

FROM THE RESEARCH DESK

QUARTERLY RESULTS REVIEW

Indian Oil Marketing Companies

OMCs: Outshine estimates despite inventory losses

Grasim Industries Limited

Healthy Standalone business performance

Steel Authority of India Limited

Higher coking coal costs offset the improvement in realizations

Techno Electric & Engineering Co Ltd

Strong performance and outlook; Upgrade to BUY

ANTIQUUE'S INDIA ECONOMIC MONITOR

CPI

Data shows signs of stabilisation

Global News

- The Dow industrials managed to eke out a third day of gains, but overall the main benchmarks ended little changed amid better-than-expected retail sales data and an abatement of tensions between the U.S. and North Korea. The Dow Jones Industrial Average finished up 5.28 points, or less than 0.1%, at 21,999.
- Japan's Nikkei share average on Monday tumbled 1.0% following a holiday weekend, as tension between the United States and North Korea prompted investors to shed riskier assets. The Nikkei ended at 19,537, the lowest closing level since May 2.

Sector & Corporate News

- **Hero MotoCorp** plans to launch three new scooter models by next fiscal as part of strategy to enhance its leadership position as erstwhile partner Honda challenges its number one spot. The company plans to launch a new 125 cc scooter in the fourth quarter of the ongoing fiscal, while two more new models will hit the market in 2018-19.
- **Reliance Capital** has reportedly started the process for listing its general insurance business by filing papers with the regulator. The company is also planning to set up a new standalone health insurance company soon.
- **Divis Laboratories** has received Environment Clearance (EC) for modernization of its bulk drug unit in Visakhapatnam, which will entail a cost of Rs 100 crore. The company wants to modernize one of the two units by shifting non-production activities to proposed new area and meet all modern production facility compliances for achieving export targets.
- **Adani Transmission** has received shareholders approval to raise Rs 5,000 crore through issuance of equity share, instrument and securities in one or more tranches in different currencies. The fund will be used to sustain rapid growth in the business, for business expansion and to improve the financial leveraging strength of the company.

Market Snapshot

| Global Indices | Closing | % Chg | % YTD |
|--------------------|---------|-------|--------|
| Dow Jones | 21,999 | 0.0 | 11.3 |
| NASDAQ | 6,333 | (0.1) | 17.6 |
| FTSE | 7,384 | 0.4 | 3.4 |
| CAC | 5,140 | 0.4 | 5.7 |
| DAX | 12,177 | 0.1 | 6.1 |
| Russia | 1,027 | (0.4) | (10.8) |
| Bovespa | 68,355 | 0.1 | 13.5 |
| Nikkei | 19,753 | 1.1 | 3.2 |
| Hang Seng | 27,239 | 0.2 | 23.8 |
| Shanghai Composite | 3,251 | 0.4 | 4.8 |

| Indian Indices | Closing | % Chg | % YTD |
|----------------|---------|-------|-------|
| Sensex | 31,449 | 0.8 | 18.1 |
| Nifty | 9,794 | 0.9 | 19.6 |
| MSCI India | 558 | - | 25.0 |
| CNX Midcap | 17,854 | 2.8 | 24.4 |
| BSE Smallcap | 15,409 | 2.5 | 27.9 |

| Flows (USDm) | Prev. Day | MTD |
|--------------|-----------|-------|
| FII | (285) | (417) |

| Provisional flows | (USDm) |
|-------------------|--------|
| FII | (255) |
| Locals | 252 |

| Volumes | USDbn | % Chg |
|------------------|-------|--------|
| Cash (NSE + BSE) | 4.2 | (27.5) |
| F&O (net) | 57.5 | (35.5) |

| FII F&O | Stock Fut | Index Fut |
|--------------|-----------|-----------|
| Net (\$ mn) | 89 | (71) |
| Open Int (%) | 0.4 | (2.1) |

| ADR/GDR Gainers | Last | % Chg |
|-----------------|------|-------|
| ICICI Bank | 9.0 | 0.9 |
| HDFC | 95.6 | 0.4 |
| Wipro | 6.1 | 0.2 |
| Dr Reddy | 30.8 | 0.2 |
| Infosys | 15.5 | 0.1 |

| ADR/GDR Losers | Last | % Chg |
|----------------|------|-------|
| Tata Motors | 29.5 | (1.0) |
| SBI | 42.8 | (0.3) |
| Reliance | 48.7 | (0.2) |

Sectoral indices

| | Closing | % Chg | % MTD | % YTD |
|---------------|---------|-------|-------|--------|
| BSE Auto | 23,605 | 1.4 | (3.5) | 16.5 |
| BSE Bank | 27,229 | 0.5 | (4.1) | 31.2 |
| BSE Cap Goods | 17,277 | 2.1 | (3.9) | 26.4 |
| BSE Cons dur | 17,568 | 2.5 | 6.7 | 56.3 |
| BSE FMCG | 9,786 | 0.7 | (3.0) | 20.4 |
| BSE IT | 10,211 | (0.6) | (2.2) | 0.3 |
| BSE Health | 13,091 | 2.2 | (7.8) | (11.1) |
| BSE Metal | 12,713 | 3.5 | 2.3 | 25.8 |
| BSE Oil | 14,564 | 1.3 | 2.6 | 19.9 |
| BSE Power | 2,266 | 2.5 | (2.5) | 14.0 |
| BSE PSU | 8,437 | 1.0 | (2.9) | 9.7 |
| BSE Realty | 2,078 | 6.0 | (5.0) | 64.4 |
| BSE TECK | 5,750 | (0.4) | (2.5) | 4.6 |

Nifty Outperformers

| | Price | % Chg | % MTD | % YTD |
|------------------------------|-------|-------|--------|--------|
| Cipla Ltd | 570 | 5.3 | 1.8 | 0.2 |
| Sun Pharmaceutical Indus | 472 | 4.8 | (11.3) | (25.1) |
| Tata Steel Ltd | 624 | 4.5 | 10.0 | 59.4 |
| Tata Power Co Ltd | 80 | 3.9 | (3.0) | 4.8 |
| Hindalco Industries Ltd | 229 | 3.7 | 4.3 | 47.8 |
| Vedanta Ltd | 289 | 3.6 | 3.3 | 33.8 |
| Adani Ports And Special Econ | 396 | 3.5 | 0.1 | 47.6 |

Nifty Underperformers

| | Price | % Chg | % MTD | % YTD |
|---------------------------|--------|-------|--------|-------|
| Bosch Ltd | 22,138 | (2.1) | (8.4) | 5.2 |
| Bharti Airtel Ltd | 409 | (1.4) | (2.5) | 33.7 |
| Hcl Technologies Ltd | 860 | (1.4) | (3.7) | 3.9 |
| Bharat Petroleum Corp Ltd | 478 | (1.2) | 1.5 | 15.7 |
| Tata Consultancy Svcs Ltd | 2,469 | (1.1) | (0.9) | 4.4 |
| Kotak Mahindra Bank Ltd | 983 | (1.0) | (3.8) | 36.5 |
| State Bank Of India | 278 | (0.7) | (11.0) | 11.2 |

Bulk Deals

| Date | Security Name | Client Name | Buy/Sell | Qty | Price |
|-----------|---------------------------|--|----------|-----------|--------|
| 14-Aug-17 | Sintex Plastics Tech Ltd | Mv Scif Mauritius | SELL | 3,930,753 | 101.93 |
| 14-Aug-17 | GARNETINT | Hetanshi Properties Private Limited | SELL | 31,225 | 602.14 |
| 14-Aug-17 | STAMPEDE | Mahavir Industries Limited | BUY | 1,371,000 | 6.96 |
| 14-Aug-17 | Vadivarhe Spclty Chem Ltd | Mangal Savitri Bizcon Pvt Ltd | BUY | 72,000 | 113.29 |
| 14-Aug-17 | Akash Infra-Projects Ltd. | Vishwamurte Trad Invest Pe Ltd | SELL | 81,000 | 79.00 |
| 14-Aug-17 | Aarvee Denims & Exports L | Deg Deutsche Investitionsentwicklyng Sgesells Cha Ft Mbh | SELL | 149,627 | 34.15 |
| 14-Aug-17 | TAALENT | Indian Seamless Enterprises Ltd | SELL | 25,000 | 141.50 |
| 14-Aug-17 | TAALENT | Vishkul Leather Garment Pvt Ltd | BUY | 25,000 | 141.50 |
| 14-Aug-17 | SCTL | Jhaveri Trading And Investment Pvt Ltd | SELL | 30,000 | 47.75 |
| 14-Aug-17 | TIRIN | Jupiter Destination Management Company Private Limited | SELL | 50,813 | 23.76 |
| 14-Aug-17 | Winsome Yarns Limited | Capston Capital Partners | BUY | 600,000 | 1.95 |
| 14-Aug-17 | Winsome Yarns Limited | Ramapati Consultants Private Limited | SELL | 490,000 | 1.95 |

Delivery Spike

| Company | Volume | Spike (%) | Chg (%) |
|-----------------------------------|-----------|-----------|---------|
| ACC Ltd | 377,493 | 329% | 1.38% |
| HDFC Bank Ltd | 398,160 | 204% | 0.47% |
| Cipla Ltd/India | 1,491,419 | 193% | 5.29% |
| Kotak Mahindra Bank Ltd | 1,991,517 | 152% | -0.97% |
| Bosch Ltd | 33,364 | 130% | -2.14% |
| Sun Pharmaceutical Industries Ltd | 7,578,192 | 127% | 4.84% |
| Ambuja Cements Ltd | 1,471,631 | 88% | 0.66% |
| Tata Global Beverages Ltd | 3,425,430 | 88% | 8.86% |
| Reliance Communications Ltd | 7,006,710 | 71% | 16.14% |
| Titan Co Ltd | 863,969 | 46% | 3.86% |

Derivatives Update

Long Build Up

| Company | Last | % Chg | % Chg OI | OI (in 000) |
|----------|-------|-------|----------|-------------|
| IGL | 1,222 | 1.1 | 16.2 | 1,020 |
| CGPOWER | 77 | 7.3 | 13.2 | 20,400 |
| CADILAHC | 483 | 3.4 | 12.6 | 2,691 |
| HDIL | 59 | 3.9 | 10.1 | 30,744 |

Short Build Up

| Company | Last | % Chg | % Chg OI | OI (in 000) |
|------------|-------|-------|----------|-------------|
| TVSMOTOR | 530 | (8.2) | 18.1 | 5,570 |
| SBIN | 281 | (5.5) | 14.9 | 75,375 |
| MCDOWELL-N | 2,430 | (2.3) | 6.4 | 1,922 |
| GODREJIND | 561 | (2.9) | 5.2 | 2,861 |

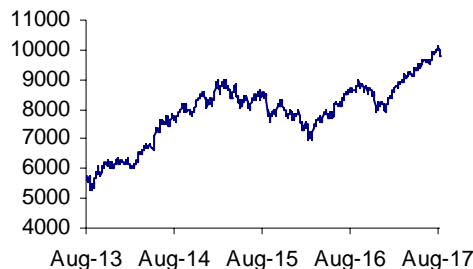
Short Covering

| Company | Last | % Chg | % Chg OI | OI (in 000) |
|-------------|-------|-------|----------|-------------|
| JINDALSTEL | 128 | 4.1 | (7.7) | 35,033 |
| DRREDDY | 2,019 | 3.3 | (7.6) | 4,518 |
| ENGINEERSIN | 149 | 2.5 | (6.6) | 11,736 |
| SUNTV | 706 | 3.9 | (5.2) | 7,638 |

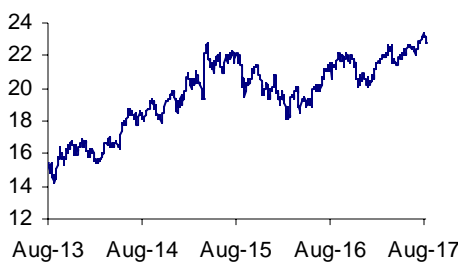
Long Unwinding

| Company | Last | % Chg | % Chg OI | OI (in 000) |
|------------|------|-------|----------|-------------|
| DLF | 155 | (5.7) | (7.9) | 41,290 |
| NMDC | 118 | (3.5) | (7.0) | 24,078 |
| BANKINDIA | 144 | (3.3) | (6.0) | 18,174 |
| MANAPPURAM | 85 | (8.2) | (5.3) | 28,056 |

Nifty



Nifty P/E

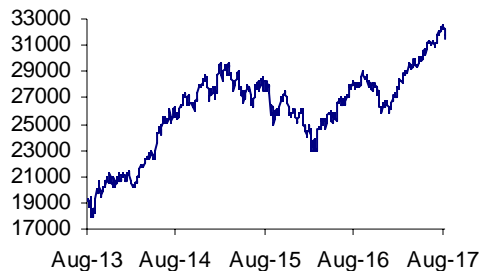


Nifty P/B

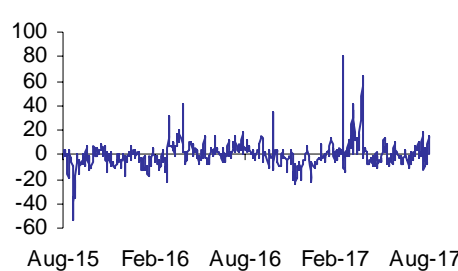


Source: Bloomberg

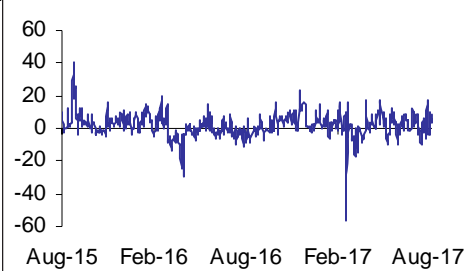
Sensex



FII Provisional Flows (INRbn)



DII Provisional Flows (INRbn)



Source: Bloomberg

Economy, Money & Banking

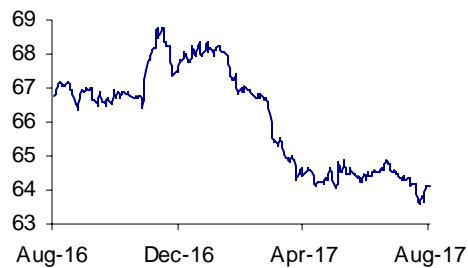
| Forex Rate | Last | % Chg | % MTD | % YTD |
|------------|------|-------|-------|-------|
| INR~USD | 64.1 | 0.0 | 0.1 | 5.9 |
| INR~EUR | 75.6 | (0.2) | (0.4) | (5.2) |
| INR~GBP | 82.6 | 0.8 | 2.0 | 1.1 |

| Bond Market | Last | Chg (bps) | MTD (bps) | YTD (bps) |
|----------------|------|-----------|-----------|-----------|
| 10 Year Bond | 6.5 | 1 | 5 | 1 |
| Interbank call | 5.9 | - | (23) | 65 |

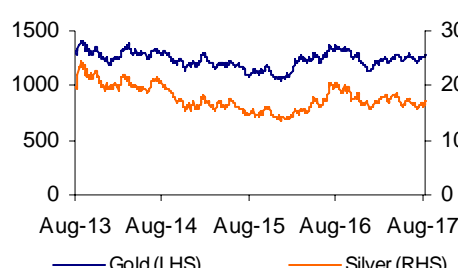
Commodities Update

| Commodities | Last | % Chg | % MTD | % YTD |
|-------------------|--------|-------|-------|--------|
| Gold (\$/Ounce) | 1,272 | 0.1 | 0.2 | 10.4 |
| Crude Oil (\$/Bl) | 48 | 0.3 | (5.0) | (16.3) |
| Aluminium (\$/t) | 2,054 | 1.3 | 8.4 | 20.6 |
| Copper (\$/t) | 6,344 | (0.4) | 0.1 | 14.9 |
| Zinc (\$/t) | 2,946 | 1.5 | 5.8 | 15.2 |
| Lead (\$/t) | 2,362 | 2.0 | 2.3 | 18.1 |
| Nickel (\$/t) | 10,299 | (1.0) | 1.3 | 3.4 |

INR/USD



Gold and silver prices

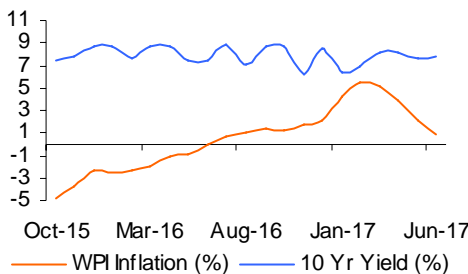


Crude prices

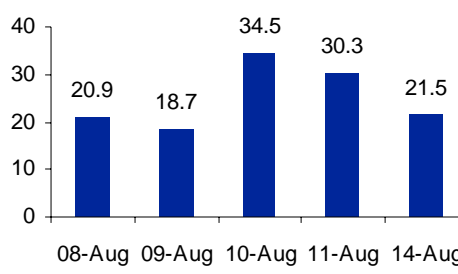


Source: Bloomberg

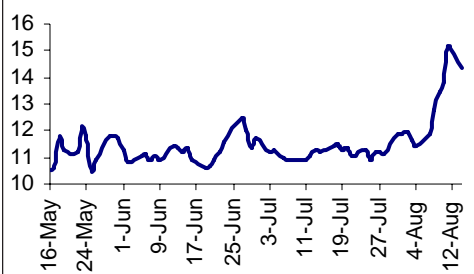
Inflation vs 10 year yield



Nifty premium/discount



NSE volatility index (%)



Source: Bloomberg

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1QFY18 RESULTS REVIEW

Indian Oil Marketing Companies

OMCs: Outshine estimates despite inventory losses

Reco. summary

| Co. | Reco | CMP | TP |
|------|------|-----|-----|
| IOCL | BUY | 419 | 475 |
| BPCL | BUY | 479 | 565 |
| HPCL | BUY | 438 | 485 |

Source: Company, Antique

OMCs reported in-line (BPCL) to above estimates (IOCL, HPCL) core-earnings in 1QFY18, with adj. earnings clocking in below estimates for IOCL on account of carrying one-time entry tax reversal. IOCL and HPCL led the beat primarily on stronger than anticipated adj. GRMs of USD 7.7/bbl and USD 8.8/bbl, BPCL's adjusted GRM however stood a tad lower at USD 6.95/bbl, in comparable terms. However, by IOCL's own guidance its adj. GRM stood at USD 6.4/bbl, the difference (from USD 7.7/bbl above) arising out of timing arbitrage in retail prices. The reported GRMs on the other hand suffered on account of heavy inventory losses and stood at USD 4.32/ USD 4.9/USD 5.9/bbl for IOCL, BPCL and HPCL respectively. Going forward we expect GRMs to stay firm in sync with Singapore benchmark, which has currently improved to ~ USD 8/bbl (from USD 6.4/bbl in 1QFY18). In addition stabilization of Paradip (IOCL) and Kochi (BPCL) refineries would also aid respective GRMs over remaining FY18.

The sales of domestic petroleum products improved to a 3% YoY growth over the quarter after a de-growth of 3.2% YoY in 4QFY17, post demonetisation. The growth in the industry was led by MS (11% YoY), HSD (6% YoY), LPG (11% YoY) and ATF (10% YoY) even as other products continued to suffer from sluggish sales. IOCL/BPCL/HPCL reported a domestic sales growth, in sync with industry at ~ 2.3% /3.2% /3.5% YoY, respectively. However the sales growth in HSD was impacted by growing competition with IOCL/BPCL/HPCL reporting growth of just 2.8%/1.7%/2.5% YoY, thereby indicating market share loss to private players. Our estimate suggests a ~90% market share for the OMCs in HSD market. BPCL was the worst impacted out of the three on account ceding market share in the highway segment, though urban sales was largely stable.

We continue to maintain our preference for the OMCs and have a BUY rating on IOCL, BPCL and HPCL with TP of INR 475, INR 565 and INR 485 respectively. In our view trading between 9x -11x FY19e, stock are attractively valued. BPCL (+24% YoY) having under-performed its peers IOCL(+55% YoY) and HPCL (+65% YoY) is our preferred pick at this juncture, given the expected improvement GRM profile and therefore earnings trajectory.

OMCs- A snapshot of key parameters

| | Q1FY18 | | | Q1FY17 | | | Q4FY17 | | |
|---------------------------|--------|-------|------|--------|-------|------|--------|-------|------|
| | IOCL | BPCL | HPCL | IOCL | BPCL | HPCL | IOCL | BPCL | HPCL |
| Refining Throughput (MMT) | 17.5 | 6.4 | 4.49 | 16.1 | 6.2 | 4.48 | 17.1 | 6.0 | 4.48 |
| Utilization (%) | 101.6% | 95% | 114% | 93.3% | 92% | 121% | 100.1% | 89% | 121% |
| GRMs (US\$/bbl) | 4.32 | 4.88 | 5.86 | 9.98 | 6.09 | 6.83 | 8.95 | 6.01 | 6.83 |
| Domestic Sales (MMT) | 19.8 | 10.04 | 9.20 | 19.3 | 9.73 | 8.89 | 18.5 | 9.26 | 8.89 |
| YoY Growth (%) | 2% | 3% | 4% | 6% | 8% | 5% | -4% | -5% | -3% |
| Total Sales (MMT) | 21.51 | 10.53 | 9.26 | 20.25 | 10.05 | 8.92 | 19.96 | 10.07 | 8.92 |
| YoY Growth (%) | 6% | 5% | 4% | 5% | 8% | 4% | -1% | -2% | -2% |
| Marketing margin | 4352 | 4138 | 4954 | 4301 | 4311 | 4428 | 4499 | 3795 | 4428 |
| MS | 2.81 | 1.77 | 1.60 | 2.57 | 1.61 | n.a. | 2.81 | 1.55 | n.a. |
| YoY Growth (%) | 10% | 10% | 9% | 9% | 8% | | 0.3% | 0% | |
| HSD | 9.70 | 5.23 | 4.69 | 9.44 | 5.14 | n.a. | 9.70 | 4.56 | n.a. |
| YoY Growth (%) | 2.8% | 1.7% | 2.5% | 0.4% | 4.3% | | -5.5% | -9.2% | |
| LPG | 2.50 | 1.19 | 1.37 | 2.29 | 1.06 | n.a. | 2.50 | 1.27 | n.a. |
| YoY Growth (%) | 9% | 12% | 11% | 8% | 8% | | 7% | 9% | |
| SKO | 0.70 | 0.18 | 0.16 | 1.05 | 0.24 | n.a. | 0.70 | 0.17 | n.a. |
| YoY Growth (%) | -34% | -26% | -37% | -8% | -9% | | -32% | -34% | |

Source: Company, Antique

| | |
|------------------|----------|
| Current Reco | : BUY |
| Previous Reco | : BUY |
| CMP | : INR419 |
| Target Price | : INR475 |
| Potential Return | : 13% |

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Market data

| | | |
|----------------------|---|-----------|
| Sensex | : | 31,449 |
| Sector | : | Oil & Gas |
| Market Cap (INRbn) | : | 2,036.8 |
| Market Cap (USDbn) | : | 31.764 |
| O/S Shares (m) | : | 4,855.9 |
| 52-wk HI/LO (INR) | : | 451/268 |
| Avg Daily Vol ('000) | : | 6,204 |
| Bloomberg | : | IOCLIN |

Source: Bloomberg

Valuation

| | FY17 | FY18e | FY19e |
|--------------------|------|-------|-------|
| EPS (INR) | 52.4 | 41.2 | 44.8 |
| P/E(x) | 8.0 | 10.2 | 9.4 |
| P/BV(x) | 2.0 | 2.0 | 1.7 |
| EV/EBITDA(x) | 6.5 | 7.0 | 6.3 |
| Dividend yield (%) | 4.6 | 2.4 | 2.6 |

Source: Bloomberg

Returns (%)

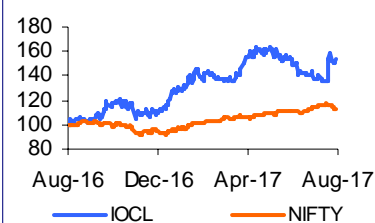
| | 1m | 3m | 6m | 12m |
|----------|----|-----|----|-----|
| Absolute | 12 | (4) | 12 | 56 |
| Relative | 14 | (7) | 1 | 40 |

Source: Company, Antique

Shareholding pattern

| | | |
|-----------|---|-----|
| Promoters | : | 57% |
| Public | : | 43% |
| Others | : | 0% |

Source: Bloomberg

Price performance vs Nifty

Source: Bloomberg, Indexed to 100

1QFY18 RESULTS REVIEW

Indian Oil Corporation Limited

One offs Rule the Roost

IOCL reported PAT at INR 45.5bn stood above estimates on a provision write back (related to settlement of Haryana State Entry Tax) of INR 28bn. Adjusted for the same the PAT at INR 26.9bn (-67% YoY; -70% QoQ) stood below our (INR 29bn) and street estimates (INR 31bn). Reported Refining thruptut at 17.5mmt and GRM at USD 4.3/bbl stood shade below our estimates. Profitability to a greater extent was impacted by YoY and QoQ lower refinery margins. As expected the GRMs during the quarter were impacted to the extent of USD 3.4/bbl due to inventory losses. The domestic sales of petroleum product on the other hand reported a growth of 2.3% YoY, led by 9%-10% YoY in LPG, MS and ATF sales and 2.8% YoY growth in HSD sales, even as SKO suffered de-growth of 34% during 1Q. The adj. gross marketing margins at INR 4350 was largely flat YoY but tad lower QoQ. We have a BUY rating on IOCL with a TP of INT 475/sh.

IOCL - 'one offs' rule the roost during the quarter

IOCL 1QFY18 EBITDA/PAT at INR79.9bn/INR 45.5bn, stood above estimates and were riddled with onetime expenses/gains. The Adj EBITDA/PAT at INR 52bn/INR 27bn, however stood below estimates on higher other operating expense and weaker (than estimated) GRMs offsetting stronger marketing margins. While the normalized GRMs for quarter stood at USD 6.4/bbl, the same including inventory loss (USD ~3.5/bbl) resulted in a reported GRM of USD 4.32/bbl. The weakness in reported GRMs however was offset by INR 28bn of one-time 'entry tax' reversal, shoring up refining EBITDA at INR 44bn. The normalized gross marketing margin stood at healthy INR 4350/mt, however an inventory loss of INR 12.4bn, resulted in a weaker marketing EBITDA of just INR 9.1bn.

Paradip refinery to stabilize fully by 3QFY18

The Paradip refinery operated at 88% (4QFY17: ~83%) utilisation during 1QFY18, recording a GRM of USD 4.05/bbl (Adjusted for inventory loss: USD 5.44/bbl). The GRMs, are however expected to improve 3QFY18 onwards as refinery goes on to operate at 100% utilisation. The product evacuation pipeline at Paradip is fully commissioned and operational, as well. In addition IOCL has guided for a capex of ~INR 200bn over FY18 (Refining: INR 45bn, P/L: INR 19bn, Marketing : INR 60bn, Petchem: INR 12bn and E&P: INR 30bn).

