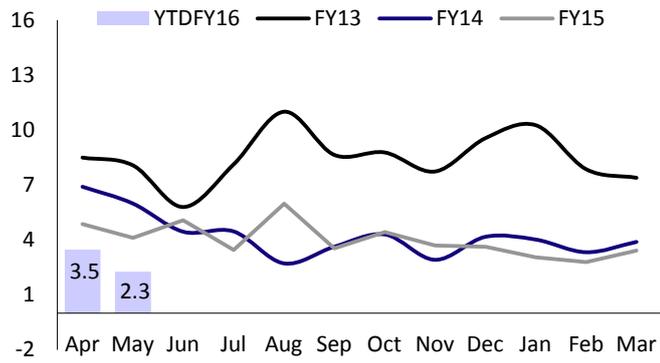
Source: CEA

Exhibit 53: Base deficit remains subdued (%)



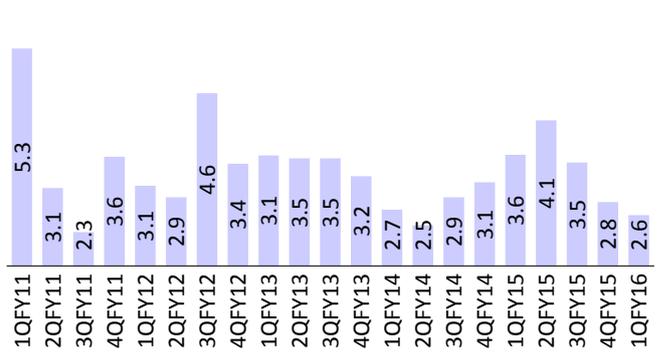
Source: CEA

Exhibit 54: Peak deficit too trends lower (%)



Source: CEA

Exhibit 55: ST prices cool remain soft (INR/unit)



Source: IEX

Intra-sector 1QFY16 earnings divergence (%)

Sectors	Sector Growth (%)	+30% Growth	15-30% growth	0-15% growth	-ve earnings growth (%)	Earnings momentum
High growth sectors						
Media	36	PVRL: 152%, SUNTV: 40% DITV: LP	JAGP: 27%	Z: 0%	DBCL:-15%,HTML:-49%, HATH:Loss,SCNL:Loss	3 1 1 4
Telecom	23	IDEA: 36%	BHARTI: 21%, BHIN: 16%		RCOM: -4%	1 2 0 1
Capital Goods	18	SIEM: 878%, BHE: 117%, TMX: 54%	ABB: 28%, KKC: 19%	CRG: 14%, HAVL: 11%, LT: 9%	VOLT: -6%, BHEL: -8%	3 2 3 2
Banks - Private	17		YES: 29%, IIB: 24%, HDFCB: 20%, AXSB: 18%	FB: 15%, KMB: 12%, ICICIBC: 12%	DCBB: -3%	0 4 3 1
Medium/Low growth sectors						
Consumer	14	JYL: 59%, GCPL: 52%, BRIT: 48%, UNSP: LP	PIDI: 30%, DABUR: 26%, SKB: 19%, CLGT: 16%	MRCO: 14%, APNT: 14%, RDCK: 13%, HUVR: 12%, HMN: 6%, ITC: 5%, NEST: 1%		4 4 7 0
Retail	11	SHOP: 335%, JUBI: 51%		TTAN: 3%		2 0 1 0
NBFC	9		MMFS: 27%, IHFL: 25%,BAF: 24%, LICHF: 20%,DEWH: 18%, REPCO: 18%	RECL: 9%, POWF: 7%, SHTF: 4%, HDFC: 1%, IDFC: 1%		0 6 5 0
Utilities	9	TPWR: 63%	PTCIN: 28%, NTPC: 17%	CESC: 14%, PWGR: 12%, COAL: 6%,NHPC: 3%, RELI: 0%	JSW: -24%, RTPOW: Loss	1 2 5 2
Oil & Gas (Ex Rms)	7	HPCL: 1399%, ONGC: 41%, MRPL: LP	GUJS: 25%, OINL: 18%	GAIL: 12%, RIL: 10%, PLNG: 4%	IOCL: -9%,BPCL: -11%, IGL: -13%, CAIR: -57%	3 2 3 4
Technology	7	HEXW: 41%	TELX: 21%, MTCL: 18%	TCS: 12%, WPRO: 7%, MPHL: 6%, INFO: 4%, HCLT: 1%	PSYS: -3%, TECHM: -5%, KPIT: -17%	1 2 5 3
PAT degrowth sectors						
Healthcare	-1	ALPM: 126%, CDH: 50%, CIPLA: 41%, GLXO: 36%	TRP: 25%, DIVI: 21%	GNP: 10%, DRRD: 6%, ARBP: 6%, BIOS: 1%	SANL:-3%,LPC:-10%, SUNP:-28%,IPCA:-78%	4 2 4 4
Autos	-7	MSIL: 77%, BHFC: 54%, EIM: 54%, TVSL: 46%, AL :LP	AMRJ: 19%, BJAUT: 17%	HMCL: 13%, EXID: 8%	MM: -20%, TTMT: -31%	5 2 2 2
Real Estate	-11	IBREL: 60%, OBER: 54%	GPL: 22%, PEPL: 21%	PHNX: 5%	SOBHA: -5%, DLFU: -14%, MLIFE: -81%	2 2 1 3
Banks - PSU	-27			INBK: 4%, SBIN: 1%	BOB: -44%, UNBK: -48%, BOI: -49%, PNB: -58%	0 0 2 4
Cement	-33	TRCL: 234%			UTCEM/ACC: -27%, GRASIM: -38%, SRCM:-79%ACEM:-40%, ICEM: Loss	1 0 0 6
Metals	-52				HZ: -3%, VEDL: -14%, NACL:-18%,HNDL:-38%, NMDC:-42%,JSTL:-90%, JSP: PL, SAIL: PL, TATA: PL	0 0 0 9

Earnings momentum: Represents number of companies in each of the growth brackets; PL: Profit to Loss; LP: Loss to Profit

FY16-17 estimates

Expect recovery in 2HFY16

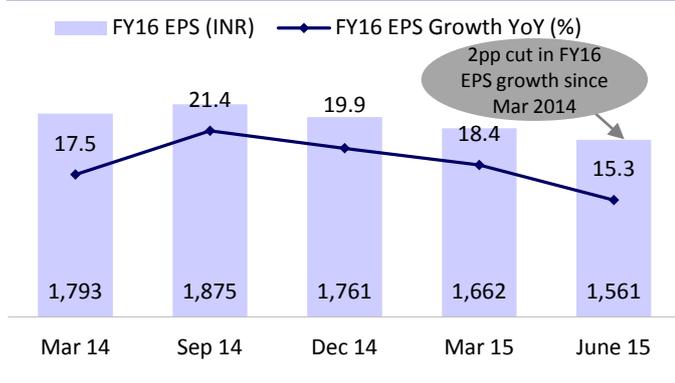
Government-led capex and low inflation to lead recovery

- Delay in domestic recovery and global commodity fall continue to be the headwinds for earnings growth. Other factors such as muted rural consumption, continuing asset quality woes in PSU banks and adverse cross currency movements continue to pull down the aggregate growth of corporate India.
- However, we believe government-led capital spending and favorable inflation leading to lower rates will create conducive environment for earnings growth recovery.
- Our bottom-up estimates suggest aggregate PAT of the MOSL Universe (ex-RMs) to rebound to 17%/23% in FY16/FY17. Sales growth would increase moderately to 9% in FY16 before jumping to 13% in FY17.
- Expect Sensex EPS to grow 15% to 1,561 in FY16 and 22% to 1,907 in FY17. Since the last preview, three-fourths of the Sensex companies would see an EPS cut—led by Tata Steel, Sun Pharma, Hindalco, Tata Motors, Coal India and GAIL. Top upgrade drivers are Maruti, NTPC, ONGC and Bajaj Auto.
- One-third of the Sensex companies would contribute more than two-thirds of FY16 Sensex EPS expansion. Key contributors to the EPS expansion would be ONGC, Tata Motors, ICICI Bank, HDFC Bank, Tata Steel and Reliance Ind, M&M, Axis Bank, HDFC and SBI.

FY16 Earnings cut—‘Murphy still at Work’

- Since March 2014, earnings have seen a 13% downgrade and earnings growth has been cut by 2pp.
- Earnings cuts were driven by factors such as fall in commodity prices, delay in revival of investment cycle, muted rural consumption, continued asset quality issues at PSU banks and adverse cross currency movements that impact global businesses.

Exhibit 56: Corporate earnings have seen a 13% downgrade since March 2014...



Source: MOSL, Company

Exhibit 57: ... driven by

- #1 Fall in commodity prices
- #2 Delay in revival of the investment cycle
- #3 Muted rural consumption
- #4 Persisting asset quality issues, esp. with the PSU banks
- #5 Adverse cross currency movements
- #6 Factors specific to companies

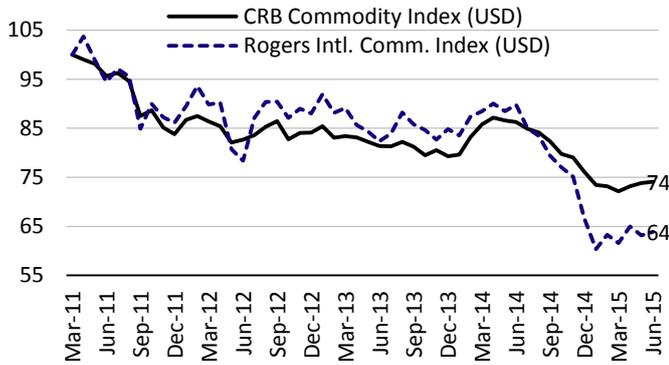
Source: MOSL

#1 – Fall in commodity prices led to severe downgrades

- Since Apr-14, global commodities (represented by CRB commodity index) have fallen ~15% (one-year fall of ~14%). Oil, during a similar period, has corrected by ~44% (one-year fall of 45%)

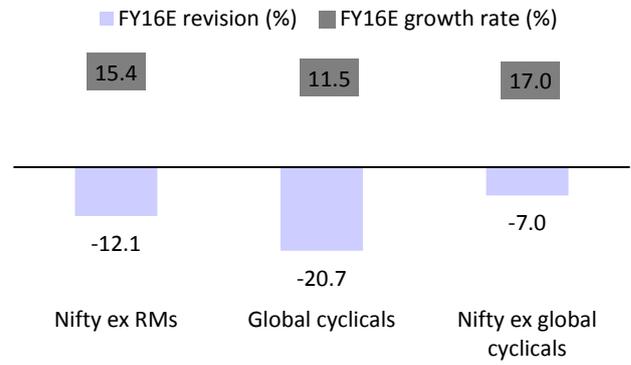
- Global cyclicals contributed 31.6% of total Nifty earnings in the Mar-14 preview. However, a 21% cut in earnings estimates has brought down the global cyclicals earnings contribution to 28.2% (a drop of 334bp)
- Major cuts were led by Tata Steel (63%), Cairn India (61%), NMDC (46%), Hindalco (27%), Coal India (21%) and ONGC (18%)

Exhibit 58: Fall in global commodities ...



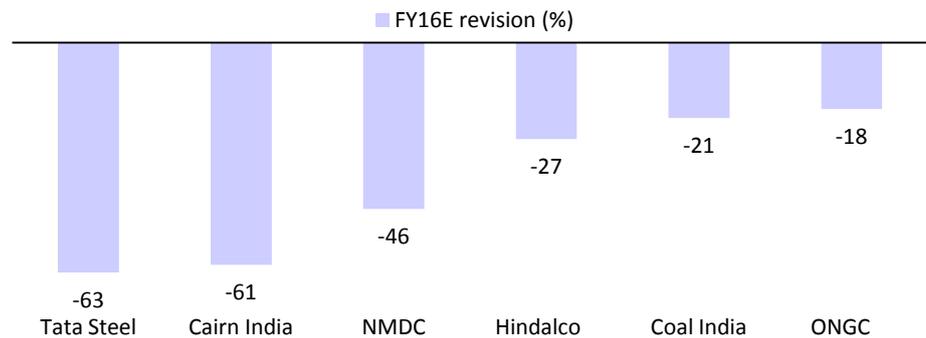
Source: MOSL, Bloomberg

Exhibit 59: ... led to unprecedented revision in estimates in global cyclical since March 2014



Source: MOSL, Company

Exhibit 60: Earnings cut was led by Tata Steel (63% cut in PAT estimates), Cairn India (61%) and NMDC (46%)



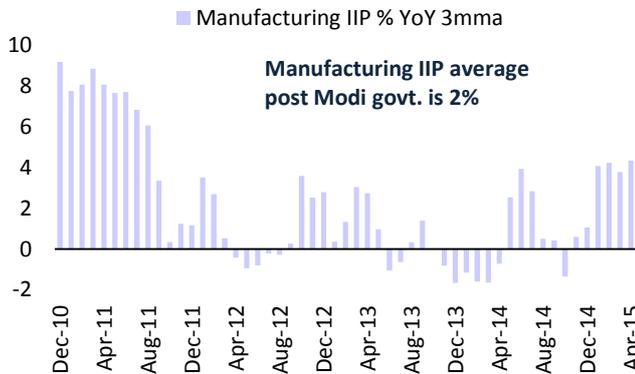
Note: Global cyclicals include Metals, Energy (ex RMs) and Coal India

Source: MOSL, Company

#2 - Delay in revival of the investment cycle

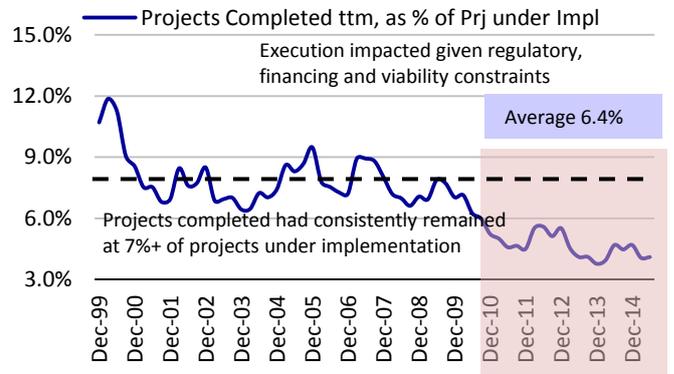
- Manufacturing IIP has remained weak (average of 2.3% post 2014 genreal elections). However, IIP has shown resilience at ~4% since Jan-15.
- Projects completed (as a % of projects under implementation) remains at low levels of 4.1%; this has impacted the virtuous cycle of cash flow generation in the system.
- Project execution remains sluggish due to regulatory, financing and viability constraints.
- This has led to steep cuts in our estimates for Cement and Capital Goods; ACC leads the pack with 49% cut in FY16 estimates, followed by Grasim (41%), Ultratech (33%), L&T (22%), BHEL (20%) and Ambuja (18%).

Exhibit 61: Manufacturing IIP remains at baseline levels (% YoY, 3mma)



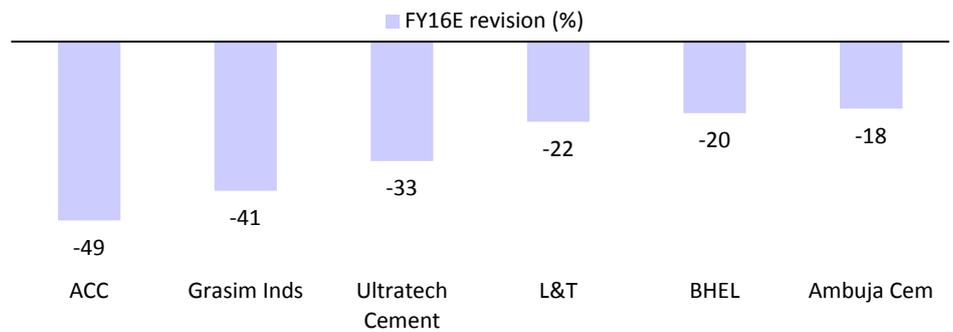
Source: MOSL, Govt.

Exhibit 62: Weak execution results sub-optimal number of projects completed (as % of projects under implementation) (ttm)



Source: MOSL, CMIE

Exhibit 63: Slow domestic recovery and lower capacity utilization result in steep cuts in FY16 earnings

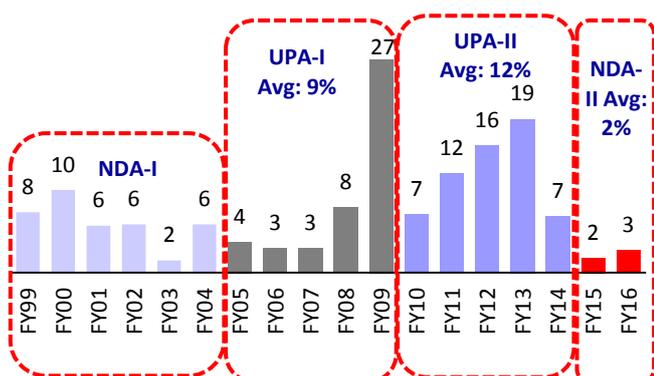


Source: MOSL, Company

#3 – Muted rural demand and growth

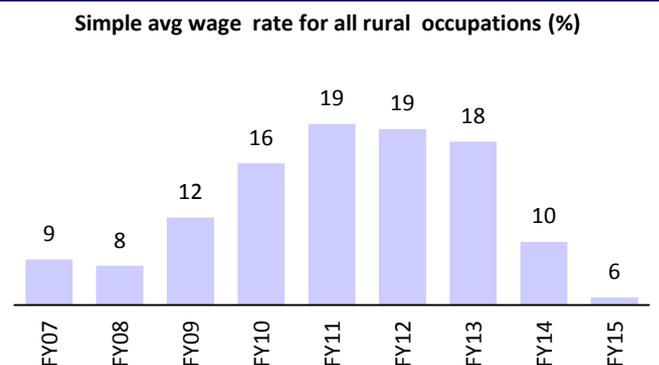
- MSP price increase was a mere 3% during FY16; this was post a new low of 2% in FY15.
- Rural wage growth has also moderated steeply from ~10% in FY14 to 6% in FY15
- Forecast of poor monsoons in 2015, following a deficit rain in 2014, also has an impact on rural demand.

Exhibit 64: Second successive year of very low hike in MSP (%)...



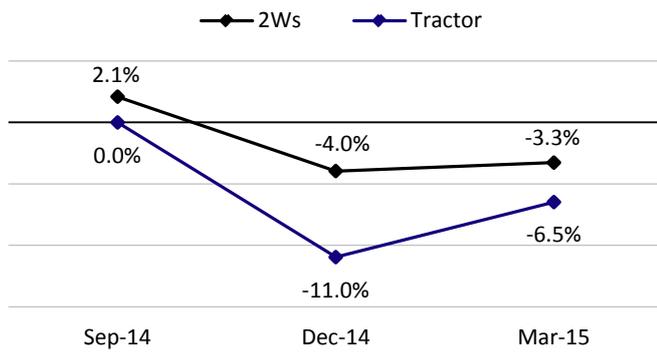
Source: MOSL, Govt.

Exhibit 65: ... along with this, rural wage growth has moderated and is the lowest in almost a decade



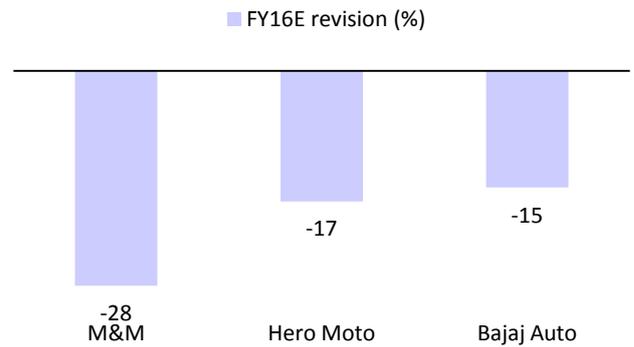
Source: MOSL, Govt.

Exhibit 66: FY15 Volumes estimate for 2Ws and Tractor has seen downgrades...



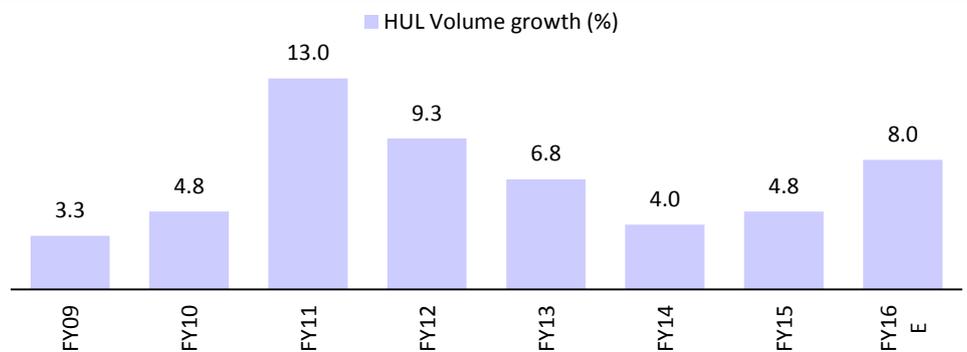
Source: MOSL, SIAM, Company

Exhibit 67: ...also reflecting in FY16 earnings revision



Source: MOSL, Company

Exhibit 68: HUVR volume growth has been sub-5% in the past two years, with 30-35% volumes from rural India

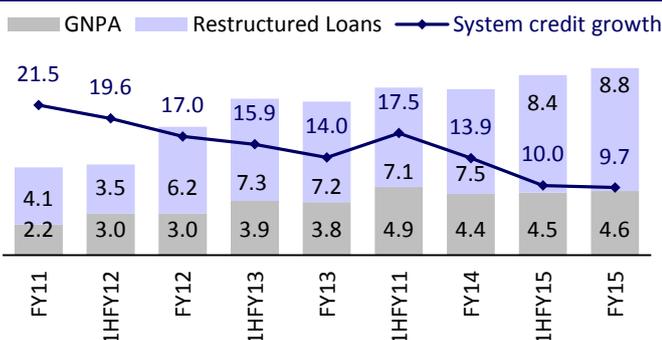


Source: MOSL, Company

#4 - Asset quality issues: Lower credit growth and asset quality leading to huge cuts in estimates

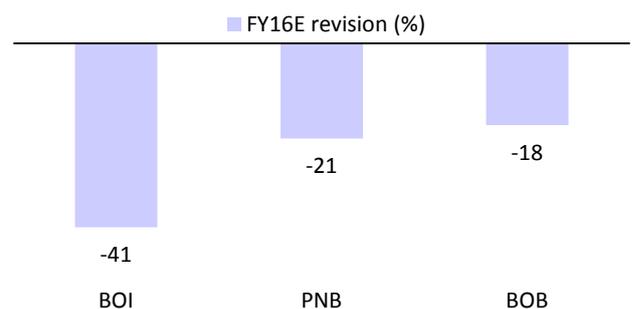
- Credit growth stands at a four-year low at 10% in FY15 v/s an average credit growth of ~15%.
- Weaker-than-expected domestic recovery leading to continued rise in stress loans for PSU banks.
- Slippages are likely to go up as the banks are likely to grapple with the no restructuring forbearance window
- GNPA's jumped from 2.2% of loan book in FY11 to 4.6% of the loan book in FY15. We expect GNPA's to up further in 1HFY16.

Exhibit 69: Credit growth remains weak while GNPA's & restructured loans are near highs...



Source: MOSL; Company

Exhibit 70: ... leading to downgrades in earnings estimates since Mar-14

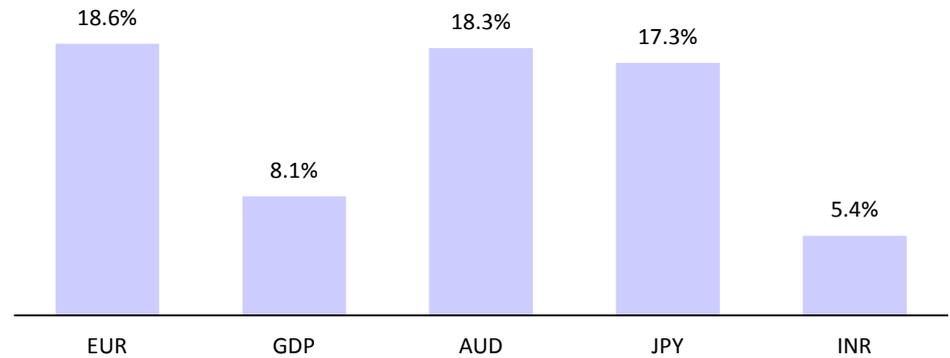


Source: MOSL, Company

#5 – Tech: Adverse cross currencies and weak global demand restricts PAT growth

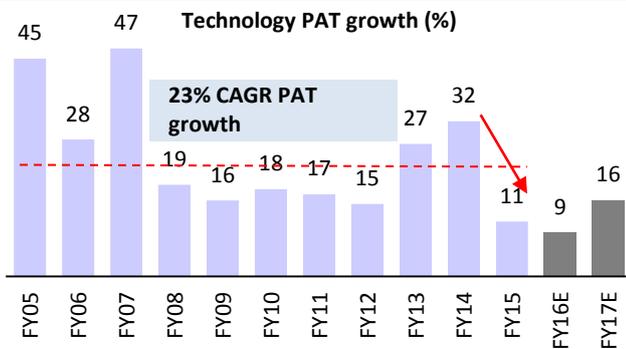
- Major global currencies like EUR, GBP, JPY and AUD have all depreciated 8-18% since 1QFY15; however, INR has depreciated by only ~5% . This impacted USD revenues of companies cutting revenue estimates by 400-600bp in FY15/16 across top-tier IT companies
- Weakness in specific segments in global markets has led many IT companies to guide for muted growth. This follows a disappointing growth in 4QFY15.
- Contribution of Technology to overall PAT seems to have peaked at 14.3% in FY15. We estimate PAT growth of only 9% in FY16, lowest ever for the sector.

Exhibit 71: Major global currencies depreciated 10-18% v/s USD since 1QFY15 (%) ...



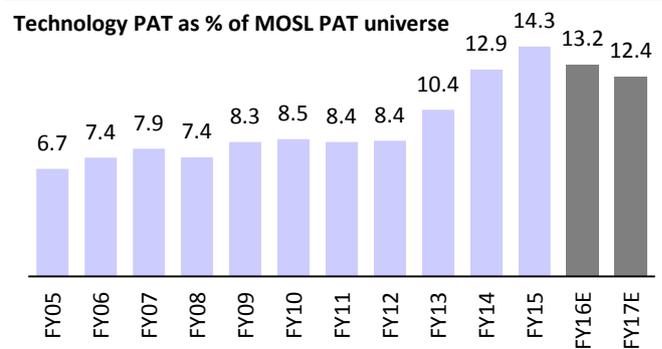
Source: MOSL, Bloomberg

Exhibit 72: ... resulting in PAT growth to come down to 9%



Source: MOSL, Company

Exhibit 73: Technology contribution may have peaked at 14.2% in FY15



Source: MOSL, Company

#6 – Company-specific factors resulting in cut in estimates

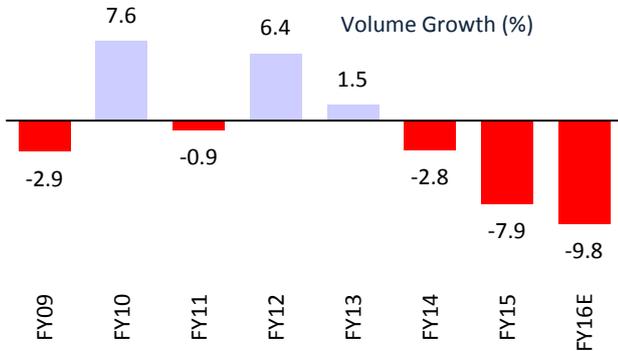
- **ITC:** Cigarettes has seen ~17% excise duty hike every year on an average in the past four years, creating huge pressure on cigarette volumes. Accordingly, volumes are expected to see a decline in FY16.
- **HDFC:** Increase in tax rate from 26% to 31% due to creation of deferred tax liabilities on special reserve (as per NHB guideline) and lower-than-expected growth led to cut in estimates by 3% for FY16/17
- **Tata Motors:** Volumes have been disappointing for JLR on several issues. This has also impacted the margin estimates, leading to severe cut in earnings growth.

Exhibit 74: FY13-FY16 has seen steep excise duty hikes in cigarettes

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Excise increase in budget (%)	0	0	9-18	0	18-23	18	16	13

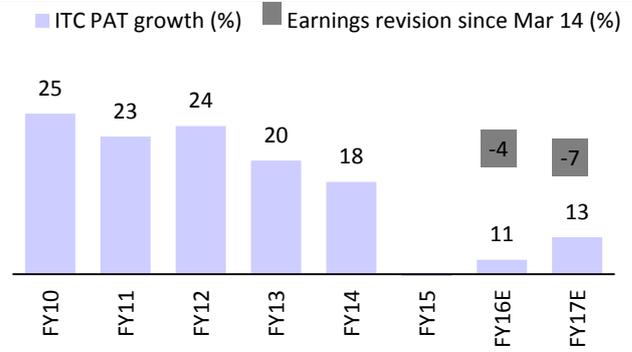
Source: MOSL, Govt.

Exhibit 75: ITC saw steep volume de-growth in FY15/FY16 ...



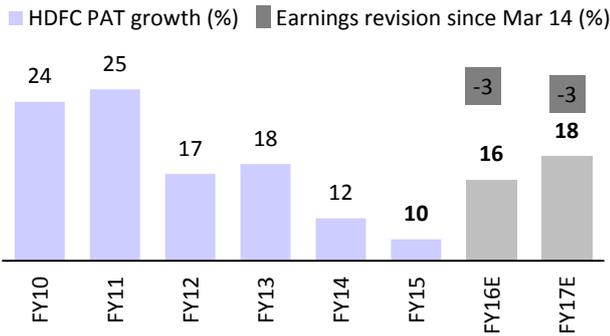
Source: MOSL, Company

Exhibit 76: ... resulting in subdued PAT growth and earnings downgrades



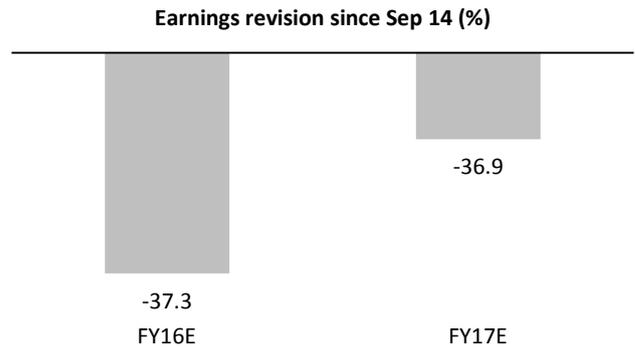
Source: MOSL, Company

Exhibit 77: HDFC sees cut due to jump in tax rate and lower-than-expected growth



Source: Company, MOSL

Exhibit 78: Tata Motors saw ~37% earnings cut in FY16 on delayed recovery in JLR volumes

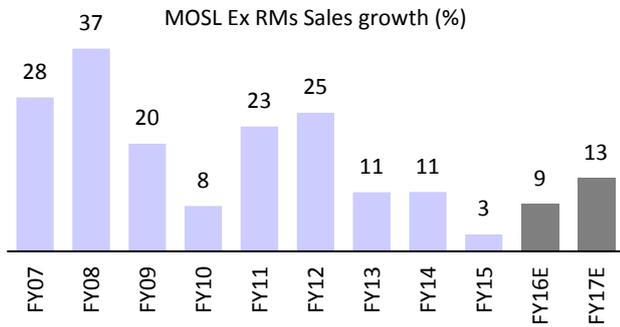


Source: Company, MOSL

Expect rebound in PAT growth in FY16/FY17; sales growth to increase moderately in FY16, rebound in FY17

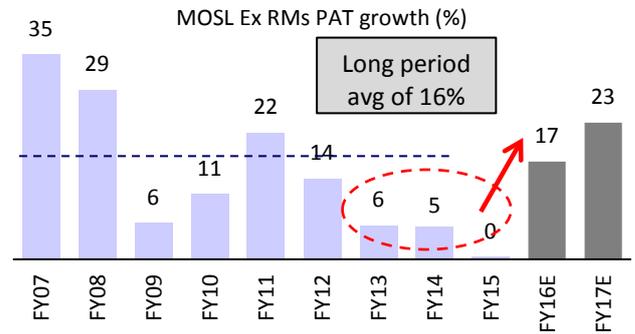
- We expect rebound in aggregate PAT growth in FY16, led by continued reforms, government-led capital spending and fall in rates. The growth will be aided by the realization of full impact of reduction in raw material prices, thus improving margin profile.
- Expect MOSL Universe (ex-RMs) to report FY16/FY17 PAT growth of 17%/23%. PAT growth would be led by Cement, Cap Goods, Auto, Healthcare, Consumer and Oil & Gas.
- Two-thirds of FY15-17 PAT delta would be contributed by just four sectors—Financials (27%), Auto (12%), Oil (ex-RMs, 16%) and Technology (9%).
- Sales growth would pick up moderately and rise to 9% in FY16 and to 13% in FY17.

Exhibit 79: Sales to grow 9% in FY16, to rebound to double digit in FY17



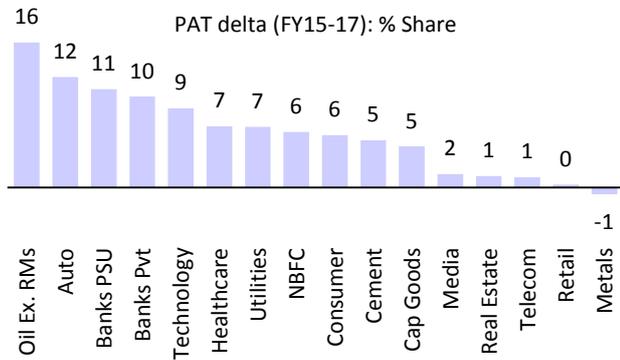
Source: Company, MOSL

Exhibit 80: PAT growth expected to rebound in FY16/FY17



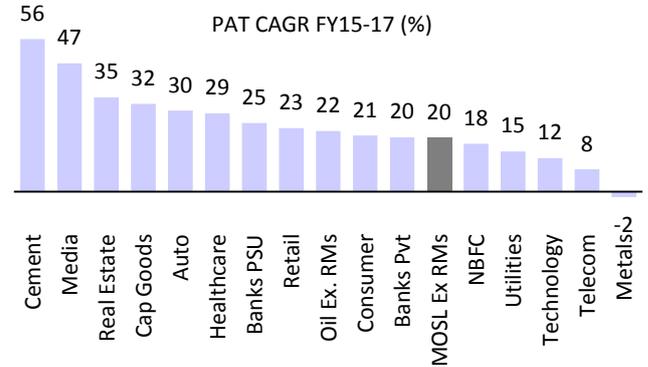
Source: Company, MOSL

Exhibit 81: Financials, Autos, Oil (ex-RMs) and Technology contribute 2/3rd of FY15-17 PAT delta



Source: Company, MOSL

Exhibit 82: Growth would be broadbased



Source: Company, MOSL

Exhibit 83: FY15-17 estimates: Expect FY15-17 aggregate PAT CAGR at 20%

Sector (No of Companies)	Sales (INR b)	Sales Gr. / CAGR (%)	EBIDTA CAGR (%)	EBIDTA Margin (%)			PAT (INR b)	PAT Gr. / CAGR (%)			PAT delta Sh. (%)
	FY15	(FY15-17)	(FY15-17)	FY15	FY16E	FY17E	FY15	FY16E	FY17E	(FY15-17)	FY15-17
High PAT CAGR*	21,035	12	18	24.0	25.4	26.8	2,429	25	25	25	84
Cement (14)	1,209	21	38	15.2	16.4	19.7	60	36	80	56	5
Media (11)	221	18	27	26.0	28.0	29.9	21	52	43	47	2
Real Estate (10)	262	16	19	34.0	34.4	36.0	26	34	35	35	1
Capital Goods (12)	1,566	11	16	11.0	11.1	11.8	99	29	35	32	5
Others (25)	775	14	21	15.7	17.0	17.8	62	33	28	31	3
Auto (11)	4,854	16	17	14.6	14.7	14.9	292	32	28	30	12
Healthcare (14)	1,148	16	23	23.7	25.1	26.8	169	28	29	29	7
Oil & Gas (12)	15,674	-1	21	8.1	11.2	12.0	638	36	16	25	22
Excl. RMs (9)	6,703	5	19	15.2	18.0	19.6	530	27	18	22	16
Retail (3)	169	19	23	9.0	9.4	9.8	10	20	27	23	0
Financials (31)	2,649	15	16	79.4	79.3	80.4	951	19	23	21	27
PSU Banks (10)	1,470	12	13	70.1	70.1	71.8	313	21	30	25	11
Private Banks (10)	737	19	19	87.4	86.3	86.6	376	19	21	20	10
NBFC (11)	441	18	17	96.9	96.2	95.9	263	16	19	18	6
Consumer (15)	1,479	13	18	21.0	22.1	22.7	209	23	18	21	6
Medium PAT CAGR #	4,906	13	15	26.4	26.8	27.3	894	11	16	13	16
Utilities (10)	2,185	12	17	27.8	29.0	30.3	346	14	16	15	7
Technology (11)	2,721	14	14	25.2	25.0	25.1	548	9	16	12	9
Low PAT CAGR ^	6,288	6	7	21.5	20.8	22.3	405	-21	28	1	0
Metals (9)	4,714	4	4	17.2	15.1	17.0	295	-33	44	-2	-1
Telecom (4)	1,574	10	13	34.7	36.2	36.4	110	14	2	8	1
MOSL Excl. RMs (189)	32,228	11	16	23.9	24.8	26.1	3,728	17	23	20	100
MOSL (192)	41,199	8	16	19.3	21.3	22.5	3,836	18	23	20	NA
Sensex (30)	10,535	10	15	22.2	23.1	24.2	1,166	18	22	20	NA
Nifty (50)	12,754	10	15	22.5	23.1	24.3	1,445	15	22	18	NA

* (>20%) # (10-20%) ^ (up to 10%)

Source: Company, MOSL

Exhibit 84: Domestic plays to outperform global plays during FY15-17 in terms of PAT growth

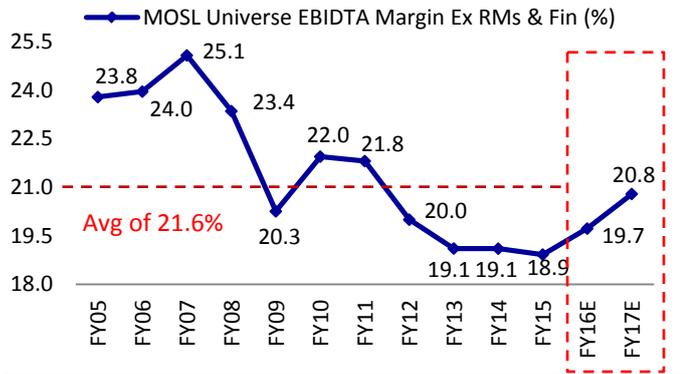
SECTOR	PAT (INR B)						PAT Contribution (%)						PAT CAGR (%)			P/E (x)	
	FY03	FY08	FY14	FY15	FY16E	FY17E	FY03	FY08	FY14	FY15	FY16E	FY17E	FY03-08	FY08-14	FY15-17	FY16E	10-Yr Avg
Domestic Plays	308	1,084	1,936	2,046	2,493	3,106	55	53	52	55	57	58	28.6	10.2	23.2		
Financials	141	341	868	951	1,131	1,395	25	17	23	26	26	26	19.3	16.9	21.1	2.0	2.1
Private Banks	25	90	327	376	448	540	4	4	9	10	10	10	29.6	24.0	19.9	2.9	2.6
PSU Banks	87	192	303	313	377	491	16	9	8	8	9	9	17.1	7.9	25.3	0.9	1.3
NBFC	29	58	238	263	306	363	5	3	6	7	7	7	14.9	26.4	17.7	2.4	2.4
Consumer	62	271	404	470	597	721	11	13	11	13	14	13	34.3	6.9	23.8		
Auto Ex Tata Motors	18	64	141	151	214	288	3	3	4	4	5	5	28.1	14.1	38.0	21.6	16.0
Telecom	-4	133	70	110	126	129	-1	7	2	3	3	2	LP	-10.1	8.2	26.3	26.2
Consumer	48	75	194	209	257	304	8	4	5	6	6	6	9.4	17.2	20.7	35.0	30.2
Non-Consumer	105	472	664	625	766	991	19	23	18	17	18	18	35.1	5.9	25.9		
Utilities	72	173	372	346	395	457	13	8	10	9	9	9	19.1	13.6	14.8	13.5	12.4
Capital Goods	15	80	109	99	128	174	3	4	3	3	3	3	39.9	5.2	32.3	32.4	24.7
Cement	7	97	72	60	81	146	1	5	2	2	2	3	68.8	-4.9	56.2	32.7	19.0
Real Estate	1	91	25	26	35	47	0	4	1	1	1	1	141.3	-19.3	34.7	17.5	15.4
Others	9	30	86	93	127	167	2	1	2	3	3	3	26.2	18.9	33.9		
Global Plays	252	958	1,777	1,682	1,854	2,251	45	47	48	45	43	42	30.6	10.9	15.7		
Cyclical	197	748	1,141	965	1,040	1,280	35	37	31	26	24	24	30.6	7.3	15.1		
Oil & Gas ex RMs	167	423	701	530	673	793	30	21	19	14	15	15	20.5	8.8	22.3	11.0	12.2
Metals	27	303	298	295	196	283	5	15	8	8	5	5	62.1	-0.3	-2.0	14.6	10.6
Tata Motors	3	22	142	140	170	204	0	1	4	4	4	4	50.7	36.8	20.4	8.7	10.6
Non-Cyclical	56	210	636	717	815	972	10	10	17	19	19	18	30.3	20.3	16.4		
Technology	39	159	492	548	597	692	7	8	13	15	14	13	32.3	20.7	12.3	17.9	21.1
Healthcare	17	51	145	169	217	280	3	2	4	5	5	5	25.0	19.1	28.8	28.8	25.0
MOSL Universe ex RMs	560	2,042	3,714	3,728	4,347	5,358	100	100	100	100	100	100	29.5	10.5	19.9	17.6	15.3

Source: Company, MOSL

Expect margins to improve

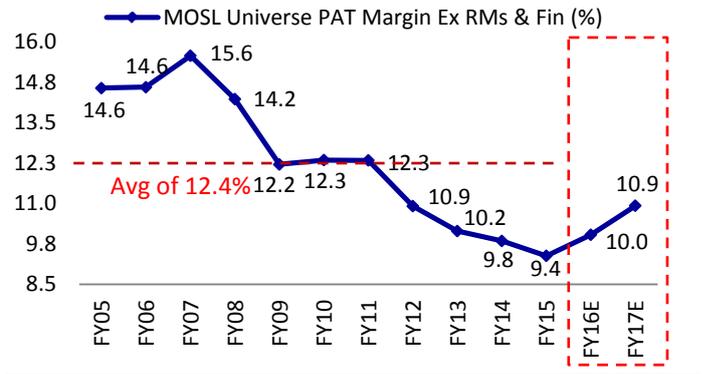
- FY16 EBITDA margin to expand 80bps to 19.7%
- EBITDA margins are expected to improve as companies benefit from the availability of favorable operating leverage and realize the full benefit of rate cuts and lower raw material prices

Exhibit 85: Margins to improve in FY16/17 ...



Source: MOSL, Company

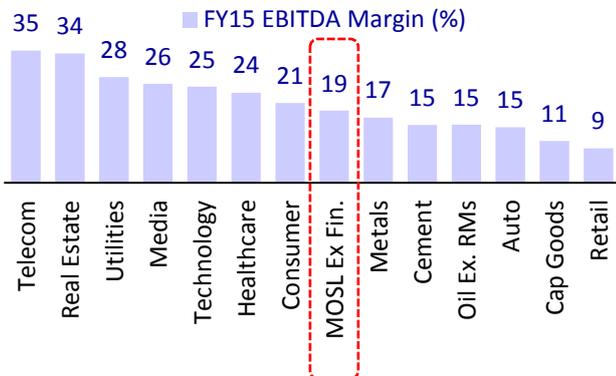
Exhibit 86: ... led by falling RM prices and favorable operating leverage



Source: MOSL, Company

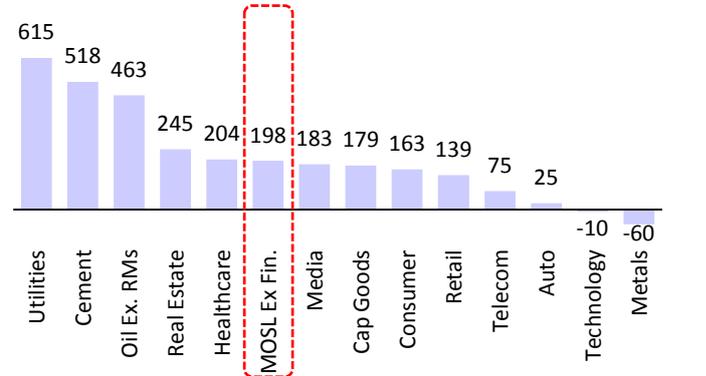
EBITDA margins across all sectors to expand over FY16-17

Exhibit 87: FY15 EBITDA margin (%)



Source: MOSL, Company

Exhibit 88: FY15-17 EBITDA margin change (bp)



Source: MOSL, Company

FY15-17 estimates: Nifty FY15-17 PAT CAGR at 19%; sales CAGR at 10%

- More than half of the delta PAT CAGR during FY15-17 would be contributed by 10 companies—ONGC, SBI, Tata Motors, Reliance, TCS, Tata Steel, HDFC Bank, Sun Pharma and Coal India.
- Nearly half of the Nifty companies would post >20% PAT CAGR during FY15-17 and about 1/5th of companies would post 15-20% PAT CAGR.
- Only three companies are likely to register PAT CAGR de-growth—Idea (-18%), NMDC (-21%) and Cairn India (-29%).

Exhibit 89: Nifty performance: Expect FY15-17 PAT CAGR at 19%

Company	Sales (INR b)			Sales CAGR	EBIDTA Margin			EBITDA CAGR	PAT (INR b)			PAT YoY (%)			PAT CAGR	Contb Delta
	FY15	FY16	FY17		FY15	FY16	FY17		FY15	FY16	FY17	FY15	FY16	FY17		
High PAT Growth*	10,135	11,252	12,941	13	21	22	23	19	876	1,167	1,527	-10	33	31	32	57
Tata Steel	1,395	1,310	1,427	1	9	11	14	26	3	20	56	-92	623	177	348	5
BHEL	302	285	334	5	8	12	15	42	15	29	44	-59	98	48	72	3
Tata Power	87	87	91	2	25	26	25	2	8	17	19	40	108	13	54	1
Mahindra & Mahindra	719	857	988	17	12	12	13	22	29	44	59	-34	53	34	43	3
Sun Pharma	274	312	367	16	29	30	34	26	45	62	91	44	35	48	42	4
Maruti Suzuki	507	587	704	18	13	16	17	31	38	57	73	33	49	29	39	3
ONGC	1,591	1,808	1,945	11	32	35	37	18	179	276	336	-32	55	22	37	14
Cipla	113	135	153	16	19	21	23	27	12	17	22	-15	46	28	36	1
Punjab National Bank	166	175	205	11	72	73	76	14	31	37	51	-8	21	39	30	2
Ambuja Cements	99	216	249	59	19	15	19	58	13	14	22	26	3	61	29	1
ACC	115	117	136	9	11	12	16	32	9	9	14	-5	-1	64	28	0
Asian Paints	140	158	182	14	15	17	18	27	14	18	23	16	28	27	27	1
IndusInd Bank	34	43	54	26	91	91	91	26	18	22	29	27	25	29	27	1
Yes Bank	35	44	54	25	93	93	96	26	20	25	32	24	26	27	27	1
Bajaj Auto	216	244	285	15	19	20	21	21	30	37	49	-6	22	31	27	2
Ultratech Cement	227	251	314	18	17	18	21	31	20	21	32	-3	5	52	26	1
Bank of Baroda	132	141	168	13	75	75	76	13	34	40	54	-25	17	36	26	2
Grasim Industries	324	365	445	17	15	15	18	30	18	18	27	-11	5	44	23	1
Zee Entertainment	49	58	70	20	26	24	27	23	10	11	15	10	12	34	22	0
Tata Motors	2,628	2,988	3,410	14	16	15	15	9	140	170	204	-1	21	20	20	6
HDFC Bank	224	271	334	22	78	77	77	21	102	123	148	20	20	20	20	4
Kotak Mahindra Bank	42	51	61	21	71	70	71	21	30	37	44	24	21	20	20	1
Bosch	121	115	144	9	16	18	19	19	14	14	19	53	4	38	20	1
Larsen & Toubro	595	635	820	17	15	11	11	1	45	48	64	11	8	32	20	2
Medium PAT Growth^	13,867	14,625	16,173	8	21	22	24	15	1,75	1,954	2,313	7	11	18	15	48
Axis Bank	142	165	194	17	94	93	94	17	74	87	105	18	19	20	19	3
State Bank	748	801	920	11	67	66	68	12	170	193	241	20	14	25	19	6
Hind. Unilever	308	345	398	14	17	18	18	20	38	45	53	6	18	19	18	1
Tech Mahindra	225	265	307	17	18	17	18	14	26	29	36	1	10	26	18	1
Hero MotoCorp	274	297	332	10	11	13	13	18	25	29	35	20	13	22	18	1
Lupin	126	146	168	16	27	29	29	19	24	28	33	38	15	21	18	1
Power Grid Corp.	172	200	236	17	86	86	86	18	51	57	70	12	13	22	17	2
HDFC	80	92	109	17	110	110	111	17	60	70	82	10	16	18	17	2
ICICI Bank	190	219	259	17	104	103	102	16	112	130	153	14	16	18	17	4
Dr Reddy's Labs	148	165	184	11	23	24	25	17	22	26	30	5	15	17	16	1
Reliance Inds.	3,291	3,103	3,471	3	10	12	13	20	227	250	299	3	10	20	15	6
Coal India	720	766	906	12	21	22	23	17	137	153	180	-14	11	17	14	4
Hindalco	1,043	1,095	1,181	6	9	9	10	15	28	17	36	9	-38	111	14	1
TCS	946	1,093	1,265	16	29	29	29	15	217	241	281	13	11	16	14	6
GAIL	566	618	639	6	8	9	10	18	30	32	38	-32	7	20	13	1
NTPC	726	867	893	11	22	23	26	19	90	102	115	-9	13	12	13	2
ITC	365	402	447	11	37	37	37	11	96	107	122	10	11	13	12	2
HCL Technologies	370	424	487	15	24	23	23	12	73	80	91	15	9	13	11	2
Infosys	533	590	674	12	28	28	28	12	123	129	151	13	5	16	11	2
BPCL	2,424	2,459	2,530	2	4	4	4	8	48	55	59	23	14	7	10	1
Wipro	470	514	573	10	22	23	23	11	87	95	105	11	9	11	10	2
Low PAT Growth**	2,244	2,281	2,532	6	36	34	33	2	279	240	219	-3	-14	-9	-12	-5
Bharti Airtel	920	991	1,083	8	34	35	35	11	52	63	58	87	21	-7	6	1
Vedanta	738	741	827	6	30	24	25	-3	60	65	63	18	7	-2	2	0
Idea Cellular	316	362	416	15	34	36	35	16	32	35	21	62	10	-39	-18	-1
NMDC	124	71	79	-20	63	56	56	-24	66	39	41	3	-41	5	-21	-2
Cairn India	146	116	127	-7	66	55	55	-15	70	38	35	-44	-45	-9	-29	-3
Nifty (PAT free float)	26,246	28,158	31,646	10	22	23	24	15	1,43	1,660	2,028	4	16	22	19	100

*20%+, ^10-20%, **<10%

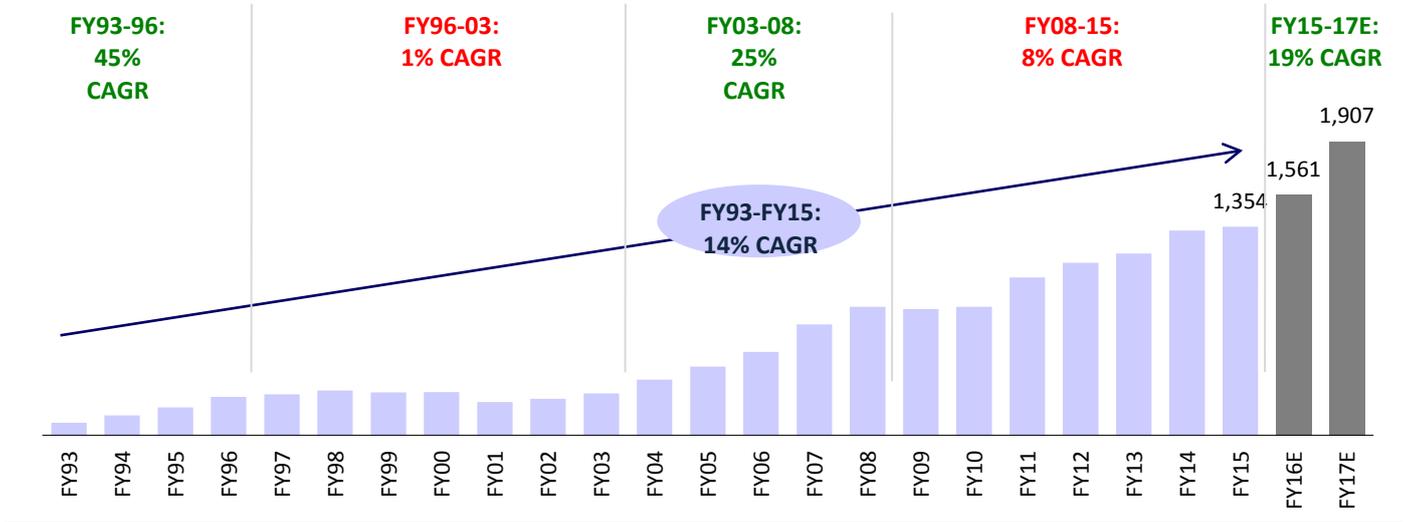
Source: Company, MOSL

FY15-17 estimates: Sensex EPS CAGR at 19%

- We expect Sensex EPS CAGR of 19% during FY15-17, significantly higher than the 8% CAGR witnessed during FY08-14.
- Expect Sensex EPS at 1,561 (up 15%) in FY16 and 1,907 (up 22%) in FY17.

- One-third of the Sensex companies would contribute two-thirds of FY16 Sensex EPS expansion. Key contributors to the expansion would be ONGC, Tata Motors , ICICI Bank, HDFC Bank , Tata Steel and Reliance.

Exhibit 90: Sensex EPS: Expect rebound in FY15-17, with 19% CAGR versus 8% CAGR witnessed during FY08-15

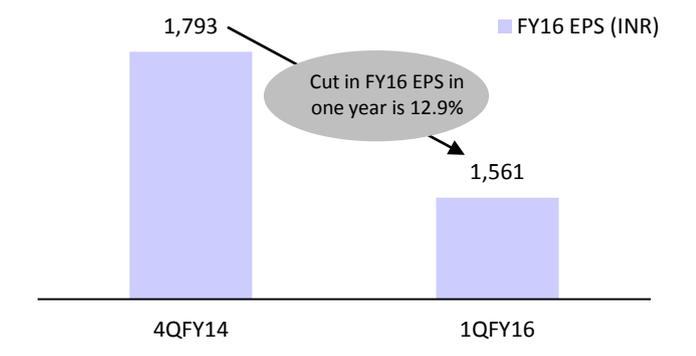


Source: Company, MOSL

FY16 Sensex EPS cut by 3%, driven by global businesses

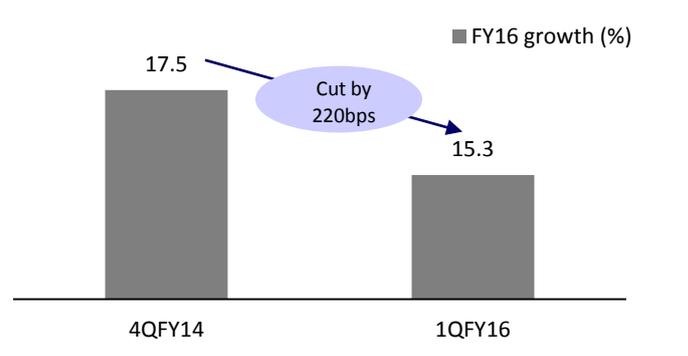
- We cut our Sensex EPS estimate for FY16 by 3% to 1,561 from 1,605 in 4QFY15 review and 6% from 1,662 in 4QFY15 preview.
 - About three-fourths of the Sensex constituents would see an EPS cut— led by Tata Steel, Sun Pharma, Hindalco, Tata Motors, Coal India and GAIL.
 - Top upgrade drivers are Maruti, NTPC, ONGC and Bajaj Auto.
- One-third of the Sensex companies would contribute more than two-thirds of FY16 Sensex EPS expansion. Key contributors to the EPS expansion would be ONGC, Tata Motors, ICICI Bank, HDFC Bank, Tata Steel and Reliance Ind, M&M, Axis Bank, HDFC and SBI.
- Since Mar-14, Sensex EPS has been cut by 12.9%—primarily accounting for slower-than-expected pace of domestic recovery and delay in the revival of investment cycle. Still, FY16 EPS is likely to grow 15.3%—primarily led by non-cyclicals and domestic businesses.

Exhibit 91: FY16 EPS saw 12.9% cut in EPS in one year ...



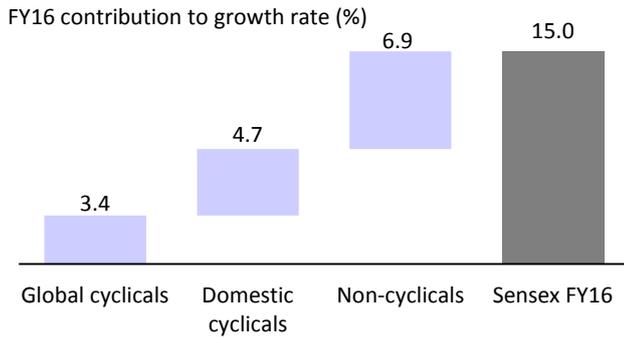
Source: Company, MOSL

Exhibit 92: ... however, FY16 EPS is still likely to post a rebound with 15.3% growth



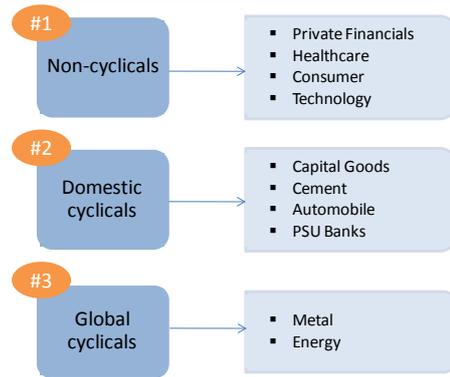
Source: Company, MOSL

Exhibit 93: Non-cyclicals contribute ~45% to FY16 EPS increase



Source: Company, MOSL

Exhibit 94: Growth to be led by non-cyclicals and domestic businesses

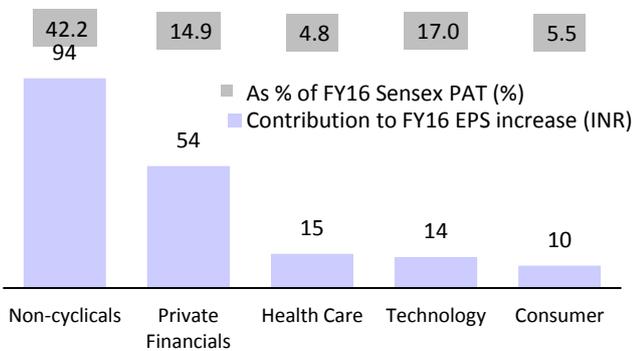


Source: MOSL

#1 Non-cyclicals will contribute almost half of the growth

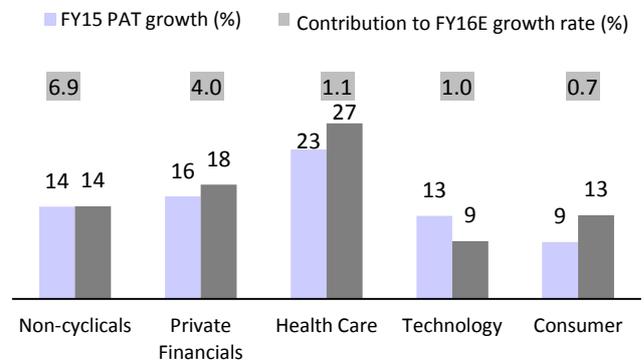
- ~45% of the increase in FY16 EPS (INR94 of the total increase in FY16EPS of INR207) would be contributed by non-cyclical sectors—Private Financials, Technology, Consumer and Healthcare.
- Private financials leads the FY16 EPS increase, accounting for more than a quarter of the Sensex EPS increase in FY16.
- Overall, these sectors would contribute 6.9% to the FY16 PAT growth rate of 15.3%.
- All non-cyclicals would grow at double digit, except Wipro and Infosys.

Exhibit 95: Pvt Financials, Healthcare and Technology contribute 40% of Sensex earnings



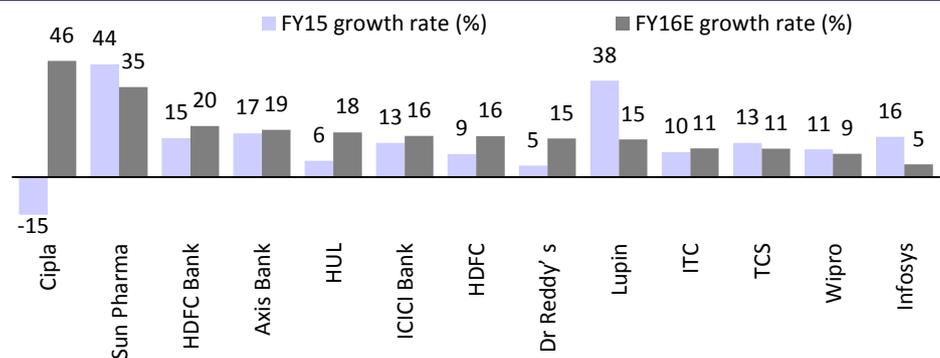
Source: Company, MOSL

Exhibit 96: Private Financials lead with 4% contribution to FY16 growth rate



Source: Company, MOSL

Exhibit 97: Cipla, Sun Pharma and HDFC Bank would report >20% growth in FY16

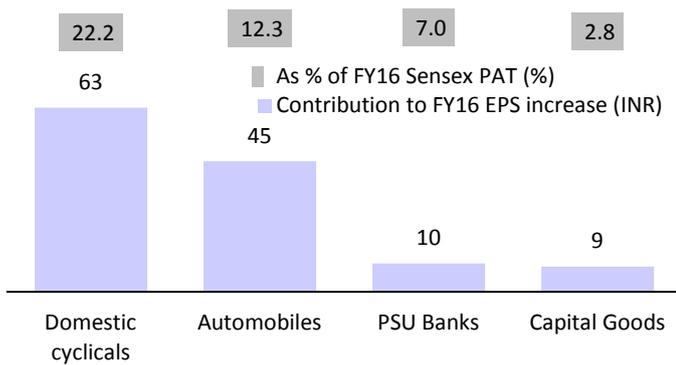


Source: Company, MOSL

#2 Domestic cyclicals will add nearly 1/3rd of the growth in FY16

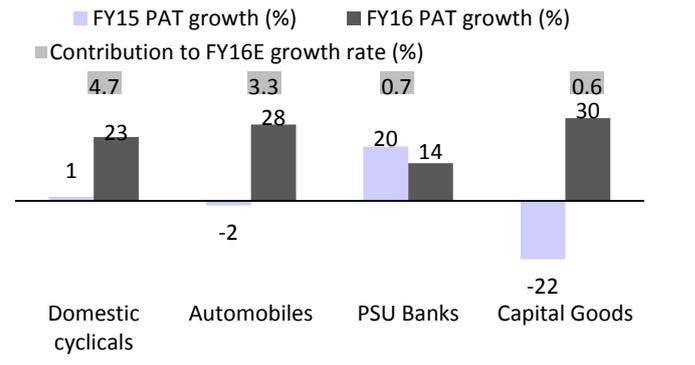
- Recovery in domestic economy and revival of capex cycle would benefit the domestic cyclical.
- Auto would be the second^d largest contributor to FY16 Sensex EPS increase. Auto, PSU Banks, Capital Goods would contribute ~5% of the FY16 Sensex growth rate of 15.3%. Auto would lead with a contribution of 3.3%.
- All non-cyclicals would grow at double digit, except L&T.

Exhibit 98: Autos is the second largest contributor to FY16 Sensex EPS increase



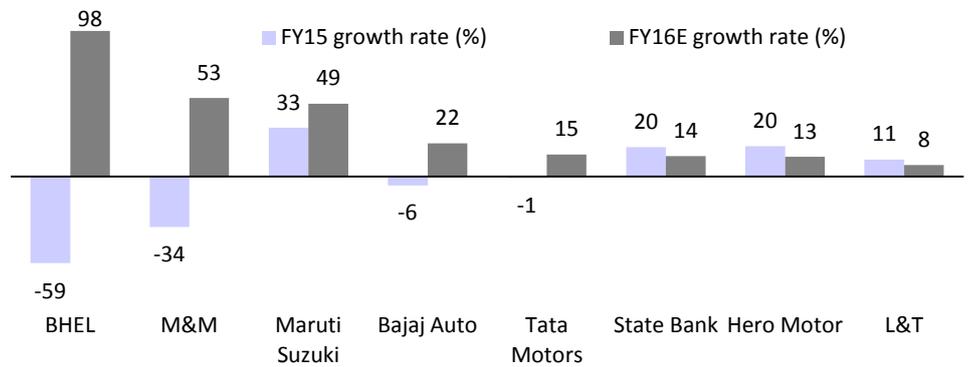
Source: Company, MOSL

Exhibit 99: Autos and PSU Banks to drive ~4% of FY16 growth rate



Source: Company, MOSL

Exhibit 100: BHEL, M&M and Maruti are the fastest growing domestic cyclicals in FY16

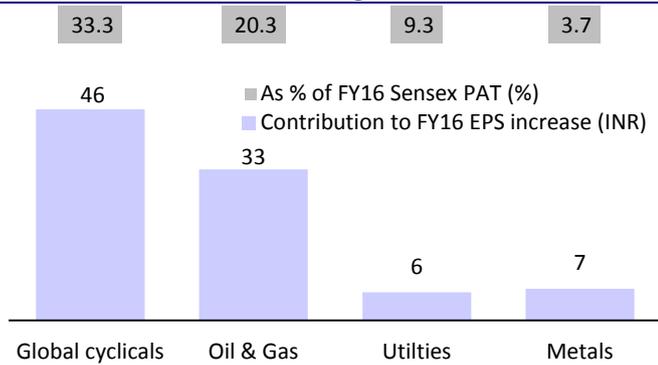


Source: Company, MOSL

#3 Oil drives contribution of global cyclicals in FY16 growth

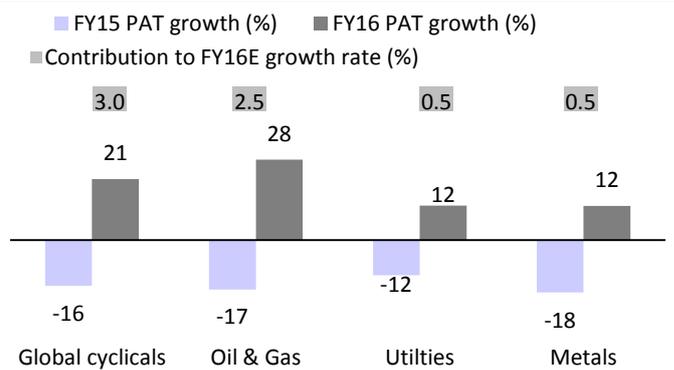
- The share of global commodities in overall corporate earnings would increase to 33% in FY16 from 32% in FY15, primarily led by Oil & Gas.
- Oil & Gas would be the third largest contributor to the FY16 earnings growth rate (contributing 2.5%)
- High growth in Tata Steel and ONGC would be mostly on a lower base of FY15

Exhibit 101: Oil leads contribution of global cyclicals in FY16 Sensex EPS increase; Metals drag



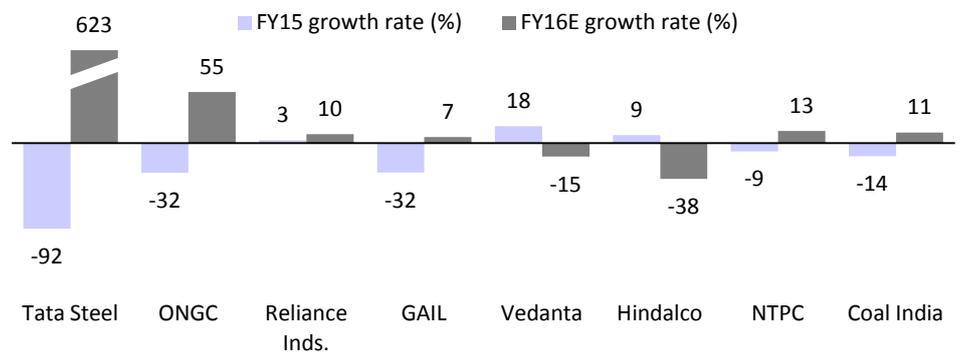
Source: Company, MOSL

Exhibit 102: FY16 would see global cyclicals rebounding after a year of de-growth in FY15



Source: Company, MOSL

Exhibit 103: Tata Steel and ONGC to post high growth on a low base



Source: Company, MOSL

PROFIT POOL

Oil share halves, Technology doubles; Public sector dwarfed

Profit Pool analysis FY03-15: Some interesting trends from the past

India Inc PerforMeter

CAGR %	PAT	Sensex
FY03-FY15	16	20
FY03-FY08	27	39
FY08-FY15	9	9
FY15-17E	20	??

- We expect a pick-up in earnings growth for corporate India from the second half of FY16; this could well be the beginning of the new earnings cycle. While our EPS CAGR for the next two years is 20%, the earnings cycle has seen higher and longer-duration growth.
 - In Phase-1 (FY03-08) of our FY03-15 analysis, PAT CAGR was 27%; it was only 9% in Phase-2 (FY08-15).
- We present some trends to draw from the last 13 years of earnings cycle and pick where reversion to mean can lead to a change in growth trends.
 - #1 PUBLIC v/s PRIVATE SECTOR: The ultimate case study of value migration
 - #2 CYCLICALS: Change in PAT orbit
 - #3 OIL & GAS: PAT share halves to 17% in the best era of crude prices
 - #4 FINANCIALS: Private sector cashes in on public banks' slip
 - #5 CONSUMER: Only a foul-weather friend? Not quite
- Based on the above, we expect some of the following potential themes to play out going forward:
 - #1 FY15-17 PAT GROWTH: Expect acceleration in growth from 2HFY16, CAGR of 20% over FY15-17.
 - #2 PRIVATE BANKS, CONSUMER: Two large profit pools, which can only get bigger and better (thereby creating several growth opportunities).
 - #3 OIL & GAS: Reforms can normalize earnings, resulting in significant growth.
 - #4 CEMENT: Early-bird cyclical turnarounds?
 - #5 CAPITAL GOODS: Book-to-bill ratio on the rise; govt spending to trigger growth.

Exhibit 104: FY03-15 India Inc PAT performance: Sector-wise highlights

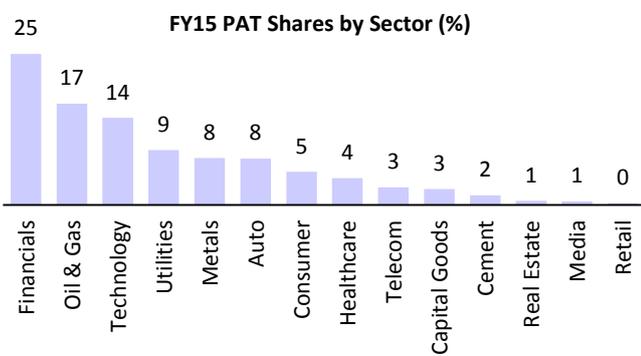
Sector (No of Companies)	PAT (INR b)				PAT CAGR (%)				ROE (%)				MOSL Univ. PAT Share (%)			
	FY03	FY08	FY15	FY17E	FY03-15	FY03-08	FY08-FY15	FY15-17E	FY03	FY08	FY15	FY17E	FY03	FY08	FY15	FY17E
Auto (11)	21	85	292	492	24	32	19	30	19	26	22	23	3	4	8	9
Capital Goods (12)	15	80	99	174	17	40	3	32	12	25	10	14	2	4	3	3
Cement (14)	7	97	60	146	20	69	-7	56	8	30	6	12	1	5	2	3
Consumer (15)	48	75	209	304	13	9	16	21	38	35	33	37	7	3	5	5
Financials (31)	141	341	951	1,395	17	19	16	21	30	14	15	16	22	16	25	25
Banks-Private (10)	25	90	376	540	26	30	23	20	18	11	15	17	4	4	10	10
Banks-PSU (10)	87	192	313	491	11	17	7	25	25	18	10	13	13	9	8	9
NBFC (11)	29	58	263	363	20	15	24	18	48	14	18	19	4	3	7	7
Healthcare (14)	17	51	169	280	21	25	19	29	25	21	20	22	3	2	4	5
Media (11)	3	5	21	46	18	10	24	47	25	7	14	22	0	0	1	1
Metals (9)	27	303	295	283	22	62	0	-2	15	26	10	9	4	14	8	5
Oil & Gas (12)	265	529	638	1,004	8	15	3	25	25	19	10	13	40	25	17	18
Real Estate (10)	1	91	26	47	30	142	-16	35	13	30	4	7	0	4	1	1
Retail (3)	0	2	10	15	41	61	28	23	7	24	22	23	0	0	0	0
Technology (11)	39	159	548	692	25	32	19	12	36	32	27	25	6	7	14	12
Telecom (4)	-4	133	110	129	L to P	L to P	-3	8	-3	22	8	8	-1	6	3	2
Utilities (10)	67	173	346	457	15	21	10	15	12	14	14	17	10	8	9	8
Others (25)	6	23	62	107	21	29	15	31	15	17	15	20	1	1	2	2
MOSL (192)	653	2,146	3,836	5,569	16	27	9	20	20	20	14	16	100	100	100	100

Source: Company, MOSL

PAT expands 5.9x in 12 years: A tale of two phases

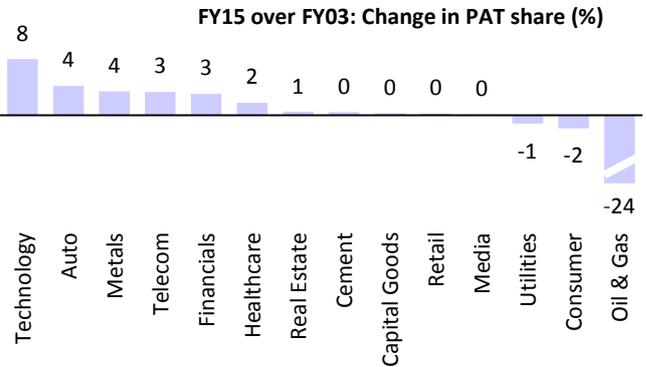
- India's GDP growth for FY15 may have retraced to FY03 levels, but India Inc's profits (significantly represented by the MOSL Universe) expanded 5.9x (at a CAGR of 16%) over these 12 years. The 12-year period can be broken down into two distinct phases:
- Phase 1 (FY03-08): Over these five years, average GDP growth was a robust 7.9% (v/s 5.6% in the preceding five years). As a result, corporate earnings more than trebled (i.e., a CAGR of 27%).
- Phase 2 (FY08-15): Over these seven years, average GDP growth slipped 2pp from preceding the five-year period to 7.1%. Corporate earnings, too, rose only 1.8x (i.e., a CAGR of 9%).

Exhibit 105: FY15 Profit Pool share (%)



Source: Company, MOSL

Exhibit 106: FY03-15: Technology share up 8pp, Oil as down 20pp



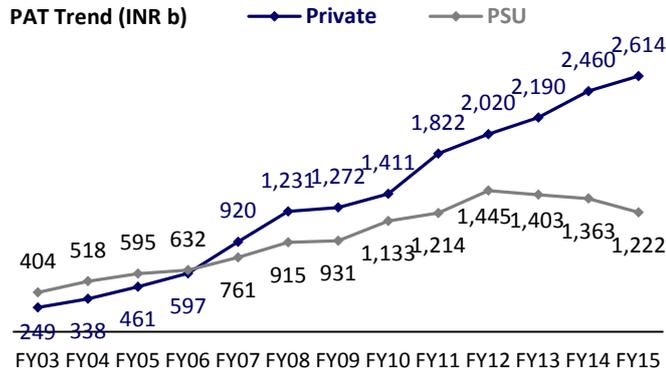
Source: Company, MOSL

PUBLIC v/s PRIVATE SECTOR The ultimate case study of value migration

Yet another key finding of our Profit Pool analysis is the significant value shift in India from the public sector to the private sector. Over FY03-15, the private sector emerged larger and superior to the public sector on every key metric:

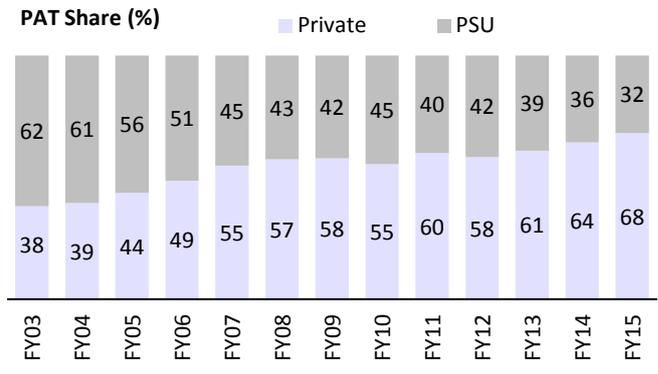
- **Absolute PAT levels:** Private sector PAT is now 113% higher than the public sector PAT v/s 40% lower in FY03
- **Profit share:** FY15 PAT mix is 68:32 in favor of the private sector, fully reversing the 62:38 in favor of the public sector in FY03.
- **Dividend payout:** In FY10, the private sector convincingly overtook the public sector in absolute dividends paid out. The gap has only widened since then.
- **Return on Equity:** Public sector aggregate RoE is down 11pp over the last 12 years v/s only 2pp for the private sector

Exhibit 107: Private sector profits—from 40% lower than public the sector in FY03 to 80% higher in FY15



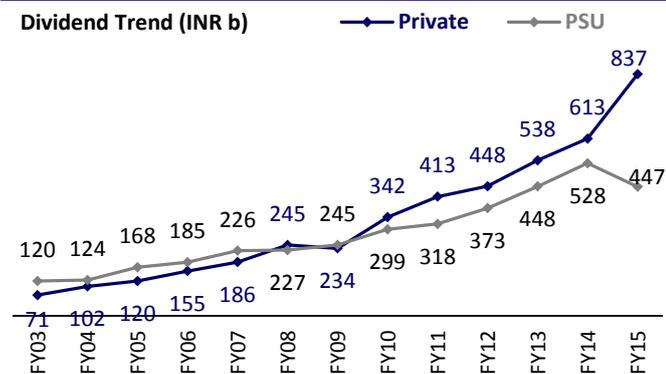
Source: Company, MOSL

Exhibit 108: Profit mix between private and public sector has exactly reversed in just 12 years



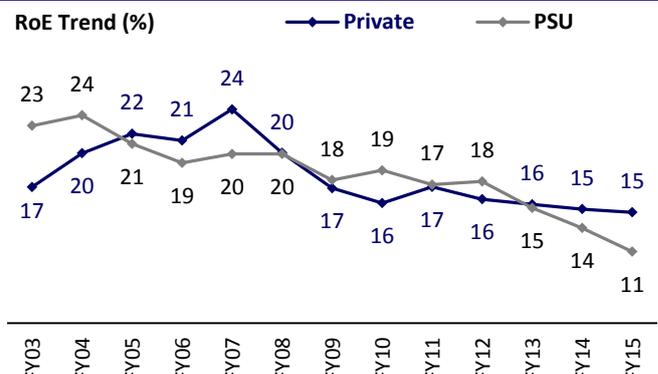
Source: Company, MOSL

Exhibit 109: Dividend trend follows PAT trend



Source: Company, MOSL

Exhibit 110: Public sector RoE damage also much higher than that for the private sector



Source: Company, MOSL

OIL & GAS Public sector oil refining & marketing companies—classic example of value destruction

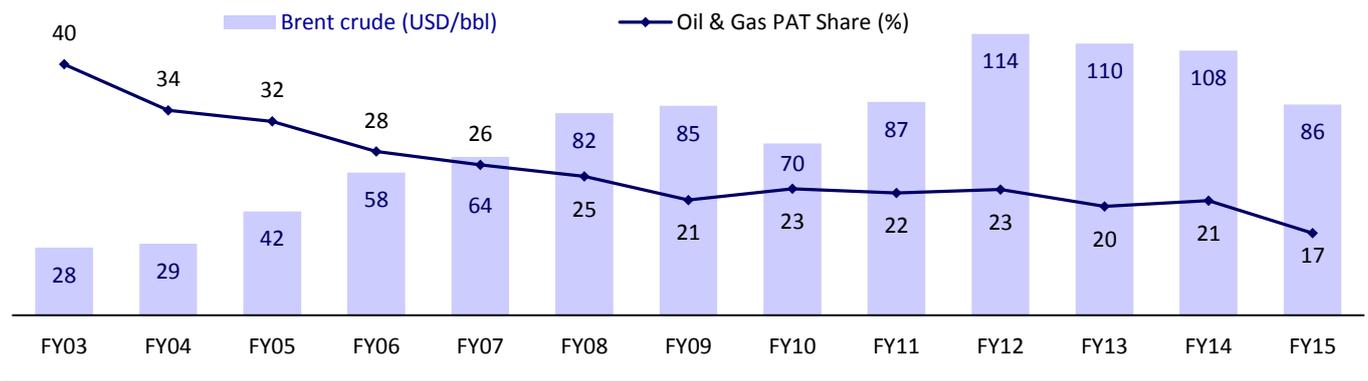
The public sector oil refining & marketing companies (RMs) present a classic example of value destruction in the public sector.

- In a large profit-pool, highly consolidated, steady volume-growth business, the aggregate PAT of IOC, HPCL and BPCL is marginally up from INR98b in FY03 to INR108b in FY15.
- PAT share is down from a high 15% of total in FY03 to a miniscule 3% in FY15
- Even as aggregate net worth has steadily increased, RoE has plunged from a superior 31% in FY03 to significantly below cost of equity (10%) in FY15.
- Needless to add, the RMs have significantly underperformed the markets over the last 12 years.

PAT share halves to 17% in the best era of crude prices

FY03-15 saw crude prices more than treble to over USD100 levels. Yet, over this 12-year period, share of Oil & Gas in corporate sector PAT halved from 40% in FY03 to 17% in FY15.

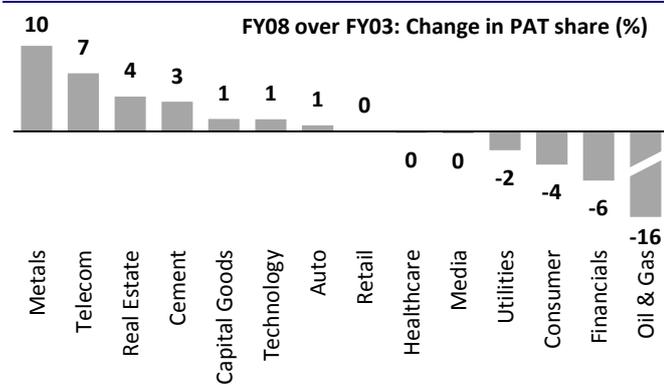
Exhibit 111: OIL & GAS: PAT share halves to 17% in the best era of crude prices



Source: Company, MOSL

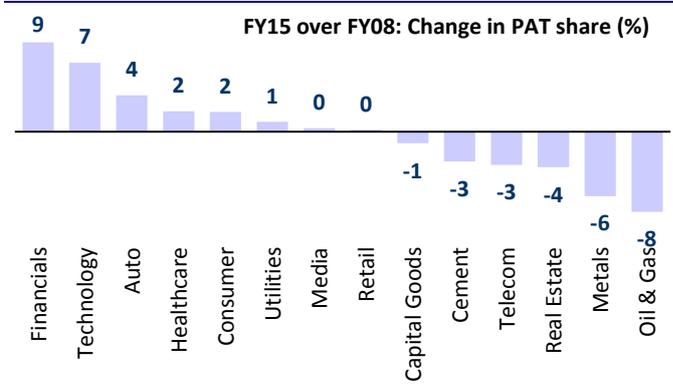
Oil & Gas is the only sector to lose share in both the boom and slowdown phases

Exhibit 112: FY03-08 change in PAT share (%)



Source: Company, MOSL

Exhibit 113: FY08-15 change in PAT share (%)



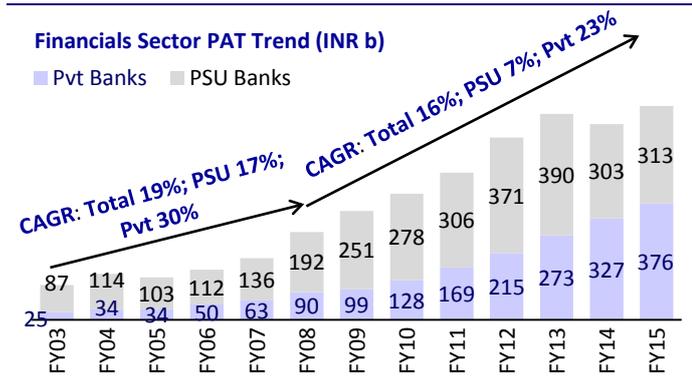
Source: Company, MOSL

FINANCIALS Private sector cashes in on public banks' slip

The Financials sector has been a steady performer over both the phases of FY03-15—PAT CAGR of 19% over FY03-08 and 16% over FY08-14. The sector's PAT share has also been stable around the average of 20% over the period. However, the aggregates conceal the internal churn within the sector.

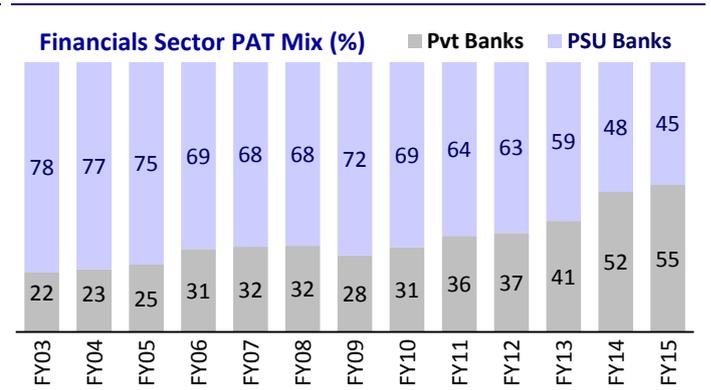
- In both the phases, private sector PAT CAGR is much higher than that of public sector banks—30% v/s 17% during FY03-08, and even more so in the slowdown phase of FY08-15 (at 23% v/s 7%).
- The growth differential has caused the sector PAT mix to dramatically shift in favor of the private sector at 55:45 for FY15 (22:79 in FY03)

Exhibit 114: FINANCIALS: Steady aggregate PAT growth, but significant differential between public and private



Source: Company, MOSL

Exhibit 115: FINANCIALS: FY14 PAT mix a virtual reversal of FY03 mix in favor of private sector

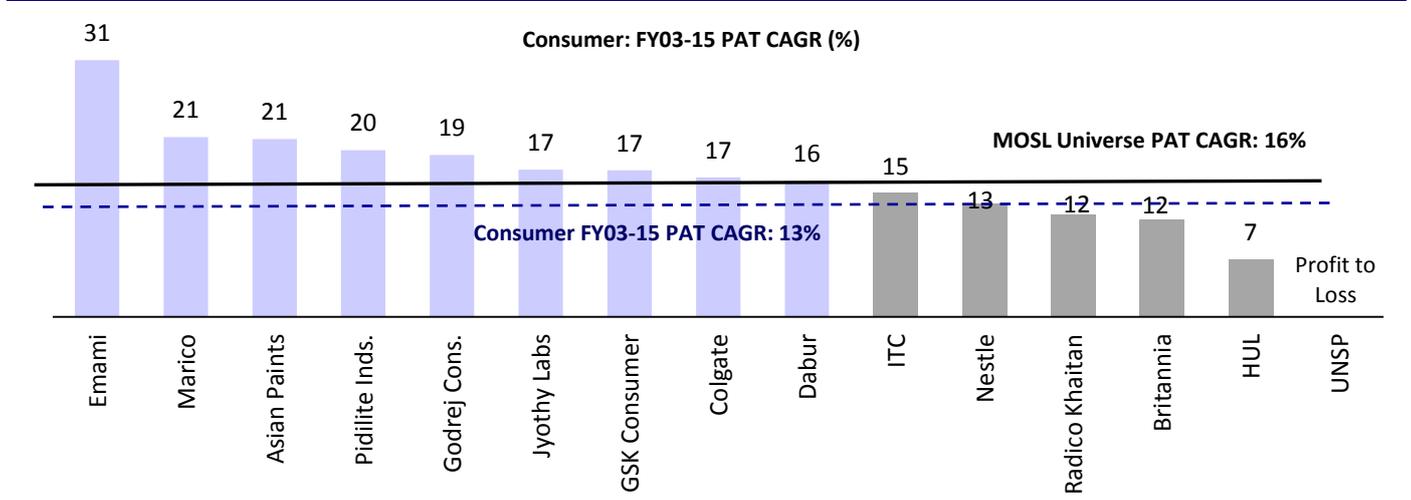


Source: Company, MOSL

CONSUMER Only a foul-weather friend? Not quite

- Consumer sector has underperformed, with FY03-15 PAT CAGR of only 13% v/s 16% for the MOSL Universe. Further, FY03-08 PAT CAGR was only 9% v/s 27% for the MOSL Universe. It was only during FY08-15 that Consumer PAT CAGR (16%) was) beat the MOSL Universe (9%).
- Also, every Consumer company's PAT CAGR during this phase was higher than 9%. Prima facie, this seems to suggest that Consumer is primarily a foul-weather friend (i.e., it outperforms only during periods of slowdown).

Exhibit 116: ITC and HUL have underperformed the Universe earnings over the past 12 years



Source: Company, MOSL

Based on the above, we expect some of the following potential themes to play out going forward

OIL & GAS Reforms can normalize earnings, resulting in significant growth

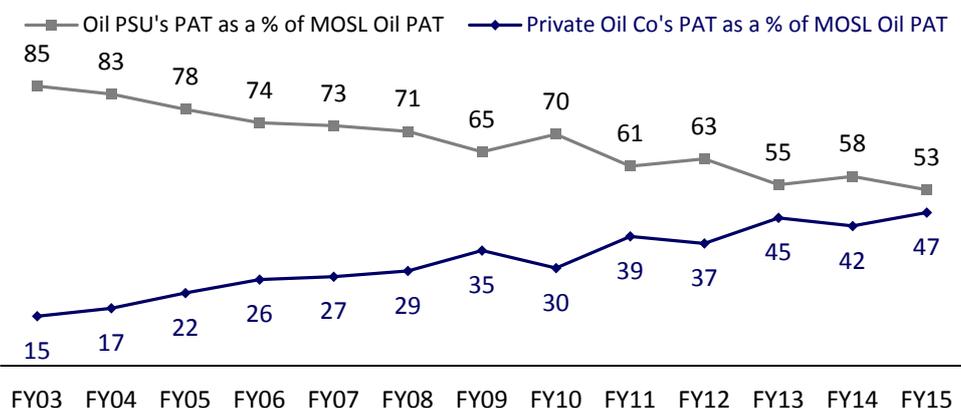
We believe that the oil sector deregulation and historical low oil prices provide a structural tailwind to oil marketing companies (HPCL, BPCL and IOCL). Despite the significant run-up in stock prices, they could again give substantial returns over the next two years.

We continue to remain very excited about the prospects of Indian oil & gas companies owing to:

1. **Diesel deregulation:** Diesel is now deregulated; the likely rationalization of LPG/kero subsidy, its sharing and lower oil prices will eliminate the subsidy problem.
2. **Likely multifold increase in downstream profitability:** Benign oil price will help petroleum marketers earn higher marketing margins, implying multifold increase in profitability (akin to the FY04-06 period).
3. **ONGC/OINL, now a direct play on oil:** Diesel deregulation has aligned ONGC/OINL earnings sensitivity directly to crude prices.
4. **Govt. focus change:** Management style changes led by new government to make oil companies accountable similar to the PSU turnaround in Gujarat.

Our top picks in the sector are OMCs (HPCL, BPCL and IOC). ONGC/OINL valuations are attractive and long-term rational subsidy-sharing formula is a key trigger for them.

Exhibit 117: PSU oil companies have suffered the most due to under-recoveries

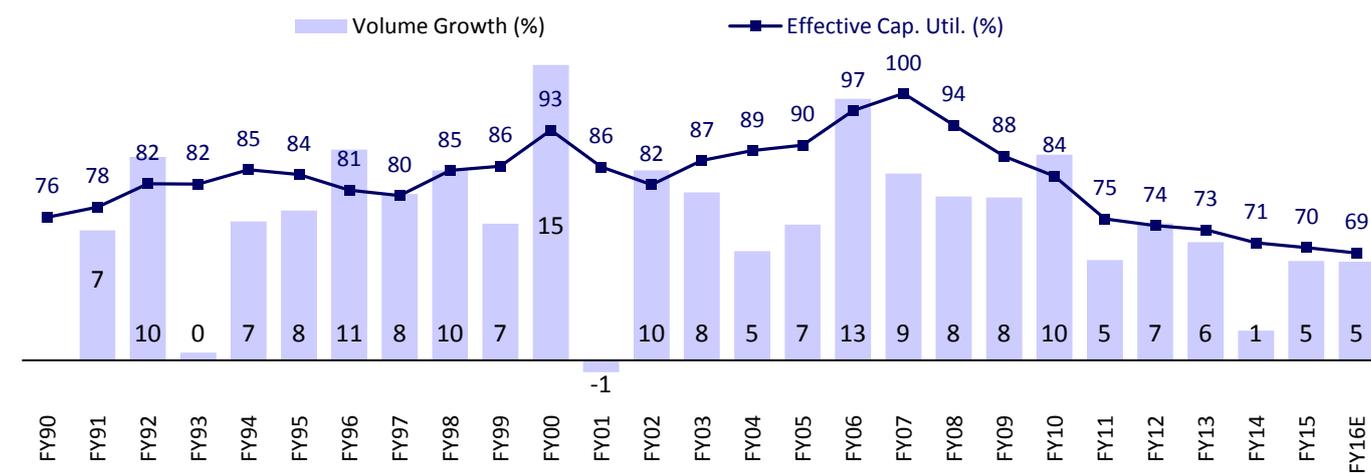


Source: Company, MOSL

CEMENT Utilization levels at decade low; expect improvement

- Imminent demand recovery (from lows of 4.7% CAGR over FY10-15) and slowing capacity addition (5.3% CAGR over FY15-17E) augurs well for improvement in utilization, pricing and profitability.
- Focus on cost cutting and falling debt levels bode well for strong earnings growth during recovery.
- We prefer UltraTech in large caps, and Dalmia Bharat, JK Lakshmi and JK Cement in mid-caps.

Exhibit 118: Capacity utilization (%) is at a 20-year low

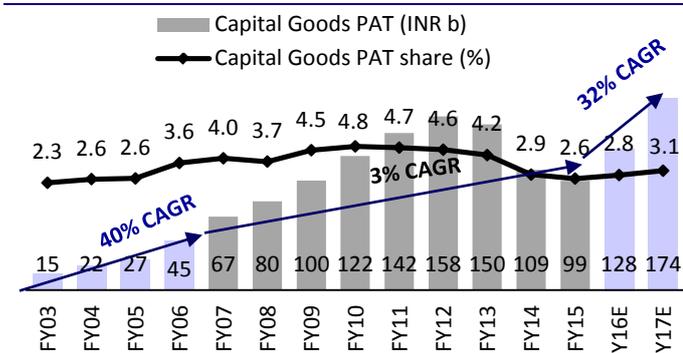


Source: Company, MOSL

CAPITAL GOODS Book-to-bill ratio on the rise; government spending to trigger growth?

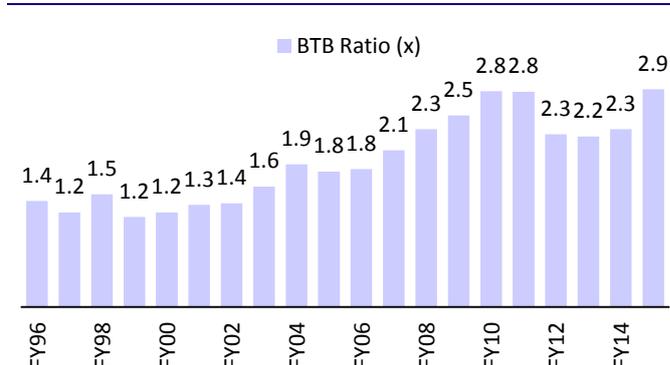
- PAT share of Capital Goods sector has declined from the peak of 4.7-4.8% to 2.6%, impacted by a complete collapse in the investment climate post FY11.
- Economic activity has gathered some pace, and the improvement in business confidence has created congenial conditions for restarting the investment cycle. Policy initiatives in land acquisition as well as efforts underway to i) unlock mining, ii) increase FDI limits, iii) expediting approvals and iv) supportive monetary conditions should create a conducive setting for industrial revival in the medium term.
- BTB for the capital goods companies have also increased, largely led by power BTG and infrastructure segments; industrial capex continues to be impacted. We expect robust earnings CAGR till FY17, supported by improved execution and operating leverage, and thus expect PAT share to increase to ~3.1% in FY17 (but still meaningfully below the peak of 4.8%).

Exhibit 119: PAT share drops to 2.6% in FY15



Source: Company, MOSL

Exhibit 120: BTB at its peak in FY15, led by L&T's robust order book of INR2.1t



Source: Company, MOSL

Two problem sectors for the government to work on

Financials and Utilities

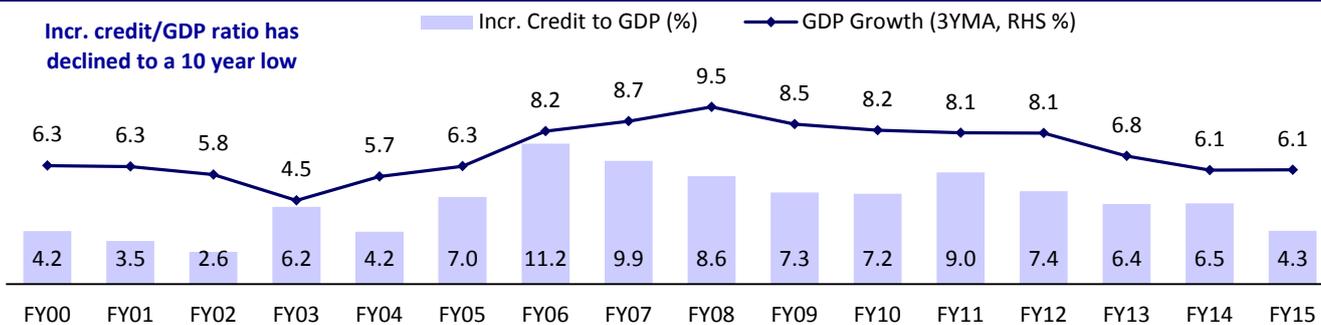


#1 FINANCIALS: PSU banks stuck in asset quality logjam

- Credit growth for the Indian banking system has declined to an 18-year low of 9.5%. Incremental credit-to-GDP ratio (4.3%) has almost halved since FY11, led by (a) continued weakness in economic environment, (b) asset quality stress in capex-intensive sectors, and (c) capital constraints at state-owned banks.
- Sensitive sectors like Infra, Metals and Textiles account for just 23% of the Banking sector’s advances; however, these sectors account for 50%+ of the stress assets and 65%+ of the total capex in the economy. Higher stress in these capex-intensive sectors is leading to a slowdown in aggregate demand.
- Total stressed assets of the banking system have quadrupled since 2008 (CAGR of 41% in absolute terms), with PSU Banks (~70% of banking system) accounting for 90%+. Absence of permanent management in MD & CEO positions is hampering decision-making abilities.
- Most state-owned banks are currently in capital conservation mode to meet the steep Basel III capital requirements. As per our estimates, equity capital requirements for the system is ~INR1.3t. The government’s plan to infuse USD3b/6b in FY16/17, in our view, would be sufficient only to meet the minimum requirements. Additionally, dismal valuations would make it difficult for these banks to raise capital from markets.

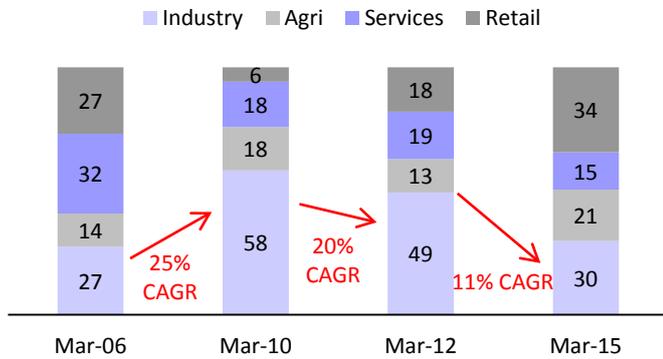
Credit growth near an 18-year low

Exhibit 121: Incremental credit-to-GDP ratio remains a key monitorable - ~50% of the incremental credit in FY15 was toward non-corporate sectors



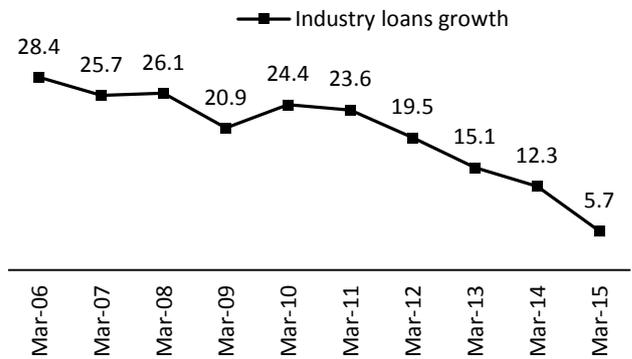
Source: Company, MOSL

Exhibit 122: Share of the industry in incremental loan growth has declined to a nine-year low of 30% (incremental growth mix %)



Source: Company, MOSL

Exhibit 123: Within the industry, bulk of the growth was driven by Infra segment (15% of loans)—demand from manufacturing remained tepid (% growth)



Source: Company, MOSL

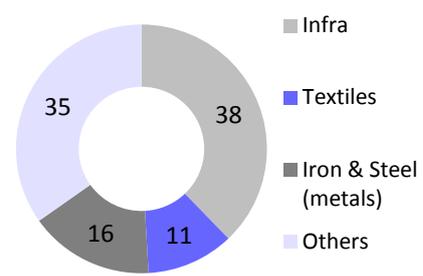
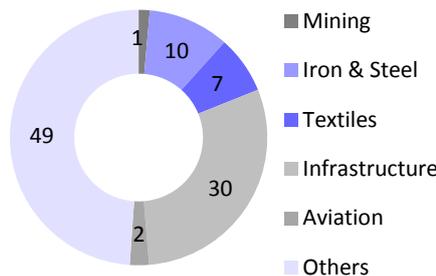
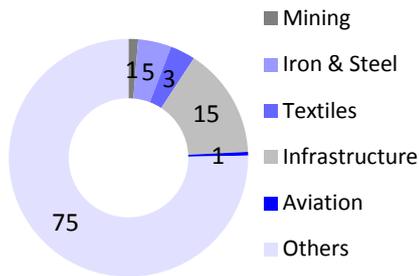
Stress in capex-intensive sectors holding back growth

Exhibit 124:

Infra, Metals and Textiles account for just 23% of the Banking sector's advances (%)

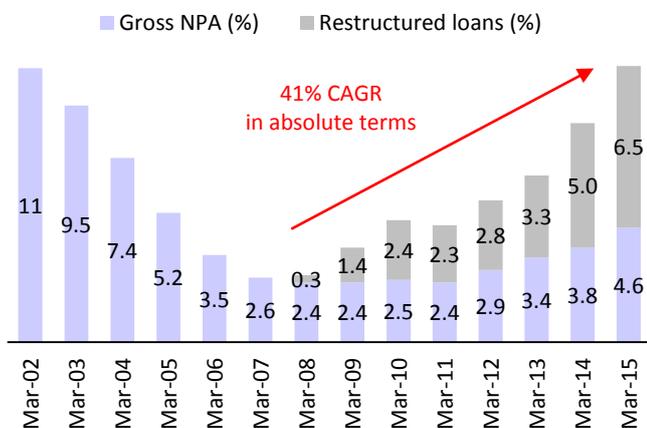
However, they account for ~50% of the stressed loans

And 65%+ of capex...Stress in these sectors is slowing down demand for loans



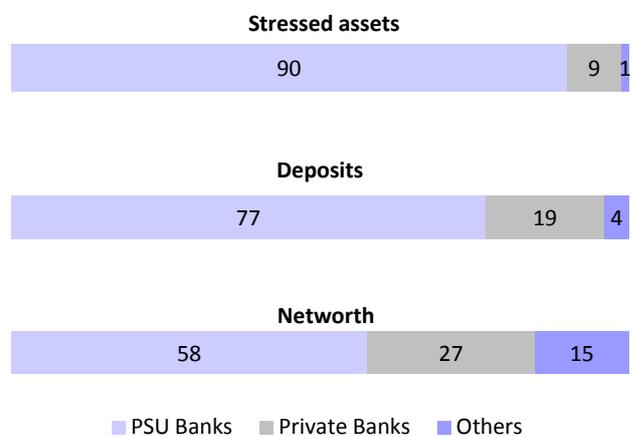
Source: Company, MOSL

Exhibit 125: 4x increase in stressed asset book of the banking system



Source: Company, MOSL

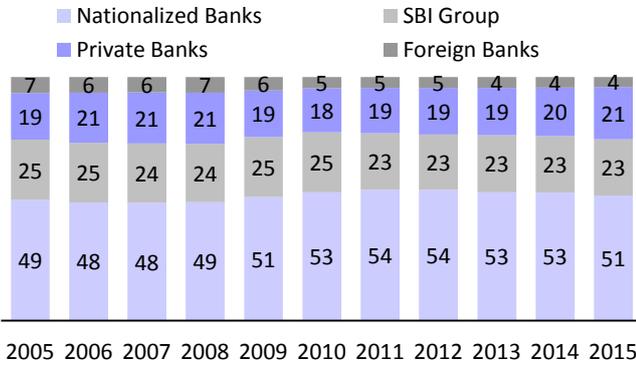
Exhibit 126: ...With PSU Banks accounting for 90%+ of the stressed assets



Source: Company, MOSL

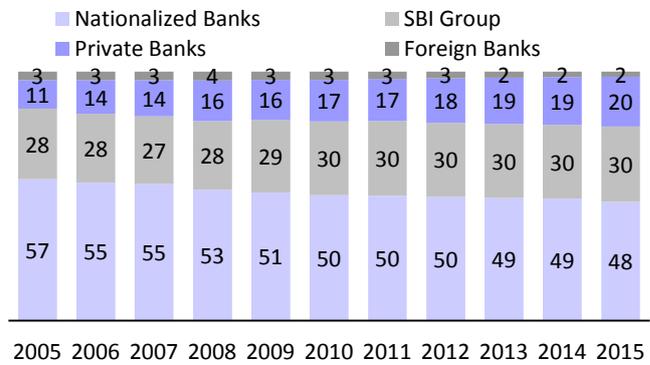
Nationalized banks losing ground...Very quickly

Exhibit 127: PSU banks have maintained loans MS with focus on corporate loans, while private banks continue to focus on retail (Loans MS %)



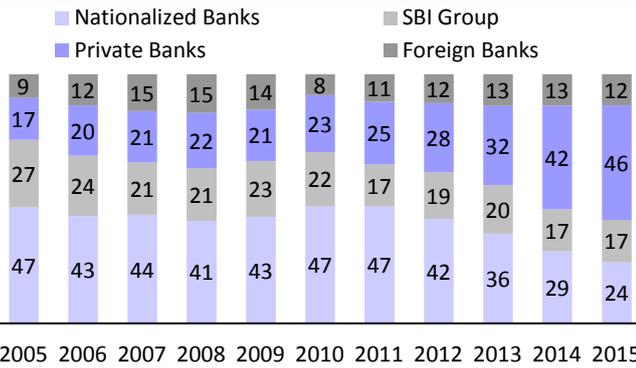
Source: Company, MOSL

Exhibit 128: Private banks focused on building granular liabilities profile, resulting in almost doubling of saving account market share over the last decade (SAMS %)



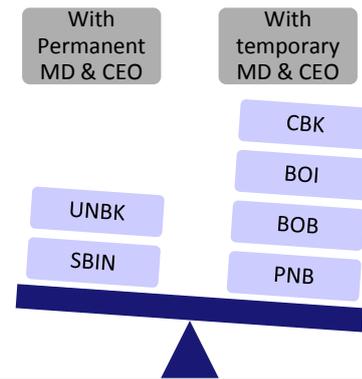
Source: Company, MOSL

Exhibit 129: Prudent underwriting policies and improving liabilities profile led to a sharp increase in profit market share (PAT MS %)



Source: Company, MOSL

Exhibit 130: Vacancy in leadership is adding to the woes!



Source: Company, MOSL

Capital requirements restricting growth

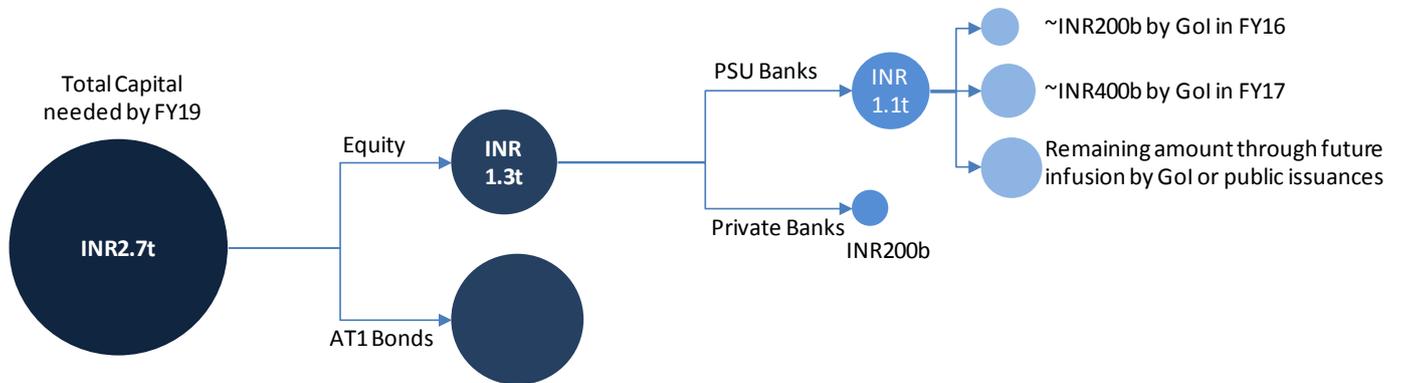
Equity capital requirement of the top 11 PSU banks (accounting for ~75% of PSU bank assets) is about INR900b by FY19; we estimate the equity capital requirement for the system to be ~INR1.3t.

Exhibit 131: Capital requirement (INR b)

Bank	CET1 %	Equity capital required by (CET1 of 9%: 1% above minimum req.)				AT1 Bonds required by (1.5%)			
		FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19
SBIN	9.3	0	0	0	0	59	157	173	197
PNB	8.7	1	48	73	103	67	78	91	107
BOB	9.8	0	0	8	31	18	68	91	107
BOI	7.2	67	124	159	199	61	71	84	98
CBK	7.4	53	106	145	191	57	67	79	92
UNBK	7.2	38	69	89	114	43	50	58	68
OBC	8.1	11	32	46	63	27	31	37	43
INBK	10.6	0	0	0	1	0	12	21	32
ANDB	7.5	15	31	41	53	21	24	29	33
ALBK	7.6	15	31	41	53	26	30	35	41
CRPBK	7.3	21	36	48	62	24	27	32	38
Top 11 Banks total		220	478	651	871	401	617	730	855

Source: Company, MOSL

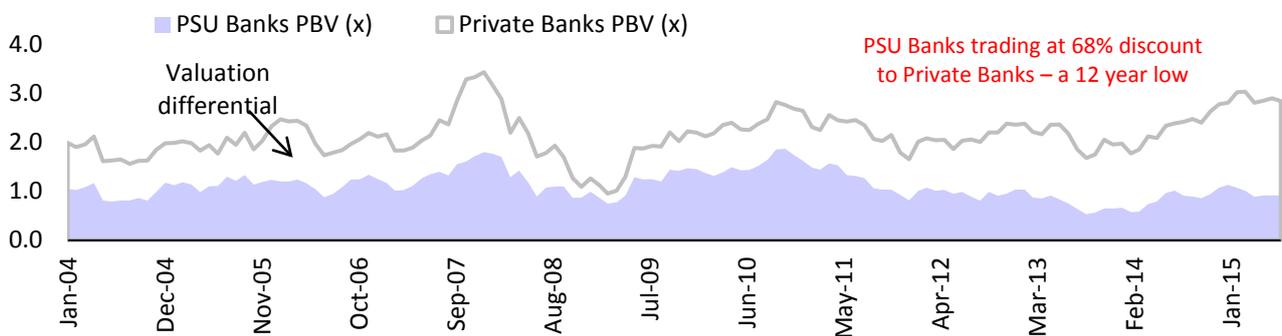
Exhibit 132: Government plans to infuse USD3b/6b in FY16/17; we believe this would be sufficient only to meet the minimum requirements. Raising AT1 Bonds remains an uphill task



Source: Company, MOSL

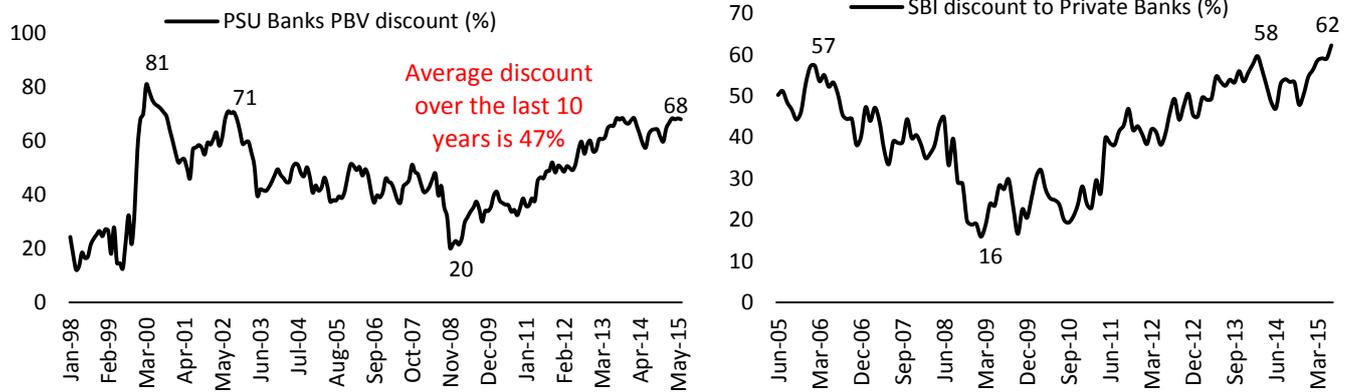
PSU bank valuations near multi-year low

Exhibit 133: Over the last four years, the P/BV discount has increased from 36% to ~68%—led by a sharp upgrade in private banks' multiples (2.9x now v/s 2.2x earlier)



Source: Company, MOSL

Exhibit 134: We expect gradual increase in PSU banks' multiples over the next three years, led by: (a) Pickup in economic growth allaying concerns over asset quality, (b) government reforms and measures to resolve stuck projects, (c) phased implementation of Nayak Committee report to improve corporate governance



Source: Company, MOSL

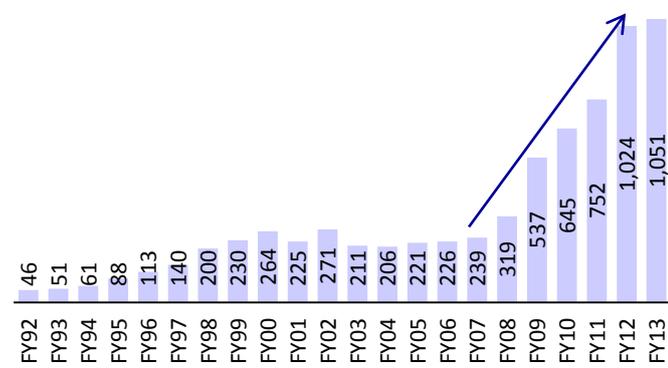


#2 UTILITIES: Power sector success hinges on DISCOMs' loss reduction

- Power sector has been grappling with issues like a) fuel supply availability (both coal and gas); b) weak demand led by DISCOMs' financial woes; c) aggressive bidding and distress financials of developers.
- While government's push toward ramping up domestic coal production and making gas supply available through subsidy mechanism is encouraging, lack of focus on revitalizing DISCOMs' financials will lead to poor end-result.
- Power demand growth for FY14 stood at 0.7%, while it is down 0.8% in YTFY15. Coal and gas projects' PLFs are down 14ppt and 48ppt, respectively, over FY10-15; this, along with aggressive bidding, cost increases and high leveraging has led to stressed financials of private IPPs.

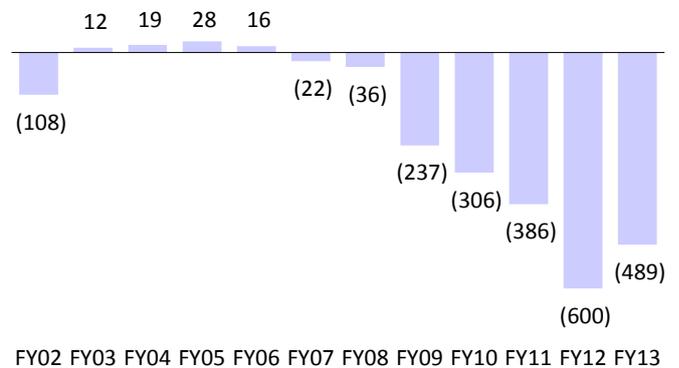
DISCOMs: Commercial losses up 5x over FY08-13

Exhibit 135: Commercial losses of INR1t annually



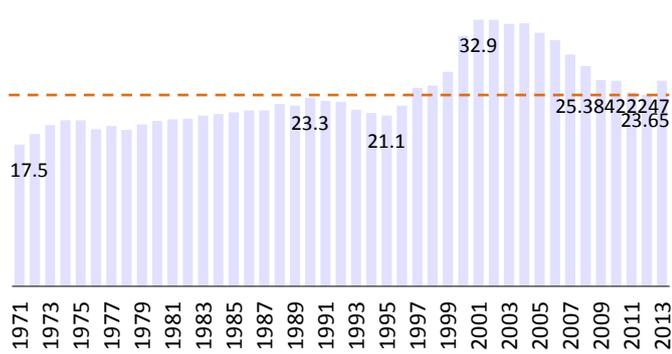
Source: Company, MOSL

Exhibit 136: Cash losses of INR500b annually



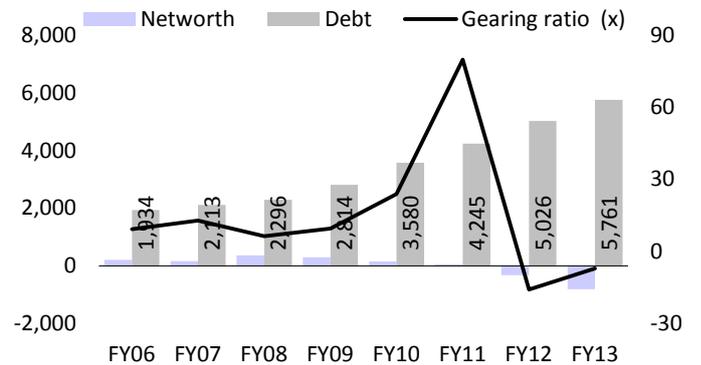
Source: Company, MOSL

Exhibit 137: T&D losses remain elevated (%)



Source: Company, MOSL

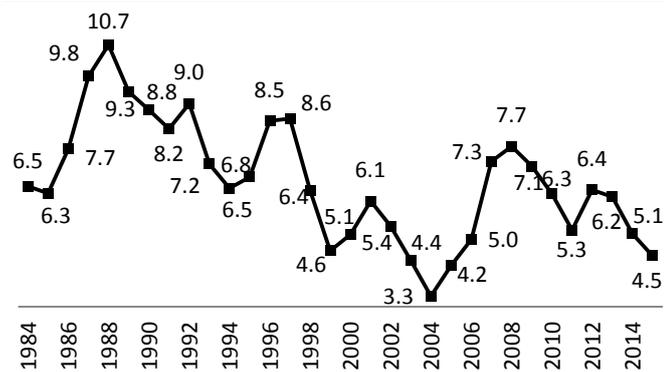
Exhibit 138: DISCOMs' INR6t debt servicing ability remains poor



Source: Company, MOSL

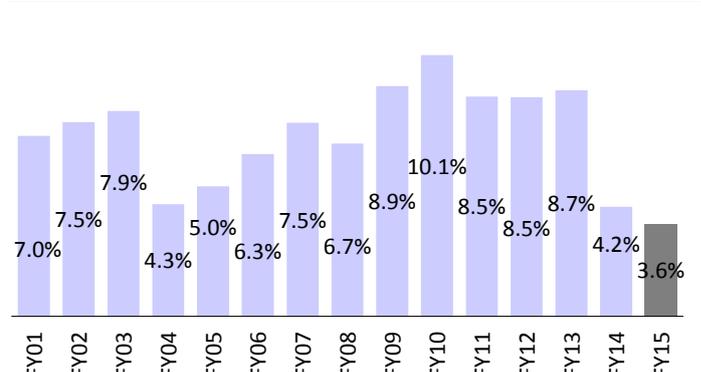
Key macro indicator in shambles

Exhibit 139: Power demand on three-year rolling CAGR basis is trending down (%)



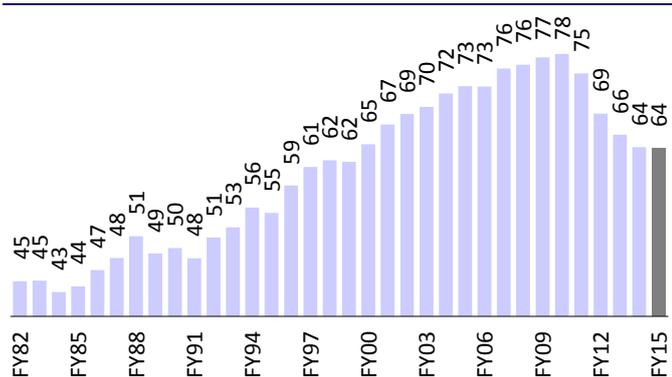
Source: Company, MOSL

Exhibit 140: Deficit near all-time low, partly aided by improved supply (%)



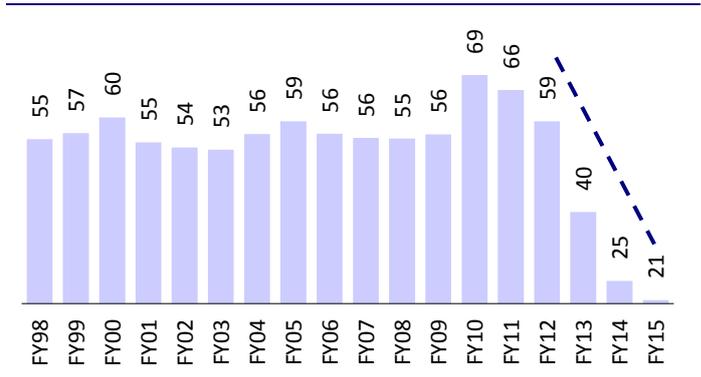
Source: Company, MOSL

Exhibit 141: Coal project PLF down 14ppt over FY10-15



Source: Company, MOSL

Exhibit 142: Gas project PLF down 48ppt over FY10-15



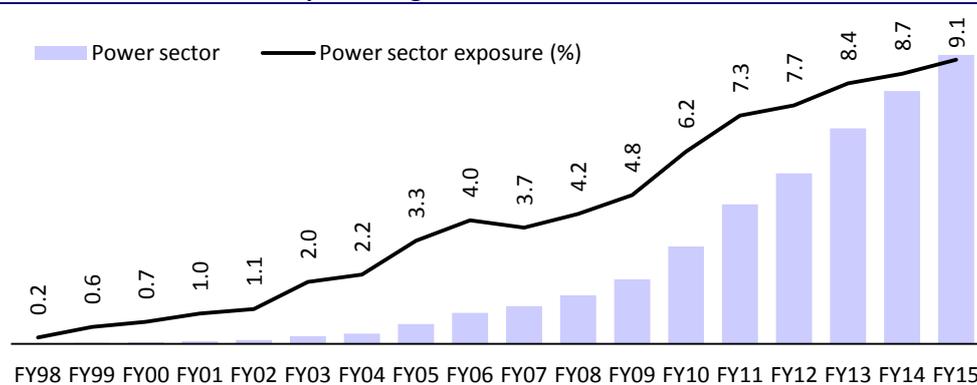
Source: Company, MOSL

Exhibit 143: IPPs face high losses, gearing

Company Name	Consolidated PAT (INR b)			Consolidated DER (x)	
	FY13	FY14	FY15	FY14	FY15
Adani Power	-23	-3	-8	6.1	7.2
GMR Infra	-3	-4	-27	4.5	6.1
GVK Power	-3	-4	-8	7.9	11.5
Jaiprakash Power	4	0	2	3.9	4.2
KSK Energy	2	-2	-3	4.5	5.6
Lanco Infratech	-11	-23	-20	23.9	-84.1
RattanIndia Power	-1	-1	-7	1.9	2.1
Tata Power	-1	-3	2	2.8	2.6

Source: Company, MOSL

Exhibit 144: Power sector exposure high at 10% of financial for the financial sector



Source: Company, MOSL

ECONOMY

A strong macro at early stage of recovery to create a virtuous investment cycle

Revenue buoyancy on growth to accelerate fiscal correction



- Tax-GDP ratio increased by around 400bp in the previous upcycle between FY02 to FY08. The current phase of fiscal consolidation is being achieved on the back of expenditure compression and increased tax effort. However, a repeat of tax buoyancy seen in the previous upcycle would allow accelerated reduction in fiscal deficit to as low as 2% by FY20.
- Higher revenue, besides fiscal correction, would allow a jump in government expenditure. Together with an expenditure switch towards capex spend away from subsidy this would act as a big booster to investments in general.
- While many private infrastructure companies came up in the previous cycle ploughing sizable investments in the economy; the winners of the current cycle are likely to be those well positioned to benefit from the direction of the economy that the government is seeking to give in the next five years.
- The fiscal discipline and macro stability should bring in its wake a revision in the rating of India several notches higher than the current investment grade, particularly when the criteria laid out by S&P in its Sep-14 rating outlook upgrade have all been satisfied by a comfortable margin and countries with comparable macro parameters and credit history enjoy much higher ratings.
- On the inflation front, government has taken a multitude of measures to ensure that the backbone of food inflation is broken through a series of intervention aimed at curbing prices, providing subsidy and other forms of support, improved co-ordination with the states and smoothing the supply chain to ensure higher food availability. Other drivers of inflation viz., global commodity and food prices, rural wage and pressure points on inflation in the nature of premium food have all eased.
- The structural decline in inflation can take the interest rate and bond yield to a level even lower than the low point of previous cycle particularly when net market borrowing by the government is slated to decline in absolute terms releasing a good deal of financial savings to be channelized into other forms of investments.
- After the bouts of volatility during late 2013, INR has returned to stability to emerge as one of the best performing among the major currencies barring the dollar pegged ones. The external stability parameters have also strengthened on the back of increased capital flows.
- Greenshoots of a capex recovery on the back of higher public spend towards infrastructure are visible already with CMIE capex data, recovery of IIP capital goods and sectors facing the focus areas of the government showing an uptrend. However, the biggest silver lining comes from a marked improvement in credit quality and some decline in the indebtedness of infra companies that makes them lendable again. With interest rate cycle headed south and selective push from the government this indeed is a more surefooted recipe for investment recovery.

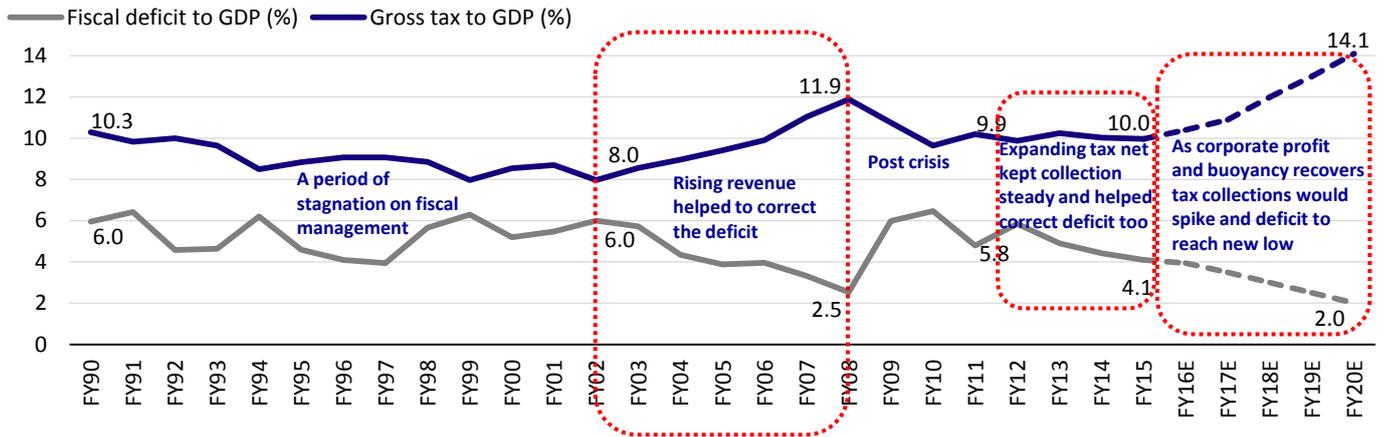
Rise in tax-to-GDP ratio a key catalyst

- The current phase of fiscal correction has been achieved on the back of expenditure compression, particularly towards the end of the year, and one-off revenue flows – spectrum auction and disinvestment.
- The 350bp correction in fiscal deficit (as percentage of GDP) over FY02-FY08 was however, achieved on the back of sharp rise in revenue buoyancy (~400bp rise in gross tax to GDP ratio), as corporate profit surged during the upturn.
- Fiscal stimulus during the post crisis phase had taken the shape of both tax concessions and expenditure spike. This swelled the deficit back by 400bp.

Subsequently, while revenue was steadied through higher tax effort, deficit reduction was mainly achieved through expenditure reduction.

- As growth and corporate profitability returns, there would be a surge in tax collection. A 400bp rise in tax-to-GDP in the coming cycle would pave the way for an accelerated decline in deficit to just 2% by 2020.

Exhibit 145: Revenue buoyancy of 400bp in FY02-08 economic upcycle – an equivalent jump now would take deficit to new low

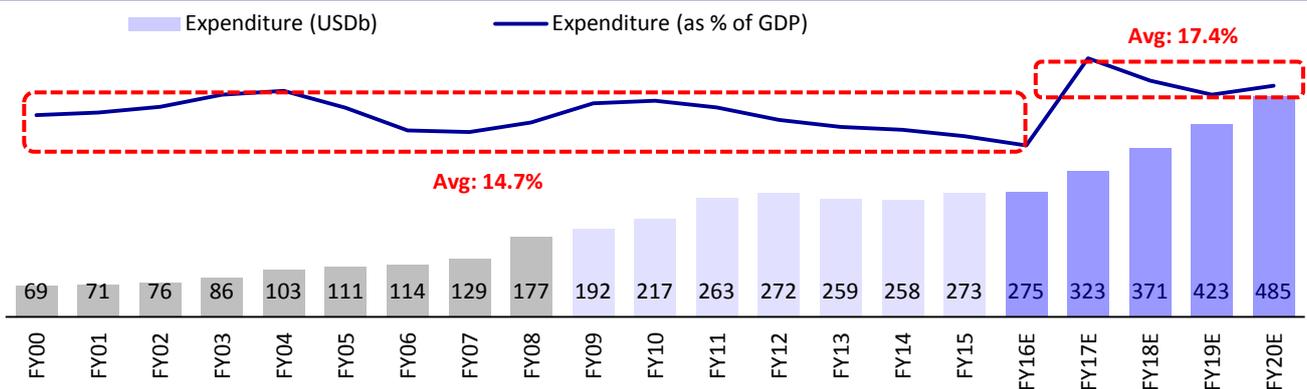


Source: Government, MOSL

Higher revenue creates space for public sector led capex drive

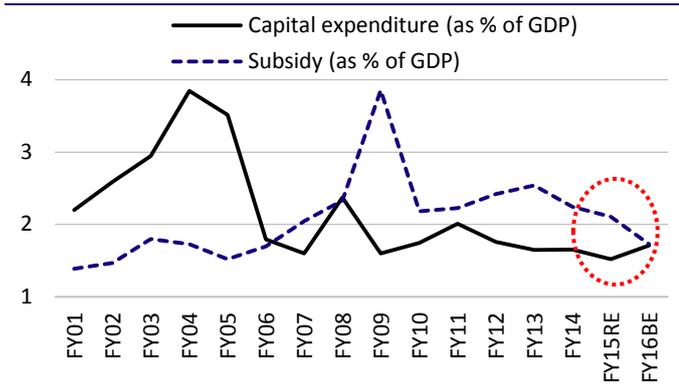
- Besides sharper fiscal correction, revenue buoyancy would allow a jump in government expenditure.
- When channelized to capex spend and away from subsidy, this would add a significant multiplier to the economy.
- Signs of public sector led capex drive are visible already, with higher share in new projects and project under execution.

Exhibit 146: A cyclical surge in revenue to create space for expenditure boon too



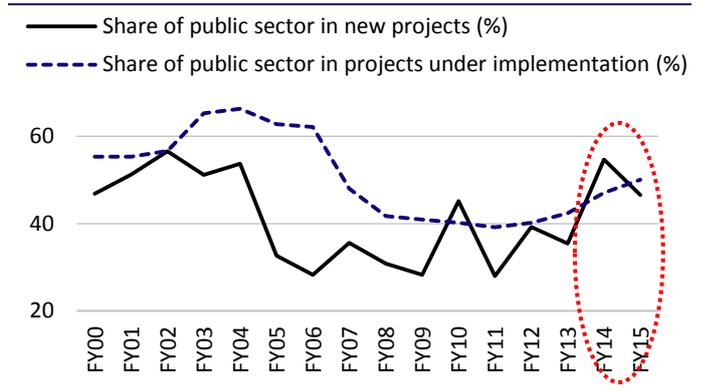
Source: Government, MOSL

Exhibit 147: Expenditure pattern shifting from subsidy to capital expenditure



Source: Government, MOSL

Exhibit 148: Expenditure pattern shifting from subsidy to capital expenditure

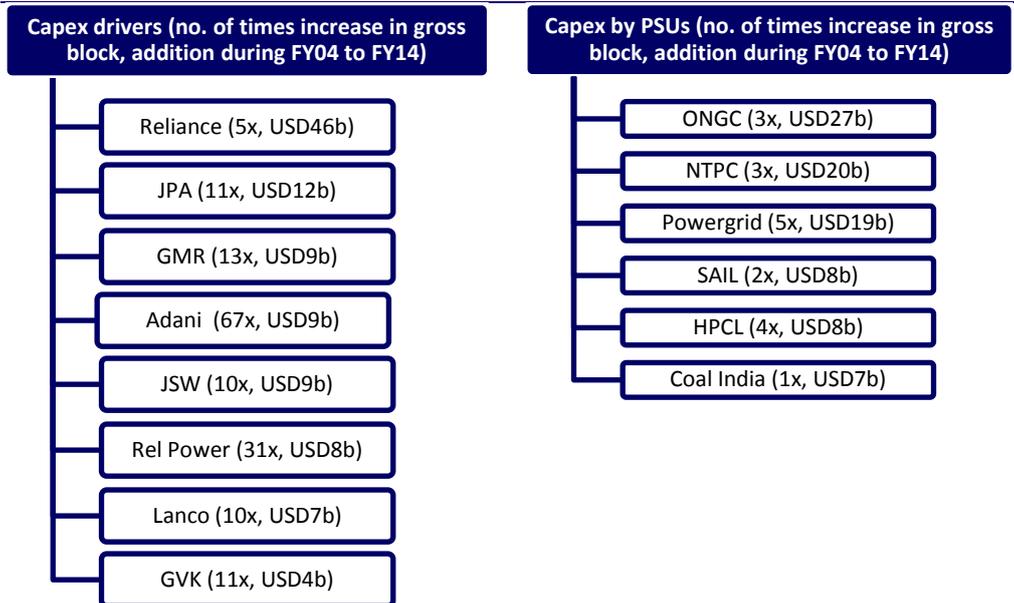


Source: Government, MOSL

Public spending to drive investment cycle in this round

- Infra players, particularly in the private sector, performed remarkably well in the last cycle.
- The capex drivers in the coming upcycle would be players in greater alignment to the selective push the government is providing in the areas of rail, defense, power, roads and urbanization.

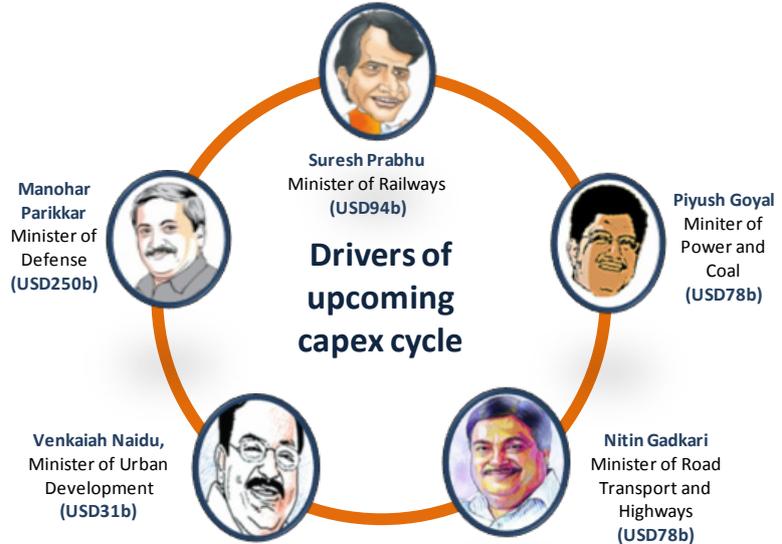
Exhibit 149: Rise in capex spend in the last decade



Source: Government, MOSL

Note: Increase in gross block includes CWIP and calculated during the period FY04-FY14. However, for calculation of no. of times above, the initial period is reckoned as the year when they gained a minimum size and differs for a few companies – GMR (FY05), GVK and Coal India (FY06), Adani and Lanco (FY07), Reliance Power (FY08).

Exhibit 150: Government would be a significant catalyst for coming capex cycle



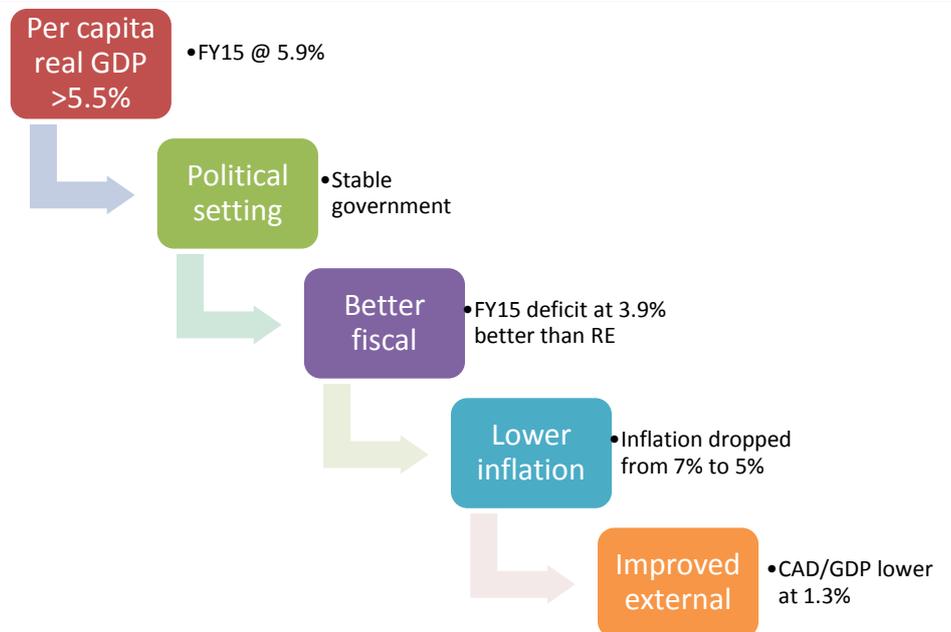
Figures in USDb indicate capex planned over next 5 years

Source: Government, MOSL

Likely rating upgrade, as most conditions satisfied

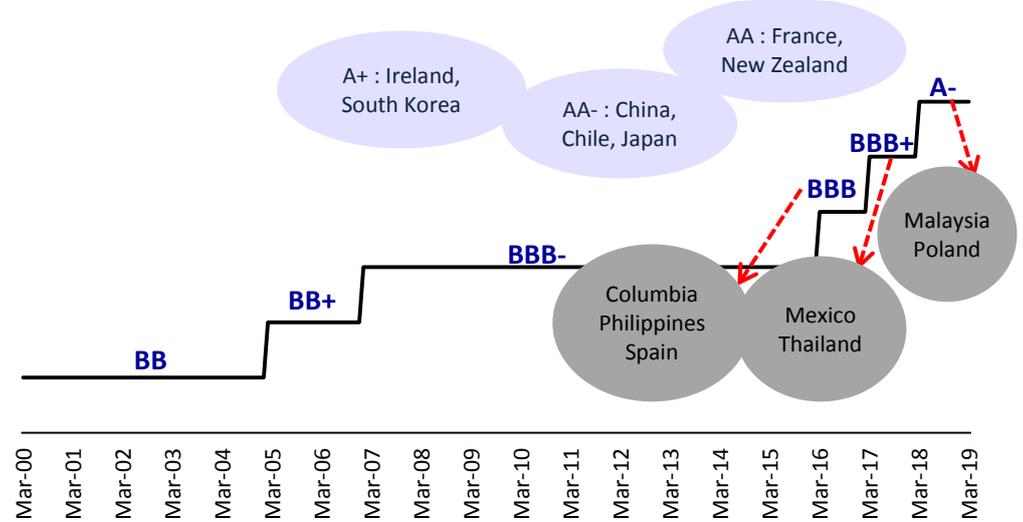
- India satisfies most conditions put forward by S&P in September 2014 for a rating upgrade.
- This calls for a rating upgrade several notches above the current *BBB-* status, given the macro fundamentals of peer countries.

Exhibit 151: Most criteria put forward by S&P in Sep-14 outlook upgrade have been satisfied



Source: S&P, MOSL

Exhibit 152: India rating may improve on better macro fundamentals (S&P rating)



Source: S&P, MOSL

The backbone of inflation has been broken finally

Government used its iron hand to deal with inflation

- Since the current government assumed office, it has taken several measures to ensure that food inflation collapses.
- Successive years of low rainfall prospects posed challenges on the way. The government has also prepared a contingency plan to deal with possible setback to rural income.

A contingency plan to deal with monsoon fallout

- 1 Plan to increase employment days under MGNREGA to 150 from current 100
- 2 Resort to large scale imports to check the prices of pulses
- 3 A new crop insurance policy
- 4 Wider dissemination through exclusive farmers' channel; agro advisors
- 5 States directed to keep adequate quantity of seeds besides other inputs such as fertilisers, micro nutrients and pesticides
- 6 District wise contingency plans in consultation with state governments
- 7 Ensure coal availability to make do for any shortfall in hydro power

Exhibit 153: How government broke the back of food inflation

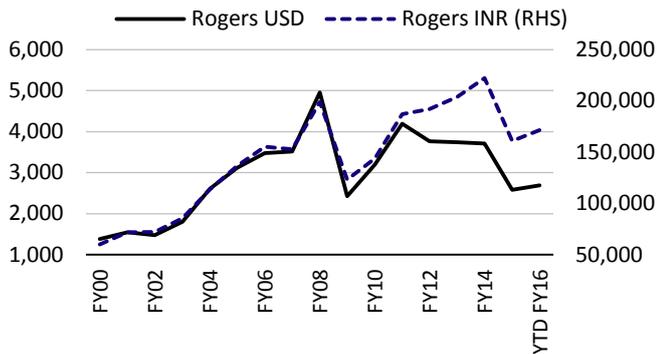
<p>1 Prices</p> <ul style="list-style-type: none"> Just 2% MSP hike in FY15 and 3% in FY16 Import duty for wheat, onion and pulses reduced to zero Imposes stock limit for on essential commodities (EC) and includes onion and potato under EC Raises minimum export prices (MEP) for onion and imposes MEP on potato (later withdrawn); suspends sugar export subsidy Price stabilization fund for onion and tomato 	<p>2 Subsidy / Support</p> <ul style="list-style-type: none"> Enhanced subsidy for crop loan Wins support of US for WTO peace clause Release of subsidy for fertilizer sector Expands NREGA to include agricultural activities Asks SLBCs to restructure crop loan Continues with the interest subvention scheme
<p>3 Co-ordination with States</p> <ul style="list-style-type: none"> Withdrawal where States announce additional MSP Advises States to delist fruits and vegetables from APMC Advises States to implement Model APMC Act Drought mitigation measures taken Increases relief from NDRF to farmers by 50% 	<p>4 Food availability / Supply chain</p> <ul style="list-style-type: none"> Food Security Act deadline extended More allocation for TPDS/BPL and FSA Exploring sea route for transport Hoarding made a non-bail able offence Gains support of US on WTO stand on food security

Source: Government, MOSL

Other drivers of inflation too are at low ebb

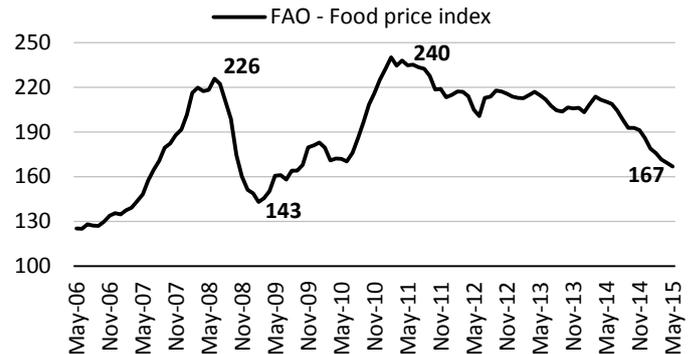
- In USD terms, global prices have retreated by six years to FY09. In INR terms, they are ruling at levels lower than in FY11 and FY08. Even global food prices have walked back by five years.
- Domestic drivers such as rural wage growth and pressure points such as vegetables, fruits and protein items are at lower single-digit levels.

Exhibit 154: International commodity prices are at low ebb



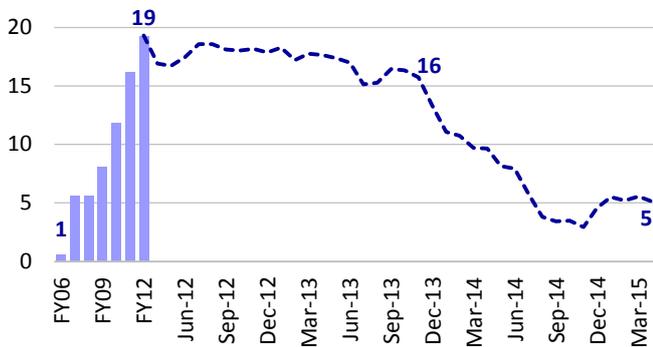
Source: Government, MOSL

Exhibit 155: Even global food prices are ruling at levels five years ago



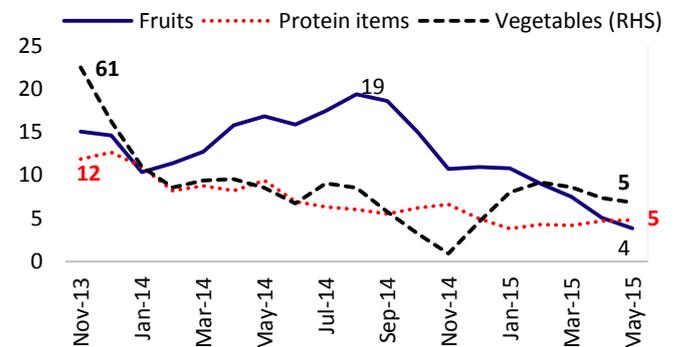
Source: Government, MOSL

Exhibit 156: Rural wage growth has fallen to low single digit



Source: Government, MOSL

Exhibit 157: Pressure points on inflation have eased (CPI – %YoY)

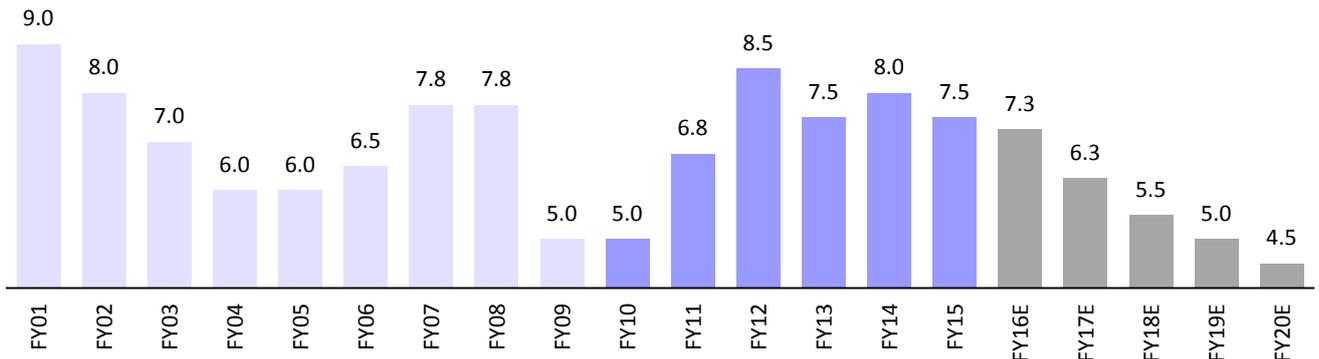


Source: Government, MOSL

The case for low inflation driving rates lower

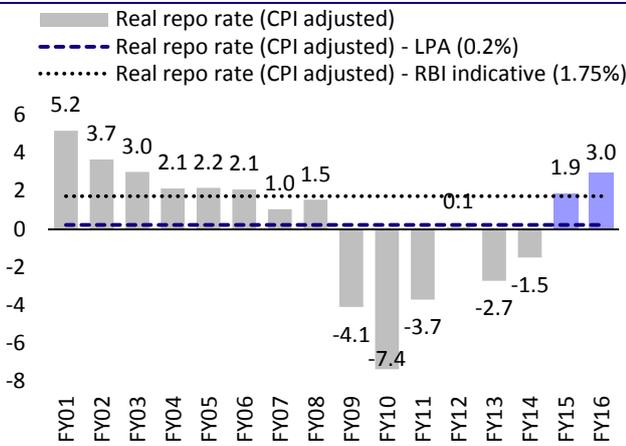
- As inflation corrects structurally, repo rates could touch a new low of 4.5% by 2020.
- At the current pace of rate reduction, real rates are rising rapidly and significantly above the RBI’s target range of 1.5-2%.
- With declining producer prices, real rates facing them would exceed GDP growth rate soon.

