

Budget 2017 -18



Anxiety gives way to relief

Research Team (Gautam.Duggad@MotilalOswal.com)

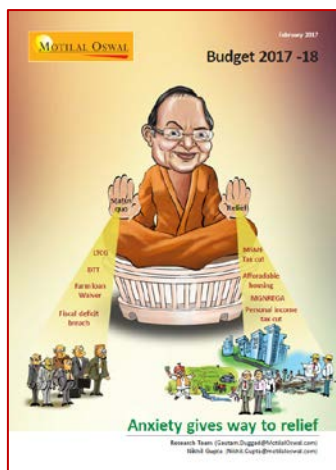
Nikhil Gupta (Nikhil.Gupta@motilaloswal.com)

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Union Budget 2017-18: Realistic numbers add credibility

Achieving maximum impact at minimum cost

- The government pegs FY18 fiscal deficit target at 3.2% of GDP, lower than 3.5% for FY17, but slightly higher than the self-committed target of 3% of GDP. Since primary deficit and debt-to-GDP ratio are likely to narrow next year, we do not find a breach in the deficit target concerning.
- It is notable that the government has budgeted realistic to conservative growth in tax collection and avoided inclusion of any windfall receipts from the potential extinguishment of RBI's liabilities due to demonetization, which lends credibility to its receipts estimates. The disinvestment target of INR725b, however, still looks ambitious.
- It was heartening to see the government resisting calls for populist measures. Total spending is budgeted to grow at 6.6%, implying that spending will fall to 12.7% of GDP, marking the lowest level since mid-1970s. Further, with the share of capital spending rising to a decade high of 14.4%, the spending quality is also good.
- Overall, we believe that the government has tried to make the maximum impact at minimum cost by providing relief to the low-income individual tax payers and reducing corporate tax for small companies – the most affected sections of the society. The government has kept inflationary bias at bay and its realistic math adds to its credibility.
- We also believe that a credible and economy-sensitive Budget opens the room for the RBI to deliver a rate cut next month.

Market strategy

The FY18 Union Budget was presented at a time of mounting uncertainties on both the global and domestic fronts. With demonetization temporarily disrupting the business environment and moderating economic growth, the market was expecting the government to respond with a dose of populism (cut in tax rates, rural packages, rise in tax deduction limits, etc.) in the budget. At the same time, anxiety was high around factors like LTCG and service tax hike. Against this backdrop, we believe the finance minister (FM) in his third budget has managed to achieve a fine balance without deviating from the fiscal prudence path. As expected, the budget had measures to clamp down on black money (ban on cash transactions beyond INR3 lakh) and promote digitization. The FM provided relief to the low-income individual taxpayers and reduced corporate tax for small companies – the segments most impacted by demonetization, in our view. Given the context of muted private capex investment cycle, the onus of driving investment rests on the government. Thus, the FM is budgeting for another year of double-digit (10.7%) capex growth in FY18, with higher allocation toward Roads, Railways, Rural Housing, Affordable Housing, Agriculture, Social sector, etc. Despite this, the government has pegged total spending growth at 6.6% for FY18 – the lowest in the last 12 years. This is achieved by containing revenue expenditure and keeping inflationary forces at bay. This, we believe, opens the window for one more rate cut by the RBI.

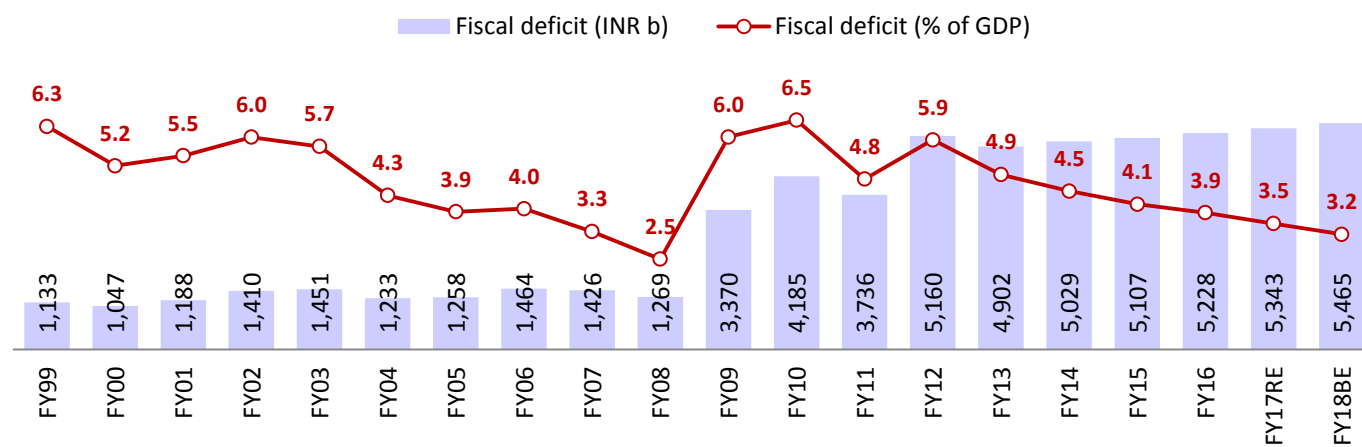
Top ideas: ICICI Bank, SBI, IOC, Tata Motors, ITC. Stocks to play the Housing and Infra focus are L&T, UltraTech and Repco Finance. We remain Underweight on Tech, Healthcare and Consumer Staples.

Overall, we find the 2017-18 Union Budget extremely credible and high in quality, which is, delightfully, unaffected by upcoming state elections.

3% deficit target postponed yet again by one year...

The government pegs FY18 fiscal deficit at 3.2% of GDP, deviating from its self-committed target of 3% (*Exhibit 1*). Importantly, not only has the government boldly avoided resorting to any populist measures, keeping inflationary bias at bay, realistic budget math also adds to its credibility (barring an ambitious disinvestment target, as always). Moreover, the government has also managed to meet the honest taxpayers' expectations by tweaking tax structure, marginally. Overall, we find the 2017-18 Union Budget extremely credible and high in quality, which is, delightfully, unaffected by upcoming state elections. This gives us confidence that the central government is unlikely to take unreasonable steps to boost short-term growth.

Exhibit 1: Trends in fiscal deficit in the past two decades

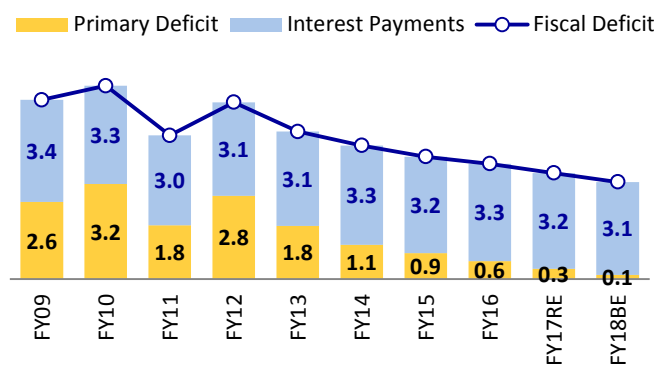


Source: Government, MOSL

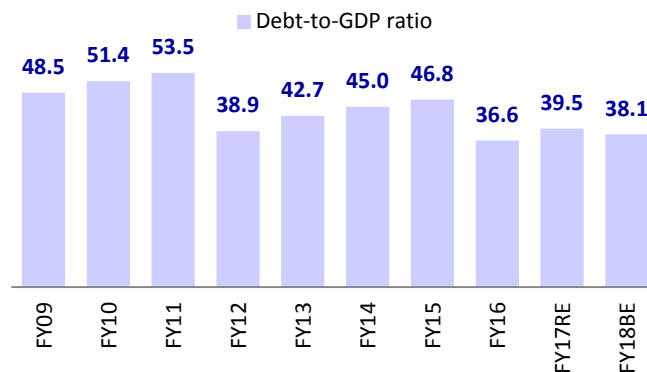


...but, we do not find this particularly concerning

- It is also important to note that though the deficit target is higher than the committed 3% target (**which we expected the government to honor**), we do not find this particularly concerning because of three key reasons.
- First, it will be the lowest deficit in a decade and second-lowest in the post-liberalized Indian economy since the 1990s.
- Second, primary deficit (fiscal deficit excluding interest payments) is estimated to narrow further from 0.3% of GDP in FY17 to 0.1% of GDP in FY18. Effectively, it implies that the entire fiscal deficit is on account of interest payments (*Exhibit 2*).
- Finally, debt-to-GDP ratio is likely to fall from 39.4% in FY17 to 38.1% in FY18 (*Exhibit 3*).

Exhibit 2: Almost balanced primary deficit targeted for FY18

Source: Government, MOSL

Exhibit 3: Debt-to-GDP ratio anticipated to narrow further

Source: Government, MOSL

Small savings to help reduce market borrowings for FY18

Fiscal deficit for FY18 is pegged at INR5,465t (3.2% of GDP), following revised estimate (RE) of INR5,343t (3.5% of GDP) deficit in FY17 (unchanged from the budget estimates (BE)). More importantly, however, the government has pegged net market borrowings at INR3.5t (2.1% of GDP) for FY18. Notably, for FY17, government net market borrowings were revised down significantly from INR4.41t (2.9% of GDP) to INR3.65t (2.4% of GDP). Consequently, the borrowings target for FY18 is not dramatically different from FY17. Gross borrowings are also unchanged at INR5.8t (*Exhibit 4*).

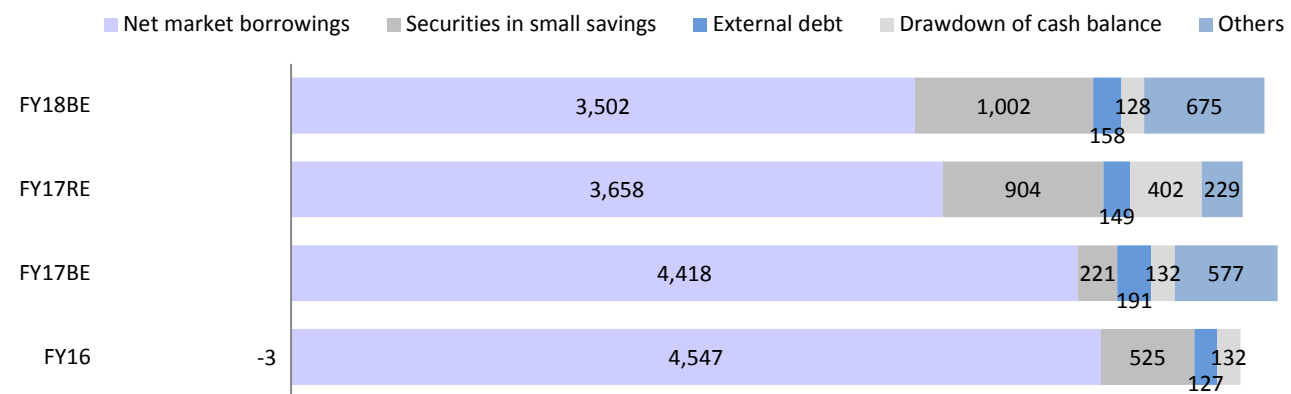
The share of net market borrowings is expected to fall from 85% in FY16 to 64% in FY18

One of the key reasons for lower-than-budgeted net borrowings in FY17 was unprecedented inflows in small savings, which helped to finance the government's fiscal deficit. As *exhibit 5* below shows, small savings financed ~17% of fiscal deficit in FY17 (as per RE), as against BE of 4%. This helped to reduce the need to borrow funds from the market. For FY18 also, the government believes small savings could finance ~18% of fiscal deficit, and thus, the share of net market borrowings is expected to fall from 85% in FY16 to 64% in FY18.

Exhibit 4: Key fiscal indicators from Union Budget 2017-18

| Economic indicators | Unit | FY15 | FY16 | FY17BE | FY17RE | FY18BE |
|-------------------------|----------|---------|---------|---------|---------|---------|
| Gross fiscal deficit | INR b | 5,107 | 5,351 | 5,339 | 5,343 | 5,465 |
| | % of GDP | 4.1 | 3.9 | 3.5 | 3.5 | 3.2 |
| Gross market borrowings | INR b | 5,920 | 5,850 | 6,000 | 5,820 | 5,800 |
| | % of GDP | 4.7 | 4.3 | 3.9 | 3.9 | 3.4 |
| Net market borrowings | INR b | 4,532 | 4,547 | 4,418 | 3,658 | 3,502 |
| | % of GDP | 3.6 | 3.3 | 2.9 | 2.4 | 2.1 |
| Nominal GDP | INR b | 124,882 | 135,761 | 150,695 | 150,754 | 168,475 |
| | % YoY | 10.8 | 8.7 | 11.0 | 11.0 | 11.8 |

Source: Union Budget documents, MOSL

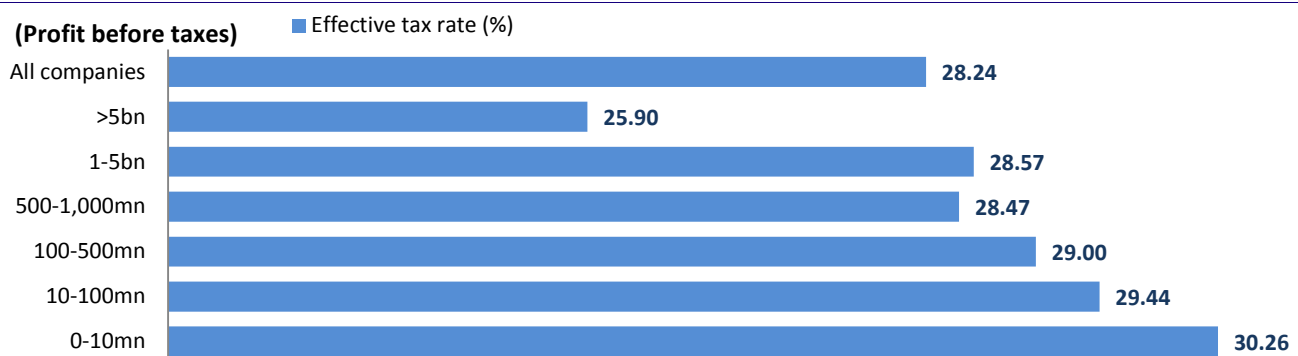
Exhibit 5: Financing of fiscal deficit

Source: Union Budget documents, MOSL

Government provides limited stimulus to the economy

Provides marginal relief to low-income individuals...: In contrast to the market expectation of increasing the income tax slab exemption limit and expanding the tax deduction limit under Section 80C, the government only cut the tax rate for individuals earning between INR250,000 and INR500,000 per annum from 10% to 5%. This only change in individual tax structure, which will benefit low-income individuals paying taxes, is estimated to cost the exchequer INR155b. To finance a portion of this cost, the government has introduced an additional 10% surcharge on individuals earning INR5m-10m per annum (expected to garner INR27b). The existing surcharge of 15% on people earning more than INR10m will continue.

...and significant relief to MSMEs: Though the government resisted any blanket reduction in the corporate tax rate, it announced a reduction for smaller companies (with annual turnover of up to INR500m) by 5 percentage points to 25%. As per the government's data, almost 96% of companies (667,000) filing taxes will benefit. It is expected to cost the exchequer INR72b per annum.

Exhibit 6: Tale of regressive corporate tax structure

Source: Union Budget documents, MOSL

the government has targeted the entire little stimulus to low-income individuals and small companies, which could have been hit the worst due to the disruptions created by demonetization

Government boldly avoids inflationary spending

Finally, it was refreshing to see the government avoiding any populist spending, helping to keep inflationary fears at bay. Although the allocation under MGNREGA was increased to an all-time high of INR480b for FY18, it is only 1% higher than INR475b allocated (revised up from BE of INR385b) in FY17.

Maximum impact at minimum cost

Overall, it is interesting to note that the government has targeted the entire little stimulus to low-income individuals and small companies, which could have been hit the worst due to the disruptions created by demonetization in the past three months.

Exhibit 7: Union Budget 2017-18 in numbers

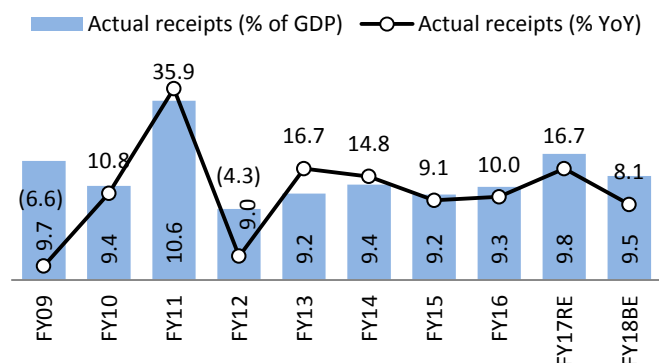
| | FY16A | FY17BE | | FY17RE | | | FY18BE | | |
|---------------------------|----------------|----------------|-------------|----------------|-------------|-------------|----------------|-------------|-------------|
| | INR b | INR b | % of GDP | INR b | % YoY | % of GDP | INR b | % YoY | % of GDP |
| Total Receipts | 12,680 | 14,442 | 9.6 | 14,801 | 16.7 | 9.8 | 16,002 | 8.1 | 9.5 |
| Revenue receipts | 11,950 | 13,770 | 9.1 | 14,236 | 19.1 | 9.4 | 15,158 | 6.5 | 9.0 |
| Gross Taxes | 14,556 | 16,309 | 10.8 | 17,032 | 17.0 | 11.3 | 19,116 | 12.2 | 11.3 |
| Net Taxes | 9,438 | 10,541 | 7.0 | 10,888 | 15.4 | 7.2 | 12,270 | 12.7 | 7.3 |
| Direct taxes | 7,409 | 8,471 | 5.6 | 8,471 | 14.3 | 5.6 | 9,800 | 15.7 | 5.8 |
| Corporation Taxes | 4,532 | 4,939 | 3.3 | 4,939 | 9.0 | 3.3 | 5,387 | 9.1 | 3.2 |
| Income Taxes | 2,876 | 3,532 | 2.3 | 3,532 | 22.8 | 2.3 | 4,413 | 24.9 | 2.6 |
| Indirect taxes | 7,148 | 7,838 | 5.2 | 8,561 | 19.8 | 5.7 | 9,316 | 8.8 | 5.5 |
| Customs | 2,103 | 2,300 | 1.5 | 2,170 | 3.2 | 1.4 | 2,450 | 12.9 | 1.5 |
| Excise Duties | 2,881 | 3,187 | 2.1 | 3,874 | 34.5 | 2.6 | 4,069 | 5.0 | 2.4 |
| Services tax | 2,114 | 2,310 | 1.5 | 2,475 | 17.1 | 1.6 | 2,750 | 11.1 | 1.6 |
| Non-tax revenue | 2,513 | 3,229 | 2.1 | 3,348 | 33.2 | 2.2 | 2,888 | -13.7 | 1.7 |
| Non-debt capital receipts | 730 | 671 | 0.4 | 566 | -22.5 | 0.4 | 844 | 49.2 | 0.5 |
| Divestment | 421 | 565 | 0.4 | 455 | 8.0 | 0.3 | 725 | 59.3 | 0.4 |
| Total Expenditure | 17,908 | 19,781 | 13.1 | 20,144 | 12.5 | 13.4 | 21,467 | 6.6 | 12.7 |
| Total excl. Subsidies | 15,330 | 17,276 | 11.5 | 17,640 | 15.1 | 11.7 | 18,877 | 7.0 | 11.2 |
| Revenue expenditure | 15,378 | 17,310 | 11.5 | 17,346 | 12.8 | 11.5 | 18,369 | 5.9 | 10.9 |
| Interest payments | 4,417 | 4,927 | 3.3 | 4,831 | 9.4 | 3.2 | 5,231 | 8.3 | 3.1 |
| Defense | 1,506 | 1,532 | 1.0 | 1,577 | 4.7 | 1.0 | 1,673 | 6.0 | 1.0 |
| Subsidies | 2,578 | 2,504 | 1.7 | 2,504 | -2.9 | 1.7 | 2,590 | 3.4 | 1.5 |
| Pensions | 968 | 1,234 | 0.8 | 1,282 | 32.4 | 0.9 | 1,312 | 2.4 | 0.8 |
| Pay & allowances* | 1,654 | 1,979 | 1.3 | 1,961 | 18.5 | 1.3 | 2,068 | 5.4 | 1.2 |
| Other | 4,255 | 5,134 | 3.4 | 5,190 | 22.0 | 3.4 | 5,496 | 5.9 | 3.3 |
| Capital expenditure | 2,530 | 2,470 | 1.6 | 2,798 | 10.6 | 1.9 | 3,098 | 10.7 | 1.8 |
| Fiscal Deficit | 5,228 | 5,339 | 3.5 | 5,343 | | 3.5 | 5,465 | | 3.2 |
| Revenue Deficit | 3,427 | 3,540 | 2.3 | 3,110 | | 2.1 | 3,212 | | 1.9 |
| Nominal GDP | 135,761 | 150,651 | | 150,754 | 11.0 | | 168,475 | 11.8 | |

*Include defense pay & allowances also

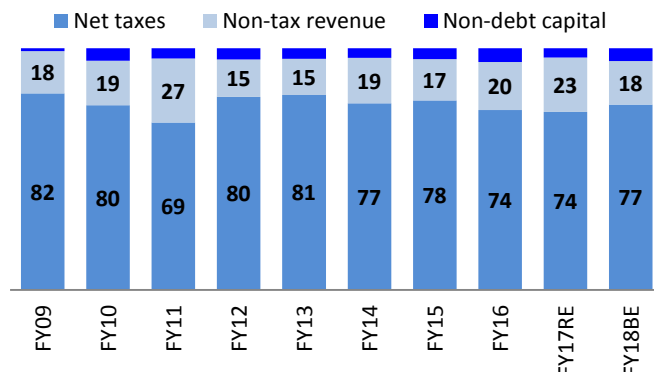
Source: Union Budget documents, MOSL

Realistic-to-conservative receipt estimates

The government expects total actual receipts (excluding debt receipts) to increase from INR14.8t in FY17 (as per RE) to INR16t next year, implying a deceleration in growth from 16.7% in FY17RE to ~8% in FY18 (*Exhibit 8*). The primary reason for lower growth in actual receipts is an expected decline of 13.7% in non-tax revenue receipts, due to which the share of non-tax receipts is expected to fall from 23% this year to 18% in FY18 (*Exhibit 9*).

