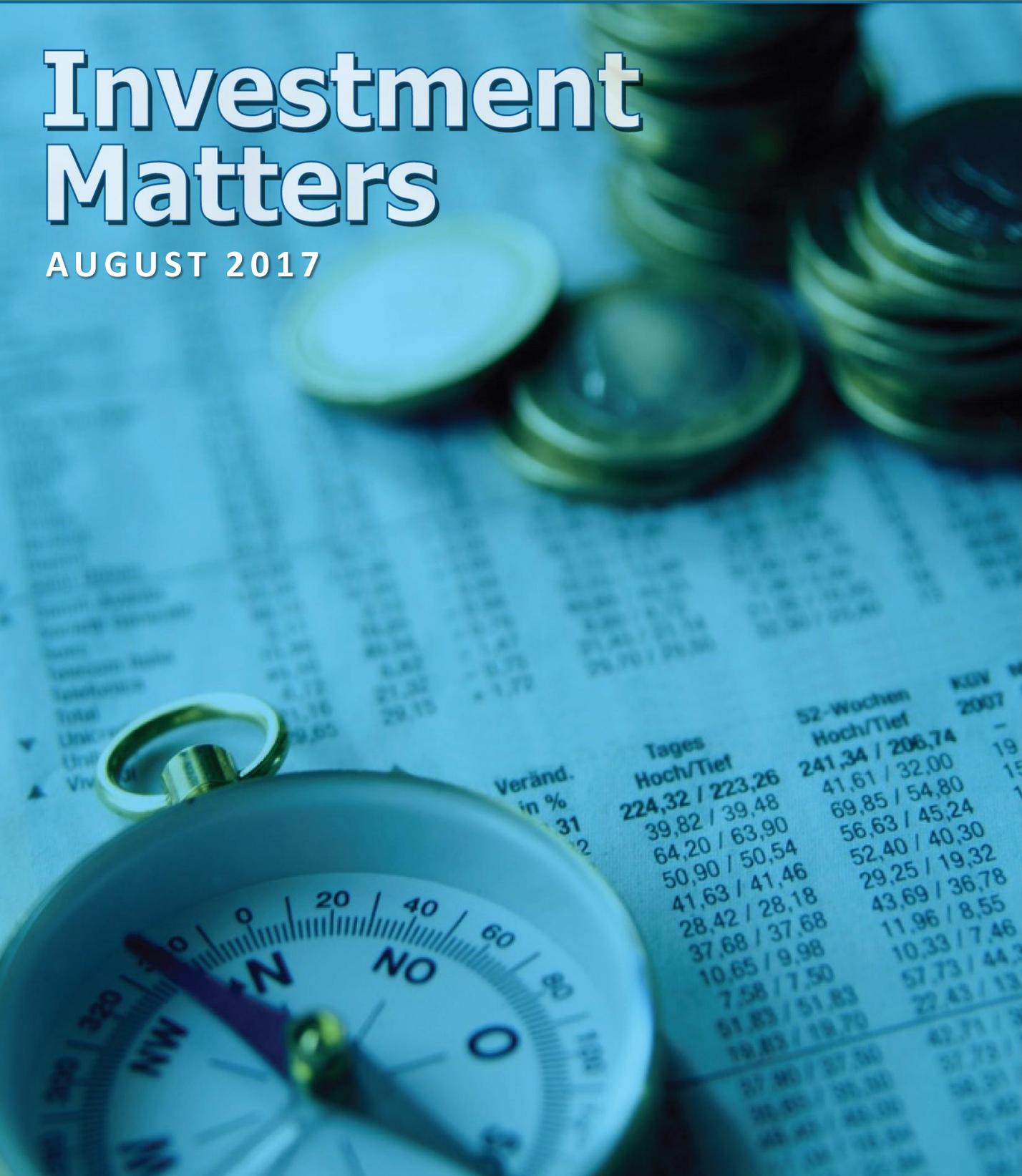


Investment Matters

AUGUST 2017



	Veränd. in %	Tages Hoch/Tief	52-Wochen Hoch/Tief	KGV 2007
	31,2	224,32 / 223,26	241,34 / 206,74	19
		39,82 / 39,48	41,61 / 32,00	19
		64,20 / 63,90	69,85 / 54,80	15
		50,90 / 50,54	56,63 / 45,24	1
		41,63 / 41,46	52,40 / 40,30	
		28,42 / 28,18	29,25 / 19,32	
		37,68 / 37,68	43,69 / 36,78	
		10,65 / 9,98	11,96 / 8,55	
		7,58 / 7,50	10,33 / 7,46	
		51,83 / 51,83	57,73 / 44,3	
		19,83 / 19,70	22,43 / 13	
		37,90 / 37,50	42,71 / 3	
		38,40 / 38,30	37,79 /	
		48,40 / 48,30	58,21	
		18 / 18,30	25,40	
		25,30	25,70	

EQUITY OUTLOOK

Q1FY18 earnings season, as expected, is turning out to be a period of challenges on account of GST implementation. Initial teething troubles in terms of inventory destocking and taxation relation clarity is leading to delay in revenue recognition. This process is likely to smoothen out over the next few months ie from 2HFY18. Nifty earnings during the quarter for companies having reported results is down -1.2% over last year same quarter. Our investee companies had another strong quarter of performance with most business delivering 20%+ profit growth – a few standouts like Bajaj Finance, Sundram Fastners, ACC, Escorts, Container Corporation, Gujarat Gas, Mahindra CIE, Titan, Qess Corp continue to deliver strong earnings on the other hand a few names as expected delivered a weak performance for the quarter like TV18, Greaves Cotton, Bajaj Auto, BASF.