Exhibit 158: Expect RBI to eventually take repo rates lower than in the previous cycle



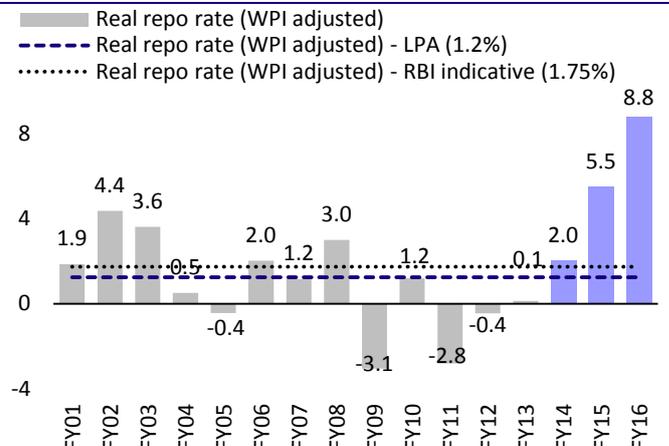
Source: RBI, MOSL

Exhibit 159: Real rates are rising fast to make it more a savers' economy



Source: RBI, Government, MOSL

Exhibit 160: For producers facing WPI, this has become really hard

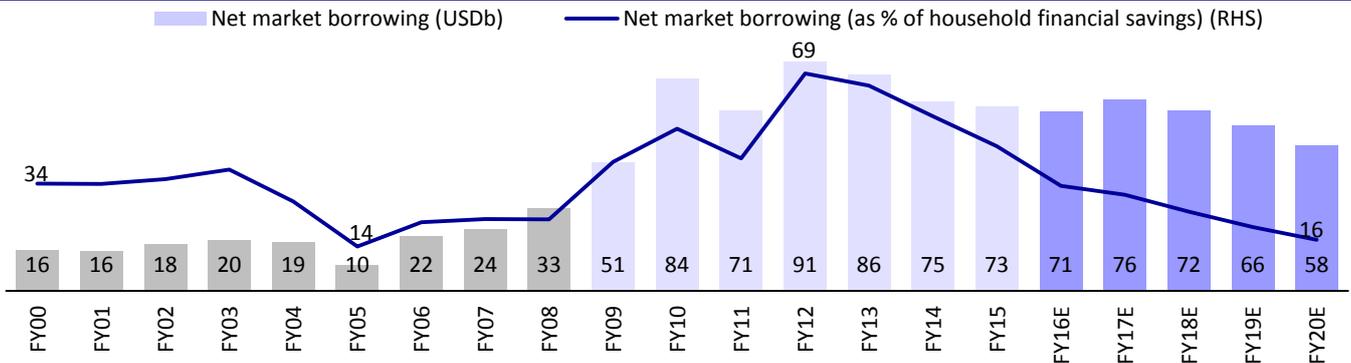


Source: RBI, Government, MOSL

Lower borrowing to lead to sizable drop in 10-year yields

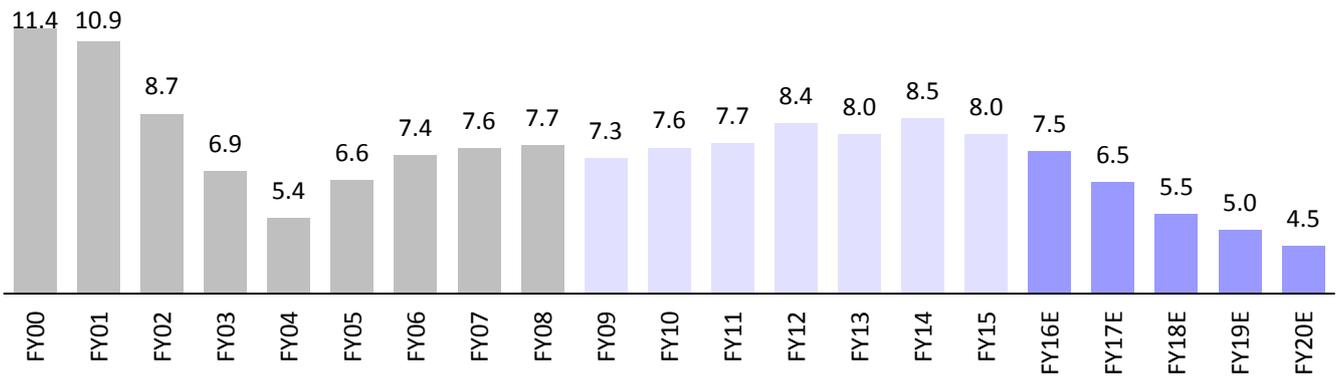
- Sharper than expected drop in fiscal deficit would imply a decline in absolute borrowing.
- Higher flow of financial savings on the other hand would create shortage.
- This would result in very sharp drop in government yield, taking it to lower than the previous cycle.

Exhibit 161: Net market borrowing to go down in absolute terms releasing a lot of financial savings for equity market



Source: Government, RBI, MOSL

Exhibit 162: 10-year yields may crash to see a new bottom in the coming cycle on account of this



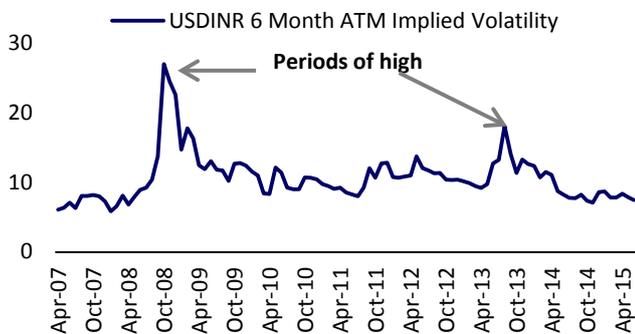
Source: Government, RBI, MOSL

INR stable and most resilient among major currencies

To ward off external threats, limiting their impact

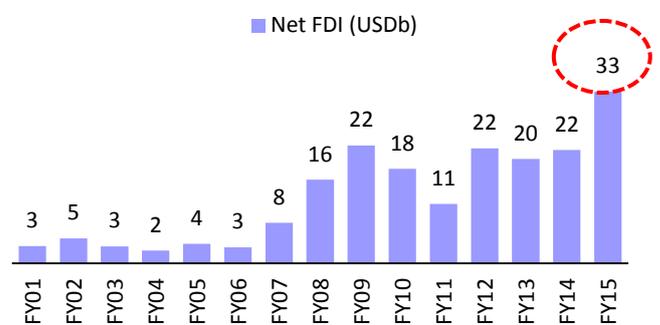
- INR has returned to stability, as foreign investment flows have remained buoyant. Excess capital flow was used to spike up reserves by around USD80b since Dr Rajan assumed office, resulting in upturn in import cover to 11 months from the low of 7 months in FY13.
- The INR has outperformed most major currencies, barring the ones pegged with the USD.

Exhibit 163: Currency volatility has come down significantly



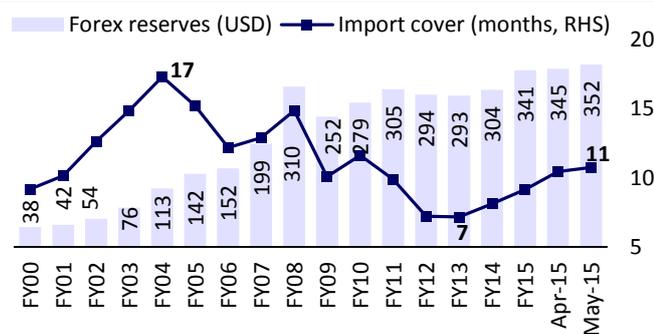
Source: RBI, Government, MOSL

Exhibit 164: FDI flows have revived too



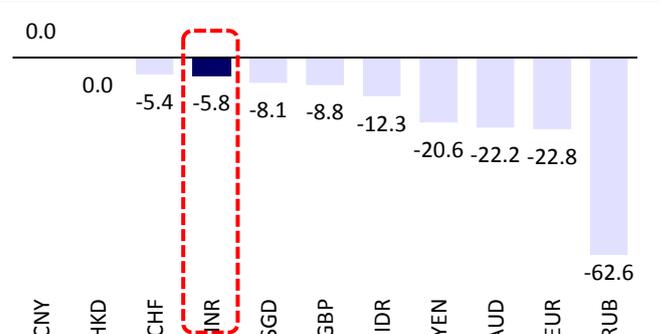
Source: RBI, Government, MOSL

Exhibit 165: Exhibit 166: Forex balance and reserves cover comfortable



Source: RBI, Government, MOSL

Exhibit 167: In the last one year, INR has been more stable – USD-pegged currencies the exceptions

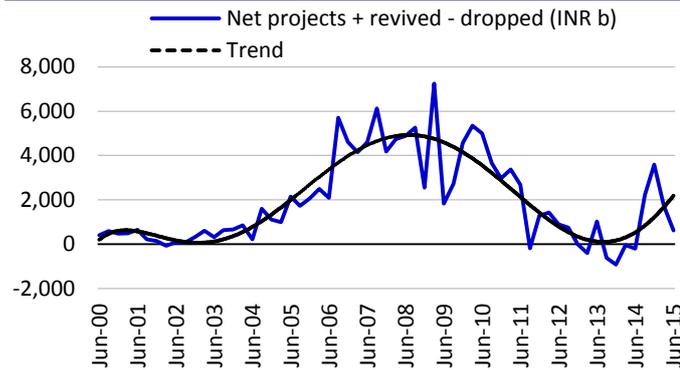


Source: RBI, Government, MOSL

Greenshoots of a revival of the capex cycle

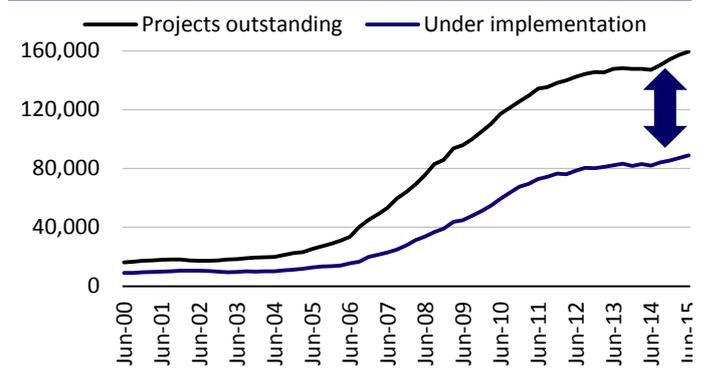
- CMIE data indicate an upturn in capex activity. Though the data indicate volatility, the quantum of projects under implementation and outstanding has started growing again after a period of lull. The government has provided some thrust to this revival, with higher share of public sector.
- The recovery of IIP from no growth to 2.8% in FY15 was also on the back of 6.3% growth in capital goods.

Exhibit 168: Some rise in net additions to new and revived projects



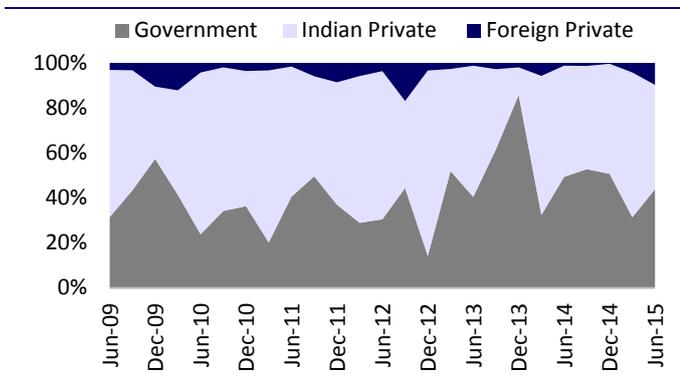
Source: RBI, Government, MOSL

Exhibit 169: Projects outstanding and under implementation is rising



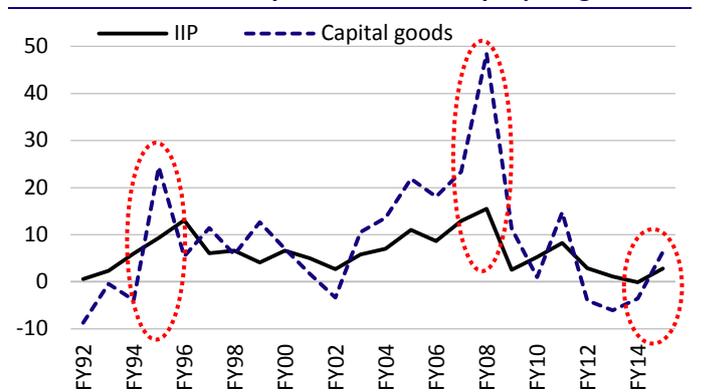
Source: RBI, Government, MOSL

Exhibit 170: Government is providing the initial push for investment



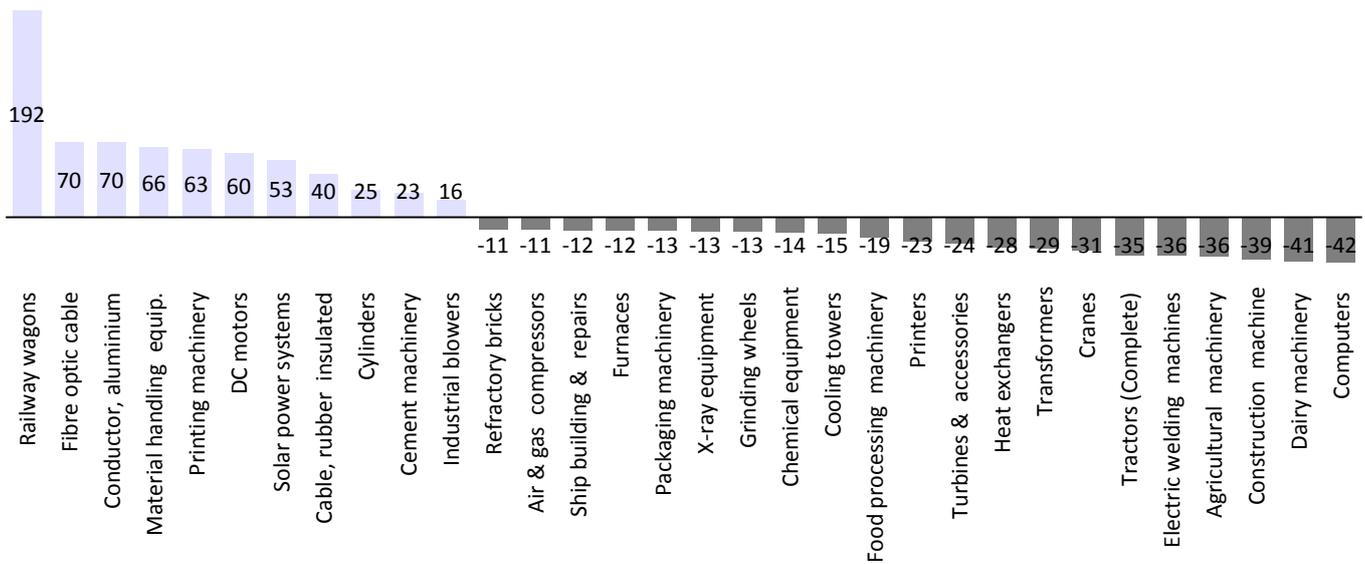
Source: RBI, Government, MOSL

Exhibit 171: IIP recovery in FY15 was led by capital goods



Source: RBI, Government, MOSL

Exhibit 172: Capital goods industries performing better; are the focus areas of government too

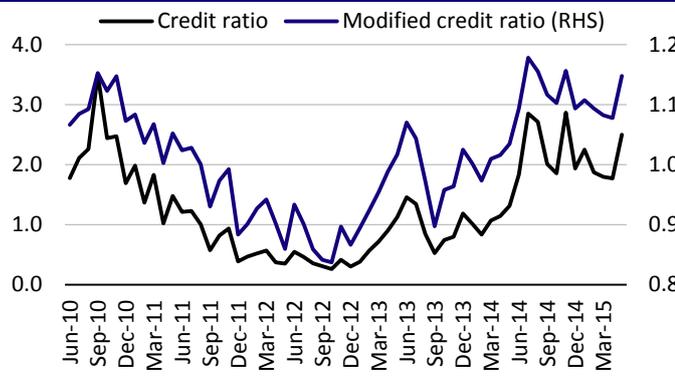


Source: Government, RBI, MOSL

Besides govt. push; balance sheet of companies improving too

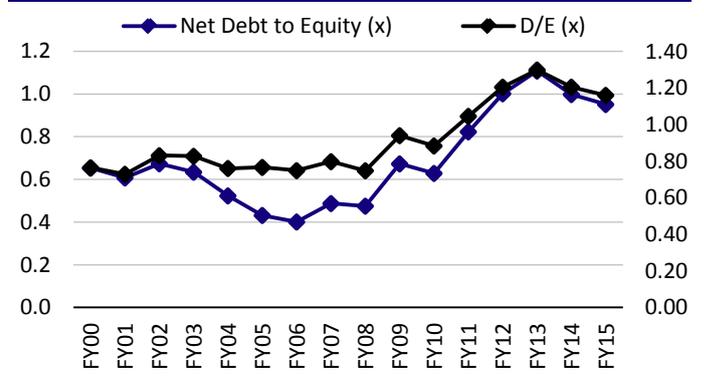
- Turn up in the capital goods sector reflects the government’s push towards rail, power T&D, and early stage capex plays.
- Credit quality too is turning up, with credit ratio on a distinct upswing.
- Clinching the issue has been first signs of reduced debt of infra-related sectors.

Exhibit 173: Credit quality has improved noticeably



Source: RBI, Government, MOSL

Exhibit 174: Indebtedness of infra cos. on a decline now



Source: RBI, Government, MOSL

MARKETS & FLOWS

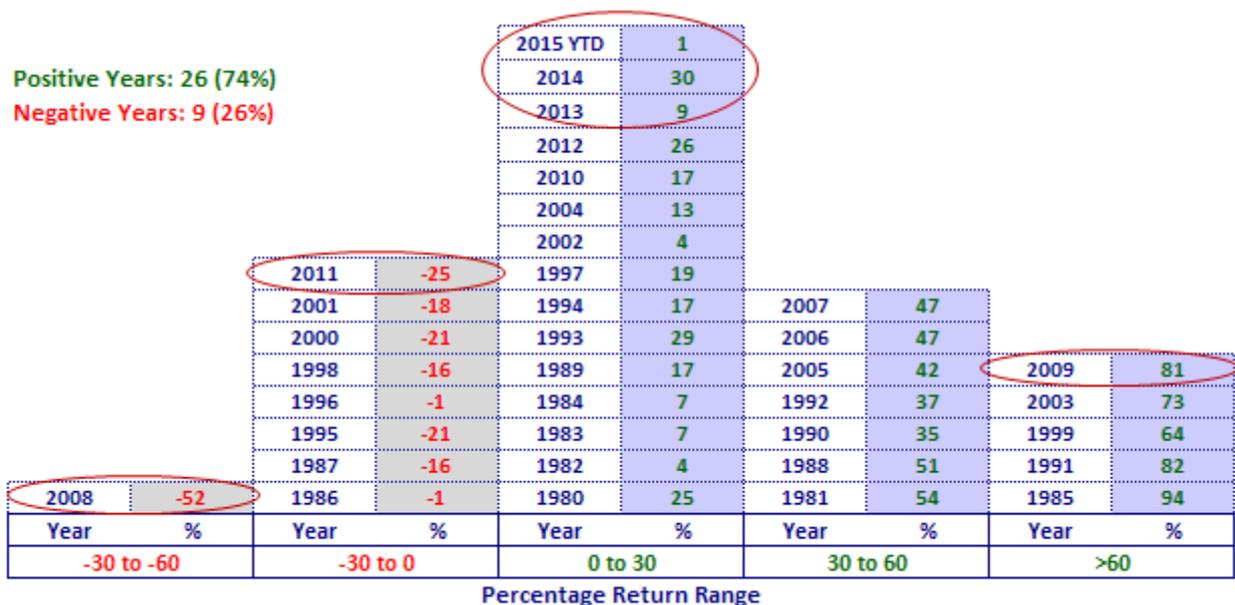
Indian equities have delivered positive returns for 3 consecutive years



- Indian equities have delivered positive returns for three consecutive years, and positive returns in five out of the last six years.
- Sectoral performances have been very divergent in CY15YTD. Telecom was the top performer with 14% return and significantly outperformed the Nifty (1% return); it was followed by Capital Goods (+13%) and Healthcare (+13%). PSU Banks (-22%) and Metals (-13%) were the top underperformers.
- Lupin was the best-performing Sensex stock (32% return) for CY15, followed by Maruti Suzuki (21%) and HUL (21%). Hindalco, Tata Steel, Sesa Sterlite, Hero Motocorp, SBI, ITC, ICICI Bank, GAIL and Tata Motors were the top underperformers (delivering negative returns of 10-30%).
- Valuations of Indian equities are near the long-term averages; need growth to pick-up. The Sensex trades at 16.9x P/E (slightly above its long-period average of 16.2x) and near its 10-year average P/B of 2.8x.
- Domestic MFs have turned big buyers in Indian equities for 14 consecutive months. DII (ex MFs) have also turned net buyers by pumping in USD1.3b in last three months after 13 months of outflows.
- FIIs invested another USD6.2b in the first half of CY15 compared with USD16.2b in CY14. However, FIIs have been net sellers in recent months.
- FII holding in BSE-200 companies is at an all-time high of 25.6% compared with DII at 10.9%. FIIs have bought USD 169b in 23 years. Since Jan 2000, FIIs bought USD158b compared with DIIs' USD8.8b. We expect this trend to stabilize as domestic flows have turned positive now.
- Financial savings to increase; higher share toward equities likely.

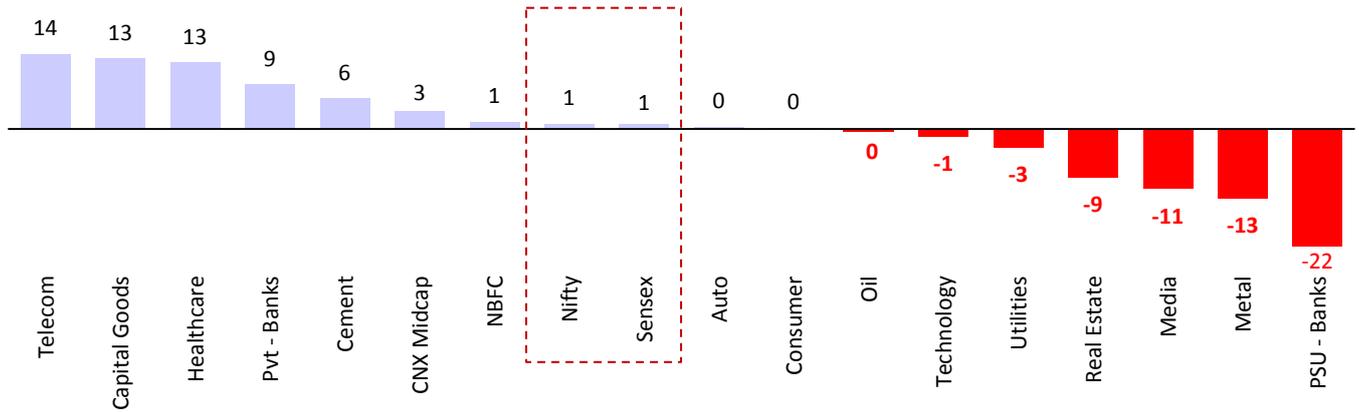
Exhibit 175: Markets: Indian equities have delivered positive returns for three consecutive years

Indian equities have delivered positive returns for the third consecutive year and in five out of the last six years



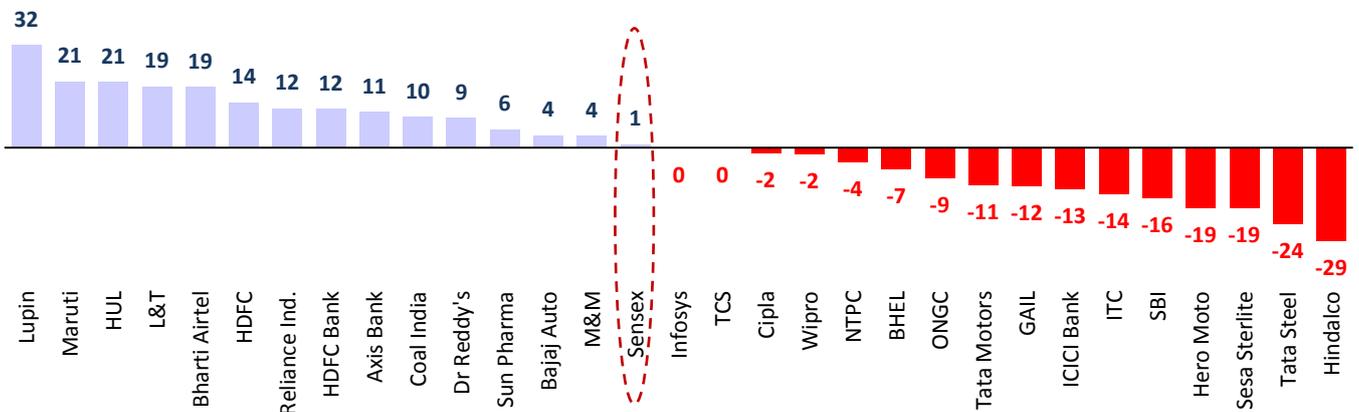
Source: Bloomberg, MOSL

Exhibit 176: Sectoral performances have been very divergent—CY15YTD Sectoral performance (%): Telecom, Capital Goods and Healthcare led the pack



Source: Bloomberg, MOSL

Exhibit 177: Sensex: Best and worst performers for CY15YTD (%)



Source: Bloomberg, MOSL

**Valuations are near long-term averages; need growth to pick-up
Market valuations are at long-term averages**

- Valuations of Indian equities remain attractive. The Sensex trades at 16.9x P/E, slightly above its long-period average of 16.2x. Sensex P/B is near its 10-year average of 2.8x.
- Market cap-to-GDP ratio of 71%(FY16E GDP) is below the long-period average of 76%

Exhibit 178: 12-month forward Sensex P/E (x)



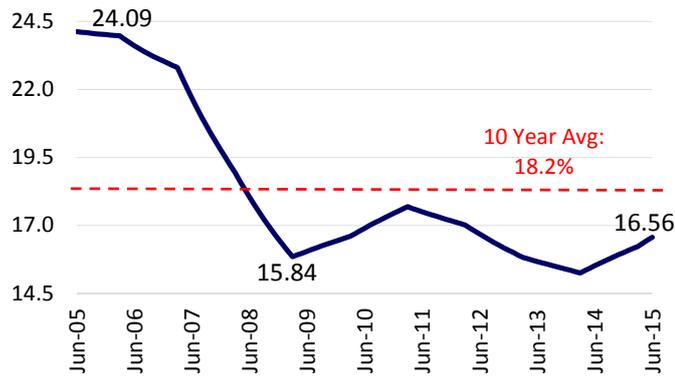
Source: MOSL

Exhibit 179: 12-month forward Sensex P/B (x)



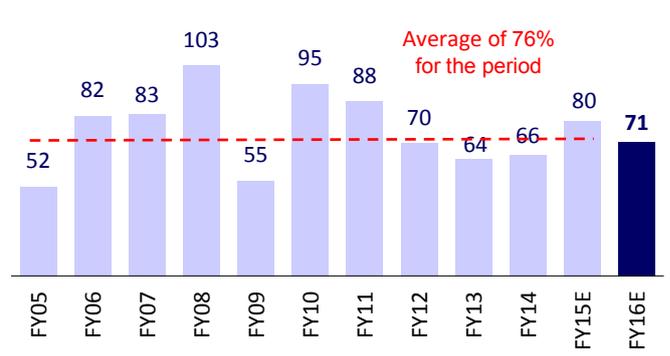
Source: MOSL

Exhibit 180: 12-month forward Sensex RoE (%)



Source: MOSL

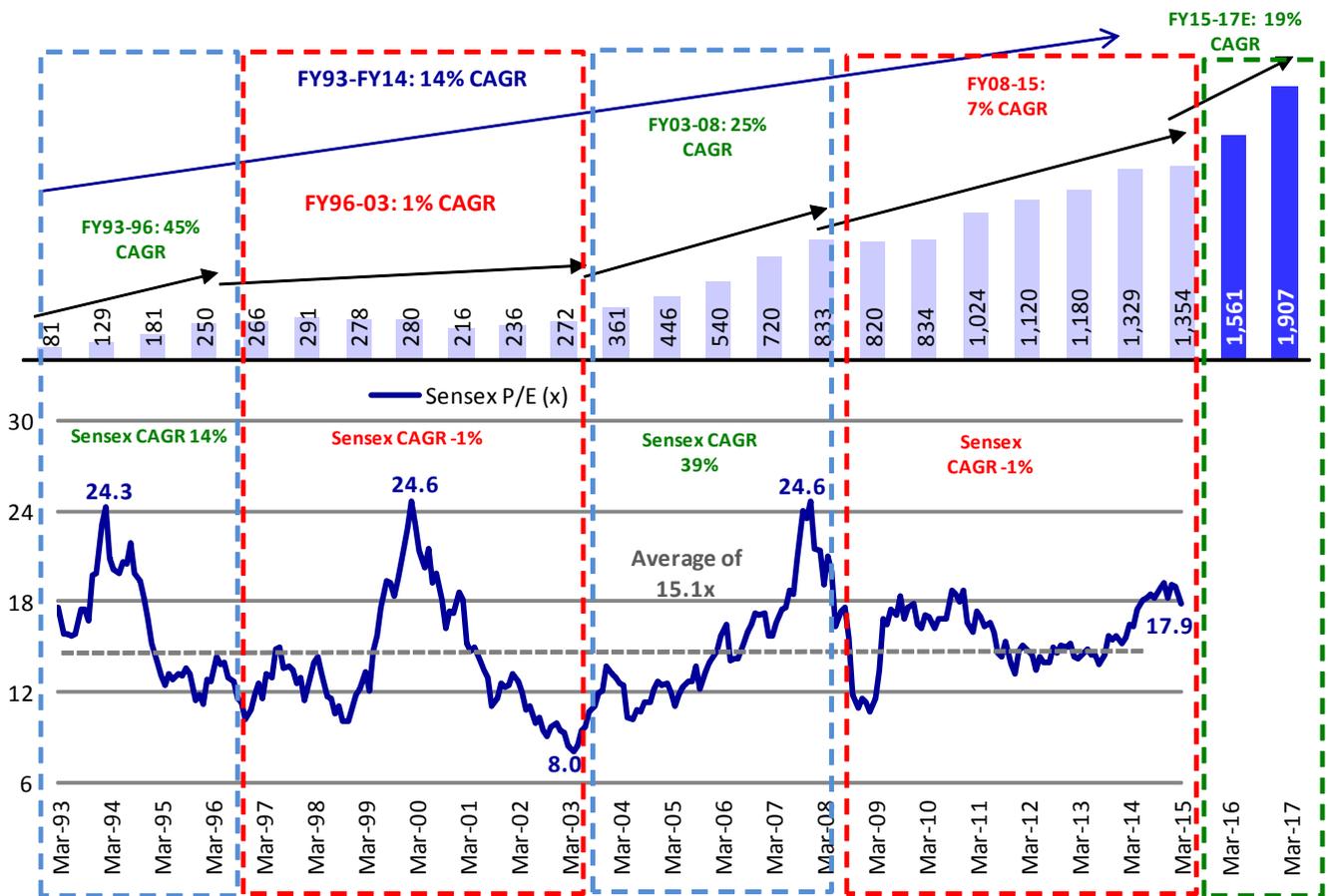
Exhibit 181: India's market cap-to-GDP (%)



Source: MOSL

Market valuations at a premium; factoring growth recovery of 2HFY16

Exhibit 182: Trend in Sensex EPS (INR) and P/E(x)



Source: MOSL

Each cycle sees many new entrants in Top 30

- Total market cap of the top 30 companies in Dec-02 was INR3.7t. Currently, TCS alone commands a market cap of INR5t.
- Out of the top 10 companies with the highest market cap, eight have changed since Dec-2007

Exhibit 183: Top 30 market cap companies: Eight out of the top companies have changed since Dec-2007

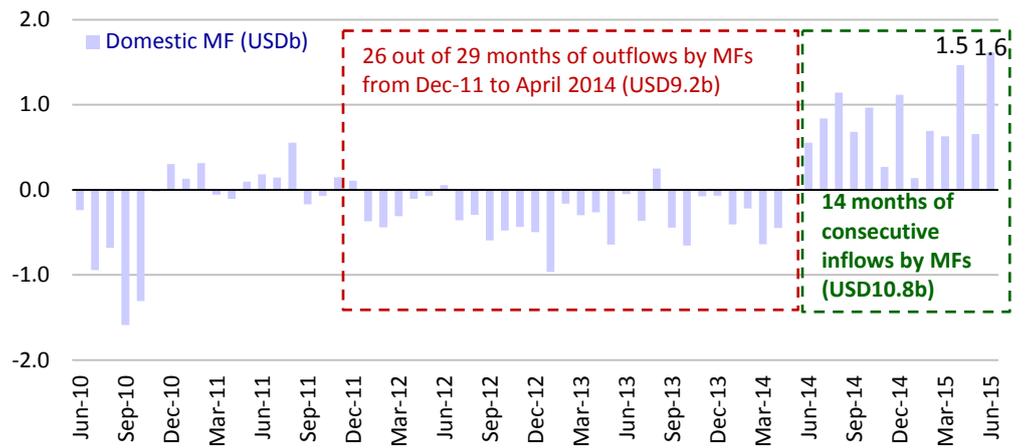
Rank	Company	Mkt Cap (INR b) - Dec 2002	Company	Mkt Cap (INR b) - Dec 2007	Company	Mkt Cap (INR b) - June 2015
1	O N G C	499	Reliance Inds.	4,188	TCS	4,999
2	Reliance Inds.	416	O N G C	2,645	Reliance Inds.	3,238
3	Hind. Unilever	400	NTPC	2,062	HDFC Bank	2,681
4	Wipro	379	Bharti Airtel	1,887	Coal India	2,660
5	Infosys	316	DLF	1,831	O N G C	2,649
6	I O C L	186	NMDC	1,827	ITC	2,525
7	ITC	163	MMTC	1,618	Infosys	2,263
8	St Bk of India	149	Rel. Comm.	1,540	Sun Pharma.Inds.	2,104
9	Ranbaxy Labs.	110	ICICI Bank	1,371	H D F C	2,043
10	H P C L	98	B H E L	1,265	St Bk of India	1,988
11	Satyam Computer	87	St Bk of India	1,248	Hind. Unilever	1,983
12	H D F C	87	Larsen & Toubro	1,218	ICICI Bank	1,788
13	ICICI Bank	86	S A I L	1,174	Bharti Airtel	1,679
14	Dr Reddy's Labs	69	TCS	1,060	Larsen & Toubro	1,658
15	B P C L	65	Infosys	1,011	Wipro	1,344
16	HDFC Bank	62	Reliance Petro.	1,004	Axis Bank	1,327
17	M T N L	60	I O C L	947	HCL Technologies	1,295
18	Natl. Aluminium	60	H D F C	809	Kotak Mah. Bank	1,267
19	GAIL (India)	59	Unitech	793	Tata Motors	1,255
20	Tata Steel	56	ITC	792	Maruti Suzuki	1,215
21	Hero Motocorp	54	Wipro	768	NTPC	1,136
22	Cipla	54	Sterlite Inds.	733	I O C L	934
23	HCL Technologies	54	Tata Steel	683	Lupin	849
24	Larsen & Toubro	53	Reliance Capital	636	Bharti Infra.	847
25	Tata Motors	52	HDFC Bank	612	UltraTech Cem.	821
26	Bajaj Holdings	51	Power Grid Corpn	605	M & M	796
27	Nestle India	50	Suzlon Energy	580	Bajaj Auto	734
28	Hindalco Inds.	43	Adani Ports	508	Power Grid Corpn	728
29	Bharti Airtel	42	Reliance Infra.	505	Asian Paints	724
30	S A I L	42	JP Associates	494	Hind.Zinc	706
Total market cap		3,902		36,413		50,233
Number of PSU companies		9		9		6

Source: Capitaline, MOSL

Flows: Return of domestic investor in the last 12 months

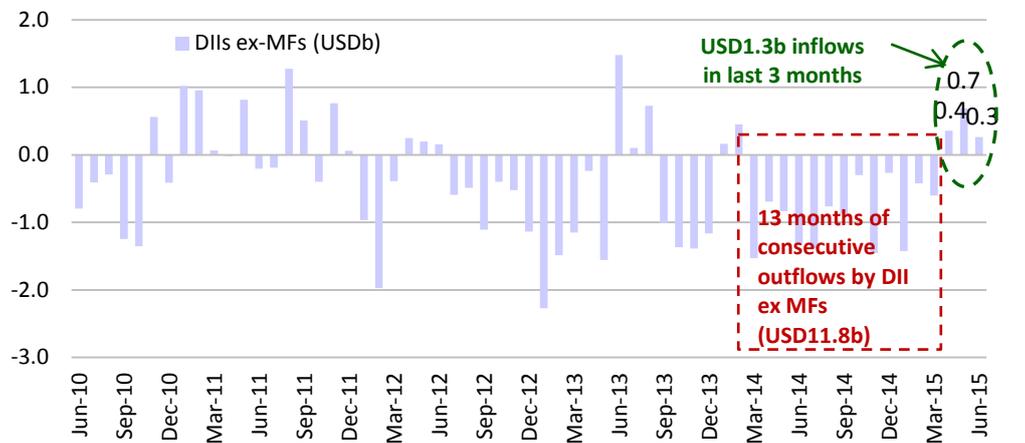
- Domestic MFs have turned big buyers in Indian equities for 14 months in a row
- DII (ex MFs) have also turned net buyers by pumping in USD1.3b in last three months after 13 months of outflows.

Exhibit 184: Monthly domestic mutual fund net investments (USD b)



Source: SEBI, MOSL

Exhibit 185: Monthly DII (ex MFs) net investments (USD b)

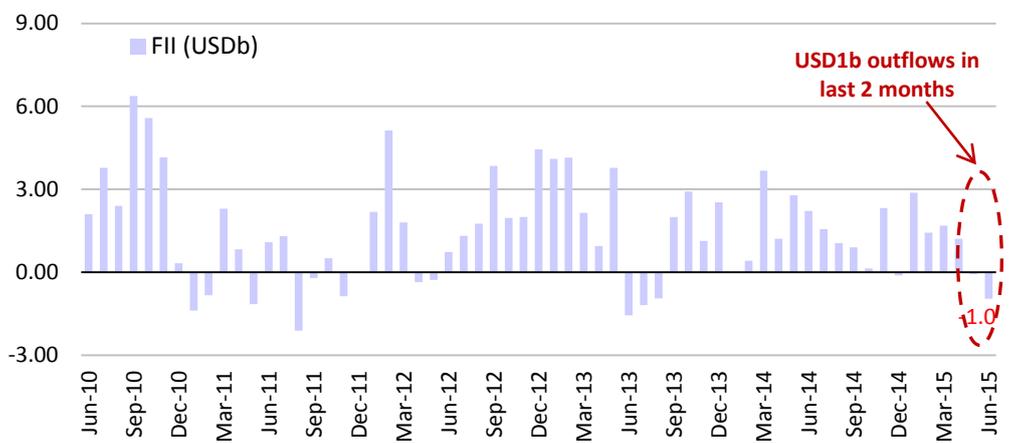


Source: NSE, SEBI, MOSL

Flows: FII recorded outflows of USD1b in the last two months

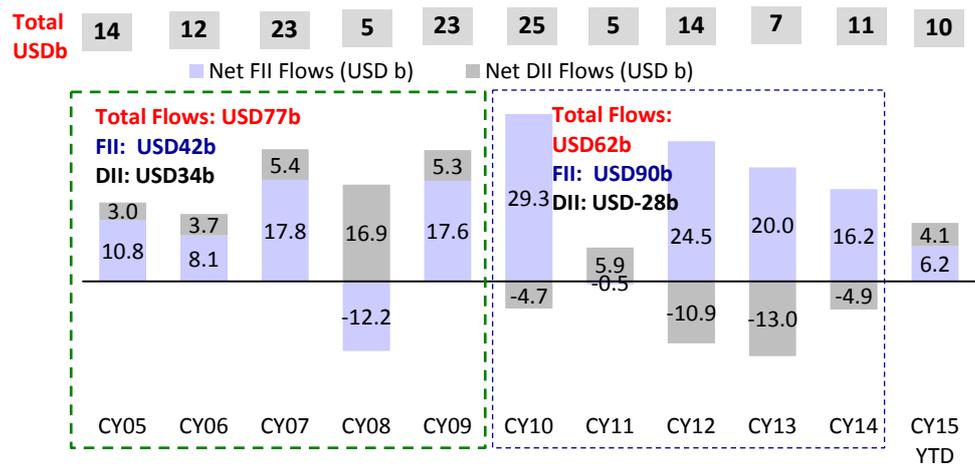
- FIIs invested another USD6.2b in the first half of CY15 against USD16.2b in CY14. However, FIIs have been net sellers in recent months

Exhibit 186: Monthly FII net investments (USD b)



Source: NSDL, MOSL

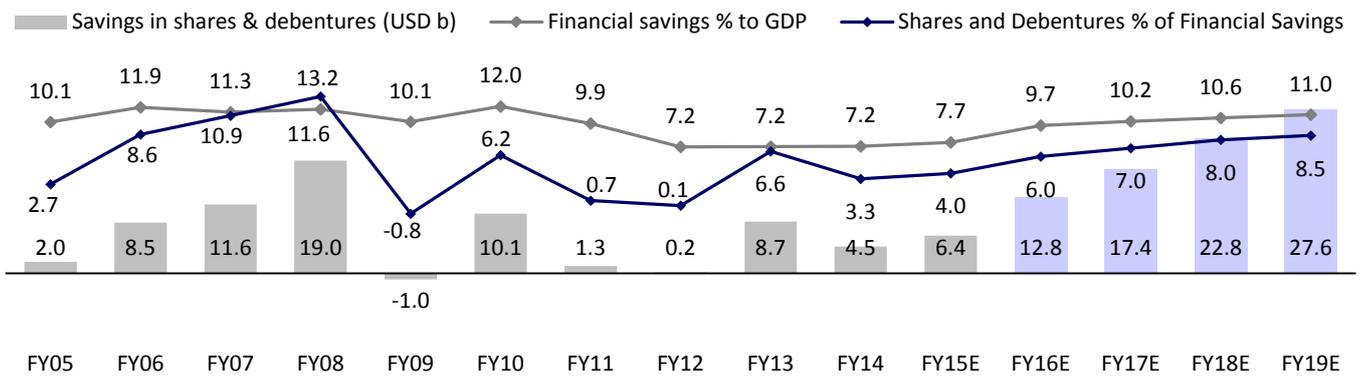
Exhibit 187: Yearly FII and DII net investments (USD b)



Source: NSDL, SEBI, NSE, MOSL

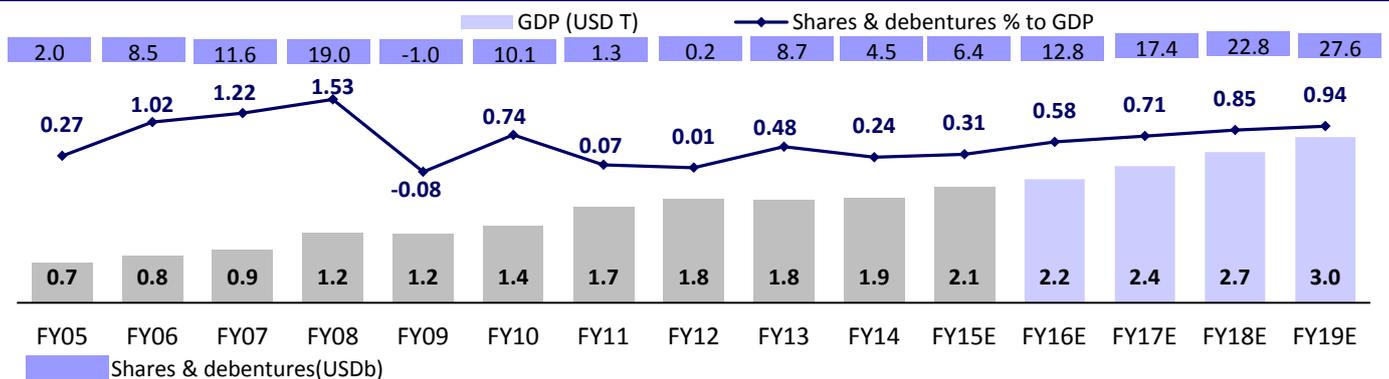
Financial savings to increase; higher share toward equities likely

Exhibit 188: Trend in financial savings and shares/debentures



Source: RBI, Capitaline, MOSL

Exhibit 189: Trend in GDP and shares/debentures (% to GDP)

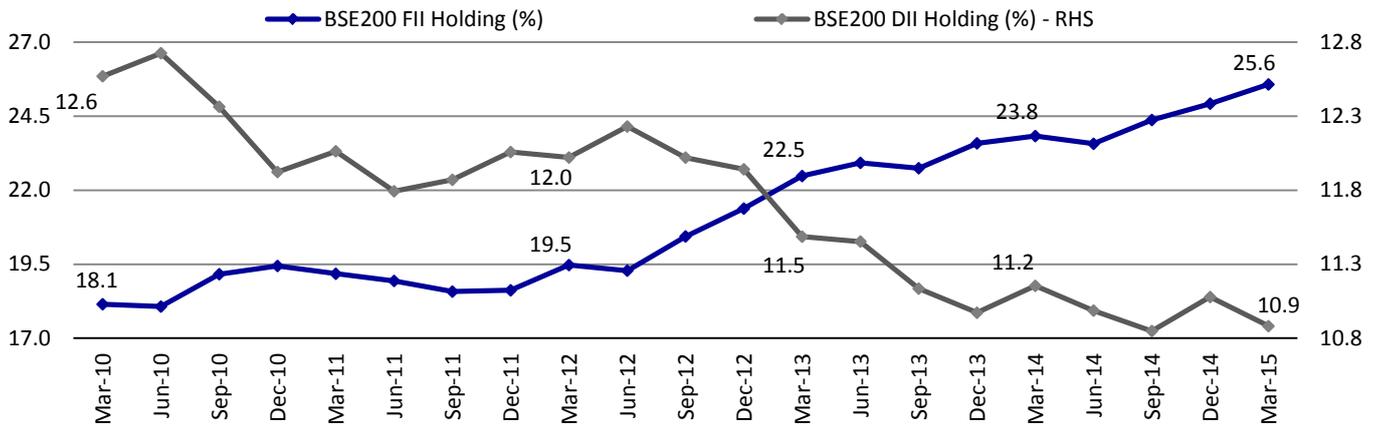


Source: RBI, Capitaline, MOSL

Holding: FIIs' share in India at all-time high of 51%

- FII holding in BSE-200 companies is at an all-time high of 25.6%. DII holding was low at 10.9%.
- FIIs bought USD169b in 23 years, taking holding of BSE-200 from 0% to 25.6%. Since Jan 2000, FIIs bought USD158b compared with USD8.8b for DII.
- We expect this trend to stabilize as domestic flows have turned positive now

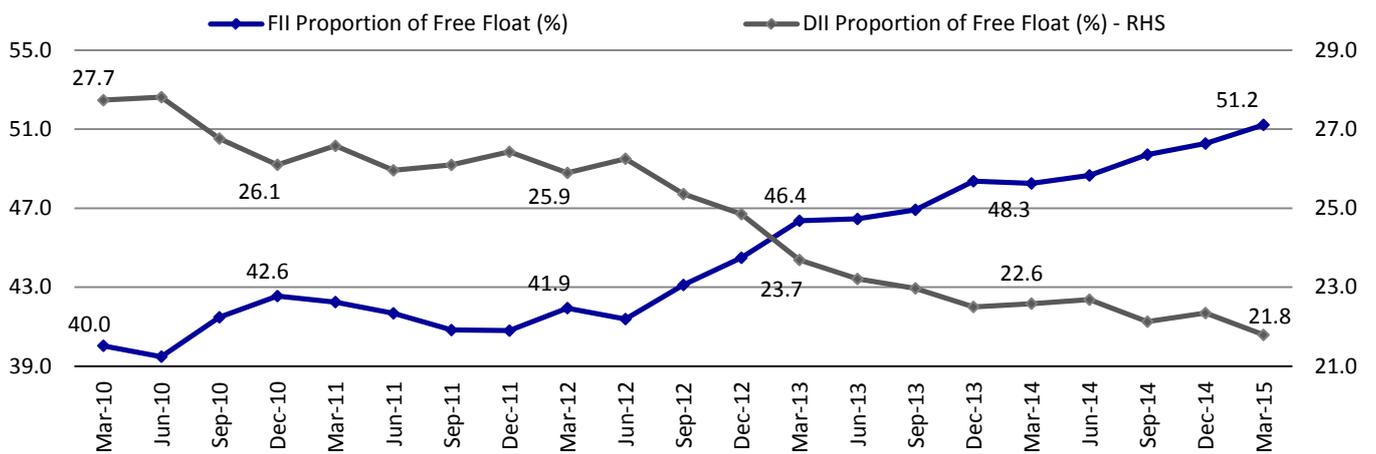
Exhibit 190: Trend in FII and DII holding (%)



Source: Capitaline, MOSL

- FII ownership as a proportion of free float of BSE-200 remained high at 51.2%.
DII ownership as a proportion of free float was at 21.8%

Exhibit 191: FII share in India at all-time high; DIIs record a fall



Source: Capitaline, MOSL

MOSL model portfolio



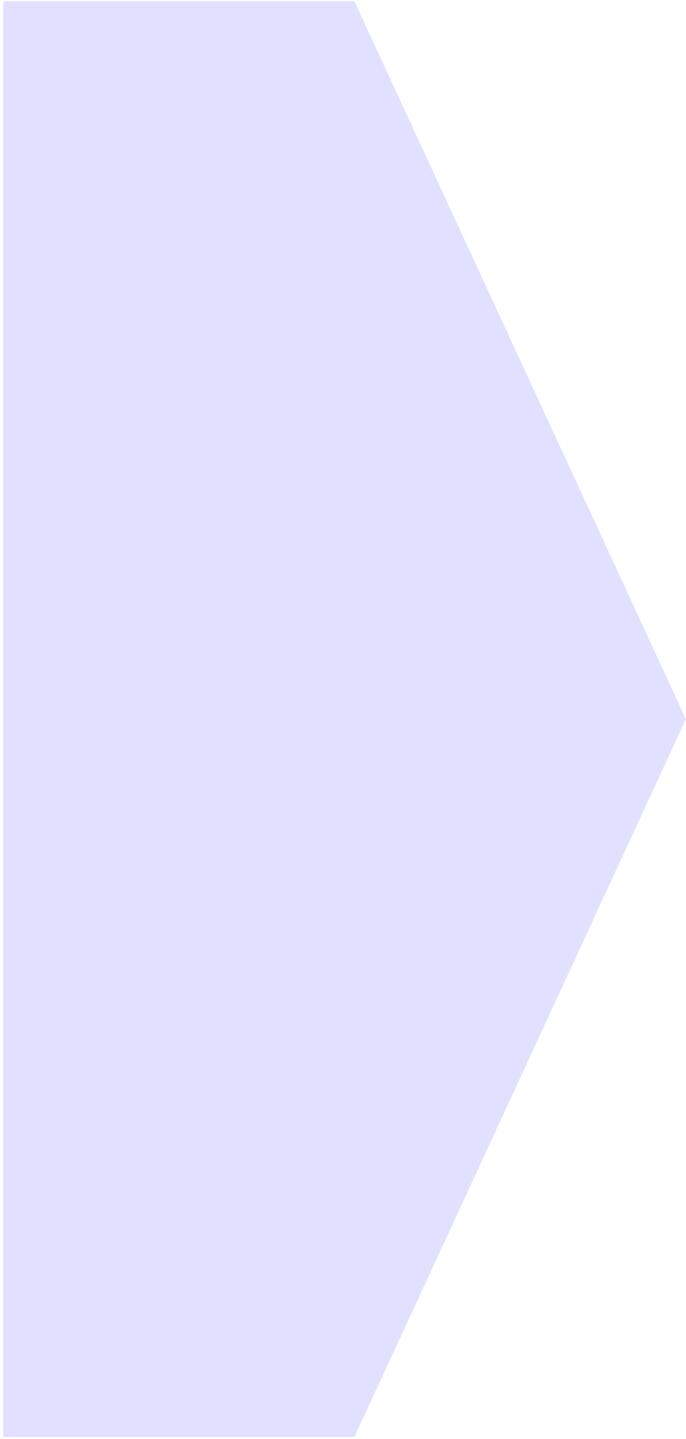
Sector / Portfolio Picks	BSE-100	MOSL Wt	Wt relative to BSE-100	Sector Stance
Financials	30.2	30.0	-0.2	Overweight
Private	18.5	20	1.5	Overweight
ICICI Bank	5.2	6	0.8	Buy
HDFC Bank	6.1	6	-0.1	Buy
Axis Bank	2.8	5	2.2	Buy
Yes Bank	0.8	3	2.2	Buy
NBFCs	8.2	6	-2.2	Neutral
MMFS	0.2	3	2.8	Buy
IDFC	0.6	3	2.4	Buy
PSU	3.5	4	0.5	Overweight
SBI	2.4	4	1.6	Buy
Auto	9.6	13.0	3.4	Overweight
Maruti	1.6	5	3.4	Buy
Tata Motors	2.4	4	1.6	Buy
Ashok Leyland	0.3	2	1.7	Buy
Bharat Forge	0.4	2	1.6	Buy
Cap Goods, Infra & Cement	9.3	12.0	2.7	Overweight
UltraTech	0.9	5	4.1	Buy
Larsen & Toubro	4.3	5	0.7	Buy
BHEL	0.7	2	1.3	Buy
Consumer / Retail / Media	11.4	10.0	-1.4	Underweight
ITC	5.2	4	-1.2	Neutral
Asian Paints	1.0	3	2.0	Buy
Zee	0.6	3	2.4	Buy
Technology	12.7	9.0	-3.7	Underweight
Infosys	5.6	5	-0.6	Buy
TCS	3.8	4	0.2	Neutral
Energy	8.6	6.0	-2.6	Neutral
HPCL	0.4	4	3.6	Buy
ONGC	1.6	2	0.4	Buy
Utilities	4.0	5.0	1.0	Overweight
Coal India	1.6	5	3.4	Buy
Healthcare	7.7	5.0	-2.7	Underweight
Lupin	1.3	3	1.7	Buy
Aurobindo	0.6	2	1.4	Buy
Midcaps/Others	6.5	10.0	3.5	Overweight
Arvind	0.0	1	1.0	Buy
Bata India	0.0	1	1.0	Buy
Gateway Distripak	0.0	1	1.0	Buy
DCB Bank	0.0	1	1.0	Buy
Jain Irrigation	0.0	1	1.0	Buy
Inox Wind	0.0	1	1.0	Buy
Havells India	0.0	1	1.0	Buy
Dewan Housing	0.0	1	1.0	Buy
Voltas	0.0	1	1.0	Buy
Sobha Developers	0.0	1	1.0	Buy
Cash	0.0	0.0	0.00	
TOTAL	100.0	100.0		

Sectors & Companies

BSE Sensex: 27,574

S&P CNX: 8,329

July 2015



MOSL Universe: 1QFY16 Highlights & Ready Reckoner

Note: In our quarterly performance tables, our four-quarter numbers may not always add up to the full-year numbers. This is because of differences in classification of account heads in the company's quarterly and annual results or because of differences in the way we classify account heads as opposed to the company.

All stock prices and indices as on 30 June 2015, unless otherwise stated.

MOSL Universe: 1QFY16 aggregate performance highlights (Ex RMs)

Exhibit 192: Quarter-wise sales growth (% YoY)

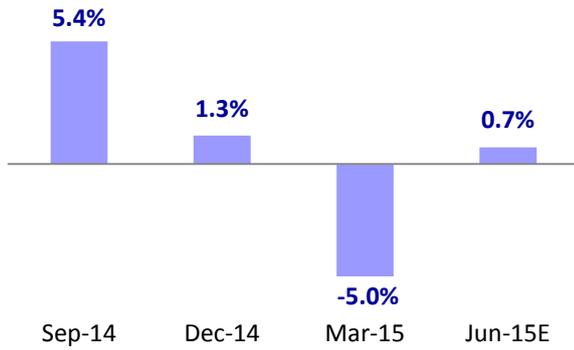


Exhibit 193: Quarter-wise net profit growth (% YoY)

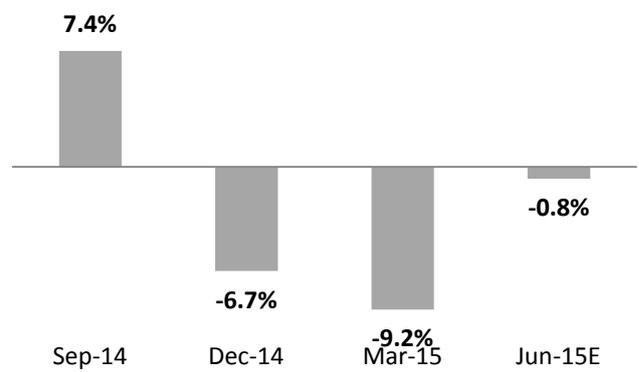


Exhibit 194: Sectoral sales growth - quarter ended June 2015 (%)

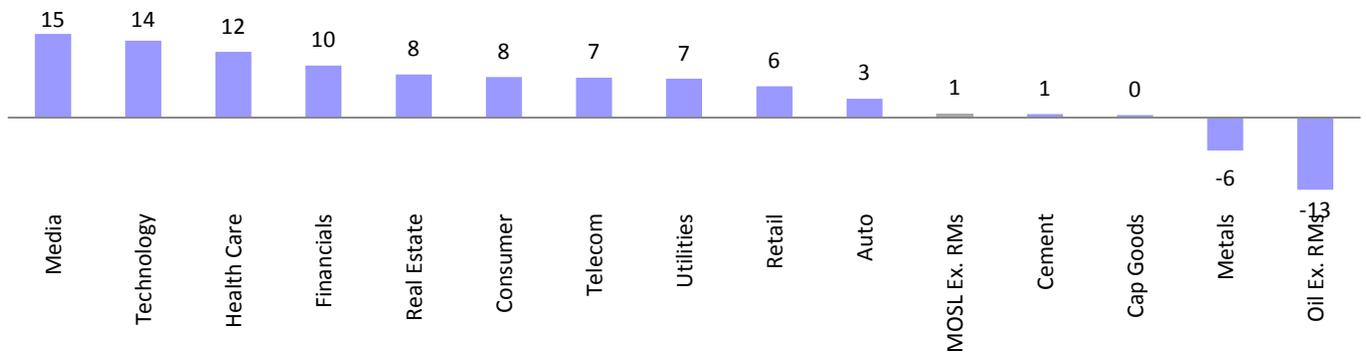


Exhibit 195: Sectoral EBITDA growth - quarter ended June 2015 (%)

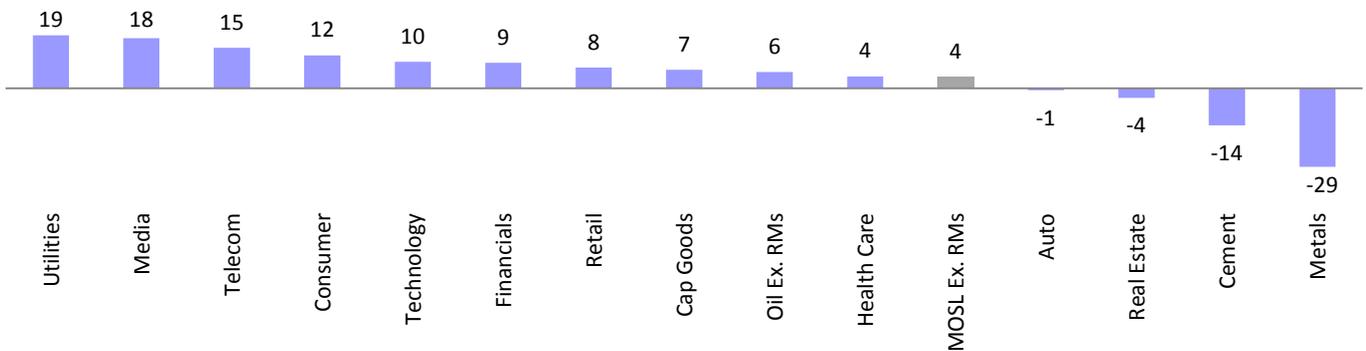
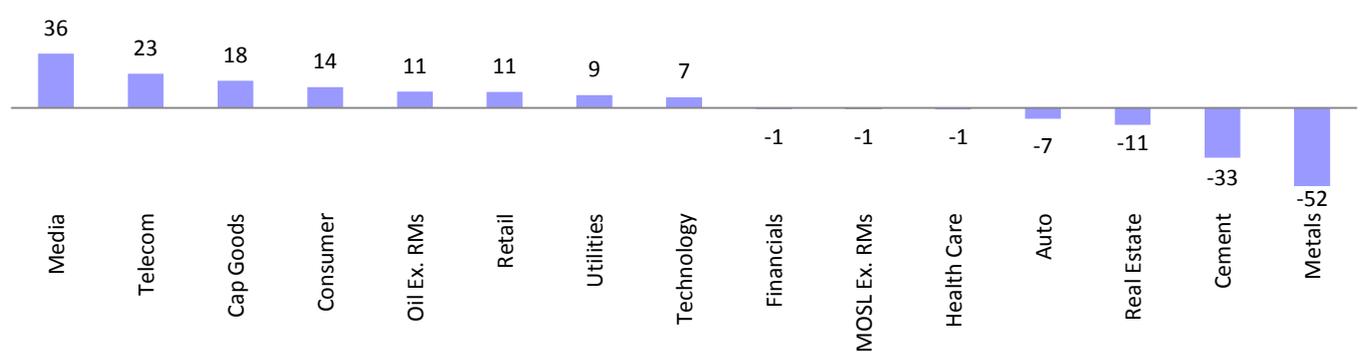


Exhibit 196: Sectoral net profit growth - quarter ended June 2015 (%)



For Banks : Sales = Net Interest Income, EBITDA = Operating Profits

Corporate Scoreboard (quarter ended June 2015)

Exhibit 197: Top 10 by sales growth (%)

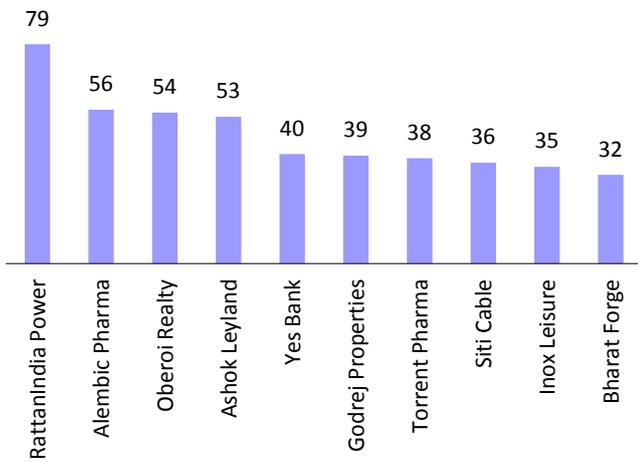


Exhibit 198: Worst 10 by sales growth (%)

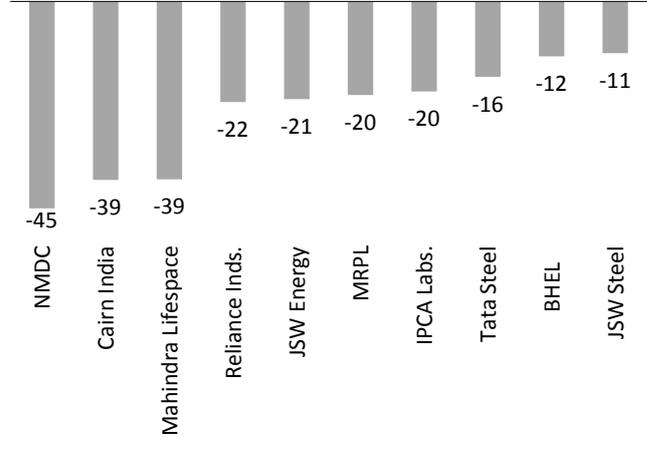


Exhibit 199: Top 10 by EBITDA growth (%)

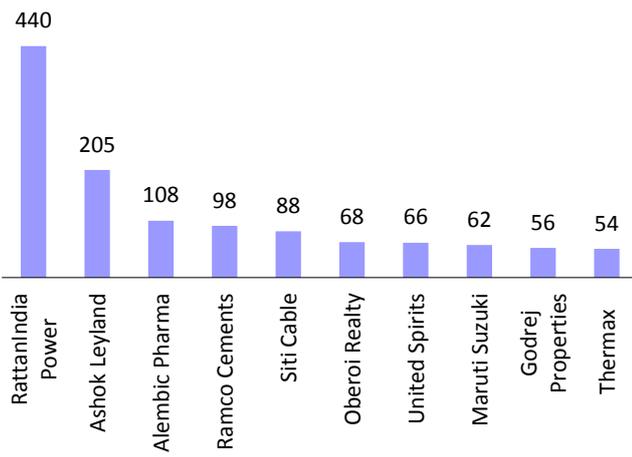


Exhibit 200: Worst 10 by EBITDA growth (%)

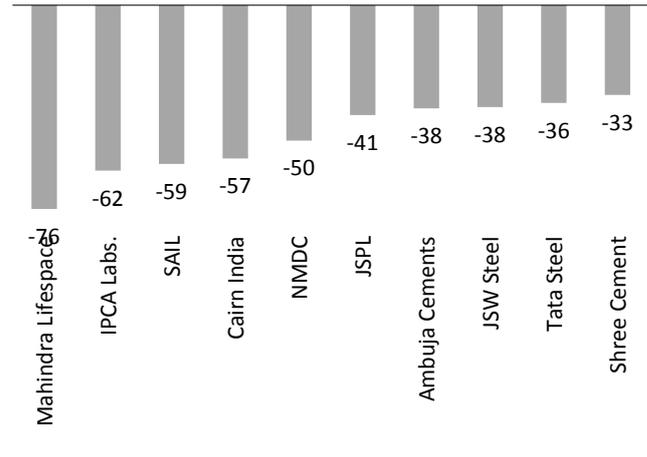


Exhibit 201: Top 10 by net profit growth (%)

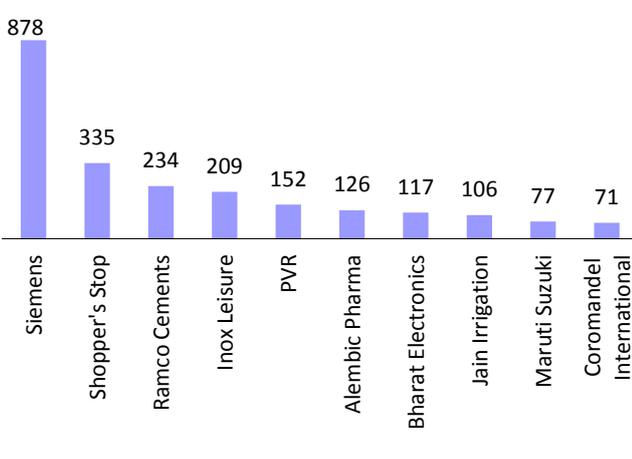
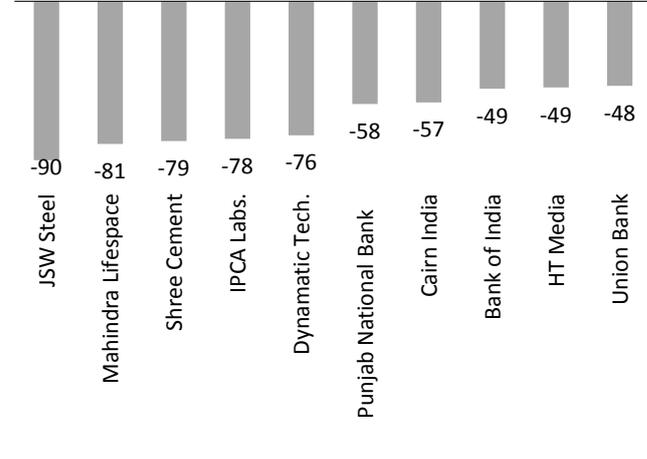


Exhibit 202: Worst 10 by net profit growth (%)



Source: MOSL

Annual performance - MOSL universe (INR Billion)

SECTOR	Sales			Change YoY (%)			EBITDA			Change YoY (%)			PAT			Change YoY (%)		
	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E
Auto (11)	4,854	5,630	6,551	11.0	16.0	16.4	708	829	974	12.1	17.1	17.6	292	385	492	3.2	31.8	27.9
Capital Goods (12)	1,566	1,620	1,944	-2.5	3.5	20.0	172	180	230	6.8	4.5	28.0	99	128	174	-9.1	29.3	35.5
Cement (14)	1,209	1,484	1,777	6.8	22.7	19.8	184	243	350	0.5	32.4	43.8	60	81	146	-16.8	35.7	79.7
Consumer (15)	1,479	1,643	1,884	8.3	11.1	14.6	310	363	428	9.4	17.2	18.0	209	257	304	7.8	23.0	18.4
Financials (31)	2,649	2,979	3,503	12.4	12.5	17.6	2,103	2,364	2,816	14.3	12.4	19.2	951	1,131	1,395	9.6	18.9	23.4
Pvt Banks (10)	737	869	1,046	17.1	17.9	20.4	644	750	906	17.7	16.5	20.7	376	448	540	14.9	19.2	20.7
PSU Banks (10)	1,470	1,594	1,845	9.1	8.4	15.8	1,031	1,117	1,324	11.4	8.3	18.6	313	377	491	3.2	20.6	30.2
NBFC (11)	441	517	611	16.2	17.0	18.4	428	497	586	16.4	16.1	18.0	263	306	363	10.3	16.4	19.0
Healthcare (14)	1,148	1,343	1,548	26.7	17.0	15.2	272	337	414	12.5	23.9	23.0	169	217	280	16.9	28.5	29.1
Media (11)	221	260	310	9.7	17.3	19.2	58	73	93	4.6	26.6	27.1	21	32	46	-1.9	51.9	42.6
Metals (9)	4,714	4,644	5,108	2.5	-1.5	10.0	809	702	867	-5.4	-13.1	23.5	295	196	283	-1.0	-33.5	44.4
Oil & Gas (12)	15,674	14,271	15,423	-9.9	-8.9	8.1	1,265	1,600	1,852	-15.1	26.5	15.8	638	865	1,004	-21.4	35.7	16.0
Excl. RMs (9)	6,703	6,800	7,337	-12.3	1.5	7.9	1,021	1,221	1,441	-13.8	19.5	18.0	530	673	793	-24.4	27.1	17.7
Real Estate (10)	262	299	352	13.1	14.0	17.8	89	103	127	18.4	15.4	23.5	26	35	47	3.8	34.0	35.3
Retail (3)	169	197	239	10.3	16.0	21.3	15	18	23	5.4	20.3	26.5	10	12	15	10.1	19.5	27.4
Technology (11)	2,721	3,083	3,531	10.6	13.3	14.5	686	770	884	5.7	12.3	14.8	548	597	692	11.4	9.0	15.8
Telecom (4)	1,574	1,716	1,905	8.6	9.0	11.0	546	621	694	14.2	13.7	11.8	110	126	129	56.7	14.3	2.4
Utilities (10)	2,185	2,459	2,746	4.2	12.6	11.6	607	714	831	0.7	17.7	16.3	346	395	457	-6.9	14.0	15.7
Others (25)	775	869	1,005	12.8	12.1	15.7	122	148	179	12.4	21.6	20.8	62	83	107	12.6	33.5	28.0
MOSL (192)	41,199	42,497	47,824	0.5	3.1	12.5	7,944	9,065	10,764	3.6	14.1	18.7	3,836	4,539	5,569	0.3	18.3	22.7
Excl. RMs (189)	32,228	35,026	39,738	3.1	8.7	13.5	7,701	8,685	10,352	4.6	12.8	19.2	3,728	4,347	5,358	0.4	16.6	23.2
Sensex (30)	10,535	11,292	12,814	-2.5	7.2	13.5	2,338	2,612	3,097	2.0	11.7	18.6	1,166	1,377	1,682	-0.3	18.1	22.2

For Banks : Sales = Net Interest Income, EBITDA = Operating Profits; Note: Sensex & Nifty Numbers are Free Float.

Exhibit 203: Valuations - MOSL universe

Sector	PE (x)			EV / EBITDA (x)			P/BV (x)			RoE (%)			Div Yield (%)	EARN. CAGR
	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	(FY15-FY17)
Auto (11)	20.9	15.9	12.4	7.9	6.9	5.6	4.5	3.6	2.9	21.6	22.4	23.5	0.8	29.8
Capital Goods (12)	41.9	32.4	23.9	21.9	20.8	15.7	4.1	3.7	3.4	9.8	11.6	14.1	0.8	32.3
Cement (14)	44.4	32.7	18.2	16.1	12.5	8.6	2.8	2.4	2.2	6.3	7.5	12.2	0.8	56.2
Consumer (15)	43.1	35.0	29.6	28.2	24.0	20.1	14.3	12.6	11.1	33.2	36.0	37.3	1.4	20.7
Financials (31)	15.7	13.2	10.7	N.M	N.M	N.M	2.1	1.9	1.7	13.6	14.4	15.7	1.5	21.1
Private Banks (10)	21.0	17.7	14.6	N.M	N.M	N.M	3.3	2.9	2.5	15.5	16.2	17.0	1.0	19.9
PSU Banks (10)	9.6	8.0	6.1	N.M	N.M	N.M	1.0	0.9	0.8	10.1	11.1	13.1	1.9	25.3
NBFC (11)	15.4	13.2	11.1	N.M	N.M	N.M	2.8	2.4	2.1	18.0	18.2	18.9	2.1	17.7
Healthcare (14)	37.0	28.8	22.3	22.8	18.2	14.4	7.3	6.1	5.0	19.8	21.2	22.4	0.5	28.8
Media (11)	39.4	25.9	18.2	14.8	11.3	8.7	5.5	4.8	4.1	13.9	18.5	22.3	1.1	47.2
Metals (9)	9.7	14.6	10.1	6.8	7.5	6.0	1.0	0.9	0.9	9.9	6.3	8.6	3.0	-2.0
Oil & Gas (12)	14.4	10.6	9.2	7.5	6.5	5.6	1.4	1.3	1.2	10.0	12.4	13.0	1.8	25.5
Excl. RMs (9)	13.9	11.0	9.3	6.8	6.3	5.3	1.4	1.3	1.2	10.1	11.7	12.5	1.8	22.3
Real Estate (10)	23.5	17.5	12.9	13.5	11.0	8.9	1.0	1.0	0.9	4.4	5.6	7.1	1.1	34.7
Retail (3)	48.5	40.6	31.9	31.3	25.9	20.3	10.8	9.0	7.5	22.2	22.3	23.5	0.6	23.4
Technology (11)	19.6	17.9	15.5	15.6	12.6	10.6	5.3	4.5	3.9	27.2	25.2	24.8	2.3	12.3
Telecom (4)	30.1	26.3	25.7	7.9	7.8	6.8	2.5	2.3	2.1	8.2	8.7	8.3	1.2	8.2
Utilities (10)	15.4	13.5	11.6	10.8	9.8	8.5	2.1	2.1	1.9	13.9	15.4	16.7	4.0	14.8
Others (25)	29.5	22.1	17.3	16.1	13.2	10.6	4.6	4.0	3.4	15.5	17.9	19.7	0.8	30.7
MOSL (192)	20.4	17.2	14.1	N.M	N.M	N.M	2.8	2.5	2.2	13.6	14.5	15.9	1.6	20.5
Excl. RMs (189)	20.5	17.6	14.3	N.M	N.M	N.M	2.8	2.5	2.3	13.8	14.5	15.9	1.6	19.9
Sensex (30)	20.5	17.8	14.6	N.M	N.M	N.M	3.1	2.9	2.5	15.2	16.1	17.3	1.5	20.1
Nifty (50)	20.3	17.8	14.6	N.M	N.M	N.M	3.1	2.8	2.5	15.1	15.6	16.9	1.5	18.5

N.M. : Not Meaningful.

Ready reckoner: quarterly performance

Sector	CMP (INR) 30.06.15	Reco	Sales (INR m)			EBDITA (INR m)			Net Profit (INR m)		
			Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ
Automobiles											
Amara Raja Batt.	882	Buy	12,554	22.0	17.3	2,212	26.0	17.8	1,257	18.6	17.2
Ashok Leyland	73	Buy	37,924	53.1	-15.8	3,537	204.6	-22.6	1,435	LP	-39.7
Bajaj Auto	2,536	Buy	58,556	11.5	23.6	11,292	22.1	34.8	8,673	17.2	39.5
Bharat Forge	1,063	Buy	13,047	32.0	6.6	3,859	36.2	7.3	2,238	54.4	10.3
Eicher Motors	19,578	Buy	29,131	29.7	13.4	4,238	49.0	15.8	2,423	53.9	24.1
Exide Inds.	148	Buy	21,444	12.3	30.3	3,221	10.6	35.2	2,005	8.2	45.7
Hero Motocorp	2,524	Buy	69,388	-0.9	3.6	8,226	16.1	11.2	6,362	13.0	0.7
Mahindra & Mahindra	1,281	Neutral	92,803	-6.3	1.7	11,352	-20.0	13.1	7,195	-19.7	28.8
Maruti Suzuki	4,023	Buy	132,131	16.2	-3.0	21,530	62.1	-0.5	13,496	77.1	5.1
Tata Motors	435	Buy	636,465	-1.6	-5.8	95,470	-14.3	13.1	36,519	-31.5	100.9
TVS Motor	244	Buy	26,262	13.9	6.9	1,786	36.2	18.9	1,055	45.9	16.6
Sector Aggregate			1,129,705	3.5	-2.0	166,721	-0.8	11.6	82,659	-7.2	40.4
Capital Goods											
ABB	1,323	Neutral	19,269	5.7	6.2	1,468	16.7	2.2	613	28.5	12.9
BHEL	248	Buy	44,582	-12.0	-64.0	1,725	-20.8	-89.7	1,789	-7.6	-81.3
Bharat Electronics	3,362	Buy	11,779	16.4	-59.8	-38	Loss	PL	556	117.0	-92.3
Crompton Greaves	162	Buy	33,061	-3.9	-13.2	1,771	2.5	20.6	730	14.0	77.3
Cummins India	895	Buy	11,559	10.6	2.0	1,845	2.6	4.9	1,538	18.9	-19.3
Havells India	282	Buy	13,009	1.9	-3.6	1,809	10.1	-8.5	1,214	11.5	-8.4
Larsen & Toubro	1,783	Buy	108,545	5.0	-42.8	11,669	7.3	-53.1	8,246	9.0	-56.9
Siemens	1,351	Sell	23,150	-2.5	-12.7	2,155	5.9	-13.8	1,272	878.3	-18.5
Thermax	1,048	Buy	9,719	15.8	-36.1	892	54.5	-43.3	638	54.1	-51.8
Voltas	315	Buy	16,295	-7.3	9.4	1,204	-8.7	-15.8	1,016	-6.4	-13.0
Sector Aggregate			290,967	0.4	-39.4	24,501	6.7	-60.3	17,610	18.3	-60.1
Cement											
ACC	1,441	Buy	30,000	-0.3	4.0	3,044	-23.9	-26.4	1,755	-27.2	-29.7
Ambuja Cements	230	Neutral	24,998	-7.6	3.1	3,543	-38.3	-24.8	2,470	-39.6	-22.3
Grasim Industries	3,442	Buy	13,740	-3.5	-19.3	1,042	-17.1	6.8	651	-38.5	43.3
India Cements	94	Neutral	11,379	-7.2	11.0	1,596	1.2	-12.4	-79	Loss	PL
Ramco Cements	339	Buy	10,326	11.7	7.4	2,709	98.4	13.5	1,210	233.6	29.5
Shree Cement	11,324	Buy	15,945	-3.4	1.3	2,888	-33.4	-14.4	534	-79.1	-57.2
Ultratech Cement	2,991	Buy	60,505	7.1	-1.4	9,689	-3.9	-21.4	4,589	-26.6	-25.4
Sector Aggregate			166,894	0.6	-0.1	24,511	-13.6	-17.6	11,129	-33.4	-24.9
Consumer											
Asian Paints	754	Buy	35,748	7.5	2.4	5,970	14.9	16.0	4,138	13.7	20.5
Britannia	2,763	Buy	20,208	14.0	-0.5	2,385	53.6	7.8	1,678	47.5	0.3
Colgate	2,034	Neutral	10,505	10.5	2.8	2,380	22.9	-3.8	1,570	16.4	-4.1
Dabur	280	Neutral	20,727	11.2	6.6	3,233	22.9	-5.1	2,655	25.9	-6.8
Emami	1,160	Buy	5,733	19.0	3.5	917	22.3	-34.6	747	5.5	-45.9
Godrej Consumer	1,231	Neutral	21,220	12.5	1.9	3,310	38.2	-12.3	2,091	52.0	-21.2
GSK Consumer	6,257	Neutral	10,722	11.0	-11.8	1,984	20.5	-24.8	1,554	19.4	-21.1
Hind. Unilever	916	Neutral	85,266	10.5	11.1	14,921	16.2	19.7	11,281	11.6	30.7
ITC	315	Neutral	92,945	0.5	0.0	33,089	1.0	0.2	22,863	4.6	-4.8
Jyothy Labs	292	Buy	4,398	14.2	11.0	682	31.1	65.1	501	59.4	177.0
Marico	450	Neutral	18,783	16.0	53.6	3,099	18.0	84.5	2,116	14.2	92.3
Nestle	6,346	Neutral	23,947	-1.0	-4.5	4,981	2.2	-17.3	2,997	0.8	-19.5
Pidilite Inds.	551	Neutral	13,524	11.5	39.7	3,043	30.5	118.5	2,191	29.7	137.3
Radico Khaitan	82	Buy	4,032	9.0	17.4	548	9.4	72.4	207	12.6	141.2
United Spirits	3,372	Buy	20,617	8.0	2.0	2,165	66.4	64.5	920	LP	-1.2
Sector Aggregate			388,375	7.5	5.6	82,707	12.0	6.5	57,508	13.9	4.2

Ready reckoner: quarterly performance

Sector	CMP (INR) 30.06.15	Reco	Sales (INR m)			EBDITA (INR m)			Net Profit (INR m)			
			Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ	
Healthcare												
Alembic Pharma	663	Buy	7,687	55.5	53.2	1,998	108.1	104.9	1,464	126.4	108.2	
Aurobindo Pharma	1,450	Buy	33,651	15.6	6.4	6,745	2.5	2.8	4,372	5.8	8.6	
Biocon	461	Sell	8,353	16.2	0.6	1,746	4.3	-1.8	1,043	1.2	-48.2	
Cadila Health	1,797	Buy	24,321	18.6	6.3	5,232	40.1	-1.6	3,548	50.2	-7.6	
Cipla	616	Neutral	33,460	23.0	8.2	7,207	33.0	42.0	4,149	40.9	59.8	
Divis Labs	1,876	Neutral	7,677	20.0	-5.8	2,825	21.6	-9.7	2,040	21.5	-10.9	
Dr Reddy's Labs	3,551	Buy	38,401	9.2	-0.8	9,101	11.5	10.6	5,843	6.2	12.6	
Glenmark Pharma	994	Buy	18,287	23.7	4.3	3,657	9.8	17.8	2,026	9.6	1809.4	
GSK Pharma	3,325	Neutral	7,074	8.0	15.3	1,507	37.8	26.7	1,337	36.1	23.1	
IPCA Labs.	710	Neutral	7,523	-19.6	19.8	889	-61.5	164.0	322	-77.9	LP	
Lupin	1,887	Buy	32,188	-2.0	5.4	8,401	-20.6	9.8	5,614	-10.1	2.6	
Sanofi India	3,516	Neutral	5,622	11.2	15.0	949	-3.1	14.5	557	-3.2	15.0	
Sun Pharma	874	Buy	66,801	6.0	8.7	17,368	-8.4	97.3	10,089	-28.5	13.6	
Torrent Pharma	1,299	Buy	15,386	38.1	33.3	4,942	43.3	205.1	3,188	24.5	145.2	
Sector Aggregate			306,430	12.2	7.9	72,567	4.3	32.9	45,592	-1.0	20.5	
Media												
D B Corp	338	Buy	4,834	-1.2	-0.5	1,145	-14.9	-4.2	672	-15.1	4.9	
Dish TV	106	Buy	7,801	21.8	3.4	2,258	43.8	1.8	571	LP	63.2	
HT Media	92	Neutral	5,743	5.1	-0.5	552	-10.9	14.4	167	-48.8	-57.4	
Hathway Cable	49	Buy	3,043	21.6	12.7	651	48.4	110.1	-187	Loss	Loss	
Jagran Prakashan	118	Buy	4,995	13.4	18.2	1,376	28.6	31.3	698	26.8	41.8	
PVR	633	Buy	4,347	20.0	45.1	717	31.1	567.2	193	152.2	LP	
Siti Cable	35	Buy	2,852	36.5	11.4	643	87.9	584.2	-114	Loss	Loss	
Sun TV	282	Not Rated	6,877	8.5	25.4	4,901	33.3	15.8	2,321	40.1	14.3	
Zee Entertainment	367	Buy	13,286	22.4	-1.4	2,787	-9.9	2.9	2,115	0.4	-8.3	
Sector Aggregate			53,777	15.5	8.4	15,030	18.3	21.3	6,436	36.3	28.2	
Metals												
Hindalco	112	Buy	254,594	5.9	-4.9	22,370	6.9	9.7	4,239	-38.3	-14.5	
Hindustan Zinc	167	Buy	36,733	22.1	-11.0	15,148	12.0	-23.4	15,758	-2.6	-21.1	
JSPL	86	UR	46,498	-6.6	-1.2	9,645	-40.8	22.1	-4,893	PL	Loss	
JSW Steel	872	Buy	102,440	-11.3	-6.7	15,305	-37.8	-8.5	810	-89.8	-68.1	
Nalco	40	Buy	16,850	0.3	-6.5	2,354	-14.9	-45.0	2,218	-18.2	-18.7	
NMDC	119	Sell	19,075	-45.1	-32.6	11,940	-50.3	-16.0	11,051	-42.3	-21.2	
SAIL	61	Sell	113,475	0.1	-2.1	4,639	-58.9	-50.1	-4,036	PL	PL	
Vedanta	174	Neutral	172,167	0.9	-3.3	42,990	-24.2	7.1	17,259	-13.8	139.7	
Tata Steel	305	Buy	304,236	-16.5	-9.6	27,201	-36.3	76.3	-271	PL	Loss	
Sector Aggregate			1,066,068	-6.1	-6.7	151,592	-28.8	2.3	42,135	-52.3	1.5	
Oil & Gas												
BPCL	877	Buy	796,796	19.4	55.3	18,430	24.6	-58.6	10,881	-10.5	-61.9	
Cairn India	182	Neutral	27,351	-39.0	2.2	14,231	-57.0	6.2	11,656	-57.2	92.6	
GAIL	392	Neutral	140,193	5.1	-1.5	11,592	14.8	90.6	6,945	11.8	36.0	
Gujarat State Petronet	119	Neutral	2,524	9.6	6.9	2,197	9.9	11.3	1,063	25.2	34.4	
HPCL	729	Buy	431,946	-27.0	-3.0	14,715	179.9	-57.3	6,903	1399.3	-68.1	
IOC	385	Buy	910,113	-27.0	-2.7	41,673	22.3	-53.4	22,946	-9.1	-63.5	
Indraprastha Gas	418	Neutral	9,321	7.5	2.1	1,792	-13.3	4.2	996	-12.6	3.9	
MRPL	75	Neutral	125,236	-20.4	12.9	9,887	LP	-8.2	3,979	LP	-66.0	
Oil India	447	Buy	28,881	14.8	12.3	12,544	12.5	83.6	10,058	18.1	82.3	
ONGC	310	Buy	234,591	7.9	10.1	133,340	5.9	34.3	67,265	40.7	70.9	
Petronet LNG	187	Neutral	113,091	11.3	57.9	3,360	-6.1	51.8	1,635	4.4	-2.9	
Reliance Inds.	1,000	Neutral	751,656	-22.0	34.1	88,575	17.6	2.6	62,251	10.2	-0.3	
Sector Aggregate			3,571,698	-14.1	16.9	352,336	11.5	-11.3	206,578	10.3	-16.2	
Excl. RMs			1,432,843	-13.4	23.3	277,518	6.0	21.4	165,849	11.0	24.1	

Ready reckoner: quarterly performance

Sector	CMP (INR) 30.06.15	Reco	Sales (INR m)			EBDITA (INR m)			Net Profit (INR m)		
			Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ
Real Estate											
DLF	117	Buy	18,834	9.2	-3.6	7,345	-0.3	5.6	1,103	-13.7	-35.7
Godrej Properties	247	Neutral	4,613	39.0	-33.9	692	56.2	-25.0	559	22.5	8.6
Indiabulls Real Estate	57	Buy	5,843	-4.2	-1.7	1,402	-2.3	58.6	623	60.4	-33.1
Mahindra Lifespace	425	Buy	2,486	-38.9	-4.0	634	-75.7	26.7	346	-80.7	12.9
Oberoi Realty	272	Buy	2,709	54.5	-21.4	1,626	67.7	-8.9	990	53.9	-3.9
Phoenix Mills	379	Buy	812	7.4	0.5	536	7.6	4.2	368	4.6	LP
Prestige Estates	247	Buy	7,336	30.3	8.5	1,907	39.2	31.6	1,263	21.4	11.0
Sobha Developers	357	Buy	5,576	-3.5	10.1	1,506	-1.9	6.0	542	-5.0	-12.5
Sector Aggregate			48,209	8.0	-5.7	15,648	-3.6	8.4	5,795	-11.2	0.3
Retail											
Jubilant Foodworks	1,856	Buy	6,008	26.0	10.8	823	39.6	17.4	418	50.6	32.4
Shopper's Stop	397	Neutral	6,861	12.5	-15.9	377	22.6	-23.1	33	335.3	-68.3
Titan Company	366	Neutral	29,204	1.0	18.0	2,716	-1.0	9.4	1,830	3.2	-14.9
Sector Aggregate			42,073	5.8	9.8	3,916	7.6	6.6	2,280	10.8	-11.3
Technology											
HCL Technologies	921	Buy	97,475	15.7	5.2	22,745	2.6	8.8	18,550	1.0	10.2
Hexaware Tech.	255	Sell	7,556	23.8	5.9	1,424	40.0	12.1	1,082	41.4	29.7
Infosys	985	Buy	140,516	10.0	4.8	37,552	9.1	0.6	30,132	4.4	-2.7
KPIT Tech.	93	UR	7,838	13.6	2.7	725	-12.8	110.7	421	-17.1	-16.4
Mindtree	1,269	Neutral	9,915	17.5	8.0	2,027	20.3	13.5	1,528	18.1	18.7
Mphasis	411	Neutral	14,916	0.1	4.4	2,231	-9.8	10.7	1,857	6.2	4.5
Persistent Systems	601	Neutral	5,061	16.4	1.7	958	0.9	-4.7	670	-2.6	-11.8
TCS	2,552	Neutral	257,685	16.5	6.4	72,699	14.2	2.9	56,849	12.4	-3.7
Tata Elxsi	1,201	Buy	2,136	12.0	-7.6	421	11.8	-11.1	252	21.0	-15.7
Tech Mahindra	478	Neutral	62,412	21.9	2.0	9,374	1.0	0.9	5,978	-5.2	26.7
Wipro	544	Neutral	123,655	11.0	1.8	27,923	9.5	1.4	22,426	6.6	-1.4
Sector Aggregate			729,165	14.3	4.6	178,080	9.7	3.2	139,745	7.2	0.0
Telecom											
Bharti Airtel	420	Buy	238,221	3.7	3.5	85,119	10.3	5.7	13,439	21.2	7.1
Bharti Infratel	446	Buy	31,570	11.1	7.1	13,564	15.0	1.5	5,357	15.8	-3.9
Idea Cellular	176	UR	88,839	17.5	5.5	32,309	29.0	5.4	9,919	36.2	5.3
Reliance Comm	62	Neutral	58,873	6.6	3.2	21,235	14.0	7.5	1,565	-4.3	1638.7
Sector Aggregate			417,503	7.4	4.1	152,227	14.8	5.5	30,281	22.9	9.6
Utilities											
CESC	558	Buy	16,592	-10.9	17.2	3,937	4.1	-12.7	1,717	13.7	-39.4
Coal India	421	Buy	189,607	6.5	-8.7	47,437	10.8	-12.1	42,542	5.9	0.6
JSW Energy	98	Neutral	20,124	-21.3	-8.1	7,309	-19.3	-18.0	2,612	-24.3	-19.7
NHPC	20	Neutral	21,676	5.5	47.3	14,476	9.9	66.0	7,290	2.7	158.4
NTPC	138	Buy	202,382	11.9	5.2	42,704	30.7	-6.8	23,723	17.1	-14.8
Power Grid Corp.	139	Buy	46,497	18.1	-0.3	40,097	19.0	-0.2	13,298	11.7	-5.9
PTC India	69	Buy	37,748	2.3	62.8	562	-1.5	30.6	560	28.0	-0.7
RattanIndia Power	7	Buy	2,572	79.2	74.0	1,185	440.4	LP	-2,164	Loss	Loss
Reliance Infra	388	Buy	25,722	1.4	-8.2	4,972	15.5	-12.3	3,206	-0.3	-28.8
Tata Power	74	Neutral	95,139	8.9	16.5	25,580	46.3	35.4	4,067	63.0	94.9
Sector Aggregate			658,059	7.2	4.2	188,259	19.3	0.7	96,853	8.7	-1.3
Others											
Arvind	269	Buy	20,030	13.0	-1.8	2,464	12.5	-5.1	755	-13.0	2.3
Bata India	1,057	Buy	6,718	8.0	36.7	1,068	9.6	127.9	666	9.4	163.9
Castrol India	434	Neutral	9,450	3.8	18.7	2,572	36.8	37.3	1,781	38.7	40.7
Concor	1,674	Neutral	15,002	18.2	0.2	3,191	6.9	0.2	2,859	9.2	-2.4
Coromandel Interl	248	Buy	20,688	10.0	-31.0	1,370	12.3	-14.2	556	70.9	-19.0

Ready reckoner: quarterly performance

Sector	CMP (INR) 30.06.15	Reco	Sales (INR m)			EBDITA (INR m)			Net Profit (INR m)		
			Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ
Others											
Dynamic Tech.	2,934	Buy	3,841	-9.6	-1.1	346	-25.3	4.5	43	-75.8	-15.6
Gateway Distriparks	343	Buy	2,712	-3.1	2.3	808	7.2	1.9	444	20.3	-8.9
Gujarat Pipavav	218	Buy	2,004	19.1	6.6	1,189	20.3	5.6	1,104	37.1	8.8
Info Edge	855	Buy	1,745	20.4	0.8	480	-2.5	-11.4	489	20.6	-41.0
Inox Leisure	177	Buy	3,137	35.0	44.1	433	50.0	311.9	141	208.7	LP
Jain Irrigation	67	Buy	17,087	10.0	-16.3	2,207	10.0	-21.3	418	105.8	-59.3
Just Dial	1,267	Buy	1,715	27.0	9.7	454	33.7	7.3	349	24.2	-25.9
Kaveri Seed	736	Neutral	8,765	6.0	2094.3	2,454	5.6	2805.9	2,395	3.9	18077.3
Monsanto India	2,818	Buy	3,018	14.0	347.8	975	17.7	LP	886	24.8	LP
Sintex Inds.	100	Buy	15,509	15.3	-28.7	2,537	22.3	-37.9	876	33.5	-57.0
TTK Prestige	3,888	Buy	3,700	10.0	29.3	463	12.7	151.8	293	10.5	213.3
UPL	535	Buy	30,655	11.2	-15.4	6,061	16.0	-22.8	3,182	21.6	-29.5
V-Guard Inds	897	Neutral	5,255	10.0	19.0	409	1.0	15.9	246	10.3	22.3
Sector Aggregate			171,031	11.0	-4.4	29,479	14.0	4.2	17,483	18.4	6.0

PL: Profit to Loss; LP: Loss to Profit

Sector (INR m)	CMP (INR) 30.06.15	Reco.	Net Interest Income			Operating Profit			Net Profit		
			Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ
Financials											
Private Banks											
Axis Bank	559	Buy	38,627	16.7	1.7	34,707	19.9	-13.5	19,654	17.9	-9.9
DCB Bank	130	Buy	1,396	0.4	7.6	728	-10.5	7.0	433	-3.2	-31.2
Federal Bank	148	Buy	6,371	12.9	2.2	4,323	23.0	-7.8	2,524	14.6	-10.0
HDFC Bank	1,067	Buy	62,846	21.5	4.5	46,217	20.2	-2.1	26,812	20.1	-4.5
ICICI Bank	308	Buy	51,468	14.6	1.3	51,043	13.0	-6.7	29,640	11.6	1.4
IndusInd Bank	872	Buy	9,792	22.3	5.8	8,709	16.2	2.4	5,226	24.1	5.5
Kotak Mahindra Bank	1,388	Neutral	16,831	14.9	3.4	11,056	12.9	-5.5	6,429	12.2	-4.0
Yes Bank	843	Buy	10,401	39.6	6.5	8,933	41.3	-4.7	5,577	29.2	1.2
Pvt Sector Aggregate			197,731	18.5	3.1	165,716	17.9	-6.4	96,296	16.8	-3.4
PSU Banks											
Bank of Baroda	144	Neutral	33,125	-0.5	4.4	24,225	-2.3	-10.1	7,670	-43.7	28.2
Bank of India	171	Neutral	28,641	6.6	0.6	20,793	0.9	45.8	4,074	-49.4	LP
Indian Bank	141	Buy	11,380	6.2	2.7	7,509	17.9	-8.1	2,152	3.9	4.4
Punjab National Bank	139	Buy	40,185	-8.2	6.0	28,131	-10.0	-12.2	5,883	-58.1	91.9
State Bank	263	Buy	138,117	4.2	-6.1	92,031	4.7	-25.8	33,819	1.0	-9.6
Union Bank	147	Buy	21,129	-0.2	-0.4	12,578	-8.3	-23.9	3,463	-47.8	-22.0
PSU Sector Aggregate			272,578	1.6	-1.8	185,267	0.4	-16.6	57,062	-26.8	8.9
NBFC											
Bajaj Finance	5,457	Buy	9,425	26.7	15.3	5,517	36.7	20.4	2,631	24.5	13.9
Dewan Housing	421	Buy	3,952	20.5	8.2	2,977	20.3	4.1	1,734	17.9	6.8
HDFC	1,296	Buy	20,156	15.5	-14.4	20,069	2.4	-25.8	13,635	1.4	-26.8
IDFC	148	Buy	6,895	1.1	7.6	8,860	6.5	5.5	3,471	-27.9	-9.2
Indiabulls Housing	622	Buy	5,546	16.0	-31.2	7,046	31.5	-6.0	5,284	24.7	-4.1
LIC Housing Fin	452	Buy	6,251	23.5	-3.8	5,935	19.3	3.0	3,883	20.5	2.7
M & M Financial	280	Buy	7,800	14.7	-11.7	4,851	5.2	-24.6	1,965	26.9	-41.0
Power Finance Corp	256	Buy	25,438	11.1	0.0	24,236	13.6	-2.2	16,262	6.5	2.3
Repco Home Fin	644	Buy	657	23.8	-0.8	562	18.9	-3.5	329	17.5	-15.4
Rural Electric. Corp.	275	Buy	21,765	14.8	-1.1	21,470	15.1	2.4	14,247	9.2	27.2
Shriram Transport Fin.	852	Buy	11,449	18.3	5.5	8,444	14.1	5.3	3,185	3.9	0.6
NBFC Sector Aggregate			120,300	16.0	-3.1	110,933	14.1	-5.1	68,024	8.8	-2.3
Sector Aggregate			590,609	9.6	-0.5	461,915	9.4	-10.5	221,381	-0.7	-0.2

Ready reckoner: valuations

Sector / Companies	CMP (INR)	Reco.	EPS (INR)			PE (x)			EV/EBIDTA (x)			ROE (%)		
			FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E
Automobiles														
Amara Raja Batt.	882Buy		24.3	30.6	42.8	36.2	28.8	20.6	19.3	16.0	11.7	27.2	27.5	30.5
Ashok Leyland	73Buy		0.8	3.5	6.2	88.2	20.7	11.7	20.3	10.2	6.3	4.9	18.3	27.5
Bharat Forge	1,063Buy		31.5	43.3	58.6	33.8	24.6	18.1	21.4	13.2	10.1	24.0	26.4	28.9
Bajaj Auto	2,536Buy		105.3	129.0	168.7	24.1	19.7	15.0	11.8	12.3	9.7	30.0	32.7	36.7
Eicher Motors	19,578Buy		227.1	387.6	680.7	86.2	50.5	28.8	37.6	26.9	15.0	26.9	37.1	46.3
Exide Inds.	148Buy		6.4	8.2	9.0	23.1	18.0	16.4	14.4	9.4	8.2	13.5	15.3	15.0
Hero Motocorp	2,524Buy		127.2	144.2	176.2	19.8	17.5	14.3	15.9	12.2	10.2	41.9	40.3	41.2
Mahindra & Mahindra	1,281Neutral		47.8	73.2	97.8	26.8	17.5	13.1	5.9	5.1	4.0	15.9	16.5	17.8
Maruti Suzuki	4,023Buy		125.5	187.4	242.4	32.0	21.5	16.6	14.4	11.2	8.6	15.7	20.1	21.9
Tata Motors	435Buy		43.6	50.1	60.0	10.0	8.7	7.2	4.3	3.7	3.2	23.1	25.0	22.7
TVS Motor	244Buy		7.3	10.8	16.4	33.3	22.6	14.9	22.2	14.5	10.0	22.7	27.9	33.2
Sector Aggregate						20.9	15.9	12.4	7.9	6.9	5.6	21.6	22.4	23.5
Capital Goods														
ABB	1,323Neutral		10.8	14.6	23.7	122.7	90.8	55.7	48.2	40.4	30.3	8.1	10.4	15.2
BHEL	248Buy		6.1	12.0	17.9	40.8	20.6	13.9	19.1	13.0	8.0	4.4	8.1	11.0
Bharat Electronics	3,362Buy		145.9	164.7	194.1	23.0	20.4	17.3	19.2	16.2	13.2	14.7	14.7	15.3
Crompton Greaves	162Buy		2.9	7.0	11.9	55.3	23.3	13.7	19.1	13.8	10.2	5.5	10.5	15.4
Cummins India	895Buy		25.1	26.7	33.0	35.7	33.5	27.1	32.3	29.4	24.0	23.8	23.5	26.5
Havells India	282Buy		8.3	9.5	11.9	34.1	29.7	23.7	25.9	17.6	14.3	28.4	28.0	29.8
Larsen & Toubro	1,783Buy		48.4	52.2	69.1	36.8	34.1	25.8	16.3	20.5	15.9	12.9	13.3	15.1
Siemens	1,351Sell		8.7	15.3	20.2	155.2	88.1	66.8	81.7	49.0	42.3	7.4	11.5	13.5
Solar Inds.	3,703Buy		85.9	113.6	136.2	43.1	32.6	27.2	25.4	21.6	17.6	21.6	24.0	23.7
Thermax	1,048Buy		21.4	29.4	38.8	49.0	35.7	27.0	26.9	21.5	16.1	11.7	14.8	17.3
Va Tech Wabag	740Buy		18.6	27.4	38.0	39.8	27.0	19.5	20.5	12.6	10.1	10.7	14.0	17.1
Voltas	315Buy		10.2	11.9	15.4	30.8	26.4	20.5	19.6	19.5	14.3	16.1	16.6	18.6
Sector Aggregate						41.9	32.4	23.9	21.9	20.8	15.7	9.8	11.6	14.1
Cement														
ACC	1,441Buy		45.9	45.6	74.6	31.4	31.6	19.3	21.9	18.3	11.2	10.7	10.5	16.8
Ambuja Cements	230Neutral		8.5	6.8	11.0	26.9	33.5	20.8	19.9	13.3	8.9	13.4	9.3	11.1
Birla Corporation	410Buy		22.8	11.3	39.6	18.0	36.3	10.3	10.6	18.2	6.4	6.7	3.3	10.8
Dalmia Bharat	588Buy		1.1	32.3	61.3	520.8	18.2	9.6	18.9	7.9	5.8	0.3	8.2	14.0
Grasim Industries	3,442Buy		190.5	200.7	289.0	18.1	17.1	11.9	7.2	5.8	4.0	7.6	7.5	9.8
India Cements	94Neutral		0.0	2.7	11.7	-	34.4	8.1	9.4	9.0	6.1	0.8	2.2	8.5
J K Cements	666Buy		17.9	17.3	56.2	37.3	38.6	11.8	16.4	12.5	7.1	7.5	7.7	21.0
Jaiprakash Associates	11Buy		-5.6	-0.1	2.7	-2.0	-166.5	4.2	14.1	8.3	7.5	-9.8	-0.1	4.6
JK Lakshmi Cem.	346Buy		12.7	6.6	25.7	27.2	52.2	13.5	16.8	14.7	8.0	11.4	5.8	20.2
Orient Cement	172Neutral		9.5	9.9	16.5	18.1	17.4	10.4	16.0	13.6	6.8	21.6	19.2	26.8
Prism Cement	109Buy		2.0	2.5	8.0	55.3	44.0	13.8	26.3	14.3	7.8	9.8	11.6	29.8
Ramco Cements	339Buy		10.2	16.5	23.9	33.3	20.6	14.2	14.9	11.3	8.4	9.5	13.9	17.7
Shree Cement	11,324Buy		99.8	167.1	375.3	113.5	67.8	30.2	29.8	22.4	14.1	7.2	11.2	21.8
Ultratech Cement	2,991Buy		73.4	77.5	117.4	40.7	38.6	25.5	20.7	19.0	13.5	11.2	10.8	14.6
Sector Aggregate						44.4	32.7	18.2	16.1	12.5	8.6	6.3	7.5	12.2
Consumer														
Asian Paints	754Buy		14.8	18.9	24.0	50.9	39.9	31.4	37.0	26.9	20.9	32.4	35.2	37.5
Britannia	2,763Buy		47.8	66.0	77.9	57.8	41.9	35.5	32.7	28.6	23.8	61.9	62.4	54.0
Colgate	2,034Neutral		41.1	48.6	59.1	49.5	41.8	34.4	32.8	27.2	21.7	88.0	92.8	99.9
Dabur	280Neutral		6.1	7.5	8.7	45.9	37.3	32.1	35.3	30.0	25.5	35.9	35.7	33.8
Emami	1,160Buy		21.6	24.4	32.3	53.7	47.5	35.9	40.8	35.5	27.7	45.3	41.5	45.8
Godrej Consumer	1,231Neutral		25.9	36.0	43.8	47.5	34.2	28.1	27.5	24.0	19.7	20.4	24.2	24.8
GSK Consumer	6,257Neutral		138.8	171.0	206.0	45.1	36.6	30.4	33.6	26.1	21.4	29.6	31.0	31.6
Hind. Unilever	916Neutral		17.5	20.6	24.4	52.4	44.5	37.6	35.9	31.7	26.0	108.1	116.6	133.4
ITC	315Neutral		12.1	13.5	15.3	26.0	23.3	20.6	18.3	15.7	13.8	34.8	34.9	35.6

Ready reckoner: valuations

Sector / Companies	CMP (INR)	Reco.	EPS (INR)			PE (x)			EV/EBIDTA (x)			ROE (%)		
			FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E
Consumer														
Jyothy Labs	292	Buy	4.4	9.1	8.2	66.8	32.1	35.5	35.1	25.6	21.3	16.6	26.4	22.4
Marico	450	Neutral	8.9	10.8	13.4	50.6	41.7	33.5	28.6	27.0	21.6	33.5	31.0	32.6
Nestle	6,346	Neutral	130.2	116.0	145.3	48.7	54.7	43.7	31.9	31.5	25.7	48.2	40.1	51.8
Pidilite Inds.	551	Neutral	10.2	13.6	15.8	54.1	40.6	34.8	39.1	26.3	22.4	23.1	25.9	26.0
Radico Khaitan	82	Buy	5.7	6.2	7.5	14.3	13.2	10.8	10.9	8.7	7.2	8.6	8.9	10.1
United Spirits	3,372	Buy	-47.2	41.4	62.3	-71.5	81.5	54.1	74.2	44.5	33.6	-21.7	16.8	20.9
Sector Aggregate						43.1	35.0	29.6	28.2	24.0	20.1	33.2	36.0	37.3
Healthcare														
Alembic Pharma	663	Buy	15.0	29.3	28.7	44.2	22.6	23.1	21.7	16.6	16.4	36.3	49.9	35.3
Aurobindo Pharma	1,450	Buy	55.4	65.2	82.5	26.1	22.2	17.6	15.2	15.6	12.3	36.4	31.5	29.8
Biocon	461	Sell	20.1	25.0	28.1	22.9	18.5	16.4	13.9	11.0	9.6	12.3	13.8	14.0
Cadila Health	1,797	Buy	58.3	77.2	94.6	30.8	23.3	19.0	20.8	15.6	13.0	30.8	33.7	31.8
Cipla	616	Neutral	14.7	21.4	27.4	41.9	28.7	22.5	26.6	16.6	13.4	11.0	14.0	15.4
Divis Labs	1,876	Neutral	64.1	76.4	95.0	29.2	24.5	19.8	19.9	17.2	13.7	26.4	26.9	28.6
Dr Reddy's Labs	3,551	Buy	130.2	149.9	176.1	27.3	23.7	20.2	17.7	15.2	12.8	19.9	19.2	18.9
Glenmark Pharma	994	Buy	17.5	32.9	43.0	56.7	30.2	23.1	20.7	17.6	13.3	15.8	23.1	22.8
GSK Pharma	3,325	Neutral	62.4	72.3	78.2	53.3	46.0	42.5	44.8	40.1	33.0	23.1	33.9	37.0
IPCA Labs.	710	Neutral	19.8	25.3	37.6	35.8	28.1	18.9	16.6	15.8	12.6	12.0	13.6	17.7
Lupin	1,887	Buy	53.5	61.4	74.0	35.3	30.7	25.5	26.2	19.7	16.3	30.4	27.3	26.1
Sanofi India	3,516	Neutral	85.5	95.2	123.9	41.1	36.9	28.4	21.4	21.1	16.1	13.3	14.0	16.9
Sun Pharma	874	Buy	18.9	25.6	37.9	46.3	34.2	23.0	25.7	20.8	15.0	20.2	21.3	26.1
Torrent Pharma	1,299	Buy	44.4	54.8	62.7	29.3	23.7	20.7	21.2	15.3	13.5	34.2	33.0	30.4
Sector Aggregate						37.0	28.8	22.3	22.8	18.2	14.4	19.8	21.2	22.4
Media														
D B Corp	338	Buy	17.2	19.3	23.6	19.6	17.5	14.3	12.0	9.6	7.9	26.0	25.9	28.0
Den Networks	142	Neutral	-8.1	4.5	1.3	-17.5	31.2	110.5	25.1	7.2	7.9	-7.4	4.2	1.1
Dish TV	106	Buy	0.0	2.2	6.5	-	47.8	16.4	13.2	12.6	8.0	NA	NA	NA
Hathway Cable	49	Buy	-2.9	-0.6	2.1	-17.1	-83.8	23.2	21.0	11.4	6.6	-17.4	-3.4	11.7
Hindustan Media	211	Buy	19.2	21.7	25.1	11.0	9.7	8.4	6.8	4.3	3.0	20.9	19.4	18.6
HT Media	92	Neutral	8.5	7.2	8.7	10.9	12.9	10.6	6.4	3.0	1.9	9.9	7.5	8.3
Jagran Prakashan	118	Buy	7.2	8.3	9.3	16.3	14.2	12.7	9.4	7.7	6.9	21.7	22.0	21.8
PVR	633	Buy	3.3	6.1	18.4	189.4	104.1	34.3	16.6	13.7	9.3	3.4	4.8	10.6
Siti Cable	35	Buy	-1.6	0.2	0.3	-21.8	145.8	139.9	25.0	11.2	9.5	-55.9	6.3	6.1
Sun TV	282	Not Rated	18.7	21.9	25.8	15.1	12.9	10.9	10.2	5.5	4.7	21.8	23.7	25.5
Zee Entertainment	367	Buy	10.2	11.4	15.2	36.0	32.3	24.1	24.5	23.7	17.0	31.3	28.1	30.7
Sector Aggregate						39.4	25.9	18.2	14.8	11.3	8.7	13.9	18.5	22.3
Metals														
Hindalco	112	Buy	13.5	8.3	17.6	8.3	13.4	6.4	9.3	8.0	6.3	12.4	7.9	15.0
Hindustan Zinc	167	Buy	19.2	14.7	16.2	8.7	11.4	10.3	5.1	6.0	4.8	20.1	13.7	13.8
JSPL	86	UR	6.9	-22.9	-19.4	12.4	-3.7	-4.4	10.3	13.0	12.1	3.0	-11.2	-10.7
JSW Steel	872	Buy	74.5	37.5	62.1	11.7	23.2	14.0	7.3	7.5	6.6	8.0	3.9	6.4
Nalco	40	Buy	4.6	3.8	5.1	8.8	10.5	7.8	3.8	3.2	1.5	9.4	7.5	9.6
NMDC	119	Sell	16.6	9.8	10.3	7.1	12.1	11.5	4.3	7.2	6.9	20.8	15.7	11.2
SAIL	61	Sell	5.1	-1.0	2.1	12.0	-58.7	29.7	10.7	14.7	9.7	4.8	-1.0	2.0
Tata Steel	305	Buy	2.9	20.7	57.2	106.6	14.7	5.3	8.1	7.4	5.2	1.3	11.0	26.5
Vedanta	174	Neutral	20.3	17.4	17.0	8.6	10.0	10.2	4.8	5.3	4.4	17.2	12.2	10.1
Sector Aggregate						9.7	14.6	10.1	6.8	7.5	6.0	9.9	6.3	8.6
Oil & Gas														
BPCL	877	Buy	66.5	75.6	81.0	13.2	11.6	10.8	7.9	7.8	7.4	23.0	22.7	21.2
Cairn India	182	Neutral	23.9	20.5	18.7	7.6	8.9	9.7	2.6	2.7	1.9	12.0	6.4	5.6
GAIL	392	Neutral	23.6	25.2	30.2	16.6	15.6	13.0	13.1	10.9	9.1	10.8	10.5	11.7

Ready reckoner: valuations

Sector / Companies	CMP (INR)	Reco.	EPS (INR)			PE (x)			EV/EBIDTA (x)			ROE (%)		
			FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E
Oil & Gas														
Gujarat State Petronet	119	Neutral	6.4	8.4	9.5	18.7	14.2	12.6	8.5	8.0	7.3	12.5	12.3	12.5
HPCL	729	Buy	80.6	85.4	93.7	9.0	8.5	7.8	7.2	7.3	6.8	17.6	17.2	17.1
Indraprastha Gas	418	Neutral	31.3	31.2	35.8	13.4	13.4	11.7	7.4	7.1	6.0	22.6	19.2	19.0
IOC	385	Buy	13.4	44.7	49.9	28.8	8.6	7.7	15.6	6.8	6.0	4.7	14.5	14.4
MRPL	75	Neutral	-9.8	13.6	13.1	-7.7	5.5	5.7	-6.3	4.2	4.6	-27.6	38.0	28.5
Oil India	447	Buy	41.8	60.0	69.3	10.7	7.5	6.4	9.2	5.9	4.9	11.7	15.6	16.6
ONGC	310	Buy	20.8	32.3	39.2	14.9	9.6	7.9	4.9	4.2	3.8	10.0	14.3	15.8
Petronet LNG	187	Neutral	10.0	10.3	12.5	18.7	18.1	14.9	9.8	10.7	8.8	16.7	13.2	14.4
Reliance Inds.	1,000	Neutral	77.6	85.2	100.7	12.9	11.7	9.9	9.2	10.1	7.6	11.0	11.0	11.9
Sector Aggregate						14.4	10.6	9.2	7.5	6.5	5.6	10.0	12.4	13.0
Ex RMS						13.9	11.0	9.3	6.8	6.3	5.3	10.1	11.7	12.5
Real Estate														
DLF	117	Buy	3.0	4.8	5.9	38.6	24.1	19.7	16.5	13.0	11.5	1.9	2.9	3.5
Brigade Enterprises	150	Buy	8.4	13.1	15.7	17.9	11.4	9.6	7.6	6.7	5.9	7.0	10.1	10.9
Godrej Properties	247	Neutral	9.6	11.2	17.3	25.8	22.1	14.2	30.2	22.9	14.2	10.5	11.5	15.9
Indiabulls Real Estate	57	Buy	6.2	6.9	10.3	9.3	8.3	5.5	15.1	13.6	9.1	3.5	3.8	5.5
Jaypee Infratech	15	Neutral	2.5	2.9	3.7	6.1	5.2	4.0	7.8	6.9	6.1	5.6	6.3	7.8
Mahindra Lifespace	425	Buy	64.9	34.2	44.2	6.5	12.4	9.6	7.3	11.2	7.8	18.0	8.7	9.9
Oberoi Realty	272	Buy	9.7	14.9	26.0	28.1	18.3	10.5	19.3	11.9	6.7	7.0	9.8	14.9
Phoenix Mills	379	Buy	2.4	17.7	21.8	155.0	21.5	17.4	10.6	8.1	7.0	2.1	13.5	14.6
Prestige Estates	247	Buy	8.9	11.7	15.0	27.9	21.2	16.5	13.5	11.4	9.6	8.7	10.4	12.0
Sobha Developers	357	Buy	24.3	26.3	30.5	14.7	13.5	11.7	9.4	7.6	6.7	10.1	10.2	11.0
Sector Aggregate						23.5	17.5	12.9	13.5	11.0	8.9	4.4	5.6	7.1
Retail														
Jubilant Foodworks	1,856	Buy	18.9	31.0	44.2	98.3	59.8	42.0	36.7	29.3	21.3	18.8	24.5	27.0
Shopper's Stop	397	Neutral	4.9	7.9	11.4	81.0	50.5	34.9	18.5	14.2	11.5	5.4	8.1	10.8
Titan Company	366	Neutral	9.3	10.3	12.6	39.5	35.7	29.0	32.1	27.0	21.6	27.2	24.8	25.1
Retail Sector Aggregate	3					48.5	40.6	31.9	31.3	25.9	20.3	22.2	22.3	23.5
Technology														
HCL Technologies	921	Buy	50.9	56.6	64.0	18.1	16.3	14.4	14.2	11.5	9.8	32.4	29.6	27.6
Hexaware Tech.	255	Sell	10.6	13.5	16.9	24.0	18.9	15.1	18.7	13.2	11.0	25.7	30.4	35.9
Infosys	985	Buy	53.9	56.6	65.9	18.3	17.4	14.9	14.9	11.4	9.5	26.0	23.7	24.3
KPIT Tech.	93	UR	11.8	9.6	13.0	7.9	9.7	7.2	9.7	3.6	2.2	18.5	13.9	16.1
Mindtree	1,269	Neutral	63.9	70.6	88.5	19.9	18.0	14.3	14.9	12.5	9.6	29.4	26.9	28.0
Mphasis	411	Neutral	32.3	35.8	38.2	12.7	11.5	10.8	10.0	9.6	8.7	12.8	13.4	13.6
Persistent Systems	601	Neutral	36.3	36.9	47.3	16.6	16.3	12.7	12.5	9.0	6.8	22.1	19.7	22.0
TCS	2,552	Neutral	110.8	123.2	143.4	23.0	20.7	17.8	17.6	15.1	12.9	38.5	37.4	35.4
Tata Elxsi	1,201	Buy	32.8	40.9	51.6	36.7	29.3	23.3	19.6	17.2	13.8	39.3	40.3	41.3
Tech Mahindra	478	Neutral	29.3	32.3	40.6	16.3	14.8	11.8	14.1	9.5	7.5	24.5	21.6	23.1
Wipro	544	Neutral	35.1	38.3	42.5	15.5	14.2	12.8	13.5	10.0	8.7	23.0	21.6	21.0
Sector Aggregate						19.6	17.9	15.5	15.6	12.6	10.6	27.2	25.2	24.8
Telecom														
Bharti Airtel	420	Buy	13.0	15.7	14.6	32.4	26.7	28.8	7.2	7.2	6.4	7.9	9.0	7.8
Bharti Infratel	446	Buy	10.5	12.9	16.0	42.4	34.6	27.9	14.7	14.5	12.5	11.4	14.1	17.0
Idea Cellular	176	UR	8.9	9.7	6.0	19.8	18.1	29.4	7.4	7.3	6.5	16.1	14.2	7.9
Reliance Comm	62	Neutral	2.5	1.3	7.4	25.0	46.1	8.4	6.8	6.2	4.7	2.0	1.0	5.3
Sector Aggregate						30.1	26.3	25.7	7.9	7.8	6.8	8.2	8.7	8.3

Ready reckoner: valuations

Sector / Companies	CMP (INR)	Reco.	EPS (INR)			PE (x)			EV/EBIDTA (x)			ROE (%)		
			FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E
Utilities														
CESC	558Buy		55.2	58.3	62.8	10.1	9.6	8.9	7.0	6.1	5.6	10.5	10.3	10.1
Coal India	421Buy		21.7	24.2	28.4	19.4	17.4	14.8	11.6	12.9	10.4	34.0	36.5	41.1
RattanIndia Power	7Buy		-2.5	0.5	2.8	-2.9	13.8	2.6	491.5	6.3	3.6	-13.2	2.9	14.4
JSW Energy	98Neutral		8.4	8.6	9.6	11.7	11.5	10.3	7.3	7.2	6.1	19.6	17.5	17.3
NHPC	20Neutral		2.2	2.1	2.1	9.0	9.4	9.1	6.4	6.5	6.2	8.2	6.5	6.4
NTPC	138Buy		11.0	12.4	13.9	12.6	11.1	9.9	11.8	9.5	8.7	10.8	12.9	14.3
Power Grid Corp.	139Buy		9.7	11.0	13.3	14.4	12.7	10.4	11.1	9.9	8.9	13.9	14.3	15.8
PTC India	69Buy		10.5	11.7	13.4	6.5	5.9	5.1	6.8	4.0	2.7	7.0	8.6	9.4
Reliance Infrastructure	388Buy		58.3	58.7	54.6	6.7	6.6	7.1	4.5	3.2	2.9	7.4	7.1	6.2
Tata Power	74Neutral		3.0	6.2	7.1	24.7	11.9	10.5	14.4	13.1	12.8	7.4	7.7	7.8
Sector Aggregate						15.4	13.5	11.6	10.8	9.8	8.5	13.9	15.4	16.7
Others														
Arvind	269Buy		13.2	17.2	20.6	20.4	15.7	13.0	9.9	8.7	7.6	12.9	15.3	16.2
Bajaj Electrical	273Buy		-1.4	12.5	17.3	-	21.8	15.7	29.5	10.0	7.8	-2.0	17.1	20.4
Bata India	1,057Buy		32.5	31.8	39.8	32.5	33.2	26.6	20.3	19.0	15.5	22.5	19.0	21.1
Castrol India	434Neutral		9.7	13.0	14.7	44.9	33.3	29.6	32.5	22.3	19.7	70.4	76.6	119.1
Century Plyboards	196Buy		6.7	8.2	10.0	29.3	24.1	19.6	3.5	15.1	12.6	43.7	39.3	35.8
Concor	1,674Neutral		27.2	59.2	72.3	61.6	28.3	23.2	32.8	20.1	16.1	7.3	14.4	15.8
Coromandel Internatl.	248Buy		13.9	19.6	25.0	17.9	12.7	9.9	10.9	7.3	6.0	18.0	23.9	26.0
Cox & Kings	235Buy		23.6	24.4	30.7	9.9	9.6	7.6	7.7	5.5	4.5	18.3	14.9	16.2
Dynamatic Tech.	2,934Buy		27.9	87.8	159.3	105.1	33.4	18.4	19.1	12.4	9.2	8.7	19.6	27.5
Gateway Distriparks	343Buy		17.3	18.4	22.5	19.9	18.6	15.2	14.0	10.5	8.5	15.9	15.6	17.4
Gujarat Pipavav	218Buy		8.9	9.5	12.1	24.4	23.0	18.1	22.6	20.7	15.7	27.0	22.4	22.6
Info Edge	855Buy		13.7	16.5	20.1	62.4	51.9	42.6	62.8	57.6	45.0	13.6	11.4	12.8
Inox Leisure	177Buy		2.2	6.6	11.5	80.4	26.7	15.4	15.1	10.5	7.4	3.9	8.6	13.3
Insecticides India	565Buy		28.8	39.6	53.5	19.6	14.3	10.6	10.4	8.9	6.9	20.3	22.8	24.7
Jain Irrigation	67Buy		1.9	4.3	8.2	36.0	15.5	8.2	8.4	7.2	5.7	3.8	8.2	13.9
Just Dial	1,267Buy		19.7	18.7	27.3	64.3	67.6	46.3	51.3	47.0	30.5	23.0	18.5	23.5
Kaveri Seed	736Neutral		43.7	48.0	56.0	16.8	15.3	13.1	21.0	13.4	10.9	47.4	37.6	33.7
Kitex Garments	998Buy		20.7	27.8	38.3	48.1	35.9	26.0	14.9	21.0	15.5	45.0	41.1	40.2
Monsanto India	2,818Buy		61.6	93.1	118.0	45.8	30.3	23.9	40.9	28.2	21.7	29.6	39.7	42.9
Sintex Inds.	100Buy		13.0	13.4	19.1	7.7	7.5	5.3	7.3	5.9	4.4	13.4	11.9	14.7
Symphony	2,117Sell		41.7	60.4	82.5	50.8	35.0	25.6	48.1	26.4	19.0	47.1	53.9	56.9
TTK Prestige	3,888Buy		77.8	109.3	143.5	50.0	35.6	27.1	26.6	22.3	17.1	14.7	18.5	21.1
UPL	535Buy		26.9	34.6	42.8	19.9	15.5	12.5	8.9	8.8	7.4	20.1	21.6	22.0
V-Guard Inds	897Neutral		23.6	35.4	48.3	38.0	25.3	18.6	21.0	15.7	12.2	20.3	25.4	28.2
Wonderla Holiday	251Buy		9.0	9.6	13.3	28.0	26.0	18.8	16.0	14.2	10.1	20.0	14.5	17.7
Sector Aggregate						29.5	22.1	17.3	16.1	13.2	10.6	15.5	17.9	19.7

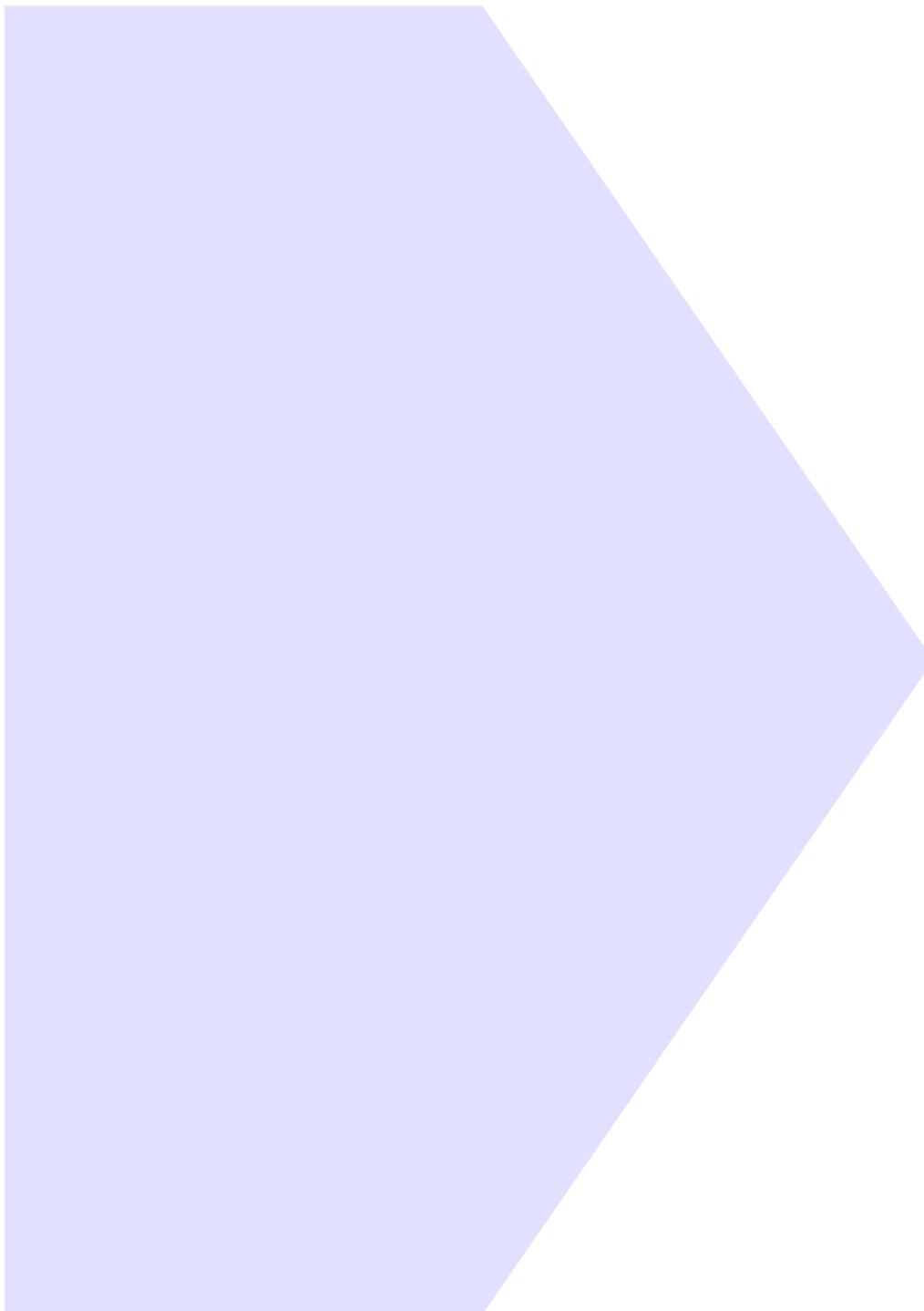
Ready reckoner: valuations

Sector / Companies	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			RoE (%)		
			FY15E	FY16E	FY17E	FY15E	FY16E	FY17E	FY15E	FY16E	FY17E	FY15E	FY16E	FY17E
Financials														
Banks-Private														
Axis Bank	559Buy		31.0	36.8	44.1	18.0	15.2	12.7	3.0	2.6	2.2	17.8	18.1	18.6
DCB Bank	130Buy		6.8	7.5	9.9	19.2	17.3	13.2	2.4	2.0	1.8	14.4	12.8	14.6
Federal Bank	148Buy		11.7	12.8	15.5	12.6	11.6	9.5	1.6	1.5	1.3	13.7	13.4	14.6
HDFC Bank	1,067Buy		40.8	49.0	59.0	26.2	21.8	18.1	4.3	3.7	3.2	19.4	18.4	19.2
ICICI Bank	308Buy		19.3	22.4	26.4	16.0	13.7	11.7	2.3	2.0	1.8	15.2	15.6	16.1
IndusInd Bank	872Buy		33.9	42.3	54.6	25.7	20.6	16.0	4.6	3.9	3.2	19.2	20.3	21.8
J&K Bank	101Neutral		10.5	13.1	18.0	9.6	7.7	5.6	0.8	0.7	0.7	8.6	10.0	12.6
Kotak Mahindra Bank	1,388Neutral		39.4	47.6	57.1	35.2	29.2	24.3	4.8	4.2	3.6	14.8	15.4	15.8
South Indian Bank	24Buy		2.3	2.8	3.6	10.4	8.6	6.6	0.9	0.9	0.8	7.9	10.4	12.3
Yes Bank	843Buy		48.0	60.6	77.2	17.6	13.9	10.9	3.0	2.6	2.2	21.3	19.9	21.5
PVT Bank Aggregate						21.0	17.7	14.6	3.3	2.9	2.5	15.5	16.2	17.0
Banks-PSU														
Andhra Bank	68Buy		10.6	20.6	25.5	6.4	3.3	2.7	0.4	0.4	0.4	6.8	12.2	14.2
Bank of Baroda	144Neutral		15.3	18.0	24.5	9.4	8.0	5.9	0.9	0.8	0.7	9.7	10.4	12.9
Bank of India	171Neutral		25.7	31.8	45.7	6.7	5.4	3.7	0.4	0.4	0.4	6.7	7.8	10.4
Corporation Bank	51Neutral		9.0	16.5	21.9	5.6	3.1	2.3	0.4	0.4	0.3	7.3	12.3	14.7
Dena Bank	44Neutral		4.7	8.8	12.5	9.3	5.0	3.5	0.4	0.3	0.3	4.1	7.2	9.6
IDBI Bank	61Neutral		10.5	14.4	19.7	5.8	4.2	3.1	0.4	0.4	0.4	7.4	9.5	11.9
Indian Bank	141Buy		20.9	23.2	31.4	6.7	6.1	4.5	0.5	0.5	0.5	8.3	8.6	10.8
Punjab National Bank	139Buy		16.5	20.0	27.7	8.4	7.0	5.0	0.7	0.6	0.6	8.5	9.4	11.9
State Bank	263Buy		22.8	25.9	32.3	11.5	10.1	8.1	1.3	1.2	1.0	11.9	12.3	13.8
Union Bank	147Buy		27.9	32.0	41.5	5.3	4.6	3.6	0.5	0.5	0.4	10.1	10.6	12.5
PSU Bank Aggregate						9.6	8.0	6.1	1.0	0.9	0.8	10.1	11.1	13.1
NBFC														
Bajaj Finance	5,457Buy		179.6	215.4	267.7	30.4	25.3	20.4	5.7	4.1	3.5	20.4	19.2	18.4
Dewan Housing	421Buy		42.6	52.9	67.7	9.9	8.0	6.2	1.3	1.2	1.0	15.1	15.7	17.6
HDFC	1,296Buy		38.0	44.2	52.3	34.1	29.4	24.8	6.5	5.9	5.3	25.6	23.5	23.6
IDFC	148Buy		11.2	12.6	14.4	13.2	11.7	10.3	1.4	1.2	1.1	10.9	11.1	11.6
Indiabulls Housing	622Buy		53.5	62.7	76.8	11.6	9.9	8.1	3.3	2.9	2.5	30.8	31.9	33.3
LIC Housing Fin	452Buy		26.7	33.0	39.1	16.9	13.7	11.5	2.9	2.5	2.1	17.5	19.6	19.8
M & M Financial	280Buy		14.7	16.7	19.9	19.0	16.7	14.1	2.8	2.5	2.2	15.5	15.7	16.6
Power Finance Corp	256Buy		47.6	53.9	62.1	5.4	4.7	4.1	1.0	0.9	0.8	20.7	20.3	20.2
Repco Home Fin	644Buy		19.7	24.6	31.8	32.6	26.2	20.2	4.9	4.2	3.6	15.9	17.5	19.2
Rural Electric. Corp.	275Buy		52.6	61.5	74.0	5.2	4.5	3.7	1.1	0.9	0.8	22.7	22.2	22.5
Shriram Trans.Fin.	852Buy		45.3	67.8	83.8	18.8	12.6	10.2	2.1	1.8	1.6	14.1	15.3	16.9
NBFC Aggregate						15.4	13.2	11.1	2.8	2.4	2.1	18.0	18.2	18.9
Financials Aggregate						15.7	13.2	10.7	2.1	1.9	1.7	13.6	14.4	15.7

UR: Under Review

Sectors & Companies

BSE Sensex: 27,574**S&P CNX: 8,329****July 2015**



Note: In our quarterly performance tables, our four-quarter numbers may not always add up to the full-year numbers. This is because of differences in classification of account heads in the company's quarterly and annual results or because of differences in the way we classify account heads as opposed to the company.

All stock prices and indices as on 30 June 2015, unless otherwise stated.

Automobiles

Positive momentum for PVs & MHCVs, slowdown in 2Ws

Favorable fuel and commodity prices augur well

- After the initial euphoria, the demand environment is slacking (except for M&HCVs and PVs). In 1QFY16, auto industry volumes are likely to remain unusually weak for the seasonally weakest quarter (1% YoY growth; 1.7% QoQ).
- EBITDA margins for our auto OEM (ex JLR) coverage universe are likely to expand 50bp QoQ (180bp YoY), driven by sharp recovery in margins for all players barring M&M. MSIL & AL should see a sharp 460bp YoY margin expansion. BJAUT and HMCL are likely to witness 170bp YoY margin expansion, while MM would see 210bp YoY erosion.
- Our top picks are MSIL, TTMT and BJAUT in large caps, and AL, EIM and TVS in midcaps.

Demand recovery stagnating

After an initial spurt last year post elections, demand recovery is losing momentum, with no improvement in the underlying economic environment. M&HCV volumes continued to recover in 1QFY16 (third consecutive quarter of recovery, after nine quarters of decline), with ~15% YoY growth; PV volumes were up by ~7%. However, other segments witnessed muted demand, with 2W and LCVs volumes flat YoY.

Soft commodity prices, operating leverage to drive margin expansion

Margins for our auto OEM (ex JLR) coverage universe are expected to expand 180bp YoY (50bp QoQ) to 11.5%, driven primarily by AL (+460bp) and MSIL (+460bp), partially offset by MM (-210bp). EBITDA is likely to grow ~31% YoY (~2.2% QoQ) for our coverage universe (ex JLR), translating into ~19% growth in PAT. While AL is expected to report its fourth consecutive quarter of PAT at INR1.4b (v/s ~INR479m loss in 1QFY15), TVS PAT is likely to grow ~46% and EIM PAT 54%. MM's PAT is estimated to decline by ~20% YoY. We expect margins to improve over the next two years, driven by demand recovery-led discount moderation, soft commodity prices and operating leverage.

Company name

Amara Raja Batteries

Ashok Leyland

Bajaj Auto

Bharat Forge

Eicher Motors

Exide Industries

Hero MotoCorp

Mahindra & Mahindra

Maruti Suzuki

Tata Motors

TVS Motor Company

Exhibit 1: Expected quarterly performance summary

Sector	CMP (INR)	Reco	Sales (INR m)			EBDITA (INR m)			Net Profit (INR m)		
			Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ
Amara Raja Batt.	882	Buy	12,554	22.0	17.3	2,212	26.0	17.8	1,257	18.6	17.2
Ashok Leyland	73	Buy	37,924	53.1	-15.8	3,537	204.6	-22.6	1,435	LP	-39.7
Bajaj Auto	2,536	Buy	58,556	11.5	23.6	11,292	22.1	34.8	8,673	17.2	39.5
Bharat Forge	1,063	Buy	13,047	32.0	6.6	3,859	36.2	7.3	2,238	54.4	10.3
Eicher Motors	19,578	Buy	29,131	29.7	13.4	4,238	49.0	15.8	2,423	53.9	24.1
Exide Inds.	148	Buy	21,444	12.3	30.3	3,221	10.6	35.2	2,005	8.2	45.7
Hero Motocorp	2,524	Buy	69,388	-0.9	3.6	8,226	16.1	11.2	6,362	13.0	0.7
Mahindra & Mahindra	1,281	Neutral	92,803	-6.3	1.7	11,352	-20.0	13.1	7,195	-19.7	28.8
Maruti Suzuki	4,023	Buy	132,131	16.2	-3.0	21,530	62.1	-0.5	13,496	77.1	5.1
Tata Motors	435	Buy	636,465	-1.6	-5.8	95,470	-14.3	13.1	36,519	-31.5	100.9
TVS Motor	244	Buy	26,262	13.9	6.9	1,786	36.2	18.9	1,055	45.9	16.6
Sector Aggregate			1,129,705	3.5	-2.0	166,721	-0.8	11.6	82,659	-7.2	40.4

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Acceleration in economic activity - key catalyst for demand recovery

Improved economic outlook and consequent improvement in business and consumer sentiments—driven by government-led reforms—would be the key catalysts for demand recovery and, in turn, re-rating. Favorable fuel prices would support faster recovery along with lower interest rate.

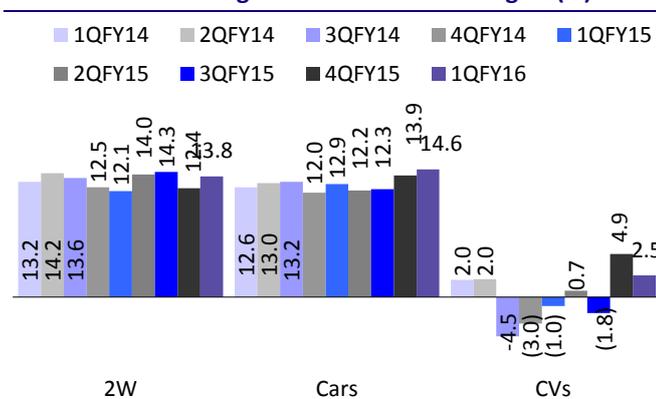
Valuation and view

We are lowering our EPS estimates for TTMT (~17% each for FY16/17), AMRJ (4%/7% for FY16/17), EXIDE (~3%/12% for FY16/17) and BHFC (1.6%/6% for FY16/17). We are upgrading our EPS estimates for MSIL (~5% each for FY16/17) and M&M (~2.5%/6% for FY16/17). The demand environment and changing competitive landscape in the auto sector would be the key determinants of stock performance. We prefer **MSIL** (expected demand recovery coupled with sharp margin expansion), **BJAUT** (expected demand recovery along with attractive valuation) and **TTMT** (robust JLR product pipeline, recovery in India business) in large caps, and **AL** (pure CV cycle play), **EIM** (RE volume momentum continues to remain strong and VECV well prepared for CV cycle recovery) and **TVS** (volume growth continues to surprise positively) in midcaps.

Exhibit 2: Volume snapshot for 1QFY16 ('000 units)

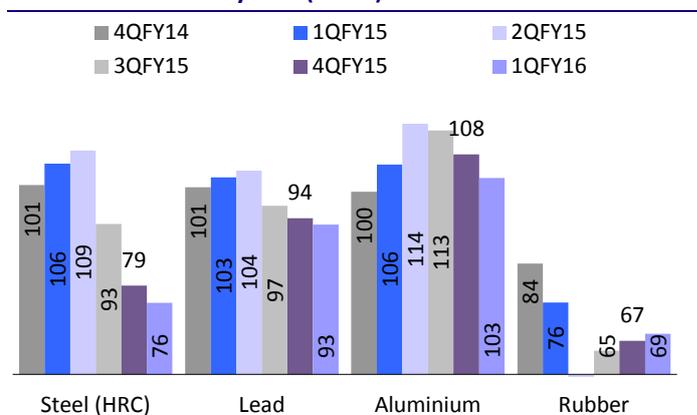
	1QFY16	1QFY15	YoY (%)	4QFY15	QoQ (%)	FY16E	FY15	YoY (%)
Two wheelers	4,508	4,540	-0.7	4,389	2.7	18,876	18,471	2.2
Three wheelers	233	209	11.9	185	26.4	941	916	2.7
Passenger cars	614	567	8.3	644	-4.6	2,472	2,428	1.8
UVs & MPVs	194	190	2.5	205	-5.4	835	809	3.2
Total PVs	808	756	6.8	849	-4.8	3,307	3,237	2.2
M&HCV	67	59	14.5	85	-20.7	281	269	4.7
LCV	102	102	-0.4	114	-10.6	424	430	-1.5
Total CVs	169	161	5.0	199	-14.9	705	699	0.9
Total	5,719	5,666	0.9	5,622	1.7	23,829	23,323	2.2

Exhibit 3: Trend in segment-wise EBITDA margins (%)



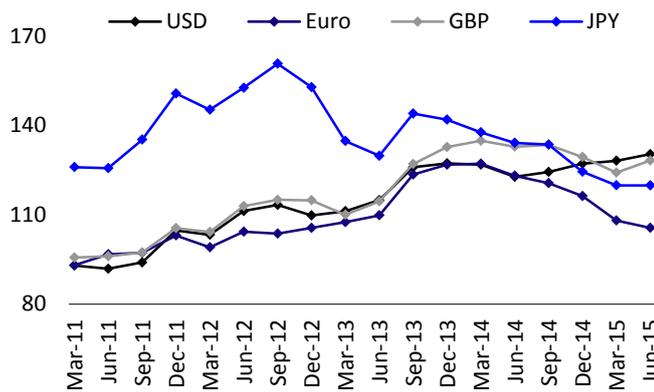
Source: Company, MOSL

Exhibit 4: Commodity cost (index)



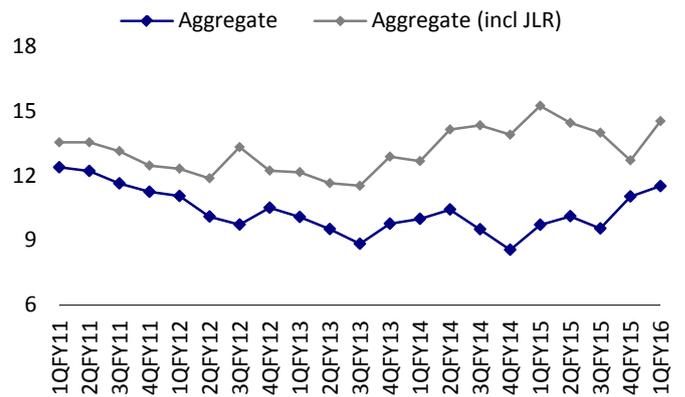
Source: Company, MOSL

Exhibit 5: Trend in key currencies v/s INR



Source: Bloomberg, MOSL

Exhibit 6: Trend in EBITDA margins (%)



Source: Company, MOSL

Exhibit 7: Revised EPS estimates

	FY16E			FY17E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Bajaj Auto	129.0	129.7	-0.5	168.7	169.3	-0.3
Hero MotoCorp	144.2	141.8	1.7	176.2	174.4	1.1
TVS Motor	10.8	10.9	-0.7	16.4	16.6	-1.2
Maruti *	187.4	179.3	4.5	242.4	230.5	5.1
M&M *	73.2	71.4	2.5	97.8	92.5	5.8
Tata Motors * #	50.1	60.5	-17.2	60.0	72.3	-17.0
Ashok Leyland	3.5	3.6	-1.9	6.2	6.4	-3.3
Eicher Motors *	387.6	384.9	0.7	680.7	662.3	2.8
Amara Raja	30.6	32.0	-4.4	42.8	45.9	-6.9
Bharat Forge	43.3	44.0	-1.6	58.6	62.2	-5.8
Exide Industries	8.2	8.5	-3.1	9.0	10.2	-11.5

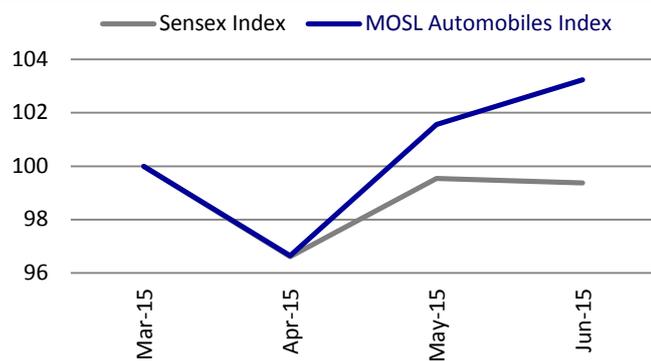
* Consolidated

Exhibit 8: Trend in key financials

	Volumes ('000 units)					EBITDA margins (%)					Adj PAT (INR M)				
	1QFY16	1QFY15	YoY (%)	4QFY15	QoQ (%)	1QFY16	1QFY15	YoY (bp)	4QFY15	QoQ (bp)	1QFY16	1QFY15	YoY (%)	4QFY15	QoQ (%)
BJAUT	1,013	988	2.5	783	29.4	19.3	17.6	170.0	17.7	160.0	8,673	7,400	17.2	6,216	39.5
HMCL*	1,646	1715	-4.1	1,576	4.4	11.9	10.1	170.0	11.0	80.0	6,362	5,628	13.0	6,316	0.7
TVS Motor	638	584	9.3	603	5.8	6.8	5.7	110.0	6.1	70.0	1,055	723	45.9	905	16.6
MSIL	341	300	13.8	353	-3.3	16.3	11.7	460.0	15.9	40.0	13,496	7,623	77.1	12,842	5.1
MM	172	187	-8.1	162	6.3	12.2	14.3	-210.0	11.0	120.0	7,195	8,964	-19.7	5,586	28.8
TTMT (S/A)	117	110	5.9	139	-16.3	-0.5	-2.8	240.0	2.8	-330.0	1,408	3,937	-64.2	-10,806	NA
TTMT (Cons)						15.0	17.2	-220.0	12.5	250.0	36,519	53,306	-31.5	18,181	100.9
Ashok Leyland	28	20	41.4	34	-17.5	9.3	4.7	460.0	10.1	-80.0	1,435	-479	LP	2,380	-39.7
Eicher Motors						14.5	12.7	190.0	14.3	30.0	2,423	1,574	53.9	1,953	24.1
Aggregate	3,955	3,905	1.3	3,649	8.4	11.5	9.7	180.0	11.0	50.0	42,048	35,369	18.9	25,393	65.6

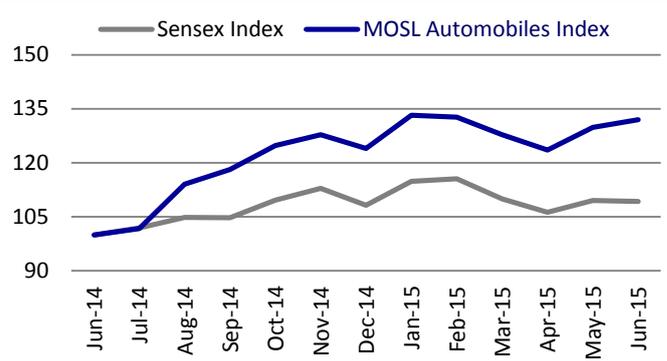
*Normalized for royalty adjusted

Exhibit 9: Relative performance – 3m (%)



Source: Bloomberg, MOSL

Exhibit 10: Relative performance – 1Yr (%)



Source: Bloomberg, MOSL

Exhibit 11: Comparative valuations

Sector / Companies	CMP (INR)	Reco.	EPS (INR)			PE (x)			EV/EBIDTA (x)			ROE (%)		
			FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E
Amara Raja Batt.	882	Buy	24.3	30.6	42.8	36.2	28.8	20.6	19.3	16.0	11.7	27.2	27.5	30.5
Ashok Leyland	73	Buy	0.8	3.5	6.2	88.2	20.7	11.7	20.3	10.2	6.3	4.9	18.3	27.5
Bharat Forge	1,063	Buy	31.5	43.3	58.6	33.8	24.6	18.1	21.4	13.2	10.1	24.0	26.4	28.9
Bajaj Auto	2,536	Buy	105.3	129.0	168.7	24.1	19.7	15.0	11.8	12.3	9.7	30.0	32.7	36.7
Eicher Motors	19,578	Buy	227.1	387.6	680.7	86.2	50.5	28.8	37.6	26.9	15.0	26.9	37.1	46.3
Exide Inds.	148	Buy	6.4	8.2	9.0	23.1	18.0	16.4	14.4	9.4	8.2	13.5	15.3	15.0
Hero Motocorp	2,524	Buy	127.2	144.2	176.2	19.8	17.5	14.3	15.9	12.2	10.2	41.9	40.3	41.2
Mahindra & Mahindra	1,281	Neutral	47.8	73.2	97.8	26.8	17.5	13.1	5.9	5.1	4.0	15.9	16.5	17.8
Maruti Suzuki	4,023	Buy	125.5	187.4	242.4	32.0	21.5	16.6	14.4	11.2	8.6	15.7	20.1	21.9
Tata Motors	435	Buy	43.6	50.1	60.0	10.0	8.7	7.2	4.3	3.7	3.2	23.1	25.0	22.7
TVS Motor	244	Buy	7.3	10.8	16.4	33.3	22.6	14.9	22.2	14.5	10.0	22.7	27.9	33.2
Sector Aggregate						20.9	15.9	12.4	7.9	6.9	5.6	21.6	22.4	23.5

Amara Raja Batteries

Bloomberg	AMRJ IN
Equity Shares (m)	170.8
M. Cap. (INR b)/(USD b)	151 / 2.4
52-Week Range (INR)	946 / 448
1,6,12 Rel Perf. (%)	0 / 6 / 78

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	34.4	42.3	51.8	63.5
EBITDA	5.6	7.3	9.1	12.1
NP	3.7	4.2	5.2	7.3
EPS (INR)	21.7	24.3	30.6	42.8
EPS Gr. (%)	26.3	12.3	25.7	39.7
BV/Sh (INR)	79.8	99.5	123.5	157.0
RoE (%)	30.6	27.2	27.5	30.5
RoCE (%)	40.9	37.6	38.8	43.4

Valuations

P/E (x)	40.7	36.2	28.8	20.6
P/BV (x)	11.1	8.9	7.1	5.6
EV/EBITDA (x)	26.5	20.5	16.0	11.7
EV/Sales (x)	4.3	3.5	2.8	2.2

CMP: INR882

Buy

- We expect AMRJ's revenue to rise 22% YoY (17.3% QoQ) to INR12.5b.
- Demand revival from auto OEMs and replacement segment would continue to drive growth.
- Average lead cost has gone up by 9% QoQ; negative effect on RM cost to come with a quarter lag.
- EBITDA margin is likely to expand 50bp YoY (10bp QoQ) to 17.6%.
- We expect PAT to increase 18.6% YoY to INR1.2b.
- We lower our FY16E/FY17E EPS by 4.4%/6.9% to factor in for higher excise duty at 12.6% v/s 10.6% earlier.
- The stock trades at 28.8x/20.6x FY16E/17E EPS. Maintain **Buy**.