Exhibit 8: Total actual receipts expected to grow slowly in FY18...

Source: Government, MOSL

Exhibit 9: ...primarily due to a decline in non-tax revenue receipts

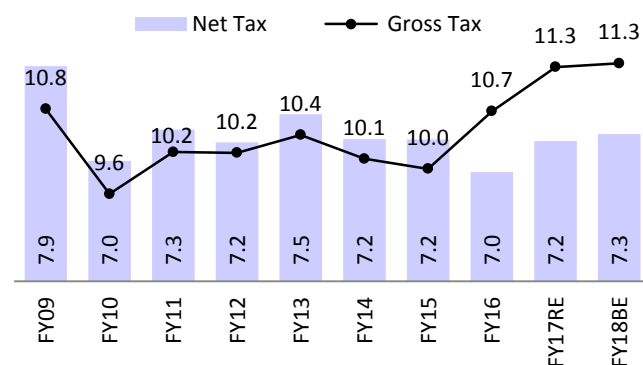
Source: Government, MOSL

Government pegs FY18 (net) tax growth at 12.7%...

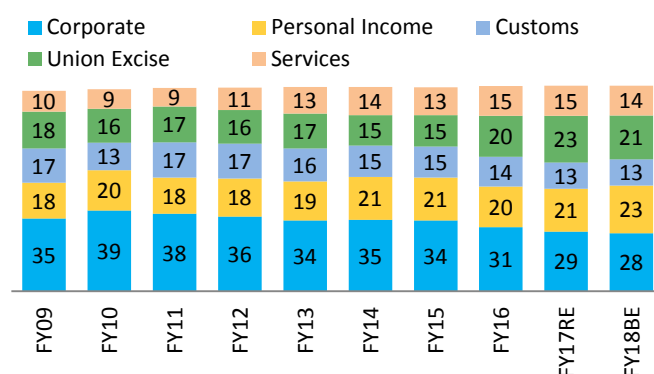
Interestingly, the government seems to have avoided complications by excluding the impact of Goods & Services Tax (GST) on tax collections. After witnessing excellent growth of ~17% for two consecutive years, the government expects gross taxes to grow at a decent 12.2% in FY18. It implies that gross taxes would be stagnant at 11.3% of GDP in FY18 (*Exhibit 10*). After adjusting gross taxes by the devolution to states, net tax receipts rate are expected to grow 12.4% in FY18 (v/s 15.4% in FY17), improving only marginally from 7.2% of GDP to 7.3% next year.

the share of individual taxes will increase from 21% of gross taxes to 23% in FY18, while the share of almost all other taxes will fall marginally

Further details show that direct taxes are expected to grow faster than indirect taxes in FY18, primarily because of ~25% growth estimated in personal income taxes. Consequently, the share of individual taxes will increase from 21% of gross taxes to 23% in FY18, while the share of almost all other taxes will fall marginally (*Exhibit 11*).

Exhibit 10: Tax-to-GDP ratio expected to remain stagnant after rising for two successive years (% of GDP)

Source: Government, MOSL

Exhibit 11: Personal income taxes expected to continue growing (% of gross taxes)

Source: Government, MOSL

...and has ignored any special dividends from RBI...

What is also important to note is that the government appears to have chosen NOT to include any windfall gains arising from the extinguishing of RBI's (Reserve Bank of India) liability due to demonetization. The Budget pegs total collection from 'dividends/surplus of RBI, nationalized banks & financial institutions' to fall marginally from INR762b in FY17 to INR749b in FY18. Further, receipts from

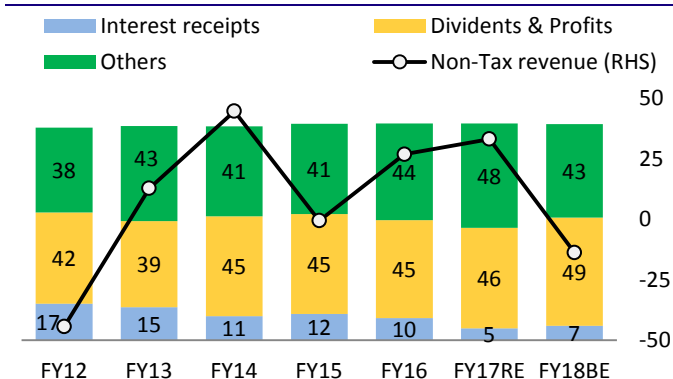
telecommunications are also estimated at INR443b as against INR787b in FY17RE (v/s INR999b FY17BE). Consequently, as we mentioned above, non-tax revenue receipts are expected to decline 13.7% in FY18.

we believe even if the government fails to achieve its FY18 disinvestment target, the shortfall could be made up by better collections elsewhere.

...but disinvestment target still unrealistic and ambitious

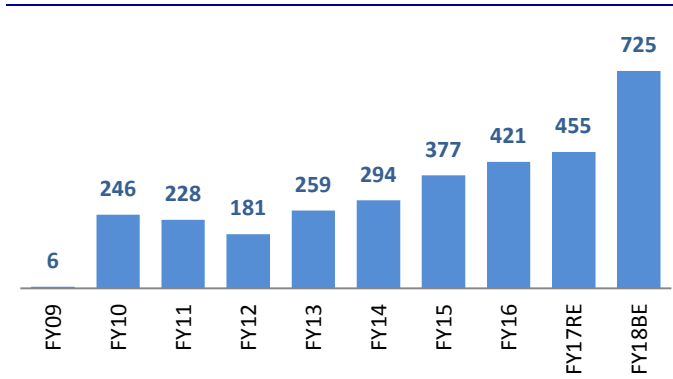
Although the majority of receipts appear to be realistic-to-conservative, the disinvestment target of INR615b (and another INR110b from listing of insurance companies) appears ambitious. Nevertheless, we believe even if the government fails to achieve its FY18 disinvestment target, the shortfall could be made up by better collections elsewhere.

Exhibit 12: Key components of non-tax revenue receipts (% of total non-tax revenue receipts, (% YoY))



Source: Government, MOSL

Exhibit 13: Disinvestment target for FY18BE looks ambitious, as always (INR b)

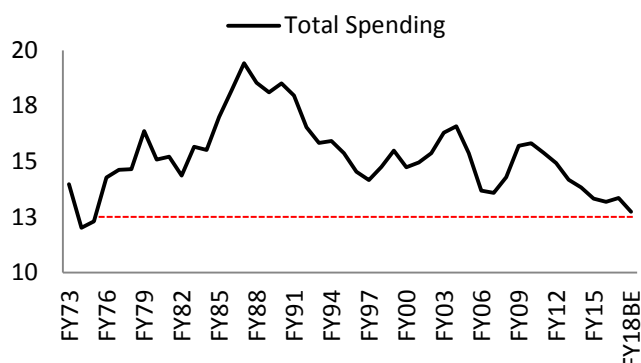


Source: Government, MOSL

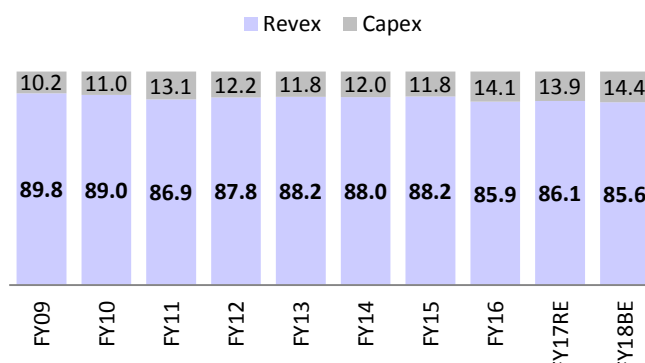
Spending is budgeted to fall from 13.4% of GDP in FY17RE to 12.7% in FY18, the lowest since the mid-1970s

Total spending as percentage of GDP at lowest level since mid-1970s...

The government has pegged a growth of 6.6% in total spending for FY18 – the lowest growth in 12 years. Consequently, spending is budgeted to fall from 13.4% of GDP in FY17RE to 12.7% in FY18, the lowest since the mid-1970s (*Exhibit 14*). Since government consumption expenditure – reflected by revenue expenditure (revex) – is the largest contributor to GDP growth this year, lower spending growth in FY18 might make it difficult for the economy to achieve higher GDP growth next year, unless private sector picks up. It is also important to note that the government increased its capital expenditure (capex) by 10.6% this year (better than FY17BE of 4% growth) and proposes to grow capex similarly next year also. Lower growth in revex implies that the share of capex will increase to 14.4% of total spending – a decadal high (*Exhibit 15*).

Exhibit 14: Total spending set to fall to its lowest level since FY76 (% of GDP)

Source: Government, MOSL

Exhibit 15: Share of revenue and capital pending in total expenditure of government

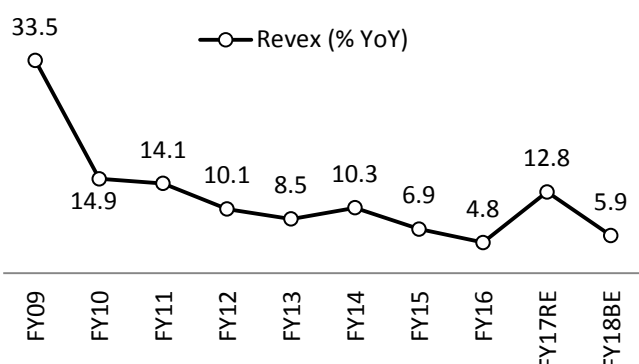
Source: Government, MOSL

Revex is estimated to fall to 10.9% of GDP next year, marking the lowest level in 33 years

...due to limited growth in revenue spending

Since revex accounts for more than 85% of total fiscal spending, it is natural that lower spending growth was attributable to lower growth in revex. The government estimates a growth of only 5.9% in revex as against 12.8% growth in FY17RE. Notably, revex is estimated to fall to 10.9% of GDP next year, marking the lowest level in 33 years. Total outlays excluding subsidies at 11.2% will be the lowest in the past five decades since when we have the series available. A look at various components (*Exhibit 17*) of revex reveals that core revex (excluding interest payments) is proposed to grow ~5% next year, implying that it will fall to 7.8% of GDP in FY18 as against 8.3% this year. Further, pension is expected to grow 2.4% next year, following a growth of 32.4% in FY17 and pay & allowances (including defense) is anticipated to grow 5.4% as against 18.5% this year.

One of the questionable assumptions, however, is the allocation of INR250b on account of petroleum subsidies based on global crude oil price of USD52/barrel for FY18. Our oil analyst believes that oil price could be close to USD60/barrel, implying subsidies of about INR400b.

Exhibit 16: Change in revenue expenditure (revex)

Source: Government, MOSL

Exhibit 17: Key component of revenue expenditure

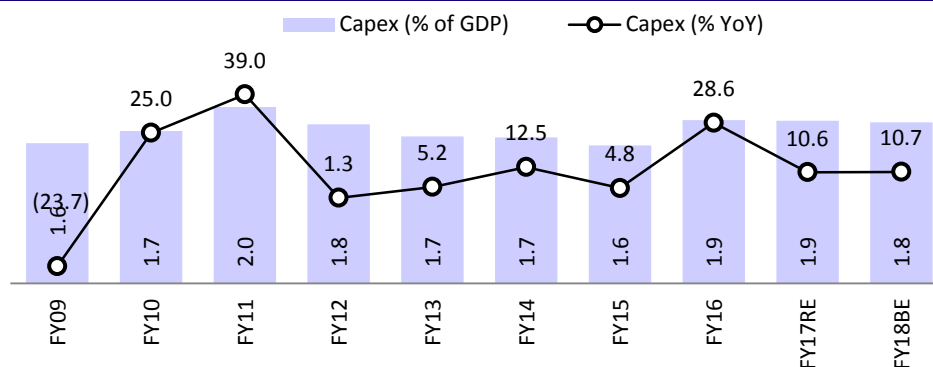
| | FY17RE | FY18BE | |
|----------------------|--------|--------|----------|
| | INR b | INR b | % of GDP |
| Total Expenditure | 20,144 | 21,467 | 12.7 |
| Total excl Subsidies | 17,640 | 18,877 | 11.2 |
| Revenue expenditure | 17,346 | 18,369 | 10.9 |
| Interest payments | 4,831 | 5,231 | 3.1 |
| Defense | 1,577 | 1,673 | 1.0 |
| Subsidies | 2,504 | 2,590 | 1.5 |
| Pensions | 1,282 | 1,312 | 0.8 |
| Pay & allowances | 1,961 | 2,068 | 1.2 |
| Other | 5,190 | 5,496 | 3.3 |
| Capital expenditure | 2,798 | 3,098 | 1.8 |

Source: Government, MOSL

Government provides limited push to infrastructure

Finally, the government has proposed to increase its capex by 10.7% for the second consecutive year in FY18. Importantly, it has revised its capex growth for FY17 from BE of ~4% to RE of 10.6%, and thus, FY18 growth looks good with higher base.

Exhibit 18: Capital expenditure (capex)



Source: Government, MOSL

The fact that total spending as percentage of GDP is at the lowest level since mid-1970s and revex (as % of GDP) is the lowest in 33 years confirms the government's commitment to keep inflationary forces away

Overall, we believe that the government has tried to make the maximum impact at minimum cost. Not only has it resisted the call for increasing the income tax exemption slab and expanding the 80C limit, it has also avoided changing the corporate tax rate for larger companies. However, by giving relief to the low-income individual tax payers and reducing corporate tax for small companies, the government may have helped the most affected sections of the society. Finally, the fact that total spending as percentage of GDP is at the lowest level since mid-1970s and revex (as % of GDP) is the lowest in 33 years confirms the government's commitment to keep inflationary forces away. This, we believe, opens the room for the RBI to deliver a rate cut next week.

Sectoral Impact

Exhibit 19: Budget 2017 has been largely non-event for most of the sectors

| Sector | Key Highlights | Impact | Page No. |
|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|
| Automobiles | Reduction in income tax rate for assesses having income between ~INR250k-500k | Positive | 13 |
| | Higher allocation to Agri/rural will benefit 2Ws & PVs, while higher infra allocation will benefit tipper (CV) demand | | |
| Aviation | Exemption of service tax under promotion of Regional Connectivity Services | Positive | 15 |
| Capital Goods/Infra | Focus on infrastructure has continued with a) Rail capex planned at INR1.31t (+8% YoY) with budgetary allocation increased from INR462b (FY17RE) to INR550b (+19% YoY). Road capex planned at INR1.24t in FY18E (+11% YoY) over FY17RE of INR1.11t, driven by increase in budgetary support to INR649b (+24% YoY over FY17RE of INR524b). | Neutral | 16 |
| Cement | Increased allocation to affordable housing through Pradhan Mantri Awas Yojna (PMAY) by 53% YoY | Positive | 18 |
| | Upsurge in spending towards infrastructure through National Highway Authority of India (NHAI) by increasing budget allocation by 60% YoY | | |
| Consumer | Weighted average of 6% increase in excise duty for cigarettes for ITC | Positive | 19 |
| | Cut in personal income tax rates and higher MMNREGA allocation. | | |
| Financials | The amount set forward for the recapitalization of PSU banks remained unchanged at INR100b for FY18 | Positive | 21 |
| | Lending target under the Pradhan Mantri Mudra Yojna was doubled to INR2.44t, from INR1.22t in FY17. | | |
| Healthcare | No major announcements in the Budget related to Healthcare/Pharma space. Focus will be on simplifying the drug approval process. However, modalities of that were not discussed in the budget document. | Neutral | |
| Metals/Mining | Export duty on aluminum ore (including laterite) introduced at 15% | Positive | 23 |
| | Import duty on HRC used in welded tubes and pipes reduced from 12.5% earlier to 10% | | |
| Oil & Gas | FY17 petroleum subsidy budgeted at ~INR292b; estimate factors Brent crude price of USD45/bbl | Positive | 24 |
| | Changed cess on crude production from INR4,500/MT to ad-valorem rate of 20%, positively impacting upstream companies in FY17 | | |
| Real Estate | Affordable housing to be given infrastructure status | Positive | 25 |
| | Unsold housing projects to be taxed after one year of completion | | |
| Technology/E-Commerce | Although the plan for phasing out of exemptions will kick in from April 1, 2017, there is no removal or reduction of MAT at present. In order to allow companies to use MAT credit in the future, it has been proposed to allow carry forward of MAT up to 15 years, from 10 years at present. | Neutral | 26 |
| | Positive for MCX: Creation of operational and legal framework to integrate spot and derivatives market for commodities trading | | |
| Telecom | Reduction in communication receipts indicating no spectrum sale: Government has reduced communication receipts for FY18 to INR443b, compared to FY17RE of INR787b. This indicates that there may not be any spectrum auction in the FY18E. | Positive | 28 |
| Utilities | Increase in allocation to IPDS, DDUGJY from INR79b to INR106b will drive DISCOM investment | Positive | 29 |
| Others (Midcaps) | Increase in allocation for micro irrigation subsidy from INR18b to INR23.4b | Positive | 30 |
| | Increase in excise of branded apparel with retail sales price of INR1,000 or more from 0% (6%/12.5% with ITC) to 2% (12.5% with ITC) | | |

* ITC = Input tax credit

Source: MOSL



Automobiles

Budget Impact: Neutral

Sector Stance: Positive

At a glance

| Major proposals | Impact |
|---------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Reduction in income tax rate for assesses having income between INR250k-500k | Positive |
| Higher allocation to agri (+11%)/rural (+12%) will benefit 2Ws/PVs, while higher infrastructure (+10%) allocation will benefit tipper (CV) demand | Positive |
| Coverage of the crop insurance scheme to increase from 30% in FY17 to 50% by FY19 | Positive |
| Decrease of ~6% in outlay for AMRUT (erstwhile JNNURM) to ~INR90b | Negative |

Flashback

Budget Proposals (2016)

- Levy of 1-4% infrastructure cess on PVs (excl. taxis)
- TDS of 1% on purchase of luxury cars exceeding value ~INR1m
- Weighted deduction on R&D investments would be phased out from ~200%, to ~150% from FY18 and ~100% from FY21

Overall budget impact, sector outlook and recommendations

- **Reduction in income tax rate for income below ~INR500k:** The income tax rate is reduced from 10% to 5% for assesses having income between INR250-500k. This would result in savings of up to ~INR12,500 p.a. This would be beneficial for the 2W segment, especially for players like Hero and Bajaj, which have strong presence in entry-level motorcycle.
- The Budget 2017 has increased allocation to the agriculture, rural and infrastructure (including transport) segments by 10-12%. These measures, coupled with a reduction in the tax rate at entry level and benefits of normal monsoon, would drive a recovery in rural demand for tractors, 2Ws and PVs.
- Coverage of the crop insurance scheme to increase from 30% of cropped area in FY17 to 40% in FY18 and 50% by FY19. This, coupled with other measures for the farm segment, augurs well for tractor demand.
- Decrease of ~6% in outlay for AMRUT (erstwhile JNNURM) to ~INR90b would imply lower demand for buses from STUs. This will impact players like Tata Motors, Ashok Leyland and Eicher (VECV).
- **Outlook and recommendations:** The Budget continues to focus on improving rural markets and infrastructure. While rural-focused segments like 2Ws and tractors may take 3-4 months to fully recover from the impact of demonetization, PVs are expected to continue recovering. The CV segment is expected to benefit from pre-buying in 4QFY17, but FY18 demand will be dependent on the magnitude of economic recovery and potential scrappage incentives, though implementation of GST could be potentially short-term negative. This, coupled with commodity and regulation-led cost inflation, would hurt 2Ws and CVs more than 4Ws, given the competitive dynamics. We prefer 4Ws over CVs and 2Ws. Our top picks are Maruti and Tata Motors in large caps, and Amara Raja and BHFC in mid caps.