Earnings Summary

| Year ended 31st March | FY15 | FY16 | FY17 | FY18E | FY19E |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| Revenues(INRm) | 4,375,261 | 3,471,764 | 3,598,732 | 4,858,192 | 5,474,440 |
| EBITDA(INRm) | 101,471 | 210,486 | 387,564 | 361,815 | 384,740 |
| EBITDA Margin (%) | 2.3 | 6.1 | 10.8 | 7.4 | 7.0 |
| PAT(INRm) | 41,554 | 103,282 | 254,508 | 200,288 | 217,591 |
| PAT growth (%) | (29.7) | 148.5 | 146.4 | (21.3) | 8.6 |
| EPS (INR) | 8.6 | 21.3 | 52.4 | 41.2 | 44.8 |
| EPS growth (%) | (29.7) | 148.5 | 146.4 | (21.3) | 8.6 |
| P/E(x) | 49.0 | 19.7 | 8.0 | 10.2 | 9.4 |
| P/BV(x) | 1.5 | 1.1 | 2.0 | 2.0 | 1.7 |
| EV/EBITDA(x) | 24.9 | 11.7 | 6.5 | 7.0 | 6.3 |

Source: Antique, Company

Comparison with estimates

| Investment | Actual | Antique | % Variance | Consensus | % Variance |
|-------------------|---------------|----------------|-------------------|------------------|-------------------|
| Revenue | 1,026,262 | 899,852 | 14.0 | 964,026 | 6.5 |
| Adj. EBITDA | 51,916 | 66,622 | (22.1) | 62,257 | (16.6) |
| Adj net income | 26,669 | 29,609 | (9.9) | 31,115 | (14.3) |
| FDEPS (INR) | 5.5 | 6.1 | (10.0) | 8.3 | (33.8) |

Source: Antique

Earnings snapshot

| (INRm) | 1QFY18 | 1QFY17 | YoY (%) | 4QFY17 | QoQ (%) |
|-------------------------|--------------------|------------------|----------------|--------------------|----------------|
| Revenue | 1,026,262.3 | 860,807.4 | 19.21 | 1,003,375.1 | 2.3 |
| Expenditure | 974,346.6 | 723,972.2 | 34.6 | 909,266.4 | 7.2 |
| Operating profit | 51,915.7 | 136,835.2 | (62.1) | 94,108.7 | (44.8) |
| Other income | 12,276.1 | 4,703.0 | 161.0 | 20,593.4 | (40.4) |
| Interest | 7,180.4 | 6,800.4 | 5.6 | 11,540.5 | (37.8) |
| Depreciation | 17,213.1 | 14,350.0 | 20.0 | 17,290.4 | (0.4) |
| Exceptional item | 28,080.0 | - | n.a. | (50,022.6) | n.a. |
| PBT | 67,878.3 | 120,387.8 | (43.6) | 35,848.6 | 89.3 |
| Tax | 22,393.2 | 37,698.0 | (40.6) | (1,357.6) | n.a. |
| Reported PAT | 45,485.1 | 82,689.8 | (45.0) | 37,206.2 | 22.3 |
| Adjusted PAT | 26,668.8 | 82,689.8 | (67.7) | 89,123.2 | (70.1) |
| EBITDA margin (%) | 5.1 | 15.9 | (68.2) | 9.4 | (46.1) |
| FDEPS (Rs) | 9.4 | 17.0 | (45.0) | 7.7 | 22.3 |

Source: Antique, Company

Operational performance

| (INRm) | 1QFY18 | 1QFY17 | YoY (%) | 4QFY17 | QoQ (%) |
|-----------------------------------|---------------|---------------|----------------|---------------|----------------|
| Refining Throughput (MMT) | 17.5 | 16.1 | 8.8 | 17.1 | 2.5 |
| Utilization (%) | 101.6 | 93.3 | 8.9 | 100.1 | 1.5 |
| Pipeline Throughput-Crude (MMT) | 12.8 | 13.3 | (3.8) | 12.2 | 4.9 |
| Pipeline Throughput-Product (MMT) | 8.5 | 8.1 | 4.9 | 7.6 | 11.8 |
| Domestic Sales (MMT) | 19.8 | 19.3 | 2.3 | 18.5 | 6.6 |
| Export Sales (MMT) | 1.8 | 0.9 | 88.3 | 1.4 | 23.9 |
| Total Sales (MMT) | 22.5 | 21.4 | 5.3 | 21.1 | 6.7 |
| GRMs (USD/bbl) | 4.3 | 10.0 | (56.7) | 9.0 | (51.7) |
| Petchem Sales (MMT) | 0.6 | 0.6 | (4.4) | 0.7 | (12.8) |
| Petchem EBIT (INR Bn) | 16.0 | 18.1 | (11.7) | 18.7 | (14.7) |
| Marketing margin | 4,352.0 | 4,300.7 | 1.2 | 4,498.6 | (3.3) |
| Inventory gain/(loss) (INRBn) | (12.4) | 23.8 | n.a. | 9.2 | n.a. |
| Forex gain/(loss) (INRBn) | 6.1 | (3.3) | n.a. | 15.0 | (59.2) |
| Debt level (INR Bn) | 349.2 | 395.0 | (11.6) | 548.2 | (36.3) |

Source: Antique, Company

Valuations

We maintain our BUY rating with a revised TP of INR 475/sh, and value IOCL as an average of a) P/BV of 1.5x FY19e and b) P/E of 11x FY19e. Our TP implies a P/E of 10.6x as against the current trading multiples of 9.4x FY19e.

Valuation table

| (INR mn) | Earnings | Multiple | Value per share |
|------------------------------|----------|----------|-----------------|
| FY19e Book Value | 245 | 1.5x | 367 |
| Core business FY19e EPS | 45 | 11x | 493 |
| Average of book value and PE | | | 430 |
| Investments | | | 48 |
| Value per share | | | 478 |

Source: Antiqua, Company

Key assumptions

| Year ended 31st March | FY13 | FY14 | FY15 | FY16 | FY17 | FY18e | FY19e |
|-------------------------------|-------|-------|-------|------|------|-------|-------|
| Brent (USD/bbl) | 110.5 | 107.6 | 85.5 | 47.0 | 49.9 | 55 | 60 |
| Refining | | | | | | | |
| Throughput (MT) | 54.6 | 53.1 | 53.6 | 56.7 | 65.2 | 72.0 | 72.0 |
| GRM (USD/bbl) | 2.3 | 3.3 | (0.6) | 5.1 | 7.7 | 6.7 | 6.75 |
| Marketing | | | | | | | |
| Sales, excluding exports (MT) | 76.2 | 75.5 | 76.5 | 80.7 | 83.5 | 87.7 | 92.9 |
| Marketing Margin | 3829 | 4334 | 5082 | 3951 | 4679 | 4560 | 4564 |
| Exchange rate (USD:INR) | 54 | 61 | 61 | 66 | 67 | 67 | 67 |

Source: Antiqua, Company

Financials

Profit and loss account (INRm)

| Year ended March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|
| Net Revenue | 4,375,261 | 3,471,764 | 3,598,732 | 4,858,192 | 5,474,440 |
| Op. Expenses | 4,273,791 | 3,261,278 | 3,211,167 | 4,496,377 | 5,089,700 |
| EBITDA | 101,471 | 210,486 | 387,564 | 361,815 | 384,740 |
| Depreciation | 45,287 | 48,186 | 62,230 | 71,525 | 75,125 |
| EBIT | 56,184 | 162,300 | 325,335 | 290,290 | 309,615 |
| Other income | 41,441 | 23,222 | 42,086 | 43,348 | 44,649 |
| Interest Exp. | 34,353 | 30,899 | 34,454 | 34,700 | 29,500 |
| Extra Ordinary Items gain/(loss) | 16,681 | 13,643 | (19,120) | - | - |
| Reported PBT | 79,953 | 168,265 | 313,846 | 298,938 | 324,763 |
| Tax | 27,223 | 55,843 | 72,148 | 98,650 | 107,172 |
| Reported PAT | 52,730 | 112,422 | 241,698 | 200,288 | 217,591 |
| Net Profit | 52,730 | 112,422 | 241,698 | 200,288 | 217,591 |
| Adjusted PAT | 41,554 | 103,282 | 254,508 | 200,288 | 217,591 |
| Adjusted EPS (INR) | 8.6 | 21.3 | 52.4 | 41.2 | 44.8 |

Balance sheet (INRm)

| Year ended March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---|------------------|------------------|------------------|------------------|------------------|
| Share Capital | 24,280 | 23,697 | 47,393 | 47,393 | 47,393 |
| Reserves & Surplus | 655,420 | 857,646 | 949,894 | 954,662 | 1,112,599 |
| Networth | 679,699 | 881,343 | 997,287 | 1,002,055 | 1,159,992 |
| Debt | 497,104 | 424,834 | 503,848 | 533,848 | 453,848 |
| Net deferred Tax liabilities | 67,202 | 68,590 | 67,592 | 68,842 | 70,092 |
| Capital Employed | 1,244,005 | 1,374,767 | 1,568,727 | 1,604,745 | 1,683,932 |
| Gross Fixed Assets | 1,216,435 | 1,515,577 | 1,743,132 | 1,833,132 | 1,923,132 |
| Accumulated Depreciation | (553,922) | (602,108) | (664,337) | (735,863) | (810,988) |
| Capital work in progress | 363,235 | 210,251 | 107,378 | 137,378 | 167,378 |
| Net Fixed Assets | 1,025,748 | 1,123,721 | 1,186,173 | 1,234,648 | 1,279,523 |
| Investments | 239,941 | 371,814 | 473,046 | 478,046 | 483,046 |
| Non Current Investments | 239,941 | 371,814 | 473,046 | 478,046 | 483,046 |
| Current Assets, Loans & Adv. | 932,805 | 709,507 | 932,914 | 1,097,971 | 1,242,923 |
| Inventory | 455,439 | 387,391 | 624,011 | 716,506 | 807,393 |
| Debtors | 115,527 | 75,486 | 85,024 | 97,626 | 110,010 |
| Cash & Bank balance | 1,119 | 5,129 | 865 | 27,769 | 57,487 |
| Loans & advances and others | 360,720 | 241,501 | 223,014 | 256,070 | 268,032 |
| Current Liabilities & Prov. | 954,487 | 830,275 | 1,023,405 | 1,205,919 | 1,321,559 |
| Liabilities | 677,269 | 708,582 | 804,318 | 957,233 | 1,043,690 |
| Provisions | 277,218 | 121,693 | 219,087 | 248,686 | 277,869 |
| Net Current Assets | (21,683) | (120,768) | (90,492) | (107,948) | (78,636) |
| Application of Funds | 1,244,006 | 1,374,767 | 1,568,728 | 1,604,745 | 1,683,932 |

Per share data

| Year ended March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---------------------------|--------|--------|--------|--------|--------|
| No. of shares (m) | 2,428 | 2,428 | 4,856 | 4,856 | 4,856 |
| Diluted no. of shares (m) | 2,370 | 2,370 | 4,739 | 4,739 | 4,739 |
| BVPS (INR) | 286.83 | 371.93 | 210.43 | 211.43 | 244.76 |
| CEPS (INR) | 41.36 | 67.78 | 64.13 | 57.35 | 61.76 |
| DPS (INR) | 6.76 | 14.34 | 19.47 | 10.25 | 10.76 |

Source: Company, Antique

Cash flow statement (INRm)

| Year ended March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|
| PBT | 79,953 | 168,265 | 263,212 | 298,938 | 324,763 |
| Depreciation & amortisation | 45,001 | 48,186 | 62,230 | 71,525 | 75,125 |
| Interest expense | 24,709 | 30,899 | 34,454 | 34,700 | 29,500 |
| (Inc)/Dec in working capital | 338,126 | 303,061 | (91,236) | 62,934 | (2,544) |
| Tax paid | (22,497) | (37,479) | (74,603) | (97,400) | (105,922) |
| Less: Interest/Div. Income Received | (8,500) | - | - | - | - |
| Other operating Cash Flow | (11,918) | - | - | - | - |
| CF from operating activities | 444,874 | 512,932 | 194,057 | 370,698 | 320,923 |
| Capital expenditure | (31,624) | (146,159) | (124,682) | (120,000) | (120,000) |
| Inc/(Dec) in investments | 6,926 | (131,874) | (101,232) | (5,000) | (5,000) |
| Add: Interest/Div. Income Received | (61,402) | - | - | - | - |
| CF from investing activities | (86,100) | (278,032) | (225,914) | (125,000) | (125,000) |
| Inc/(Dec) in debt | (319,789) | (72,270) | 79,014 | 30,000 | (80,000) |
| Dividend Paid | (24,709) | (39,770) | (107,949) | (56,814) | (59,655) |
| Others | (39,252) | (118,850) | 56,528 | (213,982) | (28,828) |
| CF from financing activities | (383,749) | (230,890) | 27,593 | (240,796) | (168,483) |
| Net cash flow | (24,975) | 4,010 | (4,264) | 4,902 | 27,440 |
| Opening balance | 26,085 | 1,119 | 5,129 | 865 | 27,769 |
| Closing balance | 1,110 | 5,129 | 865 | 5,767 | 55,209 |

Growth indicators (%)

| Year ended March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---------------------|-------|-------|-------|-------|-------|
| Revenue(%) | -7.5 | -20.7 | 3.7 | 35.0 | 12.7 |
| EBITDA(%) | -35.4 | 107.4 | 84.1 | -6.6 | 6.3 |
| Adj PAT(%) | -29.7 | 148.5 | 146.4 | -21.3 | 8.6 |
| Adj EPS(%) | -29.7 | 148.5 | 146.4 | -21.3 | 8.6 |

Valuation (x)

| Year ended March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---------------------|------|------|------|-------|-------|
| P/E | 49.0 | 19.7 | 8.0 | 10.2 | 9.4 |
| P/BV | 1.5 | 1.1 | 2.0 | 2.0 | 1.7 |
| EV/EBITDA | 24.9 | 11.7 | 6.5 | 7.0 | 6.3 |
| EV/Sales | 0.6 | 0.7 | 0.7 | 0.5 | 0.4 |
| Dividend Yield (%) | 1.6 | 3.4 | 4.6 | 2.4 | 2.6 |

Financial ratios

| Year ended March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---------------------|------|------|------|-------|-------|
| RoE (%) | 6.2 | 13.2 | 27.1 | 20.0 | 20.1 |
| RoCE (%) | 6.9 | 14.2 | 25.0 | 21.0 | 21.5 |
| Asset/T.O (x) | 3.7 | 3.5 | 3.4 | 4.4 | 4.7 |
| Net Debt/Equity (x) | 0.7 | 0.5 | 0.5 | 0.5 | 0.3 |
| EBIT/Interest (x) | 2.8 | 6.0 | 10.7 | 9.6 | 12.0 |

Margins (%)

| Year ended March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---------------------|------|------|------|-------|-------|
| EBITDA Margin(%) | 2.3 | 6.1 | 10.8 | 7.4 | 7.0 |
| EBIT Margin(%) | 1.3 | 4.7 | 9.0 | 6.0 | 5.7 |
| PAT Margin(%) | 0.9 | 3.0 | 7.0 | 4.1 | 3.9 |

Source: Company Antique

| | |
|------------------|----------|
| Current Reco | : BUY |
| Previous Reco | : BUY |
| CMP | : INR479 |
| Target Price | : INR565 |
| Potential Return | : 18% |

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Market data

| | | |
|----------------------|---|-----------|
| Sensex | : | 31,449 |
| Sector | : | Oil & Gas |
| Market Cap (INRbn) | : | 1,037.7 |
| Market Cap (USDbn) | : | 16.182 |
| O/S Shares (m) | : | 2,169.3 |
| 52-wk HI/LO (INR) | : | 530/366 |
| Avg Daily Vol ('000) | : | 4,431 |
| Bloomberg | : | BPCL IN |

Source: Bloomberg

Valuation

| | FY17 | FY18e | FY19e |
|--------------------|------|-------|-------|
| EPS (INR) | 37.1 | 34.5 | 41.7 |
| P/E(x) | 12.9 | 13.9 | 11.5 |
| P/BV(x) | 3.2 | 2.8 | 2.4 |
| EV/EBITDA(x) | 11.5 | 10.5 | 8.6 |
| Dividend yield (%) | 5.1 | 3.2 | 3.8 |

Source: Bloomberg

Returns (%)

| | 1m | 3m | 6m | 12m |
|----------|----|-----|-----|-----|
| Absolute | 4 | (2) | 6 | 27 |
| Relative | 6 | (6) | (4) | 13 |

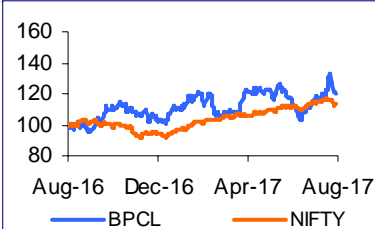
Source: Company, Antique

Shareholding pattern

| | | |
|-----------|---|-----|
| Promoters | : | 55% |
| Public | : | 45% |
| Others | : | 0% |

Source: Bloomberg

Price performance vs Nifty



Source: Bloomberg, Indexed to 100

1QFY18 RESULTS REVIEW

Bharat Petroleum Corp Limited

In-line 1Q; expect stronger earnings going forwards

BPCL reported a 1QFY18 PAT of INR 7.5bn, marginally below estimates on higher operating expenses, partially offset by higher other income. Adjusted for above, operating earnings were largely in-line with estimates. Reported GRM at USD 4.9/bbl, included an inventory loss of USD 2.1/bbl implying normalized GRM of USD 6.95/bbl. On-going commissioning/stabilization at Kochi refinery acted as an over-hang on 1QFY18 GRMs. Growing at 3.2% YoY, the domestic sales of petroleum product stood at 10.04mmt. The growth is sales though better than IOCL, stood below HPCL and industry rates. A weaker growth of just ~1.7% YoY in HSD sales largely led to the drag. Gross Marketing margins at INR 4140/mt (adjusted for a inventory loss of INR 7.3bn) stood higher QoQ. We maintain our BUY rating on BPCL with a TP of 565/sh, as a) we expect stabilization at Kochi refinery to aid earnings 3Q-4QFY18 onwards through stronger GRMs (+USD 2/bbl over current GRM) and b) the HSD sales growth to improve as BPCL takes corrective measures going forward.

Weaker Kochi GRMs weigh on 1Q; improvement expected with higher utilisation going forward

BPCL's 1QFY18 PAT at INR 7.5bn, was weighed down by weaker Kochi Refinery GRMs and weaker HSD sales growth, besides anticipated inventory losses. Due to on-going stabilization Kochi refinery operated at sub-optimal utilisation of ~88%, with delayed coker operating at just 50-60% capacity. However now with all units other than FCCU commissioned (expected in next few days) the utilisation and GRMs is expected to improve over 3Q-4QFY18.

The growth in HSD sales continued to be challenge for BPCL, growing at just 1.7% YoY to 5.2mmt, as compared to industry growth of 6% YoY and peers (IOCL and HPCL) growing at ~2.8% and 2.5% respectively. The weakness stems largely from sluggish 'Highway' HSD sales, where BPCL is now taking corrective measures viz a) stakeholder management, b) improving service offering and c) loyalty programs to address the same. We expect that the situation to improve going forward.

Post Kochi refinery expansion capex intensity likely to moderate

With the Kochi refinery getting fully commissioned in FY18, a large refinery-expansion/ up-gradation capex is already behind us. Going forward BPCL intends to invest ~ INR 78bn and INR 85bn in FY18/19 respectively across segments.

Valuation & View

We maintain our BUY rating on BPCL with a TP of INR 565/sh. We expect BPCL's earnings trajectory to improve going forward with improvement in Kochi Refinery's GRM and improvement in HSD sales. We accordingly estimate earnings CAGR of 6% YoY (FY17-19e) with ROEs of ~25%. In our view at 11.5x FY19e (SA), BPCL is trading at attractive valuation in comparison to 13.6x FY19e (SA) implied by our TP.

Earnings Summary

| Year ended 31st March | FY15 | FY16 | FY17 | FY18E | FY19E |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| Revenues(INRm) | 2,380,869 | 1,884,046 | 2,022,106 | 2,331,743 | 2,747,217 |
| EBITDA(INRm) | 83,367 | 110,246 | 108,293 | 123,039 | 149,737 |
| EBITDA Margin (%) | 3.5 | 5.9 | 5.4 | 5.3 | 5.5 |
| PAT(INRm) | 50,837 | 70,564 | 80,393 | 74,820 | 90,405 |
| PAT growth (%) | 25.2 | 38.8 | 13.9 | (6.9) | 20.8 |
| EPS (INR) | 23.4 | 32.5 | 37.1 | 34.5 | 41.7 |
| EPS growth (%) | 25.2 | 38.8 | 13.9 | (6.9) | 20.8 |
| P/E(x) | 20.4 | 14.7 | 12.9 | 13.9 | 11.5 |
| P/BV(x) | 4.2 | 3.4 | 3.2 | 2.8 | 2.4 |
| EV/EBITDA(x) | 13.7 | 10.5 | 11.5 | 10.5 | 8.6 |

Source: Antique, Company

Comparison with estimates

| Investment | Actual | Antique | % Variance | Consensus | % Variance |
|-------------------|---------------|----------------|-------------------|------------------|-------------------|
| Revenue | 571,258 | 485,959 | 17.6 | 544,456 | 4.9 |
| EBITDA | 12,250 | 15,743 | (22.2) | 21,960 | (44.2) |
| Adj net income | 7,446 | 8,377 | (11.1) | 14,680 | (49.3) |
| FDEPS (INR) | 5.1 | 5.8 | (11.1) | 8.5 | (39.3) |

Source: Antique

Earnings snapshot

| (INRm) | 1QFY18 | 1QFY17 | YoY (%) | 4QFY17 | QoQ (%) |
|-------------------------|------------------|------------------|----------------|------------------|----------------|
| Revenue | 571,258.0 | 469,386.7 | 21.7 | 570,364.8 | 0.2 |
| Expenditure | 559,007.6 | 430,194.8 | 29.9 | 548,242.1 | 2.0 |
| Operating profit | 12,250.4 | 39,191.9 | (68.7) | 22,122.7 | (44.6) |
| Other income | 6,565.8 | 3,649.0 | 79.9 | 6,623.9 | (0.9) |
| Interest | 1,788.6 | 1,111.0 | 61.0 | 1,475.1 | 21.3 |
| Depreciation | 5,892.0 | 4,314.9 | 36.6 | 5,238.4 | 12.5 |
| PBT | 11,135.6 | 37,415.0 | (70.2) | 22,033.1 | (49.5) |
| Tax | 3,690.0 | 11,210.0 | (67.1) | 3,616.3 | 2.0 |
| Reported PAT | 7,445.6 | 26,205.0 | (71.6) | 18,416.8 | (59.6) |
| EBITDA margin (%) | 0.0 | 0.1 | | 0.0 | |
| FDEPS (INR) | 5.1 | 18.1 | (71.6) | 12.7 | (59.6) |

Source: Antique, Company

Operational performance

| (INRm) | 1QFY18 | 1QFY17 | YoY (%) | 4QFY17 | QoQ (%) |
|-----------------------------|---------------|---------------|----------------|---------------|----------------|
| Refining Throughput -MMT | 6.4 | 6.2 | 3.5 | 6.0 | 6.6 |
| GRM (USD/bbl) | 4.9 | 6.1 | (19.9) | 6.0 | (18.8) |
| Domestic Mark. Volume (MMT) | 10.0 | 9.7 | 3.2 | 9.3 | 8.4 |
| Marketing Sales-MMT | 10.5 | 10.1 | 4.8 | 10.1 | 4.6 |
| Marketing Margin (INR/T) | 4,138.2 | 4,310.8 | (4.0) | 3,795.0 | 9.0 |
| Inventory Gain/(Loss)-INRbn | (7.3) | 12.8 | n.a. | 4.0 | n.a. |
| Forex Gain/(Loss)-INRbn | 0.3 | (1.7) | n.a. | 3.3 | (91.2) |
| Debt Position-INR bn | 179.2 | 159.6 | 12.2 | 231.6 | (22.6) |

Source: Antique, Company

Valuations

Our SoTP-based target price of INR 565/sh comprises a value of INR 451/sh for BPCL's SA Refining and Marketing business, INR 26/sh for investments in new refining capacity (Bina Refinery), INR 0.2/sh for E&P (Brazil and Mozambique), and ~ INR 86/sh for other investments (Numaligarh Refinery and listed investments).

We value the core refining and marketing business at an equally weighted average of P/E of 11x and P/BV of 2.5x FY19e (standalone). The investment in Bina refinery is valued on EV/EBITDA basis at 7x FY19e, and other listed investments are valued at discount of 25% to CMP. Our TP implies a P/E multiple of 13.5x FY19e (standalone), as against the 11.5x at which BPCL is currently trading at.