Key issues to watch for

- Update on demand environment for OEMs, auto replacement and industrial battery segments.
- Outlook on RM cost trend, recent pricing action and currency hedges, if any.
- Update on capacity expansion plans across product segments.

Quarterly performance

(INR Million)

Y/E March (INR m)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	10,290	10,656	10,665	10,698	12,554	12,787	13,064	13,380	42,301	51,785
YoY Change (%)	15.1	32.0	23.6	20.5	22.0	20.0	22.5	25.1	22.5	22.4
RM Cost	66.8	66.0	65.2	64.5	65.0	64.8	65.1	65.6	65.6	65.1
Employee Expenses	4.6	4.5	4.6	4.7	4.6	4.7	4.6	4.9	4.5	4.6
Other Expenses	11.6	12.2	13.3	13.2	12.8	12.8	12.6	11.8	12.2	13.3
EBITDA	1,755	1,853	1,801	1,878	2,212	2,269	2,308	2,360	7,278	9,148
Margins (%)	17.1	17.4	16.9	17.5	17.6	17.7	17.7	17.6	17.2	17.7
Depreciation	310	366	288	376	400	415	435	450	1,340	1,700
Interest	0	0	0	1	3	3	3	2	2	9
Other Income	59	56	47	66	76	96	111	118	236	400
PBT	1,504	1,542	1,559	1,493	1,885	1,947	1,981	2,026	6,099	7,838
Rate (%)	29.6	35.0	34.3	31.5	33.3	33.3	33.3	33.3	32.6	33.3
Reported PAT	1,060	1,003	1,024	1,023	1,257	1,299	1,321	1,351	4,109	5,228
Adj PAT	1,060	1,003	1,024	1,072	1,257	1,299	1,321	1,351	4,158	5,228
YoY Change (%)	8.3	6.0	7.7	29.8	18.6	29.5	29.1	26.0	12.3	25.7

E: MOSL Estimates

Ashok Leyland

Bloomberg	AL IN
Equity Shares (m)	2845.9
M. Cap. (INR b)/(USD b)	210 / 3
52-Week Range (INR)	76 / 22
1,6,12 Rel Perf. (%)	3 / 65 / 191

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	99.4	136.6	190.8	249.9
EBITDA	1.7	10.5	21.3	30.7
NP	-4.8	1.9	10.4	17.5
Adj. EPS (INR)	-1.8	0.7	3.6	6.2
EPS Gr. (%)	NA	NA	NA	NA
BV/Sh. (INR)	16.7	18.7	21.1	25.5
RoE (%)	-10.7	3.8	18.3	26.4
RoCE (%)	-1.5	7.6	18.4	27.4
Payout (%)	0.0	76.2	27.4	24.4

Valuations

P/E (x)	-41.2	112.3	20.2	12.0
P/BV (x)	4.4	3.9	3.5	2.9
EV/EBITDA (x)	141.5	23.3	11.3	7.4
Div. Yield (%)	0.0	0.7	1.4	2.0

CMP: INR73

Buy

- We expect volumes to rise by 41% YoY (-17.5% QoQ), led by a revival in demand for HCVs.
- MHCV volumes are expected to increase 44% YoY (-18% QoQ) as business sentiments and economic activity improve.
- We expect realizations to improve 8.3% YoY (2% QoQ) on account of some reduction in discount.
- EBITDA margin is expected to be 9.3% (v/s 10.1% in 4QFY15, 7.1% in 3QFY15 and 7.3% in 2QFY15).
- We expect PAT at INR1.4b (v/s a loss in 1QFY15).
- The stock trades at 20.2x/12x FY16E/17E EPS. Maintain **Buy**.

Key issues to watch for

- Current demand environment and discounting trend, plant and channel inventory for MHCVs.
- Industry growth, market share guidance for MHCVs and LCVs for FY16.
- Pantnagar volume guidance, RM cost outlook and margin guidance for FY16.
- Capex and investment guidance and divestment plans for FY16.

Quarterly Performance

(INR Million)

	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Total Volumes (nos)	19,940	25,371	25,397	34,155	28,190	32,335	31,907	41,925	104,916	134,356
Growth %	-8.2	9.8	38.1	31.1	41.4	27.4	25.6	22.7	17.4	28.1
Realizations ('000)	1,243	1,268	1,323	1,319	1,345	1,359	1,372	1,363	1,293	1,360
% change	14.2	15.0	24.6	11.7	8.3	7.2	3.7	3.3	16.1	5.2
Net Sales	24,778	32,176	33,610	45,057	37,924	43,948	43,788	57,130	135,622	182,790
Change (%)	4.8	26.2	72.1	46.4	53.1	36.6	30.3	26.8	36.4	34.8
RM/Sales %	73.3	73.6	74.5	72.8	72.5	72.0	72.1	72.1	73.5	72.2
Staff / sales %	11.4	9.1	8.2	7.4	8.2	7.9	8.1	7.2	8.7	7.8
Oth. Exp./ Sales %	10.6	10.1	10.2	9.7	10.0	9.8	9.3	8.9	10.2	9.4
EBITDA	1,161	2,343	2,381	4,571	3,537	4,570	4,595	6,735	10,266	19,514
EBITDA Margins (%)	4.7	7.3	7.1	10.1	9.3	10.4	10.5	11.8	7.6	10.7
Other Income	231	257	193	372	250	300	350	450	1,245	1,350
Interest	1,063	1,007	982	882	750	725	700	714	3,935	2,889
Depreciation	1,033	1,031	999	1,101	1,050	1,055	1,060	1,063	4,163	4,228
PBT before EO Exp	-704	562	594	2,961	1,987	3,090	3,185	5,408	3,413	13,747
EO Exp/(Inc)	0	-1,090	0	80	0	0	0	0	-1,009	0
PBT	-704	1,652	594	2,880	1,987	3,090	3,185	5,408	4,422	13,747
Effective Tax Rate (%)	31.9	27.0	46.0	20.2	27.8	27.7	27.7	27.6	24.3	27.5
Rep. PAT	-479	1,206	321	2,300	1,435	2,235	2,304	3,916	3,348	9,966
Adj. PAT	-479	116	321	2,380	1,435	2,235	2,304	3,916	2,339	9,966
Change (%)	-65	-117	-112	-1,974	-399	1,819	618	65	-149.1	326.1

E: MOSL Estimates

Bajaj Auto

Bloomberg	BJAUT IN
Equity Shares (m)	289.4
M. Cap. (INR b)/(USD b)	734/12
52-Week Range (INR)	2690/1914
1,6,12 Rel Perf. (%)	10 / 3 / 0

Financial Snapshot (INR Billion)

Y/E MAR	2014	2015	2016E	2017E
Sales	201.5	216.1	244.3	285.4
EBITDA	41.1	41.2	49.7	60.1
NP	32.4	30.5	37.3	48.8
EPS (INR)	112.0	105.3	129.0	168.7
EPS Gr. (%)	6.5	-6.0	22.5	30.8
BV/Sh. (INR)	332.0	369.5	420.4	499.0
RoE (%)	37.0	30.0	32.7	36.7
RoCE (%)	51.8	42.7	45.5	49.5
Payout (%)	52.2	56.9	60.6	53.4
Valuations				
P/E (x)	22.6	24.1	19.7	15.0
P/BV (x)	7.6	6.9	6.0	5.1
EV/EBITDA.x	15.7	15.5	12.3	9.7
Div. Yield (%)	2.0	2.0	2.6	3.0

CMP: INR2,536

Buy

- We expect volumes to increase ~3% YoY (30% QoQ) to ~1,013k units, led by 8% growth in exports and flat domestic 2W sales.
- We expect realizations to improve ~9% YoY (-4.5% QoQ) due to lower ASP of recently launched CT-100.
- EBITDA margin is likely to go up by 160bp YoY to 19.3% (v/s 17.7% in 4QFY15) due to operating leverage benefit from recently launched CT-100.
- We expect PAT to rise ~17% YoY (~40% QoQ) to INR8.7b (v/s INR7.4b in 1QFY15).
- The stock trades at 19.7x/15x FY16E/17E EPS. Maintain **Buy**.

Key issues to watch for

- Update on demand environment at the retail level, channel inventory.
- Export demand outlook—especially for the Nigerian market, where currency has depreciated sharply and interest rates have increased.
- Details on new launches, update on forex hedges on exports for FY16.
- Update on *RE60* launch timeline (for export and domestic market), volume and margin guidance.

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Volumes ('000 units)	988.4	1,055.6	984.5	782.7	1,013.0	1,059.8	1,109.4	1,036.9	3,811	4,219
Growth YoY (%)	0.9	9.8	-0.9	-16.4	2.5	0.4	12.7	32.5	(1.5)	10.7
Realization (INR/unit)	53,139	56,491	57,461	60,554	57,803	58,092	58,092	57,645	56,707	57,913
Growth YoY (%)	6.0	4.9	11.3	14.9	8.8	2.8	1.1	-4.8	8.9	2.1
Net Sales	52,524	59,631	56,572	47,393	58,556	61,564	64,449	59,771	216,120	244,340
Change (%)	6.9	15.2	10.2	-3.9	11.5	3.2	13.9	26.1	7.3	13.1
RM/Sales %	70.1	68.9	68.3	67.5	69.0	68.3	67.9	67.8	68.6	68.2
Staff cost/Sales %	4.1	3.5	3.8	5.5	4.1	4.0	3.9	4.1	4.2	4.0
Oth. Exp./Sales %	8.5	8.9	6.5	9.8	7.9	7.6	7.7	7.6	8.4	7.7
EBITDA	9,251	11,268	12,268	8,378	11,292	12,536	13,418	12,412	41,343	49,695
EBITDA Margins (%)	17.6	18.9	21.7	17.7	19.3	20.4	20.8	20.8	19.1	20.3
Other Income	2,193	1,136	953	1,543	1,750	1,500	1,750	1,450	5,824	6,450
Interest	1	1	1	63	3	3	3	43	65	50
Depreciation	692	686	658	638	650	700	750	627	2,674	2,727
PBT	10,751	8,314	12,563	9,220	12,390	13,333	14,416	13,193	44,428	53,368
Effective Tax Rate (%)	31.2	28.9	31.4	32.6	30.0	30.0	30.0	30.0	28.6	30.0
Rep. PAT	7,400	5,909	8,612	6,216	8,673	9,333	10,091	9,235	31,718	37,369
Adj. PAT	7,400	8,327	8,612	6,216	8,673	9,333	10,091	9,235	30,481	37,332
Change (%)	0.3	(0.5)	(4.8)	(18.5)	17.2	12.1	17.2	48.6	-6.0	22.5

E: MOSL Estimates

Bharat Forge

Bloomberg	BHFC IN
Equity Shares (m)	232.8
M. Cap. (INR b)/(USD b)	248/4
52-Week Range (INR)	1363/587
1,6,12 Rel Perf. (%)	-13 / 12 / 61

CMP: INR1,063
Buy
Financial Snapshot (INR Billion)

Y/E Mar	2014	2015	2016E	2017E
Sales	67.2	76.2	92.2	112.0
EBITDA	10.3	14.4	19.1	24.5
NP	4.5	7.4	10.1	13.6
EPS (INR)	19.1	31.5	43.3	58.6
EPS Gr. (%)	61.3	64.5	37.4	35.4
BV/Sh. (INR)	115.2	147.9	180.4	224.5
RoE (%)	18.2	24.0	26.4	28.9
RoCE (%)	15.4	22.0	27.1	32.0

Valuation

P/E (x)	55.5	33.8	24.6	18.1
P/BV (x)	9.2	7.2	5.9	4.7
EV/EBITDA	26.2	18.3	13.7	10.4
EV/Sales (x)	4.0	3.5	2.8	2.3

Consolidated

- We expect BHFC's shipment tonnage to increase 20% YoY to 58,948 tons.
- Net revenue is likely to rise ~32% YoY to ~INR13b.
- EBITDA margin should expand 90bp YoY (20bp QoQ) to 29.6%.
- PAT is likely to increase ~54% YoY (10.1% QoQ) to INR2.2b.
- We lower our FY16E/FY17E EPS by 1.6%/5.8%, as we factor in for lower domestic revenue growth at 6% (v/s 11% earlier) for FY16.
- The stock trades at 24.6x/18.1x FY16E/17E EPS. Maintain **Buy**.

Key issues to watch for

- Update on demand environment for local and export markets.
- Impact of weakness in oil and other commodity prices on its non-auto business performance.
- Update on Alstom JV plant and execution timeline for existing and new orders.

Standalone quarterly performance

(INR Million)

	FY15				FY16E				FY15	FY16E
	1Q	2Q	3QE	4Q	1Q	2Q	3Q	4Q		
Net Op Income	9,881	11,383	11,978	12,239	13,047	14,239	14,561	15,367	45,481	57,214
Change (%)	24.8	34.7	43.9	31.5	32.0	25.1	21.6	25.6	33.8	25.8
RM/Sales (%)	36.3	40.1	37.3	39.0	39.0	38.5	38.3	38.3	38.3	38.5
Staff Cost (% of Sales)	8.0	7.1	6.9	7.3	6.9	6.7	6.9	7.4	7.3	7.0
Other Exp. (% of Sales)	26.9	24.3	25.6	24.3	24.5	25.6	25.8	25.1	25.2	25.3
EBITDA	2,833	3,247	3,623	3,597	3,859	4,157	4,234	4,492	13,300	16,742
EBITDA Margins (%)	28.7	28.5	30.2	29.4	29.6	29.2	29.1	29.2	29.2	29.3
Change (%)	44.5	45.8	68.9	56.2	36.2	28.0	16.9	24.9	54.0	25.9
Non-Operating Income	242	300	191	200	250	320	200	230	933	1,000
Interest	316	314	264	224	225	220	220	255	1,118	920
Depreciation	658	664	687	497	640	660	700	729	2,505	2,729
EO Expenses / (Income)	0	41	0	-5	0	0	0	0	36	0
PBT	2,101	2,529	2,863	3,081	3,244	3,597	3,514	3,738	10,573	14,093
Effective Tax Rate (%)	31.0	31.0	31.4	34.1	31.0	31.0	31.0	31.0	32.0	31.0
Rep. PAT	1,450	1,745	1,964	2,032	2,238	2,482	2,425	2,579	7,190	9,724
Adj. PAT	1,450	1,773	1,964	2,029	2,238	2,482	2,425	2,579	7,214	9,724
Change (%)	60.0	84.1	109.0	83.0	54.4	40.0	23.5	27.1	84.2	34.8

E: MOST Estimates

Eicher Motors

Bloomberg	EIM IN
Equity Shares (m)	27.0
M. Cap. (INR b)/(USD b)	529/8
52-Week Range (INR)	20020/7458
1,6,12 Rel Perf. (%)	5 / 29 / 136

Financial Snapshot (INR Billion)

Y/E Dec	2014	2015E	2016E	2017E
Net Income	87.4	128.8	181.0	217.9
EBITDA	11.1	18.9	32.8	40.4
Net Profit	6.2	10.5	18.4	23.2
Adj. EPS (INR)	227.1	387.6	680.7	856.2
EPS Gr. (%)	55.6	70.7	75.6	25.8
BV/Sh. (INR)	928.4	1,159	1,779	2,567
RoE (%)	26.9	37.1	46.3	39.4
RoCE (%)	27.6	39.4	53.6	47.7
Payout (%)	0.3	0.2	0.2	0.3

Valuations

P/E (x)	86.2	50.5	28.8	22.9
P/BV (x)	21.1	16.9	11.0	7.6
EV/EBITDA (x)	55.1	31.7	18.4	14.4
Div. Yield (%)	0.2	0.2	0.2	0.3

CMP: INR19,578

Buy

- With continued higher demand momentum, Royal Enfield's volumes are expected to improve 44% YoY (16% QoQ) and margins are expected to remain strong at 26.9% (+200bp YoY).
- We expect VECV's volumes to rise by ~5.5% YoY (~11% QoQ) on economic revival and higher fleet operator utilization, leading to replacement demand. VECV margins are expected to decline 20bp QoQ to 6.9%.
- We anticipate ~30% YoY (13.4% QoQ) growth in consolidated revenue. Consolidated margins are expected to be 14.5%, up 180bp YoY (20bp QoQ). Consolidated PAT (after minority) would increase 54% YoY (~24% QoQ) to INR2.4b.
- We now value RE business at 35x CY16 EPS (v/s 30x earlier; in-line with consumer focus companies). The stock trades at 50.5x/28.8x CY15/16E EPS. Maintain **Buy**.

Key issues to watch for

- Update on current CV demand trends, discount levels and channel inventory.
- New launches and timelines under Royal Enfield business.

Quarterly Performance

(INR Million)

(Consolidated)	CY14				CY15				CY14	CY15E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Y/E December										
Net Op Income	19,242	22,454	22,750	22,938	25,680	29,131	34,608	39,341	87,383	128,760
Growth (%)	11.6	34.5	35.1	36.6	33.5	29.7	52.1	71.5	451.3	47.4
EBITDA Margins (%)	11.5	12.7	13.4	13.2	14.3	14.5	15.4	14.5	36.8	40.4
Effective tax rate (%)	30.2	27.3	30.4	29.4	32.8	27.7	27.6	28.5	29.3	28.9
Recurring PAT	1,391	1,574	1,650	1,538	1,953	2,423	2,967	3,162	6,154	10,505
Growth (%)	42.0	70.5	92.5	59.8	40.3	53.9	79.8	105.6	56.2	70.7
Standalone (Royal Enfield)										
Royal Enfield (units)	63,745	74,132	81,977	82,215	92,021	106,613	121,023	129,784	302,591	449,441
Growth (%)	83.5	85.1	69.9	49.2	44.4	43.8	47.6	57.9	69.9	48.5
Net Op Income	6,357	7,462	8,212	8,282	9,612	11,119	12,620	13,536	30,312	46,886
Growth (%)	90.5	95.4	78.9	56.9	51.2	49.0	53.7	63.4	76.9	54.7
EBITDA Margins (%)	23.1	24.9	25.0	23.6	26.1	26.9	27.2	26.9	24.2	26.8
Recurring PAT	1,606	1,332	1,410	1,241	2,135	2,144	2,424	2,654	5,589	9,356
Growth (%)	65.2	153.2	128.2	85.2	32.9	60.9	71.9	113.9	92.8	67.4
VECV (derived)										
Total CV Volumes	9,981	11,495	9,815	9,460	10,949	12,128	14,677	16,504	40,751	141,318
Growth (%)	-20.3	4.2	4.1	8.6	9.7	5.5	49.5	74.5	-2.3	246.8
Net Op Income	12,885	14,992	14,538	14,656	16,069	18,012	21,988	26,015	58,408	
Growth (%)	-7.3	16.4	18.7	27.3	24.7	20.1	51.2	77.5	11.2	
EBITDA Margins (%)	5.8	6.6	6.9	7.3	7.1	6.9	8.6	8.8	15.4	16.0
Recurring PAT	363	453	451	569	436	514	999	1,299	2,721	4,176
Growth (%)	-52.4	-38.1	6.2	5.0	20.0	13.5	121.5	128.3	-34.2	53.4

E: MOSL Estimates

Exide Industries

Bloomberg	EXID IN
Equity Shares (m)	850.0
M. Cap. (INR b)/(USD b)	126/2
52-Week Range (INR)	207/140
1,6,12 Rel Perf. (%)	-4 / -18 / -7

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015	2016E	2017E
Net Sales	59.6	68.7	79.0	89.9
EBITDA	8.5	9.2	11.5	12.8
Adj. PAT	5.2	5.5	7.0	7.7
Adj. EPS (INR)	6.1	6.4	8.2	9.0
EPS Gr. (%)	-0.5	5.0	27.8	9.8
BV/Sh. (INR)	43.9	47.7	53.6	60.0
RoE (%)	13.9	13.5	15.3	15.0
RoCE (%)	19.7	19.1	20.6	20.3
Payout (%)	29.4	31.1	24.4	24.4

Valuations

P/E (x)	24.2	23.1	18.0	16.4
P/BV (x)	3.4	3.1	2.8	2.5
EV/EBITDA (x)	12.4	11.6	9.4	8.2
Div. Yield (%)	1.2	1.3	1.3	1.5

CMP: INR148

Buy

- We expect 12.3% YoY (30.3% QoQ) growth in net sales (INR21.4b), driven by a revival in auto OEM demand; growth in replacement demand continues to be healthy.
- EBITDA margin is expected to decline 20bp YoY (expand 60bp QoQ) to 15%.
- Average lead cost has gone up 9% QoQ; negative effect on RM cost to come with a quarter lag.
- PAT is likely to increase 8.2% YoY (~46% QoQ) to INR2b.
- The stock trades at 18x/16.4x FY16E/17E EPS. Maintain **Buy**.

Key issues to watch for

- Update on demand environment for OEMs, auto replacement and industrial battery segment.
- Update on market share in both autos and non-autos.
- Outlook on RM cost trend, recent pricing action and currency hedges, if any.
- Update on capacity expansion plans across product segments.

S/A Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	19,096	17,613	15,579	16,454	21,444	20,263	17,514	19,816	68,742	79,036
Growth YoY (%)	17.4	23.3	19.7	2.3	12.3	15.0	12.4	20.4	15.3	15.0
RM (%)	66.3	67.1	67.0	64.0	64.8	65.0	65.3	65.0	66.1	65.0
Employee Cost (%)	5.2	6.1	6.5	6.4	5.5	6.0	6.6	6.3	6.1	6.1
Other Exp. (%)	13.3	15.0	14.9	15.1	14.8	14.3	14.3	14.3	14.5	14.4
EBITDA	2,911	2,077	1,802	2,382	3,221	2,980	2,440	2,848	9,172	11,489
EBITDA Margin (%)	15.2	11.8	11.6	14.4	15.0	14.7	13.9	14.4	13.3	14.5
Change (%)	10.9	3.3	26.4	8.8	10.6	43.4	35.4	19.6	7.9	25.3
Non-Operating Income	87	69	12	57	90	85	80	126	225	381
Interest	2	4	8	3	5	5	5	5	17	20
Depreciation	323	329	352	391	400	420	450	466	1,395	1,736
PBT after EO Exp	2,673	1,813	1,455	2,045	2,906	2,640	2,065	2,502	7,985	10,113
Effective Tax Rate (%)	30.7	30.6	33.2	32.7	31.0	31.0	31.0	31.0	31.6	31.0
Adj. PAT	1,853	1,258	972	1,376	2,005	1,821	1,425	1,726	5,459	6,978
Change (%)	16.7	6.2	25.4	4.1	8.2	44.8	46.6	25.5	5.0	27.8

E: MOSL Estimates

Hero MotoCorp

Bloomberg	HMCL IN
Equity Shares (m)	199.7
M. Cap. (INR b)/(USD b)	504/8
52-Week Range (INR)	3272/2252
1,6,12 Rel Perf. (%)	-6 / -20 / -13

CMP: INR2,524
Buy
Financial Snapshot (INR Billion)

Y/E March	2014	2015E	2016E	2017E
Sales	251.2	273.5	296.5	332.0
EBITDA	33.9	33.1	37.1	43.6
NP	21.1	25.4	28.8	35.2
Adj. EPS (INR)	105.6	127.2	144.2	176.2
EPS Gr. (%)	-0.4	20.5	13.3	22.2
BV/Sh. (INR)	280.4	327.6	387.4	467.3
RoE (%)	39.8	41.9	40.3	41.2
RoCE (%)	52.0	57.5	56.3	56.5
Payout (%)	70.8	57.8	55.8	52.2
Valuations				
P/E (x)	23.9	19.8	17.5	14.3
P/BV (x)	9.0	7.7	6.5	5.4
EV/EBITDA (x)	13.6	14.2	12.2	10.2
Div. Yield (%)	2.6	2.4	2.8	3.2

- We expect volumes to decline ~4.1% YoY (4.4% QoQ) to 1.64m units.
- Realizations should improve 3.3% YoY (-1% QoQ) to INR42,167/unit.
- Net Revenues to remain flat YoY (+3.6% QoQ) at INR69.4b.
- EBITDA margin would expand 90bp QoQ (decline 110bp YoY) to 11.9% on lower other expenses at 12.1%.
- We expect PAT to increase 13% YoY (flat QoQ) to INR6.3b.
- The stock trades at 17.5x/14.3x FY16E/17E EPS. Maintain **Buy**.

Key issues to watch for

- Update on demand environment at the retail level, channel inventory.
- Guidance on export plans, new launches together with timelines.

Quarterly Performance
(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Total Volumes ('000 nos)	1,715	1,693	1,649	1,576	1,646	1,727	1,824	1,790	6,632	6,987
Growth YoY (%)	10.0	19.5	-1.9	-0.9	-4.1	2.1	10.6	13.6	6.2	5.4
Net Realization	40,810	40,552	41,203	42,496	42,167	42,378	42,590	42,594	41,242	42,439
Growth YoY (%)	3.9	0.8	1.2	4.6	3.3	4.5	3.4	0.2	2.5	2.9
Net Sales	69,994	68,635	67,925	66,952	69,388	73,206	77,682	76,243	273,506	296,520
Change (%)	14.2	20.5	-0.8	3.7	-0.9	6.7	14.4	13.9	8.9	8.4
RM Cost (% sales)	73.0	72.4	72.2	71.2	71.5	71.7	71.6	71.2	72.2	71.5
Staff Cost (% sales)	3.8	4.2	4.7	4.5	4.5	4.4	4.2	4.3	4.3	4.4
Other Exp (% sales)	10.2	10.6	11.8	13.2	12.1	11.7	11.4	11.3	11.4	11.6
EBITDA	9,098	8,830	7,751	7,397	8,226	8,917	9,962	10,012	33,075	37,117
EBITDA Margins (%)	13.0	12.9	11.4	11.0	11.9	12.2	12.8	13.1	12.1	12.5
Other Income	1,502	2,454	1,403	1,916	1,550	1,800	1,500	1,983	7,274	6,833
Interest	30	49	24	8	30	35	30	30	111	125
Depreciation	2,915	750	838	897	900	925	950	1,011	5,400	3,786
PBT	7,655	10,484	8,292	6,857	8,846	9,757	10,482	10,954	33,288	40,039
Effective Tax Rate (%)	26.5	27.2	29.7	30.5	28.1	28.1	28.1	28.1	28.3	28.1
Adj. PAT	5,628	7,634	5,830	6,316	6,362	7,018	7,538	7,878	25,407	28,796
Growth (%)	2.6	58.6	11.1	13.9	13.0	-8.1	29.3	24.7	20.5	13.3

E: MOSL Estimates

Mahindra & Mahindra

Bloomberg	MM IN
Equity Shares (m)	621.1
M. Cap. (INR b)/(USD b)	796/13
52-Week Range (INR)	1421/1106
1,6,12 Rel Perf. (%)	2 / 3 / 2

CMP: INR1,281
Neutral
Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	405.1	389.5	455.3	539.6
EBITDA	47.2	41.7	51.3	65.8
NP (incl. MVML)	38.6	31.6	37.4	47.2
Adj. EPS (INR) *	64.5	52.8	62.5	78.9
EPS Gr. (%)	8.9	-18.2	18.4	26.1
Cons. EPS (INR)	72.7	47.8	73.2	97.8
BV/Share (INR)	284.4	325.6	371.8	434.0
RoE (%)	22.1	15.9	16.5	17.8
RoCE (%)	20.3	16.5	18.1	20.1
Payout (%)	25.7	24.8	28.5	22.6

Valuations

P/E (x)	20.0	24.4	20.6	16.4
Cons. P/E (x)	17.8	27.0	17.6	13.2
P/BV (x)	4.5	4.0	3.5	3.0
EV/EBITDA (x)	16.0	18.2	14.8	11.3
Div. Yield (%)	1.1	0.9	1.2	1.2

* incl. MVML

- M&M's UV business continues to be under pressure owing to weak industry demand and higher competitive pressures. Tractor demand is also likely to be subdued due to concern over weak monsoon in the domestic market.
- We expect UV volumes to de-grow 4% YoY (down 12% QoQ). Tractor volumes would decline ~16% YoY (+62% QoQ). Overall volumes are expected to decline ~8.1% YoY (+6.3% QoQ).
- M&M (including MVML) is likely to report revenue of INR92.8b—de-growth of 6.3% YoY (+1.7% QoQ).
- EBITDA margin (including MVML) is likely to decline 210bp YoY (down 120bp QoQ) to 12.2% on lower volumes and negative operating leverage.
- PAT is likely to decline ~20% YoY (+29% QoQ) to INR7.2b.
- The stock trades at 17.6x/13.2x FY16E/17E EPS. Maintain **Neutral**.

Key issues to watch for

- Outlook for UVs and tractor business.
- Update on launch of three new UV platforms in CY15.
- Competitive launches in FY16, guidance on auto margins.

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q*	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Total Volumes (nos)	187,164	176,805	173,114	161,779	171,925	197,113	221,282	210,903	698,867	805,638
Growth YoY (%)	-5.3	-0.4	-17.0	-15.7	-8.1	11.5	27.8	30.4	-10.1	15.3
Net Realization	529,338	519,094	534,923	563,912	539,788	532,813	549,582	560,141	536,130	543,141
Growth YoY (%)	6.5	6.0	8.8	7.7	2.0	2.6	2.7	-0.7	7.4	1.3
Net Op. Income	99,073	91,779	92,603	91,229	92,803	105,024	121,613	118,135	374,683	437,575
Growth YoY (%)	0.9	5.6	-9.7	-9.2	-6.3	14.4	31.3	29.5	-3.5	16.8
RM Cost (% of sales)	68.6	68.7	69.1	68.3	68.9	69.3	68.7	68.8	68.7	68.9
Staff (% of sales)	6.3	6.6	7.0	6.7	6.6	5.7	6.2	7.1	6.7	6.4
Oth. Exp. (% of Sales)	10.8	12.6	12.2	14.1	12.3	11.8	11.5	11.4	12.4	11.8
EBITDA	14,192	11,005	10,797	10,039	11,352	13,933	16,602	14,461	46,033	56,349
EBITDA Margins (%)	14.3	12.0	11.7	11.0	12.2	13.3	13.7	12.2	12.3	12.9
Other income	1,447	4,906	897	950	1,700	4,900	1,000	1,316	8,201	8,916
Interest	816	727	663	833	750	775	840	853	3,039	3,218
Depreciation	2,802	2,783	2,638	2,757	2,950	3,250	3,450	3,752	10,980	13,402
EO Income/(Expense)	0	0	2,993	364	0	0	0	0	3,357	0
PBT	12,021	12,401	11,386	7,764	9,352	14,808	13,312	11,172	43,572	48,645
Tax	3,057	2,660	1,719	1,903	2,157	3,416	3,071	2,577	9,339	11,222
Effective Tax Rate (%)	25.4	21.5	15.1	24.5	23.1	23.1	23.1	23.1	21.4	23.1
Reported PAT	8,964	9,741	9,668	5,861	7,195	11,392	10,241	8,595	34,233	37,423
Adj PAT	8,964	9,741	7,126	5,586	7,195	11,392	10,241	8,595	31,595	37,423
Change (%)	4.3	1.7	-22.1	-33.6	-19.7	17.0	43.7	53.9	-18.2	18.4

E: MOSL Estimates; Includes MVML

Maruti Suzuki

Bloomberg	MSIL IN
Equity Shares (m)	302.1
M. Cap. (INR b)/(USD b)	1215/19
52-Week Range (INR)	4081/2425
1,6,12 Rel Perf. (%)	6 / 20 / 56

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015	2016E	2017E
Sales	437.1	499.7	579.3	695.4
EBITDA	51.0	67.1	93.1	115.7
Adj. PAT	26.6	37.1	55.8	72.4
EPS (INR)	94.4	125.5	187.4	242.4
EPS Gr. (%)	15.5	32.9	49.3	29.4
BV/Sh. (INR)	694.5	784.7	921.4	1,094.
RoE (%)	12.7	15.7	20.1	21.9
RoCE (%)	16.5	20.8	26.7	29.1
Payout (%)	16.0	24.5	26.0	27.6

Valuations

P/E (x)	42.6	32.0	21.5	16.6
P/CE (x)	24.6	19.4	14.4	11.7
EV/EBITDA (x)	22.0	16.1	11.3	8.6
Div. Yield (%)	0.3	0.6	1.0	1.4

*Consol & adjusted

CMP: INR4023

Buy

- We expect volumes to increase ~14% YoY (-3.3% QoQ) to ~341,329 units—led by improving consumer sentiment, particularly with the return of first-time buyers.
- Realizations would improve 2.1% YoY (flat QoQ) to INR387,107/unit, driving net sales growth of 16.2% YoY (-3% QoQ).
- We expect margins to expand 460bp to 16.3% YoY (40bp QoQ), led by higher volumes and improving realization.
- We expect PAT to rise 77% YoY (5% QoQ) to INR13.5b (v/s INR7.6b in 1QFY15).
- We raise our EPS estimates for FY16E/FY17E by 4.5%/5.1% to factor in for improving EBITDA margin. The stock trades at 21.5x/16.6x FY16E/17E EPS. Maintain **Buy**.

Key issues to watch for

- Update on retail demand scenario, channel inventory, discounting trends and new launches.
- Guidance on FY16 volume growth, margins, forex hedges, localization efforts.
- Update on Gujarat plant.

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Total Volumes (nos)	299,894	321,898	323,911	353,051	341,329	361,247	379,042	391,054	1,298,754	1,472,672
Change (%)	12.6	16.8	12.4	8.7	13.8	12.2	17.0	10.8	12.4	13.4
Realizations (INR/car)	379,122	382,226	389,077	385,917	387,107	391,686	393,967	399,700	384,758	393,340
Change (%)	-1.3	0.6	2.9	3.6	2.1	2.5	1.3	3.6	1.7	2.2
Net Op. Revenues	113,696	123,038	126,026	136,248	132,131	141,495	149,330	156,304	499,706	579,260
Change (%)	11.1	17.5	15.7	12.6	16.2	15.0	18.5	14.7	14.3	15.9
RM Cost (% of Sales)	72.0	71.3	70.0	67.7	67.5	68.0	68.0	68.2	70.1	67.9
Staff Cost (% of Sales)	3.1	3.0	3.0	3.7	3.4	3.4	3.3	3.3	3.2	3.3
Other exp. (% of Sales)	13.2	13.3	14.1	12.7	12.8	13.0	12.8	12.0	13.3	12.6
EBITDA	13,282	15,208	16,195	21,643	21,530	22,134	23,771	25,701	67,130	93,136
EBITDA Margins (%)	11.7	12.4	12.9	15.9	16.3	15.6	15.9	16.4	13.4	16.1
Non-Operating Income	2,965	1,933	1,290	3,199	3,465	2,433	1,490	3,452	8,316	10,839
Interest	386	348	300	1,027	400	420	450	480	2,060	1,750
Depreciation	5,836	5,989	6,278	6,600	6,600	6,750	6,850	7,611	24,703	27,811
PBT	10,025	10,805	10,905	17,215	17,995	17,397	17,961	21,062	48,682	74,415
Tax	2,403	2,179	2,615	4,373	4,499	4,349	4,490	5,266	11,570	18,604
Effective Tax Rate (%)	24.0	20.2	24.0	25.4	25.0	25.0	25.0	25.0	23.8	25.0
PAT	7,623	8,625	8,290	12,842	13,496	13,047	13,471	15,797	37,112	55,811
Adjusted PAT	7,623	8,625	8,290	12,842	13,496	13,047	13,471	15,797	37,112	55,811
Change (%)	20.7	28.7	21.7	60.5	77.1	51.3	62.5	23.0	39.6	50.4

E:MOSL Estimates

Tata Motors

Bloomberg	TTMT IN
Equity Shares (m)	3,395.9
M. Cap. (INR b)/(USD b)	1476/23
52-Week Range (INR)	606/418
1,6,12 Rel Perf. (%)	-10 / -12 / -7

Financial Snapshot (INR Billion)

Y/E March	2014	2015E	2016E	2017E
Net Sales	2,328	2,604	3,131	3,651
EBITDA	374	456	523	598
NP	142	164	216	248
Adj. EPS (INR)	44.1	51.1	67.1	77.2
EPS Gr. (%)	42.6	15.7	31.5	15.0
BV/Sh. (INR)	203.8	254.8	321.2	396.4
RoE (%)	27.5	22.3	23.3	21.5
RoCE (%)	25.7	25.9	25.5	24.9
Payout (%)	5.3	4.7	3.6	4.7

Valuations

P/E (x)	12.9	11.1	8.5	7.4
P/BV (x)	2.8	2.2	1.8	1.4
EV/EBITDA (x)	5.3	4.2	3.5	2.7
Div. Yield (%)	0.4	0.4	0.4	0.5

CMP: INR435

Buy

- JLR volumes are expected to increase 4% YoY (-7.2 QoQ); EBITDA margin should decline 310bp YoY (-20bp QoQ) to 17.2%.
- Standalone volumes would grow 5.9% YoY (-16.3% QoQ), led by 26% YoY (-25% QoQ) growth in PVs; CV volumes are likely to remain flat YoY (-12.7% QoQ).
- Standalone margins to be negative at 0.5% (v/s 2.8% in 4QFY15, -5.1% in 3QFY15, -1.7% in 2QFY15, -2.8% in 1QFY15) on lower volumes.
- We expect a moderate decline of 1.6% YoY (~6% QoQ) in TTMT's consolidated revenue (INR636b). Consolidated margins would decline 220bp YoY (+250bp QoQ) to 15%.
- **We anticipate consolidated PAT to decline 31.5% YoY (+~100% QoQ) to INR36.5b. The stock trades at 8.5x/7.4x FY16E/17E EPS. Buy.**

Key issues to watch for

- Current JLR demand trends and outlook, particularly China and the US.
- Update on Chery JV operations.
- Update on forex hedges, particularly for JLR operations.
- FY16 volume guidance for MHCVs and PVs, channel inventory, discount trends.

Consolidated Quarterly Performance (INR m)

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
JLR vols. (incl JV)	115,156	103,975	122,467	129,205	119,964	132,818	146,415	155,080	470,523	554,277
JLR Realizations (GBP/unit)	46,485	46,242	48,005	46,548	47,014	47,155	47,626	47,849	46,875	47,437
JLR EBITDA (%)	20.3	19.4	18.6	17.4	17.2	16.7	15.1	14.3	18.9	15.7
JLR PAT (GBP m)	693	450	593	302	430	486	460	439	2,038	1,815
S/A vol. (units)	109,974	126,621	126,273	139,270	116,511	142,757	162,460	185,131	502,154	606,860
S/A Realizations (INR/unit)	692,245	683,761	708,273	766,582	745,266	752,719	745,192	769,296	714,731	21
S/A EBITDA (%)	-2.8	-1.7	-5.1	2.8	-0.5	3.8	5.9	8.1	-2.2	4.9
S/A PAT (INR m)	4,185	-18,184	-15,759	-10,594	1,408	-6,610	-4,808	-1,283	-42,576	-11,294
Net Op Income	646,828	605,642	699,733	675,760	636,465	727,295	789,828	833,948	2,627,963	2,987,536
Growth (%)	38.3	6.5	9.6	3.5	-1.6	20.1	12.9	23.4	12.9	13.7
EBITDA	111,424	95,665	103,635	84,383	95,470	101,821	106,627	108,897	392,387	412,814
EBITDA Margins (%)	17.2	15.8	14.8	12.5	15.0	14.0	13.5	13.1	14.9	13.8
Depreciation	29,796	32,134	33,389	38,568	40,000	41,500	43,000	46,881	133,886	171,381
Other Income	2,132	2,184	2,220	2,452	2,600	2,100	2,150	1,565	8,987	8,415
Interest Expenses	9,416	9,272	10,604	18,946	8,500	8,000	7,500	8,020	48,615	32,020
PBT before EO Exp	74,344	56,443	61,862	29,322	49,570	54,421	58,277	55,560	218,873	217,828
EO Exp/(Inc)	-940	-264	4,539	1,612	0	0	0	0	1,847	0
Tax rate (%)	28.1	41.7	37.3	36.9	25.3	25.3	25.3	25.3	35.2	25.3
PAT	54,134	33,068	35,920	17,474	37,034	40,659	43,539	41,510	140,597	162,742
Minority Interest	-200	-194	-135	-339	-274	-274	-274	-274	-868	-1,096
Share in profit of Associate	48	35	22	30	-241	686	2,521	5,475	134	8,442
Reported PAT	53,982	32,909	35,807	17,165	36,519	41,071	45,786	46,711	139,863	170,087
Adj PAT	53,306	32,755	38,651	18,181	36,519	41,071	45,786	46,711	141,060	170,087
Growth (%)	190.7	-12.6	-21.2	(57.1)	(31.5)	25.4	18.5	156.9	-4.2	20.6

TVS Motor Company

Bloomberg	TVSL IN
Equity Shares (m)	475.1
M. Cap. (INR b)/(USD b)	116/2
52-Week Range (INR)	322/141
1,6,12 Rel Perf. (%)	3 / -10 / 41

CMP: INR244

Buy

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	79.6	101.0	124.5	153.0
EBITDA	4.8	6.0	8.7	12.4
Adj. PAT	2.6	3.5	5.1	7.8
EPS (INR)	5.5	7.3	10.8	16.4
EPS Gr. (%)	44.0	33.4	47.4	52.1
BV/Sh (INR)	29.8	34.6	42.7	56.1
RoE (%)	19.7	22.7	27.9	33.2
RoCE (%)	20.3	21.9	27.0	34.5
Payout (%)	29.6	30.5	25.1	18.3

Valuations

P/E (x)	44.4	33.3	22.6	14.9
P/BV (x)	8.2	7.0	5.7	4.3
EV/EBITDA (x)	25.0	20.7	14.5	10.0
Div. Yield (%)	0.6	0.8	0.9	1.0

- We expect volumes to increase ~9% YoY (+5.8% QoQ) to 638,115 units.
- Volume growth would be driven by 11.8% YoY growth in the motorcycle segment and 8.6% YoY growth in the scooter portfolio.
- Realization would improve 4.3% YoY (+1% QoQ) to INR41,156 per unit.
- Margins are expected to expand 110bp YoY (up 70bp QoQ) to 6.8%.
- We expect PAT to increase ~46% YoY (+16.6% QoQ) to INR1b.
- The stock trades at 22.6x/14.9x FY16E/17E EPS. Maintain **Buy**.

Key issues to watch for

- Update on new launches together with timelines.
- Regional demand scenario, particularly in the southern region—given its high exposure.
- Guidance on margins.
- Capex outlook, progress update on BMW tie-up.

S/A Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Volumes (units)	584,000	675,946	655,128	602,926	638,115	742,919	792,292	779,300	2,518,000	2,952,625
Growth (%)	22.8	34.7	22.9	6.7	9.3	9.9	20.9	29.3	21.3	17.3
Realization (INR/unit)	39,476	39,694	40,495	40,749	41,156	41,362	42,603	43,264	40,104	42,153
Growth (%)	6.7	0.2	4.9	6.6	4.3	4.2	5.2	6.2	4.5	5.1
Net Sales	23,054	26,831	26,529	24,569	26,262	30,729	33,754	33,716	100,982	124,461
Growth (%)	31.0	34.9	28.9	13.8	13.9	14.5	27.2	37.2	26.8	23.3
RM (% of sales)	72.7	73.1	73.1	70.1	72.2	72.0	72.2	72.6	72.3	72.2
Emp cost (% of sales)	6.1	5.8	5.8	5.5	5.8	5.6	5.5	5.1	5.8	5.5
Other exp (% of sales)	15.5	15.1	15.1	18.3	15.2	15.5	15.5	15.1	16.0	15.3
EBITDA	1,312	1,627	1,602	1,502	1,786	2,136	2,312	2,433	6,043	8,667
EBITDA margin (%)	5.7	6.1	6.0	6.1	6.8	6.9	6.9	7.2	6.0	7.0
Interest	60	35	53	127	90	85	90	95	274	360
Depreciation	336	366	371	461	350	375	455	480	1,533	1,660
Other Income	89	86	59	92	100	95	85	95	326	375
PBT after EO Exp	1005	1313	1237	1007	1446	1771	1852	1952	4,562	7,021
Tax rate (%)	28.0	27.8	27.1	10.1	27.0	27.0	27.0	27.0	23.7	27.0
Reported PAT	723	948	902	905	1,055	1,293	1,352	1,425	3,478	5,125
Adjusted PAT	723	948	902	905	1,055	1,293	1,352	1,425	3,478	5,125
Growth (%)	39.4	61.9	31.1	6.2	45.9	36.3	49.9	57.5	26.8	47.4

Capital Goods

Guarded optimism

Company name

ABB
Bharat Electronics
BHEL
Crompton Greaves
Cummins India
Havells India
Larsen & Toubro
Siemens
Thermax
Voltas

Still awaiting structural reforms to kick start investment cycle

Domestic market showing signs of revival; exports constrained

Economic activity in India has gathered pace and the improvement in business confidence has created congenial conditions to restart the investment cycle. However, there remains guarded optimism on the near-term outlook. Near-term challenges in surmounting the gridlock have proved to be formidable. Policy initiatives in land acquisition, efforts underway to unlock mining, increase FDI limits, and expedite approvals, and supportive monetary conditions should create a conducive setting for industrial revival in the medium term.

- We believe that the initial round of the investment cycle revival will be triggered by (i) sustained recovery in consumption demand, leading to higher capacity utilization, and (ii) investment push by the public sector, leading to a virtuous cycle of cash flow generation in the system. Simultaneously, sustained progress in getting stalled projects back to work is important to crowd in new investments and also provide a much-needed stimulus to aggregate demand.
- With the initiation of GST, land, labor and energy sector reforms, the government has partly addressed concerns on the pace and extent of reforms. Successful implementation of 'substantive' reforms is essential to provide a structural growth trajectory to the investment climate. In 4QFY15, several categories, including two-wheelers, LCVs and FMCG products witnessed a demand slowdown, which was worrying.
- Indian machinery exports have decelerated meaningfully to -1.5% (3mma, March 2015) from 15.3% (12mma, March 2015). Export performance has been restricted by a multitude of factors, including: (i) weak global demand, (ii) geopolitical tensions, and (iii) sharp currency volatility in several markets.

Exhibit 1: Expected quarterly performance summary

Sector	CMP (INR)	Reco	Sales (INR m)			EBDITA (INR m)			Net Profit (INR m)		
			Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ
ABB	1,323	Neutral	19,269	5.7	6.2	1,468	16.7	2.2	613	28.5	12.9
BHEL	248	Buy	44,582	-12.0	-64.0	1,725	-20.8	-89.7	1,789	-7.6	-81.3
Bharat Electronics	3,362	Buy	11,779	16.4	-59.8	-38	Loss	PL	556	117.0	-92.3
Crompton Greaves	162	Buy	33,061	-3.9	-13.2	1,771	2.5	20.6	730	14.0	77.3
Cummins India	895	Buy	11,559	10.6	2.0	1,845	2.6	4.9	1,538	18.9	-19.3
Havells India	282	Buy	13,009	1.9	-3.6	1,809	10.1	-8.5	1,214	11.5	-8.4
Larsen & Toubro	1,783	Buy	108,545	5.0	-42.8	11,669	7.3	-53.1	8,246	9.0	-56.9
Siemens	1,351	Sell	23,150	-2.5	-12.7	2,155	5.9	-13.8	1,272	878.3	-18.5
Thermax	1,048	Buy	9,719	15.8	-36.1	892	54.5	-43.3	638	54.1	-51.8
Voltas	315	Buy	16,295	-7.3	9.4	1,204	-8.7	-15.8	1,016	-6.4	-13.0
Sector Aggregate			290,967	0.4	-39.4	24,501	6.7	-60.3	17,610	18.3	-60.1

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Decline in crude prices by ~USD50/bbl has impacted global trade by ~USD2t, leading to a sharp decline in investment demand. Project awards in the Middle East are near the lowest level of the range since 2007, and revenue of global industrial players suggests that the sluggishness has continued for around nine quarters now.

Make in India: A serious initiative; equipment manufacturers the key beneficiaries

'Make in India' is the government's new initiative to improve the contribution of manufacturing in India through 'import substitution' and 'increased exports'. Few electrical equipment manufacturers commented that the Prime Minister wants to ensure that customers in both the public and private sector increasingly procure equipment from India. Power Grid also stated that it is fully committed to this initiative of the government, and has made it mandatory for T&D players to manufacture certain components in India for orders tendered out in key high-end technology products such as SVC/STATCOM, GIS, 765kv transformers and reactors, HTLS conductors, OPGW and HVDC.

We believe successful implementation, both in terms of 'import substitution' and 'higher exports' will be a vital driver for capital goods players. Increased imports, particularly from China/South Korea, over the last 5-6 years have been a critical area of concern in several product segments, even where domestic manufacturing capabilities and competitiveness exist. Key beneficiaries include BHEL (Railways, Solar Cells, Power T&D, Defense), LT (Defense), ABB/ATD/CRG (Power T&D), and TMX (Industrial Products/Power BTG).

Ordering activity remains muted, but domestic tendering activity showing initial signs of pick-up

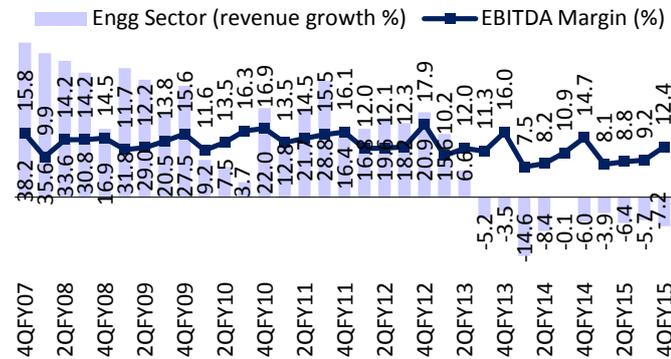
Ordering in the domestic market has been stagnating at ~INR2t. While large orders (INR15b+) have been getting finalized periodically, finalization of base orders (<INR15b) has been getting delayed. For sustainable pick-up in ordering activity, it is imperative for base order activity to pick up.

Tendering activity is showing signs of pick-up. Sectors like Roads, Railways and Power T&D have witnessed strong tendering, supported by central government activity. State government activity remains muted. Improvement in business confidence is visible from FY15, with intent to add projects at INR8t (12mma, April 2015), up 81% YoY. Increased fiscal allocations towards Roads/Railways and successful attempts to address contentious issues (in segments like Mining, Gas-based plants, Fertilizers, Roads) should help revive the capex cycle.

Overseas project awards, particularly in the Middle East in 4QFY15, were relatively muted, possibly given the sharp decline in crude oil prices. Aggregate project awards in the Middle East are down 50% YoY at USD21.2b (3-month moving average) and are near the lowest level since 2007.

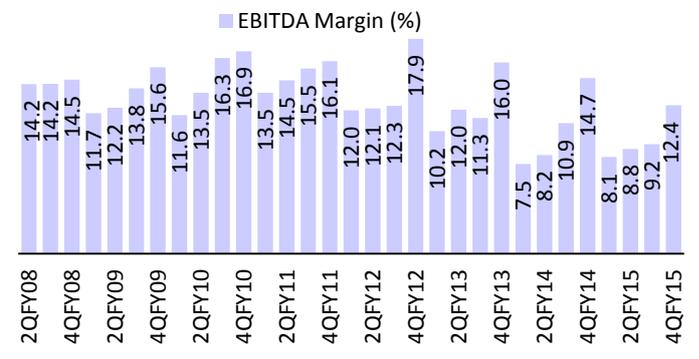
Near-term operating pressure to continue

Exhibit 2: Revenue growth continues to be constrained



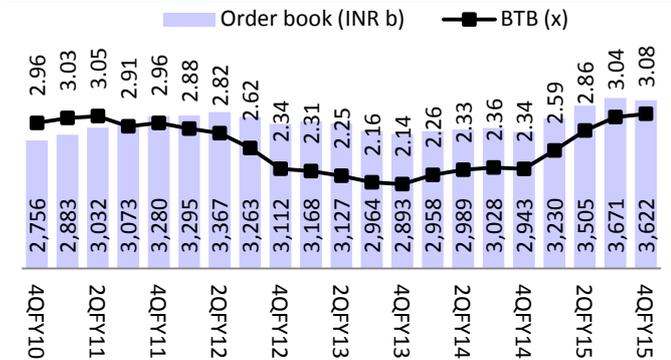
Source: MOSL, Company

Exhibit 3: EBITDA under pressure due to slower project execution pace



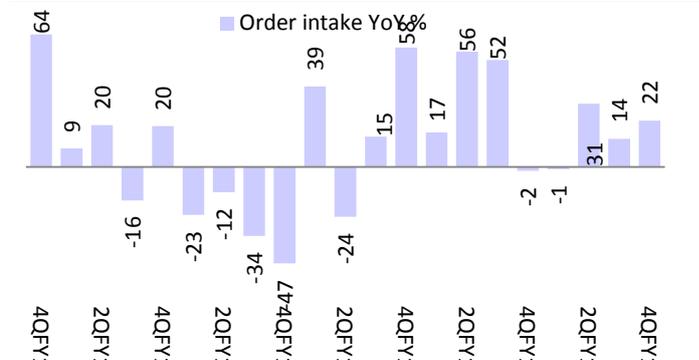
Source: MOSL, Company

Exhibit 4: Book-to-bill inched up at 3.1x



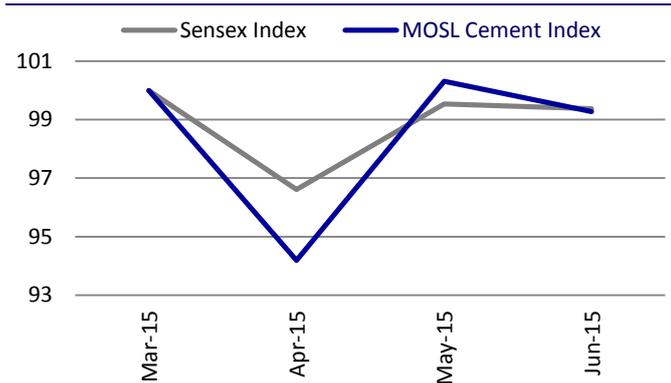
Source: MOSL, Company

Exhibit 5: Order finalization aided by power BTG orders



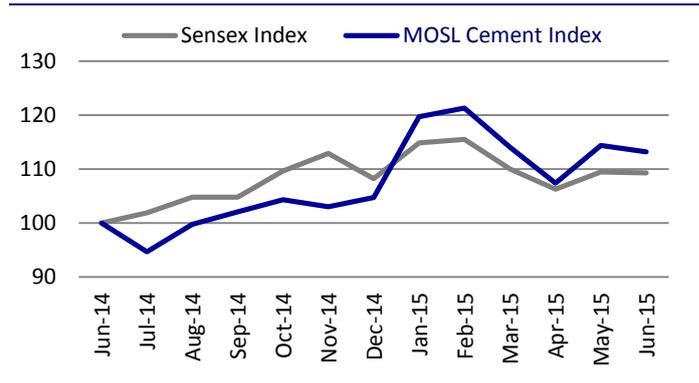
Source: MOSL, Company

Exhibit 6: Relative performance – 3m (%)



Source: Bloomberg, MOSL

Exhibit 7: Relative performance – 1Yr (%)



Source: Bloomberg, MOSL

Exhibit 8: Comparative valuation

Sector / Companies	CMP (INR)	Reco.	EPS (INR)			PE (x)			EV/EBIDTA (x)			RoE (%)		
			FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E
Capital Goods														
ABB	1,323	Neutral	10.8	14.6	23.7	122.7	90.8	55.7	48.2	40.4	30.3	8.1	10.4	15.2
BHEL	248	Buy	6.1	12.0	17.9	40.8	20.6	13.9	19.1	13.0	8.0	4.4	8.1	11.0
Bharat Electronics	3,362	Buy	145.9	164.7	194.1	23.0	20.4	17.3	19.2	16.2	13.2	14.7	14.7	15.3
Crompton Greaves	162	Buy	2.9	7.0	11.9	55.3	23.3	13.7	19.1	13.8	10.2	5.5	10.5	15.4
Cummins India	895	Buy	25.1	26.7	33.0	35.7	33.5	27.1	32.3	29.4	24.0	23.8	23.5	26.5
Havells India	282	Buy	8.3	9.5	11.9	34.1	29.7	23.7	25.9	17.6	14.3	28.4	28.0	29.8
Larsen & Toubro	1,783	Buy	48.4	52.2	69.1	36.8	34.1	25.8	16.3	20.5	15.9	12.9	13.3	15.1
Siemens	1,351	Sell	8.7	15.3	20.2	155.2	88.1	66.8	81.7	49.0	42.3	7.4	11.5	13.5
Solar Inds.	3,703	Buy	85.9	113.6	136.2	43.1	32.6	27.2	25.4	21.6	17.6	21.6	24.0	23.7
Thermax	1,048	Buy	21.4	29.4	38.8	49.0	35.7	27.0	26.9	21.5	16.1	11.7	14.8	17.3
Va Tech Wabag	740	Buy	18.6	27.4	38.0	39.8	27.0	19.5	20.5	12.6	10.1	10.7	14.0	17.1
Voltas	315	Buy	10.2	11.9	15.4	30.8	26.4	20.5	19.6	19.5	14.3	16.1	16.6	18.6
Sector Aggregate						41.9	32.4	23.9	21.9	20.8	15.7	9.8	11.6	14.1

ABB

Neutral

Bloomberg	ABB IN
Equity Shares (m)	211.9
M. Cap. (INR b)/(USD b)	280/4
52-Week Range (INR)	1,525/956
1,6,12 Rel Perf. (%)	-1 / 2 / 9

Financial Snapshot (INR billion)

Y/E Dec	2013	2014	2015E	2016E
Net Sales	77.2	77.3	84.0	98.2
EBITDA	4.7	5.6	6.9	9.1
Adj PAT	1.7	2.3	3.1	5.0
Adj EPS (INR)	8.3	10.8	14.6	23.7
EPS Gr (%)	28.7	29.2	35.1	62.9
BV/Sh (INR)	126.4	132.7	140.5	156.1
RoE (%)	6.6	8.1	10.4	15.2
RoCE (%)	11.4	14.5	17.6	22.2
Payout (%)	41.5	39.6	40.0	30.0
Valuations				
P/E (x)	70.3	88.4	96.1	59.0
P/BV (x)	4.6	7.2	10.0	9.0
EV/EBITDA (x)	27.1	36.6	42.8	32.1
Div. Yield (%)	0.6	0.4	0.5	0.6

CMP: INR1,323

- ABB continues to focus on increased localization and cost optimization; its direct RM costs have declined to 66% of revenue from a peak of 81% in 4QCY10. The management has set an internal target to reduce this to 65% over the next few years. This has aided margins, despite negative operating leverage.
- ABB has launched intelligent home automation systems, which will bring together the controls of lighting, temperature, blinds and security of the entire household on a single interface. Rapid urbanization is driving 30% YoY growth in the residential market. Growth in home automation systems will be aided by mandatory implementation of energy conservation building code for all state governments by 2017.
- ABB has rolled out a cumulative solar inverter capacity of 1GW and has also commenced manufacturing of wind converters. With the Indian government's focus to reach 160GW generation capacity by 2020, the renewable energy segment could be one of the key business drivers for ABB, going forward. **Maintain Neutral.**

Key issues to watch for

- Management commentary suggests cautious optimism. Focus on exports and service continues to be an important driver, with growth in strong double digits.
- ABB continues to prefer cash generation over profits.

Quarterly Performance

(INR Million)

Y/E December	CY14				CY15				CY14	CY15E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Sales	18,277	18,222	18,450	22,383	18,146	19,269	20,860	25,683	77,333	83,957
Change (%)	(7.2)	4.1	3.3	1.6	(0.7)	5.7	13.1	14.7	0.1	8.6
EBITDA	1,257	1,258	1,241	1,800	1,436	1,468	1,652	2,368	5,557	6,924
Change (%)	18.0	16.6	17.7	20.4	14.2	16.7	33.1	31.6	18.3	24.6
As % of Sales	6.9	6.9	6.7	8.0	7.9	7.6	7.9	9.2	7.2	8.2
Adjusted EBITDA (%) *	7.6	7.4	7.2	8.6	8.0				7.7	
Depreciation	274	279	283	292	422	350	345	340	1128	1457
Interest	221	254	275	300	208	250	200	242	1,050	900
Other Income	11	4	11	147	7	20	25	23	173	75
PBT	774	730	693	1,355	813	888	1,132	1,809	3,552	4,642
Tax	257	253	243	514	270	275	351	659	1,267	1,555
Effective Tax Rate (%)	33.2	34.7	35.1	37.9	33.2	31.0	31.0	36.4	35.7	33.5
Reputed PAT	517	477	450	841	543	613	781	1,150	2,285	3,087
Adj. PAT	517	477	450	841	543	613	781	1,150	2,285	3,087
Change (%)	21.4	20.5	26.2	43.5	5.0	28.5	73.7	36.8	29.2	35.1
Order Intake	19,820	20,190	14,210	24,870	18,560	22,000	24,000	40,615	79,080	105,175
Order Book	78,760	80,830	76,660	79,260	79,730	82,461	85,601	79,299	79,260	79,299
BTB (x)	1.0	1.1	1.0	1.0	1.0	1.1	1.1	0.9	1.0	

E: MOSL Estimates, *: As reported by ABB

Bharat Electronics

Bloomberg	BHE IN
Equity Shares (m)	80.0
M. Cap. (INR b)/(USD b)	269/4
52-Week Range (INR)	4,140/1,713
1,6,12 Rel Perf. (%)	-6 / 14 / 47

Financial Snapshot (INR billion)

Y/E March	2014	2015	2016E	2017E
Net Sales	62.8	68.4	78.5	87.8
EBITDA	8.9	11.4	13.4	15.9
NP	9.3	11.7	13.2	15.5
EPS (INR)	116.4	145.9	164.7	194.1
EPS Gr. (%)	3.9	25.4	12.9	17.9
BV/Sh (INR)	878.7	990.6	1116.7	1265.5
RoE (%)	13.2	14.7	14.7	15.3
RoCE (%)	16.7	18.5	18.5	19.2

Valuations

P/E (x)	9.8	15.8	20.9	17.8
P/BV (x)	1.3	2.3	3.1	2.7
EV/EBITDA (x)	5.2	11.9	16.7	13.6
EV/Sales (x)	0.8	2.0	2.9	2.5

CMP: INR3,362

Buy

- BHE has signed an agreement with the Government of Seychelles and the Ministry of External Affairs, India, for the supply, installation and commissioning of coastal surveillance radar system at six locations in Seychelles.
- BHE plans to enter new areas in defense and non-defense to expand its business. In defense, it plans to focus on SAM systems, Electronic Ammunition Fuses, Satcom Terminals, LTE, Gigabit Passive Optical Network, Routing & Switching products. In the non-defense domain, BHE plans to explore opportunities in critical infrastructure protection, air traffic management radars, intelligent traffic management systems, solar power plants and smart city elements.
- Media articles suggest that BHE has signed an MoU with HAL to share expertise in design, development, engineering and manufacturing to develop advanced airborne communication equipment to meet the requirement of defense systems.

BHE plans to set up a INR5b greenfield weapon systems facility in Andhra Pradesh, which will focus on the design, development and production of weapon systems such as fire control, missile systems and other weapon upgrade programs. The plant should be ready in two years. **Buy.**

Key issues to watch for

- Revenue growth, as key orders like Akash Missile (intake INR67b in FY11/12) are under execution for both the Army and Air Force.
- BHE operates at 60% capacity utilization and there exists possibility of strong operating leverage.

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	10,122	12,940	16,082	29,282	11,779	14,331	17,668	34,747	68,427	78,523
Change (%)	12.7	23.9	33.9	-6.5	16.4	10.7	9.9	18.7	9.0	14.8
EBITDA	-455	1,189	2,781	7,926	-38	1,342	3,184	8,936	11,441	13,425
Change (%)	-18.7	6,812.3	56.5	3.2	-91.7	12.9	14.5	12.7	28.3	17.3
As of % Sales	-4.5	9.2	17.3	27.1	-0.3	9.4	18.0	25.7	16.7	17.1
Depreciation	364	375	374	426	400	405	390	410	1,540	1,605
Interest	0	3	0	11	0	0	0	0	14	0
Other Income	1,152	1,106	1,135	1,386	1,150	1,050	1,250	1,300	4,780	4,750
PBT	333	1,917	3,542	8,874	712	1,987	4,044	9,826	14,667	16,569
Tax	77	448	824	1,645	157	437	890	1,913	2,994	3,397
Effective Tax Rate (%)	23.2	23.3	23.3	18.5	22.0	22.0	22.0	19.5	20.4	20.5
Reported PAT	256	1,470	2,718	7,229	556	1,550	3,154	7,913	11,672	13,173
Change (%)	49.0	147.2	41.8	9.0	117.0	5.5	16.0	9.5	25.3	12.9
Adj PAT	256	1,470	2,718	7,229	556	1,550	3,154	7,913	11,672	13,173
Change (%)	49.0	147.2	41.8	9.0	117.0	5.5	16.0	9.5	25.3	12.9

E: MOSL Estimates

BHEL

Bloomberg	BHEL IN
Equity Shares (m)	2,447.6
M. Cap. (INR b)/(USD b)	607/10
52-Week Range (INR)	300/195
1,6,12 Rel Perf. (%)	-1 / -8 / -10

Financial Snapshot (INR billion)

Y/E March	2014	2015	2016E	2017E
Net Sales	391.1	301.8	284.8	333.8
EBITDA	45.2	24.9	35.1	49.9
Adj PAT	35.9	14.9	29.5	43.7
EPS (INR)	14.7	6.1	12.0	17.9
EPS Gr. (%)	-45.2	-58.6	98.4	48.3
BV/Sh. (INR)	135.0	139.4	148.6	162.1
RoE (%)	10.9	4.4	8.1	11.0
RoCE (%)	15.3	6.4	11.7	15.6
Payout (%)	20.0	20.0	20.0	20.0
Valuations				
P/E (x)	11.1	40.9	20.6	13.9
P/BV (x)	1.2	1.8	1.7	1.5
EV/EBITDA (x)	6.7	20.4	13.0	8.0
Div Yield (%)	1.1	0.5	1.0	1.4

* Consolidated

CMP: INR248**Buy**

- BHEL's reported performance is likely to remain constrained, impacted by muted execution. We expect revenue to decline 10.7% YoY, EBITDA margin to shrink 50bp YoY to 3.7% and PAT to decline 7.6% YoY. Margins are likely to be supported by lower commodity prices and normative run-rate in provisions.
- The key highlight has been the impressive project win of 4GW from Telangana (INR180b). This compares with total intake of INR308b in FY15, of which Power sector accounted for INR248b. In addition, BHEL is L1 in several projects including: (i) 525MW Tuticorin (BTG, INR12b), (ii) 1GW Pakal Dul hydropower project (INR10b), (iii) 2,640MW NTPC Barethi (BTG), and (iv) 660MW Mahagenco Bhusawal (EPC). The pipeline for project wins in FY16 is promising.
- BHEL has formed a consortium with Mishra Dhatu Nigam and Hindustan Shipyards to participate in Indian Navy's project P-75 to build six submarines at an Indian shipyard. The project is worth INR530b. Railways, Defense and Solar Energy are expected to be important growth contributors. Maintain **Buy**.

Key issues to watch for

- Execution continues to be constrained, particularly post the coal mining uncertainty. For new order intake, BHEL is offering a lower execution period – ramp-up should be faster.
- Trend in provisions, particularly towards liquidated damages on project completion.
- Retirements in FY15 were 2,200 employees. We expect retirements at 700+ for 1QFY16.

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales (Net)	50,676	60,276	60,784	123,684	44,582	56,115	57,962	120,212	295,420	278,871
Change (%)	-20.2	-31.7	-28.2	-16.2	-12.0	-6.9	-4.6	-2.8	-23.0	-5.6
EBITDA	2,179	2,915	2,938	16,818	1,725	5,090	6,091	22,155	24,851	35,061
Change (%)	-43.9	-29.2	-70.2	-38.5	-20.8	74.6	107.3	31.7	-45.0	41.1
As a % Sales	4.3	4.8	4.8	13.6	3.9	9.1	10.5	18.4	8.4	12.6
Adjusted EBITDA	2,179	2,915	2,938	16,818	1,725	5,090	6,091	22,155	24,851	35,061
Change (%)	-43.9	-51.7	-70.2	-38.5	-20.8	74.6	107.3	31.7	-47.3	41.1
As a % Sales	4.3	4.8	4.8	13.6	3.9	9.1	10.5	18.4	8.4	12.6
Interest	473	126	52	265	270	270	270	295	917	1,105
Depreciation	2,725	2,662	2,564	2,821	2,650	2,700	2,800	2,717	10,773	10,867
Other Income	3,478	1,961	2,741	160	3,750	4,500	4,750	6,010	8,340	19,010
PBT	2,459	2,088	3,062	13,892	2,555	6,620	7,771	25,153	21,501	42,098
Tax	524	840	936	4,907	767	1,986	2,331	7,546	7,207	12,630
Effective Tax Rate (%)	21.3	40.2	30.6	35.3	30.0	30.0	30.0	30.0	33.5	30.0
Reported PAT	1,935	1,248	2,126	8,884	1,789	4,634	5,439	17,607	14,193	29,469
Change (%)	-58.4	-72.6	-69.4	-51.8	-7.6	271.2	155.9	98.2	-59.0	107.6
Adj. PAT	1,935	1,248	2,126	9,542	1,789	4,634	5,439	17,607	14,852	29,469
Change (%)	-58.4	-78.8	-69.4	-49.3	-7.6	271.2	155.9	84.5	-59.1	98.4

E: MOSL Estimates

Crompton Greaves

Bloomberg	CRG IN
Equity Shares (m)	626.8
M. Cap. (INR b)/(USD b)	102/2
52-Week Range (INR)	231/153
1,6,12 Rel Perf. (%)	-3 / -15 / -28

Financial Snapshot (INR billion)

Y/E March	2014	2015	2016E	2017E
Net Sales	136.3	140.1	140.1	154.7
EBITDA	6.1	6.4	8.7	11.6
Adj PAT	1.7	1.8	4.3	7.4
EPS(INR)	2.4	2.9	6.8	11.9
EPS Gr. (%)	-21.2	21.2	133.0	73.1
BV/Sh. (INR)	58.2	60.9	74.4	85.0
RoE (%)	7.2	5.5	22.3	14.8
RoCE (%)	4.3	4.2	7.4	11.2
Payout (%)	11.3	8.2	10.0	10.0

Valuations

P/E (x)	78.0	55.3	23.7	13.7
P/BV (x)	3.2	2.7	2.2	1.9
EV/EBITDA (x)	21.6	18.4	13.6	9.8
Div Yield (%)	0.5	0.5	0.9	0.6

* Consolidated

CMP: INR162

Buy

- Expect revenue growth in 1QFY16 at 5.7% YoY, largely supported by robust growth of 18% YoY in Consumer business, given aggressive channel push and government orders (for supply of LED bulbs).
- Performance of the Overseas business is likely to be volatile, largely given the stated intent to hive-off businesses. This could impact productivity in the, impacting reported financials.
- Avantha Holdings has sold its 34.37% shareholding in the Consumer business to Advent / Temasek for INR20b. Avantha Power (23.14% stake of CRG) has completed the divestment of 100% stake in Korba power plant (1.3GW) with Adani Power. Further, the management intends to monetize ~INR10b of non-core assets, including additional land at Kanjurmarg to lower the standalone business debt.
- CRG has entered into a long-term alliance with SOGO, Spain for launching kitchen and consumer appliances in India.

Key issues to watch for

- Planned hive off of Overseas business (targeted by end FY16); management has said that it has received non-binding proposals and initial transactions should be completed by mid-FY16.
- Sustainability of improved operating margins in the Consumer business segment, particularly given sluggish consumer spend.
- Plans to lower debt in demerged business through asset sales.

Quarterly performance

(INR Million)

Y/E March (Consolidated)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales (Net)	34,415	34,303	33,332	38,081	33,061	32,919	33,614	40,550	140,131	140,144
Change (%)	7.7	5.8	-1.7	0.1	-3.9	-4.0	0.8	6.5	2.8	0.0
EBITDA	1,728	1,684	1,518	1,469	1,771	1,841	2,173	2,878	6,424	8,664
Change (%)	19.4	4.4	-9.2	-21.9	2.5	9.3	43.2	95.9	5.0	34.9
Adjusted EBITDA	1,728	1,684	1,518	1,469	1,771	1,841	2,173	2,878	6,424	8,664
As of % Sales (Adj)	5.0	4.9	4.6	3.9	5.4	5.6	6.5	7.1	4.6	6.2
PBT	1,198	1,252	3,493	-1,211	1,272	1,449	1,703	2,441	4,758	6,866
Tax	550	570	765	336	549	604	597	859	2,220	2,609
Effective Tax Rate (%)	45.9	45.5	21.9	-27.7	43.2	41.7	35.0	35.2	46.7	38.0
Minority interest	8.6	-13.6	-15.1	-9.8	-6.8	-6.8	-6.8	-13.6	-29.9	-34.0
Reported PAT	640	696	2,743	-1,537	730	852	1,113	1,596	2,568	4,290
Adjusted PAT	640	696	67	412	730	852	1,113	1,596	1,841	4,290
Change (%)	6.6	19.1	(89.1)	(35.5)	14.0	22.4	1,549	287.7	21.2	133.0

E: MOSL Estimates

Cummins India

Bloomberg	KKC IN
Equity Shares (m)	277.2
M. Cap. (INR b)/(USD b)	248/4
52-Week Range (INR)	960/584
1,6,12 Rel Perf. (%)	-2 / 1 / 29

Financial Snapshot (INR billion)

Y/E March	2014	2015	2016E	2017E
Net Sales	39.8	44.1	48.5	55.5
EBITDA	7.0	7.4	8.2	10.0
Adj PAT	6.0	7.0	7.4	9.1
EPS (INR)	21.6	25.1	26.7	33.0
EPS Gr. (%)	-9.2	15.9	6.4	23.5
BV/Sh. (INR)	94.2	105.6	113.6	124.3
RoE (%)	23.0	23.8	23.5	26.5
RoCE (%)	24.7	22.4	23.4	26.6
Payout (%)	70.3	67.6	70.1	67.4

Valuations

P/E (x)	40.5	34.9	32.8	26.6
P/BV (x)	9.3	8.3	7.7	7.0
EV/EBITDA (x)	17.2	27.3	28.9	23.5
Div Yield (%)	2.9	2.0	1.8	2.2

CMP: INR895

Buy

- Domestic demand remains constrained, given the weak macro environment and lower power deficit. Still, given the various pricing actions taken by KKC to regain lost market share post CPCB-2 compliance and traction in Industrial business, we expect domestic revenue to grow 6.4% YoY in 1QFY16 (15% decline in 1QFY15).
- HHP exports could be impacted, given the sharp decline in mining capex globally due to the commodity price correction. We expect export revenue at INR4.5b (up 15% YoY), largely aided by LHP exports. The management has reiterated its revenue target of INR20b for LHP products over the next five years.
- Margins have been impacted by the increased import content (30-40% higher) in CPCB-2 compliant products. Despite favorable currency movement (KKC retains 100% of gains till 3% from a base rate) and decline in pig iron prices (down 10% in last six months), margins are likely to be lower YoY. Maintain **Buy**.

Key issues to watch for

- Cost optimization possibilities in PowerGen business, given increased localization; post CPCB-2 implementation, the import content has increased meaningfully.
- LHP exports have gained traction, with revenues of INR8.3b in FY15 versus INR3.8b in FY14. Management commentary on the growth outlook for FY16 will be a key monitorable. NWC cycle will be constrained, as receivables, particularly in Africa, stand at 9 months.

Quarterly Estimates

(INR Million)

(Standalone)	FY15				FY16E				FY15	FY16E
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	10,451	11,441	10,831	11,335	11,559	11,559	11,746	11,811	44,058	48,464
Change (%)	-0.4	22.7	5.9	16.7	10.6	1.0	8.4	4.2	10.8	10.0
EBITDA	1,799	1,899	1,894	1,759	1,845	1,845	1,945	1,941	7,351	8,217
Change (%)	2.4	24.4	-4.2	2.9	2.6	-2.8	2.7	10.4	5.5	11.8
As of % Sales	17.2	16.6	17.5	15.5	16.0	16.0	16.6	16.4	16.7	17.0
Depreciation	186	204	217	191	200	205	210	225	797	840
Interest	13	10	13	10	10	8	8	9	45	35
Other Income	1,067	726	411	661	275	550	375	650	2,866	1,850
PBT	2,667	2,412	2,075	2,220	1,910	2,282	2,098	2,901	9,374	9,192
Tax	547	388	265	315	373	445	409	566	1,515	1,792
Effective Tax Rate (%)	20.5	16.1	12.8	14.2	19.5	19.5	19.5	19.5	16.2	19.5
Reported PAT	2,120	2,024	1,810	1,904	1,538	1,837	1,689	2,336	7,859	7,400
Change (%)	27.6	39.8	23.0	34.3	-27.5	-9.2	-6.7	22.6	31.0	(5.8)
Adjusted PAT	1,294	2,024	1,731	1,904	1,538	1,837	1,689	2,336	6,954	7,400
Change (%)	(22.1)	39.8	17.6	34.3	18.9	(9.2)	(2.4)	23	15.9	6.4
Operational Details										
Domestic Sales	6,430	6,331	6,670	6,560	6,844	7,036	7,483	7,658	25,991	29,021
Change (%)	(14.8)	3.5	(7.2)	6.3	6.4	11.1	12.2	16.7	(3.7)	11.7
Exports	3,897	4,840	3,900	4,583	4,482	4,477	4,095	5,458	17,220	18,512
Change (%)	41.2	60.3	38.3	35.2	15.0	(7.5)	5.0	19.1	43.6	7.5

E: MOSL Estimates

Havells India

Buy

Bloomberg	HAVL IN
Equity Shares (m)	623.9
M. Cap. (INR b)/(USD b)	176/3
52-Week Range (INR)	346/223
1,6,12 Rel Perf. (%)	2 / 1 / 11

CMP: INR282
Financial Snapshot (INR billion)

Y/E March	2014	2015	2016E	2017E
Net Sales	81.9	85.7	88.1	97.7
EBITDA	7.4	7.2	9.5	11.5
Adj PAT	5.4	5.2	5.9	7.4
Adj EPS (INR)	8.7	8.3	9.5	11.9
EPS Gr. (%)	26.1	-4.7	15.0	25.3
BV/Sh(INR)	26.7	29.1	33.9	40.0
RoE (%)	32.5	28.4	28.0	29.8
RoCE (%)	24.1	27.7	36.5	39.9
Payout (%)	49.1	57.6	49.3	49.1

* Consolidated

Valuations				
P/E (x)	32.5	34.1	29.7	23.7
P/BV (x)	10.6	9.7	8.3	7.1
EV/EBITDA (x)	12.4	21.6	17.6	14.3
Div Yield (%)	1.1	1.0	1.4	1.8

- We expect standalone revenue growth to remain constrained at just 1.9%, impacted by sluggish consumer spend and high base effect (1QFY15 revenue growth at 21.5%). Margins should expand 100bp YoY to 13.9% in 1QFY16, largely supported by lower ad-spend at ~3% of revenue (versus 3.7% in 1QFY16). Margins would also be aided by increased share of fixtures / higher proportion of in-house manufacturing in Lighting and moderation in commodity prices.
- For Sylvania, the management has guided largely flat revenue, with EBITDA margin of 5-5.5% for FY16. For 1QFY16, we model revenue decline of 3.4% YoY in EUR terms, impacted by constrained demand in Europe and currency volatility in LatAm.
- For LatAm, Brazil (~30% of revenue) has constrained profitability, given the presence of strong local players (who gain from currency volatility); in most other geographies, it enjoys 7-8% PBT margins. Sharp currency volatility could impact near-term margins. **Buy**.

Key issues to watch for

- LatAm performance could be impacted by sharp currency volatility, particularly in Brazil.
- Increase in provision for pension liability cost, as yields in Europe have declined.
- Sluggish consumer spend in domestic market.
- Performance of *Reo* and *Standard* brands. Commentary on new product launches will also be an important monitorable.

Quarterly Performance

(INR Million)

(Standalone) Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	12,769	13,651	12,474	13,493	13,009	14,291	13,688	15,619	52,387	56,606
Change (%)	21.5	16.3	5.3	3.0	1.9	4.7	9.7	15.8	11.0	8.1
Adj EBITDA	1,643	1,837	1,815	1,976	1,809	1,953	1,938	2,196	7,271	7,897
Change (%)	16.5	8.7	11.2	-6.1	10.1	6.3	6.8	11.1	6.4	8.6
Adj EBITDA margin (%)	12.9	13.5	14.5	14.6	13.9	13.7	14.2	14.1	13.9	14.0
Depreciation	208	225	230	213	215	220	250	308	875	993
Interest	33	59	72	12	14	16	19	26	176	75
Other Income	115	115	89	124	130	140	150	205	443	625
PBT	1,496	1,664	1,591	1,713	1,710	1,857	1,819	2,067	6,463	7,453
Tax	423	468	428	494	496	529	518	618	1,813	2,161
Effective Tax Rate (%)	28.3	28.1	26.9	28.9	29.0	28.5	28.5	29.9	28.1	29.0
Reported PAT	1,073	1,196	1,162	1,219	1,214	1,328	1,301	1,449	4,649	5,292
Change (%)	13.3	-4.9	-4.3	-11.0	13.2	11.0	11.9	18.9	-2.9	13.8
Adj PAT	1,089	1,216	1,188	1,325	1,214	1,328	1,301	1,449	4,818	5,292
Change (%)	5.8	-4.6	0.2	-19.9	11.5	9.2	9.5	9.4	-6.3	9.8

E: MOSL Estimates

Larsen & Toubro

Bloomberg	LT IN
Equity Shares (m)	928.2
M. Cap. (INR b)/(USD b)	1655/26
52-Week Range (INR)	1,893/1,400
1,6,12 Rel Perf. (%)	8 / 18 / -5

Financial Snapshot (INR billion)

Y/E March	2014	2015	2016E	2017E
Sales	571.6	600.6	641.1	827.7
EBITDA	66.6	89.9	72.4	90.8
Adj PAT *	40.2	44.9	48.4	64.1
EPS (INR)*	43.4	48.4	52.2	69.1
EPS Gr. (%)	-18.7	11.5	7.8	32.4
BV/Sh (INR)	363.2	400.3	443.2	498.2
RoE (%)	15.1	12.9	13.3	15.1
RoCE (%)	13.0	11.9	12.1	13.5
Payout (%)	25.5	32.0	26.9	26.9

Valuations

P/E (x)*	22.2	32.5	34.1	25.8
P/BV (x)	2.7	3.9	4.0	3.6
EV/EBITDA (x)	14.3	22.8	22.8	17.9
Div Yield (%)	1.5	1.0	0.8	1.1

* Consolidated

CMP: INR1,783

Buy

- LT's order intake announcements have been significantly muted at INR101b in 1QFY16, versus average of INR195b in the last four quarters. Domestic order project wins have been aided by INR27b powergen order from ONGC and INR26.5b turnkey order from NHAI. Overseas wins have been muted, particularly impacted by the sharp decline in crude prices, and the three-month moving average order awards in the Middle East are down 50% YoY.
- Execution in 1QFY16 to be constrained with 5% YoY growth and should pick up in 2HFY16, as ~40% of FY15 intake was in 4QFY15; and hence these orders will contribute with a gap.
- Value unlocking is an important focus area, with several initiatives being taken including i) Business portfolio rebalancing (by hiving off non-scalable businesses) ii) IPO of technology business iii) Gradual Stake sale in L&T Finance, etc.
- The Hyderabad Metro is 47-48% complete; the project is behind schedule by 1-1.5 years. Maintain **Buy**.

Key issues to watch for

- **Hydrocarbons: Execution pick-up (given project specific challenges) and provisions (FY15 EBITDA loss at INR11.3b) are key trends to watch for. There could be possible liquidated damages as the projects are completed.**
- **Net working capital had deteriorated to 25% of revenue in 4QFY15 (v/s 22% YoY) and remains high, given tight liquidity conditions.**
- **E&C execution in FY15 was down 3.1%, largely impacted by muted execution in domestic (down 5.4%) and overseas projects (up just 4.1%).**

Quarterly Performance

(INR Million)

Y/E March (Standalone)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	103,376	127,168	149,950	189,679	108,545	139,885	167,944	218,725	570,174	635,099
Change (%)	8.9	6.9	7.3	-3.1	5.0	10.0	12.0	15.3	3.7	11.4
EBITDA	10,872	13,412	15,694	24,899	11,669	14,688	18,306	27,701	64,879	72,364
Change (%)	21.9	13.1	-7.1	-14.2	7.3	9.5	16.6	11.3	-2.7	11.5
Margin (%)	10.5	10.5	10.5	13.1	10.8	10.5	10.9	12.7	11.4	11.4
Adjusted EBITDA	10,872	13,412	15,694	24,899	11,669	14,688	18,306	27,701	64,879	72,364
Change (%)	11.2	11.8	-2.1	-6.6	16.5	17.0	23.4	15.2	-4.4	11.5
Adjusted Margin (%)	10.5	10.5	10.5	13.1	10.8	10.5	10.9	12.7	11.4	11.4
Depreciation	2,609	2,376	2,638	2,458	2,650	2,675	2,700	2,729	10,082	10,754
Interest	2,719	3,126	5,004	3,341	3,300	2,500	3,300	3,900	14,190	13,000
Other Income	4,880	6,033	6,219	5,701	5,500	5,750	6,400	7,818	22,834	25,468
Extraordinary Inc/(Exp)	1,714	0	0	1,857	0	0	0	0	3,572	0
Reported PBT	12,138	13,943	14,271	26,658	11,219	15,263	18,706	28,891	67,012	74,078
Tax	3,204	3,522	3,673	6,052	2,973	4,045	4,957	7,656	16,450	19,631
Effective Tax Rate (%)	26.4	25.3	25.7	22.7	26.5	26.5	26.5	26.5	24.5	26.5
Reported PAT	8,935	10,422	10,598	20,607	8,246	11,218	13,749	21,235	50,562	54,447
Adjusted PAT	7,563	10,422	10,598	19,121	8,246	11,218	13,749	21,235	47,705	54,447
Change (%)	-3.6	11.5	-6.7	-13.7	9.0	7.6	29.7	11.1	-5.9	14.1

E: MOSL Estimates

Siemens

Bloomberg	SIEM IN
Equity Shares (m)	356.1
M. Cap. (INR b)/(USD b)	481/8
52-Week Range (INR)	1,500/770
1,6,12 Rel Perf. (%)	-1 / 48 / 32

Financial Snapshot (INR billion)

Y/E Sept	2014	2015	2016E	2017E
Net Sales	106.6	103.5	114.1	137.4
EBITDA	5.9	9.4	10.6	14.9
Adj PAT	3.1	5.5	7.2	10.6
Adj EPS (INR)	8.7	15.3	20.2	29.8
EPS Gr (%)	82.5	76.2	31.8	47.3
BV/Sh. (INR)	122.9	144.4	154.5	169.5
RoE (%)	7.4	11.5	13.5	18.4
RoCE (%)	8.3	12.6	14.7	19.8
Payout (%)	82.7	82.7	57.9	49.7
Valuations				
P/E (x)	81.1	88.6	67.2	45.6
P/BV (x)	5.7	9.4	8.8	8.0
EV/EBITDA (x)	40.1	49.1	42.2	29.4
Div. Yield (%)	0.8	0.6	0.6	0.9

CMP: INR1,351

Sell

- SIEM has received orders of INR550m for the supply of high voltage circuit breakers to be installed across various substations in Algeria from CAMEG Spa, a subsidiary of Sonel Gas group.
- Signaling contracts on the Dedicated Freight Corridor (DFCC) will be an important driver of order intake in FY16; the total cost of signaling on DFCC is estimated at INR60b-70b.
- SIEM has signed an MoU with CII to conceptualize and implement a pilot project on smart cities. The management expects gradual ramp-up in the smart cities segment.
- SIEM had sold its land parcel in Bangalore for INR3.45b in 4QFY14. Maintain **Sell**.

Key issues to watch for

- Raw material imports stand at 55% of RM cost, and 82% of imports are from Siemens AG's network. The EUR has depreciated by a sharp 20% v/s INR since March 2014, and will help to improve product competitiveness and SIEM's margin profile.
- In January 2015, Siemens AG completed the sale of its Hearing Aid business. It sold its 50% stake in the JV, BSH Bosch and Siemens Haushaltsgeräte GmbH (BSH) to Robert Bosch GmbH and also completed the conversion of its Metals Technologies business into a JV with Mitsubishi-Hitachi Metals Machinery Inc (majority-owned by Mitsubishi Heavy Industries).

Quarterly Performance

(INR Million)

Y/E September (Standalone)	FY14				FY15E				FY14	FY15E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Total Revenues	23,939	27,063	23,744	31,879	21,860	26,530	23,150	31,959	106,626	101,649
Change (%)	-4.1	-8.4	-10.1	-2.2	-1.9	5.2	-2.5	0.3	-6.1	-4.7
EBITDA	1,493	1,863	528	2,213	1,890	2,501	2,155	2,815	6,097	9,361
As % of Revenues	6.2	6.9	2.2	6.9	8.6	9.4	9.3	8.8	5.7	9.2
Operational EBITDA	1,330	1,863	2,035	2,213	1,890	2,501	2,155	2,815	7,441	9,361
As % of Revenues	5.6	6.9	8.6	6.9	8.6	9.4	9.3	8.8	7.0	9.2
Depreciation	564	588	570	570	564	553	575	588	2,291	2,280
Interest Income	-17	-24	-25	-16	-19	-13	-30	-39	-82	-100
Other Income	73	88	262	624	303	360	320	366	1,046	1,350
Extra-ordinary Items	0	0	0	-3,665	-7,046	-74	0	0	-3,665	7,120
PBT	985	1,338	196	5,916	8,656	2,222	1,870	2,555	8,436	15,451
Tax	334	456	66	1,548	2,315	754	598	968	2,404	4,635
Effective Tax Rate (%)	33.9	34.0	33.5	26.2	26.7	33.9	32.0	37.9	28.5	30.0
Reported PAT	651	883	130	4,368	6,340	1,468	1,272	1,587	6,032	10,816
Adjusted PAT	651	883	130	1,436	1,061	1,559	1,272	1,587	3,100	5,479
Change (%)	2.3	194.7	-159.6	33.8	62.9	76.7	878.3	10.6	84.5	76.8
Order Intake (INR b)	20	26	27	30	21	27	35	46	110	103
Order book (INR b)	126	125	130	128	121	102	113	129	129	148
BTB (x)	1.1	1.2	1.2	1.2	1.2	1.0	1.1	1.3	1.2	1.5

E: MOSL Estimates, Adj EBITDA: Adjusted for change in project revenues and cost estimates

Thermax

Bloomberg	TMX IN
Equity Shares (m)	119.2
M. Cap. (INR b)/(USD b)	125/2
52-Week Range (INR)	1,315/790
1,6,12 Rel Perf. (%)	9 / -3 / 2

CMP: INR1,048

Buy

Financial Snapshot (INR billion)

Y/E March	2014	2015	2016E	2017E
Net Sales	50.3	53.4	58.0	64.3
EBITDA	4.4	4.6	5.5	7.1
Adj PAT	2.8	2.6	3.6	4.8
EPS (INR)	23.1	21.8	30.0	39.9
EPS Gr. (%)	-13.9	-6.0	38.1	32.9
BV/Sh. (INR)	173.7	179.3	196.1	222.7
RoE (%)	13.3	12.1	15.3	17.9
RoCE (%)	14.2	16.3	19.0	22.3
Payout (%)	33.9	47.9	44.1	33.2

Valuations

P/E (X)	27.0	44.1	34.9	26.3
P/BV (X)	3.6	5.4	5.3	4.7
EV/EBITDA (X)	16.0	23.3	21.5	16.0
Div Yield (%)	1.0	0.7	1.0	1.0

- Ordering environment for 1QFY16 remains constrained for TMX, led by weak macro environment. It has not announced any large orders during the quarter. We note that domestic ordering has likely remained at the base level (INR5b-7b/quarter).
- Increased internationalization of the business is a vital part of the ongoing strategy. TMX has also announced plans to localize part of the operations in SE Asia by setting up subsidiary companies.
- Expectations of margin expansion during 1QFY16 are largely due to one-offs in 1QFY15:
 - (i) Energy margin at just 6.5%, as RIL order did not cross margin recognition threshold as against 9.5% expected in 1QFY16, and
 - (ii) Environment segment margin at just 4.6%, impacted by losses on water projects as against expectation of 8% in 1QFY16.
- Maintain **Buy**.

Key issues to watch for

- Demand environment in domestic as well as overseas markets.
- Sustainability of margins in Energy segment (4QFY15 at 11.2%) and sustained improvement in Environment business (4QFY15 at 8.3%).
- Omnical has been placed under administration in 2QFY15; TMX made provisions of INR453m in FY15 towards the same.

Quarterly Performance

(INR Million)

(Standalone) Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	8,394	11,908	11,466	15,207	9,719	11,187	11,062	12,760	46,974	44,728
Change (%)	-2.7	14.1	13.1	10.0	15.8	-6.0	-3.5	-16.1	9.2	-4.8
EBITDA	577	1,222	1,314	1,572	892	1,206	1,271	1,181	4,700	4,549
Change (%)	-29.1	30.5	44.6	17.6	54.5	-1.3	-3.3	-24.9	14.9	-3.2
As of % Sales	6.9	10.3	11.5	10.3	9.2	10.8	11.5	9.3	10.0	10.2
Depreciation	150	182	156	153	155	160	165	163	641	643
Interest	30	24	19	124	25	30	35	35	197	125
Other Income	191	232	71	629	200	250	200	518	1,108	1,168
PBT	589	1,248	1,209	1,924	912	1,266	1,271	1,501	4,970	4,950
Tax	175	388	447	601	273	380	381	500	1,611	1,534
Effective Tax Rate (%)	29.7	31.1	37.0	31.2	30.0	30.0	30.0	33.3	32.4	31.0
Reported PAT	414	860	762	1,323	638	886	890	1,001	3,359	3,415
Change (%)	(17.6)	185.1	14.3	24.9	54.1	3.1	16.7	(24.3)	32.8	1.7
Adj PAT	414	860	762	1,323	638	886	890	1,001	3,359	3,415
Change (%)	(17.6)	45.4	14.3	24.9	54.1	3.1	16.7	(24.3)	19.1	1.7

E: MOSL Estimates

Voltas

Bloomberg	VOLT IN
Equity Shares (m)	330.7
M. Cap. (INR b)/(USD b)	104/2
52-Week Range (INR)	360/182
1,6,12 Rel Perf. (%)	-5 / 29 / 35

CMP: INR315

Buy

Financial Snapshot (INR billion)

Y/E March	2014	2015	2016E	2017E
Net Sales	52.7	51.8	56.6	66.8
EBITDA	1.6	4.1	4.6	6.1
Adj PAT	1.8	3.4	3.9	5.1
EPS (INR)	6.8	10.2	11.9	15.4
EPS Gr. (%)	14.5	51.1	16.8	28.8
BV/Sh. (INR)	55.0	63.6	71.9	82.7
RoE (%)	12.3	16.1	16.6	18.6
RoCE (%)	16.3	21.9	22.1	24.8
Payout (%)	29.2	22.7	30.0	30.0
Valuations				
P/E (x)	23.8	22.6	26.4	20.5
P/BV (x)	2.9	3.6	4.4	3.8
EV/EBITDA (x)	20.0	18.3	20.8	15.3
Div Yield (%)	1.1	1.0	1.0	1.3

- Unitary cooling division (UCP) is likely to report constrained revenue growth, impacted by seasonal factors of mild and shorter summer compared with 1QFY15. AC demand has been impacted by (a) strong rainfall post June 10, 2015, (ii) sluggish consumer spend, and (iii) high base effect. We expect UCP revenue to decline 4.5% YoY, led by volume decline of ~12%.
- Slower pace of project execution continues to be a challenge, and we expect revenues from project segment to decline further by 10% YoY.
- The sharp decline in crude prices has raised apprehensions over the pace of order awards and also execution in Middle East. Even in the domestic market, new project awards remain constrained.

Key issues to watch out

- Status of claims and provisions for Sidra Medical Project.
- Comments on the initial feedback and learnings post the launch of air-coolers in Punjab, Delhi and Haryana during 1QFY16. Also, expectations on the ramp-up of the business during FY16.
- Progress on legacy projects and also capital employed in MEP business.

Quarterly performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	17,573	9,847	9,511	14,900	16,295	10,749	11,194	18,391	51,831	56,628
Change (%)	9.6	-8.9	-15.0	1.9	-7.3	9.2	17.7	23.4	-1.6	9.3
EBITDA	1,319	777	574	1,430	1,204	743	804	1,879	4,100	4,630
Change (%)	161.3	79.8	-16.0	35.7	-8.7	-4.4	40.0	31.4	54.4	12.9
As of % Sales	7.5	7.9	6.0	9.6	7.4	6.9	7.2	10.2	7.9	8.2
Depreciation	61	69	70	81	65	70	75	88	280	298
Interest	87	44	44	58	70	45	50	50	233	215
Other Income	292	188	304	303	325	215	350	346	1,087	1,236
Extra-ordinary Items	-5	0	-445	-12	0	0	0	0	462	0
PBT	1,468	853	1,210	1,606	1,394	843	1,029	2,087	5,136	5,353
Tax	365	351	147	413	365	351	147	542	1,276	1,405
Effective Tax Rate (%)	24.9	41.2	12.1	25.7	26.2	41.6	14.3	26.0	24.8	26.2
Reported PAT	1,103	502	1,063	1,193	1,029	492	882	1,545	3,860	3,948
Change (%)	167.5	18.1	73.7	17.0	-6.8	-1.9	-16.8	32.7	56.6	2.3
Adj PAT	1,085	499	629	1,168	1,016	490	893	1,566	3,381	3,965
Change (%)	165.8	18.1	9.2	39.9	-6.4	-1.9	42.0	34.1	51.1	17.3
Order Book	37,890	36,790	39,490	38,930	39,130	37,683	38,739	40,661	38,930	40,661
Order Intake	6,940	3,950	6,800	5,437	4,800	3,200	5,500	7,296	23,127	20,796
BTB - TTM basis (x)	1.4	1.5	1.7	1.8	1.8	1.8	1.7	1.7	1.8	1.7

E: MOSL Estimates

Cement

Weak demand, dip in pricing and strange dichotomy

Expect multi-year low '1Q profitability' (ex south)

Demand growth turned marginal positive

Demand momentum slowly improved within 1QFY16 after decline in April, 2-3% growth in May and a mixed bag trend in June (0-5%) based on regional intensity of rainfall (lower rainfall in the north led to better volumes than west in June). Overall, north and east are expected to post relatively better volume growth in 1QFY16 v/s west and south (south showing weakest volume trend with near-double digit de-growth). We estimate ~1.5% YoY growth for the industry, while MOSL cement universe to grow by ~3.4% YoY (+5.5% QoQ) due to multiple instance of new capacity commencement viz. Shree Cement, JK Lakshmi and Dalmia Bharat. Effective utilizations stood at ~70% (-3pp YoY, -1pp QOQ).

Dip in pricing across regions; Southern dichotomy continues

Cement prices (ex-south) are down 4-8% QoQ in 1QFY16—the west and the north were worst affected, with 7-8% decline QoQ (though select pockets saw INR10-30/bag uptick during June). East and central regions posted 3-4%QoQ dip in average prices, while production discipline in south continues to hold prices QoQ. We are factoring in INR150-200/ton (~4%) QoQ drop in realizations of MOSL coverage universe, including largely flattish (0-1% QoQ dip) for southern players. We are factoring in for INR10/INR17 per bag (5%/9%) YoY rise in realizations in FY16/FY17.

Stable cost and pricing woes to hurt margins; southern players to rule the roost

Sharp decline in realization would hurt profitability by INR150-200/ton (4pp QoQ dip in margins). Cost should remain flattish amidst (a) 3-4% QoQ decline in imported coal and pet coke prices, (b) 2.7% rise in rail freight and ~3% diesel cost, (c) rise in packaging cost as crude revived, and (d) marginal positive operating leverage QoQ. We expect MOSL universe EBITDA/ton at INR660 in 1QFY16 (-INR189 QoQ, -INR117 YoY) with southern players likely to post EBITDA/ton of INR900-1,200 (~1pp QoQ dip in margins). We factor in for EBITDA/ton of INR818/1,096 per ton in FY16/FY17 as against ~INR727 in FY15.

Exhibit 1: Expected quarterly performance summary

Sector	CMP (INR)	Reco	Sales (INR m)			EBDITA (INR m)			Net Profit (INR m)		
			Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ
Cement											
ACC	1,441	Buy	29,812	-1.0	3.3	2,954	-26.1	-28.6	1,686	-30.0	-32.5
Ambuja Cements	230	Neutral	24,939	-7.9	2.9	3,632	-36.7	-23.0	2,534	-38.0	-20.2
Grasim Industries	3,442	Buy	14,276	0.3	-16.1	1,109	-11.7	13.7	689	-34.9	51.7
India Cements	94	Neutral	11,272	-8.1	-10.0	1,527	-3.2	-8.1	-148	Loss	PL
Ramco Cements	339	Buy	10,214	10.5	6.2	2,672	95.8	12.0	1,185	226.7	26.8
Shree Cement	11,324	Buy	15,945	-3.4	1.3	2,888	-33.4	-14.4	534	-79.1	-57.2
Ultratech Cement	2,991	Buy	58,110	2.9	-5.3	9,628	-4.5	-21.9	4,628	-26.0	-24.7
Sector Aggregate			166,894	0.6	-0.1	24,511	-13.6	-17.6	11,129	-33.4	-24.9

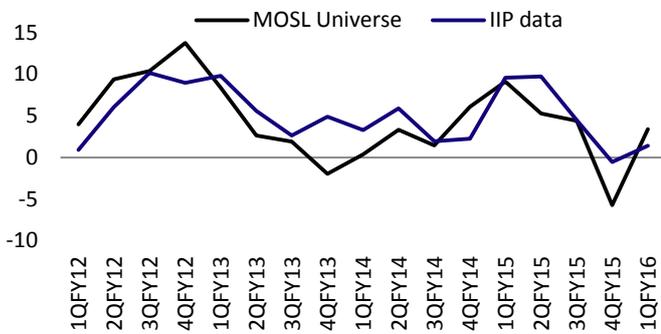
Sandipan Pal (Sandipan.Pal@MotilalOswal.com); +91 22 3982 5436

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Play on growth headroom; watch out for possible near-term dip

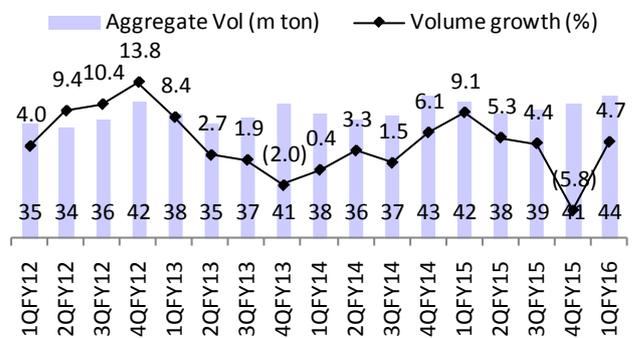
We are cutting FY16/17E EBITDA for large caps by 5-12% to factor in for lower volume and weaker price trends. Further delay in recovery visibility may lead to near-term price correction or time correction. However, amidst ongoing weakness, we are positive on the sector for the next 3-5 years due to (a) improving demand-supply equations, (b) moderation of cost push, and (c) increasing consolidation. Acceleration of the investment cycle, which is essential for higher demand growth and sustenance of robust pricing, is yet to materialize. However, government’s emphasis on infrastructure projects augurs well for a gradual revival of demand cycle. Among the large caps, UTCEM remains our top pick. Due to its higher earnings sensitivity, ACC would be among the major beneficiaries when the price growth cycle kicks in. In mid caps, we like JK Lakshmi, JK Cement, and Dalmia Bharat.

Exhibit 2: Industry posted flattish growth in 1QFY16 (%)



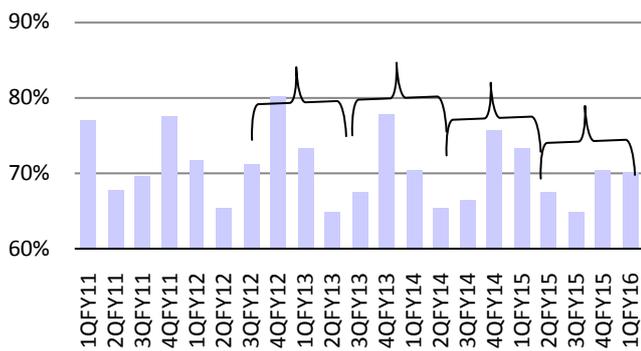
Source: Company, MOSL

Exhibit 3: MOSL universe volume to grow 4.7% YoY due to recent expansion by select companies



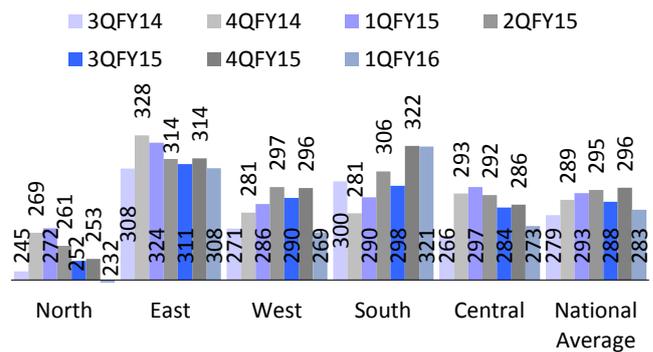
Source: Company, MOSL

Exhibit 4: Utilizations deteriorates further as new capacity commences



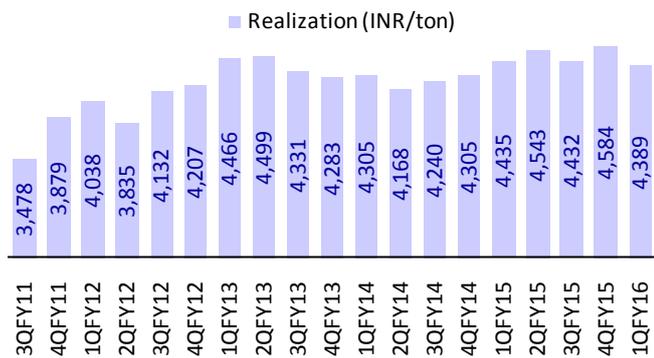
Source: Company, MOSL

Exhibit 5: Pricing was the biggest disappointment barring south (INR/bag)



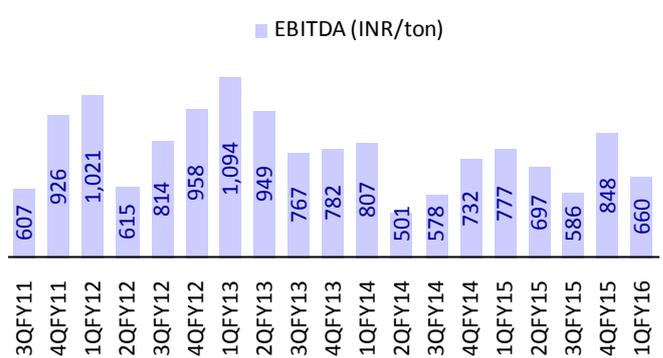
Source: Company, MOSL

Exhibit 6: Realizations dip in almost all regions (ex south)....



Source: Company, MOSL

Exhibit 7: ...translating into weak profitability



Source: Company, MOSL

Exhibit 8: 1QFY16 estimates for MOSL coverage

	Volume (m ton)			Realization (INR/ton)			EBITDA (INR/ton)		
	1QFY16	YoY (%)	QoQ (%)	1QFY16	YoY (INR)	QoQ (INR)	1QFY16	YoY (INR)	QoQ (INR)
ACC	6.3	-1.0	8.0	4,345	-93	-190	450	-162	-240
Ambuja Cement	5.9	1.0	8.7	4,225	-406	-240	615	-367	-253
UltraTech	11.9	1.9	1.0	4,817	43	-302	798	-54	-230
Birla Corp	2.1	2.5	12.0	3,604	-384	-120	190	-567	-86
India Cement	2.3	-8.5	11.8	4,741	497	-80	652	36	-218
Shree Cement	4.4	19.2	7.3	3,389	-605	-148	634	-535	-154
Dalmia Bharat	3.2	103.6	36.7	5,117	783	-149	900	651	-75
J K Cements	1.9	8.2	-1.8	4,583	-34	-183	558	-9	-274
JK Lakshmi Cem.	1.6	11.4	3.5	3,549	-621	-180	299	-489	-161
Madras Cement	2.0	-8.0	4.1	5,261	860	-50	1,287	733	-13
Orient Paper	1.0	-5.4	3.0	3,763	236	-150	777	183	-164
Prism Cement	1.6	3.0	5.5	3,747	-152	0	470	-184	41
Sector Agg.	44.2	6.0	7.0	4,389	-46	-195	660	-117	-189

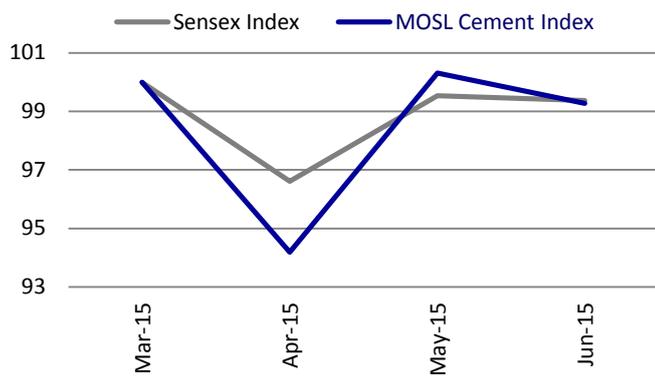
Source: MOSL

Exhibit 9: Revised EBITDA Estimates (INR m)

	FY16E/CY15E			FY17E/CY16E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
ACC	13.7	15.3	-10.6	21.7	23.1	-6.3
Ambuja Cement	15.3	17.4	-12.1	22.5	23.8	-5.4
UltraTech	44.8	50.4	-11.1	66.1	73.3	-9.9
Birla Corp	1.7	3.1	-45.8	4.4	5.9	-25.6
India Cement	7.4	7.5	-1.8	10.6	10.5	0.5
Shree Cement	19.1	18.5	3.3	28.4	27.9	1.9
JK Lakshmi	3.8	4.8	-21.1	6.7	7.4	-8.8
Ramco Cement	9.2	9.3	-1.6	11.7	11.9	-1.2
JK Cement	5.7	6.2	-8.6	9.4	10.1	-7.0
Orient Cement	3.7	3.7	-1.1	6.9	7.0	-0.2
Prism Cement	5.0	5.4	-8.0	8.4	9.7	-13.7
Dalmia Cement	12.3	12.9	-4.6	16.4	17.1	-3.9

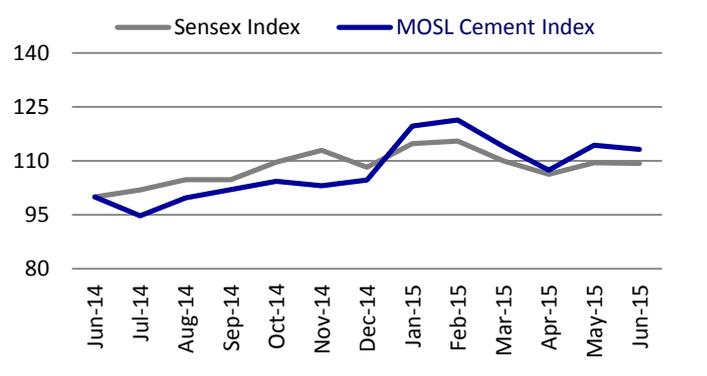
Source: MOSL

Relative performance – 3m (%)



Source: Bloomberg, MOSL

Relative performance – 3m (%)



Source: Bloomberg, MOSL

Exhibit 10: Comparative valuations

Sector / Companies	CMP (INR)	Reco.	EPS (INR)			PE (x)			EV/EBIDTA (x)			RoE (%)		
			FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E
Cement														
ACC	1,441	Buy	45.9	45.6	74.6	31.4	31.6	19.3	21.9	18.3	11.2	10.7	10.5	16.8
Ambuja Cements	230	Neutral	8.5	6.8	11.0	26.9	33.5	20.8	19.9	13.3	8.9	13.4	9.3	11.1
Birla Corporation	410	Buy	22.8	11.3	39.6	18.0	36.3	10.3	10.6	18.2	6.4	6.7	3.3	10.8
Dalmia Bharat	588	Buy	1.1	32.3	61.3	520.8	18.2	9.6	18.9	7.9	5.8	0.3	8.2	14.0
Grasim Industries	3,442	Buy	190.5	200.7	289.0	18.1	17.1	11.9	7.2	5.8	4.0	7.6	7.5	9.8
India Cements	94	Neutral	0.0	2.7	11.7	-	34.4	8.1	9.4	9.0	6.1	0.8	2.2	8.5
J K Cements	666	Buy	17.9	17.3	56.2	37.3	38.6	11.8	16.4	12.5	7.1	7.5	7.7	21.0
Jaiprakash Associates	11	Buy	-5.6	-0.1	2.7	-2.0	-166.5	4.2	14.1	8.3	7.5	-9.8	-0.1	4.6
JK Lakshmi Cem.	346	Buy	12.7	6.6	25.7	27.2	52.2	13.5	16.8	14.7	8.0	11.4	5.8	20.2
Orient Cement	172	Neutral	9.5	9.9	16.5	18.1	17.4	10.4	16.0	13.6	6.8	21.6	19.2	26.8
Prism Cement	109	Buy	2.0	2.5	8.0	55.3	44.0	13.8	26.3	14.3	7.8	9.8	11.6	29.8
Ramco Cements	339	Buy	10.2	16.5	23.9	33.3	20.6	14.2	14.9	11.3	8.4	9.5	13.9	17.7
Shree Cement	11,324	Buy	99.8	167.1	375.3	113.5	67.8	30.2	29.8	22.4	14.1	7.2	11.2	21.8
Ultratech Cement	2,991	Buy	73.4	77.5	117.4	40.7	38.6	25.5	20.7	19.0	13.5	11.2	10.8	14.6
Sector Aggregate						44.4	32.7	18.2	16.1	12.5	8.6	6.3	7.5	12.2

Source: Company, MOSL

ACC

Buy

Bloomberg	ACC IN
Equity Shares (m)	188.0
M. Cap. (INR b)/(USD b)	271/4
52-Week Range (INR)	1,775/1,338
1,6,12 Rel Perf. (%)	-5 / 2 / -11

Financial Snapshot (INR Billion)

Y/E DECEMBER	2013	2014	2015E	2016E
Sales	109.	114.	117.4	135.9
EBITDA	13.7	12.5	13.7	21.7
NP	9.1	8.6	8.6	14.0
Adj. EPS (INR)	48.6	45.9	45.6	74.6
EPS Gr. (%)	-29.3	-5.6	-0.5	63.6
BV/Sh (INR)	416	438	435	456
RoE (%)	12.0	10.7	10.5	16.8
RoCE (%)	15.3	13.4	13.5	21.6
Payout (%)	60.2	63.6	106.8	72.6

Valuations

P/E (x)	29.7	31.4	31.6	19.3
P/BV (x)	3.5	3.3	3.3	3.2
EV/EBITDA (x)	17.2	18.5	17.9	10.9
EV/Ton (x)	121	118	122	118

CMP: INR1,441

- Dispatches in 2QCY15 are estimated to de-grow 1% YoY (+8% QoQ) to 6.29mt. Average realizations are expected to de-grow 4.2% QoQ (-2.1% YoY) to INR4,345/ton.
- Revenue is expected to de-grow 1% YoY (+3% QoQ) to INR29.8b. EBITDA margins are expected at 9.9% (-4.4pp QoQ, -3.4pp YoY)
- EBITDA/ton is estimated at INR470 (-INR160 YoY, -INR241 QoQ), impacted by ongoing cement market slowdown and scarce demand. Pure cement EBITDA/ton is estimated at INR450 (-INR240 QoQ). PAT would de-grow 30% YoY to INR1.7b.
- To factor in the ongoing weak trend and possible delay in volume recovery and current price decline to 2HFY16, we are cutting our CY15/16 EPS estimates by 7-13% (led by cut in volumes and realizations)
- The stock trades at 19.3x CY16E EPS, 10.9x CY16E EV/EBITDA and USD118/ton. Maintain **Buy**.

Key issues to watch out

- Cement pricing recovery
- Volume growth and demand revival
- Update on Jamul expansion
- Update on cost saving measures
- Clarity on sustained resumption of operations at plants in the east

Y/E December	CY14				CY15				CY14	CY15E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Cement Sales (m ton)	6.48	6.35	5.62	5.76	5.82	6.29	5.84	6.14	24.2	24.09
YoY Change (%)	0.9	3.8	1.4	-1.5	-10.2	-1.0	4.0	6.6	1.2	-0.5
Cement Realization	4,298	4,437	4,521	4,442	4,535	4,345	4,385	4,621	4,421	4,471
YoY Change (%)	0.7	3.4	6.8	3.1	5.5	-2.1	-3.0	4.0	3.3	1.1
QoQ Change (%)	-0.2	3.2	1.9	-1.8	2.1	-4.2	0.9	5.4		
Net Sales	29,671	30,090	27,419	27,631	28,854	29,812	27,827	30,870	114,811	117,362
YoY Change (%)	1.9	7.8	9.3	2.6	-2.8	-0.9	1.5	11.7	5.2	2.2
EBITDA	3,653	4,000	3,060	1,788	4,137	2,954	2,496	4,098	12,501	13,685
Margins (%)	12.3	13.3	11.2	6.5	14.3	9.9	9.0	13.3	10.9	11.7
Depreciation	1,366	1,377	1,393	1,440	1,698	1,700	1,700	1,774	5,576	6,872
Interest	108	111	115	131	226	150	150	149	828	675
Other Income	1,108	876	1,172	1,042	1,141	1,100	1,300	1,459	4,561	5,000
PBT before EO Item	3,288	3,388	2,723	1,259	3,353	2,204	1,946	3,635	10,658	11,138
EO Income/(Expense)	1,688	0	0	2,098	-123	0	0	0	3,786	-123
PBT after EO Item	4,975	3,388	2,723	3,358	3,230	2,204	1,946	3,635	14,444	11,015
Rate (%)	19.9	28.9	24.8	3.6	25.5	23.5	23.0	20.5	19.1	23.0
Reported PAT	3,987	2,410	2,049	3,236	2,406	1,686	1,498	2,892	11,683	8,482
Adjusted PAT	2,635	2,410	2,049	1,214	2,497	1,686	1,498	2,892	8,621	8,576
Margins (%)	8.9	8.0	7.5	4.4	8.7	5.7	5.4	9.4	7.5	7.3
YoY Change (%)	-15.7	-7.0	69.6	-42.7	-5.2	-30.0	-26.9	138.2	-5.3	-0.5

E: MOSL Estimates

Ambuja Cements

Bloomberg	ACEM IN
Equity Shares (m)	1,983.2
M. Cap. (INR b)/(USD b)	455/7
52-Week Range (INR)	287/202
1,6,12 Rel Perf. (%)	-3 / -1 / -5

Financial Snapshot (INR Billion)

Y/E DECEMBER	2013	2014	2015E	2016E
Sales	90.9	99.1	97.1	112.9
EBITDA	15.5	18.6	15.3	22.5
NP	10.5	13.2	10.3	16.0
Adj. EPS (INR)	6.8	8.5	5.2	8.1
EPS Gr. (%)	-32.4	25.9	-39.0	55.0
BV/Sh. (INR)	61.8	65.6	93.9	97.7
RoE (%)	11.4	13.4	7.2	8.4
RoCE (%)	16.1	18.7	10.2	12.0
Payout (%)	49.9	61.8	83.1	53.0

Valuations

P/E (x)	33.6	26.7	30.8	19.9
P/BV (x)	3.7	3.5	1.7	1.6
EV/EBITDA (x)	19.6	17.3	19.7	13.3
EV/Ton (USD)	166	171	160	154

CMP: INR230

Neutral

- Dispatches in 2QCY15 are estimated to grow 1% YoY (+9% QoQ) to 5.90mt. Average realizations are expected to decrease by 5.4% QoQ (-8.8% YoY) to INR4,225/ton. Revenue is estimated at INR30b (-0.3% YoY, 4% QoQ).
- EBITDA margins are expected at 14.6%, down 4.8pp QoQ (-6.6pp YoY). EBITDA/ton is estimated at ~INR615/ton (-INR367/ton YoY, and -INR252/ton QoQ).
- Adj. PAT is estimated to de-grow 20% QoQ (-38% YoY) to INR2.4b.
- To factor in the ongoing weak trend and possible delay in volume recovery and price sustenance to 2HFY16, we are cutting CY15/CY16 EPS estimates by 6-14% to factor in 2% cut in volumes and 1.5% cut in realizations.
- The stock trades at 19.9x CY15E EPS, 13.3x EV/EBITDA and USD154/ton. Maintain **Neutral**.

Key issues to watch out

- Volume growth recovery and outlook
- Cement pricing outlook and sustainability
- Update on ACC-ACEM restructuring timeline

Quarterly Performance

(INR Million)

Y/E December	CY14				CY15				CY14	CY15E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Sales Volume (m ton)*	6.06	5.84	4.81	5.44	5.43	5.90	5.05	5.82	22.15	22.19
YoY Change (%)	1.7	7.1	-1.6	2.8	-10.4	1.0	5.0	6.9	2.5	0.2
Realization (INR/ton)	4,352	4,631	4,552	4,374	4,465	4,225	4,275	4,527	4,474	4,374
YoY Change (%)	1.9	7.8	11.0	5.6	2.6	-8.8	-6.1	3.5	6.4	-2.2
QoQ Change (%)	5.1	6.4	-1.7	-3.9	2.1	-5.4	1.2	5.9		
Net Sales	26,378	27,064	21,876	23,790	24,246	24,939	21,574	26,328	99,107	97,086
YoY Change (%)	3.7	15.4	9.2	8.6	-8.1	-7.9	-1.4	10.7	40.0	31.4
EBITDA	5,757	5,741	3,789	3,324	4,715	3,632	2,544	4,443	18,610	15,334
Margins (%)	21.8	21.2	17.3	14.0	19.4	14.6	11.8	16.9	18.8	15.8
Depreciation	1,197	1,242	1,302	1,355	1,578	1,300	1,320	1,401	5,095	5,599
Interest	161	203	179	103	214	160	155	93	645	622
Other Income	1,434	1,518	1,030	983	1,336	1,300	1,300	1,064	4,964	5,000
PBT before EO Item	5,832	5,815	3,339	2,848	4,259	3,472	2,369	4,013	17,834	14,113
Rate (%)	23.3	29.7	28.4	10.2	25.4	27.0	27.0	28.7	23.6	27.0
Reported Profit	5,200	4,087	2,391	3,286	3,177	2,534	1,729	2,862	14,964	10,303
Adj PAT	4,473	4,087	2,391	2,559	3,177	2,534	1,729	2,862	13,207	10,303
YoY Change (%)	22.9	26.1	77.5	14.5	-29.0	-38.0	-27.7	11.8	26.2	-22.0

E: MOSL Estimates

Grasim Industries

Bloomberg	GRASIM IN
Equity Shares (m)	91.7
M. Cap. (INR b)/(USD b)	316/5
52-Week Range (INR)	4,024/3,173
1,6,12 Rel Perf. (%)	-5 / 0 / -9

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015	2016E	2017E
Sales	290.0	324.4	364.8	444.6
EBITDA	45.9	47.3	55.5	78.7
Adj. PAT	19.8	17.5	18.3	25.9
Adj. EPS (INR)	215.1	190.5	199.6	281.4
EPS Gr. (%)	-22.8	-11.4	4.8	41.0
BV/Sh. (INR)	2,353	2,519	2,692	2,949
RoE (%)	9.1	7.6	7.4	9.5
RoCE (%)	12.9	11.7	12.8	15.5
Payout (%)	10.1	9.7	13.0	8.8

Valuations

P/E (x)	16.0	18.1	17.2	12.2
P/BV (x)	1.5	1.4	1.3	1.2
EV/EBITDA (x)	9.5	10.3	9.2	6.4
EV/Ton (x)	128	126.8	115.5	101.0

CMP: INR3,442

Buy

- We expect VSF volumes to grow 13.3% YoY (-17% QoQ) to 97,861 tons. Realizations are expected to improve 2% QoQ (-5% YoY) to INR113/kg. Despite expansion in Vilayat plant, volume growth was sub-normal due to closure of Nagda plant during the quarter.
- Standalone EBITDA margins are estimated to improve 2.1pp QoQ (-1pp YoY) to 7.8%.
- EBITDA is estimated to grow by 13.6% QoQ (-11.7% YoY) to INR1.1b, translating into PAT of INR689m—de-growth of 35% YoY.
- The stock trades at 12.2x FY17E consolidated EPS, 6.4x FY17E EV/EBITDA and implied cement EV/ton of USD101/ton. Maintain **Buy**.

Key issues to watch out

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

Quarterly Performance

(INR Million)

Y/E March (Standalone)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
VSF Volume (ton)	86,389	100,927	97,001	118,486	97,861	113,792	109,240	134,274	402,803	455,167
YoY Change (%)	11.4	8.5	0.0	19.2	13.3	12.7	12.6	13.3	9.8	13.0
VSF Realization (INR/ton)	119,000	118,400	116,750	110,809	113,009	114,009	116,009	116,126	115,898	114,898
YoY Change (%)	2.1	-2.6	-4.0	-7.0	-5.0	-3.7	-0.6	4.8	-3.3	-0.9
QoQ Change (%)	-0.1	-0.5	-1.4	-5.1	2.0	0.9	1.8	0.1		
Net Sales	14,236	15,823	15,448	17,016	14,276	16,656	16,495	19,531	62,523	66,957
YoY Change (%)	23.9	12.6	6.1	11.3	0.3	5.3	6.8	14.8	12.9	7.1
EBITDA	1,257	1,964	1,651	976	1,109	1,417	1,557	1,774	5,847	5,857
Margins (%)	8.8	12.4	10.7	5.7	7.8	8.5	9.4	9.1	9.4	8.7
Depreciation	529	624	629	843	890	890	890	906	2,626	3,576
Interest	56	90	116	131	100	110	130	143	393	483
Other Income	703	2,290	468	823	800	2,200	700	800	4,283	4,500
PBT after EO Items	1,374	3,541	1,396	562	919	2,617	1,237	1,525	6,634	5,821
Tax	316	547	459	252	230	654	309	381	1,574	2,832
Rate (%)	23.0	15.4	32.9	44.9	25.0	25.0	25.0	25.0	23.7	48.7
Adj. PAT	1,058	2,993	922	454	689	1,963	928	1,144	5,424	3,234
YoY Change (%)	-53.0	-24.5	-25.8	-63.4	-34.9	-34.4	0.6	151.8	-37.7	-40.4

E: MOSL Estimates

India Cements

Bloomberg	ICEM IN
Equity Shares (m)	307.2
M. Cap. (INR b)/(USD b)	29/0
52-Week Range (INR)	134/73
1,6,12 Rel Perf. (%)	3 / 9 / -30

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015	2016E	2017E
Sales	44.4	44.2	45.3	53.7
EBITDA	5.4	6.8	7.4	10.6
NP	-0.5	0.3	0.8	3.2
Adj. EPS (INR)	-7.9	0.0	2.7	11.7
EPS Gr. (%)	-236	-100	-	326
BV/Sh (INR)	125.4	117.0	118.4	126.5
RoE (%)	-1.3	0.8	2.2	8.5
RoCE (%)	4.2	6.5	7.5	11.8
Payout (%)	0.0	0.0	44.9	22.2

Valuations

P/E (x)	-11.9	-	34.4	8.1
P/BV (x)	0.8	0.8	0.8	0.7
EV/EBITDA (x)	10.9	8.7	8.4	5.6
EV/Ton (USD)	67	69	69	67

CMP: INR94

Neutral

- India Cement's volumes are expected to de-grow 8.5% YoY (+12% QoQ) to 2.34mt. We estimate realization to grow 11.7% YoY (-1.7% QoQ) to INR4,741/ton (led by strong pricing trend in the south in 1QFY16 despite overall sector slowdown). Revenue is estimated at INR11.3b (-8.1% YoY, 10% QoQ).
- EBITDA is estimated at INR1.6b and EBITDA margin is expected to decline 4.3pp QoQ at 13.5%, translating into blended EBITDA/ton of INR652/ton (-INR35/ton YoY). PAT is expected at negative INR148m (v/s INR366m in 4QFY15).
- Valuations stand at 8.1x FY17E EPS and 5.6x FY17E EBITDA. Maintain **Neutral** (FY17E EV/ton of USD67).

Key issues to watch out

- Improving political/economic environment and resolution of AP issue
- Demand and pricing outlook, especially in South India
- Timeline and capex plan over TN expansion of 2.6 MT

Quarterly Performance (Standalone)

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales Dispatches (m ton)	2.56	2.35	2.11	2.09	2.34	2.28	2.19	2.25	9.11	9.06
YoY Change (%)	-3.4	-3.6	-8.2	-21.1	-8.5	-3.0	4.0	7.4	-9.2	-0.5
Realization (INR/ton)	4,244	4,655	4,777	4,821	4,741	4,841	4,941	4,941	4,606	4,921
YoY Change (%)	1.4	13.1	7.9	20.3	11.7	4.0	3.4	2.5	10.2	6.8
QoQ Change (%)	5.9	9.7	2.6	0.9	-1.7	2.1	2.1	0.0		
Net Sales	12,262	11,317	10,359	10,250	11,272	11,261	10,983	11,747	44,236	45,263
YoY Change (%)	-1.0	4.2	-0.1	-5.1	-8.1	-0.5	6.0	14.6	-0.4	2.3
EBITDA	1,578	1,791	1,587	1,822	1,527	1,870	1,642	2,349	6,826	7,388
Margins (%)	12.9	15.8	15.3	17.8	13.5	16.6	14.9	20.0	15.4	16.3
Depreciation	662	663	664	590	650	650	600	638	2,579	2,538
Interest	967	1,095	1,087	1,047	1,050	1,060	1,060	1,062	4,260	4,232
Other Income	22	42	47	181	25	50	50	250	308	375
PBT before EO expense	-30	75	-117	366	-148	210	32	899	295	993
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	-30	75	-117	366	-148	210	32	899	295	993
Tax	0	0	0	0	0	0	0	199	0	199
Rate (%)	0.0	0.0	0.0	0.0	0.0	0	0.0	22.1	0.0	20.0
Reported PAT	-30	75	-117	366	-148	210	32	701	295	795
Adj PAT	-30	75	-117	366	-148	210	32	701	295	795
YoY Change (%)	-117.6	NA	NA	NA	400.4	NA	NA	NA	NA	169.8

E: MOSL Estimates

Ramco Cements

Bloomberg	TRCL IN
Equity Shares (m)	238.0
M. Cap. (INR b)/(USD b)	81/1
52-Week Range (INR)	380/265
1,6,12 Rel Perf. (%)	5 / -2 / 8

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015E	2016E	2017E
Sales	36.3	35.9	39.7	46.3
EBITDA	5.1	6.6	9.2	11.7
NP	1.2	2.4	3.9	5.7
Adj EPS (INR)	4.9	10.2	16.5	23.9
EPS Gr. (%)	-71.0	106.8	61.9	45.1
BV/Sh. (INR)	104.3	111.1	125.3	145.7
RoE (%)	4.8	9.5	13.9	17.7
RoCE (%)	6.1	10.2	14.4	19.0
Payout (%)	20.2	17.1	14.1	14.6
Valuations				
P/E (x)	68.8	33.3	20.6	14.2
P/BV (x)	3.3	3.0	2.7	2.3
EV/EBITDA (x)	21.0	16.0	11.2	8.3
EV/Ton (USD)	116	115	104	99

CMP: INR339

Buy

- 1QFY16 volumes are estimated to de-grow 8% YoY (-4% QoQ) to 1.96mt. Average realizations are expected to improve by 19.5% YoY (-0.9% QoQ) to INR5,261/ton.
- EBITDA margins are expected to improve by 1.4pp QoQ to 26.2%. EBITDA/ton (ex windmill) is estimated to decline by ~INR13/ton QoQ (+733/ton YoY) to INR1,287/ton.
- PAT is estimated to grow 27% QoQ to INR1.2b.
- We are cutting our FY17 EPS estimates by 2% to factor in lower volume growth.
- The stock trades at 14.2x FY17E EPS, 8.3x EV/EBITDA and FY17E EV/ton of USD99. Maintain **Buy**.

Key issues to watch out

- Volume growth recovery and outlook
- Cement pricing outlook and demand sustainability in the south (AP and Tamil Nadu)

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales Dispatches (m ton)	2.13	1.94	1.72	1.88	1.96	1.90	1.80	2.00	7.67	7.67
YoY Change (%)	-3.9	-11.4	-11.6	-16.3	-8.0	-2.0	5.0	6.5	-10.8	0.0
Realization (INR/ton)	4,401	4,739	4,744	5,311	5,261	5,261	5,161	5,334	4,786	5,256
YoY Change (%)	2.2	16.2	6.5	21.8	19.5	11.0	8.8	0.4	11.4	9.8
QoQ Change (%)	0.9	7.7	0.1	12.0	-0.9	0.0	-1.9	3.4		
Net Sales	9,243	9,221	7,861	9,614	10,214	10,017	9,089	10,406	35,939	39,726
YoY Change (%)	-3.7	1.9	-6.7	4.0	10.5	8.6	15.6	8.2	-1.1	10.5
EBITDA	1,365	1,870	1,001	2,386	2,672	2,571	1,665	2,275	6,622	9,183
Margins (%)	14.8	20.3	12.7	24.8	26.2	25.7	18.3	21.9	18.4	23.1
Depreciation	627	624	626	622	650	675	720	755	2,499	2,800
Interest	500	480	485	473	480	480	490	515	1,938	1,965
Other Income	367	318	317	378	200	225	250	677	1,379	1,352
PBT	605	1,084	206	1,669	1,742	1,641	705	1,682	3,564	5,771
Rate (%)	40.1	17.2	-11.4	44.0	32.0	32.0	32.0	32.0	32.0	32.0
Adj PAT	363	897	230	934	1,185	1,116	479	1,144	2,423	3,924
YoY Change (%)	-47.3	391.0	-10.3	474.8	226.7	24.4	108.7	-222.5	111.3	61.9
Margins (%)	3.9	9.7	2.9	9.7	11.6	11.1	5.3	11.0	6.7	9.9

E: MOSL Estimates

Shree Cement

Bloomberg	SRCM IN
Equity Shares (m)	34.8
M. Cap. (INR b)/(USD b)	395/6
52-Week Range (INR)	12389/6880
1,6,12 Rel Perf. (%)	3 / 19 / 47

CMP: INR11,324

Buy

Financial Snapshot (INR Billion)

Y/E JUNE	2014	2015	2016E	2017E
Sales	58.8	63.1	75.2	94.9
EBITDA	13.8	12.3	17.0	25.8
NP	7.7	3.5	5.8	13.1
Adj EPS (INR)	222.2	99.8	167.1	375.3
EPS Growth (%)	-23.0	-55.1	67.4	124.5
BV/Share (Rs)	1,352	1,421	1,553	1,887
RoE (%)	18.1	7.2	11.2	21.8
RoCE (%)	19.0	7.6	12.6	25.7
Payout (%)	11.4	29.8	20.9	10.8

Valuations				
P/E (x)	51.0	113.5	67.8	30.2
P/BV (x)	8.4	8.0	7.3	6.0
EV/EBITDA (x)	27.7	31.4	22.4	14.1
EV/Ton (USD)	324	269	244	236

- We expect 4QFY15 [should it be 1QFY16] cement volumes to grow 19.2% YoY (-3% QoQ) to 4.43mt (including clinker) and realizations are expected to de-grow 15.2% YoY (-4.2% QoQ) to INR3,389/ton.
- Merchant power sale is expected to be 281m units (v/s 334m units QoQ and 498m YoY) at ~INR3.30/unit (v/s INR3.39 QoQ and INR3.36 YoY). Power EBITDA is estimated at INR77m (v/s INR121m in the previous quarter).
- Revenue is seen at INR15.9b (-3.4% YoY). EBITDA is expected to be INR2.8b, translating into margin of 18.1% (-3.4pp QoQ, -8.1pp YoY). Adjusted PAT is seen at INR534m (v/s INR2.7b in the year-ago period).
- We are revising our FY16/17 EBITDA estimates by 11-20% to factor in weak pricing trend in the north.
- Valuations are at 30.2x FY17E EPS, 14.1x FY17E EBITDA and USD236/ton. Maintain **Buy**.

Key issues to watch out

- Volume & pricing recovery for North India
- Update on scale-up in the recently commissioned Chhattisgarh units

Quarterly performance

(INR Million)

Y/E June	FY14				FY15				FY14	FY15E
	1Q	2Q	3Q	4QE	1Q	2Q	3Q	4QE		
Sales Dispat. (m ton)	3.26	3.44	3.84	3.72	3.88	3.81	4.13	4.43	14.25	16.25
YoY Change (%)	7.2	14.7	17.8	17.3	18.9	10.9	7.6	19.2	14.4	14.0
Realization (INR/Ton)	3,334	3,430	3,863	3,994	3,648	3,540	3,537	3,389	3,672	3,524
YoY Change (%)	-12.6	-7.9	10.4	11.6	9.4	3.2	-8.4	-15.2	1.2	-4.0
QoQ Change (%)	-6.8	2.9	12.6	3.4	-8.7	-3.0	-0.1	-4.2		
Net Sales	12,475	13,170	16,600	16,514	16,053	15,419	15,733	15,945	58,759	63,150
YoY Change (%)	-3.8	-7.8	16.2	14.6	28.7	17.1	-5.2	-3.4	5.5	7.5
EBITDA	2,494	2,694	4,261	4,335	3,376	3,035	3,375	2,888	13,784	12,271
Margins (%)	20.0	20.5	25.7	26.2	21.0	19.7	21.5	18.1	23.5	19.4
Depreciation	1,139	1,156	1,667	1,538	2,227	2,009	2,629	2,500	5,499	9,365
Interest	312	309	363	308	350	323	270	459	1,292	1,402
Other Income	740	111	546	568	309	227	535	529	1,964	1,600
PBT before EO Exp	1,783	1,339	2,777	3,057	1,109	930	1,010	458	8,957	3,105
PBT	1,773	1,308	2,719	3,312	1,041	922	971	458	9,111	3,030
Tax	50	153	494	542	-47	-15	-226	-76	1,238	-364
Rate (%)	2.8	11.7	18.2	16.4	-4.5	-1.6	-23.3	-16.5	13.6	-12.0
Reported PAT	1,722	1,155	2,225	2,770	1,088	937	1,197	534	7,872	3,393
Adj PAT	1,732	1,183	2,273	2,557	1,158	945	1,246	534	7,739	3,477
YoY Change (%)	-24.3	-48.0	-17.1	-10.1	-33.1	-20.1	-45.2	-79.1	-23.0	-55.1

E:MOSL Estimates

Ultratech Cement

Bloomberg	UTCEM IN
Equity Shares (m)	274.4
M. Cap. (INR b)/(USD b)	821/13
52-Week Range (INR)	3,399/2,300
1,6,12 Rel Perf. (%)	1 / 11 / 6

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015	2016E	2017E
Sales	200.	226.6	248.	311.6
EBITDA	36.2	39.2	44.8	66.1
NP	20.7	20.1	20.8	31.4
Adj EPS (INR)	75.6	73.4	75.9	114.5
EPS Gr. (%)	-21.2	-2.8	3.4	50.9
BV/Sh (INR)	623.	687.3	749.	847.0
RoE (%)	12.8	11.2	10.6	14.3
RoCE (%)	14.4	14.1	13.2	16.9
Payout (%)	13.5	14.2	16.8	15.2

Valuations

P/E (x)	39.6	40.7	39.4	26.1
P/BV (x)	4.8	4.4	4.0	3.5
EV/EBITDA (x)	22.0	20.7	19.0	13.4
EV/Ton (USD)	229	205	201	195

CMP: INR2,991

Buy

- Cement volumes are estimated to grow 1.9% YoY (+1% QoQ) to 11.93mt. Realizations are estimated to de-grow 5% QoQ (+1.2% YoY) to INR4,166/ton. White cement is estimated to grow 2% YoY while RMC is estimated to de-grow 3% YoY in volume.
- We estimate grey cement EBITDA/ton of INR798 (-INR230/ton QoQ). EBITDA margin are likely to decline 3.5pp QoQ (-1.2pp YoY) to 16.6%.
- EBITDA is estimated to de-grow 4% YoY (-22% QoQ) to INR9.6b, translating into PAT de-growth of 26% YoY to INR4.6b.
- We are revising our FY16/17 EPS estimates by 15-16% to factor in lower realizations and weakness in volume growth.
- The stock trades at 26.1x FY17E EPS, 13.4x FY17E EV/EBITDA and FY17E EV/ton USD185/ton. Maintain **Buy**.

Key issues to watch out

- Volume growth recovery and outlook
- Cement pricing outlook and sustainability
- Update on scale-up of the newly commenced Rajasthan plant
- Update on financial performance of Star Cement, UAE

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales (m ton)	11.70	10.35	10.98	11.81	11.93	10.95	12.14	13.21	44.8	48.2
YoY Change (%)	16.0	12.0	10.0	-3.0	1.9	5.8	10.5	11.9	8.1	7.6
Grey Cement Realn.(INR/ton) *	4,117	4,316	4,153	4,386	4,166	4,166	4,366	4,628	4,243	4,343
YoY Change (%)	-0.1	8.7	5.5	10.4	1.2	-3.5	5.1	5.5	6.1	2.4
QoQ Change (%)	3.6	4.8	-3.8	5.6	-5.0	0.0	4.8	6.0		
Net Sales	56,495	53,818	54,898	61,355	58,110	55,178	63,091	72,164	226,565	248,544
YoY Change (%)	14.0	19.5	14.7	5.2	2.9	2.5	14.9	17.6	12.8	9.7
EBITDA	10,079	8,295	8,457	12,323	9,628	7,696	10,811	16,627	39,153	44,761
Margins (%)	17.8	15.4	15.4	20.1	16.6	13.9	17.1	23.0	17.3	18.0
Depreciation	2,645	3,024	2,783	2,879	3,300	3,400	3,500	3,651	11,331	13,851
Interest	1,002	1,434	1,540	1,499	1,500	1,525	1,500	1,629	5,475	6,154
Other Income	2,557	1,217	1,445	1,296	1,800	1,100	1,100	1,000	6,515	5,000
PBT after EO Expense	8,989	5,055	5,578	9,241	6,628	3,871	6,911	12,347	28,863	29,756
Rate (%)	30.4	18.9	34.7	33.5	30.2	28.4	34.7	27.8	30.2	30.0
Adj PAT	6,256	4,101	3,644	6,147	4,628	2,771	4,511	8,920	20,147	20,829
YoY Change (%)	-7.0	55.3	-1.5	-19.5	-26.0	-32.4	23.8	45.1	-2.8	3.4

E: MOSL Estimates; * Grey cement realization is our estimate

Consumer

Company name	New quarter, same story
Asian Paints	Demand stable QoQ; margin tailwinds to drive PAT growth
Britannia Industries	Expect 7.5% sales growth, 13.8% PAT growth for our Consumer coverage
Colgate	We expect our Consumer universe to post 7.5% revenue growth and 13.9% PAT growth in 1QFY16. Broadly, consumption trends continue to remain sluggish across categories and geographies (rural growth>urban despite incremental pressure on rural wage growth, given lower salience in overall revenue contribution). We expect clear trends in rural to emerge only post monsoons and a possible pick-up in government spending. EBITDA is likely to grow 12%, with 90bp increase in margins for our universe. We expect ITC to post flattish Sales (17% decline in cigarette volumes) and 4.6% PAT growth. HUVR's sales are likely to grow 10.5% (volume growth of ~7%), with 90bps EBITDA margin expansion.
Dabur	
Emami	
Godrej Consumer	
GSK Consumer	
Hindustan Unilever	
ITC	
Jyothy Labs	Input cost continue to remain benign – aid gross margin
Marico	Majority of the raw material basket variables (crude and agri related) are currently reflecting a deflationary trend. While competitive intensity has picked up marginally in certain HPC categories, organized players have been proactive in pre-empting and tackling competition. However, we believe the price cuts/discounts have not yet changed the volume trajectory materially.
Nestle India	
Pidilite Industries	
Radico Khaitan	
United Spirits	Valuations rich; our pecking order doesn't change
	Given the premium valuation the sector is currently commanding, we prefer stocks with niche plays, strong pricing power and greater visibility on volume growth. We continue to prefer Britannia (margins still have room for expansion), United Spirits—turnaround potential and a multi-year play on IMFL growth story), Emami (distribution expansion, aggressive new launch calendar), and Asian Paints (long-term discretionary consumption story, strong franchise with robust distribution network). Increase in competitive intensity leading to irrational pricing is a key monitorable.