Comparative valuation

| Sector / Companies | CMP (INR) | RECO | EPS (INR) | | | PE (x) | | | EV/EBIDTA (x) | | | ROE (%) | | |
|---------------------|--------------|---------|-----------|-------|--------|--------|-------|-------|---------------|-------|-------|---------|-------|-------|
| | | | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E |
| Automobiles | | | | | | | | | | | | | | |
| Amara Raja Batt. | 900 | Buy | 29.2 | 37.7 | 45.4 | 30.8 | 23.9 | 19.8 | 17.6 | 14.1 | 11.7 | 21.6 | 23.1 | 22.9 |
| Ashok Leyland | 92 | Buy | 4.8 | 6.4 | 8.2 | 19.1 | 14.4 | 11.2 | 10.1 | 8.0 | 6.1 | 23.1 | 26.3 | 28.2 |
| Bajaj Auto | 2,857 | Buy | 136.2 | 160.6 | 182.3 | 21.0 | 17.8 | 15.7 | 15.0 | 12.4 | 10.4 | 30.0 | 31.0 | 30.9 |
| Bharat Forge | 970 | Buy | 25.8 | 36.4 | 46.3 | 37.6 | 26.6 | 20.9 | 17.5 | 13.9 | 11.4 | 15.9 | 20.0 | 21.9 |
| Bosch | 23,164 | Neutral | 507.6 | 657.7 | 738.1 | 45.6 | 35.2 | 31.4 | 36.8 | 27.6 | 23.4 | 19.7 | 24.5 | 23.0 |
| Endurance Tech. | 632 | Buy | 22.6 | 28.7 | 34.6 | 27.9 | 22.0 | 18.2 | 12.6 | 10.4 | 8.8 | 19.9 | 21.1 | 21.4 |
| Eicher Motors | 24,008 | Buy | 608.7 | 869.5 | 1091.6 | 39.4 | 27.6 | 22.0 | 28.6 | 20.9 | 16.8 | 40.3 | 41.6 | 37.8 |
| Escorts | 379 | Buy | 20.7 | 34.2 | 46.2 | 18.3 | 11.1 | 8.2 | 14.9 | 9.7 | 7.1 | 10.9 | 16.3 | 19.1 |
| Exide Inds. | 203 | Buy | 8.2 | 9.7 | 11.8 | 24.6 | 21.0 | 17.2 | 13.2 | 11.1 | 8.8 | 14.2 | 14.9 | 15.9 |
| Hero Motocorp | 3,284 | Neutral | 169.5 | 192.2 | 195.0 | 19.4 | 17.1 | 16.8 | 12.9 | 11.3 | 10.9 | 39.0 | 37.5 | 32.6 |
| Mahindra & Mahindra | 1,297 | Buy | 66.0 | 83.7 | 99.0 | 19.7 | 15.5 | 13.1 | 5.9 | 5.0 | 4.3 | 14.5 | 14.5 | 15.4 |
| Maruti Suzuki | 6,173 | Buy | 252.7 | 313.1 | 379.5 | 24.4 | 19.7 | 16.3 | 15.6 | 11.7 | 9.3 | 22.8 | 23.2 | 23.2 |
| Tata Motors | 542 | Buy | 29.0 | 45.6 | 76.4 | 18.7 | 11.9 | 7.1 | 5.9 | 4.5 | 3.0 | 11.5 | 15.9 | 22.1 |
| TVS Motor | 394 | Buy | 11.9 | 15.4 | 21.9 | 33.2 | 25.6 | 18.0 | 20.5 | 16.1 | 11.3 | 26.4 | 27.9 | 31.4 |
| Sector Aggregate | | | | | | 23.5 | 17.6 | 13.1 | 10.3 | 8.1 | 6.1 | 17.6 | 20.0 | 22.3 |

**Aviation****Budget Impact: Positive****Sector Stance: Positive****At a glance****Major proposals**

| | Impact |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| No change in excise duty on ATF | Neutral |
| Promotion of Regional Connectivity Scheme | Positive |
| Customs on imported goods for the Maintenance, Repair and Overhaul (MRO) industry made nil. Exemption from excise duty for tools and kits by MROs subject to a certification by DGCA | Positive |

Flashback**Budget proposals (FY16)**

- Withdrawal of exemption on construction, commissioning, erection or installation of works related to airports

Multiple initiatives to boost domestic aviation industry

- Increased excise duty on ATF from 8% to 14% in the previous budget. No change in excise on ATF in this budget.
- Under the Regional Connectivity Scheme (RCS), exemption from service tax is being provided in respect of the amount of viability gap funding (VGF) payable to the airline operator for providing the services of transport of passengers embarking from or terminating in a Regional Connectivity Scheme (RCS) airport, for a period of one year from the date of commencement of operations of the Regional Connectivity Scheme (RCS) airport as notified by Ministry of Civil Aviation.
- Excise duty on Aviation turbine fuel (ATF), other than for supply to aircraft under the Regional Connectivity Scheme, was increased from 8% to 14%.

**Capital Goods/Infra****Budget Impact: Neutral****Sector Stance: Neutral****At a glance**

| Major proposals | Impact |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Generation Based incentives (GBI) for the wind industry have not been extended beyond March-2017. This would lead to slowdown in capacity addition in FY18. | Negative |
| Defense capex at INR865b in FY18 (+9% YoY over FY17RE of INR792b) is disappointing as it is at the same level as budgeted for FY17. FY17BE was at INR862b. | Negative |
| Focus on infrastructure has continued with a) Rail capex planned at INR1.31t (+8% YoY) with budgetary allocation increased from INR462b (FY17RE) to INR550b (+19% YoY). Road capex planned at INR1.24t in FY18E (+11% YoY) over FY17RE of INR1.11t, driven by increase in budgetary support to INR649b (+24% YoY over FY17RE of INR524b). | Positive |
| Key centrally sponsored schemes which have seen a material increase in budgetary allocation are: a) Pradhan Mantri Awas Yojna (Urban and Rural) where budgetary allocation has been increased to INR290b from INR209b, b) Deen Dayal Upadhyay Gram Jyoti Yojna for rural electrification at INR48b (+44% YoY) and Integrated Power Development Scheme (IPDS) at INR58b (+29% YoY), c) Metro Projects at INR180b (15% YoY), d) Namami Gange at INR23b (+56% YoY) but at the same level as FY17BE. | Positive |
| Resin and catalyst for manufacture of cast components for Wind Operated Energy Generators – Basic Customs duty cut to 5% from 7.5% while CVD (earlier 12.5%) and SAD (earlier 4%) have been cut to zero. Similarly, excise duty has been cut to zero from 12.5%. Will reduce the cost of manufacture for WTGs. | Positive |
| Reduction in customs duty on all parts for use in the manufacture of LED lights or fixtures, including LED lamps. BCD reduced to 5% and CVD reduced to 6%. | Positive |

Flashback**Budget proposals (2016)**

- Reduction in Accelerated Depreciation for the Wind Industry to 40% (earlier 80%) from Apr, '17 (FY18) is a negative since ~10-15% of the industry is driven by captive consumers who prefer the AD route.
- Defense capex at INR858b in FY17 (+6% YoY) is disappointing. FY16BE capex was at INR946b while the revised FY16 is INR810b
- Budgetary allocation to Ministry of Water Resources, River Development and Ganga Rejuvenation raised to INR39b(+101% YoY)

Overall budget impact, sector outlook and recommendations

- Focus on infrastructure has continued with a) rail capex planned at INR1.31t (+8% YoY); budgetary allocation increased from INR462b (FY17RE) to INR550b (+19% YoY), b) road capex planned at INR1.24t in FY18E (+11% YoY) over FY17RE of INR1.11t, driven by increase in budgetary support to INR649b (+24% YoY over FY17RE of INR524b), c) defense capex at INR865b in FY18 (+9% YoY over FY17RE of INR792b) is disappointing as it is at the same level as budgeted for FY17. FY17BE was at INR862b.
- FY18 budget has also seen an increase in allocation for Pradhan Mantri Awas Yojna (Urban and Rural) to INR290b from INR209b; Deen Dayal Upadhyay Gram Jyoti Yojna at INR48b (+44% YoY); Integrated Power Development Scheme (IPDS) at INR58b (+29% YoY); Metro Projects at INR180b (15% YoY); and the Namami Gange project at INR23b (+56% YoY) but at the same level as FY17BE.
- Key negative for the sector is the non-extension of generation-based incentives for the wind sector beyond FY17, which would lead to slowdown in wind capacity addition.
- Our top pick is L&T in the large cap space, and Crompton Consumer, Havells, VA Tech Wabag and Bharat Electronics in midcaps.

Comparative valuation

| Sector / Companies | CMP (INR) | RECO | EPS (INR) | | | PE (x) | | | EV/EBIDTA (x) | | | ROE (%) | | |
|---------------------|--------------|---------|-----------|-------|-------|--------|-------|-------|---------------|-------|-------|---------|-------|-------|
| | | | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E |
| Capital Goods | | | | | | | | | | | | | | |
| ABB | 1,107 | Neutral | 18.2 | 26.9 | 32.2 | 60.8 | 41.1 | 34.4 | 31.1 | 20.6 | 17.6 | 11.4 | 14.5 | 15.4 |
| Bharat Electronics | 1,566 | Buy | 61.9 | 73.3 | 85.5 | 25.3 | 21.4 | 18.3 | 19.6 | 16.7 | 14.1 | 19.7 | 19.0 | 19.3 |
| BHEL | 140 | Sell | 3.9 | 5.5 | 8.5 | 35.4 | 25.4 | 16.5 | 19.5 | 10.9 | 8.6 | 2.9 | 3.9 | 5.8 |
| CG Consumer Elect. | 193 | Buy | 4.6 | 5.5 | 6.7 | 42.2 | 35.3 | 28.5 | 25.8 | 22.2 | 18.2 | 94.3 | 73.3 | 66.1 |
| Crompton Greaves | 66 | Sell | 0.6 | 1.9 | 3.2 | 118.5 | 35.6 | 20.6 | 8.5 | 6.9 | 5.6 | 4.2 | 6.0 | 8.0 |
| Cummins India | 849 | Neutral | 26.0 | 30.2 | 36.3 | 32.7 | 28.1 | 23.4 | 30.1 | 25.0 | 20.2 | 22.0 | 23.1 | 25.2 |
| GE T&D India | 308 | Neutral | 6.0 | 11.0 | 11.4 | 51.3 | 27.9 | 27.1 | 36.5 | 15.8 | 14.2 | 11.7 | 20.7 | 19.2 |
| Havells India | 426 | Buy | 8.9 | 12.0 | 13.8 | 47.7 | 35.6 | 30.9 | 27.7 | 23.5 | 19.8 | 19.5 | 23.6 | 24.0 |
| Inox Wind | 183 | Neutral | 17.5 | 20.0 | 23.8 | 10.5 | 9.2 | 7.7 | 7.4 | 6.8 | 5.5 | 19.3 | 18.6 | 18.8 |
| K E C International | 154 | Buy | 10.5 | 12.3 | 13.5 | 14.6 | 12.6 | 11.4 | 7.9 | 6.9 | 6.2 | 16.6 | 16.8 | 16.2 |
| Larsen & Toubro | 1,491 | Buy | 53.1 | 63.7 | 77.8 | 28.1 | 23.4 | 19.2 | 20.1 | 15.4 | 13.5 | 10.8 | 12.0 | 13.3 |
| Siemens | 1,169 | Neutral | 17.0 | 25.3 | 33.2 | 68.8 | 46.2 | 35.2 | 39.0 | 30.1 | 23.3 | 9.2 | 12.6 | 15.0 |
| Solar Inds. | 705 | Neutral | 19.3 | 22.9 | 29.6 | 36.6 | 30.8 | 23.8 | 20.3 | 17.4 | 13.8 | 18.6 | 19.0 | 20.9 |
| Thermax | 806 | Sell | 24.8 | 27.6 | 32.0 | 32.6 | 29.3 | 25.2 | 21.1 | 18.3 | 15.2 | 12.2 | 12.5 | 13.4 |
| Va Tech Wabag | 486 | Buy | 25.2 | 32.6 | 36.0 | 19.3 | 14.9 | 13.5 | 9.7 | 7.4 | 6.7 | 13.2 | 15.4 | 15.2 |
| Voltas | 334 | Neutral | 11.8 | 14.0 | 17.6 | 28.3 | 23.8 | 19.0 | 19.5 | 17.0 | 12.9 | 15.4 | 16.4 | 18.1 |
| Sector Aggregate | | | | | | 32.9 | 26.5 | 21.3 | 21.1 | 16.2 | 13.7 | 9.6 | 11.1 | 12.6 |



Cement

Budget Impact: Positive

Sector Stance: Positive

At a glance

| Major proposals | Impact |
|---------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Increased allocation to affordable housing through Pradhan Mantri Awas Yojna (PMAY) by 53% YoY | Positive |
| Upsurge in spending toward infrastructure through the National Highway Authority of India (NHAI) by increasing budget allocation by 60% YoY | Positive |
| Railway allocation higher by 8% YoY with a focus toward building infrastructure, improving safety and refining maintenance | Positive |
| Set-off of loss against housing property capped at INR2 lakh | Negative |

Flashback

Budget proposals (2016)

- Excise duty exemption was extended to ready mix concrete manufacturers from 6% (with ITC) and 2% (w/o ITC) currently
- Increased clean energy cess on coal from INR200/ton to INR400/ton that marginally increased energy cost

Boost across all cement demand drivers: Roads, Railways and Housing

- Strong indirect benefits with a rise in allocation toward various infrastructure areas, such as roads (INR1,133b, 13% YoY), housing (INR64b, 21% YoY), rural development (INR1,054b, 10% YoY), railways (INR1,310b, 8% YoY) and urban development (INR342b, 5% YoY).
- Overall spending through various schemes – such as PMAY, PMGSY to support rural roads, PMKVY to support irrigation projects, and National Highway Authority of India – will increase to INR 730b (+35% YoY).
- PMAY spending was increased in the Budget allocation by 53% YoY to INR230b to primarily support affordable housing with an aim to build 10m permanent houses by 2022.
- NHAI government allocation increased by 60% YoY to INR239b to support road development.
- Other announcements that will benefit cement demand are MGNREA spending (INR480b, +20% YoY), Gram Panchayats (INR8b, +17% YoY), Irrigation (INR 74b, +42% YoY) and upgrading affordable housing to infrastructure status.
- The set-off of loss against housing property has been capped at INR2lakh, which is likely to negatively impact real estate demand, particularly in metro/tier I cities. This, in turn, will impact cement demand coming from urban real estate.
- Our top picks are **Shree, Ramco and Dalmia Cements**.

Comparative valuation

| Sector / Companies | CMP (INR) | RECO | EPS (INR) | | | PE (x) | | | EV/EBIDTA (x) | | | ROE (%) | | |
|--------------------|--------------|---------|-----------|-------|-------|--------|-------|-------|---------------|-------|-------|---------|-------|-------|
| | | | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E |
| Cement | | | | | | | | | | | | | | |
| ACC | 1,465 | Neutral | 32.6 | 48.9 | 65.6 | 44.9 | 30.0 | 22.3 | 21.9 | 17.1 | 14.5 | 7.2 | 10.9 | 14.6 |
| Ambuja Cements | 235 | Buy | 5.7 | 6.9 | 7.4 | 41.4 | 33.9 | 31.8 | 28.8 | 25.2 | 22.5 | 5.9 | 7.1 | 7.3 |
| Birla Corporation | 741 | Buy | 33.8 | 44.5 | 56.6 | 21.9 | 16.7 | 13.1 | 11.2 | 8.4 | 6.8 | 8.5 | 9.8 | 11.9 |
| Dalmia Bharat | 1,903 | Buy | 34.2 | 50.4 | 72.3 | 55.6 | 37.7 | 26.3 | 13.5 | 11.3 | 10.7 | 7.6 | 10.3 | 13.1 |
| Grasim Industries | 940 | Neutral | 70.2 | 86.5 | 110.7 | 13.4 | 10.9 | 8.5 | 6.5 | 5.1 | 3.3 | 12.0 | 13.1 | 14.7 |
| India Cements | 159 | Neutral | 7.3 | 10.7 | 12.4 | 21.7 | 14.9 | 12.9 | 9.4 | 8.4 | 8.0 | 5.8 | 7.6 | 7.8 |
| J K Cements | 739 | Buy | 26.4 | 36.5 | 48.7 | 27.9 | 20.2 | 15.2 | 12.8 | 10.7 | 9.6 | 10.9 | 13.7 | 16.1 |
| JK Lakshmi Cem. | 383 | Buy | 4.7 | 12.2 | 17.6 | 81.1 | 31.4 | 21.7 | 16.4 | 13.0 | 10.7 | 4.2 | 10.5 | 14.7 |
| Orient Cement | 139 | Buy | -1.1 | 3.3 | 5.7 | -126.8 | 41.7 | 24.2 | 20.5 | 12.9 | 11.2 | -2.3 | 6.8 | 11.0 |
| Prism Cement | 97 | Buy | 0.9 | 3.5 | 5.1 | 108.4 | 27.6 | 19.1 | 24.5 | 14.4 | 9.9 | 4.5 | 16.0 | 19.8 |
| Ramco Cements | 715 | Buy | 29.4 | 31.5 | 42.3 | 24.3 | 22.7 | 16.9 | 15.1 | 12.8 | 10.2 | 20.6 | 18.6 | 21.0 |
| Shree Cement | 15,951 | Buy | 387.1 | 582.8 | 729.9 | 41.2 | 27.4 | 21.9 | 21.8 | 16.3 | 13.1 | 19.9 | 24.4 | 24.3 |
| Ultratech Cement | 3,783 | Buy | 93.5 | 129.6 | 161.2 | 40.5 | 29.2 | 23.5 | 22.5 | 18.0 | 14.6 | 11.7 | 14.5 | 15.8 |
| Sector Aggregate | | | | | | 31.8 | 23.6 | 18.7 | 15.7 | 12.6 | 10.2 | 10.1 | 12.5 | 14.1 |

Abhishek Ghosh (Abhishek.Ghosh@motilaloswal.com); +91 22 3982 5436

Varun Gadia (Varun.Gadia@motilaloswal.com);

**Consumer****Budget Impact: Positive****Sector Stance: Positive****At a glance**

| Major proposals | Impact |
|---------------------------------------------------------------|----------|
| Weighted average of 6% increase in excise duty for cigarettes | Neutral |
| Upper limit on jewellery cash transaction at INR0.3m | Negative |
| Enhanced spending in rural and agri sectors | Positive |
| Revision in direct tax rate | Positive |

Flashback**Budget proposals (2016)**

- Weighted average of 10% increase in excise duty for cigarettes
- Excise duty of 1% imposed on jewelry, import duty unchanged at 10%
- Enhanced spending in rural and agri sectors
- Service tax increased from 14.5% to 15.1%

Overall budget impact, sector outlook and recommendations

- **Cigarettes:** After six years of double-digit excise hikes on cigarettes, there was some relief in the FY18 budget. Excise duty is hiked by 6% across categories, as against our expectations of +15%. It can also be observed that the pace of excise duty increase on cigarettes has come off progressively over FY13-18.
- Notably, the <65mm segment has not seen disproportionate excise hike for the second year now. This had led to volumes surge for ITC in FY13/FY14 and again over the past year since there was no disproportionate increase in the last budget. <65mm segment now contributes over 30% of volumes.
- While the upcoming GST rate for cigarettes is the key monitorable, we note that ITC has already taken a 15% price increase in its key brands of Gold Flake and Navy Cut toward end-December; a further price increase is expected in March/April after GST rates are announced.
- We expect 4%/5% volume increase for FY18/FY19 in cigarettes, as against our earlier expectation of 3% hike for both years.
- **Jewellery:** An upper limit of INR0.3m has been imposed on cash transactions in jewellery purchase. Due to the maximum limit imposed by credit card companies on single transaction, high-value jewellery sales had significant proportion of cash even in case of organized players like Titan. This decision will negatively affect jewellery sales.
- **Staples:** Changes to the personal income tax rates will result in savings of INR 12,500 at the hands of tax payers with annual income of INR0.5-INR5m. It also effectively halves the tax outgo for people earning between INR0.35-0.5m. There is zero tax liability for people earning up to INR0.3m. All this results in additional disposable income at the hands of the consumer. At the macro level, enhanced allocation of 24% YoY to INR1,872b toward the rural, agriculture and allied sectors is also a positive for consumption. This includes 25% higher allocation for MNREGA to INR480b.
- **Our top picks:** The Budget has been positive for the consumer sector, with cigarettes excise increase coming in lower than our expectations, effective reduction in income tax rates, and enhanced allocation for the rural, agri and allied schemes. Our top ideas in consumer space include Britannia, Emami, Colgate and Marico. With budget overhang behind, better visibility on volumes and attractive valuations, we continue to like ITC as well. Changes to the model have led to a 3%/5% increase in FY18/FY19 EPS. Maintaining 28x target multiple (in line with three-year average) and rolling forward to March 2019E EPS (from December 2018 earlier), we get a revised target price of INR320 (19% upside).