Valuation table

| (INR per share) | BPCL |
|---|--------------|
| Core Refining and marketing Business | 451.2 |
| One yr. fwd. Standalone EPS | 42 |
| P/E Multiple assigned | 11 |
| One yr. fwd. BV (adj for Investments) | 178 |
| Less book value of Investments | 32 |
| FY18RoE | 25 |
| P/BV Multiple assigned | 2.5 |
| Value of Investments | |
| Bina refinery | |
| Capacity -mmtpa | 7.5 |
| Complexity -Nelsol Index | 9.1 |
| EBITDA/sh -FY19 | 14 |
| Multiple Assigned | 7 |
| EV (Rs/Sh) | 95 |
| Net Debt (BORL) | 44 |
| BORL -Equity Value (at 50% of equity) | 26 |
| E&P Investments | |
| Offshore Brazil | 16.5 |
| Reserve Size -mmbobe | 137.4 |
| Multiple Assigned-US\$/Boe | 5 |
| Recoverability | 80% |
| Mozambique valued on DCF | 19.9 |
| Less : Debt on BPRL Books(BPCL's Subsidiary) | -36.2 |
| Other Investments | |
| Numaligarh Refinery (61% stake at one year fwd BV) | 27.3 |
| IGL, PLNG, BPCL, OIL (at market price) | 58.4 |
| Total Value | 563 |
| Shares Outstanding (mn) | 2169 |

Source: Antique, Company

Key assumptions

| Year ended 31st March | FY14 | FY15 | FY16 | FY17E | FY18E | FY19E |
|---------------------------|-------|-------|------|-------|-------|-------|
| Refining | | | | | | |
| Brent (\$/bbl) | 107.0 | 84.5 | 47.0 | 49.9 | 55 | 60 |
| Throughput (MMT) | 23.4 | 23.4 | 24.1 | 25.4 | 26.5 | 29 |
| Mumbai (MMT) | 13.0 | 13.0 | 13.4 | 13.6 | 13 | 13 |
| Kochi (MMT) | 10.3 | 10.4 | 10.7 | 11.8 | 13.5 | 16 |
| GRMs (USD/bbl) | 4.4 | 3.6 | 6.6 | 5.2 | 5.7 | 6.8 |
| Mumbai (USD/bbl) | 4.0 | 4.0 | 6.0 | 5.4 | 5.4 | 6 |
| Kochi (USD/bbl) | 4.8 | 3.2 | 7.2 | 5.2 | 6.2 | 7.5 |
| Marketing | | | | | | |
| Sales excl. exports (MMT) | 34.0 | 34.4 | 36.5 | 37.7 | 40 | 42.6 |
| Marketing Margin (INR/T) | 4119 | 5635 | 5113 | 4106 | 4520 | 4416 |
| Exchange Rate (Rs./US\$) | 60 | 61.15 | 65.5 | 67.1 | 65 | 65 |

Source: Antique, Company

Financials

Profit and loss account (INRm)

| Year ended March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---------------------------|------------------|------------------|------------------|------------------|------------------|
| Net Revenue | 2,380,869 | 1,884,046 | 2,022,106 | 2,331,743 | 2,747,217 |
| Op. Expenses | 2,297,502 | 1,773,800 | 1,913,813 | 2,208,704 | 2,597,480 |
| EBITDA | 83,367 | 110,246 | 108,293 | 123,039 | 149,737 |
| Depreciation | 25,388 | 18,446 | 18,913 | 23,104 | 25,792 |
| EBIT | 57,979 | 91,800 | 89,380 | 99,934 | 123,945 |
| Other income | 22,000 | 17,762 | 26,007 | 23,823 | 24,391 |
| Interest Exp. | 5,831 | 5,652 | 4,959 | 10,393 | 11,358 |
| Reported PBT | 74,147 | 103,910 | 110,428 | 113,364 | 136,977 |
| Tax | 23,310 | 33,347 | 30,035 | 38,544 | 46,572 |
| Reported PAT | 50,837 | 70,564 | 80,393 | 74,820 | 90,405 |
| Net Profit | 50,837 | 70,564 | 80,393 | 74,820 | 90,405 |
| Adjusted PAT | 50,837 | 70,564 | 80,393 | 74,820 | 90,405 |
| Adjusted EPS (INR) | 23.4 | 32.5 | 37.1 | 34.5 | 41.7 |

Balance sheet (INRm)

| Year ended March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Share Capital | 7,231 | 6,556 | 13,113 | 19,663 | 19,663 |
| Reserves & Surplus | 217,455 | 266,673 | 283,571 | 317,124 | 365,581 |
| Networth | 224,686 | 273,230 | 296,684 | 336,787 | 385,244 |
| Debt | 117,773 | 135,914 | 210,038 | 255,903 | 257,183 |
| Net deferred Tax liabilities | 17,083 | 26,219 | 35,017 | 35,017 | 35,017 |
| Capital Employed | 359,541 | 435,362 | 541,739 | 627,707 | 677,444 |
| Gross Fixed Assets | 418,096 | 465,470 | 566,678 | 636,678 | 706,678 |
| Accumulated Depreciation | 214,946 | 233,392 | 252,305 | 275,409 | 301,202 |
| Capital work in progress | 76,406 | 126,643 | 116,225 | 185,606 | 199,856 |
| Net Fixed Assets | 279,557 | 358,721 | 430,598 | 546,875 | 605,332 |
| Investments | 124,746 | 128,110 | 146,015 | 151,015 | 156,015 |
| Non Current Investments | 124,746 | 128,110 | 146,015 | 151,015 | 156,015 |
| Current Assets, Loans & Advances | | | | | |
| Inventory | 144,579 | 137,929 | 197,980 | 168,276 | 196,771 |
| Debtors | 84,773 | 62,592 | 80,622 | 45,081 | 57,052 |
| Cash & Bank balance | 13,602 | 20,674 | 647 | 5,346 | 12,153 |
| Loans & advances and others | 50,033 | 45,548 | 64,034 | 54,521 | 56,301 |
| Current Liabilities & Provisions | | | | | |
| Liabilities | 290,917 | 289,116 | 354,441 | 282,584 | 335,607 |
| Provisions | 46,831 | 29,096 | 23,717 | 60,821 | 70,572 |
| Net Current Assets | (44,761) | (51,468) | (34,874) | (70,182) | (83,903) |
| Application of Funds | 359,542 | 435,362 | 541,739 | 627,707 | 677,444 |

Per share data

| Year ended March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---------------------------|--------|--------|--------|--------|--------|
| No. of shares (m) | 2,169 | 2,169 | 2,169 | 2,169 | 2,169 |
| Diluted no. of shares (m) | 1,967 | 1,967 | 1,967 | 1,967 | 1,967 |
| BVPS (INR) | 114.22 | 138.90 | 150.82 | 171.21 | 195.84 |
| CEPS (INR) | 38.75 | 45.25 | 50.48 | 49.78 | 59.07 |
| DPS (INR) | 8.27 | 11.40 | 24.27 | 15.22 | 18.39 |

Source: Company, Antique

Cash flow statement (INRm)

| Year ended March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|-------------------------------------|------------------|-----------------|-----------------|------------------|-----------------|
| PBT | 74,147 | 103,910 | 110,428 | 113,364 | 136,977 |
| Depreciation & amortisation | 25,388 | 18,446 | 18,913 | 23,104 | 25,792 |
| Interest expense | 5,831 | 5,652 | 4,959 | 10,393 | 11,358 |
| (Inc)/Dec in working capital | 124,928 | 13,779 | (36,621) | 40,007 | 20,528 |
| Tax paid | (19,836) | (24,211) | (21,237) | (38,544) | (46,572) |
| Less: Interest/Div. Income Received | (22,000) | (17,762) | (26,007) | (23,823) | (24,391) |
| CF from operating activities | 188,459 | 99,814 | 50,435 | 124,502 | 123,693 |
| Capital expenditure | (83,899) | (97,610) | (90,791) | (139,381) | (84,250) |
| Inc/(Dec) in investments | (6,277) | (3,364) | (17,905) | (5,000) | (5,000) |
| Add: Interest/Div. Income Received | 22,000 | 17,762 | 26,007 | 23,823 | 24,391 |
| CF from investing activities | (68,177) | (83,212) | (82,689) | (120,558) | (64,859) |
| Inc/(Dec) in share capital | - | 0 | 0 | 6,550 | - |
| Inc/(Dec) in debt | (82,148) | 18,141 | 74,124 | 45,865 | 1,280 |
| Dividend Paid | (19,212) | (26,326) | (55,353) | (34,717) | (41,948) |
| Others | (7,356) | (671) | (6,545) | (16,944) | (11,358) |
| CF from financing activities | (108,716) | (8,856) | 12,227 | 755 | (52,026) |
| Net cash flow | 11,566 | 7,747 | (20,027) | 4,698 | 6,807 |
| Opening balance | 2,038 | 13,602 | 20,674 | 647 | 5,346 |
| Closing balance | 13,604 | 21,349 | 647 | 5,345 | 12,153 |

Growth indicators (%)

| Year ended March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---------------------|-------|--------|-------|-------|-------|
| Revenue(%) | -8.45 | -20.87 | 7.33 | 15.31 | 17.82 |
| EBITDA(%) | 3.10 | 32.24 | -1.77 | 13.62 | 21.70 |
| Adj PAT(%) | 25.19 | 38.80 | 13.93 | -6.93 | 20.83 |
| Adj EPS(%) | 25.19 | 38.80 | 13.93 | -6.93 | 20.83 |

Valuation (x)

| Year ended March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---------------------|-------|-------|-------|-------|-------|
| P/E | 20.4 | 14.7 | 12.9 | 13.9 | 11.5 |
| P/BV | 4.2 | 3.4 | 3.2 | 2.8 | 2.4 |
| EV/EBITDA | 13.71 | 10.47 | 11.53 | 10.48 | 8.58 |
| EV/Sales | 0.48 | 0.61 | 0.62 | 0.55 | 0.47 |
| Dividend Yield (%) | 1.7 | 2.4 | 5.1 | 3.2 | 3.8 |

Financial ratios

| Year ended March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---------------------|------|------|------|-------|-------|
| RoE (%) | 24.3 | 28.3 | 28.2 | 23.6 | 25.0 |
| RoCE (%) | 20.8 | 27.6 | 23.6 | 21.2 | 22.7 |
| Asset/T.O (x) | 9.1 | 7.0 | 5.8 | 5.3 | 5.5 |
| Net Debt/Equity (x) | 0.5 | 0.4 | 0.7 | 0.7 | 0.6 |
| EBIT/Interest (x) | 13.7 | 19.4 | 23.3 | 11.9 | 13.1 |

Margins (%)

| Year ended March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---------------------|------|------|------|-------|-------|
| EBITDA Margin(%) | 3.5 | 5.9 | 5.4 | 5.3 | 5.5 |
| EBIT Margin(%) | 2.4 | 4.9 | 4.4 | 4.3 | 4.5 |
| PAT Margin(%) | 2.1 | 3.7 | 3.9 | 3.2 | 3.3 |

Source: Company Antique

| | |
|-------------------------|----------|
| Current Reco | : BUY |
| Previous Reco | : BUY |
| CMP | : INR438 |
| Target Price | : INR485 |
| Potential Return | : 11% |

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Market data

| | | |
|----------------------|---|-----------|
| Sensex | : | 31,449 |
| Sector | : | Oil & Gas |
| Market Cap (INRbn) | : | 668.3 |
| Market Cap (USDbn) | : | 10.423 |
| O/S Shares (m) | : | 1,523.8 |
| 52-wk HI/LO (INR) | : | 462/254 |
| Avg Daily Vol ('000) | : | 9,330 |
| Bloomberg | : | HPCL IN |

Source: Bloomberg

Valuation

| | FY17 | FY18e | FY19e |
|--------------------|------|-------|-------|
| EPS (INR) | 40.7 | 37.9 | 40.7 |
| P/E(x) | 10.7 | 11.6 | 10.8 |
| P/BV(x) | 3.3 | 2.8 | 2.4 |
| EV/EBITDA(x) | 7.8 | 7.3 | 6.5 |
| Dividend yield (%) | 6.8 | 3.0 | 3.5 |

Source: Bloomberg

Returns (%)

| | 1m | 3m | 6m | 12m |
|----------|----|----|----|-----|
| Absolute | 13 | 23 | 20 | 65 |
| Relative | 15 | 18 | 9 | 47 |

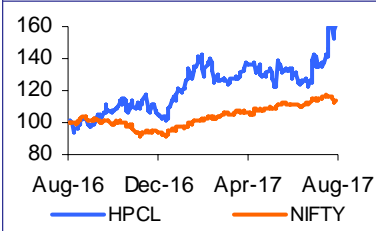
Source: Company, Antique

Shareholding pattern

| | | |
|-----------|---|-----|
| Promoters | : | 51% |
| Public | : | 49% |
| Others | : | 0% |

Source: Bloomberg

Price performance vs Nifty



Source: Bloomberg, Indeed to 100

1QFY18 RESULTS REVIEW

Hindustan Petroleum Corp Limited

1Q beats estimates; Upgrade TP maintain BUY

HPCL reported an above estimate 1QFY18 PAT of INR 9.2bn, driven by stronger than estimated refinery and marketing margins. Reported GRM at USD 5.86/bbl included an inventory loss of USD 2.96/bbl implying normalized GRM of USD 8.8/bbl. The strength in GRMs was driven primarily by a) debottlenecking (to 7.5mmt) and bottom upgradation at Mumbai refinery and b) flexible crude sourcing. The marketing segment as well reported healthy figures with domestic sales of petroleum products growing at 3.5% YoY to 9.2mmt. Gross Marketing margins at INR 4950/mt (adjusted for a inventory loss of INR 9.6bn) was higher on QoQ and YoY basis, as well. We maintain our BUY rating on HPCL and raise the TP to 485/sh (from 415/sh).

HPCL beats estimates on stronger refining and marketing margins

HPCL 1QFY18, EBITDA/PAT at INR 16.2bn/INR 9.2bn, though above estimates were weaker on QoQ and YoY basis on account significant inventory losses due to QoQ decline in crude/product prices. While the GRMs at USD 5.86/bbl were impacted an inventory loss of USD 2.96/bbl, the marketing segment suffered from an inventory loss of INR 9.6bn, as crude prices tumbled over the 1QFY18 on rising supply from US, Libya and Nigeria. However stronger core performance helped HPCL, tide over inventory losses, with adjusted normalized GRM and gross marketing margins QoQ and YoY higher at USD 8.8/bbl and ~INR 4900/mt.

Adjusted GRMs at a robust USD 8.8/bbl; strength likely to continue

The normalized GRM at USD 8.8/bbl (premium of USD 2.3/bbl over Singapore Benchmark), was backed by a) Debottlenecking of Mumbai refinery to 7.5mmt (from 6.5mmt) along with bottom up-gradation, b) opportunistic GRM maximizing crude sourcing (current Term: Spot mix 70:30), c) lower energy cost as result of sourcing electricity from open market along with lower LNG prices, and d) YoY stronger crack spreads specially in HSD (+USD1/bbl YoY) and FO (+USD 5.5/bbl YoY). With Singapore bench mark averaging USD 7.4/bbl over Jul'17 (currently at ~USD 8-8.5/bbl), buoyed by strong HSD spreads (~USD 13/bbl), we expect 2QFY18 GRMs to be strong as well, setting the stage for over higher GRMs in FY18.

Valuation & View

We maintain our BUY rating on HPCL and raise TP to INR 480/sh (from INR 415/sh) as a) we raise our GRM estimates to USD 6.1/bbl (from USD 5.8/bbl) in FY19e, c) adjust our marketing assumption to align with current trend and c) raise our P/E and P/BV valuation multiples to 11x (from 10x) FY19e (SA) and 2.4x (from 2.2x) FY19 BV. We believe that a strong 1Q and likely a healthy 2Q would set the pace for stronger than anticipated earnings trajectory. We continue to believe that domestic fuel consumption would continue to stay strong in coming months and HPCL being a key marketer would benefit from the same. At CMP, trading at 11 x FY19e (S.A.), stock remains attractively valued.

Earnings Summary

| Year ended 31st March | FY15 | FY16 | FY17 | FY18E | FY19E |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| Revenues(INRm) | 2,066,262 | 1,777,006 | 1,870,237 | 2,205,885 | 2,592,545 |
| EBITDA(INRm) | 56,666 | 79,393 | 105,771 | 111,518 | 122,687 |
| EBITDA Margin (%) | 2.7 | 4.5 | 5.7 | 5.1 | 4.7 |
| PAT(INRm) | 27,364 | 37,262 | 62,088 | 57,701 | 61,979 |
| PAT growth (%) | 52.2 | 36.2 | 66.6 | (7.1) | 7.4 |
| EPS (INR) | 18.0 | 24.5 | 40.7 | 37.9 | 40.7 |
| EPS growth (%) | 52.2 | 36.2 | 66.6 | (7.1) | 7.4 |
| P/E(x) | 24.4 | 17.9 | 10.7 | 11.6 | 10.8 |
| P/BV(x) | 4.2 | 3.7 | 3.3 | 2.8 | 2.4 |
| EV/EBITDA(x) | 14.7 | 10.1 | 7.8 | 7.3 | 6.5 |

Source: Antique, Company

Comparison with estimates

| Investment | Actual | Antique | % Variance | Consensus | % Variance |
|-------------------|---------------|----------------|-------------------|------------------|-------------------|
| Revenue | 534,685.1 | 459,732.0 | 16.3 | 479,965.0 | 11.4 |
| EBITDA | 16,280.0 | 15,611.0 | 4.3 | 21,609.0 | (24.7) |
| Adj net income | 9,247.5 | 6,805.0 | 35.9 | 11,097.0 | (16.7) |
| FDEPS (INR) | 6.1 | 6.7 | (9.4) | 10.5 | (34.3) |

Source: Antique

Earnings snapshot

| (INRm) | 1QFY18 | 1QFY17 | YoY (%) | 4QFY17 | QoQ (%) |
|-------------------------|------------------|------------------|----------------|------------------|----------------|
| Revenue | 534,685.1 | 448,407.7 | 19.2 | 515,248.0 | 3.8 |
| Expenditure | 518,405.1 | 412,139.3 | 25.8 | 486,388.0 | 6.6 |
| Operating profit | 16,280.0 | 36,268.4 | (55.1) | 28,860.0 | (43.6) |
| Other income | 5,703.1 | 2,752.6 | 107.2 | 4,047.3 | 40.9 |
| Interest | 1,429.6 | 1,394.9 | 2.5 | 2,268.0 | (37.0) |
| Depreciation | 6,670.5 | 6,108.4 | 9.2 | 6,749.3 | (1.2) |
| PBT | 13,883.0 | 31,517.7 | (56.0) | 23,890.0 | (41.9) |
| Tax | 4,635.5 | 10,533.9 | (56.0) | 5,702.1 | (18.7) |
| Reported PAT | 9,247.5 | 20,983.8 | (55.9) | 18,187.9 | (49.2) |
| EBITDA margin (%) | 3.0 | 8.1 | (62.4) | 5.6 | (45.6) |
| FDEPS (INR) | 6.1 | 13.8 | (55.9) | 11.9 | (49.2) |

Source: Antique, Company

Operational performance

| (INRm) | 1QFY18 | 1QFY17 | YoY (%) | 4QFY17 | QoQ (%) |
|--------------------------------|---------------|---------------|----------------|---------------|----------------|
| Throughput (mmt) | 4.5 | 4.5 | 0.2 | 4.6 | (3.2) |
| GRMs (USD/bbl) | 5.9 | 6.8 | (14.2) | 8.0 | (26.7) |
| Adjusted GRM (USD/bbl) | 8.8 | 3.6 | 148.5 | 8.5 | 3.9 |
| Domestic Marketing sales (mmt) | 9.2 | 8.9 | 3.5 | 8.8 | 5.0 |
| Total Marketing sales (mmt) | 9.3 | 8.9 | 3.8 | 8.9 | 4.5 |
| Marketing Margin (INR/T) | 4,954.1 | 4,428.1 | 11.9 | 4,185.2 | 18.4 |

Source: Antique, Company

Valuations

Maintain BUY; Raise TP to INR 485/sh

Our SoTP-based target price of INR 485/sh comprises a value of INR 401/sh for HPCL's core Refining and Marketing business, INR 57/sh for investments in HMEL, Bhatinda refinery, and INR 22/sh for other listed investments. We value the core refining and marketing business on an equally weighted average of P/E of 11x and P/BV of 2.4x FY19e (standalone). The investment in Bhatinda refinery is valued on EV/EBITDA basis at 7x FY19e. Our TP implies a P/E multiple of 12x FY19e (SA), as against 11x HPCL is currently trading at.

Valuation table

| (INR per share) | |
|--|---------------|
| Core Refining and marketing Business | 401 |
| One yr fwd EPS | 41 |
| P/E Multiple assigned | 11 |
| One yr fwd BV (Adj for Investment) | 154 |
| FY19RoE | 23.5 |
| P/BV Multiple assigned | 2.4 |
| Value of Investments | |
| HMEL- Bhatinda refinery | |
| Capacity -mmtpa | 9 |
| Complexity -Nelson Index | 11 |
| EBITDA (INR/sh) | 31 |
| Multiple Assigned | 7 |
| Equity Value - Gross | 114.5 |
| HPCL's share of equity in HMEL | 57.3 |
| Other Investments | |
| OINL, MRPL (at 25% discount to Market Price) | 21.9 |
| Total Value | 487 |
| Shares Outstanding (mn) | 1523.8 |

Source: Antique, Company

Key assumptions

| Year ended 31st March | FY15 | FY16 | FY17 | FY18e | FY19e | |
|------------------------------|--------------|-------------|-------------|--------------|--------------|-----------|
| Brent | 107.0 | 84.5 | 47.0 | 49.9 | 55 | 60 |
| Refining | | | | | | |
| Total Throughput (MMT) | 15.5 | 16.3 | 18.5 | 19.1 | 20.3 | 20.3 |
| Mumbai (mmt) | 7.7 | 7.5 | 8.0 | 8.5 | 9.5 | 9.5 |
| Vizag (mmt) | 7.8 | 8.8 | 9.2 | 9.3 | 9.5 | 9.5 |
| Avg. GRMs (USD/bbl) | 2.1 | 3.4 | 2.9 | 6.7 | 5.8 | 6.1 |
| Mumbai (USD/bbl) | 5.4 | 4.9 | 8.1 | 7.0 | 6.6 | 7.0 |
| Vizag (USD/bbl) | 1.5 | 1.1 | 5.5 | 5.5 | 5.7 | 6.0 |
| Marketing | | | | | | |
| Sales incl. exports (MMT) | 31.0 | 32.0 | 34.2 | 35.0 | 36.8 | 39.0 |
| Marketing margin (INR/MMT) | 3725.3 | 5137.2 | 4514.3 | 4224.7 | 4888.6 | 4894.6 |
| Exchange rate (Rs/\$) | 60.5 | 61 | 65.5 | 67.1 | 65 | 65 |

Source: Antique, Company

Financials

Profit and loss account (INRm)

| Year ended Mrch 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---------------------------|------------------|------------------|------------------|------------------|------------------|
| Net Revenue | 2,066,262 | 1,777,006 | 1,870,237 | 2,205,885 | 2,592,545 |
| Op. Expenses | 2,009,596 | 1,697,613 | 1,764,467 | 2,094,367 | 2,469,858 |
| EBITDA | 56,666 | 79,393 | 105,771 | 111,518 | 122,687 |
| Depreciation | 19,712 | 26,532 | 25,353 | 30,410 | 34,370 |
| EBIT | 36,954 | 52,861 | 80,418 | 81,108 | 88,317 |
| Other income | 11,684 | 11,442 | 15,147 | 14,000 | 14,500 |
| Interest Exp. | 7,066 | 6,536 | 5,357 | 7,682 | 8,909 |
| Reported PBT | 41,573 | 57,766 | 90,208 | 87,426 | 93,907 |
| Tax | 14,209 | 20,505 | 28,120 | 29,725 | 31,929 |
| Reported PAT | 27,364 | 37,262 | 62,088 | 57,701 | 61,979 |
| Net Profit | 27,364 | 37,262 | 62,088 | 57,701 | 61,979 |
| Adjusted PAT | 27,364 | 37,262 | 62,088 | 57,701 | 61,979 |
| Adjusted EPS (INR) | 18.0 | 24.5 | 40.7 | 37.9 | 40.7 |

Balance sheet (INRm)

| Year ended Mrch 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---|-----------------|-----------------|-----------------|-----------------|------------------|
| Share Capital | 10,170 | 3,390 | 10,163 | 15,238 | 15,238 |
| Reserves & Surplus | 150,024 | 176,308 | 193,311 | 227,409 | 261,265 |
| Networth | 160,194 | 179,698 | 203,474 | 242,647 | 276,503 |
| Debt | 170,556 | 143,950 | 171,706 | 197,495 | 211,448 |
| Net deferred Tax liabilities | 41,036 | 49,194 | 58,956 | 41,036 | 41,036 |
| Capital Employed | 371,787 | 372,841 | 434,136 | 481,179 | 528,988 |
| Gross Fixed Assets | 481,749 | 548,865 | 606,707 | 626,875 | 726,918 |
| Accumulated Depreciation | 191,121 | 217,789 | 245,388 | 275,798 | 310,168 |
| Capital work in progress | 35,910 | 18,528 | 18,105 | 106,270 | 104,176 |
| Net Fixed Assets | 326,538 | 349,603 | 379,424 | 457,347 | 520,926 |
| Investments | 112,415 | 105,786 | 109,186 | 113,186 | 117,186 |
| Non Current Investments | 112,415 | 105,786 | 109,186 | 113,186 | 117,186 |
| Current Assets, Loans & Adv. | 236,554 | 240,404 | 296,030 | 331,691 | 387,568 |
| Inventory | 129,723 | 132,114 | 185,763 | 162,932 | 187,164 |
| Debtors | 36,031 | 37,580 | 40,642 | 53,616 | 62,585 |
| Cash & Bank balance | 7,541 | 10,048 | 13,726 | 50,064 | 76,496 |
| Loans & advances and others | 63,260 | 60,662 | 55,899 | 65,079 | 61,323 |
| Current Liabilities & Prov. | 303,720 | 322,952 | 350,504 | 421,045 | 496,692 |
| Liabilities | 273,930 | 304,848 | 324,595 | 376,321 | 447,820 |
| Provisions | 29,790 | 18,104 | 25,908 | 44,725 | 48,872 |
| Net Current Assets | (67,166) | (82,548) | (54,474) | (89,355) | (109,124) |
| Application of Funds | 371,786 | 372,841 | 434,136 | 481,179 | 528,988 |

Per share data

| Year ended Mrch 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---------------------------|--------|--------|--------|--------|--------|
| No. of shares (m) | 1,017 | 339 | 1,016 | 1,524 | 1,524 |
| Diluted no. of shares (m) | 1,524 | 1,524 | 1,524 | 1,524 | 1,524 |
| BVPS (INR) | 105.13 | 117.93 | 133.53 | 159.24 | 181.46 |
| CEPS (INR) | 30.9 | 41.9 | 57.4 | 57.8 | 63.2 |
| DPS (INR) | 8.16 | 34.50 | 30.00 | 13.33 | 15.33 |

Source: Company, Antique

Cash flow statement (INRm)

| Year ended Mrch 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|-------------------------------------|------------------|-----------------|-----------------|-----------------|-----------------|
| PBT | 41,573 | 57,766 | 90,208 | 87,426 | 93,907 |
| Depreciation & amortisation | 19,712 | 26,532 | 25,353 | 30,410 | 34,370 |
| Interest expense | 7,066 | 6,536 | 5,357 | 7,682 | 8,909 |
| (Inc)/Dec in working capital | 96,993 | 17,889 | (24,396) | 71,219 | 46,202 |
| Tax paid | (12,257) | (12,347) | (18,358) | (47,645) | (31,929) |
| Less: Interest/Div. Income Received | (11,684) | (11,442) | (15,147) | (14,000) | (14,500) |
| CF from operating activities | 141,402 | 84,934 | 63,016 | 135,092 | 136,960 |
| Capital expenditure | (39,809) | (49,598) | (55,173) | (108,333) | (97,949) |
| Inc/(Dec) in investments | (3,816) | 6,629 | (3,400) | (4,000) | (4,000) |
| Add: Interest/Div. Income Received | 11,684 | 11,442 | 15,147 | 14,000 | 14,500 |
| CF from investing activities | (31,941) | (31,527) | (43,426) | (98,333) | (87,449) |
| Inc/(Dec) in share capital | 0 | (0) | (0) | 5,067 | - |
| Inc/(Dec) in debt | (148,759) | (26,607) | 27,756 | 25,790 | 13,953 |
| Dividend Paid | (9,985) | (14,077) | (36,695) | (24,453) | (28,121) |
| Others | (14,372) | (10,217) | (6,973) | (6,824) | (8,910) |
| CF from financing activities | (173,116) | (50,901) | (15,912) | (421) | (23,079) |
| Net cash flow | (63,655) | 2,507 | 3,677 | 36,338 | 26,433 |
| Opening balance | 71,196 | 7,541 | 10,048 | 13,726 | 50,064 |
| Closing balance | 7,541 | 10,048 | 13,726 | 50,064 | 76,496 |

Growth indicators (%)

| Year ended Mrch 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|--------------------|------|-------|------|-------|-------|
| Revenue(%) | -7.5 | -14.0 | 5.2 | 17.9 | 17.5 |
| EBITDA(%) | 8.2 | 40.1 | 33.2 | 5.4 | 10.0 |
| Adj PAT(%) | 52.2 | 36.2 | 66.6 | -7.1 | 7.4 |
| Adj EPS(%) | 52.2 | 36.2 | 66.6 | -7.1 | 7.4 |

Valuation (x)

| Year ended Mrch 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|--------------------|------|------|------|-------|-------|
| P/E | 24.4 | 17.9 | 10.7 | 11.6 | 10.8 |
| P/BV | 4.2 | 3.7 | 3.3 | 2.8 | 2.4 |
| EV/EBITDA | 14.7 | 10.1 | 7.8 | 7.3 | 6.5 |
| EV/Sales | 0.4 | 0.5 | 0.4 | 0.4 | 0.3 |
| Dividend Yield (%) | 1.9 | 7.9 | 6.8 | 3.0 | 3.5 |