Exhibit 1: Expected quarterly performance summary

Sector/ Companies	CMP (INR)	Reco	Sales (INR m)			EBDITA (INR m)			Net Profit (INR m)		
			Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ
Asian Paints	754	Buy	35,748	7.5	2.4	5,970	14.9	16.0	4,138	13.7	20.5
Britannia	2,763	Buy	20,208	14.0	-0.5	2,385	53.6	7.8	1,678	47.5	0.3
Colgate	2,034	Neutral	10,505	10.5	2.8	2,380	22.9	-3.8	1,570	16.4	-4.1
Dabur	280	Neutral	20,727	11.2	6.6	3,233	22.9	-5.1	2,655	25.9	-6.8
Emami	1,160	Buy	5,733	19.0	3.5	917	22.3	-34.6	747	5.5	-45.9
Godrej Consumer	1,231	Neutral	21,220	12.5	1.9	3,310	38.2	-12.3	2,091	52.0	-21.2
GSK Consumer	6,257	Neutral	10,722	11.0	-11.8	1,984	20.5	-24.8	1,554	19.4	-21.1
Hind. Unilever	916	Neutral	85,266	10.5	11.1	14,921	16.2	19.7	11,281	11.6	30.7
ITC	315	Neutral	92,945	0.5	0.0	33,089	1.0	0.2	22,863	4.6	-4.8
Jyothy Labs	292	Buy	4,398	14.2	11.0	682	31.1	65.1	501	59.4	177.0
Marico	450	Neutral	18,783	16.0	53.6	3,099	18.0	84.5	2,116	14.2	92.3
Nestle	6,346	Neutral	22,254	-8.0	-11.2	4,629	-5.0	-23.1	2,768	-6.9	-25.7
Pidilite Inds.	551	Neutral	13,524	11.5	39.7	3,043	30.5	118.5	2,191	29.7	137.3
Radico Khaitan	82	Buy	4,032	9.0	17.4	548	9.4	72.4	207	12.6	141.2
United Spirits	3,372	Buy	20,617	8.0	2.0	2,165	66.4	64.5	920	LP	-1.2
Sector Aggregate			388,375	7.5	5.6	82,707	12.0	6.5	57,508	13.9	4.2

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Exhibit 2: 1QFY16 Volume growth expectations (%)

Quarter Ending	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16E
Asian Paints	-2.0	5.0	13.0	2.0	10.0	12.0	7.0	12.0	11.0	10.0	3.0	4.0	5.0
Colgate (Toothpaste)	13.0	11.0	8.0	11.0	11.0	9.0	11.0	7.0	5.0	7.0	5.0	5.0	5.0
Dabur	12.0	10.5	9.5	12.0	9.0	10.7	9.0	9.2	8.3	8.7	7.4	8.1	9.0
Godrej Consumer													
Soaps	24.0	6.0	2.0	4.0	7.0	4.0	6.0	-4.0	0.0	2.0	3.0	5.0	6.0
GSK Consumer	7.4	4.5	6.0	8.0	7.0	10.0	11.0	8.0	3.0	2.0	5.0	2.0	4.0
Hindustan Unilever	9.0	7.0	5.0	6.0	4.0	5.0	4.0	3.0	5.0	5.0	3.0	6.0	7.0
ITC (cigarette)	1.5	0.5	1.5	2.5	-2.0	-4.0	-2.0	-3.0	-2.5	-4.0	-13.0	-12.0	-17.0
Marico													
Parachute	18.0	9.0	6.0	5.0	4.0	1.0	2.0	10.0	6.0	7.0	8.0	5.0	8.0
Hair Oil	25.0	20.0	30.0	24.0	16.0	15.0	8.0	5.0	11.0	13.0	10.0	5.0	10.0
Saffola	12.0	6.0	4.0	5.0	10.0	7.0	9.0	11.0	10.0	9.0	3.0	-1.0	5.0
Radico Khaitan	6.8	9.9	8.2	7.2	7.6	7.2	7.6	3.5	-3.5	-3.9	2.0	-4.2	5.0

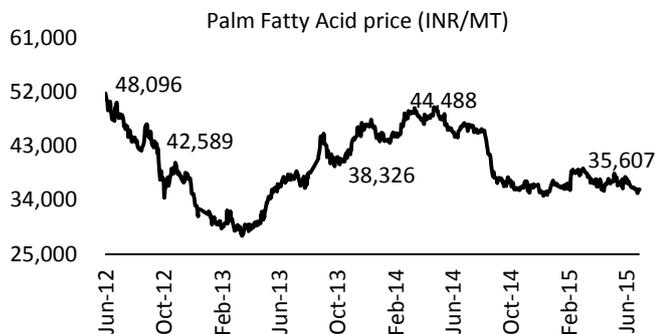
Source: Company, MOSL

Exhibit 3: New launches during 1QFY16

Company	Brand	Category
Britannia	Pure Magic Chocolush	Cookies
Dabur	Vatika B&B shampoo	Shampoo
Dabur	Dabur Baby Massage Oil with Olive & Almond	Baby massage oil
HUL	Fair & Lovely BB cream	Fairness cream

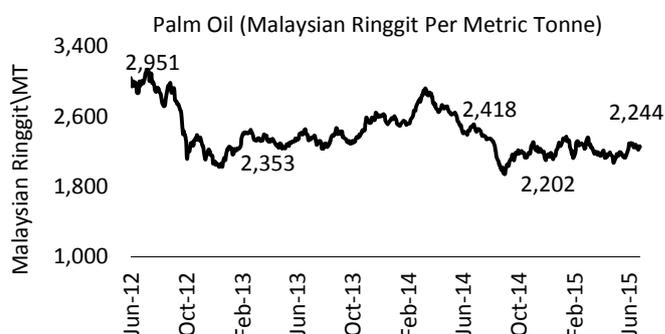
Source: Company, MOSL

Exhibit 4: PFAD prices down 22% YoY



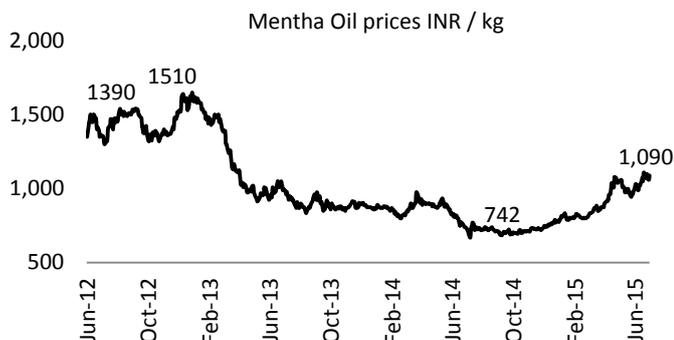
Source: Bloomberg, MOSL

Exhibit 5: Palm Oil prices down 15% YoY



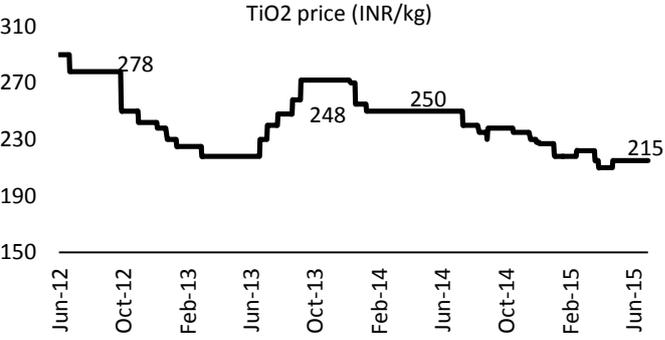
Source: Bloomberg, MOSL

Exhibit 6: Mentha prices up 19% YoY



Source: Bloomberg, MOSL

Exhibit 7: TiO2 prices down 15% YoY



Source: Bloomberg, MOSL

Exhibit 8: Relative performance – 3m (%)

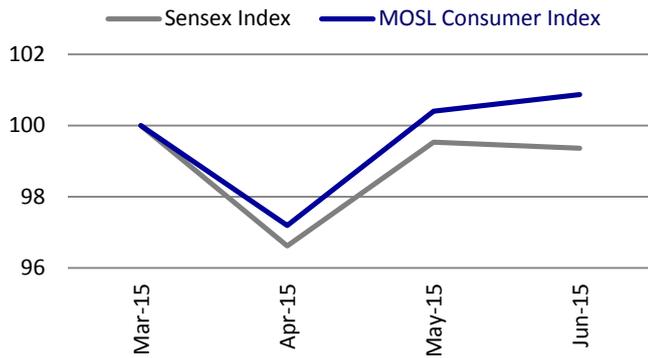


Exhibit 9: Relative performance – 1Yr (%)

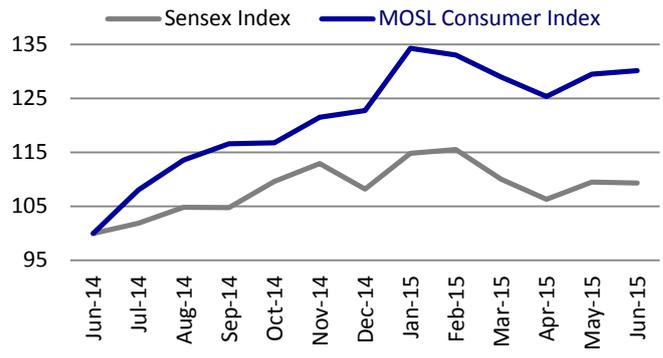


Exhibit 10: Comparative valuations

Sector / Companies	CMP (INR)	Reco.	EPS (INR)			PE (x)			EV/EBIDTA (x)			RoE (%)		
			FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E
Consumer														
Asian Paints	754	Buy	14.8	18.9	24.0	50.9	39.9	31.4	37.0	26.9	20.9	32.4	35.2	37.5
Britannia	2,763	Buy	47.8	66.0	77.9	57.8	41.9	35.5	32.7	28.6	23.8	61.9	62.4	54.0
Colgate	2,034	Neutral	41.1	48.6	59.1	49.5	41.8	34.4	32.8	27.2	21.7	88.0	92.8	99.9
Dabur	280	Neutral	6.1	7.5	8.7	45.9	37.3	32.1	35.3	30.0	25.5	35.9	35.7	33.8
Emami	1,160	Buy	21.6	24.4	32.3	53.7	47.5	35.9	40.8	35.5	27.7	45.3	41.5	45.8
Godrej Consumer	1,231	Neutral	25.9	36.0	43.8	47.5	34.2	28.1	27.5	24.0	19.7	20.4	24.2	24.8
GSK Consumer	6,257	Neutral	138.8	171.0	206.0	45.1	36.6	30.4	33.6	26.1	21.4	29.6	31.0	31.6
Hind. Unilever	916	Neutral	17.5	20.6	24.4	52.4	44.5	37.6	35.9	31.7	26.0	108.1	116.6	133.4
ITC	315	Neutral	12.1	13.5	15.3	26.0	23.3	20.6	18.3	15.7	13.8	34.8	34.9	35.6
Jyothy Labs	292	Buy	4.4	9.1	8.2	66.8	32.1	35.5	35.1	25.6	21.3	16.6	26.4	22.4
Marico	450	Neutral	8.9	10.8	13.4	50.6	41.7	33.5	28.6	27.0	21.6	33.5	31.0	32.6
Nestle	6,346	Neutral	130.2	116.0	145.3	48.7	54.7	43.7	31.9	31.5	25.7	48.2	40.1	51.8
Pidilite Inds.	551	Neutral	10.2	13.6	15.8	54.1	40.6	34.8	39.1	26.3	22.4	23.1	25.9	26.0
Radico Khaitan	82	Buy	5.7	6.2	7.5	14.3	13.2	10.8	10.9	8.7	7.2	8.6	8.9	10.1
United Spirits	3,372	Buy	-47.2	41.4	62.3	-71.5	81.5	54.1	74.2	44.5	33.6	-21.7	16.8	20.9
Sector Aggregate						43.1	35.0	29.6	28.2	24.0	20.1	33.2	36.0	37.3

Source: Company, MOSL

Asian Paints

Bloomberg	APNT IN
Equity Shares (m)	959.2
M. Cap. (INR b)/(USD b)	724/11
52-Week Range (INR)	923/566
1,6,12 Rel Perf. (%)	-4 / -1 / 18

Financial Snapshot (INR b)

Y/E March	2014	2015	2016E	2017E
Sales	125.8	140.1	158.0	182.3
EBITDA	18.6	20.6	26.2	33.2
Adj. PAT	12.3	14.2	18.1	23.1
Adj. EPS (INR)	12.8	14.8	18.9	24.0
EPS Gr. (%)	10.3	15.8	27.5	27.2
BV/Sh.(INR)	42.1	49.4	58.0	70.1
RoE (%)	33.1	32.4	35.2	37.5
RoCE (%)	37.3	34.6	38.1	41.7
Payout (%)	41.4	41.1	43.6	42.4

Valuations

P/E (x)	58.9	50.9	39.9	31.4
P/BV (x)	17.9	15.3	13.0	10.8
EV/EBITDA (x)	38.1	34.5	26.9	20.9
Div. Yield (%)	0.8	1.0	1.3	1.6

CMP: INR754

Buy

- We expect Asian Paints (APNT) to post 7.5% revenue growth to INR35.7b in 1QFY16, with ~5% domestic decorative volume growth.
- As per our dealer checks, demand environment will remain muted in the near term and should pick up gradually in 2HFY16. We model 110bp operating margin expansion to 16.7% in 1QFY16 (magnitude of correction in crude derivatives prices is lower than crude prices). Also, APNT wants to retain its status as a market setter in pricing actions; thus, we expect price cuts to continue if RM environment and INR/USD equation remain stable. We expect international business to report mixed performance. We estimate 13.7% PAT growth for 1QFY16.
- Notwithstanding the near-term demand concerns, APNT's medium-term volume growth outlook remains robust—given the lower per capita consumption of ~2.5kg vs. global average of 7kg; shift in consumer preference toward branded players—given higher discretionary income; APNT's market leadership (~55% market share and stable/gaining despite rising competition).
- The stock trades at 31.4x FY17E EPS of INR24. Maintain **Buy**.

Key issues to watch out

- Volume growth trends and demand scenario in urban and rural geographies
- Outlook on demand in Industrial paints
- Outlook on raw material scenario/pricing actions

Quarterly Performance

(INR Million)

Y/E March (Consolidated)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Volume Growth % *	11.0	10.0	3.0	4.0	5.0	7.0	12.0	12.0	7.0	9.0
Net Sales	33,254	35,868	36,028	34,904	35,748	39,813	41,973	40,456	140,053	157,990
Change (%)	18.0	16.3	5.6	6.9	7.5	11.0	16.5	15.9	11.3	12.8
Gross Profit	13,945	15,399	15,511	15,485	16,373	18,513	19,223	18,719	60,339	72,828
Gross Margin (%)	41.9	42.9	43.1	44.4	45.8	46.5	45.8	46.3	43.1	46.1
Operating Expenses	8,748	10,499	10,174	10,339	10,403	11,824	12,088	11,531	39,759	45,846
% of Sales	26.3	29.3	28.2	29.6	29.1	29.7	28.8	28.5	28.4	29.0
EBITDA	5,197	4,900	5,337	5,146	5,970	6,689	7,135	7,187	20,579	26,981
Margin (%)	15.6	13.7	14.8	14.7	16.7	16.8	17.0	17.8	14.7	17.1
Change (%)	17.5	2.0	7.2	15.8	14.9	36.5	33.7	39.7	10.4	31.1
Interest	78	70	98	102	82	74	104	108	348	368
Depreciation	646	669	673	672	749	776	781	773	2,659	3,078
Other Income	842	942	818	870	964	1,078	937	1,002	3,472	3,981
PBT	5,315	5,103	5,384	5,242	6,102	6,917	7,188	7,310	21,044	27,516
Tax	1,590	1,541	1,667	1,698	1,892	2,144	2,228	2,265	6,495	8,529
Effective Tax Rate (%)	29.9	30.2	31.0	32.4	31.0	31.0	31.0	31.0	30.9	31.0
PAT before Minority	3,725	3,563	3,717	3,544	4,211	4,773	4,960	5,044	14,549	18,987
Minority Interest	87	90	35	110	73	73	73	73	322	292
Adjusted PAT	3,639	3,473	3,682	3,434	4,138	4,700	4,887	4,971	14,227	18,695
Change (%)	32.2	6.3	11.8	15.5	13.7	35.3	32.7	44.8	15.8	31.4

E: MOSL Estimates

Britannia Industries

Bloomberg	BRIT IN
Equity Shares (m)	119.5
M. Cap. (INR b)/(USD b)	330/5
52-Week Range (INR)	2,809/965
1,6,12 Rel Perf. (%)	9 / 49 / 165

Financial Snapshot (INR b)

Y/E March	2014	2015	2016E	2017E
Sales	62.3	77.8	89.2	103.9
EBITDA	5.2	7.8	11.2	13.1
Adj. PAT	3.9	5.7	7.9	9.4
Adj. EPS (INR)	32.5	47.8	66.0	77.9
EPS Gr. (%)	66.1	47.0	38.1	18.2
BV/Sh.(INR)	71.5	88.1	123.4	165.1
RoE (%)	51.9	61.9	62.4	54.0
RoCE (%)	54.2	58.8	66.8	60.1
Payout (%)	36.9	36.3	40.0	40.0

Valuations

P/E (x)	85.0	57.8	41.9	35.5
P/BV (x)	38.6	31.4	22.4	16.7
EV/EBITDA (x)	62.7	42.0	28.7	23.9
Div. Yield (%)	0.4	0.6	1.0	1.1

CMP: INR2,763

Buy

- We estimate Britannia (BRIT) to post sales of INR20.2b, up 14% YoY. Volume growth is likely to remain in the 7-8% band.
- Premium creams and cookies segment continues to outperform within the overall biscuits category, with industry players introducing new offerings in the premium segment; Britannia itself has launched three premium offerings in the last six months.
- We estimate EBITDA margin to expand 300bp YoY to 11.8%, driven by benign RM prices and mix improvement. We expect BRIT to maintain its ad spends, given the low-category volume growth, new product introductions and high competitive intensity in the industry.
- We model 34.7% EBITDA growth and 47.5% PAT growth.
- The stock trades at 35.5x FY17E EPS of INR77.9. Maintain **Buy**. Britannia is one of our top picks in tier II consumer space along with Emami.

Key issues to watch out

- Volume growth in Biscuits
- Outlook on the raw material scenario
- Performance of subsidiaries

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	17,726	19,555	20,152	20,318	20,208	22,390	23,215	23,346	77,751	89,159
YoY Change (%)	15.1	12.4	13.7	14.3	14.0	14.5	15.2	14.9	13.8	14.7
COGS	10,929	11,915	12,190	11,883	11,761	12,942	13,372	13,366	46,918	51,441
Gross Profit	6,797	7,639	7,961	8,435	8,447	9,449	9,843	9,980	30,833	37,718
Margins (%)	38.3	39.1	39.5	41.5	41.8	42.2	42.4	42.7	39.7	42.3
Other Exp	5,245	5,629	5,947	6,224	6,062	6,672	6,918	6,902	23,044	26,555
% of Sales	29.6	28.8	29.5	30.6	30.0	29.8	29.8	29.6	29.6	29.8
Total Exp	16,174	17,544	18,138	18,107	17,823	19,614	20,289	20,268	69,962	77,995
EBITDA	1,552	2,011	2,014	2,211	2,385	2,776	2,925	3,078	7,788	11,164
Margins (%)	8.8	10.3	10.0	10.9	11.8	12.4	12.6	13.2	10.0	12.5
YoY Growth (%)	7.2	22.9	27.6	45.1	34.7	20.6	26.1	21.1	25.9	25.0
Depreciation	318	308	325	494	369	357	377	580	1,445	1,683
Interest	10	11	10	8	8	9	8	6	39	32
Other Income	360	375	378	601	424	442	446	704	1,713	2,016
PBT	1,584	2,067	2,056	2,311	2,432	2,852	2,985	3,197	8,018	11,465
Tax	447	605	599	637	754	884	925	991	2,288	3,554
Rate (%)	28.2	29.3	29.1	27.6	31.0	31.0	31.0	31.0	28.5	31.0
Adjusted PAT	1,137	1,462	1,457	1,674	1,678	1,968	2,060	2,206	5,730	7,911
YoY Change (%)	27.0	49.6	45.2	54.8	47.5	34.6	41.4	31.8	44.8	38.1

E: MOSL Estimates

Colgate

Bloomberg	CLGT IN
Equity Shares (m)	136.0
M. Cap. (INR b)/(USD b)	277/4
52-Week Range (INR)	2,199/1,446
1,6,12 Rel Perf. (%)	2 / 13 / 25

Financial Snapshot (INR b)

Y/E March	2014	2015	2016E	2017E
Sales	35.4	39.5	43.9	50.7
EBITDA	6.8	8.3	10.0	12.5
Adj. PAT	4.9	5.6	6.6	8.0
Adj. EPS (INR)	36.1	41.1	48.6	59.2
EPS Gr. (%)	-1.2	13.9	18.2	21.8
BV/Sh.(INR)	44.1	56.6	62.7	70.2
RoE (%)	90.1	81.6	81.4	89.1
RoCE (%)	119.7	111.3	113.6	129.1
Payout (%)	74.5	60.6	75.0	75.0

Valuation

P/E (x)	56.4	49.5	41.9	34.4
P/BV (x)	46.1	35.9	32.4	29.0
EV/EBITDA (x)	40.3	33.0	27.2	21.7
Div. Yield (%)	1.3	1.2	1.8	2.2

CMP: INR2,034

Neutral

- We expect sales to grow 10.5% YoY to INR10.5b; toothpaste volume growth is estimated to be ~5%. 1QFY16 will also see the impact of lower excise exemptions.
- We expect EBITDA margin to expand 230bp to 22.5%, driven by lower input costs, mix improvement and slightly lower ad spends due to receding competitive intensity.
- Hence, we model for 22.9% EBITDA and 16.4% PAT growth in 1QFY16. PAT growth is restrained due to higher tax rate, up 450bp YoY to 31%.
- The stock trades at 34.4x FY17E EPS of INR59.2. Maintain **Neutral**.

Key issues to watch out

- Volume growth in Toothpaste and market share movement
- Ad spends and competitive intensity in Toothpaste

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Toothpaste Volume Gr %	5.0	7.0	5.0	5.0	5.0	6.0	7.0	8.0	5.5	6.5
Net Sales	9,506	9,936	9,886	10,220	10,505	11,029	10,973	11,383	39,548	43,889
YoY Change (%)	12.6	10.9	11.8	11.0	10.5	11.0	11.0	11.4	11.6	11.0
COGS	3,572	3,730	3,637	3,738	3,750	3,959	3,961	-566	14,677	11,105
Gross Profit	5,934	6,206	6,248	6,482	6,754	7,069	7,012	7,255	24,871	28,091
Gross Margin (%)	62.4	62.5	63.2	63.4	64.3	64.1	63.9	63.7	62.9	64.0
Other operating Expenses	4,060	4,410	4,377	4,073	4,443	4,720	4,664	4,251	16,920	18,078
% to sales	42.7	44.4	44.3	39.9	42.3	42.8	42.5	37.3	42.8	41.2
Other operating Income	63	70	75	65	69	76	82	72	272	321
EBITDA	1,937	1,865	1,946	2,475	2,380	2,426	2,430	2,777	8,222	10,013
Margins (%)	20.2	18.6	19.5	24.1	22.5	21.8	22.0	24.2	20.6	22.6
YoY Growth (%)	17.2	27.5	29.3	22.6	22.9	30.0	24.9	12.2	23.8	21.8
Depreciation	166	177	203	205	189	202	231	235	750	857
Interest	0	0	0	0	0	0	0	0	0	0
Financial other Income	65	99	97	71	84	129	124	90	332	426
PBT	1,836	1,787	1,840	2,342	2,275	2,352	2,323	2,633	7,804	9,583
Tax	487	491	531	705	705	729	720	816	2,214	2,971
Rate (%)	26.5	27.5	28.9	30.1	31.0	31.0	31.0	31.0	28.4	31.0
Adj PAT	1,349	1,296	1,309	1,636	1,570	1,623	1,603	1,817	5,590	6,612
YoY Change (%)	4.0	18.3	15.9	18.2	16.4	25.3	22.5	11.0	13.9	390.1

E: MOSL Estimates

Dabur

Bloomberg	DABUR IN
Equity Shares (m)	1,756.4
M. Cap. (INR b)/(USD b)	492/8
52-Week Range (INR)	287/185
1,6,12 Rel Perf. (%)	4 / 19 / 40

Financial Snapshot (INR b)

Y/E March	2014	2015	2016E	2017E
Sales	70.5	78.1	88.1	100.9
EBITDA	11.4	13.0	16.2	18.1
Adj. PAT	9.1	10.7	13.3	15.0
Adj. EPS	5.2	6.1	7.6	8.5
EPS Gr. (%)	19.0	15.7	25.1	12.4
BV/Sh.(INR)	15.2	19.1	23.6	28.6
RoE (%)	38.5	35.5	35.6	32.7
RoCE (%)	29.8	29.7	31.5	30.2
Payout (%)	30.5	37.0	35.0	35.0

Valuation

P/E (x)	53.5	46.2	36.9	32.9
P/BV (x)	18.4	14.7	11.9	9.8
EV/EBITDA	42.4	37.1	29.4	25.9
Div. Yield (%)	0.6	0.8	0.9	1.1

CMP: INR280

Neutral

- We expect sales to grow 11.2% YoY to INR20.7b, led by ~9% domestic organic volume growth.
- Dabur has taken several distribution initiatives in the past 3 years [Project Double, Project Core, Project 50:50] which is aiding the stable volume growth trend, in our view.
- Commodity cycle is still benign, so we expect Dabur to post 150bp EBITDA margin expansion and ad spends to remain in the 14-14.5% band.
- Hence, we model for 22.9% EBITDA and 25.9% PAT growth in 1QFY16.
- The stock trades at 32.9x FY17E EPS of INR8.5. Maintain **Neutral**.

Key issues to watch out

- Domestic volume growth and outlook on rural demand
- Update on project CORE
- Margin performance in international business

Quarterly Performance

(INR Million)

Y/E March (Consolidated)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Domestic Vol Growth (%)	8.3	8.7	7.4	8.1	9.0	9.0	10.0	10.0	8.1	9.5
Net Sales	18,639	19,241	20,736	19,448	20,727	21,684	23,742	21,929	78,064	88,082
YoY Change (%)	13.2	10.4	9.2	10.2	11.2	12.7	14.5	12.8	10.4	12.8
Total Exp	16,008	15,787	17,271	16,041	17,493	17,413	19,421	17,819	65,108	72,146
EBITDA	2,631	3,454	3,464	3,407	3,233	4,272	4,321	4,110	12,956	15,936
Margins (%)	14.1	17.9	16.7	17.5	15.6	19.7	18.2	18.7	16.6	18.1
YoY Growth (%)	13.3	6.6	18.4	17.5	22.9	23.7	24.7	20.6	14.1	23.0
Depreciation	267	292	309	282	298	326	344	313	1,150	1,281
Interest	101	102	95	103	101	102	95	105	401	403
Other Income	409	444	440	496	491	532	528	598	1,789	2,150
PBT	2,672	3,502	3,500	3,519	3,325	4,377	4,410	4,290	13,193	16,401
Tax	560	616	663	670	665	875	882	858	2,509	3,280
Rate (%)	21.0	17.6	18.9	19.0	20.0	20.0	20.0	20.0	19.0	20.0
Minority Interest	3	13	10	1	5	-1	0	16	26	20
Adjusted PAT	2,108	2,875	2,828	2,848	2,655	3,503	3,528	3,416	10,658	13,101
YoY Change (%)	13.3	15.1	16.2	21.0	25.9	21.8	24.8	19.9	16.5	22.9

E: MOSL Estimates

Emami

Bloomberg	HMN IN
Equity Shares (m)	227.0
M. Cap. (INR b)/(USD b)	263/4
52-Week Range (INR)	1,166/501
1,6,12 Rel Perf. (%)	4 / 46 / 119

Financial Snapshot (INR b)

Y/E March	2014	2015	2016E	2017E
Sales	18.2	22.2	28.6	34.6
EBITDA	4.4	5.4	7.6	9.6
NP	4.0	4.9	5.5	7.3
EPS (INR)	17.7	21.6	24.4	32.3
EPS Gr. (%)	27.9	21.7	13.2	32.2
BV/Sh. (INR)	41.1	54.3	63.5	77.6
RoE (%)	47.1	45.3	41.5	45.8
RoCE (%)	43.2	44.0	38.5	38.6
Payout (%)	22.6	35.0	44.1	40.9

Valuations

P/E (x)	65.4	53.7	47.5	35.9
P/BV (x)	28.2	21.3	18.3	14.9
EV/EBITDA (x)	58.1	47.3	35.5	27.7
Div. Yld (%)	0.3	0.6	0.9	1.1

CMP: INR1,160

Buy

- We expect sales to grow 19% YoY to INR5.7b, led by ~10-12% volume growth.
- We expect gross margin to expand 110bp to 62.5%.
- However, higher ad spends necessitated by recent new launches in the grooming category (deodorants, hair oils, face wash) should moderate gross margin benefit and result in EBITDA margin increasing 40bp YoY to 16%. Thus, we model EBITDA to grow 22.3% YoY to INR917m.
- Lower tax rate (-410bp) should result in 5.5% YoY PAT growth to INR747m.
- The stock trades at 35.9x FY17E EPS of INR32.3. Maintain **Buy**.

Key issues to watch out

- Volume growth and broad consumer demand for its categories
- Outlook on mentha oil prices
- Update on deodorant category entry, SHE acquisition and strategy on new launches going forward

Quarterly Performance

(INR Million)

Y/E MARCH	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Volume Growth (%)	12.5	11.5	11.0	12.0	11.0	11.0	11.0	11.0	11.8	11.0
Net Sales	4,817	4,896	6,923	5,537	5,733	6,487	9,027	7,386	22,173	28,634
YoY Change (%)	25.6	20.4	18.4	24.2	19.0	32.5	30.4	33.4	21.8	29.1
COGS	1,858	1,655	2,267	1,973	2,150	2,030	2,780	2,496	7,752	9,457
Gross Profit	2,959	3,241	4,656	3,563	3,583	4,457	6,247	4,889	14,420	19,177
Gross margin (%)	61.4	66.2	67.3	64.4	62.5	68.7	69.2	66.2	65.0	67.0
Other Expenditure	2,209	2,109	2,541	2,161	2,666	2,783	3,304	2,836	9,020	11,590
% to sales	45.9	43.1	36.7	39.0	46.5	42.9	36.6	38.4	40.7	40.5
EBITDA	750	1,132	2,115	1,403	917	1,674	2,943	2,053	5,400	7,587
Margins (%)	15.6	23.1	30.6	25.3	16.0	25.8	32.6	27.8	24.4	26.5
YoY Change	26.7	29.6	19.7	18.9	22.3	47.8	39.1	46.4	22.4	40.5
Depreciation	45	90	99	110	50	101	111	126	344	387
Interest	-8	-13	45	73	15	190	190	190	97	584
Other Income	208	122	338	297	69	53	53	53	964	229
PBT	920	1,178	2,309	1,516	922	1,437	2,696	1,791	5,924	6,845
Tax	213	250	472	135	175	273	512	340	1,070	1,301
Rate (%)	23.1	21.2	20.4	8.9	19.0	19.0	19.0	19.0	18.1	19.0
Adjusted PAT	707	928	1,837	1,381	747	1,164	2,184	1,450	4,852	5,544
YoY Change (%)	16.6	16.0	21.9	21.5	5.5	25.5	18.9	5.1	20.8	14.3

E: MOSL Estimates

Godrej Consumer

Bloomberg	GCPL IN
Equity Shares (m)	340.3
M. Cap. (INR b)/(USD b)	419/7
52-Week Range (INR)	1,262/790
1,6,12 Rel Perf. (%)	17 / 26 / 40

CMP: INR1,231
Neutral
Financial Snapshot (INR b)

Y/E March	2014	2015	2016E	2017E
Sales	76.0	82.4	96.1	112.1
EBITDA	11.5	13.3	17.9	21.5
Adj. PAT	7.4	8.8	12.3	14.9
Adj. EPS (INR)	21.7	25.9	36.0	43.8
EPS Gr. (%)	13.3	19.6	38.9	21.6
BV/Sh.(INR)	117.5	136.6	161.3	191.3
RoE (%)	19.6	20.4	24.2	24.8
RoCE (%)	17.3	18.7	23.1	24.7
Payout (%)	24.2	27.5	27.0	27.0

Valuations

P/E (x)	56.8	47.5	34.2	28.1
P/BV (x)	10.5	9.0	7.6	6.4
EV/EBITDA (x)	37.8	32.4	24.0	19.8
Div. Yield (%)	0.4	0.6	0.8	1.0

- We expect GCPL revenue to grow 12.5% to INR21.2b. Demand conditions have improved marginally QoQ for GCPL's categories, per our distributor checks. Rural continues to grow higher than urban for GCPL, in our view.
- We model 12% growth each for HI and hair color businesses, and 6% for the soap business.
- We estimate operating margin to expand 290bp YoY to 15.6% [aided by lower base].
- We model 38% EBITDA growth and 52% PAT growth [2.5% PAT growth in base]. The stock trades at 28.1x FY17E EPS of INR43.8. **Maintain Neutral.**

Key issues to watch out

- Volume growth trends in soaps. Comments on growth outlook for household insecticide portfolio.
- Competitive intensity across categories
- International business outlook—margin guidance for Latam, timelines of stake increase in Darling.

Quarterly Performance
(INR Million)

Y/E March (Consolidated)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	18,863	20,475	22,258	20,826	21,220	24,058	25,864	25,001	82,422	96,144
YoY Change (%)	9.5	4.6	12.5	8.2	12.5	17.5	16.2	20.0	8.7	16.6
EBITDA	2,395	3,289	3,885	3,775	3,310	4,499	5,121	4,977	13,344	17,907
Margins (%)	12.7	16.1	17.5	18.1	15.6	18.7	19.8	19.9	16.2	18.6
YoY Growth (%)	6.7	11.3	26.5	13.0	38.2	36.8	31.8	31.8	14.9	34.2
Depreciation	221	227	230	229	257	263	267	269	908	1,056
Interest	254	254	253	241	275	276	274	261	1,002	1,086
Other Income	118	272	220	269	136	313	253	306	879	1,008
PBT	2,004	3,049	3,636	3,593	2,914	4,273	4,832	4,752	12,313	16,772
Tax	490	718	738	823	635	932	1,053	1,029	2,769	3,649
Rate (%)	24.4	23.5	20.3	22.9	21.8	21.8	21.8	21.7	22.5	21.8
Minority Int	139	178	261	115	188	218	218	248	693	870
Adj PAT	1,376	2,152	2,637	2,654	2,091	3,124	3,561	3,476	8,819	12,252
YoY Change (%)	2.5	10.4	34.8	14.0	52.0	45.1	35.1	30.9	16.4	38.9

E: MOSL Estimates

GSK Consumer

Bloomberg	SKB IN
Equity Shares (m)	42.1
M. Cap. (INR b)/(USD b)	263/4
52-Week Range (INR)	6,564/4,500
1,6,12 Rel Perf. (%)	1 / 6 / 29

Financial Snapshot (INR b)

Y/E Dec	2014	2015	2016E	2017E
Sales	49.0	43.1	49.3	57.3
EBITDA	9.1	7.3	9.2	11.1
Adj. PAT	6.7	5.8	7.2	8.7
Adj. EPS (INR)	160.4	138.8	171.0	206.0
EPS Gr. (%)	54.5	-13.5	23.2	20.5
BV/Sh.(INR)	431.1	505.5	596.4	706.0
RoE (%)	42.5	29.6	31.0	31.6
RoCE (%)	53.1	33.9	36.9	37.5
Payout (%)	28.0	40.0	40.0	40.0

Valuation

P/E (x)	39.0	44.7	36.6	30.4
P/BV (x)	14.5	12.4	10.5	8.9
EV/EBITDA (x)	27.0	33.6	26.1	21.4
Div. Yield (%)	0.7	0.9	1.1	1.3

CMP: INR6,257

Neutral

- We expect SKB to report net sales of INR10.7b, up 11% YoY—driven by 4% volume growth. Discretionary demand in GSK's core MFD category is yet to witness any pick up.
- While overall consumption environment remains sluggish, SKB's strategy of driving LUP portfolio and innovation in core product basket should augur well in the medium term.
- We estimate EBITDA margin to expand 150bp YoY to 18.5%, and PAT growth of 19.4% YoY.
- The stock trades at 30.4x FY17E EPS of INR206. Maintain **Neutral**.

Key issues to watch out

- MFD volume growth
- Outlook on market growth and raw material environment
- Performance of non-MFD portfolio

Quarterly Performance

(INR Million)

Y/E Mar	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
MFD Volume Growth (%)	3.0	2.0	5.0	2.0	4.0	4.0	5.0	5.0	3.0	4.5
Net Sales	9,660	11,136	10,125	12,155	10,722	12,695	11,593	14,292	43,076	49,302
YoY Change (%)	8.5	9.8	16.5	8.5	11.0	14.0	14.5	17.6	-12.1	14.5
Total Exp	8,013	9,179	9,066	9,517	8,739	10,194	10,179	10,957	35,775	40,068
EBITDA	1,646	1,957	1,059	2,638	1,984	2,501	1,414	3,336	7,301	9,234
Margins (%)	17.0	17.6	10.5	21.7	18.5	19.7	12.2	23.3	16.9	18.7
YoY Change (%)	5.5	1.9	19.8	14.7	20.5	27.8	33.6	26.4	-19.4	26.5
Depreciation	119	121	131	249	131	134	144	279	621	688
Interest	2	2	2	2	2	2	2	1	7	7
Other Income	458	619	548	595	503	680	603	576	2,219	2,363
PBT	1,983	2,453	1,474	2,982	2,354	3,046	1,871	3,632	8,891	10,902
Tax	682	850	510	1,015	800	1,036	642	1,234	3,055	3,711
Rate (%)	34.4	34.6	34.6	34.0	34.0	34.0	34.3	34.0	34.4	34.0
Adj PAT	1,301	1,603	964	1,968	1,554	2,010	1,229	2,399	5,836	7,191
YoY Change (%)	8.5	9.1	20.9	14.6	19.4	25.4	27.5	21.9	-13.5	23.2

E: MOSL Estimates

Hindustan Unilever

Bloomberg	HUVR IN
Equity Shares (m)	2,163.2
M. Cap. (INR b)/(USD b)	1982/31
52-Week Range (INR)	979/612
1,6,12 Rel Perf. (%)	7 / 20 / 39

Financial Snapshot (INR b)

Y/E March	2014	2015	2016E	2017E
Sales	274.1	301.7	338.6	390.1
EBITDA	44.8	51.0	60.6	73.6
Adj. PAT	35.6	37.9	44.5	52.8
Adj. EPS	16.4	17.5	20.6	24.4
EPS Gr. (%)	11.5	6.4	17.6	18.5
BV/Sh.(INR)	15.2	17.2	18.1	18.5
RoE (%)	119.5	108.2	116.7	133.4
RoCE (%)	151.0	145.0	159.0	188.0
Payout (%)	79.1	85.7	82.1	84.0

Valuations

P/E (x)	55.7	52.4	44.5	37.6
P/BV (x)	60.5	53.2	50.7	49.6
EV/EBITDA	43.6	38.2	32.2	26.4
Div. Yield (%)	1.4	1.6	1.8	2.2

CMP: INR916

Neutral

- We expect HUVR to post 10.5% revenue growth, with ~7% volume growth, marginal QoQ improvement.
- PFAD prices have corrected 2.4% QoQ (down 22% YoY), while LAB prices are down 32% YoY and 20% QoQ.
- We model operating margin to expand 90bp YoY to 17.5% in 1QFY16. Competitive intensity remains moderate; HUVR proactively initiated pricing actions/consumer offers across categories to protect/gain market share.
- We expect EBITDA to grow 16.2% YoY and PAT 11.6% YoY. The stock trades at 37.6x FY17E EPS of INR24.4. Maintain **Neutral**.

Key issues to watch out

- Comments on volume growth and consumer demand environment
- Comments on Fair & Lovely and the skin Care business
- Competitive intensity across categories

Quarterly performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Volume Growth (%)	5.0	5.0	3.0	6.0	7.0	7.5	10.0	8.0	4.8	8.1
Net Sales (incl service inc)	77,163	76,393	77,743	76,756	85,266	85,942	88,239	87,939	308,056	347,386
YoY Change (%)	13.3	10.8	7.6	8.2	10.5	12.5	13.5	14.6	9.9	12.8
COGS	39,896	39,590	38,480	38,985	42,206	42,799	42,266	43,676	156,951	170,948
Gross Profit	37,267	36,804	39,263	37,772	43,059	43,143	45,972	44,264	151,106	176,438
Margin %	48.3	48.2	50.5	49.2	50.5	50.2	52.1	50.3	49.1	50.8
Operating Exp	24,426	24,383	25,948	25,305	28,138	28,103	29,736	28,895	100,063	114,872
% to sales	31.7	31.9	33.4	33.0	33.0	32.7	33.7	32.9	32.5	33.1
EBITDA	12,841	12,420	13,315	12,467	14,921	15,040	16,236	15,369	51,043	61,566
YoY Change (%)	18.3	14.4	8.5	15.7	16.2	21.1	21.9	23.3	14.1	20.6
Margins (%)	16.6	16.3	17.1	16.2	17.5	17.5	18.4	17.5	16.6	17.7
Depreciation	667	764	731	705	727	832	797	759	2,867	3,115
Interest	63	63	42	0	69	70	47	16	168	201
Other Income	2,021	1,978	1,201	984	2,223	2,176	1,321	1,576	6,184	7,296
PBT	14,132	13,571	13,743	12,746	16,349	16,314	16,713	16,170	54,192	65,546
Tax	4,026	4,001	4,189	4,116	5,068	5,057	5,181	5,013	16,333	20,319
Rate (%)	28.5	29.5	30.5	32.3	31.0	31.0	31.0	31.0	30.1	31.0
Adjusted PAT	10,106	9,570	9,553	8,630	11,281	11,256	11,532	11,157	37,859	45,226
YoY Change (%)	14.2	8.4	0.1	3.7	11.6	17.6	20.7	29.3	6.5	19.5

E: MOSL Estimates

ITC

Neutral

Bloomberg	ITC IN
Equity Shares (m)	7,953.2
M. Cap. (INR b)/(USD b)	2,506/39
52-Week Range (INR)	410/295
1,6,12 Rel Perf. (%)	-3 / -16 / -12

Financial Snapshot (INR b)

Y/E March	2014	2015	2016E	2017E
Sales	328.8	360.8	397.0	441.7
EBITDA	124.8	135.3	149.0	167.4
Adj. PAT	74.2	96.5	107.4	121.7
Adj. EPS (INR)	11.0	12.1	13.5	15.3
EPS Gr. (%)	17.7	9.8	11.3	13.4
BV/Sh.(INR)	33.0	36.7	40.7	45.3
RoE (%)	36.2	34.8	34.9	35.6
RoCE (%)	45.2	43.3	43.3	44.2
Payout (%)	54.3	60.0	60.0	60.0

Valuations

P/E (x)	28.5	25.7	23.3	20.6
P/BV (x)	9.5	8.6	7.7	7.0
EV/EBITDA (x)	19.1	17.5	15.7	13.8
Div. Yield (%)	1.9	2.3	2.6	2.9

CMP: INR315

- We estimate net sales to remain flattish YoY at INR92.9b due to combination of high base effect in some segments [Agri], subdued consumption trends in Foods and continued high double digit volume decline in Cigarettes.
- We model volume decline of 17% YoY. However 1Q16E will have benefit of two rounds of price hikes [July'14 and Mar'15] aggregating to ~32%. Thus, despite sharp volume decline, we expect Cig EBIT to grow 6% YoY. We build in flat EBITDA growth YoY to INR33.1b.
- We expect FMCG others to post ~10% revenue growth, with positive segment EBIT of INR150m. We expect PAT to grow 4.6% YoY to INR22.9b.
- The stock trades at 20.6x FY17E EPS of INR15.3. Maintain **Neutral**.

Key issues to watch out

- Cigarette volume trends and any subsequent pick up.
- Demand outlook in FMCG categories and segment profitability

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	92,483	90,237	89,426	92,928	92,945	97,005	103,287	108,554	365,074	401,791
YoY Change (%)	24.8	14.8	2.5	0.6	0.5	7.5	15.5	16.8	9.8	10.1
Total Exp	59,707	55,351	54,784	59,917	59,857	59,270	63,108	70,581	229,759	252,817
EBITDA	32,776	34,887	34,642	33,011	33,089	37,735	40,179	37,972	135,316	148,974
Growth (%)	17.4	15.6	5.5	3.1	1.0	8.2	16.0	15.0	10.0	10.1
Margins (%)	35.4	38.7	38.7	35.5	35.6	38.9	38.9	35.0	37.1	37.1
Depreciation	2,313	2,432	2,376	2,496	2,498	2,627	2,566	2,731	9,617	10,423
Interest	152	184	84	155	129	156	71	135	574	492
Other Income	2,346	3,562	5,820	3,704	2,674	4,061	6,635	4,196	15,431	17,566
PBT	32,657	35,833	38,002	34,064	33,135	39,013	44,176	39,302	140,555	155,626
Tax	10,793	11,581	11,652	10,046	10,272	12,094	13,694	12,184	44,072	48,244
Rate (%)	33.0	32.3	30.7	29.5	31.0	31.0	31.0	31.0	31.4	31.0
Adj PAT	21,864	24,252	26,350	24,018	22,863	26,919	30,481	27,119	96,483	107,382
YoY Change (%)	15.6	15.6	10.5	5.4	4.6	11.0	15.7	12.9	11.5	11.3

E: MOSL Estimates

Jyothy Labs

Bloomberg	JYL IN
Equity Shares (m)	181.0
M. Cap. (INR b)/(USD b)	53/1
52-Week Range (INR)	314/172
1,6,12 Rel Perf. (%)	7 / 11 / 60

Financial Snapshot (INR b)

Y/E March	2014	2015	2016E	2017E
Net Sales	13.2	15.1	17.5	20.3
EBITDA	1.5	1.5	2.2	2.7
Adj PAT	0.9	1.2	2.1	1.9
AdjPAT for NCD	0.9	0.8	1.6	1.5
Adj.EPS (INR)	4.7	4.4	9.1	8.2
EPS Gr. (%)			1.1	-0.1
BV/Sh (INR)	40.6	41.3	45.8	49.2
RoE (%)	12.5	16.6	26.4	22.4
RoCE (%)	10.5	9.9	14.7	16.7

Valuations

P/E (x)	61.8	66.8	32.1	35.5
P/BV (x)	7.2	7.1	6.4	5.9
EV/EBITDA	38.4	38.0	25.6	21.3
Div. Yield (%)	1.0	1.4	1.4	1.5

CMP: INR292

Buy

- We expect JYL to report net sales of INR4.4b, up 14.2% YoY—driven by 8% volume growth.
- We estimate EBITDA margin to expand 200bp YoY to 15.5% primarily aided by raw material softening.
- We expect PAT to grow 44% YoY to INR611m.
- The stock trades at 35.5x FY17E EPS of INR8.2. Maintain **Buy**.

Key issues to watch out

- Update on new launches and innovation.
- Pick up in Henkel brands performance.

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	3,851	3,677	3,564	3,961	4,398	4,247	4,205	4,630	15,053	17,480
YoY Change (%)	15.8	16.2	13.7	11.3	14.2	15.5	18.0	16.9	14.2	16.1
Other Operating Income	3.4	2.1	41.5	48.4	24.0	24.0	24.0	24.3	95.4	96.3
Total Sales	3,855	3,679	3,605	4,010	4,422	4,271	4,229	4,654	15,148	17,576
COGS	2,012	1,918	1,787	2,058	2,184	2,143	2,021	2,292	7,775	8,640
Gross Profit	1,843	1,761	1,819	1,951	2,239	2,128	2,208	2,362	7,374	8,936
Margins (%)	47.8	47.9	50.4	48.7	50.6	49.8	52.2	50.7	49.0	51.1
Total Exp	1,323	1,427	1,456	1,538	1,557	1,656	1,627	1,749	5,744	6,590
EBITDA	520	334	363	413	682	471	580	613	1,630	2,346
EBITDA Growth %	8.7	-12.8	-12.0	38.8	31.1	41.0	59.9	48.3	3.7	43.9
Margins (%)	13.5	9.1	10.2	10.4	15.5	11.1	13.8	13.2	10.8	13.4
Depreciation	81	87	76	81	88	94	82	89	325	353
Interest	34	35	37	32	8	9	9	8	138	34
Other Income	20	39	15	25	25	50	19	32	99	126.9
PBT	425	252	264	326	611	419	508	548	1,266	2,085
Tax	1	0	0	35	0	0	0	0	35	0
Rate (%)	0.1	0.0	0.0	10.7	0.0	0.0	0.0	0.0	2.8	0.0
Adjusted PAT	424	252	264	291	611	419	508	548	1,231	2,085
YoY Change (%)	61.6	71.9	17.1	34.0	44.0	66.5	92.1	88.3	44.5	69.4
Int.cost for NCD (notional)	110	110	110	110	110	110	110	110	440	440
Adj. PAT for Interest Cost	314	142	154	181	501	309	398	438	791	1,645
YoY Change (%)	19.7	-3.3	-31.7	-16.7	59.4	118.3	157.8	142.1	-7.1	108.1

E: MOSL Estimates

Marico

Bloomberg	MRCO IN
Equity Shares (m)	644.8
M. Cap. (INR b)/(USD b)	290/5
52-Week Range (INR)	466/233
1,6,12 Rel Perf. (%)	3 / 37 / 75

Financial Snapshot (INR b)

Y/E March	2014	2015	2016E	2017E
Sales	46.8	57.2	65.9	76.5
EBITDA	7.4	8.6	10.5	13.0
Adj. PAT	4.9	5.7	7.0	8.6
Adj. EPS (INR)	7.5	8.9	10.8	13.4
EPS Gr. (%)	33.8	18.1	21.2	24.4
BV/Sh.(INR)	21.1	31.9	37.6	44.6
RoE (%)	29.0	33.5	31.0	32.6
RoCE (%)	26.6	32.8	33.5	36.1
Payout (%)	53.1	28.1	40.4	41.0

Valuation

P/E (x)	59.8	50.6	41.7	33.5
P/BV (x)	21.3	14.1	12.0	10.1
EV/EBITDA (x)	39.2	33.3	27.0	21.6
Div. Yield (%)	0.9	0.6	1.0	1.2

CMP: INR450

Neutral

- We expect sales to grow 16% YoY to INR18.8b, with ~7% domestic volume growth and carry over impact of earlier price hikes. We expect *Parachute* portfolio to post 8% growth, *Saffola* 5% and *VAHO* 10%.
- Copra prices are down 8% YoY and 4% QoQ. Kardi Oil prices are up 12% YoY basis while LLP prices are down 40% YoY.
- We estimate gross margin expansion of 80bp YoY and EBITDA margin expansion of 30bp.
- Expect PAT growth of 14.2% YoY; effective tax rate of 29% (up 270bp YoY).
- The stock trades at 33.5x FY17E EPS of INR13.4. Maintain **Neutral**.

Key issues to watch out

- Comments on volume growth trends in key categories
- Raw material outlook
- Margin expansion and guidance in the international business

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Domestic organic vol gr (%)	6.5	8.0	5.0	3.0	5.0	6.0	9.0	9.0	5.6	7.3
Net Sales	16,192	14,291	14,489	12,230	18,783	16,292	16,663	14,198	57,203	65,936
YoY Change (%)	17.4	28.1	20.9	14.3	16.0	14.0	15.0	16.1	20.1	15.3
COGS	8,911	7,976	7,923	6,381	10,180	8,798	8,881	7,340	31,190	35,200
Gross Profit	7,281	6,316	6,567	5,849	8,603	7,494	7,781	6,858	26,012	30,736
Gross margin (%)	45.0	44.2	45.3	47.8	45.8	46.0	46.7	48.3	45.5	46.6
Other Expenditure	4,654	4,383	4,233	4,169	5,503	5,132	4,982	4,627	17,439	20,245
% to Sales	28.7	30.7	29.2	34.1	29.3	31.5	29.9	32.6	30.5	30.7
EBITDA	2,628	1,932	2,334	1,680	3,099	2,362	2,799	2,230	8,574	10,491
Margins (%)	16.2	13.5	16.1	13.7	16.5	14.5	16.8	15.7	15.0	15.9
YoY Change (%)	15.8	16.6	17.0	10.7	18.0	22.3	19.9	32.8	15.2	22.4
Depreciation	204	205	235	200	224	225	258	273	844	981
Interest	70	51	52	56	77	56	57	34	229	225
Other Income	222	137	136	220	244	151	150	200	716	745
PBT	2,576	1,813	2,184	1,644	3,042	2,231	2,634	2,122	8,217	10,030
Tax	678	599	562	528	882	647	764	615	2,368	2,909
Rate (%)	26.3	33.0	25.7	32.1	29.0	29.0	29.0	29.0	28.8	29.0
Minority Interest	44	31	23	16	44	31	23	70	114	169
Adjusted PAT	1,853	1,183	1,599	1,100	2,116	1,553	1,848	1,436	5,735	6,952
YoY Change (%)	19.3	11.7	18.1	1.9	14.2	31.3	15.6	30.5	10.3	21.2

E: MOSL Estimates

Nestle India

Bloomberg	NEST IN
Equity Shares (m)	96.4
M. Cap. (INR b)/(USD b)	612/10
52-Week Range (INR)	7,500/4,845
1,6,12 Rel Perf. (%)	-7 / -2 / 19

Financial Snapshot (INR b)

Y/E Dec	2013	2014	2015E	2016E
Sales	90.6	98.1	88.4	102.6
EBITDA	19.8	20.6	18.8	22.8
Adj. PAT	11.8	12.6	11.2	14.0
Adj. EPS	121.9	130.2	116.0	145.3
EPS Gr. (%)	6.8	6.8	-11.0	25.3
BV/Sh.(INR)	245.7	294.3	283.5	278.0
RoE (%)	56.4	48.2	40.1	51.8
RoCE (%)	51.5	53.9	53.8	69.5
Payout (%)	39.8	48.4	88.0	83.9

Valuations

P/E (x)	52.1	48.7	54.7	43.7
P/BV (x)	25.8	21.6	22.4	22.8
EV/EBITDA	30.7	29.1	31.5	25.7
Div. Yield (%)	0.8	1.0	1.6	1.9

CMP: INR6,346

Neutral

- We expect Nestle India's net sales to decline by 8.4% YoY to INR22.2b due to weak demand environment and regulatory clampdown on Maggi. We expect a one-time write-off of Maggi Noodles to be recorded as sales returns. Volume growth in NEST's core categories is also sluggish due to focus on portfolio rationalization and margins as well as soft discretionary consumption trends.
- We estimate EBITDA margin to expand 70bp YoY to 20.8% due to benign RM and spillover of earlier price hikes. Estimate EBITDA to be down 5% YoY to INR4.6b and PAT decline of 6.9% YoY to INR2.8b.
- Delayed recovery in urban demand and food safety concerns in packaged foods and baby nutrition category might delay volume recovery for Nestle.
- The stock trades at 43.7x CY16E EPS. Maintain **Neutral**.

Key issues to watch out

- Volume trends and management commentary on portfolio rationalization
- Broader consumer demand environment for the industry
- Details on the ongoing Maggi Noodles probe

Quarterly Performance

(INR Million)

Y/E December	CY14				CY15				CY14	CY15E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	23,135	24,189	25,578	25,161	25,068	22,254	20,462	20,578	98,063	88,363
YoY Change (%)	2.9	9.3	8.9	11.7	8.4	-8.0	-20.0	-18.2	8.2	-9.9
COGS	10,707	11,509	11,802	11,222	10,626	9,836	8,901	8,674	45,240	38,037
Gross Profit	12,428	12,680	13,776	13,939	14,442	12,418	11,561	11,904	52,823	50,325
Margin (%)	53.7	52.4	53.9	55.4	57.6	55.8	56.5	57.8	53.9	57.0
Operating Exp	7,572	7,808	8,429	8,402	8,422	7,678	7,060	8,399	32,211	31,559
EBITDA	4,856	4,872	5,347	5,538	6,020	4,629	3,990	4,128	20,612	18,767
Margins (%)	21.0	20.1	20.9	22.0	24.0	20.8	19.5	20.1	21.0	21.2
YoY Growth (%)	-8.8	-0.2	8.6	18.4	24.0	-5.0	-25.4	-25.5	4.1	-9.0
Depreciation	839	842	846	848	950	884	889	881	3,375	3,603
Interest	103	38	2	0	34	0	0	1	142	35
Other income	390	362	282	326	352	405	315	364	1,359	1,437
PBT	4,304	4,354	4,780	5,015	5,387	4,150	3,417	3,610	18,454	16,565
Tax	1,374	1,382	1,508	1,634	1,663	1,382	1,138	1,201	5,897	5,384
Rate (%)	31.9	31.7	31.5	32.6	30.9	33.3	33.3	33.3	32.0	32.5
Adjusted PAT	2,930	2,973	3,272	3,382	3,725	2,768	2,279	2,409	12,557	11,181
YoY Change (%)	-5.9	5.3	12.1	16.7	27.1	-6.9	-30.4	-28.8	6.8	-11.0

E: MOSL Estimates

Pidilite Industries

Bloomberg	PIDI IN
Equity Shares (m)	512.6
M. Cap. (INR b)/(USD b)	282/4
52-Week Range (INR)	638/317
1,6,12 Rel Perf. (%)	0 / 1 / 60

Financial Snapshot (INR b)

Y/E March	2014	2015	2016E	2017E
Sales	38.9	43.7	50.4	59.1
EBITDA	6.8	7.6	10.2	11.8
Adj. PAT	4.8	5.2	7.0	8.1
Adj. EPS (INR)	9.3	10.2	13.6	15.8
EPS Gr. (%)	4.5	9.9	33.3	16.7
BV/Sh.(INR)	39.8	48.4	56.4	65.6
RoE (%)	25.2	23.1	25.9	26.0
RoCE (%)	31.1	28.2	33.0	33.2
Payout (%)	29.1	30.9	35.2	35.7

Valuations

P/E (x)	59.5	54.1	40.6	34.8
P/BV (x)	13.8	11.4	9.8	8.4
EV/EBITDA (x)	40.5	35.8	26.3	22.4
Div. Yield (%)	0.5	0.6	0.9	1.0

CMP: INR551

Neutral

- We expect Pidilite (PIDI) to post 11.5% revenue growth, led by high-single digit volume growth in consumer and bazaar segments. Demand environment in Consumer Bazaar (Adhesives) has not changed materially QoQ, in our view.
- We note that despite the benign RM scenario, PIDI has not taken any price cut and does not pass on any discount for its portfolio.
- We model gross margin to expand 400bp YoY to 47.9% due to lower RM cost (Vinyl Acetate Monomer). EBITDA margin is expected to expand 330bp YoY to 22.5%.
- We expect EBITDA and PAT to post 30.5% and 29.7% YoY growth, respectively.
- The stock trades at 34.8x FY17E EPS of INR15.8. Maintain **Neutral**.

Key issues to watch out

- Volume growth in *Fevicol*
- Outlook on VAM prices
- Outlook on industrial and construction chemicals segment
- Progress on Elastomer project, if any.

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	12,129	11,355	10,816	9,681	13,524	12,831	12,600	11,481	43,981	50,436
Change (%)	19.5	14.6	12.1	6.7	11.5	13.0	16.5	18.6	13.4	14.7
Gross Profit	5,323	4,948	4,814	4,615	6,478	6,005	5,985	5,608	19,699	24,076
Gross Margin %	43.9	43.6	44.5	47.7	47.9	46.8	47.5	48.8	44.8	47.7
Operating Expenses	2,993	2,923	2,932	3,222	3,435	3,221	3,579	3,614	12,069	13,848
% of sales	24.7	25.7	27.1	33.3	25.4	25.1	28.4	31.5	27.4	27.5
EBITDA	2,331	2,025	1,882	1,393	3,043	2,784	2,407	1,994	7,631	10,228
EBITDA Margin %	19.2	17.8	17.4	14.4	22.5	21.7	19.1	17.4	17.3	20.3
Change (%)	4.4	10.2	22.2	19.2	30.5	37.5	27.9	43.2	12.5	34.0
Depreciation	228	288	278	283	241	306	294	299	1,077	1,140
Interest	13	14	35	33	12	14	33	31	95	90
Other Income	174	135	41	78	191	149	45	87	428	472
PBT	2,264	1,858	1,610	1,154	2,981	2,613	2,124	1,751	6,886	9,469
Tax	576	491	370	231	790	693	563	464	1,667	2,509
Effective Tax Rate (%)	25.4	26.4	22.9	20.0	26.5	26.5	26.5	26.5	24.2	26.5
Adj PAT	1,689	1,367	1,241	923	2,191	1,921	1,561	1,287	5,219	6,960
Change (%)	9.2	8.7	15.4	-0.1	29.7	40.5	25.8	39.4	8.7	33.3

E: MOSL Estimates

Radico Khaitan

Bloomberg	RDCK IN
Equity Shares (m)	132.6
M. Cap. (INR b)/(USD b)	11/0
52-Week Range (INR)	119/75
1,6,12 Rel Perf. (%)	-6 / -7 / -37

Financial Snapshot (INR b)

Y/E March	2014	2015	2016E	2017E
Sales	14.5	14.9	16.0	18.0
EBITDA	2.2	1.8	2.1	2.4
Adj. PAT	0.8	0.7	0.8	1.0
Adj. EPS (INR)	6.4	5.7	6.2	7.5
EPS Gr. (%)	-4.2	-10.4	8.6	21.8
BV/Sh.(INR)	61.8	66.6	71.7	77.9
RoE (%)	10.7	8.6	8.9	10.1
RoCE (%)	10.5	7.8	8.6	10.0
Payout (%)	12.6	15.0	15.0	15.0

Valuations

P/E (x)	12.8	14.3	13.2	10.8
P/BV (x)	1.3	1.2	1.1	1.0
EV/EBITDA (x)	9.1	10.8	9.1	7.6
Div. Yield (%)	1.0	1.0	1.1	1.4

CMP: INR82

Buy

- We expect Radico (RDCK) revenue to grow 9% to INR4b, primarily led by ~5% volume growth.
- The premium segment should continue to grow faster aided by uptrading (premiumization) and RDCK's strategy to defocus on regular brands—given the harsh taxation environment and unfavorable raw material scenario.
- We expect operating margin to remain flat YoY at 13.6%.
- We estimate PAT to grow 12.6% YoY to INR207m on a lower base (40% YoY decline in 1QFY15 PAT).
- The stock trades at 10.8x FY17E EPS of INR7.5. Maintain **Buy**.

Key issues to watch out

- Price hikes received, if any, during the quarter.
- ENA price trend and outlook

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net sales	3,699	3,626	4,125	3,434	4,032	3,879	4,373	3,734	14,884	16,018
YoY Change (%)	3.5	3.0	5.5	-2.3	9.0	7.0	6.0	8.7	2.5	7.6
Total Expenses	3,198	3,151	3,612	3,116	3,484	3,344	3,761	3,370	13,076	13,959
EBITDA	501	475	513	318	548	535	612	364	1,808	2,059
Margins (%)	13.6	13.1	12.4	9.3	13.6	13.8	14.0	9.7	12.1	12.9
YoY Change (%)	-17.9	-15.8	-6.8	-20.5	9.4	12.7	19.3	14.3	-15.0	13.9
Depreciation	105	105	90	83	120	120	103	95	383	437
Interest	226	227	230	217	248	250	253	244	899	995
Other Income	93	104	103	149	104	116	114	167	450	500
PBT	264	248	296	167	284	282	371	191	975	1,128
Tax	80	53	30	81	77	76	100	52	244	305
Rate (%)	30.3	21.2	10.1	48.7	27.0	27.0	27.0	27.0	25.0	27.0
Adjusted PAT	184	195	266	86	207	206	271	140	731	823
YoY Change (%)	-39.9	-30.4	17.5	-5.6	12.6	5.5	1.8	62.5	-19.1	12.7

E: MOSL Estimates

United Spirits

Bloomberg	UNSP IN
Equity Shares (m)	145.3
M. Cap. (INR b)/(USD b)	490/8
52-Week Range (INR)	4,080/2,226
1,6,12 Rel Perf. (%)	-7 / 20 / 31

Financial Snapshot (INR b)

Y/E March	2014	2015	2016E	2017E
Sales	99.1	91.6	97.5	112.9
EBITDA	8.7	7.7	11.7	15.4
PAT	-1.3	-6.9	6.0	9.1
EPS (INR)	-9.0	-47.2	41.4	62.3
EPS Gr. (%)	21.3	426.4	-187.7	50.8
BV/Sh.(INR)	208.7	226.0	267.3	329.7
RoE (%)	-3.3	-21.7	16.8	20.9
RoCE (%)	12.8	0.7	16.6	20.6
Payout (%)	-27.9	0.0	0.0	0.0

Valuations				
P/E (x)	-376.4	-71.5	81.5	54.1
P/BV (x)	16.2	14.9	12.6	10.2
EV/EBITDA (x)	59.6	62.4	40.4	30.4
Div. Yield (%)	0.1	0.0	0.0	0.0

CMP: INR3,372

Buy

- We expect United Spirits (UNSP) revenue to grow 8% to INR20.6b, aided by a lower base. Volume growth is expected to be around 5%. However, we expect Prestige+ portfolio to grow ~9%.
- UNSP has not realized any benefit of RM softening (should see gross margin expansion in FY16). We build margin expansion of 370bp YoY to 10.5% (favorable base).
- Expect PAT of INR0.9b [loss in the base quarter]. Maintain **Buy**. UNSP is our top pick in the large cap consumer space. We expect the benefits of premiumization and cost cutting, led by the new management to help drive margins in the medium term.
- UNSP has recently divested its 3.2% stake in UBL to Heineken; proceeds of this divestment will be utilized for debt reduction.

Key issues to watch out

- Volume growth, premiumization and margin trends.
- ENA price trend and outlook

Quarterly Performance

(INR Million)

Y/E March (Standalone)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Volume Growth %	-13.0	5.8	-1.8	-0.6	4.0	3.0	7.0	7.0	-2.8	5.3
Net Sales	19,090	21,565	21,470	20,204	20,617	23,938	23,939	22,926	82,329	91,420
YoY Change (%)	-11.1	5.8	-4.0	5.4	8.0	11.0	11.5	13.5	-1.3	11.0
Total Exp	17,789	19,453	19,442	18,887	18,452	21,185	20,947	-60,584	75,571	
EBITDA	1,301	2,113	2,028	1,316	2,165	2,753	2,992	2,882	6,758	10,792
Margins (%)	6.8	9.8	9.4	6.5	10.5	11.5	12.5	12.6	8.2	11.8
Depreciation	251	253	240	370	249	250	237	356	1,114	1,092
Interest	1,551	1,553	1,485	1,342	853	854	817	714	5,930	3,238
PBT From operations	-501	307	304	-395	1,063	1,648	1,939	1,812	-285	6,462
Other income	459	540	528	1,053	331	388	380	765	2,580	1,865
PBT	-42	846	833	658	1,394	2,037	2,319	2,577	2,295	8,327
Tax	86	386	85	-273	474	693	788	877	283	2,832
Rate (%)	-205.5	45.6	10.2	-41.5	34.0	34.0	34.0	34.0	12.3	34.0
PAT	-128	461	747	931	920	1,344	1,531	1,700	2,012	5,495
YoY Change (%)	-110.8	-51.1	-5.2	-303.7	-820	191.7	104.8	82.6	-18.1	173.2
Extraordinary inc/(Exp)	-428	-739	0	-18,924	0	0	0	0	-20,091	0
Reported PAT	-556	-278	747	-17,993	920	1,344	1,531	1,700	-18,079	5,495

E: MOSL Estimates

Financials - Banks

Revenues under pressure; opex to drive earnings

Net slippages to remain high | Restructuring to moderate | Trading gains to fall

- Continued weakness in demand (corporate loan growth of 5% YoY as of May 2015), and capital conservation efforts by state-owned banks will moderate balance sheet growth to 10-11% YoY. Private Banks are likely to grow 20%+, aided by healthy retail loan growth and corporate loans refinancing.
- While yield on funds is likely to come down QoQ (absence of interest on IT refund and cut in base rate), decline in cost of deposits (lag impact of cut in liability rates by 50-100bp over the last six months) would compensate for NIM. Nevertheless, we expect 5-10bp QoQ decline in NIMs for coverage universe.
- Net stress additions on the balance sheet are expected to decline marginally QoQ; however, net slippages would remain high—led by relapse from restructured loans, delayed recovery, lag impact of unseasonal monsoon and first quarter of no restructuring forbearance. Higher-than-expected sale to ARC may enable banks to report lower GNPA % numbers.
- Treasury gains, a key revenue driver in 2HFY15, would be limited in 1QFY16. Banks that have transferred investment portfolio from HTM to AFS during April/May 2015 also face the risk of MTM provisions as the benchmark G-Sec yields have increased 15-20bp over the last one month. High relapse from RL and amortization of losses on sale to ARC are likely to keep credit cost elevated.
- Sharp fall in valuations (especially state-owned banks and ICICIBC) in 1HCY15 largely factors in expected weak earnings and asset quality performance in the quarter. The management's guidance on demand environment (in turn growth), stress addition expectation and recovery cycle will be the key things to watch out for. Our top picks are **HDFCB, AXSB, SBIN, YES and DCBB**.

Company name

Axis Bank

Bank of Baroda

Bank of India

DCB Bank

Federal Bank

HDFC Bank

ICICI Bank

Indian Bank

IndusInd Bank

Kotak Mahindra Bank

Punjab National Bank

State Bank of India

Union Bank of India

Yes Bank

Exhibit 1: Expected quarterly performance (INR m)

Sector	CMP (INR)	Reco	Net Interest Income			Operating Profit			Net Profit		
			Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ
Private Banks											
Axis Bank	559	Buy	38,627	16.7	1.7	34,707	19.9	-13.5	19,654	17.9	-9.9
DCB Bank	130	Buy	1,396	0.4	7.6	728	-10.5	7.0	433	-3.2	-31.2
Federal Bank	148	Buy	6,371	12.9	2.2	4,323	23.0	-7.8	2,524	14.6	-10.0
HDFC Bank	1,067	Buy	62,846	21.5	4.5	46,217	20.2	-2.1	26,812	20.1	-4.5
ICICI Bank	308	Buy	51,468	14.6	1.3	51,043	13.0	-6.7	29,640	11.6	1.4
IndusInd Bank	872	Buy	9,792	22.3	5.8	8,709	16.2	2.4	5,226	24.1	5.5
Kotak Mahindra Bank	1,388	Neutral	16,831	14.9	3.4	11,056	12.9	-5.5	6,429	12.2	-4.0
Yes Bank	843	Buy	10,401	39.6	6.5	8,933	41.3	-4.7	5,577	29.2	1.2
Pvt Sector Aggregate			197,731	18.5	3.1	165,716	17.9	-6.4	96,296	16.8	-3.4
PSU Banks											
Bank of Baroda	144	Neutral	33,125	-0.5	4.4	24,225	-2.3	-10.1	7,670	-43.7	28.2
Bank of India	171	Neutral	28,641	6.6	0.6	20,793	0.9	45.8	4,074	-49.4	LP
Indian Bank	141	Buy	11,380	6.2	2.7	7,509	17.9	-8.1	2,152	3.9	4.4
Punjab National Bank	139	Buy	40,185	-8.2	6.0	28,131	-10.0	-12.2	5,883	-58.1	91.9
State Bank	263	Buy	138,117	4.2	-6.1	92,031	4.7	-25.8	33,819	1.0	-9.6
Union Bank	147	Buy	21,129	-0.2	-0.4	12,578	-8.3	-23.9	3,463	-47.8	-22.0
PSU Sector Aggregate			272,578	1.6	-1.8	185,267	0.4	-16.6	57,062	-26.8	8.9

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Source: Company, MOSL

Vallabh Kulkarni (Vallabh.Kulkarni@MotilalOswal.com); +91 22 3982 5430

Weak corporate loan growth (5% YoY as of May 2015) leading to overall loan growth moderation, especially for state-owned banks

Subdued business growth marred by weak macros

The weak demand environment is likely to result in 12/10% YoY deposit/loan growth in 1QFY16. While state-owned banks are likely to grow in line with or marginally lower than the industry average (led by capital conservation effort and weak corporate loan growth of 5% YoY as of May 2015), growth should remain healthy for private banks at 20-21% (helped by strong retail growth and refinancing). Corporate lenders are likely to report moderate growth, as disbursements are just matching repayments. For the industry, the large corporate segment grew by just 5% YoY as of May 2015. Our interactions with bankers suggest that though inquiries for new projects have started, sanctions are not picking up.

NII growth for state-owned banks is expected to be 2% YoY, whereas private banks are expected to grow 19% YoY

Margins to decline QoQ; fall in cost of deposits to provide support

Yield on funds is expected to decline QoQ, led by a) cut in base rate by ~25bp in 1QFY16), b) strong competition in the refinancing market, c) absence of one-off income of interest on IT refund, and d) high relapse from restructured loans. Deposit rate cuts (50-100bp) have been taken by banks in 2HFY15; this will help in reducing cost of deposits and in turn support margins. Continued pick-up in growth for high-yielding unsecured loans and vehicle loans continued during the quarter—will also support yields. Overall, we expect 5-10bp QoQ decline in margins for both private and state-owned banks. NII growth for state-owned banks in 1QFY16 is expected to be ~2% YoY (significantly lower than loan growth, led by continued interest income reversals), while private banks' growth is expected to be 19% YoY (+3% QoQ).

Stress addition to be high for state-owned banks; Net slippage ratio is expected to be at 2.3% vs 1.9% in 4QFY15

Is asset quality bottoming out? Not yet! Focus to be on recoveries

Net stress additions are expected to decline QoQ, led by lower restructuring. However, GNPA is likely to remain elevated—led by (a) challenging macros and delayed recovery, (b) lag impact of unseasonal rains, (c) first quarter of asset classification forbearance not being there on restructured loans, and (d) higher relapse from restructured loans. Pipeline of restructuring (cases referred before March 31, 2015) is not meaningful for most banks. We believe most banks would take at least couple of quarters to significantly subside net delinquencies, especially in the new environment of asset classification upon restructuring. Guidance on stress loans addition for FY16 will be the key thing to watch out for.

Lower trading gains and MTM on investment can impact earnings growth

As against the expectation of bond yield declining at the beginning of the quarter, they have hardened by ~20bp since end-May 2015. Banks are allowed to transfer investments from HTM to AFS (and vice versa) once in a year, which normally takes place in 1Q. Banks have transferred securities from HTM to AFS this quarter also, with the expectation of a fall in yield. There is a likelihood of some MTM provisions on the transferred portfolio. Overall net trading gains are likely to be muted QoQ and YoY.

Absence of amortization of AS 15 2nd Pension option related liability to drive opex growth lower

Opex to drive earnings growth for PSBs; corporate fees remain muted

For state-owned banks, employee expenses would be a key enabler for earnings growth—led by absence of amortization of 2nd Pension option related liability and settlement of wage negotiation. No new sanctions, moderate corporate loan growth and incremental corporate growth largely by refinancing continue to impact

corporate fees. Retail fees are expected to be healthy—led by higher disbursements in vehicle loans and unsecured loans, and continued momentum in housing loan growth.

Core operating profits under pressure; provisions a key to profitability

State-owned banks' PPP is expected to remain flat YoY, while, PAT is likely to decline 27% YoY

State-owned banks' PPP is expected to remain flat YoY; PAT is likely to decline 27% YoY despite a low base, marred by high provisioning expenses. Higher-than-expected NPAs (especially relapse from restructured loans) and restructuring-related provisioning will be a drag on earnings. Over the last year, Indian banks—mainly state owned—have sold assets worth ~INR600b to ARCs. We believe write-downs and resultant MTM provisioning for the same (as per RBI guidelines) would begin over the next 1-2 quarters. For private banks, healthy core operating performance and one-off income (repatriation of capital and dividend from subsidiaries) will manage earnings. We expect PPP growth of 19% YoY and PAT growth of 17% YoY.

Sector strategy

Moderate loan growth, pressure on margins and fees will weigh on revenue growth in FY16. Private banks have strong control over opex, and PSU banks are likely to be beneficiaries of absence of one-off in opex. Fall in interest rates remain a key to high trading gains and healthy revenue growth. Unlike the 2003-08 cycle, this cycle is likely to see a gradual reduction in interest rates (rates were rising over FY04-08, led by higher inflation), providing healthy capital gains to banks (in turn, supporting earnings). Lower interest rates, better growth and stronger capital markets would accelerate de-leveraging for corporate India and decelerate incremental stress addition; this would drive NIM expansion and lower credits cost, and improve RoAs.

State-owned banks are deep cyclicals, with RoAs of 0.4-0.7% at the bottom of the cycle and 0.9-1.4% at the peak. Similarly, P/BV ranges between 0.4x-0.6x and 1.3x-2.3x. Private banks have emerged stronger from the downcycle, with (a) strong capacity for growth, (b) decadal high RoAs and RoEs, (c) strong improvement in liability profile, and (d) much diversified and granular loan book.

Top picks: HDFCB, AXSB, SBIN, YES and DCBB

State-owned banks are trading at 30% discount to P/BV for the long period average (LPA). Despite the strong outperformance in FY15, private banks are trading 18% below the peak multiples (30% above LPA). Improvement in growth and operational performance is likely to drive re-rating further for private banks. While state-owned banks are also highly levered to growth, continued structural reforms will drive re-rating. Sharp fall in valuations (especially state-owned banks and ICICIBC) in 1HCY15 largely factors in expected weak growth and asset quality performance in the quarter. Our top picks are **HDFCB, AXSB, SBIN, YES and DCBB**.

Exhibit 2: State-owned banks – one-year forward P/BV

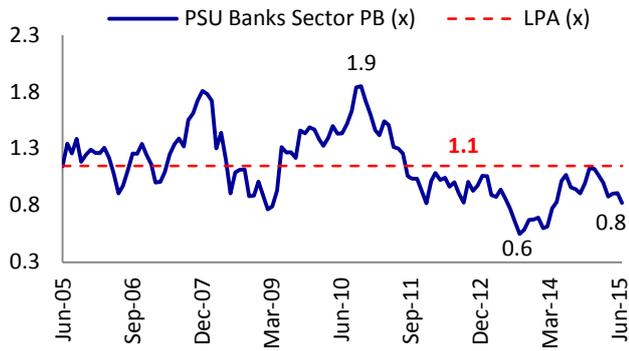


Exhibit 3: Private banks – one-year forward P/BV

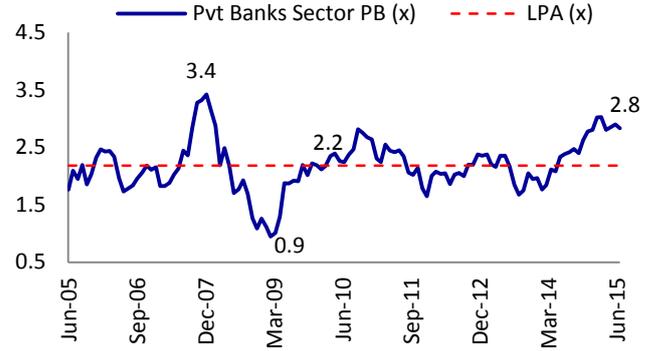


Exhibit 4: Loan growth continues to moderate...

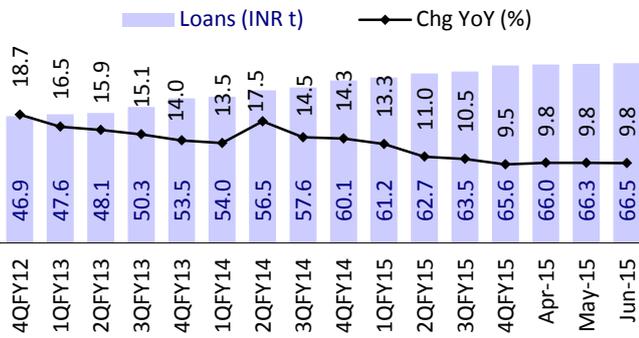


Exhibit 5: ...as does deposit growth

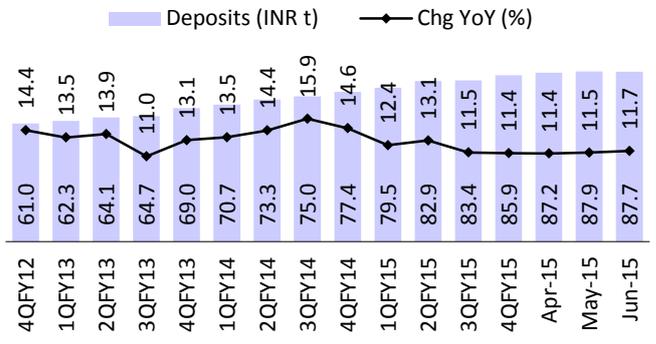


Exhibit 6: CD rates declined further during the quarter (%)

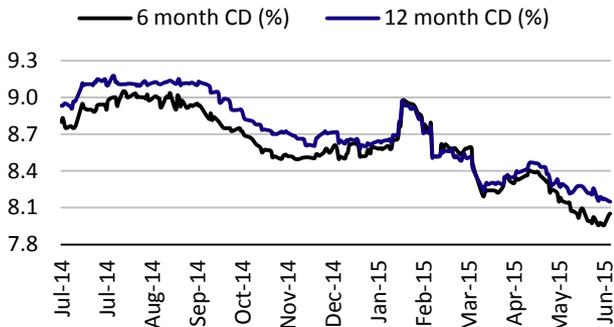


Exhibit 7: Gsec yields increased toward the end of the quarter (%)

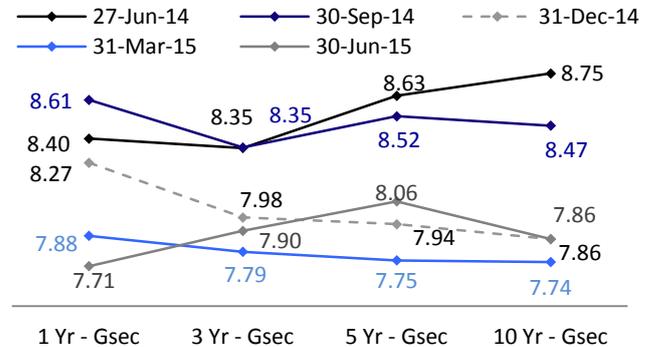


Exhibit 8: Net slippages (state-owned) to remain high (% annualized)

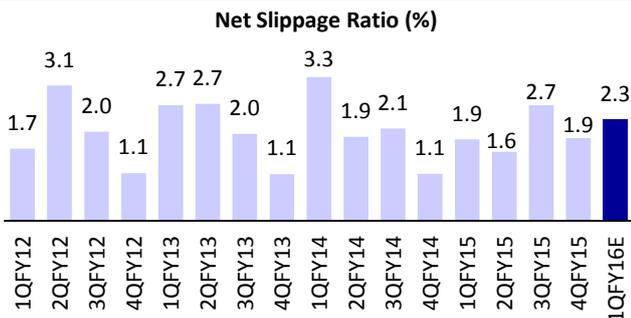
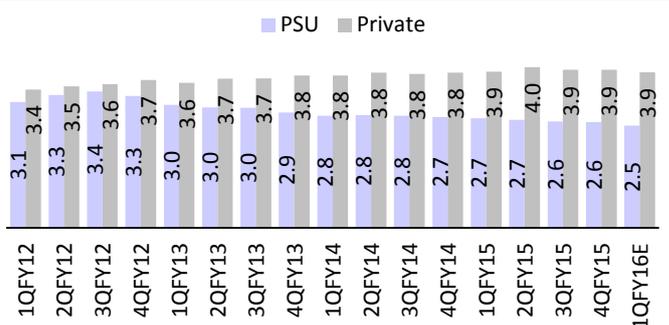


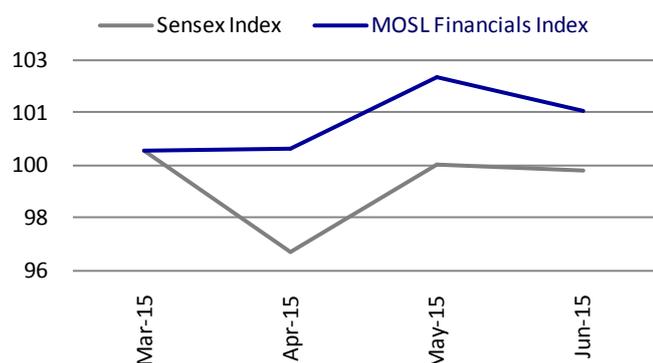
Exhibit 9: Marginal decline in NIM expected (%)



Source: MOSL, Company

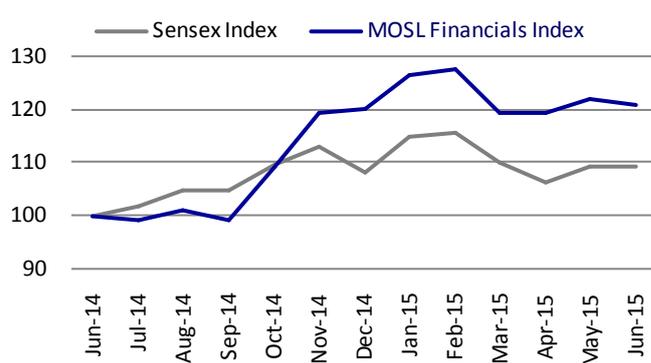
Source: MOSL, Company

Exhibit 10: Relative performance - three-month (%)



Source: Bloomberg, MOSL

Exhibit 11: Relative performance – one-year (%)



Source: Bloomberg, MOSL

Exhibit 12: Comparative valuation

Sector / Companies	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			RoE (%)		
			FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E
Banks-Private														
Axis Bank	559	Buy	31.0	36.8	44.1	18.0	15.2	12.7	3.0	2.6	2.2	17.8	18.1	18.6
DCB Bank	130	Buy	6.8	7.5	9.9	19.2	17.3	13.2	2.4	2.0	1.8	14.4	12.8	14.6
Federal Bank	148	Buy	11.7	12.8	15.5	12.6	11.6	9.5	1.6	1.5	1.3	13.7	13.4	14.6
HDFC Bank	1,067	Buy	40.8	49.0	59.0	26.2	21.8	18.1	4.3	3.7	3.2	19.4	18.4	19.2
ICICI Bank	308	Buy	19.3	22.4	26.4	16.0	13.7	11.7	2.3	2.0	1.8	15.2	15.6	16.1
IndusInd Bank	872	Buy	33.9	42.3	54.6	25.7	20.6	16.0	4.6	3.9	3.2	19.2	20.3	21.8
J&K Bank	101	Neutral	10.5	13.1	18.0	9.6	7.7	5.6	0.8	0.7	0.7	8.6	10.0	12.6
Kotak Mahindra Bank	1,388	Neutral	39.4	47.6	57.1	35.2	29.2	24.3	4.8	4.2	3.6	14.8	15.4	15.8
South Indian Bank	24	Buy	2.3	2.8	3.6	10.4	8.6	6.6	0.9	0.9	0.8	7.9	10.4	12.3
Yes Bank	843	Buy	48.0	60.6	77.2	17.6	13.9	10.9	3.0	2.6	2.2	21.3	19.9	21.5
Private Bank Aggregate						21.0	17.7	14.6	3.3	2.9	2.5	15.5	16.2	17.0
Banks-PSU														
Andhra Bank	68	Buy	10.6	20.6	25.5	6.4	3.3	2.7	0.4	0.4	0.4	6.8	12.2	14.2
Bank of Baroda	144	Neutral	15.3	18.0	24.5	9.4	8.0	5.9	0.9	0.8	0.7	9.7	10.4	12.9
Bank of India	171	Neutral	25.7	31.8	45.7	6.7	5.4	3.7	0.4	0.4	0.4	6.7	7.8	10.4
Corporation Bank	51	Neutral	9.0	16.5	21.9	5.6	3.1	2.3	0.4	0.4	0.3	7.3	12.3	14.7
Dena Bank	44	Neutral	4.7	8.8	12.5	9.3	5.0	3.5	0.4	0.3	0.3	4.1	7.2	9.6
IDBI Bank	61	Neutral	10.5	14.4	19.7	5.8	4.2	3.1	0.4	0.4	0.4	7.4	9.5	11.9
Indian Bank	141	Buy	20.9	23.2	31.4	6.7	6.1	4.5	0.5	0.5	0.5	8.3	8.6	10.8
Punjab National Bank	139	Buy	16.5	20.0	27.7	8.4	7.0	5.0	0.7	0.6	0.6	8.5	9.4	11.9
State Bank	263	Buy	22.8	25.9	32.3	11.5	10.1	8.1	1.3	1.2	1.0	11.9	12.3	13.8
Union Bank	147	Buy	27.9	32.0	41.5	5.3	4.6	3.6	0.5	0.5	0.4	10.1	10.6	12.5
PSU Bank Aggregate						9.6	8.0	6.1	1.0	0.9	0.8	10.1	11.1	13.1

Source: MOSL, Company

Axis Bank

Bloomberg	AXSB IN
Equity Shares (m)	2,370.5
M. Cap. (INR b)/(USD b)	1,324/21
52-Week Range (INR)	655/361
1,6,12 Rel Perf. (%)	-4 / 10 / 36

Financial Snapshot (INR b)

Y/E MARCH	2015	2016E	2017E	2018E
NII	142.2	164.8	194.3	228.9
OP	133.9	153.5	183.4	220.4
NP	73.6	87.3	104.6	124.8
NIM (%)	3.6	3.5	3.4	3.3
EPS (INR)	31.0	36.8	44.1	52.6
EPS Gr. (%)	17.3	18.7	19.9	19.3
BV/Sh. (INR)	187.9	218.2	254.6	298.0
ABV/Sh. (INR)	184.3	212.9	247.8	289.5
RoE (%)	17.8	18.1	18.6	19.0
RoA (%)	1.7	1.7	1.7	1.7
Payout (%)	17.8	17.6	17.6	17.6

Valuations

P/E(X)	18.0	15.2	12.7	10.6
P/BV (X)	3.0	2.6	2.2	1.9
P/ABV (X)	3.0	2.6	2.3	1.9
Div. Yield (%)	0.8	1.0	1.2	1.4

CMP: INR559

Buy

- Loan growth is expected to be healthy (~25% YoY). As majority of the incremental funding is through borrowings, deposit growth is expected to be lower (20-21% YoY).
- NIMs are expected to come off by ~10bps QoQ to 3.7% due to the impact of cumulative 25bp cut in base rate till 1Q and higher share of incremental corporate growth led by refinancing. Growth in unsecured loans remains strong which will provide cushion to yields.
- Fee income growth is expected to be ~16% YoY, lower than loan growth—on the back of moderate corporate banking fees.
- We expect gross slippage to remain high at INR10b (1.7% annualized), leading to a 10bp increase in GNPA to 1.45%. We don't expect meaningful restructuring as guided by the management.
- While the high exposure to infrastructure remains a risk, reforms in this space could ease the pressure. High PCR of 78% and 65bp of credit cost factored in the estimates over FY16/17E provide cushion to earnings.
- AXSB trades at 2.2x FY17E BV and 12.7x FY17E EPS. Maintain **Buy**.

Key issues to watch out

- Outlook on loan and fees growth
- Guidance for stress addition and credit cost for FY16
- View on the existing infrastructure exposure of the bank

Quarterly Performance

(INR Million)

	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	82,894	86,024	88,897	96,971	99,964	102,736	106,642	112,840	354,786	422,182
Interest Expense	49,789	50,775	53,002	58,978	61,338	62,871	64,757	68,372	212,545	257,337
Net Interest Income	33,105	35,249	35,896	37,992	38,627	39,865	41,885	44,468	142,241	164,845
% Change (Y-o-Y)	15.5	20.0	20.3	20.0	16.7	13.1	16.7	17.0	19.0	15.9
Other Income	16,911	19,476	20,391	26,873	20,550	22,350	23,800	29,312	83,650	96,012
Net Income	50,015	54,725	56,286	64,866	59,177	62,215	65,685	73,780	225,892	260,857
Operating Expenses	21,059	23,102	23,140	24,737	24,469	27,025	26,476	29,430	92,037	107,401
Operating Profit	28,957	31,623	33,146	40,129	34,707	35,190	39,209	44,351	133,854	153,457
% Change (Y-o-Y)	1.8	15.0	26.8	23.6	19.9	11.3	18.3	10.5	16.8	14.6
Other Provisions	3,866	7,250	5,072	7,098	5,153	6,511	5,079	5,418	23,286	22,161
Profit before Tax	25,091	24,373	28,075	33,031	29,555	28,679	34,130	38,932	110,568	131,295
Tax Provisions	8,423	8,266	9,077	11,225	9,901	9,607	11,433	13,042	36,991	43,984
Net Profit	16,668	16,107	18,998	21,806	19,654	19,071	22,696	25,890	73,577	87,311
% Change (Y-o-Y)	18.3	18.2	18.4	18.4	17.9	18.4	19.5	18.7	18.3	18.7
Operating Parameters										
NIM (Reported,%)	3.9	4.0	3.9	3.8					3.9	
NIM (Cal, %)	3.7	3.9	3.8	3.7	3.6	3.6	3.6	3.6	3.6	3.5
Deposit Growth (%)	14.1	11.1	11.0	14.8	20.9	19.4	22.1	20.0	14.8	20.0
Loan Growth (%)	16.3	20.3	23.2	22.2	25.0	23.7	21.9	24.0	22.2	24.0
CD Ratio (%)	84.8	85.4	89.5	87.2	87.6	88.5	89.3	90.1	87.2	90.1
Core CASA ratio (%)	40.0	40.0	40.0	40.0					40.0	
Asset Quality										
OSRL (INR b)	62.9	66.9	68.1	81.7					81.7	
OSRL (%)	2.7	2.8	2.6	2.9					2.9	
Gross NPA (INR b)	34.6	36.1	39.0	41.1	42.4	45.9	49.6	52.4	41.1	52.4
Gross NPA (on customer assets, %)	1.3	1.3	1.3	1.3	1.46	1.5	1.5	1.5	1.3	1.5

E: MOSL Estimates

Bank of Baroda

Bloomberg	BOB IN
Equity Shares (m)	2,217.8
M. Cap. (INR b)/(USD b)	320/5
52-Week Range (INR)	229/138
1,6,12 Rel Perf. (%)	-11 / -35 / -27

Financial Snapshot (INR b)

Y/E MARCH	2015	2016E	2017E	2018E
NII	131.9	141.5	167.7	187.2
OP	99.2	105.6	127.0	141.3
NP	34.0	39.9	54.3	63.8
NIM (%)	2.0	2.0	2.2	2.1
EPS (INR)	15.3	18.0	24.5	28.7
EPS Gr. (%)	-27.3	17.5	35.9	17.5
BV/Sh. (INR)	166	180	199	221
ABV/Sh. (INR)	143	154	175	202
ROE (%)	9.7	10.4	12.9	13.7
ROA (%)	0.5	0.5	0.7	0.7
Div. Payout (%)	29.1	23.2	23.2	23.2

Valuations

P/E(X)	9.4	8.0	5.9	5.0
P/BV (X)	0.9	0.8	0.7	0.7
P/ABV (X)	1.0	0.9	0.8	0.7
Div. Yield (%)	2.2	2.5	3.4	4.0

CMP: INR144

Neutral

- Loan/deposit growth is expected to remain moderate (10/9% YoY) in 1QFY16. The bank's focus is going to remain on RAM (Retail/Agri/MSME). NIM is expected to remain stable QoQ at 2.0% on account of continued asset quality stress.
- Non-interest income is expected to increase 8% YoY on a lower base from the same quarter of previous fiscal. During 1QFY15, BOB reported a 16% decline in non-interest income—led by lower trading gains.
- Asset quality is expected to remain under pressure till 1HFY16. In 4QFY15, BOB reported slippages of INR13.6b (1.8% of loans) and restructuring of INR40.2b (1.6%).
- Opex growth is expected to be in low single digits as one off provisions on 2nd pension option is likely to be there (INR920m/quarter; ~5% of opex).
- Valuations—at 0.8x/0.7x FY16/17E BV—remain at a premium to other state-owned banks. Appointment of MD&CEO will be the key thing to watch out for. Maintain **Neutral**.

Key issues to watch out

- Performance of restructured loans and slippages, especially from international book.
- Guidance on margins and employee expense

Quarterly Performance

	FY15				FY16E				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY15	FY16E
Interest Income	106,580	108,257	107,180	107,619	109,407	112,480	115,651	121,504	429,636	459,042
Interest Expense	73,297	74,246	74,319	75,903	76,282	78,189	79,753	83,363	297,763	317,587
Net Interest Income	33,283	34,011	32,861	31,717	33,125	34,291	35,898	38,141	131,872	141,454
% Change (YoY)	15.2	17.5	7.5	1.5	-0.5	0.8	9.2	20.3	10.2	7.3
Other Income	10,245	9,917	10,904	12,955	11,107	11,494	12,059	13,461	44,020	48,121
Net Income	43,529	43,928	43,765	44,671	44,232	45,785	47,957	51,601	175,892	189,575
Operating Expenses	18,733	19,898	20,375	17,736	20,007	20,400	20,988	22,558	76,741	83,953
Operating Profit	24,796	24,029	23,390	26,935	24,225	25,385	26,969	29,043	99,151	105,621
% Change (YoY)	1.8	13.9	7.2	5.1	-2.3	5.6	15.3	7.8	6.7	6.5
Other Provisions	5,267	8,880	12,623	18,175	12,945	12,521	10,940	10,500	44,945	46,906
Profit before Tax	19,529	15,149	10,768	8,760	11,280	12,864	16,028	18,543	54,206	58,716
Tax Provisions	5,910	4,107	7,428	2,777	3,610	4,116	5,129	5,934	20,222	18,789
Net Profit	13,619	11,042	3,340	5,983	7,670	8,748	10,899	12,609	33,984	39,927
% Change (YoY)	16.6	-5.5	-68.1	-48.3	-43.7	-20.8	226.3	110.7	-25.2	17.5

Operating Parameters

NIM (Reported, %)	2.4	2.4	2.2	2.2					2.3	
NIM (Calculated, %)	2.1	2.2	2.1	2.0	2.0	2.0	2.1	2.1	2.0	2.0
Deposit Growth (%)	18.1	16.9	12.1	8.6	8.6	8.3	11.5	9.0	8.6	9.0
Loan Growth (%)	18.8	13.5	11.7	7.8	9.9	12.6	14.2	12.0	7.8	12.0
CD Ratio (%)	69.2	68.0	69.7	69.3	70.0	70.7	71.4	71.2	69.3	70.0
CASA Ratio (%)	31.3	31.9	32.4	33.0					26.4	27.1
Tax Rate (%)	30.3	27.1	69.0	31.7	32.0	32.0	32.0	32.0	37.3	32.0

Asset Quality

OSRL (INR B)	228.3	224.2	231.0	259.1					259.1	
OSRL (%)	6.0	5.8	5.9	6.1					6.1	
Gross NPA (INR B)	120.9	130.6	154.5	162.6	174.7	186.8	187.5	184.1	162.6	174.7
Gross NPA (%)	3.1	3.3	3.9	3.7	4.1	4.2	4.1	3.8	3.7	4.1

E: MOSL Estimates

Bank of India

Bloomberg	BOI IN
Equity Shares (m)	643.0
M. Cap. (INR b)/(USD b)	110/2
52-Week Range (INR)	312/169
1,6,12 Rel Perf. (%)	-13 / -44 / -52

Financial Snapshot (INR b)

Y/E MARCH	2015	2016E	2017E	2018E
NII	113.4	127.4	148.4	164.0
OP	74.9	84.8	107.7	122.1
NP	17.1	21.2	30.4	43.0
NIM (%)	2.1	2.1	2.2	2.1
EPS (INR)	25.7	31.8	45.7	64.7
EPS Gr. (%)	-39.5	24.0	43.5	41.5
ROE (%)	6.7	7.8	10.4	13.4
ROA (%)	0.3	0.3	0.4	0.5
BV/Sh. (INR)	393.3	419	456	507
ABV/Sh. (INR)	261	302	373	461
Div. Payout %	22.6	23.2	23.2	23.2

Valuations

P/E(X)	6.7	5.4	3.7	2.6
P/BV (X)	0.4	0.4	0.4	0.3
P/ABV (X)	0.7	0.6	0.5	0.4
Div. Yield (%)	2.9	3.7	5.3	7.5

CMP: INR171

Neutral

- Loan/deposit growth is expected to remain below the industry average at 9/8% YoY in 1QFY16. Expect NIM to be stable QoQ at 2.0%.
- Non-interest income is expected grow by ~10%+ (on a lower base), led by higher trading gains. Non-interest income growth turned positive in 4QFY15 after four consecutive quarters of YoY decline.
- Despite 7-8% growth in total income, high staff/other expenses are expected to limit PPP growth at 1% YoY. In 1QFY15, opex grew 7% YoY however, in rest of FY15 average opex growth stood at ~24% YoY.
- Stress loan addition is expected to remain elevated. In 4QFY15, fresh stress addition stood at INR92.9b (~10% of loans). Credit cost is also expected to remain high at 1.3-1.4%.
- Historically, BOI's asset quality has remained volatile and we would wait for a few more quarters for better clarity. CET 1 remains one of the lowest at ~7.2%. BOI trades at 0.4x FY17E BV and 3.7x FY17E EPS.

Key issues to watch out

- Outlook on balance sheet growth, given the weak capitalization levels (CET 1 of ~7%). Further capital infusion and update on asset monetization plan to increase Tier I ratio.
- Transition to new mortality table for AS 15 requirements
- Outlook on asset quality

Quarterly Performance

	FY15				FY16E				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY15	FY16E
Interest Income	103,043	110,930	108,678	111,648	113,439	117,448	122,240	127,667	434,299	480,793
Interest Expense	76,178	80,623	80,876	83,185	84,798	86,824	89,519	92,238	320,860	353,378
Net Interest Income	26,865	30,307	27,802	28,463	28,641	30,624	32,721	35,429	113,439	127,415
% Change (Y-o-Y)	5.9	19.9	2.2	-6.6	6.6	1.0	17.7	24.5	4.7	12.3
Other Income	10,245	10,064	10,797	11,222	11,086	11,132	11,275	14,343	42,327	47,836
Net Income	37,110	40,371	38,599	39,684	39,727	41,757	43,996	49,771	155,766	175,251
Operating Expenses	16,507	19,016	19,945	25,419	18,934	21,508	23,180	26,868	80,886	90,490
Operating Profit	20,603	21,355	18,654	14,266	20,793	20,249	20,816	22,903	74,880	84,761
% Change (Y-o-Y)	-5.5	1.6	-13.0	-28.5	0.9	-5.2	11.6	60.6	-11.1	13.2
Other Provisions	8,931	9,634	15,807	22,555	15,700	14,200	14,050	14,326	56,927	58,276
Profit before Tax	11,672	11,721	2,847	-8,289	5,093	6,049	6,766	8,577	17,953	26,485
Tax Provisions	3,615	3,861	1,113	-7,728	1,019	1,210	1,353	1,715	861	5,297
Net Profit	8,057	7,859	1,734	-561	4,074	4,839	5,413	6,862	17,092	21,188
% Change (Y-o-Y)	-16.4	26.4	-70.4	-110.1	-49.4	-38.4	212.2	NM	-37.4	24.0
Operating Parameters										
NIM (Reported, %)	2.2	2.3	2.1	2.1					2.2	
NIM (Cal, %)	2.0	2.2	2.0	2.0	2.0	2.1	2.2	2.3	2.1	2.1
Deposit Growth (%)	20.7	19.9	16.8	11.5	7.8	6.7	7.5	10.0	11.5	10.0
Loan Growth (%)	23.3	18.5	15.1	9.2	8.9	6.3	7.2	12.6	9.2	12.6
CD Ratio (%)	76.2	77.0	77.4	77.2	77.0	76.7	77.2	79.0	77.2	79.0
Tax Rate (%)	31.0	32.9	39.1	NM	20.0	20.0	20.0	20.0	4.8	20.0
Asset Quality										
OSRL (INR b)	210.0	219.5	218.4	218.3					218.3	
OSRL (%)	5.5	5.5	5.3	5.3					5.3	
Gross NPA (INR b)	125.3	141.3	166.9	221.9	246.9	259.4	254.4	242.8	221.9	242.8
Gross NPA (%)	3.3	3.5	4.1	5.4	5.9	6.1	5.8	5.2	5.4	5.2

E: MOSL Estimates

DCB Bank

Bloomberg	DCBB IN
Equity Shares (m)	282.0
M. Cap. (INR b)/(USD b)	37/1
52-Week Range (INR)	137/75
1,6,12 Rel Perf. (%)	-2 / 6 / 48

Financial Snapshot (INR b)

Y/E MARCH	2015	2016E	2017E	2018E
NII	5.1	6.1	7.8	9.8
OP	2.8	3.4	4.7	6.3
NP	1.9	2.1	2.8	3.5
NIM (%)	3.8	3.6	3.6	3.6
EPS (INR)	6.8	7.5	9.9	12.5
EPS Gr. (%)	12.1	10.7	31.3	26.7
BV/Sh. (INR)	54.9	63.7	72.2	84.7
ROE (%)	14.4	12.8	14.6	15.9
ROA (%)	1.3	1.2	1.2	1.2
Payout (%)	0.0	0.0	0.0	0.0

Valuations

P/E(X)	19.2	17.3	13.2	10.4
P/BV (X)	2.4	2.0	1.8	1.5
Div. Yield (%)	0.0	0.0	0.0	0.0

CMP: INR130

Buy

- Loan and deposit growth expected to be much above the industry average at 30% and 25% YoY, respectively.
- NII is expected to remain flat YoY on account of one-off interest income on IT refund in 1QFY15 (INR300m). Adjusted NII growth, however, will remain strong at 30%+.
- Continued healthy growth in high-yielding retail loans and controlled cost of funds are likely to keep NIMs stable QoQ at ~3.5%.
- We expect adj. PPP growth of ~41% YoY on the back of continued strong traction in adjusted revenue growth (+28% YoY) and control over opex (+19% YoY).
- Focus on granular SME and retail loans along with working capital corporate loans has led to stable asset quality; we expect this trend to continue.
- DCBB trades at 1.8x FY17E BV and 13.2x FY17E EPS. Consistent improvement in core operating parameters, coupled with strong B/S

Key issues to watch out

- Growth strategy in FY16 and key sectors to be focused on
- Branch additions and trend on cost-to-income ratio
- CASA ratio and traction on NIM

Quarterly Performance

(INR Million)

	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	3,523	3,349	3,565	3,788	3,962	4,135	4,341	4,850	14,224	17,288
Interest Expense	2,132	2,172	2,346	2,492	2,566	2,669	2,776	3,185	9,142	11,196
Net Interest Income	1,391	1,177	1,219	1,297	1,396	1,466	1,565	1,665	5,082	6,091
% Change (Y-o-Y)	67.3	28.9	29.7	29.6	0.4	24.6	28.4	28.4	38.0	19.9
Other Income	345	370	480	463	430	487	542	609	1,657	2,068
Net Income	1,736	1,546	1,699	1,759	1,825	1,953	2,107	2,274	6,739	8,159
Operating Expenses	922	948	1,015	1,079	1,098	1,128	1,208	1,284	3,965	4,718
Operating Profit	813	598	684	680	728	825	899	990	2,774	3,441
% Change (Y-o-Y)	58.4	49.2	47.5	35.6	-10.5	37.8	31.5	45.6	47.6	24.0
Other Provisions	229	137	184	143	173	175	184	196	694	727
Profit before Tax	584	461	499	537	555	650	715	794	2,080	2,714
Tax Provisions	137	50	74	-93	122	143	157	175	168	597
Net Profit	447	411	425	629	433	507	557	620	1,912	2,117
% Change (Y-o-Y)	4.5	24.2	16.9	60.9	-3.2	23.4	31.2	-1.6	26.3	10.7
Operating Parameters										
NIM (Cal, %)	4.5	3.7	3.6	3.5	3.5	3.5	3.5	3.5	3.8	3.6
Deposit Growth (%)	26.8	24.0	23.5	22.1	24.9	27.5	26.7	29.0	22.1	29.0
Loan Growth (%)	28.1	31.7	28.9	28.6	30.0	29.9	30.0	30.0	28.6	30.0
CD Ratio (%)	78.6	80.7	80.1	83.0	81.8	82.2	82.2	83.6	83.0	83.6
CASA Ratio (%)	25.4	25.5	23.8	23.4					23.4	21.4
Tax Rate (%)	23.4	10.9	14.9	-17.2	22.0	22.0	22.0	22.0	8.1	22.0
Asset Quality										
Gross NPA (INR B)	1.5	1.7	1.8	1.9	2.0	2.3	2.5	2.5	1.9	2.5
Gross NPA (%)	1.8	1.9	1.9	1.8	1.9	2.0	2.0	1.8	1.8	1.8

E: MOSL Estimates

Federal Bank

Bloomberg	FB IN
Equity Shares (m)	855.3
M. Cap. (INR b)/(USD b)	126/2
52-Week Range (INR)	154/111
1,6,12 Rel Perf. (%)	4 / -4 / 1

Financial Snapshot (INR b)

Y/E MARCH	2014	2015	2016E	2017E
NII	22.3	23.8	26.7	32.0
OP	14.8	16.3	18.7	23.0
NP	8.4	10.1	11.0	13.3
NIM (%)	3.3	3.3	3.2	3.1
EPS (INR)	9.8	11.7	12.8	15.5
EPS Gr. (%)	0.1	19.7	9.0	21.4
BV/Sh. (INR)	81.3	90.3	100.1	112.0
ROE (%)	12.6	13.7	13.4	14.6
ROA (%)	1.2	1.3	1.2	1.2
Payout (%)	23.7	23.2	23.2	23.2

Valuations

P/E(X)	15.1	12.6	11.6	9.5
P/BV (X)	1.8	1.6	1.5	1.3
P/ABV (X)	1.9	1.7	1.5	1.4
Div. Yield (%)	1.4	1.5	1.7	2.1

CMP: INR148

Buy

- Loan and deposit growth is expected to be 19% YoY each. The management has started eying corporate loans post consolidation in FY14/15. Focus on SME and retail loans would continue.
- We factor in a 5bp decline in NIM to 3.2% in 1Q due to management's renewed focus on high-quality corporate loans.
- Fee income growth is expected to largely follow loan book growth. Better-than-expected recoveries from written-off accounts may give a fillip to earnings.
- On a conservative basis, we factor higher credit cost of 50bp. PAT would grow 15% YoY in 1QFY16.
- FB trades at 1.3x FY17E BV and 9.5x FY17E EPS. Structural improvement in liability profile and improvement in loan growth will cushion earnings, in our view. Maintain **Buy**.

Key issues to watch out

- Outlook on asset quality in the SME segment (strong growth over the last 5-6 quarters)
- Strategy on balance sheet growth, with consolidation in corporate segment now largely over.
- Capital raising plans

Quarterly Performance

(INR Million)

	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	17,715	18,696	18,701	19,083	19,736	20,608	21,379	22,836	74,195	84,560
Interest Expense	12,073	12,638	12,829	12,851	13,365	14,033	14,594	15,822	50,391	57,813
Net Interest Income	5,642	6,058	5,872	6,232	6,371	6,576	6,785	7,014	23,804	26,747
% Change (YoY)	10.7	10.5	7.6	-0.3	12.9	8.5	15.6	12.6	6.8	12.4
Other Income	1,565	1,959	2,199	3,060	2,305	2,557	2,519	2,885	8,783	10,266
Net Income	7,208	8,017	8,071	9,292	8,676	9,132	9,304	9,899	32,587	37,012
Operating Expenses	3,692	3,919	4,097	4,601	4,353	4,618	4,466	4,912	16,309	18,348
Operating Profit	3,515	4,098	3,974	4,692	4,323	4,515	4,839	4,988	16,278	18,664
% Change (YoY)	-10.0	20.9	20.1	11.7	23.0	10.2	21.8	6.3	10.0	14.7
Other Provisions	221	457	-8	398	611	665	679	593	1,067	2,548
Profit before Tax	3,295	3,641	3,982	4,294	3,712	3,850	4,160	4,395	15,210	16,117
Tax Provisions	1,092	1,238	1,335	1,488	1,188	1,232	1,331	1,406	5,153	5,157
Net Profit	2,202	2,403	2,647	2,805	2,524	2,618	2,829	2,988	10,057	10,959
% Change (YoY)	108.4	6.4	15.0	1.2	14.6	8.9	6.9	6.5	19.9	9.0

Operating Parameters

NIM (Reported,%)	3.3	3.4	3.2	3.3					3.3	
NIM (Cal, %)	3.2	3.4	3.2	3.3	3.2	3.2	3.2	3.1	3.3	3.2
Deposit Growth (%)	8.5	13.7	13.5	18.6	19.2	19.8	21.5	20.0	18.6	20.0
Loan Growth (%)	9.1	14.8	15.3	18.1	18.5	15.6	21.3	22.0	18.1	22.0
CD Ratio (%)	72.8	75.1	73.3	72.4	72.4	72.4	73.1	73.6	72.4	73.6
CASA Ratio (%)	30.8	30.6	30.5	30.4					30.4	30.5
Tax Rate (%)	33.2	34.0	33.5	34.7	32.0	32.0	32.0	32.0	33.9	32.0

Asset Quality

Gross NPA (INR b)	10.2	10.3	10.7	10.6	11.0	11.6	11.3	11.4	10.6	11.4
Gross NPA (%)	2.2	2.1	2.2	2.0	2.1	2.1	1.9	1.8	2.0	1.8

E: MOSL Estimates

HDFC Bank

Bloomberg	HDFCB IN
Equity Shares (m)	2,506.5
M. Cap. (INR b)/(USD b)	2,676/42
52-Week Range (INR)	1,105/792
1,6,12 Rel Perf. (%)	2 / 11 / 21

Financial Snapshot (INR b)

Y/E MARCH	2015	2016E	2017E	2018E
NII	224.0	270.8	333.6	416.2
OP	174.0	207.2	255.9	319.9
NP	102.2	122.7	147.9	180.6
NIM (%)	4.6	4.5	4.5	4.6
EPS (INR)	40.8	49.0	59.0	72.1
EPS Gr. (%)	15.3	20.2	20.5	22.1
BV/Sh. (INR)	247.4	284.9	330.2	385.5
ABV/Sh. (INR)	244.9	282.1	326.5	382.0
RoE (%)	19.4	18.4	19.2	20.1
RoA (%)	1.9	1.9	1.9	1.8
Payout (%)	23.0	23.4	23.4	23.4

Valuations

P/E(X)	26.2	21.8	18.1	14.8
P/BV (X)	4.3	3.7	3.2	2.8
P/ABV (X)	4.4	3.8	3.3	2.8
Div. Yield (%)	0.7	0.9	1.1	1.4

CMP: INR1,067

Buy

- Loan growth is expected to be healthy (24% YoY), aided by improvement in growth for some retail products and continued momentum in corporate loans.
- Fee income growth will continue to lag loan growth in the near term however, expected to remain healthy at ~17% YoY led by continued traction in Retail fees.
- Cal. NIM is expected to decline 10bp QoQ, led by cut in base rate during the quarter.
- Strong operating performance (20%+ PPP growth) and healthy asset quality (GNPA to remain stable QoQ at 0.9%) would lead to 20% YoY earnings growth in 1QFY16.
- HDFCB trades at 3.2x FY17E BV and 18.1x FY17E EPS. Comfort on earnings (21%+ CAGR over FY15-18E) remains high. Maintain **Buy**.

Key issues to watch out

- Performance in retail loan portfolio—especially in segments like CV/CE, where commentary from the industry experts is positive.
- Trends in digital banking/payment industry and various initiatives by the bank
- Overall B/S growth outlook with anticipated economic recovery

Quarterly Performance

(INR Million)

	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	112,201	118,476	123,958	130,064	136,275	142,346	147,669	154,746	484,699	581,036
Interest Expense	60,485	63,366	66,959	69,932	73,429	76,733	78,268	81,844	260,742	310,274
Net Interest Income	51,716	55,110	56,999	60,132	62,846	65,613	69,401	72,902	223,957	270,762
% Change (Y-o-Y)	17.0	23.1	23.0	21.4	21.5	19.1	21.8	21.2	21.2	20.9
Other Income	18,506	20,471	25,349	25,638	21,894	24,152	27,122	28,350	89,964	101,519
Net Income	70,222	75,581	82,348	85,769	84,740	89,765	96,524	101,253	313,920	372,281
Operating Expenses	31,784	34,979	34,563	38,550	38,523	40,438	40,158	45,935	139,875	165,053
Operating Profit	38,438	40,602	47,786	47,220	46,217	49,327	56,366	55,318	174,045	207,228
% Change (Y-o-Y)	16.3	19.9	22.9	24.9	20.2	21.5	18.0	17.2	21.2	19.1
Other Provisions	4,828	4,559	5,604	5,767	6,200	6,500	6,300	5,023	20,758	24,023
Profit before Tax	33,610	36,043	42,181	41,453	40,017	42,827	50,066	50,295	153,287	183,205
Tax Provisions	11,280	12,228	14,236	13,384	13,206	14,133	16,522	16,597	51,128	60,458
Net Profit	22,330	23,815	27,945	28,069	26,812	28,694	33,544	33,697	102,159	122,747
% Change (Y-o-Y)	21.1	20.1	20.2	20.6	20.1	20.5	20.0	20.1	20.5	20.2
Operating Parameters										
NIM (Reported, %)*	4.4	4.5	4.4	4.4					4.4	
NIM (Cal, %) #	4.7	4.8	4.7	4.7	4.6	4.6	4.6	4.6	4.6	4.5
Deposit Growth (%)	22.7	24.8	18.6	22.7	23.6	22.4	22.4	22.0	22.7	22.0
Loan Growth (%)	20.7	21.8	17.0	20.6	24.1	25.5	24.2	24.0	20.6	24.0
CD Ratio (%)	83.9	83.8	83.8	81.1	84.3	85.9	85.1	82.4	81.1	0.0
CASA Ratio (%)	43.0	43.2	40.9	44.0					44.0	
Tax Rate (%)	33.6	33.9	33.8	32.3	33.0	33.0	33.0	33.0	33.4	33.0
Asset Quality										
OSRL (INR B)	6.2	3.3	3.5	3.7					3.7	
OSRL (%)	0.2	0.1	0.1	0.1					0.1	
Gross NPA (INR B)	33.6	33.6	34.7	34.4	36.6	38.8	41.0	43.3	34.4	0.0
Gross NPA (%)	1.1	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.0

E: MOSL Estimates; * Reported on total assets; # Cal. on interest earning assets;

ICICI Bank

Bloomberg	ICICIB IN
Equity Shares (m)	5,775.2
M. Cap. (INR b)/(USD b)	1,779/28
52-Week Range (INR)	393/267
1,6,12 Rel Perf. (%)	-3 / -14 / -1

Financial Snapshot (INR b)

Y/E MARCH	2015	2016E	2017E	2018E
NII	190.4	219.3	259.1	310.9
OP	197.2	225.8	264.5	317.1
NP	111.8	129.9	153.0	183.2
NIM (%)	3.4	3.4	3.4	3.5
EPS (INR)	19.3	22.4	26.4	31.6
EPS Gr (%)	13.5	16.2	17.8	19.8
BV/Sh (INR)*	116.1	132.1	150.9	173.5
ABV/Sh (INR)*	108.5	123.9	143.4	166.9
RoE (%)	15.2	15.6	16.1	17.0
RoA (%)	1.8	1.9	1.9	1.9
Payout (%)	30.1	30.2	30.2	30.2

Valuations

AP/E (x)	13.2	11.0	9.0	7.1
AP/BV (x)	2.2	1.9	1.6	1.3
AP/ABV (x)	2.3	2.0	1.6	1.3
Div. Yield (%)	1.6	1.9	2.2	2.7

* BV adj for invt in subsidiaries; Prices adj for

sub value

ICICI Bank: Quarterly Performance

(INR Million)

	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	117,669	121,506	124,352	127,385	129,973	133,751	138,780	145,046	490,911	547,550
Interest Expense	72,750	74,939	76,236	76,591	78,505	80,468	82,681	86,631	300,515	328,285
Net Interest Income	44,919	46,566	48,117	50,794	51,468	53,283	56,100	58,414	190,396	219,265
% Change (YoY)	17.6	15.2	13.1	16.6	14.6	14.4	16.6	15.0	15.6	15.2
Other Income	28,498	27,384	30,917	34,963	31,193	33,849	36,278	37,860	121,761	139,179
Net Income	73,417	73,950	79,033	85,757	82,660	87,132	92,378	96,274	312,157	358,444
Operating Expenses	28,250	26,971	28,663	31,074	31,618	31,292	33,394	36,374	114,958	132,677
Operating Profit	45,167	46,979	50,370	54,683	51,043	55,840	58,984	59,900	197,199	225,767
% Change (YoY)	18.4	20.8	13.5	22.8	13.0	18.9	17.1	9.5	18.8	14.5
Other Provisions	7,261	8,495	9,797	13,447	9,000	11,000	11,000	10,502	39,000	41,502
Profit before Tax	37,906	38,484	40,573	41,236	42,043	44,840	47,984	49,398	158,199	184,264
Tax Provisions	11,353	11,394	11,683	12,016	12,403	13,228	14,155	14,572	46,446	54,358
Net Profit	26,553	27,090	28,890	29,220	29,640	31,612	33,828	34,825	111,754	129,906
% Change (YoY)	16.8	15.2	14.1	10.2	11.6	16.7	17.1	19.2	13.9	16.2
Operating Parameters										
NIM (Cal, %)	3.3	3.4	3.4	3.5	3.4	3.5	3.5	3.5	3.4	3.4
Deposit Growth (%)	15.3	13.9	12.1	8.9	9.8	10.0	15.5	22.6	8.9	8.9
Loan Growth (%)	15.2	13.8	12.8	14.4	13.9	13.1	15.0	18.8	14.4	14.4
CASA Ratio (%)	39.5	39.5	39.3	39.9					39.9	
Tax Rate (%)	30.0	29.6	28.8	29.1	29.5	29.5	29.5	29.5	29.1	29.1
Asset Quality										
OSRL (INR b)	112.7	110.2	120.5	110.2					110.2	
OSRL (%)	3.2	3.0	3.2	2.8					2.8	
Gross NPA (INR b)	108.4	115.5	130.8	150.9	160.9	167.9	170.4	171.6	150.9	171.6
Gross NPA (%)	3.1	3.1	3.4	3.8	4.0	4.0	3.9	3.6	3.8	3.6

E: MOSL Estimates

CMP: INR308

Buy

- Loan growth is expected to remain moderate at ~14% YoY (14.4% in 4QFY15). Retail loan growth has picked up over the last year and is expected to remain a key driver of loan growth.
- Margin is expected to decline ~10bp QoQ to 3.5%, led by cut in lending rates and higher base on account of interest on IT refund. NII is expected to grow 1% QoQ and 15% YoY.
- Fee income/non-interest income is expected grow 11%/10% YoY. We build in a gradual pickup in fee income as the loan growth picks up towards FY16-end.
- Gross slippages are expected to remain elevated in 1QFY16. Relapse from restructured loans remains a key monitorable. The management mentioned a restructuring pipeline of INR15b in 4QFY15 earnings conference call.
- We factor a credit cost of 85bp. PAT is expected to grow ~12% YoY.
- ICICIB trades at 1.6x FY17E BV and 9x FY17E EPS. We expect earnings CAGR of 18% over FY15-18E v/s 17% balance sheet CAGR. Maintain

Key issues to watch out

- Plan to monetize insurance venture stake
- Overall view on near-term asset quality—trend on relapse from restructured book

Indian Bank

Bloomberg	INBK IN
Equity Shares (m)	464.8
M. Cap. (INR b)/(USD b)	65/1
52-Week Range (INR)	224/132
1,6,12 Rel Perf. (%)	-15 / -37 / -32

Financial Snapshot (INR b)

Y/E MARCH	2015	2016E	2017E	2018E
NII	44.6	47.1	54.7	62.8
OP	30.1	31.3	37.4	43.6
NP	10.1	11.2	15.1	19.0
NIM (%)	2.6	2.5	2.6	2.6
EPS (INR)	20.9	23.2	31.4	39.5
EPS Gr. (%)	-16.1	11.1	34.9	25.9
BV/Sh. (INR)	261.5	279.3	303.3	333.6
ABV/Sh (INR)	215.6	240.1	262.0	292.4
RoE (%)	8.3	8.6	10.8	12.4
RoA (%)	0.5	0.6	0.7	0.7
Div. Payout%	23.3	23.2	23.2	23.2

Valuations

P/E (x)	6.7	6.1	4.5	3.6
P/ BV (x)	0.5	0.5	0.5	0.4
P/ABV (x)	0.7	0.6	0.5	0.5
Div. Yield (%)	3.0	3.3	4.5	5.6

CMP: INR141

Buy

- We factor in a marginal uptick in loan growth at 8% YoY from 5% in 4QFY15. Deposits are expected to grow at 11% YoY. As a result, CD ratio is expected to decline ~200bp QoQ to ~74%.
- Fee income is expected to be subdued on lower corporate loan growth. Trading gains and recovery from written off accounts can surprise positively on a lower base.
- Asset quality would continue to remain a key monitorable. We factor a slippage ratio of 3.1% versus 3.5% in 4QFY15.
- PPP growth is expected in higher double digits driven by non-interest income and lower opex. However, elevated credit costs (1.1%) will restrict PAT growth to ~4% YoY.
- INBK trades at 0.5x FY17E BV and 4.5x FY17E EPS. We believe valuations largely factor the negatives. Maintain **Buy**.

Key issues to watch out

- **Business growth outlook.** Asset quality remains a key monitorable.
- **View on margins with an improvement in liquidity and lower interest rates.**

Quarterly Performance

(INR Million)

	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	39,288	40,041	39,637	39,564	40,292	40,952	41,625	42,461	158,529	165,331
Interest Expense	28,568	28,277	28,587	28,484	28,912	29,490	29,785	29,996	113,917	118,183
Net Interest Income	10,720	11,764	11,050	11,079	11,380	11,462	11,840	12,465	44,613	47,148
% Change (Y-o-Y)	-2.3	7.6	1.3	2.8	6.2	-2.6	7.1	12.5	2.3	5.7
Other Income	2,152	3,363	3,578	4,541	3,169	3,801	4,045	4,316	13,634	15,331
Net Income	12,872	15,126	14,628	15,620	14,550	15,264	15,886	16,780	58,246	62,480
Operating Expenses	6,502	7,477	6,682	7,448	7,041	7,687	7,685	8,797	28,109	31,210
Operating Profit	6,370	7,649	7,945	8,172	7,509	7,577	8,201	7,983	30,137	31,270
% Change (Y-o-Y)	-25.9	8.4	25.7	16.2	17.9	-0.9	3.2	-2.3	1.6	7.3
Other Provisions	3,256	2,866	3,703	5,626	4,345	3,663	3,558	3,286	15,451	14,852
Profit before Tax	3,114	4,783	4,243	2,547	3,164	3,914	4,643	4,696	14,686	16,418
Tax Provisions	1,042	1,640	1,467	485	1,012	1,252	1,486	1,503	4,635	5,254
Net Profit	2,072	3,143	2,775	2,062	2,152	2,661	3,157	3,193	10,052	11,164
% Change (Y-o-Y)	-34.7	2.8	4.9	-24.0	3.9	-15.3	13.8	54.9	-13.3	11.1
Operating Parameters										
NIM (Rep, %)	2.4	2.7	2.5	2.5					2.5	
NIM (Cal, %)	2.5	2.8	2.6	2.5	2.6	2.6	2.6	2.6	2.6	2.6
Deposit Growth (%)	3.8	8.1	2.5	4.3	11.1	6.7	11.2	10.0	4.3	10.0
Loan Growth (%)	7.2	6.7	6.8	3.0	7.6	10.0	11.6	12.0	3.0	12.0
CD Ratio (%)	75.7	72.2	74.7	76.1	73.7	74.5	75.2	77.4	76.1	76.1
CASA Ratio (%)	29.2	28.8	29.7	29.7					29.7	
Tax Rate (%)	33.5	34.3	34.6	19.1	32.0	32.0	32.0	32.0	31.6	32.0
Asset Quality										
OSRL (INR b)	93.1	97.3	97.6	99.4					99.4	
OSRL (%)	8.0	8.3	8.2	7.9					7.9	
Gross NPA (INR b)	47.2	50.0	54.6	56.7	58.7	59.7	58.6	58.0	56.7	58.0
Gross NPA (%)	4.0	4.2	4.6	4.4	4.6	4.6	4.3	4.0	4.4	4.0

E: MOSL Estimates

Indusind Bank

Bloomberg	IIB IN
Equity Shares (m)	525.6
M. Cap. (INR b)/(USD b)	458/7
52-Week Range (INR)	967/528
1,6,12 Rel Perf. (%)	0 / 8 / 43

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
NII	28.9	34.1	42.1	53.0
OP	26.0	31.2	39.5	49.2
NP	14.1	18.1	23.0	28.7
NIM (%)	3.9	3.9	4.0	4.0
EPS (INR)	26.8	34.4	43.7	54.7
EPS Gr. (%)	32.0	28.5	27.1	25.0
BV/Sh. (INR)	164.5	192.9	229.0	274.1
RoE (%)	17.5	19.3	20.7	21.7
RoA (%)	1.8	1.9	2.0	2.0
Payout (%)	17.9	17.5	17.5	17.5

Valuations

P/E (X)	34.2	26.6	20.9	16.8
P/BV (X)	5.6	4.8	4.0	3.3
Div. Yield (%)	0.4	0.6	0.7	0.9

CMP: INR872

Buy

- Loan/deposit growth is expected to remain strong at ~23/21% during 1QFY16. Pick-up in CV/CFD growth would remain a key monitorable.
- NIMs are expected to be stable QoQ at ~3.5%, led by fall in COF and stable/improving yield on assets.
- Forex and investment banking are likely to be the key drivers of fee growth (+21% YoY). Overall non-interest income growth is expected at 17% during the quarter.
- Our conservative assumptions on operating expenses result in PPP growth of ~16% YoY, though strong asset quality (in turn, lower credit cost) will keep earnings growth strong at ~24% YoY.
- IIB trades at 3.3x FY17E BV and 16.8x FY17E EPS (without factoring dilution), with best-in-class RoA of ~2% and RoE of 20%+. Delay in CV cycle revival and sharp moderation in fees remain the key risks to our estimates. Maintain **Buy**.

Key issues to watch out

- Uptick in CV/CE demand will be the key for CFD growth
- Corporate asset quality will be the key monitorable
- Digital banking initiatives
- Traction in SA deposit growth as the bank has lowered SA rates

Quarterly Performance

(INR Million)

	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	22,973	23,788	24,370	25,790	26,826	27,991	29,258	30,594	96,920	114,669
Interest Expense	14,967	15,457	15,756	16,538	17,034	17,119	17,205	17,495	62,717	68,853
Net Interest Income	8,007	8,331	8,614	9,251	9,792	10,872	12,053	13,099	34,203	45,815
% Change (YoY)	17.8	19.0	18.0	18.4	22.3	30.5	39.9	41.6	18.3	34.0
Other Income	5,764	5,583	6,108	6,585	6,725	7,125	7,575	8,691	24,039	30,116
Net Income	13,770	13,914	14,721	15,836	16,517	17,997	19,628	21,789	58,241	75,931
Operating Expenses	6,278	6,667	6,983	7,331	7,808	8,270	8,725	9,174	27,259	33,976
Operating Profit	7,492	7,247	7,738	8,505	8,709	9,727	10,903	12,616	30,982	41,955
% Change (YoY)	16.8	23.3	19.5	18.3	16.2	34.2	40.9	48.3	19.3	35.4
Other Provisions	1,104	732	980	1,074	850	1,050	1,350	1,787	3,891	5,037
Profit before Tax	6,388	6,515	6,758	7,431	7,859	8,677	9,553	10,829	27,092	36,918
Tax Provisions	2,177	2,213	2,286	2,478	2,633	2,907	3,200	3,628	9,155	12,368
Net Profit	4,211	4,302	4,471	4,953	5,226	5,770	6,353	7,201	17,937	24,551
% Change (YoY)	25.7	30.3	28.9	25.1	24.1	34.1	42.1	45.4	27.4	36.9
Operating Parameters										
NIM (Reported,%)	3.7	3.6	3.7	3.7					3.7	
NIM (Cal, %)	3.6	3.6	3.6	3.5	3.5	3.8	4.0	4.1	3.8	4.2
Deposit Growth (%)	14.8	24.4	23.3	22.5	20.7	22.7	23.7	17.0	22.5	17.0
Loan Growth (%)	23.7	22.4	21.7	24.8	23.1	28.4	28.3	27.0	24.8	27.0
CASA Ratio (%)	33.3	33.9	34.1	34.1					34.1	38.6
Asset Quality										
OSRL (INR b)	2.3	3.1	3.5	3.6					3.6	
OSRL (%)	0.4	0.5	0.6	0.5					0.5	
Gross NPA (INR b)	6.5	6.5	6.7	5.6	6.1	6.5	6.8	3.9	5.6	3.9
Gross NPA (%)	1.1	1.1	1.1	0.8	0.8	0.8	0.8	0.4	0.8	0.4

E: MOSL Estimates; Quarterly calculated margins based on total assets, yearly on interest earning assets

Kotak Mahindra Bank

Bloomberg	KMB IN
Equity Shares (m)	770.3
M. Cap. (INR b)/(USD b)	1069/17
52-Week Range (INR)	1474/847
1,6,12 Rel Perf. (%)	-1 / 9 / 47

Financial Snapshot (INR b)

Y/E MARCH	2015	2016E	2017E	2018E
NII	61.8	74.1	88.2	106.1
OP	42.2	50.0	62.4	76.3
NP	24.8	28.7	36.2	44.2
Cons. NP	36.6	43.1	53.2	64.6
NIM (%)	4.1	4.2	4.2	4.1
Cons. EPS		47.3	58.4	70.9
EPS Gr. (%)			23.5	21.4
Cons. BV.	0.0	371.1	428.2	497.5
Cons. RoE (%)	13.1	13.6	14.6	15.3
RoA (%)	1.5	1.5	1.6	1.6
Payout (%)	3.5	3.5	3.5	3.5

Valuations

P/E(X) (Cons.)	29.4	23.8	19.6	
P/BV (X)	3.7	3.2	2.8	
Div. Yield (%)	0.1	0.1	0.1	
NII	61.8	74.1	88.2	106.1

CMP: INR1,388

Neutral

Lending business

- During this quarter, the bank would be disclosing the merged numbers (KMB+VYSB) for the first time. Despite integration hiccups, we expect standalone bank to sustain 20%+ loan and deposit growth for this quarter.
- Margins are expected to slightly come off in 1Q, with lower-margin VYSB business being merged with KMB. Credit cost is expected to be ~40bp.
- Profit from the lending business is expected to increase 15%+ YoY. Notably, the standalone bank PAT growth would be lower at 12% YoY.

Capital market and asset management businesses

- Profitability of Kotak Securities is expected to be strong on a YoY basis, with improving capital market volumes.
- The asset management business is expected to report a profit of INR55m in 1Q (reported a loss in recent quarters due to higher distribution commissions). Maintain **Neutral**.

Key issues to watch out

- Total cost of KMB-VYSB integration
- Insurance monetization plans in the wake of higher FDI in the sector
- Performance of its subsidiary businesses and their contribution to the overall profit

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Kotak Bank (Std – Incl VYSB)										
Net Interest Income	14,653	15,358	15,511	16,279	16,831	17,686	18,582	20,963	61,800	74,061
% Change (Y-o-Y)					14.9	15.2	19.8	28.8		19.8
Operating Profit	9,795	10,533	10,177	11,704	11,056	11,851	12,213	14,894	42,208	50,014
% Change (Y-o-Y)					12.9	12.5	20.0	27.3		18.5
Net Profit	5,732	6,247	6,102	6,696	6,429	7,052	7,279	7,892	24,776	28,652
% Change (Y-o-Y)					12.2	12.9	19.3	17.9		15.6
Other Businesses										
Kotak Prime	1,200	1,250	1,200	1,430	1,400	1,450	1,400	1,516	5,077	5,766
Kotak Mah. Investments	170	250	240	400	320	350	340	443	1,060	1,453
Kotak Mah. Capital Co	-40	-70	-60	300	40	40	40	41	120	161
Kotak Securities	680	660	600	960	800	850	900	984	2,900	3,534
International subs	70	130	140	180	135	135	135	130	510	535
Kotak Mah. AMC & Trustee Co.	0	-10	-100	-180	55	70	70	72	-290	267
Kotak Investment Advisors	80	40	20	110	85	75	75	75	260	310
Kotak OM Life Insurance	490	520	510	760	529	562	561	867	2,290	2,519
Con.adj and MI	30	-40	-30	-95	-30	-30	-30	-35	-132	-125
Conso. PAT	8,412	8,977	8,622	10,560	9,764	10,554	10,770	11,985	36,571	43,073
% Change (Y-o-Y)	4.8	18.2	13.7	31.6	16.1	17.6	24.9	13.5		17.8

E: MOSL Estimates, Quarterly numbers vary from full year number due to difference in reporting; FY15 proforma merged numbers with VYSB; 4QFY15 VYSB numbers not reported – thus MOSL estimates.

Punjab National Bank

Bloomberg	PNB IN
Equity Shares (m)	1,854.6
M. Cap. (INR b)/(USD b)	258/4
52-Week Range (INR)	232/130
1,6,12 Rel Perf. (%)	-9 / -38 / -39

Financial Snapshot (INR b)

Y/E MARCH	2015	2016E	2017E	2018E
NII	166	174.6	205.4	233.7
OP	120	128.2	155.8	180.8
NP	31	37.1	51.4	63.0
NIM (%)	3.1	3.0	3.1	3.1
EPS (INR)	17	20.0	27.7	34.0
EPS Gr. (%)	-10.6	21.1	38.6	22.6
BV/Sh. (INR)	203	220.6	245.1	275.1
ABV/Sh. (INR)	145	166.3	193.9	232.5
RoE (%)	8.5	9.4	11.9	13.1
RoA (%)	0.5	0.6	0.7	0.8
Payout (%)	23.2	11.6	11.6	11.6

Valuations

P/E(X)	8.4	7.0	5.0	4.1
P/BV (X)	0.7	0.6	0.6	0.5
P/ABV (X)	1.0	0.8	0.7	0.6
Div. Yield (%)	2.4	1.4	2.0	2.4

CMP: INR139

Buy

- Loan growth is expected to be 9% YoY, partially driven by higher risk aversion. Deposits growth is expected to be ~14% in 1QFY16.
- NII is expected to decline 8% YoY led by higher interest reversals and growth in safer assets. NIMs is expected to largely remain stable QoQ at ~2.9% (+5bp)
- Given the subdued economic environment, fee income growth is likely to remain in higher single digits. Overall non-interest income is expected to grow 16% YoY.
- Slippages have been volatile and at high levels over the last 7-8 quarters. We factor a slippage ratio of 5% and credit cost of ~2%.
- PPP is expected to 10% YoY while, higher credit cost will lead to a 50%+ decline net profit.
- Healthy core NIM, CET1 of 8%+ are certain positives for PNB. Valuations remain attractive. Maintain **Buy**.

Key issues to watch out

- Balance sheet growth and traction in focus loan segments.
- Margins and traction in fee income.
- Outlook on asset quality as net stressed loans remain one of the highest in the industry.
- Any clarity on appointment of CEO and MD.

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	115,887	114,621	116,141	116,505	118,731	122,352	126,748	133,586	463,154	501,417
Interest Expense	72,090	73,109	73,810	78,589	78,546	80,007	82,497	85,752	297,598	326,801
Net Interest Income	43,797	41,512	42,331	37,916	40,185	42,346	44,251	47,834	165,556	174,616
% Change (YoY)	12.1	3.4	0.3	-5.3	-8.2	2.0	4.5	26.2	2.5	5.5
Other Income	12,364	15,584	12,908	18,051	14,370	14,634	16,434	19,620	58,907	65,059
Net Income	56,161	57,096	55,239	55,967	54,556	56,980	60,686	67,454	224,463	239,676
Operating Expenses	24,908	28,335	27,732	23,940	26,425	27,579	27,625	29,894	104,915	111,523
Operating Profit	31,253	28,760	27,507	32,027	28,131	29,401	33,060	37,560	119,548	128,152
% Change (YoY)	5.1	13.5	1.8	0.9	-10.0	2.2	20.2	17.3	5.0	7.2
Other Provisions	9,276	17,679	14,678	38,342	19,479	18,871	17,977	17,304	79,975	73,631
Profit before Tax	21,977	11,081	12,830	-6,315	8,652	10,530	15,084	20,256	39,573	54,522
Tax Provisions	7,926	5,328	5,084	-9,381	2,769	3,370	4,827	6,482	8,957	17,447
Net Profit	14,051	5,753	7,746	3,066	5,883	7,161	10,257	13,774	30,616	37,075
% Change (YoY)	10.2	13.8	2.5	-62.0	-58.1	24.5	32.4	349.3	-8.4	21.1
Operating Parameters										
NIM (Rep, %)	3.4	3.2	3.2	2.8					3.2	
NIM (Cal, %)	3.4	3.2	3.2	2.8	2.9	3.0	3.1	3.2	3.1	3.0
Deposit Growth (%)	12.1	16.7	15.1	11.1	13.8	9.1	9.4	11.0	11.1	11.0
Loan Growth (%)	13.9	13.8	11.1	9.0	9.0	8.2	10.8	12.0	9.0	12.0
CD Ratio (%)	78.1	75.4	74.9	75.9	74.8	74.8	75.9	76.6	75.9	76.6
Dom. CASA Ratio (%)	39.9	39.9	39.4	40.6						
Tax Rate (%)	36	48	40	149	32	32	32	32	23	32
Asset Quality										
Gross NPA (INR B)	196	208	222	257	275	286	277	259	257	259
Gross NPA (%)	5.4	5.7	6.0	6.6	7.1	7.2	6.7	5.9	6.6	5.9

E: MOSL Estimates

State Bank of India

Bloomberg	SBIN IN
Equity Shares (m)	7,465.7
M. Cap. (INR b)/(USD b)	1,962/31
52-Week Range (INR)	336/235
1,6,12 Rel Perf. (%)	-5 / -17 / -11

Financial Snapshot (INR b)

Y/E MARCH	2015	2016E	2017E	2018E
NII	550	587	674	778
OP	389	410	485	576
NP	131	149	189	242
NIM (%)	3.1	3.0	3.0	3.0
EPS (INR)	22.8	25.9	32.3	42.7
EPS Gr. (%)	19.9	13.8	24.9	31.9
Cons. BV (INR)	207	228	255	289
Cons ABVINR	172	194	224	263
RoE (%)	10.9	11.1	12.9	14.8
RoA (%)	0.7	0.7	0.8	0.9
Div. Payout,%	16.9	18.6	18.6	18.5

Valuations

Cons. P/E (x)	11.1	9.8	7.8	5.9
Cons. P/BV (x)	1.2	1.1	1.0	0.9
Cons P/ABV(x)	1.5	1.3	1.1	1.0
Div. Yield (%)	1.3	1.6	2.0	2.6

CMP: INR263

Buy

- Loan growth is expected to be moderate (~9.5%) in 1QFY16 due to lack of corporate loan demand (5% YoY as of May 2015).
- NIM is expected to decline ~30bp QoQ at 3.05%, led by (a) one-off interest income on IT refund in 4QFY15 and (b) impact of ~25bp cut in lending rates.
- Non-Interest income is expected to grow 15% YoY; however, it will decline 43% QoQ—led by exceptionally high trading gains and dividend income.
- We have factored a slippage ratio of 2.75% (1.6% in 4QFY15) and credit cost of 1.1% (1.5% in 4QFY15).
- Absence of one off provisions for employee expenses to result in 9% growth in opex in 1QFY16. We expect PAT to largely remain flat YoY.
- Stock trades at 1x FY17E BV and 7.8x FY17E EPS. The stock remains our best bet in PSU Banking space. Maintain **Buy**.

Key issues to watch out

- Capital raising plans through equity or AT1 bonds
- Growth outlook and key focus segments for growth
- Outlook on opex control and fee income growth
- Performance on asset quality – slippage from restructured loans going forward

Quarterly performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	132,522	132,746	137,766	147,118	138,117	143,485	148,529	157,359	550,153	587,491
% Change (YoY)	15.1	8.4	9.2	14.0	4.2	8.1	7.8	7.0	11.6	6.8
Other Income	42,521	45,708	52,378	85,153	48,906	52,557	56,959	86,500	225,759	244,922
Net Income	175,043	178,454	190,144	232,270	187,024	196,043	205,487	243,859	775,911	832,413
Operating Expenses	87,166	94,234	97,200	108,177	94,992	102,821	106,176	118,017	386,776	422,007
Operating Profit	87,877	84,219	92,945	124,094	92,031	93,222	99,311	125,842	389,135	410,406
% Change (YoY)	16.4	33.4	22.0	16.8	4.7	10.7	6.8	1.4	21.2	5.5
Other Provisions	34,967	42,750	52,349	65,929	41,929	40,785	44,897	61,332	195,995	188,944
Profit before Tax	52,910	41,469	40,596	58,165	50,102	52,437	54,414	64,510	193,140	221,462
Tax Provisions	19,419	10,465	11,495	20,744	16,283	17,042	17,684	20,966	62,124	71,975
Net Profit	33,491	31,004	29,101	37,420	33,819	35,395	36,729	43,544	131,016	149,487
% Change (YoY)	3.3	30.5	30.2	23.1	1.0	14.2	26.2	16.4	20.3	14.1
Operating Parameters										
NIM (Cal, %)	3.3	3.2	3.2	3.3	3.0	3.1	3.1	3.2	3.1	3.0
Deposit Growth (%)	12.8	14.0	11.9	13.1	13.3	12.4	14.1	11.5	13.1	11.5
Loan Growth (%)	13.0	9.7	7.3	7.5	9.5	10.7	13.0	12.0	7.5	12.0
CASA Ratio (%)	43.5	42.8	42.6	42.9					41.7	42.1
Tax Rate (%)	36.7	25.2	28.3	35.7	32.5	32.5	32.5	32.5	32.2	32.5
Asset Quality										
OSRL (INR B)	422	440	465	558					558	
OSRL (%)	3.5	3.6	3.8	4.3					4.3	
Gross NPA (INR B)	604	607	620	567	605	628	622	596	567	596
Gross NPA (%)	4.9	4.9	4.9	4.3	4.5	4.6	4.4	4.3	4.3	4.3

E: MOSL Estimates

Union Bank of India

Bloomberg	UNBK IN
Equity Shares (m)	630.3
M. Cap. (INR b)/(USD b)	93/1
52-Week Range (INR)	254/130
1,6,12 Rel Perf. (%)	-15 / -39 / -48

Financial Snapshot (INR b)

Y/E MARCH	2015	2016E	2017E	2018E
NII	84	91	107	123
OP	58.2	61.1	71.3	82.2
NP	17.8	20.4	26.4	33.0
NIM (%)	2.5	2.4	2.5	2.5
EPS (INR)	27.9	32.0	41.5	52.0
EPS Gr. (%)	4.4	14.6	29.5	25.4
BV/Sh. (INR)	288	314	348	391
ABV/Sh. (INR)	211	241	279	321
RoE (%)	10.1	10.6	12.5	14.1
RoA (%)	0.5	0.5	0.6	0.6
Div. Payout %	24.9	17.4	17.4	17.4

Valuations

P/E(X)	5.3	4.6	3.6	2.8
P/BV (X)	0.5	0.5	0.4	0.4
P/ABV (X)	0.7	0.6	0.5	0.5
Div. Yield (%)	4.1	3.3	4.2	5.3

Quarterly Performance

	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	78,562	79,434	80,438	82,406	82,937	83,951	86,182	89,915	320,840	342,985
Interest Expense	57,390	58,589	59,225	61,196	61,808	62,117	63,049	64,809	236,401	251,782
Net Interest Income	21,172	20,844	21,212	21,211	21,129	21,834	23,134	25,106	84,439	91,203
% Change (YoY)	10.9	6.6	8.0	3.4	-0.2	4.7	9.1	18.4	7.2	8.0
Other Income	6,914	8,113	8,772	11,431	7,176	8,769	9,899	11,820	35,230	37,664
Net Income	28,086	28,958	29,985	32,641	28,305	30,603	33,033	36,926	119,669	128,867
Operating Expenses	14,366	15,618	15,331	16,118	15,728	17,151	16,880	18,032	61,434	67,791
Operating Profit	13,719	13,339	14,653	16,523	12,578	13,452	16,153	18,894	58,235	61,076
% Change (YoY)	-2.8	8.9	16.1	25.2	-8.3	0.8	10.2	14.3	11.6	4.9
Other Provisions	3,928	7,854	8,519	10,099	7,484	7,438	7,680	8,536	30,401	31,139
Profit before Tax	9,791	5,485	6,134	6,423	5,093	6,013	8,473	10,357	27,834	29,937
Tax Provisions	3,150	1,772	3,110	1,986	1,630	1,924	2,711	3,314	10,017	9,580
Net Profit	6,641	3,713	3,024	4,438	3,463	4,089	5,762	7,043	17,816	20,357
% Change (YoY)	18.5	78.4	-13.3	-23.4	-47.8	10.1	90.5	58.7	5.0	14.3

Operating Parameters

NIM (Reported,%)	2.6	2.5	2.5	2.4					2.5	
NIM (Cal, %)	2.5	2.5	2.5	2.4	2.4	2.4	2.5	2.6	2.5	2.4
Deposit Growth (%)	9.5	4.6	9.7	6.4	7.1	9.8	9.0	13.0	6.4	13.0
Loan Growth (%)	17.8	9.7	8.3	11.6	8.2	9.9	12.8	13.0	11.6	13.0
CD Ratio (%)	78.7	79.4	77.2	80.7	79.5	79.5	79.9	80.7	80.7	80.7
CASA Ratio (%)	29.1	28.7	28.7	29.2					29.2	
Tax Rate (%)	32.2	32.3	50.7	30.9	32.0	32.0	32.0	32.0	36.0	32.0

Asset Quality

OSRL (INR b)	119.7	126.0	123.5	136.6					136.6	
OSRL (%)	5.0	5.2	5.0	5.2					5.2	
Gross NPA (INR b)	102.3	114.6	126.0	130.3	134.5	138.7	140.9	140.1	130.3	140.1
Gross NPA (%)	4.3	4.7	5.1	5.0	5.2	5.2	5.0	4.7	5.0	4.7

E: MOSL Estimates

CMP: INR147

Buy

- Deposit and loan growth is expected to be modest at 7%/8% YoY. Retail, Agri and SME are likely to be key drivers of growth.
- Margin is expected to remain stable QoQ and we expect NII growth to trail loan book growth and is likely to be flat on a YoY basis.
- Subdued economic environment would result in muted growth in fee income. Overall non-interest income is expected to grow at 4% YoY.
- Asset quality performance remains a key monitorable. We factor a conservative slippage ratio of 2.9% (2.7% in 4QFY15).
- PPP is expected to decline by 8% YoY, while elevated credit costs (1% vs. 1.3% in 4QFY15) would result in ~50% YoY decline in net profit.
- Asset quality performance of UNBK over the last few quarters has been inline with BOB and significantly better than other PSU peers. We expect this trend to continue. The stock trades at 0.4x FY17E BV and 3.6x FY17E EPS. Maintain **Buy**.

Key issues to watch out

- Plans to prop up CET1 (~7% as of FY15)
- CASA ratio and margins are on a continuous decline. Trends and efforts to improve the same need to be watched.
- Outlook on balance sheet growth, slippages and restructuring.
- Strategy to improve fee income performance.

Yes Bank

Bloomberg	YES IN
Equity Shares (m)	417.7
M. Cap. (INR b)/(USD b)	352/6
52-Week Range (INR)	910/502
1,6,12 Rel Perf. (%)	-4 / 8 / 46

Financial Snapshot (INR b)

Y/E MARCH	2015	2016E	2017E	2018E
NII	34.9	44.1	54.2	66.3
OP	32.5	41.1	51.9	64.9
NP	20.1	25.3	32.3	40.2
NIM (%)	3.1	3.2	3.1	3.1
EPS (INR)	48.0	60.6	77.2	96.1
EPS Gr. (%)	7.0	26.2	27.5	24.5
BV/Sh. (INR)	279.6	328	389	466
ABV/Sh. (INR)	278.2	326	386	463
RoE (%)	21.3	19.9	21.5	22.5
RoA (%)	1.6	1.7	1.7	1.7
Div. Payout %	21.8	20.3	20.3	20.3

Valuations

P/E(X)	17.6	13.9	10.9	8.8
P/BV (X)	3.0	2.6	2.2	1.8
P/ABV (X)	3.0	2.6	2.2	1.8
Div. Yield (%)	1.1	1.3	1.6	2.0

CMP: INR843

Buy

- Loan growth is expected to be much above the industry average at 30%+ YoY on the back of refinancing and strong growth in retail banking.
- NIMs are expected to improve marginally to 3.4% on the back of fall in cost of funds and sticky lending rates. NII growth is expected to be healthy at 40% YoY.
- Non-interest income growth is expected to be 23% YoY, led by strong growth from third-party distribution and continued momentum in financial advisory.
- YES has maintained its asset quality performance despite a challenging macro-economic environment. We expect this trend to continue.
- YES trades at 2.2x FY17E BV and 10.9x FY17E EPS. Return ratios, too, remain strong (RoA of 1.7% and RoE of 21%+). Maintain **Buy**.