Comparative valuation

| Sector / Companies | CMP (INR) | RECO | EPS (INR) | | | PE (x) | | | EV/EBIDTA (x) | | | ROE (%) | | |
|--------------------|--------------|---------|-----------|-------|-------|--------|-------|-------|---------------|-------|-------|---------|-------|-------|
| | | | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E |
| Consumer | | | | | | | | | | | | | | |
| Asian Paints | 990 | Neutral | 20.2 | 22.9 | 26.8 | 48.9 | 43.2 | 37.0 | 31.1 | 27.9 | 24.0 | 32.5 | 32.3 | 32.5 |
| Britannia | 3,231 | Buy | 70.6 | 82.1 | 97.8 | 45.8 | 39.4 | 33.0 | 33.0 | 27.9 | 23.1 | 42.2 | 38.8 | 36.9 |
| Colgate | 893 | Buy | 21.7 | 25.8 | 31.6 | 41.2 | 34.6 | 28.2 | 25.0 | 20.8 | 17.1 | 54.9 | 60.1 | 68.5 |
| Dabur | 276 | Neutral | 7.3 | 8.3 | 9.7 | 37.8 | 33.2 | 28.4 | 31.1 | 27.3 | 23.2 | 28.3 | 27.3 | 27.2 |
| Emami | 1,106 | Buy | 24.5 | 29.8 | 36.0 | 45.2 | 37.1 | 30.7 | 33.2 | 28.8 | 24.3 | 33.8 | 33.0 | 33.2 |
| Godrej Consumer | 1,614 | Neutral | 36.8 | 42.8 | 49.6 | 43.8 | 37.7 | 32.5 | 31.5 | 27.3 | 23.8 | 22.4 | 22.2 | 21.9 |
| GSK Consumer | 5,179 | Neutral | 157.7 | 178.8 | 201.2 | 32.8 | 29.0 | 25.7 | 22.6 | 19.6 | 16.8 | 25.1 | 24.7 | 24.2 |
| Hind. Unilever | 854 | Neutral | 19.3 | 21.5 | 24.8 | 44.3 | 39.7 | 34.4 | 30.7 | 27.8 | 24.1 | 67.6 | 78.4 | 92.5 |
| ITC | 270 | Buy | 8.4 | 9.5 | 10.8 | 32.2 | 28.4 | 24.9 | 21.7 | 18.9 | 16.2 | 28.4 | 28.1 | 28.2 |
| Jyothy Labs | 352 | Neutral | 7.6 | 9.0 | 10.5 | 46.4 | 39.2 | 33.5 | 25.9 | 22.8 | 20.3 | 15.7 | 17.2 | 18.3 |
| Marico | 258 | Buy | 6.0 | 7.2 | 8.5 | 43.3 | 35.7 | 30.4 | 29.8 | 24.7 | 21.2 | 32.8 | 33.1 | 34.8 |
| Nestle | 5,909 | Neutral | 111.5 | 139.2 | 168.7 | 53.0 | 42.5 | 35.0 | 31.5 | 25.1 | 20.7 | 35.9 | 39.2 | 40.1 |
| P&G Hygiene | 6,958 | Buy | 138.5 | 168.9 | 201.7 | 50.2 | 41.2 | 34.5 | 32.6 | 26.0 | 21.5 | 27.7 | 29.4 | 30.3 |
| Page Industries | 14,381 | Buy | 247.4 | 312.7 | 402.4 | 58.1 | 46.0 | 35.7 | 38.0 | 29.3 | 23.4 | 42.9 | 42.7 | 44.0 |
| Parag Milk Foods | 265 | Neutral | 7.0 | 9.7 | 14.1 | 37.7 | 27.4 | 18.8 | 16.0 | 12.9 | 9.8 | 10.8 | 10.5 | 13.5 |
| Pidilite Inds. | 690 | Buy | 16.4 | 18.4 | 20.6 | 42.2 | 37.6 | 33.5 | 27.6 | 24.4 | 21.4 | 27.6 | 25.6 | 23.5 |
| Radico Khaitan | 118 | Neutral | 5.3 | 7.1 | 8.2 | 22.5 | 16.8 | 14.4 | 12.6 | 11.4 | 10.3 | 7.3 | 9.1 | 9.9 |
| United Breweries | 817 | Buy | 12.3 | 16.4 | 19.7 | 66.3 | 50.0 | 41.5 | 31.6 | 25.4 | 20.8 | 14.5 | 16.9 | 17.5 |
| United Spirits | 2,293 | Buy | 28.6 | 47.0 | 64.0 | 80.1 | 48.8 | 35.9 | 38.2 | 28.4 | 22.3 | 20.8 | 24.0 | 24.9 |
| Sector Aggregate | | | | | | 40.6 | 35.0 | 30.1 | 27.2 | 23.5 | 20.0 | 29.3 | 29.6 | 30.0 |



Financials

Budget Impact: Positive

Sector Stance: Positive

At a glance

Major proposals

| | Impact |
|---------------------------------------------------------------------------------------------------|---------------------|
| Deduction limits in case of loan loss provisions revised upward from 7.5% to 8.5% of total income | Marginally Positive |
| Incentives to promote digital transactions | Positive |
| Lending target under Mudra Scheme doubled to INR2.44t | Positive |
| NHB refinancing target for affordable housing at INR200b | Neutral |
| Infrastructure status to affordable housing | Positive |
| PSU bank recapitalization amount remains unchanged at INR100b for FY18 | Negative |

Flashback

Budget proposals (2016)

- Comprehensive bankruptcy code of global standards to be brought in FY17
- Capital allocated for PSU banks at INR250b for FY17
- Bank Board Bureau will be operationalized during 2016-17
- Deduction for additional interest of INR50,000 per annum for loans up to INR3.5m sanctioned in FY17 for first-time home buyers, where house cost does not exceed INR5m

Overall budget impact: Medium- to long-term positive; Lacks near-term triggers

- The amount set forward for the recapitalization of PSU banks remained unchanged at INR100b for FY18, in line with the roadmap that had been set under the 'Indradhanush' scheme. However, the government assured that additional funds will be available for equity infusion in PSU banks, if required. Considering stressed balance sheets and low capitalization, we were expecting higher allocation.
- Capital infusion in other PSU entities: a) Subscription to share capital of NHB has increased from INR14b in FY17 budget to INR35b in FY18 (this includes INR5b lending for Polvaram project). b) No allocation for MUDRA v/s INR9b a year back. c) IIFCL recapitalization budget of INR5b v/s no allocation a year back. d) Postal services have set aside INR1.5b for launch of India post bank.
- Lending target under the Pradhan Mantri Mudra Yojna was doubled to INR2.44t, from INR1.22t in FY17.
- Deduction limits in respect of loan loss provisions have been increased from 7.5% of total income (computed before any such deduction) to 8.5%. This will have a marginal impact in overall tax provisions.
- Targeted agricultural credit set at INR10t for FY18 (INR9.1t as of December 2016)
- NHB is expected to refinance affordable housing loans worth INR200b in FY18. This should be a boost to HFCs like CanFin Homes, GRUH Finance and Repco for whom NHB refinancing is a significant share of liability franchise.
- Affordable housing also gets infrastructure status, which could result in lower cost of funding, higher liquidity and wider investor base.
- Listing and trading of Security Receipts issued by a securitization company or a reconstruction company under the SARFAESI Act will be permitted in SEBI registered stock exchanges. This will enhance capital flows into the securitization industry and will particularly be helpful to deal with bank NPAs.
- There are some further incentives given to developers of affordable housing. Currently, developers can claim 100% deduction on profits subject to certain restrictions like size of the house, geographical location and time taken to complete the project. This budget proposes minor relaxations in these conditions. This increases opportunity size for financiers in the affordable housing space.
- Our top picks are **ICICIB, SBIN, PNB, YES and Equitas**. **LICHF** and **SCUF** in NBFCs.

Comparative valuation

| Sector / Companies | CMP | | EPS (INR) | | | PE (x) | | | PB (x) | | | ROE (%) | | |
|------------------------------------|-------|---------|-----------|-------|-------|-------------|-------------|-------------|------------|------------|------------|-------------|-------------|-------------|
| | (INR) | Reco | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E |
| Banks-Private | | | | | | | | | | | | | | |
| Axis Bank | 476 | Neutral | 14.1 | 25.0 | 46.8 | 33.9 | 19.1 | 10.2 | 2.1 | 1.9 | 1.6 | 6.3 | 10.3 | 17.3 |
| DCB Bank | 122 | Neutral | 7.1 | 8.6 | 10.9 | 17.3 | 14.2 | 11.3 | 1.8 | 1.6 | 1.4 | 10.9 | 11.8 | 13.1 |
| Equitas Holdings | 170 | Buy | 6.0 | 6.8 | 8.9 | 28.4 | 24.9 | 19.2 | 2.5 | 2.3 | 2.1 | 11.2 | 9.7 | 11.4 |
| Federal Bank | 79 | Buy | 4.6 | 5.5 | 6.9 | 17.3 | 14.5 | 11.4 | 1.6 | 1.5 | 1.3 | 9.4 | 10.4 | 12.1 |
| HDFC Bank | 1,306 | Buy | 56.9 | 68.3 | 81.5 | 23.0 | 19.1 | 16.0 | 4.0 | 3.4 | 2.9 | 18.6 | 19.3 | 19.8 |
| ICICI Bank | 281 | Buy | 17.2 | 17.9 | 21.8 | 16.3 | 15.7 | 12.9 | 1.9 | 1.8 | 1.6 | 10.4 | 9.9 | 11.3 |
| IDFC Bank | 61 | Neutral | 3.1 | 3.9 | 4.9 | 19.9 | 15.4 | 12.5 | 1.4 | 1.3 | 1.2 | 7.4 | 8.9 | 10.2 |
| IndusInd Bank | 1,308 | Buy | 48.4 | 58.7 | 71.2 | 27.0 | 22.3 | 18.4 | 3.9 | 3.4 | 2.9 | 15.5 | 16.4 | 17.2 |
| J&K Bank | 64 | Neutral | -22.8 | 14.5 | 15.8 | -2.8 | 4.5 | 4.1 | 0.6 | 0.5 | 0.5 | -18.9 | 12.4 | 12.0 |
| Kotak Mahindra Bank | 776 | Buy | 26.3 | 32.3 | 41.3 | 29.5 | 24.0 | 18.8 | 3.7 | 3.3 | 2.8 | 13.5 | 14.5 | 16.0 |
| RBL Bank | 401 | Buy | 12.4 | 17.5 | 24.6 | 32.2 | 22.9 | 16.3 | 3.5 | 3.1 | 2.7 | 12.6 | 14.4 | 17.7 |
| South Indian Bank | 21 | Neutral | 2.8 | 3.1 | 3.8 | 7.7 | 6.9 | 5.7 | 0.7 | 0.7 | 0.6 | 9.7 | 10.0 | 11.3 |
| Yes Bank | 1,413 | Buy | 79.3 | 97.0 | 118.4 | 17.8 | 14.6 | 11.9 | 3.6 | 3.0 | 2.5 | 22.1 | 22.6 | 23.0 |
| Private Bank Aggregate | | | | | | 23.3 | 18.4 | 14.2 | 2.8 | 2.5 | 2.2 | 12.0 | 13.6 | 15.5 |
| Banks-PSU | | | | | | | | | | | | | | |
| Bank of Baroda | 173 | Buy | 12.3 | 18.8 | 26.2 | 14.1 | 9.2 | 6.6 | 1.1 | 1.0 | 0.9 | 8.1 | 11.5 | 14.5 |
| Bank of India | 121 | Neutral | -4.0 | 18.5 | 25.1 | -30.3 | 6.5 | 4.8 | 0.5 | 0.5 | 0.4 | -1.7 | 7.5 | 9.5 |
| Canara Bank | 293 | Neutral | 23.9 | 36.7 | 56.0 | 12.2 | 8.0 | 5.2 | 0.6 | 0.6 | 0.5 | 4.9 | 7.2 | 10.3 |
| IDBI Bank | 80 | Neutral | 1.5 | 6.4 | 8.6 | 52.3 | 12.4 | 9.3 | 0.7 | 0.7 | 0.7 | 1.4 | 5.8 | 7.3 |
| Indian Bank | 275 | Buy | 30.4 | 32.2 | 38.1 | 9.0 | 8.5 | 7.2 | 0.9 | 0.8 | 0.8 | 10.4 | 10.2 | 11.1 |
| Oriental Bank of Commerce | 120 | Neutral | 19.3 | 21.3 | 31.0 | 6.2 | 5.6 | 3.9 | 0.3 | 0.3 | 0.3 | 4.8 | 5.1 | 7.1 |
| Punjab National Bank | 140 | Buy | 8.5 | 13.2 | 17.8 | 16.5 | 10.7 | 7.9 | 0.8 | 0.7 | 0.7 | 4.8 | 7.0 | 8.8 |
| State Bank | 270 | Buy | 9.8 | 23.3 | 30.9 | 27.5 | 11.6 | 8.7 | 1.2 | 1.1 | 1.0 | 4.7 | 10.1 | 12.2 |
| Union Bank | 152 | Buy | 15.6 | 30.4 | 45.7 | 9.7 | 5.0 | 3.3 | 0.5 | 0.5 | 0.4 | 5.2 | 9.5 | 12.9 |
| PSU Bank Aggregate | | | | | | 20.9 | 10.0 | 7.4 | 0.9 | 0.8 | 0.8 | 4.2 | 8.3 | 10.4 |
| NBFC | | | | | | | | | | | | | | |
| Bajaj Finance | 1,067 | Buy | 34.1 | 44.6 | 59.3 | 31.3 | 23.9 | 18.0 | 6.4 | 5.2 | 4.2 | 22.5 | 24.1 | 25.9 |
| Bharat Financial | 801 | Buy | 45.2 | 43.2 | 48.9 | 17.7 | 18.6 | 16.4 | 4.0 | 3.3 | 2.7 | 30.0 | 19.4 | 18.2 |
| Dewan Housing | 295 | Buy | 30.7 | 35.6 | 42.0 | 9.6 | 8.3 | 7.0 | 1.5 | 1.3 | 1.1 | 16.6 | 16.6 | 17.2 |
| GRUH Finance | 355 | Neutral | 7.9 | 9.8 | 11.7 | 45.1 | 36.1 | 30.2 | 12.8 | 10.5 | 8.7 | 31.0 | 32.1 | 31.6 |
| HDFC | 1,415 | Buy | 46.8 | 51.7 | 57.3 | 30.2 | 27.4 | 24.7 | 5.6 | 5.1 | 4.2 | 19.6 | 19.6 | 19.0 |
| Indiabulls Housing | 766 | Buy | 69.5 | 86.2 | 109.6 | 11.0 | 8.9 | 7.0 | 2.7 | 2.4 | 2.1 | 26.0 | 28.9 | 32.3 |
| LIC Housing Fin | 570 | Buy | 37.6 | 44.7 | 52.6 | 15.2 | 12.8 | 10.9 | 2.7 | 2.3 | 2.0 | 19.1 | 19.5 | 19.6 |
| M & M Financial | 286 | Buy | 8.4 | 11.1 | 13.9 | 34.0 | 25.9 | 20.7 | 2.6 | 2.4 | 2.3 | 7.7 | 9.7 | 11.4 |
| Muthoot Finance | 324 | Buy | 27.5 | 32.0 | 39.0 | 11.8 | 10.1 | 8.3 | 2.0 | 1.8 | 1.6 | 18.4 | 19.0 | 20.4 |
| Power Finance Corp | 136 | Neutral | 24.0 | 25.5 | 40.5 | 5.7 | 5.3 | 3.4 | 0.9 | 0.8 | 0.7 | 16.8 | 16.2 | 22.3 |
| Repco Home Fin | 671 | Buy | 25.7 | 37.7 | 51.6 | 26.1 | 17.8 | 13.0 | 3.8 | 3.2 | 2.6 | 15.7 | 19.6 | 22.2 |
| Rural Electric. Corp. | 148 | Neutral | 29.4 | 35.3 | 39.9 | 5.0 | 4.2 | 3.7 | 0.9 | 0.8 | 0.7 | 18.8 | 19.5 | 18.9 |
| Shriram City Union | 1,892 | Buy | 91.2 | 130.5 | 164.2 | 20.7 | 14.5 | 11.5 | 2.5 | 2.2 | 1.9 | 12.7 | 16.1 | 17.6 |
| Shriram Transport Fin. | 980 | Buy | 58.1 | 77.9 | 96.7 | 16.9 | 12.6 | 10.1 | 2.0 | 1.8 | 1.5 | 12.3 | 14.7 | 16.1 |
| NBFC Aggregate | | | | | | 16.0 | 13.8 | 10.9 | 2.8 | 2.4 | 2.1 | 17.3 | 17.7 | 19.0 |
| Financials Sector Aggregate | | | | | | 20.3 | 14.7 | 11.3 | 2.0 | 1.8 | 1.6 | 9.7 | 12.2 | 14.2 |



Metals and Mining

Budget Impact: Neutral

Sector Stance: Positive

At a glance

| Major proposals | Impact |
|-------------------------------------------------------------------------------------------------------|----------|
| Import duty on HRC used in welded tubes and pipes reduced from 12.5% earlier to 10% | Negative |
| Import duty on manganese ore coated cold rolled steel coils used in CRGO steel reduced from 10% to 5% | Neutral |
| Export duty on aluminum ore (including laterite) introduced at 15% | Positive |

Flashback

Budget proposals (2016)

- Cess on coal increased from INR200/t to INR400/t
- Increase in import duty on primary aluminum from 5% to 7.5% and on other aluminum products from 7.5% to 10%
- Removal of export duty on iron ore below 58% Fe content from earlier 10% on fines and 30% on lumps
- Lowering export duty on bauxite from 20% to 15%

Overall budget impact, sector outlook and recommendations

- The impact of reduction in import duty on specific steel products is immaterial. Duty reduction on HRC used in tubes and pipes is marginal. Also, the volume of cold rolled steel used in CRGO application is insignificant.
- The introduction of export duty on laterite ore (used in alumina making) is marginally positive for Vedanta.
- Steel companies have taken significant price hikes in December and January, which will boost realization in 4Q. However, the weakening domestic market warrants a price cut in February/March. Cost of production will rise on delayed impact of an increase in coking coal cost and rise in iron ore prices. Margins for steel mills are likely to come under pressure in 4Q. We like JSW Steel among the steel names for its low cost operating, healthy FCF generation and volume growth in FY18E. We maintain our Sell rating on Tata Steel and SAIL.
- Hindalco and Nalco are benefiting from captive raw material sourcing in the wake of rising input prices globally. Their strong cost positioning drives our strong FCF generation outlook and preference for the stocks.
- Coal India is a beneficiary of higher global coal prices as it will accelerate substitution to domestic coal. Coal dispatches are also likely to improve as the de-stocking cycle ends and power demand growth picks up. However, uncertainty around grade slippage and impending wage hikes is driving earnings volatility. We remain Neutral.
- We are positive on NMDC due to rising domestic iron ore demand, higher iron ore prices and improved capital allocation with plans to divest from the non-core steel plant.