Financial ratios

| Year ended Mrch 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---------------------|------|------|------|-------|-------|
| RoE (%) | 17.6 | 21.9 | 32.4 | 25.9 | 23.9 |
| RoCE (%) | 11.1 | 17.3 | 23.7 | 20.8 | 20.4 |
| Asset/T.O (x) | 6.3 | 6.8 | 6.3 | 6.4 | 6.6 |
| Net Debt/Equity (x) | 1.0 | 0.7 | 0.8 | 0.6 | 0.5 |
| EBIT/Interest (x) | 6.9 | 9.8 | 17.8 | 12.4 | 11.5 |

Margins (%)

| Year ended Mrch 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|--------------------|------|------|------|-------|-------|
| EBITDA Margin(%) | 2.7 | 4.5 | 5.7 | 5.1 | 4.7 |
| EBIT Margin(%) | 1.8 | 3.0 | 4.3 | 3.7 | 3.4 |
| PAT Margin(%) | 1.3 | 2.1 | 3.3 | 2.6 | 2.4 |

Source: Company Antique

| | |
|------------------|------------|
| Current Reco | : BUY |
| Previous Reco | : BUY |
| CMP | : INR1,109 |
| Target Price | : INR1,195 |
| Potential Return | : 8% |

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Market data

| | | |
|----------------------|---|-----------|
| Sensex | : | 31,449 |
| Sector | : | Cement |
| Market Cap (INRbn) | : | 728.8 |
| Market Cap (USDbn) | : | 11.365 |
| O/S Shares (m) | : | 657.3 |
| 52-wk HI/LO (INR) | : | 1150/652 |
| Avg Daily Vol ('000) | : | 1,199 |
| Bloomberg | : | GRASIM IN |

Source: Bloomberg

Valuation

| | FY17 | FY18e | FY19e |
|--------------------|------|-------|-------|
| EPS (INR) | 67.8 | 74.7 | 94.5 |
| P/E(x) | 16.3 | 14.8 | 11.7 |
| P/BV(x) | 1.6 | 1.5 | 1.3 |
| EV/EBITDA(x) | 9.6 | 9.3 | 7.0 |
| Dividend Yield (%) | 0.4 | 0.4 | 0.4 |

Source: Bloomberg

Returns (%)

| | 1m | 3m | 6m | 12m |
|----------|----|----|----|-----|
| Absolute | 5 | 16 | 31 | 46 |
| Relative | 6 | 11 | 18 | 30 |

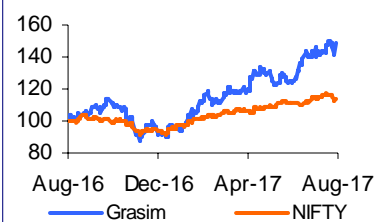
Source: Bloomberg

Shareholding pattern

| | | |
|-----------|---|-----|
| Promoters | : | 31% |
| Public | : | 69% |
| Others | : | 0% |

Source: Bloomberg

Price performance vs Nifty



Source: Bloomberg Indexed to 100

1QFY18 RESULT REVIEW

Grasim Industries Limited

Healthy Standalone business performance

Grasim reported healthy standalone business performance with topline growth of 13% YoY led by 11%/20% YoY increase in VSF/Chemical segment. EBITDA grew 5% YoY to INR5.5 Bn (est. INR5.2 Bn) led by 8% YoY growth in VSF EBITDA. VSF EBITDA/t stood at INR 28,840 (vs. INR26,610 YoY) as higher realisation offset the impact of higher pulp and Caustic cost. VSF realisation grew ~ 11% YoY/3%QoQ to INR 144/kg. There was a one off impact of ~INR700mn (INR450mn impact in 4QFY17) related to shutdown of operations (both pulp and fiber) at the Harihar plant due to water shortage. PAT grew 8% YoY to INR3.5Bn (est INR3.2Bn). Grasim's merger with ABNL is effective from 1st July-17. Management expects listing of ABCL in 6weeks time frame (delay owing to delayed FIPB approval). Post the conclusion of proposed restructuring exercise with ABNL Company would be a holding company for multiple diversified lines of business, including cement, finance, chemical and retail. We value its stake in UTCEM and ABCL at 45% Holding Company discount, and VSF business at 5.5x FY19E EV/EBITDA, arriving at a Mar-18 TP of INR1195. We maintain BUY rating on the stock.

VSF performance driven by strong realization growth; volumes flat YoY

VSF segment reported a healthy operating performance with topline growth of 11% YoY primarily led by similar realization growth while volumes were flat YoY at ~121kMT. VSF Realisation jumped ~11% YoY/3% QoQ to ~INR 144/kg, supported by better realisation of specialty fibre and firming up of global VSF prices. Management maintained stable outlook on VSF prices. Volume growth was impacted due to GST led destocking in the value chain in domestic market, lower production at Harihar (partial shutdown) and disruption at JNPT port impacting export volumes. VSF EBITDA grew 8% YoY to INR3.5Bn (VSF EBITDA/t at ~INR28,840 vs. INR26,610 YoY/INR25,940 QoQ), as higher realisation was able to offset increase in pulp and Caustic cost. There was a one off impact of ~INR700mn (after a INR450mn impact in 4QFY17) related to shutdown of operations (both pulp and fiber) at the Harihar plant due to water shortage, which has now resumed operations from June-end. Management indicated that spot Pulp prices have been softening, which should get reflected in VSF segment in 3-6 months period.

Chemical segment margins remained impacted by negative chlorine realization

Chemical revenues grew 20% YoY to INR10.84b led by higher caustic realizations. ECU realizations increased 2% YoY, with higher caustic prices offset by negative chlorine realization. Volumes grew 4% YoY to 199k Tons. EBITDA grew 5% YoY with margins lower at ~22.5% vs. 25.7% YoY (19.8% QoQ). Management indicated that Chlorine end use segments aren't showing good growth and increase in chlorine supply continues to impact Industry. Company consumes 25-28% Chlorine produced in its manufacturing processes. Company is looking to increase its Caustic Soda capacity to 1140kTPA from 840kTPA post ongoing expansion and merger of ABNL.

Management announces increase in capex for Standalone operations

Company has outlaid a total capex of INR25.8bn for standalone operations over 2 years (up from INR10.5bn as per 4Q call) including capex on VSF capacity expansion, brownfield expansion in Chemical business at Vilayat, building water capacities and usage reduction (including R&D) at plant locations and ~INR2Bn for erstwhile ABNL business. Post the last major VSF expansion which concluded in FY15, management first time talked about some sort of capex outlay towards brownfield capacity expansion at the Vilayat operation in VSF segment. Company is amid exploring one more line for VSF at Vilayat (Gujarat) with potential capital outlay of INR6.8Bn (it may be higher). This is over and above INR1.23Bn outlay towards plant debottlenecking (165tpd). Current net cash position for standalone operation stands at ~INR2bn.

Quarterly performance

Actual vs estimated performance

| (INRm) | Actual | Estimated | Var (%) | Consensus | Var (%) |
|----------------|--------|-----------|---------|-----------|---------|
| Net sales | 27,403 | 26,595 | 3.0 | 27,403 | (0.0) |
| EBITDA | 5,553 | 5,186 | 7.1 | 5,111 | 8.7 |
| EBITDA margin | 20.3 | 19.5 | 77bps | 18.7 | 161bps |
| Adj net income | 3,472 | 3,282 | 5.8 | 3,257 | 6.6 |
| FDEPS (Rs) | 7.4 | 7.0 | 5.8 | 7.0 | 6.6 |

Source: Company, Antique

Quarterly snapshot

| (INRm) | 1QFY18 | 1QFY17 | % YoY Chg | 4QFY17 | % QoQ Chg |
|-------------------|--------|--------|-----------|--------|-----------|
| Revenue | 27,403 | 24,265 | 12.9 | 28,761 | (4.7) |
| Expenditure | 21,850 | 18,984 | 15.1 | 23,507 | (7.1) |
| EBIDTA | 5,553 | 5,280 | 5.2 | 5,254 | 5.7 |
| Other income | 658 | 580 | 13.5 | 304 | 116.2 |
| Interest | 73 | 231 | (68.2) | 83 | (11.4) |
| Depreciation | 1,103 | 1,104 | (0.1) | 1,133 | (2.7) |
| PBT | 5,036 | 4,526 | 11.3 | 4,343 | 16.0 |
| Tax | 1,564 | 1,317 | 18.7 | 1,188 | 31.6 |
| PAT | 3,472 | 3,209 | 8.2 | 3,155 | 10.0 |
| EBITDA margin (%) | 20.3 | 21.8 | -150bps | 18.3 | 200bps |
| FDEPS (Rs) | 7.4 | 6.9 | 8.2 | 6.8 | 10.0 |

Source: Company, Antique

Per tonne analysis

| (as a % of sales) | 1QFY18 | 1QFY17 | bps Chg YoY | 4QFY17 | Chg QoQ |
|-------------------|--------|--------|-------------|--------|---------|
| Raw material | 46.1 | 47.6 | (151) | 48.8 | (272) |
| Staff Cost | 6.5 | 6.4 | 16 | 6.5 | 4 |
| Power & Fuel | 14.9 | 14.5 | 39 | 13.3 | 158 |
| Freight | 1.9 | 1.7 | 21 | 1.8 | 2 |
| Other Expenses | 10.3 | 8.0 | 226 | 11.2 | (92) |
| EBITDA margin | 20.3 | 21.8 | (150) | 18.3 | 200 |

Source: Company, Antique

Capex

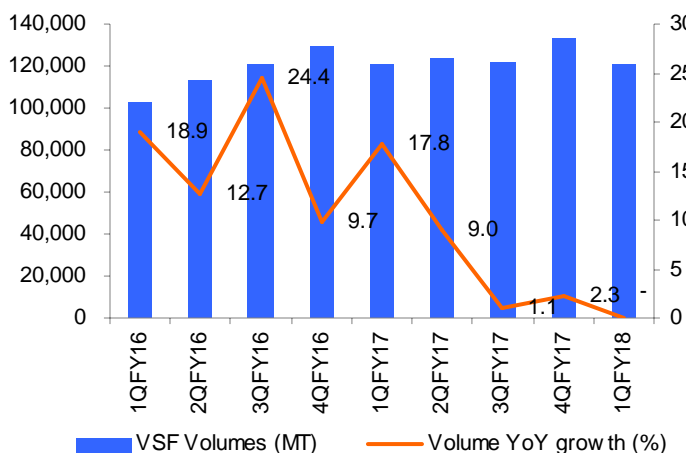
| (INRm) | 1QFY17 | 2QFY17 | 3QFY17 | 4QFY17 | 1QFY18 |
|---|---------------|---------------|---------------|---------------|---------------|
| Vilayat Caustic Plant | | | | | |
| Brownfield expansion (144K TPA) | 5,130 | 5,130 | 5,130 | 4,420 | 4,420 |
| VSF : Water supply augmentation & usage reduction, R&D, Environment & Other capex** | 4,680 | 4,830 | 4,830 | 2,940 | 6,020 |
| VSF capacity expansion | - | - | - | - | 6,800 |
| VSF debottlenecking (38K TPA) | - | - | - | - | 1,230 |
| Chemical capacity debottlenecking (64K TPA) & VAPs | 1,570 | 1,570 | 1,570 | 1,100 | 1,880 |
| VSF Expansion : Vilayat Residual capex# | 1,430 | 1,430 | 1,430 | 1,150 | 1,150 |
| Chemical & Others : Normal capex | 1,840 | 1,890 | 1,890 | 840 | 2,370 |
| Erstwhile ABNL | - | - | - | - | 1,950 |
| Standalone Capex (A) | 14,650 | 14,850 | 14,850 | 10,450 | 25,820 |

Source: Company, Antique

Represents residual capex of brown field expansion projects already commissioned

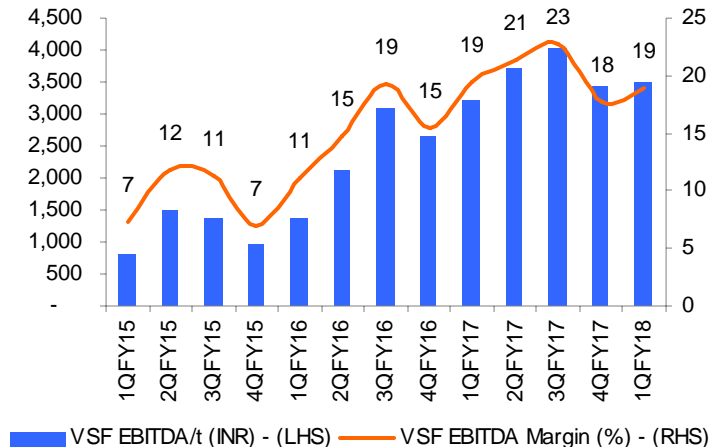
Trend in headline numbers

Volume and volume growth



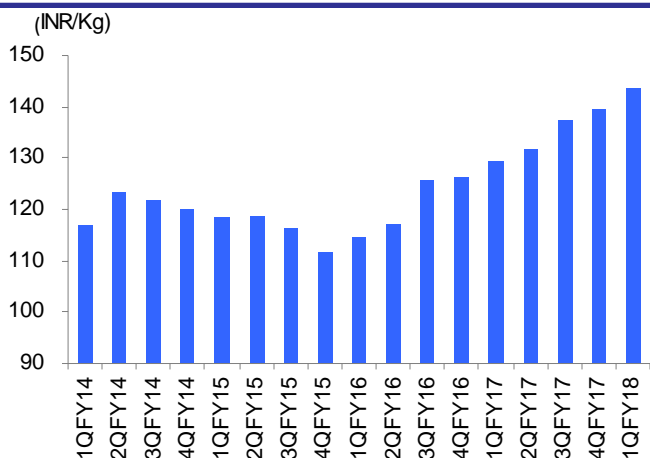
Source: Company, Antique

VSF EBITDA and EBITDA margin



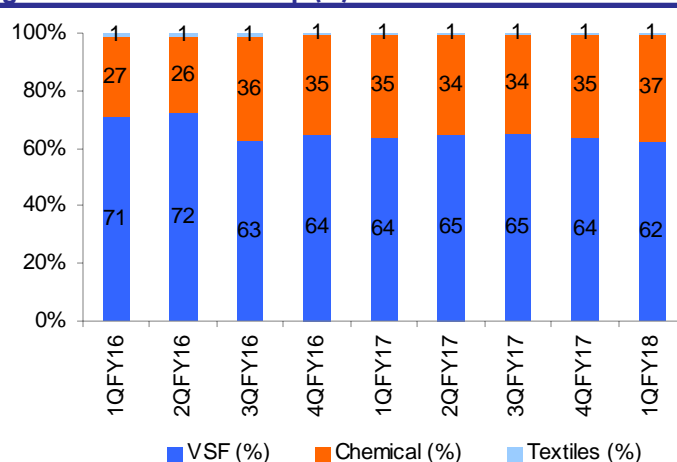
Source: Company, Antique

VSF realisation



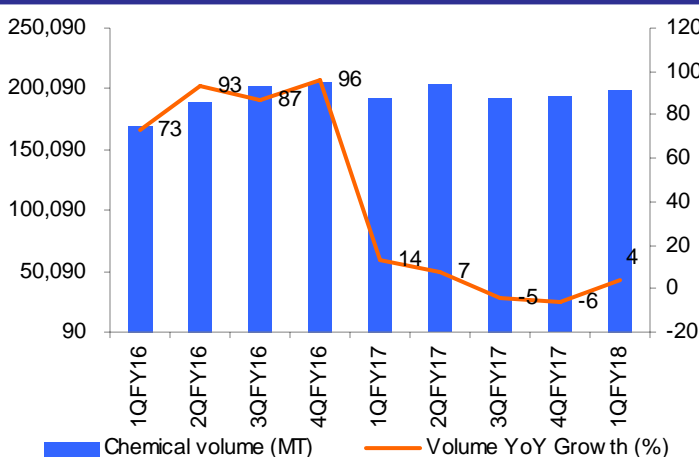
Source: Company, Antique

Segmental revenue break-up (%)



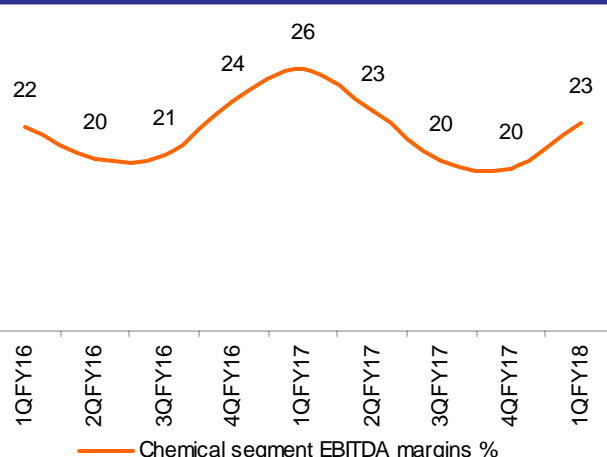
Source: Company, Antique

Chemical volume and volume growth



Source: Company, Antique

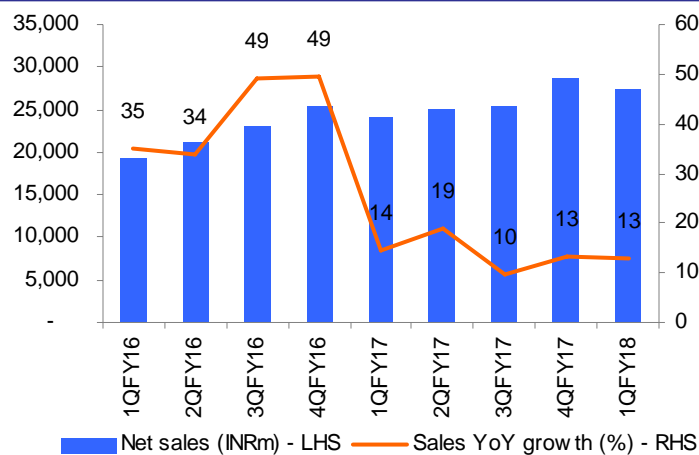
Chemical EBITDA margin



Source: Company, Antique

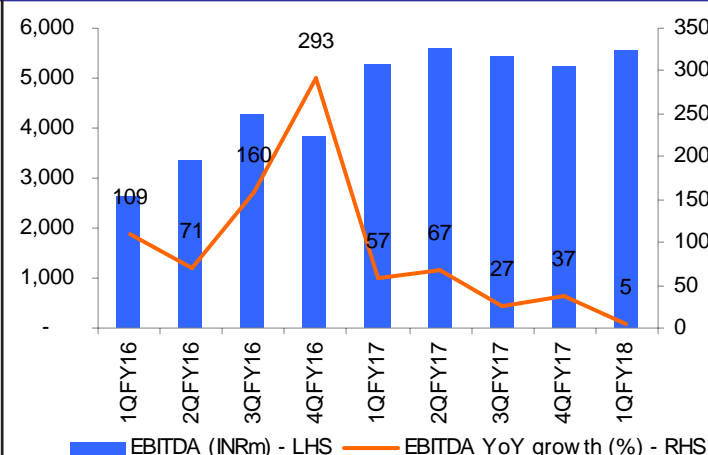
Trend in key operating parameters

Top line and top line growth



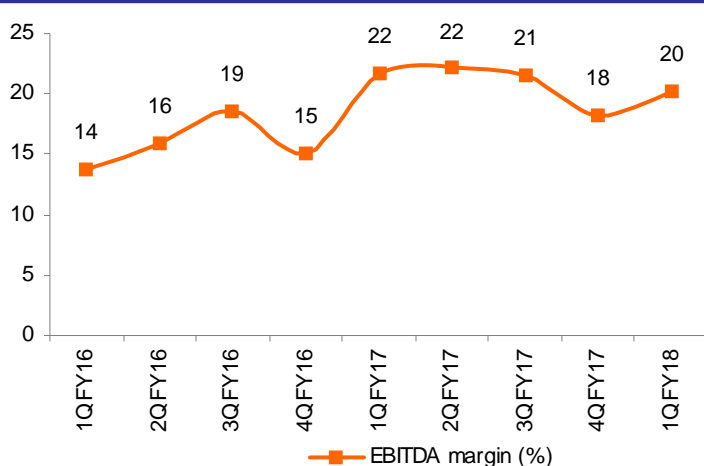
Source: Company, Antique

EBITDA and EBITDA growth



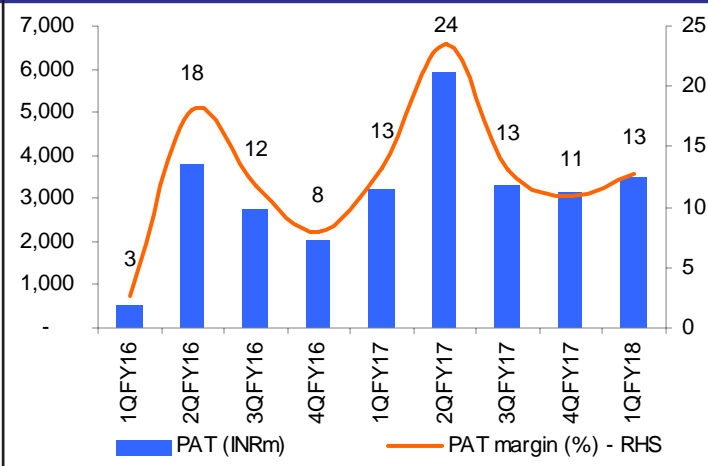
Source: Company, Antique

EBITDA margin



Source: Company, Antique

PAT



Source: Company, Antique

Grasim's SoTP Valuation

Post the conclusion of proposed restructuring exercise with ABNL Company would be a holding company for multiple diversified lines of business, including cement, finance, chemical and retail. We value its stake in UTCEM and ABCL at 45% discount, and VSF business at 5.5x FY19E EV/EBITDA, arriving at a Mar-18 TP of INR1195. We maintain BUY rating on Grasim.

While we ascribe a Holding Company discount of 45% (with respect to holdings in UTCEM and ABCL), it may narrow as UTCEM's earnings start improving and the market understands the strong growth opportunity in ABCL business. Further, given the improving outlook for the standalone business, we don't expect the Holding Company discount to expand from 45% levels.

The ABCL target valuation is based on our internal estimates and is also inline with the price of recent stake sale by ABCL of ~2.2% additional shares to a private equity fund. Our earnings estimates for Grasim (consolidated) are still on pre-merger basis. Any major capital allocation to Idea Cellular via Grasim's Balance Sheet is a potential risk to our Grasim's target price.

SoTP breakdown

| Standalone Business (Grasim+ABNL) | |
|---|----------------|
| FY19 EBITDA (INRmn) | 33,000 |
| EV/EBITDA Target multiple (x) | 5.5 |
| EV (INRmn) | 181,500 |
| Net Debt (standalone) (INRmn) | (15,000) |
| Equity Value (INRmn) | 196,500 |
| Value per share of Grasim (INR) | 300 |
| Cement Business | |
| UTCEM - Target Mcap (INRmn) | 1,268,620 |
| Grasim holding in UTCEM | 60.2% |
| Hold Co Discount @45% | 55% |
| Grasim's share in Ultratech post discount (INRmn) | 420,249 |
| Value per share of Grasim (INR) | 640 |
| Financial Services Business | |
| ABCL Target Mcap (INRmn) | 320,000 |
| Grasim holding in ABCL | 55.7% |
| Hold Co Discount @45% | 55% |
| Grasim's share in ABCL post discount (INRmn) | 98,032 |
| Value per share of Grasim (INR) | 150 |
| Strategic Investments | |
| Equity Value (Hold Co discount of 45%) (INRmn) | 68,205 |
| Value per share of Grasim (INR) | 105 |
| Target Market Cap (INRmn) | 782,987 |
| No of Shares (mn) | 657 |
| Fair Value (INR) | 1,195 |

Source: Company, Antique

Financials

Profit and loss account (INRm)

| Year-ended | March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|-------|
| Net Revenue | 324,287 | 344,875 | 360,684 | 419,167 | 490,694 | |
| Op. Expenses | 274,601 | 280,830 | 286,833 | 329,661 | 378,070 | |
| EBITDA | 49,685 | 64,045 | 73,851 | 89,506 | 112,623 | |
| Depreciation | 15,632 | 18,338 | 18,076 | 21,833 | 24,801 | |
| EBIT | 34,053 | 45,707 | 55,775 | 67,673 | 87,822 | |
| Other income | 9,487 | 6,616 | 9,478 | 10,046 | 10,429 | |
| Interest Exp. | 6,674 | 7,181 | 7,024 | 15,010 | 15,815 | |
| Extra Ordinary Items-gain/(loss) | 95 | 279 | - | - | - | |
| Reported PBT | 36,866 | 45,142 | 58,229 | 62,709 | 82,437 | |
| Tax | 10,159 | 12,246 | 17,067 | 18,186 | 23,907 | |
| Reported PAT | 26,612 | 32,617 | 41,162 | 44,523 | 58,530 | |
| Minority Int./Profit (loss) Fm Asso | 9,921 | 11,796 | 12,077 | 12,360 | 17,279 | |
| Net Profit | 26,612 | 32,617 | 41,162 | 44,523 | 58,530 | |
| Adjusted PAT | 19,842 | 24,876 | 31,673 | 34,880 | 44,104 | |
| Adjusted EPS (INR) | 43.2 | 53.3 | 67.8 | 74.7 | 94.5 | |

Balance sheet (INRm)

| Year-ended | March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|--|----------------|----------------|----------------|----------------|----------------|-------|
| Share Capital | 919 | 934 | 934 | 934 | 934 | 934 |
| Reserves & Surplus | 230,479 | 273,360 | 312,934 | 354,953 | 410,978 | |
| Networth | 231,398 | 274,293 | 313,868 | 355,886 | 411,911 | |
| Debt | 94,557 | 125,048 | 92,130 | 230,926 | 220,926 | |
| Minority Interest | 76,818 | 87,288 | 97,019 | 108,021 | 123,873 | |
| Net deferred Tax liabilities | 34,103 | 30,249 | 35,184 | 35,184 | 35,184 | |
| Capital Employed | 436,876 | 516,879 | 538,202 | 730,017 | 791,895 | |
| Gross Fixed Assets | 428,224 | 477,043 | 500,485 | 712,448 | 746,448 | |
| Accumulated Depreciation | 142,724 | 164,479 | 182,555 | 204,388 | 229,189 | |
| Capital work in progress | 27,498 | 17,873 | 12,963 | - | - | |
| Net Fixed Assets | 312,997 | 330,436 | 330,893 | 508,060 | 517,259 | |
| Goodwill | 32,834 | 30,155 | 29,944 | 29,944 | 29,944 | |
| Investments | 72,553 | 127,950 | 164,136 | 154,136 | 154,136 | |
| Non Current Investments | 38,390 | 40,063 | 50,694 | 50,694 | 50,694 | |
| Current Investments | 34,163 | 87,887 | 113,442 | 103,442 | 103,442 | |
| Current Assets, Loans & Adv | 121,964 | 107,222 | 102,499 | 134,477 | 193,606 | |
| Inventory | 47,885 | 41,488 | 42,314 | 35,224 | 41,432 | |
| Debtors | 26,474 | 30,020 | 30,096 | 36,749 | 43,020 | |
| Cash & Bank balance | 4,617 | 1,133 | 938 | 20,587 | 60,085 | |
| Loans & advances and others | 42,989 | 34,581 | 29,151 | 41,917 | 49,069 | |
| Current Liabilities & Prov | 103,473 | 78,885 | 89,270 | 96,599 | 103,050 | |
| Liabilities | 87,464 | 72,745 | 83,028 | 86,711 | 92,590 | |
| Provisions | 16,008 | 6,140 | 6,242 | 9,888 | 10,461 | |
| Net Current Assets | 18,492 | 28,337 | 13,229 | 37,877 | 90,556 | |
| Application of Funds | 436,876 | 516,879 | 538,202 | 730,017 | 791,894 | |