Key issues to watch out

- Implementation of retail strategy on both assets and liability side
- Guidance on operating expenses and branch rollout plan
- Digital banking initiatives

Quarterly Performance

(INR Million)

	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	26,796	28,322	29,717	30,884	33,204	34,355	35,799	38,420	115,720	141,777
Interest Expense	19,343	19,760	20,626	21,113	22,802	23,714	24,663	26,495	80,842	97,674
Net Interest Income	7,453	8,562	9,090	9,771	10,401	10,640	11,136	11,925	34,878	44,103
% Change (Y-o-Y)	13.1	27.4	36.6	35.8	39.6	24.3	22.5	22.1	28.4	26.4
Other Income	4,136	5,056	5,368	5,904	5,100	5,700	6,700	8,007	20,465	25,507
Net Income	11,589	13,618	14,458	15,675	15,501	16,340	17,836	19,932	55,343	69,610
Operating Expenses	5,267	5,449	5,831	6,300	6,569	6,834	7,425	7,731	22,847	28,559
Operating Profit	6,322	8,169	8,627	9,375	8,933	9,506	10,411	12,201	32,496	41,051
% Change (Y-o-Y)	-7.0	14.6	40.3	37.8	41.3	16.4	20.7	30.1	20.9	26.3
Other Provisions	237	1,195	699	1,264	850	850	850	1,832	3,395	3,395
Profit before Tax	6,085	6,974	7,929	8,111	8,083	8,656	9,561	10,369	29,101	37,656
Tax Provisions	1,769	2,151	2,526	2,602	2,506	2,683	2,964	3,214	9,047	11,367
Net Profit	4,315	4,823	5,403	5,510	5,577	5,973	6,597	7,155	20,054	26,289
% Change (Y-o-Y)	7.7	30.0	30.0	28.1	29.2	23.8	22.1	29.9	24.0	31.1
Operating Parameters										
NIM (Reported,%)	3.0	3.2	3.2	3.2					3.2	
NIM (Cal, %)	3.0	3.3	3.3	3.3	3.4	3.3	3.3	3.3	3.1	3.2
Deposit Growth (%)	16.6	18.6	21.0	22.9	24.6	25.4	31.8	29.0	22.9	29.0
Loan Growth (%)	23.2	30.0	32.4	35.8	33.2	34.3	35.0	30.0	35.8	30.0
Customer assets growth (%)	16.4	17.2	23.0	25.1					25.1	
CASA Ratio (%)	22.3	22.5	22.6	23.1					23.1	24.0
Asset Quality										
Gross NPA (INR B)	2.0	2.2	2.8	3.1	3.6	4.1	4.6	4.9	3.1	4.9
Gross NPA (%)	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.4	0.5	0.4

E: MOSL Estimates

Financials - NBFCs

Company name

Bajaj Finance

Dewan Housing

HDFC

IDFC

Indiabulls Housing

LIC Housing Fin

M & M Financial

Power Finance Corp

Repco Home Fin

Rural Electric. Corp.

Shriram Transport Fin.

Seasonally weak quarter

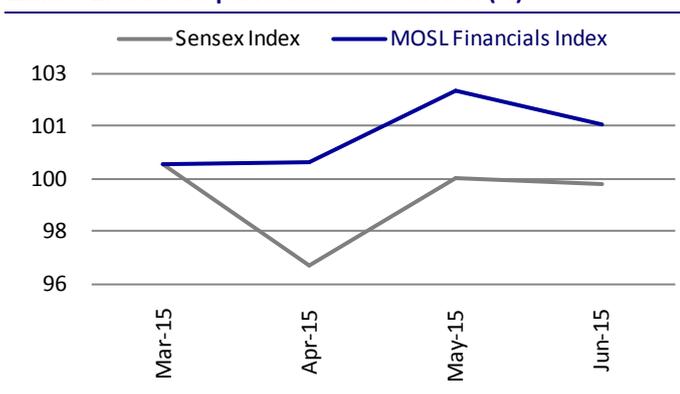
Asset quality remains key monitorable

- We expect the NBFCs under our coverage to deliver 8.8% YoY PAT growth. For retail NBFCs, the quarter would be marred by seasonal weakness, translating into lower growth and margin contraction. However, timely onset of monsoon and sharper focus on recoveries would lead to above trend-line performance on asset quality. Improving macroeconomic environment, stable liquidity, easing wholesale rates and reduction in base rates by banks are the key positives.
- While wholesale rates have been cooling off in the last three quarters, the RBI has also cut its policy rates by another 25bp during the quarter, following 50bp cut in 4QFY15, taking the repo rate to 7.25%. Banks have also started cutting base rates and its impact is likely to flow in from ensuing quarters. This would auger well for asset finance NBFCs with higher share of bank borrowings (MMFS, SHTF, BAF) and high fixed rate loans, whose margins should expand 5-10bp. For HFCs like HDFC and LICHF, fall in cost of funds would be compensated by lower incremental yields on loans, as they would have to cut lending rates due to stiff competition from banks. However, DEWH and IHFL would benefit, as both have 60% bank funding and lower competitive pressures.
- **Housing finance companies:** HFCs are expected to deliver 15-18% growth on the back of healthy growth in the individual segment. Seasonality would impact QoQ asset quality and disbursement growth. Margins could come under pressure, as HFCs have reduced lending rates, as banks have reduced their base rates following rate cuts by the RBI.
- **Infrastructure finance companies:** Outlook for the infrastructure financing segment is improving, with the new government working to remove bottlenecks for stalled projects and clearing several new projects. Near-term performance is likely to be muted, as the initiatives would deliver results with a lag. However, the reforms initiated for DISCOMs are showing results and are a relief for state-owned NBFCs like RECL and POWF. The successful completion of coal block auctions and new gas policy to ensure 30% PLF should resolve the critical fuel supply issue for the Power sector. Among the infrastructure finance companies, we expect growth to remain healthy at 19%+ for RECL and 13%+ for POWF. IDFC is likely to continue reporting YoY decline in profits due to its transition into a bank. Loan growth guidance in the wake of run-down of book due to the transition to a bank would be a key monitorable.
- **Asset finance companies:** Retail asset finance companies (AFCs) delivered strong performance both in terms of growth and asset quality during the last cycle. Among the AFCs under our coverage, we expect BAF to report healthy AUM growth and stable asset quality, with the seasonality factor playing out. While SHTF is likely to deliver lower growth due to a gradual pick-up in the CV segment, margins are likely to improve during the quarter; performance of the equipment financing arm would remain the key monitorable. For MMFS asset quality will be a key monitorable, in our view sharp focus on recoveries coupled with timely onset of monsoon can help company deliver above trend-line performance on asset quality. MMFS is our preferred pick in this segment.

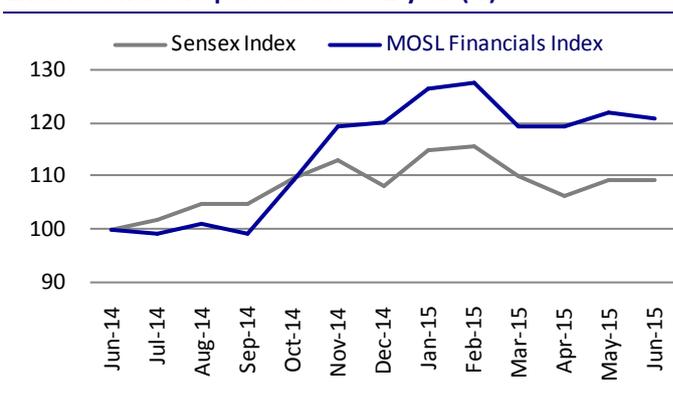
Exhibit 1: Expected quarterly performance summary (INR m)

Sector	CMP (INR)	RECO	Net Interest Income			Operating Profit			Net Profit			
			Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ	
NBFC												
Bajaj Finance	5,457	Buy	9,425	26.7	15.3	5,517	36.7	20.4	2,631	24.5	13.9	
Dewan Housing	421	Buy	3,952	20.5	8.2	2,977	20.3	4.1	1,734	17.9	6.8	
HDFC	1,296	Buy	20,156	15.5	-14.4	20,069	2.4	-25.8	13,635	1.4	-26.8	
IDFC	148	Buy	6,895	1.1	7.6	8,860	6.5	5.5	3,471	-27.9	-9.2	
Indiabulls Housing	622	Buy	5,546	16.0	-31.2	7,046	31.5	-6.0	5,284	24.7	-4.1	
LIC Housing Fin	452	Buy	6,251	23.5	-3.8	5,935	19.3	3.0	3,883	20.5	2.7	
M & M Financial	280	Buy	7,800	14.7	-11.7	4,851	5.2	-24.6	1,965	26.9	-41.0	
Power Finance Corp	256	Buy	25,438	11.1	0.0	24,236	13.6	-2.2	16,262	6.5	2.3	
Repco Home Fin	644	Buy	657	23.8	-0.8	562	18.9	-3.5	329	17.5	-15.4	
Rural Electric. Corp.	275	Buy	21,765	14.8	-1.1	21,470	15.1	2.4	14,247	9.2	27.2	
Shriram Transport Fin.	852	Buy	11,449	18.3	5.5	8,444	14.1	5.3	3,185	3.9	0.6	
NBFC Sector Aggregate			120,300	16.0	-3.1	110,933	14.1	-5.1	68,024	8.8	-2.3	

Source: MOSL

Exhibit 2: Relative performance – 3-month (%)

Source: Bloomberg, MOSL

Exhibit 3: Relative performance – 1-year (%)

Source: Bloomberg, MOSL

Exhibit 4: Comparative valuation

Sector / Companies	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			RoE (%)		
			FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E
NBFC														
Bajaj Finance	5,457	Buy	179.6	215.4	267.7	30.4	25.3	20.4	5.7	4.1	3.5	20.4	19.2	18.4
Dewan Housing	421	Buy	42.6	52.9	67.7	9.9	8	6.2	1.3	1.2	1	15.1	15.7	17.6
HDFC	1,296	Buy	38	44.2	52.3	34.1	29.4	24.8	6.5	5.9	5.3	25.6	23.5	23.6
IDFC	148	Buy	11.2	12.6	14.4	13.2	11.7	10.3	1.4	1.2	1.1	10.9	11.1	11.6
Indiabulls Housing	622	Buy	53.5	62.7	76.8	11.6	9.9	8.1	3.3	2.9	2.5	30.8	31.9	33.3
LIC Housing Fin	452	Buy	26.7	33	39.1	16.9	13.7	11.5	2.9	2.5	2.1	17.5	19.6	19.8
M & M Financial	280	Buy	14.7	16.7	19.9	19	16.7	14.1	2.8	2.5	2.2	15.5	15.7	16.6
Power Finance Corp	256	Buy	47.6	53.9	62.1	5.4	4.7	4.1	1	0.9	0.8	20.7	20.3	20.2
Repco Home Fin	644	Buy	19.7	24.6	31.8	32.6	26.2	20.2	4.9	4.2	3.6	15.9	17.5	19.2
Rural Electric. Corp.	275	Buy	52.6	61.5	74	5.2	4.5	3.7	1.1	0.9	0.8	22.7	22.2	22.5
Shriram Trans. Fin.	852	Buy	45.3	67.8	83.8	18.8	12.6	10.2	2.1	1.8	1.6	14.1	15.3	16.9
NBFC Aggregate						15.4	13.2	11.1	2.8	2.4	2.1	18	18.2	18.9

Source: MOSL

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Bajaj Finance

Bloomberg	BAF IN
Equity Shares (m)	53.3
M. Cap. (INR b)/(USD b)	291/4.6
52-Week Range (INR)	5499/1988
1,6,12 Rel Perf. (%)	30 / 56 / 163

Financial Snapshot (INR b)

Y/E MARCH	2015	2016E	2017E	2018E
NII	28.7	37.0	46.8	58.2
PPP	17.4	23.4	29.8	36.9
PAT	9.0	11.5	14.3	17.7
EPS (INR)	180	215	268	332
EPS Gr. (%)	24	20	24	24
BV/Share	960	1,344	1,568	1,846
RoA on AUM	3.1	3.1	2.9	2.9
RoE (%)	20.4	19.2	18.4	19.5
Payout (%)	18.0	14.0	14.0	14.0
Valuations				
P/E (x)	30.4	25.3	20.4	16.4
P/BV (x)	5.7	4.1	3.5	3.0
Div. Yield (%)	0.6	0.6	0.7	0.9

CMP: INR5457

Buy

- We expect AUM to grow at a healthy pace of 28.7%, as 1Q is a seasonally strong period due to strong consumer demand (primarily for air conditioner financing).
- NII should grow 26.7% YoY. Margins are likely to continue declining YoY due to shift in loan mix towards low yielding mortgage assets.
- Asset quality is likely to remain stable. As of March 2015, GNPA's were 1.51% and NNPA's were 0.45%.
- We expect provisions of INR1.5b against INR829m in 1QFY15 and INR1.1b in 4QFY15.
- We expect net profit to grow 24.5% YoY to INR2.63b.
- The stock trades at 4.1x FY16E and 3.5x FY17E BV. Maintain **Buy**.

Key issues to watch for

- Business growth momentum, as the company has been growing its AUMs at 30%+ for the last 19 quarters
- Margin trends, as the changing product mix is exerting some pressure on margins
- Asset quality trends in consumer electronics and two-wheeler businesses.
- Performance of new businesses such as rural lending and lifestyle financing.

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4QE	1Q	2Q	3Q	4Q		
Income from operations	11,801	11,703	14,164	13,532	15,156	15,307	17,603	17,637	51,200	65,704
Other Operating Income	635	620	601	762	816	832	982	258	2,618	2,888
Operating Income	12,436	12,322	14,766	14,294	15,971	16,139	18,585	17,896	53,818	68,592
YoY Growth (%)	34.0	28.1	38.0	33.5	28.4	31.0	25.9	25.2	33.5	27.5
Interest expenses	4,996	5,445	5,924	6,118	6,546	6,972	7,460	7,714	22,483	28,692
Net Income	7,440	6,878	8,842	8,176	9,425	9,167	11,125	10,182	31,335	39,900
YoY Growth (%)	24.6	18.7	33.8	31.6	26.7	33.3	25.8	24.5	27.4	27.3
Other income	24	96	88	156	200	200	200	201	364	801
Total Income	7,463	6,974	8,930	8,332	9,625	9,367	11,325	10,383	31,699	40,701
Operating Expenses	3,428	3,186	3,921	3,749	4,108	4,108	4,333	4,743	14,284	17,292
Operating Profit	4,035	3,788	5,009	4,583	5,517	5,259	6,992	5,639	17,051	22,607
YoY Growth (%)	22.0	24.2	33.8	35.2	36.7	38.9	39.6	23.0	30.3	32.6
Provisions and Cont.	829	800	1,079	1,138	1,500	1,500	1,500	1,491	3,846	5,991
Profit before Tax	3,206	2,987	3,931	3,446	4,017	3,759	5,492	4,148	13,205	16,616
Tax Provisions	1,092	1,016	1,347	1,136	1,386	1,297	1,895	1,362	4,591	5,939
Net Profit	2,114	1,972	2,584	2,310	2,631	2,462	3,597	2,787	8,979	11,478
YoY Growth (%)	20.3	18.0	33.1	26.8	24.5	24.9	39.2	20.7	24.9	27.8
Loan Growth (%)	38.6	40.9	37.2	35.8	29.8	28.2	30.1	29.8	35.3	28.0
Borrowings Growth (%)	38.6	40.9	37.2	35.8	29.8	28.2	30.1	29.8	35.9	26.1
Cost to Income Ratio (%)	46.1	46.3	44.3	45.9	43.6	44.8	38.9	46.6	45.6	43.3
Tax Rate (%)	34.1	34.0	34.3	33.0	34.5	34.5	34.5	32.8	34.1	34.1

E: MOSL Estimates

Dewan Housing Finance

Bloomberg	DEWH IN
Equity Shares (m)	145.7
M. Cap. (INR b)/(USD b)	61/1
52-Week Range (INR)	570/302
1,6,12 Rel Perf. (%)	-5 / 6 / 7

Financial Snapshot (INR b)

Y/E MARCH	2015	2016E	2017E	2018E
NII	12.6	16.4	20.7	25.0
PPP	10.5	13.1	16.8	20.4
Adj. PAT	6.2	7.7	9.9	11.9
EPS (INR)	42.6	52.9	67.7	82.0
EPS Gr. (%)	3.5	24.1	27.9	21.1
BV (INR)	318	358	410	475
ABV (INR)	310	352	408	475
RoAA (%)	1.3	1.3	1.3	1.3
RoE (%)	15.1	15.7	17.6	18.5
Payout (%)	18.4	17.4	17.4	17.4
Valuations				
P/E (x)	9.9	8.0	6.2	5.1
P/BV (x)	1.3	1.2	1.0	0.9
P/ABV (x)	1.4	1.2	1.0	0.9

CMP: INR421

Buy

- DEWH's AUM growth is likely to remain robust at 27.5% YoY and NII to grow 20.5% YoY to INR3.9b v/s INR3.3b in Q1FY15
- Loan-mix between retail and non-retail is likely to remain stable at 75:25.
- Margins are likely to decline 13bp YoY to 3.02% due to reduction in lending rates, following rate cuts by the RBI and reduction in lending rates by other HFCs.
- Asset quality is expected to remain stable. We factor in provisions of INR350m for 1QFY16 versus INR250m in 1QFY15.
- Net profit is likely to grow ~18% YoY to INR1.7b.
- The stock trades at 1.2x FY16E and 1x FY17E BV. Maintain **Buy**.

Key issues to watch for

- Business growth trends, momentum and management commentary on the same
- Loan growth in LAP and developer category
- Movement in borrowing costs and margins
- Outlook on reduction in lending rates post RBI rate cuts

DEWH: Quarterly performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	13,985	14,120	14,884	15,406	16,176	16,985	18,259	19,830	58,394	71,250
Interest Expenses	10,706	10,801	11,336	11,754	12,224	12,957	14,124	15,523	44,596	54,828
Net Interest Income	3,279	3,319	3,548	3,652	3,952	4,028	4,135	4,307	13,798	16,422
YoY Growth (%)	45.0	45.2	37.1	30.5	20.5	21.3	16.6	17.9	38.9	19.0
Fees and other income	281	387	381	419	409	450	500	780	1,468	2,139
Net Income	3,560	3,706	3,929	4,071	4,361	4,478	4,635	5,087	15,266	18,561
YoY Growth (%)	32.1	28.5	25.3	20.1	22.5	20.8	18.0	24.9	26.1	21.6
Operating Expenses	1,086	1,226	1,264	1,210	1,384	1,384	1,384	1,341	4,786	5,493
YoY Growth (%)	27.2	15.6	37.9	-1.0	27.4	12.9	9.5	10.8	18.1	14.8
Operating Profits	2,474	2,480	2,665	2,861	2,977	3,094	3,251	3,746	10,480	13,068
YoY Growth (%)	34.4	35.9	20.1	32.0	20.3	24.7	22.0	30.9	30.2	24.7
Provisions	250	200	250	350	350	350	350	350	1,050	1,400
Profit before Tax	2,224	2,280	2,415	2,511	2,627	2,744	2,901	3,396	9,430	11,668
Tax Provisions	753	758	819	888	893	933	986	1,143	3,217	3,955
Profit after tax	1,471	1,523	1,596	1,623	1,734	1,811	1,915	2,253	6,212	7,712
YoY Growth (%)	22.3	17.9	15.3	15.0	17.9	18.9	20.0	38.8	17.4	24.1
Loan growth (%)	21.8	24.9	26.2	26.0	25.2	23.4	23.6	22.0	26.0	24.0
Cost to Income Ratio (%)	30.5	33.1	32.2	29.7	31.7	30.9	29.9	26.4	31.4	29.6
Tax Rate (%)	33.9	33.2	33.9	35.4	34.0	34.0	34.0	33.7	34.1	33.9

E: MOSL Estimates

HDFC

Bloomberg	HDFC IN
Equity Shares (m)	1,560.5
M. Cap. (INR b)/(USD b)	2024/32
52-Week Range (INR)	1400/947
1,6,12 Rel Perf. (%)	5 / 13 / 22

Financial Snapshot (INR b)

Y/E MARCH	2015	2016E	2017E	2018E
NII	80.0	92.2	108.7	130.1
PPP	87.9	101.8	120.6	144.8
PAT	59.9	69.5	82.3	98.9
Adj. EPS (INR)	32.0	37.3	44.4	53.9
EPS Gr. (%)	7.6	16.7	18.9	21.3
BV/Sh (INR)	200.2	221.4	246.8	274.4
ABV / Sh (INR)	147.9	169.0	194.5	222.1
RoAA (%)	2.5	2.5	2.5	2.6
Core RoE (%)	25.6	23.5	23.6	24.4
Payout (%)	45.7	46.4	46.4	46.4

Valuation

AP/E (x)	28.8	22.9	19.3	15.9
P/BV (x)	6.5	5.9	5.3	4.7
AP/ABV (x)	6.2	5.1	4.4	3.9
Div. Yield (%)	1.2	1.4	1.6	1.9

CMP: INR1,296**Buy**

- HDFC's loan growth (net of sell-downs) is likely to remain healthy at 15.5% YoY and 3% QoQ.
- Spreads should largely be stable at 2.3% levels. Following the reduction in base rates by several banks, HDFC reduced home loan rates by 20bp during the quarter.
- NII is likely to remain strong at INR20b, registering a growth of 15.5% YoY.
- Non-interest income is likely to de-grow 57% YoY primary due to deferment of dividend from HDFC Bank to 2QFY16.
- Barring seasonal movements, asset quality has remained healthy over the past several quarters and the trend is likely to continue. In 4QFY15, GNPA's were 0.67% on 90-day overdue basis.
- We model provisions of INR450m against INR350m in 1QFY15.
- The stock trades at 5.1x FY16E AP/ABV and 4.4x FY17E AP/AEPS (price adjusted for value of other businesses and book value adjusted for investments made in those businesses). Maintain **Buy**.

Key issues to watch for

- Loan growth and uptick in corporate loans
- Movement in spreads (on individual loans) and asset quality trends
- Dividend income from subsidiaries and stake sale plan of life insurance business

HDFC: Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	17,449	18,785	20,166	23,553	20,156	21,579	22,986	27,463	79,952	92,185
YoY Change (%)	14.7	19.0	14.4	10.0	15.5	14.9	14.0	16.6	14.2	15.3
Profit on Sale of Inv.	9	1,027	1,126	2,251	250	1,103	1,103	1,956	4,413	4,413
Other operating income	3,705	1,804	1,540	2,847	1,350	4,150	3,000	4,160	9,896	12,660
Net Operating Income	21,163	21,616	22,832	28,650	21,756	26,833	27,089	33,579	94,261	109,258
YoY Change (%)	18.0	13.8	17.7	15.5	2.8	24.1	18.6	17.2	16.2	15.9
Other Income	144	352	116	85	175	175	175	172	697	802
Total Income	21,307	21,968	22,947	28,735	21,931	27,008	27,264	33,751	94,958	110,059
Operating Expenses	1,711	1,803	1,853	1,701	1,862	2,037	2,087	2,237	7,066	8,223
Pre Provisioning Profit	19,597	20,166	21,095	27,034	20,069	24,971	25,177	31,514	87,891	101,836
YoY Change (%)	19.6	16.1	18.3	13.4	2.4	23.8	19.4	16.6	16.6	15.9
Provisions	350	350	450	500	450	450	450	450	1,650	1,800
PBT	19,247	19,816	20,645	26,534	19,619	24,521	24,727	31,064	86,241	100,036
YoY Change (%)	19.7	15.1	17.5	12.8	1.9	23.7	19.8	17.1	15.9	16.0
Provision for Tax	5,800	6,240	6,390	7,910	5,984	7,479	7,542	9,506	26,340	30,511
PAT	13,447	13,576	14,255	18,624	13,635	17,042	17,186	21,558	59,901	69,525
YoY Change (%)	14.6	7.2	11.6	8.1	1.4	25.5	20.6	15.8	10.1	16.1

E: MOSL Estimates

IDFC

Buy

Bloomberg	IDFC IN
Equity Shares (m)	1,516.3
M. Cap. (INR b)/(USD b)	224/4
52-Week Range (INR)	188/127
1,6,12 Rel Perf. (%)	-4 / -7 / 0

Financial Snapshot (INR b)

Y/E MARCH	2015	2016E	2017E
NII	28.0	32.0	35.8
PPP	33.9	37.5	40.3
Cons. PAT	17.7	20.0	22.9
EPS (INR)	11.2	12.6	14.4
EPS Gr. (%)	-6.1	12.8	14.2
BV/Sh. (INR)	109.2	118.6	129.3
ABV/Sh. (INR)	99.9	109.3	120.0
RoAA (%)	2.3	2.2	2.2
Core RoE (%)	11.4	11.5	12.0
Payout (%)	25.6	25.6	25.6
Valuations			
P/E (x)	13.3	11.8	10.3
P/BV (x)	1.4	1.2	1.1
P/ABV (x)	1.2	1.1	1.0
Div. Yield (%)	1.7	1.9	2.1

* Adj for value of subs

CMP: INR148

- IDFC has consciously moderated its loan growth in the wake of new banking license. Loan growth is likely to show a marginal uptick of 2.2% YoY and 2% QoQ.
- We expect margins to moderate 3.42%.
- Other operating income is likely to show robust growth of 88% YoY, driven by uptick in revenue from capital market related activities.
- On a 12-month rolling basis, cost to income ratio is likely to increase to 19.7%.
- Asset quality is likely to remain stable; we model provisions of INR3b against INR2b in 1QFY15 and INR3.8b in 4QFY15.
- The stock trades at 1.1x FY16E and 1x FY17E ABV. Maintain **Buy**.

Key issues to watch for

- Loan growth guidance in the wake of run-down of book due to transition to a bank
- Asset quality trends and restructured book
- Movement in spreads and asset quality trends

IDFC: Quarterly Performance

(INR Million)

	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net interest income	6,820	6,490	6,620	6,410	6,895	7,368	7,941	8,471	26,340	30,677
% Change (YoY)	-0.6	-5.4	-0.3	-4.0	1.1	13.5	20.0	32.2	-2.6	16.5
Infra Loans	6,140	5,590	5,670	5,510	5,930	6,484	7,147	7,624	22,910	27,186
Treasury	680	900	950	900	965	884	794	847	3,430	3,491
Other operating income	1,475	1,659	2,569	2,230	2,410	2,650	2,450	2,579	7,933	10,089
Asset management	980	1,070	1,150	1,200	1,250	1,300	1,250	1,272	4,400	5,072
IB and Broking	170	240	130	260	160	250	200	222	800	832
Fixed Income	210	50	1,280	250	700	800	700	800	1,790	3,000
Loan related/others	115	299	9	520	300	300	300	286	943	1,186
Principal investments	-90	2,860	570	2,220	980	980	980	977	5,560	3,917
Other Income	666	15	20	125	250	250	250	250	827	1,000
Net Income	8,871	11,024	9,779	10,986	10,535	11,248	11,621	12,278	40,659	45,683
% Change (YoY)	-13.1	24.1	14.4	13.2	18.8	2.0	18.8	11.8	8.9	12.4
Operating Expenses	550	1,984	1,945	2,586	1,675	2,025	2,060	2,463	7,064	8,223
Operating profit	8,321	9,040	7,834	8,400	8,860	9,223	9,561	9,815	33,595	37,460
% Change (YoY)	-5.7	20.4	8.3	0.7	6.5	2.0	22.0	16.8	5.3	11.5
Provisions	2,039	2,812	1,532	3,751	3,000	2,500	1,750	1,605	10,134	8,855
PBT	6,282	6,229	6,303	4,649	5,860	6,723	7,811	8,210	23,461	28,605
Tax	1,416	1,833	2,018	695	1,452	1,854	2,342	2,647	5,963	8,295
PAT	4,866	4,396	4,284	3,954	4,408	4,870	5,469	5,563	17,499	20,309
Less: Consol Adjustments	48	182	68	131	937	416	-195	-857	429	300
Consol PAT	4,817	4,214	4,216	3,822	3,471	4,454	5,665	6,420	17,070	20,009
% Change (YoY)	-13.6	-13.4	-15.8	48.2	-27.9	5.7	34.4	68.0	-5.3	17.2

E: MOSL Estimates

Indiabulls Housing

Bloomberg	IHFL IN
Equity Shares (m)	355.6
M. Cap. (INR b)/(USD b)	221/3
52-Week Range (INR)	651/340
1,6,12 Rel Perf. (%)	4 / 35 / 55

Financial Snapshot (INR b)

Y/E MARCH	2015	2016E	2017E	2018E
Net Fin inc	21.8	27.2	34.2	42.9
PPP	28.7	35.1	43.2	52.7
PAT - Post MI	19.0	23.1	28.4	35.2
EPS (INR)	53.5	62.7	76.8	95.2
EPS Gr. (%)	14.2	17.2	22.6	24.0
BV/Sh. (INR)	187	213	248	301
RoA on AUM	3.6	3.4	3.4	3.3
RoE (%)	30.8	31.9	33.3	34.7
Payout (%)	76.6	59.7	55.0	44.5

Valuations

P/E (x)	11.6	9.9	8.1	6.5
P/BV (x)	3.3	2.9	2.5	2.1
P/ABV (x)	3.3	2.9	2.5	2.1
Div. Yield (%)	5.6	5.1	5.8	5.8

CMP: INR622

Buy

- AUMs are likely to grow 29.3% YoY and 4% QoQ, driven by market share gains in the mortgage business.
- Loan mix is likely to shift further in favor of mortgage loans, as the commercial vehicle book runs down.
- Asset quality is expected to remain stable. In 4QFY15, GNPA's were 0.85% and NNPA's were 0.36%.
- Spreads are likely to moderate to 3.2% due to reduction in lending rates by the company following competitive pressure from banks and other HFCs.
- We expect PAT to grow 24.7% YoY to INR5.3b.
- The stock trades at 2.9x FY16E and 2.5x FY17E BV. Maintain **Buy**.

Key issues to watch for

- AUM growth and mix between retail and non-retail segment
- Movement in incremental spreads
- Asset quality trends in the corporate segment
- Outlook on reduction in lending rates post RBI rate cuts

Quarterly Performance

(INR Million)

Y/E March (Consolidated)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Income from operations	13,676	15,186	17,011	18,777	18,308	18,674	19,327	20,317	64,649	76,626
Other Income	2,352	1,872	1,577	2,449	2,930	3,063	2,930	4,395	8,250	13,318
Total income	16,028	17,058	18,588	21,226	21,238	21,737	22,257	24,711	72,900	89,943
Y-o-Y Growth (%)	19.3	15.7	18.1	35.3	32.5	27.4	19.7	16.4	22.3	23.4
Interest expenses	8,894	9,553	10,281	10,713	12,213	12,701	12,828	11,689	39,442	49,432
Net Income	7,133	7,504	8,307	10,513	9,025	9,036	9,429	13,022	33,458	40,512
Y-o-Y Growth (%)	13.2	13.0	24.4	46.7	26.5	20.4	13.5	23.9	24.9	21.1
Operating Expenses	1,777	1,851	2,085	3,020	1,963	2,061	2,164	3,395	8,733	9,583
Profit before tax	5,356	5,654	6,222	7,494	7,062	6,975	7,265	9,628	24,725	30,929
Y-o-Y Growth (%)	13.7	11.9	16.0	59.7	31.8	23.4	16.8	28.5	24.8	25.1
Tax Provisions	1,119	1,171	1,441	1,983	1,765	1,744	1,816	2,407	5,713	7,732
Net Profit	4,238	4,483	4,781	5,511	5,296	5,231	5,449	7,221	19,012	23,197
Minority Int	0	0	0	0	0	0	0	0	1	0
Net Profit after MI	4,237	4,483	4,781	5,510	5,296	5,231	5,449	7,221	19,011	23,197
Y-o-Y Growth (%)	21.6	21.4	21.0	22.1	25.0	16.7	14.0	31.0	21.5	22.0
AUM Growth (%)	13.9	18.0	23.1	26.9	29.3	27.9	28.2	27.4	26.9	27.4
Cost to Income Ratio (%)	24.9	25	25	29	21.8	23	23	26	13.8	13.4
Tax Rate (%)	20.9	21	23	26	25.0	25	25	25	23.1	25.0

E: MOSL Estimates

LIC Housing Finance

Bloomberg	LICHF IN
Equity Shares (m)	505.0
M. Cap. (INR b)/(USD b)	228/4
52-Week Range (INR)	509/276
1,6,12 Rel Perf. (%)	8 / 3 / 29

Financial Snapshot (INR b)

Y/E MARCH	2015	2016E	2017E	2018E
NII	22.4	27.3	32.4	38.7
PPP	20.9	25.8	30.6	36.4
Adj. PAT	13.5	16.7	19.8	23.9
Adj. EPS (INR)	26.7	33.0	39.1	47.4
EPS Gr. (%)	12.1	23.8	18.5	21.0
BV/Sh (INR)	154.8	181.5	212.9	251.0
RoAA (%)	1.4	1.4	1.4	1.4
RoE (%)	17.5	19.6	19.8	20.4
Payout (%)	21.1	20.3	20.3	20.3

Valuations

P/E (x)	16.9	13.7	11.6	9.5
P/BV (x)	2.9	2.5	2.1	1.8
Div. Yield (%)	1.1	1.3	1.5	1.9

CMP: INR452

Buy

- LICHF's loan growth is likely to remain healthy at 18% YoY on the back of healthy retail segment and some uptick in developer segment.
- The individual loan segment is likely to grow 18.8% YoY and 2.4% QoQ, while the developer segment is expected to grow 1% YoY. Share of builder loans is likely to remain below 3% of overall book.
- Following reduction in base rates by banks and rising proportion of non-retail loan book, we expect a marginal uptick of 9bp YoY in margins to 2.28%. During the quarter, LICHF reduced lending rates following competitive pressures.
- Barring seasonal uptick, asset quality is likely to remain stable. We model provisions of INR140m.
- We expect net profit to grow 20.5% YoY to INR3.8b.
- The stock trades at 2.5x FY16E and 2.1x FY17E BV. Maintain **Buy**.

Key issues to watch for

- Loan growth in LAP and wholesale category; outlook on performance in the developer portfolio
- Reduction in interest rates by banks and HFCs; would exert pressure on margins
- Margin trends — margins have been under pressure for the past few quarters; though margins bounced back in the last quarter, sustaining/improving them will be key

LICHF: Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	24,826	25,961	26,678	28,002	28,830	29,997	31,259	32,177	105,467	122,263
Interest Expenses	19,764	20,643	21,192	21,504	22,579	23,482	24,187	24,702	83,102	94,949
Net Interest Income	5,062	5,318	5,486	6,498	6,251	6,515	7,073	7,475	22,364	27,314
YoY Growth (%)	11.3	17.3	19.9	21.9	23.5	22.5	28.9	15.0	17.8	22.1
Fees and other income	610	626	680	604	700	700	700	830	2,520	2,930
Net Income	5,672	5,944	6,166	7,102	6,951	7,215	7,773	8,305	24,884	30,244
YoY Growth (%)	12.9	11.7	18.1	17.7	22.5	21.4	26.1	16.9	15.2	21.5
Operating Expenses	699	965	882	1,339	1,016	1,076	1,076	1,279	3,885	4,447
Operating Profit	4,973	4,980	5,283	5,763	5,935	6,139	6,697	7,027	20,999	25,797
YoY Growth (%)	12.7	8.8	17.7	15.4	19.3	23.3	26.8	21.9	13.7	22.9
Provisions and Cont.	92	-190	68	10	140	140	140	166	-20	586
Profit before Tax	4,882	5,170	5,215	5,753	5,795	5,999	6,557	6,861	21,019	25,211
Tax Provisions	1,659	1,756	1,772	1,971	1,912	1,980	2,164	2,264	7,158	8,320
Net Profit	3,223	3,414	3,443	3,782	3,883	4,019	4,393	4,597	13,862	16,892
YoY Growth (%)	3.8	10.1	5.4	2.2	20.5	17.8	27.6	21.5	5.2	21.9
Loan Growth (%)	16.8	17.2	18.0	18.6	18.3	18.5	17.8	18.6	18.6	18.6
Borrowings Growth (%)	16.4	17.4	16.4	17.7	20.3	17.9	19.4	21.1	17.5	21.3
Cost to Income Ratio (%)	12.3	16.2	14.3	18.9	14.6	14.9	13.8	15.4	15.6	14.7
Tax Rate (%)	34.0	34.0	34.0	34.3	33.0	33.0	33.0	33.0	34.1	33.0

E: MOSL Estimates

Mahindra Financial Services

CMP: INR280
Buy

Bloomberg	MMFS IN
Equity Shares (m)	563.5
M. Cap. (INR b)/(USD b)	158/2
52-Week Range (INR)	345/232
1,6,12 Rel Perf. (%)	4 / -16 / -10

Financial Snapshot (INR b)

Y/E MARCH	2015	2016E	2017E	2018E
NII	30.4	32.9	38.0	43.4
PPP	20.8	21.6	24.9	28.2
PAT	8.3	9.4	11.2	12.6
EPS (INR)	14.7	16.7	19.9	22.4
EPS Gr. (%)	-6.3	13.6	19.0	12.4
BV/Sh(INR)	100.5	112.6	126.9	143.1
ABV/Sh (INR)	91.1	103.0	117.5	133.5
RoA on AUM	2.6	2.6	2.7	2.6
RoE (%)	15.5	15.7	16.6	16.6
Payout (%)	32.0	28.1	28.1	28.1

Valuations

P/E (x)	19.0	16.7	14.1	12.5
P/BV (x)	2.8	2.5	2.2	2.0
P/ABV (x)	3.1	2.7	2.4	2.1
Div. Yield (%)	1.4	1.4	1.7	1.9

- MMFS' AUM growth is likely to moderate to 10.3% YoY and 3.2% QoQ. Disbursements should grow 17.2% on the back of a low base and some uptick in demand in CV/UVs in select pockets.
- We expect NII to grow 15.1% YoY to INR7.9b. Margins are likely to expand from 8.52% in 1QFY15 to 9.07% on the back of interest write-back from recoveries.
- Asset quality is likely to remain weak due to seasonality. However, recovery efforts would help above trend-line asset quality performance. As of March 2015, NPLs stood at 5.9%.
- We expect provisions of INR1.85b versus INR2.3b in 1QFY15 and INR1.5b in 4QFY15.
- We expect net profit to grow 27% YoY to INR1.96b on the back of lower base and improvement in demand.
- The stock trades at 2.5x FY16E and 2.2x FY17E BV. Maintain **Buy**.

Key issues to watch for

- Management commentary on asset quality trends and impact of unseasonal rains during the summer
- Margin and growth trends
- Performance of subsidiaries

MMFS: Quarterly Performance
(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Operating Income	12,751	13,537	13,866	15,207	14,523	14,668	15,035	16,295	55,361	60,521
Other Income	79	152	90	166	120	120	120	191	486	551
Total income	12,830	13,689	13,955	15,373	14,643	14,788	15,155	16,487	55,847	61,072
YoY Growth (%)	16.8	12.9	9.8	12.2	14.1	8.0	8.6	7.2	12.8	9.4
Interest Expenses	5,949	6,168	6,478	6,373	6,723	6,858	7,098	6,969	24,967	27,648
Net Income	6,881	7,521	7,477	9,001	7,920	7,930	8,057	9,518	30,880	33,425
Operating Expenses	2,269	2,521	2,706	2,571	3,069	2,869	3,169	2,725	10,068	11,832
Operating Profit	4,611	5,000	4,771	6,429	4,851	5,061	4,888	6,793	20,811	21,593
YoY Growth (%)	10.9	8.1	11.2	18.2	5.2	1.2	2.5	5.7	12.4	3.8
Provisions	2,250	1,842	2,691	1,493	1,850	1,800	1,800	1,722	8,275	7,172
Profit before Tax	2,362	3,158	2,080	4,936	3,001	3,261	3,088	5,070	12,537	14,421
Tax Provisions	813	1,087	716	1,602	1,035	1,125	1,065	1,749	4,219	4,975
Net Profit	1,549	2,071	1,364	3,334	1,965	2,136	2,023	3,321	8,319	9,446
YoY Growth (%)	-19.0	-6.4	-16.9	7.3	26.9	3.2	48.3	-0.4	-6.2	13.6
AUM growth (%)	15.4	13.7	10.2	8.3	7.9	8.8	7.6	12.8	8.3	0.0
Cost to Income Ratio (%)	33.0	33.5	36.2	28.6	38.8	36.2	39.3	28.6	32.6	35.4
Provisions/Operating Profits (%)	48.8	36.8	56.4	23.2	38.1	35.6	36.8	25.4	39.8	33.2
Tax Rate (%)	34.4	34.4	34.4	32.5	34.5	34.5	34.5	34.5	33.6	34.5

E: MOSL Estimates

Power Finance Corp

Bloomberg	POWF IN
Equity Shares (m)	1,320.0
M. Cap. (INR b)/(USD b)	338/5
52-Week Range (INR)	327/219
1,6,12 Rel Perf. (%)	-6 / -16 / -26

CMP: INR256
Buy
Financial Snapshot (INR b)

Y/E MARCH	2015	2016E	2017E	2018E
NII	89.6	100.3	115.2	132.2
PPP	92.2	105.2	120.8	138.5
Adj. PAT	62.8	71.1	82.0	94.9
Adj. EPS (INR)	47.6	53.9	62.1	71.9
EPS Gr. (%)	12.1	13.3	15.3	15.8
BV/Sh. (INR)	245.5	284.6	329.7	382.2
Adj. RoAA (%)	3.1	3.1	3.1	3.1
RoE (%)	20.7	20.3	20.2	20.2
Payout (%)	23.4	25.5	25.5	25.5
Valuations				
P/E (x)	5.4	4.8	4.1	3.6
P/BV (x)	1.0	0.9	0.8	0.7
Div. Yld (%)	3.6	4.5	5.2	6.1

- Loan growth is likely to remain healthy at 13.4% YoY. On a sequential basis, loans and borrowings are likely to grow by 2% and 0.2%, respectively.
- We expect NII to grow at a healthy 11.1% YoY; however, margins are likely to decline to decline 13bp YoY to 4.64%.
- Barring a couple of accounts, asset quality at large has remained healthy. However, it will remain a key monitorable, given issues related to fuel linkages.
- We expect provisions of INR2.3b versus INR2.8b in 4QFY15.
- The stock trades at 0.9x FY16E and 0.8x FY17E BV. Maintain **Buy**.

Key issues to watch for

- Growth trends and asset quality performance in the backdrop of challenging fuel linkage issues impacting power generation companies
- Movement in spreads and yield on assets
- Overall disbursement trends and disbursements to SEBs for transnational finance

Quarterly Performance
(INR Million)

Y/E March	FY15				FY16E				FY15	FY16
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	58,540	62,230	63,260	64,250	66,178	68,825	71,578	71,241	248,280	277,821
Interest Expenses	35,640	37,310	37,810	38,800	40,740	41,555	42,386	43,223	149,560	167,904
Net Interest Income	22,900	24,920	25,450	25,450	25,438	27,270	29,192	28,017	98,720	109,916
YoY Gr %	17.4	17.6	17.3	13.5	11.1	9.4	14.7	10.1	14.5	11.9
Other Income	60	100	40	-40	75	75	75	75	160	300
Net Operational Income	22,960	25,020	25,490	25,410	25,513	27,345	29,267	28,092	94,394	107,716
YoY Gr %	17.6	17.3	17.1	12.8	11.1	9.3	14.8	10.6	10.9	14.1
Exchange gain/(loss)	-1,090	-1,370	-1,620	-390	-650	-650	-600	-600	-4,470	-2,500
Total Net Income	21,870	23,650	23,870	25,020	24,863	26,695	28,667	27,492	89,924	105,216
YoY Gr %	18.5	18.4	11.2	10.3	13.7	12.9	20.1	9.9	8.9	17.0
Operating Expenses	542	594	795	241	627	627	627	614	2,172	2,495
Operating Profit	21,328	23,056	23,075	24,779	24,236	26,068	28,040	26,879	92,222	105,222
YoY Gr %	17.6	19.7	9.5	13.6	13.6	13.1	21.5	8.5	14.9	14.1
Adjusted PPP (For Forex)	22,418	24,426	24,695	25,169	24,886	26,718	28,640	27,479	96,708	107,722
YoY Gr %	16.8	18.5	15.6	16.2	11.0	9.4	16.0	9.2	16.8	11.4
Provisions	1,290	2,840	1,540	2,770	2,300	2,300	2,250	2,105	8,440	8,955
PBT	20,038	20,216	21,535	22,009	21,936	23,768	25,790	24,774	83,782	96,267
YoY Gr %	16.4	13.0	4.8	10.6	9.5	17.6	19.8	12.6	10.9	14.9
Tax	5,560	6,130	6,112	6,390	6,142	6,655	7,221	6,937	24,189	26,955
Tax Rate %	27.7	30.3	28.4	29.0	28.0	28.0	28.0	28.0	28.9	28.0
PAT	14,478	14,086	15,423	15,619	15,794	17,113	18,569	17,838	59,594	69,313
YoY Gr %	20.7	10.7	0.5	10.8	9.1	21.5	20.4	14.2	12.1	13.3
Adjusted PAT (For Forex)	15,266	15,041	16,583	15,896	16,262	17,581	19,001	18,270	62,773	71,113
YoY Gr %	19.9	9.9	6.5	13.6	6.5	16.9	14.6	14.9	12.1	13.3

E: MOSL Estimates; Quarterly and annual numbers may vary due to differences in classification

Repco Home Finance

Bloomberg	REPCO IN
Equity Shares (m)	61.0
M. Cap. (INR b)/(USD b)	39/1
52-Week Range (INR)	725/369
1,6,12 Rel Perf. (%)	5 / -4 / 31

Financial Snapshot (INR b)

Y/E MARCH	2015	2016E	2017E	2018E
NII	2.4	3.0	3.9	5.1
PPP	2.1	2.6	3.3	4.2
PAT	1.2	1.5	2.0	2.5
EPS (INR)	19.7	24.6	31.8	40.4
BV/Sh (INR)	130.2	152.0	180.1	215.8
RoAA (%)	2.3	2.2	2.1	2.1
RoE (%)	15.9	17.5	19.2	20.4
Payout (%)	8.8	11.6	11.6	11.6
P/E (x)	32.6	26.2	20.2	15.9
P/BV (x)	4.9	4.2	3.6	3.0
Div. Yield (%)	0.2	0.4	0.5	0.6

CMP: INR644

Buy

- REPCO's loan growth is likely to remain strong at 29.1% YoY on the back of healthy demand for housing in the self-employed segment.
- Proportion of LAP in total loan book is likely to remain stable at ~20%.
- Spreads are likely to remain steady at 2.81% against 2.83% in 1QFY15, resulting in NII growth of 23.8% YoY to INR657m.
- Led by seasonality, GNPA's would increase QoQ, but improve YoY; GNPA's and NPA's in 4QFY15 were 1.32% and 0.5%, respectively. We factor provisions of INR70m for 1QFY16 versus INR98m in 1QFY15.
- Cost to income would remain at 20%+ levels due to amortization of ESOP expense.
- Adjusted net profit is likely to grow ~33% YoY to INR329m.
- The stock trades at 4.2x FY16E and 3.6x FY17E BV. Maintain **Buy**.

Key issues to watch for

- Business outlook, loan growth and mix between home loans and LAP
- Movement in borrowing costs and margins
- Asset quality trends in the LAP segment

REPCO: Quarterly performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	1,506	1,647	1,708	1,830	1,912	2,084	2,240	2,414	6,691	8,650
Interest Expenses	976	1,054	1,120	1,168	1,255	1,343	1,437	1,583	4,318	5,619
Net Interest Income	530	593	588	662	657	741	803	830	2,373	3,031
YoY Growth (%)	25.1	25.4	24.6	22.8	23.8	24.9	36.6	25.4	24.4	27.7
Other income	55	45	49	85	55	55	55	59	234	224
Total Income	585	638	637	747	712	796	858	890	2,608	3,256
YoY Growth (%)	23.8	20.7	24.0	26.5	21.6	24.7	34.8	19.1	23.8	24.9
Operating Expenses	113	128	142	165	150	155	170	212	547	687
YoY Growth (%)	45.0	61.5	28.5	36.6	33.3	21.0	19.8	28.5	41.1	25.5
Operating Profits	473	510	495	582	562	641	688	678	2,060	2,569
YoY Growth (%)	19.6	13.5	22.8	23.9	18.9	25.6	39.0	16.4	19.9	24.7
Provisions	98	17	26	62	70	70	70	67	203	277
Profit before Tax	375	493	469	520	492	571	618	611	1,857	2,292
Tax Provisions	94	136	128	131	162	188	204	202	489	756
DTL on Special Reserves	32	36	33	41	0	0	0	0	142	0
Profit after tax	248	322	307	348	329	383	414	409	1,226	1,536
YoY Growth (%)	11.4	10.5	13.3	10.5	32.8	18.7	34.8	17.6	11.4	25.3
Borrowings growth (%)	33.5	32.2	28.4	30.8	31.3	33.2	36.5	38.0	30.8	38.0
Cost to Income Ratio (%)	19.2	20.1	22.3	22.1	21.1	19.5	19.8	23.8	21.0	21.1
Tax Rate (%)	25.2	27.5	27.4	25.1	33.0	33.0	33.0	33.0	26.3	33.0

Rural Electrification

Bloomberg	RECL IN
Equity Shares (m)	987.5
M. Cap. (INR b)/(USD b)	272/4
52-Week Range (INR)	383/234
1,6,12 Rel Perf. (%)	-7 / -19 / -33

Financial Snapshot (INR b)

Y/E MARCH	2015	2016E	2017E	2018E
NII	82.3	93.7	112.3	132.7
PPP	82.3	93.4	112.1	132.4
PAT	52.6	59.9	72.0	85.7
EPS (INR)	52.6	61.5	74.0	88.0
EPS Gr. (%)	7.6	16.9	20.3	19.0
BV/Share	253	300	357	425
RoAA (%)	3.2	3.1	3.2	3.2
RoE (%)	22.7	22.2	22.5	22.5

Valuation

P/E (x)	5.2	4.5	3.7	3.1
P/BV (x)	1.1	0.9	0.8	0.6
Div. Yield (%)	3.9	4.4	5.3	6.3

CMP: INR275

Buy

- Loan growth is expected to remain strong at 19.2% YoY. On a sequential basis, loans and borrowings are expected to grow by 3% and 4%, respectively.
- RECL has maintained margins close to 5%, led by an improvement in yields. It has also maintained a tight leash on cost of funds. For 1QFY16, we factor 22bp moderation in margins.
- Barring a couple of accounts, asset quality at has largely remained healthy. However, it will remain a key monitorable, given the uncertain macro environment. We model provisions of INR2b during the quarter.
- The stock trades at 0.9x FY16E and 0.8x FY17E BV. Maintain **Buy**.

Key issues to watch out

- Management commentary on outlook and asset quality
- Movement in spreads and yield on assets
- Overall disbursement trends and disbursements to SEBs for transnational finance

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	46,481	49,862	51,445	52,933	54,785	57,525	59,825	63,075	200,721	235,210
Interest Expenses	27,523	29,545	30,449	30,930	33,020	34,656	36,031	37,813	118,446	141,520
Net Interest Income	18,958	20,317	20,997	22,003	21,765	22,868	23,795	25,263	82,275	93,690
YoY Gr (%)	17.6	23.3	21.0	24.1	14.8	12.6	13.3	14.8	21.6	13.9
Other Operational Income	190	375	608	401	450	450	450	539	1,575	1,889
Net Operational Income	19,148	20,692	21,604	22,404	22,215	23,318	24,245	25,802	83,849	95,580
YoY Gr (%)	14.0	22.4	21.2	23.2	16.0	12.7	12.2	15.2	20.1	14.0
Other Income	396	426	390	374	500	450	450	502	1,585	1,902
Total Net Income	19,544	21,118	21,995	22,778	22,715	23,768	24,695	26,304	85,434	97,482
YoY Gr (%)	15.5	23.9	21.4	22.1	16.2	12.5	12.3	15.5	20.6	14.1
Operating Expenses	583	582	512	1,457	945	945	920	1,224	3,134	4,034
YoY Gr (%)	3.4	13.3	-14.5	103.7	62.0	62.4	79.5	-16.0	31.0	28.7
% to Income	3.0	2.8	2.3	6.4	4.2	4.0	3.7	4.7	3.7	4.1
Operating Profit	18,961	20,536	21,482	21,321	21,770	22,823	23,775	25,081	82,300	93,448
YoY Gr %	15.9	24.2	22.6	18.8	14.8	11.1	10.7	17.6	20.3	13.5
Provisions	1,212	180	1,907	4,731	2,000	1,800	1,800	2,909	8,030	8,509
PBT	17,749	20,356	19,575	16,590	19,770	21,023	21,975	22,171	74,270	84,939
YoY Gr (%)	12.3	25.7	16.8	0.7	11.4	3.3	12.3	33.6	13.7	14.4
Tax	4,921	5,349	5,777	5,625	5,736	6,086	6,353	6,457	21,672	25,057
Tax Rate (%)	27.7	26.3	29.5	33.9	29.0	29.0	28.9	29.1	29.2	29.5
PAT	12,828	15,008	13,798	10,965	14,034	14,937	15,622	15,714	52,599	59,882
YoY Gr (%)	11.9	35.1	12.4	-8.0	9.4	-0.5	13.2	43.3	12.3	13.8
Adjusted PAT	13,045	15,229	14,010	11,196	14,247	15,150	15,835	15,962	53,479	61,194
YoY Gr (%)	9.8	29.5	8.8	-10.3	9.2	-0.5	13.0	42.6	9.2	14.4

E:MOSL Estimates; Quarterly and annual numbers would not match due to differences in classification

Shriram Transport Finance

Bloomberg	SHTF IN
Equity Shares (m)	226.9
M. Cap. (INR b)/(USD b)	193/3
52-Week Range (INR)	1286/762
1,6,12 Rel Perf. (%)	4 / -24 / -15

Financial Snapshot (INR b)

Y/E MARCH	2015	2016E	2017E	2018E
Net Inc.	41.1	49.1	57.9	67.8
PPP	31.1	37.2	44.0	51.7
PAT	12.4	15.0	18.9	22.9
Cons.PAT	10.3	15.4	19.0	23.2
EPS (INR)	54.6	66.3	83.3	100.8
EPS Gr. (%)	-2.1	21.5	25.6	21.1
EPS (INR)*	45.3	67.8	83.8	102.2
EPS Gr. (%)*	-24.3	49.6	23.5	22.1
BV/Sh (INR)	407.1	459.2	524.6	603.9
BV (INR)*	408.4	462.0	527.9	608.6
RoA on AUM	2.0	2.3	2.6	2.7
RoE (%)	14.1	15.3	16.9	17.9
Payout (%)	21.3	21.2	21.2	21.2

Valuations

EPS (x)*	18.8	12.6	10.2	8.3
P/Cons. BV (x)	2.1	1.8	1.6	1.4
Div. Yield (%)	1.2	1.4	1.8	2.2

*Consolidated

CMP: INR852

Buy

- AUMs are likely to grow 10.9% YoY and 2% QoQ.
- Calculated margins on AUMs should improve YoY to 7.67%. NII (including securitization income) should grow 18.3% YoY.
- Uptick in M&HCV sales is highly skewed in favor of large fleet operators, rather than SRTOs/FTUs (SHTF's target segment). Sustenance of this demand would be critical for recovery.
- Asset quality is likely to remain stable, as borrowers have been able to service their current EMIs, though arrears continue. We factor higher provisions of INR3.7b against INR3.2b in 4QFY15 and INR2.96b in 1QFY15.
- The stock trades at 1.8x FY16E and 1.6x FY17E consolidated BV. Maintain **Buy**.

Key issues to watch out

- Business growth, momentum and management commentary on the same
- Movement in borrowing costs and margins
- Asset quality trends and performance of equipment financing subsidiary, given the large jump in NPAs during the last quarter

SHTF: Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	17,080	18,798	20,538	21,364	22,005	23,325	24,025	25,239	77,779	94,593
Interest expenses	9,871	10,921	11,351	11,886	11,945	12,543	13,044	13,417	44,029	50,950
Net Interest Income	7,209	7,877	9,187	9,478	10,059	10,782	10,980	11,822	33,750	43,644
YoY Growth (%)	39.9	36.7	43.6	47.0	39.5	36.9	19.5	24.7	42.5	29.3
Securitisation income	2,467	2,196	1,341	1,376	1,390	1,417	1,432	1,387	7,379	5,625
Net Income (Incl. Securitization)	9,676	10,072	10,528	10,854	11,449	12,200	12,412	13,209	41,129	49,269
YoY Growth (%)	7.4	11.6	13.0	17.9	18.3	21.1	17.9	21.7	12.7	19.8
Fees and Other Income	236	163	147	160	195	190	190	202	707	777
Net Operating Income	9,912	10,236	10,675	11,014	11,644	12,390	12,602	13,411	41,836	50,047
YoY Growth (%)	0.8	8.4	12.5	17.6	17.5	21.0	18.1	21.8	9.7	19.6
Operating Expenses	2,515	2,575	2,702	2,991	3,200	3,050	3,050	3,289	10,783	12,589
Operating Profit	7,398	7,661	7,973	8,023	8,444	9,340	9,552	10,122	31,054	37,457
YoY Growth (%)	0.7	5.5	12.8	16.3	14.1	21.9	19.8	26.2	8.7	20.6
Provisions	2,966	3,154	3,269	3,241	3,690	3,695	3,690	3,610	12,630	14,685
Profit before Tax	4,432	4,506	4,704	4,782	4,754	5,645	5,862	6,512	18,424	22,772
Tax Provisions	1,368	1,484	1,580	1,615	1,569	1,863	1,934	2,149	6,046	7,515
Net Profit	3,064	3,022	3,124	3,167	3,185	3,782	3,927	4,363	12,378	15,257
YoY Growth (%)	-10.2	-7.5	3.7	7.4	3.9	25.1	25.7	37.7	-2.1	23.3
AUM Growth (%)	3.6	3.3	6.9	11.3	10.9	11.0	10.7	11.5	11.3	11.5
Securitization Inc. / Net Inc. (%)	24.9	21.5	12.6	12.5	11.9	11.4	11.4	10.3	17.6	11.2
Cost to Income Ratio (%)	25.4	25.2	25.3	27.2	27.5	24.6	24.2	24.5	25.8	25.2
Tax Rate (%)	30.9	32.9	33.6	33.8	33.0	33.0	33.0	33.0	32.8	33.0

E: MOSL Estimates; * Quarterly nos and full year nos will not tally due to different way of reporting financial nos

Healthcare

Company name

Alembic Pharmaceuticals
Biocon
Cadila Healthcare
Cipla
Divi's Laboratories
Dr Reddy's Labs
Glenmark Pharma
GSK Pharma
Ipsca Laboratories
Lupin
Sanofi India
Sun Pharma
Torrent Pharmaceuticals

Weak US performance to offset strong domestic show

- For 1QFY16, we expect our Pharma universe to post sales growth of 12.2% and EBITDA growth of 4.3%. Reported PAT is likely to remain flat, mainly on account of higher depreciation during the quarter.
- Paucity of new product approvals in the US could affect large-cap pharma companies. However, mid-cap pharma companies are likely to witness stronger growth—led by big-ticket launches in the US.
- Unresolved supply issues at Halol facility and increased competition in existing products would continue to impact Sun Pharma's US sales in 1Q. Among the other large-cap players, Lupin and Dr Reddy's are also likely to see muted quarter due to weaker traction in the US. However, Cipla could register strong US sales on account of gNexium supply to its partner Teva. Torrent, Alembic, Aurobindo and Glenmark are also expected to post strong US numbers.
- As per AIOCD data, Indian pharma market grew 14% in 1Q. Sun Pharma, Lupin, Glenmark and Torrent pharma are likely to post strong domestic growth during the quarter. Cadila could continue to post weak numbers for the domestic business and is likely to underperform the market.
- Recent US FDA ban on IPCA's three USFDA-approved facilities and slower pick-up in institutional business could impact the company's performance during the quarter. Among the MNCs, Sanofi and GSK are likely to report muted numbers on account of slower recovery in NLEM-listed drugs.
- At the broader level, we expect our universe to benefit from strong domestic performance and weak INR against USD (63.5 v/s 59.0 during 1QFY15).
- **Sun Pharma, Aurobindo and Torrent** continue to be our top picks.

Exhibit 1: Expected quarterly performance summary

Sector	CMP (INR)	Reco	Sales (INR m)			EBDITA (INR m)			Net Profit (INR m)		
			Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ
Alembic Pharma	663	Buy	7,687	55.5	53.2	1,998	108.1	104.9	1,464	126.4	108.2
Aurobindo Pharma	1,450	Buy	33,651	15.6	6.4	6,745	2.5	2.8	4,372	5.8	8.6
Biocon	461	Sell	8,353	16.2	0.6	1,746	4.3	-1.8	1,043	1.2	-48.2
Cadila Health	1,797	Buy	24,321	18.6	6.3	5,232	40.1	-1.6	3,548	50.2	-7.6
Cipla	616	Neutral	33,460	23.0	8.2	7,207	33.0	42.0	4,149	40.9	59.8
Divis Labs	1,876	Neutral	7,677	20.0	-5.8	2,825	21.6	-9.7	2,040	21.5	-10.9
Dr Reddy's Labs	3,551	Buy	38,401	9.2	-0.8	9,101	11.5	10.6	5,843	6.2	12.6
Glenmark Pharma	994	Buy	18,287	23.7	4.3	3,657	9.8	17.8	2,026	9.6	1809.4
GSK Pharma	3,325	Neutral	7,074	8.0	15.3	1,507	37.8	26.7	1,337	36.1	23.1
IPCA Labs.	710	Neutral	7,523	-19.6	19.8	889	-61.5	164.0	322	-77.9	LP
Lupin	1,887	Buy	32,188	-2.0	5.4	8,401	-20.6	9.8	5,614	-10.1	2.6
Sanofi India	3,516	Neutral	5,622	11.2	15.0	949	-3.1	14.5	557	-3.2	15.0
Sun Pharma	874	Buy	66,801	6.0	8.7	17,368	-8.4	97.3	10,089	-28.5	13.6
Torrent Pharma	1,299	Buy	15,386	38.1	33.3	4,942	43.3	205.1	3,188	24.5	145.2
Sector Aggregate			306,430	12.2	7.9	72,567	4.3	32.9	45,592	-1.0	20.5

Exhibit 1: 1QFY16 Aggregates

Healthcare Universe Aggregates	YOY Growth (%)			EBITDA Margin (%)			Net Profit Margin (%)		
	Sales	EBITDA	ADJ PAT	Jun-15	Jun-14	CHG (BPS)	Jun-15	Jun-14	CHG (BPS)
MNC Pharma	9.4	18.5	21.6	19.3	17.9	149	14.9	13.4	150
Big 5 Generics	8.0	-2.4	-10.8	24.6	27.3	-263	15.0	18.2	-317
CRAMS	20.0	21.6	21.5	36.8	36.3	49	26.6	26.2	32
Second Tier generics	18.7	14.2	15.5	21.9	22.7	-86	13.9	14.2	-38
Sector Aggregate	12.2	4.3	-1.0	23.7	25.5	-178.4	14.9	16.8	-190.4

Source: Company, MOSL

Core 1QFY16 performance: Key highlights

We expect Cipla, Cadila, Torrent Pharma and Alembic Pharma to register strong operational performance in 1QFY16 owing to the following company-specific reasons:

- Cipla** is expected to report 19% growth in overall revenue, driven by the India and US businesses. The company is supplying gNexium to Teva (sole generic player) for the US market. This should propel its overall export formulation growth to 28% during the quarter. With margins likely to improve to 21.5%, the company is expected to report 41% PAT growth.
- Cadila Healthcare:** 1QFY16 revenue is likely to grow 19% YoY to INR24.3b, driven by 38% YoY growth in US formulations (price hike in HCQs). Domestic formulation is likely to witness a muted 10% YoY increase (to INR7.4b), still recovering from the price control impact. EBITDA margin is likely to expand 330bp YoY due to benefits of operating leverage and improving sales mix (stronger US sales).
- Torrent Pharma:** The launch of gAbilify in the US market is expected to generate USD50m-60m sales for Torrent in 1Q. As a result, sales are likely to grow 38% YoY to INR15.4b and EBITDA margins expanding to 32% v/s 31% in 1QFY15. We estimate PAT to grow 25% YoY, with lower taxes during the quarter.
- Alembic Pharma:** Lower US base and gAbilify launch in the US is expected to increase Alembic Pharma's sales growth 55% YoY to INR7.7b, with 14.6% growth in domestic and 187% in international generics. EBITDA is likely to grow by 108% YoY, aided by favorable business mix (margin expansion of 700bps). Overall PAT is expected to grow 130% YoY to INR1.5b.

Key developments

- USFDA approves generic Abilify (market size of USD6b): Significant for Torrent Pharma (TRP) and Alembic Pharma (ALPM)**
 - In April 2015, USFDA approved the first wave of generic version for blockbuster product gAbilify for Alembic, Torrent, Hetero and Teva.
 - Though the product has multiple filers, USFDA's primary target has been to ensure generic availability (as we have witnessed in the recent past). The first-mover advantage for Alembic and Torrent can be significant in this product.
 - The matter patent for Abilify has already expired, but the innovator has sought extension of patent. Still, the generic manufacturers have gone ahead with the 'at risk launch' in April.

- Alembic and Torrent's base US sales are very low (less than US\$150m); hence, this product can significantly boost US sales with high profitability.
- Assuming a five-player market in Abilify for the near term and 10% market share for Torrent and Alembic, this product can generate ~US\$80m-150m annualized sales for each company (with high margins).

2. Senior management changes in Cipla and Aurobindo

- Over the last 3-4 months, there has been significant churn at the top- and mid-level management. Recently, its global CFO Rajesh Garg quit to pursue his entrepreneurial ambitions. Similarly, India business head Sameer Goel, global general counsel Murali Nilakantan, HR head Navin Garg, CIO Arun Gupta and licensing head Shubhra Mehtrotra have resigned from their positions over the last six months.
- In June 2015, company's promoter Kameil Hamid also left the organization to follow his own interests.
- Aurobindo also witnessed its first management exit when CEO Arvind Vasudeva quit in July-2015. He took over as CEO in 2013 and then the company's overall business has improved significantly since then—as evident from market cap growth of 5x. So, the exit of Arvind Vasudeva came as negative surprise for the company. The reasons for his exit remain unclear.

3. Lupin on an acquisition spree

- In March 2015, the company completed its acquisition of South African company Pharma Dynamics. In May 2015, it forayed into the Brazilian market with the acquisition of Medquimica. On July 2, it made a small acquisition in Russia where it acquired Biocom.
- The company aims to add USD1b to the top line through the inorganic route by FY18 to accomplish its overall sales target of USD5b. However, we opine that these smaller acquisitions would be insufficient to bridge that gap and the company would need one or two big-size acquisitions in the near term to achieve its FY18 sales target.

Depreciated USD/INR to benefit export oriented companies

- The INR depreciated 8% YoY against the USD in 1QFY16 (63.5 v/s 59 in 1QFY15). Hence, 1QFY16 net sales of export-oriented companies is likely to be higher than witnessed in the last 2-3 quarters.
- The INR has depreciated 2% sequentially against the USD, so it is unlikely to result in any significant MTM impact for companies with large forex debt and derivative exposure.
- However, emerging market currency crisis will affect companies such as Dr Reddy's, Torrent Pharma and Glenmark in our coverage. Similarly, negative impact of Euro depreciation would be visible in companies such as Aurobindo, Torrent Pharma and Cipla, which have a higher proportion of Euro sales in the overall revenue.

Exhibit 2: Currency movement (USD/INR)



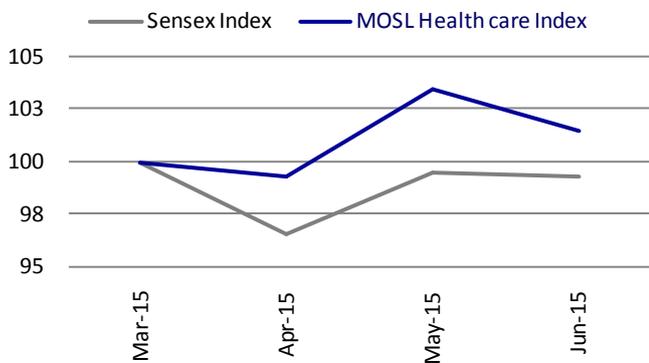
Source: Bloomberg, MOSL

Exhibit 3: Currency movement (EUR/INR)



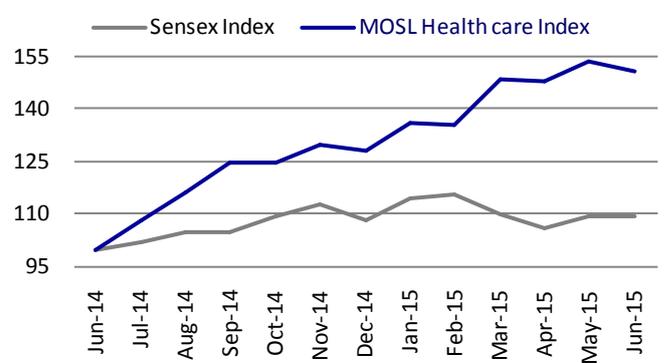
Source: Bloomberg, MOSL

Exhibit 1: Relative performance – 3 months (%)



Source: Bloomberg, MOSL

Exhibit 2: Relative performance – 1 year (%)



Source: Bloomberg, MOSL

Exhibit 2: Comparative valuations

Sector / Companies	CMP (INR)	Reco.	EPS (INR)			PE (x)			EV/EBIDTA (x)			ROE (%)		
			FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E
Alembic Pharma	663	Buy	15.0	29.3	28.7	44.2	22.6	23.1	21.7	16.6	16.4	36.3	49.9	35.3
Aurobindo Pharma	1,450	Buy	55.4	65.2	82.5	26.1	22.2	17.6	15.2	15.6	12.3	36.4	31.5	29.8
Biocon	461	Sell	20.1	25.0	28.1	22.9	18.5	16.4	13.9	11.0	9.6	12.3	13.8	14.0
Cadila Health	1,797	Buy	58.3	77.2	94.6	30.8	23.3	19.0	20.8	15.6	13.0	30.8	33.7	31.8
Cipla	616	Neutral	14.7	21.4	27.4	41.9	28.7	22.5	26.6	16.6	13.4	11.0	14.0	15.4
Divis Labs	1,876	Neutral	64.1	76.4	95.0	29.2	24.5	19.8	19.9	17.2	13.7	26.4	26.9	28.6
Dr Reddy's Labs	3,551	Buy	130.2	149.9	176.1	27.3	23.7	20.2	17.7	15.2	12.8	19.9	19.2	18.9
Glenmark Pharma	994	Buy	17.5	32.9	43.0	56.7	30.2	23.1	20.7	17.6	13.3	15.8	23.1	22.8
GSK Pharma	3,325	Neutral	62.4	72.3	78.2	53.3	46.0	42.5	44.8	40.1	33.0	23.1	33.9	37.0
IPCA Labs.	710	Neutral	19.8	25.3	37.6	35.8	28.1	18.9	16.6	15.8	12.6	12.0	13.6	17.7
Lupin	1,887	Buy	53.5	61.4	74.0	35.3	30.7	25.5	26.2	19.7	16.3	30.4	27.3	26.1
Sanofi India	3,516	Neutral	85.5	95.2	123.9	41.1	36.9	28.4	21.4	21.1	16.1	13.3	14.0	16.9
Sun Pharma	874	Buy	18.9	25.6	37.9	46.3	34.2	23.0	25.7	20.8	15.0	20.2	21.3	26.1
Torrent Pharma	1,299	Buy	44.4	54.8	62.7	29.3	23.7	20.7	21.2	15.3	13.5	34.2	33.0	30.4
Sector Aggregate						37.0	28.8	22.3	22.8	18.2	14.4	19.8	21.2	22.4

Alembic Pharmaceuticals

Bloomberg	ALPM IN
Equity Shares (m)	188.5
M. Cap. (INR b)/(USD b)	125/2
52-Week Range (INR)	698/265
1,6,12 Rel Perf. (%)	20 / 48 / 139

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015	2016E	2017E
Sales	18.6	20.5	30.9	32.9
EBITDA	3.6	4.0	7.6	7.5
NP	2.4	2.8	5.5	5.4
EPS (INR)	12.5	15.0	29.3	28.7
EPS Gro. (%)	42.5	20.0	95.1	-2.1
BV/Sh. (INR)	35.8	46.9	70.4	92.0
RoE (%)	40.0	36.3	49.9	35.3
RoCE (%)	43.1	37.5	53.4	39.9
VALUATION				
P/E (x)	53.1	44.2	22.7	23.1
P/BV (x)	18.5	14.1	9.4	7.2
EV/EBITDA (x)	35.2	31.6	16.6	16.4

CMP: INR663

Buy

- Alembic Pharma is expected to report 55% YoY growth in overall sales, primarily driven by gAbilify launch in the US market. We expect USD35m sales (on a conservative basis) from gAbilify in 1Q, resulting in 187% YoY growth in international generics. Domestic formulations business is likely to report 14.6% YoY growth during the quarter and API business is expected to remain flat at INR880m.
- Driven by Abilify launch, EBITDA margins are likely to rise to 33.5% and EBITDA to grow 168%YoY during the quarter.
- We expect PAT to triple to INR1.9b, assuming lower taxes (21%) than 1QFY15 (24%).
- We believe ALPM has a focused management team and has stepped into its next phase of high growth. The strong improvement in operational performance over the last few quarters, we believe, is an undertone of this transformation.
- The business mix at ALPM is likely to improve, with higher contribution from US generics and specialty therapies in India; acute therapies are expected to start recovering from this quarter.
- The stock trades at 22.7x FY16E and 23.1x FY17E earnings.
- **Maintain Buy.**

Key issues to watch out

- Upside from near-term generic launches (gAbilify, gCelebrex, gPristiq) in the US
- Outlook for domestic formulations and US generics business.

Consolidated - Quarterly Earning Model

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	4,943	5,463	5,110	5,018	7,687	8,088	7,621	7,548	20,527	30,935
YoY Change (%)	15.7	12.3	5.2	8.1	55.5	48.1	49.2	50.4	10.2	50.7
Total Expenditure	3,983	4,388	4,093	4,043	5,689	5,666	5,931	5,869	16,500	23,325
EBITDA	960	1,074	1,017	975	1,998	2,423	1,690	1,680	4,026	7,610
Margins (%)	19.4	19.7	19.9	19.4	26.0	30.0	22.2	22.3	19.6	24.6
Depreciation	107	108	119	110	125	135	140	145	444	551
Interest	6	10	-2	4	35	35	35	35	18	137
Other Income	2	1	1	23	15	15	15	15	26	62
PBT	849	957	900	885	1,853	2,268	1,530	1,515	3,591	6,983
Tax	203	184	193	183	389	476	321	318	764	1,467
Rate (%)	23.9	19.3	21.5	20.7	21.0	21.0	21.0	21.0	21.3	21.0
MI & Profit/Loss of Asso. Cos.	0	0	0	-2	0	0	0	-2	-2	-2
Reported PAT	647	773	707	702	1,464	1,792	1,209	1,198	2,829	5,519
Adj PAT	647	773	707	703	1,464	1,792	1,209	1,198	2,829	5,519
YoY Change (%)	38.7	25.3	7.2	14.7	126.4	131.9	71.1	70.4	20.1	95.1
Margins (%)	13.1	14.1	13.8	14.0	19.0	22.1	15.9	15.9	13.8	17.8

E: MOSL Estimates

Aurobindo Pharma

Bloomberg	ARBP IN
Equity Shares (m)	291.1
M. Cap. (INR b)/(USD b)	422/7
52-Week Range (INR)	1470/645
1,6,12 Rel Perf. (%)	6 / 27 / 86

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017
Sales	81.0	121.2	145.2	167.0
EBITDA	21.3	25.6	29.2	35.9
NP	13.3	16.2	19.0	24.1
EPS (INR)	45.5	55.4	65.2	82.5
EPS Gr (%)	232.2	21.7	17.7	26.5
BV/Sh (INR)	128.7	176.6	237.8	315.0
RoE (%)	41.8	36.4	31.5	29.8
RoCE (%)	27.5	28.2	26.3	28.0
Valuations				
P/E (x)	31.8	26.1	22.2	17.6
P/BV (x)	11.3	8.2	6.1	4.6
EV/EBITDA (x)	21.4	17.8	15.6	12.3

CMP: INR1,450

Buy

- We expect Aurobindo's (ARBP) sales to grow 16% YoY in 1QFY16 to INR33.6b, aided by improving traction in the US and higher ARV sales.
- The US business (accounts for 54% of sales) is expected to grow 30% YoY in 1Q on the back of 5-6 ANDA launches in the US (including gSuprax launch in 1Q). Europe and RoW sales are likely to grow 5% YoY in 1Q. API business growth will moderate (7% YoY) due to a shift toward formulation business.
- EBITDA margin is expected to contract 260bp to 20%. Overall EBITDA is likely to remain flat at INR6.7b over a high base of 1QFY15 (includes two months of gCymbalta sales). We expect reported PAT at INR4.4b compared with INR4.1b in the corresponding quarter last year.
- We expect EU acquisition (23% of FY15 sales) to turn profitable by FY16-end (v/s -4% margin now), driven by (a) backward integration (India manufacturing) and (b) new launches from ARBP's portfolio (high-margin injectables, hospitals). Foray into US nutraceutical (USD55b market by 2020) through Natrol acquisition (USD132m) broadens ARBP's product offering, with a scope for margin expansion.
- The stock trades at 22.2x FY16E and 17.6x FY17E on EPS. We maintain **Buy**.

Key issues to watch out

- Clarity on fund raising plans
- Outlook on the US business (182 pending approvals)
- Profitability of Actavis business in Europe

Quarterly performance

(INR Million)

Y/E March (Consolidated)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	29,111	28,812	31,662	31,621	33,651	34,393	37,342	39,849	120,432	144,340
YoY Change (%)	69.7	50.5	47.9	35.7	15.6	19.4	17.9	26.0	49.6	19.8
Total Expenditure	22,529	22,440	25,540	25,060	26,906	27,514	29,873	31,714	95,569	116,007
EBITDA	6,582	6,372	6,122	6,561	6,745	6,879	7,469	8,135	24,863	28,333
Margins (%)	22.6	22.1	19.3	20.7	20.0	20.0	20.0	20.4	20.6	19.6
Depreciation	908	899	673	847	900	950	1,100	1,132	3,326	4,082
Interest	189	210	219	226	330	330	350	342	843	1,352
Other Income	108	273	359	67	90	150	170	200	1,581	1,460
PBT before EO expense	5,593	5,537	5,590	5,556	5,605	5,749	6,189	6,861	22,275	24,359
Extra-Ord expense	-14	420	202	-12	0	0	0	0	596	0
PBT	5,607	5,117	5,388	5,568	5,605	5,749	6,189	6,861	21,679	24,359
Tax	1,464	1,404	1,563	1,534	1,233	1,265	1,361	1,500	5,966	5,359
Rate (%)	26.1	27.4	29.0	27.6	22.0	22.0	22.0	21.9	27.5	22.0
Minority Interest	-12	-10	-20	-5	-10	-10	-15	-15	-45	-50
Reported PAT	4,154	3,722	3,844	4,038	4,382	4,494	4,842	5,376	15,758	19,050
Adj PAT	4,132	4,017	3,968	4,025	4,372	4,484	4,827	5,361	16,194	19,050
YoY Change (%)	362.8	37.5	-4.3	-15.2	5.8	11.6	21.7	33.2	21.5	17.6
Margins (%)	14.2	13.9	12.5	12.7	13.0	13.0	12.9	13.5	13.4	13.2

E: MOSL Estimates

Biocon

Bloomberg	BIOS IN
Equity Shares (m)	200.0
M. Cap. (INR b)/(USD b)	92/1
52-Week Range (INR)	554/402
1,6,12 Rel Perf. (%)	2 / 7 / -22

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015	2016E	2017E
Net Sales	28.5	30.6	36.6	41.9
EBITDA	6.6	6.7	8.3	9.6
NP	4.1	4.0	5.0	5.6
Adj.EPS (INR)	20.7	20.1	25.0	28.1
EPS Gr. (%)	26.5	-2.8	24.1	12.4
BV/Sh. (INR)	151.3	163.5	181.1	201.0
RoE (%)	13.7	12.3	13.8	14.0
RoCE (%)	11.7	12.5	11.9	12.5
Payout (%)	28.3	29.3	29.3	29.3

Valuations

P/E (x)	22.3	22.9	18.5	16.4
P/BV (x)	3.0	2.8	2.5	2.3
EV/EBITDA (x)	12.8	13.7	11.0	9.6
Div. Yield (%)	1.1	1.3	1.4	1.5

CMP: INR461

Sell

- Biocon's revenue is likely to grow 16% YoY to INR8.3b, driven by 28% growth in CRO division, 16% growth in Biopharma sales and licensing income of INR63m.
- EBITDA is expected to increase 4% YoY, with margins dipping 240bp to 20.9%. The company has been facing issues on three fronts: (1) Capacity constraints in insulins, (2) lower offtake of Fidaxomicin, and (3) adverse business environment in the Middle East; these issues are likely to affect its performance this quarter as well.
- We expect PAT to remain flat at INR1b, with higher depreciation in the quarter (INR620m v/s INR519m in 1QFY15).
- Key growth drivers for FY16E/17E will be 1) commercialization and ramp-up of the insulin plant in Malaysia, 2) ramp-up in the CRO division, 3) contribution from the supply of API/immuno-suppressants to partners, and 4) branded formulations in India. However, capex for long-term initiatives is likely to exert pressure on profitability and return ratios in the near term.
- The stock trades at 18.5x FY16E and 16.4x FY17E EPS. Maintain **Sell**.

Key issues to watch out

- Syngene listing in July-Aug 2015
- Update on Fidoxymicin and Middle East problems
- Progress on product registration for Rh-Insulin/Glargine in Europe/US and other out-licensing opportunities

Quarterly performance

(INR Million)

Y/E Mar, (Consolidated)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	7,186	7,495	7,610	8,302	8,353	9,119	9,461	9,671	30,592	36,603
YoY Change (%)	3.4	2.1	8.7	14.8	16.2	21.7	24.3	16.5	7.3	19.7
Total Expenditure	5,513	5,847	6,093	6,525	6,607	7,049	7,285	7,350	23,940	28,291
EBITDA	1,673	1,648	1,517	1,778	1,746	2,070	2,176	2,321	6,652	8,313
Margins (%)	23.3	22.0	19.9	21.4	20.9	22.7	23.0	24.0	21.7	22.7
Depreciation	519	542	563	585	620	670	750	827	2,210	2,867
Interest	6	50	48	0	35	35	35	39	89	144
Other Income	234	231	179	1,292	300	315	325	350	1,887	1,290
PBT	1,382	1,287	1,085	2,484	1,391	1,680	1,716	1,805	6,240	6,592
Tax	309	218	112	318	288	348	355	374	957	1,318
Rate (%)	22.4	16.9	10.3	12.8	20.7	20.7	20.7	20.7	15.3	20.0
Minority Interest	43	49	66	153	60	65	70	86	310	281
PAT	1,030	1,020	908	2,014	1,043	1,267	1,291	1,346	4,973	4,993
YoY Change (%)	10.2	-0.3	-13.5	78.2	1.2	24.2	42.1	-33.2	21.3	0.4
Margins (%)	14.3	13.6	11.9	24.3	12.5	13.9	13.6	13.9	16.3	13.6

E: MOSL Estimates; Note - Quarterly nos will not add up to full-year nos due to restatements

Cadila Healthcare

Bloomberg	CDH IN
Equity Shares (m)	204.7
M. Cap. (INR b)/(USD b)	368/6
52-Week Range (INR)	1998/1015
1,6,12 Rel Perf. (%)	-4 / 11 / 59

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015	2016E	2017E
Sales	72.2	86.5	106.3	124.8
EBITDA	12.0	17.8	24.1	28.5
Net Profit	8.2	11.9	15.8	19.4
Adj. EPS.INR	40.1	58.3	77.2	94.6
EPS Gr. (%)	25.6	45.5	32.3	22.7
BV/Sh. (INR)	168.0	207.7	270.3	346.7
RoE (%)	25.2	30.8	33.7	31.8
RoCE (%)	18.6	24.9	29.9	30.6
Payout (%)	27.1	24.1	21.8	21.5

Valuations

P/E (x)	44.8	30.8	23.3	19.0
P/BV (x)	10.7	8.7	6.6	5.2
EV/EBITDA (x)	32.1	21.5	15.6	13.0
Div. Yield (%)	0.5	0.7	0.8	1.0

CMP: INR1,796

Buy

- Cadila Healthcare's (CDH) 1QFY16 revenue is likely to grow 19% YoY to INR24b, driven by 38% YoY growth in US formulations. Overall export formulations are expected to grow 29% YoY to INR12.6b. However, the domestic formulation continues to underperform the broader Indian pharma market and is likely to grow 10% YoY to INR7.4b.
- We expect EBITDA to grow 40% YoY to INR5.2b and EBITDA margin to improve 330bp due to improved business mix in 1Q. Adjusted PAT is likely to grow 54% YoY to INR3.6b, with higher other income of INR200m.
- Post IPCA's withdrawal, CDH had undertaken substantial price hike in HCQ tablets in the US market and has captured 30% market share in the product. Even though IPCA has re-launched HCQ tablets in the US, it has failed to regain its market share. Hence, we expect CDH to report stronger numbers for the US in 1Q.
- We believe CDH has invested in right areas and will start benefiting from the same over the next few years. We expect the ramp-up in US to continue in FY16, with more launches. We estimate 27% EPS CAGR for FY15-17E, with better return ratios over the next three years.
- The stock trades at 23.3x FY16E and 19x FY17E EPS. Maintain **Buy**.

Key issues to watch out

- Outlook for recovery in domestic formulations
- New filings in the US generic business
- Progress on improvement in balance sheet

Quarterly Performance (Cons.)

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Revenues	20,501	21,080	21,895	22,882	24,321	25,900	27,027	28,742	86,514	106,252
YoY Change (%)	25.2	20.7	17.0	16.2	18.6	22.9	23.4	25.6	19.8	22.8
Total Expenditure	16,766	16,886	17,454	17,566	19,089	20,179	20,852	22,055	68,672	82,175
EBITDA	3,735	4,194	4,441	5,317	5,232	5,722	6,175	6,687	17,841	24,077
Margins (%)	18.2	19.9	20.3	23.2	21.5	22.1	22.8	23.3	20.6	22.7
Depreciation	677	733	707	755	800	850	890	925	2,873	3,486
Interest	194	161	137	121	190	195	220	230	613	836
Other Income	83	164	103	203	200	205	240	275	554	910
PBT after EO Income	2,996	3,453	3,749	4,280	4,442	4,882	5,305	5,807	14,477	20,664
Tax	524	571	791	708	800	879	955	1,045	2,594	3,719
Rate (%)	17.5	16.5	21.1	16.5	18.0	18.0	18.0	18.0	17.9	18.0
Min. Int/Adj on Consol	69	101	139	68	95	100	115	130	377	433
Reported PAT	2,402	2,781	2,819	3,504	3,548	3,903	4,235	4,632	11,506	16,511
Adj PAT	2,363	2,791	2,817	3,838	3,548	3,903	4,235	4,632	11,793	16,511
YoY Change (%)	19.8	93.6	39.7	53.4	50.2	39.9	50.4	20.7	54.8	40.0
Margins (%)	11.5	13.2	12.9	16.8	14.6	15.1	15.7	16.1	13.6	15.5

E: MOSL Estimates

Cipla

Neutral

Bloomberg	CIPLA IN
Equity Shares (m)	802.9
M. Cap. (INR b)/(USD b)	495/8
52-Week Range (INR)	752/424
1,6,12 Rel Perf. (%)	-5 / -3 / 31

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015E	2016E	2017E
Sales	101.0	113.5	135.2	153.0
EBITDA	21.3	21.6	29.0	34.9
Net Profit	13.9	11.8	17.2	22.0
Adj. EPS (INR)	17.3	14.7	21.4	27.4
EPS Gr. (%)	21.1	-14.8	45.8	27.8
BV/Sh. (INR)	125.1	134.3	153.1	177.5
RoE (%)	13.8	11.0	14.0	15.4
RoCE (%)	16.4	14.1	17.5	19.4
Payout (%)	13.5	15.9	12.3	10.7

VALUATION

P/E (x)	35.7	41.9	28.7	22.5
P/BV (x)	4.9	4.6	4.0	3.5
EV/EBITDA (x)	23.7	23.4	16.8	13.6
Div. Yield (%)	0.3	0.3	0.4	0.4

CMP: INR616

- We expect Cipla's sales to grow 23% YoY to INR33.5b, with better traction in export and India formulations businesses.
- Export formulation business is expected to grow 28% YoY to INR15.5b due to gNexium (180 days exclusivity) supply to its partner Teva in the US. Domestic business is also expected to grow 10% YoY to INR14.2b over a high base. Export APIs sales would grow 22% to INR1.7b.
- EBITDA is likely to increase 33% YoY to INR7.2b, with margin expanding 160bp to 21.5%—aided by gNexium supply to Teva in the US (price erosion has been minimal at 30%; market share stands at 35%). We expect reported PAT to grow 45% YoY to INR4.3b.
- We believe that earnings acceleration and potential upgrades on successful EU inhaler portfolio monetization would help it sustain the current multiples going forward (24x one-year forward P/E).
- The stock trades at 28.7x FY16E and 22.5x FY17E earnings. Maintain **Neutral**.

Key issues to watch out

- Launch of combination inhaler in the UK market (USD450m market size)
- Margin improvement in Medpro operations (acquired in July 2014)
- Sustained strong growth in domestic formulations (42% of sales)

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Revenues	27,200	27,673	27,655	30,927	33,460	34,757	33,673	33,348	113,454	135,238
YoY Change (%)	10.4	10.1	7.2	22.7	23.0	25.6	21.8	7.8	12.3	19.2
Total Expenditure	21,782	22,089	22,116	25,850	26,253	27,171	26,480	26,325	0	106,229
EBITDA	5,418	5,584	5,538	5,077	7,207	7,586	7,192	7,023	21,617	29,008
Margins (%)	19.9	20.2	20.0	16.4	21.5	21.8	21.4	21.1	19.1	21.5
Depreciation	1,254	1,220	1,216	1,357	1,400	1,440	1,500	1,529	5,047	5,869
Interest	333	469	447	434	440	435	425	427	1,683	1,727
Other Income	404	233	407	612	420	450	525	580	1,656	1,975
Profit before Tax	4,235	4,128	4,282	3,898	5,787	6,161	5,792	5,647	16,543	23,387
Tax	1,019	1,007	944	1,030	1,505	1,479	1,390	1,239	4,000	5,613
Rate (%)	24.1	24.4	22.1	26.4	26.0	24.0	24.0	22.0	24.2	24.0
Minority Interest	269.9	134.4	58.9	271.3	133.0	145.0	125.0	152.0	734.5	555.0
Reported PAT	2,946	2,987	3,279	2,597	4,149	4,537	4,277	4,255	11,808	17,219
Adj PAT	2,946	2,987	3,279	2,597	4,149	4,537	4,277	4,255	11,808	17,219
YoY Change (%)	-38.0	-16.6	15.3	-0.4	40.9	51.9	30.5	63.9	-16.6	45.8
Margins (%)	10.8	10.8	11.9	8.4	12.4	13.1	12.7	12.8	10.4	12.7

'E: MOSL Estimates; Note: Quarterly numbers 2QFY14 onwards and annual numbers are consolidated

Divi's Laboratories

Bloomberg	DIVI IN
Equity Shares (m)	132.7
M. Cap. (INR b)/(USD b)	249/4
52-Week Range (INR)	1968/1376
1,6,12 Rel Perf. (%)	3 / 8 / 19

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015	2016E	2017E
Sales	25.3	31.0	37.6	46.0
EBITDA	10.1	11.5	13.9	17.2
Net Profit	7.7	8.5	10.1	12.6
Adj. EPS (INR)	58.3	64.1	76.4	95.0
EPS Gr. (%)	28.5	10.1	19.2	24.2
BV/Sh. (INR)	223.3	263.3	305.4	357.6
RoE (%)	28.3	26.4	26.9	28.6
RoCE (%)	36.0	33.0	34.3	36.6
Payout (%)	40.2	36.5	45.0	45.0
Valuations				
P/E (x)	32.2	29.2	24.5	19.8
P/BV (x)	8.4	7.1	6.1	5.2
EV/EBITDA (x)	24.7	21.6	17.9	14.4
Div. Yield (%)	1.1	1.1	1.6	1.9

CMP: INR1,876

Neutral

- Divi's Laboratories (DIVI) is likely to register 20% YoY growth in 1QFY16 revenue at INR7.7b, primarily on increased capacity utilization at new DSN SEZ units. Growth would be driven by generic business.
- EBITDA is likely to grow 22% YoY to INR2.8b, with 50bp margin improvement—largely due to favorable business mix during the quarter.
- We expect PAT to increase 21.5% YoY to INR2.0b, in line with EBITDA growth during the quarter.
- The management expects FY16 revenue to grow more than 24%, with EBITDA margin sustaining at 36-37%. Revenue growth would be aided by capacity utilization at DSN SEZ—up from 75% in 1QFY15 to 80% this quarter.
- We estimate ~22% revenue, EBITDA and PAT CAGR over FY15-17E, maintain EBITDA margin at ~37%. We expect balance sheet to continue to strengthen and expect dividend payout to go up to 45% in FY16E from 37% in FY15.
- The stock trades at 24.5x FY16E and 19.8x FY17E earnings. Maintain **Neutral**.

Key issues to watch out

- Ramp-up at Vizag SEZ
- Outlook for growth beyond FY16

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Op Revenue	6,398	8,298	7,881	8,147	7,677	9,542	9,851	10,483	31,032	37,553
YoY Change (%)	24.0	46.6	14.6	10.4	20.0	15.0	25.0	28.7	22.9	21.0
Total Expenditure	4,075	5,263	5,041	5,020	4,852	5,916	6,305	6,604	19,497	23,677
EBITDA	2,323	3,034	2,840	3,127	2,825	3,626	3,546	3,879	11,535	13,876
Margins (%)	36.3	36.6	36.0	38.4	36.8	38.0	36.0	37.0	37.2	37.0
Depreciation	333	293	288	445	350	370	380	445	1,360	1,521
Interest	4	4	5	6	5	5	6	6	19	22
Other Income	156	189	230	149	145	156	180	190	545	655
PBT	2,142	2,927	2,777	2,825	2,615	3,407	3,340	3,617	10,702	12,988
Tax	463	630	572	536	575	750	735	796	2,206	2,862
Rate (%)	21.6	21.5	20.6	19.0	22.0	22.0	22.0	22.0	20.6	22.2
Reported PAT	1,679	2,296	2,206	2,289	2,040	2,658	2,605	2,821	8,497	10,106
Adj PAT	1,679	2,296	2,206	2,289	2,040	2,658	2,605	2,821	8,497	10,106
YoY Change (%)	-3.9	12.1	0.7	18.6	21.5	15.7	18.1	23.3	15.4	18.9
Margins (%)	26.2	27.7	28.0	28.1	26.6	27.8	26.4	26.9	27.4	26.9

Dr Reddy's Labs

Bloomberg	DRRD IN
Equity Shares (m)	170.4
M. Cap. (INR b)/(USD b)	605/10
52-Week Range (INR)	3809/2511
1,6,12 Rel Perf. (%)	1 / 8 / 26

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015	2016E	2017E
Sales	132.2	148.2	164.8	183.8
EBITDA	31.7	33.5	39.1	45.5
Net Profit	21.2	22.2	25.5	30.0
Adj. EPS (INR)	124.6	130.2	149.9	176.1
EPS Gr. (%)	54.6	4.5	15.2	17.5
BV/Sh. (INR)	533.8	653.3	780.9	930.7
RoE (%)	23.3	19.9	19.2	18.9
RoCE (%)	18.7	16.9	18.1	18.5
Payout (%)	16.6	17.9	17.6	17.6

Valuations

P/E (x)	28.5	27.3	23.7	20.2
P/BV (x)	6.7	5.4	4.5	3.8
EV/EBITDA (x)	19.4	18.0	15.2	12.8
Div. Yield (%)	0.5	0.6	0.6	0.7

CMP: INR3,550

Buy

- Dr Reddy's Lab is expected to report muted numbers in 1QFY16, with 9% YoY revenue growth and 6% YoY PAT growth.
- Due to lack of launches, the US business is likely to grow only 11% YoY to INR18.4b. Russia and CIS region is expected to witness 26% YoY sales decline due to currency devolution. However, India business would report buoyant growth in 1Q.
- EBITDA is expected to grow 11% YoY to INR9.1b and EBITDA margin to improve 50bp YoY to 23.7% with better business mix.
- PAT is likely to improve 6% YoY to INR5.8b, slower than EBITDA due to lower other income during the quarter.
- Even though the near-term earnings growth is muted, we believe the company is focusing on the right areas for growth in the US. We expect accelerated launches in the US in FY16/17 to drive strong double-digit growth in FY16/17.
- The stock trades at 23.7x FY16E and 20.2x FY17E earnings. Maintain **Buy**.

Key issues to watch out

- Potential competition in key US products: Vidaza, Dacogen etc.
- FY16 outlook for both generics and PSAI businesses
- Successful resolution of 483 observations for Srikakulam plant

Quarterly Performance - IFRS

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross Sales	35,175	35,879	38,431	38,704	38,401	41,220	42,180	43,034	148,189	164,835
YoY Change (%)	23.6	6.9	8.8	11.2	9.2	14.9	9.8	11.2	12.1	11.2
Total Expenditure	27,013	27,722	29,504	30,478	29,300	31,451	32,183	32,753	114,717	125,687
EBITDA	8,162	8,157	8,927	8,226	9,101	9,769	9,997	10,282	33,472	39,148
Margins (%)	23.2	22.7	23.2	21.3	23.7	23.7	23.7	23.9	22.6	23.8
Amortization	1,872	1,957	2,041	2,232	2,100	2,115	2,150	2,371	8,103	8,736
Other Income	719	1,459	1,401	-64	303	377	395	392	2,793	1,467
Profit before Tax	7,009	7,659	8,286	5,930	7,304	8,031	8,242	8,302	28,163	31,878
Tax	1,505	1,196	2,541	742	1,461	1,606	1,648	1,660	5,984	6,376
Rate (%)	21.5	15.6	30.7	12.5	20.0	20.0	20.0	20.0	21.2	20.0
Net Profit	5,504	6,463	5,745	5,188	5,843	6,425	6,593	6,641	22,179	25,502
YoY Change (%)	68.2	-6.4	1.0	7.4	6.2	-0.6	14.8	28.0	4.7	15.0
Margins (%)	15.6	18.0	14.9	13.4	15.2	15.6	15.6	15.4	15.0	15.5

E - MOSL Estimates

Glenmark Pharma

Bloomberg	GNP IN
Equity Shares (m)	271.3
M. Cap. (INR b)/(USD b)	270/4
52-Week Range (INR)	1016/532
1,6,12 Rel Perf. (%)	13 / 28 / 65

Financial Snapshot (INR Billion)

Y/E MAR	2014	2015	2016E	2017E
Sales	59.8	66.0	81.1	96.6
EBITDA	12.9	11.8	17.2	22.3
Net Profit	7.6	4.8	8.9	11.7
Adj. EPS (INR)	28.2	17.5	32.9	43.0
EPS Gr. (%)	53.2	-37.8	88.1	30.6
BV/Sh. (INR)	110.0	110.6	142.3	188.7
RoE (%)	25.6	15.8	23.1	22.8
RoCE (%)	18.8	14.4	20.6	24.7
Payout (%)	11.6	20.0	9.9	7.0

Valuations

P/E (x)	35.1	56.4	30.0	23.0
P/BV (x)	9.0	8.9	6.9	5.2
EV/EBITDA (x)	22.8	25.4	17.5	13.3
Div. Yield (%)	0.2	0.3	0.3	0.3

CMP: INR994

Buy

- We expect Glenmark Pharmaceuticals (GNP) to report 24% YoY growth in overall revenues at INR 18.3b, led by improved traction in the US, Latin and India businesses.
- The India branded business is likely to grow 19% YoY, while the overall generic segment is expected to grow 25% YoY due to buoyant US sales (six product approvals in the US). We also do not factor any out-licensing income in our 1Q assumptions.
- EBITDA is likely to improve 10% YoY to INR 3.6b, with margin contraction of 250bp to 20%.
- Adjusted PAT is expected at INR2b (up 10% YoY), mainly due to higher tax rate in 1QFY16 (23%) compared with 1QFY15 (20.5%).
- We expect GNP to gradually reduce its net debt over FY15-17E, thereby improving D/E from 1.1x in FY14 to 0.4x by FY17E. We also expect a gradual improvement in return ratios over the same period.
- The stock trades at 30x FY16E and 23x FY17E EPS. Maintain **Buy**.

Key issues to watch out

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

Quarterly performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Revenues (Core)	14,778	16,715	16,921	17,538	18,287	20,751	20,738	21,292	65,953	81,075
YoY Change (%)	19.4	14.3	5.7	4.3	23.7	24.1	22.6	21.4	10.2	22.9
EBITDA	3,332	3,260	3,625	3,104	3,657	4,358	4,355	4,806	13,321	17,184
Margins (%)	22.5	19.5	21.4	17.7	20.0	21.0	21.0	22.6	20.2	21.2
Depreciation	651	650	655	645	700	780	825	864	2,600	3,169
Interest	481	510	513	397	480	510	550	663	1,902	2,203
Other Income	126	101	-947	-287	170	170	175	162	564	677
PBT before EO Expense	2,326	2,202	2,570	1,776	2,647	3,238	3,155	3,442	8,874	12,482
Extra-Ord Expense	0	0	1,060	1,871	0	0	0	0	1,871	0
PBT after EO Expense	2,326	2,202	1,510	-95	2,647	3,238	3,155	3,442	5,943	12,482
Tax	477	552	363	-201	609	745	726	793	1,190	2,872
Rate (%)	20.5	25.1	24.0	211.5	23.0	23.0	23.0	23.0	20.0	23.0
Reported PAT (incl one-offs)	1,849	1,650	1,148	106	2,038	2,493	2,429	2,648	4,753	9,609
Minority Interest	1	-1	0	0	12	12	12	12	-1	50
Reported PAT (excl MI)	1,848	1,651	1,148	106	2,026	2,481	2,417	2,636	4,753	9,559
YoY Change (%)	43.7	7.0	-46.9	-75.4	9.6	50.3	110.6	2,384.1	-12.3	101.1
Margins (%)	12.5	9.9	6.8	0.6	11.1	12.0	11.7	12.4	7.2	11.8

E: MOSL Estimates

GSK Pharma

Bloomberg	GLXO IN
Equity Shares (m)	84.7
M. Cap. (INR b)/(USD b)	282/4
52-Week Range (INR)	3,550/2,400
1,6,12 Rel Perf. (%)	3 / 3 / 23

CMP: INR3,325
Neutral
Financial Snapshot (INR Billion)

Y/E MARCH	2013	2015	2016E	2017E
Sales	25.2	32.7	30.3	35.2
EBITDA	5.0	6.0	6.7	8.3
Net Profit	4.8	5.3	6.1	6.6
Adj. EPS (INR)	56.2	62.4	72.3	78.2
EPS Gr. (%)	-29.8	11.1	15.9	8.2
BV/Sh. (INR)	238.1	215.9	213.5	211.2
RoE (%)	23.6	23.1	33.9	37.0
RoCE (%)	34.8	35.3	49.7	54.4
Payout (%)	101.5	114.3	102.5	102.1
VALUATION				
P/E (x)	59.2	53.3	46.0	42.5
P/BV (x)	14.0	15.4	15.6	15.7
EV/EBITDA (x)	52.6	54.6	40.1	33.0
Div. Yield (%)	1.5	1.9	2.0	2.1

- In 1QFY16, we expect GlaxoSmithKline Pharmaceuticals (GLXO) to report 8% YoY growth in revenues at INR7b.
- EBITDA is likely to grow 38% YoY to INR1.5b, with EBITDA margin expanding 460bp YoY to 21.3% on a low base.
- Growth and profitability is expected to improve with price increase and volume ramp-up in key NLEM products.
- We expect adjusted PAT to grow 36% YoY to INR1.3b, in line with operational performance.
- GLXO deserves premium valuations due to strong parentage (giving access to large product pipeline), brand-building ability and likely positioning in post-patent era. It is one of the few companies with the ability to drive reasonable growth without any major capital requirement, leading to high RoCE of 45-50%.
- We believe that owing to the recovery in business, the valuations have improved and stand at 46x FY16E and 42.5x FY17E EPS. Maintain **Neutral**.

Key issues to watch out

- New product introduction in FY16
- Market performance of products impacted by DPCO 2013

Quarterly Performance (Standalone)
(INR Million)

Y/E December	FY15					FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	5Q	1QE	2QE	3QE	4QE		
Net Sales	5,999	6,550	7,390	6,462	6,135	7,074	7,759	7,431	7,178	32,725	30,289
YoY Change (%)	-5.1	2.8	19.1	2.5	2.3	8.0	5.0	15.0	17.0	N/A	N/A
Total Expenditure	5,023	5,456	5,818	5,362	4,945	5,567	5,975	5,625	5,362	26,715	23,557
EBITDA	977	1,094	1,572	1,100	1,189	1,507	1,785	1,806	1,816	6,009	6,732
Margins (%)	16.3	16.7	21.3	17.0	19.4	21.3	23.0	24.3	25.3	18.4	22.2
Depreciation	43	50	55	59	48	65	67	70	70	254	252
Other Income	549	447	435	425	473	525	550	600	600	2,320	2,525
PBT before EO Expense	1,483	1,490	1,952	1,466	1,615	1,967	2,268	2,336	2,346	8,076	9,005
Tax	517	508	665	552	528	629	726	747	751	2,793	2,881
Rate (%)	34.9	34.1	34.1	37.7	32.7	32.0	32.0	32.0	32.0	34.6	32.0
Adjusted PAT	966	983	1,287	914	1,087	1,337	1,542	1,588	1,595	5,283	6,123
YoY Change (%)	-43.4	3.4	26.5	-15.8	12.5	36.1	19.8	73.8	46.8	0.9	15.9
Margins (%)	16.1	15.0	17.4	14.1	17.7	18.9	19.9	21.4	22.2	16.1	20.2
Extra-Ord Expense	0	0	0	461	0	0	0	0	0	-519	0
Reported PAT	966	983	1,287	453	1,087	1,337	1,542	1,588	1,595	5,802	6,123

E: MOSL Estimates

Ipsca Laboratories

Bloomberg	IPCA IN
Equity Shares (m)	126.2
M. Cap. (INR b)/(USD b)	90/1
52-Week Range (INR)	899/591
1,6,12 Rel Perf. (%)	8 / -4 / -28

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015	2016E	2017E
Sales	32.8	31.4	34.9	40.2
EBITDA	8.1	5.3	6.1	7.7
Net Profit	4.8	2.5	3.2	4.7
Adj. EPS (INR)	37.9	19.8	25.3	37.6
EPS Gr. (%)	47.5	-47.7	27.5	48.9
BV/Sh. (INR)	155.3	175.0	196.5	228.4
RoE (%)	27.2	12.0	13.6	17.7
RoCE (%)	29.4	14.2	14.1	18.1
Payout (%)	15.4	4.9	15.0	15.0
VALUATIONS				
P/E (x)	18.7	35.8	28.1	18.9
P/BV (x)	4.6	4.1	3.6	3.1
EV/EBITDA (x)	11.5	18.3	15.8	12.6
Div. Yield (%)	0.8	0.1	0.5	0.8

CMP: INR710

Neutral

- We expect Ipsca Laboratories (IPCA) to witness 20% YoY fall in overall revenues on the back of import alerts for all USFDA-approved facilities and lower sales in institutional business. However, domestic formulations business is expected to grow 12% YoY.
- EBITDA is likely to decline 62% YoY to INR889m, with margin dipping 1300bp to 11.8% in 1QFY16. Negative operating leverage due to loss of US revenue and higher compliance costs would impact margins.
- We expect reported PAT to shrink 78% YoY to INR322m, with no change in effective tax rate.
- Import alert on all of its USFDA-approved facilities and stoppage of US sales has led to a sharp stock correction in the last six months. While we believe that the regulatory overhang would weigh on valuation multiples, growth in other businesses remains healthy. We expect IPCA to clock FY15-17E EPS CAGR of 38% on the back of 13% revenue CAGR, improving EBITDA margin to 21%.
- The stock trades at 28.1x FY16E EPS, and 18.9x FY17E EPS. Maintain **Neutral**.

Key issues to watch out

- Early resolution in FDA regulatory issues in the US
- Outlook for institutional tender business after FY15
- Impact of emerging market currency weakness

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Revenues (Core)	9,360	7,806	7,407	6,279	7,523	8,703	9,001	9,112	31,418	34,885
YoY Change (%)	16.2	-7.8	-11.1	-16.2	-19.6	11.5	21.5	45.1	-4.3	11.0
EBITDA	2,309	1,348	1,211	337	889	1,626	1,726	1,937	5,291	6,137
Margins (%)	24.7	17.3	16.4	5.4	11.8	18.7	19.2	21.3	16.8	17.6
Depreciation	379	396	420	577	475	490	505	525	1,796	1,996
Interest	57	57	59	83	65	75	77	82	284	299
Other Income	86	-7	64	143	75	80	95	100	358	351
PBT before EO Expense	1,958	888	797	-179	424	1,141	1,239	1,430	3,569	4,194
PBT after EO Expense	1,958	888	686	46	424	1,141	1,239	1,430	3,569	4,194
Tax	504	275	270	-32	102	274	297	343	1,019	1,007
Rate (%)	25.7	30.9	33.9	18.0	24.0	24.0	24.0	24.0	28.6	24.0
Reported PAT	1,455	613	415	78	322	867	942	1,087	2,550	3,187
Adj PAT	1,455	613	527	-147	322	867	942	1,087	2,550	3,187
YoY Change (%)	102.7	-52.6	-62.1	N/A	-77.9	41.4	78.8	N/A	-46.7	25.0
Margins (%)	15.5	7.9	7.1	-2.3	4.3	10.0	10.5	11.9	8.1	9.1

E: MOSL Estimates

Lupin

Buy

Bloomberg	LPC IN
Equity Shares (m)	447.5
M. Cap. (INR b)/(USD b)	844/13
52-Week Range (INR)	2112/1012
1,6,12 Rel Perf. (%)	3 / 31 / 71

CMP: INR1,886

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015	2016E	2017E
Sales	109.3	126.0	145.5	168.5
EBITDA	26.5	34.5	41.7	49.2
Adj. PAT	17.4	38.1	14.8	20.6
Adj. EPS (INR)	38.7	197.4	252.0	316.3
EPS Gr. (%)	31.9	30.4	27.3	26.1
BV/Sh. (INR)	154.6	40.6	37.9	35.9
RoE (%)	28.6	15.3	15.1	14.1
RoCE (%)	40.1	126.0	145.5	168.5
Payout (%)	16.0	34.5	41.7	49.2
Valuations				
P/E (x)	48.7	35.3	30.7	25.5
P/BV (x)	12.2	9.6	7.5	6.0
EV/EBITDA (x)	31.8	24.5	19.7	16.3
Div. Yield (%)	0.3	0.4	0.4	0.5

- We expect Lupin's (LPC) 1QFY16 revenue to decline 2% YoY to INR32b, affected by poor performance in the US generic segment (few launches and higher base). The US branded business is also likely to witness significant impact on top line post the generic entry in Suprax. However, India business would sustain the last year's growth momentum and grow 17% YoY to INR8.9b.
- EBITDA is estimated to decline 21% YoY to INR8.4b, with EBITDA margin contracting 600bp YoY to 26.1% due to change in product mix (1QFY15 margins were higher on account of gCymbalta sales).
- Reported PAT is likely to decline 10% to INR5.6b, slower than EBITDA due to lower tax rates (29% v/s 39% in 1QFY15).
- Key growth drivers for FY16/17 will be the strong product pipeline for the US, including higher contribution from oral contraceptives and launches in niche areas of ophthalmics and derma.
- The stock trades at 30.7x FY16E and 25.5x FY17E EPS.
- Maintain **Buy**.

Key issues to watch out

- Outlook on future launches in the US
- Revival in constant currency sales growth in I'rom
- Outlook on inorganic growth initiatives

Quarterly Performance (Consolidated)

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	32,840	31,168	31,449	30,540	32,188	35,870	36,932	40,986	125,997	145,977
YoY Change (%)	35.7	18.4	5.4	0.1	-2.0	15.1	17.4	34.2	13.6	15.9
EBITDA	10,580	7,760	8,502	7,653	8,401	10,474	10,673	12,609	34,493	42,158
Margins (%)	32.2	24.9	27.0	25.1	26.1	29.2	28.9	30.8	27.4	28.9
Depreciation	1,086	1,087	1,103	1,072	1,150	1,250	1,300	1,380	4,347	5,080
Interest	26	21	26	25	26	26	26	29	98	107
Other Income	857	821	1,161	413	780	800	820	869	4,101	3,269
PBT	10,325	7,473	8,534	6,970	8,005	9,998	10,167	12,070	34,148	40,240
Tax	4,029	1,926	2,387	1,362	2,322	2,899	2,949	3,903	9,704	12,072
Rate (%)	39.0	25.8	28.0	19.5	29.0	29.0	29.0	32.3	28.4	30.0
EO Exp/(Inc)	0	-847	0	0	0	0	0	0	0	0
Minority Interest	49	94	133	137	70	80	90	110	412	350
Recurring PAT	6,247	5,453	6,015	5,470	5,614	7,019	7,129	8,057	24,032	27,818
YoY Change (%)	107.5	34.3	26.3	-1.1	-10.1	28.7	18.5	47.3	38.4	15.8
Margins (%)	19.0	17.5	19.1	17.9	17.4	19.6	19.3	19.7	19.1	19.1

E: MOSL estimates; Quarterly nos will not add up to full year nos due to restatement of past quarters

Sanofi India

Bloomberg	SANL IN
Equity Shares (m)	23.0
M. Cap. (INR b)/(USD b)	81/1
52-Week Range (INR)	3800/2731
1,6,12 Rel Perf. (%)	1 / -3 / 3

Financial Snapshot (INR Billion)

Y/E DEC	2014	2015E	2016E	2017E
Sales	19.8	22.5	25.7	29.3
EBITDA	3.4	3.6	4.6	5.3
Net Profit	2.0	2.2	2.9	3.4
Adj. EPS (INR)	85.5	95.2	123.9	146.2
EPS Gr. (%)	-17.8	11.3	30.2	18.0
BV/Sh. (INR)	643.7	680.9	735.2	800.2
RoE (%)	13.3	14.0	16.9	18.3
RoCE (%)	19.9	20.0	24.2	26.3
Payout (%)	46.9	60.9	56.2	55.5
VALUATION				
P/E (x)	41.1	36.9	28.4	24.0
P/BV (x)	5.5	5.2	4.8	4.4
EV/EBITDA (x)	22.5	21.1	16.1	13.5
Div. Yield (%)	1.3	1.4	1.7	2.0

CMP: INR3,516

Neutral

- We expect Sanofi India's (SANL) revenue to grow 11% YoY in 2QCY15 to INR 5.6b, affected by the performance of NLEM-listed drugs.
- Hence, EBITDA is likely to decline 3% YoY to INR 949m this quarter. We expect PAT to decline 3% YoY to INR557m, in line with its operational performance.
- NPPA has recently withdrawn its internal guidelines on price controls issued in May 2014. However, Sanofi has not reversed the price cut for **Cardace, Clexane and Amaryl**, as the matter is still sub-judice.
- We expect the earnings growth momentum to sustain over the next few years, led by strong revenue CAGR of 14% over CY15-17E and ~230bp margin expansion from the current levels.
- The stock trades at 28.4x CY16E and 24x CY17E EPS. Maintain **Neutral**.

Key issues to watch out

- Amortization of goodwill and brands acquired from Universal Medicare
- Clarity on nature of reversal of the recently withdrawn NPPA guidelines

Quarterly Performance

(INR Million)

Y/E December	CY14				CY15				CY14	CY15E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	4,449	5,058	5,149	5,119	4,889	5,622	5,908	5,871	19,775	22,290
YoY Change (%)	14.6	16.2	3.5	4.8	9.9	11.2	14.7	14.7	9.3	12.7
Total Expenditure	3,639	4,079	4,110	4,558	4,060	4,673	4,943	4,924	16,386	18,600
EBITDA	810	979	1,039	561	829	949	965	947	3,389	3,690
Margins (%)	18.2	19.4	20.2	11.0	17.0	16.9	16.3	16.1	17.1	16.6
Depreciation	240	240	240	246	259	265	275	285	966	1,084
Interest	2	2	0	1	1	1	2	2	5	5
Other Income	215	135	141	152	194	142	148	160	643	643
PBT before EO Items	783	872	940	466	763	825	836	820	3,061	3,245
Extra-Ord Expense	0	0	0	-666	-161	0	0	0	-666	-161
PBT after EO Items	783	872	940	1,132	924	825	836	820	3,727	3,406
Tax	266	297	320	207	279	268	272	267	1,090	1,086
Effective tax Rate (%)	34.0	34.1	34.0	18.3	30.2	32.5	32.5	32.5	29.2	31.9
Reported PAT	517	575	620	925	645	557	565	554	2,637	2,320
Adj PAT	517	575	620	259	484	557	565	554	1,971	2,159
YoY Change (%)	16.4	12.3	-19.4	-68.7	-6.4	-3.2	-8.9	113.8	-22.8	9.5
Margins (%)	11.6	11.4	12.0	5.1	9.9	9.9	9.6	9.4	10.0	9.7

E: MOSL Estimates

Sun Pharma

Bloomberg	SUNP IN
Equity Shares (m)	2,406.1
M. Cap. (INR b)/(USD b)	2103/33
52-Week Range (INR)	1201/646
1,6,12 Rel Perf. (%)	-9 / 5 / 18

Financial Snapshot (INR Billion)

Y/E MAR	2014	2015	2016E	2017E
Sales	160.0	273.7	311.6	366.6
EBITDA	69.3	80.0	95.0	126.2
Rep. PAT	31.4	45.4	61.5	91.3
Rep. EPS	13.1	18.9	25.6	37.9
Adj. PAT	31.4	45.4	61.5	91.3
Core EPS	13.1	18.9	25.6	37.9
EPS Gr. (%)	5.4	44.4	35.5	48.4
BV/Sh. (INR)	77.0	110.1	129.8	160.8
RoE (%)	18.8	20.2	21.3	26.1
RoCE (%)	25.6	25.3	25.3	31.4
Payout (%)	18.7	21.8	19.8	16.8

Valuations

P/E (x)	66.9	46.3	34.2	23.0
P/BV (x)	11.4	7.9	6.7	5.4
EV/EBITDA	29.2	25.5	20.8	15.0
Div. Yield (%)	0.3	0.5	0.6	0.7

CMP: INR874

Buy

- Sun Pharmaceuticals (SUNP) is likely to register 6% YoY growth in sales at INR66.8b.
- The India business is expected to grow 10% YoY to INR17.6b and the US business is likely to report 8% growth over a low base of 1QFY15 (chargeback on Taro products).
- Post the poor operational performance in 4Q, we expect margins to improve in this quarter at 26% v/s 14% in 4QFY15. 4Q numbers included one-off cost (10% of sales) related to merger with Ranbaxy, which is likely to be much lower in 1Q. Overall EBITDA is expected to decline 8% YoY to INR17.4b post the merger.
- We expect total reported PAT at INR10.1b compared with INR8.8b in 4QFY15 (down 28% YoY).
- The combined entity's operational outperformance in the near term is likely to be EPS dilutive. However, we expect synergy of USD250m from FY18 onwards. Prospects of consolidating Ranbaxy's business and subsequent turnaround continue to remain appealing and will remain important growth drivers in the longer run.
- The stock trades at 34.2x FY16E and 23x FY17E EPS. **Buy.**

Key issues to watch out

- Early resolution of Halol plant
- Turnaround of Ranbaxy's business
- Outlook on competitive landscape for Taro's products

Quarterly Performance (Consolidated)

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Revenues	62,991	79,685	68,826	61,449	66,801	78,161	79,324	88,075	274,334	312,361
YoY Change (%)	80.9	90.1	60.6	52.0	6.0	-1.9	15.3	43.3	70.6	13.9
Total Expenditure	44,033	49,709	47,649	52,647	49,432	54,947	54,337	57,513	193,698	216,539
EBITDA	18,958	29,976	21,177	8,802	17,368	23,214	24,987	30,562	80,636	95,822
Margins (%)	30.1	37.6	30.8	14.3	26.0	29.7	31.5	34.7	29.4	30.7
Depreciation	2,354	2,691	2,283	5,619	3,100	3,250	3,300	3,615	12,948	13,265
Net Other Income	436	-1,020	-1,793	2,711	275	300	400	493	-1,269	1,468
PBT before EO Exp	17,039	26,265	17,100	5,894	14,543	20,264	22,087	27,440	66,419	84,025
EO Exp/(Inc)	0	0	0	0	0	0	0	0	2,378	0
PBT	17,039	26,265	17,100	5,894	14,543	20,264	22,087	27,440	64,041	84,025
Tax	2,063	2,793	10,290	-5,999	2,254	3,141	3,424	4,253	9,147	13,024
Rate (%)	12.1	10.6	60.2	-101.8	15.5	15.5	15.5	15.5	13.8	15.5
PAT (pre Minority Interest)	14,976	23,472	6,810	11,893	12,289	17,123	18,664	23,187	54,894	71,001
Minority Interest	871	2,749	2,856	3,012	2,200	2,300	2,400	2,588	9,488	9,488
Reported PAT	14,106	20,722	3,954	8,881	10,089	14,823	16,264	20,599	45,406	61,513
YoY Change (%)	-210.5	52.1	-74.2	-44.0	-28.5	-28.5	311.3	132.0	44.5	35.5
Margins (%)	22.4	26.0	5.7	14.5	15.1	19.0	20.5	23.4	16.6	19.7

E: MOSL Estimates; * Quarterly no. don't match with annual no. because of reinstatement of financials

Torrent Pharmaceuticals

Bloomberg	TRP IN
Equity Shares (m)	169.2
M. Cap. (INR b)/(USD b)	220/3
52-Week Range (INR)	1370/656
1,6,12 Rel Perf. (%)	7 / 14 / 74

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015	2016E	2017E
Sales	41.8	46.5	60.7	65.6
EBITDA	9.5	10.2	15.4	17.0
Net Profit	5.4	7.5	9.3	10.6
Adj. EPS (INR)	31.8	44.4	54.8	62.7
EPS Gr. (%)	14.4	39.5	23.6	14.3
BV/Sh. (INR)	112.4	147.2	185.5	226.5
RoE (%)	32.4	34.2	33.0	30.4
RoCE (%)	34.9	27.7	26.7	27.1
Payout (%)	29.8	29.7	35.1	35.1
Valuations				
P/E (x)	41.5	29.7	24.1	21.1
P/BV (x)	11.7	9.0	7.1	5.8
EV/EBITDA (x)	23.9	23.8	15.5	13.7
Div. Yield (%)	0.8	0.9	1.3	1.4

CMP: INR1,320

Buy

- We expect Torrent Pharmaceuticals (TRP) reported sales to increase 38% YoY to INR15.4b in 1QFY16. Contribution from gAbilify is likely to propel US sales to USD90m, while the India business is expected to witness 18% YoY growth owing to the successful integration of Elder's portfolio.
- Reported EBITDA is also likely to improve 43% YoY to INR4.9b, with EBITDA margin expanding 110bp YoY—primarily on account of gAbilify sales in 1QFY16 numbers.
- We expect reported PAT to increase 25% YoY to INR3.2b, slower than EBITDA due to increase in depreciation in 1QFY16.
- We expect 19% CAGR in core earnings over FY15-17, among the highest in the industry. The stock trades at 24.1x FY16E and 21.1x FY17E EPS, which is at a 20% premium over its last five-year average valuations. Maintain **Buy**.

Key issues to watch out

- Sales from gAbilify launch in the US
- Contribution of Elder Pharma portfolio and growth strategy
- Performance of Brazilian operations amid market pressure

Quarterly performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Revenues	11,140	12,170	11,680	11,540	15,386	16,116	14,085	14,106	46,530	60,733
YoY Change (%)	14.6	25.2	15.1	-5.8	38.1	32.4	20.6	22.2	11.2	30.5
EBITDA	3,450	2,730	2,400	1,620	4,942	4,930	2,740	2,779	10,200	15,396
Margins (%)	31.0	22.4	20.5	14.0	32.1	30.6	19.5	19.7	21.9	25.4
Depreciation	210	560	540	600	607	611	618	625	1,910	2,384
Interest	240	540	500	470	500	530	550	550	1,750	2,164
Other Income	490	720	650	1,000	200	200	250	250	2,860	900
PBT before EO Expense	3,490	2,350	2,010	1,550	4,035	3,989	1,822	1,854	9,400	11,748
Extra-Ord Expense	0	0	0	0	0	0	0	0	0	0
PBT after EO Expense	3,490	2,350	2,010	1,550	4,035	3,989	1,822	1,854	9,400	11,748
Tax	930	370	340	250	847	838	383	389	1,890	2,408
Rate (%)	26.6	15.7	16.9	16.1	21.0	21.0	21.0	21.0	20.1	20.5
Reported PAT	2,560	1,980	1,670	1,300	3,188	3,152	1,440	1,464	7,510	9,340
YoY Change (%)	71.8	75.2	26.1	20.2	24.5	59.2	-13.8	12.6	49.5	24.4
Margins (%)	23.0	16.3	14.3	11.3	20.7	19.6	10.2	10.4	16.1	15.4

E: MOSL Estimates

Media

Company name	Ad growth rebound remains elusive, likely pick-up in 2H
D B Corp	Earnings to remain flat for broadcasters, mixed for print and Pay TV operators
Dish TV India	Expect 9% ad revenue growth: We expect our universe ad revenue growth to recover marginally to 9% YoY v/s 6-8% in the preceding four quarters. ZEE would be the only media company to report more than 20% ad growth on the back of its new channel launch and strong FMCG advertising. Our industry interactions indicate that ad growth remained soft for most of 1QFY16 and is expected to see a pick-up in 2H.
Hathway Cable & Datacom	
HT Media	
Jagran Prakashan	Expect aggregate media universe earnings to remain flat YoY: Aggregate media sector earnings are expected to remain largely flat (up 1% YoY). Jagran Prakashan, HMVL, and Dish TV are the only companies expected to report a positive earnings growth. Among the print companies, while benign newsprint prices will provide solace, DB Corp and HT Media are expected to report an earnings decline led by continued weakness in ad revenue growth. We expect ZEE to report flat earnings on a YoY basis led by full quarter of start-up losses for &TV and increased loss in sports business. SUNTV's earnings are expected to remain flat, led by likely escalation in content costs. Pay TV operators (DISHTV and HATH) are expected to report improved profitability on a QoQ basis driven by operating leverage.
PVR	
Sun TV	
Zee Entertainment	
	Expect monetization to improve for Pay TV operators; increased activity toward Phase III seeding: We expect continued improvement in monetization for Pay TV operators, driven by increased MSO share in digital cable revenue—the key to improve economics of MSOs as well as pricing for broadcasters and DTH operators. However with phase I/II monetization remaining subpar as of now, we expect MSOs to be relatively more cautious in phase III markets (digitization deadline of December 2015) thus benefitting DTH operators. We expect DTH subscriber additions to improve QoQ for Dish TV. We model 0.73m gross additions for Dish TV during the quarter compared with 0.68m in 4QFY15.
	Digitization upside, ad growth revival key themes: Subscriber-level ARPU increases in Phase I/II markets and December 2015 digitization deadline for phase III are key growth triggers going forward. MSOs are likely to witness profitability improvement as they continue to drive monetization efforts in Phase I/II. With expected improvement in GDP growth and raw material price declines leading to gross margin expansion for advertising companies (FMCG, auto, etc), we expect ad growth acceleration in 2HFY16. Broadcasters as well as print companies will be the key beneficiary of the same, in our view.

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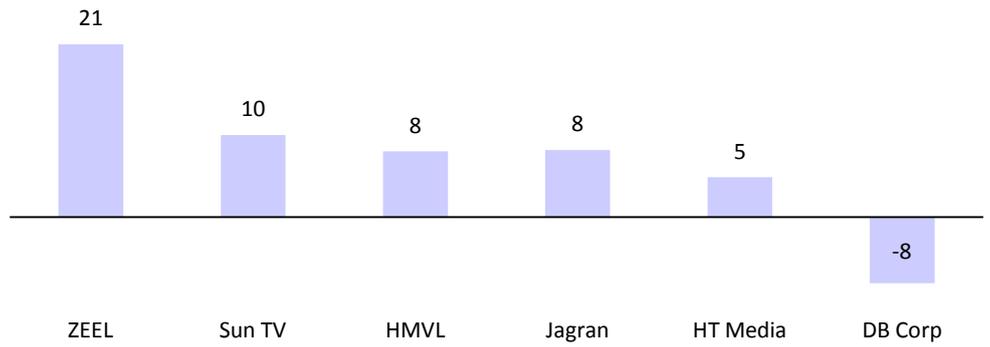
Jay Gandhi (Jay.Gandhi@MotilalOswal.com); +91 22 3089 6693

Exhibit 1: Media: Quarterly financials

	1QFY14	2QFY14	3QFY14	4QFY14	1QFY15	2QFY15	3QFY15	4QFY15	1QFY16	YoY (%)	QoQ (%)
Advertisement Revenue (INR b)											
ZEEL	5.3	5.8	6.8	5.8	6.2	6.3	7.4	6.7	7.5	21	12
Sun TV	3.1	2.7	3.0	3.1	3.1	2.9	3.2	3.3	3.4	10	2
Dish TV	NM	NM									
DB Corp	3.3	3.1	3.8	3.2	3.5	3.3	3.9	3.2	3.2	-8	0
Jagran Prakashan	2.9	2.8	3.2	2.9	3.1	3.1	3.4	2.9	3.3	8	14
Hathway cable and Datacom	NM	NM									
HT Media	4.1	3.9	4.5	4.2	4.2	4.2	4.7	4.4	4.4	5	1
HMVL	1.3	1.3	1.4	1.3	1.6	1.4	1.5	1.5	1.7	8	15
Subscription Revenue (INR b)											
ZEEL	4.2	4.6	4.6	4.6	4.4	4.2	4.5	5.1	4.8	9	-6
Sun TV	1.8	1.9	2.0	2.0	2.1	2.1	2.3	2.3	2.4	13	4
Dish TV	5.3	5.3	5.6	5.6	5.9	6.2	6.6	6.8	7.2	22	5
DB Corp	0.8	0.8	0.8	0.8	0.9	0.9	1.0	1.0	1.0	16	4
Jagran Prakashan	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.1	14	11
Hathway Cable and Datacom	NA	0.7	1.2	1.1	1.1	1.1	1.0	1.2	1.1	-2	-10
HT Media	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.8	10	6
HMVL	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	11	8
Total Revenue (INR b)											
ZEEL	9.7	11.0	11.9	11.6	10.9	11.2	13.6	13.5	13.3	22	-1
Sun TV	6.0	4.7	5.1	5.2	6.3	5.1	5.5	5.5	6.9	9	25
Dish TV	5.8	5.9	6.2	6.4	6.4	6.7	7.1	7.5	7.8	22	3
DB Corp	4.5	4.4	5.2	4.5	4.9	4.8	5.5	4.9	4.8	-1	0
Jagran Prakashan	4.1	4.1	4.6	4.2	4.4	4.4	4.7	4.2	5.0	13	18
Hathway cable and Datacom	2.3	2.2	2.3	2.9	2.5	2.6	2.4	2.7	2.7	7	-1
HT Media	5.4	5.3	5.8	5.4	5.5	5.6	6.1	5.8	5.7	5	0
HMVL	1.8	1.8	1.9	1.8	2.1	2.0	2.1	2.0	2.3	9	13
EBITDA (INR b)											
ZEEL	2.9	3.1	2.9	3.1	3.1	3.2	3.5	2.7	2.8	-10	3
Sun TV	3.5	3.4	3.7	4.0	3.7	4.0	4.3	4.2	3.8	3	-10
Dish TV	1.2	1.5	1.5	1.3	1.6	1.6	1.9	2.2	2.3	44	2
DB Corp	1.3	1.1	1.6	1.0	1.3	1.2	1.8	1.2	1.1	-15	-4
Jagran Prakashan	1.0	0.9	1.1	0.8	1.1	1.1	1.3	1.0	1.4	29	31
Hathway cable and Datacom	0.8	0.4	0.4	0.4	0.4	0.4	0.2	0.3	0.3	-25	7
HT Media	0.8	0.6	0.9	0.8	0.6	0.7	0.9	0.5	0.6	-11	14
HMVL	0.4	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.5	12	8
EBITDA Margin (%)											
ZEEL	30.0	28.2	24.5	26.9	28.5	28.7	25.9	20.1	21.0	-750bps	87bps
Sun TV	58.8	72.4	73.2	76.9	58.0	77.8	77.5	77.2	55.3	-277bps	-2189bps
Dish TV	21.0	25.0	23.3	20.2	24.5	24.1	26.8	29.4	29.0	443bps	-45bps
DB Corp	29.6	24.6	29.9	23.0	27.5	25.7	33.3	24.6	23.7	-382bps	-92bps
Jagran Prakashan	24.7	22.2	24.1	18.8	24.3	24.4	28.2	24.8	27.6	325bps	277bps
Hathway cable and Datacom	32.7	17.4	15.6	13.9	17.5	15.2	10.3	11.5	12.4	-516bps	90bps
HT Media	14.4	12.0	16.3	13.9	11.3	12.8	14.2	8.4	9.6	-173bps	125bps
HMVL	22.0	23.2	19.6	18.2	20.4	19.5	19.4	22.0	21.0	56bps	-104bps
Adj. PAT (INR b)											
ZEEL	2.25	2.36	2.14	2.18	2.11	2.28	3.09	2.31	2.12	0	-8
Sun TV	1.64	1.56	1.86	1.98	1.66	1.54	2.14	2.03	1.59	-4	-22
Dish TV	-0.30	-0.16	-0.28	-0.33	-0.16	-0.15	-0.03	0.35	0.57	NA	63
DB Corp	0.76	0.60	0.94	0.61	0.79	0.68	1.05	0.64	0.67	-15	5
Jagran Prakashan	0.58	0.46	0.68	0.30	0.55	0.57	0.66	0.49	0.70	27	41
Hathway cable and Datacom	0.05	-0.44	-0.37	-0.49	-0.01	-0.39	-0.58	-0.77	-0.51	NA	NA
HT Media	0.48	0.21	0.67	0.35	0.33	0.44	0.67	0.39	0.17	-49	-57
HMVL	0.30	0.25	0.29	0.27	0.34	0.31	0.37	0.39	0.37	8	-6
Opex (INR b)											
ZEEL	6.8	7.9	9.0	8.5	7.8	8.0	10.1	10.8	10.5	35	-2
Sun TV	2.5	1.3	1.4	1.2	2.7	1.1	1.2	1.3	3.1	16	145
Dish TV	4.6	4.4	4.8	5.1	4.8	5.1	5.2	5.3	5.5	15	4
DB Corp	3.2	3.3	3.6	3.5	3.5	3.6	3.7	3.7	3.7	4	1
Jagran Prakashan	3.1	3.2	3.5	3.4	3.3	3.3	3.4	3.2	3.6	9	14
Hathway cable and Datacom	1.6	1.8	2.0	2.5	2.1	2.2	2.1	2.4	2.3	14	-2
HT Media	4.6	4.7	4.9	4.7	4.8	4.9	5.2	5.3	5.2	7	-2
HMVL	1.4	1.4	1.5	1.5	1.7	1.6	1.7	1.6	1.8	8	14

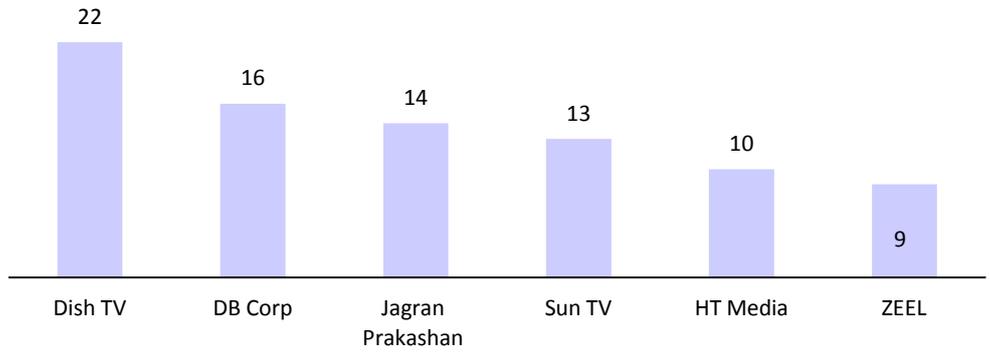
Source: Company, MOSL

Exhibit 2: 1QFY16 ad revenue growth (YoY, %)



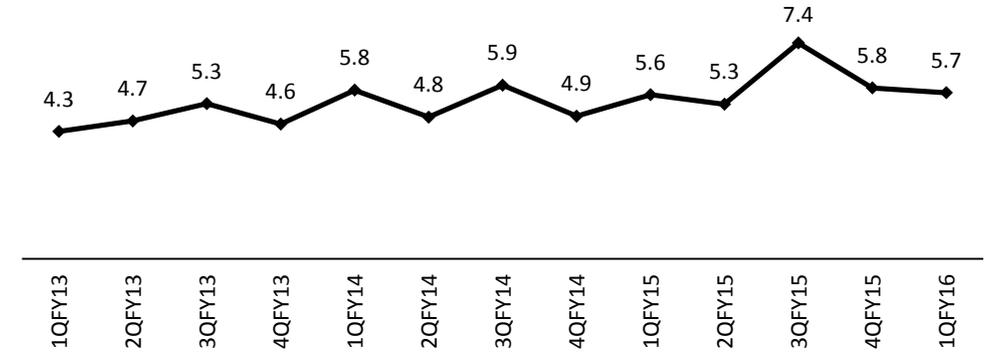
Source: Company, MOSL

Exhibit 3: 1QFY16 subscription/circulation growth (YoY, %)



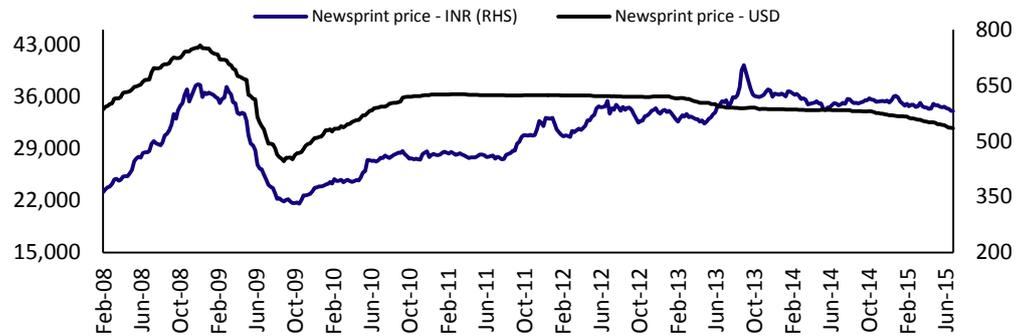
Source: Company, MOSL

Exhibit 4: Media universe quarterly PAT (INR b)



Source: Company, MOSL

Exhibit 5: Newsprint prices moderating



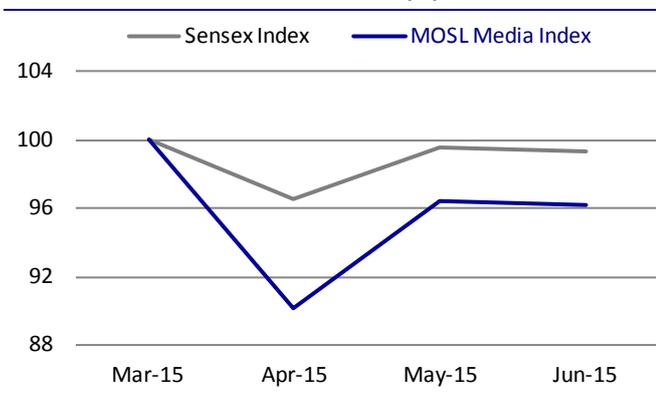
Source: Company, MOSL

Exhibit 2: Expected quarterly performance summary (INR m)

Sector	CMP (INR)	Reco	Sales (INR m)			EBDITA (INR m)			Net Profit (INR m)		
			Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ
Media											
D B Corp	338	Buy	4,834	-1.2	-0.5	1,145	-14.9	-4.2	672	-15.1	4.9
Dish TV	106	Buy	7,801	21.8	3.4	2,258	43.8	1.8	571	LP	63.2
HT Media	92	Neutral	5,743	5.1	-0.5	552	-10.9	14.4	167	-48.8	-57.4
Hathway Cable	49	Buy	2,676	6.9	-0.9	331	-24.5	6.9	-507	Loss	Loss
Jagran Prakashan	118	Buy	4,995	13.4	18.2	1,376	28.6	31.3	698	26.8	41.8
PVR	633	Buy	4,347	20.0	45.1	717	31.1	567.2	193	152.2	LP
Siti Cable	35	Buy	2,451	36.5	11.4	341	87.9	584.2	-357	Loss	Loss
Sun TV	282	Not Rated	6,877	8.5	25.4	3,801	3.4	-10.2	1586	-4.2	-21.8
Zee Entertainment	367	Buy	13,286	22.4	-1.4	2,787	-9.9	2.9	2,115	0.4	-8.3
Sector Aggregate			53,010	13.8	6.9	13,308	4.8	7.4	5,138	8.8	2.3

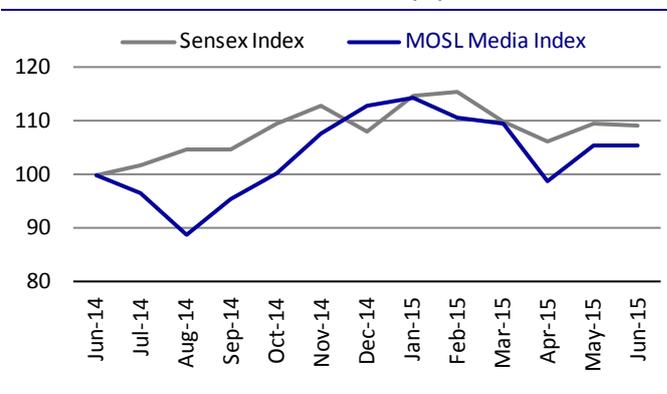
Source: MOSL

Exhibit 3: Relative Performance-3m (%)



Source: Bloomberg, MOSL

Exhibit 4: Relative Performance-1 Yr (%)



Source: Bloomberg, MOSL

Exhibit 5: Comparative valuations

Sector / Companies	CMP (INR)	Reco.	EPS (INR)			PE (x)			EV/EBIDTA (x)			RoE (%)		
			FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E
Media														
D B Corp	338	Buy	17.2	19.3	23.6	19.6	17.5	14.3	12.0	9.6	7.9	26.0	25.9	28.0
Den Networks	142	Neutral	-8.1	4.5	1.3	-17.5	31.2	110.5	25.1	7.2	7.9	-7.4	4.2	1.1
Dish TV	106	Buy	0.0	2.2	6.5	-	47.8	16.4	13.2	12.6	8.0	NA	NA	NA
Hathway Cable	49	Buy	-2.9	-0.6	2.1	-17.1	-83.8	23.2	21.0	11.4	6.6	-17.4	-3.4	11.7
Hindustan Media	211	Buy	19.2	21.7	25.1	11.0	9.7	8.4	6.8	4.3	3.0	20.9	19.4	18.6
HT Media	92	Neutral	8.5	7.2	8.7	10.9	12.9	10.6	6.4	3.0	1.9	9.9	7.5	8.3
Jagran Prakashan	118	Buy	7.2	8.3	9.3	16.3	14.2	12.7	9.4	7.7	6.9	21.7	22.0	21.8
PVR	633	Buy	3.3	6.1	18.4	189.4	104.1	34.3	16.6	13.7	9.3	3.4	4.8	10.6
Siti Cable	35	Buy	-1.6	0.2	0.3	-21.8	145.8	139.9	25.0	11.2	9.5	-55.9	6.3	6.1
Sun TV	282	Not Rated	18.7	21.9	25.8	15.1	12.9	10.9	10.2	5.5	4.7	21.8	23.7	25.5
Zee Entertainment	367	Buy	10.2	11.4	15.2	36.0	32.3	24.1	24.5	23.7	17.0	31.3	28.1	30.7
Sector Aggregate						39.4	25.9	18.2	14.8	11.3	8.7	13.9	18.5	22.3

Source: MOSL

D B Corp

Bloomberg	DBCL IN
Equity Shares (m)	183.4
M. Cap. (INR b)/(USD b)	62/1
52-Week Range (INR)	423/303
1,6,12 Rel Perf. (%)	-7 / -18 / -9

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015	2016E	2017E
Net Sales	18.6	20.1	21.3	24.2
EBITDA	5.00	5.6	6.2	7.2
Adj. Net Profit	2.92	3.2	3.5	4.3
Adj. EPS (INR)	15.9	17.2	19.3	23.6
Adj. EPS Gr. (%)	33.7	8.4	12.1	22.1
BV/Sh (INR)	62.5	70.2	78.8	89.5
RoE (%)	26.8	26.0	25.9	28.0
RoCE (%)	23.5	22.4	22.9	25.1
Div. Payout (%)	53.3	53.9	55.0	55.0

Valuations

P/E (x)	20.6	19.0	16.9	13.9
P/BV (x)	5.2	4.7	4.1	3.7
EV/EBITDA (x)	12.1	10.6	9.3	7.7
Div. Yield (%)	2.2	2.4	2.7	3.3

CMP: INR338

Buy

- Contrary to our earlier expectations of a rebound, our industry interactions suggest that advertising bottom is likely not yet in place—given the inclusion of election-related revenues in the base period and continued weakness in demand from key segments such as education, auto, government and BFSI. DB Corp's continued efforts to improve yield will likely hurt near-term volumes, putting pressure on ad growth till increased pricing is fully absorbed in the market. We expect print advertising revenue to de-grow 8% YoY to INR3.5b.
- We expect circulation revenue to grow 16% YoY to INR1.03b.
- DB's aggregate revenue is likely to decline 1% YoY to INR4.83b.
- DB Corp is set to expand its Bihar footprint, with pre-operative expenses likely commencing from 1QFY16. We estimate 1QFY16 EBITDA of INR1.15b, down 15% YoY—led by low ad revenues and increased launch expenses and start-up losses. We expect EBITDA margin to contract 380bp YoY to 23.7%.
- Net profit is expected at INR0.67b, down 15% YoY.
- The stock trades at a P/E of 17x FY16E and 14x FY17E. **Buy.**

Key things to watch-out

- YoY ad growth (we expect -8%)
- EBITDA margin (we expect 23.7%)

Quarterly Performance (Consolidated)

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	4,892	4,802	5,546	4,856	4,834	5,038	6,011	5,438	20,096	21,321
YoY (%)	8.9	9.6	7.0	6.9	-1.2	4.9	8.4	12.0	8.1	6.1
Operating Expenses	3,546	3,567	3,699	3,661	3,689	3,720	3,937	3,820	14,474	15,166
EBITDA	1,346	1,235	1,847	1,195	1,145	1,318	2,074	1,618	5,622	6,155
YoY (%)	1.3	14.7	19.1	14.2	-14.9	6.7	12.3	35.5	12.4	9.5
EBITDA margin (%)	27.5	25.7	33.3	24.6	23.7	26.2	34.5	29.8	28.0	28.9
Depreciation	204	208	223	246	209	213	229	252	881	904
Interest	16	15	32	14	14	13	29	12	76	68
Other Income	95	36	29	97	124	47	37	127	257	336
PBT	1,221	1,048	1,621	1,032	1,046	1,139	1,854	1,481	4,923	5,520
Tax	430	367	569	392	374	408	664	526	1,759	1,973
Effective Tax Rate (%)	35.2	35.0	35.1	38.0	35.8	35.8	35.8	35.6	35.7	35.7
PAT	791	681	1,051	640	672	731	1,190	955	3,164	3,547
Minority Interest	0	0	0	0	0	0	0	0	0	0
Adj PAT	791	681	1,051	640	672	731	1,190	955	3,164	3,547
YoY (%)	4.0	13.2	11.3	4.9	-15.1	7.4	13.2	49.1	8.4	12.1

E: MOSL Estimates

Dish TV India

Bloomberg	DITV IN
Equity Shares (m)	1,064.8
M. Cap. (INR b)/(USD b)	113/2
52-Week Range (INR)	117/52
1,6,12 Rel Perf. (%)	5 / 56 / 69

CMP: INR106

Buy

- We expect DITV's revenue to increase 22% YoY and 3% QoQ to INR7.33b.
- Subscription revenue is expected to increase 5% QoQ to INR7.16b.
- We expect gross additions of 0.73m and net additions of 0.48m.
- EBITDA margin is expected to remain flat QoQ at 29%.
- We expect net profit of INR570m in 1QFY16.
- The stock trades at EV/EBITDA of 12.5x FY16E and 8x FY17E. **Buy.**

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Net Sales	24.3	27.8	33.2	39.1
EBITDA	5.5	7.4	9.6	14.4
Adj. NP	-1.1	0.0	2.4	6.9
Adj. EPS (INR)	-1.1	0.0	2.2	6.5
Adj. EPS Gr.(%)	NA	NA	NA	NA
BV/Sh (INR)	-2.9	-2.9	-0.7	5.8
RoE (%)	NA	NA	NA	NA
RoCE (%)	-5.3	9.9	27.9	60.1
Div. Payout(%)	NA	NA	NA	NA

Valuations

P/E (x)	NM	NA	47.6	16.4
P/BV (x)	NA	NA	NA	NA
EV/EBITDA (x)	22.1	16.6	12.5	8.0
EV/Sub (INR)	10,663	9,457	8,168	6,963

Key things to watch-out

- Quarterly gross adds (we expect 0.73m)
- ARPU (we expect INR181)
- EBIDTA margin (we expect 29%)

Quarterly Performance

(INR Million)

	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	6,407	6,724	7,139	7,547	7,797	8,135	8,469	8,771	27,816	33,229
YoY Change (%)	10.8	13.5	14.4	18.5	21.7	21.0	18.6	16.2	14.7	19.5
Operating expenses	4,836	5,101	5,227	5,328	5,540	5,776	5,984	6,184	20,462	23,579
EBITDA	1,571	1,623	1,912	2,219	2,257	2,359	2,486	2,587	7,354	9,649
YoY Change (%)	29.1	9.7	31.6	72.1	43.7	45.4	30.0	16.6	33.4	31.2
EBITDA margin (%)	24.5	24.1	26.8	29.4	29.0	29.0	29.4	29.5	26.4	29.0
Depreciation	1,453	1,519	1,616	1,550	1,482	1,546	1,609	1,672	6,138	6,319
Interest	395	425	479	455	336	361	407	386	1,754	1,490
Other Income	116	170	154	137	130	130	140	130	547	530
Adjusted net profit	-160	-151	-29	350	570	582	609	660	10	2,371
YoY Change (%)	-47.3	-5.4	-90.0	-206.9	-456.0	-485.0	-2,237.0	88.7	-100.9	23,744.5
Net Subs (m)	11.7	12.1	12.5	12.9	13.4	13.9	14.4	14.9	12.9	14.8
ARPU (INR/month)	170	172	177	179	181	183	184	185	174	185

E: MOSL Estimates

Hathway Cable

Bloomberg	HATH IN
Equity Shares (m)	830.5
M. Cap. (INR b)/(USD b)	41/1
52-Week Range (INR)	77/46
1,6,12 Rel Perf. (%)	-8 / -31 / -31

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Net Sales	15.8	18.3	21.7	28.5
EBITDA	3.1	2.6	4.9	8.6
EBITDA #	0.9	1.7	2.5	5.5
Adj. NP	-1.1	-2.3	-0.5	1.8
Adj. EPS (INR)	-1.5	-2.9	-0.6	2.1
Adj. EPS Gr. (%)	NA	NA	NA	-460
BV/Sh (INR)	16.0	18.3	16.8	19.4
RoE (%)	-10.0	-17.4	-3.4	11.7
RoCE (%)	-2.9	-3.4	1.7	12.8

Valuations

P/E (x)	-34.0	-17.7	-86.8	24.1
EV/EBITDA (x)*	23.1	26.3	14.7	8.4
EV/EBITDA (x)*#	0.0	40.4	28.4	13.1
EV/Sub (INR)*	0	5,779	5,233	5,056

* Based on attributable EBITDA and subs post minority stake; # (ex-activation)

CMP: INR49

Buy

- We expect standalone revenue to grow 7% YoY to INR2.67b. On a QoQ basis, we expect standalone revenue to marginally decline by ~1% to INR1.08b.
- Cable subscription revenue growth (excluding certain one-offs) is expected at ~2% QoQ.
- EBITDA is expected to grow 7% QoQ on overall basis to INR0.33b, and 8% QoQ on an ex-activation basis to INR0.27b.
- Net loss is expected to decline from INR0.77b in 4QFY15 to INR0.5b in 1QFY16.
- The stock trades at attributable EV/EBITDA (ex-activation) of 28.4x FY16E and 13.1x FY17E. Maintain Buy.