Comparative valuation

| Sector / Companies | CMP (INR) | RECO | EPS (INR) | | | PE (x) | | | EV/EBIDTA (x) | | | ROE (%) | | |
|--------------------|--------------|---------|-----------|-------|-------|--------|-------|-------|---------------|-------|-------|---------|-------|-------|
| | | | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E |
| Metals | | | | | | | | | | | | | | |
| Hindalco | 199 | Buy | 18.5 | 22.1 | 24.7 | 10.7 | 9.0 | 8.1 | 7.1 | 6.3 | 5.6 | 17.3 | 18.1 | 17.1 |
| Hindustan Zinc | 306 | Neutral | 21.5 | 25.4 | 25.3 | 14.2 | 12.0 | 12.1 | 9.5 | 7.3 | 6.9 | 22.5 | 22.6 | 19.4 |
| JSPL | 83 | Neutral | -23.8 | -8.4 | -5.3 | -3.5 | -9.9 | -15.6 | 12.0 | 11.2 | 10.3 | -12.8 | -5.0 | -3.3 |
| JSW Steel | 197 | Buy | 13.6 | 19.0 | 19.4 | 14.5 | 10.4 | 10.2 | 8.0 | 6.6 | 6.0 | 16.4 | 19.6 | 17.1 |
| Nalco | 77 | Buy | 3.7 | 4.8 | 4.9 | 20.8 | 16.0 | 15.6 | 10.0 | 6.7 | 6.4 | 7.1 | 8.7 | 8.5 |
| NMDC | 149 | Buy | 10.9 | 10.8 | 11.3 | 13.6 | 13.8 | 13.2 | 9.7 | 8.9 | 8.5 | 12.8 | 14.2 | 13.7 |
| SAIL | 66 | Sell | -10.4 | -14.3 | -1.4 | -6.3 | -4.6 | -48.0 | | 145.5 | 12.4 | -11.5 | -18.4 | -2.0 |
| Tata Steel | 473 | Sell | 11.7 | 37.1 | 40.7 | 40.4 | 12.8 | 11.6 | 10.1 | 8.1 | 7.7 | 8.7 | 28.3 | 25.4 |
| Vedanta | 261 | Neutral | 21.4 | 27.3 | 27.9 | 12.2 | 9.5 | 9.3 | 5.7 | 4.6 | 4.3 | 13.0 | 14.8 | 14.0 |
| Sector Aggregate | | | | | | 19.9 | 14.6 | 12.0 | 9.0 | 7.5 | 6.7 | 8.0 | 10.2 | 11.5 |

Sanjay Jain (SanjayJain@MotilalOswal.com); +9122 3982 5412

Dhruv Muchhal (Dhruv.Muchhal@MotilalOswal.com); +9122 3027 8033



Oil & Gas

Budget Impact: Positive

Sector Stance: Positive

At a glance

| Major proposals | Impact |
|--------------------------------------------------------------------------------------------------|----------|
| FY18 petroleum subsidy budgeted at ~INR251b; estimate factors in Brent crude price of ~USD52/bbl | Neutral |
| Creation of integrated energy PSU to rival global giants and domestic private players | Neutral |
| Creation of additional strategic petroleum reserve, cumulative capacity of 15.33mmt | Neutral |
| Reduction in customs on LNG from 5% to 2.5% | Positive |

Flashback

Budget proposals (2016)

- Budgeted FY16 government subsidy stands at INR291b. This has been revised downward to INR276b now
- Cess on crude production changed from INR4,500/mt to 20% ad valorem
- Increased excise duty on ATF from 8% to 14%

Largely positive; beneficial for LNG consumers

- FY18 petroleum sector budgeted amount stands at INR251b (v/s actual INR276b in FY17). We estimate that this factors in Brent crude price of USD52/bbl.
- The government has talked about creating an integrated oil PSU to rival global energy giants and domestic private players. Details of the same are not available. It remains to be seen whether a holding company is created for larger PSUs or consolidation of smaller players is done.
- Customs duty on LNG has been reduced from 5% to 2.5%. This would increase consumption of LNG and be beneficial for Petronet LNG, GAIL, GSPL, CGD companies, especially Gujarat Gas.
- Cess on crude production had been revised from INR4,500/MT to 20% ad-valorem in FY17. There had been demand from upstream companies for reduction of the same, which has not come in the budget.
- Excise duties for petrol and diesel remained unchanged. Crude oil customs duty remains nil.

Comparative valuation

| Sector / Companies | CMP (INR) | RECO | EPS (INR) | | | PE (x) | | | EV/EBIDTA (x) | | | ROE (%) | | |
|----------------------------|--------------|---------|-----------|-------|-------|--------|-------|-------|---------------|-------|-------|---------|-------|-------|
| | | | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E |
| Oil & Gas | | | | | | | | | | | | | | |
| BPCL | 693 | Buy | 55.5 | 56.4 | 59.8 | 12.5 | 12.3 | 11.6 | 8.2 | 7.6 | 7.2 | 26.2 | 22.7 | 20.8 |
| Cairn India | 283 | Neutral | 14.0 | 12.5 | 12.8 | 20.3 | 22.7 | 22.1 | 7.5 | 6.1 | 5.1 | 5.3 | 4.6 | 4.6 |
| GAIL | 485 | Neutral | 28.7 | 36.4 | 44.7 | 16.9 | 13.3 | 10.8 | 10.6 | 8.5 | 7.0 | 12.9 | 13.2 | 14.9 |
| Gujarat State Petronet | 156 | Neutral | 8.8 | 11.0 | 13.2 | 17.8 | 14.2 | 11.8 | 10.0 | 6.8 | 6.4 | 11.9 | 13.5 | 14.5 |
| HPCL | 538 | Buy | 52.7 | 45.1 | 46.2 | 10.2 | 11.9 | 11.6 | 6.6 | 7.4 | 7.4 | 26.6 | 19.7 | 17.8 |
| Indraprastha Gas | 961 | Neutral | 42.0 | 43.7 | 47.6 | 22.9 | 22.0 | 20.2 | 12.7 | 11.8 | 10.7 | 21.8 | 19.8 | 18.6 |
| IOC | 375 | Buy | 43.5 | 39.9 | 41.7 | 8.6 | 9.4 | 9.0 | 6.0 | 6.1 | 5.7 | 25.9 | 20.7 | 19.1 |
| MRPL | 101 | Buy | 17.0 | 15.8 | 17.2 | 6.0 | 6.4 | 5.9 | 4.4 | 4.5 | 3.0 | 39.4 | 28.4 | 25.1 |
| Oil India | 331 | Buy | 27.5 | 39.0 | 39.8 | 12.1 | 8.5 | 8.3 | 8.4 | 5.8 | 5.7 | 9.5 | 12.7 | 12.1 |
| ONGC | 200 | Neutral | 12.6 | 21.1 | 21.0 | 15.9 | 9.5 | 9.5 | 3.7 | 2.8 | 2.7 | 8.6 | 13.8 | 13.0 |
| Petronet LNG | 388 | Buy | 19.8 | 26.9 | 36.3 | 19.6 | 14.4 | 10.7 | 12.2 | 8.9 | 6.1 | 21.5 | 24.7 | 27.6 |
| Reliance Inds. | 1,049 | Neutral | 99.2 | 107.9 | 113.1 | 10.6 | 9.7 | 9.3 | 5.9 | 4.4 | 3.6 | 11.6 | 11.4 | 10.9 |
| Oil & Gas Sector Aggregate | 12 | | | | | 11.3 | 9.9 | 9.4 | 5.8 | 4.8 | 4.4 | 12.9 | 13.4 | 12.9 |
| Oil & Gas Ex OMCs | 9 | | | | | 12.2 | 9.6 | 9.2 | 5.4 | 4.1 | 3.6 | 10.1 | 11.8 | 11.4 |



Real Estate

Budget Impact: Positive

At a glance

| Major proposals | Impact |
|------------------------------------------------------------------------------------------|----------------------------------|
| Affordable housing to be given infrastructure status | Positive |
| Capital gains on JDA (joint development agreement) to be levied on possession of project | Positive for players like Godrej |
| Unsold housing projects to be taxed after one year of completion | Negative for Oberoi |
| Set-off of loss against housing property capped at INR2 lakh | Negative |

Flashback

Budget proposals (2016)

- DDT removed at SPV (holding assets) for distributing dividend to REIT
- Additional deduction of interest of INR50K for loan up to 35 lakhs (house value <=INR 50lakhs)
- Service tax exemption for low-cost housing up to carpet area of 60sq mt under any government state scheme or PPP from 5.6% now

Affordable housing granted infrastructure status

- Borrowing cost for developers would come down due to wider options of financing. Additionally, the extension of timeline for project completion from three to five years would benefit developers.
- Capital gains on JDA to be levied only on completion and possession of the project, as against the earlier rule of capital gains being effective on entering the agreement. This would benefit players like Godrej Properties and Sobha.
- Developers would have to pay tax on notional rent on unsold housing stock post one year from possession of completion certificate. Developers like Oberoi to be negatively impacted. DLF would possess substantial portion of unsold housing stock by end-FY18.
- The set-off of loss against housing property has been capped at INR2 lakh, which is likely to negatively impact real estate demand, particularly in metro/tier I cities.



Technology / Exchanges / Ecommerce Budget Impact: Neutral

Sector Stance: Neutral

At a glance

| Major proposals | Impact |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Allow carry forward of MAT up to a period of 15 years instead of 10 years at present | Neutral |
| The Commodities markets require further reforms for the benefits of farmers. An expert committee will be constituted to study and promote creation of an operational and legal framework to integrate spot market and derivatives market for commodities trading. e-NAM would be an integral part of such framework | Neutral |
| For the purpose of carry forward of losses in respect of start-ups, the condition of continuous holding of 51% of voting rights has been relaxed subject to the condition that the holding of the original promoter/promoters continues. Also, the profit-linked deduction available to the start-ups for 3 years out of 5 years is being changed to 3 years out of 7 years | Neutral |

Flashback

Budget Proposals (2016)

- The benefit of Section 10AA to new SEZ units will be available to those units which commence activity before March 31, 2020, as opposed to the earlier sunset period of March 31, 2017
- Investment limit for foreign entities in Indian stock exchanges enhanced from 5% to 15%; development of new derivative products in commodities
- 100% deduction of profits would be allowed for 3 out of 5 years for start-ups set up during April 2016 to March 2019

Overall budget impact, sector outlook and recommendations

- **Extension of SEZ tax benefits:** Although the plan for phasing out of exemptions will kick in from April 1, 2017, there is no removal or reduction of MAT at present. In order to allow companies to use MAT credit in the future, it has been proposed to allow carry forward of MAT up to 15 years, from 10 years at present.
- **Net positive implication for MCX but over longer term:** Creation of operational and legal framework to integrate spot and derivatives market for commodities trading could lead to higher participation on the exchange, resulting out of increased participation or increased volumes. However, the practical implications and guidelines will have to be made in order to gauge the impact.
- **Tax benefits for the start-up ecosystem:** 100% deduction of profits for 3 out of 7 years for start-ups set up during April 2016 to March 2019. This was earlier available for 3 out of 5 years. The other change relates to carrying forward of losses, for which the condition of holding 51% of voting rights has been relaxed, subject to the condition that the holding of the original promoter continues.
- Our top picks are **INFO, HCLT, TECHM** and **MCX**.

Comparative valuation

| Sector / Companies | CMP (INR) | RECO | EPS (INR) | | | PE (x) | | | EV/EBIDTA (x) | | | ROE (%) | | |
|--------------------|--------------|---------|-----------|-------|-------|--------|-------|-------|---------------|-------|-------|---------|-------|-------|
| | | | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E |
| Technology | | | | | | | | | | | | | | |
| Cyient | 452 | Buy | 33.4 | 42.7 | 46.5 | 13.6 | 10.6 | 9.7 | 8.5 | 6.7 | 5.6 | 15.9 | 17.8 | 17.1 |
| HCL Technologies | 814 | Buy | 58.1 | 64.7 | 70.2 | 14.0 | 12.6 | 11.6 | 9.9 | 8.5 | 7.5 | 27.3 | 26.7 | 25.7 |
| Hexaware Tech. | 189 | Neutral | 13.6 | 15.5 | 15.9 | 13.9 | 12.2 | 11.9 | 9.7 | 7.9 | 7.3 | 27.7 | 27.5 | 24.0 |
| Infosys | 917 | Buy | 62.8 | 67.8 | 74.4 | 14.6 | 13.5 | 12.3 | 9.0 | 7.8 | 7.0 | 23.2 | 22.5 | 22.3 |
| KPIT Tech. | 130 | Neutral | 11.7 | 13.8 | 15.3 | 11.1 | 9.4 | 8.5 | 5.2 | 3.6 | 2.7 | 14.0 | 15.9 | 15.1 |
| L&T Infotech | 665 | Buy | 54.2 | 57.5 | 62.3 | 12.3 | 11.6 | 10.7 | 8.9 | 8.1 | 7.3 | 41.8 | 36.2 | 32.8 |
| Mindtree | 457 | Neutral | 25.1 | 33.7 | 38.1 | 18.2 | 13.6 | 12.0 | 10.8 | 8.8 | 7.7 | 17.1 | 21.0 | 21.1 |
| Mphasis | 564 | Neutral | 42.0 | 42.5 | 44.7 | 13.4 | 13.3 | 12.6 | 12.5 | 10.9 | 9.9 | 13.8 | 14.7 | 14.6 |
| NIIT Tech. | 408 | Neutral | 38.2 | 49.3 | 51.9 | 10.7 | 8.3 | 7.9 | 4.4 | 3.7 | 3.2 | 14.2 | 16.5 | 15.5 |
| Persistent Systems | 587 | Neutral | 38.9 | 46.2 | 52.6 | 15.1 | 12.7 | 11.2 | 8.4 | 6.6 | 5.8 | 17.5 | 18.9 | 20.6 |
| TCS | 2,169 | Neutral | 135.2 | 145.3 | 158.4 | 16.0 | 14.9 | 13.7 | 12.0 | 10.5 | 9.4 | 33.8 | 31.1 | 29.0 |
| Tata Elxsi | 1,449 | Buy | 59.3 | 72.1 | 89.0 | 24.4 | 20.1 | 16.3 | 14.3 | 11.6 | 9.1 | 42.5 | 41.3 | 40.8 |
| Tech Mahindra | 449 | Buy | 32.5 | 36.6 | 41.2 | 13.8 | 12.2 | 10.9 | 9.6 | 7.8 | 6.5 | 20.1 | 20.0 | 19.6 |
| Zensar Tech | 892 | Buy | 68.6 | 85.0 | 93.3 | 13.0 | 10.5 | 9.6 | 8.3 | 6.5 | 5.3 | 20.0 | 21.1 | 19.8 |
| Wipro | 455 | Neutral | 33.4 | 37.2 | 41.7 | 13.6 | 12.2 | 10.9 | 9.2 | 7.8 | 6.9 | 17.0 | 17.0 | 17.3 |
| Sector Aggregate | | | | | | 15.0 | 13.7 | 12.5 | 10.4 | 8.9 | 7.9 | 23.7 | 22.8 | 22.1 |



Telecom

Budget Impact: Neutral

Sector Stance: Positive

At a glance

| Major proposals | Impact |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Reduction in communication receipts indicating no spectrum sale | Low capex |
| Focus on optic fiber cable with 1,55,000km laid, and allocation stepped up to INR100b, which will aid in connecting 1,50,000 Gram Panchayats by FY18E | Improved data adoption |
| Pushing electronic manufacturing through incentives will support low-cost smartphone in the market, improving adoption | Support ecosystem |
| Spectrum acquisition included in service tax net last budget continues to stay. But no spectrum auction in FY18 | No impact |

Flashback

Budget Proposals (2016)

- Included spectrum acquisition in the service tax net
- Increased other communication receipts to INR990b from INR 560b, factoring in spectrum auction receipts and penalties

Overall budget impact, sector outlook and recommendations

- **Reduction in communication receipts indicating no spectrum sale:** Government has reduced communication receipts for FY18 to INR443b, compared to FY17E of INR787b. This indicates that there may not be any spectrum auction in the FY18E. This is evident from the Finance Minister's speech that the telecom industry has moved from spectrum scarcity to spectrum surplus position. Government has revised communication receipts from INR990b to INR787b, but we think this could get further reduced by INR50b.
- **Focus on optic fiber cable:** BharatNet project has been laid in 1,55,000 km of optic fiber cable, and allocation has been stepped up INR100b in FY18 from INR60b. The Finance Minister indicated that optical fiber connectivity will be available in more than 1,50,000 Gram Panchayats by FY18. This will support data connectivity/usage and also benefit fiber optic cabling companies like Sterlite Technologies.
- **Electronics manufacturing push:** Allocated INR7.5b for incentive schemes to promote electronic manufacturing, including mobile. Government has already received investment proposals of INR1,260b. This could further promote smartphone adoption in the country. It has also launched a series of digital push initiatives, which should aid telecom data penetration.
- **Spectrum acquisition yet in service tax ambit:** Spectrum purchase through auction was brought within the ambit of service tax last budget. The telecom industry may be hoping that it will be exempt from the service tax net, but there is no comment on the same. However, given that there is little likelihood of spectrum auction in the current fiscal, it should not be a worrying factor.
- **Neutral to mildly positive impact from budget likely for the telecom sector.**
- Our top pick is **Tata communications, Bharti Infratel and Bharti.**

Comparative valuation

| Sector / Companies | CMP (INR) | RECO | EPS (INR) | | | PE (x) | | | EV/EBIDTA (x) | | | ROE (%) | | |
|--------------------|--------------|------|-----------|-------|-------|--------|-------|-------|---------------|-------|-------|---------|-------|-------|
| | | | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E |
| Telecom | | | | | | | | | | | | | | |
| Bharti Airtel | 345 | Buy | 11.3 | 7.9 | 12.4 | 30.5 | 43.7 | 27.8 | 6.6 | 6.6 | 5.5 | 6.7 | 4.5 | 6.7 |
| Bharti Infratel | 295 | Buy | 15.6 | 16.7 | 19.9 | 19.0 | 17.7 | 14.9 | 8.4 | 7.2 | 6.0 | 15.7 | 15.9 | 16.7 |
| Idea Cellular | 107 | UR | -6.3 | -12.9 | -11.4 | -17.1 | -8.3 | -9.4 | 9.3 | 10.0 | 8.9 | -9.2 | -21.9 | -24.1 |
| Tata Comm | 722 | Buy | 8.5 | 31.4 | 44.8 | 84.9 | 23.0 | 16.1 | 9.6 | 8.0 | 6.3 | -75.4 | 402.2 | 97.6 |
| Sector Aggregate | | | | | | 47.0 | 101.3 | 43.6 | 7.5 | 7.4 | 6.2 | 4.9 | 2.2 | 5.0 |



Utilities

Budget Impact: Neutral

Sector Stance: Positive

At a glance

| Major proposals | Impact |
|----------------------------------------------------|----------|
| Increase in allocation to IPDS, DDUGJY | Positive |
| Income-tax 80-IA benefit will expire by March 2017 | Negative |

Flashback

Budget Proposals (2016)

- Additional depreciation of 20% on new equipment extended to transmission sector
- Increase in cess on coal from INR200/t to INR400/t
- Increase in allocation for IPDS
- Rise in renewable energy spending

Overall budget impact, sector outlook and recommendation

- Allocation to the IPDS and DDUGJY scheme for upgradation of transmission and distribution infrastructure is increased to INR106b for FY18BE from ~INR79b in FY17RE. This is positive for DISCOMs. It is also a critical part of the UDAY scheme where states joining UDAY and adhering to the AT&C losses reduction target would be allocated higher share of funding from the IPDS and DDUGJY scheme.
- Income tax 80-IA benefit will expire by March 2017, as was announced in the previous budget. Private-owned projects that are under construction could see accelerated commissioning in 4QFY17 to take benefit of lower income tax rate. Public sector companies or projects under regulated return model will not be impacted as tax expense is pass-through.
- Second phase of solar park development for additional 20GW capacity will be taken up.
- We like Power Grid because the projects under construction under regulated structure will nearly double earnings over FY16-FY20E, and RoE will increase to 15-16%. NTPC's earnings are likely to grow at a CAGR of 10% over next five years on accelerated commissioning of projects under construction and higher specific capex. CESC would benefit from doubling of earnings with full commissioning of Dhairwal PPA, growth at Firstsource and gradual reduction of losses at Spencer. The steady growth, high RoE Kolkata distribution business will drive strong cash flow generation. JSW Energy while under pressure due to weak merchant power market is trading at cheap valuations.