Per share data

| Year-ended | March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---------------------------|----------|-------|-------|-------|-------|-------|
| No. of shares (m) | 459 | 467 | 467 | 467 | 467 | 467 |
| Diluted no. of shares (m) | 459 | 467 | 467 | 467 | 467 | 467 |
| BVPS (INR) | 503.7 | 587.6 | 672.3 | 762.3 | 882.3 | |
| CEPS (INR) | 92.0 | 109.2 | 126.9 | 142.1 | 178.5 | |
| DPS (INR) | 3.6 | 4.5 | 4.5 | 4.5 | 4.5 | |

Source: Company, Antique

Cash flow statement (INRm)

| Year-ended | March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|--------------------------------------|-----------------|-----------------|-----------------|------------------|-----------------|-------|
| PBT | 36,771 | 44,863 | 58,229 | 62,709 | 82,437 | |
| Depreciation & amortisation | 15,632 | 19,110 | 18,076 | 21,833 | 24,801 | |
| Interest expense | 6,674 | 7,513 | 7,024 | 15,010 | 15,815 | |
| (Inc)/Dec in working capital | (3,116) | 5,285 | 14,812 | (8,647) | (13,753) | |
| Tax paid | (3,070) | (11,866) | (19,522) | (17,713) | (23,335) | |
| Less: Interest/Dividend Inc Received | (901) | (1,136) | (5,422) | (6,331) | (7,314) | |
| Other operating Cash Flow | (6,049) | (2,754) | 9,731 | 11,002 | 15,852 | |
| CF from operating activities | 45,941 | 61,015 | 82,927 | 77,863 | 94,504 | |
| Capital expenditure | (32,992) | (27,723) | (18,533) | (199,000) | (34,000) | |
| Inc/(Dec) in investments | 9,477 | (23,670) | (27,331) | 13,174 | - | |
| Add: Interest/Dividend Inc Received | 880 | 1,084 | 5,422 | 6,331 | 7,314 | |
| CF from investing activities | (22,635) | (50,308) | (40,441) | (179,495) | (26,686) | |
| Inc/(Dec) in debt | (12,483) | (3,584) | (32,918) | 138,796 | (10,000) | |
| Dividend Paid | (2,898) | (2,693) | (2,101) | (2,101) | (2,101) | |
| Others | (7,399) | (8,426) | (7,663) | (15,414) | (16,219) | |
| CF from financing activities | (22,780) | (14,703) | (42,681) | 121,281 | (28,320) | |
| Net cash flow | 527 | (3,996) | (195) | 19,649 | 39,498 | |
| Opening balance | 4,090 | 4,617 | 1,133 | 938 | 20,587 | |
| Closing balance | 4,617 | 1,133 | 938 | 20,587 | 60,085 | |

Growth indicators (%)

| Year-ended | March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|------------|----------|------|------|------|-------|-------|
| Revenue(%) | | 11.8 | 6.3 | 4.6 | 16.2 | 17.1 |
| EBITDA(%) | | 30.9 | 28.9 | 15.3 | 21.2 | 25.8 |
| Adj PAT(%) | | 56.0 | 25.4 | 27.3 | 10.1 | 26.4 |
| Adj EPS(%) | | 55.9 | 23.4 | 27.3 | 10.1 | 26.4 |

Valuation (x)

| Year-ended | March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|--------------------|----------|------|------|------|-------|-------|
| P/E | | 25.7 | 20.8 | 16.3 | 14.8 | 11.7 |
| P/BV | | 2.2 | 1.9 | 1.6 | 1.5 | 1.3 |
| EV/EBITDA | | 15.8 | 11.9 | 9.6 | 9.3 | 7.0 |
| EV/Sales | | 2.4 | 2.2 | 2.0 | 2.0 | 1.6 |
| Dividend Yield (%) | | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 |

Financial ratios

| Year-ended | March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---------------------|----------|------|------|-------|-------|-------|
| RoE (%) | | 8.9 | 9.8 | 10.8 | 10.4 | 11.5 |
| RoCE (%) | | 10.3 | 11.0 | 12.4 | 12.3 | 12.9 |
| Asset/T.O (x) | | 1.0 | 1.0 | 1.0 | 0.9 | 0.9 |
| Net Debt/Equity (x) | | 0.24 | 0.13 | -0.07 | 0.30 | 0.14 |
| EBIT/Interest (x) | | 6.5 | 7.3 | 9.3 | 5.2 | 6.2 |

Margins (%)

| Year-ended | March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|------------------|----------|------|------|------|-------|-------|
| EBITDA Margin(%) | | 15.3 | 18.6 | 20.5 | 21.4 | 23.0 |
| EBIT Margin(%) | | 10.5 | 13.3 | 15.5 | 16.1 | 17.9 |
| PAT Margin(%) | | 6.1 | 7.2 | 8.8 | 8.3 | 9.0 |

Source: Company Antique

| | |
|-------------------------|---------|
| Current Reco | : SELL |
| Previous Reco | : SELL |
| CMP | : INR58 |
| Target Price | : INR47 |
| Potential Return | : -18% |

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| Market data | |
|----------------------|-----------|
| Sensex | : 31,449 |
| Sector | : Metals |
| Market Cap (INRbn) | : 239.8 |
| Market Cap (USDbn) | : 3.739 |
| O/S Shares (m) | : 4,130.1 |
| 52-wk HI/LO (INR) | : 69/44 |
| Avg Daily Vol ('000) | : 6,944 |
| Bloomberg | : SAIL IN |

Source: Bloomberg

| Valuation | | | |
|--------------------|-------|-------|-------|
| | FY17 | FY18e | FY19e |
| EPS (INR) | (6.7) | 2.5 | 4.6 |
| P/E (x) | (8.7) | 23.4 | 12.5 |
| P/BV (x) | 0.6 | 0.6 | 0.6 |
| EV/EBITDA (x) | nm | 10.2 | 8.0 |
| Dividend yield (%) | - | - | - |

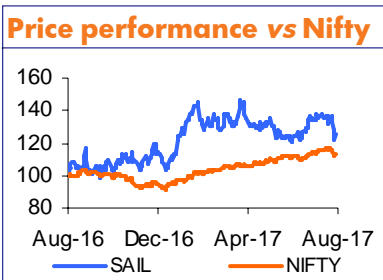
Source: Bloomberg

| Returns (%) | | | | |
|-------------|-----|-----|------|-----|
| | 1m | 3m | 6m | 12m |
| Absolute | (6) | (4) | (4) | 27 |
| Relative | (4) | (8) | (14) | 13 |

Source: Bloomberg

| Shareholding pattern | |
|----------------------|-------|
| Promoters | : 75% |
| Public | : 25% |
| Others | : 0% |

Source: Bloomberg



Source: Bloomberg Indexed to 100

1QFY18 RESULT REVIEW

Steel Authority of India Limited

Higher coking coal costs offset the improvement in realizations

Steel Authority of India's (SAIL) 1QFY18 revenues improved 25.3% YoY and declined 8.8% QoQ. Revenues improved YoY driven by higher steel volumes and higher steel realizations. Steel volumes at 3.0MT improved 8.1% YoY and declined 12.1% QoQ and were in line with our estimates. Blended net steel realizations at INR 38,242 per tonne improved by 15.9% YoY and 3.8% sequentially. Steel realizations in the quarter were aided by revenues of INR 2.5bn recognized in the quarter on finalization of prices of rails supplied to the Railways by the Bhilai Steel plant from FY13 to FY15. SAIL reported an EBITDA loss of INR 0.8bn as compared to a profit of INR 2.3bn YoY which was lower than our estimated loss of INR 4.3bn. Raw material costs at INR 62.1bn was higher by 58% YoY due to increased coking coal costs which increased to INR16,400/t of steel as compared to INR 7,600/t in 1QFY17. Employee costs at INR 20.2bn declined 16% YoY and 3% sequentially due to lower employee base with the VRS scheme and a write back of other benefits (including pension) of INR1.7bn pertaining to executive employees of the company. Depreciation at INR 6.9bn was higher by 16% YoY and interest costs at INR 5.9bn decreased 18.4% QoQ with lower interest rates and mark to market gains on INR appreciation. Adjusted loss stood at INR 7.9bn as compared to a loss of INR 4.8bn YoY and a loss of INR 7.8bn QoQ. Company has not provided for the liability of INR0.7bn pertaining to the SC judgement in the Odisha mining case.

Steel realisations improved YoY and sequentially, realizations expected to firm up in 2QFY18

1QFY18 witnessed 3% increase in steel net sales realizations QoQ (higher 14% YoY) benefiting from the price hikes taken in the quarter particularly in the flat products segment. Further steel price hikes have been taken in July and August'17 with the expectation of a blended sequential increase of INR 1,200-1,300 per tonne in realizations with a higher increase in the flat products segment.

Saleable steel production guidance at 16-16.5MT for FY18

Steel volumes at 3.0MT in 1QFY18 improved 8.1% YoY and declined 12.1% QoQ and were in line with our estimates. Steel volumes in FY17 stood at 13.1MT and the management has guided for FY18 saleable steel production in the range of 16-16.5MT in FY18 and 18MT in FY19.

Expansion and modernisation projects excluding Bhilai commissioned

Modernisation and expansion projects have mostly been completed except for the Bhilai steel plant. The management expects to gradually commission the expanded facilities at Bhilai beginning 2QFY18 with the full commissioning expected by FY18. Saleable steel capacity would improve to 20.2mtpa from FY17 production levels of 13.9MT. The company has incurred a capex outlay of INR10.1bn in 1QFY18 and has maintained capex guidance of INR35/30bn in FY18/FY19 with current debt levels at INR 426bn.

Valuation and outlook

SAIL expects to return to profitability in FY18 with an improvement in steel volumes with associated operating leverage benefits subject to coking coal costs stabilizing at current levels. We align our steel realizations, coking coal and employee costs with the 1QFY18 trends and at our target multiple of 7.5x FY19e EV/EBITDA target price remains unchanged at INR 47 per share. We maintain our Sell rating on the stock.

Standalone financials

| INRm | 1QFY18 | 1QFY17 | YoY (%) | 4QFY17 | QoQ (%) |
|--------------------------|-----------------|----------------|----------------|-----------------|----------------|
| Net revenues | 115,796 | 92,381 | 25.3 | 126,905 | (8.8) |
| Stock adjustment | (992) | (7,276) | 86.4 | (3,268) | 69.6 |
| Raw material consumption | 62,087 | 39,303 | 58.0 | 72,292 | (14.1) |
| Staff cost | 20,177 | 23,886 | (15.5) | 20,811 | (3.0) |
| Other expenditure | 35,363 | 34,131 | 3.6 | 39,715 | (11.0) |
| Total expenditure | 116,635 | 90,043 | 29.5 | 129,549 | (10.0) |
| EBITDA | (839) | 2,338 | na | (2,644) | 68.3 |
| Depreciation | 6,947 | 6,002 | 15.7 | 7,439 | (6.6) |
| EBIT | (7,786) | (3,664) | (112.5) | (10,083) | 22.8 |
| Other Income | 893 | 893 | 0.0 | 3,094 | (71.1) |
| Interest (net) | 5,879 | 5,941 | (1.0) | 7,202 | (18.4) |
| Extra-ordinary items | (101) | (542) | | 3 | |
| PBT | (12,872) | (9,254) | (39.1) | (14,188) | 9.3 |
| Tax | (4,859) | (3,899) | (24.6) | (6,475) | 25.0 |
| Reported PAT | (8,014) | (5,355) | (49.6) | (7,713) | (3.9) |
| Adjusted PAT | (7,913) | (4,813) | (64.4) | (7,716) | (2.5) |

| Ratios (%) | 1QFY18 | 1QFY17 | YoY (%) | 4QFY17 | QoQ (%) |
|--------------------------------|---------------|---------------|----------------|---------------|----------------|
| EBITDA margin (%) | (0.7) | 2.5 | (325.5) | (2.1) | 135.9 |
| Adjusted net profit margin (%) | (6.8) | (5.2) | (162.3) | (6.1) | (75.3) |
| Effective tax rate (%) | 37.7 | 42.1 | (438.7) | 45.6 | (789.4) |
| Adjusted EPS (INR) | (1.9) | (1.2) | (64.4) | (1.9) | (2.5) |
| Raw material to sales (%) | 52.8 | 34.7 | 1,809.3 | 54.4 | (162.9) |
| Employee cost to sales (%) | 17.4 | 25.9 | (843.1) | 16.4 | 102.6 |

| Key operating metrics | 1QFY18 | 1QFY17 | YoY (%) | 4QFY17 | QoQ (%) |
|---------------------------------|---------------|---------------|----------------|---------------|----------------|
| Saleable steel production (MT) | 3.2 | 3.4 | (6.9) | 3.6 | (11.8) |
| Steel deliveries (MT) | 3.0 | 2.8 | 8.1 | 3.4 | (12.1) |
| Average realization (INR/tonne) | 38,242 | 32,993 | 15.9 | 36,827 | 3.8 |
| EBITDA per tonne (INR) | (277) | 835 | na | (767) | 63.9 |

Source: Company, Antique

Target price

| | INRm |
|---------------------------------|----------------|
| FY19e EBITDA INRm | 79,686 |
| Target multiple | 7.5x |
| Target EV | 597,643 |
| Less: Net Debt | 401,636 |
| Target Mcap | 196,007 |
| No of shares - mn | 4,130 |
| Target price - INR/share | 47 |

Source: Company, Antique

Financials

Profit and loss account (INRbn)

| Year-ended March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|-------------------------------------|------------|---------------|--------------|------------|------------|
| Revenues | 460 | 391 | 445 | 536 | 596 |
| Expenses | 411 | 420 | 444 | 471 | 517 |
| EBITDA | 49 | (29) | 1 | 65 | 80 |
| Depreciation and amortisation | 19 | 24 | 27 | 29 | 32 |
| EBIT | 30 | (53) | (26) | 36 | 47 |
| Other income | 10 | 5 | 4 | 4 | 5 |
| Interest expense | 15 | 23 | 25 | 27 | 28 |
| Profit before tax | 25 | (71) | (47) | 13 | 24 |
| Extraordinaries | - | - | (2) | - | - |
| Tax | 3 | (29) | (20) | 3 | 5 |
| Profit after tax | 22 | (41) | (30) | 11 | 19 |
| PAT after minority/asso. | 22 | (42) | (30) | 10 | 19 |
| Adj PAT after minority/asso. | 22 | (42) | (28) | 10 | 19 |
| EPS (INR) | 5.2 | (10.1) | (6.7) | 2.5 | 4.6 |

Balance sheet (INRbn)

| Year-ended March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|----------------------------------|------------|------------|-------------|------------|------------|
| Share capital | 41 | 41 | 41 | 41 | 41 |
| Reserves and surplus | 401 | 358 | 329 | 340 | 359 |
| Networth | 442 | 399 | 370 | 381 | 400 |
| Debt | 328 | 365 | 414 | 429 | 409 |
| Minority interest | - | (5) | 0 | 0 | 0 |
| Deferred tax/other liabilities | 26 | (5) | (38) | (38) | (38) |
| Capital employed | 796 | 754 | 746 | 772 | 771 |
| Gross fixed assets | 678 | 808 | 869 | 1,097 | 1,127 |
| Accumulated depreciation | 301 | 340 | 366 | 395 | 427 |
| Net assets | 377 | 468 | 503 | 702 | 700 |
| Capital work in progress | 293 | 250 | 233 | 40 | 40 |
| Investments | 5 | 1 | 24 | 24 | 24 |
| Current assets | | | | | |
| Inventory | 179 | 154 | 157 | 149 | 164 |
| Debtors | 32 | 28 | 29 | 36 | 40 |
| Cash and cash equivalents | 26 | 7 | 4 | 8 | 8 |
| Loans/advances and others | 100 | 94 | 87 | 109 | 121 |
| Current liabilities | | | | | |
| Creditors | 151 | 177 | 227 | 232 | 260 |
| Provisions and other liabilities | 66 | 70 | 65 | 65 | 65 |
| Net current assets | 121 | 36 | (14) | 6 | 7 |
| Application of Funds | 796 | 754 | 746 | 772 | 771 |

Per share data

| Year-ended March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---------------------|-------|-------|-------|-------|-------|
| No of shares (m) | 4,130 | 4,130 | 4,130 | 4,130 | 4,130 |
| BVPS (INR) | 107 | 97 | 90 | 92 | 97 |
| CEPS (INR) | 10 | (4) | (0) | 9 | 12 |
| DPS (INR) | 2 | - | - | - | - |

Source: Company, Antique

Cash flow statement (INRbn)

| Year-ended March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|
| PBT | 25 | (71) | (47) | 13 | 24 |
| Depreciation | 19 | 24 | 27 | 29 | 32 |
| Interest | 15 | 23 | 25 | 27 | 28 |
| Other adjustments | 3 | (31) | (33) | - | - |
| (Inc)/Dec in working capital | (18) | 66 | 47 | (15) | (2) |
| Tax paid | (3) | 29 | 20 | (3) | (5) |
| CF from operating activities | 41 | 40 | 38 | 52 | 77 |
| Capex | (65) | (86) | (45) | (35) | (30) |
| (Inc)/Dec in Investments | (4) | 4 | (23) | - | - |
| Income from investments | - | - | (2) | - | - |
| CF from investing activities | (69) | (82) | (71) | (35) | (30) |
| Inc/(Dec) in debt | 53 | 37 | 49 | 15 | (20) |
| Dividends and interest paid | (25) | (23) | (25) | (27) | (28) |
| Others | (4) | 9 | 5 | - | - |
| CF from financing activities | 23 | 22 | 29 | (12) | (48) |
| Net cash flow | (6) | (19) | (3) | 5 | (1) |
| Add: Opening balance | 32 | 26 | 7 | 4 | 8 |
| Closing balance | 26 | 7 | 4 | 8 | 8 |

Growth indicators (%)

| Year-ended March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---------------------|-------|--------|------|-------|-------|
| Revenue | (2.4) | (14.9) | 13.8 | 20.5 | 11.3 |
| EBITDA | 8.9 | nm | nm | nm | 22.7 |
| PAT | 27.6 | nm | nm | nm | 86.9 |
| EPS | 27.6 | nm | nm | nm | 86.9 |

Valuation

| Year-ended March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---------------------|------|--------|-------|-------|-------|
| P/E (x) | 11.1 | (5.7) | (8.7) | 23.4 | 12.5 |
| P/BV (x) | 0.5 | 0.6 | 0.6 | 0.6 | 0.6 |
| EV/EBITDA (x) | 11.1 | (20.6) | nm | 10.2 | 8.0 |
| EV/Sales (x) | 1.2 | 1.5 | 1.5 | 1.2 | 1.1 |
| Dividend yield (%) | 3.4 | - | - | - | - |

Financial ratios

| Year-ended March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---------------------|------|-------|-------|-------|-------|
| RoE (%) | 4.9 | (9.9) | (7.2) | 2.7 | 4.9 |
| RoCE (%) | 3.7 | (4.2) | (2.0) | 3.7 | 4.7 |
| Debt/Equity (x) | 0.7 | 0.9 | 1.1 | 1.1 | 1.0 |
| EBIT/Interest (x) | 2.0 | (2.3) | (1.0) | 1.3 | 1.7 |

Margins (%)

| Year-ended March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---------------------|------|--------|-------|-------|-------|
| EBITDA | 10.7 | (7.4) | 0.2 | 12.1 | 13.4 |
| EBIT | 6.6 | (13.6) | (5.9) | 6.8 | 8.0 |
| PAT | 4.7 | (10.7) | (6.2) | 1.9 | 3.2 |

Source: Company Antique

| | |
|------------------|----------|
| Current Reco | : BUY |
| Previous Reco | : HOLD |
| CMP | : INR373 |
| Target Price | : INR460 |
| Potential Return | : 23% |

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Market data

| | | |
|----------------------|---|------------|
| Sensex | : | 31,449 |
| Sector | : | Industrial |
| Market Cap (INRbn) | : | 42.6 |
| Market Cap (USDbn) | : | 0.664 |
| O/S Shares (m) | : | 114.2 |
| 52-wk HI/LO (INR) | : | 439/243 |
| Avg Daily Vol ('000) | : | 91 |
| Bloomberg | : | TEECIN |

Source: Bloomberg

Valuation

| | FY17 | FY18e | FY19e |
|--------------------|------|-------|-------|
| EPS (INR) | 16.4 | 20.2 | 23.6 |
| P/E(x) | 22.8 | 18.4 | 15.8 |
| P/BV(x) | 3.8 | 3.3 | 2.9 |
| EV/EBITDA(x) | 13.9 | 13.3 | 10.6 |
| Dividend Yield (%) | 0.5 | 0.5 | 0.5 |

Source: Bloomberg

Returns (%)

| | 1m | 3m | 6m | 12m |
|----------|-----|------|------|-----|
| Absolute | (0) | (8) | (1) | 16 |
| Relative | 2 | (12) | (11) | 4 |

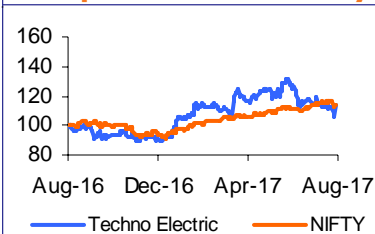
Source: Bloomberg

Shareholding pattern

| | | |
|-----------|---|-----|
| Promoters | : | 58% |
| Public | : | 42% |
| Others | : | 0% |

Source: Bloomberg

Price performance vs Nifty



Source: Bloomberg Indexed to 100

1QFY18 RESULT REVIEW

Techno Electric & Engineering Co Ltd

Strong performance and outlook; Upgrade to BUY

The company reported strong performance in 1QFY18, ahead of our estimates. The revenue at INR 3.7bn, jumped 55%, led by the EPC business (up 59%). The strong revenue growth was driven by uptick in execution, given GST rollout. Strong execution aided improvement in profitability, as EPC business reported 190bps jump in EBIT margin to 16.6%. The company reported 59% jump in PAT to INR 423mn, led by strong operating performance during the quarter. The company saw improved order intake during the quarter at INR 5.5bn, up 57% (on a low base of last year). Given speedy execution seen during the quarter, the backlog has marginally declined to INR 24.5bn, down 6% with revenue visibility of over two years. We see the company as key beneficiary of (1) continued spending in T&D, (2) uptick in high margin industrial spending, mainly towards aluminum and refineries. Given improving outlook along with strong earnings trajectory and return ratios, we upgrade the stock to BUY from HOLD with revised SoTP based target price of INR 460 (INR 452 earlier), valuing the standalone EPC business at 20x its FY19E earnings.

Key Highlights

- Revenue jumped 55% to INR 3.7bn, led by the EPC business as the wind business is completely out of standalone financials.
- While the company saw 50bps decline in EBITDA margin to 16.6% as 1QFY18 does not include wind business and thus not comparable. However, the company's main EPC business saw 190bps improvement in EBIT margin to 16.4%, mainly due to strong execution, during the quarter.
- PAT at INR 423mn, jumped 59% mainly due to strong operating performance despite normalised tax rate in 1QFY18, due to exit from wind business in standalone business.
- With strong execution and order intake (at INR 5.5bn, up 57%) the company saw marginal decline in order book to INR 24.5bn, down 6%, providing revenue visibility of over 2 years. The order book is dominated by PGCIL (60%) followed by SEBs (25%) and NTPC (10%).

Key concall highlights

- After strong 1QFY18, the company expects moderation in new orders and execution, before ramping up towards the end of the year. This would be on the back of GST rollout, where most of the contract could go for retendering process. The company intends to focus on Power generation, T&D and FGD projects.
- The company has maintained its FY18 guidance with EPC revenue growth of 15-20% with margin at 15-16% and order intake at INR 15-20bn, with INR5bn from newer business.
- The company is hopeful of bagging atleast 2-3 new projects from NTPC's bulk tender for meeting the new environmental norms. Also, with increase in enquiries from industries including aluminum/ refinery, the company is hopeful of bagging some projects there aswell.
- The company has improved its balance sheet further with receivables position at INR 3bn and retention at INR2bn (INR1bn expected to be recovered during FY18). Its gross debt and cash levels are at INR 2bn and INR 4.3bn, respectively.
- After selling 33MW, the company transferred the balance 12MW from standalone to its wholly owned subsidiary - Simran Wind. Its total wind asset portfolio in Simran Wind now stands at 130MW, which it is looking at selling at appropriate time and price. Ergo, focus on BOOT business which will require equity of INR 1bn.