A gist of quarterly performance is given below. It is worth noting that we are optimistic of much improved performance for some of the companies which have not delivered growth during the current quarter like –

Bajaj Auto – Expect volume growth of 10% with some improvement in margins leading to 15%+ profit growth

BASF – Company has recently commissioned a large capacity and is facing teething troubles on quality of produce. We expect the management to take care of these initial issues and profit growth of 30%+ over the next few years

Greaves Cotton – Bharat Stage IV norms for engine have been implemented from April 2017 – company has taken a 8-10% price increase along with improvement in volume growth starting August 2017 will lead to high sales growth along with improvement in margins. Also the start of 3rd party branded spare parts business is likely to scale up over the next few years.

TV18 Broadcast – FY17 was a year of new channel launches leading to muted profitability. FY18 and beyond would be a period of exploiting these channels leading to much higher profitability.

EQUITY OUTLOOK

Name	Sales			EBIDTA			PAT			EPS		
	Q1FY18	Q1FY17	% chg									
ACC *	34529	29172	18%	6354	4576	39%	3218	2391	35%	17.1	12.7	35%
Bajaj Auto	54424	57480	-5%	9379	11760	-20%	8367	10397	-20%	29	36	-20%
Bajaj Finance	31645	22818	39%				6020	4240	42%	11	7.8	42%
Bajaj Finserv	65813	52339	26%				6551	5375	22%	41.2	33.8	22%
BASF	16497	15180	9%	700	776	-10%	7	98	-93%	0.2	2.3	-93%
Container Corporat	15504	13944	11%	4204	3379	24%	2434	1785	36%	10	7.3	36%
Escorts	11632	10439	11%	975	900	8%	626	470	33%	5.1	3.8	33%
Federal Bank	26532	22638	17%				2102	1673	26%	1.2	1	26%
Greaves Cotton	4075	4007	2%	566	604	-6%	412	385	7%	1.7	1.6	7%
GSFC	11891	10918	9%	940	1076	-13%	405	463	-12%	1	1.2	-12%
Gujarat Gas	15248	12664	20%	2777	2235	24%	1044	748	39%	7.6	5.4	39%
HDFC Bank	221854	193226	15%				38938	32389	20%	15.3	12.7	20%
Info Edge	2489	2219	12%	969	723	34%	642	444	45%	5.3	3.7	45%
ITC	142772	154109	-7%	42232	42775	-1%	25605	26695	-4%	2.1	2.2	-4%
ITD Cementation *	4892	8332	-41%	546	800	-32%	207	94	120%	1.3	0.6	120%
Jubilant Life	16029	14582	10%	3444	3725	-8%	1437	1639	-12%	9	10.3	-12%
Kalpataru Power	11809	11537	2%	1486	1308	14%	705	645	9%	4.6	4.2	9%
L&T Tech Services	8488	8260	3%	1519	1721	-12%	982	1083	-9%	9.7	10.6	-9%
Mahindra CIE *	15248	13266	15%	2058	1500	37%	1233	779	58%	3.3	2.1	58%
Maruti Suzuki	204601	174841	17%	30139	27029	12%	15564	14909	4%	51.5	49.4	4%
PTC India Finance	3006	2713	11%				792	674	17%	1.2	1	17%
Qess Corp	11881	9910	20%	635	528	20%	326	247	32%	2.6	1.9	32%
Ramco Cements	11940	11240	6%	2957	3061	-3%	1558	1559	0%	6.5	6.6	0%
Sundram Fastners	7976	7130	12%	1563	1348	16%	902	756	19%	4.3	3.6	19%
Syngene	3083	2904	6%	1132	1047	8%	620	598	4%	3.1	3	4%
Titan Co	40496	28406	43%	3932	3002	31%	2329	1204	93%	2.6	1.4	93%
TV18 Broadcast	2191	2107	4%	-138	-190	-27%	-120	-141	-15%	-0.1	-0.1	-15%
Ultratech Cement	70707	65897	7%	16682	14754	13%	8979	7630	18%	32.7	27.8	18%
Varun Beverages *	16334	16605	-2%	4805	4656	3%	2456	2031	21%	13.5	11.1	21%

Hiren Ved

Chief Investment Officer
Alchemy Capital Management Pvt. Ltd

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