Comparative valuation

| Sector / Companies | CMP (INR) | RECO | EPS (INR) | | | PE (x) | | | EV/EBIDTA (x) | | | ROE (%) | | |
|--------------------|--------------|---------|-----------|-------|-------|--------|-------|-------|---------------|-------|-------|---------|-------|-------|
| | | | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E |
| Utilities | | | | | | | | | | | | | | |
| CESC | 763 | Buy | 48.4 | 70.7 | 77.6 | 15.8 | 10.8 | 9.8 | 7.0 | 6.2 | 5.8 | 4.7 | 6.3 | 6.6 |
| Coal India | 313 | Neutral | 16.8 | 20.0 | 22.5 | 18.6 | 15.6 | 13.9 | 13.8 | 10.8 | 9.4 | 34.5 | 41.0 | 46.0 |
| JSW Energy | 61 | Buy | 4.1 | 3.3 | 1.5 | 14.9 | 18.7 | 41.7 | 7.1 | 7.5 | 8.4 | 7.7 | 6.0 | 2.7 |
| NTPC | 171 | Buy | 11.9 | 14.3 | 17.3 | 14.4 | 11.9 | 9.9 | 11.4 | 9.3 | 7.4 | 10.6 | 11.9 | 13.3 |
| Power Grid Corp. | 206 | Buy | 14.2 | 16.8 | 19.3 | 14.5 | 12.3 | 10.7 | 9.6 | 8.3 | 7.5 | 16.1 | 16.6 | 16.9 |
| Sector Aggregate | | | | | | 16.0 | 13.4 | 11.7 | 10.7 | 9.0 | 7.8 | 15.3 | 16.8 | 17.9 |

Sanjay Jain (SanjayJain@MotilalOswal.com); +9122 3982 5412

Dhruv Muchhal (Dhruv.Muchhal@MotilalOswal.com); +9122 3027 8033

Midcaps

Budget Impact: Positive

At a glance

| Major proposals | Impact | Stocks impacted |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|--------------------------|
| Increase in allocation under PMKSY from INR23.4b to INR34b. A dedicated micro irrigation fund will be set up in NABARD with initial corpus of INR50b; doubling of long-term irrigation fund corpus to INR400b. | Positive | Jain Irrigation |
| Soil health card: Government to set up new mini labs in Krishi Vikas Kendras (KVKs) and ensure 100% coverage of all 648 KVKs in the country. In addition, 1,000 mini labs will be set up by qualified local entrepreneurs. | Positive | Coromandel International |
| Reduction in customs duty on all parts for use in the manufacture of LED lights or fixtures, including LED lamps. BCD reduced to 5% and CVD to 6%. | Positive | Eveready |

Overall budget impact on individual stocks

Jain Irrigation – Positive

Allocation under PMKSY is increased from INR23.4b to INR34b. A dedicated micro irrigation fund will be set up in NABARD with an initial corpus of INR50b. The Budget also proposed to double the corpus of the long-term irrigation fund to INR400b. Our interaction with management suggests that hectare under irrigation is expected to go up to 2.85m. Implementation of 89 irrigation projects under AIBP, which have been languishing, will be fast tracked. This will help to irrigate 80.6 lakh hectares.

Coromandel International – Positive

Soil health card: The government will set up new mini labs in Krishi Vikas Kendras (KVKs) and ensure 100% coverage of all 648 KVKs in the country. In addition, 1,000 mini labs will be set up by qualified local entrepreneurs. The government will provide credit-linked subsidy to these entrepreneurs. Farmers will be issued a 'soil card,' which will carry crop-wise recommendations of nutrients and fertilizers required for individual farms. This is aimed to help farmers to improve productivity via judicious use of inputs. This will increase use of phosphatic fertilizers (as against large use of urea currently) and thus benefit Coromandel International.

Eveready – Positive

The Budget proposed a reduction in the customs duty on all parts for use in the manufacture of LED lights or fixtures, including LED lamps. In case of Eveready, ~30% of components that are being imported were subject to 7.5%/10% BCD, which is now being reduced to 5%. This will be marginally positive for Eveready.

Comparative valuation

| Sector / Companies | CMP (INR) | RECO | EPS (INR) | | | PE (x) | | | EV/EBIDTA (x) | | | ROE (%) | | |
|--------------------------|--------------|---------|-----------|-------|-------|--------|-------|-------|---------------|-------|-------|---------|-------|-------|
| | | | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E |
| Others | | | | | | | | | | | | | | |
| Arvind | 376 | Buy | 13.5 | 21.8 | 28.6 | 27.8 | 17.3 | 13.2 | 11.8 | 9.3 | 7.6 | 10.4 | 14.0 | 16.3 |
| Bata India | 489 | Buy | 10.9 | 14.2 | 17.7 | 45.0 | 34.5 | 27.7 | 24.7 | 19.3 | 15.3 | 11.3 | 13.4 | 15.0 |
| Castrol India | 408 | Buy | 13.4 | 14.3 | 15.9 | 30.5 | 28.6 | 25.7 | 19.3 | 18.4 | 16.4 | 108.8 | 104.6 | 105.2 |
| Century Plyboards | 207 | Buy | 4.6 | 8.8 | 11.3 | 45.2 | 23.5 | 18.3 | 23.7 | 14.0 | 11.5 | 18.2 | 29.8 | 30.7 |
| Coromandel International | 327 | UR | 16.3 | 20.0 | 25.5 | 20.1 | 16.4 | 12.8 | 10.7 | 9.4 | 7.6 | 18.5 | 20.4 | 22.8 |
| Dynamatic Tech. | 2,975 | Buy | 67.6 | 112.9 | 166.7 | 44.0 | 26.3 | 17.8 | 13.6 | 11.0 | 8.9 | 15.1 | 20.7 | 24.3 |
| Eveready Inds. | 242 | Buy | 11.3 | 13.9 | 16.9 | 21.5 | 17.4 | 14.3 | 15.1 | 12.6 | 10.4 | 34.3 | 33.1 | 32.5 |
| Indo Count Inds. | 183 | Buy | 15.7 | 18.5 | 21.5 | 11.7 | 9.9 | 8.5 | 7.1 | 6.1 | 5.0 | 37.8 | 31.2 | 26.6 |
| Info Edge | 833 | Buy | 16.9 | 19.0 | 21.9 | 49.2 | 43.8 | 38.0 | 42.4 | 35.3 | 30.1 | 11.1 | 11.5 | 12.3 |
| Inox Leisure | 217 | Sell | 2.5 | 8.2 | 11.5 | 86.9 | 26.6 | 18.9 | 17.0 | 10.2 | 8.0 | 3.8 | 11.5 | 14.3 |
| Interglobe Aviation | 836 | Neutral | 39.3 | 54.1 | 72.2 | 21.3 | 15.5 | 11.6 | 5.8 | 3.9 | 3.1 | 72.8 | 88.1 | 101.2 |
| Jain Irrigation | 96 | UR | 5.5 | 7.6 | 10.0 | 17.3 | 12.6 | 9.6 | 7.4 | 6.0 | 5.2 | 8.6 | 11.7 | 14.8 |
| Just Dial | 370 | Buy | 17.2 | 18.5 | 22.1 | 21.5 | 20.0 | 16.7 | 16.5 | 16.6 | 10.1 | 16.5 | 15.5 | 16.2 |
| Kaveri Seed | 453 | Neutral | 23.1 | 28.8 | 36.3 | 19.7 | 15.7 | 12.5 | 15.3 | 11.6 | 9.0 | 17.1 | 20.0 | 23.1 |
| Kitex Garments | 440 | Buy | 26.0 | 31.0 | 36.7 | 16.9 | 14.2 | 12.0 | 9.4 | 7.6 | 6.0 | 29.9 | 28.7 | 27.7 |
| MCX | 1,176 | Buy | 28.3 | 40.8 | 54.3 | 41.5 | 28.8 | 21.6 | 69.8 | 32.0 | 21.1 | 11.4 | 15.2 | 18.5 |
| Manpasand Beverages | 644 | Buy | 14.9 | 23.8 | 39.0 | 43.1 | 27.1 | 16.5 | 20.8 | 15.0 | 8.8 | 8.6 | 9.9 | 16.5 |
| Monsanto India | 2,290 | UR | 68.4 | 87.2 | 106.6 | 33.5 | 26.3 | 21.5 | 28.4 | 22.4 | 18.3 | 28.8 | 35.9 | 39.8 |
| P I Industries | 872 | Buy | 31.3 | 38.4 | 47.6 | 27.9 | 22.7 | 18.3 | 21.0 | 16.0 | 12.6 | 31.7 | 30.1 | 29.2 |
| S H Kelkar | 318 | Buy | 7.5 | 10.1 | 13.0 | 42.5 | 31.3 | 24.4 | 25.4 | 19.3 | 15.2 | 13.5 | 16.6 | 18.9 |
| SRF | 1,704 | Buy | 81.0 | 105.0 | 127.4 | 21.0 | 16.2 | 13.4 | 11.4 | 9.5 | 7.7 | 16.2 | 18.2 | 19.3 |
| Symphony | 1,317 | Sell | 27.0 | 35.1 | 42.9 | 48.8 | 37.5 | 30.7 | 36.3 | 28.0 | 22.7 | 56.8 | 65.0 | 66.3 |
| TTK Prestige | 5,791 | Neutral | 107.8 | 139.9 | 178.6 | 53.7 | 41.4 | 32.4 | 32.6 | 25.2 | 20.4 | 16.6 | 19.7 | 22.4 |
| V-Guard Inds | 206 | Neutral | 4.5 | 5.8 | 7.0 | 45.5 | 35.6 | 29.2 | 30.4 | 24.1 | 19.8 | 26.1 | 27.4 | 27.3 |
| Wonderla Holiday | 362 | Buy | 7.0 | 11.9 | 16.0 | 51.7 | 30.3 | 22.6 | 24.0 | 15.2 | 11.6 | 9.5 | 14.8 | 17.5 |
| Sector Aggregate | | | | | | 27.8 | 21.2 | 16.6 | 12.8 | 9.7 | 7.8 | 20.5 | 23.5 | 25.8 |

Ready reckoner: Valuations

| Sector / Companies | CMP (INR) | RECO | EPS (INR) | | | PE (x) | | | EV/EBIDTA (x) | | | ROE (%) | | |
|---------------------|--------------|---------|-----------|-------|--------|--------|-------|-------|---------------|-------|-------|---------|-------|-------|
| | | | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E |
| Automobiles | | | | | | | | | | | | | | |
| Amara Raja Batt. | 900 | Buy | 29.2 | 37.7 | 45.4 | 30.8 | 23.9 | 19.8 | 17.6 | 14.1 | 11.7 | 21.6 | 23.1 | 22.9 |
| Ashok Leyland | 92 | Buy | 4.8 | 6.4 | 8.2 | 19.1 | 14.4 | 11.2 | 10.1 | 8.0 | 6.1 | 23.1 | 26.3 | 28.2 |
| Bajaj Auto | 2,857 | Buy | 136.2 | 160.6 | 182.3 | 21.0 | 17.8 | 15.7 | 15.0 | 12.4 | 10.4 | 30.0 | 31.0 | 30.9 |
| Bharat Forge | 970 | Buy | 25.8 | 36.4 | 46.3 | 37.6 | 26.6 | 20.9 | 17.5 | 13.9 | 11.4 | 15.9 | 20.0 | 21.9 |
| Bosch | 23,164 | Neutral | 507.6 | 657.7 | 738.1 | 45.6 | 35.2 | 31.4 | 36.8 | 27.6 | 23.4 | 19.7 | 24.5 | 23.0 |
| Endurance Tech. | 632 | Buy | 22.6 | 28.7 | 34.6 | 27.9 | 22.0 | 18.2 | 12.6 | 10.4 | 8.8 | 19.9 | 21.1 | 21.4 |
| Eicher Motors | 24,008 | Buy | 608.7 | 869.5 | 1091.6 | 39.4 | 27.6 | 22.0 | 28.6 | 20.9 | 16.8 | 40.3 | 41.6 | 37.8 |
| Escorts | 379 | Buy | 20.7 | 34.2 | 46.2 | 18.3 | 11.1 | 8.2 | 14.9 | 9.7 | 7.1 | 10.9 | 16.3 | 19.1 |
| Exide Inds. | 203 | Buy | 8.2 | 9.7 | 11.8 | 24.6 | 21.0 | 17.2 | 13.2 | 11.1 | 8.8 | 14.2 | 14.9 | 15.9 |
| Hero Motocorp | 3,284 | Neutral | 169.5 | 192.2 | 195.0 | 19.4 | 17.1 | 16.8 | 12.9 | 11.3 | 10.9 | 39.0 | 37.5 | 32.6 |
| Mahindra & Mahindra | 1,297 | Buy | 66.0 | 83.7 | 99.0 | 19.7 | 15.5 | 13.1 | 5.9 | 5.0 | 4.3 | 14.5 | 14.5 | 15.4 |
| Maruti Suzuki | 6,173 | Buy | 252.7 | 313.1 | 379.5 | 24.4 | 19.7 | 16.3 | 15.6 | 11.7 | 9.3 | 22.8 | 23.2 | 23.2 |
| Tata Motors | 542 | Buy | 29.0 | 45.6 | 76.4 | 18.7 | 11.9 | 7.1 | 5.9 | 4.5 | 3.0 | 11.5 | 15.9 | 22.1 |
| TVS Motor | 394 | Buy | 11.9 | 15.4 | 21.9 | 33.2 | 25.6 | 18.0 | 20.5 | 16.1 | 11.3 | 26.4 | 27.9 | 31.4 |
| Sector Aggregate | | | | | | 23.5 | 17.6 | 13.1 | 10.3 | 8.1 | 6.1 | 17.6 | 20.0 | 22.3 |
| Capital Goods | | | | | | | | | | | | | | |
| ABB | 1,107 | Neutral | 18.2 | 26.9 | 32.2 | 60.8 | 41.1 | 34.4 | 31.1 | 20.6 | 17.6 | 11.4 | 14.5 | 15.4 |
| Bharat Electronics | 1,566 | Buy | 61.9 | 73.3 | 85.5 | 25.3 | 21.4 | 18.3 | 19.6 | 16.7 | 14.1 | 19.7 | 19.0 | 19.3 |
| BHEL | 140 | Sell | 3.9 | 5.5 | 8.5 | 35.4 | 25.4 | 16.5 | 19.5 | 10.9 | 8.6 | 2.9 | 3.9 | 5.8 |
| CG Consumer Elect. | 193 | Buy | 4.6 | 5.5 | 6.7 | 42.2 | 35.3 | 28.5 | 25.8 | 22.2 | 18.2 | 94.3 | 73.3 | 66.1 |
| Crompton Greaves | 66 | Sell | 0.6 | 1.9 | 3.2 | 118.5 | 35.6 | 20.6 | 8.5 | 6.9 | 5.6 | 4.2 | 6.0 | 8.0 |
| Cummins India | 849 | Neutral | 26.0 | 30.2 | 36.3 | 32.7 | 28.1 | 23.4 | 30.1 | 25.0 | 20.2 | 22.0 | 23.1 | 25.2 |
| GE T&D India | 308 | Neutral | 6.0 | 11.0 | 11.4 | 51.3 | 27.9 | 27.1 | 36.5 | 15.8 | 14.2 | 11.7 | 20.7 | 19.2 |
| Havells India | 426 | Buy | 8.9 | 12.0 | 13.8 | 47.7 | 35.6 | 30.9 | 27.7 | 23.5 | 19.8 | 19.5 | 23.6 | 24.0 |
| Inox Wind | 183 | Neutral | 17.5 | 20.0 | 23.8 | 10.5 | 9.2 | 7.7 | 7.4 | 6.8 | 5.5 | 19.3 | 18.6 | 18.8 |
| K E C International | 154 | Buy | 10.5 | 12.3 | 13.5 | 14.6 | 12.6 | 11.4 | 7.9 | 6.9 | 6.2 | 16.6 | 16.8 | 16.2 |
| Larsen & Toubro | 1,491 | Buy | 53.1 | 63.7 | 77.8 | 28.1 | 23.4 | 19.2 | 20.1 | 15.4 | 13.5 | 10.8 | 12.0 | 13.3 |
| Siemens | 1,169 | Neutral | 17.0 | 25.3 | 33.2 | 68.8 | 46.2 | 35.2 | 39.0 | 30.1 | 23.3 | 9.2 | 12.6 | 15.0 |
| Solar Inds. | 705 | Neutral | 19.3 | 22.9 | 29.6 | 36.6 | 30.8 | 23.8 | 20.3 | 17.4 | 13.8 | 18.6 | 19.0 | 20.9 |
| Thermax | 806 | Sell | 24.8 | 27.6 | 32.0 | 32.6 | 29.3 | 25.2 | 21.1 | 18.3 | 15.2 | 12.2 | 12.5 | 13.4 |
| Va Tech Wabag | 486 | Buy | 25.2 | 32.6 | 36.0 | 19.3 | 14.9 | 13.5 | 9.7 | 7.4 | 6.7 | 13.2 | 15.4 | 15.2 |
| Voltas | 334 | Neutral | 11.8 | 14.0 | 17.6 | 28.3 | 23.8 | 19.0 | 19.5 | 17.0 | 12.9 | 15.4 | 16.4 | 18.1 |
| Sector Aggregate | | | | | | 32.9 | 26.5 | 21.3 | 21.1 | 16.2 | 13.7 | 9.6 | 11.1 | 12.6 |
| Cement | | | | | | | | | | | | | | |
| ACC | 1,465 | Neutral | 32.6 | 48.9 | 65.6 | 44.9 | 30.0 | 22.3 | 21.9 | 17.1 | 14.5 | 7.2 | 10.9 | 14.6 |
| Ambuja Cements | 235 | Buy | 5.7 | 6.9 | 7.4 | 41.4 | 33.9 | 31.8 | 28.8 | 25.2 | 22.5 | 5.9 | 7.1 | 7.3 |
| Birla Corporation | 741 | Buy | 33.8 | 44.5 | 56.6 | 21.9 | 16.7 | 13.1 | 11.2 | 8.4 | 6.8 | 8.5 | 9.8 | 11.9 |
| Dalmia Bharat | 1,903 | Buy | 34.2 | 50.4 | 72.3 | 55.6 | 37.7 | 26.3 | 13.5 | 11.3 | 10.7 | 7.6 | 10.3 | 13.1 |
| Grasim Industries | 940 | Neutral | 70.2 | 86.5 | 110.7 | 13.4 | 10.9 | 8.5 | 6.5 | 5.1 | 3.3 | 12.0 | 13.1 | 14.7 |
| India Cements | 159 | Neutral | 7.3 | 10.7 | 12.4 | 21.7 | 14.9 | 12.9 | 9.4 | 8.4 | 8.0 | 5.8 | 7.6 | 7.8 |
| J K Cements | 739 | Buy | 26.4 | 36.5 | 48.7 | 27.9 | 20.2 | 15.2 | 12.8 | 10.7 | 9.6 | 10.9 | 13.7 | 16.1 |
| JK Lakshmi Cem. | 383 | Buy | 4.7 | 12.2 | 17.6 | 81.1 | 31.4 | 21.7 | 16.4 | 13.0 | 10.7 | 4.2 | 10.5 | 14.7 |
| Orient Cement | 139 | Buy | -1.1 | 3.3 | 5.7 | -126.8 | 41.7 | 24.2 | 20.5 | 12.9 | 11.2 | -2.3 | 6.8 | 11.0 |
| Prism Cement | 97 | Buy | 0.9 | 3.5 | 5.1 | 108.4 | 27.6 | 19.1 | 24.5 | 14.4 | 9.9 | 4.5 | 16.0 | 19.8 |
| Ramco Cements | 715 | Buy | 29.4 | 31.5 | 42.3 | 24.3 | 22.7 | 16.9 | 15.1 | 12.8 | 10.2 | 20.6 | 18.6 | 21.0 |
| Shree Cement | 15,951 | Buy | 387.1 | 582.8 | 729.9 | 41.2 | 27.4 | 21.9 | 21.8 | 16.3 | 13.1 | 19.9 | 24.4 | 24.3 |
| Ultratech Cement | 3,783 | Buy | 93.5 | 129.6 | 161.2 | 40.5 | 29.2 | 23.5 | 22.5 | 18.0 | 14.6 | 11.7 | 14.5 | 15.8 |
| Sector Aggregate | | | | | | 31.8 | 23.6 | 18.7 | 15.7 | 12.6 | 10.2 | 10.1 | 12.5 | 14.1 |
| Consumer | | | | | | | | | | | | | | |
| Asian Paints | 990 | Neutral | 20.2 | 22.9 | 26.8 | 48.9 | 43.2 | 37.0 | 31.1 | 27.9 | 24.0 | 32.5 | 32.3 | 32.5 |
| Britannia | 3,231 | Buy | 70.6 | 82.1 | 97.8 | 45.8 | 39.4 | 33.0 | 33.0 | 27.9 | 23.1 | 42.2 | 38.8 | 36.9 |