Quarterly Financial Highlights (Standalone)

| INR m | Jun-15 | Sep-15 | Dec-15 | Mar-16 | Jun-16 | Sep-16 | Dec-16 | Mar-17 | Jun-16 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Net Revenue | 1,831 | 2,126 | 3,144 | 3,227 | 2,383 | 3,096 | 3,311 | 3,574 | 3,681 |
| YoY Growth (%) | 21.7 | 34.0 | 94.4 | 47.9 | 30.1 | 45.6 | 5.3 | 10.7 | 54.5 |
| Total Expenditure | 1,527 | 1,687 | 2,754 | 2,766 | 1,976 | 2,524 | 2,772 | 3,070 | 3,071 |
| (Increase) / Decrease In Stocks | (40) | 48 | (12) | (312) | 277 | 98 | (0) | 3 | (189) |
| Raw Materials | 1,375 | 1,438 | 2,549 | 2,770 | 1,475 | 2,170 | 2,560 | 2,743 | 2,981 |
| Total RM Cost | 1,335 | 1,486 | 2,537 | 2,458 | 1,751 | 2,269 | 2,560 | 2,745 | 2,793 |
| % of Sales | 72.9 | 69.9 | 80.7 | 76.2 | 73.5 | 73.3 | 77.3 | 76.8 | 75.9 |
| Other Expenses | 125 | 128 | 136 | 235 | 154 | 157 | 138 | 230 | 198 |
| % of Sales | 6.8 | 6.0 | 4.3 | 7.3 | 6.5 | 5.1 | 4.2 | 6.4 | 5.4 |
| Employee Cost | 67 | 72 | 81 | 73 | 70 | 98 | 74 | 95 | 80 |
| % of Sales | 3.7 | 3.4 | 2.6 | 2.3 | 3.0 | 3.2 | 2.2 | 2.6 | 2.2 |
| EBITDA | 304 | 439 | 390 | 462 | 407 | 571 | 539 | 504 | 610 |
| Margins (%) | 16.6 | 20.7 | 12.4 | 14.3 | 17.1 | 18.5 | 16.3 | 14.1 | 16.6 |
| YoY Growth (%) | 34.3 | 43.6 | 72.0 | 37.1 | 34.0 | 30.0 | 38.1 | 9 | 50 |
| Depreciation | 35 | 34 | 33 | 35 | 40 | 41 | 40 | 9 | 6 |
| EBIT | 269 | 405 | 357 | 427 | 367 | 531 | 498 | 495 | 604 |
| Margins (%) | 14.7 | 19.1 | 11.3 | 13.2 | 15.4 | 17.1 | 15.0 | 13.9 | 16.4 |
| YoY Growth (%) | 43.4 | 51.8 | 89.6 | 34.4 | 36.2 | 30.9 | 39.6 | 16 | 64 |
| Other Income | 8 | 90 | 7 | 174 | 12 | 123 | 4 | 278 | 67 |
| Interest | 55 | 37 | 64 | 53 | 38 | 55 | 31 | 35 | 27 |
| PBT | 223 | 459 | 300 | 573 | 341 | 599 | 470 | 738 | 644 |
| Exceptional Items | (7) | (2) | (13) | (12) | (4) | 5 | - | - | - |
| PBT | 216 | 457 | 287 | 560 | 337 | 604 | 470 | 738 | 644 |
| Margins (%) | 11.8 | 21.5 | 9.1 | 17.4 | 14.1 | 19.5 | 14.2 | 20.6 | 17.5 |
| YoY Growth (%) | 42.0 | 20.4 | 88.67 | 60.7 | 55.9 | 32.2 | 64 | 32 | 91 |
| Tax | 46 | 115 | 45 | 65 | 71 | 154 | 158 | 310 | 221 |
| Tax rate (%) | 21.3 | 25.2 | 15.8 | 11.6 | 21.1 | 25.6 | 33.6 | 42.1 | 34.3 |
| Net Profit (after Extraordinary) | 170 | 342 | 241 | 495 | 265 | 449 | 312 | 427 | 423 |
| Margins (%) | 9.3 | 16.1 | 7.7 | 15.3 | 11.1 | 14.5 | 9.4 | 12.0 | 11.5 |
| YoY Growth (%) | 41.0 | 3.9 | 100.5 | 78.7 | 56.4 | 31.5 | 29.4 | (13.7) | 59.3 |

Source: Company, Antique

Segmental Performance (Standalone)

| INR m | Jun-15 | Sep-15 | Dec-15 | Mar-16 | Jun-16 | Sep-16 | Dec-16 | Mar-17 | Jun-16 |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Corporate | 8 | 90 | 7 | 174 | 12 | 123 | 4 | 44 | 67 |
| Energy (Power) | 52 | 109 | 16 | 9 | 72 | 127 | 53 | 2 | - |
| EPC (Construction) | 1,779 | 2,017 | 3,128 | 3,218 | 2,311 | 2,968 | 3,258 | 3,572 | 3,681 |
| Total Revenue | 1,839 | 2,216 | 3,151 | 3,402 | 2,395 | 3,219 | 3,315 | 3,618 | 3,748 |
| Revenue Growth (YoY%) | | | | | | | | | |
| Corporate | (42) | (40) | (61) | 200 | 51 | 37 | (51) | (75) | 450 |
| Energy (Power) | (36) | 15 | (31) | (21) | 39 | 17 | 229 | (77) | (100) |
| EPC (Construction) | 25 | 34 | 98 | 49 | 30 | 47 | 4 | 11 | 59 |
| Total | 21 | 26 | 94 | 52 | 30 | 45 | 5 | 6 | 56 |
| EBIT | | | | | | | | | |
| Corporate | 8 | 90 | 7 | 174 | 12 | 123 | 4 | 44 | 67 |
| Energy (Power) | 8 | 78 | (16) | (48) | 27 | 82 | 7 | 235 | - |
| EPC (Construction) | 229 | 325 | 327 | 548 | 335 | 452 | 491 | 494 | 604 |
| Total | 245 | 493 | 318 | 675 | 375 | 657 | 502 | 773 | 670 |
| EBIT margin (%) | | | | | | | | | |
| Corporate | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Energy (Power) | 14.8 | 71.3 | (101.3) | (541.4) | 37.6 | 64.4 | 13.5 | NA | NA |
| EPC (Construction) | 12.9 | 16.1 | 10.4 | 17.0 | 14.5 | 15.2 | 15.1 | 13.8 | 16.4 |

Source: Company, Antique

SoTP

| Business | Valuation Basis | Equity Value (INR mn) | INR/Share |
|---------------------|------------------------|------------------------------|------------------|
| EPC Business | PE @ 20x | 40,750 | 365 |
| Wind Assets | DCF | 9,815 | 86 |
| Transmission Assets | DCF | 1,028 | 9 |
| Target Price | | 52,536 | 460 |

Source: Company, Antiqua

Financials

Profit and loss account (INRm)

| Year-ended | March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|----------------------------------|----------|--------------|---------------|---------------|---------------|---------------|
| Net Revenue | | 7,939 | 10,972 | 13,567 | 15,685 | 18,407 |
| Op. Expenses | | 5,859 | 8,766 | 10,442 | 12,344 | 14,589 |
| EBITDA | | 2,080 | 2,206 | 3,125 | 3,341 | 3,818 |
| Depreciation | | 603 | 494 | 508 | 438 | 457 |
| EBIT | | 1,477 | 1,712 | 2,617 | 2,903 | 3,361 |
| Other income | | 202 | 375 | 492 | 362 | 418 |
| Interest Exp. | | 431 | 443 | 373 | 280 | 280 |
| Extra Ordinary Items-gain/(loss) | | 1 | (254) | - | - | - |
| Reported PBT | | 1,247 | 1,898 | 2,735 | 2,985 | 3,499 |
| Tax | | 186 | 721 | 837 | 648 | 783 |
| Reported PAT | | 1,062 | 923 | 1,899 | 2,337 | 2,715 |
| Net Profit | | 1,061 | 1,177 | 1,899 | 2,337 | 2,715 |
| Adjusted PAT | | 1,062 | 923 | 1,899 | 2,337 | 2,715 |
| Adjusted EPS (INR) | | 9.2 | 7.9 | 16.4 | 20.2 | 23.6 |

Balance sheet (INRm)

| Year-ended | March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---|----------|---------------|---------------|---------------|---------------|---------------|
| Share Capital | | | | | | |
| Reserves & Surplus | | 9,147 | 9,279 | 11,070 | 12,795 | 14,898 |
| Networth | | 9,147 | 9,279 | 11,070 | 12,795 | 14,898 |
| Debt | | 4,725 | 4,084 | 2,099 | 2,745 | 2,221 |
| Minority Interest | | 199 | - | - | - | - |
| Net deferred Tax liabilities | | 7 | 1,025 | 1,161 | 1,161 | 1,161 |
| Capital Employed | | 14,078 | 14,387 | 14,331 | 16,702 | 18,280 |
| Gross Fixed Assets | | 13,335 | 10,897 | 9,654 | 9,424 | 9,623 |
| Accumulated Depreciation | | 3,283 | 2,861 | 3,368 | 3,806 | 4,263 |
| Capital work in progress | | 38 | - | - | 36 | 37 |
| Net Fixed Assets | | 10,090 | 8,037 | 6,286 | 5,654 | 5,397 |
| Goodwill | | 157 | 200 | 201 | - | - |
| Investments | | 1,347 | 1,561 | 4,660 | 3,532 | 3,532 |
| Non Current Investments | | 1,347 | 1,561 | 4,660 | 3,532 | 3,532 |
| Current Assets, Loans & Adv. | | 5,220 | 8,753 | 7,916 | 12,673 | 15,288 |
| Inventory | | 63 | 379 | 2 | 451 | 818 |
| Debtors | | 3,449 | 4,963 | 5,596 | 6,500 | 7,000 |
| Cash & Bank balance | | 247 | 1,116 | 1,032 | 4,367 | 5,615 |
| Loans & advances and others | | 1,461 | 2,296 | 1,286 | 1,356 | 1,856 |
| Current Liabilities & Prov. | | 2,737 | 4,163 | 4,733 | 5,158 | 5,937 |
| Liabilities | | 2,582 | 4,132 | 4,688 | 5,158 | 5,937 |
| Provisions | | 155 | 31 | 45 | - | - |
| Net Current Assets | | 2,483 | 4,591 | 3,184 | 7,515 | 9,351 |
| Application of Funds | | 14,078 | 14,387 | 14,331 | 16,702 | 18,280 |

Per share data

| Year-ended | March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---------------------------|----------|------|------|------|-------|-------|
| No. of shares (m) | | 114 | 114 | 114 | 114 | 114 |
| Diluted no. of shares (m) | | 114 | 114 | 114 | 114 | 114 |
| BVPS (INR) | | 80.1 | 81.3 | 97.0 | 112.1 | 130.5 |
| CEPS (INR) | | 14.6 | 12.4 | 21.1 | 24.3 | 27.8 |
| DPS (INR) | | 1.5 | 1.7 | 1.8 | 1.9 | 1.9 |

Source: Company, Antique

Cash flow statement (INRm)

| Year-ended | March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|-------------------------------------|----------|----------------|----------------|----------------|--------------|----------------|
| PBT | | 1,248 | 1,644 | 2,735 | 2,985 | 3,499 |
| Depreciation & amortisation | | 603 | 494 | 508 | 438 | 457 |
| Interest expense | | 431 | 443 | 373 | 280 | 280 |
| (Inc)/Dec in working capital | | (434) | (1,089) | 1,543 | (1,126) | (587) |
| Tax paid | | 186 | 721 | 837 | 648 | 783 |
| Other operating Cash Flow | | (821) | (2,056) | (2,165) | (1,659) | (1,984) |
| CF from operating activities | | 1,214 | 157 | 3,831 | 1,566 | 2,447 |
| Capital expenditure | | 69 | 2,438 | 1,243 | 230 | (199) |
| Inc/(Dec) in investments | | 522 | (213) | (3,100) | 1,128 | - |
| Add: Interest/Div. Income Received | | 202 | 375 | 492 | 362 | 418 |
| CF from investing activities | | 794 | 2,600 | (1,365) | 1,720 | 219 |
| Inc/(Dec) in share capital | | 201 | (381) | 509 | - | - |
| Inc/(Dec) in debt | | (1,352) | (641) | (1,984) | 646 | (525) |
| Dividend Paid | | (470) | (587) | (587) | (587) | (587) |
| Others | | (620) | (280) | (487) | (10) | (306) |
| CF from financing activities | | (2,241) | (1,889) | (2,550) | 49 | (1,418) |
| Net cash flow | | (233) | 868 | (84) | 3,335 | 1,248 |
| Opening balance | | 481 | 248 | 1,116 | 1,032 | 4,367 |
| Closing balance | | 248 | 1,116 | 1,032 | 4,367 | 5,615 |

Growth indicators (%)

| Year-ended | March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|------------|----------|------|-------|-------|-------|-------|
| Revenue(%) | | 12.1 | 38.2 | 23.7 | 15.6 | 17.4 |
| EBITDA(%) | | 8.0 | 6.0 | 41.7 | 6.9 | 14.3 |
| Adj PAT(%) | | 19.8 | -13.1 | 105.6 | 23.1 | 16.2 |
| Adj EPS(%) | | 20.0 | -14.3 | 107.7 | 23.6 | 16.4 |

Valuation (x)

| Year-ended | March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|--------------------|----------|-------|-------|-------|-------|-------|
| P/E | | 40.5 | 47.3 | 22.8 | 18.4 | 15.8 |
| P/BV | | 4.7 | 4.6 | 3.8 | 3.3 | 2.9 |
| EV/EBITDA | | 22.5 | 21.0 | 13.9 | 13.3 | 10.6 |
| EV/Sales | | 589.9 | 423.1 | 321.2 | 282.5 | 219.7 |
| Dividend Yield (%) | | 0.4 | 0.5 | 0.5 | 0.5 | 0.5 |

Financial ratios

| Year-ended | March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|---------------------|----------|------|------|------|-------|-------|
| RoE (%) | | 12.1 | 10.0 | 18.7 | 19.6 | 19.6 |
| RoCE (%) | | 11.7 | 14.7 | 21.6 | 21.0 | 21.6 |
| Asset/T.O (x) | | 0.6 | 0.9 | 1.1 | 1.4 | 1.6 |
| Net Debt/Equity (x) | | 0.52 | 0.44 | 0.19 | 0.21 | 0.15 |
| EBIT/Interest (x) | | 3.9 | 4.7 | 8.3 | 11.7 | 13.5 |

Margin (%)

| Year-ended | March 31 | FY15 | FY16 | FY17 | FY18e | FY19e |
|------------------|----------|------|------|------|-------|-------|
| EBITDA Margin(%) | | 26.2 | 20.1 | 23.0 | 21.3 | 20.7 |
| EBIT Margin(%) | | 18.6 | 15.6 | 19.3 | 18.5 | 18.3 |
| PAT Margin(%) | | 13.4 | 8.4 | 14.0 | 14.9 | 14.8 |

Source: Company Antique



ANTIQUE'S INDIA ECONOMIC MONITOR

CPI

Data shows signs of stabilisation

The CPI for July came in at 2.4%, slightly ahead of consensus expectations and the 1.5% print in Jun'17. The data suggests that inflation seems to have bottomed out with food inflation at 0.4% vs a contraction of 1.2% in the previous month. Housing inflation has inched up slightly to 5.0% from 4.7% in June while core inflation stands at 3.8% vs 3.7% in June. Overall, it may still be too early to decipher an underlying trend but the favourable base effect seems to be waning off as seen in lower disinflation in some components like vegetables. Seasonally too vegetable prices have firmed up underlining the volatility in some items of everyday consumption like tomatoes (retail inflation up 138% MoM, overall vegetable prices up by 20% MoM). In fact as we had observed that heading into the monsoon season this was the lowest level of food inflation and thus any spike in prices due to short term disruptions could be absorbed.

In our recently released Stratosphere, we had highlighted that CPI is likely to firm up to 4.0-4.5% by 4QFY18 as the favourable base effect wears out. The core CPI has come in at 3.8% which is marginally higher than the previous month's print but continues to remain below the 4.0-4.5% range which was a concern highlighted earlier by the RBI. Within the core segment, housing inflation has moved up slightly while within the personal care and effects segment, prices have risen by just 2.6% bearing the footprints of a slow growth in consumption. So far seen in conjunction with macro data such as IIP, the incoming data points to some slowdown in the economy overall.

The jump in inflation which we have witnessed in this quarter was on account of a base effect turning around and not so much on account of a generalised increase in inflation post GST implementation, as was feared earlier. The RBI in the latest monetary policy statement while cutting the rates had highlighted that "there are several factors contributing to uncertainty around this baseline inflation trajectory". Risks highlighted include the farm loan waivers as announced by the various states, timing of states' pay commission recommendations and the near term buildup of prices in certain food items-including tomatoes. The mitigating factors are overall lower levels of food inflation, general moderation in core CPI and stable international commodity prices. Further rate hikes will depend on the evolution of these factors and our own expectation is that inflation will edge upto 4.5% by 4QFY18 thereby offering only a limited window for further rate actions.

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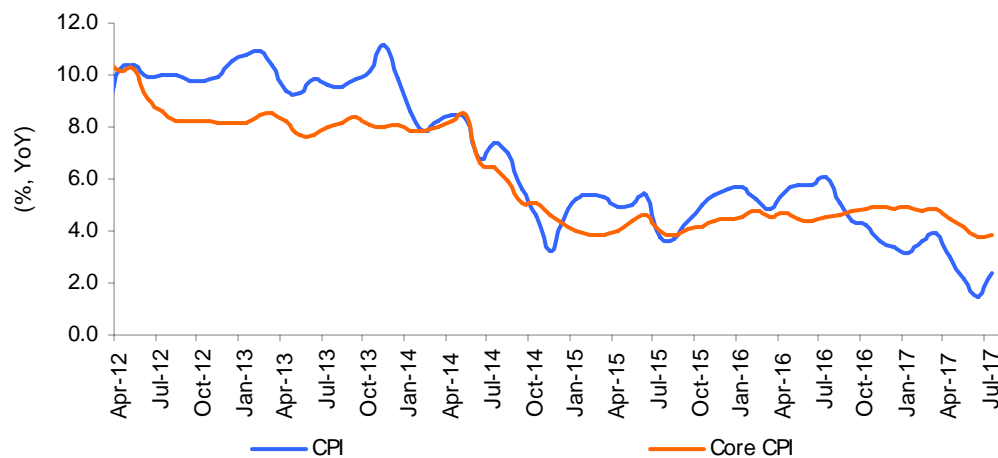
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Segment-wise summary

| (YoY %) | Feb-17 | Mar-17 | Apr-17 | May-17 | Jun-17 | Jul-17 |
|--------------------------------|------------|------------|------------|-------------|-------------|------------|
| CPI | 3.7 | 3.9 | 3.0 | 2.2 | 1.5 | 2.4 |
| Food inflation | 2.4 | 2.5 | 1.3 | -0.2 | -1.2 | 0.4 |
| Cereals and products | 5.3 | 5.4 | 5.1 | 4.8 | 4.4 | 4.0 |
| Fish & meat | 3.4 | 2.9 | 1.9 | 1.8 | 3.6 | 3.2 |
| Eggs | 0.5 | 3.2 | 3.4 | 0.7 | -0.2 | -2.0 |
| Milk and products | 4.2 | 4.7 | 4.8 | 4.6 | 4.1 | 3.8 |
| Fruits | 8.3 | 9.6 | 3.8 | 1.4 | 2.0 | 2.8 |
| Vegetables | -8.3 | -7.2 | -8.6 | -13.4 | -16.5 | -3.6 |
| Pulses & products | -9.1 | -12.4 | -15.9 | -19.5 | -21.9 | -24.7 |
| Fuel & light | 3.9 | 5.5 | 6.1 | 5.5 | 4.5 | 4.9 |
| Clothing & footwear | 4.4 | 4.5 | 4.6 | 4.4 | 4.2 | 4.2 |
| Housing | 4.9 | 5.0 | 4.9 | 4.8 | 4.7 | 5.0 |
| Miscellaneous | 4.8 | 4.9 | 4.3 | 3.8 | 3.3 | 3.3 |
| Household goods & services | 4.1 | 4.0 | 3.9 | 3.9 | 3.8 | 3.9 |
| Health | 4.0 | 4.0 | 4.0 | 3.8 | 3.5 | 4.0 |
| Transport & comm | 5.4 | 6.0 | 4.0 | 3.5 | 2.0 | 1.8 |
| Recreation and amusement | 3.6 | 3.6 | 3.3 | 3.5 | 3.5 | 3.4 |
| Education | 5.4 | 5.4 | 5.3 | 4.9 | 4.4 | 4.5 |
| Personal care and effects | 5.1 | 4.5 | 4.2 | 3.2 | 3.4 | 2.6 |
| Core CPI | 4.7 | 4.8 | 4.4 | 4.1 | 3.7 | 3.8 |

Source: CMIE, Antique

CPI summary



Source: CMIE, Antique

Valuation Guide

| Company | Reco | CMP (INR) | TP (INR) | Return (%) | M.Cap (INRbn) | M.Cap (USDbn) | Net profit (INRbn) | | | EPS (INR) | | | P/E (x) | | | EV/EBITDA (x) | | | P/BV (x) | RoE (%) | RoCE (%) | Absolute (%) | |
|---------------------------|------|-----------|----------|------------|---------------|---------------|--------------------|-------|-------|-----------|-------|---------|---------|------|------|---------------|------|------|----------|---------|----------|--------------|------|
| | | | | | | | FY17 | FY18 | FY19 | FY17 | FY18 | FY19 | FY17 | FY18 | FY19 | FY17 | FY18 | FY19 | | | | FY17 | FY18 |
| AUTOMOBILES | | | | | | | | | | | | | | | | | | | | | | | |
| Apollo Tyres | Buy | 263 | 368 | 40 | 133.8 | 2.1 | 11.0 | 7.7 | 12.5 | 21.6 | 15.0 | 24.6 | 12.2 | 17.5 | 10.7 | 8.6 | 9.9 | 7.0 | 1.7 | 10.1 | 10.2 | 5 | 54 |
| Ashok Leyland | Hold | 105 | 107 | 2 | 306.6 | 4.8 | 15.6 | 12.0 | 16.5 | 5.5 | 4.2 | 5.8 | 19.1 | 24.8 | 18.0 | 14.0 | 13.4 | 10.1 | 4.4 | 18.7 | 23.8 | -1 | 21 |
| Atul Auto | Buy | 440 | 515 | 17 | 9.7 | 0.2 | 0.4 | 0.5 | 0.6 | 16.6 | 23.1 | 28.6 | 26.4 | 19.1 | 15.4 | 15.2 | 11.1 | 9.0 | 4.5 | 25.8 | 38.4 | 5 | 7 |
| Bajaj Auto | Buy | 2,832 | 3,004 | 6 | 819.4 | 12.8 | 38.3 | 39.9 | 48.5 | 132.3 | 137.8 | 167.7 | 21.4 | 20.6 | 16.9 | 17.5 | 16.8 | 13.3 | 4.3 | 22.1 | 29.9 | 1 | -1 |
| Balkrishna Industries | Hold | 1,531 | 1,653 | 8 | 148.0 | 2.3 | 7.2 | 7.6 | 10.0 | 74.0 | 78.5 | 103.3 | 20.7 | 19.5 | 14.8 | 13.7 | 11.6 | 8.9 | 3.5 | 19.6 | 23.7 | 9 | 109 |
| Bharat Forge | Buy | 1,181 | 1,252 | 6 | 274.9 | 4.3 | 9.5 | 8.2 | 11.7 | 40.7 | 35.0 | 50.1 | 29.0 | 33.7 | 23.6 | 22.9 | 17.1 | 13.1 | 5.8 | 18.5 | 19.4 | 5 | 43 |
| Bosch | Hold | 22,138 | 21,780 | (2) | 675.7 | 10.5 | 17.4 | 16.4 | 18.6 | 570.5 | 538.4 | 609.5 | 38.8 | 41.1 | 36.3 | 33.6 | 30.5 | 26.4 | 6.9 | 17.4 | 25.5 | 9 | -10 |
| Ceat | Hold | 1,698 | 1,641 | (3) | 68.7 | 1.1 | 3.3 | 2.5 | 4.4 | 89.3 | 61.7 | 109.4 | 19.0 | 27.5 | 15.5 | 11.5 | 13.3 | 8.8 | 2.6 | 9.8 | 11.3 | 9 | 94 |
| Eicher Motors | Buy | 30,386 | 32,336 | 6 | 827.2 | 12.9 | 16.7 | 21.5 | 29.3 | 612.7 | 791.2 | 1,077.9 | 49.6 | 38.4 | 28.2 | 38.1 | 28.8 | 21.0 | 11.5 | 34.5 | 46.8 | 9 | 36 |
| Exide Industries | Buy | 208 | 242 | 16 | 176.8 | 2.8 | 6.9 | 7.9 | 9.1 | 8.2 | 9.3 | 10.7 | 25.5 | 22.4 | 19.5 | 16.3 | 14.1 | 12.3 | 3.2 | 15.1 | 20.1 | 7 | 20 |
| Schaeffler India Ltd | Buy | 4,413 | 5,188 | 18 | 73.3 | 1.1 | 1.9 | 2.5 | 2.9 | 117.0 | 149.8 | 172.9 | 37.7 | 29.5 | 25.5 | 22.6 | 17.8 | 15.2 | 4.3 | 15.8 | 23.9 | 3 | 10 |
| Hero MotoCorp | Hold | 3,957 | 3,657 | (8) | 790.2 | 12.3 | 33.8 | 38.0 | 41.1 | 169.1 | 190.1 | 205.7 | 23.4 | 20.8 | 19.2 | 17.0 | 14.8 | 13.4 | 6.8 | 34.8 | 47.0 | 5 | 20 |
| JK Tyre & Industries | Hold | 152 | 190 | 25 | 34.4 | 0.5 | 3.1 | 1.7 | 3.6 | 13.5 | 7.7 | 15.8 | 11.2 | 19.7 | 9.6 | 7.5 | 7.6 | 6.1 | 1.6 | 8.6 | 9.7 | 9 | 44 |
| Mahindra & Mahindra | Hold | 1,356 | 1,368 | 1 | 842.0 | 13.1 | 36.9 | 40.5 | 45.5 | 62.1 | 68.2 | 76.6 | 21.8 | 19.9 | 17.7 | 15.3 | 13.2 | 11.7 | 2.8 | 14.6 | 19.0 | -1 | 7 |
| Mahindra CIE | Buy | 239 | 292 | 22 | 90.3 | 1.4 | 1.8 | 3.7 | 4.6 | 5.5 | 11.3 | 14.2 | 43.4 | 21.1 | 16.8 | 19.3 | 11.9 | 9.8 | 2.1 | 10.6 | 12.8 | 0 | 33 |
| Maruti Suzuki | Buy | 7,608 | 7,848 | 3 | 2,298.4 | 35.8 | 73.4 | 82.6 | 104.0 | 242.9 | 273.4 | 344.1 | 31.3 | 27.8 | 22.1 | 19.6 | 16.9 | 13.2 | 5.6 | 21.3 | 28.9 | 1 | 55 |
| Minda Industries | Buy | 782 | 631 | (19) | 67.6 | 1.1 | 1.7 | 2.3 | 3.0 | 21.2 | 26.0 | 35.1 | 36.9 | 30.0 | 22.3 | 17.7 | 13.9 | 10.9 | 5.0 | 22.9 | 24.6 | 15 | 234 |
| Motherson Sumi | Buy | 324 | 355 | 10 | 681.1 | 10.6 | 15.0 | 21.2 | 29.9 | 7.1 | 10.1 | 14.2 | 45.4 | 32.1 | 22.8 | 17.0 | 13.4 | 10.2 | 7.1 | 24.2 | 19.8 | 2 | 52 |
| SKF India | Buy | 1,529 | 1,803 | 18 | 80.6 | 1.3 | 2.4 | 2.7 | 3.2 | 46.2 | 51.8 | 60.1 | 33.1 | 29.5 | 25.4 | 22.3 | 19.2 | 16.6 | 4.0 | 14.3 | 21.8 | 3 | 9 |
| Tata Motors | Buy | 375 | 455 | 21 | 1,199.1 | 18.7 | 49.5 | 60.7 | 113.4 | 18.7 | 23.2 | 40.8 | 20.1 | 16.2 | 9.2 | 5.4 | 5.3 | 3.8 | 1.9 | 9.8 | 9.7 | -17 | -27 |
| BUILDING MATERIALS | | | | | | | | | | | | | | | | | | | | | | | |
| Astral Poly Technik | Buy | 652 | 675 | 4 | 78.1 | 1.2 | 1.5 | 2.0 | 2.7 | 12.2 | 16.5 | 22.5 | 53.4 | 39.5 | 29.0 | 30.1 | 23.7 | 18.5 | 7.6 | 21.0 | 26.2 | 2 | 37 |
| Century Plyboards India | Buy | 261 | 319 | 22 | 58.1 | 0.9 | 1.9 | 2.0 | 2.8 | 8.6 | 9.1 | 12.7 | 30.5 | 28.7 | 20.5 | 20.2 | 17.8 | 13.0 | 6.5 | 25.3 | 20.4 | 8 | 24 |
| Cera Sanitaryware | Hold | 2,775 | 3,143 | 13 | 36.1 | 0.6 | 0.9 | 1.2 | 1.6 | 76.3 | 95.4 | 120.9 | 36.4 | 29.1 | 23.0 | 21.1 | 17.7 | 14.1 | 5.8 | 21.4 | 27.5 | 8 | 17 |
| Finolex Industries | Buy | 586 | 647 | 11 | 72.7 | 1.1 | 3.5 | 3.5 | 3.9 | 28.6 | 29.1 | 32.4 | 20.5 | 20.1 | 18.1 | 10.8 | 10.4 | 9.4 | 2.9 | 14.6 | 20.0 | 9 | 29 |
| Greenlam Industries | Buy | 875 | 925 | 6 | 21.1 | 0.3 | 0.5 | 0.6 | 0.9 | 20.6 | 26.0 | 37.0 | 42.4 | 33.7 | 23.7 | 16.6 | 15.7 | 12.1 | 6.1 | 19.6 | 21.2 | 8 | 22 |
| Greenply Industries | Hold | 275 | 285 | 4 | 33.7 | 0.5 | 1.3 | 1.5 | 1.7 | 10.2 | 12.1 | 14.3 | 26.9 | 22.6 | 19.3 | 15.2 | 12.8 | 10.4 | 3.7 | 17.7 | 18.9 | 2 | 4 |
| Kajaria Ceramics | Hold | 624 | 657 | 5 | 99.1 | 1.5 | 2.5 | 3.1 | 4.0 | 15.9 | 19.5 | 25.3 | 39.2 | 32.0 | 24.7 | 20.2 | 17.2 | 13.8 | 7.0 | 23.9 | 30.1 | 8 | -1 |
| Somany Ceramics | Buy | 765 | 937 | 22 | 32.4 | 0.5 | 0.9 | 1.2 | 1.6 | 22.9 | 28.1 | 37.5 | 33.4 | 27.2 | 20.4 | 18.1 | 14.6 | 11.6 | 5.2 | 20.8 | 24.1 | -1 | 29 |
| Supreme Industries | Buy | 1,073 | 1,127 | 5 | 136.4 | 2.1 | 4.3 | 4.4 | 5.8 | 33.9 | 34.8 | 45.5 | 31.7 | 30.9 | 23.6 | 18.2 | 17.2 | 13.6 | 7.1 | 24.5 | 29.5 | -10 | 12 |
| CEMENT | | | | | | | | | | | | | | | | | | | | | | | |
| ACC | Hold | 1,785 | 1,705 | (4) | 335.2 | 5.2 | 6.3 | 9.0 | 12.2 | 33.6 | 48.0 | 64.6 | 53.1 | 37.2 | 27.6 | 26.4 | 21.0 | 15.8 | 3.6 | 10.1 | 13.7 | 2 | 8 |
| Ambuja Cement | Hold | 265 | 275 | 4 | 526.4 | 8.2 | 9.8 | 12.5 | 15.6 | 4.9 | 6.3 | 7.9 | 53.7 | 42.1 | 33.7 | 31.9 | 27.8 | 22.1 | 2.7 | 6.5 | 9.1 | 1 | 0 |
| Dalmia Bharat | Buy | 2,555 | 3,130 | 23 | 227.3 | 3.5 | 3.4 | 7.0 | 10.6 | 38.8 | 78.7 | 119.4 | 65.9 | 32.5 | 21.4 | 14.7 | 12.1 | 9.9 | 4.0 | 13.2 | 13.0 | -7 | 72 |
| Grasim Industries | Buy | 1,109 | 1,254 | 13 | 728.8 | 11.4 | 31.7 | 41.8 | 55.5 | 67.8 | 89.6 | 118.9 | 16.3 | 12.4 | 9.3 | 9.6 | 7.3 | 5.2 | 1.4 | 12.3 | 14.7 | 5 | 46 |
| JK Lakshmi Cement | Buy | 421 | 560 | 33 | 49.6 | 0.8 | 0.8 | 2.0 | 3.5 | 7.0 | 16.8 | 29.9 | 60.5 | 25.1 | 14.1 | 17.8 | 12.5 | 8.4 | 3.2 | 13.4 | 11.9 | 9 | -1 |
| Orient Cement | Hold | 155 | 165 | 6 | 31.7 | 0.5 | -0.3 | 0.8 | 2.0 | -1.6 | 4.1 | 9.8 | -98.9 | 38.2 | 15.8 | 24.6 | 11.7 | 7.7 | 3.0 | 8.1 | 11.0 | -1 | 4 |
| Shree Cements | Hold | 17,544 | 19,600 | 12 | 611.2 | 9.5 | 13.4 | 16.6 | 22.1 | 384.4 | 476.1 | 635.2 | 45.6 | 36.8 | 27.6 | 24.6 | 20.1 | 15.1 | 6.6 | 19.6 | 23.9 | 6 | 4 |
| UltraTech Cement | Buy | 3,961 | 4,630 | 17 | 1,087.3 | 17.0 | 26.3 | 27.5 | 39.6 | 95.7 | 100.2 | 144.4 | 41.4 | 39.5 | 27.4 | 22.7 | 20.1 | 14.7 | 4.1 | 10.9 | 13.5 | 6 | 6 |
| FMCG | | | | | | | | | | | | | | | | | | | | | | | |
| Asian Paints | Sell | 1,154 | 1,056 | (8) | 1,106.9 | 17.3 | 19.2 | 21.1 | 25.3 | 20.0 | 22.0 | 26.4 | 57.7 | 52.4 | 43.7 | 36.1 | 32.6 | 27.4 | 12.8 | 26.0 | 34.7 | 3 | 2 |
| Bajaj Corp | Buy | 411 | 452 | 10 | 60.6 | 0.9 | 2.3 | 2.4 | 2.7 | 15.8 | 16.2 | 18.1 | 26.0 | 25.3 | 22.8 | 21.7 | 21.0 | 18.9 | 11.8 | 47.4 | 59.1 | 2 | 5 |
| Colgate Palmolive | Hold | 1,047 | 919 | (12) | 284.8 | 4.4 | 5.8 | 6.1 | 7.1 | 21.2 | 22.3 | 26.2 | 49.3 | 46.9 | 39.9 | 30.0 | 28.0 | 23.8 | 22.2 | 49.9 | 73.1 | -2 | 9 |
| Emami | Hold | 1,113 | 1,011 | (9) | 252.7 | 3.9 | 5.5 | 6.2 | 7.2 | 24.1 | 27.5 | 31.6 | 46.2 | 40.5 | 35.2 | 33.4 | 29.7 | 25.8 | 13.4 | 36.3 | 41.9 | 3 | -2 |
| Future Retail | Buy | 466 | 433 | (7) | 220.1 | 3.4 | 3.7 | 5.4 | 8.6 | 7.8 | 10.8 | 17.3 | 59.7 | 43.2 | 27.0 | 39.8 | 31.0 | 22.2 | 7.5 | 19.1 | 18.3 | 17 | |
| Godrej Consumer | Hold | 917 | 952 | 4 | 625.0 | 9.7 | 13.2 | 14.4 | 17.5 | 19.4 | 21.1 | 25.7 | 47.2 | 43.5 | 35.7 | 32.6 | 30.3 | 25.0 | 10.1 | 25.0 | 22.4 | 6 | 18 |
| Hindustan Unilever | Buy | 1,156 | 1,277 | 11 | 2,501.5 | 39.0 | 42.5 | 49.8 | 61.4 | 19.6 | 23.0 | 28.4 | 58.9 | 50.2 | 40.7 | 40.6 | 35.0 | 28.5 | 36.7 | 74.9 | 110.7 | 1 | 24 |
| ITC | Buy | 271 | 325 | 20 | 3,302.0 | 51.5 | 102.0 | 114.7 | 131.4 | 8.4 | 9.4 | 10.8 | 32.3 | 28.7 | 25.1 | 22.5 | 20.4 | 17.8 | 6.8 | 24.5 | 36.0 | -20 | 7 |
| Jyothy Labs | Hold | 380 | 351 | (8) | 69.1 | 1.1 | 1.2 | 1.7 | 2.0 | 6.6 | 9.5 | 10.9 | 57.7 | 39.8 | 34.8 | 28.1 | 26.3 | 23.0 | 7.6 | 17.4 | 16.8 | 5 | 34 |
| Kansai Nerolac | Hold | 458 | 445 | (3) | 246.8 | 3.8 | 5.0 | 5.8 | 6.9 | 9.3 | 10.8 | 12.7 | 49.2 | 42.3 | 36.0 | 32.2 | 28.0 | 23.8 | 7.9 | 19.6 | 29.3 | 2 | 27 |
| Marico | Hold | 318 | 295 | (7) | 410.8 | 6.4 | 8.1 | 9.2 | 10.9 | 6.3 | 7.1 | 8.4 | 50.6 | 44.8 | 37.8 | 34.9 | 31.2 | 26.6 | 16.1 | 37.6 | 47.5 | -3 | 7 |
| Nestle | Hold | 6,652 | 6,338 | (5) | 641.4 | 10.0 | 10.8 | 13.9 | 16.1 | 112.3 | 144.7 | 166.8 | 59.2 | 46.0 | 39.9 | 32.7 | 26.2 | 23.1 | 20.6 | 45.5 | 64.9 | -2 | 4 |