Key things to watch-out

- Cable subscription revenue growth (we expect 2% QoQ)
- EBITDA margin (we expect 12.4%).

Quarterly Performance (Standalone)

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	2,502	2,635	2,391	2,700	2,676	2,807	3,701	3,947	10,229	13,131
YoY Change (%)	7.6	19.6	1.9	-7.8	6.9	6.5	54.7	46.2	4.3	28.4
Operating expenses	2,064	2,234	2,146	2,391	2,345	2,407	2,531	2,613	8,834	9,896
EBITDA	439	401	246	310	331	400	1,170	1,334	1,395	3,235
YoY Change (%)	-42.3	4.4	-33.1	-23.9	-24.5	-0.3	376.0	330.6	-27.3	131.8
EBITDA margin (%)	17.5	15.2	10.3	11.5	12.4	14.2	31.6	33.8	13.6	24.6
Depreciation	478	508	598	686	556	591	696	798	2,270	2,641
Interest	292	304	269	193	298	310	274	197	1,058	1,080
Other Income	21	22	51	46	16	17	40	35	139	108
PBT	-310	-389	-570	-524	-507	-485	239	373	-1,793	-379
Adjusted net profit	-310	-389	-570	-524	-507	-485	239	373	-1,793	-379
YoY Change (%)	NA	73.7	-78.9							
Forex and exceptional items	-301	4	11	246	0	0	0	0	-40	0
Reported PAT	-9	-393	-580	-770	-507	-485	239	373	-1,753	-379

E: MOSL Estimates

HT Media

Bloomberg	HTML IN
Equity Shares (m)	232.8
M. Cap. (INR b)/(USD b)	22/0
52-Week Range (INR)	145/87
1,6,12 Rel Perf. (%)	-4 / -29 / -35

CMP: INR92

Neutral

- We expect HT Media to post revenue of INR5.74b, up 5% YoY.
- We expect ad revenue to grow 5% YoY to INR4.42b.
- We expect circulation revenue to increase 10% YoY to INR0.75b.
- EBITDA margin is expected to decline ~170bp YoY to 9.6%.
- Adjusted net profit is expected to decline 49% YoY to INR0.17b led by higher operational costs and lower other income.
- The stock trades at a P/E of 12.9x FY16 and 10.6x FY17. **Neutral**.

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015	2016E	2017E
Net Sales	22.01	22.9	24.3	26.5
EBITDA	3.12	2.8	2.9	3.2
Adj. NP	1.70	1.8	1.6	2.0
Adj. EPS (INR)	7.4	8.5	7.2	8.7
Adj. EPS Gr. (%)	3.6	14.9	-15.8	21.8
BV/Sh (INR)	82.6	90.0	99.5	109.9
RoE (%)	9.4	9.9	7.5	8.3
RoCE (%)	12.1	10.5	9.3	10.1
Div. Payout (%)	4.4	5.0	4.3	4.3

Valuations

P/E (x)	12.4	10.8	12.9	10.6
P/BV (x)	1.1	1.0	0.9	0.8
EV/EBITDA (x)*	4.8	4.9	4.2	3.0
Div. Yield (%)	0.4	0.4	0.3	0.4

* Proportionate

Key things to watch-out:

- YoY English ad growth (we expect 3% YoY growth)
- Hindi ad growth (we expect 8% YoY growth)
- EBITDA margin (we expect 9.6%).

Quarterly Performance (Consolidated)

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue	5,464	5,609	6,055	5,769	5,743	5,918	6,520	6,164	22,897	24,344
YoY (%)	1.0	4.9	4.2	6.1	5.1	5.5	7.7	6.8	4.0	6.3
Operating expenses	4,844	4,888	5,193	5,286	5,191	5,265	5,585	5,386	20,212	21,427
EBITDA	620	721	862	483	552	652	935	778	2,685	2,918
YoY (%)	-20.4	12.0	-9.1	-36.0	-10.9	-9.5	8.5	61.1	-14.1	8.7
EBITDA margin (%)	11.3	12.8	14.2	8.4	9.6	11.0	14.3	12.6	11.7	12.0
Depreciation	273	250	248	231	297	271	269	251	1,003	1,089
Interest	148	125	107	87	190	161	138	111	467	600
Other Income	395	339	444	498	299	390	410	467	1,676	1,565
Extra-ordinary exps	0	0	139	0	0	0	0	0	139	0
PBT	593	685	811	663	364	610	938	882	2,752	2,794
Tax	173	159	72	170	95	159	244	229	573	726
Effective Tax Rate (%)	29.1	23.2	8.9	25.6	26.0	26.0	26.0	26.0	20.8	26.0
PAT	421	526	739	493	269	452	694	653	2,178	2,068
Minority Interest	94	87	100	100	102	104	106	106	381	419
Reported PAT	327	439	640	393	167	348	588	546	1,798	1,649
Adj PAT	327	439	779	393	167	348	588	546	1,798	1,649
YoY (%)	-31.2	111.5	15.7	12.9	-48.8	-20.8	-24.5	39.1	5.5	-8.3

E: MOSL Estimates

Jagran Prakashan

Bloomberg	JAGP IN
Equity Shares (m)	326.9
M. Cap. (INR b)/(USD b)	39/1
52-Week Range (INR)	154/106
1,6,12 Rel Perf. (%)	2 / -14 / -19

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Net Sales	17.0	17.7	21.7	23.9
EBITDA	3.8	4.5	5.4	5.9
Adj. NP	2.0	2.3	2.6	3.0
Adj. EPS (INR)	6.4	7.2	8.3	9.3
Adj. EPS Gr (%)	37.7	12.8	15.0	11.5
BV/Sh (INR)	30.7	36.1	40.0	45.2
RoE (%)	21.3	21.7	22.0	21.8
RoCE (%)	16.7	20.3	15.5	14.4
Div. Payout	72.3	57.0	49.1	44.0

Valuations

P/E (x)	18.5	16.4	14.2	12.8
P/BV (x)	3.9	3.3	3.0	2.6
EV/EBITDA (x)	10.3	8.4	7.5	6.8
Div. Yield (%)	3.3	3.0	2.9	2.9

CMP: INR118

Buy

- We expect advertising revenue to grow 8% YoY to INR3.34b.
- We expect circulation revenue to grow 14% YoY to INR1.09b.
- Jagran's aggregate revenue is likely to increase 13.4% YoY to INR5b.
- We estimate 1QFY16 EBITDA of INR1.37b and EBITDA margin of 27.6%.
- Adjusted earnings are expected at INR0.7b, up 27% YoY.
- The stock trades at a P/E of 14.2x FY16E and 12.8x FY17E. **Buy.**

Key things to watch-out

- YoY ad growth (we expect 8%)
- EBITDA margin (we expect 27.6%)

Quarterly Performance (Consolidated)

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	4,403	4,363	4,705	4,227	4,995	5,466	5,915	5,353	17,698	21,728
YoY (%)	6.6	5.4	3.4	0.5	13.4	25.3	25.7	26.6		
Operating expenses	3,333	3,300	3,380	3,179	3,618	4,242	4,440	3,979		16,280
EBITDA	1,070	1,062	1,325	1,048	1,376	1,224	1,474	1,374	4,506	5,449
YoY (%)	5.0	15.7	20.6	32.7	28.6	15.2	11.3	31.1		20.9
EBITDA margin (%)	24.3	24.4	28.2	24.8	27.6	22.4	24.9	25.7		
Depreciation	238	245	266	287	292	301	326	352	1,035	1,271
Interest	84	73	84	133	152	131	149	240	374	673
Other Income	69	71	10	129	100	103	14	185	279	402
Exceptional item				-803	0	0	0	0	-803	0
PBT	818	815	986	1,560	1,032	895	1,013	968	4,178	3,907
Tax	267	249	323	263	333	289	327	313	1,102	1,262
Effective Tax Rate (%)	32.6	30.6	32.8	16.9	32.3	32.3	32.3	32.3		32.3
Reported net profit	551	566	662	1,297	698	606	686	655	3,076	2,645
YoY (%)										
Adjusted net profit	551	566	662	493	698	606	686	655	2,273	2,645
YoY (%)	-4.7	24.1	-2.1	62.0	26.8	7.0	3.6	33.0	12.8	16.4

E: MOSL Estimates

PVR**Buy**

Bloomberg	PVRL IN
Equity Shares (m)	46.5
M. Cap. (INR b)/(USD b)	29/0
52-Week Range (INR)	751/572
1,6,12 Rel Perf. (%)	-5 / -11 / -15

CMP: INR 633

- We expect revenue to rise 20% YoY (45.1% QoQ) to INR4.3b in 1QFY16, largely driven by higher box office collections.
- Margins are likely to expand 140bp to 16.5%. EBITDA is expected to rise 31% YoY to INR717m.
- PAT is expected at INR193m as against INR77m YoY.
- The stock trades at 13.7x FY16E and 9.3x FY17E EV/EBITDA. Maintain 'Buy'.

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	13.5	14.8	17.6	22.9
EBITDA	2.1	2.1	2.7	3.8
NP	0.6	0.1	0.3	0.9
EPS (INR)	15.0	3.3	6.1	18.4
EPS Gr (%)	33.0	-77.7	81.9	203.3
BV/Sh (INR)	97.1	98.5	166.3	181.9
RoE (%)	11.8	3.4	4.8	10.6
RoCE (%)	11.1	8.9	9.0	12.7
Payout (%)	21.5	37.8	47.7	15.7

Valuations

P/E (x)	42.2	189.4	104.1	34.3
P/BV (x)	6.5	6.4	3.8	3.5
EV/EBITDA (x)	16.7	17.5	13.7	9.3
Div Yield (%)	0.6	0.3	0.7	0.7

Key issues to watch out

- Footfall growth during the quarter.
- SPH growth, given the new initiatives by the company to drive F&B.

Quarterly performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	3,623	4,002	4,203	2,996	4,347	4,722	5,044	3,490	14,813	17,601
YoY Change (%)	8.1	9.4	24.6	-4.7	20.0	18.0	20.0	16.5	9.9	18.8
Total Expenditure	3,075	3,416	3,372	2,888	3,630	3,991	4,027	3,249	12,763	14,890
EBITDA	547	586	831	108	717	732	1,016	241	2,050	2,710
Margins (%)	15.1	14.7	19.8	3.6	16.5	15.5	20.1	6.9	13.8	15.4
Depreciation	291	311	323	253	300	400	450	390	1,168	1,570
Interest	192	201	198	203	200	210	220	230	783	854
Other Income	12	6	9	20	10	12	15	14	46	46
PBT	75	81	319	-351	227	134	361	-365	124	333
Tax	1	0	3	(5)	34	20	54	(55)	146	333
Rate (%)	0.8	-0.4	1.0	1.3	15.0	15.0	15.0	15.0	117.4	100.0
Reported PAT	77	92	316	-346	193	113	307	-310	-33	0
Adj PAT	77	92	316	-325	193	113	307	-310	148	283
YoY Change (%)	-46.5	-66.6	122.8	NM	152.2	23.4	-2.7	-10.5	-72.1	91.3
Margins (%)	2.1	2.3	7.5	-11.6	4.4	2.4	6.1	-8.9	-0.2	0.0

E: MOSL Estimates

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SITI Cable

Bloomberg	SCNL IN
Equity Shares (m)	678.3
M. Cap. (INR b)/(USD b)	24/0
52-Week Range (INR)	39/25
1,6,12 Rel Perf. (%)	0 / -1 / 25

Financial Snapshot (INR Billion)

Y/E March	2015E	2016E	2017E	2018E
Net Sales	9.1	12.4	16.0	21.0
EBITDA	1.4	3.2	3.9	6.6
EBITDA#	0.8	1.2	2.7	6.1
Adj. NP	-1.1	0.2	0.2	2.4
Adj. EPS (INR)	-1.6	0.3	0.3	3.6
Adj. EPS Gr. (%)	NA	NA	20.0	994.2
BV/Sh (INR)	3.7	4.0	4.4	8.5
RoE (%)	-55.9	7.1	7.8	55.7
RoCE (%)	-2.0	7.8	7.7	23.6

Valuation

P/E (x)	-21.7	127.6	106.3	9.7
EV/EBITDA (x)*	25.8	11.9	10.0	5.3
EV/EBITDA (x)*	45.9	30.3	14.5	5.9
EV/Sub (INR)*	3,393	3,575	3,554	3,216

* Based on attributable EBITDA and subs post minority stake; # (ex-activation)

CMP: INR35

Buy

- We expect revenue to grow 17% YoY to INR2.45b. On a QoQ basis, we expect a 4% decline, led by lower activation revenue.
- Cable Subscription revenue is expected to grow 5% QoQ to ~INR1.52b
- We have factored in a seeding of 0.2m set-top boxes for 1QFY16 and ~INR80m of activation revenue.
- EBITDA is expected to improve significantly QoQ—from INR94m to INR0.34b—as other expenses, which included certain non-recurring expenses, normalize from 4QFY15 levels. On a YoY basis, overall EBITDA is expected to remain flat at INR0.34b. However, on an ex-activation basis, EBITDA is expected to grow 23% to INR0.27b.
- Net losses after minority interest are expected to increase from INR0.34b in 4QFY15 to INR0.37b in 1QFY16.
- The stock trades at attributable EV/EBITDA (ex-activation) of 30.3x FY16E and 14.5x FY17E. Maintain **Buy**.

Key things to watch-out

- Cable subscription revenue growth (we expect 5% QoQ)
- EBITDA margin (we expect 13.9%).

Quarterly Performance (Consolidated)

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	2,090	2,192	2,217	2,560	2,451	2,741	3,449	3,721	9,059	12,362
YoY (%)	47.5	36.7	34.2	9.7	17.3	25.0	55.6	45.3		
Operating Expenses	1,748	1,780	1,734	2,466	2,110.0	2,192.2	2,339.9	2,557.1	7685	9,199
EBITDA	342	412	483	94	341	549	1,109	1,164	1,374	3,162
YoY (%)	19.6	35.7	110.6	-56.1	-0.4	33.3	129.8	1,137.8		
EBITDA margin (%)	16.4	18.8	21.8	3.7	13.9	20.0	32.2	31.3	15.2	25.6
Depreciation	290	309	387	339	393	419	525	465	1,328	1,801
Interest	304	296	299	311	302	294	297	308	1,209	1,200
Other Income	20	45	18	227	76	61	49	43	311	228
PBT	-231	-147	-185	-328	-278	-103	336	434	-852	389
Tax	70	-3	-26	125	74	-3	-27	131	167	175
Effective Tax Rate (%)	-30.4	1.9	13.9	-38.1	-26.6	2.9	-8.0	30.3	-19.6	45.0
PAT	-301	-144	-160	-454	-351	-100	363	302	-1,019	214
Minority Interest	16	85	84	-112	6	33	32	-43	72	28
Adj PAT	-317	-229	-243	-342	-357	-133	331	345	-1,091	186
YoY (%)										
Exceptional items	0	0	-39	0	0	0	0	0	0	0
Reported net profit	-317	-229	-204	-342	-357	-133	331	345	-1,091	186

E: MOSL Estimates

Sun TV

Bloomberg	SUNTV IN
Equity Shares (m)	394.1
M. Cap. (INR b)/(USD b)	111/2
52-Week Range (INR)	476/258
1,6,12 Rel Perf. (%)	-25 / -27 / -48

CMP: INR282**Not Rated**

- We expect Sun TV's revenue to increase 9% YoY to INR6.87b.
- Advertising and broadcasting revenue is expected to grow 10% YoY to INR3.38b.
- We expect domestic subscription revenue to grow 12% YoY to INR1.98b.
- Sun TV's EBITDA is estimated to grow 3.4% YoY to INR3.8b.
- PAT is expected to decline 5% YoY to INR1.58b.
- The stock trades at a P/E of 12.9x FY16E and 10.9x FY17E. Not Rated.

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Net Sales	21.0	22.4	24.9	27.9
EBITDA	14.6	16.1	17.8	20.0
Adj. Net Profit	7.0	7.4	8.6	10.2
Adj. EPS (INR)	17.9	18.7	21.9	25.8
Adj. EPS Gr. (%)	3.0	4.7	17.2	17.8
BV/Sh (INR)	80.5	85.8	92.7	101.2
RoE (%)	22.6	21.8	23.7	25.5
RoCE (%)	34.0	32.8	34.8	37.6
Div. Payout (%)	52.2	60.1	59.3	58.1

Valuations

P/E (x)	15.8	15.1	12.9	10.9
P/BV (x)	3.5	3.3	3.0	2.8
EV/EBITDA (x)	7.1	6.3	5.5	4.7
Div. Yield (%)	3.4	4.0	4.6	5.3

Key things to watch out

- YoY ad growth (we expect 10%)
- QoQ domestic subscription growth (we expect 3% growth)

Quarterly Performance (Standalone) ***(INR Million)**

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue	6,336	5,090	5,524	5,486	6,877	5,667	6,059	6,251	22,435	24,854
YoY (%)	5.3	9.1	8.7	5.5	8.5	11.3	9.7	13.9	7.0	10.8
EBITDA	3,677	3,958	4,281	4,233	3,801	4,402	4,712	4,872	16,148	17,787
YoY (%)	4.0	17.2	15.1	5.8	3.4	11.2	10.1	15.1	10.3	10.2
As of % Sales	58.0	77.8	77.5	77.2	55.3	77.7	77.8	77.9	72.0	71.6
Depreciation and Amortization	1,390	1,850	1,254	1,384	1,719	1,411	1,509	1,560	5,878	6,199
Interest	8	5	12	5	8	5	12	4	30	30
Other Income	197	222	226	234	270	304	309	321	879	1,205
PBT	2,476	2,325	3,240	3,078	2,343	3,290	3,501	3,629	11,119	12,763
Tax	820	781	1,099	1,048	757	1,063	1,131	1,172	3,747	4,122
Effective Tax Rate (%)	33.1	33.6	33.9	34.1	32.3	32.3	32.3	32.3	33.7	32.3
Reported PAT	1,656	1,545	2,141	2,030	1,586	2,227	2,370	2,457	7,372	8,641
Adj PAT	1,656	1,545	2,141	2,030	1,586	2,227	2,370	2,457	7,372	8,641
YoY (%)	0.7	-1.0	15.3	2.8	-4.2	44.2	10.7	21.0	4.8	17.2

*Incl IPL rev/EBITDA loss; E: MOSL Estimates

Zee Entertainment

Bloomberg	Z IN
Equity Shares (m)	960.4
M. Cap. (INR b)/(USD b)	352/6
52-Week Range (INR)	402/265
1,6,12 Rel Perf. (%)	13 / -5 / 16

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015	2016E	2017E
Net Sales	44.2	48.8	57.7	70.0
EBITDA	12.0	12.5	13.8	19.0
Adj. NP	8.9	9.8	10.9	14.6
Adj. EPS (INR)	9.3	10.2	11.4	15.2
Adj. EPS Gr. (%)	23.1	9.7	11.6	33.7
EPS ex-&TV (INR)	28.5	10.8	13.2	15.9
RoE (%)	26.9	31.3	28.1	30.7
RoCE (%)	30.6	27.3	27.4	31.9
Div. Payout (%)	-21.5	-22.1	-18.5	-14.8

Valuations				
P/E (x)	39.8	36.3	32.5	24.3
P/E ex-&TV (x)	13.0	34.2	28.1	23.3
EV/EBITDA (x)	29.9	28.3	25.4	18.2
Div. Yield (%)	-0.5	-0.6	-0.6	-0.6

CMP: INR367

Buy

- We expect advertising revenue to increase 21% YoY to INR7.52b, supported by full-quarter impact of the new channel &TV.
- We estimate subscription revenue to grow 9% YoY to INR4.8b on a reported basis. Like-to-like growth would be higher due to a change in accounting policy.
- Total revenue is expected to increase 22.4% YoY to INR13.28b.
- We estimate EBITDA margin to decline 7.5 percentage points YoY led by first full quarter of &TV loss and loss in sports business.
- Adjusted PAT is expected to remain flat YoY (INR2.12b).
- The stock trades at a P/E of 32.5x FY16 and 24.3x FY17. **Buy.**

Key things to watch out

- YoY ad growth (we expect 21%)
- Sports loss (we expect INR136m)

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Advertising Revenue	6,221	6,259	7,426	6,697	7,527	7,949	9,431	8,563	26,603	33,471
Subscription Revenue	4,428	4,245	4,461	5,108	4,808	5,034	5,197	5,374	18,241	20,413
Other Sales and Services	208	674	1,750	1,666	950	960	969	978	4,299	3,856
Net Sales	10,857	11,178	13,637	13,471	13,286	13,943	15,597	14,914	49,143	57,740
Change (%)	11.6	1.5	14.8	16.2	22.4	24.7	14.4	10.7	11.1	17.5
Prog, Transmission & Direct Exp	4,340	4,703	6,456	6,201	6,601	6,667	7,467	7,132	21,700	27,867
Staff Cost	1,117	1,080	1,093	1,209	1,245	1,289	1,340	1,380	4,498	5,254
Selling and Other Exp	2,308	2,191	2,556	3,353	2,653	2,680	2,706	2,761	10,408	10,801
EBITDA	3,092	3,205	3,533	2,708	2,787	3,308	4,084	3,641	12,537	13,819
Change (%)	6.1	3.2	21.5	-13.1	-9.9	3.2	15.6	34.5	4.1	10.2
EBITDA margin (%)	28.5	28.7	25.9	20.1	21.0	23.7	26.2	24.4	25.5	23.9
Depreciation	196	134	170	174	182	182	182	182	673	730
Finance cost	22	23	28	30	24	25	31	33	103	113
Other Income	390	522	802	564	545	731	1,105	793	2,277	3,174
PBT	3,264	3,570	4,137	3,068	3,126	3,831	4,975	4,219	14,038	16,150
Tax	1,164	1,300	1,072	748	1,016	1,245	1,617	1,371	4,283	5,249
Effective Tax Rate (%)	35.6	36.4	25.9	24.4	32.5	32.5	32.5	32.5	30.5	32.5
PAT	2,100	2,270	3,065	2,320	2,110	2,586	3,358	2,848	9,755	10,902
Minority Interest/Associates	-5	-6	-21	12	-5	-6	-21	11	-38	-20
Adj PAT after Minority Interest	2,106	2,276	3,086	2,308	2,115	2,592	3,379	2,837	9,775	10,922
Change (%)	-6.3	-3.7	44.5	6.1	0.4	13.9	9.5	22.9	9.6	11.7

E: MOSL Estimates

Metals

Metals 1QFY16 results preview

Pricing pressure continues; reducing estimates and TP

EBITDA contraction across sector; copper and Novelis protect Hindalco

Post a poor 4QFY15, we expect our Metals coverage universe to post another weak quarter, with aggregate EBITDA declining 32% YoY (growing 7% QoQ) amidst lower metal prices (ex-Zinc) and persisting imports. Hindalco is likely to outperform; we expect the company to post EBITDA growth of 7% YoY (10% QoQ), on higher aluminum volumes, partly offset by lower spot premiums. Copper Tc/Rcs were supportive and Novelis should post better results. Steel companies' EBITDA could decline 40% YoY on 7% QoQ realization decline. Overall steel sales volume would decline 1% QoQ, as imports gain market share. VEDL would report an EBITDA decline of 24% YoY on weaker power, aluminum and oil & gas business, partly offset by supportive copper Tc/Rcs and higher zinc. NMDC, facing pressure from increasing domestic iron ore supply and falling prices, would report 50% YoY EBITDA decline.

Company name

Hindalco

Hindustan Zinc

JSW Steel

Nalco

NMDC

SAIL

Vedanta

Tata Steel

Cutting target prices on lower steel prices and weak base metals

We change our exchange rate assumptions from INR63/USD to INR64/USD for FY15 and from INR64/USD to INR65/USD for FY16. The domestic steel sector would remain under pressure due to high imports and lower steel prices in China. Though the recent 2.5% hike in steel import duty provides some protection, this is not enough. We expect further duty increases in the form of anti-dumping or safeguard duties. Chinese steel mills have an advantage over Indian mills due to their easier environment norms, state support, and low interest rates.

Over the last few years, the domestic steel industry has suffered due to delay in approvals and artificial shortage of iron ore. While we see near-term risk, we are positive on JSW Steel and Tata Steel, as they would benefit from lower raw material cost and new capacity addition. JSW Steel would see its iron ore cost fall on price cuts by NMDC while Tata Steel would see costs declining as its third-party sourced iron ore inventory gets exhausted. We have cut our EBITDA estimates for steel companies by 2-10% on lower realization and increase in coking coal cost due to currency depreciation. We have cut our target prices from INR504 to INR435 for Tata Steel, from INR1,108 to INR1,076 for JSW Steel, and from INR41 to INR37 for SAIL on weaker realization.

We cut our LME (aluminum) assumption from USD1,900/ton to USD1,800/ton for FY16, and from USD1,950/ton to USD1,900/ton for FY17. Thus, our EBITDA estimates for Hindalco and Nalco are cut by 5% for FY16 and by 25% for FY17. Our target prices are cut from INR206 to INR179 for Hindalco, and from INR77 to INR72 for Nalco. For Vedanta, we cut our EBITDA estimates for FY16 and FY17 by 1%, and trim our target price from INR209 to INR204 on lower aluminum LME and spot aluminum/zinc premiums, offset by higher INR/USD assumptions.

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Exhibit 1: Expected quarterly performance summary

Sector	CMP (INR)	Reco	Sales (INR m)			EBDITA (INR m)			Net Profit (INR m)		
			Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ
Metals											
Hindalco	112	Buy	254,594	5.9	-4.9	22,370	6.9	9.7	4,239	-38.3	-14.5
Hindustan Zinc	167	Buy	36,733	22.1	-11.0	15,148	12.0	-23.4	15,758	-2.6	-21.1
JSPL	86	UR	46,498	-6.6	-1.2	9,645	-40.8	22.1	-4,893	PL	Loss
JSW Steel	872	Buy	102,440	-11.3	-6.7	15,305	-37.8	-8.5	810	-89.8	-68.1
Nalco	40	Buy	16,850	0.3	-6.5	2,354	-14.9	-45.0	2,218	-18.2	-18.7
NMDC	119	Sell	19,075	-45.1	-32.6	11,940	-50.3	-16.0	11,051	-42.3	-21.2
SAIL	61	Sell	113,475	0.1	-2.1	4,639	-58.9	-50.1	-4,036	PL	PL
Vedanta	174	Neutral	172,167	0.9	-3.3	42,990	-24.2	7.1	17,259	-13.8	139.7
Tata Steel	305	Buy	304,236	-16.5	-9.6	27,201	-36.3	76.3	-271	PL	Loss
Sector Aggregate			1,066,068	-6.1	-6.7	151,592	-28.8	2.3	42,135	-52.3	1.5

Top picks: Hindalco, Nalco, Tata Steel and JSW Steel

JSW Steel: Despite the pressure of steel prices, JSW Steel's non-integrated business model would help it wade through the difficult times. Margins are expected to bounce back, as iron ore and coking coal costs start to ease with a lag. Expected recovery in domestic demand and anti-dumping actions against the deluge of imports would help domestic steel prices stabilize. Volume growth from the capital efficient brownfield expansions at Dolvi would drive earnings growth. We value JSW Steel at INR1,074/share. Maintain **Buy**.

Nalco: Nalco is trading at 1.5x FY17E EV/EBITDA, which we believe is significantly cheap compared to peers. With (a) under-utilized capacity – currently operating at 65% utilization, (b) healthy balance sheet – cash balance of INR21/share at end-FY15 (increasing to INR30/share by end-FY17), and (c) positive outlook towards alumina prices, we believe the discount to long-term average multiples is unjustified. We value Nalco at 6x FY17E EV/EBITDA – our target price is INR77. Reiterate **Buy**.

Tata Steel: While steel price outlook remains discouraging, Tata Steel is likely to benefit from lower raw material cost, as the high cost imported iron ore inventory is gradually phased out. Moreover, commissioning of Kalinganagar (3mt) will add to margins through its better operating efficiency. We expect Tata Steel's India business EBITDA/ton to rise to ~INR12,700 by FY17 from ~INR7,000 in 4QFY15. We value Tata Steel at 6x FY17E EV/EBITDA – our target price is INR435. Maintain **Buy**.

Iron and steel companies: Weak realizations continue to pressure earnings

We have cut EBITDA estimates for steel companies by 3-10% on lower realizations. We shift our exchange rate assumptions from INR63/USD to INR64/USD for FY16 and from INR64/USD to INR65/USD for FY17.

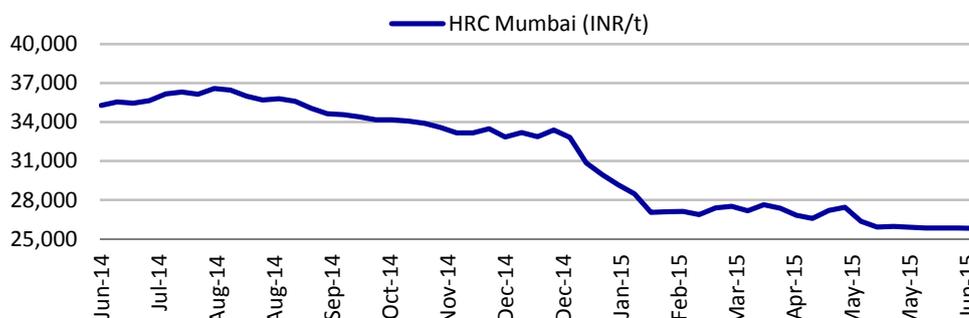
Exhibit 2: Summary of estimate changes – iron and steel companies

		EBITDA (INR b)			Adj. PAT (INR b)			TP	Comments
		1QFY16E	FY16E	FY17E	1QFY16E	FY16E	FY17E		
Tata Steel	Old		148	208		27.6	63.7	504	Lower realization and increase in coking coal cost due to change in USDINR from 63/64 to 64/65.
	New	27	143	202	-0.3	21.9	57.4	435	
	Change		-3%	-2%		-21%	-10%		
SAIL	Old		39	64		-3.3	8.5	41	Lower realization and increase in coking coal cost due to change in USDINR from 63/64 to 64/65.
	New	5	35	61	-4.0	-6.2	6.7	37	
	Change		-10%	-4%		87%	-21%		
JSW Steel	Old		92	100		11.6	15.1	1,108	Lower realization and increase in coking coal cost due to change in USDINR from 63/64 to 64/65. Benefit of lower iron ore cost in FY17E.
	New	17	88	100	-1.2	9.1	15.0	1,074	
	Change		-4%	0%		-22%	-1%		
NMDC	Old		43	44		41.0	41.1	106	Cut to FY16E volume estimates to weaker 1Q.
	New	12	40	44	11.1	38.8	40.9	105	
	Change		-8%	0%		-5%	0%		

Source: MOSL, Company

Exhibit 3: India import parity HRC prices

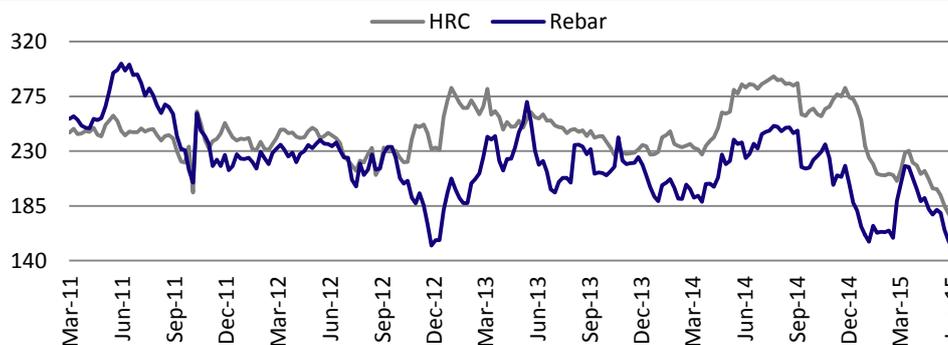
Domestic import parity HRC prices were down 7% QoQ in 1QFY16. In absolute terms, prices are down by ~INR2,000/ton.



Source: MOSL, Company

Exhibit 4: China steel spreads with raw material

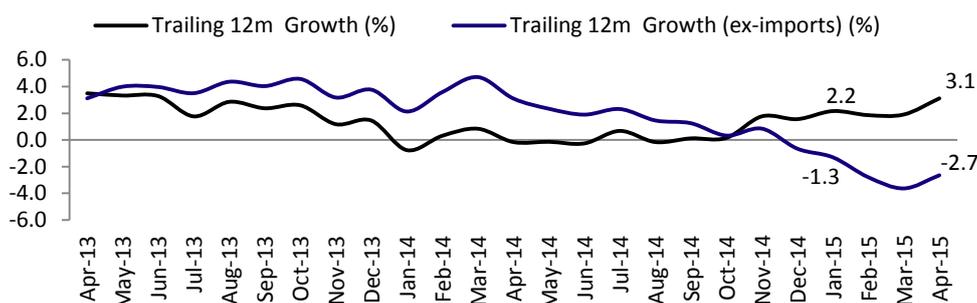
Chinese steel mills product spreads deteriorated sharply in the quarter, on weak prices and unresponsive iron ore. Spreads are at their multi-year lows.



Source: MOSL, Company

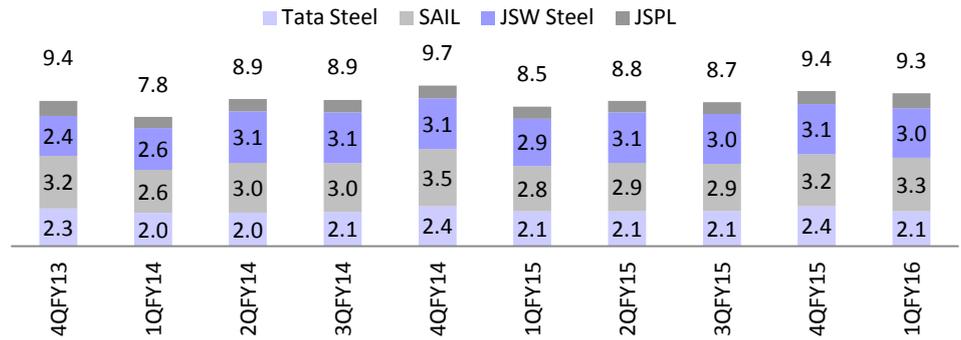
India steel demand grew by 4%/7% in March /April, but imports have gained market share.

Exhibit 5: Domestic steel demand growth – trailing 12-month (YoY %)



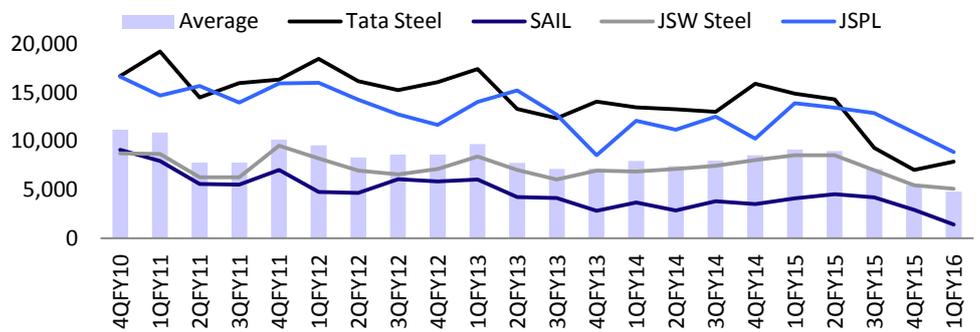
Source: MOSL, Company

Exhibit 6: India steel – sales volumes (mt)



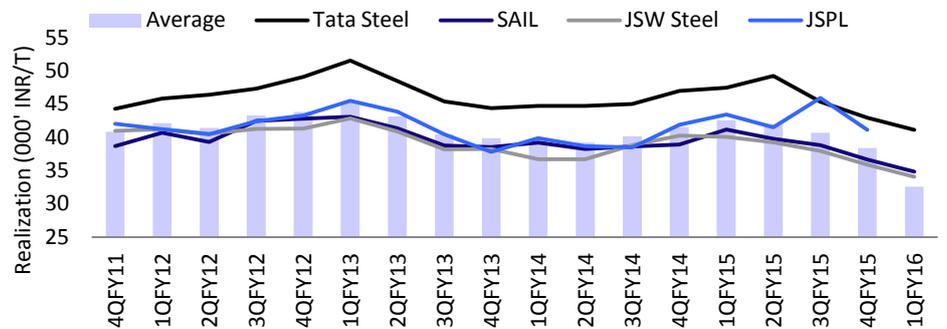
Source: MOSL, Company

Exhibit 7: India steel – EBITDA/ton (INR)



Source: MOSL, Company

Exhibit 8: India steel – realization (INR/ton)



Source: MOSL, Company

Aluminum: Spot premiums retreat to historical average

While LME aluminum was largely unchanged QoQ (at USD1,800/ton), spot premiums came under significant pressure. Rising Chinese production and relaxed LME load-in-load-out rules led to improved metal availability, driving premiums lower. Aluminum production in China, which accounts for ~50% of global production, rose ~30% YTD May 2015, while exports increased 35%. Global demand growth, on the other hand, continues at its run-rate of 4-6%. Fall in power cost and improved availability of bauxite (from Malaysia) drove Chinese smelters’ production cost lower and was the key driver of pick-up in production run-rate.

We have cut our LME aluminum price estimates from USD1,900/ton to USD1,800/ton for FY16, and from USD1,950/ton to USD1,900/ton for FY17. Our spot aluminum premium estimates are also cut by ~USD150/ton QoQ across aluminum companies.

Exhibit 9: Summary of estimate changes – aluminum companies

		EBITDA (INR b)			Adj. PAT (INR b)			TP	Comments
		1QFY16E	FY16E	FY17E	1QFY16E	FY16E	FY17E		
Hindalco (Standalone)	Old		41	48		9	17		Cut LME aluminum to USD1,800 for FY16E and USD1,900 for FY17E from USD1,900/1,950 earlier and lower spot prem.
	New	7	33	41	1	5	13		
	Change		-20%	-15%		-39%	-23%		
Hindalco (Consol)	Old		106	125		22	40	206	Cut LME aluminum to USD1,800 for FY16E and USD1,900 for FY17E from USD1,900/1,950 earlier and lower spot prem.
	New	22	98	118	4	17	36	179	
	Change		-8%	-5%		-22%	-9%	-13%	
Nalco	Old		16	18		13	14	77	Cut LME aluminum to USD1,800 for FY16E and USD1,900 for FY17E from USD1,900/1,950 earlier and lower spot prem.
	New	2	12	17	2	10	13	72	
	Change		-25%	-8%		-24%	-7%	-6%	

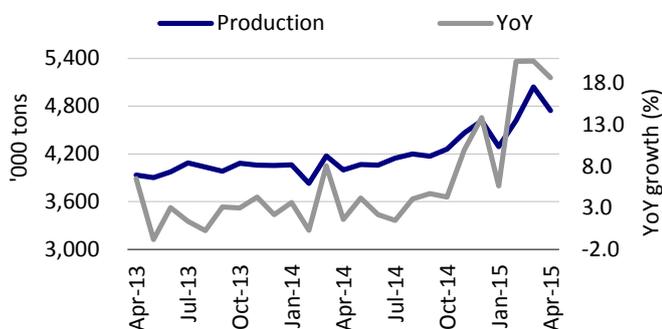
Source: MOSL, Company

Exhibit 10: Quarterly average aluminum prices – USD/ton

Quarter	Aluminum			Premium			Aluminum total price			Alumina		
	Avg.	QoQ	YoY	Avg.	QoQ	YoY	Avg.	QoQ	YoY	Avg.	QoQ	YoY
1QFY16E	1,767	-2%	-2%	170	-46%	-41%	1,937	-8%	-7%	338	-2%	7%
4QFY15	1,800	-8%	5%	315	-1%	43%	2,115	-7%	10%	343	-3%	4%
3QFY15	1,966	-1%	11%	318	2%	72%	2,285	-1%	17%	355	11%	10%
2QFY15	1,987	11%	12%	311	8%	67%	2,298	10%	17%	322	2%	1%
1QFY15	1,798	5%	-2%	289	31%	61%	2,088	8%	4%	317	-3%	-3%
4QFY14	1,708	-3%	-15%	221	19%	23%	1,929	-1%	-12%	328	2%	-4%
3QFY14	1,768	-1%	-11%	185	0%	6%	1,953	-1%	-10%	323	1%	-1%
2QFY14	1,780	-3%	-7%	186	3%	4%	1,966	-2%	-6%	318	-3%	1%
1QFY14	1,834	-8%	-7%	180	1%	28%	2,014	-8%	-5%	327	-4%	3%
4QFY13	2,002	0%	-8%	179	3%	80%	2,181	0%	-4%	341	5%	8%
3QFY13	1,997	4%	-4%	174	-3%	99%	2,171	4%	0%	326	3%	-1%
2QFY13	1,918	-3%	-20%	179	27%	105%	2,097	-1%	-16%	316	0%	-15%
1QFY13	1,978	-9%	-24%	141	42%	62%	2,119	-7%	-21%	317	0%	-22%

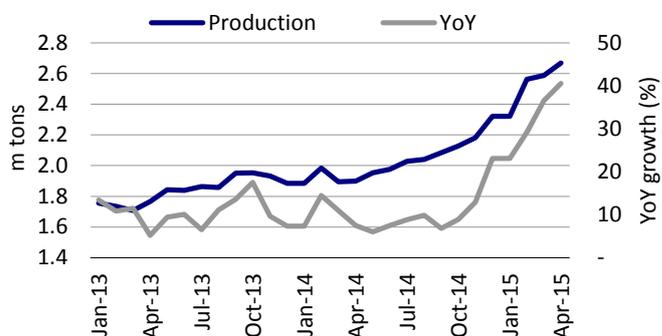
Source: MOSL, Company

Exhibit 11: Global aluminum production trend



Source: MOSL, Company, Bloomberg

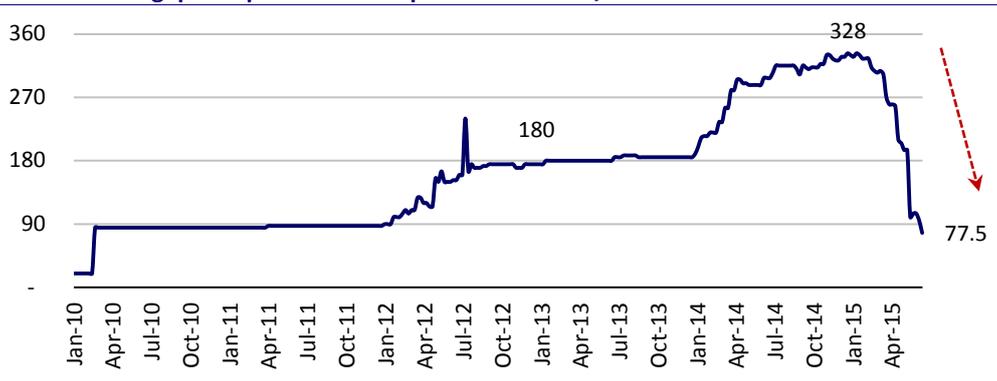
Exhibit 12: China aluminum production trend



Source: MOSL, Company, Bloomberg

Spot aluminum premiums have come off sharply over the past few months...

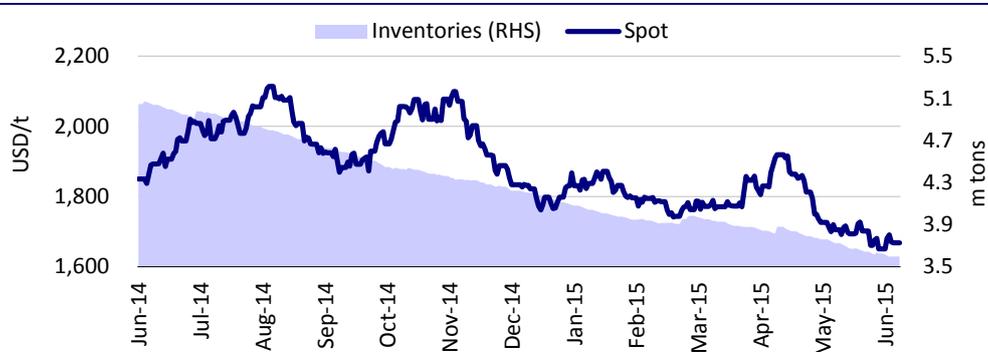
Exhibit 13: Singapore spot aluminum premiums – USD/ton



Source: MOSL, Bloomberg

...while LME aluminum has been range bound

Exhibit 14: LME aluminum and inventories



Source: MOSL, Bloomberg

Hindustan Zinc and Vedanta

Zinc prices were supportive in the quarter, up 5% QoQ / 6% YoY to USD2,192. Volumes would be up ~30% YoY, but due to more than tripling of royalty YoY (due to DMF), we expect EBITDA to increase by just 12% YoY.

Exhibit 15: Summary of estimates changes – Hindustan Zinc and Vedanta

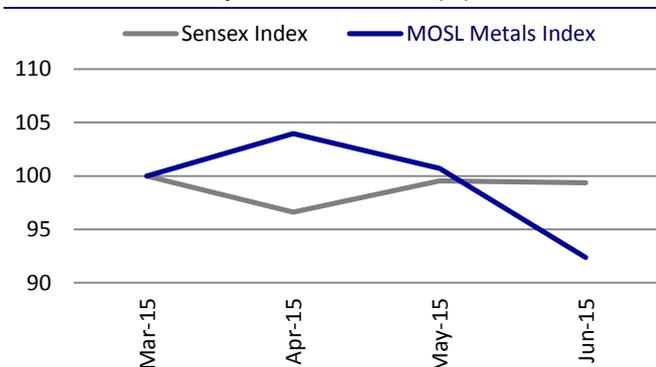
	EBITDA (INR b)			Adj. PAT (INR b)			TP	Comments	
	1QFY16E	FY16E	FY17E	1QFY16E	FY16E	FY17E			
HZL	Old		61	68		62	69	196	Spot premium of zinc cut to 10% from 12% earlier. Move to USDINR 64/65 from 63/64 earlier, FY16/17E.
	New	15	61	68	65	62	69	195	
	Change		-1%	-1%		-1%	-1%	-1%	
Vedanta	Old		184	208		64	66	209	Zinc premiums cut, and lower LME aluminum offset by USDINR to 64/65 from 63/64 for FY16/17E
	New	43	182	207	16	65	63	177	
	Change		-1%	-1%		1%	-4%	-2%	

Source: MOSL, Company

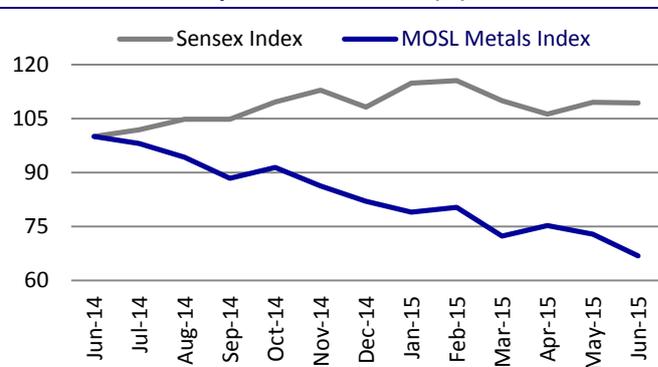
Exhibit 16: Other base metals quarterly average prices – USD/ton

Quarter	Zinc			Copper			Lead			Silver (Rs/kg)		
	Avg.	QoQ	YoY	Avg.	QoQ	YoY	Avg.	QoQ	YoY	Avg.	QoQ	YoY
1QFY16E	2,192	5%	6%	6,053	4%	-11%	1,949	8%	-7%	37,239	0%	-11%
4QFY15	2,083	-7%	3%	5,818	-12%	-17%	1,806	-10%	-14%	37,167	1%	-17%
3QFY15	2,235	-3%	17%	6,624	-5%	-7%	2,000	-8%	-5%	36,694	-14%	-20%
2QFY15	2,311	11%	24%	6,995	3%	-1%	2,181	4%	4%	42,691	2%	-7%
1QFY15	2,073	2%	13%	6,787	-4%	-5%	2,095	0%	2%	41,862	-7%	-7%
4QFY14	2,029	6%	0%	7,040	-2%	-11%	2,105	0%	-8%	44,935	-3%	-20%
3QFY14	1,906	3%	-2%	7,153	1%	-10%	2,111	0%	-4%	46,099	0%	-23%
2QFY14	1,859	1%	-1%	7,073	-1%	-8%	2,101	2%	6%	46,077	3%	-17%
1QFY14	1,840	-9%	-5%	7,147	-10%	-9%	2,053	-11%	4%	44,837	-20%	-18%
4QFY13	2,032	4%	0%	7,931	0%	-5%	2,301	5%	10%	55,927	-7%	1%
3QFY13	1,946	3%	3%	7,908	3%	6%	2,198	11%	11%	59,949	8%	11%
2QFY13	1,885	-2%	-15%	7,705	-2%	-14%	1,974	0%	-20%	55,755	2%	-5%
1QFY13	1,927	-5%	-14%	7,869	-5%	-14%	1,973	-6%	-23%	54,406	-2%	-5%

Source: MOSL, Company

Exhibit 17: Relative performance – 3m (%)

Source: Bloomberg, MOSL

Exhibit 18: Relative performance – 1Yr (%)

Source: Bloomberg, MOSL

Exhibit 19: Comparative valuation

Sector / Companies	CMP (INR)	Reco.	EPS (INR)			PE (x)			EV/EBIDTA (x)			RoE (%)		
			FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E
Metals														
Hindalco	112	Buy	13.5	8.3	17.6	8.3	13.4	6.4	9.3	8.0	6.3	12.4	7.9	15.0
Hindustan Zinc	167	Buy	19.2	14.7	16.2	8.7	11.4	10.3	5.1	6.0	4.8	20.1	13.7	13.8
JSPL	86	UR	6.9	-22.9	-19.4	12.4	-3.7	-4.4	10.3	13.0	12.1	3.0	-11.2	-10.7
JSW Steel	872	Buy	74.5	37.5	62.1	11.7	23.2	14.0	7.3	7.5	6.6	8.0	3.9	6.4
Nalco	40	Buy	4.6	3.8	5.1	8.8	10.5	7.8	3.8	3.2	1.5	9.4	7.5	9.6
NMDC	119	Sell	16.6	9.8	10.3	7.1	12.1	11.5	4.3	7.2	6.9	20.8	15.7	11.2
SAIL	61	Sell	5.1	-1.0	2.1	12.0	-58.7	29.7	10.7	14.7	9.7	4.8	-1.0	2.0
Tata Steel	305	Buy	2.9	20.7	57.2	106.6	14.7	5.3	8.1	7.4	5.2	1.3	11.0	26.5
Vedanta	174	Neutral	20.3	17.4	17.0	8.6	10.0	10.2	4.8	5.3	4.4	17.2	12.2	10.1
Sector Aggregate						9.7	14.6	10.1	6.8	7.5	6.0	9.9	6.3	8.6

Hindalco

Buy

Bloomberg	HNDL IN
Equity Shares (m)	2064.8
M. Cap. (INR b)/(USD b)	278 / 4
52-Week Range (INR)	199 / 124
1,6,12 Rel Perf. (%)	-6 / -18 / -29

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	877.01	1,042.8	1,094.0	1,180.9
EBITDA	82.9	89.4	97.6	118.2
NP	25.7	27.9	17.1	36.3
Adj. EPS (INR)	12.5	13.5	8.3	17.6
EPS Gr(%)	-26.6	8.7	-38.7	111.9
BV/Sh. (INR)	114.6	102.8	109.1	124.9
RoE (%)	11.6	12.4	7.8	15.0
RoCE (%)	4.6	4.9	5.2	7.1
Payout (%)	13.2	12.1	19.7	9.3
Valuations				
P/E (x)	9.0	8.3	13.5	6.4
P/BV	1.0	1.1	1.0	0.9
EV/EBITDA (x)	9.2	8.9	8.0	6.3
Div. Yield (%)	1.3	1.3	1.3	1.3

CMP: INR112

- **Standalone EBITDA to decline 2% YoY on lower aluminum:** We expect aluminum sales volumes to rise 31% YoY to 236k tons. Copper volumes would be marginally higher YoY at 95k tons. LME aluminum is down 2% QoQ and YoY, but lower spot premiums and rise in cost would drive 18% YoY lower aluminum business EBITDA. Copper business EBITDA is likely to rise 17% YoY on strong Tc/Rc.
- **Novelis EBITDA 1% higher YoY:** We expect Novelis EBITDA to be marginally higher YoY to USD236m, as the benefit of higher volumes (1% YoY) and improving mix is partly offset by the near-term impact of falling spot premiums. We have ignored MTM loss on inventories due to fall in premiums.
- **Earnings cut on lower LME:** We have cut our FY16E/17E group EBITDA estimates by 8%/5% to factor in lower LME Aluminum and lower spot premiums. Our FY17E-based TP stands cut to INR179.

Key issues to watch for

- Aluminum price movement and TC/RC trends
- Ramp-up of Mahan and Aditya smelters

Quarterly Performance

(INR Million)

Y/E March (Standalone)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Alumina (Production, kt)	498	531	593	656	630	666	694	715	2,278	2,705
Aluminium (sales, kt)	177	184	202	246	231	242	276	287	809	1,036
Copper (sales, kt)	94	96	95	102	95	95	95	95	387	380
Avg LME Aluminium (USD/T)	1,805	1,987	1,966	1,799	1,765	1,800	1,800	1,800	1,889	1,791
Net Sales	79,961	85,543	86,030	93,716	81,067	84,861	89,744	90,971	345,250	346,643
Change (YoY %)	37.0	35.7	18.3	11.1	1.4	-0.8	4.3	-2.9	24.0	0.4
EBITDA	7,484	8,970	9,233	8,478	7,313	8,128	8,551	8,769	34,165	32,761
Change (YoY %)	56.4	66.2	46.7	0.4	-2.3	-9.4	-7.4	3.4	37.1	-4.1
Interest	3,376	3,857	4,475	4,663	5,416	5,986	5,928	5,869	16,371	23,199
Depreciation	1,871	1,960	2,163	2,377	2,693	2,923	2,931	2,940	8,370	11,488
Other Income	2,163	2,234	2,125	2,301	2,236	2,173	2,223	2,274	8,822	8,906
PBT (before EO item)	4,401	5,386	4,721	3,739	1,439	1,392	1,915	2,234	18,246	6,981
Extra-ordinary Income		-4,312		-1,465					-5,777	
PBT (after EO item)	4,401	1,074	4,721	2,274	1,439	1,392	1,915	2,234	12,469	6,981
Total Tax	1,126	286	1,127	678	344	159	650	519	3,218	1,672
% Tax	25.6	5.3	23.9	18.1	23.9	11.5	34.0	23.2	25.8	24.0
Reported PAT	3,275	788	3,594	1,595	1,096	1,233	1,265	1,715	9,252	5,308
Adjusted PAT	3,265	3,996	3,503	2,774	1,068	1,033	1,421	1,657	13,538	5,308
Novelis Shipments (kt)	770	765	757	758	775	803	795	827	3,050	3,200
Novelis adj. EBITDA (USDm)	235	230	236	201	236	245	242	252	902	976
Consolidated adj. PAT	6,873	7,201	7,173	4,961	3,776	4,169	4,639	5,423	27,943	17,133

E: MOSL Estimates

Hindustan Zinc

Bloomberg	HZ IN
Equity Shares (m)	4,225.3
M. Cap. (INR b)/(USD b)	706/11
52-Week Range (INR)	190/152
1,6,12 Rel Perf. (%)	-1 / -3 / -9

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	136.4	147.9	151.4	164.0
EBITDA	69.7	74.2	60.6	67.6
NP	68.9	81.1	62.0	68.5
Adj. EPS (INR)	16.3	19.2	14.7	16.2
EPS Gr(%)	-0.4	17.7	-23.5	10.4
BV/Sh. (INR)	88.6	102.6	112.1	123.2
RoE (%)	19.8	20.1	13.7	13.8
RoCE (%)	22.0	22.4	16.2	16.3
Payout (%)	24.5	26.6	35.1	31.8

Valuations

P/E (x)	10.2	8.7	11.4	10.3
P/BV (x)	1.9	1.6	1.5	1.4
EV/EBITDA (x)	6.5	5.4	6.0	4.8
Div. Yield (%)	2.1	2.6	2.6	2.6

CMP: INR167

Buy

- **Strong volume growth as mines ramp-up:** We expect mine metal production to rise 35% YoY to 220k tons. LME zinc is higher by 6% YoY to USD2,184/ton. Strong volume growth and higher LME would drive 22% YoY sales growth to INR36.7b.
- **EBITDA growth of 12% YoY:** We expect EBITDA to increase by 12% YoY to INR15.1b, aided by higher volumes and supported zinc prices. We forecast DMF @ 100% of royalty, driving royalty-linked cost up 3x over last year.
- We value HZL at INR195 (6.5x FY17E EV/EBITDA).

Key issues to watch for

- Production ramp-up; management of cost of production

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Production (integrated only)										
Zn refined (000 tons)	139	174	192	217	184	196	202	204	722	785
Pb refined (000 tons)	27	26	25	33	33	33	34	35	111	134
Silver (tons)	65	76	83	91	98	100	102	104	314	402
Net Sales	30,072	38,024	38,531	41,257	36,733	36,519	38,873	39,293	147,884	151,418
Change (YoY %)	0.8	6.8	11.7	13.3	22.1	21.4	2.2	2.0	8.5	2.4
EBITDA	13,524	19,996	20,892	19,784	15,148	14,194	15,596	15,670	74,196	60,608
As % of Net Sales	45.0	52.6	54.2	48.0	41.2	38.9	40.1	39.9	50.2	40.0
Interest	76	13	8	138	138	138	138	138	235	552
Depreciation	2,023	2,061	2,090	268	1,903	1,903	1,903	1,903	7,170	7,611
Other Income	7,174	6,967	8,122	5,949	6,110	6,060	6,237	6,248	28,211	24,655
PBT (before EO item)	18,599	24,888	26,916	25,327	19,217	18,213	19,792	19,877	95,002	77,100
Extra-ordinary Income	0	-28	0	0	0	0	0	0	0	0
PBT (after EO item)	18,599	24,860	26,916	25,327	19,217	18,213	19,792	19,877	95,002	77,100
Total Tax	2,422	3,025	3,122	5,353	3,459	3,460	3,958	4,174	13,921	15,052
% Tax	13.0	12.2	11.6	21.1	18.0	19.0	20.0	21.0	14.7	19.5
Reported PAT	16,177	21,835	23,794	19,974	15,758	14,753	15,833	15,703	81,080	62,047
Adjusted PAT	16,177	21,860	23,794	19,974	15,758	14,753	15,833	15,703	81,080	62,047
Change (YoY %)	1.6	29.1	38.1	6.2	-2.6	-8.8	-27.6	-34.0	17.7	-23.5

E: MOSL Estimates

JSW Steel

Bloomberg	JSTL IN
Equity Shares (m)	241.7
M. Cap. (INR b)/(USD b)	211/3
52-Week Range (INR)	1,365/832
1,6,12 Rel Perf. (%)	-5 / -18 / -39

CMP: INR872

Buy

■ **Expect 7% QoQ decline in sales:** We expect sales to decline 11% YoY / 7% QoQ to INR102b, on the back of lower realization. Blended realization is estimated to drop 5% QoQ / 15% YoY to INR34,090/ton. Volumes would increase by 4% YoY to 3m tons.

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	512.2	529.7	510.1	556.6
EBITDA	91.7	94.0	88.3	100.1
Adj. PAT	9.3	18.0	9.1	15.0
Adj. EPS (INR)	38.6	74.5	37.5	62.1
EPS Gr(%)	-22.4	93.2	-49.6	65.4
BV/Sh. (INR)	876	922	918	948
RoE (%)	4.7	8.3	4.1	6.7
RoCE (%)	10.3	8.5	6.9	8.1
Payout (%)	80.2	18.1	35.2	23.0
Valuations				
P/E (x)	22.6	11.7	23.2	14.0
P/BV	1.0	0.9	0.9	0.9
EV/EBITDA (x)	7.0	7.3	7.7	6.8
Div. Yield (%)	1.3	1.3	1.3	1.4

■ **EBITDA to decline 38% YoY:** Sharp fall in realization and higher cost iron ore would continue to impact margins. We expect EBITDA/ton to decline to INR5,093 from INR5,469 in 4Q. Standalone EBITDA would decline 38% YoY (and 9% QoQ) to INR15.3b. On a consolidated basis, we expect EBITDA to drop 36% YoY to INR16.7b. Consolidated EBITDA/ton would be USD87, marginally lower than USD88 in 4Q.

■ **Maintain Buy:** We have cut our FY16 earnings estimate by 22% on lower realization and increase in cost due to currency depreciation. We change our exchange rate assumptions from INR63/USD to INR64/USD for FY16 and from INR64/USD to INR65/USD for FY17. Our EV/EBITDA-based target price is cut to INR1,074 from INR1,108 earlier. Maintain Buy.

Key issues to watch for

- Domestic iron ore supply and prices
- China domestic steel demand and exports

Quarterly Performance

(INR Million)

Y/E March (Standalone)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales ('000 tons)	2,880	3,070	3,030	3,060	3,005	3,195	3,155	3,250	12,040	12,605
Change (YoY %)	12.9	-1.9	-1.6	-1.3	4.3	4.1	4.1	6.2	1.5	4.7
Realization (INR/T)	40,091	39,262	37,971	35,890	34,090	34,614	34,560	34,560	38,279	34,462
Net Sales	115,463	120,535	115,052	109,823	102,440	110,592	109,037	112,320	460,873	434,389
EBITDA	24,610	26,199	21,173	16,734	15,305	22,239	22,082	22,479	88,716	82,105
Margin (%)	21.3	21.7	18.4	15.2	14.9	20.1	20.3	20.0	19.2	18.9
EBITDA (INR/T)	8,545	8,534	6,988	5,469	5,093	6,961	6,999	6,917	7,368	6,514
EBITDA (USD/T)	143	141	113	88	80	109	109	108	121	102
Interest	7,230	7,196	7,811	6,850	7,575	7,651	7,727	7,805	29,087	30,758
Depreciation	6,634	6,992	7,124	7,095	7,339	7,413	7,487	7,562	27,845	29,800
Other Income	980	1,192	885	1,611	902	911	921	930	4,668	3,664
PBT (before EO Item)	11,726	13,203	7,123	4,401	1,293	8,087	7,789	8,042	36,452	25,212
EO Items	0	-1,895	-1,016	-1,052	0	0	0	0		0
PBT (after EO Item)	11,726	11,307	6,107	3,349	1,293	8,087	7,789	8,042	36,452	25,212
Total Tax	3,713	3,691	1,960	1,462	414	2,588	2,492	2,574	10,824	8,068
% Tax	31.7	32.6	32.1	43.6	32.0	32.0	32.0	32.0	29.7	32.0
Reported PAT	8,014	7,617	4,147	1,887	879	5,499	5,296	5,469	25,628	17,144
Pref. Dividend	70	70	70	70	70	70	70	70	279	279
Adjusted PAT	7,944	8,841	4,771	2,535	810	5,430	5,227	5,399	25,349	16,865
Change (YoY %)	121.5	33.5	-26.0	-68.2	-89.8	-38.6	9.6	113.0	3.0	-33.5
Consolidated adj PAT	6,495	7,481	3,220	631	-1,232	3,475	3,311	3,521	18,006	9,073

E: MOSL Estimates; Note: JSW Ispat is excluded until 4QFY13

Nalco

Buy

Bloomberg	NACL IN
Equity Shares (m)	2,577.2
M. Cap. (INR b)/(USD b)	103/2
52-Week Range (INR)	69/40
1,6,12 Rel Perf. (%)	-17 / -26 / -42

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	67.8	73.8	75.1	82.0
EBITDA	9.3	17.1	11.7	16.8
NP	6.8	11.7	9.8	13.2
Adj. EPS (INR)	2.6	4.6	3.8	5.1
EPS Gr(%)	14.2	73.4	-16.5	34.5
BV/Sh. (INR)	47.0	49.8	51.9	55.2
RoE (%)	5.6	9.4	7.5	9.6
RoCE (%)	7.5	14.7	10.4	13.3
Payout (%)	70.4	38.5	46.1	34.3
Valuations				
P/E (x)	15.2	8.8	10.5	7.8
P/BV	0.9	0.8	0.8	0.7
EV/EBITDA (x)	5.4	2.8	3.2	1.5
Div. Yield (%)	3.8	3.8	3.8	3.8

CMP: INR40

- Sales flat YoY:** We expect Nalco to report YoY flat sales of INR16.8b. We expect aluminum sales volumes to increase 5% YoY to 83k tons but alumina volumes to decline 7% YoY to 292k tons. Alumina production during the quarter was impacted by extended maintenance shutdown. All-in-aluminum would be USD2,100/ton as against USD2,284/ton in 4Q. Alumina realization would also be lower at USD309/ton against USD321/ton in 4QFY15.
- EBITDA down 15% YoY:** Although realizations and volumes are little changed versus last year, we expect Nalco to report 15% YoY drop in EBITDA to INR2.3b. Cost would be higher, primarily due to increase in coal cess and freight rate for coal transport.
- Maintain Buy:** We have cut our EBITDA estimates by 47% for FY16 and by 24% for FY17 to account for lower LME and spot premiums. Our EV/EBITDA-based target price is cut from INR77 to INR72. **Buy.**

Key issues to watch for

- Availability of coal for captive power plant
- LME price trend, utilization of smelter

Quarterly performance

(INR Million)

Y/E March (Consolidated)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Aluminium Prod. ('000 tons)	79	82	83	83	83	86	87	87	327	343
Alumina Sales ('000 tons)	315	341	286	283	292	326	404	434	1,225	1,458
Avg LME Aluminium (USD/ton)	1,805	1,987	1,966	1,799	1,765	1,800	1,800	1,800	1,889	1,791
NSR premiums (USD/ton)	518	545	547	485	335	285	285	285	524	298
Alumina NSR (USD/ton)	308	342	342	321	309	315	315	315	328	315
Net Sales	16,800	19,955	19,060	18,013	16,850	18,098	19,782	20,393	73,828	75,124
Change (YoY %)	7.7	14.8	15.9	-2.0	0.3	-9.3	3.8	13.2	8.9	1.8
Total Expenditure	14,036	15,212	13,788	13,732	14,497	15,378	16,573	16,950	56,768	63,398
EBITDA	2,765	4,743	5,272	4,280	2,354	2,720	3,209	3,443	17,060	11,726
Change (YoY %)	80.7	77.2	158.0	38.4	-14.9	-42.7	-39.1	-19.6	82.6	-31.3
As % of Net Sales	16.5	23.8	27.7	23.8	14.0	15.0	16.2	16.9	23.1	15.6
Depreciation	955	1,038	1,165	979	984	989	994	999	4,137	3,965
Other Income	1,904	1,686	1,516	1,621	1,923	1,703	1,531	1,637	6,726	6,794
PBT (before EO Item)	3,713	5,392	5,623	4,922	3,293	3,434	3,746	4,081	19,650	14,554
Extra-ordinary Income	0	0	0	1,484	0	0	0	0	0	0
PBT (after EO Item)	3,713	5,392	5,623	6,406	3,293	3,434	3,746	4,081	19,650	14,554
Total Tax	1,004	1,976	2,079	2,857	1,075	1,121	1,223	1,332	7,916	4,751
% Tax	27.0	36.7	37.0	44.6	32.6	32.6	32.6	32.6	40.3	32.6
Reported PAT	2,710	3,415	3,545	3,549	2,218	2,313	2,524	2,749	11,734	9,804
Adjusted PAT	2,710	3,415	3,545	2,727	2,218	2,313	2,524	2,749	11,734	9,804

E: MOSL Esitmates

NMDC

Sell

Bloomberg	NMDC IN
Equity Shares (m)	3,964.7
M. Cap. (INR b)/(USD b)	471/7
52-Week Range (INR)	188/113
1,6,12 Rel Perf. (%)	-8 / -19 / -44

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	120.6	123.6	71.2	78.9
EBITDA	77.7	77.8	39.7	44.4
Adj. PAT	63.9	65.9	38.8	40.9
Adj. EPS (INR)	16.1	16.6	9.8	10.3
EPS Gr(%)	-3.6	3.1	-41.1	5.4
RoE (%)	22.6	20.8	15.7	11.2
RoCE (%)	22.6	20.8	15.7	11.2
Payout (%)	61.4	60.2	47.8	45.4

Valuations

P/E (x)	7.4	7.2	12.2	11.5
P/BV	1.6	1.5	1.4	1.3
EV/EBITDA (x)	3.7	3.7	7.3	6.9
Div. Yield (%)	7.1	7.2	3.4	3.4
Sales	120.6	123.6	71.2	78.9

CMP: INR119

■ **Volumes suffer, realizations lower:** We expect NMDC's sales to decline 27% YoY (4% QoQ) to INR19.1b. Iron ore sales volume would decline 18% YoY to 7.2m tons on weak demand. Blended domestic realization would decline 7% YoY (14% QoQ) to INR2,649/ton.

■ **EBITDA down 42% YoY:** Lower realizations and volumes, and largely fixed cost base would drive EBITDA decline of 42% YoY to INR11.9b. NMDC would report EBITDA/ton of INR1,658 as against INR1,848 in 4QFY15. No export sales volumes (involve cash losses) in the quarter aided margins to some extent.

■ **Estimates largely unchanged:** Our FY16/17 estimates are largely unchanged. We forecast further iron ore price cuts of INR500/ton, which would put pressure on earnings. Our target price is INR105 (FY17E EV/EBITDA of 4x).

Key issues to watch for

- Increase in global iron ore prices
- Quicker-than-expected production ramp-up

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Production (m tons)	7.9	6.4	8.1	7.9	7.2	7.8	7.7	9.6	30.4	32.3
Sales (m tons)	8.6	7.3	7.0	7.7	7.2	7.8	7.7	9.6	30.5	32.3
Avg Dom. NSR (USD/t)	64	67	67	58	43	34	34	34	64	36
Avg Dom. NSR (INR/t)	3,825	4,086	4,155	3,573	2,649	2,079	2,079	2,079	3,902	2,206
Lumps % (production)	34	34	36	38	36	36	36	36	36	36
Net Sales	34,767	31,051	29,461	28,286	19,075	16,155	16,046	19,962	123,564	71,238
Change (QoQ %)	-10.5	-10.7	-5.1	-4.0	-35.3	-15.3	-0.7	24.4	2%	-42%
Total Expenditure	10,746	10,990	9,979	14,073	7,135	7,199	7,165	10,013	45,787	31,512
EBITDA	24,021	20,060	19,482	14,213	11,940	8,956	8,881	9,948	77,777	39,726
Change (QoQ %)	-2.7	-16.5	-2.9	-27.0	-38.7	-25.0	-0.8	12.0	0.1	-48.9
As % of Net Sales	69.1	64.6	66.1	50.2	62.6	55.4	55.3	49.8	62.9	55.8
EBITDA per ton (USD)	47	46	45	30	27	19	19	17	42	20
EBITDA per ton (INR/t)	2,796	2,760	2,796	1,848	1,658	1,153	1,151	1,036	2,549	1,230
Interest	0	0	0	0	0	0	0	0	19	
Depreciation	400	409	533	280	441	452	463	475	1,622	1,830
Other Income	5,418	5,268	5,251	7,262	4,751	4,804	4,808	4,806	23,200	19,170
PBT (before EO Item)	29,039	24,920	24,201	21,195	16,251	13,308	13,227	14,280	99,336	57,066
Total Tax	9,889	8,130	8,271	7,170	5,200	4,259	4,233	4,569	33,460	18,261
% Tax	34.1	34.2	34.2	33.8	32.0	32.0	32.0	32.0	34.1	32.0
Reported PAT	19,150	15,668	15,930	14,025	11,051	9,050	8,994	9,710	64,754	38,805
Adjusted PAT	19,150	16,406	15,930	14,025	11,051	9,050	8,994	9,710	65,494	38,805

E: MOSL Estimates

SAIL**Sell**

Bloomberg	SAIL IN
Equity Shares (m)	4,130.4
M. Cap. (INR b)/(USD b)	253/4
52-Week Range (INR)	101/59
1,6,12 Rel Perf. (%)	-7 / -27 / -45

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	471.0	461.2	498.4	577.9
EBITDA	45.0	51.8	40.6	67.2
NP	18.9	21.1	-4.3	8.5
Adj. EPS (INR)	4.6	5.1	-1.0	2.1
EPS Gr(%)	-23.7	11.1	-120.5	-297.8
BV/Sh. (INR)	104.8	106.9	103.5	103.2
RoE (%)	4.5	4.8	-1.0	2.0
RoCE (%)	5.0	5.4	2.0	4.4
Payout (%)	36.8	42.9	-226.4	114.4

Valuations

P/E (x)	13.3	12.0	-58.4	29.5
P/BV	0.6	0.6	0.6	0.6
EV/EBITDA (x)	10.7	10.2	14.7	9.7
Div. Yield (%)	3.3	3.3	3.3	3.3

CMP: INR61

■ **Sales flat YoY on volume gains:** We expect SAIL to report flat YoY sales at INR113b. We are optimistic on the volume front, expecting volumes of 3.3m tons as against 2.8m tons in 1QFY15. Realization would decline 15% YoY and 5% QoQ to INR34,862/ton.

■ **EBITDA to decline 60% YoY:** We expect EBITDA to decline ~60% YoY to INR4.6b, driven by sharp fall in realization. EBITDA per ton is estimated at INR1,425 as against INR2,943 in 4QFY15.

■ We have cut our EBITDA estimates by 8% for FY16 and by 3% for FY17 on lower realizations. We change our exchange rate estimates from INR63/USD to INR64/USD for FY16, and from INR64/USD to INR65/USD for FY17, driving raw material cost marginally higher. Our target price is cut from INR41 to INR37.

Key issues to watch for

- Commissioning of ISP and Bhilai capacity expansion

Quarterly Performance

(INR Million)

Y/E March (Standalone)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales (m tons)	2.8	2.9	2.9	3.2	3.3	3.4	3.4	4.1	11.7	14.2
Change (YoY %)	5.2	-2.7	-3.5	-8.9	18.1	17.0	17.5	30.4	-3.0	21.0
Realization (INR per ton)	41,166	39,791	38,837	36,662	34,862	34,935	34,880	34,880	39,037	34,889
Change (YoY %)	5.0	4.0	0.5	-5.8	-15.3	-12.2	-10.2	-4.9	0.7	-10.6
Net Sales	113,412	116,787	111,073	115,851	113,475	120,000	117,197	143,706	457,123	494,377
Change (%)	10.5	1.2	-3.1	-14.2	0.1	2.8	5.5	24.0	-2.3	8.1
Total Expenditure	102,114	103,423	98,992	106,553	108,836	112,228	108,563	129,914	411,081	459,541
EBITDA	11,298	13,364	12,081	9,298	4,639	7,772	8,634	13,792	46,042	34,836
Change (YoY %)	16.8	54.2	6.7	-23.8	-58.9	-41.8	-28.5	48.3	10.0	-24.3
EBITDA per ton (INR)	4,101	4,553	4,224	2,943	1,425	2,263	2,570	3,348	3,932	2,458
EBITDA per ton (USD)	69	75	68	47	22	35	40	52	64	38
Interest	3,050	3,558	3,666	4,269	4,705	4,911	5,117	5,322	14,542	20,055
Depreciation	4,080	3,917	4,667	5,070	5,927	6,279	6,626	6,968	17,733	25,801
Other Income	1,958	1,620	1,454	2,793	819	793	768	745	7,824	3,124
PBT (after EO Inc.)	6,127	7,509	7,201	2,752	-5,174	-2,626	-2,341	2,246	23,589	-7,895
Total Tax	828	1,015	1,410	-590	-1,138	-578	-515	494	2,662	-1,737
% Tax	13.5	13.5	19.6	-21.5	22.0	22.0	22.0	22.0	11.3	22.0
Reported PAT	5,299	6,495	5,791	3,342	-4,036	-2,048	-1,826	1,752	20,927	-6,158
Adjusted PAT	5,299	6,495	4,184	3,342	-4,036	-2,048	-1,826	1,752	19,154	-6,158
Change (YoY %)	0.5	89.5	-19.2	-21.1	-176.2	-131.5	-143.6	-47.6	4.2	-132.2

E: MOSL Estimates

Vedanta

Bloomberg	VEDL IN
Equity Shares (m)	2,964.8
M. Cap. (INR b)/(USD b)	516/8
52-Week Range (INR)	315/170
1,6,12 Rel Perf. (%)	-11 / -20 / -50

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	725.9	737.6	741.5	827.2
EBITDA *	174.7	159.5	158.5	178.3
NP	50.9	60.2	64.5	63.1
Adj. EPS (INR)	17.2	20.3	17.4	17.0
EPS Gr(%)	-32.7	-20.3	1.0	-16.4
BV/Sh. (INR)	113.9	121.7	163.3	172.3
RoE (%)	11.8	17.2	12.2	10.1
RoCE (%)	10.8	9.9	9.9	11.2
Payout (%)	22.1	20.2	30.3	37.9

Valuations

P/E (x)	10.1	8.6	10.0	10.3
P/BV	0.7	1.0	1.0	1.0
EV/EBITDA (x)*	5.8	6.4	6.7	5.7
Div. Yield (%)	1.9	2.0	2.6	3.2

Note: Sesa-Sterlite merged entity basis

CMP: INR174

Buy

- **Volumes in power and oil business to decline:** Vedanta would report 13% YoY decline in power volumes to 2,274m Kwh and 4% YoY decline in oil & gas volumes to 12.03m boe. Copper volumes would increase 36% YoY to 90k tons, coming off a weaker base (-7% QoQ), while aluminum volumes would grow 17% YoY to 229k tons.
- **EBITDA to decline 24% YoY:** Consolidated EBITDA would decline 24% YoY (grow 7% QoQ) to INR42.9b, with higher profitability in copper and zinc businesses, offset by weakness in power, aluminum, and oil & gas businesses. Despite higher volumes, aluminum business EBITDA is down on sharp fall in spot premiums, impacting realizations. Power business would suffer due to lower volumes and realizations.
- We change our exchange rate estimates from INR63/USD to INR64/USD for FY16, and from INR64/USD to INR65/USD for FY17. Our LME aluminum estimates are cut from USD1,900/ton to USD1,800/ton for FY16, and from USD1,950/ton to USD1,900/ton for FY17. We cut our EBITDA estimates by 1.4% for FY16 and by 0.8% for FY17, and our target price from INR209 to INR177.

Key issues to watch for

- Progress on TSPL project and commissioning of 1.25mtpa smelter
- Resumption of mining activity in Goa

Quarterly Performance (VEDL pre-merger)

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	170,560	195,494	192,189	178,046	172,167	174,159	193,629	201,526	736,288	741,481
Change (YoY %)	18.8	8.5	-1.0	-14.3	0.9	-10.9	0.7	13.2	1.4	0.7
Total Expenditure	113,826	132,225	130,723	137,906	129,177	131,551	146,538	152,710	514,680	559,975
EBITDA	56,734	63,269	61,466	40,140	42,990	42,609	47,091	48,816	221,608	181,506
Change (YoY %)	3.5	-9.0	-6.4	-39.8	-24.2	-32.7	-23.4	21.6	-13.7	-18.1
As % of Net Sales	33.3	32.4	32.0	22.5	25.0	24.5	24.3	24.2	30.1	24.5
Interest	15,371	14,716	13,293	13,208	13,648	14,051	14,211	14,973	56,588	56,883
D & A	20,644	20,033	23,279	7,635	16,629	16,992	17,128	17,538	71,592	68,286
Other Income	12,803	9,461	8,221	-1,428	15,465	11,431	11,787	12,721	29,057	51,404
PBT (before EO item)	33,522	37,981	33,114	17,869	28,178	22,997	27,539	29,026	122,486	107,741
EO Income	-16,274	-902	0	-199,557	0	0	0	0	-216,733	0
PBT (after EO item)	17,248	37,078	33,114	-181,688	28,178	22,997	27,539	29,026	-94,247	107,741
Total Tax	3,616	5,601	4,776	5,494	5,747	5,062	5,875	6,514	19,488	23,198
% Tax	21.0	15.1	14.4	-3.0	20.4	22.0	21.3	22.4	-20.7	21.5
Reported PAT	13,631	31,477	28,338	-187,181	22,431	17,936	21,665	22,512	-113,735	84,543
Minority interest	9,881	15,284	12,463	5,177	9,758	8,208	8,848	10,232	42,805	37,046
Adjusted PAT	20,024	17,095	15,875	7,199	12,673	9,728	12,817	12,279	60,193	47,497
Change (YoY %)	233.7	21.9	-10.5	-45.4	-13.8	-23.3	4.4	144.0	18.2	7.2

E: MOSL Estimates; C: Company's adjusted Proforma reporting

Tata Steel

Bloomberg	TATA IN
Equity Shares (m)	971.4
M. Cap. (INR b)/(USD b)	296/5
52-Week Range (INR)	574/288
1,6,12 Rel Perf. (%)	-7 / -25 / -52

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	1,486	1,395	1,310	1,427
EBITDA	164	128	143	202
Adj. PAT	34	3	20	56
Adj. EPS (INR)	35.5	2.9	20.7	57.2
EPS Gr(%)	2,162.2	-91.9	622.9	177.0
BV/Sh. (INR)	255	185	192	239
RoE (%)	15.0	1.3	11.0	26.5
RoCE (%)	9.2	6.1	7.2	11.0
Payout (%)	25.6	43.2	42.9	16.0
Valuations				
P/E (x)	8.6	106.7	14.8	5.3
P/BV	1.2	1.7	1.6	1.3
EV/EBITDA (x)	6.3	8.1	7.4	5.2
Div. Yield (%)	2.6	2.6	2.6	2.6

CMP: INR305

Buy

- **Tata Steel India:** We expect India business sales volume to be flat YoY at 2.1m tons, but realization to decline 4% QoQ to INR41,150/ton. EBITDA per ton is expected to improve to INR7,890 from INR7,044 in 4QFY15, driven by some savings in raw material cost. EBITDA would decline 47% YoY to INR17.3b, excluding the impact of DMF provision.
- **TSE and others:** We expect TSE to report largely flat EBITDA margin QoQ at USD45/ton. While steel realizations are likely to drop on QoQ basis, currency appreciation would drive cost lower. At other businesses, we expect EBITDA margin of USD5/ton, but see downside risk to the number amid worsened steel scrap spreads.
- We have cut our EBITDA estimates by 3% for FY16 and by 2% for FY17 on lower realizations for India business and lower margins in Europe. We change our exchange rate estimates from INR63/USD to INR64/USD for FY16, and from INR64/USD to INR65/USD for FY17. Our SOTP-based target price is cut from INR504 to INR435.

Key issues to watch for

- Imports from China and global iron ore prices

Quarterly Performance

(INR Million)

Y/E March (Consolidated)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales (k tons)	6,460	6,500	6,300	7,060	6,350	6,723	6,885	7,297	26,320	27,254
Change (YoY %)	6.3	0.3	-1.3	-7.3	-1.7	3.4	9.3	3.4	-0.9	3.5
Avg Realization (INR/tss)	56,389	55,042	53,386	47,686	47,913	48,214	48,139	48,006	53,003	48,069
Net Sales	364,272	357,771	336,332	336,662	304,236	324,121	331,432	350,287	1,395,037	1,310,077
Change (YoY %)	11.0	-2.4	-8.4	-20.7	-16.5	-9.4	-1.5	4.0	-6.1	-6.1
EBITDA	42,726	38,828	30,774	15,430	27,201	34,241	34,924	46,396	127,758	142,762
(% of Net Sales)	11.7	10.9	9.1	4.6	8.9	10.6	10.5	13.2	9.2	10.9
Steel EBITDA(USD/tss)	111	99	79	35	67	79	79	99	79	82
Interest	12,524	12,328	11,674	11,952	11,230	11,404	11,426	11,449	48,478	45,508
Depreciation	15,503	14,295	14,511	15,127	15,412	15,847	15,826	15,935	59,436	63,021
Other Income	2,161	3,215	1,191	1,394	1,657	2,441	931	1,259	7,962	6,289
PBT (before EO Inc.)	16,861	15,421	5,780	-10,255	2,216	9,430	8,604	20,272	27,806	40,522
EO Income(exp)	-2,625	6,756		-48,112					16,615	
PBT (after EO Inc.)	14,236	22,177	5,780	-58,367	2,216	9,430	8,604	20,272	44,421	40,522
Total Tax	10,804	9,454	4,467	-1,345	2,665	4,589	5,384	6,679	23,380	19,317
% Tax	64.1	61.3	77.3	13.1	120.2	48.7	62.6	32.9	84.1	47.7
Reported PAT	3,432	12,723	1,313	-57,023	-449	4,842	3,219	13,593	21,040	21,205
Adj. PAT (after MI & asso)	5,998	5,787	1,571	-8,631	-271	5,007	3,415	13,714	4,575	21,866

E: MOSL Estimates; tss=ton of steel sales;

Oil & Gas

Company name

BPCL
Cairn India
GAIL
Gujarat State Petronet
HPCL
Indraprastha Gas
IOC
MRPL
Oil India
ONGC
Petronet LNG
Reliance Industries

Refining/petchem margins high; DBTL in place

OMCs reduce marketing margins in 1QFY16, still await subsidy clarity

- OMCs demonstrated pricing power by tweaking marketing margins which were higher in 4QFY15, but reduced QoQ. While upstream PSUs are expected to report strong numbers (led by almost nil subsidy), we still await clarity on long-term subsidy sharing
- Refining margins remain strong, helped by gasoline cracks, while polymer margins are up YoY and QoQ.
- RIL's standalone PAT is expected to be up 10% YoY to ~INR62b, led by higher petchem margin and GRM—partly negated by lower E&P profits.

Brent average up 15% QoQ; model marginal upstream subsidy in 1QFY16

- Closing price was up USD8/bbl in 1QFY16, unlike the largely flat trend in 4QFY15, and could result in some inventory gains for refiners.
- Including DBTL, we expect 1QFY16 under recoveries at INR91b (-68% YoY). While the DBTL component will be compensated by the government, sharing of non-DBTL and LPG subsidy is still unclear.
- Oil PSUs' profitability will continue to remain dependent on subsidy sharing. Of the INR91b under-recoveries, we model INR5b for upstream towards subsidy sharing.

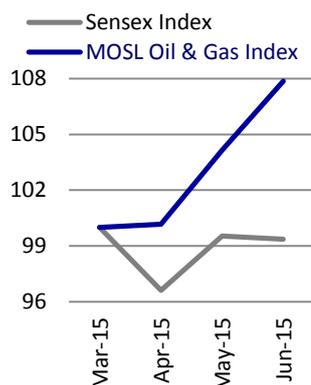
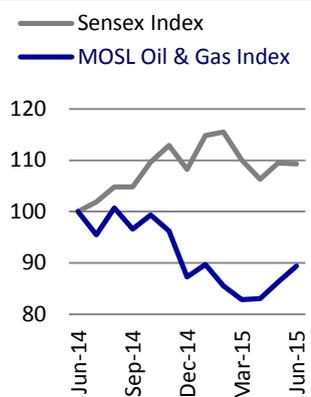
GRM at USD8.1/bbl (+40% YoY, -6% QoQ); polymer spreads up QoQ, YoY

- The regional benchmark Reuters Singapore GRM was up 40% YoY but down 6% QoQ to average USD8.1/bbl, led by higher gasoline cracks.
- In petchem, polymer (PE, PP, PVC) as well as polyester (POY, PSF) spreads were up YoY and QoQ; however, the polyester QoQ increase was marginal.

Exhibit 1: Expected quarterly performance summary (INR m)

Sector	CMP		Sales (INR m)			EBDITA (INR m)			Net Profit (INR m)		
	(INR)	Reco.	Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ
Oil & Gas											
BPCL	877	Buy	796,796	19.4	55.3	18,430	24.6	-58.6	10,881	-10.5	-61.9
Cairn India	182	Neutral	27,351	-39.0	2.2	14,231	-57.0	6.2	11,656	-57.2	92.6
GAIL	392	Neutral	140,193	5.1	-1.5	11,592	14.8	90.6	6,945	11.8	36.0
Gujarat State Petronet	119	Neutral	2,524	9.6	6.9	2,197	9.9	11.3	1,063	25.2	34.4
HPCL	729	Buy	431,946	-27.0	-3.0	14,715	179.9	-57.3	6,903	1399.3	-68.1
IOC	385	Buy	910,113	-27.0	-2.7	41,673	22.3	-53.4	22,946	-9.1	-63.5
Indraprastha Gas	418	Neutral	9,321	7.5	2.1	1,792	-13.3	4.2	996	-12.6	3.9
MRPL	75	Neutral	125,236	-20.4	12.9	9,887	LP	-8.2	3,979	LP	-66.0
Oil India	447	Buy	28,881	14.8	12.3	12,544	12.5	83.6	10,058	18.1	82.3
ONGC	310	Buy	234,591	7.9	10.1	133,340	5.9	34.3	67,265	40.7	70.9
Petronet LNG	187	Neutral	113,091	11.3	57.9	3,360	-6.1	51.8	1,635	4.4	-2.9
Reliance Inds.	1,000	Neutral	751,656	-22.0	34.1	88,575	17.6	2.6	62,251	10.2	-0.3
Sector Aggregate			3,571,698	-14.1	16.9	352,336	11.5	-11.3	206,578	10.3	-16.2
Excl. RMs			1,432,843	-13.4	23.3	277,518	6.0	21.4	165,849	11.0	24.1

Source: MOSL

Relative Performance-3m (%)**Relative Performance-1 Yr (%)**

- Brent crude average for the quarter was USD62/bbl (down 43% YoY, but up 15% QoQ). The recent increase price can be attributed to some signs of demand increase; however, the price outlook is still subdued, led by additional exports from Iran. YoY and QoQ decline in light/heavy differentials would lower the premium for complex refiners .

Auto fuel marketing margins lower QoQ, largely in line with the regulated period

- Post the diesel deregulation on October 18, 2014, OMCs have demonstrated pricing power by tweaking the marketing margins.
- We estimate average diesel marketing EBITDA at INR0.7-0.8/ltr v/s INR1.9/ltr in 4QFY15 and INR0.7/ltr in the regulated era. PSU OMCs' strategy to keep marketing margins lower will delay the entry of private players; however, we believe that marketing margins will move toward INR1.5-INR1.75/ltr comfortably over the next one year.
- For subsidy sharing in FY15/FY16/FY17, we model OMCs' share at ~3%, upstream sharing at 30% and the rest to be borne by the government. Any variation in this would impact our estimates for oil PSUs.

Valuation and view

- In the backdrop of lower oil price regime, auto fuel pricing freedom and higher marketing margins, we retain HPCL/BPCL as our top picks. While ONGC and OINL's earnings revival is contingent on oil price increase, we remain positive due to attractive valuations and the likely lower subsidy sharing and rationalization.
- While RIL could give some short-term outperformance, we maintain Neutral on RIL because the next earnings growth phase is still some time away—we believe FY18, when the company's new core business commissions; however, we await clarity on its telecom business plans.

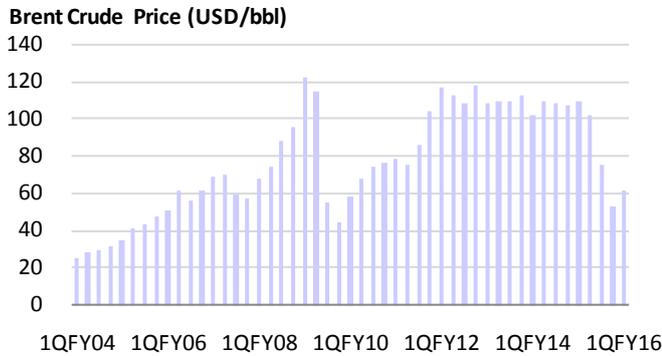
Exhibit 2: Comparative valuation

Sector / Companies	CMP (INR)	Reco.	EPS (INR)			PE (x)			EV/EBIDTA (x)			RoE (%)		
			FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E
Oil & Gas														
BPCL	877	Buy	66.5	75.6	81.0	13.2	11.6	10.8	7.9	7.8	7.4	23.0	22.7	21.2
Cairn India	182	Neutral	23.9	20.5	18.7	7.6	8.9	9.7	2.6	2.7	1.9	12.0	6.4	5.6
GAIL	392	Neutral	23.6	25.2	30.2	16.6	15.6	13.0	13.1	10.9	9.1	10.8	10.5	11.7
Gujarat State Petronet	119	Neutral	6.4	8.4	9.5	18.7	14.2	12.6	8.5	8.0	7.3	12.5	12.3	12.5
HPCL	729	Buy	80.6	85.4	93.7	9.0	8.5	7.8	7.2	7.3	6.8	17.6	17.2	17.1
Indraprastha Gas	418	Neutral	31.3	31.2	35.8	13.4	13.4	11.7	7.4	7.1	6.0	22.6	19.2	19.0
IOC	385	Buy	13.4	44.7	49.9	28.8	8.6	7.7	15.6	6.8	6.0	4.7	14.5	14.4
MRPL	75	Neutral	-9.8	13.6	13.1	-7.7	5.5	5.7	-6.3	4.2	4.6	-27.6	38.0	28.5
Oil India	447	Buy	41.8	60.0	69.3	10.7	7.5	6.4	9.2	5.9	4.9	11.7	15.6	16.6
ONGC	310	Buy	20.8	32.3	39.2	14.9	9.6	7.9	4.9	4.2	3.8	10.0	14.3	15.8
Petronet LNG	187	Neutral	10.0	10.3	12.5	18.7	18.1	14.9	9.8	10.7	8.8	16.7	13.2	14.4
Reliance Inds.	1,000	Neutral	77.6	85.2	100.7	12.9	11.7	9.9	9.2	10.1	7.6	11.0	11.0	11.9
Sector Aggregate						14.4	10.6	9.2	7.5	6.5	5.6	10.0	12.4	13.0
Ex RMS						13.9	11.0	9.3	6.8	6.3	5.3	10.1	11.7	12.5

Source: MOSL

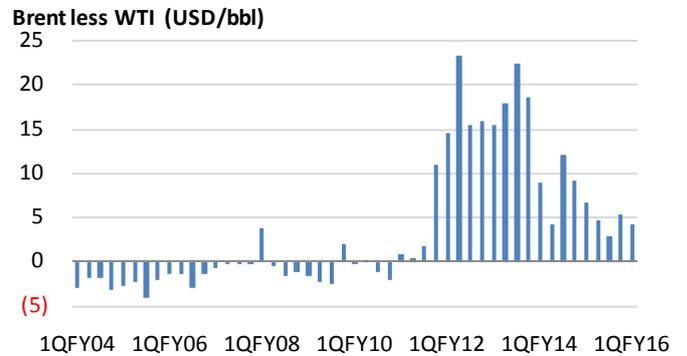
On QoQ basis, GRM down 6%, Brent up 15%, light/heavy spreads lower

Exhibit 3: Brent crude price was up 15% QoQ and down 43% YoY to average USD62/bbl in 1QFY16 (USD/bbl)



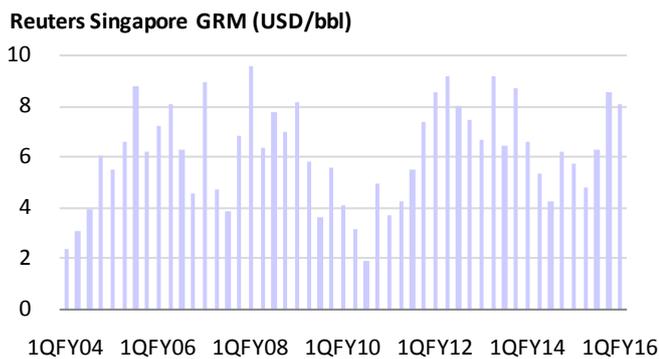
Source: Bloomberg, MOSL

Exhibit 4: Premium of Brent over WTI down QoQ to USD4.3/bbl in 1QFY16



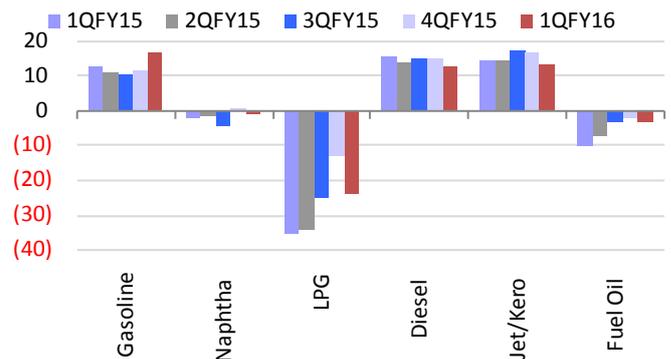
Source: Bloomberg, MOSL

Exhibit 5: Reuters Singapore GRM was down 6% QoQ and up 40% YoY to average USD8.1/bbl



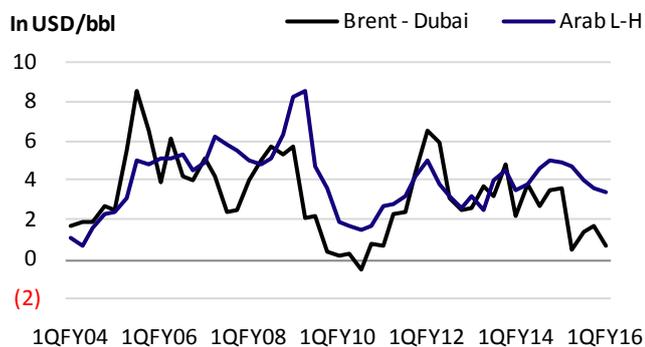
Source: Bloomberg, MOSL

Exhibit 6: Only gasoline cracks up QoQ in 1QFY16 (USD/bbl)



Source: Bloomberg, MOSL

Exhibit 7: Arab light/heavy differential declined in 1QFY16 (USD/bbl)



Source: Bloomberg, MOSL

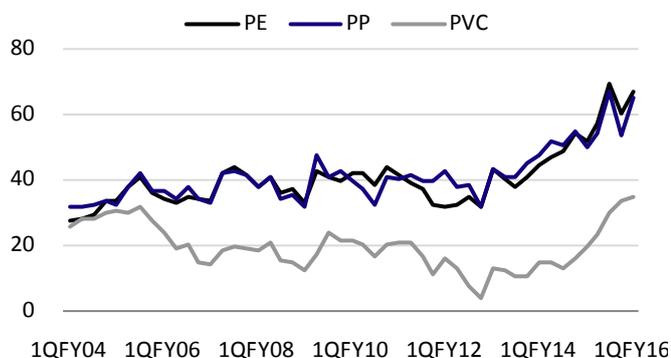
Our key assumptions

- Our crude price assumptions are USD65/70/bbl for FY16/17 and USD70/bbl over long term.
- We expect the regional benchmark Singapore Reuters GRM to remain in the USD6-8/bbl range for the near term with downward bias.

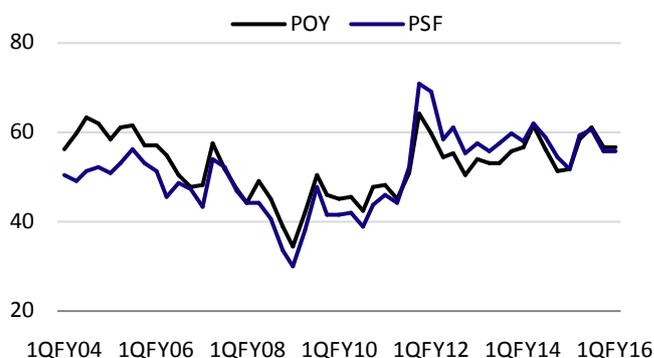
Exhibit 8: Polymer spreads improve meaningfully QoQ; polyester increase remains subdued (INR/kg)

(INR/kg)	RIL Basic prices						Simple Spreads			Int. Spreads	
	PE	PP	PVC	POY	PSF	Naphtha	PE	PP	PVC	POY	PSF
4QFY13	93.0	97.9	63.5	97.3	101.4	52.4	40.6	45.4	11.1	55.8	59.9
1QFY14	92.5	95.9	63.3	95.0	96.3	48.2	44.3	47.7	15.2	56.9	58.1
2QFY14	104.4	109.7	72.8	107.2	107.9	57.8	46.6	51.9	15.0	61.4	62.1
3QFY14	107.6	109.8	72.3	103.4	106.0	59.3	48.4	50.6	13.1	56.3	58.9
4QFY14	112.3	113.0	74.3	97.9	100.9	58.4	53.9	54.6	15.9	51.4	54.4
1QFY15	109.0	107.7	77.0	97.7	97.6	57.6	51.4	50.1	19.5	51.8	51.7
2QFY15	113.0	110.3	79.4	102.9	103.6	55.9	57.1	54.4	23.5	58.5	59.2
3QFY15	109.3	107.0	70.0	92.7	92.4	40.2	69.1	66.8	29.8	61.0	60.7
4QFY15	90.7	84.3	63.7	80.6	79.8	30.5	60.1	53.8	33.2	56.6	55.8
1QFY16	102.3	100.3	70.1	84.8	84.0	35.6	66.7	64.7	34.5	56.8	56.0
QoQ (%)	12.8%	18.9%	10.0%	5.2%	5.2%	16.6%	10.9%	20.2%	3.9%	0.4%	0.3%
YoY (%)	-6.2%	-6.9%	-9.0%	-13.2%	-13.9%	-38.2%	29.7%	29.1%	77.5%	9.7%	8.4%

Source: Company, MOSL

Exhibit 9: Polymer spreads improve in 1QFY16 (INR/kg)

Source: Bloomberg, Company

Exhibit 10: Intg. POY/PSF spreads largely flat QoQ (INR/kg)

Source: Bloomberg, Company

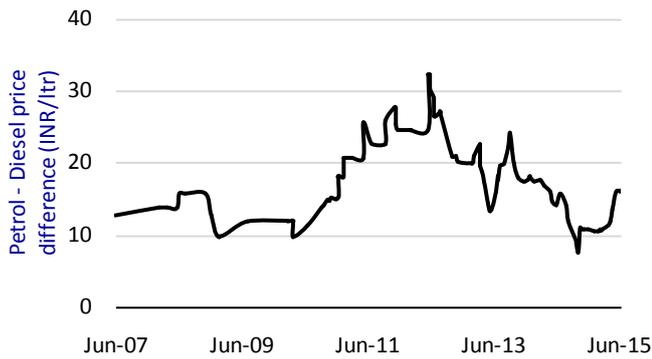
Exhibit 11: We model upstream share at 30%/30% in FY16/17E; await clarity

(INR b)	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16E	FY17E
Fx Rate (INR/USD)	45.2	40.3	46.0	47.5	45.6	47.9	54.5	60.6	61.1	64.0	65.0
Brent (USD/bbl)	64	82	85	70	86	114	111	108	86	65	70
Product-wise Gross Under recoveries (INR b)											
Petrol	20	73	52	52	27	0	0	0	0	0	0
Diesel	188	353	523	93	348	819	915	628	109	0	0
Kerosene	179	191	282	174	200	278	296	306	248	175	184
LPG	107	156	176	143	205	284	399	465	366	237	319
Total	494	773	1,033	461	780	1,385	1,610	1,399	723	412	502
Sharing of Gross Under recoveries (INR b)											
Government	241	353	713	260	410	829	1,000	707	273	276	337
Upstream	205	257	329	145	303	552	600	671	428	124	151
OMC's	48	163	(9)	56	67	0	10	21	22	12	15
Total	494	773	1033	461	780	1,385	1,610	1,399	723	412	502
Sharing of Gross Under recoveries (%)											
Government	49	46	69	56	53	60	62	51	38	67	67
Upstream	42	33	32	31	39	40	37	48	59	30	30
OMC's	10	21	(1)	12	9	0	1	2	3	3	3
Total	100	100	100	100	100	100	100	100	100	100	100

*LPG includes DBTL component

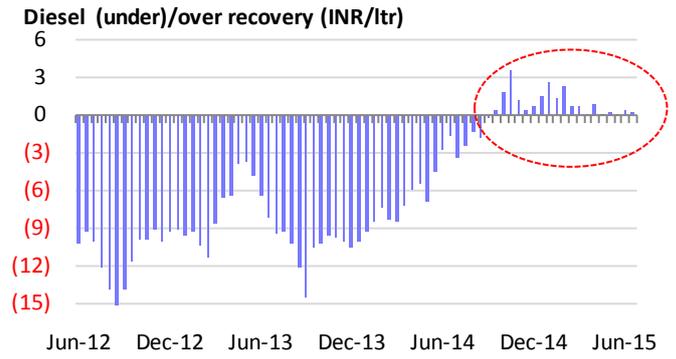
Source: Company, MOSL

Exhibit 12: Petrol and diesel price difference (INR/litre)



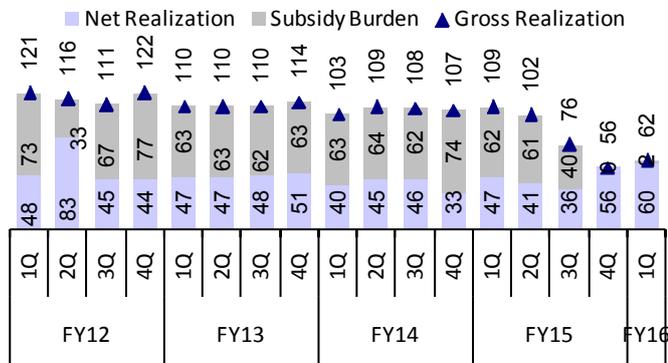
Source: PPAC, MoPNG, MOSL

Exhibit 13: Diesel into over-recovery zone post deregulation



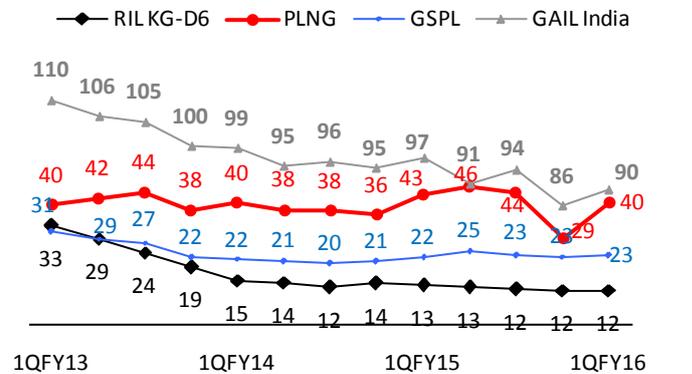
Source: PPAC, MoPNG, MOSL

Exhibit 14: With almost nil subsidy, model ONGC's net realization for 1QFY16 at USD60/bbl



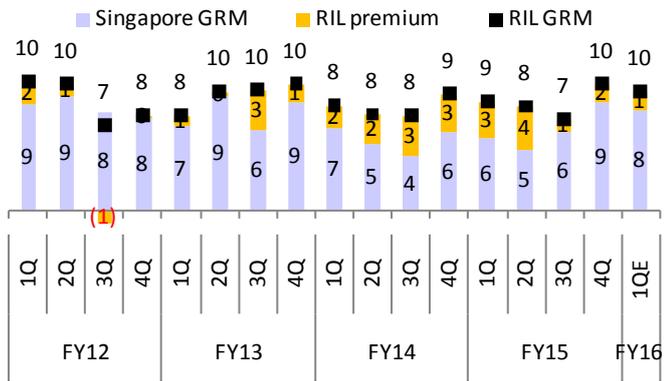
Source: Company, MOSL

Exhibit 15: Expect higher LNG volumes in 1QFY16 (mmscmd)



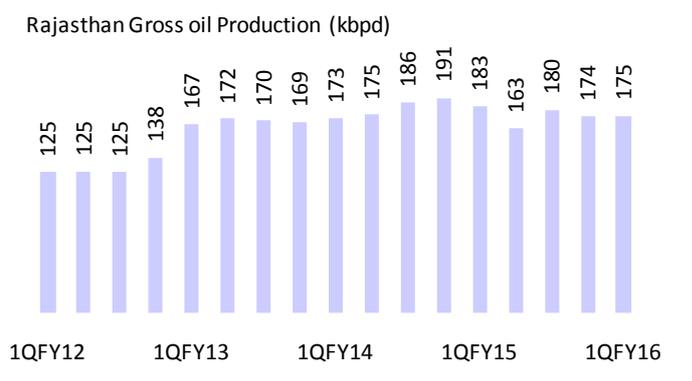
Source: Company, MOSL

Exhibit 16: Expect RIL GRM at USD9.5/bbl (USD/bbl)



Source: MOSL, Company

Exhibit 17: Cairn's Rajasthan production likely to remain flat at 175kbpd



Source: MOSL, Company

BPCL

Bloomberg	BPCL IN
Equity Shares (m)	723.0
M. Cap. (INR b)/(USD b)	634 /10
52-Week Range (INR)	884 /555
1,6,12 Rel Perf. (%)	3/35/37

Financial Snapshot (INR b)

Y/E MARCH	2014	2015E	2016E	2017E
Sales	2,644	2,424	2,459	2,530
EBITDA	93.6	96.0	103.4	111.3
Adj. PAT	39.1	48.1	54.7	58.6
Adj. EPS (INR)	54.1	66.5	75.6	81.0
EPS Gr. (%)	107.9	22.9	13.8	7.1
BV/Sh.(INR)	269	310.4	356.8	407.4
RoE (%)	21.6	23.0	22.7	21.2
RoCE (%)	15.2	17.2	19.1	18.4
Payout* (%)	35.4	35.1	38.7	37.6

Valuations

P/E (x)	16.2	13.2	11.6	10.8
P/BV (x)	3.3	2.8	2.5	2.2
EV/EBITDA (x)	10.2	8.4	7.8	7.4
Div. Yield (%)	1.9	2.4	2.8	3.0

*Based on standalone

CMP: INR877**Buy**

- Higher GRMs will drive OMCs' (BPCL, HPCL, and IOC) 1QFY16 profitability as marketing margins will be lower than 4QFY15. However, overall profitability will be a function of subsidy sharing.
- We model OMCs' share at ~3% for FY16/FY17, with the rest being shared by upstream and the government.
- 1QFY16 gross under-recoveries (including LPG DBTL component) have declined 68% YoY, led by lower crude oil/petroleum products prices and diesel deregulation.
- We peg BPCL refinery throughput at 5.9mmt for 1QFY16 v/s 5.3mmt in 1QFY15 and 6.1mmt in 4QFY15.
- We expect BPCL to report PAT of INR10.9b in 1QFY16 v/s INR12.2b in 1QFY15 and INR28.5b in 4QFY15.
- Without subsidy sharing, we expect BPCL to report EBITDA of INR25.6b and PAT of INR15.6b in 1QFY16.
- BPCL trades at 10.8x FY17E EPS, and at 1.6x FY16E BV (adjusted for investments). E&P upsides from Mozambique and Brazil are the key medium-term triggers for BPCL. **Buy**.

Key issues to watch out

- (a) Inventory and forex change impact, (b) subsidy sharing, and (c) update on Mozambique/Brazil E&P blocks.

Quarterly Performance (Standalone)**(INR Million)**

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	667,497	619,785	578,728	513,043	796,796	729,387	536,735	307,903	2,379,053	2,370,820
Change (%)	13.7	0.4	-10.6	-31.4	19.4	17.7	-7.3	-40.0	-8.5	255.2
EBITDA	14,796	10,709	11,283	44,542	18,430	21,078	22,222	24,165	81,330	85,895
Adj. EBITDA (w/o subsidy)	19,834	10,705	11,192	44,472	25,633	21,719	22,960	24,174	86,204	94,486
% of Sales	3.0	1.7	1.9	8.7	3.2	3.0	4.3	7.9	3.6	4.0
Depreciation	5,572	6,333	6,265	6,991	5,933	5,933	5,933	5,933	25,160	23,733
Interest	1,948	1,292	1,201	1,391	1,300	1,170	1,200	1,230	5,831	4,900
Other Income	10,638	3,018	3,922	6,238	5,457	6,135	6,135	5,457	23,816	23,183
PBT	17,914	6,102	7,740	42,399	16,654	20,110	21,224	22,458	74,155	80,446
Tax	5,751	1,460	2,228	13,870	5,773	6,971	7,357	6,176	23,310	26,277
Tax rate (%)	32.1	23.9	28.8	32.7	34.7	34.7	34.7	27.5	31.4	32.7
PAT	12,163	4,642	5,512	28,529	10,881	13,139	13,867	16,282	50,845	54,169
Change (%)	709.1	-50.1	nm	-29.9	-10.5	183.0	151.6	-42.9	25.2	6.5
PAT (w/o subsidy)	15,584	4,639	5,447	28,482	15,587	13,558	14,349	16,289	54,151	59,783
EPS	21.6	6.4	7.5	39.4	21.6	18.8	19.8	22.5	74.9	82.7

Cairn India

Bloomberg	CAIR IN
Equity Shares (m)	1874.9
M. Cap. (INR b)/(USD b)	341 / 5
52-Week Range (INR)	369 / 171
1,6,12 Rel Perf. (%)	-5 / -25 / -60

Financial Snapshot (INR b)

Y/E MARCH	2014	2015	2016E	2017E
Sales	187.6	146.5	115.9	127.0
EBITDA	140.8	96.2	63.5	69.9
Adj. PAT	124.3	69.5	38.4	35.0
Adj. EPS (INR)	65.2	23.9	20.5	18.7
EPS Gr. (%)	3.3	-63.3	-14.2	-9.0
BV/Sh.(INR)	301	314.0	327.3	341.2
RoE (%)	23.6	12.0	6.4	5.6
RoCE (%)	22.9	12.2	7.5	7.8
Payout (%)	22.1	28.4	24.6	24.6
Valuations				
P/E (x)	2.8	4.9	8.9	9.7
P/BV (x)	0.6	0.6	0.6	0.5
EV/EBITDA (x)	1.2	2.0	2.7	1.9
Div. Yield (%)	6.9	5.0	2.4	2.1

CMP: INR182

Neutral

- We expect Cairn India to report 1QFY16 consolidated net sales of INR27.4b (v/s INR44.8b in 1QFY15 and INR35b in 4QFY15). Net sales are likely to decline due to fall in crude price—Brent average price is down 43% YoY and up 15% QoQ.
- We estimate consolidated EBITDA at INR14.2b v/s INR33.1b in 1QFY15 and INR13.4b in 4QFY15.
- We expect CAIR's 1QFY16 Rajasthan production to decline 4.5% YoY and remain flat QoQ, led by natural decline.
- We model Brent crude price of USD65/70/bbl in FY16/17 and long-term price of USD70/bbl, and take a quality discount of 11% for Cairn India.
- The stock currently trades at 9.7x FY17E EPS of INR19. Maintain **Neutral**.

Key issues to watch out

- In the medium term: (a) Update on PSC extension, (b) production ramp-up, (c) reserve updates, and (d) clarity on cash utilization.
- During the quarter: (a) Net realization, (b) forex fluctuations, and guidance or production ramp-up and reserve upgrades.

Quarterly Performance (Consolidated, INR Million)

Y/E March	FY15				FY16				FY15	FY16E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	44,829	39,821	35,041	26,772	27,351	27,493	28,741	32,336	146,462	115,921
Change (%)	10.3	-14.4	-29.9	-47.0	-39.0	-31.0	-18.0	20.8	-21.9	-20.9
EBITDA	33,070	27,896	21,841	13,400	14,231	14,559	15,636	19,080	96,207	63,507
% of Net Sales	73.8	70.1	62.3	50.1	52.0	53.0	54.4	59.0	65.7	54.8
% Change	9.9	-21.0	-40.8	-65.1	-57.0	-47.8	-28.4	42.4	-31.7	-34.0
Exploration w/off	2,546	1,341	1,572	5,522	1,200	1,000	1,000	1,138	10,980	4,338
D,D&A	7,198	7,028	8,909	2,560	7,579	7,662	7,662	7,514	25,695	30,418
Interest	17	51	84	51	0	0	0	0	204	0
Other Income (Net)	4,184	3,460	1,629	3,576	4,131	4,113	4,302	4,789	12,849	17,334
PBT before exceptionals	27,493	22,937	12,904	8,843	9,582	10,010	11,276	15,217	72,177	46,085
Forex Fluctuations	989	2,403	3,536	-1,683	4,131	0	0	0	5,244	4,131
Exceptional items	-16,274			-5,052	0			0	-21,326	0
PBT	12,208	25,340	16,440	2,107	13,713	10,010	11,276	15,217	56,095	50,216
Tax	1,279	2,561	2,944	4,516	2,057	1,501	1,804	2,292	11,299	7,654
Tax rate* (%)	11.4	11.2	22.8	119.1	21.5	15.0	16.0	15.1	22.2	16.6
PAT	10,929	22,779	13,496	-2,408	11,656	8,508	9,472	12,926	44,796	42,562
YoY Change (%)	-13.0	-32.7	-53.2	-80.1	-57.2	-62.6	-29.8	113.5	-44.1	-38.8
Adj. EPS	14.5	12.1	7.2	3.2	6.2	4.5	5.1	6.9	37.1	22.7
Exchange rate (INR/USD)	59.8	60.5	61.8	62.2	63.7	64.1	64.0	64.2	61.1	64.0
Brent Price (USD/bbl)	109.7	102.0	76.0	55.2	61.9	63.0	66.0	69.1	85.7	65.0
Ravva & Cambay Prodn	9.7	8.9	10.7	11.0	10.3	10.3	10.3	10.3	10.1	10.3
Rajasthan Prodn	128.2	114.3	126.0	121.8	122.5	122.5	122.5	123.0	122.6	122.6
Total	137.9	123.2	136.7	132.8	132.8	132.8	132.8	133.3	132.6	133.0

GAIL

Neutral

Bloomberg	GAIL IN
Equity Shares (m)	1268.5
M. Cap. (INR b)/(USD b)	497 / 8
52-Week Range (INR)	551 / 354
1,6,12 Rel Perf. (%)	1 / -13 / -25

Financial Snapshot (INR b)

Y/E MARCH	2014	2015	2016E	2017E
Sales	572.5	565.7	618.0	638.6
EBITDA	67.0	45.2	53.5	62.6
Adj. PAT	43.8	29.9	31.9	38.3
Adj. EPS (INR)	34.5	23.6	25.2	30.2
EPS Gr. (%)	8.8	-31.6	6.5	19.9
BV/Sh.(INR)	213	230.3	248.0	269.1
RoE (%)	17.1	10.8	10.5	11.7
RoCE (%)	17.0	11.1	11.9	13.5
Payout (%)	35.3	29.5	29.9	29.9

Valuations

P/E (x)	11.4	16.6	15.6	13.0
P/BV (x)	1.8	1.7	1.6	1.5
EV/EBITDA (x)	7.9	10.7	9.0	7.7
Div. Yield (%)	2.7	1.5	1.5	2.0

CMP: INR392

- We expect GAIL to report PAT of INR6.9b (up 11.8%YoY and 36% QoQ). We model nil subsidy sharing for GAIL in 1QFY16 v/s INR5b in 1QFY15 and nil in 4QFY15.
- Segmental EBIT (pre-subsidy) is expected to be INR9.9b, down 52.4% YoY and up 44.8% QoQ. The YoY decline is driven by lower profitability in LPG and petchem segments.
- GAIL trades at 13x FY17E EPS of INR30.2. We remain **Neutral** due to (a) medium-term earnings concern, led by under-utilization of its new gas pipeline network, and (b) profitability concerns on new 450KTA petchem facility.

Key issues to watch out

- (a) Subsidy sharing—expect it to be nil, (b) profitability in gas trading business, and (c) cost of natural gas for consumption in LPG and petrochemicals.

Quarterly Performance

Y/E March	FY15				FY16				(INR Million)	
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE	FY15	FY16E
Net Sales	133,371	140,632	149,338	142,354	140,193	156,823	164,972	172,284	565,694	634,272
Change (%)	3.7	0.9	-6.6	-1.6	5.1	11.5	10.5	21.0	-1.2	12.1
Finished Gds Purchase	106,646	93,819	113,964	89,054	108,537	112,155	120,597	125,179	403,483	466,467
Raw Materials Cons	10,555	13,056	13,245	11,275	12,005	12,405	13,339	13,846	48,132	51,596
Employee Costs	2,274	2,326	2,442	2,022	2,400	2,598	2,800	2,926	9,064	10,724
Other Exp (incl Stock Adj)	3,799	11,873	10,186	33,921	5,659	16,894	13,910	15,400	59,779	51,863
EBITDA	10,097	19,557	9,501	6,082	11,592	12,770	14,326	14,933	45,237	53,622
% of Net Sales	7.6	13.9	6.4	4.3	8.3	8.1	8.7	8.7	8.0	8.5
Depreciation	2,337	2,368	2,510	2,528	3,071	3,171	3,271	3,753	9,743	13,267
Interest	932	916	851	914	1,200	1,500	1,850	1,858	3,613	6,408
Other Income	2,076	3,554	1,760	2,945	2,450	3,015	3,890	1,753	10,334	11,108
Extraordinary item*	0	0	629	0	0	0	0	0	629	0
PBT	8,904	19,827	8,528	5,585	9,770	11,114	13,095	11,075	42,844	45,055
Tax	2,690	6,798	2,487	477	2,826	3,214	3,787	3,203	12,452	13,031
Rate (%)	30.2	34.3	29.2	8.5	28.9	28.9	28.9	28.9	29.1	28.9
PAT	6,214	13,029	6,041	5,107	6,945	7,900	9,308	7,872	30,392	32,024
Adj PAT	6,214	13,029	5,596	5,107	6,945	7,900	9,308	7,872	29,947	32,024
Change (%)	-23.1	42.3	-58.1	-47.5	11.8	-39.4	66.3	54.1	-25.7	6.9
EPS (INR)	4.9	10.3	4.4	4.0	5.5	6.2	7.3	6.2	23.6	25.2
Key Assumptions										
Gas Trans. volume (mmsmd)	97	91	94	86	90	93	100	104	92	97
Petchem sales ('000MT)	87	110	112	132	186	186	186	186	441	743
Segmental EBIT Breakup (INR m)										
Gas Transmission	2,234	2,620	5,080	3,221	4,783	5,063	5,649	4,317	13,156	19,812
LPG Transmission	690	477	542	671	628	640	657	555	2,380	2,479
Natural Gas Trading	-355	4,517	511	934	1,591	2,386	2,990	3,080	5,608	10,047
Petrochemicals	1,249	1,552	48	-1,543	646	1,161	2,223	1,924	1,306	5,954
LPG & Liq.HC (pre-subsidy)	9,956	9,011	7,424	2,827	2,277	2,319	2,381	2,012	29,217	8,989
Unallocated; GAILTEL	613	989	-95	743	0	0	0	0	2,250	0
Total	14,388	19,165	13,511	6,853	9,925	11,569	13,900	11,889	53,917	47,282

Gujarat State Petronet

Bloomberg	GUJS IN
Equity Shares (m)	563
M. Cap. (INR b)/(USD b)	67 / 1
52-Week Range (INR)	136 / 80
1,6,12 Rel Perf. (%)	-1 / 3 / 23

Financial Snapshot (INR b)

Y/E MARCH	2014	2015	2016E	2017E
Sales	10.5	10.6	10.9	12.0
EBITDA	9.3	9.2	9.5	10.5
Adj. PAT	4.2	3.6	4.7	5.3
Adj. EPS (INR)	7.4	6.4	8.4	9.5
EPS Gr. (%)	-22.1	-14.4	31.8	12.7
BV/Sh.(INR)	59	65	72	80
RoE (%)	13.4	12.5	12.3	12.5
RoCE (%)	17.0	16.2	15.5	15.9
Payout (%)	12.2	15.7	18.2	18.1

Valuations

P/E (x)	16.0	18.7	14.2	12.6
P/BV (x)	2.0	1.8	1.7	1.5
EV/EBITDA (x)	8.3	8.2	8.0	7.3
Div. Yield (%)	0.8	1.0	1.1	

CMP: INR119

Neutral

- We expect GSPL to report net sales of INR2.5b and PAT of INR1.1b (PAT up 25.2% YoY and 34.4% QoQ).
- We model transmission volume at 23.2 mmscmd (+4.5% YoY, +2.7% QoQ) and transmission tariff at INR1,150/mscm (+6.8% YoY, +0.6% QoQ).
- GSPL won the bids for three cross-country pipelines (Mehsana-Bhatinda; Bhatinda-Srinagar; Mallavaram-Bhatinda) and was awaiting environmental clearances and other approvals. We await clarity on the current status, timelines and other details regarding these pipelines.
- We build gas transmission volumes of 25/27.5mmscmd in FY16/17 and model tariff at INR1,150/1,200/mscm. The stock trades at 12.6x FY17E EPS of INR10.5. Maintain **Neutral**.

Key issues to watch out

- a) Transmission volumes
- b) Implementation of zonal tariff order

Quarterly Performance

Y/E March	FY15				FY16				(INR Million)	
	1Q	2Q	3Q	4Q	1QE	2Q	3Q	4Q	FY15	FY16E
Net Sales	2,304	3,510	2,428	2,363	2,524	2,689	2,847	2,848	10,606	10,909
Change (%)	-22.2	26.7	-0.4	2.5	9.6	-23.4	17.3	20.6	1.3	2.9
Employee Costs	76	70	139	70	85	81	153	80	356	398
Operating expenses	180	141	208	193	172	183	185	185	722	725
Other Expenditure	49	68	51	126	71	75	80	80	294	305
EBITDA	1,999	3,231	2,031	1,973	2,197	2,350	2,430	2,504	9,234	9,480
% of Net Sales	86.8	92.0	83.6	83.5	87.0	87.4	85.3	87.9	87.1	86.9
% Change	-25.7	28.8	-1.3	-1.3	9.9	-27.3	19.7	26.9	-0.2	2.7
Depreciation	469	466	478	480	489	492	493	492	1,892	1,966
Interest	321	307	288	262	239	220	219	220	1,178	898
Other Income	135	152	134	140	142	145	152	109	560	548
PBT	1,343	2,610	1,397	1,371	1,611	1,783	1,870	1,901	6,724	7,165
Tax	494	915	510	580	548	606	636	646	2,500	2,436
Rate (%)	36.8	35.1	36.5	42.3	34.0	34.0	34.0	34.0	37.2	34.0
PAT	849	1,695	887	791	1,063	1,177	1,234	1,255	4,225	4,729
Adj. PAT	849	1,110	887	791	1,063	1,177	1,234	1,255	3,637	4,729
Change (%)	-33	-3	2	-13	25	6	39	59	-13	30
EPS (INR)	1.5	2.0	1.6	1.4	1.9	2.1	2.2	2.2	7.5	8.4
Transmission Vol. (mmscmd)	22.2	24.2	22.9	22.6	23.2	24.5	26.0	26.3	23.0	25.0
Implied adj. tariff (INR/mscm)	1,077	1,099	1,136	1,143	1,150	1,150	1,150	1,150	1,113	1,150

HPCL

Bloomberg	HPCL IN
Equity Shares (m)	339.0
M. Cap. (INR b)/(USD b)	247 / 4
52-Week Range (INR)	746 / 373
1,6,12 Rel Perf. (%)	8 / 32 / 66

Financial Snapshot (INR b)

Y/E MARCH	2014	2015	2016E	2017E
Sales	2,231	2,064	1,729	1,866
EBITDA	52.1	54.2	59.9	66.0
Adj. PAT	17.3	27.3	29.0	31.8
Adj. EPS (INR)	51.1	80.6	85.4	93.7
EPS Gr. (%)	91.6	57.6	5.9	9.7
BV/Sh.(INR)	443	473	518	579
RoE (%)	12.1	17.6	17.2	17.1
RoCE (%)	8.2	11.0	12.8	13.0
Payout (%)	35.5	35.6	35.6	35.1

Valuations

P/E (x)	14.2	9.0	8.5	7.8
P/BV (x)	1.6	1.5	1.4	1.3
EV/EBITDA (x)	9.5	6.4	5.5	4.9
Div. Yield (%)	2.1	3.4	3.6	3.9

CMP: INR729

Buy

- Higher GRMs will drive OMCs' (BPCL, HPCL, and IOC) 1QFY16 profitability as marketing margins will be lower than 4QFY15. However, overall profitability will be a function of subsidy sharing.
- We model OMCs' share at ~3% For FY16/FY17, with the rest being shared by upstream and the government.
- 1QFY16 gross under-recoveries (including LPG DBTL component) have declined 68% YoY, led by lower crude oil/petroleum products prices and diesel deregulation.
- We peg refinery throughput at 4.2mmt for 1QFY16 (v/s 4.45mmt in 4QFY15 and 3.3mmt in 1QFY15).
- We expect HPCL to report PAT of INR6.9b in 1QFY16 v/s INR0.5b in 1QFY15 and INR21.6b in 4QFY15.
- Without subsidy sharing, we expect HPCL to report EBITDA of INR22.3b and PAT of INR11.9b in 1QFY16.
- HPCL trades at 7.8x FY17E EPS and at 1.3x FY17E BV. **Buy.**

Key issues to watch out

- (a) Subsidy sharing, (b) GRM, and (c) impact of forex and inventory change.

Quarterly performance (Standalone)

Y/E March	FY15				FY16E				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY15	FY16E
Net Sales	591,517	516,332	510,452	445,503	428,465	390,180	438,387	466,932	2,063,804	1,723,964
Change (%)	14.3	-0.4	-7.9	-30.5	-27.6	-24.4	-14.1	4.8	-7.5	-16.5
EBITDA	5,258	15,445	-1,015	34,489	14,715	13,807	14,795	16,593	54,176	59,910
Adj. EBITDA (w/o subsidy)	10,207	15,526	-1,045	34,449	22,261	14,602	15,778	15,943	59,137	68,585
% of Net Sales	1.7	3.0	-0.2	7.7	5.2	3.7	3.6	3.4	2.9	4.0
Depreciation	5,897	3,880	4,386	5,549	5,571	5,571	5,571	5,571	19,712	22,284
Interest	1,295	1,869	2,370	1,532	1,407	1,364	1,407	1,450	7,066	5,628
Other income	2,620	3,308	2,783	5,431	2,599	3,079	3,079	2,599	14,142	11,356
PBT	685	13,004	-4,987	32,839	10,336	9,951	10,895	12,171	41,541	43,353
Tax	225	4,502	-1,733	11,215	3,433	3,305	3,619	4,043	14,209	14,401
Rate (%)	32.8	34.6	34.8	34.2	33.2	33.2	33.2	33.2	34.2	33.2
PAT	460	8,502	-3,254	21,624	6,903	6,645	7,276	8,128	27,333	28,952
Change (%)	nm	166.6	nm	-53.1	1,399.3	-21.8	nm	-62.4	57.6	5.9
PAT (w/o subsidy)	3,786	8,555	-3,273	21,598	11,942	7,176	7,933	7,695	30,665	34,746
Adj. EPS	1.4	25.1	-9.6	63.8	20.4	19.6	21.5	24.0	80.6	85.4

Indraprastha Gas

Bloomberg	IGL IN
Equity Shares (m)	140.0
M. Cap. (INR b)/(USD b)	58 / 1
52-Week Range (INR)	488 / 340
1,6,12 Rel Perf. (%)	3 / -9 / 7

Financial Snapshot (INR b)

Y/E MARCH	2014	2015	2016E	2017E
Sales	39.2	36.7	38.8	41.3
EBITDA	7.8	7.8	7.7	8.6
Adj. PAT	3.6	4.4	4.4	5.0
Adj. EPS (INR)	25.7	31.3	31.2	35.8
EPS Gr. (%)	1.7	21.6	-0.1	14.5
BV/Sh.(INR)	126	150	174	202
RoE (%)	22.1	22.6	19.2	19.0
RoCE (%)	28.4	30.0	26.5	26.6
Payout (%)	21.4	19.2	19.2	19.6

Valuation

P/E (x)	16.2	13.4	13.4	11.7
P/BV (x)	3.3	2.8	2.4	2.1
EV/EBITDA (x)	7.6	7.4	7.1	6.0
Div. Yield (%)	1.3	1.4	1.4	1.7

CMP: INR418

Neutral

- We expect IGL to report 1QFY16 volume of 3.9mmscmd and PAT of INR1b (down 12.6% YoY and up 3.9% QoQ).
- IGL's CNG volume growth has seen some uptick in the last two quarters; however, PNG segment volumes declined due to lower industrial/commercial sales—led by price fall in alternate liquid fuels.
- We model total volumes of 4/4.2mmscmd in FY16/FY17.
- We expect 1QFY16 CNG volumes at 2.96mmscmd (+4.5% YoY, flat QoQ).
- The recent Supreme Court decision in favor of IGL in its case against PNGRB removes an overhang on the stock.
- The stock trades at 11.7x FY17E EPS of INR35.8. Neutral.

Key issues to watch out

- (a) Supreme Court verdict in case against PNGRB, (b) EBITDA margin, and (c) sales volume.

Quarterly performance

Y/E MARCH	FY15				FY16				(INR million)	
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE	FY15	FY16E
Net Sales	8,672	9,489	9,410	9,129	9,321	9,930	9,824	9,750	36,699	38,824
Change (%)	-3.8	-6.0	-9.6	-5.5	7.5	4.6	4.4	6.8	-6.3	5.8
EBITDA	2,068	2,147	1,886	1,720	1,792	1,954	1,978	2,002	7,820	7,727
EBITDA (Rs/scm)	6.1	5.9	5.3	5.0	5.1	5.2	5.4	5.5	5.6	5.3
% of Net Sales	23.8	22.6	20.0	18.8	19.2	19.7	20.1	20.5	21.3	19.9
% Change	7.5	7.3	-2.9	-9.8	-13.3	-9.0	4.9	16.5	0.6	-1.2
Depreciation	368	370	376	374	380	390	395	472	1,487	1,637
Interest	91	104	63	40	35	30	25	22	298	112
Other Income	93	107	148	107	110	125	139	175	456	549
PBT	1,702	1,781	1,595	1,413	1,487	1,659	1,697	1,683	6,490	6,526
Tax	561	584	513	454	491	547	560	555	2,113	2,153
Rate (%)	33.0	32.8	32.2	32.2	33.0	33.0	33.0	33.0	32.6	33.0
PAT	1,140	1,196	1,082	959	996	1,112	1,137	1,128	4,377	4,373
Change (%)	30.6	29.0	20.9	6.0	-12.6	-7.1	5.1	17.6	21.6	-0.1
EPS	8.1	8.5	7.7	6.8	7.1	7.9	8.1	8.1	31.3	31.2
Gas Volumes (mmscmd)										
CNG	2.84	3.01	2.95	2.94	2.96	3.15	3.10	3.09	2.94	3.07
PNG	0.91	0.93	0.90	0.88	0.89	0.92	0.92	0.93	0.91	0.92
Total	3.75	3.95	3.85	3.82	3.86	4.06	4.02	4.03	3.84	3.99
YoY Change (%)										
CNG	2.4	5.0	5.6	4.0	4.5	4.5	4.8	5.0	4.2	4.7
PNG	(3.5)	(3.9)	(7.6)	(13.4)	(2.0)	(2.0)	3.0	6.2	(7.2)	1.2
Total	0.9	2.7	2.2	(0.6)	2.9	3.0	4.4	5.3	1.3	3.9

Bloomberg	IOCL IN
Equity Shares (m)	2428.0
M. Cap. (INR b)/(USD b)	934 / 15
52-Week Range (INR)	411 / 307
1,6,12 Rel Perf. (%)	8 / 15 / 2

Financial Snapshot (INR b)

Y/E MARCH	2014	2015	2016E	2017E
Sales	4,873	4,483	3,283	3,690
EBITDA	159.7	93.4	216.0	234.1
Adj. PAT	53.4	32.4	108.4	121.1
Adj. EPS (INR)	22.0	13.4	44.7	49.9
EPS Gr. (%)	20.0	-39.2	234.3	11.7
BV/Sh.(INR)	280	294	322	372
RoE (%)	8.2	4.7	14.5	14.4
RoCE (%)	8.8	6.3	14.4	14.2
Payout (%)	36.4	41.0	37.7	38.5

Valuation

P/E (x)	17.5	28.8	8.6	7.7
P/BV (x)	1.4	1.3	1.2	1.0
EV/EBITDA (x)	10.8	14.7	6.2	5.4
Div. Yield (%)	2.3	1.3	3.6	4.2

CMP: INR385**Buy**

- Higher GRMs will drive OMCs (BPCL, HPCL, and IOC) 1QFY16 profitability as marketing margins will be lower than 4QFY15. However, overall profitability will be a function of subsidy sharing.
- We model OMCs' share at ~3% for FY16/FY17, with the rest being shared by upstream and the government.
- 1QFY16 gross under-recoveries (including LPG DBTL component) have declined 68% YoY, led by lower crude oil/petroleum products prices and diesel deregulation.
- We peg refinery throughput at 13.5mmt for 1QFY16 v/s 12.9mmt in 1QFY15 and flat 4QFY15.
- We expect IOCL to report net profit of INR22.9b in 1QFY16 v/s INR25.2b in 1QFY15 and INR62.9b in 4QFY15.
- Without subsidy sharing, we expect IOCL to report EBITDA of INR67.4b and PAT of INR40.2b in 1QFY16.
- IOCL trades at 7.7x FY17E EPS and at 1x FY17E BV. **Buy.**

Key issues to watch out

- (a) Update on Paradeep refinery project, (b) subsidy sharing, (c) GRM, and (d) forex/inventory changes.

Quarterly Performance

Y/E March	FY15			
	1Q	2Q	3Q	4Q
Net Sales	1,246,662	1,113,049	1,069,273	934,916
Change (%)	13.1	1.3	-8.9	-30.6
EBITDA	34,061	-7,150	-26,232	89,431
Adj. EBITDA (w/o subsidy)	45,516	-6,840	-26,105	89,541
% of Net Sales	3.7	-0.6	-2.4	9.6
Depreciation	14,949	7,301	12,112	10,826
Interest	9,139	10,395	9,390	5,529
Other Income	25,533	12,062	14,888	16,999
PBT	35,506	-12,783	-32,846	90,076
Tax	10,277	-3,798	-6,478	27,223
Rate (%)	28.9	nm	nm	30.2
PAT	25,230	-8,985	-26,368	62,853
Change (%)	nm	nm	nm	-33.1
PAT (w/o subsidy)	33,369	-8,767	-26,266	62,930
Adj. EPS	10.4	-3.7	-10.9	25.9

E: MOSL Estimates

(INR Million)						
	FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q		
	910,113	846,339	937,746	1,001,244	4,363,900	3,695,442
	-27.0	-24.0	-12.3	7.1	-7.6	-15.3
	41,673	55,779	59,659	45,192	90,110	202,302
	67,399	58,413	62,609	47,420	102,112	247,610
	7.4	6.9	6.7	4.7	2.3	6.7
	12,580	12,580	12,580	12,580	45,187	50,319
	6,705	6,705	6,705	6,705	34,453	26,820
	11,860	14,360	15,360	14,446	69,483	56,026
	34,248	50,855	55,734	40,354	79,953	181,190
	11,302	16,782	18,392	13,317	27,223	59,793
	33.0	33.0	33.0	33.0	34.0	33.0
	22,946	34,073	37,342	27,037	52,730	121,397
	-9.1	nm	nm	-57.0	-24.9	130.2
	40,183	35,837	39,319	28,530	61,267	143,868
	9.5	14.0	15.4	11.1	21.7	50.0

MRPL

Bloomberg	MRPL IN
Equity Shares (m)	1752.6
M. Cap. (INR b)/(USD b)	131/ 2
52-Week Range (INR)	78 / 45
1,6,12 Rel Perf. (%)	6/ 58 / -5

Financial Snapshot (INR b)

Y/E MARCH	2014	2015E	2016E	2017E
Sales	718.1	574.6	536.6	607.3
EBITDA	10.0	-14.1	37.7	40.9
Adj. PAT	6.0	-17.1	23.8	23.0
Adj. EPS (INR)	3.4	-9.8	13.6	13.1
EPS Gr. (%)	-175.0	-384.8	-239.0	-3.3
BV/Sh.(INR)	40	31	41	51
RoE (%)	8.9	-27.6	38.0	28.5
RoCE (%)	4.4	-16.9	22.9	23.0
Payout (%)	0.0	0.0	23.3	23.2

Valuation

P/E (x)	21.8	-7.7	5.5	5.7
P/BV (x)	1.9	2.5	1.8	1.5
EV/EBITDA (x)	11.3	-7.2	4.2	4.6
Div. Yield (%)	0.0	0.0	3.6	3.5

CMP: INR75

Neutral

- We expect MRPL to report EBITDA of INR9.9b (v/s EBITDA loss of INR1.2b in 1QFY15 and INR10.8b in 4QFY15). We estimate PAT of INR4b (v/s loss of 0.4b in 1QFY15 and INR11.7b in 4QFY15).
- Regional benchmark Reuters Singapore GRM is up 40% YoY and down 6% QoQ to USD8.1/bbl. We model MRPL GRM at USD6.5/bbl v/s USD0.7/bbl in 1QFY15 and USD7/bbl in 4QFY15.
- We expect refinery throughput at 3.9mmt.
- For MRPL, we model GRM of USD6.1/6.3/bbl for FY16/FY17. The stock trades at FY17E P/E of 5.7x and EV/EBITDA of 4.6x. **Neutral.**

Key issues to watch out

- (a) GRM, (b) forex fluctuations, and (c) inventory changes.
- The ramp-up of the expanded and upgraded capacity to its full potential, which is likely to improve margin profile for MRPL.

Quarterly Performance (INR Million)

Y/E MARCH	FY15				FY16				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	157,414	159,113	147,119	110,928	125,236	130,387	135,844	145,495	574,574	536,961
Change (%)	3.1	-15.2	-21.1	-42.0	-20.4	-18.1	-7.7	31.2	-20.0	-6.5
Raw Material (incl. inv chg)	156,829	165,619	158,240	97,788	113,335	119,049	124,524	134,049	578,476	490,956
Staff Cost	580	547	585	695	580	580	580	908	2,407	2,648
Other Expenditure	1,241	1,951	2,930	1,671	1,434	1,499	1,495	1,226	7,793	5,654
EBITDA	-1,237	-9,003	-14,637	10,774	9,887	9,259	9,245	9,312	-14,103	37,703
% of Net Sales	-0.8	-5.7	-9.9	9.7	7.9	7.1	6.8	6.4	-2.5	7.0
% Change	-173	-223	nm	197	nm	nm	nm	-14	-240.6	n.a.
Depreciation	-946	-1,123	-1,429	-1,489	-2,312	-2,312	-2,312	-2,312	-4,986	-9,248
Interest	-531	-1,123	-1,279	-1,138	-1,200	-1,200	-1,200	-2,188	-4,071	-5,788
Other Income	2,232	1,901	1,835	2,136	2,169	1,843	1,567	1,480	8,105	7,058
PBT b/f forex/exceptional	-481	-9,348	-15,510	10,283	8,544	7,591	7,300	6,292	-15,055	29,725
Forex gain/(loss)	-260	-4,825	-3,434	1,680	0	0	0	0	-6,838	0
Exceptional items	0	334	0	0	0	0	0	0	335	0
PBT	-741	-13,838	-18,944	11,963	8,544	7,591	7,300	6,292	-21,559	29,725
Tax	380	4,323	0	-266	-4,564	-2,753	-2,663	-750	4,437	-10,731
Rate (%)	na	na	0.0	2.2	na	na	36.5	11.9	n.a.	36.1
PAT	-361	-9,515	-18,944	11,697	3,979	4,838	4,637	5,541	-17,122	18,995
Change (%)	nm	-503.6	nm	9.6	nm	nm	nm	-52.6	-384.8	
EPS (INR)	-0.2	-5.4	-10.8	6.7	2.3	2.8	2.6	3.2	-9.8	10.8
GRM (USD/bbl)	0.7	-4.0	-6.7	7.0	6.5	6.0	6.0	5.9	-0.6	6.1
Throughput (mmt)	3.2	3.5	3.9	4.1	3.9	4.0	4.0	4.1	14.7	16.0

Oil India

Bloomberg	OINL IN
Equity Shares (m)	601.1
M. Cap. (INR b)/(USD b)	346 /5
52-Week Range (INR)	669 / 445
1,6,12 Rel Perf. (%)	-4 / -23 /-33

Financial Snapshot (INR b)

Y/E MARCH	2014	2015	2016E	2017E
Sales	91.3	92.3	111.0	122.9
EBITDA	35.5	29.8	47.1	55.6
Adj. PAT	29.8	24.7	36.0	41.7
Adj. EPS (INR)	49.6	41.8	60.0	69.3
EPS Gr. (%)	-16.9	-17.1	45.8	15.7
BV/Sh.(INR)	344.5	367.2	399.8	437.5
RoE (%)	14.9	11.7	15.6	16.6
RoCE (%)	16.7	12.8	17.4	18.7
Payout (%)	50.7	45.6	45.6	45.6

Valuations

P/E (x)	9.0	10.7	7.5	6.4
P/BV (x)	1.3	1.2	1.1	1.0
EV/EBITDA (x)	7.0	8.9	5.9	4.9
Div. Yield (%)	4.8	3.6	5.1	6.0

CMP: INR447

Buy

- We expect Oil India to report PAT of INR10.1b (v/s INR8.5b in 1QFY15 and INR5.5b in 4QFY15).
- We estimate 1QFY16 EBITDA at INR12.5b (up 12.6% YoY and 83.8% QoQ). We estimate 1QFY16 gross realization at USD60.9/bbl and net realization at USD59.4/bbl with USD1.5/bbl subsidy assumption.
- Subsidy sharing assumption: For FY16/17, we model upstream share at 30% and Oil India's share at 13% of upstream.
- Our Brent price assumption is USD65/70/bbl for FY16/17 and USD70/bbl for long term.
- Play on crude price: Post the diesel deregulation, OINL's earnings now have direct correlation with crude price.
- The stock trades at 6.4x FY17E EPS of INR69. We remain positive on Oil India due to attractive valuations and the likely rationalization in subsidy sharing. **Buy.**

Key issues to watch out

- (a) Subsidy sharing, (b) DD&A charges, (c) oil & gas production volumes, and (d) decision on gas pricing.

Quarterly Performance

(INR Billion)

Y/E March	FY15				FY16				FY15	FY16E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	25.1	20.8	20.6	25.7	28.9	26.0	27.5	28.6	92.3	111.0
Change (%)	27.0	-23.3	-20.9	41.0	14.8	25.0	33.5	11.2	1.1	20.3
Raw Material Consumed	0.1	0.0	0.1	-0.4	0.0	0.0	0.0	0.0	-0.2	0.0
Staff Cost	3.7	3.9	3.5	4.8	4.6	4.1	4.2	4.6	15.9	17.5
Statutory Levies	7.3	6.7	6.7	7.4	8.2	7.7	7.9	8.2	28.1	31.9
Other Exp	2.9	3.2	5.2	7.0	3.6	3.6	3.3	4.0	18.3	14.5
EBITDA	11.1	7.0	5.2	6.8	12.5	10.7	12.2	11.8	30.1	47.2
% of Net Sales	44.3	33.5	25.2	26.6	43.4	41.0	44.4	41.1	32.7	42.5
Change (%)	59.9	-47.5	-55.6	92.8	12.5	52.8	135.7	72.3	-15.0	56.6
D,D&A	1.6	1.9	1.8	2.1	2.2	2.3	2.5	2.5	7.4	9.5
Interest	0.9	0.8	0.8	1.0	0.2	0.2	0.2	3.1	3.4	3.7
OI (incl. Oper. other inc)	4.2	5.4	4.3	4.1	4.8	4.9	4.9	4.9	18.0	19.5
PBT	12.9	9.7	6.9	7.9	14.9	13.1	14.4	11.1	37.3	53.5
Tax	4.3	3.6	1.9	2.3	4.8	4.2	4.7	3.6	12.2	17.4
Rate (%)	33.8	37.1	27.8	29.8	32.5	32.5	32.5	32.5	32.7	32.5
PAT	8.5	6.1	5.0	5.5	10.1	8.8	9.7	7.5	25.1	36.1
Change (%)	39.9	-32.7	-44.8	-2.5	18.1	45.1	95.4	35.7	-15.8	43.9
Adj. EPS (INR)	14.2	10.1	8.3	9.2	16.7	14.7	16.2	12.5	41.8	60.1
Key Assumptions (USD/bbl)										
Exchange rate (INR/USD)	59.8	60.5	61.9	62.2	63.7	64.1	64.0	64.2	61.1	64.0
Gas Price (USD/bbl)	4.2	4.2	5.1	5.6	5.0	5.0	5.0	5.0	4.8	5.0
Gross Oil Realization	108.4	101.3	74.9	53.6	60.9	62.0	65.0	68.1	84.5	64.0
Subsidy	56.0	56.0	37.5	0.0	1.5	10.9	12.5	14.2	37.4	9.8
Net Oil Realization	52.4	45.3	37.4	53.6	59.4	51.1	52.5	53.9	47.2	54.2
Subsidy (INR b)	18.5	22.4	14.4	0.0	0.6	4.4	5.1	5.9	55.2	16.1

Bloomberg	ONGC IN
Equity Shares (m)	8555.5
M. Cap. (INR b)/(USD b)	2649 / 42
52-Week Range (INR)	459 / 297
1,6,12 Rel Perf. (%)	-6 / -10 / -36

Financial Snapshot (INR b)

Y/E MARCH	2014	2015	2016E	2017E
Sales	1,745	1,591	1,808	1,945
EBITDA	590	517	629	719
Adj. PAT	264	172	278	338
Adj. EPS (INR)	30.6	20.8	32.3	39.2
EPS Gr. (%)	9.9	-34.8	61.9	21.6
BV/Sh.(INR)	201	215	236	261
RoE (%)	16.3	10.0	14.3	15.8
RoCE (%)	13.9	9.3	11.8	13.2
Payout (%)	36.8	33.6		35.7

Valuation

P/E (x)	10.1	14.9	9.6	7.9
P/BV (x)	1.5	1.4	1.3	1.2
EV/EBITDA (x)	4.9	5.0		3.8
Div. Yield (%)	3.1	1.9		3.9

CMP: INR310**Buy**

- We expect ONGC to report adjusted PAT of INR67.3b in 1QFY16 (v/s INR47.8b in 1QFY15 and of INR39.4b in 4QFY15).
- We estimate EBITDA at INR133.3b (v/s INR125.9b in 1QFY15 and INR99.3b in 4QFY15). We estimate gross realization at USD61.9/bbl and net realization at USD60.2/bbl as we model USD1.7/bbl subsidy in 1QFY16.
- Subsidy sharing assumption: For FY16/17, we model upstream share at 57%/30%/30% and ONGC's share at 87% of upstream. Our Brent price assumption is USD65/70/bbl for FY15/16/17 and USD70/bbl for long term.
- Play on crude price: Post the diesel de-regulation, ONGC's earnings now have direct correlation with crude price.
- The stock trades at 7.9x FY17E consolidated EPS of INR39. Valuations are attractive with implied dividend yield of ~3%. **Buy.**

Key issues to watch out

- (a) Subsidy sharing, (b) DD&A charges, (c) oil & gas production volumes, and (d) decision on gas pricing.

