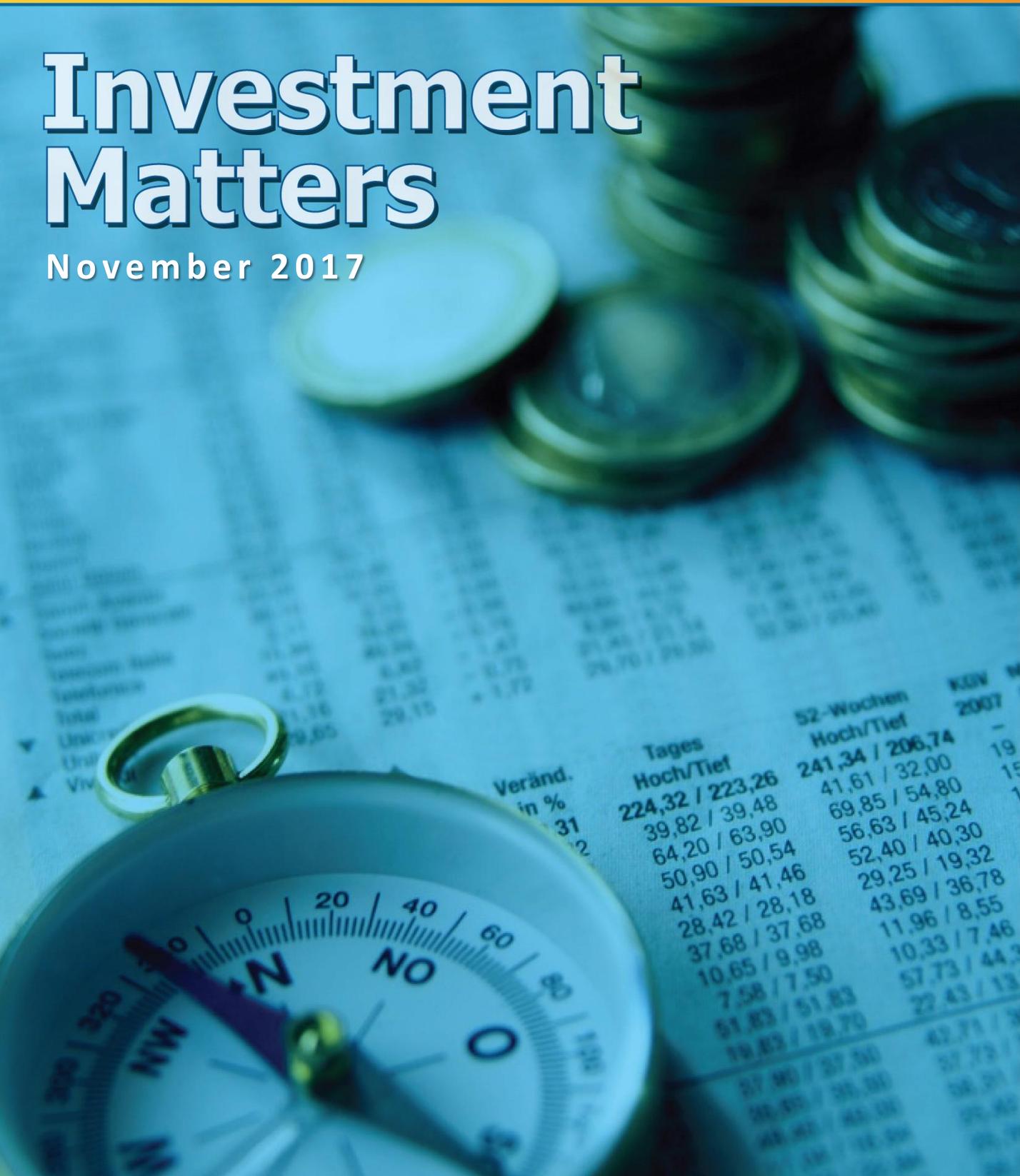


Investment Matters

November 2017



EQUITY OUTLOOK

Q2FY18 earnings season, is turning out to be a decent quarter in the backdrop of short term challenges on account of GST implementation. Nifty earnings during the quarter for companies having reported results till date (November 10, 2017) is up 6-8% over last year same quarter. Our investee companies had another strong quarter of performance with most business delivering 30%+ profit growth – a few standouts like Bajaj Finance, Sundram Fastners, ACC, Escorts, Container Corporation, Federal Bank, Mahindra CIE, Titan, Qness Corp, ITD Cementation, TV18, SBI and Varun Beverages continue to deliver strong earnings on the other hand a few names as expected delivered a weak performance for the quarter like Greaves Cotton, Gujarat Gas, Jubilant Life sciences.

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 –

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. We expect performance to pick up in the 2HFY18 and hence are optimistic of better stock performance going forward.

Jubilant Life Sciences – Q2FY18 did not turn out to be a better quarter for the company as we were expecting. Our recent interaction with the management suggests better prospects in the 2HFY18 – we are hopeful of better performance and would track it closely to take further action if required in this name.