Ready reckoner: Valuations

| Sector / Companies | CMP (INR) | RECO | EPS (INR) | | | PE (x) | | | EV/EBIDTA (x) | | | ROE (%) | | |
|-------------------------|-----------|---------|-----------|-------|-------|-------------|-------------|-------------|---------------|-------------|-------------|-------------|-------------|-------------|
| | | | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E |
| Colgate | 893 | Buy | 21.7 | 25.8 | 31.6 | 41.2 | 34.6 | 28.2 | 25.0 | 20.8 | 17.1 | 54.9 | 60.1 | 68.5 |
| Dabur | 276 | Neutral | 7.3 | 8.3 | 9.7 | 37.8 | 33.2 | 28.4 | 31.1 | 27.3 | 23.2 | 28.3 | 27.3 | 27.2 |
| Emami | 1,106 | Buy | 24.5 | 29.8 | 36.0 | 45.2 | 37.1 | 30.7 | 33.2 | 28.8 | 24.3 | 33.8 | 33.0 | 33.2 |
| Godrej Consumer | 1,614 | Neutral | 36.8 | 42.8 | 49.6 | 43.8 | 37.7 | 32.5 | 31.5 | 27.3 | 23.8 | 22.4 | 22.2 | 21.9 |
| GSK Consumer | 5,179 | Neutral | 157.7 | 178.8 | 201.2 | 32.8 | 29.0 | 25.7 | 22.6 | 19.6 | 16.8 | 25.1 | 24.7 | 24.2 |
| Hind. Unilever | 854 | Neutral | 19.3 | 21.5 | 24.8 | 44.3 | 39.7 | 34.4 | 30.7 | 27.8 | 24.1 | 67.6 | 78.4 | 92.5 |
| ITC | 270 | Buy | 8.4 | 9.5 | 10.8 | 32.2 | 28.4 | 24.9 | 21.7 | 18.9 | 16.2 | 28.4 | 28.1 | 28.2 |
| Jyothy Labs | 352 | Neutral | 7.6 | 9.0 | 10.5 | 46.4 | 39.2 | 33.5 | 25.9 | 22.8 | 20.3 | 15.7 | 17.2 | 18.3 |
| Marico | 258 | Buy | 6.0 | 7.2 | 8.5 | 43.3 | 35.7 | 30.4 | 29.8 | 24.7 | 21.2 | 32.8 | 33.1 | 34.8 |
| Nestle | 5,909 | Neutral | 111.5 | 139.2 | 168.7 | 53.0 | 42.5 | 35.0 | 31.5 | 25.1 | 20.7 | 35.9 | 39.2 | 40.1 |
| P&G Hygiene | 6,958 | Buy | 138.5 | 168.9 | 201.7 | 50.2 | 41.2 | 34.5 | 32.6 | 26.0 | 21.5 | 27.7 | 29.4 | 30.3 |
| Page Industries | 14,381 | Buy | 247.4 | 312.7 | 402.4 | 58.1 | 46.0 | 35.7 | 38.0 | 29.3 | 23.4 | 42.9 | 42.7 | 44.0 |
| Parag Milk Foods | 265 | Neutral | 7.0 | 9.7 | 14.1 | 37.7 | 27.4 | 18.8 | 16.0 | 12.9 | 9.8 | 10.8 | 10.5 | 13.5 |
| Pidilite Inds. | 690 | Buy | 16.4 | 18.4 | 20.6 | 42.2 | 37.6 | 33.5 | 27.6 | 24.4 | 21.4 | 27.6 | 25.6 | 23.5 |
| Radico Khaitan | 118 | Neutral | 5.3 | 7.1 | 8.2 | 22.5 | 16.8 | 14.4 | 12.6 | 11.4 | 10.3 | 7.3 | 9.1 | 9.9 |
| United Breweries | 817 | Buy | 12.3 | 16.4 | 19.7 | 66.3 | 50.0 | 41.5 | 31.6 | 25.4 | 20.8 | 14.5 | 16.9 | 17.5 |
| United Spirits | 2,293 | Buy | 28.6 | 47.0 | 64.0 | 80.1 | 48.8 | 35.9 | 38.2 | 28.4 | 22.3 | 20.8 | 24.0 | 24.9 |
| Sector Aggregate | | | | | | 40.6 | 35.0 | 30.1 | 27.2 | 23.5 | 20.0 | 29.3 | 29.6 | 30.0 |
| Healthcare | | | | | | | | | | | | | | |
| Alembic Pharma | 555 | Neutral | 23.2 | 27.9 | 35.1 | 23.9 | 19.9 | 15.8 | 15.9 | 13.0 | 10.3 | 24.8 | 24.7 | 25.3 |
| Alkem Lab | 1,696 | Neutral | 77.3 | 84.4 | 98.4 | 22.0 | 20.1 | 17.2 | 18.3 | 15.1 | 11.8 | 23.9 | 21.8 | 21.5 |
| Aurobindo Pharma | 667 | Buy | 42.0 | 49.9 | 56.9 | 15.9 | 13.4 | 11.7 | 11.2 | 9.2 | 7.7 | 29.9 | 27.2 | 24.2 |
| Biocon | 1,017 | Sell | 33.2 | 35.6 | 44.5 | 30.7 | 28.6 | 22.9 | 20.4 | 17.5 | 13.6 | 14.7 | 14.1 | 15.7 |
| Cadila Health | 353 | Buy | 12.0 | 16.9 | 21.5 | 29.4 | 20.8 | 16.4 | 19.3 | 13.4 | 10.7 | 21.4 | 25.5 | 26.5 |
| Cipla | 573 | Neutral | 18.1 | 25.6 | 32.4 | 31.7 | 22.4 | 17.7 | 18.0 | 13.6 | 10.8 | 11.2 | 13.9 | 15.1 |
| Divis Labs | 694 | Neutral | 45.4 | 51.0 | 57.0 | 15.3 | 13.6 | 12.2 | 10.7 | 9.2 | 7.8 | 26.7 | 26.5 | 25.7 |
| Dr Reddy's Labs | 2,997 | Neutral | 82.7 | 141.7 | 170.0 | 36.2 | 21.2 | 17.6 | 19.1 | 12.6 | 10.0 | 10.6 | 16.1 | 16.8 |
| Fortis Health | 183 | Buy | -1.3 | 3.5 | 6.7 | -138.3 | 51.8 | 27.3 | 19.1 | 10.9 | 8.6 | -1.5 | 3.8 | 6.4 |
| Glenmark Pharma | 899 | Neutral | 41.4 | 49.7 | 60.5 | 21.7 | 18.1 | 14.9 | 11.1 | 9.8 | 9.6 | 20.4 | 19.1 | 19.0 |
| Granules India | 114 | Buy | 7.0 | 8.0 | 11.7 | 16.3 | 14.1 | 9.7 | 10.2 | 7.9 | 5.6 | 19.9 | 16.6 | 18.4 |
| GSK Pharma | 2,723 | Neutral | 50.4 | 61.8 | 71.6 | 54.0 | 44.1 | 38.0 | 45.3 | 36.1 | 29.6 | 29.6 | 40.8 | 50.3 |
| IPCA Labs. | 531 | Neutral | 17.0 | 29.4 | 39.0 | 31.2 | 18.0 | 13.6 | 14.7 | 10.8 | 8.4 | 9.0 | 14.1 | 16.5 |
| Lupin | 1,472 | Buy | 61.6 | 77.0 | 89.0 | 23.9 | 19.1 | 16.5 | 15.4 | 12.3 | 10.2 | 22.8 | 23.4 | 22.2 |
| Sanofi India | 4,072 | Buy | 142.2 | 172.8 | 198.9 | 28.6 | 23.6 | 20.5 | 15.3 | 12.9 | 10.9 | 17.8 | 19.4 | 19.7 |
| Sun Pharma | 625 | Buy | 27.8 | 37.9 | 42.9 | 22.5 | 16.5 | 14.6 | 13.7 | 10.9 | 8.8 | 20.3 | 23.9 | 22.3 |
| Torrent Pharma | 1,300 | Buy | 57.7 | 78.4 | 96.0 | 22.5 | 16.6 | 13.5 | 14.9 | 11.8 | 9.4 | 26.4 | 29.9 | 30.2 |
| Sector Aggregate | | | | | | 24.7 | 18.7 | 15.8 | 15.3 | 12.0 | 9.8 | 17.8 | 19.7 | 19.5 |
| Logistics | | | | | | | | | | | | | | |
| Allcargo Logistics | 175 | Buy | 10.5 | 12.8 | 14.3 | 16.6 | 13.6 | 12.2 | 8.1 | 6.7 | 5.7 | 13.3 | 16.9 | 16.5 |
| Concor | 1,194 | Neutral | 36.6 | 46.8 | 54.4 | 32.6 | 25.5 | 21.9 | 19.2 | 15.3 | 13.0 | 8.7 | 10.5 | 11.5 |
| Gateway Distriparks | 243 | Buy | 9.9 | 15.6 | 22.4 | 24.6 | 15.6 | 10.9 | 10.6 | 8.4 | 6.0 | 8.5 | 12.8 | 16.9 |
| Sector Aggregate | | | | | | 27.9 | 21.6 | 18.2 | 14.9 | 12.1 | 10.2 | 9.5 | 11.4 | 12.4 |
| Media | | | | | | | | | | | | | | |
| D B Corp | 375 | Buy | 21.1 | 23.9 | 27.4 | 17.8 | 15.7 | 13.7 | 10.0 | 8.9 | 7.7 | 27.0 | 27.1 | 27.5 |
| Den Networks | 87 | Neutral | -3.6 | 1.9 | 7.7 | -23.9 | 46.9 | 11.2 | 13.3 | 5.4 | 3.3 | -4.1 | 2.1 | 8.1 |
| Dish TV | 84 | Buy | 1.7 | 3.2 | 4.8 | 49.8 | 26.6 | 17.3 | 9.2 | 7.0 | 5.5 | 38.2 | 46.1 | 44.7 |
| Hathway Cable | 37 | Buy | -2.4 | -0.8 | 0.4 | -15.0 | -47.0 | 89.7 | 12.5 | 8.1 | 6.4 | -16.6 | -6.1 | 3.3 |
| Hindustan Media | 272 | Buy | 26.5 | 29.4 | 33.2 | 10.3 | 9.2 | 8.2 | 5.4 | 3.8 | 2.6 | 19.3 | 17.8 | 16.9 |
| HT Media | 81 | Neutral | 8.0 | 8.2 | 8.7 | 10.0 | 9.9 | 9.2 | 2.8 | 1.8 | 1.0 | 7.7 | 7.1 | 7.0 |
| Jagran Prakashan | 185 | Buy | 10.8 | 12.2 | 13.9 | 17.2 | 15.1 | 13.3 | 9.5 | 8.2 | 7.1 | 20.7 | 20.6 | 20.4 |
| PVR | 1,236 | Buy | 20.4 | 35.8 | 57.0 | 60.7 | 34.5 | 21.7 | 18.8 | 13.1 | 9.7 | 10.4 | 16.4 | 22.0 |

Ready reckoner: Valuations

| Sector / Companies | CMP (INR) | RECO | EPS (INR) | | | PE (x) | | | EV/EBIDTA (x) | | | ROE (%) | | |
|---------------------------------------|--------------|---------|-----------|-------|-------|-------------|-------------|-------------|---------------|-------------|-------------|-------------|-------------|-------------|
| | | | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E |
| Siti Networks | 40 | Buy | -0.9 | 2.7 | 3.2 | -44.2 | 14.9 | 12.7 | 12.3 | 5.5 | 4.0 | -10.2 | 23.5 | 20.0 |
| Sun TV | 551 | UR | 25.4 | 30.3 | 33.9 | 21.7 | 18.2 | 16.2 | 10.7 | 8.9 | 7.9 | 25.3 | 27.6 | 28.1 |
| Zee Entertainment | 504 | Buy | 12.2 | 17.6 | 20.9 | 41.3 | 28.7 | 24.1 | 21.7 | 18.7 | 15.2 | 31.3 | 30.3 | 29.3 |
| Sector Aggregate | | | | | | 31.4 | 22.6 | 18.2 | 13.2 | 10.2 | 8.3 | 17.3 | 20.7 | 21.9 |
| Metals | | | | | | | | | | | | | | |
| Hindalco | 199 | Buy | 18.5 | 22.1 | 24.7 | 10.7 | 9.0 | 8.1 | 7.1 | 6.3 | 5.6 | 17.3 | 18.1 | 17.1 |
| Hindustan Zinc | 306 | Neutral | 21.5 | 25.4 | 25.3 | 14.2 | 12.0 | 12.1 | 9.5 | 7.3 | 6.9 | 22.5 | 22.6 | 19.4 |
| JSPL | 83 | Neutral | -23.8 | -8.4 | -5.3 | -3.5 | -9.9 | -15.6 | 12.0 | 11.2 | 10.3 | -12.8 | -5.0 | -3.3 |
| JSW Steel | 197 | Buy | 13.6 | 19.0 | 19.4 | 14.5 | 10.4 | 10.2 | 8.0 | 6.6 | 6.0 | 16.4 | 19.6 | 17.1 |
| Nalco | 77 | Buy | 3.7 | 4.8 | 4.9 | 20.8 | 16.0 | 15.6 | 10.0 | 6.7 | 6.4 | 7.1 | 8.7 | 8.5 |
| NMDC | 149 | Buy | 10.9 | 10.8 | 11.3 | 13.6 | 13.8 | 13.2 | 9.7 | 8.9 | 8.5 | 12.8 | 14.2 | 13.7 |
| SAIL | 66 | Sell | -10.4 | -14.3 | -1.4 | -6.3 | -4.6 | -48.0 | | 145.5 | 12.4 | -11.5 | -18.4 | -2.0 |
| Tata Steel | 473 | Sell | 11.7 | 37.1 | 40.7 | 40.4 | 12.8 | 11.6 | 10.1 | 8.1 | 7.7 | 8.7 | 28.3 | 25.4 |
| Vedanta | 261 | Neutral | 21.4 | 27.3 | 27.9 | 12.2 | 9.5 | 9.3 | 5.7 | 4.6 | 4.3 | 13.0 | 14.8 | 14.0 |
| Sector Aggregate | | | | | | 19.9 | 14.6 | 12.0 | 9.0 | 7.5 | 6.7 | 8.0 | 10.2 | 11.5 |
| Oil & Gas | | | | | | | | | | | | | | |
| BPCL | 693 | Buy | 55.5 | 56.4 | 59.8 | 12.5 | 12.3 | 11.6 | 8.2 | 7.6 | 7.2 | 26.2 | 22.7 | 20.8 |
| Cairn India | 283 | Neutral | 14.0 | 12.5 | 12.8 | 20.3 | 22.7 | 22.1 | 7.5 | 6.1 | 5.1 | 5.3 | 4.6 | 4.6 |
| GAIL | 485 | Neutral | 28.7 | 36.4 | 44.7 | 16.9 | 13.3 | 10.8 | 10.6 | 8.5 | 7.0 | 12.9 | 13.2 | 14.9 |
| Gujarat State Petronet | 156 | Neutral | 8.8 | 11.0 | 13.2 | 17.8 | 14.2 | 11.8 | 10.0 | 6.8 | 6.4 | 11.9 | 13.5 | 14.5 |
| HPCL | 538 | Buy | 52.7 | 45.1 | 46.2 | 10.2 | 11.9 | 11.6 | 6.6 | 7.4 | 7.4 | 26.6 | 19.7 | 17.8 |
| Indraprastha Gas | 961 | Neutral | 42.0 | 43.7 | 47.6 | 22.9 | 22.0 | 20.2 | 12.7 | 11.8 | 10.7 | 21.8 | 19.8 | 18.6 |
| IOC | 375 | Buy | 43.5 | 39.9 | 41.7 | 8.6 | 9.4 | 9.0 | 6.0 | 6.1 | 5.7 | 25.9 | 20.7 | 19.1 |
| MRPL | 101 | Buy | 17.0 | 15.8 | 17.2 | 6.0 | 6.4 | 5.9 | 4.4 | 4.5 | 3.0 | 39.4 | 28.4 | 25.1 |
| Oil India | 331 | Buy | 27.5 | 39.0 | 39.8 | 12.1 | 8.5 | 8.3 | 8.4 | 5.8 | 5.7 | 9.5 | 12.7 | 12.1 |
| ONGC | 200 | Neutral | 12.6 | 21.1 | 21.0 | 15.9 | 9.5 | 9.5 | 3.7 | 2.8 | 2.7 | 8.6 | 13.8 | 13.0 |
| Petronet LNG | 388 | Buy | 19.8 | 26.9 | 36.3 | 19.6 | 14.4 | 10.7 | 12.2 | 8.9 | 6.1 | 21.5 | 24.7 | 27.6 |
| Reliance Inds. | 1,049 | Neutral | 99.2 | 107.9 | 113.1 | 10.6 | 9.7 | 9.3 | 5.9 | 4.4 | 3.6 | 11.6 | 11.4 | 10.9 |
| Oil & Gas Sector Aggregate | | | | | | 11.3 | 9.9 | 9.4 | 5.8 | 4.8 | 4.4 | 12.9 | 13.4 | 12.9 |
| Oil & Gas Ex OMCs | | | | | | 12.2 | 9.6 | 9.2 | 5.4 | 4.1 | 3.6 | 10.1 | 11.8 | 11.4 |
| Retail | | | | | | | | | | | | | | |
| Jubilant Foodworks | 883 | Neutral | 10.8 | 18.5 | 27.2 | 82.1 | 47.7 | 32.5 | 23.3 | 16.4 | 11.9 | 8.9 | 15.3 | 20.2 |
| Shopper's Stop | 287 | Neutral | 3.0 | 9.2 | 13.8 | 94.2 | 31.3 | 20.9 | 17.4 | 10.3 | 7.6 | 3.1 | 8.8 | 11.9 |
| Titan Company | 369 | Neutral | 8.7 | 9.8 | 11.3 | 42.2 | 37.9 | 32.6 | 31.4 | 28.1 | 24.1 | 20.2 | 19.7 | 20.1 |
| Sector Aggregate | | | | | | 46.9 | 38.5 | 31.5 | 28.6 | 23.4 | 19.0 | 15.2 | 16.7 | 17.9 |
| Technology | | | | | | | | | | | | | | |
| Cyient | 452 | Buy | 33.4 | 42.7 | 46.5 | 13.6 | 10.6 | 9.7 | 8.5 | 6.7 | 5.6 | 15.9 | 17.8 | 17.1 |
| HCL Technologies | 814 | Buy | 58.1 | 64.7 | 70.2 | 14.0 | 12.6 | 11.6 | 9.9 | 8.5 | 7.5 | 27.3 | 26.7 | 25.7 |
| Hexaware Tech. | 189 | Neutral | 13.6 | 15.5 | 15.9 | 13.9 | 12.2 | 11.9 | 9.7 | 7.9 | 7.3 | 27.7 | 27.5 | 24.0 |
| Infosys | 917 | Buy | 62.8 | 67.8 | 74.4 | 14.6 | 13.5 | 12.3 | 9.0 | 7.8 | 7.0 | 23.2 | 22.5 | 22.3 |
| KPIT Tech. | 130 | Neutral | 11.7 | 13.8 | 15.3 | 11.1 | 9.4 | 8.5 | 5.2 | 3.6 | 2.7 | 14.0 | 15.9 | 15.1 |
| L&T Infotech | 665 | Buy | 54.2 | 57.5 | 62.3 | 12.3 | 11.6 | 10.7 | 8.9 | 8.1 | 7.3 | 41.8 | 36.2 | 32.8 |
| Mindtree | 457 | Neutral | 25.1 | 33.7 | 38.1 | 18.2 | 13.6 | 12.0 | 10.8 | 8.8 | 7.7 | 17.1 | 21.0 | 21.1 |
| Mphasis | 564 | Neutral | 42.0 | 42.5 | 44.7 | 13.4 | 13.3 | 12.6 | 12.5 | 10.9 | 9.9 | 13.8 | 14.7 | 14.6 |
| NIIT Tech. | 408 | Neutral | 38.2 | 49.3 | 51.9 | 10.7 | 8.3 | 7.9 | 4.4 | 3.7 | 3.2 | 14.2 | 16.5 | 15.5 |
| Persistent Systems | 587 | Neutral | 38.9 | 46.2 | 52.6 | 15.1 | 12.7 | 11.2 | 8.4 | 6.6 | 5.8 | 17.5 | 18.9 | 20.6 |
| TCS | 2,169 | Neutral | 135.2 | 145.3 | 158.4 | 16.0 | 14.9 | 13.7 | 12.0 | 10.5 | 9.4 | 33.8 | 31.1 | 29.0 |
| Tata Elxsi | 1,449 | Buy | 59.3 | 72.1 | 89.0 | 24.4 | 20.1 | 16.3 | 14.3 | 11.6 | 9.1 | 42.5 | 41.3 | 40.8 |
| Tech Mahindra | 449 | Buy | 32.5 | 36.6 | 41.2 | 13.8 | 12.2 | 10.9 | 9.6 | 7.8 | 6.5 | 20.1 | 20.0 | 19.6 |
| Zensar Tech | 892 | Buy | 68.6 | 85.0 | 93.3 | 13.0 | 10.5 | 9.6 | 8.3 | 6.5 | 5.3 | 20.0 | 21.1 | 19.8 |
| Wipro | 455 | Neutral | 33.4 | 37.2 | 41.7 | 13.6 | 12.2 | 10.9 | 9.2 | 7.8 | 6.9 | 17.0 | 17.0 | 17.3 |
| Sector Aggregate | | | | | | 15.0 | 13.7 | 12.5 | 10.4 | 8.9 | 7.9 | 23.7 | 22.8 | 22.1 |