Quarterly performance (Standalone)**(INR Billion)**

Y/E March	FY15				FY16				FY15	FY16E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	217.5	203.6	187.1	213.0	234.6	222.1	231.0	245.9	821.3	933.5
Change (%)	13.2	-8.7	-9.8	2.0	7.9	9.1	23.4	15.4	-1.2	13.7
EBITDA	125.9	108.5	94.0	99.3	133.3	123.2	129.0	144.3	427.6	529.8
% of Net Sales	57.9	53.3	50.2	46.6	56.8	55.5	55.8	58.7	52.1	56.8
Change (%)	49.9	-9.6	-23.1	-10.9	5.9	13.5	37.3	45.4	-2.3	23.9
D,D & A	63.9	43.7	58.1	57.5	44.1	45.1	58.1	58.1	223.2	205.4
Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Income	10.0	14.5	15.9	20.8	9.6	10.2	10.2	12.1	61.1	42.2
PBT	72.0	79.4	51.7	62.6	98.9	88.3	81.1	98.4	265.6	366.6
Tax	24.2	24.9	16.0	23.2	31.6	29.1	26.7	31.0	88.2	118.4
Rate (%)	33.6	31.4	30.9	37.1	32.0	32.9	32.9	31.6	33.2	32.3
PAT	47.8	54.4	35.7	39.4	67.3	59.2	54.4	67.3	177.3	248.3
Change (%)	19.1	-10.2	-49.9	-19.5	40.7	8.8	52.4	71.1	-19.7	40.0
Adjusted PAT	47.8	54.4	35.7	39.4	67.3	59.2	54.4	67.3	177.3	248.3
Adj. EPS	5.6	6.4	4.2	4.6	7.9	6.9	6.4	7.9	20.7	29.0
Key Assumptions (USD/bbl)										
Fx rate (INR/USD)	59.8	60.5	61.9	62.2	63.7	64.1	64.0	62.2	61.1	63.5
Gross Oil Realization	109.5	102.1	76.0	55.6	61.9	63.0	66.0	69.1	85.8	65.0
Subsidy	62.3	60.8	40.4	0.0	1.7	12.2	13.9	16.7	40.9	11.1
Net Oil Realization	47.2	41.4	35.6	55.6	60.2	50.8	52.1	52.4	44.9	53.9
Subsidy (INR b)	132.0	136.4	94.6	0.0	4.0	29.6	34.4	39.6	363.0	107.5

Petronet LNG

Bloomberg	PLNG IN
Equity Shares (m)	750.0
M. Cap. (INR b)/(USD b)	212/103
52-Week Range (INR)	222 / 160
1,6,12 Rel Perf. (%)	3 / -11 / -3

Financial Snapshot (INR b)

Y/E MARCH	2014	2015	2016E	2017E
Sales	377.5	395.0	457.5	371.9
EBITDA	15.0	14.4	15.4	18.1
Adj. PAT	7.1	8.8	7.7	9.4
Adj. EPS (INR)	9.5	10.0	10.3	12.5
EPS Gr. (%)	-38.0	5.4	2.7	21.5
BV/Sh.(INR)	66.5	74.1	82.1	91.7
RoE (%)	15.1	16.7	13.2	14.4
RoCE (%)	15.6	14.4	14.3	15.8
Payout (%)	19.1	23.4	23.4	23.4
Valuation				
P/E (x)	19.7	18.7	18.1	14.9
P/BV (x)	2.8	2.5	2.3	2.0
EV/EBITDA (x)	11.0	11.0	11.0	9.1
Div. Yield (%)	0.8	1.1	1.1	1.3

CMP: INR187

Neutral

- We estimate Petronet LNG to report 1QFY16 PAT of INR1.6b (down 4.4% YoY and 45.6% QoQ) and EBITDA of INR3.4b (down 6% YoY and up 51.8% QoQ).
- We model Dahej LNG volumes at 2.6mmt in 1QFY16 (-4% YoY and -36.8% QoQ).
- In 4QFY15 (i.e. 1QCY15), Gail (offtaker at PLNG's Dahej terminal) opted to offtake 10% lower long-term LNG volumes from Ras Gas. We do not expect a similar decline in 1QFY16 and, hence, model higher volumes in 1QFY16.
- The stock trades at 14.9x FY17E consolidated EPS of INR12.5. Valuations rich. **Neutral**.

Key issues to watch out

- (a) Ramp-up at Kochi terminal, (b) spot volumes, and (c) marketing margin on spot volumes.
- Petronet LNG earnings are largely protected due to take-or-pay contracts with the offtakers. Early completion of Kochi-Mangalore-Bangalore pipeline and continued lower spot prices would provide earnings upside.

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16				FY15	FY16E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	101,608	109,800	111,985	71,617	113,091	114,443	114,139	116,834	395,010	458,506
Change (%)	20.3	15.7	19.4	-31.3	11.3	4.2	1.9	63.1	4.6	16.1
Raw Material (incl. inv chg)	96,995	103,486	107,272	68,356	108,544	109,225	109,055	111,430	376,109	438,254
Staff Cost	122	110	122	218	153	153	173	150	571	628
Other Expenditure	913	1,014	1,184	829	1,035	1,038	1,037	1,048	3,940	4,157
EBITDA	3,578	5,190	3,408	2,214	3,360	4,027	3,874	4,206	14,390	15,467
% of Net Sales	3.5	4.7	3.0	3.1	3.0	3.5	3.4	3.6	3.6	3.4
Change (%)	-10.1	42.6	-2.6	-42.8	-6.1	-22.4	13.7	90.0	-4.0	7.5
Depreciation	771	774	793	817	814	891	928	947	3,154	3,580
Interest	784	799	685	667	693	693	693	693	2,935	2,771
Other Income	353	351	268	576	386	386	386	386	1,548	1,544
PBT	2,376	3,968	2,199	1,306	2,239	2,829	2,640	2,952	9,849	10,661
Tax	810	1,340	575	-378	605	764	713	797	2,347	2,878
Rate (%)	34.1	33.8	26.2	-29.0	27.0	27.0	27.0	27.0	23.8	27.0
Adj. PAT	1,566	2,628	1,624	1,684	1,635	2,065	1,927	2,155	7,502	7,782
Change (%)	-30.5	44.6	19.8	-0.5	4.4	-21.4	18.7	28.0	5.4	3.7
Tax write-back				1,323					1,323.0	0.0
PAT	1,566	2,628	1,624	3,007	1,635	2,065	1,927	2,155	8,825	7,782
Adj. EPS (INR)	2.1	3.5	2.2	2.2	2.2	2.8	2.6	2.9	10.0	10.4
Dahej Gas Volume (TBTU)	138.0	149.2	140.4	93.2	134.0	134.0	134.0	136.3	520.8	538.3
Dahej Gas Volumes (mmt)	2.7	3.0	2.8	1.9	2.6	2.7	2.7	2.7	10.4	10.6
Kochi Gas Volumes (mmt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Avg. Dahej Regas (INR/mmbtu)	36.3	47.2	36.3	34.9	40.6	40.6	40.6	43.9	38.7	41.5

Reliance Industries

Bloomberg	RIL IN
Equity Shares (m)	3234
M. Cap. (INR b)/(USD b)	3235 / 51
52-Week Range (INR)	1050 / 797
1,6,12 Rel Perf. (%)	14 / 11 / -11

Financial Snapshot (INR b)

Y/E MARCH	2014	2015	2016E	2017E
Sales	3,901	3,291	3,103	3,471
EBITDA	309	316.0	357.7	456.3
Adj. PAT	220	227.2	249.7	298.9
Adj. EPS (INR)	75.2	77.6	85.2	100.7
EPS Gr. (%)	4.7	3.3	9.9	19.7
BV/Sh.(INR)	674	738.5	810.1	886.8
RoE (%)	11.7	11.0	11.0	11.9
RoCE (%)	11.1	10.2	10.3	11.3
Payout (%)	16.4	16.7	16.7	16.7

Valuations				
P/E (x)	14.7	14.2	13.0	11.0
P/BV (x)	1.5	1.4	1.2	1.1
EV/EBITDA (x)	10.6	11.0	10.1	7.7
Div. Yield (%)	0.9	1.0	1.1	1.3

CMP: INR1000

Neutral

- We expect RIL to report 1QFY16 GRM of USD9.5/bbl (v/s USD8.7/bbl in 1QFY15 and v/s USD10.1/bbl in 4QFY15).
- RIL's refining segment profit is likely to be boosted (weak on QoQ though) by higher gasoline cracks, while petchem profitability is expected to be led by polymer margins.
- We expect RIL to report Standalone PAT of INR62.3b (+10.3% YoY, flat QoQ). Reported consolidated numbers will include shale gas business, but with a one-quarter lag.
- RIL trades at 11x FY17E adjusted EPS of INR101. RIL's new refining/petchem projects are likely to add to earnings from end-FY18, but telecom business will be a drag on profitability and lead to RoEs of sub-13%. Maintain **Neutral**.

Key issues to watch out

- (a) GRM
- (b) Petchem margin
- (c) KG-D6 production

Quarterly Performance (Standalone)

Y/E March	FY15				FY16				FY15	FY16
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	963.5	964.9	802.0	560.4	751.7	757.6	777.1	817.1	3,290.8	3,103.5
Change (%)	9.9	-7.0	-22.5	-41.1	-22.0	-21.5	-3.1	45.8	-15.6	-5.7
EBITDA	75.3	82.4	72.1	86.3	88.6	87.0	86.9	95.2	316.0	357.7
% of Net Sales	7.8	8.5	9.0	15.4	11.8	11.5	11.2	11.7	9.6	11.5
Change (%)	6.4	4.9	-5.4	3.6	17.6	5.6	20.6	10.3	2.4	13.2
Depreciation	20.2	22.3	21.1	21.3	21.0	21.5	23.0	25.0	84.9	90.5
Interest	3.2	7.6	8.8	4.0	7.3	6.6	6.5	7.0	23.7	27.3
Other Income	20.5	21.4	24.0	21.3	21.1	20.7	21.1	21.2	87.2	84.0
PBT	72.3	73.9	66.2	82.3	81.4	79.6	78.5	84.5	294.7	324.0
Tax	15.8	16.5	15.4	19.8	19.1	17.9	17.7	19.6	67.5	74.3
Rate (%)	21.8	22.3	23.2	24.1	23.5	22.5	22.5	23.2	22.9	22.9
PAT	56.5	57.4	50.9	62.4	62.3	61.7	60.9	64.9	227.2	249.7
Adj. PAT	56.5	57.4	50.9	62.4	62.3	61.7	60.9	64.9	227.2	249.7
Change (%)	5.5	4.6	-7.7	10.9	10.2	7.4	19.7	4.0	3.4	9.9
Adj. EPS (INR)	19.3	19.7	17.4	21.4	21.3	21.1	20.8	22.2	77.7	85.4
Key Assumptions (USD/bbl)										
Fx Rate (INR/USD)	59.8	60.6	62.0	62.2	63.7	64.1	64.0	64.2	61.2	64.0
RIL GRM	8.7	8.3	7.3	10.1	9.5	8.9	8.5	9.1	8.6	9.0
Singapore GRM	5.8	4.8	6.3	8.6	8.1	7.3	7.2	7.5	6.4	7.5
Premium/(disc) to Singapore	2.9	3.5	1.0	1.5	1.5	1.6	1.3	1.7	2.2	1.5
KG-D6 Gas Prodn (mmscmd)	13.1	12.5	11.8	11.5	11.5	11.5	11.5	11.5	12.2	11.5
Segmental EBIT Breakup (INRb)										
Refining	37.7	37.9	32.0	47.3	46.1	43.5	40.3	45.8	154.9	175.6
Petrochemicals	18.9	24.0	22.0	21.2	24.0	24.5	26.0	26.8	86.1	101.3
E&P	4.9	3.3	2.7	1.6	1.7	1.7	1.8	1.9	12.5	7.2
Others	0.5	0.7	0.7	1.2	0.8	0.8	0.8	0.8	3.2	3.2
Total	62.0	65.9	57.4	71.4	72.6	70.5	69.0	75.3	256.6	287.3

Real Estate

Delayed economic recovery roadblock to realty revival

Weaker presales due to lower launches

Economic recovery overhang delays realty pick-up

Over 1QFY16, the BSE Realty index underperformed the broader index by ~14%, as the muted macro outlook and slow pace of on-ground recovery continued as major overhangs. Affordability remains a dampener in most markets, led by (a) higher price, (b) mismatch in product proposition, and (c) delay in economic revival. Investor participation is weak and the end-consumers' decision making time is yet to contract. Prices are range-bound and time correction is underway.

Launch momentum slow; presales to weaken

Launch momentum was slow in 1QFY16; developers continue to wait for approvals under new regulations (Mumbai, Chennai) or demand pick-up. Select launches by Godrej Properties (*Prime, Icon* in Mumbai), Sobha Developers (*Dream Acres* in Bangalore), Lodha (*Central* in Thane, Mumbai) did well. Broader presales momentum is slow in all market including Bangalore. QoQ, we expect lower presales for our coverage universe.

The NCR market showed marginal improvement on the residential front, with approval for Dwarka Expressway expected to drive demand. DLF's *Camellia* would post stable momentum. Discount schemes and innovative offerings are in full swing. Developers like Tata Housing resorted to online property auctions and sales to offload inventory. Operating cash flows for most companies would remain sub-normal, resulting in rise in gearing levels.

PE activities strong; commercial market picking up gradually

Though private equity (PE) players remain upbeat on Indian real estate, the quarter witnessed the exit of key PE players like ASK group and Milestone in certain projects. The commercial asset class is showing positive signs towards recovery in the NCR and Bangalore markets, with rentals picking up and demand outpacing supply.

Exhibit 1: Expected quarterly performance summary

Sector	CMP (INR)	Reco	Sales (INR m)			EBDITA (INR m)			Net Profit (INR m)		
			Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ
DLF	117	Buy	18,834	9.2	-3.6	7,345	-0.3	5.6	1,103	-13.7	-35.7
Godrej Properties	247	Neutral	4,613	39.0	-33.9	692	56.2	-25.0	559	22.5	8.6
Indiabulls Real Estate	57	Buy	5,843	-4.2	-1.7	1,402	-2.3	58.6	623	60.4	-33.1
Mahindra Lifespace	425	Buy	2,486	-38.9	-4.0	634	-75.7	26.7	346	-80.7	12.9
Oberoi Realty	272	Buy	2,709	54.5	-21.4	1,626	67.7	-8.9	990	53.9	-3.9
Phoenix Mills	379	Buy	812	7.4	0.5	536	7.6	4.2	368	4.6	LP
Prestige Estates	247	Buy	7,336	30.3	8.5	1,907	39.2	31.6	1,263	21.4	11.0
Sobha Developers	357	Buy	5,576	-3.5	10.1	1,506	-1.9	6.0	542	-5.0	-12.5
Sector Aggregate			48,209	8.0	-5.7	15,648	-3.6	8.4	5,795	-11.2	0.3

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Valuation and view

Housing demand growth is yet to come out of its lean phase across cities. Bangalore market dynamics are gloomier than in the past, but still better than other regions. It remains our preferred market, given the delayed recovery in Mumbai following regulatory changes and sluggish dynamics in NCR. The commercial asset class is poised for gradual growth, with rental re-rating in select micro-markets of Gurgaon (CBD, DLF Cyber City) and Mumbai (BKC). Preferred picks: Sobha, Brigade (valuation discount), Prestige (best Bangalore proxy), and Oberoi (Mumbai recovery play).

NCR recorded highest YoY de-growth in FY15 while Mumbai reversed trend by clocking marginal growth

Exhibit 2: Quarterly trend in presales value (INR b)

Presales (INR b)	FY15								
	Developers	FY12	FY13	FY14	1QFY	2QFY	3QFY	4QFY	FY15
NCR Centric	90.9	66.3	55.8	6.5	11.1	7.9	21.5	46.9	-36
DLF	52.9	38.2	40.7	3.1	9.2	6.5	19.8	38.6	-22
Unitech	38.1	28.1	15.1	3.4	1.9	1.4	1.7	8.3	-64
Mumbai Centric	39.6	38.7	39.7	10.0	8.3	12.0	21.8	52.1	1
IBREL	19.5	30.0	30.7	5.6	4.0	5.2	5.5	20.3	-48
HDIL	10.6	-	5.6	3.0	3.3	3.8	4.0	14.1	89
ORL	9.5	8.7	3.4	1.4	1.0	3.0	12.3	17.7	247
Bangalore Centric	46.8	68.2	75.7	23.9	27.3	20.9	21.2	93.2	-17
Sobha	17.4	22.2	23.4	4.8	5.6	4.3	6.3	21.0	-39
PEPL	20.6	31.1	36.3	13.1	12.9	7.6	10.1	43.7	-15
Purva	8.8	14.9	16.0	3.5	4.7	4.8	1.3	14.2	-45
Brigade		7.9	13.4	2.5	4.1	4.2	3.5	14.3	-29
Diversified	18.9	18.8	16.3	4.1	3.9	5.4	4.2	17.7	-33
MAHLIFE	6.0	4.4	3.7	0.5	0.9	3.1	2.5	7.0	16
GPL (own stake)	12.8	14.4	12.6	3.6	3.0	2.3	1.7	10.7	-47

Source: Company, MOSL

Launch velocity deteriorates in Bangalore and Mumbai; NCR witnesses considerable improvement in new launches

Exhibit 3: Launch velocity (msf)

Launch	Mumbai	NCR	Bangalore	Pune	Hyderabad	Chennai	India
1QCY11	16	50	11	7	9	5	89
2QCY11	11	48	8	12	6	6	84
3QCY11	12	19	31	5	3	4	71
4QCY11	9	34	4	15	11	7	70
2011	48	151	54	38	11	22	314
1QCY12	17	32	11	13	12	6	79
2QCY12	11	17	1	14	5	5	48
3QCY12	14	40	9	8	13	7	79
4QCY12	18	40	21	12	18	5	97
2012	61	129	43	46	48	23	303
1QCY13	15	26	14	8	10	7	70
2QCY13	16	37	39	15	5	6	113
3QCY13	12	31	33	8	15	8	92
4QCY13	11	19	8	11	13	8	57
2013	55	112	94	42	13	29	332
1QCY14	25	21	24	15	4	9	94
2QCY14	15	38	19	11	2	7	91
3QCY14	12	28	38	11	6	4	93
4QCY14	23	13	24	12	6	4	77
2014	75	100	105	50	18	24	355
1QCY15	21	20	19	13	5	5	78

Source: MOSL, Liasis Foras

NCR – most underperforming market; expected to show traction in 2QCY15, while Chennai, Mumbai to be subdued

Exhibit 4: Sales volume trends - residential

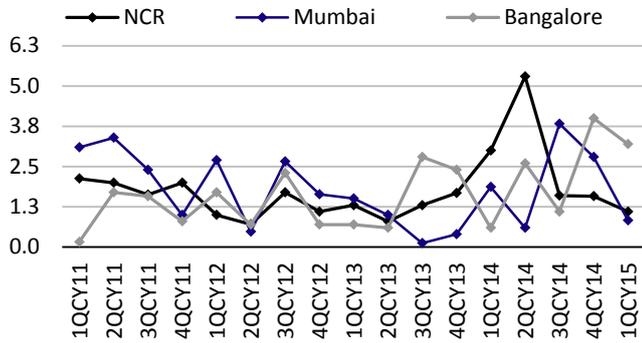
Volume (msf)	Mumbai	NCR	Bangalore	Pune	Chennai	India
1QCY11	9	27	9	7	5	57
2QCY11	8	22	7	10	6	52
3QCY11	9	18	9	8	4	48
4QCY11	8	23	14	10	7	62
2011	34	90	39	35	22	219
1QCY12	9	31	11	9	6	67
2QCY12	10	21	16	9	5	62
3QCY12	10	26	16	11	7	69
4QCY12	10	20	12	9	5	57
2012	39	99	55	39	23	255
1QCY13	10	25	10	9	7	62
2QCY13	9	22	13	7	6	58
3QCY13	8	21	11	5	8	53
4QCY13	10	22	17	8	8	65
2013	37	90	51	29	29	238
1QCY14	12	22	16	10	9	68
2QCY14	11	17	18	9	7	62
3QCY14	10	12	10	9	4	45
4QCY14	10	18	13	12	4	58
2014	43	69	57	40	24	233
1QCY15	12	14	17	12	5	60

Source: MOSL, Liases Foras

Exhibit 5: Key new launches - 1QFY16

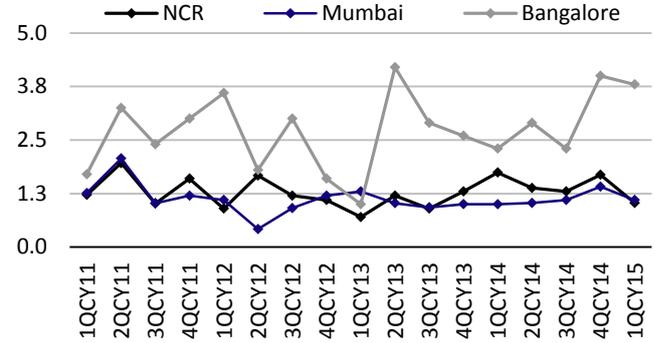
Date	Developer	Project	Micro Market	City
Jun-15	Lodha	Prime Central	Thane	Mumbai
Jun-15	Sobha Developers	Sobha Clovelly	Uttarahalli	Bangalore
Jun-15	Mahindra Lifespaces	Windchimes	Bannerghata	Bangalore
Jun-15	Omkar Developers	Ananta	Goregaon	Mumbai
May-15	Godrej Properties	Godrej Prime	Chembur	Mumbai
May-15	Godrej Properties	Godrej Icon	Gurgaon	NCR
May-15	Home & Soul	F Premiere in Jaypee Sports City	Noida	NCR
May-15	Ashiana Housing	Ashiana Anmol	Sohna	NCR
Apr-15	Sobha Developers	Sobha Dream Acres	Balagere	Bangalore
Apr-15	Mahagun	Manorial - House of Lords	Noida	NCR
Apr-15	Mahagun	M Collection	Noida	NCR

Exhibit 6: Commercial supply (msf) – Infrastructure boost and economic recovery key drivers for commercial revival



Source: DTZ

Exhibit 7: Commercial absorption (msf) – Traction in commercial segment, with demand outpacing supply in certain markets



Source: DTZ

Exhibit 8: Recent private equity (PE) deals in Indian real estate

Entry/Exit	Date	Investor	Investee	Asset	City	Micro Market	Deal Size (INR M)
Entry	Jun-15	Piramal Group	Unitech	North Town	Chennai	Perambur	700
Exit	Jun-15	Indiabulls Real Estate Fund	Vatika Group	Vatika India Next	NCR	Gurgaon	1,000
Exit	May-15	Hindustan Construction Company	Blackstone Purchase Entities	247 Corporate Park	Mumbai	Vikhroli	NA
Exit	May-15	Milestone Capital Advisors	NA	Millennium Tower I	Kolkata	Salt Lake	570
Entry	May-15	JLL Segregated Funds Group	Vishwakarma Real Estates & Constructions	Skypod	Chennai	Pallavaram-Thoraipakkam	250
Exit	May-15	ASK Group	Rajesh Lifespaces	Raj Altezza	Mumbai	Mulund	550
Entry	May-15	Goldman Sachs	Nitesh Estates	Koregaon Park Plaza	Pune	Koregaon	2,368
Entry	May-15	International Finance Corporation	Tata Housing Development Company	Tata Value Homes	NA	NA	1,600
Entry	May-15	Piramal Fund Management	Ozone Group	Ozone Urbania Township	Bangalore	Devanahalli	5,750
Entry	Apr-15	Piramal Fund Management	Vatika Group	Vatika Mindscapes (Commercial)	NCR	Faridabad	1,500
Entry	Apr-15	Piramal Fund Management	Ganesh Housing	Mixed Use Project - Residential, Commercial and Retail	Ahmedabad	Thaltej	2,250
Entry	Apr-15	ASK	Purvankara Projects	Residential Project	Chennai	Poonamelle	825
Entry	Apr-15	GIC	Nirlon	Nirlon IT Park	Mumbai	Goregaon	7,100
Entry	Apr-15	Piramal	Shriram Properties	Shriram Summit	Bangalore	Electronic City	750
Entry	Apr-15	Kotak Realty Fund & New Vernon Capital PLC	3C Group	Green Boulevard - IT Park	NCR	Noida (Sector 62)	2,700

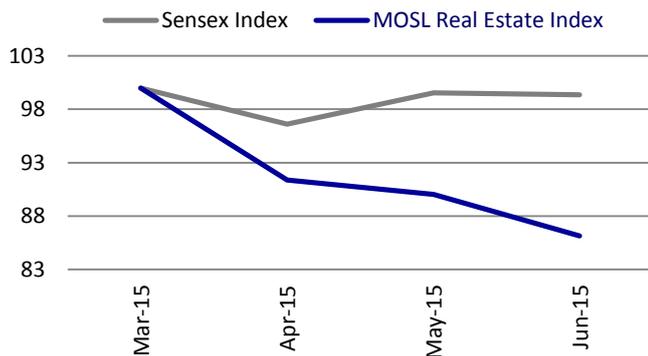
Source: DTZ

Exhibit 9: Recent land deals in India

Date	Buyer	Seller	Micro Market	City	Land Area (Acres)	Transaction Value (INR m)
Jun-15	Brigade Enterprises (with GIC)	Kansai Nerolac Paints	Perungudi, OMR	Chennai	15	5,500
May-15	Shree Sawan Builders	CIDCO	Nerul	Mumbai	0.4	452
Apr-15	Casa Grande (Local Developer)	Rane Group	GST Road	Chennai	6	775
Mar-15	Undisclosed	Murugappa Group	Kotturpuram	Chennai	NA	1,470
Sep-14	Indiabulls Distribution Services	NA				

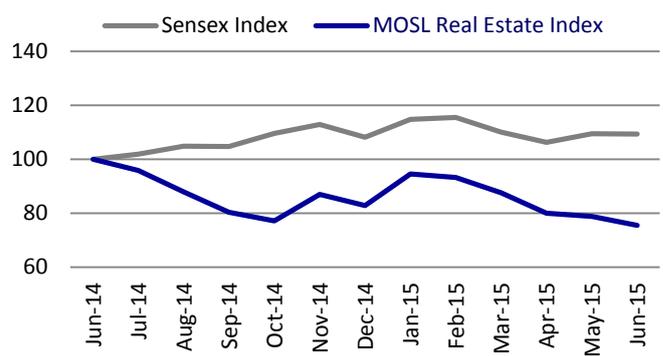
June 2015 Results Preview | Sector: Retail
source: MOSL

Exhibit 10: Relative performance - 3m (%)



Source: Bloomberg, MOSL

Exhibit 11: Relative performance - 1Yr (%)



Source: Bloomberg, MOSL

Exhibit 12: Comparative valuation

Sector / Companies	CMP (INR)	Reco.	EPS (INR)			PE (x)			EV/EBIDTA (x)			RoE (%)		
			FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E
Real Estate														
DLF	117	Buy	3.0	4.8	5.9	38.6	24.1	19.7	16.5	13.0	11.5	1.9	2.9	3.5
Brigade Enterprises	150	Buy	8.4	13.1	15.7	17.9	11.4	9.6	7.6	6.7	5.9	7.0	10.1	10.9
Godrej Properties	247	Neutral	9.6	11.2	17.3	25.8	22.1	14.2	30.2	22.9	14.2	10.5	11.5	15.9
Indiabulls Real Estate	57	Buy	6.2	6.9	10.3	9.3	8.3	5.5	15.1	13.6	9.1	3.5	3.8	5.5
Jaypee Infratech	15	Neutral	2.5	2.9	3.7	6.1	5.2	4.0	7.8	6.9	6.1	5.6	6.3	7.8
Mahindra Lifespace	425	Buy	64.9	34.2	44.2	6.5	12.4	9.6	7.3	11.2	7.8	18.0	8.7	9.9
Oberoi Realty	272	Buy	9.7	14.9	26.0	28.1	18.3	10.5	19.3	11.9	6.7	7.0	9.8	14.9
Phoenix Mills	379	Buy	2.4	17.7	21.8	155.0	21.5	17.4	10.6	8.1	7.0	2.1	13.5	14.6
Prestige Estates	247	Buy	8.9	11.7	15.0	27.9	21.2	16.5	13.5	11.4	9.6	8.7	10.4	12.0
Sobha Developers	357	Buy	24.3	26.3	30.5	14.7	13.5	11.7	9.4	7.6	6.7	10.1	10.2	11.0
Sector Aggregate						23.5	17.5	12.9	13.5	11.0	8.9	4.4	5.6	7.1

Source: Company, MOSL

DLF**Buy**

Bloomberg	DLFU IN
Equity Shares (m)	1,781.9
M. Cap. (INR b)/(USD b)	208/3
52-Week Range (INR)	234/100
1,6,12 Rel Perf. (%)	-1 / -16 / -55

Financial and Valuation Summary (INR b)

Y/E March	2014	2015	2016E	2017E
Net Sales	83.0	76.5	86.4	95.8
EBITDA	24.9	30.2	33.9	39.0
Adj PAT	6.5	5.4	8.6	10.6
EPS (INR)	3.6	3.0	4.8	5.9
EPS Gr. (%)	-13.4	-16.5	59.8	22.4
BV/Sh. (INR)	157.3	157.0	159.5	163.1
RoE (%)	2.3	1.9	2.9	3.5
RoCE (%)	6.3	5.7	6.9	7.3
Payout (%)	64.4	77.2	48.3	38.4

Valuations

P/E (x)	32.2	38.6	24.1	19.7
P/BV (x)	0.74	0.75	0.73	0.72
EV/EBITDA (x)	15.7	13.8	12.8	11.2
Div. Yield (%)	1.7	1.7	1.7	1.7

CMP: INR117

- We estimate quarterly revenue at INR18b (-9% YoY), EBITDA at INR7.3b (margin of 39%), and PAT at INR1.1b.
- Presales are likely to be driven by ultra-luxury project *Camellias* that is generating good response. *Crest* is likely to be the other contributor.
- Impact of one-off divestment of DT Cinemas to PVR for INR5b should be seen in 2HFY16 numbers.
- The stock trades at 19.7x FY17E EPS, 0.72x FY17E BV, and at 27% discount to our NAV estimate of INR212. Maintain **Buy** with a target price of INR159.

Key issues to watch for

- Approach towards a REIT listing
- Movement in gearing levels
- Outcome of legal and regulatory proceedings
- Strategy to improve core DevCo operations

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	17,252	20,132	19,567	19,537	18,834	18,143	22,463	26,956	76,487	86,396
Change (%)	-25.4	2.9	-4.9	-0.8	9.2	-9.9	14.8	38.0	-7.8	13.0
EBITDA	7,369	7,961	7,951	6,957	7,345	7,257	8,985	10,355	30,237	33,943
Change (%)	-19.5	33.8	29.9	91.7	-0.3	-8.8	13.0	48.9	21.7	12.3
As % of Sales	42.7	39.5	40.6	35.6	39.0	40.0	40.0	38.4	39.5	39.3
Depreciation	1,345	1,394	1,407	1,302	1,375	1,375	1,430	1,320	5,448	5,501
Interest	5,581	6,031	6,483	4,944	5,654	5,654	6,391	6,883	23,039	24,582
Other Income	1,264	1,224	1,231	1,475	1,300	1,300	5,000	1,400	5,194	9,000
PBT	1,413	1,379	1,293	2,182	1,616	1,528	6,164	3,552	7,358	12,860
Tax	302	431	76	767	428	397	1,726	1,049	1,576	3,601
Effective Tax Rate (%)	21.4	31.2	5.9	35.2	26.5	26.0	28.0	29.5	22.7	28.0
Reported PAT	1,278	1,091	1,318	1,716	1,103	1,040	4,292	1,784	5,402	8,633
Adj. PAT	1,278	1,091	1,318	1,716	1,103	1,040	4,292	1,784	5,402	8,633
Change (%)	(29.5)	9.0	(9.3)	(21.9)	(13.7)	(4.7)	225.7	4.0	(16.4)	59.8
Presales (msf)	0.4	0.6	0.4	0.9	0.3	0.4	0.5	0.7	2.3	1.9
Presales (INR b)	3.1	9.2	6.5	19.8	8.9	6.0	9.0	11.6	38.5	35.5
Realization (INR/sf)	8,105	15,082	18,056	21,944	26,329	16,962	17,189	17,664	17,124	18,957
Leasing (msf)	0.7	0.3	0.4	0.1	0.3	0.3	0.5	0.4	1.5	1.5

E: MOSL Estimates

Godrej Properties

CMP: INR247
Neutral

Bloomberg	GPL IN
Equity Shares (m)	198.2
M. Cap. (INR b)/(USD b)	49/1
52-Week Range (INR)	309/215
1,6,12 Rel Perf. (%)	-8 / -5 / -8

Financial and Valuation Summary (INR b)

Y/E March	2014	2015E	2016E	2017E
Net Sales	11.8	18.4	22.0	27.3
EBITDA	2.8	2.6	3.6	5.7
NP	1.6	1.9	2.2	3.5
EPS (INR)	8.0	9.6	11.2	17.3
EPS Gr. (%)	-9.3	19.1	16.8	55.0
BV/Sh (INR)	90.5	92.6	101.5	116.5
RoE (%)	9.9	10.5	11.5	15.9
RoCE (%)	9.0	6.5	7.3	9.7
Payout (%)	14.5	24.4	20.9	13.5

Valuations				
P/E (x)	30.7	25.8	22.1	14.2
P/BV (x)	2.7	2.7	2.4	2.1
EV/EBITDA (x)	14.7	20.3	16.0	9.9
Div. Yield (%)	0.8	0.8	0.8	0.8

- We estimate revenue at ~INR4.6b (+39% YoY), EBITDA at INR692m (margin at 15%), and PAT at INR559m (+22.5% YoY).
- We expect strong presales of INR4b on the back of new launches in quarter (*Godrej Prime* in Chembur, Mumbai and *Godrej Icon* in Gurgaon) generating good response.
- In 1QFY15, GPL acquired one new project in Doddaballapur, Yelahanka (0.75msf), adding to its already strong portfolio.
- The stock trades at 14.2x FY17E EPS and 2.1x FY17E BV, and close to its SOTP value of INR290. Maintain **Neutral**.

Key issues to watch for

- Execution timeline of ongoing projects
- Launch of recently acquired projects
- Leasing status for BKC commercial project

Quarterly performance (Consolidated)
(INR Million)

	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Total Revenue	3,318	2,940	5,193	6,980	4,613	4,832	5,711	6,809	18,431	21,965
Change (%)	64.6	-4.1	114.6	62.6	39.0	64.4	10.0	-2.4	56.3	19.2
EBITDA	443	567	640	922	692	725	971	1,163	2,572	3,550
Change (%)	9.2	-29.8	-25.1	21.6	56.2	27.7	51.7	26.1	-9.0	38.0
As of % Sales	13.3	19.3	12.3	13.2	15.0	15.0	17.0	17.1	14.0	16.2
Depreciation	23	23	24	31	30	30	30	30	100	120
Interest	10	8	8	22	12	12	13	13	47	50
Other Income	311	129	193	201	250	190	180	180	835	800
PBT	721	666	801	1,071	900	873	1,108	1,300	3,260	4,181
Tax	194	114	236	359	270	244	332	407	904	1,254
Effective Tax Rate (%)	26.9	17.2	29.5	33.6	30.0	28.0	30.0	31.3	27.7	30.0
Reported PAT	456	466	472	514	559	543	683	799	1,909	2,230
Change (%)	15.6	36.1	26.4	6.4	22.5	16.4	44.5	55.4	19.7	16.8
Presales (msf)	0.5	0.5	0.29	0.29	0.41	0.4	0.5	0.5	1.6	1.8
Presales (INR b)	3.6	3.0	2.3	1.7	4.0	3.0	3.5	2.3	10.7	12.8
Realizations (INR/sf)	7,279	5,948	8,132	6,036	9,662	7,576	6,481	5,111	6,781	7,111

E: MOSL Estimates

Indiabulls Real Estate

Bloomberg	IBREL IN
Equity Shares (m)	425.0
M. Cap. (INR b)/(USD b)	24/0
52-Week Range (INR)	102/41
1,6,12 Rel Perf. (%)	-2 / -18 / -52

CMP: INR57

Buy

Financial and Valuation Summary (INR b)

Y/E March	2014	2015	2016E	2017E
Net Sales	17.4	26.0	26.6	30.8
EBITDA	5.4	5.7	6.3	9.2
NP	2.2	2.5	2.8	4.2
EPS (INR)	5.9	6.2	6.9	10.3
EPS Gr. (%)	28.5	5.1	11.5	50.4
BV/Sh. (INR)	162.1	168.7	173.1	178.7
RoE (%)	3.3	3.5	3.8	5.5
RoCE (%)	6.0	5.0	4.9	6.8
Payout (%)	59.8	0.0	32.4	21.5

Valuations

P/E (x)	9.7	8.8	7.9	5.5
P/BV (x)	0.4	0.3	0.3	0.3
EV/EBITDA (x)	8.9	14.2	13.3	9.0
Div Yield (%)	5.3	0.0	3.5	3.5

- IBREL is likely to post revenue of INR5.8b, EBITDA of INR1.4b (margin of 24%), and PAT of INR623m.
- We expect *Indiabulls Blu* to continue driving revenues in 1QFY15. However, there could be a dip on account of overall market slowdown. We estimate presales at ~INR4.5b in 1QFY16.
- 1HFY16 is perceived to be sluggish for IBREL, given the prevalent market slowdown in Mumbai and NCR.
- The stock trades at 46% discount to our NAV estimate of INR106, and at 5.5x FY17E EPS and 0.3x FY17E BV. Maintain **Buy**.

Key issues to watch for

- Progress in launch plan of projects in portfolio
- Overall debt movement
- Status of unsold inventory and pending collections

Quarterly Performance (Consolidated)

Y/E March	FY15				FY16E				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY15	FY16E
Sales	6,101	7,448	6,521	5,942	5,843	6,108	7,436	7,170	26,012	26,557
Change (%)	20.0	65.3	45.0	81.4	-4.2	-18.0	14.0	20.7	49.8	2.1
EBITDA	1,436	1,852	1,556	884	1,402	1,466	1,859	1,607	5,727	6,334
Change (%)	-2.2	9.8	39.0	-21.8	-2.3	-20.8	19.5	81.8	6.0	10.6
As % of Sales	23.5	24.9	23.9	14.9	24.0	24.0	25.0	22.4	22.0	23.9
Depreciation	62	61	57	17	40	45	55	60	197	200
Interest	734	1,105	1,110	412	800	800	1,018	1,018	3,361	3,635
Other Income	134	88	767	365	200	192	200	208	1,354	800
PBT	774	774	1,156	821	763	813	986	737	3,524	3,299
Tax	230	253	219	93	229	244	234	184	795	891
Effective Tax Rate (%)	30	33	19	11	30	30	24	25	22.6	27.0
Minority Interest	-155	-147	-149	203	89	89	93	86	-248	358
Reported PAT (Pre Minority and associates)	543	520	937	728	534	569	752	553	2,728	2,409
Change (%)	-23	-40	210	67.1	-1.8	9	-20	-24.0	21.9	-11.7
Reported PAT	389	373	788	931	623	659	845	639	2,481	2,766
Change (%)	-46	-54	178	123	60	76	7	-31	11	12
Presales (msf)	0.5	0.4	0.3	0.7	0.4	0.4	0.6	0.6	1.9	2.1
Presales (INR b)	5.6	4.0	5.2	5.5	4.5	4.4	7.6	7.9	20.4	24.4
Realizations (INR/sf)	10,788	10,892	15,848	8,333	10,188	10,436	11,983	13,015	10,835	11,596

Mahindra Lifespaces

Bloomberg	MLIFE IN
Equity Shares (m)	40.8
M. Cap. (INR b)/(USD b)	17/0
52-Week Range (INR)	659/401
1,6,12 Rel Perf. (%)	-7 / -11 / -31

Financial and Valuation Summary (INR b)

Y/E March	2014	2015	2016E	2017E
Net Sales	7.1	10.9	10.1	13.5
EBITDA	1.7	4.2	2.6	3.5
Adj PAT	1.0	2.7	1.4	1.8
Adj EPS (INR)	24.6	64.9	34.2	44.2
EPS Gr (%)	-28.9	163.6	-47.4	29.4
BV/Sh (INR)	309	359.7	394.1	446.6
RoE (%)	8.0	18.0	8.7	9.9
RoCE (%)	7.7	16.8	10.5	13.4
Payout (%)	26.2	10.2	17.0	11.4
Valuations				
P/E (x)	17.3	6.5	12.4	9.6
P/BV (x)	1.4	1.2	1.1	1.0
EV/EBITDA (x)	18.0	6.8	11.3	7.8
Div. Yield (%)	1.2	1.2	1.2	1.2

CMP: INR425

Buy

- For 1QFY16, we estimate consolidated revenue at INR2b (-39% YoY), margins at ~26%, EBITDA at INR634m (-76% QoQ), and PAT at INR346m. We estimate 1Q presales at INR1.6b.
- Presales are expected to be driven by affordable housing project in Boisar apart from newly launched *Windchimes* in Bangalore.
- Chennai projects are likely to contribute less on disappointing market dynamics while NCR market is showing traction in the past few days on the back of sales strategy and infrastructure boost.
- The stock trades at 9.6x FY17E EPS and 1x FY17E BV. Maintain **Buy**.

Key issues to watch for

- Launch of Mumbai projects; implications of new DP
- Performance of affordable housing segment and dynamics in key markets of Mumbai, Chennai, and NCR

Consolidated Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	4,066	1,816	2,388	2,591	2,486	2,182	2,436	3,045	10,861	10,149
Change (%)	131.0	-7.5	66.3	36.8	-38.9	20.2	2.0	17.5	54.0	-6.6
EBITDA	2,609	463	670	500	634	567	633	765	4,242	2,600
As % of Sales	64.2	25.5	28.0	19.3	25.5	26.0	26.0	25.1	39.1	25.6
Change (%)	405.1	-6.0	54.2	93.0	-76	22.5	-5.4	53.0	149.2	-38.7
Depreciation	32	32	35	33	33	35	40	40	132	148
Interest	146	88	130	150	129	125	115	110	514	480
Other Income	299	112	110	94	144	144	180	132	615	600
PBT	2,730	455	614	411	616	552	658	747	4,210	2,573
Tax	891	209	196	81	209	188	224	254	1,378	875
Effective Tax Rate (%)	32.6	45.9	32.0	19.7	34.0	34.0	34.0	34.0	32.7	34.0
PAT before minority	1,839	246	418	330	406	364	434	493	2,833	1,698
Change (%)	600.5	10.1	37.9	6.0	-77.9	48.0	4.0	49.5	157.5	-40.1
Minority Interest	46	11	90	24	60	80	80	77	171	297
Reported PAT	1,793	235	328	307	346	284	354	417	2,662	1,401
Change (%)	723	21	12	1	-80.7	21	8	36		
Sales volume (msf)	0.1	0.2	0.6	0.4	0.3	0.5	0.5	0.3	1.4	1.6
Sales value (INR b)	0.5	0.9	3.1	2.5	1.6	2.5	2.6	1.7	7.1	8.4
Realizations (INR/sf)	4,500	4,043	5,254	5,682	5,714	5,000	5,505	5,238	5,123	5,327

Oberoi Realty

Bloomberg	OBER IN
Equity Shares (m)	339.2
M. Cap. (INR b)/(USD b)	92/1
52-Week Range (INR)	334/203
1,6,12 Rel Perf. (%)	-11 / -4 / -5

CMP: INR272

Buy

Financial and Valuation Summary (INR b)

Y/E March	2014	2015	2016E	2017E
Net Sales	8.0	9.2	13.5	22.9
EBITDA	4.3	5.1	8.0	13.5
Adj PAT	3.1	3.2	4.9	8.5
Adj EPS (INR)	9.5	9.7	14.9	26.0
EPS Growth (%)	-38.4	1.9	53.8	74.8
BV/Share (INR)	133.9	141.2	158.2	179.8
RoE (%)	7.3	7.0	9.8	14.9
RoCE (%)	10.7	9.8	13.4	21.2
Payout (%)	24.7	24.2	16.3	14.0
Valuations				
P/E (x)	28.7	28.2	18.3	10.5
P/BV (x)	2.0	1.9	1.7	1.5
EV/EBITDA (x)	19.5	18.6	11.5	6.5
Div. Yield (%)	0.7	0.7	0.7	1.1

- We expect a stable quarter, with run-rate broadly in line with 3QFY15 after the spike in 4Q on account of Mulund launches and corresponding robust sales.
- We estimate revenue at INR2.7b (+55% YoY), EBITDA at INR1.6b (margins of 60%), and PAT at INR990m (+51% YoY).
- We expect 1QFY16 presales at INR2.3b, with no new launches in the quarter and no new activity in Mulund. *Exquisite* and *Prisma* are expected to be key contributors in 1QFY16.
- No incremental leasing activity is expected in the quarter for *Commerz II* while Borivali launch is slated for 2QFY16.
- The stock trades at 10.5x FY17E EPS, 1.5x FY17E BV, and at 23% discount to our NAV estimate of INR353.

Key issues to watch for

- Launch of Borivali project (Tata Steel land)
- Leasing activity in *Commerz II*
- Incremental presales in launched projects during current market slowdown and regulatory overhang in Mumbai

Consolidated Quarterly performance

(INR Million)

Y/E March	FY15				FY16				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Total Revenue	1,754	1,855	2,171	3,447	2,709	2,438	5,419	2,980	9,227	13,547
Change (%)	-19.7	-1.8	27.3	56.3	54.5	31.4	149.6	-13.5	15.6	46.8
EBITDA	969	1,118	1,266	1,785	1,626	1,439	3,035	1,861	5,138	7,959
Change (%)	-27.4	29.9	40.9	42.3	67.7	28.7	139.8	4.2	18.2	54.9
As of % Sales	55	60	58	52	60	59	56	62	56	59
Depreciation	100	99	99	106	110	115	115	152	403	492
Interest	0	16	1	0	76	68	151	83	18	378
Other Income	65	39	25	46	60	54	120	66	175	300
PBT	934	1,042	1,192	1,725	1,500	1,310	2,888	1,691	4,892	7,389
Tax	291	336	400	695	510	445	982	575	1,721	2,512
Effective Tax Rate (%)	31.1	32.2	33.5	40.3	34.0	34.0	34.0	34.0	35.2	34.0
Reported PAT	643	706	792	1,030	990	865	1,906	1,116	3,171	4,877
Change (%)	-36.8	10.0	16.4	33.8	53.9	22.5	140.6	8.4	1.9	53.8
Presales (msf)	0.07	0.04	0.15	0.78	0.12	0.50	0.31	0.23	1.0	1.2
Presales (INR b)	1.4	1.0	3.0	12.3	2.3	8.0	5.0	4.2	17.6	19.5
Realization (INR/sf)	20,058	23,947	19,952	15,868	19,167	16,000	16,129	18,608	17,050	16,872

E: MOSL Estimates

Phoenix Mills

Bloomberg	PHNX IN
Equity Shares (m)	144.8
M. Cap. (INR b)/(USD b)	55/1
52-Week Range (INR)	416/314
1,6,12 Rel Perf. (%)	1 / 1 / 9

Financial and Valuation Summary (INR b)

Y/E March	2014	2015	2016E	2017E
Net Sales	14.5	16.5	22.9	26.0
EBITDA	6.8	7.6	10.3	11.6
Adj PAT	1.3	0.4	2.6	3.2
EPS (INR)	8.9	2.4	17.7	21.8
EPS Growth (%)	52.7	-72.4	622.1	23.3
BV/Share (INR)	119.0	115.5	130.8	149.0
RoE (%)	7.5	2.1	13.5	14.6
RoCE (%)	12.3	11.5	16.8	19.2
Payout (%)	29.0	95.7	13.3	16.1
Valuations				
P/E (x)	42.7	155.1	21.5	17.4
P/BV (x)	3.2	3.3	2.9	2.5
EV/EBITDA (x)	12.7	11.1	8.1	7.0
Div. Yield (%)	0.6	0.5	0.5	0.8

CMP: INR379

Buy

- We estimate consolidated revenue at INR4.58b (+31% YoY), EBITDA at INR2b (margin of 45%), and PAT at INR318m (+26% YoY).
- We expect consumption growth of 10-15% across malls. No major adverse impact due to online sales is yet visible.
- Residential launch in Bangalore (*Kessaku*) has witnessed strong initial response. However, the Pune project has been slow, largely due to market conditions.
- The stock trades at 17.4x FY17E EPS, 2.5x FY17E BV, and at 15% discount to our NAV estimate of INR455.

Key issues to watch for

- Takeover by new hotel operator
- Strategic churn of Bangalore Mall and rental growth across leased assets
- Strategy to tackle possible threat by e-commerce expansion

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	Consol	Consol
Sales	3,506	4,433	4,608	3,986	4,582	4,811	6,873	6,644	16,533	22,909
Change (%)	107	-7	1	14	31	9	49	67	14.1	39
EBITDA	1,823	2,084	2,130	1,583	2,081	2,480	3,076	3,485	7,620	10,326
Change (%)	101	0	-144	-12	14	19	44	120	12.3	36
As % of Sales	52	47	46	40	45	52	45	52	46.1	45
Depreciation	396	430	419	436	445	464	464	482	1,681	1,856
Interest	898	1,059	1,018	981	919	958	958	996	3,956	3,831
Other Income	54	105	55	99	70	150	50	130	312	400
Extra-ordinary Income			42	-42						0
PBT	582	701	707	-632	787	1,208	1,704	1,340	1,357	5,039
Tax	198	292	110	-107	236	362	511	402	493	1,512
Effective Tax Rate (%)	34	42	16	17	30	30	30	30	21.5	30
Reported PAT Pre MI	383	409	597	-525	551	846	1,193	938.25	1,802	3,527
Change (%)	167	(58)	129	-236	44	107	100	-279	2.4	95.75
Minority	125	193	188	47	221	231	231	240	553	923
Associate	-5	-7	21	34	-11	-12	-12	-12	43	-46
Adj. PAT	253	209	430	-538	318	603	951	686	354	2,559
Change (%)	120	(72)	78	(382)	26	189	121	(228)	-72.4	622

E: MOSL Estimates

Prestige Estate Projects

Bloomberg	PEPL IN
Equity Shares (m)	375.0
M. Cap. (INR b)/(USD b)	93/1
52-Week Range (INR)	324/194
1,6,12 Rel Perf. (%)	0 / 2 / -1

Financial and Valuation Summary (INR b)

Y/E March	2014	2015	2016E	2017E
Net Sales	25.5	34.2	39.2	46.4
EBITDA	7.2	9.9	11.5	13.9
Adj PAT	3.1	3.3	4.4	5.6
Adj EPS (INR)	9.0	8.9	11.7	15.0
EPS Gr (%)	17.7	-1.3	31.6	28.3
BV/Sh(INR)	85.1	101.9	111.8	125.0
RoE (%)	10.5	8.7	10.4	12.0
RoCE (%)	12.2	13.2	12.9	14.5
Payout (%)	19.5	19.8	15.0	11.7

Valuations				
P/E (x)	27.5	27.9	21.2	16.5
P/BV (x)	2.9	2.4	2.2	2.0
EV/EBITDA (x)	15.8	12.7	11.4	9.6
Div. Yield (%)	0.6	0.6	0.6	0.6

CMP: INR247

Buy

- We estimate standalone revenue at INR7.3b (+30% YoY), EBITDA at INR1.9b (margin of 26%), and PAT at INR1.2b (+21% YoY). We factor for revenue recognition of *West Wood* and *Augusta Golf Village*.
- We estimate presales at INR8.5b in 1Q, led by projects launched in the previous quarter like *North Point*, *MSR*, *Pine Wood*, and *Woodland Park*.
- *Augusta Golf Village* is expected to cross threshold in 1Q, boosting revenues.
- The stock trades at 16.5x FY17E EPS, 2x FY17E BV, and at a 23% discount to our NAV estimate of INR319. Maintain **Buy**.

Key issues to watch for

- Execution as per promised delivery timeline
- Pick-up in market dynamics

Quarterly Performance (Standalone)

(INR Million)

	FY15				FY16E				FY15	FY16
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	Consol	Consol
Total Revenue	5,631	5,403	6,094	6,762	7,336	6,249	6,521	7,064	34,198	39,170
Change (%)	13	14	42	12	30.3	16	7	4	34.2	14.5
EBITDA	1,370	1,522	1,882	1,449	1,907	1,687	2,021	2,127	9,939	11,450
Change (%)	6.3	28.2	42.8	17.8	39.2	10.9	7.4	46.8	38.0	15.2
As of % Sales	24.3	28.2	30.9	21.4	26.0	27.0	31.0	30.1	29.1	29.2
Depreciation	92	95	114	122	100	115	135	150	1,397	1,562
Interest	380	468	510	524	500	550	600	700	3,214	3,620
Other Income	525	440	359	664	550	500	500	650	986	1,000
PBT	1,423	1,399	1,617	1,466	1,857	1,522	1,786	1,927	6,314	7,268
Tax	382	430	622	329	594	487	572	617	2,647	2,544
Effective Tax Rate (%)	26.9	30.7	38.5	22.4	32.0	32.0	32.0	32.0	41.9	35.0
Reported PAT	1,040	969	995	1,138	1,263	1,035	1,215	1,311	3,668	4,724
Adj PAT	1,040	969	995	1,138	1,263	1,035	1,215	1,311	3,324	4,374
Change (%)	20.1	2.2	23.6	19.6	21.4	2.2	22.1	15.2	5.8	31.6
Presales (msf)	2.1	2.2	1.1	1.3	1.2	1.5	2.0	2.6	6.7	7.3
Presales (INR b)	13.1	12.9	7.6	10.1	8.5	12.0	14.0	15.5	43.6	50.0
Realization (INR/sf)	6,285	5,997	6,720	7,567	7,083	8,000	7,000	5,886	6,521	6,819
Leasing (msf)	0.06	0.15	0.0	0.3	0.00	0.15	0.0	0.3	0.5	0.5

E: MOSL Estimates

Sobha Developers

Bloomberg	SOBHA IN
Equity Shares (m)	98.1
M. Cap. (INR b)/(USD b)	35/1
52-Week Range (INR)	536/350
1,6,12 Rel Perf. (%)	-17 / -27 / -

Financial and Valuation Summary (INR b)

Y/E March	2014	2015	2016E	2017E
Net Sales	21.7	24.4	25.9	30.2
EBITDA	6.0	6.2	7.0	8.0
Adj PAT	2.4	2.4	2.6	3.0
EPS (INR)	24.0	24.3	26.3	30.6
EPS Gr. (%)	8.2	1.3	8.4	16.0
BV/Sh (INR)	233.7	248.0	266.1	288.5
RoE (%)	10.6	10.1	10.2	11.0
RoCE (%)	14.8	13.3	13.1	13.9
Payout (%)	29.2	28.8	26.6	22.9
Valuation				
P/E (x)	14.9	14.7	13.6	11.7
P/BV (x)	1.5	1.4	1.3	1.2
EV/EBITDA (x)	7.9	8.7	7.9	7.0
Div. Yield (%)	2.0	2.0	2.0	2.0

CMP: INR357

Buy

- We estimate revenue at INR5.5b (down 3% YoY), EBITDA at INR1.5b (margin of 27%) and PAT at INR542m (down 5% YoY).
- Presales velocity is estimated at INR5.4b, down 13% QoQ on the back of slowdown in key markets of Kerala, NCR, and Coimbatore. *Sobha Dream Acres* is likely to be the major contributor in 1QFY16.
- *Sobha Clovelly*, the only project launched in 1QFY16, is unlikely to contribute much on account of launch in mid-June. Subsequent towers of *Silicon Oasis* are expected to come up for revenue recognition in 1QFY16.
- The stock trades at 11.7x FY17E EPS, 1.2x FY17E BV, and at 35% discount to our NAV estimate of INR550.

Key issues to watch for

- Traction in NCR market, post infrastructure boost on account of clearance of Dwarka Expressway
- Approvals delay in markets of Karnataka and Kerala
- Timelines for projects and ticket pricing to remain key

Quarterly performance

(INR Million)

	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	5,777	6,722	6,844	5,063	5,576	5,965	6,743	7,651	24,406	25,936
Change (%)	25	24	26	-19	-3	-11	-1	51	12	6
EBITDA	1,534	1,679	1,541	1,420	1,506	1,551	1,821	2,086	6,174	6,963
Margin %	26.6	25.0	22.5	28.0	27.0	26.0	27.0	27.3	25.3	26.8
Depreciation	181	178	186	178	180	185	190	199	723	754
Interest	499	598	468	318	554	554	650	650	1,883	2,409
Other Income	49	46	24	30	50	50	50	50	149	200
PBT	903	949	911	954	822	862	1,030	1,287	3,717	4,001
Tax	332	354	257	334	279	293	350	438	1,277	1,360
Effective Tax Rate (%)	37	37	28	35	34	34	34	34	34	34
Reported PAT	571	595	601	620	542	569	627	850	2,381	2,582
Change (%)	14	5	3	-10	-5	-4	4	37	1	8
Presales (msf)	0.8	0.8	0.7	1.0	0.8	1.0	1.0	1.1	3.3	4.0
Presales (INR b)	4.8	5.6	4.3	6.3	5.0	5.7	6.2	7.4	20.9	24.7
Realization (INR/sf)	6,389	6,703	6,456	6,092	5,989	5,837	6,090	6,525	6,389	6,090

E: MOSL Estimates

Retail

Demand pick-up muted

Company name

Uneventful quarter

Jubilant Foodworks

Consumer exuberance yet to translate into pick-up in discretionary spends

Shoppers Stop

We expect our retail coverage universe to post 5.8% revenue growth and 10.8% PAT growth in 1QFY16. EBITDA is likely to grow 7.6%. Increased competitive intensity from online players continues to impact consumer footfalls for traditional retailers. Though their presence is currently limited, online retail is increasing rapidly; thus, it is crucial for offline retailers to build their own presence on this emerging medium (SHOP is expected to roll out its Omni-channel strategy in 2HFY16). Titan could post muted Jewelry sales growth given the weak demand environment and gradual pick-up in the new Golden Harvest scheme. We expect Jubilant Foodworks' SSSG to pick-up QoQ, with 7% same store growth—aided by weak base. We expect mid-single digit SSS growth for Future Retail and Shoppers Stop.

Titan Company

Store expansion plans largely on track; selective aggression

Companies continue to expand their retail presence, though selectively. We expect Jubilant to have added 40 stores (in line with its annual guidance of 150 store openings) and Titan around 20ksf (annual guidance of 85ksf) during the quarter. Shopper Stop net addition stood at one store during the quarter. Continuation of expansion plans would be a key parameter to monitor, as recovery in footfalls and conversion will result in operating leverage. Both Titan and Jubilant have done aggressive space expansion over the past three years but muted consumer sentiments and weak macros have prevented the percolation of benefits to revenues, in our view.

JUBI remains our preferred pick

We expect Jubilant Foodworks to benefit from the urban demand revival and report pick-up in SSSG going forward. We expect Titan's performance in 1HFY16 to be impacted by combination of lower support from GHS sales, relatively weaker discretionary demand and absence of gold price inflation.

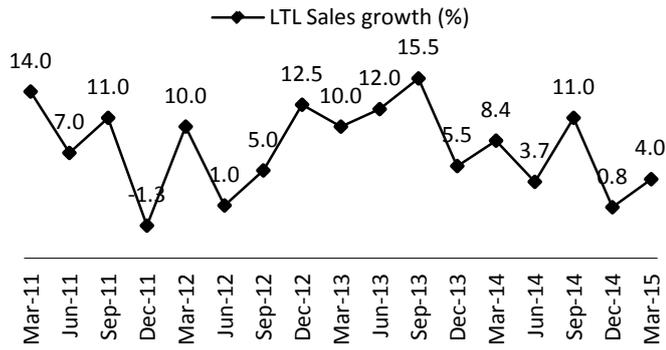
Exhibit 1: Expected quarterly performance summary

Sector	CMP (INR)	Reco	Sales (INR m)			EBDITA (INR m)			Net Profit (INR m)		
			Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ
Jubilant Foodworks	1,856	Buy	6,008	26.0	10.8	823	39.6	17.4	418	50.6	32.4
Shopper's Stop	397	Neutral	6,861	12.5	-15.9	377	22.6	-23.1	33	335.3	-68.3
Titan Company	366	Neutral	29,204	1.0	18.0	2,716	-1.0	9.4	1,830	3.2	-14.9
Sector Aggregate			42,073	5.8	9.8	3,916	7.6	6.6	2,280	10.8	-11.3

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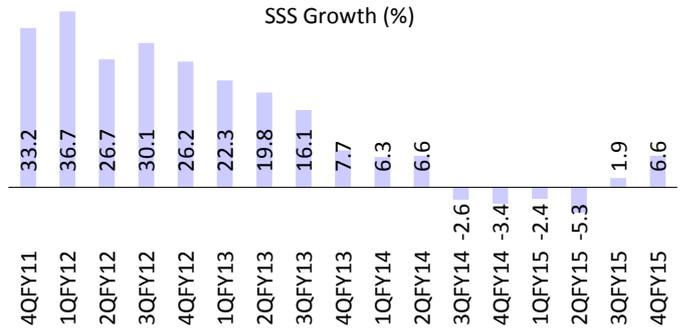
Manish Poddar (Manish.Poddar@MotilalOswal.com); +91 22 3027 8029

Exhibit 2: SHOP-LTL sales to come in at 6-8%...



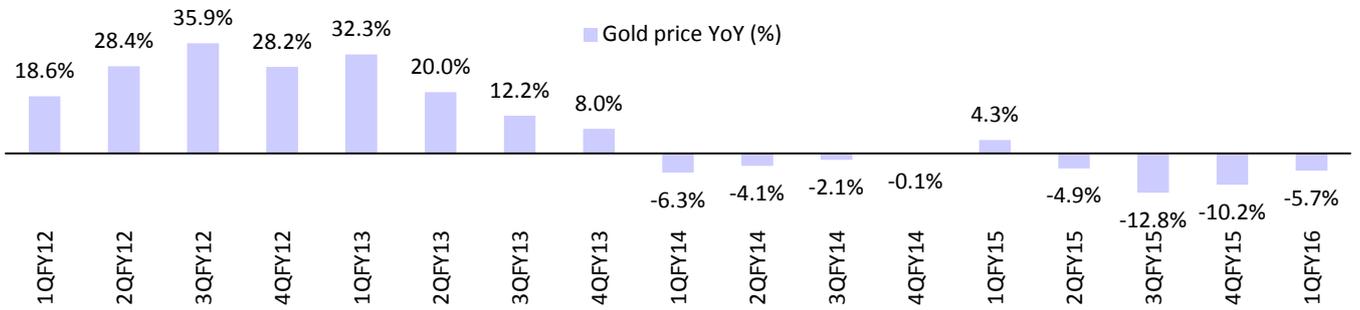
Source: Company, MOSL

Exhibit 3: ...Jubilant Foodworks to benefit from low base



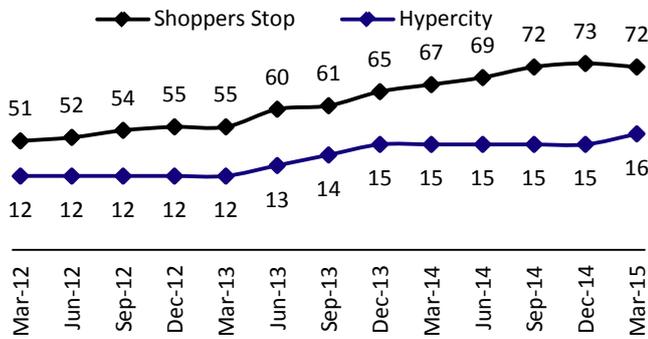
Source: Company, MOSL

Exhibit 4: Gold prices were down 5.7% YoY in 1QFY16



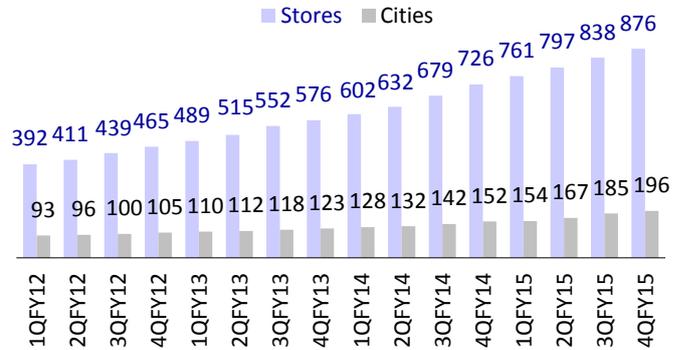
Source: Company, MOSL

Exhibit 5: Shoppers Stop: closed 5 stores in FY15



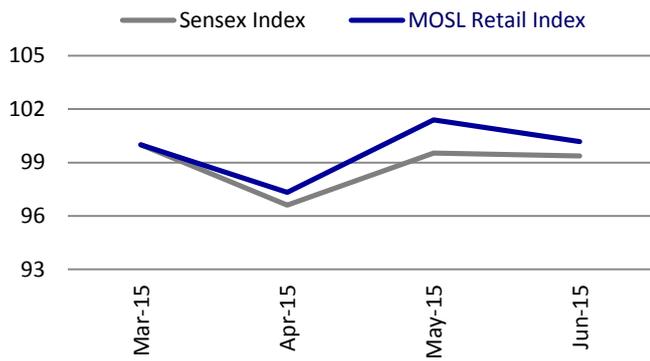
Source: Company, MOSL

Exhibit 6: Jubilant Foodworks: Added 150 stores in FY15



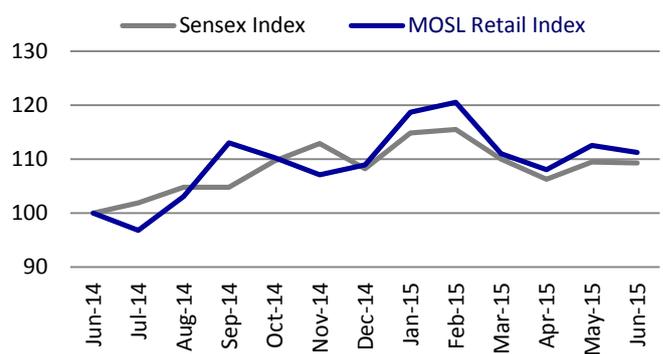
Source: Company, MOSL

Exhibit 7: Relative performance - 3m (%)



Source: Bloomberg, MOSL

Exhibit 8: Relative performance – 1Yr (%)



Source: Bloomberg, MOSL

Comparative valuation

Sector / Companies	CMP (INR)	Reco.	EPS (INR)			PE (x)			EV/EBIDTA (x)			RoE (%)		
			FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E
Retail														
Jubilant Foodworks	1,856	Buy	18.9	31.0	44.2	98.3	59.8	42.0	36.7	29.3	21.3	18.8	24.5	27.0
Shopper's Stop	397	Neutral	4.9	7.9	11.4	81.0	50.5	34.9	18.5	14.2	11.5	5.4	8.1	10.8
Titan Company	366	Neutral	9.3	10.3	12.6	39.5	35.7	29.0	32.1	27.0	21.6	27.2	24.8	25.1
Sector Aggregate						48.5	40.6	31.9	31.3	25.9	20.3	22.2	22.3	23.5

Source: Company, MOSL

Jubilant Foodworks

Bloomberg	JUBI IN
Equity Shares (m)	65.4
M. Cap. (INR b)/(USD b)	121/2
52-Week Range (INR)	1,875/1,108
1,6,12 Rel Perf. (%)	4 / 34 / 32

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	17.4	20.7	27.8	36.8
EBITDA	2.5	2.6	4.1	5.6
Adj. PAT	1.2	1.2	2.0	2.9
Adj. EPS (INR)	18.1	18.9	31.0	44.2
EPS Gr. (%)	-10.0	4.5	64.3	42.5
BV/Sh.(INR)	84.1	100.3	126.7	163.8
RoE (%)	21.5	18.8	24.5	27.0
RoCE (%)	30.4	24.7	33.5	37.1
Payout (%)	0.0	13.2	12.9	13.6

Valuations

P/E (x)	104.4	99.9	60.8	42.7
P/BV (x)	22.4	18.8	14.9	11.5
EV/EBITDA (x)	48.9	46.8	29.8	21.6
Div. Yield (%)	0.0	0.1	0.2	0.3

CMP: INR1,856

Buy

- We expect JUBI's revenue to grow 26% to INR6bled by 7% SSSG, aided by soft base. As per channel checks, QoQ demand trends have been stable and yet to see any significant pick-up. We note *Dominos* has tactically tweaked its promotion strategy to ensure better footfalls on weekdays and lean store timings (lunch).
- Despite low operating leverage and costs related to *Dunkin* operations, we expect EBITDA margin to expand 130bp to 13.7%, given softening of input costs and lower base.
- We estimate PAT to grow 50.6% to INR418m, aided by soft base (PAT declined 18.5% in 1QFY15).
- The stock trades at 42.7x FY17E EPS of INR44.2. **BUY.**

Key issues to watch for

- Comments on demand outlook for QSR and Pizza space, as well as competition.
- Performance of *Dunkin Donuts* and margin guidance
- Changes in expansion and capex strategy, if any.

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
No of Stores	761	797	838	876	913	951	989	1,026	876	1,026
LTL Growth (%)	-2.4	-5.3	1.9	6.6	7.0	8.0	12.0	12.0	0.2	9.8
Net Sales	4,768	5,012	5,544	5,421	6,008	6,615	7,595	7,595	20,745	27,813
YoY Change (%)	20.3	14.8	21.4	25.0	26.0	32.0	37.0	40.1	20.4	34.1
Gross Profit	3,558	3,742	4,147	4,085	4,566	5,028	5,757	5,783	15,533	21,133
Gross Margin (%)	74.6	74.7	74.8	75.3	76.0	76.0	75.8	76.1	74.9	76.0
Other Expenses	2,968	3,132	3,420	3,384	3,743	4,101	4,565	4,601	12,905	17,010
EBITDA	590	610	727	701	823	926	1,192	1,181	2,628	4,123
EBITDA Growth %	-11.6	-6.5	7.9	25.9	39.6	51.7	64.0	68.6	3.0	56.9
Margins (%)	12.4	12.2	13.1	12.9	13.7	14.0	15.7	15.6	12.7	14.8
Depreciation	223	236	254	268	245	260	279	530	982	1,315
Other Income	17	24	15	21	19	27	16	31	77	93
PBT	384	399	488	453	597	693	929	682	1,724	2,901
Tax	106	106	138	138	179	208	279	205	488	870
Rate (%)	27.7	26.5	28.3	30.4	30.0	30.0	30.0	30.0	28.3	30.0
Adjusted PAT	277	293	350	315	418	485	651	477	1,236	2,031
YoY Change (%)	-18.5	-11.8	4.2	26.4	50.6	65.6	85.8	51.4	-1.8	64.3

E: MOSL Estimates

Shoppers Stop

Bloomberg	SHOP IN
Equity Shares (m)	82.2
M. Cap. (INR b)/(USD b)	33/1
52-Week Range (INR)	624/330
1,6,12 Rel Perf. (%)	-1 / -21 / -9

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	27.1	30.4	35.0	41.3
EBITDA	1.5	1.9	2.4	2.9
Adj. PAT	0.4	0.4	0.7	0.9
Adj. EPS (INR)	4.5	4.9	7.9	11.4
EPS Gr. (%)	-5.9	8.1	60.5	44.6
BV/Sh.(INR)	88.7	91.6	97.7	106.5
RoE (%)	5.2	5.4	8.1	10.8
RoCE (%)	7.7	8.0	10.6	13.1
Payout (%)	16.6	14.5	20.0	20.0

Valuations

P/E (x)	87.7	81.1	50.5	34.9
P/BV (x)	4.5	4.3	4.1	3.7
EV/EBITDA (x)	21.6	17.7	14.2	11.5
Div. Yield (%)	0.2	0.2	0.4	0.6

CMP: INR397

Neutral

- We expect SHOP revenue to grow 12.5% to INR6.9b.
- Same store sales (SSS) growth should likely come in at 7%. Demand environment continues to be soft, with increased competitive intensity from e-commerce players.
- We expect EBITDA margin at 5.5%, up marginally (+50bp).
- SHOP recently opened two new stores and closed one at Delhi Airport. The total store count now stands at 73.
- Expect ~4x growth in PAT at INR33m (on a low base of INR 8m, PAT was down 68% in 1Q15]
- The stock trades at 34.9x FY17E EPS (standalone). Maintain **Neutral**.

Key issues to watch for

- Comments on same store performance. Margin outlook.
- Update on Omni-channel strategy
- Guidance on HyperCITY breakeven

Quarterly performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
LTL Sales Gr %	3.7	11.0	0.8	4.0	7.0	5.0	10.0	8.0	4.9	7.5
Deptt Stores	69	72	73	72	73	75	77	80	72	80
Net Sales	6,099	8,520	7,644	8,157	6,861	9,713	8,906	9,521	30,420	35,001
YoY Change (%)	14.1	17.9	7.7	9.3	12.5	14.0	16.5	16.7	12.1	15.1
Total Exp	5,791	7,965	7,109	7,666	6,484	9,052	8,229	8,872	28,531	32,637
EBITDA	308	555	536	491	377	660	677	649	1,889	2,364
Growth %	31.9	39.6	1.8	4.4	22.6	19.0	26.3	32.2	16.1	25.1
Margins (%)	5.0	6.5	7.0	6.0	5.5	6.8	7.6	6.8	6.2	6.8
Depreciation	199	196	198	266	207	204	206	279	858	895
Interest	131	124	137	121	155	148	163	142	512	608
Other Income	34	43	39	61	37	47	42	67	177	194
PBT	13	278	240	165	53	356	351	295	696	1,055
Tax	5	118	102	62	20	135	133	112	288	401
Rate (%)	40.6	42.7	42.6	37.7	38.0	38.0	38.0	38.0	41.4	38.0
Adjusted PAT	8	159	138	103	33	221	218	183	407	654
YoY Change (%)	-67.6	60.4	-20.5	-40.0	335.3	38.7	58.0	77.7	-12.8	60.5

E: MOSL Estimates

Titan Company

Bloomberg	TTAN IN
Equity Shares (m)	887.8
M. Cap. (INR b)/(USD b)	325/5
52-Week Range (INR)	448/318
1,6,12 Rel Perf. (%)	-3 / -5 / -5

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	109.2	118.3	133.8	160.5
EBITDA	10.5	10.8	11.9	14.7
Adj. PAT	7.4	8.2	9.1	11.2
Adj. EPS (INR)	8.3	9.3	10.3	12.6
EPS Gr. (%)	2.1	11.1	10.8	22.8
BV/Sh.(INR)	28.4	34.1	41.3	50.2
RoE (%)	29.4	27.2	24.8	25.1
RoCE (%)	43.8	35.7	32.6	33.3
Payout (%)	28.6	30.0	30.0	30.0
Valuation				
P/E (x)	43.8	39.5	35.6	29.0
P/BV (x)	12.9	10.7	8.9	7.3
EV/EBITDA (x)	30.9	30.0	26.9	21.6
Div. Yield (%)	0.7	0.8	0.8	1.0

CMP: INR366

Neutral

- We expect TTAN revenue growth to be flattish at INR29.2b.
- We estimate 2% decline Jewelry revenues due to muted demand and lower sales from the new Golden Harvest scheme [Titan has tied up with ICICI bank in select markets]. This would have been offset to an extent by downward correction in making charges undertaken in May'15. We build in 5% revenue growth in Watches.
- We estimate margin contraction of 20bp YoY, primarily due to reduction in making charges and various customer offers. We build in subdued PAT growth of 3.2% YoY to INR1.8b.
- The stock trades at 29x FY17E EPS of INR12.6. **Neutral**. Our preference for Titan's strong jewelry franchise notwithstanding, we believe near-term weak revenue outlook, overhang of new PAN card regulation and margin risk from price cut will weigh in on stock performance.

Key issues to watch for

- Comments on consumer demand in Jewelry and Watches.
- Expansion plans
- Update on the new Gold Harvest scheme.
- New PAN card regulation

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	28,914	35,647	28,983	24,744	29,204	34,221	36,229	34,129	118,288	133,782
YoY Change (%)	-7.0	53.1	9.4	-11.2	1.0	-4.0	25.0	37.9	8.8	13.1
Total Exp	26,171	32,600	26,467	22,261	26,488	31,381	33,149	30,831	107,499	121,848
EBITDA	2,744	3,047	2,516	2,484	2,716	2,840	3,079	3,298	10,790	11,934
EBITDA Growth %	12.0	16.4	6.2	-11.3	-1.0	-6.8	22.4	32.8	5.4	11
Margins (%)	9.5	8.5	8.7	10.0	9.3	8.3	8.5	9.7	9.1	8.9
Depreciation	243	199	232	200	277	227	264	245	874	1,013
Interest	350	109	211	137	385	141	274	160	807	960
Other Income	254	462	358	376	292	531	411	494	1,450	1,729
PBT	2,405	3,201	2,431	2,523	2,346	3,004	2,952	3,388	10,559	11,689
Tax	632	801	523	372	516	661	649	745	2,328	2,572
Rate (%)	26.3	25.0	21.5	14.7	22.0	22.0	22.0	22.0	22.0	22.0
Adjusted PAT	1,773	2,400	1,907	2,151	1,830	2,343	2,303	2,642	8,231	9,118
YoY Change (%)	-2.9	28.6	7.2	-2.0	3.2	-2.4	20.7	22.8	7.4	10.8

E: MOSL Estimates

Technology

Company name
Cognizant Technology
HCL Technologies
Hexaware Technologies
Infosys
KPIT Technologies
MindTree Consulting
Mphasis
Persistent Systems
TCS
Tech Mahindra
Wipro

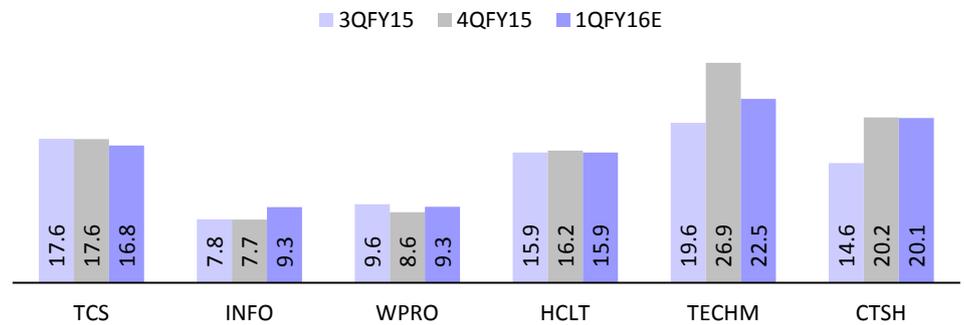
YoY CC revenue growth intact at tier-I, INR tailwind

While last quarter's nemeses turns around, smaller companies still misfiring

Expect some reprieve after a quarter of revenue misses across the board

- 1Q is a seasonally strong quarter. This time around, cross-currency stabilization and INR depreciation are additional tailwinds to earnings.
- Except for TECHM, we expect YoY growth in constant currency (CC) to be stable or accelerate marginally in 1QFY16.

Exhibit 1: Ex-TECHM, CC YoY revenue growth is unlikely to decelerate



Source: Company, MOSL

- Sequentially, constant currency (CC) growth has accelerated every year in 1Q over FY11-15 (~100bp on average).
- Seasonality has historically been more pronounced at TCS and CTSH. We expect that to remain, with 4.4% and 3.8% QoQ CC growth, respectively. TECHM's Telecom-led softness would keep its performance muted (flattish QoQ CC).

Please refer to our report dated 28 April 2015



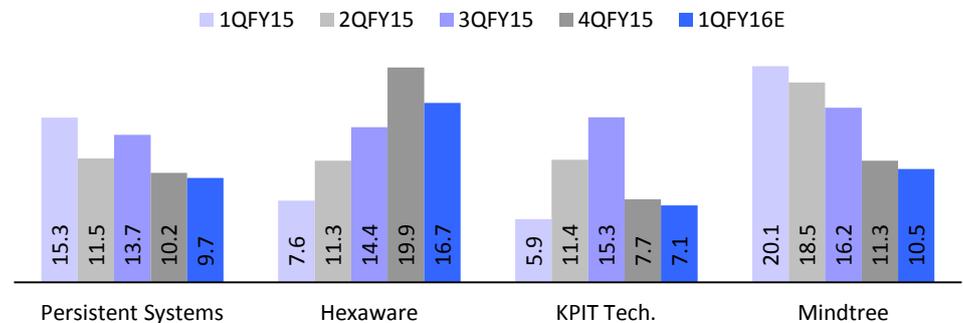
Exhibit 2: Expected quarterly performance summary

Sector	CMP (INR)	Reco	Sales (INR m)			EBDITA (INR m)			Net Profit (INR m)		
			Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ
HCL Technologies	921	Buy	97,475	15.7	5.2	22,745	2.6	8.8	18,550	1.0	10.2
Hexaware Tech.	255	Sell	7,556	23.8	5.9	1,424	40.0	12.1	1,082	41.4	29.7
Infosys	985	Buy	140,516	10.0	4.8	37,552	9.1	0.6	30,132	4.4	-2.7
KPIT Tech.	93	UR	7,838	13.6	2.7	725	-12.8	110.7	421	-17.1	-16.4
Mindtree	1,269	Neutral	9,915	17.5	8.0	2,027	20.3	13.5	1,528	18.1	18.7
Mphasis	411	Neutral	14,916	0.1	4.4	2,231	-9.8	10.7	1,857	6.2	4.5
Persistent Systems	601	Neutral	5,061	16.4	1.7	958	0.9	-4.7	670	-2.6	-11.8
TCS	2,552	Neutral	257,685	16.5	6.4	72,699	14.2	2.9	56,849	12.4	-3.7
Tata Elxsi	1,201	Buy	2,136	12.0	-7.6	421	11.8	-11.1	252	21.0	-15.7
Tech Mahindra	478	Neutral	62,412	21.9	2.0	9,374	1.0	0.9	5,978	-5.2	26.7
Wipro	544	Neutral	123,655	11.0	1.8	27,923	9.5	1.4	22,426	6.6	-1.4
Sector Aggregate			729,165	14.3	4.6	178,080	9.7	3.2	139,745	7.2	0.0

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- Among tier-II IT, we expect growth to remain muted at MPHL, KPIT and PSYS. Even Cyient (CYL, not rated) cited revenue pressures, in addition to KPIT, TECHM and PSYS. Growth at MTCL and HEXW should be sanguine.

Exhibit 3: Growth deceleration in tier-II unlikely to subside with muted outlook from PSYS, KPIT, CYL



Source: Company, MOSL

Currency tailwind unlikely to drive margin expansion (ex HCLT)

- 1QFY16 would see wage hikes effective for the full quarter at TCS and INFO, and for a month at WPRO. Despite ~2% QoQ depreciation in INR, we expect 100-110bp QoQ margin decline at INFO and TCS, and flattish margin at WPRO.
- With no material incremental headwind at HCLT, we expect EBITDA margin to expand 70bp QoQ to 23.3%.
- At TECHM, seasonality in Comviva growth, visa investments and lack of growth are likely to keep EBITDA margin at ~15%, despite levers of utilization and pyramid.

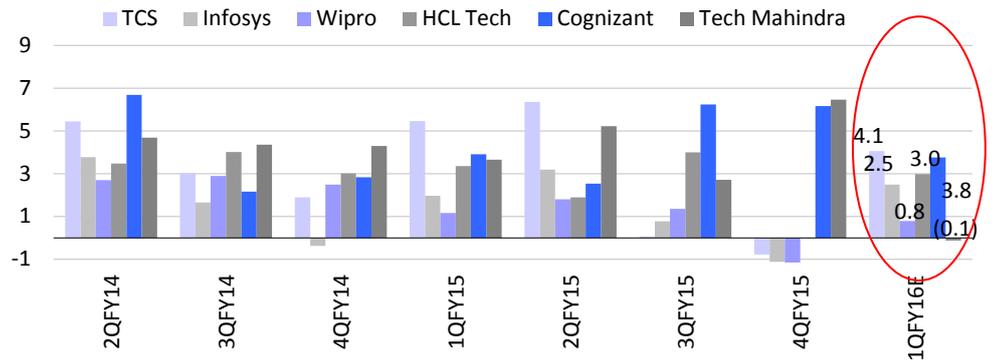
Watch out for INFO's kick start to meeting a challenging guidance, sector's US growth

- INFO's guidance of 10-12% YoY CC revenue growth suggests sanguine growth through the year. The momentum shown in 1Q would be crucial. Anything less than 2.5% QoQ CC (including acquisitions) would be considered soft.
- After a tepid 4QFY15 in US across the top-tier, 1QFY16 is crucial. ACN and CTSH have done materially better, suggesting that their Digital readiness may be paying off.
- ~3% QoQ CC guidance at WPRO would imply subsiding impact of Energy vertical woes, and could drive some traction (assuming 1Q growth at midpoint of guidance).

Bottom-up approach drives our preference for INFO, HCLT

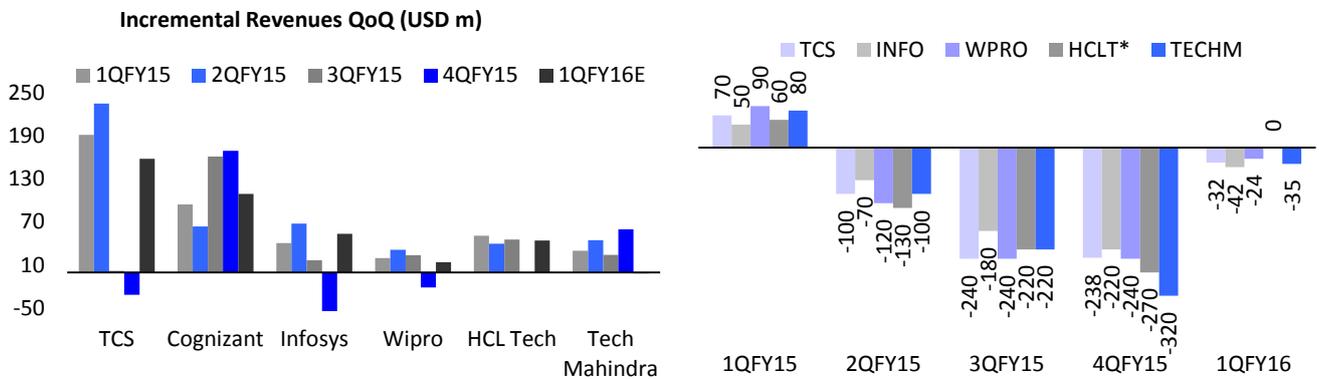
- Valuations across tier-II IT have witnessed some much awaited correction; we still hold on to our preference for tier-I IT over tier-II.
- Within tier-I, our top picks are INFO (on gradual recovery in growth) and HCLT (differentiated growth driver in Engineering Services).
- While we have no buys in tier-II IT, our preferred business models are MTCL and PSYS.
- While TECHM has corrected significantly, estimates still factor a quicker turnaround, and that limits the upside in the near term.

Exhibit 4: WPRO, TECHM to lag peers; expect TCS, CTSH to benefit from 1Q seasonality



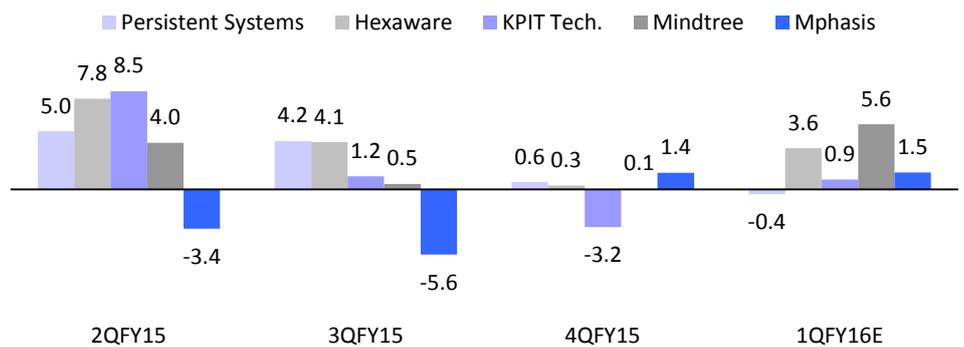
Source: Company, MOSL

Exhibit 5: Incremental revenue to revive at TCS, INFO and HCLT; cross currency movements offer relief after three quarters

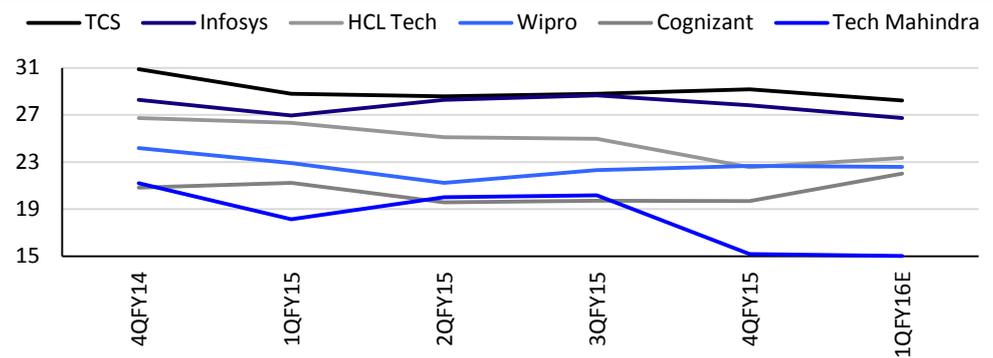


Source: Company, MOSL

Exhibit 6: Mid-tier growth to remain polarized – expect MTCL and HEXW to outperform



Source: Company, MOSL

Exhibit 7: Expect currency-led margin uptick only at HCLT during the quarter

Source: Company, MOSL

Exhibit 8: Aggregate USD YoY growth in 1QFY16 is 7.6%, dragged by currencies; aggregate margins down 105bp across tier-I

Company	Revenue (USD m)					Revenue (INR b)				
	1QFY16E	1QFY15	YoY (%)	4QFY15	QoQ (%)	1QFY16E	1QFY15	YoY (%)	4QFY15	QoQ (%)
TCS	4,058	3,694	9.8	3,900	4.1	258	221	16.5	242	6.4
Infosys	2,213	2,133	3.7	2,159	2.5	141	128	10.0	134	4.8
Wipro	1,788	1,740	2.8	1,775	0.8	124	111	11.0	121	1.8
HCLT	1,535	1,407	9.1	1,491	3.0	97	84	15.7	93	5.2
Tech Mahindra	983	855	14.9	984	-0.1	62	51	21.9	61	2.0
Aggregate	10,577	9,830	7.6	10,308	2.6	682	596	14.5	652	4.6

Company	EBITDA Margin (%)					PAT (INR b)				
	1QFY16E	1QFY15	YoY (%)	4QFY15	QoQ (%)	1QFY16E	1QFY15	YoY (%)	4QFY15	QoQ (%)
TCS	28.2	28.8	-60	29.2	-100	57	51	12.4	39	47.4
Infosys	26.7	26.9	-20	27.8	-110	30	29	4.4	31	-2.7
Wipro	22.6	22.9	-30	22.7	-10	22	21	6.6	23	-1.4
HCLT	23.3	26.3	-300	22.6	80	19	18	1.0	17	10.2
Tech Mahindra	15.0	18.1	-310	15.2	-16	6.0	6.3	-5.2	4.7	27
Aggregate	25.0	26.0	-105	25.4	(45)	134	125	7.0	114	17.6

Source: Company, MOSL

Exhibit 9: Tier-II aggregate PAT growth driven by HEXW, aggregate YoY revenue growth lower than tier-I

Company	Revenue (USD m)					Revenue (INR b)				
	1QFY16E	1QFY15	YoY (%)	4QFY15	QoQ (%)	1QFY16E	1QFY15	YoY (%)	4QFY15	QoQ (%)
Persistent Systems	80	73	9.7	80	-0.4	5.1	4.3	16.4	5.0	1.7
Hexaware	119	102	16.7	115	3.6	7.6	6.1	23.8	7.1	5.9
KPIT Tech.	123	115	7.1	122	0.9	7.8	6.9	13.6	7.6	2.7
Mindtree	156	141	10.5	148	5.6	9.9	8.4	17.5	9.2	8.0
Mphasis	234	249	-6.2	230	1.5	14.9	14.9	0.1	14.3	4.4
Aggregate	712	680	4.7	695	2.4	43	41	6.2	43	0.0

Company	EBITDA margin (%)					PAT (INR b)				
	1QFY16E	1QFY15	YoY (%)	4QFY15	QoQ (%)	1QFY16E	1QFY15	YoY (%)	4QFY15	QoQ (%)
Persistent Systems	18.9	21.8	-290	20.2	-130	0.7	0.7	-2.6	0.8	-11.8
Hexaware	18.8	16.7	220	17.8	100	1.1	0.8	41.4	0.8	29.7
KPIT Tech.	9.2	12.1	-280	4.5	470	0.4	0.5	-17.1	0.5	-16.4
Mindtree	20.4	20.0	50	19.5	100	1.5	1.3	18.1	1.3	18.7
Mphasis	15.0	16.6	-160	14.1	90	1.9	1.7	6.2	1.8	4.5
Aggregate	16.3	17.1	-80	14.9	140	5.6	5.0	11.1	5.2	16.3

Source: Company, MOSL

Exhibit 10: 1QFY16 currency highlights (INR)

	Rates (INR)				Change (QoQ)			
	USD	EUR	GBP	AUD	USD	EUR	GBP	AUD
Average	63.48	70.2	96.8	49.4	2.0%	-0.1%	2.6%	0.8%
Closing	63.75	71.2	100.1	49.1	2.0%	6.0%	8.3%	3.3%

Source: Company, MOSL

Exhibit 11: 1QFY16 currency highlights (in USD)

	Rates (USD)			Change (QoQ)		
	EUR	GBP	AUD	EUR	GBP	AUD
Average	1.11	1.53	0.78	-1.9%	0.9%	-1.0%
Closing	1.12	1.57	0.77	4.1%	6.0%	1.2%

Source: Company, MOSL

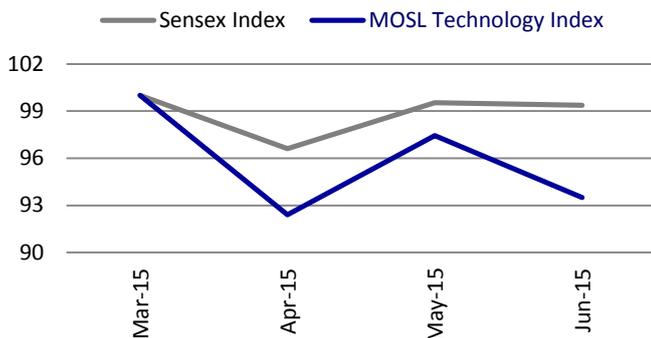
Exhibit 12: Cross currencies – assumed rates v/s actual

Guided at	EUR	GBP	AUD	INR/USD
Infosys	1.11	1.51	0.78	62.06
Wipro	1.07	1.49	0.77	62.10
Actual (Average)	1.11	1.53	0.78	63.48

Change (%)	EUR	GBP	AUD	INR/USD	Impact on USD revenue
Infosys	-0.4%	1.2%	-0.1%	2.3%	0.0%
Wipro	3.3%	2.6%	1.2%	2.2%	0.5%

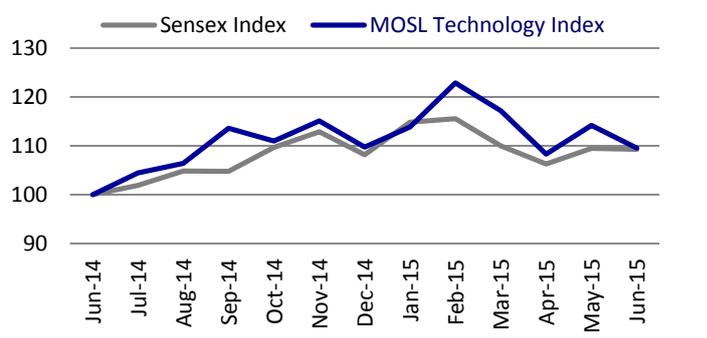
Source: Company, MOSL

Exhibit 13: Relative performance - 3m (%)



Source: Bloomberg, MOSL

Exhibit 14: Relative performance – 1Yr (%)



Source: Bloomberg, MOSL

Exhibit 15: Comparative valuations

Company	Mkt cap (USD b)	Rating	EPS (INR)			P/E (x)			RoE (%)			FY15-17E CAGR %	
			FY15	FY16E	FY17E	FY15E	FY16E	FY17E	FY15	FY16E	FY17E	USD rev.	EPS
TCS	81.2	Neutral	110.8	123.2	143.4	23.8	21.4	18.4	38.5	37.4	35.4	13.1	13.8
Infosys	35.4	Buy	53.9	56.6	65.9	18.2	17.4	14.9	26.0	23.7	24.3	10.0	10.6
Wipro	21.3	Neutral	35.1	38.3	42.5	15.7	14.3	12.9	23.0	21.6	21.0	8.1	10.1
HCL Tech	21.6	Buy	50.9	56.6	64.0	19.1	17.1	15.2	32.4	29.6	27.6	13.1	12.1
TechM	7.0	Neutral	29.6	32.3	40.6	15.7	14.4	11.4	24.5	21.6	23.1	14.4	17.1
Cognizant	37.0	Not Rated	2.3	2.7	3.5	25.8	22.3	17.1	20.7	19.4	20.6	18.1	22.6
Tier-I Agg	203.5					19.7	17.8	15.0	27.5	25.6	25.3		
Mphasis	1.4	Neutral	32.3	35.8	38.2	12.7	11.5	10.8	12.8	13.4	13.6	4.6	8.8
Mindtree	1.7	Neutral	63.9	70.6	88.5	19.8	17.9	14.3	29.4	26.9	28.0	15.4	17.7
KPIT Tech	0.3	UR	11.8	9.6	13.0	8.0	9.8	7.3	18.5	13.9	16.1	6.1	4.7
Hexaware	1.2	Sell	10.6	13.5	16.9	23.9	18.9	15.1	25.7	30.4	35.9	15.1	26.1
NIIT Tech*	0.4	Neutral	31.9	35.9	42.7	12.3	10.9	9.2	8.5	14.7	15.2	13.1	15.7
Persistent Sys.	0.8	Neutral	36.3	36.9	47.3	17.1	16.9	13.2	22.1	19.7	22.0	14.6	14.1
Tier-II Agg	7.9					15.6	14.3	11.6	19.5	19.8	21.8		

NIIT Tech* FY15 EPS excludes exceptional loss

Cognizant Technology

Bloomberg	CTSH US
Equity Shares (m)	607.9
M.Cap. (USD b)	37.1
52-Week Range (INR)	66/51

CMP: USD61.1
Not Rated

- For 2QCY15, CTSH had guided for revenue growth of at least 3.4% QoQ to USD3010m. The company had also raised its guidance for full year revenue growth to at least 19.3% from at least 19% earlier. The guidance implied 3.3% CQGR in 2HCY15.
- We expect CTSH to grow its revenues in the June quarter to USD3036m, +4.3% QoQ, ahead of the company's guidance amid seasonal strength and better situation with cross currencies v/s that at the beginning of the quarter.
- EBITDA margin should benefit partially from depreciation of INR; we estimate 110bp QoQ expansion to 20.8%.
- Our PAT estimate for the quarter is USD418.8m, +9% QoQ, on the back of revenue growth and some margin expansion
- The stock trades at 21.2x CY15E and 17.2x CY16E EPS. **Not Rated.**

Financial Snapshot (USD b)

Y/E MARCH	2013	2014	2015E	2016E
Sales	8.8	10.3	12.3	14.1
EBITDA	1.9	2.1	2.6	3.1
PAT	1.2	1.4	1.8	2.2
EPS (USD)*	2.0	2.3	2.9	3.5
EPS Gr. (%)	16.2	16.8	22.6	23.2
BV/Sh. (USD)	10.0	12.6	15.6	19.1
RoE (%)	22.4	20.7	20.4	20.5
RoCE (%)	29.0	25.9	26.0	26.1

Valuation

P/E (x)	30.4	26.0	21.2	17.2
P/BV (x)	6.1	4.8	3.9	3.2
EV/EBITDA (x)	18.3	16.3	13.1	10.2

Key issues to watch for

- Beat to the moderate guidance in the seasonally strong quarter
- Performance in Development segment and in the US, backed by Digital
- Commentary around pricing and growth in traditional business
- Full impact on the USD2.7b HealthNet deal following the latter's acquisition

Quarterly Performance
(USD Million)

Y/E Dec	CY14				CY15				CY14	CY15E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue (USD m)	2,422	2,517	2,581	2,742	2,911	3,021	3,125	3,233	10,263	12,290
QoQ (%)	2.8	3.9	2.5	6.2	6.2	3.8	3.4	3.5	16.1	19.8
GPM (%)	40.9	40.4	39.2	40.2	40.7	41.5	40.2	40.8	40.2	40.8
SGA (%)	20.0	19.2	19.6	20.5	21.0	19.5	19.5	19.5	19.8	19.9
EBITDA	20.8	21.2	19.6	19.7	19.7	22.0	20.7	21.3	20.3	21.0
EBIT Margin (%)	19.0	19.4	17.7	17.5	17.2	20.3	19.0	19.6	18.4	19.0
Other income	13.2	13.9	6.2	5.9	10.3	9.9	10.5	11.7	39.2	42.3
ETR (%)	26.3	25.9	23.3	25.2	25.0	26.0	26.0	26.0	25.2	25.8
PAT	349	372	356	363	383	461	447	477	1,439	1,767
QoQ (%)	7.6	6.6	-4.4	2.0	5.5	20.3	-2.9	6.7		
YoY (%)	22.8	23.8	11.3	11.9	9.8	23.8	25.7	31.4	17.1	22.8
EPS (USD)	0.6	0.6	0.6	0.6	0.6	0.8	0.7	0.8	2.3	2.9
Headcount	178,600	187,400	200,000	211,500	217,700	224,600	231,500	237,900	211,500	237,900
Util excl. trainees (%)	76.0	74.0	73.0	69.0	70.0	71.5	72.0	73.0	72.8	71.7
Attrition (%)	14.1	16.9	15.6	14.5						
Offshore rev. (%)	49.0	49.0	49.0	49.0	49.0	49.3	49.5	49.8	49.0	49.4
Fixed Price (%)	36.0	35.0	35.0	36.0						

E: MOSL Estimates

HCL Technologies

Bloomberg	HCLT IN
Equity Shares (m)	1,411.4
M. Cap. (INR b)/(USD b)	1,300/20
52-Week Range (INR)	1,058/714
1,6,12 Rel Perf. (%)	-9 / 14 / 14

Financial Snapshot (INR b)

Y/E JUNE	2014	2015E	2016E	2017E
Sales	329.2	370.3	423.7	487.4
EBITDA	86.7	88.8	98.8	111.2
PAT	63.7	73.3	79.9	90.5
EPS (INR)	45.1	50.9	56.6	64.0
EPS Gr. (%)	57.7	12.9	11.2	13.1
BV/Sh. (INR)	143.8	173.0	212.4	256.4
RoE (%)	37.1	32.4	29.6	27.6
RoCE (%)	40.9	34.9	32.3	30.0
Payout (%)	24.4	33.4	25.6	26.6

Valuation

P/E (x)	20.4	18.1	16.3	14.4
P/BV (x)	6.4	5.3	4.3	3.6
EV/EBITDA	13.8	13.2	11.4	9.7
Div yld (%)	1.2	1.8	1.6	1.8

CMP: INR921

Buy

- We expect HCLT to grow its USD revenues by 3% QoQ in 4QFY15. Impact from cross currencies should be negligible at HCLT.
- Our growth estimate is constituted from our assumptions of 3.9% QoQ growth in IMS, 2.6% QoQ growth in Software Services, and 2% QoQ growth in BPO services.
- In Rupee terms, we assume revenues of INR97.5b, up 5.2% QoQ.
- After declining 240bp QoQ in the last quarter to 22.6%, EBITDA margin should see some reprieve in the June quarter, during which the INR has depreciated ~2% QoQ to INR63.5/USD. Our EBITDA margin estimate is 23.3%, up 70bp QoQ.
- Our PAT estimate for the quarter is INR18.55b, up 10.2% QoQ, on the back of 12.4% decline in the previous quarter.
- The stock trades at 16.3x FY16E and 14.4x FY17E EPS. Maintain **Buy**.

Key issues to watch for

- TCV of deals signed during the quarter
- Growth in IMS and Engineering segment
- Commentary on margins and any likely further correction

HCL Tech Quarterly Performance (US GAAP)

(INR Million)

Y/E June	FY14				FY15				FY14	FY15E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue (USD m)	1,270	1,321	1,361	1,407	1,434	1,491	1,491	1,535	5,360	5,950
QoQ (%)	3.5	4.0	3.0	3.4	1.9	4.0	0.0	3.0	14.4	11.0
Revenue (INR m)	79,610	81,840	83,490	84,240	87,350	92,830	92,670	97,475	329,180	370,325
YoY (%)	30.7	30.4	30.0	21.3	9.7	13.4	11.0	15.7	27.9	12.5
GPM (%)	39.0	38.4	38.9	38.1	36.8	37.0	35.3	36.2	38.6	36.3
SGA (%)	12.7	12.5	12.1	11.8	11.7	12.0	12.7	12.9	12.3	12.3
EBITDA Margin (%)	26.3	26.0	26.7	26.3	25.1	25.0	22.6	23.3	26.3	24.0
EBIT Margin (%)	23.8	23.7	24.7	24.2	23.9	23.9	21.3	22.1	24.1	22.8
Other income	-1,200	-470	-70	1,580	1,489	2,160	1,790	1,925	-160	7,364
ETR (%)	20.2	21.0	20.9	16.5	23.2	21.0	21.9	21.0	19.5	21.7
PAT before EOI	14,160	14,950	16,239	18,360	17,179	19,219	16,838	18,550	63,709	71,787
QoQ (%)	18.2	5.6	8.6	13.1	-6.4	11.9	-12.4	10.2		
YoY (%)	63.9	58.3	59.4	53.3	21.3	28.6	3.7	1.0	58.3	12.7
EPS	10.0	10.6	11.5	13.0	12.2	13.6	11.9	13.1	45.1	50.9
Headcount	87,196	88,332	90,190	91,691	95,522	100,240	104,184	106,784	91,691	106,784
Util excl. trainees (%)	84.9	84.1	84.2	84.5	82.7	82.9	81.9	81.4		
Attrition (%)	16.1	16.6	16.9	16.9	16.6	16.4	16.2			
Fixed Price (%)	54.7	54.3	55.7	56.5	56.3	55.8	56.3			

E: MOSL Estimates

Hexaware Technologies

Bloomberg	HEXW IN
Equity Shares (m)	300.7
M. Cap. (INR b)/(USD b)	77/1
52-Week Range (INR)	335/137
1,6,12 Rel Perf. (%)	-9 / 27 / 52

Financial Snapshot (INR b)

Y/E DEC	2013	2014	2015E	2016E
Sales	22.9	25.8	30.6	35.8
EBITDA	5.1	4.8	5.6	6.9
PAT	3.8	3.3	4.1	5.1
EPS (INR)	12.6	10.6	13.5	16.9
EPS Gr. (%)	15.6	-15.6	27.0	25.2
BV/Sh. (INR)	39.9	42.9	45.9	48.3
RoE (%)	31.6	25.7	30.4	35.9
RoCE (%)	33.9	28.2	30.8	35.1
Payout (%)	85.8	77.4	66.7	69.1

Valuation

P/E (x)	20.2	24.0	18.9	15.1
P/BV (x)	6.4	5.9	5.6	5.3
EV/EBITDA (x)	13.3	14.7	12.8	10.7
Div yld (%)	4.4	3.3	3.6	4.7

CMP: INR255

Sell

- We expect USD revenue to grow 3.6% QoQ at HEXW to USD119m.
- In INR terms, we expect revenue to grow 5.9% QoQ to INR7.56b.
- We model an EBITDA margin uptick of 100bp QoQ to 18.8%. Our assumption of margin uptick is based on support from INR depreciation during the quarter.
- Our PAT estimate for the quarter is INR1082m, significantly above last quarter's INR834m, on the back of margin uptick and higher other income (forex loss of INR134m in the previous quarter).
- Dividend payout has remained extremely healthy thus far, though the management has refrained from citing any clear policy. We expect INR2/share of dividend, the same as last quarter.
- The stock trades at 18.9x CY15E and 15.1x CY16E earnings. **Sell.**

Key issues to watch for

- Large deal pipeline and traction post increased S&M spend
- Commentary on sustenance of revenue growth and margins
- Dividend payout during the quarter

Quarterly Performance (Indian GAAP)

(INR Million)

Y/E Dec	CY14				CY15				CY14	CY15E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue (USD m)	96	102	110	115	114.9	119.0	123	127	422	485
QoQ (%)	-4.3	6.5	7.8	4.1	0.3	3.6	3.5	3.4	8.9	14.7
Revenue (INR m)	5,889	6,104	6,706	7,118	7,134	7,556	7,824	8,093	25,817	30,607
YoY (%)	16.0	13.8	8.0	14.8	21.1	23.8	16.7	13.7	13.0	18.6
GPM (%)	36.8	36.2	37.3	37.4	35.7	36.7	36.1	36.6	36.9	36.3
SGA (%)	17.5	19.6	19.3	17.5	17.9	17.9	17.9	17.9	18.4	17.9
EBITDA	1,133	1,017	1,208	1,418	1,270	1,424	1,428	1,512	4,776	5,634
EBITDA Margin (%)	19.2	16.7	18.0	19.9	17.8	18.8	18.2	18.7	18.5	18.4
EBIT Margin (%)	17.4	14.9	16.4	18.3	16.2	17.3	16.7	17.2	16.8	16.8
Other income	-50	83	-11	-112	-96	70	15	18	-90	6
ETR (%)	27.9	22.9	20.9	21.3	21.2	21.2	21.2	21.2	23.1	21.2
PAT	703	765	860	939	834	1,082	1,040	1,109	3,267	4,064
QoQ (%)	-31.9	8.8	12.4	9.2	-11.2	29.7	-3.9	6.6		
YoY (%)	-11.3	-21.9	-13.0	-9.0	18.6	41.4	20.9	18.1	-13.8	24.4
EPS (INR)	2.3	2.5	2.9	2.9	2.8	3.6	3.4	3.7	10.6	13.5
Headcount	8,952	9,287	9,697	10,016	10,100	10,423	10,745	11,067	10,016	11,067
Utilization (%)	72.9	70.8	70.3	73.0	73.6	74.0	74.5	75.0	72.9	75.2
Attrition (%)	12.8	12.7	13.0	14.1	16.6					
Offshore rev. (%)	47.1	45.2	43.8	42.4	41.1	41.3	41.6	41.8	44.5	41.5

E: MOSL Estimates

Infosys

Bloomberg	INFO IN
Equity Shares (m)	2,285.6
M. Cap. (INR b)/(USD b)	2,252/35
52-Week Range (INR)	1,168/795
1,6,12 Rel Perf. (%)	-2 / -1 / 12

Financial Snapshot (INR b)

Y/E MARCH	2014	2015	2016E	2017E
Sales	501.3	533.2	590.1	674.5
EBITDA	136.3	149.0	163.5	188.3
PAT	108.7	123.3	129.5	150.7
EPS (INR)	46.6	53.9	56.6	65.9
EPS Gr. (%)	13.0	15.8	5.0	16.4
BV/Sh. (INR)	208	240	269	308
RoE (%)	24.9	26.0	23.7	24.3
RoCE (%)	28.1	27.0	25.7	26.2
Payout (%)	33.1	34.3	39.7	41.7

Valuations

P/E (x)	21.1	18.3	17.4	14.9
P/BV (x)	4.7	4.1	3.7	3.2
EV/EBITDA (x)	14.3	12.9	11.4	9.5
Div Yield (%)	1.6	1.9	2.3	2.8

CMP: INR985

Buy

- INFO's constant currency revenue growth guidance of 10-12% YoY in FY16 implies 3.1% CQGR to meet the lower end.
- For 1QFY16, we estimate constant currency revenue growth of 2.8% QoQ, and reported USD revenue growth of 2.5% QoQ, partially contributed (~0.5pp) by acquisitions.
- In Rupee terms, our revenue growth estimate is 4.8% QoQ, on the back of 2.2% sequential depreciation in INR v/s USD
- We expect EBITDA margin to decline 110bp QoQ to 26.7%, despite favorable INR, due to INFO's wage hikes becoming fully effective during the quarter.
- Our other income estimate for the quarter is INR7.6b, compared to INR8.8b in the previous quarter.
- Our PAT estimate is INR30.1b, down 2.7% QoQ due to lower margin and other income.
- The stock trades at 17.4x FY16E and 14.9x FY17E earnings. **Buy.**

Key issues to watch for

- CC per capita productivity after two quarters of decline
- Progress in new avenues such as IAP, IIP and acquisitions
- Deal signings in BITS after encouraging announcements during the course of the quarter

Quarterly Performance (IFRS)

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	2,133	2,201	2,218	2,159	2,213	2,286	2,362	2,432	8,711	9,293
QoQ (%)	2.0	3.2	0.8	-2.7	2.5	3.3	3.3	3.0	5.6	6.7
Revenue (INR m)	127,700	133,420	137,960	134,110	140,516	145,167	149,991	154,448	533,190	590,122
YoY (%)	13.3	2.9	5.9	4.2	10.0	8.8	8.7	15.2	6.4	10.7
GPM (%)	38.8	40.7	40.6	41.2	38.7	39.7	40.0	40.3	40.3	39.7
SGA (%)	11.8	12.4	11.9	13.3	12.0	12.0	12.0	12.0	12.4	12.0
EBITDA	34,410	37,740	39,540	37,320	37,552	40,139	42,029	43,746	149,020	163,466
EBITDA Margin (%)	26.9	28.3	28.7	27.8	26.7	27.7	28.0	28.3	27.9	27.7
EBIT Margin (%)	25.1	26.1	26.7	25.7	24.4	25.2	25.6	25.9	25.9	25.3
Other income	8,290	8,770	8,400	8,810	7,576	7,104	8,120	7,831	34,270	30,630
ETR (%)	28.6	29.0	28.2	28.5	28.0	28.0	28.0	28.0	28.6	28.0
PAT	28,860	30,960	32,500	30,980	30,132	31,411	33,496	34,464	123,310	129,503
QoQ (%)	-3.5	7.3	5.0	-4.7	-2.7	4.2	6.6	2.9		
YoY (%)	21.6	17.9	13.0	3.5	4.4	1.5	3.1	11.2	15.8	5.0
EPS (INR)	12.6	13.5	14.2	13.5	13.2	13.7	14.7	15.1	53.9	56.6
Headcount	161,284	165,411	169,638	176,187	178,565	182,708	185,765	190,706	176,187	190,706
Util excl. trainees (%)	80.1	82.3	82.7	79.3	78.7	79.3	80.4	80.6	82.0	79.8
Attrition (%)	19.5	20.1	20.4	18.9						
Offshore rev. (%) (IT Serv)	45.5	45.4	45.2	44.8						
Fixed Price (%)	40.1	41.4	42.9	43.8						

E: MOSL Estimates

KPIT Technologies

Bloomberg	KPIT IN
Equity Shares (m)	198.6
M.Cap. (INR b) /(USD b)	18/0.3
52-Week Range (INR)	233/85
1, 6, 12 Rel. Per (%)	-10/-55/-55

Financial Snapshot (INR b)

Y/E MARCH	2014	2015	2016E	2017E
Sales	26.9	29.9	32.0	35.3
EBITDA	4.2	3.3	3.5	4.4
PAT	2.4	2.4	1.9	2.6
EPS (INR)	12.6	11.8	9.6	13.0
EPS Gr. (%)	19.0	-5.7	-18.6	34.6
BV/Sh. (INR)	64.0	64.6	74.3	87.3
RoE (%)	20.7	18.5	13.9	16.1
RoCE (%)	29.9	18.1	17.7	21.4
Payout (%)	8.8	12.7	20.7	19.3

Valuations

P/E (x)	7.4	7.9	9.6	7.2
P/BV (x)	1.5	1.4	1.3	1.1
EV/EBITDA (x)	4.0	4.5	4.0	2.6
Div yld (%)	1.2	1.6	2.2	2.7

CMP: INR93

Under Review

- While KPIT's SAP, Oracle segments should be steady in 1Q, its Products and Platforms business would witness seasonal weakness in Intelligent Transportation Solutions (ITS). We expect 1QFY16 revenues to remain flattish at USD123m.
- KPIT expects focus the on margin improvement efforts to start showing results from 3QFY16. In 1Q, we expect EBITDA margin of 9.2%, which excluding the one-offs in the previous quarter, translates to expansion of ~70bp QoQ.
- KPIT has deferred its wage hikes to 2QFY16, which also explains why its uptick in margins is unlikely before 3QFY16.
- Our PAT estimate is INR421m, well below INR504m of the previous quarter, which benefited from tax credit of INR358m due to merger of an acquisition and consequent write-off of goodwill.
- KPIT trades at 9.6x FY15E and 7.2x FY16E earnings. **Under Review.**

Key issues to watch for

- Margin performance in 1QFY16
- Growth in SAP and Engineering Services (ex-products & platforms)
- Commentary on growth across segments

Quarterly Performance (Indian GAAP)

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	115	125	126	122	123	124	127	129	489	504
QoQ (%)	1.4	8.5	1.2	-3.2	0.9	0.8	2.2	1.2	10.1	3.0
Revenue (INR m)	6,897	7,574	7,798	7,630	7,838	7,903	8,077	8,174	29,899	31,992
YoY (%)	12.5	7.8	15.0	9.0	13.6	4.3	3.6	7.1	11.0	7.0
GPM (%)	26.5	29.7	31.1	25.2	26.2	25.6	27.2	27.7	28.2	26.7
SGA (%)	14.4	16.4	17.2	20.7	17.0	15.8	15.3	15.5	17.2	15.9
EBITDA Margin (%)	12.1	13.3	13.9	4.5	9.2	9.8	11.9	12.2	10.9	10.8
EBIT Margin (%)	9.7	10.1	11.1	1.6	6.7	7.2	9.3	9.5	8.1	8.2
Other income	101	42	25	177	110	38	39	42	345	229
Interest	40	39	51	150	55	52	50	48	279	205
ETR (%)	30.4	8.1	22.3	-245.3	27.0	27.0	27.0	27.0	4.6	27.0
PAT	508	706	653	504	421	405	540	565	2,371	1,932
QoQ (%)	-1.3	39.1	-7.5	-22.9	-16.4	-3.9	33.3	4.7		
YoY (%)	-15.5	5.8	7.5	-2.2	-17.1	-42.7	-17.3	12.3	-0.8	-18.5
EPS (INR)	2.5	3.5	3.3	2.5	2.1	2.0	2.7	2.8	11.8	9.6
Headcount	9,490	9,933	10,291	10,980	10,789	10,598	10,607	10,666	10,980	10,666
Util excl. trainees (%)	70.2	71.6	70.2	65.6	67.0	69.5	71.0	72.0	69.3	69.9
Offshore rev. (%)	42.8	48.9	46.5	47.6	47.0	47.3	47.3	47.6	46.5	47.3
Fixed Price (%)	28.4	29.6	33.8							

E: MOSL Estimates

MindTree

Bloomberg	MTCL IN
Equity Shares (m)	83.7
M. Cap. (INR b)/(USD b)	106/2
52-Week Range (INR)	1,589/834
1,6,12 Rel Perf. (%)	-12 / -2 / 34

Financial Snapshot (INR b)

Y/E MARCH	2014	2015	2016E	2017E
Sales	30.3	35.6	42.1	49.5
EBITDA	6.1	7.1	8.2	10.4
PAT	4.5	5.4	5.9	7.4
EPS (INR)	53.9	63.9	70.6	88.5
EPS Gr. (%)	31.8	18.6	10.6	25.4
BV/Sh. (INR)	195.7	239.5	286.0	345.7
RoE (%)	30.5	29.4	26.9	28.0
RoCE (%)	35.5	32.8	31.0	33.1
Payout (%)	23.2	26.6	28.3	27.1

Valuation

P/E (x)	23.6	19.9	18.0	14.3
P/BV (x)	6.5	5.3	4.4	3.7
EV/EBITDA (x)	16.3	13.7	11.8	9.0
Div Yld (%)	1.0	1.3	1.6	1.9

CMP: INR1,269

Neutral

- We model 1QFY16 revenue at USD156m, +5.6% QoQ, on the back of seasonal strength and some contribution from Discoveriture acquisition.
- In INR terms, our revenue estimate stands at INR9.9b, up 8% QoQ, aided by INR depreciation of 2.2% to INR63.5.
- Our estimate for EBITDA margin is 20.4%, +90bp QoQ, mainly on account of INR depreciation. We estimate gross margin at 42%, +180bp QOQ, and SGA at 22.5%, +80bp QoQ on visa costs.
- Our PAT estimate for the quarter is INR1.53b, which implies a PAT margin of 15.4% and significant PAT growth of 18.7% QoQ. We model INR80m of forex gains and INR151m of other income.
- MTCL signed deals worth TCV of USD646m in Y15, and is expected to continue its momentum on that front.
- The stock trades at 18x FY16E and 14.3x FY17E earnings. **Neutral.**

Key issues to watch for

- Guidance for growth in 2Q and likely impact, if any, from a couple of sluggish accounts
- Deal wins during the quarter and growth in Digital
- Margin trajectory, going forward amid multiple levers
- Performance and outlook of the Hi-tech vertical

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	141	147	148	148	156	163	169	175	584	663
QoQ (%)	6.4	4.0	0.5	0.1	5.6	4.7	3.6	3.1	16.4	13.7
Revenue (INR m)	8,435	8,886	9,117	9,181	9,915	10,381	10,751	11,084	35,619	42,132
YoY (%)	30.2	15.5	15.3	11.5	17.5	16.8	17.9	20.7	17.5	18.3
GPM (%)	42.2	41.5	42.3	41.1	42.9	41.7	41.8	41.7	41.8	42.0
SGA (%)	22.2	21.8	21.8	21.7	22.5	22.5	22.5	22.5	21.9	22.5
EBITDA Margin (%)	20.0	19.8	20.5	19.5	20.4	19.2	19.3	19.2	19.9	19.5
EBIT Margin (%)	17.3	17.1	17.6	16.2	17.4	16.2	16.3	16.2	17.0	16.5
Other income	210	241	210	174	256	117	182	191	835	745
ETR (%)	22.4	22.0	22.4	22.7	22.8	22.9	23.0	23.1	22.4	23.0
PAT	1,294	1,374	1,408	1,287	1,528	1,388	1,488	1,526	5,363	5,930
QoQ (%)	31.5	6.2	2.5	-8.6	18.7	-9.2	7.2	2.5		
YoY (%)	-4.4	6.8	59.1	30.8	18.1	1.0	5.7	18.6	18.9	10.6
EPS (INR)	15.4	16.4	16.7	15.3	18.2	16.5	17.7	18.2	63.9	70.6
Headcount	12,845	13,018	13,323	14,202	14,852	15,452	15,902	16,352	14,202	16,352
Util incl. trainees (%)	72.1	73.5	71.8	70.2	70.5	71.0	71.5	71.5	71.9	71.1
Attrition (%)	14.2	15.7	18.1	18.2						
Offshore rev. (%)	55.8	54.4	54.2	52.9	52.8	52.8	52.8	52.6	54.3	52.7
Fixed Price (%)	43.8	43.6	46.5	46.5						

E: MOSL Estimates

Mphasis

Bloomberg	MPHL IN
Equity Shares (m)	210.1
M. Cap. (INR b)/(USD b)	86/1
52-Week Range (INR)	477/331
1,6,12 Rel Perf. (%)	11 / 6 / -13

Financial Snapshot (INR b)

Y/E MARCH	2014	2015	2016E	2017E
Sales	25.9	57.9	61.4	66.2
EBITDA	4.4	8.7	9.4	10.2
PAT	3.1	6.8	7.5	8.0
EPS (INR)	14.7	32.3	35.8	38.2
EPS Gr. (%)*	-0.1	-8.6	11.0	6.6
BV/Sh. (INR)	243	260.8	274.1	288.3
RoE (%)	14.8	12.8	13.4	13.6
RoCE (%)	16.7	13.1	13.7	14.7
Payout (%)	47.6	49.6	52.4	52.4

Valuations

P/E (x)	11.6	12.7	11.5	10.8
P/BV (x)	1.7	1.6	1.5	1.4
EV/EBITDA (x)	6.5	7.5	6.2	5.4
Div yld (%)	4.1	3.9	4.6	4.9

*Annualized values for 5m FY14

CMP: INR411

Neutral

- For MPHL, the HP channel is likely to continue its rate of decline, in line with the company's initial forecast of 20% volume decline in FY15. Direct Channel should witness growth.
- After rebound in the last quarter, Digital Risk revenues should not be as highly volatile as the last few quarters.
- Overall, we model revenue growth of 1.5% QoQ to USD234m. In Rupee terms, we estimate revenue at INR14.9b at an exchange rate of INR63.5/USD.
- EBITDA margin is likely to pick up by 90bp QoQ to 15%, with INR depreciating in addition to some growth in Direct Channel.
- We expect PAT to grow 4.5% QoQ to INR1.86b; our PAT margin estimate is 12.4% (flattish QoQ). Our total other income estimate is INR181m against INR208m in 4QFY15.
- The stock trades at 11.5x FY16E and 10.8x FY17E EPS. **Neutral.**

Key issues to watch for

- Outlook for Digital Risk and HP channel
- Deal TCW during the quarter in Direct Channel (organic business)

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	Jun 14	Sep 14	Dec-14	Mar-15	Jun 15	Sep 15	Dec 15	Mar 16		
Revenue (USD m)	249	240	227	230	233.5	239	245	249	946	967
QoQ (%)	-2.1	-3.4	-5.6	1.4	1.5	2.4	2.4	1.8	-6.2	2.2
Revenue (INR m)	14,902	14,649	14,108	14,290	14,916	15,134	15,521	15,811	57,949	61,383
YoY (%)	-3.2	-8.1	-9.8	-7.5	0.1	3.3	10.0	10.6	-6.9	5.9
GPM (%)	27.8	26.7	24.9	26.8	26.3	26.2	25.8	26.1	26.6	26.1
SGA (%)	10.9	12.1	10.2	11.6	11.3	11.3	10.2	10.2	11.2	10.8
EBITDA Margin (%)	16.6	14.6	14.6	14.1	15.0	14.9	15.5	15.9	15.0	15.3
EBIT Margin (%)	14.8	13.0	13.0	12.5	13.4	13.3	14.0	14.4	13.3	13.8
Other income	356	439	497	675	574	447	460	479	1,967	1,961
Interest Expense	77	91	61	51	32	30	28	26	-280	-116
ETR (%)	29.8	28.7	27.1	26.2	27.0	27.0	27.0	27.0	28.0	27.0
PAT	1,748	1,602	1,651	1,777	1,857	1,776	1,900	1,989	6,778	7,522
QoQ (%)	-4.6	-8.4	3.1	7.6	-30.3	-4.3	7.0	4.7		
YoY (%)	-9.2	-15.8	-11.7	-3.0	6.2	10.9	15.1	-25.4	119.3	11.0
EPS (INR)	8.3	7.6	7.9	8.5	8.8	8.5	9.0	9.5	32.3	35.8
Headcount	35,497	36,015	35,208	34,059	33,069	33,779	34,399	34,769	34,059	34,769
Net Additions	-166	518	-807	-1149	-990	710	620	370	-1604	710
HP Channel rev. (%)	36.0	35.8	34.6	31.3						
Fixed Price (%)	13.3	13.8	16.7	14.4						

E: MOSL Estimates

Persistent Systems

Bloomberg	PSYS IN
Equity Shares (m)	80.0
M. Cap. (INR b)/(USD b)	48/1
52-Week Range (INR)	961/529
1,6,12 Rel Perf. (%)	-23 / -29 / 1

Financial Snapshot (INR b)

Y/E MARCH	2014	2015E	2016E	2017E
Sales	16.7	18.9	21.8	25.9
EBITDA	4.3	3.9	4.3	5.5
Adj. PAT	2.5	2.9	3.0	3.8
Adj. EPS (INR)	31.2	36.3	36.9	47.3
EPS Gr. (%)	32.9	16.6	1.6	28.1
BV/Sh.(INR)	157.3	180.9	204.1	237.9
RoE (%)	22.3	22.1	19.7	22.0
RoCE (%)	21.9	24.4	19.7	19.7
Payout (%)	19.3	27.5	32.5	25.4
Valuations				
P/E (x)	19.3	16.5	16.3	12.7
P/BV (x)	3.8	3.3	2.9	2.5
EV/EBITDA (x)	9.5	9.9	8.7	6.6
Div. Yield (%)	1.0	1.7	2.0	2.0

CMP: INR601

Neutral

- PSYS expects problems in its pre-Internet era client accounts and IP business volatility to drive some revenue decline in 1QFY16.
- We expect 1QFY16 revenue to decline marginally by 0.4% QoQ to USD79.7m. We expect Services to remain flat at USD65.1m and IP-led revenue to decline 2.7% QoQ to USD14.1m. In INR terms, we expect revenue to grow 1.7% QoQ to INR5.06b.
- Visa costs and investments in S&M would weigh on margins. We expect EBITDA margin to decline 130bp QoQ to 18.9%, as PSYS continues to make investments for its EDT strategy. We expect SGA at 20.9%, +90bp QoQ, and gross margin at 39.8%, -40bp QoQ.
- Our PAT estimate for 1Q is INR670m, down 112% QoQ. Apart from lower margins, this is also driven by drop in tax rate in 4QFY15 to 20.6%. We estimate effective tax rate of 25.5% in 1QFY16.
- The stock trades at 16.3x FY16E and 12.7x FY17E earnings. **Neutral**.

Key issues to watch for

- Performance and outlook for top clients in ISV
- Commentary on traction with Enterprise customers and potential of winning large deals
- Outlook on sustainable profit margins in the near-to-medium term

Quarterly Performance (IFRS)

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	72.7	76.3	79.5	80.0	79.7	83.6	87.5	93.0	309	344
QoQ (%)	0.0	5.0	4.2	0.6	-0.4	4.8	4.7	6.3	12.6	11.4
Revenue (INR m)	4,350	4,642	4,946	4,975	5,061	5,306	5,557	5,904	18,913	21,828
QoQ (%)	-2.6	6.7	6.6	0.6	1.7	4.8	4.7	6.3		
YoY (%)	21.7	7.4	14.3	11.4	16.4	14.3	12.3	18.7	13.3	15.4
GPM (%)	40.1	40.2	40.2	40.2	39.8	38.2	39.2	41.3	40.2	39.6
SGA (%)	18.3	19.6	20.0	20.0	20.9	20.2	19.4	19.0	19.5	19.8
EBITDA Margin (%)	21.8	20.6	20.1	20.2	18.9	18.0	19.3	22.8	20.7	19.8
EBIT Margin (%)	16.6	15.5	15.1	15.6	14.4	13.6	15.2	18.9	15.7	15.6
Other income	233	274	245	181	172	124	129	127	932	552
ETR (%)	27.9	28.2	25.1	20.6	25.5	25.5	25.5	25.5	25.5	25.5
PAT	688	713	745	761	670	629	726	926	2,906	2,951
QoQ (%)	2.4	3.6	4.4	2.1	-11.8	-6.2	15.5	27.6		
YoY (%)	20.5	17.3	16.0	13.2	-2.6	-11.9	-2.5	21.8	16.6	1.5
EPS (INR)	8.6	8.9	9.3	9.5	8.4	7.9	9.1	11.6	36.3	36.9
Headcount	7,876	8,067	8,296	8,506	8,667	9,028	9,339	9,600	8,506	9,600
Util excl. trainees (%)	67.7	70.3	74.3	74.7	76.8	75.0	75.0	75.0	71.7	73.4
Attrition (%)	14.0	14.1	14.7	15.5						
IP rev. proportion(%)	20.0	19.6	19.0	18.1	17.7	17.7	17.8	19.7	19.2	18.3

E: MOSL Estimates

TCS**Neutral**

Bloomberg	TCS IN
Equity Shares (m)	1,958.7
M. Cap. (INR b)/(USD b)	4,999/79
52-Week Range (INR)	2,834/2,317
1,6,12 Rel Perf. (%)	-2 / -1 / -4

CMP: INR2,552

- The strength of 1Q seasonality is usually more prominent at TCS, and we expect it to be no different in FY16. We expect TCS to lead growth, with 4.1% QoQ uptick in revenues to USD4,058m. This assumes cross currency impact of ~30bp.
- In Rupee terms, our revenue estimate of INR257.7b implies growth of 6.4% QoQ, on the back of 2.3% QoQ depreciation in realized INR.
- We expect EBITDA margin to decline 100bp QoQ to 28.2%, on the back of wage hikes to all employees during the quarter.
- Estimated total other income stands at INR6.1b, well below last quarter's INR11.3b.
- On the back of lower margins and other income, our PAT estimate for the quarter is INR56.8b, -3.7% QoQ.
- The stock trades at 20.7x FY16E and 17.8x FY17E earnings. **Neutral.**

Financial Snapshot (INR b)

Y/E MARCH	2014	2015	2016E	2017E
Sales	818.1	946.5	1,093.0	1,264.7
EBITDA	251.3	272.9	314.7	362.1
PAT	191.2	217.0	241.2	280.9
EPS (INR)	97.6	110.8	123.2	143.4
EPS Gr. (%)	37.1	13.5	11.2	16.5
BV/Sh. (INR)	282.5	293.4	364.6	446.4
RoE (%)	39.7	38.5	37.4	35.4
RoCE (%)	47.6	43.2	43.9	41.3
Payout (%)	32.8	71.3	34.9	35.6

Valuations

P/E (x)	26.1	23.0	20.7	17.8
P/BV (x)	9.0	8.7	7.0	5.7
EV/EBITDA (x)	19.2	17.6	15.1	12.9
Div. yield (%)	1.3	3.1	1.7	2.0

Key issues to watch for

- Growth in troubled segments – Energy, Telecom, Insurance
- Outlook on revenue from TCS Japan
- Any change in pricing commentary
- Traction in new Digital initiatives (automation / solutions)

TCS Quarterly Performance (IFRS)

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	3,694	3,929	3,931	3,900	4,058	4,238	4,380	4,536	15,454	17,212
QoQ (%)	5.5	6.4	0.1	-0.8	4.1	4.4	3.3	3.5	15.0	11.4
Revenue (INR m)	221,110	238,165	245,011	242,198	257,685	269,140	278,143	288,012	946,484	1,092,981
YoY (%)	22.9	13.5	15.1	12.4	16.5	13.0	13.5	18.9	15.7	15.5
GPM (%)	46.3	45.6	46.1	45.5	44.9	45.3	45.4	45.7	45.8	45.3
SGA (%)	17.5	17.0	17.3	16.3	16.7	16.6	16.6	16.4	17.0	16.5
EBITDA	63,670	68,087	70,531	70,653	72,699	77,321	80,224	84,443	272,941	314,688
EBITDA Margin (%)	28.8	28.6	28.8	29.2	28.2	28.7	28.8	29.3	28.8	28.8
EBIT Margin (%)	26.3	26.8	27.0	27.2	26.5	27.0	27.1	27.6	26.9	27.1
Other income	8,151	5,659	6,295	11,288	6,062	3,978	4,405	4,930	31,393	19,375
ETR (%)	23.1	23.1	24.1	23.0	23.0	23.0	23.0	23.0	23.3	23.0
PAT	50,578	52,883	54,442	59,055	56,849	58,652	61,097	64,619	216,958	241,217
QoQ (%)	-4.5	4.6	2.9	8.5	-3.7	3.2	4.2	5.8		
YoY (%)	26.7	13.8	5.1	11.5	12.4	10.9	12.2	9.4	13.5	11.2
EPS (INR)	25.8	27.0	27.8	30.1	29.0	29.9	31.2	33.0	110.8	123.2
Headcount	305,431	313,757	318,625	319,656	330,464	343,020	355,331	366,580	319,656	366,580
Util excl. trainees (%)	85.3	86.2	86.7	85.4	86.7	87.1	86.3	86.3	85.9	86.6
Attrition (%)	12.0	12.8	13.4		0.0	0.0	5.9			
Offshore rev. (%)	47.2	45.7	46.0	46.0	46.2	46.3	46.0	46.0	46.2	46.1
Fixed Price (%)	52.5	51.3	51.7	52.6						

E: MOSL Estimates

Tech Mahindra

Bloomberg	TECHM IN
Equity Shares (m)	956.3
M. Cap. (INR b)/(USD b)	457/7
52-Week Range (INR)	750/467
1,6,12 Rel Perf. (%)	-14 / -27 / -20

Financial Snapshot (INR b)

Y/E MARCH	2014	2015	2016E	2017E
Sales	188.3	224.8	264.8	307.0
EBITDA	41.8	41.1	44.2	53.8
Adj. PAT	29.2	26.3	28.7	36.0
Adj. EPS (INR)	28.7	29.6	32.3	40.6
EPS Gr. (%)	30.7	3.0	9.1	25.7
BV/Sh.(INR)	112.3	142.2	165.6	196.0
RoE (%)	36.4	24.5	21.6	23.1
RoCE (%)	34.7	26.8	23.8	26.2
Payout (%)	16.3	20.5	23.2	21.6

Valuations

P/E (x)	16.6	16.1	14.8	11.8
P/BV (x)	4.3	3.4	2.9	2.4
EV/EBITDA (x)	8.5	9.4	8.5	6.7
Div. Yield (%)	1.0	1.3	1.6	1.8

CMP: INR478

Neutral

- After a weak 4QFY15 on organic basis, 1QFY16 too would remain challenged for TECHM. The contribution from acquisition of Sofgen (~USD8m) and seasonal uptick in LCC (contribution of ~USD7m), should be offset by weak seasonality in the Mobility segment. Consequently, we are modeling USD983m in revenues, flat QoQ.
- While the drop in utilization last quarter was a key lever for margins, lower growth implies that will have to wait. Decline in non-linear mobility segment and visa costs during the quarter will keep margins in check. Our EBITDA margin estimate is 15%, -20bp QoQ. 4QFY15 was also marred by forex loss of INR1,541m, driving other income loss of INR653m. We assume other income gain of INR662m in 1QFY16.
- Much better other income drives our estimate of INR5.98b PAT, up 26.6% QoQ but down 5.2% YoY.
- The stock trades at 14.8x FY16E and 11.8x FY17E earnings. **Neutral**.

Key issues to watch for

- Performance of Telecom segment ex-Mobility
- Comments on profitability including LCC
- Traction in LCC revenues after sluggish 4Q
- Deal wins TCV in the Enterprise segment

Tech Mahindra Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	855	900	924	984	983	1,021	1,062	1,104	3,664	4,170
QoQ (%)	3.7	5.2	2.7	6.5	-0.1	3.8	4.1	4.0	18.2	13.8
Revenue (INR m)	51,215	54,879	57,517	61,168	62,412	64,809	67,435	70,127	224,779	264,782
YoY (%)	24.8	15.0	17.4	20.9	21.9	18.1	17.2	14.6	19.4	17.8
GPM (%)	32.8	34.1	34.5	30.5	30.0	31.5	32.5	31.5	32.9	31.4
SGA (%)	14.7	14.1	14.4	15.3	15.0	14.7	14.7	14.5	14.6	14.7
EBITDA Margin (%)	18.1	20.0	20.2	15.2	15.0	16.8	17.8	17.0	18.3	16.7
EBIT Margin (%)	15.2	17.4	17.7	12.4	12.3	14.1	15.2	14.4	15.6	14.0
Other income	893	576	190	-653	662	557	592	651	1,006	2,461
Interest expense	41	41	38	177	176	166	150	134	297	626
ETR (%)	26.7	27.8	24.4	27.4	26.0	26.0	26.0	26.0	26.5	26.0
PAT excl. BT amort & EOI	6,307	7,196	7,769	4,720	5,978	7,001	7,866	7,817	25,992	28,663
QoQ (%)	4.6	14.1	8.0	-39.2	26.7	17.1	12.4	-0.6		
YoY (%)	-3.4	5.1	21.0	-21.7	-5.2	-2.7	1.3	65.6	0.6	10.3
EPS (INR)	6.7	7.6	8.8	5.3	6.7	7.9	8.9	8.8	29.6	32.3
Headcount	92,729	95,309	98,009	103,281	102,583	105,029	108,807	112,512	103,281	102,583
Util excl. trainees (%)	72.0	73.0	74.0	71.0	70.6	72.7	74.8	75.6	72.5	73.5
Attrition (%)	16.0	18.0	19.0							
Offshore rev. (%)	46.3	44.8	44.7	38.9	39.5	40.4	41.1	41.4	43.5	40.7

E: MOSL Estimates

Wipro

Neutral

Bloomberg	WPRO IN
Equity Shares (m)	2,466.0
M. Cap. (INR b)/(USD b)	1,342/21
52-Week Range (INR)	677/513
1,6,12 Rel Perf. (%)	-3 / -3 / -9

Financial Snapshot (INR b)

Y/E MARCH	2014	2015	2016E	2017E
Sales	434.3	469.5	514.0	573.0
EBITDA	97.1	104.6	115.7	129.2
PAT	78.0	86.6	94.5	104.8
EPS (INR)	31.7	35.1	38.3	42.5
EPS Gr. (%)	27.0	10.9	9.2	10.9
BV/Sh. (INR)	139.9	166.1	190.1	217.0
RoE (%)	24.9	23.0	21.6	21.0
RoCE (%)	22.5	20.2	19.2	19.3
Payout (%)	25.3	34.2	31.3	30.6

Valuations

P/E (x)	17.2	15.5	14.2	12.8
P/BV (x)	3.9	3.3	2.9	2.5
EV/EBITDA (x)	12.4	11.4	9.9	8.6
Div Yld (%)	1.5	2.2	2.2	2.4

CMP: INR544

- For 1QFY16, WPRO guided revenue of USD1,765m-1,793m, down 0.5%-1% QoQ. The lower guidance was due to expectation of continued weakness in Oil & Gas sector along with decline in a top BFSI account.
- We estimate constant currency revenue growth at the higher end of the guided band for WPRO, and after 20bp assumed impact from cross currency, our revenue estimate is USD1,788m, +0.8% QoQ.
- Our overall INR revenue estimate is INR123.65b, up 1.8% QoQ, and we assume realized currency rate to be INR64 (realized INR/USD at WPRO in 4QFY15 was 63.35).
- Overall operating profit margin estimate is 19.9%, down 10bp QoQ. Our gross margin estimate is 31.2%, -80bp QoQ, and our SGA estimate is 11.3%, -70bp QoQ. In IT Services, we estimate EBIT margin of 21.9%, -10bp QoQ (1-month wage hike to offset INR depreciation). We expect PAT of INR22.43b, -1.4% QoQ.
- The stock trades at 14.2x FY16E and 12.8x FY17E earnings. **Neutral.**

Key issues to watch for

- Revenue growth guidance for 2QFY16 and Energy vertical
- Commentary on large deal wins and ramp-up schedule
- Comments on any incremental impact from pricing decline and rate of automation

Quarterly Performance (IFRS)

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	1,740	1,772	1,795	1,775	1,788	1,828	1,881	1,942	7,082	7,439
QoQ (%)	1.2	1.8	1.3	-1.2	0.8	2.2	2.9	3.3	7.0	5.0
Revenue (INR m)	111,358	116,838	119,929	121,420	123,655	126,382	129,941	134,065	469,545	514,042
QoQ (%)	-4.4	4.9	2.6	1.2	1.8	2.2	2.8	3.2		
YoY (%)	14.5	8.5	6.4	4.2	11.0	8.2	8.3	10.4	8.1	9.5
GPM (%)	32.7	30.8	30.9	32.0	31.2	30.6	31.1	31.4	31.6	31.1
SGA (%)	12.3	12.2	11.6	12.0	11.3	11.3	11.1	11.1	12.0	11.2
EBITDA Margin (%)	22.9	21.2	22.3	22.7	22.6	22.0	22.6	22.9	22.3	22.5
IT Serv. EBIT (%)	22.8	21.4	21.8	22.0	21.9	21.3	21.9	22.3	22.0	21.9
EBIT Margin (%)	20.4	18.6	19.3	20.0	19.9	19.3	19.9	20.3	19.5	19.9
Other income	4,449	5,443	5,147	4,858	4,081	4,757	5,017	4,943	19,897	18,798
ETR (%)	21.9	22.8	22.0	21.4	21.4	21.4	21.4	21.4	22.0	21.4
PAT	21,032	20,848	21,928	22,750	22,426	22,802	24,171	25,148	86,558	94,547
QoQ (%)	-5.5	-0.9	5.2	3.7	-1.4	1.7	6.0	4.0		
YoY (%)	29.6	7.9	8.8	2.2	6.6	9.4	10.2	10.5	11.0	9.2
EPS (INR)	8.5	8.5	8.9	9.2	9.1	9.2	9.8	10.2	35.1	38.3
Headcount	147,452	154,297	156,866	158,217	161,032	164,767	169,602	174,947	158,217	174,947
Util excl. trainees (%)	77.9	79.4	78.8	80.5	80.5	80.5	80.5	80.5	76.5	77.3
Attrition (%)	16.1	16.5	16.5	16.5						
Offshore rev. (%)	45.7	46.3	45.7	46.3	46.5	46.7	46.8	46.9	46.0	46.7
Rev Guidance (USDm)	1715-1755	1770-1810	1808-1842	1814-1850						
Fixed Price (%)	52.1	53.1	55.1	55.5						

E: MOSL Estimates

Telecom

Company name	Voice/data usage to drive growth; pressure on voice RPM
Bharti Airtel	Regulatory developments, Reliance JIO launch key events to watch out for
Bharti Infratel	Voice, data traffic to drive growth During 1QFY16, we expect average wireless traffic (Bharti/Idea/RCom/Vodafone) to grow ~4% QoQ compared with ~5% QoQ in 4QFY15 and ~3% QoQ in 1QFY15. Traffic growth is expected at ~9% YoY (v/s 7-8% in the previous three quarters). Idea will lead with ~19% YoY growth in wireless traffic.
Idea Cellular	
Reliance Communications	

Voice RPM to decline QoQ, impacted by lower termination charges

We expect RPM for GSM incumbents to remain largely flat QoQ despite support from continued strong data growth. We expect voice RPM to remain under pressure, led by impact of increased competition from smaller operators and impact of cut in termination charges. Voice RPM trend has been flat to declining over the past 3-4 quarters in contrast to industry expectations of secular medium-term growth in voice RPM.

India mobile margin to improve QoQ

We expect India mobile EBITDA margin to improve 200bp QoQ for Bharti and RCom, led by traffic growth and positive margin impact resulting from lower termination revenues as well as costs. However, for Idea, margin is expected to remain flat QoQ led by increase in network costs.

Bharti Africa: Performance to stabilize

After being impacted by currency fluctuations for two quarters, we expect Bharti Africa performance to stabilize and model flat EBITDA in USD terms.

Subscriber additions moderate

Post six months of acceleration, subscriber additions moderated in April 2015, likely indicating reduced competitive activity and discounting. As of April 2015, the VLR subscriber base stood at ~870m, implying an active subscriber penetration of ~70%.

Expected quarterly performance summary

Sector	CMP (INR)	Reco	Sales (INR m)			EBDITA (INR m)			Net Profit (INR m)		
			Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ
Bharti Airtel	420	Buy	238,221	3.7	3.5	85,119	10.3	5.7	13,439	21.2	7.1
Bharti Infratel	446	Buy	31,570	11.1	7.1	13,564	15.0	1.5	5,357	15.8	-3.9
Idea Cellular	176	Under Review	88,839	17.5	5.5	32,309	29.0	5.4	9,919	36.2	5.3
Reliance Comm	62	Neutral	58,873	6.6	3.2	21,235	14.0	7.5	1,565	-4.3	1638.7
Sector Aggregate			417,503	7.4	4.1	152,227	14.8	5.5	30,281	22.9	9.6

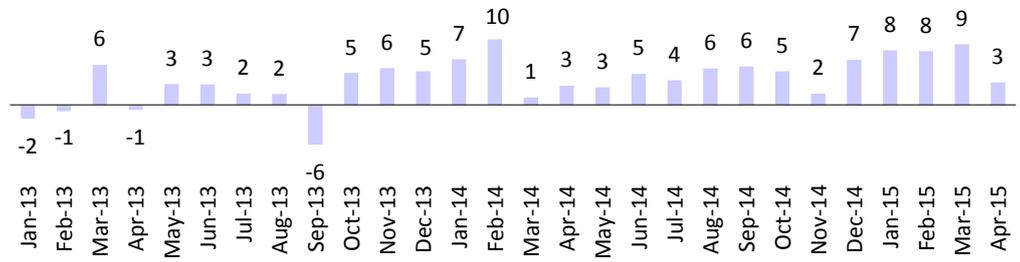
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Regulatory developments; data rollout plans key to watch out

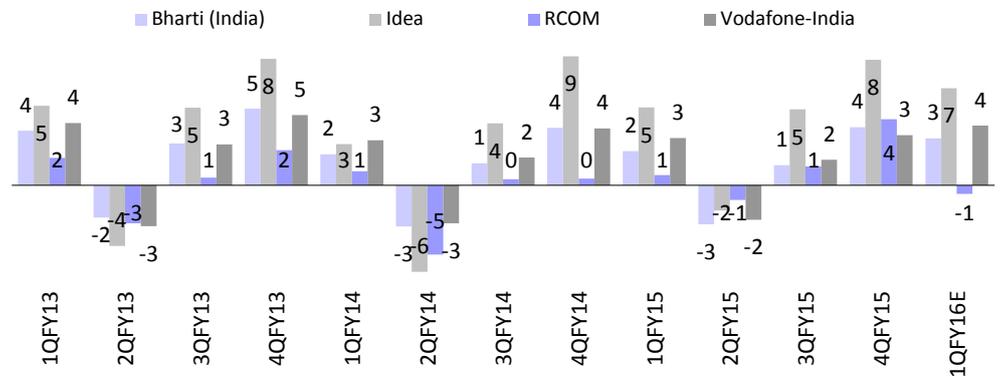
Recent reduction in termination and roaming charges by the regulator are negative for the incumbents. Post the March 2015 spectrum auction, the industry is awaiting key regulatory decisions like policy on 1) spectrum sharing/trading, 2) M&A, and 3) Net-neutrality. Data network rollout plans of various operators are key to watch out for, given the expected 4G launch of Reliance JIO in December 2015. Our industry interactions indicate that incumbents are planning aggressive 3G network rollout as well as select 4G launches to fortify their data offering to withstand competition and participate better in the data market growth, which now accounts for majority of the incremental telecom revenue.