Valuation Guide

| Company | Reco | CMP (INR) | TP (INR) | Return (%) | M.Cap (INRbn) | M.Cap (USDbn) | Net profit (INRbn) | | | EPS (INR) | | | PE (x) | | | EV/EBITDA (x) | | | P/BV (x) | RoE (%) | RoCE (%) | Absolute (%) | |
|-------------------------------|------|-----------|----------|------------|---------------|---------------|--------------------|-------|-------|-----------|-------|-------|--------|-------|------|---------------|------|------|----------|---------|----------|--------------|------|
| | | | | | | | FY17 | FY18 | FY19 | FY17 | FY18 | FY19 | FY17 | FY18 | FY19 | FY17 | FY18 | FY19 | | | | FY18 | FY18 |
| INDUSTRIALS | | | | | | | | | | | | | | | | | | | | | | | |
| ABB | Hold | 1,350 | 1,367 | 1 | 286.1 | 4.5 | 3.7 | 5.0 | 7.2 | 17.4 | 23.6 | 34.2 | 77.6 | 57.2 | 39.5 | 37.8 | 29.9 | 22.0 | 7.9 | 14.5 | 20.9 | 8 | 13 |
| BEML | Buy | 1,750 | 1,582 | (10) | 72.9 | 1.1 | 0.8 | 1.7 | 2.5 | 20.2 | 44.4 | 63.3 | 86.6 | 39.4 | 27.7 | 52.9 | 26.8 | 18.6 | 3.1 | 7.6 | 10.8 | 14 | 76 |
| Bharat Electronics | Buy | 176 | 226 | 28 | 393.7 | 6.1 | 15.5 | 16.9 | 20.2 | 6.7 | 7.6 | 9.0 | 26.4 | 23.3 | 19.5 | 20.2 | 16.9 | 13.9 | 4.5 | 20.7 | 28.9 | 2 | 43 |
| BHEL | Buy | 126 | 192 | 51 | 309.5 | 4.8 | 10.4 | 14.3 | 26.0 | 4.2 | 5.8 | 10.6 | 29.9 | 21.7 | 11.9 | 11.6 | 8.8 | 3.4 | 0.9 | 4.4 | 7.7 | -10 | 9 |
| Blue Star | Hold | 706 | 757 | 7 | 67.6 | 1.1 | 1.3 | 2.0 | 2.4 | 13.2 | 20.5 | 25.2 | 53.4 | 34.4 | 28.0 | 30.9 | 20.6 | 16.3 | 7.8 | 24.1 | 35.1 | 8 | 47 |
| Crompton Consumer | Hold | 225 | 235 | 4 | 141.1 | 2.2 | 2.9 | 3.5 | 4.2 | 4.7 | 5.5 | 6.7 | 48.1 | 40.8 | 33.6 | 29.3 | 25.6 | 21.4 | 14.6 | 45.9 | 42.0 | 4 | 30 |
| CG Power & Ind. Sol. | Buy | 81 | 107 | 29 | 51.0 | 0.8 | 1.1 | 2.6 | 3.8 | 2.9 | 4.1 | 6.0 | 27.5 | 19.7 | 13.5 | 11.5 | 13.1 | 9.6 | 1.2 | 6.1 | 7.3 | 3 | 2 |
| Cummins India | Buy | 887 | 1,075 | 21 | 245.8 | 3.8 | 7.3 | 8.5 | 10.6 | 26.5 | 30.6 | 38.4 | 33.5 | 29.0 | 23.1 | 30.8 | 28.1 | 23.2 | 6.1 | 21.9 | 26.7 | 5 | 2 |
| Engineers India | Hold | 151 | 160 | 6 | 101.6 | 1.6 | 3.4 | 3.4 | 4.3 | 5.0 | 5.1 | 6.4 | 30.2 | 29.7 | 23.6 | 24.8 | 25.5 | 18.8 | 3.4 | 11.8 | 19.4 | 3 | 39 |
| GE T&D | Hold | 384 | 366 | (5) | 98.3 | 1.5 | 2.2 | 2.2 | 2.7 | 6.1 | 8.8 | 10.5 | 63.2 | 43.7 | 36.7 | 30.0 | 23.7 | 20.2 | 7.6 | 20.1 | 31.7 | 17 | 16 |
| Havells India | Hold | 476 | 430 | (10) | 297.6 | 4.6 | 4.8 | 7.0 | 8.7 | 9.5 | 11.3 | 13.9 | 49.9 | 42.2 | 34.2 | 33.6 | 28.8 | 23.2 | 8.4 | 20.6 | 26.6 | 0 | 19 |
| Hitachi Home & Life | Buy | 2,013 | 2,187 | 9 | 54.7 | 0.9 | 0.8 | 1.2 | 1.7 | 29.8 | 44.0 | 62.5 | 67.5 | 45.8 | 32.2 | 33.0 | 25.1 | 18.3 | 10.0 | 24.2 | 31.7 | 0 | 44 |
| Honeywell Automation | Buy | 12,803 | 14,888 | 16 | 113.2 | 1.8 | 2.0 | 2.6 | 3.3 | 224.6 | 296.0 | 372.2 | 57.0 | 43.2 | 34.4 | 37.6 | 28.9 | 22.6 | 8.0 | 20.0 | 32.0 | 8 | 29 |
| KEC International | Buy | 286 | 352 | 23 | 73.5 | 1.1 | 3.0 | 4.0 | 5.0 | 11.9 | 15.4 | 19.6 | 24.1 | 18.6 | 14.6 | 12.5 | 10.2 | 8.5 | 3.4 | 21.2 | 17.4 | 3 | 106 |
| Lakshmi Machine Works | Buy | 6,176 | 6,005 | (3) | 67.7 | 1.1 | 1.9 | 2.4 | 3.1 | 169.3 | 212.8 | 272.9 | 36.5 | 29.0 | 22.6 | 22.9 | 17.6 | 13.3 | 4.0 | 14.7 | 27.5 | 17 | 67 |
| Larsen & Toubro | Buy | 1,147 | 1,331 | 16 | 1,606.0 | 25.0 | 59.2 | 70.4 | 86.1 | 42.3 | 50.3 | 61.6 | 27.1 | 22.8 | 18.6 | 21.0 | 18.4 | 15.7 | 2.8 | 13.1 | 7.9 | 2 | 15 |
| Siemens | Buy | 1,289 | 1,593 | 24 | 459.1 | 7.2 | 8.1 | 10.7 | 14.2 | 22.7 | 30.0 | 39.8 | 56.7 | 43.0 | 32.4 | 36.7 | 29.2 | 22.0 | 6.2 | 14.9 | 21.9 | 4 | -1 |
| Techno Electric | Hold | 373 | 452 | 21 | 42.6 | 0.7 | 1.9 | 2.4 | 2.7 | 16.4 | 20.7 | 23.1 | 22.8 | 18.1 | 16.1 | 14.0 | 12.2 | 10.6 | 3.3 | 19.9 | 21.0 | 0 | 16 |
| Thermax | Hold | 882 | 929 | 5 | 105.1 | 1.6 | 2.2 | 3.6 | 4.4 | 19.6 | 30.6 | 37.2 | 44.9 | 28.9 | 23.7 | 24.1 | 21.2 | 19.6 | 3.8 | 13.8 | 21.6 | 3 | 2 |
| Voltas | Buy | 554 | 603 | 9 | 183.4 | 2.9 | 5.1 | 6.5 | 8.0 | 15.4 | 19.6 | 24.1 | 36.0 | 28.3 | 23.0 | 31.4 | 25.5 | 19.9 | 4.9 | 18.4 | 29.5 | 15 | 52 |
| INFORMATION TECHNOLOGY | | | | | | | | | | | | | | | | | | | | | | | |
| Cyient | Hold | 491 | 565 | 15 | 55.3 | 0.9 | 3.7 | 4.1 | 4.4 | 32.8 | 36.5 | 38.9 | 15.0 | 13.5 | 12.6 | 10.0 | 8.7 | 7.5 | 2.3 | 18.3 | 21.8 | 4 | -1 |
| HCL Tech | Buy | 860 | 1,045 | 21 | 1,227.4 | 19.1 | 84.6 | 87.4 | 98.2 | 59.9 | 61.9 | 69.5 | 14.4 | 13.9 | 12.4 | 10.7 | 9.7 | 8.2 | 3.1 | 24.3 | 30.7 | 1 | 6 |
| Hexaware Tech | Hold | 264 | 270 | 2 | 79.7 | 1.2 | 4.2 | 4.7 | 5.3 | 13.9 | 16.1 | 18.0 | 18.9 | 16.3 | 14.6 | 13.1 | 11.5 | 9.9 | 3.8 | 25.2 | 33.9 | 9 | 23 |
| Infosys | Buy | 981 | 1,120 | 14 | 2,254.3 | 35.2 | 143.8 | 148.0 | 160.1 | 62.8 | 64.7 | 70.0 | 15.6 | 15.2 | 14.0 | 10.9 | 9.6 | 8.6 | 3.0 | 20.5 | 28.8 | 1 | 8 |
| KPIT Tech | Hold | 112 | 145 | 30 | 22.1 | 0.3 | 2.1 | 2.4 | 2.7 | 10.9 | 12.7 | 14.0 | 10.2 | 8.8 | 8.0 | 5.7 | 4.8 | 4.0 | 1.2 | 14.2 | 16.4 | -18 | -13 |
| Larsen Toubro Infotech | Buy | 738 | 860 | 17 | 126.3 | 2.0 | 9.7 | 11.3 | 11.6 | 55.7 | 64.5 | 66.5 | 13.3 | 11.4 | 11.1 | 9.6 | 8.8 | 7.3 | 4.0 | 38.1 | 47.9 | 5 | 8 |
| Mphasis | Buy | 591 | 685 | 16 | 124.4 | 1.9 | 8.1 | 8.2 | 8.8 | 38.4 | 42.6 | 45.7 | 15.4 | 13.9 | 12.9 | 9.5 | 10.1 | 8.8 | 2.1 | 14.3 | 20.7 | 3 | 10 |
| NIIT Tech | Buy | 486 | 610 | 26 | 29.8 | 0.5 | 2.6 | 2.6 | 3.1 | 42.8 | 43.0 | 50.9 | 11.3 | 11.3 | 9.5 | 4.9 | 4.2 | 3.4 | 1.5 | 14.1 | 19.7 | -14 | 18 |
| Persistent Sys | Buy | 610 | 720 | 18 | 48.8 | 0.8 | 3.1 | 3.5 | 3.9 | 39.1 | 43.4 | 48.3 | 15.6 | 14.1 | 12.6 | 9.2 | 7.8 | 6.2 | 2.3 | 17.2 | 23.2 | 6 | -10 |
| TCS | Hold | 2,469 | 2,370 | (4) | 4,865.8 | 75.9 | 262.9 | 259.8 | 283.0 | 133.4 | 136.0 | 148.2 | 18.5 | 18.2 | 16.7 | 13.7 | 13.5 | 12.1 | 4.8 | 27.9 | 36.6 | 3 | -10 |
| Tech Mahindra | Buy | 402 | 490 | 22 | 392.4 | 6.1 | 28.2 | 29.9 | 33.7 | 31.6 | 33.6 | 37.9 | 12.7 | 12.0 | 10.6 | 8.4 | 8.0 | 6.4 | 1.9 | 17.0 | 21.6 | 3 | -18 |
| Wipro | Hold | 289 | 250 | (13) | 1,404.0 | 21.9 | 80.8 | 83.8 | 91.9 | 17.5 | 17.4 | 18.9 | 16.5 | 16.6 | 15.2 | 10.6 | 10.7 | 9.6 | 2.5 | 15.5 | 16.4 | 11 | 6 |
| LOGISTICS | | | | | | | | | | | | | | | | | | | | | | | |
| Allcargo Logistics | Buy | 166 | 195 | 18 | 41.8 | 0.7 | 2.3 | 2.9 | 3.4 | 9.4 | 11.7 | 13.9 | 17.6 | 14.2 | 12.0 | 9.7 | 7.7 | 6.4 | 2.0 | 15.1 | 17.6 | 4 | -12 |
| Blue Dart Express | Hold | 3,944 | 4,250 | 8 | 93.6 | 1.5 | 1.4 | 1.6 | 2.2 | 58.8 | 68.1 | 94.2 | 67.1 | 57.9 | 41.9 | 35.7 | 32.8 | 24.8 | 15.2 | 28.5 | 33.0 | -16 | -28 |
| ConCor | Hold | 1,170 | 1,300 | 11 | 285.2 | 4.4 | 6.8 | 8.8 | 10.6 | 27.9 | 36.1 | 43.4 | 41.9 | 32.4 | 26.9 | 28.1 | 21.9 | 17.8 | 3.1 | 9.8 | 12.9 | 0 | 5 |
| Gateway Distiparks | Hold | 247 | 270 | 9 | 26.9 | 0.4 | 0.7 | 1.1 | 1.3 | 6.8 | 9.7 | 12.1 | 36.3 | 25.4 | 20.4 | 30.6 | 26.2 | 22.9 | 2.4 | 10.0 | 12.4 | 8 | 8 |
| Navkar Corp. | Buy | 196 | 215 | 10 | 27.9 | 0.4 | 0.9 | 1.2 | 1.7 | 6.0 | 8.1 | 11.8 | 32.6 | 24.2 | 16.6 | 22.7 | 16.8 | 12.2 | 1.8 | 7.7 | 8.6 | 4 | 3 |
| Transport Corp. | Buy | 284 | 380 | 34 | 21.7 | 0.3 | 0.8 | 1.0 | 1.2 | 10.6 | 12.8 | 15.9 | 26.7 | 22.1 | 17.8 | 16.0 | 13.8 | 11.6 | 2.9 | 14.2 | 11.6 | -13 | 38 |
| VRL Logistics | Buy | 327 | 426 | 30 | 29.8 | 0.5 | 0.7 | 1.3 | 1.6 | 7.7 | 13.9 | 17.9 | 42.3 | 23.6 | 18.2 | 14.5 | 12.1 | 9.6 | 4.9 | 21.9 | 24.5 | 1 | 14 |
| METALS & MINING | | | | | | | | | | | | | | | | | | | | | | | |
| Hindalco Industries | Buy | 229 | 250 | 9 | 514.1 | 8.0 | 18.9 | 37.0 | 40.0 | 8.4 | 16.5 | 17.9 | 27.2 | 13.9 | 12.8 | 8.0 | 7.1 | 6.6 | 1.0 | 7.7 | 9.2 | 11 | 57 |
| Hindustan Zinc | Buy | 281 | 317 | 13 | 1,187.3 | 18.5 | 83.2 | 97.7 | 108.9 | 19.7 | 23.1 | 25.8 | 14.3 | 12.1 | 10.9 | 10.5 | 7.9 | 6.5 | 3.2 | 28.7 | 32.3 | 3 | 40 |
| Jindal Steel & Power | Buy | 137 | 165 | 21 | 125.0 | 1.9 | -19.1 | -9.5 | 7.3 | -20.9 | -10.3 | 8.0 | -6.5 | -13.2 | 17.1 | 11.2 | 8.9 | 6.5 | 0.4 | -3.2 | 3.0 | 0 | 69 |
| JSW Steel | Hold | 232 | 230 | (1) | 561.6 | 8.8 | 35.2 | 35.2 | 46.4 | 14.6 | 14.6 | 19.2 | 15.9 | 15.9 | 12.1 | 8.2 | 8.7 | 7.5 | 2.3 | 14.8 | 11.9 | 8 | 34 |
| MOIL | Buy | 355 | 422 | 19 | 47.3 | 0.7 | 3.1 | 3.9 | 4.3 | 23.0 | 29.0 | 32.2 | 15.5 | 12.3 | 11.0 | 8.9 | 5.2 | 4.2 | 1.5 | 13.1 | 19.8 | 11 | 46 |
| NALCO | Buy | 66 | 85 | 28 | 127.9 | 2.0 | 7.1 | 8.5 | 11.0 | 3.7 | 4.4 | 5.7 | 18.0 | 15.0 | 11.6 | 8.6 | 6.5 | 5.1 | 1.2 | 8.2 | 10.9 | 6 | 39 |
| NMDC | Buy | 121 | 150 | 24 | 382.7 | 6.0 | 25.9 | 36.1 | 39.8 | 8.2 | 11.4 | 12.6 | 14.8 | 10.6 | 9.6 | 9.2 | 7.2 | 6.6 | 1.6 | 15.5 | 22.7 | 1 | 19 |
| SAIL | Sell | 58 | 47 | (20) | 239.8 | 3.7 | -27.7 | 15.0 | 21.5 | -6.7 | 3.6 | 5.2 | -8.7 | 16.0 | 11.2 | 968.7 | 9.1 | 7.6 | 0.6 | 4.0 | 6.3 | 6 | 27 |
| Tata Steel | Hold | 624 | 640 | 3 | 605.8 | 9.4 | 39.5 | 46.9 | 56.1 | 40.6 | 48.3 | 57.7 | 15.3 | 12.9 | 10.8 | 8.1 | 7.9 | 7.2 | 1.6 | 12.7 | 8.7 | 12 | 66 |