EQUITY OUTLOOK

| Name | No of shares Mn | CMP Rs. | Market Cap Rs. Mn | Sales | | | EBIDTA | | | PAT | | | EPS | | |
|------------------------|--------------------|------------|----------------------|--------|--------|-------|--------|--------|-------|--------|--------|-------|--------|--------|-------|
| | | | | Q2FY18 | Q2FY17 | % chg |
| ACC * | 188 | 1780 | 334284 | 30545 | 24277 | 26% | 4158 | 2824 | 47% | 1804 | 897 | 101% | 9.6 | 4.8 | 101% |
| Aditya Birla Capital | 2201 | 200 | 440180 | 31927 | 12440 | 157% | | | 0% | 2266 | 1353 | 67% | 1 | 0.6 | 67% |
| Ashok Leyland | 2930 | 120 | 351600 | 60469 | 46224 | 31% | 6118 | 5365 | 14% | 3343 | 2944 | 14% | 1.1 | 1 | 14% |
| Bajaj Auto | 289 | 3200 | 924800 | 65799 | 60545 | 9% | 12984 | 12961 | 0% | 11119 | 11228 | -1% | 38.5 | 38.9 | -1% |
| Bajaj Finance | 573 | 1800 | 1031400 | 30862 | 21802 | 42% | | | | 5569 | 4078 | 37% | 9.7 | 7.1 | 37% |
| Bajaj Finserv | 159 | 5100 | 811614 | 31364 | 23747 | 32% | | | | 6523 | 5757 | 13% | 41 | 36.2 | 13% |
| Concor | 244 | 1380 | 336720 | 14302 | 13786 | 4% | 2821 | 2288 | 23% | 2229 | 1583 | 41% | 9.1 | 6.5 | 41% |
| Escorts | 123 | 750 | 92250 | 12117 | 8881 | 36% | 1409 | 625 | 125% | 840 | 352 | 139% | 6.8 | 2.9 | 139% |
| Federal Bank | 1723 | 115 | 198145 | 26668 | 23383 | 14% | | | | 2637 | 2012 | 31% | 1.5 | 1.2 | 31% |
| Greaves Cotton | 244 | 130 | 31746 | 4524 | 4891 | -8% | 679 | 694 | -2% | 429 | 512 | -16% | 1.8 | 2.1 | -16% |
| GSFC | 399 | 140 | 55790 | 15403 | 16378 | -6% | 970 | 1953 | -50% | 792 | 1250 | -37% | 2 | 3.1 | -37% |
| Gujarat Gas | 138 | 920 | 126960 | 13914 | 12371 | 12% | 2187 | 2129 | 3% | 611 | 718 | -15% | 4.4 | 5.2 | -15% |
| HDFC Bank | 2553 | 1830 | 4671990 | 232762 | 199709 | 17% | | | | 41510 | 34553 | 20% | 16.3 | 13.5 | 20% |
| Indian Energy Exchange | 30 | 1590 | 48222 | 558 | 508 | 10% | 465 | 364 | 28% | 327 | 301 | 8% | 10.8 | 9.9 | 8% |
| Info Edge | 121 | 1180 | 142898 | 2252 | 2100 | 7% | 888 | 695 | 28% | 826 | 801 | 3% | 6.8 | 6.6 | 3% |