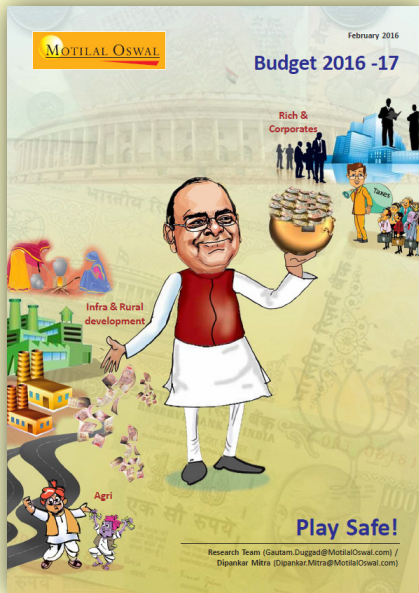
Ready reckoner: Valuations

| Sector / Companies | CMP (INR) | RECO | EPS (INR) | | | PE (x) | | | EV/EBIDTA (x) | | | ROE (%) | | |
|--------------------------|--------------|---------|-----------|-------|-------|--------|-------|-------|---------------|-------|-------|---------|-------|-------|
| | | | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E |
| Telecom | | | | | | | | | | | | | | |
| Bharti Airtel | 345 | Buy | 11.3 | 7.9 | 12.4 | 30.5 | 43.7 | 27.8 | 6.6 | 6.6 | 5.5 | 6.7 | 4.5 | 6.7 |
| Bharti Infratel | 295 | Buy | 15.6 | 16.7 | 19.9 | 19.0 | 17.7 | 14.9 | 8.4 | 7.2 | 6.0 | 15.7 | 15.9 | 16.7 |
| Idea Cellular | 107 | UR | -6.3 | -12.9 | -11.4 | -17.1 | -8.3 | -9.4 | 9.3 | 10.0 | 8.9 | -9.2 | -21.9 | -24.1 |
| Tata Comm | 722 | Buy | 8.5 | 31.4 | 44.8 | 84.9 | 23.0 | 16.1 | 9.6 | 8.0 | 6.3 | -75.4 | 402.2 | 97.6 |
| Sector Aggregate | | | | | | 47.0 | 101.3 | 43.6 | 7.5 | 7.4 | 6.2 | 4.9 | 2.2 | 5.0 |
| | | | | | | | | | | | | | | |
| Utilities | | | | | | | | | | | | | | |
| CESC | 763 | Buy | 48.4 | 70.7 | 77.6 | 15.8 | 10.8 | 9.8 | 7.0 | 6.2 | 5.8 | 4.7 | 6.3 | 6.6 |
| Coal India | 313 | Neutral | 16.8 | 20.0 | 22.5 | 18.6 | 15.6 | 13.9 | 13.8 | 10.8 | 9.4 | 34.5 | 41.0 | 46.0 |
| JSW Energy | 61 | Buy | 4.1 | 3.3 | 1.5 | 14.9 | 18.7 | 41.7 | 7.1 | 7.5 | 8.4 | 7.7 | 6.0 | 2.7 |
| NTPC | 171 | Buy | 11.9 | 14.3 | 17.3 | 14.4 | 11.9 | 9.9 | 11.4 | 9.3 | 7.4 | 10.6 | 11.9 | 13.3 |
| Power Grid Corp. | 206 | Buy | 14.2 | 16.8 | 19.3 | 14.5 | 12.3 | 10.7 | 9.6 | 8.3 | 7.5 | 16.1 | 16.6 | 16.9 |
| Sector Aggregate | | | | | | 16.0 | 13.4 | 11.7 | 10.7 | 9.0 | 7.8 | 15.3 | 16.8 | 17.9 |
| | | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | | |
| Arvind | 376 | Buy | 13.5 | 21.8 | 28.6 | 27.8 | 17.3 | 13.2 | 11.8 | 9.3 | 7.6 | 10.4 | 14.0 | 16.3 |
| Bata India | 489 | Buy | 10.9 | 14.2 | 17.7 | 45.0 | 34.5 | 27.7 | 24.7 | 19.3 | 15.3 | 11.3 | 13.4 | 15.0 |
| Castrol India | 408 | Buy | 13.4 | 14.3 | 15.9 | 30.5 | 28.6 | 25.7 | 19.3 | 18.4 | 16.4 | 108.8 | 104.6 | 105.2 |
| Century Plyboards | 207 | Buy | 4.6 | 8.8 | 11.3 | 45.2 | 23.5 | 18.3 | 23.7 | 14.0 | 11.5 | 18.2 | 29.8 | 30.7 |
| Coromandel International | 327 | UR | 16.3 | 20.0 | 25.5 | 20.1 | 16.4 | 12.8 | 10.7 | 9.4 | 7.6 | 18.5 | 20.4 | 22.8 |
| Dynamatic Tech. | 2,975 | Buy | 67.6 | 112.9 | 166.7 | 44.0 | 26.3 | 17.8 | 13.6 | 11.0 | 8.9 | 15.1 | 20.7 | 24.3 |
| Eveready Inds. | 242 | Buy | 11.3 | 13.9 | 16.9 | 21.5 | 17.4 | 14.3 | 15.1 | 12.6 | 10.4 | 34.3 | 33.1 | 32.5 |
| Indo Count Inds. | 183 | Buy | 15.7 | 18.5 | 21.5 | 11.7 | 9.9 | 8.5 | 7.1 | 6.1 | 5.0 | 37.8 | 31.2 | 26.6 |
| Info Edge | 833 | Buy | 16.9 | 19.0 | 21.9 | 49.2 | 43.8 | 38.0 | 42.4 | 35.3 | 30.1 | 11.1 | 11.5 | 12.3 |
| Inox Leisure | 217 | Sell | 2.5 | 8.2 | 11.5 | 86.9 | 26.6 | 18.9 | 17.0 | 10.2 | 8.0 | 3.8 | 11.5 | 14.3 |
| Interglobe Aviation | 836 | Neutral | 39.3 | 54.1 | 72.2 | 21.3 | 15.5 | 11.6 | 5.8 | 3.9 | 3.1 | 72.8 | 88.1 | 101.2 |
| Jain Irrigation | 96 | UR | 5.5 | 7.6 | 10.0 | 17.3 | 12.6 | 9.6 | 7.4 | 6.0 | 5.2 | 8.6 | 11.7 | 14.8 |
| Just Dial | 370 | Buy | 17.2 | 18.5 | 22.1 | 21.5 | 20.0 | 16.7 | 16.5 | 16.6 | 10.1 | 16.5 | 15.5 | 16.2 |
| Kaveri Seed | 453 | Neutral | 23.1 | 28.8 | 36.3 | 19.7 | 15.7 | 12.5 | 15.3 | 11.6 | 9.0 | 17.1 | 20.0 | 23.1 |
| Kitex Garments | 440 | Buy | 26.0 | 31.0 | 36.7 | 16.9 | 14.2 | 12.0 | 9.4 | 7.6 | 6.0 | 29.9 | 28.7 | 27.7 |
| MCX | 1,176 | Buy | 28.3 | 40.8 | 54.3 | 41.5 | 28.8 | 21.6 | 69.8 | 32.0 | 21.1 | 11.4 | 15.2 | 18.5 |
| Manpasand Beverages | 644 | Buy | 14.9 | 23.8 | 39.0 | 43.1 | 27.1 | 16.5 | 20.8 | 15.0 | 8.8 | 8.6 | 9.9 | 16.5 |
| Monsanto India | 2,290 | UR | 68.4 | 87.2 | 106.6 | 33.5 | 26.3 | 21.5 | 28.4 | 22.4 | 18.3 | 28.8 | 35.9 | 39.8 |
| P I Industries | 872 | Buy | 31.3 | 38.4 | 47.6 | 27.9 | 22.7 | 18.3 | 21.0 | 16.0 | 12.6 | 31.7 | 30.1 | 29.2 |
| S H Kelkar | 318 | Buy | 7.5 | 10.1 | 13.0 | 42.5 | 31.3 | 24.4 | 25.4 | 19.3 | 15.2 | 13.5 | 16.6 | 18.9 |
| SRF | 1,704 | Buy | 81.0 | 105.0 | 127.4 | 21.0 | 16.2 | 13.4 | 11.4 | 9.5 | 7.7 | 16.2 | 18.2 | 19.3 |
| Symphony | 1,317 | Sell | 27.0 | 35.1 | 42.9 | 48.8 | 37.5 | 30.7 | 36.3 | 28.0 | 22.7 | 56.8 | 65.0 | 66.3 |
| TTK Prestige | 5,791 | Neutral | 107.8 | 139.9 | 178.6 | 53.7 | 41.4 | 32.4 | 32.6 | 25.2 | 20.4 | 16.6 | 19.7 | 22.4 |
| V-Guard Inds | 206 | Neutral | 4.5 | 5.8 | 7.0 | 45.5 | 35.6 | 29.2 | 30.4 | 24.1 | 19.8 | 26.1 | 27.4 | 27.3 |
| Wonderla Holiday | 362 | Buy | 7.0 | 11.9 | 16.0 | 51.7 | 30.3 | 22.6 | 24.0 | 15.2 | 11.6 | 9.5 | 14.8 | 17.5 |
| Sector Aggregate | | | | | | 27.8 | 21.2 | 16.6 | 12.8 | 9.7 | 7.8 | 20.5 | 23.5 | 25.8 |

Financials

| Sector / Companies | CMP | | EPS (INR) | | | PE (x) | | | PB (x) | | | ROE (%) | | |
|-----------------------------|-------|---------|-----------|-------|-------|--------|-------|-------|--------|-------|-------|---------|-------|-------|
| | (INR) | Reco | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E |
| Banks-Private | | | | | | | | | | | | | | |
| Axis Bank | 476 | Neutral | 14.1 | 25.0 | 46.8 | 33.9 | 19.1 | 10.2 | 2.1 | 1.9 | 1.6 | 6.3 | 10.3 | 17.3 |
| DCB Bank | 122 | Neutral | 7.1 | 8.6 | 10.9 | 17.3 | 14.2 | 11.3 | 1.8 | 1.6 | 1.4 | 10.9 | 11.8 | 13.1 |
| Equitas Holdings | 170 | Buy | 6.0 | 6.8 | 8.9 | 28.4 | 24.9 | 19.2 | 2.5 | 2.3 | 2.1 | 11.2 | 9.7 | 11.4 |
| Federal Bank | 79 | Buy | 4.6 | 5.5 | 6.9 | 17.3 | 14.5 | 11.4 | 1.6 | 1.5 | 1.3 | 9.4 | 10.4 | 12.1 |
| HDFC Bank | 1,306 | Buy | 56.9 | 68.3 | 81.5 | 23.0 | 19.1 | 16.0 | 4.0 | 3.4 | 2.9 | 18.6 | 19.3 | 19.8 |
| ICICI Bank | 281 | Buy | 17.2 | 17.9 | 21.8 | 16.3 | 15.7 | 12.9 | 1.9 | 1.8 | 1.6 | 10.4 | 9.9 | 11.3 |
| IDFC Bank | 61 | Neutral | 3.1 | 3.9 | 4.9 | 19.9 | 15.4 | 12.5 | 1.4 | 1.3 | 1.2 | 7.4 | 8.9 | 10.2 |
| IndusInd Bank | 1,308 | Buy | 48.4 | 58.7 | 71.2 | 27.0 | 22.3 | 18.4 | 3.9 | 3.4 | 2.9 | 15.5 | 16.4 | 17.2 |
| J&K Bank | 64 | Neutral | -22.8 | 14.5 | 15.8 | -2.8 | 4.5 | 4.1 | 0.6 | 0.5 | 0.5 | -18.9 | 12.4 | 12.0 |
| Kotak Mahindra Bank | 776 | Buy | 26.3 | 32.3 | 41.3 | 29.5 | 24.0 | 18.8 | 3.7 | 3.3 | 2.8 | 13.5 | 14.5 | 16.0 |
| RBL Bank | 401 | Buy | 12.4 | 17.5 | 24.6 | 32.2 | 22.9 | 16.3 | 3.5 | 3.1 | 2.7 | 12.6 | 14.4 | 17.7 |
| South Indian Bank | 21 | Neutral | 2.8 | 3.1 | 3.8 | 7.7 | 6.9 | 5.7 | 0.7 | 0.7 | 0.6 | 9.7 | 10.0 | 11.3 |
| Yes Bank | 1,413 | Buy | 79.3 | 97.0 | 118.4 | 17.8 | 14.6 | 11.9 | 3.6 | 3.0 | 2.5 | 22.1 | 22.6 | 23.0 |
| Private Bank Aggregate | | | | | | 23.3 | 18.4 | 14.2 | 2.8 | 2.5 | 2.2 | 12.0 | 13.6 | 15.5 |
| Banks-PSU | | | | | | | | | | | | | | |
| Bank of Baroda | 173 | Buy | 12.3 | 18.8 | 26.2 | 14.1 | 9.2 | 6.6 | 1.1 | 1.0 | 0.9 | 8.1 | 11.5 | 14.5 |
| Bank of India | 121 | Neutral | -4.0 | 18.5 | 25.1 | -30.3 | 6.5 | 4.8 | 0.5 | 0.5 | 0.4 | -1.7 | 7.5 | 9.5 |
| Canara Bank | 293 | Neutral | 23.9 | 36.7 | 56.0 | 12.2 | 8.0 | 5.2 | 0.6 | 0.6 | 0.5 | 4.9 | 7.2 | 10.3 |
| IDBI Bank | 80 | Neutral | 1.5 | 6.4 | 8.6 | 52.3 | 12.4 | 9.3 | 0.7 | 0.7 | 0.7 | 1.4 | 5.8 | 7.3 |
| Indian Bank | 275 | Buy | 30.4 | 32.2 | 38.1 | 9.0 | 8.5 | 7.2 | 0.9 | 0.8 | 0.8 | 10.4 | 10.2 | 11.1 |
| Oriental Bank of Commerce | 120 | Neutral | 19.3 | 21.3 | 31.0 | 6.2 | 5.6 | 3.9 | 0.3 | 0.3 | 0.3 | 4.8 | 5.1 | 7.1 |
| Punjab National Bank | 140 | Buy | 8.5 | 13.2 | 17.8 | 16.5 | 10.7 | 7.9 | 0.8 | 0.7 | 0.7 | 4.8 | 7.0 | 8.8 |
| State Bank | 270 | Buy | 9.8 | 23.3 | 30.9 | 27.5 | 11.6 | 8.7 | 1.2 | 1.1 | 1.0 | 4.7 | 10.1 | 12.2 |
| Union Bank | 152 | Buy | 15.6 | 30.4 | 45.7 | 9.7 | 5.0 | 3.3 | 0.5 | 0.5 | 0.4 | 5.2 | 9.5 | 12.9 |
| PSU Bank Aggregate | | | | | | 20.9 | 10.0 | 7.4 | 0.9 | 0.8 | 0.8 | 4.2 | 8.3 | 10.4 |
| NBFC | | | | | | | | | | | | | | |
| Bajaj Finance | 1,067 | Buy | 34.1 | 44.6 | 59.3 | 31.3 | 23.9 | 18.0 | 6.4 | 5.2 | 4.2 | 22.5 | 24.1 | 25.9 |
| Bharat Financial | 801 | Buy | 45.2 | 43.2 | 48.9 | 17.7 | 18.6 | 16.4 | 4.0 | 3.3 | 2.7 | 30.0 | 19.4 | 18.2 |
| Dewan Housing | 295 | Buy | 30.7 | 35.6 | 42.0 | 9.6 | 8.3 | 7.0 | 1.5 | 1.3 | 1.1 | 16.6 | 16.6 | 17.2 |
| GRUH Finance | 355 | Neutral | 7.9 | 9.8 | 11.7 | 45.1 | 36.1 | 30.2 | 12.8 | 10.5 | 8.7 | 31.0 | 32.1 | 31.6 |
| HDFC | 1,415 | Buy | 46.8 | 51.7 | 57.3 | 30.2 | 27.4 | 24.7 | 5.6 | 5.1 | 4.2 | 19.6 | 19.6 | 19.0 |
| Indiabulls Housing | 766 | Buy | 69.5 | 86.2 | 109.6 | 11.0 | 8.9 | 7.0 | 2.7 | 2.4 | 2.1 | 26.0 | 28.9 | 32.3 |
| LIC Housing Fin | 570 | Buy | 37.6 | 44.7 | 52.6 | 15.2 | 12.8 | 10.9 | 2.7 | 2.3 | 2.0 | 19.1 | 19.5 | 19.6 |
| M & M Financial | 286 | Buy | 8.4 | 11.1 | 13.9 | 34.0 | 25.9 | 20.7 | 2.6 | 2.4 | 2.3 | 7.7 | 9.7 | 11.4 |
| Muthoot Finance | 324 | Buy | 27.5 | 32.0 | 39.0 | 11.8 | 10.1 | 8.3 | 2.0 | 1.8 | 1.6 | 18.4 | 19.0 | 20.4 |
| Power Finance Corp | 136 | Neutral | 24.0 | 25.5 | 40.5 | 5.7 | 5.3 | 3.4 | 0.9 | 0.8 | 0.7 | 16.8 | 16.2 | 22.3 |
| Repco Home Fin | 671 | Buy | 25.7 | 37.7 | 51.6 | 26.1 | 17.8 | 13.0 | 3.8 | 3.2 | 2.6 | 15.7 | 19.6 | 22.2 |
| Rural Electric. Corp. | 148 | Neutral | 29.4 | 35.3 | 39.9 | 5.0 | 4.2 | 3.7 | 0.9 | 0.8 | 0.7 | 18.8 | 19.5 | 18.9 |
| Shriram City Union | 1,892 | Buy | 91.2 | 130.5 | 164.2 | 20.7 | 14.5 | 11.5 | 2.5 | 2.2 | 1.9 | 12.7 | 16.1 | 17.6 |
| Shriram Transport Fin. | 980 | Buy | 58.1 | 77.9 | 96.7 | 16.9 | 12.6 | 10.1 | 2.0 | 1.8 | 1.5 | 12.3 | 14.7 | 16.1 |
| NBFC Aggregate | | | | | | 16.0 | 13.8 | 10.9 | 2.8 | 2.4 | 2.1 | 17.3 | 17.7 | 19.0 |
| Financials Sector Aggregate | | | | | | 20.3 | 14.7 | 11.3 | 2.0 | 1.8 | 1.6 | 9.7 | 12.2 | 14.2 |

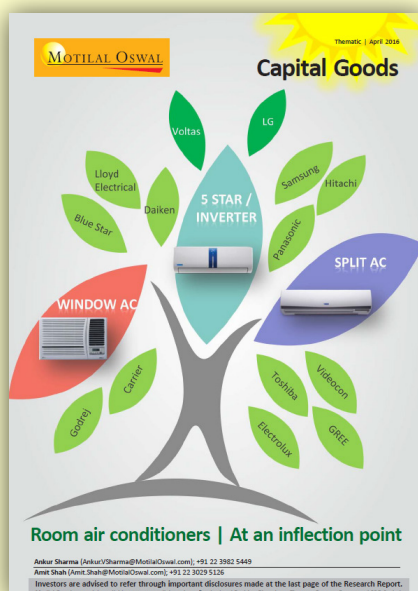
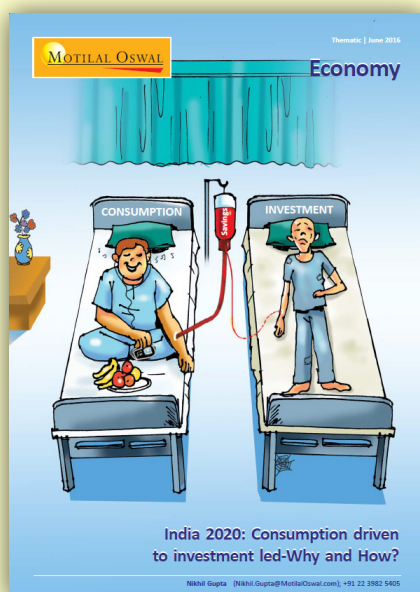
INDIA BUDGET GALLERY



INDIA STRATEGY GALLERY



THEMATIC/STRATEGY RESEARCH GALLERY



NOTES

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Varun Kumar

Varun.kumar@motilaloswal.com

Contact : (+65) 68189232

Office Address: 21 (Suite 31), 16 Collyer Quay, Singapore 04931



Motilal Oswal Securities Ltd

Motilal Oswal Tower, Level 9, Sayani Road, Prabhadevi, Mumbai 400 025

Phone: +91 22 3982 5500 E-mail: reports@motilaloswal.com