Valuation Guide

| Company | Reco | CMP (INR) | TP (INR) | Return (%) | M.Cap (INRbn) | M.Cap (USDbn) | Net profit (INRbn) | | | EPS (INR) | | | PE (x) | | | EV/EBITDA (x) | | | P/BV (x) | RoE (%) | RoCE (%) | Absolute (%) | |
|------------------------------|------|-----------|----------|------------|---------------|---------------|--------------------|-------|-------|-----------|-------|-------|--------|-------|--------|---------------|------|------|----------|---------|----------|--------------|------|
| | | | | | | | FY17 | FY18 | FY19 | FY17 | FY18 | FY19 | FY17 | FY18 | FY19 | FY17 | FY18 | FY19 | | | | FY18 | FY18 |
| OIL & GAS | | | | | | | | | | | | | | | | | | | | | | | |
| BPCL | Buy | 478 | 566 | 18 | 1,037.7 | 16.2 | 80.4 | 76.2 | 90.5 | 37.1 | 35.1 | 41.7 | 12.9 | 13.6 | 11.5 | 11.5 | 10.3 | 8.6 | 2.8 | 24.0 | 21.5 | 4 | 27 |
| Castrol India | Buy | 379 | 520 | 37 | 187.2 | 2.9 | 6.7 | 7.1 | 7.6 | 13.6 | 14.4 | 15.4 | 27.7 | 26.3 | 24.6 | 17.8 | 17.0 | 15.8 | 30.3 | 117.1 | 199.9 | -7 | -7 |
| Deep Industries | Buy | 210 | 430 | 105 | 6.7 | 0.1 | 0.7 | 0.9 | 1.0 | 23.1 | 27.5 | 32.4 | 9.1 | 7.6 | 6.5 | 5.7 | 5.3 | 4.4 | 1.5 | 21.1 | 19.1 | -24 | 18 |
| GAIL India | Buy | 373 | 445 | 19 | 630.0 | 9.8 | 38.0 | 53.3 | 57.4 | 22.5 | 31.6 | 33.9 | 16.6 | 11.8 | 11.0 | 10.1 | 6.9 | 6.3 | 1.7 | 14.3 | 18.5 | 5 | 33 |
| Gujarat Gas | Buy | 764 | 810 | 6 | 105.2 | 1.6 | 2.6 | 4.3 | 5.5 | 18.8 | 31.0 | 40.0 | 40.6 | 24.7 | 19.1 | 14.2 | 10.7 | 8.8 | 4.0 | 17.3 | 17.7 | 3 | 24 |
| Gujarat State Petronet | Hold | 184 | 165 | (10) | 103.7 | 1.6 | 6.3 | 6.8 | 7.0 | 11.2 | 12.1 | 12.5 | 16.5 | 15.2 | 14.8 | 9.0 | 8.0 | 7.4 | 2.0 | 14.2 | 18.2 | 11 | 32 |
| Gulf Oil Lubricants | Hold | 819 | 786 | (4) | 40.7 | 0.6 | 1.2 | 1.3 | 1.4 | 24.4 | 26.5 | 29.1 | 33.5 | 30.9 | 28.2 | 21.9 | 20.5 | 18.2 | 9.4 | 33.5 | 36.8 | 3 | 21 |
| HPCL | Buy | 439 | 485 | 11 | 668.3 | 10.4 | 62.1 | 57.7 | 62.0 | 40.7 | 37.9 | 40.7 | 10.8 | 11.6 | 10.8 | 7.8 | 7.3 | 6.5 | 2.8 | 25.9 | 20.8 | 13 | 65 |
| Indian Oil Corp | Buy | 419 | 460 | 10 | 2,036.8 | 31.8 | 254.5 | 201.9 | 218.2 | 52.4 | 41.6 | 44.9 | 8.0 | 10.1 | 9.3 | 6.6 | 7.1 | 6.4 | 2.0 | 20.4 | 21.3 | 12 | 56 |
| Indraprastha Gas | Buy | 1,296 | 1,205 | (7) | 181.4 | 2.8 | 5.7 | 6.2 | 6.9 | 40.8 | 44.5 | 49.1 | 31.8 | 29.1 | 26.4 | 18.2 | 16.5 | 14.7 | 5.3 | 19.7 | 27.8 | 15 | 92 |
| Mahanagar Gas | Sell | 1,033 | 780 | (24) | 102.0 | 1.6 | 3.9 | 4.6 | 4.8 | 39.8 | 47.0 | 49.1 | 25.9 | 22.0 | 21.0 | 15.5 | 13.6 | 12.8 | 5.3 | 24.7 | 28.6 | 5 | 95 |
| Oil India | Hold | 280 | 326 | 16 | 211.9 | 3.3 | 24.5 | 28.6 | 30.9 | 32.4 | 37.8 | 40.9 | 8.6 | 7.4 | 6.9 | 6.3 | 5.4 | 4.9 | 0.8 | 11.7 | 12.7 | 4 | 1 |
| ONGC | Buy | 162 | 200 | 24 | 2,075.1 | 32.4 | 196.1 | 241.3 | 285.6 | 15.3 | 18.8 | 22.3 | 10.6 | 8.6 | 7.3 | 5.6 | 4.5 | 3.7 | 0.9 | 10.4 | 12.1 | 2 | 4 |
| Petronet LNG | Hold | 217 | 191 | (12) | 326.1 | 5.1 | 17.1 | 17.5 | 19.2 | 11.4 | 11.7 | 12.8 | 19.1 | 18.6 | 17.0 | 13.0 | 12.3 | 11.2 | 3.5 | 20.1 | 24.2 | 3 | 38 |
| Reliance Industries | Hold | 1,573 | 1,510 | (4) | 5,115.4 | 79.8 | 298.3 | 305.8 | 363.3 | 100.8 | 103.3 | 122.8 | 15.6 | 15.2 | 12.8 | 14.5 | 12.0 | 9.9 | 1.5 | 10.8 | 8.6 | 3 | 52 |
| PHARMA | | | | | | | | | | | | | | | | | | | | | | | |
| Alembic Pharma | Buy | 521 | 630 | 21 | 98.2 | 1.5 | 4.0 | 4.4 | 5.9 | 21.4 | 23.5 | 31.1 | 24.3 | 22.2 | 16.7 | 15.8 | 15.1 | 11.4 | 4.4 | 21.4 | 25.0 | 4 | -19 |
| Cadila Healthcare | Hold | 485 | 515 | 6 | 496.6 | 7.7 | 13.6 | 20.0 | 23.8 | 13.3 | 19.6 | 23.3 | 36.5 | 24.8 | 20.8 | 27.8 | 18.5 | 15.4 | 5.9 | 25.9 | 20.4 | 8 | 31 |
| Cipla | Buy | 570 | 640 | 12 | 458.7 | 7.2 | 10.3 | 17.2 | 22.6 | 12.8 | 21.4 | 28.1 | 44.4 | 26.7 | 20.3 | 19.6 | 15.8 | 11.9 | 3.3 | 12.9 | 12.8 | 4 | 10 |
| Dr Reddy's Lab | Hold | 2,002 | 2,700 | 35 | 331.9 | 5.2 | 12.0 | 14.6 | 22.2 | 72.6 | 88.3 | 134.1 | 27.6 | 22.7 | 14.9 | 15.1 | 12.0 | 8.3 | 2.5 | 11.3 | 11.4 | -26 | -34 |
| Lupin | Buy | 967 | 1,160 | 20 | 436.8 | 6.8 | 25.6 | 21.2 | 29.0 | 56.7 | 46.9 | 64.2 | 17.1 | 20.6 | 15.1 | 11.3 | 12.7 | 9.6 | 2.9 | 14.8 | 14.0 | -15 | -39 |
| Natco | Buy | 738 | 1,080 | 46 | 128.7 | 2.0 | 4.8 | 4.3 | 5.5 | 28.2 | 24.5 | 31.8 | 26.2 | 30.2 | 23.2 | 19.1 | 21.2 | 16.4 | 6.8 | 24.0 | 28.1 | -26 | 17 |
| Torrent Pharma | Hold | 1,220 | 1,300 | 7 | 206.5 | 3.2 | 9.3 | 9.5 | 11.0 | 55.2 | 56.3 | 65.1 | 22.1 | 21.7 | 18.7 | 15.4 | 14.6 | 12.6 | 4.1 | 20.3 | 21.3 | 6 | -18 |
| UTILITIES & INFRA | | | | | | | | | | | | | | | | | | | | | | | |
| Ashoka Buildcon | Buy | 188 | 251 | 33 | 35.2 | 0.5 | -0.1 | 0.4 | 0.7 | -0.5 | 1.9 | 3.7 | -366.8 | 97.0 | 51.0 | 9.0 | 7.4 | 6.8 | 2.0 | 2.1 | 12.3 | -1 | 22 |
| CESC | Hold | 941 | 930 | (1) | 124.8 | 1.9 | 8.1 | 9.2 | 10.7 | 60.8 | 68.8 | 80.0 | 15.5 | 13.7 | 11.8 | 8.8 | 7.4 | 6.5 | 1.5 | 11.8 | 10.5 | 4 | 47 |
| Coal India | Buy | 238 | 310 | 30 | 1,478.3 | 23.1 | 92.7 | 106.0 | 134.7 | 14.9 | 17.1 | 21.7 | 16.0 | 13.9 | 11.0 | 9.8 | 8.2 | 6.0 | 6.6 | 44.8 | 58.5 | 5 | -30 |
| Dilip Buildcon | Buy | 524 | 641 | 22 | 71.6 | 1.1 | 3.6 | 4.3 | 5.4 | 26.4 | 31.3 | 39.2 | 19.8 | 16.7 | 13.4 | 9.7 | 8.1 | 6.6 | 3.1 | 20.6 | 19.5 | 4 | 114 |
| Gayatri Projects | Hold | 161 | 176 | 10 | 28.6 | 0.4 | 0.9 | 1.8 | 2.5 | 5.1 | 10.4 | 14.3 | 31.8 | 15.5 | 11.3 | 14.7 | 9.0 | 7.3 | 2.6 | 18.3 | 15.9 | -7 | 17 |
| IRB Infra | Buy | 209 | 250 | 19 | 73.4 | 1.1 | 7.2 | 9.1 | 9.6 | 20.4 | 25.8 | 27.3 | 10.3 | 8.1 | 7.6 | 6.3 | 6.7 | 5.4 | 1.2 | 15.7 | 12.4 | 5 | 1 |
| JSW Energy | Hold | 64 | 67 | 5 | 105.3 | 1.6 | 6.3 | 10.4 | 10.6 | 3.8 | 6.3 | 6.5 | 16.7 | 10.2 | 9.9 | 7.5 | 6.1 | 5.9 | 1.1 | 10.4 | 12.2 | 1 | -20 |
| KNR Constructions Ltd. | Hold | 220 | 218 | (1) | 30.9 | 0.5 | 1.7 | 1.7 | 1.6 | 12.0 | 12.3 | 11.5 | 18.4 | 17.9 | 19.1 | 13.9 | 11.9 | 10.8 | 2.9 | 17.8 | 20.6 | 2 | 77 |
| NCC Ltd. | Buy | 86 | 100 | 16 | 47.9 | 0.7 | 2.8 | 3.1 | 3.2 | 5.0 | 5.6 | 5.8 | 17.4 | 15.4 | 15.0 | 9.1 | 8.2 | 7.5 | 1.2 | 8.5 | 15.0 | 8 | 11 |
| NTPC | Buy | 172 | 192 | 12 | 1,416.2 | 22.1 | 98.3 | 107.7 | 138.1 | 11.9 | 13.1 | 16.8 | 14.4 | 13.1 | 10.3 | 11.6 | 11.0 | 9.1 | 1.4 | 10.9 | 8.4 | 3 | 7 |
| Power Grid | Buy | 223 | 237 | 6 | 1,165.3 | 18.2 | 76.2 | 90.8 | 104.8 | 14.6 | 17.4 | 20.0 | 15.3 | 12.8 | 11.1 | 10.5 | 9.2 | 8.4 | 2.1 | 17.2 | 10.0 | 4 | 25 |
| PTC India | Buy | 113 | 130 | 15 | 33.5 | 0.5 | 1.9 | 2.2 | 2.4 | 6.5 | 7.3 | 8.0 | 17.4 | 15.5 | 14.2 | 8.5 | 13.8 | 12.7 | 1.1 | 7.0 | 10.1 | 2 | 46 |
| Sadbhav Engg. | Buy | 274 | 343 | 25 | 47.0 | 0.7 | 1.9 | 1.9 | 2.0 | 11.0 | 11.1 | 11.8 | 25.0 | 24.7 | 23.3 | 17.4 | 14.2 | 11.6 | 2.6 | 10.9 | 10.9 | 5 | 2 |
| Sadbhav Infra | Buy | 102 | 122 | 19 | 36.1 | 0.6 | -3.5 | -1.9 | -0.1 | -10.0 | -5.3 | -0.4 | -10.2 | -19.3 | -266.4 | 15.5 | 11.9 | 10.2 | -31.4 | 860.2 | 8.8 | 4 | 6 |
| Tata Power | Hold | 80 | 86 | 8 | 215.2 | 3.4 | 3.0 | 16.0 | 17.3 | 1.1 | 5.9 | 6.4 | 72.4 | 13.4 | 12.4 | 11.1 | 6.6 | 6.4 | 1.5 | 11.6 | 11.4 | 4 | 6 |
| MidCaps - Other | | | | | | | | | | | | | | | | | | | | | | | |
| APL Apollo Tubes | Buy | 1,526 | 1,693 | 11 | 36.0 | 0.6 | 1.5 | 2.1 | 2.9 | 61.8 | 87.2 | 120.9 | 24.7 | 17.5 | 12.6 | 12.9 | 9.9 | 7.7 | 4.1 | 25.7 | 25.6 | 4 | 63 |
| Deepak Nitrite | Buy | 150 | 210 | 40 | 19.6 | 0.3 | 0.4 | 0.6 | 2.1 | 3.3 | 4.7 | 16.1 | 44.8 | 31.6 | 9.3 | 18.6 | 14.1 | 6.0 | 2.5 | 8.3 | 10.2 | -12 | 48 |
| ICRA | Buy | 3,913 | 4,935 | 26 | 38.8 | 0.6 | 0.7 | 0.9 | 1.3 | 75.2 | 90.8 | 130.8 | 52.0 | 43.1 | 29.9 | 34.8 | 29.8 | 19.8 | 7.0 | 17.1 | 26.6 | -2 | 8 |
| Indian Hume Pipe | Buy | 519 | 647 | 25 | 25.2 | 0.4 | 1.0 | 1.3 | 1.7 | 20.4 | 27.2 | 34.2 | 25.5 | 19.1 | 15.2 | 13.2 | 11.2 | 9.3 | 4.9 | 28.9 | 33.2 | -2 | 98 |
| Raymond | Buy | 731 | 850 | 16 | 44.9 | 0.7 | 0.4 | 1.2 | 2.3 | 7.3 | 20.3 | 38.2 | 100.7 | 36.0 | 19.1 | 20.2 | 12.5 | 9.0 | 2.5 | 7.2 | 10.4 | 8 | 73 |

Valuation Guide

| Company | Reco | CMP (INR) | TP (INR) | Return (%) | M.Cap (INRbn) | M.Cap (USDbn) | Net profit (INRbn) | | | ABVS (INR) | | | P/AdjBV (x) | | | NNPA Ratio (%) | | | P/E (x) FY18 | RoE (%) FY18 | RoA (%) FY18 | Absolute (%) | |
|----------------------------|------|-----------|----------|------------|---------------|---------------|--------------------|-------|-------|------------|-------|-------|-------------|------|------|----------------|------|------|--------------|--------------|--------------|--------------|-----|
| | | | | | | | FY17 | FY18 | FY19 | FY17 | FY18 | FY19 | FY17 | FY18 | FY19 | FY17 | FY18 | FY19 | | | | 1m | 12m |
| FINANCIALS | | | | | | | | | | | | | | | | | | | | | | | |
| Axis Bank | Hold | 492 | 520 | 6 | 1,178.8 | 18.4 | 36.8 | 57.9 | 90.1 | 204.3 | 220.8 | 252.5 | 2.4 | 2.2 | 1.9 | 2.3 | 2.1 | 1.7 | 20.4 | 10.0 | 0.9 | 4 | -17 |
| Bank of Baroda | Hold | 142 | 175 | 23 | 327.8 | 5.1 | 18.3 | 36.7 | 43.7 | 102.6 | 122.3 | 148.2 | 1.4 | 1.2 | 1.0 | 5.3 | 4.1 | 2.7 | 90 | 8.6 | 0.5 | -14 | 5 |
| Bank of India | Hold | 145 | 140 | (3) | 155.4 | 2.4 | 4.8 | 7.7 | 13.2 | 95.8 | 123.7 | 172.2 | 1.5 | 1.2 | 0.8 | 6.9 | 5.7 | 3.9 | 18.1 | 2.3 | 0.1 | -1 | 27 |
| Canara Bank | Buy | 330 | 325 | (1) | 197.3 | 3.1 | 15.1 | 24.5 | 36.9 | 223.0 | 293.1 | 369.6 | 1.5 | 1.1 | 0.9 | 6.3 | 5.2 | 4.4 | 7.3 | 7.2 | 0.4 | -10 | 33 |
| City Union Bank | Buy | 156 | 165 | 5 | 103.2 | 1.6 | 5.0 | 5.7 | 6.5 | 54.1 | 61.4 | 70.6 | 2.9 | 2.5 | 2.2 | 1.9 | 2.1 | 1.9 | 16.5 | 14.9 | 1.5 | 9 | 34 |
| DCB Bank | Buy | 181 | 195 | 8 | 55.7 | 0.9 | 2.0 | 2.2 | 3.0 | 71.9 | 79.3 | 89.6 | 2.5 | 2.3 | 2.0 | 1.4 | 1.1 | 0.8 | 23.8 | 9.4 | 0.8 | -10 | 60 |
| Federal Bank | Buy | 109 | 145 | 34 | 211.6 | 3.3 | 8.3 | 10.5 | 13.6 | 45.7 | 55.9 | 62.0 | 2.4 | 1.9 | 1.8 | 1.3 | 0.8 | 0.7 | 18.5 | 10.4 | 0.8 | 6 | 71 |
| HDFC Bank | Buy | 1,757 | 1,660 | (6) | 4,525.0 | 70.6 | 145.7 | 179.2 | 219.4 | 313.2 | 368.8 | 436.2 | 5.6 | 4.8 | 4.0 | 0.3 | 0.1 | 0.1 | 24.8 | 19.7 | 1.9 | 5 | 43 |
| ICICI Bank | Buy | 292 | 330 | 13 | 1,871.6 | 29.2 | 103.8 | 109.6 | 125.4 | 138.6 | 147.5 | 164.9 | 2.1 | 2.0 | 1.8 | 4.5 | 4.6 | 3.7 | 15.5 | 11.0 | 1.3 | 2 | 31 |
| IndusInd Bank | Buy | 1,625 | 1,675 | 3 | 972.6 | 15.2 | 28.7 | 37.5 | 50.3 | 333.8 | 375.5 | 446.9 | 4.9 | 4.3 | 3.6 | 0.4 | 0.4 | 0.4 | 25.9 | 17.4 | 1.9 | 3 | 38 |
| J&K Bank | Buy | 75 | 80 | 6 | 41.9 | 0.7 | 8.9 | 4.0 | 7.1 | 80.2 | 93.3 | 109.0 | 0.9 | 0.8 | 0.7 | 5.0 | 3.5 | 2.6 | 92 | 6.9 | 0.4 | -11 | 12 |
| Karur Vysya Bank | Buy | 136 | 175 | 29 | 81.9 | 1.3 | 6.1 | 7.1 | 9.5 | 70.5 | 80.7 | 96.0 | 1.9 | 1.7 | 1.4 | 2.5 | 2.0 | 1.4 | 11.6 | 13.4 | 1.1 | -1 | 40 |
| Kotak Mahindra Bank | Buy | 983 | 1,000 | 2 | 1,870.4 | 29.2 | 34.1 | 1.0 | 56.6 | 138.3 | 157.4 | 186.0 | 7.1 | 6.2 | 5.3 | 1.1 | 1.0 | 0.9 | 26.6 | 14.2 | 1.8 | 1 | 29 |
| IT Finance Holding | Buy | 172 | 160 | (7) | 313.7 | 4.9 | 10.4 | 14.1 | 19.0 | 34.1 | 45.0 | 53.8 | 5.1 | 3.8 | 3.2 | 2.7 | 2.2 | 1.6 | 24.2 | 14.6 | 1.6 | 15 | 91 |
| Lakshmi Vilas Bank | Buy | 171 | 251 | 47 | 32.8 | 0.5 | 2.6 | 3.0 | 4.0 | 81.7 | 101.6 | 118.7 | 2.1 | 1.7 | 1.4 | 1.8 | 1.3 | 1.0 | 10.8 | 14.5 | 0.8 | -15 | 19 |
| Punjab National Bank | Hold | 143 | 150 | 4 | 304.7 | 4.8 | 14.6 | 21.4 | 31.7 | 67.9 | 90.7 | 125.6 | 2.1 | 1.6 | 1.1 | 8.6 | 6.7 | 4.6 | 14.2 | 5.0 | 0.3 | -7 | 17 |
| State Bank of India | Buy | 278 | 325 | 17 | 2,401.4 | 37.4 | -3.9 | 73.0 | 132.2 | 170.2 | 159.7 | 182.5 | 1.6 | 1.7 | 1.5 | 5.2 | 5.7 | 4.6 | 31.7 | 3.7 | 0.2 | 5 | 14 |
| South Indian Bank | Buy | 27 | 28 | 1 | 49.1 | 0.8 | 3.9 | 4.5 | 6.1 | 23.3 | 23.9 | 26.6 | 1.2 | 1.1 | 1.0 | 1.9 | 1.6 | 1.1 | 10.8 | 9.4 | 0.6 | 5 | 41 |
| Union Bank of India | Hold | 128 | 150 | 17 | 88.2 | 1.4 | 6.7 | 18.6 | 27.3 | 104.9 | 110.5 | 153.8 | 1.2 | 1.2 | 0.8 | 6.9 | 6.6 | 5.4 | 5.1 | 8.4 | 0.4 | -17 | -1 |
| YES Bank | Buy | 1,779 | 1,660 | (7) | 814.0 | 12.7 | 33.3 | 44.4 | 56.7 | 466.2 | 531.7 | 636.1 | 3.8 | 3.3 | 2.8 | 0.8 | 0.6 | 0.5 | 18.3 | 18.8 | 1.8 | 14 | 38 |
| NBFCs | | | | | | | | | | | | | | | | | | | | | | | |
| Bajaj Finance | Hold | 1,711 | 1,535 | (10) | 940.7 | 14.7 | 18.3 | 25.1 | 33.0 | 175.6 | 282.2 | 331.6 | 9.7 | 6.1 | 5.2 | 0.3 | 0.3 | 0.3 | 39.2 | 19.4 | 3.8 | 14 | 68 |
| Bharat Financial Inclusion | Buy | 803 | 925 | 15 | 110.8 | 1.7 | 2.9 | 5.0 | 6.9 | 205.7 | 242.5 | 292.7 | 3.9 | 3.3 | 2.7 | 2.7 | 0.6 | 0.2 | 22.2 | 18.4 | 4.5 | 1 | -1 |
| Cholamandlam Invst & Fin | Hold | 1,151 | 1,314 | 14 | 179.9 | 2.8 | 7.2 | 8.8 | 11.0 | 247.3 | 286.4 | 335.0 | 4.7 | 4.0 | 3.4 | 2.4 | 2.4 | 2.4 | 20.5 | 18.8 | 2.3 | 0 | 5 |
| Equitas Holding | Hold | 156 | 171 | 10 | 52.8 | 0.8 | 1.7 | 1.2 | 1.9 | 62.9 | 67.7 | 72.6 | 2.5 | 2.3 | 2.1 | 1.5 | 0.8 | 0.8 | 44.8 | 5.1 | 1.1 | 8 | -11 |
| Gruh Finance | Hold | 464 | 448 | (3) | 169.3 | 2.6 | 3.0 | 3.7 | 4.5 | 30.5 | 37.0 | 45.1 | 15.2 | 12.5 | 10.3 | 0.0 | 0.1 | 0.1 | 46.2 | 29.7 | 2.5 | -7 | 50 |
| HDFC | Buy | 1,714 | 1,808 | 5 | 2,730.1 | 42.6 | 74.4 | 85.0 | 98.5 | 249.6 | 282.0 | 322.9 | 6.9 | 6.1 | 5.3 | 0.5 | 0.4 | 0.4 | 32.1 | 18.6 | 2.5 | 4 | 24 |
| LIC Housing Finance | Sell | 657 | 688 | 5 | 331.7 | 5.2 | 19.3 | 23.2 | 26.5 | 219.4 | 256.2 | 298.3 | 3.0 | 2.6 | 2.2 | 0.1 | 0.2 | 0.2 | 14.3 | 19.3 | 1.5 | -11 | 18 |
| Manappuram | Buy | 89 | 141 | 59 | 74.6 | 1.2 | 7.3 | 8.2 | 9.1 | 38.5 | 45.7 | 53.6 | 2.3 | 1.9 | 1.7 | 0.4 | 0.4 | 0.4 | 9.1 | 22.6 | 5.8 | -12 | 3 |
| M&M Finance | Hold | 425 | 410 | (4) | 241.8 | 3.8 | 4.0 | 10.2 | 13.4 | 86.3 | 111.3 | 126.4 | 4.9 | 3.8 | 3.4 | 3.6 | 4.5 | 4.0 | 25.4 | 13.2 | 2.1 | 14 | 30 |
| Muthoot Finance | Buy | 454 | 701 | 54 | 181.3 | 2.8 | 11.8 | 14.4 | 16.4 | 153.4 | 180.4 | 210.4 | 3.0 | 2.5 | 2.2 | 1.4 | 1.3 | 1.2 | 12.6 | 20.4 | 5.0 | 4 | 23 |
| PNB Hsg. Fin. | Sell | 1,509 | 1,464 | (3) | 251.4 | 3.9 | 5.2 | 7.6 | 10.1 | 336.7 | 382.7 | 443.7 | 4.5 | 3.9 | 3.4 | 0.2 | 0.3 | 0.3 | 32.8 | 12.8 | 1.6 | -1 | |
| Power Finance Corp | Sell | 119 | 138 | 16 | 314.2 | 4.9 | 21.3 | 71.2 | 60.3 | 42.1 | 132.7 | 148.8 | 2.8 | 0.9 | 0.8 | 10.6 | 2.5 | 2.2 | 4.4 | 18.3 | 2.7 | 4 | 7 |
| PTC Financial | Hold | 37 | 44 | 19 | 23.8 | 0.4 | 3.6 | 4.0 | 4.8 | 37.7 | 42.2 | 47.7 | 1.0 | 0.9 | 0.8 | 3.8 | 3.6 | 3.5 | 6.1 | 15.8 | 3.3 | -10 | -7 |
| Rural Electrification Corp | Hold | 167 | 280 | 68 | 329.5 | 5.1 | 62.5 | 67.1 | 71.9 | 157.7 | 182.6 | 208.9 | 1.1 | 0.9 | 0.8 | 1.1 | 0.9 | 0.7 | 4.9 | 18.8 | 3.1 | 9 | 47 |
| RepcO Home Finance | Hold | 668 | 778 | 16 | 41.8 | 0.7 | 1.8 | 2.0 | 2.6 | 181.8 | 208.2 | 243.0 | 3.7 | 3.2 | 2.7 | 1.3 | 1.3 | 1.0 | 20.9 | 16.4 | 2.0 | -16 | -19 |
| Shriram City Union | Hold | 2,102 | 2,458 | 17 | 138.6 | 2.2 | 5.6 | 7.6 | 10.8 | 700.4 | 716.2 | 827.3 | 3.0 | 2.9 | 2.5 | 1.8 | 3.5 | 3.5 | 18.1 | 14.3 | 2.9 | -7 | -3 |
| Shriram Transport | Buy | 973 | 1,253 | 29 | 220.8 | 3.4 | 12.6 | 15.1 | 20.7 | 499.0 | 548.2 | 621.9 | 2.0 | 1.8 | 1.6 | 2.7 | 2.8 | 2.8 | 14.6 | 12.7 | 2.3 | 6 | -25 |
| Ujjivan Financial | Buy | 315 | 372 | 18 | 37.7 | 0.6 | 2.1 | 0.1 | 2.0 | 146.9 | 146.8 | 162.6 | 2.1 | 2.1 | 1.9 | 0.0 | 0.3 | 0.4 | 252.2 | 0.8 | 0.1 | 9 | -30 |
| Insurance | | | | | | | | | | | | | | | | | | | | | | | |
| ICICI Pru Life | Buy | 433 | 460 | 6 | 621.6 | 9.7 | 17.3 | 18.0 | 19.9 | NA | NA | NA | NA | NA | NA | NA | NA | NA | 34.4 | 0.3 | 0.0 | -11 | |

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