Exhibit 1: Wireless subscriber net additions (m)



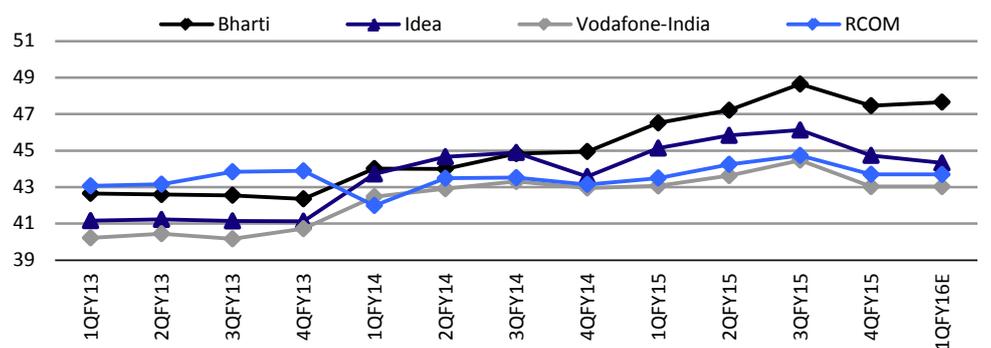
Source: TRAI, MOSL

Exhibit 2: QoQ wireless traffic growth (%)



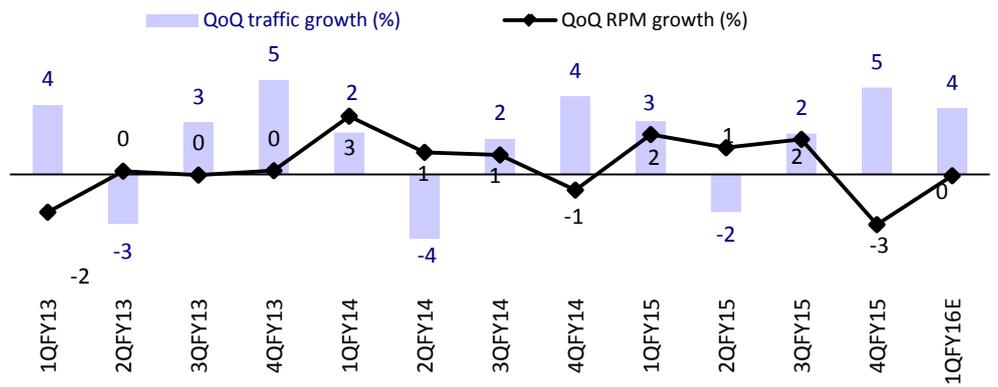
Source: Company, MOSL

Exhibit 3: Trend in wireless RPM (INR)



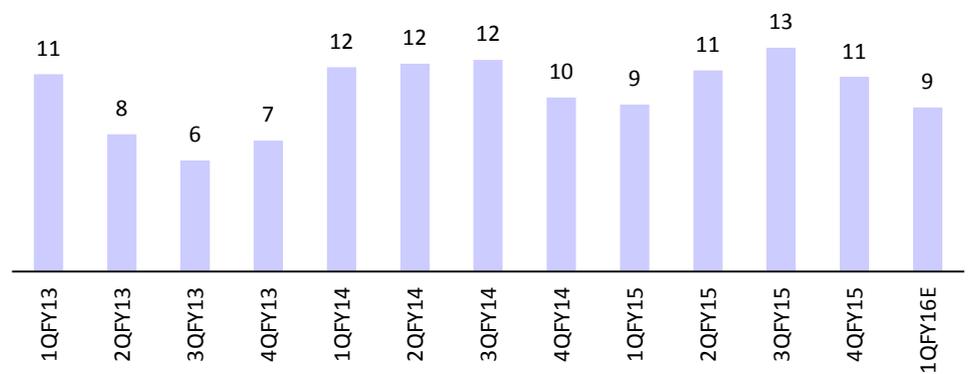
Source: Company, MOSL

Exhibit 4: Aggregate traffic growth and RPM trend for wireless majors



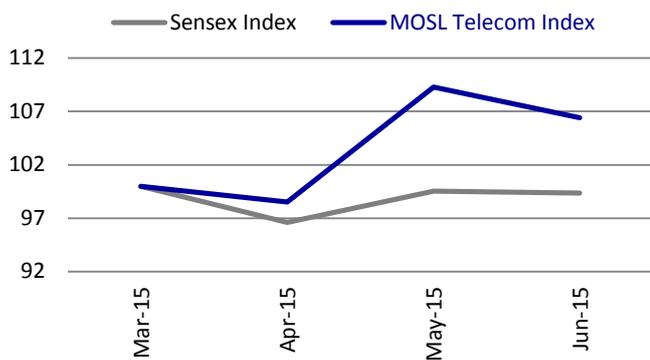
Source: Company, MOSL

Exhibit 5: Aggregate India wireless revenue growth (YoY, %)



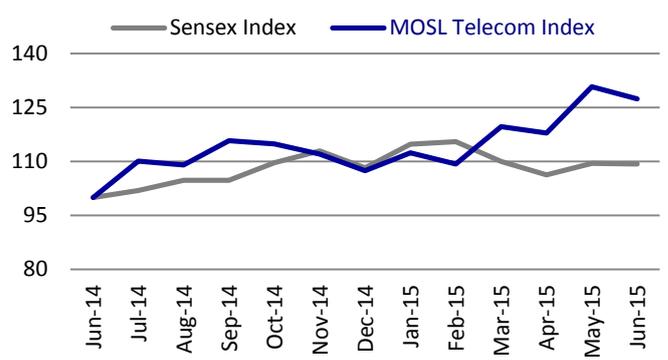
Source: Company, MOSL

Exhibit 6: Relative Performance-3m (%)



Source: Bloomberg, MOSL

Exhibit 7: Relative Performance-1 Yr (%)



Source: Bloomberg, MOSL

Wireless KPIs

	FY13				FY14				FY15				FY16 1QE	YoY) (%)	QoQ (%)%
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
EOP Wireless SUBS (m)															
Bharti (India)	187	186	182	188	191	193	198	206	209	212	217	226	231	10.4	2.3
Idea	117	115	114	122	125	127	129	136	139	144	151	158	163	17.1	3.1
RCOM	155	135	119	123	127	116	118	112	110	111	107	111	111	0.5	0.0
Vodafone - India	154	153	147	152	155	156	160	167	170	174	179	184	186	9.5	1.2
AV. Wireless Subs (m)															
Bharti (India)	184	187	184	185	190	192	196	202	207	211	214	222	229	10.2	3.1
Idea	115	116	115	118	123	126	128	132	137	141	147	154	160	16.7	4.0
RCOM	154	145	127	121	125	122	117	115	111	111	109	109	111	-0.4	1.5
Vodafone - India	152	153	150	150	154	155	158	163	168	172	176	181	185	9.9	2.0
ARPU (INR/month)															
Bharti (India)	185	177	185	193	200	192	195	196	202	198	202	198	199	-1.6	0.4
Idea	156	148	158	167	174	164	169	173	181	176	179	179	182	0.3	1.5
RCOM	98	102	119	128	119	121	125	128	135	136	141	144	141	4.5	-2.0
Vodafone - India	174	169	176	187	196	191	193	192	193	187	189	184	187	-2.9	1.9
MOU/Sub															
Bharti (India)	433	417	435	455	455	437	434	437	435	418	416	418	418	-4.0	0.0
Idea	379	359	384	406	398	368	376	397	401	384	387	400	410	2.2	2.4
RCOM	228	236	271	291	282	277	288	296	311	307	315	330	323	4.0	-2.0
Vodafone India (reported)	324	313	329	344	346	334	334	335	336	321	319	321	327	-2.8	1.9
Vodafone India (adj)	433	418	438	459	461	445	446	447	448	429	425	427	436	-2.8	1.9
Revenue per min (p)															
Bharti (India)	42.7	42.6	42.6	42.4	44.0	44.0	44.8	44.9	46.5	47.2	48.6	47.5	47.7	2.5	0.4
Idea	41.2	41.2	41.1	41.1	43.7	44.7	44.9	43.6	45.1	45.8	46.1	44.7	44.3	-1.8	-0.9
RCOM	43.1	43.2	43.8	43.9	42.0	43.5	43.5	43.1	43.5	44.2	44.7	43.7	43.7	0.5	0.0
Vodafone India (reported)	53.6	53.9	53.6	54.3	56.6	57.2	57.7	57.3	57.4	58.2	59.3	57.4	57.4	-0.1	0.0
Vodafone India (adj)	40.2	40.4	40.2	40.7	42.5	42.9	43.3	43.0	43.1	43.6	44.5	43.0	43.0	-0.1	0.0
Wireless traffic (B min)															
Bharti (India)	239	234	241	253	258	251	255	265	271	264	267	278	287	5.8	3.1
Idea	131	126	132	143	147	139	145	157	165	162	171	185	197	19.3	6.5
RCOM	105	102	103	105	106	102	102	102	103	102	103	108	107	4.1	-0.6
Vodafone India (reported)	148	144	148	155	160	156	158	164	170	166	169	174	181	6.8	4.0
Vodafone India (adj)	197	192	197	207	213	207	211	219	226	221	225	232	242	6.8	4.0

Source: Company, MOSL

Quarterly Financials (proforma)

	FY13				FY14				FY15				FY16	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1QE	(%)	(%)
Revenue (INR b)															
Bharti (ex Africa)	127	127	131	134	141	141	144	149	162	162	166	170	176	8.3	3.1
Bharti (consolidated)	186	188	194	196	203	213	219	222	230	228	232	230	238	3.7	3.5
Idea	55	53	56	61	65	63	66	70	76	76	80	84	89	17.5	5.5
RCOM	53	52	53	54	54	54	54	57	55	54	55	57	59	6.6	3.2
Vodafone - India (implied)	79	78	79	84	90	89	91	94	97	96	100	100	104	6.8	4.0
EBITDA (INR b)															
Bharti (ex Africa)	40.4	40.9	41.5	45.2	49.3	49.1	52.0	54.9	60.2	60.8	62.9	67.6	72.3	20.1	7.0
Bharti (consolidated)	54.9	57.0	57.7	60.6	65.4	68.3	70.9	73.1	77.2	77.1	77.9	80.5	85.1	10.3	5.7
Idea	14.4	14.2	14.7	17.5	21.0	19.7	20.6	22.3	25.0	24.9	27.5	30.6	32.3	29.0	5.4
RCOM	16.5	16.4	16.5	16.7	17.0	18.9	18.5	18.5	18.6	18.3	18.5	19.8	21.2	14.0	7.5
EBITDA Margin (%)															
Bharti (ex Africa)	31.9	32.3	31.6	33.9	34.9	34.8	36.0	36.8	37.2	37.5	37.9	39.7	41.2	402bp	148bp
Bharti (consolidated)	29.6	30.3	29.8	30.9	32.3	32.0	32.3	32.9	33.6	33.7	33.5	35.0	35.7	211bp	75bp
Idea	26.1	26.8	26.4	28.9	32.1	31.2	31.1	31.7	33.1	32.9	34.3	36.4	36.4	325bp	-2bp
RCOM	31.0	31.5	31.2	30.9	31.4	35.0	34.2	32.7	33.7	33.8	33.8	34.6	36.1	234bp	142bp
PAT (INR b)															
Bharti (ex Africa)	15.8	13.9	8.9	10.8	14.8	14.0	19.4	23.8	21.8	23.0	25.6	25.5	24.7	13.6	-3.1
Bharti (consolidated)	7.6	7.2	2.8	5.1	6.9	5.1	6.1	9.6	11.1	13.8	14.4	12.6	13.4	21.2	7.1
Idea	2.3	2.4	2.3	3.8	4.9	4.5	4.7	5.9	7.3	7.6	7.7	9.4	9.9	36.2	5.3
RCOM	1.9	1.3	1.1	-2.4	1.3	2.7	1.5	2.0	1.6	2.1	2.3	0.1	1.6	-4.3	NA
EPS (INR)															
Bharti	2.0	1.9	0.7	1.3	1.8	1.3	1.5	2.4	2.8	3.5	3.6	3.1	3.4	21.2	7.1
Idea	0.7	0.7	0.7	0.9	1.4	1.3	1.4	1.8	2.1	2.1	2.2	2.6	2.8	34.2	5.3
RCOM	0.9	0.6	0.6	-1.2	0.6	1.3	0.7	1.0	0.8	0.9	1.0	0.0	0.6	-21.5	NA
Capex (INR b)															
Bharti (ex Africa)	26.5	25.5	12.0	18.8	12.6	10.4	17.8	20.3	30.3	21.3	27.5	42.3	31.3	3.5	-25.8
Idea	4.1	9.7	6.5	13.3	4.3	8.8	10.2	12.9	3.9	10.1	9.5	17.0	13.3	241.7	-21.6
RCOM	3.7	4.2	4.2	3.4	2.1	3.6	3.3	4.7	4.1	3.0	3.5	5.0	4.3	4.1	-14.5

Source: Company, MOSL

Comparative valuation

Sector / Companies	CMP (INR)	Reco.	EPS (INR)			PE (x)			EV/EBIDTA (x)			RoE (%)		
			FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E
Telecom														
Bharti Airtel	420	Buy	13.0	15.7	14.6	32.4	26.7	28.8	7.2	7.2	6.4	7.9	9.0	7.8
Bharti Infratel	446	Buy	10.5	12.9	16.0	42.4	34.6	27.9	14.7	14.5	12.5	11.4	14.1	17.0
Idea Cellular	176	UR	8.9	9.7	6.0	19.8	18.1	29.4	7.4	7.3	6.5	16.1	14.2	7.9
Reliance Comm	62	Neutral	2.5	1.3	7.4	25.0	46.1	8.4	6.8	6.2	4.7	2.0	1.0	5.3
Sector Aggregate						30.1	26.3	25.7	7.9	7.8	6.8	8.2	8.7	8.3

UR: Under Review

Source: Company, MOSL

Bharti Airtel

Bloomberg	BHARTI IN
Equity Shares (m)	3,997.0
M. Cap. (INR b)/(USD b)	1678/26
52-Week Range (INR)	437/327
1,6,12 Rel Perf. (%)	-1 / 18 / 15

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Net Sales	857.5	920	991	1,083
EBITDA	277.8	312.6	351.0	382.1
Adj. NP	27.7	51.8	62.8	58.4
AdjEPS(INR)	7.0	13.0	15.7	14.6
AdjEPS r(%)	17.0	84.9	21.1	-7.0
BV/Sh (INR)	161.8	167.1	181.7	195.1
RoE (%)	4.7	7.9	9.0	7.8
RoCE (%)	5.0	6.6	6.8	6.1
Payout (%)	30.4	20.0	16.5	17.4
Valuations				
P/E (x)	61.7	33.4	27.6	29.7
P/BV (x)	2.7	2.6	2.4	2.2
EV/EBITDA x	9.0	8.0	7.6	6.8
Div. Yld (%)	0.5	0.6	0.6	0.6

CMP: INR420

Buy

- We expect consolidated revenue to grow 3.7% YoY and 3.5% QoQ to INR238.2b. We expect India (including South Asia) revenue to grow 8% YoY on a like-to-like basis to INR175.5b and Africa business revenue to decline 10% YoY to USD1.05b.
- Consolidated EBITDA margin is expected to increase 70 bps QoQ, led by India mobile business. India mobile revenue is expected to grow 9% YoY to INR138.8b, driven by 6% YoY traffic growth (+3% QoQ) and wireless RPM growth of 2.5% (+0.4% QoQ). EBITDA margin for mobile business is expected at 40.6%, up 200bp QoQ.
- Currency fluctuations have been impacting reported financial performance in Africa during past 2-3 quarters. We expect flat QoQ EBITDA and decline in EBITDA margin for Bharti Africa led by higher operating costs.
- Consolidated net profit is expected to increase 21% YoY to INR13.4b.
- Bharti trades at proportionate EV/EBITDA of 7.6x FY16E and 6.8x FY17E. Maintain **Buy**.

Key things to watch out

- RPM growth (we expect RPM to remain flat QoQ), mobile traffic in India business (we expect 3% QoQ growth), and Africa business financials (we expect USD EBITDA to remain flat QoQ).

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue	229,616	228,452	232,171	230,155	238,221	243,197	249,215	260,007	920,394	990,652
YoY Growth (%)	13.3	7.1	5.8	3.6	3.7	6.5	7.3	13.0	7.3	7.6
EBITDA	77,200	77,053	77,857	80,505	85,119	85,458	87,208	93,208	312,614	351,005
YoY Growth (%)	18.0	12.8	9.8	10.2	10.3	10.9	12.0	15.8	12.5	12.3
Margin (%)	33.6	33.7	33.5	35.0	35.7	35.1	35.0	35.8	34.0	35.4
Net Finance Costs	9,565	9,058	10,450	19,390	16,206	11,326	12,043	11,760	48,464	51,335
Share of JV/associate/others	-242	-1,246	-1,175	1,825	1,314	167	1,486	1,877	-838	4,844
Depreciation & Amortization	40,365	38,530	38,033	37,785	40,966	43,213	44,653	47,343	154,713	175,822
Profit before Tax	27,028	28,218	28,198	25,155	29,262	31,086	31,998	35,982	108,599	128,692
Income Tax Exp./ (Income)	15,326	14,765	13,145	10,668	15,277	15,549	15,563	16,373	53,904	62,761
Profit after Tax	11,702	13,453	15,053	14,487	13,985	15,537	16,435	19,609	54,695	65,930
NP after Minority interest	11,085	13,832	14,364	12,553	13,439	15,116	15,185	18,661	51,835	62,765
YoY Growth (%)	60.9	170.1	135.5	30.5	21.2	9.3	5.7	48.7	86.9	21.1
India-Mobile ARPU (INR)	202	198	202	198	199	195	196	200	198	198
QoQ Growth (%)	3.1	-2.4	2.4	-1.9	0.4	-2.2	0.6	2.1		
India-Mobile MOU/sub	435	418	416	418	418	405	405	412	417	399
QoQ Growth (%)	-0.4	-3.9	-0.6	0.5	0.0	-3.0	0.0	1.6		
Cons. net debt (INR b)	576	624	670	668	932	902	871	840	668	840
India - Mobile Traffic (B Min)	271	264	267	278	287	283	288	298	1,080	1,156
QoQ Growth (%)	2.3	-2.6	1.4	3.9	3.1	-1.2	1.7	3.3		
India - Mobile RPM (p/min)	46.5	47.2	48.6	47.5	47.7	48.1	48.4	48.6	47.5	49.6
QoQ Growth (%)	3.5	1.5	3.0	-2.4	0.4	0.9	0.6	0.5		
Africa - Revenue (USD m)	1,164	1,140	1,103	1,000	1,047	1,101	1,157	1,215	4,406	4,520
Africa - EBITDA (USD m)	283	270	241	207	207	227	248	269	1,001	951
Africa - EBITDA margin (%)	24.3	23.6	21.9	20.7	19.7	20.6	21.4	22.2	22.7	21.0

Bharti Infratel

Bloomberg	BHIN IN
Equity Shares (m)	1,888.7
M. Cap. (INR b)/(USD b)	843/13
52-Week Range (INR)	505/244
1,6,12 Rel Perf. (%)	-7 / 32 / 66

CMP: INR446

Buy

- We expect revenue to grow 11% YoY and 7% QoQ to INR31.57b.
- Revenue from rent is expected to grow 2.7% QoQ while energy and other reimbursements are expected to grow 14.5% QoQ.
- We expect EBITDA to grow by 1.5% QoQ to INR13.56b. EBITDA margin is expected to decline ~240bps QoQ.
- We expect 16% YoY increase in PAT to INR5.36b, primarily led by 15% YoY EBITDA growth.
- Bharti Infratel trades at an EV/EBITDA of 13.5x FY16E and 11.6x FY17E. **Buy.**

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Net Sales	108.3	116.7	130.9	146.4
EBITDA	44.0	50.0	58.5	67.5
Adj. NP	15.2	19.9	24.4	30.3
AdjEPS INR	8.0	10.5	12.9	16.0
Gr. (%)	43.9	31.1	22.5	24.2
BV/Sh (INR)	95.5	90.0	92.6	96.1
RoE (%)	8.6	11.4	14.1	17.0
RoCE (%)	7.4	9.3	11.3	13.5
Payout (%)	64.0	124.3	78.6	78.2
Valuations				
P/E (x)	55.9	42.6	34.8	28.0
P/BV (x)	4.7	5.0	4.8	4.7
EV/EBITDAx	18.1	16.0	13.5	11.6
Div. Yld (%)	1.1	2.9	2.3	2.8

Key things to watch out

- Consolidated co-location additions (we expect ~3,500 in 1Q), trend in consolidated sharing revenue per sharing operator (we expect 0.7% QoQ increase).

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	28,427	29,301	29,488	29,467	31,570	32,726	33,141	33,456	116,683	130,892
YoY Change (%)	8.4	9.2	8.0	5.6	11.1	11.7	12.4	13.5	7.8	12.2
Operating expenses	16,637	17,150	16,757	16,098	18,006	18,803	18,204	17,370	66,642	72,383
EBITDA	11,790	12,151	12,731	13,369	13,564	13,922	14,937	16,086	50,041	58,509
YoY Change (%)	12.7	13.3	12.8	16.0	15.0	14.6	17.3	20.3	13.7	16.9
EBITDA margin (%)	41.5	41.5	43.2	45.4	43.0	42.5	45.1	48.1	42.9	44.7
Depreciation	5,253	5,420	5,566	5,608	5,681	5,749	5,818	5,886	21,847	23,134
Interest	784	764	696	658	566	492	428	370	2,902	1,857
Other Income	1,172	1,137	1,216	1,698	938	910	973	1,324	5,223	4,144
PBT	6,925	7,104	7,685	8,801	8,255	8,591	9,663	11,154	30,515	37,662
Tax	2,297	2,452	2,616	3,226	2,897	3,015	3,392	3,920	10,592	13,224
Effective Tax Rate (%)	33.2	34.5	34.0	36.7	35.1	35.1	35.1	35.1	34.7	35.1
Adjusted net profit	4,628	4,652	5,069	5,575	5,357	5,575	6,271	7,234	19,924	24,438
YoY Change (%)	29.4	67.7	23.5	18.0	15.8	19.9	23.7	29.7	31.3	22.7

E: MOSL Estimates

Idea Cellular

Bloomberg	IDEA IN
Equity Shares (m)	3,597.8
M. Cap. (INR b)/(USD b)	632/10
52-Week Range (INR)	204/130
1,6,12 Rel Perf. (%)	2 / 13 / 23

Financial Snapshot (INR Million)

Y/E March	2014	2015	2016E	2017E
Net Sales	265.2	315.7	362.1	415.9
EBITDA	83.3	108.1	130.9	144.5
Adj. NP	19.7	31.9	35.0	21.5
AdjEPS (INR)	5.9	8.9	9.7	6.0
Adj.EPSGr(%)	94.1	49.7	9.6	-38.6
BV/Sh(INR)	49.8	64.0	72.9	78.4
RoE (%)	12.7	16.1	14.2	7.9
RoCE (%)	7.2	7.8	7.2	6.6
Payout (%)	7.9	8.1	8.1	8.1
Valuations				
P/E (x)	30.4	20.3	18.5	30.1
P/BV (x)	3.6	2.8	2.5	2.3
EV/EBITDA(x)	9.6	7.3	7.4	6.6
Div. Yield (%)	0.3	0.4	0.4	0.3

CMP: INR176

Under Review

- Idea's consolidated revenue is expected to grow 17.5% YoY to INR88.8b (5.5% QoQ growth).
- We expect Idea to report mobile traffic growth of 6.5% QoQ. We estimate RPM to marginally decline by ~1% QoQ to INR0.44; our estimate factors in a 1.5% QoQ growth in mobile ARPU and 2.4% QoQ growth in Minutes of Usage per subscriber per month.
- EBITDA margin is expected to remain flat QoQ at 36.4%. EBITDA loss in new circles is estimated at INR1.9b.
- Net profit is expected to increase 36% YoY and 5.3% QoQ to INR9.9b.
- Idea trades at an EV/EBITDA of 7.4x FY16E and 6.6x FY17E.

Key things to watch out

- RPM trajectory (we expect RPM to decline 1% QoQ), mobile traffic (we expect 6.5% QoQ growth), and EBITDA loss in new circles (we expect INR1.9b).

Quarterly Performance

(INR Million)

Y/E March (Consolidated)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross Revenue	75,609	75,699	80,175	84,225	88,839	88,260	91,672	93,349	315,708	362,121
YoY Growth (%)	15.6	19.7	21.2	19.6	17.5	16.6	14.3	10.8	19.0	14.7
QoQ Growth (%)	7.3	0.1	5.9	5.1	5.5	-0.7	3.9	1.8		
EBITDA	25,038	24,907	27,527	30,645	32,309	31,786	33,304	33,499	108,116	130,898
YoY Growth (%)	19.2	26.3	33.9	37.4	29.0	27.6	21.0	9.3	29.7	21.1
QoQ Growth (%)	12.3	-0.5	10.5	11.3	5.4	-1.6	4.8	0.6		
Margin (%)	33.1	32.9	34.3	36.4	36.4	36.0	36.3	35.9	34.2	36.1
Net Finance Costs	2,274	1,445	983	1,052	1,596	3,035	2,661	2,010	5,754	9,302
Depreciation & Amortization	11,545	11,788	14,826	14,877	15,431	15,897	16,918	19,436	53,036	67,681
Profit before Tax	11,219	11,675	11,718	14,716	15,283	12,854	13,725	12,053	49,327	53,915
Income Tax Exp. / (Income)	3,937	4,116	4,047	5,298	5,363	4,511	4,817	4,230	17,398	18,921
Adj Net Profit / (Loss)	7,282	7,559	7,671	9,418	9,919	8,343	8,908	7,823	31,929	34,994
YoY Growth (%)	49.3	68.9	64.0	59.7	36.2	10.4	16.1	-16.9	62.3	9.6
QoQ Growth (%)	23.5	3.8	1.5	22.8	5.3	-15.9	6.8	-12.2		
Margin (%)	9.6	10.0	9.6	11.2	11.2	9.5	9.7	8.4	10.1	9.7
Mobile ARPU (INR/month)	181	176	179	179	182	175	176	175	175	175
QoQ Growth (%)	4.6	-2.8	1.5	0.2	1.5	-3.7	0.9	-1.1	4.5	0.4
Mobile MOU/sub/month	401	384	387	400	410	386	389	399	388	396
QoQ Growth (%)	1.0	-4.2	0.8	3.4	2.4	-5.9	1.0	2.4	-5.7	2.0
Mobile Traffic (B Min)	165	162	171	185	197	191	199	209	683	796
QoQ Growth (%)	5.2	-1.7	5.1	8.4	6.5	-3.0	4.0	5.3	16.3	16.5
Mobile RPM (INR)	0.45	0.46	0.46	0.45	0.44	0.45	0.45	0.44	0.45	0.44
QoQ Growth (%)	3.6	1.5	0.6	-3.0	-0.9	2.4	-0.1	-3.4	2.5	-1.6

E: MOSL Estimates; # Adjusted for one-off provision for licence and WPC charges of INR0.25b in 1QFY14

Reliance Communications

Bloomberg	RCOM IN
Equity Shares (m)	2,489.0
M. Cap. (INR b)/(USD b)	154/2
52-Week Range (INR)	148/55
1,6,12 Rel Perf. (%)	-8 / -24 / -67

CMP: INR62

Neutral

- We expect revenue to grow 3.2% QoQ to INR 58.9b.
 - We expect RPM to decline 1.6% QoQ; however on a YoY basis, we expect a marginal improvement of 0.5% to INR0.44.
 - Wireless traffic is estimated to decline marginally by 0.7% QoQ to 107b minutes.
 - Consolidated EBITDA is expected to grow 7.5% QoQ to INR21.2b.
 - We expect RCom to report proforma net profit of INR1.56b.
 - RCom trades at an EV/EBITDA of 6.3x FY16E and 4.7x FY17E.
- Neutral.**

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Net Sales	218.8	221.0	232.2	259.8
EBITDA	72.8	75.2	80.2	99.9
Adj. NP	7.5	6.2	3.3	18.3
AdjEPS INR)	3.6	2.5	1.3	7.4
Adj.EPSGr %	286.7	-31.8	-45.9	447.2
BV/Sh (INR)	135.0	132.7	134.1	141.4
RoE (%)	2.6	2.0	1.0	5.3
RoCE (%)	4.3	3.5	3.0	5.1

Valuations

P/E (x)	17.6	25.9	47.8	8.7
P/BV (x)	0.5	0.5	0.5	0.5
EV/EBITDA x	7.3	7.0	6.3	4.7

Key things to watch out

- RPM (expected to decline 1.6% QoQ), traffic growth (we expect -0.7% QoQ).

Quarterly Performance

(INR Million)

Y/E March (Consolidated)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross Revenue	55,231	54,030	54,690	57,030	58,873	57,112	57,642	58,591	217,700	232,218
YoY Growth (%)	2.1	0.2	1.2	0.6	6.6	5.7	5.4	2.7	-0.5	6.7
QoQ Growth (%)	-2.6	-2.2	1.2	4.3	3.2	-3.0	0.9	1.6		
EBITDA	18,629	18,270	18,505	19,760	21,235	19,386	19,551	20,036	71,900	80,211
YoY Growth (%)	9.5	-3.1	0.3	6.7	14.0	6.1	5.7	1.4	-1.3	11.6
QoQ Growth (%)	0.6	-1.9	1.3	6.8	7.5	-8.7	0.9	2.5		
Margin (%)	33.7	33.8	33.8	34.6	36.1	33.9	33.9	34.2	33.0	34.5
Net Finance Costs	7,674	6,700	6,522	6,660	6,551	6,441	6,341	6,235	24,270	25,568
Depreciation & Amortization	9,310	9,430	9,477	9,950	12,313	12,360	12,407	12,453	38,170	49,534
Profit before Tax	1,645	2,140	2,506	3,150	2,371	585	804	1,348	9,460	5,109
Income Tax Exp. / (Income)	10	20	165	3,060	806	199	273	458	3,260	1,762
Adjusted Net Profit / (Loss)	1,635	2,120	2,341	90	1,565	386	531	890	6,200	3,347
YoY Growth (%)	25.6	-22.1	61.0	-95.6	-4.3	-81.8	-77.3	888.4	-17.6	-46.0
QoQ Growth (%)	-19.8	29.7	10.4	-96.2	1638.7	-75.3	37.5	67.7		
Margin (%)	3.0	3.9	4.3	0.2	2.7	0.7	0.9	1.5	2.8	1.4
EO Exp/Minority Interest	319	590	330	-2,190	-355	-355	-355	-355	-940	-1,421
Reported Net Profit / (Loss)	1,316	1,530	2,011	2,280	1,920	741	886	1,245	7,140	4,768
Wireless ARPU (INR/month)	135	136	141	147	141	139	140	142	139.8	150.7
QoQ Growth (%)	5.9	0.4	3.7	4.3	-3.9	-1.6	0.7	1.3	9.9	1.8
Wireless MOU/sub/month	311	307	315	331	323	317	317	320	317.7	314.6
QoQ Growth (%)	5.1	-1.3	2.6	5.1	-2.3	-2.0	0.0	1.0	7.3	2.0
Wireless Traffic (B Min)	103	102	103	108	107	106	107	110	430.5	443.2
QoQ Growth (%)	0.7	-1.0	1.3	4.5	-0.7	-1.3	1.3	2.3	1.1	3.3
Wireless RPM (INR)	0.43	0.44	0.45	0.44	0.44	0.44	0.44	0.44	0.4	0.5
QoQ Growth (%)	0.8	1.4	1.4	-0.7	-1.6	0.4	0.7	0.3	2.5	-0.1

E: MOSL Estimates

Utilities

Company name

CESC
Coal India
JSW Energy
NHPC
NTPC
Power Grid Corporation
PTC India
RattanIndia Power
Reliance Infrastructure
Tata Power

CPSUs to lead 1QFY16 earnings growth**Environment on PPA, fuel supply and tariff issue remains fluid; prefer CPSUs**

We expect Utilities companies in our coverage to report 7.2% YoY revenue growth and 8.7% YoY PAT growth in 1QFY16. Aggregate PAT would be negatively impacted by de-growth in PAT for JSW energy and higher losses for RattanIndia Power. However, NTPC (up 17% YoY), Powergrid (up 12% YoY), Coal India (up 6% YoY) and Tata Power (up 63% YoY) would report robust PAT growth.

Generation growth muted; PLF for coal projects range-bound: In April-May 2015, all-India generation increased 3% YoY, led by 3% YoY growth in coal generation; gas based-generation de-grew 14% YoY. Generation growth for April stood at 0.3% YoY; onset of summer led to better generation (6% YoY) in May. Coal project PLF remained range-bound at ~63%.

Power demand and deficit remain muted: Power demand stood flat YoY during April-May 2015 on the back of demand de-growth of 3.5% YoY in April and 2.3% YoY improvement in May. Though DISCOMS' poor financials was a reason for subdued demand, our interaction with the industry indicates that real slowdown also played a part. Power supply increased 1.1% YoY over the same period, leading to base deficit of 2.3% v/s 4.1% in April-May 2014.

ST prices continue to remain soft: Short-term (ST) prices remained soft, trending back to average of INR2.60/unit in 1QFY16—near the 1QFY14 level before rising to a high of INR4.1/unit in 2QFY15. While a part of the lower ST prices could be attributable to lower demand, the lack of transmission corridor has also impacted price discovery. Transmission congestion is expected to ease in 2HFY16, according to PTC India.

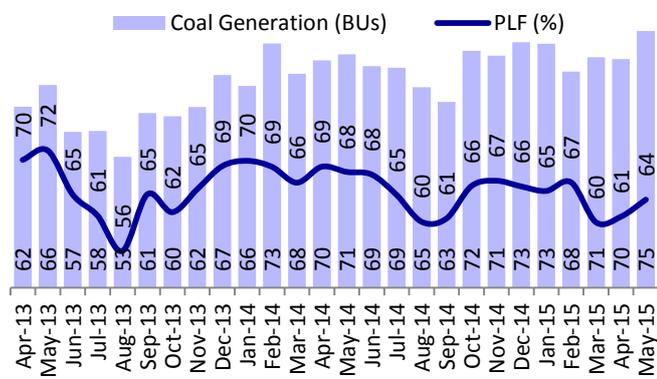
Exhibit 1: Expected quarterly performance summary

Sector	CMP (INR)	Reco	Sales (INR m)			EBDITA (INR m)			Net Profit (INR m)		
			Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ	Jun-15	Var % YoY	Var % QoQ
CESC	558	Buy	16,592	-10.9	17.2	3,937	4.1	-12.7	1,717	13.7	-39.4
Coal India	421	Buy	189,607	6.5	-8.7	47,437	10.8	-12.1	42,542	5.9	0.6
JSW Energy	98	Neutral	20,124	-21.3	-8.1	7,309	-19.3	-18.0	2,612	-24.3	-19.7
NHPC	20	Neutral	21,676	5.5	47.3	14,476	9.9	66.0	7,290	2.7	158.4
NTPC	138	Buy	202,382	11.9	5.2	42,704	30.7	-6.8	23,723	17.1	-14.8
Power Grid Corp.	139	Buy	46,497	18.1	-0.3	40,097	19.0	-0.2	13,298	11.7	-5.9
PTC India	69	Buy	37,748	2.3	62.8	562	-1.5	30.6	560	28.0	-0.7
RattanIndia Power	7	Buy	2,572	79.2	74.0	1,185	440.4	LP	-2,164	Loss	Loss
Reliance Infrastructure	388	Buy	25,722	1.4	-8.2	4,972	15.5	-12.3	3,206	-0.3	-28.8
Tata Power	74	Neutral	95,139	8.9	16.5	25,580	46.3	35.4	4,067	63.0	94.9
Sector Aggregate			658,059	7.2	4.2	188,259	19.3	0.7	96,853	8.7	-1.3

Addressing fuel issues: Ministry of Coal (MoC) has successfully completed the coal auction and allotted subsidy to gas-based projects; the subsidy price was reached via the reverse bidding route, with tariff of INR5.50/unit such that they can operate at 30% PLF. MoC is also working on guidelines to auction linkages for non-power sector initially and later for the power sector. Focus on domestic coal production ramp-up through Coal India and plans to open up commercial mining are key positives.

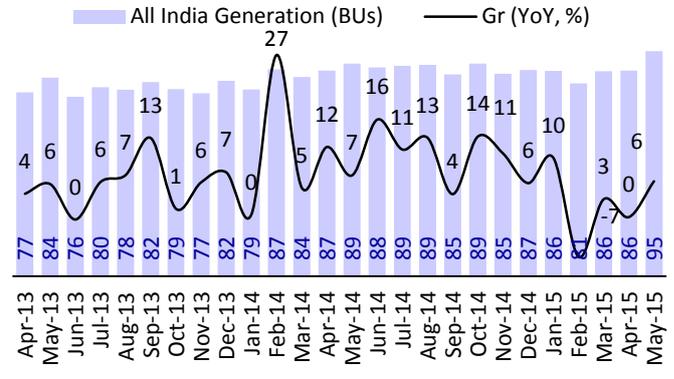
Valuation and view: We continue to prefer CPSUs, which are better placed in the current fluid environment of PPA, fuel and tariff. NTPC and Powergrid are our top picks. Among IPPs, we prefer the relatively-insulated CESC and RattanIndia Power.

Exhibit 2: Coal project PLFs remain range-bound



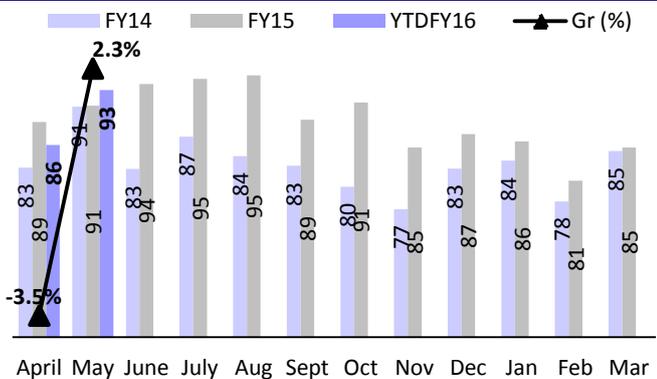
Source: CEA

Exhibit 3: Monthly generation appears flattish



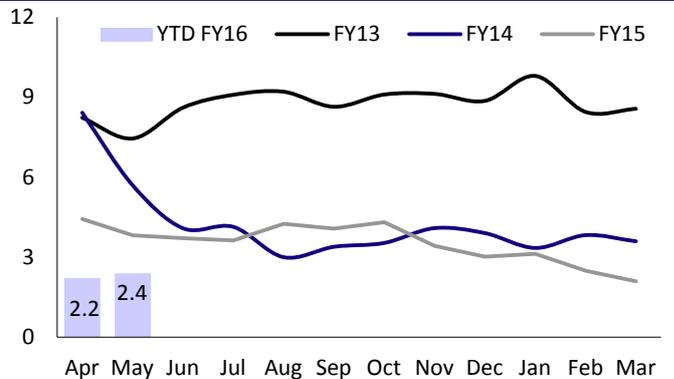
Source: CEA

Exhibit 4: Power demand remain muted (BUs)



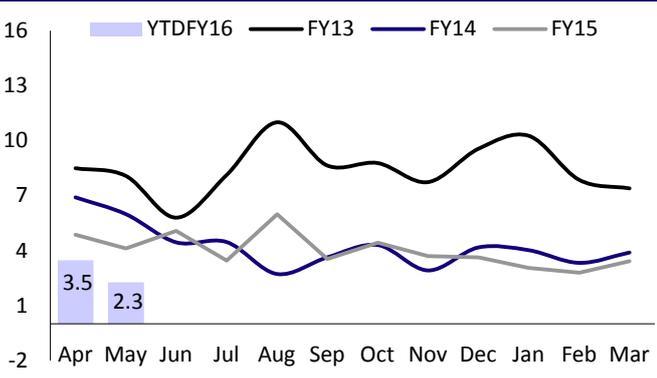
Source: CEA

Exhibit 5: Base deficit remains subdued (%)



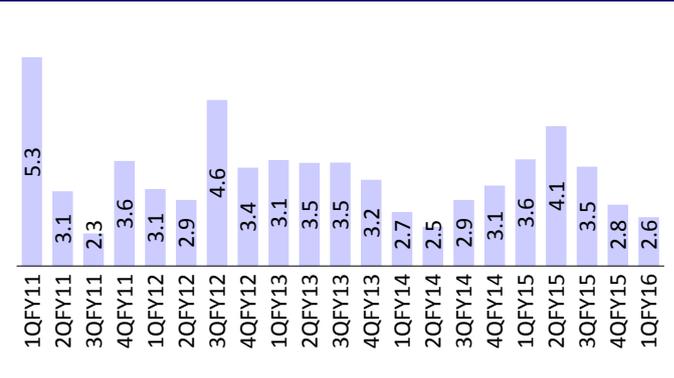
Source: CEA

Exhibit 6: Peak deficit too trends lower (%)



Source: CEA

Exhibit 7: ST prices cool remain soft (INR/unit)



Source: IEX

Exhibit 8: Relative performance - 3m (%)

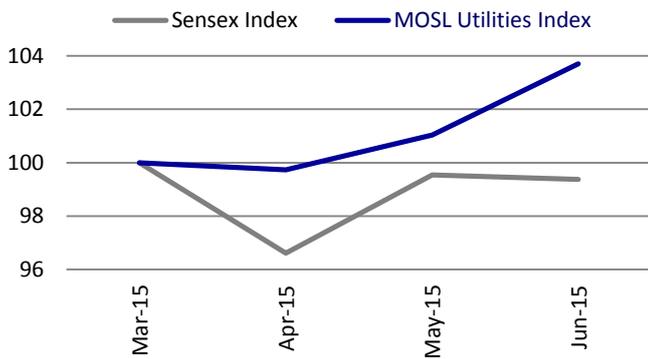


Exhibit 9: Relative performance - 1yr (%)

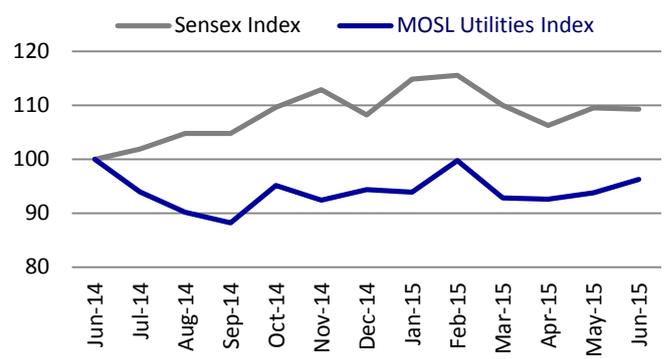


Exhibit 10: Comparative valuation

Sector / Companies	CMP (INR)	Reco.	EPS (INR)			PE (x)			EV/EBIDTA (x)			RoE (%)		
			FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E
Utilities														
CESC	558	Buy	55.2	58.3	62.8	10.1	9.6	8.9	7.0	6.1	5.6	10.5	10.3	10.1
Coal India	421	Buy	21.7	24.2	28.4	19.4	17.4	14.8	11.6	12.9	10.4	34.0	36.5	41.1
JSW Energy	98	Neutral	8.4	8.6	9.6	11.7	11.5	10.3	7.3	7.2	6.1	19.6	17.5	17.3
NHPC	20	Neutral	2.2	2.1	2.1	9.0	9.4	9.1	6.4	6.5	6.2	8.2	6.5	6.4
NTPC	138	Buy	11.0	12.4	13.9	12.6	11.1	9.9	11.8	9.5	8.7	10.8	12.9	14.3
Power Grid Corp.	139	Buy	9.7	11.0	13.3	14.4	12.7	10.4	11.1	9.9	8.9	13.9	14.3	15.8
PTC India	69	Buy	10.5	11.7	13.4	6.5	5.9	5.1	6.8	4.0	2.7	7.0	8.6	9.4
Reliance Infrastructure	388	Buy	58.3	58.7	54.6	6.7	6.6	7.1	4.5	3.2	2.9	7.4	7.1	6.2
RattanIndia Power	7	Buy	-2.5	0.5	2.8	-2.9	13.8	2.6	491.5	6.3	3.6	-13.2	2.9	14.4
Tata Power	74	Neutral	3.0	6.2	7.1	24.7	11.9	10.5	14.4	13.1	12.8	7.4	7.7	7.8
Sector Aggregate						15.4	13.5	11.6	10.8	9.8	8.5	13.9	15.4	16.7

Source: MOSL

Exhibit 11: Generation and PLF for key projects

	Capacity (MW)*	May-15		May-14		YTDFY16		YTDFY15	
		Generation	PLF (%)						
Adani Power									
- Mundra	4,620	2,940.2	85.5	3,074.8	89.5	5,887.9	87.1	5,887.1	87.0
- Tirora	3,300	1,833.2	71.0	0.0	0.0	3,404.7	68.8	2,460.2	63.7
GVK									
- JP 1 & 2	455	67.8	20.4	74.0	22.3	124.6	18.7	127.4	19.2
- Gautami	464	27.7	8.2	-	0.0	0.0	0.0	0.0	0.0
GMR									
- Barge Mounted	1,270	335.8	43.0	275.6	35.2	863.4	56.2	544.8	35.4
- Chennai	200	0.0	0.0	89.7	61.4	0.5	0.2	194.4	66.6
- Vemagiri	370	23.5	8.7	0.0	0.0	174.4	32.3	0.0	0.0
JPL									
- Chattisgarh	3,400	1,171.6	30.6	735.3	98.8	2,184.9	30.6	1,718.9	51.4
Rel Infra									
- Dahanu	500	361.4	97.2	380.2	102.2	703.5	96.1	752.7	102.8
- Samalkot (AP)	220	0.0	0.0	25.2	15.7	0.0	0.0	26.2	8.1
- Goa	48	0.0	0.0	21.7	61.9	0.0	0.0	12.6	18.0
- Kochi	174	0.0	0.0	119.3	93.9	0.0	0.0	116.5	45.9
Rel Power									
- Rosa	1,200	805.4	90.2	866.3	97.0	1,459.6	83.1	1,648.9	93.9
- Sasan	3,300	2,309.6	70.0	955.0	53.8	4,507.1	71.4	2,104.1	45.1
Tata Power									
- Trombay	1,580	605.8	49.3	586.4	43.6	1,207.9	50.3	1,132.3	42.7
- TISCO (Jamshedpur)	441	147.0	54.9	238.6	89.1	362.0	68.7	481.5	91.4
- Mundra UMPP	4,000	2,005.4	67.4	2,204.5	74.6	4,164.5	71.7	4,359.1	74.4
- Maithon	1,050	641.4	82.1	581.0	74.3	1,170.2	76.1	1,182.8	77.0
Torrent Power									
- Existing	500	268.7	85.6	287.9	96.7	514.6	85.5	559.2	95.5
- Sugan	1,148	253.8	30.3	213.4	25.5	505.8	30.2	416.0	24.8
JSW Energy									
- Rajwest	1,080	586.1	72.9	660.2	82.1	1,156.8	73.2	1,276.1	80.7
- Karnataka/Ratnagiri	2,060	591.2	96.7	1,308.2	84.2	2,303.6	13.3	2,377.1	21.9
CESC									
	1,285	738.5	77.3	822.2	86.1	1,352.0	71.9	1,631.4	86.7
Lanco Infratech									
- Kondapali	716	35.9	6.9	134.5	25.7	44.5	4.3	293.7	28.1
- Amarkantak	600	196.5	44.0	218.9	49.0	342.5	39.0	407.1	46.4
- UPCL	1,200	660.7	74.0	702.9	78.7	1,415.2	80.6	1,411.6	80.4
- Anpara	1,200	793.3	88.9	741.6	83.0	1,526.1	86.9	1,459.8	83.1
KSK									
- Wardha	1,740	613.4	47.4	318.7	37.6	1,009.1	43.2	596.8	35.8
Sterlite									
- Jharsuguda	3,060	988.2	43.4	704.3	39.4	1,861.4	41.6	1,621.2	46.1

Source: CEA, *Monitored capacity by CEA

CESC**Buy**

Bloomberg	CESC IN
Equity Shares (m)	133.2
M. Cap. (INR b)/(USD b)	74/1
52-Week Range (INR)	828/505
1,6,12 Rel Perf. (%)	2 / -18 / -30

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015	2016E	2017E
Sales	54.5	61.3	68.6	74.2
EBITDA	13.7	14.9	16.7	17.4
Net Profit	6.5	7.4	7.8	8.4
Adj. EPS	51.9	55.2	58.3	62.8
EPS Gr. (%)	5.4	6.4	5.6	7.8
BV/Sh (INR)	456.2	538.0	590.6	647.7
RoE (%)	11.3	10.5	10.3	10.1
RoCE (%)	10.1	9.4	9.7	9.6
Payout (%)	15.4	17.2	17.2	19.1
Valuations				
P/E (x)	10.8	10.1	9.6	8.9
P/BV (x)	1.2	1.0	0.9	0.9
EV/EBITDA	7.3	7.1	6.4	5.8
Div. Yield (%)	1.4	1.6	1.8	2.1

CMP: INR558

- We expect CESC to report revenue of INR16.6b (down 11% YoY) and EBITDA of INR3.9b (up 4% YoY). Reported PAT is likely to rise 14% YoY to INR1.7b. Tariff order approval drove better performance.
- We estimate generation of 2.4BUs and sale of 2.6BUs in 1QFY16;PLFs are likely to be flat YoY.
- CESC quoted premium of INR470/ton to win back Sarisatolli coal mine. The rated production capacity stands at 3.5m tons. Upfront amount payable is INR1.23b.
- For FY15, Spencer's reported average revenue was INR1,349/sq.ft/month (up 3.4% YoY). However, the same-store sales (SSS) grew at a healthy rate of 9.4% YoY to INR1,489/sq.ft/month. Reported store-level EBITDA stood at INR62/sq.ft/month v/s INR61/sq.ft/month in FY14.
- We expect CESC to post standalone PAT (ex Spencer's) of INR7.8b in FY16E (up 6% YoY) and INR8.4b (up 8% YoY) in FY17E. The stock trades at 8.9x FY17E EPS.

Key issues to watch for

- Performance of Spencer's—SSS growth, store-level EBITDA
- Details of operations of Chandrapur (Dhariwal)
- Approval of bid premium on Sarisatolli mines

Quarterly Performance - Standalone (excl Spencers Retail)**(INR Million)**

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	18,630	16,610	12,490	14,160	16,592	17,351	17,132	18,148	61,320	68,646
Change (%)	29.7	1.8	3.5	13.6	-10.9	4.5	37.2	28.2	12.6	11.9
EBITDA	3,780	4,230	2,990	4,510	3,937	4,225	4,375	4,768	15,490	17,304
Change (%)	17.8	12.5	2.0	-0.7	4.1	-0.1	46.3	5.7	8.1	11.7
As of % Sales	20.3	25.5	23.9	31.9	23.7	24.3	25.5	26.3	25.3	25.2
Depreciation	940	930	810	750	850	900	950	1,022	3,430	3,722
Interest	1,000	950	990	1,140	1,190	1,225	1,260	1,274	4,080	4,949
Other Income	150	170	210	320	250	225	275	325	850	1,075
PBT	1,990	2,520	1,400	2,940	2,147	2,325	2,440	2,797	8,830	9,708
Tax	480	600	290	480	429	465	488	560	1,850	1,942
Effective Tax Rate (%)	24.1	23.8	20.7	16.3	20.0	20.0	20.0	20.0	21.0	20.0
Reported PAT	1,510	1,920	1,110	2,460	1,717	1,860	1,952	2,236	6,980	7,766
Adjusted PAT	1,510	1,920	1,110	2,836	1,717	1,860	1,952	2,612	7,356	7,766
Change (%)	15.3	12.3	3.7	16.7	13.7	-3.1	75.8	-7.9	12.8	5.6

E: MOSL Estimates

Coal India

Bloomberg	COAL IN
Equity Shares (m)	6,316.4
M. Cap. (INR b)/(USD b)	2660/42
52-Week Range (INR)	422/332
1,6,12 Rel Perf. (%)	8 / 9 / 0

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015	2016E	2017E
Sales	688.1	720.1	765.7	905.6
EBITDA	159.6	152.3	167.0	208.2
NP*	159.9	137.3	152.9	179.6
EPS (INR)*	25.3	21.7	24.2	28.4
EPS Gr. (%)	-9.9	-14.1	11.4	17.5
BV/Sh. (INR)	67.1	63.9	66.3	69.2
RoE (%)	35.6	34.0	36.5	41.1
RoCE (%)	52.1	54.3	58.7	65.4
Payout (%)	132.2	114.3	90.0	90.0

Valuations

P/E (x)	16.6	19.4	17.4	14.8
P/BV (x)	6.3	6.6	6.3	6.1
EV/EBITDA	10.2	10.3	9.8	8.1
Div. Yield (%)	6.9	4.9	4.3	5.1
EV/ Sales (x)	3.0	2.9	2.8	2.3

CMP: INR421

Buy

- We expect revenue of INR190b (up 6.5% YoY) and EBITDA of INR47.4b (up 11% YoY). Higher realizations for e-auction volumes and better cost absorption would lead EBITDA improvement. Reported PAT is likely to be INR425b, up 6% YoY.
- Production during the quarter grew 12% YoY to 121.3mt and dispatches increased 8.3% YoY to 129.5mt. We estimate e-auction volumes at 17m tons for the quarter. The Ministry of Coal's monthly review indicates substantial jump in the quantity offered. This may impact the price of e-auction coal, which has risen in the last 2-3 quarters owing to constrained supply. E-auction revenue is a key monitorable.
- MoC has announced the auction of linkages to non-power sector, which would be the key revenue driver for COAL in FY17E.
- We expect COAL to report consolidated PAT of INR153b for FY16E (up 11% YoY) and INR180b for FY17E (up 17% YoY). The stock trades at 14.8x FY17E earnings.

Key issues to watch for

- E-auction volume realization
- News flows on coal linkage auction

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	177,995	156,780	177,629	207,742	189,607	165,350	191,972	218,776	720,146	765,706
Change (%)	8.1	1.7	4.9	3.9	6.5	5.5	8.1	5.3	4.7	6.3
EBITDA	42,810	20,696	34,800	53,995	47,437	24,182	39,638	55,773	152,300	167,030
Change (%)	8.2	-25.9	-15.2	-9.8	10.8	16.8	13.9	3.3	-4.6	9.7
As of % Sales	24.1	13.2	19.6	26.0	25.0	14.6	20.6	25.5	21.1	21.8
Depreciation	5,183	5,363	5,672	6,980	4,959	5,131	5,427	6,678	23,198	22,194
Interest	11	11	22	29	20	20	20	20	73	80
Other Income	21,805	20,221	21,820	22,914	22,000	22,000	22,000	21,145	86,761	87,145
EO Income/(Expense)	158	-48	-170	110	0	0	0	0	50	0
PBT	59,578	35,495	50,756	70,011	64,458	41,030	56,192	70,220	215,839	231,901
Tax	19,246	13,668	18,131	27,529	21,916	13,950	19,105	23,875	78,573	78,846
Effective Tax Rate (%)	32.4	38.5	35.6	39.4	34.0	34.0	34.0	34.0	36.4	34.0
Reported PAT	40,332	21,827	32,625	42,482	42,542	27,080	37,087	46,345	137,266	153,055
Adjusted PAT*	40,175	21,876	32,795	42,275	42,542	27,080	37,087	46,345	137,216	153,055
Change (%)	7.5	-28.5	-16.0	-20.0	5.9	23.8	13.1	9.6	-14.2	11.5

E: MOSL Estimates; *Pre Exceptional

JSW Energy

Bloomberg	JSW IN
Equity Shares (m)	1,640.1
M. Cap. (INR b)/(USD b)	161/3
52-Week Range (INR)	126/64
1,6,12 Rel Perf. (%)	-12 / -5 / 7

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	87.1	92.4	98.1	98.2
EBITDA	32.5	34.8	42.5	43.9
NP	10.3	13.8	14.1	15.7
Adj. EPS	6.3	8.4	8.6	9.6
EPS Gr. (%)	-2.4	33.9	1.6	11.7
BV/Sh. (INR)	40.1	46.0	52.2	59.0
RoE (%)	16.2	19.6	17.5	17.3
RoCE (%)	14.6	19.2	17.7	15.3
Payout (%)	31.7	24.4	25.0	25.0
Valuations				
P/E (x)	15.6	11.7	11.5	10.3
P/BV (x)	2.5	2.1	1.9	1.7
EV/EBITDA	7.4	6.5	7.0	6.1
Div. yield	2.0	2.1	2.2	2.4

CMP: INR98

Neutral

- We expect consolidated revenue of INR20b (down 21% YoY), EBITDA of INR7.3b (down 19% YoY) and PAT of INR2.6b (down 24% YoY).
- We estimate generation, including coal and lignite capacity, at 5.2BU (down 5.4% YoY). Sales volume would be 4.7BU, down 15% YoY.
- ST prices have remained soft due to transmission bottlenecks and lower demand from DISCOMs. Lower offtake would impact JSWEL, but firm ST contract on pricing front may not impact realization meaningfully.
- JSWEL has taken an enabling resolution to raise up to INR50b to facilitate growth. This would help pursue inorganic growth further, having acquired 1.5GW of hydropower assets from Jaiprakash Power.
- We expect JSWEL to report consolidated PAT of INR14.1b in FY16E (up 2% YoY) and INR15.7b in FY17E (up 12% YoY). The stock trades at 10.3x FY17E earnings.

Key issues to watch for

- Inorganic growth opportunity
- Timeline for fund raising; extent of dilution

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
(Consolidated)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Total Operating Income	25,583	22,513	23,808	21,897	20,124	28,066	24,975	24,976	93,802	20,124
Change (%)	3.5	11.2	10.7	6.4	-21.3	24.7	4.9	14.1	7.8	-78.5
EBITDA	9,062	8,479	9,742	8,913	7,309	14,469	10,624	10,113	36,234	7,309
Change (%)	-1.8	1.2	21.8	28.9	-19.3	70.6	9.1	13.5	11.4	-79.8
Depreciation	1,948	2,016	1,971	1,962	1,960	2,450	2,500	2,573	7,898	1,960
Interest	2,931	2,887	2,843	2,713	2,750	4,750	5,000	5,620	11,375	2,750
Other Income	419	907	376	296	750	675	850	879	2,301	750
Extraordinary items	0	0	0	0	0	0	0	0	0	0
PBT	4,601	4,482	5,303	4,534	3,349	7,944	3,974	2,799	19,263	3,349
Tax	1,248	1,228	1,405	1,269	737	1,748	874	644	5,150	737
Effective Tax Rate (%)	27.1	27.4	26.5	28.0	22.0	22.0	22.0	23.0	26.7	22.0
Reported PAT	3,353	3,255	3,898	3,265	2,612	6,196	3,100	2,154	14,113	2,612
Share of profit from Assoc	-90	25	79	-3	20	15	20	20	190	20
Minority interest	-9	44	18	16	20	20	20	20	86	20
Exceptional Income/(Expense)	0	-285	0	0	0	0	0	0	-285	0
Reported PAT (Post MI)	3,255	3,186	3,802	3,252	2,612	6,161	3,060	2,114	13,837	2,572
Adjusted PAT	3,452	2,901	3,802	3,252	2,612	6,191	3,100	2,154	13,552	2,572
Change (%)	-14.0	25.5	71.6	81.4	-24.3	113.4	-18.5	-33.8	31.1	-81.0

E: MOSL Estimates

NHPC**Neutral**

Bloomberg	NHPC IN
Equity Shares (m)	11,070.7
M. Cap. (INR b)/(USD b)	218/3
52-Week Range (INR)	28/18
1,6,12 Rel Perf. (%)	-2 / 3 / -35

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	74.2	82.4	80.3	82.8
EBITDA	43.8	52.7	49.1	49.4
NP	26.6	24.3	20.4	20.8
Adj. EPS (INR)	2.0	2.2	2.1	2.1
EPS Gr. (%)	20.6	7.9	-4.3	2.4
BV/Sh. (INR)	25.5	27.8	28.8	29.7
RoE (%)	7.7	8.2	6.5	6.4
RoCE (%)	8.8	7.4	7.9	7.9
Payout (%)	14.8	47.3	41.6	43.6

Valuations

P/E (X)	9.7	9.0	9.4	9.1
P/BV (X)	0.8	0.7	0.7	0.7
EV/EBITDA	8.0	6.4	6.5	6.2
Div. Yield (%)	1.5	3.3	3.8	4.1

CMP: INR20

- We expect NHPC to report revenue of INR21.7b (up 6% YoY) and PAT of INR7.3b (up 3% YoY). We estimate generation at 7.7BU against 7.5BU in 1QFY15, led by commissioning of capacities and higher PLF.
- NHPC started work on the Teesta-IV project in November 2014, while attempts to restart work at Subhanshri Lower have been futile. It has 3.3GW of projects under construction, but these are unlikely to commission before FY17; thus leading to no growth over FY15-17.
- Commencement of work on Teesta-IV project has led to capitalization of interest versus booking through P&L earlier. However, until work on Subhanshri Lower begins, interest accrual in P&L would impact reported earnings.
- We expect NHPC to report consolidated PAT of INR20.4b in FY16E (down 4% YoY) and INR20.8b in FY17E (up 2% YoY). The stock trades at 9.1x FY17E earnings.

Key issues to watch for

- Cost approval for commissioned projects
- Status update on resuming work on Subhanshri Lower

Quarterly Performance

(INR Million)

Y/E March (Standalone)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	20,549	20,988	11,770	14,716	21,676	22,003	14,113	14,423	68,023	21,676
Change (%)	26.9	27.2	4.8	31.1	5.5	4.8	19.9	-2.0	22.8	-68.1
EBITDA	13,172	12,881	5,711	8,721	14,476	14,703	6,663	6,819	40,485	14,476
Change (%)	23.0	26.4	-8.4	PL	9.9	14.1	16.7	PL	71.6	-64.2
As of % Sales	64.1	61.4	48.5	59.3	66.8	66.8	47.2	47.3	59.5	66.8
Depreciation	3,551	3,575	3,537	3,595	3,600	3,625	3,675	3,758	14,259	3,600
Interest	3,221	2,884	2,910	2,783	2,500	2,500	2,490	2,493	11,798	2,500
Other Income	1,628	2,262	2,905	1,818	1,750	2,300	3,000	2,440	8,613	1,750
PBT	8,028	8,685	2,169	9,380	10,126	10,878	3,498	3,009	28,262	10,126
Tax	1,867	1,844	371	2,936	2,835	3,046	980	846	7,017	2,835
Effective Tax Rate (%)	23.3	21.2	17.1	31.3	28.0	28.0	28.0	28.1	24.8	28.0
Reported PAT	6,161	6,841	1,799	6,444	7,290	7,832	2,519	2,163	21,245	7,290
Adjusted PAT	7,099	7,777	2,526	2,821	7,290	7,832	2,519	2,163	20,224	7,290
Change (%)	-0.9	0.4	-2.6	8.3	2.7	0.7	-0.3	-23.4	0.6	-64.0

E: MOSL Estimates

NTPC**Buy**

Bloomberg	NTPC IN
Equity Shares (m)	8,245.5
M. Cap. (INR b)/(USD b)	1136/18
52-Week Range (INR)	165/127
1,6,12 Rel Perf. (%)	1 / -5 / -21

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	714.9	726.4	866.6	893.2
EBITDA	177.8	160.9	198.6	227.9
NP	99.3	90.4	102.3	114.6
Adj EPS (INR)	12.0	11.0	12.4	13.9
EPS Gr. (%)	10.2	-8.9	13.2	12.0
BV/Sh. (INR)	104.1	99.0	93.2	100.7
RoE (%)	12.0	10.8	12.9	14.3
RoCE (%)	11.3	8.4	10.1	11.6
Payout (%)	50.5	46.1	46.1	46.1

Valuations

P/E (x)	11.4	12.6	11.1	9.9
P/BV (x)	1.3	1.4	1.5	1.4
EV/EBITDA (x)	9.1	11.4	9.5	8.7
Div. Yield (%)	4.2	3.6	3.6	4.0

CMP: INR138

- We expect PAT of INR23.76b (up 17% YoY), led by commissioning of new capacity, and better FC recovery (led by improvement in fuel supply scenario). Revenue for the quarter is estimated at INR202.4b (up 12% YoY).
- NTPC's generation is likely to decline 3% YoY to 61.5BU. Gas generation is expected to de-grow 22% YoY to 2.7BU. Coal-based generation would de-grow 2% YoY at 58.8BU.
- NTPC has been allotted its five mines that were cancelled earlier. As of FY14, NTPC had made total investments of INR21.7b for these coal blocks. The re-allotment would improve its fuel basket mix with increased share from own mines.
- We estimate PAT of INR102b for FY16E (up 13% YoY) and INR114.6b in FY17E (up 14% YoY). The stock trades at 9.9x FY17E earnings.

Key issues to watch for

- PLF for coal-based projects and generation loss
- Core RoE and incentives

Quarterly Performance

(INR Million)

Y/E March (Standalone)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	180,865	165,824	187,390	192,299	202,382	191,556	224,253	248,455	726,378	866,646
Change (%)	15.8	1.9	-0.2	-8.2	11.9	15.5	19.7	29.2	1.6	19.3
EBITDA	32,684	30,881	45,406	45,803	42,704	44,687	46,807	58,051	154,773	192,248
Change (%)	-23.4	-24.8	-1.9	3.1	30.7	44.7	3.1	26.7	-10.3	24.2
As of % Sales	18.1	18.6	24.2	23.8	21.1	23.3	20.9	23.4	21.3	22.2
Depreciation	11,155	11,516	12,534	13,912	12,900	13,750	14,500	15,438	49,117	56,588
Interest	6,679	6,674	7,008	7,075	7,500	8,000	8,500	9,400	27,436	33,400
Other Income	7,987	6,674	6,004	6,406	7,350	8,000	7,550	7,986	27,246	29,536
PBT	22,836	19,365	31,868	31,222	29,654	30,937	31,357	41,199	105,467	131,796
Tax	824	-1,176	1,128	1,782	5,931	5,917	6,271	11,329	2,558	29,448
Effective Tax Rate (%)	3.6	-6.1	3.5	5.7	20.0	19.1	20.0	27.5	2.4	22.3
Reported PAT	22,012	20,716	30,740	29,440	23,723	23,669	25,085	29,870	102,909	102,348
Adjusted PAT	20,250	19,362	22,966	27,853	23,723	23,669	25,085	29,870	90,432	102,348
Change (%)	-9.0	-11.9	-23.2	10.7	17.1	22.2	9.2	7.2	-9.1	13.2

Power Grid Corp

Bloomberg	PWGR IN
Equity Shares (m)	5,231.6
M. Cap. (INR b)/(USD b)	728/11
52-Week Range (INR)	159/127
1,6,12 Rel Perf. (%)	-3 / 0 / -9

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	152.3	171.8	200.4	236.5
EBITDA	129.6	147.5	172.5	204.4
NP	45.2	50.7	57.3	69.8
EPS (INR)	8.6	9.7	11.0	13.3
EPS Gr. (%)	-4.2	13.1	13.1	21.8
BV/Sh. (INR)	65.9	73.0	80.1	88.8
RoE (%)	14.8	13.9	14.3	15.8
RoCE (%)	8.7	8.0	8.3	9.0
Payout (%)	35.1	35.6	35.0	35.0

Valuations

P/E (x)	16.3	14.4	12.7	10.4
P/BV (x)	2.1	1.9	1.7	1.6
EV/EBITDA	11.4	10.9	9.9	8.9
Div. Yield (%)	1.9	2.1	2.4	2.9

CMP: INR139

Buy

- We expect PWGR to report PAT of INR13.3b (up 12% YoY). The growth in PAT would mainly be led by capitalization.
- PWGR would capitalize INR60b, given robust growth in capex in the last 2-3 years. We expect 1QFY16 capex at INR45b, down 23% YoY.
- We estimate consultancy revenue at INR900m and telecom revenue at INR750m, and anticipate contribution of ~INR670m to PBT from these two divisions.
- PWGR emerged as a successful bidder for Vindhyaachal Jabalpur Transmission recently. Ministry of Power (MoP) has also awarded execution of the Bhuj-Banasthali-Chittor-Ajmer transmission line and its extension from Ajmer (Rajasthan) to Suratgarh and Moga (Punjab) to evacuate renewable power to PWGR on nomination basis.
- We expect PWGR to report PAT of INR57b in FY16E (up 13% YoY) and INR69.8b in FY17E (up 21% YoY). The stock trades at 10.4x FY17E EPS.

Key issues to watch for

- Capitalization/capex guidance for FY16
- Details on competitively bid projects
- Development on green energy projects, state JVs, etc.

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	39,384	41,533	43,524	46,622	46,497	49,055	51,282	53,532	171,064	200,366
Change (%)	10.7	4.3	18.2	18.5	18.1	18.1	17.8	14.8	12.9	17.1
EBITDA	33,694	35,546	37,389	40,174	40,097	42,380	44,157	45,834	146,804	172,468
Change (%)	10.3	5.5	20.5	20.6	19.0	19.2	18.1	14.1	14.2	17.5
As of % Sales	85.6	85.6	85.9	86.2	86.2	86.4	86.1	85.6	85.8	86.1
Depreciation	11,550	12,116	13,007	14,181	14,250	15,000	15,700	16,016	50,854	60,966
Interest	9,279	9,891	10,247	10,376	10,500	11,000	11,750	12,096	39,793	45,346
Other Income	1,367	1,560	1,337	2,474	1,275	1,340	1,400	1,444	6,737	5,459
Extraordinary Inc / (Exp)	0	0	0	0	0	0	0	0	0	0
PBT	14,232	15,099	15,473	18,091	16,622	17,720	18,107	19,166	62,894	71,615
Tax	2,866	3,086	3,188	3,961	3,324	3,544	3,621	3,839	13,102	14,329
Effective Tax Rate (%)	20.1	20.4	20.6	21.9	20.0	20.0	20.0	20.0	20.8	20.0
Reported PAT	11,365	12,013	12,284	14,130	13,298	14,176	14,485	15,327	49,792	57,286
Adj. PAT (Pre Exceptional)	11,909	12,096	12,520	14,130	13,298	14,176	14,485	15,327	50,655	57,286
Change (%)	12.7	15.9	18.6	18.8	11.7	17.2	15.7	8.5	16.6	13.1

E: MOSL Estimates

PTC India

Bloomberg	PTCIN IN
Equity Shares (m)	296.0
M. Cap. (INR b)/(USD b)	20/0
52-Week Range (INR)	105/59
1,6,12 Rel Perf. (%)	0 / -28 / -37

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015	2016E	2017E
Sales	123.1	131.8	155.0	173.6
EBITDA	3.6	2.2	2.3	2.6
NP*	3.6	3.1	3.5	4.0
Adj. EPS	12.2	10.5	11.7	13.4
EPS Gr. (%)	82.0	-13.5	10.5	15.2
BV/Sh. (INR)	84.7	88.0	92.3	97.2
RoE (%)	12.1	7.0	8.6	9.4
RoCE (%)	15.0	10.1	10.8	11.6
Payout (%)	23.5	45.0	45.0	45.0

Valuations

P/E (x)	5.6	6.5	5.9	5.1
P/BV (x)	0.8	0.8	0.7	0.7
EV/EBITDA	4.2	5.2	4.0	2.7
EV/ Sales (x)	0.1	0.1	0.1	0.0
Div. yield (%)	3.4	3.9	5.1	5.8

CMP: INR69

Buy

- We expect revenue of INR37.7b (up 2.3% YoY) and PAT of INR560m (up 28% YoY). The PAT growth is led by higher volume and better core margins.
- Volumes are likely to increase 2% YoY to ~10BU. We expect adjusted trading margin at ~5.80paise/kwh.
- On Simhapuri/Meenaxi tolling business, we expect PTCIN to achieve sales volume of 475MU and PBT spread of INR0.20/unit.
- Trading volumes for PTC have been constrained due to poor demand by DISCOMs and lower availability of transmission corridor for ST movement of power.
- We expect PTCIN to report consolidated PAT of INR3.5b for FY16E (up 11% YoY) and INR4.0b in FY17E (up 15% YoY). The stock trades at 5.1x for FY17E earnings.

Key issues to watch for

- Trading volumes and margin guidance for FY16, and commissioning of projects
- Cash utilization policy

Quarterly Performance

(INR Million)

Y/E March (Standalone)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Power Traded (MUs)	9,809	12,194	7,273	5,868	10,000	13,500	9,455	8,108	35,144	41,062
Sales	36,891	41,933	28,190	23,189	37,748	50,960	35,690	30,604	130,203	155,003
Change (%)	33.2	33.5	2.5	-18.6	2.3	21.5	26.6	32.0		
EBITDA	571	634	459	431	562	794	515	429	2,095	2,301
Change (%)	68.0	-6.5	-60.3	-54.9	-1.5	25.3	12.2	-0.4	-33.1	9.8
As of % Sales	1.5	1.5	1.6	1.9	1.5	1.6	1.4	1.4	1.6	1.5
Depreciation	10	11	11	11	10	11	10	10	42	41
Interest	1	3	3	3	2	3	3	2	10	10
Other Income	98	631	136	426	250	275	250	268	1,291	1,043
EOIncome/(Expense)	0	4	-325	0	0	0	0	0	0	0
PBT	658	1,256	257	842	800	1,055	752	685	3,335	3,293
Tax	221	292	191	278	240	317	226	205	982	988
Effective Tax Rate (%)	33.5	23.3	74.2	33.0	30.0	30.0	30.0	30.0	29.5	30.0
Reported PAT	437	963	66	564	560	739	527	479	2,353	2,305
Adjusted PAT	438	960	391	564	560	739	527	479	2,353	2,305
Change (%)	49.5	55.1	-54.8	-19.0	28.0	-23.0	34.6	-15.0		

E: MOSL Estimates

RattanIndia Power

Bloomberg	RTPOW IN
Equity Shares (m)	2,642.7
M. Cap. (INR b)/(USD b)	19/0
52-Week Range (INR)	16/6
1,6,12 Rel Perf. (%)	-10 / -27 / -58

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015	2016E	2017E
Sales	3.4	6.3	31.5	71.5
EBITDA	0.4	0.3	19.7	30.0
NP	-1.0	-6.6	1.4	7.5
EPS (INR)	-0.4	-2.5	0.5	2.8
EPS Gr. (%)	-	-	-121.2	429.2
BV/Sh (INR)	20.3	17.8	18.3	20.7
RoE (%)	-1.9	-13.2	2.9	14.4
RoCE (%)	0.3	-0.6	8.2	13.6
Payout (%)	0.0	0.0	0.0	15.0
Valuations				
P/E (x)		-2.9	13.8	2.6
P/BV (x)		0.4	0.4	0.4
EV/EBITDA (x)		519.2	6.7	4.0
EV/Sales (x)		21.2	4.2	1.7
Div. Yield (%)		0.0	0.0	5.8

CMP: INR7

Buy

- We expect RTPOW to report a net loss of INR2.2b v/s net loss of INR1.4m in 1QFY15 and INR2.2b in 4QFY15. We expect revenue to increase 80% YoY to INR2.6b, led by higher generation and commissioning of the entire Amaravati project. We estimate generation at ~510MU against 415MU in 1QFY15.
- RTPOW has commissioned the entire 1.35GW capacity at Amravati, and Unit-1 at Nashik. Thus, the total installed capacity stands at 2.2GW and is expected to increase to 2.7GW by CY15.
- The company has initiated contracts to import coal to meet the balance commitment under FSA, for which MERC has already approved compensatory tariff of INR1.55/unit (this is over and above the energy charge quoted as part of the bid for Amravati project).
- UPERC has cancelled snap bids and is in process of calling fresh bids for LT power procurement. Tie-up of power for Nashik is, thus, a key monitorable.
- We expect RTPOW to report PAT of INR1.4b in FY16E (v/s a loss of INR6.6b in FY15) and PAT of INR7.5b in FY17E. Stock trades at 2.6x FY17E earnings.

Key issues to watch for

- Scheduled commissioning of Nashik units
- PPA visibility for Nashik project
- Operational performance of Amravati power project

Quarterly Performance

(INR Million)

Y/E March (Consolidated)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	1,435	1,831	1,507	1,478	2,572	3,297	9,171	16,449	6,252	31,488
Change (%)	1,328.6	78.7	64.1	10.0	79.2	80.0	508.5	1,012.7	84.5	403.7
EBITDA	219	-36	247	-175	1,185	1,642	5,798	11,031	255	19,656
Change (%)	-175.2	-117.0	25.8	-156.1	440.4	-4,709.2	2,251.8	-6,392.8	-40.3	7,609.4
As of % Sales	15.3	-1.9	16.4	-11.9	46.1	49.8	63.2	67.1	4.1	62.4
Depreciation	599	606	605	87	1,100	1,400	1,800	2,225	1,898	6,525
Interest	1,198	1,219	1,221	1,822	2,250	2,500	3,000	3,573	5,459	11,323
Other Income	189	166	151	107	1	1	1	0	613	3
PBT	-1,389	-1,694	-1,429	-1,977	-2,164	-2,257	999	5,233	-6,488	1,811
Tax	39	-110	-17	239	0	0	51	352	151	403
Effective Tax Rate (%)	-2.8	6.5	1.2	-12.1	0.0	0.0	5.1	6.7	-2.3	22.2
Reported PAT	-1,428	-1,584	-1,411	-2,217	-2,164	-2,257	948	4,882	-6,640	1,408
Minority interest	1	1	1	0	0	0	0	0	2	0
Net profit after minority	-1,429	-1,584	-1,412	-2,217	-2,164	-2,257	948	4,882	-6,641	1,408
Adjusted PAT	-1,429	-1,584	-1,412	-2,217	-2,164	-2,257	948	4,882	-6,641	1,408
Change (%)	263.0	517.3	630.5	1,209.7	51.5	42.5	-167.1	-320.2	555.8	-121.2

E: MOSL Estimates

Reliance Infrastructure

Bloomberg	RELI IN
Equity Shares (m)	263.0
M. Cap. (INR b)/(USD b)	102/2
52-Week Range (INR)	813/348
1,6,12 Rel Perf. (%)	-5 / -25 / -59

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015	2016E	2017E
Sales	113.0	105.4	106.0	119.0
EBITDA	18.5	19.6	22.9	24.1
NP	15.9	15.3	15.4	14.4
Adj. EPS(INR)	60.5	58.3	58.7	54.6
EPS Gr. (%)	-7.3	-3.6	0.7	-7.1
BV/Sh. (INR)	777.2	805.5	854.7	899.1
RoE (%)	8.0	7.4	7.1	6.2
RoCE (%)	8.5	8.3	9.5	9.4
Payout (%)	12.5	15.4	16.3	18.5

Valuations

P/E (x)	6.4	6.7	6.6	7.1
P/BV (x)	0.5	0.5	0.5	0.4
EV/EBITDA (X)	3.6	3.9	3.2	2.9
Div. yield (%)	1.7	2.1	2.2	2.3

CMP: INR388

Buy

- We expect revenue of INR25.7b, flat YoY; this is attributable to lower revenue from the EPC division.
- We estimate EPC revenue at INR6b (v/s INR8.0b in 4QFY15). PAT for the quarter is likely to be INR3.2b (flat YoY).
- RELI has acquired 18% stake in Pipavav Defense at INR8.2b and has made an open offer to acquire additional stake.
- The company has commissioned 5.8mtpa cement capacity at MP and the current utilization stands at 65%. It is also in the process of commissioning 5mtpa in Maharashtra.
- We expect RELI to report standalone PAT of INR22.9b in FY16E (flat YoY) and INR14.4b in FY17E (down 7% YoY). Presently, the stock trades at 7.1x FY17E earnings.

Key issues to watch for

- Performance of the EPC division and order book position
- Performance of the infrastructure business

Quarterly Performance

(INR Million)

Y/E March (Standalone)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	25,359	24,671	27,308	28,018	25,722	24,829	27,496	27,989	105,356	106,036
Change (%)	-22.7	-12.9	7.7	3.4	1.4	0.6	0.7	-0.1	-7.2	0.6
EBITDA	4,305	4,811	4,822	5,667	4,972	5,579	5,996	6,345	19,605	22,892
Change (%)	-2.2	0.9	-6.4	18.3	15.5	16.0	24.3	12.0	2.6	16.8
As of % Sales	17.0	19.5	17.7	20.2	19.3	22.5	21.8	22.7	18.6	21.6
Depreciation	898	1,204	991	1,777	1,150	1,175	1,190	1,219	4,869	4,734
Interest	3,343	3,540	3,647	4,651	4,350	4,350	4,300	4,459	15,181	17,459
Other Income	3,955	4,013	3,881	3,778	4,300	4,250	4,400	4,524	15,626	17,474
PBT	4,020	4,080	4,065	3,016	3,772	4,304	4,906	5,192	15,181	18,173
Tax (incl contingencies)	805	519	6	-1,483	566	646	736	779	-153	2,726
Effective Tax Rate (%)	20.0	12.7	0.1	-49.2	15.0	15.0	15.0	15.0	-1.0	15.0
Reported PAT	3,215	3,561	4,059	4,500	3,206	3,659	4,170	4,413	15,334	15,447
PAT (Pre Exceptionals)	3,215	3,561	4,059	4,500	3,206	3,659	4,170	4,413	15,334	15,447
Change (%)	-14.1	3.0	10.2	-9.9	-0.3	2.8	2.7	-1.9	-3.4	0.7

E: MOSL Estimates; Quarterly nos. are on standalone basis

Tata Power

Bloomberg	TPWR IN
Equity Shares (m)	2,704.8
M. Cap. (INR b)/(USD b)	200/3
52-Week Range (INR)	112/68
1,6,12 Rel Perf. (%)	-1 / -11 / -41

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015	2016E	2017E
Sales	86.3	86.8	86.7	90.9
EBITDA	22.9	21.6	22.6	22.7
NP	5.8	8.1	16.9	19.1
Adj. EPS (INR)	1.5	2.0	6.2	7.1
EPS Gr. (%)	-61.3	36.3	204.6	13.1
BV/Sh. (INR)	52.7	55.8	58.9	62.3
RoE (%)	7.4	7.4	7.7	7.8
RoCE (%)	7.3	6.2	6.1	6.1
Payout (%)	29.4	38.1	34.5	29.3

Valuations

P/E (x)	30.4	24.7	11.9	10.5
P/BV (x)	1.4	1.3	1.3	1.2
EV/EBITDA (x)	11.5	14.0	13.1	12.8
Div. yield (%)	1.9	1.8	1.8	1.8

CMP: INR74

Neutral

- We expect TPWR to report standalone PAT of INR2.8b (up 9% YoY) and consolidated PAT of INR4b (up 63% YoY), including past arrears/benefit from compensatory tariff.
- Generation from TPWR's 2,021MW (Mumbai region) capacity in April-May 2015 was 1.5BU, down 3% YoY. Mundra UMPP generation for the period was 4.2BU and PLF was 72%. Maithon generation was 1.2BU at a PLF of ~76%.
- Soft global prices would impact realization of coal mining companies; thus, it remains a key monitorable.
- TPWR has entered into an agreement to acquire 50% stake in a 120MW hydropower project in Zambia. It has also announced commissioning of the 2nd unit of its Dagachhu HEP in Bhutan.
- We expect TPWR to report consolidated PAT of INR16.9b in FY16E (up 2x YoY) and INR19.1b in FY17E (up 13% YoY). The stock trades at 10.5x FY17E earnings.

Key issues to watch for

- Contribution of Maithon/Mundra UMPP project
- Update on Mundra UMPP tariff revision case
- Sales/realization for KPC/Arutmin mines

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
(Standalone)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Units Generated	3,301	3,123	2,954	2,596	3,631	3,279	3,249	2,751	11,974	12,911
Total Operating Income	21,696	18,968	19,088	18,652	20,702	21,310	19,719	17,671	78,742	79,401
Change (%)	-16.8	-13.8	-4.9	2.9	-4.6	12.4	3.3	-5.3	-8.7	0.8
EBITDA	3,896	3,991	2,893	2,873	3,994	4,111	3,804	3,409	13,586	15,317
Change (%)	-47.5	-33.7	-59.4	-42.3	2.5	3.0	31.5	18.6	-46.8	12.7
As of % Sales	18.0	21.0	15.2	15.4	19.3	19.3	19.3	19.3	17.3	19.3
Depreciation	1,416	1,458	1,294	1,585	1,400	1,425	1,450	1,478	5,753	5,753
Interest	2,521	2,559	2,730	2,664	2,675	2,750	2,800	2,773	10,475	10,998
Other Income	3,802	3,539	4,931	5,460	4,200	4,000	4,800	6,217	17,798	19,217
PBT	3,761	3,512	3,800	4,084	4,119	3,936	4,354	5,375	15,157	17,783
Tax	1,201	449	1,453	1,950	1,318	1,279	1,426	1,747	5,054	5,770
Effective Tax Rate (%)	31.9	12.8	38.2	47.8	32.0	32.5	32.8	32.5	33.3	32.4
Reported PAT	2,560	3,063	2,346	2,134	2,801	2,657	2,928	3,628	10,103	12,014
Adjusted PAT	2,560	3,063	2,440	2,134	2,801	2,657	2,928	3,628	10,197	12,014
Change (%)	-27.4	13.3	86.7	59.5	9.4	-13.3	20.0	70.0	14.9	17.8
Consolidated Adjusted PAT	2,495	2,631	887	2,087	4,067	3,830	4,192	4,784	8,099	16,873
Change (%)	130.7	4.2	-44.6	263.5	63.0	45.6	372.5	129.3	40.1	108.3

E: MOSL Estimates

Arvind

Bloomberg	ARVND IN
Equity Shares (m)	258.2
M. Cap. (INR b)/(USD b)	69/1
52-Week Range (INR)	341/199
1,6,12 Rel Perf. (%)	13 / -6 / 6

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	68.6	78.5	90.3	104.3
EBITDA	9.3	10.4	12.0	14.1
NP	3.5	3.4	4.0	4.9
EPS (Rs)	13.7	13.2	15.6	19.0
EPS Gr. (%)	42.4	-3.6	18.4	21.8
BV/Sh. (INR)	100.0	105.5	117.6	132.5
RoE (%)	14.6	12.9	14.0	15.2
RoCE (%)	15.1	15.7	15.6	17.1
Div Payout (%)	20.1	23.4	22.6	21.7
Valuations				
P/E (x)	19.6	20.4	17.2	14.1
P/BV (x)	2.7	2.6	2.3	2.0
EV/EBITDA (x)	10.5	9.9	8.7	7.6
Div Yield (%)	0.9	0.9	1.1	1.3

CMP: INR269

Buy

- We expect ARVND's revenue to increase 13% YoY (-1.8% QoQ) in 1QFY16 to INR20b, largely driven by the brand and retail segment.
- We expect EBITDA margin to remain flat YoY (down 40bp QoQ) at 12.3% and EBITDA at INR2.4b. Brand and retail margins are expected to decline YoY on account of initial launch expenses of GAP and liquidation of excess inventory from a weak Diwali.
- Led by higher tax rate (29% as expected in 1QFY16 v/s 12.1% in 1QFY15), we expect PAT to de-grow 13% (growth of 2.29% QoQ) to INR758m.
- The stock currently trades at 8.7x FY16E EV/EBITDA and 7.6x FY17E EV/EBITDA. Maintain **Buy**.

Key issues to watch out

- Growth in the brand and retail segment.
- Performance of newly acquired brands.

Quarterly Performance

(INR Million)

Y/E March (Consolidated)	FY15				FY16E				FY15	FY16
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	17,726	19,646	20,737	20,405	20,030	22,495	24,055	23,711	78,514	90,286
YoY Change (%)	18.9	14.3	16.9	8.6	13.0	14.5	16.0	16.2	14.4	15.0
Total Expenditure	15,536	17,225	17,855	17,809	17,566	19,616	20,567	20,533	68,157	78,278
EBITDA	2,190	2,421	2,882	2,596	2,464	2,879	3,488	3,177	10,357	12,008
Margins (%)	12.4	12.3	13.9	12.7	12.3	12.8	14.5	13.4	13.2	13.3
Depreciation	489	516	558	560	590	610	640	660	2,124	2,492
Interest	962	1,011	1,018	956	1,040	1,070	1,100	1,130	4,174	4,336
Other Income	249	303	150	230	230	270	280	1,030	932	457
PBT before EO expense	988	1,197	1,456	1,310	1,064	1,469	2,028	2,417	4,991	5,638
Extra-Ord expense	-39	33	25	484	0	0	0	0	543	0
PBT	1,026	1,165	1,432	825	1,064	1,469	2,028	2,417	4,448	5,638
Tax	125	242	350	360	308	420	585	483	1,072	1,635
Rate (%)	12.1	20.8	24.4	43.6	29.0	28.6	28.9	20.0	24.1	29.0
MI & Profit/Loss of Asso. Cos.	-3	-10	-9	-13	-3	-10	-9	-13	35	35
Reported PAT	905	933	1,091	478	758	1,059	1,452	1,947	3,411	4,037
Adj PAT	868	949	1,101	738	755	1,029	1,433	1,184	3,789	4,003
YoY Change (%)	11.5	1.8	7.6	-21.3	-13.0	8.5	30.2	60.3	3.2	5.6
Margins (%)	5.1	4.7	5.3	2.3	3.8	4.7	6.0	8.2	4.3	4.5

E: MOSL Estimates

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Bata India

Bloomberg	BATA IN
Equity Shares (m)	64.3
M. Cap. (INR b)/(USD b)	68/1
52-Week Range (INR)	1495/942
1,6,12 Rel Perf. (%)	-1 / -20 / -27

Financial Snapshot (INR Billion)

Y/E March	2013	2015*	2016E	2017E
Sales	20.7	26.9	24.3	27.6
EBITDA	3.2	3.4	3.4	4.1
NP	2.0	2.1	2.0	2.6
EPS (INR)	30.8	32.5	31.8	39.8
EPS Gr. (%)	14.9	5.8	-2.2	24.9
BV/Sh.(INR)	130.7	158.9	176.8	199.2
RoE (%)	25.7	22.5	19.0	21.1
RoCE (%)	38.2	32.2	28.2	31.4
Payout (%)	25.8	20.9	43.7	43.8

Valuations

P/E (x)	34.4	32.5	33.2	26.6
P/BV (x)	8.1	6.6	6.0	5.3
EV/EBITDA (x)	20.3	19.6	19.0	15.5
Div. yield (%)	0.6	0.6	1.1	1.4

* 15 months ended

CMP: INR1,057

Buy

- We expect revenue to rise 8% YoY (36.7% QoQ) to INR6.7b in 1QFY16 and same-store Sales growth of ~3%.
- EBITDA is likely to increase 9.6% YoY to INR1.1b, a margin of 15.9%.
- PAT is expected to grow 11.5% YoY to INR666m.
- The stock trades at 33.2x FY16E and 26.6x FY17E earnings. Maintain **Buy**.

Key issues to watch out

- SSS growth during the quarter.
- New store additions.
- Update on supply chain issues.

Quarterly Performance

(INR Million)

Y/E December	FY15*					FY16E				FY15	FY16E
(Consolidated)	1Q	2Q	3Q	4Q	5QE*	1Q	2Q	3Q	4Q		
Net Sales	4,954	6,221	5,480	5,372	4,913	6,718	6,028	6,017	5,552	26,940	24,312
YoY Change (%)	9.2	8.7	13.1	-3.1	-0.8	8.0	10.0	12.0	13.0	NM	NM
Total Expenditure	4,297	5,246	4,844	4,758	4,444	5,650	5,238	5,223	4,847	23,590	20,909
EBITDA	657	975	636	614	469	1,068	790	794	705	3,350	3,404
Margins (%)	13.3	15.7	11.6	11.4	9.5	15.9	13.1	13.2	12.7	12.4	14.0
Depreciation	136	154	155	185	161	170	185	200	220	793	776
Interest	3	3	3	6	3	2	2	2	2	18	8
Other Income	74	85	106	75	93	90	100	105	115	434	411
PBT	592	886	584	499	729	986	703	697	598	3,289	3,030
Tax	198	289	194	149	145	320	228	227	194	976	985
Rate (%)	33.5	32.6	33.2	29.9	36.4	32.5	32.5	32.5	32.5	29.7	32.5
Reported PAT	394	597	390	349	584	666	474	471	404	2,313	2,045
YoY Change (%)	2.6	-1.8	3.8	-40.9	-36.0	9.4	21.6	34.7	60.1	NM	NM
Margins (%)	7.9	9.8	7.1	6.5	5.1	9.9	7.9	7.8	7.3	7.8	8.4

E: MOSL Estimates; * 15months ending FY15E

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Castrol (India)

Bloomberg	CSTR IN
Equity Shares (m)	494.6
M. Cap. (INR b)/(USD b)	215/3
52-Week Range (INR)	544/315
1,6,12 Rel Perf. (%)	-10 / -14 / 25

Financial Snapshot (INR b)

Y/E DEC	2013	2014	2015E	2016E
Sales	31.7	33.8	34.6	35.6
EBITDA	6.7	7.1	9.4	10.5
Adj. PAT	4.9	4.8	6.4	7.3
Adj. EPS (INR)	10.0	9.7	13.0	14.7
EPS Gr. (%)	10.2	-3.1	34.7	12.8
RoE (%)	71.4	70.4	76.6	119.1
RoCE (%)	94.2	91.9	107.8	165.3
Payout (%)	79.4	90.5	86.9	87.4

Valuations

P/E (x)	43.5	44.9	33.3	29.6
P/BV (x)	28.6	43.2	36.7	31.8
EV/EBITDA (x)	31.0	29.7	22.3	19.7
Div. Yield (%)	1.6	1.7	2.3	2.5

CMP: INR434

Neutral

- We expect revenue to grow 3.8% YoY to INR9.5b, led by higher realizations at INR1713/ltr (+1%YoY, flat QoQ) and volumes at 54.6m liters (+2.5% YoY).
- We estimate Castrol to report EBITDA of INR2.6bn (+36.8% YoY, +37.3% QoQ). Expect EBITDA margins to improve to 27.2% v/s 20.7% in 2QCY14 and 23.5% in 1QCY15—the QoQ improvement in EBITDA margin is led by likely lower advertizing costs in 2QCY15; 1QCY15 advertizing costs were higher because it included the increase advertizing spend toward cricket world cup.
- Net profit is expected at INR1.78bn (+38.7% YoY, +21.3% QoQ)
- The stock trades at 33.3x CY15E. **Neutral**.

Key issues to watch out

- (a) Volume growth, (b) operating margin expansion.

Quarterly Performance

(INR Million)

Y/E December	CY14				CY15				CY14	CY15E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volumes (m litres)	48.8	53.3	45.6	48.2	46.0	54.6	47.8	51.0	195.9	199.4
Realizations (INR/ ltr)	167	171	175	178	173	173	174	175	172.6	173.7
Net Sales	8,151	9,103	7,995	8,559	7,958	9,450	8,323	8,910	33,808	34,640
YoY Change (%)	4.3	6.0	11.1	6.2	-2.4	3.8	4.1	4.1	6.8	2.5
EBITDA	1,442	1,880	1,733	2,036	1,873	2,572	2,322	2,598	7,091	9,364
YoY Change (%)	-14.4	-1.4	18.6	20.5	29.9	36.8	34.0	27.6	5.2	32.1
Margins (%)	17.7	20.7	21.7	23.8	23.5	27.2	27.9	29.2	21.0	27.0
Depreciation	84	84	84	109	111	112	114	94	361	431
Interest	4	4	10	6	3	4	4	13	24	24
Other Income	177	136	143	142	164	199	199	163	598	725
PBT before EO Item	1,530	1,928	1,782	2,063	1,923	2,655	2,403	2,653	7,303	9,634
Extraordinary Inc/(Exp)					306					306
PBT	1,530	1,928	1,782	2,063	2,229	2,655	2,403	2,653	7,303	9,940
Tax	528	644	609	743	761	873	790	875	2,524	3,300
Rate* (%)	34.5	33.4	32.9	36.0	34.1	32.9	32.9	33.0	34.6	33.2
Reported PAT	1,002	1,284	1,173	1,320	1,468	1,781	1,612	1,778	4,779	6,640
Adj. PAT	1,002	1,284	1,173	1,320	1,266	1,781	1,612	1,778	4,779	6,438
YoY Change (%)	-19.4	-8.4	14.4	4.6	26.3	38.7	37.4	34.7	-3.1	34.7
Margins (%)	12.3	14.1	14.7	15.4	15.9	18.9	19.4	20.0	14.1	18.6
Adj. EPS	2.0	2.6	2.4	2.7	2.6	3.6	3.3	3.6	9.7	13.0

*Adjusted for exceptional item, E: MOSL Estimates

Concor

Bloomberg	CCRI IN
Equity Shares (m)	195.0
M. Cap. (INR b)/(USD b)	326/5
52-Week Range (INR)	1,944/1,158
1,6,12 Rel Perf. (%)	-8 / 24 / 32

Financial Snapshot (INR b)

Y/E MARCH	2014	2015	2016E	2017E
Sales	51.1	61.5	65.6	73.2
EBITDA	10.8	14.0	14.1	17.4
NP	9.5	11.1	11.4	14.0
EPS (INR)	48.7	56.7	58.5	71.9
EPS Gr. (%)	-32.0	16.4	3.2	22.9
BV/Sh (INR)	353.4	391.3	432.6	483.3
RoE (%)	14.5	15.2	14.2	15.7
RoCE (%)	19.1	18.4	17.8	19.7
Payout (%)	29.5	28.1	29.5	29.5

Valuations

P/E (x)	34.4	29.5	28.6	23.3
P/BV (x)	4.7	4.3	3.9	3.5
EV/EBITDA (x)	27.8	21.1	20.8	16.6
Div. Yield (%)	0.7	0.8	0.9	1.1

CMP: INR1,674

Buy

- We estimate Container Corporation to report net sales of INR14.7b (+16% YoY, -2% QoQ)—led by (a) volume growth of 2% YoY and 2% QoQ and (b) realization growth of 13.6% YoY and -4% QoQ on account of haulage rate hike by the railways.
- We model EXIM volumes to increase 5% YoY; we expect domestic volumes to decline 12% YoY, led by lower port volumes.
- We expect Container Corporation to report EBITDA at INR3.4b (+14.3% YoY, +7% QoQ).
- While EBITDA would witness a 5% YoY growth, PAT would increase by ~7%—led by higher other income and lower tax rate.
- The stock currently trades at 16.6x FY17E EV/EBITDA. CRI remains a direct play on the upcoming dedicated freight corridor project, which will multiply its asset turnover and significantly improve profitability. **Buy.**

Key issues to watch out

- EXIM and domestic volumes, and realizations.

Container Corporation

Y/E March	(INR Million)									
	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	12,697	13,548	14,518	14,975	14,712	16,945	16,692	17,255	55,737	65,604
YoY Change (%)	6.3	8.0	17.2	15.5	15.9	25.1	15.0	15.2	11.8	17.7
Total Expenditure	9,712	10,421	10,849	11,790	11,583	13,341	13,142	13,585	42,772	51,652
EBITDA	2,985	3,127	3,669	3,185	3,129	3,604	3,550	3,670	12,965	13,952
Margins (%)	23.5	23.1	25.3	21.3	21.3	21.3	21.3	21.3	23.3	21.3
YoY Change (%)	10.0	12.3	28.4	19.5	4.8	15.2	-3.2	15.2		
Depreciation	493	1,486	937	810	830	865	875	990	3,727	3,560
Interest	0	0	0	0	0	0	0	0	0	0
Other Income	829	920	852	1,106	1,087	1,252	1,233	1,274	3,707	4,845
PBT	3,320	2,562	3,584	3,479	3,386	3,990	3,908	3,954	12,945	15,237
Tax	701	643	573	552	582	674	664	662	2,469	2,582
Rate (%)	21.1	25.1	16.0	15.9	17.2	16.9	17.0	16.7	19.1	16.9
Adj PAT	2,619	1,919	3,011	2,928	2,803	3,316	3,244	3,292	10,476	12,656
YoY Change (%)	6.2	-20.9	20.6	19.0	7.1	72.8	7.8	12.4	6.4	20.8
Margins (%)	20.6	14.2	20.7	19.6	19.1	19.6	19.4	19.1	18.8	19.3

Coromandel International

Bloomberg	CRIN IN
Equity Shares (m)	285.9
M. Cap. (INR b)/(USD b)	71/1
52-Week Range (INR)	340/225
1,6,12 Rel Perf. (%)	4 / -20 / -13

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	100.5	113.1	128.0	146.7
EBITDA	8.1	8.5	10.8	12.5
NP	3.7	4.0	5.6	7.2
EPS (INR)	12.9	13.9	19.3	24.8
EPS Gr. (%)	-15.4	7.6	39.1	28.4
BV/Sh. (INR)	80.6	75.6	87.7	104.1
RoE (%)	16.3	18.0	23.7	25.8
RoCE (%)	16.6	18.7	23.8	29.1

Valuations

P/E (x)	19.2	17.9	12.8	10.0
P/BV (x)	3.1	3.3	2.8	2.4
EV/EBITDA (x)	10.0	10.1	7.2	5.9
EV/Sales (x)	0.8	0.8	0.6	0.5

CMP: INR248

Buy

- We expect revenues to rise 10% YoY (de-grow 31% QoQ) to INR20.7b in 1QFY16. Exports are expected to be muted due to excess inventories in Latin America impacting Sabero's business.
- Margins are likely to be flat YoY at 6.6% (up 130bp QoQ) and EBITDA is expected to rise 12% YoY (-14% QoQ) to INR1.3b.
- We expect PAT to rise 71% YoY (-19% QoQ) to INR0.5b, helped by lower interest cost (down 27.8% YoY), decent monsoon during the quarter and lower base effect due to bad rainfall last year.
- The stock trades at 12.8x FY16E and 10x FY17E earnings. Maintain **Buy**.

Key issues to watch out

- Performance of exports in the non-subsidy business.

Quarterly Earning Model

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
Consolidated	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	18,807	34,660	29,621	29,976	20,688	39,859	34,064	32,973	113,064	128,020
YoY Change (%)	-0.9	7.8	7.5	37.3	10.0	15.0	15.0	10.0	12.5	13.2
Total Expenditure	17,588	31,194	27,369	28,379	19,318	35,635	31,183	30,772	104,530	117,266
EBITDA	1,220	3,467	2,252	1,597	1,370	4,225	2,881	2,201	8,535	10,754
Margins (%)	6.5	10.0	7.6	5.3	6.6	10.6	8.5	6.7	7.5	8.4
Depreciation	257	264	256	268	250	260	270	275	1,046	1,010
Interest	609	601	446	439	440	450	460	470	2,096	1,988
Other Income	165	139	128	133	150	155	160	165	566	641
PBT	518	2,741	1,638	1,023	830	3,670	2,311	1,621	5,920	8,397
Tax	169	911	486	336	274	1,211	762	535	1,902	2,771
Rate (%)	32.6	33.2	29.7	32.9	33.0	33.0	33.0	33.0	32.1	33.0
Reported PAT	326	1,799	1,207	687	556	2,459	1,548	1,086	4,018	5,626
YoY Change (%)	52.0	12.4	31.0	-15.1	70.9	36.7	25.4	58.2	10.7	39.1
Margins (%)	1.7	5.2	4.2	2.3	2.7	6.2	4.5	3.3	3.6	4.4

E: MOSL Estimates

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Dynamatic Tech

Bloomberg	DYTC IN
Equity Shares (m)	6.3
M. Cap. (INR b)/(USD b)	19/0
52-Week Range (INR)	4,225/1,350
1,6,12 Rel Perf. (%)	-3 / 47 / 103

Financial Snapshot (INR b)

Y/E MARCH	2014	2015E	2016E	2017E
Sales	15.9	16.3	17.4	20.1
EBITDA	1.6	1.5	1.8	2.4
NP	0.1	0.2	0.6	1.0
EPS (INR)	24.9	27.9	87.8	159.3
EPS Gr. (%)	-212.9	12.3	214.4	81.5
BV/Sh (INR)	276.4	396.9	500.4	659.7
RoE (%)	9.6	8.7	19.6	27.5
RoCE (%)	16.7	14.6	18.3	24.1

Valuations

P/E (x)	118.0	105.1	33.4	18.4
P/BV (x)	10.6	7.4	5.9	4.4
EV/EBITDA (x)	14.6	15.2	12.4	9.2
EV/Sales (x)	1.5	1.4	1.3	1.1

CMP: INR2,934

Buy

- We expect revenues to de-grow 9.6% YoY (-1.1% QoQ) to INR3.8b in 1QFY16, led by weak performance in the automotive (-13%) and hydraulics (-6%) divisions. Additionally with execution for aerospace orders expected to ramp up only post 2Q, we anticipate muted (1%) growth for the division this quarter.
- Margins are likely to contract 190bp to 9%. EBITDA is expected to decline 25.3% YoY to INR346m.
- PAT is expected at INR43m as against INR176m in 1QFY15.
- The stock trades at 33.4x FY16E and 18.4x FY17E EPS. Maintain **Buy**.

Key issues to watch out

- Execution outlook for the aerospace division.

Quarterly Earning Model

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
(Consolidated)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	4,250	4,319	3,835	3,885	3,841	4,262	4,401	4,715	16,288	17,406
YoY Change (%)	19.8	7.3	-4.1	-9.7	-9.6	-1.3	14.8	21.4	2.6	6.9
Total Expenditure	3,787	3,945	3,492	3,554	3,495	3,860	3,899	4,172	14,778	15,588
EBITDA	463	374	343	331	346	401	502	542	1,511	1,818
Margins (%)	10.9	8.7	8.9	8.5	9.0	9.4	11.4	11.5	9.3	10.4
Depreciation	122	127	126	134	130	130	130	130	509	509
Interest	214	213	188	186	180	150	140	120	799	590
Other Income	11	11	20	64	28	28	28	28	106	111
PBT	-87	461	49	76	64	149	260	320	499	830
Tax	23	120	44	25	21	49	86	102	213	274
Rate (%)	-26.8	26.1	88.6	33.6	33.0	33.0	33.0	32.0	42.6	33.0
Reported PAT	-110	340	6	50	43	100	174	218	286	556
Adj PAT	176	33	6	50	43	100	174	218	177	556
YoY Change (%)	NM	NM	NM	-61.8	-75.8	205.3	3,005.3	331.7	28.4	214.4
Margins (%)	4.1	0.8	0.1	1.3	1.1	2.3	4.0	4.6	1.1	3.2

E: MOSL Estimates

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Gateway Distriparks

Bloomberg	GDPL IN
Equity Shares (m)	108.6
M. Cap. (INR b)/(USD b)	37/1
52-Week Range (INR)	459/222
1,6,12 Rel Perf. (%)	-4 / -4 / 40

Financial Snapshot (INR b)

Y/E MARCH	2014	2015	2016E	2017E
Sales	10.1	11.1	11.9	14.0
EBITDA	2.6	3.3	3.4	4.3
NP	1.4	1.9	1.8	2.4
EPS (Rs)	12.5	17.3	17.0	22.1
Adj. EPS (Rs)	10.1	12.6	12.7	16.5
Adj. EPS	7.1	25.1	0.4	30.1
RoE (%)	12.3	15.9	14.4	17.2
RoCE (%)	14.0	17.2	17.9	21.8
Payout (%)	65.5	47.2	46.8	47.2
Valuations				
P/E (x)	27.4	19.8	20.2	15.5
Adj. P/E (x)	34.0	27.1	27.0	20.8
EV/EBITDA (x)	15.2	11.8	11.1	8.6
Adj. EV/EBITDA	18.9	15.8	15.3	11.9
Div. Yield (%)	2.0	2.0	2.0	2.6

CMP: INR343

Buy

- We expect Gateway Distriparks to report net sales at INR2.6b (-9% YoY, -4% QoQ), led by lower volumes in Rail and CFS businesses. Lower port volumes impacted rail volumes and Chandra CFS closure continued in 1QFY16.
- We expect EBITDA at INR718m (-5% YoY and -9.5% QoQ) and EBITDA margin at 28.1%. We estimate PAT at INR387m (+5% YoY and -20.5% QoQ).
- We model full tax rate in Rail business and believe the company will take the 80-IA tax benefit in later years when the profitability is higher.
- The stock trades at 11.9x FY17E adjusted EV/EBITDA. GDPL remains a direct play on the upcoming dedicated freight corridor project, which will multiply its asset turnover and significantly improve profitability. **Buy**.

Key issues to watch out

- Volume growth, realization and per teu profitability.

Gateway Distriparks: Consolidated Quarterly Earnings Summary

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	2,799	2,927	2,737	2,651	2,552	2,859	3,160	3,292	11,113	11,863
YoY Change (%)	13.5	16.5	10.3	-0.7	-8.8	-2.3	15.5	24.2	9.7	6.7
Total Expenditure	2,045	2,069	1,873	1,858	1,833	2,019	2,248	2,349	7,846	8,449
EBITDA	754	857	864	793	718	840	912	944	3,267	3,414
Margins (%)	26.9	29.3	31.6	29.9	28.1	29.4	28.9	28.7	29.4	28.8
YoY Change (%)	22.2	29.9	35.2	20.8	-4.7	-2.0	5.6	19.0	27.0	4.5
Depreciation	249	241	200	200	186	205	221	271	889	883
Interest	83	69	43	45	53	51	50	50	240	203
Other Income	28	29	32	39	36	36	37	32	128	141
PBT	450	578	652	587	515	620	678	655	2,266	2,468
Tax	67	99	126	148	144	174	190	183	441	691
Rate (%)	14.8	17.2	19.4	25.3	28.0	28.0	28.1	27.9	19.4	28.0
Minority/Add: Profit of Asso.	14	1	-17	-49	-16	-16	-16	-16	-52	-66
Reported PAT	369	477	543	487	387	463	504	489	1,878	1,843
Adj PAT	369	477	543	487	387	463	504	489	1,878	1,843
YoY Change (%)	23.0	41.8	70.3	21.1	4.9	-3.0	-7.3	0.3	38.2	-1.8
Margins (%)	13.2	16.3	19.9	18.4	15.2	16.2	15.9	14.9	16.9	15.5
Segmental Revenues										
CFS	791	889	893	836	843	975	979	979	3,409	3,776
Rail	1,517	1,721	1,627	1,819	1,708	1,884	2,181	2,313	6,685	8,087
Sub-total	2,308	2,610	2,521	2,655	2,552	2,859	3,160	3,292	10,094	11,863
Cold Chain	495	321	0	0	0	0	0	0	816	0
Total	2,803	2,931	2,521	2,655	2,552	2,859	3,160	3,292	10,909	11,863

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Gujarat Pipavav Port

Bloomberg	GPPV IN
Equity Shares (m)	483.4
M. Cap. (INR b)/(USD b)	105/2
52-Week Range (INR)	262/112
1,6,12 Rel Perf. (%)	-1 / 5 / 77

Financial Snapshot (INR Billion)

Y/E March	2015	2016E	2017E	2018E
Sales	8.7	8.2	9.7	11.3
EBITDA	5.0	4.8	6.0	7.3
NP	4.3	4.6	5.8	7.1
EPS (INR)	8.9	9.5	12.1	14.6
EPS Gr. (%)	97.0	32.6	27.2	21.1
BV/Sh (INR)	37.0	47.4	59.5	74.1
RoE (%)	27.0	22.4	22.6	21.9
RoCE (%)	26.3	22.4	22.6	21.9
Payout (%)	0.0	0.0	0.0	0.0
Valuations				
P/E (x)	24.4	23.0	18.1	14.9
P/BV (x)	5.9	4.6	3.7	2.9
EV/EBITDA (x)	20.5	20.9	15.9	12.2
Div. Yield (%)	0.0	0.0	0.0	0.0

CMP: INR218

Buy

- We expect Gujarat Pipavav Port (GPPL) to post revenue of INR2b (up 19% YoY), EBITDA of INR1.2b (up 20% YoY) and net profit of INR1.1b (up 37% YoY) in 1QFY16.
- Revenue growth will be driven by 8% volume growth in container and a marginal increase in realization; however, INR depreciation can aid realization.
- We estimate EBITDA margin of 59.3% in 1QFY16 on the back of volume growth, given the high fixed-cost structure for container cargo. Also, contribution from liquid cargo would aid gross margin.
- We expect GPPL to post standalone net profit of INR4.6b in FY16E (up 33% YoY) and INR5.8b in FY17E (up 27% YoY). The stock trades at a reported P/E of 18.1x FY17E. Maintain **Buy**.

Key issues to watch out

- Container volume growth and average realization
- Contribution from liquid cargo

Quarterly Performance

(INR Million)

Y/E March	FY15					FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	5Q	1Q	2Q	3Q	4Q		
Net Sales	1,562	1,683	1,701	1,845	1,880	2,004	1,934	2,110	2,183	8,670	8,231
YoY Change (%)	25.5	38.0	34.7	27.1	20.4	19.1	13.7	14.4	16.1		
Total Expenditure	647	694	742	840	754	815	840	895	899	3,659	3,449
EBITDA	916	989	959	1,005	1,126	1,189	1,094	1,215	1,284	5,012	4,782
Margins (%)	58.6	58.8	56.4	54.5	59.9	59.3	56.6	57.6	58.8	57.8	58.1
Depreciation	174	171	164	163	162	165	165	175	182	833	687
Interest	84	83	92	1	1	0	0	0	0	259	0
Other Income	55	70	192	51	51	80	100	225	84	401	489
PBT before EO expense	712	805	895	893	1,015	1,104	1,029	1,265	1,186	4,321	4,584
Extra-Ord expense	102	0	0	0	346	0	0	0	0	448	0
PBT	610	805	895	893	669	1,104	1,029	1,265	1,186	3,873	4,584
Reported PAT	610	805	895	893	669	1,104	1,029	1,265	1,186	3,873	4,584
Adj PAT	712	805	895	893	1,015	1,104	1,029	1,265	1,186	4,321	4,584
YoY Change (%)	101.4	128.6	102.7	47.1	42.4	37.1	14.9	41.6	16.9	-	-
Margins (%)	45.6	47.9	52.6	48.4	54.0	55.1	53.2	60.0	54.3	49.8	55.7

E: MOSL Estimates;

Info Edge

Bloomberg	INFOE IN
Equity Shares (m)	120.2
M. Cap. (INR b)/(USD b)	103/2
52-Week Range (INR)	1015/640
1,6,12 Rel Perf. (%)	5 / 0 / 16

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	5.1	6.1	7.3	8.7
EBITDA	1.7	1.8	2.0	2.6
PAT	1.3	1.9	2.0	2.4
EPS (INR)	11.8	13.7	16.5	20.1
EPS Gr. (%)	-2.3	16.4	20.2	22.0
BV/Sh. (INR)	69.8	138.3	149.9	163.4
RoE (%)	18.0	13.6	11.4	12.8
RoCE (%)	20.9	13.6	10.7	12.7
Payout (%)	23.4	26.4	29.4	33.0
Valuations				
P/E (x)	72.6	62.4	51.9	42.6
EV/EBITDA (x)	52.3	51.7	45.2	34.7
EV/Sales (x)	17.3	15.4	12.5	10.3

CMP: INR855

Buy

- We expect INFOE's standalone revenues to grow 20.4% YoY and 0.8% QoQ to INR1,744m. The breakup of our revenue estimate is as follows: [1] Recruitment—INR1275m (+1.8% QoQ and +22.5% YoY), [2] Real estate—INR282.6m (-5.5% QoQ and +22.9% YoY), [3] Matrimony—INR106.5m (+0.9% QoQ and 12% YoY), and [4] Others—INR80m.
- We expect standalone EBITDA margin of 27.6% (compared with 31.4% in 4QFY15 and 34% in 1QFY15), mainly on expectation of increased investments in 99acres.com. Absolute EBITDA estimate is INR482.4m (-2.1% YoY).
- We peg advertising and promotion costs at INR270.4m or 15.5% of revenues (+280bp QoQ and +390bp YoY).
- Our estimate for other income is INR269m. Consequently, our PAT estimate is INR491m (+23% YoY).

Key issues to watch out

- Revenue growth in 99acres.com after deceleration in FY15, and the extent of losses following the heightened competitive intensity recently.
- Revenue traction in Naukri.com
- Commentary on profitability and advertising spending going forward

Quarterly Performance

(INR Million)

Y/E March (Standalone)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenues	1,449	1,476	1,457	1,731	1,745	1,790	1,828	1,928	6,113	7,290
YoY (%)	20.0	19.4	18.1	25.4	20.4	21.3	25.4	11.4	62.1	67.1
Salary costs	589	603	642	687	747	766	785	804	2,520	3,101
Ad and Promotion costs	168	223	231	219	270	277	274	289	842	1,111
Other Expenses	199	227	221	284	247	253	257	306	931	1,063
Operating Profit	493	422	363	542	480	494	512	529	1,820	2,015
Margins (%)	34.0	28.6	24.9	31.3	27.5	27.6	28.0	27.4	29.8	27.6
Other Income	129	110	256	269	269	242	248	258	764	1,017
Depreciation	44	46	48	36	39	41	43	45	173	169
PBT bef. Extra-ordinary	578	486	572	776	710	695	717	741	2,411	2,863
Provision for Tax	173	147	178	239	221	217	223	231	736	893
ETR (%)	29.9	30.2	31.1	30.8	31.2	31.2	31.2	31.2	30.5	31.2
PAT bef. Minority	405	339	394	536	489	478	493	510	1,675	1,970
EOI	0	0	0	292	0	0	0	0	292	0
Adjusted PAT	405	339	394	828	489	478	493	510	1,966	1,970
QoQ (%)	18.7	-16.2	16.1	110.2	-41.0	-2.2	3.1	3.4		
YoY (%)	24.4	0.2	20.0	142.6	20.6	40.9	25.2	-38.4	47.4	0.2
EPS (INR)	3.6	2.9	3.2	6.8	4.1	4.0	4.1	4.3	16.5	16.5

E: MOSL Estimates

Ashish Chopra (Ashish.Chopra@MotilalOswal.com)

Inox Leisure

Bloomberg	INOL IN
Equity Shares (m)	96.2
M. Cap. (INR b)/(USD b)	17/0
52-Week Range (INR)	197/139
1,6,12 Rel Perf. (%)	13 / -3 / 3

Financial Snapshot (INR Million)

INR Million	2014	2015	2016E	2017E
Sales	8.7	10.2	13.3	17.4
EBITDA	1.2	1.2	1.8	2.5
NP	0.4	0.2	0.6	1.0
EPS (INR)	3.8	2.2	6.6	11.5
EPS Gr. (%)	28.3	-42.8	201.5	73.3
BV/Sh. (INR)	40.7	70.3	76.6	87.5
RoE (%)	10.4	3.9	8.6	13.3
RoCE (%)	13.0	7.1	11.3	16.8
Payout (%)	0.0	0.0	0.0	0.0

Valuations				
P/E (x)	46.0	80.4	26.7	15.4
P/BV (x)	4.3	2.5	2.3	2.0
EV/EBITDA (x)	15.8	15.7	10.6	7.4
Div Yield (%)	0.0	0.0	0.0	0.0

CMP: INR177

Buy

- We expect revenues to rise 35% YoY (44% QoQ) to INR3.1b in 1QFY16 due to consolidation of Satyam acquisition (not consolidated in base quarter) and robust box office collections.
- Margins are likely to expand 140bp to 13.8%. EBITDA is expected to increase 50% YoY to INR433m on account of higher footfalls.
- PAT is expected at INR141m as against INR46m in 1QFY15.
- The stock trades at 26.7x FY16E and 15.4x FY17E EPS. Maintain **Buy**.

Key issues to watch out

- Footfall growth during the quarter.
- Number of screen additions.

Quarterly performance

(INR Million)

Y/E March	FY15				FY15E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	2,324	2,659	3,008	2,178	3,137	3,537	3,850	2,744	10,168	13,340
YoY Change (%)	1.3	12.3	40.4	15.6	35.0	33.0	28.0	26.0	17.0	31.2
Total Expenditure	2,035	2,294	2,545	2,072	2,704	3,006	3,203	2,549	8,940	11,529
EBITDA	289	366	463	105	433	531	647	194	1,228	1,812
Margins (%)	12.4	13.8	15.4	4.8	13.8	15.0	16.8	7.1	12.1	13.6
Depreciation	181	192	204	181	200	210	220	223	758	849
Interest	65	114	125	83	75	65	60	55	386	260
Other Income	8	7	41	26	26	20	25	26	83	103
PBT before EO expense	52	68	175	-133	184	276	392	-58	166	806
Extra-Ord expense	0	0	0	0	0	0	0	0	-6	0
PBT	52	68	175	-133	184	276	392	-58	160	806
Tax	6	15	32	-93	42	63	90	0	-41	201
Rate (%)	11.1	22.0	18.2	70.1	23.0	23.0	23.0	0.0	-25.3	25.0
Reported PAT	46	53	143	-40	141	212	302	-58	200	604
Adj PAT	46	53	143	-40	141	212	302	-58	208	604
YoY Change (%)	-67.8	-64.1	121.0	NM	208.7	16.4	50.7	-115.6	-44.1	190.6
Margins (%)	2.0	2.0	4.8	-1.8	4.5	6.0	7.8	-2.1	2.0	4.5

E: MOSL Estimates

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Jain Irrigation

Bloomberg	Jl IN
Equity Shares (m)	462.4
M. Cap. (INR b)/(USD b)	31/0
52-Week Range (INR)	133/55
1,6,12 Rel Perf. (%)	0 / -5 / -53

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	58.3	61.6	70.4	81.8
EBITDA	7.7	7.9	9.3	11.1
NP	0.7	0.9	2.1	3.9
EPS (INR)	1.4	1.9	4.5	8.3
EPS Gr.(%)	32.7	28.8	139.8	87.1
BV/Sh (INR)	47.0	51.1	54.9	62.7
RoE (%)	3.1	3.8	8.4	14.2
RoCE (%)	10.0	9.0	11.0	13.9

Valuations

P/E (x)	49.9	38.8	16.2	8.6
P/BV (x)	1.5	1.4	1.3	1.1
EV/EBITDA (x)	9.3	9.2	7.4	5.9
EV/Sales (x)	1.2	1.2	1.0	0.8

CMP: INR67

Buy

- We expect the company to post a 10% YoY growth in revenue (to INR17.1b) in 1QFY17, 5% YoY growth in domestic MIS and 20% YoY growth in the pipes businesses (due to favorable base). We expect strong growth to continue in the food processing business.
- EBITDA is likely to increase 10% YoY to INR2.2b. We expect margins to remain largely flat YoY at 12.9%.
- We expect PAT at INR418m, up 105.8% YoY.
- The stock trades at 16.2x FY16E and 8.6x FY17E earnings. Maintain **Buy**.

Key issues to watch out

- Receivable days in the MIS business.
- Update on stake sale in food processing unit.

Quarterly performance

(INR Million)

Y/E March (Consolidated)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	15,534	12,702	12,919	20,425	17,087	14,226	15,244	23,285	61,579	70,388
YoY Change (%)	10.2	4.4	-6.0	11.4	10.0	12.0	18.0	14.0	5.5	14.3
Total Expenditure	13,528	11,129	11,427	17,620	14,880	12,389	13,413	19,959	53,704	61,064
EBITDA	2,006	1,572	1,492	2,806	2,207	1,837	1,832	3,326	7,876	9,324
Margins (%)	12.9	12.4	11.5	13.7	12.9	12.9	12.0	14.3	12.8	13.2
Depreciation	614	612	606	609	625	630	635	650	2,441	2,546
Interest	1,180	1,152	1,205	1,156	1,139	1,139	1,139	1,139	4,693	4,555
Other Income	23	97	56	156	80	85	90	95	331	352
PBT before EO expense	235	-95	-263	1,196	523	153	148	1,632	1,074	2,575
Extra-Ord expense	0	254	458	51	0	0	0	0	763	0
PBT	235	-349	-721	1,145	523	153	148	1,632	311	2,575
Tax	32	-113	-326	168	105	31	30	326	-239	515
Rate (%)	13.5	32.5	45.2	14.7	20.0	20.0	20.0	20.0	NM	NM
Reported PAT	203	-235	-396	985	418	122	118	1,305	554	2,064
Adj PAT	203	-64	-145	1,029	418	122	118	1,305	859	2,060
YoY Change (%)	NM	NM	NM	38.6	105.8	-291.4	-181.3	26.9	NM	139.8
Margins (%)	1.3	-0.5	-1.1	5.0	2.4	0.9	0.8	5.6	1.4	2.9

E: MOSL Estimates

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Just Dial

Bloomberg	JUST IN
Equity Shares (m)	70.2
M. Cap. (INR b)/(USD b)	89/1
52-Week Range (INR)	1,895/1,036
1,6,12 Rel Perf. (%)	11 / -7 / -23

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	4.6	5.9	7.6	9.9
EBITDA	1.4	1.7	1.7	2.6
NP	1.2	1.4	1.3	1.9
EPS (INR)	17.2	19.7	18.7	27.3
EPS Gr. (%)	70.8	14.6	-4.9	46.0
BV/Sh (INR)	76.2	95.5	107.3	125.4
RoE (%)	25.1	23.0	18.5	23.5
RoCE (%)	34.3	31.5	26.4	33.6
Payout (%)	13.6	11.8	37.2	33.9
Valuation				
P/E (x)	73.7	64.3	67.6	46.3
P/BV (x)	16.6	13.3	11.8	10.1
EV/EBITDA (x)	62.2	53.4	51.5	33.4
Div Yield (%)	0.2	0.2	0.6	0.8

CMP: INR1,267

Buy

- We expect revenue to increase 27% YoY (9.7% QoQ) to INR1.7b in 1QFY16, largely driven by addition of 13,000 paid campaigns to 345,000 campaigns during the quarter.
- We expect EBITDA margins to expand 130bp YoY to 26.5%. Consequently, we estimated EBITDA to rise 33.7% YoY to INR454m.
- PAT is expected to be up 24.2% YoY to INR349m due to lower other income and higher tax rate.
- The stock trades at 67.6x FY16E and 46.3x FY17E earnings. Maintain **Buy**.

Key issues to watch out

- Monetization of Search Plus launches during the quarter.
- Addition of paid campaigns.
- Ad spends for Search Plus.

Consolidated - Quarterly Earning Model

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	1,350	1,474	1,544	1,563	1,715	1,887	1,977	2,016	5,898	7593.299
YoY Change (%)	29.1	30.8	28.8	25.8	27.0	28.0	28.0	29.0	27.9	28.7
Total Expenditure	1,010	1,048	1,043	1,139	1,260	1,509	1,502	1,613	4,241	5,885
EBITDA	340	426	501	424	454	377	474	403	1,657	1,708
Margins (%)	25.2	28.9	32.5	27.1	26.5	20.0	24.0	20.0	28.1	22.5
Depreciation	57	63	61	60	79	79	79	79	241	316
Other Income	97	85	35	272	123	123	123	123	489	494
PBT before EO expense	380	448	475	636	499	422	519	448	1,905	1,886
Extra-Ord expense	0	0	0	33	0	0	0	33	33	0
PBT	380	448	475	603	499	422	519	414	1,871	1,886
Tax	99	133	153	131	150	127	156	124	516	566
Rate (%)	26	30	32	22	30	30	30	30	27.6	30
Reported PAT	281	315	321	472	349	295	363	290	1,355	1,320
Adj PAT	281	315	321	472	349	295	363	313	1,379	1,320
YoY Adj PAT Change (%)	0.2	9.9	8.0	38.1	24.2	-6.2	13.0	-33.5	14.4	-4.3
Margins (%)	20.8	21.4	20.8	30.2	20.4	15.7	18.4	15.5	23.4	17.4

E: MOSL Estimates

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Kaveri Seed

Bloomberg	KSCL IN
Equity Shares (m)	68.5
M. Cap. (INR b)/(USD b)	50/1
52-Week Range (INR)	1,077/678
1,6,12 Rel Perf. (%)	-20 / -6 / -13

CMP: INR736

Neutral

- We expect a modest 6% YoY revenue growth (to INR8.8b) in 1QFY16 due to a decline in cotton acreages, lower production of cotton seeds, lower re-sowing and a reduction in selling price in Maharashtra.
- EBITDA margins are likely to remain flat at 28%, with EBITDA expected to expand 5.6% YoY to INR2.5b—largely due to the above-mentioned reasons.
- PAT is expected at INR2.4b as against INR2.3b in 1QFY15.
- The stock trades at 15.3x FY16E and 13.1x FY17E earnings. Maintain **Neutral**.

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	10.1	11.6	12.5	14.2
EBITDA	2.2	3.1	3.4	3.9
NP	2.1	3.0	3.3	3.9
EPS (INR)	30.7	43.7	48.0	56.0
EPS Gr. (%)	65.8	42.5	9.7	16.7
BV/Sh. (INR)	75.0	109.5	145.8	186.7
ROE (%)	49.0	47.4	37.6	33.7
RoCE (%)	49.6	48.8	38.7	34.7
Payout (%)	18.3	19.9	24.2	26.9
Valuations				
P/E (x)	24.0	16.8	15.3	13.1
P/BV (x)	9.8	6.7	5.0	3.9
EV/EBITDA (x)	22.7	16.3	14.2	11.7
Div Yield (%)	0.7	1.0	1.4	1.8

Key issues to watch out

- Impact on margins due to Maharashtra price ceiling.

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	8,269	2,037	907	399	8,765	2,241	1,034	455	11,612	12,488
YoY Change (%)	12.3	97.3	-31.6	1.9	6.0	10.0	14.0	14.0	14.8	7.5
Total Expenditure	5,945	1,709	546	315	6,311	1,861	611	351	8,516	9,116
EBITDA	2,324	328	361	84	2,454	380	423	104	3,097	3,372
Margins (%)	28.1	16.1	39.8	21.1	28.0	17.0	40.9	22.9	26.7	27.0
Depreciation	22	22	22	84	30	32	34	60	149	161
Interest	0	0	1	0	0	0	0	0	2	1
Other Income	37	46	25	49	45	47	49	52	157	197
PBT before EO expense	2,339	352	363	49	2,469	394	438	96	3,103	3,406
PBT	2,339	352	363	46	2,469	394	438	96	3,103	3,406
Tax	33	18	5	37	74	12	13	3	92	102
Rate (%)	1.4	5.1	1.4	80.2	3.0	3.0	3.0	3.0	3.0	3.0
Reported PAT	2,304	335	358	13	2,395	383	425	93	3,011	3,304
Adj PAT	2,304	335	358	13	2,395	383	425	93	3,011	3,304
YoY Change (%)	42.5	311.3	-1.6	-28.9	3.9	14.2	18.7	606.7	44.1	9.7
Margins (%)	27.9	16.4	39.5	3.3	27.3	17.1	41.1	20.4	25.9	26.5

E: MOSL Estimates

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Monsanto India

Bloomberg	MCHM IN
Equity Shares (m)	17.3
M. Cap. (INR b)/(USD b)	49/1
52-Week Range (INR)	3,756/1,700
1,6,12 Rel Perf. (%)	-3 / -2 / 16

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015	2016E	2017E
Sales	5.8	5.6	6.6	7.8
EBITDA	1.5	1.2	1.6	2.1
NP	1.3	1.1	1.6	2.0
EPS (Rs)	74.7	61.6	93.1	118.0
EPS Growth	91.6	-17.6	51.1	26.8
BV/Share (Rs)	199.6	216.9	251.4	299.3
RoE (%)	34.3	29.6	39.7	42.9
RoCE (%)	38.9	36.0	44.2	47.6
Payout (%)	151.2	34.2	62.9	59.5

Valuations

P/E (x)	37.7	45.8	30.3	23.9
P/BV (x)	14.1	13.0	11.2	9.4
EV/EBITDA (x)	33.5	41.9	29.4	22.6
EV/Sales (x)	8.3	8.7	7.2	6.0
Div Yield (%)	3.3	0.6	1.8	2.1

CMP: INR2,818

Buy

- We expect revenue to rise 14% YoY to INR3.0b in 1QFY16 due to a marginal increase in acreage, and 10% improvement in corn realizations due to a mix change in favor of new products.
- We expect EBITDA margin to expand 100bps YoY to 32.3%. Consequently, we expect EBITDA at INR975m as against INR828m in 1QFY15.
- We expect PAT at INR886m as against INR710m in 1QFY15.
- The stock currently trades at 30.3x FY16E and 23.9x FY17E earnings. Maintain **Buy**.

Key issues to watch out

- Impact on corn seed sales due to falling crop prices.
- Age profile of corn seeds sold.

Quarterly performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	2,648	904	1,339	674	3,018	1,039	1,674	836	5,564	6,634
YoY Change (%)	16.3	-7.7	-26.6	-10.2	14.0	15.0	25.0	24.0	-4.6	19.2
Total Expenditure	1,820	925	881	778	2,044	986	1,075	834	4,404	5,009
EBITDA	828	-21	458	-104	975	53	598	2	1,161	1,625
Margins (%)	31.3	-2.4	34.2	-15.4	32.3	5.1	35.8	0.2	20.9	24.5
Depreciation	28	30	22	0	20	22	23	21	79	86
Interest	1	1	1	1	0	0	0	0	4	0
Other Income	18	112	49	40	30	100	60	50	213	245
PBT before EO expense	818	60	484	-65	985	131	635	30	1,290	1,785
PBT	818	60	484	-65	985	131	635	30	1,290	1,785
Tax	107	108	1	11	98	13	64	3	227	178
Rate (%)	13.1	180.0	0.1	-16.5	10.0	10.0	10.0	10.0	17.6	10.0
Reported PAT	710	-48	483	-75	886	118	572	27	1,063	1,606
Adj PAT	710	-48	483	-75	886	118	572	27	1,063	1,606
YoY Change (%)	26.3	NM	-25.8	NM	24.8	-345.9	18.3	-136.1	-17.7	51.1
Margins (%)	26.8	-5.3	36.1	-11.2	29.4	11.4	34.2	3.3	19.1	24.2

E: MOSL Estimates

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Sintex Industries

Bloomberg	SINT IN
Equity Shares (m)	424.7
M. Cap. (INR b)/(USD b)	43/1
52-Week Range (INR)	136/67
1,6,12 Rel Perf. (%)	-9 / 4 / -7

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Net sales	58.6	70.3	80.9	99.8
EBITDA	9.6	12.1	14.2	18.3
Adj. PAT	3.8	5.5	6.0	8.5
Adj EPS (INR)	12.2	13.0	13.4	19.1
EPS Gr. (%)	-8.1	5.9	3.7	41.7
BV/Sh. (INR)	113.9	110.6	120.8	139.1
RoE (%)	11.4	13.4	11.9	14.7
RoCE (%)	10.9	12.0	11.2	13.8
Payout (%)	7.0	6.6	7.0	7.0
Valuations				
P/E (x)	8.2	7.7	7.4	5.2
P/BV (x)	0.9	0.9	0.8	0.7
EV/EBITDA (x)	6.8	6.6	6.1	4.5
Div. Yield (%)	0.7	0.7	0.7	0.7

CMP: INR100

Buy

- We expect SINT's 1QFY16 revenue to grow 15.3% YoY to INR15.5b, EBITDA to grow 22% YoY to INR2.5b (margin at 16.4%), and adjusted PAT to grow 33.5% YoY to INR876m.
- New orders for monolithic business should start execution with order book being robust.
- Domestic composite business expected to gain strength
- Overseas medical imaging business is expected to be strong and performance of French automobile business is to be seen. Any depreciation of Euro will impact business due to exposure
- Spinning plant is expected to start trials by August. FCCBs of only 5-6% are expected to remain pending post 1QFY16.
- The stock is trading at 5.2x FY17E EPS and at an EV of 4.5x FY17E EBITDA. Maintain **Buy**.

Key issues to watch out

- Overseas molding business performance.
- Impact of Euro movement due to ongoing global economic uncertainty
- Timely performance of spinning business
- FCCB conversion.
- Commencement timeline for textile plant.

Quarterly Performance

(INR Million)

	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue	13,454	16,809	18,329	21,763	15,509	18,554	21,586	25,292	70,348	80,941
YoY Growth (%)	19.3	23.2	32.0	9.7	15.3	10.4	17.8	16.2	20.0	15.1
EBITDA	2,074	2,878	3,069	4,085	2,537	3,347	3,757	4,526	12,106	14,167
EBITDA Margin (%)	15.4	17.1	16.7	18.8	16.4	18.0	17.4	17.9	17.2	17.5
YoY Growth (%)	28.9	35.7	25.4	14.3	22.3	16.3	22.4	10.8	25.6	17.0
Depreciation	546	602	746	711	715	866	1,054	1,130	2,605	3,765
Interest	649	676	648	861	711	775	905	840	2,835	3,231
Other Income	25	61	119	477	75	95	160	170	682	500
Extraordinary items	-40	-52	-64	-61	-20	-20	-30	-30	-218	-100
Profit before Tax	864	1,608	1,729	2,929	1,166	1,781	1,928	2,697	7,130	7,571
Tax Provisions	254	544	118	948	315	481	366	526	1,863	1,688
Tax / PBT	29	34	7	32	27	27	19	19	25.4	22.0
PAT bef. MI & Income from Asso.	611	1,064	1,611	1,981	851	1,300	1,562	2,171	5,267	5,884
MI and Profit from Asso.	5	10	9	-3	5	5	8	7	21	25
Consolidated PAT	616	1,074	1,620	1,978	856	1,305	1,570	2,178	5,288	5,909
Adj. Consolidated PAT	656	1,126	1,685	2,039	876	1,325	1,600	2,208	5,506	6,009
YoY Growth (%)	30.3	38.5	89.7	26.6	33.5	17.6	-5.0	8.3	44.6	9.1

E: MOSL Estimates

Tata Elxsi

Bloomberg	TELX IN
Equity Shares (m)	31.1
M. Cap. (INR b)/(USD b)	37 / 1
52-Week Range (INR)	1,488 / 551
1,6,12 Rel Perf. (%)	-5 / 102 / 85

CMP: INR1,201

Buy

- We expect revenues to rise 12% YoY (-7.6% QoQ) to INR2.1b in 1QFY16, with growth driven by automotive and broadcast divisions.
- Margins are likely to remain flat at 19.7%. EBITDA is expected to grow 11.8% YoY to INR421m.
- PAT is expected at INR242m as against INR208m in 1QFY15.
- The stock trades at 30.4x FY16E and 24.3x FY17E EPS. Maintain **Buy**.

Financial Snapshot (INR Billion)

Y/E MARCH	2014	2015	2016E	2017E
Sales	7.7	8.5	9.8	11.4
EBITDA	1.4	1.8	2.1	2.6
PAT	0.7	1.0	1.2	1.5
EPS (INR)	23.2	32.8	39.5	49.5
EPS Gr. (%)	126.1	41.1	20.7	25.3
BV/Sh. (INR)	75.7	91.0	110.2	133.3
RoE (%)	33.6	39.3	39.3	40.7
RoCE (%)	46.6	59.8	59.5	61.6
Payout (%)	45.3	40.2	51.6	53.3
Valuations				
P/E (x)	51.7	36.7	30.4	24.3
P/BV (x)	15.9	13.2	10.9	9.0
EV/EBITDA (x)	27.0	20.3	16.9	13.5
Div. Yield (%)	0.7	0.9	1.4	1.8

Key issues to watch out

- Impact of Euro depreciation.

Quarterly Earning Model

(INR Million)

Y/E March (Consolidated)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	1,908	2,059	2,215	2,313	2,136	2,368	2,569	2,729	8,494	9,808
YoY Change (%)	10.2	8.4	10.7	9.3	12.0	15.0	16.0	18.0	9.6	15.5
Total Expenditure	1,531	1,641	1,710	1,839	1,715	1,883	1,977	2,160	6,721	7,709
EBITDA	377	418	504	474	421	485	592	569	1,773	2,099
Margins (%)	19.8	20.3	22.8	20.5	19.7	20.5	23.0	20.9	20.9	21.4
Depreciation	90	79	73	14	70	75	70	73	255	297
Interest	0	0	0	0	0	0	0	0	0	0
Other Income	22	13	3	-5	16	16	16	16	33	64
PBT before EO expense	309	352	435	455	367	426	538	512	1,551	1,865
PBT	309	352	435	455	367	426	538	512	1,551	1,865
Tax	101	116	157	156	125	141	183	169	531	634
Rate (%)	32.8	32.9	36.2	34.4	34.0	33.0	34.0	33.0	34.2	34.0
Reported PAT	208	236	278	298	242	285	355	343	1,020	1,231
Adj PAT	208	236	278	298	242	285	355	343	1,020	1,231
YoY Change (%)	132.9	18.6	28.7	36.6	16.6	20.8	27.9	15.0	109.0	20.7
Margins (%)	10.9	11.5	12.5	12.9	11.3	12.1	13.8	12.6	12.0	12.6

E: MOSL Estimates

Niket Shah (Niket.Shah@MotilalOswal.com) / Atul Mehra (Atul.Mehra@MotilalOswal.com)

TTK Prestige

Bloomberg	TTKPT IN
Equity Shares (m)	11.7
M. Cap. (INR b)/(USD b)	45/1
52-Week Range (INR)	4,830/2,989
1,6,12 Rel Perf. (%)	-2 / 7 / 1

CMP: INR3,888

Buy

- We expect revenue to rise 10% YoY (29.3% QoQ) to INR3.7b in 1QFY16.
- We expect EBITDA margins to expand 30bps YoY to 12.5%. Consequently, we expect EBITDA to rise 12.7% YoY to INR463m.
- We expect PAT to increase 10.5% YoY to INR293m.
- The stock trades at 35.6x FY16E and 27.1x FY17E earnings. Maintain **Buy**.

Financial Snapshot (INR Million)

Y/E MARCH	2014	2015	2016E	2017E
Sales	12.9	13.9	15.8	18.4
EBITDA	1.6	1.5	2.0	2.5
NP	1.1	0.9	1.3	1.7
EPS (Rs)	91.5	77.8	109.3	143.5
EPS Gr. (%)	-21.9	-15.0	40.6	31.3
BV/Sh. INR	501.5	554.2	630.8	727.5
RoE (%)	21.8	14.7	18.5	21.1
RoCE (%)	27.3	21.5	26.7	30.6
Valuations				
P/E (x)	42.5	50.0	35.6	27.1
P/BV (x)	7.8	7.0	6.2	5.3
EV/EBITDA (x)	27.3	29.2	21.6	16.6
EV/Sales (x)	3.4	3.1	2.7	2.3

Key issues to watch out

- Performance of appliances division.
- Outlook on exports.

Quarterly Earning Model

(INR Million)

Y/E March (Standalone)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	3,364	3,820	3,837	2,862	3,700	4,297	4,451	3,377	13,883	15,838
YoY Change (%)	9.8	10.5	3.9	5.0	10.0	12.5	16.0	18.0	7.3	14.1
Total Expenditure	2,954	3,358	3,382	2,678	3,238	3,695	3,833	3,094	12,390	13,858
EBITDA	410	462	455	184	463	602	619	284	1,492	1,980
Margins (%)	12.2	12.1	11.9	6.4	12.5	14.0	13.9	8.4	10.7	12.5
Depreciation	46	48	48	49	52	53	54	55	190	212
Interest	6	11	18	11	0	0	0	0	45	0
Other Income	12	11	17	10	14	18	22	26	51	79
PBT before EO expense	371	414	407	135	425	567	587	255	1,309	1,847
PBT	371	414	407	141	425	567	587	255	1,333	1,847
Tax	106	135	126	43	132	176	182	79	410	572
Rate (%)	28.5	32.5	31.1	30.6	31.0	31.0	31.0	31.0	30.7	31.0
Reported PAT	265	280	281	98	293	391	405	176	923	1,274
Adj PAT	265	280	281	94	293	391	405	176	906	1,274
YoY Change (%)	2.8	-7.7	-4.8	-64.3	10.5	39.7	44.3	87.9	-18.9	40.6
Margins (%)	7.9	7.3	7.3	3.3	7.9	9.1	9.1	5.2	6.5	8.0

E: MOSL Estimates

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UPL

Buy

Bloomberg	UPLL IN
Equity Shares (m)	428.6
M. Cap. (INR b)/(USD b)	229/4
52-Week Range (INR)	575/297
1,6,12 Rel Perf. (%)	-3 / 53 / 48

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	107.7	120.9	136.1	154.1
EBITDA	20.2	23.6	27.6	31.8
NP	10.4	11.5	14.8	18.3
Adj EPS (INR)	24.2	26.9	34.6	42.8
EPS Gr. (%)	33.6	11.2	28.6	23.6
BV/Sh. (INR)	122.4	145.0	175.6	214.3
RoE (%)	21.0	20.1	21.6	22.0
RoCE (%)	19.5	20.8	23.3	24.0
Payout (%)	16.2	15.1	11.8	9.6

Valuations

P/E (x)	22.1	19.9	15.5	12.5
P/BV (x)	4.4	3.7	3.0	2.5
EV/EBITDA (x)	12.7	10.8	9.0	7.6
Div. Yield (%)	0.6	0.7	0.7	0.7

CMP: INR535

- United Phosphorus's (UPL) consolidated revenue is estimated to increase ~11% YoY to INR30.7b. We estimate 11% growth in domestic revenue, and ~11% growth in international revenue (driven by ~17% growth in RoW markets, including LatAm).
- EBITDA margin is expected to improve 80bp YoY to 19.8%, translating into EBITDA growth of 16% (to INR6b).
- As a result, we estimate PAT to grow 21.6% YoY to INR3.2b.
- Current valuations at 15.5x FY16E EPS of INR34.6 and 12.5x FY17E EPS of ~INR42.8 are very attractive. Maintain **Buy** with a target price of INR642 (15x FY17E EPS).

Key issues to watch out

- Update on season in the US, the EU and Kharif crop in India.
- Trend in working capital movement
- Outlook for FY16

Quarterly Performance

(INR Million)

Y/E March (Consolidated)	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Revenues	27,567	26,623	30,472	36,243	30,655	29,609	34,739	41,053	120,905	136,057
YoY Change (%)	12.3	14.3	15.1	8.6	11.2	11.2	14.0	13.3	12.3	12.5
EBITDA	5,226	4,805	5,746	7,849	6,061	5,522	6,821	9,224	23,626	27,628
Margins (%)	19.0	18.0	18.9	21.7	19.8	18.6	19.6	22.5	19.5	20.3
Depreciation	1,034	1,092	1,086	1,035	1,100	1,125	1,250	1,368	4,245	4,843
Interest	1,162	1,401	1,381	1,226	1,290	1,325	1,300	1,245	5,170	5,160
Other Income	159	171	136	-494	200	180	200	320	-28	900
PBT before EO Expense	3,189	2,484	3,415	5,095	3,871	3,252	4,471	6,931	14,182	18,526
Extra-Ord Expense	-359	168	184	129	0	0	0	0	-123	0
PBT after EO Expense	3,547	2,315	3,231	4,967	3,871	3,252	4,471	6,931	14,305	18,526
Tax	883	462	598	497	1,065	715	1,118	807	2,440	3,705
Rate (%)	24.9	19.9	18.5	10.0	27.5	22.0	25.0	11.6	17.1	20.0
Reported PAT	2,664	1,853	2,632	4,469	2,807	2,536	3,354	6,124	11,865	14,821
Income from Associate Co	222	-193	-140	-69	375	-150	125	-329	-179	21
Adjusted PAT	2,617	1,795	2,643	4,516	3,182	2,386	3,479	5,795	11,584	14,841
YoY Change (%)	23.1	2.9	0.9	11.6	21.6	32.9	31.6	28.3	11.6	28.1
Margins (%)	9.5	6.7	8.7	12.5	10.4	8.1	10.0	14.1	9.6	10.9

E: MOSL Estimates

V Guard Industries

Bloomberg	VGRD IN
Equity Shares (m)	29.8
M. Cap. (INR b)/(USD b)	27/0
52-Week Range (INR)	1,197/580
1,6,12 Rel Perf. (%)	-4 / -23 / 42

Financial Snapshot (INR Billion)

Y/E March	2014	2015	2016E	2017E
Sales	15.2	17.5	20.1	23.7
EBITDA	1.2	1.3	1.7	2.1
NP	0.7	0.7	1.1	1.4
EPS (INR)	23.5	23.6	35.4	48.3
EPS Gr. (%)	11.5	0.4	50.1	36.4
BV/Sh (INR)	106.7	126.0	153.3	189.5
RoE (%)	24.2	20.3	25.4	28.2
RoCE (%)	27.0	28.0	34.9	39.0
Payout (%)	17.3	22.1	22.9	25.2
Valuations				
P/E (x)	38.2	38.0	25.3	18.6
P/BV (x)	8.4	7.1	5.9	4.7
EV/EBITDA (x)	22.7	20.6	15.7	12.2
Dividend yield	0.4	0.5	0.8	1.2

CMP: INR897

Neutral

- We expect revenue to rise 10% YoY (19% QoQ) to INR5.3b in 1QFY16.
- We estimate margins to contract 70bp to 7.8%, and EBITDA to rise 1% YoY (to INR409m).
- We expect PAT to increase 10.3% YoY to INR246m.
- The stock trades at 25.3x FY16E and 18.6x FY17E earnings. Maintain **Neutral**.

Key issues to watch out

- Ad spend during the quarter.

Quarterly Performance

(INR Million)

Y/E March	FY15				FY16E				FY15	FY16E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	4,777	4,313	3,954	4,416	5,255	4,830	4,665	5,299	17,459	20,097
YoY Change (%)	17.0	29.1	12.0	4.5	10.0	12.0	18.0	20.0	15.0	15.1
Total Expenditure	4,372	3,956	3,737	4,063	4,846	4,420	4,318	4,774	16,129	18,389
EBITDA	404	356	217	353	409	410	347	525	1,330	1,708
Margins (%)	8.5	8.3	5.5	8.0	7.8	8.5	7.4	9.9	7.6	8.5
Depreciation	37	38	39	40	40	40	40	40	154	151
Interest	54	53	53	46	45	40	38	37	206	153
Other Income	7	11	12	16	17	17	17	17	45	70
PBT	320	276	136	282	341	347	286	465	1,014	1,475
Tax	97	85	44	81	95	97	80	130	307	413
Rate (%)	30.5	30.7	32.1	28.8	28.0	28.0	28.0	28.0	30.3	28.0
Reported PAT	223	192	92	201	246	250	206	335	707	1,062
Adj PAT	223	192	92	201	246	250	206	335	707	1,062
YoY Change (%)	26.1	32.3	-47.3	-2.0	10.3	30.5	123.2	67.0	0.8	50.1
Margins (%)	4.7	4.4	2.3	4.5	4.7	5.2	4.4	6.3	4.1	5.3

E: MOSL Estimates

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