| ITC | 12147 | 270 | 3279690 | 96762 | 95355 | 1% | 37615 | 36300 | 4% | 26398 | 25000 | 6% | 2.2 | 2.1 | 6% |
| ITD Cementation * | 155 | 200 | 31032 | 4137 | 4442 | -7% | 613 | 429 | 43% | 191 | 79 | 144% | 1.2 | 0.5 | 144% |
| Jubilant Life | 159 | 640 | 101952 | 16418 | 13855 | 18% | 3061 | 3403 | -10% | 1283 | 1448 | -11% | 8.1 | 9.1 | -11% |
| L&T Tech Services | 102 | 870 | 88731 | 9006 | 8227 | 9% | 1374 | 1562 | -12% | 1230 | 1119 | 10% | 12.1 | 11 | 10% |
| Mahindra CIE * | 378 | 250 | 94525 | 16555 | 12495 | 32% | 2052 | 1385 | 48% | 894 | 437 | 105% | 2.4 | 1.2 | 105% |
| Maruti Suzuki | 302 | 8150 | 2461300 | 217682 | 178687 | 22% | 36775 | 30365 | 21% | 24843 | 24015 | 3% | 82.3 | 79.5 | 3% |
| OFSS | 85 | 3650 | 309155 | 11895 | 10653 | 12% | 5136 | 3832 | 34% | 3419 | 2920 | 17% | 40.4 | 34.5 | 17% |
| Quess Corp | 145 | 820 | 118785 | 12740 | 10177 | 25% | 665 | 552 | 21% | 1408 | 301 | 368% | 9.7 | 2.1 | 368% |
| Ramco Cements | 238 | 710 | 168980 | 10293 | 9700 | 6% | 2568 | 3068 | -16% | 1685 | 2070 | -19% | 7.1 | 8.7 | -19% |
| SBI | 8632 | 310 | 2675920 | 548497 | 548200 | 0% | | | | 15816 | -5570 | 100% | 1.8 | -0.6 | 100% |
| Sundram Fastners | 210 | 490 | 102964 | 8137 | 7382 | 10% | 1535 | 1395 | 10% | 904 | 769 | 18% | 4.3 | 3.7 | 18% |
| Syngene | 200 | 480 | 96000 | 3352 | 3030 | 11% | 1135 | 1056 | 7% | 769 | 747 | 3% | 3.8 | 3.7 | 3% |
| Titan Co | 888 | 750 | 665850 | 33785 | 25990 | 30% | 4206 | 2707 | 55% | 3061 | 1809 | 69% | 3.4 | 2 | 69% |
| TV18 Broadcast | 1714 | 44 | 75434 | 2272 | 2398 | -5% | -1 | -109 | -99% | 75 | 52 | 46% | 0 | 0 | 46% |
| Ultratech Cement | 275 | 4400 | 1207800 | 64713 | 54576 | 19% | 13513 | 11548 | 17% | 4312 | 6011 | -28% | 15.7 | 21.9 | -28% |
| Varun Beverages * | 182 | 500 | 91150 | 9634 | 8975 | 7% | 1854 | 1746 | 6% | 329 | 103 | 219% | 1.8 | 0.6 | 219% |

*implies CY End i.e CY16 for FY17 and Q1CY17 for Q4FY17; Mentioned results are as of November 10 2017.

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